CREDIT OPINION

22 August 2024

Update

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RATINGS

Enexis Holding N.V.

Domicile	's-Hertogenbosch, 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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Enexis Holding N.V.

Update following publication of H1 2024 results

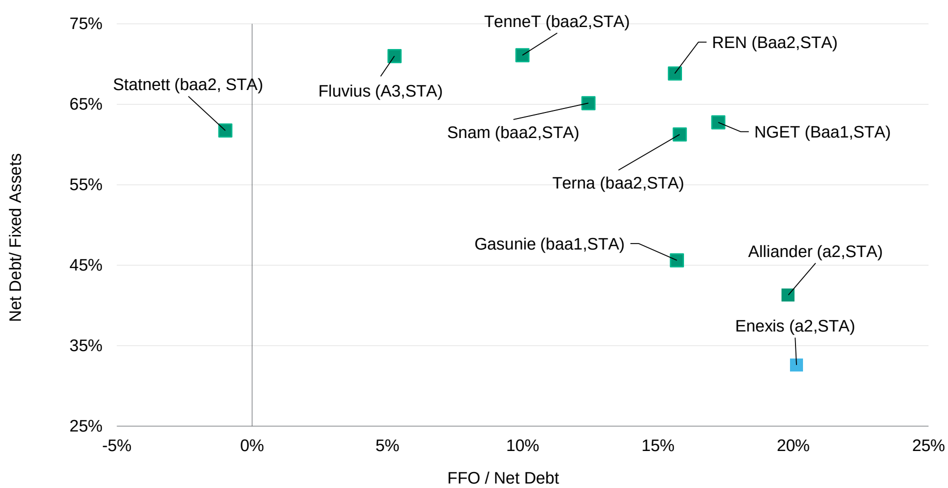
Summary

The credit quality of Enexis Holding N.V. is underpinned by the low business risk associated with its monopoly operation of domestic electricity and gas distribution, which generates more than 98% of its earnings and cash flow; a well-defined and transparent regulatory framework; and the company's balanced financial profile, with relatively modest leverage for the sector and robust liquidity, although this is challenged by the strong increase in its capital spending.

Enexis has historically maintained a strong financial profile, particularly compared with that of most European peers (see Exhibit 1). For the remaining current regulatory period until 2026, we expect a decline in financial metrics towards our downgrade guidance because of growing capital spending, primarily associated with facilitating the delivery of the Netherlands' (Aaa stable) ambitious energy transition objectives.

Exhibit 1

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



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Metrics are as of the last 12 months ended June 2024, except Statnett, Fluvius, Snam and Alliander (as of December 2023), REN (as of the last 12 months ended March 2024), and National Grid Electricity Transmission (NGET; as of March 2024). Ratings reflect the standalone credit quality, expressed as assigned final rating or Baseline Credit Assessment (BCA) where applicable.
LTM = Last 12 months.
Sources: Moody's Financial Metrics™ and Moody's Ratings

The Aa3 rating incorporates a two-notch uplift from Enexis' standalone credit quality, expressed as a Baseline Credit Assessment (BCA) of a2, reflecting the likelihood of extraordinary financial support from its owners — the largest of which is the Province of Noord-Brabant, holding around 31% of Enexis' shares — or the Dutch state, if needed.

Credit strengths

- Low business risk associated with monopoly distribution network activities, with limited contribution from unregulated businesses
- Stable and transparent regulatory regime, further supported by the recent ruling of the Dutch Trade and Industry Appeals Tribunal (CBb) on certain parameters of the current regulatory framework
- Modest leverage compared with the wider peer group
- Expectation of strong support from local government shareholders and the Dutch state because of the essentiality of assets and the key role the company will play in facilitating the energy transition in its service area

Credit challenges

- Decline in the weighted average cost of capital (WACC) compared with the previous regulatory period, which reduces financial flexibility
- Significant increase in capital spending requirements to support the country's energy transition
- Stranded asset risk faced by gas networks in the context of the energy transition (mitigated by advanced cash flow and future use for green gas and hydrogen transportation)
- Uncertainty surrounding Enexis' role in the operation of the district heating infrastructure and the related yet-to-be-specified regulation; the draft district heating act does not stipulate a specific role or responsibility for the distribution system operators (DSO)

Rating outlook

The stable rating 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, as outlined below.

Factors that could lead to an upgrade

We consider a rating upgrade unlikely, taking into account the likely weakening in Enexis' financial profile as a result of the decrease in allowed returns and increase in investment requirements in the context 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 minimum credit metrics for its rating, with a deterioration in its financial metrics, illustrated by its funds from operations (FFO)/net debt remaining persistently below 16% and net debt/fixed assets significantly above 50%.

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

Key indicators

Exhibit 2
Enexis Holding N.V.

