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CREDIT OPINION

12 April 2023

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 publication of 2022 results

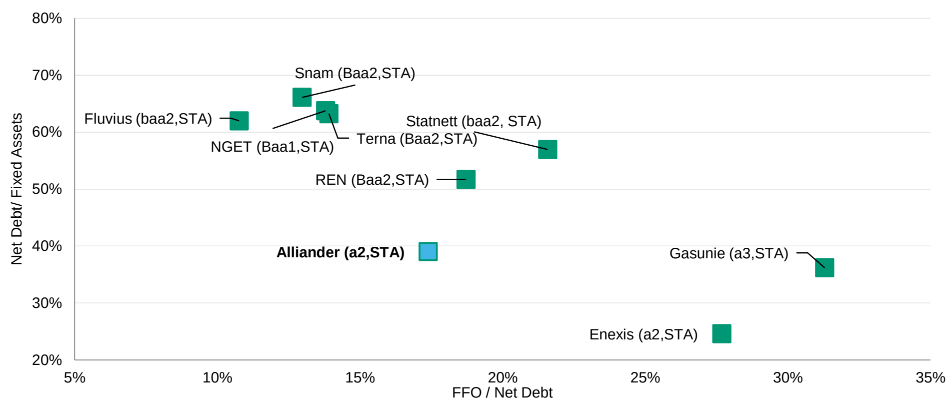
Summary

Alliander N.V.'s (Alliander, Aa3 stable) credit quality is underpinned by the company's low business risk as the monopoly provider of electricity and gas distribution network services within its service area; stable and predictable cash flow, generated under a well-established and transparent regulatory framework; and strong financial profile, with modest leverage (as measured by net debt/fixed assets) compared with other European networks (Exhibit 1).

Over the current regulatory period 2022-26, we expect a decline in the still-strong financial metrics because of falling regulatory allowed returns and growing capital spending, primarily related to facilitating the delivery of the Netherlands' (Aaa stable) ambitious energy transition objectives.

Exhibit 1

Modest leverage, compared with other European networks, supports its strong standalone credit quality



Metrics are as of December 2022, except National Grid plc (NGET) (as of March 2022) and Fluvius, Terna and Snam (as of December 2021). Ratings reflect the standalone credit quality, expressed as the assigned final rating or Baseline Credit Assessment, where applicable.
Source: Moody's Investors Service

Alliander's Aa3 rating incorporates a two-notch uplift from its standalone credit quality, defined as the Baseline Credit Assessment (BCA) of a2, reflecting the strong probability of extraordinary financial support from its owners, the largest of which is the province of Gelderland with a 45% shareholding, if needed.

Credit strengths

- Low business risk of monopoly distribution network activities, with limited contribution from unregulated businesses
- Stable and transparent regulatory regime
- Modest leverage (as measured by net debt/fixed assets) compared with the wider peer group
- Expectation of strong support from local government shareholders and the Dutch state, given the essentiality of assets and the key role the company will play in facilitating the energy transition in its service area

Credit challenges

- Decline in allowed returns reduces financial flexibility
- Increased capital spending requirements to support the country's energy transition will increase leverage
- Stranded asset risk faced by gas networks in the context of the energy transition
- No final decision yet on the handling of higher grid losses beyond 2023 until the end of the current regulatory period ending in December 2026

Rating outlook

The stable rating outlook reflects our expectation that Alliander will continue to derive most of its revenue and cash flow from low-risk regulated activities and maintain a financial profile in line with our minimum guidance for the current rating as outlined below ("Factors that could lead to a downgrade").

Factors that could lead to an upgrade

A rating upgrade is currently unlikely, taking into account the expected weakening in Alliander's financial profile as a result of decreasing allowed returns and the growing investment requirements in the context of the country's ambitious energy transition objectives.

Factors that could lead to a downgrade

A rating downgrade could be triggered if Alliander fails to maintain minimum credit metrics for its rating, with a deterioration in its financial metrics, such as funds from operations (FFO)/net debt persistently below 16% and net debt/fixed assets significantly above 50%.

