Compactor Fastigheter AB

Kingdom of Sweden, Investment Holding

Rating composition

Business risk profile		
Competitive positioning	BB	BB
Financial risk profile		
Credit metrics	BBB	**BBB**
Liquidity	+/- 0 notches	
Standalone credit assessment		**BBB-**
Supplementary rating drivers		
Financial policy	+/- 0 notches	**+/- 0 notches**
Governance & structure	+/- 0 notches	
Parent/government support	+/- 0 notches	
Peer context	+/- 0 notches	
Issuer rating		**BBB-**

Key metrics

			Scope estimates	
Scope credit ratios*	2023	2024	2025E	2026E
Total cost cover (TCC)	1.2x	1.6x	1.4x	1.6x
Loan to value (LTV)	8%	10%	5%-15%	
Liquidity	109%	89%	>200%	>200%

Rating sensitivities

The upside scenario for the ratings and Outlook:

- Significantly improved diversification in terms of industries, geographies and core holdings (remote)

The downside scenarios for the ratings and Outlook (individually):

- Total cost coverage deterioration below 1.5x on a sustained basis
- Significant deterioration in the share price and dividend payment capacity of the dominant core holding (Fastpartner)

*All credit metrics refer to Scope-adjusted figures.

Issuer
BBB-

Outlook
Stable

Short-term debt
S-3

Senior unsecured debt
BBB-

Lead Analyst

Eirik Loevdal Tollefsen
+47 9078 2591
e.tollefsen@scoperatings.com

Related methodologies

General Corporate Rating Methodology, Feb 2025

Investment Holding Companies Rating Methodology, May 2025

Table of content

1. Key rating drivers

Positive rating drivers	Negative rating drivers
• Good cost coverage with expectation of total cost coverage sustained at around 1.5x • Modest LTV of around 10% • Liquid assets as listed shares comprise almost 100% of holdings by gross asset value	• Limited diversification of holdings that provide recurring revenues, somewhat mitigated by the capacity to keep mandatory cost coverage at around 1.0x even without income from core holdings • Concentrated portfolio reliant on medium-cyclicality real estate industry, somewhat mitigated by portfolio’s underlying tenant/industry diversification • Weak geographical diversification with most recurring income exposed to Nordic region

2. Rating Outlook

The **Stable Outlook** reflects our expectation that the company will be able to maintain a total cost coverage at or above 1.5x and a modest LTV of around 10%.

3. Corporate profile

Founded in 1988 by Sven-Olof Johansson, Compactor Fastigheter AB (Compactor) is a Swedish investment company specialising in direct and indirect real estate and equity investments.

The company has three core shareholdings: 72.5% of Fastpartner (real estate), 3.3% of SBB i Norden (real estate) and 0.24% of H&M (retail). It also has a diverse portfolio of investments in listed blue-chip companies in the Nordic region. The investment holding company's focus is on receiving recurring dividend payments from its various investments.

Family-owned investment company

The largest shareholder is Sven-Olof Johansson, followed by his two sons, Chrisopher Johansson and Henrik Johansson, together they own 100% of the company.

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
03 Sep 2025	Affirmation	BBB-/Stable
06 Sep 2024	Outlook change	BBB-/Stable
07 Sep 2023	Outlook change	BBB-/Negative
07 Sep 2022	Affirmation	BBB-/Stable

