

April 2016

AGRO 
Generation

AgroGeneration
Annual Results 2015

AgroGeneration SA - 18, rue Pasquier 75008 Paris, FRANCE – Tel.: +33 1 56 43 68 60



AgroGeneration
Company Background

Company Background

Today's Position

- 🌱 Operates c.a. **120,000 ha** in **5 regions of Ukraine**
- 🌱 Grain **storage capacities of ≈ 220,000 tons**
- 🌱 Headcount stands at about **1,400 workers**

Map of Land Assets & Infrastructure



AgroGeneration Today

- **Among the 5 largest pure crop producers** and **among 10 major ag players** in Ukraine
- **French public company**, listed on NYSE Euronext in Paris, with 31% free-float
- **Strong management team** with a proven track record and **best Western corporate governance and managing practices**

🌱 Produces **up to 400,000 tons** of crops per annum under **modern farming practices**:

- 🌱 Cutting-edge technologies
- 🌱 Crop rotation every 5 years
- 🌱 Premium fertilizers, seeds and farming products

🌱 Top-tier purchasers: **ADM, CARGILL, LOUIS DREYFUS**

Company Background

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

Company Background

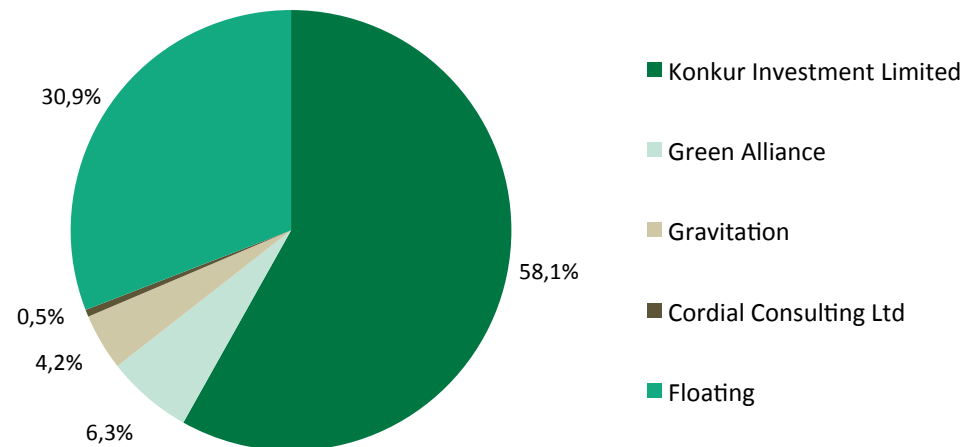
Current Shareholders and Investors

AgroGeneration Shareholding Structure as of December 31, 2015

Konkur: investment holding company controlled by SBF IV (run by SigmaBleyzer), the ultimate parent for the Group

Green Alliance: holding company of Charles Beigbeder and Alain Mallart

Gravitation: holding company of Charles Beigbeder



A wide-angle photograph of a sunflower field. The sunflowers are in full bloom, with bright yellow petals and dark brown centers. The field stretches far into the distance, with a line of trees on the horizon under a clear, light blue sky. The sunflowers in the foreground are more detailed, showing their large green leaves and the texture of the petals.

AgroGeneration
Successful Turnaround in 2013-2015

Successful Turnaround in 2013-2015

Key Milestones of Development



Harmelia (c. 70,000 ha)

2010

Founded by **SigmaBleyzer Fund IV (SBF IV)** under management of **SigmaBleyzer**, an **American private equity fund** ¹

(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

Ex-AgroGeneration (c. 50,000 ha)

