Eviny AS
Kingdom of Norway, Utilities

SCOPE A- STABLE

Key metrics

			Scope estimates	
Scope credit ratios	**2022**	**2023**	**2024E**	**2025E**
Scope-adjusted EBITDA/interest cover	30.0x	32.9x	11.7x	12.2x
Scope-adjusted debt/EBITDA	0.9x	1.3x	2.9x	2.5x
Scope-adjusted funds from operations/debt	85%	14%	14%	21%
Scope-adjusted free operating cash flow/debt	46%	-25%	3%	7%

Rating rationale

The A- issuer rating reflects Eviny's standalone credit assessment of BBB+ and a one notch uplift related to its status as a government-related entity. While we see limited potential for ratings upside in the next 12 to 18 months due to increased leverage - reflected in the Stable Outlook - the issuer rating reflects the expectation that Eviny's profitability will remain strong in the medium term. Eviny's efficient hydropower capacity, combined with the increased power generation from the two wind power farms acquired in early 2024, will continue to drive high margins, even as energy prices stabilise at lower levels than the previous years. However, the acquisition of the two wind power farms, has changed the financials of the company, and constrains the financial risk profile with a higher Scope-adjusted debt/EBITDA, which is expected to remain in the medium term. The business risk profile is supported by Eviny's monopoly-like market position within regulated power distribution, and its position as one of Norway's largest producers of environmentally friendly hydropower and wind power (positive ESG factor). The business risk profile is also supported by its above average profitability as measured by both Scope-adjusted EBITDA margin and Scope-adjusted ROCE.

Outlook and rating-change drivers

The revised Outlook to Stable from Positive reflects the limited ratings upside over the next 12 to 18 months and our expectations that leverage will settle at around 2.5x, supported by a Scope-adjusted EBITDA margin of over 60% and a Scope-adjusted ROCE of over 25%.

A positive rating action could be warranted if credit metrics improve, as exemplified by a Scope-adjusted debt/EBITDA of 1.5x or below; or if the business risk profile improved, e.g. through further improved diversification or operating profitability.

A negative rating action could be triggered if credit metrics worsen, as exemplified by a Scope-adjusted debt/EBITDA sustained at 3.0x or above, for instance by significantly lower than expected power prices, higher than expected capex and/or shareholder remuneration. Alternatively, a loss of GRE status could also warrant a ratings downgrade, although this is considered remote.

Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
26 Sep 2024	Outlook change	A-/Stable
29 Sep 2023	Upgrade	A-/Positive

Ratings & Outlook

Issuer	A-/Stable
Short-term debt	S-1
Senior unsecured debt	A-

Analyst

Kristine Bugge Lie Owe
+47 40 72 40 05
k.owe@scoperatings.com

Related Methodologies

General Corporate Rating Methodology; October 2023

European Utilities Rating Methodology; June 2024

Government Related Entities Rating Methodology; September 2024

Related Research

ESG considerations for the credit ratings of utilities; April 2021

Utilities credit outlook: slightly positive, favouring power generators vs grid/network operators; February 2024

Nordic utilities: north-south price gap benefits southern generators; TSOs also gain; November 2022

Scope Ratings GmbH

Lennéstraße 5
10785 Berlin

Phone +49 30 27891 0
Fax +49 30 27891 100

info@scoperatings.com
www.scoperatings.com

Bloomberg: RESP SCOP

Rating and rating-change drivers

Positive rating drivers	Negative rating drivers
• Environmentally friendly and cost-efficient hydropower production (positive ESG factor) in attractive geographical locations with high precipitation. • Balanced business mix with ~20% exposure to regulated power distribution. • Long-term, supportive, and committed municipal owners, warranting a one notch uplift under Scope's GRE methodology. • Strong profitability, as measured by both Scope-adjusted EBITDA margin and Scope-adjusted ROCE. • Strong current and projected financial flexibility despite substantial shareholder remuneration.	• Limited geographical diversification in different pricing areas and some asset concentration risk in power production. • Power price exposure and the volatility of its unhedged power production. • Asset concentration risk in power generating portfolio.

Positive rating-change drivers	Negative rating-change drivers
• Scope-adjusted debt/EBITDA below 1.5x on a sustained basis. • Improvement of the business risk profile, e.g. through further improved diversification or operating profitability.	• Scope-adjusted debt/EBITDA at 3.0x or above. • Loss of GRE status due to change of ownership (deemed remote).

