

## ENERGA S.A.

## Full Rating Report

## Ratings

## Foreign Currency

Long-Term IDR BBB-

## Local Currency

Long-Term IDR BBB-

## National

Long-Term Rating A-(pol)

## Outlooks

Foreign-Currency Long-Term Rating Stable

Local-Currency Long-Term Rating Stable

National Long-Term Rating Stable

## Financial Data

## ENERGA S.A.

(PLNm)	31 Dec 10	31 Dec 09
Revenue	9,113.9	8,380.1
Operating EBITDAR	1,399.6	1,051.3
Operating EBITDAR/ revenue (%)	15.4	12.5
Funds from operations	1,215.4	1,071.5
Capital expenditure	1,072.2	809.0
Free cash flow	29.6	50.7
Cash and equivalents	1,683.6	886.8
Total debt	1,078.0	356.1
Total adjusted debt/ operating EBITDAR (x)	0.8	0.3

## Key Rating Drivers

**Strong Regulated Business:** The ratings of ENERGA S.A. (Energia) reflect the group's EBITDA profile with a large contribution from the regulated electricity distribution business (46% in 2010) compared with 19%-42% for other central European integrated utilities rated by Fitch Ratings. The agency expects the proportion will grow to well above 50% in the mid-term. The legal framework for Polish distribution networks has a short track record and lacks transparency in some respects, but Fitch views it as supportive and relatively stable.

**Credit Metrics to Deteriorate:** Energia's cash balance of PLN1.8bn compared with gross debt of PLN2bn at end-2011 indicates low net leverage. However, Fitch expects its credit metrics will deteriorate due to new debt that Energia plans to raise in 2012-2016 to co-finance its large capex plans, including new generation capacity, which may be project financed. Fitch forecasts the group's net debt to EBITDA (including potential non-recourse debt and EBITDA) ratio will increase from almost zero at end-2011 to around 2.5x by end-2014.

**Substantial Funding Needs:** The financial profile is constrained by the need to raise substantial external debt of around PLN6.5bn over the next five years, which may be challenging due to Energia's limited experience in this respect. The company's ability to raise project financing will depend, among other factors, on market conditions. Conversely, Energia benefits from the established financing mix of PLN3.1bn, consisting of PLN2.3bn investment loans and PLN0.8bn working capital lines to fund capex within the Energia group.

**Strong Distribution, Supply Segments:** Energia's ratings reflect its vertically-integrated operations, although its scale is smaller than that of its Polish peers. Energia lacks a mining division and has smaller generation assets. The company has a strong market position in the distribution (15.7% in 2010) and supply segments (15.1%), but its market share in the generation segment amounts to only 2.9%.

**Profitable Generation Fleet:** Although Energia's generation fleet (1.2 gigawatts) is substantially smaller than that of its domestic peers, it still accounted for 40% of total EBITDA in 2010. Additional cash flow earned from renewables certificates, related to its hydro power plants, gives Energia an advantage over its Polish peers.

## What Could Trigger a Rating Action

**Upside Potential:** Energia's ratings could be positively affected by a continued increase in the contribution of regulated earnings to EBITDA, while keeping net leverage at conservative levels. A longer track record of transparent regulations, including several years of a gradually rising return on the regulatory asset base (RAB) would be positive for the ratings.

**Privatisation Process Neutral:** Fitch considers the company's potential privatisation through an acquisition by PGE Polska Grupa Energetyczna S.A. (PGE, 'BBB+/Stable') to be ratings neutral, but this will be re-assessed if further progress is made. While there is currently some headroom in the rating, failure to contain FFO-adjusted net leverage below 3x on a sustained basis would result in rating pressure.

## Liquidity and Debt Structure

**Strong Liquidity:** At YE11, Energia had PLN1.8bn of unrestricted cash and cash equivalents against short-term debt of PLN44.9m. The group had also unused committed facilities of PLN1.0bn at YE11.

## Related Research

Fitch Rates Poland's Energia 'BBB-'; Outlook Stable (January 2012)  
 ENEA S.A. (September 2011)  
 Fitch Affirms Poland's Tauron at 'BBB' on GZE Acquisition (August 2011)  
 Update on PGE Polska Grupa Energetyczna S.A. (December 2011)

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This document focuses on the key credit issues relating to the issuer, and assumes background knowledge of ENERGA S.A. and its industry. Further information, if needed, can be found in the following report:

- [Fitch Rates Poland's Energa 'BBB-'; Outlook Stable \(January 2012\)](#)

- A large portion of regulated EBITDA results in lower exposure of Energa's cash flow to changes in power and fuel prices.

