

Tear Sheet:

# Stockholm Exergi Holding AB (publ)

May 15, 2026

*This report does not constitute a rating action.*

**Sound earnings in 2025 support Stockholm Exergi (SE) ahead of heavy investment, with its bioenergy project remaining a key risk to credit metrics.** The company's results slightly exceeded our expectations: EBITDA increased 25% to Swedish krona (SEK)3.1 billion, versus our forecast of SEK2.8-SEK3.0 billion, though volumes fell due to mild weather. We attribute the performance to lower fuel costs, strategic pricing initiatives, and favorable weather conditions reducing the need for high-cost fuel. This resulted in funds from operations (FFO) to debt of 14.3%, about 1.8 percentage points higher than our forecast. That said, we still anticipate SE's credit metrics will weaken over 2026-2028, primarily due to the ramp-up of a substantial investment program centered on its SEK13 billion Bioenergy with Carbon Capture and Storage (BECCS) project, for which the company made the final investment decision in 2025.

We believe capital expenditure (capex) will peak at SEK6.0 billion-SEK6.2 billion in 2027, up from SEK3.3 billion in 2025, resulting in negative free operating cash flow (FOCF) of SEK2.5 billion-SEK3.2 billion over 2026-2027. Consequently, we expect net debt will increase to around SEK25 billion by 2028 from SEK16 billion in 2025. Despite this, we expect SE will maintain FFO to debt at 12%-14%, resulting in limited buffer under the current rating given the BECCS project's construction is underway. In our view, EBITDA will increase to SEK4.7 billion-SEK4.9 billion in 2028, supported by tariff increases and a recovery in district heating volumes.

While the BECCS facility is on track to become fully operational by 2029, its execution remains sensitive to the combined effect of increased leverage and sustained negative FOCF. We will closely monitor the project for potential cost overruns, construction delays, or underperformance, all of which could further strain financial metrics during a period of intensive investment. Given the risks, we see limited rating headroom. That said, we anticipate SE's credit quality may potentially improve after 2028 when the BECCS facility becomes operational and begins to contribute meaningfully to earnings and cash flow.

**A stable to soft outlook for wood-based fuels underpins profitability amid geopolitical and regulatory uncertainty.** Though prices have declined since a spike in 2023 as supply conditions improve and markets continue to normalize, we expect they will exceed pre-energy crisis levels. Between 2023 and 2025, the price of wooden chips fell to around SEK350/Megawatt-hour (MWh) from about SEK400/MWh, and of wooden pellets to about SEK650/MWh from SEK800/MWh. Geopolitical developments, including the tensions in the Middle East, and potential regulatory changes in the renewable energy and biofuel sectors represent key sources of near-to-medium-

## Primary Contact

**Maria Hjukstrom**  
Stockholm  
0850155944  
maria.hjukstrom  
@spglobal.com

## Secondary Contact

**Per Karlsson**  
Stockholm  
46-84-40-5927  
per.karlsson  
@spglobal.com

## Research Contributor

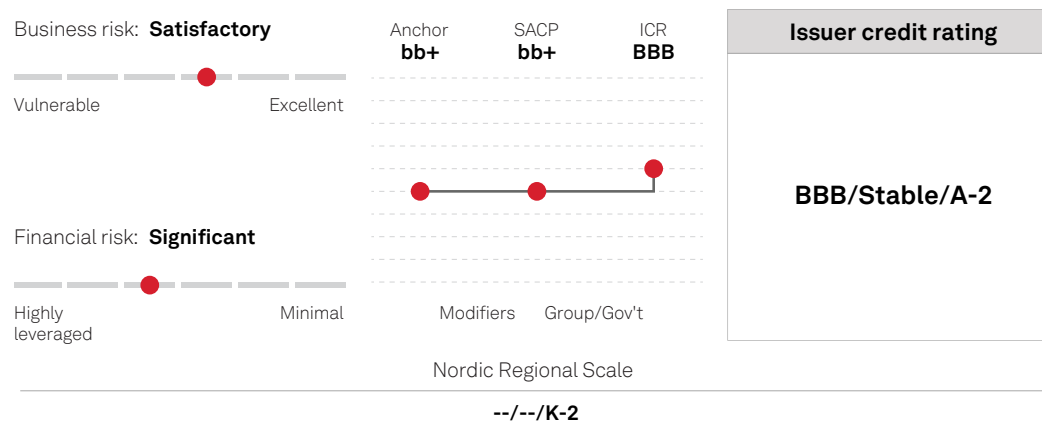
**Ishita Meharwal**  
CRISIL Global Analytical Center,  
an S&P Global Ratings affiliate  
Pune

