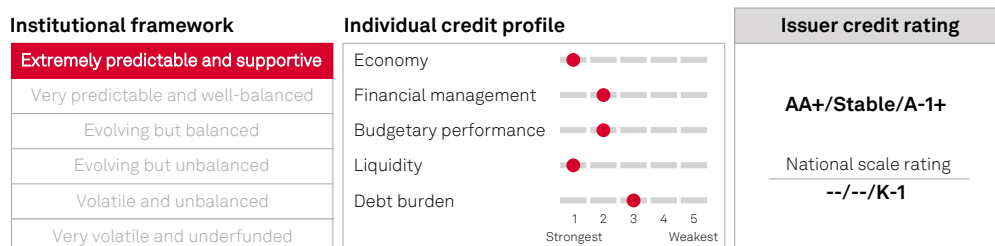


# Municipality of Vellinge

August 11, 2025

This report does not constitute a rating action.

## Ratings Score Snapshot



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## Credit Highlights

### Overview

Credit context and assumptions	Base-case expectations
Sweden's extremely predictable and supportive institutional framework underpins the rating on the Municipality of Vellinge.	Solid tax revenue growth, eased inflationary cost pressures, and completion of large investment projects will strengthen budgetary performance.
The municipality benefits from a competent management team that is committed to budgetary discipline and strict cost control.	Declining investment volumes from 2025 to 2027 will lead to lower borrowing requirements.
Favorable socioeconomic fundamentals and close integration with the Oresund region's labor market support the local economy.	Vellinge's liquidity will remain strong on lower debt repayments and ample liquid sources.

**Robust tax growth and reduced inflationary pressures will support improvement in the operating balance through 2027.** At the same time, deficits after capital accounts will shrink significantly due to lower investment requirements.

**Vellinge's management should be able to maintain a stable debt position with only moderate borrowing and a strong liquidity position over 2025-2027.** We expect debt levels to remain stable through 2027 due to reduced investment needs in the coming years. Also, lower debt repayments and ample liquidity sources will contribute to strong liquidity through 2027.

**Sweden's institutional framework, which we view as extremely predictable and supportive, is a key credit strength for Vellinge.** We consider the framework to be very stable, with the sector's

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revenue and expenditure management underpinned by a comprehensive equalization system and tax autonomy. Historically, the central government has provided extensive support to the local and regional government (LRG) sector.

## Outlook

The stable outlook reflects our view that Vellinge's sound financial risk management and continued budgetary discipline will mitigate cost pressures. At the same time, we expect the municipality will sustain its strong operating performance and contain its debt burden.

### Downside scenario

We could lower our rating if management fails to adequately address cost pressures and other budgetary challenges, leading to structurally weaker budgetary performance. In such a scenario, the municipality's debt burden might increase more rapidly than we expect.

### Upside scenario

We could consider a positive rating action if Vellinge managed to put a dent in its debt burden while remaining committed to strict budgetary discipline alongside prudent financial, liquidity, and debt management.

## Rationale

### Sweden's robust institutional framework continues to underpin the ratings

We consider the institutional framework in Sweden to be extremely predictable and supportive. In our view, the framework displays a high degree of stability, while the LRG sector's revenue and expenditure management is based on a far-reaching equalization system and tax autonomy. Historically, the central government has provided extensive support to the LRG sector. This is demonstrated by the additional grants distributed in response to the pandemic and, more recently, to cover rising pension costs (see "[Swedish Municipalities And Regions Have Flexibility To Balance Costs](#)," Nov. 29, 2023).

We view the political situation in Vellinge as stable, with a broad consensus on long-term strategies across the political spectrum locally. The municipality is governed by the right-leaning Moderate Party, which has demonstrated a track record of conservative revenue and expenditure management, indicated by its strong budgetary performance. There has been continued stability in policies, as there is broad-based collaboration among key stakeholders that has fostered a culture of budget discipline, resulting in strong budgetary outcomes and continued economic growth.

Vellinge's favorable economic position is supported by high income levels, low unemployment, and close integration with the Oresund region, which constitutes the largest labor market in the Nordics. Vellinge also benefits from Sweden's robust economic fundamentals, with an estimated national GDP per capita of about \$59,900 in 2025.

## Sustained tax revenue growth, diminishing inflationary pressures, and stringent budgetary discipline are expected to alleviate strains on Vellinge's performance metrics

We expect Vellinge's budgetary performance to improve gradually through 2027. This is based on expectations of reduced inflationary pressures and strong tax revenue growth, thanks to a still solid labor market despite macroeconomic headwinds. Additionally, we expect the municipality's history of budgetary discipline will continue, with the implementation of efficiency measures to achieve internal surplus targets and maintain a strong financial position. As a result, we forecast operating balances will remain structurally above 5% over our base case.

Vellinge is currently in a high investment phase, largely driven by the construction of two elementary schools expected to be completed by 2025. Following this peak, capital expenditure is projected to decrease significantly in 2026. This should lead to a substantial reduction in deficits after capital accounts, which we expect to stabilize at 0%-5% from 2027. Meanwhile, the capital program is shifting in response to demographic changes, with less need for schooling investments and more for care services. Also, water and sewage investments are anticipated to increase from 2027, but the total investments will remain lower than current levels due to the completion of the two large schooling projects.

