Veas Selvkost AS

Full Rating Report

LONG-TERM RATING

AAA

OUTLOOK

Negative

SHORT-TERM RATING

N1

PRIMARY ANALYST
Gustav Nilsson
+46735420446
gustav.nilsson@nordiccreditrating.com

SECONDARY CONTACTS
Anine Gulbrandsen
+4797501657
anine.gulbrandsen@nordiccreditrating.com

Elisabeth Adebäck
+46700442775
elisabeth.adeback@nordiccreditrating.com

RATING RATIONALE

Our 'AAA' long-term issuer rating on Norway-based wastewater utility Veas Selvkost AS reflects the company's operations, which are governed by statutory objectives and a well-established regulatory framework. The company is owned by three Norwegian municipalities and operates under the principle of full cost recovery, which limits financial risk and creates a non-cyclical operating environment. The rating is supported by the company's effective monopoly status and its role in delivering essential wastewater services deemed necessary for public health and the environment. We see the integration of owners in the operating model as a core strength. Our view of financial risk is supported by the company's long average debt-to-maturity times and low refinancing risk.

Veas Selvkost benefits from its owners' creditworthiness: the three municipalities are characterised by strong demographic factors such as rapid population growth and below-average levels of elderly dependents. In addition, their budgeting is relatively prudent and their operating margins and financial reserves are in line with those of the wider domestic municipal sector. We align the long-term issuer rating with our 'aaa' average credit assessment of the owners due to the company's essential role in providing critical wastewater treatment services. In our view, the company's remit requires it to support the central government in meeting key social objectives. Accordingly, the government would likely face severe political consequences if timely support were not forthcoming in the event of need.

NEGATIVE OUTLOOK

The negative outlook reflects the increasing debt burden for its largest owner, the City of Oslo. While the City of Oslo has made significant improvements in its revisions to the 2025-2028 budget, over NOK 75bn in investments are planned. The outlook reflects the potential for rising debt to negatively affect our view of the creditworthiness of Oslo county, resulting in lower available support to Veas Selvkost's credit rating.

POTENTIAL DRIVERS FOR STABLE OUTLOOK

- Improved debt and interest burden of the City of Oslo, resulting in a more stable trajectory for the county's debt and interest metrics.

POTENTIAL NEGATIVE RATING DRIVERS

- Rising debt levels of the City of Oslo, with limited improvements in operating performance or moderation of future investments.

Figure 1. Key credit metrics, 2022–2027e

NOKm	2022	2023	2024	2025e	2026e	2027e
Revenues	397	512	491	508	516	521
EBITDA	79	157	133	147	150	151
EBITDA margin (%)	19.9	30.6	27.1	29.0	29.0	29.0
FFO	61	128	103	106	98	93
Net debt	788	816	846	1,031	1,344	1,601
Total assets	1,573	1,766	1,774	2,006	2,361	2,661
Net debt/EBITDA (x)	10.0	5.2	6.4	7.0	9.0	10.6
EBITDA/net interest (x)	4.4	5.6	4.5	3.6	2.9	2.6
FFO/net debt (%)	7.7	15.7	12.2	10.3	7.3	5.8
FOCF/net debt (%)	-6.5	-1.3	-2.4	-18.0	-23.2	-16.1

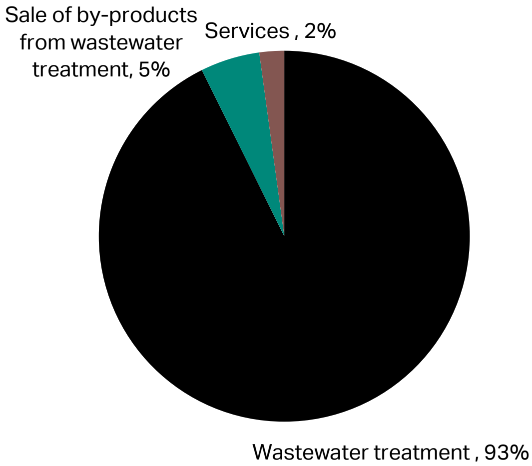
Source: company and NCR. e–estimate. FFO–funds from operations. FOCF–free operating cash flow. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Veas Selvkost is the largest wastewater treatment company in Norway and provides statutory services for its municipal owners. The company was founded in 1976 and is owned by the City of Oslo (70.5%), Bærum municipality (21.5%), and Asker municipality (8%). Its primary objective is to treat wastewater in accordance with requirements set out by the respective county governors in the Oslofjorden area in southeastern Norway. The company has a 42,000 sqm processing plant near Slemmestad in Asker municipality. Veas Selvkost operates under the principle of full cost recovery and its owners guarantee its debt (up to NOK 1bn). In 2022, it became a limited liability company with a group structure under a common parent company, Veas AS. Inter-municipal collaboration which began in 1976 was replaced by a shareholder agreement between the three municipal owners.

