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Czech Gas Networks Investments S.a r.l.

Primary Credit Analyst:
Emeline Vinot, Paris + 33 014 075 2569; emeline.vinot@spglobal.com

Secondary Contacts:
Kimberly Suarez, London; kimberly.suarez@spglobal.com
Massimo Schiavo, Paris + 33 14 420 6718; Massimo.Schiavo@spglobal.com

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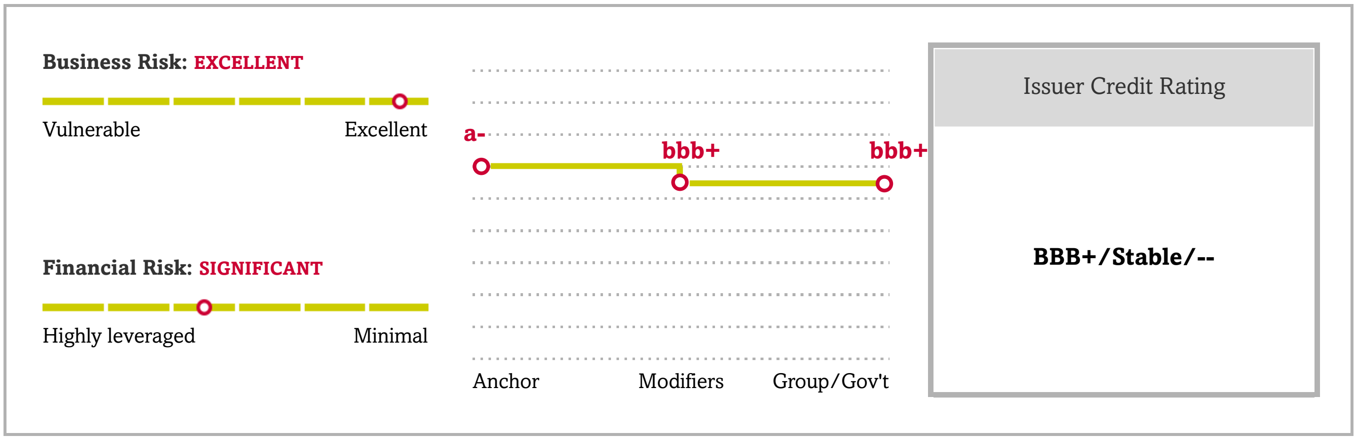
Czech Gas Networks Investments S.a r.l.



Credit Highlights

Overview

Key strengths	Key risks
Largest gas distribution operator (DSO) in the Czech Republic, with about an 80% market share. Gas is expected to continue to play a significant role in the Czech Republic, given the reducing exposure to coal for power generation and poor position (geographically) for renewables penetration.	Aggressive financial policy, distributing all cash generated while keeping FFO to debt above 9%, resulting in increasing leverage toward 5.5x-7.0x over 2022-2025, compared with 5.4x in 2021.
About 90% of EBITDA generated from stable, low-risk, regulated gas distribution operations under the current five-year regulatory framework ending December 2025 that we view as credit supportive.	Exposure to some volume risk because it collects 40% of revenue from fixed charges. This is mitigated by the existence of a correction factor (K-factor) in the regulatory formula that adjusts revenues covering 100% of volumes with a two-year delay.
Czech Gas Networks Investments S.a.r.l. (CGNI) will operate with significant headroom over our forecast period with funds from operations (FFO) to debt well above our 9% trigger.	
Willingness of the owners to maintain the 'BBB+' rating as demonstrated by the 2022 cut in shareholder distribution because of the uncertain energy scenario.	

CGNI has a strong position as the main DSO for natural gas in the Czech Republic. CGNI's low-risk gas distribution activities in a predictable and supportive regulatory environment support our 'BBB+' long-term issuer credit rating on the company. CGNI, through subsidiary GasNet, is the largest gas distribution company in the Czech Republic. It covers about 80% of the Czech market and services 2.3 million off-take points. About 10% of CGNI's EBITDA comes from its other subsidiary, GasNet Sluzby (Grid Services), of which a vast majority derives from services to GasNet and only very minor part stems from gas-related services provided to other DSOs. We view Grid Services' business risk profile as weaker than GasNet's, but believe its cash flow is fairly stable and contribution to the wider group limited.

