

# NCR comments: Intea Fastigheter AB (publ) 2020Q2 report

**Our 'BBB+' issuer and issue ratings on Swedish property company Intea Fastigheter AB (publ) (Intea) are unchanged following the publication of its second-quarter results.**

## **Earnings metrics better than expected**

Intea's revenue in the second quarter was in line with our expectations. The company reported revenues of SEK 129m (compared with SEK 117m in the second quarter of 2019) and EBITDA of SEK 92m (SEK 81m), exceeding our expectations. The EBITDA margin for the quarter was 71% (70%).

Despite the improvement, Intea's interest coverage ratio was somewhat below our expectations at 3.7x as of 30 Jun. 2020 compared with 4.2x projected for full-year 2020. Intea's project portfolio of over 100,000 sqm is progressing according to plan and the company has reported no changes in completion timelines since its first-quarter report. The company invested SEK 139m in its existing property portfolio during the second quarter. Intea reported an increased economic occupancy rate of 99.4% (99.1%) and we expect it to maintain a rate around this level due to its large proportion (93.3%) of public tenants (93.7% previously). The average remaining lease term for public tenants is 6.1 years (7.0 years) and we expect it to stay in this vicinity as new contracts enter the portfolio. The company expects to finalise two projects in the third quarter and an additional two in the fourth quarter. The third-quarter projects will add 13,250 sqm to the portfolio while the fourth-quarter projects will add 24,400 sqm.

## **Stable financial position in line with expectations**

As a result of increased property values, Intea's loan-to-value ratio declined to 54.8% in the second quarter from 56.8% in the second quarter of 2019. The value of the company's investment properties increased to SEK 9.8bn from SEK 8.6bn previously while debt increased to SEK 5.4bn from SEK 5bn. Intea's average debt maturity profile had shortened to 3.0 years as of 30 Jun. 2020 from 3.9 years a year earlier. The company's liquidity profile remains adequate given a cash position of SEK 75m compared with SEK 115m a year earlier which has been fully deducted in Intea's own measure for net debt.

This commentary does not constitute a rating action.

## **If you have any questions, please contact:**

Marcus Gustavsson, credit rating analyst, +46700442775, [marcus.gustavsson@nordiccreditrating.com](mailto:marcus.gustavsson@nordiccreditrating.com)

Daniel Johansson, credit rating analyst, +46732324378, [daniel.johansson@nordiccreditrating.com](mailto:daniel.johansson@nordiccreditrating.com)

## **About Us**

Nordic Credit Rating AS is a credit rating agency headquartered in Oslo with a branch in Stockholm. The company provides credit ratings to companies and financial institutions in the Nordic region, and bases its analysis on local insights. Nordic Credit Rating is registered with the European Securities and Markets Authority (ESMA).

## Attachments

---

[NCR comments: Intea Fastigheter AB \(publ\) 2020Q2 report](#)