2010

Listed on NYSE Euronext in Paris

2008

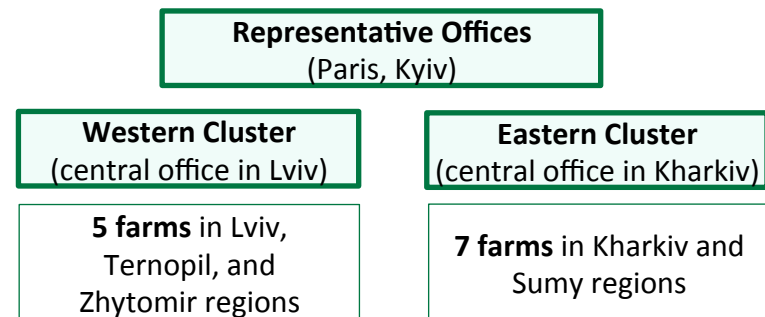
Founded by a pool of French investors

Successful Turnaround in 2013-2015

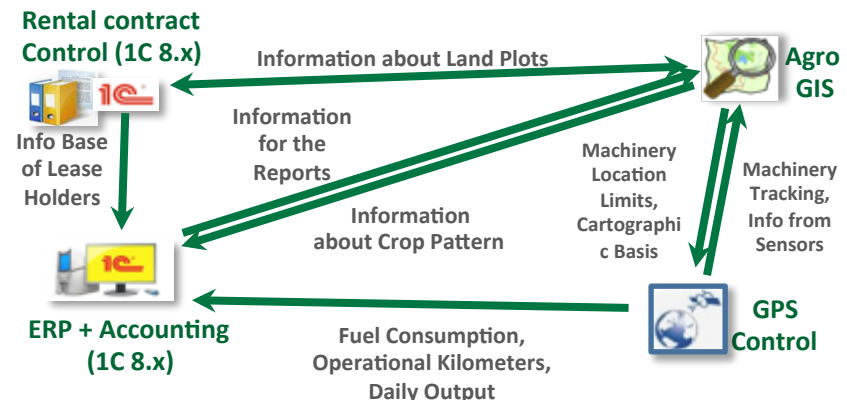
Operational Management Achievements

- 🌿 **“Clustering”** concept in running the business
- 🌿 **State-of-the-art soil treatment and testing technologies** are applied to keep optimal soil fertility
- 🌿 **Modern machinery and equipment** (John Deere, Case, New Holland, etc.)
- 🌿 **Centralized accounting and monitoring system** was implemented within Group’s farms:
 - 🌿 Field activities **day-to-day management**
 - 🌿 **GPS mapping** of all cultivated lands (GIS system)
 - 🌿 All Group’s machinery is equipped with **GPS sensors**
- 🌿 The Company has developed **one of the most sophisticated ERP systems** amongst Ukrainian ag producers

AgroGeneration. Clustering Structure of the Group



AgroGeneration. Information System Interworking



Successful Turnaround in 2013-2015

Produced Crops & Crop Mix Optimization



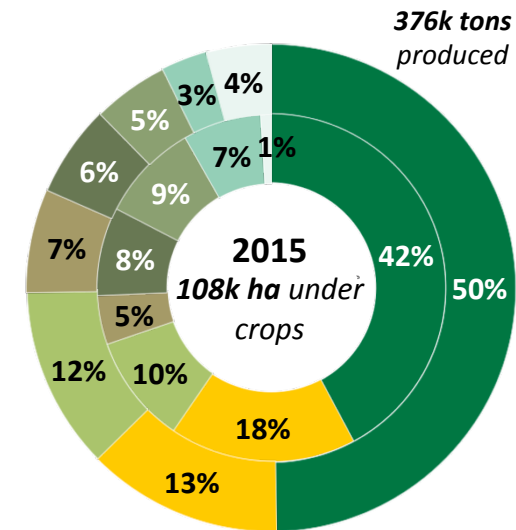
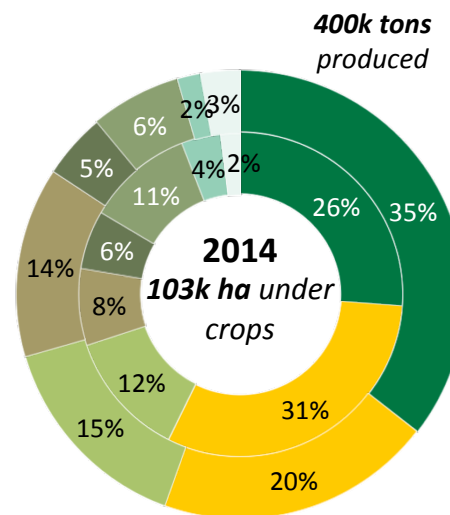
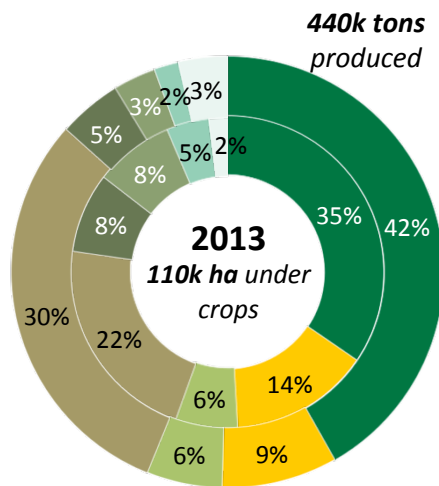
Wheat, sunflower and barley are the main cash producing crops



