

CREDIT OPINION

24 July 2019

Update

✓ Rate this Research

RATINGS

innogy SE

Domicile	Germany
Long Term Rating	Baa2
Type	LT Issuer Rating - Dom Curr
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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innogy SE

Semi-annual update

Summary

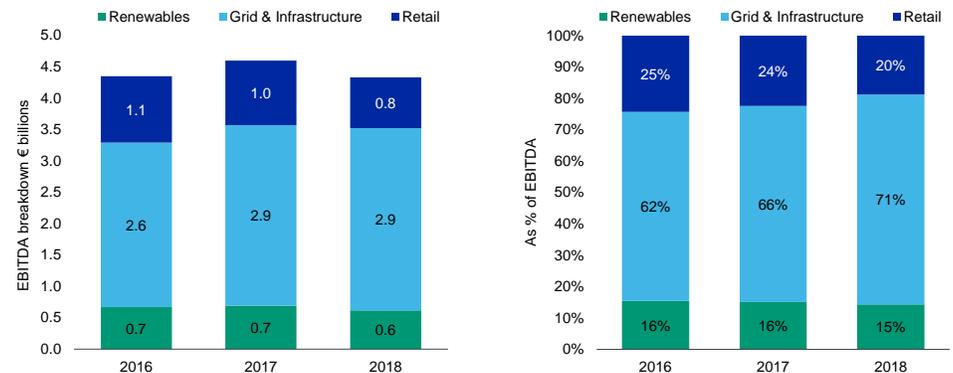
innogy SE (innogy)'s credit quality is underpinned by (1) the company's scale and breadth of operations; (2) a sizeable contribution from largely regulated activities in its grid and infrastructure businesses, accounting for over 70% of the company's EBITDA; and (3) the company's increasing expertise and presence in renewables, which benefit to varying extent from fixed price contracts.

These factors are balanced by (1) the challenging environment in retail markets, which are partly offset by cost-cutting initiatives; (2) the cuts in allowed returns for distribution networks, which pressure cash flows; and (3) execution risk associated with development of renewable energy portfolio, given increasing competition and declining subsidies.

From a financial perspective, innogy has a leveraged financial profile, with funds from operations (FFO)/net debt at 14.1% and retained cash flow (RCF)/net debt at 8.1% as of end-December 2018. These financial ratios are below the parameters set for innogy's Baa2 rating.

Nevertheless, consideration of innogy's credit quality has to take into account the expected asset swap between E.ON SE (Baa2 stable) and RWE AG (Baa3 stable) as announced in March 2018. Following completion of the transaction, which is pending EU approvals, innogy will become part of E.ON. Its credit quality will be thus closely linked to that of E.ON group, whose operations will be predominantly in regulated electricity and gas networks, and customer solutions.

Exhibit 1
Regulated and contracted earnings account for the bulk of cash flows



Excludes Corporate costs of some €(0.2) billion.
Source: Company's reports, Moody's Investors Service

Credit strengths

- » Well-diversified European operations in grids, renewables and retail
- » Majority of earnings derived from regulated network businesses under well-established regimes
- » Over half of renewables' EBITDA under fixed-price contracts
- » Credit quality of innogy expected to be driven by that of E.ON

Credit challenges

- » Leveraged financial profile and large capital expenditure programme, which carries some execution risk
- » Competitive markets in retail are challenging customer volumes and margins
- » Competition for renewable assets and declining subsidies/move to merchant-based projects

Rating outlook

The stable outlook is primarily based on our expectation that innogy will become part of E.ON group, given that the company's current financial profile on a standalone basis is below the guidance for the Baa2 rating, which includes FFO/net debt in the mid-teens in percentage terms and RCF/net debt in or around low double digits in percentage terms.

Factors that could lead to an upgrade

Given the pending transaction between E.ON and RWE, we see a rating upgrade as unlikely in the near term. On a standalone basis and in the absence of the linkages between innogy and that of its major shareholder, upward rating pressure could develop if the company improved its financial profile such that it could support FFO/net debt in the high teens and RCF/net debt in the low teens in percentage terms on a sustainable basis without a material deterioration in its business risk profile.

