SCOPE | Ratings

Tine SA

Kingdom of Norway, Consumer Products

Issuer
A-

Outlook
Stable

Short-term debt
S-1

Senior unsecured debt
A-

Rating composition

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

Key metrics

			Scope estimates	
Scope credit ratios*	**2023**	**2024**	**2025E**	**2026E**
Scope-adjusted EBITDA interest cover	17.4x	25.4x	24.6x	24.3x
Scope-adjusted debt/EBITDA	0.9x	0.6x	0.7x	0.7x
Scope-adjusted funds from operations/debt	97%	143%	124%	123%
Scope-adjusted free operating cash flow/debt	67%	85%	55%	56%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenario for the ratings and Outlook:

- Introduction of more conservative financial targets in tandem with a move towards a net cash position
- Improved business risk profile via more diversification and/or stronger profitability

The downside scenarios for the ratings and Outlook:

- Weaker financial risk profile, exemplified by debt/EBITDA sustained at around 2x or above
- Material loss of domestic market shares and/or falling profitability

*All credit metrics refer to Scope-adjusted figures.

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Related methodologies

General Corporate Rating Methodology, Feb 2025

Consumer Products Rating Methodology, Oct 2024

Table of content

1. Key rating drivers

Positive rating drivers	Negative rating drivers
• Strong financial risk profile, with history of maintaining a conservative capital structure and strong cash flow cover • Leading position in Norwegian dairy, evident through high market share, national network, and role as milk market regulator • Industry risk is characterised by low cyclicality and operating under protective agricultural regulations • Focused on implementing ESG in value chain	• Moderate profitability (EBITDA margin) compared to consumer goods peers' • Low geographical diversification • Risks related to growth of international operations • Potential for higher discretionary spending under financial targets, which limits financial risk profile upside to extent needed for a higher rating

2. Rating Outlook

The **Stable Outlook** reflects our expectation that Tine will maintain its leading domestic market presence in dairy. It also assumes that credit metrics will remain conservative despite the higher expected capex in the next few years, supported by the current financial headroom, no adverse changes to agricultural regulations, and a relatively resilient earnings profile with exposure to low cyclicality products.

3. Corporate profile

Largest dairy producer in Norway

Headquartered in Oslo, Norway, Tine is the largest dairy producer in the country. It collects and processes milk commodities into all types of dairy products and also offers non-dairy products, including juice, ice cream and fresh meals.

Three main business lines

Operations are organised into three main business lines:

- **Tine SA,** which is the domestic dairy business and includes regulatory entity Norwegian Milk Supplies
- **Norwegian Subsidaries**, mainly Tine's wholly owned ice cream producer Diplom Is and its 51% stake in food producer Fjordland
- **Tine International**, which are its international activities, mainly in the UK, North America, and Sweden

Cooperative structure

Tine is organised as a cooperative, with a history dating back to 1856 and ownership by more than 7,700 milk farmers. It generates around 80% of revenues in Norway and has more than 5,000 employees.

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
19 Jun 2025	Affirmation	A-/Stable
19 Jun 2024	Affirmation	A-/Stable
21 Jun 2023	Affirmation	A-/Stable

