

Eneco N.V. 'A-/A-2' Ratings Affirmed; Outlook Stable

September 26, 2025

Rating Action Overview

- We anticipate Eneco's S&P Global Ratings-adjusted EBITDA will increase to €890 million by fiscal year 2027 ending March 31, 2028, from €769 million in fiscal 2024, as it expands its renewables fleet in Western Europe toward 4 gigawatts (GW) by 2028.
- The company faces high seasonality and volatility in its intra-year working capital needs. Reduced working capital requirements, flexibility in capital expenditure (capex) and dividends, and the sale of a 30% stake in Ecowende should support a rise in funds from operations (FFO) to debt to above 50% by fiscal 2027, from 38% in fiscal 2024.
- We therefore affirmed our 'A-/A-2' long-term and short-term ratings on Eneco, reflecting the 'bbb+' stand-alone credit profile (SACP) and a one-notch uplift due to support from its main shareholder, [Mitsubishi Corp.](#) (A/Stable/A-1).
- The stable outlook reflects that on Mitsubishi and our forecast of FFO to debt staying well above 50% on Dec. 31, 2026 and 2027, due to a supportive financial policy. We will monitor any significant deviation (greater than 10%-15%) in FFO to debt between March and December of previous year.

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Rating Action Rationale

S&P Global Ratings views Eneco's operational performance in fiscal 2024 as solid, with deleveraging underway despite normalizing energy prices. The company's EBITDA reached about €771 million, underpinned by steady wind and solar generation. Incremental capacity additions of 187 MW, corresponding to €437 million of capex, compared to €642 million of capex in 2023. Retail supply in the Netherlands, Belgium, and Germany provided stable earnings, driven by fixed price contracts and disciplined risk management. Trading activities also remained a material contributor, albeit at lower levels than during the exceptional market conditions of 2022-2023. Leverage improved materially, with FFO to debt reaching 38% as of March 31, 2025, from 29% a year earlier, with lower net debt driven by the sale of Eneco's 30% stake in the Ecowende wind farm for €218 million, which was completed in fiscal 2023 and settled in fiscal 2024. The sale led to lower capex in fiscal 2024, a €111 million boost to working capital at the time of the settlement, and about €20 million in lower tax payments. This came after a doubling of debt to €1.7 billion in 2023, primarily due to €687 million of additional working capital needs stemming from higher electricity prices, a changed sourcing strategy with shorter payment terms for payables, and higher margining requirements on hedging derivatives.

Eneco will continue to focus on expanding its renewable capacity. The company is vertically integrated, with about 76% of the electricity it supplies coming from its own renewable assets and relatively long-term contracted renewable assets, with the remainder being sourced from the market. A significant portion of Eneco's assets is covered by subsidy schemes and fixed-price offtake agreements. As of March 31, 2025, about 76% of Eneco's renewable capacity was supported by subsidies, 12% was from merchant sources with expired subsidies but hedged by the company on the market, and 12% was not subsidized but covered by power purchase agreements (PPAs). We expect subsidized capacity to remain stable until 2028, as subsidies expire at some plants and new subsidized capacity starts operations. Eneco aims to increase its green energy capacity by about 2 GW by 2030, primarily wind and solar, through capex of about €1.5 billion over 2025-2027. Most assets without subsidies benefit from long-term corporate PPAs, which have an average residual tenor of 10-15 years, mitigating investment recovery risk and providing some visibility on cash flows from creditworthy buyers. While direct merchant exposure to energy prices is very limited, we note that 'as nominated' corporate PPAs pose risks for Eneco's generation business; if production falls short the company may need to buy additional volumes on the electricity market.

We expect that shifts in Eneco's adjusted debt between March and December, due to seasonality and intra-year operational working capital fluctuations, will not significantly impair its credit quality. Eneco changed the end of its fiscal year to March from December in April 2023, to align with shareholder Mitsubishi's reporting cycle. Eneco's net debt is structurally higher in March than in December, because net working capital is much lower in December. This is mainly due to retail and small and midsize enterprise customer payments being distributed evenly throughout the year, while Eneco's wholesale supply payments are based on actual offtake and peak in winter. This seasonal net working capital variation is also influenced by business customers consuming more gas during the winter months on average, as well as by absolute prices for power and gas and weather conditions. We think differences in adjusted debt between March and December could affect FFO to debt by about 10%-15%. We do not expect this gap to widen further due to efforts by the company to reinforce working capital efficiency.

