MOODY'S INVESTORS SERVICE

CREDIT OPINION
10 November 2021

Update

Rate this Research

RATINGS

Fluvius System Operator CV

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

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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Fluvius System Operator CV

Update following outlook change to stable

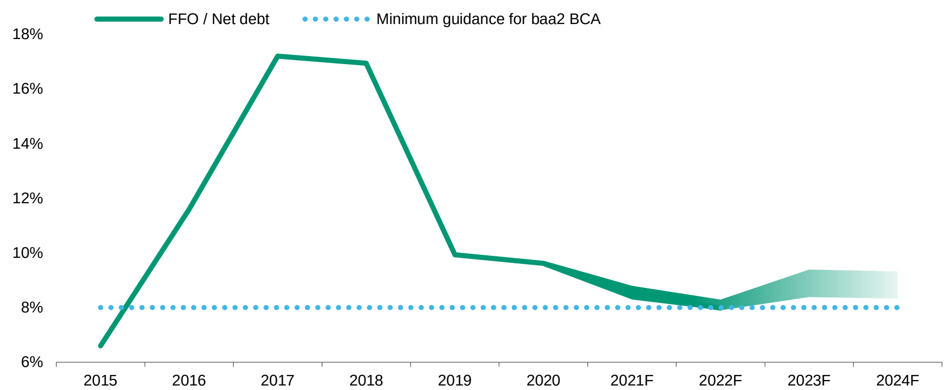
Summary

The robust credit quality of Fluvius System Operator CV (Fluvius, A3 stable) reflects that of the 11 intermunicipal utility companies, which own the company and severally guarantee its liabilities. The regulated electricity and gas distribution network operations of the DSOs in the Flemish region of Belgium, have a low business risk, supported by a regulatory framework that is generally supportive and transparent, although relatively new and untested in the context of European regulated network peers, following the transition of tariff-setting responsibilities from the national to regional regulators in 2014.

The outlook was changed to stable from negative in October 2021, reflecting (1) the mitigating measures put in place by the company against the lower allowed income for the 2021-24 regulatory period, including a change in dividend policy from 2022; and (2) the allocation of c.€22 million of advances for investment in smart meters for 2022 by the Flemish regulator (VREG).

Exhibit 1

We expect Fluvius's financial metrics to remain above guidance, but with limited headroom



Financial metrics for 2015-17 are for Eandis Economic Group and metrics for 2018-20 are for Fluvius Economic Group, which combine the financial profiles of the operating company and its DSO owners.
All figures and ratios 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.
Source: Moody's Investors Service

In assessing Fluvius's overall credit risk, we also take into account the fact that the Community of Flanders (Aa2 negative) has a strong interest in maintaining a solid financial standing for the DSOs, given their essential role in the Flemish economy.

Credit strengths

- A strong link with the Community of Flanders through the provision of essential energy network services
- Strong underlying business-risk profile from operation of monopoly network assets
- Transparent and generally supportive regulatory framework, but relatively short track record, with the tariff responsibility transferred from the national to regional regulators in 2014

Credit challenges

- The 150 basis-point decrease in allowed returns on historical RAB, the suppression of remuneration on revaluation surpluses over 8 years and additional efficiency requirements will pressure earnings from 2021
- A step-up in capital spending and a continuing high dividend payout, which will weigh on financial flexibility
- An exposure to higher-risk activities outside of core regulated energy network businesses, although it will remain limited to 10% of group earnings

Rating outlook

The outlook is stable, reflecting our expectation that funds from operations (FFO) / net debt will remain above 8% and net debt / fixed assets less revaluation surpluses will be below 80%. Nevertheless, Fluvius is expected to remain relatively weakly positioned in its rating category, with a financial profile at the bottom of the range expected for an A3 rating during the current regulatory period.

Factors that could lead to an upgrade

The ratings could be upgraded if the Fluvius Economic Group was able to maintain FFO/net debt in the low teens in percentage terms and Net debt / Fixed assets less revaluation surpluses was below 70% on a sustained basis.

