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20 June 2024

Update

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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 to credit analysis

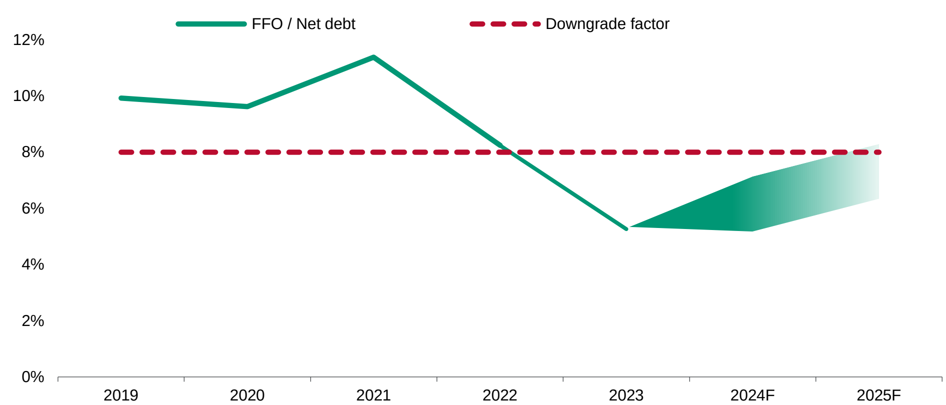
Summary

The credit quality of Fluvius System Operator CV (A3 stable) reflects that of the 11 intermunicipal utility companies that own the company and severally guarantee its liabilities. The regulated electricity and gas distribution network operations of the Distribution System Operators (DSOs) in the Flemish Region of Belgium have 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.

The stable rating outlook reflects our view that mitigating measures were put in place by the company to maintain its credit metrics, which nevertheless are converging towards or even falling below our downgrade guidance as a result of lower allowed income during the 2021-24 regulatory period (see Exhibit 1), exacerbated by increasing capital spending. Ultimately, this trend, if sustained, may strain the rating.

Exhibit 1

Fluvius' financial metrics have fallen below our downgrade guidance, but might recover subject to the parameters of the next regulatory framework



Metrics for 2019-25 are for the Fluvius Economic Group, which combines the financial profiles of the operating company and its DSO owners.
All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Moody's forecasts (F) are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

In assessing Fluvius' overall credit risk, we also take into account the fact that the Community of Flanders (Aa3 stable) has a strong interest in maintaining a solid financial position for the DSOs, given their essential role in the Flemish economy.

Credit strengths

» Strong links with the Community of Flanders through the provision of essential energy network services

» Strong underlying business risk profile given its monopoly network assets

» Transparent and generally supportive regulatory framework, though details for the new regulatory period starting 2025 are yet to be published

Credit challenges

» Earnings pressure because of a 150-basis-point (bp) decrease in allowed returns on the historical regulated asset base (RAB), the suppression of remuneration on revaluation surpluses over eight years and additional efficiency requirements

» Increasing capital spending for investments in the electricity network needed to support the energy transition alongside investments for the accelerated deployment of LED public lighting and the ongoing roll-out of digital meters

» Historically high dividend distributions, depending on equity/RAB

Rating outlook

The stable rating outlook reflects our expectation that funds from operations (FFO)/net debt will recover to 8% and net debt/fixed assets less revaluation surpluses will be below 80% by the beginning of the 2025 regulatory period.Nevertheless, Fluvius is likely 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 is able to maintain FFO/net debt in the low teens in percentage terms and net debt/fixed assets less revaluation surpluses remains below 70% on a sustained basis.

Factors that could lead to a downgrade

We could downgrade the ratings if the Fluvius Economic Group's metrics appear unlikely to meet the requirements for the current ratings, namely FFO/net debt falls and is likely to remain below 8% or net debt/fixed assets less revaluation surpluses is above 80%, as a result of high capital spending or failure to achieve planned cost savings.

The ratings may also come under downward pressure if we assess that there is a lower probability of support from the Community of Flanders or its rating is significantly downgraded.

