

Møller Mobility Group AS

Full Rating Report

LONG-TERM RATING

BBB-

OUTLOOK

Negative

SHORT-TERM RATING

N3

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RATING RATIONALE

Our 'BBB-' long-term issuer credit rating on Norway-based car importer and retailer Møller Mobility Group AS reflects the company's strong position in its core market. It also reflects the company's long-standing relationship with car manufacturer Volkswagen AG, which provides scale and diversity through a range of brands, and a joint venture finance subsidiary, Volkswagen Møller Car Finance. The rating is underpinned by the company's low (but rising) financial leverage.

The rating is constrained by the operating environment. The car industry is cyclical and currently undergoing rapid change through the development of low-emission vehicles, which could alter the industry structure. Declining prospects for new car sales and reduced consumer appetite for big ticket purchases are likely to reduce Møller Mobility's profitability and weaken its financial risk profile. We see the company's large off-balance-sheet repurchase portfolio with a maturity profile of less than two years as negative as it could affect liquidity rapidly if inventory turnover decreases and prices decline.

NEGATIVE OUTLOOK

The outlook is negative, reflecting the potential for weaker market conditions as inflation and central bank interest rate rises erode consumers' purchasing power, resulting in a sharp decline in profitability. It further reflects an intensified competitive environment as car makers increasingly sell through agent agreements and more affordable electric vehicle brands enter the market. These factors are likely to result in lower profits and weaker credit metrics over our forecast period through 2025 unless mitigating efforts are undertaken.

DRIVERS FOR A STABLE OUTLOOK

- Improved market conditions, with profit margins stabilising and inventory turnover increasing.
- NCR-adjusted net debt/EBITDA below 2.5x and NCR-adjusted EBITDA/net interest above 8x over a protracted period.

POTENTIAL NEGATIVE RATING DRIVERS

- Further declines in car sales leading to pressure on profitability.
- Supply chain issues weakening profitability and brand reputation.
- NCR-adjusted net debt/EBITDA above 2.5x and NCR-adjusted EBITDA/net interest below 8x over a protracted period.

Figure 1. Møller Mobility key credit metrics, 2019–2025e

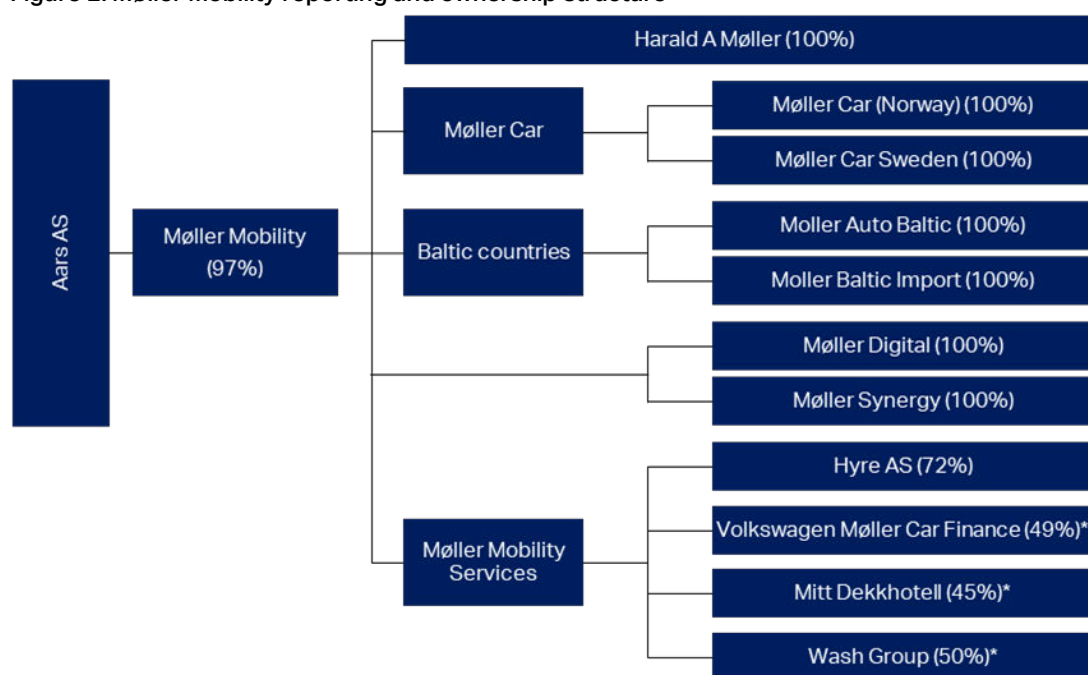
NOKm	2019	2020	2021	2022	2023e	2024e	2025e
Revenues	30,561	33,017	36,137	39,174	38,404	39,159	39,929
NCR-adjusted EBITDA	2,126	2,246	3,181	3,334	2,253	2,053	2,321
NCR-adjusted EBITDA margin (%)	7.0	6.8	8.8	8.5	5.9	5.2	5.8
NCR-adjusted FFO	1,581	1,637	2,443	2,548	1,704	1,515	1,728
NCR-adjusted net debt	6,030	3,065	2,662	4,478	5,434	5,640	5,282
Total assets	9,787	10,025	11,209	12,345	11,681	12,388	12,813
NCR-adjusted net debt/EBITDA (x)	2.8	1.4	0.8	1.3	2.4	2.7	2.3
NCR-adjusted EBITDA/net interest (x)	8.2	9.7	14.4	14.3	8.7	6.8	7.7
NCR-adjusted FFO/net debt (%)	26.2	53.4	91.8	56.9	31.4	26.9	32.7
NCR-adjusted FOCF/net debt (%)	-4.3	89.4	81.8	15.2	20.8	15.6	30.9

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.