Factors that could lead to a downgrade

We could downgrade the ratings if metrics of the Fluvius Economic Group appeared unlikely to meet the requirements for the current ratings, namely FFO / net debt were to fall below 8% or net debt / fixed assets less revaluation surpluses was to be above 80%, as a result of high capital expenditure or failure to achieve planned cost savings.

The ratings may also come under downward pressure if we assessed that there is a lower probability of support from the Community of Flanders or if its rating was downgraded by more than two notches.

Key indicators

Exhibit 2

Fluvius System Operator CV

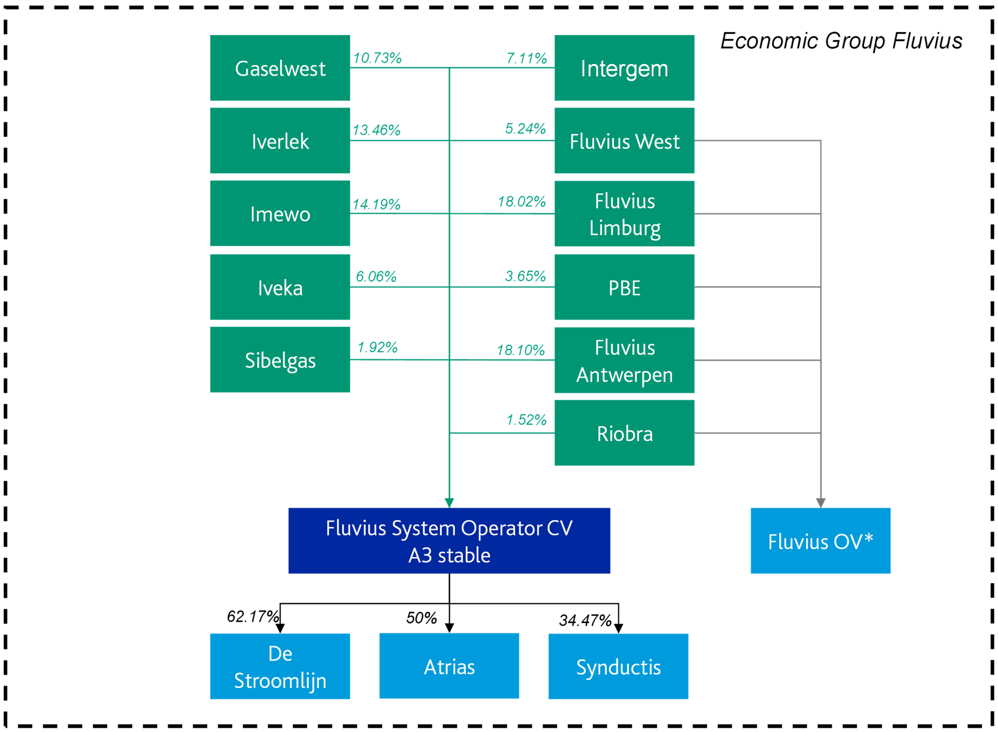
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	2021proj.	2022-24 proj.
FFO Interest Coverage	4.5x	6.4x	6.8x	4.4x	4.6x	4.5x - 5.5x	5.5x - 7.5x
Net Debt / Fixed Assets	77.6%	69.4%	57.2%	58.5%	60.9%	62% - 64%	60% - 65%
FFO / Net Debt	11.6%	17.2%	16.9%	9.9%	9.6%	8% - 9%	8% - 9%
RCF / Net Debt	8.9%	13.8%	12.8%	5.6%	5.3%	4% - 6%	5% - 7%

Financial metrics for 2016-17 are for Eandis Economic Group and metrics for 2018-20 are for Fluvius Economic Group, which combine the financial profiles of the operating company and its DSO owners.
All figures and ratios 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.
Source: Moody's Investors Service

Profile

Fluvius System Operator CV (ex Eandis System Operator CVBA) is a Belgian utility established in March 2006, which manages the regulated activities of the operating electricity and gas distribution networks in the Flemish Region in Belgium. Fluvius was formed through the merger of Eandis and Infrax in July 2018 and is 100% owned by the municipalities in the Flemish Region. Fluvius, together with its 11 utility shareholders, form the Fluvius Economic Group, which derived around 98% of its operating profit from the regulated energy distribution activities in 2020, with the remaining 2% derived predominantly from regulated sewage and contract-based cable television network operations. The group also holds small district heating infrastructure in selected areas.