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

Exhibit 2

Alliander's strong metrics are likely to deteriorate with growing investment needs amid falling returns

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
FFO Interest Coverage	8.4x	9.4x	12.2x	12.7x	14.8x	15.5x	12.4x
Net Debt / Fixed Assets	27.9%	29.8%	28.1%	29.5%	31.3%	33.2%	39.0%
FFO / Net Debt	25.1%	24.5%	31.3%	28.4%	24.2%	22.4%	17.4%
RCF / Net Debt	20.1%	19.1%	25.9%	21.5%	19.5%	19.0%	14.5%

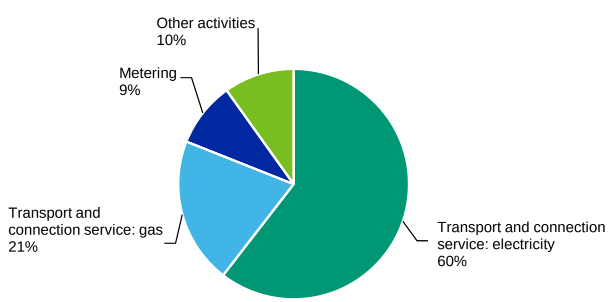
All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. For definitions of Moody's most common ratio terms, please see the accompanying User's Guide.
Source: Moody's Financial Metrics™

Profile

Alliander N.V. (Alliander) 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 around 3.3 million electricity and 2.5 million gas connections, covering around 35% of the Netherlands. The vast majority of Alliander's revenue comes from its regulated activities (Liander network activities).

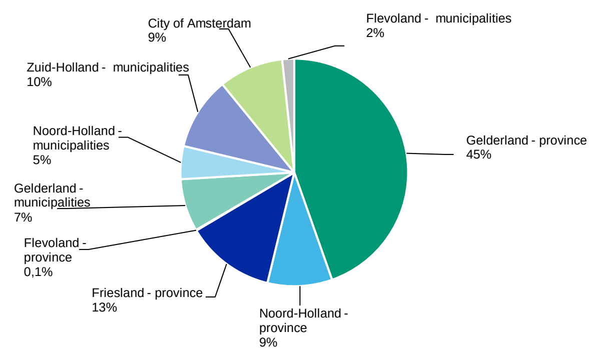
The company is fully owned by Dutch provinces and municipalities, with the largest stakes held by the provinces of Gelderland (44.68%), Friesland (12.65%) and Noord-Holland (9.16%), and the City of Amsterdam (9.16%). The remaining 24% share is owned by 70 small municipalities where Alliander provides its network services.

Exhibit 3
Revenue breakdown by segment (December 2022)



Sources: Alliander and Moody's Investors Service

Exhibit 4
Dutch provinces own the majority of Alliander's shares
Breakdown by voting right



Sources: Alliander and Moody's Investors Service

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 around 90% of consolidated revenue and nearly all of its operating profit, underpinning its relatively stable revenue and providing stable and predictable cash flows 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, carried out through Alliander's subsidiary Qirion. Although these business activities are non-regulated, they are strongly linked to Alliander's core business.

The country is also contemplating developing its district heating infrastructure. Although the activity does not benefit from a similar regulatory framework as electric or gas networks, some Dutch network operators, such as Alliander, can decide to have a role in its operation. However, it is still unclear how funding needs will be covered and a regulatory framework will be structured. The proportion of non-regulated cash flow could increase in the 2020s if heating operations are deemed to be non-regulated (new heating systems will be needed for 1.5 million houses in the Netherlands by 2030 under the Climate Agreement, discussed below “National energy transition plan increases need for investment”). Otherwise there are efforts to focus on core operations, which are also reflected in the intended sale of the Kenter subsidiary. Kenter is focused on integrated energy services. The sale is currently being discussed and targeted to be completed within 2023.

Established regulatory framework, but returns continue to decline in real terms; however, gas networks will collect higher cash flow over 2022-26

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 outperform the sector in terms of profitability. This approach is typical among regulatory regimes in Europe, and the application by the Dutch regulator, the Authority for Consumers and Markets (ACM), has been transparent and consistent to date.

In September 2021, the ACM published its final Method Decisions for electricity and gas distribution network operators in the Netherlands for the 2022-26 regulatory period. Allowed returns fell by around 180 basis points in real terms (pre-tax) between 2021 (3.0%) and 2022 (1.15% for distribution network operators), mainly reflecting the low interest rate environment.

