Atea ASA

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N3

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RATING RATIONALE

Our 'BBB+' long-term issuer credit rating on Norway-based IT infrastructure provider Atea reflects the company's low financial leverage as a result of strong operating cash flow and modest investment requirements. It also reflects Atea's strong position as the largest provider of IT infrastructure in each of its markets in the Nordic and Baltic regions and the third largest provider in Europe. We see the company's focus on the public sector as an additional credit strength due to the sector's relatively low cyclicality.

The rating is constrained by Atea's moderate, albeit stable, EBITDA margins, which result primarily from its focus on reselling IT hardware and software, while the high-margin service business generates less than 20% of revenues. The rating is also constrained by the cyclicality of IT investments, especially in the private sector, and by current global supply chain disruptions.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that the market for IT infrastructure will continue to grow at a healthy rate with stable margins in the years ahead. It also reflects our expectation that the supply chain will improve, effectively reducing the need for both inventories and interest-bearing debt. Atea has announced its intention to increase mergers and acquisitions, but in our opinion this will focus on small targets using excess cash, and will not affect leverage significantly.

POTENTIAL POSITIVE RATING DRIVERS

- EBITDA margins sustainably in excess of 8% with commitment to an NCR-adjusted net debt/EBITDA ratio below 1.5x.

POTENTIAL NEGATIVE RATING DRIVERS

- NCR-adjusted net debt/EBITDA above 2.0x for a protracted period.
- Extended supply chain issues resulting in lower sales and declining EBITDA margins.
- Loss of market position.

Figure 1. Atea key credit metrics, 2018-2024e

NOKm	2018	2019	2020	2021	2022e	2023e	2024e
NCR-adjusted revenues*	25,815	26,376	27,400	28,491	30,200	32,012	33,833
NCR-adjusted EBITDA	1,236	1,275	1,440	1,609	1,831	2,037	2,162
NCR-adjusted EBITDA margin (%)	4.8	4.8	5.3	5.6	6.1	6.4	6.4
NCR-adjusted FFO	1,051	1,068	1,202	1,371	1,469	1,640	1,733
NCR-adjusted net debt	1,703	2,432	1,644	2,372	2,588	2,025	1,902
Total assets	14,777	14,957	16,583	16,048	16,423	17,160	17,899
NCR-adjusted net debt/EBITDA (x)	1.4	1.9	1.1	1.5	1.4	1.0	0.9
NCR-adjusted EBITDA/net interest (x)	18.2	15.2	15.7	17.9	17.1	18.3	17.5
NCR-adjusted FFO/net debt (%)	61.7	43.9	73.1	57.8	56.8	81.0	91.1
NCR-adjusted FOCF/net debt (%)	47.6	66.7	68.7	35.2	24.1	76.9	68.5

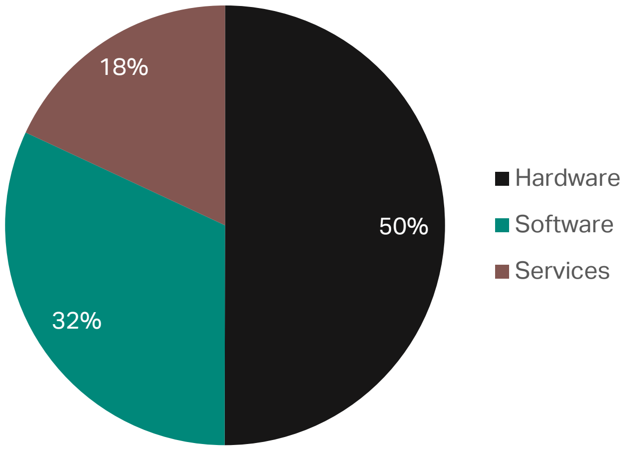
Based on NCR estimates and company data. e–estimate. FFO–funds from operations. FOCF–free operating cash flow. All metrics adjusted in line with NCR methodology. *Revenues on net basis (International Financial Reporting Standards [IFRS] 15).

ISSUER PROFILE

Atea was originally founded as Merkantildata in 1968. In its current form, the company was formed through a merger of large Nordic IT infrastructure providers and the subsequent acquisition of 50 IT companies between 2006 and 2015. Atea acts as a reseller of both hardware and software, in addition to providing related IT services. The company operates in Sweden, Norway, Denmark, Finland, and the Baltic countries (Estonia, Latvia and Lithuania). It is the market leader in IT infrastructure and related services within its respective regional markets and the third largest provider in Europe. Atea works closely with major international IT companies, such as Microsoft, Apple, Cisco, HP Inc., Hewlett Packard Enterprise, IBM, Lenovo, VMware, Citrix, and Dell Technologies. With almost 8,000 employees, the company is headquartered in Oslo and has offices in 85 other cities across the Nordic and Baltic regions.

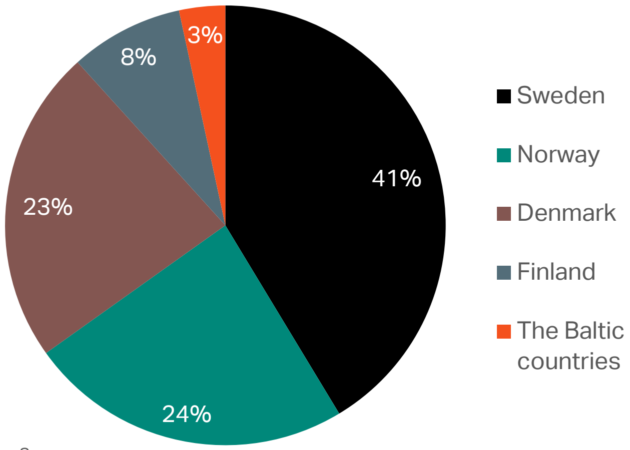
Atea's stock has been listed on the Oslo Stock Exchange since 1985. Board chairman Ib Kunøe has been the largest single shareholder since 2006, holding 27.7% of the shares and votes through Systemintegration ApS (see Ownership Analysis section below).

