S&P Global Ratings

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Stockholm Exergi Holding AB (publ)

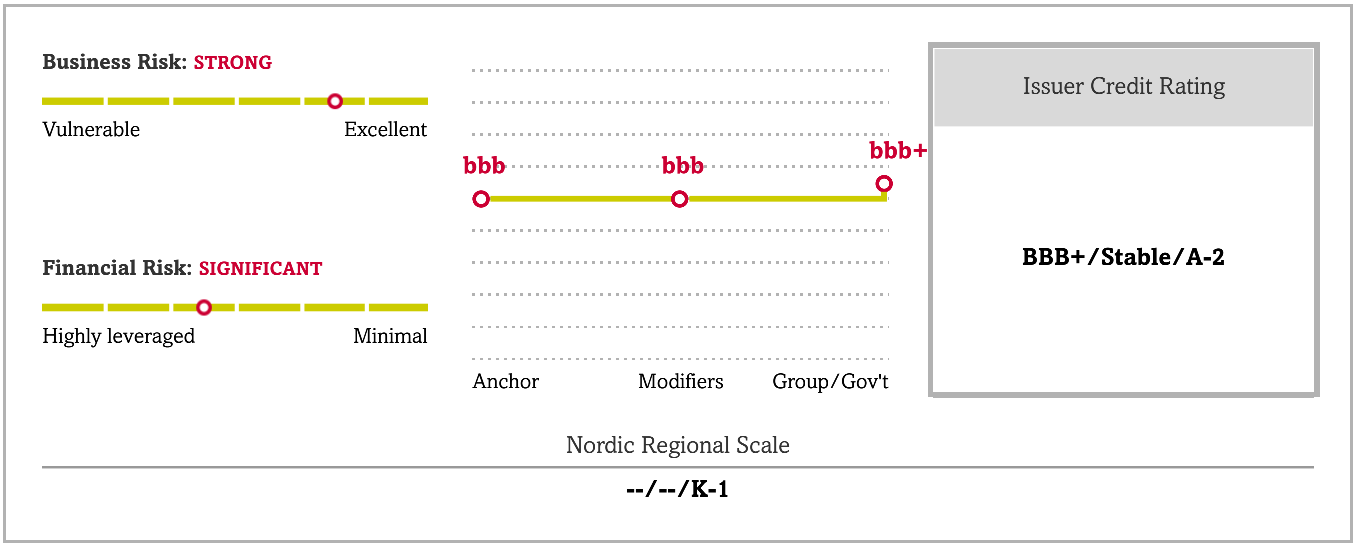
Primary Credit Analyst:
Daniel Annas, Stockholm +46 (8) 4405925; daniel.annas@spglobal.com

Secondary Contact:
Per Karlsson, Stockholm + 46 84 40 5927; per.karlsson@spglobal.com

Table Of Contents

Table Of Contents (cont.)

Stockholm Exergi Holding AB (publ)



Credit Highlights

Overview

Key strengths	Key risks
Very stable and predictable EBITDA from the district heating business with monopoly-like features. EBITDA declined by only 1.5% despite challenging conditions, to Swedish krona (SEK)2,835 million in 2020 from SEK2,882 the previous year.	Large fuel consumption related to the combined heat and power (CHP) plants creates exposure to volatile prices of commodities such as biomass, but also electricity.
Key provider of heat and electricity in the Stockholm area, with a stable and dominant market position (95% market share on new production in Stockholm).	Environmental policies and taxation affecting the district heating activities.
Prospective new business, bio carbon capture and storage (BCCS), which could boost earnings and the company's environmentally friendly position. Expected start of operations in 2025.	A change in ownerships structure could result in less support from the city of Stockholm, although we do not expect such a change.
Support from the city of Stockholm, which has a 50% stake.	

