

May 2017



AgroGeneration

Invest Securities – Investor Presentation

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



World

Food Security Challenges

Food Security Challenges

Global Agricultural Demand and Supply



Food Security Challenges Globally...

- **Constrained** agricultural production
- **Increasing** demand globally
- **Decreasing** world grain stocks

*Projections of World Grain Consumption and Production
(Wheat and Coarse Grains, M tons)*

	2016E	2025F
World Population, B people	7,47	8,14
Production, M tons	2,080	2,262
Consumption, M tons	2,059	2,584

Sources: USDA, The Bleyzer Foundation

*...can be met by a limited number of countries, among which is
Ukraine...*



Addressing the issue of global food security will require substantial investments over the next decade in a relatively small number of countries that have the potential of dramatically increasing their production of basic agricultural commodities

Food Security Challenges

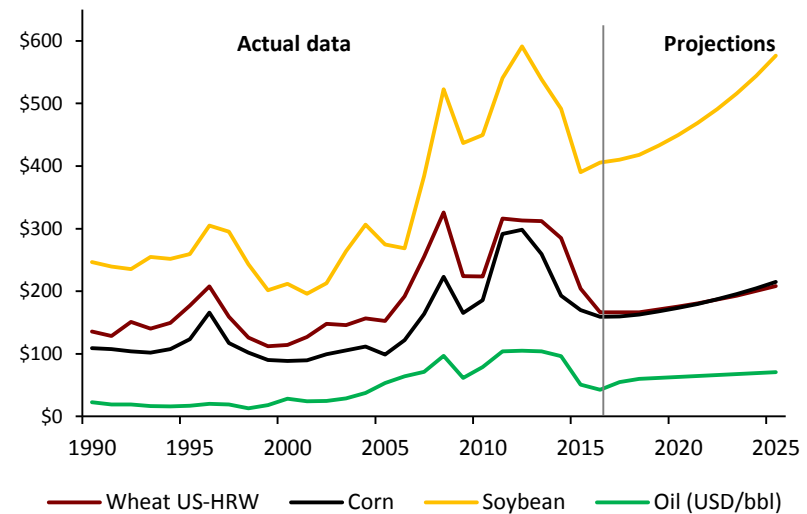
Food Stocks and Agricultural Prices



Although **food prices bottomed out in late 2016** and have been increasing since then, **the current high level of inventories will suppress food prices** during 2017 and part of 2018

However, **food prices are expected to grow after 2018**

World Agricultural Prices Dynamics, USD/ton



Source: FAO



Ukraine
Agricultural Market Today

Ukraine. Agricultural Market Today

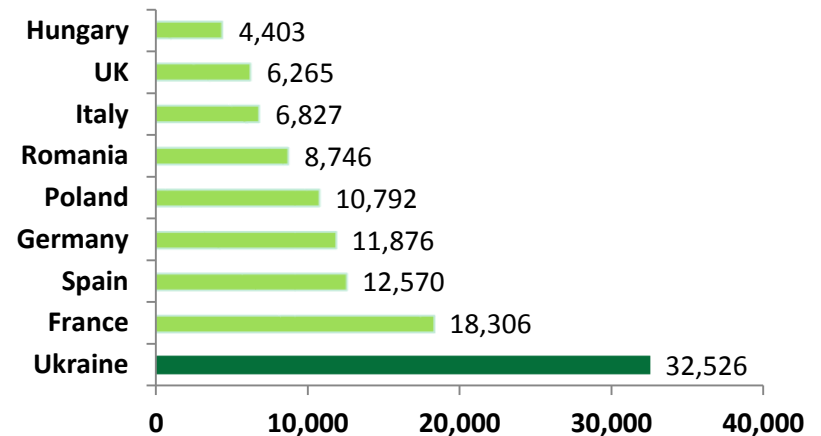
Ukraine's Unique Advantages on the Global Market

Ukrainian agriculture has **tremendous unrealized potential**:

- 32.5M ha of arable land with 26.8M ha cultivated
- Natural endowment of **high quality fertile land**
- Qualified and relatively cheap **labor force**
- Close location to the world's key agro export markets
- A unique potential to generate major return on investment