Figure 2. Atea gross sales by line of business, H1 2022



Source: company.

Figure 3. Atea gross sales by geography, 2021



Source: company.

BUSINESS RISK ASSESSMENT

Business risk assessment 'bbb'

Our business risk assessment reflects Atea's moderate cyclicality, due to long-term growth trends and significant reliance on sales to the public sector. The company has played a pivotal role in consolidating the Nordic IT infrastructure sector and has an exceptionally strong regional market position, particularly in the public sector, due to the scope and breadth of its products and services. Atea has moderate, but relatively stable margins due to its focus on reselling.

Focus on the public sector reduces cyclicality

Operating environment 'bbb'

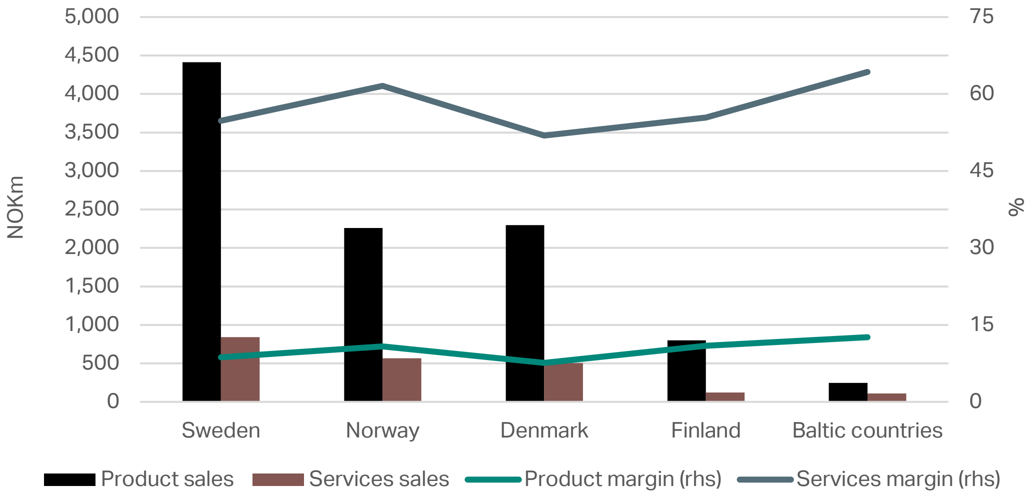
The Nordic IT infrastructure market has grown at an annual rate of close to 6% over the past 10 years, driven by digitalisation trends. While COVID-19 resulted in postponement of workplace investments at many private organisations, it had little impact on IT software and service sales. Accordingly, Atea has successfully increased both revenues and margins in the course of the pandemic. Notably, demand for hardware started to pick up in 2021. Our outlook for growth in IT software and services is positive, reflecting transition to cloud solutions and increased demand for cybersecurity solutions. We note that market intelligence provider IDC has forecast that Nordic IT spending will increase by an average annual 6.5% in 2022-2025.

Semiconductor supply chain constraints and rapid shifts in demand for electronic devices since the outbreak of COVID-19 have limited Atea's deliveries to customers and resulted in delays in major projects. They have also led to major order backlogs across the IT industry. Atea's backlog stood at NOK 6bn as of June 2022, supporting near-term revenues. We expect supply to improve gradually through the remainder of 2022 and into 2023 as new capacity comes onstream and production normalises. We note that geopolitics could continue to create supply chain problems, particularly as most global semiconductor production is located in Taiwan.

We believe that Atea has little exposure to changes in demand due to the economic cycle, as illustrated by the stability of revenues and margins (see Figure 8). Digitalisation is relatively advanced in the Nordic countries in comparison with other regions. The public sector represents about 40% of the total enterprise IT infrastructure market in the Nordic and Baltic countries. We note that 65% of Atea's gross sales are to the public sector, which has relatively low cyclicality. In addition, an increasing number of contracts, especially in the public sector, are framework agreements lasting 3-5 years.

Atea sells only to public and private organisations and not to households. In general, IT infrastructure and related business services are heavily outsourced. This is mainly driven by a requirement for scalability and flexibility, as well as companies' need to focus on their own core businesses. While many players exist globally, few comprehensive IT infrastructure providers operate in the Nordic region. We believe that Atea's position as a comprehensive IT infrastructure partner represents a credit strength as contract complexity increases. It also increases barriers to entry for new and smaller competitors.

Figure 4. Atea gross sales, geographic distribution, and margins, H1 2022



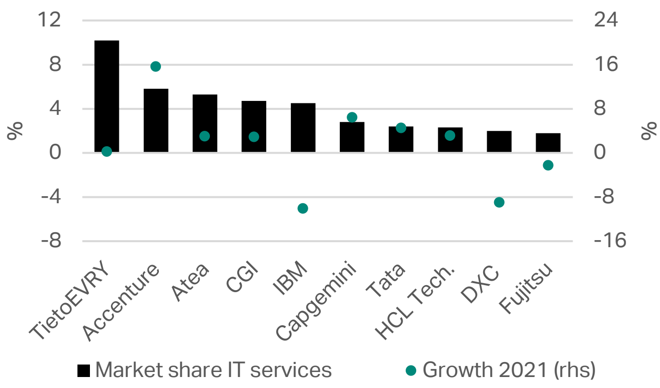
Source: company.

