



Please note: the statement at the rear of this report contains details of investment banking services recently provided by SEB which could be considered relevant to the subject matter of this report.

	Company Update	Property	Sweden	17 June 2020
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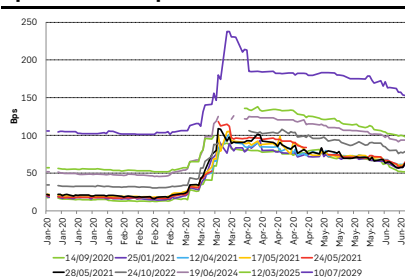
Public ratings

Moody's: N.R.  
S&P: N.R.  
Fitch: N.R.

Market cap (SEKm) Not listed

Decision to change rec: 17 Jun 20, 10:00 CET

**Spread development**



Source: SEB and Bloomberg

## The state is there when needed

**The proposed shareholder contribution of SEK 3.15bn would significantly strengthen Swedavia's liquidity and capital structure. It also confirms government help is there when it is most needed. Re-opening of borders in Europe is likely to gradually lift revenues from nearly non-existent in Q2, and we expect reducing cash burn towards the year-end. We maintain Marketweight on the seniors and cut the hybrids to Marketweight.**

### Strong contribution and signal from the owner

The Swedish state has proposed a shareholder contribution of SEK 3.15bn to Swedavia with purpose to secure its financial position under the current challenging circumstances. Combined with recent cost cuts, capex freeze and our estimated gradual recovery in passenger volumes (we assume -97%, -78% and -55% for Q2-Q4 and -25% for 2021 compared with 2019), we estimate the proceeds to secure adequate liquidity to cover near-term operational cash outflows and to strengthen refinancing prospects. It also helps gearing to remain within the targeted 70-150% range. The outlook for a recovery in passenger volumes remains highly uncertain, however, despite gradually reopening borders and the main airlines remain financially fragile. The planned action is pending for approvals from the parliament and the EU.

### Bonds Marketweight

We stay Marketweight on the seniors and have cut the hybrids from Overweight to Marketweight. The announced action is positive news for all bonds, but judging from the relatively steady spreads through the crisis it seems as expected by the market. The hybrids offer decent yield pick-up (and coupon deferral is not our base case), but outperformance may need more evidence on earnings turnaround.

### Currently weak liquidity to strengthen significantly

Q1 liquidity amounted to SEK 2.3bn with additional loan frameworks of SEK 1.3bn. If equity proceeds would come already in Q2 (more likely in Q3 though), we estimate Q2-end liquidity of around SEK 4.3bn. Short-term debt amounted to SEK 1.0bn in Q1 with maturities of SEK 1.5bn in 2021 and SEK 2.1bn in 2022. We estimate operational cash burn of SEK 2.3bn in Q2-Q4.

### Key credit metrics & ratios

	2016	2017	2018	2019	2020E	2021E	2022E
Revenues (SEKm)	5,546	5,745	5,922	6,235	2,278	4,114	5,588
EBITDA (SEKm)	1,954	1,703	1,784	2,018	-976.6	580.6	1,688
EBIT (SEKm)	966.0	651.0	681.0	709.0	-2,327	-819.4	248.5
FFO (SEKm)	1,483	1,330	1,496	1,796	-1,072	637	1,542
FOCF (SEKm)	-1,936	-1,563	-1,675	-1,069	-3,036	-842	59
Net debt (m)	4,896	7,290	9,195	10,713	9,423	10,265	10,246
Equity	7,351	7,665	8,066	9,440	10,996	10,394	10,478
EBITDA margin	35.2	29.6	30.1	32.4	-42.9	14.1	30.2
EBIT margin (%)	17.4	11.3	11.5	11.4	-102.2	-19.9	4.4
Adjusted EBITDA net int. cover. (x)	11.2	14.3	15.7	107.8	-10.3	6.1	14.6
Adjusted net debt to EBITDA (x)	3.2	4.2	5.4	5.7	-10.7	19.4	6.7
Adjusted FFO / Net debt	25%	16%	15%	15%	-10%	6%	14%
Adjusted net debt to capital	45%	52%	56%	58%	51%	55%	54%