5. Financial overview (financial data in SEK m)

				Scope estimates		
Scope credit ratios	2022	2023	2024	2025E	2026E	2027E
Total cost coverage	2.9x	1.2x	1.6x	1.4x	1.6x	1.7x
Loan/value	12%	8%	10%	5%-15%		
Liquidity	>200%	109%	89%	>200%	>200%	161%
Total income						
Cash flow from portfolio companies	468	246	273	249	248	274
Cash income from financial assets (interest income)	8	13	12	12	12	12
Recurring income	**475**	**259**	**285**	**261**	**260**	**286**
Total Costs						
Operating costs	(1)	(1)	(1)	(1)	(1)	(1)
Interest payments	(63)	(97)	(88)	(83)	(64)	(66)
Taxes	(18)	(38)	(7)	(16)	(18)	(20)
Shareholder remuneration	(80)	(80)	(80)	(80)	(80)	(80)
Total costs	**(162)**	**(216)**	**(176)**	**(181)**	**(163)**	**(168)**
Portfolio market value						
Gross asset value	11,802	10,138	10,849	n/a	n/a	n/a
less: available cash and cash equivalents	364	166	160	n/a	n/a	n/a
Portfolio market value	**11,437**	**9,973**	**10,689**	**n/a**	**n/a**	**n/a**
Debt						
Reported financial debt	1,782	978	1,270	1,350	1,350	1,350
less: cash and cash equivalents	364	165	160	343	276	229
add: other debt-like items	0	0	0	0	0	0
Debt	**1,418**	**813**	**1,110**	**1,007**	**1,074**	**1,121**

6. Environmental, social and governance (ESG) profile[1]

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)

ESG factors: credit-positive credit-negative credit-neutral

Overall, ESG factors have no impact on this credit rating action.

Compactor's ESG focus aligns with that of its core holding, real estate company Fastpartner. This core holding seeks to enhance the value of its real estate portfolio through reduced emissions and a full use of renewable energy, thereby increasing the attractiveness of its properties to existing and potential customers. Fastpartner’s efforts simultaneously ensure continued high occupancy and related cash flows that provide Compactor with a stable income. Compactor applies the same principles, adapted to the relevant industries, to its non-real estate holdings.

[1] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity’s cash flow and, by extension, its credit quality.

7. Business risk profile: BB

Core holding is dominant

Compactor's competitive position has been revised, resulting in one notch down for the business risk profile under the latest rating action. This is based on the limitations in terms of diversification, portfolio sustainability and the underlying portfolio industry mix, highlighted by the high portfolio concentration of recurring cash income and asset values in real estate and dominant holding in Fastpartner (BB/Positive).

Concentration risk translates to vulnerability

The top core holding in the company is Fastpartner, which makes up 80% in terms of market value and 68% in terms of recurring income. Together with SBB i Norden and H&M, the three holdings account for 88% of gross asset value and 81% of recurring income. This underlines Compactor's vulnerability to the share price fluctuations and dividend contributions from these top three. SBB i Norden had been a significant dividend contributor until its comprehensive restructuring started in 2023 and resulted in uncertainty of any dividend expectations going forward.

Slightly weaker industry risk profile

The changes in dividend income and share prices in the portfolio's individual companies led to a relative shift in the industry risk of each as measured by cyclicality, entry barriers and substitution risk. Resulting from these relative shifts we see a slightly weaker underlying industry composition.

