CREDIT OPINION
8 October 2024

Update

Send Your Feedback

RATINGS

Fluvius System Operator CV

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

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 change in outlook to negative

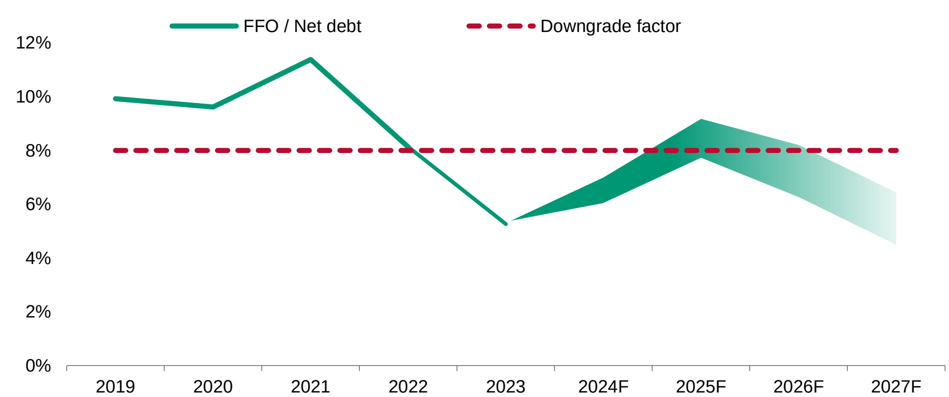
Summary

The credit quality of Fluvius System Operator CV (A3 negative) 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, underpinned by a regulatory framework that is generally supportive and transparent, although with a shorter track record in the context of European regulated network peers.

The ratings are constrained by Fluvius' high leverage compared to peer companies, significantly rising capital spending to support the energy transition, and the need for external financing due to projected negative free cash flow (FCF) over the next regulatory period from 2025-2028. Financial metrics, expressed as funds from operations (FFO)/net debt and net debt/fixed assets (excluding revaluation surpluses) are not likely to recover sustainably to the required thresholds over the upcoming regulatory period without balance-sheet strengthening measures (see Exhibit 1).

Exhibit 1

Fluvius' financial metrics have fallen below our downgrade guidance, and are not likely to recover sustainably over the upcoming regulatory period without balance-sheet strengthening measures



Rated entity Fluvius System Operator CV, financials under Fluvius Economic Group.
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 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 consider the Community of Flanders' (Aa3 stable) stipulated interest in maintaining the DSOs' financial stability, reflecting their essential role in the Flemish economy.

Credit strengths

» Low business risk profile of its monopoly regulated electricity and gas distribution network operations

» A transparent and generally supportive regulatory framework, further underpinned with a continually lengthening track record of predictable regulation

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

Credit challenges

» Pressure to reduce costs because of the 1.1% efficiency factor (frontier shift) applied to the endogenous costs of the electricity network in the regulatory period 2025-28

» Revaluation surpluses of the historical regulated asset base (RAB) still subject to a suppression of remuneration until 2028

» Significantly increasing capital spending for necessary investments in the electricity network to support the region's energy transition

» Historically high dividend distributions compared with its equity/RAB amid need for external financing, given the company's projected negative FCF over the next regulatory period

Rating outlook

The negative rating outlook reflects our expectation that, without balance-sheet strengthening measures, the financial metrics of the Fluvius Economic Group will remain below the levels appropriate for the current rating during the 2025-28 regulatory period.

We could change the outlook to stable if capital raising plans of sufficient size become sufficiently developed and are likely to suggest that the Fluvius Economic Group will be able to maintain financial metrics in line with those expected for the current rating.

Factors that could lead to an upgrade

A rating upgrade is unlikely in the near term because of the projected pressure on financial metrics over the next regulatory period. However, we could upgrade the BCA if the Fluvius Economic Group is able to maintain FFO/net debt in the low teens in percentage terms and net debt/fixed assets (excluding revaluation surpluses) remains below 70% on a sustained basis. An upgrade of the BCA would not necessarily lead to an upgrade of the final ratings.

