CREDIT OPINION
1 April 2025

Update

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RATINGS

Electrabel SA

Domicile	Brussels, Belgium
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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Electrabel SA

Update following rating affirmation

Summary

Electrabel SA's (Baa1 stable) credit quality is supported by the scale and breadth of its operations, which include leading positions in power generation and supply in its core markets of Belgium and the Netherlands, and strong presence in Spain, Italy, France and the UK; the company's relationship with, and importance to, its parent ENGIE SA (ENGIE, Baa1 stable); and our expectation that Electrabel's leverage, expressed as funds from operations (FFO)/net debt, will remain comfortably above 30% on a forward-looking basis thanks to the proceeds from the disposal of its non-European activities.

These factors are balanced against the earnings volatility stemming from Electrabel's exposure to merchant power generation in Europe and its limited technological diversification.

In March 2025, we affirmed Electrabel's Baa1 rating with a stable outlook following the closing on 14 March 2025 of an agreement between ENGIE and the Government of Belgium covering Electrabel's Belgian nuclear activities.

Credit strengths

» Large scale and diversification, which mitigate cash flow volatility

» Close financial integration with its parent ENGIE, including ENGIE's parent company guarantee covering Electrabel's dismantling obligations and nuclear waste volume risks, and cash pooling arrangements between both companies

Credit challenges

» Earnings volatility stemming from its exposure to merchant power generation in Europe

» Limited technological diversification with significant exposure to gas-fired power generation, resulting from partial nuclear phaseout in Belgium

Rating outlook

The stable outlook reflects our expectation that Electrabel will maintain solid financial metrics, with FFO/net debt exceeding the 2021-23 average.

Factors that could lead to an upgrade

The ratings could be upgraded if Electrabel maintains a strong financial profile and ENGIE's rating is upgraded.

Factors that could lead to a downgrade

We could downgrade Electrabel's ratings if the company's operating performance or capitalisation were to deteriorate significantly and were not offset by support from ENGIE, or it were no longer considered financially and operationally integrated within the ENGIE group, for instance as a result of a further significant decline in its scope of activities, or of a change in ENGIE's strategy or financial policy.

Key indicators

Exhibit 1
Electrabel SA

	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Moody's 12-18 Months Forward View
(CFO Pre-W/C + Interest) / Interest	3.7x	4.0x	4.7x	2.9x	3.4x	5x - 6x
(CFO Pre-W/C) / Net Debt	23.6%	27.6%	42.3%	25.2%	33.6%	35% - 45%
RCF / Net Debt	21.6%	19.6%	39.3%	15.6%	31.6%	25% - 35%

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.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Electrabel SA is a leading power utility in Europe, with a strong position in its core market of Belgium (Aa3 negative), and the Netherlands (Aaa stable), and sizeable operations notably in Italy (Baa3 stable), Spain (Baa1 positive), France (Aa3 stable) and the United Kingdom (Aa3 stable). It is 100% owned by ENGIE. Electrabel combines most of ENGIE's power generation activities in Europe, excluding essentially renewables and gas-fired power plants in France. Following the carve-out of its non-European activities, the company no longer has operations outside Europe.

In 2023, Electrabel reported revenue of €32.8 billion and EBITDA of €6.2 billion. We estimate that in the new, reduced scope, Electrabel's revenue and EBITDA would have been approximately €25.6 billion and €3.4 billion, respectively.

Detailed credit considerations

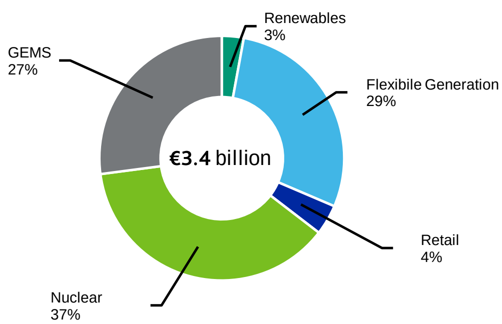
Change in scope following the implementation of the nuclear agreement

On 14 March 2025, Electrabel and the Belgian government closed the agreement covering the 10-year extension of two nuclear reactors and the transfer of responsibility related to nuclear waste. This followed a conditional approval by the European Commission in February 2025. As part of the agreement, ENGIE restructured its operations: Electrabel now only directly owns European assets, while non-European assets are held by other subsidiaries of ENGIE. Also, a parent company guarantee from ENGIE covers all of Electrabel's decommissioning obligations, nuclear waste volume risks and the repayment of the loans extended by Synatom, Electrabel's 100%-owned subsidiary in charge of managing the fuel cycle for the Belgian nuclear power plants.