Key indicators

Exhibit 2
Fluvius System Operator CV

	2019	2020	2021	2022	2023	Moody's 12-18 month forward view
FFO Interest Coverage	4.4x	4.6x	5.9x	4.9x	3.3x	4.1x - 4.3x
Net Debt / Fixed Assets	58.5%	61.1%	62.7%	63.8%	71.0%	68% - 70%
FFO / Net Debt	9.9%	9.6%	11.3%	8.1%	5.3%	6% - 7.5%
RCF / Net Debt	5.6%	5.2%	7.5%	5.2%	3.1%	4.5% - 7%

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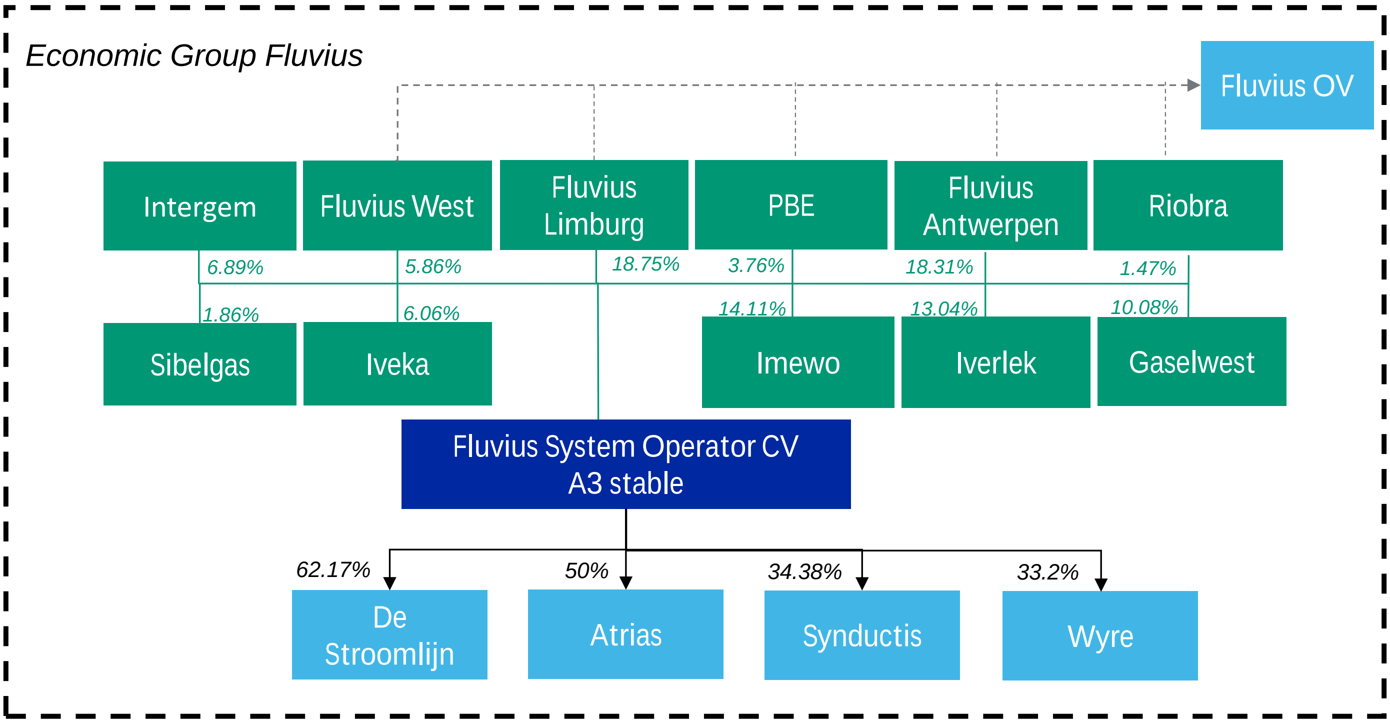
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Fluvius System Operator CV is a Belgian utility established in March 2006, which manages the regulated activities of operating electricity and gas distribution networks in the Flemish Region of 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 95% of its revenue from the regulated energy distribution activities in 2023, with the rest derived predominantly from regulated sewage and contract-based cable television network operations. The group also has small district heating infrastructure in select areas.

