



First Half 2019 Results

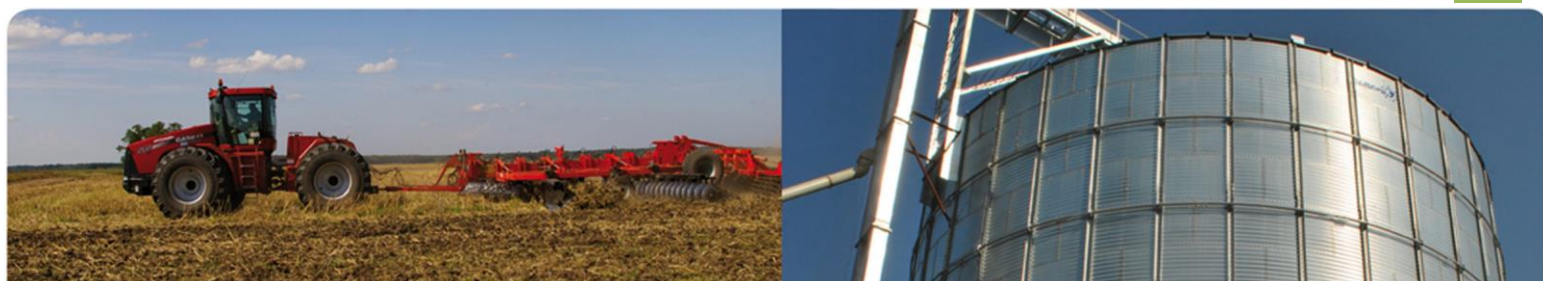
- **EBITDA significantly affected by adverse weather conditions and commodity price decline**
- **Decrease of debt still underway**
- **Sale of an additional 11,000 hectares of land**

Paris, 29th October 2019

AgroGeneration, a Ukraine based grain and oilseed producer, published its financial statements for the first half of 2019, as approved by the Board of Directors on October 28, 2019. These financial statements were not subject to a limited review by the statutory auditors.

Since the beginning of the year, AgroGeneration sold all the crops that remained in inventories from the 2018 season and harvested part of 2019 season's crops. As of the date of this press-release, the Group harvested 100% of early crops and more than 90% of late crops and can state that the adverse weather conditions both on early (as presented in the press release dated September 17, 2019) and late crops together with a decline in commodity prices significantly hit the Group's half-year 2019 financial performance. EBITDA H1 2019 totalled €(7.8) million and AgroGeneration considers that it will not be in a position to compensate for this loss at year-end.

This half-year was also marked by the sale of farmlands in Western Ukraine in the regions of Ternopil and Zhytomyr, and in the East in the Sumy region. In total, over the period, the Group sold 37,700 hectares of lands for a total amount of approximately €26 million (sale of leasehold rights and biological assets included). These transactions, carried out at favorable price conditions, enabled the Group to reduce its net debt as of June 30, 2019. In third quarter 2019, the Group signed an agreement of sale of 11,000 hectares of lands for a total amount of approximately €7.6 million.





In the second part of the year, AgroGeneration has begun reducing its overheads in order to minimize the impact of the price and weather conditions on its EBITDA and will put in place an action plan to significantly improve its operational performance (the effects of which will be visible in the 2020 financial year).

H1 2019 Results

H1 2019 financial statements will be posted not later than on 31st of October 2019 at

www.agrogeneration.com

(in € thousands)	H1 2018 Published	H1 2018 Pro-forma ⁽⁴⁾	H1 2019 Published
Revenue	17,428	10,090	10,892
Biological assets and finished goods (change in fair value)	5,920	3,191	(5,960)
Cost of sales	(16,613)	(9,220)	(10,501)
Gross profit	6,735	4,061	(5,569)
Selling, general and administrative expenses	(4,652)	(3,481)	(5,200)
Other income and expenses	(181)	(139)	13
Operating profit	1,902	441	(10,756)
Net financial income (expense)	(16)	1,023	(361)
Tax	(53)	(53)	6
Net profit (loss) from continued operations	1,833	1,411	(11,111)
Net profit (loss) from discontinued operations	0	422	(6,469)
Net profit (loss)	1,833	1,833	(17,580)

(in € thousands)	FY 2018	FY 2018 Pro-forma ⁽⁴⁾	H1 2018	H1 2018 Pro-forma ⁽⁴⁾	H1 2019 Published
EBITDA ⁽¹⁾	10,167	7,757	6,319	3,199	(7,765)
Equity	48,214 ⁽⁵⁾	48,214 ⁽⁵⁾	59,270	59,270	35,646
Net debt ⁽²⁾	62,155	47,605	76,848	51,631	50,775
Structural debt ⁽³⁾	2,264	2,264	7,361	7,361	0

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

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

(3) Principal amount of loan granted by EBRD plus amount of capitalized future interest on OSRANes - see appendix II for detail

(4) The pro-forma information for H1 2018 and 2018 is presented based on the basis of the new scope of the Group (new scope following sales of farms carried out in the first half 2019).





