

## **FITCH AFFIRMS FINGRID AT 'AA-'; REVISES OUTLOOK TO NEGATIVE**

Fitch Ratings-London-15 April 2009: Fitch Ratings has today affirmed Fingrid Oyj's (Fingrid) Long-term Issuer Default Rating (IDR) of 'AA-' (AA minus), senior unsecured debt rating of 'AA', and Short-term IDR of 'F1+'. The agency has simultaneously revised the Outlook on the Long-term IDR to Negative from Stable. The rating of the senior unsecured debt one notch above the IDR reflects the above-average recovery prospects for the regulated utility sector.

Fingrid's ratings are supported by its low business risk due to its monopoly position, excellent efficiency track record and almost wholly regulated earnings. Fingrid benefits from a benign and stable regulatory system, with the flexibility to set tariffs. Fingrid's ratings are predicated on the basis that its revenues continue to derive from regulated activities in Finland. Fingrid's high transmission reliability relative to peers and the company's low tariffs, which historically have been the lowest in Europe, are also positive rating factors.

Net adjusted debt to operating EBITDAR was 5.1x and funds from operations (FFO) interest coverage was 3.9x at year-end 2008. While these ratios are weak compared with European peers, Fingrid's European peers tend to operate within less favourable regulatory frameworks. The revision of the Outlook to Negative reflects the fact that coverage and leverage ratios are forecast to weaken up to 2011 due to a combination of continued low tariff increases and high capex related to Fingrid's substantial investment programme. Fitch notes, however, that the company has significant headroom to raise tariffs further within the current regulatory period (2008-2011), as well as in the next regulatory period, which if implemented, could re-stabilise the company's financial profile.

The rating factors in Fingrid's good liquidity, with the company maintaining some EUR200m of cash and cash equivalents and a EUR250m un-drawn revolver. This adequately covers at least one year's debt maturity and the majority of the company's annual capex requirements.

Fingrid is the monopoly electricity transmission system operator and owner of Finland's high voltage electricity assets and interconnectors. The company also owns a 20% stake in Nord Pool Spot AS, the Nordic electricity exchange. Fingrid's FYE08 revenue was EUR382m. The company is 12%-owned by the Finnish state, 25% by Fortum Power and Heat Oy, 25% by Pohjolan Voima Oy and 38% by institutional investors.

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