MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms ENGIE's Baa1 rating, stable outlook

26 Feb 2026

Paris, February 26, 2026 -- Moody's Ratings (Moody's) has today affirmed the Baa1 long-term issuer and senior unsecured ratings, as well as the (P)Baa1 senior unsecured MTN program rating of ENGIE SA (ENGIE). Concurrently, we have affirmed the baa1 Baseline Credit Assessment (BCA) of ENGIE, as well as the Baa1 long-term issuer ratings of ENGIE Alliance, ENGIE Invest International S.A., ENGIE CC and Electrabel SA (Electrabel); the Baa3 junior subordinate debt ratings of ENGIE (the Hybrids); the Prime-2 (P-2) Commercial Paper and (P)P-2 other short term ratings of ENGIE; the P-2 short term issuer rating of ENGIE Alliance; and the (P)P-2 other short term program rating of Electrabel. The outlooks on ENGIE, ENGIE Alliance, ENGIE Invest International S.A., ENGIE CC and Electrabel remain stable.

A full list of affected ratings can be found at the end of this press release.

RATINGS RATIONALE

Today's rating action follows the announcement on 25 February 2026 by ENGIE that it has agreed to acquire 100% of UKPN Holdings for a purchase price (equity value) of £10.5 billion[1]. UKPN Holdings is the second largest electricity distribution group in Great Britain, with a combined Regulatory Asset Value (RAV) of £9.2 billion at March 2025 and an EBITDA of £1.8 billion in FY24/25. Its three regulated operating subsidiaries are the monopoly electricity distribution network operators serving approximately 8.5 million customers across London, the East and South East of England. UKPN Holdings group also provides bilaterally contracted utility network services.

The ratings affirmation reflects that the acquisition will in our view modestly strengthen ENGIE's business risk profile because it increases the group's exposure to regulated electricity networks in the UK, which benefit from an established and supportive regulatory framework. This is somewhat moderated by (1) the scale of UKPN Holdings within the wider ENGIE group, which we expect to contribute around 11% of consolidated EBITDA from 2027; and (2) the presence of external debt at UKPN Holdings, which restricts the net economic exposure of ENGIE and subordinates its access to UKPN Holdings' cash flows. The transaction will also enhance ENGIE's market and geographic diversification, albeit to a limited extent because ENGIE is already very well diversified globally. As a result, we have slightly revised the ratio guidance for the current Baa1 rating, which now includes funds from operations (FFO) to net debt of at least 17%.

Although the acquisition is sizeable (the purchase price of £10.5 billion compares with ENGIE's reported net financial debt of €39.8 billion at the end of December 2025), the ratings affirmation factors in the funding mix of the transaction, which will include a combination of equity issuance, asset disposals, hybrids and senior debt. Accordingly, we expect that, although ENGIE's FFO/net debt is likely to fall below our revised ratio guidance of 17% over 2026-27, the company will be able to restore credit metrics commensurate with the Baa1 rating by 2028. The ratings affirmation further reflects our expectation that ENGIE would implement additional balance-sheet strengthening measures on a timely basis if required, for example if the execution of the planned asset disposal programme proved to be challenging or if the operating environment were to deteriorate.

More generally, ENGIE's Baa1 rating continues to reflect (1) the group's large scale and geographical diversification; and (2) the prevalence of regulated and contracted activities (about 55% of EBITDA in 2024; expected to rise to about 70% by 2028), which support cash flow stability. At the same time, the rating remains constrained by (1) the earnings volatility stemming from the exposure to merchant power generation, and to energy management and trading activities; and (2) the execution risks associated with its large capital expenditure programme.

ENGIE is considered a Government-related Issuer (GRI) given its 23.64% ownership by the Government of France (Aa3 negative). However, the Baa1 rating incorporates no uplift from ENGIE's current BCA of baa1, based on our expectation of low support and moderate default dependence.

The Baa3 rating on the Hybrids reflects their terms and position in the capital structure.

RATIONALE FOR AFFIRMATION OF ENGIE ALLIANCE

The affirmation of ENGIE Alliance's ratings reflects that its ratings are aligned with those of ENGIE. This is because ENGIE Alliance is a Groupement d'Interet Economique (GIE) of which ENGIE is a member. Under the terms of the GIE, ENGIE has unlimited joint and several liability for debt and liabilities incurred by it.

RATIONALE FOR AFFIRMATION OF ENGIE INVEST INTERNATIONAL S.A.

The affirmation of ENGIE Invest International S.A.'s Baa1 issuer rating 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 ENGIE Invest International S.A.'s rating with that of ENGIE, its ultimate parent.

RATIONALE FOR AFFIRMATION OF ENGIE CC

The affirmation of ENGIE CC's Baa1 issuer rating reflects the implied support from ENGIE and ENGIE Invest International S.A. as intermediate holding company for ENGIE CC.

RATIONALE FOR AFFIRMATION OF ELECTRABEL

The affirmation of Electrabel's ratings factors in that Electrabel remains financially integrated with its parent company, ENGIE, thanks to the cash pooling arrangements between both entities, and thanks to the parent company guarantee provided by ENGIE covering Electrabel's dismantling obligations, nuclear waste volume risks (in excess of agreed volumetric credits ensuing from the nuclear waste cap payment of €15 billion), and the repayment of Synatom loans. The ratings affirmation also reflects our expectation that Electrabel's leverage, expressed as FFO/net debt, will remain comfortably above 30% on a forward-looking basis.