Factors that could lead to a downgrade

innogy's rating could come under downward pressure if (1) innogy's business risk profile were to deteriorate; or (2) its metrics were to remain consistently below the guidance for the Baa2 rating. On the assumption that the transaction between E.ON and RWE will be completed, a downgrade of E.ON's ratings would likely result in a downward adjustment of innogy's ratings.

Key indicators

Exhibit 3

Key indicators

innogy SE

	12/31/2018	12/31/2017	12/31/2016
(CFO Pre-W/C + Interest) / Interest	5.7x	6.0x	5.2x
(CFO Pre-W/C) / Net Debt	14.1%	17.3%	16.4%
RCF / Net Debt	8.1%	10.4%	11.4%

Note: All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying [User's Guide](#).

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

Profile

innogy SE is an energy company based in Essen, Germany. It was created on 1 April 2016 following the separation of the renewables, networks and retail businesses from the German company RWE AG. In October 2016, 23.2% of innogy's shares were sold through an initial public offering (IPO) and the company was listed on the Frankfurt stock exchange.

RWE, which currently owns 76.8% of innogy's shares, manages innogy as a financial investment and the corporate governance arrangements in place are aimed at placing both innogy and RWE in a position to pursue their strategic, operational and financial targets individually and independently from each other. Subject to the execution of the transaction between E.ON and RWE agreed in March 2018, innogy will become part of E.ON group, whilst its renewable and certain other assets will be transferred to RWE.

As of mid-July 2019, innogy had a market capitalisation of €23.7 billion.

Detailed credit considerations

Credit quality will be influenced by that of E.ON post completion of the E.ON/RWE asset swap

On 12 March 2018, E.ON and RWE announced that they had concluded an agreement, under which E.ON will acquire RWE's 76.8% stake in innogy. In exchange, E.ON will transfer to RWE most of E.ON's renewables business, minority interest in the RWE-operated nuclear power plants, innogy's renewables business, certain other innogy assets and a 16.67% stake in the enlarged E.ON via a capital increase in kind of 20%. The transaction also provides for a cash payment from RWE to E.ON of €1.5 billion.

In conjunction with the transaction announcement, E.ON stated its intention to launch a voluntary public takeover offer (PTO) to all shareholders of innogy, in line with the provisions of German law. The PTO was launched on 27 April 2018 at €36.76 per share, with an additional €1.64 per share of dividend expected for the financial year ending December 2018. During the extended acceptance period, which ended on 25 July, 9.4% of innogy stock was tendered. As of mid-March 2019, E.ON had secured ownership of some 89.23% of innogy's shares in total.

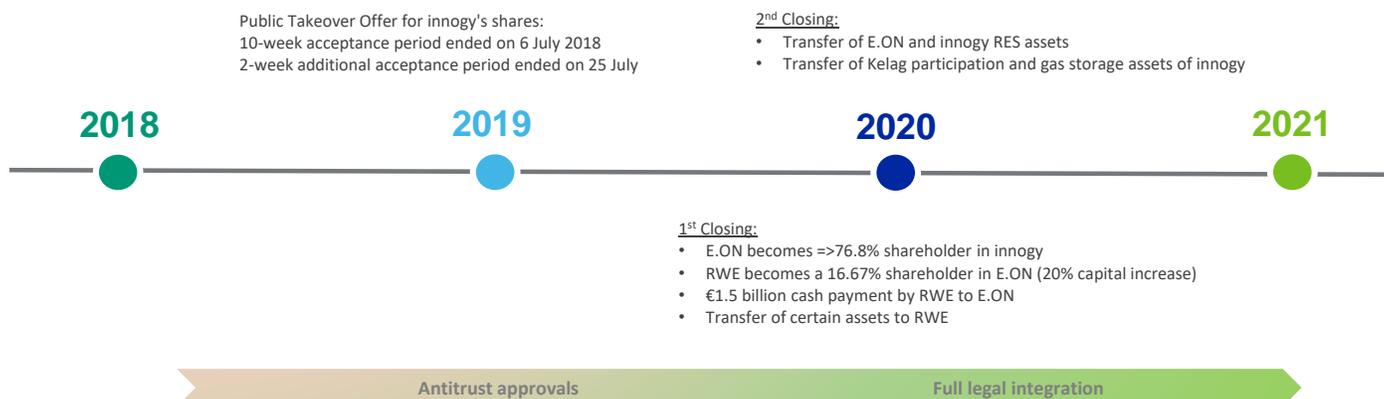
That secured ownership is just below the 90% threshold required to do a "squeeze out" of minority shareholders. Nevertheless, E.ON will be still able to pass a resolution on the conclusion of a domination and profit and loss transfer agreement (DPLTA) between E.ON and innogy, if it chooses to do so. With a DPLTA, E.ON would be able to give binding instructions to innogy and thus effectively exercise control over innogy.

