

CREDIT OPINION

29 April 2020

Update

✓ Rate this Research

RATINGS

Enexis Holding N.V.

Domicile	Netherlands
Long Term Rating	Aa3
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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CLIENT SERVICES

Americas	1-212-553-1653
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EMEA	44-20-7772-5454

Enexis Holding N.V.

Update to credit analysis

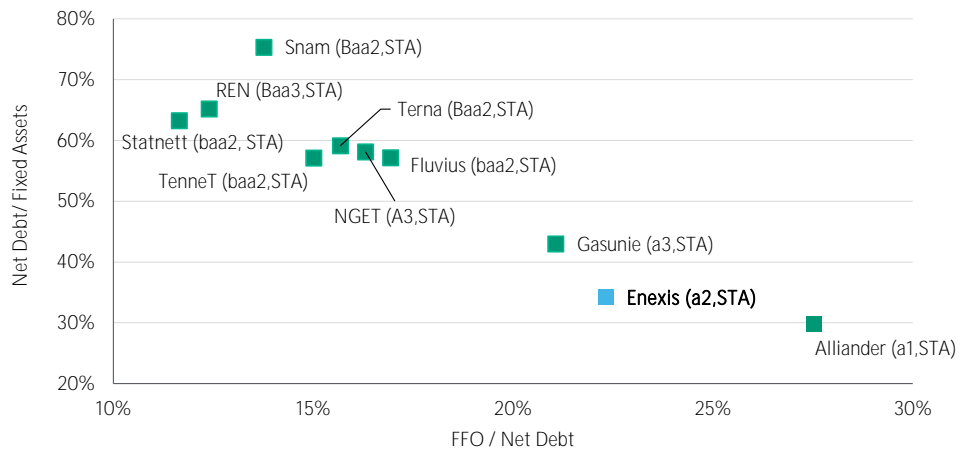
Summary

The credit quality of [Enexis Holding N.V.](#) (Enexis, Aa3 stable) is underpinned by (1) the low-risk business profile of its domestic electricity and gas distribution network operations, which generate more than 90% of earnings and cash flow; (2) a well-defined and transparent regulatory framework; and (3) the company's balanced financial profile, with relatively modest leverage for the sector, and robust liquidity.

The company has historically maintained a strong financial profile, but we expect a modest decline in the medium term because of further decline in regulatory allowed returns and growing capital spending, primarily related to facilitating the delivery of [the Netherlands'](#) (Aaa stable) ambitious energy transition objectives. Nevertheless, the company's financial metrics will remain strong compared with those of other European networks until the end of the current regulatory period.

Exhibit 1

Modest leverage compared with that of its European peers supports strong standalone credit quality



Ratings are the standalone credit quality, expressed as assigned final rating or Baseline Credit Assessment where applicable. NGET = National Grid Electricity Transmission. Source: Moody's Investors Service

The Aa3 rating incorporates a two-notch uplift from Enexis' standalone credit quality, reflecting the likelihood of extraordinary financial support being provided by its owners — the largest of which is the Province of Noord-Brabant, holding around 31% of Enexis' shares — if needed.

Credit strengths

- » Low business risk of monopoly distribution network activities, with limited contribution from unregulated businesses
- » Stable and transparent regulatory regime
- » Modest leverage, compared with that of the wider peer group
- » Expectation of strong support from local government shareholders, given the essentiality of assets

Credit challenges

- » Reductions in allowed returns have reduced financial flexibility
- » Increasing capital spending requirements support the country's energy transition
- » Stranded asset risk faced by gas networks in the context of energy transition, although the regulator is considering options to alleviate its impact
- » Continued low interest rate environment could lead to a further reduction in allowed return in the next regulatory period (2022-26), depressing cash flow-based metrics

Rating outlook

The stable outlook reflects our expectation that Enexis will continue to derive most of its revenue and cash flow from low-risk regulated activities and maintain a financial profile in line with our minimum guidance for the current rating.

Factors that could lead to an upgrade

An upgrade of the final rating is considered unlikely at this time, taking into account the expected modest weakening in Enexis' financial profile as a result of decreasing allowed returns during the current regulatory period and the increase in capital spending requirements intended to facilitate the delivery of the country's ambitious energy transition objectives.

Factors that could lead to a downgrade

A rating downgrade could be triggered if Enexis fails to maintain the following minimum credit metrics: funds from operations (FFO)/net debt in the mid-to-high teens and net debt/fixed assets no higher than the low 50s, both in percentage terms.

