Creditreform Corporate Issuer / Issue Rating

Infrabel S.A./N.V. under public law

Creditreform Rating
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Rating object	Rating information	
Infrabel S.A./N.V. under public law Creditreform ID: 400981228 Incorporation: 2004 (Main) Industry: Railway infrastructure CEO: Luc Lallemand Rating objects: Long-term Corporate Issuer Rating: Infrabel S.A./N.V. under public law Long-term Local Currency Senior Unsecured Issues	Corporate Issuer Rating: **AA- / stable**	Type: Initial rating Unsolicited
	LT LC Senior Unsecured Issues: **AA-**	Other: **n.r.**
	Rating date: December 19, 2018 Monitoring until: Withdrawal of the rating Publication: December 21, 2018 Rating methodology: CRA “Corporate Issuer Ratings” CRA “Government related companies” CRA “Non-financial Corporate Issue Ratings” Rating history: www.creditreform-rating.de	

Content

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Abstract

Company

Infrabel S.A./N.V. under public law (N.V. van publiek recht / S.A. de droit public; hereinafter referred to as "Infrabel", "the Group" or "the Company") is a limited liability company of public law and is governed by the Belgian law of 21 March 1991 on the reform of certain public enterprises. The Group is the railway infrastructure manager in Belgium and was established in 2004. Infrabel used to be a part of the Belgian SNCB Group (Dutch: NMBS), but after restructuring of the railway sector in 2014, both the SNCB and Infrabel became two separate entities. The largest shareholder of Infrabel is the Kingdom of Belgium with 99.30% of shares. The Infrabel Group is therefore economically integrated and placed under the authority and control of the Belgian State. The activities of the Group, as well as the grant allocation it receives to perform these activities, are lined out in a management contract with the Belgian government.

Infrabel Group had approximately 10,350 employees as of 31 December 2017. Its tasks include, above all, the maintenance and expansion of the approximately 3,600 km-long Belgian railway network, which guarantees fair access to all railway companies. The allocation and billing of timetable routes, and the coordination of Belgian train services, also form part of the activities defined in the Group’s management contract with the government.

During the 2017 business year, the Group generated a turnover of EUR 998.7 million (2016: 954.0 million), total operating revenues before capital grants of EUR 1.609 million (2016: EUR 1.619 million), an EBITDA of EUR 753 million (2016: 706 million) and an EAT of EUR 143 million (2016: EUR -43 million). These key performance indicators include state funding of EUR 148.3 million (which are part of the originally recorded operating revenues) and additional capital grants of EUR 643.7 million which are included in the EBIT. The company received interest grants in an amount of EUR 44.2 million in 2017.

Rating Result

The current rating of AA- attests a very high level of creditworthiness to Infrabel S.A./N.V. under public law, which represents a very low default risk.

Our rating assessment is mainly based on the high degree of systemic and strategic relevance for the Belgian and the European railway sector, and the close relationship that Infrabel has with the Belgian government based on the ownership structure as well as the mid-term and long-term business and investment plans. This close relationship is also a result of the company's legal status and legislation of the railway code, which stipulates that the government must take appropriate measures if, over a period of maximum of 5 years, Infrabel’s revenues do not cover the costs of operating and maintaining the railway infrastructure. This should protect Infrabel from insolvency by guaranteeing financial equilibrium. Nevertheless, from our point of view, this does not include government protection against liquidity shortages or a guarantee from the sovereign for the (capital market) indebtedness (e.g. bonds) of Infrabel. We believe that due to the aforementioned factors in combination with the decline in grants, that Infrabel's creditworthiness should be kept one notch below the level of Creditreform's unsolicited sovereign rating of the Kingdom of Belgium. The unsolicited sovereign rating of Belgium was confirmed on 29 June 2018 and stands at AA with a stable outlook.

Outlook

The one-year outlook for the rating of Infrabel is stable. This appraisal is based on the close relationship that Infrabel has with the Belgian government and the stable outlook for the sovereign rating of Belgium. This opinion is based on the assumption that the company's ownership structure and the relevant legislation will remain unchanged.

