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Ratings

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Avinor AS

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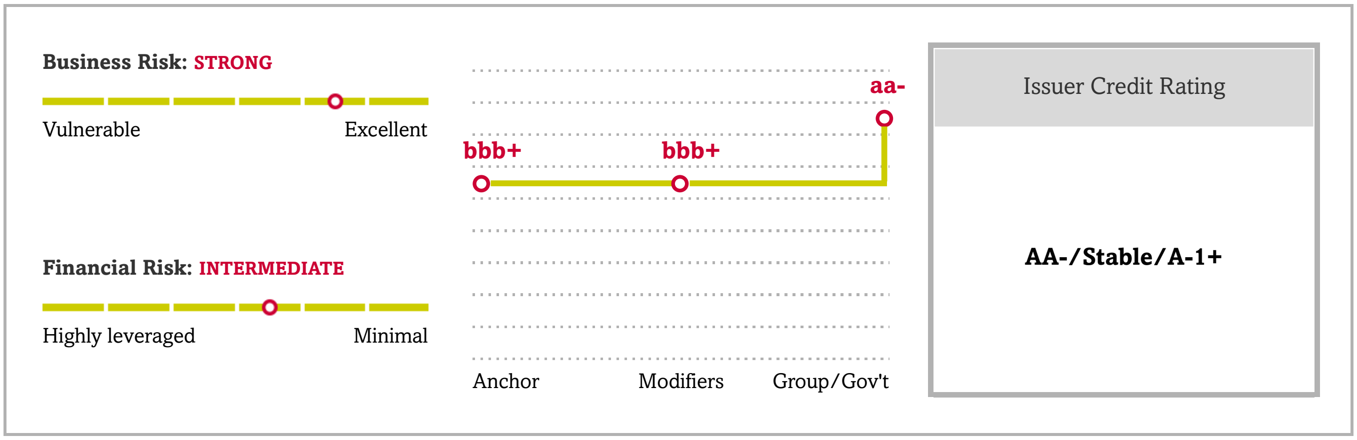


Credit Highlights

Overview

Key Strengths	Key Risks
Near-monopoly position as an integrated airport network operator in a wealthy country and the sole air traffic controller over Norwegian airspace.	Concentration risk, mainly in two airlines that have weak credit profiles.
High share of origin and destination traffic.	A significant capital expenditure (capex) program will continue to weigh on its credit metrics.
A generally favorable regulatory framework.	Profitability is constrained by loss-making local/regional airports and limited ability to dispose of unprofitable operations.
Fairly resilient EBITDA margin, underpinned by solid operating performance in the large airports and expanding commercial activities.	Concerns around ongoing disputes/issues have resulted in additional costs and provisions compared with a couple of years, testing the resilience of its profitability.
Ample operating cash flows, supported by its protected market position and high EBITDA-to-operating cash flow conversion rate.	
Our view of a very high likelihood that the government would provide extraordinary support to Avinor.	

Avinor's weaker operating performance and increased leverage have reduced its ratings headroom. In the first half of 2019, traffic decreased modestly by 0.3% year on year, to around 26.1 million passengers. Factors such as the pilot strikes at SAS in April/May, capacity adjustments by the airlines, and the suspension of production of the Boeing 737 MAX aircraft contributed to the relatively weak traffic performance. Excluding Haugesund Airport, which was transferred to a new operator in May 2019, traffic increased by 0.8%. Sales and rental income per passenger grew by 2.9% and air navigation services revenues declined by 0.7%. Total revenue increased modestly by 0.7% to Norwegian krone (NOK) 5.6 billion. The combination of a decelerating trend in traffic and additional financial liabilities related to ground contamination costs at some of Avinor's airports should result in weaker-than-expected credit metrics, with funds from operations (FFO) to debt of about 13% for 2019 and 2020, down from last year's expectations of 14%-15%.