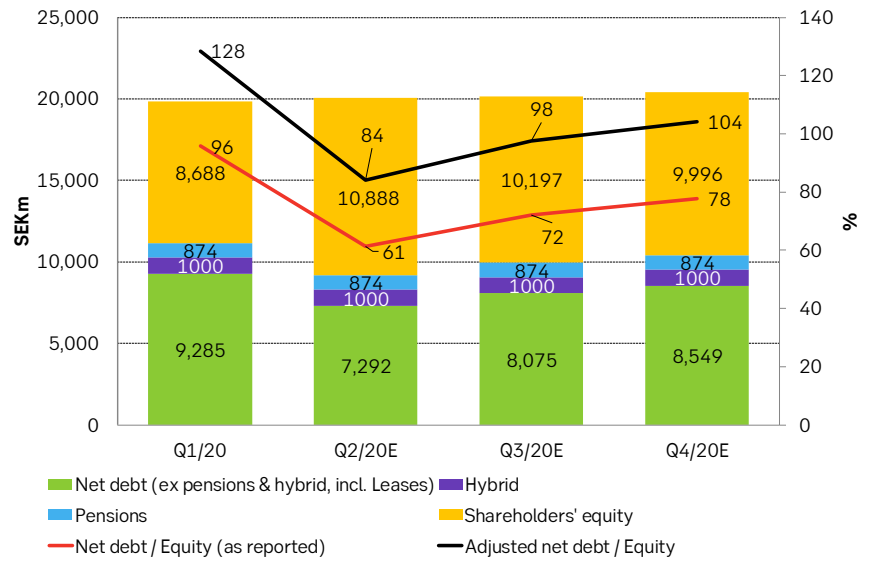
Source: SEB

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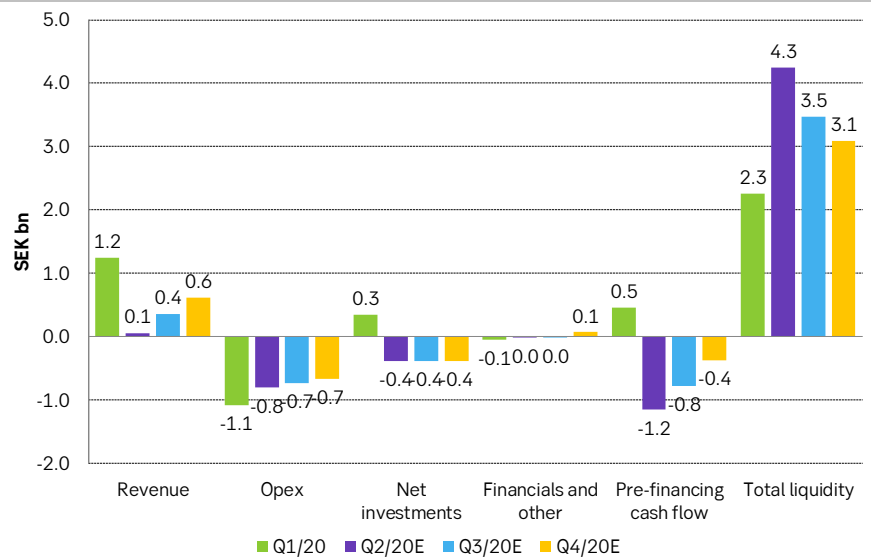
The estimates in this research report have been produced in collaboration with SEB equity research analysts

