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Stedin Holding N.V.

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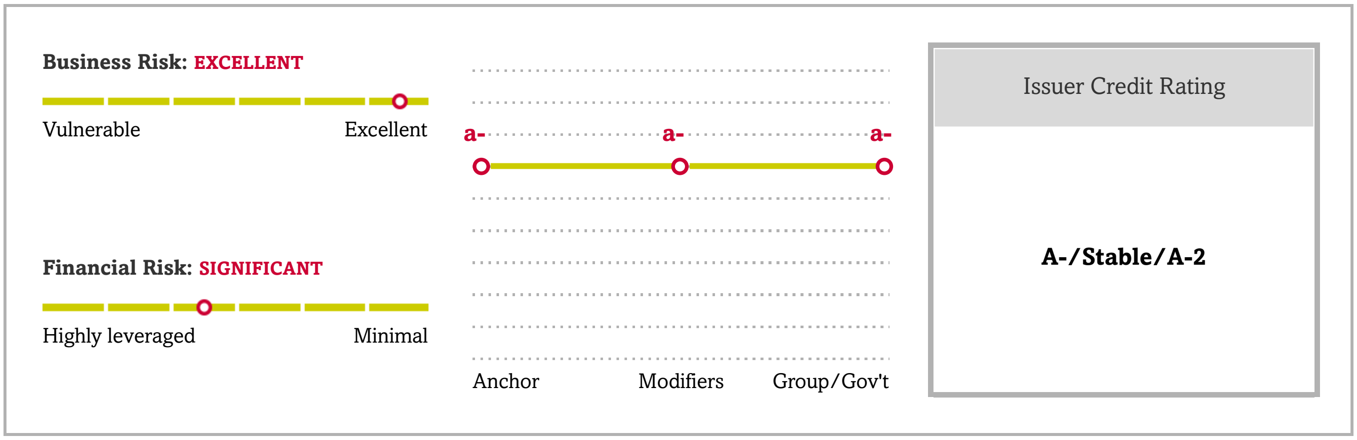
Stedin Holding N.V.



Credit Highlights

Overview

Key strengths	Key risks
Third-largest gas and electricity distributor in the Netherlands, with EBITDA of €489 million in 2019.	Stedin has little headroom within its current rating, which we benchmark at funds from operations (FFO) to debt above 11%.
An operating environment supported by the Dutch regulatory framework, which we view as favorable from a credit perspective.	Stedin will face significant capital expenditure (capex) requirements over the next decade, which will most likely strain its credit metrics.
A disciplined financial policy, committed to protecting the 'A-' credit rating, supported by the group's shareholders.	Uncertainty around the regulatory period starting in 2022, which could result in lower regulatory returns and pressure credit metrics.

We expect Stedin's financial performance to remain aligned with its 'A-' rating over 2020 and 2021, despite higher operating costs. Stedin will have to pay higher transmission tariffs and has also decided to accelerate its repayment of smart metering profits, which will strain its credit metrics. However, we expect the higher transmission costs to have only temporary effects on the company's figures because these will be recoverable given their regulated nature. We also believe that Stedin's cash flows continue to benefit from high visibility over the next two years, backed by the returns established over the regulatory period 2016-2021. Moreover, we forecast Stedin's FFO to debt at above 11% over 2020 and 2021. We therefore continue to see our rating on Stedin being aligned with the 'A-' category.

However, Stedin could enter into a phase of lower regulatory returns and higher capex, with little rating headroom. Stedin, along with the rest of the Dutch distribution system operators (DSOs), is already facing a regulatory WACC declining to 2.8% by 2021 from 4.5% in 2016. Because the return on investment for a DSO is a function of its regulatory asset base (RAB) growth and of its WACC, the progressive decline of the latter increases the pressure on profits, all else being equal. The company also expects close to €7 billion in capex in 2020-2030 related to connecting green projects to Stedin's grid, mirroring the Dutch government's efforts to move to a greener energy mix with renewables to account for 70% of total power produced by 2030. While we view as favorable the stimulus to Stedin's core operations and its increased relevance as a DSO amid the energy transition, we believe that lower returns coupled with incremental capex will result in substantially negative free cash flows, which will pressure its metrics over the medium term. Also, an unfavorable regulatory decision toward the next regulatory period starting January 2022 could potentially erode Stedin's rating headroom.