However, gas network operators will receive advanced cash flow because the regulator switched from real to nominal returns, with nominal returns in 2023 likely to be around 2.9%. The depreciation of the gas network assets was accelerated (by a factor of 1.2x for the distribution companies, compared with 1.3x for the gas transmission network) because of the uncertainty around the remaining useful life of the gas network assets. The regulator also allowed the recovery of network decommissioning costs via subsequent calculation and with a recovery after two years.

For electricity distribution network operators, 50% of the forecast inflation will be added to the real return, while the regulated asset base will inflate with the remaining 50%. In addition, the ACM made changes to pre-calculate TenneT Holding B.V.'s (A3 stable) transmission costs on a yearly basis to avoid large recalculations as was the case in 2020, smoothening fluctuations in tariffs and ultimately Alliander's cost profile. Furthermore, the ACM amended the regulatory framework to account for strongly rising interest rates and inflation (annually updated for actual figures versus the assumed risk-free rate and interest utility index, reflected in the tariff t+2), and the higher cost of grid losses; the latter are driven by increased power prices to compensate at least for higher-than-allowed costs in 2023.

Exhibit 5

Allowed returns for Dutch network operators show a declining trend

WACC - Dutch DSOs	2008-10	2011-13	2014-16	2017	2021	2021 comparison with 2022-26 method	2022	2023	2024	2025	2026
risk-free rate	4.00%	3.95%	2.50%	2.27%	1.33%						
risk premium	0.80%	1.50%	1.20%	0.91%	0.81%						
Utiltiies Bond Index Interest						1.48%	1.26%	1.07%	0.95%	0.90%	0.89%
transaction costs	0.00%	0.00%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Nominal Cost of Debt	**4.80%**	**5.45%**	**3.85%**	**3.32%**	**2.29%**	1.63%	**1.41%**	**1.22%**	**1.10%**	**1.05%**	**1.04%**
nominal risk free rate for CoE	4.00%	3.95%	2.50%	1.28%	1.28%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%
market risk premium	5.00%	5.00%	5.00%	5.05%	5.05%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
asset beta	0.41	0.52	0.35	0.44	0.42	0.39	0.39	0.39	0.39	0.39	0.39
equity beta	0.86	0.81	0.61	0.77	0.74	0.63	0.63	0.63	0.63	0.63	0.63
Nominal Cost of Equity (post tax)	**8.3%**	**8.0%**	**5.6%**	**5.2%**	**5.0%**	3.15%	**3.15%**	**3.15%**	**3.15%**	**3.15%**	**3.15%**
cost of equity (pre tax)	11.14%	10.74%	7.40%	6.91%	6.69%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
gearing assumption	60%	55%	50%	50%	50%	45%	45%	45%	45%	45%	45%
tax rate	26%	26%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Nominal WACC pre-tax	7.3%	7.8%	5.6%	5.1%	4.5%	3.04%	**2.94%**	**2.86%**	**2.80%**	**2.78%**	**2.77%**
inflation (adjusted)						0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
Real plus WACC pre-tax						2.19%	**2.04%**	**1.95%**	**1.90%**	**1.88%**	**1.87%**
inflation	1.75%	1.55%	2.00%	0.90%	1.42%	1.67%	1.77%	1.77%	1.77%	1.77%	1.77%
Real WACC pre-tax	**5.5%**	**6.2%**	**3.6%**	**4.2%**	**3.0%**	1.35%	1.15%	1.07%	1.02%	0.99%	0.99%

(1) The weighted average cost of capital (WACC) for 2021 corresponds to the original Method Decisions published in 2016, following the CBb ruling of December 2019. (2) Between 2017 and 2020, it would reflect straight-line extrapolation between the 2016 WACC (amended Method Decisions) and the 2021 WACC (original Method Decisions). (3) 2022-26 reflects the Final Method Decisions from September 2021.

Sources: ACM and Moody's Investors Service

Initially, we assumed that the methodology changes will generate additional EBITDA of €120 million-€130 million or FFO of €90 million-€100 million for Alliander over 2022-26, which would have led to an improvement in FFO/net debt by around 2.5 percentage points. However, the allowed equity return for Dutch network operators is also among the lowest across the European frameworks, mainly linked to a shorter-term focus on determining the risk-free rate[1].