5. Financial overview (financial data in NOK m)

				Scope estimates		
Scope credit ratios	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
EBITDA interest cover	24.1x	17.4x	25.4x	24.6x	24.3x	25.0x
Debt/EBITDA	1.4x	0.9x	0.6x	0.7x	0.7x	0.7x
Funds from operations/debt	66%	97%	143%	124%	123%	125%
Free operating cash flow/debt	26%	67%	85%	55%	56%	58%
Liquidity	>200%	>200%	>200%	>200%	>200%	>200%
EBITDA						
Reported EBITDA	2,733	2,978	3,466	3,327	3,427	3,529
add: operating lease payments	156	151	167	172	177	182
Gains/losses on asset disposals	(36)	(28)	(50)	(50)	(50)	(50)
EBITDA	**2,853**	**3,101**	**3,582**	**3,448**	**3,553**	**3,661**
Funds from operations (FFO)						
EBITDA	2,853	3,101	3,582	3,448	3,553	3,661
less: interest	(118)	(179)	(141)	(140)	(147)	(146)
less: cash tax paid	(137)	(129)	(123)	(196)	(204)	(213)
Other non-operating charges before FFO	(10)	(20)	(62)	-	-	-
Funds from operations	**2,588**	**2,774**	**3,256**	**3,112**	**3,203**	**3,302**
Free operating cash flow (FOCF)						
Funds from operations	2,588	2,774	3,256	3,112	3,203	3,302
Change in working capital	(482)	96	(321)	(93)	(111)	(114)
less: capital expenditures (net)	(968)	(817)	(859)	(1,500)	(1,500)	(1,500)
less: lease amortisation	(124)	(120)	(129)	(133)	(137)	(141)
Free operating cash flow	**1,013**	**1,933**	**1,947**	**1,385**	**1,455**	**1,547**
Interest						
Net cash interest per cash flow statement	86	147	104	102	107	106
add: interest component, operating leases	32	31	37	38	39	41
Interest	**118**	**179**	**141**	**140**	**147**	**146**
Debt						
Reported financial (senior) debt	3,912	3,903	2,904	2,839	2,810	2,771
less: cash and cash equivalents	(647)	(1,654)	(1,369)	(1,101)	(1,005)	(934)
add: non-accessible cash	3	3	3	3	3	3
add: operating lease obligations	642	622	743	765	788	812
Debt	**3,909**	**2,874**	**2,282**	**2,506**	**2,596**	**2,652**

6. 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)

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

ESG factors are credit-neutral

We see no company-specific ESG factors that have a substantial impact on credit risk.

Tine is exposed to a series of ESG factors relevant to the food and beverage industry. These include environmental factors like carbon emissions, product waste and sustainable packaging, and social factors like health consciousness, product safety and sustainable supply chains.

Tine's ESG strategy include defined commitments for 2030:

- All packaging to be recyclable and increased use of recycled plastics.
- As of December 2024, reduction in greenhouse gas emissions by 42% (Scope 1 and Scope 2 emissions) and in milk suppliers' greenhouse gas emissions by 30% (Scope 3 emissions).
- Reduction of own food waste by 25% between 2025 and 2030, as measured in volume, as well as continued efforts to support reductions in its value chain. This is part of its commitment to "Bransjeavtalen", an agreement coordinated by the Norwegian Ministry of Agriculture and Food, aiming to reduce food waste in Norway with 50% between 2015 and 2030.[2]

In terms of social factors, Tine aims to support a healthier diet through product innovation including a reduced use of saturated fat and sugar. Other iniatives include frameworks to support animal welfare as well as responsible sourcing.

Longer-term risks specific to Tine include changes in consumers' perception of animal-based agriculture and the health effects of dairy, and any change in government commitment to sustain milk farming in Norway.

[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] The paragraph was amended on 27 June 2025. In the initial publication the text read "Reduction in food waste by 50% versus 2015 levels".

7. Business risk profile: BBB

Unchanged business risk profile

Tine's business risk profile assessment is unchanged since the last rating review, reflecting an industry risk of A and a weaker competitive positioning of BBB-. The competitive positioning benefits from Tine's good market position supported by domestic operations but is constrained by the moderate diversification and profitability.

The business risk profile is mainly driven by Tine's commercial business and not its regulatory activities in Norwegian Milk Supplies.

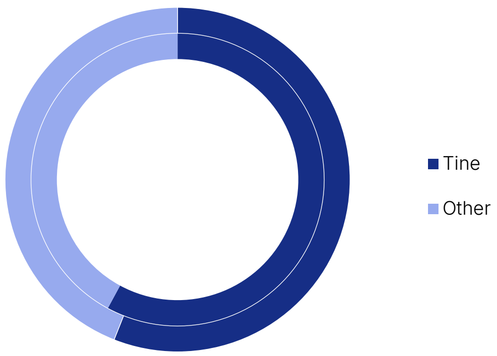
Industry risk assessed at A

We assess industry risk at A due to Tine's exposure to food and beverages, mainly dairy, which we see as non-discretionary consumer products with low cyclicality, medium entry barriers and low substitution risk.

Leading presence in domestic dairy

Tine has a leading presence in the Norwegian dairy market as a national cooperative and the largest producer of dairy products. In 2024, Tine accounted for 57.9% of volumes and 56.0% of value in the Norwegian grocery store market for dairy products (Figure 1), the largest market segment, and remains the largest processor of domestic milk production.

