S&P Global Ratings

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Stockholm Exergi Holding AB (publ)

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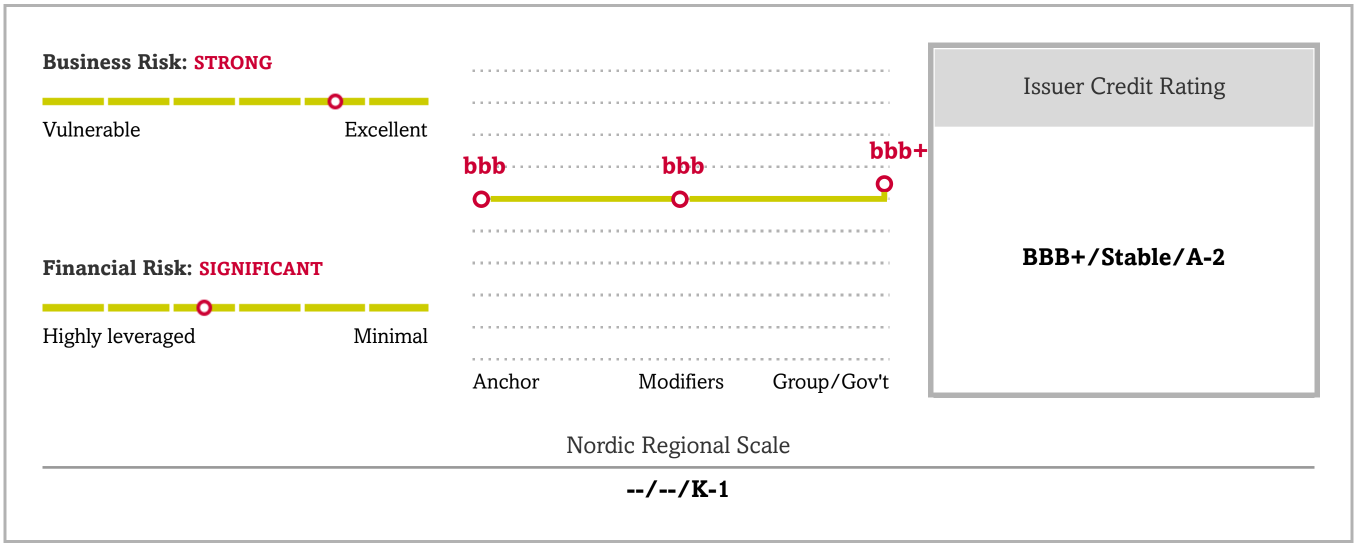

Credit Highlights

Overview

Key strengths	Key risks
Very stable and predictable EBITDA from the district heating business, which has monopoly-like features and on average represents about 80% of EBITDA. EBITDA remained stable during 2020 and 2021, despite challenging market conditions due to the pandemic and volatile electricity prices. We now expect EBITDA to increase towards Swedish krona (SEK) 3.2 billion by the end of 2023.	Large fuel consumption related to incineration at the combined heat and power (CHP) plants. This creates exposure to market prices for biomass and waste that the company might not be able to pass on to customers in a timely fashion due to a price mechanism.
Key provider of heat in the city of Stockholm, with a network of underground steam pipes that creates entry barriers for competitors. The company has a dominant market share of about 95% of new heating contracts in Stockholm.	Our expectation of a material increase in capital expenditure (capex) from 2023 as the company will likely scale up its investments in bio-carbon capture and storage. Total investments will be almost SEK4 billion, and the plant will be operational by the end of 2025.
The difficulty of easily replacing district heating in Stockholm, as electricity capacity in the area is already scarce during times of peak load. District heating is essential for security of supply as it offloads electricity demand, but it could also generate electricity for the grid.	A possible increase in capex of about 50% from a five-year average of about SEK1.7 billion. This could increase the risk of cost overruns, material inflation, and increased debt.
Our expectation of support from the city of Stockholm, which has a 50% stake.	Additional environmental policies or taxation affecting the district heating activities that could lead to additional costs.
	A change in ownership structure, which could result in less support from the city of Stockholm, although we do not expect such a change.

