CREDIT OPINION
10 May 2024

Update

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RATINGS

Statnett SF

Domicile	Oslo, Norway
Long Term Rating	A2
Type	LT Issuer Rating - Fgn 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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Statnett SF

Update to credit analysis

Summary

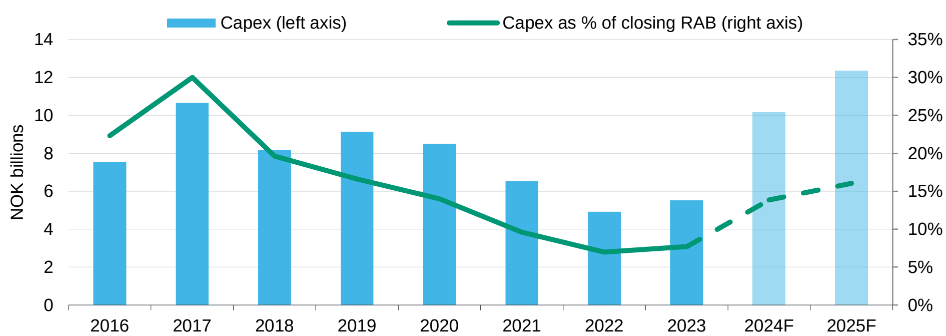
The credit quality of Statnett SF (A2 stable) is supported by the stable, predictable and supportive regulatory framework under which the company operates, which provides excellent cash flow visibility; and its long track record of efficiently delivering large capital investment programmes. Following completion of the North Sea Link (NSL) interconnector in late 2021, and the decision of the Norwegian government to stop the construction of new interconnectors, we expect Statnett's investments to be mainly focused on onshore, which entails limited execution risk.

These strengths are offset by Statnett's plans for a significant acceleration in capital investment. Over the next 10 years, the company could invest up to NOK100 billion-NOK150 billion in onshore power networks to support growth in Norway's electricity demand from around 136 terawatt hours (TWh) in 2023 to as much as 260 TWh by 2050, and to address transmission constraints that have led to large price differentials between northern and southern Norway. This implies that annual investment over the period will average NOK10 billion-NOK15 billion.

Statnett's A2 rating incorporates three notches of uplift for potential support from the Government of Norway (Aaa stable) from its Baseline Credit Assessment (BCA) of baa2. The government has demonstrated a strong track record of supporting Statnett's large investment programme.

Exhibit 1

Capital spending will rise under Statnett's new capital spending plan but will, relative to its regulated asset base (RAB), remain well below the 2017 peak



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

- Monopoly electricity transmission operations, with revenue regulated under a stable, predictable and supportive regulatory framework, which provides excellent cash flow visibility
- Long track record of efficiently delivering large capital investment programmes
- Strong support from Statnett's owner, the Government of Norway, with the company playing a key strategic role in fulfilling government policy objectives

Credit challenges

- Relatively high financial leverage
- Sizeable investment programme, with NOK100 billion-NOK150 billion of capital spending over the 2023-32 period
- Higher cash flow volatility from interconnectors, although any revenue shortfalls can be recovered with a short time lag

Rating outlook

The stable outlook reflects our expectation that Statnett will continue to meet the minimum ratio guidance, including funds from operations (FFO)/net debt of around 8% and net debt/fixed assets of not more than 80%, excluding changes in congestion revenue and over- and under-recovery of system operating expenses.

Factors that could lead to an upgrade

- The ratings could be upgraded if underlying FFO/net debt remains around 10% and net debt/fixed assets remains below 70%.

Factors that could lead to a downgrade

- The ratings could be downgraded if underlying FFO/net debt remains below 8% or net debt/fixed assets remains above 80%, without any prospect of a speedy recovery.
- Significant adverse changes in the regulatory framework or a substantial reduction in Statnett's cost efficiency score that results in a significant reduction in the company's allowed revenue could also lead to a downgrade.
- Statnett's ratings are not likely to be affected in the event of a limited deterioration in Norway's creditworthiness. However, the company's ratings could be affected by changes in our assessment of the likelihood of government support. This could be the result of a change in the government's ownership levels or strategy for the company, neither of which we expect in the medium term.