S&P Global Ratings regards Stockholm Exergi's district heating business as predictable and stable. On average, about 80% of EBITDA stems from the district heating segment, which we view as an efficient way to produce heat, with some flexibility to increase/decrease electricity generation when needed. Therefore Stockholm Exergi is an important contributor to electricity generation in the greater Stockholm area, notably during winter. In addition, we view the company's district heating business as stable with monopoly-like features, as barriers to entry are high. Pipes are buried in the city of Stockholm, and it would require extensive work and high costs to challenge the company's position as the heat provider in its region. We therefore expect Stockholm Exergi to maintain its strong local position as a key provider of heating in Stockholm. It has about an 80% market share in its operating area, with a diverse customer base. We expect the market share will grow modestly, as a high share, about 95%, of new properties in the Stockholm area choose Stockholm Exergi as the heating provider. We don't expect that Stockholm Exergi's operation will be affected significantly by COVID-19, as we believe demand for district heating will not be affected by the pandemic. The demand is mainly driven by weather factors. Stockholm Exergi also has a diversified customer portfolio, and we do not expect significant credit losses from its customers.

Fortum has announced it will divest its 50% stake in Stockholm Exergi, but the City of Stockholm (AAA/Stable/A-1+) will maintain its stake. Fortum's ownership stake of 50% does not have a direct rating impact. However, Fortum has set the financial policy together with the City of Stockholm, which we believe is supportive to the company. We could therefore change our view on the owners if the new owner were to enforce a financial policy that could have a negative effect on the company. The city of Stockholm owns the remaining 50% and the city and Fortum Oyj have equal voting rights. Part ownership by the government of Stockholm enhances the company's stand-alone credit profile. Our 'BBB+' long-term rating on Stockholm Exergi includes one notch of uplift because we believe the city would support the company if it faced difficulties outside the ordinary course of business. We consider a change in ownership support from the city to be unlikely.

Credit ratios remains stable thanks to very stable and predictable district heating operations. Stockholm Exergi's EBITDA has been in the range of SEK2,800 million-SEK3,000 million for the past five years. The company maintained stable EBITDA in 2020 despite very challenging conditions with: warmer winter than usual, an extremely low electricity price, and the pandemic. During 2020, EBITDA margin improved to 44% compared with 41% in 2019. This was mainly driven by lower demand for heat, since less expensive fuels were needed. The stable business is also underpinned by the district heating pricing model, where fixed costs represent about 40% of revenue. Our expectation is that credit ratios will remain broadly unchanged: We forecast adjusted funds from operations (FFO) to debt of 19%-22% and debt to EBITDA close to 4.5x and trending down during the period, compared with 19.3% and 4.6x in 2020.

Increasing capital expenditure (capex), driven by BCCS together with new CHP plant investments starting in 2023 and 2025, respectively. We understand that Stockholm Exergi plans to invest about SEK14 billion over 2021-2025. The investment peak will start in 2023 since its BCCS investment is expected to ramp up, and in 2025 its planned construction of the CHP plant in Lövsta will start. Estimated cost for the BCCS totals about SEK2.1 billion and the CHP plant costs could reach SEK7 billion. This doesn't currently have a material effect on ratios, but could have a negative effect on ratios in 2024 and 2025 before the new CHP plant is in operation. It is our understanding that the new CHP plant is not a committed investment, since the final investment decision has not been taken and the project could also be postponed or even cancelled.

The risk of additional environmental taxes or other regulations could affect the business, and this has resulted in additional investments for waste handling. Effective April 2020, a tax on waste used as fuel was implemented and will increase to SEK125 per metric ton (/mt) by 2022 from SEK75/mt in 2020. The tax came despite criticism from many consultation bodies, because it only affected the waste incinerator: Neither the product producer nor the consumer will pay. This tax highlights that risk relating to taxes, regulations, and other politically driven changes are not immaterial. In 2020, Stockholm Exergi used almost 1,800,000 tons of bio-fuels, for its incineration. We are not aware of any planned additional domestic taxes. EU taxonomy for sustainable activities could change which fuels can be used for district heating, however.