While Electrabel's credit quality continues to benefit from its large scale and diversification across different geographies and asset types, these credit support features have been dampened following the change in scope. In the new scope of Electrabel, the company no longer operates outside of Europe, where the group generated 45% of its EBITDA in 2023. Also, we estimate the company's total assets within the new, smaller scope to be close to €30-€40 billion, compared with the €85.3 billion reported by the company at year-end 2023.

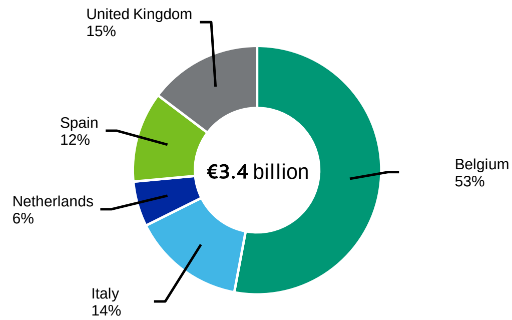
The business mix of the company has also evolved and no longer includes regulated network activities that were concentrated in South America. The new scope of Electrabel is focused on electricity production as well as electricity and gas supply. As of year-end 2022, the electricity production encompassed thermal assets, with 11.7 gigawatt (GW) (Electrabel consolidated share) of gas power plants distributed across Belgium, Italy, the Netherlands, Portugal and Spain; 4 GW of nuclear power plants in Belgium, of which 2 GW will be managed through a 50% joint venture with the Belgian state, while other Belgian nuclear assets will be phased out by the end of 2025; 1.2 GW of French nuclear drawing rights; 3.3 GW of hydro generation capacity, of which the 2.1 GW First Hydro pumping station in England and 1.2 GW in Belgium; and 0.9 GW of other renewable capacity, mainly wind onshore, biomass and biogas.

Exhibit 2
New business mix is titled towards energy production and supply activities...
Proforma EBITDA of Electrabel by segment (2023)



GEMS covers supply to large and very large companies, and asset management/ optimisation and power purchase agreement activities.
Sources: Company reports and Moody's Ratings

Exhibit 3
...with operations now solely in Europe
Proforma EBITDA of Electrabel by geography (2023)



Sources: Company reports and Moody's Ratings

Hedging policy and supply position mitigate commodity price risks

Following the execution of the agreement with the Belgian government, Electrabel is no longer exposed to regulated activities, and its exposure to contracted activities has declined significantly.

Hedging reduces the group's significant exposure to commodity price risk in merchant markets in Europe. The ENGIE group's strategy is to sell forward a substantial portion of its outright power generation on a three-year rolling basis. For example, as of 31 December 2024, the group sold in advance 62% of its 2025 nuclear and hydro output, 44% of its 2026 output and 21% of its 2027 output, at an average price of €114/megawatt-hour (MWh), €87/MWh and €64/MWh, respectively.

Electrabel also holds a sizeable electricity (and gas) supply business in Belgium and in the Netherlands, but also in Spain, the UK and Italy, which provides some degree of natural protection because of the implied vertical integration with the group's power generation activities in these countries.

Belgium's nuclear power facilities will be partially phased out by 2025

In December 2023, the Belgian government signed the final agreement with ENGIE to extend the lifetime of ENGIE's two youngest nuclear reactors of 1 GW each (Tihange 3 and Doel 4) by 10 years (see [Agreement with Belgian government would de-risk ENGIE's nuclear waste exposure at the expense of credit headroom], 30 June 2023). The agreement does not affect the scheduled phaseout of Electrabel's other three reactors in the country in 2025, which will reduce the company's operations and earnings contribution from Belgium significantly. The agreement obtained validation by the European Commission in February 2025. Following this, ENGIE and the Belgian government closed the agreement on 14 March 2025.

This agreement notably reduced the price risk for these two nuclear reactors now operated by a 50% owned joint venture with the Belgian government, thanks to the implementation of a contract for difference mechanism. After a €4.4 billion nuclear provision increase in 2023 and following the agreement with the Belgian government, the group is required to make two payments totaling €15 billion (in 2022€) for the transfer of waste liabilities to the Belgian government, in two installments, one of €11.5 billion in March 2025 (already done), and another one of €3.5 billion scheduled by year-end 2025, after the restart of the two nuclear plants.

The carve-out is supportive of Electrabel's capital structure

We expect Electrabel's financial policy, as determined by ENGIE, to remain unchanged and to continue to support a solid capital structure.