Veas Selvkost is one of three subsidiaries in the Veas Group, which also includes Veas Marked AS and Veas Næringspark AS. It generates over 90% of total group income. Veas Næringspark's main purpose is to own and manage properties for the group, while Veas Marked produces commercial products to support a circular economy. Veas Marked's debt is not guaranteed. We see Veas Selvkost and Veas Marked as separate companies and believe it unlikely that Veas Selvkost would be required to support Veas Marked in the event of need. Instead, we would expect any such support to be provided directly by the owners.

Figure 2. Revenue sources, 31 Dec. 2024



Source: company.

BUSINESS RISK ASSESSMENT

Business risk assessment

Our business risk assessment reflects Veas Selvkost's operations under an established regulatory framework for wastewater utilities that enables predictable and transparent revenues. The company's effective monopoly position in its areas of operation and resulting low substitution risk support our assessment. The company operates under the principle of full cost recovery and faces limited downside risk as the owners cover all direct expenses. We view these characteristics as positive as they support financial stability.

Highly regulated market with full cost recovery

Operating environment

Veas Selvkost operates in Norway's highly regulated water and wastewater utility market. The provision of water and wastewater services is predominantly a municipal responsibility but is regulated at national level. The company operates with a natural monopoly due to the regulated nature of the market in which parallel business activities and competition are considered economically unfeasible. We view Veas Selvkost's essential wastewater services as non-cyclical and irreplaceable within its market. We also expect water volumes to have low cyclicality but that demand will increase with population growth and rising business activity.

The market is subject to the principle of full cost recovery. This entails that fees paid by consumers should not exceed the total cost of service provision. Veas Selvkost's revenues and cash flow are a function of cost levels and cost-setting mechanisms as well as water volumes. The municipal owners collect fees from consumers and decide the level of fees and budgets within their respective areas of authority. Independent regulatory authorities govern quality and safety. The legally required standards for the removal of nitrogen and phosphorus by wastewater utilities in large densely populated areas are 70% and 90%, respectively. In instances where a company breaches emission requirements, the respective county governor is responsible for monitoring the municipalities under his/her jurisdiction and ensuring that violations are remedied. The county governor also provides regulatory guidance, conducts follow-up inspections, and ensures that operating permits are updated. Veas Selvkost was operating above required levels as of end-2024.

Veas Selvkost's owners cover the company's expenses (minus specific operating revenues) on a proportional basis based on average usage over the past five years. This enables high levels of revenue transparency and a high degree of predictability, which we see as positive for stability.

Norwegian law stipulates that municipally owned water and wastewater companies cannot be sold to private businesses. Accordingly, we expect the legal framework for such utilities to remain stable.

Monopoly position and limited substitution risk

Market position

Veas Selvkost has an effective monopoly over wastewater treatment in its areas of operation. The company covers four separate market areas, together accounting for about 17% of the Norwegian population and with favourable demographic trends. The municipalities which own the company have a higher-than-national-average district index, a weighted measure of employment growth, population growth, variety of business structure and service offerings. Predicted population growth points to increased wastewater volumes over time. We view substitution risk as limited as the company provides an essential service.

