CREDIT OPINION
30 June 2025

Update

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RATINGS

Bulgarian Energy Holding EAD

Domicile	Bulgaria
Long Term Rating	Ba1
Type	LT Corporate Family Ratings
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Bulgarian Energy Holding EAD

Update to credit analysis

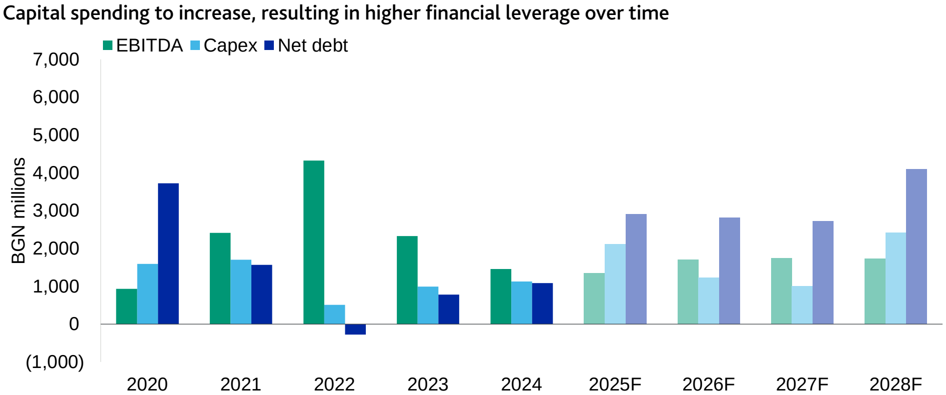
Summary

Bulgarian Energy Holding EAD's (BEH, Ba1 stable) credit quality reflects its dominant position as the main electricity provider in Bulgaria and its highly important role in delivering on the country's energy policies. Credit quality is further supported by the high share of largely fixed-cost, low-carbon hydro and nuclear power generation, which benefits from still-above-average electricity prices; and the significant EBITDA contribution from its regulated energy infrastructure. The company has a strong financial profile, which positions it well to cope with increasing capital spending (Exhibit 1).

The group's credit quality is constrained by the risks and uncertainties related to BEH's potential involvement in the construction of new nuclear power plants; extraordinary contributions to the Security of the Electricity System Fund (SESF); the exposure to a still-unsettled regulatory regime as evidenced by delays in the full liberalisation of the Bulgarian retail electricity market; and the company's weak liquidity profile because of its almost exclusive reliance on internally generated cash flow.

BEH's credit quality incorporates its standalone creditworthiness (expressed as a Baseline Credit Assessment [BCA] of ba3) and a high likelihood of support from its 100% owner, the Government of Bulgaria (Baa1 stable), in the event of financial distress. At the same time, the company remains exposed to political interference, as illustrated by the significant cash extractions by the government in the past, and regulatory risk.

Exhibit 1
Capital spending to increase, resulting in higher financial leverage over time



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Nuclear liabilities excluded from our debt calculation from 2021.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

» Largest power producer in Bulgaria and ownership of strategic domestic energy infrastructure, which generates regulated earnings

» Strong financial profile

» High likelihood of support from the government, given the company's 100% state ownership

Credit challenges

» Risks and uncertainties related to BEH's potential involvement in the construction of new nuclear power plants

» Evolving domestic energy market, exacerbated by prevailing political instability

» Sizeable cash extractions by the government to fund energy subsidies

» Liquidity management fully reliant on internal cash flow

Rating outlook

The stable outlook reflects our expectation that BEH will maintain funds from operations (FFO)/net debt above 25% at least over the next 24 months.

Factors that could lead to an upgrade

Upward pressure on the BCA is currently unlikely due to the uncertainties related to the new nuclear power plant project. Nevertheless, an upgrade of the company's BCA would likely result in a rating upgrade. The ratings could be further upgraded if the Government of Bulgaria's rating is upgraded.

Factors that could lead to a downgrade

Downward pressure on the BCA could arise if BEH's FFO/net debt were to decline persistently below 25% as a result of, but not limited to, high capex; cash distributions above expectations, either via dividends or extraordinary payments to the SESF; or adverse regulatory changes.

The ratings could be downgraded if BEH were to proceed with the construction of new nuclear plants and the risks associated with such projects were not sufficiently mitigated by support provided by the Bulgarian government. The ratings could also be downgraded if we were to reassess our estimate of high support from the Bulgarian government.

