

Stendörren Fastigheter AB (publ)

Full Rating Report

LONG-TERM RATING

BB-

OUTLOOK

Stable

SHORT-TERM RATING

N4

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RATING RATIONALE

Our 'BB-' long-term issuer rating on Sweden-based property manager Stendörren Fastigheter AB (publ) reflects the company's high financial leverage and weakening interest coverage ratio as market interest rates rise. It also reflects the company's aging property portfolio with modest single-name tenant and property concentrations. Further rating constraints include the owners' growth ambitions and Stendörren's significant project pipeline, which point to continued high project development risk over the next few years.

These weaknesses are partly offset by Stendörren's diverse tenant base, moderate average remaining lease term of 3.7 years and improved operating margins. Stendörren's properties are mostly located in attractive logistics hubs, which supports their long-term appeal. We take a positive view of the company's extensive interest rate hedging, with roughly 80% of interest-bearing liabilities hedged, mainly using interest rate caps.

STABLE OUTLOOK

The outlook is stable, reflecting our belief that Stendörren will reduce its growth ambitions, maintain leverage in the short term and focus on pre-let projects. We expect the company to find new tenants to mitigate the contract maturity of its single largest tenant, but note that vacancies might increase temporarily. We also expect the company to be proactive in managing its upcoming debt maturities in 2024.

POTENTIAL POSITIVE RATING DRIVERS

- NCR-adjusted loan to value (LTV) below 55% and EBITDA/net interest above 2.2x.
- A significant decrease in project exposure, with limited speculative elements.

POTENTIAL NEGATIVE RATING DRIVERS

- NCR-adjusted LTV above 65% and EBITDA/net interest below 1.5x.
- An impending or actual covenant breach.
- A deteriorating liquidity position.

Figure 1. Stendörren key credit metrics, 2018–2024e

SEKm	2018	2019	2020	2021	2022e	2023e	2024e
Rental income	537	592	631	653	730	869	896
NCR-adj. EBITDA	304	309	374	411	467	556	573
NCR-adj. EBITDA margin (%)	56.6	52.2	57.5	62.7	64.0	64.0	64.0
NCR-adj. investment property	8,486	9,372	9,758	11,931	13,599	12,941	12,947
NCR-adj. net debt	5,125	5,703	5,763	6,501	7,724	7,421	7,485
Total assets	8,735	9,608	10,233	12,290	14,103	13,747	13,689
NCR-adj. net debt/EBITDA (x)	16.9	18.5	15.4	15.8	16.5	13.3	13.1
NCR-adj. EBITDA/net interest (x)	2.3	1.7	1.9	2.1	1.9	1.6	1.6
NCR-adj. net LTV (%)	60.4	60.9	59.1	54.5	56.8	57.3	57.8
NCR-adj. FFO/net debt (%)	3.4	2.2	3.1	3.3	2.7	2.4	2.6

Based on NCR estimates and company data. e–estimate. FFO–funds from operations. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Stendörren is a commercial real-estate company that focuses on properties near central Stockholm and other urban centres in Sweden's Mälardalen region. As of 30 Sep. 2022, Stendörren owned and managed 146 properties, totalling 810,000 sqm, with a value of SEK 12.7bn. The company has ambitious growth plans, and during the last couple of years has expanded geographically in the Nordic region through property acquisitions in Denmark, Norway and Finland. Since November 2018, private equity company EQT AB (publ) has indirectly controlled 41% of the shares and 58% of the votes in Stendörren.

BUSINESS RISK ASSESSMENT

Business risk assessment 'bb+'

Our business risk assessment reflects Stendörren's portfolio of properties in attractive hubs in Stockholm and the Mälardalen region, modest tenant and property concentrations, and improved vacancy rates. Our assessment of the operating environment acknowledges the cyclicity associated with the segment and the company's significant project pipeline.

Strong long-term trends despite uncertain market environment

Operating environment 'bb'

Stendörren operates mainly in Stockholm and the Mälardalen region, focusing on warehouse and industrial properties, complemented by office space and retail. We consider the operating environment to be dependent on the general economy, unemployment and productivity. In our view, the logistics industry is generally more cyclical than the residential, community and office property segments. We believe that a marked downturn in economic activity could have a considerable impact on Stendörren's occupancy and overall profitability.

