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EnBW Newsletter >

Moody's downgrades EnBW's rating by one notch to Baa1, outlook stable

Karlsruhe. Rating agency Moody's lowered its credit rating for EnBW AG on 18 May 2021 from A3 to Baa1. The outlook for the rating is stable.

Even though EnBW exceeded its earnings target under the 2020 Strategy in the 2020 financial year, Moody's analysts expect its financial profile to remain below the requirements for an A3 rating in the years ahead.

The agency had already lowered the rating outlook from stable to negative in 2019 following the announcement of the Valeco and Plusnet acquisitions and of planned growth investment under the EnBW 2025 Strategy combined with the resulting higher debt level.

In a European comparison, EnBW continues to have one of the strongest credit profiles among integrated utilities, with an A- rating from S&P and a Baa1 rating from Moody's.

The central target under the EnBW 2025 Strategy is an increase in adjusted EBITDA to €3.2 billion. At the same time, EnBW retains its goal of maintaining solid investment grade ratings.

As its growth investments cannot be financed solely by internal financing capability, EnBW manages its financial profile from 2021 onwards using the key performance indicator debt repayment potential. This is measured as retained cash flow (RCF) in relation to net debt.

A target level of 12% is intended to enable growth options to be taken up under the Group's strategy while continuing to safeguard its credit standing. The target is reviewed on a regular basis to ensure that a solid investment grade rating is maintained.

Best Regards
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