However, strong increases in inflation and interest rates, and especially massive increases in power prices compared with the numbers expected when the regulatory framework was determined in 2021 weigh on Alliander's profitability. These changes are addressed in the regulatory parameters by the ACM, as outlined above ("Established regulatory framework"). The mitigating factors such as higher tariffs to reflect increasing costs for grid losses and higher transmission costs, however, are only implemented for 2023 as of now. A continuation in 2024 and onwards is likely if energy prices stay high, because otherwise the allowed income would not be sufficient to capture actual costs, a credit negative.

In December 2021, Alliander and its Dutch network peers jointly appealed the ACM's determination to the Trade and Industry Appeals Tribunal (CBb), stating that the Method Decision "takes insufficient account of the energy transition", and "nor is compensation given for new, possibly very high, costs of congestion management." A court ruling on the appeal is expected during the first half of 2023.

National energy transition plan increases need for investment

The Netherlands has committed to ambitious climate change targets, but progress has been slow to date. The country's total emissions make up 5.2% of the EU total and have decreased by 13.4% since 2005, below the EU-wide emission reduction of 19% during the same period. Its carbon intensity also decreased at a lower rate than the EU-wide average, with a 29% reduction in 2005-19 for the Dutch economy. The share of renewable energy sources reached 8.8% in 2019, with a 27% target for 2030[2].

In June 2019, the Dutch government adopted the Dutch Climate Agreement that commits the Netherlands to a 49% reduction in CO_2 emissions (relative to 1990 levels) and the generation of 70% of electricity by renewable energy sources by 2030; and a 95% reduction in CO_2 emissions (relative to 1990 levels) and the carbon-neutral generation of all electricity by 2050.

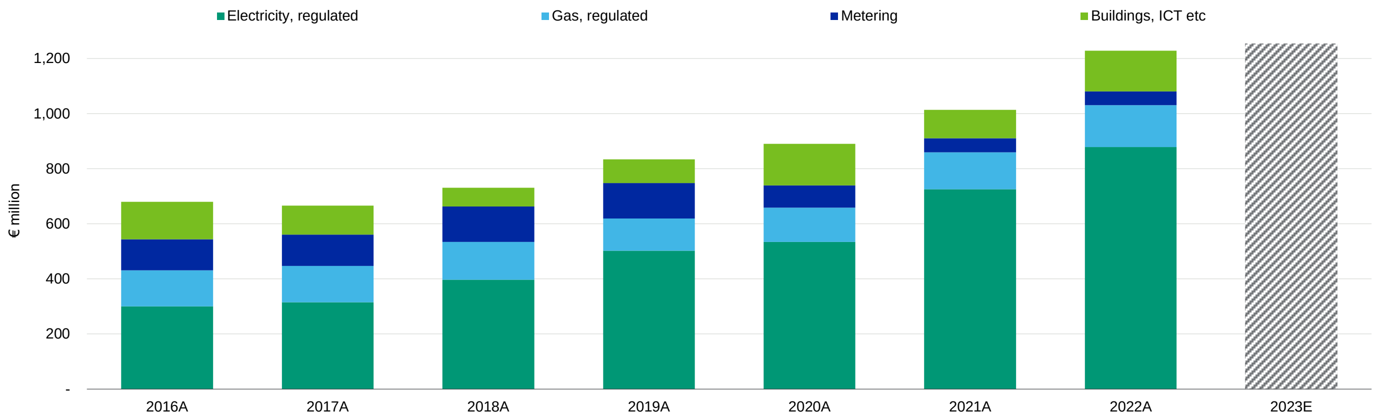
Compared with the progress to date, delivering these targets will require a significant acceleration of the energy transition across many areas, which would result in significantly increased capital spending for Alliander in the 2020s, including new connections for local renewable generation (primarily solar and onshore wind), reinforcing the grid to cope with the growth in electric vehicles and heat transition. Alliander has reported that the main challenge is to keep up with the pace of the energy transition. There is already a significant 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 to result in further significant increases in Alliander's capital investment, which has grown appreciably since 2015, from around €570 million per annum (gross of customer contributions) to around €1.2 billion in 2022. This includes the smart metre roll-out in 2015-20 and increased demand for new connections of decentralised generation to the electricity grid.

