MOODY'S RATINGS

CREDIT OPINION
30 August 2024

Update

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RATINGS

Avinor AS

Domicile	Norway
Long Term Rating	A1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Avinor AS

Update to credit analysis following H1 results

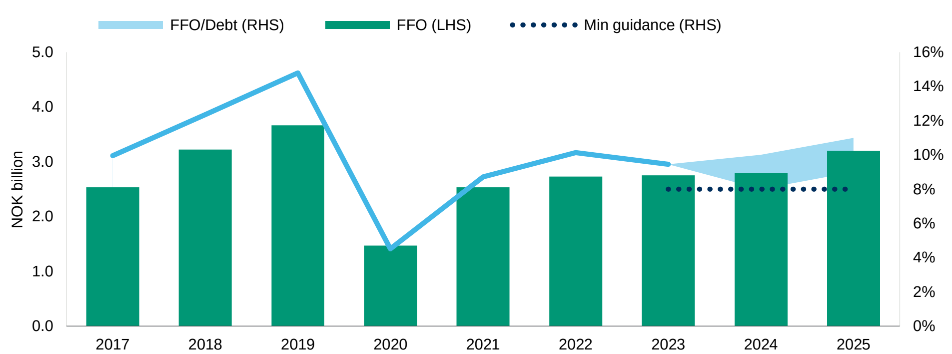
Summary

The credit quality of Avinor AS (Avinor, A1 stable) is supported by (1) the company's near-monopoly position and modest transmodal competition for medium and long distance travel within Norway; (2) a supportive strategic framework established by the State, reflecting the importance of Avinor's operations to societal objectives; (3) a high share of origin and destination traffic with a material share of domestic traffic. It is constrained by (4) a heavily concentrated and weak carrier base; and (5) significant capital expenditure in the context of the company's leveraged financial profile. Avinor's credit quality benefits from support from the Government of Norway (Aaa stable), which is the company's 100% shareholder.

Avinor handled 49.8 million passengers in 2023, an increase of 9.4% on the previous year, and traffic reached 93% of 2019 levels in the first seven months of 2024, driven primarily by strong international short-haul demand, particularly from foreign tourists. In contrast, domestic traffic growth has plateaued and long-haul international routes remain more than 30% below pre-pandemic levels. We expect traffic to recover at a moderate pace.

Recent tariff increases have been insufficient for Avinor to achieve a "reasonable" return on invested capital of 5.5-6.0%, and the government committed in November 2023 to take steps to improve its financial performance. Failure to do so would result in material asset write-downs and potential covenant breaches. However, despite large investments and rising operating costs, we expect Avinor to maintain FFO/debt consistent with its rating.

Exhibit 1
We expect Avinor to maintain financial ratios above minimum guidance



The estimates represent Moody's forward view; not the view of the issuer.
Source: Moody's Ratings

This report was republished on 02-Sep-2024 with the correct analytical contacts.

Credit strengths

» Monopolistic position and modest transmodal competition

» High share of origin and destination traffic

» 100% ownership by the Government of Norway and track record of state support

» Government commitment to support improved financial performance

Credit challenges

» Recent tariff increases have been insufficient to allow Avinor to earn a fair return, which could result in asset impairments and debt/capitalisation covenant breaches if not addressed

» Exposure to a weak and highly concentrated carrier base

» Significant capital expenditure programme

Rating outlook

The stable outlook reflects our expectation that Avinor's financial profile will be consistent with the current ratings and that government support will remain high.

Factors that could lead to an upgrade

An upgrade of Avinor's ratings is unlikely in the near term and would require an upgrade of the company's BCA as well as an enhanced view of the level of government support. Avinor's BCA could be upgraded if the company were able to improve its operational and financial performance such that its FFO/debt ratio were comfortably in the low double digits, in percentage terms, on a sustainable basis.

Factors that could lead to a downgrade

Avinor's ratings could be downgraded if the company's FFO/debt ratio fell below 8% on a sustained basis or if our assessment of high support for the company was revised downward.

Key indicators

Exhibit 2

Avinor AS

	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24 (E)	Dec-25 (E)
(FFO + Interest Expense) / Interest Expense	5.9x	3.0x	4.4x	3.9x	3.6x	3-4x	3.5-4.5x
FFO / Debt	14.8%	4.5%	8.7%	10.1%	9.5%	8-10%	9-11%
Debt Service Coverage Ratio	6.9x	3.0x	6.1x	4.3x	3.6x	3-4x	3.5-4.5x
RCF / Debt	12.4%	4.5%	8.7%	10.1%	9.5%	8-10%	9-11%

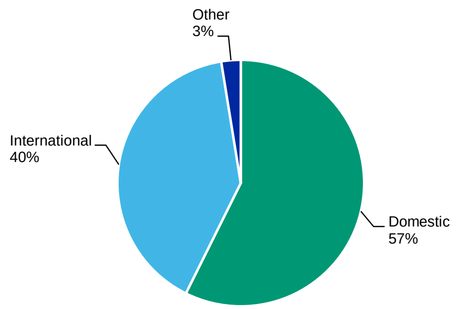
[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] Estimates represent Moody's forward view; not the view of the issuer.
Source: Moody's Financial Metrics, Moody's Ratings estimates

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Profile

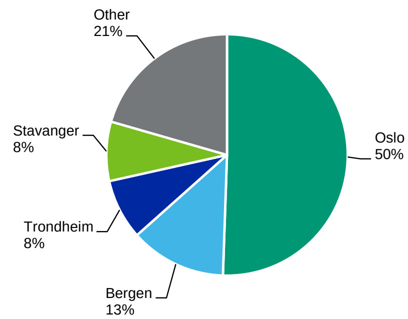
Avinor AS owns 45 airports, operates 43 airports, and is the sole provider of air navigation services to civilian and military flights within Norwegian airspace. Oslo airport is by far the largest, accounting for around half of total traffic and 73% of international traffic. Other large airports with a sizeable share of international traffic are Bergen, Stavanger and Trondheim. Avinor is 100% owned by the Government of Norway (Aaa, stable).

