

PGE Group secures attractive financing

PGE Polska Grupa Energetyczna has signed a credit agreement with an international consortium of four banks. The total amount of the revolving loan facility is PLN 4.1 billion.

Funds from the loan facility will be used to finance PGE Group's ambitious investment programme planned for 2016-2020, covering the development and modernisation of generation, district heating and distribution assets. They may also be used to re-finance financial liabilities of PGE Polska Grupa Energetyczna and other PGE Group companies. The agreement between PGE and the banks was signed on 17 September.

The bank consortium that will provide the credit to the company includes Santander Bank Polska S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Intesa Sanpaolo S.p.A. and MUFG Bank (Europe) N.V.

"PGE is still capable of financing a substantial portion of its expenditures from on-going operations, i.e. revenue from sales, which has a relatively stable structure. However, the on-going investment programme for 2016-2020, worth PLN 34 billion, required external financing as well. This credit agreement with an international banking consortium along with a number of other projects initiated on the Polish financial market show that PGE Group is regarded as a credible and solid partner," said Henryk Baranowski, CEO of PGE Polska Grupa Energetyczna.

"Our aim is to build and maintain debt with a diverse structure, allowing us to flexibly manage financing costs, and this is happening. We are raising financing in the form of loan from commercial banks and bond programmes, loan from Bank Gospodarstwa Krajowego, loan from multilateral institutions such as the European Investment Bank or the European Bank for Reconstruction and Development as well as in the form of preferential financing," said Emil Wojtowicz, Vice-president of the Management Board at PGE Polska Grupa Energetyczna in charge of finance.

In selecting financial instruments, we are guided by market conditions, especially price, liquidity and payment deadlines. Financing costs are a priority for us, of course, but we also need attractive payment deadlines," added Emil Wojtowicz.

PGE Group is implementing investments in the distribution segment and numerous modernisation projects, which are contributing to a reduction in emissions by its generating assets. PGE is also investing in efficient cogeneration assets – a gas-and-steam unit with 138 MWe and 100 MWt was commissioned in 2017 at PGE's CHP Gorzów. Work at CHP Rzeszów, where an installation for thermal processing with energy recovery is being built, is nearing completion. The Group is also preparing to build over 1000 MW in gas-powered assets.

"As the largest domestic bank for corporates and businesses, PKO Bank Polski supports investments that are of significance to the Polish economy. We provide the best experts in financing investments, trade and working capital for our clients. Cooperation with PGE Polska Grupa Energetyczna represents another agreement in which PKO Bank Polski, along with a consortium of banks, is also supporting the development of the Polish energy industry," said Jakub Papierski, member of PKO Bank Polski's Management Board overseeing the corporate and investment banking area.

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