Exhibit 3
Simplified organisational structure of the Fluvius Economic Group



* Fluvius OV employs all ex-Infrax statutory employees since 1 April 2019
Source: Fluvius, Moody's Investors Service

Several mergers among utility shareholders took place in April 2019: IMEA, Iveg and Integan formed Fluvius Antwerpen; Inter-aqua, Inter-energa and Inter-media formed Fluvius Limburg; and PBE and Intergas merged (PBE).

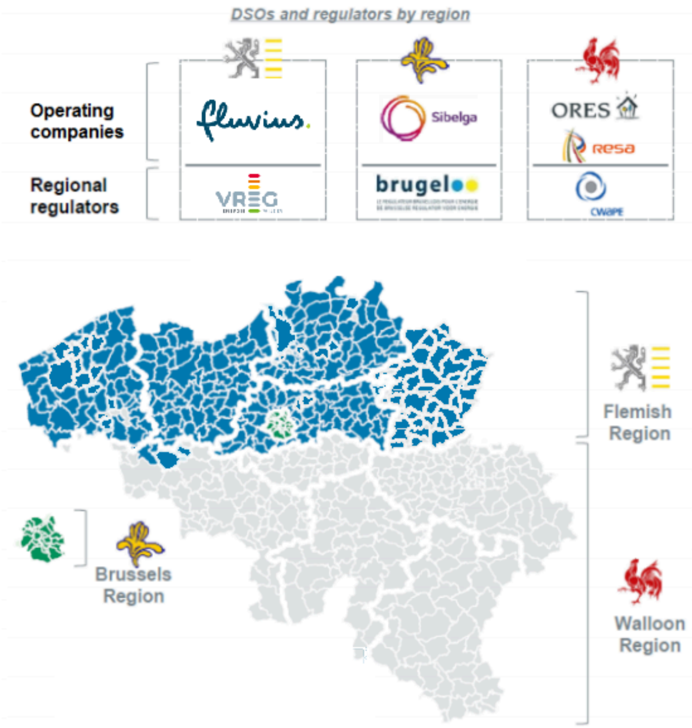
Detailed credit considerations

Transparent regulatory framework, but somewhat less predictable and limited track record

The federal state and each of the Belgian regions have established their own regulatory bodies for the electricity and gas market with complementary competencies, with the national regulator Commission for Electricity and Gas Regulation (CREG) 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, the responsibility for setting electricity and gas distribution tariffs passed from the CREG to the regional regulators, that is, the VREG in the Flemish Region (see Exhibit 4).

To allow for the orderly transfer of tariff-setting responsibilities, the CREG had 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 4
Overview of Belgian energy distribution market and regulatory responsibilities



Source: Fluvius, Moody's Investors Service

While the regulatory approach, introduced by VREG in 2015, has a relatively short track record, the tariff-setting principles follow well-established precedents from other European jurisdictions. The final tariff methodology for the third regulatory period, started on 1 January 2021, was published in August 2020.

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 among three cost categories: (1) noncontrollable (or exogenous) costs, which include transmission network fees, taxes or recovery of regulatory accounting balances, are passed on 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.

Further decrease in allowed returns from 2021 will reduce cash flow

The previous regulatory period spanned over 2017-20 and VREG decided to cut the allowed return by around 120 basis points compared with the 2015-16 transitory period, but in turn also allowed a more timely recovery of noncontrollable costs.

Following a consultation process started in May 2020 (see: Fluvius System Operator CV: Proposed cut in allowed return will be credit negative if implemented, 18 May 2020), the VREG published in August 2020 its final determination for the regulatory period 2021-24 in which the allowed return was cut by a further 150 basis points, mostly due to the decrease in the risk-free rate (exhibit 5).