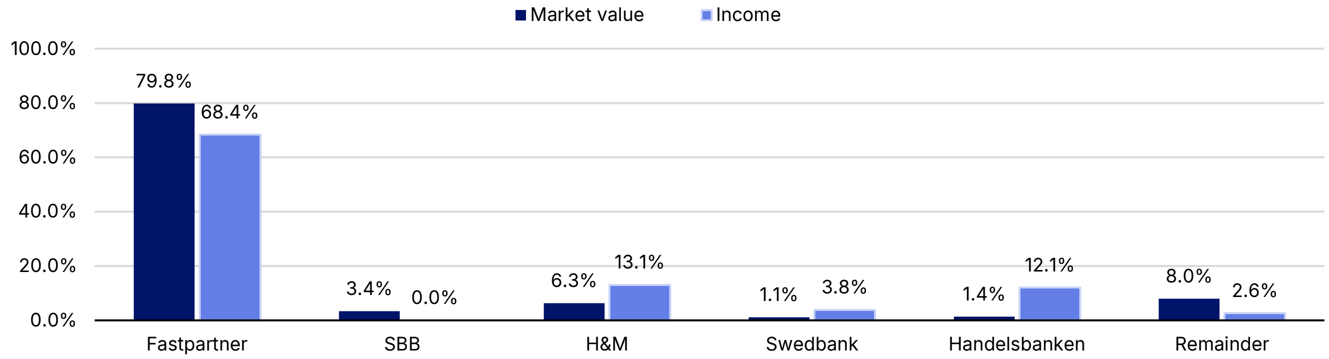
Table 1: Industry risk

Industry	Market value	Income based	Cyclicality	Market entry barriers	Substitution risk	Industry rating
Commercial RE	82.2%	68.5%	Medium	Medium	Medium	BB
Residential RE	3.5%	0.0%	Low	Medium	Low	A
Bank*	2.7%	15.9%	na	na	na	na
Discretionary Retail	6.3%	13.1%	Medium	Low	Low	BBB
Asset management	0.0%	0.0%	Medium	Medium	Low	BBB
Business Services	0.1%	0.0%	Medium	Medium	Medium	BBB
IT	0.3%	0.7%	Medium	Medium	Low	BBB
Capital Goods	0.8%	0.7%	Low	Medium	Low	BBB
Healthcare	0.0%	0.0%	Low	Medium	Low	A
FMCG	0.0%	0.0%	Medium	Low	Low	A
Forest, Pulp&Paper	2.3%	1.0%	Medium	Medium	Medium	BB
Metals	1.7%	0.0%	High	Medium	Low	BB
Weighted Industry risk	**BB+**	**BB+**				

Source: Compactor, Fastpartner, Scope, S&P CapIQ

The ratings are held back by the lack of portfolio diversification and sustainability due to the high concentration of recurring dividend income from Fastpartner, at 68%. This concentration risk is heightened by the portfolio exposure to the real estate industry, at around 86% in terms of market value. While measuring the industry concentration by recurring income partly mitigates this risk, as 68% of income is from real estate, 17% is derived from the banking industry and 13% from discretionary retail. While the industry in terms of income is not wholly dominated by real estate, exacerbating the risk further is the geographical concentration of income, with around 80% derived from the Nordic region. This entails that the portfolio performance relies heavily on the macroeconomic development of this region.

Figure 1: Market value and dividend income[2]



Source: Compactor, Scope

Portfolio liquidity is strong

Portfolio liquidity has remained a strong point as almost the entire portfolio consists of listed companies, ensuring the possibility to divest at short notice if needed. As at Q2 2025, 97% of the portfolio in terms of asset values are listed companies. Given the company's dominant holding of Fastpartner (72.5%), there is limited free-float in that share, and while blocks of shares could be sold on the stock exchange, larger sales would require a trade sale. However, Compactor's financial risk profile and commitment to being a supportive owner of Fastpartner make it an unlikely candidate for this.

Buy-and-hold strategy

Compactor's investment philosophy of buy-and-hold also affects the rating positively. The share of income-generating holdings constitutes 91% of the portfolio based on gross asset value as at Q2 2025, displaying an emphasis on mature and dividend-yielding companies. As opposed to venture or growth companies which often require frequent capital injections, this has proved a prudent strategy with respect to recurring income. This investment strategy of practising active ownership for core companies and holding other investments over the long term has achieved consistent dividend yields of around 2%-3% annually.

8. Financial risk profile: BBB

Good financial risk profile

The financial risk profile reflects the company's continued good financial performance, highlighted by the low leverage of around 10% and total cost coverage of around 1.5x expected for 2025. Our base case assumes investment capex of SEK 150m a year, consistent debt levels and dividends of SEK 80m every year. Furthermore, we do not assume any share price appreciations or dividend increases (apart those from Fastpartner).

Steady recurring cash income

Compactor's recurring cash income is expected to reach SEK 249m in 2025, of which the majority has already been received. While no dividends are expected from SBB i Norden following the company's recent restructuring, dividends from Fastpartner have increased to SEK 1.1 a share, from SEK 1 in 2024. We expect further growth in Fastpartner dividends until 2027 to SEK 1.3 a share, distributing around SEK 197m to Compactor given Fastpartner's progressive dividend policy that targets at least 10% annual growth.

