TUESDAY, 20/01/2026 - Scope Ratings GmbH

Scope affirms A-/Stable issuer rating on Norwegian utility company Eidsiva

The affirmation reflects the maintenance of low business risks and Scope's expectation that Eidsiva will contain financial risks amid high capex needs, albeit with limited headroom for underperformance.

The latest information on the rating, including rating reports and related methodologies, **is available on this LINK.**

Rating action

Scope Ratings GmbH (Scope) has today affirmed the A-/Stable issuer rating on Eidsiva Energi AS (Eidsiva). Scope has also affirmed the ratings for senior unsecured debt at A- and short-term debt at S-1.

The full list of rating actions and rated entities is at the end of this rating action release.

Key rating drivers

The A- issuer rating reflects a standalone credit assessment of BBB+ and a one-notch rating uplift for the company's status as a government-related entity.

Business risk profile: A (unchanged). Eidsiva's business risk profile is an important rating pillar, underpinned by its strong competitive positioning in the Norwegian utility sector. It benefits from a high share of low-risk activities with about 65% of Scope-adjusted EBITDA coming from the ownership and operation of regulated power grids. This is through subsidiary Elvia, the largest distribution grid operator in Norway, covering about 1m customers and more than one third of the country's population in the (capital) city of Oslo and the counties of Innlandet, Akershus and Østfold. The applicable regulatory framework for Elvia is well-defined and transparent, which provides strong cash flow visibility.

Eidsiva's exposure to power market prices from energy generation is slightly above 7 TWh yearly, or about 25% of its business mix in terms of EBITDA. This is a notable source of volatility, which constrains the company's business risk profile. The exposure is mainly through dividend income from the 43.5% stake in Hafslund Kraft – Norway's second largest power generator with a portfolio of cost-efficient and environmentally friendly hydropower and a small share of wind power (ESG factor). The remaining exposure stems from consolidated district heating operations, as these revenues are tied to spot power prices under Norwegian regulation.

Diversification is constrained by Eidsiva's sole focus on Norway with exposure to changes in the country's regulatory framework for power grids. The utility's outreach in terms of customers across its business segments is also weaker than that of its larger European peers.

Scope forecasts an increase in EBITDA to over NOK 5bn in 2027 from NOK 4.4bn in 2024. This reflects the agency's expectation of growing capex, with over NOK 3bn in 2025 and about NOK 4bn yearly in 2026-2027. This compares to capex of NOK 2.8bn each year in 2023 and 2024. Elvia is the main capex driver given its need to strengthen and expand its grid as part of ongoing electrification efforts in Norway and climate targets. Scope therefore believes that its regulated asset base and deprecation will steadily increase, resulting in EBITDA growth, which will make Eidsiva sustain a business mix with at least 65% of EBITDA from regulated power grids. Scope assesses most of expected capex as carrying relatively low risk, because an estimated 80% will be in Elvia.

Scope has not factored in notable growth in Eidsiva's telecoms and district heating activities. In telecoms, Scope sees some uncertainty around future growth from the expected opening of Eidsiva's fibre networks for third-party access amid pressure from the regulator, the Norwegian Communications Authority, which is intended to increase competition for broadband services. Forecasted EBITDA includes dividend income from Hafslund Kraft of slightly below NOK 1bn yearly.

Financial risk profile: BBB- (unchanged). The main rating constraint remains Eidsiva's financial risk profile, which is burdened by cash outflows for capex and dividends. It reflects moderate cash flow generation and leverage, good interest cover and adequate liquidity.

High capex needs are expected to result in negative free operating cash flow in the next few years. Scope projects that Eidsiva's debt will increase to over NOK 24bn at end-2027 from NOK 18.7bn at end-2024, also considering the planned continuation of dividend payments.

As a result of increasing debt, Scope expects leverage (debt/EBITDA*) to settle between 4.5x and 5.0x in the next few years, and debt protection (EBITDA/interest cover) between 5x and 5.5x. These levels are slightly weaker than in 2024, when leverage was 4.2x at year-end and debt protection was 5.5x.

While Scope considers forecasted credit metrics to be consistent with the current rating, the agency believes that Eidsiva has limited headroom for underperformance versus forecasted levels. The rating could be lowered based on higher financial risks if leverage weakened above 5x or if debt protection fell below 5x on a sustained basis.

Scope expects that Elvia will aim to reduce its balance of accumulated tariff revenues towards zero in 2025 and 2026, resulting in a negative EBITDA effect of slightly over NOK 0.4bn in each of these years. This negatively impacts credit metrics, but is a timing effect with a temporary impact, which is considered in Scope's assessment.

Liquidity: adequate (unchanged). Eidsiva's liquidity is adequate. Scope expects liquidity sources to exceed uses by well above 110% in 2026-2027. This assessment is supported by substantial unrestricted cash and cash equivalents of over NOK 3bn at end-September 2025 as well as a committed revolving credit facility of NOK 2.5bn, which matures in June 2028. The revolving credit facility can be extended for another two years through options. Scope also believes that Eidsiva has prudent policies in place to ensure adequate liquidity.

