Nord-Trøndelag Elektrisitetsverk AS

Kingdom of Norway, Utilities

Issuer
BBB

Outlook
Positive

Short-term debt
S-2

Senior unsecured debt
BBB

Rating composition

Business Risk Profile		
Industry Risk Profile	BBB	**BBB**
Competitive Positioning	BBB	
Financial Risk Profile		
Credit metrics	BBB	**BBB-**
Cash flow generation	Good	
Preliminary Credit Assessment		**BBB-**
Supplementary Rating Drivers		
Liquidity	+/-0 notches	**+/-0 notches**
Financial policy	+/-0 notches	
Governance and structure	+/-0 notches	
Secondary Credit Assessment		**BBB-**
External Rating Drivers		
Parent/government support	+1 notch	**+1 notch**
Peer context	+/-0 notches	
Issuer rating		**BBB**

Key metrics

			Scope estimates	
Scope credit ratios*	**2024**	**2025**	**2026E**	**2027E**
Scope-adjusted EBITDA interest cover	17.6x	6.1x	7.8x	6.8x
Scope-adjusted debt/EBITDA	1.1x	3.8x	2.8x	3.1x
Scope-adjusted free operating cash flow/debt	-20%	-3%	8%	13%
Liquidity	102%	150%	179%	1,254%

Rating sensitivities

The upside scenario for the ratings is:

- debt/EBITDA of 3x or below on a sustained basis

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

- debt/EBITDA remaining above 3x
- Loss of government-related entity status (remote)

*All credit metrics refer to Scope-adjusted figures.

Lead Analyst

Marco Romeo
+39 02 3054 4990
m.romeo@scoperatings.com

Related methodologies

General Corporate Rating Methodology, Apr 2026

European Utilities Rating Methodology, Jun 2026

Government Related Entity Rating Methodology, Sep 2025

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1. Key rating drivers

Positive rating drivers

- Cost-efficient and environmentally friendly power generation fleet (positive ESG factor)
- Ownership stake in power grid distributor Tensio (rated A-/Stable by Scope) provides exposure to a monopolistic market with a stable source of dividends
- Diversified business model across non-correlated utility and telecom operations
- Good overall profitability
- Relatively good credit metrics despite deterioration in 2025 after the debt-funded acquisition of wind farms
- Government-related entity status: long-term commitment of municipal owners with capacity and willingness to provide financial support if needed

Negative rating drivers

- Exposure to volatile power prices for unhedged power generation volumes
- Exposure to volume risk in renewable power generation, which depends heavily on unpredictable weather conditions
- High geographical concentration and moderate diversification of power generation assets and fuels (only hydro and wind)
- Expected worsening of internal financing capacity due to growing pressure from accelerated investment programme from 2028 onwards

2. Rating Outlook

The **Positive Outlook** reflects our expectation that leverage (debt/EBITDA) will remain around 3x, despite mounting capex-related pressure on free operating cash flow (FOCF), underpinned by the company's commitment to keeping its financial structure under control.

3. Corporate profile

Nord-Trøndelag Elektrisitetsverk AS (NTE) is a utility company operating in central and northern Norway. Its main activities are power generation from hydro and wind, power supply and telecom services as well as grid operations through its 40% stake in Tensio AS. NTE is fully owned by 19 regional municipalities.

Municipality-owned integrated utility

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
21 Aug 2026	Outlook change	BBB/Positive
22 Aug 2025	New	BBB/Stable

