

CREDIT OPINION

18 July 2024

Update

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RATINGS

ENGIE Alliance

Domicile	Paris, France
Long Term Rating	Baa1
Type	LT Issuer Rating
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.

Contacts

Benjamin Leyre +33.1.5330.3373
VP-Sr Credit Officer
benjamin.leyre@moodys.com

Yanis Sallami +33.1.5330.3435
Sr Ratings Associate
yanis.sallami@moodys.com

Paul Marty +33.1.5330.3371
Associate Managing Director
paul.marty@moodys.com

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Americas	1-212-553-1653
Asia Pacific	852-3551-3077
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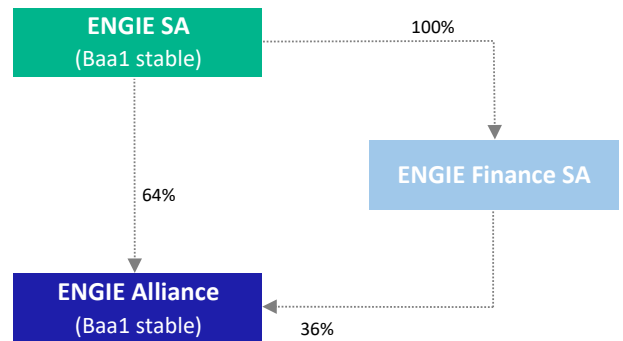
ENGIE Alliance

Update to credit analysis

Summary

ENGIE Alliance's (Baa1 stable) credit quality is aligned with that of ENGIE SA (ENGIE, Baa1 stable) because members of the Groupement d'Intérêt Economique (GIE), including ENGIE, have unlimited joint and several liability for the debt and liabilities incurred by ENGIE Alliance.

Exhibit 1
ENGIE Alliance's ownership structure



Sources: ENGIE Alliance and Moody's Ratings

Credit strengths

» The GIE members are jointly and severally liable for the GIE's obligations.

Credit challenges

» ENGIE Alliance is no longer used as a vehicle to raise external funding.

Rating outlook

The outlook on ENGIE Alliance's ratings is stable, in line with that of ENGIE, reflecting the close links between the company and its ultimate parent (see ENGIE's [Credit Opinion](#) for outlook drivers).

Factors that could lead to an upgrade

We could upgrade ENGIE Alliance's ratings if ENGIE's ratings were upgraded (see ENGIE's [Credit Opinion](#) for rating drivers).

Factors that could lead to a downgrade

We could downgrade ENGIE Alliance's ratings if ENGIE's ratings were downgraded.

Profile

ENGIE Alliance is a GIE. Its share capital is owned by ENGIE and ENGIE Finance SA. ENGIE Alliance is primarily responsible for providing long-term funding and guarantees to the subsidiaries of the group. Following the merger of Gaz de France and Suez in 2008, the group decided to centralise external funding at the ENGIE level. As a result, ENGIE Alliance has not been issuing further debt.

Detailed credit considerations

ENGIE Alliance is the successor of Suez Alliance, which was established in late 2001 as a GIE, for an initial period of 99 years. A GIE is a legal concept in France under which a number of companies work together to develop or improve the economic activity of all participants. In this case, the GIE was formed as the legal debt issuing and guaranteeing entity for the group, with the aim to improve members' ability to raise funds.

The two current GIE members — ENGIE and ENGIE Finance SA — have unlimited joint and several liability for the GIE's liabilities for the term of the structure. Under the terms of the GIE, new members become jointly and severally liable for the GIE's obligations, even for those incurred before their admission as a member, except if duly documented otherwise. A departing member remains liable for obligations incurred by the GIE up to the date of its departure, unless it repays such obligations or if the GIE creditors specifically agree that the departing member shall no longer be liable for the GIE's obligations.

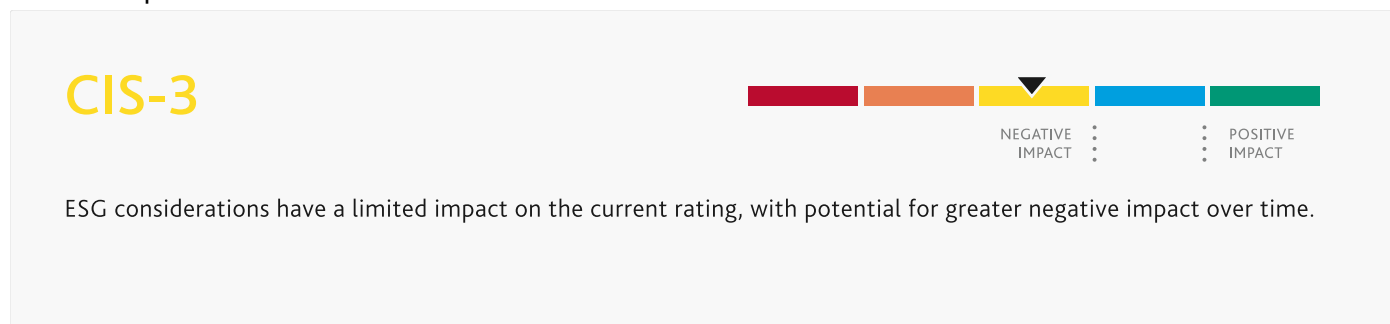
In November 2023, [Electrabel](#) (Baa1 stable) sold its 12% stake in ENGIE Alliance to ENGIE Finance SA.