Corporate profile

Eviny AS is a Norwegian utility company operating in the south-west of Norway. Most of its operations revolve around the production and distribution of hydropower. Eviny also produces wind power, provides broadband services, district heating and other energy-related services; and is a minority shareholder in several other Norwegian utilities. In addition, the company pursues adjacent ventures that are considered sustainable and where it can leverage its existing expertise, such as fast charging stations for electric vehicles which it is expanding outside of Norway.

For the financial year 2023 Eviny reported revenues of EUR 1.03bn, an EBITDA of EUR 693m, hydropower generation of 6.9 TWh; and distributed power to 272,000 end customers through 22,500 km of regulated networks.

Eviny AS is majority owned by 17 municipalities (54.6%), which together constitute the company's primary market. The remaining shares are held by state-owned Statkraft AS (43.4%), Tysnes Kraftlag (1.7%) and Etne Elektrisitetslag (0.35%).

Financial overview

				Scope estimates		
Scope credit ratios	**2022**	**2023**	**LTM H12024**	**2024E**	**2025E**	**2026E**
Scope-adjusted EBITDA/interest cover	30.0x	32.9x	15.6x	11.7x	12.2x	14.9x
Scope-adjusted debt/EBITDA	0.9x	1.3x	2.5x	2.9x	2.5x	2.3x
Scope-adjusted funds from operations/debt	85%	14%	-7%	14%	21%	24%
Scope-adjusted free operating cash flow/debt	46%	-25%	-10%	3%	7%	10%
Scope-adjusted EBITDA in NOK m						
EBITDA	7,808	8,158	6,549	5,895	6,630	6,978
Recurring associate dividends received	324	570	323	315	315	315
Other items	0	0	0	0	0	0
Scope-adjusted EBITDA	**8,132**	**8,728**	**6,872**	**6,210**	**6,945**	**7,293**
Funds from operations in NOK m						
Scope-adjusted EBITDA	8,132	8,728	6,872	6,210	6,945	7,293
less: (net) cash interest paid	-271	-265	-440	-532	-570	-490
less: cash tax paid per cash flow statement	-1746	-6,531	-7596	-3,191	-2,711	-2,775
add: dividends from associates	0	0	0	0	0	0
Change in provisions	44	-307	0	0	0	0
Funds from operations (FFO)	**6,159**	**1,625**	**-1,164**	**2,487**	**3,665**	**4,027**
Free operating cash flow in NOK m						
Funds from operations	6,159	1,625	-1,164	2,487	3,665	4,027
Change in working capital	-956	-2,316	1,745	-65	-62	-10
Non-operating cash flow	0	0	0	-14	-34	-39
less: capital expenditure (net)	-1815	-2,123	-2,250	-1,845	-2,355	-2,255
less: lease amortisation	-85	-95	0	-89	-84	-80
Free operating cash flow (FOCF)	**3,303**	**-2,909**	**-1,669**	**473**	**1,129**	**1,643**
Net cash interest paid in NOK m						
Net cash interest per cash flow statement	202	150	440	470	508	428
add: pension interest	69	115	N.A.	62	62	62
Net cash interest paid	**271**	**265**	**440**	**532**	**570**	**490**
Scope-adjusted debt in NOK m						
Reported gross financial debt	11,555	14,673	18,948	19,282	19,582	18,582
less: subordinated (hybrid) debt	0	0	0	0	0	0
less: cash and cash equivalents	-4,465	-3,000	-1,477	-1,656	-2,315	-1,532
add: non-accessible cash	0	0	0	0	0	0
add: pension adjustment	131	84	N/A	84	84	84
Scope-adjusted debt (SaD)	**7,220**	**11,756**	**17,471**	**17,709**	**17,350**	**17,133**

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Environmental, social and governance (ESG) profile[1]

Environment		Social		Governance	
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)		Labour management		Management and supervision (supervisory boards and key person risk)	
Efficiencies (e.g. in production)		Health and safety (e.g. staff and customers)		Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)	
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)		Clients and supply chain (geographical/product diversification)		Corporate structure (complexity)	
Physical risks (e.g. business/asset vulnerability, diversification)		Regulatory and reputational risks		Stakeholder management (shareholder payouts and respect for creditor interests)	

Legend
Green leaf (ESG factor: credit positive)
Red leaf (ESG factor: credit negative)
Grey leaf (ESG factor: credit neutral)

ESG profile supportive of market position, profitability, cash flow and access to liquidity

As a hydro and wind power producer, Eviny has a favourable ESG profile, highlighted by very efficient generation and far below average carbon intensity of 22gCO2e/kWh (vs. a European average of over 250gCO2e/kWh). Such a strong position should support future cash flow generation and access to funding through high utilisation of its hydro and wind assets and reduce the risk of headwinds from regulation and political interference.

