MOODY'S
INVESTORS SERVICE

CREDIT OPINION
9 October 2019

Update

Rate this Research

RATINGS

CEZ, a.s.

Domicile	Czech Republic
Long Term Rating	Baa1
Type	Senior Unsecured - Fgn Curr
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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CEZ, a.s.

Update following a change in outlook to stable

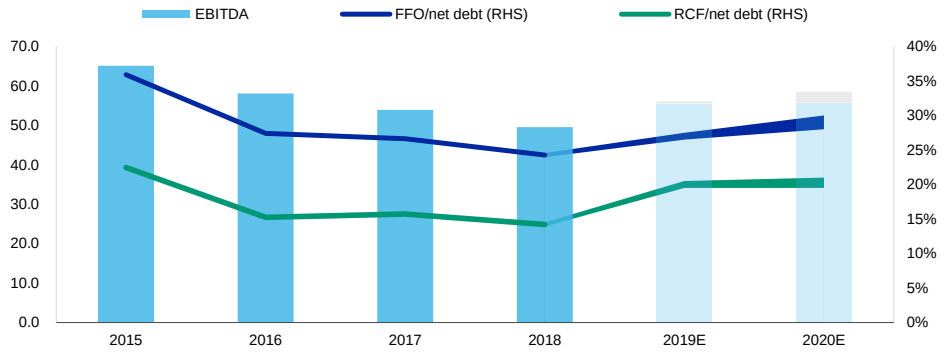
Summary

ČEZ, a.s. (ČEZ)'s credit quality is supported by (1) its leading position in the Czech electricity market and its well-balanced vertical integration; (2) the low-cost nature of its nuclear and lignite power generation fleet; (3) the relatively stable and predictable cash flows generated by its electricity distribution activities in Czech Republic; and (4) a moderate leverage with funds from operations (FFO)/net debt of around 27.5% as of end-June 2019.

These positives are balanced by (1) the company's relatively high exposure to merchant power generation, which together with the mining segment accounted for 46% of EBITDA in the twelve months to June 2019; (2) the predominantly fixed-cost power generation business; (3) the company's evolving strategic refocus on the domestic market, coupled with a fairly high dividend pay-out ratio; and (4) ČEZ's exposure to decarbonization policies, given its centralized and carbon-intensive (lignite) power generation.

We expect ČEZ's 2019 credit ratios to strengthen compared with last year, mainly on the back of the improved power price environment and higher output. The longer term evolution of the company's financial profile will depend on the execution of ČEZ's strategy aimed to exit international markets and will be subject to its involvement in development of new nuclear in the Czech Republic, which could bring significant risk.

Exhibit 1
ČEZ's financial metrics in 2019 will strengthen on the back of improved power prices
Funds from operations (FFO) and retained cash flow (RCF)-based ratios



The estimates represent Moody's forward view; not the view of the issuer. The forward view does not incorporate any material divestments.
Source: Moody's Investors Service

ČEZ's credit quality is supported by the 70% ownership by the Government of the Czech Republic (Aa3 stable).

Credit strengths

» ČEZ's generation fleet in the Czech Republic is mostly low-cost nuclear and lignite

» Regulated network distribution activities support cash flow stability

» Moderate capex programme results in positive free cash flows

» Ownership by the Czech government (Aa3 stable)

Credit challenges

» Large exposure to fixed-cost, merchant power generation in the Czech Republic

» Execution risk associated with ČEZ's strategy to exit international markets

» Uncertainty surrounding new nuclear development - timeline, balance of risks and potential for support

» Exposure to decarbonisation policies

Rating outlook

The stable outlook reflects our expectation that ČEZ's key credit metrics will remain aligned with the guidance for the current Baa1 rating, which includes funds from operations (FFO)/net debt around the mid twenties in percentage terms, and retained cash flow (RCF)/net debt in the high teens in percentage terms. It further considers that the company's involvement in the new nuclear development will have limited impact on ČEZ's financial risk profile in the near term.

Factors that could lead to an upgrade

ČEZ's rating could be upgraded if (1) there was evidence of the government's continued strong support to ČEZ; (2) the company's fundamental strength remained commensurate with at least the current BCA of baa2; and (3) there were adequate measures in place to mitigate the risk of the company's involvement in development of new nuclear.

