

15.09.2021

Rating of KSG Agro S.A. is updated

September 15, 2021 the rating committee of RA “Expert-Rating” made decision to update a long-term credit rating of KSG Agro S.A. at the level **uaA+** according to the national scale. (The rating according to the international scale is at the level BBB.) The borrower or the particular debt instrument with rating uaA is characterized by a high creditworthiness compared to other Ukrainian borrowers or debt instruments. The level of creditworthiness is susceptible to the impact of adverse commercial, financial and economic conditions. The Agency updated the credit rating after the analysis of data of the consolidated statements of KSG Agro S.A for the first half of 2021.

Table

Indicators of KSG Agro S.A for the first half of 2021 year (th. USD, p.p., %)

Indicators	I half of 2021 (30.06.2021)	I half of 2020 (30.06.2020)	Change	Growth rate, %
Balance sheet indicators and financial results				
Fixed assets	15 280	17 015	-1 735	-10,20%
Long-term biological assets	28 940	29 527	-587	-1,99%
Current biological assets	10 134	9 740	394	4,05%
Stocks and agricultural products	7 418	8 050	-632	-7,85%
Cash and cash equivalents	102	73	29	39,73%
Accounts receivable	1 539	6 194	-4 655	-75,15%
Total assets	70 172	73 163	-2 991	-4,09%
Long-term bank and other loans	27 248	25 342	1 906	7,52%
Long-term liabilities, total	29 244	27 308	1 936	7,09%
Short-term bank and other loans	2 908	6 348	-3 440	-54,19%
Accounts payable	9 999	26 942	-16 943	-62,89%
Current liabilities, total	26 455	36 362	-9 907	-27,25%
Total liabilities	55 699	63 670	-7 971	-12,52%
Shareholders' equity	14 473	9 493	4 980	52,46%
Authorized (share) capital	150	150	0	0,00%
Revenue	6 806	7 741	-935	-12,08%
Net profit	13 702	285	13 417	4 707,72%
Calculated indicators and coefficients:				
EBITDA	2 691	3 472	-781	-22,49%
Ratio between shareholders' equity and liabilities, %	25,98%	14,91%	11,07 p.p.	-
Ratio between EBITDA and liabilities, %	4,83%	5,45%	-0,62 p.p.	-
Ratio between EBITDA and total loans (excluding cash and cash equivalents), %	8,95%	10,98%	-2,03 p.p.	-
ROS	201,32%	3,68%	197,64 p.p.	-
ROA	19,53%	0,39%	19,14 p.p.	-
ROE	94,67%	3,00%	91,67 p.p.	-

Source: consolidated financial statements of KSG Agro S.A. (unaudited), calculations by RA “Expert-Rating”

1. Throughout the period from 30.06.2020 to 30.06.2021 the key balance sheet indicators of KSG Agro S.A. demonstrated a multidirectional dynamics. In particular, the shareholders' equity of the Company grew by 52,46% up to USD 14,47 mln, including due to its profitable activity and the reduction of retained loss. For the same period the liabilities of KSG Agro S.A. decreased by 12,52%

down to USD 55,7 mln. The decrease in liabilities of KSG Agro S.A. was mainly due to selling three subsidiary companies in May, 2021. The corresponding movement of indicators resulted in an increase in the ratio between shareholders' equity and liabilities of KSG Agro S.A. by 11,07 p.p. up to 25,98%.

2. Accounts receivable and payable of KSG Agro S.A. for the period from 30.06.2020 to 30.06.2021 decreased significantly: by 75,15% and 62,89%, respectively, which indicates an improvement in settlement and payment discipline in the Company. In the structure of long-term liabilities of KSG Agro S.A. as of 30.06.2021, the predominant share was occupied by long-term loans: their volume in the analyzed period grew by 7,52% up to USD 27,25 mln. At the same time, short-term bank and other loans, obtained by KSG Agro S.A., for the period from 30.06.2020 to 30.06.2021 decreased by 54,19% down to USD 2,91 mln.

3. The current macroeconomic situation did not significantly affect the sales volumes of the Company's products. In particular, net sales revenue for the first half of 2021 compared to the same period of 2020 decreased by 12,08% to USD 6,81 mln. The amount of net profit, received by KSG Agro S.A. according to the results of the first half of 2021, grew by USD 13,42 mln up to USD 13,7 mln compared to the first half of 2020. The main factor in the growth of the Company's profit in the analyzed period was the sale of its three subsidiaries. Therefore, according to the results of the first half of 2021, KSG Agro S.A. demonstrated high profitability indicators.

4. Analysis of the consolidated financial statements of KSG Agro S.A. showed that EBITDA in the first half of 2021 compared to the first half of 2020 decreased by 22,49% and amounted to USD 2,69 mln. At the same time, the ratio between EBITDA for the two quarters of 2021 and the volume of loans as of 30.06.2021 amounted to 8,95%, which, although was by 2,03 p.p. less than for the same period of 2020, but testified to the Company's ability to service its debt liabilities.

Therefore, having analyzed the financial statements of KSG Agro S.A. for the first half of 2021, the Agency notes: an increase in the level of shareholders' equity coverage with liabilities, a profitable activity of the Company and a good level of ratio between EBITDA and loans.

Analytical service of RA «Expert-Rating»