

# NCR assigns 'BBB' long-term issuer credit rating to Axfast AB (publ); Outlook stable

**Nordic Credit Rating (NCR) today assigned 'BBB' long-term and 'N-1+' short-term issuer credit ratings to Swedish commercial property manager Axfast AB (publ) (Axfast). The outlook is stable.**

"The rating reflects Axfast's strong financial profile and long-term strategic ownership, while acknowledging the concentrations within the portfolio," said NCR credit analyst Mille O. Fjeldstad.

As of 30 Jun. 2020, Axfast had exceptional adjusted credit metrics, including a low loan-to-value (LTV) ratio of 18.4% and net interest coverage in excess of 5x EBITDA. The company is part of the Axel Johnson Group, which NCR views as a strong and long-term owner.

The rating is constrained by Axfast's geographic concentration in the Stockholm region, high single-name and sector concentration of tenants, and the challenging outlook for some of its largest tenants. In particular, tenants within the retail and hotel segments have been affected by the economic impact of COVID-19 on private consumption and travel, which could negatively affect rental income. In addition, the company has a relatively high share of project properties as part of its strategy to purchase properties in central locations and increase the attractiveness of certain areas of Stockholm.

## Stable Outlook

The stable outlook reflects NCR's expectation that Axfast will maintain a strong financial position despite the challenges facing some of its primary tenants. NCR expects the negative impact on revenues to continue through 2020, with a risk that renegotiated rates and temporary rebates could affect revenues in 2021 as well. The outlook also assumes that the company will be successful in securing tenants for its largest project.

## Potential positive rating drivers

- Improved economic environment for tourism and retail.
- Extended debt maturity profile.
- Reduced tenant and segment concentration.

## Potential negative rating drivers

- Protracted COVID-19 impact on rents and key tenants.
- Deterioration of credit metrics with LTV rising above 35% and interest coverage falling below 3.5.

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

## If you have any questions, please contact:

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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**

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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**

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