In addition, the Norwegian government relies heavily on regulated distributors to meet its stated climate goals[2] by 2030. This is because these targets depend on new intermittent generation and the electrification of Norwegian industry, both of which will lead to an increased load on power grids. Eviny has shown that, as one of Norway's largest regulated electricity distributors, it will play its part in meeting these targets by investing heavily in its grids over the medium term. We believe this also solidifies Eviny's status as a government-related entity (GRE).

Regulatory and reputational risks evident in 2022

Norwegian utilities generally have a sustainable profile but are still subject to regulatory and reputational risks. This was evident in 2022, when exceptionally high electricity prices drew attention to Norway's publicly owned electricity sector. It was further illustrated in September 2022, when the government imposed a temporary windfall tax due to high prices (which was reversed in October 2023) and permanently increased the resource rent tax rate on hydro generating assets.

Satisfactory governance

Eviny has a well-integrated ESG framework and ambition. The company aims to be carbon neutral throughout its value chain by 2040. In addition, the company applies the governance principles recommended by Norwegian market standards and we do not see any negative credit-relevant factors relating to corporate governance.

[1] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.
[2] www.regjeringen.no/en/aktuelt/norways-new-climate-target-emissions-to-be-cut-by-at-least-55-/id2944876/

Business risk profile: BBB

Blended Industry risk profile: BBB-

Eviny is vertically integrated and horizontally diversified. Its EBITDA is therefore a combination of EBITDA from power generation, regulated distribution and telecoms/broadband and other businesses.

Each of these segments has its own unique industry risk fundamentals, and we therefore apply a blended industry risk profile to Eviny as a whole.

Using our updated normalised EBITDA contribution assessment, we see that this is still appropriate as unregulated generation still contributes the majority of current and forecast EBITDA.

Utility segment	Industry risk	Normalised exposure
Unregulated generation	BB	74%
Regulated grid operations	AA	19%
Telecom / broadband	A	5%
Other ventures	BBB	1%
Blended industry risk	**BBB-**	

Increased production from 7.7 TWh to 9 TWh in 2024 due to the acquisition of two wind power farms

Eviny's hydropower plants had a 10-year mean production of 7.7 TWh at year-end 2023. For 2024, however, as a result of the acquisition of two wind power farms in Guleslettene and Tellenes has increased its annualised mean production to 9 TWh. The acquisition of the two wind power farms was the optimal way for Eviny to increase its production capacity, as it is more difficult to expand on existing hydropower plants.

Gross Norwegian hydropower production increased to 154 TWh in 2023

The Norwegian hydropower system had a total production of 154 TWh in 2023, which was the third highest annual level ever recorded. This was mainly due to high reservoir levels going into 2023, combined with higher consumption as prices fell from the historically high levels of 2022.

Regional player with 4.8% estimated market share

Excluding minority interests,[3] Eviny's own annualised mean production is estimated at 9 TWh, up from 7.7 TWh before the acquisition of the two wind power farms. This corresponds to a market share of 4.8% of total Norwegian hydropower production in 2023 (Figure 2). Taking into account the additional generation from the two wind farms, we expect Eviny's share to increase to 5.8%. We continue to view Eviny as a regional player. We also continue to believe that size is less important than the position and maturity of its generation assets when assessing the market position and credit quality of a producer.

Low-emission, adept and favourably located assets considered a credit positive

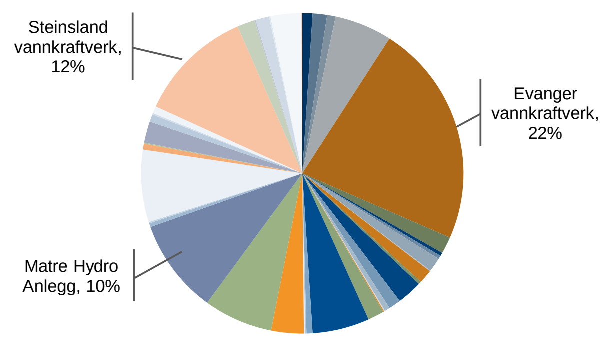
Eviny has 39 majority-owned hydropower plants, which are well positioned in the merit order system. This is illustrated by a carbon intensity of only 22gCO_2e/kWh (compared to the European average of more than 250gCO_2e/kWh). In addition, the assets are favourably located for hydropower generation, as the west coast of Norway generally receives above-average rainfall per year (~2,250 mm per year compared to a European average of ~650 mm). Eviny has a reservoir capacity of 28% of its mean hydropower generation and can leverage this by optimising production towards times with high prices, such as peak-load hours. It also gives the company flexibility in its generation during periods of low rainfall. We view this as a credit positive aspect of Eviny's operations, which could become increasingly beneficial in the longer term as a growing share of