**Capital structure assuming SEK 3.15bn shareholder contribution in Q2**



Source: SEB

**Pre-financing cash flow and liquidity**



Source: SEB

**Estimate summary**

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Group Revenues</b>	<b>5,233</b>	<b>5,538</b>	<b>5,416</b>	<b>5,546</b>	<b>5,745</b>	<b>5,922</b>	<b>6,235</b>	<b>2,278</b>	<b>4,114</b>	<b>5,588</b>
Operating expenses	-3,346	-3,187	-2,746	-3,592	-4,042	-4,138	-4,219	-2,844	-3,394	-3,900
<b>EBITDA</b>	<b>1,886</b>	<b>2,351</b>	<b>2,670</b>	<b>1,954</b>	<b>1,703</b>	<b>1,784</b>	<b>2,016</b>	<b>-567</b>	<b>721</b>	<b>1,688</b>
Depreciation & amortisation	-940	-946	-915	-988	-1,052	-1,103	-1,309	-1,350	-1,400	-1,440
<b>EBIT</b>	<b>946</b>	<b>1,405</b>	<b>1,755</b>	<b>966</b>	<b>651</b>	<b>681</b>	<b>709</b>	<b>-1,917</b>	<b>-679</b>	<b>248</b>
Income from associated companies	8	0	22	41	37	53	46	20	21	22
Financial income	4	6	4	6	5	4	108	34	59	51
Financial expenses	-272	-248	-234	-144	-118	-96	-127	-130	-153	-166
<b>Pre-tax profit</b>	<b>686</b>	<b>1,162</b>	<b>1,547</b>	<b>869</b>	<b>575</b>	<b>642</b>	<b>736</b>	<b>-1,992</b>	<b>-753</b>	<b>155</b>
Tax	-185	-236	-136	-152	-167	-125	-153	0	151	-31
<b>Net Income</b>	<b>511</b>	<b>926</b>	<b>1,411</b>	<b>717</b>	<b>408</b>	<b>517</b>	<b>583</b>	<b>-1,992</b>	<b>-602</b>	<b>124</b>
<b>EBITDA ex capital gains, impairments and disposals</b>	<b>1,886</b>	<b>2,004</b>	<b>1,752</b>	<b>1,713</b>	<b>1,863</b>	<b>1,814</b>	<b>2,048</b>	<b>-977</b>	<b>581</b>	<b>1,688</b>
NRI	0	347	918	241	-160	-30	-32	410	140	0
EBITDA	1,886	2,351	2,670	1,954	1,703	1,784	2,016	-567	721	1,688
<b>Revenue growth, %</b>	<b>5</b>	<b>6</b>	<b>-2</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>-63</b>	<b>81</b>	<b>36</b>
<b>EBITDA margin ex NRI, %</b>	<b>36</b>	<b>36</b>	<b>32</b>	<b>31</b>	<b>32</b>	<b>31</b>	<b>33</b>	<b>-43</b>	<b>14</b>	<b>30</b>
<b>Passenger volume growth, %</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>-4</b>	<b>-65</b>	<b>114</b>	<b>36</b>
<b>Aviation business price/mix change, %</b>	<b>-1</b>	<b>-1</b>	<b>4</b>	<b>1</b>	<b>-3</b>	<b>4</b>	<b>11</b>	<b>5</b>	<b>-15</b>	<b>0</b>
<b>Cash flow summary</b>										
<b>FFO</b>	<b>1,498</b>	<b>1,765</b>	<b>1,397</b>	<b>1,483</b>	<b>1,330</b>	<b>1,496</b>	<b>1,795</b>	<b>-1,072</b>	<b>637</b>	<b>1,542</b>
Change in working capital	-158	344	-23	167	207	-137	181	36	21	17
<b>Cash flow from operating activities</b>	<b>1,340</b>	<b>2,109</b>	<b>1,374</b>	<b>1,650</b>	<b>1,537</b>	<b>1,359</b>	<b>1,976</b>	<b>-1,036</b>	<b>658</b>	<b>1,559</b>
<b>Cash flow from investing activities</b>	<b>-2,258</b>	<b>-378</b>	<b>1,943</b>	<b>-2,138</b>	<b>-3,765</b>	<b>-3,124</b>	<b>-3,105</b>	<b>-824</b>	<b>-1,500</b>	<b>-1,500</b>
Dividends paid	-9	-10	-231	-232	-143	-122	0	0	0	-40
<b>Cash flow before financing</b>	<b>-2,267</b>	<b>-388</b>	<b>1,712</b>	<b>-2,370</b>	<b>-3,908</b>	<b>-3,246</b>	<b>-1,129</b>	<b>-1,860</b>	<b>-842</b>	<b>-1,540</b>
<b>Net debt adjustments</b>										
Net debt ex IFRS 16	8,473	6,795	3,721	4,161	6,560	8,430	8,518	7,228	8,070	8,051
Leasing	0	0	0	1,184	1,118	1,154	1,321	1,321	1,321	1,321
Pensions	479	807	765	735	730	765	874	874	874	874
Hybrid	0	0	0	0	0	0	1,000	1,000	1,000	1,000
<b>Adjusted net debt</b>	<b>8,952</b>	<b>7,602</b>	<b>4,486</b>	<b>6,080</b>	<b>8,408</b>	<b>10,349</b>	<b>11,713</b>	<b>10,423</b>	<b>11,265</b>	<b>11,246</b>
<b>Key credit metrics</b>										
FFO/ Adjusted net debt, (%)	17	23	31	24	16	14	15	-10	6	14
Adjusted net debt / EBITDA, hybrid (x)	4.7	3.8	2.6	3.4	4.3	5.4	5.7	-10.7	19.4	6.7
Adjusted net debt / EBITDA, senior (x)	4.7	3.8	2.6	3.4	4.3	5.4	5.2	-9.6	17.7	6.1
EBITDA / Interest expenses, (x)	7	8	7	12	16	19	16	-8	4	10
FOCF/Adjusted net debt, (%)	-11	18	6	-13	-28	-18	-9	-28	-7	1
DCF/Adjusted net debt, (%)	-11	18	1	-16	-29	-19	-9	-28	-7	0
Net debt / Total equity (hybrid as equity, %)	182	136	65	67	95	114	113	86	99	98

