2017 Half-Year Results

- **Continued operational progress**
- **Strengthened balance sheet**

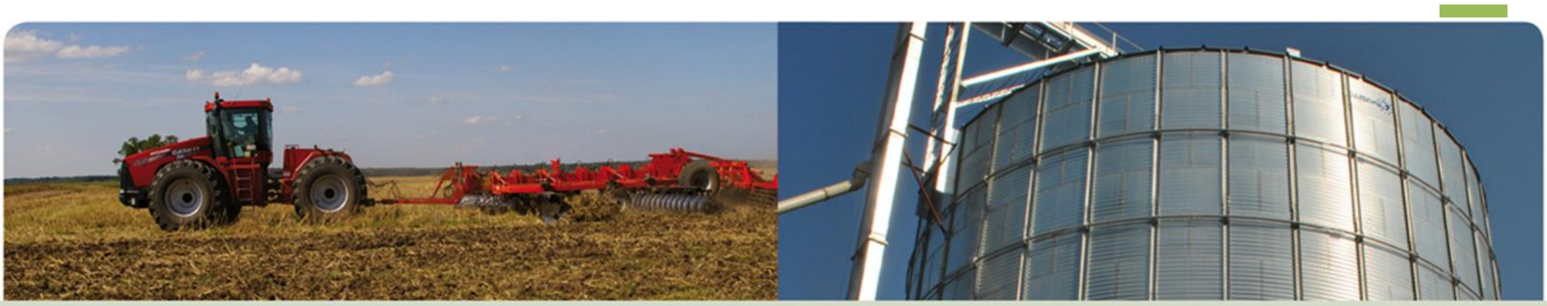
Paris, 6 October 2017

AgroGeneration, a Ukraine-based grain and oilseed producer, has published its financial statements for the first half of 2017, as approved by the Board of Directors on 5 October 2017. These financial statements were not subject to a limited review by the statutory auditors.

During this six-month period, AgroGeneration achieved a sound performance across all its key indicators, particularly gross profit and EBITDA in line with last 3 years' performance. The group would have also achieved a significant increase in net profit had it not been for the negative currency translation impact on the carrying value of the sold farm assets.

Thanks to its operational performance and improved market conditions in Ukraine, the group was able to improve and diversify its financial terms.

The 2017 harvest is off to a solid start with notably good results in terms of wheat yield. Nonetheless the current dry weather in the eastern part of Ukraine is a matter of concern notably for sunflower. Overall, the price scenario is reasonably favourable along with increasing exports.



H1 2017 results

The H1 2017 financial statements will be posted on 6 October 2017 at www.AgroGeneration.com

Financial highlights

(in € thousands)	H1 2016	H1 2017
Revenue	**3,828**	**11,429**
Biological assets and finished goods (change in fair value)	7,868	9,934
Cost of sales	(2,930)	(10,920)
Gross profit	**8,766**	**10,443**
Selling, general and administrative expenses	(4,529)	(5,595)
Other income and expenses	(118)	(1,459)
Operating profit	**4,119**	**3,389**
Net financial income (expense)	(3,778)	(3,569)
Tax	(108)	(125)
Net profit (loss)	**233**	**(305)**

(in € thousands)	at 30 June 2016	at 31 December 2016	at 30 June 2017
EBITDA [1]	5,801	19,382	5,950
Equity	67,077	65,434	66,049
Net debt [2]	44,796	39,835	44,155
Structural debt [3]	16,875	15,026	12,335

(1) EBITDA = earnings before interest, tax, depreciation, amortization, provision, net gain or loss on fixed asset divestiture and impairment of non-current assets - see appendix for detail
(2) total borrowings minus available cash and term deposits pledged as security for repayment of bank debt - see appendix for detail
(3) principal amount of loan granted by EBRD plus amount of capitalized future interest on OSRANEs - see appendix for detail

Inventories were significantly higher at the beginning of the period versus the previous year resulting in higher revenues in H1 2017 (11.4 M€ vs. 3.8 M€ in the prior-year-period). The increase in inventories reflects the group's strategy to increase its storage capacity in order to strategically defer harvest sales and potentially take advantage of higher selling prices later in the season.

Gross profit totalled 10.4 M€ versus 8.8 M€ in H1 2016. This increase is mostly explained by the increase of +2 M€ derived from changes in the fair value of biological assets and can be broken down as follows:

- -0.9 M€ related to the impact of the sale of farm assets;
- +8.3 M€ reflecting increase in expected revenues driven by favourable crop mix, increase in share of export and optimized timing of sales;
- -6.6 M€ from higher production costs mainly related to new crop mix (especially corn);
- +1.2 M€ corresponding mainly to the net impact of currency fluctuations.

Selling, general and administrative expenses totalled 5.6 M€ versus 4.5 M€ in H1 2016. This increase of +1.1 M€ is split as follows:

- +0.6 M€ related to higher selling expenses reflecting the shift of sales to H1 2017 and higher exports share;
- +0.5 M€ related to increase of personnel expenses in Ukraine in an inflationary context.