ISSUER PROFILE

Møller Mobility is a Norway-based car importer and retailer with operations in Norway, Sweden and the Baltic states of Estonia, Lithuania and Latvia (the Baltic countries). Founded in 1936 by Harald Aars Møller, the company remains majority owned by the Møller family through Aars AS. Møller Mobility imports, sells, services and finances the Volkswagen, Audi, Škoda, SEAT and Cupra car brands through three business segments: imports, dealerships and financial services. The import segment consists of Harald A. Møller AS (HAM) and Møller Baltic Import. HAM is the largest car importer in Norway, accounting for one in four of the country's car imports. The dealership segment has more than 70 dealerships across the company's three geographic markets. The financial services segment, namely Volkswagen Møller Car Finance, is a joint venture leasing and financing company in which Volkswagen owns 51% and Møller Mobility 49%. In addition, Møller Mobility invests in start-ups and mobility-as-a-service solutions. The company has more than 4,000 employees. In 2022, it imported 55,582 vehicles and sold 66,875 new and used cars.

Figure 2. Møller Mobility reporting and ownership structure



Source: company. *Joint ventures and associated companies.

BUSINESS RISK ASSESSMENT

Business risk
assessment 'bb+'

Our business risk assessment reflects Møller Mobility's strong market position in Norway and its long-standing relationship with Volkswagen. It also reflects the company's geographic scope, with revenues from Norway, Sweden and the Baltic countries. Our assessment of the company's operations is further supported by Volkswagen Møller Car Finance, which provides leasing and finances cars purchased through Møller Mobility. These factors are partly offset by a weakening economy, intensified price competition and declining profitability.

Price competition set to intensify as consumer purchasing power erodes

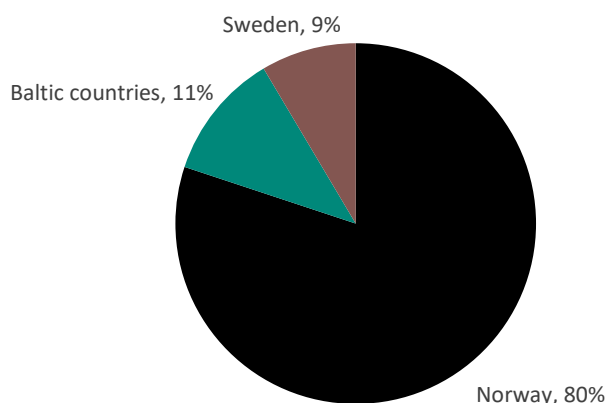
Operating environment
'bb'

The automotive industry has long been characterised by large, stable brands and customer loyalty, especially among purchasers of new cars. Benign economic conditions have benefited the segment in recent years. However, we expect reduced household demand for big ticket purchases due to eroding purchasing power as a result of interest rate rises, high inflation, and rising energy prices. In addition, the introduction of value added tax and a weight tax on electric cars in Norway from 1 Jan. 2023 and Sweden's swift removal of an electric vehicle support programme in November 2022 are contributing to lower demand and increasing costs for consumers. Furthermore, supply-chain bottlenecks are easing, increasing supply of new cars and reducing lead times from the high levels of the COVID-19 pandemic. We believe these factors have contributed to declining prices of new and used cars and will likely intensify price competition. Moreover, we see that importers are increasingly using direct

distribution under agency contracts, which could further compress margins in the dealership segment as a result of greater price transparency.

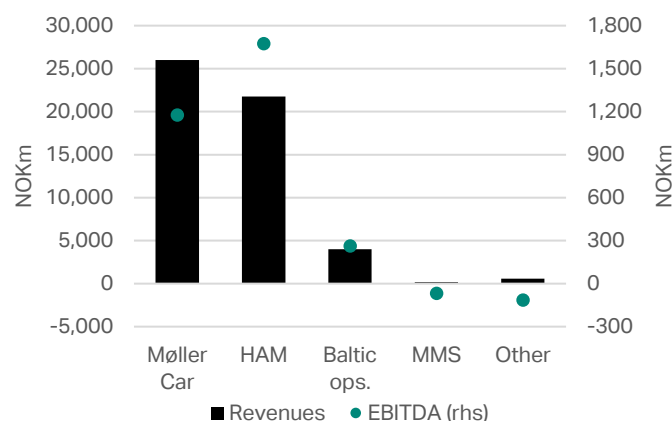
Imports of new cars into Møller Mobility's geographic markets are regulated through licencing or agency agreements between importers and manufacturers, which increases barriers to entry. We consider the import segment to be less amenable to substitution than dealerships. While no licencing or agency requirements restrict the sale of used cars, the capital intensity of the industry prevents new entrants from growing rapidly into large-scale operators. Strong competition constrains product pricing and rapid inventory turnover is needed to ensure strong operating margins.

Figure 3. Møller Mobility revenues by country/region, 2022



Source: company.

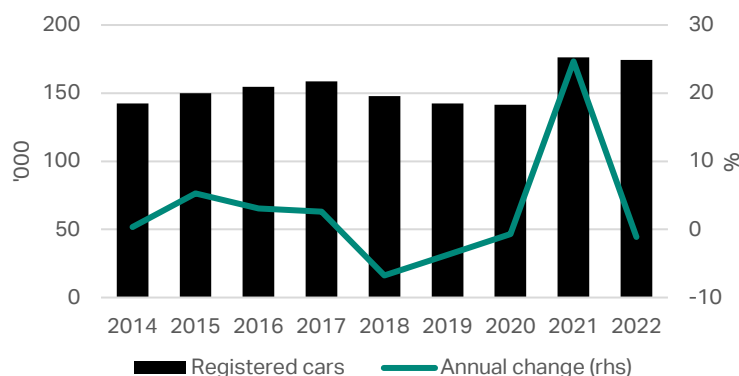
Figure 4. Møller Mobility revenues by segment, 2022



Source: company. MMS—Møller Mobility Services. Excluding eliminations of NOK 11.5bn and profit from associated companies.