- Energa's large capex programme will result in negative free cash flow in the mid-term, resulting in a gradual increase in leverage.

## Key Contents

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## Key Rating Issues

### Strong Regulated Business

The ratings are underpinned by a large contribution to the group's EBITDA of relatively stable regulated electricity distribution earnings (46% in 2010 up from 43.7% in 2009). The agency assumes that the portion of regulated EBITDA will increase to well above 50% in the mid-term and remain at this level until new generation projects that are expected to come online in the period 2016-2017 will generate incremental earnings.

As a result of the focus on the distribution segment, the group's EBITDA margin is substantially lower (15% in 2010) than that of peers with business profiles more tilted towards generation. This is partially because the revenue accounted for in the distribution segment comprises sizeable pass-through elements which cut into the profitability margin of the segment.

Fitch assesses the legal framework for distribution companies in Poland as supportive. The intention of the Polish regulator is to create a stable legal framework for the transmission and distribution grids that allows the companies to invest and contribute to security of supply. Nevertheless, the framework has a short track record and is not yet established firmly. Some elements of the system are defined in a loose manner and may be subject to modification by the regulator. On the other hand, the experience of the last four to five years, during which distributors' tariffs were consistently approved by the Polish regulator, suggests that the framework is effective.

### Credit Metrics to Deteriorate

Energa's current net leverage of around zero at end-2011 underpins the company's firm financial profile. However, Fitch expects that the company's credit metrics will deteriorate by end-2014 and net debt to EBITDA is forecast to reach around 2.5x. This is mainly due to large funding needs to co-finance its large capex plans (PLN19.5bn by 2016), including new generation capacity, which may be project financed.

This leverage level would still be commensurate with the current ratings and is largely in line with the projected medium-term leverage for other central European electric utilities rated by Fitch, who also pursue large capex plans. Energa's leveraging process is more advanced than that of ENEA S.A., which is reflected in currently weaker credit metrics for Energa. However, the level of leverage expected by Fitch leaves some headroom compared to the 3x threshold which Energa's management considers the maximum level. There is some flexibility in Energa's capex plans.

### Distribution Business Creates Upside Potential

Energa's credit profile could be supported by a longer track record of transparent regulations in the distribution segment and a continued increase in the contribution of regulated earnings to EBITDA, driven by the asset revaluation process and successful implementation of capex in distribution networks, while keeping net leverage at conservative levels.

The distribution activity is regarded as a natural monopoly operating on the basis of concessions valid until 2020. Remuneration is based on tariffs approved annually by the Polish

## Related Criteria

[Corporate Rating Methodology \(August 2011\)](#)

regulator (based on RAB) with limited volume risk (volume risk is related only to the proper estimation of the volume to be dispatched in the calendar year).

The expected remuneration in the distribution segment is driven by the asset revaluation process, improved operational efficiency and the investment programme. Capex plans are agreed with the regulator through the development plans and the tariff system ensures that the capex spent translates into incremental EBITDA in the following years through a return on equity (ROE). The financial profile should benefit from good visibility of future capex spending (PLN8.9bn in the period 2011-2017).

The financial risk related to the distribution segment is mitigated by the fact that the investment programme in the segment is fully funded through operating cash flows, and long-term investment loans granted by international financial institutions: the European Investment Bank until 2025, the European Bank for Reconstruction and Development until 2021 and the Nordic Investment Bank until 2021.

