



This is to report that the following information has been issued in relation to Standard & Poor's rating of Borets International Limited:

*LONDON (Standard & Poor's) March 1, 2016--Standard & Poor's Ratings Services today said it has placed its ratings on Russian electric submersible pump producer, Borets International Ltd. (Borets), including its 'BB-' corporate credit rating, on CreditWatch with negative implications.*

*The CreditWatch placement follows the continued weakening of the Russian ruble versus the U.S. dollar, which has heightened the currency mismatch between Borets' revenues and debt. Therefore, we believe that the company will post materially weaker credit metrics than we anticipated, with FFO to debt falling below 20%.*

*Despite Borets' expected good organic growth in its home market in 2015 and 2016, and a certain resilience to oil price decline going forward, we believe that a weak ruble, combined with general uncertainty regarding Russian oil production levels in 2016, will continue to weigh on the company's cash flow generation and its ability to service debt.*

*At the same time, across the industry we have begun to observe oil majors tightening payment terms and putting pricing pressure on their suppliers. We believe this trend could also ultimately affect Borets. While the company has a good track record of adjusting its capital expenditure to manage cash flow, large working capital outflows would lead to negative free operating cash flow generation, which may not be commensurate with our current ratings.*

*In resolving the CreditWatch, we will review the company's results, as well as management's plans for the refinancing of the \$413 million bond maturing in September 2018. We could lower the ratings if we anticipate that Borets' operating performance will deteriorate in 2016, resulting in weak credit ratios that are no longer commensurate with our current 'BB-' corporate credit rating. For the rating to remain at 'BB-', FFO to debt would likely need to remain above 20%, on a sustainable basis, assuming liquidity remains adequate. If we were to downgrade Borets, it would be limited to one notch on the corporate credit rating.*