



S&P Global affirms Elia Group, Eurogrid and ETB's BBB+ rating and revises the outlook to negative for Elia Group and Eurogrid

Regulated information

Highlights

- Elia Group's, ETB's and Eurogrid's credit ratings remain unchanged
- S&P Global affirms credit ratings at BBB+ and revises the outlook to 'negative' for Elia Group and Eurogrid. For ETB, the credit rating is affirmed at BBB+ with a stable outlook

BRUSSELS - BERLIN | S&P Global (S&P) affirmed Elia Group's and Eurogrid GmbH ("Eurogrid") BBB+ long-term credit rating but revised the outlook to negative from stable. The long-term credit rating of Elia Transmission Belgium ("ETB") of BBB+ was affirmed with a stable outlook. The negative outlook for Elia Group and Eurogrid reflects S&P's view that Elia Group's and Eurogrid's adjusted FFO to Debt could decline below S&P's guidance for its ratings due to the recently announced CAPEX update as well as the revised financial policy targets.

The rating action follows the announcement made on the 25 November 2022 regarding the new CAPEX plan 2023-2027 estimated of around €7.2 billion and €8.7 billion for Belgium and Germany (respectively). In light of the capex acceleration, the Board decided to revise its financial policy targets for Elia Group and Eurogrid from the 'BBB+' rating target to a 'minimum BBB (flat)' target, introducing the concept of a rating floor as opposed to a firm rating target.

Elia Group will continue to finance its capex plan in Belgium and Germany in line with the current 'gearing' ratios. By doing so, the capex acceleration is expected to have a more prominent effect at Eurogrid than ETB, which has brought us to revise our financial policy for Eurogrid and Elia Group, reflecting on Elia Group's prudent approach to maintain some headroom against its financial policy targets. ETB's financial policy is unchanged at BBB+. Elia Group will contemplate further equity remedies to protect its balance sheet, and its ratings at both ETB and Eurogrid provided that the regulatory frameworks remain supportive for the investments.

S&P expects to resolve the negative outlook on Elia Group and Eurogrid once there is sufficient clarity on regulators' decisions on the new regulatory frameworks and visibility on timeliness and magnitude of remedy measures.

About Elia Group

One of Europe's top five TSOs

Elia Group is a key player in electricity transmission. We ensure that production and consumption are balanced around the clock, supplying 30 million end users with electricity. Through our subsidiaries in Belgium (Elia) and the north and east of Germany (50Hertz), we operate 19,192 km of high-voltage connections, meaning that we are one of Europe's top 5 transmission system operators. With a reliability level of 99.99%, we provide society with a robust power grid, which is important for socio-economic prosperity. We also aspire to be a catalyst for a successful energy transition, helping to establish a reliable, sustainable and affordable energy system.

We are making the energy transition happen

By expanding international high-voltage connections and incorporating ever-increasing amounts of renewable energy into our grid, we are promoting both the integration of the European energy market and the decarbonisation of society. We also continuously optimise our operational systems and develop new market products so that new technologies and market parties can access our grid, thus further facilitating the energy transition.

In the interest of society

As a key player in the energy system, Elia Group is committed to working in the interest of society. We are responding to the rapid increase in renewable energy by constantly adapting our transmission grid. We also ensure that investments are made on time and within budget, with a maximum focus on safety. In carrying out our projects, we manage stakeholders proactively by establishing two-way communication channels between all relevant parties very early on in the development process. We also offer our expertise to different players across the sector in order to build the energy system of the future.

International focus

In addition to its activities as a transmission system operator, Elia Group provides consulting services to international customers through its subsidiary Elia Grid International. In recent years, the Group has launched new non-regulated activities such as re.alto - the first European marketplace for the exchange of energy data via standardised energy APIs - and WindGrid, a subsidiary which will continue to expand the Group's overseas activities, contributing to the development of offshore electricity grids in Europe and beyond.

The legal entity Elia Group is a listed company whose core shareholder is the municipal holding company Publi-T.

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