

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 moderately low 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. Reduced consumer appetite for big ticket purchases – requiring price adjustments – are likely to reduce Møller Mobility's profitability. At this point, we believe that declining EBITDA margins are likely to be offset by higher sales volumes, effectively stabilising the company's 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 rapidly affect liquidity if inventory turnover decreases and prices decline.

NEGATIVE OUTLOOK

The outlook is negative, reflecting uncertainty about the long-term direction of financial leverage. It reflects a more challenging competitive environment and pricing pressure due to eroded consumer purchasing power and reduced appetite for big-ticket purchases, which negatively impact sales and margins. We believe that markets are likely to start to recover in the second half of 2024 and that the company has taken measures to adapt its cost base to more challenging conditions. We are cautious about the long-term impact on the competitive landscape due to an increasing number of car makers selling through an agent-based model.

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

- NCR-adjusted net debt/EBITDA above 2.5x and NCR-adjusted EBITDA/net interest below 8x over a protracted period.
- Weakened inventory turnover and continuing weak car sales that pressure profitability.

Figure 1. Key credit metrics, 2020–2026e

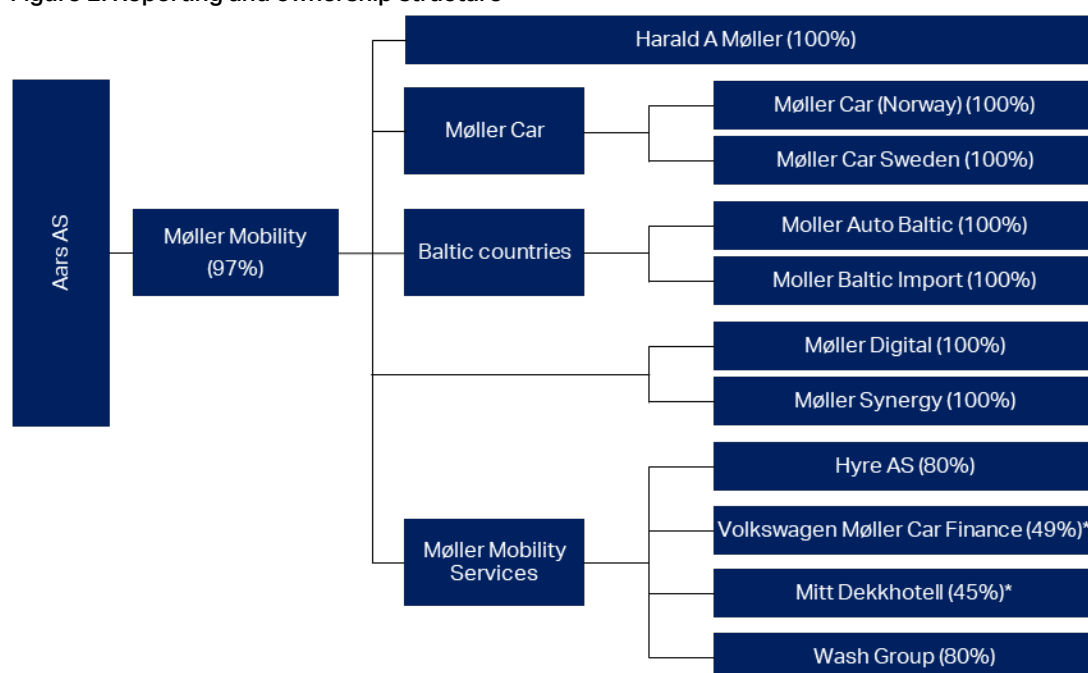
NOKm	2020	2021	2022	2023	2024e	2025e	2026e
Revenues	33,017	36,137	39,174	38,751	37,609	40,932	41,577
EBITDA	2,246	3,181	3,561	2,615	2,095	2,392	2,362
EBITDA margin (%)	6.8	8.8	9.1	6.7	5.6	5.8	5.7
FFO	1,624	2,419	2,752	1,971	1,527	1,768	1,729
Net debt	2,680	2,477	4,280	6,151	5,414	5,724	5,679
Total assets	13,683	15,029	16,415	16,640	16,719	17,120	17,351
Net debt/EBITDA (x)	1.2	0.8	1.2	2.4	2.6	2.4	2.4
EBITDA/net interest (x)	9.2	13.0	13.9	9.1	6.1	7.5	7.2
FFO/net debt (%)	60.6	97.7	64.3	32.0	28.2	30.9	30.4
FOCF/net debt (%)	101.8	87.0	20.6	10.1	32.9	17.2	22.7

Source: company and NCR. 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 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 2023, it imported 44,174 vehicles and sold 66,859 new and used cars.

Figure 2. Reporting and ownership structure



Source: company. *Joint ventures and associated companies.