The Aa3 rating could also be subject to downward pressure if our view of the credit profile of the municipalities and provinces owning Enexis or our assessment of extraordinary support weakens.

Key indicators

Exhibit 2

Enexis Holding N.V.

	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019	2020 proj.
FFO Interest Coverage	6.5x	8.2x	10.0x	9.9x	11.3x	11.4x
Net Debt / Fixed Assets	27.8%	32.5%	32.5%	32.3%	34.2%	35.8%
FFO / Net Debt	32.1%	26.0%	24.8%	25.0%	22.3%	20.0%
RCF / Net Debt	24.4%	21.0%	20.2%	20.6%	17.7%	16.2%

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Moody's projections (proj.) reflect Moody's view, not the view of the issuer

Sources: Moody's Financial Metrics™ and Moody's Investors Service

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

Profile

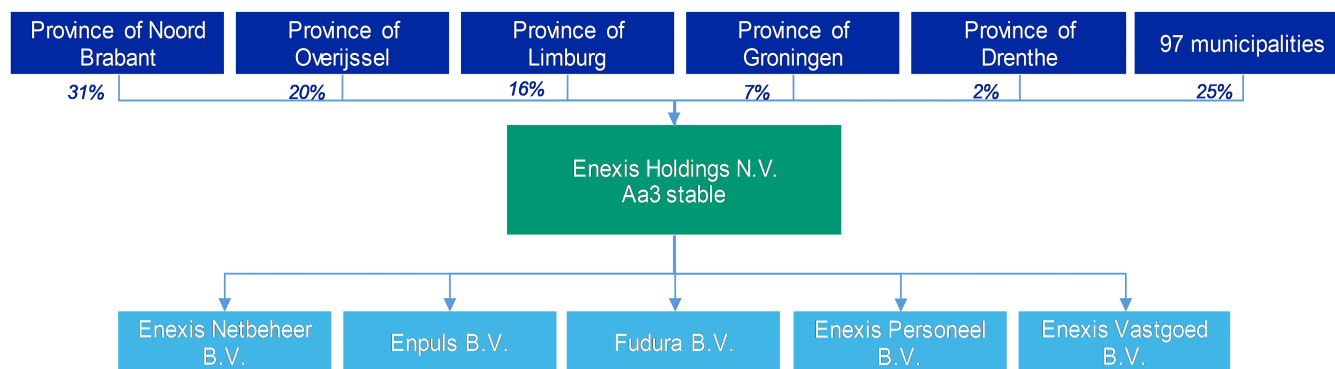
Enexis Holding N.V. (Enexis) is a holding company of Enexis Netbeheer B.V. (previously Enexis B.V.), which provides the regulated activities of owning and managing the gas and electricity distribution networks in several Dutch regions, covering around 31% of the country. The group's regulated activities generate more than 95% of revenue and represent around 90% of the group assets. The Enexis group is one of the three largest electricity and gas distribution network operators in the Netherlands, responsible for the maintenance, management and development of the medium-voltage electricity and gas distribution grids. It operates around 141,000 kilometres (km) of electricity cables and 46,400 km of gas pipelines, delivering electricity to around 2.8 million customers and gas to 2.3 million customers.

Enexis is also the holding company for non-regulated entities including Enpuls B.V., which focuses on innovation in relation to energy transition; Fudura B.V., which provides non-regulated energy management solutions; and two subsidiaries (Enexis Personeel B.V. and Enexis Vastgoed B.V.) that support the group in human resources and property management.

Enexis is owned by the five Dutch provinces (together owning 75.6%; Noord-Brabant (31%), Overijssel (20%), Limburg (16%), Groningen (7%) and Drenthe (2%)) and 88 municipalities (24.4%) of its service area.

Exhibit 3

Simplified organisational structure of the Enexis group



Endinet Groep B.V., which was acquired in January 2016, was legally dissolved in 2019 after being fully integrated into Enexis.

Sources: Enexis and Moody's Investors Service

Detailed credit considerations

Low business risk, underpinned by regulated cash flow

Enexis' core business activities relate to low-risk monopoly network operation. These activities generate predictable cash flow over the medium to long term and provide good visibility into future funding requirements.

Less than 10% of Enexis' revenue is derived from other utility services. These non-regulated businesses are complementary to the core activities and include the Fudura energy services brand.