[3] Mainly from its 38.4% share in generator Sunnhordland Kraftlag AS

intermittent production in the Nordics and Europe increases the value of flexible production capabilities.

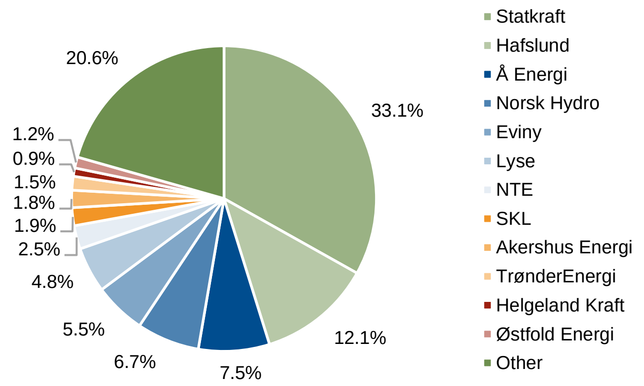
Finally, we note some concentration risk in Eviny's hydropower production assets. With a total generation capacity of about 1,500 MW, the three largest plants account for more than 43%. Although unlikely, this means that a potential outage in any of these plants would have a material impact on Eviny's cash flows.

Figure 1: Generation concentration of hydropower (% of total MW)



Sources: Eviny, Scope

Figure 2: Adjusted market shares, Norwegian hydropower producers, FY 2023



Sources: Eviny, Scope

22,500 km of regulated distribution networks on Norway's west coast

Although its contribution to EBITDA is lower, Eviny's market position is strengthened by its regulated distribution business. Through subsidiary BKK AS, Eviny has a monopoly-like position as one of Norway's largest regulated distributors. As of 2023, it is ranked as the 4th largest (based on ~3m connection points). Furthermore, its concession area of Vestland County has a population of over 600,000 and includes Norway's second largest city, Bergen. This is considered favourable in terms of both population and economic growth. The customers are also favourably split with approximately 55% households and 45% corporate customers. This makes demand less cyclical, as households are unlikely to reduce consumption to the same extent as companies when prices increase. Eviny has a well-diversified supplier and customer base, although we note the potential for some concentration risk for generated volumes sold under long-term industrial Power Purchasing Agreements (PPAs). At the same time, if these contracts were cancelled, the volumes could be sold at spot prices, which should limit any negative cash flow impact.

We note, but do not overemphasise, that Eviny's grid operations are limited to its regulated concession area on the west coast of Norway. As Eviny has a state-regulated monopoly position in distribution, geographic outreach is not as important as for other companies.

Regulated distribution, a stabilising force for the overall business

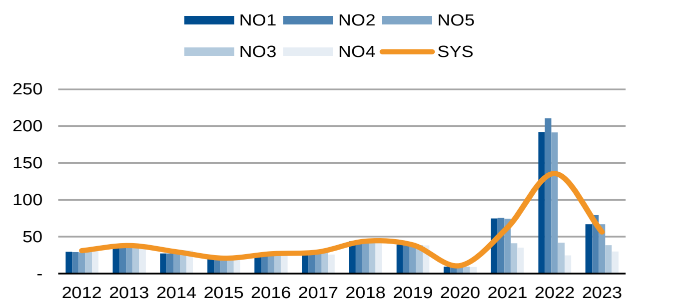
The regulatory framework for electricity distribution in Norway allows for timely cost recovery. This means that underlying profitability and cash flow are determined by state-set tariffs rather than short-term market fluctuations. Eviny's distribution business is therefore seen as a stabilising force and a robust source of cash flow for the overall business.

Eviny's activities are also growing in telecoms, district heating and fast chargers for electric vehicles. While telecom has grown to contribute 5% of Eviny's normalised EBITDA, district heating and fast charging are still minor compared to the overall business. In 2023, Eviny was awarded a contract to build and maintain over 1,200 fast chargers for electric vehicles in Germany. We take a positive view of this increased diversification away from power generation, even if it does not currently contribute materially to EBITDA.