Factors that could lead to a downgrade

Negative pressure on ČEZ's rating could develop if (1) the company were not able to maintain a financial profile commensurate with the current guidance, i.e. FFO/net debt around the mid-twenties in percentage terms and RCF/net debt in the high teens in percentage terms; (2) the company's business risk profile were to weaken, which could be as a result of, for example, the company's involvement in new nuclear development without any support mechanism; and/or (3) the support assumption currently incorporated in Moody's assessment were to weaken. Any rating downgrade would be considered in the context of the credit quality of the Government and the likelihood of extraordinary support.

Key indicators

Exhibit 2

ČEZ, a.s.

	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	2019 (E)	2020 (E)
(CFO Pre-W/C) / Net Debt	31.5%	35.9%	27.4%	26.6%	24.3%	26-28%	28-31%
RCF / Net Debt	19.6%	22.5%	15.2%	15.7%	14.2%	19-21%	19-22%
(FFO + Interest Expense) / Interest Expense	7.4x	8.7x	8.3x	8.0x	7.5x	8.0-9.0x	9.0-10.0x

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] The estimates represent Moody's forward view; not the view of the issuer.

Source: Moody's Financial Metrics, Moody's estimates

For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Profile

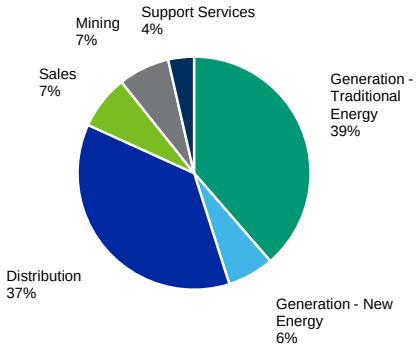
ČEZ, a.s. is one of the largest electric utility companies in Central and Eastern Europe with 15 gigawatts (GW) of power generation capacity and more than 7 million customers. The group operates primarily in the Czech Republic (89% of EBITDA in the 12 months to June 2019) as well as in Romania (5%), Bulgaria (2%), Germany (2%) and Poland (2%). It has also limited presence in France.

ČEZ's core businesses are (1) power generation, which includes traditional energy and renewables; (2) regulated distribution; (3) sales (including supply activities); and (4) mining and other activities, which complement the core business segments.

Exhibit 3

Power generation accounts for the bulk of ČEZ's EBITDA

EBITDA breakdown by segment, as of end-June 2019 (LTM)



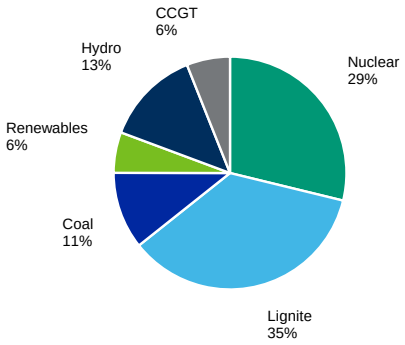
Total EBITDA of CZK55 billion.

Source: Company's reports, Moody's Investors Service

Exhibit 4

ČEZ's installed capacity includes mainly nuclear and coal

Breakdown of installed capacity, as of end-2018



Total capacity of 14.9 GW.

Source: Company's reports, Moody's Investors Service

ČEZ is approximately 70% owned by the Czech government (Aa3 stable), whilst the remaining shares are listed on the Prague stock exchange. As of early October 2019, ČEZ had a market capitalisation of around CZK277 billion (€10.8 billion).