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



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



- Wheat
- Sunflower
- Barley
- Corn
- Rapeseed
- Legumes
- Soy
- Other*

(*) Excluding fallow land

(**) inner circle reflects crop pattern breakdown in hectares; outer circle reflects crop mix breakdown in tons

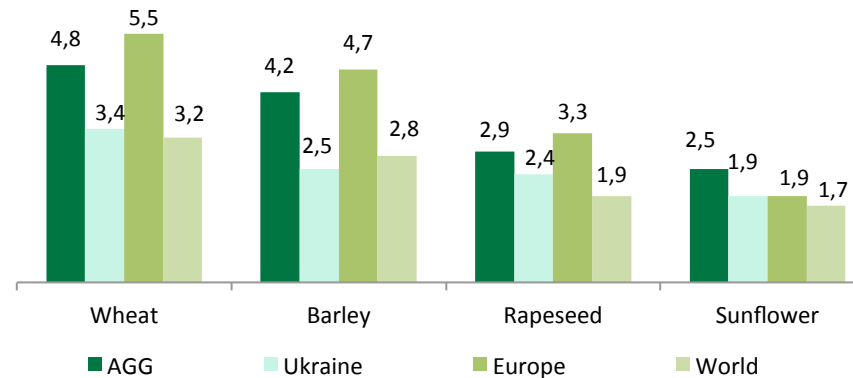
Continuous adjustment in crop rotation in favor of more profitable and more consistently performing crops for each region

Successful Turnaround in 2013-2015

Yields vs Gross Margins Balance

- 🌱 In 2015, **AGG yields outperformed Ukraine averages** for most of the harvested crops
- 🌱 Despite strong negative drivers (crop price collapse and lower yields vs 2014 affected by weather), **the performance (gross margin) of crops** in AGG's portfolio **was in line or even improved for some crops** as compared with record high 2014 results, thanks to considered management decisions, among which:
 - 🌱 **Optimization of the sowing structure** through the shift to better performing crops
 - 🌱 **Cost savings** on limited fertilization of early crops in spring

