MOODY'S
INVESTORS SERVICE

CREDIT OPINION
13 June 2019

Update

Rate this Research

RATINGS

ENGIE Invest International S.A.

Domicile	Luxembourg
Long Term Rating	A3
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.

Contacts

Niel Bisset +44.20.7772.5344
Senior Vice President
niel.bisset@moodys.com

Neil Griffiths-Lambeth +44.20.7772.5543
Associate Managing Director
neil.griffiths-lambeth@moodys.com

Brian Caire +33.1.5330.3417
Associate Analyst
brian.caire@moodys.com

ENGIE Invest International S.A.

Update following confirmation

Summary

ENGIE Invest International S.A.'s (EII) credit quality is based on the combination of (1) the company's importance and core function within the financial management of ENGIE SA (ENGIE, A3 stable, 'the group')); and (2) the Declaration of Responsibility by ENGIE in favour of EII, in accordance with Article 70 of the Luxembourg law of 19 December 2002, and which is recorded in the Luxembourg Trade and Companies register. According to this, ENGIE unconditionally guarantees all obligations and liabilities of whatsoever nature incurred by EII as from its initial issue date on 22 June 2011 until revocation by ENGIE of the Declaration ("the Guarantee").

EII's rating is aligned with ENGIE's rating, which also reflects our understanding that the group currently has no intention of revoking the Guarantee. However, in the event that the Guarantee were to be revoked, it would continue to cover EII's existing obligations. In the event of revocation, we could adjust EII's rating downwards by several notches, depending on the company's stand-alone credit strength and any implicit support from ENGIE, which will depend on EII's importance to the group at that time.

Credit Strengths

» ENGIE's unconditional guarantee on all EII's obligations

» EII's important position within the ENGIE's group centralised financing structure

Credit Challenges

» The Guarantee could be revoked, although existing obligations would still be covered in such event

Rating Outlook

The outlook is stable, in line with that of EII's ultimate parent.

Factors that Could Lead to an Upgrade

We consider there is limited likelihood of upwards rating pressure in the medium term, in line with the outlook of its ultimate parent.

Factors that Could Lead to a Downgrade

The rating could be downgraded if (1) ENGIE's ratings were to be downgraded; or (2) the Guarantee were to be revoked; or (3) EII's core position within ENGIE's financial management were to change.

Profile

ENGIE Invest International S.A. (EII) is as of 31 December 2018 an indirectly 100%-owned subsidiary of ENGIE SA, a leading European integrated utility. Incorporated in Luxembourg in 1933, EII owns 100% of ENGIE CC (Baa1 stable), as well as certain other investments. Within ENGIE's centralised financing structure, EII is primarily responsible for providing guarantees and intercompany loans for subsidiaries of the group. EII's income is derived from the interest and fees charged for the provision of these loans and guarantees. EII's Articles of Association prohibit it from third-party borrowing. All EII's shareholders must be ENGIE group companies.

Detailed Credit Considerations

Explicit support by ENGIE through Declaration of Responsibility

EII's credit profile reflects (1) the company's importance and core function within ENGIE's financial management, and (2) that its obligations and liabilities are guaranteed by ENGIE under a Declaration of Responsibility, which in combination underpin the alignment of EII's rating with that of ENGIE, its ultimate parent. The Declaration of Responsibility ('guarantee') is provided in accordance with article 70 of the Luxembourg law of 19 December 2002. The Guarantee is governed by the laws of Luxembourg and the courts of Luxembourg City have exclusive jurisdiction to settle any dispute arising out of or in connection with this Guarantee.

We consider strongly supportive of creditors of EII that: (1) according to the Declaration ENGIE unconditionally guarantees all obligations and liabilities of whatsoever nature incurred by EII as from its initial issue date on 22 June 2011 until revocation of the Declaration by ENGIE; (2) the Guarantee extends to all obligations and liabilities of EII that arise out of contracts in force at any point-in-time between the initial issue date and the date of revocation of the Guarantee (the Covered Contracts) including liabilities that may become due and payable under these Covered Contracts after this Guarantee is revoked; (3) to the extent that EII fails to pay a due and payable liability arising from the Guarantee, ENGIE unconditionally undertakes to promptly pay such amount to the creditor of such due and unpaid liability upon receipt of a written demand from such creditor of EII by registered mail. Payment is not subject to offset against any payments clawed back; and (4) ENGIE waives to the fullest extent possible any and all defence that it may have either under Luxembourg law or under French law in relation to the Guarantee. Guaranteed obligations are therefore directly enforceable against ENGIE and would remain so in the case of dissolution or sale of EII.