Detailed credit considerations

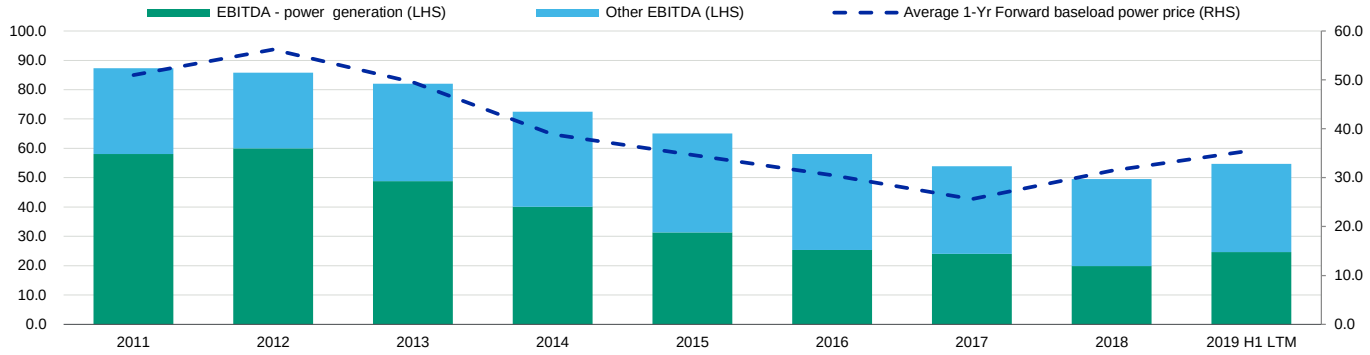
Large power generator exposed to power price swings

ČEZ is the largest generator in the Czech Republic, where it has 13 GW installed capacity and a market share of around 67%. This position is further supported by its vertical integration as the company (1) owns mines covering 71% of its lignite needs; and (2) has a 28% market share in supply. ČEZ's generation fleet is, however, predominantly fixed-cost, with 84% of total generation output represented by nuclear (47%) and lignite (37%). This makes the company particularly exposed to wholesale power prices.

Exhibit 5

ČEZ's EBITDA is sensitive to power prices

EBITDA in CZK billion, power price - €/MWh



2018 EBITDA was negatively affected by higher carbon allowance costs, lower coal generation as well as poor wind and hydrological conditions.

Source: Moody's Investors Service

More positively, we note that ČEZ has a fairly low fuel cost of €8/MWh for nuclear, which is supportive of the company's profitability even in a low price environment. ČEZ's fuel cost for lignite is also low, but the overall cost of production is impacted by carbon price. This is partly mitigated by the company's hedging strategy. Assuming current CO2 prices, the all-in cost of new/refurbished lignite power plants is at some €30-32/MWh.

Volatile commodity and power price environment but generation earnings will benefit from higher prices, if sustained

Czech power prices are closely linked to those in Germany given the interconnections between the two countries. Current one-year forwards in Germany are at around €50/MWh, up from the high thirties in early 2018. We expect market tightening in Germany after the nuclear phase-out in 2022 and the additional closures of coal capacity, assuming the so-called Coal Commission's recommendation is translated into law and implemented as currently expected. (See Coal phase-out: clear timeline but few details, February 2019, and In Germany, national policies will continue to challenge conventional generators, July 2018).

While ČEZ's earnings are exposed to the evolution of commodity markets, given its high share of merchant earnings, the impact of changes in prices on the company will be limited by existing hedges. As of end-June 2019, the company hedged 73% and 42% of its output at €42.3/MWh and €43.6/MWh for 2020 and 2021 respectively. The hedge ratio for 2022 is lower, at 16%, with a locked-in price of €44.8/MWh. In addition to power prices, ČEZ hedges also its exposure to carbon prices. The company has hedged its emission allowances at €13 and €17 per tonne for already sold production in 2020 and 2021, respectively. This compares with the current carbon price of around €27 per tonne.

Taking into account ČEZ's generation portfolio in the Czech Republic, we estimate that a €1/MWh increase in wholesale power prices will boost operating profits by around CZK860 million on an unhedged basis, equivalent to less than 2% of ČEZ's EBITDA in the 12 months to June 2019. (This estimate is calculated based on the assumption that the power price increase is mainly driven by the rise in prices for CO2 emission allowances). (See Higher power prices are positive for generators but credit impact is moderate, November 2018).

Regulated distribution activities support cash flow stability

Around 37% of ČEZ's EBITDA is derived from regulated electricity distribution network activities. Some 88% of this segment's earnings come from the Czech Republic, where the company owns five of the eight distribution grids, representing an aggregate regulated asset base (RAB) of CZK101.6 billion and accounting for around 65% of electricity distributed. The group's distribution activities in Romania (Baa3 stable) and Bulgaria (Baa2 stable) are much smaller in scale.