Results at year end 2019 will be marked by ground contamination provisions. In the second quarter of 2019, Avinor recorded NOK871 million in provisions to cover the future cleanup costs related to environmental contaminants at Avinor's firefighting ranges. As a result, reported EBITDA dropped by 47% to NOK839 million and margins fell to 15%, from 28% in the first half of 2018. Although this is a material event, there is a lack of clarity regarding the timing and amount of the cash outflow. According to Avinor, the company may only see the cash impact in the medium to long term, across several years. When the cash flows are so detached from the cost recognition and the amount is material, we may add it back to EBITDA for the year when the cost is recognized. We then raise a corresponding debt adjustment of the same amount to recognize a future financial obligation.

Outlook: Stable

The stable outlook is based on our expectation that Avinor will be able to achieve a weighted-average ratio of adjusted FFO to debt of 13%, which is commensurate with the ratings on it, despite increased costs and significant investments for the coming years. It also indicates that we do not expect the Norwegian government to demerge the ANS subsidiary, Avinor Flysikrings AS.

Downside scenario

We could lower the rating if Avinor's cash flow ratios deviate from our base case, so that adjusted FFO to debt falls below 13%. Given the company's significant and partly debt-funded expansionary capex, Avinor could prove unable to achieve the steady earnings growth necessary to maintain credit measures commensurate with the rating. This could occur if capex investment exceeds the budget, passenger volumes continues decelerating, or the commercial openings underperform.

We could lower the ratings if the stance of the Norwegian government unexpectedly became inconsistent with a very high likelihood of support. This could lead to an unexpected privatization or a revocation of Avinor's mandate to provide air navigation services.

A negative rating action might also be triggered if the group's profitability deteriorated (for example, a fall in the EBITDA margin sustainably below 30%) leading to a lower business risk profile assessment.

Upside scenario

We see limited rating upside, given Avinor's large capex needs, which constrain its ability to meaningfully reduce leverage over the next 18-24 months.

Our Base-Case Scenario

Assumptions	Key Metrics

Assumptions

- We estimate real GDP growth in Norway of 2% in 2019, and 2.3% in 2020. Consumer price index (CPI) growth of 2.3% in 2019 and 2% for 2020.
- Estimated annual passenger volume growth to decelerate to 0.5%-1% in 2019 and 1.3%-2.3% in 2020. We typically see a close relationship between GDP growth rates and passenger numbers at the airport.
- Revenue rising roughly in line with traffic in 2019-2020, supported by steadily improving and expanding commercial operations, and average tariffs broadly matching Norway's consumer price index.
- Average adjusted EBITDA margin of about 34%-36% in 2019-2021 thanks to a cost control policy and excluding the ground contamination provisions in 2019.
- Annual capex of NOK3.0 billion-NOK4.0 billion in 2019-2021.
- Shareholder distribution of about NOK585 million in 2019 followed by NOK201 million in 2020. We assume a payout ratio of 50%.
- We are factoring in an additional financial liability of about NOK1 billion to reflect future financial obligations in relation to the ground contamination. We could reassess our assumptions, depending on when the Norwegian Environmental Agency decides with regard to the final measures Avinor must take, including revising our estimate of the total costs associated with the ground clean up.

Key Metrics

	2018A	2019E	2020F	2021F
EBITDA margin (%)	35.7	34-36	36-38	36-38
FFO/Debt (%)	13.94	13-14	13-14	13-14
Debt/EBITDA (x)	5.75	6.00	5-6	5-6

Note: All figures are fully S&P Global Ratings-adjusted.

A--Actual. E--Estimate. F--Forecast. FFO--Funds from operations.

We are excluding the impact of one-time provisions maintained by the company for 2019. Hence, the adjusted numbers are not affected by this cost.

Base-case projections

We expect that Avinor's FFO to debt will hover around 13%-14% in 2019-2021. This is weaker than our assumptions last year, which did not factor the slow down in traffic and additional leverage.