Figure 2. Stendörren rental value by area, 30 Sep. 2022

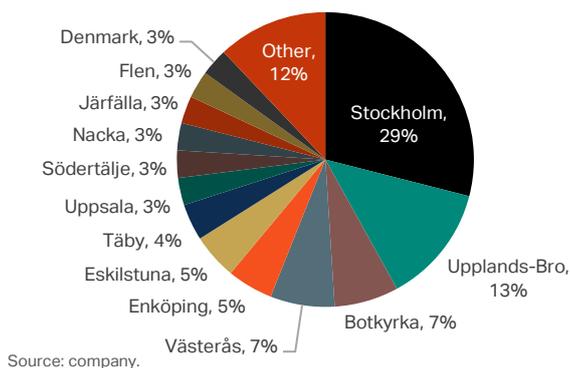
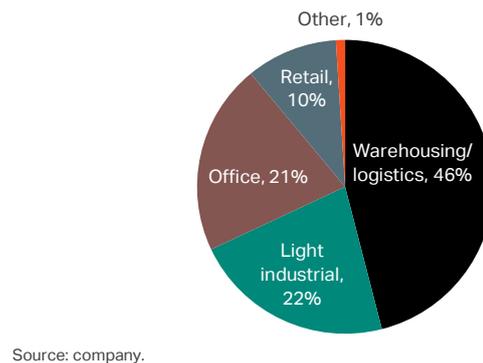


Figure 3. Stendörren rental area by property type, 30 Sep. 2022



Warehouse and logistics properties benefited from a boom in e-commerce during the COVID-19 pandemic, a structural trend which is expected to continue for the long term. However, we expect overall household spending to decrease amid the current high inflation and interest rate environment, affecting e-commerce negatively in the short term. Nevertheless, increasing demand for shorter delivery times is likely to increase the attractiveness of properties close to city centres, and we believe Stendörren can benefit from continued market growth over the next few years.

Figure 4. Stendörren rental value from top 10 municipal exposures, 30 Sep. 2022

Municipality	Share of rental value	Population, 2021	Expected population change among 15–64-year-olds, 2021–2040	Unemployment, Nov. 2022
Stockholm	29%	978,770	13.3%	6.2%
Upplands-Bro	13%	31,082	16.6%	7.6%
Botkyrka	7%	95,318	19.4%	11.1%
Västerås	7%	156,838	9.1%	8.3%
Enköping	5%	47,489	15.8%	6.6%
Eskilstuna	5%	107,593	2.3%	11.4%
Täby	4%	73,955	8.3%	3.5%
Uppsala	3%	237,596	16.1%	6.2%
Södertälje	3%	101,209	10.1%	11.0%
Nacka	3%	108,234	11.9%	4.0%
Total/Sweden average	-	-	6.3%	7.2%

Source: company, Statistics Sweden and the Swedish Public Employment Service.

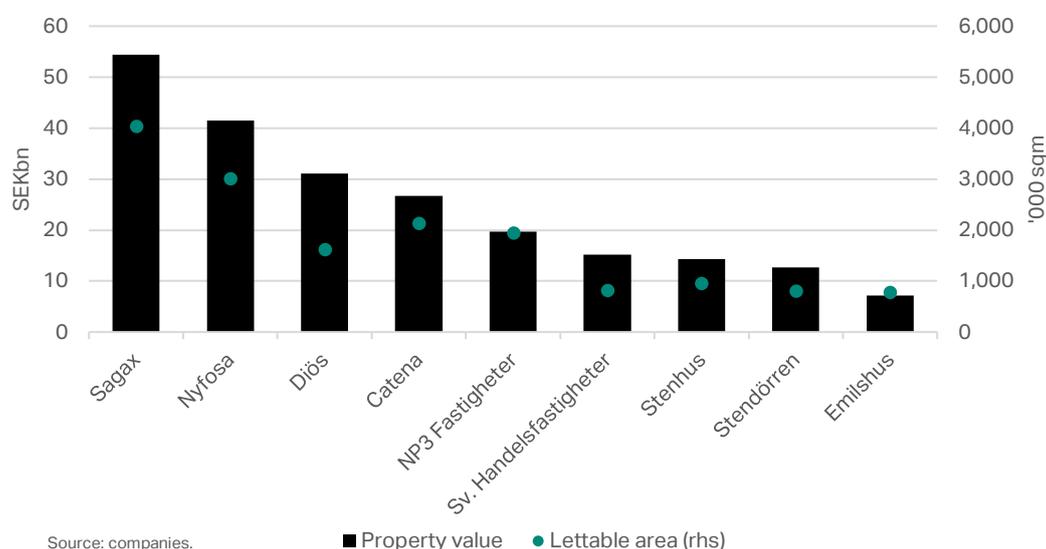
Focus on attractive logistics hubs and geographic expansion in the Nordic region

Market position, size and diversification 'bb'

Stendörren's SEK 12.7bn property portfolio is mostly located close to Stockholm, but last-mile deliveries around the capital reach around 25% of Sweden's population, mitigating concentration risk. In 2021 and 2022, Stendörren acquired several properties in Denmark, Norway and Finland. We view this as positive in terms of geographic diversification.

