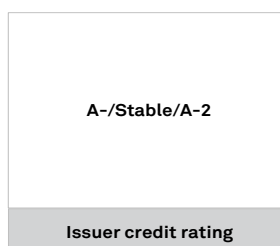
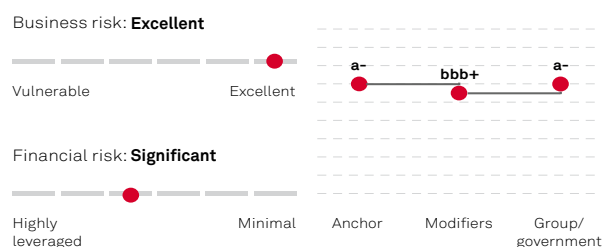


Stedin Holding N.V.

January 9, 2026

This report does not constitute a rating action.

Ratings Score Snapshot



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Credit Highlights

Overview

Key strengths

Third-largest electricity and gas distributor in the Netherlands, with adjusted EBITDA of €612 million in 2024.

Operating environment supported by the Dutch regulatory framework, which we expect will become more credit-supportive from 2027, given the switch to cost-plus methodology.

A disciplined financial policy and firm commitment to protecting the 'A-' credit rating, supported by the group's shareholders.

Key risks

Significant capital expenditure (capex) requirements over the next few years, which will pressure credit metrics.

Cost inflation, supply chain constraints and rising execution risks of the large capex program.

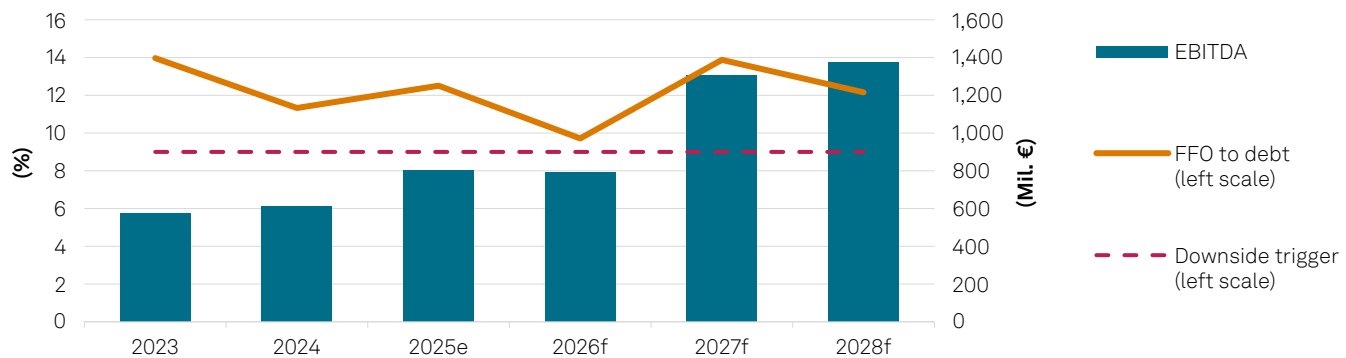
Assets under construction remain excluded from the regulated asset base (RAB)--a weakness given rising capex compared to some Western European regulatory frameworks.

We forecast Stedin's adjusted funds from operations (FFO) to debt will comfortably exceed our expectation for the 'A-' rating. We believe it will strengthen to around 12% in 2025-2027 on average, well above the expected ratio of at least 9%.

According to our estimates, S&P Global Ratings adjusted EBITDA will increase to €780 million-€820 million in 2025-2026, and further to more than €1.25 billion from 2027, compared with €612 million in 2024. We attribute this to higher remuneration of previous costs and an expanding RAB, partially offset by increasing operational expenditure (opex). In our view, the Netherlands' upcoming regulatory framework will boost earnings from 2027, further supporting Stedin's FFO-to-debt ratio.

While financial metrics will fluctuate with the implementation of Stedin's substantial capex plan, we expect the company to maintain adequate headroom above the FFO-to-debt threshold of 9% in line with 'A-', reflecting its strong commitment to the rating.

Evolution of Stedin's adjusted EBITDA and adjusted FFO to debt



e--Estimate. f--Forecast. FFO--Funds from operations. All figures adjusted by S&P Global Ratings.
Source: S&P Global Ratings.

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We expect Stedin's earnings should benefit from the regulatory framework for 2027-2031. The Dutch regulator, the Authority for Consumers and Markets (ACM), is transitioning to a cost-plus regulatory model from an incentive-based price cap. The removal of efficiency benchmarking will help facilitate a swift recovery of all efficient costs (opex and capex). This shift to annual income decisions, based on forecast costs, investments, and volumes, rather than a static five-year average of historical costs, will allow Stedin to dynamically adjust allowed revenue to reflect evolving business conditions, including distribution costs and connection patterns.