Key indicators

Exhibit 2
Statnett SF

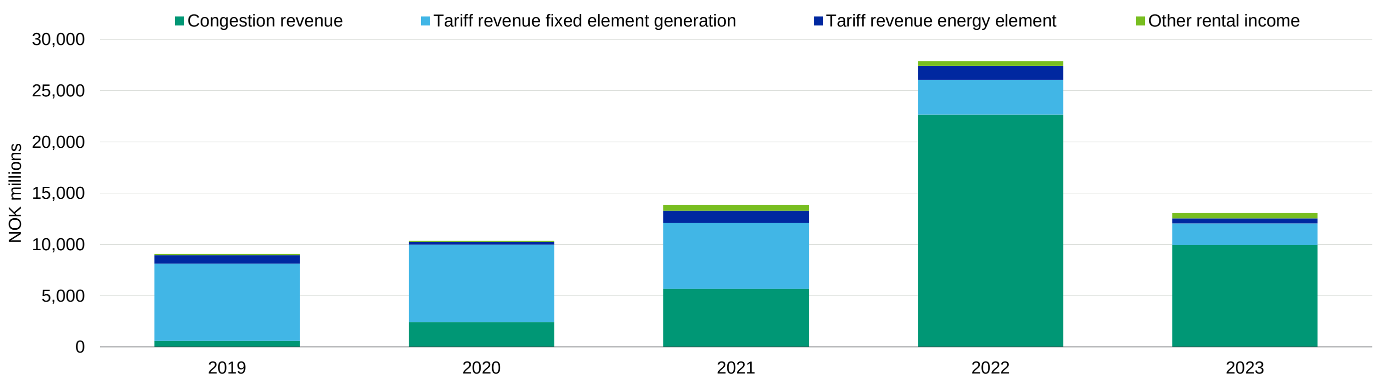
	2019	2020	2021	2022	2023	2024F	2025F
FFO Interest Coverage	5.5x	7.2x	11.5x	10.9x	0.8x	2.3x	3.4x
Net Debt / Fixed Assets	66.2%	67.6%	64.4%	57.0%	61.7%	65.3%	67.3%
Net Debt / Regulated Asset Base	89.0%	83.1%	75.2%	68.5%	64.7%	74.9%	81.6%
FFO / Net Debt	10.0%	11.6%	15.4%	24.5%	-1.0%	6.6%	9.9%
RCF / Net Debt	8.9%	8.9%	13.2%	22.8%	-1.6%	5.2%	7.2%
Underlying FFO / Net Debt (excluding post-tax impact of over / (under) recovery of revenues)	11.5%	11.5%	11.0%	9.7%	7.2%	13.6%	10.0%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Statnett SF is the owner and operator of Norway's high-voltage electricity grid. It is 100% owned by the Government of Norway, through the Ministry of Energy, and is regulated by the Norwegian Energy Regulatory Authority (NVE-RME).

Exhibit 3
Evolution of revenue from regulated activities



Periods are financial year-end unless indicated. In 2023, total operating revenue from regulated grid operations was NOK10,465 million. The exhibit excludes an extraordinary transfer to grid owners (2023: -NOK2,568 million), and income from other owners in the regional and main grids (2023: -NOK21 million).
Source: Company reports

Detailed credit considerations

Stable and predictable cash flow generated under one of the most well-established and transparent frameworks in Europe

Statnett's revenue cap regime is set by the Energy Regulatory Authority (RME), a separate regulatory body within the Norwegian Energy Regulatory Authority (NVE), which has a long track record of stable, transparent and predictable regulation that ensures timely recovery of investment costs and a stable return on assets. Under a regulatory framework first introduced in 1997, Statnett's cost allowances roll forward with updated parameters (for example, interest rates, inflation and regulated asset base [RAB]) each year, providing excellent cash flow visibility. Under this methodology, Statnett's allowed equity return, which we expect to be around 9.5% (post-tax) in 2024, has been consistently higher than that in comparable European regulatory regimes. The transparency of the regime is demonstrated by extensive public consultation, and the publication of regulatory parameters and models. If Statnett disagrees with regulatory decisions, there are established processes for appeals to the Energy Complaints Body (Energiklagenemda) in the case of a decision taken by the RME or to the Ministry of Energy in the case of a decision taken by the NVE.

Reflecting these considerations, we raised Statnett's "Stability and Predictability of the Regulatory Regime" subfactor score under the Regulated Electric and Gas Networks methodology to Aaa from Aa in April 2023.

In 2021, certain updates were implemented to improve the company's cost efficiency incentives. Whereas the "cost norm" was previously based on a benchmarking analysis of 17 European electricity transmission system operators, it is now linked to Statnett's own historical costs and inflated based on a bespoke inflation index. From January 2023, the share of Statnett's cost allowances subject to an efficiency challenge rose to 70% from 60%.

Statnett's efficiency is calculated by comparing its unit costs in the most recent available year to a five-year average of those costs. For example, the efficiency score for 2024 was calculated by dividing unit costs in 2022 with average unit costs in the 2016-20 period, yielding an efficiency score of 100.3%. However, as the relatively high costs recorded before 2017 drop out of the average, Statnett's efficiency score for 2025 and 2026 will fall below 100%.

The cost norm, which from January 2023 is used to set 70% of Statnett's cost allowance, is calculated by reducing the efficiency score by 2%, to reflect required improvements in efficiency over time, and then applying it to the cost base. The remaining 30% is linked to the cost base without adjustment for efficiency. As a result of this mechanism, Statnett has tended to recover slightly less than 100% of its cost base, and this gap is likely to widen over the next few years. In addition, because the cost base reflects operating costs from two years earlier (adjusted for inflation), actual costs will exceed the cost base in periods when costs increase in real terms. Some cost items are exempted from the efficiency adjustments either as system operating costs, which are subject to a 0.6% productivity requirement, or as pass-through costs (see the highlighted blue box below).

As per the Norwegian regulatory framework, the RME is obliged to reassess the parameters of the revenue framework at least once every five years. In February 2024, an external consultants report concluded that the current model of calculating the regulatory revenues is working well. Whereas some amendments could still be triggered following this publication, we expect these to be minor rather than transformational.