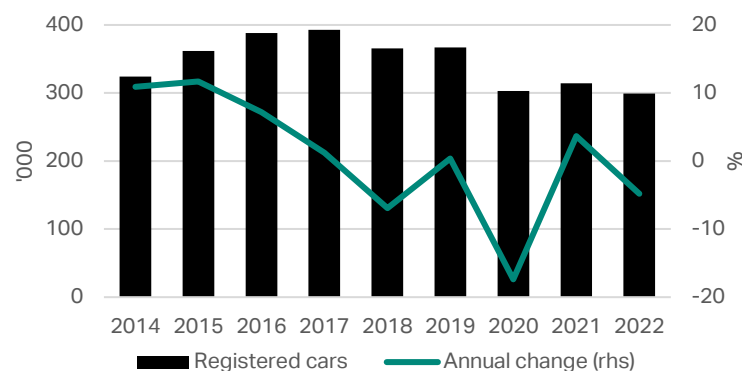
Norway recorded new registered car sales of 174,330 in 2022, down from 176,276 a year earlier. Sweden experienced a sharper decline of about 5% over the same period. Sales in the three Baltic countries have continued to decline (see Figure 7). As of 31 Mar. 2023, Norway's car sales had declined by 11.4% year-on-year. Removal of COVID-related lockdowns in Asia has contributed to reduced supply chains bottlenecks. However, rising geopolitical tensions could constrict the supply chain if trade relationships and access to components are negatively affected. This could prevent delivery of cars and reduce profitability across the industry, at a time when the purchasing power of households is squeezed by central banks seeking to curb inflation. We see it as unlikely that dealerships or agents could compensate for reduced capacity by increasing new and used car prices in the current conditions.

Figure 5. Norway registered new cars, 2014–2022



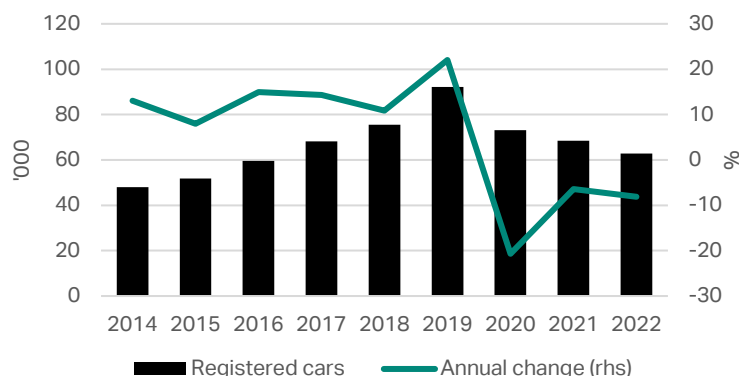
Source: OFV (Opplysningrådet for Veitrafikken).

Figure 6. Sweden registered new cars, 2014–2022



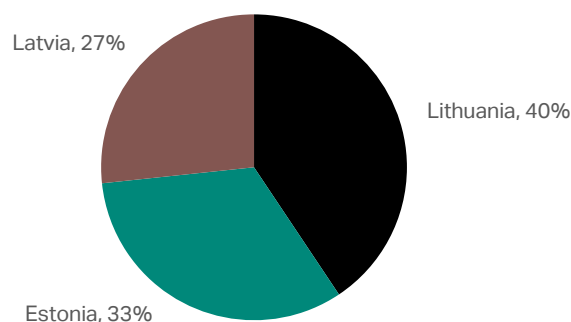
Source: Transport Analysis (Trafikanalys).

Figure 7. Baltic countries registered new cars, 2014–2022



Source: Baltic Auto Research.

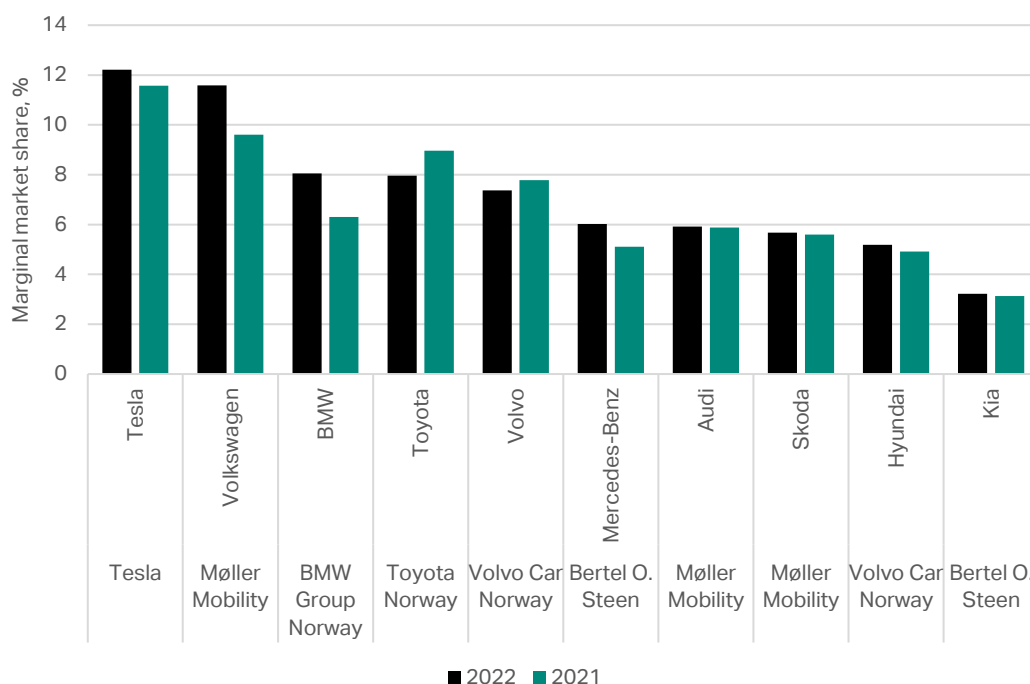
Figure 8. Baltic states registered new cars by country, 2022



Source: Baltic Auto Research.