5. Financial overview (financial data in NOK m)

				Scope estimates		
Scope credit ratios	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA interest cover	20.4x	17.6x	6.1x	7.8x	6.8x	7.7x
Debt/EBITDA	0.8x	1.1x	3.8x	2.8x	3.1x	3.0x
Free operating cash flow/debt	42%	-20%	-3%	8%	13%	2%
Liquidity	1933%	102%	150%	179%	1,254%	163%
EBITDA						
Reported EBITDA[1]	1,247	899	1,169	1,512	1,213	1,287
add: recurring dividends from associates	114	123	133	135	135	135
Other items (incl. one-offs)	(39)	(45)	(44)	(30)	(20)	(25)
EBITDA	**1,322**	**976**	**1,258**	**1,617**	**1,328**	**1,397**
Funds from operations (FFO)						
EBITDA	1,322	976	1,258	1,617	1,328	1,397
less: interest	(65)	(55)	(207)	(206)	(196)	(182)
less: cash tax paid	(296)	(352)	(229)	(301)	(172)	(213)
Other non-operating charges before FFO	-	-	-	-	-	-
Funds from operations	**961**	**569**	**822**	**1,110**	**960**	**1,002**
Free operating cash flow (FOCF)						
Funds from operations	961	569	822	1,110	960	1,002
Change in working capital	243	118	(13)	(114)	66	(16)
Non-operating cash flow	(238)	(393)	(366)	(121)	-	-
less: capital expenditures (net)	(530)	(497)	(592)	(515)	(500)	(900)
less: lease amortisation	(5)	(4)	(4)	(4)	(4)	(4)
Free operating cash flow	**431**	**(207)**	**(153)**	**356**	**522**	**81**
Interest						
Net cash interest per cash flow statement	61	51	204	203	193	179
add: interest expense pensions	4	4	3	3	3	3
Interest	**65**	**55**	**207**	**206**	**196**	**182**
Debt						
Reported financial (senior) debt	1,494	1,247	4,881	4,628	4,469	4,298
less: cash and cash equivalents	(566)	(263)	(323)	(361)	(552)	(339)
add: non-accessible cash	-	-	79	79	69	59
add: pension adjustment	97	58	24	24	24	24
add: asset retirement obligations	-	-	91	91	91	91
Debt	**1,026**	**1,042**	**4,752**	**4,461**	**4,101**	**4,132**

[1] Reported EBITDA under our definitions does not include 'profit/loss from associates and joint ventures' or 'changes in value of derivatives'.

6. Environmental, social and governance (ESG) profile[2]

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

Efficient, low-emission power generation

NTE's core business is the generation of clean, low-cost electricity, mainly from hydropower plants and wind farms (positive ESG factor). In contrast to CO2-intensive power generation sources, hydro and wind power carry low transition risks relating to decarbonisation. We believe this will support the utilisation of the company's power plants and generate long-term cash flow. Moreover, NTE's hydropower assets are required to be at least two-thirds publicly owned, which underscores the company's status as a government-related entity.

Political and regulatory risks

As a provider of profitable, critical public services such as power production and grid distribution (through the ownership of Tensio), NTE is exposed to political and regulatory risks. Recent shifts in Norway's taxation framework for power producers illustrate this risk. Nevertheless, we consider the overall framework conditions for utilities in Norway to be sufficiently stable.

Strong third-party ESG rating

NTE has an ESG framework in place and publishes a sustainability report annually. The utility established a green financing framework in 2023, recently updated in May 2026. S&P has assessed the framework's financing purposes as 'dark green' (highest outcome), indicating an alignment with a long-term vision of a low-carbon and climate-resilient future.

The company adheres to governance principles in line with Norwegian market standards.

[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

Blended industry risk profile: BBB

NTE's Business Risk Profile reflects its integrated business model, which combines environmentally friendly and cost-efficient power production (positive ESG factor) with power supply and telecom services. The company is also exposed to grid operations through its 40% stake in Tensio AS.

We use a blended Industry Risk Profile to capture NTE's operations in different utility segments and telecoms, each of which are driven by different industry fundamentals. The blended industry risk is based on EBITDA contributions of around 55% from non-regulated power generation, 35% from telecoms and around 10% from regulated grids.

Table 1. Scope's industry risk profiles of relevance to NTE

	Non-regulated power generation	Regulated energy network/grids	Telecoms
Cyclicality	High	Low	Low
Entry barriers	Medium	High	Medium
Substitution risks	Low	Low to medium	Low to medium
Industry risk	**BB**	**AA**	**A**

