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CREDIT OPINION
18 June 2021

Update

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RATINGS

Alliander N.V.

Domicile	Arnhem, Netherlands
Long Term Rating	Aa3
Type	LT Issuer Rating
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.

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Alliander N.V.

Update following rating downgrade

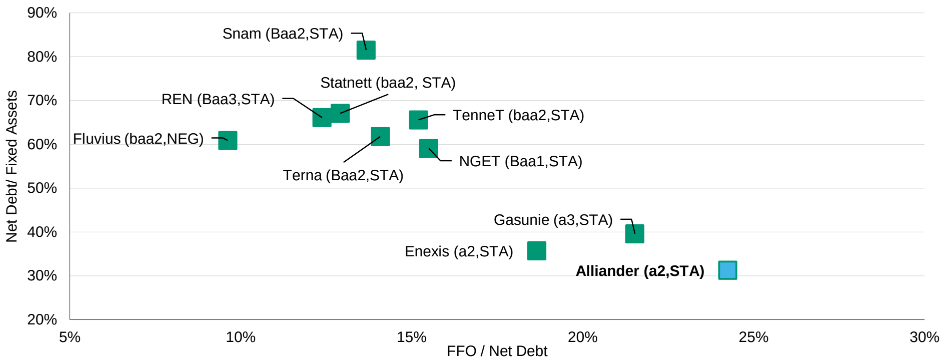
Summary

Alliander N.V. (Alliander, Aa3 stable)'s credit quality is underpinned by (1) its low business risk as the monopoly provider of electricity and gas distribution network services within its service area; (2) stable and predictable cash flows, generated under a well-established and transparent regulatory framework; and (3) its strong financial profile, with very modest leverage (as measured by Net Debt / Fixed Assets) compared to other European networks.

However, Alliander's credit quality is impacted by the expected weakening of cash flow metrics (excluding one-offs) over the next regulatory period 2022-26. The decrease in allowed return in real terms proposed by the regulator in its draft Methods Decisions for 2022-26 for electricity and gas distribution networks will be mitigated by the move to a nominal return and accelerated depreciation for gas distribution and the increase in RAB, resulting in stable operating cash flow over 2022-26. Combined with growing capital spending, primarily related to facilitating delivery of the country's ambitious energy transition objectives, net debt will significantly increase through 2026.

Exhibit 1

Very modest leverage, compared to other European networks, supports strong standalone credit quality



(1) Ratings are the standalone credit quality, expressed as assigned final rating or Baseline Credit Assessment where applicable; (2) Net debt / Regulated Asset Base (RAB) rather than Net debt / Fixed Assets is used for NGET = National Grid Electricity Transmission plc (Baa1 stable) (3) Financial metrics shown correspond to the latest full-year adjusted financial metrics
Source: Moody's Investors Service

Alliander's Aa3 rating incorporates two-notches of uplift from its stand-alone credit quality, defined as a baseline credit quality (BCA) of a2, reflecting the strong probability of extraordinary financial support being provided its owners, the largest of which is the Province of Gelderland with a 45% shareholding, if this was ever needed.

Credit strengths

- Low business risk of monopoly distribution network activities, with limited contribution from unregulated businesses
- Stable and transparent regulatory regime
- Strong financial profile, with very modest leverage (as measured by Net Debt / Fixed Assets) compared to the wider peer group
- Expectation of strong support from local government shareholders, given the essentiality of assets and the key role the company will play in facilitating the energy transition in its service area

Credit challenges

- Reductions in allowed returns have reduced financial flexibility
- Increased capital spending requirements to support the country's energy transition will increase leverage and may weaken the business risk profile of the group if it results in material growth in unregulated activities, e.g. heating networks
- Stranded asset risk faced by gas networks in the context of the energy transition, although the regulator is considering options to alleviate this
- Expectation of further reduction in allowed return in the next regulatory period (2022-26), depressing cash flow-based metrics

Rating outlook

The stable outlook reflects our expectation that Alliander will maintain financial metrics in line with the ratio guidance for the Aa3 rating in the next regulatory period such that Funds from operations (FFO) / net debt is above the mid-to high teens and Net debt / fixed assets is below the low 50s, both in percentage terms.

Factors that could lead to an upgrade

A rating upgrade is unlikely in the near term considering the significant decrease in allowed returns proposed by the Dutch regulator and the increasing capital investment needed in the context of the energy transition.

Factors that could lead to a downgrade

A rating downgrade could be triggered if Alliander fails to maintain the following minimum credit metrics: FFO/net debt in the mid-to-high teens and net debt/fixed assets no higher than the low 50s, both in percentage terms.

