



AGRO Generation

2016 Annual Results

- **Very good agronomic performance on 2016 harvest**
- **Robust EBITDA of €19.4 million**
- **Significant improvement in net financial expenses**

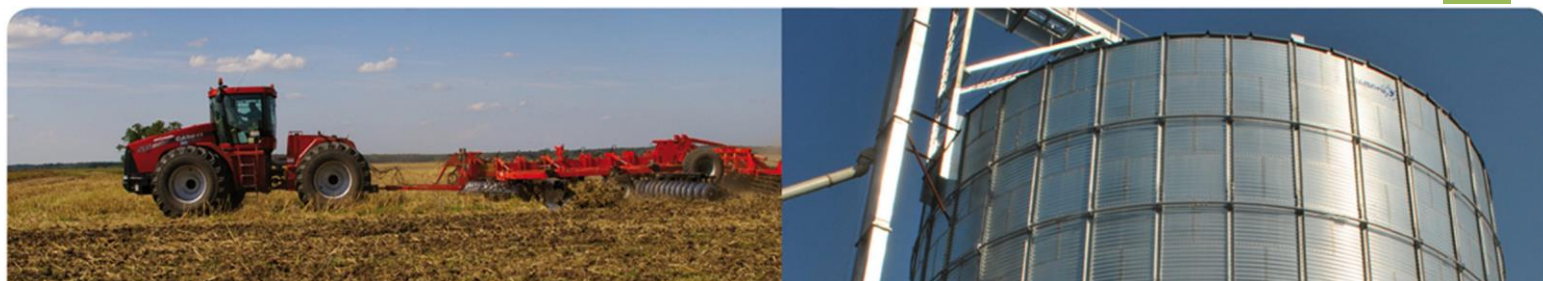
Paris, April 21, 2017

AgroGeneration, a Ukraine-based grain and oilseed producer, has published its 2016 financial results, as approved by the Board of Directors on April 21, 2017.

The Group once again demonstrated its resilience against a background of still unfavorable commodity prices and achieved an excellent agronomic performance. The difficult weather conditions that affected the winter rapeseed and barley crops prompted the company to plant more spring crops so as to mitigate the impact.

This pro-active crop management strategy, together with strict cost management, enabled AgroGeneration to post an EBITDA of €19.4 million and to demonstrate for the third consecutive year that it has a sound business model and can be profitable even during a down cycle.

In addition, currency losses were less significant this year, as the Hryvnia stabilized, even though they still had an impact on the bottom line.





2016 Annual Results

The 2016 annual financial statements will be posted on April 24, 2017 at www.AgroGeneration.com

Financial highlights

(in € thousands)	2015	2016
Revenue	58,861	60,263
Biological assets and finished goods (change in fair value)	18,921	22,182
Cost of sales	(53,814)	(59,237)
Gross profit	23,968	23,208
Selling, general and administrative expenses	(13,417)	(11,834)
Other income and expenses	855	403
Operating profit	11,406	11,777
Net financial income (expense)*	(19,556)	(12,503)
Tax	222	(162)
Net profit/(loss)	(7,928)	(888)

(in € thousands)	2015	2016
EBITDA**	19,941	19,382
Equity	69,462	65,434
Net debt***	35,487	39,835
Structural debt****	19,099	15,026

(*) Includes unrealized currency losses of €10.9 million in 2015 and €3.0 million in 2016

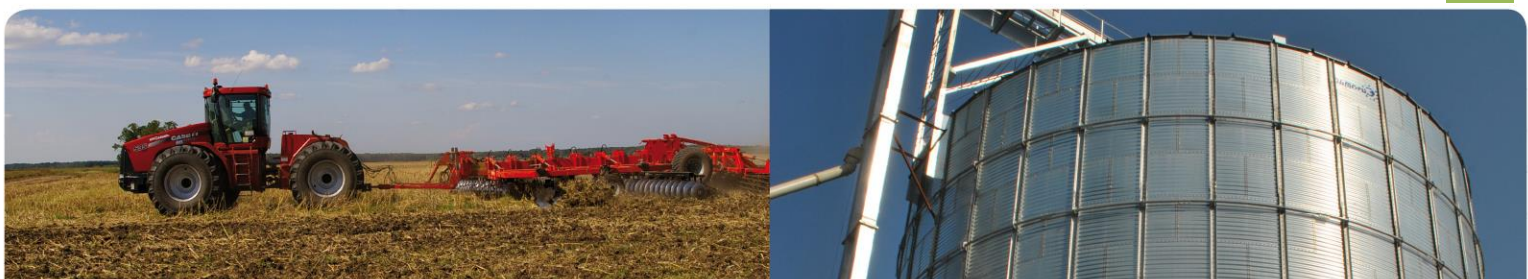
(**) EBITDA = earnings before interest, tax, depreciation, amortization, provisions and net gain or loss on fixed asset divestiture – see Appendix for detail

