ORLEN

Jacek Krawiec
President & CEO

Ladies and Gentlemen,
Dear Shareholders,

2013 was in many respects a breakthrough year for PKN ORLEN, with the results of our efforts in pursuit of the strategy for 2013-2017 already demonstrable and providing a solid base for further growth.

Over the course of the year, we embarked on a number of projects designed to diversify our business, while turning PKN ORLEN into a truly global player. It is those growth-oriented projects, especially in upstream and power generation, coupled with a continued focus on financial security, that will serve as a platform for enhancing our shareholder value over the long term. Thanks to PKN ORLEN's excellent financial standing in 2013, we were able to pay dividend for the first time since 2008, of PLN 1.5 per share, translating into a 3.8% yield based on the average share price in 2012.

In the adverse macroeconomic context, our consistent pursuit of strategic objectives produced a LIFO-based operating profit before depreciation and amortisation (EBITDA) of PLN 2,1bn. However, the negative effect of crude price movements on the value of our inventories in 2013 brought down the EBITDA figure to PLN 1.5bn.

EBITDA from the retail business came in at PLN 0.9bn, up by over PLN 0.2bn year on year. Last year, we also retained the lead in terms of our retail network's size, with 11 new additions to the network, taking the total number of our service stations to 1,778. For many years, we have maintained a consistent focus on expanding our non-fuel sales: in 2013 alone, the number of Stop Cafe and Stop Cafe Bistro outlets went up by 234.

We also retained a strong foothold in petrochemicals, posting segment's EBITDA of PLN 1.2bn, on a par with the 2012 result.

The refining segment, on the other hand, was struggling under macroeconomic pressures, as the refining margin and Brent/Urals differential hit their 10-year low in Q4 2013. Another negative contributor was the grey market in diesel oil, estimated to account for more than 10% of Poland's total domestic trade in the fuel. Despite these headwinds, PKN ORLEN's sales by volume grew by 3.7% on 2012, delivering an EBITDA of PLN (-) 0.2bn.

Our consistent deleveraging efforts helped reduce the Company's debt by PLN 2bn, to PLN 5.3bn at the end of 2013. Seeking to actively manage capital, in June 2013 we sold another portion of mandatory stocks, worth more than PLN 1bn, which took a considerable burden off our balance sheet.

Our efforts have earned us investor confidence, as evidenced by huge demand for our last year's PLN 0.7bn retail bond offering.

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PKN ORLEN's standing was also affirmed by the world's top rating agencies, Fitch Ratings and Moody's Investors, which upgraded our credit ratings to investment grade of, respectively, BBB- and Baa3.

Building up our upstream business in Poland, in early 2013 we purchased Exxon Mobil's hydrocarbon exploration licence, and now we hold ten such licences. We have drilled ten exploration wells to date, including three horizontal ones, and performed two fracking treatments of horizontal well sections.

Another key event was the acquisition of a 100% equity interest in Canada's TriOil Resources Ltd, which gave us access to producing oil and gas assets, but also to unique know-how in the extraction of hydrocarbons from unconventional deposits, developed in the world's most technologically advanced region.

In power generation, the key development of 2013 was the launch of the 463 MWe CCGT project in Włocławek, which from 2015 onwards will co-generate electricity and heat for the ANWIL Group, PKN ORLEN, and third-party customers. It represents another step towards diversifying the Company's revenue streams, and an element of our effort to reconcile environmental ambitions with lower costs of power generation.

In 2013, we also kept a clear focus on the goal of securing supplies of energy carriers: we signed our first ever crude oil supply contract directly with a producer in February, as well as short-term contracts with five suppliers of natural gas, which were followed by new contracts executed in early 2014, this time with six suppliers. In 2013, PKN ORLEN received a licence to trade in natural gas on the EEX (European Energy Exchange) in Leipzig, and in January 2014 became a member of the Polish Power Exchange. Thanks to these activities, we look well placed to benefit from the opportunities offered by the gas market deregulation in Poland.

Our successes in sustainable development were noted in 2013 by independent expert panels. The Company topped *Euromoney*'s list of the best-managed oil companies in Central and Eastern Europe, and was among the leading names in the Coface TOP 500 ranking of the largest CEE companies for the eighth consecutive time. In Platts' Global Energy Company Ranking, PKN ORLEN was listed high, in the 79th position, and was included again in the WSE's RESPECT Index of socially responsible companies. As usual, we were deeply committed to high reporting standards, which won us an accolade from *IR Magazine* for having the best investor relations in Poland, while our 2012 annual report won the Tax and Accountancy Institute's prestigious 'The Best of The Best' title. In a ranking put together by the *Rzeczpospolita* daily, ORLEN emerged as the most valuable Polish brand, valued at PLN 3.9bn. In addition, the Company was again awarded a Top Employers Polska 2013 certificate.

Thanks to our unswerving pursuit of a well-chosen strategy, we strengthened our foothold in the fuels and energy market, while launching a number of key projects which may further decouple PKN ORLEN's performance from external factors and adverse economic climate for the refining industry. I believe that our continued pursuit of the development strategy, underpinned by consistency and the highest management standards, will steer us towards value growth.

However, our achievements would be impossible but for the concerted effort and understanding within our organisation. I therefore wish to thank all Members of the Supervisory and Management Boards, as well as all Employees, for their dedication to our far-reaching goals. I truly believe that if we adhere to our values of Responsibility, Growth, People, Energy and Reliability, 2014 will reward us with new, meaningful successes.

Dariusz Jacek Krawiec

CEO, President of the Management Board
PKN ORLEN S.A.

Polski Koncern Naftowy ORLEN Spółka Akcyjna
a Polish company, with its registered office at Chemików 7, 09-411 Płock, Poland
entered into the Register of Entrepreneurs kept by the District Court for the Capital City of Warsaw,
XIV Commercial Division of the National Court Register under the number KRS 28860
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