The Aa3 rating could also be subject to downward pressure if the credit quality of the municipalities and provinces owning Alliander were to significantly weaken or if our assessment of extraordinary support weakened.

Key indicators

Alliander N.V.

	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
FFO Interest Coverage	7.7x	8.4x	9.4x	12.2x	12.7x	14.8x
Net Debt / Fixed Assets	29.2%	27.9%	29.8%	28.1%	29.5%	31.3%
FFO / Net Debt	26.3%	25.1%	24.5%	31.3%	28.4%	24.2%
RCF / Net Debt	19.4%	20.1%	19.1%	25.9%	21.5%	19.5%

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics^{TM}

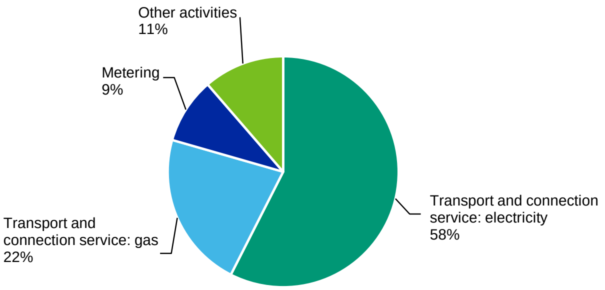
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Profile

Alliander N.V. owns and manages low and medium voltage electricity and gas distribution networks in the Dutch provinces of Gelderland, Noord-Holland, Flevoland and large parts of, Friesland and Zuid-Holland. The company is the largest electricity and gas network operator in the Netherlands with approximately 3.2 million electricity and 2.5 million gas connections, covering around 35% of the Netherlands. The vast majority of Alliander's revenues come from its regulated activities (Liander network activities).

Exhibit 3

Revenue breakdown by segment (December 2020)

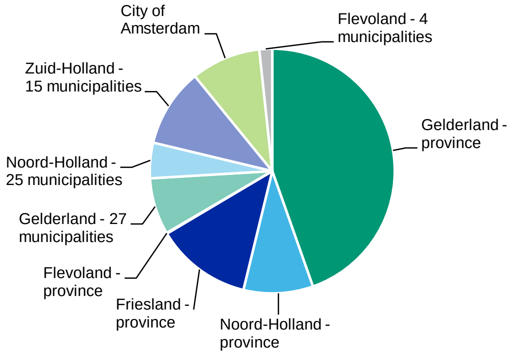


Source: Alliander, Moody's Investors Service

Exhibit 4

Dutch provinces own the majority of Alliander's shares

Breakdown in voting right



Source: Alliander, Moody's Investors Service

The company is fully owned by Dutch provinces and municipalities, with the largest stakes held by the provinces of Gelderland (44.68%), Friesland (12.65%) and Noord-Holland (9.16%), and the City of Amsterdam (9.16%). The remaining 24% share is owned by 72 small municipalities where Alliander provides its network services.

Detailed credit considerations

Low business risk, underpinned by regulated cash flow

Alliander's core business activities relate to low-risk monopoly network operations. These activities contribute over 85% of Alliander's revenues and provide relatively stable and predictable cash flow under a well-established and transparent regulatory framework.

Alliander's remaining revenue largely relates to services offered to customers with regulated network activities, such as network service, maintenance and operations for regulated monopolies, and are carried out through Qirion. Whilst these business are non-regulated they are strongly linked to Alliander's core business.

We expect the proportion of non-regulated cash flows to increase in the 2020s with the likely growth in heating networks to facilitate the energy transition (new heating systems will be needed for 1.5 million houses in the Netherlands by 2030 under the Climate Agreement, discussed below), absent a regulatory framework being put in place for these activities.

Established regulatory framework, but returns continue to decline

Current regulatory period: 2017-2021

The Dutch regulatory framework, applied since 2000 and 2001 for electricity and gas networks, respectively, allows the country's distribution network companies to earn a return on their regulated asset base and provides allowances for costs adjusted for Consumer Price Index inflation and an efficiency incentive factor. The regulation incorporates incentives determined using a “yardstick” mechanism, which defines the cost efficiency and quality factors based on industry averages and encourages network companies to improve profitability by outperforming the sector. This approach is typical among regulatory regimes in Europe, and we believe that the application by the Dutch regulator, the Authority for Consumers and Markets (ACM), has been transparent and consistent to date.

