Alona Lebedieva: the case of Ukrzaliznytsia as the limit of the old model of state infrastructure

Debt restructuring and a credit rating downgrade have become indicators of systemic problems that the war has merely made impossible to ignore.

Alona Lebedieva

KYIV, UKRAINE, January 21, 2026 /EINPresswire.com/ -- International credit rating agency Fitch Ratings has downgraded the credit rating of Ukrzaliznytsia from "CC" to "C" following the company's announcement that it would suspend coupon payments on its Eurobonds. The downgrade also applies to the company's long-term Eurobonds totaling USD 703.2 million, maturing in 2026. Under Fitch's classification, a "C" rating indicates that default on debt obligations is imminent.

The agency noted that Ukrzaliznytsia had publicly announced the suspension of coupon payments on its 2026 and 2028 Eurobonds and intends to initiate a debt restructuring. A grace period for payments is currently in effect. If this period expires without the settlement of coupon payments, the company's rating may be downgraded further to "RD" – restricted default.

The company itself explains the decision as a necessary step to preserve the resilience of the railway system under wartime conditions. Ukrzaliznytsia emphasizes that its available internal funds are insufficient to fully finance operating activities, while external financing is largely earmarked and cannot be used to cover current expenses, including debt servicing.

According to Alona Lebedieva, owner of the Ukrainian diversified industrial and investment group Aurum Group, the suspension of coupon payments should be viewed far more broadly than as a situational response to the war.

“The decision to suspend coupon payments is not a one-off technical step and not merely a direct consequence of the war. It is a signal of deeper, accumulated financial and governance problems that have been building up for years,” Alona Lebedieva notes.

Financial pressure on the company has indeed intensified sharply since the full-scale invasion. According to Ukrzaliznytsia, 1,195 attacks on railway infrastructure were recorded in 2025 alone – more than in 2023–2024 combined. At the same time, freight volumes continue to decline – estimates suggest they will fall by around 17% in 2025. Costs for infrastructure restoration, energy resources, and materials are rising, while passenger transportation remains chronically loss-making due to tariffs frozen since 2021.

“The war has sharply aggravated the situation, but it did not create these problems from scratch. Structural imbalances at Ukrzaliznytsia had been accumulating long before the full-scale aggression,” Alona Lebedieva emphasizes.

She points out that even under these conditions, the company made efforts until the very end to maintain payment discipline, continuing to service its Eurobonds in 2025 in order to sustain dialogue with investors. However, without revisiting the underlying economic model of rail transportation, restructuring risks becoming only a temporary reprieve. The core issue remains the system of cross-subsidization, under which profits from freight operations systematically cover losses from passenger services.

“Without abandoning cross-subsidization and moving toward a transparent tariff model, debt restructuring risks remaining a temporary financial solution without long-term effect,” Alona Lebedieva concludes.

For the market, she says, it is critically important to see not only arguments about liquidity shortages, but a clear reform plan – reducing the debt burden, optimizing costs, separating financial flows, and restoring investor confidence within the framework of the future restructuring.

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