

Eviny AS

Kingdom of Norway, Utilities

Rating composition

Business risk profile		
Industry risk profile	BBB-	BBB
Competitive position	BBB+	
Financial risk profile		
Credit metrics	A	A-
Cash flow generation	Good	
Liquidity	Adequate	
Standalone credit assessment		BBB+
Supplementary rating drivers		
Financial policy	+/-0 notches	+1 notch
Governance & structure	+/-0 notches	
Parent/government support	+1 notch	
Peer context	+/-0 notches	
Issuer rating		A-

Key metrics

Scope credit ratios*	Scope estimates			
	2023	2024	2025E	2026E
EBITDA interest cover	32.9x	9.6x	9.2x	9.6x
Debt/EBITDA	1.3x	3.0x	2.5x	2.5x
Free operating cash flow/debt	-24%	17%	8%	5%
Liquidity	149%	157%	196%	180%

Rating sensitivities

The upside scenarios for the rating and Outlook (individually):

- Leverage standing below 1.5x on a sustained basis
- Improvement of the business risk profile, e.g. through further improved diversification or operating profitability

The downside scenarios for the rating and Outlook (individually):

- Leverage standing at 3.0x or above on a sustained basis
- Change in the company's status as a government-related entity (deemed remote)

*All credit metrics refer to Scope-adjusted figures.

Issuer

A-

Outlook

Stable

Short-term debt

S-1

Senior unsecured debt

A-

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Related methodologies

[General Corporate Rating Methodology](#), Feb 2025

[European Utilities Rating Methodology](#), June 2025

[Government Related Entities Rating Methodology](#), September 2025

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1. Key rating drivers

Positive rating drivers

- Environmentally friendly and cost-efficient hydro power 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 EBITDA margin and ROCE.
- Strong current and projected financial flexibility with strong interest coverage and good leverage despite substantial shareholder remuneration.

Negative rating drivers

- 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.

2. Rating Outlook

The **Stable Outlook** incorporates our expectation that leverage will stabilise at around 2.5x. This is supported by an EBITDA margin of around 60% and a ROCE of over 20%.

3. 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.

It generates around 7.7 TWh hydropower and 1.3 TWh wind power and distributes power to around 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%).

Municipality- and Statkraft-owned integrated utility in south-western Norway

4. Rating history







Date	Rating action/monitoring review	Issuer rating & Outlook
26 Sep 2025	Affirmation	A-/Stable
26 Sep 2024	Outlook change	A-/Stable
29 Sep 2023	Upgrade	A-/Positive

5. Financial overview (financial data in NOK m)

	Scope estimates					
Scope credit ratios	2022	2023	2024	2025E	2026E	2027E
EBITDA interest cover	30.0x	32.9x	9.6x	9.2x	9.6x	10.0x
Debt/EBITDA	0.9x	1.3x	3.0x	2.5x	2.5x	2.5x
Free operating cash flow/debt	47%	-24%	17%	8%	5%	8%
Liquidity	533%	149%	157%	196%	180%	136%
EBITDA						
Reported EBITDA	7,808	8,148	5,218	6,067	5,959	6,023
add: operating lease payments	-	-	-	-	-	-
add: recurring dividends from associates	324	570	345	506	506	506
less: capitalised expenses	-	-	-	-	-	-
Other items (incl. one-offs)	-	-	-	-	-	-
EBITDA	8,132	8,718	5,563	6,573	6,465	6,529
Funds from operations (FFO)						
EBITDA	8,132	8,718	5,563	6,573	6,465	6,529
less: interest	(271)	(265)	(581)	(715)	(675)	(652)
less: cash tax paid	(1,746)	(6,531)	(3,186)	(2,055)	(2,002)	(2,013)
Other non-operating charges before FFO	44	(307)	(686)	-	-	-
Funds from operations	6,159	1,615	1,110	3,803	3,788	3,864
Free operating cash flow (FOCF)						
Funds from operations	6,159	1,615	1,110	3,803	3,788	3,864
Change in working capital	(956)	(2,316)	3,976	(28)	10	(6)
Non-operating cash flow	-	-	-	-	-	-
less: capital expenditures (net)	(1,815)	(2,123)	(2,262)	(2,430)	(3,000)	(2,600)
less: lease amortisation	-	-	-	-	-	-
Other items	-	-	-	-	-	-
Free operating cash flow	3,388	(2,824)	2,824	1,345	798	1,258
Interest						
Net cash interest per cash flow statement	271	265	581	715	675	652
add: interest component, operating leases	-	-	-	-	-	-
add: 50% of interest paid on hybrid debt	-	-	-	-	-	-
add: other items	-	-	-	-	-	-
Interest	271	265	581	715	675	652
Debt						
Reported financial (senior) debt	11,555	14,673	18,601	17,580	17,436	17,228
add: subordinated (hybrid) debt (net of equity credit)	-	-	-	-	-	-
add: shareholder loans (net of equity credit)	-	-	-	-	-	-
less: cash and cash equivalents	(4,465)	(3,000)	(2,066)	(1,366)	(952)	(962)
add: non-accessible cash	-	-	-	-	-	-
add: pension adjustment ¹	131	84	-	-	-	-
add: operating lease obligations	-	-	-	-	-	-
add: asset retirement obligations	-	-	-	-	-	-
add: other debt-like items	-	-	-	-	-	-
Debt	7,220	11,756	16,535	16,214	16,484	16,266