Key indicators

Exhibit 2
Bulgarian Energy Holding EAD

	2020	2021	2022	2023	2024	Moody's 12-18 month forward view
(CFO Pre-W/C + Interest) / Interest Expense	4.5x	15.0x	28.8x	12.4x	8.6x	7.5x - 10.5x
(CFO Pre-W/C) / Net Debt	14.8%	125.6%	717.7%	120.8%	69.5%	35.0% - 55.0%
RCF / Net Debt	14.8%	125.6%	681.6%	31.0%	54.6%	15.0% - 45.0%

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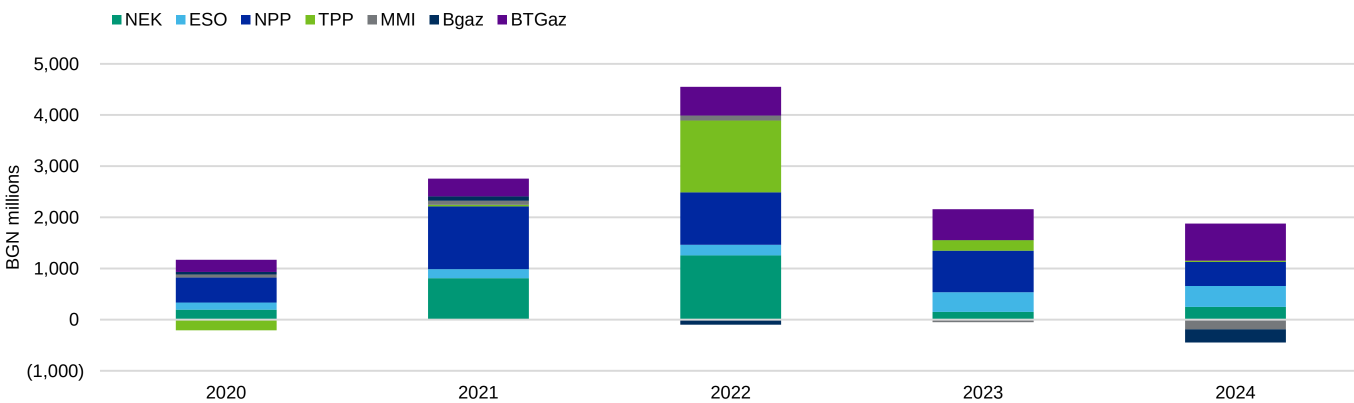
Profile

Bulgarian Energy Holding EAD (BEH) is the holding company of the incumbent 100% state-owned electricity and gas utility group in Bulgaria. Through its subsidiaries, BEH owns more than 50% of the electricity generation capacity in the country. In 2024, it generated 22.1 terawatt-hours (TWh) of electricity, which was around 58% of the total gross domestic generation.

BEH's generation subsidiaries include NPP Kozloduy EAD (NPP), a nuclear power plant with an installed capacity of 2,000 megawatts (MW); Natsionalna Elektricheska Kompania EAD (NEK), with 2,737 MW of hydro capacity; and TPP Maritsa East 2 EAD (TPP ME2), a 1,620 MW lignite plant with an adjacent mine (Mini Maritsa Iztok EAD), also owned by BEH. NEK is also the sole public supplier in the regulated power market. The termination of NEK's public supplier role is scheduled for July 2025.

Transmission grids in Bulgaria are also owned and operated by BEH's subsidiaries, with Electricity System Operator EAD (ESO) in charge of the high-voltage electricity network, and its sister company Bulgartransgaz EAD (BTGaz) managing the gas transmission and transit networks. Bulgargaz EAD (Bgaz) is the regulated public wholesale gas supplier. In 2024, BEH reported consolidated EBITDA of BGN1,389 million (about €710 million).

Exhibit 3
BEH's EBITDA has been boosted by high power prices and increased thermal generation, but dropped again due to declining energy prices



Source: Company information

Detailed credit considerations

Currently strong financial profile, but the planned construction of new nuclear reactors could create risks

For 2024, BEH's Moody's adjusted EBITDA was BGN1,455 million, a 38% decrease from 2023 but still above historical figures, primarily due to high power prices benefiting low-fixed-cost generators like NPP and NEK, which together earned BGN702 million. Increased investments and stable gross debt have led to cash consumption and higher Moody's adjusted net debt, worsened by rising restricted cash. Consequently, the Moody's-adjusted FFO/net debt ratio fell from 121% in 2023 to 69% in 2024, yet remains adequate to support upcoming capital expenditures.

On 4 November 2024, BEH's subsidiary NPP Kozloduy (NPPK) announced that it has signed a design and engineering contract with WEC US Holdings Ltd. (B1 stable) and Korean Hyundai Engineering and Construction Co. Ltd. The contract covers the overall construction and engineering requirements for the addition of two new units (units 7 and 8; Westinghouse AP1000, with a combined generation capacity of 2,200 MW) at the existing Kozloduy site, which will conclude with the final investment decision and EPC contract, likely to be taken and signed in 2026 — this is a delay against the initial plan to take the final investment decision in the third quarter of 2025. Details of the financing structure will not be available before the end of 2026. Meanwhile, the US Export-Import Bank has signed a letter of intention to finance $8 billion of the project, and a similar amount is still under discussion with The Export-Import Bank of Korea (Aa2 stable). We also expect the Bulgarian government to support BEH. This support could be provided, for example, in the form of equity injections or state guarantees. The dates for the commencement of commercial operations for the two units are estimated to be in 2034 (unit 7) and 2036 (unit 8). As seen in construction projects for other nuclear power plants in Europe, there is a high risk of delays and cost overruns. Furthermore, the size of the project, if it goes ahead, has the potential to significantly weigh on the group's financial metrics, depending on the final financing structure and potential support from the government.