Exhibit 6

Summary of ČEZ's electricity distribution network activities

	Czech Republic	Bulgaria	Romania
Regulator / Price Control	ERO / 4th regulatory period	EWRC / 5th regulatory period	ANRE / 4th regulatory period
Regulatory period	2016-20	2018 - 2021	2019-23
Pre-tax allowed return	7.951% (nominal)	6.67% (nominal)	6.9% (real)
Regulated Asset Base	€3,952 million	€300 million	€462 million

Source: Company, Moody's Investors Service

We view the regulatory framework for electricity distribution networks in the Czech Republic as well-defined, providing adequate and fair remuneration for operating expenditure and investments and generally supportive of ČEZ's credit quality. The current regulatory period, which was extended by two years, spans until 2020, providing for a near-term visibility to the networks' earnings. In August 2019, the Energy Regulatory Office (ERO) published its draft proposal for the fifth regulatory period starting from 1 January 2021. The regulator has indicated a cut in the allowed returns underpinning tariff decisions from 7.951% in the current period to 5.965% or 6.54% depending on the methodology used. The proposal is subject to public consultation with the final decision expected at the beginning of next year. We expect the cut in allowed returns to have a modest negative impact on the company's earnings.

ČEZ's distribution activities in Bulgaria and Romania, contributing around CZK3 billion to the group's EBITDA in the 12 months to June 2019, provide less earnings predictability due to less stable regulatory regimes. The company plans to divest its international distribution networks.

Sales segment provides platform for development of new energy solutions but competition pressures volumes and margins

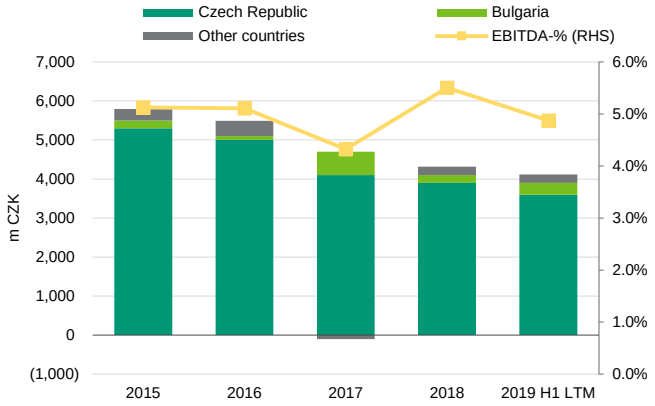
With sales of 17.2 TWh in the 12 months to June 2019, ČEZ is a large supplier of electricity in the Czech Republic, accounting for 28% of the market. Outside of its domestic market, the company's electricity retail sales amounted to 19.6 TWh, of which 10.5 TWh in Bulgaria and 3.6 TWh in Romania.

We expect ČEZ's earnings in the Czech Republic to remain under pressure this year due to higher commodity prices but the overall competitive dynamics appear to be less challenging than in some Western European countries. Profitability of sales in Romania and Bulgaria will, however, decrease further. The decline in retail supply earnings will be somewhat offset by growth in energy services, including in Germany and Poland, where ČEZ increased its presence via a number of acquisitions.

Exhibit 7

ČEZ's Sales EBITDA has decreased since 2015

in CZK million



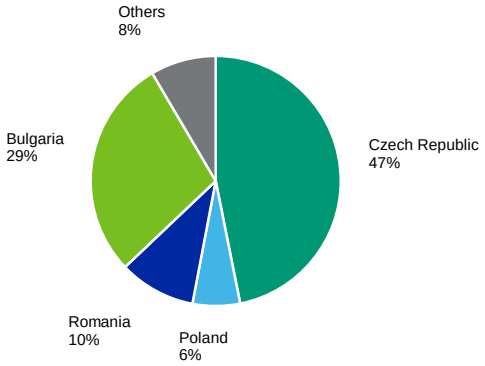
2015 EBITDA includes extraordinary CZK 1.1bn payment.

