

RATING ACTION COMMENTARY

Fitch Affirms Orlen S.A. at 'BBB+'; Outlook Stable

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Fitch Ratings - Frankfurt am Main - 02 Mar 2026: Fitch Ratings has affirmed Orlen S.A.'s (Orlen) Long-Term Foreign Currency Issuer Default Rating (IDR) at 'BBB+'. The Outlook is Stable.

The affirmation reflects Orlen's large scale and well-diversified business model, which includes a substantial regulated utility business offering a stable base of cash flows to complement the more volatile, upstream oil & natural gas production, oil refining, and petrochemicals businesses.

Its financial profile is supported by a strong commitment to maintaining company-defined net debt/EBITDA, excluding project finance and non-recourse debt, of no more than 2x. Given lower than expected capex and a disciplined approach to inorganic growth, we expect Fitch-defined EBITDA net leverage, pro rata non-recourse debt at the strategically important Baltic Power JV, to rise to 1.9x in 2029.

Orlen's commitment to a progressive guaranteed dividend is mitigated by flexibility around organic and inorganic growth investments, as well as the optional component of dividends being pegged to underlying cash flow generation.

KEY RATING DRIVERS

Substantial Capex Managed Prudently: Under its long-term strategy announced in January 2025, ORLEN will undertake sizable capex until 2030 in its decarbonisation and gas supply business, distribution network, and green projects in the downstream segment. We expect the company's strategic direction to be unchanged, but also expect significant flexibility in its plans, prioritising compliance with its leverage target and taking a prudent approach to M&A.

Total Fitch-defined capex was PLN30.9 billion in 2025 and management's guidance for 2026 is PLN36.3 billion. This is substantially lower than PLN43-47 billion a year outlined in the strategy for 2025-2027, as we understand that high valuations of existing



renewables assets and fewer than expected opportunities for upstream oil & gas M&A led management to rationalise capex over the near term.

Execution Risk: In December 2024, ORLEN ceased development of its Olefins III petrochemical complex in Plock due to expectations of substantial cost overruns and design issues. The project, renamed Nowa Chemia, is expected to be scaled back and completed no earlier than 2030 instead of 2027. Costs may increase to around PLN34 billion, including financing, from an initial estimate of PLN13.5 billion. ORLEN has spent around PLN18 billion to date, and under its revised structure the project is expected to replace the ageing Olefiny II infrastructure and to produce around 700,000 tonnes of ethylene annually.

Fitch understands from management that ORLEN is committed to undertaking large projects via partnerships, with a preference for fixed-price and turnkey structures. Nevertheless, these ventures entail execution risk, especially given still the unstable global political environment affecting supply chains and high inflation.

Conservative Financial Policy: ORLEN targets net debt/EBITDA of no more than 2x, excluding project finance and non-recourse debt, which supports the credit profile. Guaranteed dividends per share are expected to rise annually by PLN0.15 per year, to PLN4.65 in 2026 with an option for additional distributions of up to 25% of operating cash flow less financing expense. Dividends declared in 2025 rose to PLN6 per share (around PLN7 billion) and we believe that while ORLEN has a fixed minimum dividend, the group will remain within rating sensitivities due to alternative levers to conserve cash.

Baltic Power Project Finance Consolidated: ORLEN plans to fund a large portion of key capex projects via project finance (PF) loans. The largest PF loans are currently for combined-cycle gas turbines (CCGT) in Ostroleka and Baltic Power, a 1.2GW offshore wind farm developed jointly with Northland Power. We view Baltic Power and future offshore projects as strategic for ORLEN under its new strategy and include its 51% share in Baltic Power's capex, debt and EBITDA in our forecasts. We fully consolidate PF loans for CCGT Ostroleka on the assumption it will be difficult for ORLEN to withdraw from these projects.

Petrochemicals Under Pressure: ORLEN's petrochemical segment continued to generate negative EBITDA in 2025 due to lower margins amid a broader chemical industry slowdown given high feedstock costs and weak demand across most products. We expect the challenging environment for petrochemicals to persist in the medium term, with earnings remaining negative and gradually approaching breakeven through 2029.

Strong Refining Results: Disruptions to Russian oil refining and exports of crude oil and refined products and other factors led to continued strong European refining margins in 2025 with Orlen's model refining margins coming in at USD13.1/bbl up from USD11.0/bbl in 2024. This drove an increase in EBITDA from refining operations to over PLN10 billion in 2025 compared with PLN7.9 billion in 2024. We expect geopolitical factors will support margins above mid-cycle levels this year, with gradual normalisation to around USD7/bbl by 2027.

Increasing Contribution of Utilities: ORLEN plans to increase its renewable power installed capacity (solar and wind) up to 9GW by 2030 from 1.7GW currently and expand its CCGT installed capacity to 4.3GW from 2GW at end-2025, while gradually withdrawing from coal-fired power generation. ORLEN's fully consolidated subsidiary Energa S.A. (BBB+/Stable) is nearing completion of CCGT projects in Ostroleka and Grudziadz where installed capacity of 1.3GW is expected to fully contribute to earnings from 2027. Baltic Power is expected to be completed in 2026 and we assume new renewable projects in the medium term.

