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Ellevio AB

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Credit Highlights

Overview

Key strengths	Key risks
All EBITDA (we forecast Swedish krona (SEK) 4.7 billion in 2024) comes from regulated business with a natural monopoly under a very supportive framework, with solid cost pass-through including inflation and tariff mechanism.	Step up in investment due to increased electrification translates into investment of around SEK23 billion over 2024-2027 in total compared with from SEK 14 billion over 2020-2023.
Strong position as one of the three largest distribution system operators (DSOs) in Sweden; its large size allows for economies of scale and high operational efficiency.	SEK25 billion of shareholder loans in the capital structure as of 2023. We expect annual shareholder distribution up to SEK2.5 billion
The current regulatory period, started 2024, enables increased headroom under the current forecasts with funds from operations (FFO)-to debt forecast around 7%-8% over 2024-2025 trending toward 10% in 2026.	Annual negative discretionary cash flow (DCF) drives increasing financial debt toward SEK53.4 billion by end-2027 from SEK40 billion at end-2023.
Protective financing structure, which includes various structural features designed to protect bond holders.	
Owners' commitment to the current rating level provides opportunities for Ellevio to increase distributions and acquisitions.	

Ellevio operates under a regulatory framework that we view as very supportive, which underpins the excellent business risk profile. Ellevio benefits from fully regulated electricity distribution operations, with a natural monopoly position in its service areas. Each four-year regulatory period has pre-set revenue frames, based on the company's regulatory asset base (RAB) and the regulated weighted-average cost of capital (WACC). We continue to view the Swedish regulatory framework as very supportive and favorable because it allows for full cost and investment coverage. RAB is also allowed to be indexed annually to the building cost index (BCI). The current regulatory period (RP4) started on Jan. 1, 2024, and will end Dec. 31, 2027. With current estimates as of March 31, 2024, this will increase Ellevio's RAB in 2024 by about 4.5% on top of investments. DSOs are also allowed to carry forward any regulated revenue deficits from one regulatory period to the next, making the framework relatively volume neutral. For Ellevio this means an approximate SEK2 billion of accumulated deficits from RP1 and RP2 that can be recovered into RP4 and RP5. In addition, in May 2024, the WACC for RP3 was assessed at 3.39% and applied retroactively resulting in a regulatory deficit for RP3 of SEK400 million that can be recovered over the following regulatory periods. In December 2023, the WACC for RP4 was approved at 4.53%. A combination of BCI increase and unit cost increase led to an allowed revenue increase by SEK3 billion over RP4. Compared with Finland, there is no annual cap in tariff increase, and we therefore expect Ellevio to increase tariffs annually to reach allowed revenue, although remaining at the low end of the tariff grid in Sweden compared with peers. However, we understand that by the end of RP4, the regulatory deficit should reach SEK1.7 billion and should be recovered over RP5 and RP6. We understand that several points could be discussed in the electricity legislation for RP5, which will start Jan. 1, 2028.

We expect the increase in electricity consumption in Sweden to translate into a large investment program over RP4. Sweden's expected transition to a fossil-free society by increased electrification and a step increased in electricity demand will require large network investments. While over RP3 Ellevio's total investments amounted to SEK14 billion, we expect total investments over RP4 to increase meaningfully and reach SEK23 billion. This to enhance capacity, increase connection points, and digitalize the electricity grid. The amount excludes potential acquisitions. This implies financial debt will increase (excluding a shareholder loan that we treat as equity) to SEK50 billion-SEK55 billion in 2027 from SEK40.7 billion in 2023. Higher investments will, however, translate into higher RAB over the next period, which we view as positive for Ellevio's metrics.

We view Ellevio's shareholders as committed to the current rating level with FFO to debt maintained above 6%. Higher remuneration and increased regulatory deficits to recoup could drive metrics upward with an FFO-to-debt ratio expected to reach 10% by 2026, from 7%-8% forecast for 2024-2025. This is slightly stronger than the 8% upside threshold for the rating; however, we believe the headroom likely will be consumed by increasing capital expenditure (capex), potential acquisitions or increasing shareholder distribution by 2026 if any opportunity arises. We forecast capex to increase to SEK7 billion in 2027 from SEK3.8 billion in 2023 and shareholder distributions of up to SEK2.5 billion annually through 2027 as a combination of interest on the SEK25 billion shareholder loan, as well as gradual payments of the about SEK8 billion accrued interest since 2017. We don't expect the original amount of the shareholder loan to be amortized.