Figure 1: Share of dairy products in Norwegian grocery store market based on volumes (inner) and value (outer), 2024



Source: Tine, Scope

From monopoly to competition

Tine held a government-protected monopoly in Norway until 1996 and has since then faced increased competition. Notable new entrants include Q-Meieriene, Synnøve Finden and Rørosmeieret. Growing imports, especially of cheese, have also reduced Tine's market shares.

Support from agricultural regulations

Tine and its domestic competitors benefit from regulations aimed at sustaining Norwegian agricultural production. An important measure is tariffs, which aim to reduce imports of agricultural products such as dairy and are based on the sensitivity to international competition and the extent of domestic production.

Figure 2: Simplified illustration of Norwegian import protection for agricultural products

High tariff	Medium tariff	Low/no tariff	
Meat	Potatoes	Baked goods	Mineral water
Dairy	Vegetables	Pizzas, pies	Tropical fruits
Cereals	Fruit and vegetables	Jam	Sugar
Eggs		Soups, sauce	Rice, corn, soy
		Chocolate	Coffee, tea
		Ice cream	Leather
Sensitive products	**In Norwegian season**	**Processed agricultural products**	**No tariffs**

Source: Norwegian Ministry of Agriculture and Food, Scope

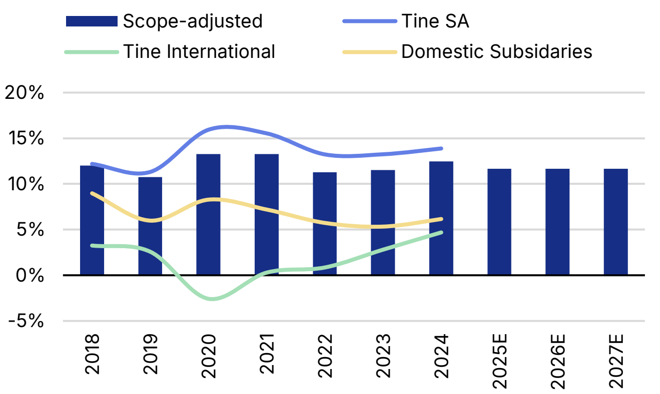
Other support measures for the agricultural industry include subsidies and a regulated environment for production volumes and prices of agricultural commodities such as meat, dairy, grains and eggs. Tine acts as market regulator for milk through Norwegian Milk Supply, on mandate by the Norwegian Agriculture Agency. This involves quality control and market balancing to ensure that Tine's commercial business and other dairies can purchase milk commodities at the regulated price. Norwegian Milk Supply is separated from Tine's commercial business and conducted on a non-profit basis.

The regulatory support provided for the Norwegian dairy industry is assessed to partly mitigate Tine's lack of international market share.

Some international presence

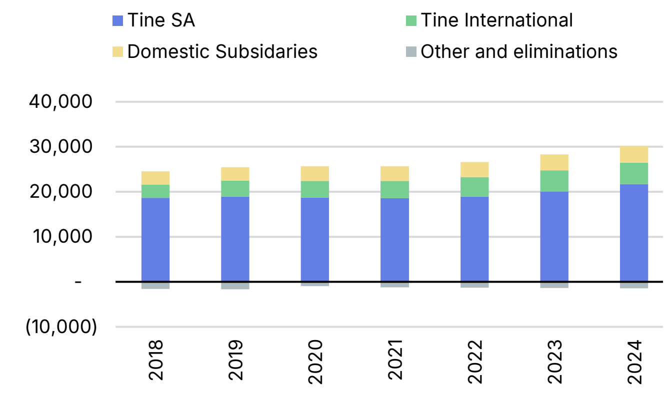
Tine generates more than 80% of revenues in Norway. Remaining revenues mainly come from Europe and North America, where Jarlsberg cheese is its largest brand. In recent years, the company has also offered more products from the Norwegian portfolio in other Scandinavian markets and created a small presence in Asia.

Figure 3: EBITDA margin



Source: Tine, Scope estimates

Figure 4: Revenues by business line, NOK m



Source: Tine, Scope

Country-wide network

Domestically, Tine has a wide network of 29 dairy plants and four terminals. The network ensures proximity to cooperative farms and reduces concentration risks. Tine has reduced the number of dairy plants over the recent years. This and other projects related to capacity optimisation and product innovation are expected to support future competitiveness.

Relatively high customer concentration

Tine has an adequate supplier base with direct access to feedstock from more than 6,200 cooperative farms in Norway. However, customer concentration is relatively high, with a few grocery chains make up around two-thirds of the company's domestic sales.

