

June 26, 2020



AgroGeneration
Shareholder Meeting

AgroGeneration SA – 3 de la Pompe Str., 75116 Paris, FRANCE – Tel.: +33 1 56 43 68 60

AgroGeneration

Overview

PUBLIC COMPANY

Listing on NYSE Euronext in Paris
with **36.9% free float** (as of Jan 2020)



FARMLANDS

≈58k ha
in Kharkiv region of Ukraine



TEAM

≈600 employees run by strong
management team



PRODUCTION

≈170k tons (2019)

Grains
76%



Oilseeds
24%

STORAGE

Over 140k tons



MACHINERY FLEET

Fleet of modern ag machinery, incl. 45 combines,
100 tractors, 28 sprayers, 146 seeders and headers



AgroGeneration

Current Footprint

- 2019 was marked by a **substantial optimization of the scope of operations**
 - In late 2019, **AgroGeneration finalized the sale of its last western farm, Vinal (11k ha, Lviv region)**
 - A total cultivated area of all disposed in 2019 farms exceeded 50k ha** in Lviv, Ternopil, Zhytomyr, and Sumy regions
- As a result, **the Group currently operates c.a. 58k ha of agricultural land**, all concentrated in the Kharkiv region
- On the back of a substantial decline in the scope of operations, **the headcount of the Company was reduced by half** to ~600 full time employees
- As of March 31st, 2020 **AgroGeneration announces the appointment of Sergiy Bulavin** (prior Senior Vice President of AgroGeneration) **as Chief Executive Officer** to replace resigned CEO John Shmorhun, who will continue to serve as a member of the Board

AgroGeneration. Map of Operations



AgroGeneration

Operational Performance

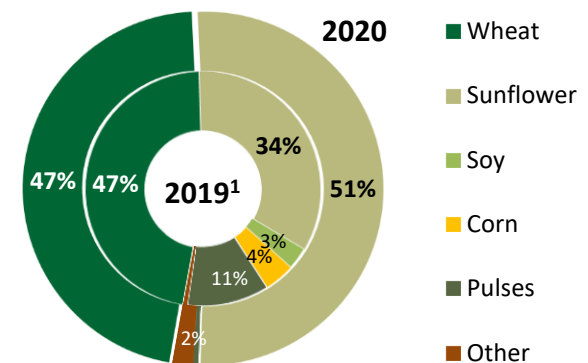
- In 2019, **AgroGeneration produced around 171k tons of grain and oilseed** at the current scope of operations over a cultivated area of over 56k ha
- The **persisting drought in the East of Ukraine**, which lasted from June until autumn 2019, **curtailed all yields** with the most drastic effect on late crops (sunflower, soybean and corn)
- Winter wheat demonstrated better yields than in 2018** despite difficult weather conditions, but still lower than in normal years
- For 2020 season **over 26k ha were planted with winter wheat**
 - On the back of successful overwintering and abundant rainfalls in mid-May 2020 in the Kharkiv region, **winter wheat sowings are in a good shape** as of the end of June 2020
- Spring sowing campaign was successfully completed** in the middle of May 2020
 - A total of **29.7k ha are engaged under spring crops in 2020** (28.7k ha under sunflower and 1.0k ha under other crops)
- 2020 planned production strategy is to **reach the best margins at lower level of financing**
 - Prioritizing less cost-intensive and more draught resistant crops (wheat and sunflower) with minimized use of fertilizers

AgroGeneration. 2019A¹ Production Performance (Net Weight)

Crop	Area, ha	Yield, tons/ha	Yield vs 2018 ¹ , %	Net Production, tons
Wheat	25,809	4.0	23.9%	103,052
Sunflower	19,022	2.0	-13.3%	37,199
Peas	3,548	1.7	-12.4%	6,033
Corn	2,397	5.8	-25.8%	13,988
Soy	1,753	1.7	-20.2%	2,966
Other	3,730	-	-	7,383
Total²	56,259	-	-	170,621

(1) Comparable scope (Kharkiv farms)
(2) Excl. fodder

AgroGeneration. 2020 vs 2019 Crop Mix, %



(1) Comparable scope (Kharkiv farms)

AgroGeneration

Financial Performance – 2019 P&L

🌿 **2019 financial performance was hit by** the negative impact of **unfavorable weather conditions** combined with a **decline in commodity prices**

🌿 Overall, **the weather in 2019** in Ukraine (and in Kharkiv region in particular) **was abnormally warm and dry**