	2019	2020	2021	2022	2023	LTM Jun-24	Moody's 12-18 month forward view
FFO Interest Coverage	11.7x	13.0x	14.8x	19.5x	13.9x	15.1x	17.0x - 21.0x
Net Debt / Fixed Assets	33.7%	35.7%	37.3%	24.6%	30.5%	32.6%	34.0% - 38.0%
FFO / Net Debt	22.3%	18.7%	19.1%	27.7%	17.5%	20.1%	17.0% - 22.0%
RCF / Net Debt	17.7%	15.1%	16.7%	23.2%	10.9%	19.0%	16.0% - 19.0%

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. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

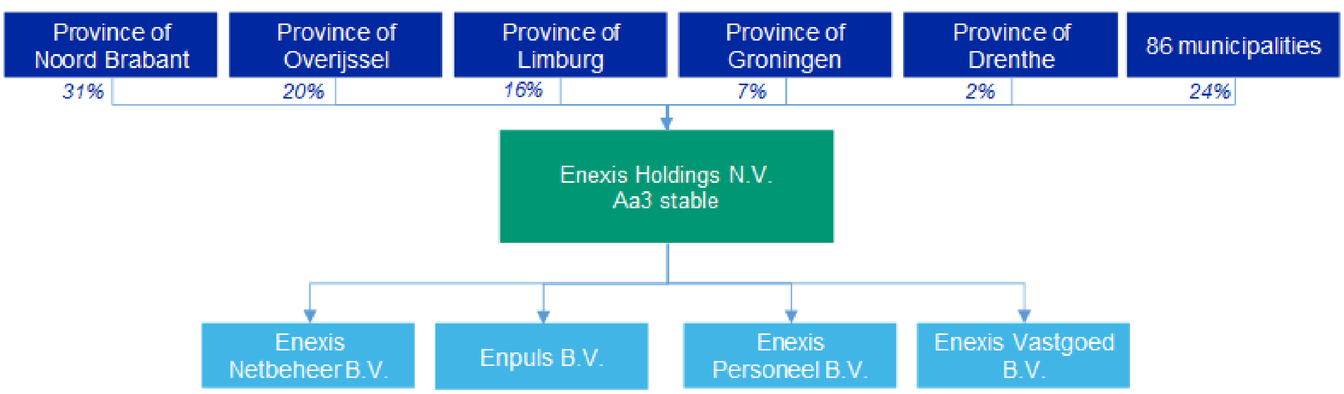
Profile

Enexis Holding N.V. is the holding company of Enexis Netbeheer B.V. (previously Enexis B.V.), which owns and manages the gas and electricity distribution networks in several Dutch regions, covering around 31% of the country. The group's regulated activities contribute more than 98% to total revenue and 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 147,000 kilometres (km) of electricity cables and 46,100 km of gas pipelines, delivering electricity to around 3.0 million customers and gas to 2.3 million customers as of 30 June 2024.

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

Enexis is owned by five Dutch provinces (together owning 75.6%; Noord-Brabant [31%], Overijssel [20%], Limburg [16%], Groningen [7%] and Drenthe [2%]) and 86 municipalities (24.4%) in its service area.

Exhibit 3
Simplified organisational structure of the Enexis group



Source: Company filings

Detailed credit considerations

Low business risk, underpinned by regulated cash flow

Enexis' core business activities are associated with low-risk monopoly network operations. These activities generate predictable cash flow over the medium (up to 2026) to long term and offer good visibility to support future funding requirements. As a result of Enexis' aim to concentrate on core capabilities, its share of unregulated revenue has declined in recent years — in the first half of 2024, only around 1.5% of revenue was derived from other utility services. These non-regulated businesses are complementary to the core activities. Enexis sold its former major non-regulated revenue contributor, Fudura B.V., in August 2022 to a consortium of infrastructure funds for €1.3 billion, generating a net profit of €1.1 billion. Fudura's business is focused on “behind-the-meter” services. Consequently, leverage reduced, creating more flexibility to fund its ongoing investment programme.

Established regulatory framework with lower return in real terms compared with the previous regulatory period, but favourable CBb ruling alleviates pressure

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 (CPI) and an efficiency incentive factor. The regulation incorporates incentives determined using a "yardstick" mechanism, which defines 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 its application by the Dutch regulator, the Authority for Consumers and Markets (ACM), has been transparent and consistent to date.