Electrabel's financial risk profile remained sound in 2023, supported by EBITDA of €6.2 billion, up 10% from that in 2022. This was primarily driven by the strong performance of renewables, which benefited from high power prices and additional capacities, as well as sound performance in international network activities. Its FFO/net debt and retained cash flow/net debt rose to 33.6% and 31.6%, respectively, in 2023, up from 26.6% and 17% in 2022. This reflects the strong operational performance during the year and the absence of any dividend paid to ENGIE.

Following the execution of the deal with the Belgian government, we expect Electrabel to maintain its strong financial risk profile over 2025-27. This is thanks to the proceeds from the disposal to ENGIE of the company's non-European assets. This is also because ENGIE will financially support Electrabel's commitment to gradually fully finance the unfunded part of its nuclear decommissioning provisions through investments in dedicated assets. The Belgian Minister of Energy requires Electrabel to fully fund its nuclear decommissioning provisions until 2030. This should contribute to a significant reduction in Electrabel's Moody's-adjusted net debt, which is primarily represented by nuclear provisions net of dedicated assets.

We expect ENGIE to maintain its conservative stance towards Electrabel and ensure that it remains well capitalised. Also, any capitalistic decision (including dividend payments) by Electrabel exceeding €150-€250 million in a year (depending on the outstanding Synatom loans as a percentage of provisions) is required to be approved by the Belgian Commission for Nuclear Provisions. The capitalistic control does not apply to the distribution of the net proceeds related to the carve out of International Power Ltd and of ENGIE Invest International S.A. (Baa1 stable), which are authorized by the Phoenix law following the decrease of indebtedness and coverage of the residual nuclear liabilities.

Electrabel remains a strategically important asset to ENGIE, which rules out any divestment

Our assessment of Electrabel's credit quality reflects the company's standalone credit strength and its position as a strategically important entity within ENGIE, given its significant contribution to the group's EBITDA — 41% in 2023, and we estimate 20%-25% in 2024 under Electrabel's new, reduced scope. We expect this percentage to decrease over 2025-27, because of the partial nuclear phaseout in Belgium, and due to lower wholesale power prices.

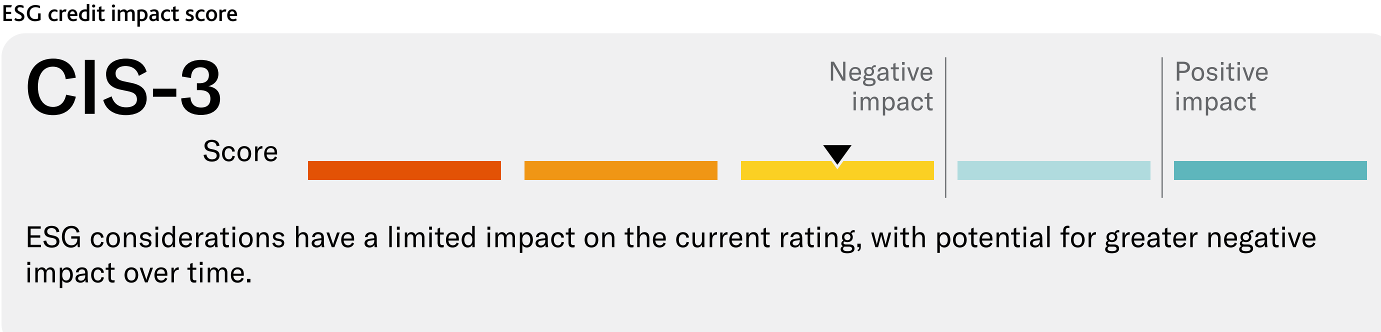
Although the future ownership of Electrabel was somewhat uncertain in the past, ENGIE has confirmed its intention to remain the sole shareholder of Electrabel. In addition, under the nuclear agreement signed in December 2023 and now implemented, ENGIE must maintain exclusive ownership of Electrabel until the end of the decommissioning of all nuclear operations in Belgium, unless otherwise agreed with the Belgian government. Also, ENGIE now provides a parent company guarantee to Electrabel, covering Electrabel's dismantling provisions, nuclear waste volume risks, and the reimbursement of Synatom loans. ENGIEe also provides a parent company guarantee covering Electrabel's obligations arising from its role as a nuclear operator.

We assume that the overall financing strategy of ENGIE will continue to determine Electrabel's capital structure and credit ratios, including support to finance the unfunded portion of nuclear provisions. This will ensure that the company remains well capitalised, and the borrowings required for future investments of ENGIE, including Electrabel, will be centralised at the parent company level, except for where local circumstances and company policy favour the use of financing at the subsidiary level.