The current regulatory period for both electricity and gas distribution runs from January 2017 to December 2021. The Method Decisions, the ACM's final determination, were published in September 2016 and originally included a gradual reduction in the allowed return (weighted average cost of capital [WACC]) to 3.0% from 4.3% in 2016 (both pretax, real) by 2021. Following successful appeals from Distribution System Operators (DSOs), new Method Decisions were published in January 2019, with the average WACC unchanged over the period but starting and finishing 20 basis points higher and lower, respectively. The Dutch network operators appealed the decision to lower the 2021 WACC and the appeal body College van Beroep voor het bedrijfsleven (CBb), ruled in December 2019 that the 2021 WACC in the original Method Decision should apply[1].

Exhibit 5

Allowed return for Dutch network operators shows a declining trend

WACC - Dutch DSOs	2008-2010	2011-2013	2014-2016	2017	2018	2019	2020	2021
risk free rate	4.00%	3.95%	2.50%	2.27%	2.03%	1.80%	1.56%	1.33%
risk premium	0.80%	1.50%	1.20%	0.91%	0.88%	0.86%	0.83%	0.81%
transaction costs	0.00%	0.00%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Nominal Cost of Debt	**4.80%**	**5.45%**	**3.85%**	**3.32%**	**3.06%**	**2.81%**	**2.55%**	**2.29%**
nominal risk free rate for CoE	4.00%	3.95%	2.50%	1.28%	1.28%	1.28%	1.28%	1.28%
market risk premium	5.00%	5.00%	5.00%	5.05%	5.05%	5.05%	5.05%	5.05%
asset beta	0.41	0.42	0.35	0.44	0.43	0.43	0.42	0.42
equity beta	0.86	0.81	0.61	0.77	0.76	0.76	0.75	0.74
Nominal Cost of Equity	**8.30%**	**8.00%**	**5.55%**	**5.18%**	**5.14%**	**5.10%**	**5.06%**	**5.02%**
gearing assumption	60%	55%	50%	50%	50%	50%	50%	50%
tax rate	25.5%	25.5%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Nominal WACC pre-tax	**7.3%**	**7.8%**	**5.63%**	**5.11%**	**4.96%**	**4.80%**	**4.65%**	**4.49%**
inflation	1.75%	1.55%	2.00%	0.90%	1.03%	1.16%	1.29%	1.42%
Real WACC pre-tax	**5.5%**	**6.2%**	**3.6%**	**4.2%**	**3.9%**	**3.6%**	**3.4%**	**3.0%**

(1) The WACC for 2021 corresponds to the original Method Decisions published in 2016, following the CBb ruling of December 2019; (2) The calculation for 2017-20 corresponds to a straight-line extrapolation between the 2016 WACC (Amended Method Decisions) and the 2021 WACC (Original Method Decisions).
Source: ACM, Moody's Investors Service

The reduction in allowed returns is less material than for the 2014-16 regulatory period, during which it fell to 3.6% from 6.2% (both pretax, real) in linear steps. Alliander has demonstrated its ability to operate within the bounds of the regulatory return allowance and to fund comfortably within the cost of debt assumed by the regulator. We expect Alliander's cost of external debt to remain within the allowed cost for the period, supported by ongoing refinancing and new funding for its investment programme.

Alliander has significantly reduced its average cost of debt following the refinancing of its €300 million, 4.5% December 2019 maturity through the issuance of a €300 million, 0.875% green bond in June 2019. It has since issued a €500 million, 0.375% green bond in June 2020 to finance its capital expenditure programme. The next two most expensive pieces of long-term debt mature in November 2022 (€400 million with a 2.25% coupon) and June 2024 (€400 million with a 2.875% coupon) which will help mitigate the further anticipated step-down in cost of debt in the next regulatory period.

The regulator also imposes a series of cost-efficiency targets on the networks, which, combined with the allowed return, determine the so-called X-factor, currently set at 1.9% for electricity and 1.42% for gas annually for Alliander (the lowest for both fuels amongst the DSOs; 2.07% and 1.61% were the unweighted sector average for electricity and gas respectively). While base costs were reset on the basis of average efficient costs in the 2013-15 period, resulting in an increase in the overall revenue allowance for 2017-21, the forward-looking operating efficiency targets embedded in the X-factor may still prove difficult to achieve.