S&P Global Ratings regards Stockholm Exergi's district heating business as predictable and stable, resulting in solid credit ratios for the rating. Stockholm Exergi is the largest district heating provider in the greater Stockholm area. We view the company's district heating business as stable, with monopoly-like features, as barriers to entry are high. Stockholm Exergi has a network of steam pipes buried underneath the city of Stockholm, and it would require extensive work and capital to challenge the company's position as the dominant heat provider in its region. Furthermore, Stockholm Exergi is an important contributor to electricity generation in the greater Stockholm area to meet peak consumption, notably during the winter. On average, about 80% of Stockholm Exergi's EBITDA stems from the district heating segment, which we view as an efficient way to produce heat, with some flexibility to increase or decrease electricity generation when needed.

We expect Stockholm Exergi to maintain its strong position as a key provider of heating in Stockholm. The company has about an 80% market share in its operating area and a diverse customer base. We expect that its market share will grow modestly at approximately the same speed as housebuilding in greater Stockholm. We understand that about 95% of new properties in the Stockholm area choose Stockholm Exergi as their heating provider. The stable business is also underpinned by the district heating pricing model, under which fixed costs represent about 40% of revenue. We expect that Stockholm Exergi's credit ratios will remain broadly unchanged. We forecast S&P Global Ratings-adjusted funds from operations (FFO) to debt of 19%-22% in 2022-2024 and debt to EBITDA of close to 4.5x and below, compared with 19.1% and 4.6x, respectively, in 2021.

Investments in Stockholm Exergi's new project, bioenergy with carbon capture and storage (BCCS), could increase its capital expenditure (capex) by about SEK2.7 billion over the coming three years. Total costs for the BCCS project will amount to SEK3.9 billion, but we understand that Stockholm Exergi will not cover the full cost itself. The project has been selected by the EU innovation fund, and therefore we expect grants of about €180 million (SEK1.8 billion) to support the project, leading to a net investment for Stockholm Exergi of about SEK2.7 billion. The Swedish government is also providing ongoing support, as carbon capture could help lower carbon emissions, and not only for Stockholm Exergi. We believe that this project is very important for Stockholm Exergi, and therefore we include the project in capex even though the company has not taken a final investment decision. The company aims to become climate positive by the end of 2025 and sell negative emissions at auctions. Nevertheless, this is an immature market and the business model is unclear to us at this stage.

We understand that Stockholm Exergi could invest about SEK12 billion over 2022-2027, which is a heavy increase. This will expose the company to cost overruns and delays and is likely to lead to negative cash flow in some years during the heavy investment period. However, the company has a good track record of delivering results on budget and on time. Its investments will start in 2023, with BCCS, and we expect them to ramp up until BCCS is commissioned by end of 2025. We understand that plans for an additional CHP plant are still pending the outcome of environmental applications, and notably, the company has not taken a final investment decision. We do not expect any significant investments relating to a new CHP plant before 2026.

Stockholm Exergi plays a key role in meeting the city of Stockholm's electricity needs and climate targets. We expect the city of Stockholm to continue to own a 50% stake in Stockholm Exergi and have equal voting rights with the other owner, Ankhiale, a consortium of mainly pension funds including apg, Keva, Alecta, PGGM, and AXA. Ankhiale acquired its 50% stake from Fortum Oyj in 2021 and replaced Fortum in the shareholder agreement between Fortum and the city of Stockholm. We believe that this preserves the key reserved matters and veto rights for the new shareholders, as for the City of Stockholm, thereby protecting Stockholm Exergi's credit quality. This is because the shareholder agreement stipulates both the dividend policy and the leverage ratio, namely, debt to EBITDA in the 3.5x-4.5x range. In addition, the shareholder agreement states that any changes to the agreement require 75% of shareholders to vote for such changes. We understand that the board of directors will have a 50-50 split between the city of Stockholm and the consortium. In our view, this indicates that no party has full control of Stockholm Exergi, so it is unlikely that we would consolidate any potential new shareholder loan above the Stockholm Exergi level, as the loan could not be pushed down to Stockholm Exergi, nor could it be funded with increased dividends while the city remains a 50% shareholder. We consider it positive that the current shareholder agreement provides the basis for the company's financial policy. Part ownership by the city enhances the company's stand-alone credit profile by one notch, and our 'BBB+' long-term issuer credit rating on Stockholm Exergi continues to include this one notch of uplift. This is because we believe that the city would support the company if it faced difficulties outside the ordinary course of business. We consider a change in support from the city unlikely.