Structural features in the senior secured debt continue to support the rating. Ellevio is the borrower under a ring-fenced structure with two classes of debt--senior class A and subordinated class B. Under our methodology we look at:

- The senior debt ratios to determine the class A debt rating, which is one notch above the senior credit quality, or the stand-alone credit profile (SACP) of 'bbb-'; and
- The consolidated debt ratios to determine the class B (total debt) rating, which is two notches below the class A debt or the same as the 'bb+' consolidated SACP, whichever is lower.

The senior debt's SACP benefits from a one-notch uplift due to various structural features designed to increase cash flow certainty for debtholders. These include restricted payment conditions and a covenanted liquidity structure that should, in our opinion, enable Ellevio to manage temporary cash flow shocks. The debtholders benefit from the following features:

- Two levels of financial covenants (trigger events and events of default) and an automatic 12-month standstill period after an event of default; and
- A liquidity facility available if the group enters a standstill and that is sufficient to cover finance charges for at least 12 months.

Outlook

The stable outlook reflects our expectation that EBITDA and FFO over 2024-2026 will increase on the back of higher WACC for RP4 and large regulatory deficit from RP1 and RP2 to be recovered in RP4. We expect FFO to senior debt around 8% over 2024-2025, nearing 10% in 2026, and debt to EBITDA below 10x for all debt, including subordinated debt. The stable outlook also reflects our expectation that Ellevio has flexibility to adjust shareholder remuneration to protect the ratings.

Downside scenario

We could lower the ratings if FFO to debt falls below 6% or debt to EBITDA above 10x for the senior debt. This would most likely be triggered by a reduction in Ellevio's flexibility in its financial policy, for example by increasing shareholder remuneration and capex. We could lower the subordinated debt rating if debt to EBITDA rose above 12x at the consolidated level, including subordinated debt.

Upside scenario

A positive rating action is unlikely because we believe the significant headroom will be consumed by increased shareholder distributions or acquisitions should any opportunity arise.

We could, however, consider an upgrade if the company was to commit to a deleveraging plan, resulting in FFO to debt sustainably above 8% and debt to EBITDA below 9x for senior debt.

Our Base-Case Scenario

Assumptions

- Swedish GDP growth of 0.3% in 2024, 2% in 2025, 1.9% in 2026, and 1.9% in 2027.
- BCI of 2.53% in 2024, 1.47% in 2025, 1.99% in 2026, and 2.01% in 2026, and inflating RAB by the same rate as per regulation.
- Increased WACC of 4.53% for the current regulatory period (2024-2027) compared with 3.39% for the regulatory period that ended 2023.
- DSOs' ability to carry forward accumulated under-recovered revenue from previous periods.
- Annual average EBITDA of about SEK9 billion-SEK10 billion over 2024-2027.
- EBITDA margin of 54%-62% increasing year on year.
- We do not include working capital movements as dependent on cash pre-received for connection points.
- Increased annual average capex of SEK5.8 billion over 2024-2027 compared with SEK3.9 billion in 2023.
- We don't expect any acquisitions over the forecast period although we believe that should any opportunity arise, Ellevio will invest within its threshold of FFO to senior debt higher than 6%.
- We expect shareholder distributions (including payment of already accrued interests on shareholder loans) up to SEK2.5 billion from 2024 and thereafter.
- Subordinated debt not exceeding 10% of total debt.

Key metrics

Ellevio AB—Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. SEK)	2022a	2023a	2024e	2025f	2026f
EBITDA	4,051	4,760	4,500-4,900	5,000-5,400	5,900-6,300
Funds from operations (FFO)	2,862	3,479	2,900-3,300	3,500-3,900	4,800-5,200
Capital expenditure	3,249	3845	4,200-4,600	5,500-5,900	6,100-6,500
Shareholder remunerations	0	1003	2,400-2,600	2,400-2,600	2,400-2,600
Debt (Class A debt)	35,401	37,304	39,000-41,000	43,000-45,000	46,000-48,000
Debt to EBITDA (Class A debt)	8.7	7.8	8.0-9.1	8.0-9.0	7.3-8.1
FFO to debt (Class A debt)	8.1	9.3	7-8	8-9	10-11
Debt (All debt)	39,401	41,304	43,000-45,000	47,000-49,000	50,000-52,000
Debt to EBITDA (All debt)	9.7	8.7	8.8-10.0	8.7-9.8	7.9-8.8
FFO to debt (Total debt)	7.3	8.4	6-8	7-8	9-10

*All figures adjusted by S&P Global Ratings. A—Actual. E—Estimate. F—Forecast.

