

Fitch Ratings has reaffirmed the corporate rating of Romanian electricity distributor and supplier Electrica of BBB with a negative outlook. The negative perspective is imposed by the sovereign rating of Romania, as Fitch considers that the rating of the company must be limited to one notch above that of the Romanian state, its main shareholder. Any revision of the outlook of the Romanian sovereign rating back to stable would result in a similar action for Electrica's rating. In Fitch's opinion, the BBB rating continues to reflect Electrica Group's solid financial profile, adequate liquidity, low leverage level, and the fact that the distribution segment dominates the group's activities.

Fitch also viewed as positive for the analysis of Electrica's credit profile the consolidations achieved through the mergers of the distribution subsidiaries and, respectively, of the energy services subsidiaries, as they have simplified the group structure and is estimated to provide for costs savings and improvement of internal business processes.

In the rating agency's opinion, the group's business profile proved to be solid, resilient to the COVID-19 outbreak and related economic crisis. The volumes of distributed and supplied electricity in 2020 were only slightly lower than in 2019, while the investment projects in the distribution area were unfolded according to the plan.