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CREDIT OPINION

29 June 2018

Update

Rate this Research

RATINGS

Eandis System Operator CVBA

Domicile	Belgium
Long Term Rating	A3
Type	LT Issuer Rating - Dom Curr
Outlook	Positive

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Eandis System Operator CVBA

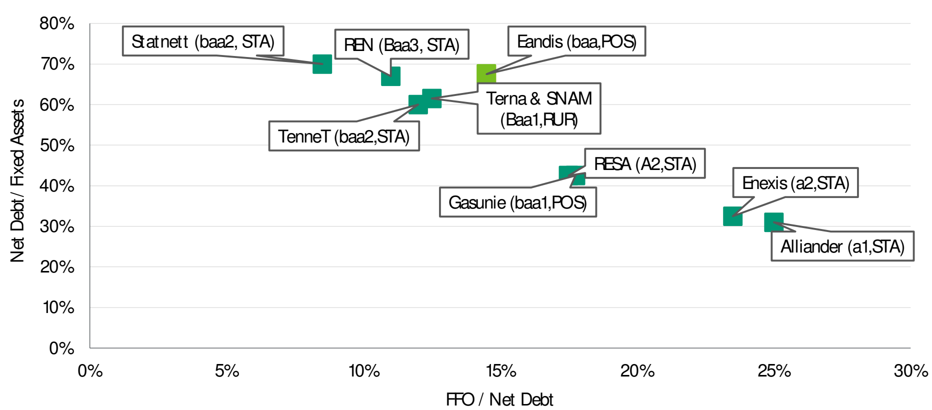
Update following outlook change to positive

Summary

The robust credit quality of Eandis System Operator CVBA (Eandis, A3 positive) reflects that of the seven distribution system operators (DSOs), which own the company and severally guarantee its liabilities. The regulated electricity and gas distribution network operations of the DSOs in Flanders, Belgium, have a low business risk profile, supported by a regulatory framework that is supportive and transparent, albeit relatively new and untested in the context of European regulated network peers following the transition of tariff setting responsibilities from the national to the regional regulators in 2014.

Eandis's credit quality remains constrained by relatively high gearing, albeit reducing on the back of faster than anticipated recovery of certain regulatory receivables. Nevertheless, the company remains more highly levered on the basis of net debt to fixed assets than most rated peers.

Exhibit 1
Eandis remains relatively highly geared compared with network peers



Note: All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations, reflecting Moody's 12-18 months forward view.
Source: Moody's Financial Metrics TM

On 28 June 2018, after having obtained final approval from their shareholders and directors, Eandis and its Flemish network operating peer Infrax CVBA announced the conclusion of the planned merger between both companies into one single entity, Fluvius System Operator CVBA (Fluvius). This is part of a major restructuring of the Flemish energy market, envisaged by the regional government.

We note that Eandis's existing bonds will continue to be guaranteed by its original seven owners, the DSOs Gaselwest, Imea, Imewo, Intergem, Iveka, Iverlek and Sibelgas. Only new debt that will be issued by Fluvius going forward will benefit from the guarantee, albeit several, of in total 14 intermunicipal companies. While the DSOs that currently own Infrax have historically had a much stronger credit quality compared with Eandis's owners, the newly created entity Fluvius will still have to define its future financial strategy and dividend policy, potentially resulting in changes to individual DSOs capital structures.

In assessing Eandis's overall credit risk we also reflect that the Community of Flanders (Aa2 stable) holds a strong interest in maintaining a solid financial standing for the DSOs, given their essential role for the Flemish economy.

Credit Strengths

» A strong linkage with the region through provision of essential energy network services.

» Strong underlying business risk profile from operation of monopoly network assets.

» Transparent and supportive regulatory framework, but relatively short track record, with tariff responsibility transferred from national to regional regulator in 2014.

» Conclusion of merger with Flemish network peer Infrax bolsters consolidated profile of newly merged economic group, but future financial policy still to be determined.

Credit Challenges

» Relatively high gearing, albeit improving on the back of recovery of regulatory receivables.

» Cut in allowed returns and continuing high dividend payout will weigh on financial flexibility, but the impact is softened by regulatory recoveries through to 2020.

Rating Outlook

The rating outlook is positive, reflecting the accelerated recovery of renewable energy certificates by Eandis and resulting improvement in its financial profile, with net debt to fixed assets falling from around 78% as at December 2016 to ca. 69% in December 2017. It also takes into account (1) the potential for key financial metrics to remain sustainably above guidance for the current rating category; and (2) our view that the merger between Eandis and Infrax should not adversely affect credit quality.

The positive outlook also, however, considers that Fluvius will face additional investment requirements for smart meters and a new regulatory settlement, which will apply from 1 January 2021, could pressure allowed returns and/or result in more demanding operational targets.