Relevant rating factors

Excerpts from the financial ratios analysis 2017

+ Increasing turnover
+ Increasing results; positive EAT
+ Equity ratio
+ Generally solid financing structure
+ Improved Net-Debt / EBITDA adj.
+ current ratio

- Very high capital intensity
- Capital lock-up period
- Low return on investments
- Low accounted liquid funds

Table 1: Financials of Infrabel group I Source: Infrabel's consolidated annual report 2017, standardized by CRA

Financial ratios' extract Basis: consolidated annual report per 31.12 (IFRS)	CRA standardized figures[1]	
	2016	2017
Turnover	EUR 954.0 million	EUR 998.7 million
EBITDA	EUR 705.6 million	EUR 753.0 million
EBIT	EUR 82.1 million	EUR 86.7 million
EAT	EUR -43.2 million	EUR 142.9 million
Total assets	EUR 21,767.1 million	EUR 21,827.54 million
Equity ratio	75.65%	77.20%
Capital lock-up period (days)	242.59	217.21
Short-term capital lock-up	82.54%	43,60%
Neb Debt / EBITDA adj.	7.24	6.33
Return on investment	0,37%	0,39%

Suggestion:

General Rating Factors summarize the key issues that – in the view of the analysts as per the date of the rating – have a significant or long-term impact on the rating, positive (+) as well as negative (-).

Current Rating Factors are the key factors that have, in addition to the Underlying Rating Factors, an impact on the current rating.

General Rating factors

+ Close relationship between the Government / Kingdom of Belgium and Infrabel
+ Strong sovereign rating of the Kingdom of Belgium
+ Reduced risk of insolvency due to the financial equilibrium guaranteed by legislation
+ Monopoly position in the railway infrastructure management in Belgium
+ Strategic and systemic relevance for the Kingdom of Belgium with high entry barriers
+ Ongoing grants for both investments and operative business, and additionally in the form of interest grants
+ Customer base with largely sound creditworthiness

[1] The key figures shown here correspond to the values of Creditreform Rating determined for analytical purposes. These often deviate from similar, originally communicated values by the assessed companies. Thus, e.g. the characteristic Net-Debt / EBITDA adj. based on the total balance sheet liabilities, net of financial resources, of the Group. The calculation of equity also generally involves adjustments. As a result, we regularly deduct the goodwill for analytical purposes from equity in whole or in part. In the case of Infrabel, we added the accounted government capital grants to the equity, as we expect these funds to be used in a regulatory sense and therefore consider a repayment obligation unlikely.

- No explicit short-term government guarantee against liquidity shortages
- No specific guarantees of the state for the financial liabilities of the company (e.g. bonds)
- Persistently high capital intensity and high structural costs, which will not be covered in the long term from operating income (without grants)
- All assets are located in Belgium (concentration risk)
- No interim public information with regard to the business and financial position
- Safety risks

Current rating factors (Rating 2018)

Current Rating Factors are the key factors that have, in addition to the Underlying Rating Factors, an impact on the current rating.

+ Confirmation of the high credit rating of the Sovereign
+ Both the business plan 2017 - 2020 and SMIP 2018 - 2031 were approved by the cabinet
+ Higher annual revenues and positive EAT in the year 2017
+ Increased efforts to improve efficiency (digitization)

- Declining actual and forecasted operative grants by the government
- Lower state funding in 2017 and expected in 2018

Prospective rating factors

Prospective Rating Factors are factors and possible events that – in the view of the analysts as per the date of the rating – would most likely have a stabilizing or positive effect (+) and a weakening or negative effect (-) on future ratings. This is not a full list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

+ Upgrade in the sovereign rating of Belgium
+ Sustained positive annual results

- Downgrade in the sovereign rating of Belgium
- Change in legislation, which would affect the close relationship with the Belgian government
- Recurring negative earnings (e.g. due to further decreasing financial support by the state)
- Deterioration of the financial indicators due to disproportionate debt development
- Delays in several large, important projects

Best-case scenario

Best case:	AA
Worst case:	A+

In our best-case scenario for one year we assume a rating of AA. This scenario is closely linked to our assessment of the sovereign rating of the Kingdom of Belgium, and takes into account an upgrade of the credit rating of Belgium. It is based on the assumption that the railway code legislation remains unchanged and that the Belgian economy expands at a higher-than-expected rate over the medium term. For more information, please see our rating report on the Kingdom of Belgium.