Next regulatory period: 2022-26

On 19 April 2021, the ACM has published its draft Method Decisions for electricity and gas distribution networks operators in the Netherlands for the 2022-26 regulatory period. For both electricity and gas distribution, the regulator proposes a reduction in allowed returns of around 180 basis points in real terms between 2021 and 2022, mostly reflecting the low interest rate environment. However, from 2022 the regulator proposes that it will recalculate the allowed return based on actual rates so that networks operators will be able to recover any difference with a two-year delay. The allowed return proposed in the draft determination corresponds to 1.2% in 2022 and 1.0% in 2026 (both in real terms) compared to 3.0% in real terms in 2021. For electricity distribution networks, the transmission grid charges which had been increased in 2020 are included in the cost allowance. In its draft determination, the ACM proposes to differentiate the remuneration of electricity and gas distribution networks in order to reflect its expectation of a decrease in consumption of gas and hence an allocation of gas networks costs that puts more of the costs on current consumers versus future consumers for the 2022-26 regulatory period. These proposed changes include: (1) moving to a nominal return on assets from a real return; (2) accelerating depreciation of the regulated asset base (RAB) by a factor of 1.2; and (3) allowing the gas distribution network to recover the actual costs of removal of gas networks, if these costs occur, via subsequent calculation and a recovery after two years. These proposed methodology changes follow the same logic as those introduced in the final determination for Gas Transport Services (GTS, the Dutch transmission network owned by N.V. Nederlandse Gasunie A1 stable) for which the regulator has applied a 3.1-3.0% nominal allowed return and accelerated depreciation by a factor of 1.3x over the 2022-26 period. We estimate that the proposed methodology changes for gas distribution will generate an additional EBITDA of €65-80 million per year or €50-60 million of FFO per year for Alliander over 2022-26.

Environmental considerations: National energy transition plan raises capital spending and brings challenges for the next regulatory period

The Netherlands has committed to ambitious climate change targets for 2020, including a 16% reduction in greenhouse gas emissions, compared with the 2005 levels, and 14% of gross final energy consumption from renewable energy. Progress has been slow and the Netherlands shows the largest gap between actual and planned renewable energy development in the European Union, with an actual share of renewables of 7.4% for 2018, compared with an indicative trajectory of 9.9%.

In June 2019, the Dutch Government adopted the Dutch Climate Agreement which commits the Netherlands to (1) a 49% reduction in CO2 emissions (relative to 1990 levels) and the generation of 70% of electricity by renewable energy sources by 2030; and (2) a 95% reduction in CO2 emissions (relative to 1990 levels) and the generation of all electricity carbon neutrally by 2050.

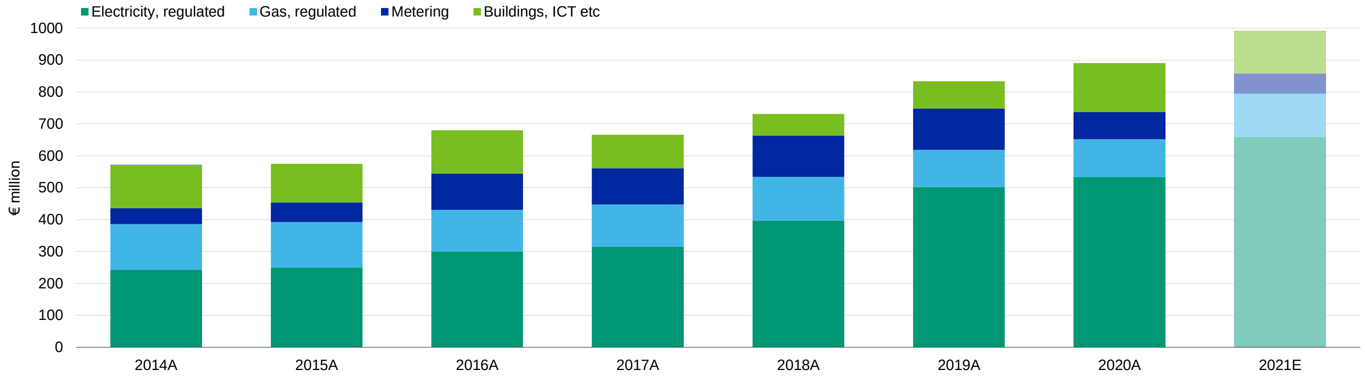
Delivering these targets will require a significant acceleration of the energy transition across many areas that would result in material incremental capital spending for Alliander in the 2020s, including new connections for local renewable generation (primarily solar and onshore wind), reinforcing the grid to cope with the growth in electric vehicles and heat transition.

Alliander believes the main challenge is to keep up with the pace of the energy transition. There is already a material shortage of qualified engineers in the sector and the shortage of grid capacity has led to some delay in connecting renewables to the grid.

Consequently, we expect the energy transition will result in further material increases in Alliander's capital spending programme which has grown appreciably since 2015, from around €570 million per annum (gross of customer contributions) to over €800 million in 2019 primarily due to the smart meter roll-out that started in 2015 and increased demand for connection to the electricity grid. While capital spending for smart meters will decrease from 2021 as the smart-meter roll-out programme was completed by the end of 2020, we expect an annual increase in capital spending of c.€70 million on average over the next 5 years. As a result of the increase in capital spending need, Alliander has requested funds from its shareholders through a €600 million reverse convertible hybrid shareholder loan, closing in December 2021.

