

The background features several overlapping diamond shapes. The top-left diamond contains a blue line graph with data points and binary code. The middle diamond shows a blue bar chart with a glowing network overlay. The bottom-left diamond displays a blue bar chart. The right side of the slide has a white background with a subtle grey diagonal line pattern.

# FitchRatings

## Российский корпоративный сектор

**Николай Лукашевич**

Старший директор, Глава отдела  
корпораций по региону Россия/СНГ

08 декабря 2016



# FitchRatings

## Agenda

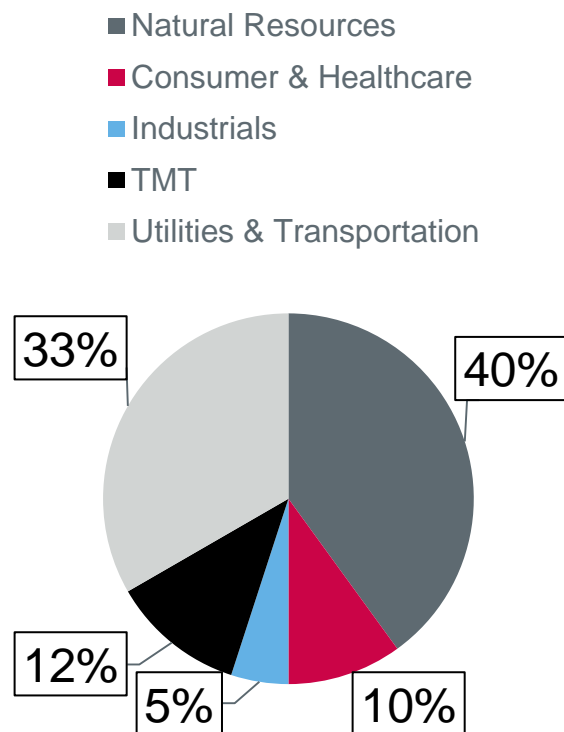
Outlook and Credit Direction

Key Credit Drivers

# Fitch's Russian & CIS Corporate Coverage

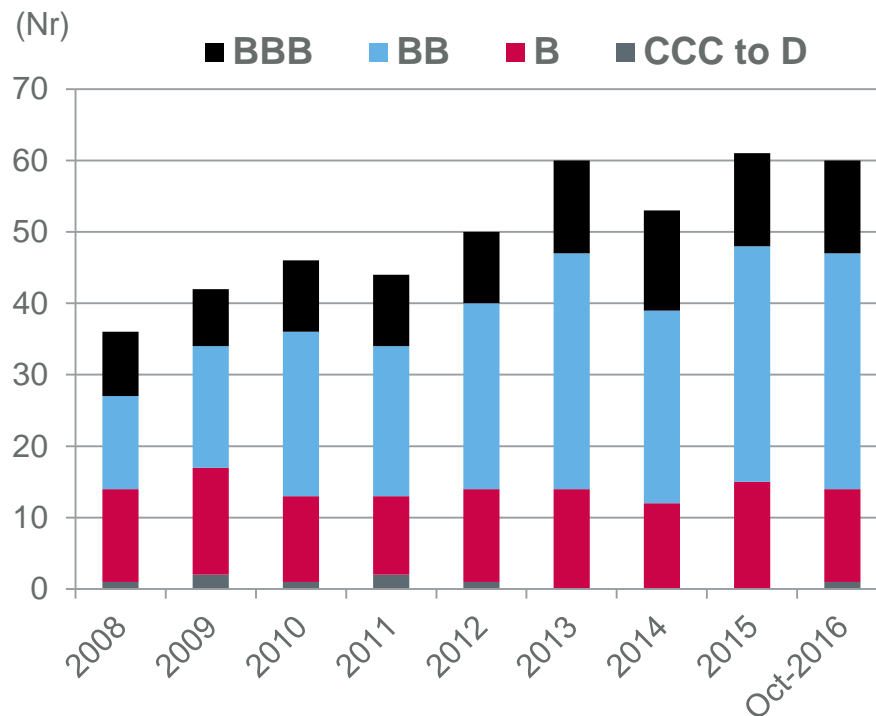
## *Diverse Sector Coverage*

### Russian/CIS Ratings: Sector Split



Source: Fitch

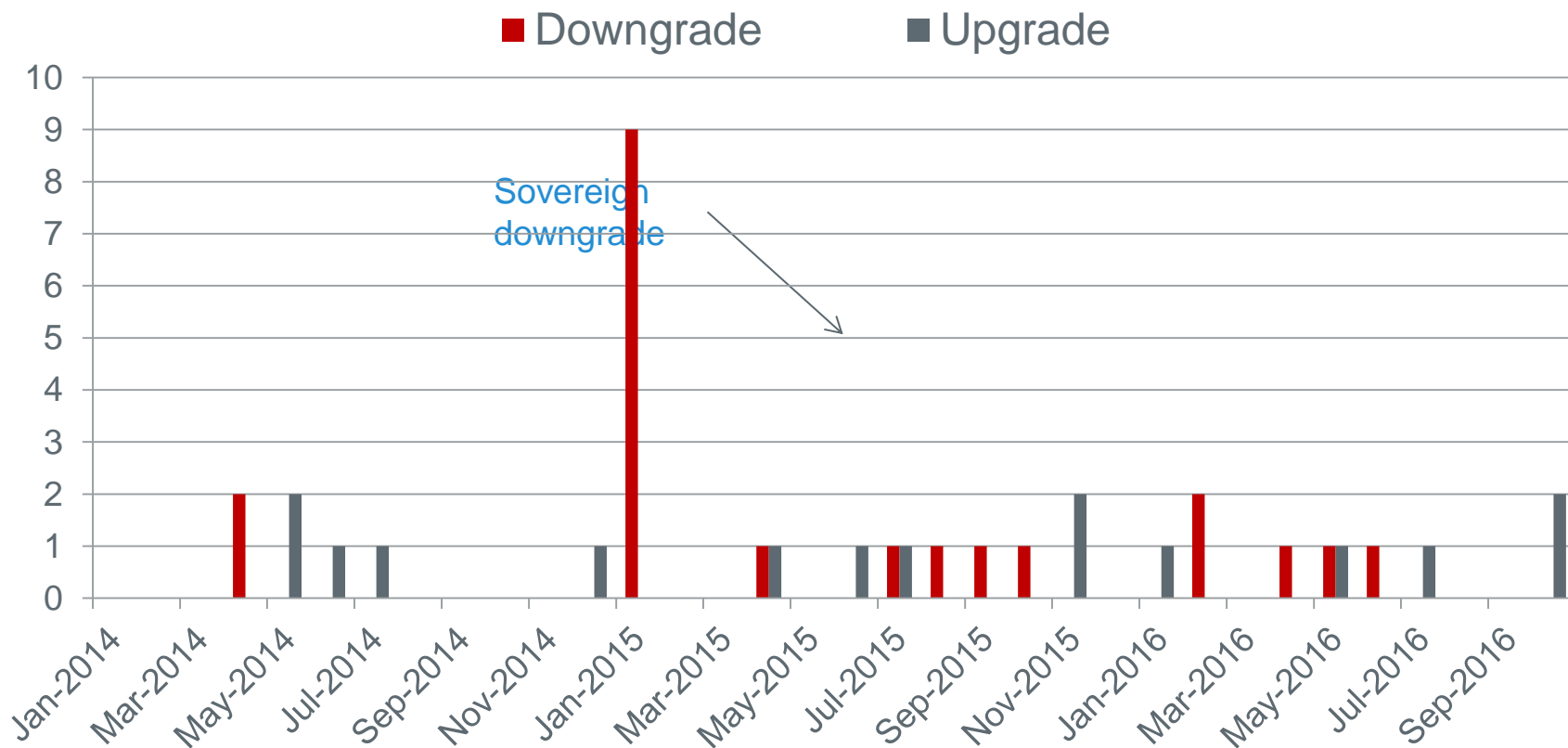
### Russian/CIS Corporate Rating Evolution



