

NCR comments: Stendörren Fastigheter AB (publ) Q4 2020 report

Our 'BB-' issuer rating on Stendörren Fastigheter AB (publ) (Stendörren) is unchanged following the publication of its fourth-quarter results.

Lower costs improve margins

Stendörren's fourth-quarter report was somewhat better than Nordic Credit Rating (NCR) had expected. Revenues in the quarter were SEK 171m (compared with SEK 148m in the fourth quarter of 2019) and EBITDA was SEK 98m (SEK 59m), corresponding to an EBITDA margin of 57% (40%) for the quarter and 61% for the full year (52%). Adjusted for non-recurring items, such as a SEK 15m insurance pay-out and SEK 5m compensation for early termination of leases, revenues for the full year were SEK 631m, compared with SEK 632m expected by NCR. The adjusted EBITDA margin was 59% for the year, slightly better than the projected 57%, due to lower than expected property costs in the fourth quarter.

The average remaining lease term was 3.8 years, while the occupancy rate exceeded 87%. In November, Stendörren acquired a 7,900 sqm property in Eskilstuna for SEK 66m and sold the Stenvreten 7:87 property for SEK 50m.

Metrics slightly positive

The NCR-adjusted loan-to-value ratio (taking into account 100% debt treatment of a SEK 800m hybrid bond) was 60%, compared with 61% a year earlier. The NCR-adjusted EBITDA to net interest ratio was 1.9x, an increase from 1.7x a year earlier. Cash holdings amounted to SEK 361m at year-end. The average debt maturity was 2.6 years and the average interest fixing was 2.5 years. The average interest rate was 2.2%, similar to a year earlier.

Proactive refinancing of June 2021 bond

Since the end of the quarter, Stendörren has issued a SEK 700m senior unsecured bond with a maturity of 3.25 years at 3m STIBOR + 365bp. The proceeds were used to voluntarily repurchase the SEK 650m senior unsecured bond maturing in June 2021. SEK 483.9m was initially repurchased, followed by the early redemption of the remaining SEK 166.1m announced on 24 Feb. 2021.

This commentary does not constitute a rating action.

If you have any questions, please contact:

Mille O. Fjeldstad, credit rating analyst, +4799038916, mille.fjeldstad@nordiccreditrating.com

Marcus Gustavsson, credit rating analyst, +46700442775, marcus.gustavsson@nordiccreditrating.com

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Attachments

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