Arable Land Comparison, '000 ha





Sources: Geo-Wiki, FAO, Baker Tilley

Ukraine. Agricultural Market Today

Ukraine's Unique Advantages on the Global Market

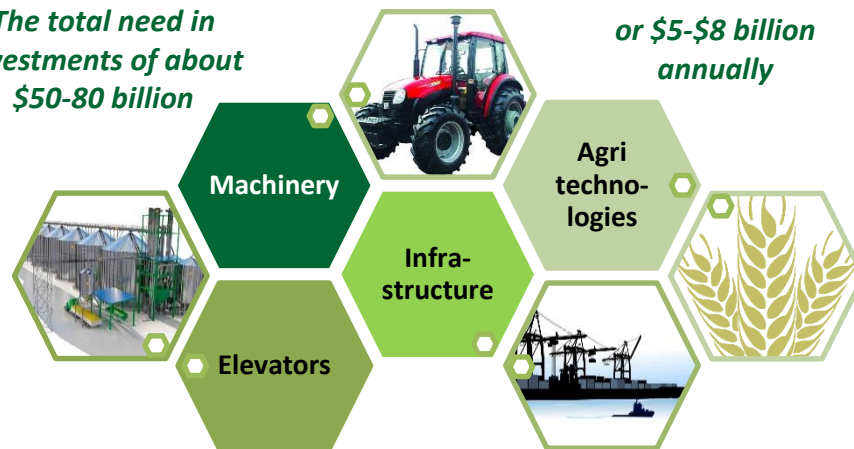
 **Investment in Ukraine** is an opportunity generated by **the likely future global food security crisis** and the need for countries **to secure food** to feed its populations

 In fact, at 2nd place today, Ukraine **has the potential of becoming the #1 grain exporter** in the world by applying modern agricultural technology, practices and science

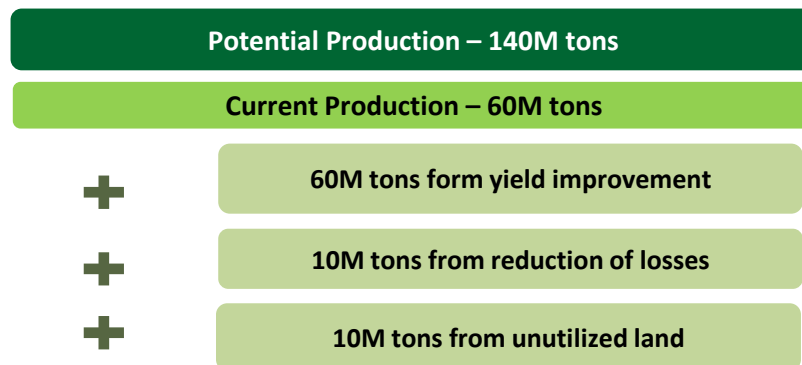
 To achieve this important objective **Ukraine is likely to attract tens of billions of dollars in FDI** over the next decade targeting investments in agriculture

The total need in investments of about \$50-80 billion

or \$5-\$8 billion annually



Ukraine. Grain Export Potential




Ukraine today has the potential to become the breadbasket of the world, and to position itself as a major player in global food security

Ukraine. Agricultural Market Today

Ukraine. Another Record Year for a Leading Global Producer



Ukraine, the largest sunflower oilseeds producer in the world

 For four consecutive years now (2013-2016E) Ukraine has been harvesting **record crops with over 66M tons of grain (+10% yoy) and 19M tons of oilseeds (+12% yoy) production** in 2016

Ukraine. Main Crops Production & Export Breakdown, M tons

Crop	2016E Production	Share in Total, %	2016/17F MY Export	Share in Total, %
Total Grains	66.0	100%	41.6	100%
Wheat	26.1	39.5%	16.5	39.7%
Barley	9.4	14.2%	5.6	13.5%
Corn	28.0	42.4%	18.6	44.7%
Other grains	2.9	4.4%	0.9	2.2%
Total Oilseeds	19.1	100%	3.7	100%
Soy	4.3	22.5%	2.6	70.3%
Rapeseed	1.2	6.3%	0.9	24.3%
Sunflower	13.6	71.2%	0.2	5.4%