Exhibit 3
Traffic breakdown by type
Data for 2023



Total passenger traffic of 49.8 million.
Source: Company's reports, Moody's Ratings

Exhibit 4
Traffic breakdown by airport
Data for 2023



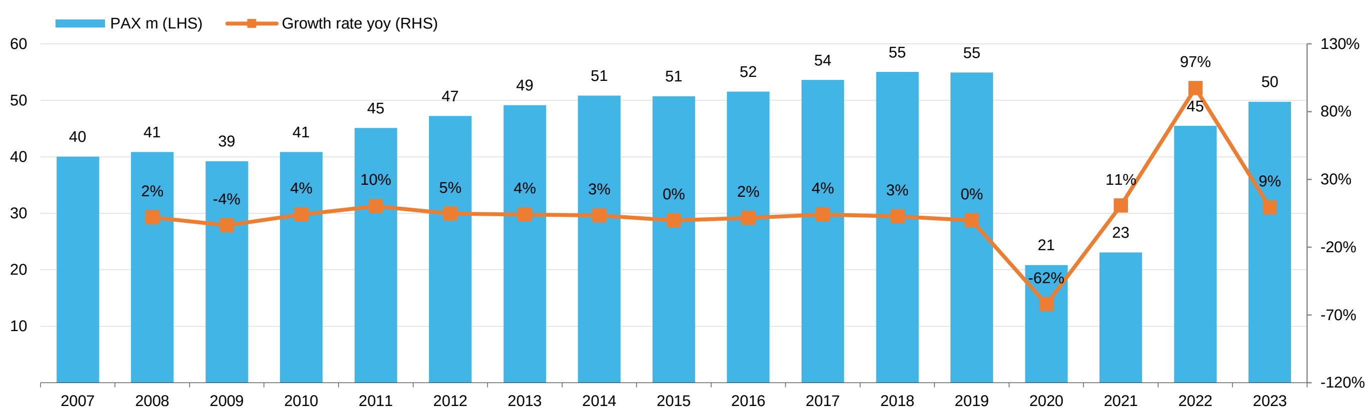
Total passenger traffic of 49.8 million.
Source: Company's reports, Moody's Ratings

Detailed credit considerations

Key infrastructure provider subject to limited competition

At its peak, in 2018 and 2019, Avinor's airports handled around 55 million passengers (PAX) a year. While domestic passengers account for the majority of volumes, growth in traffic in the last decade was primarily driven by the international segment.

Exhibit 5
Avinor's network passenger volumes
Traffic in million PAX, growth rate YoY (%)



Source: Company's website, Moody's Ratings

Avinor's airports face limited competition from other transport modes. Although main population centres are linked by road and rail services, the topography of the country and large distances mean that air travel is often the most efficient mode of travel. Fast rail connections are limited to the Oslo region and cover relatively short distances. Also, the location of Norway on the periphery of Europe means that air travel is usually required when traveling internationally.

Strong recovery in traffic and revenue following the end of travel restrictions, but growth trends are softening

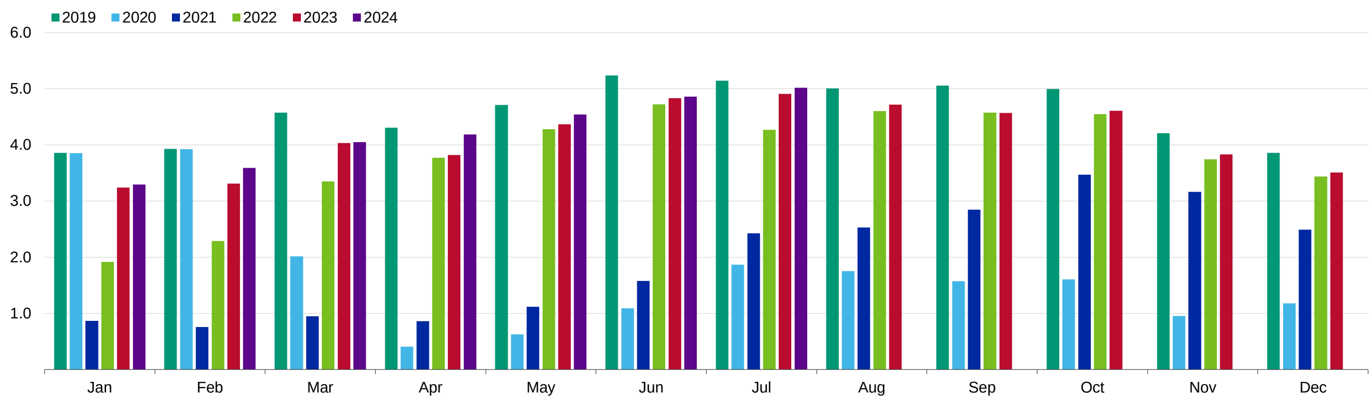
European airports were severely impacted by the COVID-19 pandemic and associated travel restrictions. Although Avinor's traffic declines were smaller than many European airports, because of the relatively high share of domestic traffic, passenger volumes fell to 20.8 million in 2020 (62% below 2019 level) and 23.1 million in 2021 (58% below 2019 level).

Traffic picked up in 2022 as global travel restrictions eased. In 2023, Avinor's traffic amounted to 49.8 million passengers, 91% of 2019 volumes. The increase in traffic was driven primarily by international demand, which grew by 17.2%; domestic traffic grew by only 5.1%, from a higher base. In the seven months to July 2024, Avinor's volumes reached 29.5 million, which represents 93% of 2019 traffic over the same period. This is modestly below the 96% recovery rate reported by our rated European airports.