## Stockholm Exergi Holding AB (publ)

term uncertainty that could influence price dynamics and supply conditions. The inclusion or exclusion of waste incineration activities under the EU Emissions Trading System is among the regulatory developments we continue to monitor. That said, given SE's ability to use a diversified fuel mix and contract large volumes of fuel in advance, we expect the company's overall fuel cost base to be relatively resilient to these risks in the near term.

**SE remains important for the City of Stockholm given it provides key heating services and electricity supply to the city while supporting its climate goals.** SE is critical to the city's infrastructure as it supplies energy to around 800,000 people. The BECCS project further strengthens the company's role by directly contributing to the city's decarbonization strategy, which includes becoming fossil-fuel free by 2030 and climate neutral by 2040. We reflect this in our assessment of a moderately high likelihood of extraordinary support. Our assessment also takes into account past credit-supporting actions such as dividend flexibility during periods of weaker performance and large investments.

## Ratings Score Snapshot



ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Recent Research

- [Industry Credit Outlook 2026: EMEA Utilities](#), Jan. 14, 2026
- [Stockholm Exergi Holding AB](#), Aug. 27, 2025
- [Industry Credit Outlook Update Europe: Utilities](#), July 16, 2025
- [Greening Up Without Blackouts: Boosting European Power Grids' Resilience May Dent Credit Quality](#), July 2, 2025
- [Research Update: Stockholm Exergi Downgraded To 'BBB' After Bioenergy Carbon Capture And Storage Investment Decision; Outlook Stable](#), March 31, 2025

## Company Description

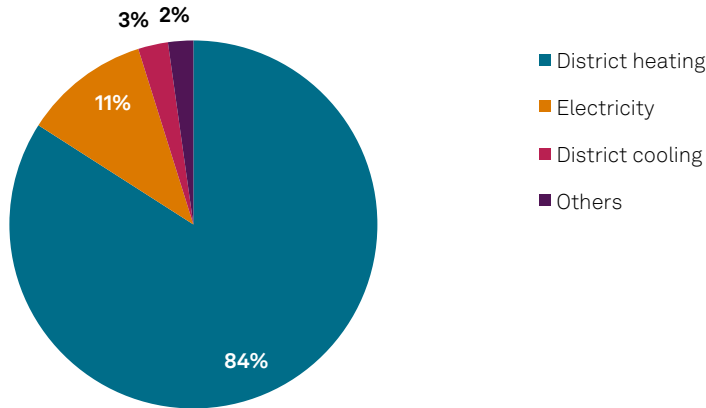
Stockholm Exergi is the largest provider of district heating in the greater Stockholm region, with a production capacity of about 4,000 megawatts. More than 90% of its district heating system is based on renewable or recycled energy. It had about an 80% market share in its operating area and reported EBITDA of SEK3.1 billion in 2025. SE provides heating services to over 800,000

## Stockholm Exergi Holding AB (publ)

people in and around Stockholm through a district heating network that spans 3,000 kilometers of underground pipes. Of its 10,400 customers, about 8,000 are apartment building associations and real estate companies. SE also provides cooling services to about 400 customers, with investment in the BECCS facility due to be fully commissioned in 2029.

The company is 50% owned by the City of [Stockholm](#) (AAA/Stable/A-1+) and 50% by Ankhiale, a consortium of mainly pension funds, including APG, Keva, Alecta, PGGM, and AXA. Ankhiale acquired its 50% stake from Fortum in 2021.

### Stockholm Exergi's revenue split by segment



Data as of Dec. 31, 2025. Source: S&P Global Ratings.

© 2026 Standard & Poor's Financial Services LLC.

## Outlook

The stable outlook reflects our expectation that SE's stable district heating operations will continue to support its operating cash flow and material investments through the construction of the BECCS facility. We forecast FFO to debt at around 13% but believe that SE's credit metrics will remain vulnerable to unexpected fuel price increases and any inability to fully pass on increased costs to consumers. Despite the execution risk, we expect that SE's district heating segment will be unaffected by the development of the BECCS facility and remain a stable contributor to profit.