Exhibit 5

Weighted average cost of capital (WACC) has been reduced mostly due to the low interest rate environment

	VREG (2015-16)	VREG (2017-20)	VREG (2021-24)
Risk-free rate	3.30%	3.04%	2.11%
Risk premium	1.20%	0.64%	0.58%
Transaction fee	0.15%	0.15%	0.15%
Cost of debt (historical)	4.65%	3.83%	2.84%
Risk-free rate	2.00%	0.80%	0.09%
Risk premium	1.20%	0.61%	0.85%
Transaction fee	0.15%	0.15%	0.15%
Cost of debt (new)	3.35%	1.56%	1.09%
Historical: new debt ratio	60:40	65:35	60:40
Cost of debt (allowed)	**4.13%**	**3.04%**	2.14%
Premium for ECB purchase		0.63%	0.00%
Market risk premium	5.10%	5.01%	4.81%
Asset Beta	0.33	0.38	0.39
Equity Beta	0.73	0.76	0.83
Equity risk premium	3.74%	3.79%	3.99%
Cost of equity (post-tax)	5.74%	5.24%	4.08%
Cost of equity (pre-tax)	8.70%	7.94%	5.44%
Gearing	55.00%	60.00%	60.00%
DSO tax rate until 31 Dec 2014	0.00%		
WACC (nominal, post-tax)	**4.85%**	**3.92%**	2.92%
Tax rate from 1 Jan 2015	33.99%	33.99%	25.00%
WACC (nominal, pre-tax)	**6.18%**	**5.00%**	3.50%

Note: the risk-free rate for new debt and equity is calculated as a weighted average of the 10-year German Bund and the 10-year Belgian OLO (25:75 over one-year period for 2017-20 and for 2021-24); the risk-free rate for historical debt is calculated as a weighted average of the same bonds (25:75 over 10 years for 2017-20, over the 2010-16 period for 2021-24).
Note 2: the WACC was updated to 4.9% in 2018 and 2019 and 4.8% in 2020 to reflect the decrease in corporate tax to 29.58% and 25%, respectively.
Source: VREG, Moody's Investors Service

The general regulatory approach for the 2021-24 regulatory period is largely consistent with the previous approach, although some changes have been introduced including:

» The RAB has been split between “historical cost” (residual value of historical acquisition cost) RAB and revaluation surpluses which represented c. 20% of total RAB in 2019. While historically both have been earning the same return (WACC), the revaluation surpluses' returns will decrease from the 3.5% WACC in 2021 to zero after 8 years. While the lower WACC on revaluation surpluses only represents a loss of around €45 million in 2021-24 earnings, we see this change as resulting in a somewhat less predictable regulatory environment.

» The exposure to volume and revenue risk has been reduced through several channels, including (1) the full recovery of difference in permitted income from difference in volumes distributed through regulatory balances; (2) a smoother and faster recovery of regulatory balances arising during the period (see below) leading to a lower volatility of revenues; and (3) the introduction of a capacity-based tariff for electricity from 2022 which will reduce the exposure to volumes of electricity distributed to end-customers.

- An advance mechanism has been introduced by the regulator in which some projects could receive an allowance in permitted income to maintain financial stability in the context of high investment requirements. The eligible projects, duration and potential interests rate of the advance mechanism are still to be defined.
- A quality incentive (q-factor) was introduced 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 and service quality. Each DSO's q-factor will be published by the VREG with the 2021 tariff and will be derived from the 2017-19 reported performance. We expect the impact to be marginal on Fluvius as the q factor is a zero-sum incentive.
- Some special financial incentives could be added to the tariff formula. Those can be positive, negative or symmetric incentives and will be published by the regulator at a later date.
- Introduction of an x'-factor (frontier shift) of 0.4% to the regulator formula for gas distribution which corresponds to additional annual productivity improvements to be achieved.

The x'-factor introduced in 2019 for expected cost synergies resulting from the merger between Eandis and Infrax will be maintained in order to reach net cost-savings of €109 million per annum by 2024.

The regulatory determination for 2021-24 provides for less volatility in revenues through a simplification of the recovery process of regulatory balances. All new regulatory balances arising in 2021-2024 will be recovered or paid back through the tariff over 2 years: those arising from the re-indexation of the basic part of endogenous costs will be phased 50% in y+1 and 50% in y+2 and all other regulatory balances reported by the DSOs (in y+1) will be recovered 50% in y+2 and 50% in y+3. The regulatory balances remaining at the end of 2020 consisted of balances accrued during the period 2017-20 and will be paid back 50% in 2021 and 50% in 2022.