Exhibit 4

Statnett scores "Aaa" for Stability and Predictability of Regulatory Regime, reflecting a well-established and transparent regulatory framework

Stability and Predictability of Regulatory Regime by country as scored under our Regulated Electric Gas Networks methodology as of April 2024

Aaa	Aa	A	Baa
Great Britain*	Czech Republic	Belgium - Flanders	Belgium - Wallonia
Ireland**	Finland	Estonia	Poland
Norway†	France	Germany	Slovakia
	Northern Ireland	Portugal	Spain
	Italy		
	Netherlands††		

* Only onshore network operators, excludes offshore transmission owners (Aa). ** We upgraded the regulatory framework in Ireland in April 2021. † We upgraded the regulatory framework in Norway in April 2023. †† Excludes N.V. Nederlandse Gasunie and TenneT Holding B.V. (both A).
Source: Moody's Ratings

Because of higher inflation and increases in five-year swap rates, Statnett's allowed return on capital increased in nominal terms to 8.36% in 2023 from 7.47% in 2022 and 5.37% in 2021. We expect it to remain above recent levels over the forecast period, reflecting the use of a four-year moving average of inflation (two historical years and two forward years) to calculate the allowed cost of equity; and significant increases in swap rates, which we expect to persist.

Exhibit 5
Statnett's allowed return is likely to remain high

Parameter	Fixed / Variable	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Gearing	Fixed	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Risk free rate (real)	Fixed	2.5%	2.5%	2.5%	2.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Inflation rate	Variable	2.25%	2.53%	2.33%	1.98%	2.23%	2.10%	2.23%	3.83%	4.58%	3.63%
Risk free rate (nominal)		4.81%	5.09%	4.89%	4.53%	3.76%	3.63%	3.76%	5.39%	6.15%	5.18%
Asset beta	Fixed	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Equity beta	Fixed	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875
Market risk premium	Fixed	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Equity risk premium	Fixed	4.375%	4.375%	4.375%	4.375%	4.375%	4.375%	4.375%	4.375%	4.375%	4.375%
Tax rate	Variable	27%	25%	24%	23%	22%	22%	22%	22%	22%	22%
Cost of equity (nominal, post-tax)		**9.13%**	**9.41%**	**9.21%**	**8.86%**	**8.11%**	**7.98%**	**8.10%**	**9.71%**	**10.46%**	**9.51%**
Risk-free rate (nominal)	Variable	1.44%	1.18%	1.48%	1.87%	1.79%	0.89%	1.46%	3.04%	3.80%	3.25%
Credit spread	Variable	0.75%	1.00%	0.65%	0.63%	0.77%	0.87%	0.57%	1.11%	1.21%	1.18%
Cost of debt (nominal, pre-tax)		**2.19%**	**2.18%**	**2.13%**	**2.50%**	**2.56%**	**1.76%**	**2.03%**	**4.15%**	**5.01%**	**4.43%**
WACC (nominal, pre-tax)		**6.31%**	**6.32%**	**6.12%**	**6.10%**	**5.69%**	**5.15%**	**5.37%**	**7.47%**	**8.37%**	**7.53%**

Sources: NVE-RME and Moody's Ratings forecasts

Calculation of allowed regulated revenue

Statnett's revenue cap is the sum of six components:

1. 30% cost base: This is the sum of:
    a. inflation-adjusted operating and maintenance (O&M) costs (O&M from year n-2 uplifted for inflation in the two years since);
    b. depreciation in the current year; and
    c. regulatory return: 101% * RAB * WACC.
2. 70% cost norm = Cost base * efficiency score.
3. Transmission losses = Transportation losses in grid in year n-2 * Nordic system price in year n (removing almost all price risk for Statnett).
4. Cost of system services = 30% of actual costs in year n-2 and 70% cost norm applies. Of note, no efficiency factor applies to system operation costs but only a 0.6% productivity requirement.
5. Transit costs: These are pass-through costs.
6. Property taxes, as determined by the municipalities: These are pass-through costs.

Investments will increase substantially over the next 10 years

Statnett's capital spending rose above historical levels from 2016 to 2020, with final investment decisions taken in 2015 on new subsea interconnectors to Germany (NordLink) and the UK (NSL) — each had a project cost of NOK7 billion-NOK9 billion. NordLink became operational in late 2020 and NSL in late 2021.

Onshore capital spending was also higher than historical levels over this period because of the construction of new power lines and the substantial strengthening and upgrading of existing power lines. 2017 was the peak of Statnett's investment cycle, where capital spending amounted to 30% of RAB, the highest level among the European electricity grid operators that we rate (see Exhibit 1). Following the completion of the interconnectors, investment fell sharply in 2021 and hit a low in 2022.