Exhibit 3
Simplified organisational structure of the Fluvius Economic Group



Sources: Company filings and Moody's Ratings

Because of the Flemish Decree on Local Authorities from 1 January 2025 (delayed, initially meant to be effective from 1 January 2023), municipalities are obliged to only have a single DSO for electricity and gas. This will lead to minor changes in the ownership structure, without any impact on the overall scope of the Fluvius Economic Group.

Detailed credit considerations

New regulatory framework to be published shortly, but details are still missing

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 the decentralisation of powers from the federal to the regional governments, on 1 July 2014, the responsibility for setting electricity and gas distribution tariffs passed on from the CREG to the regional regulators, that is, Vlaamse reguleringsinstantie voor de elektriciteits- en gasmarkt (VREG) in the Flemish Region.

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. The details of the tariff methodology for the fourth regulatory period, starting on 1 January 2025, will likely be finalised by the end of the first semester of 2024, with consultations concluded.

Tariffs are determined through a revenue cap model. In setting the revenue allowance, which drives annual tariffs, VREG has three cost categories: non-controllable (or exogenous) costs, which include public service obligations, transmission network fees or recovery of regulatory accounting balances, are passed on directly to consumers; controllable (or endogenous) costs, which include typical revenue-building blocks, such as allowances for operating costs, depreciation of the RAB and a return based on the weighted average cost of capital; and other cost items, including accounting measures.

Decrease in allowed returns for the regulatory period 2021-24 has reduced cash flow

The previous regulatory period spanned over 2017-20 followed by the publication by VREG of the final determination for the regulatory period 2021-24 in August 2020, in which the allowed return was cut by 150 bps, mostly because of the decrease in the risk-free rate (see Exhibit 4).

Exhibit 4

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

	VREG (2017-20)	VREG (2021-24)
Risk-free rate	3.0%	2.1%
Risk premium	0.6%	0.6%
Transaction fee	0.2%	0.2%
Cost of debt (historical)	3.8%	2.8%
Risk-free rate	0.8%	0.1%
Risk premium	0.6%	0.9%
Transaction fee	0.2%	0.2%
Cost of debt (new)	1.6%	1.1%
Historical: new debt ratio	65:35	60:40
Cost of debt (allowed)	**3.0%**	**2.1%**
Premium for ECB purchase	0.6%	0.0%
Market risk premium	5.0%	4.8%
Asset Beta	38.0%	39.0%
Equity Beta	76.0%	83.0%
Equity risk premium	3.8%	4.0%
Cost of equity (post-tax)	5.2%	4.1%
Cost of equity (pre-tax)	7.9%	5.4%
Gearing	60.0%	60.0%
WACC (nominal, post-tax)	**3.9%**	**2.9%**
Tax rate	33.99% | 29.58% | 25%	25.0%
WACC (nominal, pre-tax)	**5.0%**	**3.5%**

The risk-free rate for new debt and equity is calculated as the weighted average of the 10-year German Bund and the 10-year Belgian linear bond (OLO) (25:75 over a one-year period for 2017-20 and for 2021-24); the risk-free rate for historical debt is calculated as the 10-year weighted average from 1 January 2010 to 31 December 2019 (identical 25:75 split between German Bunds and Belgian OLO).

Tax rate for VREG (2017-20) shows 2017|2018-2019|2020

Sources: VREG and Moody's Ratings

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

- The RAB has been split between historical cost (residual value of historical acquisition cost) RAB and revaluation surpluses, which represented around 20% of the total RAB in 2019. While historically both have been earning the same return (WACC), the revaluation surplus returns will decrease from the 3.5% WACC in 2021 to zero after eight years. While the lower WACC on revaluation surpluses only represents a loss of around €45 million in 2021-24 earnings, this change results in a somewhat less predictable regulatory environment.
- Exposure to volume and revenue risk has been reduced through several channels, including the full recovery of differences in allowed income and volumes distributed through regulatory balances; a smoother and faster recovery of regulatory balances arising during the period, leading to lower volatility in revenue; and the introduction of a capacity-based tariff for electricity from 1 January 2023, which will reduce 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.
- 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.
- An x''-factor (frontier shift) of 0.4% to the regulator formula has been introduced for gas distribution, which stipulates 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 to reach net cost savings of €150 million by 2024, of which €30 million can only be realised by additional cost savings unrelated to the merger. It has not yet been determined how VREG will evaluate Fluvius' performance.