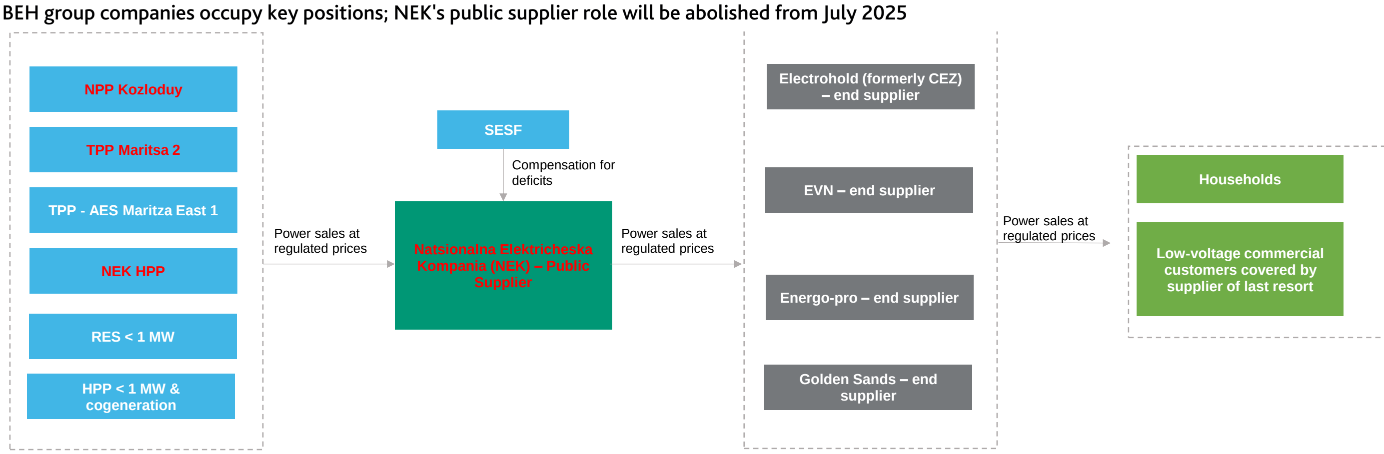
Aside from this nuclear power plant project and some spending on hydropower projects, capex is predominantly skewed towards maintenance spending. The main discretionary spending was done by Bulgartransgaz, notably for the Chiren Underground Gas Storage expansion, which aims to increase the storage capacity to 1 billion cubic metre (bcm) from existing 0.55 bcm.

Full retail market liberalization postponed again, but NEK's public supplier role to be abolished effective 1 July 2025

The liberalisation of the electricity market in Bulgaria started in 2004, and its evolution is based mainly on a concept advised by the World Bank to the Bulgarian government in 2016. The liberalisation of the wholesale market was partially completed in July 2021, and a full market liberalisation (including the retail market) was planned for year-end 2025.

After the formation of a new government coalition on 2 June 2023, the Parliament passed on 5 October 2023 an amendment to the Energy Act that paved way for the final full market liberalisation. Despite a veto by Bulgarian President Roumen Radev, the final publication of the amended Energy Act[1] took place on 17 November 2023 after the Parliament overturned the presidential veto. However, after the election in June 2024, the new caretaker government disregarded the legislation and postponed the final implementation by another year to July 2025. On 7 May 2025, the National Assembly adopted two bills to the Energy Act, which led to another indefinite postponement of the full market liberalisation for retail customers until effective competition between suppliers is achieved and the transition to market-based prices for household customers is established. Nevertheless, the role of NEK as the public supplier, under which it is obliged to buy and sell electricity at regulated prices, will be abolished effective 1 July 2025. The abolishment of the public supplier role will enable BEH to sell its generated electricity at market prices rather than at lower regulated prices; and reduce the state's tariff interventions, which is a positive development for the stability of Bulgaria's electricity market.

Exhibit 4
Current design of the regulated electricity market in Bulgaria
BEH group companies occupy key positions; NEK's public supplier role will be abolished from July 2025



Entities in red are the fully consolidated subsidiaries of BEH.
Source: Company information and Moody's Ratings

Under the existing framework, the sale prices in the regulated market, from generation to end supply to households, are annually determined by the regulatory authority, the Energy and Water Regulatory Commission (EWRC). The required volume is based on the EWRC's demand forecast and is procured via a long-term power purchase agreement (PPA) with a privately owned thermal plant, AES-3C (the PPA with ContourGlobal expired in February 2024); small (less than 500 kilowatt) renewable installations; and highly efficient cogeneration plants, which are legally entitled to off-take at feed-in tariffs. The so-called quota producers, mainly NEK and NPP, provide the required volumes to bridge the gap between demand and supply from other sources. In the new market structure effective 1 July 2025, prices will remain regulated for retail clients. However, generators will be able to sell their output on the free market on the Independent Bulgarian Energy Exchange (IBEX).