The supportive regulatory framework provides full coverage of costs and protection against volume and commodity risk, albeit with some lag. We see the Czech Republic's regulatory framework for gas networks as very supportive, as it is transparent, relatively stable, and predictable (see "Czech Republic's Electricity And Gas Regulatory Frameworks: Very Supportive," published Oct. 6, 2020, on RatingsDirect). These characteristics result in credit-supportive operating conditions for gas network operators. The framework is supervised by an independent regulator--the Energy

Regulatory Office (ERO)--which was established in 2001 and is a legally autonomous body in charge of regulating the electricity, gas, and district heating sectors. The framework, which started in Jan. 1, 2021, is in its fifth regulatory period (2021-2025). It uses a revenue-cap model based on the regulatory asset base (RAB), whereby the maximum allowed revenue is linked to cost and profit allowances. Since the beginning of the fifth period, allowed operating expenses come from the arithmetic average of the last three years of incurred operating expenses, corrected for the time value of money and reduced by extraordinary costs. The indexation is done based on an escalation factor, itself decreased by the efficiency factor. CGNI retains 50% of the difference between allowed and incurred operating expenses as incentive because it is reflected in the next three years allowed operating expenses with a two-year lag. The nominal, pretax, weighted-average cost of capital (WACC) is set for the whole regulatory period (6.43% for 2021-2025).

CGNI is exposed to very limited volume fluctuation because 40% of revenue is collected through fixed charges. The regulatory formula includes a corrective mechanism that adjusts revenue with a two-year delay, so CGNI recoups all revenue that was allowed but not collected at the time, for example, due to lower consumption or a mild winter, which can cause some cash flow volatility. We expect the RAB to increase in line with the agreed trajectory with the ERO to about Czech koruna (CZK) 70.6 billion in 2025 (about €3 billion) from CZK56.6 billion at year-end 2021 (about €2.5 billion).

We view CGNI's financial policy as aggressive, but recognize the shareholders' strong commitment to the current rating, as shown in 2022. Our view of the company's financial risk profile is constrained by the policy to distribute high dividends within the 9% S&P Global Ratings-adjusted FFO to debt threshold, which we expect will lead to negative discretionary cash flow (DCF) to debt of 1%-9% over 2023-2025. This will lead to a gradual increase in adjusted debt, which we expect will approach CZK58 billion by 2025 from CZK56 billion in 2021. However, we view positively the decision from CGNI's shareholders to temporarily suspend distributions until there is more visibility on the 2022 market situation. Accordingly, in November and December 2022 CGNI distributed an aggregated CZK1.7 billion including interests on shareholder loans, while maintaining FFO to debt higher than 9%. We therefore think CGNI will maintain credit ratios in line with the rating for the next few years, with FFO to debt expected at 13.2% for 2022 and 10%-16% over 2023-2025, still above our downgrade trigger of 9.0%. We will continue to monitor CGNI's financial policy.

The K-factor will lead to a major one-off dip in EBITDA in 2023 with recovery from 2024. As per regulation, the K-factor works as a correction mechanism that adjusts revenues within a two-year delay after comparing allowed revenues with actual revenues. As a result, CGNI recoups all allowed revenues that were not collected at the time due to market factors and vice-versa returns all real revenues that were collected on top of allowed revenues at the time due to market factors. This will result in a one-off revenue drop of about CZK2.6 billion in 2023 driven by the return of excess revenues generated on top of allowed revenues in 2020 and 2021 to distribution system. This creates some volatility in metrics and therefore we expect a 2023 reported EBITDA of about CZK7.8 billion from CZK9.0 billion-CZK10.5 billion, driving adjusted FFO to debt to about 9.2%-9.7% from 14.9% in 2021 and 13.0%-13.5% expected in 2022. Despite this temporary impact on FFO to debt in 2023, we expect the company will recover from 2024, with FFO to debt of 13%-16% until the new regulatory period starts in January 2026.