Although Stendörren's total property value is lower than that of its nearest peers, the company has a higher proportion of warehousing, logistics and light industry properties, reflecting a solid market position in its niche segment and supporting brand recognition.

Figure 5. Stendörren peer group breakdown by property value and lettable area, 30 Sep. 2022



Source: companies.

■ Property value ● Lettable area (rhs)

As of 30 Sep. 2022, Stendörren's top 10 tenants accounted for 22% of the company's rental income. The tenant base is diverse, with nearly 800 tenants. The largest single tenant, Coop Logistik AB, which accounts for 10% of rental income, plans to vacate its current premises in Upplands-Bro by the end of September 2024. Stendörren is actively working to find new potential tenants, and we expect the company to fill the premises gradually.

Figure 6. Stendörren's tenant concentration, 30 Sep. 2022

Tenant	Share of rental income
Coop Logistik AB	10%
Alfa Laval Technologies AB	2%
Ätta.45 Tryckeri AB	2%
Mountain Top	2%
Unilever Europe BV	1%
Stockholm Vatten AB	1%
Bactiguard AB	1%
InfoCare Service AB	1%
Nacka Vatten och avfall AB	1%
LeasePlan Sverige AB	1%
Top 10 tenants	22%

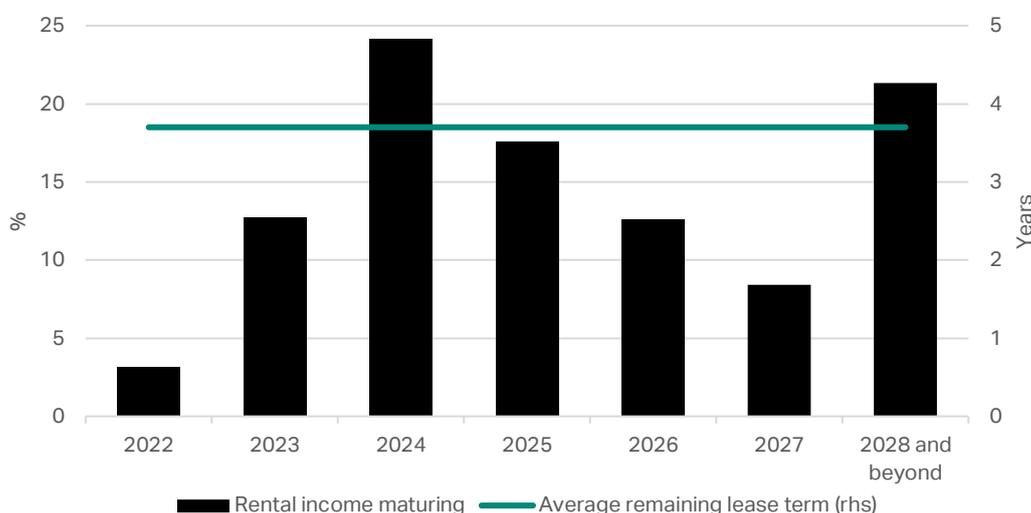
Source: company.

Property portfolio well located near urban centres

Stendörren's properties are primarily located in the Stockholm region, one of Sweden's main logistics hubs. Its locations are mostly close to major highways and, in some cases, major rail routes. The portfolio is aging, and the average date at which properties entered the portfolio or were last refurbished is 2000. The attractiveness of the properties could decrease as the segment modernises and customer demands change. The properties are mostly generic, but some have specialised facilities such as cold storage. Logistics tenants typically tend to remain in place longer than tenants from other sectors. However, the proximity of most of the properties to urban centres gives the company flexibility for alternative usage should vacancy rates increase. As of 30 Sep. 2022, about 40% of the area under management had obtained BREEAM In-Use environmental certification, increasing the appeal to environmentally conscious tenants. Stendörren's property portfolio had an average remaining lease term of 3.7 years as of 30 Sep. 2022.

Portfolio assessment
'bb+'

Figure 7. Stendörren's lease maturity profile, 30 Sep. 2022



Source: company.