Source: Fitch

# Russian Corporate Portfolio: Credit Direction (2016)

## 5 Upgrades vs 5 Downgrades

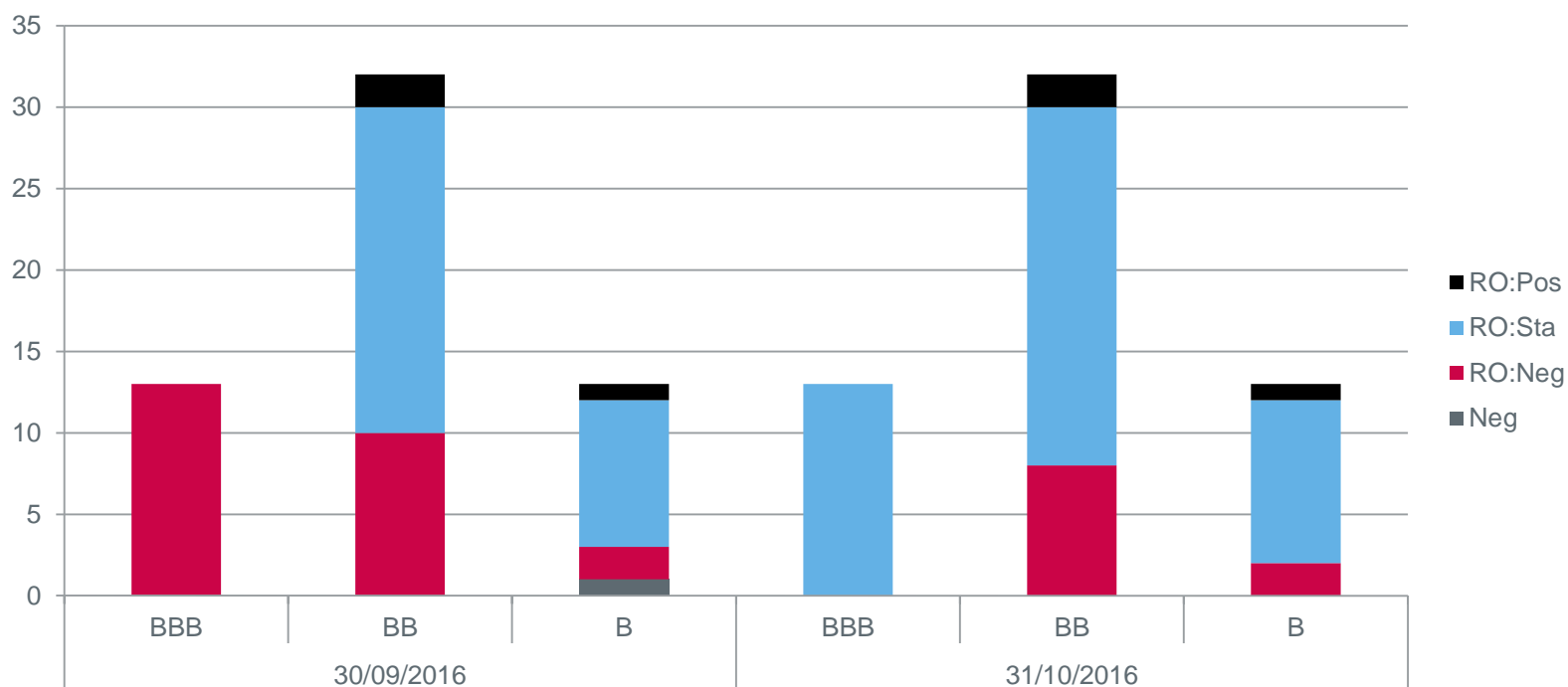


Source: Fitch



# 2016 Outlook Evolution

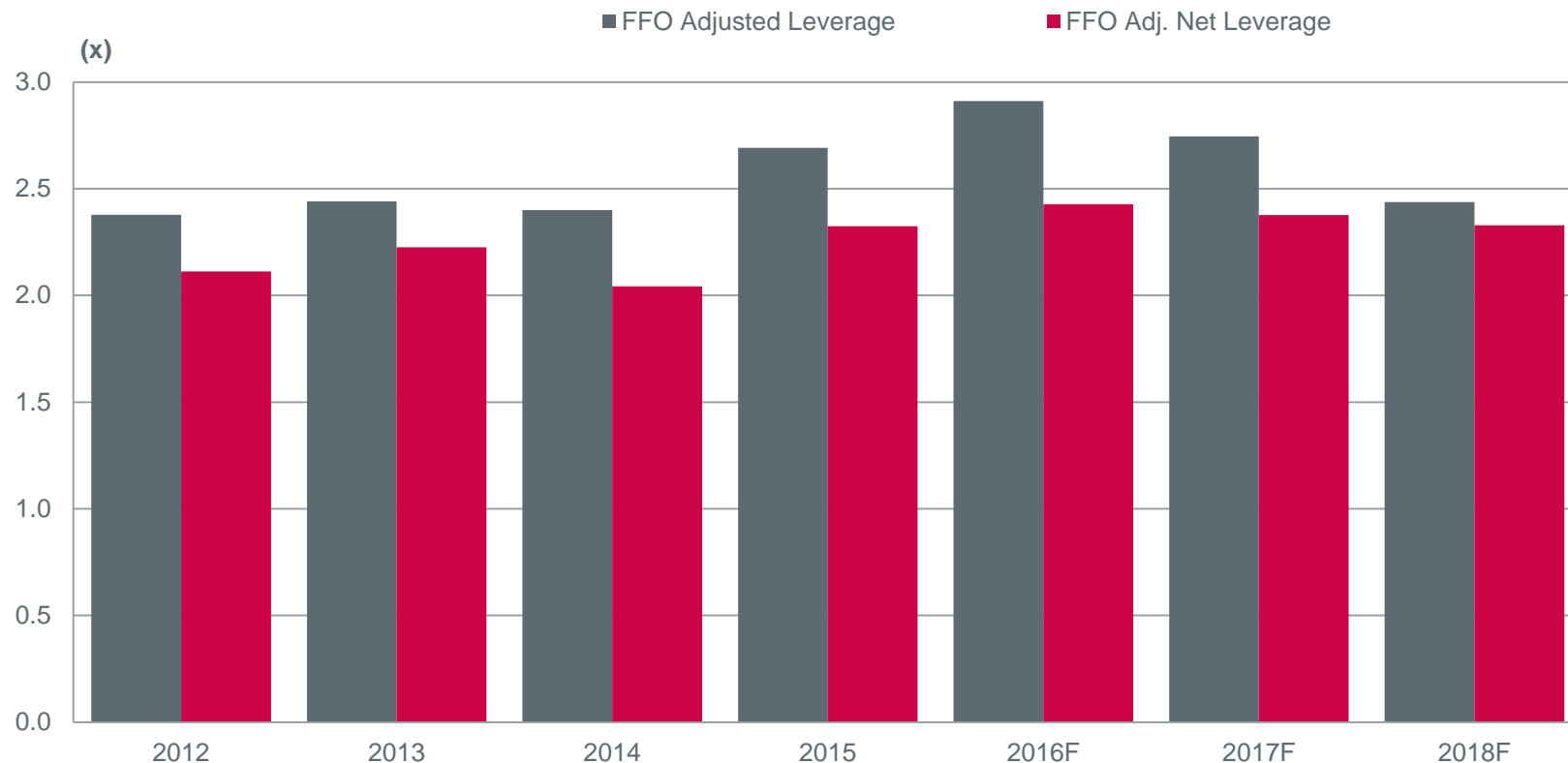
*Sovereign, Weak Commodity Prices Drive Negative Outlooks*



Source: Fitch

# Russian Corporate Profiles Benefit From Low Leverage

## Conservative Leverage Expected

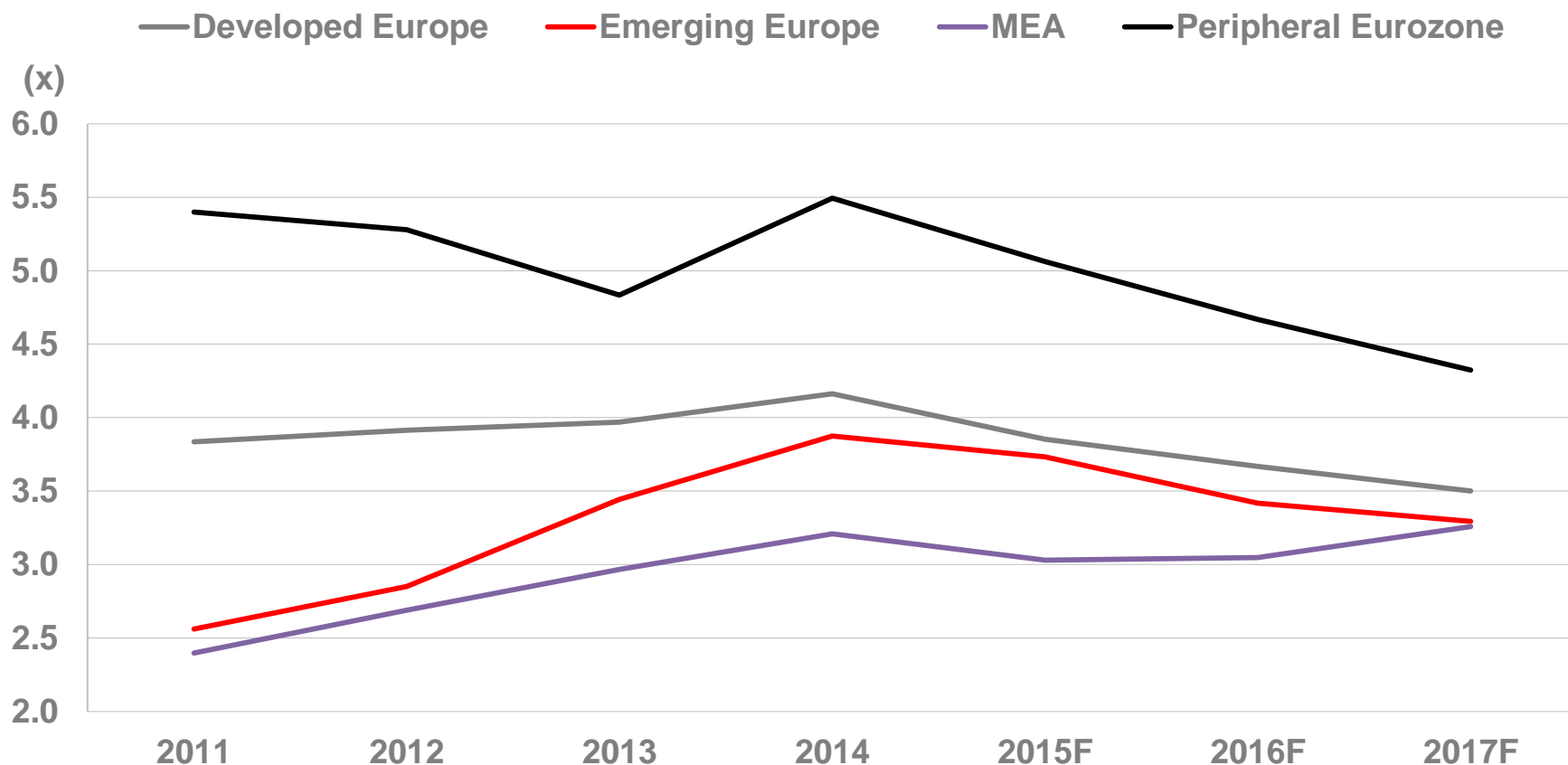


Source: Fitch

\*Fitch-rated RUSSIAN corporates only

# Russia Corporate Leverage Versus Peers

*Russian corporates are projected to remain significantly less leveraged than key peer groups*