Source: State Statistics Committee

Ukraine. Agricultural Market Today

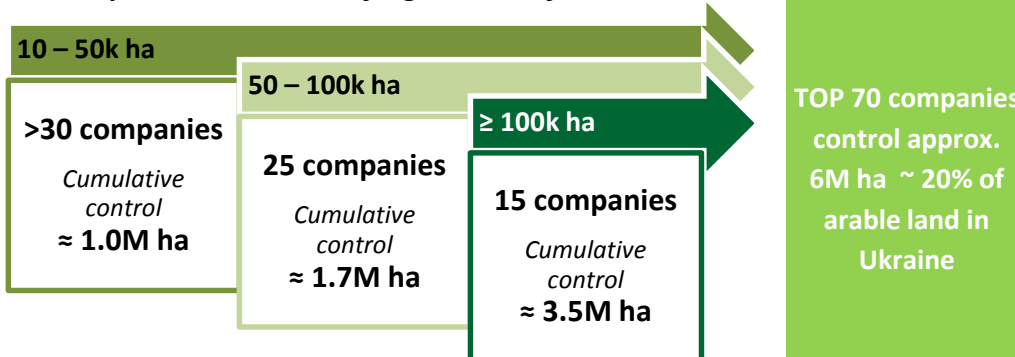
Peers Performance & Market Structure

🌱 Ag market of Ukraine is still **not** completely **developed** and **consolidated**:

- 🌱 **Several thousand small companies and farmers** work in the market today
- 🌱 The number of companies with a **land bank of over 50k ha does not exceed 40**
- 🌱 **TOP 70 companies**, information about which is available in open sources, **control only 20% of arable land in Ukraine**



Competitive Structure of Ag Market of Ukraine



Source: companies data

🌱 In the future it is reasonable to expect further **consolidation and diversification processes** in the ag sector of Ukraine as well as the creation of **new market players**




AgroGeneration
Company Overview





120,000 HECTARES IN 5 REGIONS OF UKRAINE


UP TO 400, 000 TONS OF A PORTFOLIO OF HIGH VALUE CROPS PER ANNUM, WITH YIELDS OUTPERFORMING UKRAINIAN AVERAGES

GRAIN STORAGE CAPACITIES OF ≈ 240,000 TONS

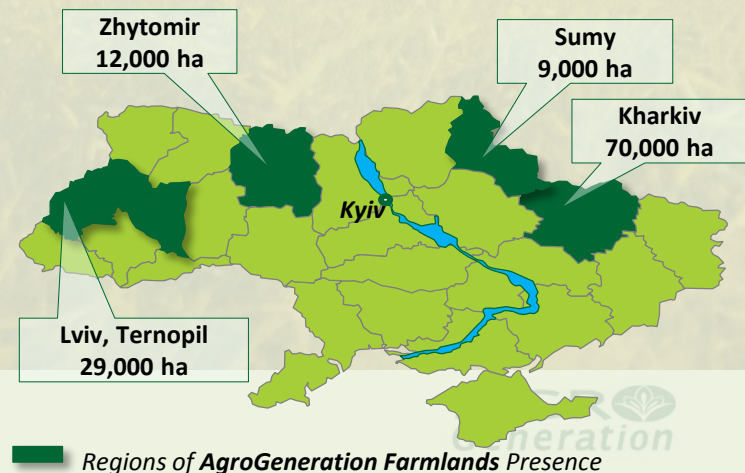
 **Among TOP 5 leading crop producing companies**, of which one of the TOP 3 most effective companies

