MOODY'S INVESTORS SERVICE

CREDIT OPINION

25 April 2024

Update

Send Your Feedback

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.

Contacts

Maurice Loewe, CFA +49.69.70730.893
AVP-Analyst
maurice.loewe@moodys.com

Maxime Amalvict, CFA +33.1.5330.5985
Sr Ratings Associate
maxime.amalvict@moodys.com

Andrew Blease +33.1.5330.3372
Associate Managing Director
andrew.blease@moodys.com

Alliander N.V.

Update following publication of 2023 results

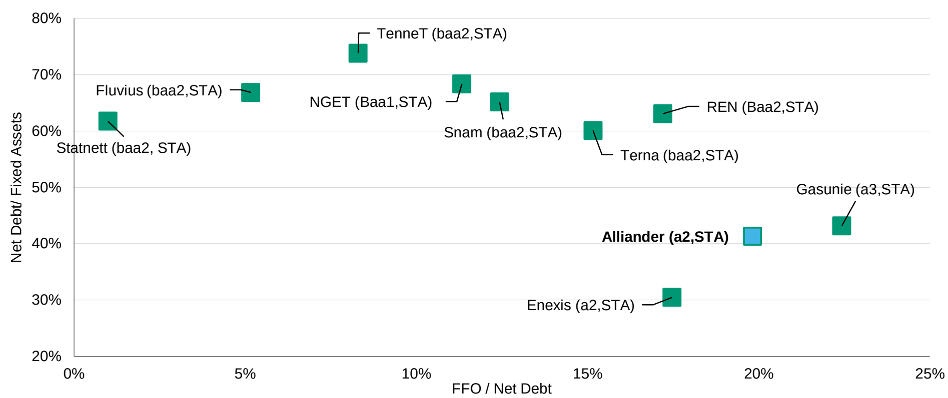
Summary

Alliander N.V.'s 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 (see Exhibit 1).

For the remaining current regulatory period until 2026, we expect a decline in financial metrics towards our downgrade guidance because of 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



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Metrics are as of December 2023, except National Grid plc (NGET) (as of March 2023), TenneT, Fluvius, Terna (as of June 2023) and REN (as of September 2023). Ratings reflect the standalone credit quality, expressed as the assigned final rating or Baseline Credit Assessment, where applicable.
Sources: Moody's Financial Metrics™ and Moody's Ratings

Alliander's Aa3 rating incorporates a two-notch uplift from its standalone credit quality, defined as a 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, holding around 45% of Alliander's shares — or the Dutch state, if needed.

Credit strengths

» Low business risk of monopoly distribution network activities, with limited contribution from unregulated businesses

» Stable and transparent regulatory regime, further supported by the recent ruling from the Dutch Trade and Industry Appeals Tribunal (CBb) on certain parameters of the current regulatory framework

» 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 compared with the previous regulatory period, which reduces financial flexibility

» Significant increase in capital spending to support the country's energy transition

» Stranded asset risk faced by gas networks in the context of the energy transition

» Uncertainty surrounding Alliander's role in the operation of the district heating infrastructure and the related yet-to-be-specified regulation; the draft district heating act does not stipulate a specific role or responsibility for the distribution system operators (DSO)

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

(in € millions)	2018	2019	2020	2021	2022	2023
(FFO + Interest Expense) / Interest Expense	12.2x	12.7x	14.8x	15.5x	12.4x	11.5x
Net Debt / Fixed Assets	28.1%	29.5%	31.3%	33.2%	39.0%	41.3%
FFO / Net Debt	31.3%	28.4%	24.2%	22.4%	17.4%	19.8%
RCF / Net Debt	25.9%	21.5%	19.5%	19.0%	14.5%	17.8%

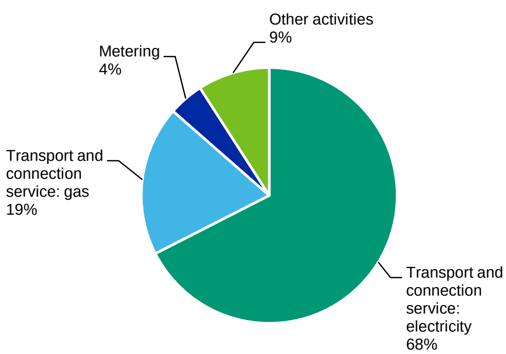
All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

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 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).