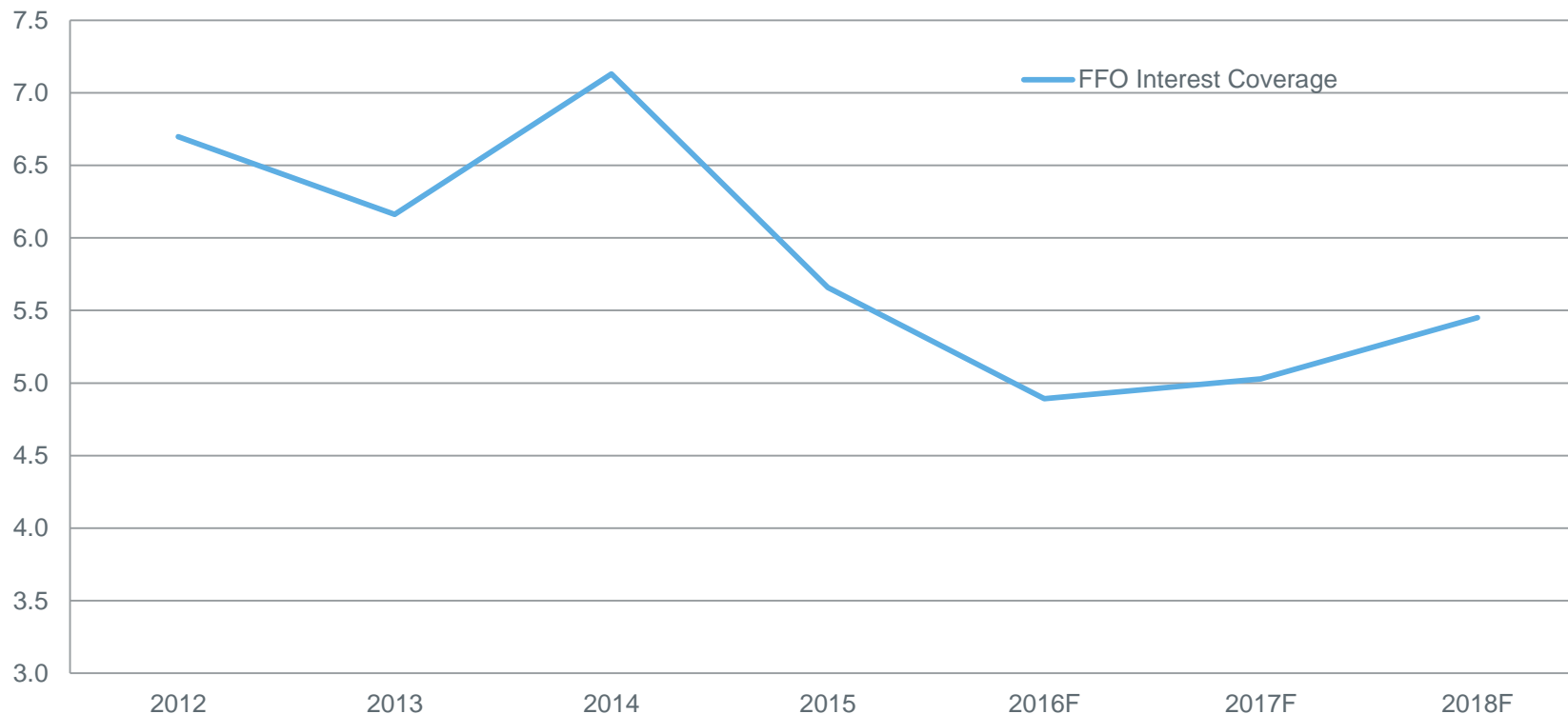


Source: Sample of Fitch-Rated EMEA Corporates

# Coverages Are Pressured By Higher Interest

*Expected to recover with CBR key rate cuts*

(x)