BUSINESS RISK ASSESSMENT

Business risk
assessment 'bb+'

Our business risk assessment reflects the cyclical car retailing market, intensified price competition, and the company's declining profitability. We view Møller Mobility's strong market position in Norway and its long-standing relationship with Volkswagen as strengths. The assessment also reflects the company's geographic scope, with revenues from Norway, Sweden and the Baltic countries. The company's business risk profile is further supported by Volkswagen Møller Car Finance, which provides leasing and finances cars purchased through Møller Mobility.

Car retailing market likely to approach cyclical bottom in near term

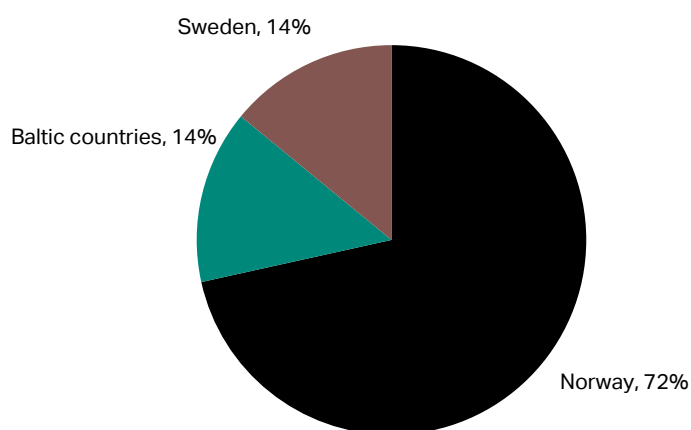
Operating environment
'bb'

The automotive industry has long been characterised by large, stable brands and customer loyalty, especially among purchasers of new cars. After several years of record economic activity, households' purchasing power has been eroded by interest rate rises and high inflation, which has reduced demand for big-ticket purchases. 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 significantly increased customer costs, which have led to cancelled orders and lower order intake. Supply chains have normalised from the bottlenecks experienced after the outbreak of the COVID-19 pandemic which has increased the supply of new cars. We believe these factors have contributed to declining prices of new and used cars and intensified 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 and removal of the ability to negotiate on price.

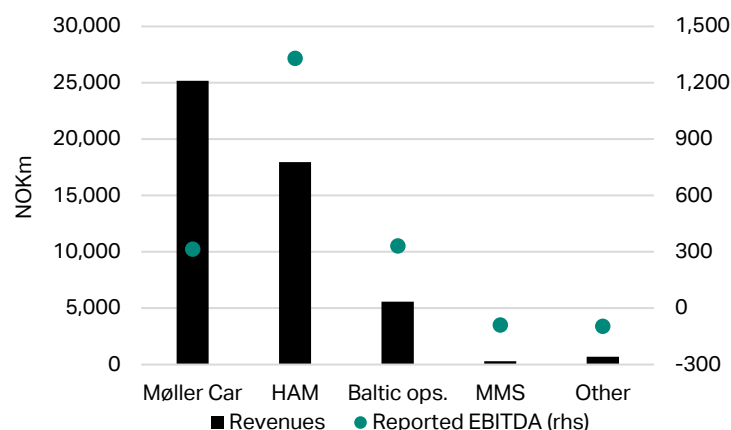
Imports of new cars into Møller Mobility's geographic markets are regulated through licencing or agency agreements between importers and manufacturers, which increases barriers to entry. We consider the import segment to be less amenable to substitution than dealerships. While no licencing or agency 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 profits.

Figure 3. Revenues by country/region, 2023



Source: company.

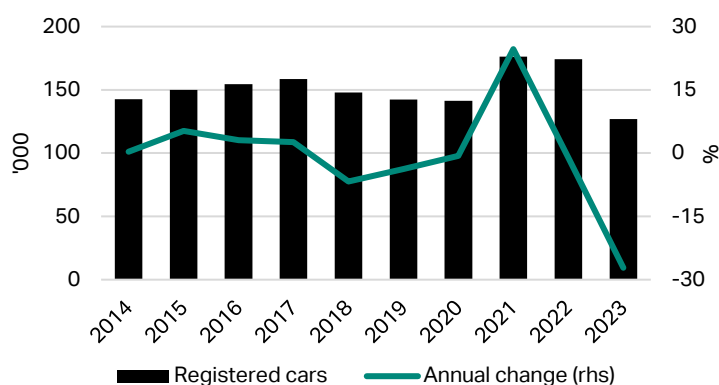
Figure 4. Revenues by segment, 2023



Source: company. MMS—Møller Mobility Services. Excluding eliminations of NOK 10.9bn and profit from associated companies.