### Downside scenario

We could lower the rating if we revised down SE's stand-alone credit profile (SACP), for instance if its FFO to debt weakened toward 11%. This could be due to cost overruns on the BECCS investment, re-emerging cost pressures from biomass prices, or higher-than-expected dividends. A change in our assessment of the likelihood of extraordinary government support from Stockholm would also lead to a downgrade, all else remaining equal.

### Upside scenario

While unlikely before the project is mostly complete, we could upgrade the company if it is able to prove the feasibility of BECCS at a larger scale and complete the construction on time and on budget while consistently posting FFO to debt above 15%. We could also upgrade the company if

## Stockholm Exergi Holding AB (publ)

the SACP remains 'bb+' and if we revised the likelihood of support to high, which we see as very unlikely over the next two years.

## Key Metrics

### Stockholm Exergi AB (publ)--Forecast summary

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. SEK)	2024a	2025a	2026e	2027f	2028f
EBITDA	2,509	3,136	3,600-3,800	4,200-4,400	4,700-4,900
Funds from operations (FFO)	1,728	2,302	2,400-2,600	2,700-2,900	2,900-3,100
Capital expenditure (capex)	2,097	3,310	4,700-4,900	6,000-6,200	4,400-4,600
Free operating cash flow (FOCF)	(18)	(865)	(2,600)-(2,400)	(3,300)-(3,100)	(2,100)-(1,900)
Dividends	--	359	350-400	350-400	650-700
Discretionary cash flow (DCF)	(18)	(1,224)	(3,100)-(2,900)	(3,600)-(3,400)	(2,800)-(2,600)
Debt	14,908	16,114	18,900-19,300	22,500-23,000	25,000-25,500
<b>Adjusted ratios</b>					
Debt/EBITDA (x)	5.9	5.1	5.0-5.5	5.0-5.4	5.2-5.6
FFO/debt (%)	11.6	14.3	12.5-14.0	12.0-13.5	12.0-13.0
FOCF/debt (%)	(0.1)	(5.4)	(14.0)-(12.8)	(14.3)-(13.5)	(8.1)-(7.6)
DCF/debt (%)	(0.1)	(7.6)	(16.2)-(15.0)	(16.0)-(15.2)	(10.9)-(10.4)

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

## Financial Summary

### Stockholm Exergi Holding AB (publ)--Financial Summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	SEK	SEK	SEK	SEK	SEK	SEK
Revenues	6,433	7,421	8,184	8,501	8,542	8,630
EBITDA	2,835	2,774	2,947	2,142	2,509	3,136
Funds from operations (FFO)	2,487	2,411	2,496	1,541	1,728	2,302
Interest expense	207	182	226	460	560	522
Cash interest paid	189	183	226	470	579	559
Operating cash flow (OCF)	2,879	1,798	1,553	1,327	2,079	2,445
Capital expenditure	1,799	1,363	1,684	1,627	2,097	3,310
Free operating cash flow (FOCF)	1,080	435	(131)	(300)	(18)	(865)
Discretionary cash flow (DCF)	230	(415)	(981)	(1,150)	(18)	(1,224)
Cash and short-term investments	9	1	1	130	873	829
Gross available cash	11	1	1	130	873	829
Debt	13,037	12,502	13,470	14,810	14,908	16,114
Common equity	11,646	12,037	12,672	11,399	11,606	11,818
<b>Adjusted ratios</b>						

## Stockholm Exergi Holding AB (publ)

### Stockholm Exergi Holding AB (publ)--Financial Summary

EBITDA margin (%)	44.1	37.4	36.0	25.2	29.4	36.3
Return on capital (%)	5.3	5.2	5.7	2.5	3.9	5.2
EBITDA interest coverage (x)	13.7	15.2	13.0	4.7	4.5	6.0
FFO cash interest coverage (x)	14.2	14.2	12.0	4.3	4.0	5.1
Debt/EBITDA (x)	4.6	4.5	4.6	6.9	5.9	5.1
FFO/debt (%)	19.1	19.3	18.5	10.4	11.6	14.3
OCF/debt (%)	22.1	14.4	11.5	9.0	13.9	15.2
FOCF/debt (%)	8.3	3.5	(1.0)	(2.0)	(0.1)	(5.4)
DCF/debt (%)	1.8	(3.3)	(7.3)	(7.8)	(0.1)	(7.6)