2023 profitability increased due to realised gains on hedges

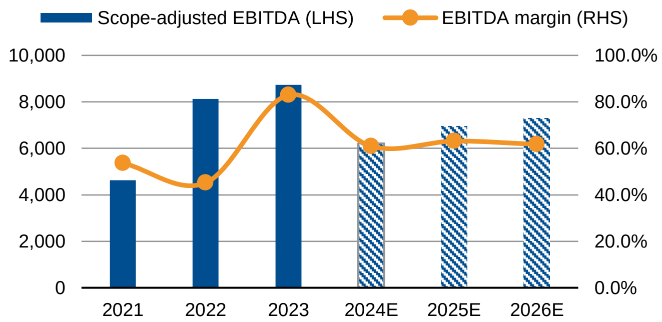
Eviny's profitability remains a key strength in the company's risk profile, and its hydropower generation typically generates EBITDA margins of around 60%. In 2023, Eviny was positively impacted by realised gains on financial hedges of NOK 2.4bn, resulting in an EBITDA margin of 83% (45% in 2022 as a result of realised losses on hedges). The significant realised gains in 2023 are a one-off, as they resulted from Eviny shifting 2.2 TWh of pre-sold volumes from financial to bilateral contracts within the year to mitigate the increasingly negative liquidity effect from margin deposits and higher net working capital requirements related to hedges. In addition, the Norwegian government's tax regime only recognises spot prices or bilateral contract prices in its tax calculations. Therefore, after the tax change in 2023, companies using financial hedges risk having to pay taxes based on high spot prices, while receiving a lower hedged price. Therefore, although this had a positive impact on short-term profitability in 2023, we do not expect this to happen again and the decision to roll out legacy hedges should bring more stability and predictability to future earnings as we expect normalised and more stable prices in the medium term.

Figure 3: Power prices in Norway (by bidding zone) and the Nordic system price, in EUR/MWh



Sources: Eviny, Scope (estimates)

Figure 4: Scope-adjusted EBITDA (NOK m) and EBITDA margin (%)



Sources: Eviny, Scope (estimates)

Less negative effects from legacy hedges should support profitability

Going forward, we expect spot prices in the NO5 price area to stabilise around EUR 50/MWh, but to remain well above the historical average of EUR 30/MWh. This, together with legacy hedges rolling out, should allow Eviny to capitalise on more stable spot prices, and we expect an EBITDA margin of over 60% in the medium term.

Favourable outlook for regulated distribution

A favourable outlook for regulated distribution also supports medium-term profitability. The annual revenue cap for Norwegian distributors is set at the beginning of each year by The Norwegian Water Resources and Energy Directorate (NVE). This cap is intended to cover the estimated costs of grid operation and depreciation of the grid capital, while at the same time providing a reasonable return on invested capital based on efficient grid operations. In September 2024, NVE announced that due to chronic underinvestment in grid capacity throughout Norway, it had calculated that the price cap for the next 5 years would needs to be increased by 18% in the price region of NO5, where BKK operates. In addition, with increasing grid efficiency (99.9% at year-end 2023) and increasing grid capital due to high planned investments, we expect the profitability of Eviny's regulated distribution to increase in the coming years.

Best in class EBITDA margins and Scope-adjusted ROCE projected for 2024-26E

Overall, we expect average EBITDA margins of over 60% and average Scope-adjusted ROCE of over 25% in the medium term. We consider this to be strong and place Eviny's profitability assessment among the most profitable Nordic and European utilities.

Financial risk profile: A-

Scope-adjusted debt/EBITDA weakened due to increased debt and lower energy prices

The financial risk profile continues to support Eviny's strong credit rating. It is supported by the robust interest cover and the solid internal financing capacity over time. At the same time, it is somewhat constrained by the higher Scope-adjusted debt/EBITDA, as seen in H1 2024. To finance the acquisition of the wind farms, Eviny increased its debt during the first half of 2024. This, combined with lower average prices so far in 2024 - compared to 2023 - led to an increase in Scope-adjusted debt/EBITDA to 2.5x for H1 2024, up from 1.3x as at YE 2023. We do not expect Eviny to make any further acquisitions in the medium term, future dividends are expected to be lower than the all-time high of 2023, and capex is expected to be around NOK 2bn per year. We therefore do not expect leverage to exceed 2.5x for a sustained period. Furthermore, Eviny is able to regulate its hydropower production according to peak load hours, resulting in an achieved average price of EUR 56/MWh for the first six months of 2024, compared to an average spot price of EUR 46/MWh for NO5. We therefore do not expect too much downward pressure on cash flows in 2024E/2025E (Figure 6). We expect electricity prices to remain at higher and more stable levels than in the past, which will allow Eviny to manage these pressures while maintaining a conservative financial profile.