EBITDA margin has been solid so far (excluding ground contamination provision) This should continue to be the case as the company plans to reduce costs by at least NOK400 million by 2021. The plan includes a reduction in operating costs at airport operations, air navigation services and key staff and support functions. We are not expecting airport structure and flights to be negatively affected by the cost reduction program.

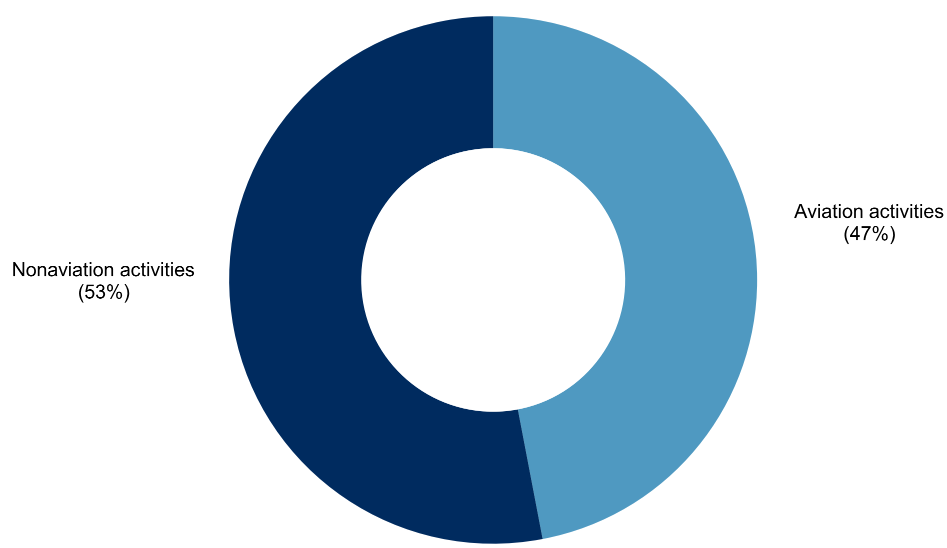
Company Description

Avinor owns and operates 43 of the 51 airports in Norway, 12 of them in cooperation with the Norwegian Armed Forces. In addition to airport activities, Avinor operates the control towers, control centers, and other technical infrastructure for safe air navigation in the Norwegian airspace. The air navigation services are provided by a subsidiary wholly owned by Avinor. During 2018, 54.4 million passengers travelled through Avinor's airports, generating NOK11.7 billion in reported revenues and NOK4.1 billion of EBITDA.

Avinor's revenue base comprises regulated aeronautical charges (about just below 50% of sales, including air navigation services) and commercial activities or nonaviation activities (duty free shops, rentals, and car parking).

Chart 1

Avinor Revenue Split (2018)



Source: Avinor

The lion share of passengers and earnings (about 50% of the total group's passengers and revenues) comes from Oslo Airport, Norway's largest operated airport. The next three largest airports operated by Avinor, each serving 4 million-6 million passengers per year, are Bergen, Trondheim, and Stavanger. The vast majority of airports are aggregated as small and midsize airports, and are loss-making. Oslo Airport is the hub for Norwegian air traffic and a junction for traffic between Norway and other countries.

The group is 100% owned by the Norwegian state, as represented by the Ministry of Transport and Communications (MOTC), which manages the state's ownership, stipulates Avinor's financial framework, and regulates the aviation fees. The Ministry is the highest authority for Norwegian aviation and lays down the Civil Aviation Authority's regulations for Avinor's operations. Avinor's head office is situated in Oslo.

Business Risk: Strong

Avinor's strong competitive position is mainly based on its monopoly position as an integrated airport network operator. Its network comprises 43 airports, which represent around 95% of annual traffic in Norway, one of the wealthiest countries in the globe. The group's competitive position also benefits from its status as the sole air traffic controller over Norwegian airspace. In our view, this implies a much larger scope of operations than other rated European airports.