Net other income and expenses totalled a loss (1.4) M€ versus (0.1) M€ in H1 2016. The variation of (1.3) M€ is attributable to:

- (0.6) M€ which relates to non-recurring income in H1 2016;
- (0.7) M€ which corresponds to the net result of the sale of farm assets split into 1 M€ of net proceeds and (1.7) M€ of currency translation adjustments

Operating profit stood at 3.4 M€ versus 4.1 M€ in H1 2016. Restated to reflect the accounting impact of the disposal, operating profit for the first half was similar to that of first-half 2016. EBITDA totalled 6.0 M€ versus 5.8 M€ in H1 2016, which highlights the ability of the group to deliver strong operational performance in a persistently challenging commodities price environment.

Lastly, the financial result totalled (3.6) M€ versus (3.8) M€ in H1 2016, within a context of stabilisation of Hryvnia vs. Euro.

Consequently, the net result stood at (0.3) M€ versus a positive 0.2 M€ in H1 2016. Restated to reflect the accounting impact of the disposal, the net result is positive at 0.4 M€.

Continuously improving financial structure

Operational cash flow generation for the period, which is traditionally negative in the first half due to the seasonal nature of the business, rose significantly to (1.9) M€ versus (4.7) M€ in H1 2016, demonstrating the group's efficient management of working capital.

In this context, the group has resumed the modernization of its machinery fleet. It will invest up to 5.7 M€ in 2017, funded by leasing and banking loans, and out of which 3.4 M€ were spent in H1 2017.

Thanks to its successful performance and improved market conditions, the group is gradually increasing the volume of available external working capital financing with partners such as Quadra and First Ukrainian International Bank while keeping its historical relationship with Alfa Bank Ukraine that represents today approximately 75% of total financing versus 95% two years ago. The interest rate on working capital loans is expected to decrease by around 3 basis points between 2016 and 2017.

The structural debt, which corresponds to EBRD-related debt and capitalized interest on OSRANEs, declined by 25% in one year and amounts to 12.3 M€ (representing only 19% of equity).

Status of 2017 harvesting campaign

Net volumes already harvested (company figures)

	2016 (actual)			2017 (estimated)		
Crop	Hectares	Production (tons)	Yield (t/ha)	Hectares	Production (tons)	Yield (t/ha)
Wheat	36,493	159,126	4.4	29,642	153,380	5.2
Barley	11,228	46,472	4.1	8,589	34,277	4.0
Rapeseed	4,876	9,874	2.0	4,013	10,536	2.6
Peas	10,520	32,891	3.1	13,361	32,839	2.5
Chickpeas	1,067	1,547	1.5	2,202	2,617	1.2
TOTAL	**64,184**	**249,910**		**57,807**	**233,650**	

The total harvested area will come to around 105,000 hectares in 2017, broadly in line with last year at constant scope. The results of winter crops are good, in particular for wheat with a sharp improvement in yield on last year.

Late crops (sunflower, corn and soybean) represent some 47,000 ha to be harvested later in the year. However, drought conditions continue to persist particularly in the eastern part of Ukraine. This could influence the Group’s target to reach a total production close to last year (circa 390,000 tons of grain and oilseed).

AgroGeneration also aims to expand its scope of farmlands in Ukraine while it does not exclude making trade-offs, as witnessed by the sale of a farm that occurred during this first semester in Kharkhiv district, with attractive financial terms. The expansion process is progressing in terms of deal flow with a focus on the western part of Ukraine. The group has already secured the placement into operations of an additional 1,000 hectares.

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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APPENDIX

Calculation of EBITDA

(in € thousands)	H1 2016	FY 2016	H1 2017
Operating profit	4,119	11,777	3,389
Amortization of non-current assets	1,322	7,017	1,798
Provision, net gain or loss on fixed-asset divestiture and impairment of non-current assets	360	588	763
EBITDA	**5,801**	**19,382**	**5,950**

Calculation of net debt

(in € thousands)	at 30 June 2016	at 31 December 2016	at 30 June 2017
Gross debt	51,581	44,887	48,516
Available cash	(2,863)	(3,130)	(3,300)
Term deposits*	(3,922)	(1,922)	(1,061)
Net debt	**44,796**	**39,835**	**44,155**

* Term deposits pledged as security for bank debt

Structure of gross debt

(in € thousands)	at 30 June 2016	at 31 December 2016	at 30 June 2017
Structural debt	**16,875**	**15,026**	**12,335**
OSRANE*	11,202	9,703	8,070
Listed bonds / Konkur Bonds	32	-	-
EBRD – principal amount	5,641	5,323	4,265
Other financial debt	**34,706**	**29,861**	**36,181**
Total borrowings	**51,581**	**44,887**	**48,516**

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