The asset swap between E.ON and RWE has already received a number of antitrust approvals. It is, however, still pending the EU approval, which is currently expected no later than on 20 September. Overall, with E.ON having indicated its willingness to make a number of concessions as these may be necessary to receive the regulatory clearance, the transaction is on track to be completed in late 2019.

Exhibit 4

Transaction will be completed in a number of steps

Major steps and their timeline (illustrative)



Note: Some adjustments to the above are possible.

Source: E.ON and RWE, Moody's Investors Service

The transaction will result in a breakup of innogy, which will become part of a larger future E.ON group, with operations predominantly in regulated electricity and gas networks, and customer solutions. innogy's rated debt will become obligation of the new E.ON.

Strong contribution from regulated networks in predominantly stable regulatory regimes

In 2018, around 71% of innogy's EBITDA was derived from the Grid & Infrastructure segment, which comprises regulated electricity and gas distribution activities (80% of the total) and other regulated or contracted businesses such as gas storage, water concessions, telecommunications and minor generation assets.

Some 70% of this division's earnings were generated in Germany, where innogy is the largest electricity and second largest gas distribution system operator (DSO). The remainder of cash flows came from the company's activities in Central and Eastern Europe (CEE).

With a regulated asset base (RAB) of €13.5 billion as of end-December 2018, innogy is a large network operator in the European context. We note, however, that the company's asset base decreased this year to some €11.8 billion, given the sale of its 50.04% stake in the Czech gas distribution network for €1.8 billion in cash proceeds in Q1 2019. (See [Loss of the Czech distribution grid will lower regulated earnings](#), April 2019).

Exhibit 5

innogy's regulated networks operations are spread across a number of European countries

Current regulatory periods, RAB in € billion

	Germany	Hungary	Poland	Slovakia
RAB	9.7	0.9	0.7	0.5
Regime	Revenue cap	Price cap	Price cap	Price cap
Regulatory period	5 years	4 years	5 years	5 years
Electricity	2019-23	2017-20	2016-20	2017-21
Gas	2018-22	2017-20	-	-

Excludes Czech grid sold in Q1 2019.

Source: Moody's Investors Service

We consider the regulatory frameworks under which innogy operates to be fairly stable and predictable, although regulatory and political risk can vary. Operations under multiple regimes provide, however, diversification of regulatory risk, a credit positive.

In Germany, the incentive-based regulation continues to evolve, but the regulatory regime is also gaining more track record of its operation. Past decisions taken by the Federal Network Agency (Bundesnetzagentur, BNetzA), the economic regulator for the German energy networks, have been pragmatic and in support of the companies' investment requirements.

The third regulatory period runs from 2018-22 for gas and 2019-23 for electricity distribution networks, providing relative certainty of cash flows over that period. Based on the BNetzA's determination from October 2016, allowed equity returns fell to 6.91% from 9.05% (nominal, pre-corporate tax, after trade tax) for assets built or acquired after 2006. The regulator cited the materially lower risk-free rate and persistently low interest rate environment behind its decision to cut the returns. The level of allowed returns was appealed by the network operators, with the regional court in Düsseldorf ruling in favour of the companies in April 2018. This decision was, however, appealed by BNetzA in May 2018 at the Federal Court of Justice. In early July 2019, Germany's highest federal court ruled in favour of BNetzA, stating that the lower allowed equity return was justified as the regulator followed an appropriate methodological approach in setting the allowance. (See [High court backing for regulator's view of equity returns is credit neutral](#), July 2019). At the same time, the companies have also lodged court appeals against the tighter overall efficiency targets set for the sector. These were set at 0.49% for gas (compared to 1.5% in the previous regulatory period) and 0.9% for electricity (Xgen). Decisions on these proceedings remain outstanding.