Worst-case scenario

Note:
The scenarios are based on the information available at the time of the rating. Within the forecast horizon, some circumstances could occur that would lead to a rating change out of the indicated range.

In our worst case scenario for one year, we assume a rating of A+. This assessment is based on the assumption that legislation remains unchanged and the credit rating of Belgium is downgraded. This could happen if medium-term growth of the Belgian economy slows significantly due to a deceleration of economic activity in the country's key trading partners. For more information, please see our rating report on the Kingdom of Belgium.

Business development and outlook

During the business year 2017 the Company generated total operating revenues, including operating state funding (EUR 148.3 million) but before capital grants (EUR 643.7 million) of EUR 1.609 million (2016: 1.619 million), an EBITDA of EUR 752 million (2016: EUR 705.6 million) and an EAT of EUR 142.9 million (2016: EUR -43.2 million). The operating revenues remained stable despite declining operating state funding (operating grants) (-18,6%) and a decline in capitalized own production to an amount of EUR 441 million (-6%) which both were offset by an increase in turnover (+4,5%) and an increase in other operating income (+52% to EUR 20.5 million). The EBIT increased due to a reduction in operating costs and an increase in capital grants, (EUR +44.5 million) which were largely offset by higher depreciation (EUR: +42.7 million). The difference in EAT was mainly caused by an increase in financial income and decrease in financial costs mainly due to higher interests rates, which led to a positive impact on the fair value adjustments of the financial intruments of EUR 124.9 million.

On 30 May 2017 the board of directors approved the business plan 2017-2020 and plans with a much tighter budget than the previous business plan due to declining operating grants. The business plan partially deals with day-to-day operations, but also contains the multiannual investment plan 2016 – 2020 (MIP), which consists out of a total investment budget of EUR 4.300 million, of which no less than EUR 1.300 million will be spent on multiple safety projects. For the second emphasis, ''punctuality and safety'', EUR 2.500 million will be allocated, and the third investment priority will be the capacity expansion by completing ongoing projects. At the request of the government, Infrabel prepared the strategic multiannual investment plan 2018 – 2031 (SMIP), which is mainly intended for the regional express network around Brussels. The plan was drawn up in collaboration with the SNCB. The total investment amounts to EUR 1.362 million EUR, of which EUR 1.149 million was allocated to Infrabel by the federal government. The regional government is funding an additional EUR 132.5 million, of which 100 is financed by the Flemisch region and 32.5 by the Walloon region.On 2 February, 2018 both the investment plan and the strategic multiannual investment plan were approved by the Belgian cabinet. According to the cash flow statement, Infrabel invested EUR 938.4 million during the business year 2017 in CAPEX/acquisition.

As Infrabel is not able to cover all the operative costs with its operative business, the federal government allocates operative grants. According to the Royal Decree of 25 December 2016, these are set to decline until 2020. The Company will have to save approximately an additional EUR 18 million in 2017 and EUR 40 million per year from 2018 onwards to deal with the cutbacks. Considering the forecast of grant allocations, the Company plans to restructure further with a focus on modernization and digitization. Over the period of 2017-2020 the Company is planning to implement further cost-cutting measures to deal with the reduction in government funding. Infrabel is looking to achieve this by reducing the workforce and by grouping employees, to cut EUR 113 million operating costs over the period 2017 - 2020. This should also be implemented through the promotion of digitization projects, as mentioned.

We believe that Infrabel faces significant challenges in ensuring a high-quality, safe railway network and railway traffic in a timely manner, and simultaniously being more efficient in compensating the government's declining operating grants, whilst maintaining financial stability, which prohibits sustainable debt build-up.

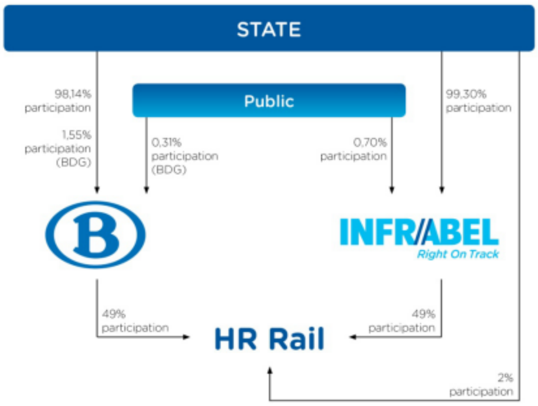
Additionally we do not rule out that the company will report occasional negative results in the future which, together with the explanation in the rating result on page 1 of this report, contributes to the fact that the company's rating is one notch below the sovereign rating.

