

## **Milkiland total EBITDA falls, Russian EBITDA improves in 1H15**

### **Bus./Industry**

Posted by:

Posted on : 2015/9/1 10:59:02

**Analyst: "While its management is doing all its best to change Milkiland's marketing strategy, its unaffordable leverage seems to demand much more efforts from key shareholders (including equity injections, restructuring of the group) for the company to overcome the crisis."**

KYIV, Sep 1, 2015 (UBO) - International dairy producer Milkiland (MLK PW) reported a set of weak 1H15 results on Aug. 28, Concorde Capital informed its clients in an online advisory. Revenue fell 35% yoy to EUR 97.7 mln, with declines reported in all its markets and segments. The worst performing was its Ukrainian segment, which lost its leading position after its revenue plunged 60% yoy to EUR 30.4 mln. This segment was focused on producing cheese for export to Russia, and it suffered heavily from trade restrictions imposed by the Kremlin last year. On the other hand, the company's Russian production assets performed much better with 1H15 revenue reaching EUR 59.2 mln, only a 27% yoy decline that was exclusively the result of devaluation of the Russian currency. Remarkably, 1H15 EBITDA in Milkiland's Russian segment increased 11% to EUR 5.3 mln. Yet that still failed to offset declines in operating profit in other segments (including -75% yoy in Ukraine), which resulted in total EBITDA falling 53% yoy to EUR 6.4 mln. The company's bottom line was expectedly negative at EUR 24.1 mln, though slightly better than a year before (EUR -27.3 mln). The company reported it was still in the process of restructuring its biggest debt, a USD 58.6 mln syndicate loan from international banks. Its smaller loan from Ukrainian banks, worth USD 14.5 mln, was restructured in late June, the company stated. Its net debt decreased 6% YTD to EUR 95.3 mln as of end-June, and its leverage remained extremely heavy as net debt-to-LTM EBITDA reached 9.8x. Concorde analyst Alexander Paraschiy added: "Milkiland was one of Ukraine's biggest victims of the Russian trade war, and its attempts to redirect its Poland- and Ukraine-based production from the Russian market brought no tangible results, as we can see from its financials. While its management is doing all its best to change Milkiland's marketing strategy, its unaffordable leverage seems to demand much more efforts from key shareholders (including equity injections, restructuring of the group) for the company to overcome the crisis."

###