The automotive industry is undergoing transformation due to increased environmental concerns, the development of electric vehicles, digitalisation, and increased mobility requirements. This has enabled new market entrants to gain a strong foothold. In response, more established manufacturers are intensifying their efforts to produce electric vehicles. The sale of new petrol and diesel cars in the EU will be banned from 2035, which together with consumer incentives will boost demand for electric vehicles. However, we believe that inconsistencies in consumer incentives across jurisdictions could increase the risk of parallel imports and put pressure on sales prices.

Figure 9. Marginal market share of car brands and importing groups in Norway, 2021–2022



Source: OFV.

Solid market position in Norway, significant presence in Sweden and the Baltic states

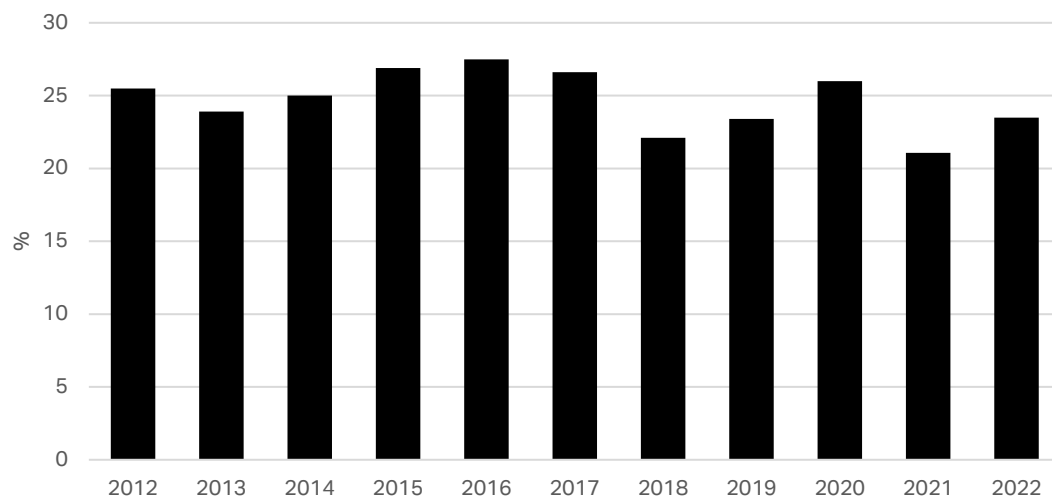
The Nordic automotive industry has few major importers. The new car market is concentrated, while the used car market is fragmented. We estimate that in 2022, Norway's three largest sellers of new cars accounted for about 41% of the new car market. Generally, the three largest sellers of used cars hold a market share of about 9%. Møller Mobility has been the market leader in Norway for the past 12 years and had a 15% share of the new car market in 2022 (excluding imports by HAM). It also has solid positions in Sweden and the Baltic countries. This position is strengthened by its stake in Volkswagen Møller Car Finance, Norway's largest vehicle leasing company.

Møller Mobility's market position is linked to the success of the Volkswagen brand. In addition, the ongoing shift to electric vehicles is significantly improving the company's market position. In 2022,

Market position 'bbb-'

86% of all new personal cars sold by Møller Mobility were electric, compared with 79% of all new cars sold in Norway. We expect the proportion of electric cars to increase.

Figure 10. Møller Mobility brands' market share of new car sales*, 2012–2022



Source: company. *Approximately 40% of imported cars are sold to external dealerships.

Historically, Møller Mobility's market position has been stable due to strong brand loyalty, favourable financing terms for buyers of new cars (through Volkswagen Møller Car Finance), and servicing offered through the company's dealerships. We expect the company to be able to defend its market position in a fiercer competitive environment and maintain its leading position in Norway due to its range of strong brands. However, we see a risk that competitors with greater price transparency and flexibility could gain market share, negatively impacting Møller Mobility's long-term market position, if the company fails to reposition its pricing at an attractive level.

Because Møller Mobility imports and operates dealerships for Volkswagen in Norway and the Baltic countries, we expect the company to maintain its market position if Volkswagen changes its distribution model to an agent-based arrangement. We base this view on Møller Mobility's significant and established role in the value chain.

Diversity strong within the automotive industry

Møller Mobility is one of the largest car retailers in the Nordic region, with 70 dealerships across its three geographic markets. However, 80% of its revenues are generated in Norway. In addition, 40% of all cars imported by HAM into Norway are sold through external dealerships, offsetting concentration risk. Møller Mobility is also the largest used car retailer in Norway, albeit only marginally. We expect the company to develop its product offering with new brands and to enter new geographic markets.

Figure 11. Møller Mobility offerings across countries

Country	Brands/Products	Service
Norway	Volkswagen, Audi, Škoda, SEAT, Cupra, VW commercial vehicles, Hyre AS, Volkswagen Møller Car Finance	Imports, sales, leasing, car rental, servicing
Sweden	Volkswagen, Audi, Škoda, SEAT, Cupra, Porsche, VW commercial vehicles	Sales and servicing
Lithuania	Volkswagen, Audi	Imports, sales and servicing
Latvia	Volkswagen, Audi	Imports, sales and servicing
Estonia	Volkswagen	Imports, sales and servicing

Source: company.

Møller Mobility has licencing agreements with Volkswagen, giving it monopolies in both imports and distribution. These contracts are mutually cancellable at two years' notice, which is short but standard for the industry. We note, however, that the relationship is long standing. The apparent strength of the collaboration is supported by the joint-venture structure of Volkswagen Møller Car Finance, which

Size and diversification
'bbb-'

financed the purchase of 22,600 cars and insured 37,600 vehicles sold by Møller Mobility in 2022. In addition, the finance company shares headquarters with Møller Mobility.

The war in Ukraine has highlighted the concentration risk created through exposure to a single counterparty. Volkswagen has a diverse production system and the flexibility to relocate production, if necessary, but we note that further supply chain disruptions could increase waiting times for Møller Mobility's new car customers at a time when consumers are likely to become increasingly price sensitive.