Exhibit 6

Alliander's capital spending will continue to increase to support the country's energy transition



Note: The 2021 forecast corresponds to Alliander's guidance of gross investments to rise to approximately €1 billion
Source: Alliander, Moody's Investors Service

Regulator considers options to mitigate stranded asset risk for the gas network

As illustrated by the cancellation of the requirement to provide compulsory gas connections to new residential areas, the Netherlands is moving away from natural gas towards more sustainable sources of energy, which raises the risk of stranded assets for gas networks. The ACM is considering its impact on gas networks' allowed revenue and has proposed several methodology changes in its draft Method Decisions for the regulatory period 2022-26 (see above). In parallel, the ACM is conducting analyses on the alternative uses of the gas network, such as green gas and hydrogen.

The country is contemplating developing its district heating infrastructure. While the activity does not benefit from a similar regulatory framework as electric or gas networks, some Dutch network operators such as Alliander could decide to have a role in its operation.

Very modest leverage, compared with peers, supports strong standalone credit quality

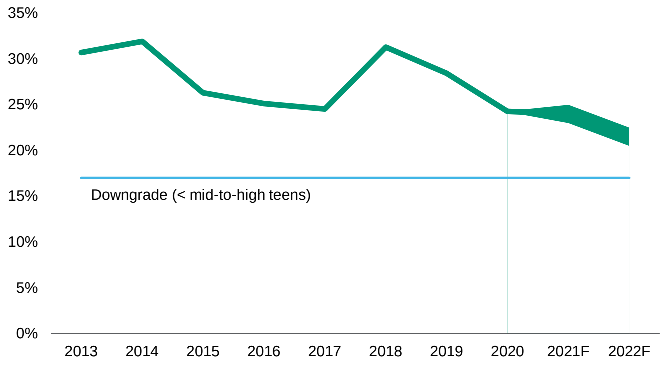
Like its closest peer Enexis Holding N.V. (Aa3 stable), Alliander exhibits a strong financial profile with very modest financial leverage compared with the wider European peer group of energy network companies (see exhibit 1). Over the coming years, we expect Alliander's financial profile to weaken, with the reduction in allowed returns (itself a reflection of the continued low interest rate environment) and increasing investment requirements to support delivery of the country's energy transition.

Nevertheless, overall leverage will remain modest in the wider European context. Due to higher transmission grid costs, we forecast Alliander will maintain FFO / Net Debt in the mid-to-high teens in percentage terms and Net Debt / Fixed Assets below the low 40s through 2026. The robust financial profile is also supported by a prudent dividend policy, with a payout ratio of around 45%.

Exhibit 7

We expect cash-flow based metrics to weaken due to lower allowed returns and higher capital expenditure

FFO / net debt against ratio guidance for the a2 BCA



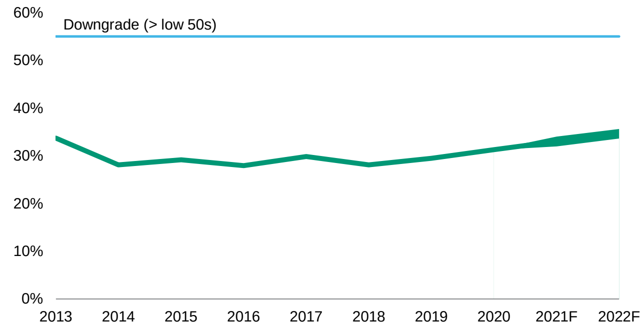
Moody's forecasts represent Moody's view, not the view of the issuer

Source: Moody's Investors Service

Exhibit 8

but Alliander will maintain very modest level of leverage

Net debt / Fixed assets against ratio guidance for the a2 BCA



Moody's forecasts represent Moody's view, not the view of the issuer

Source: Moody's Investors Service

Cash-flow based metrics for 2020 have been negatively affected by the €63 million one-off increase in transmission grid costs from TenneT TSO B.V.'s (TenneT, the national electricity transmission system operator owned by TenneT Holding B.V., A3 stable). Increased costs for 2020 will be passed through to consumers, although with a two-year lag. Our ratio guidance for Alliander is based on underlying not reported metrics. Dutch electricity DSOs have been allowed to include a new estimate of transmission grid costs in their 2021 tariffs and hence the impact on Alliander's 2021 financial metrics should be minimal. Based on the draft Method Decisions, the revenue allowance for the next regulatory period will include an updated value for the transmission grid costs.

