



2014 Annual Results

Strong EBITDA of 20.7 million, exceeding guidance

**Net profit affected by foreign exchange losses
linked to the Hryvnia's sharp devaluation**

A balanced cash position despite the currency effect

Balance sheet strengthened by the OSRANE issue

Paris, 30 April 2015

AgroGeneration, a specialized grain and oilseed producer in Ukraine, has published its annual results for financial year 2014. The Group's consolidated financial statements have been audited and were approved by the Board of Directors on 29 April 2015. Those statements are available on the website of the company.

The Group's operating indicators improved sharply in 2014 as illustrated by EBITDA of €20.7 million, exceeding by 1.3 M€ the guidance issued on 2 March 2015 (19.4 M€). The Group reaped the rewards of a productive crop year and its efficient coordination by the new operational management team set in place following the merger between Harmelia and AgroGeneration. This strong performance was also the result of the first synergies and economies of scale linked to the Group's new size, confirming its robust economic model despite a difficult backdrop of the particularly complex geopolitical situation in Ukraine and persistently low grain and oilseed prices in 2014.





As expected, the Group's very strong operating profitability did not carry over to net profit, which was adversely impacted by net financial expense generated by significant foreign exchange losses (with a portion unrealised) from the devaluation of the Ukraine currency. Cash-wise, despite the difficult market conditions in 2014, the company virtually broken even with €20.7 million in EBITDA and net financial expenses (excluding non cash impact) of €21.1 million.

These losses led to a decline in equity and an increase in the Group's net gearing as of 31 December 2014. In response, the Group restructured its debt at the start of the year and issued OSRANE subordinated bonds on 31 March 2015. This allowed the company to significantly reduce its long-term debt and re-establish a solid level of net equity.

A solid operating performance in an environment of declining prices

(€ thousands)	2014 after the restructuring****	2014	2013	2013 (pro forma)**
Revenue		64,620	53,702	72,154
Biological assets and finished goods (at fair value)		12,732	698	(8,969)
Cost of sales		(55,679)	(54,430)	(76,298)
Gross margin		21,673	(30)	(13,113)
General and administrative expenses		(14,647)	(15,955)	(24,273)
Other income and expenses		6,085	(840)	3,212 ***
Operating profit		13,111	(16,825)	(34,174)
Net financial income (expense)		(36,190)	(3,470)	(7,080)
Tax		(15)	(228)	20
Net profit		(21,665)	(22,558)	(43,440)
Financial indicators				
EBITDA(*)		20,749	(10,518)	(24,844)
Equity	51,250	6,569	51,055	51,055
Net financial debt	36,257	77,188	71,555	71,555
Debt/EBITDA	1.7	3.7	n/a	n/a

(*) EBITDA = earnings before interest, tax, depreciation and amortisation and net result on fixed asset divestiture

(**) AgroGeneration pro forma consolidated income statement at 31 December 2013 (including Harmelia following the merger on 1 January 2013)

(****) Reclassification of VAT on sales under "Other expenses and income" in line with 2014.

(*****) Based on an estimated breakdown between equity and debt of 75% / 25% (total proceeds: €59.6 million)





AgroGeneration posted revenues of €64.6 million in 2014 compared to €72.2 million in 2013 (pro forma) against the backdrop of declining prices. Revenues include the sale of stock from the 2013 crop year and the sale of the Group's production in 2014, namely 361,000 tons of the 401,000 tons produced. The difference in tonnage corresponds to the production retained by the company for its own needs (seed and payment of part of its leases) and to a stock of 6,000 tons as at 31 December 2014 for sale at the beginning of 2015.

An EBITDA reflecting the Group's agronomic performance

The Group improved its EBITDA by €45.5 million between 2013 (pro forma) and 2014, that breaks down as follows:

- +37.2 M€ related to agronomic performance
 - yields have increased for an impact of 13.2 M€ combined with cost savings of 11.5 M€ and a positive forex impact of 7.4 M€ compared to 2013
 - those impacts were partially offset by a global price decline of -7 M€, which had been anticipated in 2013 in the value of bio assets and thereafter generated a positive variation versus 2013 of +12.1 M€
- -4.9 M€ relative to the decrease in hectares sown (-6000 ha)
- +0.6 M€ relative to the change in fair value of bio assets as of 31 December 2014 (corresponding to the winter plantings of the 2015 season)
- +2.9 M€ relative to government subsidy with a favorable mix of revenues and costs
- +9.7 M€ relative to SG&A: €2.5 million savings (-10% compared to 2013), €4.3 million in non-recurring expenses related mainly to 2013 merger costs and €3.1 million of positive impact of forex

The total positive forex impact on EBITDA is €10.5 million which has to be compared with the negative cash forex impact on financial result of €12.3 million.