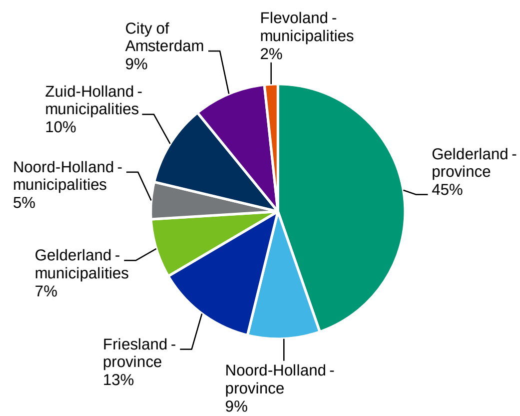
The company is fully owned by Dutch provinces and municipalities, with the largest stakes held by the provinces of Gelderland (44.68%), Friesland (12.65%) and Noord-Holland (9.16%), and the City of Amsterdam (9.16%). The remaining 24% share is owned by 70 small municipalities where Alliander provides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

Exhibit 3
Revenue breakdown by segment (2023)



Source: Company filings

Exhibit 4
Dutch provinces own the majority of Alliander's shares
Breakdown by voting rights (2023)



Source: Company filings

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 more than 90% of consolidated revenue and nearly all of its operating profit, underpinning its relatively stable revenue and providing 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, carried out through Alliander's subsidiary Qirion. Although these business activities are non-regulated, they are strongly linked to Alliander's core business. The company is making efforts to focus on core operations, which is reflected in the sale of the Kenter subsidiary, a company focused on integrated energy services. The transaction, which was agreed upon with an infrastructure consortium comprising ABP and OMERS Infrastructure, was finalised on 31 January 2024.

Established regulatory framework with lower return in real terms compared with previous regulatory period, but favourable CBb ruling alleviates pressure

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. Furthermore, it provides allowances for costs adjusted for Consumer Price Index (CPI) inflation and includes an efficiency incentive factor. The regulation incorporates incentives determined using a yardstick mechanism, which defines 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 its 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 (pretax) between 2021 (3.0%) and 2022 (1.15% for distribution network operators), mostly reflecting the low interest rate environment in the reference period 2018-20. Starting this regulatory period, the ACM decided to apply a subsequent calculation for the risk-free rate as part of the compensation for the cost of equity and for the cost of assumed newly raised debt. Any difference to the predetermined levels will be reimbursed with a two-year time lag. In December 2021, Alliander and its Dutch network peers jointly appealed the ACM's determination to the 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." In its ruling on 4 July 2023[1,2], the CBb ruled in favour of the DSOs on some of the major points they raised. A floor of 0.5% was set for the risk-free rate for the cost of equity calculation, while at the same time, the reference period was extended to 20 years from 10 years. In addition, for electricity networks, the actual 2021 costs corrected for CPI and the productivity factor should be used as beginning costs, instead of the 2018-20 average. Finally, the production enhancement factor needs to be determined using the 2017-21 numbers as the reference period instead of the rather long 2004-20 period. This will result in a -2.5% change in annual productivity for 2021-26 instead of +0.2%. Subsequently, on 21 December 2023, a revised Method Decision for system operators was published[3]. This includes the re-calculation of the weighted average cost of capital (WACC), which on average is up 0.68% compared with the pre-ruling WACC. The accumulated higher allowed revenue for 2022 and 2023 will partly be compensated for in 2024 with an ex-post tariff correction in the amount of €83 million. The remaining part will be reimbursed in yearly tariff adjustments until 2026. The final calculations are likely to be available in Q2 or Q3 2024.