Factors that could lead to a downgrade

We could downgrade the BCA and ratings if the planned capital increase is significantly delayed or uncertain, resulting in a failure of the Fluvius Economic Group to meet the requirements for the current ratings, namely FFO / Net Debt was to remain below 8% or Net Debt / Fixed Assets less revaluation surpluses was to be above 80%.

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 if we downgraded the sub-sovereign's rating significantly.

Key indicators

Exhibit 2
Fluvius Economic Group

	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	3.4x - 3.9x
Net Debt / Fixed Assets	58.5%	61.1%	62.7%	63.8%	71.0%	70.8% - 72.4%
FFO / Net Debt	9.9%	9.6%	11.3%	8.1%	5.3%	6.5% - 8.4%
RCF / Net Debt	5.6%	5.2%	7.5%	5.2%	3.1%	4.5% - 7.1%

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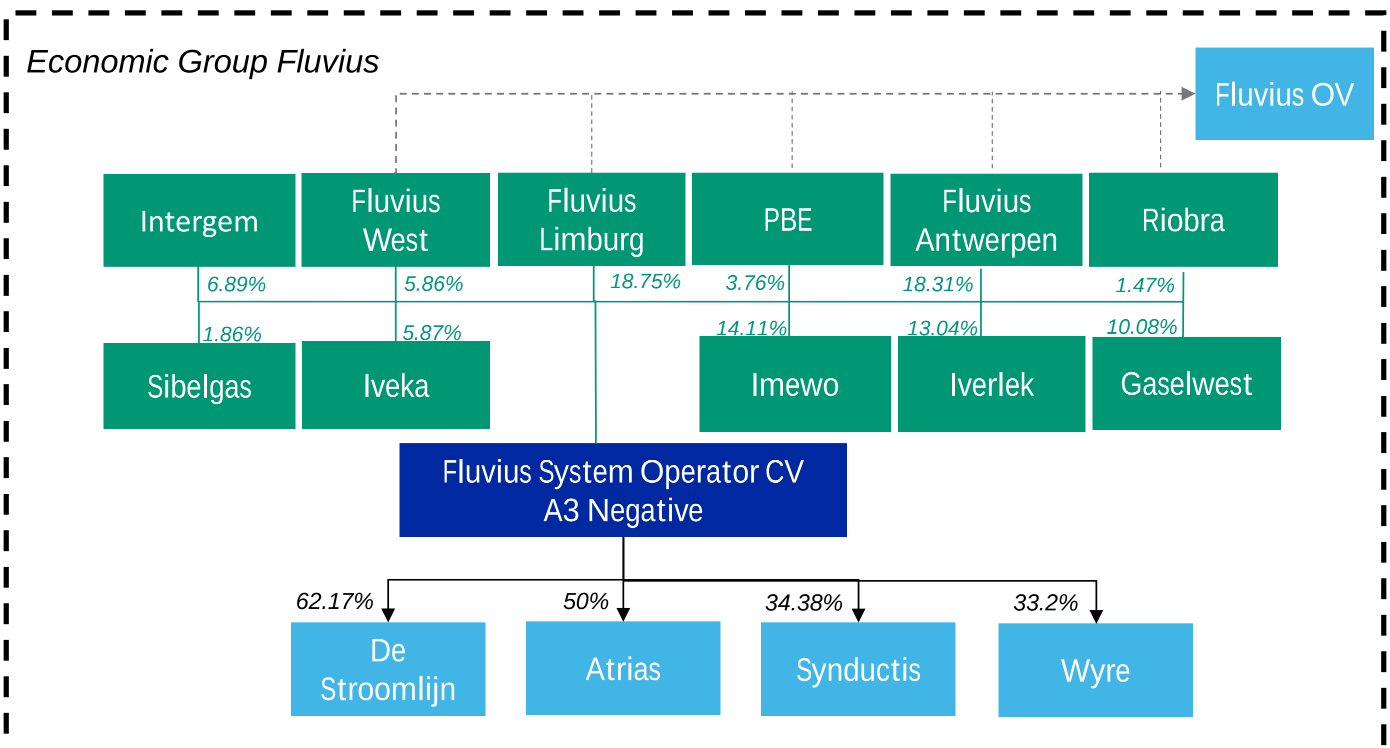
Profile