Exhibit 6

Avinor's traffic continues to recover gradually

Monthly traffic, in million PAX



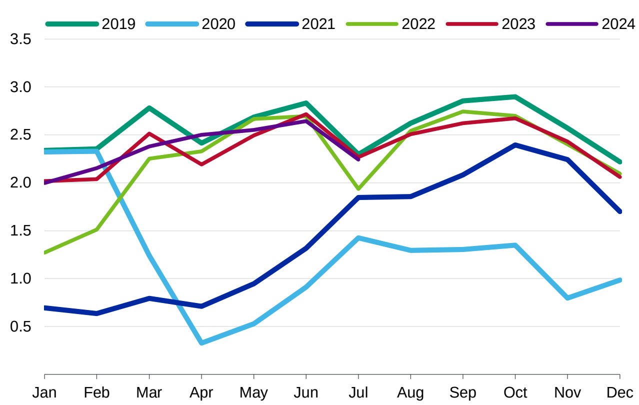
Data available to July 2024.
Source: Company's website, Moody's Ratings

Short-haul International travel has been strong, buoyed by foreign tourists traveling to Norway, in part due to the weak Norwegian kronor and hot weather in Southern Europe. Inbound traffic has also supported growth in the domestic segment, as tourists continue their travel through the rest of Avinor's network. However, domestic travel by Norwegians has grown more slowly because of a reduction in the number of flights and significant inflation in airfares, which rose 42% in 2023.

Exhibit 7

Domestic traffic has levelled off

Passenger volumes, in million PAX

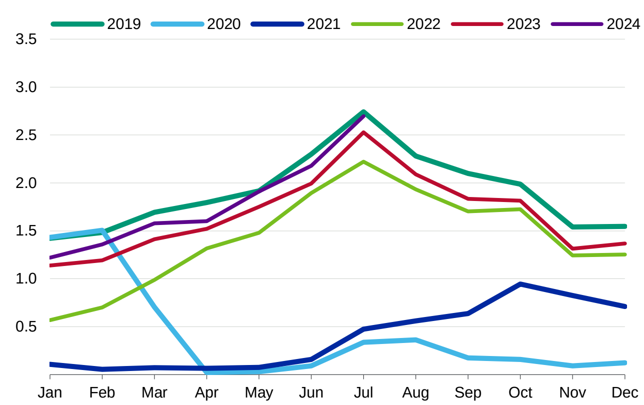


Source: Company's website, Moody's Ratings

Exhibit 8

International traffic has performed well in 2024

Passenger volumes, in million PAX



Source: Company's website, Moody's Ratings

Norwegian airfare inflation moderated to 4.9% in the first seven months of 2024, which may support a return to growth. Despite this, and continued increases in international seat capacity, we expect Avinor's traffic to remain around 93-94% of 2019 levels in 2024. Over the medium term, we expect growth to slow to 2-3% per annum, taking into account the airport's carrier base and its traffic mix. This is consistent with the company's August 2024 outlook, in which it said that it expected continued growth in international traffic but low growth in domestic traffic.

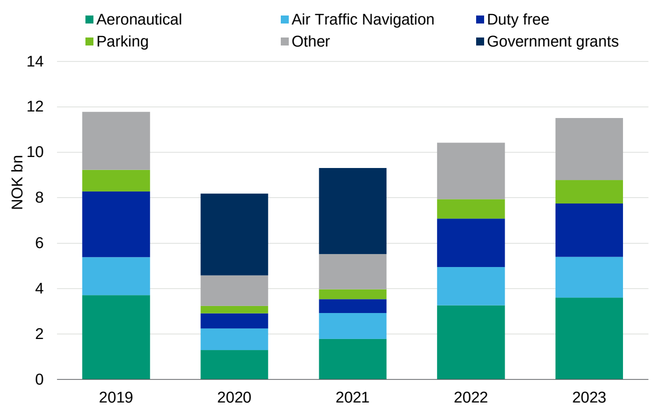
Over time, there is potential for Avinor to recapture around 1.3 million passengers if it can successfully recover unserved routes that it had in 2019. The development of new intercontinental routes has been very limited since the pandemic.

Avinor's revenue has followed a similar trend to its passenger volumes. Revenue dropped significantly during the COVID-19 pandemic, although this decline was smaller than that for other European airports because it received government grants of NOK 3.6 billion in 2020 and NOK 3.8 billion in 2021. In 2023, Avinor's revenue reached NOK 11.5 billion, still 2% lower than in 2019. Aeronautical revenue attributable to airport operations accounted for 31% of the total.

Exhibit 9

Government grants supported revenue during the pandemic

Revenue breakdown, in NOK billion

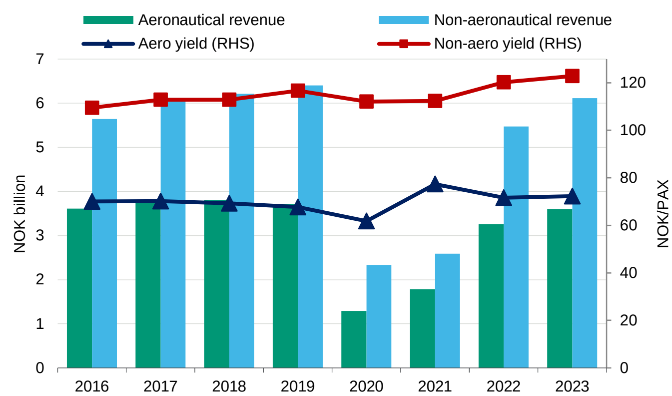


Note: Air Traffic Navigation includes En Route and terminal navigation charges
Source: Company's reports, Moody's Ratings