Established regulatory framework, but returns continue to decline

The Dutch regulatory framework, applied since 2000 and 2001 for electricity and gas networks, respectively, allows the country's distribution network companies to earn a return on their regulated asset base and provides allowances for costs adjusted for Consumer Price Index inflation and an efficiency incentive factor. The regulation incorporates incentives determined using a "yardstick" mechanism, which defines the cost efficiency and quality factors based on industry averages and encourages network companies to improve profitability by outperforming the sector. This approach is typical among regulatory regimes in Europe, and we believe that the application by the Dutch regulator, the Authority for Consumers and Markets (ACM), has been transparent and consistent to date.

The current regulatory period for both electricity and gas distribution runs from January 2017 to December 2021. The Method Decisions, the ACM's final determination, were published in September 2016 and originally included a gradual reduction in the allowed return (weighted average cost of capital [WACC]) to 3.0% from 4.3% (both pretax, real) by 2021. Following successful appeals from Distribution System Operators (DSOs), new Method Decisions were published in January 2019, with the average WACC unchanged over the period but starting and finishing 20 basis points higher and lower, respectively. The Dutch network operators appealed the decision to lower the 2021 WACC and the appeal body College van Beroep voor het bedrijfsleven (CBb), ruled in December 2019 that the 2021 WACC in the original Method Decision should apply¹.

Exhibit 4

Allowed return for Dutch network operators shows a declining trend

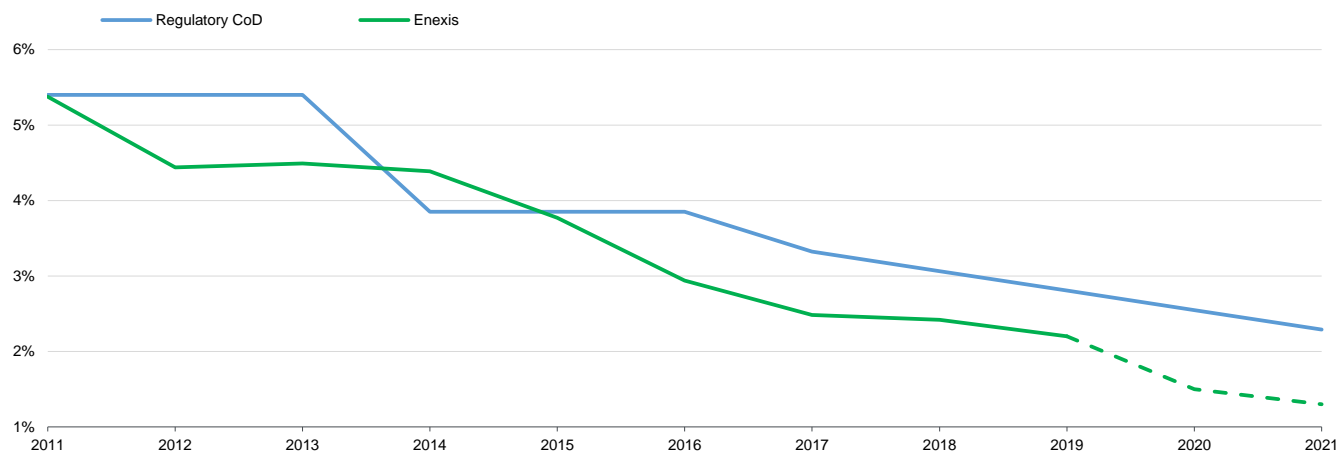
WACC - Dutch DSOs	2008-2010	2011-2013	2014-2016	2017	2018	2019	2020	2021
risk free rate	4.00%	3.95%	2.50%	2.27%	2.03%	1.80%	1.56%	1.33%
risk premium	0.80%	1.50%	1.20%	0.91%	0.88%	0.86%	0.83%	0.81%
transaction costs	0.00%	0.00%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Nominal Cost of Debt	4.80%	5.45%	3.85%	3.32%	3.06%	2.81%	2.55%	2.29%
nominal risk free rate for CoE	4.00%	3.95%	2.50%	1.28%	1.28%	1.28%	1.28%	1.28%
market risk premium	5.00%	5.00%	5.00%	5.05%	5.05%	5.05%	5.05%	5.05%
asset beta	0.41	0.42	0.35	0.44	0.43	0.43	0.42	0.42
equity beta	0.86	0.81	0.61	0.77	0.76	0.76	0.75	0.74
Nominal Cost of Equity	8.30%	8.00%	5.55%	5.18%	5.14%	5.10%	5.06%	5.02%
gearing assumption	60%	55%	50%	50%	50%	50%	50%	50%
tax rate	25.5%	25.5%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Nominal WACC pre-tax	7.3%	7.8%	5.63%	5.11%	4.96%	4.80%	4.65%	4.49%
inflation	1.75%	1.55%	2.00%	0.90%	1.03%	1.16%	1.29%	1.42%
Real WACC pre-tax	5.5%	6.2%	3.6%	4.21%	3.93%	3.64%	3.36%	3.0%