 **Among TOP 10 largest players on the ag market of Ukraine** in terms of controlled land bank

 **French public company**, listed on NYSE Alternext in Paris, with 31% free-float

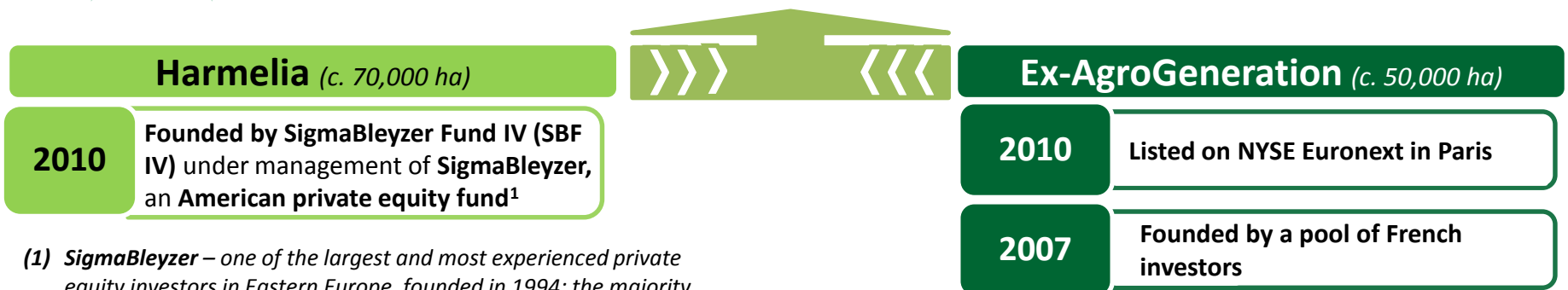
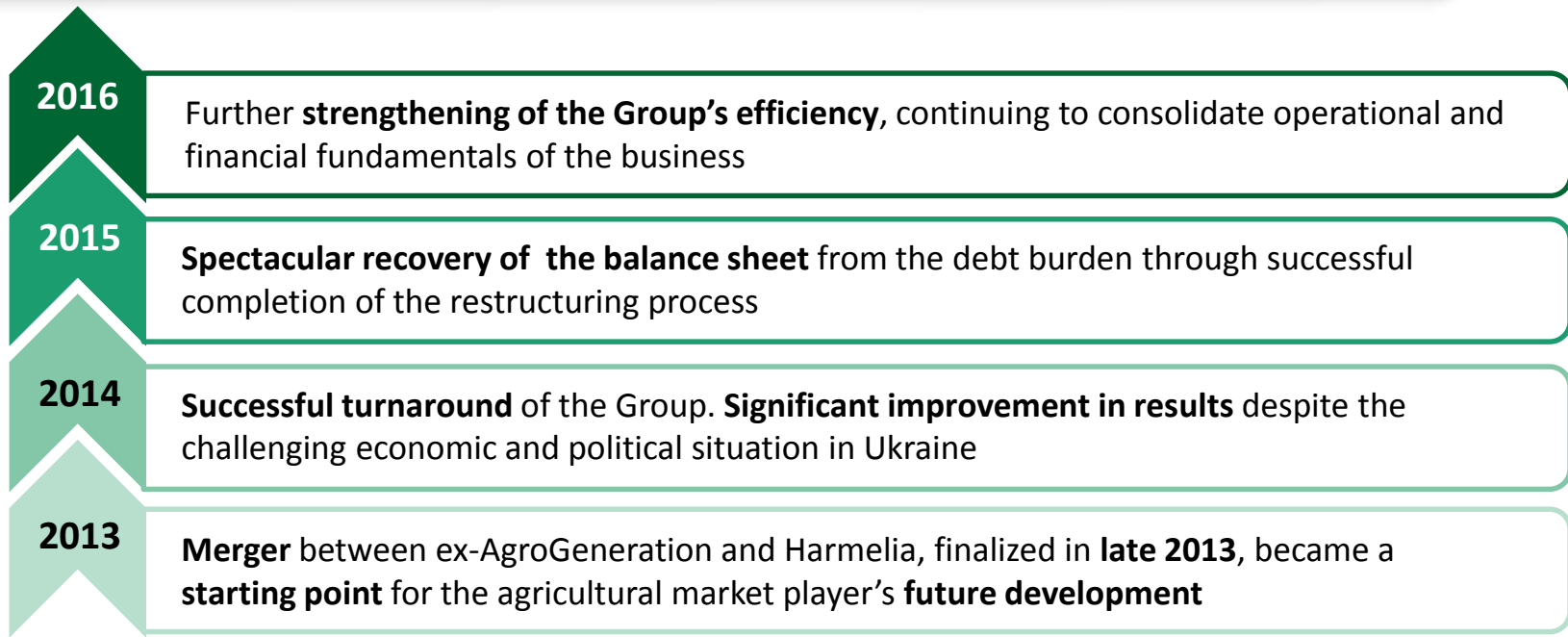
 **Strong management team with a proven track record** and best Western corporate governance and managing practices

AgroGeneration. Map of Land Assets



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Milestones of 10-year Development – Historical Background



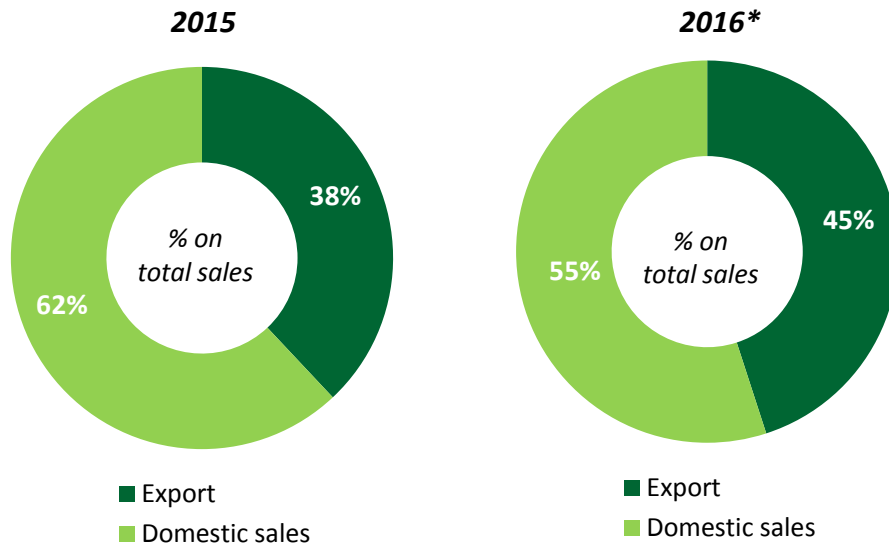
(1) *SigmaBleyzer* – one of the largest and most experienced private equity investors in Eastern Europe, founded in 1994; the majority owner of new AgroGeneration after the merger

