Moody's подтвердило рейтинг 3-летним евробондам "Казахстан инжиниринг" на уровне "Ba2", прогноз – "стабильный

Лондон – 05 декабря 2013 г. Moody's Investors Service сегодня присвоило трехлетним еврооблигациям АО «Национальная компания «Казахстан инжиниринг» объемом 200 млн. долл. США финальный рейтинг "Ba2" с уровнем потерь в случае дефолта (LGD) LGD5/70%.

Ниже приводится оригинальный текст сообщения Moody's.

Rating Action:
Moody's assigns definitive Ba2 rating to JSC NC Kazakhstan Engineering's debut Eurobond; stable outlook

Global Credit Research - 05 Dec 2013

London, 05 December 2013 -- Moody's Investors Service has today assigned a definitive rating of Ba2, with a loss given default (LGD) of LGD5/70%, to the $200 million of three-year notes issued by JSC NC Kazakhstan Engineering. In addition, Moody's has upgraded the group's probability of default rating to Ba1-PD from Ba2-PD as a result of applying a 35% recovery rate at the corporate family rating (CFR) level, used for all-bond debt capital structures. The outlook on the ratings is stable.

RATINGS RATIONALE
The Ba2 definitive bond rating is equivalent to Kazakhstan Engineering's Ba2 CFR, and the provisional rating assigned to the bond by Moody's on 8 November 2013 (see Moody's press release "Moody's assigns P(Ba2) rating to JSC NC Kazakhstan Engineering's debut Eurobonds; stable outlook"), and reflects (1) the fact that Kazakhstan Engineering has refinanced all of its financial debt ranked senior to the bond; and (2) the rating agency's expectation that Kazakhstan Engineering will raise any new debt on an unsecured basis and at the holding company level.

As Kazakhstan Engineering is wholly owned by the Government of Kazakhstan through Kazakhstan Sovereign Wealth Fund Samruk-Kazyna JSC (Samruk-Kazyna), Moody's applies its rating methodology for government-related issuers (GRIs) in determining the group's CFR. According to this methodology, the CFR is driven by a combination of (1) Kazakhstan Engineering's baseline credit assessment (BCA) of b2; (2) the Baa2 local currency rating of the Kazakh government; (3) the very high default dependence between the group and the government; and (4) the strong probability of the provision of state support to the group in the event of financial distress.

Kazakhstan Engineering's b2 BCA reflects the group's (1) small size in comparison to other aerospace and defence peers rated in the global market by Moody's; (2) significant customer concentration and lack of geographical diversification; (3) low market share in the civil segment; (4) implementation risk related to the group's ability to meet ambitious medium-term

growth targets, primarily related to profitability of its operations, which Moody's expects to translate into a material step-up in cash flow generation; and (5) overall exposure to an emerging market operating environment with a less developed regulatory, political and legal framework.

Moody's also notes that following the issuance of the bond, Kazakhstan Engineering's credit metrics and ability to service its debt will be exposed to fluctuations in Kazakhstan's national currency (tenge), given that around 90% of group's debt is now denominated in US dollars while 90% of revenue is in Kazakhstani tenge. However, this foreign exchange risk will be partly mitigated by the fact that the group plans to maintain deposits nominated in US dollars sufficient to service the coupon on the bond.

At the same time, the BCA factors in Kazakhstan Engineering's (1) dominant position in the Kazakh defence machinery building industry and favourable conditions of financing state orders; (2) status as a preferred supplier for large state-controlled customers; (3) moderate supplier concentration; and (4) moderate leverage and adequate liquidity.

The rating also factors in Moody's expectation that despite the increase in Kazakhstan Engineering's debt to around KZT34 billion (around $225 million) following the issuance of the notes (2012: KZT14.3 billion, or around $95 million), the group's adjusted leverage will remain below 3.0x and within Moody's guidance for the current rating. This expectation is underpinned by (1) an anticipated increase in Kazakhstan Engineering's EBITDA as a result of revenue growth (as per the group's order book); and (2) Kazakhstan Engineering's projections of an increase in EBITDA margin to around 18% in 2013 (H1 2013: 10%) on the back of its ongoing cost-cutting programme and an increase in proportion of higher margin products in the company's output. However, in Moody's view, there are execution risks that this targeted increase in EBITDA margin will be achieved as planned.

RATIONALE FOR STABLE OUTLOOK

The stable outlook on Kazakhstan Engineering's ratings incorporates Moody's expectation that (1) the Kazakh government will continue to support the group; (2) domestic demand for the group's products will remain stable; (3) the group will be able to achieve growth in revenue, cash flow and profitability generation, as planned; and (4) the group will maintain debt/EBITDA of less than 3.5x (as adjusted by Moody's) and adequate liquidity.

WHAT COULD CHANGE THE RATING UP/DOWN

Moody's does not envisage positive pressure being exerted on the group's ratings in the next 12-18 months. However, the rating agency would consider upgrading Kazakhstan Engineering's ratings by one notch if the group were to build a track record of maintaining a strong financial profile over time, while materially increasing its scale. Negative pressure could be exerted on the ratings if (1) Kazakhstan Engineering's debt/EBITDA were to increase above 3.5x on a sustainable basis; or (2) its liquidity were to deteriorate materially. A one-notch downgrade of the sovereign rating would not in itself trigger a downgrade of Kazakhstan Engineering's ratings, provided that all the other GRI inputs remain unchanged.

STRUCTURAL CONSIDERATIONS

The notes will rank pari passu among themselves and with other present and future unsecured and unsubordinated obligations of Kazakhstan Engineering's holding company. Noteholders will benefit from several debt protection covenants, such as negative pledge, limitations on asset disposal, restrictions on mergers and consolidations, limitation on distributions of net income. The group will use the proceeds of the issue for general corporate purposes, which will include partial refinancing of its existing tenge-denominated domestic bond. Given the absence of any other debt obligations in the group's debt portfolio other than

bonds following the issuance of the notes, Moody's has applied a 35% recovery rate, used for all-bond debt capital structures.

The current Ba2 rating on the notes, at the level of the CFR, reflects Moody's understanding that the group's strategy going forward is to borrow on an unsecured basis at the holding company level. Moody's notes that the bond is not guaranteed by Kazakhstan Engineering's operating subsidiaries. Should the group raise unsecured borrowings at the level of operating subsidiaries, this might potentially result in a structural subordination and/or contractual subordination of the notes to more senior debt in the capital structure and a consequent notching down of notes from the issuer rating.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was the Global Aerospace and Defense, published in June 2010. Other methodologies used include Loss Given Default for Speculative-Grade Non-Financial Companies in the U.S., Canada and EMEA, published in June 2009. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

JSC Kazakhstan Engineering National Company is a state-controlled holding company consolidating the machinery building and engineering enterprises in Kazakhstan. The group executes around 75% of state defence orders and produces around 10% of machinery products in Kazakhstan. The group is 100% owned by the Kazakhstan Sovereign Wealth Fund Samruk-Kazyna JSC (Samruk-Kazyna) and its shares are managed by the Kazakhstan Ministry of Defence (MoD) pursuant to a trust management agreement. In 2012, Kazakhstan Engineering generated revenue of KZT52.2 billion (around $347 million) and had adjusted EBITDA of KZT5.3 billion (around $35 million).

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.
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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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