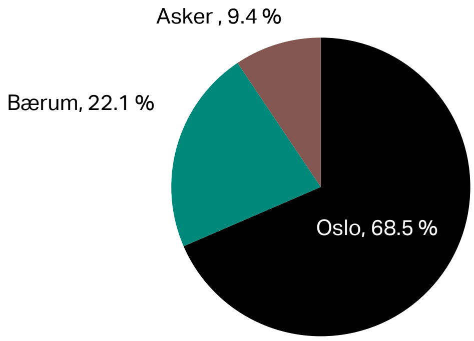
We note that the City of Oslo owns and operates Bekkelaget Renseanlegg, a wastewater treatment company established in 2001. However, the facility treats water from Oslo's eastern districts, while Veas Selvkost primarily treats water from the western districts. The two companies cooperate in periods of excess water as flows through the city's wastewater tunnel system can be rerouted to optimise capacity and reduce overflow. Reduction of overflow is important in ensuring compliance with government quality requirements. Veas Selvkost operates the 42km tunnel system, while individual municipalities are responsible for the wider wastewater network.

Figure 3. Municipal and regional exposures

Municipality	Expected population growth 16–66-year-olds, 2024-2050	Population, 1 Jan. 2024
Oslo	13.1%	717,710
Bærum	13.9%	130,921
Asker	14.3%	98,815
Nesodden	15.3%	20,521
Total/Norway average	**2.6%**	**5,550,203**

Source: Statistics Norway.

Figure 4. Water supply volume (owners), 2024



Source: company.

Wastewater utilities typically operate in their municipal owners' areas of operation using purpose-built infrastructure. For this reason, we believe it unlikely that Veas Selvkost would expand into other municipalities' concession areas, or that other companies would expand into Veas Selvkost's. We view this as a positive factor in our assessment of the company's market position.

Norway's largest wastewater treatment facility

Size and diversification

Veas Selvkost is the largest and most advanced wastewater treatment facility in Norway and treats about 100m cubic meters of water annually on behalf of a domestic and industrial consumer base corresponding to about 800,000 people. We view size and diversity as relatively unimportant as the company is confined by its geographic location but note that larger facilities would generate improved economies of scale. We see the concentration of the company's treatment facilities in a single location as a negative factor.

Veas Selvkost's main source of revenue consists of grants and transfers from the municipalities of Oslo, Asker and Bærum, but the company has some revenue diversity. We view its position as a subsidiary of Veas as positive as it can sell alternative services to other companies in the group. For instance, Veas Marked purchases raw gas to produce biogas. The additional revenues result in lower costs for the owners which should entail lower fees for end-users. The company also has a non-regulated agreement with Nesodden municipality under which costs and wastewater transfers are contractual. Revenues from Nesodden municipality amounted to NOK 9m in 2024.

Veas Selvkost's operations are dependent on chemicals, transport, and energy. The operations are primarily based on long-term agreements with suppliers and larger contracts are competitively tendered in line with public procurement requirements. Inventories of chemicals deemed critical are increased during challenging market conditions, such as the height of the COVID-19 pandemic. We believe that the company's risk assessment of suppliers of critical chemical inputs is adequate.

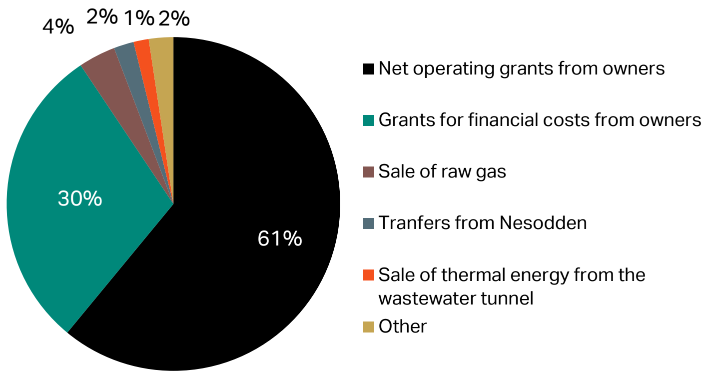
Principle of full cost recovery supports strong operating efficency

Operating efficiency

Veas Selvkost's operating efficiency is characterised by limited downside risk and predictable revenues. The company finances its operations with annual grants and monthly transfers from its owners. Project activity is financed by the monthly transfers supplemented with debt when necessary.