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. 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 a specific stipulation in 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 2025-28 carries forward main parameters from the previous framework, underpinning stability and predictability of the regulatory regime ...

The federal state and each of the three 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.

On 24 June 2024, the VREG published the tariff methodology for the regulatory period 2025-28, which in large part carries forward core features of the previous regulatory framework. The revenue cap model will comprise allowances for operational expenses (both controllable and non-controllable), regulatory depreciation and an allowed return on the RAB of 5.2% (pretax weighted average cost of capital [WACC], nominal) based on an unchanged notional gearing of 60%.

The WACC of 5.2% for 2025 is 1.70% higher than in the previous regulatory period, however it will now be recalculated annually. The increase is driven by various factors, such as a higher risk-free rate, a higher market risk premium and higher cost of new debt. Notably, the cost of equity (post-tax) for 2025 is set at 7.37%, up 3.29% from the previous regulatory period. The higher cost for new debt only has a marginal impact on the overall debt allowance, because the regulatory framework now allocates an 80% weight to historical debt and 20% to new debt. Fluvius' average interest rate on outstanding debt in 2023 was around 2.55%, which is above the cost allowance of 2.17% (see Exhibit 4).

Exhibit 4

WACC has increased mostly because of the higher cost of equity and a higher risk-free rate

	VREG (2021-24)	VREG (2025-28)[1)]
Cost of debt (historical)	2.84%	1.58%
Risk-free rate	0.09%	2.95%
Risk premium	0.85%	0.68%
Transaction fee	0.15%	0.15%
Cost of debt (new)	1.09%	3.78%
Historical: new debt ratio	60:40	80:20
Cost of debt (allowed)	**2.14%**	**2.17%**
Market risk premium	4.81%	5.20%
Asset Beta	39%	40%
Equity Beta	83%	85%
Equity risk premium	3.99%	4.42%
Cost of equity (post-tax)	4.08%	7.37%
Cost of equity (pre-tax)	5.44%	9.83%
Gearing	60%	60%
WACC (nominal, post-tax)	**2.92%**	**4.48%**
Tax rate	25%	25%
WACC (nominal, pre-tax)	**3.50%**	**5.20%**

1) VREG (2025-28) values are set parameters for 2025. There will be an annual recalculation, which might result in deviations from the numbers shown above for subsequent years. The risk-free rate for debt and equity is adjusted annually and 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).
Sources: VREG and Moody's Ratings

... but increasing cost pressure weighs on Fluvius' financial metrics

Although we assess the regulatory framework as generally supportive, it contains elements that could challenge Fluvius' performance. Notably, the approach to historical debt and, in particular, the application of a cumulative efficiency factor (frontier shift) to controllable (endogenous) costs for the electricity segment, stand out as potential pressure points. Controllable costs are basically assessed ex-ante and, in the previous regulatory framework, there was no efficiency factor for the electricity grid (0.4% for the gas grid). Because Fluvius already had to achieve cost savings of €150 million over the regulatory period 2021-24 following the Eandis/ Infrax merger, there is limited potential to comply with the 1.1% frontier shift for electricity, putting Fluvius under strong cost pressure, especially towards the end of the regulatory period. As in the previous regulatory period, certain non-controllable (exogenous) costs remain pass-through items.