Although Avinor's network of airports covers the entire Norwegian territory, Oslo represents the company's most important catchment area. Oslo is not only the capital, it is also the most populous city in Norway. Despite Avinor's coverage in the country, we consider the group's catchment area to be relatively small in terms of population (around 5 million people) compared with all other rated airports, which cover areas with more than 10 million people.

Avinor operates an integrated airport network across the country, so its competition is limited. Even though Oslo Airport is exposed to encroaching airports, the latter are playing several leagues below: the largest national airport not owned by Avinor is Sandefjord Torp, Norway's No. 7 airport, which is near Oslo and handled about 2 million passengers in 2018. Sandefjord Torp and the other Norwegian airports in the region cater to low-cost airlines and are far smaller than Oslo Airport, which handled 28.5 million passengers in 2018.

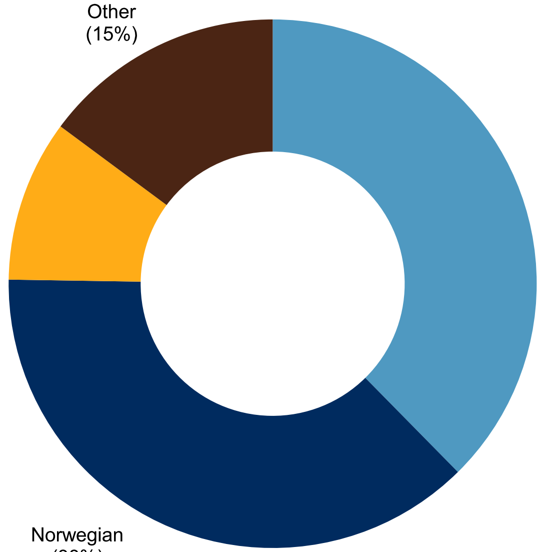
Avinor has captured a market share of close to 100% of the domestic traffic and almost 90% of the international traffic in Norway. Air travel is by far the most efficient mode of travel due to the large distances between population centers and limited rail network links. The main Norwegian industries are based on exploiting natural resources (e.g., oil, gas, and fish), which are spread over the country and require the rapid transport of people and time-sensitive cargo. This reinforces the importance of the network.

The group's earnings depend heavily on just a few airport operations. Oslo Airport is the main domestic hub and international airport in Norway, and is the second-busiest airport in the Nordic countries (running a close second to Copenhagen Airport). Oslo Airport contributes at least half of the group's annual passenger numbers and its earnings. Other large, international, and profitable airports in the network includes Bergen, Stavanger, and Trondheim. Avinor also operates a number of loss-making local/regional airports. In our view, Avinor's operation of unprofitable airports without state subsidies strengthens its importance to the government.

Favorable passenger mix, but exposed to airline concentration. In 2018, around 83% of travelers were origin-destination (O&D) passengers (that is, they either started or finished their journey in an Avinor-operating airport). We consider O&D journeys are generally less susceptible to passenger choice and airline performance than transfer traffic. Avinor has high airline concentration risk across its portfolio of airports. Its main exposure is to two carriers, the flag carrier SAS and Norwegian Air Shuttle (Norwegian), a locally based, low-cost carrier. Together, these airlines represented about 75% of traffic income in FY2018. The Top 3 airline customers--SAS, Norwegian, and Widerøe--represented 85% of 2018 traffic income revenue on scheduled route and charter flights.

Chart 2

Traffic Income By Airline (2018)