We view the regulatory regimes in Poland, Slovakia and Hungary as somewhat less developed, although by-and-large the regulatory approach has been relatively benign and supportive of the networks' profitability. Nevertheless, the regulatory regimes in those countries have a shorter track record of implementation compared with some of the well-established Western European regimes, and their tariff decisions may have lacked transparency in the past.

Overall, there is a fairly good visibility over this division's earnings, although reduction in allowed returns will pressure cash flows. This may not be offset by a growing asset base (annual growth of around 2%) on the back of higher investments aimed to meet growing demands on the grid from increasing renewables generation, grid maintenance, smart metering and digitalization, although the actual developments will vary by markets.

The significant presence of regulated network activities exhibiting robust credit strength underpins innogy's credit quality.

Diversification mitigates the renewal risk for concessions in Germany

The German electricity and gas distribution grid market is characterized by a large number of DSOs operating under concessions granted by municipalities for a maximum period of 20 years. innogy holds some 3,800 concessions (including water concessions).

We note the precedents of municipalities taking over grid operations as concession contracts come up for review. However, we view the renewal risk as fairly limited. This takes account of innogy's (1) diversification of concessions; (2) remaining concession life of around 9 to 11 years; and (3) good track record of concession renewals.

Retail margins and customer volumes are under pressure

In 2018, the Retail segment contributed around 20% of innogy's EBITDA.

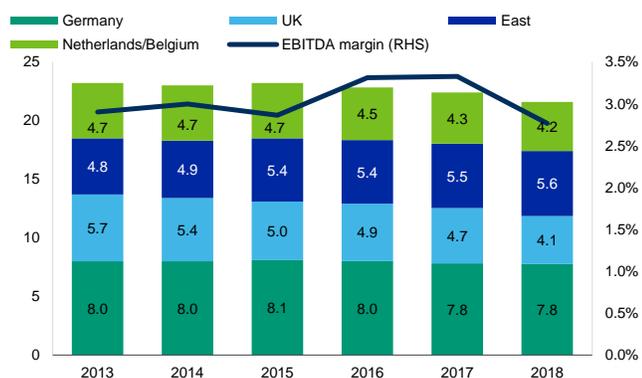
Retail includes supply of electricity and gas to residential and commercial customers (B2C) and industrial customers and resellers (B2B) in 11 European countries. Some 10% of this division's EBITDA is generated from a growing energy+ business, which includes non-commodity energy efficiency products and services, such as electric vehicle charging solutions in more than 20 countries and connected home solutions. energy+ also offers systems which allow customers to produce and store their own energy such as heating and CHP systems, solar and batteries.

With around 21.7 million customers (as of end-December 2018), innogy is a large supplier of electricity and gas. Its customer base is well diversified across Germany, Eastern Europe, the UK and the Netherlands/Belgium. Performance across the different markets has, however, varied. Whilst supply margins have held up reasonably well in the Eastern Europe division (CEE countries), the profitability of the business in Western Europe has been challenged by increasing competitive pressures. Customer volumes in continental Europe have, however, stabilised, partly thanks to a number of initiatives aimed to increase the sales channels and acquisitions of service partners to strengthen the business proposition (e.g. solar power systems) for households.

The UK market has been particularly challenging for innogy, where the introduction of a price cap for customers on standard variable tariffs (SVT) and intensified competition from smaller players has contributed to widening losses of the retail division. innogy sought to combine its UK business with that of [SSE plc](#) (Baa1 stable), but the transaction fell through at the end of last year when the two companies announced that they had decided not to proceed with the planned merger, given a deterioration in business conditions in UK energy supply. (See [Cancellation of the plan to combine and spin off the UK retail business is credit negative](#), December 2018).