(5) The group has noted an error in the 2018 financial statements related to the estimate of the value of the net assets sold (on the farms of Ternopil, Zytomyr, and Sumy) and the associated goodwill, under the application of IFRS 5. Consequently, a correction was made to the amount of the Group's shareholders' equity. At December 31, 2018, it was necessary to read €48,214,000 compared to €50,328,000 previously indicated. For more details please refer to the Note 5 of Interim Condensed Consolidated financial statements as of and for the period ended June 30, 2019

AgroGeneration posted revenues of €10.9 million in H1 2019, up to a 7.9% increase compared to H1 2018 pro-forma.

Gross profit totalled €(5.6) million compared to €4.1 million in H1 2018 pro-forma representing a decrease of €9.7 million. This decrease is mostly attributed to the decrease in the fair value of biological assets and can be broken down as follows:

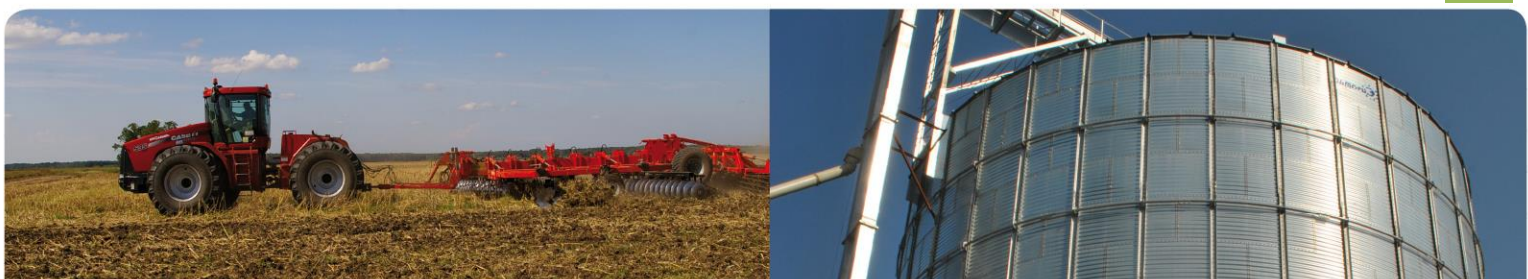
- - €5.6million related to the effect of price decrease for both early and late crops
- - €0.7million of total volume effect of the late and early crops, which includes:
 - +€1.6 million of positive volume effect representing improved wheat performance compared to very low yields of H1 2018 pro-forma
 - - €2.3 million of negative volume effect representing underperformance of early crops (other than wheat) and late crops due to unfavourable weather conditions
- -€3.4 million related to the increased costs of production, mostly related to exceptional more intensive use of fertilisers related to crop mix but hindered by adverse weather conditions.

Selling, general and administrative expenses increased by €1.7 million from pro-forma H1 2018, from €3.5 million up to €(5.2) million in H1 2019, mostly attributed to one off-costs related to farm disposal and an increase in transport tariffs.

EBITDA totalled €(7.8) million vs €3.2 million in H1 2018 pro-forma. Consequently, operating profit amounted to €(10.8) million compared to €0.4 million in H1 2018 pro-forma i.e. a decrease of €11.2 million.

Net financial income stood at €(0.4) million versus €1.0 million in H1 2018 pro-forma. The decrease of €(1.4) million is primarily attributed to ORNANE expenses and variances in net foreign currency gains (mainly a non-cash effect and should not be extrapolated to year-end).

Overall, the Group net loss from continued operations amounted to €(11.1) million in H1 2019 versus €1.4 million in H1 2018 pro-forma.





Results from discontinued operations totalled a loss of €(6.5) million versus €0.4 million in H1 2018 pro-forma. The variation is mostly attributable to the net result of the sale of farm assets of €(5.0) million. This net result is impacted by €(15.0) million of non-cash items such as currency translation differences and allocated goodwill.

Financial structure

Free cash flows at June 30, 2019 totalled €17.3 million, including a positive amount of €21.4 million from the sale of farms in the Zhytomyr, Ternopil and Sumy regions (37,700 hectares ceded in total) which enabled AgroGeneration to continue its deleveraging (€9.6 million net) and to pay interest over the period (€5.4 million).