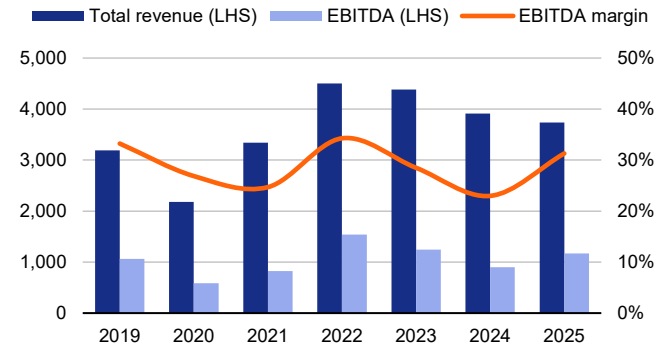
Source: Scope

NTE's blended industry risk remains constrained by its exposure to non-regulated power generation, with a significant dependence on inherently volatile power prices. However, the company's business mix may evolve gradually over the next few years. This reflects a new corporate strategy refocusing on its core businesses as well as expected growth in fibre-based services given ongoing investment in the company's telecom segment.

NTE has operations in two price zones

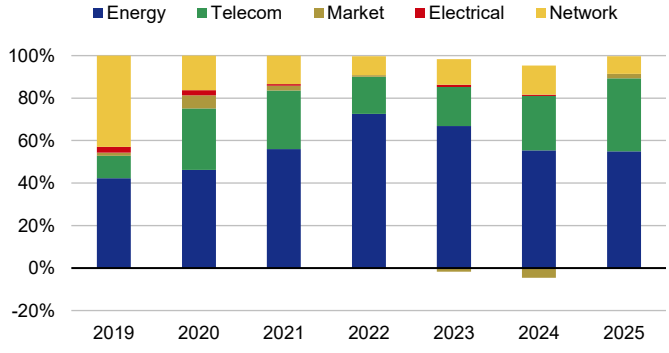
The Norwegian power market is separated into five pricing areas, NO1 to NO5. The price zones of NO1, NO2 and NO5 are more closely connected to other price areas, especially through sea cables to neighbouring countries in the EU and the UK, which expose them to power markets in those countries. These zones have a larger grid transmission capacity than NO3 and NO4, and the ability to reduce hydro power production when prices are unfavourable creates a more dynamic pricing landscape. Following the recent commissioning of the transmission line across the Sognefjord, the NO3 price area has become more closely linked to southern Norwegian pricing areas, supporting higher realised power prices and reducing price differentials relative to the south.

Figure 1: Reported revenue and EBITDA (NOK m) versus EBITDA margin (not adjusted)



Source: NTE, Scope

Figure 2: EBITDA breakdown by business segment (NOK m)



Source: NTE, Scope

Small power generation fleet but strong position in merit order

NTE's core focus is on hydropower with 19 fully owned plants in Trøndelag and Nordland complemented by indirect ownership of 23 plants through a 23% stake in Salten Kraftsamband AS. The fully owned hydropower plants produce on average around 4.0 TWh yearly. In January 2025, NTE acquired the Kvitfjell and Raudfjell wind farms, located in northern Norway, which together produce around 0.8 TWh yearly. Around 70% of wind power production is subject to a

power purchase agreement on a pay-as-produced basis for the next nine years, with a solid counterpart. Hydro and wind power generation benefit from very low carbon intensity and a strong position in the merit order system.

The company's market position is further strengthened by its stake in Tensio, which provides exposure to a monopolistic market with a stable source of dividends. In addition, NTE benefits from its fibre-based telecom services in the residential and business markets.

Market position benefits from exposure to grid operations and telecom services

NTE's exposure to non-correlated utility and telecom operations supports diversification. However, its limited geographical presence and the concentration of its power generation assets compared to larger, more diversified peers are constraints.

Moderate business segmentation

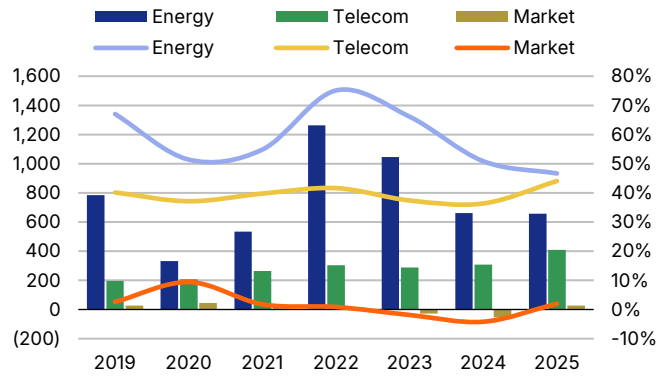
The three largest wholly owned hydropower plants account for around 40% of power production. This poses moderate concentration risk for the company. NTE's reliance on a small number of assets means that an outage at one or more of the larger plants could have a material impact on its operating and financial situation. However, the company has an insurance policy for this eventuality, which would cover up to 18 months of lost net production value.