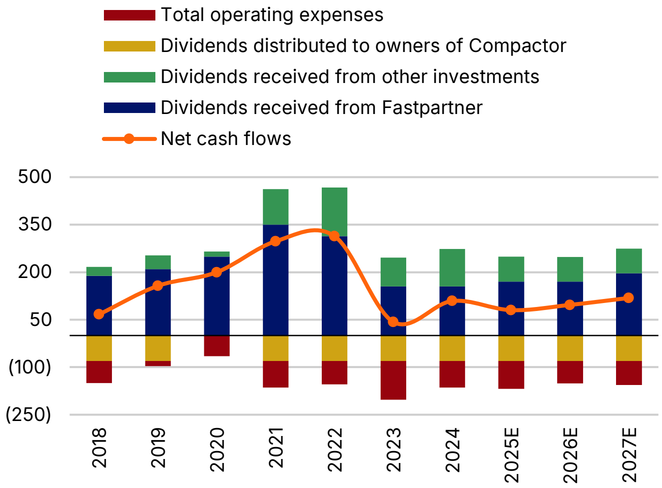
Total cost coverage expected at around 1.5x going forward

The stable total cost coverage is driven by these recurring cash flows from core holdings and is largely sufficient to cover holding costs, including yearly shareholder remuneration of SEK 80m to Compactor's owners. We have a positive view of Fastpartner's business on the back of the sharp decline in the Swedish central bank rate from its peak at 4% to now 2%. This has both reduced Compactor's interest burden but has also been a positive driver for main investments financed in Swedish kroner, particularly real estate company Fastpartner. For 2027, we expect total cost coverage to increase to 1.7x, on the back of lower interest rates and an incremental growth in

[2] Market values shown are as at Q2 2025 and dividends paid and committed for 2025.

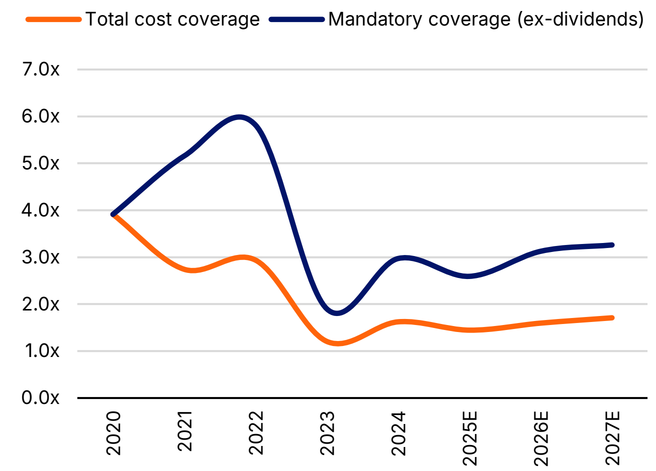
dividends from Fastpartner, whereas dividends from other investments are expected to remain at current levels.

Figure 2: Cash inflows and outflows



Source: Compactor, Scope estimates

Figure 3: LTV and portfolio market value



Source: Compactor, Scope estimates

Limited costs

Total costs are minimal thanks to low administration costs. For 2025, we expect around SEK 1m a year for administration, interest costs on outstanding debt of SEK 83m, SEK 16m in taxes, and SEK 80m in dividends to shareholders. Excluding dividends paid by Compactor, mandatory coverage is expected at 2.6x for 2025 and above 3.0x thereafter.

We assess Compactor's total cost coverage as highly resilient to a potential loss of income through lower dividend distributions. We stress-tested total cost coverage by taking out the existing cash levels and found that recurring dividend income would need to decline by around 82% before mandatory cost coverage (excluding dividends) fell below 1.0x, thereby requiring the liquidation of investments.

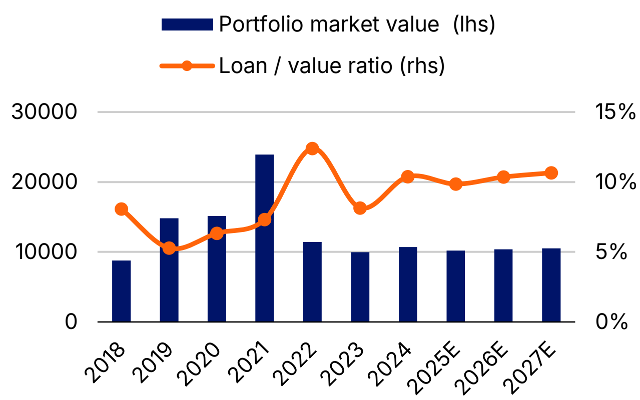
Low leverage at 10%

The investment holding's leverage is calculated by considering the market value of the portfolio of shareholdings, loans granted and fixed-income products relative to debt at the holding level. LTV is expected at 10% for 2025, with a slight increase of close to 11% in 2027. The lower interest rate environment in Sweden could materialise into earnings over the course of time and we could see a share price recovery, especially for real estate companies such as Fastpartner, which would result in a lower LTV going forward. The current leverage ratio gives a strong buffer against potential portfolio market value volatility.