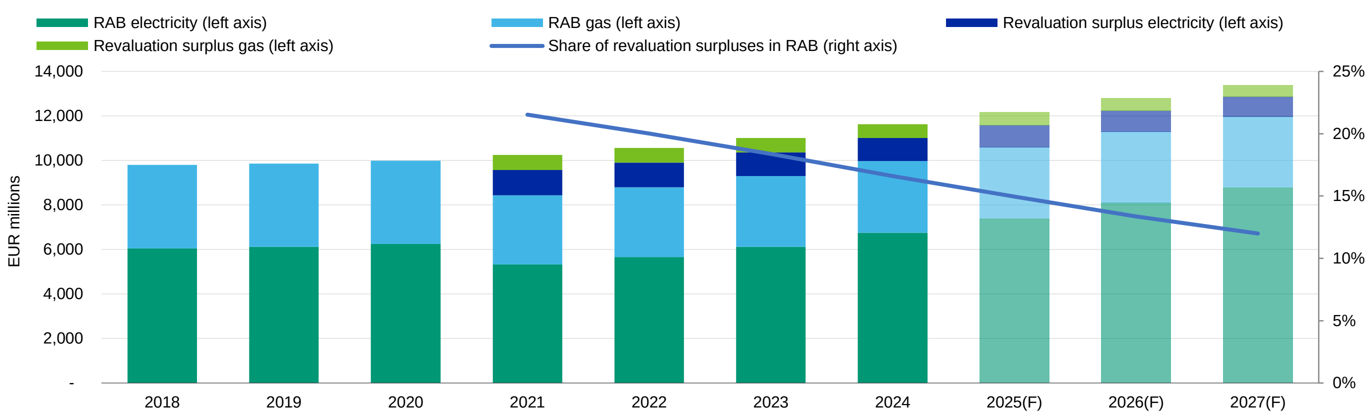
The regulatory framework continues to make use of regulatory balances, which account for deviations between the ex-ante allowances and actual (ex-post) realisations. These include exogenous costs, volume deviations, the re-indexation of basic parts of the endogenous costs, revaluation surpluses and adjustments to corporate taxes. Regulatory balances 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. This ensures a smoother and faster recovery of differences to the ex-ante, ultimately reducing the tariff volatility. Furthermore, as of 1 January 2023, a capacity-based tariff for electricity was introduced.

The split of the RAB between historical cost and revaluation surpluses remains in place. This separation was implemented in the 2021-24 regulatory period. The WACC for the revaluation surpluses is diminishing over the eight-year period 2021-28 and reaches zero after 2028. At the end of 2023, the proportion of revaluation surpluses to the total RAB of €11.0 billion was 16%. As a consequence of significantly increasing capital spending, mainly for the expansion of the electricity grid, the RAB is likely to grow to around €14 billion at the end of the upcoming regulatory period in 2028. The mechanism of advanced payments has been taken forward as well, which allows Fluvius to apply for advanced payments for certain investments. Advanced payments only need to be repaid in the next regulatory period, supporting financial metrics in the current regulatory period.

Exhibit 5

RAB and revaluation surpluses 2018-27

The RAB is growing because of high capital spending amid a decreasing proportion of revaluation surpluses