Some asset concentration in power generation

The geographical reach of the power generation business is limited despite the ability to service electricity demand in adjacent service areas at times. NTE's cash flows are mainly dependent on the economic and market development of the NO3 and NO4 price areas and the Trøndelag and Nordland regions. This exposes the company to regional weather conditions, future demand, growth prospects and the regulatory environment, which is a credit weakness. Price and volume risks affecting NTE's performance remain a major constraint for its Business Risk Profile.

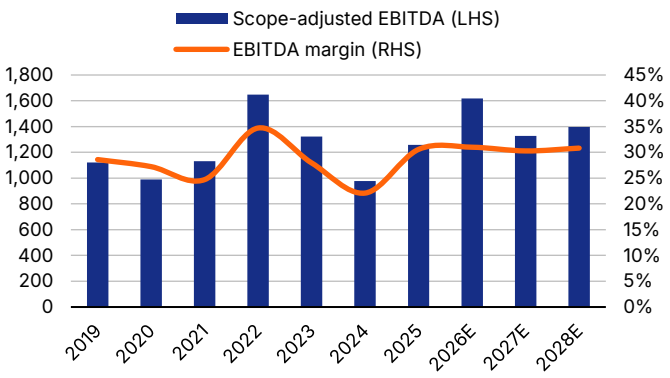
Limited geographical diversification

Figure 3: EBITDA (columns, NOK m) versus EBITDA margin (lines, %) by business segment



Source: NTE, Scope

Figure 4: EBITDA (NOK m) and EBITDA margin



Source: NTE, Scope projections

The utility's overall profitability remains solid, with the EBITDA margin improving to 30.6% in 2025 after having fallen to 22.1% in 2024. This result was driven by record-high energy production of 5,723 GWh (versus 3,399 GWh in the previous year), which offset very low power prices in NO3 and NO4, alongside strong performance in the high-profit telecom business. From 2026, we expect profitability to remain at around 30%. This will be supported by normalising market prices, the strategic refocus on the core, profitable energy and telecom businesses, and the discontinuation of low-margin activities (e.g. hydrogen, offshore wind, and electrical services). As part of this strategy, NTE divested its subsidiary NTE Elektro in January 2026.

Good overall profitability

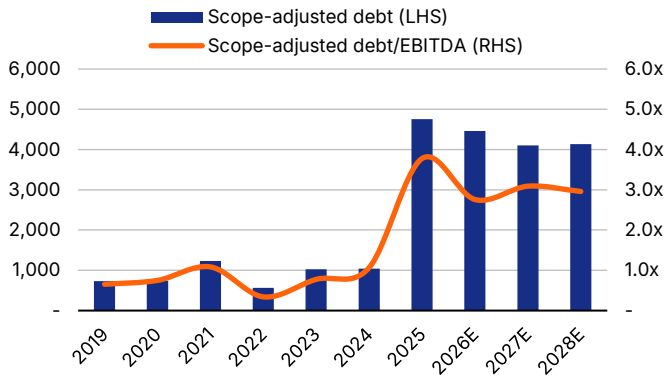
8. Financial Risk Profile: BBB-

NTE's Financial Risk Profile reflects good credit metrics and resilient cash flow generation. While the debt-funded acquisition of wind farms, combined with weak power prices, resulted in weaker credit metrics in 2025, Scope expects leverage and interest cover to improve from 2026 and remain at stronger levels thereafter, supported by solid earnings generation. At the same time, higher capex requirements may gradually increase pressure on internal financing capacity.

