

Kernel to hold Eurobond roadshow as Fitch assigns expected B+ rating
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Analyst: "With Fitch's expected rating of B+ serving as a positive catalyst (if the deal is finalized), we expect Kernel's debut Eurobond to be trading in the 6%-7% yield range."

KYIV, Jan 19, 2017 (UBO) - Ukrainian sunflower oil producer Kernel (KER PW) will hold a series of fixed income investor meetings in Europe and the U.S. for a potential debut issue of five-year Eurobonds, Concorde Capital informed clients, based on a Jan 17 company announcement. Later on the same day, Fitch Ratings assigned Kernel's planned Eurobond an expected rating of B+ (EXP), which is two notches above Ukraine's sovereign rating. Fitch's major assumptions include Kernel refinancing most of its USD 600 mln debt outstanding as of January 2017, with a new five-year bond and/or three-year PXF facilities, Capex at around USD 100-120 mln per year, stable dividends of USD 20 mln per year and EBITDA of USD 255-285 mln per year. Concorde analyst Igor Zholonkivskyi added: "The planned roadshow announcement did not come as a surprise, as Kernel had already taken steps in the direction of a potential issuance of its debut Eurobonds. Kernel's initial target was to not exceed the target of an 11% coupon for the planned Eurobond issue, which we think under the given circumstances should be easily achievable. With Fitch's expected rating of B+ serving as a positive catalyst (if the deal is finalized), we expect Kernel's debut Eurobond to be trading in the 6%-7% yield range."

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