Møller Mobility is highly dependent on discretionary consumption to drive growth. However, the company has set up Hyre AS, an app-based car hire subsidiary, and expanded subscription services, effectively widening its target customer base by lowering the customer purchasing power required. We expect further investments in new products and the development of existing products over our forecast period.

Figure 12. Møller Mobility diversity of cash intensity

Type of transaction	Company	Level of cash intensity
App-based car rental	Hyre AS	Very low, pay as you go
Car subscription (flexible leasing)	Volkswagen Møller Car Finance	Low and shorter commitment period than leasing
Leasing	Volkswagen Møller Car Finance	Usually three-year commitment but low initial cash payment
Purchase of cars	HAM, Møller Car	Cash payment upfront, but usually lower for used cars

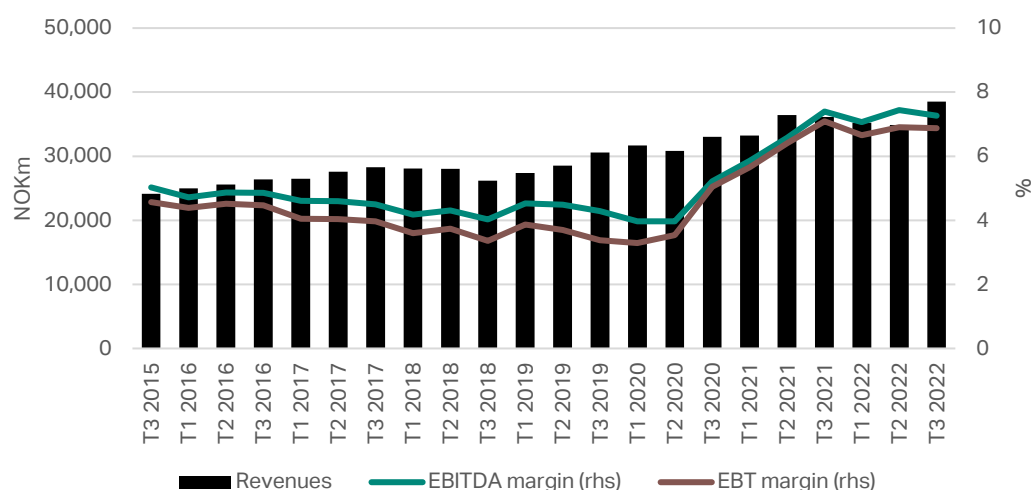
Source: company.

Margins likely to come under pressure as households postpone big ticket purchases

While the new car industry is cyclical, used cars and servicing are less so. However, all segments face price pressure due to strong competition and reduced brand loyalty. We expect servicing margins to decline from their current levels as technical issues related to the shift to electric cars are resolved.

Møller Mobility had high order intake during 2021 and 2022 but delivered lower volumes of cars relative to 2020 due to supply chain imbalances. Despite this, the company achieved record profits in 2022 because of strong price increases on new cars. Extraordinarily long lead times on new cars combined with high demand drove strong margins through 2021 and 2022. We expect a tougher economic climate with shrinking consumer purchasing power to reduce demand and margins. Prior to the supply chain disruptions, the company's margins had been trending downward since 2015 (see Figure 13).

Figure 13. Møller Mobility's reported revenues, EBITDA and EBT margins (rolling 12 months), 2015–2022



Source: company. EBT—earnings before tax.

Operating efficiency 'bb'

We expect Møller Mobility's margins to revert to slightly below historical levels and shrink through 2023 and 2024 before rebounding in 2025 (see Figure 14). We consider that margins could be further squeezed due to repricing risk in the car repurchasing portfolio. However, we expect Møller Mobility's EBITDA margin to remain average among its peer group.

Figure 14. Møller Mobility NCR-adjusted EBITDA and margins, 2019–2025e

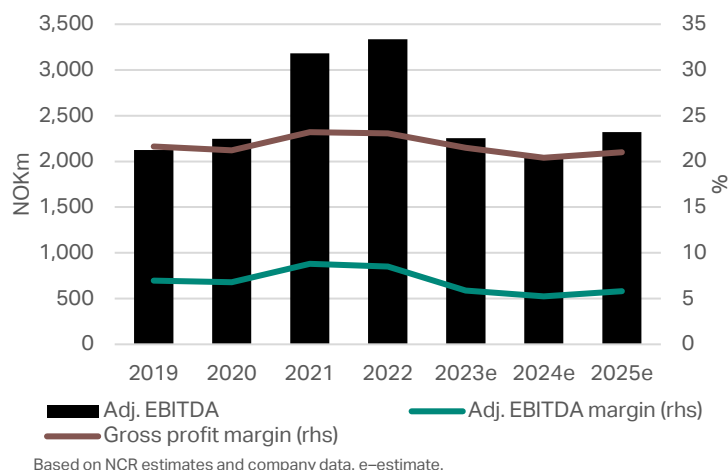
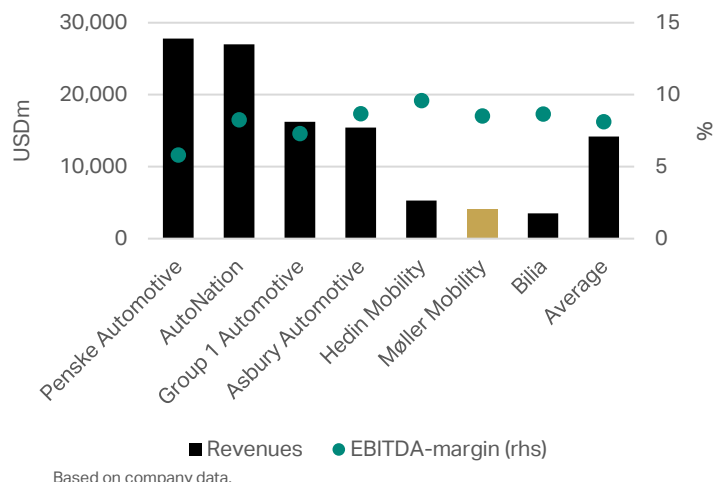


Figure 15. Møller Mobility peer group revenues and EBITDA margins, 2022



FINANCIAL RISK ASSESSMENT

Financial risk assessment 'bbb-'

Our financial risk assessment reflects Møller Mobility's robust financial metrics, which are driven by moderate gearing and a strong cash balance. The assessment is negatively affected by the company's large off-balance-sheet commitment to repurchase leased cars, volatile cash position, and dividend policy.