AgroGeneration

A Solid Commercial Strategy

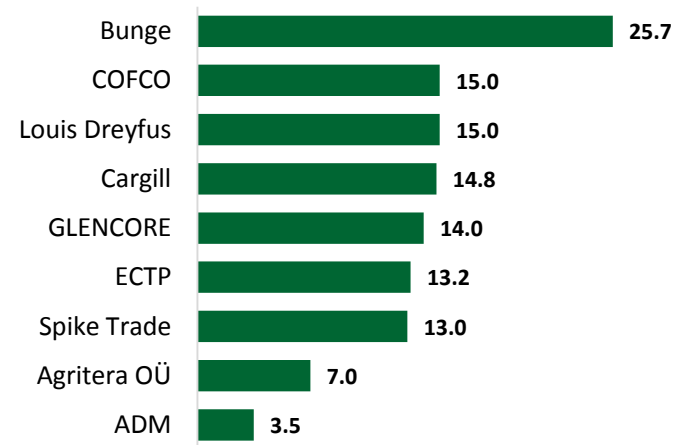
- Direct sales to exporters and processors
- Top-tier purchasers: Bunge, Cargill, COFCO, Louis Dreyfus, Glencore, Kernel, ADM
- Risk hedging through forward contracts (from 20% to 40% in 2016)
- Priority given to **Export sales**

AgroGeneration. Export on production



* Including inventories

AgroGeneration. The List of the Largest Export Purchasers in 2016, k tons



- A large capacity of **storage** including both elevators and horizontal storage capacities that gives **flexibility for more inventories and securing better prices**