Factors that Could Lead to an Upgrade

The rating could be upgraded if leverage calculated as net debt to fixed assets appears likely to remain comfortably below 70% and funds from operations (FFO) to net debt is at least in the low teens in percentage terms. In considering a rating upgrade, we would also take into account the financial and dividend policy of the newly established Fluvius group and any implications that this may have on the capital structure of the guaranteeing DSOs as well as the evolution of the regulatory framework for the Flemish network operators.

Factors that Could Lead to a Downgrade

We could downgrade the rating if the financial metrics of the economic group Eandis as well as going forward the economic group Fluvius weakened such that consolidated net debt/fixed assets was likely to be persistently above 80%, and consolidated FFO/net debt ratio below the high single-digits in percentage terms. The ratings may also come under downward pressure if we assessed a lower probability of support from the Community of Flanders or if the rating of the sub-sovereign was downgraded.

Key Indicators

Exhibit 2

Eandis System Operator CVBA

Financial information presented on the basis of the Eandis economic group, combining the financial profile of the operating company and its DSO owners

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
FFO Interest Coverage	6.4x	4.5x	3.0x	3.6x
Net Debt / Fixed Assets	69.4%	77.6%	81.4%	80.7%
FFO / Net Debt	17.2%	11.6%	6.6%	8.3%
RCF / Net Debt	13.8%	8.9%	3.7%	5.2%

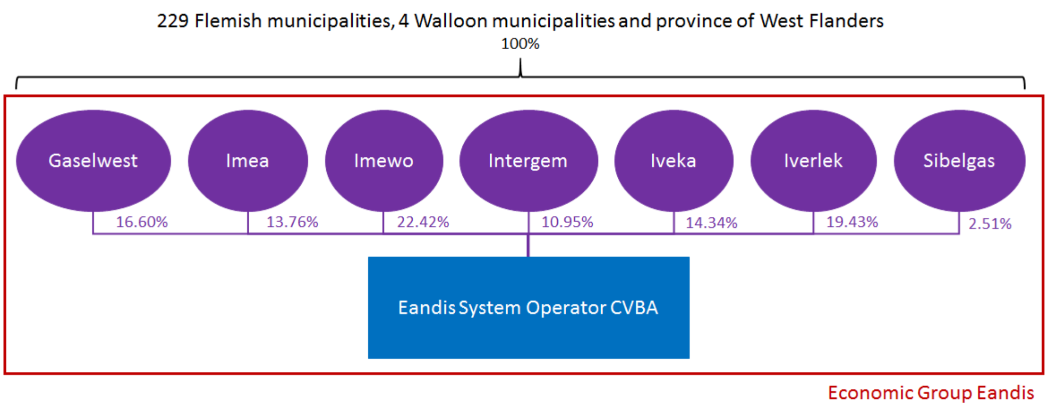
Note: All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. For definitions of Moody's most common ratio terms please see the accompanying User's Guide.
Source: Moody's Financial Metrics TM

Profile

Eandis System Operator CVBA (previously Eandis CVBA) is a Belgian utility, established in March 2006 and fully owned by the seven Flemish DSOs Gaselwest, Imea, Imewo, Intergem, Iveka, Iverlek and Sibelgas, whose share capital is currently 100% held by 233 municipalities and one province, predominantly within the Community of Flanders.

Exhibit 3

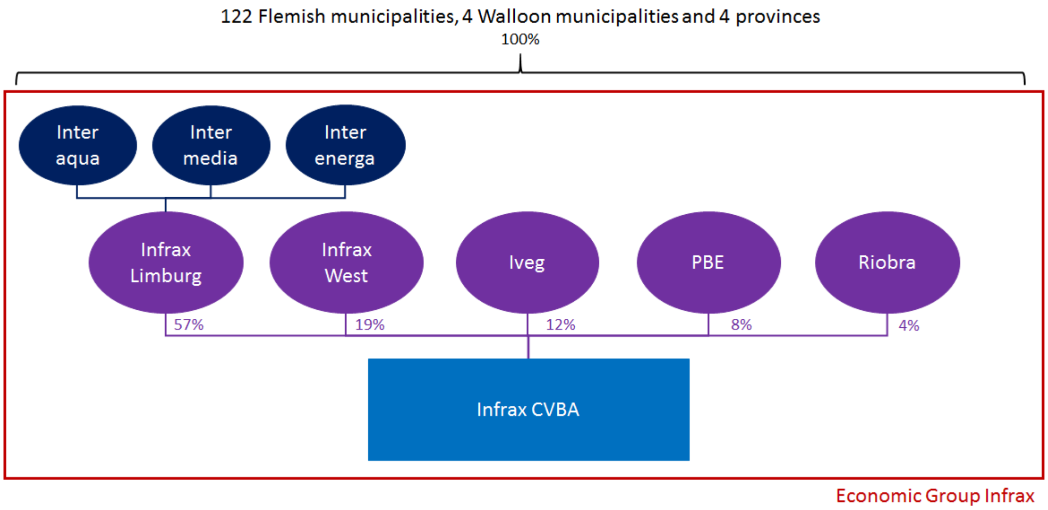
Simplified organisational structure for the economic group Eandis



Source: Eandis's annual reports

Infrax, which will be acquired by Eandis to form Fluvius is owned by the five DSOs Infrax West, Infrax Limburg (associated with three further DSOs Inter aqua, Inter media and Inter energa), Iveg, PBE and Riobra, which are 100% publicly owned by 126 municipalities and four provinces, all predominantly within the Community of Flanders.