Ratio analysis 'bbb'

Credit metrics set to weaken due to operational headwinds

We anticipate that Møller Mobility will continue to focus on ensuring long-term profitability, rather than maximising short-term profits through cost cutting. We expect the company to invest in restructuring as an agency-based organisation and in new business areas to maintain its leading market position. We forecast higher financial leverage through 2025 because of lower EBITDA margins and inventory turnover due to reduced demand for cars.

Our base-case scenario includes the following assumptions:

- a revenue decline of 2% in 2023, followed by revenue growth of 2% in 2024 and 2025;
- an unadjusted EBITDA margin of 4.4% in 2023, 3.8% in 2024, and 4.4% in 2025;
- lower inventory turnover, resulting in working capital build-up relative to historical levels;
- capital spending of NOK 320m annually; and
- dividends of NOK 1.6bn in 2023, NOK 600m in 2024 and NOK 800m in 2025, in accordance with the company's targeted long-term unadjusted equity-to-assets ratio of 40%.

On the basis of these assumptions, we arrive at the following projected metrics for 2023–2025:

- NCR-adjusted net debt/EBITDA of 2.3–2.7x;
- NCR-adjusted EBITDA/net interest of 6.8–8.7x; and
- NCR-adjusted FFO/debt of 27–33%.

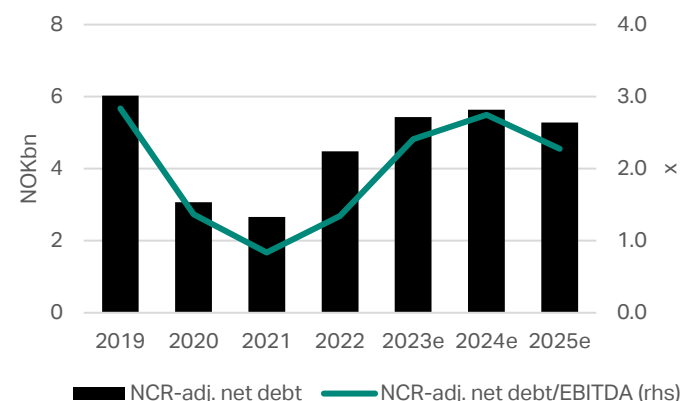
As Møller Mobility reports according to Norwegian GAAP, we adjust gross debt for financial leasing, pension costs and non-recurring items such as estimated gains/losses on the repurchase of leased cars. In addition, we add to cash 75% of amounts held in money market funds in 2021. These funds were liquidated to finance a sharp increase in inventory levels in the second half of 2022.

Figure 16. NCR's adjustments to Møller Mobility's credit metrics, 2019–2025e

NOKm	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	1,308	1,724	2,673	2,797	1,700	1,500	1,768
Leasing costs	472	497	519	553	553	553	553
Other EBITDA adjustments	346	25	-11	-16	0	0	0
NCR-adj. EBITDA	2,126	2,246	3,181	3,334	2,253	2,053	2,321
Net interest	-31	-27	-19	-19	-43	-85	-86
Financial costs from leasing	-226	-202	-201	-214	-214	-214	-214
Pension obligations	-1	-2	-1	-1	-1	-1	-1
NCR-adj. net interest	-258	-231	-221	-234	-258	-300	-301
NCR-adj. EBITDA	2,126	2,246	3,181	3,334	2,253	2,053	2,321
NCR-adj. net interest	-258	-231	-221	-234	-258	-300	-301
Current tax	-287	-378	-518	-291	-238	-291	-291
NCR-adj. FFO	1,581	1,637	2,443	2,548	1,704	1,515	1,728
Changes in working capital	-1,429	1,377	88	-1,401	-252	-313	226
Capital spending	-411	-273	-353	-467	-320	-320	-320
NCR-adj. FOCF	-259	2,741	2,178	680	1,132	882	1,634
Cash and cash equivalents	234	1,545	1,905	625	269	363	721
Liquid assets (25% deduction)*			602				
NCR-adj. cash and equivalents	234	1,545	2,507	625	269	363	721
Gross interest-bearing debt	1,700	509	1,108	777	1,377	1,677	1,677
Pension obligations	50	57	54	57	57	57	57
Leasing liabilities	4,514	4,043	4,006	4,268	4,268	4,268	4,268
Other debt adjustments		1	2	1	1	1	1
NCR-adj. cash and equivalents	-234	-1,545	-2,507	-625	-269	-363	-721
NCR-adj. net debt	6,030	3,065	2,662	4,478	5,434	5,640	5,282

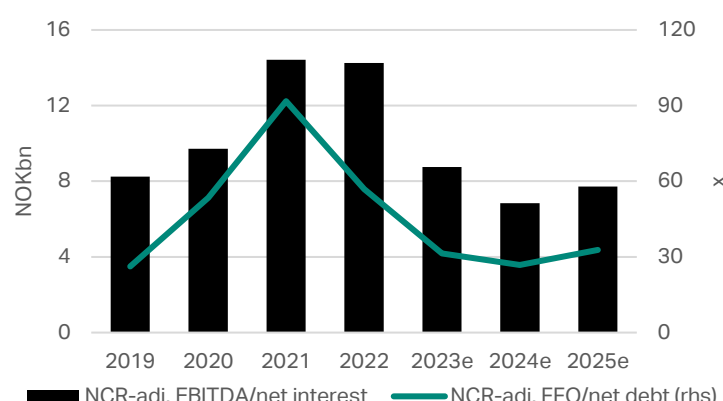
Based on NCR estimates and company data. e-estimate. *Liquidated in 2022 to generate working capital.