(1) The WACC for 2021 corresponds to the original Method Decisions published in 2016, following the CBb ruling of December 2019. (2) The calculation for 2017-20 corresponds to a straight-line extrapolation between the 2016 WACC (Amended Method Decisions) and the 2021 WACC (Original Method Decisions).

Sources: ACM and Moody's Investors Service

The reduction in allowed returns is less material than for the 2014-16 regulatory period, during which it fell to 3.6% from 6.2% (both pretax, real) in linear steps. Enexis has demonstrated its ability to operate within the bounds of the regulatory return allowance and to fund comfortably within the cost of debt assumed by the regulator. We expect Enexis' cost of external debt to remain within the allowed cost for the period, supported by ongoing refinancing and new funding for its investment programme.

Exhibit 5

We expect Enexis to continue to outperform the regulatory cost of debt allowance over the remainder of the current regulatory period

Our estimate includes Enexis' refinancing needs and new funding required to support the increase in investments at current interest rate curves.

Sources: ACM, Enexis and Moody's Investors Service

The regulator also imposes a series of cost-efficiency targets on the networks, which, combined with the allowed return, determine the so-called X-factor, currently set at 2.13% for electricity and 1.54% for gas annually for Enexis (previously around 5% and 7%, respectively). While base costs were reset on the basis of average efficient costs in the 2013-15 period, resulting in an increase in the overall revenue allowance for 2017-21, the forward-looking operating efficiency targets embedded in the X-factor may still prove difficult.

National energy transition plan increases capital spending and brings challenges for the next regulatory period

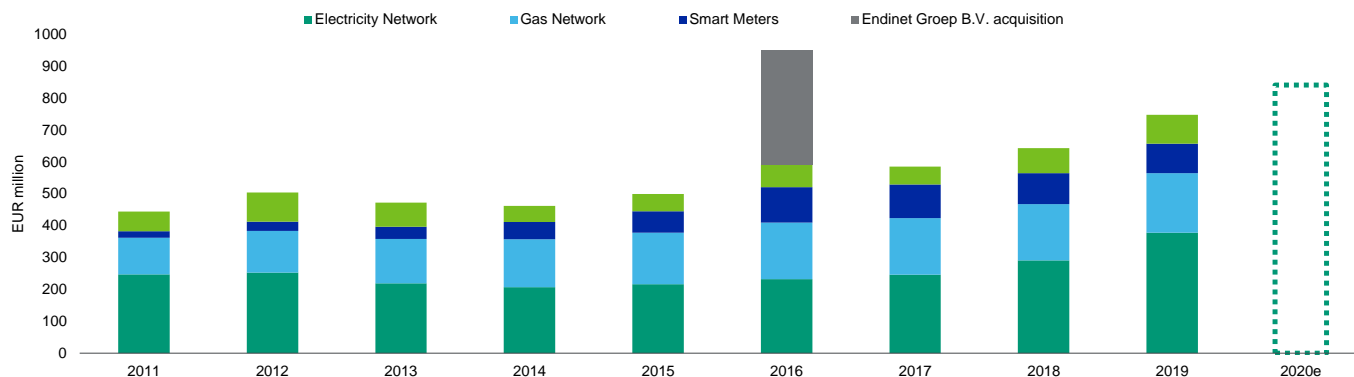
The Netherlands has committed to ambitious climate change targets for 2020, including a 16% reduction in greenhouse gas emissions, compared with the 2005 levels, and 14% of gross final energy consumption from renewable energy. Progress has been slow and the Netherlands shows the largest gap between actual and planned renewable energy development in the European Union, with an actual share of renewables of 7.4% for 2018, compared with an indicative trajectory of 9.9%.

