

Katowice, May 2nd 2017

Dear Ladies and Gentlemen,

On behalf of the Management Board of FAMUR SA, it is my pleasure to present to you the consolidated annual report of the FAMUR Group and the separate annual report of FAMUR S.A. for the financial year 2016, which saw the Group companies generate over PLN 1bn in revenue and PLN 93.8m in net profit.

Our consolidated results for 2016 clearly show – particularly when compared against the wider industry – that our growth strategy, focused on advanced products, revenue diversification and rational financial policy, has been a step in the right direction. Last year, the situation in the Polish coal mines remained complicated, with spending on upgrades and new equipment purchases still a far cry from the years when the market was strong. Despite the challenging market environment, FAMUR continues to grow its value and operate with high efficiency, as a consequence of a long-standing conservative business policy adjusted to the current market conditions, and a series of restructuring and optimisation measures. The solid financial and organisational base that we have built in the process enables smooth running of the business and strengthening of our position abroad through international expansion pursued under the ‘Go Global’ programme.

The past year showed more signs of improvement in the mining industry. These included the formation of Polska Grupa Górnictwa, Europe’s largest mining company, as well as the restructuring of JSW SA, which has already produced good effects. The overall positive change in the global market, marked by the reversal of a downward trend in coal prices, offers bright prospects for the mining and related industries for the first time in many years.

In the coming years in Poland and globally, a steady increase in investment spending by the mining industry is expected to fund development of new deposits and implementation of state-of-the-art, efficient mining systems. FAMUR will also benefit from the government’s ‘Programme for the hard coal mining sector in Poland until 2030’, which is to be approved by the Council of Ministers in the third quarter of 2017. The Programme stresses the need to make Poland an economy based on modern mining, as coal is bound to remain the country’s principal source of energy for the next two decades or so. We expect that some investment projects should get under way later this year and enter execution phase at the end of 2017 and beginning of 2018. This bodes well for the future of the whole industry. The FAMUR Group, enjoying strong financial and organizational foundations built over past years, has strengthened its position as a supplier of comprehensive solutions for the mining industry. I am confident that we have the

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ul. Armii Krajowej 51	Fax: +48 32 359 66 77	Industry Identification Number (REGON): 270641528	Share capital: PLN 4,864,000.00, paid in full.
40-698 Katowice, Poland	fanur@famur.com.pl	Tax Identification Number (NIP): 634-012-62-46	Bank account (PLN): Raiffeisen Bank Polska S.A. 37 1750 1035 0000 0000 0638 4862

potential to become an active and prominent player in the process to modernise and increase efficiency of Polish mines.

In late 2016, TDJ acquired control of the KOPEX Group. One of the largest acquisitions in the machine industry, this transaction paves the way for consolidation of the Polish mining support services sector within the FAMUR Group. Currently, we are finishing work on an optimal integration model for the two companies. We want to have a plan for the integration ready in the first half of this year, so that the whole process can be completed by the end of 2017. I believe that the integration effort will create a strong organisation in Poland with a complete portfolio of equipment and services enabling delivery of complete mining and energy projects worldwide. The three critical, interrelated components of know-how, experience and operational resources of FAMUR and KOPEX will provide a platform for stepping up efforts to expand our international footprint under the 'Go Global' programme and successfully compete with global market leaders.

Revenue earned by the FAMUR Group from contracts performed outside Poland in 2016 accounted for almost 30% of total consolidated revenue. We will seek to increase that share to 50% within the next five years.

In recent years, FAMUR S.A. carried out 11 acquisitions that greatly expanded and supplemented its product portfolio. Today, the FAMUR Group offers comprehensive capabilities to deliver projects in the mining industry and other sectors. The FAMAK acquisition has added new products to the Group's portfolio, providing it with the resources, chiefly transport and handling solutions, to offer products and services for the surface mining and power sectors.

The results of FAMUR FAMAK's operations in 2016 demonstrate that the decision to acquire the company was the right one and has positioned us for future success. It has already led to new foreign contract wins. One is from EMO, Europe's largest terminal for the transshipment of coal and iron ore based in Rotterdam, and the other from MARITZA IZTOK EAD. The latter project will be the first modernisation contract in the Bulgarian coal mining industry in 26 years. FAMUR FAMAK is also involved in large contracts in Poland, including contracts for turnkey delivery of coal-feeding systems for the power plants in Kozienice and Opole. We have commenced work on a contract for the Jaworzno power plant, where we will also deliver a coal feeder. As you can see, we are involved in the three largest power projects currently under way in the country as the partner responsible for coal fuel handling/feeding systems.

Our efforts last year were geared towards a long-term goal of building a global, innovation-driven organisation with capabilities enabling delivery of complete projects for power and mining customers around the globe. Our broad and diversified range of products and services

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provides the platform for expansion under the 'Go Global' programme, which is the centrepiece of our growth strategy for the entire FAMUR Group.

I extend my sincerest thanks to all those who have put huge effort and commitment into helping us grow FAMUR S.A. and its subsidiaries.

I would like to thank our Employees and Members of the Supervisory Board for the dedication and hard work. I thank all Investors and Business Partners, who have put trust in us.

We will make every effort to make sure current and future results of our operations prove you have made the right choice investing in the FAMUR Group.

With kindest regards

Mirosław Bendzera

President of the Management
Board of FAMUR S.A.

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