High gas storage levels and reduced dependence on Russian gas supports CGNI's stability. Around the end of February 2023, Czechia's gas storage was 66.5% filled, the highest level of the last 20 years. In addition, Czechia has managed to reduce its dependence on Russian gas to about 5% from almost 100% due to increased gas flows from Norway and liquified natural gas terminals through the Netherlands. Combined with mild weather reducing the demand (minus 19% in 2022), we believe the current storage level guarantees gas for the whole of 2023. We also think CGNI faces limited financial impact from lower distribution volume risk, as the expected volume included in tariffs over 2023 decreased to 62 terawatt-hours (TWh) from 79TWh-80TWh in the year before.

Outlook: Stable

The stable outlook reflects our view that CGNI will continue generating stable cash flows from its regulated gas operations. We expect the company to maintain sufficient financial headroom under the rating during the next regulatory period. Although, its financial risk profile will weaken somewhat, with FFO to debt of 13%-16%, above the 9% threshold for the current rating.

Downside scenario

We would consider a downgrade if we think that CGNI's FFO to debt would move below 9%, or if its debt to EBITDA stayed above 7.0x, which could occur because of:

- Weaker operating performance or reduced profitability, from, for example, cost overruns compared with the regulatory assumptions or a very harsh set of assumptions in the next regulatory period, which we do not foresee.
- A more aggressive shareholder policy.

Upside scenario

Given CGNI's financial headroom, an upgrade would depend on the company maintaining its ratios while establishing a longer track record as an independent entity, provided there is no decline in operating performance or profitability. We could consider an upgrade if the company's financial policy implied a commitment to maintaining stronger ratios, including FFO to debt of at least 14% sustainably.

Our Base-Case Scenario

Assumptions

- GDP growth in the Czech Republic of 1.8% in 2022, 4.0% in 2023, and 2.3% in 2024.
- Consumer Price Index growth of 11% in 2022, 4.3% in 2023, and 2.5% in 2024.
- High predictability of earnings from CGNI's gas distribution activities for the current regulatory period, with a WACC of 6.43%.
- EBITDA margin of 60%-65% over 2022-2025.
- Average cost of debt of 2.5%-3.0% over 2022-2025.

- Dividend payout ratio of about 100%, although this is flexible to maintain the rating and liquidity.
- Our treatment of shareholder loans as equity and the interest paid on it as dividends.
- Annual capital expenditure (capex) of CZK4.5 billion-CZK5.5 billion over 2022-2025.
- No acquisitions.