Exhibit 4
Simplified organisational structure for the economic group Infrax



Source: Infrax's annual reports

From 1 July 2018, with the conclusion of the merger and creation of Fluvius, all of the existing Eandis and Infrax DSOs will become the owners of the new combined entity.

Through the Flemish Energy Decree of 8 May 2009, and with the explicit permission of the Flemish region's electricity and gas distribution regulator, Eandis and Infrax have been appointed as the sole operators of the networks for each of their respective DSOs and Fluvius has been licenced to take over with effect of 1 July 2018. Through the DSOs' articles of association, the companies operate on a 'cost' basis, whereby all costs incurred, including financing costs, are passed through to the DSOs, which also severally (in line with their respective ownership stake) guarantee the debt raised by Eandis and Infrax, respectively.

While Eandis operates primarily the electricity and gas distribution networks within its service area, Infrax also operates and maintains sewerage systems and cable television networks, with both companies holding small district heating infrastructure in selected areas.

Detailed Credit Considerations

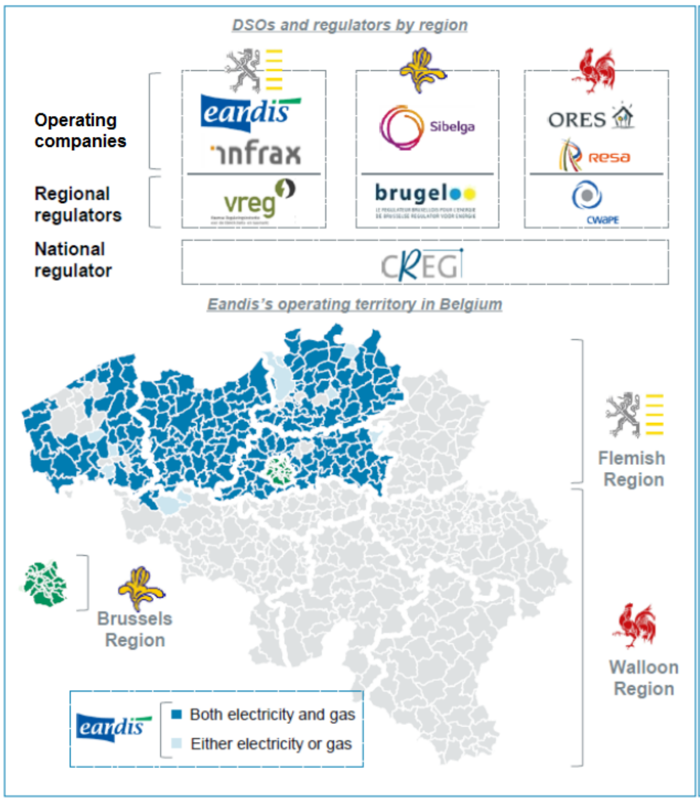
Transparent regulatory framework, but limited track record

The federal state and each of the Belgian regions have established their own regulatory body for the electricity and gas market with complementary competencies, with the national regulator CREG being principally responsible for tariff setting in respect of the DSOs and the regional regulators for licensing issues. As part of a decentralisation of powers from the federal to the regional Governments, on 1 July 2014, responsibility for setting electricity and gas distribution tariffs passed from the CREG to the regional regulators, i.e., the VREG in the Flemish Region (see Exhibit 5).

To allow for the orderly transfer of tariff setting responsibilities, the CREG agreed with all DSOs, in April 2012, that tariffs for the regulatory period 2009-12 would be carried forward into 2013 and 2014 (including an option to extend into 2015 if necessary).

Exhibit 5

Overview of Belgian energy distribution market and regulatory responsibilities



Source: Eandis

While the regulatory approach, introduced by VREG in 2015, remains in its infancy, the tariff setting principles follow well-established precedents from other European jurisdictions with a much longer regulatory track record. The final tariff methodology for the new four-year regulatory period, starting on 1 January 2017, was published in August 2016.

Tariffs are determined through a revenue-cap model (compared with cost-plus arrangements until 2014), and, in setting the revenue allowance, which drive annual tariffs, the VREG distinguishes between three cost categories: (1) non-controllable (or exogenous) costs, which include transmission network fees, taxes or recovery of regulatory accounting balances and are passed through directly to consumers; (2) controllable (or endogenous) costs, which include typical revenue building blocks, such as allowances for operating costs, depreciation of the regulated asset base and a return based on the weighted average cost of capital; and (3) other cost items, including fines or accounting measures.