Stendörren's current project portfolio on which construction has started constituted 5% of the company's total lettable area as of 30 Sept. 2022 (see Figure 8). The company has about the same percentage of projects in the design and planning phase. The company's projects are located in growing, well-established areas with good logistics communications. Going forward, we expect the company to reduce its development risk by actively reducing the number of new speculative building projects and instead shift its focus to fully pre-let projects. In addition, Stendörren's pipeline development projects, including the introduction of residential property to the portfolio, are positive in terms of diversifying property types and reducing cyclicity, but are not without risk, especially during the development phase.

The company's largest pipeline project is GreenHub Bro, entailing building rights on about 400,000 sqm at a 1.4m sqm site. Stendörren aims to build several properties on the site, each driven by tenant demand and pre-let, with the aim of offsetting significant project risk. The timeline for the project is uncertain.

Figure 8. Stendörren's large projects in progress, 30 Sep. 2022

Project	Property type	Lettable area (sqm)	Total investment (SEKm)	Estimated completion
Hjulsmeden 1	Industrial	2,700	48	Q4 2022
Almnäs 5:23	Logistics	11,900	177	Q1 2023
Librobäck 21:3	Industrial	2,300	44	Q1 2023
Viby 19:66	Logistics	6,300	114	Q1 2023
Tegelbruket 1	Tenant improvement	3,700	41	Q4 2022
Tegelbruket 1	Tenant improvement	5,100	33	Q4 2022
Tegelbruket 1	Tenant improvement	3,000	28	Q1 2023
Elementet 1	Tenant improvement	3,400	41	Q3 2023
Almnäs 5:24	Industrial	2,300	44	Q3 2023
Almnäs 5:24	Industrial	2,300	44	Q1 2024
Total	-	43,000	614	-

Source: company.

Improved operating efficiency

The company's occupancy ratio has historically been between 87% and 91%, and as of 30 Sep. 2022, Stendörren's reported economic occupancy ratio was 91%. A significant proportion of Stendörren's tenants depend on continued purchasing power in the consumer segment, and occupancy could be negatively affected by a protracted economic downturn. The company's largest tenant, accounting for 9% total rental income, plans to vacate its current premises by the end of September 2024 and this could lead to increased vacancy rates. However, we expect Stendörren to find new tenants as it is currently in discussions with several potential tenants. We therefore expect Stendörren's occupancy levels to remain in line with current levels throughout the forecast period.

A large proportion of its contracts are fully linked to the Swedish consumer price index, which supports the company's ability to maintain its EBITDA margin and offset current high inflation levels. However, the company has a low level of triple net contracts and hence a lower EBITDA margin than its closest peers, despite increasing EBITDA margins in recent years. We expect Stendörren to continue to upgrade its properties and successfully renegotiate rental contracts upon maturity, supporting occupancy ratios and rental values.

Operating efficiency
'bbb'

Figure 9. Stendörren revenues, net operating income, EBITDA, and margins, 2018–2024e

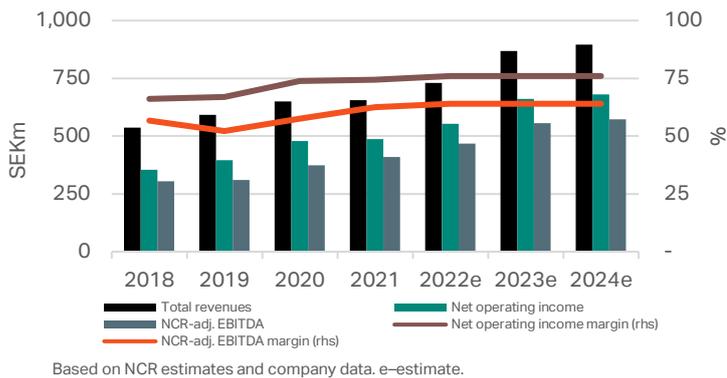
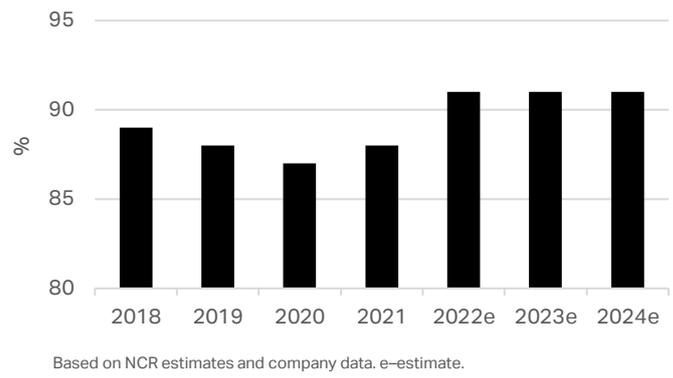


Figure 10. Stendörren's occupancy rate, 2018–2024e



FINANCIAL RISK ASSESSMENT

Financial risk assessment 'b+'

Our financial risk assessment reflects Stendörren's high leverage, long-term growth strategy and weakening interest coverage. Our assessment considers a SEK 800m hybrid bond as 100% debt, resulting in higher leverage ratios than reported by the company.