Stockholm Exergi plays a key role in meeting the city of Stockholm's capacity needs. Nord pool electricity prices have been very volatile, with average system prices at about €11 per megawatt-hour (/MWh) during 2020 with negative prices in Sweden for the first time for peak hours. Stockholm Exergi operates in price zone SE3, where prices are generally higher than system prices because most of the electricity in Sweden is produced in the north of the country and transmission capacity is not sufficient. We expect bottlenecks in the transmission capacity to continue. This does not only result in higher achieved prices for Stockholm Exergi compared with the Nord pool system price, but also the company is a key provider of electricity in Stockholm, especially during peak hours. In our view, the structural transmission capacity shortage strengthens Stockholm Exergi's business even further, since it would require a massive amount of additional electricity to replace its heating business. We don't expect that transmission capacity will increase dramatically in Sweden even in the long term.

Outlook: Stable

Our outlook is stable because we expect Stockholm Exergi's stable heating operations will continue to support its operating cash flows. We believe the company's financial risk profile will likely stay well in line with our parameters for the current ratings. We forecast that Stockholm Exergi's credit metrics will remain at about the current levels in the coming three years, with FFO to debt at 19%-22%, comfortably above our 15% threshold. In addition, we forecast debt to EBITDA will stay below 4.5x in 2021-2023.

Downside scenario

We could consider a negative rating action if Stockholm Exergi's credit metrics were to deteriorate substantially, with FFO to debt below 15% and limited prospects for a swift recovery. This could result, for example, from any significant further debt-funded investment, or operational underperformance as a result of significantly higher fuel prices. In addition, we could lower the ratings if the city of Stockholm's ownership stake decreased, because this could lead us to revise down our assessment of the likelihood of extraordinary support.

Upside scenario

We could consider an upgrade if Stockholm Exergi's financial policy supported a sustainable improvement of its financial position to a level we view as commensurate with an intermediate financial risk profile. This could materialize, all else being equal, if the company's adjusted FFO-to-debt ratio were to exceed 23% on a sustainable basis.

Our Base-Case Scenario

Assumptions

- Revenue to increase in 2021 by about SEK500 million to about SEK7 billion, due to higher revenue streams from colder weather but also electricity sales. Then modest growth of about 1%-3% during 2022 and 2023.
- District heating tariff increase of 0.5% in 2021, 2.0% in 2022, and 2.5% in 2023.
- EBITDA margin of about 42%-44% during 2021, and increasing toward 46%-48%, mainly driven by operating efficiencies.
- Capex of about SEK1,500 million-SEK1,700 million in 2021 and 2022, then increasing to about SEK3,000 million during 2023.
- Annual dividend payouts of about SEK850 million.
- Investments in the new CHP plant in Lövsta will not be material before the end of 2023.

Key metrics

Stockholm Exergi Holding AB (publ)--Key Metrics

(Mil. SEK)	2019	2020	2021	2022	2023
EBITDA	2,882.0	2,835.0	2800-3000	3100-3300	3300-3500

Stockholm Exergi Holding AB (publ)--Key Metrics (cont.)					
(Mil. SEK)	**2019**	**2020**	**2021**	**2022**	**2023**
FFO	2,552.0	2,487.0	2400-2600	2600-2800	2800-3000
FFO to debt (%)	19.3	19.1	19-22	19-22	19-22

SEK--Swedish krona. FFO--Funds from operations.

Company Description

Stockholm Exergi is the largest provider of district heating in the Stockholm region with a production capacity of about 5,000 MW. It has roughly an 80% market share in its operating area, and reported EBITDA of about €280 million in 2020. Stockholm Exergi provides heating for over 800,000 people in and around Stockholm and the district heating network is made up of 1,600 kilometers of underground pipes. Of the 10,400 individual customers, roughly 5,000 are apartment building associations. Stockholm Exergi also provides cooling to about 400 customers. More than 90% of Stockholm Exergi's district heating system is based on renewable or recycled energy. The company is 50% owned by the city of Stockholm and 50% by Fortum Oyj.