Because of the expected increase in capital spending as part of the ongoing energy transition, Alliander has raised funds from its shareholders through a €600 million reverse convertible hybrid shareholder loan, closed in December 2021. In addition, the proceeds from the Kenter sale will be used to fund the increasing capital needs.

Exhibit 6

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



Source: Alliander and Moody's Investors Service

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. Reflecting this risk, the ACM included several methodology changes on allowed revenue, as discussed above ("Established regulatory framework"). In parallel, the ACM is conducting analyses on the alternative uses of the gas network, such as green gas and hydrogen.

Investments in district heating infrastructure could further increase capital spending; however, this is still a discussion point and hence is not factored into our forecasts.

Modest leverage compared with peers supports strong standalone credit quality, but increasing pressure from lower returns and higher investment

Like its closest peer Enexis Holding N.V. (Enexis, Aa3 stable), Alliander has a strong financial profile with 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 because of the reduction in allowed returns (reflecting the low interest rate environment at the time of the framework determination) and increasing investment requirements to support the delivery of the country's energy transition.

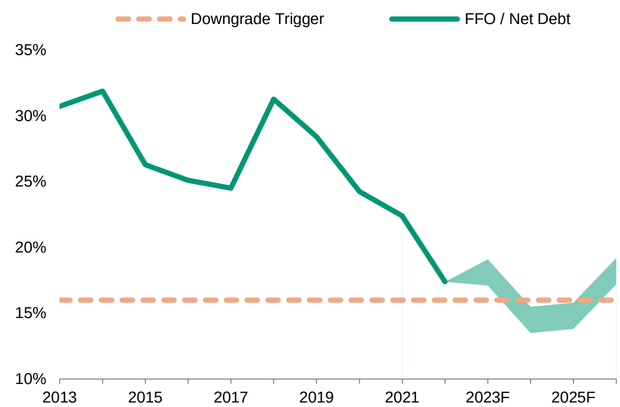
Financial metrics in 2020 were hurt by the €63 million one-off increase in transmission grid costs from TenneT TSO B.V. (TenneT, the national electricity transmission system operator owned by TenneT Holding B.V.). However, these costs were recovered by Alliander with a two-year lag in 2022, leading to strong FFO/net debt in 2022.

Under our base case, Alliander's FFO/net debt could decline towards the midteens in percentage terms, the minimum required for the current rating, in the later years of the current regulatory period. Higher-than-forecast investment requirements or a lack of reimbursement of costs above the allowed revenue cap could increase the pressure unless offset by either the ACM's interventions or other balance-sheet strengthening measures, which could include additional equity. The intended sale of Kenter is already included in our projections. Leverage, calculated as net debt/fixed assets (as a proxy for the regulated asset base), is likely to remain modest compared with that of most European peers and well below 50% during the current regulatory period. This will be supported by the company's dividend policy, with a payout ratio of 45%, while keeping the solvency ratio at least at 30%. In addition, the Kenter sale will strengthen the company's balance sheet and credit metrics. To mitigate the effects of a further worsening of the capital structure, the Dutch government, together with the three distribution system operators (DSO) Alliander, Enexis and Stedin, agreed on a legal framework that gives them access to additional government funding in the form of equity injections. Currently and based on our projections, it is unlikely that Alliander will make use of this equity injection option during the current regulatory period.

Exhibit 7

We expect cash-flow-based metrics to weaken because of lower allowed returns and higher capital spending...

FFO/net debt against the ratio guidance for the a2 BCA

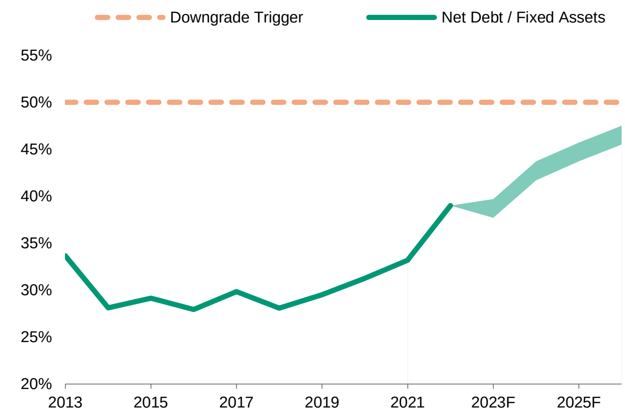


Moody's forecasts represent our opinion and not the view of the issuer.
Source: Moody's Investors Service