Gas network operators will receive advanced cash flow because the regulator switched from real to nominal returns, with nominal returns of 3.2% in 2023. The depreciation of the gas network assets was accelerated (by a factor of 1.2x for the distribution companies) because of the uncertainty surrounding the remaining useful life of the gas network assets. The regulator also allowed recovery for network decommissioning costs (if these costs occur, via subsequent calculation and 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, in 2022, the ACM amended the regulatory framework to account for strongly rising interest rates and inflation (annually updated for actual figures compared with the assumed risk-free rate and interest utility index, reflected in the tariff t+2) and the increase in the cost of grid losses; the latter was driven by the increase in power prices to compensate for the higher-than-allowed costs for 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%	0.50%	0.50%	0.50%	1.22%	1.22%	1.22%
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%**	3.66%	**3.66%**	**3.66%**	**4.39%**	**4.39%**	**4.39%**
cost of equity (pre tax)	11.14%	10.74%	7.40%	6.91%	6.69%	4.88%	4.88%	4.88%	5.85%	5.85%	5.85%
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%	3.41%	**3.31%**	**3.23%**	**3.70%**	**3.68%**	**3.67%**
inflation (adjusted)						0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
Real plus WACC pre-tax						2.56%	**2.41%**	**2.32%**	**2.79%**	**2.77%**	**2.76%**
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%**	1.71%	1.52%	1.43%	1.90%	1.88%	1.87%

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.
2017-20 reflects straight-line extrapolation between the 2016 WACC (amended Method Decisions) and the 2021 WACC (original Method Decisions).
2022-26 reflects the revised Method Decisions from December 2023.
Sources: ACM and Moody's Ratings

As outlined, the CBb ruling contributes favourably to Alliander's performance over the current regulatory period. To incorporate the recalculation of the risk-free rate in the WACC for 2022, the allowed revenue for 2024 was increased. Allowed equity return for Dutch network operators was among the lowest compared with other European frameworks, but with the revised method decision, the gap narrowed because of the extended reference period for the risk-free rate[4].

Strong increases in inflation and interest rates, and especially massive increases in power prices compared with the expected numbers when the regulatory framework was initially determined in 2021, weigh on Alliander's profitability. These changes were addressed in the regulatory parameters by the ACM, as outlined above, with advanced payments in 2023. Based on the revised method decision that reflects the CBb ruling, and the subsequent tariff calculations for the years 2022-24 (T+2), combined with advanced payments, the allowed income is likely to be sufficient to capture actual costs.

National energy transition plan increases need for investment

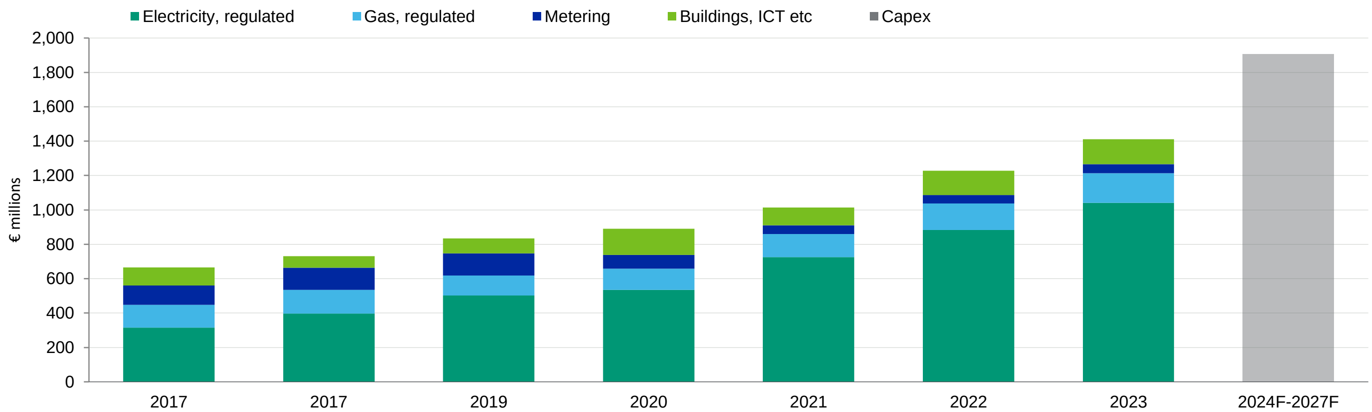
In June 2019, the Dutch government adopted the Dutch Climate Agreement that commits the Netherlands to a 49% reduction in CO_2 emissions (relative to 1990 levels) and the generation of 70% of electricity from renewable energy sources by 2030; and a 95% reduction in CO_2 emissions (relative to 1990 levels)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

Compared with the progress to date, delivering these targets requires a significant acceleration of the energy transition across many areas. This results 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. A shortage of grid capacity has led to some delay in connecting renewables to the grid and increased the need for flexible customer contracts. Increasing the grid capacity is further inhibited by other factors, such as the availability of sufficient skilled labour and supply of material.