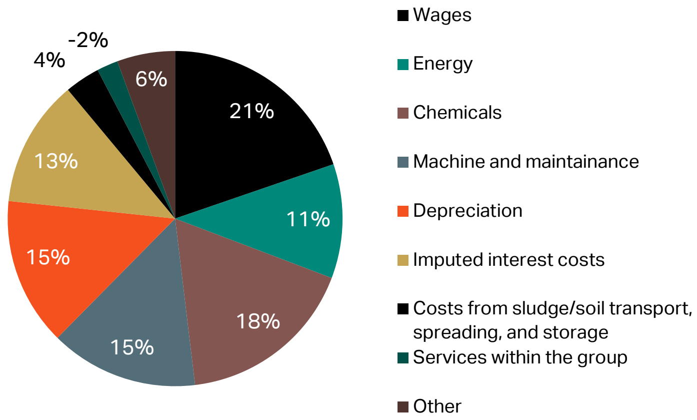
Veas Selvkost operates under the principle of full cost recovery with all expected input and financing costs covered by its owners. Actual payments on loans and a requirement to include imputed interest on the balance sheet leads to accounting differences. If the transferred amount from the owners is lower than actual costs at year-end, the owners are liable to make good the difference. Conversely, if the transferred amount is higher than actual costs, Veas Selvkost incurs debt to the owners. Rather than balancing the books annually, any net profit is transferred to a fund that must be reduced to zero within five years.

Figure 5. Sources of revenues, 2024



Source: company.

Figure 6. Spending breakdown, 2024



Source: company.

Energy and chemical prices are liable to fluctuate but have limited impact on Veas Selvkost. Raw material costs increased by 14% in 2024. The company expects costs to increase further during the current financial planning period (2025-2028) due to necessary investments in sludge treatment plants. The company attaches great importance to the maintenance of facilities and equipment to prevent operational downtime and unexpected costs. We expect external revenues to increase over time and consequently offset some of the anticipated cost increases.

Supplier contracts for chemicals often have a tenor of four years or two years with a 2-year option. The company uses only one supplier for each chemical, which could increase supply risk. However, the most critical chemicals used by the company (ferric chloride and aluminium chloride) are produced in Norway, which limits the possible impact of global supply chain problems and means back-up stockpiles are readily available.

Veas Selvkost has increased its EBITDA margin since its incorporation in the Veas Group in 2022. We expect its EBITDA margins to stabilise around 29% during our forecast period. The margin is slightly above the company's Nordic peer group average.

FINANCIAL RISK ASSESSMENT

Financial risk assessment

Our assessment indicates that Veas Selvkost's financial risk is stronger than suggested by the company's elevated leverage and weak credit metrics. The company has a remit to provide an essential public service but with no fixed return targets. We attach greater weight to our assessment of risk appetite, Veas Selvkost's not-for-profit status, and its supportive ownership structure, as we consider them more reflective of financial risk than the company's actual financial ratios.

Ratio analysis

Weak credit metrics do not accurately reflect financial risk

Veas Selvkost operates on a not-for-profit basis under municipal authority. We believe Veas Selvkost can withstand higher leverage due to its regulatory operating model and stable long-term income. It also has low interest coverage ratios. Veas Selvkost's equity ratio is maintained at prudent levels (35-40% historically). Because the company operates on a not-for-profit basis, mostly with guaranteed debt, we consider its key metrics to be poor indicators of financial risk. Accordingly, we attach little weight to the company's financial ratios in our assessment.

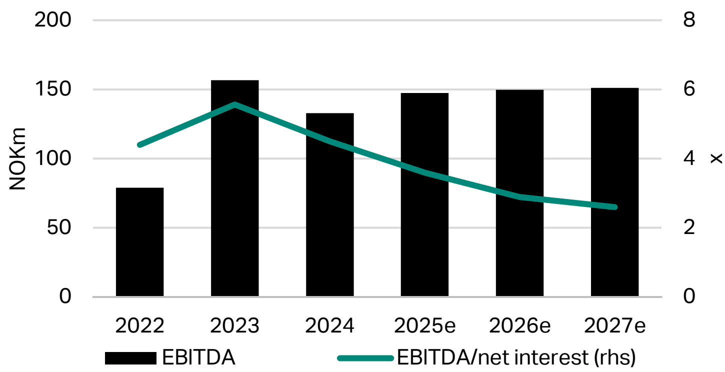
We expect Veas Selvkost to continue to invest to ensure adequate quality and safety in its operations. The company is likely to face stricter requirements for wastewater treatment due to revised EU directives and the owners' and central government's goal of improving water quality in the Oslofjorden area. A significant increase in investment costs has been earmarked for the construction of a new dewatering system and underground hall in 2025. Accordingly, we expect financial gearing to increase during our forecast period through 2027. We also note that the company does not pay dividends to its owners, due to its not-for-profit structure, and is not liable for tax.