The current regulatory period lasts from 2017 to 2020, and compared with the 2015-16 transitory period, VREG decided to cut the allowed return by around 120 basis points, but in turn also allowed more timely recovery of non-controllable costs.

Exhibit 6

Weighted average cost of capital will reduce in low interest rate environment

	VREG (2015-16)	VREG Final Determination (2017-20)
Risk-free rate	3.30%	3.04%
Risk premium	1.20%	0.64%
Transaction fee	0.15%	0.15%
Cost of debt (historical)	4.65%	3.83%
Risk-free rate	2.00%	0.80%
Risk premium	1.20%	0.61%
Transaction fee	0.15%	0.15%
Cost of debt (new)	3.35%	1.56%
Historical : new debt ratio	60:40	65:35
Cost of debt (allowed)	**4.13%**	**3.04%**
Premium for ECB purchase		0.63%
Market risk premium	5.10%	5.01%
Asset Beta	0.33	0.38
Equity Beta	0.73	0.76
Equity risk premium	3.74%	3.79%
Cost of Equity (post-tax)	**5.74%**	**5.24%**
Cost of Equity (pre-tax)	**8.70%**	**7.94%**
Gearing	55%	60%
DSO tax rate until 31 Dec 2014	0%	
WACC (nominal, post-tax)	**4.85%**	**3.92%**
Tax rate from 1 Jan 2015	33.99%	33.99%
WACC (nominal, pre-tax)	**6.18%**	**5.00%**

Notes: The risk-free rate of embedded cost of debt is calculated on the ten-year average historical interest on 10-year German Bunds and Belgian OLO; while the risk-free rate of new debt reflects the two-year average of 10-year Bonds and OLO. Until December 2014, the DSOs were not subject to corporate tax; however, from 1 January 2015 a 33.99% tax rate applies. Accordingly, VREG determined that the 4.8% (nominal) WACC determined for 2015-16 will be post-tax, and the pre-tax WACC would be 6.1% (nominal).
Source: VREG

Outstanding tariff deficits to be recovered by 2020…

During the transition between national and regional regulators, cost allowances were not updated and Eandis accumulated tariff deficits of €450 million. Under-recovered revenues from 2008-09 (around €100 million) have been included within agreed tariffs for 2015 and 2016, while recovery of the 2010-14 deficits (around €350 million) is included in the tariffs for 2016-20. During 2015 and 2016, Eandis accumulated further regulatory receivables of around €260 million and €54 million, respectively, linked primarily to exogenous, i.e. non-controllable, costs.

Following the final tariff methodology for the 2017-20 period, all outstanding regulatory receivables will be recoverable until 2020. In 2017, Eandis recovered approximately €79 million of 2008-14 receivables and €166 million from outstanding 2015 balances. It also accrued negative balances of €69 million (which means an over-recovery in 2017). Therefore, overall outstanding regulatory balances reduced to around €273 million as at 31 December 2017, roughly in line with expectations.

… but accelerated cash inflows from green certificates

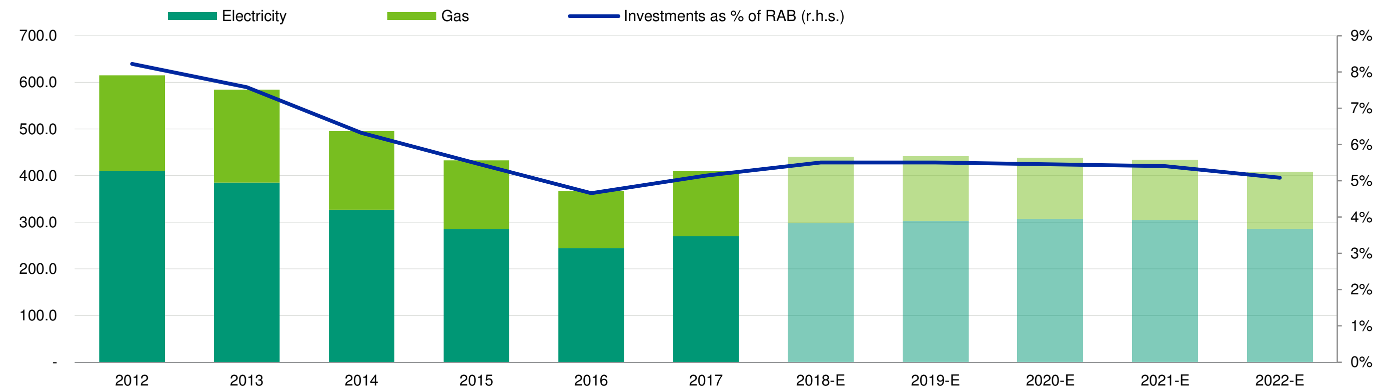
In addition to the above, Eandis held a sizeable portion of renewable energy and cogeneration certificates, which the company is obliged to buy from generators but was subsequently unable to sell in a timely fashion due to insufficient demand from energy suppliers. An amendment to the Energy Act in 2016 introduced a surcharge to be added to user tariffs to allow recovery of the costs for unsold certificates over a five year period 2017-21. The monies collected from the surcharge will be used by the Flemish Energy Authority to purchase DSOs' outstanding renewable certificates at a maximum amount of €15 million p.a. For Eandis, the aggregate annual payment will be €105 million (across the seven DSOs).