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



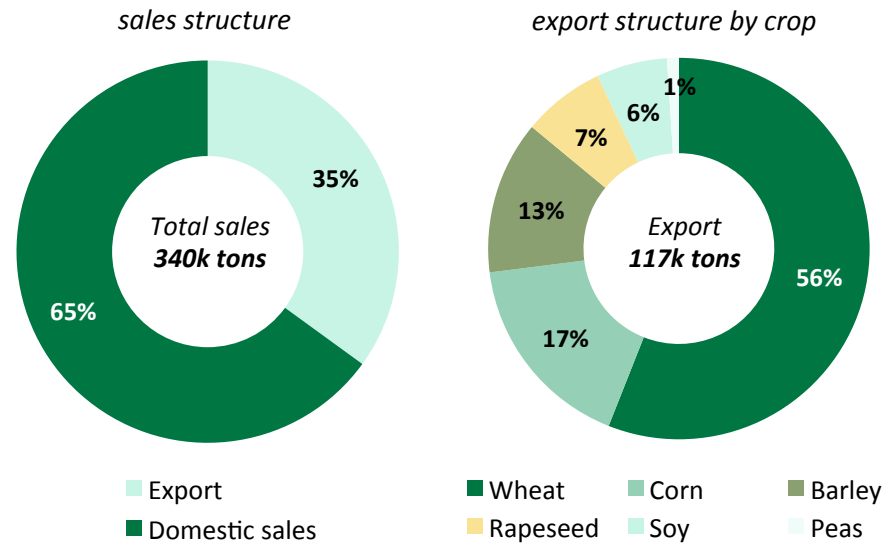
Source - USDA

Successful Turnaround in 2013-2015

Commercial Strategy

- 🌱 **Direct sales** to exporters and processors
- 🌱 **Top-tier purchasers:** ADM, CARGILL, KERNEL, LOUIS DREYFUS
- 🌱 **Risk hedging** through forward contracts (account for around 20% to 40% of yearly sales)
- 🌱 Constantly **increasing export share** in total sales

AgroGeneration. Export Sales in 2015



Successful Turnaround in 2013-2015

Audited Financials: Remarkable EBITDA for the 2nd Year in a Row

In 2015, the second year after the merger, the Group managed to **retain** its remarkable financial performance

🌱 Achieved around **€20M EBITDA** (in line with 2014 and meeting its plans) fueled by strengthened Gross Profit of **almost €24M (40%)**

🌱 Substantially decreased **financial expenses**, attributed mostly to forex losses, out of which unrealized forex loss of around €11M

AgroGeneration. Audited Financial Results

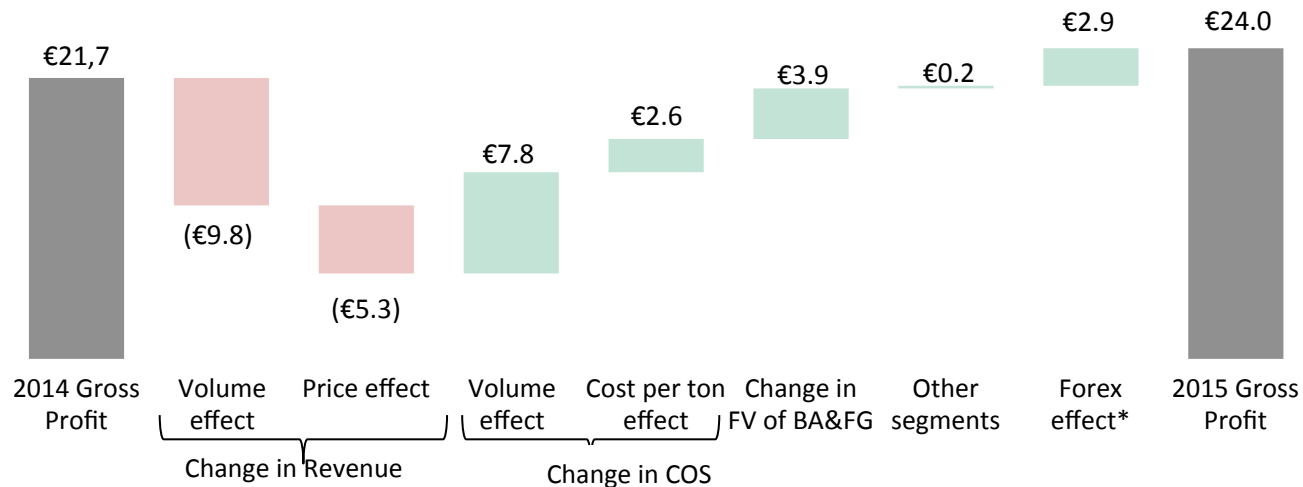
	In €k		
	2013 ¹	2014	2015
Revenue	72,154	64,620	58,861
Change in FV of BA and finished goods	(8,969)	12,732	18,921
Cost of sales	(76,298)	(55,679)	(53,814)
Gross Profit/ (loss)	(13,113)	21,673	23,968
SG&A	(24,273)	(14,647)	(13,417)
Other income and expenses	3,212	6,085	855
Earnings Before Interest and Tax (EBIT)	(34,174)	13,111	11,406
EBIT, %	-	20%	19%
Net financial income (expense)	(7,080)	(36,190)	(19,556)
<i>Cost of debt and other income, net</i>		(9,014)	(6,206)
<i>Forex loss – realized</i>		(12,316)	(2 491)
<i>Forex loss – unrealized (non-cash)</i>		(14,860)	(10 859)
Income tax	20	(15)	222
Net Profit / (loss)	(43,440)	(21,665)	(7,928)
Amortization and depreciation	9,330	7,638	8,535
EBITDA	(24,844)	20,749	19,941
EBITDA Margin, %	-	32%	34%