The final instalment of €3.6 million of the proceeds from the sale of the farms was cashed in the third quarter 2019.

Net debt totalled €50.8 million as of June 30, 2019 (including additional non-contractual part of lease payments) compared to €76.8 million as of June 30, 2018 (and which is a €0.8 million decrease compared to pro-forma net debt as of June 30, 2018). As a result of full redemption of OSRANE (as of 1st of April 2019) the structural debt stood at zero as of June 30, 2019.

Status of 2019 harvesting campaign

To date the Company has harvested more than 90% of the cultivated hectares (around 10% still remain in corn) which will come to around 66,500 hectares by year end, broadly in line with last year at comparable scope. ¹

Adverse weather conditions, in particular persisting drought in the East of Ukraine, negatively impacted yields of the Group's late crops, such as sunflower, soy and corn both as compared to with prior year and with Ukrainian averages.

Outlook 2019 & 2020

The negative impact of the weather conditions on early crops and late crops combined with commodity price decline will significantly hit the performance of annual EBITDA, and AgroGeneration considers that it is not in a position to compensate this loss by year end. To strengthen its financial position and operational performance for the season 2019/2020, the Group plans to implement a number of changes to its cost structure including:

¹ Refer to Appendix I of the press release for the 2019 harvesting campaign estimates.





- *Administrative costs savings.* The Group plans to reduce the level of administrative costs by over 20% versus the current level.
- *Production costs optimization.* For the season 2019/2020 the Group plans to revise the crop mix towards less cost-intensive crops still preserving wheat and sunflower as the key contributing crops in the mix, thereby downsizing the use of fertilisers and minimizing capital expenditures.
- *Reduction of external financing.* External financing will be reduced to address the reduced scope of operations (from 70,000 hectares to near 60,000 hectares after Lviv disposal of farmlands).

The Company announces the signing of an agreement of sale of agricultural lands in the Lviv district, Western Ukraine, covering near 11,000 hectares for a sale price of approximately €7.6 million. This price includes land lease rights, whereas biological assets, machinery and inventory will be a part of a separate sale. The Group has already obtained a prepayment of €0.9 million.

The Group now operates on near 60,000 hectares of farmlands after this new sale of lands.

The Group has made a good start of 2019/2020 production season. As of the date of this release, AgroGeneration has completed its 2020 winter crop sowing campaign. A total 26,000 hectares were sown with winter crops (primary winter wheat), 100% of the planned area. All scheduled operations on soil preparation for the next season on the rest of the fields were also conducted in full scale and in timely manner.

About AGROGENERATION

Founded in 2007, AgroGeneration is a large-scale producer of grain and oilseed. Following its merger with Harmelia, AgroGeneration today is ranked amongst some of the largest agricultural firms in Ukraine. The company's core business is grains and oil commodity crop farming, operating near 60,000 hectares of high quality agricultural lands in the East of Ukraine.

All information on AgroGeneration's 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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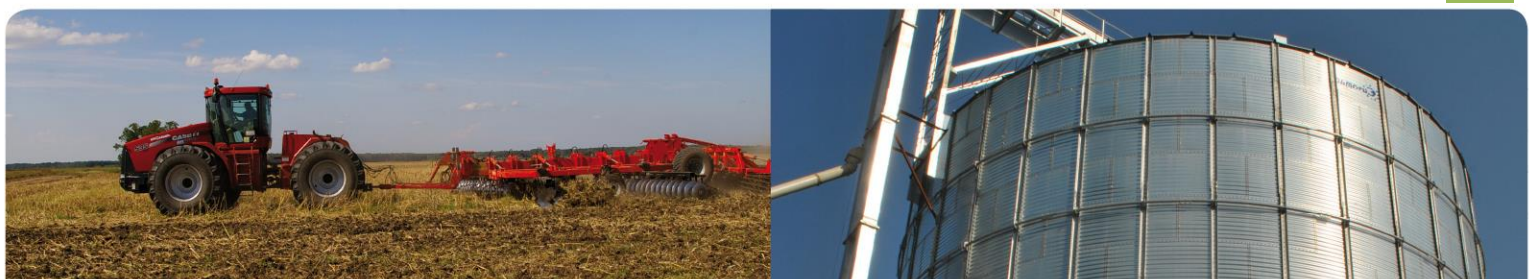
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APPENDIX I