¹ Eviny has a pension surplus starting from 2024, so there are no further adjustments to Scope-adjusted debt from its pensions.

6. Environmental, social and governance (ESG) profile²

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) 

ESG factors:  credit-positive  credit-negative  credit-neutral

As a hydropower producer, Eviny has a favourable ESG profile. This is highlighted by its highly efficient generation process and low carbon intensity of around 28 gCO₂e/kWh, compared to the European average of over 255 gCO₂e/kWh. This position should support future cash flow generation and access to funding, thanks to the high utilisation of its hydro assets, while also lowering the risk of headwinds from regulation and political interference. Additionally, exposure to hydropower generation safeguards the GRE status.

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

Eviny has pledged to be 100% carbon neutral by 2027 (Scope 1 and 2, covering both direct and acquired impacts), and is well on its way to achieving this goal, having already reduced its carbon emissions by 86% compared to 2019. The aim is to reduce emissions by 95%. Any remaining emissions will be offset by purchasing climate credits through CCS. The company also aims to be 100% carbon neutral throughout its entire supply chain (including Scope 3 – complete value chain) by 2040.

Although Norwegian utilities generally have a sustainable profile, they are still subject to regulatory and reputational risks. This became apparent in 2022 when exceptionally high electricity prices brought Norway's publicly owned electricity sector into the spotlight. This 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 hydroelectric generating assets.

Evident regulatory and reputational risks

The company applies governance principles reflective of Norwegian market standards, which are credit neutral.

Governance is credit-neutral

² 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.

7. Business risk profile: BBB

Eviny's business risk profile is characterised by its vertically integrated business model, which encompasses both regulated and unregulated activities. The company has achieved robust profitability, and its diversification profile is showing signs of improvement. However, it is constrained by geographic concentration and exposure to volatile power prices.

Vertically integrated business model

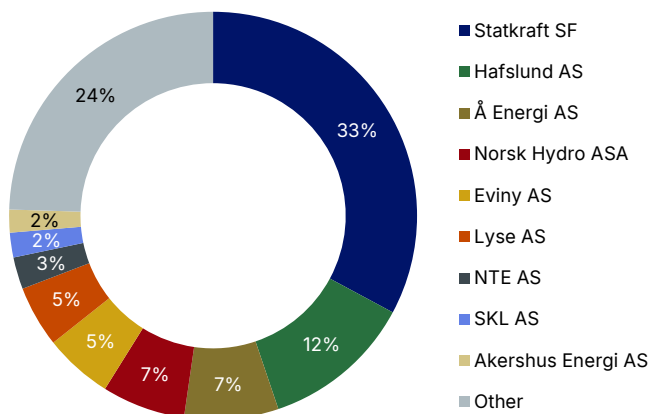
The company's industry risk profile remains unchanged at BBB-, based on Eviny's exposure to different utility segments with varying industry fundamentals. Our blended assessment is based on normalised contributions to EBITDA of around 72% from non-regulated power production (industry risk: BB), 20% from regulated grid distribution (AA), 6% from telecoms (A), and the remainder from other services, such as electrical services (BBB).

BBB- blended industry risk profile

Eviny is a relatively large Norwegian utility company with an annualised power production capacity of 9 TWh, comprising 7.7 TWh from hydropower and 1.3 TWh from wind power. In 2024, Eviny accounted for 5.5% of Norway's total hydropower production, confirming its position as the country's fifth-largest hydropower producer. Although Eviny's recurring generation volumes are small from a European perspective, this is offset by its favourable merit order position, which supports high utilisation of its power plants. This advantage stems from the company's low marginal cost of hydropower generation, clean carbon footprint and significant water reservoir capacity, which enable flexible peak-load generation.