Source: SEB

**Credit strengths**

- Very strong competitive position
- 100% government owned
- Strong pricing power under normal circumstances

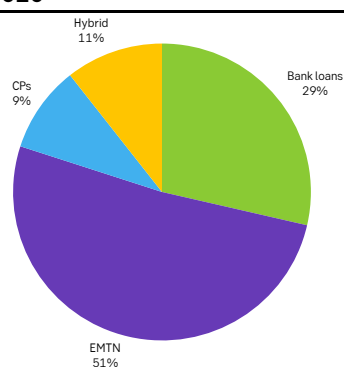
**Credit concerns**

- Significant decline in cash flows due to COVID-19 outbreak
- Deteriorating liquidity
- Significant exposure to a few airlines, including SAS and Norwegian
- Large capex programme, which however is partly on hold

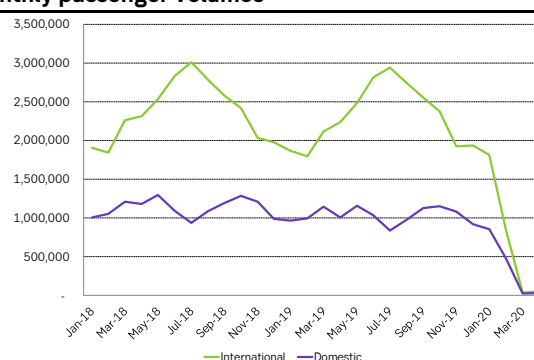
**Selected outstanding bonds**

Issuer	Public	Issue date	Maturity date	Cpn type	Cpn	Amount	Spread	Recommendation
Swedavia	N.R./N.R.	14-Sep-16	14-Sep-20	Fixed	0.435	SEK 250	52	Marketweight
Swedavia	N.R./N.R.	25-Jan-17	25-Jan-21	FRN	3mS+70	SEK 250	61	Marketweight
Swedavia	N.R./N.R.	12-Apr-18	12-Apr-21	Fixed	0.3625	SEK 500	64	Marketweight
Swedavia	N.R./N.R.	17-May-17	17-May-21	Fixed	0.7125	SEK 350	63	Marketweight
Swedavia	N.R./N.R.	24-May-17	24-May-21	FRN	3mS+100	SEK 200	65	Marketweight
Swedavia	N.R./N.R.	28-May-19	28-May-21	FRN	3mS+75	SEK 250	63	Marketweight
Swedavia	N.R./N.R.	24-Oct-17	24-Oct-22	Fixed	0.935	SEK 2,000	79	Marketweight
Swedavia	N.R./N.R.	05-Dec-19	12-Mar-25	Fixed	0.89	SEK 1,000	99	Marketweight
Swedavia	N.R./N.R.	10-Jul-14	10-Jul-29	Fixed	3mS+97	SEK 100	153	Marketweight
Swedavia	N.R./N.R.	19-Nov-19	Perpetual (24 call)	FRN	3mS+150	SEK 1,000	152	Marketweight

