FitchRatings

Corporates
Utilities - Non US
France

Engie S.A.

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F1

Outlooks

Long-Term Foreign-Currency IDR	Stable

Debt Ratings

Senior Unsecured Debt - Long-Term Rating	A-
Senior Unsecured Debt - Short-Term Rating	F1
Subordinated Long-Term Rating	BBB

2035 Climate Vulnerability Signal: 40

Click here for the full list of ratings

Applicable Criteria

Corporate Rating Criteria (October 2022)

Corporates Recovery Ratings and Instrument Ratings Criteria (April 2021)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Country-Specific Treatment of Recovery Ratings Criteria (March 2023)

Sector Navigators: Addendum to the Corporate Rating Criteria (May 2023)

Climate Vulnerability in Corporate Ratings Criteria (July 2023)

Parent and Subsidiary Linkage Rating Criteria (June 2023)

Related Research

Global Corporates Macro and Sector Forecasts (June 2023)

EMEA Utilities Outlook 2023 (November 2022)

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Fitch Ratings' affirmation of Engie's ratings in July 2023 reflects the company's robust business profile, with scale, diversification and a big share of regulated, quasi-regulated or contracted EBITDA supporting cash flow predictability. The rating also considers Engie's low carbon power generation and investment plan focused on the energy transition, while targeting reported economic net debt of up to 4.0x EBITDA, consistent with its rating sensitivities.

Its recently signed agreement with the Belgian government on the lifetime extension of two nuclear reactors reduces Engie's rating headroom but also eliminates uncertainty over future changes in nuclear waste provisions.

The Stable Outlook reflects our expectations that credit metrics will remain within our rating sensitivities in 2023-2025, albeit with no rating headroom from 2024.

Key Rating Drivers

Reduced Leverage Headroom: We expect nuclear-adjusted funds from operations (FFO) net leverage to average 3.7x in 2023-2025, up from 3x in 2022, but with no headroom from 2024 against our negative sensitivity of 4.0x. This is largely driven by a large capex plan and additional cash payments for nuclear waste liabilities based on the recently signed agreement with the Belgian government. The Fitch rating case is broadly in line with management's case, but reflects some conservative EBITDA assumptions due to volatility in power prices.

Large Increase in Capex: Engie's 2023-2025 business plan includes EUR22 billion-25 billion of growth capex, a steep increase from the EUR15billion-16 billion of its 2021-2023 plan. The majority of this is allocated to renewable growth capacity (55%-65%), aimed at increasing installed renewable capacity to 50GW by 2025 from 38GW at end-2022 (at 100% ownership), through investments in onshore and offshore wind and solar, with largely contracted and predictable earnings.

The remainder will be spent on networks, infrastructure assets and flexible generation. We expect around 75% of growth capex to be aligned with EU taxonomy of climate change mitigation.

Transfer of Nuclear Waste Liabilities: The transfer of EUR15 billion of nuclear waste provisions to the Belgian state will cover Engie's existing and future nuclear waste liabilities. Higher liabilities from the agreement with the state will lead to more cash outflows estimated at EUR5 billion in 2024-2025, which we take into account below free cash flow (FCF). Positively, Engie will no longer be liable for the nuclear waste storage on its Belgian fleet.

We expect Engie to stop its nuclear production in Belgium by end-2025, apart from units in its joint venture (JV) with the Belgian state.

Nuclear Lifetime Extension: Engie announced in June 2023 an interim agreement with the Belgian state on a 10-year extension of Doel 4 and Tihange 3 nuclear units to 2035. The two units will be held in the JV, equally owned by the Belgian state and Engie, limiting operational risks for the group. The details of the contract-for-difference mechanism and performance-linked incentives for the plants have yet to be defined. The extension capex, estimated at EUR1.6 billion-2 billion, will be equally funded by Engie and the government.

Solid Business Mix: We expect the share of regulated, quasi-regulated or contracted EBITDA to increase moderately towards 70% by 2025 from around 63% in 2022, when the contribution of merchant activities is inflated by buoyant prices. Engie's plan to accelerate growth in renewables and infrastructure assets with largely predictable cash flows is consistent with the group's increasing focus on the energy transition and should bring the business mix closer to peers'.

Conservative Financial Policy: Engie expects to largely fund its capex plan and dividends with operating cash flow and asset disposals to maintain a strong balance sheet. It continues to target economic net debt-to-EBITDA of up to 4x over the long term, which we view as commensurate with our sensitivities for the rating.

Strong Performance in 1Q23: Engie reported solid 1Q23 results, with reported EBITDA showing organic growth of 16%, driven by global energy management and sales (GEMS) and renewables mainly due to a mix of higher commodity prices or higher volumes. This was partially offset by its retail and nuclear businesses, due to lower prices as a result of market normalisation for the first, and lower volumes and windfall taxes for the second. Engie recently upgraded its 2023 EBITDA indicative range (excluding nuclear) by EUR2 billion to EUR12.9billion-13.9 billion, reflecting continued strong performance in April and May 2023.