Exhibit 6

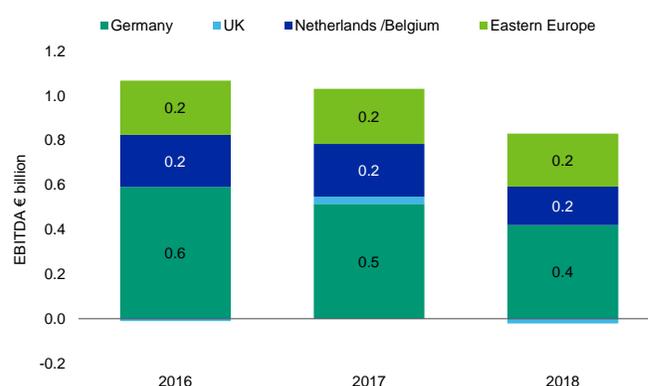
Volumes have been under pressure Customers in millions



Source: Company's reports, Moody's Investors Service

Exhibit 7

Earnings have decreased across the markets EBITDA breakdown



Source: Company's reports, Moody's Investors Service

We expect the Retail segment to see further pressure on margins and earnings due to competition and higher wholesale power prices, which may not be passed through to the end customers or only with a delay. We estimate a further decline in earnings in 2019, given widening losses in the UK retail market.

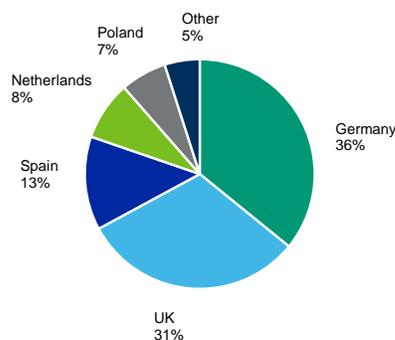
The medium term growth may be supported by the IT upgrades driving digital transformation and provision of other services, which will lead to greater diversification away from customer supply earnings. However, there is uncertainty regarding development of new customer solutions and their ability to generate positive cash flows from the outset (e.g. e-mobility).

Increasingly diversified portfolio of renewables

innogy has a large and well-diversified portfolio of renewable energy assets with an installed capacity of around 3.5 GW (on a pro rata basis) as of December 2018. The company is active in onshore and offshore wind, and has some hydrogeneration assets, with operations spread over nine European countries, but with Germany and the UK being the two largest markets.

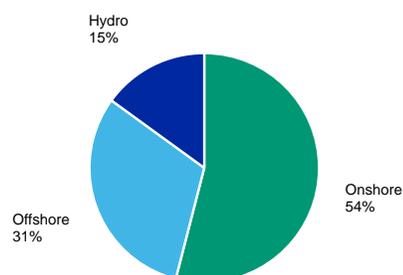
The renewables assets, except hydro, benefit, to varying degrees, from support schemes (i.e. subsidies, fixed feed-in tariffs, certificates or long term contracts) that provide a degree of earnings stability and insulation from wholesale power price volatility, a credit positive. As of end-March 2019, some 70% of the Renewables segment's EBITDA was generated from contracted earnings, which were not exposed to merchant power risk. The remaining life of contracted earnings is around 16 years for offshore and 10 years for onshore wind.

Exhibit 8
innogy has a geographically diversified RES portfolio...
Breakdown of installed capacity (pro-rata view), as of end-December 2018



Source: Company's reports, Moody's Investors Service

Exhibit 9
...represented by onshore/offshore wind and hydro
Breakdown of installed capacity (pro-rata view), as of end-December 2018



Source: Company's reports, Moody's Investors Service

While subsidies provide lower risk cash flows, renewables are subject to output variability dependent on wind conditions and asset availability. In this regard we note that innogy's 2018 production levels were below the long-term average resulting in lower margins as reflected in a decline in this segment's EBITDA by 11% to €619 million.

innogy's investment pipeline includes 7.1 GW of renewable projects. However, not all the projects may be successful in the future auctions and thus completed. The company's major project under development is the 860 MW Triton Knoll offshore wind farm in the UK, which is scheduled for commissioning in 2021/22. innogy completed a 41% farm down of this project in Q3 last year.