Source: Company's reports, Moody's Investors Service

Exhibit 8

Sales in the Czech Republic account for the bulk of total

Electricity supplied in TWh, as of end-June 2019 (LTM)



Total electricity supplied amounted to 36.8 TWh.

Source: Company's reports, Moody's Investors Service

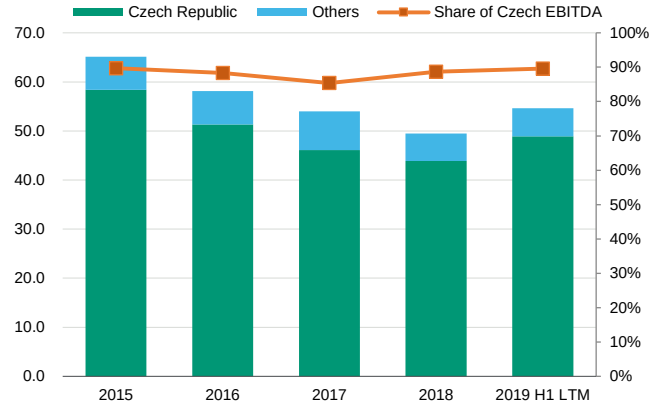
New strategy assumes focus on the domestic market

In June 2019, ČEZ presented a new strategy with a stronger focus on its domestic market and a selective approach to pursuing opportunities in the energy services (ESCO) segment outside of the Czech Republic. The company plans to exit segments and countries where it sees limited growth potential or heightened competitive pressure on returns. In particular, ČEZ will cease to expand in renewable energy abroad and, instead, prioritise growth in renewables in the Czech Republic. (See ČEZ, a.s.: Updated strategy focuses on domestic market, July 2019).

Exhibit 9

ČEZ's share of domestic EBITDA has been fairly stable

EBITDA in CZK billion

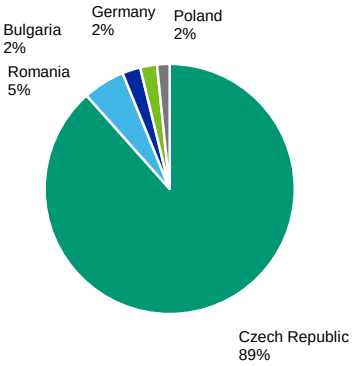


Source: Company's reports, Moody's Investors Service

Exhibit 10

International activities account for a modest share of total

EBITDA breakdown, as of end-June 2019 (LTM)



Source: Company's Reports, Moody's Investors Service

International businesses to be divested contributed CZK5.5 billion, or 11%, to the company's EBITDA last year.

There is uncertainty around the timing of the planned exit from international markets and the amount of cash proceeds. In this regard, we note that ČEZ has been pursuing the disposal of its business in Bulgaria since early 2018, with the transaction encountering a number of challenges to execution. More generally, the credit impact of the divestments will depend on the use of cash proceeds. Management has indicated that the company will either reduce its net debt, reinvest the proceeds into energy services and domestic renewables, and/or distribute to shareholders.

Credit metrics to improve on the back of higher realised power prices, absent increased investments

In 2018, ČEZ's financial ratios were weakly positioned against our guidance, given negative impact of lower wholesale power prices and output on the company's earnings.

We expect the company's credit ratios to strengthen this year, mainly on the back of improved power price environment and higher output. The longer term evolution of the company's financial profile will depend on the execution of ČEZ's strategy aimed to exit international markets and the level of investments. At this stage, the company has not provided any updated investment plan, with the actual spending likely to depend on the pace of development of renewables in the Czech Republic, which is subject to approval of new legislation for renewable energy. The scale of investments will also depend on the development of new nuclear power plant as the company prepares for the construction phase in the medium term.

ČEZ targets a financial profile with leverage of 2.5-3x on a net debt/EBITDA basis. The company's updated dividend policy assumes a pay-out of 80-100% of consolidated adjusted net income, with the actual payments at the higher end of this range.

