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Press-release

(Translation from Russian)

RA «Expert-Rating» confirms the credit rating of the bonds of the issuer PJSC «Kievkhleb» at the level uaBBB

December 30, 2011 RA «Expert-Rating» has made a decision to confirm the rating of the planned bond issue of PJSC «Kievkhleb» at the level **uaBBB**. The borrower or the separate bond with a rating **uaBBB** is characterized by sufficient creditworthiness in comparison with other Ukrainian borrowers and bonds. The Agency has confirmed the credit rating after the analysis of the consolidated data on the companies «Kievkhleb» for the 9 months of 2011.

Table 1

Consolidated indicators of PJSC «Kievkhleb» for the 9 months of 2011 (th. UAH, p.p., %)

Indicators	9 months of 2011 (01.10.2011)	9 months of 2010 (01.10.2010)	Change	Growth rate, %
Fixed funds at net book value	184 389,1	182 104,4	2284,7	1,25%
Stocks	77 332,5	59 480,9	17851,6	30,01%
Accounts receivables	125 886,0	140 554,7	-14668,7	-10,44%
Accounts payables	141 886,8	161 837,4	-19950,6	-12,33%
Accounts receivables/ Accounts payables ratio	88,72%	86,85%	1,87 p.p.	-
Shareholders' equity	133 816,8	143 505,3	-9688,5	-6,75%
Liabilities	293 129,5	276 441,9	16687,6	6,04%
Coefficient of autonomy (Shareholders' equity/ Liabilities)	45,65%	51,91%	-6,26 p.p.	-
Long-term bank loans	84 639,3	73 654,2	10985,1	14,91%
Short-term bank loans	37 287,0	30 675,2	6611,8	21,55%
Total debt of the company to investors on bonds	1	1	0	0,00%
Revenue from sales	1 471 560,3	1 268 690,4	202869,9	15,99%
Net income	1 255 718,6	1 098 738,7	156979,9	14,29%
Net profit (loss)	8 589,8	17 500,4	-8910,6	-50,92%
ROE	6,42%	12,19%	-5,78 p.p.	-
ROS	0,58%	1,38%	-0,80 p.p.	-
EBIT	28 748,0	28 290,4	457,6	1,62%
EBITDA	45 085,7	44 692,5	393,2	0,88%
EBITDA/ Liabilities ratio	15,38%	16,17%	-0,79 p.p.	-

Source: Data of the company, calculations by RA «Expert-Rating»
Note: the table contains data of the consolidated financial statements

When confirming the rating, the Agency was guided the following conclusions:

1. Accounts receivables and accounts payables have decreased by 10,44% and 12,33% accordingly, although stocks have grown by 30% according to the results of the 9 months of 2011. The stocks growth has partially been determined by the sales growth. Revenue of the issuer has constituted UAH 1,471 bn. for the 9 months of 2011, it has constituted UAH 1,27 bn. for the same

period of 2010. The revenue growth by 16% is a positive signal to the market and to the creditors of the company.

2. At the same time long-term bank loans have grown by 15% and as of 01.10.2011 have constituted UAH 84,6 mln. Short-term bank loans have grown by 21,55%. As a result, a key indicator of the solvency – shareholders' equity/ liabilities ratio – has decreased by 6,26 p.p. The Agency also pays attention to the reduction of net profit by 50,92%.

3. The issuer has demonstrated the rise of EBIT and EBITDA by 1,62% and 0,88% accordingly for the first 9 months of 2011 despite a number of negative trends (liabilities rise and profit decrease). However, EBITDA/ Total liabilities ratio has declined by 0,79 p.p. due to the liabilities rise by 6%.

There is a debts rise including through bank loans and a slight deterioration in solvency that is partially compensated by the increase of business activity indicators against a good asset turnover. At the same time the issuer's liabilities growth was proportional to the growth of its stocks. Therefore, stocks have increased by UAH 17,85 mln. and liabilities (including the bank loans) have increased by UAH 16,69 mln. in the period from 01.10.2010 to 01.10.2011. Financing of the growth of stocks through bank loans is interpreted by RA «Expert-Rating» as a management decision, which has all the characteristics of the efficiency for the issuer in conditions of prices growth.

Analytical department of RA «Expert-Rating»