Nordic Credit Rating

CORPORATE

Norway
7 Aug. 2025

NorgesGruppen ASA

Rating Action Report

LONG-TERM RATING

A-

OUTLOOK

Negative

SHORT-TERM RATING

N2

PRIMARY ANALYST
Christian Yssen
+4740019900
christian.yssen@nordiccreditrating.com

SECONDARY CONTACTS
Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.com

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

NorgesGruppen ASA outlook revised to negative, 'A-' long-term issuer rating affirmed

Nordic Credit Rating has revised the outlook on its 'A-' long-term issuer rating on Norway-based NorgesGruppen ASA to negative from stable. The long-term rating was affirmed, as was the 'A-' senior unsecured issue rating and 'N2' short-term rating.

Rating rationale

The outlook revision reflects NorgesGruppen's announced acquisition of Norway-based pharmacy retailer Norsk Medisinaldepot AS (NMD) from American-based McKesson for an undisclosed amount (6 Aug. 2025). We expect the transaction to close in the second half of 2025, subject to approval by the Norwegian Competition Authority (NCA), and that the acquisition will increase NorgesGruppen's leverage.

NMD operates the Vitus Apotek and Ditt Apotek pharmacy chains, comprising 386 pharmacies and more than 3.000 employees. The company also has established wholesale distribution operations and produces pharmaceuticals under its own brands. The pharmacy retail chains account for about 33% market share in the Norwegian pharmacy market, estimated at approximately NOK 44bn. This compares to NorgesGruppen's estimated 28% share of the total Norwegian food market (NOK 380bn in 2024).

NorgesGruppen has maintained a stable NCR-adjusted net debt/EBITDA about 2.6x in recent years, and we have previously expected this to decline to 2.4x in 2026-2027. We anticipate an increase in leverage following the transaction. We also expect the interest coverage ratio to decline somewhat from earlier estimates of 8x in 2026-2027.

In our view, the pharmacy segment aligns well with the group's low-cyclicality business model, supporting both horizontal and vertical integration. Given NorgesGruppen's leading position in the retail grocery sector, we expect the group to achieve synergies and strengthen its market position over the longer term. We consider the increased segment diversification and product offerings as positive for NorgesGruppen's business risk profile.

Negative outlook

The negative outlook reflects a possible negative effect of the transaction on NorgesGruppen's financial risk profile, which may overshadow a potential positive effect on the business risk profile. Moreover, we are cautious regarding a possible rejection of the transaction or demand for mitigating actions from the NCA.

We could lower the rating to reflect net debt/EBITDA above 3x and FFO/net debt below 25% over a sustained period, EBITDA margins below 8% over a protracted period, or new legislation that erodes market position or profitability.

We could revise the outlook to stable to reflect net debt/EBITDA below 3x and FFO/net debt above 25% over a sustained period, if the transaction's positive effects on business profile adequately compensates the heightened financial risk profile, or if the transaction does not proceed.

Related publications

NorgesGruppen ASA long-term issuer rating raised to 'A-'; Outlook stable, 4 Jun. 2025.

Rating list	**To**	**From**
Long-term issuer credit rating:	A-	A-
Outlook:	Negative	Stable
Short-term issuer credit rating:	N2	N2

Rating list	To	From
Senior unsecured issue rating:	A-	A-

Figure 1. NorgesGruppen rating scorecard

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

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	A-	A-

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 25 Oct. 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.
Primary analyst:	Christian Yssen, +4740019900, christian.yssen@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Geir Kristiansen, +4790784593, geir.kristiansen@nordiccreditrating.com
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 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 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, Bond prospectuses, Company presentations, Data provided by external data providers, 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 have been provided in the last 12 months.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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