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Press release

RA Expert Rating downgrades credit ratings of PrJSC U.F.C.

On October, 01st, 2012 RA Expert Rating downgraded the rating of planned issue of bonds and borrower rating of Private Joint-Stock Company U.F.C. to the level uaBBB. Also the agency downgraded the rating outlook from stable to negative. The agency took decision on rating and outlook downgrade after analysis of indicators of work of the group of companies U.F.C. in H1 2012.

Table 1

Key performance indicators of UFC Group of Companies (USD th., %, p.p.)

Indicators	H I 2012	H I 2011	Change in 2011-2012	Growth rate 2011/2012
<i>Balance sheet figures:</i>				
Assets	42 266	39 983	2 283	5,7%
Fixed assets residual value	17 050	17 651	-601	-3,4%
Fixed assets initial value	22 425	21 564	861	4,0%
Total receivables	13 851	12 616	1 235	9,8%
<i>Liabilities:</i>				
Short term and long term bank loans	21 459	20 032	1 427	7,1%
Total current liabilities (bank loans excluded)	9 715	7 759	1 956	25,2%
Shareholder equity	11 092	12 192	-1 100	-9,0%
Authorized capital	3 513	3 513	-	-
<i>Financial results:</i>				
Sales income	73 362	104 490	-31 128	-29,8%
Net income	72 479	103 132	-30 653	-29,7%
Gross revenue	9 871	13 536	-3 665	-27,1%
Financial results of operations	483	3 637	-3 154	-86,7%
Net profit	3 614	5 265	-1 652	-31,4%
<i>Calculated indicators and ratios:</i>				
EBIT	5 576	7 116	-1 540	-21,6%
EBITDA	6 664	8 073	-1 410	-17,5%
ROS	0,7%	3,5%	-2,8 p.p.	-
ROA	8,5%	13,2%	-4,6 p.p.	-
ROE	32,6%	43,2%	-10,6 p.p.	-

Source: The data on Group consolidated indicators have been submitted by the Issuer

Calculations: RA Expert Rating

1. In H1 2012 key performance indicators and rates of return on operations of the group of companies have been affected by a number of acute negative tendencies: the revenue in dollar equivalent decreased by 29,8 %, net income - on 29,7 %, total profit - on 27,1 %, operational profit of group - on 86,7 %, net profit - on 31,4 %. Decrease in performance indicators of the group of companies is caused, according to the Agency, by adverse climatic conditions in the countries – main exporters of bananas, difficulties with freight of ships, rise in price of fruit transportation and storage.

2. Sharp negative tendencies of business activity indicators and return rates have been added by the change of balance indicators of the group of companies which also can be interpreted as unequivocally negative. So, during the period from 30.06.2011 to 30.06.2012 shareholders' equity of the group decreased on 9 %, and the current liabilities grew on 25,2 %, bank loans increased by 7,1 %. Thus, a classical situation emerged in the group, entailing downgrade of rating on debt

instruments and credit borrower rating, when against decrease of EBITDA the overall debt of the company grows and EBITDA/debt ratio decreases, that obviously increases the credit risk.

3. Study by the Agency of the data submitted by the emitter to NCSSM system of information disclosure has shown that as of September, 25th, 2012, 3 from 4 series of bonds (A, B and C) have been cancelled. Bonds of D series have not been cancelled. According to JSC Ukrainian stock exchange data, the emitter undertook attempts to place the bonds in the organized market twice. On September, 20th 2011 there was an attempt to place series A, which has been cancelled subsequently on 18.01.2012. On February, 16th there was an attempt of placing the bonds of series B, C and D. Subsequently B series has been cancelled on 13.03.2012, and C series has been cancelled on 02.07.2012. The Agency concluded from the aforesaid that as of the beginning of Q3 the series for UAH 75 million from UAH 100 million have been completely cancelled and the emitter has almost completely lost a possible alternative source of borrowed capital that is another negative factor of development in the credit history of the emitter.

Thus, as reason for rating downgrade were: essential decrease in business performance indicators, profitableness and solvency, and also actually failed attempt of borrowings sources diversification. When the negative tendencies continue in Q3, the credit rating of Private Joint Stock company U.F.C. will be downgraded to speculative level.

Analytical service of RA Expert Rating