Fjellinjen AS

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This report does not constitute a rating action.

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Credit Highlights

Overview

Enterprise profile	Financial profile
Benefits from a robust local economy and maintains a very strong market position, underpinned by a monopoly in toll collection within Oslo.	Demonstrates very strong cash generation ability, which helps it contain indebtedness at low levels even when investment peaks in OP3 (aimed at financing infrastructure projects in the Oslo region).
--Provides critical financing for the Oslo Package 3 (OP3) investment plan, operating in close coordination with the City of Oslo, the Akershus county, and the Norwegian government.	--We assess Fjellinjen's financial performance as vulnerable, as it transfers all surplus revenue to the Norwegian Public Roads Administration (NPRA), and operates as a break-even enterprise with a debt service coverage ratio (DSCR) of around 1x.
--We view Fjellinjen’s management as very strong; its financial policies are prudent and limit risk exposure.	--Despite increasing debt levels, Fjellinjen will maintain an extremely strong leverage position while fulfilling its periodic payments to the NPRA.
--Norway’s economy remains very strong, with GDP per capita projected to surpass $100,000 at the end of 2026.	--Financial debt has priority over payments to the NPRA.

OP3 targets investments of Norwegian krone(NOK)37 billion over 2026-2029. We expect Fjellinjen's toll revenue will fund about half of these investments.

We expect Fjellinjen will raise NOK1.6 billion in new debt to fund OP3 and its contributions to the NPRA. That said, we do not think this will alter our assessment of Fjellinjen’s extremely low indebtedness or our expectation that it will repay all of 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 meet its financial obligations. For instance, by demanding transfers that structurally exceed its 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 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 is enhanced, leading us to expect a higher likelihood of extraordinary support.

Rationale

Enterprise profile: Fjellinjen benefits from a favorable market position, robust stakeholder engagement, and very strong management

We attribute Fjellinjen's very strong and stable market position to its legislated monopoly over road toll collection in the affluent Oslo region. Unlike many international toll operators, Fjellinjen’s operational mandate is specialized: it is tasked with collecting tolls on government-owned infrastructure and transferring those funds to the NPRA to finance critical public transport and road-related investments. A significant portion of these funds supports OP3. The scale of annual transfers is negotiated between the relevant parties under the OP3 framework, with the objective that Fjellinjen’s toll revenue--supplemented by new net borrowing when necessary--will sufficiently cover its budgeted contributions to the NPRA. Furthermore, Fjellinjen’s operational risk profile is primarily concentrated in the management of toll collection systems because it does not own the underlying road infrastructure.

In our view, toll roads’ industry risk is lower than that of other sectors due to low exposure to economic cyclicality and 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 Akershus county, and the Norwegian government, Fjellinjen plays a key role in financing investments under OP3. We expect the company will remain in this advantageous position.

Fjellinjen’s owners (Oslo and Akershus) and the NPRA initiate and manage projects as part of the package. Every year, the steering group presents an updated four-year action plan that lays out the project's direction, including the company’s strategy on operating performance and debt accumulation. Ultimately, this plan needs the Norwegian government's approval.

We assess Fjellinjen’s management as very strong, supported by high levels of organizational effectiveness, a consistent track record of executing strategic plans, and a high degree of transparency. The company maintains prudent financial policies, characterized by a loan portfolio that primarily comprises long-term maturities, despite some variability in the maturity profile. While Fjellinjen possesses limited ability to directly control the ultimate scope of OP3, it maintains 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.

Financial profile: Fjellinjen will require additional debt to meet budgeted contributions, but maintains extremely strong leverage and liquidity metrics

We expect revenue will stabilize above a heathy NOK5 billion annually in the coming years, helping Fjellinjen meet its funding obligations to the NPRA. In our view, this revenue profile will result in annual free cash flow of approximately NOK5 billion--available for transfers to the NPRA. Despite this, we assess Fjellinjen's financial performance as vulnerable. Given the company transfers its surplus revenue to the NPRA, its DSCR tends to fluctuate to around 1.0x, weaker than that of its peers. Furthermore, this ratio is sensitive to bullet loan maturities, which introduce a degree of refinancing risk should annual cash flow fail to fully cover the combined requirements of gross debt repayments and mandated transfers.

We expect Fjellinjen will utilize its debt to cover its contributions through 2028, as its obligations under OP3 are projected to exceed surplus revenue at least for the next three years. Consequently, we forecast borrowings of NOK1.6 billion over 2026-2028. Although debt levels are increasing, the company maintains an extremely strong leverage position, with debt to net revenue estimated at 1.1x by year-end 2028, versus 0.9x in 2025. We consider that external interest-bearing debt takes priority over budgeted transfers to the NPRA, which further supports Fjellinjen’s credit profile.

It borrows on behalf of the NPRA, since the latter is prohibited from issuing debt. Under this structure, after Fjellinjen’s toll revenue covers operational expenditure, the company uses the remaining proceeds to amortize debt and contributions to the NPRA. Given Fjellinjen acts as a financial buffer for infrastructure projects, it may be required to contribute more than its annual toll income, a scenario we expect will materialize over the next three years. Ultimately, we expect the company’s cash flow will offset both debt amortization and contributions to the NPRA. This structural mechanism effectively makes Fjellinjen a break-even entity, ensuring stable financial performance despite potential volatility in traffic volumes.

We therefore think Fjellinjen's liquidity and financial flexibility remain strong. Our pro forma calculation of the company’s unrestricted days of cash in 2028, which includes credit facilities, is very strong at about 550 days, while that of its unrestricted reserves to debt is an adequate 9%.

Government-related entity analysis

In our view, there is a moderately high likelihood that the Norwegian government, through the NPRA, would provide timely and sufficient extraordinary support to Fjellinjen in case of financial stress. As a result, our 'AA' rating on the company is one notch higher than the standalone credit profile 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 comprising NPRA representatives, the Norwegian National Rail Administration, and its 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 OP3.

Additionally, we note Fjellinjen's established role in financing important regional infrastructure development in the Oslo region underpins its importance for the government. Given the NPRA cannot take up any debt for its projects as per Norwegian law, it solely 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 18, 2026)*	
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.