Development of new nuclear would bring significant risks, support arrangements yet to be confirmed

In July 2019, the Czech government approved a framework plan for new nuclear plant development that would allow the Czech Republic to remain self-sufficient in power generation after the country runs out of domestic coal and existing nuclear plants reach the end of their operational life. The proposed model assumes that ČEZ will invest in new nuclear capacity based on a contract between the company and the government.

Under the government plan, the project will be developed at a dedicated special purpose vehicle (SPV) of ČEZ. The contract will include put and call options at various stages of development of the project with obligation of the government to buy SPV for a price principally corresponding to cumulative project costs to date in case of the absence of the agreement on the next phase of the project. The terms of the contract, which will need to receive state aid clearance from the European Commission, are, however, still subject to negotiation between ČEZ and the government.

While many details, including the funding model, are yet to be agreed, the previously considered options for ČEZs involvement in the project with the potential for the split of the group and the support mechanism in the form of state guarantees, do not appear to be a likely solution. This is particularly relevant in the context of the significant execution risks in nuclear construction - long lead time, high costs and complex engineering, as evidenced by the long delays and cost overruns for the ongoing projects in other European countries. (See Further OL3 delay illustrates significant risks in nuclear construction, December 2018, and New cost overrun and potential delay at Hinkley Point are credit negative, September 2019).

Overall, we view the potential new nuclear development by ČEZ as credit negative. The precise impact of the project will, however, depend on the balance of risks between the company and the government. In addition, any investments associated with new nuclear development will be limited in the medium term.

Government ownership supports credit quality

ČEZ is 70% owned by the Czech government and we expect the state will continue to hold a majority shareholding in the company.

The company plays a critical role within the Czech energy sector and has a high strategic importance to the overall Czech economy, given that it represents one of the largest employers and contributors to the state budget.

Relatively high risk from decarbonisation of the power sector

The EU has committed to reduce greenhouse gas emissions by 40% from 1990 levels and to increase the contribution of renewables to energy demand to 27% by 2030. These targets, agreed in 2014, formed the basis of the EU's Nationally Determined Contributions

incorporated into the Paris Agreement, and are designed to significantly decarbonise the region's economies. We believe that unregulated utilities, which account for 40% of EU carbon emissions, will need to deliver a significant share of the reductions, and that this will create a variety of risks and opportunities for individual utilities.

We believe that ČEZ has a relatively high exposure to carbon transition risks compared to peers, given its material exposure to centralized and carbon-intensive (lignite) power generation. The company's carbon intensity of its generation fleet amounts to 390 g/kWh. ČEZ currently has limited exposure to renewables and services.

Liquidity analysis

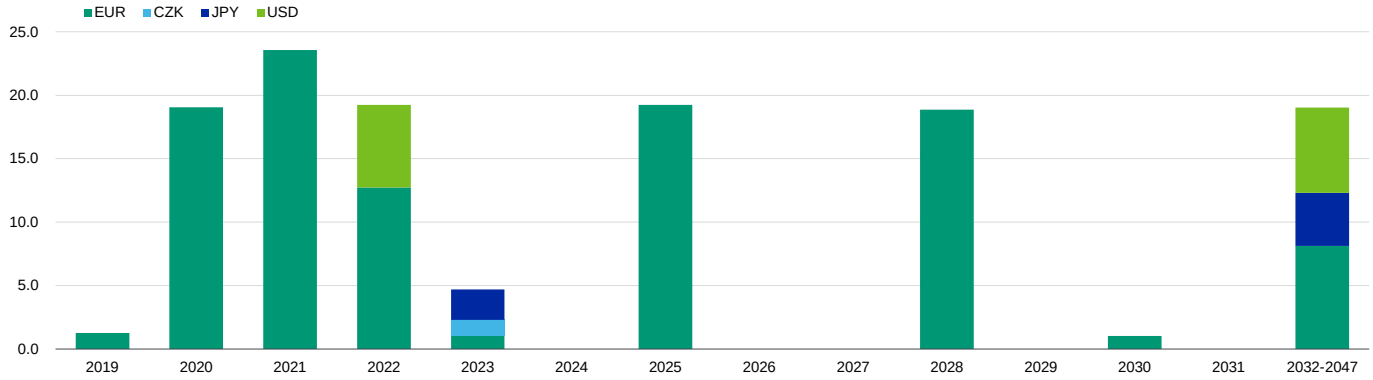
As of end-June 2019, ČEZ's liquidity was supported by CZK8.3 billion of cash and CZK26 billion of undrawn committed facilities.