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2016 Production & Results

2016 Production

Production Performance



Wheat, sunflower, and barley are the main cash producing crops

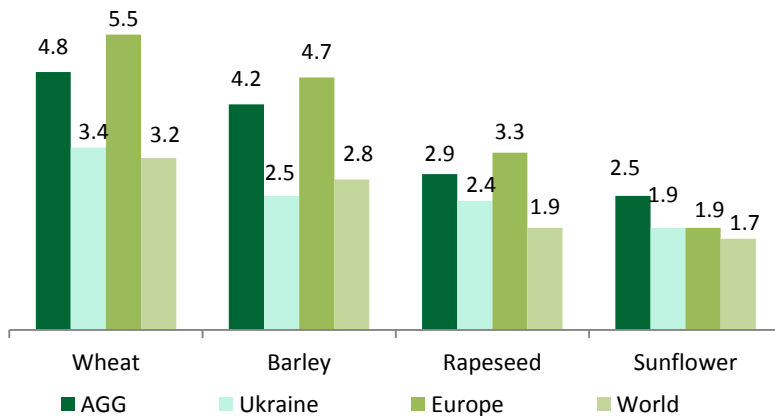


Rapeseed (along with wheat and sunflower) is one of the most profitable crops

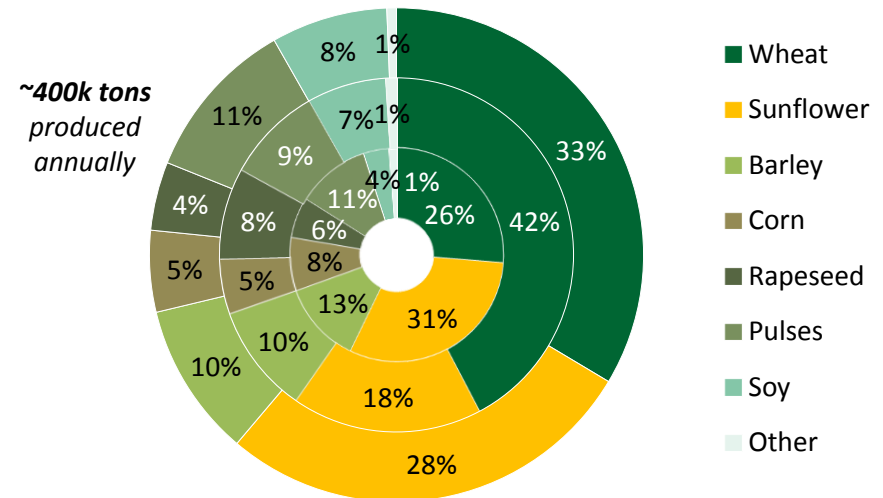


Peas is a profitable fallow-grown crop which balances the rotation

3-Year Avg. Historical Gross Yields Comparison, tons/ha



AgroGeneration. 2014-2016 Crop Mix Dynamics(*)



(*) inner circle reflects crop pattern breakdown in 2014; outer circle reflects crop mix breakdown in 2016



Yield improvements represent one of the **main production growth drivers** and will remain the focal point for agronomic improvements for the future:

- Introducing Western agronomic techniques will target consistently **higher yields at a lower cost**, adding significant value to acquired farmland
- All AgroGeneration farms show **yield improvements under Group's management** and new agronomic approaches

2016 Full-Year Results

Profit and Loss Statement - Key Financial Highlights

- On 2016 crop year, AGG posted an **excellent agronomic performance**
- AGG's pro-active crop management strategy, together with strict cost management, enabled the group 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**

AgroGeneration. Audited Annual Financial Results, k EUR

	2014	2015	2016
Revenue	64,620	58,861	60,263
Gross Profit/ (loss)	21,673	23,968	23,208
SG&A	(14,647)	(13,417)	(11,834)
Earnings Before Interest and Tax (EBIT)	13,111	11,406	11,777
EBITDA *	20,749	19,941	19,382
<i>EBITDA Margin, %</i>	<i>32%</i>	<i>34%</i>	<i>31%</i>
Net profit	(21,665)	(7,928)	(888)

¹ Pro forma data (ex-Harmelia + ex-AGG: consolidation scopes)

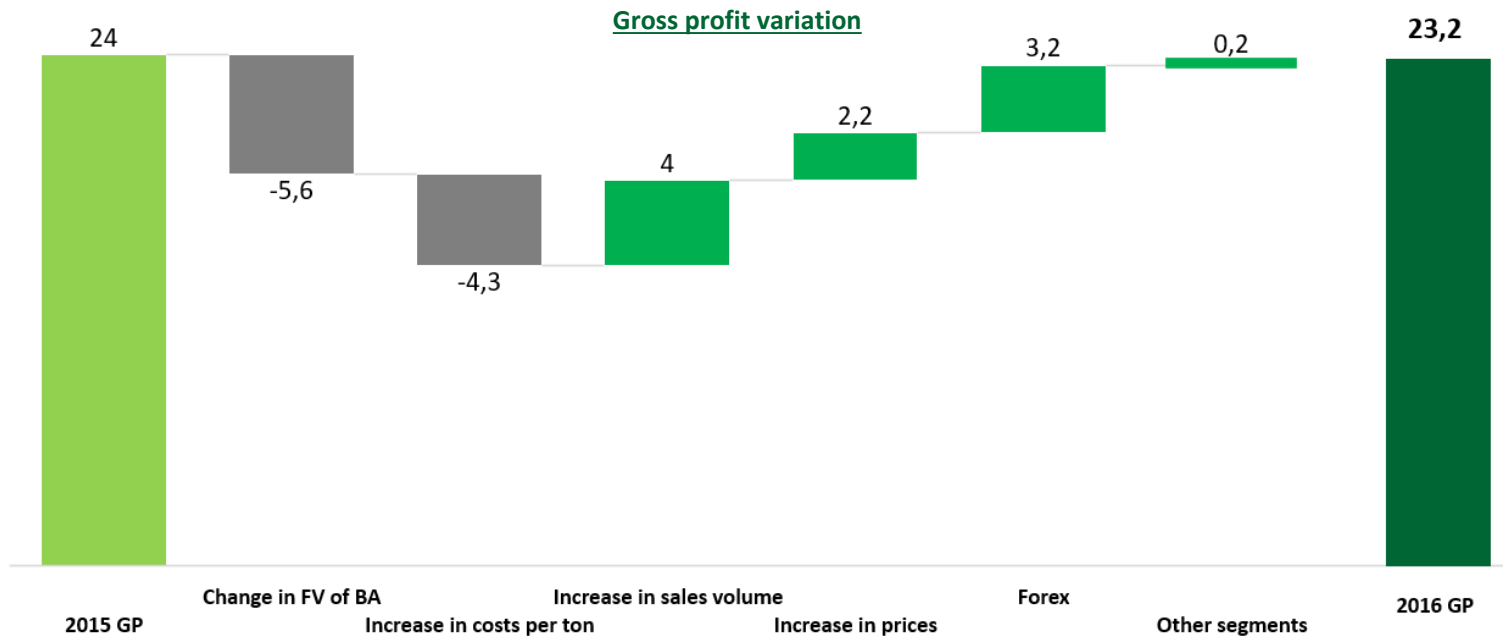
(*) EBITDA = earnings before interest, tax, depreciation, amortization, provision and net gain or loss on fixed asset divestiture and impairment on non-current assets