Interest rate coverage to weaken due to higher interest rates

Ratio analysis scores 'b+'

In light of the current weakening market, we expect Stendörren to remain cautious on further acquisitions and decrease speculative development projects in the short term. We treat the hybrid bond and corresponding interest costs as 100% debt because its step-up date falls at the same time as the first call date, increasing the incentive to redeem at the first call date (18 Sep. 2024).

Our base case assumes:

- rental income growth of 12% in 2022, 19% in 2023 and 3% in 2024;
- an NCR-adjusted EBITDA margin of 64% in 2022–2024;
- investments in properties through development and refurbishment of around SEK 600m in 2022, and some SEK 260m per year in 2023 and 2024;
- rising market interest rates, resulting in an average interest rate on external debt of 2.9% in 2022, 4.0% in 2023 and 4.1% in 2024;
- no acquisitions other than those already announced, totalling SEK 142m at year-end 2022;
- announced divestments totalling SEK 388m by year-end 2023; and
- property value changes of 0% in 2022, a fall of 4% in 2023 and a fall of 2% in 2024.

On the basis of these assumptions, we estimate the following metrics for the period through 2024:

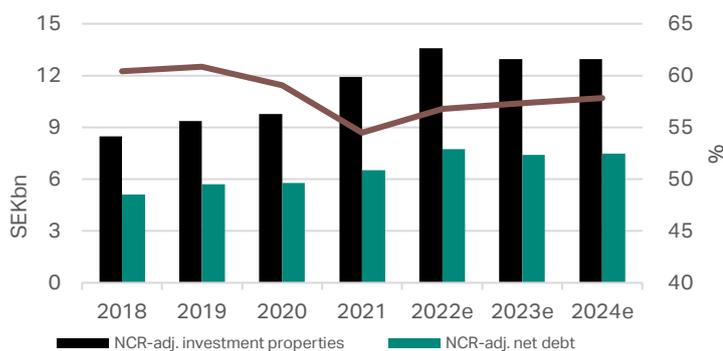
- NCR-adjusted net LTV of 57–58%;
- NCR-adjusted EBITDA/net interest of 1.6–1.9x; and
- NCR-adjusted net debt/EBITDA of 13.1–16.5x.

Figure 11. NCR's adjustments to Stendörren's credit metrics, 2018–2024e

SEKm	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	304	309	394	411	467	556	573
Other EBITDA adjustments	0	0	-20	0	0	0	0
NCR-adj. EBITDA	304	309	374	411	467	556	573
Net financial items	-130	-174	-141	-143	-187	-284	-284
Dividends paid on hybrid bond	0	-13	-54	-52	-59	-72	-72
NCR-adj. net interest	-130	-174	-141	-143	-187	-284	-284
NCR-adj. EBITDA	304	309	374	411	467	556	573
NCR-adj. net interest	-130	-187	-195	-195	-246	-356	-356
Current tax	-1	2	-1	-2	-9	-22	-21
NCR-adj. FFO	173	124	178	214	212	178	196
Investment property	8,476	9,147	9,533	11,693	13,361	12,703	12,709
Non-current right-of-use assets	10	225	225	238	238	238	238
NCR-adj. investment property	8,486	9,372	9,758	11,931	13,599	12,941	12,947
Cash and cash equivalents	163	138	361	160	125	427	364
NCR-adj. cash and equivalents	163	138	361	160	125	427	364
Gross interest-bearing debt	5,288	4,816	5,099	5,623	6,811	6,811	6,811
Hybrid bond (100% debt treatment)	0	800	800	800	800	800	800
Long-term lease liabilities	0	225	225	238	238	238	238
NCR-adj. cash and equivalents	-163	-138	-361	-160	-125	-427	-364
NCR-adj. net debt	5,125	5,703	5,763	6,501	7,724	7,421	7,485

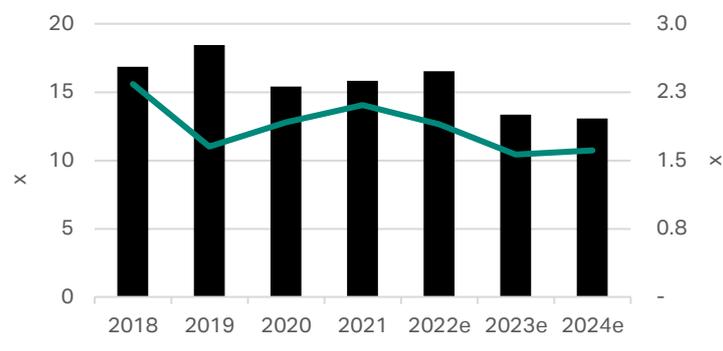
Based on NCR estimates and company data. e—estimate. FFO—funds from operations.