Source: Fitch

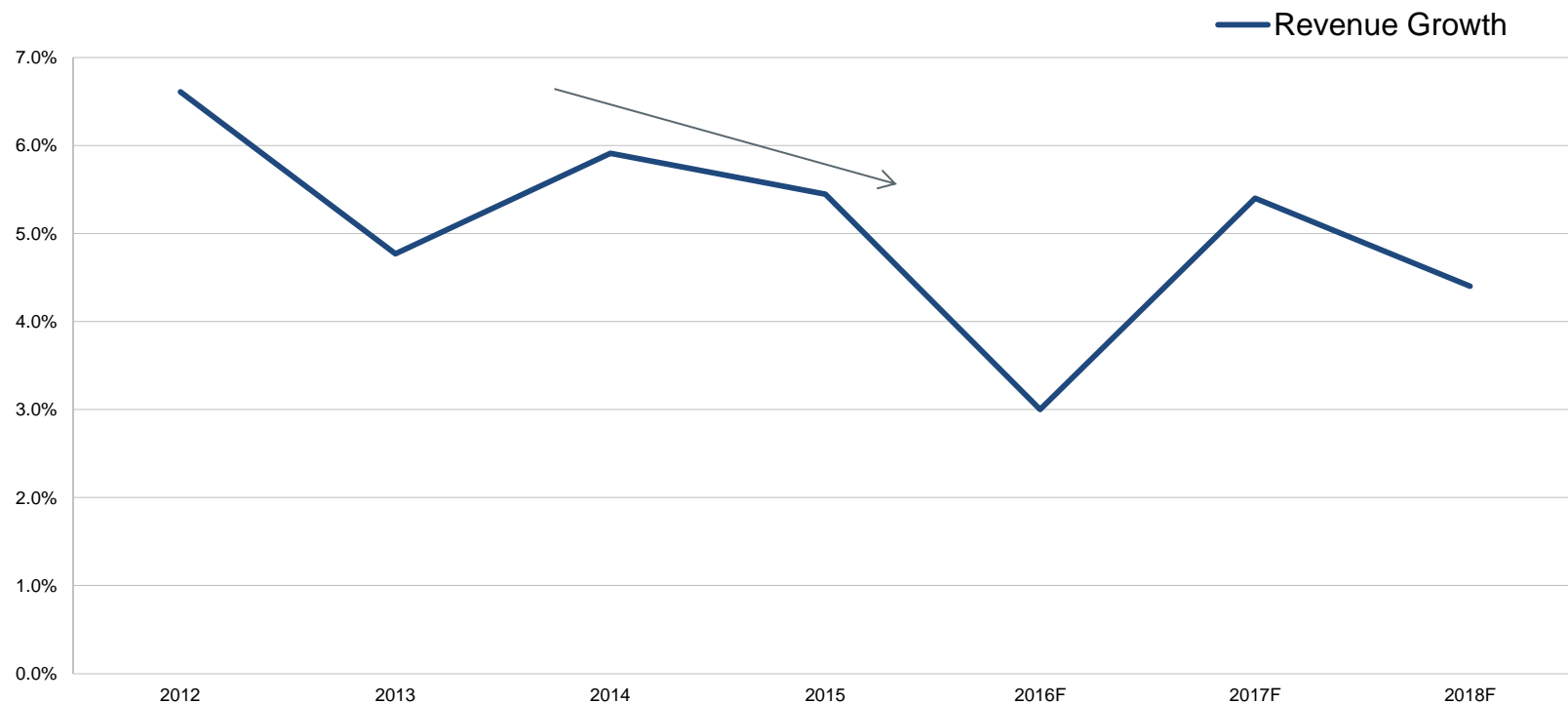
\*Fitch-rated RUSSIAN corporates only



# Revenue Is Impacted by Macro, Weak Commodity Prices

*Rouble-based revenues tend to be more positive*

(% ch. yoy)



