

## Caruna Networks Oy

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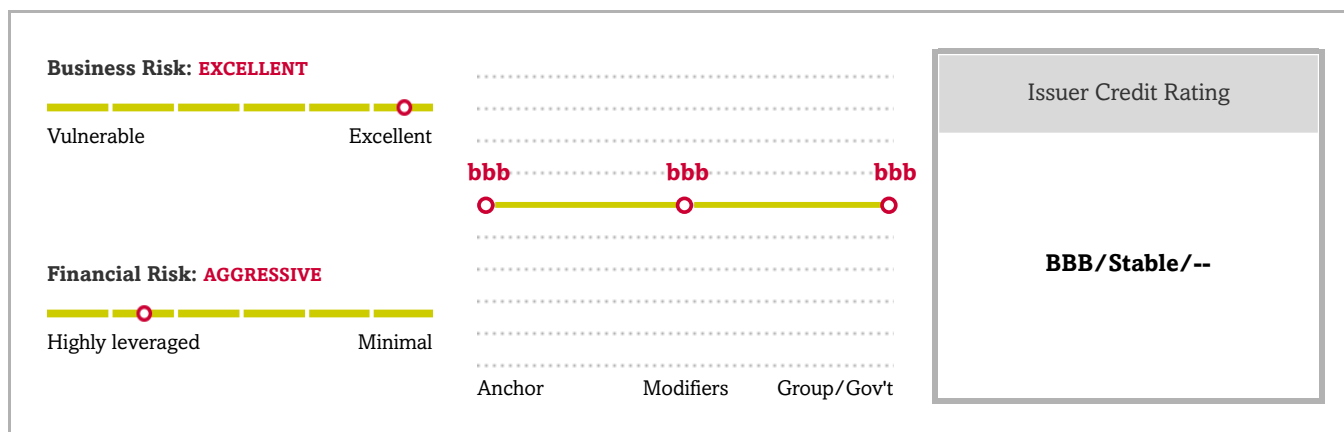
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# Caruna Networks Oy



## Credit Highlights

### Overview

Key strengths	Key risks
Fully regulated electricity distribution system operator (DSO) operating under a regulatory framework we view as supportive, resulting in stable cash flow via tariffs.	Uncertainty over the framework for the regulatory period starting 2024, the details of which have not yet been communicated, and which could lead to lower remuneration for Finnish DSOs.
Strong position as the largest DSO in Finland, with more than a 20% share of an otherwise fragmented market, and our expectation of EBITDA of €300 million-€350 million annually in 2023-2024.	Elevated risk of political intervention to protect consumers from increasing energy bills, which could have a negative effect on Caruna's remuneration and rating headroom.
The joint shareholders' commitment to maintain the metrics, which ensures flexibility in shareholder distributions.	A need to increase investment to €150 million-€200 million from €140 million-€150 million to support the integration of renewables in Finland, while ensuring the reliability of the network.
Large operations and economies of scale, which imply higher-than-average operating efficiency.	Large shareholder loans, contributing to aggressive shareholder distributions exceeding free operating cash flow, and resulting in negative cash flow and increased debt.

**Caruna Networks Oy's (Caruna's) fully regulated business will continue benefitting from stable and predictable cash flows.** Caruna's business benefits from its 100% regulated electricity distribution operations under a regulatory framework that we assess as strong/adequate, reflecting our view of a supportive regulatory advantage. Changes to the framework in 2021, in the middle of the regulatory period, prompted us to revise our assessment to strong/adequate from strong (see "Finnish Power Distributors Elenia And Caruna Ratings Put On CreditWatch Negative On Regulatory Remuneration Cuts," published Oct. 29, 2021, on RatingsDirect. This was because of a negative track record of intervention in the framework during a set regulatory period, which increases the uncertainty around future changes to the DSOs' compensation. Many DSOs have appealed the changes. The changes resulted in an approximately 17% cut in Caruna's regulatory asset value from 2022. This reduces the company's remuneration, as the remuneration is determined by the regulatory asset base (RAB) and the weighted-average cost of capital (WACC). However, the regulator allows the full recovery of operating spending and capital expenditure (capex). In addition, DSOs benefit from incentives on measures of quality, efficiency, investment, and innovation. The regulation allows the full pass-through of inflation, although the price list for investment items is usually only calibrated as a new regulatory period commences, and therefore the impact of inflation on ongoing projects is not fully averted. Overall, we consider