In September 2021, the ACM published its final Method Decisions for electricity and gas distribution network operators in the Netherlands for the 2022-26 regulatory period. Allowed returns fell by around 180 basis points in real terms (pretax) between 2021 (3.0%) and 2022 (1.15% for distribution network operators), mostly reflecting the low interest rate environment in the reference period 2018-20. Starting this regulatory period, the ACM decided to apply a subsequent calculation for the risk-free rate as part of the compensation for the cost of equity and for the cost of assumed newly raised debt. Any difference in the predetermined levels will be reimbursed with a two-year time lag. Consequently, the DSOs will benefit from higher interest rates from 2022 onward, compared with the 2018-20 rates. In December 2021, Enexis and its Dutch network peers jointly appealed the ACM's determination to the CBb. On 4 July 2023, the CBb ruled in favour of the DSOs on some of the major points they raised.[1,2] A floor of 0.5% was set for the risk-free rate for the cost of equity calculation, while at the same time, the reference benchmark was extended to 20 years from 10 years. In addition, for electricity networks, the actual 2021 costs corrected for CPI and the productivity factor should be used as beginning costs, instead of the 2018-20 average. Finally, the production enhancement factor needs to be determined using the 2017-21 numbers as the reference period instead of the rather long 2004-20 period. This will result in a -2.5% change in annual productivity for 2021-26 instead of +0.2%. Subsequently, on 21 December 2023, a revised Method Decision for system operators was published.[3] This includes a recalculation of the WACC, which on average is up 0.68% compared with the pre-ruling WACC. The accumulated higher allowed revenue for 2022 and 2023 will partly be compensated for in 2024 with an ex-post tariff correction in the amount of €252 million. The remaining part will be reimbursed in yearly tariff adjustments until 2026. The total amount is likely to reach around €1.7 billion between 2024-26.

Gas network operators will receive advanced cash flow because the regulator switched from real to nominal returns, with nominal returns of 3.2% in 2023. The depreciation of the gas network assets was accelerated (by a factor of 1.2x for the distribution companies, compared with 1.3x for the gas transmission network) because of the uncertainty surrounding the remaining useful life of the gas network assets. The regulator has also allowed for the recovery of network decommissioning costs (if these costs occur, through a subsequent calculation and recovery after two years).

For electricity distribution network operators, 50% of the forecast inflation will be added to their real return, and the regulated asset base will be adjusted to reflect the remaining 50% of the inflation. In addition, the ACM made changes to pre-calculate Tennet Holding B.V.'s (A3 stable) transmission costs on a yearly basis to avoid large recalculations as was the case in 2020, smoothening fluctuations in tariffs and, ultimately, Enexis' cost profile. Furthermore, in 2022, the ACM amended the regulatory framework to account for the strong rise in interest rates and inflation (annually updated for actual figures compared with the assumed risk-free rate and interest utility index, reflected in the tariff t+2) and the increase in the cost of grid losses; the latter was driven by the increase in power prices to offset the higher-than-allowed costs for 2023. This is credit positive for Enexis since the regulatory compensation, based on the sector average, favours the company because huge parts of the energy needed to cover grid losses are already secured until the end of the current regulatory period.

Exhibit 4

Allowed return for Dutch network operators has a declining trend, although mitigated by the favourable CBb ruling

WACC - Dutch DSOs	2008-10	2011-13	2014-16	2017	2021	2021 comparison with 2022-26 method	2022	2023	2024	2025	2026
risk-free rate	4.00%	3.95%	2.50%	2.27%	1.33%						
risk premium	0.80%	1.50%	1.20%	0.91%	0.81%						
Utiltiies Bond Index Interest						1.48%	1.26%	1.07%	0.95%	0.90%	0.89%
transaction costs	0.00%	0.00%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Nominal Cost of Debt	**4.80%**	**5.45%**	**3.85%**	**3.32%**	**2.29%**	1.63%	**1.41%**	**1.22%**	**1.10%**	**1.05%**	**1.04%**
nominal risk free rate for CoE	4.00%	3.95%	2.50%	1.28%	1.28%	0.50%	0.50%	0.50%	1.22%	1.22%	1.22%
market risk premium	5.00%	5.00%	5.00%	5.05%	5.05%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
asset beta	0.41	0.52	0.35	0.44	0.42	0.39	0.39	0.39	0.39	0.39	0.39
equity beta	0.86	0.81	0.61	0.77	0.74	0.63	0.63	0.63	0.63	0.63	0.63
Nominal Cost of Equity (post tax)	**8.3%**	**8.0%**	**5.6%**	**5.2%**	**5.0%**	3.66%	**3.66%**	**3.66%**	**4.39%**	**4.39%**	**4.39%**
cost of equity (pre tax)	11.14%	10.74%	7.40%	6.91%	6.69%	4.88%	4.88%	4.88%	5.85%	5.85%	5.85%
gearing assumption	60%	55%	50%	50%	50%	45%	45%	45%	45%	45%	45%
tax rate	26%	26%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Nominal WACC pre-tax	7.3%	7.8%	5.6%	5.1%	4.5%	3.41%	**3.31%**	**3.23%**	**3.70%**	**3.68%**	**3.67%**
inflation (adjusted)						0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
Real plus WACC pre-tax						2.56%	**2.41%**	**2.32%**	**2.79%**	**2.77%**	**2.76%**
inflation	1.75%	1.55%	2.00%	0.90%	1.42%	1.67%	1.77%	1.77%	1.77%	1.77%	1.77%
Real WACC pre-tax	**5.5%**	**6.2%**	**3.6%**	**4.2%**	**3.0%**	1.71%	1.52%	1.43%	1.90%	1.88%	1.87%