The new regulatory period will start in 2022. The consultation period for the regulatory revision began in September 2019 and will be open until January 2021. We expect the ACM to publish the preliminary results of the method decision early in 2021. We understand all players will then have an allegation window ending July 2021. We expect the regulator to reach a final decision around September 2021. Although the final conditions are still under discussion, we believe that regulatory returns will continue to decline due to a protracted period of lower interest rates and therefore a lower regulatory cost of debt. However, there are factors that could partially mitigate the effect of lower returns on DSOs' financial performance, such as an earlier recognition of new RAB into tariffs (from waiting until next regulatory period currently) and less time to pass-through transmission tariffs to customers (from two years currently), among others.

Shareholder support could be relevant for the group in preserving its credit quality. Declining regulatory returns coupled with increasing capex needs will likely be a challenge for Stedin over the medium term. The company has already appealed to its shareholders for equity needs of €750 million-€1 billion to cope with increased investments over the next years. We believe that shareholder support in the form of an equity injection could help protect Stedin's credit quality.

Outlook: Stable

Our stable outlook on Stedin captures the company's financial policy of retaining at least an 'A-' rating, and our view of shareholders' supportiveness of this goal.

It also reflects our expectation that Stedin's cash flow generation will remain stable and predictable on the back of solid operational performance in the supportive Dutch regulatory framework, and despite more pressure from increasing capex needs, lower regulatory returns, and higher Tennet fees and accelerated metering profit repayment.

As a result, we expect Stedin to post FFO to debt above 11% over the next two years.

Downside scenario

We could downgrade Stedin if FFO to debt declined and remained below 11%. This is not part of our base case scenario over the next two years, but could happen in the next regulatory period in the event of an unfavorable regulatory review.

Upside scenario

An upgrade in the short term is unlikely given pressure stemming from higher capex and lower regulatory returns. We also believe that Stedin's financial policy will lead the company to remain within the 11%-13% bandwidth. However, we could consider an upgrade if Stedin were to post FFO to debt sustainably above 15%.

Our Base-Case Scenario

Assumptions

- Limited pandemic-related effects on Stedin's financial performance, given its almost 100% regulated nature
- Regulatory WACC decreasing to 3.16% in 2020 from 3.50% in 2019, and to 2.83% in 2021, marking the end of the regulatory period.
- Close to 100% of Stedin's EBITDA coming from purely regulated activities.
- Tennet fees and smart metering profits tariff discounts resulting in around €80 million-€85 million negative effect on EBITDA in 2020 and a negative effect of €38-42 million in 2021. Tenent fees to be compensated with a two-year lag.
- Anticipated tax payments in 2018 and 2019 leading to a positive tax effect in 2020.
- Stedin's efficiency program started in 2018 to realize €140 million-€150 million cumulative savings by 2022.
- Investments increasing over the next decade due to grid reinforcements, new connections, and metering. We expect capex of €670 million in 2020, increasing to €700 million in 2021.
- We assume no equity injection.
- Dividend payout ratio of about 50% of previous year's recurring net income.

Key Metrics

Stedin Holding N.V.--Key Metrics

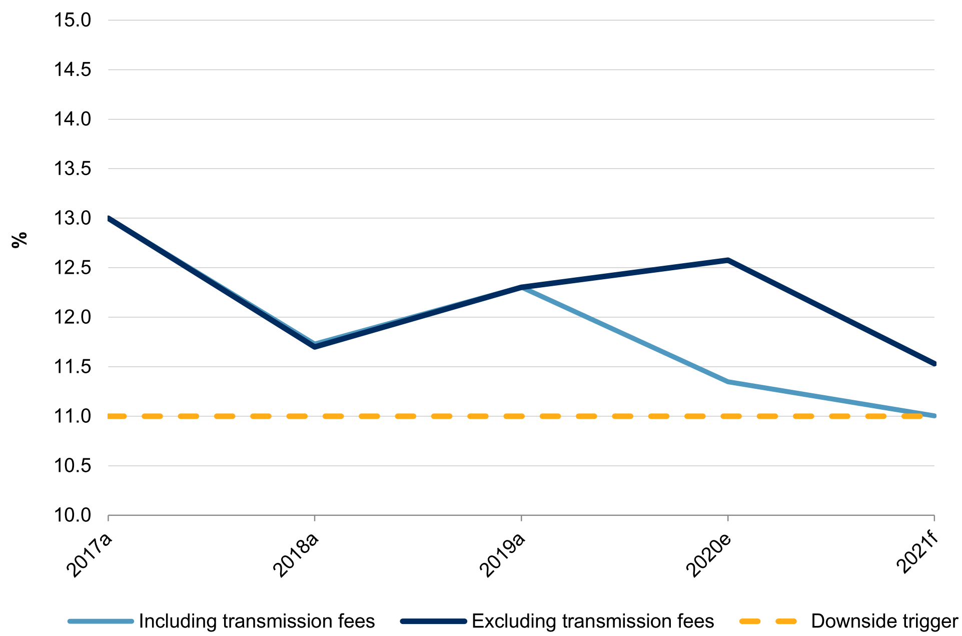
	--Fiscal year ended Dec. 31--			
(Mil. €)	**2018a**	**2019a**	**2020e**	**2021f**
EBITDA	534.0	489.0	440-450	480-490
Capital expenditure	601.0	640.0	665-675	690-700
Free operating cash flow	(243.0)	(275.0)	(290-300)	(310-320)
Discretionary cash flow	(265.0)	(315.0)	(325-335)	(345-355)
Debt to EBITDA (x)	6.1	6.5	7.5-7.8	7.5-7.8
FFO to debt (%)	11.7	12.3	11.2-11.4	11-11.2