Scale and scope of product offering unrivalled among Nordic peers

Market position 'a-'

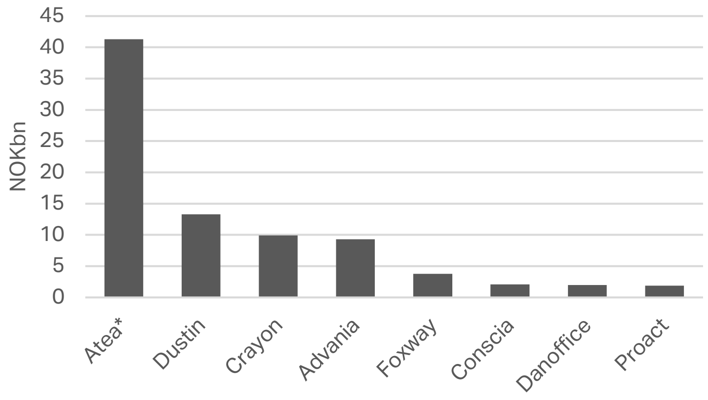
Atea is the largest provider of IT infrastructure in each of its regional markets and the third largest in Europe. It has an estimated 5.3% in the Nordic IT market (see Figure 5) and about 20% of the infrastructure market (see Figure 6). Various competitors are more focused on hardware (for example Dustin), software (Crayon) and services (Advania), but in hardware and software, we believe that Atea has a market share that is about 2.5 times the size of that of its closest competitor.

Figure 5. IT service companies Nordic market shares and growth, 2021



Source: IDC, Digital Resiliency Benchmark Survey, June 2022.

Figure 6. IT infrastructure competitors, Nordic and Baltic revenues, 2021



Source: company. *Revenues on gross basis.

Atea faces fierce competition from both IT resellers and leading global IT consultancies. However, its role as a comprehensive provider gives it a critical competitive advantage in maintaining its regional market position, while its significant operational scale gives it a critical advantage over smaller competitors. This competitive advantage is based on greater purchasing power, local market presence, breadth of product and service offering, system integration competence, and cost-efficient support and logistics functions. In addition, Atea has broader vendor certification from key technology partners than regional competitors. We view the company as one of the three leading channel partners in Europe; its partners view the Nordic region as a critical market for early adoption of new technologies, which we view as a key factor in Atea maintaining its leading position in IT infrastructure.

Atea has announced a more aggressive merger and acquisition strategy than in recent years to strengthen its market position on the basis that scale is increasingly important in the IT infrastructure industry. Acquisitions will focus on small regional targets with strong cross-selling opportunities and the potential to achieve economies of scale through integration and synergies. So far in 2022, Atea has announced three acquisitions in Denmark, Finland and Sweden.

Significant regional player

Size and diversification 'bbb-'

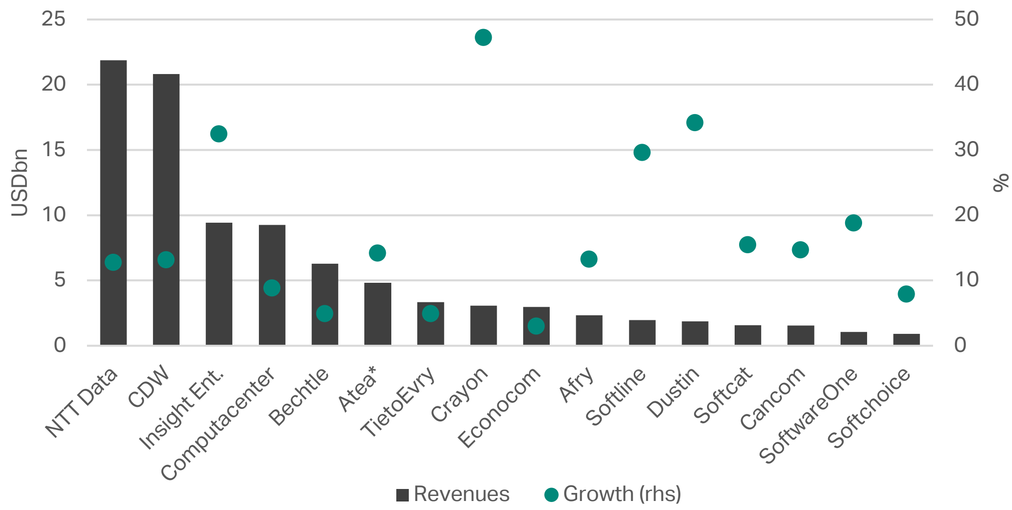
In terms of size and operational scale, Atea dominates its regional competitors. We note, however, that some large-scale providers dwarf Atea globally (see Figure 7). In our view, Atea lacks the geographic diversity of its global peers.

While about two-thirds of the company's revenues are generated by the public sector, they come from a large number of organisations. About 30% of the company's private-sector customers are SMEs. No single customer (public or private) generated more than 1.8% of total revenues in 2021. We see the composition and diversity of the customer base as a strength.

Atea provides a broad range of IT infrastructure and services and has a broad product range with more than 250,000 stock-keeping units of hardware and 70,000 of software, giving it the largest portfolio in the Nordic region. In addition, the company provides internal competence to design, implement, support, and operate highly complex and integrated IT solutions.

We note that Atea suffered reputational damage and lost market share in Denmark following a corruption case resulting in a court conviction in 2018 (see Environmental, Social and Governance factors section below).