Nuclear-Adjusted Leverage: We continue to adjust our leverage ratio to consider the unfunded portion of Belgian nuclear dismantling provisions, except for the two reactors that will be transferred to the JV. In our view this improves comparability with peers, as Engie does not plan to fully fund these provisions by 2025, when the last nuclear plants are due to be decommissioned. Engie plans to fully fund dismantling provisions by 2030, while nuclear waste provisions will be fully funded by the restart of the extended units (expected between November 2025 and November 2026) and, based on the recently signed agreement, transferred to the Belgian state.

Financial Summary

(EURm)	2020	2021	2022	2023F	2024F	2025F
EBITDA	8,053	9,413	12,122	12,726	12,480	12,844
FFO margin (%)	11.3	12.8	9.5	9.0	9.1	9.2
FFO net leverage (x)	3.1	3.1	2.4	2.7	3.6	4.0
Nuclear-adjusted FFO net leverage (x)	3.8	3.7	3.0	3.2	3.9	4.1
FFO fixed-charge coverage (x)	8.3	9.6	10.2	8.2	6.5	5.9

F — Forecast
Source: Fitch Ratings, Fitch Solutions, Engie

Rating Derivation Relative to Peers

Engie's business mix (about 70% regulated, quasi-regulated or contracted EBITDA) compares well with that of Enel S.p.A. (BBB+/Stable) and Iberdrola, S.A. (BBB+/Stable), which are its closest peers, in our view. Enel and Iberdrola benefit from a higher share of regulated networks in EBITDA and larger operations in renewables leading to better earnings predictability.

In addition, Engie is more exposed to the gas industry, which we view as a weakness in light of its higher long-term climate risks compared to electricity. Engie's growth in renewables and infrastructure assets will bring its business mix closer to those of Enel and Iberdrola, which are leading the energy transition. We view Engie's geographic mix as stronger than Enel's due to a lower exposure to higher-risk countries, including in LatAm. Overall, we view Engie's debt capacity as slightly lower than Enel's and Iberdrola's at their respective ratings, with the rating differential attributed to Engie's lower expected leverage.

Engie's higher debt capacity than Electricite de France's (EDF, BBB+/Stable) reflects the latter's weaker business profile (also due to higher operational risk entailed in its investment plan and asset base) and large negative FCF expected across its business plan. EDF's Issuer Default Rating (IDR) benefits from a two-notch uplift over its Standalone Credit Profile, due to the application of Fitch's Government-Related Entities (GRE) Rating Criteria.

We rate Engie on a standalone basis because the French state, with 23.6% of its share capital and 33.6% of the voting rights, does not have economic or voting control over Engie.

Fitch aligns the ratings of Engie's subsidiary Engie Invest International S.A. (A-/Stable) with the ratings of Engie based on the parent's guarantees of its debt. Another subsidiary Electrabel S.A. is rated at the same level as Engie, reflecting strong operational and strategic ties, including Electrabel's about 40% contribution to group EBITDA, and despite the absence of guarantees and a less predictable business mix.

Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenue Visibility	Regulatory Environment	Market Position	Asset Base and Operations	Profitability and Cash Flow	Financial Structure	Financial Flexibility
Abu Dhabi National Energy Company PJSC	AA-/Stable	a	bbb	bbb+	bbb	a-	bbb	bbb+	bbb	bbb+
EDP	BBB/Stable	a-	a-	bbb	bbb	bbb	a-	bbb-	bbb	bbb+
Electricite de France (EDF)	BBB+/Stable	aa	a-	bbb	bbb	bbb	bbb-	bb	bbb+	bbb+
Endesa, S.A.	BBB+/Stable	a-	a-	bbb+	bbb	bbb	bbb+	bbb-	bbb+	a-
Enel S.p.A.	BBB+/Stable	bbb+	a-	a	bbb+	bbb	a	bbb	bbb	a-
Engie S.A.	A-/Stable	aa	a-	a-	bbb+	bbb+	a-	bbb	a-	a
Iberdrola, S.A.	BBB+/Stable	a	a-	a	bbb	bbb	a	bbb	bbb	a-
Naturgy Energy Group, S.A.	BBB/Stable	a	bbb	bbb+	bbb	bbb-	bbb+	bbb-	bbb-	bbb+
SSE plc	BBB/Stable	aa	a	a-	a	bbb	bbb+	bbb-	bbb-	bbb

Source: Fitch Ratings.