Figure 7. Key base-case forecast assumptions and credit metrics, 2025–2027e

NOKm	2025e	2026e	2027e
Revenue growth (%)	3.6	1.5	1.0
EBITDA margin (%)	29.0	29.0	29.0
Capital spending (NOKm)	-290	-409	-350
Net debt/EBITDA (x)	7.0	9.0	10.6
EBITDA/net interest (x)	3.6	2.9	2.6
FFO/net debt (%)	10.3	7.3	5.8
FOCF/net debt (%)	-18.0	-23.2	-16.1

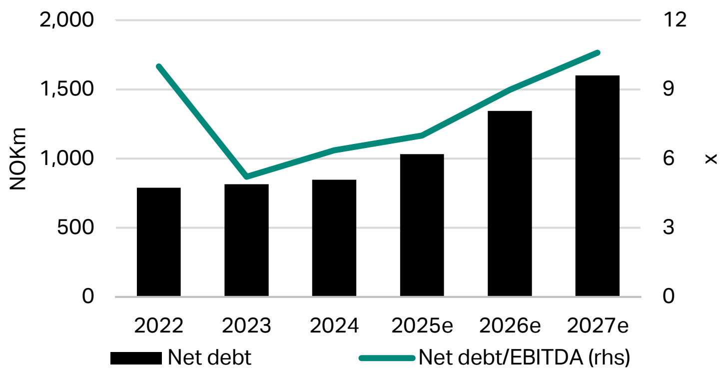
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 8. EBITDA and EBITDA/net interest, 2022–2027e



Source company and NCR. e–estimate.

Figure 9. Net debt and net debt/EBITDA, 2022–2027e



Source company and NCR. e–estimate.

Municipal ownership and full cost recovery reduce financial risk

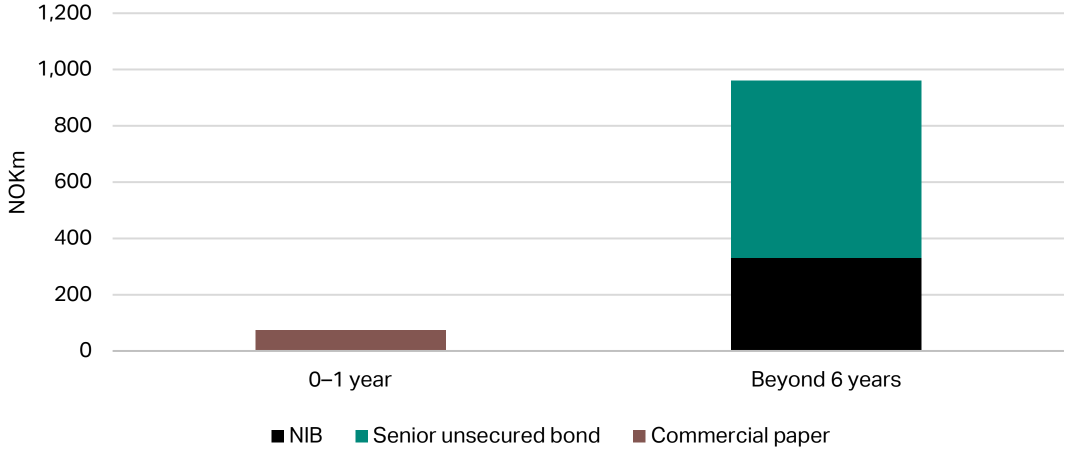
Risk appetite

We assess Veas Selvkost's risk appetite as significantly more prudent than warranted by its financial ratios. This is largely attributable to the principle of full cost recovery, including capital costs.