Company Description

Together with Vattenfall and E.ON, Ellevio is one of the three largest electricity DSOs in Sweden. Its market share, in terms of customers, is about 18%. It has about 970,000 customers and operates in six Swedish regional areas, with most of its customers in the Stockholm area. In total, it had 83,600 kilometers of power lines and distributed 24.2 terawatt-hours in 2023. As well as delivering electricity, Ellevio is responsible for maintaining and developing its network.

The Swedish government and the Energy Markets Inspectorate regulate all of Ellevio's operations, primarily through the Swedish Electricity Act and different ordinances. In 2023, the company reported sales of SEK8.2 billion and EBITDA of SEK4.63 billion (€400 million).

Ellevio is owned by Omers Infrastructure Holdings (50%), Third Swedish National Pension Fund (20%), AMF (12.5%), and Folksam (17.5%).

Peer Comparison

Ellevio, similar to its Nordic peers, operates within a stable regulatory environment with historical transparency and predictability. Ellevio is the second-largest DSO in Sweden with a market share of 18% (E.ON has a 19% market share). Caruna is the largest in Finland with a 19% market share, and Elenia the second largest at 12%. In terms of financial metrics, Ellevio is almost twice as large as Caruna and one and half times as large as Elenia. In 2023, Ellevio's FFO reached SEK3.5 billion compared with Caruna's SEK2.8 billion equivalent and Elenia's SEK2.0 billion equivalent. It also occurs in capex and debt levels, as demonstrated by Ellevio's capex reaching SEK3.8 billion compared with SEK 1.3 billion each for both Finnish peers. S&P Global Ratings-adjusted debt for Ellevio reached SEK 41 billion compared with SEK29 billion for Caruna and SEK21 billion for Elenia. However, the Finnish peers have relatively stronger metrics, illustrated with FFO to debt around 9.5%-10% compared with Ellevio's 8.4%, as well as stronger profitability with EBITDA margins around 65%-70%, compared with Ellevio's 55%-60%.

Recent regulatory changes in Finland have affected the growth of RAB for both Elenia and Caruna, and both companies have made large cuts to their investment plans for the 2024-2027 regulatory period. In addition, changes occurred within the 2020-2023 regulatory period that resulted in S&P Global Ratings decreasing the assessment of supportiveness of the framework to strong/adequate from strong. This stands in contrast with Ellevio, which will benefit from higher remuneration under the new Swedish regulatory period, and the company plans to accelerate their investments until 2027 by almost 90% compared with 2023 levels. In addition, despite the regulator proposing several changes that the networks' owners have disputed in court, they are to be applied at the start of each regulatory period, which we view in line with our strong assessment.

Ellevio shows strong performance in terms of outage time per customer. This is due to more robust weatherproofing than peers, such as a higher underground cabling rate and more remote-controlled disconnectors. In comparison, Elenia expects to achieve a cabling rate of 75% by 2028, compared with the current 64%, and Caruna is at approximately 65%. Ellevio had a comparable cabling rate at 85% year-end 2023.

Ellevio AB—Peer Comparisons

	Ellevio AB	Caruna Networks Oy	Elenia Verkko Oyj
Foreign currency issuer credit rating	--	BBB/Stable/--	--
Local currency issuer credit rating	--	BBB/Stable/--	--
Period	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-12-31
Mil.	SEK	SEK	SEK
Revenue	8,391	5,494	3,789
EBITDA	4,760	3,758	2,520
Funds from operations (FFO)	3,479	2,808	2,007
Interest	1,268	803	507
Cash interest paid	1,218	831	517
Operating cash flow (OCF)	3,206	2,031	1,934
Capital expenditure	3,845	1,345	1,366
Free operating cash flow (FOCF)	(639)	686	568
Discretionary cash flow (DCF)	(1,642)	(1,500)	(1,145)
Cash and short-term investments	32	570	669
Gross available cash	32	570	669
Debt	41,304	28,951	20,858
Equity	35,415	7,176	(1,005)
EBITDA margin (%)	56.7	68.4	66.5
Return on capital (%)	4.3	7.0	7.9
EBITDA interest coverage (x)	3.8	4.7	5.0
FFO cash interest coverage (x)	3.9	4.4	4.9