Exhibit 10

Yield performance impacted by traffic levels and mix

Evolution of revenue and yields



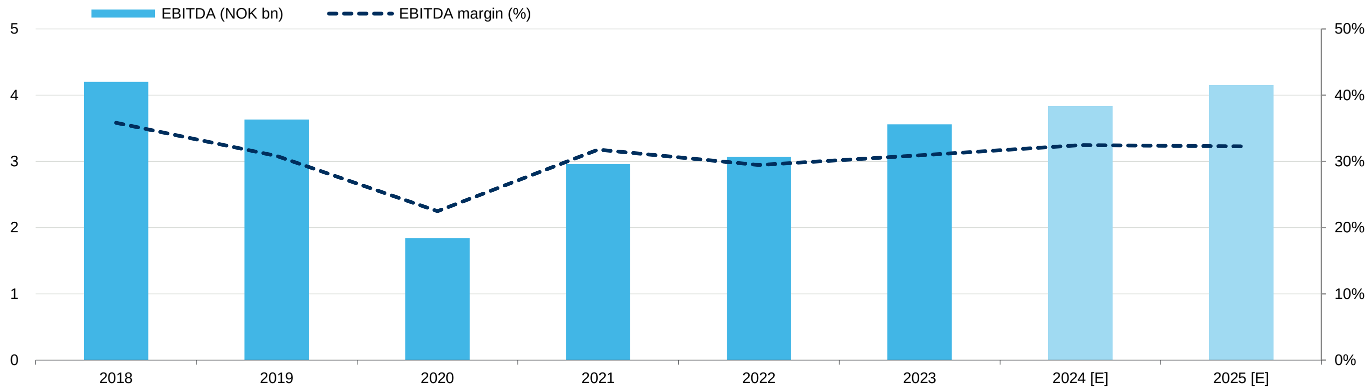
Aeronautical revenue does not include air traffic services.
Source: Company's reports, Moody's Ratings

The duty free segment reported the biggest decline during the pandemic, because of sharper falls in international traffic and temporary closure of some stores. It has also recovered more slowly than other segments, remaining flat year-on-year in 2023 at 11% below the pre-pandemic level, in part because of the government's decision to reduce the quota on imported tobacco products by 50%. In 2023, the yield from car parking and other commercial activities increased by 10% and 1%, respectively, and both are nearly 20% above the pre-pandemic level.

In July 2024 Avinor, announced and finalised new contracts with dining establishments at Oslo Airport. These subcontracts, valued at approximately NOK 6.5 billion, will span five to seven years and were awarded to six different companies. This will be the most substantial change in the airport's culinary concept since its expansion in 2017 and is intended to enhance the travel experience for passengers.

Avinor seeks to adapt its cost base to match passenger volumes, and volume-dependent costs for personnel and security drove an 8.2% increase in operating expenses in 2023 and a further 3.5% in the first half of 2024. Since the pandemic, however, the cost base has also been affected by inflationary pressures, which drove cost per passenger from NOK 134 in 2019 to NOK 160 in 2023. Costs per passenger were broadly stable in the first half of 2024 compared to the same period in the prior year, and we expect them to remain around current levels in real terms. In 2024, EBITDA will benefit from a NOK 231 million refund of employer's national insurance contributions, due to some of Avinor's airports being eligible for lower contribution rates.

Exhibit 11
Avinor's EBITDA will rise in 2024 because of a national insurance refund
EBITDA in NOK billion and EBITDA margin (%)



[1] Reported EBITDA includes government grants. [2] The estimates represent Moody's forward view; not the view of the issuer.
Source: Company's reports, Moody's Ratings

High exposure to the domestic macroeconomic environment; business travel strongly linked to the performance of the oil and gas sector

Avinor has a relatively high share of domestic traffic compared with other airports we rate in Europe (see Airports – Europe: Pace of recovery in traffic uncertain after unprecedented coronavirus hit, July 2020). This makes it particularly exposed to the macroeconomic environment in Norway.

Norway has a population of around 5.6 million. The economy is wealthy and well-developed, with very high standards of living, as indicated by high GDP per capita figures. However, it is heavily dependent on natural resources, most significantly oil and gas, but also hydropower generation and fishing. Changes in commodity markets can thus have an impact on the country's economic performance and its exchange rate, which can both affect demand for air travel.

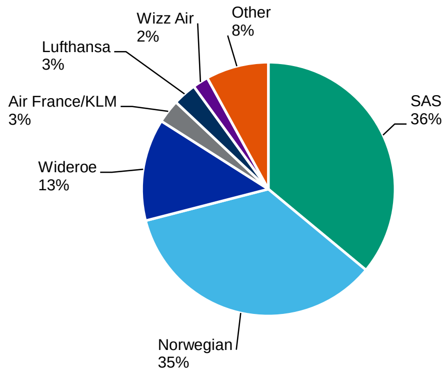
The performance of the oil and gas industry is an important driver of business travel, which accounts for around a third of Avinor's total traffic. This linkage makes the business travel segment less exposed to changes in working patterns and use of technology (see Airlines – Global: Business travel faces higher substitution risk post-COVID, but airlines will adapt, March 2021). Still, companies' focus on reducing costs and carbon footprint will be a factor weighing on business travel.

High share of origin and destination traffic, albeit serviced by few airlines with a weak credit profile

We view Avinor as an origin and destination (O&D) airport system. Although total transfer and transit at Avinor make up 18% of total traffic, more than half of this is internal to the Avinor network (i.e., trips between two Norwegian airports with a stopover, typically at Oslo airport). Given the geographic characteristics of Norway and the importance of air transport for internal mobility, domestic intra-network transfer traffic behaves more like O&D traffic.

Avinor's carrier base is highly concentrated with fairly weak airlines. SAS AB, which filed for a Chapter 11 reorganisation in 2022, and Norwegian Air Shuttle, which emerged from a restructuring in 2021, are two main carriers accounting for around 70% of total traffic. Concentration increased following the acquisition of the third largest carrier, Widerøe, in January 2024. Although Norwegian and Widerøe will be maintained as two separate organisations, with selective coordination focused on high-impact synergy areas, the high concentration and weaker financial profile of its carriers is a relevant consideration in assessing Avinor's credit quality.

Exhibit 12
Avinor's carrier base is highly concentrated
Estimated traffic breakdown in 2023



Source: Company, Moody's Ratings

We do not expect any major shift in Avinor's carrier base, but the share of SAS is likely to decrease slightly as they reallocate capacity from the Norwegian domestic market to international routes at Copenhagen airport.

We note that Avinor's charging model places it at a disadvantage in attracting pan-European low-cost carriers like easyJet Plc (Baa2 stable), Ryanair and Wizz Air (Wizz Air Holdings plc, Ba1 stable), which have been the major driver of growth at other European airports. While Avinor is able to offer some incentives for new routes, it is unable to enter into bilateral contracts containing traffic growth commitments with low-cost airlines, which is a common practice at other airports. This has dampened traffic growth when compared to other European airports.