Sustained improvement of financial indicators

2016 Full-Year Results


Focus on Gross Profit and EBITDA

- Gross profit was nearly the same as the previous year's, at €23.2 million, 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.
- In addition, **SG&A costs declined by €1.4 million** to €11.8 million in 2016 (success of the Group's rigorous cost control policy)
- AgroGeneration also faced a **decrease in government grants of €2.3 million** in 2016 (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




2016 Full-Year Results

Strong Decrease of the Financial Expenses


 Financial expenses declined significantly to €12.4 million versus €19.6 million in 2015


	2015	2016
Financial interests	7,852	7,405
Realized forex loss	2,491	1,752
Unrealised forex loss	10,859	2,982
Other loss (gain)	(1,646)	362
Net financial costs	19,556	12,503


 Net loss totaled €(0.9) million vs. €(7.9) million in 2015 and €(21.7) million in 2014

2016 Full-Year Results

Balance Sheet - Key Financial Highlights

 **Decrease of Property, Plant and Equipment** mainly driven by depreciation and forex variation

 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

 **Decrease of structural debt** from €19.1 million at year-end 2015 to €15.0 million at year-end 2016 representing 23% of equity

 **Cash available amounted to €3.1 million** vs. €3.9 million in 2015

Simplified Balance Sheet as of 31st december 2016

(in € thousands)	2015	2016
Property, Plant and Equipment	43,070	34,176
Inventories	14,251	25,243
Financial assets	16,173	1,933
Cash available	3,931	3,130
Total assets	133,926	122,063
Shareholders' equity	69,462	65,434
Structural Debt *	19,099	15,026
Other financial debt	35,448	29,861
Other liabilities	9,917	11,742
Total equity and liabilities	133,926	122,063

() Principal amount of loan granted by the EBRD plus the amount of capitalized future interest on the OSRANes*



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Outlook

Outlook for 2017

Economic & politic overview


- ▲ Ukrainian economy was able to start recovery **posting a growth of 2.2% in 2016**
- ▲ Ukrainian government continues to **pursue a comprehensive structural reform agenda** with the ultimate goal to ensure sustainable economic growth in the country

2017 crop year 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
- ▲ 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

Mid-Term Perspectives

Opportunities Overview

 **Additional investments will provide growth opportunities to expand existing business lines of AgroGeneration and to enter into new ones through vertical and horizontal integration**



**Operational farms for
basic agricultural
commodities, and related
infrastructure**



**Storage
infrastructure
modernization/
development**



**Other agriculture related
activities**
(processing, trading,
logistics
and other businesses)



Dec.16 : AGG received an 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



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Appendices – Group Background Information

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Infrastructure & Storage Capacities

AgroGeneration. Infrastructure Map



The Company owns **storage facilities of up to 240,000 tons**, including both elevators and horizontal storage capacities

Today AgroGeneration's farms are **quite self-sufficient** in terms of **securing its crop** annually, though storage capacities are strained in the West

AgroGeneration

Assets Overview

- 🌿 **Around 120,000 ha** of farmlands are leased by the Group
 - 🌿 **94% of lands** operated by AGG have **completed registration status** (the other 6% are in process)
 - 🌿 The average **duration** of lease agreements is **10.5 years**
 - 🌿 The Company has a **dedicated lease management team** with state-of-the-art GIS (Geographic Information System) continuously taking steps to attract new individual land owners in locations where the company operates
- 🌿 The business is **well equipped with agricultural machinery**
 - 🌿 Key machinery is **chiefly foreign-made**, produced by leading manufacturers (CNH, John Deere)
 - 🌿 **Locally produced equipment** are used to **support operations**