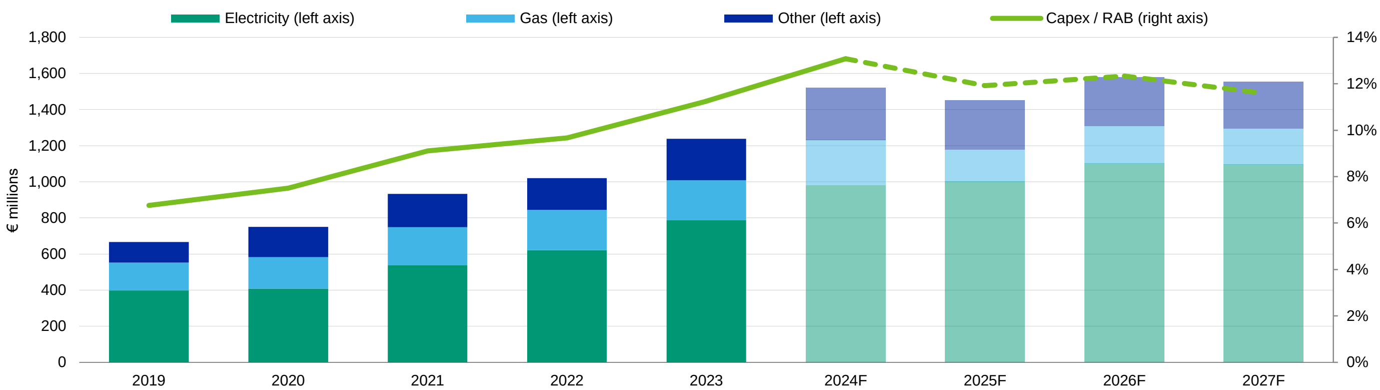
Sources: VREG and company filings

Capital spending is strongly increasing to cope with the requirements of the Flemish Region's energy transition

Fluvius' capital spending has increased significantly compared with historical levels. The company forecasts a substantial increase in its capital spending to around €1.5 billion on average over the projection period 2024-27 (see Exhibit 6), compared with capital spending of around €1.05 billion in 2022 and €1.26 billion in 2023. The increase in capital spending is driven by the region's shift towards sustainable energy, primarily targeting the expansion and enhancement of the electricity distribution grid, while also allocating resources, though to a smaller degree, for the maintenance of its gas distribution network. Gas-related spending beyond 2025 will likely be focused on maintenance spending 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, down 25% from the previous budget plan. Investments also include a significant amount of in total €1.6 billion for digital meters, with the investment horizon for the full rollout reduced to nine years from 15 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 funding needs of up to around €110 million per year until 2027.

Exhibit 6

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



Metrics are for the Fluvius Economic Group, which combines the financial profiles of the operating company and its DSO owners.
Periods are financial year-end unless indicated.
Source: Company filings

Mitigating measures to alleviate pressure on financial metrics remain in place, but additional support will be required

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 for the accelerated digital meter rollout (applied for only in 2021 and 2022); review of Fluvius' investment plans and taking into consideration additional capital spending for profitable projects (including all regulated activities that enter the RAB); an expectation to achieve cost savings of €150 million, a target set by the regulator to capture synergies from the merger between Eandis and Infrax, with this goal likely to be met by end of 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, and driven by higher investment levels than those in previous years because of investments to support the energy transition and the company's efforts to make up for the delay in investments for digital metering, financial metrics of the Fluvius Economic Group fell below our downgrade guidance in 2023 as a consequence of a notable increase of reported net debt to around €8.8 billion as of year-end 2023 and the repayment of advances received in 2021-22. Because financial metrics under the parameters of the new regulatory framework are projected to remain weak in light of the rise in capital spending, Fluvius is actively looking for capital injections to maintain its equity buffer of at least 40% in an attempt to return to a financial profile in line with the current rating, that is, FFO/net debt of at least 8%. Several options for a capital increase are under discussion, such as an equity injection by its current shareholders or alternatively Flemish authorities, the entry of private investors, or a combination of these. However, there are downside risks to this plan, including uncertainty around the size and timing, as well as the nature of such capital increases, particularly given the Fluvius Economic Group's organisational structure and ownership. Because the financial profiles of the individual group members differ, it remains uncertain what specific contribution each group member will make and whether an agreement will ultimately be reached at all. This also includes the question of potential support capacity of each individual group member, and ultimately the Flemish municipalities. Further progress and visibility on the potential capital injection in the course of 2025 will be important to maintaining the A3 rating.