Figure 7. Atea and peers' revenues and growth, 2021



Source: company. *Revenues on gross basis (IFRS 15). Acounting policy varies among peers.

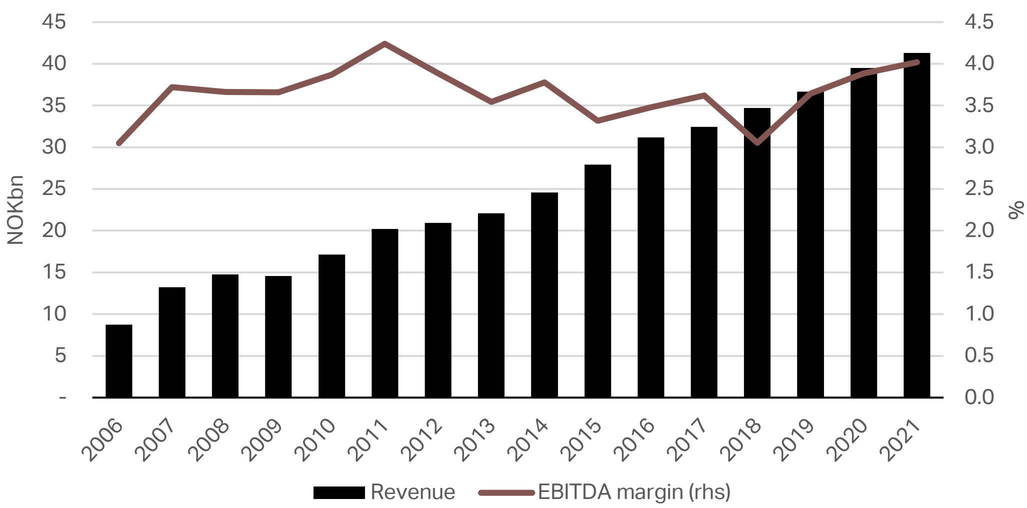
Operating efficiency in line with peers'

Operating efficiency 'bb+'

Historically, Atea's EBITDA has been relatively stable, despite growth of the software business, which has lower margins than the other business lines. Recently, software margins have been declining due to competitive pressure and changes in IT vendors' incentive programmes with channel partners. This margin pressure is driving market consolidation which is reducing the number of resellers. However, Atea has been able to increase market share. While the company's reputational problems in Denmark have weighed on margins in recent years, Atea has been relatively unscathed by COVID-19. We believe that margins will increase over the next few years due to improved economies of scale and continuing turn-around in Denmark.

As a reseller competing with other resellers, Atea can be viewed as a price taker in terms of its product offering. It is consequently exposed to pricing and performance risk through its IT vendors. However, due to its strong market position, the company has significant negotiating power. When possible, Atea works with multiple vendors in each product category to increase its bargaining power and reduce vendor-related risk.

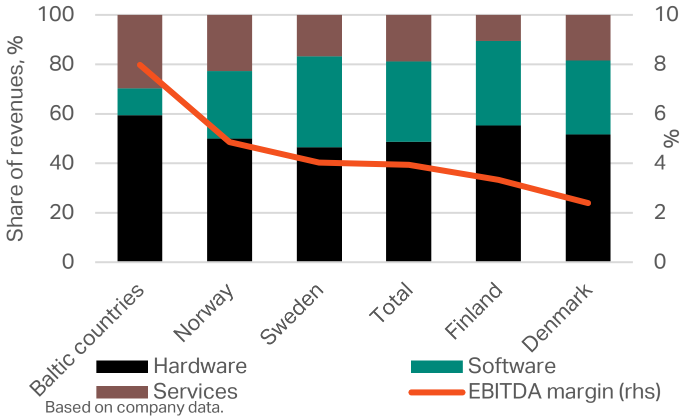
Figure 8. Atea reported revenues and EBITDA margins, 2006-2021



Source: company. Revenues on gross basis (IFRS 15).

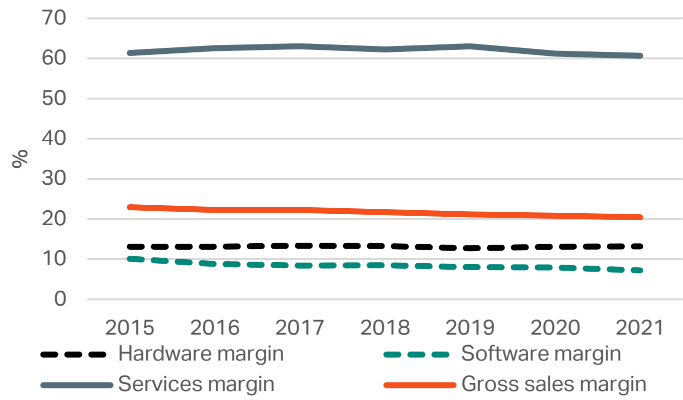
In the first half of 2022, services generated roughly 60% of Atea's gross profit, while 40% came from products. In the same period, services generated about 20% of revenues and products 80%. However, peer comparison is difficult due to differences in product mix and business models. Among Atea's peers, we see Bechtle and Computacenter as the closest on the basis of their business models. Generally, Atea's margins appear to be in line with those of pure resellers for products and IT consultancies for services.

