

## Kongsberg Gruppen ASA

Rating Action Report

## LONG-TERM RATING

A-

## OUTLOOK

Stable

## SHORT-TERM RATING

N2

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## Kongsberg Gruppen ASA 'A-' long-term issuer rating affirmed; Off watch; Outlook stable

Nordic Credit Rating (NCR) has affirmed its 'A-' long-term issuer rating on Norway-based defence technology supplier [Kongsberg Gruppen ASA](#). The outlook is stable. The 'N2' short-term issuer rating and the 'A-' senior unsecured issue rating have also been affirmed. The rating was removed from watch developing, where it was placed on 31 Oct. 2025 following announcement of the plan to separate its Maritime division into a standalone company.

### Rating rationale

The affirmation reflects greater clarity on the financial impact of Kongsberg Gruppen's separation of its Maritime division into a standalone company. Existing external debt and most of the company's significant cash position will remain with Kongsberg Gruppen, supporting a continued net cash position, which we expect to persist through the 2026–2028 forecast period. The company ended 2025, with EBITDA from remaining operations up 41% to NOK 5.6bn (EBITDA margin near 18%) and FFO of NOK 5.1bn.

The separation will result in the loss of nearly half of revenues and 37% of Kongsberg Gruppen's previous EBITDA, significantly reducing scale. Diversification will also decline, as Kongsberg Maritime is a global player with broad geographic reach and a diverse customer base. The split will further weaken diversification, as the two distinct operations (maritime and defence and aerospace) have historically shown low cyclical correlation. The remaining Kongsberg business retains a strong niche position in an industry currently experiencing robust demand. However, it is small compared with most peers, though it benefits from high local importance and support from its controlling owner, the Kingdom of Norway.

We have revised our view of operating efficiency to account for increased investment requirements needed to meet strong market demand, which we expect will weigh on cash flow over the 2025-2028 period.

**Figure 1. Proforma credit metrics, 2023–2028e**

NOKm	2023*	2024*	2025	2026e	2027e	2028e
Revenues	40,617	48,872	31,562	37,243	42,830	46,256
EBITDA	5,724	7,743	5,608	6,701	7,741	8,486
EBITDA margin (%)	14.1	15.8	17.8	18.0	18.1	18.3
FFO	4,709	6,082	5,073	5,313	6,248	6,867
Net debt	305	-7,991	-9,054	-4,247	-825	-377
Total assets	53,222	69,414	78,202	61,501	65,747	70,000
Net debt/EBITDA (x)	0.1	-1.0	-1.6	-0.6	-0.1	0.0
EBITDA/net interest (x)	26.1	46.4	-200.3	26.9	38.9	42.6
FFO/net debt (%)	1542	n.m.	n.m.	n.m.	n.m.	n.m.
FOCF/net debt (%)	1213	n.m.	n.m.	n.m.	n.m.	n.m.

Source: company and NCR. e–estimate. FFO–funds from operations. FOCF–free operating cash flow. All metrics adjusted in line with NCR methodology. \*2023 and 2024 refer to earlier Kongsberg Gruppen including Maritime.

We expect the strong relationship with Norway to continue, both as majority owner (50.004%) and as the company's largest customer, as Norway and most European countries increase defence spending in response to regional security concerns. We also note a shift in investor sentiment towards the defence sector, with more funds expanding their mandates to include these companies. In addition, the EU Commission recently updated its definition of controversial weapons to align with EU regulations for sustainable investments, which is expected to allow more defence companies to be

included by fund managers and banks. As a result, we no longer believe the company has a negative ESG profile.

### **Stable outlook**

The stable outlook reflects our expectation of continued strong demand for defence products and advanced technologies. We also anticipate solid growth in the smaller Discovery business, which accounts for approximately 15% of Kongsberg Gruppen and benefits from increasing demand from commercial, public sector and defence customers. We expect credit metrics to remain strong with net debt/EBITDA maintained below 0x over 2026-2028, supported by the company's net cash position during a period of elevated capital expenditure and sustained margins. Our assessment also incorporates a financial policy that permits additional debt and generous owner distributions.

We could raise the rating if the company achieves greater scale and diversification, and if operating efficiency improves from lower capex and an EBITDA margin approaching 20% together with continued strong cash flow metrics.

We could lower the rating if economic conditions worsen, resulting in an EBITDA margin below 12% or if financial leverage increases, with net debt/EBITDA above 1.0x, both on a sustained basis. The rating could also be lowered if investor aversion to defence-related funding increases or if there is evidence of reduced government support.

<b>Rating list</b>	<b>To</b>	<b>From</b>
Long-term issuer credit rating:	A-	A-
Outlook:	Stable	
Watch:		Watch Developing
Short-term issuer credit rating:	N2	N2
Senior unsecured issue rating:	A-	A-

**Figure 1. Kongsberg Gruppen rating scorecard**

<b>Subfactors</b>	<b>Impact</b>	<b>To</b>	<b>From</b>
Operating environment	20.0%	bbb	bbb
Market position	10.0%	bbb	bbb+
Size and diversification	10.0%	bb	bbb
Operating efficiency	10.0%	bbb	bbb+
<b>Business risk assessment</b>	<b>50.0%</b>	<b>bbb-</b>	<b>bbb</b>
Ratio analysis		aa-	aa
Risk appetite		a-	a-
<b>Financial risk assessment</b>	<b>50.0%</b>	<b>a</b>	<b>a+</b>
<b>Indicative credit assessment</b>		<b>bbb+</b>	<b>a-</b>
Liquidity		Adequate	Adequate
ESG		Adequate	Negative
Peer calibration		Neutral	Neutral
<b>Stand-alone credit assessment</b>		<b>bbb+</b>	<b>bbb+</b>
Support analysis		+1 notch	+1 notch
<b>Issuer rating</b>		<b>A-</b>	<b>A-</b>
Outlook		Stable	
Watch			Watch Developing
<b>Short-term rating</b>		<b>N2</b>	<b>N2</b>

**Figure 2. Capital structure ratings**

<b>Seniority</b>	<b>To</b>	<b>From</b>
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 07 Apr. 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.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	Yes. The key driving ESG-factors, and why they were material to the credit rating, are explained in the rating rationale in the rating report. <a href="#">Guidance explaining how ESG-factors are considered as part of NCRs credit ratings can be found here.</a>
Methodology used when determining the credit rating:	<a href="#">NCR's Corporate Rating Methodology published on 8 May 2023</a> <a href="#">NCR's Rating Principles published on 14 Feb. 2024</a> <a href="#">NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024</a> 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 <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> . The historical default rates of entities and securities rated by NCR will be viewed on <a href="#">the central platform (CEREP) of the European Securities and Markets Authority (ESMA)</a> .
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: <a href="https://nordiccreditrating.com/governance/policies">https://nordiccreditrating.com/governance/policies</a>
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: <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> .
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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