In June 2019, the Dutch Government adopted the Dutch Climate Agreement which commits the Netherlands to (1) a 49% reduction in CO₂ emissions (relative to 1990 levels) and the generation of 70% of electricity by renewable energy sources by 2030; and (2) a 95% reduction in CO₂ emissions (relative to 1990 levels) and the generation of all electricity carbon neutrally by 2050.

Delivering these targets will require a significant acceleration of the energy transition across many areas that would result in material incremental capital spending for Enexis in the 2020s, including new connections for local renewable generation (primarily solar and onshore wind), reinforcing the grid to cope with the growth in electric vehicles and heat transition. Enexis has reported that, combined with the shortage of a skilled labour force, a shortage of grid capacity has led to some delay in connecting renewables to the grid.

The company's work package, which corresponds to long-term investments in its networks and smart meters and includes some operational costs, amounted to €804 million in 2019 and is likely to reach €878 million in 2020. This translated into €747 million total gross capital spending in 2019 and we forecast gross capital expenditure in excess of €800 million in 2020. As a result of the increase in capital spending need, Enexis has requested its shareholders to strengthen the company's equity through the issuance of a convertible hybrid shareholder loan for a target amount of €500 million, closing in July 2020 and November 2020.

Exhibit 6

Enexis' capital spending will continue to increase in 2020 to support the country's energy transition

Note: The 2020 forecast corresponds to the mid-point of the company's guidance of 10-15% increase in capex from 2019.

Sources: Enexis and Moody's Investors Service

Regulator considers options to mitigate stranded asset risk for the gas network

As illustrated by the cancellation of the requirement to provide compulsory gas connections to new residential areas, the Netherlands is moving away from natural gas towards more sustainable sources of energy, which raises the risk of stranded assets for gas networks. The ACM is considering its impact on gas networks' allowed revenue for the 2022-26 regulatory period through the Morgan project and should start a consultation process on this subject in 2020. In parallel, the ACM is conducting analyses on the alternative uses of the gas network, such as green gas and hydrogen.

The country is contemplating developing its district heating infrastructure. While the activity does not benefit from a similar regulatory framework as electric or gas networks, some Dutch network operators such as Enexis could decide to have a role in its operation.

Modest leverage, compared with peers, supports strong standalone credit quality

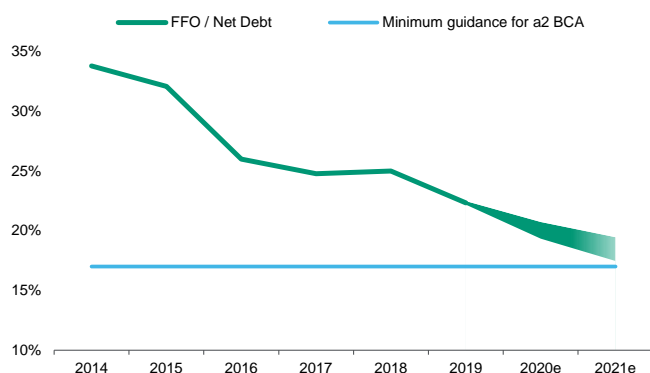
Like its closest peer [Alliander N.V.](#) (Aa2 stable), Enexis exhibits a strong financial profile with modest financial leverage compared with the wider European peer group of energy network companies. We expect Enexis' metrics to weaken with the reduction in allowed returns (itself a reflection of the continued low interest rate environment) and increasing investment requirements to support delivery of the country's energy transition.

Financial metrics will also be negatively affected by the increase in transmission tariffs for the high-voltage grid in 2020 which will result in a c. €50 million increase in procurement costs paid by Enexis to [Tennet Holding B.V.](#) (A3 stable). While these costs will be pass-through to consumers and recovered by Enexis with a two-year lag, the increase in costs will result in a decrease of around 1.7 percentage points of projected FFO / net debt in 2020.

Nevertheless, overall leverage will remain modest in the wider European context. We expect Enexis to maintain FFO/net debt in the high-teens to low 20s range in percentage terms and net debt/fixed assets below 40% until the end of the regulatory period. The robust financial metrics is also supported by a comparably modest dividend policy, with a maximum payout ratio of 50%, and an implicit commitment to shareholders to maintain an absolute dividend level of around €100 million on a best-efforts basis.