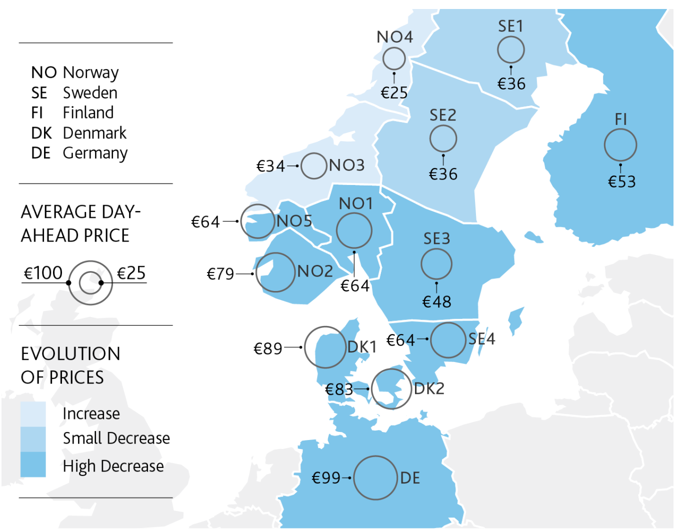
A System Development Plan, which will focus on upgrading the electricity network (stations and line upgrades from 300 kilovolt (kV) to 420 kV), was published in 2023 following an extensive consultation process. The development plan emphasises the need for Statnett to prepare the grid to enable for zero emissions by 2050 at a cost of NOK100 billion-NOK150 billion over a 10-year period. The investment is needed to support growth in Norway's electricity demand from 136 terawatt hours (TWh) in 2023 to as much as 260 TWh by 2050 and to support decarbonisation objectives by facilitating more grid connections, applications for which are increasing rapidly. As of year-end 2023, Statnett had reserved capacity for almost 8 gigawatt (GW) of new consumption, whereas new production requests amounted to some 7.5 GW. Lack of interconnection within Norway has contributed to persistently large power price differentials within the region, as surplus power in the north cannot be transported to demand centres in the south. We expect this price differential to persist over the medium term.

The forecast investments are projected to peak towards 2027-28; however, Statnett also projects that high annual investments of more than NOK10 billion per year will be required until 2042. Norway has also set ambitious targets for future development of offshore wind, with a target of 30 GW to be developed by 2040. In an auction for new capacity that was completed in March 2024, the radial connection will be owned by the developer. However, Statnett is preparing to connect up to 15 GW of offshore wind to the grid by 2040. The lead time for new offshore wind capacity is long, and we expect Statnett's offshore transmission investments to be overall limited in this decade.

Exhibit 6

Price differentials between bidding zones persist, but have eased significantly since 2022

Average day-ahead price per MWh between 1 January 2023 and 31 October 2023

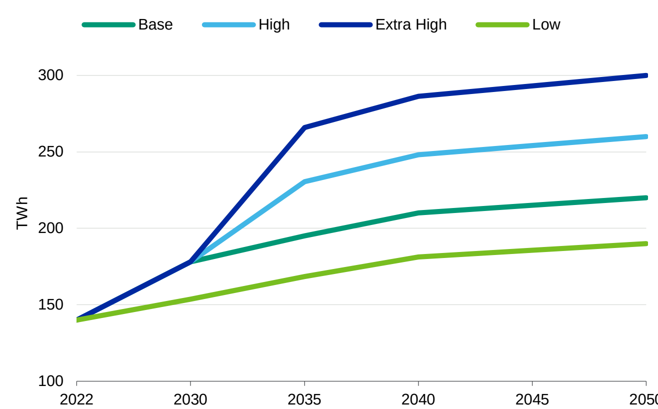


Source: Nordpool

Exhibit 7

Electricity consumption will increase significantly in all scenarios

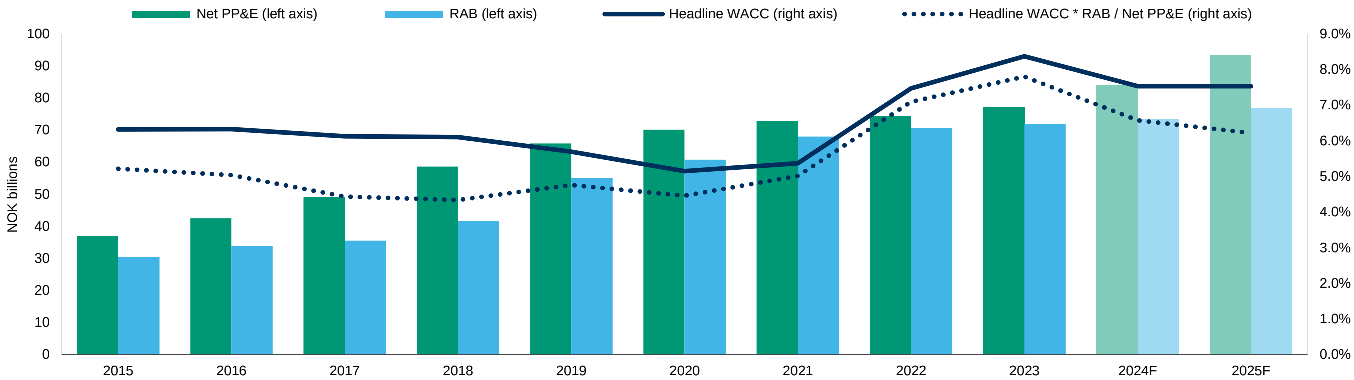
Statnett's scenarios for the development of electricity consumption in Norway



Source: Company reports

Statnett's RAB, excluding non-remunerated work in progress, amounted to around NOK72 billion as of year-end 2023. Over the 10-year period to 2032, planned investments are forecast to be around 14%-20% of RAB on an annual basis. Following the completion of the NSL interconnector in late 2021, and the decision of the Norwegian government to stop the construction of new interconnectors, future investments will carry lower execution risk than previous investment programmes. Nonetheless, the investment programme will exert some pressure on Statnett's FFO/net debt because assets only generate a return when they become operational and because increased operating costs, including early-stage development costs associated with the capital spending programme, are recovered with a two-year lag.