However, overall recovery of green certificates during 2017 has surpassed our previous expectations, because an agreement at European level allowed a larger number of these certificates to be bought. Sales were also bolstered by increased green certificate requirements for energy suppliers and, together with ongoing auctions, we believe that the historical balances should be fully redeemed by the end of FY 2018 rather than FY 2020 as previously forecast.

Modest capex programme, balanced between maintenance and expansion investments

Annual capex will be approximately €400-500 million over the next five years, equivalent to around 5-6% of the company's RAB. The capex programme is not particularly challenging and relatively balanced between replacement and enhancement investments. However, we expect the requirement to introduce smart meters to lead to a slight increase in investment needs in the near term.

Exhibit 7
Capex stabilising at lower levels
investments in € millions (left hand scale)



Source: Eandis annual reports and investor presentations, Moody's calculations

We note that the VREG plans to introduce a quality factor into the revenue formula to reflect asset performance and customer service and ensure that companies do not deliberately postpone investment spending to the detriment of asset quality. During the 2017-20 period companies will report performance against certain measures, with a quality factor to incentivise above-average performance to be included in the next regulatory period from 2021.

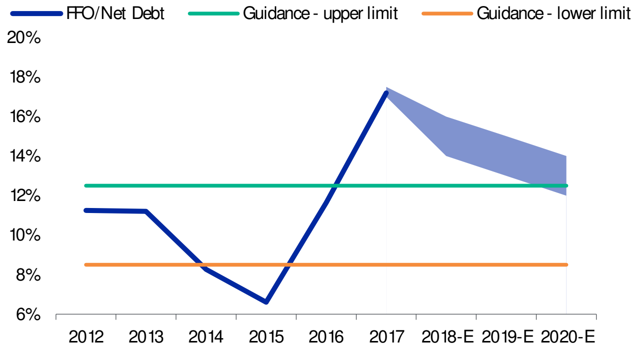
Financial profile improving on the back of regulatory recoveries and modest investment needs

Since the 2014 debt-funded exit of Electrabel as a shareholder, Eandis's credit quality has been constrained by relatively high gearing, with net debt/regulated asset base (RAB, which is roughly equivalent to fixed assets) close to 80%, and FFO/net debt in the high single-digits in percentage terms.

Following the accelerated recovery of green certificates during FY 2017, financial metrics for the economic group (which combines the financials of the operating company with that of its DSO owners) has improved significantly, and we expect ongoing regulatory receivables to continue to bolster cash flows until 2020.

Exhibit 8

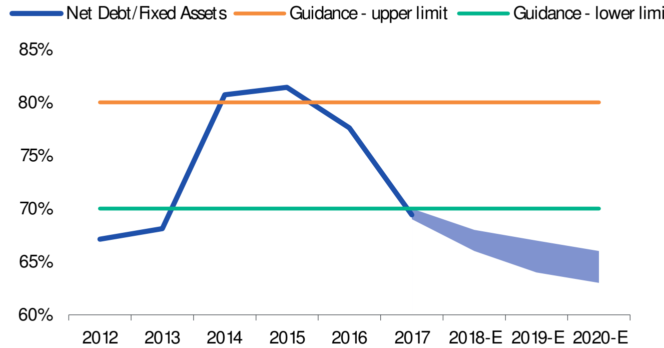
Eandis metrics against guidance for A3 rating level
FFO/Net Debt



Note: FFO metrics will likely be boosted by cash inflows from recovering regulatory receivables, while underlying operational cash flows would be weaker.
Source: Eandis's financial reporting, Moody's forecast