a--Actual. e--Estimate. f--Forecast. FFO--Funds from operation.

The effect of higher transmission fees should be neutral on a weighted average basis, however costs related to smart metering will not. Stedin will face higher costs over the next two years, which will pressure its EBITDA generation and hence its credit metrics. Starting 2020, all distribution system operators (DSOs) in the Netherlands will have to pay higher tariffs for high and ultra-high-voltage transmission to Tennet. We estimate these costs to represent close to €40 million-€42 million in EBITDA for 2020 and €18 million-€20 million for 2021, or equivalently 100-130 basis points in FFO to debt. However, while depressing credit metrics over 2020 and 2021, these costs are regulated and therefore fully recoverable over with a lag of two years, which means that the effect should be neutral on a weighted average basis.

Chart 1

FFO To Debt Trajectories With And Without Transmission Fees
Transmission fees are fully recoverable under the Dutch regulatory framework



a--Actual. e--Estimate. f--Forecast. Source: S&P Global Ratings.

On the other hand, Stedin is accelerating the repayment of smart metering profits to its customers by providing them with tariff discounts. We estimate that discounts associated with smart metering repayments will result in a net decline of €41 million-€43 million in EBITDA in 2020 and €20 million-€22 million in 2021. Although the magnitude of the impact on FFO to debt coming from smart metering profit repayments could be similar to that from Tennet fees, these discounts are not recoverable and therefore will not be evened out over 2020 and 2021. We expect that smart metering profit repayment will have concluded when the next regulatory period begins in 2022.

Stedin will continue to generate negative cash flows over our forecast period. We expect higher capex and sustained dividends to result in additional funding needs of €175 million-€190 million in 2020 and €220 million-€240 million in 2021.

We don't include any equity injection in our base case. Although Stedin has appealed to its shareholders for equity, we are not considering any injection in our forecast. As we forecast FFO to debt above 11% over the next two years, this means that we don't anticipate any critical equity needs before the new regulatory period begins.

Company Description

Stedin Group was formed on Feb. 1, 2017, from the unbundling of Eneco Holding N.V. into an energy company, Eneco

Holding N.V. and a network company, Stedin Holding N.V.

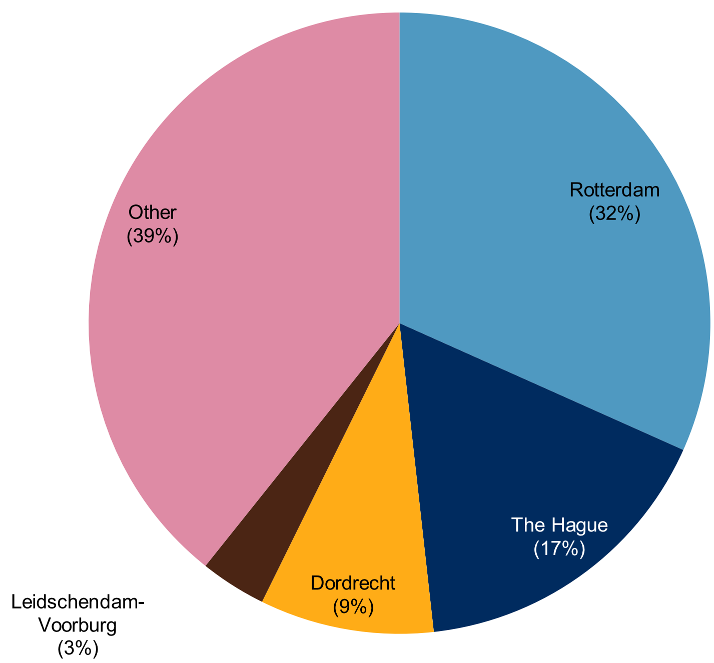
Stedin Group, through its Stedin and Enduris subsidiaries, is the third-largest electricity and gas grid operator in Netherlands. It operates as a monopoly in a large part of the province of South Holland, Utrecht, and Zeeland, and in parts of North Holland and Friesland. As a grid operator, Stedin provides energy to more than 2 million customers.