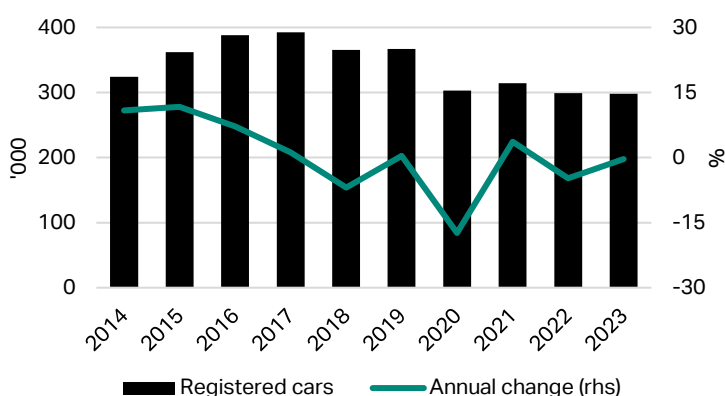
Norway recorded new registered car sales of 126,948 in 2023, down from 174,316 a year earlier. At the same time, Swedish sales were flat, while the Baltic countries saw an upswing of about 10%. The overall Norwegian car sales market started 2024 weakly, with first-quarter sales down 22% from the corresponding period in 2023 due to weaker order intake. We believe that the market is approaching a cyclical bottom, with a recovery likely in the second half of 2024. However, prices of new and used cars are unlikely to increase in the near term.

Figure 5. Norway registered new cars, 2014–2023



Source: OFV (Opplysningsrådet for Veitrafikken).

Figure 6. Sweden registered new cars, 2014–2023



Source: Transport Analysis (Trafikanalys).

Figure 7. Baltic countries registered new cars, 2014–2023

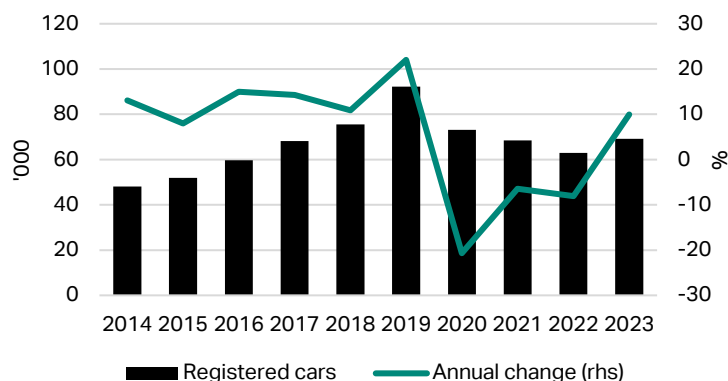
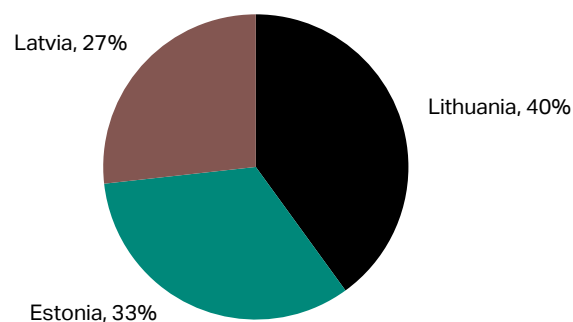