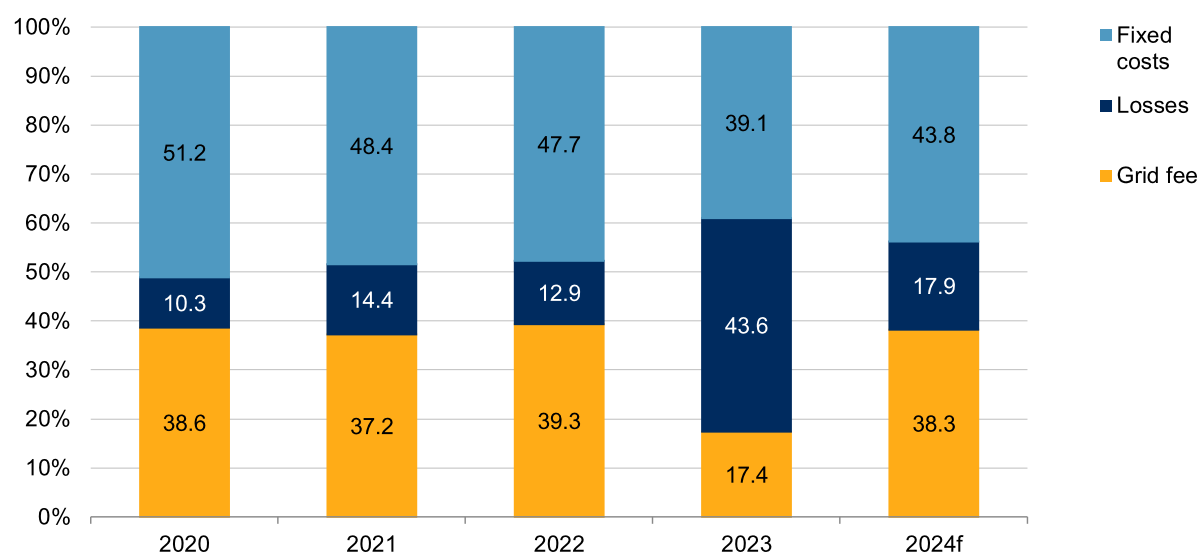
the regulatory framework as supportive, with solid cost coverage. We expect the RAB to increase over the next regulatory period, ensuring an increase in Caruna's allowed revenue of around €530 million-€580 million per year from 2024. This is up from the €480 million-€530 million we expect over 2022-2023, resulting from an increased RAB due to rising investments and a higher WACC driven by inflation. As a result, we forecast that Caruna's EBITDA will increase toward €320 million-€350 million over the 2024-2027 regulatory period from €300 million-€320 million historically.

***Caruna's position as the largest DSO in Finland with a widespread network underpins our business assessment.*** The company is Finland's largest DSO, with a market share of more than 20% measured by the share of electricity transmitted on the distribution network. Finland's electricity distribution market is highly fragmented, with about 80 operating DSOs. We expect Caruna to maintain its position as the largest player in the Finnish DSO market, ahead of its main peer Elenia Verkko Oyj (Elenia), with around a 13% market share. We understand that a larger-scale DSO network provides a greater competitive advantage than a smaller network. All the investments that add to the RAB have a set price list based on average industry costs. On average, Caruna manages its procurements at lower prices than the price list thanks to its economies of scale, so we expect it to remain more profitable than the smaller operators in the Finnish DSO market.

***Fingrid's announcement of a grid-fee cancellation will enable Caruna's profitability to remain stable.*** Caruna's cost base comprises 40% grid fees, 15% losses, and 45% fixed costs. Due to higher electricity prices, Caruna's loss-related costs have increased about fourfold, and we expect them to reach €80 million-€100 million in 2023. On the other hand, Fingrid has announced that it is to cancel grid fees for December 2022 and January, February, and June 2023, and Caruna is set to increase tariffs from January 2023. We therefore believe that Caruna will be able to maintain its total costs at around €170 million-€200 million, as the cancellation of grid fees will compensate for the increase in the cost of losses. We therefore forecast that Caruna's EBITDA margin will remain around 60%-65% over 2023-2024.

