

Press Release

19 December 2023

S&P lowers Investment Grade Rating to 'BBB-' for Heimstaden Bostad, Assigns Negative Outlook

S&P Global Ratings lowers Heimstaden Bostad's long-term issuer credit rating to 'BBB-' from 'BBB' and assigns Negative Outlook.

S&P attributed the one-notch downgrade to forecasted declines in their interest coverage ratio (ICR) as they stated that "forecasts won't maintain EBITDA interest coverage of above 1.8x over the next 12-24 months".

Despite the downgrade, S&P states in their upside scenario that the outlook would be resolved if the "ICR remains close to 1.8x, Debt / Debt Plus Equity remains at or below 60%, and refinancing conditions are favourable, or equity is injected by shareholders".

"We are determined to restore our 'BBB' rating. Our robust base case, recognised by S&P, is supported by eight consecutive quarters of improved NOI. By continuing to handle our debt maturities well in advance and maintain a strong liquidity position, being supported by privatisation sales surpassing expectations, we are confident that we will return to a stable outlook. There should be no doubt that Heimstaden Bostad remains an investment grade entity." says Deputy CEO Christian Fladeland.

"We are fully committed to sustaining an investment grade rating. The unanimous dedication of our Board ensures a return to compliance with our financial policy, with the goal of reclaiming the 'BBB' rating", says Board Chairperson Helge Leiro Baastad.

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Heimstaden Bostad is a leading European residential real estate company with around 162,000 homes across nine countries with a property value of SEK 332 billion. We acquire, develop, and manage properties with an evergreen perspective. Guided by our Scandinavian heritage and values Care, Dare and Share – our about 2,100 colleagues fulfil our mission to enrich and simplify our customers' lives through Friendly Homes. Read more at www.heimstadenbostad.com.

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