Peer Comparison

Table 1

Stockholm Exergi Holding AB (publ)--Peer Comparison			
	Stockholm Exergi Holding AB (publ)	**Tekniska verken i Linkoping AB**	**Kraftringen Energi AB (publ)**
Rating as of March. 3, 2021	BBB+/Stable/A-2	A+/Stable/A-1	BBB+/Stable/A-2
	--Fiscal year ended--		
	Dec. 31, 2020	**Dec. 31, 2020**	**Dec. 31, 2019**
(Mil. €)			
Revenue	6,433.0	5,155.0	3,570.2
EBITDA	2,835.0	1,382.0	796.5
Funds from operations (FFO)	2,487.0	1,343.6	716.0
Interest expense	207.0	43.4	56.8
Cash interest paid	189.0	31.4	58.0
Cash flow from operations	2,879.0	1,508.6	714.7
Capital expenditure	1,799.0	1,474.0	457.4
Free operating cash flow (FOCF)	1,080.0	34.6	257.3
Discretionary cash flow (DCF)	230.0	(227.4)	140.3
Cash and short-term investments	9.0	289.0	195.0
Debt	13,036.7	2,731.1	2,370.2
Equity	11,646.0	5,861.0	3,359.7
Adjusted ratios			
EBITDA margin (%)	44.1	26.8	22.3
Return on capital (%)	5.3	8.3	8.5

Table 1

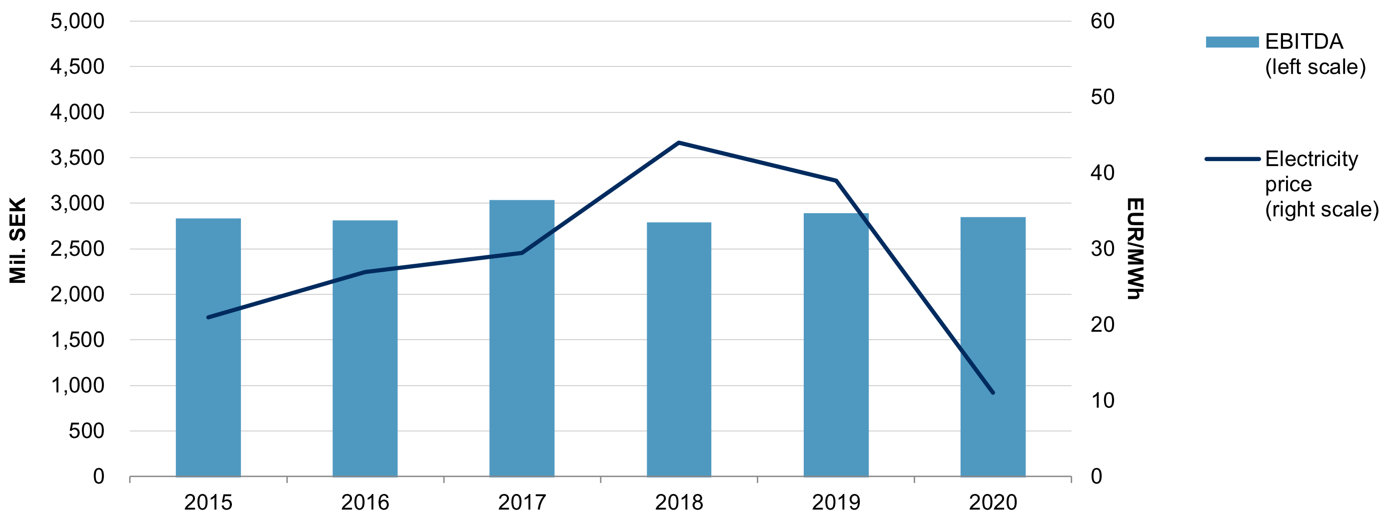
Stockholm Exergi Holding AB (publ)--Peer Comparison (cont.)			
EBITDA interest coverage (x)	13.7	31.9	14.0
FFO cash interest coverage (x)	14.2	43.9	13.4
Debt/EBITDA (x)	4.6	2.0	3.0
FFO/debt (%)	19.1	49.2	30.2
Cash flow from operations/debt (%)	22.1	55.2	30.2
FOCF/debt (%)	8.3	1.3	10.9
DCF/debt (%)	1.8	(8.3)	5.9