Rating on a Standalone Basis: ORLEN is 49.9% owned by the State Treasury of Poland (A-/Negative). We view decision-making and oversight as 'Strong' and preservation of government policy role as 'Strong'. This results in an overall assessment of 15 points out of a maximum 60, leading to a standalone rating approach.

PEER ANALYSIS

ORLEN's closest peers are Repsol, S.A. (BBB+/Stable) and OMV AG (A-/Stable). ORLEN's upstream production of around 202kboe/d during 2025 was lower than Repsol's consolidated production (excluding joint ventures and affiliates) of 354kboe/d and OMV's total production of 305kboe/d. ORLEN has similar refining capacity to Repsol, but substantially larger capacity than OMV.

Compared with its peers, ORLEN is significantly more diversified into the energy business and benefits from a stable base of cash flows derived from regulated and utility activities that provide greater cash flow predictability than Repsol and OMV.

FITCH'S KEY RATING-CASE ASSUMPTIONS

- Oil and gas prices in-line with our base case price deck through 2029
- Capex averaging PLN30 billion a year through 2029
- Dividend payments averaging PLN6.3 billion annually through 2029

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

- Business and financial profile factors (assessment, relative importance): Management (bbb, Lower), Sector Characteristics (bbb, Moderate), Market and Competitive Positioning (bbb, Higher), Diversification and Asset Quality (bbb+, Higher), Company Operational Characteristics (bbb+, Moderate), Profitability (bbb+, Moderate), Financial Structure (bbb, Moderate), and Financial Flexibility (bbb+, Moderate).

- The quantitative financial subfactors are based on custom CRT financial period parameters: 10% weight for the forecast year 2025, 10% for the forecast year 2026, 30% for the forecast year 2027, 30% for the forecast year 2028 and 20% for the forecast year 2029.

- The Governance assessment of 'Good' results in no adjustment.

- The Operating Environment assessment of 'a-' results in no adjustment.

- The SCP is 'bbb+'.

To derive the IDR:

- Application of Fitch's Government-Related Entities Rating Criteria results in a standalone approach.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Fitch-defined EBITDA net leverage above 2.5x on a sustained basis

- Higher-than-expected cash flow variability

- An aggressive financial policy with higher-than-expected dividend payments or debt-funded acquisitions

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Rating upside is limited unless the business profile significantly strengthens with a larger scale of operations and greater geographical diversification, combined with lower execution risk in shifting the business towards lower-emission technologies

-Fitch-defined EBITDA net leverage below 1.5x on a sustained basis

LIQUIDITY AND DEBT STRUCTURE

Liquidity is robust, with end-2025 cash and equivalents (excluding restricted cash) of PLN25.5 billion and committed credit lines in excess of PLN27 billion sufficient to cover negative post-dividend FCF in the near term due to high capex. The company also does not have any material debt maturities in the near term.

ISSUER PROFILE

ORLEN is one of the largest integrated companies in central Europe with diversification into the oil and gas upstream and downstream segments, gas supply and distribution, energy generation, and petrochemical production.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The Climate.VS for 2035 for ORLEN S.A. is 52 which is average for integrated downstream-weighted oil and gas companies. This does not affect the ratings currently as the energy transition is expected to occur over a very long timescale and there continues to be a high level of uncertainty over the pace and form of the transition. Any impact on the rating may differ from the illustrative rating impact in the Climate.VS framework, reflecting the evolution of Fitch's assessment of the global risks, action the entity might take to adapt to or mitigate the exposure, and any other relevant factors.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
ORLEN S.A.	LT IDR	BBB+ Rating Outlook Stable		BBB+ Rating Outlook Stable
	Affirmed			
	ST IDR	F2	Affirmed	F2
	LC LT IDR	BBB+ Rating Outlook Stable		BBB+ Rating Outlook Stable
	Affirmed			
	LC ST IDR	F2	Affirmed	F2
	Natl LT			AA+ (pol) Rating Outlook Stable
	AA+(pol) Rating Outlook Stable	Affirmed		Stable
senior unsecured	LT	BBB+	Affirmed	BBB+
senior unsecured	Natl LT	AA+(pol)	Affirmed	AA+(pol)

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA[National Scale Rating Criteria \(pub. 22 Dec 2020\)](#)[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 02 Aug 2024\)
\(including rating assumption sensitivity\)](#)[Government-Related Entities Rating Criteria \(pub. 18 Jul 2025\)](#)[Corporate Rating Criteria \(pub. 09 Jan 2026\) \(including rating assumption sensitivity\)](#)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 09 Jan 2026)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([09 Jan 2026](#), [09 Jan 2026](#))

ADDITIONAL DISCLOSURES

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ORLEN S.A.

EU Issued, UK Endorsed

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