FITCH UPGRADES RUSSIAN HELICOPTERS TO 'BB+'

News / Finance, Manufacturer



On October 26, 2016, Fitch Ratings upgraded Russian Helicopters JSC's (RH) Long-Term Issuer Default Rating (IDR) to 'BB+' from 'BB' and affirmed the Short-Term IDR at 'B'. The Outlook on the Long-Term IDR is Stable, the rating agency informed.

The upgrade reflects Fitch's views that the recent improvement in the company's funds

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from operations (FFO), whilst essentially caused by the depreciation of the rouble, will probably lead to a sustainably improved financial profile with key financial ratios remaining at a level commensurate with new rating. Fitch believes that the company has achieved a structural improvement in its pricing and cost structure and is well placed to apply future expected strong free cash flow (FCF) towards debt reduction.

In line with Fitch's parent-subsidiary linkage methodology, the ratings incorporate a one-notch uplift for support for the company from its ultimate parent, the Russian Federation (BBB-/Stable).

JSC Russian Helicopters (tax number: 7731559044) is a subsidiary of JSC OPK Oboronprom which itself is part of the Rostec corporation. It controls and manages the following helicopter industry enterprises: Mil Moscow Helicopter Plant, Kamov, Ulan-Ude Aviation Plant, Kazan Helicopters, Rostvertol, Progress Arsenyev Aviation Company named after N.I. Sazykin, Kumertau Aviation Production Enterprise, Stupino Machine Production Plant, Reduktor-PM, Novosibirsk Aircraft Repairing Plant and Helicopter Service Company.

IFRS net profit of JSC Russian Helicopters for 2015 grew 2.04 times to RUB 42.198 billion from RUB 20.712 billion in 2014. Revenue increased by 29.52% to RUB 219.972 billion from RUB 169.842 billion, operating profit by 48.7% to RUB 58.594 billion from RUB 39.404 billion, EBITDA by 39.55% to RUB 65.606 billion from RUB 47.014 billion. EBITDA margin was 29.8% against 27.7% in 2014.

According to AK&M Information Agency's DataCapital information retrieval system, RAS net profit of JSC Russian Helicopters for H1 2016 decreased 16.1 times to RUB 369.743 million from RUB 5.952 billion for the same period in 2015. Revenue increased by 60.54% to RUB 14.808 billion from RUB 9.224 billion, sales profit by 27.6% to RUB 8.628 billion from RUB 6.762 billion, pre-tax profit decreased 32.58 times to RUB 172.471 million from RUB 5.619 billion.



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