Figure 12. Stendörren NCR-adj. investment properties, net debt, and net LTV, 2018–2024e



Based on NCR estimates and company data. e—estimate.

Figure 13. Stendörren NCR-adj. net debt/EBITDA and EBITDA/net interest, 2018–2024e



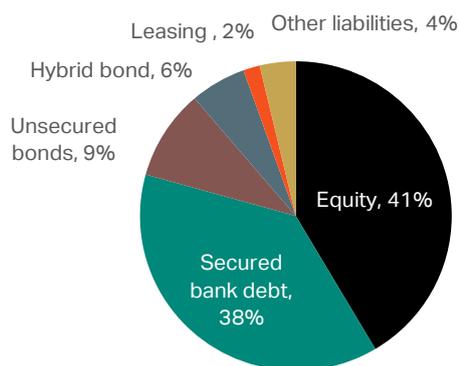
Based on NCR estimates and company data. e—estimate.

Short-term risk appetite set to decrease, long-term strategy expected to remain

Risk appetite 'b+'

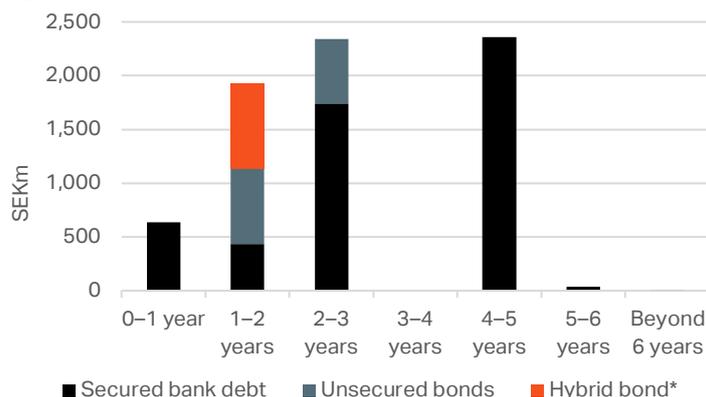
Our assessment of Stendörren's risk appetite reflects the company's long-term growth ambitions, ownership, and its debt maturity profile with upcoming refinancing risks in the first half of 2024. We expect the company to lower its growth ambitions in the short term, due to the current challenging capital markets and adverse macroeconomic conditions. However, we acknowledge that Stendörren has experienced significant growth under EQT's minority ownership and expect this strategy to continue in the long term. Stendörren has SEK 6.5bn in reported debt, most of which is secured bank debt. It has two outstanding senior unsecured bonds: SEK 700m maturing in 2024 and SEK 600m maturing in 2025. In addition, Stendörren has a hybrid bond of SEK 800m with a first redemption date in September 2024. As of 30 Sept. 2022, the company had partly utilised revolving credit facilities of SEK 400m maturing in 2027, and SEK 130m maturing in 2023.

Figure 14. Stendörren's funding profile, 30 Sep. 2022



Source: company.

Figure 15. Stendörren's debt maturity profile, 30 Sep. 2022



Source: company. *Maturity at first call date, treated as 100% debt.

Stendörren uses a mix of interest rate caps and swaps to mitigate interest rate fluctuations. As of 30 Sep. 2022, some 80% of the outstanding debt was covered by interest rate hedges. The company reported an average interest rate of 3.7% as of 30 Sep. 2022. The average fixed interest rate period is 2.7 years, which is broadly in line with the debt maturity profile. This supports the company's risk appetite but increases interest rate sensitivity at expiry.

Stendörren does not have a specific LTV target, focusing instead on its equity ratio and treating the SEK 800m hybrid bond as equity.

Figure 16. Stendörren's financial covenants, policies and reported metrics

Metric	Common loan covenants	Financial policy/targets	Reported 30 Sep. 2022
Equity ratio	> 25%	> 35% and never below 20%	42%
Net LTV	< 70%	-	47%
Interest coverage ratio (avg. 12 month)*	> 1.75x	> 2.0x	3.0x

Source: company. *Excludes interest costs on hybrid bond.