In addition, Stedin offers electricity and gas infrastructure services under the name DNWG Infra. It also offers the realization and maintenance of energy infrastructure, other than gas and electricity, through its subsidiary NetVerder. We expect the company's unregulated business, DNWG Infra and NetVerder, to only represent a minimal part of consolidated EBITDA over the next few years.

Stedin is owned by 44 Dutch municipalities, the largest of which is the City of Rotterdam, followed by The Hague. By law, Stedin must be owned by a public entity.

Chart 2

Stedin Ownership Structure
Stedin is owned by 44 Dutch municipalities



Source: S&P Global Ratings.

Peer Comparison

Table 1

Stedin Holding N.V.--Peer Comparison

Industry sector: Energy

	Stedin Holding N.V.	Enexis Holding N.V.	Alliander N.V.	N.V. Nederlandse Gasunie	TenneT Holding B.V.
Ratings as of Aug. 4, 2020	A-/Stable/A-2	A+/Stable/A-1	AA-/Stable/A-1+	AA-/Stable/A-1+	A-/Stable/A-2
	--Fiscal year ended Dec. 31, 2019--				
(Mil. €)					
Revenue	1,234.0	1,491.0	1,930.0	1,360.9	4,422.0
EBITDA	489.0	710.0	757.0	970.6	2,059.0
Funds from operations (FFO)	393.0	600.4	648.0	783.1	1,675.5
Interest expense	77.0	57.6	54.1	115.0	225.0
Cash interest paid	80.0	59.6	52.0	107.8	183.5
Cash flow from operations	365.0	539.4	634.0	649.7	1,145.5
Capital expenditure	640.0	638.4	710.0	395.7	2,720.0
Free operating cash flow (FOCF)	(275.0)	(99.0)	(76.0)	254.0	(1,574.5)
Discretionary cash flow (DCF)	(315.0)	(221.0)	(230.0)	26.0	(1,819.0)
Cash and short-term investments	71.9	62.0	152.0	72.2	202.0
Debt	3,193.9	2,640.0	2,257.0	3,921.2	11,601.3
Equity	2,698.5	4,112.0	3,976.0	6,033.3	5,980.0
Adjusted ratios					
EBITDA margin (%)	39.6	47.6	39.2	71.3	46.6
Return on capital (%)	7.3	5.4	6.3	6.5	6.6
EBITDA interest coverage (x)	6.4	12.3	14.0	8.4	9.2
FFO cash interest coverage (x)	5.9	11.1	13.5	8.3	10.1
Debt/EBITDA (x)	6.5	3.7	3.0	4.0	5.6
FFO/debt (%)	12.3	22.7	28.7	20.0	14.4
Cash flow from operations/debt (%)	11.4	20.4	28.1	16.6	9.9
FOCF/debt (%)	(8.6)	(3.8)	(3.4)	6.5	(13.6)
DCF/debt (%)	(9.9)	(8.4)	(10.2)	0.7	(15.7)

Alliander N.V. and Enexis Holding N.V. are Stedin's closest peers, as these groups are almost 100% regulated and concentrate mostly in power and gas distribution operations in the Netherlands. Of the three, Alliander is the largest DSO, with 5.7 million gas and electricity connection points, followed by Enexis with 5.1 million connection points. Stedin ranks third with 4.6 million connection points. Together, these three groups distribute more than 90% of the energy in the Netherlands.

The three Dutch DSOs are facing a sharp increase in demand for connecting wind and solar farms to the grid as the shift toward renewable power generation in the country accelerates. However, Stedin operates in a denser territory with more urban areas than Enexis and Alliander, whose operations cover larger rural areas. This means that Alliander and Enexis are subject to connecting more scattered wind and solar projects, which entails a higher degree of grid adaptation than when operating in a smaller, denser territory. In addition, operating in more urban areas also means that there may be more opportunity to increase capex on connecting electric vehicle charging stations, which is also picking up in the Netherlands.

From its two closest peers, Stedin bears the highest leverage, and it is likely to face the highest pressure on its credit metrics and on its rating ultimately amid increasing investments, because of its lower headroom. Alliander and Enexis' higher ratings reflect their lower leverage compared to Stedin. We believe that Enexis and Alliander have slightly more ratings headroom, although face similar investment needs over the next decade.

