2018 annual results:

Significant reduction in net loss despite adverse weather conditions eroding the EBITDA

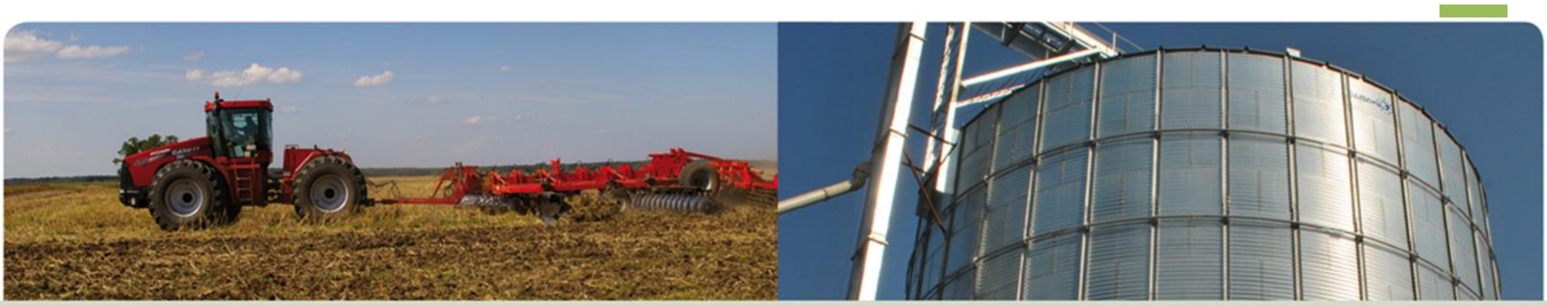
Paris, April 24, 2019

AgroGeneration, a Ukraine-based grain and oilseed producer, has published its 2018 financial results, as approved by the Board of Directors on April 19, 2019.

As previously announced, the 2018 crop year produced widely divergent yields, with weather conditions severely impacting early crops (wheat and barley) while late harvests (sunflower and corn) generated high yields, which failed however to offset early crops losses. Accordingly, EBITDA was down €3.5 million on a year and totaled €5.6 million (before restatement of leases and assets held for sale).

As planned, the Group undertook a number of initiatives during the year to reduce overheads and administrative costs. These efforts, combined with a reduction in net financial expense (gradual reduction in interest charges and positive currency impact), enabled AgroGeneration to significantly reduce its net loss by €5 million on a year, to a net amount of €(8.2) million (before restatement of leases and assets held for sale).

AgroGeneration began 2019 with a strengthened cash position following the sale of farmland and elimination of structural debt notably after the full redemption of the OSRANE subordinated bonds on April 1, 2019. Meanwhile, the 2019 crop year was entirely secured and began under good conditions.



2018 annual results

Accounting information

AgroGeneration adopted IFRS 16 early as of January 1, 2018. This accounting standard groups all lease contracts under a single model, in which the lease contract is recognized as a liability (discounted future payments) matched by a corresponding right-of-use asset.

In addition, pursuant to IFRS 5 and in light of the strategic review of its assets carried out at the end of the year, AgroGeneration recognized its farming operations in the Ternopil and Zhytomyr regions as assets held for sale. The sales of farmland were completed during the first quarter of 2019.

For the sake of clarity, below the Group has presented the 2018 key financial indicators before application of IFRS 16 and IFRS 5 i.e. before restatement of leases and assets held for sale (comparable basis versus 2017 statements) and after application of IFRS 16 and IFRS 5 (corresponding to the published financial statements). The total net impact of restatements represents an increase of €4.6 million in EBITDA (i.e. 45% of total EBITDA) and €20.4 million in net debt (i.e. 33% of total net debt).