We continue to benchmark Eneco's credit metrics at December year-end levels for peer comparison purposes and monitor March fiscal year-end metrics to capture the seasonality of working capital and potential volatility. We expect FFO to debt to remain well above 50% at Dec. 31, 2025, which is our downgrade trigger for the current rating. We anticipate EBITDA will increase to €880 million-€900 million by March 2028, from €780 million-€790 million in March 2026, driven by new renewable capacity and efficiency savings. We project discretionary operating cash flow (DCF) of positive €190 million-€200 million over 2025-2027. Over fiscal years 2026-2027, we forecast annual positive DCF of €50 million-€150 million, based on good cash conversion and contained shareholder distributions of €120 million-€130 million per year over fiscal years 2025-2027. Eneco proportionally consolidates its activities held under joint operations. We do not adjust for the 50% of the material €770 million in debt of 50%-owned joint venture Offshore Wind Norther, which is treated as an equity investment since we have considered the asset to be self-standing since it was commissioned in 2020. We forecast FFO to debt will remain at 45% in fiscal 2025 (ending March 31, 2026) and increase to 50%-55% over fiscal years 2026-2027.

We expect continued supportive financial policy to reduce deleveraging risks. We expected an increase in FFO to debt for fiscal 2025, due to the company's improved management of working capital, with positive flows expected in fiscal years 2025-2027. Eneco's sale of its 30% stake in

Ecowende to Chubu Electric Power for €218 million accelerated the company's deleveraging. Its capex plan remains highly flexible, with limited committed projects beyond 2026, although reduced capex would lead to slower EBITDA growth, since growth is largely driven by additional electricity generation capacity.

Shareholders will continue to support Eneco's credit quality, in our view. The company's SACP benefits from a one-notch uplift based on our view that its shareholder Mitsubishi, which owns 80% of Eneco, is willing and able to provide extraordinary financial support. In addition, our rating reflects our expectation that Eneco's shareholders will uphold its historically prudent financial policy.

Outlook

The stable outlook on Eneco reflects that on its largest shareholder Mitsubishi. We expect Eneco's subsidized or long-term contracted renewable capacity and district heating operations will continue to deliver stable cash flow, underpinning the group's credit quality. We project Eneco can sustain FFO to debt well above 50% on Dec. 31, 2026 and 2027 while also expanding its renewables fleet, due to a supportive financial policy. We will monitor FFO to debt between March and December each year, and we expect it will not deviate substantially above 10%-15% due to working capital seasonality. As such, we expect the company's credit metrics to remain within the range for the 'bbb+' SACP.

Downside scenario

We could downgrade Eneco if the credit quality of its main shareholder deteriorates. A downgrade would also result from a deterioration of Eneco's SACP, which could stem from a more aggressive capex program or unexpected mergers or acquisitions that translated into FFO to debt deteriorating toward 50% by Dec. 31, 2025, without the prospect of a swift recovery. This could also occur, for example, if wind output was much lower than currently anticipated; the company lost significant retail market share; or the group experienced significant negative margin call requirements on its trading portfolio. We could see pressure on Eneco's metrics if FFO to debt on March 31 is lower by more than 10 percentage points than the level on December 31, due to continuously higher intra-year working capital swings.

Upside scenario

We view an upgrade as unlikely. An improvement of the SACP to 'a-' would not result in an upgrade, since we cap group support at one notch below the long-term rating on Mitsubishi, given Eneco's moderately strategic relevance to its new majority shareholder. We think there is remote possibility of an improved SACP over the next 12-24 months as Eneco invests in renewable growth.

Company Description

Eneco N.V. (formerly N.V. Eneco Beheer) is headquartered in Rotterdam, The Netherlands. It generates electricity from onshore and offshore wind and solar parks in the Netherlands, Belgium, and the U.K. Renewable operations accounted for 36% of EBITDA in 2024 (as adjusted by the company). Eneco also provides heating and cooling services in the Netherlands, which accounted for about 5% of EBITDA in 2024. The rest of the company's EBITDA comes from commercial activities, which include energy retail, trading, and other energy services.

Eneco is the third largest energy supplier in the Netherlands. Since 2017, it has also been a niche participant in Germany's renewable energy supply market through its acquisition of Lichtblick SE and E.ON Heizstrom, which together account for about 900,000 customer contracts.