Alliander's capital investment has grown appreciably and is going to reach €1.5 billion-€2.0 billion annually from 2024 onwards, a strong uplift from previous expectations. Although there is some uncertainty around actual amounts, high capital spending will extend into the next regulatory period. On top of the existing shareholder loan and the sale of its Kenter subsidiary and despite higher returns as a result of the revised method decision, additional measures to strengthen the balance sheet might be required. This could be in the form of additional hybrid issuance, a conversion of the existing shareholder loan or an equity injection by the government as agreed upon in the legal framework between the Dutch state and the three DSOs. Based on our projected numbers, a capital injection by the government seems unlikely over the current regulatory period.

Exhibit 6

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



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated. 2024F-2027F shows average annual spending.
The forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Company filings and Moody's Ratings forecasts

As demonstrated 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. However, substantial parts of the gas grid are still expected to be in use beyond 2050, and the ACM is also conducting analyses on the alternative uses of the gas network, such as green gas and hydrogen.

The Netherlands is actively considering enhancements to its district heating infrastructure. Should the decision be made to place heat grid infrastructure under public control, DSOs could be mandated to manage these heating networks. Consequently, this could lead to a significant increase in the already-high capital spending. However, a similar regulatory framework as that of electric or gas networks has not been developed. Discussions are ongoing and no definitive decision has been reached yet. The potential implications for Alliander and other DSOs hinge on the final outcome of these deliberations. The situation warrants close monitoring because of the potential for significant operational and financial impacts.

Modest leverage compared with peers supports strong standalone credit quality, although there is increasing pressure from diminished returns and increased investments

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. This was especially strengthened by the Kenter sale in January 2024, which generated a profit of more than €700 million. The favourable CBb ruling further supports Alliander's financial profile over the current regulatory period. Nevertheless, we expect Alliander's financial profile to weaken over the current regulatory period until the end of 2026, mainly because of increasing investment requirements to support the delivery of the country's energy transition.

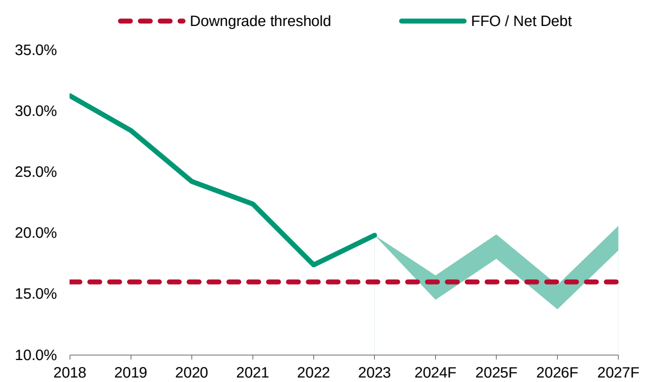
During the current regulatory period, under our base case that assumes high capital spending, Alliander's FFO/net debt could decline towards the mid-teens in percentage terms, around their minimum guidance for the current rating. Higher-than-forecast investment requirements or a lack of reimbursement 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. 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 won't surpass 50% during the current regulatory period. This will be supported by the company's prudent dividend policy. We expect that Alliander will make use of balance-sheet strengthening measures as outlined to mitigate downward rating pressure.

Exhibit 7

We expect cash-flow-based metrics to weaken because of higher capital spending ...

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

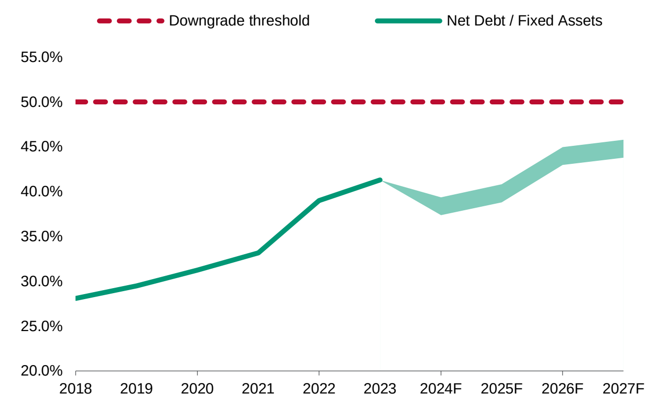


All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
The forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Exhibit 8

... but Alliander will maintain modest gearing

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



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
The forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Government support considerations

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

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 73 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.