Figure 8. Baltic states registered new cars by country, 2023

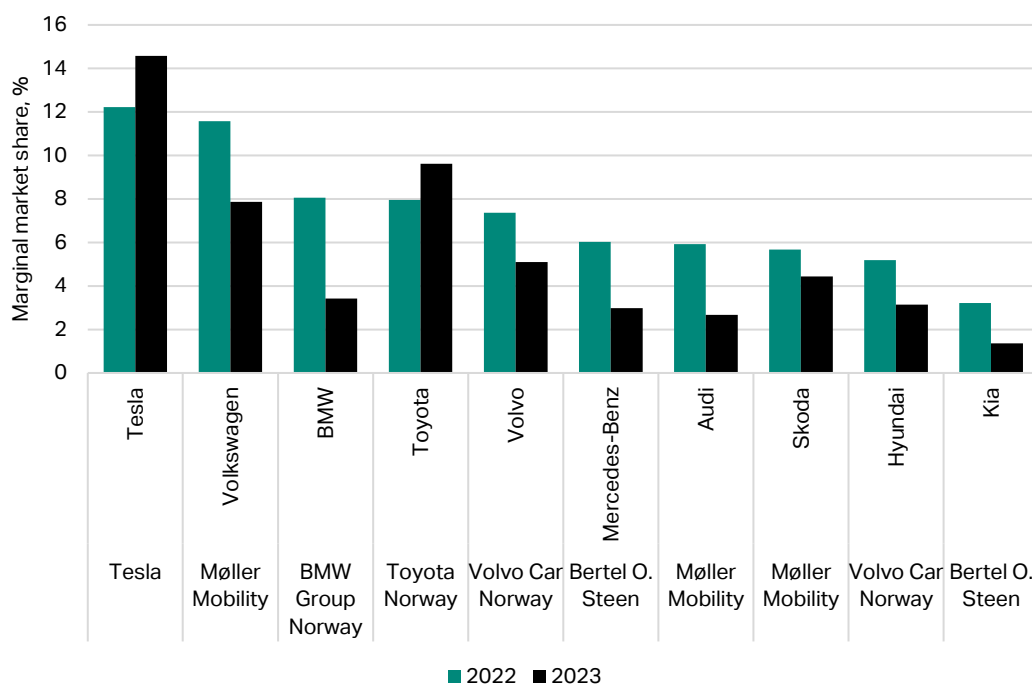


The automotive industry is undergoing transformation due to increased environmental concerns, the development of electric vehicles, digitalisation, and increased mobility requirements. This has enabled new market entrants to gain a strong foothold. In response, more established manufacturers are intensifying 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.

Market position in Norway solid, with 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 2023, Norway's three largest sellers of new cars accounted for over 40% of the new car market. Møller Mobility has been the market leader in Norway for the past 12 years and had a 21% share of the new car market in 2023. 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.

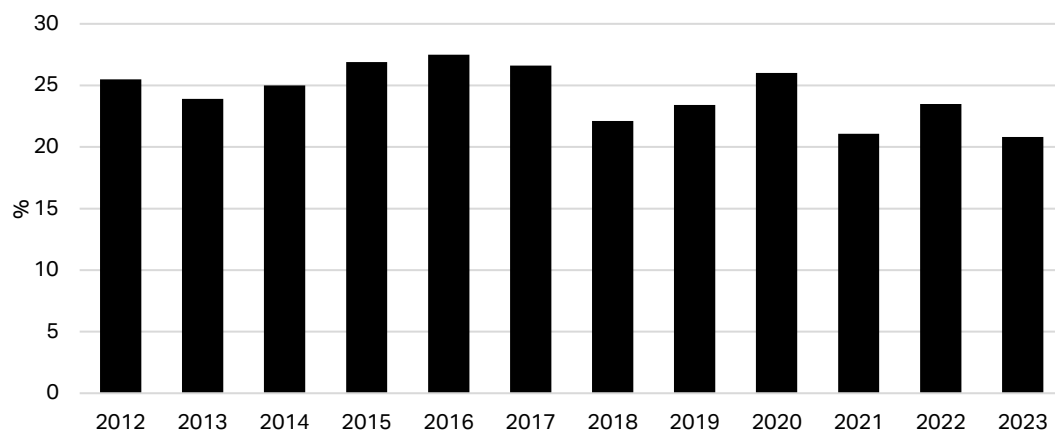
Figure 9. Marginal market share of car brands and importing groups in Norway, 2022–2023



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 2023, 89% of all new personal cars sold by Møller Mobility were electric, compared with 82% of all new cars sold in Norway. We expect the proportion of electric cars to increase.

Market position 'bbb-'

Figure 10. Market share of new car sales*, 2012–2023



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 or offerings at attractive levels.

Because Møller Mobility imports vehicles and operates dealerships in Norway and the Baltic countries on behalf of Volkswagen, 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 within the automotive industry strong

Møller Mobility is one of the largest car retailers in the Nordic region, with 70 dealerships across its three geographic markets. Most of the company's revenues are generated in Norway. In addition, 40% of all cars imported by HAM into Norway are sold through external dealerships, partly offsetting concentration risk. Møller Mobility is also among the largest used car retailers in Norway. We expect the company to develop its product offering with new brands and to enter new geographic markets. The company recently purchased three Porsche dealerships in the Oslo region, in line with plans to expand its premium offering. We take a positive view of the company's diversity in different customer segments as different demand patterns through economic cycles provide greater overall earnings stability.

Figure 11. Offerings by country

Country	Brands/Products	Service
Norway	Volkswagen, Audi, Škoda, SEAT, Cupra, VW commercial vehicles, Porsche, 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-'

finances purchases of over 80,000 cars. The finance company shares headquarters with Møller Mobility.

We see supply-chain risk associated with the company's exposure to a limited number of Volkswagen production plants and a single counterparty. This risk was highlighted during 2021–2022 when the company was unable to obtain new cars for delivery, resulting in its order backlog rising to historic highs. We believe that Volkswagen has a diverse production system and could adapt to disruptions at relatively short notice, but that Møller Mobility could experience restricted access to new cars and reduced cash flows.

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 purchasing power required. We expect further investments in new products and the development of existing products over our forecast period through 2026.