The transition to a nominal weighted average cost of capital (WACC) will accelerate cash recovery, supporting Stedin's €5 billion gross capex program for grid modernization and electrification until 2028. Critically, the WACC calculation now reflects current market interest rates and the evolution of Stedin's RAB. This will protect credit quality and refinancing capacity during the energy transition. We note, however, that in the next regulatory period assets under construction remain excluded from the RAB and do not earn a cash return until commissioning, although interest costs continue to be capitalized. This remains a constraining factor, particularly for projects longer than one year in the context of increasing capex, albeit this is mitigated by the fact that projects longer than one year constitute only a minority share of Stedin's projects.

We expect Stedin's significant capex plans will pressure cash flow and increase leverage. The company intends to accelerate investments, aligning with its Dutch peers, to support the Netherlands' energy transition and alleviate grid congestion. We project annual capex (net of customer contributions) of approximately €1.45 billion over 2025-2027, compared with €0.9 billion in 2024, with further increases anticipated over 2028-2030. Nearly 60%-70% of these

investments will focus on network infrastructure enhancements to improve grid reliability and utilization and expand capacity, while the rest will support new customer connections and smart meter upgrades.

Consequently, we forecast free operating cash flow (FOCF) will deteriorate to negative €750 million per year on average over 2025-2027, a notable decline from negative €346 million in 2024. Considering Stedin's dividend policy, which links payout ratios to net profit, we expect discretionary cash flow to more than double to about negative €830 million on average over 2025-2027, from negative €408 million in 2024. As a result, we project Stedin's S&P Global Ratings-adjusted net debt will rise to €6.4 billion-€6.8 billion by year-end 2027, from €4.1 billion at year-end 2024. We note that the company retains some flexibility in reducing or postponing capex to protect liquidity and financial metrics.

Outlook

Our stable outlook on Stedin captures the company's financial policy of retaining at least an 'A-' rating and our view that shareholders support this goal. We estimate Stedin will maintain FFO to debt sustainably above 9% through 2027. It also reflects our expectation that Stedin's cash flow generation will remain stable and predictable due to solid operational performance, supported by the Dutch regulatory framework and despite growing pressure from increasing opex and capex needs.

Downside scenario

The rating could come under pressure if our forecast FFO to debt approached or fell below 9% with no prospect of an immediate recovery. This could result from:

- Further material increases in investments; and
- No timely and sufficient implementation of remedial measures from Stedin's shareholders, including the Dutch government; or
- Unexpected adverse regulatory decisions.

If we were to revise the SACP down by one notch, it would lead us to lower the issuer credit rating by one notch, all else being equal. In contrast, a one-notch downgrade of the Netherlands would not result in a downgrade of Stedin, all else being equal.

We would downgrade the company if we considered that the likelihood of support from the government had weakened.

Upside scenario

We would consider an upgrade if, all else being equal, Stedin were to achieve and sustain FFO to debt comfortably above 11%, backed by the company's financial policy and strong commitment to maintaining financial metrics in line with a higher rating.

Our Base-Case Scenario

Key metrics

Stedin Holding N.V.--Forecast summary

Period ending	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. €)	2023a	2024a	2025e	2026f	2027f
Revenue	1,770	2,088	2,100-2,400	2,200-2,500	2,900-3,200
EBITDA	577	612	790-820	780-810	1,250-1,350
Less: Cash interest paid	(77)	(119)	(110)-(100)	(150)-(120)	(190)-(160)
Less: Cash taxes paid	(14)	(33)	(120)-(100)	(110)-(90)	(220)-(200)
Funds from operations (FFO)	486	460	560-620	520-600	860-980
Capital expenditure (capex)*	683	933	1,100-1,200	1,400-1,500	1,600-1,700
Dividends	26	62	50-60	70-90	60-80
Debt	3,479	4,065	4,500-4,900	5,500-5,900	6,400-6,800
Adjusted ratios					
Debt/EBITDA (x)	6.0	6.6	5.8-6.0	7.1-7.5	4.9-5.3
FFO/debt (%)	14.0	11.3	12.0-13.0	9.2-10.2	13.0-14.5
FOCF/debt (%)	(4.4)	(8.5)	(13)-(12)	(17)-(15)	(13)-(11)

* All capex figures of Stedin in this research are net of customer contributions. All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

Company Description

Stedin Group is the third-largest electricity and gas distribution grid operator in the Netherlands. It operates as a monopoly in large parts of the provinces of South Holland, Utrecht, Zeeland, and in parts of North Holland and Friesland. As a grid operator, Stedin constructs, manages, and maintains power grids to ensure reliable energy supply for more than 2.4 million customers.