Nevertheless, we see the financial risks as low, even in the medium to long-term horizon, which is expressed in the rating level of AA-.

Structural Risk

Infrabel S.A./N.V. is a limited liability company under public law and is the Belgian railway infrastructure manager. Before 2014, Infrabel was part of the SNCB group, which was solely responsible for passenger transport and the maintenance and management of the railway network in Belgium. Since restructuring of the Belgian railway sector in 2014, both Infrabel and SNCB have been separate entities of which the Kingdom of Belgium is the majority shareholder. The Kingdom of Belgium holds 99.59% of SNCB and 99.30% of Infrabel.

HR-Rail is a joint affiliate and was established during the restructuring of the railway sector. HR-Rail acts as the legal employer of all staff for both Infrabel and SNCB. Both the SNCB and Infrabel hold a participation of 49%, and the state holds 2% of its shares. During the business year 2017, HR-Rail provided on average 10.559 FTE's to Infrabel.



Graph 1: Source: Infrabel – Network Statement as of 04.07.2018

Due to the fact that the Company is an autonomous governmental company, it is governed by the law on the reform of certain public enterprises from 21 March 1991, which differs from the laws to other Belgian commercial companies. The rules and conditions according to which both SNCB and Infrabel fulfil their tasks are lined out in a management contract with the Belgian government. The particular contract of Infrabel has an original end date of 31 December 2012. However, according to article 5, §3, subsection two of the law of 21 March 1991, the management contract will remain valid until a new management contract comes into force.

According to the management contract, Infrabel has five different activities. These activities are:

1. Acquisition, design, construction, renewal, maintenance and management of the railway infrastructure
2. Management of regulation and security systems of this infrastructure
3. Provision, to railway companies, of the services defined by law
4. Allocation of available railway infrastructure capacity
5. Pricing, billing and collection of fees for use of the railway network, and for the services referred to in 3

We consider the structural features in relation to the rating object to be sound and stable. Thus, we believe that the structural risk profile of the Group is low. This assessment is based on the fact that Infrabel is virtually fully owned by the government, and that it received its legal status as an autonomous governmental agency as a N.V. under public law. As stipulated in the law of 21 March of 1991, the Belgian government and Infrabel have to work under a management contract which stipulates the rights, obligations and services of both parties under the contract. There are, in our opinion, no core risks associated either with the organizational structure or shareholder structure of the Group. The control and supervision, as well as the support of the Belgian State, have a positive impact on the rating. As we assume support from the Belgian state in the event of distress, any negative change to the Belgian sovereign rating would have a negative impact on the corporate rating of Infrabel. Nevertheless, we believe there is a need to improve the organizational structure and to further expand the digitization of the group.

Business Risks

Due to the nature of the business, the Company has very high capital intensity. As a result, it has to make ongoing CAPEX investments to maintain the quality of the tracks. To do this, the Company is dependent on external financing from the government. Infrabel's business plans have to be approved by the government. Once the investment plan has been approved, a substantial part of the financing is guaranteed over serveral years.

Infrabel receives governmental funding so that the company will be able to perform the tasks according to the management contract (see structure risk). As per the royal decree of 30 July 2018, grants to the Company will be allocated as follows:

Table 2: state funding / grants allocation of Infrabel group I Source: Royal decree of 31 July 2018

Grant allocation	2016	2017	2018	2019	2020
Total[2] (in millions)	**EUR 1.081**	**EUR 1.039**	**EUR 967**	**EUR 914**	**EUR 914**
Operating (in millions)	EUR 153	EUR 146	EUR 82	EUR 69	EUR 51
Special Missions (in millions)	EUR 73	EUR 74	EUR 73	EUR 74	EUR 74
Investment (in millions)	EUR 855	EUR 819	EUR 812	EUR 771	EUR 789

It is evident from the table that the total funds allocated by the government reduced the grants from 2016 onwards, continuing in 2018 and 2019. The operating funds in particular have been reduced, and this trend is expected to continue. As a result, the budget allocations for the 2017 – 2020 plans were reduced by 33% in comparison with the business plan 2013 – 2015 and with the management contract 2014.