Rating Issues Register

Issue	Fitch view	Likelihood, timescale, rating impact	More information
<b>Strong Regulated Business.</b> Energa's creditworthiness benefits from a high contribution to EBITDA from regulated electricity distribution earnings.	Fitch expects that the portion of regulated EBITDA will increase to well above 50% in the mid-term on the back of beneficial changes in the regulatory framework and relatively stable generation output. This should result in lower exposure of the group's cash flow to power and fuel prices and greater predictability of cash flow.	Likelihood: Likely Timescale: Medium term Rating impact: Positive.	Key rating issues section
<b>Current Firm Financial Profile.</b> The firm financial profile is driven by low net leverage at end-2011.	Fitch expects that the company's credit metrics will deteriorate on the back of additional debt to be raised in the next five years. Fitch forecasts the group's net debt to EBITDA (including potential non-recourse debt and EBITDA) will increase from almost zero at end-2011 to around 2.5x by end-2014.	Likelihood: Highly likely. Timescale: Medium to long term. Rating impact: The projected leverage level is still commensurate with the current ratings and is largely in line with forecast leverage for other CE electric utilities rated by Fitch, which are also pursuing large capex plans.	Key rating issues section
<b>Distribution Business Creates Upside Potential.</b> Fitch assesses the legal framework for the Polish electricity distribution networks as effective and supportive, but it has a short track record and lacks transparency in some respects.	Energa's ratings could be positively affected if the increase in the portion of regulated earnings is continued and net leverage is kept at conservative levels. A longer track record of more transparent regulations, including several years of a gradually rising return on the regulatory asset base (RAB) would be positive for the ratings	Likelihood: Likely Timescale: Medium term Rating impact: Positive	Key rating issues section
<b>Energa's Privatisation Process.</b>	Fitch assesses Energa on a stand-alone basis despite state ownership. Fitch considers the company's potential privatisation through an acquisition by PGE to be ratings neutral, but this will be re-assessed if further progress in this process is made.	Likelihood: Likely Timescale: Medium term Rating impact: Neutral. Fitch believes that in the mid-term Energa is likely to continue to operate as a State-owned company under both scenarios: (i) acquisition by PGE or (ii) PGE's offer is withdrawn.	
<b>Business Profile Weaker Than PGE and Tauron Polska Energia S.A. (Tauron), on par with ENEA S.A..</b>	Fitch does not expect major changes to take place in the next couple of years in the Polish energy landscape.	Likelihood: very likely Timescale: mid-term Rating impact: neutral	

Source: Fitch

**Sector Performance and Expectations**

(PLNm)	FY08	FY09	FY10	Expectation
<b>Distribution</b>				
Revenue	3,183	3,028	3,976	Revenue and EBITDA expected to grow relatively steeply due to revaluation of the asset base to the market value, increased remuneration driven by the capex programme and improved operational efficiency.
EBITDA	776	460	648	
EBITDA margin (%)	24.4	15.2	16.3	
<b>Generation</b>				
Revenue	1,222	1,532	1,614	EBITDA is expected to be lower in FY11 compared to the extraordinary good result in FY10 and then to grow gradually on the back of rising electricity prices resulting from additional costs of carbon dioxide certificates, a tight supply/demand balance and improved efficiency.
EBITDA	312	480	569	
EBITDA margin (%)	25.5	31.3	35.3	
<b>Wholesale &amp; Supply</b>				
Revenue	8,280	9,541	8,290	Fitch expects flat EBITDA due to the balancing effect of higher volume sold and weaker margins. In the mid-term a slight improvement might be expected on the back of better recognition by the Polish regulator of the operating costs for the household electricity tariffs.
EBITDA	114	112	217	
EBITDA margin (%)	1.4	1.2	2.6	

Source: Company/Fitch

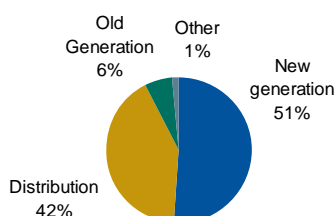
Fitch’s internally generated expectations for key leverage and coverage metrics are shown on page 7.

**Cash Flow**

Energa’s operating cash flows are of high quality as a large portion of EBITDA is generated from the distribution segment. Energa’s profitability measured in terms of its EBITDA margin (15% in 2010) is lower than for ENEA (17.6%), Tauron (18.1%), PGE (33%), CEZ, a.s. (45%), and Slovenske elektrarne, a.s. (32%), but is rising and less volatile than some companies with a larger generation segment. Despite a relatively small generation fleet, the generation segment accounted for 40% of total EBITDA in 2010, mainly due to additional cash flow earned from sales of renewable energy certificates, related to the company’s hydro plants. The company’s cash flow should be strengthened by the new generation units expected to go online in 2016 (847MW combined cycle gas turbine, or CCGT, plant in Grudziadz) and 2017 (1,000MW hard coal power plant in Ostroleka).

Over half of the capex planned for the next six years is related to new generation units. The commissioning of these units is of strategic importance for the group, however the timing of cash flow spending might be delayed due to potential delays in the tendering process and construction works. Fitch believes that Energa’s capex plan has moderate flexibility as some projects could be skipped or delayed.