Significant increase in debt in 2025, deteriorating leverage

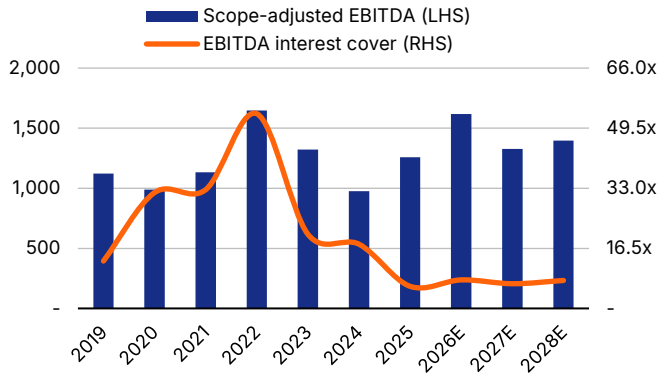
The company's strong historical credit metrics no longer reflect its current credit profile following the large debt-funded acquisition of the wind farms in 2025. As a result, debt increased significantly to NOK 4.8bn at YE 2025 from around NOK 1.0bn in previous years, leading to a sharp deterioration in leverage – as measured by debt/EBITDA – to 3.8x from 1.1x as of December 2024. The additional debt mainly consists of NOK 2,345m in senior unsecured green bonds, divided into four tranches with different maturities and coupons.

Figure 5: Debt (in NOK m) versus debt/EBITDA



Source: NTE, Scope estimates

Figure 6: EBITDA (NOK m) versus debt protection



Source: NTE, Scope estimates

Leverage projected at around 3.0x

We expect partial deleveraging in 2026, with debt/EBITDA decreasing towards 3x. This is mainly due to expected EBITDA growth of around +30% YoY, driven by higher power prices, solid electricity generation and increasing margins from the telecom business. In the next couple of years, we expect EBITDA (including associate dividends received) to remain solid at around NOK 1.3bn-NOK 1.4bn, allowing leverage to remain at around 3.0x.

Good interest cover going forward

The net interest burden is projected to decrease only slightly towards NOK 150m over the next three years from its peak at around NOK 200m in 2025, given the significant amount of new debt raised in that year. Nonetheless, interest cover will likely recover to 7.0x-8.0x from 2026 onwards, after the trough of 6.1x in 2025, benefiting from solid expected margins.

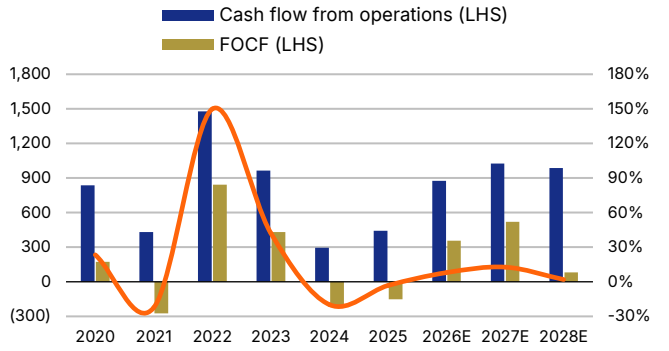
Solid internal financing capacity until 2027, expected to deteriorate from 2028

We project capex of around NOK 0.5bn in 2026 and 2027, similar to recent levels. Overall investments could reach around NOK 1.3bn in 2028, following the planned upgrade of Tunnsjødal, NTE's largest power plant. The issuer's investment programme will mainly focus on the maintenance and rehabilitation of existing hydropower plants, the growth of its telecoms business and the development of solar production on industrial rooftops. We believe that NTE's operating cash flow can cover this level of spending in the next two years. From 2028 onwards, the rising capex is likely to put pressure on FOCF, causing the utility's internal financing capacity to deteriorate.

Mounting capex and dividends may jeopardise the deleveraging trend from 2028

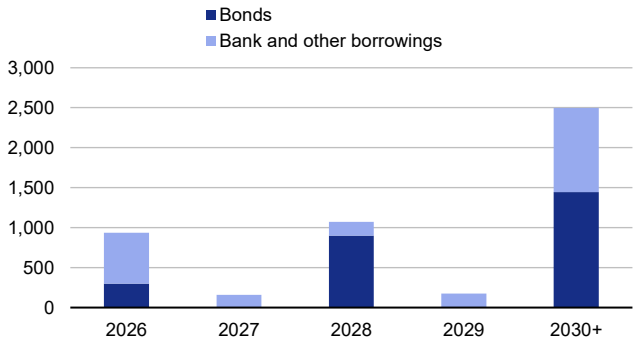
Dividends distributed to NTE's owners are forecast at around NOK 150m per year, a level that allows for some deleveraging until 2027. Thereafter, debt is likely to rise again from 2028 to fund the heavy investment plan, despite partial relief from the resource rent tax system for all hydropower investments (-57.7% of net capex).

