

Bulletin:

Samhallsbyggnadsbolaget's Operations Remain Stable; Dividends From JVs Support Its Credit Metrics

September 5, 2025

This report does not constitute a rating action.

PARIS (S&P Global Ratings) Sept. 5, 2025--S&P Global Ratings today said that Samhallsbyggnadsbolaget i Norden AB (publ)'s (SBB's) first-half 2025 results, published Aug. 20, are in line with expectations, with dividends received from its joint ventures (JVs) supporting SBB's credit metrics, while leverage remains high.

Operating performance is in line with our expectations. SBB reported a mild like-for-like rental income growth of 1.3%, mostly related to indexation from the residential segment (4.3% like-for-like), versus 7.2% in the first half of 2024 and 5.5% in the full year as inflation reduced. We note a minor 30-basis points (bps) improvement in occupancy to 93.9% as of end-June 2025, from 93.6% at end-2024. Property valuation was slightly down by 0.7% in the first half of the year, mostly due to the write-down on valuation of a land plot, and we note a slight yield compression of 10 bps to 4.8%. We expect SBB's operating performance to remain broadly at this level with indexation around 1.5% per year, occupancy at 93% to 94%, and overall flat like-for-like valuations. Our forecast takes also into account disposals of about Swedish krona (SEK) 1.9 billion and acquisitions of about SEK205 million in 2025 and none thereafter. We assume capital expenditure of SEK800 million to SEK1 billion annually.

Leverage metrics will remain elevated, with S&P Global Ratings adjusted ratio of debt to debt plus equity well above 70% and EBITDA interest coverage to remain around 1x. In H1 2025, the company reported an improvement in S&P Global Ratings adjusted ratio of debt to EBITDA to 28x (RTM) from above 30x in previous quarters and EBITDA interest coverage remaining broadly stable at 1.2x (RTM). Debt to debt plus equity remained very high at about 75% over the same period. Considering SBB's current high debt burden, we expect its debt to EBITDA to remain above 25x in the foreseeable periods and its debt-to-debt plus equity metric at around 75%. This is partly mitigated by the positive effect of dividend received from its JVs, which we estimate at SEK300 million per year, which alleviates some pressure on the company's EBITDA. SBB's interest coverage ratio should be at around 1.0x at year-end 2025, from 1.2x in June 2025.

We continue to view SBB's capital structure as unsustainable and its liquidity as weak as the €485 million August 2026 maturity approaches. This is related to the high frequency and

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magnitude of debt maturities coming due in the next several months and years: SEK13.4 billion in the next 18 months; SEK19 billion in 2027; and SEK9.0 billion in 2028. The company's weighted average debt maturity now stands at 2.7 years, from 2.9 years in December 2024, and we expect it won't improve materially in the coming quarters. SBB continues to benefit from an advantageous average cost of debt of 2.47% as of end-June 2025, which we expect should increase toward 3.0%-3.5% in the next 12 months, in the event of successful refinancings. SEK7.6 billion is coming due in the next 12 months, which is not fully compensated by SBB's cash position of SEK2.9 billion and undrawn revolving credit facilities (RCF) of SEK1.1 billion, leading to a liquidity shortfall of around SEK 6 billion. We note that all of the RCFs and credit lines, totaling SEK5.1 billion, of which SEK1 billion belongs to its subsidiary Sveafastigheter, are maturing gradually over the next 12 months and are therefore not accounted in our liquidity calculation. We will continue to monitor how SBB addresses its upcoming refinancing strategy and outcome. We understand that all covenants under its debt instruments are abided-by as of end-June 2025 and we expect at least adequate headroom to remain.

We view its new shareholder, Aker Property Group, as neutral to our rating assessment of SBB and will monitor any development or impact on the company's creditworthiness.

In May 2025, Aker exchanged eight properties for shares in PPI, an affiliated company of SBB, then exchanged the newly issued PPI shares for class B shares in SBB, also newly issued. Lastly, Aker exchanged its 125 million newly issued B-shares for 101 million A-shares carrying 10x the voting power of B-shares that belonged to longstanding shareholders in SBB. After the closing in July 2025, Aker holds 8.6% of the capital and 28.8% of voting rights versus 7.5% and 30.2% respectively for Ilija Batljan, SBB's founder. We understand Aker aims to support SBB in its further plans and strategy and may provide further capital if necessary. With its shareholding, Aker has appointed 2 board members to SBB's supervisory board. In total, SBB has eight board members, of which four remain independent. Han-Suck Song and Tone Kristin Omsted were elected as new members, as well as Kjell Inge Røkke and Øyvind Eriksen from Aker.

Our negative outlook on SBB continues to reflect the risk of a conventional default or further distressed debt offers within the next 12 months. We will monitor its refinancing activities closely and adjust our analysis and ratings if necessary.

Related Research

- [Samhallsbyggnadsbolaget Ratings Raised To 'CCC' From 'SD' On Completed Debt Restructuring; Outlook Negative](#), Dec. 20, 2024

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