Relative Importance of Factor: Higher / Moderate / Lower

Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenue Visibility	Regulatory Environment	Market Position	Asset Base and Operations	Profitability and Cash Flow	Financial Structure	Financial Flexibility
Abu Dhabi National Energy Company PJSC	AA-/Stable	-2	-5	-4	-5	-3	-5	-4	-5	-4
EDP	BBB/Stable	+2	+2	0	0	0	+2	-1	0	+1
Electricite de France (EDF)	BBB+/Stable	+5	+1	-1	-1	-1	-2	-4	0	0
Endesa, S.A.	BBB+/Stable	+1	+1	0	-1	-1	0	-2	0	+1
Enel S.p.A.	BBB+/Stable	0	+1	+2	0	-1	+2	-1	-1	+1
Engie S.A.	A-/Stable	+4	0	0	-1	-1	0	-2	0	+1
Iberdrola, S.A.	BBB+/Stable	+2	+1	+2	-1	-1	+2	-1	-1	+1
Naturgy Energy Group, S.A.	BBB/Stable	+3	0	+1	0	-1	+1	-1	-1	+1
SSE plc	BBB/Stable	+6	+3	+2	+3	0	+1	-1	-1	0

Source: Fitch Ratings.

Factor Score Relative to IDR: Worse positioned than IDR / Within one notch of IDR / Better positioned than IDR

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- Reduction of nuclear-adjusted FFO net leverage to below 3.2x on a sustained basis.
- Positive FCF on sustained EBITDA growth.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- Nuclear-adjusted FFO net leverage above 4x on a sustained basis.
- Substantial reduction in the share of regulated, quasi-regulated and contracted EBITDA.
- Adverse regulatory or fiscal changes affecting the predictability of cash flows.
- For Electrabel and other subsidiaries, materially weaker ties with Engie.

Liquidity and Debt Structure

Sound Liquidity: Fitch-calculated readily available cash and cash equivalents amounted to EUR16.1 billion as of 31 December 2022. Unused committed liquidity facilities at the same date were an additional EUR12.5 billion. The main two committed facilities are syndicated lines for EUR5 billion maturing in December 2025 and for EUR4 billion maturing in December 2027. Fitch believes that liquidity is sufficient to meet Engie's operating needs and debt maturities at least in the next 24 months.

Engie faces a manageable increase in liquidity needs for trading and hedging activities. It also has solid access to the debt-capital market as a frequent bond issuer and a large issuer of green bonds.

ESG Considerations

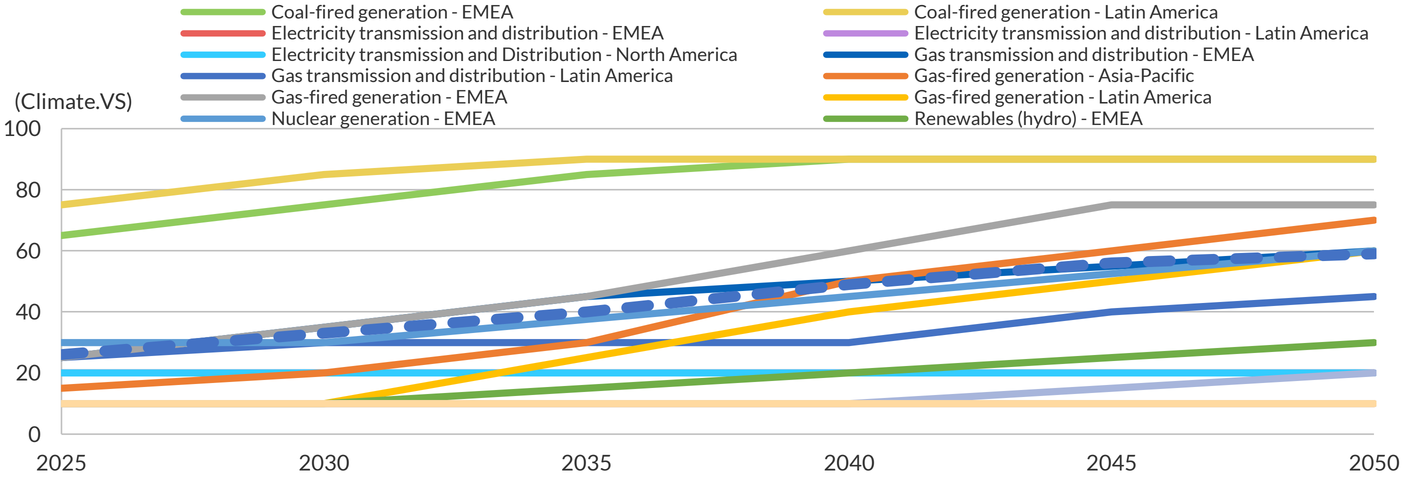
Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Climate Vulnerability Considerations

Fitch's *Climate Vulnerability in Corporate Ratings Criteria* report describes how we use Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Click here for the criteria.