We understand that Stockholm Exergi's pricing mechanism has a broad time lag that could expose the company to reduced earnings in the event of rapid market changes. Stockholm Exergi aims to have a totally fossil-free incineration process and we believe that it can largely achieve this. In 2021, Stockholm Exergi used almost 2,000,000 tons of biofuels, including biomass (56%) and waste (46%), for its incineration. It still needs fossil fuels to start up the plants and for peak production, but as of 2020, Stockholm Exergi was able to phase out coal from its district heating system two years ahead of schedule. We are not aware of any plans to implement additional domestic taxes on fossil fuels or other fuels that could affect its incineration activities. However, the EU taxonomy for sustainable activities could change which fuels can be used for district heating.

Stockholm Exergi plans to introduce the first Swedish BCCS plant. In the coming years, the company will invest almost SEK4 billion in this new technology, which could become a new business. This technology has 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. This is a significant change to its environmental strategy. If the company is successful in this strategy and in implementing the technology, we believe it would be a front runner in the BCCS market.

We do not expect that the military conflict between Russia and Ukraine will affect Stockholm Exergi's operations significantly. We do not believe that the demand for district heating will be affected directly, and Stockholm Exergi does not currently have suppliers in either Russia or Ukraine. Demand is mainly driven by the weather. Stockholm Exergi also has a diversified customer portfolio, and we do not expect significant credit losses from its customers. However, we do not fully exclude indirect effects, and expect that price rises for steel and other building materials could increase Stockholm Exergi's capex requirements. At this stage, however, we expect the effects to be manageable.

Outlook: Stable

Our stable outlook reflects our expectation that Stockholm Exergi's stable heating operations will continue to support its operating cash flow. We believe that the company's financial risk profile will likely stay well within our parameters for the ratings, including under the new shareholder structure. We forecast that Stockholm Exergi's credit metrics will remain stable in the coming three years, with FFO to debt at 19%-22%, comfortably above our 15% threshold. In addition, we forecast that debt to EBITDA will stay below 4.5x in 2022-2024.

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 further significant debt-funded investments, 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 in its financial position to a level we view as commensurate with an intermediate financial risk profile. This could happen, all else being equal, if the company's adjusted FFO-to-debt ratio were to exceed 23% on a sustainable basis. We think this is unlikely because of the ramp-up we expect in investments.

Our Base-Case Scenario

Assumptions

- A moderate increase in revenue of about 2%-3% annually, mainly driven by adjustments of district heating tariffs.
- District heating generation of 8.1 terawatt-hours (TWh)-8.3 TWh annually, and electricity generation of about 1 TWh.
- EU Emissions Trading System prices of €60-€80 per ton of Co2.
- An EBITDA margin of about 41%-44% in 2022-2024, with a gradual increase mainly thanks to operating efficiencies.
- Capex of SEK1.5 billion-SEK1.7 billion in 2022, increasing to about SEK2.4 billion–SEK2.7 billion annually in 2023 and 2024.
- Limited working capital outflows of less than SEK100 million annually, and with a neutral effect on average.
- Our exclusion of investments in a new CHP plant as the company has not taken a final investment decision.
- Annual dividend payouts of about SEK850 million.
- An average interest rate on debt of about 1.1%.

Key metrics

Stockholm Exergi Holding AB (publ)--Key Metrics

	--Fiscal year ended--				
(Mil. SEK)	**2020a**	**2021a**	**2022p**	**2023e**	**2024e**
EBITDA	2,835.0	2,774.0	2900-3000	3150-3350	3400-3600
FFO	2,487.0	2,411.0	2450-2650	2700-2900	2900-3100
Capex	1,799.0	1,363.0	1500-1700	2550-2750	2300-2500
Dividends	850.0	850.0	850.0	850.0	850.0
Debt	13,036.7	12,501.9	12000-13000	12500-13500	13000-13500
FFO to debt* (%)	19.3	19.1	19-22	19-22	19-22
Debt to EBITDA (x)	4.6	4.5	4.3-4.5	4.0-4.3	4.0-4.3

SEK--Swedish krona. a--Actual. p--Projected. e--Estimate. FFO--Funds from operations. Capex--Capital expenditure.

Company Description

Stockholm Exergi is the largest provider of district heating in the greater Stockholm region, with production capacity of about 5,000 megawatts. More than 90% of its district heating system is based on renewable or recycled energy. It has roughly an 80% market share in its operating area, and reported EBITDA of about €290 million in 2021. 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.