The regulatory determination for 2021-24 provides for less volatility in revenue by simplifying the recovery process of regulatory balances. All new regulatory balances arising in 2021-24 will be recovered or paid back through the tariff over two years: those arising from the re-indexation of the basic part of endogenous costs will be phased 50% in t+1 and 50% in t+2, and all other regulatory balances reported by the DSOs (in t+1) will be recovered 50% in t+2 and 50% in t+3. The regulatory balances remaining as of year-end 2023 consisted of balances accrued during 2021-23.

The allowed income in 2023 was higher than that in 2022 because of higher tariffs for electricity and gas, mainly driven by high inflation. Nevertheless, the increased tariffs did not result in higher sales because reduced consumption has overcompensated the positive effects. In addition, €72 million of advanced payments that were received in 2021 and 2022 were repaid in 2023.

Carve-out of telecommunication assets to a joint venture

Effective early July 2023, Wyre BV (fully owned by Fluvius' newly established subsidiary Wyre Holding BV) started operations. Wyre Holding BV (and indirectly Wyre BV) is a joint venture between Fluvius and Telenet Group Holding NV (B1 stable) in which Fluvius holds a 33.2% share. This is equivalent to the value of its contributed assets (mainly hybrid fibre-coaxial). Capital spending is likely to be paid by internally generated cash flow of the newly created joint venture, and no capital contributions from Fluvius are required. We expect a minor decline in revenue for Fluvius because the annuity fees for the contributed assets are no longer paid to Fluvius and dividend payments are unlikely during the ramp-up phase of Wyre. To compensate Fluvius' shareholders for the loss of current dividends coming from related activities, over a six-year period starting in 2024, Telenet will annually pay €20 million to Fluvius, following an earlier sale of 2.1% of the shares in Wyre to Telenet (decreasing the original stake of 35.3% to 33.2%). This is a pass-through item for Fluvius.

Mitigating measures voted in 2021 have alleviated pressure on credit metrics, but high capital spending puts them under pressure again

Between May and June 2021, the boards of Fluvius and its shareholder DSOs 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 include the application for advances by VREG for the accelerated digital meter rollout (applied for in 2021 and 2022 only); review of Fluvius' investment plans and taking into consideration additional capital spending for profitable projects (including all regulated activities that enter the RAB); cost savings of €150 million imposed by the regulator for synergies following the merger between Eandis and Infrax, likely to be reached by 2024; and the revision of the company's dividend policy to align and maintain equity/RAB at 40% for individual

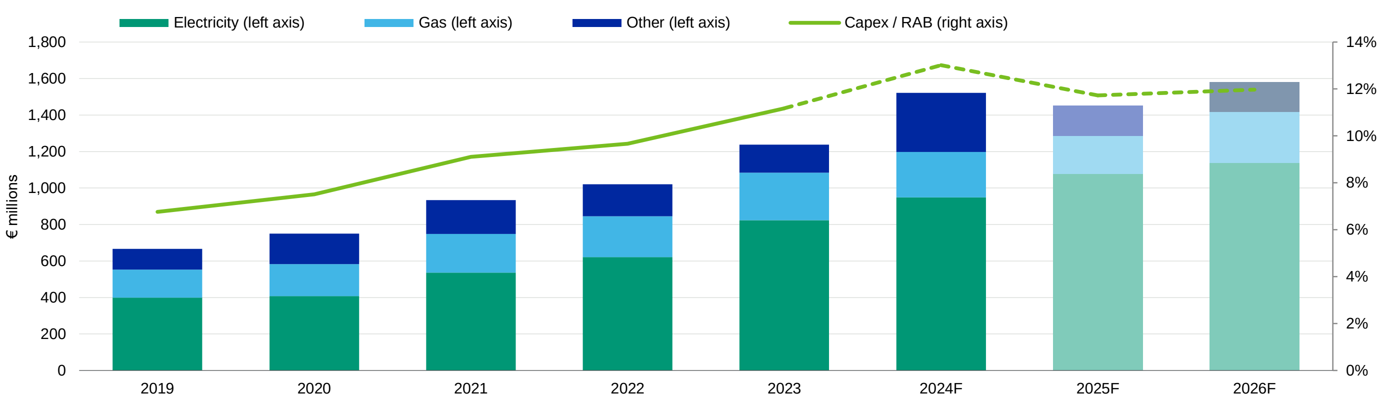
DSOs. For each DSO's regulated electric and gas activities, if equity/RAB is above 40%, the dividend payout can reach up to 120% of regulated earnings, whereas if equity/RAB is below 40%, the dividend payout is limited to 80%.