Periods are financial year-end unless indicated.
The WACC for 2021 corresponds with the original Method Decisions published in 2016, following the CBb ruling of December 2019.
Between 2017 and 2020, it would reflect the straight-line extrapolation between the 2016 WACC (Amended Method Decisions) and the 2021 WACC (Original Method Decisions).
2022-26 reflects the revised Method Decisions from December 2023.
Source: ACM

As outlined, the CBb ruling contributes favourably to Enexis' performance over the current regulatory period. To incorporate the recalculation of the risk-free rate in the WACC for 2022, the allowed revenue for 2024 was increased. The allowed equity return for Dutch network operators was among the lowest compared with other European frameworks, but with the revised method decision, the gap narrowed because of the extended reference benchmark for the risk-free rate.[4]

Strong increases in inflation and interest rates, and especially massive increases in power prices compared with the expected numbers when the regulatory framework was initially determined in 2021, weigh on Enexis' profitability. These changes were addressed in the regulatory parameters by the ACM, as outlined above, with advance payments in 2023. Following the revised method decision that aligns with the CBb ruling, the tariff calculations for 2022-24 (T+2), including advance payments, indicate that the allowed income is likely to be sufficient to capture actual costs.

National energy transition plan increases need for investment

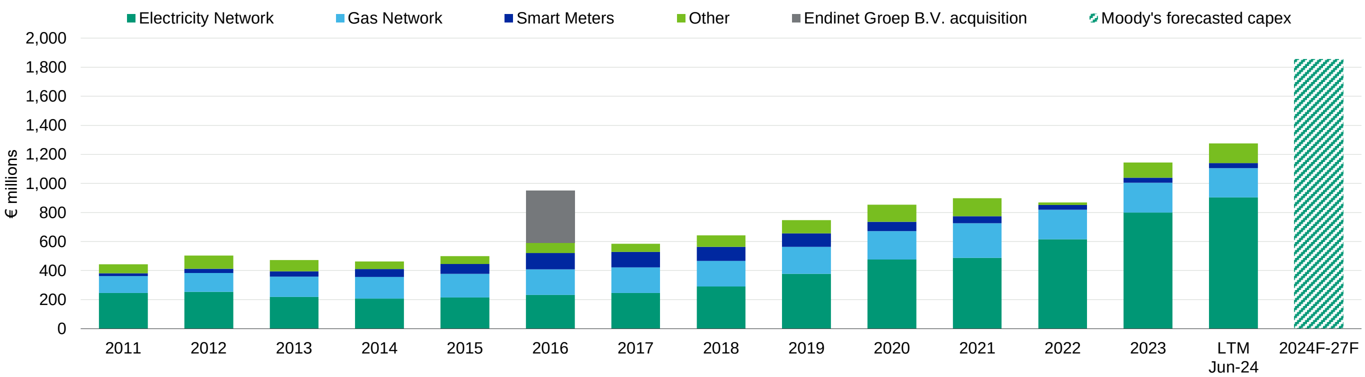
In June 2019, the Dutch government adopted the Dutch Climate Agreement, which commits the Netherlands to a 49% reduction in CO_2 emissions (compared with the 1990 levels) and generation of 70% of electricity through renewable energy sources by 2030; and a 95% reduction in CO_2 emissions (compared with the 1990 levels) and generation of all electricity carbon neutrally by 2050.

Compared with the progress to date, delivering these targets will require a significant acceleration of the energy transition across many areas. As a result, Enexis is likely to incur significant incremental capital spending 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. A shortage of grid capacity has led to some delay in connecting renewables to the grid and increased the need for flexible customer contracts. Increasing grid capacity is further inhibited by other factors, such as the availability of a sufficient skilled labour force and supply of material.

Enexis' capital spending is specifically driven by long-term investments in its networks. The expected investment amount has increased significantly, reaching around €1.8 billion for 2026, the last year of the current regulatory period (see Exhibit 5). Gross investments are likely to surpass €2.0 billion annually in the late 2020s. This is on average around 25% higher than previous forecasts. As a result of the increase in its capital spending needs, Enexis' shareholders have provided additional funding through a €500 million convertible hybrid shareholder loan in 2020. The Fudura sale and the revised method decision have strengthened the balance sheet further. To mitigate the effects of a further deterioration of the capital structure, the Dutch government, together with the three DSOs, agreed on a legal framework that gives them access to additional government funding in the form of equity injections. At this point and based on our projections, it seems unlikely that Enexis will make use of this equity injection option during the current regulatory period.