(***) Gross debt minus available cash minus term deposits pledged as security for the repayment of bank debt – see Appendix for detail

(****) Principal amount of loan granted by the EBRD plus the amount of capitalized future interest on the OSRANes – see Appendix for detail

Production and revenue

In 2016, AgroGeneration produced 387,200 tons of grain and oilseed (vs. 376,300 in 2015) over the same sown area (109,000 ha). AgroGeneration posted a very strong agronomic performance, with yields once again well in excess of that of other Ukrainian producers. In particular, outstanding yields in corn, sunflower and peas offset disappointing yields in rapeseed which suffered from unfavorable winter weather. This noteworthy performance resulted from the Group's rigorous crop management policy, which consists in fine-tuning gross profit per hectare through crop rotation and the use of inputs.





The Group's revenue totaled €60.3 million, up €1.2 million thanks notably to a favorable crop mix with a strong increase in sunflower, a very profitable crop.

Revenue broke down as follows:

- €55.7 million in revenue from the sale of 2016 production representing 296,000 tons sold. The difference between the tonnage produced and sold corresponded to production retained by the company for its own needs and to an inventory of 78 000 tons, much higher than last year reflecting the fact that AgroGeneration has leveraged its increase storage capacities to take advantage of higher selling prices in early 2017;
- €3.5 million from the sale of the previous year's inventory ;
- €1.1 million from other products or services (storage, drying).

This production year, the proportion of export sales (including inventoried production) will reach roughly 45%, vs. 38% in 2015.

Robust EBITDA

Gross profit was nearly the same as the previous year's, at €23.2 million (vs. €24.0 million in 2015), as the Group successfully made up for its first-half lag. AgroGeneration was able to offset the impact of the decline in the change in fair value of winter crops as well as the increase in the costs of production thanks to its excellent crop performance and to positive currency effects on agricultural costs.

Gross profit variation broke down as follows:

- €-5.6 million from the variation in change in fair value of biological assets (mainly rapeseed related) ;
- €-4.3 million from higher production costs (as previously indicated, the Group used more inputs in 2016);
- €+4.0 million from the increase in volumes (sales and finished goods);
- €+2.2 million from the increase in prices;
- €+3.2 million from the positive impact on costs of Hryvnia depreciation;
- €-0.2 million from other sources.

In addition, selling, general and administrative costs declined by €1.4 million to €11.8 million in 2016, resulting principally from the success of the Group's rigorous cost control policy.





AgroGeneration also faced a decrease in government grants of €2.3 million in 2016 following the government decision to progressively end the VAT privileged regime for agricultural companies as announced at the end of 2015.

EBITDA totaled €19.4 million, vs. €19.9 million in 2015

Financial expenses declined significantly in 2016 to €12.5 million, vs. €19.6 million, and broke down as follows:

- €7.5 million in debt service costs, nearly stable compared to the €7.8 million incurred in 2015, including €1.9 million in interest on OSRANEs and €5.0 million in interest on bank loans;
- €4.7 million in currency losses on dollar-denominated loans, vs. €13.3 million in 2015, as the Hryvnia depreciated less against the dollar. Currency losses included €3 million of unrealized losses.

Net loss thus totaled €(0.9) million vs. €(7.9) million in 2015.