RATIONALE FOR THE STABLE OUTLOOK

The stable outlook on ENGIE reflects our expectation that the company will take actions, as may be appropriate, to strengthen its financial profile so that its credit metrics will recover to the levels commensurate with the Baa1 rating, namely FFO/net debt of at least 17%, by no later than 2028.

The stable outlook on ENGIE Alliance, ENGIE Invest International S.A., and ENGIE CC follows that on ENGIE, their parent company.

The stable outlook on Electrabel follows that on its parent company ENGIE, and reflects our expectation that Electrabel will maintain solid credit metrics, with FFO/net debt comfortably above 30%.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Because credit metrics will be weak in the next 18 months following the acquisition of UKPN Holdings, upward pressure on ENGIE's ratings is currently not anticipated. Upward pressure could arise over time if ENGIE appeared likely to maintain FFO/net debt at or above 20% on a sustained basis.

ENGIE's ratings could be downgraded if the company's credit metrics appear unlikely to recover to levels commensurate with our guidance for the Baa1 rating by 2028.

The ratings of ENGIE Alliance, ENGIE Invest International S.A. and ENGIE CC could be upgraded if ENGIE's ratings are upgraded. The ratings of ENGIE Alliance, ENGIE Invest International S.A. and ENGIE CC could be downgraded if ENGIE's ratings are downgraded.

Electrabel's ratings could be upgraded if it maintains a strong financial profile and ENGIE's rating is upgraded. Electrabel's ratings could be downgraded if the company's operating performance or capitalisation were to deteriorate significantly and were not offset by support from ENGIE, or it were no longer considered financially and operationally integrated within the ENGIE group, for instance as a result of a further significant decline in its scope of activities, or of a change in ENGIE's strategy or financial policy.

LIST OF AFFECTED RATINGS

Issuer: ENGIE SA

..Affirmations:

.... Baseline Credit Assessment, Affirmed baa1

.... Commercial Paper (Local Currency), Affirmed P-2

.... LT Issuer Rating, Affirmed Baa1

.... Junior Subordinated (Local Currency), Affirmed Baa3

.... Commercial Paper (Foreign Currency), Affirmed P-2

.... Other Short Term (Local Currency), Affirmed (P)P-2

.... Senior Unsecured Medium-Term Note Program (Local Currency), Affirmed (P)Baa1

.... Senior Unsecured (Foreign Currency), Affirmed Baa1

.... Senior Unsecured (Local Currency), Affirmed Baa1

..Outlook Actions:

....Outlook, Remains Stable

Issuer: Electrabel SA

..Affirmations:

.... LT Issuer Rating (Local Currency), Affirmed Baa1

.... Other Short Term (Local Currency), Affirmed (P)P-2

..Outlook Actions:

....Outlook, Remains Stable

Issuer: ENGIE Alliance

..Affirmations:

.... ST Issuer Rating, Affirmed P-2

.... LT Issuer Rating, Affirmed Baa1

..Outlook Actions:

....Outlook, Remains Stable

Issuer: ENGIE CC

..Affirmations:

.... LT Issuer Rating (Foreign Currency), Affirmed Baa1

..Outlook Actions:

....Outlook, Remains Stable

Issuer: ENGIE Invest International S.A.

..Affirmations:

.... LT Issuer Rating (Local Currency), Affirmed Baa1

..Outlook Actions:

....Outlook, Remains Stable

PRINCIPAL METHODOLOGIES

The principal methodologies used in rating ENGIE SA, ENGIE Invest International S.A., ENGIE CC and ENGIE Alliance were Government-related Issuers published in May 2025 and available at https://ratings.moodys.com/rmc-documents/443641, and Unregulated Utilities and Power Companies published in August 2025 and available at https://ratings.moodys.com/rmc-documents/449372. The principal methodology used in rating Electrabel SA was Unregulated Utilities and Power Companies published in August 2025 and available at https://ratings.moodys.com/rmc-documents/449372. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

COMPANY PROFILE

ENGIE is a leading European utility, with consolidated revenue of €71.9 billion and EBITDA of €14.7 billion in 2025. It is also one of the most diversified unregulated utilities, with substantial assets along the energy value chain, in Europe and elsewhere.

Electrabel is a leading European power utility domiciled in Belgium. It is 100% owned by ENGIE. In 2024, Electrabel reported revenue of €26.8 billion and EBITDA of €6.5 billion.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the UK and is(are) endorsed for use in the UK in accordance with the UK CRA Regulation.

REFERENCES/CITATIONS

[1] https://en.newsroom.engie.com/news/engie-announces-the-acquisition-of-uk-power-networks-uk-s-best-in-class-electricity-distribution-network-42503-314df.html

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

Benjamin Leyre
VP - Senior Credit Officer

Paul Marty
Associate Managing Director

Releasing Office:
Moody's France SAS
21 Boulevard Haussmann
Paris, 75009
France
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454