Amended financial policy is credit negative

On 31 May 2021, Alliander amended its financial policy through the loosening of some of its minimum financial targets. In particular, the company's target FFO / net debt metric (as defined by the company) was changed to 15% from 20% and the company's target credit rating was changed to a solid A final rating from a solid A rating on a standalone basis (i.e. the later didn't take into account the benefit of implied support from its owners, the equivalent concept to Moody's BCA). We consider that the change in financial policy reflects that the company will be less likely to put in place measures to counteract the effect of the decrease in allowed returns and increasing capex on financial metrics.

Final rating incorporates two notches of rating uplift

Given its 100% ownership by Dutch provinces and municipalities, Alliander falls within the scope of our Government-Related Issuers rating methodology, published in February 2020.

Alliander's Aa3 rating incorporates a two-notch uplift from its stand-alone credit quality, expressed as a baseline credit assessment (BCA) of a2, reflecting a strong probability of extraordinary financial support being provided by its owners, if ever required, the largest of which is the Province of Gelderland with around 45%. Although ownership of Alliander is relatively fragmented among 76 provinces and municipalities, our assumption of strong support reflects (1) the importance of Alliander's network operations for the regional economy; (2) the fact that the four largest provinces together hold 76% of the company's shares; and (3) the strong governance framework in the Netherlands with oversight by the national government.

Our assessment of very high default dependence reflects Alliander's significant exposure to the Dutch economy, as almost all of the company's revenues and cash flows are generated from domestic activities.

In addition, the Dutch government's ambitious decarbonisation agenda increases the strategic importance of Alliander to its owners, as the central government sees municipalities as important partners in the energy transition.

Low exposure to the impact from the coronavirus pandemic

Measures to counter the spread of the virus have resulted in lower-than-expected electricity consumption in 2020, which resulted in lower network load (distribution volumes) and hence lower collected revenue for network activities for most European regulated networks. However, regulated networks benefit from regulatory protections against reduced consumption. In the case of Dutch DSOs, their exposure to volume risk is small because revenue is mostly based on capacity rather than volume.

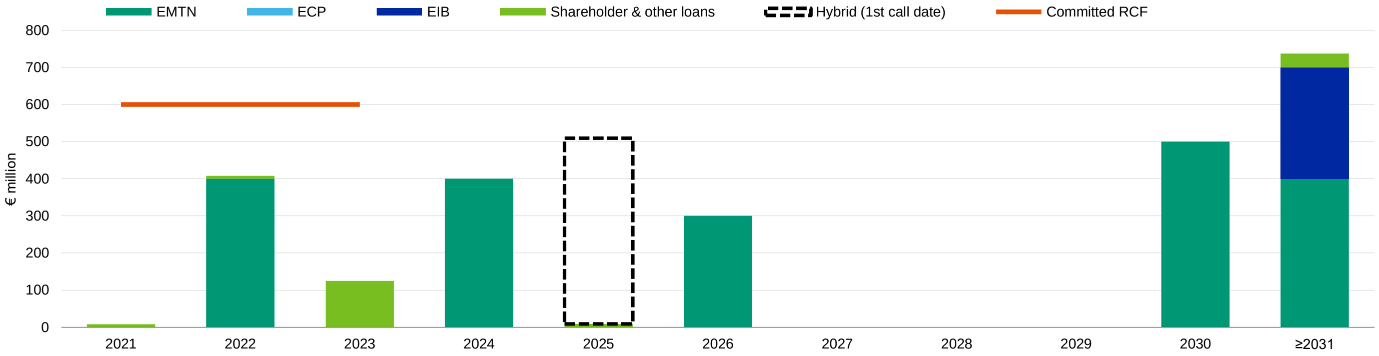
Government restrictions, self-isolation and higher levels of staff sickness may delay the planned delivery of network operators' investment programmes. However, we expect the impact to be small for Alliander, taking into consideration the moderate restrictions imposed by the Dutch government on construction work.

Liquidity analysis

We assess Alliander's liquidity position as strong over the period to December 2021. Alliander's principal sources of liquidity include (1) the strong and predictable cash flow generated from its regulated network activities (we estimate €650-700 million over January - December 2021); (2) its sizeable cash and cash equivalents balance, €298 million as of 31 December 2020; and (3) its committed €600 million revolving credit facility, fully undrawn as of 31 December 2020, maturing in July 2023. We believe these sources will be sufficient to cover dividend and capex requirements totalling around €1 billion in 2021. Alliander benefits from a well-spread debt maturity profile, see exhibit 10, reducing refinancing risk.

