MOODY'S
RATINGS

Rating Action: Moody's Ratings upgrades ESB's ratings to A2; stable outlook

24 Aug 2026

London, August 24, 2026 -- Moody's Ratings (Moody's) has today upgraded the long-term and short-term issuer ratings of Electricity Supply Board (ESB) to A2 and P-1, from A3 and P-2 respectively. We have also upgraded (1) ESB's senior unsecured MTN program rating to (P)A2, from (P)A3; and (2) the backed senior unsecured debt ratings and backed senior unsecured MTN program rating of ESB Finance Designated Activity Company (ESB Finance DAC), ESB's finance subsidiary, to A2 and (P)A2, from A3 and (P)A3 respectively. Concurrently, we have also affirmed the baa1 Baseline Credit Assessment (BCA) of ESB. The outlook on both ESB and ESB Finance DAC has been changed to stable from positive.

Today's rating action follows the upgrade to Aa2 from Aa3 on the Government of Ireland and the positive outlook maintained. For further information on the sovereign rating action, please refer to the press release dated 21 August 2026: https://ratings.moodys.com/ratings-news/471500.

RATINGS RATIONALE

The one notch upgrade reflects the improved credit quality of the Government of Ireland and our assessment of the likelihood of the government providing support to ESB, should it become necessary.

Given its 97.7% ownership by the Government of Ireland, ESB is considered a government-related issuer (GRI) under our Government-related Issuers methodology. The A2 rating reflects (1) the company's standalone credit quality, as captured by its baa1 BCA; and (2) our assessment of high dependence and strong likelihood of extraordinary support being provided by the Government of Ireland.

Our assessment of the likelihood of government support in the event of financial distress reflects ESB's strategic importance as the onshore electricity transmission owner and electricity distribution system operator across the island of Ireland, as well as its sizeable market share in generation and supply. The Government's €1.5 billion equity injection into ESB Networks - the group's electricity network business in the country - in 2025 demonstrates this importance. ESB Networks' planned investments during the current regulatory period (PR6, which began in January 2026 and runs through 2030) are aligned with key government policies.

ESB's baa1 BCA reflects that its standalone credit quality continues to be supported by (1) the majority of earnings coming from the group's monopoly onshore electricity network businesses; (2) the well-established and transparent regulatory regimes governing these operations; and (3) its solid financial profile, which we expect to be maintained despite the large and growing capital investment programme - around €20 billion over 2026-30.

The stable outlook reflects (1) that a downgrade of Government of Ireland is not currently expected, given the positive outlook on this entity; and (2) our expectation that ESB will maintain financial metrics at least in line with the guidance for the current rating, with funds from operations (FFO)/Net Debt of at least 16%, as it executes its investment programme.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade of the A2 ratings is not currently anticipated. This reflects that (1) a further upgrade of the sovereign rating of the Government of Ireland would, in-of-itself, not trigger an upgrade of ESB's ratings, absent an increase in the government support assumption embedded in the rating; and (2) a one notch upgrade of the BCA would not, in turn, lead to an upgrade of the A2 ratings.

An upgrade of the BCA is not currently anticipated because we expect ESB's strong financial metrics to weaken as the investment programme progresses. However, upwards ratings pressure on the BCA could develop if there was a change in financial policy and ESB appeared likely to defend a financial profile commensurate with an a3 BCA – FFO / Net Debt of at least 20% - beyond PR6.

While not expected, downward rating pressure would arise if (1) ESB was no longer likely to maintain FFO/Net Debt of at least 16%; or (2) the Government of Ireland was downgraded.

The methodologies used in these ratings were Regulated Electric and Gas Networks published in April 2022 and available at https://ratings.moodys.com/rmc-documents/386754, and Government-related Issuers published in May 2025 and available at https://ratings.moodys.com/rmc-documents/443641. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

ESB's BCA of baa1 is two notches below the historical scorecard-indicated outcome of A2. The main reason for the difference is the additional risk compared with peers rated under the Regulated Electric and Gas Networks methodology posed by the material contribution to group earnings from unregulated businesses, power generation and electricity supply.

Electricity Supply Board (ESB) is the former incumbent vertically integrated electric utility in the Republic of Ireland. It holds leading market positions in power generation and electricity supply and is the monopoly owner of electricity distribution and transmission networks across the island of Ireland. In FY2025, ESB reported revenues of €6.7 billion and EBITDA of €1.9 billion.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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