The company is 50% owned by the city of Stockholm (AAA/Stable) and 50% by Ankhiale, a consortium of mainly pension funds, including apg, Keva, Alecta, PGGM, and AXA. Ankhiale acquired its 50% stake from Fortum during 2021.

Business Risk: Strong

In our view, Stockholm Exergi has stable and predictable district heating operations with monopoly-like features. In 2021, about 85% of revenue came from district heating, 10% from electricity production and certificates, and 5% from district cooling. 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. Flexibility in production also helps, given that the cost of generating heat at peak times has a negative effect on operating margins. When a CHP plant is operating close to its peak, producing heat and electricity at full capacity, the incineration requires a combination of fuels, which increases the cost of production. This can have a negative impact on EBITDA margins if electricity prices are not favorable.

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 market-based framework as predictable, which brings stability to the business. We see the potential for political risk, since the new environmental policies that the Swedish government has adopted have had a direct impact on Stockholm Exergi's earnings and investment strategy. We cannot rule out additional policy changes in the future, as the incineration business demands massive amounts of fuel and therefore produced 447,000 tons of Scope 1 CO_2 emissions in 2021.

Stockholm Exergi's main source of fuel for its district heating operations is biofuel, such as recycled wood, forest residues, and waste. The company has shifted away from fossil fuels such as coal and oil. This led to a significant reduction in the company's carbon footprint of more than 70% between 2010 and 2021. Stockholm Exergi has set a target to be climate positive by the end of 2025. For this to happen, the company's BCCS project needs to succeed, as this could lead to negative emissions and therefore a positive net climate impact. However, there is no framework in place for negative emissions at present.

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 Swedish government. The company also benefits from a diverse fuel mix, which, to some extent, enables it to react to prevailing fuel prices by switching between different fuel types.

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

Financial Risk: Significant

We view Stockholm Exergi's cash flow in terms of FFO as very stable and predictable. The new plant it commissioned in 2016 has improved the efficiency of its heating operations, with increasing cash flows coming from higher margins, but also additional electricity production. Additionally, the company has invested in its assets to improve their efficiency and reduce their environmental impact, which has led to increased output and lower emissions.

We do not expect any changes to Stockholm Exergi's financial policy and expect its ratios to remain stable. The shareholder agreement between the owners stipulates that the debt-to-EBITDA ratio should remain the 3.5x-4.5x range. We also believe that dividends will remain close to SEK850 million annually.

We forecast that, on average, Stockholm Exergi's cash flow from operations will cover dividends and capex in 2022, but not in 2023-2024, as the company will increase investments to about SEK2.7 billion in 2023 and SEK2.4 billion in 2024. This will result in additional funding needs, and debt will increase to almost SEK13 billion. Despite the debt build-up, we expect that the credit ratios will remain stable, with FFO to debt of 19%-22%, which we view as commensurate with the ratings.

Financial summary

Table 1

Stockholm Exergi Holding AB (publ)--Financial Summary

	--Fiscal year ended Dec. 31--				
	2021	**2020**	**2019**	**2018**	**2017**
(Mil. SEK)					
Revenue	7,421.0	6,433.0	7,094.0	7,149.0	6,788.0
EBITDA	2,774.0	2,835.0	2,882.0	2,778.5	3,022.0
Funds from operations (FFO)	2,411.0	2,487.0	2,552.0	2,405.0	2,640.4
Interest expense	182.0	207.0	209.0	219.5	207.6
Cash interest paid	183.0	189.0	187.0	157.5	168.6
Cash flow from operations	1,798.0	2,879.0	2,295.0	2,240.0	2,714.4
Capital expenditure	1,363.0	1,799.0	1,805.0	1,548.0	1,795.0
Free operating cash flow (FOCF)	435.0	1,080.0	490.0	692.0	919.4
Discretionary cash flow (DCF)	(415.0)	230.0	(360.0)	(108.0)	519.4
Cash and short-term investments	1.0	9.0	1.0	150.0	147.0
Gross available cash	1.0	11.0	2.0	152.0	149.0
Debt	12,500.9	13,036.7	13,205.3	12,420.3	12,076.4
Equity	12,037.0	11,646.0	11,762.0	12,355.0	11,969.0
Adjusted ratios					
EBITDA margin (%)	37.4	44.1	40.6	38.9	44.5
Return on capital (%)	5.2	5.3	3.2	5.5	7.0

Table 1

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

	--Fiscal year ended Dec. 31--				
	2021	**2020**	**2019**	**2018**	**2017**
EBITDA interest coverage (x)	15.2	13.7	13.8	12.7	14.6
FFO cash interest coverage (x)	14.2	14.2	14.6	16.3	16.7
Debt/EBITDA (x)	4.5	4.6	4.6	4.5	4.0
FFO/debt (%)	19.3	19.1	19.3	19.4	21.9
Cash flow from operations/debt (%)	14.4	22.1	17.4	18.0	22.5
FOCF/debt (%)	3.5	8.3	3.7	5.6	7.6
DCF/debt (%)	(3.3)	1.8	(2.7)	(0.9)	4.3

SEK--Swedish krona.