Mitigating measures voted in 2021 will limit negative impact on credit metrics

Between May and June 2021, the Boards of Fluvius and its shareholder DSOs have voted on a set of measures to safeguard the Fluvius Economic Group's financial health in the context of lower allowed returns for the 2021-24 regulatory period. These mitigating measures are as follows:

- **Advances from VREG** will be requested for the accelerated roll-out of smart meters for electricity only, following a cost/benefit analysis.
- **Investment plans** will be reviewed following qualitative and quantitative financial criteria. Additional indebtedness for capex will be warranted for profitable projects (including all regulated activities which enter the RAB) and exceptional projects imposed by the legislator (including smart meters). The application of this measure has led to a decrease in annual capex forecast by around 15%.
- **Cost savings** imposed by the regulator for synergies following the merger between Eandis and Infrax, estimated at €150 million by VREG but €120m by Fluvius by 2024, are targeted to be achieved by the group.
- **A new dividend policy** will be put in place from 2022 to align and maintain equity/RAB at 40% for individual DSOs. For each DSO's regulated electric and gas activities, if equity/RAB is above 40% the dividend payout can reach up to 120% while if equity/RAB is below 40% the dividend payout is 80%.

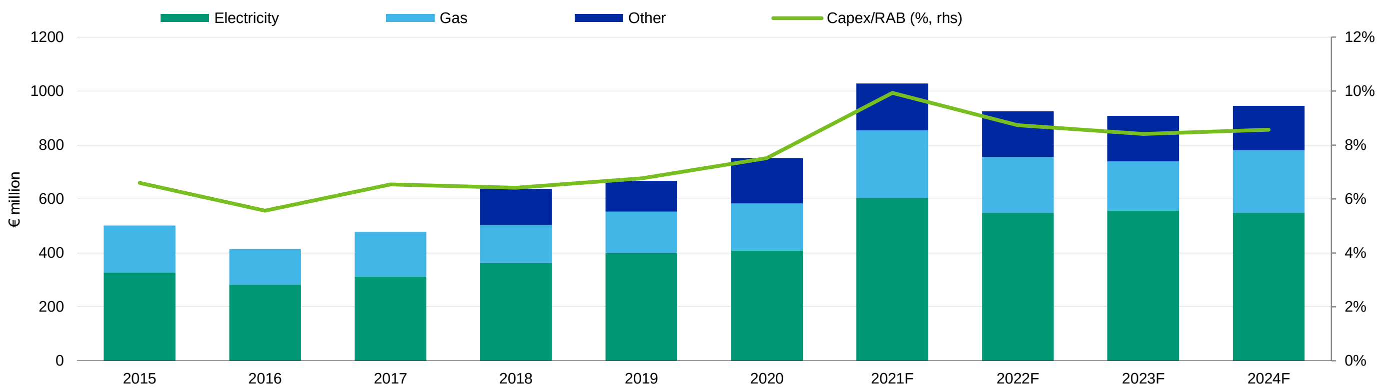
Notwithstanding these mitigating measures, investment levels will remain higher than in previous years and the dividend payout is estimated be around 85%. However, we expect these mitigating measures will be sufficient for the Fluvius Economic Group to maintain credit metrics in line with its ratio guidance

Capital expenditure and dividend payout will be high but manageable

The company forecasts an increase in its future capital spending of around €1 billion per year. This compares with capital spending of c.€600 million in 2018. This increase in capital spending takes place in the context of the region's energy transition, which includes a significant investment in smart meters for a total of €1.6 billion with an investment horizon for full roll-out shortened from 15 years to 9 years with a target of 80% of meters installed by 2025.

Most of Fluvius's investments will be in its regulated electric and gas distribution network businesses, which will increase the company's RAB (including smart meters).