Financial indicators

(€000)	2017 published	2018 without impact of IFRS 16 and IFRS 5	2018 published
Revenue	**54,195**	**59,970**	**41,007**
Change in FV of bio assets and finished goods	14,767	8,555	9,819
Cost of sales	(52,933)	(58,704)	(39,561)
Gross profit (loss)	**16,029**	**9,821**	**11,265**
Selling, general and administrative expenses	(12,663)	(11,686)	(9,602)
Other income and expenses	(2,522)	(590)	(180)
Operating profit (loss)	**844**	**(2,455)**	**1,483**
Net financial income (expense)	(14,089)	(5,840)	(7,795)
Tax	68	56	56
Net profit (loss) before profit (loss) from discontinued operations	**(13,177)**	**(8,239)**	**(6,256)**
Profit (loss) from discontinued operations		-	(2,265)
Net profit (loss)	**(13,177)**	**(8,239)**	**(8,521)**

The 2018 annual financial statements will be posted on April 30, 2019 at www.AgroGeneration.com

(€000)	2017	2018 without impact of IFRS 16 and IFRS 5	2018
EBITDA [1]	**9,095**	**5,551**	**10,167**
Equity	**56,083**	**50,610**	**50,328**
Net debt [2]	**45,436**	**41,703**	**62,155**
Structural debt [3]	**9,784**	**2,264**	**2,264**

(1) *EBITDA = earnings before interest, tax, depreciation, amortization, provisions, net gain or loss on fixed asset divestiture and impairment of non-current assets* ***and additional non-contractual portion of lease commitments*** *– see appendix for details*

(2) *Total borrowings minus available cash, term deposits pledged as security for repayment of bank debt* ***and additional debt related to additional non-contractual portion of lease commitments*** *- see appendix for details*

(3) *Principal amount of loan granted by EBRD plus amount of capitalized future interest on OSRANE - see appendix for details*

Production and revenue

In 2018, AgroGeneration produced around 328,100 tons of grain and oilseed (vs. 359,200 in 2017) over a cultivated area of 105,200 ha, unchanged from 2017. This decrease in production is due to challenging weather conditions that affected early crops yields (particularly wheat and barley). Notwithstanding, AgroGeneration's yields remain higher than the Ukrainian farming sector average.

Comparison of gross yields (source: State Statistics Committee of Ukraine figures at April 1, 2019)

Crop	AGG vs. Ukraine
Wheat	**+3%**
Barley	**+30%**
Corn	**+35%**

AgroGeneration posted 2018 revenues of €60.0 million (before application of IFRS 16 and IFRS 5), up €5.8 million from €54.2 million in 2017, primarily resulting from the sale of the previous year's inventories. It breaks down as follows:

- €42 million corresponds to revenue from the sale of 220,000 tons produced in 2018, where the decrease in volumes sold compared to the previous year (20,000 tons) was offset by a favorable price mix. The difference between tonnage produced and sold corresponds to production stored by the company for its own needs and to an inventory of 93,000 tons, down 12,000 tons compared to the previous year;
- €17 million from the sale of the previous year's inventory;
- €1 million from other products and services (storage, drying).

The export share (including inventoried production) represented 52% of sales (versus 57% last year). Excluding crops not eligible for export (sunflower), the proportion would be 65%.

Revenues on discontinued farmland amounted to €19.0 million, resulting in reported revenues of €41.0 million.

Earnings for the year

Gross profit (before the impact of IFRS 16 and IFRS 5) fell €6.2 million from €16.0 million in 2017 to €9.8 million. The decrease breaks down as follows:

- €(8.8) million loss of revenues attributable to the impact of adverse weather conditions on early crops;
- +€2.6 million gain primarily relating to strong late harvest yields and the positive impact of hryvnia (Ukrainian currency) depreciation on production costs.

Meanwhile, selling, general and administrative expenses (before the impact of IFRS 16 and IFRS 5) amounted to €11.7 million in 2018, down €1.0 million thanks to savings achieved on general and administrative expenses.

Other income and expenses (before the impact of IFRS 16 and IFRS 5) represented a loss of €(0.6) million, an improvement on the €(2.5) million loss recorded in 2017, which was impacted by non-recurring expenses mainly related to the non-cash impact of the sale of farmland in the Kharkiv region.

Consequently, operating loss amounted to €(2.5) million (before the impact of IFRS 16 and IFRS 5) compared to a profit of €0.8 million in 2017. EBITDA came to €5.6 million, down from €9.1 million in 2017.

After application of IFRS 16 and IFRS 5, reported operating profit amounted to €1.5 million, impacted by a €3.4 million gain from the application of IFRS 16 and a €0.5 million loss from assets held for sale. In turn, after adjusting for contractual and non-contractual rents, EBITDA amounted to €14.3 million including assets held for sale and €10.2 million excluding these assets, impacted by a € 8.7 million and €4.6 million respectively from the lease adjustments.

