

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

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

CLIENT SERVICES

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

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.

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's.com for the most updated credit rating action information and rating history.

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.

© 2019 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MOODY'S PUBLICATIONS MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$2,700,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY250,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

CLIENT SERVICES

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