Figure 9. Atea revenues by country/region and EBITDA margin, 2021



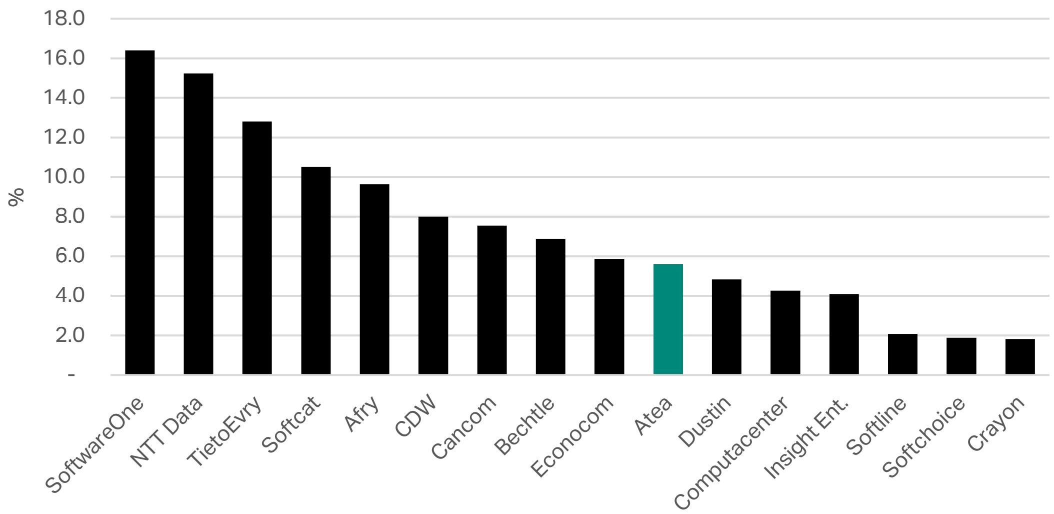
Based on company data.

Figure 10. Atea gross margin by product type, 2015-2021



Source: company.

Figure 11. Atea and peers' NCR-adjusted EBITDA margins*, 2021



Based on company data. *Atea's revenues on net basis (IFRS 15). Acounting policy varies among peers.

FINANCIAL RISK ASSESSMENT

Financial risk assessment 'a-'

Our financial risk assessment reflects Atea's strong operational cash flow and modest capital spending requirements, which lead to relatively low financial leverage. However, we note that temporary need for increased working capital to offset supply chain concerns is having a negative impact on the company's credit metrics. In addition, we expect Atea to increase merger and acquisition activity. For this reason, we believe that the company's risk appetite is somewhat greater than warranted by our credit metric forecasts.

Credit metrics temporarily weakened by increased working capital

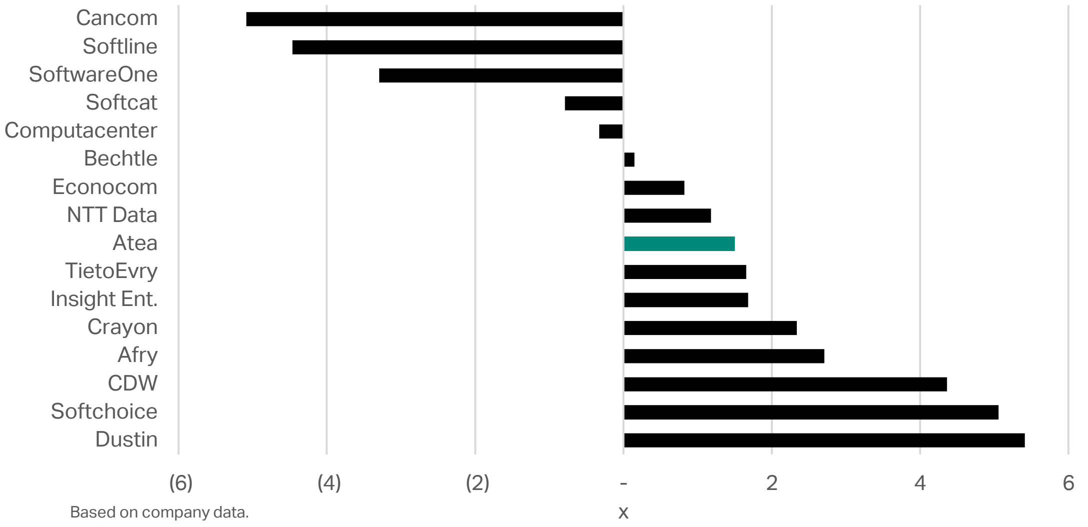
Ratio analysis 'a'

In 2021, Atea's adjusted net debt/EBITDA was average in the context of its peer group (see Figure 12). However, we note that the company's credit metrics as of 30 Jun. 2022 had been negatively affected by inventory build-up in response to supply constraints, resulting in NCR-adjusted net debt/EBITDA of 2.6x. Our calculation of net debt includes the company's off-balance sheet securitisation of receivables and its long-term leasing liabilities (see Figure 13).

We expect Atea to return to shorter procurement cycles over the next few quarters, which should lead to normalisation of working capital levels and lower leverage by end-2023. Nonetheless, we acknowledge that the company's leverage is generally higher in the course of a given year than reflected in our forecasts due to late-year cash flows from public sector contracts.

In line with similar companies, Atea changed its accounting policy in 2022 to recognise revenue from software and vendor services on a net basis (based on a new interpretation of IFRS 15). This reduces revenues and cost of goods sold by the same amounts. We have adjusted historical figures to reflect this (see Figure 13).

Figure 12. Atea and peers' NCR-adjusted net debt/EBITDA, 2021



Based on company data.

Our base-case forecast assumes:

- revenue growth of 6% annually in 2022-2024;
- an adjusted EBITDA margin of 6.1% in 2022, and 6.4% in both 2023 and 2024;
- a rise in interest rates on debt of 1.5pp through 2024;
- capital spending equal to 0.8% of revenues through 2024;
- spending of NOK 0.8bn on acquisitions through 2024; and
- NOK 0.6bn to NOK 0.8bn annually in dividends in 2022-2024.