Notwithstanding these mitigating measures, investment levels will remain higher than those in previous years because of investments in energy transition and the company's efforts to make up for the delay in investments for digital metering. However, the outlined mitigating measures did not prevent credit metrics of the Fluvius Economic Group falling below our ratio guidance in 2023. This situation was exacerbated by a significant increase in reported net debt to around €8.8 billion as of year-end 2023. Subject to the parameters of the new regulatory framework and in light of increasing capital spending, Fluvius might be required to initiate balance-sheet strengthening measures to reach again our current FFO/net debt guidance of at least 8%.

The company forecasts a substantial increase in its capital spending, reaching up to €1.6 billion in 2026 (Exhibit 5). This compares with capital spending of around €1.05 billion in 2022 and €1.26 billion in 2023. The increase in capital spending is in the context of the region's energy transition and is predominantly focused on the expansion and reinforcement of the electricity distribution grid and, to a lesser extent, on the maintenance of its gas distribution network. Gas-related expenditures beyond 2025 will likely be focused on maintenance expenditure given the Flemish government's decision to prohibit new gas grids from 2026. Based on Fluvius' Energy Transition capital spending plan, the budget for regular gas investments in a “keep-it-running” scenario will further decline to just €66 million by 2030, a reduction of 25% compared with the previous budget plan. Investments also include a significant amount of €1.6 billion for digital meters, with the investment horizon for the full rollout reduced from 15 years to nine years and a target to install 70% of the meters by 2024. Additionally, because of the electrification of personal mobility, up to 35,000 additional charging points are to be installed in the Flemish Region by 2025. Investments in public lighting will be accelerated, leading to investment needs of up to around €110 million per year until 2026.

Exhibit 5

Fluvius' capital spending will increase to contribute to the energy transition



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Sources: Company filings and Moody's Ratings

The Fluvius Economic Group has been paying large dividends to its shareholders in recent years, with €192 million in 2023 and €221 million in 2022. Nevertheless, the dividend payout ratio, which was in excess of 80% of net income during 2018-21, has decreased significantly. The previous dividend policy of holding dividend at least flat in euro terms at the 2018 level (€267 million) was originally planned to last until 2024. However, the new dividend policy is part of the mitigating measures and has been applied since 2022, leading to a lower dividend payout than under the previous policy (around 53% in 2023).

Government support considerations

The DSOs, which comprise the Fluvius Economic Group and act as guarantors of Fluvius' 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 Methodology.

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 the credit quality of the Community of Flanders; our assessment that there is a strong probability of the community providing support to the DSOs, its shareholding municipalities or both if either were in financial distress; and 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.