Ellevio AB—Peer Comparisons

Debt/EBITDA (x)	8.7	7.7	8.3
FFO/debt (%)	8.4	9.7	9.6
OCF/debt (%)	7.8	7.0	9.3
FOCF/debt (%)	(1.5)	2.4	2.7
DCF/debt (%)	(4.0)	(5.2)	(5.5)

Business Risk

Our view of Ellevio's business risk profile benefits from the fully regulated electricity distribution operations, with natural monopoly positions in its service areas. We view the Swedish regulatory framework for electricity distribution as stable, transparent, and predictable, with a long track record of successful operations. This is despite some modifications in methodology between regulatory periods. RP3 and RP4 are, however, marked by court appeals from the networks' owners. Even though the networks' owners won several court appeals, it was a long process that took several years to conclude, notably for RP3, which, we view as unusual compared with other European markets. As it creates some uncertainties and lag in final decisions, we view this as a weakness of the framework as it signifies that the regulator isn't as supportive of Swedish networks as regulators in other European markets.

The regulatory authority for the Swedish energy market, The Swedish Energy Markets Inspectorate (Ei), announced the WACC for the new regulatory period, RP4, which began in January 2024. The proposed WACC for the period is 4.53%, which is in line with our expectations and higher than the 3.39% WACC set for RP3. The final allowed revenue for RP3 was disputed and a final outcome was not set until after the period was finalized (it was announced in May 2024 after court appeals). We believe it is positive for the Swedish power distribution system operators that the WACC for the new period was raised, as it increased the possible remuneration from regulated activities. We consequently expect Ellevio to annually update tariffs over RP4.

We believe that the regulatory framework has a solid inflation coverage, with inflation indexation on the RAB, including both BCI and unit price list. A growing RAB results in long-term stable and predictable cash flows, and this inflation coverage underpins our view of a very supportive regulatory framework in Sweden. In addition to inflation indexation on Ellevio's existing RAB, we expect the company's RAB to grow further in coming years as a result of the increasing investments, consequently enabling it to achieve higher regulatory income.

The allowed revenue for RP4 were further increased due to the higher RAB on the back of investments from RP3, as well a BCI index of 10.29% and inflation of 5.98% which should lead to a regulatory deficit of SEK1.7 billion by the end of RP4 that should be recovered over RP5 and RP6.

Financial Risk

We expect EBITDA to increase over 2024-2026 toward SEK6 billion-SEK7billion and FFO toward SEK5 billion, from SEK4.8 billion and SEK3.5 billion, respectively, in 2023. This substantial increase follows because the remuneration in RP4 is higher than in RP3. As a result, we now forecast that FFO to debt will stay at 7.0%-8.0% over 2024-2025 then increase to about 10% from 2026.

Higher remuneration and regulatory deficits to recoup will enable Ellevio to increase its investment program to a total of SEK20 billion-SEK25 billion over RP4 from SEK14.2 billion in RP3 without using all rating headroom. This also means that we expect Ellevio to start paying about SEK2.5 billion of shareholder distribution as a combination of both interests on the shareholder loan and accrued shareholder loan interest since 2017. As of 2023, the shareholder loan amounted to SEK25 billion, a SEK8 billion increase since the original amount of SEK17 billion in 2017, which we expect to be paid back over the next two regulatory periods. The increase follows accumulation of accrued interest since 2017. We exclude Ellevio's shareholder loan from debt in our ratio calculations, to reflect its equity-like features such as deep subordination, maturity beyond all other debt, and the possibility of accruing interest.

We expect Ellevio to maintain a 90%-95% fixed-rate debt in its capital structure higher than its financial policy of at least 75% fixed-rate debt. In addition, Ellevio has a track record of successful refinancing well in advance of its large maturities. Over 2024-2027, we expect Ellevio to refinance about SEK3.5 billion-SEK4.5 billion bond including the SEK4 billion class B debt due February 2025 and repay SEK500 million annually, enabling a debt concentration of maximum 40% over 2024-2027, well below the 50% limit to benefit from the notch uplift in line with prudent finance policy.