In addition to wind development in Europe (onshore and offshore) and US (onshore), innogy seeks to make investments in large-scale solar. The current investment projects include a 349 MW solar park in Australia, with expected commissioning in mid-2020.

Finally, we note that innogy's hydro power plants (run-of-river and storage), with an installed capacity of 510 MW, have a long remaining asset life and require limited investments. As a fixed price technology, hydrogeneration will benefit from a recovery in power prices once existing hedges roll off. innogy's exposure to developments in the German power markets is, however, fairly limited. (See [In Germany, national policies will continue to challenge conventional generators](#), July 2018).

Overall, we expect earnings from the Renewables division to grow to over €0.7 billion in 2019 due to a step-up in installed capacity and more normalised weather conditions.

High financial leverage reflects difficult markets and challenges in balancing net investments

innogy's strategy is to capitalize on the significant changes in the energy sector, driven by trends towards decarbonisation, digitalization and decentralization. As such, the company is investing in renewables, reinforcement and expansion of the grid in order to allow for smarter grid infrastructure, and the non-commodity energy service sector (e.g. e-mobility).

innogy's objective to grow earnings has been challenged by more difficult than anticipated markets as reflected in a number of revisions to target EBIT since the company's IPO in late 2016. Overall, innogy's financial performance has been weaker than anticipated, with the current ratios falling short of our guidance for the Baa2 rating.

The company's financial policy includes a target leverage factor of net debt/EBITDA (as defined by management) of around 4x and a dividend pay-out ratio of 70-80% of adjusted net income. We consider that meeting this leverage target would be challenging absent balance sheet strengthening measures or redefining of the company's key growth priorities. This is, however, not anticipated pending transaction between E.ON and RWE.

Low risk from decarbonisation of the power sector

The EU has committed to reduce greenhouse gas emissions by 40% from 1990 levels and to increase the contribution of renewables to energy demand to 27% by 2030. These targets, agreed in 2014, formed the basis of the EU's Nationally Determined Contributions incorporated into the Paris Agreement, and are designed to significantly decarbonise the region's economies. We believe that unregulated utilities, which account for 40% of EU carbon emissions, will need to deliver a significant share of the reductions, and that this will create a variety of risks and opportunities for individual utilities.

We believe that innogy is well-positioned compared to peers, given its focus on regulated networks, renewables and customer solutions, which we expect would provide resilience to both policy direction and the development of potential disruptive technologies.

Our framework for assessing the risks associated with decarbonisation in this industry is set out in [Unregulated utilities and power companies - Global: Carbon transition brings risks and opportunities](#), June 2018.

Liquidity analysis

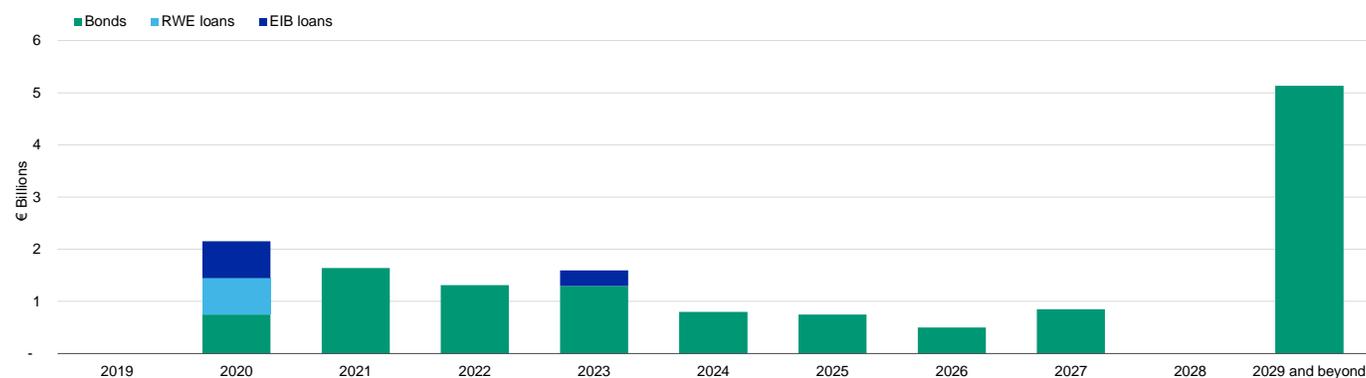
As of end-March 2019, innogy's liquidity was supported by (1) €3.7 billion of cash and short term investments, and (2) a committed credit facility of €2 billion. The bank facility, which is fully undrawn, has a maturity in October 2023, and could be extended with an option for a further €1 billion on request.

innogy's refinancing needs are between €1-2 billion per year over the medium term.