Figure 1  
**Capex Breakdown**  
2011-2016



Source: Energa S.A.

**Credit Metrics**

Energa had net leverage close to zero at end-2011 due to a significant cash balance (PLN1.8bn). The funds are expected to be gradually spent on the investment process and Fitch expects that the credit metrics will gradually deteriorate to a more moderate level by 2014 (net debt to EBITDA is forecast to amount to around 2.5x). The calculation also includes the future project finance related external debt in line with the covenant definition embedded in the current financing facilities.

**Debt Structure**

Energa was able to establish a diversified mix of external loans granted by international financing institutions (PLN1.9bn out of PLN3.1bn) with the remainder provided by a number of local banks. The credit facilities are not secured on Energa’s assets. Most of the loans were granted in the period 2009-2011. There are two “umbrella facilities” totalling PLN225m designed to finance the working capital needs and capex of the entire capital group, however the main borrower under those loans is Energa (the subsidiaries are also part of the loan

agreement by debt accession). Basically, all the debt is issued at the level of the holding company, Energa. At end-2011, Energa signed two working capital facilities totalling PLN500m sealing its ample liquidity position.

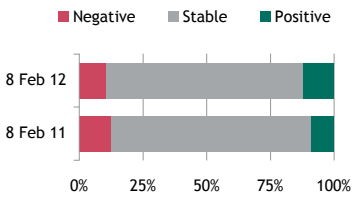
Energa will need to arrange additional financing in the coming years in order to implement the planned capex for the development of the distribution segment as well as the maintenance and upgrade of the existing generation assets.

The company plans to diversify its funding sources and envisages that the external funding for the new generation projects (Ostroleka, Grudziadz) will be raised in the form of project finance. The finalisation of the latter form of funding is at the early stage. The financing is likely to be granted to an SPV (legally, economically and operationally separated) and Energa will not guarantee the project finance debt. Repayment will be based on future cash flows and a long-term off-take contract will be signed with a supply company from Energa's group.

Energa's financial profile is constrained because of uncertainties regarding establishing the external financing as described above. The company is at an early stage of the fund gathering process, whereas the access to capital markets has not yet been proven and the ultimate founding source has not been specified.

### Distribution of Sector Outlooks

Directional Outlooks and Rating Watches



Fitch's expectations are based on the agency's internally produced, conservative rating case forecasts. They do not represent the forecasts of rated issuers individually or in aggregate. Key Fitch forecast assumptions include:

- changes in revenue driven by stable operations, higher electricity prices and higher tariffs in the distribution segment;
- the portion of EBITDA generated by regulated business expected to grow in the medium term due to asset revaluation;
- external debt to be raised in 2012-2016;
- equity increase expected in the mid-term to co-fund the large capex plans;
- the supportive dividend policy is expected to be continued.

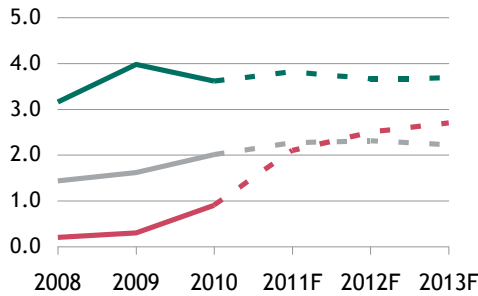
### Definitions

- Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.
- Interest cover: FFO plus gross interest paid plus preferred dividends divided by gross interest paid plus preferred dividends.
- FCF/revenue: FCF after dividends divided by revenue.
- FFO profitability: FFO divided by revenue.
- For further discussion of the interpretation of the tables and graphs in this report see Fitch's "Interpreting the New EMEA and Asia-Pacific Corporates Credit Update Format" Special Report, dated 25 November 2009 and available at [www.fitchratings.com](http://www.fitchratings.com).

ENERGA S.A. — Utilities Median — Emerging BBB Cat Median — Source: Company data; Fitch.