ADJUSTMENT FACTORS

Adjustment factors neutral

Adjustment factors are assessed as neutral and have no effect on our standalone credit assessment.

Liquidity

Liquidity adequate

Our 12-month liquidity analysis is based on a stressed scenario in which the company cannot access the capital markets or extend bank loans, and therefore must rely on internal or committed external funding sources to cover its liquidity needs.

We assess Stendörren's liquidity profile as adequate as the funding sources sufficiently covers the uses for the 12 months ending 30 Sep. 2023. NCR incorporates 100% of the dividend payments on the hybrid bond in its calculation of adjusted funds from operations.

We estimate the following primary funding sources for the 12 months ending 30 Sep. 2023, totalling SEK 1.4bn:

- SEK 448m in cash and equivalents, reflecting 100% of cash and equivalents as of 30 Sep. 2022;
- SEK 140m from funds from operations, equating to 75% of estimated adjusted funds from operations over the 12 months ending 30 Sep. 2023;
- SEK 400m in unused credit facilities maturing in more than 12 months; and
- announced and completed property divestments totalling SEK 388m.

We estimate the following uses of funds for the 12 months ending 30 Sep. 2023, totalling SEK 1.3bn:

- SEK 637m in maturing debt and amortisation;
- SEK 142m in committed acquisitions; and
- SEK 567m in committed capital spending.

ESG factors adequate

Environmental, social and governance factors

Stendörren's environmental, social and governance (ESG) policies support our overall business risk assessment. We expect megatrends in energy use, technology and automation to impact the warehousing and logistics segment. Increasing automation and electrification in the sector require more energy use, and we expect energy costs to become an increasing focus for property owners and tenants alike. This could sharpen Stendörren's focus on energy use in order to align with the Paris Agreement and Swedish government policies.

Stendörren reports that 98% of all energy used at its properties was renewable as of 31 Dec. 2021. We note that the company is less energy intensive than its closest peers. The company has developed ethical policies for subcontractors and includes these in its contracts. It has embedded whistleblower policies and appointed a safety representative. We expect Stendörren to develop its social policies as the company expands its ESG processes.

Figure 17. Stendörren ESG considerations

Issue	Risk	Mitigating efforts	Result
CO ₂ emissions	Increased costs due to regulatory and/or taxation changes. Increased interest costs on sustainability-linked loans.	20% targeted reduction in energy use by 2030 vs 2020 levels. Goals of 70% environmental certification (by area) by 2025, and 100% fossil-free energy by 2030. Target of net zero emissions by 2030.	41% reduction in CO ₂ equivalents from 2017 to 2021 per square meter. CO ₂ equivalents increased by 24% between 2020 and 2021.
Impact of climate change on operations	Loss of revenues or increased capital spending.	Environmental certification of properties, appropriate insurance.	Around 40% of properties (by area) had obtained certification as of Q3 2022.
Increased environmental focus in financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transitioning to lower CO ₂ dependence.	Increasing use of sustainability-linked funding.	33% of external funding linked to sustainability targets.

Source: company.

OWNERSHIP ANALYSIS

Ownership neutral

Stendörren has two share classes, A and B, with the B shares listed on the Nasdaq Stockholm exchange. The A shares confer 10 votes and the B shares one. Both share classes confer equal rights to dividends.

Stendörren's majority owner is Stendörren Real Estate AB, which is owned 100% by EQT Real Estate II since 2018, a fund owned by EQT. Stendörren Real Estate AB owns 40.7% of the shares and controls 58.1% of the votes in Stendörren.

EQT has successfully developed companies prior to divestment and says it was attracted to Stendörren by its development pipeline and growth opportunities. We note that EQT has historically owned companies for an average of 5.2 years before divestment. We see a risk of an increasing focus on growth beyond our current expectations, as private equity firms typically seek to increase values with a view to divesting their investments with high returns on equity. Any acceleration of projects, change in leverage or shift to speculative development could negatively affect our assessment. However, EQT has a record of injecting capital into previous investments, when needed, mitigating the associated risk, in our view. Overall, our ownership analysis is neutral.