## Peer Comparison

### Stockholm Exergi Holding AB (publ)--Peer Comparisons

	Stockholm Exergi Holding AB (publ)	Kraftringen Energi AB (publ)	Tekniska verken i Linköping AB
Foreign currency issuer credit rating	BBB/Stable/A-2	BBB+/Stable/A-2	A+/Positive/A-1
Local currency issuer credit rating	BBB/Stable/A-2	BBB+/Stable/A-2	A+/Positive/A-1
Period	Annual	Annual	Annual
Period ending	2025-12-31	2025-12-31	2025-12-31
Mil.	SEK	SEK	SEK
Revenue	8,630	4,081	8,580
EBITDA	3,136	969	1,681
Funds from operations (FFO)	2,302	857	1,594
Interest	522	118	84
Cash interest paid	559	107	83
Operating cash flow (OCF)	2,445	1,045	2,207
Capital expenditure	3,310	1,428	1,458
Free operating cash flow (FOCF)	(865)	(383)	749
Discretionary cash flow (DCF)	(1,224)	(574)	508
Cash and short-term investments	829	174	394
Gross available cash	829	174	394
Debt	16,114	2,956	2,778
Equity	11,818	4,307	8,206
EBITDA margin (%)	36.3	23.7	19.6
Return on capital (%)	5.2	8.6	8.0
EBITDA interest coverage (x)	6.0	8.2	20.1
FFO cash interest coverage (x)	5.1	9.0	20.3
Debt/EBITDA (x)	5.1	3.1	1.7
FFO/debt (%)	14.3	29.0	57.4
OCF/debt (%)	15.2	35.4	79.5
FOCF/debt (%)	(5.4)	(12.9)	27.0
DCF/debt (%)	(7.6)	(19.4)	18.3

## Liquidity

We view SE's liquidity as adequate, reflecting our view that BECCS-related investments will erode the excess liquidity in the coming years. We estimate liquidity sources to cover our forecast near-term cash outflows 2.3x, but note that much of the new financing is earmarked to fund BECCS-related capex. 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. This is evident from its continued participation in fixed-income markets. Management has also been prudent in establishing financing for the SEK13 billion BECCS investment well in time.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"> <li>• FFO of about SEK2.5 billion;</li> <li>• Unrestricted cash and equivalents of SEK808 million; and</li> <li>• Undrawn bank lines and capex-focused facilities of SEK15.4 billion.</li> </ul>	<ul style="list-style-type: none"> <li>• Debt maturities of SEK2.7 billion;</li> <li>• Capex of about SEK4.9 billion, most of which relates to BECCS; and</li> <li>• Dividends of SEK350 million-SEK450 million.</li> </ul>

## Environmental, Social, And Governance

Environmental factors are a moderately negative consideration in our credit rating analysis of SE, reflecting its large district heating operations (80% of current 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. On an industry level, sustainability issues related to bioenergy have been a significant topic of discussion within the EU taxonomy, highlighting the broader challenges that impact the sector. We don't exclude future changes to legislation on energy sourced from biofuels. We view positively the BECCS project, which will enable the company to transition from reducing CO2 emissions to achieving net zero.

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 control laws and governance risk arising from political decisions affecting the industry--for example, targets for CO2 emissions.

**Rating Component Scores**

<b>Foreign currency issuer credit rating</b>	<b>BBB/Stable/A-2</b>
<b>Local currency issuer credit rating</b>	<b>BBB/Stable/A-2</b>
<b>Business risk</b>	<b>Satisfactory</b>
Country risk	Very Low
Industry risk	Low
Competitive position	Satisfactory
<b>Financial risk</b>	<b>Significant</b>
Cash flow/leverage	Significant (medial volatility)
<b>Anchor</b>	<b>bb+</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
<b>Stand-alone credit profile</b>	<b>bb+</b>
<b>Likelihood of Government Support</b>	<b>Moderately high (+2 notches)</b>

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10 2021
- [General Criteria: Group Rating Methodology](#), July 1 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 24 2015
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16 2011
- [General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating](#), Oct. 1 2010

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.spglobal.com/usratingsfees](http://www.spglobal.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.