Source: Avinor

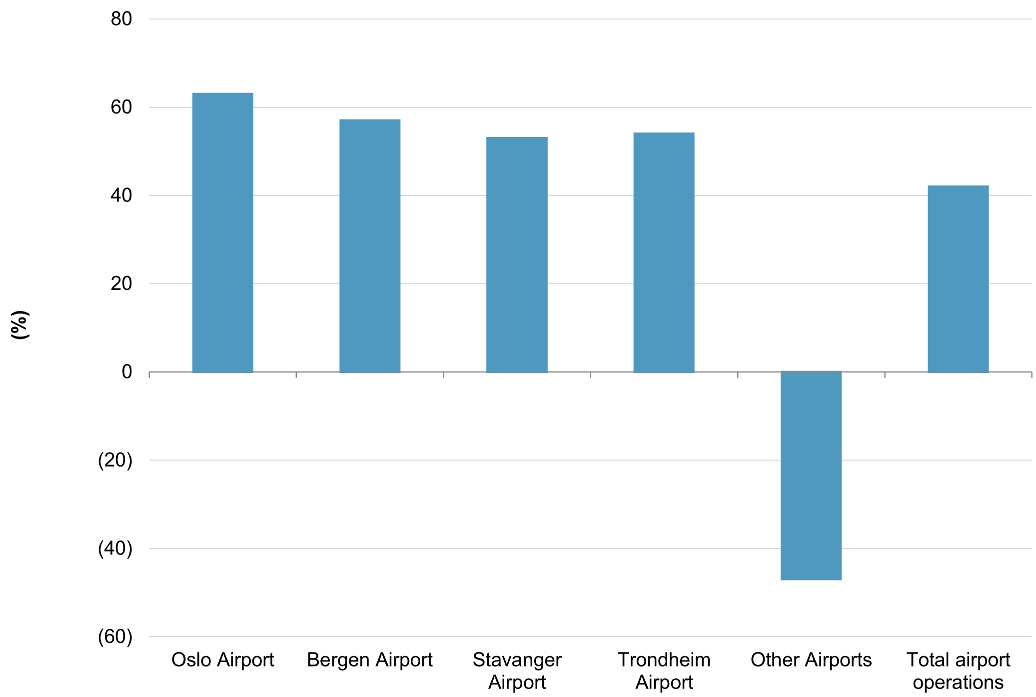
Norwegian has been facing significant financial and operational burdens. Its recent debt restructure and the pressure caused by the grounding of 18 of its aircraft created a difficult operating environment. The company's current situation could have implications for Avinor. It could make more dramatic cuts to its lossmaking routes or move its long-haul flights to other hubs.

In our experience, when rating O&D airports, if one airline fails, other carriers often rapidly pick up the demand. However, given the relatively small number of carriers already operating at Avinor's airports, it could take more time to substitute for Norwegian so that other airlines service the existing demand.

Loss-making local and regional airports weigh on group profitability. Avinor is expected to generate EBITDA margins of 34%-36% during 2019-2021. That said, its profitability is lower than that of all the other European airports we rate. The combination of its loss-making regional airports and low-margin ANS business drags down the group's overall profitability. The four largest airports in the group, viewed separately, show EBITDA margin levels very similar to or higher than those of Avinor's European peers. We anticipate that the group's consolidated profitability will continue to be constrained by its loss-making local and regional airports--which operate as part of Avinor's public service obligation. It has limited ability to dispose of unprofitable operations.

Chart 3

Avinor Reported EBITDA Margin At Year-End 2018



Source: Avinor

Avinor operates under a supportive framework. We consider the regulatory environment to be relatively supportive. Avinor is wholly owned by the Norwegian state, as represented by the Ministry of Transport and Communications (MOTC), which is the highest authority for Norwegian aviation and responsible for the Civil Aviation Authority's regulations for Avinor's operations.

The airport charges are based on the regulatory asset base (RAB) concept, single-till model, which allows for the recovery of asset depreciation and operating and operating costs and netting off the commercial revenues. A potential weakness is the lack of a pre-agreed mechanism, such as a tariff increase or subsidy, to allow for recovery of Avinor's expenditure on its significant investment plan. That said, we understand that Avinor retains a substantial flexibility in the disbursement and timing of capex and the sequencing of projects can be modified to take into account any changes to passenger numbers and forecasts. In addition, the company is committed to a minimum equity ratio of 40% imposed by its owner through a law.

The MOTC sets the charges level (cap), Avinor sets the charges, which are approved by the CAA. The state aims to ensure its companies make a fair return on capital employed, although this is not the primary objective of Avinor.