List of Main Agricultural Machinery

Type of Machinery	Brand	Number of Items
Tractors	Case, Fendt, MTZ, KhtZ, MF, others	289
Combines	John Deere, New Holland, Case	80
Sprayers	Case, John Deere, Berthoud, Tecnomat	19
Loaders	Manitou	8
Trucks	MAN, KAMAZ, GAZ, SAZ, ZIL	208
Seeders	Horsch, Kinze, Great Plains, others	118
Headers	John Deere, New Holland, Fantini, Case, others	114

AgroGeneration

Chaired by an Experienced Operations and Management Team



Michael Bleyzer
Chairman of the Board of Directors

Chairman & CEO of SigmaBleyzer, one of the largest and most experienced private equity investor in Eastern Europe
Worked for over 15 years for Exxon and Ernst & Young before creating SigmaBleyzer in 1994



Pierre Danon
Vice-Chairman of the Board of Directors

Chairman of several companies in Europe
Vice-Chairman of TDC (Denmark)
Non-executive Director of Standard Life (Edinburgh, UK)
Former Chairman and CEO for Numericable-Completel



John Shmorhun
CEO, member Board of Directors

Former Director for DuPont Eastern Europe
20 years' experience in the agricultural business in Ukraine and Russia
Served as a navy pilot for 10 years prior to joining DuPont



Sergey Bulavin
Senior Vice President

Chief Operations Officer
Joined SigmaBleyzer in 1994, and held managerial positions since 1995. Has been in charge of agricultural businesses since 2011



Olena Levchenko
CFO

Twice-named one of the TOP 10 Chief Financial Officers in Ukraine. Joined SigmaBleyzer in 1995. Started her work for AgroGeneration in 2014



Kateryna Konashchuk
Vice-President of Commerce

10-year experience in agribusiness and international commodity trade. Before joining SigmaBleyzer in 2011, held managerial positions at grain trading companies in Ukraine



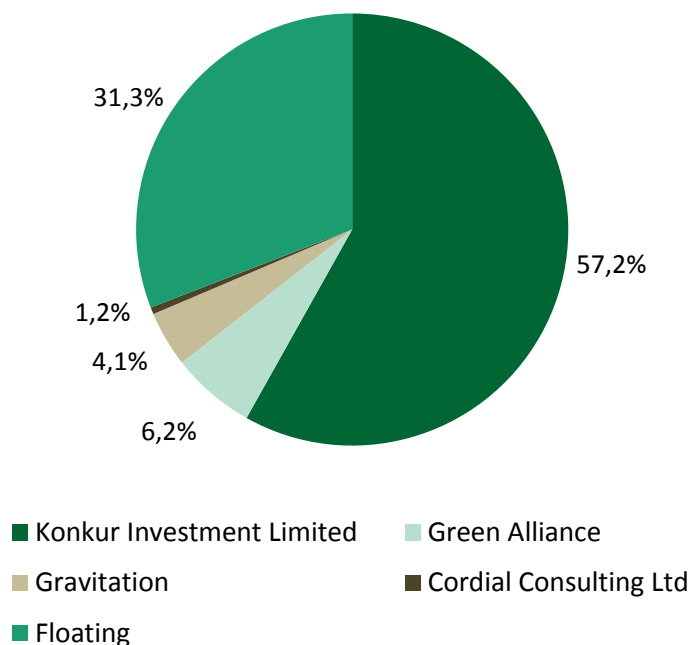
Anatoliy Perepelitsa
Chief Economist

Almost 30 years' experience in agricultural enterprise economics in Ukraine. Joined the agricultural business of SigmaBleyzer in 2011

AgroGeneration

Current Shareholders and Investors

AgroGeneration Shareholding Structure as of December 31, 2016



Konkur:

- Majority **shareholder** of AgroGeneration
- **Investment holding company**
- **Controlled by SBF IV** (run by **SigmaBleyzer**)

SigmaBleyzer Investment Group, LLC

- A US private equity firm with significant infrastructure, experience and a successful track record of investing in Ukraine and Eastern Europe
- Approx. \$1 billion of investments under management
- Extensive experience in a large number of sectors, including: cable TV, food and beverage, financial services, pharmaceuticals, energy, consumer goods, retail, agriculture, chemicals, metallurgy, shipyards, and commodities
- Strong record of creating value, having invested in over 100 portfolio companies
- Takes an active, hands-on management role with each portfolio company and creates value at the operational level, not through financial engineering or leveraging