Fifth largest producer of Hydropower in Norway, well positioned in the merit order

Figure 1: Mean annual generation, market shares



Source: NVE, Scope

While its EBITDA contribution is lower than that of its power production, Eviny's regulated distribution business strengthens its market position. Eviny holds a near-monopoly as one of Norway's largest regulated distributors through its subsidiary BKK AS, serving Vestland County with a population of over 600,000, including Bergen, Norway's second-largest city. This area is experiencing strong population and economic growth. The customer base is balanced, comprising around 55% households and 45% corporations, which makes demand less cyclical, as households are less likely to reduce consumption during price increases.

Eviny's grid efficiency, as measured by the NVE efficiency rate, has improved to 109.6% in 2025 (up from 106.6% in 2024), which ranks the company third in Norway. The company continues to invest in technology and grid infrastructure to further enhance efficiency and profitability. We view these trends as positive for Eviny's market position and future earnings.

Highly efficient grid strengthens Eviny's market position

Eviny operates 44 wholly or partly owned plants in the NO5 price zone, all of which are well positioned in the merit order system. The company's carbon intensity is just 28 gCO₂e/kWh, compared to a European average of over 250 gCO₂e/kWh. Its assets benefit from their location on Norway's west coast, which receives approximately 2,250 mm of rainfall per year — well above the European average of 650 mm. Eviny's reservoir capacity equates to 37% of its mean hydropower generation, enabling the company to optimise production during periods of high

prices and maintain flexibility during periods of low rainfall. This operational flexibility is a credit positive, and is likely to become increasingly valuable as the share of intermittent generation rises in the Nordics and Europe, further enhancing the importance of flexible production capabilities.

Eviny's annual generation rose by 1.3 TWh (20%) in February 2024 with the acquisition of two wind power plants, which also diversify price area exposure (NO2 and NO3) and reduce concentration risk. However, Eviny's three largest hydropower plants still account for 40% of hydro capacity, or 33% of total production when including wind.

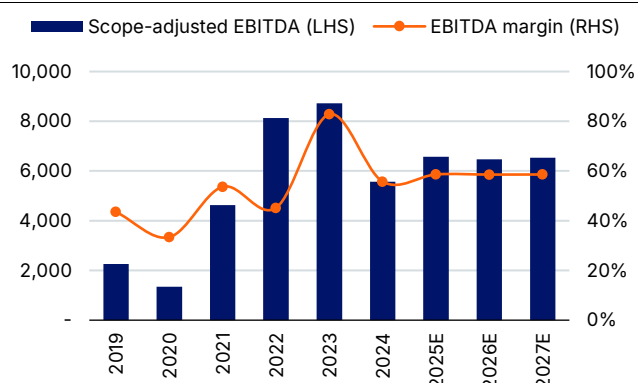
Reduced concentration of power plants thanks to acquisitions of wind farms

Eviny is growing in telecoms, district heating and EV fast charging. Telecoms currently account for 6% of normalised EBITDA, while district heating and fast charging remain minor contributors.

Profitability and efficiency remain at the core of Eviny's competitive strengths. The company generates most of its income from hydropower and wind power production, as well as regulated grid operations. The profitability of hydropower is influenced by power prices in the NO5 price area, production volumes and Eviny's ability to optimise generation during peak load hours. This allows Eviny to achieve prices above the market average. The flexibility of its hydropower assets is therefore a significant advantage.

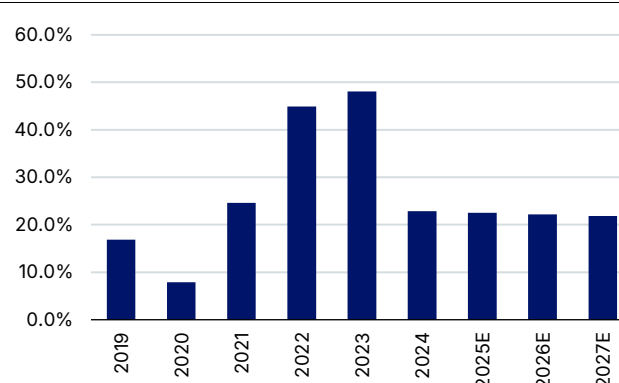
Profitability and efficiency a core credit strength

Figure 2: EBITDA (NOK m) and EBITDA margin (%)



Source: Eviny, Scope estimates

Figure 3: ROCE (%)



Source: Eviny, Scope estimates

Eviny's profitability is among the highest in its peer group, with an average EBITDA margin of 55% over the past five years. However, this strong performance has historically been affected by volatility driven by hedging gains and losses, as well as by fluctuations in spot prices more recently.

