2017 Annual Results

- **Difficult weather conditions generated mixed 2017 results**
- **2018 growing season off to a good start and EBITDA expected to return to past performance levels this year**

Paris, April 26, 2018

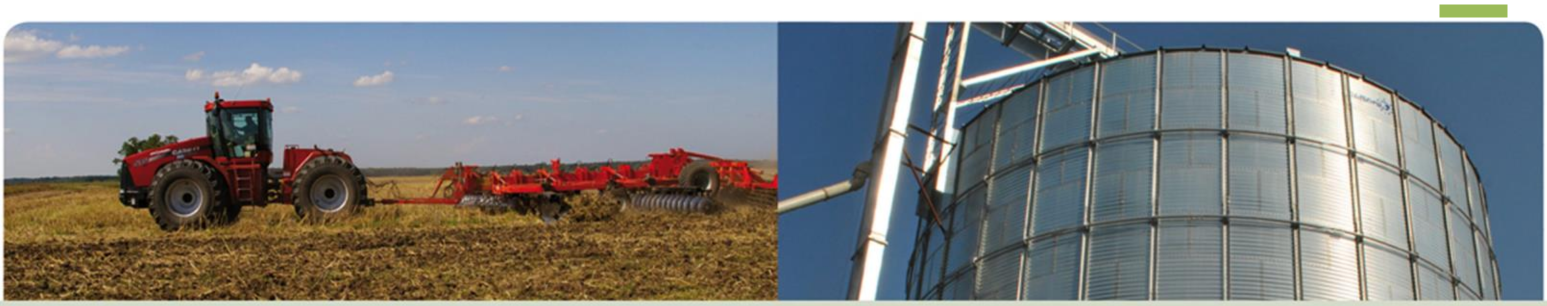
AgroGeneration, a Ukraine-based grain and oilseed producer, has published its 2017 financial results, as approved by the Board of Directors on April 25, 2018.

The Group's 2017 results were mixed, in an environment of persistently low prices, and very unfavourable weather conditions, given the severe drought during last summer. These events impacted production, in both volume and value terms, as announced at the end of last year. Earnings were directly affected as EBITDA was cut in half and net losses increased.

Nevertheless, thanks to effectively managing working capital requirements, the Group generated sufficient operating cash flow to cover a large part of its 2017 capital expenditure, much of which was devoted to agricultural equipment.

The Group is also benefiting from renewed confidence on the part of its financial and banking partners. The 2018 planting season has already been fully financed. At the same time, the Group continues to diversify its sources of financing.

Financial year 2018 is set to be stronger, given that prices are trending up and that the new crop year is off to a good start. At the same time, the Group is reducing costs, which should soften the impact of any unfavourable weather, and aims to return to its recent years' EBITDA performance in 2018.



2017 Annual Results

The 2017 annual financial statements will be posted on April 30, 2018 at www.AgroGeneration.com

Financial highlights

(in € thousands)	2016	2017
Revenue	**60 263**	**54 195**
Change in FV of bio assets and finished goods	22 182	14 767
Cost of sales	(59 237)	(52 933)
Gross profit	**23 208**	**16 029**
Selling, general and administrative expenses	(11 834)	(12 663)
Other income and expenses	403	(2 522)
Operating profit	**11 777**	**844**
Net financial income (expense) (1)	(12 503)	(14 089)
Tax	(162)	68
Net profit (loss)	**(888)**	**(13 177)**

(in € thousands)	2016	2017
EBITDA (2)	**19 382**	**9 095**
Equity	**65 434**	**56 083**
Net debt (3)	**39 835**	**45 436**
Structural debt (4)	**15 026**	**9 784**

(1) includes unrealized currency losses of € 3.0 M in 2016 and € 5.6 M in 2017

(2) 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

(3) total borrowings minus available cash and term deposits pledged as security for repayment of bank debt - see appendix for detail

(4) principal amount of loan granted by EBRD plus amount of capitalized future interest on OSRANEs - see appendix for detail

Production and revenue

In 2017, AgroGeneration produced 359,200 tons of grain and oilseed (vs. 387,200 in 2016) over a sown area of 105 400 ha (versus 109 000 ha in 2016). The decrease in area is driven by the sale of a farm in the Kharkhiv district in 2017. The decline in production is mainly driven by the drought during summer 2017 that significantly affected sunflower and corn crops, although the Group generally performed well above its peers.

Comparison of gross yields (Source : State Statistics Committee of Ukraine as of January 31st 2018)

Crop	AGG vs. Ukraine
Wheat	+30%
Barley	+31%
Corn	+38%

The Group's revenue totaled €54.2 million, decreasing by €6.1 million due to production decline and the shift of some sales to the first half of 2018, resulting in a higher inventory than last year.

Revenue broke down as follows:

- €41.8 million in revenue from the sale of 2017 production representing 241,000 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 105 000 tons, higher than last year by 26 000 tons. AgroGeneration leveraged its storage capacities to take advantage of higher selling prices in early 2018;
- €11.4 million from the sale of the previous year's inventory;
- €1.0 million from other products or services (storage, drying).

This production year, the proportion of export sales (including inventoried production) is roughly 57% vs 45% in 2016. Excluding crops that are not eligible for exports (e.g. sunflower), the proportion would be 69%.

