

# Ireland-Based Electricity Supply Board Upgraded To 'A+' On Similar Sovereign Action; Outlook Stable

March 30, 2026

## Rating Action Overview

- On March 20, 2026, we raised our long-term rating on Ireland to 'AA+' from 'AA' and assigned a stable outlook.
- We believe that there is a high likelihood of extraordinary sovereign support for Electricity Supply Board (ESB), given its very important role for Ireland's energy transition and the strong link with the Irish government.
- We therefore raised our long-term issuer credit rating on ESB to 'A+' from 'A' and affirmed our 'A-1' short-term issuer credit rating. We also raised our ratings on the senior unsecured debt to 'A+' from 'A'.
- The outlook is stable, mirroring that on the sovereign, reflecting our expectation that ESB will continue to generate most of its profits from regulated power transmission and distribution operations under a supportive regulatory framework.

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## Rating Action Rationale

**The upgrade of ESB reflects a similar action on Ireland.** On March 20, 2026, S&P Global Ratings raised its long-term rating on Ireland, citing its diversified and resilient economy, which expanded by an average of 5% annually over the past five years, as well as its strong fiscal and economic buffers and sound policy settings (see "[Ireland Upgraded To 'AA+' On Stronger Economic And Fiscal Profiles; Outlook Stable](#)," March 20, 2026). The stable outlook on Ireland reflects the balance between its economic and fiscal resilience and ongoing concentration risk, particularly in the government's corporation tax receipts.

**Our rating on ESB is underpinned by its 97% state ownership and its strategic importance to Ireland's energy transition.** Ireland currently owns 97% of ESB and we expect it will remain the majority owner of the group over the long term. The strong link with the government is further demonstrated by the December 2025 €1.5 billion equity injection. We therefore add three notches of uplift to our 'bbb+' assessment of ESB's stand-alone credit profile (SACP) to derive the issuer credit rating.

**The rating is further supported by ESB's expanding regulated activities and accelerated deployment of renewables.**

The group's vertically integrated model, spanning generation, transmission, distribution, and customer supply, continues to drive earnings stability with regulated activities contributing the majority of EBITDA (about two thirds in 2025). The new PR6 regulatory framework (2026-2030) introduces new efficiency and a material step-up in investments, with approved capital expenditures (capex) of €9.1 billion and potential to rise to €13.4 billion. This nearly doubles the baseline allowance compared with the previous period (PR5) and reinforces ESB's central role in enabling electrification and renewable integration. In 2025, ESB's reported €2.7 billion of capex, of which almost 65% was allocated to power network infrastructure. Investments in low-carbon generation assets more than doubled year on year, reflecting ESB's alignment with Ireland's Climate Action Plan and its own net-zero strategy. We expect ESB Group investments will continue to increase in the coming years, at about €2.6 billion annually over 2025-2028 from €1.5 billion in 2024, mostly skewed toward regulated network investments (about 70%).

**We expect ESB's credit metrics to remain consistent with its 'bbb+' SACP.** We forecast S&P Global Ratings-adjusted funds from operations (FFO) to increase to €1.5 billion-€1.6 billion in 2026 from €1.4 billion-€1.5 billion in 2025 supported by strong regulatory frameworks in both the Republic and in Northern Ireland. In 2025, ESB reported net debt of €5.8 billion, excluding non-recourse debt in joint ventures. We anticipate rising net debt, to fund the investment program, reaching €8.8 billion-€8.9 billion in 2026 and €9.1 billion-€9.3 billion 2027, including investments in joint ventures. We project FFO to debt will remain at about 18% over 2025-2028, in line with our expectations for the SACP. We forecast ESB will continue posting negative discretionary cash flows with annual capex averaging about €2.6 billion over 2025-2028.

## Outlook

The stable outlook on ESB mirrors that on the sovereign as we expect Ireland to continue supporting ESB throughout the extensive investment phase. It also indicates that we expect ESB will continue to post predictable earnings in the low risk regulated networks business while also benefitting from its strong market position in the Irish electricity generation and supply markets. We also factor in no major cost overruns during the construction of Inch Cape wind farm. As a result, we expect ESB's FFO to debt will remain above 16% over the next two to three years.

### Downside scenario

A downgrade of ESB could stem from a similar action on the sovereign or a downward revision of the SACP to 'bbb'. This could occur if there was a less supportive financial policy, resulting in FFO to debt, including off-balance-sheet debt of projects under construction, falling below 16%. We could also lower the rating if we assessed the likelihood of extraordinary sovereign support as having diminished.

### Upside scenario

We could raise the rating on ESB only if we raised the sovereign rating by two notches to 'AAA' and at the same time revised upward our view of ESB's SACP by one notch to 'a-', which we view as unlikely over the next two years.

## Company Description

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ESB was established in 1927 and is 97.7% owned by the government of Ireland. It reported EBITDA of roughly €1.9 billion for 2025.

ESB is an integrated utility predominantly operating in Ireland and Northern Ireland. It has a strong market position across the island. ESB's activities span power generation, electricity transmission and distribution, and power supply. ESB is the monopoly owner of the onshore transmission and distribution grids in Ireland and Northern Ireland with a regulated asset base of approximately €15 billion as of end 2025 (comprising ESB Networks' €12 billion and NIE Networks' €3 billion) and has a 24% share in the integrated single electricity generation market across the whole island.