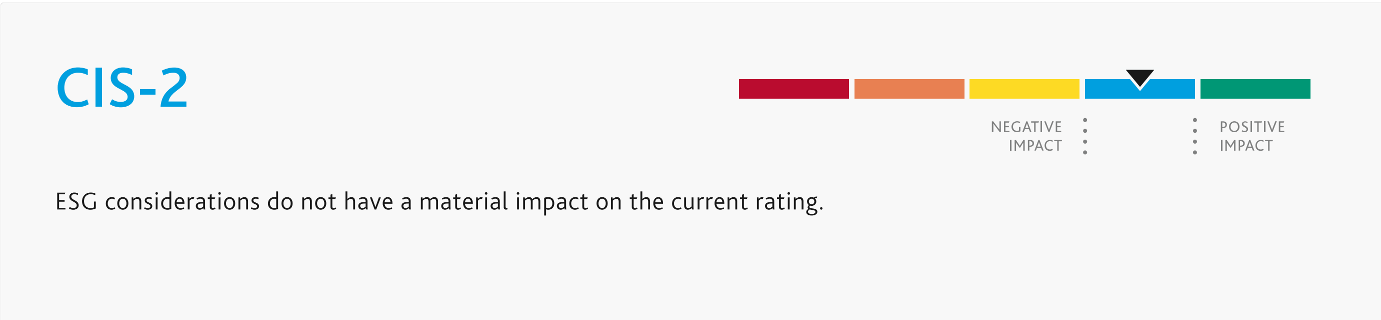
Our assessment of very high default dependence reflects Alliander's significant exposure to the Dutch economy, because almost all of the company's revenue and cash flow are generated from domestic activities.

In addition, the Dutch government's ambitious decarbonisation agenda has increased the strategic importance of Alliander to its owners because the central government sees municipalities as partners in the energy transition. Within 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 DSOs, under which the DSOs have the option to apply for an equity injection from the government to strengthen their capital structure.

ESG considerations

Alliander N.V.'s ESG credit impact score is CIS-2

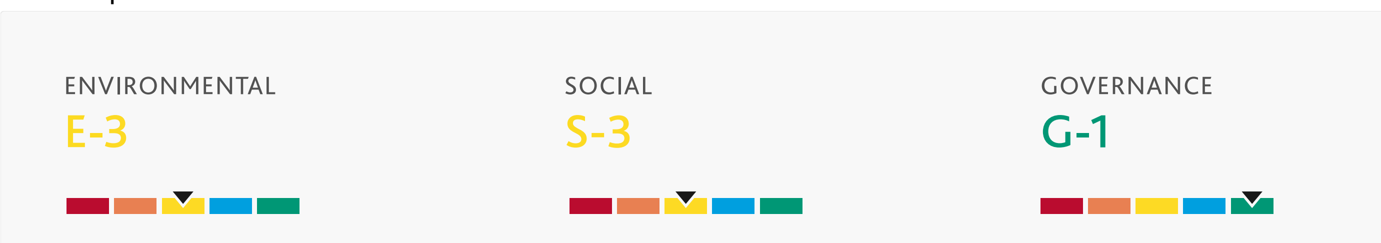
Exhibit 9
ESG credit impact score



Source: Moody's Ratings

Alliander's **CIS-2** indicates that ESG considerations are not material to the 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



Source: Moody's Ratings

Environmental

Alliander's **E-3** score reflects the exposure of its electric and gas network assets to physical climate risk due to rising sea levels and, with regard to gas, carbon transition risk. Alliander generates more than 90% of its revenues from its regulated electric and gas distribution network activities with a continuously decreasing share from gas (less than 20% in 2023). This is balanced by neutral-to-low risk exposure from water management, waste and pollution of air and soil, and natural capital.

Social

Alliander's **S-3** score reflects 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's **G-1** score reflects the prudent financial policy which results in very modest leverage compared to other European networks. This largely mitigates the fact that the Province of Gelderland owns 44.68% of Alliander's shares and hence we view the independence of Alliander's board as weak

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.

