



Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Fluvius System Operator CV

25 Sep 2025

Paris, September 25, 2025 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Fluvius System Operator CV and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 23 September 2025 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Fluvius System Operator CV (Fluvius)'s ratings, including the A3 long term issuer rating with negative outlook, remain unchanged. The ratings reflect the robust credit quality of the distribution system operators (DSOs) which currently own the company and severally guarantee its liabilities (and form the Fluvius Economic Group). This is underpinned by (1) the low business risk profile of the regulated electricity and gas distribution network operations in Flanders, Belgium, which account for around 95% of revenues in 2024, and (2) a transparent and generally supportive regulatory framework, albeit with a still limited but extending track record in the context of European regulated network peers.

The ratings are constrained by (1) progressive decline in remuneration of the revaluation surpluses of the historical regulated asset base, (2) the company's significantly rising capital expenditure to support the Flemish Region's energy transition, (3) the relatively weak liquidity and need for external financing as a consequence of negative free cash flow over the current regulatory period, and (4) high leverage compared to peer companies.

Fluvius' A3 rating incorporates a two-notch uplift for potential state support from its Baseline Credit Assessment (BCA) of baa2. This is based on our assessment of high dependence between Fluvius and its owners, 285 municipalities within the Community of Flanders, through ownership of the DSOs, and a strong likelihood of Fluvius receiving support in the event this were needed to avoid a default.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodologies used for this review were Regulated Electric and Gas Networks published in April 2022 and Government-related Issuers published in May 2025. Please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of these methodologies.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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