The company's next significant bond maturity is in Q2 2020, when its €750 million 4.5% notes come due.

Exhibit 11

Bond maturity profile as of end-June 2019

in CZK billion



In addition to bonds, ČEZ had CZK24 billion in bank debt outstanding as of end-June 2019.
Source: Company, Moody's Investors Service

Structural considerations

ČEZ is the principal borrower for the ČEZ group and the issuer under the €8 billion euro medium-term note (EMTN) programme.

Following the early redemption of convertible bonds in the amount of CZK12.6 billion with the proceeds from the sale of a 7.5% stake in MOL in April 2017, ČEZ's capital structure includes a mix of senior unsecured bonds and bank debt. Some 8% of the group's debt is raised at the subsidiary level.

Rating methodology and scorecard factors

ČEZ is rated in accordance with the rating methodology for Unregulated Utilities and Unregulated Power Companies, published in May 2017. The company's baseline credit assessment (BCA) is in line with the scorecard-indicated outcome.

Given the 70% ownership by the Czech government, ČEZ is considered a Government-Related Issuer (GRI) under Moody's methodology for Government-Related Issuers, published in June 2018. Accordingly, and based on our estimate of strong support and moderate dependence, the Baa1 rating factors in one notch of uplift from the company's BCA of baa2.

Exhibit 12

Rating Factors

ČEZ, a.s.

Unregulated Utilities and Unregulated Power Companies Industry Grid [1][2]	Current LTM 6/30/2019		Moody's 12-18 Month Forward View As of October 2019 [3]	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Scale (USD Billion)	A	A	A	A
Factor 2 : Business Profile (40%)				
a) Market Diversification	Ba	Ba	Ba	Ba
b) Hedging and Integration Impact on Cash Flow Predictability	Baa	Baa	Baa	Baa
c) Market Framework & Positioning	Ba	Ba	Ba	Ba
d) Capital Requirements and Operational Performance	A	A	A	A
e) Business Mix Impact on Cash Flow Predictability	Aa	Aa	Aa	Aa
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)	7.2x	Baa	8.5x - 9.5x	A
b) (CFO Pre-W/C) / Net Debt (3 Year Avg)	28.2%	Baa	28% - 30%	Baa
c) RCF / Net Debt (3 Year Avg)	16.1%	Baa	20% - 22%	Baa
Rating:				
a) Indicated Rating from Grid		Baa2		Baa1
b) Actual Baseline Credit Assessment Assigned		baa2		

Government-Related Issuer	Factor
a) Baseline Credit Assessment	baa2
b) Government Local Currency Rating	Aa3
c) Default Dependence	Moderate
d) Support	Strong
e) Final Rating Outcome	Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 06/30/2019; Source: Moody's Financial Metrics™.
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Investors Service