2022: surging prices, changing regulatory framework and more 2023: prices were marked by volatility

2022 was an exceptional year in the Norwegian and European utilities sector, with average electricity prices in southern Norway of around EUR 190/MWh (bidding zone NO1/2/5 in Figure 3). This level compares to EUR 75/MWh in 2021 (which was considered high at the time) and an average of around EUR 30/MWh historically. In response, the Norwegian government introduced a temporary surcharge of 23% in September 2022 on volumes sold at prices above EUR 70/MWh (later reversed in October 2023). In 2023, NO5 prices were volatile, ranging from a high of EUR 120/MWh in January to a low of EUR 0.97/MWh in September.

Assumptions & adjustments

Looking forward, we have made the following assumptions and adjustments to form our updated base case:

- Updated price scenario: our estimated prices in bidding zone NO5 will remain stable around EUR 50/MWh.
- Assumed higher production levels of 9 TWh (7.7 TWh hydropower and 1.3 TWh wind power)
- Lower interest costs: we expect the Norwegian Central Bank to start lowering interest rates in 2025, which will have an impact on the 3-month Norwegian interbank rate, which is used as a reference rate for over 50% of Eviny's financing.
- Assumed lower dividends: dividends in 2023 were historically high due to higher than historical spot prices in 2022.
- Assumed capex level of around NOK 2bn per year, of which 50% is related to Eviny's regulated distribution, and around 30% is related to the development of the fast charger network. The remainder is expected to go to maintenance of the hydropower plants.

Projected Scope-adjusted debt/EBITDA to decrease to 2.3x in 2026E

Scope-adjusted debt/EBITDA rose sharply to 2.5x in the first 6 months of 2024 as Eviny acquired the two wind farms. The increased debt incurred to finance the acquisition of the two wind power farms was further affected by market prices normalising and coming down from being all-time high. Historically, Eviny has had a leverage which varied quite significantly with the prevailing energy price level, as exemplified by the large differential from 2021 (low prices) to 2022 (higher prices) (Figure 7). The same effect is observed in 2023 as full-year leverage came in at 1.3x. Our expectation is that energy prices will remain above historical averages, albeit lower than last year, and that this will keep leverage around 2.5x in the medium term. We do not expect further large acquisitions in the medium term which would put increasing pressure on the leverage levels.

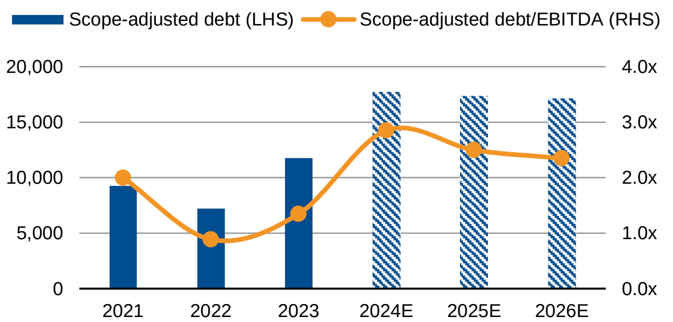
Cash flow negatively affected by normalisation of market prices

Eviny is currently rolling out legacy hedges from its portfolio, and we expect more PPAs to be signed, which will help mitigate potential energy price volatility. Furthermore, Eviny's business diversity and the contribution from regulated distribution help to stabilise EBITDA and cash flow somewhat. This stability is further supported by the fact that 86% of the expected generation from the two wind farms is contracted under PPAs that expire in 2029 and 2035. However, the normalisation and decline in prices compared to 2023 results in weaker cash flows. Both FFO and FOCF are negatively impacted by a normalisation of market prices compared to when prices are higher. We see discretionary cash flow improving slightly in 2025E from a large deficit in 2023 – again driven by the high tax payment.