Guarantee is revocable

Although the Guarantee is revocable by ENGIE, EII's credit quality incorporates our expectation that ENGIE has no intention to revoke it. However, if it were to do so, the Guarantee would cover EII's existing obligations and liabilities arising out of contracts in force at any point between inception of the guarantee and the date of revocation. In the event of revocation, we could adjust EII's rating downwards by several notches, depending on the company's stand-alone credit strength and any implicit support from ENGIE, which will depend on EII's importance to the group at that time.

Important role of EII within the ENGIE group

In addition, EII's creditworthiness factors in its importance and core function within the ENGIE group's financial management. Its primary purpose is the provision of guarantees and inter company loans for group companies. EII's board of directors consists of senior individuals of ENGIE. EII's Articles of Association ensure that it will be strongly capitalised and require, inter alia, that (1) it should always be owned by members of the ENGIE group; (2) it should incur no third-party debt; (3) its total commitments (i.e., intercompany loans and guarantees) should at all times be at least matched by its subscribed capital and/or subordinated parent debt; and (4) any called up share capital should be subscribed in cash, and not in kind.

EII's credit positioning is based on our expectation that ENGIE will effectively maintain full ultimate ownership of EII, as well as board representation; and that its aggregate commitments will always be at least matched by capital subscribed by shareholders.

Rating Methodology and Scorecard Factors

EII's rating is linked to that of ENGIE SA, which is in turn rated in accordance with the rating methodology for Unregulated Utilities and Unregulated Power Companies published in May 2017, and for Government Related Issuers published in June 2018.

Ratings

Exhibit 1

Category	Moody's Rating
ENGIE INVEST INTERNATIONAL S.A.	
Outlook	Stable
Issuer Rating -Dom Curr	A3
ULT PARENT: ENGIE SA	
Outlook	Stable
Issuer Rating	A3
Senior Unsecured	A3
Subordinate MTN -Dom Curr	(P)Baa1
Commercial Paper	P-2
Other Short Term -Dom Curr	(P)P-2
PARENT: ELECTRABEL SA	
Outlook	Stable
Issuer Rating -Dom Curr	Baa1
Other Short Term -Dom Curr	(P)P-2
ENGIE CC	
Outlook	Stable
Issuer Rating	Baa1

Source: Moody's Investors Service

Moody's Related Research

Credit Opinion

» ENGIE SA, 13 June 2019

Press Releases:

» Moody's downgrades ENGIE to A3/Prime-2; stable outlook, 4 June 2019

Issuer Comments:

» ENGIE SA: Acquisition of TAG stake aligned with ENGIE's strategy; moderately negative leverage impact, 12 April 2019

» ENGIE SA: Updated strategy and 2018 results are credit supportive; Loi PACTE signals changing relationship with French government, 7 March 2019

Sector Comments:

» Unregulated electric and gas utilities - EMEA: Higher power prices are positive for generators but credit impact is moderate, 21 November 2018

» Unregulated electric and gas utilities - EMEA: European Commission approval of capacity mechanisms is credit positive for generators, 23 February 2018

Sector In-Depth

» Non-financial Corporates - France: Broadly stable bond, loan issuance supported by stable environment, steady credit quality, 30 October 2018

» Corporate government-related issuers - France: Government ownership and support for some GRIs will likely decline over time, 19 October 2018

» Europe's electricity markets: In France, decarbonisation targets are overshadowed by the future of nuclear, 31 July 2018

» Europe's electricity markets: In Europe, higher carbon price would benefit generators, 31 July 2018

Industry Outlook

» Unregulated electric and gas utilities - EMEA: 2019 outlook changed on improved earnings momentum, 21 November 2018

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.

REPORT NUMBER 1179376

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Moody's
INVESTORS SERVICE