🌿 This led to **underperformance in yields** (especially in late crops) with the negative impact on final result

🌿 Thus, despite €2.8M growth in revenue vs 2018 (resulting from the sale of 2018 inventories and increased production in 2019), **Gross profit decreased by €7.1M** driven by

🌿 **Increased costs of production**

🌿 **Decline in fair value of bio assets and finished goods** (both due to decline in yields and prices in addition to cost inflation)

🌿 A **negative forex** due to appreciation of national currency

🌿 **SG&A increase by €2.4M** was **attributed to one off-costs** related to farms disposal in 2019 and an **increase in transport tariffs** lifting up selling expenses

🌿 As a result, the **Group performed negative 2019 EBITDA**

🌿 Still, excluding embedded currency effects in gross profit related to hryvnia appreciation in 2019, the Group would have posted a slightly positive EBITDA in 2019

AgroGeneration. Audited Annual Financial Results, k EUR (incl. IFRS 16)

	2018 ¹	2019
Revenue	27,789	30,591
Change in FV of BA and FG	4,917	(610)
Cost of Sales	26,229	30,567
Gross Profit	6,477	(586)
SG&A	7,962	10,338
Other Income/Expenses	(191)	(8,942)
Operating Profit	(1,676)	(19,866)
Net Fin. Income/Expense	(6,828)	2,054
Tax	56	450
Net profit (loss) from continued operations	(8,448)	(17,362)
Net profit (loss) from discontinued operations	(2,187)	(10,288)
Net profit (loss)	(10,635)	(27,650)
EBITDA	5,648	(1,184)
Gross Margin, %	23%	-
EBITDA Margin, %	20%	-

(1) Pro-forma on the basis of the new scope of the Group following sales of farms carried out over 2019

AgroGeneration

Financial Performance – 2019 Balance Sheet

Scope optimization enabled **substantial deleveraging of the Group**

- With the net proceeds from the disposal of the farmlands, **AgroGeneration has repaid nearly all its borrowings**, thus greatly improving its balance sheet
- The Group significantly decreased the amount of its net debt** – from €42M as of the end of 2018 pro-forma to close to €17M as of the end of 2019
- As a result of full redemption of OSRANE (as of 1st of April 2019) the **structural debt stood at zero** as of December 31, 2019
- The Group is constantly working on **optimization of its debt portfolio** and on ways to **decrease cost of debt financing**

2019FY financial results (as well as 2018 results restated to the current scope) are available on <https://agrogeneration.com/>

AgroGeneration. Audited Balance Sheet, k EUR (incl. IFRS 16)

	31.12.18 ¹	31.12.19
Non-Current Assets	51,081	41,239
Current Assets	79,268	28,678
Total Assets	130,349	69,917
Equity	48,214	27,898
Non-Current Liabilities ²	10,134	11,715
Current Liabilities ²	72,001	30,304
Total Equity and Liabilities	130,349	69,917

(1) Pro-forma on the basis of the new scope of the Group following sales of farms carried out over 2019

(2) Incl. non-cash liabilities according to IFRS 16

AgroGeneration. Selected Performance, k EUR (incl. IFRS 16)

	31.12.18 ¹	31.12.19
Net Debt	57,725	35,628
Net Debt exci. IFRS 16²	41,990	16,697
Structural Debt ²	2,264	-

(1) Pro-forma on the basis of the new scope of the Group following sales of farms carried out over 2019

AgroGeneration

2020 Outlook

- 🌿 The management of AgroGeneration is focused on **measures to recover operational and financial performance of the Company**
- 🌿 **Direct expenses were revised and decreased** in line with new production program
- 🌿 **General production expenses are also revised** and are to be optimized through 2020-2021
- 🌿 The Group undertook a number of initiatives to **reduce overheads and administrative costs by 30%**
 - 🌿 Office cost reduction and headcount cost optimization
 - 🌿 Non-residential corporate cost optimization
 - 🌿 Additional cost cuttings will be taken in all directions of activities
- 🌿 The program of **G&A costs reduction** is planned to be applied gradually and will last through 2021
- 🌿 **Capital expenditures decreased** in view of redeployment of machinery from disposed farms
- 🌿 **Financial needs for the campaign are secured** and the total amount is lower than previous years (\$13.5M vs. \$20M)
- 🌿 With over 56k ha successfully sown with winter wheat and sunflower (being in excellent condition), as well as with all optimization measures applied, **AgroGeneration expects 2020 results to improve as well as future performance**