High taxes paid in 2023 considered a one-off

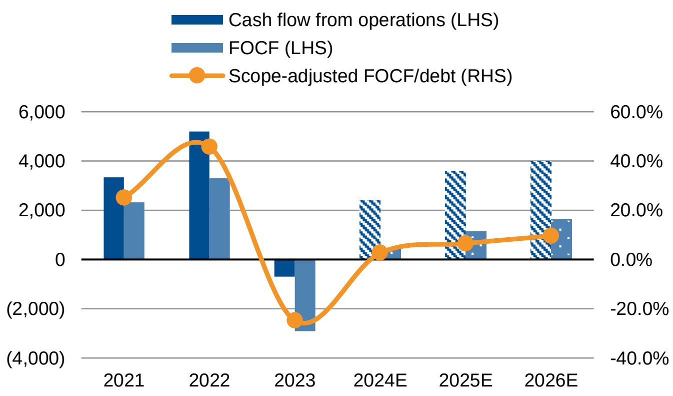
In 2023, Scope-adjusted FOCF/debt was impacted by a large tax payment, resulting from the historically high energy prices in 2022. However, our updated projections show that FOCF/debt will remain structurally neutral to positive over time. We therefore highlight that cash flows in Figure 6 may appear more volatile than the underlying performance, as taxes paid in 2023 based on 2022's performance were historically high.

Figure 5: Scope-adjusted debt (NOK m, lhs) and Scope adjusted debt/EBITDA (x, rhs)



Source: NordPool, Scope

Figure 6: Scope adjusted cash flow from operations (NOK m, lhs) and FOCF/debt (%, rhs)

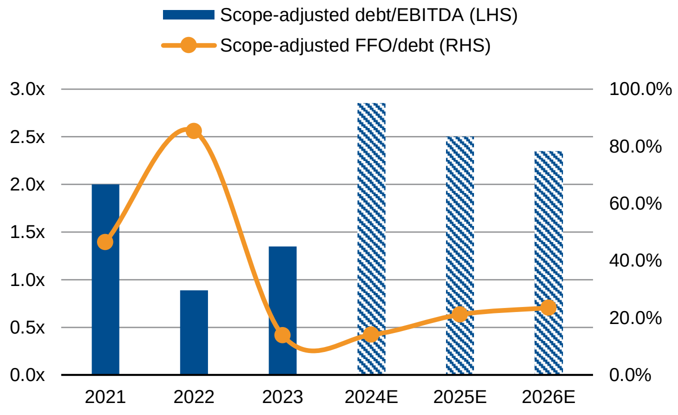


Sources: Eviny, Scope (estimates)

Debt protection weakened but remains strong

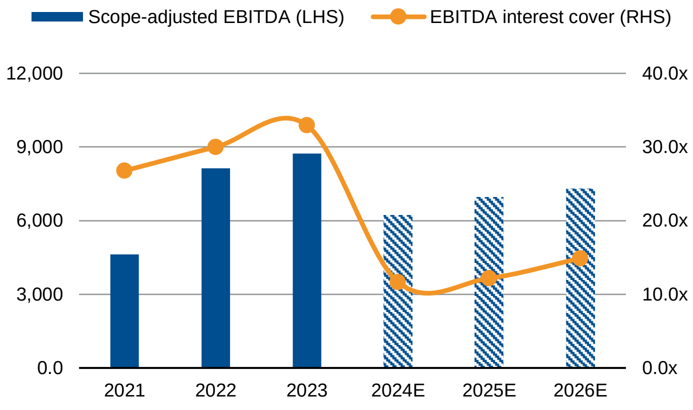
Debt protection metrics, as measured by Scope-adjusted EBITDA interest cover, have been very strong in recent years. As at H1 2024, 58% of Eviny's financing was exposed to floating interest rates, and as such the company is sensitive to the Norwegian interest rate levels, which we expect will start coming down in 2025. In 2023, the interest cover was 32.9x, but fell sharply to 15.6x as at H1 2024 due to increased debt. However, we expect the cover to remain comfortably between 12.0x-15.0x over the medium term, which we consider to be strong.