Exhibit 8
The differential between RAB and Property Plant & Equipment (PP&E) will again increase in tandem with a step-up in capital spending, increasing drag on returns



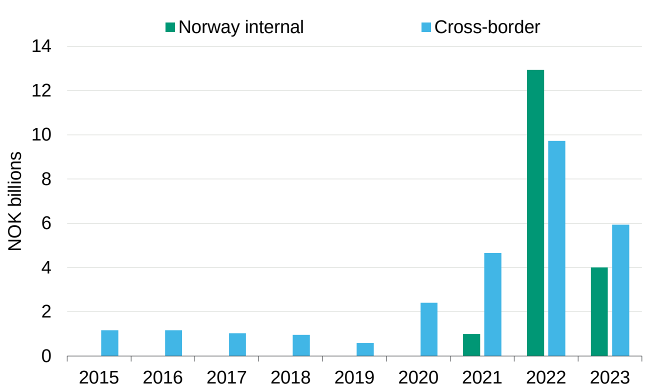
Sources: Statnett, NVE-RME and Moody's Ratings

Unprecedented congestion revenue used to reduce network tariffs in 2022 and 2023

Statnett earns congestion revenue from electricity trades across international interconnectors and between the five Norwegian bidding zones. This revenue was negligible before 2020, when power price differentials between Norway and neighbouring countries started to increase. This growth continued in 2021 because of further increases in price differentials and the entry into service of NordLink and NSL. In 2022, sharp rises in European power prices and low reservoir levels in the south resulted in greatly increased congestion revenue on both the domestic and international interconnectors. As power prices decreased and price differentials narrowed, Statnett's congestion revenue declined substantially in 2023.

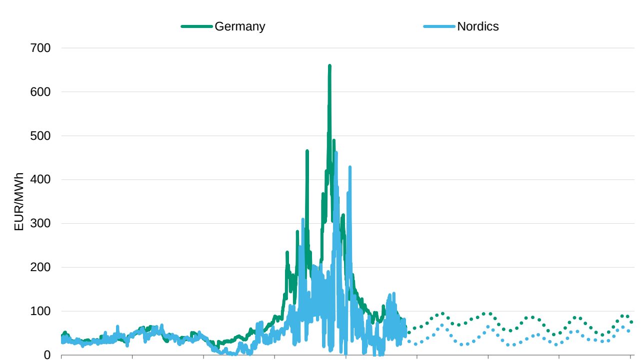
Under Statnett's regulatory framework, congestion revenue (less associated costs) reduces the base for tariffs to be collected from Norwegian customers. To slow the pace of over-recoveries, Statnett reduced the consumption tariff to zero from 1 April 2022 and the energy component to zero from 1 September 2022. The energy component was later raised again from 1 November 2022 due to regulatory constraints. In 2023, Statnett also made direct payments to its customers of NOK2.6 billion (down from NOK5.9 billion in 2022). This mechanism will be in place also for 2024; however, we expect operations to return to more normalised levels in view of the lower power price environment.

Exhibit 9
Congestion revenue decreased significantly in 2023



Sources: Company reports and Moody's Ratings

Exhibit 10
Electricity price differential between the Nordics and neighbouring markets is likely to persist



Dotted lines represent futures prices for monthly contracts.
Sources: FactSet and Moody's Ratings

In 2023, Statnett had accumulated NOK3.9 billion of over-recoveries, substantially less than the NOK9.3 billion in 2022. Further payouts will depend on the evolution of energy prices and on future congestion revenue. However, unlike the situation at the end of

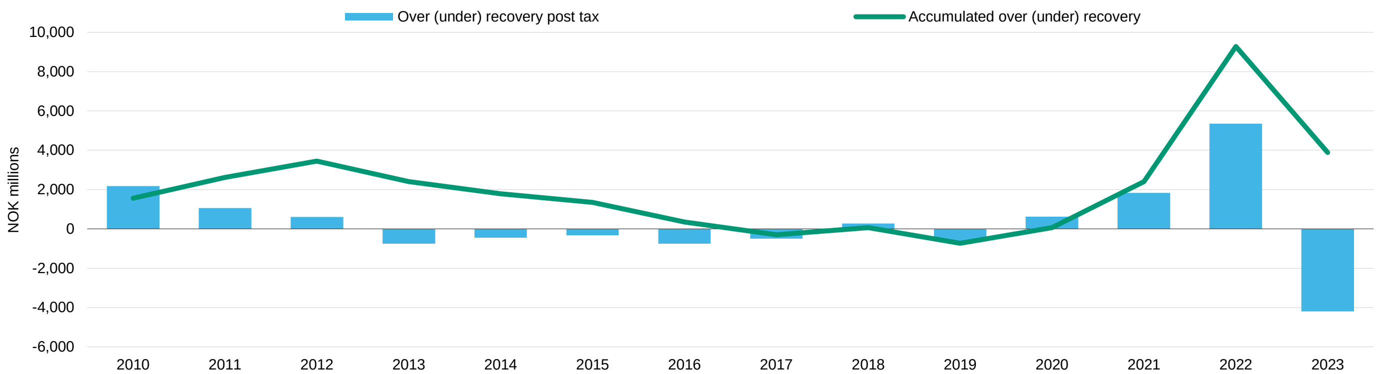
2022 when the company had scheduled NOK2.3 billion of payments for the first quarter of 2023, there is no further payout projected for 2024.