Source: Bloomberg and SEB

**Debt mix in Q1 2020**

Source: SEB

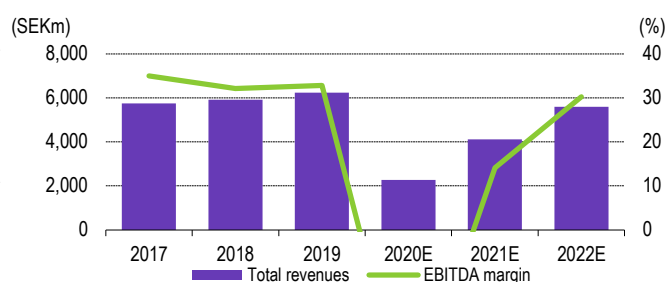
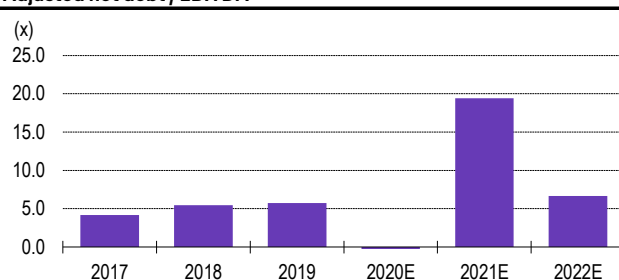
**Monthly passenger volumes**

Source: SEB

**Financial statement summary - Adjusted numbers (SEKm)**

Income statement	2018	2019	2020E	2021E
Revenues	5,922	6,235	2,278	4,114
EBITDA	1,902	2,048	-976.6	580.6
Net income (reported)	517.0	583.0	-1,594	-602.5
Cash flow statement	2018	2019	2020E	2021E
Funds from operations (FFO)	1,554	1,796	-1,072	636.7
Operating Cash Flow	1,417	1,977	-1,036	657.8
Free Operating cash flow	-1,617	-1,069	-3,036	-842.2
Pre-financing cash flow	-1,739	-1,069	-1,860	-842.2
Balance sheet	2018	2019	2020E	2021E
Cash (and equivalents)	10.0	77.0	3,367	2,525
Total debt	10,360	11,790	13,790	13,790
Net debt	10,350	11,713	10,423	11,265
Equity	8,066	8,440	9,996	9,394
Total assets (reported)	19,725	22,952	24,741	24,508
Key credit metrics & ratios	2018	2019	2020E	2021E
Net debt to EBITDA (x)	5.4	5.7	-10.7	19.4
Net debt to capital	56%	58%	51%	55%
FFO / Net debt	15%	15%	-10%	6%
Equity ratio	41%	37%	40%	38%

Source: SEB and Swedavia financial reports

**Revenues and EBITDA margin****Adjusted net debt / EBITDA**

Source: SEB and Swedavia financial reports

**Profit & loss statement**

(SEKm)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Total revenues	4,693	4,965	5,233	5,538	5,416	5,546	5,745	5,922	6,235	2,278	4,114	5,588
Total expenses	-3,080	-3,284	-3,346	-3,187	-2,746	-3,592	-4,042	-4,138	-4,217	-3,254	-3,534	-3,900
<b>EBITDA</b>	<b>1,613</b>	<b>1,681</b>	<b>1,886</b>	<b>2,351</b>	<b>2,670</b>	<b>1,954</b>	<b>1,703</b>	<b>1,784</b>	<b>2,018</b>	<b>-977</b>	<b>581</b>	<b>1,688</b>
Depreciation	-831	-850	-940	-946	-915	-988	-1,052	-1,103	-1,309	-1,350	-1,400	-1,440
Intangibles amortisation	0	0	0	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>782</b>	<b>831</b>	<b>946</b>	<b>1,405</b>	<b>1,755</b>	<b>966</b>	<b>651</b>	<b>681</b>	<b>709</b>	<b>-2,327</b>	<b>-819</b>	<b>248</b>
Associated companies	14	19	8	0	22	41	37	53	45	20	21	22
Net interest expenses	-239	-296	-268	-242	-230	-138	-113	-92	-19	-95	-95	-116
Value changes	0	0	0	0	0	0	0	0	0	410	140	0
Other financial items	0	0	0	0	0	0	0	0	0	0	0	0
<b>Reported pre-tax profit</b>	<b>557</b>	<b>554</b>	<b>686</b>	<b>1,162</b>	<b>1,547</b>	<b>869</b>	<b>575</b>	<b>642</b>	<b>735</b>	<b>-1,992</b>	<b>-753</b>	<b>155</b>
Minority interests	9	10	10	0	0	0	0	0	0	0	0	0
Total taxes	-118	-108	-185	-236	-136	-152	-167	-125	-152	398	151	-31
<b>Net profit</b>	<b>448</b>	<b>456</b>	<b>511</b>	<b>926</b>	<b>1,411</b>	<b>717</b>	<b>408</b>	<b>517</b>	<b>583</b>	<b>-1,594</b>	<b>-602</b>	<b>124</b>
EBITDA margin	34.4	33.9	36.0	42.4	49.3	35.2	29.6	30.1	32.4	(42.9)	14.1	30.2
EBIT margin (%)	16.7	16.7	18.1	25.4	32.4	17.4	11.3	11.5	11.4	(102.2)	(19.9)	4.4
Tax rate (%)	21.2	19.5	27.0	20.3	8.8	17.5	29.0	19.5	20.7	20.0	20.0	20.0
<b>Growth rates y-o-y (%)</b>												
Total revenues	8.8	5.8	5.4	5.8	(2.2)	2.4	3.6	3.1	5.3	(63.5)	80.7	35.8
EBITDA	n.a.	4.2	12.2	24.6	13.6	(26.8)	(12.8)	4.8	13.1	(148.4)	159.5	190.8
EBIT	95.0	6.3	13.9	48.4	24.9	(45.0)	(32.6)	4.6	4.1	0.0	0.0	0.0
Pre-tax profit	309.6	(0.5)	23.9	69.4	33.1	(43.8)	(33.8)	11.7	14.5	0.0	0.0	0.0