Figure 12. 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

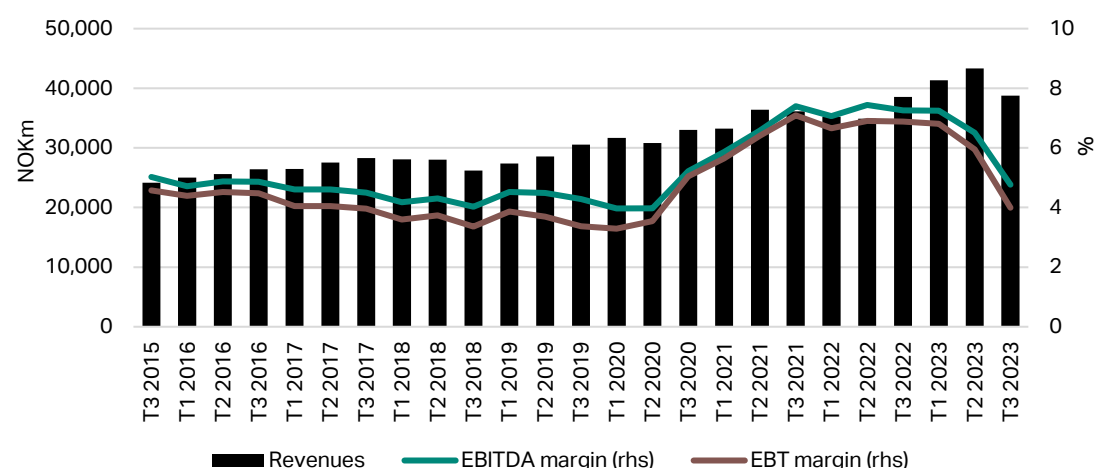
Source: company.

Order intake shows signs of recovery as margins stabilise

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. The service segment performed remarkably well through 2023, with growing profits, which partly offset the negative impact of weaker performance in new and used cars. Negatively, we expect that electric cars are likely to need less servicing over time, thereby weighing on service margins.

While new car volumes decreased by 10% in 2023, the impact on profits was somewhat cushioned by a 14% increase in sales of used cars. Margin compression in both segments contributed negatively to annual profits. Margins appear to have recovered in the second half of 2023 and are likely to remain stable at current levels, with limited downside. In 2023, Møller Mobility launched a restructuring programme to adapt its cost-base to tougher operating conditions. We estimate that the company's EBITDA margins are likely to decline in 2024 before recovering slightly through 2026. We consider that the margins are more reflective of the long-term reality than they were in 2021 and 2022, when supply-chain imbalances drove extraordinary margin expansion.

Figure 13. Reported revenues, EBITDA and EBT margins (rolling 12 months), 2015–2023

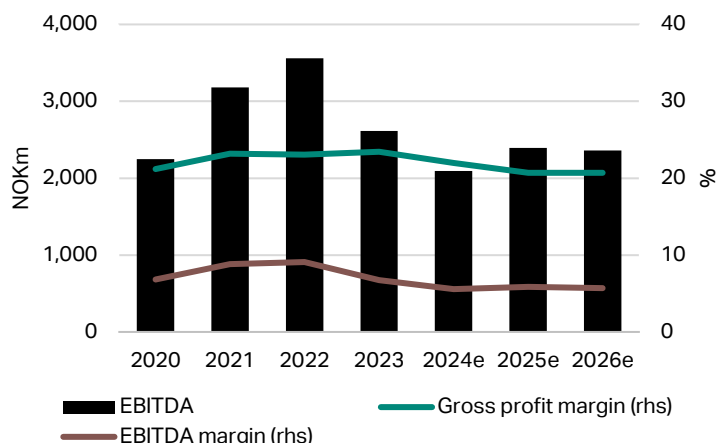


Source: company. EBT=earnings before tax.

Operating efficiency 'bb'