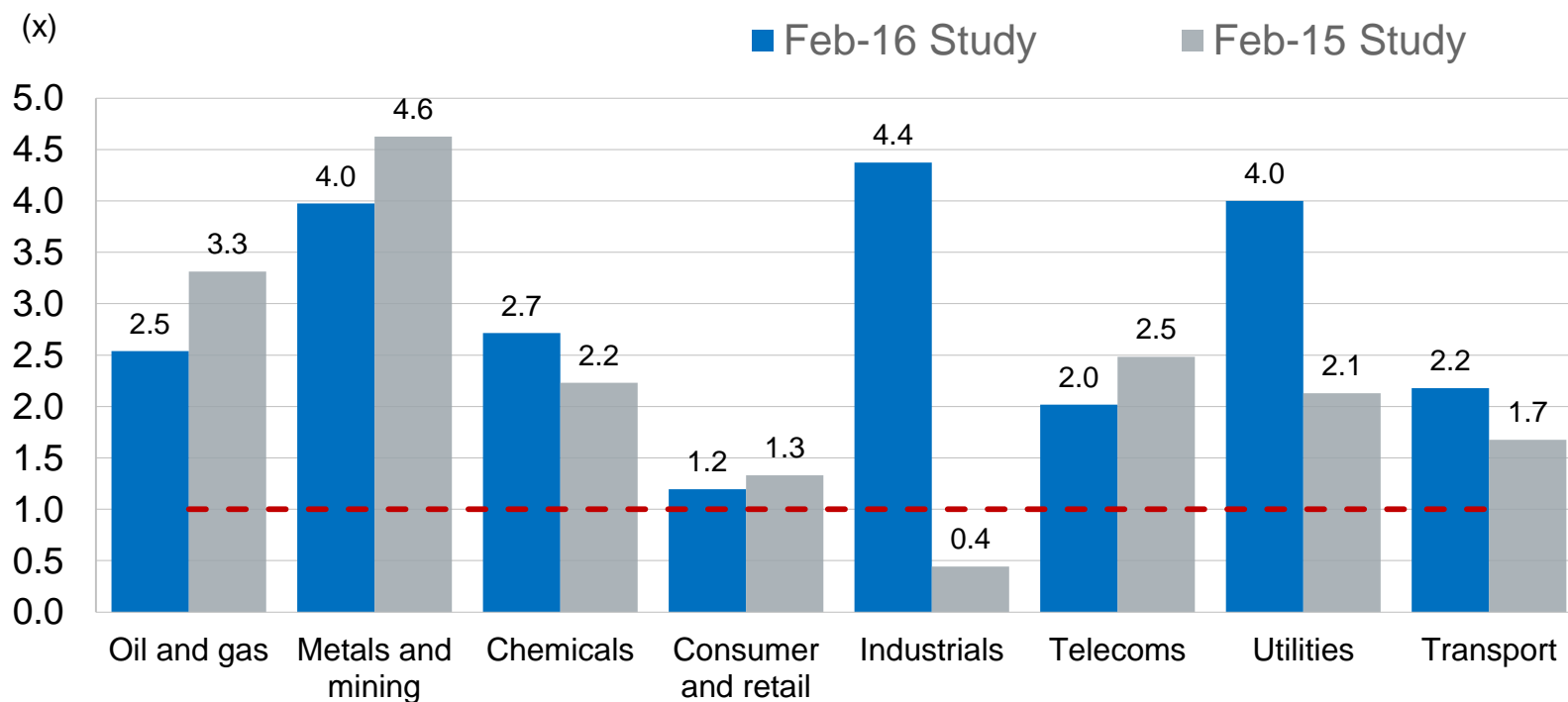
Source: Fitch

\*Fitch-rated RUSSIAN corporates only

# Key Systemic Risk: Liquidity

## *Adequate liquidity across the sector*

Next Year Liquidity Score, By Sector  
based on debt weighted average



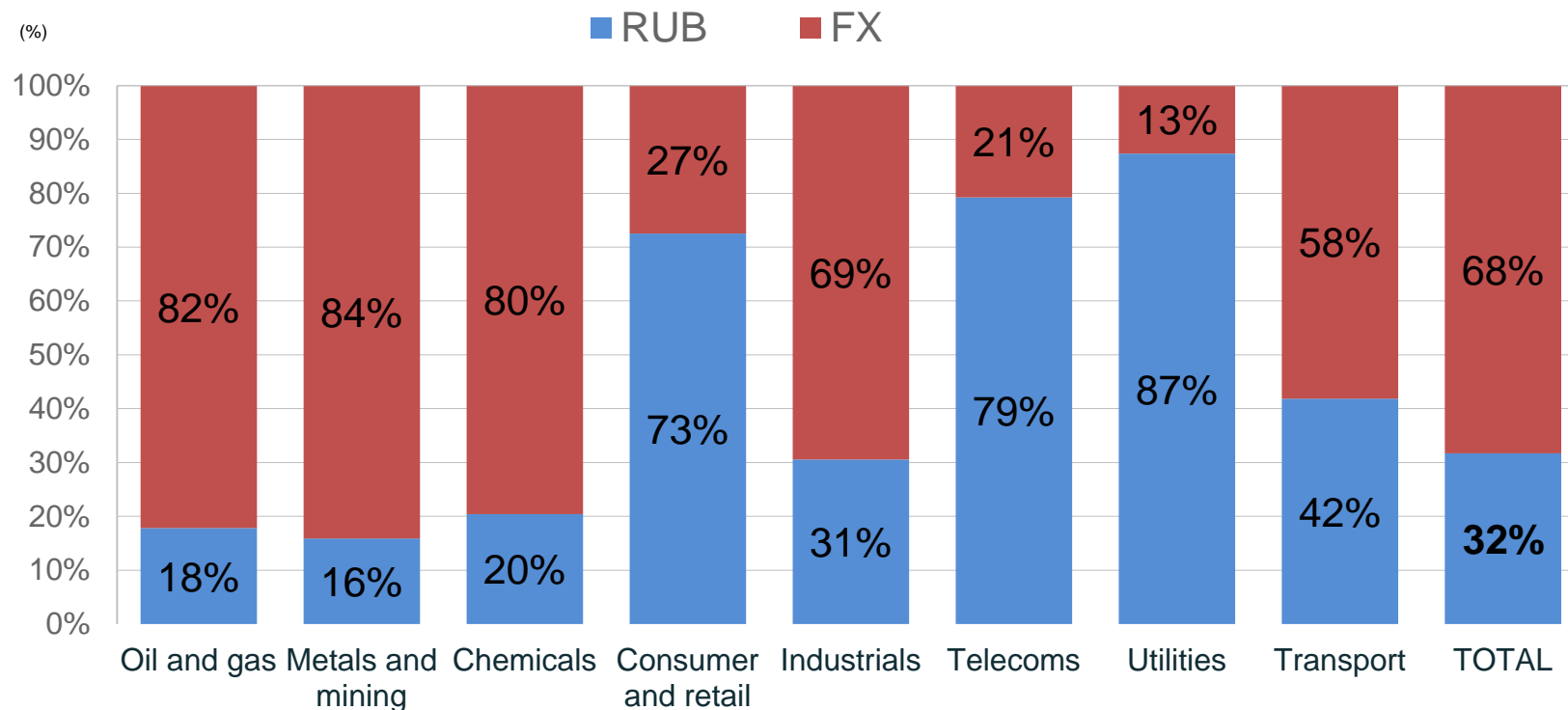
Source: Companies data, Fitch

# Key Systemic Risk: FX

## *Disciplined approach to FX funding across key industries*

### Debt Composition By Currency

Feb-2016 Study