The FY22 EBITDA-weighted Climate.VS is 40 out of 100 by 2035 suggesting moderate exposure to climate-related risks in that year.

Climate.VS Evolution
As of Dec. 31, 2022



Source: Fitch Ratings

Liquidity and Debt Maturities

Engie S.A. – Liquidity Analysis

(EURm)	2023F	2024F	2025F
Available liquidity			
Beginning cash balance[a]	16,122	2,221	-8,807
Rating case FCF after acquisitions and divestitures	-2,528	-2,981	-2,488
Other post-FCF cash outflows related to the nuclear JV			-180
Long-term bonds issued since last balance sheet	3,930		
Total available liquidity (A)	**17,524**	**-760**	**-11,476**
Liquidity uses			
Debt maturities	-11,488	-1,315	-1,967
Additional funding for nuclear provisions (excluding portion deducted from FFO)	-3,815	-6,732	-3,243
Total liquidity uses (B)	**-15,303**	**-8,047**	**-5,210**
Liquidity calculation			
Ending cash balance (A+B)	2,221	-8,807	-16,686
Revolver availability	11,172	10,318	4,648
Ending liquidity	**13,393**	**1,511**	**-12,038**
Liquidity score (x)	2.5	7.3	-3.5
Liquidity score adjusted (x) (with additional funding for nuclear provisions reflected in FCF)	2.2	2.1	-5.1

F – Forecast
[a] Beginning cash balance in 2023 excluding cash equivalents set aside to cover the repayment of borrowings and debt as part of project financing arrangements in certain subsidiaries
Source: Fitch Ratings, Fitch Solutions, Engie

Scheduled debt maturities[a]	**Original**
(EURm)	**31 Dec 22**
2023	11,488
2024	1,315
2025	1,967
2026	2,564
2027	2,959
Thereafter	17,117
Total	**37,410**

[a] Excluding lease liabilities
Source: Fitch Ratings, Fitch Solutions, Engie

Key Assumptions

Fitch's Key Assumptions within Our Rating Case for the Issuer:

- Reported EBITDA for 2023 excluding nuclear close to the lower end of Engie's guidance of EUR12.9 billion-13.9 billion.
- EBITDA in networks in France based on allowed returns for the current regulatory period, and a reduced return thereafter.
- Growing EBITDA in renewables and client solutions in 2023-2025, fuelled by large capex.
- Growth capex of around EUR22 billion for 2023-2025, with renewables accounting for around 55%-65%, networks 15%-20% and energy solutions 10%-15%.
- Maintenance capex of around EUR8 billion for 2023-2025.
- Dividends in 2023-2025 in line with Engie's dividend policy (65%-75% of the group's net recurring result, with a floor of EUR0.65 per share).
- Asset disposals of EUR4 billion-4.5 billion in 2023-2025.
- Net funding of nuclear provisions of about EUR3 billion a year in 2023-2025, in line with the management's assumptions, supplemented by additional funding of EUR4.5 billion in 2024 and EUR0.5 billion in 2025 as part of the agreement with the Belgium government.