Exhibit 9

Eandis metrics against guidance for A3 rating level
Net Debt/Fixed Assets



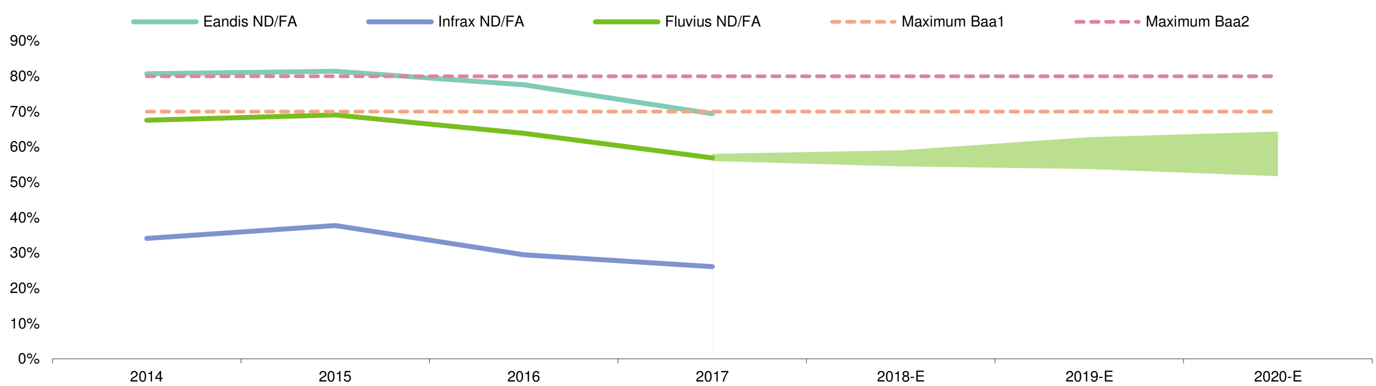
Source: Eandis's financial reporting, Moody's forecast

However, the company will face additional investment requirements for smart meters over the coming 15 years, and a new regulatory settlement will apply from 1 January 2021, which could put additional pressure on return or cost allowances, inter alia through additional efficiency requirements or quality incentives. Moreover, management continues a financial policy with very high dividend payout around 90% of net income.

The DSOs that currently own Infrax have historically had a much stronger credit quality than Eandis's owners. For example the Infrax economic group reported leverage of net debt to fixed assets around 30-35% over the past four years. The merger could bolster Eandis's credit quality, however, Infrax is significantly smaller in size (net PP&E of the Infrax economic group was approximately 41% of Eandis's at December 2017, or 29% of both entities' combined net PP&E) and the newly created entity Fluvius will still have to define its future financial strategy and dividend policy, potentially resulting in changes to individual DSOs capital structures.

Exhibit 10

Comparison of historical net debt to fixed assets for the economic groups Eandis and Infrax, and Moody's forecast expectation for economic group Fluvius

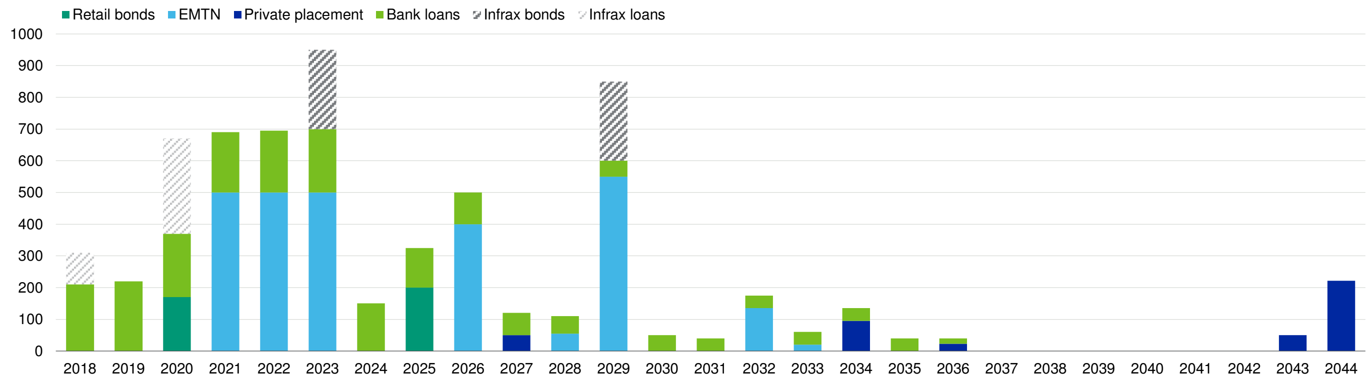


Source: Companies' accounts, Moody's forecast calculations

Liquidity Analysis

Eandis's liquidity position is currently strong, underpinned by recovery of regulatory receivables. However, ongoing investments and debt repayments, particularly in the 2020s will require continuous access to capital markets.

Exhibit 11
Estimated debt maturity profile for the combined group



Note: Moody's has estimated the 2020 maturity of Infrax loans by calculating the residual value of outstanding debt at FYE 2017 after deducting debt maturing within 1 year as well as the bonds.
Source: Eandis and Infrax economic groups' annual reports and company presentations, Moody's calculation

Aside from ongoing cash flows generated from the DSOs' monopoly network activities, the economic group's primary sources of committed liquidity are revolving credit facilities in an aggregate amount of €500 million (€200 million of which committed until December 2020 and the rest renewed annually). These were undrawn at the end of December 2017.

In addition, Eandis is active in the commercial paper market, with a €522 million programme. The company maintains average amounts outstanding in the range of €100-200 million, with no amounts outstanding at the end of December 2017.

Rating Methodology and Scorecard Factors

The company's rating falls within the scope of Moody's methodology for Regulated Electric and Gas Networks, published in March 2017. The assigned BCA is in the mid-Baa range. Financial metrics over the 12-18 months forward-view results in a Baa1 grid-indicated rating under Moody's methodology, reflecting the improvement in metrics from the accelerated cash inflows received in relation to outstanding green certificate receivables, and recognised in the positive outlook.