Timing differences between congestion revenue and customer rebates have created significant volatility in Statnett's FFO and credit metrics, with FFO/net debt dropping to -1% in 2023 from 24.5% in 2022. Our assessment of Statnett's credit quality focuses on underlying cash flow. In 2023, we estimate underlying FFO/net debt to be around 7.2%. We expect Statnett's underlying FFO to improve significantly in 2024 and 2025 as it will recover the extraordinarily high system operating expenses incurred in 2022 due to the volatility in power prices. Because of this, we expect underlying FFO/net debt to be particularly strong in 2024 before it progressively stabilises in the 8%-10% range over the coming years.

Statnett can decide to reverse tariff reductions at any time by way of a notification to the regulator. The short time lag between the notification and an eventual tariff increase limits strain on Statnett's liquidity.

Exhibit 11

Before 2022, allowed and actual revenue had been broadly in balance



Sources: Statnett and Moody's Ratings

Significant rating uplift from ownership by the Government of Norway

Statnett's A2 rating incorporates a three-notch uplift for potential state support from its standalone credit quality (or BCA) of baa2. This is based on the credit quality of the Government of Norway, our assessment of moderate dependence between Statnett and the government and a strong likelihood of Statnett receiving support.

The Norwegian government has a strong track record of supporting Statnett's large investment programme in recent years. In December 2013, when planned investment levels first rose significantly, the government approved a NOK3.25 billion equity injection, which was paid in 2014; no dividend for the 2013 accounting year; and a reduction in the dividend payout ratio to 25% of net income (from 50%) for the 2014-16 accounting years. The reduced payout ratio was extended to 2018, before returning to a target of 50%.

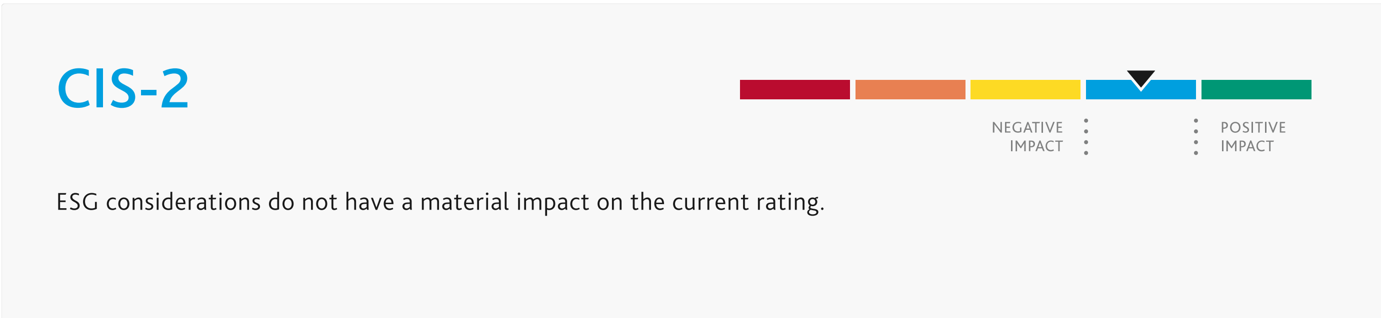
The government's November 2022 White Paper on state ownership reaffirmed the enshrined commitment in law that only the government can own Statnett. "*The State's rationale for ownership in Statnett is that the company owns the transmission grid in Norway and is responsible for system operation. The State owns 100% of Statnett. The State's goal as owner is socioeconomically rational operation and development of the national transmission grid for electric power.*"

Statnett is classified as Category 2 under the White Paper, meaning "*the State's goal is sustainable and the most efficient possible attainment of public policy goals*".

ESG considerations

Statnett SF's ESG credit impact score is CIS-2

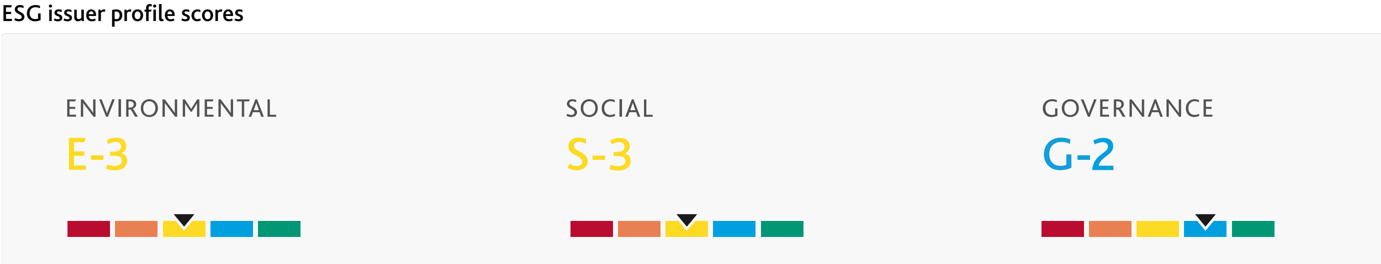
Exhibit 12
ESG credit impact score



Source: Moody's Ratings

Statnett's **CIS-2** score reflects moderate environmental and social and low governance risks. The effect of ESG risks to the rating is mitigated by the expectation that its government shareholder would support the company if this were to become necessary.