In addition, Stedin offers electricity and gas infrastructure services. It also builds and maintains other energy infrastructure, besides gas and electricity, through its subsidiary NetVerder. We expect the company's unregulated businesses, DNWG Infra (until May 2026) and NetVerder, will account for only a minimal portion of consolidated EBITDA over the next few years.

Stedin is owned by the Dutch government (11.82%), 61 Dutch municipalities, and two provinces. Its largest municipality is the City of Rotterdam, followed by The Hague. By law, Stedin must be owned by a public entity.

Stedin was formed on Feb. 1, 2017, following the unbundling of Eneco Holding N.V. into an energy company of the same name and the network company, Stedin Holding N.V.

Peer Comparison

Stedin Holding N.V.--Peer Comparisons

	Stedin Holding N.V.	Alliander N.V.	Enexis Holding N.V.	TenneT Holding B.V.	N.V. Nederlandse Gasunie
Foreign currency issuer credit rating	A-/Stable/A-2	A/Stable/A-1	A+/Negative/A-1	BBB+/Stable/A-2	AA-/Stable/A-1+
Local currency issuer credit rating	A-/Stable/A-2	A/Stable/A-1	A+/Negative/A-1	BBB+/Stable/A-2	AA-/Stable/A-1+
Period	Annual	Annual	Annual	Annual	Annual

Stedin Holding N.V.--Peer Comparisons

Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	2,088	3,043	2,596	9,985	1,496
EBITDA	612	832	820	4,658	627
Funds from operations (FFO)	460	704	737	3,699	518
Interest	123	83	55	741	101
Cash interest paid	119	77	46	639	102
Operating cash flow (OCF)	587	827	810	4,606	314
Capital expenditure	933	1,773	1,372	10,222	612
Free operating cash flow (FOCF)	(346)	(946)	(562)	(5,617)	(299)
Discretionary cash flow (DCF)	(408)	(1,125)	(603)	(6,974)	(565)
Cash and short-term investments	101	496	46	3,533	131
Gross available cash	101	496	46	3,533	131
Debt	4,065	3,986	3,364	32,123	4,463
Equity	3,120	5,590	5,788	10,151	6,401
EBITDA margin (%)	29.3	27.3	31.6	46.6	41.9
Return on capital (%)	4.6	3.9	4.1	8.8	2.0
EBITDA interest coverage (x)	5.0	10.0	14.8	6.3	6.2
FFO cash interest coverage (x)	4.9	10.2	16.9	6.8	6.1
Debt/EBITDA (x)	6.6	4.8	4.1	6.9	7.1
FFO/debt (%)	11.3	17.7	21.9	11.5	11.6
OCF/debt (%)	14.4	20.8	24.1	14.3	7.0
FOCF/debt (%)	(8.5)	(23.7)	(16.7)	(17.5)	(6.7)
DCF/debt (%)	(10.0)	(28.2)	(17.9)	(21.7)	(12.7)

Financial Risk

Stedin Holding N.V.--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	1,234	1,229	1,279	1,333	1,770	2,088
EBITDA	470	442	466	415	577	612
Funds from operations (FFO)	374	383	368	350	486	460
Interest expense	77	68	106	52	78	123
Cash interest paid	80	69	99	49	77	119
Operating cash flow (OCF)	365	397	365	276	530	587
Capital expenditure	544	505	570	593	683	933
Free operating cash flow (FOCF)	(179)	(108)	(205)	(318)	(153)	(346)
Discretionary cash flow (DCF)	(219)	(154)	(743)	(325)	(179)	(408)
Cash and short-term investments	72	83	133	53	188	101
Gross available cash	72	83	133	53	188	101
Debt	3,194	3,361	3,408	3,678	3,479	4,065

