

# Fitch Takes Action on 8 Polish Corporates Following Sovereign Criteria Change

Fitch Ratings-Warsaw/London-03 August 2016: Fitch Ratings has downgraded the Long-Term Local Currency Issuer Default Ratings (IDR) of two Polish corporates and upgraded the National Long-Term ratings of six Polish corporates. A full list of rating actions is at the end of this commentary.

The rating actions follow Fitch's downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'. This was driven by the change in Fitch's sovereign rating criteria. For more details see 'Fitch Applies Criteria Changes to Poland's Ratings' dated 22 July 2016 at [www.fitchratings.com](http://www.fitchratings.com).

The downgrades of the Long-Term Local Currency IDRs follow Fitch's downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A' given that these two entities are rated based on a top down approach from the sovereign rating.

The upgrades of the National Long-Term ratings follow the recalibration of the Polish National Rating scale driven by the downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'.

For each issuer's Key Rating Drivers, Rating Sensitivities and Key Assumptions see our most recent rating action commentaries, referenced below.

## KEY RATING DRIVERS - DOWNGRADES OF LOCAL CURRENCY IDRS OF TWO COMPANIES DUE TO SOVEREIGN DOWNGRADE

We have downgraded the Long-Term Local Currency IDRs of Polskie Koleje Panstwowe S.A. (PKP) and PKP Intercity S.A. (PKP IC) to 'BBB' from 'BBB+', following the downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'. The Outlooks on the Long-Term Local Currency IDRs are Stable.

Fitch rates PKP and PKP IC using a top down approach from the sovereign rating in accordance with the agency's Parent and Subsidiary Rating Linkage criteria. This is due to the strong links with the Polish state reflected in state guarantees for a large portion of the companies' debt, full direct and indirect ownership by the government and the financial and operational involvement of the state, in the companies' operations. PKP and PKP IC's ratings are notched down by two notches from the Polish state's Long-term foreign and local currency IDRs (A-/A-/Stable).

See 'Fitch Affirms Polskie Koleje Panstwowe at 'BBB'; Outlook Stable' dated 05 November 2015 and 'Fitch Affirms PKP Intercity at 'BBB'; Stable Outlook' dated 21 March 2016 at [www.fitchratings.com](http://www.fitchratings.com) for full rating rationale and disclosures.

## KEY RATING DRIVERS - UPGRADES OF NATIONAL LONG-TERM RATINGS OF SIX COMPANIES DUE TO NATIONAL SCALE RECALIBRATION

### Aquanet S.A.

Aquanet S.A.'s National Long-Term rating has been upgraded to 'A+(pol)' from 'A(pol)'. This follows the recalibration of the Polish National Rating scale driven by the downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'. The Outlook on the National Long-Term rating is Stable.

See 'Fitch Affirms Poland's Aquanet at 'BBB'; Outlook Stable' dated 09 May 2016 at [www.fitchratings.com](http://www.fitchratings.com) for full rating rationale and disclosures.

### ENEA S.A.

ENEA S.A.'s National Long-Term rating has been upgraded to 'A+(pol)' from 'A(pol)'. This follows the recalibration of the Polish National Rating scale driven by the downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'. The Outlook on the National Long-Term rating is Stable.

See 'Fitch Affirms ENEA at 'BBB' On Bogdanka Acquisition' dated 29 October 2015 at [www.fitchratings.com](http://www.fitchratings.com) for full rating rationale and disclosures.

### Energa S.A.

Energa S.A.'s National Long-Term rating and National senior unsecured rating have been upgraded to 'A+

(pol)' from 'A(pol)'. This follows the recalibration of the Polish National Rating scale driven by the downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'. The Outlook on the National Long-Term rating is Stable.

See 'Fitch Affirms Poland's Energa at 'BBB'; Outlook Stable' dated 27 November 2015 at [www.fitchratings.com](http://www.fitchratings.com) for full rating rationale and disclosures.

PGE Polska Grupa Energetyczna S.A.

PGE Polska Grupa Energetyczna S.A.'s National Long-Term rating and National senior unsecured rating have been upgraded to 'AA(pol)' from 'AA-(pol)'. This follows the recalibration of the Polish National Rating scale driven by the downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'. The Outlook on the National Long-Term rating is Stable.

See 'Fitch Rates PGE's Planned Eurobonds 'BBB+(EXP)' dated 10 September 2015 at [www.fitchratings.com](http://www.fitchratings.com) for full rating rationale and disclosures.

Polski Koncern Naftowy ORLEN S.A.

Polski Koncern Naftowy ORLEN S.A.'s National Long-Term rating and National senior unsecured rating have been upgraded to 'A(pol)' from 'A-(pol)'. This follows the recalibration of the Polish National Rating scale driven by the downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'. The Outlook on the National Long-Term rating is Stable.