Financial Data

	Historical			Forecast		
(EURm)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Summary income statement						
Gross revenue	55,751	57,866	93,865	106,050	102,297	103,583
Revenue growth (%)	-7.2	30.6	62.2	13.0	-3.5	1.3
EBITDA before income from associates	8,053	9,413	12,122	12,726	12,480	12,844
EBITDA margin (%)	14.4	16.3	12.9	12.0	12.2	12.4
EBITDA after associates and minorities	8,415	9,675	12,346	13,069	12,670	12,980
EBITDAR	8,053	9,413	12,122	12,726	12,480	12,844
EBITDAR margin (%)	14.4	16.3	12.9	12.0	12.2	12.4
EBIT	3,892	5,408	7,989	4,157	3,579	3,854
EBIT margin (%)	7.0	9.3	8.5	3.9	3.5	3.7
Gross interest expense	-901	-945	-1,104	-1,311	-1,660	-1,909
Pre-tax income including associate income/loss	-178	5,373	-1,877	3,147	2,209	2,274
Summary balance sheet						
Readily available cash and equivalents	13,568	14,376	16,122	13,555	14,132	14,383
Debt	35,754	39,725	39,282	42,882	53,082	59,082
Lease-adjusted debt	35,754	39,725	39,282	42,882	53,082	59,082
Net debt	22,186	25,349	23,160	29,327	38,950	44,698
Summary cash flow statement						
EBITDA	8,053	9,413	12,122	12,726	12,480	12,844
Cash interest paid	-849	-856	-948	-1,311	-1,660	-1,909
Cash tax	-599	-603	-1,504	-1,508	-960	-958
Dividends received less dividends paid to minorities (inflow/outflow)	362	262	224	343	190	136
Other items before funds from operations (FFO)	-733	-868	-1,133	-874	-893	-842
FFO	6,287	7,400	8,955	9,567	9,339	9,491
FFO margin (%)	11.3	12.8	9.5	9.0	9.1	9.2
Change in working capital	-600	-2,377	-2,424	492	-117	-110
Cash flow from operations (CFO) (Fitch-defined)	5,687	5,023	6,531	—	—	—
Total non-operating/non-recurring cash flow	—	486	98	—	—	—
Capex	-5,012	-5,920	-6,270	—	—	—
Capital intensity (capex/revenue) (%)	9.0	10.2	6.7	—	—	—
Common dividends	—	-1,296	-2,575	—	—	—
Free cash flow (FCF)	675	-1,707	-2,216	—	—	—
FCF margin (%)	1.2	-3.0	-2.4	—	—	—
Net acquisitions and divestitures	2,967	-784	-116	462	1,160	254
Other investing and financing cash flow items	-2,411	-213	6,171	-3,639	-6,642	-3,260
Net debt proceeds	1,052	3,298	-2,303	3,600	10,200	6,000
Net equity proceeds	181	226	-374	—	—	—
Total change in cash	2,464	820	1,162	-2,567	577	252
Leverage ratios (x)						
EBITDA leverage	4.2	4.1	3.2	3.3	4.2	4.6
EBITDA net leverage	2.6	2.6	1.9	2.2	3.1	3.4
EBITDAR leverage	4.2	4.1	3.2	3.3	4.2	4.6
EBITDAR net leverage	2.6	2.6	1.9	2.2	3.1	3.4
FFO-adjusted leverage	5.0	4.8	4.0	4.0	4.9	5.3
FFO-adjusted net leverage	3.1	3.1	2.4	2.7	3.6	4.0
FFO leverage	5.0	4.8	4.0	4.0	4.9	5.3
FFO net leverage	3.1	3.1	2.4	2.7	3.6	4.0
Nuclear-adjusted FFO net leverage	3.8	3.7	3.0	3.2	3.9	4.1

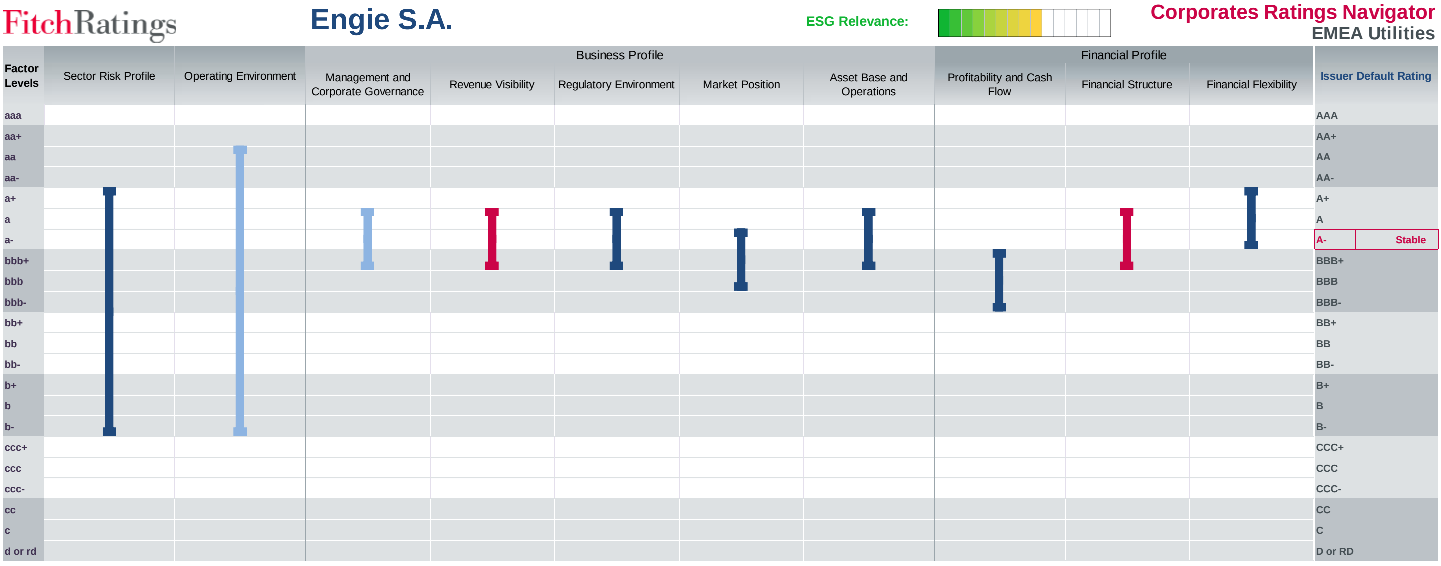
(EURm)	Historical 2020	Historical 2021	Historical 2022	Forecast 2023	Forecast 2024	Forecast 2025
Coverage ratios (x)						
FFO interest coverage	8.3	9.6	10.2	8.2	6.5	5.9
FFO fixed-charge coverage	8.3	9.6	10.2	8.2	6.5	5.9
EBITDAR fixed-charge coverage	9.9	11.3	13.0	10.0	7.6	6.8
EBITDA interest coverage	9.9	11.3	13.0	10.0	7.6	6.8
Additional metrics (%)						
CFO-capex/debt	1.9	-2.3	0.7	2.4	-3.3	-0.1
CFO-capex/net debt	3.0	-3.5	1.1	3.5	-4.5	-0.2
CFO/capex	113.5	84.8	104.2	111.2	84.1	99.1