Exhibit 13
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Statnett's **E-3** score primarily reflects the risk that extreme weather events may result in interruptions to supply and higher operating costs. The number of faults on Statnett's network due to extreme weather events has fallen in recent years, but may increase if the frequency of severe storms rises. This risk is mitigated by the fact that the cost of energy not supplied has not been material to date, despite several severe storms, and that the regulatory framework should allow such costs to be recoverable from customers in the subsequent regulatory period. Given the high penetration of renewables and of electrical heating and transportation in Norway, Statnett may face lower costs to reinforce and modernise its network than comparable networks in other countries. The Norwegian government is considering measures to reduce use and emissions of sulphur hexafluoride (SF_6), a greenhouse gas used for electrical insultation, which is one of Statnett's largest emission sources. An environmental tax related to production and import of SF_6 came into force from 1 January 2023.

Social

Statnett's **S-3** reflects the risk, common to all regulated utilities, that public concern over environmental, social or affordability issues could lead to adverse regulatory or political interventions. Statnett's allowed returns are high relative to networks in other EMEA countries. Norwegian electricity prices are among the lowest in the world, which reduces the risk of consumer activism and societal pressure.

Governance

Statnett's **G-2** reflects that the independence of Statnett's board, as a government-owned company, is relatively weak and that management may face competing priorities. Governance risks are balanced by other considerations associated with government ownership, including transparent reporting and oversight.

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 analysis

Statnett has good liquidity. The company has good access to the capital markets and benefits from unrestricted cash and cash equivalents balance of NOK1.3 billion as of 31 December 2023, and an NOK8.0 billion revolving credit facility, renewed in March 2023, which includes a NOK4 billion swingline loan, matures in March 2028 and contains no financial covenants.

In view of the increased capital spending, Statnett's net debt will increase substantially over the coming years. We expect Statnett to generate FFO of around NOK6 billion-NOK7 billion annually in the coming years. This will not be sufficient to cover the increased capital spending, which we forecast to be more than NOK10 billion in 2024 before gradually increasing to NOK15 billion per year, and dividend payments. Statnett also had significant debt maturities in 2023, with NOK9.9 billion in short-term debt as of December 2023. The company's liquidity policy is to maintain sufficient liquidity reserves to fund operations and investments over a 12-month period without needing access to the capital markets.

Methodology and scorecard

We assess Statnett using our rating methodologies for Regulated Gas and Electric Networks and Government-Related Issuers. The forward view reflects underlying metrics, normalised for any under- or over-recovery of allowed revenue.

Exhibit 14
Rating factors
Statnett SF

Regulated Electric and Gas Networks Industry[1][2]	Current FY 12/31/2023		Moody's 12-18 Month Forward View	
Factor 1 : Regulatory Environment and Asset Ownership Model (40%)	**Measure**	**Score**	**Measure**	**Score**
a) Stability and Predictability of Regulatory Regime	Aaa	Aaa	Aaa	Aaa
b) Asset Ownership Model	Aaa	Aaa	Aaa	Aaa
c) Cost and Investment Recovery (Ability and Timeliness)	A	A	A	A
d) Revenue Risk	Aa	Aa	Aa	Aa
Factor 2 : Scale and Complexity of Capital Program (10%)				
a) Scale and Complexity of Capital Program	Ba	Ba	Ba	Ba
Factor 3 : Financial Policy (10%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (40%)				
a) FFO Interest Coverage (3 Year Avg)	5.2x	A	3.4x-3.7x	Baa
b) Net Debt / Fixed Assets (3 Year Avg)	61.0%	Baa	65%-68%	Baa
c) FFO / Net Debt (3 Year Avg)	12.5%	Baa	10%-14%	Ba/Baa
d) RCF / Net Debt (3 Year Avg)	11.0%	Baa	7%-13%	Baa
Rating:				
Scorecard-Indicated Rating from Grid Factors 1-4		A3		Baa1
Rating Lift		**0**	**0**	**0**
a) Scorecard-Indicated Outcome		A3		Baa1
b) Actual Rating Assigned				A2
Government-Related Issuer				**Factor**
a) Baseline Credit Assessment				baa2
b) Government Local Currency Rating				Aaa / stable
c) Default Dependence				Moderate
d) Support				Strong
e) Actual Rating Assigned				A2