The Fluvius Economic Group has been paying substantial dividends to its shareholders in recent years, i.e. €201 million in 2024 and €192 million in 2023. Nevertheless, the dividend payout ratio, which was in excess of 80% of net income during 2018-21, has decreased significantly. The initial dividend policy aimed to maintain dividends at a minimum level equivalent to the 2018 figure (€267 million) through 2024. Nevertheless, as a part of the mitigation efforts, a revised dividend policy was implemented starting in 2022, resulting in a reduced payout —roughly 55% in 2024 — compared with what would have been disbursed under the former policy.

Restructuring of participations in the Belgian transmission grid operators and carve-out of telecommunication assets to a joint venture

Given the increasing capital demand of the Belgian transmission grid operator for electricity (Elia System Operator), some of the intermunicipal utility companies have transferred their shares in the so-called Publi-T holding to the Vlaamse Energieholding (VEH) and other intermunicipal utility companies are contemplating the transfer of their shares in Publi-T (and sister holding Publigas) to a new holding Transco Energy. This is because the current structure does not allow the addition of external, private investors. Under the newly adopted structure, not only does this arrangement become feasible, but it also effectively insulates the intermunicipal groups, and by extension, Fluvius, from increasing capital demands at the TSO level. Additionally, the already executed transaction to VEH has been favourable for the Fluvius Economic Group's financials because the €125 million book value was recorded as a financial fixed asset, without increasing the total assets, whereas the associated debt was integrated into the group's overall debt. As a direct outcome of this transaction, the net debt within the Fluvius Economic Group has declined.

Effective from 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 BV (a subsidiary of 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, Telenet will annually pay €20 million to Fluvius over a six-year period starting in 2024, 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.

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 and 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 the distribution of energy within the Flemish Region, which we consider 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 7
ESG credit impact score

CIS-3

ESG considerations have a limited impact on the current rating, with potential for greater negative impact over time.

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 8
ESG issuer profile scores

ENVIRONMENTAL
E-3

SOCIAL
S-3

GOVERNANCE
G-2

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 (on average around 30% of its regulated asset base in the regulatory period 2024-28). 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 mitigating measures to the decrease in regulatory allowed returns in the 2021-24 regulatory period which include a review of the dividend pay-out and that continues in the new regulatory period 2024-28. Fluvius SO is owned by 11 intermunicipal 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.