Source: Fitch Ratings, Fitch Solutions, Engie

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	☐ Stable

FitchRatings

Engie S.A.

Corporates Ratings Navigator
EMEA Utilities

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer-specific funding characteristics and the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

a+	Management Strategy	a	Coherent strategy and good track record in implementation.
a	Governance Structure	a	Experienced board exercising effective checks and balances. Ownership can be concentrated among several shareholders.
a-	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bbb+	Financial Transparency	a	High-quality and timely financial reporting.
bbb			

Revenue Visibility

a+	Size and Integration	a	Top-tier position in more than one market. Vertically integrated (typically including generation, transmission, distribution and supply).
a	Earnings from Regulated Network Assets	bbb	Less than 40% of EBITDA comes from high-quality regulated network assets.
a-	Quasi-Regulated Earnings	a	Over 20% of EBITDA comes from quasi-regulated assets in markets or from long-term contracted sales with creditworthy counterparties.
bbb+			
bbb			

Regulatory Environment

a+	Regulatory Framework and Policy Risk	a	Transparent frameworks with strong track record and multi-year predictable tariffs set by independent regulators; little political risk.
a	Cost Recovery and Risk Exposure	a	Tariff setting that may marginally limit cost and investment recovery, with little regulatory lag, price and volume risk.
a-			
bbb+			
bbb			

Market Position

a	Fundamental Market Trends	bb	Markets with structural challenges.
a-	Generation and Supply Positioning	a	Strong position in the merit order; effective hedging; flexible fuel procurement. Generation balanced with strong position in supply and services.
bbb+	Customer Base and Counterparty Risk	a	Economy of area served provides structurally stable background; low counterparty risk; high collection rates for supply operations.
bbb			
bbb-			

Asset Base and Operations

a+	Asset Quality	bbb	Mid-range asset quality not likely to affect opex and capex requirements compared with peers.
a	Asset Diversity	a	High diversification by geography, generation source, supplied product; multi-jurisdictional utility or regional multi-utility.
a-	Carbon Exposure	a	Energy production mostly from clean sources and low carbon exposure (< 300gCO_2/kWh).
bbb+			
bbb			

Profitability and Cash Flow

a-	Free Cashflow	bb	Structurally negative FCF across the investment cycle.
bbb+	Volatility of Profitability	bbb	Stability and predictability of profits in line with utility peers.
bbb			
bbb-			
bb+			

Financial Structure

a+	FFO Leverage	bbb	5.0x
a	FFO Net Leverage	a	3.0x
a-			
bbb+			
bbb			

Financial Flexibility

aa-	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a+	Liquidity	aa	Very comfortable liquidity; no need to use external funding, except for already committed facilities, in the next 24 months even under a severe stress scenario. Well-spread debt maturity. Diversified sources of funding.
a	FFO Interest Coverage	a	5.5x
a-	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging.
bbb+			

Credit-Relevant ESG Derivation

Engie S.A. has 12 ESG potential rating drivers

- Emissions from operations
- Fuel use to generate energy
- Impact of waste from operations
- Plants' and networks' exposure to extreme weather
- Product affordability and access
- Quality and safety of products and services; data security

Showing top 6 issues

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	2	issues	2
	0	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

FitchRatings **Engie S.A.**

Corporates Ratings Navigator
EMEA Utilities

Credit-Relevant ESG Derivation

Engie S.A. has 12 ESG potential rating drivers

- Engie S.A. has exposure to emissions regulatory risk but this has very low impact on the rating.
- Engie S.A. has exposure to energy productivity risk but this has very low impact on the rating.
- Engie S.A. has exposure to waste & impact management risk but this has very low impact on the rating.
- Engie S.A. has exposure to extreme weather events but this has very low impact on the rating.
- Engie S.A. has exposure to access/affordability risk but this has very low impact on the rating.
- Engie S.A. has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	2	issues	2
	0	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Profitability and Cash Flow
Energy Management	3	Fuel use to generate energy	Asset Base and Operations; Market Trends and Risks; Profitability and Cash Flow
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants; effluent management	Asset Base and Operations; Market Trends and Risks; Profitability and Cash Flow
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability and Cash Flow
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability and Cash Flow