Business Risk: Strong

In our view, Stockholm Exergi has stable and predictable district heating operations, with monopoly-like features. In 2019, about 83% of revenue came from district heating, 11% from electricity production and certificates, 3% from district cooling, and 3% from other activities. District heating accounts for about 80% of the company's total EBITDA. That said, we view positively the company's low dependency on favorable electricity prices. Historically, the company has not been affected by the volatile Nord pool system prices. Instead, EBITDA has been very stable, thanks to the pricing model for district heating, with fixed prices making up about 40% of revenue, but also because of the flexibility in production, given that the cost for generating peak generation has a negative impact on operating margins. When a CHP plant is operating close to peak production, producing heat and electricity at full capacity, the incineration requires a combination of fuel, which increases the cost of production. This could have a negative impact on EBITDA margins if electricity prices are not very favorable.

Chart 1

Electricity Prices Have A Marginal Effect On Stockholm Exergi's EBITDA



SEK--Swedish krona. MWh--megawatt-hour. Source: S&P Global Ratings.

Although there is no defined regulatory framework for district heating in Sweden, Stockholm Exergi is the sole district heating network operator in its area, with implicit oversight from the Swedish Competition Authority. We view the current market-based framework as predictable, which brings stability to the business. We see political risk as a potential risk factor, since new environmental policies adopted by the government have had a direct impact on earnings and investment strategy. We cannot rule out additional changes in the future.

The incineration business demands massive amounts of fuel and therefore has a carbon footprint. The company's main source of fuel for its district heating operations are bio-fuels such as recycled wood, forest residues, and waste. The company has shifted away from fossil fuels, such as coal and oil. This has had an significant reduction in carbon footprint, with a reduction of more than 70% comparing 2020 with 2010. That said, in 2020 the company's carbon footprint from its district heating activities amounted to 382,000 tons of CO_2, down from 705,000 tons in 2019. Stockholm Exergi's EU emissions trading system (ETS) allocation was 343,382 tons, which covered about 95% of its needs for compensation in 2020. Therefore, the company is resilient toward EU ETS prices trending upwards in the near term. EU ETS prices are continuously reaching record high prices, currently above €50 compared with an average of €30 during 2020 and well below €10 prior to 2018. We view positively the company's environmentally friendly path, aligned with the City of Stockholm, to have a fossil free and climate positive Stockholm before 2040.

Stockholm Exergi's business risk profile is also supported by its diverse customer base. Customers are mainly real estate companies and housing associations, which generally exhibit more stable demand than industrial customers. In addition, the majority of the 10 largest customers are owned by either the City of Stockholm or the government. The company also benefits from a diverse fuel mix, which enables it to react, to some extent, to prevailing fuel prices by switching between different fuel types.

The business is, however, geographically concentrated because all of its operations are in the City of Stockholm region. This is mitigated by the region's very strong and dynamic local economy. However, the stable operating environment is partly offset by volume and fuel price risks related to district heating. Warmer or colder winters lead to unpredictable demand and volatile fuel prices, as seen in 2020 with the substantial drop in electricity prices. Nevertheless, this had a limited impact on earnings.

