

S&P Global Ratings said that it has raised its long- term issuer credit rating of Bulgarian state-owned National Electricity Company (NEK) to BB- from B+ with stable outlook. The statement from the agency said that the parent company of NEK, Bulgarian Energy Holding (BEH) has accumulated a track record of improving operating performance and risk management, and we estimate consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) will exceed 1 billion euros in 2021 700-750 million euros thereafter.

S&P expects that NEK's standalone performance will remain healthy, thanks to regulatory coverage of its public policy mandate and electricity market liberalization in Bulgaria, with legacy debt being the key factor keeping projected funds from operations (FFO) to debt below 12 %.

The stable outlook on the company's rating reflects S&P's expectation that after record, strong credit metrics of 2021, the group's FFO to debt will stabilize at about 20 %, and debt to EBITDA at about 4x, with risk management and liquidity remaining prudent and spending on any new large projects offset with state support.