Exhibit 7

**We expect a decline in cash flow because of lower returns ...
FFO/net debt against ratio guidance**

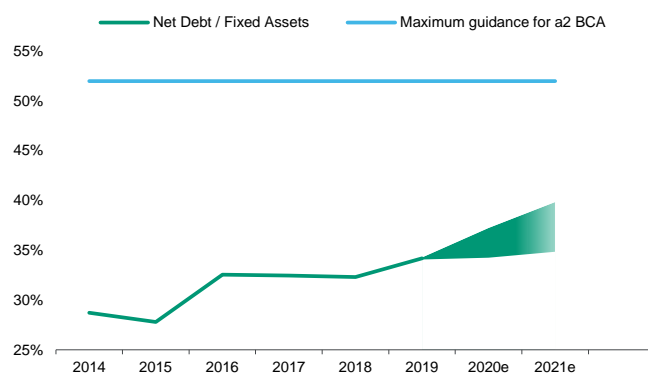


All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; Moody's projections represent Moody's forward view; not the view of the issuer; and unless noted in the text, do not incorporate significant acquisitions and divestitures.

Source: Moody's Investors Service

Exhibit 8

**... but relatively stable net debt/fixed assets
Net debt/fixed assets against ratio guidance**



All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; Moody's projections represent Moody's forward view; not the view of the issuer; and unless noted in the text, do not incorporate significant acquisitions and divestitures.

Source: Moody's Investors Service

Final rating incorporates two notches of rating uplift

Given its 100% ownership by Dutch provinces and municipalities, Enexis falls within the scope of our [Government-Related Issuers](#) rating methodology, published in February 2020.

Enexis' Aa3 rating incorporates a two-notch uplift from its standalone credit quality, expressed as a Baseline Credit Assessment of a2, reflecting the likelihood of extraordinary financial support being provided by its owners, if ever required, the largest of which is the Province of Noord-Brabant with around 31% shares. Although the ownership of Enexis is relatively fragmented among five provinces and 88 municipalities, our assumption of strong support reflects the importance of Enexis' network operations for the regional economy, the fact that the four largest provinces together hold around 75% of the company's shares and the strong governance framework in the Netherlands with oversight by the national government.

Our assessment of a very high level of default dependence reflects Enexis' significant exposure to the Dutch economy, as almost all of the company's revenue and cash flow are generated from domestic activities.

In addition, the Dutch government's ambitious decarbonisation agenda increases the strategic importance of Enexis to its owners as the central government increasingly sees municipalities as partners in the energy transition.

Low exposure to the impact from the coronavirus outbreak

The rapid and widening spread of the coronavirus outbreak, the deteriorating global economic outlook, falling oil prices and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. We regard the coronavirus outbreak as a social risk under our environmental, social and governance (ESG) framework, given the substantial implications for public health and safety.

European energy networks have a low exposure to the impact of the coronavirus outbreak. As providers of an essential service, companies have been able to maintain their operations.

Measures to counter the spread of the virus will result in lower-than-expected electricity consumption in 2020, which will result in network load (distribution volumes) and collected revenue being lower than expected. However, regulated networks benefit from regulatory protections against reduced consumption. In the case of Dutch DSOs, their exposure to volume risk is small because revenue is mostly based on capacity rather than volume.

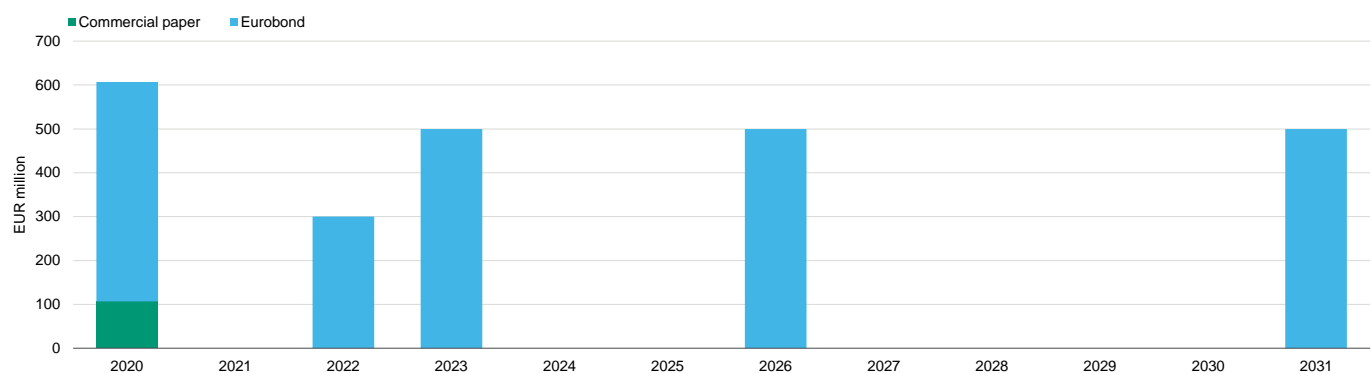
Government restrictions, self-isolation and higher levels of staff sickness may delay the planned delivery of network operators' investment programmes. However, we expect the impact to be small for Enexis, taking into consideration the moderate restrictions imposed by the Dutch government on construction work.