Ratings

Exhibit 13

Category	Moody's Rating
CEZ, A.S.	
Outlook	Stable
Senior Unsecured	Baa1

Source: Moody's Investors Service

Appendix

Exhibit 14

ČEZ, a.s.Peer Comparison Table

	CEZ, a.s. Baa1 Stable			Fortum Oyj Baa2 Negative			EnBW AG (P)A3 Negative			Vattenfall AB A3 Negative		
(in EUR million)	FYE Dec-17	FYE Dec-18	LTM Jun-19	FYE Dec-17	FYE Dec-18	LTM Jun-19	FYE Dec-17	FYE Dec-18	LTM Jun-19	FYE Dec-17	FYE Dec-18	LTM Jun-19
Revenue	7,616	7,093	7,642	4,520	5,242	5,404	21,974	20,618	22,074	14,019	15,294	15,906
EBITDA	2,005	1,892	2,082	1,296	1,621	1,571	4,092	2,172	2,094	3,691	3,509	3,643
Total Assets	23,833	26,925	26,228	22,901	23,619	23,846	39,207	39,950	39,656	42,142	46,234	43,077
Total Debt	7,045	7,210	7,097	6,152	7,410	7,852	18,554	18,504	20,439	15,550	15,129	14,921
Net Debt	6,422	6,782	6,612	2,255	6,826	6,555	9,497	10,509	13,069	13,098	11,421	12,169
FFO / Net Debt	26.6%	24.3%	27.5%	40.9%	18.9%	23.5%	33.1%	17.7%	15.9%	20.9%	22.6%	22.7%
RCF / Net Debt	15.7%	14.2%	17.0%	-2.5%	4.6%	8.3%	31.7%	14.4%	13.0%	20.0%	19.5%	20.2%
(FFO + Interest Expense) / Interest Expense	8.0x	7.5x	8.0x	5.9x	8.5x	9.6x	5.4x	3.7x	4.1x	4.6x	5.1x	6.1x
Debt / Book Capitalization	38.0%	39.8%	38.1%	30.4%	36.7%	36.8%	70.8%	69.7%	73.1%	56.8%	54.5%	54.9%

All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics™.

Exhibit 15

ČEZ, a.s.
Adjusted Net Debt calculation

(in CZK million)	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18	LTM Jun-19
As Reported Total Debt	184,134	157,494	167,816	154,307	160,966	152,274
Non-Standard Public Adjustments	32,751	26,680	23,069	25,868	24,889	27,858
Moody's Adjusted Total Debt	216,885	184,174	190,885	180,175	185,855	180,132
Cash & Cash Equivalents	(36,879)	(25,595)	(16,218)	(15,933)	(11,037)	(12,309)
Moody's Adjusted Net Debt	180,006	158,579	174,667	164,242	174,818	167,823

All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics™.

Exhibit 16

ČEZ, a.s.

Selected Moody's adjusted financial data

(in CZK million)	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18	LTM Jun-19
INCOME STATEMENT						
Revenue	198,306	206,134	201,641	200,213	181,893	196,753
EBITDA	68,196	67,032	56,562	52,714	48,504	53,605
EBIT	40,491	38,413	27,584	23,409	20,365	25,358
Interest Expense	8,806	7,414	6,574	6,203	6,497	6,618
Net income	23,891	22,724	13,430	12,338	10,500	14,734
Amortization	1,667	1,473	1,409	1,432	1,438	1,438
BALANCE SHEET						
Net Property Plant and Equipment	422,486	417,741	423,906	426,411	415,648	416,842
Total Assets	612,149	586,707	614,864	609,559	694,089	665,710
Total Debt	216,885	184,174	190,885	180,175	185,855	180,132
Cash & Cash Equivalents	36,879	25,595	16,218	15,933	11,037	12,309
Net Debt	180,006	158,579	174,667	164,242	174,818	167,823
Total Liabilities	351,240	310,664	341,027	339,969	434,270	398,055
CASH FLOW						
Funds from Operations (FFO)	56,786	56,928	47,923	43,698	42,471	46,172
Cash Flow From Operations (CFO)	63,263	65,540	42,806	40,479	31,064	37,798
Dividends	21,549	21,313	21,333	17,859	17,613	17,616
Retained Cash Flow (RCF)	35,237	35,615	26,590	25,839	24,858	28,556
Capital Expenditures	(28,386)	(24,870)	(29,406)	(25,355)	(21,731)	(25,040)
Free Cash Flow (FCF)	13,328	19,357	(7,933)	(2,735)	(8,280)	(4,858)
INTEREST COVERAGE						
(FFO + Interest Expense) / Interest Expense	7.4x	8.7x	8.3x	8.0x	7.5x	8.0x
LEVERAGE						
FFO / Net Debt	31.5%	35.9%	27.4%	26.6%	24.3%	27.5%
RCF / Net Debt	19.6%	22.5%	15.2%	15.7%	14.2%	17.0%
Debt / EBITDA	3.2x	2.7x	3.4x	3.4x	3.8x	3.4x
Net Debt / EBITDA	2.6x	2.4x	3.1x	3.1x	3.6x	3.1x

All figures and ratios are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics

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