Moderate diversity of products, with focus on dairy

Its product offering and mix are moderate and mainly hampered by the focus on dairy, though this is balanced by a wide product portfolio and presence in all dairy sub-categories as well as some exposure to non-dairy food and beverages.

Reliance on the Norwegian market constrains diversification

The reliance on the Norwegian market results in moderate overall diversification despite the extensive diversification in a domestic context.

Moderate profitability

Tine's profitability is moderate versus those of consumer products peers. Its EBITDA margin (Scope-adjusted) has averaged around 12% over the 2018-2024 period. The relatively stable margin (Figure 3) is credit-positive and supported by Tine's solid domestic position while the weaker position internationally has driven lower and more volatile profitability in Tine International.

Good brand strength

Tine has a portfolio of over 30 brands. Many of the brands hold strong positions in the Norwegian market, for example, TINE, Litago, Jarlsberg, Norvegia, Go' morgen, YT, Biola, Sunniva, IsKaffe, Piano, isTe and Gryr. Its products are associated with good quality and being rooted in local traditions and preferences. Given sustainability trends and greater health consciousness, we expect Tine to continue renewing and developing its product portfolio to retain the strength of its brands.

8. Financial risk profile: A+

Unchanged financial risk profile

Tine's financial risk profile assessment is unchanged at A+ since the last rating review and remains supported by strong credit metrics and ample financial headroom.

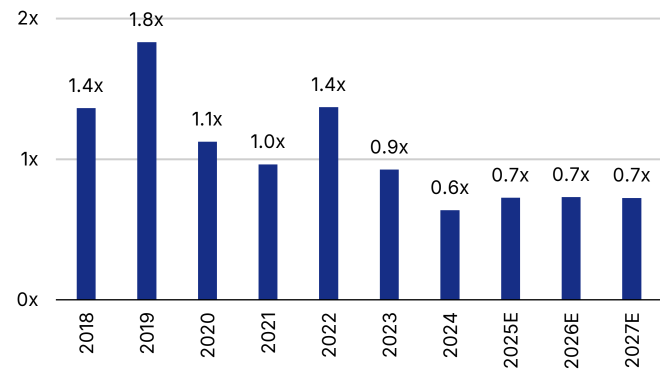
Main adjustments

The main adjustment made on financial items is the inclusion of operating leases in Scope-adjusted debt as the company does not report under IFRS 16.

Deleveraging trend

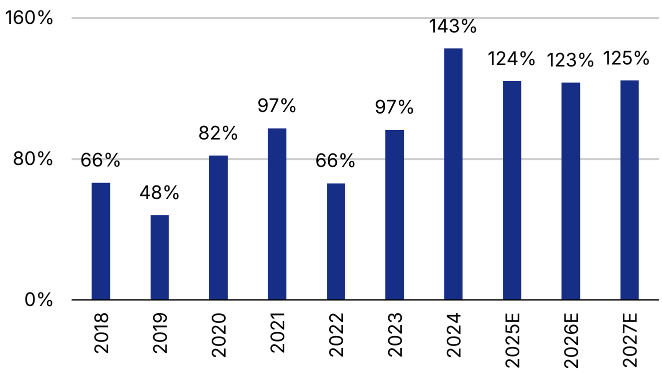
Tine's leverage – debt/EBITDA – rose to 1.8x in 2019 due to increased debt amid large investments in new facilities, including for international expansion with a dairy in Mogeely, Ireland. Subsequently, over 2020-2024, EBITDA growth and reduced debt have led to deleveraging, taking debt/EBITDA below 1x and funds from operations/debt above 60% and free operating cash flow (FOCF)/debt above 35%.

