

NCR revises its outlook on Vacse AB (publ) to positive; 'BBB+' ratings affirmed

Today Nordic Credit Rating (NCR) affirmed its 'BBB+' long-term issuer rating on Vacse AB (publ) (Vacse) and revised its outlook on the rating to positive from stable. NCR also affirmed its 'N-1+' short-term rating on the company.

"Vacse has improved its interest coverage and prolonged its debt maturity profile, while continuing its stable overall operations, resulting in an improved financial risk assessment," said Mille Opdahl Fjeldstad, credit rating analyst at NCR and primary analyst for Vacse. "The positive outlook primarily reflects our expectation that the risks associated with the development portfolio will decrease once we see completion of Färgskrapan development project in Sollentuna in 2020."

Positive outlook

The positive outlook reflects NCR's expectation that Vacse will finalise the company's largest development project, decreasing its portfolio risk significantly and improving its interest coverage further when tenants move in during 2020. It also reflects our expectation that Vacse will proactively extend maturing debt, maintain adequate liquidity buffers and keep its loan to value ratio below 50%. The positive outlook could be revised to stable should the share of development properties within the company's wider portfolio not diminish as projected, leverage increases exceed expectations or the refinancing of upcoming debt maturities is delayed.

improved financial risk assessment

Over the course of the past year, Vacse has demonstrated a low risk appetite by diversifying and extending the average maturity of its funding. In addition, the company has improved its capital structure by converting shareholder loans to equity and materially raised its net interest coverage metrics to over 5x EBITDA as of Sept. 2019 from projected levels of below 4x in our previous review. We anticipate that Vacse will maintain its existing liquidity buffers as it extends its funding and uphold its exceptional tenant quality as it grows. As a result, NCR has revised its assessment of Vacse's financial risk profile to 'bbb+' from 'bbb'.

Our updated full analysis of Vacse is available at:

<https://nordiccreditrating.com/issuer/vacse-ab-publ>

ANALYST Contact details:

Mille O. Fjeldstad, +47 99 03 89 16, mille.fjeldstad@nordiccreditrating.com

Sean Cotten, +46 735 600 337, sean.cotten@nordiccreditrating.com

The methodology documents used for this rating are NCR's [Corporate Rating Methodology] ([https://nordiccreditrating.com/pdf/Nordic Credit Rating – Corporate Rating Methodology.pdf](https://nordiccreditrating.com/pdf/Nordic%20Credit%20Rating%20-%20Corporate%20Rating%20Methodology.pdf)) published on 14 Aug. 2018 and [Rating Principles] ([https://nordiccreditrating.com/uploads/2019-09/Nordic Credit Rating – Rating Principles 2019.pdf](https://nordiccreditrating.com/uploads/2019-09/Nordic%20Credit%20Rating%20-%20Rating%20Principles%202019.pdf)), published on 16 Sep. 2019. For the full regulatory disclaimer please see the rating report which can be downloaded at nordiccreditrating.com/ratings-research/research.

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

[NCR revises its outlook on Vacse AB \(publ\) to positive; 'BBB+' ratings affirmed](#)