Financial Risk: Significant

We view Stockholm Exergi's cash flow in terms of FFO as very stable and predictable. The new plant commissioned in 2016 has improved the efficiency of its heating operations, with increasing cash flows through additional electricity production.

We understand that the construction of the CHP plant in Lövsta has been postponed, and will not start construction until 2025 at earliest. Additionally, the investment is not committed, or mandatory for the company, and the final investment decision has not been taken. If Stockholm Exergi takes a final investment decision, which we think is a possible scenario, the investments would amount to SEK6 billion to ZEK7 billion during 2025-2027, leading to negative FOCF during the construction years. We have not included the investment into our base case, since the final decision has not been taken, and it's currently beyond our forecast period.

We forecast that cash flow from operations on average will cover dividends and capex during 2021 and 2022, but when investments are increased to about SEK3,000 in 2023, it will result in additional funding needs, and debt will increase to about SEK13 billion-SEK14 billion. Despite the debt buildup, we expect that credit ratios will remain stable, with FFO to debt of 19%-22%, which we view as commensurate with the rating.

Financial summary

Table 2

Stockholm Exergi Holding AB (publ)--Financial Summary

Industry sector: Combo

	--Fiscal year ended Dec. 31--				
	2020	**2019**	**2018**	**2017**	**2016**
(Mil. SEK)					
Revenue	6,433.0	7,094.0	7,149.0	6,788.0	6,746.0
EBITDA	2,835.0	2,882.0	2,778.5	3,022.0	2,799.0
Funds from operations (FFO)	2,487.0	2,552.0	2,405.0	2,640.4	2,584.2
Interest expense	207.0	209.0	219.5	207.6	183.8
Cash interest paid	189.0	187.0	157.5	168.6	158.8
Cash flow from operations	2,879.0	2,295.0	2,240.0	2,714.4	2,296.2
Capital expenditure	1,799.0	1,805.0	1,548.0	1,795.0	1,593.0
Free operating cash flow (FOCF)	1,080.0	490.0	692.0	919.4	703.2
Discretionary cash flow (DCF)	230.0	(360.0)	(108.0)	519.4	303.2
Cash and short-term investments	9.0	1.0	150.0	147.0	0.0

Table 2

Stockholm Exergi Holding AB (publ)--Financial Summary (cont.)

Industry sector: Combo

	--Fiscal year ended Dec. 31--				
	2020	**2019**	**2018**	**2017**	**2016**
Gross available cash	11.0	2.0	152.0	149.0	123.0
Debt	13,036.7	13,205.3	12,420.3	12,076.4	12,291.1
Equity	11,646.0	11,762.0	12,355.0	11,969.0	11,236.0
Adjusted ratios					
EBITDA margin (%)	44.1	40.6	38.9	44.5	41.5
Return on capital (%)	5.3	3.2	5.5	7.0	6.8
EBITDA interest coverage (x)	13.7	13.8	12.7	14.6	15.2
FFO cash interest coverage (x)	14.2	14.6	16.3	16.7	17.3
Debt/EBITDA (x)	4.6	4.6	4.5	4.0	4.4
FFO/debt (%)	19.1	19.3	19.4	21.9	21.0
Cash flow from operations/debt (%)	22.1	17.4	18.0	22.5	18.7
FOCF/debt (%)	8.3	3.7	5.6	7.6	5.7
DCF/debt (%)	1.8	(2.7)	(0.9)	4.3	2.5

SEK--Swedish krona.