Legislation guarantees financial equilibrium for Infrabel. Article 47, §1 of the railway code stipulates that there should be an equilibrium between the revenues, costs and government subsidies under normal conditions over a period of a maximum of 5 years. If this is not the case, the government must take appropriate measures to guarantee financial equilibrium for Infrabel.

Infrabel's business is almost completely domestic. In our opinion, risks from foreign activities are a negligible factor in the rating. Fees for the utilization of railway infrastructure in relation to the public domestic passenger transport are frozen at the index-linked level of 2014. The Company is obligated to grant fair and non-discriminatory access to all parties.

Infrabel has a relatively undiversified but often government-linked customer base. During the business year 2017, the Company granted access to 15 different customers to its railway infrastructure; 12 of those operators were cargo operators and three for passenger transport. SNCB holds a monopoly position on domestic passenger transport routes by train and is, as a result, the biggest user of the railway infrastructure network in Belgium. Due to this form of mutual dependence, we believe the creditworthiness of SNCB to be important to Infrabel. Based on the fact that the SNCB has the same legal status (N.V. of public law) as Infrabel, in combination with its monopoly position on passenger transport on domestic routes and reflecting its financial position, we believe that SNCB also has solid creditworthiness. Our internal analysis / assessment of SNCB has no significant impact on the rating of Infrabel.

[2] The figures are based on the year of 2016 with certain adjustments made where applicable.

The company is exposed to general fluctuations in the economy as these would affect the number of passengers and amount of cargo transported over the tracks, which in turn would affect the company's income.

Infrabel's business risk profile is low. This assessment is based on the fact that the company has a high degree of systemic relevance based on its monopoly position in maintaining, managing and constructing the railway infrastructure in Belgium. This high degree of systemic relevance is confirmed by the fact that it receives significant annual grants from the government to maintain the railway infrastructure as stipulated in the management contract, and also by legislation, specifically article 47 of the Railway code, which obligates the government to guarantee financial equilibrium. The fact that budget allocations from the government are shrinking has a negative influence on the rating. The budget allocations are set to decline further in the period from 2018 to 2020, which could have a detrimental effect on the Company's operations and finances. Infrabel's business is by nature capital-intensive with high fixed costs, which requires continuous capex (maintenance and development projects). Security risks and ongoing obsolescence of assets are challenges Infrabel has to deal with. Nevertheless, under consideration of status and given the close links between the company and the Belgian State, we hold the view that Infrabel has a low business risk profile, as mentioned.

Financial risks

For analytical purposes, CRA adjusted the original values of the financial statements. We hold the view that the capital structure of the Company is strong, with an adjusted equity ratio of 77.20%. This excellent adjusted equity quota is the result of the allocation of capital grants of EUR 15.712 million to equity that are recognized as a liability in the original consolidated annual report. The unadjusted equity ratio is quite low with approximately 5%.

Based on our experience with other European state-owned infrastructure companies, and in particular railway companies and railway infrastructure companies, we believe that certain key performance indicators, such as the profit for the year and the original equity ratio are partly intentionally reduced to a low amount/value. In this respect, the key figures are to be assessed in the appropriate context.

The Company finances its operating business primarily through its ongoing operations and the allocated government grants. To pay the interest, the Company receives interest grants which are deducted from the financial costs. The capital grants Infrabel receives in the context of capital investments are recognized as liabilities, and will be recognized as operating result at the same rate as the depreciation of the fixed assets for which they were received. During the business year 2017, the Company received interest grants in the amount of EUR 44.2 million (2016: EUR 44.2 million) and EUR 953 million capital grants, of which EUR 644 million were transferred to the profit and loss account.

As of 31 December 2017, Infrabel had total liabilities (analytical) of EUR 4,977 million (2016: EUR 5,301 million) and outstanding financial debt of EUR 3.134 million (2016: EUR 3.441 million), of which EUR 1.245 million are outstanding bonds. Approximately EUR 395 million are bank loans, and EUR 663 million is accounted for by financial leases. Other financial debt is EUR 830 million. The Company monitors and manages the outstanding debt with an active debt management policy. The maturity profile of the Company is well diversified; in accordance with its debt management policy, the Company maintains a weighted residual maturity of long-term debt at a minimum of 5 years. In addition, the Company's long-term net debt must have a minimum of 60% as fixed rate instruments, it hedges currency risk that results from outstanding debt, and any structural treasury surplus must be used to reduce debt, to the extent that it is financially advantageous. According to publicly available information, financial management at Infrabel should be considered as sound.