Reconciliation

Table 2

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

	--Fiscal year ended Dec. 31, 2021--						
Stockholm Exergi Holding AB (publ) reported amounts							
(Mil. SEK)	**Debt**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Capital expenditure**
Reported	11,953.0	2,919.0	1,424.0	171.0	2,774.0	1,804.0	1,369.0
S&P Global Ratings' adjustments							
Cash taxes paid	--	--	--	--	(180.0)	--	--
Cash interest paid	--	--	--	--	(177.0)	--	--
Reported lease liabilities	522.0	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	26.9	(145.0)	(145.0)	5.0	--	--	--
Accessible cash and liquid investments	(1.0)	--	--	--	--	--	--
Capitalized interest	--	--	--	6.0	(6.0)	(6.0)	(6.0)
Nonoperating income (expense)	--	--	1.0	--	--	--	--
Total adjustments	547.9	(145.0)	(144.0)	11.0	(363.0)	(6.0)	(6.0)
S&P Global Ratings' adjusted amounts							
	Debt	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Capital expenditure**
Adjusted	12,500.9	2,774.0	1,280.0	182.0	2,411.0	1,798.0	1,363.0

SEK--Swedish krona.

Liquidity: Adequate

We view Stockholm Exergi's liquidity as adequate, reflecting that available liquidity sources should exceed our forecast of near-term cash outflows by about 1.3x. 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 the credit markets.

Demonstrating this are two issuances in May 2021, with one issuance of SEK800 million maturing in 2028 and a tap issuance of SEK200 million maturing in 2024. Stockholm Exergi used the proceeds 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 as of March 31, 2022, include:

- Cash FFO of about SEK2.6 billion.
- Access to an undrawn committed revolving credit facility totaling SEK3 billion, maturing in June 2023, and a SEK150 million overdraft maturing in September 2023.

Principal liquidity uses as of March 31, 2022, include:

- Debt maturities of about SEK2.4 billion, including a bond of SEK1.5 billion maturing in May 2022 that we expect Stockholm Exergi will refinance in the first half of 2022.
- Working capital outflows of about SEK100 million.
- Maintenance capex of about SEK700 million in 2022.
- Our expectation of a dividend of SEK850 million each year.

Debt maturities

- 2022: SEK2.8 billion
- 2023: SEK1.1 billion
- 2024: SEK1.3 billion
- 2025: SEK2.4 billion
- 2026: SEK1.8 billion
- 2027 and thereafter: SEK2.6 billion

Environmental, Social, And Governance

ESG Credit Indicators

E-1	E-2	**E-3**	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

Environmental	Social	Governance
- Waste and pollution	- N/A	- N/A

N/A--Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

Environmental factors are a moderately negative consideration in our credit ratings analysis of Stockholm Exergi, reflecting its large district heating operations (80% of EBITDA). That said, the company was able to phase out coal from its district heating system two years ahead of schedule and ahead of many peers, and now only uses non-fossil fuels, such as biomass. The sustainability of bioenergy is part of an ongoing discussion about the EU Taxonomy. The company also has a carbon capture and storage project that will enable it to shift from reducing CO_2 emissions to negative emissions. Our understanding is that the company could start carbon capture in 2025.

The utilities industry, which includes district heating providers, faces short- and long-term risks from environmental factors. It also faces societal issues in terms of pollution laws and governance risk arising from political decisions affecting the industry, for example, targets for CO_2 emissions.

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 that the city of Stockholm has no plans to reduce its stake in Stockholm Exergi. The remaining 50% is owned by Fortum, 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 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

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- 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: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013

- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Research Update: Stockholm Exergi Holding AB 'BBB+' Rating Affirmed Following Change In Ownership Structure; Outlook Stable, July 06, 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 2, 2022)*

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.