

Fjellinjen

June 5, 2025

This report does not constitute a rating action.

Credit Highlights

Overview

Enterprise profile	Financial profile
Fjellinjen benefits from a strong local economy and its monopoly in collecting toll in Oslo.	Fjellinjen demonstrates very strong cash generation ability, which helps it contain indebtedness at low levels even during investment peaks in Oslo Package 3 (OP3; a plan for financing infrastructure projects in the Oslo region).
--Fjellinjen provides crucial operations to finance a large part of the national investment plan for the Oslo region.	--Distributes all its surplus revenue to the National Public Roads Administration (NPRA) as a break-even enterprise, limiting its financial performance.
--We view Fjellinjen's management as very strong; its financial policies are prudent and limit risk exposure.	--Debt will increase in 2025-2028-- Fjellinjen to cover payments to NPRA and the projects carried out by OP3.
--The economy in Norway (including Oslo) is very strong, with GDP per capita exceeding \$90,000 at the end of 2025.	--Financial debt has priority over payments to NPRA.

Oslo has planned investments of NOK 39bn over 2025-2028 under Oslo Package 3. About half of these investments are expected to be financed by toll revenue collected by Fjellinjen.

We expect that Fjellinjen will need to raise about NOK2.5 billion in debt to cover payments to NPRA or OP3 in 2025-2028. However, this should not change S&P Global Ratings' assessment of extremely low debt and our expectation that the company will repay all its debt by 2036.

Outlook

The stable outlook reflects our expectation that Fjellinjen's status will not change and that its financial evolution will remain in line with its multiyear plans, consistent with its legal and contractual setup.

Downside scenario

We could lower the rating if we believe key public sector stakeholders--primarily the NPRA--will constrain Fjellinjen's ability to generate sufficient cash flow and liquidity to honor its financial

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obligations, for instance, by demanding transfers that structurally exceed cash generation ability. We could also downgrade Fjellinjen if the likelihood of the company receiving timely and sufficient support from [Norway](#) weakens, for example, because of a diminished role in supporting regional infrastructure development in the Oslo region.

Upside scenario

We could raise the rating if Fjellinjen's debt service coverage ratio (DSCR) and liquidity improve significantly, resulting in a considerably stronger financial profile, or if its relevance for the Norwegian government and its infrastructure development policies are enhanced, leading us to expect a higher likelihood of extraordinary support.

Rationale

Enterprise profile: Fjellinjen benefits from a favorable market position and solid interaction with stakeholders

Fjellinjen's scope of operations and dialogue with the NPRA have led to a very strong and stable market position. It holds a monopoly, based on legislation, in collecting road tolls in the wealthy Oslo region of Norway. Unlike most international road toll-collecting companies, Fjellinjen's operational mandate is restricted to collecting tolls on government-owned roads, and subsequently delivering contributions to the NPRA, which finance investments in roads and public transport--locally carried out through Oslo Package 3, a plan for NOK 39 billion of investments in the [City of Oslo](#) and the County of Akershus from 2025-2028. The size of these transfers is negotiated annually between the parties in Oslo Package 3, with the overarching intention that Fjellinjen's toll revenue--and, when needed net new borrowing--should cover budgeted transfers to NPRA. The company doesn't own the underlying road infrastructure, so its operational risk is limited to systems and processes linked to toll collection.

In our view, the industry risk of toll roads is lower than that of other sectors, reflecting low exposure to economic cyclicalities, as well as the low risk associated with competition and growth. Fjellinjen's market position is very strong, given its area of operations and monopoly in collecting road tolls. Together with the City of Oslo, the County of Akershus, and the central government, Fjellinjen is a key player for financing investments under Oslo Package 3. We expect the company to remain in this advantageous position. Its owners (Oslo and Akershus) and the NPRA initiate and manage projects in the package. Every year, the steering group presents an updated four-year action plan that lays out the project's direction, including Fjellinjen's strategic direction in terms of operating performance and debt accumulation. Ultimately, this plan needs the central government's approval.

We assess Fjellinjen's management as very strong, based on its organizational effectiveness, good track record of fulfilling plans, and high degree of transparency. The company's financial policies are prudent and its loan portfolio has primarily long-term maturities, although we see some variability in the maturity profile. Even if Fjellinjen has a somewhat limited ability to control the scope of Oslo Package 3, it is in frequent dialogue with the plan's steering group before it submits its budget to the Norwegian government. Combined with prudent risk policies, instructions, and debt limits, Fjellinjen's risk management practices translate into very low risk of deterioration in its risk profile.

