

Ladies and Gentlemen,

A changing market landscape made 2016 a challenging year for Grupa Azoty. But despite the difficult macro environment, we are satisfied with the good work that we did and the strong results that we delivered this past year. A stable financial position allowed us to pay dividends to shareholders, and also to move forward on our current capital projects and put in place ambitious investment plans.



The fast-changing global market is putting pressure on businesses to constantly improve their competitiveness. Recognising our role as the national champion in the chemical industry, we are soon to launch or partner on a series of landmark projects, including the PDH project in Police and the coal gasification project in Kędzierzyn-Koźle. Their successful completion will enable us to expand into new product lines and to diversify our revenue sources.

We have embarked on the new ventures in parallel to our ongoing projects: the CHP plant in Kędzierzyn-Koźle, the polyamide 6 unit in Tarnów, and the nitrate fertilizers mechanical granulation lines in Puławy and Tarnów. Once completed, the CHP plant in Kędzierzyn-Koźle will add new heat and power generation capacity and contribute to reduced emissions of air pollutants. The polyamide project in Tarnów will enable us to process all caprolactam into polyamide 6, boosting our competitive position on the polyamide 6 market. The new mechanical granulation lines in Tarnów and Puławy will help us further optimise our fertilizer mix.

We are consistent with our commitment to product quality and building strong relations with distributors. We are, and will stay, attuned to our customers' expectations, providing solutions that meet the real needs of the agribusiness and other markets in which we operate.

The successful completion of the projects outlined above is extremely important as it will determine our ability to stay at the forefront of the fertilizer and chemical industry in Europe and beyond.

We also take great pride in our commitment to R&D and innovation. In line with our strategy, Grupa Azoty intends to spend around 1 percent of its revenue on research and development. In the area of innovation, we participate in the Polish President's 'Start-ups in the Palace' programme, and also independently seek out interesting projects that offer strong long-term potential. At Grupa Azoty we are currently working on a comprehensive review programme to evaluate domestic start-ups against new directions of development set for Grupa Azoty, both in the agro fertilizers segment and new product lines, including graphene.

As a socially responsible company, we attach great importance to supporting the regions in which we are present. We are aware that without the people inside and outside our organisation we would not be able to deliver strong results, advance our technology or develop new products. Remembering where we came from makes us who we are today - a valued business partner and a sponsor of sports, culture and charity. With this front of mind, last year we commenced work to

refine our social and sponsorship policy to be able to even more effectively engage in initiatives helping worthy causes.

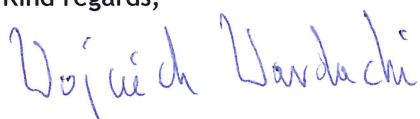
We pursue an open information policy in response to the high expectations of capital market participants. In recognition of our efforts, in April 2017 we were awarded the coveted title of '2016 Transparent Company of the Year'. High quality communication has earned us a place in stock market indices that bring together transparent companies reporting on ESG (Environmental, Social and Governance) performance.

In December 2016 Grupa Azoty was included in the FTSE4Good Emerging index of the London Stock Exchange. We consider this a testimony to our commitment to conducting business transparently and in conformity with the highest global standards. Our FTSE4Good Emerging membership also validates our eight-year presence in the RESPECT Index of the Warsaw Stock Exchange, which we are proud to have been a part of since the index's inception.

During 2016 we also continued to build our organisation internally. I am confident that with co-operation of all our staff, comprising more than 14,000 top specialists in their fields, 2017 will mark another major milestone towards full company integration. We should all remember that only together can we deliver the multitude of ambitious goals we have set ourselves.

I invite you to read the entire report.

Kind regards,



Wojciech Wardacki, PhD

President of the Management Board, Grupa Azoty S.A.