Peer comparison

Table 1

Avinor AS -- Peer Comparison			
Industry Sector: Infrastructure			
	Avinor AS	**Flughafen Zurich AG**	**Aeroporti di Roma SpA**
Ratings as of Nov. 19, 2019	AA-/Stable/A-1+	AA-/Stable/--	BBB/Negative/A-2
	--Fiscal year ended Dec. 31, 2018--		
(Mil. NOK)			
Revenue	11,724.2	9,693.9	9,282.5
EBITDA	4,183.5	5,475.8	5,638.7
Funds from operations (FFO)	3,351.1	4,660.5	4,591.8
Interest expense	758.1	116.2	435.4
Cash interest paid	716.8	135.2	447.4
Cash flow from operations	3,462.1	4,714.7	4,498.8
Capital expenditure	2,523.5	3,379.0	1,820.0
Free operating cash flow (FOCF)	938.6	1,335.7	2,678.8
Discretionary cash flow (DCF)	688.9	(431.3)	209.1
Cash and short-term investments	1,739.8	4,800.6	3,256.6
Debt	24,041.8	6,420.4	11,248.3
Equity	14,540.9	21,269.6	10,983.1
Adjusted ratios			
EBITDA margin (%)	35.7	56.5	60.7
Return on capital (%)	5.5	12.1	20.5
EBITDA interest coverage (x)	5.5	47.1	13.0
FFO cash interest coverage (x)	5.7	35.5	11.3
Debt/EBITDA (x)	5.7	1.2	2.0
FFO/debt (%)	13.9	72.6	40.8
Cash flow from operations/debt (%)	14.4	73.4	40.0
FOCF/debt (%)	3.9	20.8	23.8
DCF/debt (%)	2.9	(6.7)	1.9

Financial Risk: Intermediate

We expect Avinor's financial leverage to increase and its credit measures to deteriorate slightly due to its accelerated and partly debt-funded capital investments, aimed at expanding and enhancing the airports' infrastructure. Traffic is likely to grow comparatively slowly and Avinor's additional provisions for environmental-related clean-up costs also affect our view of its financial risk profile. That said, we anticipate that the company will be able to maintain its credit metrics from 2019 onward and so sustain a weighted-average ratio of FFO to debt above 13%, which we consider to be commensurate with its current financial risk profile.

The expansion projects have high capital requirements: Avinor expects to spend NOK3 million-NOK4 million a year over 2019-2021. The company, however, has the flexibility to adjust spending according to its needs and financial requirements. We take into consideration that spending will be comparatively low in the next two-to-three years because the company plans to defer a few projects to help it meet its equity ratio target.

The main projects planned for the next few years consist of expansions of:

- Phase 2 of the Non-Schengen project at Oslo airport;
- Expansion of Tromso terminal and infrastructure;
- Phase 1 of terminal expansion at Trondheim airport;
- Construction of Bodø Airport; and
- Several other investments, mainly at Oslo airport (i.e., new tower system, new parking facilities, upgrade of the existing terminals, and replacement baggage handling system).

The company may perform below our expectations, especially if passenger volumes fail to sustain their growth and commercial operations fail to expand at the rate predicted by 2018. This would result in credit measures falling sustainably short of our rating guidelines.

Despite high investment needs, we expect Avinor to maintain the current credit fundaments for the next few years at a similar level, since we believe that Avinor has the flexibility to adjust its spending given its needs and financial requirements.