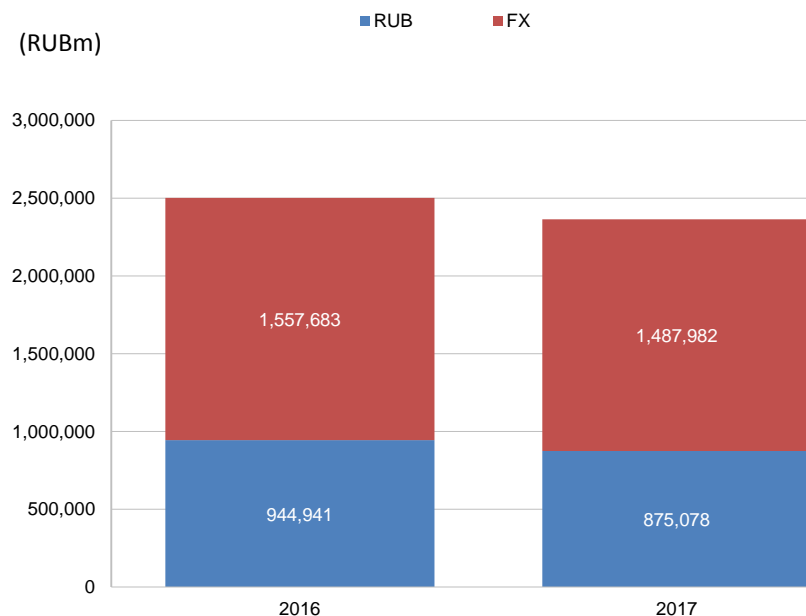


Source: Companies data ,Fitch

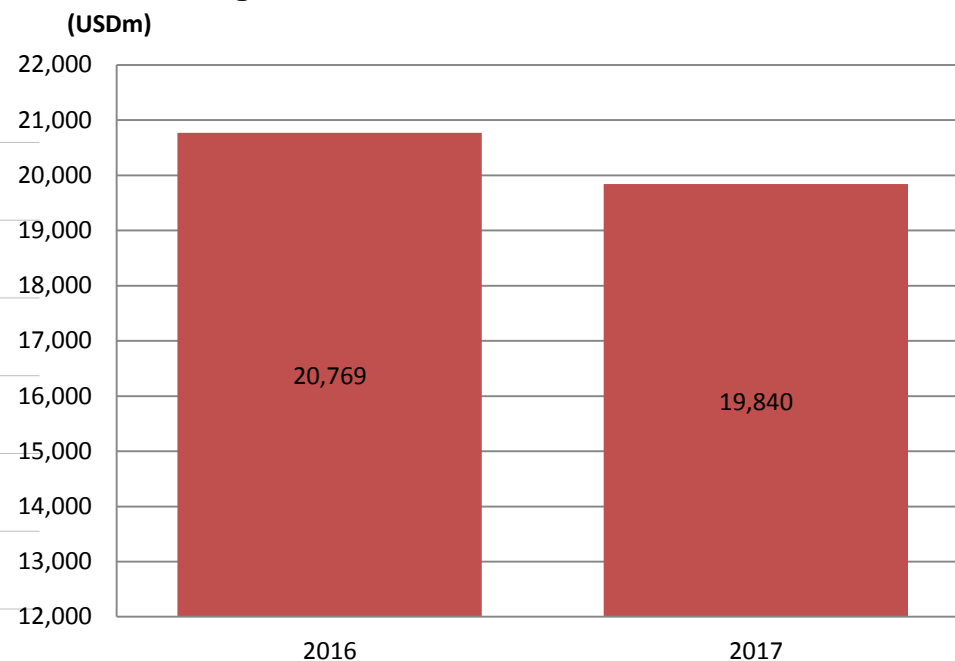
# Key Systemic Risk: Refinancing

## *Even 2016-2017 refinancing profile*

**Debt Maturity Schedule for Russian Corporates Under Fitch's Coverage**



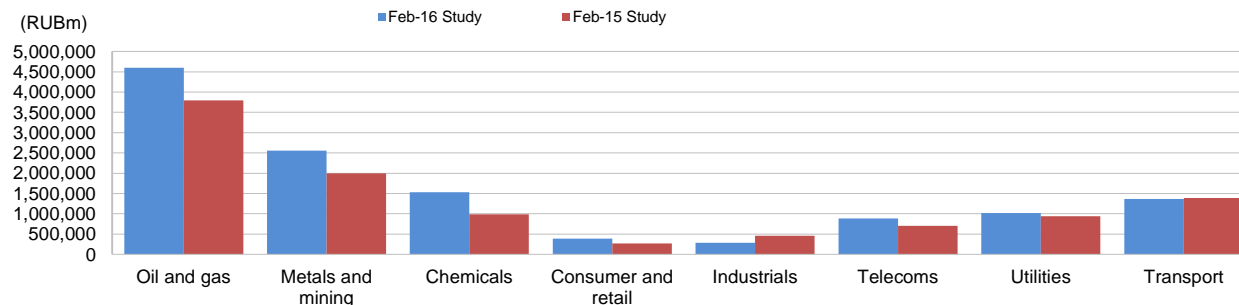
**FX Debt Maturity Schedule for Russian Corporates Under Fitch's Coverage**