Exhibit 12

Rating Grid for Eandis System Operator CVBA

Regulated Electric and Gas Networks Industry Grid [1][2]	Current FY 12/31/2017		Moody's 12-18 Month Forward View As of June 2018 [3]	
Factor 1 : Regulatory Environment and Asset Ownership Model (40%)	**Measure**	**Score**	**Measure**	**Score**
a) Stability and Predictability of Regulatory Regime	A	A	A	A
b) Asset Ownership Model	Aa	Aa	Aa	Aa
c) Cost and Investment Recovery (Ability and Timeliness)	A	A	A	A
d) Revenue Risk	A	A	A	A
Factor 2 : Scale and Complexity of Capital Program (10%)				
a) Scale and Complexity of Capital Program	A	A	A	A
Factor 3 : Financial Policy (10%)				
a) Financial Policy	Ba	Ba	Ba	Ba
Factor 4 : Leverage and Coverage (40%)				
a) FFO Interest Coverage (3 Year Avg)	4.5x	A	4x - 7x	Aa
b) Net Debt / Fixed Assets (3 Year Avg)	76.1%	Ba	65% - 70%	Baa
c) FFO / Net Debt (3 Year Avg)	11.6%	Baa	13% - 16%	Baa
d) RCF / Net Debt (3 Year Avg)	8.6%	Baa	10% - 12%	Baa
Rating:				
Indicated Rating from Grid Factors 1-4		Baa2		Baa1
Rating Lift		0		0
a) Indicated Rating from Grid		Baa2		Baa1
b) Actual Rating Assigned				A3/mid-baa
Government-Related Issuer		**Factor**		**Factor**
a) Baseline Credit Assessment		mid-baa		mid-baa
b) Government Local Currency Rating		Aa2		Aa2
c) Default Dependence		High		High
d) Support		Strong		Strong
e) Final Rating Outcome		A3		A3

Note: (1) All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. (2) At at 12/31/2017. (3) This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate any significant acquisitions or divestitures.

Source: Moody's Financial Metrics TM

Given the DSOs' (which act as guarantors for the operating company's debt) ownership, the economic group Eandis (as well as Fluvius going forward) falls within the scope of our rating methodology for Government-Related Issuers (GRIs), published in June 2018.

The final A3 rating incorporates two notches of uplift from the economic group's stand-alone credit quality, taking into account (1) the credit quality of the Community of Flanders (Aa2 stable); (2) our assessment that there is a strong probability that the Community would provide support to the DSO and/or its shareholding municipalities if either were in financial distress; and (3) a high level of default dependence (i.e., the degree of exposure to common drivers of credit quality) because of the entirely domestic operations of the Eandis economic group and its close association with its owners and the region.

The Community of Flanders (1) is ultimately responsible for the organisation of the electricity and gas market and for the distribution of energy, which is considered a public service; and (2) would be indirectly affected by any difficulties (including financial problems) experienced by the entities entrusted with this task.

Ratings

Exhibit 13

Category	Moody's Rating
EANDIS SYSTEM OPERATOR CVBA	
Outlook	Positive
Bkd Issuer Rating -Dom Curr	A3
Bkd Senior Unsecured -Dom Curr	A3

Source: Moody's Investors Service

Appendix

Exhibit 14

Peer comparison table

Numbers presented for the Eandis economic group

	Eandis System Operator CVBA			Alliander N.V.			Enexis Holding N.V.			Statnett SF		
	A3 (Positive) *BCA: baa*			Aa2 (Stable) *BCA: a1*			Aa3 (Stable) *BCA: a2*			A2 (Stable) *BCA: baa2*		
Local currency	EUR			EUR			EUR			NOK		
Millions (Local currency)	FY15	FY16	FY17	FY15	FY16	FY17	FY15	FY16	FY17	FY15	FY16	FY17
Revenue	2,315.7	2,454.3	2,651.9	1,540.0	1,584.0	1,697.0	1,353.0	1,376.0	1,380.0	5,747.0	6,446.0	7,103.0
EBITDA	777.6	1,046.0	1,273.8	634.0	559.0	658.0	729.6	728.0	718.0	3,165.0	3,431.0	3,930.0
Total debt	6,390.2	6,093.3	5,515.6	2,028.0	1,916.0	2,165.7	2,417.3	2,444.0	2,647.0	23,734.0	30,288.0	37,472.0
Net debt	6,386.5	6,090.6	5,484.1	1,914.0	1,853.0	2,065.7	1,760.3	2,246.0	2,361.0	21,444.0	27,377.0	35,309.0
Fixed Assets	7,844.3	7,847.3	7,902.2	6,565.0	6,633.0	6,924.7	6,215.9	6,790.2	7,078.6	36,857.0	42,457.0	49,119.0
FFO Interest Coverage	3.0x	4.5x	6.4x	7.7x	8.4x	9.7x	6.4x	8.1x	9.6x	6.5x	6.3x	5.6x
Net Debt / Fixed Assets	81.4%	77.6%	69.4%	29.2%	27.9%	29.8%	28.3%	33.1%	33.4%	58.2%	64.5%	71.9%
FFO / Net Debt	6.6%	11.6%	17.2%	26.3%	25.1%	25.5%	31.4%	25.5%	24.3%	14.0%	10.6%	8.3%
RCF / Net Debt	3.7%	8.9%	13.8%	19.4%	20.1%	20.1%	23.9%	20.6%	19.9%	12.5%	9.3%	7.3%

