Nordic Credit Rating

CORPORATE

Norway
9 Sep. 2025

Veas Selvkost AS

Rating Action Report

LONG-TERM RATING

AAA

OUTLOOK

Negative

SHORT-TERM RATING

N1

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Veas Selvkost AS outlook revised to negative; 'AAA' long-term issuer rating affirmed

Nordic Credit Rating (NCR) has revised the outlook on its 'AAA' long-term issuer rating on Norway-based wastewater utility Veas Selvkost AS to negative from stable. The 'N1' short-term rating and a 'AAA' senior unsecured issue ratings have also been affirmed.

Rating rationale

The outlook revision 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 bulk of the investments are associated with the Fornebu Line and new water supply, as well as investments in social property development, primarily via county-owned Oslobygg KF. The investments are expected to result in NOK 37bn in increased debt and projected to increase Oslo's debt burden materially. This continues a recent investment trend that we project to increase the share of Oslo's consolidated gross debt to operating revenues (excluding nearly NOK 4.5bn in depreciation costs) to well above 120% by 2026, from 107% as of end 2024 and 86% at end 2022, by our measures.

Despite the higher debt levels and interest expense, we expect the revised budget to improve operating margins and support the county's decision to reduce expenses to avoid overreliance on general reserve funds. The new budget projects operating profits (including depreciation costs) of NOK 356m and increasing towards NOK 1.3bn in 2027, resulting in a significant improvement in operating cash flows. The 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 in the future.

On an entity specific level, Veas Selvkost performs in line with our expectations, is on schedule and budget on major projects. We expect increased debt uptake within Veas Selvkost as a result of these investments, and we expect owners to support the company through monthly transfers. In January 2025, the company issued a bond outside the joint and several guarantee from the owners. 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. We see an increasing political focus on improving the water quality in Oslofjorden as positive for continued support for Veas and future potential developments in the area.

Negative outlook

The negative 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.

We could lower the rating to reflect the City of Oslo's rising debt levels if improvements in operating performance or a moderation of future investments does not result in more stable debt levels.

We could revise the outlook to stable to reflect that the City of Oslo is able to control its increasing debt and interest burden, resulting in a more stable trajectory for the county's debt and interest metrics.

Related rating actions

i) Veas Selvkost AS assigned 'AAA' long-term issuer rating; Outlook stable, 12 Sep. 2025.

Related publications

i) Mounting costs continue to weigh on Norwegian municipal finances, 11 Jun. 2025.

Rating list	To	From
Long-term issuer credit rating:	AAA	AAA

Rating list	To	From
Outlook:	Negative	Stable
Short-term issuer credit rating:	N1	N1
Senior unsecured issue rating:	AAA	AAA

Figure 1. Veas Selvkost AS rating scorecard

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

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	AAA	AAA

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 12 Sep. 2024.
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 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, 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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