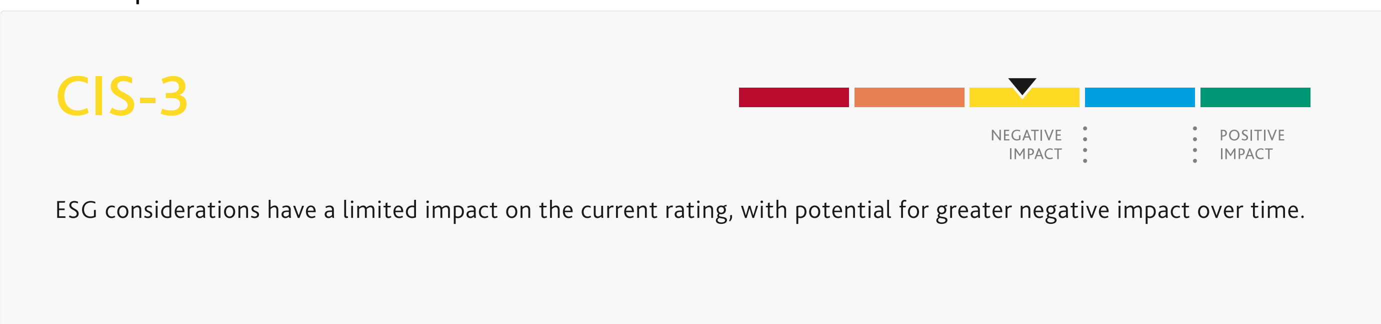
The Community of Flanders is ultimately responsible for the organisation of the electricity and gas market, and for the distribution of energy within the Flemish Region, which is considered a public service, and would be indirectly affected by any difficulties (including financial problems) experienced by the entities entrusted with this task. Consequently, the Community of Flanders is deemed to be the supporting entity under our Government-Related Issuers Methodology.

ESG considerations

Fluvius System Operator CV's ESG credit impact score is CIS-3

Exhibit 6

ESG credit impact score



Source: Moody's Ratings

Fluvius SO's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Fluvius's **CIS-3** reflects moderately negative exposure to environmental and social risk and neutral-to-low governance risk. The effect of these considerations on the rating is mitigated by a supportive regulatory framework.

Exhibit 7

ESG issuer profile scores

Source: Moody's Ratings

Environmental

Fluvius SO's **E-3** score reflects that its electric and gas network assets have a moderately negative exposure to physical climate risk and a moderately negative exposure to carbon transition risk given the longer term uncertainties over gas usage. The Fluvius Economic Group generates more than 95% of its operating profit from its regulated electric and gas distribution network activities with a substantial, although decreasing, share from gas (around 36% of its regulated asset base in 2022). This is balanced by neutral to low risk exposure from water management, waste and pollution of air and soil, and natural capital.

Social

Fluvius SO's **S-3** score reflects its exposure to the risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political intervention, similar to other regulated electric and gas network operators. Fluvius SO also has moderately negative exposure to public safety risks as a gas leak or explosion, although unlikely, could have significant negative impact on the company's reputation and financial situation. These risks are balanced by neutral to low risks to health and safety, human capital, and customer relationships.

Governance

Fluvius SO's **G-2** score reflects the group's recent decision to put in place mitigating measures to the decrease in regulatory allowed returns which include a review of the dividend pay-out. Fluvius SO is owned by 11 inter-municipal utility companies which in turn are owned by the 300 Flemish municipalities forming the Flemish Region. As Fluvius SO is ultimately owned by the Flemish municipalities and because Fluvius SO's board members are appointed by its shareholders, we assess the independence of Fluvius SO' board as weak. However, this is balanced by other aspects of governance strength that are derived in part by ultimate government ownership, compliance and reporting, and management credibility and track record.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