Annual Earnings

Gross profit totaled €16 million (vs. €23.2 million in 2016) with a decrease of €-7.2 million which is broken down as follows:

- €-9.3 million from loss in revenue, driven by the impact of the summer drought mainly on sunflower, as announced in December 2017;
- €-2.5 million from higher production costs mainly related to new crop mix (especially corn);
- €+3.9 million from the increase in fair value of winter crops mainly driven by change in planted area, crop mix and yield;
- €+0.3 million from increase in price;
- €+0.4 million from the positive impact on costs of Hryvnia depreciation.

In addition, selling, general and administrative costs increased by €0.8 million to €12.6 million in 2017. This increase is split as follows:

- €+1.1 million related to higher selling expenses driven by the higher export share;
- €-0.3 million related to an overall decrease in general & administrative costs.

Net other income and expenses decreased by €-2.9 million attributable to:

- €-0.8 million related to the end of the VAT privileged regime for agricultural companies in 2017. The gradual removal of this regime over the last 3 years resulted in a cumulative decrease of €6 million for the Group.
- €-1.4 million corresponding to the sale of farm assets. The loss is related to non-cash impacts (currency translation adjustments and goodwill allocation) while from a cash perspective, the sale was performed with attractive financial terms;
- €-0.7 million mainly related to non-cash negative impact of fixed asset revaluation that was balanced by a positive impact on equity of €4.1 million.

As a result, Operating profit stood at €0.8 million, versus €11.8 million in 2016. EBITDA totaled €9.1 million, vs. €19.4 million in 2016.

Financial expenses increased in 2017 to €14.1 million, vs. €12.5 million, and broke down as follows:

- €6.6 million in debt service costs, decreasing by €-0.8 million vs. 2016, thanks to a decrease in interest rates on working capital loans;
- €5.8 million in currency losses on dollar-denominated loans (out of which €5.6 million of unrealized losses were mainly on intercompany loans), vs. €4.7 million in 2016, driven by the depreciation of the Hryvnia;
- €1.7 million of other financial costs, vs. €0.4 million in 2016, related to customers and suppliers' financing expenses.

Net loss thus totaled €-13.2 million vs. €-0.9 million in 2016.

Financial structure

Net operating cash flow totaled €3.7 million, vs. €8.8 million. The significant decrease in the cash flow from operating activities was partially offset by working capital optimization and a negotiated extension of payments to suppliers.

After 3 years of pause, the company resumed the modernization of its machinery fleet in 2017, financed by leasing and banking loans. Those investments will enable the use of more intensive cultivation technology and stronger yields. As a result, capital expenditures totaled €7 million in 2017, vs. €2 million in 2016.

The Group's structural debt declined from €15 million at year-end 2016 to €9.8 million at year-end 2017 representing 17% of equity. The structural debt included the outstanding interest on OSRANEs (€6.3 million), which continues to decline as they are redeemed (with a full redemption in March 2019 implying an interest cash savings of €4.7 million per year), and EBRD borrowings of €3.5 million.

The Group net debt increased by €5.6 million mainly driven by a change of timing in working capital receipt and totaled €45.4 million at year-end 2017. At year-end 2017, the Group's cash and cash equivalents amounted to €1.8 million vs. €3.1 million in 2016.

2018 positive outlook: favorable market conditions with potential upside when prices increase

The Ukrainian economy was able to continue its recovery, posting GDP growth of 2.2% in 2017 for the second year in a row whilst the Ukrainian government continues to implement its structural reform agenda. After significant depreciation since 2014, the Hryvnia showed relative stability in 2017. Nonetheless, inflation remained high and reached 13.7% in 2017.

Agricultural commodity trends remain favorable, given rising world food demand in the medium-term. After prices fell sharply in 2013, they finally started increasing in 2017, with a noticeable acceleration of that trend so far in 2018, fueled by favorable market conditions and weather issues around the world.

AgroGeneration's 2018 sowing season is off to a good start. The Group plans to sow 106,000 hectares (approximately 1,000 ha higher vs. 2017 thanks to the placement into operation of additional hectares secured in 2017), out of which 48,000 have already been sown with winter crops. Under favorable weather conditions, the Group started the fertilization for its spring crops with a reduction (versus last year) in corn and peas in favor of winter crops.

The 2018 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 is furthermore implementing a comprehensive plan of cost savings. This includes a reduction of production costs and decrease in general and administrative costs for a total estimated amount of roughly €4.2 million. These should occur despite significant inflation pressures on some costs in Ukraine that could partially offset the impact on cost of production up to €1 million.

In this context and with this cost savings plan having its full effect in 2018, the Group aims to return to its recent years' EBITDA performance in 2018.

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 over 110,000 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 on our website : www.AgroGeneration.com
Receive all AgroGeneration's financial information by e-mail for free by registering at: www.actusnews.com

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APPENDIX

Calculation of EBITDA

(in € thousands)	2016	2017
Operating profit	11 777	844
Amortization of non-current assets	7 017	6 245
Provision, net gain or loss on fixed-asset divestiture and impairment of non-current assets	588	2 006
EBITDA	**19 382**	**9 095**

Calculation of net debt

(in € thousands)	2016	2017
Total borrowings	44 887	47 204
Available cash	(3 130)	(1 768)
Term deposits *	(1 922)	0
Net debt	**39 835**	**45 436**

* Term deposits pledged as security for bank debt

Structure of gross debt

(in € thousands)	2016	2017
Structural debt	**15 026**	**9 784**
OSRANE *	9 703	6 293
EBRD - principal amount	5 323	3 491
Other financial debt	**29 861**	**37 420**
Total Borrowings	**44 887**	**47 204**

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