

MOODY'S

RATINGS

Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of ORLEN S.A.

20 May 2024

Frankfurt am Main, May 20, 2024 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of ORLEN S.A. and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 14 May 2024 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

ORLEN S.A.'s A3 rating benefits from a two-notch uplift from its baa2 Baseline Credit Assessment (BCA) due to its strategic importance to the Government of Poland (A2 stable) and Moody's assumption of strong government support based on its 49.9% stake in the company. Moody's view on strategic importance of the company and assumption of government support has not changed following the parliamentary election held in October 2023 which resulted in a change of government in December 2023.

The baa2 BCA reflects ORLEN's enhanced scale as an integrated oil and gas company following the merger of Lotos S.A. (Lotos) and Polskie Gornictwo Naftowe I Gazownictwo S.A. (PGNiG) in 2022, with operations spanning from upstream to downstream activities; the company's leading position in the wholesale and retail fuel markets, petrochemicals, gas and oil upstream as well as gas trading and distribution in Poland; and ORLEN's low Moody's gross leverage. This low leverage provides financial flexibility to support large investments, including into renewable sources of

energy, and to manage the inherent cyclicality of the industry and the risks related to energy transition.

Nevertheless, ORLEN's (1) geographic concentration with the bulk of revenues generated in Poland, (2) volatility of earnings of its refining operations and upstream and trading activities, and (3) projected negative free cash flow (FCF) because of ORLEN's large investment plans, including for the construction of new petrochemical facilities and to increase its energy generation capacity from renewable sources of energy, all constrain the rating.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodologies used for this review were Integrated Oil and Gas published in September 2022 and Government-Related Issuers methodology published in January 2024. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

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