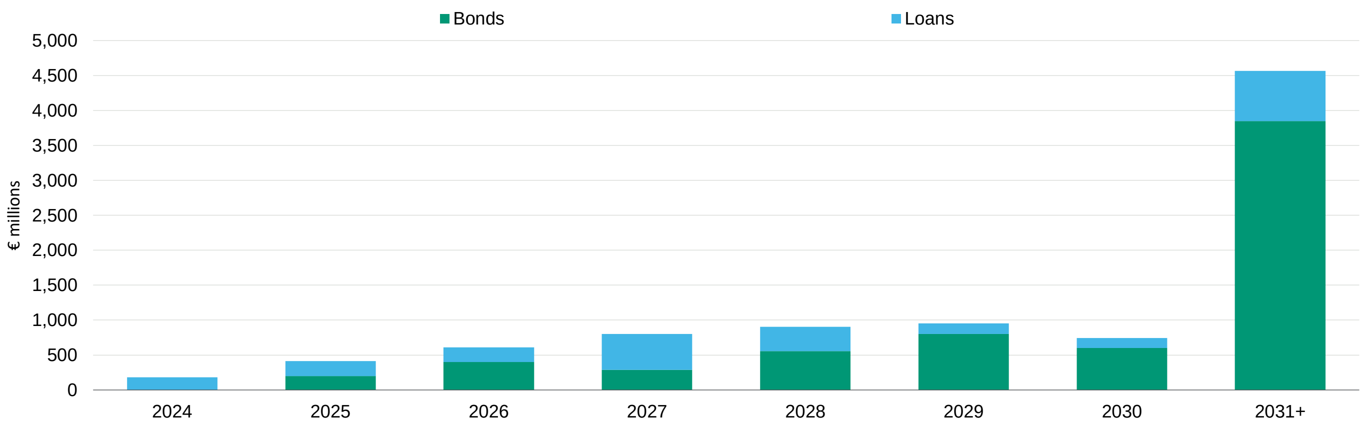
Liquidity analysis

As of June 2024, Fluvius' cash and cash equivalents amounted to €13 million. Additionally, the company has access to €525 million of overdraft and revolving credit facilities, of which €511 million were undrawn. In addition, the company has an uncommitted commercial paper program in the amount of €500 million, with €110 million drawn as of June 2024. The European Investment Bank (Aaa stable) provided additional facilities for the energy transition and digital metering, of which €27 million are still available (in total €748 million are drawn).

Because of Fluvius' sizeable capital spending program, which will result in negative FCF at least over our projection period of 2024-27, we expect the company to need to make use of its short-term funding options, that is, drawing significantly under existing credit facilities or under the commercial paper program before refinancing with medium-term debt. This leaves Fluvius with a somewhat high exposure to debt market access. This may be mitigated to some extent by its good access to capital markets given its strategic importance and ownership; the ability to reduce capital spending somewhat from time to time; and likely sizeable cash inflows after the execution of the potential capital increase.

Exhibit 9

Debt maturity profile for the Fluvius Economic Group
As of 30 June 2024



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Methodology and scorecard

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

Exhibit 10

Rating factors

Fluvius Economic Group

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	Baa	Baa
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	3.4x - 3.9x	Baa
b) Net Debt / Fixed Assets (3 Year Avg)	66.0%	Baa	70.8% - 72.4%	Baa
c) FFO / Net Debt (3 Year Avg)	8.0%	Ba	6.5% - 8.4%	Ba
d) RCF / Net Debt (3 Year Avg)	5.1%	Ba	4.5% - 7.1%	Ba
Rating:				
Scorecard-Indicated Rating from Grid Factors 1-4		Baa1		Baa2
Rating Lift				
a) Scorecard-Indicated Outcome		Baa1		Baa2
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 11
Peer comparison
Fluvius Economic Group

	Fluvius Economic Group A3 Negative			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-21	FY Dec-22	FY Dec-23	FY Dec-22	FY Dec-23	LTM Jun-24	FY Dec-21	FY Dec-22	FY Dec-23
Revenue	3,038	2,400	2,326	328	365	393	799	692	584	722	695	783
EBITDA	1,201	1,005	1,063	128	126	125	306	309	308	527	508	573
Total Debt	7,451	7,751	9,043	569	593	677	1,437	1,460	1,432	3,297	3,254	3,590
Net Debt	7,362	7,671	8,982	537	552	653	1,402	1,437	1,395	2,854	3,208	3,265
(FFO + Interest Expense) / Interest Expense	5.9x	4.9x	3.3x	15.2x	14.4x	12.6x	9.9x	10.0x	9.9x	8.0x	7.6x	7.0x
Net Debt / Fixed Assets	62.7%	63.8%	71.0%	38.4%	38.9%	42.9%	76.4%	75.5%	73.4%	80.0%	80.4%	79.5%
FFO / Net Debt	11.3%	8.1%	5.3%	19.5%	17.7%	16.8%	17.4%	17.1%	17.4%	14.3%	12.3%	13.5%
RCF / Net Debt	7.5%	5.2%	3.1%	16.0%	14.3%	13.9%	11.7%	10.4%	13.6%	9.9%	9.1%	10.1%

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Source: Moody's Financial Metrics™

Exhibit 12
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**

Rated entity Fluvius System Operator CV, financials under Fluvius Economic Group.
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 13

Overview of selected 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%

Rated entity Fluvius System Operator CV, financials under Fluvius Economic Group.
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 14

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

Source: Moody's Ratings

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