Meanwhile, net financial expense (before the impact of IFRS 16 and IFRS 5) continued to improve significantly. It amounted to €5.8 million (before IFRS 16 and IFRS 5), down from €14.1 million, representing an improvement of €8.3 million, broken down as follows:

- €1.5 million reduction in the cost of debt, mainly due to falling interest rates on working capital loans;
- €6.8 million in currency gains.

After the impact of IFRS 16 and IFRS 5, net financial expense amounted to €7.8 million, impacted by a €3.7 million loss from the application of IFRS 16 and a €1.7 million loss on assets held for sale.

Finally, Group net loss amounted to €(8.5) million, compared to €(13.2) million in 2017, including a €(0.3) million loss arising from the application of IFRS 16.

Financial structure

Group equity amounted to €50.3 million as of December 31, 2018.

Structural debt fell sharply to €2.3 million from €9.8 million as of December 31, 2017, thanks to the reduction in interest incurred on OSRANE subordinated bonds (fully redeemed as of April 1, 2019, as a result of which this debt no longer exists in 2019) and the full repayment of the EBRD loan.

Before the impact of IFRS 16, net debt amounted to €41.7 million, down from €45.4 million as of December 31, 2017. Accounting for contractual and non-contractual rents, net debt amounted to €62.1 million.

The application of IFRS 16 had no cash impact and closing cash and cash equivalents came to €1.1 million.

2019 outlook

At the beginning of 2019, AgroGeneration significantly improved its cash position thanks to the sale of 37,700 ha of farmland for around €25 million, including lease rights and biological assets, for which it has already received €22 million.

The new agricultural year began under good conditions, across a surface area of around 70,000 ha (new scope following sales carried out in the first half) and thanks to favorable weather. AgroGeneration has planted 31,000 ha of winter crops, primarily wheat, and expects a reduction in peas for spring seedlings compared to last year, plus an increase in corn and soybean, while wheat and sunflower remain the Group’s main crops.

Working capital requirements for the year take into account the reduction in the surface area cultivated and have been secured thanks to the renewal of financing with the company’s usual key partners: (i) Alfa-Bank Ukraine, for an amount of $20 million (instead of the usual $35 million) and (ii) Quadra Commodities and Kernel for pre-payment agreements. AgroGeneration does not intend to make any significant investments in 2019, particularly thanks to the partial redeployment of equipment from sold farmland.

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 70,000 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.

Find all information on AgroGeneration website : www.AgroGeneration.com

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APPENDIX

Calculation of EBITDA

(in € thousands)	2017	2018 w/o IFRS 16 and IFRS 5	2018
Operating profit	844	-2 455	1 483
Amortization of non-current assets	6 245	7 192	6 554
Provision, net gain or loss on fixed-asset divestiture and impairment of non-current assets	2 006	814	408
Additional non contractual portion of land lease *	0	0	1 722
EBITDA	**9 095**	**5 551**	**10 167**

*the additional non-contractual portion of leases was not restated as right-of-use assets / lease liabilities in the published financial statements as of 31 December 2018. It represented (discontinued activities excluded) a lease expense of 2 038 K€ as at December 31, 2018. It would have represented a 1 722 K€ impact on the EBITDA if included in IFRS 16 scope, and additonal lease liabilities for an amount of 6 149 k€.

Calculation of net debt

(in € thousands)	2017	2018 w/o IFRS 16 and IFRS 5	2018
Borrowings excluding lease liabilities	47 204	43 875	43 875
Lease liabilities for right-of-use assets	0	0	14 111
Additional debt related to additional non-contractual portion of lease liabilities *	0	0	6 149
Financial debt	**47 204**	**43 875**	**64 135**
Available cash	(1 768)	(1 235)	(1 074)
Term deposits **	0	(937)	(906)
Net debt	**45 436**	**41 703**	**62 155**

** Term deposits pledged as security for bank debt

Structure of Financial debt

(in € thousands)	2017	2018 w/o IFRS 16 and IFRS 5	2018
Structural debt	**9 784**	**2 264**	**2 264**
OSRANE *	6 293	2 264	2 264
EBRD - principal amount	3 491	0	0
Other financial debt	**37 420**	**41 611**	**61 871**
Total Financial debt	**47 204**	**43 875**	**64 135**

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