The municipality has made significant progress on the protective embankment project, completing the initial two stages as a proactive measure to mitigate the risks of sea-flooding, underscoring the municipality's ongoing commitment to addressing this threat. To further advance the project, additional funding is being sought through grants from the Swedish Civil Contingencies Agency (MSB), which are expected to cover a substantial portion of the project's costs, along with EU funding that the municipality has already managed to secure.

We anticipate that Vellinge's surpluses will generate minimal borrowing needs through 2027, driven by lower investment needs and strong cash flows. Additionally, the municipality's fully owned housing company, Vellingebostäder AB, is expected to require limited investments and borrowing during the same period. Meanwhile, the other two municipal companies, Vellinge Kommunlokal AB and Vellinge Stadsnät AB, plan to continue amortizing debt according to plan. As a result, we expect only a moderate increase in Vellinge's debt burden through 2027, with tax-supported debt remaining below 120% of consolidated operating revenue over our forecast horizon.

Vellinge's liquidity position is strong, with a weighted debt-service-coverage ratio of about 140%. We expect the ratio will remain above 120% over the next two years. Despite market volatility, the municipality's liquidity remains solid thanks to its cash reserves, financial assets (to which we have applied haircuts based on the security's underlying credit quality and market uncertainty), committed facilities, and strong access to external liquidity. Thereby, we anticipate the liquidity ratios will remain strong and stable over our forecast period through 2027, thanks to significantly reduced debt maturities. High debt maturities in the outer years may introduce volatility in the liquidity ratios, and we will monitor management's actions to ensure a stable financial position as these larger repayments approach. Furthermore, Vellinge benefits from reliable access to external liquidity even in times of financial stress.

### Municipality of Vellinge Selected Indicators

Mil. SEK	2022	2023	2024	2025bc	2026bc	2027bc
Operating revenue	2,685	2,867	2,971	3,116	3,223	3,333
Operating expenditure	2,353	2,610	2,796	2,846	2,937	3,034

## Municipality of Vellinge

### Municipality of Vellinge Selected Indicators

Operating balance	333	257	175	271	286	298
Operating balance (% of operating revenue)	12.4	9.0	5.9	8.7	8.9	9.0
Capital revenue	76	38	87	100	70	40
Capital expenditure	441	507	733	620	450	350
Balance after capital accounts	(32)	(212)	(471)	(249)	(94)	(12)
Balance after capital accounts (% of total revenue)	(1.2)	(7.3)	(15.4)	(7.8)	(2.9)	(0.3)
Debt repaid	300	550	800	250	300	400
Gross borrowings	400	850	1,300	598	375	400
Balance after borrowings	21	(56)	102	(13)	0	(23)
Direct debt (outstanding at year-end)	2,300	2,600	3,100	3,448	3,523	3,523
Direct debt (% of operating revenue)	85.7	90.7	104.3	110.6	109.3	105.7
Tax-supported debt (outstanding at year-end)	2,471	2,722	3,223	3,475	3,551	3,551
Tax-supported debt (% of consolidated operating revenue)	87.0	89.8	102.5	105.3	104.0	100.5
Interest (% of operating revenue)	0.6	1.5	2.2	2.7	2.7	2.8
Local GDP per capita (\$)	--	--	--	--	--	--
National GDP per capita (\$)	55,480.1	55,646.7	57,821.7	59,881.2	65,948.4	69,256.6

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. SEK--Swedish krona. \$--U.S. dollar.

### Municipality of Vellinge--Ratings component scores

Key rating factors	Scores
Institutional framework	1
Economy	1
Financial management	2
Budgetary performance	2
Liquidity	1
Debt burden	3
Stand-alone credit profile	aa+
Issuer credit rating	AA+

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

## Key Sovereign Statistics

[Sovereign Risk Indicators](http://www.spratings.com/sri), July 7, 2025. An interactive version is available at <http://www.spratings.com/sri>.

## Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S.](#), July 15, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Institutional Framework Assessments For Local And Regional Governments Outside Of The U.S.](#), June 26, 2025
- [Sweden 'AAA/A-1+' Ratings Affirmed: Outlook Stable](#), June 13, 2025
- [Global LRGs Rating History List](#), June 24, 2025
- [Local And Regional Government Outlook 2025: Moderate Debt Accumulation In The Nordics](#), Jan. 16, 2025
- [Nordic Public Finance Credit Outlook 2024: A Mixed Picture](#), May 16, 2024
- [Institutional Framework Assessments For Local And Regional Governments Outside Of The U.S.](#), April 8, 2024
- [Institutional Framework Assessment: Swedish Municipalities And Regions Have Flexibility To Balance Costs](#), Nov. 29, 2023
- [Sweden's Local And Regional Governments Have Less Room To Maneuver Over The Next Year As Pension Costs Rise](#), Sept. 14, 2023

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee

decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings Detail (as of August 08, 2025)\*

Vellinge (Municipality of)		
Issuer Credit Rating		AA+/Stable/A-1+
Nordic Regional Scale		--/--/K-1
Issuer Credit Ratings History		
12-Feb-2021		AA+/Stable/A-1+
26-May-2020		AA+/Negative/A-1+
15-Feb-2019		AA+/Stable/A-1+
06-Sep-2013	Nordic Regional Scale	--/--/K-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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