Figure 17. Møller Mobility's NCR-adjusted net debt and net debt/EBITDA, 2019–2025e



Based on company data and NCR estimates. e-estimate.

Figure 18. Møller Mobility's NCR-adjusted EBITDA/net interest and FFO/net debt, 2019–2025e



Based on company data and NCR estimates. e-estimate.

Off-balance-sheet commitments and volatile cash position increase risk

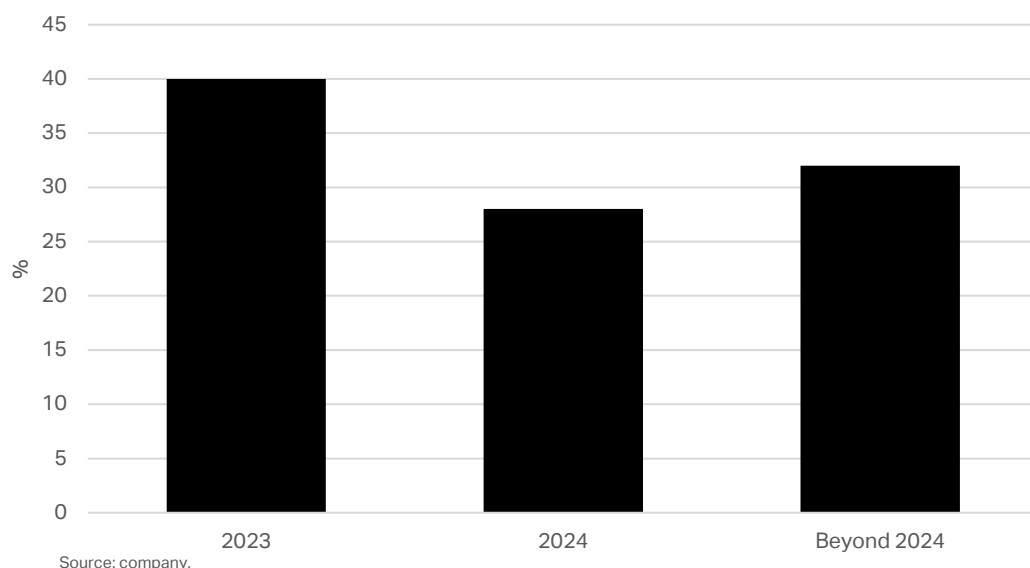
We assess Møller Mobility's risk appetite as greater than warranted by its financial ratios. While we deduct the full cash position in our calculations of net debt, cash holdings are typically highly volatile throughout the year, which negatively affects our view of the company's financial risk profile.

Our assessment of risk appetite also takes into account the company's large off-balance-sheet commitments to repurchase vehicles in Volkswagen Møller Car Finance's leasing portfolio. Møller Car sell cars to Volkswagen Møller Car Finance with a commitment to repurchase them after the leasing period at a fixed price, typically 50–70% of the original sales value. The company's short average remaining lease term of less than two years increases liquidity risk and is likely to result in increased debt build-up as inventory turnover decreases. The leasing portfolio also creates repricing risk, which

Risk appetite 'bb+'

could result in repurchase prices rising above market rates. The repurchase portfolio reflects market conditions with a few years' delay. Most of the NOK 6.6bn repurchase portfolio consisted of electric or hybrid cars as of 31 Dec. 2022.

Figure 19. Møller Mobility repurchase portfolio maturity structure, 31 Dec. 2022



Most of the company's purchases of new cars are made in euro, but agreements with manufacturers eliminate most currency risk. The importer and retailer negotiate local prices, fixed profit margins and sales targets with manufacturers, which effectively carry most of the associated long-term foreign exchange risk. Møller Mobility seeks to mitigate any remaining settlement risk through hedging, though we note that some volatility remains in cash flow as a result of currency fluctuations.

Møller Mobility aims to maintain an equity-to-total-assets ratio of around 40%, excluding leasing, with dividends calculated and paid three times a year. In addition, the company's covenants are linked to the unadjusted equity ratio of 30%. In addition, we take the view that the owners could prove supportive if the need for liquidity support arises.

Møller Mobility has grown through acquisitions of dealerships, adding new brands to its portfolio and expanding geographically into new markets. We expect the company to continue its acquisitive strategy, financed largely by cash.

ADJUSTMENT FACTORS

Adjustment factors are assessed as neutral and have no effect on the rating.

Liquidity

We assess Møller Mobility's liquidity position as adequate. The company has a liquidity surplus of NOK 745m, representing 1.2x uses, over the 12 months ending 31 Dec. 2023. Cash flow from operations is expected to remain strong despite weaker market conditions. The company has good access to available credit facilities.

We estimate the following primary liquidity sources for the 12 months ending 31 Dec. 2023, totalling NOK 4.0bn:

- NOK 625m in cash and equivalents;
- NOK 1.3bn, reflecting 75% of NCR-adjusted FFO over the period; and
- NOK 2.1bn in committed available credit facilities.

This compares with the following estimated uses of liquidity for the 12 months ending 31 Dec. 2023, totalling NOK 3.3bn:

- NOK 300m in committed capital spending;
- NOK 300m in maturing debt; and

Adjustment factors
neutral

Liquidity adequate

- NOK 2.7bn in the committed repurchase portfolio.