We perceive management as committed to maintaining FFO to debt above 6%, commensurate with the current class A debt rating and we do not rule out Ellevio's appetite for acquisition should there be profitable investment opportunities.

Debt maturities

Ellevio benefits from well spread maturities with annual refinancing of SEK4 billion-SEK5 billion over 2024-2033.

Ellevio AB--Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	SEK	SEK	SEK	SEK	SEK	SEK
Revenues	7,058	6,810	6,790	7,257	7,659	8,391
EBITDA	4,321	3,986	3,740	3,832	4,051	4,760
Funds from operations (FFO)	2,542	2,756	2,599	2,613	2,862	3,479
Interest expense	1,791	1,176	1,178	1,191	1,226	1,268
Cash interest paid	1,672	1,161	1,127	1,175	1,174	1,218
Operating cash flow (OCF)	2,558	3,837	3,105	3,743	3,762	3,206
Capital expenditure	2,610	3,897	3,449	3,590	3,249	3,845
Free operating cash flow (FOCF)	(52)	(60)	(344)	153	513	(639)
Discretionary cash flow (DCF)	(654)	(60)	(344)	153	513	(1,642)
Cash and short-term investments	56	20	14	12	14	32
Gross available cash	56	20	14	12	14	32
Debt	38,942	39,217	39,667	39,946	39,401	41,304
Common equity	26,538	28,273	29,976	32,309	34,696	35,415

Ellevio AB--Financial Summary

Adjusted ratios						
EBITDA margin (%)	61.2	58.5	55.1	52.8	52.9	56.7
Return on capital (%)	3.3	2.5	2.7	2.9	3.0	4.3
EBITDA interest coverage (x)	2.4	3.4	3.2	3.2	3.3	3.8
FFO cash interest coverage (x)	2.5	3.4	3.3	3.2	3.4	3.9
Debt/EBITDA (x)	9.0	9.8	10.6	10.4	9.7	8.7
FFO/debt (%)	6.5	7.0	6.6	6.5	7.3	8.4
OCF/debt (%)	6.6	9.8	7.8	9.4	9.5	7.8
FOCF/debt (%)	(0.1)	(0.2)	(0.9)	0.4	1.3	(1.5)
DCF/debt (%)	(1.7)	(0.2)	(0.9)	0.4	1.3	(4.0)

Reconciliation Of Ellevio AB Reported Amounts With S&P Global Adjusted Amounts (Mil. SEK)

	Debt	**Shareholder Equity**	**Revenue**	**EBITDA**	**Operating income**	**Interest expense**	**S&PGR adjusted EBITDA**	**Operating cash flow**	**Dividends**	**Capital expenditure**
Financial year	Dec-31-2023									
Company reported amounts	65,856	10,304	8,391	4,625	2,694	2,694	4,760	5,228	-	3,845
Cash taxes paid	-	-	-	-	-	-	(62)	-	-	-
Cash interest paid	-	-	-	-	-	-	(2,182)	-	-	-
Cash interest paid: other	-	-	-	-	-	-	1,000	-	-	-
Operating leases	591	-	-	141	36	36	(36)	104	-	-
Accessible cash and liquid investments	(32)	-	-	-	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	498	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(2,126)	-	-
Debt: Shareholder loans	(25,111)	-	-	-	-	-	-	-	-	-
Equity: other	-	25,111	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(6)	(6)	-	-	-	-	-
Interest: Shareholder loan	-	-	-	-	-	(1,462)	-	-	-	-
Dividends: other	-	-	-	-	-	-	-	-	1,003	-
Total adjustments	(24,552)	25,111	-	135	528	(1,426)	(1,280)	(2,022)	1,003	-
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**

Reconciliation Of Ellevio AB Reported Amounts With S&P Global Adjusted Amounts (Mil. SEK)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
	41,304	35,415	8,391	4,760	3,222	1,268	3,479	3,206	1,003	3,845

Liquidity

We view Ellevio's liquidity as strong because we believe its liquidity sources will exceed its near-term cash outflows by about 1.5x in the 12 months started April 1, 2024. We also view positively the company's sound relationships with banks, satisfactory standing in the credit markets (as demonstrated by annual successful debt issuances to refinance maturities well in advance), and likely ability to absorb high-impact, low-probability events with limited refinancing. Ellevio's liquidity is further boosted by its SEK7.4 billion available revolving credit facility due January 2026, which we expect will be extended and increased to support increasing investments. In addition, Ellevio also benefits from SEK1.5 billion of unused liquidity facilities of which SEK250 million matures in January 2027 and SEK1.26 billion in January 2029.