Key Metrics

Czech Gas Networks Investments S.a r.l.--Key Metrics*

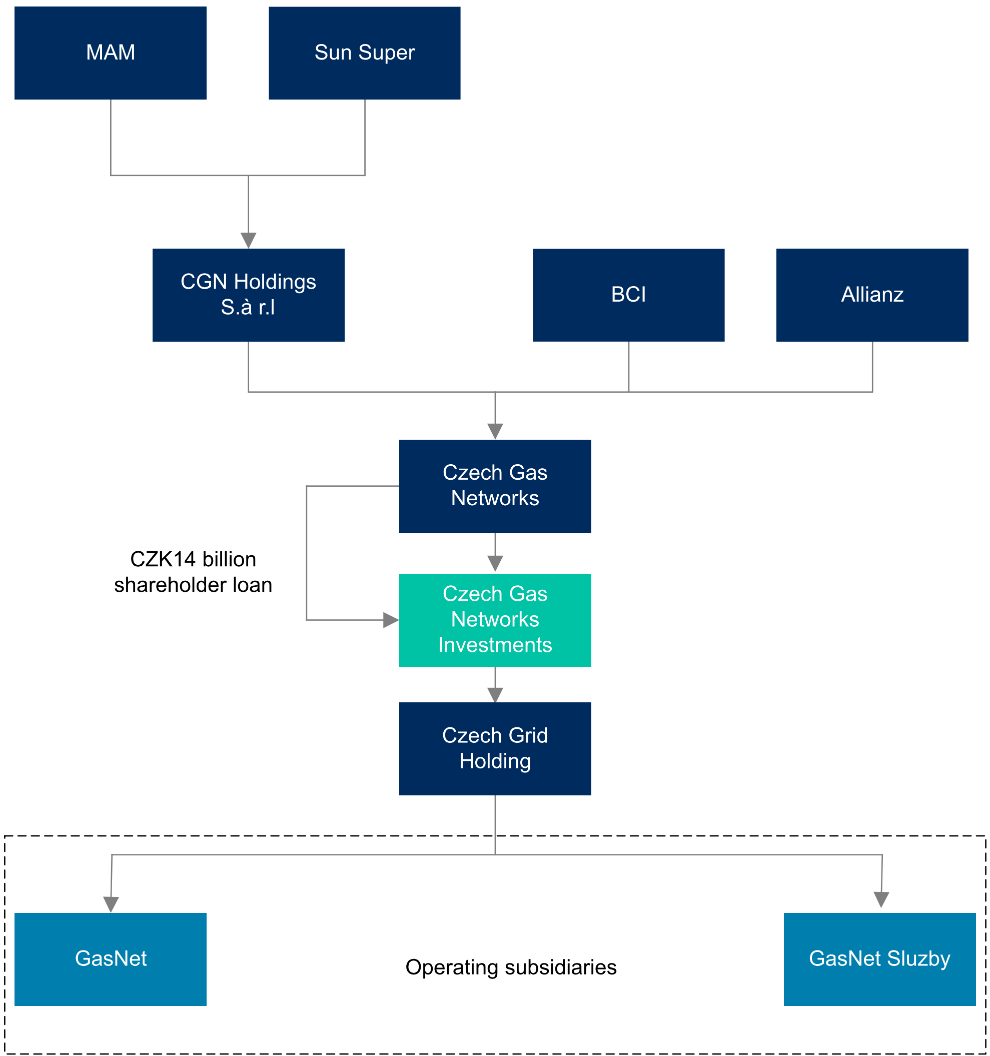
	--Fiscal year ended Dec. 31--				
(Mil. CZK)	**2020a**	**2021a**	**2022e**	**2023f†**	**2024f**
EBITDA	9,156.0	10,487.0	9,250-9,750	7,500-8,000	10,500-11,500
Funds from operations (FFO)	7,227.0	8,387.0	7,000-7,500	5,000-5,500	6,000-6,500
Capital expenditure	4,352.0	4,520.0	4,500-5,000	4,500-5,000	5,000-5,500
Shareholder remuneration§	1,920.0	2,576.0	1,500-2,000	2,500-3,000	7,700-8,200
Net debt	43,630.0	56,168.0	53,000-55,000	54,000-57,000	56,000-59,000
Net debt to EBITDA (x)	4.8	5.4	5.5-6.0	7.0-7.5	5.0-5.5
FFO to debt (%)	16.6	14.9	13.0-13.5	9.2-9.7	16.0-16.5

*All figures adjusted by S&P Global Ratings. §Shareholder remuneration includes interests on shareholder loan 2. †2023 includes one-off effect of the K-factor (CZK2.65 billion) on EBITDA and FFO. Excluding this effect, 2023 EBITDA would be within CZK10.2 billion-CZK10.7 billion and funds from operations within CZK7.7 billion-CZK8.1 billion CZK--Czech koruna. a--Actual. e--Estimate. f--Forecast.

Company Description

CGNI owns the largest gas DSO in the Czech Republic and has two operating subsidiaries, GasNet (representing 90% of revenue) and Grid Services (10%). GasNet is the country's largest gas DSO, with a market share of about 80%. It owns and operates about 65,000 kilometers of distribution networks, effectively distributing about 70TWh of gas per year to more than 2.3 million customers. Grid Services provides maintenance, development, metering, and dispatch for GasNet's distribution infrastructure.

Czech Gas Networks Investments S.a r.l.—Organizational Structure



Source: S&P Global Ratings. CZK—Czech koruna.