We estimate the following credit metrics for 2022–2024:

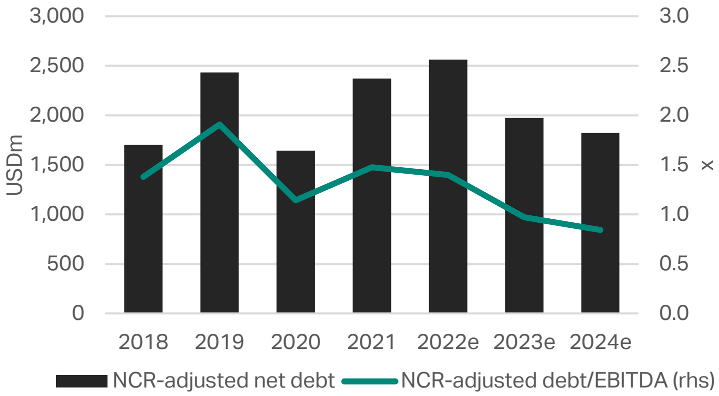
- NCR-adjusted net debt/EBITDA of 0.9-1.4x;
- NCR-adjusted EBITDA/net interest of 17.1-18.3x; and
- NCR-adjusted FFO/net debt of 57-91%.

Figure 13. NCR's adjustments to Atea's reported credit metrics, 2018–2024e

NOKm	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	1,060	1,335	1,498	1,661	1,883	2,089	2,214
Restructuring costs			37				
Sales gain			-32				
Capitalised development expenses	-56	-60	-63	-52	-52	-52	-52
NCR-adjusted EBITDA	1,236	1,275	1,440	1,609	1,831	2,037	2,162
Net financial items	-56	-90	-105	-104	-76	-116	-129
Other financial income	-3	-11	-9	-9	-3	-3	-3
Interest adj. for leasing (GAAP)	-32						
Other financial costs	23	17	22	23	-28	8	8
NCR-adjusted net interest	-68	-84	-92	-90	-107	-111	-124
NCR-adjusted EBITDA	1,236	1,275	1,440	1,609	1,831	2,037	2,162
NCR-adjusted Interest	-68	-84	-92	-90	-107	-111	-124
Current taxes	-117	-123	-146	-148	-255	-286	-306
NCR-adjusted FFO	1,051	1,068	1,202	1,371	1,469	1,640	1,733
NCR-adjusted FFO	1,051	1,068	1,202	1,371	1,469	1,640	1,733
Changes in working capital	9	747	185	-316	-298	237	-88
Capital exp. in tangible assets		-252	-321	-272	-350	-371	-394
Capital exp. in intangible assets	-305				-250		
Capitalised development expenses	56	60	63	52	52	52	52
NCR-adjusted FOCF	811	1,623	1,129	835	623	1,557	1,303
Cash and cash equivalents	764	1,769	1,605	1,353	1,269	1,853	1,995
NCR-adjusted cash and equivalents	764	1,769	1,605	1,353	1,269	1,853	1,995
Gross debt	680	1,047	482	483	543	543	543
Long-term leasing liabilities	77	870	1,122	1,039	1,059	1,079	1,099
Short-term leasing liabilities	23	422	436	355	355	355	355
Debt adj. for non-IFRS 16 leases	907						
Other debt adj. (securitisation)	780	1,862	1,209	1,848	1,900	1,900	1,900
NCR-adjusted total debt	2,467	4,201	3,249	3,725	3,857	3,877	3,897
NCR-adjusted cash and equivalents	-764	-1,769	-1,605	-1,353	-1,269	-1,853	-1,995
NCR-adjusted net debt	1,703	2,432	1,644	2,372	2,588	2,025	1,902

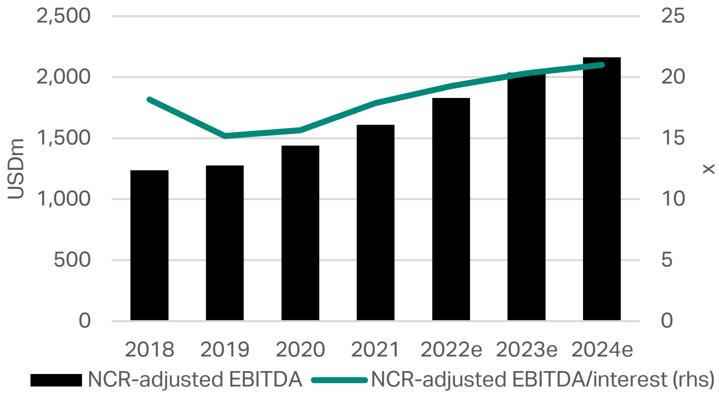
Based on company data. GAAP–Norwegian Generally Accepted Accounting Principles.

