

4 December 2020 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has confirmed the unsolicited corporate issuer rating of Infrabel S.A./N.V. under public law at AA-. The Outlook has been revised to negative

Creditreform Rating (CRA) has confirmed the rating of the unsolicited, corporate issuer rating of Infrabel S.A./N.V. under public law – hereinafter referred to as Infrabel, or the Group -, as well as the unsolicited corporate issue rating of the long-term local currency senior unsecured notes issued by Infrabel S.A. /N.V. under public law, at AA-. The outlook has been revised from stable to negative. In addition to this present report, we also refer to the 2018 report, which contains further relevant information with regard to structural, business and financial risks of the Infrabel Group.

Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

- Revised outlook for the sovereign rating of the Kingdom of Belgium to AA / negative
- No change in ownership by the federal state
- No change in relevant criteria in the management contract or Belgian legislation
- Increase in financial indebtedness in 2019
- Expected negative influence from COVID-19

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Infrabel S.A./N.V., under public law we have not identified any ESG factor with significant influence.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf>

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 European railway sectors, and the close relationship that Infrabel has with the Belgian government based on the ownership structure as well as on the Group's mid-term and long-term business and investment plans. This close relationship is also a result of Infrabel'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 sufficiently protect Infrabel from insolvency by guaranteeing financial equilibrium. Nevertheless, from our point of

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ESG factors are factors related to environment, social issues and, governance. For more information, please see the "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

Please note:

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

view, this does not include formal government protection against liquidity shortages or a guarantee for the indebtedness of Infrabel. However, we do have a high expectation that the Belgian federal government would intervene if the Group needed extraordinary financial support.

We believe that, due to the aforementioned factors in combination with the declining grants, Infrabel's creditworthiness should remain one notch below the level of CRA's unsolicited sovereign rating of the Kingdom of Belgium. The unsolicited sovereign rating of Belgium was updated on 22.06.2020 and now stands at AA with a negative outlook.

Outlook

The one-year outlook for the unsolicited corporate issuer rating is negative. This change in outlook is based on the change in outlook in the sovereign rating for the Kingdom of Belgium. On 22.06.2020, CRA revised the outlook for the kingdom of Belgium from stable to negative. As a result, the outlook for the corporate issuer rating of Infrabel has also been changed from stable to negative in the current assessment.

Best-case scenario: AA-

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. As the outlook for the sovereign rating of the Kingdom of Belgium was revised to negative, we see it as unlikely that it will be upgraded within a one-year period. For more information, please see our rating report on the Kingdom of Belgium.

Worst-case scenario: A+

In our worst-case scenario for one year, we assume a rating of A+. This scenario is closely linked to our assessment of the sovereign rating of the Kingdom of Belgium, and is based on the assumption that legislation remains unchanged and the credit rating of Belgium is downgraded by one notch to AA-.

Table 1: Financials of Infrabel | Source: Infrabel S.A. /N.V. under public law Annual report 2019, standardized by CRA

| Infrabel S.A. / N.V. under public law Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IAS, Group) | CRA standardized figures ¹ | |
|---|---------------------------------------|--------|
| | 2018 | 2019 |
| Sales (million EUR) | 1,002 | 1,020 |
| EBITDA (million EUR) | 719 | 728 |
| EBIT (million EUR) | 19 | 33 |
| EAT (million EUR) | 42 | 33 |
| EAT after transfer (million EUR) | 44 | 33 |
| Total assets (million EUR) | 21,973 | 22,294 |
| Equity ratio (%) | 78.11 | 76.16 |
| Capital lock-up period (days) | 210.75 | 194.36 |
| Short-term capital lock-up (%) | 64.45 | 49.19 |
| Net total debt / EBITDA adj. (factor) | 6.41 | 6.79 |
| Ratio of interest expenses to total debt (%) | 4.72 | 3.57 |
| Return on Investment (%) | 0.08 | 0.15 |