## Our Base-Case Scenario

### Assumptions

Our base-case assumptions for 2025-2029:

- Real GDP growth for Ireland of 2.5% in 2025, 2.3% in 2026, 2.2% in 2027, and 1.9% in 2028.
- Real GDP growth for the U.K. of 0.9% in 2025, 1.4% in 2026, 1.6% in 2027, and 1.4% in 2028.
- Annual electricity demand increase of 3.0%-3.5% in Ireland.
- Pre-tax real weighted average cost of capital (WACC) of 3.80% for the fifth price review (PR5) (2021-2025) and 3.85% for the sixth price review (PR6) (2026-2030).
- Continued regulatory visibility and high predictability of earnings from ESB's Ireland-based network operations as well as its subsidiary, NIE, which started the new six-year regulatory period in April 2025.
- EBITDA margin increasing to about 33% by 2029 from 25% in 2025, due to an increasing share of EBITDA to be generated from regulated networks (about 70% on average) and the rest from generation and customer solutions.
- Annual net capex (net of consumer contributions) and including equity injection in joint ventures of about €2.6 billion on average per year over 2025-2029, with about two-thirds invested in regulated networks.
- About €7 billion debt issuance over 2025-2029 to finance the increased capex and debt refinancing.
- €1.5 billion equity injection from the state received in December 2025.

### Key metrics

#### Electricity Supply Board--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
EBITDA	1,493	1,686	1,982	1,905	1,800-1,900	1,900-2,000	2,300-2,400	2,500-2,600
Funds from operations (FFO)	1,214	1,312	1,627	1,464	1,400-1,500	1,500-1,600	1,800-1,900	1,900-2,000
Net capital expenditure (capex)	935	1,142	1,511	1,487	2,000-2,200	2,500-2,600	2,600-2,800	2,800-3,000
Dividends	81	126	327	220	150-200	150-200	150-200	>300
Debt*	5,770	7,264	7,111	7,451	8,000-8,200	8,800-8,900	9,100-9,300	10,000-10,200

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### Electricity Supply Board--Forecast summary

#### Adjusted ratios

Debt/EBITDA (x)	3.9	4.3	3.6	3.9	4.0-4.5	4.0-4.5	4.0-4.5	3.8-4.3
FFO/debt (%)	21.0	18.1	22.9	19.7	17.0-17.5	17.0-17.5	19.0-19.5	19.5-20.0
DCF/debt (%)	6.7	(10.4)	9.0	(2.0)	(7)-(2)	(15)-(10)	(12)-(7)	(12)-(7)

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro. \* Forecasts include ESB's share of debt at joint ventures for projects under construction.

## Liquidity

We assess ESB's liquidity position as strong, supported by the cash received from the equity raise, reflecting our view that its liquidity resources will exceed its funding needs by more than 1.5x in the 12 months started Dec. 31, 2025, and by above 1.0x for the following 12 months. The company's ongoing and proactive liquidity and debt management, solid relationships with banks, and ample, proven access to capital markets, further support our assessment.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"> <li>Available cash balance of about €1.8 billion, including the €1.5 billion received from the state.</li> <li>An undrawn committed credit facility of €2.4 billion maturing in July 2030 with options to extend to July 2032.</li> <li>Annual FFO of about €1.5 billion.</li> </ul>	<ul style="list-style-type: none"> <li>Debt maturities of about €510 million.</li> <li>Capex of about €2.6 billion (net of customer contributions).</li> <li>Dividend payments of about €200 million.</li> </ul>

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### Rating Component Scores

Component	
Foreign currency issuer credit rating	A+/Stable/A-1
Local currency issuer credit rating	A+/Stable/A-1
Business risk	Strong
Country risk	Low risk
Industry risk	Low risk
Competitive position	Strong
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Strong
Management and governance	Neutral
Comparable rating analysis	Positive
Stand-alone credit profile	bbb+

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [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
- [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

- [Research Update: Ireland Upgraded To 'AA+' On Stronger Economic And Fiscal Profiles; Outlook Stable](#), March 20, 2026
- [Industry Credit Outlook 2026: EMEA Utilities](#), Jan. 14, 2026
- [Research Update: Ireland-Based Integrated Utility Electricity Supply Board Upgraded To 'A' On Government Support; Outlook Positive](#), Sept. 30, 2025
- [Greening Up Without Blackouts: Boosting European Power Grids' Resilience May Dent Credit Quality](#), Jul. 2, 2025

## Ratings List

### Ratings List

#### Upgraded; Outlook Action

	To	From
<b>Electricity Supply Board</b>		
Issuer Credit Rating	A+/Stable/A-1	A/Positive/A-1
Senior Unsecured	A+	A
<b>Ratings affirmed;</b>		
Senior Unsecured ST	A-1	

#### Upgraded

	To	From
<b>ESB Finance DAC</b>		
Senior Unsecured	A+	A
<b>Ratings affirmed;</b>		
Senior Unsecured ST	A-1	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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