Exhibit 8

... but Alliander will maintain modest gearing

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



Moody's forecasts represent our opinion and not the view of the issuer.
Source: Moody's Investors Service

On 31 May 2021, Alliander amended its financial policy through the loosening of some of its minimum financial targets. In particular, the company's minimum requirement for FFO/net debt (as defined by the company) was changed to 15% from 20% and the company's minimum credit rating level to be maintained was changed to a solid A final rating from a solid A rating on a standalone basis (i.e., the latter does not take into account the benefit of implied support from its owners). 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 capital spending on financial metrics. Nevertheless, the overall financial profile will continue to be supported by a prudent dividend policy, with a payout ratio of around 45%.

ESG considerations

Alliander N.V.'s ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 9

ESG Credit Impact Score

CIS-2

Neutral-to-Low

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

Alliander's ESG Credit Impact score is neutral-to-low (**CIS-2**), indicating that its ESG attributes have a neutral-to-low impact on the current rating. Alliander's **CIS-2** reflects moderately negative exposure to environmental and social risks, mitigated by the positive influence of governance considerations, and our expectation that its shareholders would provide support to the company, if this were to become necessary.

Exhibit 10
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-3	S-3	G-1
Moderately Negative	Moderately Negative	Positive

Source: Moody's Investors Service

Environmental
Alliander's environmental risk is moderately negative (**E-3** issuer profile score) as its electric and gas network assets have a moderately negative exposure to physical climate risk due to rising sea levels and, with regard to gas, carbon transition risk. Alliander generates c. 90% of its revenues from its regulated electric and gas distribution network activities with a substantial, although decreasing, share from gas (around one third of the company's regulated asset base). This is balanced by neutral-to-low risk exposure from water management, waste and pollution of air and soil, and natural capital.

Social
We assess Alliander's social risk as moderately negative (**S-3** issuer profile score), reflecting the exposure of its regulated activities in the Netherlands to the risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political intervention, similar to other regulated electric and gas networks operators. Alliander also has moderately negative exposure to public safety risk, as a gas leak or explosion, although unlikely, could have a significant negative impact on the company's reputation and financial situation. Alliander has moderately negative exposure to human capital risk as it has reported difficulties finding skilled labour. These risks are balanced by neutral-to-low risks to health and safety and customer relationships.

Governance
Alliander has a positive exposure to governance considerations (**G-1** issuer profile score). While relatively concentrated ownership, as is the case for Alliander, reduces board independence and can affect governance negatively, the risk is mitigated by the company's track record of a prudent financial policy, resulting in very modest leverage compared to other European networks.

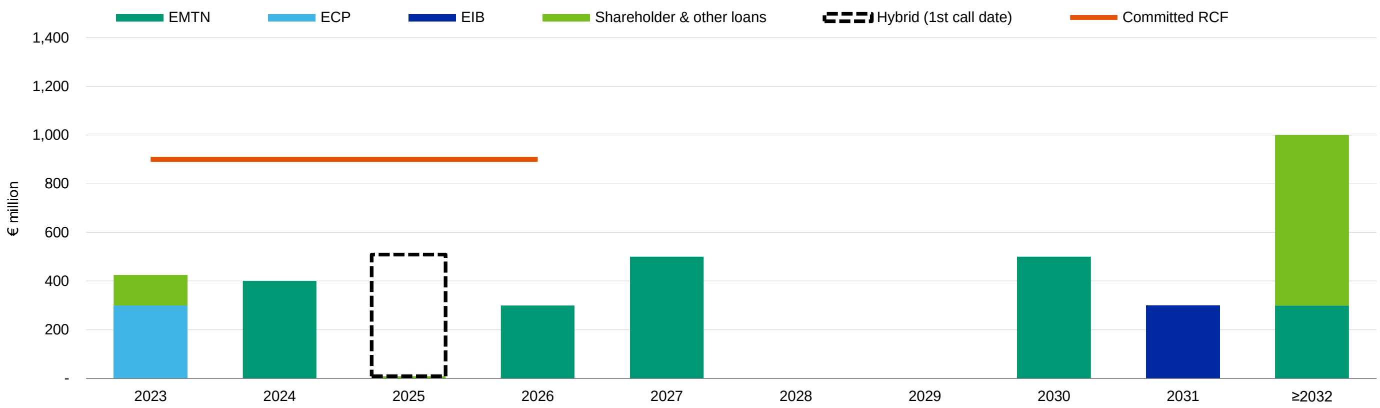
ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis
We assess Alliander's liquidity as strong. Alliander's principal sources of liquidity include the strong and predictable cash flow generated from its regulated network activities (slightly above €600 million for 2023, according to our projections); its sizeable cash and cash equivalents balance, €205 million as of 31 December 2022; and its committed €900 million revolving credit facility, fully undrawn as of 31 December 2022, maturing in December 2026. These sources will be sufficient to cover the company's liquidity needs over the next 12-18 months. Alliander benefits from a well-spread debt maturity profile, reducing refinancing risk (see Exhibit 11).