Chart 1

## Caruna's Cost Base Evolution



f--Forecast. Source: S&P Global Ratings.

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**Shareholder distributions keep increasing, although we expect Caruna to maintain credit metrics commensurate with the rating.** The company plans to keep distributions in line with the existing dividend policy, and we expect the interest payments on shareholder loans to remain flat. Total shareholder distributions should therefore increase beyond €140 million from 2024, consuming 50%-55% of funds from operations (FFO) annually. However, we believe that despite the recent change in the shareholder structure, Caruna will keep shareholder distributions flexible to maintain FFO to debt above 9% and consistent with the rating. Caruna's shareholding structure changed in May 2021, when OMERS Infrastructure and First State Investments sold their 40% ownership stakes to Ontario Teachers' Pension Plan Board and KKR, respectively. Finnish employment pension companies Elo and AMF own 7.5% and 12.5%, respectively. We do not see the change in shareholders leading to any changes in financial policy.

**Investments will start increasing again, which, combined with higher shareholder distributions, will lead to mildly negative discretionary cash flow (DCF).** Caruna's main investments peaked at €300 million in 2017 and €260 million in 2018, falling to around €140 million-€170 million over 2019-2021. We now expect capex to increase again to €150 million-€200 million from 2024 to incorporate increasing renewable capacity and the electrification of heating and transportation over the coming years, and to maintain a safe and reliable network through underground cabling. As a result, we expect Caruna's RAB to reach almost €3.2 billion by 2027 from €3.0 billion at the end of 2020. Before the average 17% decrease in RAB driven by the changes to the current regulatory framework, we had expected a €3.2 billion RAB by 2023. Combined with shareholder distributions that we expect to increase to over €150 million from 2023, we expect Caruna's DCF to remain between negative €20 million and zero, slowly increasing its debt.

## Outlook: Stable

The stable outlook reflects our expectation that Caruna's EBITDA and FFO will not decline significantly despite the regulatory changes, since the company can activate cumulative income deficits from previous years of about €300 million, which should somewhat offset the negative effects. Additionally, we expect that Caruna will adjust its shareholder distributions to protect its credit metrics, if necessary. Therefore, we expect FFO to debt to remain comfortably at 9%-10% and debt to EBITDA at about 8x, which we consider commensurate with a 'bbb' stand-alone credit profile (SACP).

### Downside scenario

We could lower the rating if Caruna's FFO to debt falls below 9% without any signs of recovery, or debt to EBITDA remains above 8x and is increasing. This could occur if:

- The company increases investments or shareholder remuneration beyond our expectations.
- The regulator imposes additional changes to the framework for the 2024-2027 regulatory period that would have a significant negative impact.

### Upside scenario

We see a positive rating action as unlikely at this stage, especially since we believe that Caruna will use its additional flexibility to either expand its investment pipeline or increase shareholder remuneration. We could, however, consider an upgrade if Caruna were to commit to deleveraging, resulting in FFO to debt sustainably above 12% and debt to EBITDA below 7x. We view this as unlikely over the remainder of regulatory period until end of 2023, given the company's business plan and recent changes to the regulatory framework leading to lower remuneration.

Additionally, Caruna and the vast majority of DSOs in Finland have appealed the changes that the regulator imposed in the middle of the regulatory period. We could consider raising the rating if the appeal is successful. However, we understand that this could be a very lengthy process, and a positive outcome of the magnitude required for the rating to return to 'BBB+' appears low at this stage.