Exhibit 5

Enexis' gross capital investments are likely to increase to support the country's energy transition



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. LTM = Last 12 months.
Annual average over the 2024-27 period is shown.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

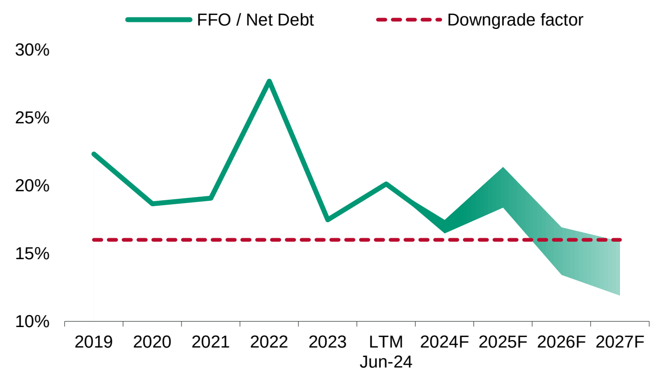
As demonstrated by the cancellation of the requirement to provide compulsory gas connections to new residential areas, the Netherlands is moving away from natural gas towards more sustainable sources of energy, which raises the risk of stranded assets for gas networks. This is mitigated by advanced cash flows. In addition, substantial parts of the gas grid are likely to be in use beyond 2050. The ACM is conducting analyses on the alternative uses of the gas network, such as green gas and hydrogen. Since 2021, Enexis has been part of a pilot project to expand the use of hydrogen for residential buildings. The company has connected some homes to a newly developed hydrogen network.

The Netherlands is actively considering enhancements to its district heating infrastructure. Should the decision be made to place heat grid infrastructure under public control, DSOs could be mandated to manage these heating networks. Consequently, this could lead to an increase in the already high capital spending. However, a similar regulatory framework as that of electric or gas networks has not yet been developed and the related legislation is likely to be in place over 2025. The potential implications for Enexis and other DSOs hinge on the final outcome of these deliberations. The situation warrants close monitoring because of the potential for significant operational and financial impacts.

Like its closest peer Alliander N.V. (Aa3 stable), Enexis has a strong financial profile with modest financial leverage compared with that of the wider European peer group of energy network companies. This was especially strengthened by the Fudura sale in 2022, which generated a profit of around €1.1 billion. The favourable CBb ruling further supports Enexis' financial profile over the current regulatory period. Nevertheless, we expect Enexis' metrics to weaken again towards the end of the current regulatory period in 2026, mainly because of increasing investment requirements to support the delivery of the country's energy transition.

Under our base case, Enexis' FFO/net debt metrics could decline towards the mid-teens in percentage terms while getting closer to the minimum threshold required for the current rating. Higher-than-currently forecasted investment requirements or the absence of reimbursement of costs above the allowed revenue cap could increase the pressure unless offset by further ACM interventions or other balance-sheet strengthening measures (for example, equity injections or hybrid bond issuance). However, leverage, calculated as net debt/fixed assets (as a proxy for the regulated asset base), is likely to remain modest compared with most European peers, and solidly below 50%. This will be supported by the company's dividend policy, with a maximum payout ratio of 50%. In 2023, an additional extraordinary dividend of €100 million was distributed following the Fudura sale. The next regulatory period starts in January 2027 and discussions with the ACM are ongoing. Favorable changes to the methodology could result in better financial metrics from 2027 onward.

Exhibit 6
FFO/net debt declines towards the downgrade trigger on the back of significant capital spending...
FFO/net debt against ratio guidance



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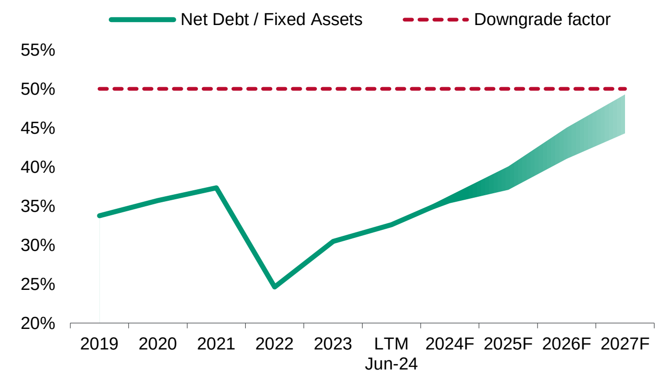
The spike in 2022 is a result of the cash inflow from the Fudura sale.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Exhibit 7
...but net debt/fixed assets remains strong
Net debt/fixed assets against ratio guidance



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Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Government support considerations

Because of its 100% ownership by Dutch provinces and municipalities, Enexis falls within the scope of our Government-Related Issuers Methodology.

Enexis' Aa3 rating incorporates a two-notch uplift from its standalone credit quality, expressed as a BCA of a2, reflecting the likelihood of extraordinary financial support from its owners, if ever required, the largest of which is the Province of Noord-Brabant with a stake of around 31%. Although the ownership of Enexis is relatively fragmented among five provinces and 86 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 74% of the company's shares, and the strong governance framework in the Netherlands with oversight by the national government.