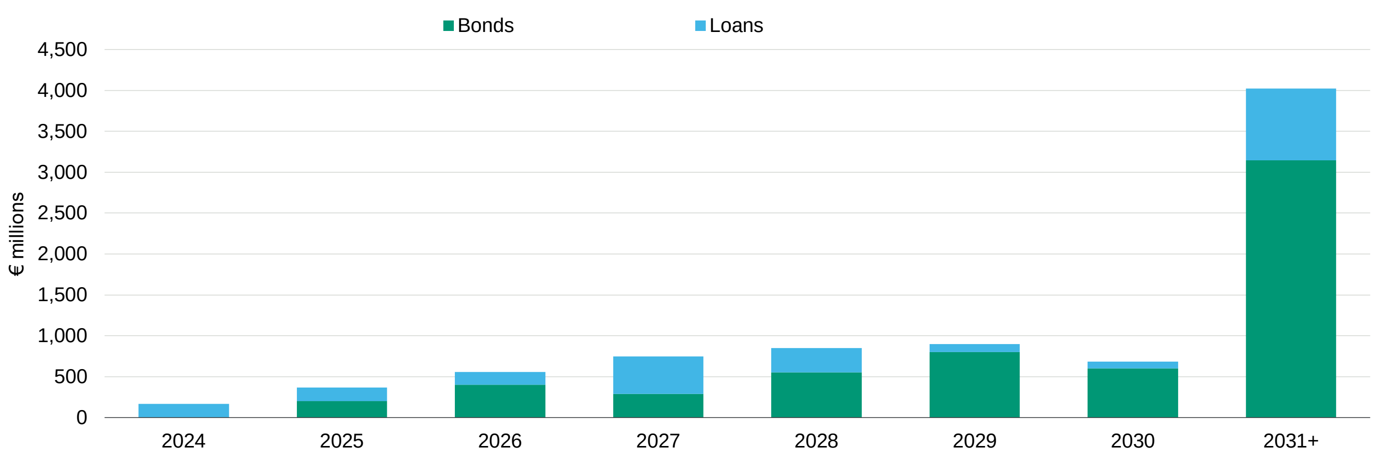
Liquidity analysis

Fluvius had €62 million of cash and cash equivalents as of year-end 2023. Because cash flow from operations was low in 2023, due to an increase in receivables, which, however, will partly be recovered in subsequent years, the company relies on external financing. We expect an increase in operating cash flow again in 2024. However, this likely will not be sufficient to cover all of the planned capital spending, eventually requiring external funding. On 23 April 2024, a 10-year bond was issued in the amount of €700 million, which bolsters the cash position and covers huge parts of investment needs in 2024.

Aside from ongoing cash flow generated from the utilities' monopoly network activities, the economic group's primary sources of liquidity are committed revolving credit facilities in an aggregate amount of €525 million and a commercial paper programme with a total volume of €500 million, of which €425 million was drawn as of 31 December 2023. One of the committed credit facilities was drawn in the amount of €100 million (as of 31 December 2023). The European Investment Bank (Aaa stable) provided additional facilities for the energy transition and digital metering, which are partly drawn.

Exhibit 8

Debt maturity profile for the Fluvius Economic Group
As of 31 December 2023



Sources: Company filings and Moody's Ratings

Methodology and scorecard

Fluvius is rated in accordance with the Regulated Electric and Gas Networks rating methodology and the Government-Related Issuers Methodology.

Exhibit 9
Rating factors
Fluvius System Operator CV

Regulated Electric and Gas Networks Industry	Current FY Dec-23		Moody's 12-18 month forward view	
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)	4.6x	A	4.1x - 4.3x	A
b) Net Debt / Fixed Assets (3 Year Avg)	66%	Baa	68% - 70%	Baa
c) FFO / Net Debt (3 Year Avg)	8.0%	Ba	6% - 7.5%	Ba
d) RCF / Net Debt (3 Year Avg)	5.1%	Ba	4.5% - 7%	Ba
Rating:				
Scorecard-Indicated Rating from Grid Factors 1-4		Baa1		
Rating Lift				
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned				A3
Government-Related Issuer		**Factor**		
a) Baseline Credit Assessment		baa2		
b) Government Local Currency Rating		Aa3 Stable		
c) Default Dependence		High		
d) Support		Strong		
e) Actual Rating Assigned		A3		