NEK's role as the public supplier has caused a structural deficit in the past, because the weighted average off-take price paid to the power generators exceeded the selling price charged to end suppliers. This has been covered by monthly payments from the SESF. From 1 July 2025, with the planned abolition of NEK's public supplier role, this structural deficit will shift towards the end suppliers, which, however, will receive a compensation via the SESF if regulated prices for households are not sufficient to cover the market price at which they purchase electricity from the IBEX. The former ultimate deadline for the full market liberalisation according to Bulgaria's National Recovery and Resilience Plan (NRRP) was 31 December 2025.[2] It now has been excluded from the NRRP.

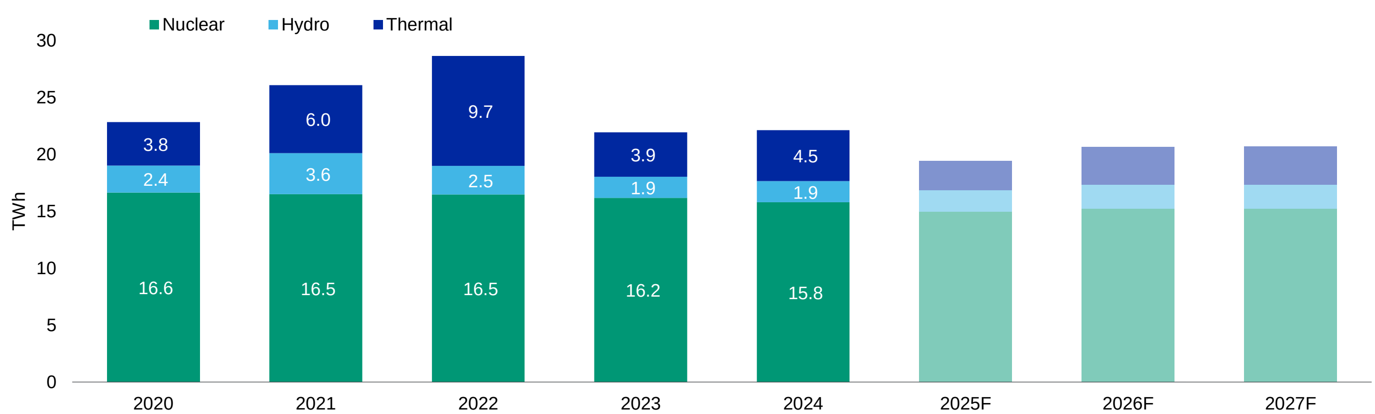
As a consequence of the new market structure, NEK will not remain exposed to an unsettled, although improved, regulatory regime. NEK's accumulated tariff deficit, which is currently financed by debt at BEH's parent company level, was expected to be resolved as a result of the termination of the public supplier role. However, negotiations are still underway, and details on the final compensation and the exact compensation mechanism are still unclear.

Nevertheless, the intended steps for the market liberalisation will be credit positive for BEH because NPP and NEK — its low-carbon power-generating subsidiaries with low variable costs that contributed around 80% to BEH's total electricity generation in 2024 (Exhibit 5) — will be able to sell their entire output in the more lucrative unregulated market. Furthermore, the increased flexibility allows BEH to capitalize on export opportunities once NEK's Public Supplier role ends, as BEH will continue selling electricity to IBEX, enabling traders to purchase and export it at potentially higher prices.

Exhibit 5

BEH's power generation is dominated by clean and low-cost nuclear and hydro plants

BEH's gross generation by type of plant



Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Sources: Company information and Moody's Ratings forecasts

At the same time, despite significant progress in market-coupling activities, the IBEX continues to lack the depth and liquidity of the more established European markets. There are limited opportunities for BEH to hedge its electricity output, for example, via forwards or long-term PPAs that are less common in Bulgaria. Consequently, the company's earnings will remain volatile and fluctuate with power price movements.

BEH plays a crucial role in Bulgaria's energy policy but could be compelled to increase distributions to the government

Bulgaria introduced a compensation scheme in October 2021 in response to higher electricity and gas prices, which benefited non-household consumers and electricity network operators in the form of subsidies for their technical grid losses, initially for 2021-22. The scheme was repeatedly amended to reflect market price changes. A significant part of the initially budgeted BGN2.9 billion of subsidies was funded by BEH, and the remaining smaller share was funded by the government and the SESF. The SESF's main purpose is to compensate for the losses that arise from NEK's public supplier role. The SESF is funded, among others, from: (i) 5% contributions from electricity producers' sales revenues; (ii) 5% contributions from traders' sales revenues for imported electricity; (iii) proceeds from the Bulgarian government's sale of carbon dioxide quotas, and (iv) interest income, including from late payments. Usually, the SESF revenue has been higher than its payments. Nevertheless, for example, in 2022, companies in the BEH group funded shortfalls caused by unplanned payouts in the form of target contributions to the SESF at the behest of the government, which led to a deficit.

A mechanism for the calculation of the extraordinary payments to the SESF was introduced taking into account full production costs, capex, loan repayments and a rate of return on capital of 9.9%. Extraordinary payments to the SESF, entirely paid by NPP, totalled around BGN3.2 billion (€1.6 billion) in 2022, BGN660 million in 2023 and BGN432 million in 2024. The decrease in payments is driven by lower energy prices. Ordinary contributions to the SESF were BGN580 million in 2022, BGN271 million in 2023 and BGN247 million in 2024.

