

Ukrzaliznytsia signs EUR 150 mln loan deal, plans UAH 36 bln CapEx
Bus./Industry

Posted by:

Posted on : 2018/1/3 13:05:54

Analyst: It does not look likely that the company will be able to spend more than UAH 20 bln for CapEx next year, but even such an amount will be a record high for the company. We maintain our neutral view on RAILUA bonds.”

KYIV, Jan 3, 2018 - Ukrainian Railway (Ukrzaliznytsia, RAILUA) signed a deal to attract a EUR 150 mln loan from the EBRD to finance the widening of throughput capacity in southern Ukraine (Dolynska-Mykolaiv route), Concorde Capital informed clients based on a company reported on Dec. 30. The project at a total cost of EUR 300 mln will be completed in 2021 and will bring an annual “economic effect” of UAH 722 mln (about USD 24 mln), the company reported. In 2018, Ukrzaliznytsia is going to spend UAH 36.3 bln (about USD 1.3 bln) for capital investments, according to its 2018 draft plan released last week. Of this amount, UAH 15.3 bln is planned to be spent for the purchase of new railcars and locomotives. In particular, the company is going to produce 3,600 gondola railcars and purchase from third parties 5,180 gondolas, 32 locomotives, 60 passenger railcars and three suburban trains. For the Dolynska-Mykolaiv project, the company is going to spend UAH 1.35 bln (USD 28 mln) next year. Concorde analyst Alexander Paraschiy added: “The company’s CapEx plan looks too ambitious to be implemented in full, especially given that in 2017, the company had not fully implemented a less ambitious plan at UAH 16.0 bln. In 9M17, Ukrzaliznytsia spent only UAH 6.0 bln, or 58% of its plan. But what is very likely to be fulfilled in 2018 is the purchase of 30 new electric locomotives from GE and the production of own railcars, as well as the realization of a new EBRD-financed project. It does not look likely that the company will be able to spend more than UAH 20 bln for CapEx next year, but even such an amount will be a record high for the company. We maintain our neutral view on RAILUA bonds.

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