

CREDIT OPINION

18 July 2024

Update



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RATINGS

ENGIE Invest International S.A.

Domicile	Luxembourg
Long Term Rating	Baa1
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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ENGIE Invest International S.A.

Update to credit analysis

Summary

[ENGIE Invest International S.A.](#)'s (EII, Baa1 stable) credit quality is based on the company's importance and core function within [ENGIE SA](#)'s (ENGIE, Baa1 stable) financial management; and the Declaration of Responsibility by ENGIE in favour of EII, according to which ENGIE unconditionally guarantees all obligations and liabilities of whatsoever nature incurred by EII from the initial issue date on 22 June 2011 until the revocation of the guarantee.

EII's rating is aligned with that of ENGIE based on our understanding that the group currently has no intention of revoking the guarantee. If the guarantee were to be revoked, it would continue to cover EII's existing obligations. We could adjust EII's rating downward by several notches, following any revocation, depending on the company's standalone credit strength and any implicit support from ENGIE, which will depend on EII's importance to the group at that time.

Credit strengths

- » ENGIE's unconditional guarantee of all of EII's obligations
- » EII's important position within ENGIE's centralised financing structure

Credit challenges

- » The guarantee could be revoked, although the existing obligations would still be covered in such an event.

Rating outlook

The rating outlook is stable, in line with that of EII's ultimate parent ENGIE (see ENGIE's [Credit Opinion](#) for outlook drivers).

Factors that could lead to an upgrade

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

Factors that could lead to a downgrade

The rating could be downgraded if ENGIE's ratings were to be downgraded, the guarantee were to be revoked or EII's core position within ENGIE's financial management were to change.

Profile

ENGIE Invest International S.A. (EII) is 100% indirectly owned by ENGIE SA (ENGIE or the group), a leading European integrated utility. Incorporated in Luxembourg in 1933, EII owns 100% of [ENGIE CC](#) (Baa1 stable), and certain other investments. Within ENGIE's centralised financing structure, EII is primarily responsible for providing guarantees and intercompany loans for subsidiaries of the group. EII's income is derived from the interest and fees charged for the provision of these loans and guarantees. EII's Articles of Association prohibits it from third-party borrowing. All of EII's shareholders must be ENGIE group companies.

Detailed credit considerations

Explicit support from ENGIE through the Declaration of Responsibility

EII's credit quality is underpinned by the company's importance and core function within ENGIE's financial management; and the fact that EII's obligations and liabilities are guaranteed by ENGIE under the Declaration of Responsibility, which together underpin the alignment of EII's rating with that of ENGIE, its ultimate parent. The Declaration of Responsibility is provided in accordance with Article 70 of the Luxembourg law of 19 December 2002. The instrument is governed by the laws of Luxembourg, and the courts of Luxembourg City have exclusive jurisdiction to settle any dispute arising out of or in connection with this guarantee.

The following factors are supportive for EII's creditors:

- » According to the declaration, ENGIE unconditionally guarantees all obligations and liabilities of whatsoever nature incurred by EII from the initial issue date on 22 June 2011 until the revocation of the declaration by ENGIE.
- » The guarantee extends to all obligations and liabilities of EII that arise out of contracts in force at any point between the initial issue date and the date of the revocation of the guarantee (the covered contracts), including liabilities that may become due and payable under these covered contracts after this guarantee is revoked.
- » To the extent that EII fails to pay a due and payable liability arising from the covered contracts, ENGIE unconditionally undertakes to promptly pay such amounts to the creditor of such dues and unpaid liabilities upon receipt of a written demand from such a creditor of EII by registered mail.
- » Payment is not subject to offset against any payments clawed back.
- » ENGIE waives to the fullest extent possible any and all defence that it may have either under Luxembourg law or under French law in relation to the guarantee. Guaranteed obligations are, therefore, directly enforceable against ENGIE and would remain so in the case of the dissolution or sale of EII.

The guarantee is revocable

ENGIE can revoke its guarantee, but we do not expect it to do so. If ENGIE were to revoke the guarantee, it would cover EII's existing obligations and liabilities arising from contracts in force at any point between the inception of the guarantee and the date of revocation. In the event of revocation, we could adjust EII's rating downward by several notches, depending on the company's standalone credit strength and any implicit support from ENGIE, which will depend on EII's importance to the group at that time.