The Company has weak operational and negative free cash flows, mainly because the capital grants recognized on the P&L offset depreciation on fixed assets and because capital investments are consistently at a high level. This is, however, offset in cash flow from financing due to capital subsidies of EUR 953 million received during the business year.

In addition to balance sheet liabilities, considerable indebtedness results from Infrabel's off balance sheet obligations. In addition to comparatively low contingent liabilities of EUR 15.4 million, the company reported contractual commitments of EUR 1,461.3 million at the end of December 2017.

The Company had a negative cash flow of EUR 139 million, resulting in a position of cash and cash equivalents of EUR 204 million as of 31 December 2017. For the sake of completeness, we mention the unused credit line of EUR 1 million, which is negligible as a factor for assessing the Company's liquidity leeway. Against the backdrop of the Company's close connection to the state, we regard the original liquidity situation as largely uncritical in the context of the capital market capability of Infrabel. We assume that potential short-term liquidity shortages can be compensated via the capital markets.

Altogether, we assess the financial risk profile of the Company as low. The Company maintains a solid adjusted equity ratio and receives grants for its operational activities and capital investments. Even though the operational grants are declining, we believe that the financial risk of Infrabel is largely safeguarded. Nevertheless, the challenges arising from the compromises made due to budget cuts force Infrabel to step up its efforts to forge ahead with its modernization and digital transformation. Additionally, we believe that the Company has an elaborate and detailed financial management which safeguards liquidity and capital management. Together with sound capital market capability, we do not see any critical financial risk regarding Infrabel. Nevertheless, an explicit lack of guarantees by the owner (sovereign) against short-term liquidity bottlenecks, and the lack of a guarantee by the sovereign with regard to financial obligations, contribute significantly to the infrabel's unsolicited corporate issuer rating being below the sovereign rating of the Kingdom of Belgium.

Issuer / Issue Rating Details

Issue Rating

The rating objects of this issue rating are exclusively the long-term senior unsecured issues, denominated in euro, issued by Infrabel S.A./N.V. under public law, and which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The notes have been issued within the framework of the Euro Medium Term Note (EMTN) programme, of which the latest base prospectus dates from 11 March 2014. This EMTN programme amounts to EUR 1 bn. The notes under the EMTN programme are senior unsecured, and rank at least pari passu among themselves and with all other present and future unsecured obligations of the issuer. Additionally, the notes benefit from a negative pledge provision, a change of ownership clause and a cross default mechanism.

We have provided the debt securities issued by Infrabel with a rating of AA-. The rating is based on the corporate rating of Infrabel.

Other types of debt instruments or issues denominated in other currencies of the issuer have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Overview

Table 3: Summary of CRA Ratings I Source: CRA

Rating object	Details information	
	Datum	Rating
Infrabel S.A./N.V. under public law	19.12.2018	AA- / stable
Long Term Local Currency Senior Unsecured Issues	19.12.2018	AA-

Table 4: overview of Infrabel's EMTN Programme I Source: Infrabel's EMTN Base Prospectus 11 March 2014

Issue details			
Volume	EUR 1.000.000.000	Maturity	Depending on the respective bond
Issuer	Infrabel S.A. / N.V. under public law	Coupon	Depending on the respective bond
Arrangers	BNP Paribas	Currency	Depending on the respective bond
Credit Enhancement	none	ISIN	Depending on the respective bond

All future LT LC senior unsecured Notes that will be issued by Infrabel and that have similar conditions to the current EMTN programme, denominated in Euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured Notes issued under the EMTN programme. Notes issued under the programme in any currency other than Euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

All future LT LC senior unsecured Notes that will be issued by Infrabel under the current EMTN programme, denominated in Euro and which are included in the list of ECB-eligible marketable assets will, until further notice, receive the same rating as the current LT LC senior unsecured notes under the EMTN programme. Notes issued under the programme in any currency other than Euro or other types of debt instruments, have not been rated by CRA. For a list of all currently valid ratings carried out by Creditreform Rating, and for additional information, please consult the website of Creditreform Rating.