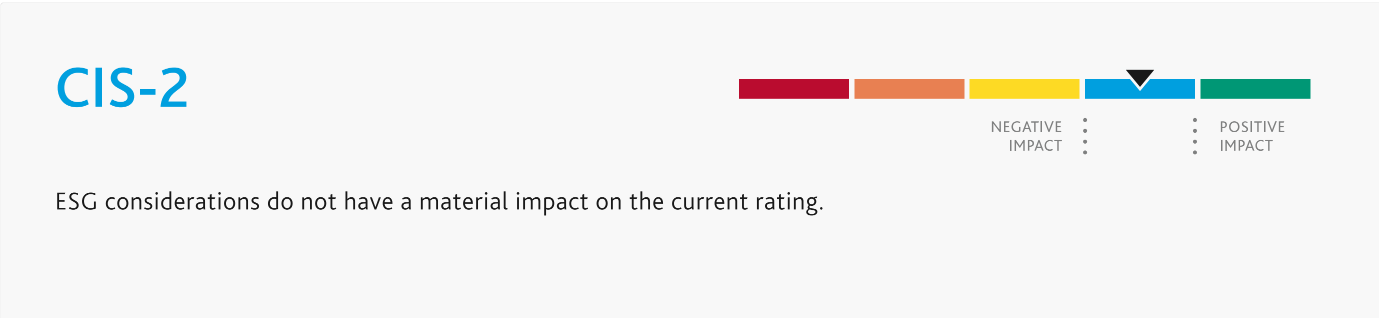
Our assessment of a very high level of default dependence reflects Enexis' significant exposure to the Dutch economy because all of the company's revenue and cash flow are generated from domestic activities.

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 energy transition. Within this context, the Dutch government intends to "provide sufficient capital for network operators" to facilitate the implementation of the national decarbonisation strategy. This is taken into account by a legal framework agreement between the central government and the three Dutch DSOs under which the DSOs have the option to apply for an equity injection from the government to strengthen their capital structure.

ESG considerations

Enexis Holding N.V.'s ESG credit impact score is CIS-2

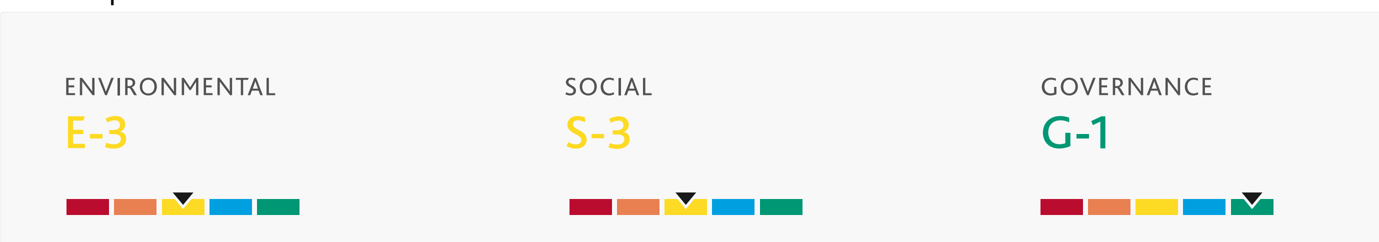
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Enexis' **CIS-2** indicates that its ESG considerations are not material to the rating. The score reflects moderately negative exposure to environmental and social risks, mitigated by the positive influence of governance considerations, and our expectation that its shareholders would provide support to the company, if this were to become necessary.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Enexis' **E-3** score reflects that its electric and gas network assets have a moderately negative exposure to physical climate risk due to rising sea levels and, with regard to gas, carbon transition risk. Enexis generates c. 98% of its revenues from its regulated electric and gas distribution network activities with a substantial, although decreasing, share from gas. This is balanced by neutral-to-low risk exposure from water management, waste and pollution of air and soil, and natural capital.

Social

Enexis' **S-3** score reflects the exposure of its regulated activities in the Netherlands to the risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political intervention, similar to other regulated electric and gas networks operators. Enexis 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 company's reputation and financial situation. Enexis has moderately negative exposure to human capital risk as it has reported difficulties finding skilled labour. These risks are balanced by neutral-to-low risks to health and safety and customer relationships.

Governance

Enexis **G-1** score reflects the company's track record of a prudent financial policy, that results in modest leverage compared to other European networks. However, the relatively concentrated ownership, as is the case for Enexis, reduces board independence and can affect governance negatively.