Exhibit 10

innogy has fairly sizeable debt maturities, albeit these are well spread

Bonds and loans outstanding in € billion, as of end-March 2019



Source: Company, Moody's Investors Service

We note that a number of innogy's bank loans include a change of control clause. However, we believe that E.ON and innogy will be able to manage this risk so that the company's liquidity does not weaken.

Rating methodology and scorecard factors

innogy is rated in accordance with the rating methodology for [Unregulated Utilities and Unregulated Power Companies](#), published in May 2017. The company's rating is one notch lower than the scorecard-indicated outcome.

Exhibit 11

Rating Factors

innogy SE

Unregulated Utilities and Unregulated Power Companies Industry Grid [1][2]	Current 12/31/2018		Moody's 12-18 Month Forward View As of July 2019 [3]	
	Measure	Score	Measure	Score
Factor 1 : Scale (10%)				
a) Scale (USD Billion)	Aa	Aa	Aa	Aa
Factor 2 : Business Profile (40%)				
a) Market Diversification	A	A	A	A
b) Hedging and Integration Impact on Cash Flow Predictability	Baa	Baa	Baa	Baa
c) Market Framework & Positioning	Baa	Baa	Baa	Baa
d) Capital Requirements and Operational Performance	Baa	Baa	Baa	Baa
e) Business Mix Impact on Cash Flow Predictability	Aaa	Aaa	Aaa	Aaa
Factor 3 : Financial Policy (10%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (40%)				
a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg)	5.6x	Baa	5.0x - 6.0x	Baa
b) (CFO Pre-W/C) / Net Debt (3 Year Avg)	15.9%	Ba	11% - 14%	Ba
c) RCF / Net Debt (3 Year Avg)	10.0%	Ba	7% - 10%	Ba
Rating:				
a) Scorecard Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa2		

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 12/31/2018. Source: Moody's Financial Metrics™.

[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 Investors Service

Ratings

Exhibit 12

Category	Moody's Rating
INNOGY SE	
Outlook	Stable
Issuer Rating -Dom Curr	Baa2
Senior Unsecured -Dom Curr	Baa2
Commercial Paper -Dom Curr	P-2
PARENT: RWE AG	
Outlook	Stable
Issuer Rating -Dom Curr	Baa3
Senior Unsecured MTN -Dom Curr	(P)Baa3
Subordinate	Ba2
Commercial Paper	P-3
Other Short Term -Dom Curr	(P)P-3
INNOGY FINANCE B.V.	
Outlook	Stable
Bkd Senior Unsecured	Baa2

Source: Moody's Investors Service

Appendix

Exhibit 13

Peer comparison table

(in USD million)	innogy SE			EnBW Energie Baden-Wuerttemberg AG			Vattenfall AB			Iberdrola S.A.		
	Baa2 Stable			(P)A3 Negative			A3 Negative			(P)Baa1 Stable		
	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-16	FYE Dec-17	FYE Dec-18
Revenue	45,972.4	46,459.0	41,406.3	21,430.4	24,827.7	24,347.4	16,282.1	15,837.5	18,062.6	31,820.9	35,323.3	41,421.5
EBITDA	4,638.3	4,513.8	4,553.6	149.9	4,623.9	2,564.6	3,103.3	4,169.7	4,143.9	8,960.5	7,762.1	10,906.4
Total Assets	50,224.1	57,013.9	57,772.2	40,961.1	47,080.0	45,669.1	45,472.3	50,696.4	52,937.7	113,472.3	134,161.1	130,599.1
Total Debt	25,036.7	27,385.4	28,624.3	24,387.6	22,279.2	21,152.7	18,699.3	18,706.4	17,322.5	35,890.0	48,494.4	47,256.3
Net Debt	20,747.0	23,393.9	23,621.9	11,146.0	11,404.3	12,013.8	14,213.6	15,757.1	13,077.6	34,374.8	44,639.7	44,053.4
FFO / Net Debt	16.4%	17.3%	14.1%	16.3%	33.1%	17.7%	19.1%	20.9%	22.6%	18.1%	14.3%	18.4%
RCF / Net Debt	11.4%	10.4%	8.1%	13.6%	31.7%	14.4%	18.1%	20.0%	19.5%	11.5%	9.3%	13.1%
(FFO + Interest Expense) / Interest Expense	5.2x	6.0x	5.7x	3.3x	5.4x	3.7x	5.1x	4.6x	5.1x	5.7x	5.3x	5.7x