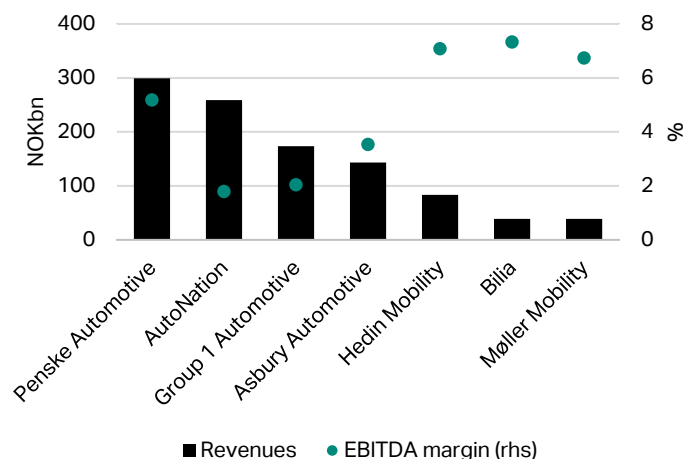
We expect Møller Mobility's performance to remain stable over our forecast period and order intake to show signs of recovery. The company currently has large inventories of commercial vehicles, which we expect it to deliver by end-2024. Working capital is seasonal with the highest amount accumulated in the final four months of the year, and the lowest in the four months to August due to limited deliveries during the holiday season. The company typically has well-spread repurchasing commitments in its car leasing portfolio, and expects increasing losses. The margins on repurchased cars are typically strong and we see limited downside to sales prices given loss reservations but are cautious about inventory balances if turnover falls. We expect Møller Mobility's EBITDA margin to remain stronger than its international peer group average, but lower than its Nordic peer group average.

Figure 14. EBITDA and margins, 2020–2026e



Source: company and NCR. e—estimate.

Figure 15. Peer group revenues and EBITDA margins, 2023



Source: companies.

FINANCIAL RISK ASSESSMENT

Financial risk
assessment 'bbb-'

Our financial risk assessment reflects Møller Mobility's robust financial metrics, which are largely aligned with its long-term financial gearing target. The assessment is negatively affected by the company's large off-balance-sheet commitment to repurchase leased cars and volatile cash position caused by inventory fluctuations through the year.

Ratio analysis 'bbb'

Credit metrics set to stabilise as higher delivery volumes offset pricing pressure

We expect Møller Mobility to continue to focus on ensuring long-term profitability. In our opinion the company has adapted its cost base to cope with tougher economic conditions. We expect the company to continue to invest in new business areas and solidify its leading market position. We also anticipate that the company will adapt an agency-based model more widely. We believe that leverage is likely to stabilise as profitability margins level out. Because of the seasonality of working capital, gross debt balances are typically higher at year-end than throughout the year.

Figure 16. Key base-case forecast assumptions and credit metrics, 2024e–2026e

	2024e	2025e	2026e
Revenue growth (%)	-2.9	8.8	1.6
EBITDA margin, as reported (%)	3.7	4.2	4.2
Average interest rate (%)	5.3	4.6	4.6
Capital expenditure (NOKm)	-708	-373	-400
Dividend payment (NOKm)	-605	-900	-900
Net debt/EBITDA (x)	2.6	2.4	2.4
EBITDA/net interest (x)	6.1	7.5	7.2
FFO/net debt (%)	28.2	30.9	30.4
FOCF/net debt (%)	32.9	17.2	22.7

Source: company and NCR. e—estimate. All metrics adjusted in line with NCR methodology.

As Møller Mobility reports according to Norwegian GAAP, we have adjusted gross debt for financial leasing, pension costs and non-recurring items such as estimated gains/losses on the repurchase of

leased cars and restructuring costs in 2023 (see Figure 23). About half of the company's estimated leasing liabilities relate to internal leasing arrangements with sister company Møller Eiendom. These leases are on market terms, but we believe they carry lower risk than leases with external counterparties due to mutual ownership interest.

Figure 17. Net debt and net debt/EBITDA, 2020–2026e

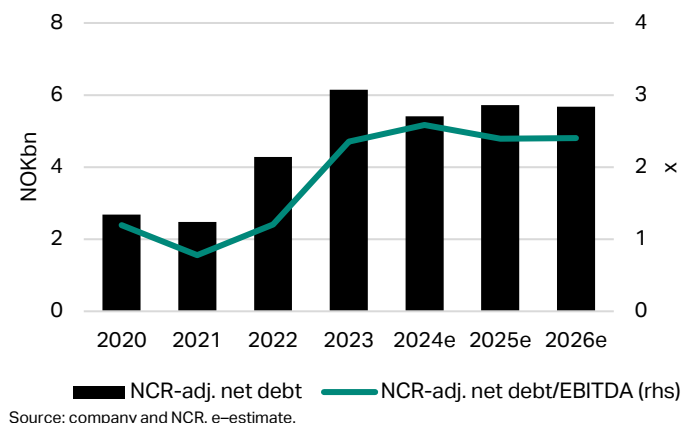
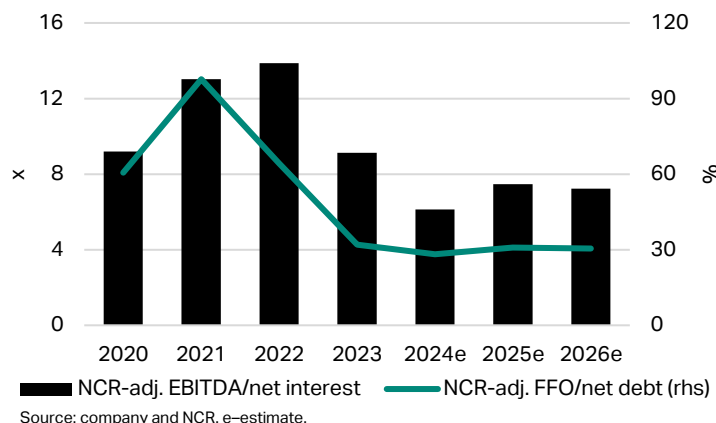