Since March 25, 2020, the group has been fully owned by a consortium in which Mitsubishi owns 80% and Chubu Electric holds 20%.

Our Base-Case Scenario

Assumptions

- 35%-40% of EBITDA from subsidized renewable generation and district heating over 2025-2027.
- A gradually improving EBITDA margin of 14%-16% over 2025-2027.
- Continued long-term hedging to manage commodity price risk, leading to protection against power prices movements until 2028.
- Investments in expanding owned renewable capacity to about 4 GW by 2027, from 2.8 GW currently, which translates into €1.5 billion of capex over 2025-2027.
- Working capital inflows of €170 million-€190 million in 2025 related mainly to derivative positions and a decrease in market prices, about positive €70 million in 2026, and negative €40 million in 2027.
- Dividend distributions of about 50% of the previous year's net income.

Key metrics

Eneco N.V.--Forecast summary

Period ending	Mar-31-2024	Mar-31-2025	Mar-31-2026	Mar -31-2027	Mar -31-2028
(Mil. EUR)	2023a	2024a	2025e	2026f	2027f
EBITDA	737	769	780-790	840-860	880-900
Funds from operations (FFO)	525	607	650-670	710-730	750-770
Capital expenditure (capex)	642	437	520-540	520-540	520-540
Dividends	192	185	110-130	120-140	120-140
Debt	1,786	1,590	1,400-1,600	1,300-1,500	1,300-1,500
Adjusted ratios					
Debt/EBITDA (x)	2.4	2.1	1.7-1.9	1.6-1.8	1.5-1.7
FFO/debt (%)	29.4	38.2	43-47	48-52	51-55
FOCF/debt (%)	(31.8)	15.5	19-23	16-20	11-15

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.

Liquidity

Our short-term rating on Eneco is 'A-2', reflecting our 'A-' long-term issuer credit rating and our assessment of liquidity as adequate, supported by the company's cash position as of June 30, 2025. We expect Eneco to maintain a sources-over-uses ratio well above 1.2x over the next 12 months.

The company's liquidity is enhanced by its access to a revolving credit facility (RCF) of €2.5 billion, of which €1.25 billion expires in September 2027 and €1.25 billion expires in May 2030. Although the RCF tranche due 2030 includes a €400 million syndicated bank facility, the majority of the liquidity sources are dependent on the parent company, which limits a stronger liquidity profile for Eneco.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none">• Cash and liquid investments of about €73 million as of June 30, 2025.• Undrawn committed credit lines of €2.35 billion, with €1.25 billion maturing in September 2027.• About €150 million of working capital inflow.• Projected cash FFO of about €640 million over the next 12 months.	<ul style="list-style-type: none">• Debt maturities of about €415 million in the next 12 months related to commercial paper debt and long-term debt.• Capex of about €530 million.• Dividend distributions of about €130 million.

Covenants

Eneco has no financial covenants under its bank facilities.

Environmental, Social, And Governance

Environmental factors are a positive consideration in our credit rating analysis of Eneco. It was one of the first companies to use renewable energy in the Netherlands, with 2.9 GW of owned renewable capacity and a large, subsidized portfolio, resulting in stable and predictable cash flows. The company aims to be carbon neutral by 2035. This goal entails Eneco's own activities and the energy supplied to its customers--incorporating scope 1, 2, and 3 emissions. As of 2024, the company's annual scope 1 and 2 emissions were 1.2 million tons of CO₂ equivalent (9.3 million tons when also accounting for scope 3 emissions).

Rating Component Scores

Rating Component Scores

Component	
Foreign currency issuer credit rating	A-/Stable/A-2
Local currency issuer credit rating	A-/Stable/A-2
Business risk	Satisfactory
Country risk	Very low risk
Industry risk	Moderately high risk
Competitive position	Satisfactory
Financial risk	Modest
Cash flow/leverage	Modest
Anchor	bbb+
Modifiers	
Diversification/portfolio effect	Neutral/undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Neutral
Stand-alone credit profile	bbb+

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Research Update: Eneco N.V. 'A-/A-2' Ratings Affirmed; Outlook Stable](#), Oct. 29, 2024

Ratings List

Ratings List

Ratings Affirmed

Eneco N.V.

Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	A-2

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