Exhibit 6
Fluvius' capital spending will increase to accompany the energy transition



Data for 2015-17 are for Eandis Economic Group, and metrics for 2018-20 are for Fluvius Economic Group, which combine the financial profiles of the operating company and its DSO owners.
Moody's Forecasts (f) or Projections (proj.) are Moody's opinion and do not represent the views of the issuer.
Sources: Fluvius, Moody's Investors Service

The impact of the higher capital expenditure required by the Fluvius Economic Group on its debt is partly mitigated by the introduction of an advance mechanism in the 2021-24 regulatory period. Fluvius has received c.€43 million of advances in 2021 and c.€22 million of advances are included in the 2022 allowed income. Future advances for 2023 and 2024 will be decided by the regulator annually, in October of the previous year.

The Fluvius Economic group has been paying large dividends to its shareholders in recent years with €311 million in 2020 and €289 million in 2019, with a dividend payout in excess of 80% of net income for the last 4 years. The previous dividend policy of holding dividend at least flat in euro terms at 2018 levels (€267 million) was originally planned to last until 2024. The new dividend policy part of the mitigating measures will be applied from 2022 and will lead to a lower dividend payout than under the previous policy.

Final ratings incorporate two notches of rating uplift

The DSOs which comprise the Fluvius Economic Group and act as guarantors of Fluvius's debt are owned by the municipalities in the Flemish Region. Consequently, Fluvius and the Fluvius Economic Group fall within the scope of our Government-Related Issuers rating methodology, published in February 2020.

The final A3 rating incorporates two notches of uplift from the Fluvius Economic Group's standalone credit quality, expressed as a Baseline Credit Assessment of baa2, taking into account (1) the credit quality of the Community of Flanders; (2) our assessment that there is a strong probability of the Community providing support to the DSOs and/or its shareholding municipalities if either were in financial distress; and (3) a high level of default dependence (that is, the degree of exposure to common drivers of credit quality) because of the entirely domestic operations of the Fluvius 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 within the Flemish Region, 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. Consequently, the Community of Flanders is deemed to be the supporting entity for the purposes of the Government Related Issuers rating methodology.

ESG considerations

The European Union (EU) has committed to reduce greenhouse gas emissions by 40% from the 1990 levels and to increase the contribution of renewables to energy demand to 27% by 2030. These targets, agreed in 2014, formed the basis of the EU's Nationally Determined Contributions incorporated into the Paris Agreement, and are designed to significantly decarbonise the region's economies.

Electric networks will require the sector to connect new renewable generation on the grid and adapt to the increased electrification of the economy.

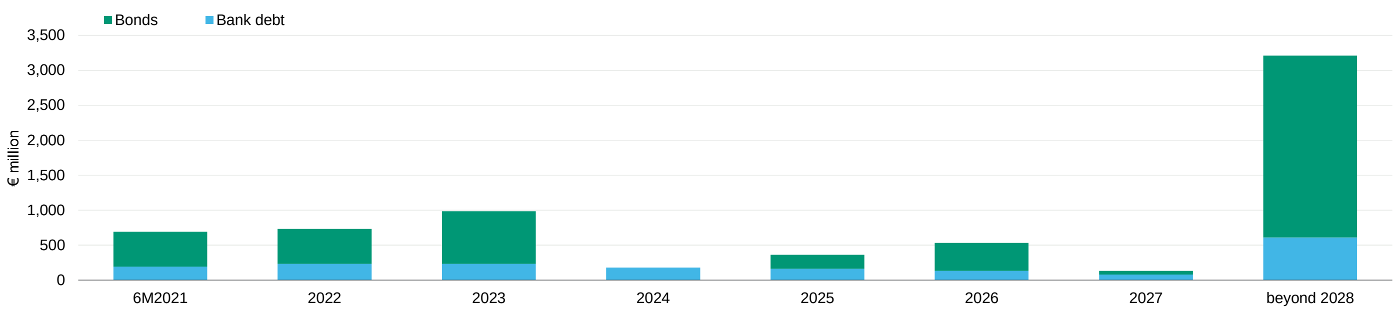
Transmission and distribution utilities and networks are confronted with increasing investment needs as well as changing operating paradigms to accommodate the growing share of renewables and to create a “smart grid”. While improving the resilience of the grid, a credit positive, this investment brings execution risk and weighs on credit metrics, besides potentially creating affordability concerns. In addition, small scale generation, self-supply and energy efficiency may decrease volumes significantly and challenge the large scale network model. Decarbonisation is raising questions about the long-term future of gas distribution utilities in some developed countries. Fluvius's exposure to environmental risk is in line with its sector. It has a central role in the energy transition of Flanders as a facilitator, mainly on the side of electricity through the increasing number of connections of renewable capacity on the network and its project of LED public lighting worth €331 million of capex over 2020-24.