Stedin Holding N.V.--Financial Summary

Common equity	2,699	2,641	3,020	3,092	2,971	3,120
Adjusted ratios						
EBITDA margin (%)	38.1	36.0	36.4	31.1	32.6	29.3
Return on capital (%)	7.3	2.2	2.0	1.5	4.5	4.6
EBITDA interest coverage (x)	6.1	6.5	4.4	8.0	7.4	5.0
FFO cash interest coverage (x)	5.7	6.6	4.7	8.2	7.3	4.9
Debt/EBITDA (x)	6.8	7.6	7.3	8.9	6.0	6.6
FFO/debt (%)	11.7	11.4	10.8	9.5	14.0	11.3
OCF/debt (%)	11.4	11.8	10.7	7.5	15.2	14.4
FOCF/debt (%)	(5.6)	(3.2)	(6.0)	(8.6)	(4.4)	(8.5)
DCF/debt (%)	(6.9)	(4.6)	(21.8)	(8.8)	(5.1)	(10.0)

Liquidity

We assess Stedin's liquidity as adequate for the 12 months started Sept. 30, 2025, with sources expected to exceed uses by more than 1.1x. This assessment reflects the issuance of a €500 million green bond in October 2025 under Stedin's Euro Medium Term Note program, with a 7-year tenor and a 3.0% coupon. This extends the debt maturity profile and supports the company's significant capex plan.

This follows the €500 million green bond issuance in February with a 12-year tenor of 3.375%. Additionally, Stedin has access to an undrawn €800 million revolving credit facility (RCF) maturing in June 2029 and an undrawn €250 million under a European Investment Bank credit facility maturing in March 2028. Access to capital markets and committed credit facilities remains crucial for maintaining adequate liquidity, given Stedin's substantial and growing investment plan for electricity grid expansion and reinforcement.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"> Cash and short-term investments of about €198 million as of Sept. 30, 2025; Unused committed credit lines totaling €1,050 million maturing over one year; Cash FFO of €550 million-€650 million; and €500 million senior unsecured notes issued in October 2025. 	<ul style="list-style-type: none"> Debt maturities of €590 million; Capex, net of customer contributions, of €1.4 billion-€1.5 billion; and Dividends of €70 million-€90 million.

Government Influence

Our rating continues to reflect a moderate likelihood of extraordinary support from the Dutch government. The government holds 11.82% stake in Stedin, resulting from a €500 million common equity injection in 2023. While Stedin may receive further extraordinary government support if needed, we do not factor this into our base case. We incorporate our view of government support by applying a one-notch uplift to Stedin's 'bbb+' stand-alone credit profile (SACP), resulting in our 'A-' rating. We note that all shareholders are firmly committed to

maintaining the 'A-' issuer credit rating, as demonstrated by Stedin's framework agreement with the Dutch government.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of Dec. 31, 2025, our estimate of Stedin's reported interest-bearing debt is about €4.5 billion. Of this, €3.5 billion corresponds to green bonds, around €450 million to private placements, about €130 million to lease liabilities, and the rest to other senior debt.

We add €250 million to this debt, corresponding to 50% of the company's perpetual subordinated notes because we see this instrument as having intermediate equity content.

Analytical conclusions

Stedin is the holding company of the key operating company Stedin Netbeheer. Most of debt is placed at the holding company level. Except for Stedin's hybrid capital securities, we rate its public senior unsecured notes at 'A-', the same as the long-term issuer credit rating as we perceive no subordination risk that could result in a material credit disadvantage for bondholders.

We rate the subordinated perpetual notes at 'BBB-', two notches below the 'bbb+' SACP on Stedin, reflecting:

- A one-notch deduction because of contractual subordination; and
- An additional one-notch deduction for payment flexibility to reflect that the deferral of interest is optional.

We do not consider that the Dutch government would provide support to the company's hybrid and therefore continue to notch it down from the SACP.

Rating Component Scores

Foreign currency issuer credit rating	A-/Stable/A-2
Local currency issuer credit rating	A-/Stable/A-2
Business risk	Excellent
Country risk	Very Low
Industry risk	Very Low
Competitive position	Excellent
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	a-
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	bbb+

Related Criteria

- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [ARCHIVE | General Criteria: Hybrid Capital: Methodology And Assumptions](#), March 2, 2022
- [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
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [ARCHIVE | Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

- [General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating](#), Oct. 1, 2010

Related Research

- [The Netherlands](#), Oct. 20, 2025
- [Stedin Holding N.V.](#), Jan 30, 2025

Ratings Detail (as of January 09, 2026)*

Stedin Holding N.V.	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
Local Currency	A-2
Junior Subordinated	BBB-
Senior Unsecured	A-

Issuer Credit Ratings History

31-Oct-2011	A-/Stable/A-2
27-Apr-2009	A-/Negative/A-2
18-Jul-2008	A/Watch Neg/A-1

Related Entities

Stedin Netbeheer B.V.	
Issuer Credit Rating	A-/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.

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