## Our Base-Case Scenario

## Assumptions

We make the following assumptions in our base-case scenario for 2023-2025:

- Inflation in Finland of 4.5% in 2023 and 2.3% in 2024.
- An increase in the WACC to about 6.0% in 2023 and 7.3%-7.5% following the start of the new regulatory period. We previously expected a WACC of 3.97% in 2022, 4.0% in 2023, and about 4.2% for 2024. This is in line with regulatory compensation for inflation.
- A revenue increase in 2023 following the recent announcement of an increase of about 3.5% in January 2023 and another in July 2023. We also expect revenues to increase from the start of the new regulatory period in January 2024, in line with the updated valuation of the RAB and the coverage of unexpected costs and inflation in the tariff-setting methodology.
- An EBITDA margin of about 60-65% for 2023-2026, including a 5% haircut on EBITDA from 2024.
- Average annual depreciation of about €125 million-€130 million over the next two years.
- Annual capex of about €140 million-€150 million, growing by 2025 to €180 million-€200 million to ensure the stability of the network in line with growing renewable capacity and the electrification of heating and transportation.
- Dividends of about €50 million in 2023 and €80 million in 2024, growing above €100 million by 2025.
- Interest payments in line with the weighted-average interest rate of 2.1%, including the refinancing of the €200 million bond maturing in May 2023 at a rate of around 5%.
- Our treatment of the annual €65.8 million of interest payments on the shareholder loans as dividends. We incorporate them into total dividends rather than interest.
- No major working capital swings.

## Key metrics

### Caruna Networks Oy--Key Metrics\*

(Mil. €)	--Fiscal year ended Dec. 31--				
	2020a	2021a	2022e	2023f	2024f
EBITDA	304.5	324.6	300-310	300-310	330-370
EBITDA margin (%)	64.1	64.9	60-65	60-65	60-65
Funds from operations (FFO)	236.3	239.5	200-250	200-250	250-300
Capital expenditure	150.9	138.9	100-150	100-150	100-150
Shareholder distribution	78.9	152.3	50-100	100-150	100-150
Debt	2,503.4	2,545.5	2,500-2,600	2,500-2,600	2,500-2,600
Debt to EBITDA (x)	8.2	7.8	8.0-8.5	8.0-8.5	7.0-7.5
FFO to debt (%)	9.4	9.4	9.5-10.0	9.5-10.0	10.7-11.3
DCF to debt (%)	(62.2)	(106.6)	(10)-(0)	(5)-(0)	(20)-(10)

\*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast. DCF--Discretionary cash flow.

## Company Description

Caruna is a Finnish power DSO that was founded in 2014 as a spin-off from Fortum. It is the largest power DSO in Finland, with a market share of slightly more than 20% in power distribution, followed by Elenia, with around 13% in 2022.

Caruna distributes electricity to more than 710,000 customers in its geographical areas. Caruna comprises Caruna Oy and Caruna Espoo Oy, which together operate an 88,100 kilometer network in Finland. Caruna Espoo operates in urban areas with a large number of consumers, while Caruna Oy operates in mostly rural areas, requiring high investments owing to the larger network. At year-end 2022, the average underground cabling rate for Caruna was 62% (60% for Caruna Oy and 81% for Caruna Espoo).

Caruna is owned by Finnish mutual pension insurance company Elo (7.5%), as well as international investors KKR (40%), Ontario Teachers' Pension Plan Board (40%), and AMF Pension (12.5%).

## Peer Comparison

Table 1

Caruna Networks Oy--Peer Comparison			
Industry sector: Electric			
	Caruna Networks Oy	Elenia Verkko Oyj	Ellevio AB
Ratings as of Jan. 13, 2023	BBB/Stable/--	-/-/-	-/-/-
<b>--Fiscal year ended Dec. 31, 2021--</b>			
<b>(Mil. €)</b>			
Revenue	499.8	340.8	705.7
EBITDA	324.6	223.3	372.6
Funds from operations (FFO)	239.5	178.4	254.1
Interest expense	58.9	37.0	115.8
Cash interest paid	72.5	39.6	114.2
Cash flow from operations	184.6	188.6	364.0
Capital expenditure	138.9	157.2	349.1
Free operating cash flow (FOCF)	45.7	31.4	14.9
Discretionary cash flow (DCF)	(106.6)	(38.6)	14.9
Cash and short-term investments	60.8	71.8	1.2
Debt	2,545.5	1,767.0	3,884.4
Equity	663.6	(204.2)	3,141.8
<b>Adjusted ratios</b>			
EBITDA margin (%)	64.9	65.5	52.8
Return on capital (%)	6.1	8.9	2.9
EBITDA interest coverage (x)	5.5	6.0	3.2
FFO cash interest coverage (x)	4.3	5.5	3.2
Debt/EBITDA (x)	7.8	7.9	10.4