We assume that Ellevio will maintain adequate headroom under its financial covenants.

In our liquidity calculation, we don't include class B debt issuance of SEK4 billion expected in the second half of 2024 to refinance the February 2025 maturity.

Principal liquidity sources

- Cash and liquid investments of SEK2 billion;
- Access to committed credit lines of about SEK8.9 billion maturing in more than 12 months; and
- Forecast FFO of about SEK3 billion-SEK4 billion.

Principal liquidity uses

- Capex of about SEK5 billion;
- Debt repayment of about SEK4 billion-SEK5 billion, including SEK4 billion of class B debt; and
- Shareholder remuneration of about SEK2.5 billion, including payment of previously accrued interest on the shareholder loan.

Covenant Analysis

Requirements

The credit facility contains covenants for lock-up of 10.75x; and for default, stipulating debt to EBITDA of 12x and interest coverage of 1.7x and 1.2x for senior debt. It also contains lock-up and default covenants for total debt, with debt to EBITDA at 11.9x and 13.0x, respectively.

Compliance expectations

Ellevio complies with the debt-maturity limitations in the documentation and has met all its financial covenants historically. We expect Ellevio to comply with financial covenants over 2024-2027 with:

- Senior debt to EBITDA around 7.5x-8.5x;
- EBITDA interest coverage for senior debt higher than 5.5x; and
- Total debt to EBITDA around 8.5x-9.5x.

Issue Ratings--Subordination Risk Analysis

Capital structure

Ellevio is the operating company in the Ellevio group, which comprises four holding companies. The ultimate owners are Omers Infrastructure Holdings, Third Swedish National Pension Fund, AMF, and Folksam. Following debt refinancing, Ellevio and its immediate holding company, Ellevio Holding 4 AB, have formed a ring-fenced financing structure, with Ellevio as the borrower. We rate Ellevio's senior secured debt one notch higher than Ellevio's SACP because of structural features designed to increase cash flow certainty for the debtholders. These features include:

- Restrictions on mergers, acquisitions, and asset disposals, and a share pledge over the assets and shares of the operating and holding company (to the extent allowed by legislation). Security over fixed assets, such as real property, and business mortgages are, however, not material in relation to secured debt.
- Dividend- and debt-restricted payment conditions and a covenanted liquidity structure that should, in our opinion, allow Ellevio's financing group to manage temporary cash flow shocks.
- An automatic 12-month standstill period after an event of default, during which time creditors can take control of Ellevio and either aim for operational recovery or sell the shares in the operating and immediate holding company.
- Prudent management of foreign exchange, refinancing, and counterparty risks.

Rating Component Scores	
Class A issue credit rating	**BBB/Stable**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Very Low
Competitive position	Strong
Financial risk	**Aggressive**
Cash flow/leverage	Aggressive (Low Volatility Table)
Anchor	**bbb**
Diversification/portfolio effect	Neutral
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Strong
Management and governance	Neutral
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	**bbb-**
Structurally Enhanced Debt	**+1 notch**

Class B issue credit rating	BB+/Stable
Business risk	Excellent
Country risk	Very **Low**
Industry risk	Very Low
Competitive position	Strong
Financial risk	Highly Leveraged
Cash flow/leverage	Highly Leveraged (Low Volatility Table)
Anchor	bbb-
Diversification/portfolio effect	Neutral
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Strong
Management and governance	Neutral
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	bb+

Related Criteria

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Related Research

- Swedish Electricity DSOs Remain In Limbo As The Regulator Appeals Court Decision On Their Remuneration, March 18, 2021
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Ratings Detail (as of July 23, 2024)*

Ellevio AB	
Senior Secured	BBB
Senior Secured	BBB/Stable
Subordinated	BB+
Subordinated	BB+/Stable

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