Figure 7: Scope-adjusted leverage



Sources: Eviny, Scope (estimates)

Figure 8: Scope-adjusted EBITDA (NOK m) & Scope-adjusted interest cover (x)



Sources: Eviny, Scope (estimates)

Significant debt maturing in 2025

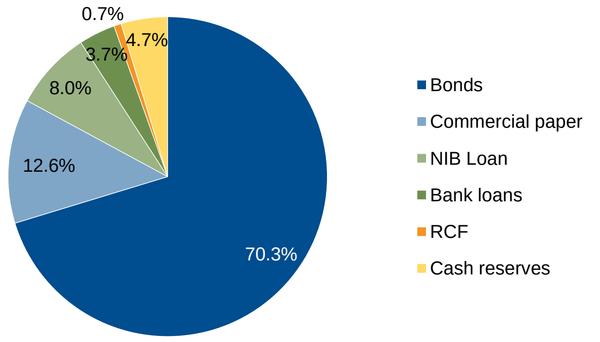
Eviny has access to a variety of funding sources, including bonds, overdraft facilities and commercial paper, helped by its investment grade credit rating and municipal ownership. In 2025, a bond of NOK 2bn and commercial paper of around NOK 3.2bn mature. We expect the company to repay the bond from its cash, which is expected to be around NOK 2bn, and to roll over its CP. If needed, Eviny has committed and undrawn facilities totalling NOK 4bn. Our rating case assumes that Eviny will continue to use bonds, CPs and short-term facilities to balance net cash flows.

Adequate liquidity

Eviny's liquidity is considered adequate, with liquidity (internal and external) cover of between 126% to 130% for 2024E-2026E. Short-term debt largely comprises of commercial paper which the company has a history of rolling over.

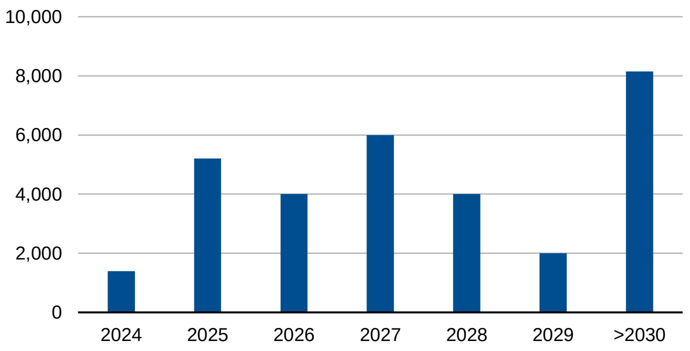
Balance in NOK m	2023	2024E	2025E
Unrestricted cash (t-1)	4,465	3,000	1,656
Open committed credit lines (t-1)	2,500	4,000	4,000
FOCF (t)	-2,909	473	1,129
Short-term debt (t-1)	4,180	5,928	5,209
Coverage	**97%**	**126%**	**130%**

Figure 9: Funding sources, H1 2024



Sources: Eviny, Scope (estimates)

Figure 10: Debt maturity profile, H1 2024 (NOK m)



Sources: Eviny, Scope (estimates)

Supplementary rating drivers: + 1 notch

Government-related entity status calls for a one-notch uplift from the BBB+ standalone credit assessment

Eviny is majority owned by 17 municipalities (54.51%). Using our Government Related Entity Rating Methodology, we apply a bottom-up approach, reflecting a conservative assessment of the public sponsors' capacity to provide a credit uplift and their willingness to provide financial support if required (which is considered unlikely). The one-notch uplift is in line with all other Norwegian, regional utilities rated by us that are majority-owned by one or more municipalities.

No adjustment for financial policy

We make no adjustment for financial policy. Still, we note that management has announced that the dividend ratio over time should be no more than 70% of net result of the parent company, but that it can deviate if investment needs put pressure on the capital structure.

Long-term and short-term debt ratings

Senior unsecured debt rating: A-

The A- senior unsecured debt rating is in line with the issuer rating.

Short-term debt rating: S-1

The S-1 short-term debt rating is based on the underlying issuer rating, and reflects good short-term debt coverage, as well as good access to both bank loans and debt capital markets.

Scope Ratings GmbH

Headquarters Berlin

Lennéstraße 5
D-10785 Berlin

Phone +49 30 27891 0

Frankfurt am Main

Neue Mainzer Straße 66-68
D-60311 Frankfurt am Main

Phone +49 69 66 77 389 0

Paris

10 avenue de Messine
FR-75008 Paris

Phone +33 6 6289 3512

Oslo

Karenslyst allé 53
N-0279 Oslo

Phone +47 21 09 38 35

Madrid

Paseo de la Castellana 141
E-28046 Madrid

Phone +34 91 572 67 11

Milan

Via Nino Bixio, 31
20129 Milano MI

Phone +39 02 30315 814

Scope Ratings UK Limited

London

52 Grosvenor Gardens
London SW1W 0AU

Phone +44 20 7824 5180

info@scoperatings.com
www.scoperatings.com

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