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

Consolidated Income Statement Analysis

2015 vs 2014 Gross Profit Evolution

2015 vs 2014 Gross Profit Bridge, M EUR



* - Effect of change in average EUR/USD exchange rate in 2015 vs. 2014

- Both **revenue and COS decreased** due to **decline in volumes of production** (both sowing structure and yield effects)
- A **decrease in average selling prices** due to tough market conditions had a **negative impact** on Gross Profit
- A **decrease in production costs per ton** thanks to cost savings for fertilizers over spring

Successful Turnaround in 2013-2015

Consolidated statement of financial position

AgroGeneration. Balance Sheet

€k	31.12.2014	31.12.2015
Non-current assets	63,560	81,428
Intangible assets and leasehold rights	40,876	37,922
Property, plant and equipment	22,181	43,07
Financial assets	275	245
Biological assets	228	191
Current assets	35,323	52,498
Inventories	10,916	14,251
Financial assets ¹	1,798	16,173
Biological assets	12,093	14,491
Trade and other receivables	5,101	3,652
Cash and cash equivalents	5,415	3,931
Total assets	98,883	133,926
Equity	6,569	69,462
Non-current liabilities	58,362	14,46
Current liabilities	33,952	50,004
Current borrowings	24,241	40,265
Trade and other payables	8,894	8,277
Current income tax liability	817	1,462
Total equity and liabilities	98,883	133,926

¹ In 2015 'Financial assets' include cash on Alfa loan deposit account

Debt restructuring

Debt restructuring conducted by AGG in 2015 allowed to:

- Decrease **Non-current liabilities** substantially
- Re-establishing a solid level of net **Equity**

Revaluation of PPE

In 2015, AGG completed **revaluation of PPE** to respond to the depreciation of the Hryvnia and its effect on the value of fixed assets

- Positive effect on **Non-current assets** and **Equity (+€39M)**

Short-term financing

€15M Alfa loan was received at the end of 2015 and kept at the deposit account

- Increased **Financial assets** and **Current liabilities**



AgroGeneration
Perspective

Ukraine

Macroeconomic Performance

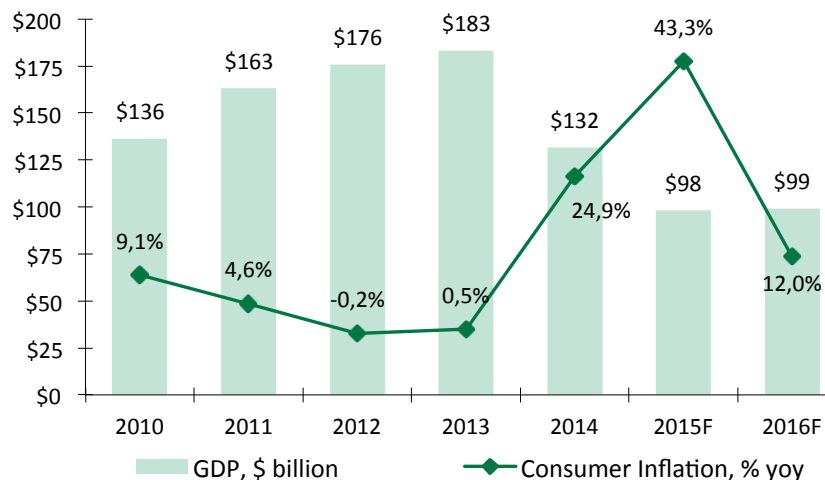
Ukraine. 2016 Main Macroeconomic Indicators Forecast