Financial ratio analysis

Asset Structure	2015	2016	2017
Fixed asset intensity (%)	90.38	89.78	90.78
Asset turnover	--	0.07	0.07
Asset coverage ratio (%)	95.91	95.83	95.94
Liquid funds to total assets (%)	0.83	0.89	0.95
Capital Structure			
Equity ratio (%)	76.00	75.65	77.20
Short-term-debt ratio (%)	4.86	6.82	4.99
Long-term-debt ratio (%)	10.69	10.38	9.90
Capital lock-up period (in days)	230.83	242.59	217.21
Trade-accounts-payable ratio (%)	2.90	2.91	2.72
Short-term capital lock-up (%)	36.30	82.54	43.60
Gearing	0.30	0.31	0.28
Leverage	--	1.32	1.31
Financial Stability			
Cash flow margin (%)	--	40.51	56.19
Cash flow ROI (%)	--	2.65	3.71
Debt / EBITDA adj.	7.96	7.51	6.61
Net Debt / EBITDA adj.	7.69	7.24	6.33
ROCE (%)	-0.03	0.46	0.47
Debt repayment period	--	5.49	4.56
Profitability			
Gross profit margin (%)	-9.22	-6.50	-1.59
EBIT interest coverage	-0.03	0.42	0.69
EBITDA interest coverage	3.97	3.57	6.00
Ratio of personnel costs to total costs (%)	5.18	4.24	3.71
Ratio of material costs to total costs (%)	106.32	104.36	101.10
Cost income ratio (%)	123.43	121.36	118.88
Ratio of interest expenses to debt (%)	3.17	3.72	2.52
Return on investment (%)	-0.05	0.37	0.39
Return on equity (%)	--	-0.26	0.86
Net profit margin (%)	-4.33	-3.03	9.92
Operating margin (%)	-0.39	5.77	6.02
Liquidity			
Cash ratio (%)	17.06	13.05	19.09
Quick ratio (%)	78.57	60.80	67.95
Current ratio (%)	198.01	149.94	184.69

Appendix

Rating history

Corporate issuer Rating of Infrabel

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	19.12.2018	21.12.2018	Withdrawal of the rating	AA- / stabil

LT LC senior unsecured issues issued by Infrabel

Event	Rating date	Publication date	Monitoring period	Result
Initialrating	19.12.2018	21.12.2018	Withdrawal of the rating	AA-

Regulatory requirements

The present rating is an unsolicited rating. Creditreform Rating AG was not commissioned by the Issuer with the preparation of the rating. The present analysis was prepared on a voluntary basis.

The rating is based on the analysis of published information and on internal evaluation factors. The quantitative analysis is primarily based on the last annual report of the Issuer, the basis prospectuses and on press releases of the company. The information and documents meet the requirements and are in accordance with the published Creditreform Rating AG's rating methodology.

The rating was conducted on the basis of Creditreform Rating´s "Corporate Issue Ratings" methodology, the "Government related companies" methodology and the "Corporate Issuer Rating" methodology. A complete description of Creditreform Rating´s rating methodologies is published on the following internet page: www.creditreform-rating.de.

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodology. A complete description of Creditreform Rating´s rating methodologies and Creditreform`s basic document "Rating Criteria and Definitions" is published on the following internet page:

www.creditreform-rating.de/en/regulatory-requirements/

This rating was carried out by analysts Rudger van Mook (r.vanmook@creditreform-rating.de) and Christian Konieczny (c.konieczny@creditreform-rating.de), both located in Neuss, Germany. A management meeting did not take place.

The rating was presented to the rating committee on 19 December 2018. The company The company has previously received the rating result, along with the key reasons that led to the rating prior to publication and was given at least one full working day to appeal the rating committee's decision and to provide additional information. The rating decision was not amended following this examination.

The rating will be monitored until CRA removes the rating and sets it to non-rated (n.r.).

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Please note:

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1. Annual report

2. Website

3. Internet research

Corporate Issue rating:

1. Issuer corporate rating incl. information used for the Issuer corporate rating

2. Documents on issues / instruments

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