Business development and outlook

During the business year 2019, the Group generated operating revenues, including operating state funding but before capital grants, of EUR 1,599 million (2018: EUR 1,591 million), EBITDA of EUR 728.5 million (2018: EUR 718.9 million), EBIT of EUR 33 million (2018: 19 million), and EAT of EUR 33.92 million (2018: EUR 18.98 million). The revenues amounted to EUR 1,020 million (2018: EUR 1,002 million), of which the largest contributions are realized by infrastructure fees (EUR 781 million) and supply of electricity (EUR 112 million). The remaining operating income was realized by capitalized own production (EUR 456 million), other income (EUR 20 million) and operating grants (102 million). The Group's EBIT of EUR 33 million (2018: EUR 19 million) rose slightly in comparison to the prior year due to lower operating costs, mainly caused by the partial reversal of provisions and partially offset by slightly lower allocation of the capital grants relative to the actual depreciation. EAT decreased mainly due to lower positive fair value adjustments on the indebtedness in U.S. dollars in comparison to 2018.

The Group receives three different grants. Operating grants, which are provided for the Group's operating business, capital grants provided for the Group's capital expenditure, and interest grants provided to support the Group's interest costs. During the business year, the Group recognized total grants on the profit and loss account of EUR 807 million (2018: EUR 831 million), almost half of the Group's total income. It is evident that the Group's grant allocation by the government has been declining over the last years, forcing the Group to increase operating efficiency. In order to realize increasing operating efficiency, the Group implemented several cost saving programs and began reducing the number of FTE's from 12,045 at the end of 2014 to the

¹ For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

forecasted amount of 10,264 which the Group is to reach at the end of 2020. The grant allocation to Infrabel is set to decline until at least the end of 2020.

In 2019, the publication of the royal decree of 15.02.2019 replaced parts of the royal decree of 30 July 2018. The budget up to 2020 remained almost unchanged, with only EUR 3 million more for additional expenditure for security and safety. In addition, the additional financing for the GEN-investments (Gewestelijk ExpresNet) and other prioritized infrastructure was only slightly adjusted and was reduced by EUR 3 million. The complete budget as determined by royal decree after 2020 is currently not known to us.

Following the approval by the council of ministers on 28 November 2019, the federal state and the three regions closed an agreement regarding the national energy and climate plan for the period 2021 – 2030. This plan foresees a reduction of CO₂ emissions by 35%. The national energy and climate plan and encompasses several changes in Infrabel's investment plan, including the completion of the GEN-network, the complete implementation of the ETCS system on the Belgian railway network, acquisition of new rolling stock, increasing the capacity on the railway network, and several other objectives. Infrabel believes it would need a budget of EUR 35 billion to complete these objectives in the given time frame. The approval of the national energy and climate plan does not automatically entail approval of the budget.

The Group's cash flow after investments in 2019 was EUR -972 million (2018: EUR -922 million), and is burdened by high investments. During the business year 2019, the Group invested a total of EUR 914 million. The negative cash flow after investments has to be seen in the appropriate context, as the Group receives interest and capital grants which are recognized in the financing cash flow, and which largely offset the high investment obligations.

The structural financial key ratio analysis remained stable. The core of the analysis of the structured financial key ratios stands on the Group's strong adjusted equity ratio of 78.16% (2018: 78.11%), which largely deviates from its original equity ratio of 5.7%. This large discrepancy is mainly explained by the allocation of the position of capital grants (EUR 16,268 million as of 31.12.2019) which the Group received over the years to finance its capital expenditure. The capitalized position of capital grants is written off on the profit and loss account at the same rate as the depreciation of the fixed assets for which they were received. During the year, the Group received capital grants of EUR 952 million and has transferred EUR 664 million to the profit and loss account.

The indebtedness of the Group has increased slightly to EUR 3,123 million (2018: EUR 2,929 million). The increase was mainly caused by the introduction of IFRS 16 (EUR +68 million) in 2019 and valuation adjustments (+ EUR 102 million) rather than by new debt. The increasing indebtedness is partially offset by a general trend of increasing EBITDA, which results from rising depreciation from a growing asset base. The year 2019 was an exception, with depreciation remaining stable; net total debt / EBITDA adj. therefore increased slightly to 6.79 (2018: 6.41, 2017: 6.48). It is however to be noted that the EBITDA is mostly on a non-cash basis as it almost completely exists out of depreciation and that the capital grants that it receives are designated for investments and should not be used for redemption of debt. Therefore, the ability of the Group to reduce its indebtedness is limited. The profitability ratios continue to be low, which is customary for infrastructure managers.