Figure 14. Atea NCR-adj. net debt and net debt/EBITDA, 2018–2024e



Based on company data. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 15. Atea NCR-adj. EBITDA and EBITDA/net interest, 2018–2024e



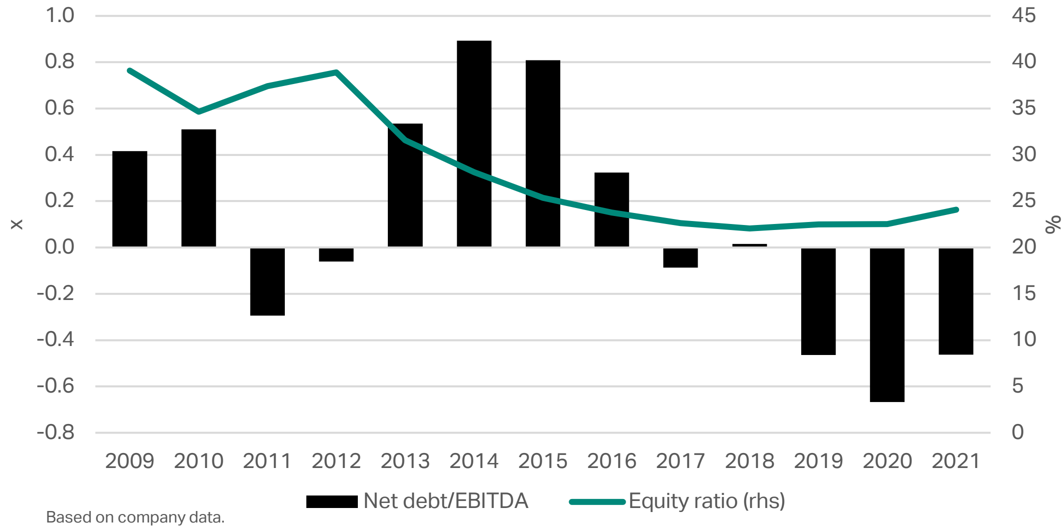
Based on company data. e–estimate. All metrics adjusted in line with NCR methodology.

Risk appetite somewhat higher than forecasted metrics

Risk appetite 'bbb+'

We believe that Atea's risk appetite is somewhat greater than warranted by our credit metric forecasts. The company aims to resume its role in consolidating the Nordic IT infrastructure industry after a period of reduced activity in recent years. While focusing on small targets, Atea has financial flexibility to make relatively significant acquisitions. The company is targeting 1.0x debt/EBITDA (excluding securitisation), while its maximum debt/EBITDA covenant is 2.5x. Atea also seeks to maintain an equity ratio in excess of 20% (on a non-IFRS 16 basis). The ratio was 24% at end-2021.

Figure 16. Atea's reported equity and net debt/EBITDA ratios (excluding leasing), 2009-2021



Based on company data.

We believe that Atea has strong relationships with its major banking partners. The company has several credit facilities with Nordea Bank, totalling NOK 2.5bn, of which 0.9bn is uncommitted and NOK 0.5bn is a short-term facility maturing in December 2022. It also has an uncommitted revolving trade facility of USD 140m with Deutsche Bank. In addition, Atea has a NOK 475m loan from the European Investment Bank, which matures in May 2023. The company also has a securitisation programme with Nordea Bank to sell receivables up to a maximum of NOK 1.9bn. The securitisation programme was close to being fully utilised as of 30 Jun. 2022. We expect that lower working capital requirements will lead to lower utilisation of credit facilities by end-2022.

Atea's average dividend payout ratio has been about 122% of net profit over the past seven years. However, the company has said that future dividends will be paid at a rate of 70-75% of net profit which is in line a 2020 policy revision and will provide additional cash for its acquisition strategy. Despite this, we believe the company will pay out excess cash if suitable investment opportunities do not materialise.

Atea bought back shares for NOK 215m in 2021 and plans NOK 180m in share repurchases by end-2022. Repurchased shares are not cancelled but are used to finance employee stock options when exercised.

Historically, Atea has had very few losses on receivables. However, the company has some exposure to foreign exchange risk. According to the company, fluctuations of plus or minus 10% in currencies to which the company has exposure point to a possible effect on equity of up to NOK 79m.

ADJUSTMENT FACTORS

Adjustment factors neutral

Adjustment factors are assessed as neutral and have no effect on our standalone credit assessment.

Liquidity

Liquidity adequate

Our 12-month liquidity analysis is based on a stressed scenario in which the company cannot access the capital markets or extend bank loans, and therefore has to rely on internal or committed external funding sources to cover its liquidity needs. We typically expect an investment grade company to cover all liquidity needs over the coming 12 months.

We assess Atea's liquidity position as adequate as sources exceed uses by NOK 0.9bn for the 12 months ending 30 Jun. 2023.

We estimate the following primary liquidity sources for the period, totalling NOK 2.9bn:

- NOK 1.1bn, reflecting 75% of FFO;

- NOK 0.9bn in cash; and
- NOK 0.9bn through undrawn revolving credit facilities.

This compares with the following uses of liquidity, totalling NOK 2.0bn.

- NOK 0.3bn in committed dividend payments;
- NOK 0.4bn in committed capital investments; and
- NOK 1.3bn for the repayment of loans and lease instalments.

Environmental, social and governance factors

ESG factors adequate

We believe Atea's environmental, social and governance (ESG) efforts are supportive of the company's overall competitive position. The main ESG issues that could affect the rating are factors that could contribute to loss of revenue, increased operating costs, increased capital spending, a decline in the value of assets, decreased access to funding, or loss of operating rights. In this context, we believe that the company's main ESG-related credit risks relate to greenhouse gases, cyber and IT security, resource utilisation, corruption, and fraud.

We note that Atea suffered reputational and economic damage in Denmark as a result of corruption involving former employees between 2008 and 2013. Legal proceedings led to a court conviction in June 2018 under which the company was suspended from transactions with the Danish public sector. However, the suspension was lifted in September 2018 after regulatory approval of a self-cleaning programme to prevent future corruption. Atea replaced its CEO in 2014 and subsequently replaced its management team in Denmark. We believe that the company has taken satisfactory measures to avoid recurrence of similar incidents.