ESG considerations

ENGIE Alliance's ESG credit impact score is CIS-3

Exhibit 2

ESG credit impact score



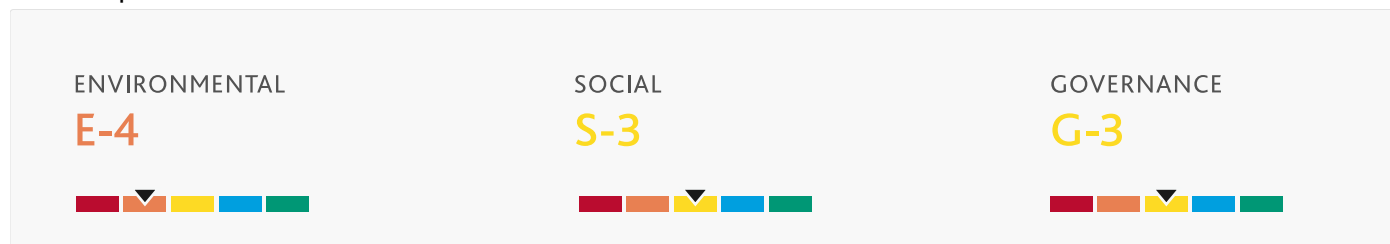
Source: Moody's Ratings

ESG scores and narratives are aligned with those of ENGIE SA. ENGIE's **CIS-3**, indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. The score reflects a high exposure to environmental risks, reflecting the possibility for future rises in Belgian nuclear liabilities. The effect of these considerations on the rating is mitigated by ENGIE's moderate exposure to social and governance risks.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Exhibit 3

ESG issuer profile scores



Source: Moody's Ratings

Environmental

ESG scores and narratives are aligned with those of ENGIE SA. ENGIE's **E-4** score reflects the group's exposure to high waste and pollution risks because of the high likelihood of an additional increase in costs associated with Belgian nuclear liabilities, although the risk is reduced by the final agreement signed with the Belgian government in December 2023. ENGIE's exposure to carbon transition risks is moderate, as the high exposure to gas transmission and distribution assets to earnings (28% of group EBITDA in 2023), with a carbon neutral law effective in France by 2050, and to gas fired generation (36% of power generation capacity in 2023), are partly offset by growing investments in renewables. The group is moderately exposed to physical climate risks.

Social

ESG scores and narratives are aligned with those of ENGIE SA. ENGIE's **S-3** score reflects the fundamental utility risk that demographics and societal trends could include public concerns over affordability. These pressures could turn into adverse political intervention, as evidenced by the inframarginal taxation implemented in France and in Belgium. This also includes nuclear and gas exposures and associated risk to public health. ENGIE also has moderately negative exposure to risk to public safety as a gas leak or explosion, although unlikely, could have significant negative impact on the group's reputation and financial situation.

Governance

ESG scores and narratives are aligned with those of ENGIE SA. ENGIE's **G-3** score reflects neutral to low scores on financial strategy and risk management, management credibility and track record, organizational structure, compliance and reporting, which counterbalance the moderate risk associated with board structure, policies and procedures, resulting from the substantial ownership of the French State (23.64% as of December 2023).

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.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.

Methodology and scorecard

ENGIE Alliance's ratings are aligned with those of ENGIE, which in turn is rated in accordance with the rating methodologies for Unregulated Utilities and Unregulated Power Companies and Government-Related Issuers.

Ratings

Exhibit 4

Category	Moody's Rating
ENGIE ALLIANCE	
Outlook	Stable
Issuer Rating	Baa1
ST Issuer Rating	P-2
PARENT: ENGIE SA	
Outlook	Stable
Issuer Rating	Baa1
Sr Unsec Bank Credit Facility -Dom Curr	Baa1
Senior Unsecured -Fgn Curr	A3
Senior Unsecured -Dom Curr	Baa1
Jr Subordinate -Dom Curr	Baa3
Commercial Paper	P-2
Other Short Term -Dom Curr	(P)P-2

Source: Moody's Ratings

Moody's related publications

Credit Opinion

» [ENGIE SA](#), 3 July 2024

Issuer Comments

- » [ENGIE SA: Agreement with Belgian government would de-risk ENGIE's nuclear waste exposure at the expense of credit headroom](#), 30 June 2023
- » [ENGIE SA: Higher Belgium nuclear provisions and inframarginal rent cap are credit negative](#), 21 December 2022

Sector In-Depth

- » [Unregulated Utilities and Power Companies – Europe: Lower power prices may require tough choices, if sustained](#), 10 April 2024
- » [Electricity Markets – Europe: Supply-demand imbalance to ease, but prices to remain above historical levels](#), 5 December 2023

Industry Outlook

- » [Unregulated Electric & Gas Utilities – Europe: 2024 Outlook - Stable amid manageable market challenges](#), 13 November 2023

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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