Figure 4: Sensitivity of LTV

Debt (SEK bn)		Portfolio market value (SEK bn)							
		13.09	12.08	11.07	10.07	9.06	8.05	7.05	6.04
		30%	20%	10%	0%	-10%	-20%	-30%	-40%
1.01	0.0%	7.7%	8.3%	9.1%	10.0%	11.1%	12.5%	14.3%	16.7%
1.13	12.5%	8.7%	9.4%	10.2%	11.3%	12.5%	14.1%	16.1%	18.8%
1.26	25.0%	9.6%	10.4%	11.4%	12.5%	13.9%	15.6%	17.9%	20.8%
1.38	37.5%	10.6%	11.5%	12.5%	13.8%	15.3%	17.2%	19.6%	22.9%
1.51	50.0%	11.5%	12.5%	13.6%	15.0%	16.7%	18.8%	21.4%	25.0%
1.64	62.5%	12.5%	13.5%	14.8%	16.3%	18.1%	20.3%	23.2%	27.1%
1.76	75.0%	13.5%	14.6%	15.9%	17.5%	19.4%	21.9%	25.0%	29.2%
1.89	87.5%	14.4%	15.6%	17.0%	18.8%	20.8%	23.4%	26.8%	31.3%

Figure 5: LTV and portfolio market value



Source: Compactor, Scope estimates

Source: Compactor, Scope estimates

Compactor can exercise flexibility regarding LTV and total costs through its lean cost structure and distributions to shareholders. Both the cost structure and dividend payouts are adjustable in some part by the company to maintain total cost coverage above 1.0x in the event of temporary absence in dividends at existing levels.

Adequate liquidity

Compactor's liquidity position remains solid and adequate, especially supported by the unused committed credit facilities of SEK 480n as at Q2 2025. Sources of liquidity include expected cash flow of SEK 193m for 2025 and current unrestricted cash level of SEK 160m. Added to this, is a SEK 1.8bn portfolio (besides Fastpartner) of investments that can be liquidated. This leads to a robust overall liquidity ratio of well above 200% for the next 12 months, as the next debt maturity is SEK 174m in September 2025.

Table 2. Liquidity sources and uses (in SEK m)

	2024	2025E	2026E
Unrestricted cash (t-1)	166	160	343
Open committed credit lines (t-1)	590	420	484
Free operating cash flow (t)	(212)	193	23
Short-term debt (t-1)	634	270	-
Liquidity	**89%**	**>200%**	**No ST Debt**

Source: Scope estimates, Compactor

9. Supplementary rating drivers: +/- 0 notches

We have made no rating adjustments related to peer group considerations, financial policy, parent support or governance and structure.

10. Debt ratings

Senior unsecured debt rating: BBB-

At the end of June 2025, Compactor had SEK 1,304m in senior unsecured bonds outstanding. The senior unsecured debt rating is affirmed at BBB-, the same level as the issuer rating.

Senior unsecured debt benefits from a relatively high unencumbered asset ratio of almost 1,000%, providing a high pool of collateral to debtholders.

Short-term debt rating: S-3

The S-3 short-term debt rating is based on the BBB-/Stable issuer rating and reflects adequate liquidity cover, good banking relations and adequate access to diverse funding sources.

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin
Phone: +49 30 27891-0
Fax: +49 30 27891-100
info@scoperatings.com

Scope Ratings UK Limited

52 Grosvenor Gardens
London SW1W 0AU
Phone: +44 20 7824 5180
info@scoperatings.com

Bloomberg: RESP SCOP
Scope contacts
scoperatings.com

Disclaimer