

## **Ukrlandfarming sees construction of a seaport as its investment focus**

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**Analyst: "Ukrlandfarming is among the largest owners of land plots in the deepest Ukrainian sea port, Yuzhny, and it's natural that the company is trying to explore its options to benefit from these assets."**

KYIV, Feb 4, 2016 (UBO) - Igor Petrashko, the deputy CEO of Ukraine's largest farming company, Ukrlandfarming (UKRLAN), disclosed the company's investment plans and the status of debt restructuring talks with creditors, Concorde Capital informed its clients in an online advisory today, based on an interview with the agricultural website Latifundist, published on Feb. 1. According to Petrashko, the key investment priority of the holding is the construction of a grain terminal in the Yuzhny port on the Black Sea. The first stage of the project envisages a CapEx of USD 320-380 mln, and will let the company reach a transshipment capacity of 6 mmt in 2017-2018. This stage includes the construction of silos for grain storage, a moorage wall and infrastructure objects, including a railway connection. The holding is aiming to reach 15 mmt transshipment capacity in the long term, according to Petrashko. The second stage could cost about USD 500 mln, the deputy CEO said. Ukrlandfarming projects that it can load the transshipment facility with 5 mmt of its own crops. Petrashko has not disclosed the funding sources for the project. He also commented that the holding's negotiations on debt restructuring with the Russian Sberbank "have switched to constructive dialogue," though he hasn't provided any details on the expected timing of the final deal. The holding took a syndicate loan from Sberbank and Deutsche Bank for USD 600 mln in 2011, of which it has repaid USD 400 mln. Concorde analyst Roman Topolyuk added: "Ukrlandfarming is among the largest owners of land plots in the deepest Ukrainian sea port, Yuzhny, and it's natural that the company is trying to explore its options to benefit from these assets. However, the announced CapEx of USD 320-380 mln of the terminal project appears somewhat high. For comparison, Kernel intends to construct a 3 mmt grain terminal in the Illychivsk port for USD 100 mln. "Moreover, having a USD 1.6 bln of debt and net operating cash flow of USD 59 mln (before coupon payments on Eurobonds, equal to USD 75 mln) in 9M15, and having shifted the maturity of USD 200 mln Eurobonds (AVINPU), Ukrlandfarming lacks the capacity to finance the project on its own. The funding could be only structured as off-balance sheet financing, we believe." ###