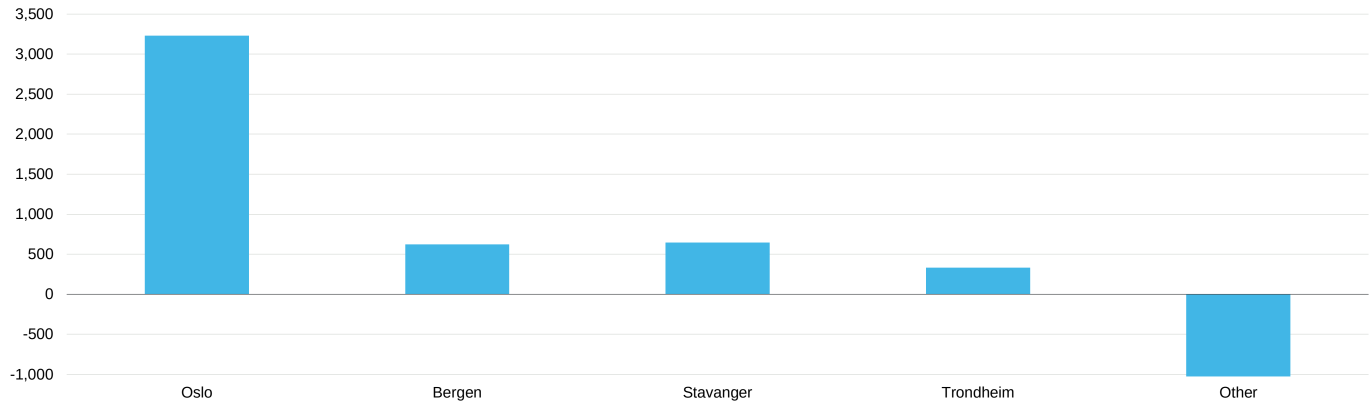
Application of regulatory framework has led to persistent revenue under-recoveries

Norway is a not a member of the EU, although the government has transposed the EU's Airport Charges Directive into Norwegian law. The directive sets out minimum requirements in terms of transparency, consultation with airlines and nondiscrimination of charges, and mandates the setting up of an independent supervisory authority. The state effectively has a direct role in setting aeronautical charges. Regulatory oversight is exercised by the Ministry of Transport, which owns 100% of the share capital of Avinor. In practice, charges are set after consultation with airlines, given the company and Ministry's objective to encourage airlines to develop their route strategies in Norway rather than in nearby countries, such as Denmark and Sweden. The state requires Avinor to establish a uniform set of aviation charges across its network, which effectively leads to cross-subsidisation of the marginal rural airports by larger airports such as Oslo, Bergen, Stavanger and Trondheim.

Exhibit 13

Larger airports support loss-making regional airports

Reported EBITDA in 2023, in NOK million



Source: Company's reports, Moody's Ratings

As a general principle, Avinor's tariffs are determined through the use of a price cap formula based on a fair return on a regulated asset base (RAB). Charges are determined to include allowances for operating costs, depreciation, return on the RAB and taxation, although neither the RAB nor elements of allowed revenue are made public. From this revenue requirement the non-aeronautical revenue is subtracted to determine the aeronautical revenue requirement (i.e., a 'single till' approach), which is divided by anticipated volumes to determine the level of the anticipated unit price. In periods of high investments, not all the commercial profit may be used to subsidise airports charges.

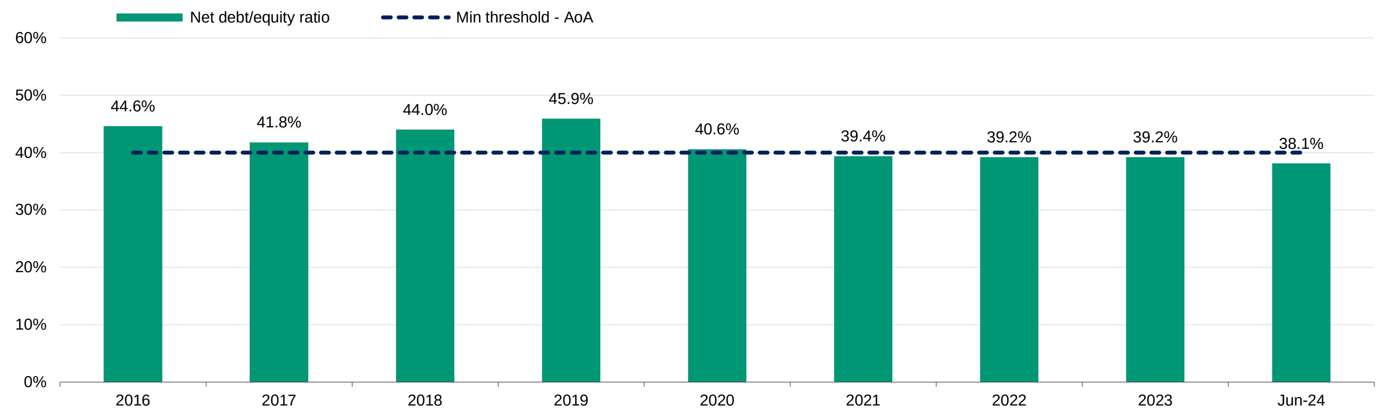
However, Avinor has been unable to increase charges to achieve revenue consistent with these principles in recent years. The company did not collect aviation charges for three months in 2020 and kept commercial aviation tariffs flat in nominal terms in 2021. While airport tariffs increased by 2% in 2022, 3.5% in 2023 and by NOK 200 million in 2024, the level of charges has not been not sufficient for Avinor to reach its revenue requirement under the price cap model, which we understand includes an allowed return of between 5.5% and 6.0%. Avinor calculates that it would need to increase operating profit by NOK 1.7 billion in real terms to enable it to earn a fair return. The company believes this shortfall can be addressed through a combination of measures such as above-inflation increases in airport charges, improved commercial conditions, payments for services Avinor provides to other governmental departments, and continued improvements in operating efficiency.

