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Societatea Energetica Electrica SA
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Fitch Ratings improves the Outlook of Electrica's Rating to 'BBB-' Stable from 'BBB-' Negative

Electrica informs investors that the international agency Fitch Ratings has upgraded on 27 March 2025 the company's rating outlook from "negative" to "stable" and has confirmed the long-term rating at the "BBB-" level. This positive development comes after a complex period marked by global economic and energy challenges.

Thus, Electrica's rating is similar to Romania's sovereign rating, but the company's outlook is better than the one attached to the sovereign rating, which remains "negative". In addition, there is potential for Electrica's rating to be up two notches above the sovereign rating.

From the first rating from Fitch, on 23 September 2019, and until 16 March 2022, Electrica had a rating higher than the sovereign rating, respectively "BBB", initially with a "stable" outlook and later "negative", compared to the "BBB-" sovereign rating. From 16 March 2022, when Electrica was downgraded to BBB-, with a "negative" outlook, the rating and rating outlook were similar to the sovereign ones until 23 March 2023, when the outlook for the sovereign rating was upgraded to "stable". From 17 December 2024, the outlook for the sovereign rating returned to Negative, Electrica's rating and rating outlook were again aligned with the sovereign one.

"The return to a 'stable' outlook comes after a complex journey, amid the uncertainties generated by the pandemic and the energy crisis. The fact that today we have a higher outlook than the sovereign rating confirms the company's resilience and ability to adapt. Fitch Ratings' decision validates our sustained efforts to strengthen the financial position of the Electrica Group and supports us in the implementation of strategic plans, including the issuance of green bonds, approved at the end of 2024 and scheduled for this year. I thank all my colleagues for their effort and involvement in achieving these results.", stated Mr. Alexandru Chirita, Electrica's CEO.

According to Fitch's analysis, the improvement in Electrica's outlook is underpinned mainly by:

- **Improved financing structure** - Electrica has optimized its financing structure, reducing its short-term debt ratio from 80% to around 60% of total debt by the end of 2024. In this context, the company has recently contracted a EUR 200 million long-term loan worth from the European Investment Bank (EIB), intended to support investments in the distribution segment. In addition, Electrica intends to sign in April a syndicated credit facility worth RON 3.1 billion, which will be used both for the partial refinancing of existing short-term debt and for financing investments in the production and distribution segments;
- **Solid financial performance** - sustainable performance in the distribution segment (approximately 80% of EBITDA being derived from regulated and predictable electricity distribution);
- **The company's net indebtedness** (net leverage effect) is expected to remain within the range set by the rating agency, between 3x and 4x in the period 2025-2029, as a result of constant EBITDA and solid capital generation from operations (FFO);
- **Projected EBITDA growth from 2025** - a slight improvement in EBITDA is forecast for 2025 to approximately RON 1.5 billion, with additional benefits expected from the generation segment from 2027 onwards;
- **The new regulatory period in the distribution segment** provides for an increase in the return on the regulated asset base (RAB) to 6.94%, a level that compensates for the decrease in incentives for certain categories of investments and ensures the separate recognition of losses in the network, thus contributing to the maintenance of the company's financial stability.
- Electrica is running an **ambitious investment program in renewable energy**, with an estimated budget of approximately RON 1.6 billion by 2029. These investments aim to boost its own electricity production capacity, thus serving as a hedge against energy price volatility and contributing to the achievement of national energy sustainability objectives. It is estimated that the generation segment will contribute about 10% to the company's EBITDA starting in 2027, once the planned projects are commissioned.

The full release from Fitch Ratings is available [HERE](#).

Chief Executive Officer

Alexandru Chirita

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