Peer Comparison

Table 1

Czech Gas Networks Investments S.a r.l.--Peer Comparison

Industry Sector: Gas

	Czech Gas Networks Investments S.a r.l.	Madrileña Red de Gas S.A.U.	Northern Gas Networks Finance PLC	2i Rete Gas
Ratings as of Feb. 10, 2023	BBB+/Stable/--	BBB-/Stable/A-3	BBB+/Stable/--	BBB/Stable/A-2

Table 1

Czech Gas Networks Investments S.a r.l.--Peer Comparison (cont.)

	--Fiscal year ended --			
	Dec. 31, 2021	**Dec. 31, 2021**	**March 31, 2021**	**Dec. 31, 2021**
(Mil. €)				
Revenue	605.6	184.5	515.6	752.0
EBITDA	421.5	138.9	292.7	533.3
Funds from operations (FFO)	337.1	107.1	205.2	424.1
Interest expense	59.0	29.0	49.3	58.1
Cash interest paid	43.0	26.1	51.0	58.7
Cash flow from operations	288.2	109.6	244.3	433.6
Capital expenditure	181.6	12.7	186.0	347.2
Free operating cash flow (FOCF)	106.6	96.9	58.2	86.4
Discretionary cash flow (DCF)	(246.0)	96.9	(60.3)	(38.6)
Cash and short-term investments	55.3	41.1	15.8	443.0
Debt	2,257.3	920.3	1,814.2	2,885.7
Equity	1,395.7	432.8	769.8	1,147.7
Adjusted ratios				
EBITDA margin (%)	69.6	75.3	56.8	70.9
Return on capital (%)	3.7	9.2	7.2	8.4
EBITDA interest coverage (x)	7.1	4.8	5.9	9.2
FFO cash interest coverage (x)	8.8	5.1	5.0	8.2
Debt/EBITDA (x)	5.4	6.6	6.2	5.4
FFO/debt (%)	14.9	11.6	11.3	14.7
Cash flow from operations/debt (%)	12.8	11.9	13.5	15.0
FOCF/debt (%)	4.7	10.5	3.2	3.0
DCF/debt (%)	(10.9)	10.5	(3.3)	(1.3)

We compare CGNI to other European gas distribution operators.

Compared with Madrileña Red de Gas in Spain, CGNI operates under a framework we see as supportive (with a similar assessment to the U.K. and Italy), with timelier cost recovery, return on investment, inflation indexation, and RAB growth. However, compared with gas networks operating in frameworks we assess as strong, we think the Czech framework is slightly weaker than those in Italy and the U.K. Also, compared with the U.K. and Spain, where investment in gas is slowing, Italy and the Czech Republic will rely on gas as a source for the European Energy transition and we anticipate the related gas networks investment will increase over the next few years to ensure network reliability, safety, and readiness for blended gas. We therefore see Italian and Czech investments as increasing mostly compared with Spain's.

Business Risk: Excellent

CGNI operates under a five-year regulatory framework that we see as supportive with little reset risk. We see the Czech Republic's regulatory framework for gas networks as supportive because it is transparent, stable, and predictable. The framework is in its fifth regulatory period (2021-2025) and is supervised by an independent regulator: the ERO, established in 2001.

The supportive Czech framework provides full coverage of costs and protection against volume and commodity risk. The framework uses a revenue-cap system based on the RAB, whereby the maximum allowed revenue is linked to cost and profit allowances. Since the beginning of the fifth period, allowed operating expenses come from the arithmetic average of the last three years of incurred operating expenses corrected for the time value of money and reduced by extraordinary costs. The indexation is done based on an escalation factor, itself decreased by the efficiency factor. CGNI retains 50% of the difference between allowed and incurred operating expenses as incentive because it is reflected in the next three years allowed operating expenses with a two-year lag. The nominal, pre-tax WACC is set for the whole regulatory period, except when the income tax rate of legal entities changes. CGNI is exposed to very limited volume fluctuation because 40% of revenue is collected through fixed charges. In addition, the regulatory formula includes a corrective mechanism that adjusts revenue, ensuring that CGNI collects all revenue allowed but not collected at the time (for example, due to lower consumption or a mild winter) and vice-versa returns all real revenues collected in excess of allowed revenues at the time (for example, due to higher consumption or a cold winter). However, this is settled with a two-year delay, which can cause some profit and loss and cash flow volatility.