Indicator	2016 F	Δ vs 2015, %
GDP, \$ billion	\$99.0	+1.0%
Consumer Inflation, %	12.0%	-31.3%
UAH/USD (avg.)	25.0	+14.7%
FDI, Net Annual Inflow, \$ billion	\$3.0	+30.4%

Source: The Bleyzer Foundation

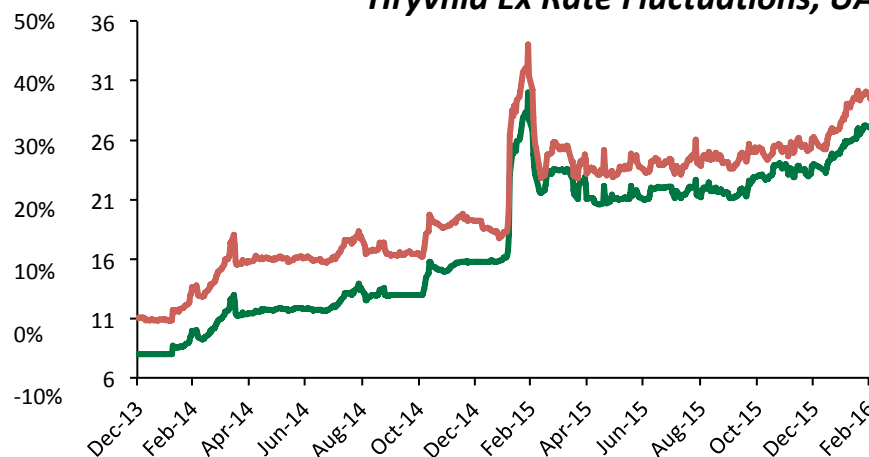
- 🌱 GDP dynamics should change its vector to a **positive trend**
- 🌱 The **inflation rate** is expected to **continue to decline**
- 🌱 **Hryvnia** is expected to remain **relatively stable**
- 🌱 Provided that the ceasefire holds, Ukraine can expect a **revival of investors' interest** and **increase in FDI** in H2 2016
- ⚠️ **Still, current political uncertainties in Ukraine** may change the forecasts

Ukraine. GDP & Inflation Dynamics



Source: index.minfin.com.ua

Hryvnia Ex Rate Fluctuations, UAH



Source: NBU

Ukrainian Agricultural Sector

The 3rd Year of Challenges

Challenging
2014

- **Market capitalization** of Ukrainian public ag companies **dropped significantly**
- **Debt burden** of ag sector in Ukraine **reached the critical point**
- Companies **curtailed their investment plans**

Strength
Testing
2015

- Some **improvement of macro economic and political situation in Ukraine**, still
- **Long-run downward trend in global commodity markets**
- **Lack of financing and liquidity problems** amongst ag producers

Belts
Tightening
2016

- **Entry-into-force of new Tax Code in Ukraine**
 - Abolishment of VAT preferences
 - VAT impact and correction up to 70% on export and local prices in 2016
 - Further increase in land lease payments
 - 1.8x increase in unified land tax