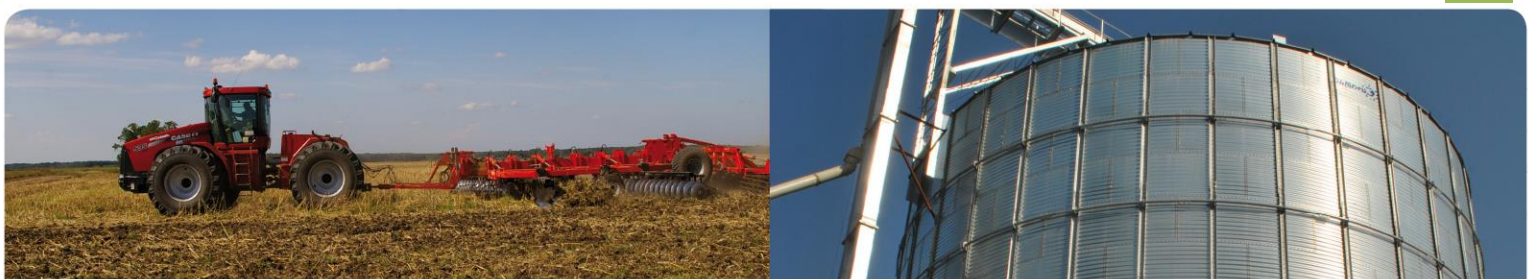
Status of 2019 harvesting campaign (estimate)

Crop	2018 Pro forma* (actual)			2019 (estimate)		
	Hectares	Production	Yield	Hectares	Production	Yield
		(tons)	(t/ha)		(tons)	(t/ha)
Wheat	31,286	103,933	3.3	28,803	116,448	4.0
Barley	1,958	6,930	3.5	1,542	4,865	3.2
Rapeseed	2,598	7,346	2.8	2,302	5,673	2.5
Peas	5,128	9,956	1.9	3,548	6,032	1.7
Chickpea	2,742	3,820	1.4	2,730	3,231	1.2
Soy	2,760	7,614	2.8	3,880	7,604	2.0
Sunflower	19,374	43,064	2.2	19,022	36,968	1.9
Corn	1,416	12,378	8.7	4,275	28,411	6.6
TOTAL	67,262	195,041		66,102	209,232	

Note: * The pro-forma information for 2018 is presented based on the basis of the new scope of the Group (new scope following sales of farms carried out in the first half 2019)

Comparison of gross yields (state statistics as of October 15, 2019):

Crops	AGG vs. Ukraine
Sunflower	-11.4%
Soy	-7.1%
Corn	-3.7%





APPENDIX II

Calculation of EBITDA

(in € thousands)	FY 2018	FY 2018 Pro-forma	H1 2018	H1 2018 Pro forma	H1 2019
Operating profit	1,483	(486)	1,902	441	(10,756)
Amortization of non-current assets	6,554	6,195	2,575	1,822	1,975
Provision, net gain or loss on fixed-asset divestiture and impairment of non-current assets	408	362	223	165	80
Additional non-contractual portion of land lease *	1,722	1,686	1,619	771	936
EBITDA	10,167	7,757	6,319	3,199	(7,765)

*the additional non-contractual portion of leases was not restated as right-of-use assets / lease liabilities in the published financial statements as of June 30, 2019. It represented a lease expense of 1 204 K€ as at June 30, 2019. It would have represented a 936 K€ impact on the EBITDA if included in IFRS 16 scope, and additional lease liabilities for an amount of 5 373 K€.

(in € thousands)	FY 2018	FY 2018 Pro-forma	H1 2018	H1 2018 Pro forma	H1 2019
Borrowings excluding lease liabilities	43,875	32,492	46,648	33,851	33,391
Lease liabilities for right-of-use assets	14,111	12,882	19,251	13,869	15,186
Additional debt related to additional non-contractual portion of lease liabilities *	6,149	4,206	12,507	5,233	5,373
Financial debt	64,135	49,580	78,406	52,953	53,950
Available cash	(1,074)	(1,069)	(1,322)	(1,086)	(3,004)
Term deposits **	(906)	(906)	(236)	(236)	(171)
Net debt	62,155	47,605	76,848	51,631	50,775

** Term deposits pledged as security for bank debt

Structure of Financial debt

(in € thousands)	FY 2018	FY 2018 Pro-forma	H1 2018	H1 2018 Pro forma	H1 2019
Structural debt	2,264	2,264	7,361	7,361	0
OSRANE *	2,264	2,264	4,379	4,379	0
EBRD - principal amount	0	0	2,982	2,982	0
Other debt	61,871	47,316	71,045	45,592	53,950
Total Financial debt	64,135	49,580	78,406	52,953	53,950

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

