

SalMar ASA

Rating Action Report

SalMar senior unsecured debt rating raised to 'BBB+' following revision of issue rating criteria

Nordic Credit Rating said today that it had raised the senior unsecured issue rating of Norway-based salmon farmer [SalMar ASA](#) to 'BBB+' from 'BBB', in accordance with its revised issue rating criteria. The rating action reflects our expectations that the company will keep its gross secured debt to EBITDA below 2.0x on a sustained basis. Gross secured debt to NCR-adjusted EBITDA stood at 2.3x on a last 12-month basis as of 31 Mar. 2023 (including less than five months of earnings from NTS ASA and Norway Royal Salmon ASA). We expect gross debt to decrease due to the proceeds from the recent sale of Frøy ASA and project gross secured debt to NCR-adjusted EBITDA of 1.3x at 31 Dec. 2023. At the same time, the 'BBB+' long-term issuer rating on the company was affirmed. The outlook is stable. The ratings are no longer under criteria review.

Rating list

Long-term issuer credit rating:

Outlook:

Short-term issuer credit rating:

Senior unsecured issue rating:

To	From
BBB+	BBB+
Stable	Stable
N2	N2
BBB+	BBB

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Figure 1. SalMar rating scorecard

Subfactors	Impact	To	From
Operating environment	20.0%	bb	bb
Market position	10.0%	bbb	bbb
Size and diversification	10.0%	a-	a-
Operating efficiency	10.0%	a+	a+
Business risk assessment	50.0%	bbb	bbb
Ratio analysis		a-	a-
Risk appetite		bbb	bbb
Financial risk assessment	50.0%	bbb+	bbb+
Indicative credit assessment		bbb+	bbb+
Liquidity		Adequate	Adequate
ESG		Adequate	Adequate
Peer calibration		Neutral	Neutral
Stand-alone credit assessment		bbb+	bbb+
Support analysis		Neutral	Neutral
Issuer rating		BBB+	BBB+
Outlook		Stable	Stable
Short-term rating		N2	N2

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB+	BBB

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating
Publication date:	The rating was first published on 07 Apr. 2021.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Corporate Rating Methodology published on 8 May 2023 NCR's Rating Principles published on 24 May 2022 NCR's Group and Government Support Rating Methodology published on 18 Feb. 2022 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies . The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA) .
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Company presentations, External market reports, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. The rating was not amended after the review by the issuer. No stress test was performed. Standard cash flow forecasting was performed. NCR's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies .
Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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