Financial summary

Table 2

Avinor AS -- Financial Summary					
Industry Sector: Infrastructure					
	--Fiscal year ended Dec. 31--				
(Mil. NOK)	**2018**	**2017**	**2016**	**2015**	**2014**
Revenue	11,724.2	11,511.3	10,779.8	10,711.6	10,664.5
EBITDA	4,183.5	3,263.4	3,615.9	3,516.4	3,315.7
Funds from operations (FFO)	3,351.1	2,540.0	2,623.5	2,617.5	2,388.9
Interest expense	758.1	795.2	697.9	690.7	684.8
Cash interest paid	716.8	575.9	655.2	618.8	540.9
Cash flow from operations	3,462.1	3,076.6	2,445.2	2,616.0	2,624.4
Capital expenditure	2,523.5	3,414.0	4,497.3	5,165.7	4,256.6
Free operating cash flow (FOCF)	938.6	(337.4)	(2,052.1)	(2,549.7)	(1,632.2)
Discretionary cash flow (DCF)	688.9	(887.4)	(2,552.1)	(3,049.7)	(2,077.6)
Cash and short-term investments	1,739.8	2,071.8	949.1	1,666.7	932.0
Gross available cash	1,739.8	2,071.8	949.1	1,666.7	932.0
Debt	24,041.8	23,855.4	21,013.0	18,277.0	16,408.0
Equity	14,540.9	14,053.5	14,936.6	14,832.1	12,222.6
Adjusted ratios					
EBITDA margin (%)	35.7	28.3	33.5	32.8	31.1
Return on capital (%)	5.5	4.0	5.5	6.8	7.4
EBITDA interest coverage (x)	5.5	4.1	5.2	5.1	4.8
FFO cash interest coverage (x)	5.7	5.4	5.0	5.2	5.4

Table 2

Avinor AS -- Financial Summary (cont.)

Industry Sector: Infrastructure

	--Fiscal year ended Dec. 31--				
(Mil. NOK)	**2018**	**2017**	**2016**	**2015**	**2014**
Debt/EBITDA (x)	5.7	7.3	5.8	5.2	4.9
FFO/debt (%)	13.9	10.6	12.5	14.3	14.6
Cash flow from operations/debt (%)	14.4	12.9	11.6	14.3	16.0
FOCF/debt (%)	3.9	(1.4)	(9.8)	(14.0)	(9.9)
DCF/debt (%)	2.9	(3.7)	(12.1)	(16.7)	(12.7)

Liquidity: Strong

We assess Avinor's liquidity as strong based on our forecast that sources will cover uses by more than 1.5x over the next 12 months and by more than 1.0x for the following 12 months.

We consider that Avinor's strong liquidity profile is supported by its liquidity sources on hand (such as the undrawn long-term revolving credit facility [RCF] and available cash holding), ability to generate solid operating cash flows, and demonstrated access to credit markets. These sources compare favorably with its liquidity uses, particularly mandatory debt repayments and high capex.

Our base-case liquidity assessment for the 12 months from June 30, 2019, reflects the following factors and assumptions:

- We expect the group's liquidity sources will exceed liquidity uses by at least 1.5x in the next 12 months. Even when measured over the next 24 months, the ratio remains above 1.0x.
- Liquidity sources will continue to exceed uses, even if EBITDA declines by 30%.
- We understand that Avinor complies with its financial covenant and we expect the group to be able to manage the covenant tests. The group's loan documentation includes one maintenance covenant; a ratio of equity to equity plus interest-bearing debt of at least 30%. As of year-end 2018, Avinor's equity ratio was about 40%, which implies comfortable headroom.
- The group appears to have well-established, solid relationships with banks and a generally high standing in credit markets. Furthermore, Avinor has demonstrated uninterrupted access to commercial paper and loan markets.
- Avinor can likely absorb high-impact, low-probability events without refinancing, given its capability to reduce capex or increase tariffs in times of stress.

Principal Liquidity Sources	Principal Liquidity Uses
• Available cash and cash equivalents of about NOK1.3 billion as of June 30, 2019; • A fully available NOK4 billion RCF due in June 2024 plus extension options; • Overdraft limit of NOK600 million due November 2022; and • Forecast operating cash flows of about NOK3.5 billion over the 12 months from June 30, 2019.	• Short-term debt of about NOK2 billion as of June 30, 2019; • Expansionary (and, to some extent, discretionary) and maintenance capex of approximately NOK2.5 billion-NOK3.0 billion; and • Discretionary dividends of NOK350 million-NOK400 million.

