



Rating Action: Moody's Ratings upgrades eustream to Baa2 and SPP-distribucia to Baa1; affirms EPIF at Baa3

04 Nov 2025

Frankfurt am Main, November 04, 2025 -- Moody's Ratings (Moody's) has today upgraded the senior unsecured debt ratings of eustream, a.s. (eustream) to Baa2 from Ba1. At the same time, we have assigned to eustream a Baa2 long term issuer rating and withdrawn its Ba1 Corporate Family Rating and its Ba1-PD probability of default rating.

We have also upgraded the senior unsecured debt and long term issuer ratings of SPP-distribucia, a.s. (SPP-distribucia) to Baa1 from Baa2.

Finally, we have affirmed the senior unsecured debt and long term issuer ratings of EP Infrastructure, a.s. (EPIF) at Baa3.

The outlook on all entities remains stable.

RATINGS RATIONALE

eustream

Today's rating upgrade reflects eustream's improved business risk as higher tariffs, applicable over 2025-2027, will allow eustream to partially replace halted Russian gas shipments with more stable earnings of higher credit quality, particularly associated to domestic gas transmission.

Since Russian gas shipments through Ukraine stopped in January 2025, gas flows fell to 2 billion cubic meters (bcm) in the first six months of 2025 from 8.7 bcm in the first six months of 2024. Total gas flows are expected to largely depend on Slovakia's relatively stable domestic gas demand of about 4.3 bcm per year. Together with international transit, we expect eustream to ship about 4.6 bcm of gas in 2025 and 6.3 bcm in each of 2026 and 2027. This is well below the network's total capacity (68.3 bcm in the East-West direction, 49.1 bcm in the North-South direction and 15.3 bcm in the West-East direction) and 2019-2021 average annual utilization levels of 55.9 bcm of total gas flows. The extent of international flows over the coming years is however yet uncertain as, unlike domestic flows, international flows are subject to greater volatility and currently are expected to be mostly booked on a short term basis.

Based on this, we expect revenues of about €200 million annually on average over 2025–27 with domestic transmission sales rising from 40% of total revenues in 2025 to between 50% and 60% in 2026 and 2027. International flows should contribute around 35–55% of total revenues, while sales of excess gas in kind at market prices will remain below 10%.

The rating upgrade also reflects eustream's improved financial profile after the repayment of a €500 million bond in February 2025 from cash on hand, effectively halving the company's gross debt. This allows eustream to manage its leverage profile effectively against a financial policy of net debt/EBITDA below 2.5x, considering the smaller operating scale compared to pre-2022 levels.

eustream's Baa2 rating nonetheless remains constrained by Slovakia's regulatory framework for setting transmission tariffs, which is less mature and sophisticated than those in Western Europe governing domestic gas transmission. Additionally, we expect that tariff changes might happen more frequently, limiting the framework's stability and predictability, albeit historic tariff decisions were generally supportive.

Because eustream's rating is not driven by geopolitical risks anymore, we have revised the company's ESG Credit Impact Score to CIS-3 from CIS-2, reflecting that its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time.

SPP-distribucia

The upgrade of SPP-distribucia's ratings to Baa1 from Baa2 reflects the improved credit quality of the wider SPP-Infrastructure group to which the company belongs.

The improved credit quality of the SPP-Infrastructure group, which includes fully-owned subsidiaries SPP distribucia and eustream as well as gas storage operations that are not fully owned, reflects in turn the stronger credit profile of eustream, as reflected in the rating upgrades to Baa2 from Ba1. In addition, the credit quality of the SPP-Infrastructure group is supported by the long-standing, unchanged shareholder agreement that restricts leverage, expressed as net debt/EBITDA, to a maximum of 2.5x. Accordingly, we now see its credit quality as commensurate with a Baa1 ratings.

Nonetheless, there is strong interdependence in financial management within the group's entities, inter alia through intercompany loans and cash pooling arrangements. Because of the absence of regulatory or contractual ring-fencing that would insulate SPP-distribucia from the credit risk of the wider group, we therefore see the credit quality of the SPP-Infrastructure group as acting as a constraint on SPP-distribucia's revised Baa1 ratings.

More generally, SPP-distribucia's Baa1 ratings continue to be supported by the company's position as the quasi-monopoly provider of gas distribution services in Slovakia; a fairly supportive regulatory framework; and very strong credit metrics with funds from operations (FFO)/net debt in excess of 100% as of July 2025.