Figure 18. Stendörren's ownership structure, 30 Sep. 2022

Owner	Share of capital	Share of votes
Stendörren Real Estate AB	40.6	58.0
Altira AB	10.7	14.8
Länsförsäkringar Fondförvaltning AB	10.3	5.8
SEB Investment Management	9.2	5.1
Verdipapirfondet Odin Eiendom	3.8	2.1
Didner & Gerge Fonder Aktiebolag	2.1	1.2
Third Swedish National Pension Fund	3.5	1.9
Carnegie fonder	1.4	0.8
Staffan Malmer	1.1	0.6
SEB Luxembourg Branch	1.1	0.6
Top 10 owners	83.8	90.9
Other	16.2	9.1

Source: company.

ISSUE RATINGS

We do not assign issue ratings to Stendörren's outstanding debt issues. In line with our methodology, we typically anticipate a higher loss in the event of default on senior unsecured instruments when there is a high proportion of secured debt. As of 30 Sep. 2022, 71% of the company's interest-bearing debt was secured, reducing recovery prospects for senior unsecured bondholders and hybrid bondholders.

Figure 19. Stendörren key financial data, 2018–Q3 2022

SEKm	FY	FY	FY	FY	LTM
Period-end	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	30 Sep. 2022
INCOME STATEMENT					
Rental income	537	592	631	653	710
Other income	–	–	20	3	2
Total costs from operations	-182	-195	-171	-168	-174
Net operating income	355	397	480	488	538
Administrative expenses	-51	-88	-86	-77	-84
Administrative expenses, project portfolio	–	–	–	–	–
EBITDA	304	309	394	411	454
Share of profit in associated companies and joint ventures	–	–	–	–	–
Interest expenses	-131	-166	-134	-135	-162
Interest income	1	1	2	1	13
Interest expenses, shareholder loans	–	–	–	–	–
Financial costs from leasing	–	-9	-9	-9	-8
Other financial costs	–	–	–	–	–
Changes in investment property	326	237	98	1,235	668
Gain (loss) on financial assets held at fair value	-12	16	-10	20	263
Disposals of investment properties	–	–	–	–	–
Gain (loss) on derivatives	–	–	–	–	–
Depreciation and amortisation	–	–	–	–	–
Restructuring activities	–	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–	–
Pre-tax profit	488	388	341	1,523	1,228
Current taxes	-1	2	-1	-2	-3
Deferred taxes	-68	-100	-84	-311	-255
Net profit	419	290	256	1,210	970
BALANCE SHEET					
Investment property	8,476	9,147	9,533	11,693	12,728
Other non-current assets	13	256	244	291	541
Total non-current assets	8,489	9,403	9,777	11,984	13,269
Cash and cash equivalents	163	138	361	160	448
Other current assets	83	67	95	146	76
Total current assets	246	205	456	306	524
Total assets	8,735	9,608	10,233	12,290	13,793
Total equity	2,780	3,840	4,053	5,216	5,722
Non-current borrowings	4,251	3,535	4,081	4,868	5,728
Non-current borrowings, shareholder loans	–	–	–	–	–
Deferred tax liabilities	419	519	613	925	1,071
Other non-current liabilities	15	243	241	264	273
Total non-current liabilities	4,685	4,297	4,935	6,057	7,072
Total current liabilities	1,270	1,471	1,245	1,016	999
Total equity and liabilities	8,735	9,608	10,233	12,289	13,793
CASH FLOW STATEMENT					
Pre-tax profit	488	388	341	1,523	1,228
... of which changes in investment property	326	237	98	1,235	668
Depreciation and amortisation	–	–	–	–	–
Tax paid	-15	-2	-2	-1	6
Adjustment for items not in cash flow	-298	-263	-85	-1,235	-903
Cash flow from operating activities before changes in working capital	175	123	254	287	331
Changes in working capital	-32	20	19	-64	-41
Cash flow from operating activities	143	143	273	223	290
Cash flow from investment activities	-1,575	-427	-289	-922	-1,224
Cash flow from financing activities	1,557	259	238	498	1,267
Cash and cash equivalents at beginning of period	38	163	138	361	117
Cash flow for period	125	-25	222	-201	333
Cash and cash equivalents at end of period	163	138	361	160	448

Source: company. FY–full year. LTM–last 12 months.

Figure 20. Stendörren rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bb
Market position, size and diversification	12.5%	bb
Portfolio assessment	12.5%	bb+
Operating efficiency	5.0%	bbb
Business risk assessment	50.0%	bb+
Ratio analysis		b+
Risk appetite		b+
Financial risk assessment	50.0%	b+
Indicative credit assessment		bb-
Liquidity		Adequate
ESG		Adequate
Peer comparisons		Neutral
Stand-alone credit assessment		bb-
Support analysis		Neutral
Issuer rating		BB-
Outlook		Stable
Short-term rating		N4

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