Looking ahead, Eviny no longer engages in financial hedging. Instead, the company has shifted to operational hedging via several power purchase agreements (PPAs), which provide greater cash flow stability. Notably, Eviny has entered into contracts covering 86% of the expected output from its two wind power plants.

Assuming a relatively stable NO5 price of EUR 44–49/MWh over the next three years, continued value-factor from hydropower regulation and flat grid income, as well as positive developments in telecoms, we project that Eviny's EBITDA margin will average around 60% between 2025 and 2027, with ROCE remaining above 20%. Both metrics are among the strongest in the Norwegian peer group.

EBITDA margin of around 60% and ROCE above 20% expected

8. Financial risk profile: A-

Despite a weakening of leverage and interest cover metrics following the acquisition of two wind farms in 2024, Eviny's financial risk profile remains strong, supported by robust cash flow generation and solid debt protection metrics.

Strong credit metrics and good cash flow generation

We are assuming a power price of EUR 44–49/MWh for NO5 for the period 2025–2027. Planned capital expenditure totals NOK 2.5–3.0bn over this period and is allocated as follows: 45% to grid investments, 20% to hydropower, 8% to telecoms and 27% to fast chargers. In 2025, Eviny completed a minor divestment of its in-house construction business (Eviny Solutions).

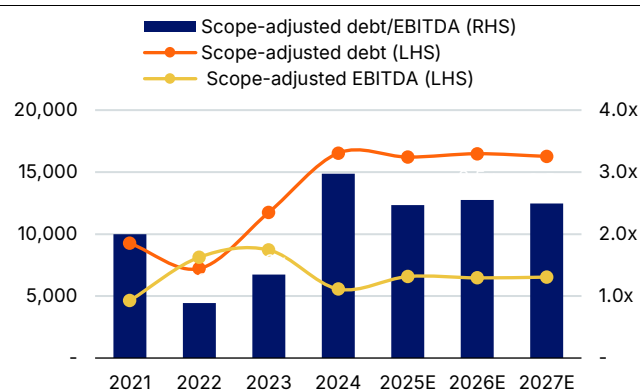
We expect dividend payments to be around 70% of the underlying results (adjusted for minorities), in line with the company's financial policy. The dividend policy remains flexible and can be adjusted based on: (1) expected future earnings, (2) investment needs and opportunities, and (3) funding conditions and risks in the capital markets. The latter is linked to Eviny's financial policy of maintaining a minimum BBB+ credit rating.

Following the acquisition of two wind farms last year, the leverage ratio (debt/EBITDA) was projected to peak at around 3x in 2024, before falling to 2.5x in 2025 and below that level thereafter. Actual results have aligned with these expectations, with the debt-to-EBITDA ratio reaching 3.0x by the end of 2024, and forecasts indicating a decline to 2.5x by the end of 2025. However, given the planned increase in capital expenditure for 2026 and the expected stabilisation of power prices, we do not anticipate any further deleveraging. We therefore expect leverage to remain at around 2.5x.

Debt/EBITDA of 2.5x expected

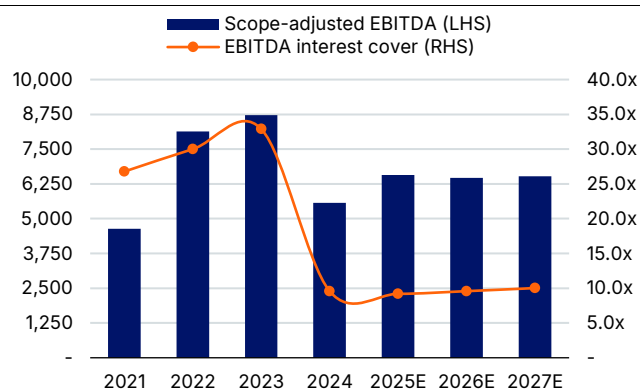
This is underpinned by the company's commitment to maintaining a credit profile corresponding to a high-investment-grade rating. No acquisitions are planned in the near to medium term; the focus instead remains on streamlining operations and increasing cash flows.