Because of BEH's strong earnings and cash flow in recent years, the government deviated from its policy of minimal cash extraction. After the early prepayment in April 2022 of a €601 million state loan extended to NEK in 2016, originally due in December 2023, dividend extractions have increased substantially. In 2023, BEH distributed dividends in the amount of BGN1,439 million. In 2024, the dividend payment declined substantially to BGN281 million. However, forecast dividend payments are substantially higher again, partly due to the pile-up of cash and cash equivalents. In our view, the construction of new nuclear power plants would likely curb the urge to extract cash from 2028 onwards, because BEH's free cash flow would turn negative once construction spending accelerates.

Despite high distributions to the government and the SESF, BEH has maintained robust credit metrics and significant headroom against bond covenants (reported consolidated net debt/EBITDA of negative 0.18x versus the threshold of 4.5x, as of 31 December 2024). However, increasing capex, along with cash outflows in the form of payments to the SESF or extraordinary dividend payments such as those in 2023, could have an adverse effect on BEH's credit quality.

BEH has fully substituted Russian gas imports, but gas supply earnings remain small

Bulgargaz is the monopoly gas supplier in Bulgaria, a country that has hardly any domestic gas resources. The company has a 1 bcm long-term contract with Azerbaijan Gas Supply Company Ltd, and substituted Russian gas in the winter of 2022-23 with additional Azeri supplies and 1.5 bcm of liquefied natural gas (LNG) procured via Turkiye and Greece. Bulgargaz has also secured annual capacities of 1 bcm for a decade at the Greek LNG terminal project Alexandropoulis, of which Bulgartransgaz holds a 20% stake. Commercial operations started in October 2024. In addition, Bulgargaz signed various smaller contracts for LNG supplies via the Revithoussa LNG terminal in 2023.

Bulgargaz has a significant share of regulated earnings under a cost-plus approach stemming from its public supplier role. Regulated selling prices are set on a monthly basis by the EWRC. In addition, Bulgargaz is able to pass on energy costs in the liberalised market to industrial customers and traders. However, as a result of the cessation of Russian gas deliveries in 2022, there was a mismatch in the timely alignment of purchase and selling prices. Ultimately, a liquidity shortage was mitigated by a BGN800 million loan granted by the Ministry of Energy, which is due in August 2025. Discussions on an extension of this state loan are currently underway.

Transmission grid operations underpin BEH's earnings, but predictability is limited

The EWRC, as the independent regulatory authority for the electricity and gas markets in Bulgaria, is also in charge of regulating BEH's TSOs, ESO and Bulgartransgaz. Regulations for TSOs are mainly based on the principle of a rate of return on a regulated asset base (RAB) for electricity and gas transmission. In the case of ESO, the regulatory period lasts one year, from 1 July to 30 June. Its current transmission RAB amounts to around BGN2.3 billion and yields a return of 3%, measured as the weighted average cost of capital (WACC), which is lower than that of its European peers.

On 1 October 2020, Bulgartransgaz entered a new five-year regulatory period with revenue cap elements, which will end on 30 September 2025. The WACC for the entire period is set at 6.69%, and Bulgartransgaz's annual RAB was approved at about BGN3.5 billion for the period from 1 October 2024 to 30 September 2025. However, domestic transmission and other activities, such as gas balancing, only accounted for around 19% of the company's revenue in 2024, while the larger share came from a long-term transit agreement with Gazprom PJSC, with volumes destined for Serbia and Hungary through the new Balkan Stream pipeline. The terms and conditions of the transit agreement are unknown; however, we estimate, based on similar arrangements in other markets, that the income is fairly stable, for example, through a ship-or-pay clause that guarantees payments irrespective of the actual transit volume. Nevertheless, such a transit agreement exposes Bulgartransgaz to counterparty risk and to the risk of a cessation of Russian gas flows.

The approved NRRP envisages a separation of the two transmission grid operators from the BEH group by the end of 2025 at the latest. Many details of the carve-out are yet to be determined, and there is still some resistance from the current government on the execution, which argues that the TSOs are better located within the BEH group. Even after the potential carve-out, Bulgartransgaz and ESO are intended to remain 100% owned by the government. The unbundling of the TSOs from the BEH group would increase business risk because of the reduction of the share of EBITDA from monopoly regulated businesses. Discussions are currently underway with the European Commission because certain grants could be at risk if the carve-out is not completed by the end of 2025.