ESG considerations

Electrabel SA's ESG credit impact score is CIS-3

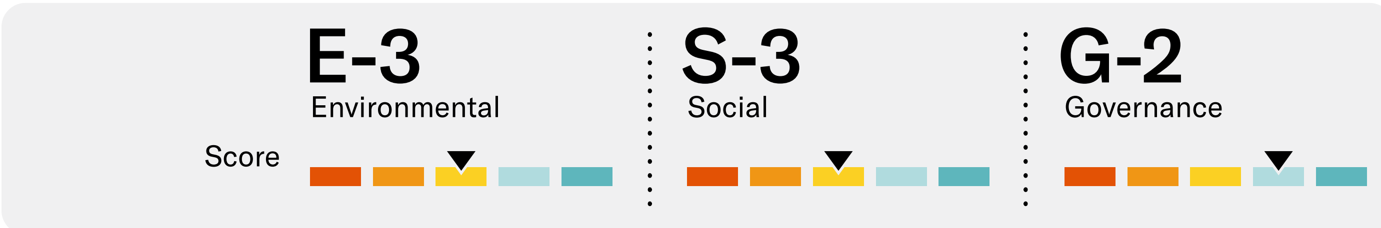
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

Electrabel's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. The score reflects moderate environmental and social risks, neutral to low governance risks, and its full ultimate ownership by ENGIE (**CIS-3**).

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Electrabel's **E-3** score reflects the group's moderate exposure to waste and pollution risks because it is responsible for nuclear decommissioning. The score also captures a moderate exposure to carbon transition risk, as a result of the predominance of gas in the generation mix (we estimate approximately 50% in 2023). Exposure to physical climate risks is also moderate, reflecting risks associated with potential floods in the Walloon region where Electrabel operates power stations.

Social

Electrabel'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 implementation of a tax on nuclear in Belgium to moderate the affordability burden. The score also reflects moderate responsible production risks given nuclear exposures and associated risk to public health.

Governance

Electrabel's **G-2** score reflects risks related to board structure, policies and procedure, given concentrated ownership (fully owned by ENGIE) and the large control and oversight exercised by its parent company. However, these risks are moderated by neutral to low risks related to financial strategy and risk management, management credibility and track record, organizational structure, and compliance and reporting.

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

Electrabel's liquidity is based primarily on its strong cash generation and substantial holdings of cash and marketable securities. As of 31 December 2023, Electrabel had €10.3 billion of cash and cash equivalents, and marketable securities.

Electrabel's liquidity is also underpinned by its position within the broader ENGIE group, whose financial policy is founded on the centralisation of financing needs and cash flow surpluses through cash pooling. We expect ENGIE to manage intragroup cash flow to ensure that Electrabel comfortably meets its funding needs.

Methodology and scorecard

Electrabel is rated in accordance with our Unregulated Utilities and Unregulated Power Companies rating methodology.

Exhibit 6
Rating factors
Electrabel SA

Unregulated Utilities and Unregulated Power Companies Industry Grid [1][2]	Current FY 12/31/2023		Moody's 12-18 Month Forward View As of March 2025 [3]	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Scale (USD Billion)	Aa	Aa	A	A
Factor 2 : Business Profile (40%)				
a) Market Diversification	Aaa	Aaa	Aa	Aa
b) Hedging and Integration Impact on Cash Flow Predictability	A	A	Baa	Baa
c) Market Framework & Positioning	A	A	Ba	Ba
d) Capital Requirements and Operational Performance	Ba	Ba	Ba	Ba
e) Business Mix Impact on Cash Flow Predictability	Baa	Baa	Baa	Baa
Factor 3 : Financial Policy (10%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (40%)				
a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg)	3.5x	Ba	5x - 6x	Baa
b) (CFO Pre-W/C) / Net Debt (3 Year Avg)	32.4%	Baa	35% - 45%	A
c) RCF / Net Debt (3 Year Avg)	27.2%	A	25% - 35%	A
Rating:				
a) Scorecard-Indicated Outcome		A3		Baa1
b) Actual Rating Assigned				Baa1

[1] All ratios are based on adjusted financial data and incorporate our Global Standard Adjustments for Non-Financial Corporations. [2] As of 12/31/2023. [3] This represents our forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Ratings

Exhibit 7

Category	Moody's Rating
ELECTRABEL SA	
Outlook	Stable
Issuer Rating -Dom Curr	Baa1
Other Short Term -Dom Curr	(P)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
ENGIE CC	
Outlook	Stable
Issuer Rating	Baa1
ENGIE INVEST INTERNATIONAL S.A.	
Outlook	Stable
Issuer Rating -Dom Curr	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, 22 December 2022

Sectors 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: 2025 Outlook - Stable as energy transition challenges offset power price benefits, 19 November 2024

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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