The Czech framework provides a plan for RAB to converge to net asset value (NAV) by 2025. Although far below actual net book values, network operators' RAB is updated annually as per a trajectory agreed with the ERO. The correction factor for the RAB includes unplanned capex but does not account for DSOs' assets under construction, due to regulatory limits and conditions. We expect the RAB to NAV ratio to reach 100% by 2025, from 84% in 2021.

We see the role of gas in the Czech Republic as remaining strong. The country is not well-positioned geographically for renewables penetration and relies firstly on coal (55%) and then gas (35%) to secure energy supply. Europe aims to decarbonize by 2030, and we understand that CGNI's contribution will primarily be through investment in renewable gas (biomethane and hydrogen) to ensure networks are ready to transport and distribute blended gas to end users. We expect gas will help to replace a substantial part of coal consumption by 2030, eventually representing 50% of energy supply (versus 17% for coal).

Financial Risk: Significant

The main rating constraint is CGNI's relatively aggressive dividend policy. The company's financial risk profile is characterized by relatively high debt moderated by low volatility of cash flow over each regulatory period. We expect CGNI's free operating cash flow to remain positive at about CZK1.5 billion-CZK3.0 billion over 2022-2025, given the company's strong cash flow generation and relatively low capex compared with peers. Our view of CGNI's financial profile is constrained, however, by its policy to distribute all available cash as dividends resulting in annual negative DCF of CZK8 billion-CZK 0 billion over 2022-2025.

We see CGNI's significant headroom under and commitment to the rating as supportive for the rating. We understand that CGNI will keep strong ratios for the next few years, with FFO to debt at 13%-16% and debt to EBITDA at 5.5x-5.8x over 2022-2025, well above our downside triggers of 9%. The dip in FFO to debt to 9.4% in 2023 was highly dependent on the K-factor adjustment in revenues and will be recovered as early as 2024, as per regulatory formula. While we see negative DCF over our forecast period, we understand CGNI's shareholders are aiming for a strong investment-grade rating resulting in distributing just enough dividends not to be below the 9% threshold. This was further demonstrated by the shareholder's commitment to cancel all shareholder distributions, including interests on shareholder loans in 2022 to support CGNI if metrics were below 9% due to uncertainties related to the Russia-Ukraine conflict.

Financial summary

Table 2

Czech Gas Networks Investments S.a r.l.--Financial Summary

Industry Sector: Gas

	--Fiscal year ended Dec. 31--		
	2021	2020	2019*
(Mil. CZK)			
Revenue	15,069.0	14,594.0	4,199.0
EBITDA	10,487.0	9,156.0	2,664.0
Funds from operations (FFO)	8,387.0	7,227.0	3,377.5
Interest expense	1,469.0	1,963.0	572.0
Cash interest paid	1,069.0	1,197.0	(785.5)
Cash flow from operations	7,172.0	6,144.0	1,517.0
Capital expenditure	4,520.0	4,352.0	1,559.0
Free operating cash flow (FOCF)	2,652.0	1,792.0	(42.0)
Discretionary cash flow (DCF)	(6,121.0)	(765.0)	(1,107.5)
Cash and short-term investments	1,376.0	1,741.0	926.0
Gross available cash	1,376.0	1,741.0	926.0
Debt	56,168.0	43,630.0	43,284.0
Equity	34,729.0	45,845.0	49,100.0
Adjusted ratios			
EBITDA margin (%)	69.6	62.7	63.4
Return on capital (%)	3.7	1.6	0.7
EBITDA interest coverage (x)	7.1	4.7	4.7
FFO cash interest coverage (x)	8.8	7.0	(3.3)
Debt/EBITDA (x)	5.4	4.8	16.2
FFO/debt (%)	14.9	16.6	7.8
Cash flow from operations/debt (%)	12.8	14.1	3.5
FOCF/debt (%)	4.7	4.1	(0.1)
DCF/debt (%)	(10.9)	(1.8)	(2.6)

*Full consolidation started in September 2019, so figures are only for September-December 2019.