In a letter to Avinor in November 2023, the Minister of Transport acknowledged Avinor's difficult financial situation and outlined various measures that it will consider to support a sustainable improvement in its financial position.[1] One of the solutions the government is exploring is increasing airport fees, which may be accompanied by a cut in air passenger tax to mitigate the impact on total airport charges and preserve Avinor's competitive position. The government is also undertaking a strategic, financial and governance review of Avinor. The outcome of this review was finalised in April 2024 but has not been made public. We anticipate that an announcement of potential supportive financial measures may be included in the National Budget for 2025, which will be announced in October 2024, and/or in the publication of tariffs for 2025. Our current projections do not incorporate any measures taken by the government with regard to tariffs.

Failure to improve profitability could lead to asset impairment and covenant breach

The Minister's letter also acknowledged that these measures will be needed to support asset values recorded in Avinor's accounts. This is important because Avinor's bylaws require it to maintain a minimum equity ratio (defined as reported equity divided by the sum of equity and interest-bearing debt excluding leases) of at least 40%, and covenants in certain loans specify a minimum of 30% under a slightly different definition including leases in the denominator (see Liquidity, below). During the COVID-19 pandemic, Avinor received a total of NOK 7.4 billion in exceptional state subsidies, which were initially sized to allow the company to meet the 40% threshold. However, the Ministry of Transport subsequently granted Avinor temporary permission to deviate from the minimum equity ratio requirement, which was recently extended until 31 December 2024.

Exhibit 14
Avinor has been permitted by its owner to deviate from the minimum 40% equity ratio requirement
Equity ratio as defined in the Articles of Association



Source: Company's reports, Moody's Ratings

Avinor conducted an impairment test in December 2023 and found that the value of its assets exceeded their carrying value if “it is assumed that the government will ensure Avinor has a future sustainable financial model which will support carrying asset values,” citing the Minister's letter as the basis for this assumption. However, the company noted that, if no improvements were forthcoming, it would be required to write down the value of its assets by NOK 37.7 billion, which is significantly greater than its December 2023 equity value of NOK 13.5 billion. Any such impairment would cause the company to breach its loan covenants.

Avinor's credit quality takes account of the company's central role in the provision of air travel in Norway as well as the government's track record of support. Given the patterns of population distribution in Norway and its geographical features, air travel is an essential facilitator of domestic mobility and the government therefore sees Avinor as strategically important to meet key economic, social and political objectives. For “Category 2” state-owned entities like Avinor and Statnett SF (A2 stable), the state's goal is to achieve public policy objectives in the most efficient manner, rather than to maximise returns.

Shareholder support has limited increase in net debt burden; higher investments will drive borrowings up

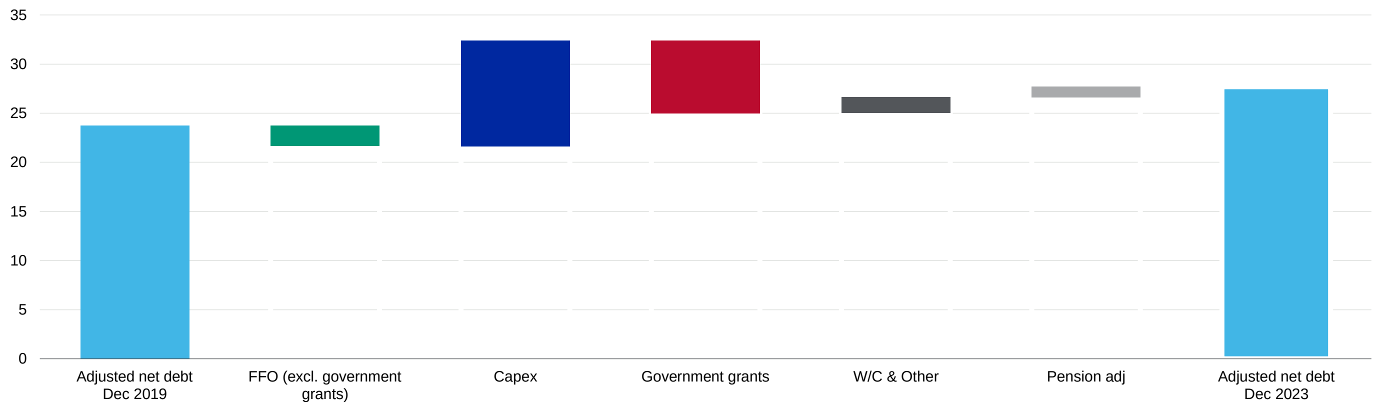
Avinor's adjusted net debt has increased since 2019 despite a cut in investments and revenue grants from the government. Some of the increase in the adjusted net debt was, however, because of a rise in pension liabilities. Gross debt in 2023 has also been adversely impacted by a depreciation in the Norwegian Krone versus the euro; this has added NOK 1.9 billion to report debt, but Avinor has protected itself by entering into cross-currency swaps on the issuance of its euro-denominated debt.

In 2023, Avinor's funds from operations (FFO) was flat despite higher traffic, with operating cash flow positively impacted by a working capital inflow. Capital expenditure was NOK 2.8 billion, essentially flat year-on-year after deducting investment grants. As a result of large infrastructure and technology projects, we expect capital expenditure to increase to around NOK 4.5 billion per year, on average, until the end of the decade.

Exhibit 15

Avinor's net debt has risen despite government grants

Evolution of Moody's adjusted net debt, in NOK billion



Source: Company's reports, Moody's Ratings

A significant part of the investments will be related to the construction of new airports in Bodø and Mo i Rana, a new baggage handling system, as well as a new tower system related to air traffic services at Oslo Airport. Additionally, investments will support the FAS project, aimed at enhancing the digitalisation of the air traffic management system, and the next phase of Avinor's remote tower project, which will enable an operator to manage multiple tower operations from a remote location.

While Avinor is the builder of the new Mo i Rana airport, it will be financed by the state. Avinor, however, will bear the risk of any cost overruns above the P50 cost target level of NOK 4.7 billion. Likewise, Avinor is the builder of the new Bodø airport and will contribute NOK 2.8 billion for its construction. For this project, Avinor shares the risk of any cost overruns equally with the state for amounts exceeding the P50 cost target level of NOK 6.3 billion. Above the P85 cost target level of NOK 7.5 billion, Avinor bears all of the cost overruns.