Liquidity analysis

Enexis' liquidity is supported by the strong and predictable cash flow generated from its regulated network activities, a cash and cash equivalent balance of €62 million as of 31 December 2019, and available committed bank facilities. Enexis has access to a €850 million committed revolving credit facility (RCF) of which €114 million mature in December 2023 and €736 million mature in December 2024 (with a one-year extension option). It also has access to three bilateral RCFs of €150 million each, maturing in November 2021. At 31 December 2019, all facilities were fully undrawn.

Exhibit 9

Enexis' debt maturities are well distributed As of 31 December 2019



Sources: Enexis and Moody's Investors Service

Methodology and scorecard

Enexis is rated in accordance with the rating methodologies for [Regulated Electric and Gas Networks](#), published in March 2017, and [Government-Related Issuers](#), published in February 2020.

Exhibit 10

Rating factors

Enexis Holding N.V.

Regulated Electric and Gas Networks Industry Grid [1][2]	Current FY 12/31/2019		Moody's 12-18 Month Forward View As of April 2020 [3]	
	Measure	Score	Measure	Score
Factor 1 : Regulatory Environment and Asset Ownership Model (40%)				
a) Stability and Predictability of Regulatory Regime	Aa	Aa	Aa	Aa
b) Asset Ownership Model	Aa	Aa	Aa	Aa
c) Cost and Investment Recovery (Ability and Timeliness)	A	A	A	A
d) Revenue Risk	Aa	Aa	Aa	Aa
Factor 2 : Scale and Complexity of Capital Program (10%)				
a) Scale and Complexity of Capital Program	Baa	Baa	Baa	Baa
Factor 3 : Financial Policy (10%)				
a) Financial Policy	A	A	A	A
Factor 4 : Leverage and Coverage (40%)				
a) FFO Interest Coverage (3 Year Avg)	10.4x	Aaa	11x - 12x	Aaa
b) Net Debt / Fixed Assets (3 Year Avg)	33.0%	Aa	35%-38%	Aa
c) FFO / Net Debt (3 Year Avg)	24.0%	A	19%-21%	A
d) RCF / Net Debt (3 Year Avg)	19.4%	A	15%-17%	A
Rating:				
Indicated Rating from Grid Factors 1-4		A1		A1
Rating Lift	0	0	0	0
a) Scorecard-indicated outcome		A1		A1
b) Actual Baseline Credit Assessment				a2
Government-Related Issuer				Factor
a) Baseline Credit Assessment				a2
b) Government Local Currency Rating				n/a
c) Default Dependence				Very High
d) Support				Strong
e) Final Rating Outcome				Aa3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 12/31/2019; Source: Moody's Financial Metrics™.

[3] This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Investors Service

Ratings

Exhibit 11

Category	Moody's Rating
ENEXIS HOLDING N.V.	
Outlook	Stable
Issuer Rating -Dom Curr	Aa3
Senior Unsecured -Dom Curr	Aa3
ST Issuer Rating -Dom Curr	P-1