Business Risk: Excellent

The Dutch regulatory framework enhances Stedin's credit quality. Stedin operates under the Dutch regulatory framework, which we view as supportive because of its transparency and stability, and allows for cash flow steadiness and visibility across different regulatory periods and government administrations. We see this as the most relevant factor enhancing Stedin's business risk profile because it determines the legal and operating framework under which the company carries out its ongoing business.

We believe that the Dutch regulator has a good track record of balancing customer needs, grid operator's profitability, and investor needs, which promotes and encourages the development of long-term infrastructure in the Netherlands.

In our opinion, Stedin's business is supported by long-term investments in crucial energy distribution infrastructure entitled to guaranteed returns, which in turn will protect the company's business viability.

The role of the DSOs is increasing in relevance amid the energy transition. As the power generation mix shifts from centralized capacity to decentralized renewable generation, conventional capacity directly connected to the transmission grid is decreasing while scattered power sources connected to the distribution grid are increasing. This means that TSOs and DSOs will need to coordinate more and more to keep the system balanced.

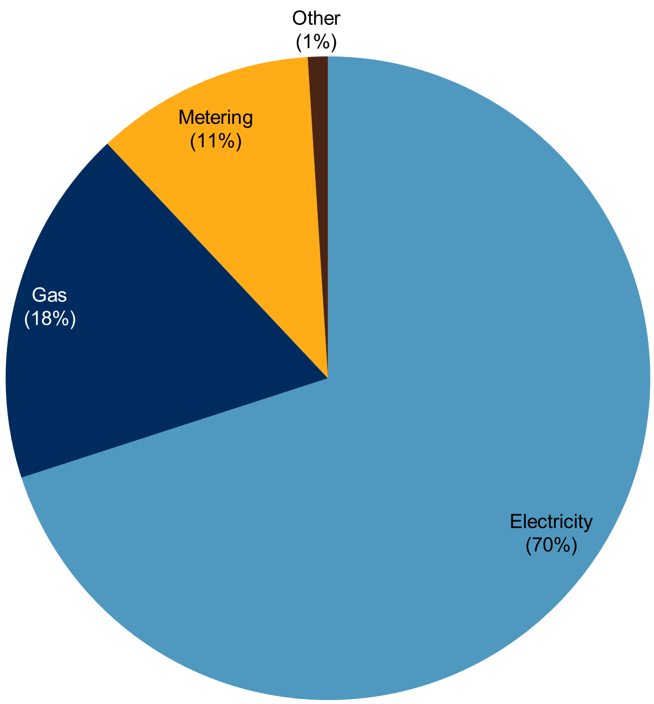
Stedin is also cooperating with local governments, the local business community, and residents in the so-called Regional Energy Strategies to implement the national climate agreement. We believe that the increasing dialogue between energy transition stakeholders reflects Stedin's relevant role in facilitating an organized energy transition.

The expansion and adaptation of the electricity distribution grid is a necessary component of the energy transition in the Netherlands. Although this trend will result in increasing operational and financial challenges for Stedin, it also will contribute to solidifying its business position as a critical infrastructure player in the Netherlands, which we view as supportive of its business risk profile.

Stedin will continue focusing on regulated activities, which enhances its business risk profile. Close to 100% of Stedin's investments will be in purely regulated activities. We expect about 70% of Stedin's capex to be allocated to the maintenance and expansion of its electricity grid, which reflects the increase in projects related to the energy transition, and 11% to smart meters. We anticipate the share of investments in the gas grid will gradually decline over the medium term to maintenance levels, mirroring the country's strategy to phase out gas. On the other hand, we expect investments in unregulated activities to be minimal over the medium term. We believe that the company's strategy is to prioritize purely regulated activities, which we view as positive given the enhanced stability and predictability of these cash flows. An example of this strategy is Stedin's disposal of the unregulated activities of Joulz Meetbedrijf and Infradiensten in 2019.

Chart 3

Stedin Capex Split 2020



Capex--Capital expenditure. Source: S&P Global Ratings.

Financial Risk: Significant

Stedin's credit metrics are highly predictable due to the regulated nature of its operations. In our opinion, Stedin's financial risk profile is fundamentally supported by the high predictability of cash flows and our expectation that the company's FFO to debt will remain above 11% at all times over our base-case forecast horizon. However, we see Stedin's financial risk as somewhat higher than that of its Dutch peers, due to relatively weaker credit metrics.