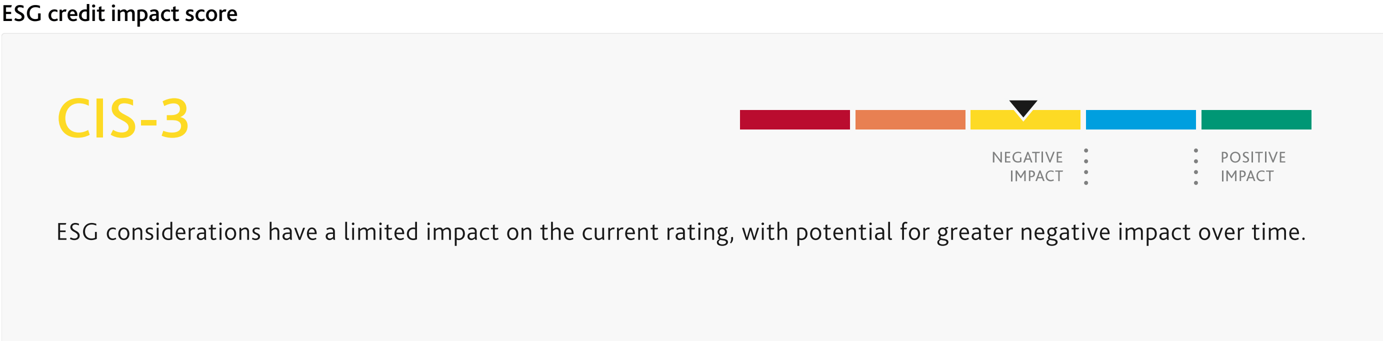
Sizeable investments absent materially higher airport charges will drive an increase in Avinor's borrowings reducing any material deleveraging prospects over the medium term.

ESG considerations

Avinor AS' ESG credit impact score is CIS-3

Exhibit 16

ESG credit impact score



Source: Moody's Ratings

Avinor's **CIS-3** indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. This considers the risk of carbon transition, while recognising that policy response may impact the company only gradually. Its score reflects moderately negative environmental, social and governance risk.

Exhibit 17
ESG issuer profile scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-3	S-3	G-3

Source: Moody's Ratings

Environmental

Avinor's **E-3** score considers that evolving decarbonisation policies around the globe and regulations may increase operating costs for airlines and result in higher airfares that reduce the demand for air travel. Further, the desire by some to reduce carbon emissions may lead to reduced travel, in particular corporations seeking to reduce their carbon footprints. At the company level, Avinor is committed to fossil-free operations by 2030. The company is exposed to the waste pollution risks, which include noise pollution. Avinor is required to remove PFAS chemicals (per- and polyfluoroalkyl substances) at contaminated sites at two airports every year and 14 airports in total. The company has set up a provision to cover these costs but it is uncertain whether such provision will be sufficient. Avinor's exposure to water management and natural capital is low.

Social

Avinor's **S-3** score takes account of its exposure to social risks related to demographic and societal policies moving to reduce carbon emissions. There is a risk that such policies and/or trend may lead to lower travel volumes or higher costs. While the lack of viable alternatives is a mitigating factor, Avinor is exposed to global trends that may affect international traffic. These risks are balanced by neutral to low risks to customer relations, human capital, health and safety and responsible production.

Governance

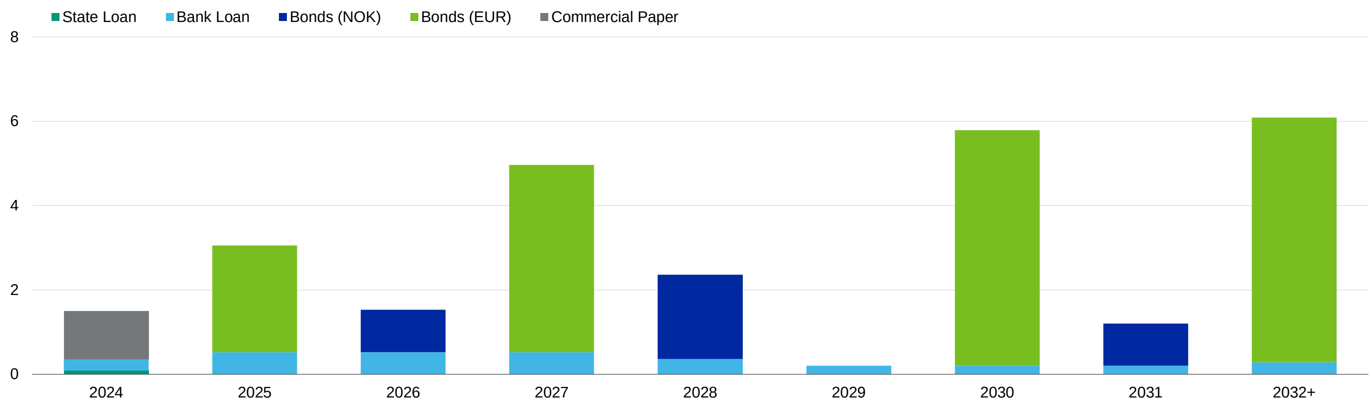
Avinor's **G-3** score takes into account neutral to low scores on financial strategy and risk management, management credibility and track record, organizational structure and company's compliance and reporting. These considerations are somewhat counterbalanced by the moderate risk associated with board structure, resulting from having the Government of Norway as the sole owner of the company and the tariff evolution that considers broader policy objectives.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity

As of June 2024, Avinor had cash on balance sheet of around NOK 5.5 billion, NOK 300 million of available overdraft facility and NOK 4.0 billion availability under credit facilities due in June 2026. Cash is inflated by the May 2024 issuance of a EUR 500 million (approximately NOK 5.9 billion) bond with a 3.5% coupon; the proceeds will be used to repay commercial paper that matures in the second half of 2024. The company has around NOK 3.0 billion in refinancing needs in 2025, including the currency-hedged eurobond. Its liquidity needs will also depend on the pace of execution of the capex plans and the decision on airport charges for 2025.

