

NCR comments: Bonnier Fastigheter AB T3 2020 report

Our 'BBB' issuer rating on Bonnier Fastigheter AB (Bonnier Fastigheter) is unchanged following the publication of its September–December 2020 results.

Metrics in line with expectations; focus on project development continues

Bonnier Fastigheter's earnings report for the final four months of 2020 was broadly in line with our expectations. Revenues for the full year were SEK 740m (compared with SEK 712m for 2019) and EBITDA was SEK 497m (SEK 476m), corresponding to an EBITDA margin of 67% (67%) for the period. The reported net operating income margin was 72% (72%) for the full year.

The average occupancy rate in Bonnier Fastigheter's portfolio was 95%, while the reported average property yield was 3.8%. During the period, the company divested a printing factory in Akalla, further increasing its focus on office and residential properties. Furthermore, the company started the construction of a 3,600 sqm property in Uppsala, to be finalised in 2022. In a major project in Värtahamnen in Stockholm, zoning is progressing according to plan, and the company expects two out of three zoning plans to obtain legal approval by mid-year, accompanied by substantial cash outflows.

Credit metrics strong following disposal of Akalla property

The disposal of the Akalla property has left Bonnier Fastigheter's credit metrics even stronger than before. The NCR-adjusted loan-to-value ratio was 21.3% as of 31 Dec. 2020, compared with 25.2% a year earlier. The NCR-adjusted EBITDA to net interest ratio was 7.8x, an improvement from 7.2x a year earlier. Cash holdings amounted to a modest SEK 12m at year-end, but liquidity was adequate given the company's large unutilised credit facilities of SEK 2.35bn. The average debt maturity was 2.6 years and average interest fixing was 1.2 years.

This commentary does not constitute a rating action.

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Attachments

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