Reconciliation

Table 3

Stockholm Exergi Holding AB (publ)--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. SEK)

	--Fiscal year ended Dec. 31, 2020--						
Stockholm Exergi Holding AB (publ) reported amounts							
	Debt	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Capital expenditure**
Reported	11,818.0	2,811.0	1,302.0	191.0	2,835.0	2,883.0	1,803.0
S&P Global Ratings' adjustments							
Cash taxes paid	--	--	--	--	(159.0)	--	--
Cash interest paid	--	--	--	--	(185.0)	--	--
Reported lease liabilities	544.0	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	685.7	--	--	12.0	--	--	--
Accessible cash and liquid investments	(11.0)	--	--	--	--	--	--
Capitalized interest	--	--	--	4.0	(4.0)	(4.0)	(4.0)
Nonoperating income (expense)	--	--	1.0	--	--	--	--
EBITDA: Derivatives	--	24.0	24.0	--	--	--	--
Total adjustments	1,218.7	24.0	25.0	16.0	(348.0)	(4.0)	(4.0)

Table 3

Stockholm Exergi Holding AB (publ)--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. SEK) (cont.)

S&P Global Ratings' adjusted amounts

	Debt	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Capital expenditure
Adjusted	13,036.7	2,835.0	1,327.0	207.0	2,487.0	2,879.0	1,799.0

SEK--Swedish krona.

Liquidity: Adequate

We view Stockholm Exergi's liquidity as adequate, reflecting that available liquidity sources should exceed forecast near-term cash outflows by about 1.4x. We also expect that sources will exceed uses even if EBITDA declines by 15%. We believe that the company has sound relationships with banks, and a high standing in credit markets, as demonstrated by issuance in May, with one issuance of SEK800 million and a tap of SEK200 million with maturities in 2028 and 2024, respectively. Proceeds were used to repay maturing bonds of an equivalent amount.

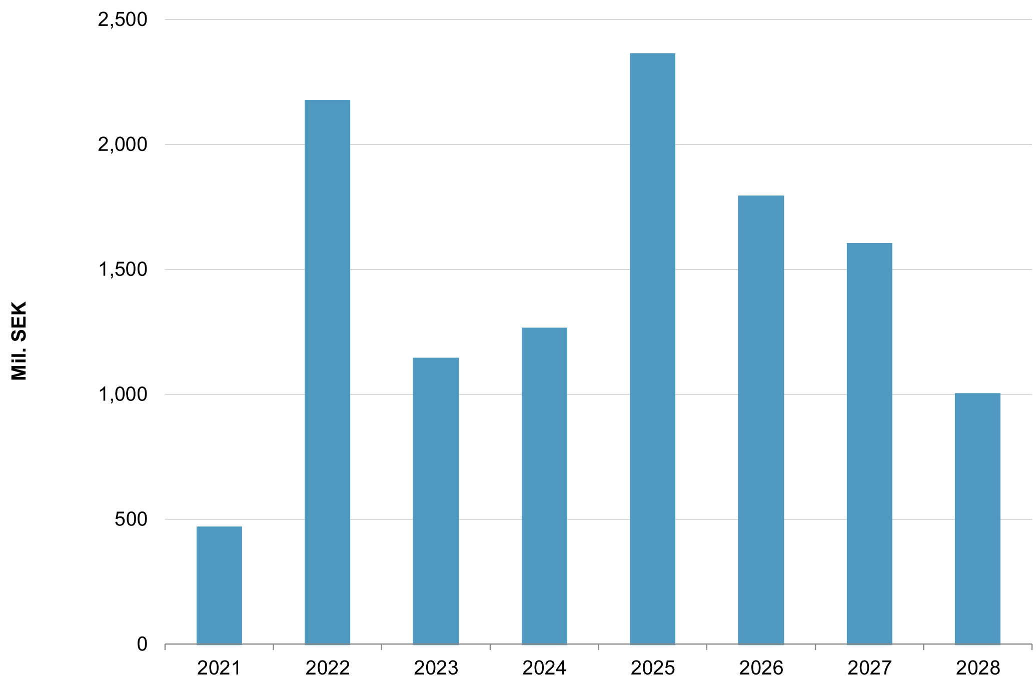
The company also has generally prudent risk management, and no restrictive financial covenants in its loan documentation.

