MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms ESB's A3 ratings; maintains positive outlook

10 Jun 2026

London, June 10, 2026 -- Moody's Ratings (Moody's) has affirmed the A3 long-term issuer rating, P-2 short-term issuer rating and (P)A3 senior unsecured MTN program rating of Electricity Supply Board (ESB). We have also affirmed the A3 backed senior unsecured debt ratings and (P)A3 backed senior unsecured MTN program rating of ESB Finance Designated Activity Company (ESB Finance DAC), ESB's finance subsidiary. Finally, we have also affirmed the baa1 Baseline Credit Assessment (BCA) of ESB. The outlook on ESB and ESB Finance DAC remains positive.

RATINGS RATIONALE

RATINGS AFFIRMATION

The affirmation of ESB's ratings reflects our expectation that the company will maintain financial metrics in line with revised guidance for the baa1 BCA, with funds from operations (FFO)/Net Debt of at least 16%, as it executes its large and growing investment programme – around €20 billion over 2026-30. ESB's solid financial profile – reflected in FFO/Net Debt of 29.8% in FY2025 – has been supported by (1) a favourable operating environment in recent years; and (2) balance sheet strengthening measures implemented ahead of this investment phase, including a €1.5 billion equity injection.

Electricity networks account for around €16 billion (80%, net of customer contributions) of planned investment, with the vast majority in the Republic of Ireland. Under its regulatory determination for PR6, ESB Networks received a baseline capex allowance of €9.1 billion (gross: €5.9bn in distribution and €3.3 billion in transmission), with the potential for an additional €4.5 billion of allowances under the Agile Investment and Monitoring Framework if all projects under the high-investment scenario proceed. In such a scenario, net investment would exceed ESB Networks' current RAB (c. €12 billion as of December 2025).

The relatively slow cost recovery of ESB Networks' investments – given most assets are depreciated over long periods (45 or 50 years) and the deferral of a portion of returns under the real return framework – will result in leverage increasing faster than operating cash flow. A similar dynamic applies to ESB's electricity networks investments in Northern Ireland (Northern Ireland Electricity Networks Limited). As a result, we expect ESB's FFO/Net Debt to decline to the mid-to-high teens (in percentage terms) by FY2030. The planned reduction in distributions (to 30% of normalised profit after tax, previously 40%) and anticipated hybrid issuance over the period will partly mitigate this decline.

The reduction in the minimum baa1 guidance - from 17% to 16% FFO/Net Debt – reflects the anticipated strengthening of ESB's business risk profile as it delivers its investment programme. ESB expects 75% of EBITDA to be derived from regulated networks over 2026–30 (compared with around two thirds in a typical year in the past), with a further 19% from generation. We estimate that around half of generation earnings will be contracted – a much higher share than in the past – reflecting capacity market awards for its thermal assets and contracts secured for its growing portfolio of renewable and renewable enabling projects.

Following the downward revision of ESB's 2030 target for installed capacity of decarbonised electricity (from 5 GW to 4 GW), we expect a material decline in off-balance-sheet debt (from elevated levels) as a proportion of consolidated group debt over this period.

POSITIVE OUTLOOK

The maintenance of the positive outlook reflects the positive outlook on ESB's majority owner, the Government of Ireland (Aa3 positive). A one-notch upgrade of the sovereign rating would lead to a corresponding one-notch upgrade of ESB's ratings.

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 A3 rating reflects (1) the company's standalone credit quality, as captured by its baa1 BCA; and (2) our assessment of high dependence and a strong likelihood of extraordinary support from the Government of Ireland.

Our assessment of a strong probability 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, including the National Planning Framework, Housing for All, the National Development Plan and the Climate Action Plan.

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

The ratings would be upgraded if the sovereign rating of the Government of Ireland were upgraded, assuming unchanged support assumptions and that ESB maintains financial metrics in line with our baa1 guidance.

An upgrade of the BCA and, in turn, the final rating is not currently anticipated. Although financial metrics are strong, they are expected to weaken as the investment programme progresses. However, upwards ratings pressure 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.

Downwards pressure on the BCA is not currently anticipated, given our expectation that ESB will retain headroom to our minimum guidance (FFO / Net Debt of at least 16%). A one-notch downgrade of the BCA, by itself, would not lead to a downgrade of ESB's ratings.

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 onshore 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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