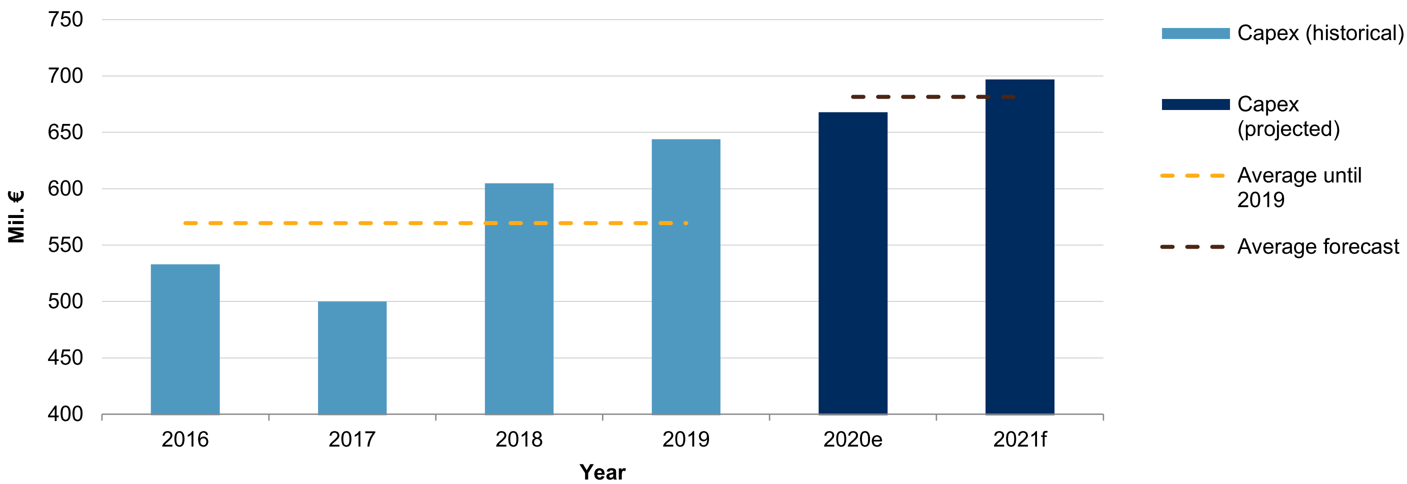
We benchmark Stedin's ratios against our low volatility table, since the company derives most of its revenue from regulated activities with a strong regulatory advantage.

We see Stedin's credit metrics being pressured over the medium term. Estimated capex needs of €7 billion through 2030 means that Stedin will be deploying, on average, €700 million in capex per year over the next decade. These investments already result in above-average capex in 2020 and 2021 of about €680 million-€685 million, compared to an average of €565 million from 2016, the year the company was forced to unbundle from Eneco, to 2019. We believe that this will result in structurally negative free cash flows and hence in recurring funding needs, which will increase

Stedin's leverage.

Chart 4

Stedin's Gross Capex
Stedin's capex is increasing in coming years



Capex--Capital expenditure. e--Estimate. f--Forecast. Source: S&P Global Ratings.

In addition, so far, capex turning into RAB is not considered as part of Stedin's remuneration until the start of the new regulatory period, which can range from three to five years. This means that the company will face a cash flow mismatch from deploying to realizing the return on investment, at least until 2022. Although these investments are guaranteed by Dutch regulation, thereby partially mitigating its related credit risk, it does increase Stedin's funding needs in the short term. Another factor pressuring Stedin's credit metrics over the medium term are declining regulatory returns, which are the result of declining interest rates.

We see these two factors as the driving forces in Stedin's credit metric trajectory over the medium term. Although we understand that there are ongoing discussions between the DSOs and the ACM to adapt the regulation to a dynamic environment, we believe that an unfavorable outcome of the regulatory revision process could erode Stedin's credit rating headroom.

Stedin's financial policy is aligned with a credit rating of 'A-'. The company aims to keep the credit rating in the single 'A' category, the lowest of which is the current 'A-'. For Stedin, this is reflected by it maintaining FFO to debt between 11% and 13%. We believe that the company's shareholders are supportive of this goal. For example, this supportiveness was demonstrated in 2019, when Stedin's shareholders allowed the company to keep the €310 million resulting from the sale of Joulz Meetbedrijf and Infradiensten unregulated activities in order to cover for its investments and generally capitalize the company.

In addition of adhering to prudent risk management, keeping a rating of 'A-' is relevant for Stedin because the Authority for Consumers and Markets (ACM) calibrates the regulatory WACC with the cost of debt for a single 'A' rated company. This means that companies with a rating below that category would only be partially compensated for their cost of debt, which would have direct implications in terms of profitability. It would also affect a company's ability to fund long-term infrastructure investments, to which we believe the company has limited flexibility, given its mandate. We believe this encourages Stedin to protect its 'A-' credit rating.