Exhibit 18
Avinor has fairly modest debt maturities until 2025
As of end-June 2024, in NOK billion



Source: Company, Moody's Ratings

Avinor's borrowings from European Investment Bank, Nordic Investment Bank and the commercial banks, are subject to a financial covenant defined as an equity ratio of at least 30%. We expect the company to remain compliant with this ratio.

The company uses hedging to reduce its exposure to foreign currency and interest rate risks.

Rating methodology and scorecard factors

Avinor is rated in accordance with Moody's Privately Managed Airports and Related Issuers methodology. The Baseline Credit Assessment (BCA) of baa2 is one notch below the scorecard-indicated outcome. Given its 100% ownership by the Government of Norway, Avinor is considered a Government-Related Issuer (GRI) under Moody's methodology for Government-Related Issuers. The high support assumption takes into account Avinor's role as key infrastructure provider in Norway and its role in delivering the government's policy objectives.

Exhibit 19
Rating factors
Avinor AS

Privately Managed Airports and Related Issuers Industry [1][2]	Current FY 12/31/2024		Moody's 12-18 Month Forward View As of August 2024 [3]	
Factor 1: Concession and Regulatory Frameworks (15%)	**Measure**	**Score**	**Measure**	**Score**
a) Ability to Increase Tariffs	Baa	Baa	Baa	Baa
b) Nature of Ownership / Control	Aaa	Aaa	Aaa	Aaa
Factor 2: Market Position (15%)				
a) Size of Service Area	Aa	Aa	Aa	Aa
b) Economic Strength & Diversity of Service Area	Aa	Aa	Aa	Aa
c) Competition for Travel	Aaa	Aaa	Aaa	Aaa
Factor 3: Service Offering (15%)				
a) Passenger Mix	Aa	Aa	Aa	Aa
b) Stability of traffic performance	Baa	Baa	Baa	Baa
c) Carrier Base	Ba	Ba	Ba	Ba
Factor 4: Capacity and Capital (5%)				
a) Ability to accommodate expected traffic growth	Baa	Baa	Baa	Baa
Factor 5: Financial Policy (10%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Factor 6: Leverage and Coverage (40%)				
a) (FFO + Cash Interest Expense) / (Cash Interest Expense)	3.6x	Baa	3x - 4x	Baa
b) FFO / Debt	9.5%	Baa	8% - 10%	Baa
c) Moody's Debt Service Coverage Ratio	3.6x	Baa	3x - 4x	Baa
d) RCF / Debt	9.5%	Baa	8% - 10%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notch Adjustment		Baa1		Baa1
Notch Lift	0	0	0	0
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned				A1
Government-Related Issuer	**Factor**			
a) Baseline Credit Assessment	baa2			
b) Government Local Currency Rating	Aaa, Stable			
c) Default Dependence	Moderate			
d) Support	High			
e) Actual Rating Assigned	A1			

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 31 December 2023. [3] This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Ratings

Ratings

Exhibit 20

Category	Moody's Rating
AVINOR AS	
Outlook	Stable
Issuer Rating -Dom Curr	A1
Senior Unsecured	A1

Source: Moody's Ratings

Appendix

Exhibit 21

Peer Comparison table

	Avinor AS A1 Stable			Copenhagen Airports A/S Baa2 Stable			Brussels Airport Company NV/SA Baa1 Stable		
(in USD million)	FYE Dec-21	FYE Dec-22	FYE Dec-23	FYE Dec-21	FYE Dec-22	FYE Dec-23	FYE Dec-21	FYE Dec-22	FYE Dec-23
Revenue	340	517	512	280	500	589	348	544	721
EBITDA	360	372	336	39	200	245	110	226	335
EBITDA margin %	105.7%	71.9%	65.7%	13.9%	39.9%	41.5%	31.8%	41.4%	46.5%
Funds from Operations (FFO)	295	285	261	54	169	192	52	172	286
Total Debt	3,291	2,733	2,867	1,602	1,423	1,431	2,005	1,795	2,172
(FFO + Interest Expense) / Interest Expense	4.4x	3.9x	3.6x	2.8x	7.1x	4.9x	1.9x	4.4x	5.8x
FFO / Debt	8.7%	10.1%	9.5%	3.2%	12.1%	13.7%	2.5%	9.7%	13.4%
RCF / Debt	8.7%	10.1%	9.5%	3.2%	11.5%	12.9%	2.5%	9.0%	9.1%
Debt Service Coverage Ratio	6.1x	4.3x	3.6x	2.4x	6.2x	4.8x	2.5x	3.5x	4.5x

All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics™

Exhibit 22

Avinor AS — Adjusted Debt Breakdown

(in NOK million)	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-23
As Reported Total Debt	**21,295**	**27,599**	**22,977**	**22,259**	**24,556**
Pensions	3,489	4,935	6,047	4,665	4,564
Moody's Adjusted Total Debt	**24,784**	**32,534**	**29,024**	**26,924**	**29,119**

All figures are calculated using Moody's estimates and adjustments.
Source: Moody's Financial Metrics™

Exhibit 23

Avinor AS — Adjusted FFO Breakdown

(in NOK million)	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-23
As Reported Funds from Operations (FFO)	**3,331**	**1,706**	**3,011**	**3,231**	**2,998**
Pensions	136	96	143	179	583
Capitalized Interest	(45)	0	0	0	0
Alignment FFO	(35)	297	67	(52)	(37)
Cash Flow Presentation	(627)	(630)	(689)	(630)	(789)
Non-Standard Adjustments	905	0	0	0	0
Moody's Adjusted Funds from Operations (FFO)	**3,666**	**1,469**	**2,533**	**2,728**	**2,755**

All figures are calculated using Moody's estimates and adjustments.
Source: Moody's Financial Metrics™

Endnotes

1 Ministry of Transport and Communications, Regjeringen varsler tiltak etter inntektssvikt for Avinor (The government announces measures following a failure of income for Avinor), 16 November 2023

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