

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, June 26th 2019

Current Report No. 28/2019

Warsaw, June 26th 2019

Moody's Investors Service upgrades PGNiG's rating from Baa3 to Baa2

Current Report No. 28/2019

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG", the "Company") reports that on June 26th 2019 information regarding the upgrade to the PGNiG's credit rating from Baa3 to Baa2, with stable outlook, was published by the rating agency Moody's Investors Service ("Moody's" or the "Agency").

In its opinion Moody's emphasizes current significant financial flexibility of PGNiG, which allows to absorb higher debt levels and pursue conservative financial and dividend policy. According to Moody's, the main reasons for upgrading PGNiG's rating are: the Company's dominant position on domestic gas market in Poland and the ability to maintain strong financial ratios with planned sizeable investment programme focused on Exploration and Production segment, while it is expected by the Agency, that negative macroeconomic factors will impact future financial results in Exploration and Production as well as in Trade and Storage segment.

The stable rating outlook reflects Moody's expectation that PGNiG will maintain its strong liquidity profile with sizeable investment programme implementation. Moreover, the Agency expects that PGNiG will continue to build a hydrocarbon reserve base in Poland and Norway in a sustainable way.

At the same time, the Agency indicates that the level of the Company's rating was affected by: (1) uncertainties regarding the development of European gas market in terms of import volumes and prices over the next years; (2) risks of investments in the Exploration and Production segment; (3) potential pressure from the European Union to accelerate market liberalization and increase in competition on the Polish gas market.