**Table 1****Caruna Networks Oy--Peer Comparison (cont.)**

<b>Industry sector: Electric</b>			
	<b>Caruna Networks Oy</b>	<b>Elenia Verkko Oyj</b>	<b>Ellevio AB</b>
FFO/debt (%)	9.4	10.1	6.5
Cash flow from operations/debt (%)	7.3	10.7	9.4
FOCF/debt (%)	1.8	1.8	0.4
DCF/debt (%)	(4.2)	(2.2)	0.4

Caruna, similar to its Nordic peers, operates within a stable regulatory environment with historical transparency and predictability. It is also the largest DSO in Finland, with more than a 20% market share in terms of network length, with Elenia coming second. Ellevio AB is also a DSO but operates in Sweden. All three companies face similar weather conditions so have large capex programs to reduce outages through underground cabling and increased security of supply.

Following the 2019 repayment of Elenia's shareholder loans, only Caruna and Ellevio have shareholder loans that we do not expect them to repay in the medium term. Caruna's shareholder loans amount to about €780 million and Ellevio's amount to about €2 billion. However, we exclude the loans from debt in our ratio calculations, reflecting their equity-like features such as subordination, maturity dates beyond those on other debt, and the possibility of accruing interest.

## **Business Risk: Excellent**

Caruna benefits from low-risk, stable network operations within a framework we view as mostly credit supportive. The company's position as the biggest DSO in Finland with a widespread network underpins its business risk profile. We revised our assessment of the Finnish regulatory framework for electricity DSOs in Finland as strong/adequate from strong in January 2022 (see "Finnish Power Distributor Caruna Downgraded To 'BBB' On Regulatory Changes Of Asset Value; Outlook Stable," published Jan. 27, 2022). The Finnish Energy Authority is a regulatory body independent from the government.

Finnish regulatory remuneration is based on a determined RAB and WACC, with the regulator allowing the full recovery of operating spending and capex, including inflation. DSOs still benefit from incentives on measures including quality, efficiency, innovation, and security of supply. Upon the start of the new regulatory period in January 2024, we do not expect any new changes to occur that could further change our assessment of the Finnish regulatory framework for electricity DSOs, although we have limited visibility.

That said, Caruna is one of the largest network operators in Finland. We expect that Caruna will remain one of the most efficient operators, thanks, among other reasons, to its economies of scale and highly competent project management skills, resulting in stable and predictable cash flows. We therefore regard Caruna's business risk profile as excellent. We expect profitability, as measured by the EBITDA margin, to remain in the 60%-65% range over 2023-2024.



## Financial Risk: Aggressive

Caruna's earnings come from regulated DSO activities that we see as stable and predictable. We therefore expect the company's S&P Global Ratings-adjusted FFO over 2022-2024 to remain around €240 million-€300 million, driven by an increasing RAB and a WACC that allows for a higher allowed regulatory return. Due to the highly inflationary environment in Europe, we expect the WACC for Finnish DSOs to increase to about 6% in 2023 and more thereafter from 4.0% in 2022 and 5.4% in 2021.

Although Caruna has reduced its large capex program since 2018, we expect capex to increase again from 2024 to incorporate the increasing need for renewable capacity, while maintaining a safe and reliable network through underground cabling. We therefore expect investments to remain around €100 million-€115 million in 2023, increasing toward €150 million-€200 million annually from 2024.

We expect Caruna's shareholder distributions to increase to over €150 million from 2023 compared with €88 million in 2022, including annual interest payments of €67 million on the shareholder loans, which we treat as equity. We see this as a fairly aggressive dividend policy, as it tends to result in DCF remaining between negative €20 million and zero, slowly increasing Caruna's debt.

We forecast that Caruna's net financial debt will reach €2.7 billion by 2026, up from €2.5 billion in 2021. However, we expect Caruna's financial policy to remain unchanged, resulting in flexible shareholder distributions to maintain FFO to debt above 9% and consistent with the rating.