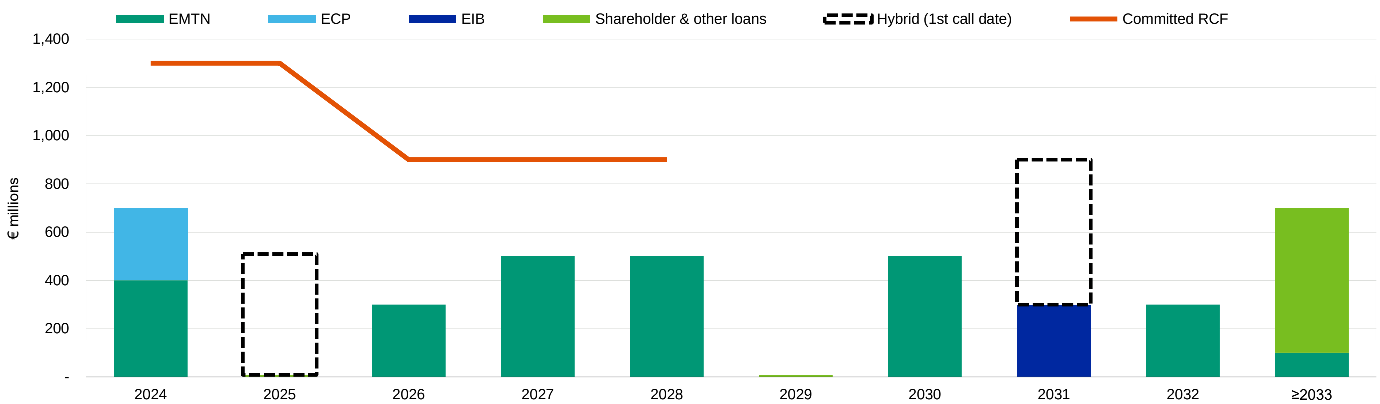
Liquidity analysis

Alliander's liquidity is strong. Alliander's principal sources of liquidity include the strong and predictable cash flow generated from its regulated network activities (well above €600 million for 2024, according to our projections); its sizeable cash and cash equivalents, €244 million as of 31 December 2023, which further increased after the Kenter sale; and fully undrawn committed revolving credit facilities totaling €1.3 billion, maturing in 2025 and December 2028, respectively. 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 2023



Periods are financial year-end unless indicated.
Excludes €130 million in lease obligations.
Source: Company filings

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 $25 million as of December 2023. The last CBL arrangement will expire in January 2025.

Methodology and scorecard

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

Exhibit 12
Rating factors
Alliander N.V.

Regulated Electric and Gas Networks Industry	Current FY Dec-23		Moody's 12-18 month forward view	
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	Ba	Ba	Ba	Ba
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)	12.8x	Aaa	13x-19x	Aaa
b) Net Debt / Fixed Assets (3 Year Avg)	38.0%	Aa	36%-41%	Aa
c) FFO / Net Debt (3 Year Avg)	19.7%	A	15%-18%	Baa
d) RCF / Net Debt (3 Year Avg)	17.0%	A	12%-17%	A
Rating:				
a) Scorecard-Indicated Outcome		A1		
b) Actual Rating Assigned				Aa3
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) Actual Rating Assigned				Aa3

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
The forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 13
Peer comparison
Alliander N.V.

(in € millions)	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		
	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-20	FY Dec-21	FY Dec-22
Revenue	2,120	2,150	2,725	1,634	1,705	2,014	1,091	1,815	1,193	1,386	2,240	1,955	447	476	499
EBITDA	775	767	883	752	750	596	235	237	148	823	1,270	1,009	274	245	229
Total Debt	3,482	3,797	4,416	3,389	3,078	3,075	1,158	1,056	998	3,462	3,559	4,042	1,177	1,023	1,023
Net Debt	2,859	3,593	4,172	3,182	2,211	2,948	939	539	611	3,424	3,431	3,984	1,080	964	891
(FFO + Interest Expense) / Interest Expense	15.5x	12.4x	11.5x	14.8x	19.5x	13.9x	18.0x	10.4x	11.5x	11.1x	18.6x	14.1x	13.0x	17.2x	16.2x
Net Debt / Fixed Assets	33.2%	39.0%	41.3%	37.3%	24.6%	30.5%	51.8%	29.6%	30.4%	37.8%	36.5%	43.2%	43.1%	39.5%	36.8%
FFO / Net Debt	22.4%	17.4%	19.8%	19.1%	27.7%	17.5%	22.9%	37.9%	51.8%	19.7%	31.2%	22.4%	21.5%	22.6%	21.4%
RCF / Net Debt	19.0%	14.5%	17.8%	16.7%	23.2%	10.9%	8.5%	13.3%	30.0%	12.0%	24.8%	17.2%	17.1%	21.0%	19.2%

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

Exhibit 14
Moody's-adjusted debt reconciliation
Alliander N.V.