2014-2016 WIG-Ukraine Index Dynamics¹

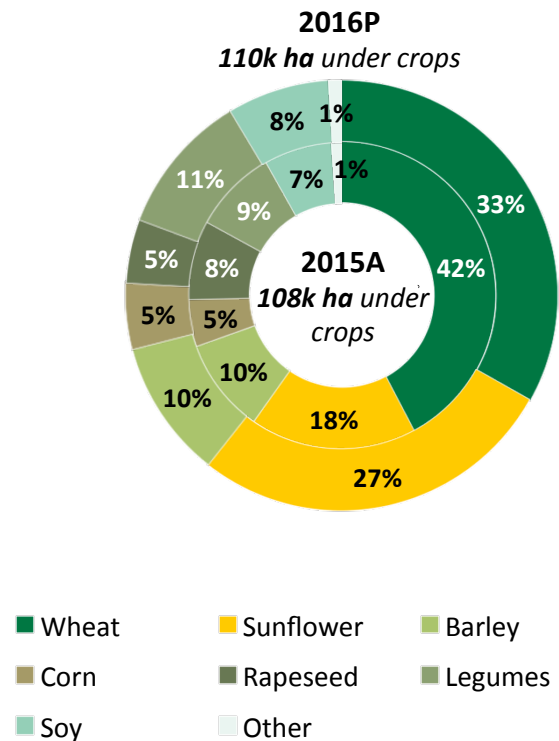


(1) Leading Ukrainian country index composed of shares of 7 Ukrainian agricultural companies quoted on Warsaw Stock Exchange

2016 Season

Planned Crop Mix

AGG. 2016 vs 2015 Planned Crop Mix, %



- Total area to be engaged **under crops in 2016** is planned at approx. **110,000 ha**, which is 2% higher vs 2015
- Winter crops cover an area of 47,000 ha (-20% vs 2015)
 - Decline in acreage under winter crops is mainly related to **normalization of crop rotation**, as well as **partial failure of winter sowings**
- Spring crops are planned to be sown at 63,000 ha (+28% vs 2015)
- Main changes in crop mix in 2016 vs 2015 are related to:
 - Over than 1,700 ha increase in cultivated area** if compared with the previous season achieved through utilization of fallow land
 - Increase of area under sunflower** in the Eastern cluster (Kharkiv region farms) for improving of total Group's planned profitability in 2016
 - Sowing structure optimization** in the Western cluster farms after soil testing results executed in March

Commodities Market

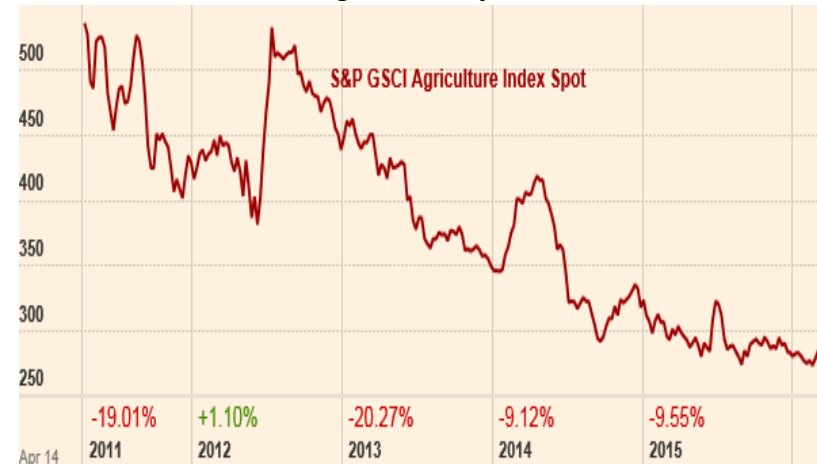
Market Trends for 2016

In 2016 most commodities markets showed considerably more risk to the upside than the downside from current levels

Global Agriculture Markets

- ▼ Record crop harvests have led to stock building and downward pressure on prices
 - ▼ China: soybean and soymeal import is still questionable
 - ▼ Corn plantings increase in US
 - ▼ Record soybean production in Brazil and Argentina is expected
 - ▼ Egypt limitation of wheat import (“ergot question”) will put pressure on wheat market
-
- ▲ Weather: the strong El Niño which will likely turn into La Niña will add positive impact on prices in 2016
 - ▲ Lower palm oil and rapeseed yields
 - ▲ US soybean area to decline in 2016, as weather favors corn planting
 - ▲ India: current planting difficulties for grains and oilseeds could result in the country turning into a major importer