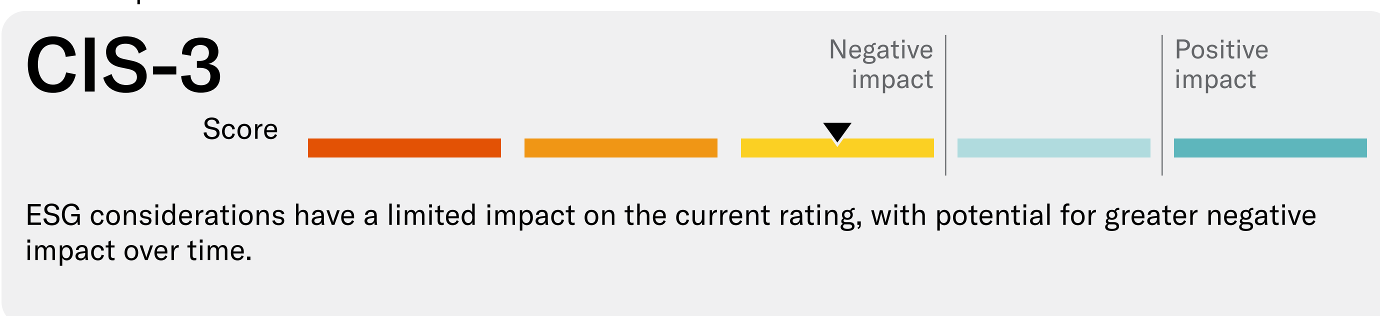
BEH's credit quality benefits from its government ownership

BEH is rated using our Government-related Issuers rating methodology because of its 100% ownership by the Bulgarian government. Consequently, the Ba1 rating incorporates two notches of uplift from the company's standalone credit quality or BCA of ba3, reflecting the high default dependence between the company and the government, and a high likelihood of extraordinary support from the government in case of financial distress in view of the company's strategic importance to the national economy. BEH owns a substantial part of the domestic energy infrastructure, including gas and electricity transmission grids, and the country's sole nuclear power plant.

ESG considerations

Bulgarian Energy Holding EAD's ESG credit impact score is CIS-3

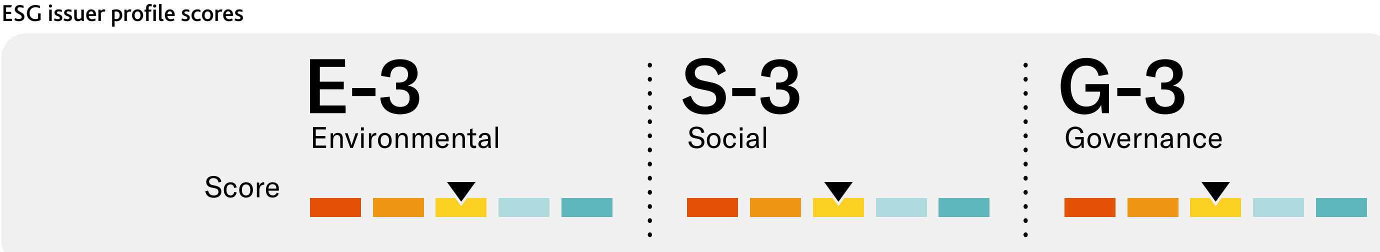
Exhibit 6
ESG credit impact score



Source: Moody's Ratings

BEH's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Its score reflects moderately negative environmental, social risk and governance risks. The effect of ESG risks to the rating is partly mitigated by our expectation that its government shareholder would support the company, if this were to become necessary.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

BEH's **E-3** score reflects the company's generation mix consisting of nuclear, hydro and lignite plants which are exposed to risks arising from nuclear waste disposal obligations, climate-related hydro volatility and tightening carbon emission policies, respectively. Mitigants include regular cash contributions to a special nuclear waste disposal fund, which limits the risk of sudden large payments; the moderate dependence of earnings on hydro generation; and the lignite plant's technical flexibility, which allows it to operate predominantly at peak hours. The group's gas and electricity transmission grid assets are exposed to physical climate risk, such as damage from storms, given that the electricity grid assets are mostly above ground.

Social

BEH's **S-3** reflects risks related to employees' health & safety, mostly through its mining operations, but also public safety concerns stemming from its nuclear plant operations, both of which are mitigated by the company's long track record of operating these assets without negative incidents and, in the case of the nuclear plant, regular overhauls to ensure compliance with global safety standards.

Governance

BEH's **G-3** score reflects our view of a lack of independent decision-making, given BEH's status as a fully state-owned company, though a reform to the Public Enterprise Act in October 2019 has introduced stricter rules on good governance and transparency for publicly owned companies. Furthermore the company has been displaying weaknesses in the quality of its reporting, reflected in perennial qualified audit opinions. These factors are balanced by a conservative financial policy with strong leverage metrics, despite a likely increasing dividend demand from the shareholder.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

As of year-end 2024, BEH had available unrestricted cash and cash equivalents of around BGN2.7 billion. The group's liquidity is managed at the parent company level through intercompany loans to the subsidiaries, the centralised purchase of carbon allowances on behalf of TPP ME2 with deferred repayment terms and, on occasion, the purchase of subsidiaries' trade receivables.

BEH only has some small bilateral bank lines for working capital purposes at the subsidiary level (especially Bulgartransgaz). Therefore, the group is reliant on internally generated cash flow, which has been volatile in the past; external debt financing; and, to a small degree, grants. Larger infrastructure projects such as large gas projects are usually financed with committed debt.