(in € millions)	2019	2020	2021	2022	2023
As reported total debt	**2,288.0**	**2,704.0**	**3,234.0**	**3,549.0**	**4,168.0**
Hybrid Securities	247.5	247.5	247.5	247.5	247.5
Non-Standard Adjustments	(160.0)	(147.0)	-	-	-
Moody's-adjusted total debt	**2,375.5**	**2,804.5**	**3,481.5**	**3,796.5**	**4,415.5**
Cash & Cash Equivalents	(152.0)	(297.0)	(623.0)	(204.0)	(243.6)
Moody's-adjusted net debt	**2,223.5**	**2,507.5**	**2,858.5**	**3,592.5**	**4,171.9**

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 15
Moody's-adjusted FFO reconciliation
Alliander N.V.

(in € millions)	2019	2020	2021	2022	2023
As reported funds from operations (FFO)	**652.0**	**621.0**	**645.0**	**629.0**	**828.0**
Hybrid Securities	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
Alignment FFO	(16.0)	(9.0)	(1.0)	-	3.0
Moody's-adjusted funds from operations (FFO)	**632.0**	**608.0**	**640.0**	**625.0**	**827.0**

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 16

Overview on selected historical Moody's-adjusted financial data

Alliander N.V.

(in € millions)	2019	2020	2021	2022	2023
INCOME STATEMENT					
Revenue	1,930	2,009	2,120	2,150	2,725
EBITDA	756	706	775	767	883
EBITDA margin %	39.2%	35.1%	36.6%	35.7%	32.4%
EBIT	384	319	354	311	435
EBIT margin %	19.9%	15.9%	16.7%	14.5%	16.0%
Interest Expense	54	44	44	55	79
Net income	254	220	238	194	263
BALANCE SHEET					
Total Debt	2,376	2,805	3,482	3,797	4,416
Cash & Cash Equivalents	152	297	623	204	244
Net Debt	2,224	2,508	2,859	3,593	4,172
Net Property Plant and Equipment	7,539	8,024	8,621	9,213	10,102
Total Assets	8,791	9,422	10,209	10,692	11,646
CASH FLOW					
Funds from Operations (FFO)	632	608	640	625	827
Cash Flow From Operations (CFO)	634	630	660	568	720
Dividends	154	118	98	105	86
Retained Cash Flow (RCF)	478	490	542	520	741
Capital Expenditures	(730)	(737)	(1,087)	(1,112)	(1,299)
Free Cash Flow (FCF)	(250)	(225)	(525)	(649)	(665)
INTEREST COVERAGE					
(FFO + Interest Expense) / Interest Expense	12.7x	14.8x	15.5x	12.4x	11.5x
LEVERAGE					
FFO / Net Debt	28.4%	24.2%	22.4%	17.4%	19.8%
RCF / Net Debt	21.5%	19.5%	19.0%	14.5%	17.8%
FCF / Net Debt	-11.2%	-9.0%	-18.4%	-18.1%	-15.9%
Debt / EBITDA	3.1x	4.0x	4.5x	4.9x	5.0x
Net Debt / EBITDA	2.9x	3.6x	3.7x	4.7x	4.7x
Net Debt / Fixed Assets	29.5%	31.3%	33.2%	39.0%	41.3%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Ratings

Exhibit 17

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 Ratings

Endnotes

1 CBb, Method Decision ruling on E-DSO, July 2023.

2 CBb, Method Decision on G-DSO, July 2023.

3 ACM, ACM revised method decision for system operators, 21 December 2023.

4 Please also see Regulated Electric & Gas Networks - Europe: 2024 Outlook - Stable as higher interest rates feed through to returns, January 2024.

REPORT NUMBER 1402345

MOODY'S
INVESTORS SERVICE