Source: Moody's Financial Metrics™. All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR = Ratings under Review, where UPG = for upgrade and DNG = for downgrade, BCA = baseline credit assessment.*

Exhibit 15

Debt adjustment breakdown

Numbers presented for the Eandis economic group

EUR Millions	FY12	FY13	FY14	FY15	FY16	FY17
As reported Debt	**4,618.9**	**4,968.3**	**6,049.7**	**6,161.2**	**6,011.1**	**5,446.6**
Pensions	347.1	190.5	187.9	174.1	38.5	25.5
Operating Leases	43.8	46.9	47.2	43.8	43.3	43.1
Non-Standard Adjustments	7.3	16.6	13.1	11.1	0.5	0.3
Moody's - Adjusted Debt	**5,017.1**	**5,222.3**	**6,297.8**	**6,390.2**	**6,093.3**	**5,515.6**
Cash and Cash Equivalents	-6.8	-5.0	-8.9	-3.7	-2.7	-31.4
Moody's - Adjusted Net Debt	**5,010.3**	**5,217.2**	**6,288.9**	**6,386.5**	**6,090.6**	**5,484.1**

Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments

Exhibit 16

Eandis System Operator CBVA - selected historical financials as adjusted by Moody's

Numbers presented for the Eandis economic group

EUR Millions	FY12	FY13	FY14	FY15	FY16	FY17
INCOME STATEMENT						
Revenue	2,190.5	2,212.8	2,148.6	2,315.7	2,454.3	2,651.9
EBIT	485.1	548.7	376.0	474.8	753.6	983.2
EBITDA	777.0	842.9	674.5	777.6	1,046.0	1,273.8
Interest expense	196.5	197.4	202.6	210.7	201.9	173.3
BALANCE SHEET						
Total Debt	5,017.1	5,222.3	6,297.8	6,390.2	6,093.3	5,515.6
Net Debt	5,010.3	5,217.2	6,288.9	6,386.5	6,090.6	5,484.1
Total Liabilities	5,949.3	6,087.9	7,578.0	7,766.5	7,565.1	6,727.3
Fixed Assets	7,464.9	7,660.8	7,792.8	7,844.3	7,847.3	7,902.2
Total Assets	8,145.2	8,629.0	9,649.8	9,003.6	8,977.8	8,666.6
CASH FLOW						
Funds from operations (FFO)	563.4	584.7	520.1	422.7	709.1	942.9
Cash Flow From Operations (CFO)	430.2	460.0	-325.1	1,293.6	770.3	1,207.4
Cash Dividends - Common	-224.0	-232.8	-190.2	-185.6	-165.8	-185.4
Retained Cash Flow (RCF)	339.3	351.9	329.9	237.0	543.4	757.5
Capital Expenditures	-570.9	-530.6	-464.7	-401.0	-344.8	-396.2
Free Cash Flow (FCF)	-364.7	-303.3	-980.0	706.9	259.7	625.8
FFO / Net Debt	11.2%	11.2%	8.3%	6.6%	11.6%	17.2%
RCF / Net Debt	6.8%	6.7%	5.2%	3.7%	8.9%	13.8%
FCF / Net Debt	-7.3%	-5.8%	-15.6%	11.1%	4.3%	11.4%
PROFITABILITY						
EBIT Margin %	22.1%	24.8%	17.5%	20.5%	30.7%	37.1%
EBITDA Margin %	35.5%	38.1%	31.4%	33.6%	42.6%	48.0%
INTEREST COVERAGE						
FFO Interest Coverage	3.9x	4.0x	3.6x	3.0x	4.5x	6.4x
LEVERAGE						
Debt / EBITDA	6.5x	6.2x	9.3x	8.2x	5.8x	4.3x
Net Debt / EBITDA	6.4x	6.2x	9.3x	8.2x	5.8x	4.3x
Debt / Book Capitalization	69.5%	67.6%	72.8%	80.6%	77.9%	71.6%
Net Debt / Fixed Assets	67.1%	68.1%	80.7%	81.4%	77.6%	69.4%

Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments. Moody's Forecasts (f) or Projections (proj.) are Moody's opinion and do not represent the views of the issuer. Periods are Financial Year-End unless indicated. LTM = Last Twelve Months.

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