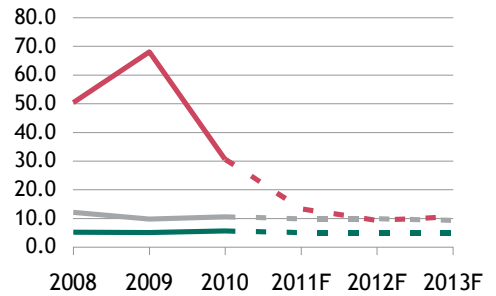
### Leverage

including Fitch expectations



### Interest Cover

including Fitch expectations

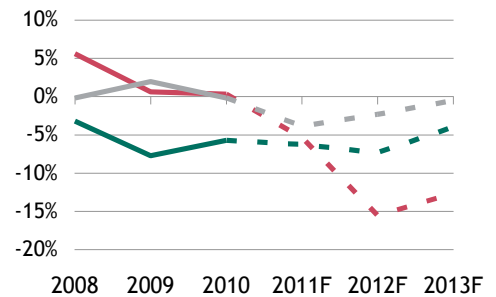


### Debt Maturities and Liquidity at end YE11

Debt maturities	(PLNm)
2012	44.9
2013	201.4
After 2013	1,786.6
Cash and equivalents	1,777.0
Undrawn committed facilities (expiry)	1,028.4

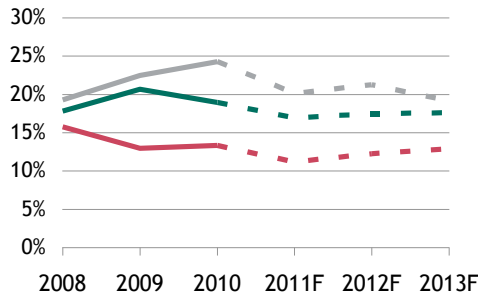
### FCF/Revenues

including Fitch expectations



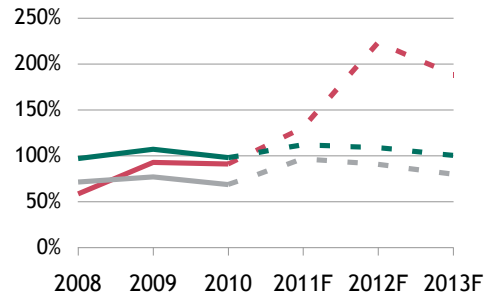
### FFO Profitability

including Fitch expectations



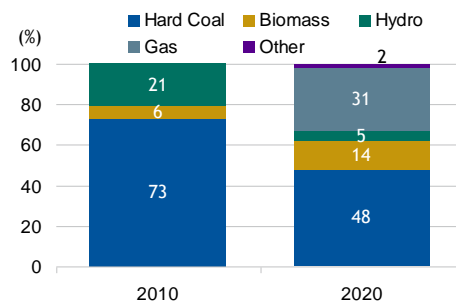
### Capex/CFO

including Fitch expectations



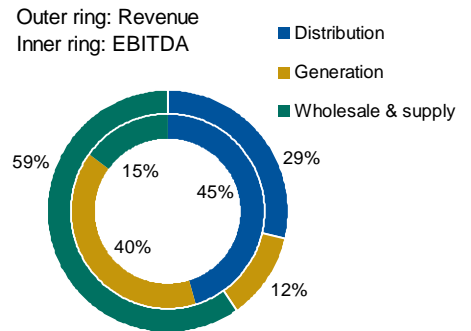
### Energa's Generation Fleet

By fuel type



Source: Energa S.A.

### FY10 Segmental Split



Sector Credit Factors Mapping

Building Blocks - EMEA Energy Utilities - Energa S.A.