Principal liquidity sources	Principal liquidity uses
• Cash FFO of about SEK2,538 million. • Access to undrawn committed revolving credit facilities totaling SEK3.2 billion, maturing in 2023.	• Debt maturities of about SEK1,606 million, predominantly outstanding bonds. • Capex of about SEK1,500 million-SEK1,700 million in 2021 and 2022. • Dividends of SEK850 million annually.

Debt maturities

Chart 2

Stockholm Exergi's Debt Maturity Schedule



f--Forecast. Source: S&P Global Ratings.

Covenant Analysis

Stockholm Exergi's credit facilities have no financial covenants.

Environmental, Social, And Governance

The utilities industry, which includes district heating providers, faces short- and long-term risks from environmental factors, but also societal issues in terms of pollution and governance risk related to political decisions affecting the industry, for example targets for carbon dioxide emissions.

Environmental risk has historically been a significant factor for Stockholm Exergi because of its fuel consumption related to the heat and coal CHP plants, and carbon dioxide emissions. By 2020, Stockholm Exergi had reduced its carbon dioxide footprint by more than 70% compared with 2010. In 2020 the company's carbon footprint from its district heating activities still amounted to 382,000 tons of CO2, but this was a reduction from 705,000 tons in 2019. This is thanks to a shift away from coal, but also due to investments to reduce carbon emissions from incineration.

In 2020, Stockholm Exergi was able to execute its coal phase-out strategy in its district heating system, two years ahead of schedule. Stockholm Exergi plans to introduce the first Swedish BCCS plant. In coming years, the company will invest more than SEK2 billion into this new technology, which could be a new potential business. This technology allowed Stockholm Exergi to amend its environmental policy: It now aims to be climate positive by year-end 2025, a revision of its previous aim to be climate neutral by 2030--a significant change to its environmental strategy.

We see Stockholm Exergi's change in strategy as positive, as a mission to transform itself from being a significant polluter in Stockholm to highly prioritize minimizing its carbon footprint. Swedish politicians are increasing their focus on major industries that drive CO2 pollution, and have raised taxes on district heating in the past couple of years. The most recent tax implementation was to increase taxes on using waste as fuel for district heating. The company's shift away from fossil fuels has increased future investments for green-based energy production.

Government Influence

In accordance with our criteria for government-related entities, we see a moderate likelihood of extraordinary support for Stockholm Exergi from the city of Stockholm, based on our assessment of the company's:

- Strong link to the city, which owns 50% of the company. We believe the city of Stockholm has no plans to reduce its stake in Stockholm Exergi. The remaining 50% is owned by Fortum Oyj, and the two shareholders have equal voting rights and board representation; and
- Limited importance for the city. Although Stockholm Exergi provides the majority of heating in Stockholm, we consider that, given the company's part ownership by Fortum, the city of Stockholm is primarily interested in Stockholm Exergi's operations and that its services could be provided by a private-sector entity.

Ratings Score Snapshot

Issuer Credit Rating

BBB+/Stable/A-2

Business risk: Strong

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Satisfactory

Financial risk: Significant

- **Cash flow/leverage:** Significant

Anchor: bbb

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : bbb

- **Related government rating:** AAA
- **Likelihood of government support:** Moderate (+1 notch from SACP)

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, Aug. 14, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: National And Regional Scale Credit Ratings, Sept. 22, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013

- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

City of Stockholm Outlook Revised To Stable From Negative; 'AAA/A-1+' Ratings Affirmed, May 14, 2021

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	**bbb**	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of May 21, 2021)*

Stockholm Exergi Holding AB (publ)		
Issuer Credit Rating		BBB+/Stable/A-2
Nordic Regional Scale		--/--/K-1
Senior Unsecured		BBB+
Issuer Credit Ratings History		
03-Apr-2014		BBB+/Stable/A-2
03-Apr-2014	*Nordic Regional Scale*	--/--/K-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Additional Contact:
Industrial Ratings Europe; Corporate_Admin_London@spglobal.com