The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Fitch Downgrades 13 Major Russian Companies as Economic Crisis Deepens

By The Moscow Times

January 14, 2015



Ratings agency Fitch has downgraded 13 major Russian companies, days after the agency responded to Russia's worsening economic plight by cutting the country's sovereign debt rating to one notch above "junk" status.

Fitch bumped the following companies down from "BBB" to "BBB minus" — the lowest investment-grade rating: State gas giant Gazprom and its oil arm Gazprom Neft, Russia's No. 2 oil company LUKoil, nuclear energy firm Atomenergoprom, rail monopoly Russian Railways and the Federal Grid Company of Unified Energy System, the country's biggest electric grid firm.

All the companies were given negative outlooks, indicating the likelihood of further downgrades to come. The low credit ratings, which are an assessment of the companies' ability to pay back debt, will make raising financing more expensive for them.

Independent gas producer Novatek, mining company Polyus Gold, state telecoms company Rostelecom, potash mining company Uralkali and oil firm Tatneft kept their "BBB minus" ratings but had their outlooks changed from "stable" to "negative."

Russian Railways subsidiary Federal Passenger Company lost its investment-grade "BBB minus" rating, receiving "BB plus." Sukhoi Civil Aircraft was moved from "BB" to "BB minus." Both gained negative outlooks.

Last week Fitch downgraded Russia's sovereign debt to "BBB minus" with a negative outlook, saying that Western sanctions over Moscow's role in the Ukraine crisis, headlong currency devaluation and the plummeting price of oil, the country's key export, would force the economy to contract sharply this year.

Original url:
https://www.themoscowtimes.com/2015/01/14/fitch-downgrades-13-major-russian-companies-as-economic-crisis-deepens-a42870