Figure 4: EBITDA and debt (NOK m, LHS) and leverage (RHS)



Source: Eviny, Scope estimates

Figure 5: EBITDA/interest cover



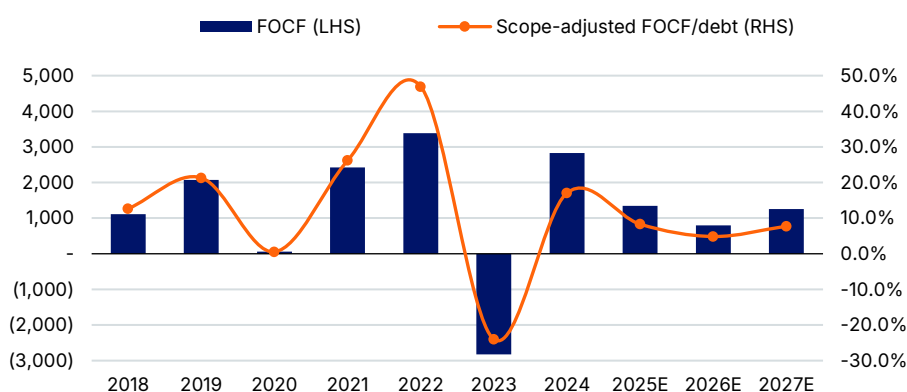
Source: Eviny, Scope estimates

Interest coverage was expected to decline to around 10x in 2024 (down from 33x in 2023), reflecting higher underlying interest rates (since two-thirds of Eviny's debt is on a floating rate) and increased debt resulting from the wind farm acquisitions. Actual interest coverage in 2024 was 9.6x.

Looking ahead, based on the projected power price curve and the gradual easing of interest rates, we forecast that interest coverage will remain just below 10x, staying within the range of 9x to 10x for the period from 2026 to 2027. However, in the absence of further major investments and in a normalised power price environment, a recovery above 10x is likely.

EBITDA interest cover of 9-10x expected

Figure 6: FOCF (NOK m, LHS) and cash flow cover (RHS)



Source: Eviny, Scope estimates

FOCF/SaD reached a low of -24% in 2023. This was mainly due to significant tax amounts from 2022 becoming due the following year. In 2024, we barely expected a break-even FOCF/SaD. However, a reversal in working capital led to a much stronger result. FOCF/SaD was at 17%. Over the past seven years (2018–2024), Eviny's FOCF/SaD averaged 14%, though this has been volatile due to fluctuating power prices and their impact on taxes and working capital.

Positive cash flow cover expected, despite increased capex

Looking ahead, we expect a flatter price curve, which should result in more stable working capital and annual tax payments of around NOK 2bn. Capex is projected to average NOK 2.7bn for 2025–27 (up from NOK 2.1bn for 2022–24), which will reduce FOCF to some extent, though it is expected to remain healthy at 5–10%.

Eviny's liquidity is adequate. The company holds cash and cash equivalents, including marketable securities and money market instruments, totalling NOK 2.1bn at the end of 2024 (2023: NOK 3bn). In addition, Eviny has access to a total of NOK 3.5bn in committed, undrawn long-term facilities, as well as a NOK 500m RCF (not included in the calculation). Going forward, we expect Eviny to generate positive FOCF, which, together with the above sources, will cover upcoming debt maturities.

Adequate liquidity

Maturities of NOK 3.5bn are coming due in 2025 (most of which has already been refinanced/repaid), followed by NOK 3.1bn in 2026 and NOK 4.2bn in 2027. We view its maturity profile as evenly spread out, with no upcoming maturity walls.

Table 1. Liquidity sources and uses (in NOK m)

	2025E	2026E	2027E
Unrestricted cash (t-1)	2,066	1,366	952
Open committed credit lines (t-1)	3,500	3,500	3,500
FOCF (t)	1,345	798	1,258
Short-term debt (t-1)	3,521	3,143	4,208
Liquidity	196%	180%	136%

Source: Eviny, Scope estimates

9. Supplementary rating drivers: + 1 notch

The issuer rating incorporates a one-notch uplift to the standalone credit assessment of BBB+, reflecting the company's status as a government-related entity. We have applied a bottom-up rating approach under the framework outlined in our Government Related Entities Methodology. The one-notch uplift is based on the 54.6% public ownership by the Norwegian municipalities that largely constitute Eviny's service territory, in addition to 43.4% ownership of Statkraft (a government owned entity) and two minority shareholders. We assess the anticipated capacity to provide a credit uplift as 'high', as we believe the public sponsors' credit quality is materially higher than Eviny's standalone credit assessment, and the public sponsors' willingness to provide exceptional financial support as 'medium'. The one-notch uplift is in line with other Norwegian utilities rated by us with majority ownership by one or more municipalities but no explicit guarantees on their debt or financial support.

One-notch uplift to the standalone credit assessment

10. Debt ratings

We have affirmed the senior unsecured debt rating at A-, in line with the issuer rating.

Senior unsecured debt rating: A-

We have also affirmed the short-term debt rating at S-1, which is based on the A-/Stable issuer rating. This reflects good short-term debt coverage and access to bank loans and debt capital markets.

Short-term debt rating: S-1

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