Veas Selvkost is a not-for-profit entity, which finances its operations through unsecured bonds, loans from the Nordic Investment Bank (NIB), and common equity. In addition, the company has a rolling issue of commercial paper with the amount and interest rate agreed in advance of each rolling 3-month period. Equity can be used to invest in subsidiaries, but cannot be removed from the company's not-for-profit accounting structure. Exposure to currently high interest rates is mitigated as financing costs related to debt are covered by the municipal owners.

We take a positive view of Veas Selvkost's long average debt maturity profile. The company issued a senior unsecured bond of ten years in early 2025, which marginally lengthened the debt maturity profile, which stood at eight years as of 30 Jun. 2025 (excluding commercial paper). In addition, we expect the company to continue to use long-term financing. Refinancing and liquidity risk is negligible given a standing arrangement under which the owners guarantee the company's debt (up to NOK 1bn). Under the guarantee, we view Veas Selvkost's ability and willingness to repay its obligations as timely and irrevocable. The company is considering options for future borrowings without guarantees. Veas Selvkost could exceed the guaranteed amount according to our projections, but we do not view this as a significant risk, due to the otherwise supportive ownership structure.

Figure 10. Debt maturity profile, 30 Jun. 2025



Stable cash flows from the provision of wastewater services under a transparent and predictable regulatory regime further support our assessment of financial risk. Operational risk is related to the processes and systems for wastewater treatment while financial risk is primarily interest rate-related and mitigated by interest-rate hedging. As of 31. Dec 2024, 66% of the company's debt carried fixed interest rates and 41% had fixed interest rate terms of more than five years.

ADJUSTMENT FACTORS

Adjustment factors

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

Liquidity

Liquidity

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 Veas Selvkost's liquidity position as adequate. Project activity is financed through monthly municipal transfers (not included in our liquidity assessment), supplemented with debt if necessary. We have not factored any debt acquisition into our assessment. Liquidity is supported by the municipal owners' strong financial position and our expectations that they would provide sufficient funds for meeting any potential deficit.

Figure 11. Liquidity analysis (stressed scenario) 31 Mar. 2024–31 Mar. 2025

Liquidity, next 12 months	Amount NOKm
Cash and cash equivalents (100%)	135
Adjusted FFO (75%)	77
Municipal transfers in the case of liquidity shortfall	284
Total sources	**496**
Amortisation	-41
Committed capital spending	-455
Total uses	**-496**
Sources/uses (x)	**1.0**
Sources-uses (NOKm)	**0**

Source: company and NCR.

Environmental, social and governance factors

ESG factors

Veas Selvkost's environmental, social and governance (ESG) policies support our view of the company's overall business and financial risk. The company is effectively bound by the owners' government-compliant sustainability practices due to its ownership structure and role in providing critical wastewater treatment services.

Veas Selvkost's operations are significantly influenced by the increasing frequency of extreme weather events due to climate change. In 2023, the company demonstrated resilience during severe weather events, such as Storm Hans, by remaining compliant with environmental standards and ensuring uninterrupted service. In addition, Veas Selvkost is investing in infrastructure improvements to manage increasing stormwater volumes due to climate change.

We believe Veas Selvkost has an important social role in ensuring public health standards and environmental quality for its customers. The company provides access to potable water and ensures waste is safely processed, thereby averting possible health crises. By providing high-standard water treatment, Veas Selvkost effectively helps to prevent the spread of disease and protects the environment, contributing to overall health and water quality in the region it serves.

The main ESG issues that could impact our overall assessment are factors that could contribute to revenue loss, cost increases, higher capital spending, reputational damage and deteriorating financing terms.

Figure 12. ESG considerations

Issue	Risk	Mitigating efforts	Result
Extreme weather and climate change	Increased risk of untreated water being released into the environment due to oversupply as a result of extreme weather events.	Infrastructure maintenance and investments in treatment facilities to manage high volumes of water.	Improved resilience and operational continuity during severe weather events with overflow at 0.5% in 2024.
Regulatory requirements & quality control	Increased costs and operational adjustments due to a new EU directive proposing stricter and new treatment requirements. Risk to public health due to handling hazardous chemicals and gases.	Continual investment in upgrading treatment technologies and proactive compliance with regulatory standards. Plans to increase nitrogen removal rate due to an expected new requirement (80%).	Regulatory compliance surpassing requirements. Nitrogen removal rate of 79% and phosphorus removal rate of 92% in 2024.
CO_2 emissions	Increased costs due to regulatory and/or taxation changes.	Reducing emissions through improved biogas production and minimising Scope 1 methane emissions, Using hydropower to keep Scope 2 emissions low, and cutting chemical-related emissions in water treatment, which accounts for 59% of Scope 3 emissions.	Scope 1, 2 and 3 emissions totalling 26,308 tonnes of CO_2 equivalent in 2024, up 5% from 2023, primarily due to higher chemical and calcium oxide emissions. Targets net-zero emissions by 2050 mainly by reducing Scope 1 emissions with improved technology.