Figure 5: Debt/EBITDA



Source: Tine, Scope estimates

Figure 6: Funds from operations/debt



Source: Tine, Scope estimates

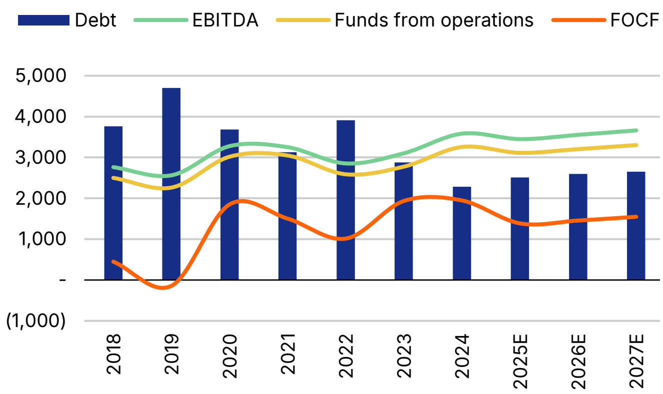
Leverage to remain very supportive

We expect leverage to remain very supportive over the next few years, even with plans for more capex to optimise domestic infrastructure and support ESG targets. This is exemplified by FOCF of between NOK 1,350m and NOK 1,600m per annum in 2025-2027, which is expected to largely cover payments under the subsequent payment policy.

Financial policy constrains the financial risk profile

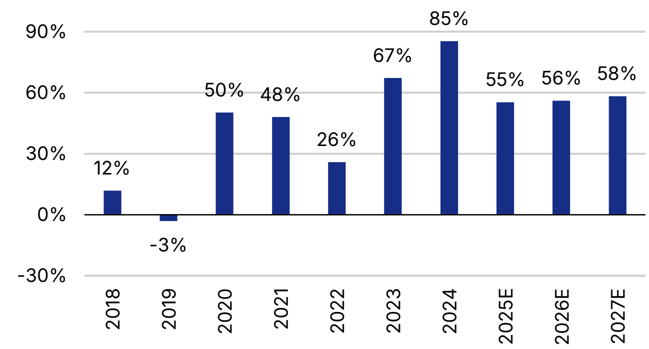
Tine's financial policy target to keep leverage (net interest-bearing debt/EBITDA based on the company's definition) below 2x still constrains further upside to the financial risk profile. This reflects the risk that Tine could use available leverage headroom for discretionary spending, such as larger-than-anticipated investments. This already happened in 2018-2019, which caused credit metrics to weaken suddenly.

Figure 7: Debt and cash flows, NOK m



Source: Tine, Scope estimates

Figure 8: Free operating cash flow/debt



Source: Tine, Scope estimates

Adequate liquidity

Tine's liquidity remains adequate. We expect liquidity sources will continue to support liquidity ratios of above 200%. Available liquidity sources at end-2024 were NOK 1,366m of cash and cash equivalents, NOK 811m of undrawn committed credit lines, and expected positive FOCF.

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

	2024	2025E	2026E
Unrestricted cash (t-1)	1,651	1,366	1,098
Open committed credit lines (t-1)	808	811	811
FOCF (t)	1,947	1,385	1,455
Short-term debt (t-1)	1,253	366	1,029
Liquidity	**>200%**	**>200%**	**>200%**

Source: Tine, Scope estimates

9. Supplementary rating drivers: +/- 0 notches

Financial policy is credit-neutral

Tine's financial policy is credit-neutral. The company is committed to maintaining leverage (reported net-interest-bearing debt/EBITDA) below 2x and has historically been well within that threshold.

Tine makes so-called subsequent payments to cooperative members, which we see as equivalent to dividends. It aims to pay between 50% and 85% of net profit, subject to an equity ratio of above 45%.

Overall, the targets give comfort regarding an expected upper level of leverage and are adequately reflected in the financial risk profile assessment.

Well-proven and stable structure

Tine is organised as a cooperative owned by its members. The members are paid for milk sold to Tine and receive part of its profit through the subsequent payment policy described above. The payments are distributed based on volumes delivered.

We view the membership capital as stable based on the track record. However, the membership capital also represents an insignificant share of overall capital regarding potential exits[3]. While equity injections are unlikely, we note that cooperative peers have shown that partial equity instruments like hybrid bonds can be used as an alternative if needed.

We further highlight that Tine serves political and public interests in Norway given the responsibility it bears for milk regulations and implementing agricultural policies. Ordinary market competition rules do not fully apply, but the authorities have tools to ensure that the cooperatives do not abuse their position.

We consider the cooperative structure and market framework as proven and stable but do not conclude this to result in any supplementary rating adjustments.

10. Debt ratings

Senior unsecured debt rating: A-

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

Short-term debt rating: S-1

The S-1 short-term debt rating is based on the A-/Stable issuer rating. It is supported by the better-than-adequate short-term debt coverage and access to bank and capital markets financing.

[3] Each member owns one share with a nominal value of NOK 500.

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