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Vacse (SEB: BBB+): Q3 numbers in line with our estimates and recent upgrade. Bonds Overweight (Market Comment)



MARKET COMMENT

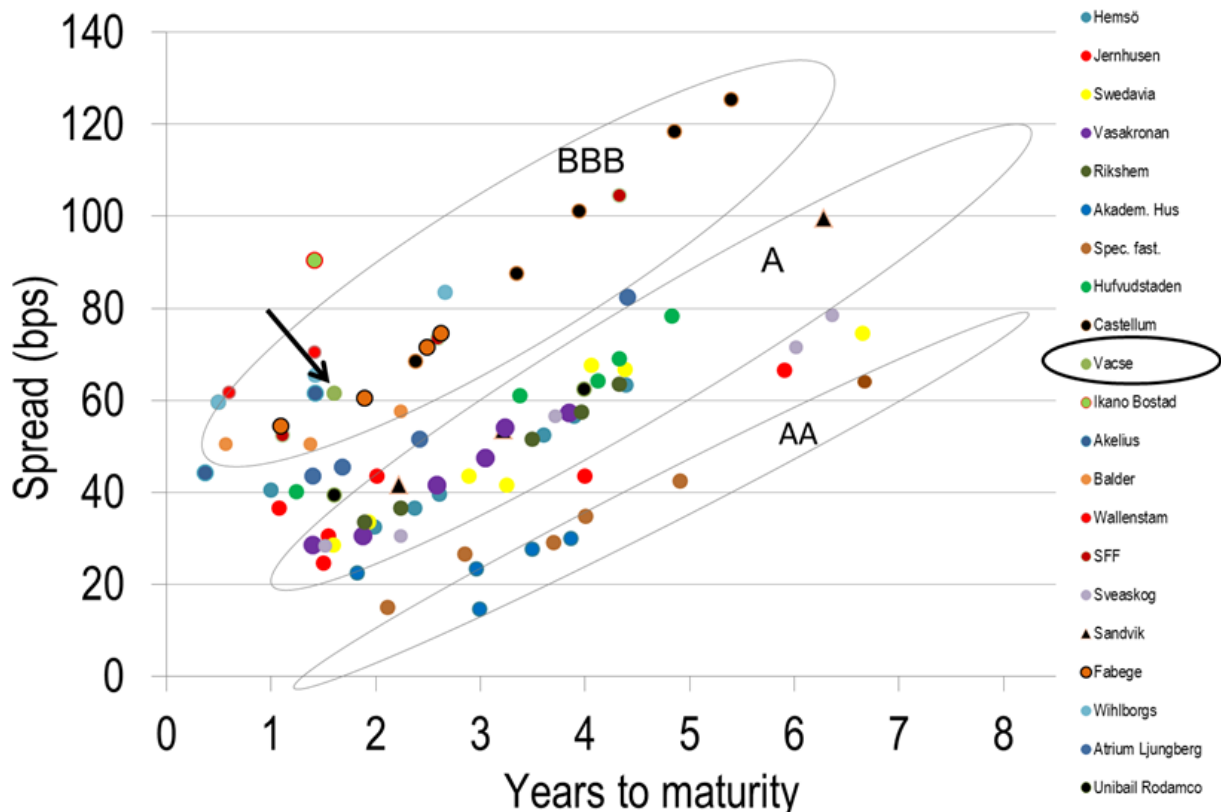
Event

- Today, Swedish property company Vacse reported very solid Q3 numbers (as usual) .
- LTM (Q3 2017) revenues of SEK 337m and EBITDA of SEK 264m are in line with our estimates. (slightly lower y-o-y due sales of Vacse Strängnäs)
- LTV 39%, average lease maturity 12y, vacancies 0%, all very strong.
- Vacse is jointly owned by the pensions funds of Apoteket AB, Atlas Copco, Ericsson, Sandvik, Skanska, Stora Enso and Volvo. It owns and operates properties related to regional and national court, police, prison and probation authorities.

Implications

- Q3 in line with our estimates and recent upgrade (to BBB+). Main restrictive factor is the limited size and scope of the company (property portfolio valued to SEK 5.1bn).
- Bonds Overweight as they are attractively priced relative to potential future peers such as Hemsö, Rikshem and Vasakronan.

Relative value SEK IG property bonds



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