Rating	Sector Risk Profile	Company-Specific Traits				Financial Profile (historical where relevant and forecast, mid-points)		
		Asset concentration	Cash flow profile	Market risk	Market position	FFO-adjusted leverage (x)	FFO interest cover (x)	Debt/EBITDA (x)
AAA	<ul style="list-style-type: none"> <li>Highly vertically integrated</li> </ul>	<ul style="list-style-type: none"> <li>High level of asset diversity</li> <li>Up-, mid- and downstream businesses, diverse assets within each business unit, multi-jurisdictions</li> </ul>	<ul style="list-style-type: none"> <li>The majority of operating income comes from regulated assets; or</li> <li>Very strong portfolio/smoothing effects from vertical integration (~ 100% natural hedge)</li> </ul>	<ul style="list-style-type: none"> <li>De minimis exposure to market risk due to structural factors</li> </ul>	<ul style="list-style-type: none"> <li>Largely unassailable market position due to structural factors that are virtually unalterable in the medium-term</li> </ul>	<2	>7.5	<1.5
AA		<ul style="list-style-type: none"> <li>Vertically integrated</li> </ul>	<ul style="list-style-type: none"> <li>High level of asset diversity</li> <li>Up-, mid- and downstream businesses, but with residual asset concentration in at least one material business unit</li> </ul>	<ul style="list-style-type: none"> <li>30-50% of operating income from regulated assets; or</li> <li>Strong portfolio/smoothing effects from vertical integration (i.e., extensive natural hedge)</li> </ul>	<ul style="list-style-type: none"> <li>Low market risk due to a combination of structural factors and effective hedging</li> </ul>	<ul style="list-style-type: none"> <li>Strong market position due to structural factors and (in more liberalised markets) a demonstrated ability to compete successfully</li> </ul>	3.5	5.0
A	<ul style="list-style-type: none"> <li>Partially integrated</li> </ul>	<ul style="list-style-type: none"> <li>Very well diversified assets</li> <li>Merchant generator with wide range of technology in different jurisdictions</li> <li>Owner of gas and power transportation networks in different jurisdictions</li> </ul>	<ul style="list-style-type: none"> <li>Operating income is &lt;30% from regulated assets, but &gt;30% when including quasi-regulated assets; or</li> <li>Operating income is &lt;30% from regulated assets, but the presence of other midstream assets or extensive vertical integration materially reduces cash flow volatility</li> </ul>	<ul style="list-style-type: none"> <li>Moderate exposure to market risk</li> </ul>	<ul style="list-style-type: none"> <li>Average market position consistent with normal competition in functioning markets</li> </ul>	5.0	3.5	4.5
BBB	<ul style="list-style-type: none"> <li>Minimal integration</li> <li>Emerging market risk</li> </ul>	<ul style="list-style-type: none"> <li>Merchant generator with gas and coal-fired plants</li> <li>Owner of gas storage and gas transportation assets</li> <li>High asset concentration</li> </ul>	<ul style="list-style-type: none"> <li>&lt;30% of operating income from regulated assets</li> <li>Minimal other mid-stream assets used to mitigate cash flow volatility</li> <li>Minimal portfolio/smoothing effects from vertical integration</li> </ul>	<ul style="list-style-type: none"> <li>Exposure to market risk only partially mitigated through effective hedging</li> </ul>	<ul style="list-style-type: none"> <li>Weak market position due to barriers to competition or market dominance enjoyed by competing utilities</li> </ul>	6.5	<3.0	6.0
BB		<ul style="list-style-type: none"> <li>Regulatory risk</li> <li>Volatile cash flows</li> <li>Concentrated assets</li> </ul>	<ul style="list-style-type: none"> <li>Very high asset concentration</li> <li>Merchant generator with a single generation technology</li> <li>Gas storage owner in a single jurisdiction</li> </ul>	<ul style="list-style-type: none"> <li>De minimis operating income from regulated or quasi-regulated assets</li> <li>No other mid-stream assets used to mitigate cash flow volatility</li> <li>No portfolio/smoothing effects from vertical integration</li> </ul>	<ul style="list-style-type: none"> <li>High levels of market risk and minimal (or ineffective) hedging</li> </ul>	<ul style="list-style-type: none"> <li>Very weak market position due to barriers to competition or significant market dominance by competitors, which stem from largely unalterable structural factors</li> </ul>	>6.5	<3.0
B								

Indicative factors observed or extrapolated for rated issuers in developed markets. Ratio levels refer to the mid-point of a through-the-cycle range; actual observations are likely to vary from these. Certain sub-sectors may contain a small number of observations; where no observations currently exist, guidelines for a category are extrapolated based on Fitch judgement. The factors give a high-level overview and are neither exhaustive in scope nor uniformly applicable. Additional factors will influence ratings, particularly in emerging markets and where group relationships constrain or enhance a rating level.