For the financial year 2020, we expect a deterioration in earnings, which mainly results from reduced traffic caused by the COVID-19 pandemic and the measures implemented by the Belgian government to curb the spread of the virus. During the year, the traffic on its infrastructure network was reduced significantly, which will most likely have negative effects on the annual

result and could possibly lead to additional indebtedness. However, due to the Group's close relationship with the Belgian government and high degree of systemic importance, we believe that the government would provide extraordinary financial support to Infrabel if needed. On 31 July 2020, the federal government appointed Benoit Gilson as the new CEO of Infrabel after Luc Lallemand's departure on 29 February 2020, having worked at Infrabel for 15 years.

We believe that the decline in grant allocation to Infrabel until at least the end of 2020, in combination with the reduction in traffic on its infrastructure network due to the direct and indirect effects of the COVID-19 pandemic, will pose some challenges to the Group. We believe, however, that the Group is currently sufficiently protected from cost overruns by Belgian legislation, specifically article 47 §1 of the Belgian railway code, which guarantees financial equilibrium between revenues, costs and government subsidies under normal conditions over a period of 5 years. Additionally, we believe that the Belgian federal government would intervene if the Group needed extraordinary financial support.

Issuer / Issue Rating Details

Issue Rating

The rating objects of this unsolicited 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) program, of which the latest base prospectus dates from 11 March 2014. This EMTN program amounts to EUR 1 bn. The notes under the EMTN program 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 unsolicited corporate issuer 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 2: Summary of CRA Ratings | Source: CRA

| Rating object | Details information | |
|--|---------------------|----------------|
| | Datum | Rating |
| Infrabel S.A./N.V. under public law | 04.12.2020 | AA- / negative |
| Long Term Local Currency Senior Unsecured Issues | 04.12.2020 | AA- / negative |

Table 3: overview of Infrabel's EMTN Programme | 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.

Appendix

Rating history

The rating history is available under:

<https://www.creditreform-rating.de/en/ratings/published-ratings.html>

Table 4: Corporate issuer rating of Infrabel S.A. / N.V. under public law | Source: CRA

| Event | Rating date | Publication date | Monitoring period | Result |
|----------------|-------------|------------------|-------------------|--------------|
| Initial Rating | 19.12.2018 | 21.12.2018 | 03.12.2020 | AA- / Stable |

Table 5: Corporate Issuer Infrabel S.A. / N.V. under public law | Source: CRA

| Event | Rating date | Publication date | Monitoring period | Result |
|----------------|-------------|------------------|-------------------|--------------|
| Initial Rating | 19.12.2018 | 21.12.2018 | 03.12.2020 | AA- / Stable |

Regulatory requirements

The rating² was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

| | |
|--|----|
| With Rated Entity or Related Third Party Participation | No |
| With access to Internal Documents | No |
| With Access to Management | No |

² In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

| Rating methodology | Version number | Date | Website |
|---------------------------------------|----------------|--------------|---|
| Corporate Ratings | 2.3 | 29.05.2019 | https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Corporate%20Ratings.pdf |
| Government-related Companies | 1.0 | 19.04.2017 | https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Government-Related%20Companies.pdf |
| Non-financial Corporate Issue Ratings | 1.0 | October 2016 | https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Non-Financial%20Corporate%20Issue%20Ratings.pdf |
| Rating Criteria and Definitions | 1.3 | January 2018 | https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/CRAG%20Rating%20Criteria%20and%20Definitions.pdf |

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

| Name | Function | Mail-Address |
|---------------------|--------------|------------------------------------|
| Rudger van Mook | Lead analyst | R.vanMook@creditreform-rating.de |
| Christian Konieczny | Analyst | C.Konieczny@creditreform-rating.de |

The rating was approved by the following person (person approving credit ratings, PAC):

| Name | Function | Mail-Address |
|--------------|----------|---------------------------------|
| Artur Kapica | PAC | A.Kapica@creditreform-rating.de |

On 4 December 2020, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 4 December 2020. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

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 is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf>

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With

respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>

An explanatory statement of the meaning of Creditreform Rating AG's default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

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