## Financial summary

**Table 2**

Caruna Networks Oy--Financial Summary					
Industry sector: Electric					
	--Fiscal year ended Dec. 31--				
	2021	2020	2019	2018	2017
<b>(Mil. €)</b>					
Revenue	499.8	475.3	466.4	454.1	426.4
EBITDA	324.6	304.5	301.8	287.8	270.0
Funds from operations (FFO)	239.5	236.3	230.0	207.9	200.6
Interest expense	58.9	50.7	56.8	56.6	52.8
Cash interest paid	72.5	57.0	60.9	69.4	62.4
Cash flow from operations	184.6	167.6	157.0	130.2	123.5
Capital expenditure	138.9	150.9	170.9	262.4	293.5
Free operating cash flow (FOCF)	45.7	16.6	(13.9)	(132.2)	(170.0)
Discretionary cash flow (DCF)	(106.6)	(62.2)	(89.0)	(212.6)	(250.4)
Cash and short-term investments	60.8	60.1	88.5	57.5	42.9
Gross available cash	60.8	60.1	88.5	57.5	42.9
Debt	2,545.5	2,503.4	2,513.3	2,368.5	2,199.5
Equity	663.6	688.9	673.2	791.3	806.0

**Table 2****Caruna Networks Oy--Financial Summary (cont.)**

	--Fiscal year ended Dec. 31--				
	2021	2020	2019	2018	2017
<b>Industry sector: Electric</b>					
<b>Adjusted ratios</b>					
EBITDA margin (%)	64.9	64.1	64.7	63.4	63.3
Return on capital (%)	6.1	5.4	5.3	5.2	5.2
EBITDA interest coverage (x)	5.5	6.0	5.3	5.1	5.1
FFO cash interest coverage (x)	4.3	5.1	4.8	4.0	4.2
Debt/EBITDA (x)	7.8	8.2	8.3	8.2	8.1
FFO/debt (%)	9.4	9.4	9.2	8.8	9.1
Cash flow from operations/debt (%)	7.3	6.7	6.2	5.5	5.6
FOCF/debt (%)	1.8	0.7	(0.6)	(5.6)	(7.7)
DCF/debt (%)	(4.2)	(2.5)	(3.5)	(9.0)	(11.4)

**Reconciliation****Table 3****Caruna Networks Oy--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts**

--Fiscal year ended Dec. 31, 2021--									
<b>Caruna Networks Oy reported amounts</b>									
(Mil. €)	Debt	Shareholders' equity	EBITDA	Operating income	Interest expense	S&P Global Ratings' adjusted EBITDA	Cash flow from operations	Dividends	Capital expenditure
Reported	3,376.8	(110.0)	324.7	192.5	125.4	324.6	184.8	85.6	139.1
<b>S&amp;P Global Ratings' adjustments</b>									
Cash taxes paid	--	--	--	--	--	(12.6)	--	--	--
Cash interest paid	--	--	--	--	--	(140.0)	--	--	--
Cash interest paid: Other	--	--	--	--	--	67.7	--	--	--
Reported lease liabilities	2.7	--	--	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	0.4	--	--	--	0.0	--	--	--	--
Accessible cash and liquid investments	(60.8)	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	0.2	(0.2)	(0.2)	--	(0.2)
Nonoperating income (expense)	--	--	--	2.2	--	--	--	--	--
Debt: Shareholder loans	(773.6)	--	--	--	--	--	--	--	--
Equity: Other	--	773.6	--	--	--	--	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	--	(0.1)	(0.1)	--	--	--	--	--

**Table 3**

<b>Caruna Networks Oy--Reconciliation Of Reported Amounts With S&amp;P Global Ratings' Adjusted Amounts (cont.)</b>									
Interest expense: Shareholder loan	--	--	--	--	(66.7)	--	--	--	--
Dividends: Other	--	--	--	--	--	--	--	66.7	--
Total adjustments	(831.3)	773.6	(0.1)	2.1	(66.5)	(85.1)	(0.2)	66.7	(0.2)
<b>S&amp;P Global Ratings' adjusted amounts</b>									
	<b>Debt</b>	<b>Equity</b>	<b>EBITDA</b>	<b>EBIT</b>	<b>Interest expense</b>	<b>Funds from operations</b>	<b>Cash flow from operations</b>	<b>Dividends paid</b>	<b>Capital expenditure</b>
Adjusted	2,545.5	663.6	324.6	194.5	58.9	239.5	184.6	152.3	138.9

## Liquidity: Strong

We assess Caruna's liquidity as strong. We anticipate that available liquidity sources will exceed cash outflows by about 1.6x. We also expect that sources will cover uses even if EBITDA were to decline by 30% compared with our base case, and that Caruna will retain significant headroom under its financial covenants. In our assessment of liquidity, we also factor in our view of Caruna's solid relationship with banks and its likely ability to absorb high-impact, low-probability events without refinancing.