Financial profile: Will require additional debt funding in the coming years, but indebtedness will be contained at very low levels

Revenue growth will help Fjellinjen fund requisition by NPRA in the coming years. We expect healthy revenue generation in the coming years as revenue stabilizes above NOK5 billion annually. This will lead to Fjellinjen holding free cash flow of about NOK4.5 billion annually to distribute to NPRA. We assess Fjellinjen's financial performance as vulnerable. Since the company transfers all its surplus revenue to the NPRA, the DSCR assessment for financial performance tends to be slightly below 1x, which is a weak ratio compared with that of peers. This ratio is exposed to bullet loan maturities, which generates some degree of refinancing risk in case cash flow does not fully cover the annual gross debt repayment and transfers to the NPRA.

Fjellinjen will cover contributions with debt financing through 2028. Its contribution to Oslo Package 3 will remain higher than surpluses over at least the next three years, and we expect additional debt funding until 2028. Overall, this will lead to a borrowing need of NOK2.5 billion over 2025-2027, as per our forecast. While debt is increasing, the company has an extremely strong debt position, with debt to net revenue estimated at 1.2x by year-end 2027, versus 0.8x in 2023. Furthermore, we view external interest-bearing debt taking priority over transfers to the NPRA as a supportive feature. Also, the central government prescribes that Fjellinjen's loans must not be allowed to exceed NOK6.3 billion, mitigating the risk of debt accumulation beyond our estimates.

Fjellinjen borrows on behalf of NPRA, since the latter is prohibited from issuing debt itself. Fjellinjen's revenue from its toll stations first covers operational expenditure, and then amortizes debt and contributions to the NPRA. As Fjellinjen acts as a buffer for the financing of these projects, it can be required to contribute more than it is generating in toll income each year, a situation we expect will arise in the next three years. We expect cash flow will ultimately offset contributions and debt amortization. This mechanism makes Fjellinjen a break-even entity, with stable financial performance despite some traffic volume volatility.

We think Fjellinjen's liquidity and financial flexibility position are strong. Including its credit facilities, our pro forma 2027 calculation of unrestricted days of cash is very strong at about 600 days, and unrestricted reserves to debt is an adequate 10%.

Government-related entity analysis

In our view, there is a moderately high likelihood the Norwegian government, through the NPRA, would provide timely and sufficient extraordinary support to Fjellinjen in case of financial stress. As a result, the 'AA' rating on the company is one notch higher than the SACP of 'aa-'.

We think the state's strong influence over the company's activities translates into a strong link. Strategic decisions on Fjellinjen's operations are taken by a steering group consisting of NPRA representatives, the Norwegian National Rail Administration, and the two owners. The company's loan levels conform to those set out in the national budget and depend on the volume of projects initiated by its owners and the NPRA under Oslo Package 3.

Additionally, we note Fjellinjen's established role in financing important regional infrastructure development in the Oslo region underpins its importance for the government. Legally, the NPRA cannot take up any debt for its projects, so it depends on funding from Fjellinjen. Also, the company plays a crucial role in implementing public policy goals regarding traffic flow in the Oslo region.

Rating Component Scores

Fjellinjen--Ratings score snapshot

	Assessment
Enterprise risk profile	2
Economic fundamentals	1
Industry risk	2
Market position	2
Management and governance	2
Financial risk profile	3
Financial performance	5
Debt and liabilities	1
Liquidity and financial flexibility	3
Stand-alone credit profile	aa-
Issuer credit rating	AA

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | General: Global Not-For-Profit Transportation Infrastructure Enterprises: Methodologies And Assumptions](#), Nov. 2, 2020
- [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
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

[Research Update: Norway 'AAA/A-1+' Ratings Affirmed; Outlook Stable](#), March 7, 2025

Ratings Detail (as of June 05, 2025)*

Fjellinjen AS	
Issuer Credit Rating	AA/Stable/A-1+
Issuer Credit Ratings History	
15-Jun-2018	AA/Stable/A-1+
21-Jun-2017	AA-/Positive/A-1+
12-Jul-2011	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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