

Fitch affirmed its BBB- Long-Term Issuer Default Rating (IDR) for Romanian electricity distributor and supplier Electrica

Ratings agency Fitch affirmed its **BBB- Long-Term Issuer Default Rating (IDR)** for Romanian **electricity distributor and supplier Electrica** also maintaining the negative outlook.

In March 2022, Fitch downgraded the company's rating by one notch, citing its extremely weak performance in 2021 due to abnormally high energy procurement costs needed to cover its unhedged supply position and significant network losses.

The cap and subsidy scheme implemented by the [Romanian Government](#) in 2021 for protecting households and companies was the main culprit for Electrica's downgrade last year, and the ratings logic focuses on the company's ability to handle the high debt leverage created by the scheme.

Fitch sees the revised scheme as not generating further losses, but it expects Romanian distribution companies to be able to recover the losses incurred in 2022 only over the next five years and no sooner.

Electrica recorded a net profit in the amount of 113.8 million euros in 2022, compared to a loss of 112.5 million euros in the previous year.

The achieved positive result was mainly due to the performance of the supply segment and, secondarily, by the application of the new regulations regarding technological own consumption, against the background of the increased electricity prices, as well as the existing deficit in the European Union. Total revenues of the **Electrica Group** amounted to 2 billion euros in 2022, representing an annual increase of 39.4 %.

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