Figure 18. EBITDA/net interest and FFO/net debt, 2020–2026e



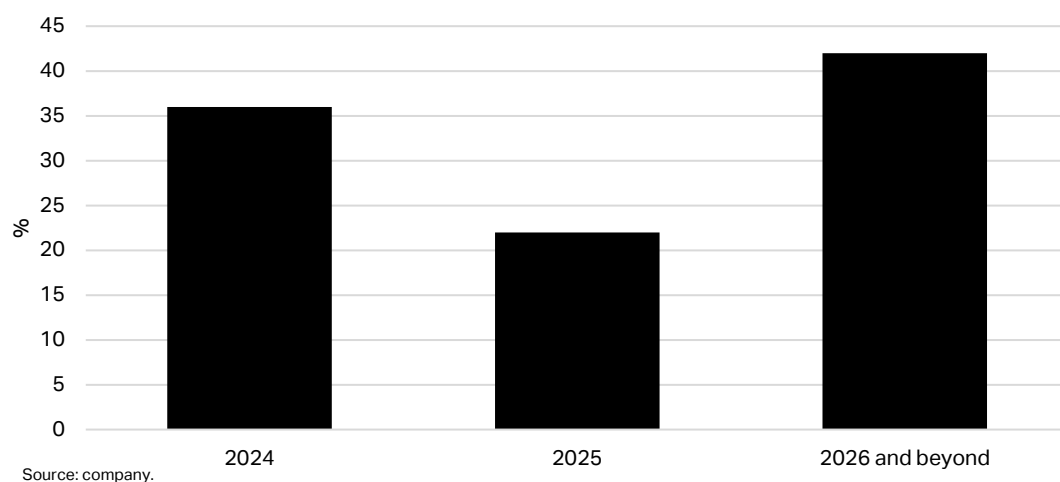
Off-balance-sheet commitments and volatile cash position increase risk

Risk appetite 'bb+'

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 and liquidity are typically 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 if inventory turnover decreases. The leasing portfolio also creates repricing risk, which could result in repurchase prices rising above market rates. The repurchase portfolio reflects market conditions with a few years' delay. Most of the NOK 6.1bn repurchase portfolio consisted of electric or hybrid cars as of 31 Dec. 2023. The residual value risk for commercial vehicles is lower as it is largely written off over the term of the leasing contract.

Figure 19. Repurchase portfolio maturity structure, 31 Dec. 2023



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 above 35%, excluding leasing, with dividends typically paid three times a year. The company's dividends are not committed and are always paid on an extraordinary basis, with the liquidity situation determining if the company pays dividends. The company aims to maintain a permanent liquidity buffer of at least NOK 1bn. Covenants are linked to the unadjusted equity ratio of 30%. In addition, we take the view that the owners could provide support if the need for liquidity arises. We also believe that the owners would be willing to provide equity capital to finance acquisitions, if necessary.

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. In our view, the company has a prudent approach to acquisitions.

ADJUSTMENT FACTORS

Adjustment factors
neutral

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

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 a company with an investment grade rating ('BBB-' or above) to cover its liquidity needs, with limited need for external funding over the coming 12 months.

We assess Møller Mobility's liquidity position as adequate. The company has a liquidity surplus of NOK 3bn, representing 5.3x uses, over the 12 months ending 31 Dec. 2024. We expect cash flow from operations to remain strong despite weaker market conditions. The company has good access to available credit facilities. The net impact of the repurchase portfolio, which we estimate at NOK 2.2bn in 2024, is reflected in our estimates of working capital.

Figure 20. Liquidity analysis (stressed scenario) 1 Jan. 2024–31 Dec. 2024

Liquidity, next 12 months	Amount (NOKm)
Cash and cash equivalents (100%)	223
Adjusted FFO (75%)	1,145
Working capital	961
Unutilised credit facilities	1,400
Total sources	3,729
Committed capital spending	-708
Total uses	-708
Sources/uses (x)	5.3
Sources-uses (NOKm)	3,021

Source: company and NCR.