Liquidity analysis

Following the strong cash flow generation in recent years on the back of regulatory receivable recoveries, Fluvius's liquidity had improved. However, the decrease in allowed revenue, increased reliance on short-term debt combined with the increase in capital spending and a high dividend payout, will require a continuous access to capital markets.

Exhibit 7

Debt maturity profile for the Fluvius Economic Group
At 30 June 2021



Source: Fluvius, Moody's Investors Service

Aside from ongoing cash flow generated from the utilities' monopoly network activities, the economic group's primary sources of committed liquidity are revolving credit facilities in an aggregate amount of €450 million (€200 million of which is committed until December 2021, €200 million until December 2023 and the rest renewed annually). €425 million of these facilities were available as of 30 June 2021.

Methodology and scorecard

Fluvius is rated in accordance with the rating methodologies for Regulated Electric and Gas Networks, published in March 2017 and Government-Related Issuers, published in February 2020.

Exhibit 8

Rating factors

Fluvius System Operator CV

Regulated Electric and Gas Networks Industry [1][2]	Current FY 31/12/2020		Moody's 12-18 Month Forward View As of November 2021 [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	Aa	Aa	Aa	Aa
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	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (40%)				
a) FFO Interest Coverage (3 Year Avg)	5.3x	A	4x - 6x	A
b) Net Debt / Fixed Assets (3 Year Avg)	58.9%	A	60% - 65%	Baa
c) FFO / Net Debt (3 Year Avg)	12.0%	Baa	8% - 9%	Ba
d) RCF / Net Debt (3 Year Avg)	7.8%	Baa	4% - 6%	Ba
Rating:				
a) Scorecard-Indicated Outcome		A3		Baa1
b) Actual BCA Assigned				baa2
Government-Related Issuer				**Factor**
a) Baseline Credit Assessment				baa2
b) Government Local Currency Rating				Aa2 NEG
c) Default Dependence				High
d) Support				Strong
e) Actual Rating Assigned				A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 31/12/2020.
[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™

Ratings

Exhibit 9

Category	Moody's Rating
FLUVIUS SYSTEM OPERATOR CV	
Outlook	Stable
Bkd Issuer Rating -Dom Curr	A3
Bkd Senior Unsecured -Dom Curr	A3

Source: Moody's Investors Service

Appendix

Exhibit 10

Peer comparison

Numbers presented for the Fluvius Economic Group

	Fluvius Economic Group A3 Stable			Terega SA Baa2 Stable			2i Rete Gas S.p.A. Baa2 Stable			RESA S.A. A2 Stable		
(in EUR million)	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-17	FYE Dec-18	FYE Dec-19
Revenue	2,944	2,991	2,924	476	500	460	674	714	702	281	289	288
EBITDA	1,435	1,020	1,091	292	319	279	480	518	503	129	137	130
Total Assets	14,328	15,060	15,712	1,940	1,970	2,443	4,800	4,535	4,468	1,484	1,486	1,559
Total Debt	6,444	6,765	7,160	1,466	1,472	1,925	3,380	3,046	2,853	568	575	573
Net Debt	6,423	6,700	7,129	1,451	1,447	1,442	2,693	2,693	2,666	531	552	541
FFO / Net Debt	16.9%	9.9%	9.6%	14.2%	14.8%	14.0%	13.5%	12.6%	14.1%	17.9%	19.4%	18.7%
RCF / Net Debt	12.8%	5.6%	5.3%	8.6%	10.0%	10.0%	10.3%	9.2%	12.2%	12.9%	13.8%	15.2%
(FFO + Interest Expense) / Interest Expense	6.8x	4.4x	4.6x	5.6x	5.8x	5.4x	7.1x	6.4x	7.7x	11.8x	14.2x	14.1x
Net Debt / EBITDA	4.5x	6.6x	6.5x	5.0x	4.5x	5.2x	5.6x	5.2x	5.3x	4.1x	4.0x	4.2x

