

NCR comments: Vacse AB (publ) Q4 2020 report

Our 'A-' issuer and issue ratings on Swedish property company Vacse AB (publ) (Vacse) are unchanged following the publication of its fourth-quarter results.

Revenues remain stable

Vacse's fourth-quarter report was in line with our expectations. Revenues in the quarter were SEK 104.2m (compared with SEK 93.9m in the fourth quarter of 2019) and EBITDA was SEK 80.3m (SEK 70.7m), corresponding to an EBITDA margin of 77% (75%) for the quarter. Some 99% of revenues come from tenants funded by the government or official agencies, with 81% coming directly from the central government, and 18% from regions and municipalities. Privately funded commercial tenants account for the remaining 1%.

Vacse reported a continued strong interest coverage ratio of 5.6x as of 31 Dec. 2020. The company's property portfolio have not been affected by COVID-19. The first tenants at Vacse's largest project, Färagskrapan, started moving in during September and, in October, the company announced that agreements covering most of the complex's remaining vacancies had been signed by the Public Prosecutor's Office, Åklagarmyndigheten, reducing the vacancy rate at the property to only 2%. The company acquired a new school in Björkö according to plan, with a 25 year contract with Öckerö Municipality. Next acquisition is expected to be a new office building in Jönköping with The Swedish Board of Agriculture and the Swedish Forest Agency as tenants. The average remaining lease term of the overall management property portfolio was 10.8 years at the end of the quarter. The overall occupancy rate is above 99%.

Financial position continues to strengthen

During the fourth quarter, Vacse issued a SEK 200m senior unsecured green bond maturing June 2024. The average time to maturity is 3.1 years for external debt and 5.3 years for interest. Secured debt to total debt was 36.7% and reported loan to value was 38.9% at end-December.

Vacse's liquidity position remains strong. The company reported SEK 209.9m in cash and equivalents as of 31 Dec. 2020. There are no upcoming debt maturities until a SEK 700m green bond matures on 7 Jun. 2022, and available SEK 700m in revolving credit facilities more than cover the upcoming acquisition in April 2021.

This commentary does not constitute a rating action.

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Attachments

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