Eidsiva's proven access to capital markets financing and good relationships with multiple banks also support Scope's assessment of adequate liquidity. This is particularly important as Scope expects the company to need external financing to fund parts of its upcoming capex and dividend payments.

Supplementary rating drivers: +1 notch (unchanged). Scope defines Eidsiva as a government-related entity assessed using the bottom-up approach set out in its Government Related Entity Methodology. This is based on the essential public services provided by Eidsiva and the ultimate ownership by municipal entities. These include the city of Oslo through its ownership of Hafslund AS (A/Stable) and the county of Innlandet 15.2% through Innlandet Energi Holding AS. The remaining owners are 28 municipalities located in Innlandet county and are primarily organised as owners through Innlandet Energi Holding. Scope's view of the public owners' capacity ('high') and willingness ('medium') to provide timely and sufficient extraordinary support in the event of financial distress is unchanged. This results in a one-notch uplift to the standalone credit assessment.

Other supplementary rating drivers such as Scope's assessment of financial policy, peer context and governance and structure are credit-neutral.

One or more key drivers of the credit rating action are considered an ESG factor.

Outlook and rating sensitivities

The **Stable Outlook** reflects Scope's view that EBITDA growth from expected capex will result in credit metrics remaining within the rating sensitivities, e.g. debt/EBITDA within a range of 4.5x and 5.0x, despite increasing debt from negative free operating cash flows and the maintenance of shareholder remuneration. The Outlook also assumes that the quality of cash flows will remain stable, with a high share of regulated activities, supported by Elvia being the main capex driver.

The **upside scenario** for the ratings and Outlook is:

1. Leverage below 3.0x on a sustained basis

The **downside scenarios** for the ratings and Outlook are (individually):

1. Leverage above 5.0x or EBITDA interest cover weakening below 5.0x on a sustained basis

2. Loss of government-related entity status, which is deemed remote

Debt ratings

The debt issuing entity is Eidsiva Energi AS.

Senior unsecured debt is rated at A-, in line with the issuer rating.

The S-1 short-term debt rating is based on the A-/Stable issuer rating. It further reflects better-than-adequate liquidity and Eidsiva's proven access to external financing in the domestic bond market and with multiple banks.

Environmental, social and governance (ESG) factors

Eidsiva derives a high share of its cash flow from activities that align with the EU taxonomy, mainly power distribution and renewable energy generation. Scope believes this business mix reduces the risk of long-term headwinds related to ESG developments.

In particular, Scope highlights Eidsiva's sizeable exposure to hydropower generation through its 43.5% stake in Hafslund Kraft as a credit-positive environmental factor. This cost-efficient power generation portfolio with negligible emissions largely eliminates transition risks related to decarbonisation, in Scope's view.

Scope also highlights Elvia's critical role in developing its grid to help achieve electrification and climate goals, which supports the continuation of a reliable regulatory framework.

All rating actions and rated entities

Eidsiva Energi AS

Issuer rating: A-/Stable, affirmation

Short-term debt rating: S-1, affirmation

Senior unsecured debt rating: A-, affirmation

**All credit metrics refer to Scope-adjusted figures.*

Stress testing & cash flow analysis
No stress testing was performed. Scope Ratings performed its standard cash flow forecasting for the company.

Methodology
The methodologies used for these Credit Ratings and/or Outlook, (General Corporate Rating Methodology, 14 February 2025; European Utilities Rating Methodology, 17 June 2025; Government Related Entities Rating Methodology, 3 September 2025), are available on scoperatings.com/governance-and-policies/rating-governance/methodologies.
Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit Ratings, Ancillary and Other Services', published on scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at scoperatings.com/governance-and-policies/regulatory/eu-regulation. Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): registers.esma.europa.eu/cerep-publication. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on scoperatings.com/governance-and-policies/rating-governance/methodologies.
The Outlook indicates the most likely direction of the Credit Ratings if the Credit Ratings were to change within the next 12 to 18 months.

Solicitation, key sources and quality of information
The Rated Entity and/or its Related Third Parties participated in the Credit Rating process.
The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity and Scope Ratings' internal sources.
Scope Ratings considers the quality of information available to Scope Ratings on the Rated Entity or instrument to be satisfactory. The information and data supporting these Credit Ratings originate from sources Scope Ratings considers to be reliable and accurate. Scope Ratings does not, however, independently verify the reliability and accuracy of the information and data.
Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and/or Outlook and the principal grounds on which the Credit Ratings and/or Outlook are based. Following that review, the Credit Ratings and/or Outlook were not amended before being issued.

Regulatory disclosures
These Credit Ratings and/or Outlook are issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0. The Credit Ratings and/or Outlook are UK-endorsed.
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The Credit Ratings/Outlook were first released by Scope Ratings on 8 December 2017. The Credit Ratings/Outlook were last updated on 23 January 2025.

Potential conflicts
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