Source: Moody's Investors Service

Appendix

Exhibit 12

Peer comparison

(in EUR million)	Enexis Holding N.V.			Alliander N.V.			Fingrid Oyj			N.V. Nederlandse Gasunie			TenneT Holding B.V.		
	Aa3 Stable (BCA a2)			Aa2 Stable (BCA a1)			A1 Stable (BCA a2)			A1 Stable (BCA a3)			A3 Stable (BCA baa2)		
	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-17	FYE Dec-18	FYE Dec-19
Revenue	1,398	1,445	1,491	1,797	1,920	1,930	672	853	789	1,241	1,251	1,278	3,976	4,269	4,422
EBITDA	725	760	742	658	753	755	269	300	241	793	777	898	1,530	1,675	2,007
Total Assets	7,752	7,807	8,258	8,201	8,455	8,791	2,139	2,134	2,144	9,932	9,991	10,118	19,577	21,304	22,964
Total Debt	2,571	2,395	2,696	2,166	2,156	2,376	1,110	1,085	1,120	3,787	3,841	3,807	8,776	10,114	11,007
Net Debt	2,285	2,364	2,634	2,066	2,017	2,224	1,026	1,000	1,037	3,746	3,814	3,762	8,721	10,106	10,804
FFO / Net Debt	24.8%	25.0%	22.3%	25.5%	30.3%	27.5%	21.5%	24.2%	18.6%	19.0%	16.9%	21.1%	12.9%	12.4%	15.0%
RCF / Net Debt	20.2%	20.6%	17.7%	20.1%	25.1%	20.8%	11.9%	6.9%	2.0%	16.0%	10.1%	15.0%	10.6%	10.0%	13.4%
(FFO + Interest Expense) / Interest Expense	10.0x	9.9x	11.3x	9.7x	11.3x	11.5x	13.2x	15.0x	14.1x	8.9x	8.8x	9.0x	6.6x	6.8x	8.4x
Net Debt / EBITDA	3.2x	3.1x	3.5x	3.1x	2.7x	2.9x	3.8x	3.3x	4.3x	4.7x	4.9x	4.2x	5.7x	6.0x	5.4x

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 13

Debt adjustment breakdown

(in EUR million)	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-19
As Reported Total Debt	1,774	2,269	2,276	2,487	2,303	2,696
Pensions	34	0	0	0	0	0
Leases	123	116	132	84	92	0
Moody's Adjusted Total Debt	1,931	2,385	2,408	2,571	2,395	2,696
Cash & Cash Equivalents	(206)	(657)	(198)	(286)	(31)	(62)
Moody's Adjusted Net Debt	1,725	1,728	2,210	2,285	2,364	2,634

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 14

Select historical financials as adjusted by Moody's

	FYE	FYE	FYE	FYE	FYE	FYE
(in EUR million)	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
INCOME STATEMENT						
Revenue	1,399.5	1,353.0	1,376.0	1,398.0	1,445.0	1,491.0
EBITDA	769.2	729.6	728.0	725.0	760.0	742.0
EBITDA margin %	55.0%	53.9%	52.9%	51.9%	52.6%	49.8%
EBIT	445.7	418.6	371.6	362.0	391.5	363.0
EBIT margin %	32%	31%	27%	26%	27%	24%
Amortization	32.1	27.0	31.0	29.0	24.0	26.0
BALANCE SHEET						
Net Property Plant and Equipment	6,007.4	6,217.0	6,791.0	7,040.0	7,318.0	7,704.0
Total Assets	6,539.8	7,195.0	7,416.0	7,752.0	7,807.0	8,258.0
Total Debt	1,930.9	2,385.0	2,408.0	2,571.0	2,395.0	2,696.0
Cash & Cash Equivalents	206.3	657.0	198.0	286.0	31.0	62.0
Net Debt	1,724.6	1,728.0	2,210.0	2,285.0	2,364.0	2,634.0
Total Liabilities	3,023.1	3,588.0	3,712.0	3,944.0	3,783.0	4,146.0
CASH FLOW						
Funds from Operations (FFO)	582.5	554.0	574.4	566.0	590.5	588.0
Cash Flow From Operations (CFO)	605.1	560.0	556.4	575.0	616.5	542.0
Dividends	119.5	133.0	111.0	104.0	103.0	122.0
Retained Cash Flow (RCF)	463.0	421.0	463.4	462.0	487.5	466.0
Capital Expenditures	(423.1)	(469.0)	(550.4)	(532.0)	(580.5)	(669.0)
Free Cash Flow (FCF)	62.5	(42.0)	(105.0)	(61.0)	(67.0)	(249.0)
LEVERAGE						
(FFO + Interest Expense) / Interest Expense	7.8x	6.5x	8.2x	10.0x	9.9x	11.3x
Net Debt / EBITDA	2.2x	2.4x	3.0x	3.2x	3.1x	3.5x
FFO / Net Debt	33.8%	32.1%	26.0%	24.8%	25.0%	22.3%
RCF / Net Debt	26.8%	24.4%	21.0%	20.2%	20.6%	17.7%
FCF / Net Debt	3.6%	-2.4%	-4.8%	-2.7%	-2.8%	-9.5%

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Endnotes

1 [CBB Method decisions 2017-2021 WACC - Reformatio in peius](#), published 12 December 2019.

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