Exhibit 11

Alliander has a well-spread debt maturity profile with the most expensive embedded debt maturing by 2024

Repayment schedule of interest-bearing debt as of 31 December 2022



Excludes €123 million in lease obligations.
Source: Alliander and Moody's Investors Service

Alliander has exposure to contingent liabilities represented by cross-border leasing (CBL) arrangements, but the associated liquidity risk has significantly reduced after the company terminated two contracts in December 2021. As a result, in the case of an unscheduled early termination of the remaining contract, Alliander's total exposure (maximum strip risk) was only $32 million as of December 2022. The last CBL arrangement will expire in January 2025.

Government support considerations

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

Alliander's Aa3 rating incorporates a two-notch uplift from its standalone credit quality, expressed as a BCA of a2, reflecting a strong probability of extraordinary financial support from its owners, the largest of which is the province of Gelderland with a shareholding of 45%, if needed. Although the ownership of Alliander is relatively fragmented among 74 provinces and municipalities, our assumption of strong support reflects the importance of Alliander's network operations for the regional economy; the fact that the four largest provinces together hold 76% of the company's shares; and 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, because almost all of the company's revenue and cash flow are generated from domestic activities.

In addition, the Dutch government's ambitious decarbonisation agenda increases the strategic importance of Alliander to its owners because the central government increasingly sees municipalities as partners in the energy transition. In this context, the Dutch government intends to provide sufficient capital for network operators to facilitate the national decarbonisation strategy. This is taken into account by the legal framework agreement between the central government and the Dutch DSO, under which the DSO have the option to apply for an equity injection by the government to strengthen their capital structure.

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 12

Rating factors

Alliander N.V.

Regulated Electric and Gas Networks Industry Grid [1][2]	Current FY 31/12/2022		Moody's 12-18 Month Forward View As of April 2022 [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)	14.1x	Aaa	10x-14x	Aaa
b) Net Debt / Fixed Assets (3 Year Avg)	34.6%	Aa	37% - 42%	Aa
c) FFO / Net Debt (3 Year Avg)	20.9%	A	15% - 20%	Baa
d) RCF / Net Debt (3 Year Avg)	17.3%	A	10% - 15%	Baa
Rating:				
a) Scorecard-indicated Outcome from Grid		A1		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

[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 2021. [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™

Ratings

Exhibit 13

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 14

Peer comparison

Alliander N.V.

	Alliander N.V. Aa3 Stable			Enexis Holding N.V. Aa3 Stable			Fingrid Oyj A1 Stable			N.V. Nederlandse Gasunie A1 Stable			Gas Networks Ireland A2 Stable		
(in EUR million)	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-19	FYE Dec-20	FYE Dec-21
Revenue	2,009	2,120	2,150	1,516	1,634	1,705	682	1,091	1,815	1,372	1,386	2,258	470	447	476
EBITDA	706	775	767	650	752	750	223	235	233	940	823	1,270	291	274	245
Total Debt	2,805	3,482	3,797	2,976	3,389	3,078	1,175	1,158	1,056	3,629	3,462	3,854	1,266	1,173	1,027
Net Debt	2,508	2,859	3,593	2,929	3,182	2,211	1,049	939	323	3,611	3,424	3,418	1,164	1,077	968
Net Property Plant and Equipment	8,024	8,621	9,213	8,205	8,526	8,981	1,732	1,812	1,823	9,115	9,068	9,448	2,547	2,499	2,451
FFO Interest Coverage	14.8x	15.5x	12.4x	13.0x	14.8x	19.5x	14.1x	18.0x	-1.6x	10.8x	11.1x	18.6x	13.5x	13.0x	17.2x
Net Debt / Fixed Assets	31.3%	33.2%	39.0%	35.7%	37.3%	24.6%	60.6%	51.8%	17.7%	39.6%	37.8%	36.2%	45.7%	43.1%	39.5%
FFO / Net Debt	24.2%	22.4%	17.4%	18.7%	19.1%	27.7%	16.6%	22.9%	-13.5%	21.5%	19.7%	31.3%	20.8%	21.5%	22.6%
RCF / Net Debt	19.5%	19.0%	14.5%	15.1%	16.7%	23.2%	2.5%	8.5%	-54.7%	13.5%	12.0%	24.9%	16.1%	17.1%	21.0%