S&P Agri Index Dynamics



2016 Crop Year Financing

Expectations and Forward Crop Sales Progress

- 🌱 AgroGeneration successfully renewed its crops financing for the 2015/16 crop year with Alfa Bank Ukraine for a maximum amount of **\$35M**
- 🌱 As far as **market prices are at a low level**, in coming 2016 crop season, AgroGeneration is expecting to execute forward contracts with some major actors on the market (e.g. ADM, Cargill, Louis Dreyfus, CHS, Bunge, etc)
- 🌱 As of end of April 2016, AGG **already signed prepayment forward local contracts:**
 - 🌱 Authorized and signed **\$10M credit line** with *Quadra Commodities* (uncommitted)
 - 🌱 8,000 tons sunflower local contract with Kernel with prepayment (\$1M) based on minimal price with further review
- 🌱 AgroGeneration plans to conclude **additional forward contracts** based on the market situation and getting the best price opportunity

Development Plans

Opportunities Overview

- 🌿 **With strong improvement of its financial condition, AGG can start reviewing cautiously expansion opportunities in Ukraine**
- 🌿 **Additional investments** will provide growth opportunities to expand existing business lines of AgroGeneration and enter into new ones through vertical and horizontal integration:
 - 🌿 Investment targets include operational farms for basic agricultural commodities, and related infrastructure, including **expansion of current operational land base**
 - 🌿 **Investments in storage infrastructure modernization/development** to support business operations
 - 🌿 **Investments in other agriculture related activities** such as horizontal/vertical integration, processing, trading, logistics and other services
- 🌿 **Our goal for the next 2-5 years is to become**
 - 🌿 One of the largest and most **efficient crop producers in Ukraine** with yields at EU and USA levels
 - 🌿 A company with **strong storage and infrastructure base**, able to secure its own harvest and generate additional revenue streams from third parties



Appendix

- 🌿 **SigmaBleyzer Investment Group, LLC** is a US **private equity firm** with significant infrastructure, experience and a **successful track record** of investing in Ukraine and Eastern Europe **over the past 20 years**
 - 🌿 With its main offices in Houston, Kyiv and Kharkiv, manages **approx. \$1 billion**, most of which has been invested in Ukraine over the last 20 years
 - 🌿 Has **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
 - 🌿 **Takes an active, hands-on management role** with each portfolio company **and creates value at the operational level**, not through financial engineering or leveraging
 - 🌿 Having invested in over 100 portfolio companies, the firm has a strong record of creating value
 - 🌿 **Employs near 100 people** in Ukraine, Romania, and Texas, including investment professionals, research and due diligence teams, an in-house legal group, corporate governance and operations experts, human resources, marketing, IT, accounting experts, and economists
 - 🌿 Employs over 7,500 people in the portfolio companies under control

Disclaimer

This presentation and the information contained herein do not constitute an offer to sell or a solicitation of an offer to buy or subscribe to shares/OSRANE AgroGeneration in any country.

In addition, this presentation may contain forward-looking financial items or estimates and they do not necessarily reflect future performance of AgroGeneration and its affiliates, which may materially differ.

No representation or warranty, express or implied, is made by AgroGeneration or any of its directors, officers, employees or advisers as to (i) the fairness, accuracy or completeness of the information or opinions; and (ii) the achievement or reasonableness of any assumptions, projections, forecasts, estimates, targets or other statements about AgroGeneration or its affiliates or their business, contained in this presentation or in any other document or information supplied at any time in connection with this presentation and no liability or responsibility whatsoever is or will be accepted by any such person in relation to any such information, opinion, assumptions, projection, forecast, estimate, target or statement.

Although the Company believes its expectations are based on reasonable assumptions, these statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated.

This presentation has been prepared in both French and English. In the event of any differences between the two texts, the French language version shall supersede.