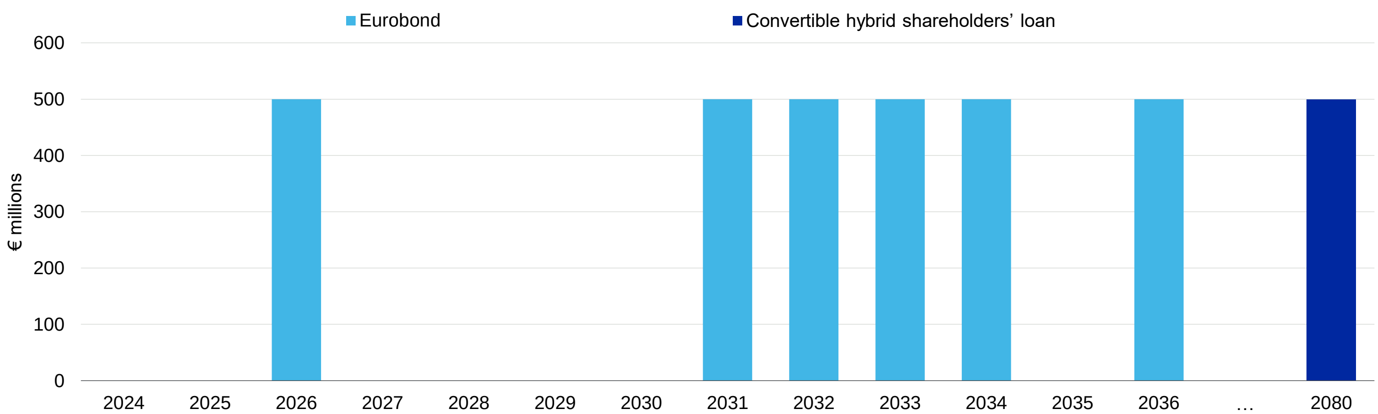
ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

Enexis' liquidity is supported by the strong and predictable cash flow generated from its regulated network activities; cash and cash equivalents of €284 million as of 30 June 2024; and access to a €736 million committed and undrawn revolving credit facility (RCF), which matures in December 2025. In early 2024, Enexis further entered a €500 million loan facility with the European Investment Bank (Aaa stable), which is currently undrawn and has a three-year availability period for drawdowns with a maximum tenor of 13 years. Although its current liquidity is strong, significant capital spending might require additional funding, either via bonds and loans or other capital injections, as outlined above.

Exhibit 10

Enexis' debt maturities are well distributed (as of June 2024)



Periods are financial year-end unless indicated.
Source: Company filings

Methodology and scorecard

Enexis is rated in accordance with the rating methodologies for Regulated Electric and Gas Networks, and Government-Related Issuers.

Exhibit 11

Rating factors

Enexis Holding N.V.

Regulated Electric and Gas Networks Industry	Current LTM Jun-24		Moody's 12-18 month forward view	
Factor 1 : Regulatory Environment and Asset Ownership Model (40%)	**Measure**	**Score**	**Measure**	**Score**
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)	15.9x	Aaa	20x - 25x	Aaa
b) Net Debt / Fixed Assets (3 Year Avg)	33.4%	Aa	34% - 38%	Aa
c) FFO / Net Debt (3 Year Avg)	19.0%	A	17% - 22%	A
d) RCF / Net Debt (3 Year Avg)	15.5%	A	16% - 19%	A
Rating:				
Scorecard-Indicated Rating from Grid Factors 1-4		A1		
Rating Lift		**0**	**0**	
a) Scorecard-Indicated Outcome		A1		
b) Actual Rating Assigned				Aa3
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) Actual Rating Assigned	Aa3			

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 12
Peer comparison
Enexis Holding N.V.

	Enexis Holding N.V.			Alliander N.V.			Fingrid Oyj			N.V. Nederlandse Gasunie			TenneT Holding B.V.		
	Aa3 Stable			Aa3 Stable			A2 Stable			A2 Stable			A3 Stable		
	FY	FY	LTM	FY	FY	FY	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM
(in € millions)	Dec-22	Dec-23	Jun-24	Dec-21	Dec-22	Dec-23	Dec-22	Dec-23	Jun-24	Dec-22	Dec-23	Jun-24	Dec-22	Dec-23	Jun-24
Revenue	1,705	2,014	2,307	2,120	2,150	2,725	1,815	1,193	1,385	2,240	1,955	1,548	1,919	2,297	1,651
EBITDA	750	596	756	775	767	883	237	333	373	1,270	1,009	728	(463)	580	956
Total Debt	3,078	3,075	3,579	3,482	3,797	4,416	1,056	998	1,308	3,559	4,042	4,544	21,683	24,761	28,307
Net Debt	2,211	2,948	3,295	2,859	3,593	4,172	323	611	779	3,431	3,984	4,263	20,401	24,463	27,475
(FFO + Interest Expense) / Interest Expense	19.5x	13.9x	15.1x	15.5x	12.4x	11.5x	10.4x	11.5x	16.2x	18.6x	14.1x	11.8x	4.1x	14.0x	10.3x
Net Debt / Fixed Assets	24.6%	30.5%	32.6%	33.2%	39.0%	41.3%	17.7%	30.4%	36.3%	36.5%	43.2%	45.6%	74.0%	70.7%	71.1%
FFO / Net Debt	27.7%	17.5%	20.1%	22.4%	17.4%	19.8%	63.4%	51.8%	64.6%	31.2%	22.4%	15.7%	1.6%	10.5%	10.0%
RCF / Net Debt	23.2%	10.9%	19.0%	19.0%	14.5%	17.8%	22.2%	30.0%	47.2%	24.8%	17.2%	9.3%	0.7%	9.5%	9.3%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 13
Moody's-adjusted debt reconciliation
Enexis Holding N.V.