Government Influence

We consider Avinor as a government-related entity and our view of a very high likelihood of government support is based on our assessment of Avinor's:

- Very important role, as the operator of nearly all of Norway's airports and the sole provider of air navigation services for both civilian and military flights within Norwegian airspace. Due to Norway's unique topography and geography, combined with its high dependency on foreign trade, we consider that the integrated airport system constitutes essential infrastructure for the country to meet its key economic, social, and political objectives.
- Very strong link with the Norwegian government, based on the state's 100% ownership, the government's role in appointing Avinor's board members, its close oversight of the group's strategies, and its track record of financial support. We don't expect Avinor to be fully privatized in the next 24 months, but the air navigation business could be spun off at some point, which might lead us to revise our opinion of the likelihood of government support for Avinor.

The disposal of the air navigation services subsidiary could cause us to reassess Avinor's likelihood of receiving extraordinary support from the state. The government created uncertainty when they considered disposing of a subsidiary controlled by the Avinor Group by 2021. The subsidiary currently operates the air navigation service, which has an obligation to provide a critical civil and military service with high safety implications. Completing this transaction could cause us to view Avinor's role as being of lesser importance than previously.

Issue Ratings - Subordination Risk Analysis

Capital structure

Avinor's capital structure consists of senior unsecured debt issued at the parent level.

Analytical conclusions

Avinor's debt is rated 'AA-', the same as the issuer credit rating, because no significant elements of subordination risk are present in the capital structure.

Reconciliation

Table 3

Reconciliation Of Avinor AS Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. NOK)

	--Fiscal year ended Dec. 31, 2018--					
	Debt	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**
Avinor AS reported amounts	21,740.7	4,200.8	2,097.4	613.6	4,183.5	4,124.3
S&P Global Ratings' adjustments						
Cash taxes paid	--	--	--	--	(115.6)	--
Cash taxes paid: Other	--	--	--	--	--	--
Cash interest paid	--	--	--	--	(688.0)	--
Operating leases	411.9	54.6	28.8	28.8	(28.8)	25.8
Postretirement benefit obligations/deferred compensation	3,629.0	(0.9)	(0.9)	77.9	--	--
Accessible cash and liquid investments	(1,739.8)	--	--	--	--	--
Capitalized interest	--	--	--	37.8	--	--
Nonoperating income (expense)	--	--	32.8	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	(688.0)
EBITDA: Valuation gains/(losses)	--	(71.0)	(71.0)	--	--	--
Total adjustments	2,301.1	(17.3)	(10.3)	144.5	(832.4)	(662.2)
	Debt	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**
S&P Global Ratings' adjusted amounts	24,041.8	4,183.5	2,087.1	758.1	3,351.1	3,462.1

Our main analytical adjustments to the consolidated financial statements of Avinor AS are:

- We add to debt NOK3.6 billion in pension charges, and the state loan, which we treat as debt because it matures in less than 20 years and has regular interest payments.
- We adjust EBITDA for valuation changes by NOK71 million.
- We adjust the interest expense for capitalized interest by NOK37.8 million.

Ratings Score Snapshot

Issuer Credit Rating

AA-/Stable/A-1+

Business risk: Strong

- **Country risk:** Very low
- **Industry risk:** Low

- **Competitive position:** Strong

Financial risk: Intermediate

- **Cash flow/leverage:** Intermediate

Anchor: bbb+

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Strong (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : bbb+

- **Likelihood of government support:** Very high (+4 notches from SACP)

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	**a-/bbb+**	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of November 22, 2019)*

Avinor AS	
Issuer Credit Rating	AA-/Stable/A-1+
Senior Unsecured	AA-
Issuer Credit Ratings History	
28-Sep-2018	AA-/Stable/A-1+
22-Sep-2016	AA-/Negative/A-1+
04-Jul-2013	AA-/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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