Because SPP-distribucia's ratings are no longer constrained by the potential need to provide financial support eustream, we have revised SPP-distribucia's ESG Credit Impact Score to CIS-3 from CIS-2, reflecting that its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time.

EPIF

EPIF's rating affirmations reflect that the improved credit quality of eustream, as reflected in the upgrades of eustream's and SPP-distribucia's ratings, provides only a marginal benefit to EPIF's own credit quality. This is because eustream contributes only around 15% of EPIF's proportionally consolidated EBITDA.

In addition, the rating affirmations reflect that EPIF's Baa3 ratings continue to be underpinned by (1) the strong business risk profiles of its regulated monopoly energy distribution activities and quasi-monopoly heating infrastructure, which generate relatively stable and predictable cash flow; and (2) its diversified business model characterized by a mix of activities including gas transit, gas distribution and electricity distribution networks in Slovakia, as well as district heating in Czech Republic and gas storage in Czech Republic, Slovakia and Germany. At the same time, the Baa3 ratings remain constrained by (1) the reliance of EPIF on dividend flows from its operating subsidiaries; and (2) a high level of debt at the holding company.

RATIONALE FOR STABLE OUTLOOK

eustream

The stable outlook reflects our expectation that eustream will maintain FFO/net debt in the high twenties in percentage terms.

SPP-distribucia

The stable outlook reflects our expectations that SPP-distribucia will continue to demonstrate strong standalone credit metrics, and that the wider SPP-Infrastructure group will maintain a financial profile commensurate with FFO/debt of at least 25%.

EPIF

The stable outlook reflects our expectation that EPIF will maintain proportional net debt/proportional EBITDA

below 4.5x and FFO/net debt on a fully consolidated basis (as per IFRS reporting) above 25%.

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

eustream

An upgrade of eustream's ratings is currently unlikely, given eustream's financial policy and remaining uncertainties about future gas flow and capacity booking patterns relative to international transport volumes.

The ratings could be downgraded, should eustream's FFO/ net debt fall below the high twenties in percentage terms on a sustained basis.

SPP-distribucia

A rating upgrade would require a significant strengthening of the credit quality of the wider SPP-Infrastructure group.

Downward rating pressure could develop in the event of a significant adverse regulatory development, or a decline in the SPP-Infrastructure group's consolidated FFO/debt ratio below 25% on a sustained basis.

EPIF

Upward rating pressure is not anticipated over the medium term, given EPIF's current financial policy.

EPIF's ratings could be downgraded if its leverage (proportional net debt/proportional EBITDA) exceeds 4.5x or FFO/net debt on a fully consolidated basis (per IFRS reporting) falls below 25% on a sustained basis.

PRINCIPAL METHODOLOGIES

The principal methodology used in rating EP Infrastructure, a.s. and SPP-distribucia, a.s. was Regulated Electric and Gas Networks published in April 2022 and available at <https://ratings.moody.com/rmc-documents/386754>. The principal methodology used in rating eustream, a.s. was Natural Gas Pipelines published in April 2024 and available at <https://ratings.moody.com/rmc-documents/420000>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of these methodologies.

For eustream, the net effect of any adjustments applied to the rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

For SPP-distribucia, the assigned rating of Baa1 is three notches below the scorecard-indicated outcome of A1. This reflects that SPP-distribucia's rating is constrained by the credit quality of the wider SPP-Infrastructure group.

For EPIF, the assigned rating of Baa3 is five notches below the scorecard-indicated outcome of A1. This reflects that EPIF's rating is constrained by (1) a large exposure to unregulated businesses; and (2) EPIF's reliance on dividend flows from its operating subsidiaries.

COMPANY PROFILES

eustream, a.s., is the owner and operator of the natural gas transmission and transit pipeline that runs through Slovakia. For FY2023/24 that ended 31 July 2024, the company reported €380 million of revenues.

SPP-distribucia, a.s. is the monopoly provider of regulated gas distribution services in Slovakia. In the financial year 2024/25 the company reported €491 million of revenues.

EP Infrastructure, a.s. is a Czech holding company with shareholdings in core Slovak gas and electricity infrastructure, including (1) eustream, a.s.; (2) SPP-distribucia, a.s.; and (3) Stredoslovenska Energetika group. The group also holds stakes in regional gas storage entities SPP Storage, NAFTA, NAFTA Speicher and Pozagas, as well as a number of district heating infrastructure providers in the Czech Republic.

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