**Cash flow**

(SEKm)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
FFO	1,108	1,188	1,498	1,765	1,397	1,483	1,330	1,496	1,796	-1,072	637	1,542
Changes in working capital	70	305	-158	344	-23	167	207	-137	181	36	21	17
<b>Operating cash flow</b>	<b>1,178</b>	<b>1,493</b>	<b>1,340</b>	<b>2,109</b>	<b>1,374</b>	<b>1,650</b>	<b>1,537</b>	<b>1,359</b>	<b>1,977</b>	<b>-1,036</b>	<b>658</b>	<b>1,559</b>
Net capital expenditures	-1,584	-4,066	-679	-744	651	-3,586	-3,100	-3,034	-3,046	-2,000	-1,500	-1,500
<b>Free operating cash flow</b>	<b>-406</b>	<b>-2,573</b>	<b>661</b>	<b>1,365</b>	<b>2,025</b>	<b>-1,936</b>	<b>-1,563</b>	<b>-1,675</b>	<b>-1,069</b>	<b>-3,036</b>	<b>-842</b>	<b>59</b>
Dividend paid	-9	-9	-9	-10	-231	-232	-143	-122	0	0	0	-40
Acquisitions, divestments net	0	0	0	0	0	0	0	0	0	1,176	0	0
<b>Pre-financing cash flow</b>	<b>-415</b>	<b>-2,582</b>	<b>652</b>	<b>1,355</b>	<b>1,794</b>	<b>-2,168</b>	<b>-1,706</b>	<b>-1,797</b>	<b>-1,069</b>	<b>-1,860</b>	<b>-842</b>	<b>19</b>
Net loan proceeds	34	2,570	-729	-1,296	-1,900	2,332	1,524	1,749	141	2,000	0	0
Share issue	0	0	0	0	0	0	0	0	996	3,150	0	0
Other	0	0	0	1	0	0	0	0	0	0	0	0
<b>Net change in cash</b>	<b>-381</b>	<b>-12</b>	<b>-77</b>	<b>60</b>	<b>-106</b>	<b>164</b>	<b>-182</b>	<b>-48</b>	<b>68</b>	<b>3,290</b>	<b>-842</b>	<b>19</b>
Capex/sales (%)	33.8	81.9	13.0	13.4	-12.0	64.7	54.0	51.2	48.9	87.8	36.5	26.8