E Relevance: 5, 4, 3, 2, 1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Profitability and Cash Flow; Regulation
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Profitability and Cash Flow
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability and Cash Flow; Financial Structure; Financial Flexibility
Employee Wellbeing	2	Worker safety and accident prevention	Profitability and Cash Flow; Financial Structure; Financial Flexibility
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability and Cash Flow

S Relevance: 5, 4, 3, 2, 1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

G Relevance: 5, 4, 3, 2, 1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.

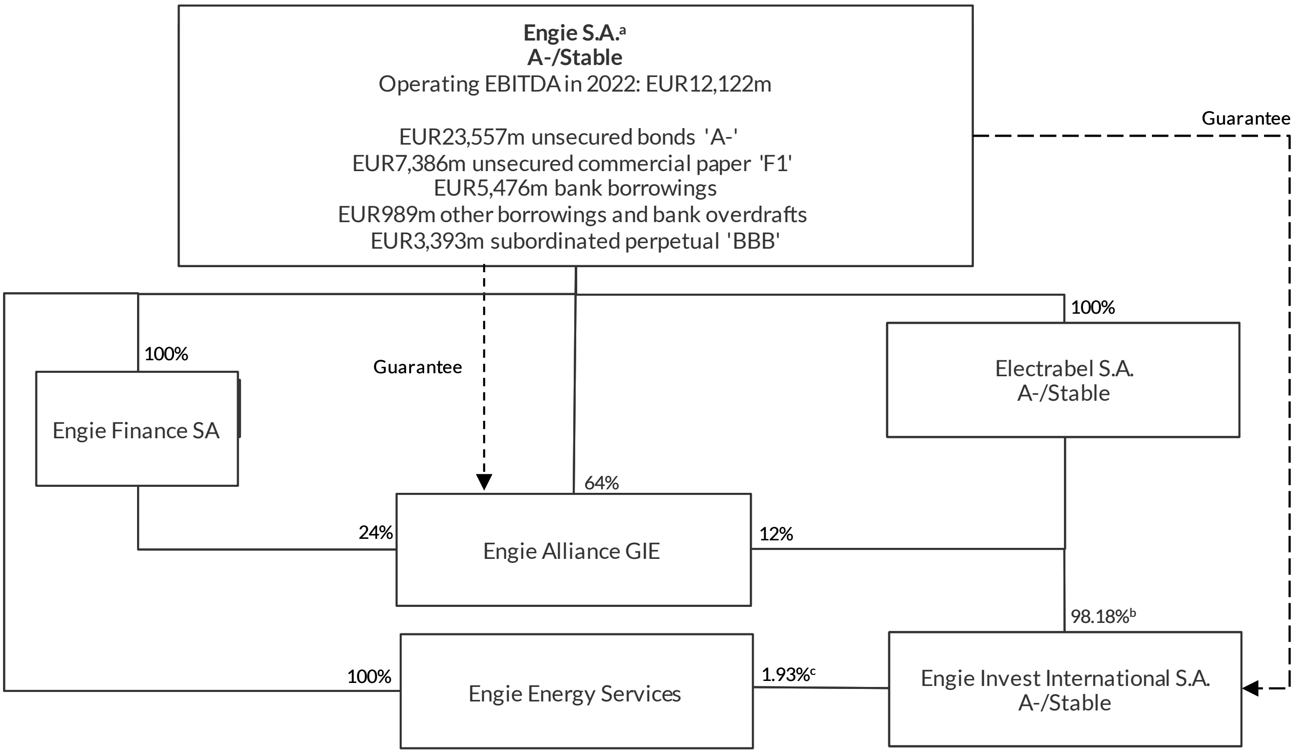
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



[a] Operating EBITDA and debt based on consolidated financials
[b] Directly and through 100%-owned affiliates
[c] Through several Belgian entities of Engie Energy Services
Source: Fitch Ratings, Fitch Solutions, Engie, as of July 2023