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Appendix

Exhibit 10

Peer comparison

Fluvius Economic Group

	Fluvius Economic Group A3 Stable			RESA S.A. A3 Stable			Terega SA Baa2 Stable			2i Rete Gas S.p.A. Baa2 Stable		
(in € millions)	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-20	FY Dec-21	FY Dec-22	FY Dec-21	FY Dec-22	LTM Jun-23	FY Dec-21	FY Dec-22	FY Dec-23
Revenue	3,038	2,400	2,326	295	328	365	488	799	860	722	695	783
EBITDA	1,201	1,005	1,063	121	128	126	285	306	320	527	508	573
Total Debt	7,451	7,751	9,043	576	569	593	1,425	1,437	1,434	3,297	3,254	3,590
Net Debt	7,362	7,671	8,982	545	537	552	1,412	1,402	1,400	2,854	3,208	3,265
(FFO + Interest Expense) / Interest Expense	5.9x	4.9x	3.3x	15.6x	15.2x	14.4x	6.8x	9.9x	10.3x	8.0x	7.6x	7.0x
Net Debt / Fixed Assets	62.7%	63.8%	71.0%	39.8%	38.4%	38.9%	79.2%	76.4%	76.5%	80.0%	80.4%	79.5%
FFO / Net Debt	11.3%	8.1%	5.3%	20.2%	19.5%	17.7%	15.7%	17.4%	18.1%	14.3%	12.3%	13.5%
RCF / Net Debt	7.5%	5.2%	3.1%	16.7%	16.0%	14.3%	11.8%	11.7%	11.3%	9.9%	9.1%	10.1%
Net Debt / EBITDA	6.1x	7.6x	8.5x	4.5x	4.2x	4.4x	5.0x	4.6x	4.4x	5.4x	6.3x	5.7x

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 11

Moody's-adjusted net debt reconciliation

Fluvius Economic Group

(in € millions)	2019	2020	2021	2022	2023
As reported debt	**6,336.8**	**6,633.3**	**7,237.6**	**7,644.6**	**8,888.2**
Pensions	427.8	547.5	213.6	106.5	155.1
Non-Standard Adjustments	0.2	-	-	-	-
Moody's-adjusted debt	**6,764.8**	**7,180.8**	**7,451.2**	**7,751.1**	**9,043.4**
Cash & Cash Equivalents	(64.6)	(31.3)	(89.3)	(80.2)	(61.6)
Moody's-adjusted net debt	**6,700.2**	**7,149.4**	**7,361.8**	**7,670.9**	**8,981.7**

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 12

Overview of select historical Moody's-adjusted financial data

Fluvius Economic Group

(in € millions)	2019	2020	2021	2022	2023
INCOME STATEMENT					
Revenue	2,991	2,924	3,038	2,400	2,326
EBITDA	1,020	1,091	1,201	1,005	1,063
EBITDA margin %	34.1%	37.3%	39.5%	41.9%	45.7%
EBIT	602	647	738	470	550
EBIT margin %	20.1%	22.1%	24.3%	19.6%	23.6%
Interest Expense	194	188	169	159	207
Net income	325	351	427	271	329
BALANCE SHEET					
Total Debt	6,765	7,181	7,451	7,751	9,043
Cash & Cash Equivalents	65	31	89	80	62
Net Debt	6,700	7,149	7,362	7,671	8,982
Net Property Plant and Equipment	11,453	11,707	11,738	12,014	12,651
Total Assets	15,060	15,712	16,242	16,888	18,112
CASH FLOW					
Funds from Operations (FFO)	665	686	834	623	473
Cash Flow From Operations (CFO)	741	761	570	809	286
Dividends	289	311	285	221	192
Retained Cash Flow (RCF)	376	375	549	402	281
Capital Expenditures	(625)	(730)	(869)	(1,040)	(1,191)
Free Cash Flow (FCF)	(173)	(280)	(585)	(452)	(1,096)
INTEREST COVERAGE					
(FFO + Interest Expense) / Interest Expense	4.4x	4.6x	5.9x	4.9x	3.3x
LEVERAGE					
Debt / EBITDA	6.6x	6.6x	6.2x	7.7x	8.5x
Net Debt / EBITDA	6.6x	6.6x	6.1x	7.6x	8.5x
Net Debt / Fixed Assets	58.5%	61.1%	62.7%	63.8%	71.0%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Ratings

Exhibit 13

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 Ratings

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