Source: company. See ESG factors in corporate ratings.

OWNERSHIP ANALYSIS

Ownership

The 'AAA' long-term issuer rating is in line with our 'aaa' average credit assessment of the owners. The company is wholly owned by three municipal government entities. We view the three owners as strong, with significant financial capacity to support the company, if necessary.

We see Veas Selvkost's role as essential as its activities support key government social objectives. The company effectively provides services that the government itself would have to provide if the company did not exist. We view the loan guarantees from the owners as prospectively timely and legally binding. The owners have an active role in the management of the company through board participation. Under current regulations, the severe political consequences of failure to provide support indicates a high likelihood of owner support.

Figure 13. Ownership structure

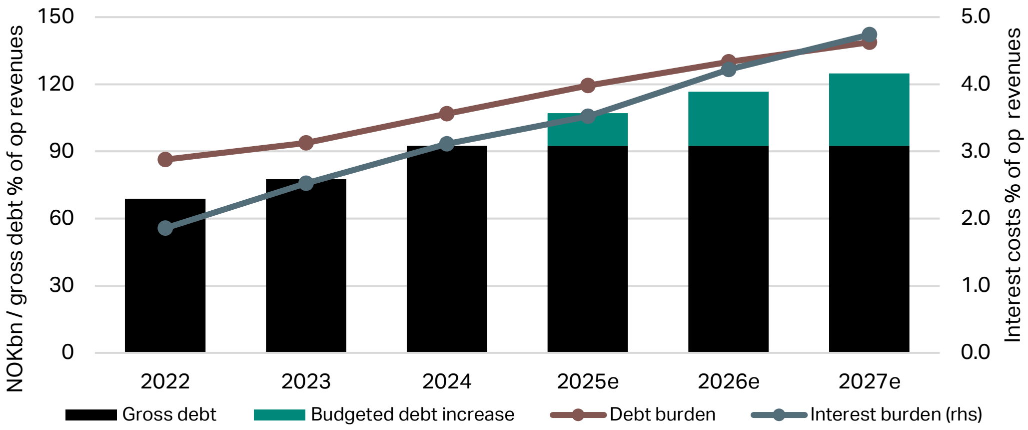
Owner	Share of capital and votes
City of Oslo	70.5%
Bærum municipality	21.5%
Asker municipality	8.0%
Owners	100%

Source: company.

While the City of Oslo has made significant improvements in its revisions to the 2025–2028 budget, over NOK 75bn in investments are planned, which are expected to result in NOK 37bn in additional debt and materially increase Oslo's debt burden. We project the share of Oslo's consolidated gross debt to operating revenues (excluding nearly NOK 4.5bn in depreciation costs) to rise to well above 120% by 2026, from 107% at end-2024 and 86% at end-2022, based on our estimates.

Despite the higher debt levels and rising interest expenses, we expect the revised budget to improve operating margins and support the county's efforts to reduce expenses, limiting reliance on general reserve funds. The new budget projects operating profits (including depreciation) of NOK 356m, increasing to NOK 1.3bn in 2027, resulting in a significant improvement in operating cash flows. This improved performance supports our current 'aaa' credit assessment on the county and should provide additional flexibility to support Veas Selvkost and other county-owned enterprises.

Figure 14. Oslo debt and interest burden based on gross debt projections, 2022-2027e



Source: City of Oslo, Statistics Norway, NCR estimates. Debt burden reflects gross debt/operating revenues. Interest burden reflects interest costs/operating revenues.