The lack of significant liquidity backup facilities, which differentiates BEH from its peers, is credit negative. This is because in case of larger debt refinancing requirements, the company is exposed to market disruption risk. The €600 million bond due for repayment on 28 June 2025 has been refinanced with a new €800 million bond on 12 June 2025 with a coupon of 4.25%. The next larger maturity is the BGN800 million loan at the Bulgargaz level, due in August 2025, that is likely to be extended as discussions with the government are ongoing.

BEH's liquidity could come under pressure from 2026 due to substantial dividend payments or increased capital outflow as the construction of new nuclear power plants starts to ramp up. We forecast that the company will use up its liquidity buffer by the end of 2025, and external financing might be required, subject to the amount of dividend payments, extension of the state loan, the actual start of construction for the new power plants and potential support from the government.

Structural considerations

Debt at the holding company level accounted for around 60% of total group debt as of 31 December 2024. The holding company's senior unsecured bonds are rated one notch below the corporate family rating, reflecting a degree of structural subordination of noteholders to the significant amount of debt at BEH's subsidiaries. Debt at the subsidiary level consists predominantly of a state loan of BGN800 million at the Bulgargaz level, likely to be extended or renewed in 2025, as well as amortizing loans related to Bulgartransgaz's capex, which mature by 2027. The holding company's debt service is fully reliant on dividend payments from the operating subsidiaries, and on intercompany loans. Dividend payments from subsidiaries to the holding company are determined annually by the Council of Ministers and may vary from the standard 50% of net profit, similar to BEH's required contributions to the state. For example, in 2025, subsidiaries were instructed to allocate 100% of their 2024 net profits.

Methodology and scorecard

BEH is rated based on our rating methodology for Unregulated Utilities and Unregulated Power Companies and our Government-related Issuers methodology.

BEH's assigned BCA is ba3, four notches below the Baa2 forward-looking scorecard-indicated outcome. The difference reflects the risks and uncertainties related to the construction of the two new nuclear power plants; weak liquidity management; and governance issues, such as the lack of approved financial policies and recurring audit qualifications.

Exhibit 8

Rating factors

Bulgarian Energy Holding EAD

Unregulated Utilities and Unregulated Power Companies Industry Scorecard	Current FY Dec-24		Moody's 12-18 month forward view	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Scale ($ billions)	Baa	Baa	Baa	Baa
Factor 2 : Business Profile (40%)				
a) Market Diversification	B	B	B	B
b) Hedging and Integration Impact on Cash Flow Predictability	B	B	B	B
c) Market Framework & Positioning	B	B	B	B
d) Capital Requirements and Operational Performance	Baa	Baa	Baa	Baa
e) Business Mix Impact on Cash Flow Predictability	Baa	Baa	Baa	Baa
Factor 3 : Financial Policy (10%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (40%)				
a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg)	15.7x	Aa	8.1x	A
b) (CFO Pre-W/C) / Net Debt (3 Year Avg)	175.2%	Aaa	41.9%	A
c) RCF / Net Debt (3 Year Avg)	127.6%	Aaa	28.7%	A
Rating:				
a) Scorecard-Indicated Outcome		Baa1		Baa2
b) Actual Baseline Credit Assessment Assigned				ba3
Government-Related Issuer				**Factor**
a) Baseline Credit Assessment				ba3
b) Government Local Currency Rating				Baa1
c) Default Dependence				High
d) Support				High
e) Actual Rating Assigned				Ba1

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
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Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 9

Peer comparison

Bulgarian Energy Holding EAD

	Bulgarian Energy Holding EAD Ba1 Stable			Hrvatska Elektroprivreda d.d. Baa1 Stable			Latvenergo AS Baa2 Stable			Holding Slovenske elektrarne d.o.o. Baa3 Positive			Eesti Energia AS. Baa3 Negative		
(in $ millions)	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-23	FY Dec-24	LTM Mar-25	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-23	FY Dec-24	LTM Mar-25
Revenue	10,423	5,349	4,125	2,334	3,370	4,371	2,200	1,843	1,740	3,003	5,618	5,350	2,061	1,932	1,949
EBITDA	2,332	1,289	805	547	(683)	612	648	626	538	108	(141)	668	487	447	440
Total Assets	15,768	15,650	15,976	7,095	7,386	8,477	4,610	4,593	4,933	2,325	2,620	2,644	5,292	5,250	5,588
Net Property Plant and Equipment	10,617	10,779	11,193	5,356	5,140	5,492	3,657	3,679	3,939	1,333	1,193	1,161	3,465	3,657	3,940
Total Debt	2,610	2,648	2,447	805	1,754	2,600	708	803	821	753	894	687	1,871	1,962	1,993
Cash & Cash Equivalents	2,322	1,742	1,444	659	451	584	286	307	376	110	381	123	193	486	515
Net Debt	289	906	1,003	147	1,303	2,016	423	497	445	643	514	564	1,679	1,477	1,478
(CFO Pre-W/C + Interest) / Interest Expense	28.8x	12.4x	8.6x	17.5x	-12.3x	8.3x	21.0x	22.7x	20.0x	18.6x	-7.4x	23.0x	1.9x	3.3x	3.3x
FFO / Net Debt	717.7%	120.8%	69.5%	344.1%	-48.0%	22.8%	137.3%	107.5%	100.0%	52.2%	-31.4%	112.3%	23.6%	19.5%	20.2%
RCF / Net Debt	681.6%	31.0%	54.6%	257.4%	-48.0%	22.8%	97.3%	62.9%	48.0%	52.2%	-31.4%	112.3%	18.2%	14.0%	14.4%
FFO / Debt	79.3%	41.3%	28.5%	62.7%	-35.7%	17.7%	81.9%	66.5%	54.2%	44.6%	-18.0%	92.2%	21.1%	14.7%	15.0%
RCF / Debt	75.4%	10.6%	22.4%	46.9%	-35.7%	17.7%	58.1%	38.8%	26.0%	44.6%	-18.0%	92.2%	16.3%	10.5%	10.7%
Debt / Book Capitalization	19.3%	19.6%	18.0%	16.6%	37.6%	45.3%	17.8%	20.5%	19.6%	44.8%	45.0%	34.6%	45.4%	46.8%	45.0%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 10