Source: Companies data, Fitch Feb-2016 Study

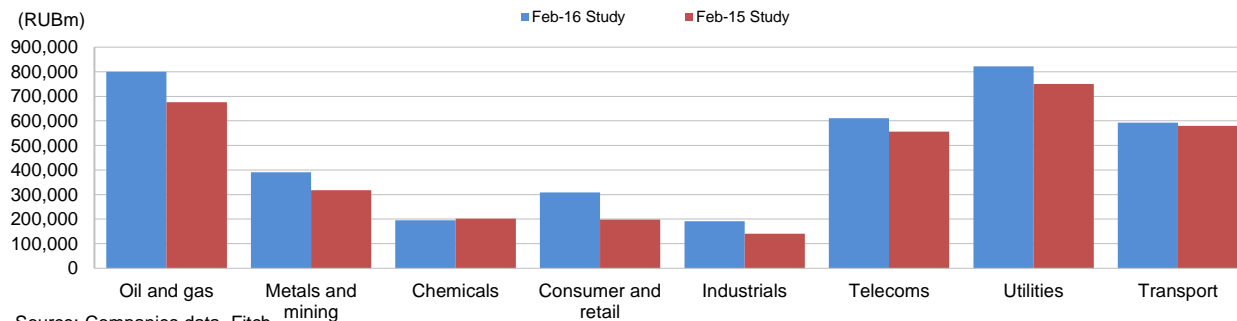
# Debt Concentrates At Natural Resources Industries

## Total Debt in RUB by Industry



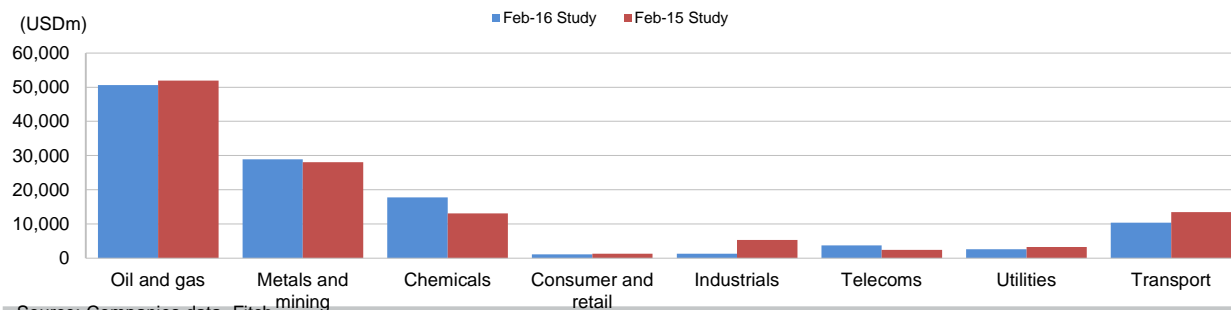
Source: Companies data, Fitch

## RUB Debt by Industry



Source: Companies data, Fitch

## FX Debt in USD by Industry



Source: Companies data, Fitch

# Key Systemic Risk: FX and Liquidity

*but there are offsetting factors.....*

- Ratings built-in for volatility
- Local capital markets
- Reliance on relationship banks
- Reviving Eurobond market?
- Export competitiveness
- Cost cutting & efficiencies
- Capex reductions
- Price pass through
- Consolidation – evolving markets (eg. Russian retail)
- Most of 2017 Russian industry outlooks changed to Stable from Negative