Figure 17. Atea ESG considerations

Issue	Risk	Mitigating efforts	Result and targets
Corruption and fraud	Reputational risk, risk of loss of business and bribery fines.	Has implemented an anti-bribery and corruption programme. Mandatory anti-corruption training for all employees.	The company has reported no incidents since 2013.
CO_2 and other greenhouse gases	New regulations and increased taxation could reduce operating efficiency. Regulatory requirements could increase capital spending.	In 2020, Atea launched a 10-year sustainability plan. This includes phasing out fossil fuels, reducing air travel, halving transport emissions, and using 100% renewable energy.	42% reduction in Scope 1 and 2 emissions since 2019. Targeting a minimum 50% reduction in greenhouse gas emissions every decade to reach net zero by 2050.
Cyber and IT security	A breach could cause reputational damage and loss of business contracts in addition to increased costs and risk of blackmail.	Has adopted security risk-management of IT services provided internally and to customers. Provides mandatory training on data protection and security awareness to all employees.	All company-managed services have obtained certification. No identified leaks of customer data or private data in 2021.
Resource utilisation	Increased demand for environmentally friendly products and services. Risk of loss of customers.	Has introduced GoITloop. a reuse-and-recycle programme for IT units.	66% of recovered units had their lifecycle prolonged in 2021. Targets a 1:1 ratio of IT units sold/ recovered by 2030.

Source: company.

Since 2010, Atea has been a reporting member of the UN's Global Compact Initiative. The company is ranked as the world's most sustainable company in the IT Services Division (Corporate Knights, Global 100 Index). Atea is a member of the Responsible Business Alliance. In addition, the company has a code of conduct that requires partners and suppliers to work and deliver goods manufactured within the alliance's code of conduct. In particular, we believe Atea to be an active player in the circular economy in terms of recycling IT units. The company operates the largest electronic recycling-and-reuse operation in the Nordic and Baltic regions.

OWNERSHIP ANALYSIS

Ownership neutral

Atea's largest single shareholder is Ib Kunøe, who is also chairman of the board. Mr. Kunøe and associates control 28.8% of the shares, including shares held by Systemintegration ApS. Other shareholders are mostly institutional investors. The company's shares are listed on the Oslo Stock Exchange. There is only one class of share, with each share carrying a single vote. We expect Atea to have good access to the equity market in normal circumstances.

Figure 18. Atea ownership structure, 30 June 2022

Owner	Share of votes and capital (%)
Systemintegration ApS	27.7
Folketrygdfondet	7.1
State Street Bank and Trust Co.*	6.0
State Street Bank and Trust Co.*	3.3
Verdipapirfond Odin Norden	3.3
State Street Bank and Trust Co.*	2.8
RBC Investor Services	2.7
State Street Bank and Trust Co.*	2.0
Verdipapirfond Odin Norge	2.0
J.P. Morgan Bank Luxembourg	1.5
Top 10 owners	**58.3**
Other	41.7

*Different nominee accounts. Source: company.

ISSUE RATINGS

We expect that Atea will maintain a flat debt hierarchy with the value of unsecured debt exceeding that of secured bank debt. As of 30 Jun. 2022, the company had no outstanding unsecured debt instruments. We would likely rate such instruments in line with the 'BBB+' issuer rating.

Figure 19. Atea key financial data, 2018-2021

NOKm	2018	2019	2020	2021
INCOME STATEMENT				
Revenue*	34,708	36,655	39,503	41,316
Cost of goods sold*	-27,174	-28,897	-31,266	-32,869
Sales, general & admin. expenses	-6,474	-6,423	-6,739	-6,786
EBITDA	1,060	1,335	1,498	1,661
Net financial items	-56	-90	-105	-104
Pre-tax profit	634	656	750	943
Net profit	**467**	**528**	**592**	**763**
BALANCE SHEET				
Property, plant and equipment	525	498	538	493
Intangible assets and goodwill	4,138	4,118	4,377	4,270
Total non-current assets	5,196	6,108	6,626	6,321
Cash and cash equivalents	764	1,769	1,605	1,353
Total current assets	9,581	8,849	9,957	9,727
Total assets	**14,777**	**14,957**	**16,584**	**16,048**
Total equity	3,237	3,075	3,384	3,530
Long-term interest-bearing loans	483	472	475	475
Total non-current liabilities	799	1,534	1,770	1,844
Total current liabilities	10,741	10,348	11,430	10,674
Total equity and liabilities	**14,777**	**14,957**	**16,584**	**16,048**
CASH FLOW STATEMENT				
Pre-tax profit	634	656	750	943
Operating cash flow	946	1,897	1,388	1,096
Cash flow from investing activities	-367	-274	-330	-273
Cash flow from financing activities	-896	-615	-1,534	-870
Cash and cash equivalents at beginning of year	1,125	764	1,769	1,605
Cash flow for year	**-361**	**1,005**	**-164**	**-252**
Cash and cash equivalents at end of year	764	1,769	1,605	1,353

*Includes old revenue recognition principle prior to net recognition of software sales according to IFRS 15.

Figure 20. Atea rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bbb
Market position	10.0%	a-
Size and diversification	10.0%	bbb-
Operating efficiency	10.0%	bb+
Business risk assessment	50.0%	bbb
Ratio analysis		a
Risk appetite		bbb+
Financial risk assessment	50.0%	a-
Indicative credit assessment		**bbb+**
Liquidity		Adequate
ESG		Adequate
Peer comparisons		Neutral
Stand-alone credit assessment		**bbb+**
Support analysis		Neutral
Issuer rating		**BBB+**
Outlook		Stable
Short-term rating		**N3**

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