(in € millions)	2019	2020	2021	2022	2023	LTM Jun-24
As reported debt	**2,696.0**	**2,976.0**	**3,389.0**	**3,078.0**	**3,075.0**	**3,579.0**
Moody's-adjusted debt	**2,696.0**	**2,976.0**	**3,389.0**	**3,078.0**	**3,075.0**	**3,579.0**
Cash & Cash Equivalents	(62.0)	(47.0)	(207.0)	(867.0)	(127.0)	(284.0)
Moody's-adjusted net debt	**2,634.0**	**2,929.0**	**3,182.0**	**2,211.0**	**2,948.0**	**3,295.0**

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. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 14
Moody's-adjusted FFO reconciliation
Enexis Holding N.V.

(in € millions)	2019	2020	2021	2022	2023	LTM Jun-24
As reported funds from operations (FFO)	**693.0**	**663.0**	**738.0**	**731.0**	**636.0**	**764.0**
Unusual Items	-	-	-	-	-	-
Capitalized Interest	-	(2.5)	-	-	-	-
Alignment FFO	-	-	(11.0)	4.0	5.0	18.0
Non-Standard Adjustments	(105.0)	(114.0)	(120.0)	(123.0)	(126.0)	(119.0)
Moody's-adjusted funds from operations (FFO)	**588.0**	**546.5**	**607.0**	**612.0**	**515.0**	**663.0**

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. LTM = Last 12 months.
Nonstandard adjustments relate primarily to customer contributions, which are offset against capital spending as they fund new connections.
Source: Moody's Financial Metrics™

Exhibit 15

Overview on select historical Moody's-adjusted financial data

Enexis Holding N.V.

(in € millions)	2019	2020	2021	2022	2023	LTM Jun-24
INCOME STATEMENT						
Revenue	1,491	1,516	1,634	1,705	2,014	2,307
EBITDA	736	650	752	750	596	756
EBITDA margin %	49.4%	42.9%	46.0%	44.0%	29.6%	32.8%
EBIT	357	244	323	281	128	281
EBIT margin %	23.9%	16.1%	19.8%	16.5%	6.4%	12.2%
Interest Expense	55	46	44	33	40	47
Net income	212	106	199	187	72	179
BALANCE SHEET						
Total Debt	2,696	2,976	3,389	3,078	3,075	3,579
Cash & Cash Equivalents	62	47	207	867	127	284
Net Debt	2,634	2,929	3,182	2,211	2,948	3,295
Net Property Plant and Equipment	7,810	8,205	8,526	8,981	9,678	10,106
Total Assets	8,258	8,749	9,395	10,348	10,460	11,130
CASH FLOW						
Funds from Operations (FFO)	588	547	607	612	515	663
Cash Flow From Operations (CFO)	542	610	612	550	501	595
Dividends	122	105	75	100	193	36
Retained Cash Flow (RCF)	466	442	532	512	322	627
Capital Expenditures	(669)	(772)	(800)	(812)	(1,049)	(1,188)
Free Cash Flow (FCF)	(249)	(267)	(263)	(362)	(741)	(629)
INTEREST COVERAGE						
(FFO + Interest Expense) / Interest Expense	11.7x	13.0x	14.8x	19.5x	13.9x	15.1x
LEVERAGE						
FFO / Net Debt	22.3%	18.7%	19.1%	27.7%	17.5%	20.1%
RCF / Net Debt	17.7%	15.1%	16.7%	23.2%	10.9%	19.0%
FCF / Net Debt	-9.5%	-9.1%	-8.3%	-16.4%	-25.1%	-19.1%
Debt / EBITDA	3.7x	4.6x	4.5x	4.1x	5.2x	4.7x
Net Debt / EBITDA	3.6x	4.5x	4.2x	2.9x	4.9x	4.4x
Net Debt / Fixed Assets	33.7%	35.7%	37.3%	24.6%	30.5%	32.6%

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. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Ratings

Exhibit 16

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 Ratings

Endnotes

1 CBb, Method Decision ruling on E-DSO, July 2023.

2 CBb, Method Decision on G-DSO, July 2023.

3 ACM, ACM revised method decision for system operators, 21 December 2023.

4 Please also see Regulated Electric & Gas Networks - Europe: 2024 Outlook - Stable as higher interest rates feed through to returns, January 2024.

REPORT NUMBER 1415485