See 'Fitch Affirms PKN ORLEN at 'BBB-'; Outlook Stable' dated 11 December 2015 at [www.fitchratings.com](http://www.fitchratings.com) for full rating rationale and disclosures.

TAURON Polska Energia S.A.

TAURON Polska Energia S.A.'s National Long-Term rating and National senior unsecured rating have been upgraded to 'A+(pol)' from 'A(pol)'. This follows the recalibration of the Polish National Rating scale driven by the downgrade of Poland's Long-Term Local Currency IDR to 'A-' from 'A'. The Outlook on the National Long-Term rating is Negative.

See 'Fitch Revises Tauron's Outlook to Negative; Affirms at 'BBB' dated 27 October 2015 at [www.fitchratings.com](http://www.fitchratings.com) for full rating rationale and disclosures.

#### RATING SENSITIVITIES

Please see the relevant RAC for each issuer referenced above.

#### FULL LIST OF RATING ACTIONS

Aquanet S.A.

National Long-Term rating upgraded to 'A+(pol)' from 'A(pol)', Stable Outlook  
Long-Term IDR unaffected at 'BBB', Stable Outlook

ENEA S.A.

National Long-Term rating upgraded to 'A+(pol)' from 'A(pol)', Stable Outlook  
Long-Term Foreign and Local Currency IDRs unaffected at 'BBB', Stable Outlook

Energa S.A.

National Long-Term rating upgraded to 'A+(pol)' from 'A(pol)'; Stable Outlook  
National senior unsecured rating upgraded to 'A+(pol)' from 'A(pol)'  
Long-Term Foreign and Local Currency IDRs unaffected at 'BBB'; Stable Outlook  
Foreign and local currency senior unsecured rating unaffected at 'BBB'

Energa Finance AB (publ), guaranteed by Energa S.A.

Foreign currency senior unsecured rating unaffected at 'BBB'

PGE Polska Grupa Energetyczna S.A.

National Long-Term rating upgraded to 'AA(pol)' from 'AA-(pol)'; Outlook Stable  
National senior unsecured rating upgraded to 'AA(pol)' from 'AA-(pol)'  
Long-term Foreign and Local currency IDRs unaffected at 'BBB+'; Outlook Stable  
Foreign and local currency senior unsecured ratings unaffected at 'BBB+'

PGE Sweden AB (publ), guaranteed by PGE Polska Grupa Energetyczna S.A.  
Foreign currency senior unsecured rating unaffected at 'BBB+'  
Foreign currency senior unsecured rating unaffected at 'BBB+(EXP)'

PKP Intercity S.A.  
Long-Term Local Currency IDR downgraded to 'BBB' from 'BBB+'; Stable Outlook  
National Long-Term rating affirmed at 'A+(pol)'; Stable Outlook  
Long-term Foreign Currency IDR unaffected at 'BBB'; Stable Outlook

Polski Koncern Naftowy ORLEN S.A.  
National Long-Term rating upgraded to 'A(pol)' from 'A-(pol)'; Stable Outlook  
National senior unsecured rating upgraded to 'A(pol)' from 'A-(pol)'  
Long-Term Foreign Currency IDR unaffected at 'BBB-'; Stable Outlook  
Long-Term Local Currency IDR unaffected at 'BBB-'; Stable Outlook  
Short-Term Foreign Currency IDR unaffected at 'F3'  
Short-Term Local Currency IDR unaffected at 'F3'  
Foreign currency senior unsecured rating unaffected at 'BBB-'  
Local currency senior unsecured rating unaffected at 'BBB-'

ORLEN Capital AB (publ)  
Foreign currency senior unsecured rating unaffected at 'BBB-'

Polskie Koleje Państwowe S.A.  
Long-Term Local Currency IDR downgraded to 'BBB' from 'BBB+'; Stable Outlook  
National Long-Term rating affirmed at 'A+(pol)'; Stable Outlook  
Long-Term Foreign Currency IDR unaffected at 'BBB'; Stable Outlook  
Foreign currency senior unsecured rating unaffected at 'BBB'

TAURON Polska Energia S.A.  
National Long-Term rating upgraded to 'A+(pol)' from 'A(pol)'; Negative Outlook  
National senior unsecured rating upgraded to 'A+(pol)' from 'A(pol)'  
Long-Term Foreign and Local Currency IDRs unaffected at 'BBB'; Negative Outlook  
Short-Term Foreign and Local Currency IDRs unaffected at 'F3'

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com). For regulatory purposes in various jurisdictions, the supervisory analyst named above is deemed to be the primary analyst for this issuer; the principal analyst is deemed to be the secondary.

### **Applicable Criteria**

Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage (pub. 17 Aug 2015) ([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=869362](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869362))  
National Scale Ratings Criteria (pub. 30 Oct 2013)  
([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=720082](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=720082))

### **Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form  
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