

# Cabonline Group Holding AB (publ) 'CCC' long-term issuer rating affirmed and withdrawn

Nordic Credit Rating said today that it had withdrawn its 'CCC' long-term and 'N-4' short-term issuer credit ratings on Swedish taxi and technology company Cabonline Group Holding AB (publ) (Cabonline) at the issuer's request. Prior to withdrawal, the ratings were affirmed and the outlook was developing.

## Rationale

The affirmation reflects our view that the operating environment is uncertain. While the availability of a COVID-19 vaccine increases the prospect that the Nordic economies will reopen, a risk remains of slower recovery in business and private travel over the next 12 months than we expected in July 2020.

Under our criteria, a 'CCC' rating reflects a corporate that is distressed to the extent that its capital structure is unsustainable and there is a strong likelihood of default or a distressed exchange without material concessions from creditors, even though such outcomes might not materialise within the next 12 months. This compares with our definition of a 'CC' rating level where an event of default is highly likely within the next 12 months. Cabonline's situation reflects the 'CCC' definition in our corporate rating methodology and overrides our standalone credit assessment based on underlying factors.

During the third quarter, Cabonline successfully amended the terms and conditions of its outstanding senior secured SEK 1.8bn bond. The amended terms and conditions include an agreed waiver of a required net debt/EBITDA metric of 7.0x for the four quarters ending 30 Sep. 2021. We note that continued pressure on Cabonline's EBITDA increases the risk that the company will not be in compliance with the required 7.0x net debt/EBITDA metric at end-2021, based on full year 2021 EBITDA. The 12-month metric stood at 8.5x at end-September 2020, including five months of normal pre-pandemic activity. It stood at 5.5x at end-2019.

## Outlook

At the point of withdrawal, the outlook on the long-term rating was developing, reflecting the likelihood that the rating could be raised or lowered within the subsequent 18 months. If the negative effects of COVID-19 on revenues continue, Cabonline's cash position could deteriorate further, forcing the company to access the owner commitment and incur higher indebtedness and interest costs. The outlook further reflected the risk of a covenant breach by end-2021 had EBITDA not normalised by mid-2021. Conversely, there is potential for improvement in the operating environment resulting from an effective rollout of a COVID-19 vaccine, which could reduce downside risk and improve the company's long-term prospects.

Rating list	Withdrawal	To	From
Long-term issuer credit rating:	NR	CCC	CCC
Outlook:	-	Developing	Developing
Short-term issuer credit rating:	NR	N-4	N-4

Senior secured issue rating:	NR	CCC	CCC
------------------------------	----	-----	-----

All research for this issuer is available [here](#).

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

Mille O. Fjeldstad, credit rating analyst, +4799038916, [mille.fjeldstad@nordiccreditrating.com](mailto:mille.fjeldstad@nordiccreditrating.com)

Sean Cotten, chief rating officer, +46735600337, [sean.cotten@nordiccreditrating.com](mailto:sean.cotten@nordiccreditrating.com)

The methodology documents used for this rating are NCR's Corporate Methodology published on 14 Aug. 2018 and NCR's Rating Principles published on 16 Sep. 2019. For the full regulatory disclaimer please see the rating report.

**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**

[Cabonline Group Holding AB \(publ\) 'CCC' long-term issuer rating affirmed and withdrawn](#)