Financial summary

Table 2

Stedin Holding N.V.--Financial Summary

Industry sector: Energy					
	--Fiscal year ended Dec. 31--				
	2019	**2018**	**2017**	**2016**	**2015**
(Mil. €)					
Revenue	1,234.0	1,286.0	1,194.0	1,173.0	4,282.0
EBITDA	489.0	533.5	495.5	505.5	912.1
Funds from operations (FFO)	393.0	379.6	396.9	236.2	758.0
Interest expense	77.0	97.9	95.6	107.3	125.1
Cash interest paid	80.0	99.9	94.6	115.3	129.1
Cash flow from operations	365.0	357.6	576.9	510.2	713.0
Capital expenditure	640.0	601.0	496.0	522.0	711.7
Free operating cash flow (FOCF)	(275.0)	(243.4)	80.9	(11.8)	1.3
Discretionary cash flow (DCF)	(315.0)	(265.4)	(12.1)	(101.8)	(96.7)
Cash and short-term investments	71.9	168.9	72.7	76.0	317.0
Gross available cash	71.9	168.9	72.7	76.0	317.0
Debt	3,193.9	3,236.7	3,046.3	1,923.0	2,311.6
Equity	2,698.5	2,448.5	2,332.5	5,059.5	5,099.5
Adjusted ratios					
EBITDA margin (%)	39.6	41.5	41.5	43.1	21.3
Return on capital (%)	7.3	4.1	3.3	3.2	5.7
EBITDA interest coverage (x)	6.4	5.5	5.2	4.7	7.3
FFO cash interest coverage (x)	5.9	4.8	5.2	3.0	6.9
Debt/EBITDA (x)	6.5	6.1	6.1	3.8	2.5
FFO/debt (%)	12.3	11.7	13.0	12.3	32.8
Cash flow from operations/debt (%)	11.4	11.0	18.9	26.5	30.8
FOCF/debt (%)	(8.6)	(7.5)	2.7	(0.6)	0.1
DCF/debt (%)	(9.9)	(8.2)	(0.4)	(5.3)	(4.2)

Note: Figures prior to 2016 are pre-unbundling and therefore not comparable to figures from 2016 and onward.

Reconciliation

Table 3

Stedin Holding N.V.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2019--							
Stedin Holding N.V. reported amounts								
	Debt	**Shareholders' equity**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Dividends**	**Capital expenditure**
Reported	2,918.0	2,949.0	172.0	68.0	489.0	374.0	46.0	643.0
S&P Global Ratings' adjustments								
Cash taxes paid	--	--	--	--	(16.0)	--	--	--
Cash interest paid	--	--	--	--	(71.0)	--	--	--
Reported lease liabilities	86.0	--	--	--	--	--	--	--
Intermediate hybrids reported as equity	250.5	(250.5)	--	6.0	(6.0)	(6.0)	(6.0)	--
Postretirement benefit obligations/deferred compensation	11.3	--	--	--	--	--	--	--
Accessible cash and liquid investments	(71.9)	--	--	--	--	--	--	--
Capitalized interest	--	--	--	3.0	(3.0)	(3.0)	--	(3.0)
Nonoperating income (expense)	--	--	248.0	--	--	--	--	--
Total adjustments	275.9	(250.5)	248.0	9.0	(96.0)	(9.0)	(6.0)	(3.0)
S&P Global Ratings' adjusted amounts								
	Debt	**Equity**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditure**
Adjusted	3,193.9	2,698.5	420.0	77.0	393.0	365.0	40.0	640.0

Liquidity: Adequate

We assess Stedin's liquidity position as adequate, reflecting our expectation that its liquidity sources will exceed uses by 1.1x over the next 12 months. We also assume that sources would cover uses even if forecast EBITDA dropped by 10%. Stedin has access to an undrawn committed credit facility of €600 million maturing in July 2024, which supports the group's liquidity position.

Moreover, our assessment also considers Stedin's satisfactory standing in the credit markets, prudent risk management, and proven access to diverse sources of funding.