### Principal liquidity sources for 12 months as of Jan. 1, 2023:

- Cash and equivalents of about €60.8 million;
- Availability of €297 million under the committed revolving credit facility and liquidity facility maturing in more than 12 months; and
- Our expectation that Caruna will generate cash FFO of about €300 million-€310 million annually.

### Principal liquidity uses over the same period:

- Annual capex of about €110 million-€150 million;
- About €200 million of debt repayments over 2023, and no further major maturities until 2026; and
- Annual shareholder distributions of about €120 million-€150 million, including interest on the shareholder loans of about €65 million.

## Covenant Analysis

Although we do not rate Caruna under our structurally enhanced debt criteria, the company has several protective covenants. Caruna continues to comply with the debt-restriction covenants stipulated in its documentation and as per our analysis.

The financing structure includes the following covenants for events of default:

- FFO to senior debt of no less than 4%; and

- FFO to interest on senior debt of no less than 1.2x.

The documentation also includes lock-up covenants for shareholder distributions, including:

- FFO to interest on senior debt of at least 1.7x (12 months backward and forward);
- FFO to senior debt of at least 5% (12 months backward and forward); and
- FFO to senior debt of at least 5.5% (36 months forward).

We forecast that Caruna will maintain significant headroom under the financial covenants. In addition, the lock-up covenants prohibit shareholder distributions if FFO to debt drops below 5% or FFO to interest below 1.7x.

Furthermore, a breach of the financial covenants will not automatically mean a default. Instead, there will be a 12-month standstill period, during which there will be no enforcement of security and the 12-month liquidity facility should cover scheduled payments.

## Environmental, Social, And Governance (ESG)

In 2011, Finland was hit by a major storm, Tapani, which led to extensive outages in Caruna's network. The storm and the utility's performance were important factors in the Energy Authority's Electricity Market Act (2013). Since then, the company has executed a significant investment program to weatherproof the network and better secure supply. This has resulted in a higher debt burden and pressure on the financial metrics. We expect that Caruna's capex program will remain high for several years and include this in our base-case assumptions. We add this investment to the RAB, which allows for the collection of higher revenue to support cash flow. We believe that the company is better prepared for storms and less sensitive to weather interruptions and exposure to substantial fines than its peers.

Our business risk profile assessment also reflects Caruna's corporate responsibility strategy to manage its environmental, social, and governance exposure. The company has performance targets for customer and employee safety, minimization of adverse effects on the environment, customer satisfaction, sustainable sourcing of materials, and local economic impact. We expect management to execute its strategy and generally meet its performance targets. We are not aware of any other material adverse ESG factors likely to further affect the company's credit quality.

## Group Influence

The wider group includes several holding companies above Caruna. Following a major refinancing in 2016, the new debt is secured by the assets of the operating companies and some holding companies, including Caruna Networks B.V. This security group is ring-fenced from the top holding companies in the wider group and is subject to common terms in the covenant package. We view this security group as an insulated subsidiary, in line with our group rating methodology.

We view the group credit profile of the insulated group as equal to Caruna's 'bbb' SACP. This is because the two holding companies above Caruna in the ring-fenced structure have no assets or liabilities of their own.

## Ratings Score Snapshot

### Issuer Credit Rating

BBB/Stable/--

### Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

### Financial risk: Aggressive

- **Cash flow/leverage:** Aggressive

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

## Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- 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
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
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- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- 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: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

### 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-	<b>bbb</b>	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 January 13, 2023)\*

#### Caruna Networks Oy

Issuer Credit Rating

BBB/Stable/--

#### Issuer Credit Ratings History

27-Jan-2022

BBB/Stable/--

29-Oct-2021

BBB+/Watch Neg/--

27-Jan-2016

BBB+/Stable/--

\*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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