Environmental, social and governance factors

ESG factors adequate

Møller Mobility's environmental, social and governance (ESG) efforts are supportive of the company's overall competitive position. The major environmental impact arises from Volkswagen products. Consequently, Møller Mobility relies on Volkswagen to produce and supply cars that comply with international and local regulations and meet consumer preferences. Indirect (Scope 3) emissions from Møller Mobility's value chain represent 99.3% (1,316,260 tonnes) of the company's total CO₂ equivalent emissions. The company expects increasing demand for electric cars to more than offset higher production-phase emissions and result in lower net emissions. Stricter legalisation from European regulators to decarbonise cars entailing bans on the sale of new petrol and diesel cars from 2035, and CO₂ emission-related fines are likely to incentivise Volkswagen to produce electric vehicles to meet increasing demand, thereby facilitating Møller Mobility's ESG efforts. We take a positive view of the company's commitment to integrate ESG in its operations through NOK 2bn in sustainability-linked credit facilities, which are linked to three key ESG-related performance indicators.

The main ESG issues that could affect our credit rating on Møller Mobility are factors that could contribute to loss of revenue, increased operating costs, higher capital spending, loss of value in inventories, loss of operational rights, or reputational damage. In this context, the main credit risks are emissions and a lack of regulatory compliance. For this reason, we see the main risks as lying outside Møller Mobility's control and reflect this in our business risk assessment.

Figure 20. Møller Mobility ESG considerations

Issue	Risk	Mitigating efforts	Result
Emissions	Increased regulatory controversies could lead to loss of revenues, increased costs, fines and loss of operating licences.	Increased focus on electric vehicles, although the company is dependent on Volkswagen's efforts and compliance with regulations. Targets a 30% Scope 3 CO ₂ reduction between 2019 and 2027. From 2025, electric cars should represent 100% of new car sales.	86% of the company's new cars sold in Norway in 2022 were electric. In Sweden, new electric cars sold stood at 41% of all cars sold. We expect a structural increase in electric cars in both markets but believe reduced consumer incentives could slow the trend. The company reduced its Scope 3 CO ₂ emissions by 2.8% in 2022 (36% since 2019).
Increased environmental focus by customers	Demand could shift from cars to other modes of transport and result in loss of revenues and losses related to the repurchase portfolio.	Focus on electric vehicles in the portfolio and entry into new repurchase agreements.	More than 50% of the repurchase portfolio comprises electric or similar low-emission vehicles.
Waste management	Increased regulations could reduce demand and cause a loss of revenues or lead to increased costs or fines.	Møller Mobility reports on waste and levels of waste recycling for operations in Norway. Launched similar training in Sweden in 2019. It follows local regulations and reporting standards in the Baltic states.	Reduction of total waste by 10% in 2022, and a higher proportion of materials recycled. Systems for monitoring oil waste installed.

Source: company. See [ESG factors in corporate ratings](#).

Ownership neutral

OWNERSHIP ANALYSIS

We assess Møller Mobility's ownership structure as supportive of the company's brand reputation and strategy. The company is majority-owned by the founding family through the investment company Aars AS, which we see as providing strategic stability and moderation of risk. Minority owner Møller Mobility Group MI AS represents senior executives' shareholdings in the company. The company has two share classes, A and B. All of the A shares are held by Jan H. Møller. These are guaranteed to generate NOK 5m in total annual dividends from Møller Mobility and its sister company Møller Eiendom Holding AS. In our view, Aars AS would likely support Møller Mobility if necessary, as the company represents a core holding at over 30% of its portfolio. However, we do not give credit for ownership support unless there are material credit enhancing features, such as explicit guarantees or capital commitments, as defined in our Group and Government Support Methodology.

Figure 21. Møller Mobility ownership structure, 31 Dec. 2022

Owner	Share of votes and capital
Aars AS	96.9%
Møller Mobility Group MI AS	2.8%
Jan H. Møller	0.4%
Total	100.0%

Source: company.

ISSUE RATINGS

Møller Mobility is financed primarily through senior unsecured bonds, credit facilities and cash. We expect gross secured debt to NCR-adjusted EBITDA to remain below 2.0x over our forecast period, reflecting the company's target long-term capital structure. We rate the company's long-term senior unsecured obligations 'BBB-', at the same level as the issuer rating, reflecting the flat debtor hierarchy.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 8 May 2023.
- (ii) [Rating Principles](#), 24 May 2022.
- (iii) [Group and Government Support Rating Methodology](#), 18 Feb. 2022.

Figure 22. Møller Mobility key financial data, 2019–2022

NOKm	2019	2020	2021	2022
INCOME STATEMENT				
Total revenue	30,561	33,017	36,137	39,174
Gross profit	6,607	6,999	8,383	9,030
EBITDA	1,308	1,724	2,673	2,797
EBIT	1,000	1,393	2,418	2,535
Net financial items	30	272	144	114
Pre-tax profit	1,030	1,665	2,562	2,649
Net profit	825	1,305	2,010	2,094
BALANCE SHEET				
Property, plant and equipment	672	695	746	886
Intangible assets and goodwill	224	112	97	146
Total non-current assets	2,711	2,771	3,096	3,770
Cash and cash equivalents	234	1,545	1,905	625
Total current assets	7,077	7,254	8,113	8,575
Total assets	9,787	10,025	11,209	12,345
Total equity	3,704	4,076	4,542	5,006
Long-term interest-bearing loans	400	509	898	477
Total non-current liabilities	905	1,046	1,469	1,018
Total current liabilities	5,179	4,903	5,198	6,321
Total equity and liabilities	9,787	10,025	11,209	12,345
CASH FLOW STATEMENT				
Pre-tax profit	1,030	1,665	2,562	2,649
Operating cash flow	-300	3,132	2,532	996
Cash flow from investment activities	-304	-284	-563	-848
Cash flow from finance activities	588	-1,540	-806	-2,231
Cash and cash equivalents at beginning of year*	253	237	1,545	2,708
Cash flow for year	-16	1,308	1,163	-2,083
Cash and cash equivalents at end of year*	237	1,545	2,708	625

*Includes liquidity portfolio.

Figure 23. Møller Mobility rating scorecard

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

Figure 24. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB-

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