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 99.2% (1,386,809 tonnes annually) 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 legislation 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 into 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 21. 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.	89% of the company's new cars sold in Norway in 2023 were electric. In Sweden, new electric cars sold stood at 45% 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 10.8% in 2023 (37.7% 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 12% in 2023, and a higher proportion of materials recycled. Focus on improving battery repair capabilities. Systems for monitoring oil waste installed.

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

OWNERSHIP ANALYSIS

Ownership neutral

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 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 22. Ownership structure, 31 Dec. 2023

Owner	Share of votes and capital
Aars AS	96.7%
Møller Mobility Group MI AS	2.8%
Jan H. Møller	0.4%
Møller Mobility Group MI 2 AS	0.2%
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 2x 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.

SHORT-TERM RATING

The 'N3' short-term rating reflects the company's liquidity profile relative to the 'BBB-' long-term issuer rating. The company's committed sources to uses stood at 5.6x according to our liquidity analysis for the 12 months ending 31 Dec. 2024, which we see as indicative of an adequate liquidity profile for the long-term issuer rating.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 8 May 2023.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

Figure 23. NCR's adjustments to credit metrics, 2020–2026e

NOKm	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	1,724	2,673	2,797	1,848	1,392	1,719	1,746
Leasing costs	497	519	553	703	703	673	616
Other EBITDA adjustments	25	-11	211	64			
NCR-adj. EBITDA	2,246	3,181	3,561	2,615	2,095	2,392	2,362
Net interest	-27	-19	-19	-37	-84	-63	-71
Financial costs from leasing	-215	-224	-237	-244	-253	-252	-251
Pension obligations	-2	-1	-1	-5	-5	-5	-5
NCR-adj. net interest	-244	-244	-257	-286	-342	-320	-327
NCR-adj. EBITDA	2,246	3,181	3,561	2,615	2,095	2,392	2,362
NCR-adj. net interest	-244	-244	-257	-286	-342	-320	-327
Current tax	-378	-518	-553	-358	-226	-304	-306
NCR-adj. FFO	1,624	2,419	2,752	1,971	1,527	1,768	1,729
NCR-adj. FFO	1,624	2,419	2,752	1,971	1,527	1,768	1,729
Changes in working capital	1,377	88	-1,401	-760	961	-410	-42
Capital spending	-273	-353	-467	-589	-708	-373	-400
NCR-adj. FOCF	2,728	2,154	884	622	1,780	985	1,287
Cash and cash equivalents	1,545	1,905	625	223	653	322	350
Liquid assets (25% deduction)*		602					
NCR-adj. cash and equivalents	1,545	2,507	625	223	653	322	350
Gross interest-bearing debt	509	1,108	777	2,095	1,795	1,795	1,795
Pension obligations	57	54	57	66	66	66	66
Leasing liabilities	3,658	3,820	4,070	4,212	4,205	4,184	4,166
Other debt adjustments	1	2	1	1	1	1	1
NCR-adj. cash and equivalents	-1,545	-2,507	-625	-223	-653	-322	-350
NCR-adj. net debt	2,680	2,477	4,280	6,151	5,414	5,724	5,679

Source: company and NCR. e—estimate. *Liquidated in 2022 to generate working capital.

Figure 24. Key financial data, 2020–2023

NOKm	2020	2021	2022	2023
INCOME STATEMENT				
Total revenue	33,017	36,137	39,174	38,751
Gross profit	6,999	8,383	9,030	9,082
EBITDA	1,724	2,673	2,797	1,848
EBIT	1,393	2,418	2,535	1,517
Net financial items	272	144	114	32
Pre-tax profit	1,665	2,562	2,649	1,549
Net profit	1,305	2,010	2,094	1,209
BALANCE SHEET				
Property, plant and equipment	695	746	886	972
Intangible assets and goodwill	173	203	483	875
Total non-current assets	2,771	3,096	3,770	4,357
Cash and cash equivalents	1,545	2,708	625	223
Total current assets	7,254	8,113	8,575	8,071
Total assets	10,025	11,209	12,345	12,428
Total equity	4,076	4,542	5,006	5,036
Long-term interest-bearing loans	509	898	477	495
Total non-current liabilities	1,046	1,469	1,018	1,192
Total current liabilities	4,903	5,198	6,321	6,200
Total equity and liabilities	10,025	11,209	12,345	12,428
CASH FLOW STATEMENT				
Pre-tax profit	1,665	2,562	2,649	1,549
Operating cash flow	3,132	2,532	996	488
Cash flow from investment activities	-284	-563	-848	-498
Cash flow from finance activities	-1,540	-806	-2,231	-392
Cash and cash equivalents at beginning of year*	237	1,545	2,708	625
Cash flow for year	1,308	1,163	-2,083	-402
Cash and cash equivalents at end of year*	1,545	2,708	625	223

Source: company. *Includes liquidity portfolio.

Figure 25. 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 26. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB-

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