Moody's-adjusted debt reconciliation

Bulgarian Energy Holding EAD

(in BGN millions)	2020	2021	2022	2023	2024
As reported debt	**3,319.9**	**3,866.5**	**3,664.0**	**3,529.0**	**3,439.4**
Pensions	302.9	329.5	313.2	336.1	369.3
Non-Standard Adjustments	1,131.7	-	806.1	822.9	800.9
Moody's-adjusted debt	**4,754.5**	**4,196.0**	**4,783.3**	**4,688.1**	**4,609.6**
Cash & Cash Equivalents	(1,030.6)	(2,628.3)	(4,254.5)	(3,084.6)	(2,720.9)
Moody's-adjusted net debt	**3,723.9**	**1,567.8**	**528.8**	**1,603.5**	**1,888.8**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Exhibit 11

Moody's-adjusted EBITDA reconciliation

Bulgarian Energy Holding EAD

(in BGN millions)	2020	2021	2022	2023	2024
As reported EBITDA	**929.5**	**2,414.8**	**4,328.8**	**2,322.8**	**1,454.9**
Pensions	0.0	0.5	(0.9)	8.6	0.3
Moody's-adjusted EBITDA	**929.6**	**2,415.3**	**4,327.9**	**2,331.4**	**1,455.3**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Exhibit 12

Overview of select historical Moody's-adjusted financial data

Bulgarian Energy Holding EAD

(in BGN millions)	2020	2021	2022	2023	2024
INCOME STATEMENT					
Revenue	4,462	9,302	19,344	9,675	7,458
EBITDA	930	2,415	4,328	2,331	1,455
EBIT	301	1,695	3,498	1,431	523
Interest Expense	158	140	137	169	172
Net income	110	1,341	3,120	1,116	241
BALANCE SHEET					
Net Property Plant and Equipment	17,394	18,058	19,457	19,084	21,084
Total Assets	21,547	24,491	28,897	27,709	30,092
Total Debt	4,755	4,196	4,783	4,688	4,610
Cash & Cash Equivalents	1,031	2,628	4,254	3,085	2,721
Net Debt	3,724	1,568	529	1,604	1,889
Total Liabilities	9,828	9,797	9,852	9,372	10,145
CASH FLOW					
Funds from Operations (FFO)	550	1,970	3,795	1,936	1,312
Cash Flow From Operations (CFO)	934	2,672	2,993	1,855	1,614
Dividends	-	-	191	1,440	281
Retained Cash Flow (RCF)	550	1,970	3,604	497	1,032
Capital Expenditures	(1,596)	(1,701)	(508)	(992)	(1,124)
Free Cash Flow (FCF)	(663)	971	2,294	(576)	209
FFO / Net Debt	14.8%	125.6%	717.7%	120.8%	69.5%
RCF / Net Debt	14.8%	125.6%	681.6%	31.0%	54.6%
FFO / Debt	11.6%	46.9%	79.3%	41.3%	28.5%
RCF / Debt	11.6%	46.9%	75.4%	10.6%	22.4%
PROFITABILITY					
EBIT Margin	6.8%	18.2%	18.1%	14.8%	7.0%
EBITDA Margin	20.8%	26.0%	22.4%	24.1%	19.5%
INTEREST COVERAGE					
(FFO + Interest Expense) / Interest Expense	4.5x	15.0x	28.8x	12.4x	8.6x
LEVERAGE					
Debt / Book Capitalization	27.8%	21.2%	19.3%	19.6%	18.0%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Ratings

Exhibit 13

Category	Moody's Rating
BULGARIAN ENERGY HOLDING EAD	
Outlook	Stable
Corporate Family Rating	Ba1
Senior Unsecured	Ba2/LGD5

Source: Moody's Ratings

Endnotes

1 Bulgaria's National Assembly, Law on Amendment and Supplement to the Energy Act, 17 November 2023.

2 Details on the NRRP can be found here.

REPORT NUMBER 1451157