EII's important role within the group

In addition, EII's creditworthiness is supported by its importance and core function within ENGIE's financial management. Its primary purpose is to provide guarantees and intercompany loans for group companies. EII's board of directors consists of senior staff of ENGIE.

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's.com> for the most updated credit rating action information and rating history.

EII's Articles of Association ensures that it will be strongly capitalised and requires, inter alia, that it is always owned by members of the group; it incurs no third-party debt; its total commitments — that is, intercompany loans and guarantees — are at all times at least matched by its subscribed capital or subordinated parent debt; and any called-up share capital is subscribed in cash and not in kind.

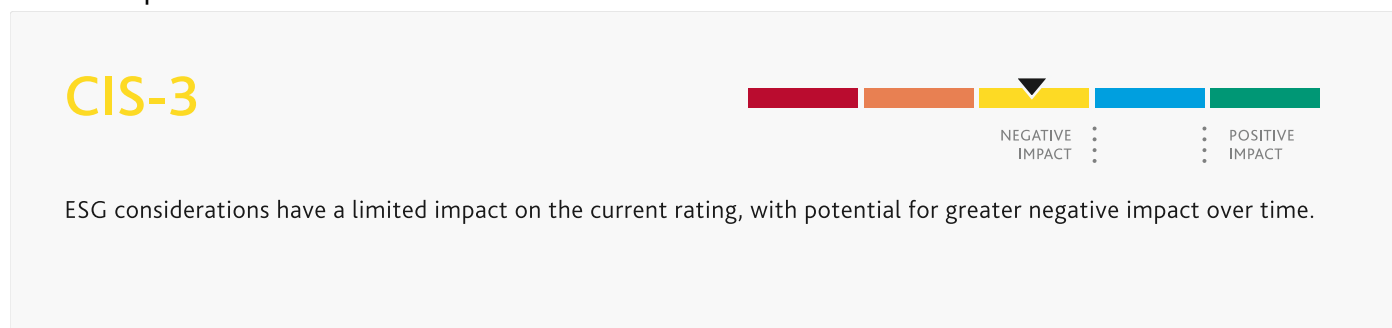
We expect ENGIE to effectively maintain full ultimate ownership of EII and board representation, and its aggregate commitments to always be at least matched by the capital subscribed by shareholders.

ESG considerations

ENGIE Invest International S.A.'s ESG credit impact score is CIS-3

Exhibit 1

ESG credit impact score

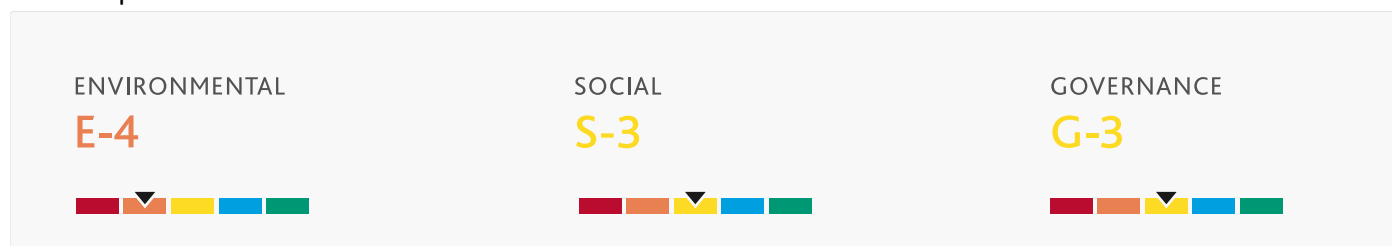


Source: Moody's Ratings

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.

Exhibit 2

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 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.

Methodology and scorecard

EII's rating is linked with that 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 3

Category	Moody's Rating
ENGIE INVEST INTERNATIONAL S.A.	
Outlook	Stable
Issuer Rating - Dom Curr	Baa1
ULT PARENT: ENGIE SA	
Outlook	Stable
Issuer Rating	Baa1
Sr Unsec Bank Credit Facility -Dom Curr	Baa1
Senior Unsecured	Baa1
Subordinate MTN -Dom Curr	(P)Baa2
Jr Subordinate -Dom Curr	Baa3
Commercial Paper	P-2
Other Short Term -Dom Curr	(P)P-2
PARENT: ELECTRABEL SA	
Outlook	Stable
Issuer Rating -Dom Curr	Baa1
Other Short Term -Dom Curr	(P)P-2
ENGIE CC	
Outlook	Stable
Issuer Rating	Baa1

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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