Financial structure remains sound

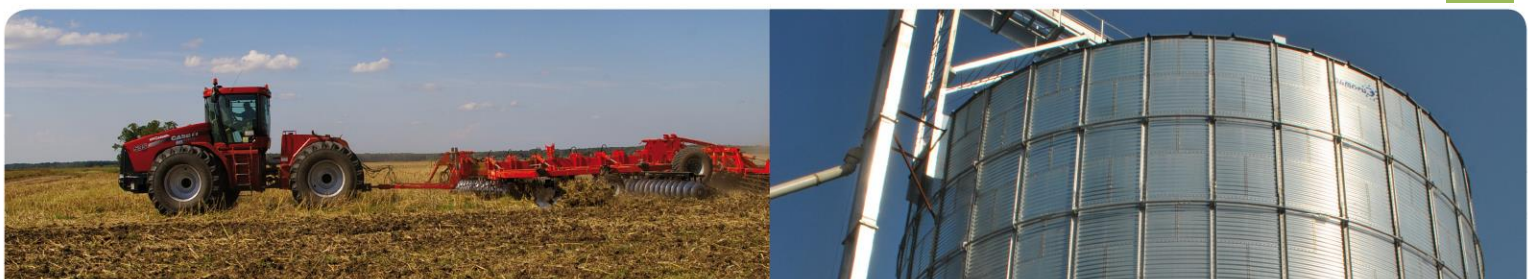
Net operating cash flow totaled €8.8 million, despite an inventory-driven increase in working capital at year-end, and covered nearly the financial interest expenses of €9.2 million. In addition, the company made capital expenditures of €3 million in 2016, including the payment for the newly acquired 39,000-ton silo for €0.7 million. Net debt totaled €39.8 million, vs. €35.5 million at December 31, 2015.

The Group's structural debt declined from €19.1 million at year-end 2015 to €15.0 million at year-end 2016 representing 23% of equity that totaled €65.4 million. The structural debt included the outstanding interest on OSRANEs (€9.7 million), which continue to decline as they are redeemed, and EBRD borrowings of €5.3 million.

At year-end 2016, the Group's cash and cash equivalents amounted to €3.1 million vs. €3.9 million in 2015.

2017 Outlook

Following the significant deterioration in 2014 and 2015, the Ukrainian economy was able to start its recovery posting a growth of 2.2% in 2016 whilst the Ukrainian government continues to pursue a comprehensive structural reform agenda to ensure sustainable economic growth in the country.





Agricultural commodity trends remain favorable, given rising world food demand in the medium-term. Forward and export sales will remain priorities of the Group.

AgroGeneration's 2017 sowing season is off to a good start. The Group plans to harvest up to 109,000 ha, as in 2016, and has once again decided to give priority to spring crops with a significant increase in hectares sown with peas and corn.

As previously announced, the 2017 crop season was secured thanks to the renewal of its season's financing with Alfa-Bank Ukraine for \$35 million and a \$10 million prepayment contract with Quadra Commodities. AgroGeneration intends to pursue its efforts to reduce its cost of debt, taking advantage of a more stabilized economic environment in Ukraine, and its debt balance, with some early redemption of OSRANE and a full redemption into shares in March 2019.

Finally, the Group received at year-end an attractive offer for selling one of its farms of 3,800 sown hectares (3.4% of the total hectares) in the Kharkiv district which opens the opportunity for a favorable swap for new farmlands on which the company is currently working.

About AGROGENERATION

Founded in 2007, AgroGeneration is a global producer of grain and oilseed. Following its merger with Harmelia, the new Group has become one of the top five producers of grain and oilseed in Ukraine, with close to 120,000 hectares of farmland. Through the high-potential farmland it leases, the Group's ambition is to meet the food challenges of tomorrow as global consumption doubles in scale between now and 2050.

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APPENDICES

Calculation of EBITDA

(in € thousands)	2015	2016
Operating profit	11,406	11,777
Amortization of non-current assets	7,037	7,017
Net gain or loss on fixed asset divestiture (including provisions) and impairment of non-current assets	1,498	588
EBITDA	19,941	19,382

Calculation of net debt

(in € thousands)	2015	2016
Gross debt	54,547	44,887
Available cash	(3,931)	(3,130)
Term deposits*	(15,129)	(1,922)
Net debt	35,487	39,835

* Term deposits pledged as security for bank debt

Structure of gross debt

(in € thousands)	2015	2016
Structural debt	19,099	15,026
OSRANE*	12,704	9,703
Listed bonds / Konkur bonds	33	0
EBRD – principal amount	6,362	5,323
Other financial debt	35,448	29,861
Total borrowings	54,547	44,887

* This amount represents interest to be paid until the maturity of the instrument. There will be no principal repayment.

