

Atea ASA

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Atea ASA 'BBB+' long-term issuer rating affirmed; Outlook stable

Nordic Credit Rating has affirmed the 'BBB+' long-term issuer rating on Norway-based IT infrastructure provider [Atea ASA](#), with a stable outlook. The 'N2' short-term issuer rating also affirmed.

Rating rationale

The affirmation reflects Atea's sustained strong performance with revenue recovering following slower demand in some of the company's markets through 2024. We now expect rising demand, primarily in its largest Swedish and Norwegian markets, and improving cash flows over 2025-2027 supported by the company's stable operating margins. The affirmation also reflects strong and improving interest coverage and debt leverage metrics.

Moreover, the long-term issuer rating reflects Atea's leading position as the largest IT infrastructure provider in the Nordic and Baltic regions. We also view its focus on the public sector as an additional credit strength, given the sector's relatively low cyclicity. The rating is further supported by strong operating cash flow with modest investment requirements and low financial leverage.

The rating is constrained by Atea's moderate EBITDA margins, which stem primarily from a focus on reselling IT hardware and software, while the higher-margin service business generates less than 20% of revenues. The rating is further limited by the cyclical nature of IT investments, mainly in the private sector, but last year this also affected public sector investments.

Stable outlook

The stable outlook reflects our expectations that the market for IT infrastructure will continue to grow at a healthy rate with stable margins in the years ahead. It also factors in our expectations of normal supply chain conditions with stabilised working capital levels. Moreover, the outlook reflects our belief that the company will make no major debt-financed acquisitions or significantly increase leverage.

We could raise the rating to reflect revenue growth outpacing market growth, increased operating efficiency leading to EBITDA margins above 8% and a commitment to NCR-adjusted net debt/EBITDA below 1.5x and EBITDA /net interest above 15x.

We could lower the rating to reflect NCR-adjusted net debt/EBITDA above 2.5x for a protracted period, an adverse change in market dynamics or lower sales and declining EBITDA margins.

Rating list

Long-term issuer credit rating:
Outlook:
Short-term issuer credit rating:

To	From
BBB+	BBB+
Stable	Stable
N2	N2

Figure 1. Atea rating scorecard

Subfactors	Impact	To	From
Operating environment	20.0%	bbb	bbb
Market position	10.0%	a-	a-
Size and diversification	10.0%	bbb-	bbb-
Operating efficiency	10.0%	bb+	bb+
Business risk assessment	50.0%	bbb	bbb
Ratio analysis		a	a
Risk appetite		a-	a-
Financial risk assessment	50.0%	a-	a-
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

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating
Publication date:	The rating was first published on 28 Sep. 2022.
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, Bond prospectuses, 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 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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