Exhibit 9

Alliander has a well-spread debt maturity profile with most expensive embedded debt all maturing by 2024
Repayment schedule of interest-bearing debt at 31 December 2020



Note: Excludes €217 million in lease obligations
Source: Alliander, Moody's Investors Service

Alliander has exposure to contingent liabilities represented by three cross-border leasing (CBL) arrangements. In the case of an unscheduled early termination of all of these CBLs at the same time this could give rise to a total exposure (maximum strip risk) of US $72 million as of 31 December 2020. According to the conditions of some of the CBLs, the company would need to post additional letters of credit if its ratings were to drop below certain minimum levels. We note that the company can access its €600 million revolving credit facility to cover potential financing needs stemming from the CBLs.

Methodology and scorecard

Alliander is rated in accordance with the rating methodologies for Regulated Electric and Gas Networks, published in March 2017, and Government-Related Issuers, published in February 2020.

Exhibit 10

Rating factors

Alliander N.V.

Regulated Electric and Gas Networks Industry Grid [1][2]	Current FY 31/12/2020		Moody's 12-18 Month Forward View As of June 2021 [3]	
Factor 1 : Regulatory Environment and Asset Ownership Model (40%)	**Measure**	**Score**	**Measure**	**Score**
a) Stability and Predictability of Regulatory Regime	Aa	Aa	Aa	Aa
b) Asset Ownership Model	Aa	Aa	Aa	Aa
c) Cost and Investment Recovery (Ability and Timeliness)	A	A	A	A
d) Revenue Risk	Aa	Aa	Aa	Aa
Factor 2 : Scale and Complexity of Capital Program (10%)				
a) Scale and Complexity of Capital Program	Baa	Baa	Baa	Baa
Factor 3 : Financial Policy (10%)				
a) Financial Policy	A	A	A	A
Factor 4 : Leverage and Coverage (40%)				
a) FFO Interest Coverage (3 Year Avg)	13.1x	Aaa	13x - 17x	Aaa
b) Net Debt / Fixed Assets (3 Year Avg)	29.7%	Aaa	30% - 36%	Aa
c) FFO / Net Debt (3 Year Avg)	27.7%	Aa	18% - 24%	A
d) RCF / Net Debt (3 Year Avg)	22.1%	Aa	14% - 20%	A
Rating:				
a) Scorecard-indicated Outcome from Grid		Aa3		A1
b) Actual BCA Assigned				a2
Government-Related Issuer				**Factor**
a) Baseline Credit Assessment				a2
b) Government Local Currency Rating				n/a
c) Default Dependence				Very High
d) Support				Strong
e) Final Rating Outcome				Aa3

Note: [1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; [2] As of 31 December 2020; [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics TM

Ratings

Exhibit 11

Category	Moody's Rating
ALLIANDER N.V.	
Outlook	Stable
Issuer Rating	Aa3
Senior Unsecured -Dom Curr	Aa3
Jr Subordinate -Dom Curr	A3
ST Issuer Rating	P-1

Source: Moody's Investors Service

Appendix

Exhibit 12
Peer comparison table

	Alliander N.V.			Enexis Holding N.V.			Fingrid Oyj			N.V. Nederlandse Gasunie			Gas Networks Ireland		
	Aa3 Stable (a2 BCA)			Aa3 Stable (a2 BCA)			A1 Stable (a2 BCA)			A1 Stable (a3 BCA)			A2 Stable (a2 BCA)		
(in EUR millions)	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-17	FYE Dec-18	FYE Dec-19
Revenue	1,920	1,930	2,009	1,445	1,491	1,516	853	789	682	1,251	1,278	1,372	473	487	470
EBITDA	753	755	706	760	737	650	300	241	223	777	899	909	311	307	291
Total Debt	2,156	2,376	2,805	2,395	2,696	2,976	1,085	1,120	1,175	3,841	3,821	3,629	1,412	1,355	1,267
Net Debt	2,017	2,224	2,508	2,364	2,634	2,929	1,000	1,037	1,049	3,814	3,775	3,611	1,361	1,238	1,165
Net Property Plant and Equipment	7,182	7,539	8,024	7,318	7,704	8,204	1,653	1,675	1,732	8,669	8,758	9,115	2,578	2,577	2,549
FFO Interest Coverage	12.2x	12.7x	14.8x	9.9x	11.7x	13.0x	15.0x	14.1x	14.1x	8.7x	9.0x	10.8x	12.0x	12.1x	13.5x
Net Debt / Fixed Assets	28.1%	29.5%	31.3%	32.3%	34.2%	35.7%	60.5%	61.9%	60.6%	44.0%	43.1%	39.6%	52.8%	48.1%	45.7%
FFO / Net Debt	31.3%	28.4%	24.2%	25.0%	22.3%	18.7%	24.2%	18.6%	16.6%	16.8%	20.9%	21.5%	18.9%	20.3%	20.8%
RCF / Net Debt	25.9%	21.5%	19.5%	20.6%	17.7%	15.1%	6.9%	2.0%	2.5%	10.0%	14.9%	13.5%	15.4%	16.3%	16.1%

FYE = Financial Year-End. LTM = Last Twelve Months. All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Exhibit 13
Debt adjustment breakdown
Alliander N.V.