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	EBITDA (EURm)	FFO (EURm)	FFO margin (%)	FFO net leverage (x)	FFO interest coverage (x)
Engie S.A.	A-						
	A	2020	8,053	6,287	11.3	3.1	8.3
	A-	2021	9,413	7,400	12.8	3.1	9.6
	A-	2022	12,122	8,955	9.5	2.4	10.2
Enel S.p.A.	BBB+						
	A-	2020	17,594	11,387	18.2	3.8	5.9
	A-	2021	18,834	9,459	11.2	5.4	4.9
	BBB+	2022	19,260	11,248	8.3	5.7	5.0
Electricite de France (EDF)	BBB+						
	A-	2020	15,725	11,638	16.9	3.5	6.9
	A-	2021	16,338	12,218	14.5	3.6	8.7
	BBB+	2022	-13,613	-17,827	-12.4	-4.3	-8.0
Iberdrola, S.A.	BBB+						
	BBB+	2020	9,811	7,303	22.0	4.4	8.8
	BBB+	2021	11,795	9,465	24.2	3.9	10.8
	BBB+	2022	12,983	9,251	17.1	4.1	5.9

Source: Fitch Ratings, Fitch Solutions, Engie

Fitch Adjusted Financials

(EURm) (31 Dec 22)	Notes and formulas	Reported values	Sum of adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		93,865				93,865
EBITDAR		13,713	-1,591	-515	-1,076	12,122
EBITDAR after associates and minorities	(a)	13,937	-1,591	-515	-1,076	12,346
Lease expense	(b)	0				0
EBITDA	(c)	13,713	-1,591	-515	-1,076	12,122
EBITDA after associates and minorities	(d) = (a-b)	13,937	-1,591	-515	-1,076	12,346
EBIT	(e)	9,138	-1,149	-73	-1,076	7,989
Debt and cash summary						
Other off balance sheet debt	(f)	0				0
Debt	(g)	40,591	-1,310	-2,875	1,566	39,282
Lease-equivalent debt	(h)	0				0
Lease-adjusted debt	(i) = (g+h)	40,591	-1,310	-2,875	1,566	39,282
Readily available cash and equivalents	(j)	16,134	-12			16,122
Not readily available cash and equivalents		0	12			12
Cash flow summary						
EBITDA after associates and minorities	(d) = (a-b)	13,937	-1,591	-515	-1,076	12,346
Preferred dividends paid	(k)	0				0
Interest received	(l)	194				194
Interest paid	(m)	-822	-126	73	-199	-948
Cash tax paid		-1,504				-1,504
Other items before funds from operations (FFO)		-2,010	877		877	-1,133
FFO	(n)	9,795	-840	-442	-398	8,955
Change in working capital (Fitch-defined)		-2,424				-2,424
Cash flow from operations (CFO)	(o)	7,371	-840	-442	-398	6,531
Non-operating/non-recurring cash flow		98				98
Capex	(p)	-6,379	109		109	-6,270
Common dividends paid		-2,665	90		90	-2,575
Free cash flow		-1,575	-641	-442	-199	-2,216
Gross leverage (x)						
EBITDAR leverage[a]	(i/a)	2.9				3.2
FFO adjusted leverage	(i/(n-m-l-k+b))	3.9				4.0
FFO leverage	(i-h)/(n-m-l-k)	3.9				4.0
EBITDA leverage[a]	(i-h)/d	2.9				3.2
(CFO-capex)/debt (%)	(o+p)/(i-h)	2.4				0.7
Net leverage (x)						
EBITDAR net leverage[a]	(i-j)/a	1.8				1.9
FFO adjusted net leverage	(i-j)/(n-m-l-k+b)	2.3				2.4
FFO net leverage	(i-h-j)/(n-m-l-k)	2.3				2.4
EBITDA net leverage[a]	(i-h-j)/d	1.8				1.9
(CFO-capex)/net debt (%)	(o+p)/(i-h-j)	4.1				1.1
Coverage (x)						
EBITDAR fixed-charge coverage[a]	a/(-m+b)	17.0				13.0
EBITDA interest coverage[a]	d/(-m)	17.0				13.0
FFO fixed-charge coverage	(n-l-m-k+b)/(-m-k+b)	12.7				10.2
FFO interest coverage	(n-l-m-k)/(-m-k)	12.7				10.2

EBITDA/R after dividends to associates and minorities
Note: Debt includes other off balance sheet debt
Source: Fitch Ratings, Fitch Solutions, Engie

Fitch Financial Adjustments — Nuclear-Adjusted Leverage

(EURm)	31 December 2022
Total debt with equity credit	39,282
+ Off balance sheet debt	0
- Readily available cash and equivalents	16,122
= Net debt	23,160
+ Nuclear provisions for dismantling	8,392
- Dedicated financial assets	-1,758
= Net debt and unfunded nuclear provisions for dismantling (A)	**29,794**
FFO	8,955
+ Net interest paid	754
+ Cash flow impact of nuclear provisions for dismantling	75
FFO before net interest paid and cash flow impact of nuclear provision for dismantling (B)	**9,784**
Nuclear-adjusted FFO net leverage (A/B) (x)	**3.0**

Source: Fitch Ratings, Fitch Solutions, Engie

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.