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# PRESS-RELEASE

(Translation from Russian)

## The planned bond issue of JSC «Large-Size Electric Machine Plant» has been assigned the credit rating uaBBB-

In the period from February 10-th to February 17-th of 2012 the analytical department of RA «Expert-Rating» conducted the rating research of Private JSC «Large-Size Electric Machine Plant». The Rating committee of RA «Expert-Rating» has decided to assign the credit rating at the level **uaBBB-** according to the national scale to the planned bond issue of ***series C*** of JSC «LSEMP» on the total sum of UAH 30,5 mln.

When making a decision about assigning the credit rating, RA «Expert-Rating» was guided by the following conclusions:

1. JSC «LSEMP» is a leader in electro technical industry of Ukraine. According to the Agency, the company manufactures about a third of industry products, produced in Ukraine. After joining the issuer SE «Kharkov Electromechanical Plant», its proportion in the industry will be increased. Leading positions of the issuer in the industry positively, but insignificantly impact its credit rating.

2. Key indicators of the issuer's financial stability have improved for the 9 months of 2011. The autonomy coefficient has grown from 50,5% up to 61%, the EBITDA/Liabilities ratio has grown from 12,59% up to 23,51%, and the EBITDA/Interests and commissions paid ratio has increased from 151% up to 311%. Nevertheless, the EBITDA/Liabilities ratio restrains the level of the company's credit rating, and despite the confident rise, it remains at the low level.

3. The 2011 year has become the one of activating the business activity for the issuer. The issuer's revenues have grown by 50,67% in comparison with the same period of 2011, the operating profit – by 96,51%, net profit – in 12 times. The issuer has managed to move away from the zero profitability practice and to significantly increase its ROE, ROA and ROS.

4. The analysis of the issuer's credit history indicates the presence of financial discipline and performing the lenders' requirements by the borrower within the previously conducted loan agreements. The credit history hasn't had a negative effect on the rating. The presence of the majority shareholder Concern «Rosenergomash» has a stabilizing effect on the issuer's business and its solvency. However, the lack of direct corporate connections between the Concern and the issuer indicates that the issuer's external support is limited by the shareholders' contribution to the authorized capital of the issuer.

*Analytical service of RA «Expert-Rating»*