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.
Source: Moody's Financial Metrics™

Exhibit 11

Debt adjustment breakdown

Numbers presented for the Fluvius Economic Group

(in EUR million)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20
As Reported Total Debt	**6,161.2**	**6,011.1**	**5,446.6**	**6,123.6**	**6,336.8**	**6,633.3**
Pensions	174.1	38.5	25.5	265.3	427.8	526.8
Leases	43.8	43.3	43.1	55.1	0.0	0.0
Non-Standard Public Adjustments	11.1	0.5	0.3	0.3	0.2	0.0
Moody's Adjusted Total Debt	**6,390.2**	**6,093.3**	**5,515.6**	**6,444.4**	**6,764.8**	**7,160.1**
Cash & Cash Equivalents	(3.7)	(2.7)	(31.4)	(21.7)	(64.6)	(31.3)
Moody's Adjusted Net Debt	**6,386.5**	**6,090.6**	**5,484.1**	**6,422.7**	**6,700.2**	**7,128.7**

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.
Source: Moody's Financial Metrics™

Exhibit 12

Selected Moody's adjusted historical financials

Numbers presented for the Fluvius Economic Group

(in EUR million)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20
INCOME STATEMENT						
Revenue	2,315.7	2,454.3	2,651.9	2,943.7	2,991.5	2,923.7
EBITDA	777.6	1,046.0	1,273.8	1,434.8	1,020.2	1,090.9
EBIT	474.8	753.6	983.2	1,077.4	601.6	646.5
Interest Expense	210.7	201.9	173.3	186.1	194.1	188.2
BALANCE SHEET						
Total Debt	6,390.2	6,093.3	5,515.6	6,444.4	6,764.8	7,160.1
Net Debt	6,386.5	6,090.6	5,484.1	6,422.7	6,700.2	7,128.7
Total Liabilities	7,766.5	7,565.1	6,727.3	8,467.9	8,719.9	9,040.6
Net Property Plant and Equipment	7,844.3	7,847.3	7,902.2	11,237.4	11,453.1	11,707.2
Total Assets	9,003.6	8,977.8	8,666.6	14,327.6	15,059.8	15,712.0
CASH FLOW						
Funds from Operations (FFO)	422.7	709.1	942.9	1,087.8	665.2	685.7
Cash Flow From Operations (CFO)	1,293.6	770.3	1,207.4	1,053.8	741.3	761.0
Dividends	185.6	165.8	185.4	266.6	289.2	311.1
Retained Cash Flow (RCF)	237.0	543.4	757.5	821.2	375.9	374.6
Capital Expenditures	(401.0)	(344.8)	(396.2)	(521.9)	(625.4)	(729.7)
Free Cash Flow (FCF)	706.9	259.7	625.8	265.4	(173.1)	(279.7)
FFO / Net Debt	6.6%	11.6%	17.2%	16.9%	9.9%	9.6%
RCF / Net Debt	3.7%	8.9%	13.8%	12.8%	5.6%	5.3%
FCF / Net Debt	11.1%	4.3%	11.4%	4.1%	-2.6%	-3.9%
PROFITABILITY						
EBIT margin %	20.5%	30.7%	37.1%	36.6%	20.1%	22.1%
EBITDA margin %	33.6%	42.6%	48.0%	48.7%	34.1%	37.3%
INTEREST COVERAGE				6.8	4.4	4.6
FFO Interest Coverage	3.0x	4.5x	6.4x	6.8x	4.4x	4.6x
LEVERAGE						
Debt / EBITDA	8.2x	5.8x	4.3x	4.5x	6.6x	6.6x
Net Debt / EBITDA	8.2x	5.8x	4.3x	4.5x	6.6x	6.5x
Debt / Book Capitalization	80.6%	77.9%	71.6%	50.6%	50.4%	50.6%
Net Debt / Fixed Assets	81.4%	77.6%	69.4%	57.2%	58.5%	60.9%

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.

Source: Moody's Financial Metrics™

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