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 15

Peer comparison

Statnett SF

	Statnett SF A2 Stable			American Transmission Company LLC A2 Negative			ElectraNet Pty Ltd. Baa2 Stable			National Grid Electricity Transmission plc Baa1 Stable		
(in $ millions)	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	FY Dec-23	FY Jun-21	FY Jun-22	FY Jun-23	FY Mar-21	FY Mar-22	FY Mar-23
Revenue	1,623	2,323	1,042	755	751	819	294	300	304	2,583	2,782	2,396
EBITDA	940	1,234	194	582	579	627	219	218	226	2,096	2,185	1,904
Total Debt	5,663	4,665	5,005	2,806	2,898	3,029	1,741	1,808	1,928	12,315	12,151	12,842
Net Debt	5,321	4,305	4,693	2,804	2,898	3,029	1,739	1,806	1,926	12,315	12,134	12,842
(FFO + Interest Expense) / Interest Expense	11.3x	10.1x	0.8x	5.0x	4.7x	4.3x	2.9x	3.5x	2.7x	7.3x	4.7x	3.1x
Net Debt / Fixed Assets	64.4%	57.0%	61.7%	49.7%	48.4%	48.1%	66.0%	68.6%	66.4%	64.4%	63.7%	68.4%
FFO / Net Debt	15.4%	24.5%	-1.0%	16.7%	15.7%	15.9%	7.5%	8.3%	6.5%	13.5%	13.8%	11.3%
RCF / Net Debt	13.2%	22.8%	-1.6%	9.1%	9.1%	8.5%	6.2%	7.1%	4.2%	8.7%	9.8%	8.4%
Debt / EBITDA	6.2x	3.9x	24.9x	4.8x	5.0x	4.8x	7.9x	8.7x	8.6x	5.6x	5.8x	6.6x

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Exhibit 16

Moody's-adjusted net debt reconciliation

Statnett SF

(in NOK millions)	2019	2020	2021	2022	2023
As reported debt	**50,059.0**	**55,895.0**	**53,903.0**	**47,375.0**	**54,835.0**
Pensions	253.0	275.0	266.0	247.0	270.0
Non-Standard Adjustments	(4,526.0)	(6,707.0)	(4,228.0)	(1,663.0)	(4,276.0)
Moody's-adjusted debt	**45,786.0**	**49,463.0**	**49,941.0**	**45,959.0**	**50,829.0**
Cash & Cash Equivalents	(2,196.0)	(2,073.0)	(3,018.0)	(3,546.0)	(3,172.0)
Moody's-adjusted net debt	**43,590.0**	**47,390.0**	**46,923.0**	**42,413.0**	**47,657.0**

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 17

Moody's-adjusted FFO reconciliation

Statnett SF

(in NOK millions)	2019	2020	2021	2022	2023
As reported funds from operations (FFO)	**4,720.0**	**5,615.0**	**7,690.0**	**9,424.0**	**1,004.0**
Capitalized Interest	(338.0)	(260.0)	(120.0)	(176.0)	(249.0)
Alignment FFO	(15.0)	7.0	(85.0)	(118.0)	(299.0)
Cash Flow Presentation	-	135.0	50.0	7.0	14.0
Non-Standard Adjustments	13.0	-	(313.0)	1,250.0	(941.0)
Moody's-adjusted funds from operations (FFO)	**4,380.0**	**5,497.0**	**7,222.0**	**10,387.0**	**(471.0)**

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 18

Overview of select historical Moody's-adjusted financial data

Statnett SF

(in NOK millions)	2019	2020	2021	2022	2023
INCOME STATEMENT					
Revenue	9,159	10,522	13,944	22,243	10,994
EBITDA	5,603	7,066	8,080	11,812	2,043
EBITDA margin %	61.2%	67.2%	57.9%	53.1%	18.6%
EBIT	3,198	4,193	4,961	8,742	(1,248)
EBIT margin %	34.9%	39.8%	35.6%	39.3%	-11.4%
Interest Expense	982	908	702	1,145	2,205
Net income	1,732	2,591	3,323	5,923	(2,688)
BALANCE SHEET					
Total Debt	45,786	49,463	49,941	45,959	50,829
Cash & Cash Equivalents	2,196	2,073	3,018	3,546	3,172
Net Debt	43,590	47,390	46,923	42,413	47,657
Net Property Plant and Equipment	65,813	70,139	72,844	74,362	77,190
Total Assets	75,985	82,625	84,326	87,008	90,054
Regulated Asset Base (RAB)	54,971	60,735	67,694	71,174	72,721
CASH FLOW					
Funds from Operations (FFO)	4,380	5,497	7,222	10,387	(471)
Cash Flow From Operations (CFO)	4,174	5,774	7,828	10,355	(948)
Dividends	484	1,261	1,039	737	296
Retained Cash Flow (RCF)	3,896	4,236	6,183	9,650	(767)
Capital Expenditures	(9,129)	(8,519)	(6,533)	(4,926)	(5,527)
Free Cash Flow (FCF)	(5,439)	(4,006)	256	4,692	(6,771)
INTEREST COVERAGE					
(FFO + Interest Expense) / Interest Expense	5.5x	7.1x	11.3x	10.1x	0.8x
LEVERAGE					
Debt / EBITDA	8.2x	7.0x	6.2x	3.9x	24.9x
Net Debt / EBITDA	7.8x	6.7x	5.8x	3.6x	23.3x
Net Debt / Fixed Assets	66.2%	67.6%	64.4%	57.0%	61.7%
Net Debt / Regulated Asset Base	79.3%	78.0%	69.3%	59.6%	65.5%
Debt / Book Capitalization	69.7%	69.4%	66.3%	58.5%	63.7%
Net Debt / Fixed Assets	66.2%	67.6%	64.4%	57.0%	61.7%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated.

Source: Moody's Financial Metrics™

Ratings

Exhibit 19

Category	Moody's Rating
STATNETT SF	
Outlook	Stable
Issuer Rating	A2
Senior Unsecured	A2
ST Issuer Rating	P-1

Source: Moody's Ratings

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