Peer Group

Issuer	Country
<b>A-</b> CEZ, a.s.	Czech Republic
<b>BBB+</b> PGE Polska Grupa Energetyczna S.A.	Poland
<b>BBB</b> ENEA S.A.	Poland
Slovenske elektrarne, a.s.	Slovakia
TAURON Polska Energia S.A.	Poland
<b>BBB-</b> ENERGA S.A.	Poland

Issuer Rating History

Date	FC LT IDR	Outlook/ Watch
19 Jan 12	BBB-	Stable

Immediate Peer Group – Comparative Analysis

Sector Characteristics

Operating Risks

Vertically integrated European electric utilities are relatively stable businesses. Electricity distribution and transmission in transparent regulatory regimes benefit from high cash flow visibility and predictability. Power generation is a higher-risk and more volatile segment, due to its exposure to changes in fuel and electricity prices, and electricity demand. However, some business and financial risks in generation may be mitigated through hedging strategies.

Financial Risks

The financial profile of integrated utilities benefits from solid and stable cash flow generation. Negative free cash flow will remain common across the sector, due to large capex plans with limited short-term flexibility. Leading integrated utilities generally have good access to capital-market funding.

Figure 2

Business Profile Characteristics of CE Energy Utilities Rated by Fitch

	CEZ A-/Stable	PGE BBB+/Stable	Tauron BBB/Stable	SE BBB/Stable	ENEA BBB/Stable	Energa BBB-/Stable
Headroom within current rating level	Limited	Large	Large	Medium	Large	Medium
Vertical integration	Full	Full	Full	Low	Medium	Below-average
Generation mix (%)	42 nuclear, 45 lignite, 10 hard coal	68 lignite, 25 hard coal	93 hard coal	43 hydro, 32 nuclear and 25 coal	98 hard coal	73 hard coal, 21 hydro, 6 biomass
Regulated business (EBITDA share) (%)	19	21	41	0	42	46

Source: Fitch

Key Credit Characteristics

Large utilities with solid business profiles and strong-to-medium financial profiles generally command strong investment-grade ratings. Ratings depend both on business factors – including market presence, degree of vertical integration, generation mix and earnings diversification – and on financial factors such as financial policy, leverage, profit margins, capex plans and approach to M&A activity.

Overview of Companies

**CEZ, a.s.** (CEZ, 'A-/Stable) – 69.4% owned by the Czech state, CEZ has a leading position and vertical integration in Czech power. It is the largest electric utility in central Europe. CEZ has a strong EBITDA margin, which is partly driven by its low-cost generation portfolio.

**PGE Polska Grupa Energetyczna S.A.** (PGE, 'BBB+/Stable) – 62% owned by the Polish state, PGE has a leading and vertically integrated position in Polish power, including dominance in generation.

**Slovenske Elektrarne, a.s.** (SE, 'BBB/Stable) – is the dominant power producer in Slovakia, and is 66% owned by Italy's Enel S.p.A. ('A-/Stable). The company benefits from a good mix of generating sources, including nuclear (being expanded), hydro, gas and coal, but is less integrated than many of its peers.

**TAURON Polska Energia S.A.** (Tauron, 'BBB/Stable) – 30% owned by the Polish state, Tauron is the second-largest vertically integrated utility in Poland. It has a relatively large presence in distribution and supply, as opposed to generation.

**ENEA S.A.** (ENEA, 'BBB/Stable) – the third largest Polish integrated utility with a strong distribution segment and significant position in the generation segment strengthened by the "must-run" power plant in Kozenice.