Principal Liquidity Sources	Principal Liquidity Uses
• Cash and short-term investments of €106 million as	• Debt maturities of €250 million over the next 12

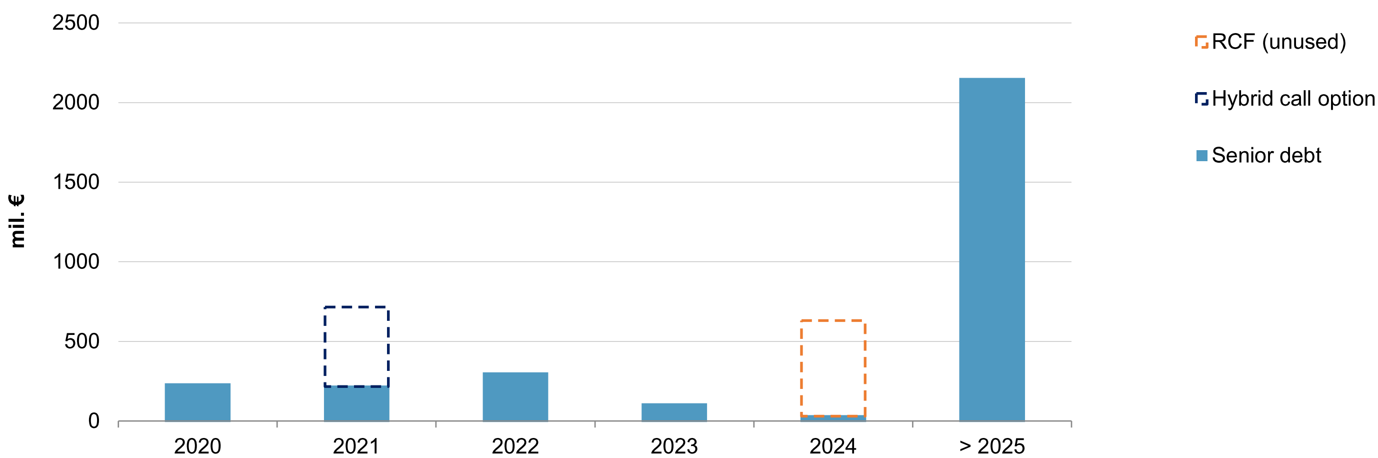
of June 30, 2020. • Committed credit line of €600 maturing 2024, 100% of which is unused. • Cash FFO of about €390 million-€400 million over the next 12 months.	months. • Working capital outflows of €10 million over the next 12 months. • Capex, net of customer contributions, of €558 million over the next 12 months

Debt maturities

Stedin has maturities of €250 million in 2020, consisting mostly of commercial paper. It also has €216 million of financial debt due in 2021, and the first callable date of its €500 million junior subordinated hybrid bond in the third quarter of 2021. We continue to expect Stedin's hybrid capital to remain a permanent component of its capital structure.

Chart 5

Stedin Maturity Schedule
Most of debt matures beyond 5 years



RCF--Revolving credit facility. Source: S&P Global Ratings.

Covenant Analysis

A part of Stedin's loans are subject to various financial covenants, including a ratio of net debt to total equity lower than 70%, and an interest-coverage ratio greater than 3.0x. Stedin complied with both tests as of year-end 2019.

Compliance expectations

We forecast that Stedin's interest coverage will remain consistently above 5x, and net debt to total equity at 55%-58%, over our forecast scenario, implying significant headroom.

Issue Ratings - Subordination Risk Analysis

Capital structure

As of Dec. 30, 2019, Stedin reported €3 billion of interest bearing debt. Out of this debt, €1.8 billion correspond to Eurobond financing, around €690 million correspond to private placements, €86 million to lease liabilities, and the rest to other type of senior debt. We add €250 million to this debt, corresponding to 50% of the company's perpetual subordinated bond loan, because we view this instrument as having intermediate equity content.

Analytical conclusions

Except for Stedin's hybrid capital securities, we rate its public debt at the same level as the issuer credit rating, since we perceive no subordination risk that could result in a material credit disadvantage to bondholders.

We rate Stedin's subordinated capital securities two notches below the issuer credit rating: one notch for contractual subordination to other senior debt within the group and an additional notch due to the optional deferability of interest payments.

Ratings Score Snapshot

Issuer Credit Rating

A-/Stable/A-2

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Excellent

Financial risk: Significant

- **Cash flow/leverage:** Significant

Anchor: a-

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a-

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
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Related Research

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- EMEA Utilities Should Withstand COVID-19 Better Than Most Sectors, March 24, 2020
- Dutch Electricity And Gas Networks: Why We See The Regulatory Frameworks As Supportive May 15, 2019

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of September 2, 2020)*	
Stedin Holding N.V.	
Issuer Credit Rating	A-/Stable/A-2

Ratings Detail (As Of September 2, 2020)*(cont.)	
Commercial Paper	
Local Currency	A-2
Junior Subordinated	BBB
Senior Unsecured	A-
Issuer Credit Ratings History	
31-Oct-2011	A-/Stable/A-2
27-Apr-2009	A-/Negative/A-2
18-Jul-2008	A/Watch Neg/A-1
Related Entities	
Stedin Netbeheer B.V.	
Issuer Credit Rating	A-/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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