

Lerøy Seafood Group ASA

Rating Action Report

Lerøy Seafood long-term issuer rating lowered to 'BBB'; Outlook stable

Nordic Credit Rating has lowered its long-term issuer rating on Norway-based Lerøy Seafood Group ASA to 'BBB' from 'BBB+'. The outlook is stable. At the same time, the short-term issuer rating has been lowered to 'N3' from 'N2' and the senior unsecured issuer rating to 'BBB' from 'BBB+'.

Rating rationale

The downgrade reflects higher than expected financial leverage following a prolonged period of operating and financial performance below NCR's forecasts, as well as limited visibility of a material improvement in credit metrics over the near to medium term amid continued sector uncertainty and volatility. Weak salmon prices continue to pressure Lerøy's operating margins and cash flow. As a result, we now forecast Lerøy's funds from operations (FFO) to net debt will only marginally improve to above 40% in 2026 and around 45% in 2027 and 2028, compared with above 70% in our previous forecast.

Lerøy benefits from a strong market position in salmon farming and a vertically integrated business model covering farming, wild catch, processing and distribution. This supports scale, market access and some earnings diversification, providing resilience and strategic flexibility.

This is offset by structurally high earnings volatility in the salmon farming sector, where profitability is sensitive to small changes in prices and biological outcomes. Environmental and disease-related challenges also continue to weigh on profitability, as high costs for treating sea lice and diseases require ongoing investment in new farming technology. This limits cash flow visibility and reduces the predictability of credit metrics, particularly during weaker market conditions. These factors have contributed to volatile EBITDA margins and credit metrics. As a result, NCR has revised its forecast to reflect a materially weaker credit trajectory than previously assumed.

Stable outlook

The stable outlook reflects our view that Lerøy Seafood Group's credit profile will gradually strengthen from cyclical lows as salmon prices recover and biological conditions stabilise, supporting improved profitability. We expect leverage to remain contained, as the company can fund investments with internally generated cash flow rather than additional debt. Consequently, we expect FFO to net debt to improve to above 40% in 2026 and 2027, driven by stronger profitability and cash flows. We also assume that regulatory changes will not significantly affect the company's operations.

We could raise the rating to reflect funds from operations (FFO)/net debt above 50% and net debt/EBITDA below 1.7x over a protracted period, or increased stability in salmon prices and EBITDA margins due to stability in supply and fish health. We could lower the rating to reflect FFO/net debt below 35% over a protracted period, reduced salmon prices due to lower demand for Atlantic salmon, or increased biological problems such as disease and sea lice.

Relevant research

1. [Structural constraints driving salmon prices](#), 10 Mar. 2026.

LONG-TERM RATING

BBB

OUTLOOK

Stable

SHORT-TERM RATING

N3

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Rating list	To	From
Long-term issuer credit rating:	BBB	BBB+
Outlook:	Stable	Stable
Short-term issuer credit rating:	N3	N2
Senior unsecured issue rating:	BBB	BBB+

Figure 2. Lerøy Seafood rating scorecard

Subfactors	Impact	To	From
Operating environment	20.0%	bb	bb
Market position	10.0%	bbb	bbb
Size and diversification	10.0%	a-	a-
Operating efficiency	10.0%	bbb-	bbb
Business risk assessment	50.0%	bbb-	bbb-
Ratio analysis		bbb+	a+
Risk appetite		bbb	bbb+
Financial risk assessment	50.0%	bbb	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		N3	N2

Figure 3. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB	BBB+

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 02 Jul. 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?	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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