**ENERGA S.A.  
FINANCIAL SUMMARY**

	31 Dec 2010 PLNm Original	31 Dec 2009 PLNm Original	31 Dec 2008 PLNm Original	31 Dec 2007 PLNm Original	31 Dec 2006 PLNm Original
<b>Profitability</b>					
Revenue	9,113.9	8,380.1	8,250.5	7,018.3	6,825.3
Revenue Growth (%)	8.8	1.6	17.6	2.8	-
Operating EBIT	808.2	496.8	746.5	213.5	95.0
Operating EBITDA	1,399.6	1,051.3	1,225.9	726.9	668.0
Operating EBITDA Margin (%)	15.4	12.5	14.9	10.4	9.8
FFO Return on Adjusted Capital (%)	13.9	14.0	17.8	12.1	10.1
Free Cash Flow Margin (%)	0.3	0.6	5.6	(0.9)	(0.1)
<b>Coverages (x)</b>					
FFO Gross Interest Coverage	31.8	92.6	50.3	408.9	226.1
Operating EBITDA/Gross Interest Expense	34.0	65.7	46.4	60.6	82.5
FFO Fixed Charge Coverage (inc. Rents)	31.8	92.6	50.3	408.9	226.1
FCF Debt-Service Coverage	0.8	0.2	2.9	(0.1)	(0.1)
Cash Flow from Operations/Capital Expenditures	1.1	1.1	1.7	1.0	1.1
<b>Debt Leverage of Cash Flow (x)</b>					
Total Debt with Equity Credit/Operating EBITDA	0.8	0.3	0.2	0.7	0.3
Total Debt Less Unrestricted Cash/Operating EBITDA	(0.4)	(0.5)	(0.4)	0.1	0.1
<b>Debt Leverage Including Rentals (x)</b>					
Rental Expense	0.0	0.0	0.0	0.0	0.0
Gross Lease Adjusted Debt/Operating EBITDAR	0.8	0.3	0.2	0.7	0.3
Gross Lease Adjusted Debt/FFO+Int+Rentals	0.9	0.3	0.2	0.6	0.3
FCF/Lease Adjusted Debt (%)	2.7	14.2	161.9	(12.0)	(5.8)
<b>Debt Leverage Including Leases and Pension Adjustment (x)</b>					
Pension and Lease Adjusted Debt /EBITDAR + Pension Cost	0.8	0.3	0.2	0.7	0.3
<b>Liquidity</b>					
(Free Cash Flow+Available Cash+Committed Facils)/(ST Debt + Interest) (%)	2,081.7	311.4	745.4	81.1	101.8
<b>Balance Sheet Summary</b>					
Cash and Equivalents (Unrestricted)	1,683.6	886.8	809.9	439.4	130.2
Restricted Cash and Equivalents	0.0	0.0	0.0	0.0	0.0
Short-Term Debt	42.8	289.4	144.2	460.0	114.9
Long-Term Senior Debt	1,033.6	66.7	141.0	78.6	60.8
Subordinated Debt	1.6	0.0	0.0	0.0	0.0
Equity Credit	0.0	0.0	0.0	0.0	0.0
Total Debt with Equity Credit	1,078.0	356.1	285.2	538.6	175.7
Off-Balance-Sheet Debt	0.0	0.0	0.0	0.0	0.0
Lease-Adjusted Debt	1,078.0	356.1	285.2	538.6	175.7
Fitch- identified Pension Deficit	0.0	0.0	0.0	0.0	0.0
Pension Adjusted Debt	1,078.0	356.1	285.2	538.6	175.7
<b>Cash Flow Summary</b>					
Operating EBITDA	1,399.6	1,051.3	1,225.9	726.9	668.0
Gross Cash Interest Expense	(39.5)	(11.7)	(26.4)	(2.1)	(3.0)
Cash Tax	(284.6)	(90.0)	(132.8)	(160.2)	(68.9)
Associate Dividends	1.3	0.5	4.8	8.7	0.1
Other Items before FFO (incl. interest receivable)	138.6	121.1	229.5	283.2	79.2
<b>Funds from Operations</b>	<b>1,215.4</b>	<b>1,071.2</b>	<b>1,301.0</b>	<b>856.5</b>	<b>675.4</b>
Change in Working Capital	(34.9)	(198.1)	(75.8)	(119.4)	30.9
<b>Cash Flow from Operations</b>	<b>1,180.5</b>	<b>873.1</b>	<b>1,225.2</b>	<b>737.1</b>	<b>706.3</b>
Total Non-Operating/Non-Recurring Cash Flow	35.9	0.6	(12.3)	(0.6)	3.5
Capital Expenditures	(1,072.2)	(809.0)	(714.2)	(711.2)	(627.7)
Dividends Paid	(114.6)	(14.0)	(36.9)	(90.0)	(92.3)
<b>Free Cash Flow</b>	<b>29.6</b>	<b>50.7</b>	<b>461.8</b>	<b>(64.7)</b>	<b>(10.2)</b>
Net (Acquisitions)/Divestitures	(5.5)	(48.5)	0.0	0.0	0.0
Net Equity Proceeds/(Buyback)	0.0	0.0	0.0	0.0	0.0
Other Cash Flow Items	50.8	3.8	162.1	11.0	(35.3)
Total Change in Net Debt	74.9	6.0	623.9	(53.7)	(45.5)
<b>Working Capital</b>					
Accounts Receivable Days	52.2	47.4	39.6	41.3	44.1
Inventory Days	15.1	12.6	12.9	11.3	6.0
Accounts Payable Days	44.8	38.9	33.2	35.1	40.2

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