ISSUE RATINGS

We rate the company's long-term senior unsecured obligations 'AAA', at the same level as the long-term issuer rating, reflecting the flat debt hierarchy. We assign the same issue rating to bond instruments not covered by the outstanding guarantee. This is because we consider the owners as integral to Veas Selvkost's overall creditworthiness.

SHORT-TERM RATING

The 'N1' short-term issuer rating reflects the company's liquidity profile relative to the 'AAA' 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.
(iv) Local and Regional Government Rating Methodology, 14 Feb. 2024.
(v) Sovereign credit assessment methodology, 26 Mar. 2024

Figure 15. Financial adjustments, 2022–2027e

NOKm	2022	2023	2024	2025e	2026e	2027e
EBITDA	79	157	133	147	150	151
NCR-adj. EBITDA	79	157	133	147	150	151
Net interest	-18	-28	-30	-41	-52	-58
NCR-adj. net interest	-18	-28	-30	-41	-52	-58
NCR-adj. EBITDA	79	157	133	147	150	151
NCR-adj. net interest	-18	-28	-30	-41	-52	-58
Current tax	0	0	0	0	0	0
NCR-adj. FFO	61	128	103	106	98	93
Changes in working capital	-13	-2	-29	-2	-1	-1
Capital spending	-99	-137	-95	-290	-409	-350
NCR-adj. FOCF	-51	-10	-20	-185	-312	-257
Cash and cash equivalents	19	146	108	123	150	193
NCR-adj. cash and equivalents	19	146	108	123	150	193
Gross interest-bearing debt	793	937	925	1,125	1,465	1,765
Retirement benefit obligations	15	25	29	29	29	29
NCR-adj. cash and equivalents	-19	-146	-108	-123	-150	-193
NCR-adj. net debt	788	816	846	1,031	1,344	1,601

Source: company and NCR. e–estimate.

Figure 16. Veas Selvkost AS key financial data, 2022–2024

NOKm Period-end	FY 31 Dec. 2022	FY 31 Dec. 2023	FY 31 Dec. 2024
INCOME STATEMENT			
Revenue	397	512	491
EBITDA	79	157	133
EBIT	21	88	63
Net interest expense	-18	-28	-30
Pre-tax profit	3	59	33
Net profit	**27**	**20**	**25**
BALANCE SHEET			
Property, plant and equipment	1,451	1,519	1,544
Intangible assets and goodwill	–	–	–
Other non-current assets	24	4	24
Total non-current assets	**1,475**	**1,523**	**1,568**
Cash and equivalents	19	146	108
Other current assets	79	98	98
Total assets	**1,573**	**1,766**	**1,774**
Total equity	634	653	679
Gross debt	793	937	925
Other liabilities	147	176	170
Total equity and other liabilities	**1,574**	**1,766**	**1,774**
CASH FLOW STATEMENT			
Pre-tax profit	3	59	33
Cash flow before changes in working capital	75	124	116
Changes in working capital	-13	-2	-29
Operating cash flow	**61**	**123**	**87**
Capital expenditure	-99	-137	-95
Other investing activities	-0	-0	-20
Cash from investing activities	**-99**	**-138**	**-115**
Dividends	–	–	–
Share repurchases	–	–	–
Other financing activities	46	144	-11
Cash from financing activities	**46**	**144**	**-11**
Cash and equivalents beginning of year	–	19	146
Cash flow for year	**8**	**129**	**-39**
Cash and equivalents at end of year	19	146	108

Source: company. FY–full year.

Figure 17. Veas Selvkost AS rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	aa
Market position	10.0%	aa
Size and diversification	10.0%	a+
Operating efficiency	10.0%	a+
Business risk assessment	50.0%	aa-
Ratio analysis		bb-
Risk appetite		aa-
Financial risk assessment	50.0%	a+
Indicative credit assessment		**aa-**
Liquidity		Adequate
ESG		Adequate
Peer calibration		Neutral
Stand-alone credit assessment		**aa-**
Support analysis		+3 notches
Issuer rating		**AAA**
Outlook		Negative
Short-term rating		**N1**

Figure 18. Capital structure ratings

Seniority	Rating
Senior unsecured	AAA

DISCLAIMER

 All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome.

NORDIC CREDIT RATING AS

nordiccreditrating.com