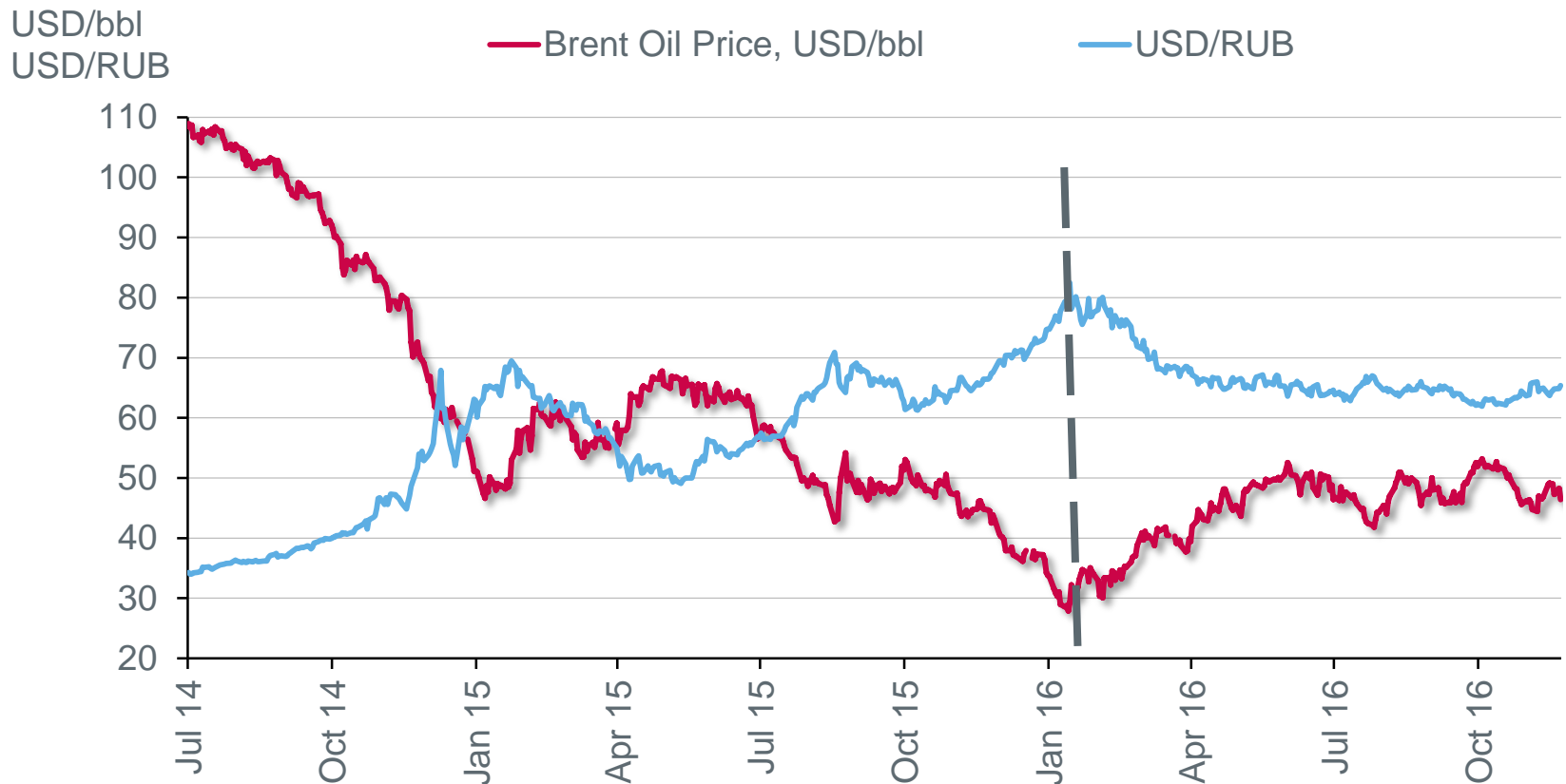
Source: Market data



# Key Systemic Risk: Oil Price

## *Bad for Oil Producers and Macro*

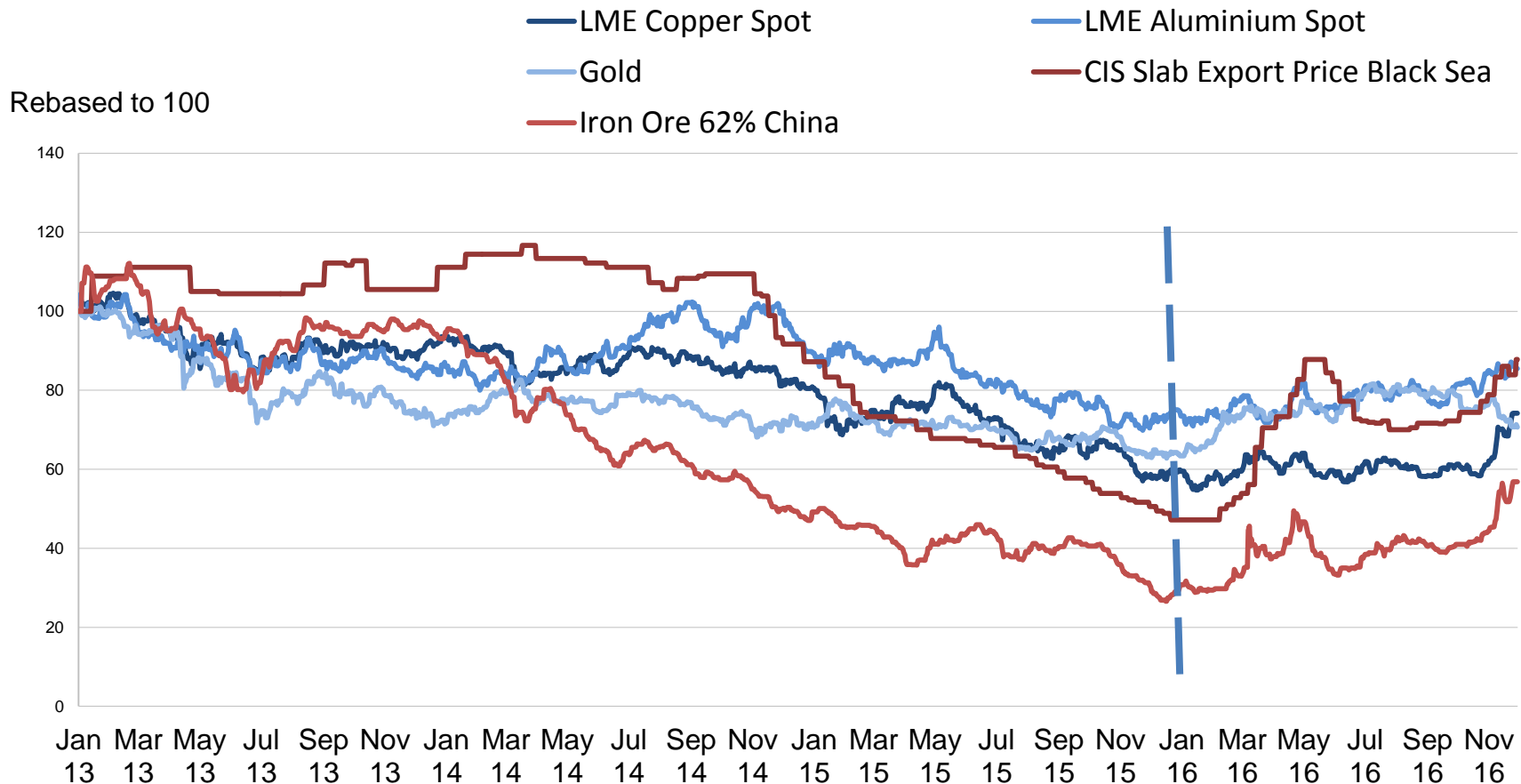
### Low Oil Prices to Persist in 2016



Source: Energy Information Administration

# Key Systemic Risk: Commodity Prices: *Bad For Miners*

## Lower Commodity Prices Persist



Source: Market data

# Disclaimer

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# Контакты в Fitch Ratings

**Дмитрий Сурков, Управляющий Директор, Региональный глава по России, СНГ и Черноморскому региону**

Тел.: +7 495 956 9901

Email: [dmitri.surkov@fitchratings.com](mailto:dmitri.surkov@fitchratings.com)

**Юлия Бельская фон Телль, Старший Директор, Начальник управления развития бизнеса**

Тел.: +7 495 956 9908

Email: [julia.belskayavontell@fitchratings.com](mailto:julia.belskayavontell@fitchratings.com)

**Михаил Соловьев, Директор, Управление развития бизнеса**

Тел.: +7 495 956 7088

Email: [mikhail.soloviev@fitchratings.com](mailto:mikhail.soloviev@fitchratings.com)

**Николай Лукашевич, Старший Директор, Глава корпоративного сектора по региону Россия/СНГ**

Тел.: +7 495 956 9968

Email: [nikolai.lukashevich@fitchratings.com](mailto:nikolai.lukashevich@fitchratings.com)

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**Fitch**Ratings

**New York**

33 Whitehall Street  
New York, NY 10004

**London**

30 North Colonnade  
Canary Wharf  
London E14 5GN