All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.

Source: Moody's Financial Metrics™

Exhibit 14

innogy's adjusted debt breakdown

(in EUR Millions)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
As Reported Debt	18,975.0	17,221.0	17,256.0	18,705.0
Pensions	3,415.7	3,888.0	3,089.0	3,767.0
Operating Leases	1,260.0	1,140.0	1,010.0	900.0
Non-Standard Adjustments	1,395.0	1,488.0	1,451.0	1,668.0
Moody's-Adjusted Debt	25,045.7	23,737.0	22,806.0	25,040.0

All figures & ratios calculated using Moody's estimates & standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 15

innogy's adjusted FFO breakdown

(in EUR Millions)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
As Reported Retained Cash Flow	2,545.0	2,952.0	3,181.0	2,794.0
Pensions	528.0	228.0	168.0	66.0
Operating Leases	75.6	63.2	64.9	49.2
Capitalized Development Costs	-206.0	-107.0	-74.0	-106.0
Unusual	0.0	406.0	213.0	214.0
Non-Standard Adjustments	-596.0	-315.0	-190.0	-94.0
Moody's-Adjusted Retained Cash Flow	2,346.6	3,227.2	3,362.9	2,923.2

All figures & ratios calculated using Moody's estimates & standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 16

innogy SE

Selected historic Moody's adjusted financial data

(in € millions)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
INCOME STATEMENT				
Revenue	43,456.0	41,549.0	41,119.0	35,063.0
EBITDA	4,713.0	4,192.0	3,995.0	3,856.0
EBIT	3,506.4	2,780.8	2,565.1	2,500.8
Interest Expense	793.0	776.2	673.0	624.5
Net income	1,713.9	1,568.9	1,230.4	707.8
Amortization	(61.0)	114.0	119.0	43.0
BALANCE SHEET				
Net Property Plant and Equipment	19,568.0	19,094.0	19,371.0	20,265.0
Total Assets	58,763.0	47,617.0	47,480.0	50,538.0
Total Debt	25,045.7	23,737.0	22,806.0	25,040.0
Cash & Cash Equivalents	2,444.0	4,067.0	3,324.0	4,376.0
Net Debt	22,601.7	19,670.0	19,482.0	20,664.0
Total Liabilities	42,398.6	38,976.3	38,282.5	42,803.2
CASH FLOW				
Funds from Operations (FFO)	2,346.6	3,227.2	3,362.9	2,923.2
Cash Flow From Operations (CFO)	2,556.6	2,949.2	2,835.9	2,694.2
Dividends	1,017.0	979.0	1,328.0	1,249.0
Retained Cash Flow (RCF)	1,329.6	2,248.2	2,034.9	1,674.2
Capital Expenditures	(1,894.6)	(1,789.2)	(1,825.9)	(2,306.2)
Free Cash Flow (FCF)	(355.0)	181.0	(318.0)	(861.0)
INTEREST COVERAGE				
(FFO + Interest Expense) / Interest Expense	4.0x	5.2x	6.0x	5.7x
LEVERAGE				
FFO / Debt	9.4%	13.6%	14.7%	11.7%
RCF / Debt	5.3%	9.5%	8.9%	6.7%
FFO / Net Debt	10.4%	16.4%	17.3%	14.1%

All figures & ratios calculated using Moody's estimates & standard adjustments.

Source: Moody's Financial Metrics™

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