Reconciliation

Table 3

Czech Gas Networks Investments S.a r.l.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. CZK)

	--Fiscal year ended Dec. 31, 2021--								
Czech Gas Networks Investments S.a r.l. reported amounts									
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Dividends**	**Capital expenditure**
Reported	69,547.0	20,553.0	10,187.0	3,011.0	1,458.0	10,487.0	7,183.0	7,796.0	4,531.0
S&P Global Ratings' adjustments									
Cash taxes paid	--	--	--	--	--	(1,031.0)	--	--	--
Cash interest paid	--	--	--	--	--	(2,035.0)	--	--	--
Cash interest paid: Other	--	--	--	--	--	977.0	--	--	--
Reported lease liabilities	2,173.0	--	--	--	--	--	--	--	--
Accessible cash and liquid investments	(1,376.0)	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	11.0	(11.0)	(11.0)	--	(11.0)
Nonoperating income (expense)	--	--	--	6.0	--	--	--	--	--
Debt: Shareholder loans	(14,176.0)	--	--	--	--	--	--	--	--
Equity: Other	--	14,176.0	--	--	--	--	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	--	300.0	300.0	--	--	--	--	--
Dividends: Other	--	--	--	--	--	--	--	977.0	--
Total adjustments	(13,379.0)	14,176.0	300.0	306.0	11.0	(2,100.0)	(11.0)	977.0	(11.0)
S&P Global Ratings' adjusted amounts									
	Debt	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditure**
Adjusted	56,168.0	34,729.0	10,487.0	3,317.0	1,469.0	8,387.0	7,172.0	8,773.0	4,520.0

Liquidity: Adequate

We assess CGNI's liquidity as adequate because we expect liquidity sources will exceed uses by about 1.6x over the next 12-24 months starting Jan. 1, 2023, even if EBITDA declined by 15%. The company has no debt due until 2026, when the koruna-denominated bond CZK6.8 billion comes due. We believe the group has a sound relationship with banks.

Principal liquidity sources	Principal liquidity uses
• CZK4 billion available cash. • FFO of about CZK5.5 billion. • CZK1 billion undrawn committed facilities due May 2028.	• About CZK4.9 billion capex. • Roughly CZK2.9 billion shareholder distributions, including interest on the shareholder loan. • No near-term debt maturity.

Debt maturities

- No debt maturity until the first bond maturity in 2026.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	E-2	**E-3**	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

- Climate transition risks	- N/A	- N/A

N/A--Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

Environmental factors are a moderately negative consideration in our credit analysis of CGNI, similarly to other European gas networks. CGNI is the Czech Republic's largest gas distribution system operator and represents about 80% of gas distributed in the country. We see the company as exposed to uncertainties surrounding the future role of gas in Europe as countries reduce carbon dioxide emissions. That said, we note the country will rely on gas to replace coal in the energy mix, with gas eventually representing 50% of energy supply in 2030 (versus 17% for coal), compared with 2023 levels of 35% for gas and 55% for coal.

Issue Ratings - Subordination Risk Analysis

Capital structure

As of the beginning of 2023, CGNI's capital structure comprises CZK57.5 billion of debt (approximately €2.4 billion), of which more than half is denominated in euros. The capital structure also includes a CZK14.5 billion shareholder loan that we treat as equity, reflecting its equity-like features, such as subordination and the possibility of deferring interest. As a result, we treat interest payments as dividends.

Analytical conclusions

There is no element of subordination risk in the capital structure.

Related Criteria

- 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
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: The Treatment Of Non-Common Equity Financing In Nonfinancial Corporate Entities, April 29, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- EMEA Utilities Outlook 2023, Jan. 12, 2023
- Eastern European Utilities Handbook 2023, Jan. 5, 2023
- Czech Republic's Electricity And Gas Regulatory Frameworks: Very Supportive, Oct. 6, 2020

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	**a-**	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of March 6, 2023)*

Czech Gas Networks Investments S.a r.l.	
Issuer Credit Rating	BBB+/Stable/--
Senior Unsecured	BBB+
Issuer Credit Ratings History	
06-Jul-2020	BBB+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.