Figure 7: Cash generation (in NOK m) and cash flow cover



Source: NTE, Scope estimates

Figure 8: Debt maturity profile (in NOK m)



Source: NTE, Scope

Front-end-loaded debt maturity profile

NTE's debt maturity profile follows the schedule of recently issued green bonds, with the main maturities concentrated in 2028 and from 2030 onwards. The company has available cash and cash equivalents of NOK 0.3bn and committed credit facilities of NOK 1.6bn as of December 2025. These comprise an overdraft facility of NOK 800m, a drawing facility of NOK 300m and another euro-denominated overdraft facility of around NOK 500m (i.e. EUR 40m). During spring 2026, the company reduced its NOK 800m overdraft facility to NOK 500m in order to adapt to its liquidity situation. Accordingly, NTE currently has around NOK 1.3bn in committed credit facilities (of which NOK 1.2bn unused as of June 2026) that are expected to be maintained going forward.

9. Supplementary Rating Drivers: credit-neutral

Credit-neutral financial policy

We have made no adjustment for financial policy, as this is already reflected in the Financial Risk Profile. However, we highlight the recent large debt-funded acquisition, NTE's policy of paying out stable, progressive dividends and management's target of achieving and maintaining an investment grade credit rating.

Adequate liquidity

NTE's liquidity is adequate, with good liquidity ratios historically. Available cash and cash equivalents of NOK 0.3bn and committed unused bank facilities of NOK 1.1bn at YE 2025 cover debt maturing in 2026 of around NOK 1.0bn, also considering positive forecasted FOCF. In 2027, debt maturities should also be comfortably covered by internal and external liquidity resources. In 2028, the NOK 900m green bond maturing in September is expected to be refinanced through the issuance of new bonds or bank loans. We believe that NTE will not have any material issues with addressing the near-term maturities given its good relationships with banks and overall credit quality.

Table 2: Liquidity sources and uses (in NOK m)

	2025	2026E	2027E
Unrestricted cash (t-1)	263	244	282
Open committed credit lines (t-1)	784	1,102	1,185
FOCF (t)	(153)	356	522
Short-term debt (t-1)	546	953	159
Liquidity	**150%**	**179%**	**> 200%**

Source: NTE, Scope estimates

10. External Rating Drivers: +1 notch

One-notch uplift to Preliminary Credit Assessment

The issuer rating incorporates a one-notch uplift to the Preliminary Credit Assessment of BBB-, resulting in an issuer rating of BBB, to reflect the company's status as a government-related entity.

NTE's government-related entity status is based on its full public ownership by 19 municipalities in central Norway and the essential public service provided by the company, the most critical of

which are its hydropower production and grid distribution. We have employed a bottom-up approach using the framework outlined in our Government Related Entity Rating Methodology. The one-notch uplift reflects the public sponsors' 'high' capacity and 'medium' willingness to provide financial support if needed. The rating uplift is in line with other Scope-rated Norwegian utilities with majority or full public ownership but no explicit guarantees on their debt or financial support.

11. Debt ratings

We affirm the senior unsecured debt issued by NTE AS at BBB, in line with the issuer rating.

Senior unsecured debt rating: BBB

We have upgraded the short-term debt issued by NTE AS to S-2 from S-3, as there is no substantial debt refinancing due in the short term. The upgraded rating is based on the underlying BBB/Positive issuer rating and reflects adequate liquidity cover as well as adequate access to bank funding and capital markets, demonstrated by the issuance of NOK 2.3bn in green bonds in September 2025.

Short-term debt rating: S-2

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin
Phone: +49 30 27891-0
Fax: +49 30 27891-100
info@scoperatings.com

Scope Ratings UK Limited

1 King William Street
London, EC4N 7AF
Phone: +44 20 3059 1051
info@scoperatings.com

Bloomberg: RESP SCOP
Scope contacts
scoperatings.com

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