FYE = Financial year end.
All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Exhibit 15

Moody's-adjusted debt breakdown

Alliander N.V.

(in eur million)	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22
As Reported Total Debt	1,955.0	2,288.0	2,704.0	3,234.0	3,549.0
Leases	110	0	0	0	0
Hybrid Securities	248	248	248	248	248
Non-Standard Adjustments	(156)	(160)	(147)	0	0
Moody's Adjusted Total Debt	2,156.2	2,375.5	2,804.5	3,481.5	3,796.5
Cash & Cash Equivalents	(139)	(152)	(297)	(623)	(204)
Moody's Adjusted Net Debt	2,017.2	2,223.5	2,507.5	2,858.5	3,592.5

FYE = Financial year end.
All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Exhibit 16

Moody's-adjusted FFO breakdown

Alliander N.V.

(in eur million)	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22
As Reported Funds from Operations (FFO)	630	652	621	645	629
Leases	18	0	0	0	0
Hybrid Securities	(5)	(4)	(4)	(4)	(4)
Alignment FFO	(12)	(16)	(9)	(1)	0
Moody's Adjusted Funds from Operations (FFO)	631	632	608	640	625

FYE = Financial year end.
All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Exhibit 17

Moody's-adjusted historical financials

Alliander N.V.

(in eur million)	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22
INCOME STATEMENT					
Revenue	1,920	1,930	2,009	2,120	2,150
% Change in Sales (YoY)	6.8%	0.5%	4.1%	5.5%	1.4%
EBITDA	756	756	706	775	767
EBIT margin %	20.8%	19.9%	15.9%	16.7%	14.5%
Interest Expense	56	54	44	44	55
Net income	250	254	220	238	194
BALANCE SHEET					
Net Property Plant and Equipment	7,182	7,539	8,024	8,621	9,213
Total Assets	8,455	8,791	9,422	10,209	10,692
Total Debt	2,156	2,376	2,805	3,482	3,797
Cash & Cash Equivalents	139	152	297	623	204
Net Debt	2,017	2,224	2,508	2,859	3,593
Total Liabilities	4,573	4,815	5,342	5,987	6,370
Total Equity	3,882	3,977	4,081	4,223	4,323
CASH FLOW					
Funds from Operations (FFO)	631	632	608	640	625
Cash Flow From Operations (CFO)	651	634	630	660	568
Dividends	108	154	118	98	105
Retained Cash Flow (RCF)	523	478	490	542	520
Capital Expenditures	(623)	(730)	(737)	(1,087)	(1,112)
Free Cash Flow (FCF)	(80)	(250)	(225)	(525)	(649)
INTEREST COVERAGE					
(FFO + Interest Expense) / Interest Expense	12.2x	12.7x	14.8x	15.5x	12.4x
LEVERAGE					
FFO / Net Debt	31.3%	28.4%	24.2%	22.4%	17.4%
RCF / Net Debt	25.9%	21.5%	19.5%	19.0%	14.5%
Net Debt / Fixed Assets	28.1%	29.5%	31.3%	33.2%	39.0%

FYE = Financial year end.
All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics

Endnotes

1 Please see Regulated Electric & Gas Networks – Europe: 2023 outlook - Stable as higher inflation and interest rates credit neutral for sector, January 2023.

2 https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/696184/EPRS_BRI(2021)696184_EN.pdf

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