**Balance sheet**

(SEKm)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Cash and liquid assets	141	129	52	112	6	170	58	10	77	3,367	2,525	2,544
Other current assets	875	951	958	773	868	926	1,082	1,047	1,837	432	780	1,060
Long-term financial assets	215	211	147	108	1,254	1,022	1,089	1,192	0	20	41	62
Fixed tangible assets	10,487	13,040	14,524	13,652	10,515	11,897	14,741	16,699	20,263	20,147	20,387	20,447
Intangibles	439	457	452	621	615	632	618	777	775	775	775	775
<b>Total assets</b>	<b>12,157</b>	<b>14,788</b>	<b>16,133</b>	<b>15,266</b>	<b>13,255</b>	<b>14,647</b>	<b>17,587</b>	<b>19,725</b>	<b>22,952</b>	<b>24,741</b>	<b>24,508</b>	<b>24,888</b>
Interest bearing debt	5,830	7,674	8,525	6,907	3,727	4,331	6,618	8,440	9,916	11,916	11,916	11,916
Other liabilities	2,338	2,813	2,692	2,786	2,665	2,967	3,304	3,219	3,596	1,829	2,198	2,494
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' equity	3,989	4,300	4,915	5,571	6,863	7,351	7,665	8,066	9,440	10,996	10,394	10,478
<b>Total liabilities and equity</b>	<b>12,157</b>	<b>14,787</b>	<b>16,132</b>	<b>15,264</b>	<b>13,255</b>	<b>14,649</b>	<b>17,587</b>	<b>19,725</b>	<b>22,952</b>	<b>24,741</b>	<b>24,508</b>	<b>24,888</b>
Net debt (m)	6,423	8,329	8,952	7,602	4,486	4,896	7,290	9,195	10,713	9,423	10,265	10,246
Net debt/equity (%)	161.0	193.7	182.1	136.5	65.4	66.6	95.1	114.0	113.5	85.7	98.8	97.8
Equity/total assets (%)	32.8	29.1	30.5	36.5	51.8	50.2	43.6	40.9	41.1	44.4	42.4	42.1
Net debt/EBITDA (x)	4.0	5.0	4.7	3.2	1.7	2.5	4.3	5.2	5.3	(9.6)	17.7	6.1
EBITDA Interest cover	6.5	5.6	6.9	9.5	11.4	13.6	14.4	18.6	15.9	(7.5)	3.8	10.2

**Main shareholders**

Name	(%)	Votes	Capital	Management		Company information	
Name				Title	Name	Contact	
The state of Sweden	100.0		100.0	COB	Åke Svensson	Internet	www.swedavia.com
				CEO	Jonas Abrahamsson	Phone number	+46 10 109 00 00
				CFO	Mats Pålsson		

**Company description:** Swedavia was created in April 2010. It owns, operates and develops 10 airports in Sweden and is a part of the national airport infrastructure. Swedavia's most important customers are passengers, airlines and tenants. The main driver of revenues is the number of passengers. It is 100% owned by the Swedish state.

**Please note:** The data in several tables and charts in this document have been adjusted in line with common practice in the field of credit research. This mainly refers to adjustments of operating leases, pensions, derivatives and other contingent liabilities. For a detailed breakdown of the adjustments, please contact the author of this report.

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#### Instrument Recommendation Date

Swedavia Apr 2021 0.3625	Marketweight	27 Jun 2019
Swedavia Jan 2021 3m+70	Marketweight	27 Jun 2019
Swedavia Jul 2029 3m+97	Marketweight	27 Jun 2019
Swedavia Jun 2024 3m+80	Marketweight	27 Jun 2019
Swedavia Mar 2020 0.075	Marketweight	27 Jun 2019
Swedavia May 2021 0.7125	Marketweight	27 Jun 2019
Swedavia May 2021 3m+100	Marketweight	27 Jun 2019
Swedavia May 2021 3m+75	Marketweight	27 Jun 2019
Swedavia Oct 2022 0.935	Marketweight	27 Jun 2019
Swedavia Sep 2020 0.435	Marketweight	27 Jun 2019
Swedavia Apr 2021 0.3625	Marketweight	28 Jun 2019
Swedavia Jan 2021 3m+70	Marketweight	28 Jun 2019
Swedavia Jul 2029 3m+97	Marketweight	28 Jun 2019
Swedavia Jun 2024 3m+80	Marketweight	28 Jun 2019
Swedavia Mar 2020 0.075	Marketweight	28 Jun 2019
Swedavia May 2021 0.7125	Marketweight	28 Jun 2019
Swedavia May 2021 3m+100	Marketweight	28 Jun 2019
Swedavia May 2021 3m+75	Marketweight	28 Jun 2019
Swedavia Oct 2022 0.935	Marketweight	28 Jun 2019
Swedavia Sep 2020 0.435	Marketweight	28 Jun 2019
Swedavia Mar 2025 0.89	Marketweight	26 Feb 2020
Swedavia Hybrid Nov 2024 call	Marketweight	17 Jun 2020
Swedavia Hybrid Nov 2024 call	Overweight	26 Feb 2020

Recommendation changes by SEB Credit Research Analysts in the subject company over the past 12 months. If no recommendation changes were made in that period, the most recent change is stated.



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