

NCR comments: LSTH Svenska Handelsfastigheter AB (publ) Q4 2020 report

Our 'BBB-' issuer rating on LSTH Svenska Handelsfastigheter AB (publ) (Svenska Handelsfastigheter) is unchanged following the publication of its fourth-quarter results.

Acquisitions increased revenues for the year

Svenska Handelsfastigheter's fourth-quarter earnings were slightly better than we expected. Revenues for the quarter were SEK 175m (compared with SEK 157m in the fourth quarter of 2019). For the full year, revenues were SEK 670m (584m), compared with our projected SEK 639m. The increase was mainly due to acquisitions during the year. EBITDA was SEK 110m (SEK 97m), corresponding to an EBITDA margin of 63% (62%) for the quarter and 68% (67%) for the full year. The net operating income margin was 73% (70%) for the quarter and 76% (75%) for the full year.

During the quarter Svenska Handelsfastigheter acquired two properties in Malmö and Alingsås for a total of SEK 287m and sold a property in Uppsala.

Metrics slightly positive

The NCR-adjusted loan-to-value ratio was 48%, compared with 80% a year earlier. The sharp decrease was due to a restructuring of the balance sheet in 2020, as well as a SEK 604m increase in property valuations for the year, SEK 594m of which was in the fourth quarter. The NCR-adjusted EBITDA to net interest ratio was 2.4x, an increase from 1.7x a year earlier and above our expectation of 2.1x. Cash holdings amounted to SEK 197m at year-end.

Proactive refinancing of secured debt

Since the end of the quarter, Svenska Handelsfastigheter has issued a SEK 620m senior unsecured green bond with a maturity of 3 years at 3m STIBOR +139bp. The proceeds will be used to refinance secured debt.

This commentary does not constitute a rating action.

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Attachments

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