(in EUR Millions)	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20
As Reported Total Debt	**1,732.0**	**1,934.0**	**1,955.0**	**2,288.0**	**2,704.0**
Leases	104	132	110		
Hybrid Securities	248	248	248	248	248
Non-Standard Adjustments	(168)	(148)	(156)	(160)	(147)
Moody's-Adjusted Debt	**1,916.0**	**2,165.7**	**2,156.2**	**2,375.5**	**2,804.5**
Cash & Cash Equivalents	(63)	(100)	(139)	(152)	(297)
Moody's Adjusted Net Debt	**1,853.0**	**2,065.7**	**2,017.2**	**2,223.5**	**2,507.5**

FYE = Financial Year-End. LTM = Last Twelve Months
All figures are calculated using Moody's estimates and standard adjustments
Source: Moody's Financial Metrics™

Exhibit 14
FFO adjustment breakdown
Alliander N.V.

(in EUR Millions)	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20
As Reported Funds from Operations (FFO)	**353**	**496**	**630**	**652**	**621**
Leases	23	19	18	0	0
Hybrid Securities	(8)	(8)	(5)	(4)	(4)
Alignment FFO	72	0	(12)	(16)	(9)
Non-Standard Adjustments	26	0	0	0	0
Moody's Adjusted Funds from Operations (FFO)	**465**	**507**	**631**	**632**	**608**

FYE = Financial Year-End. LTM = Last Twelve Months
All figures are calculated using Moody's estimates and standard adjustments
Source: Moody's Financial Metrics™

Exhibit 15

Selected historical adjusted financials

Alliander N.V.

(in EUR Millions)	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20
Income Statement					
Revenue	1,584	1,797	1,920	1,930	2,009
% Change In Sales (Yoy)	2.9%	13.4%	6.8%	0.5%	4.1%
EBITDA	559	658	753	755	706
EBITDA Margin %	35.3%	36.6%	39.2%	39.1%	35.1%
EBIT	213	314	396	383	319
EBIT Margin %	13.5%	17.5%	20.6%	19.8%	15.9%
Interest Expense	63	60	56	54	44
Net Income	279	195	250	254	220
Balance Sheet					
Cash & Cash Equivalents	63	100	139	152	297
Current Assets	400	517	555	547	674
Net Property Plant And Equipment	6,633	6,925	7,182	7,539	8,024
Non-Current Assets	7,439	7,684	7,900	8,241	8,745
Total Assets	7,839	8,201	8,455	8,791	9,422
Current Liabilities	584	762	873	799	519
Gross Debt	1,916	2,166	2,156	2,376	2,805
Non-Current Liabilities	3,639	3,745	3,700	4,016	4,823
Total Liabilities	4,223	4,507	4,573	4,815	5,342
Total Equity	3,616	3,694	3,882	3,977	4,081
Total Liabilities & Equity	7,839	8,201	8,455	8,791	9,422
Cash Flow					
Funds From Operations (FFO)	465	507	631	632	608
Cash Flow From Operations (CFO)	390	465	651	634	630
Capital Expenditures	(604)	(589)	(623)	(730)	(737)
Retained Cash Flow (RCF)	373	395	523	478	490
Free Cash Flow (FCF)	(306)	(236)	(80)	(250)	(225)
FFO / Net Debt	25.1%	24.5%	31.3%	28.4%	24.2%
RCF / Net Debt	20.1%	19.1%	25.9%	21.5%	19.5%
FCF / Net Debt	-16.5%	-11.4%	-4.0%	-11.2%	-9.0%
Interest Coverage					
(FFO + Interest) / Interest Expense	8.4x	9.4x	12.2x	12.7x	14.8x
Leverage					
Debt / EBITDA	3.4x	3.3x	2.9x	3.1x	4.0x
Debt / Book Capitalization	34.6%	36.9%	35.7%	37.4%	40.7%

FYE = Financial Year-End. LTM = Last Twelve Months

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Endnotes

[1] CBb Method decisions 2017-2021 WACC - Reformatio in peius, published 12 December 2019.

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