Financial results significantly impacted by foreign exchange losses

The extremely harsh impact of the Hryvnia's devaluation, however, weighed significantly on AgroGeneration's net financial expense for 2014, which rose to €36.2 million from €7.1 million in 2013 on a pro forma basis and breaks down as follows:

- **Cost of debt** of €8.8 million (compared to €6.1 million in 2013). The €1.7 million change reflects mainly the KONKUR bonds over 12 months (compared to three months in the previous year) plus the increase in financing costs on crop loans;
- **Foreign exchange losses** of €27.2 million on all Group debt contracted in US dollars, and consisting in large part of crop loans and intra-group loans. This includes cash foreign exchange losses of €12.3 million mainly on redeemed crop loans in US dollars. Also included are unrealised foreign exchange losses of €14.9 million as of 31 December 2014 with no cash impact, primarily linked to Konkur bonds and intra-group loans in US dollars eliminated in consolidation that will not be paid back.

Based on the above, for this year AgroGeneration was successful in cutting its net loss in half to €21.7 million after recognising income from the sale of holdings in Argentina of €1.4 million.

Operating cash flow of €18.6 million

AgroGeneration Group generated a positive operating cash flow of €18.6 million in 2014, offsetting the impact of financial expenses for the year which included €6.6 million in interest and €12.3 million in cash foreign exchange losses. The company also invested €2.3 million in new equipment. As of 31 December 2014, cash and cash equivalents amounted to €5.4 million.

Balance sheet at 31 December 2014

The Company's balance sheet position was severely impacted by the Hryvnia's devaluation. In particular, shareholders' equity ended the period at €6.6 million (compared to €51 million in 2013), after foreign exchange losses of €22.8 million and a €21.7 million net loss for the period.





The Company's assets were also impacted by this devaluation, in particular fixed assets in the amount of €22.2 million (compared to €44.9 million in 2013). The Company has ordered a report to BDO, an independent firm that currently shows an adjustment of +€26.8 million that will be integrated in the financial statements in 2015.

Furthermore, the amount of the Group's equity and debt (net debt of €77.2 million at 31 December 2014) does not take into account its recent financial restructuring, which has enabled it to drastically reduce its long-term debt. As a reminder, 75% of the €59.6 million OSRANE issue will be reported as equity in financial year 2015. To date, the Company's long term debt consists of a loan from EBRD (US\$7 million or ~€6.33 million) and the portion of the OSRANE issue recognised under debt or approximately 25% at the time of the issue (~€15 million), decreasing every six months, or long term debt of ~€21 million and net equity of ~€51 million.

After taking into account the impact of revaluation of net assets and the restructuring, the equity would amount to 78 M€. It includes besides a depreciation of €37.9 million related to the depreciation of goodwill at the time Harmelia adopted IFRS standards as of 1st of January 2011.

Corporate governance changes

Pursuant to the financial restructuring and to reflect the breakdown of capital after the conversion of OSRANE bonds into shares, the Company has streamlined its corporate governance by reducing the number of Board members from 11 to 7 and removing the position of Deputy Chief Executive Officer after the departure of Charles Vilgrain, Deputy Chief Executive Officer, who wished to pursue other career opportunities.

The Board of Directors is chaired by Michael Bleyzer, with Pierre Danon serving as Vice-Chairman. Recruitment is in process to add one or two independent directors.

The Board of Directors decided to appoint Marie Barbaret as Corporate Secretary of AgroGeneration. She will also be responsible for investor relations. With a degree from ESSEC and the London School of Economics (LSE), Marie Barbaret began her career in auditing with one of the big 4, before occupying the position of Corporate Development and Strategy Manager for Andromède (controlling family holding of Rémy Cointreau) for seven years. In 2014, she founded her own consulting firm and advised AgroGeneration on its financial restructuring operation. Marie Barbaret will report directly to John Shmorhun, the Group's Chief Executive Officer.





Outlook for 2015: achieving a lasting recovery

2014 marked a genuine return to operating profitability for AgroGeneration. With these strong results and recent financial restructuring affording the Group greater financial flexibility, AgroGeneration is well positioned to sustain this performance.

Facing a severe deterioration in its geopolitical and macroeconomic backdrop, the company maintains its outlook for a comparable operating performance over the next two years. This outlook does not, however, constitute a forecast within the meaning of the European Regulation of 29 April 2004.

AgroGeneration's 2015 crop year has gotten off to a strong start. Out of ~108,000 hectares of land farmed this year, 59,000 hectares have already been sown with winter crops. The Group's three main crops this season are wheat, sunflower and barley. Financing for the 2015 farming season is now fully secured by means of diverse sources, including short term bank loans.

At the same time, AgroGeneration will seek to boost forward sales (approximately 20 to 30% of annual sales) to protect itself against price volatility and to protect its margins.

AgroGeneration on Alternext

Equities



ISIN code: FR0010641449

Ticker: ALAGR

Bonds

YAGRO

ISIN code: FR0012600872

Ticker: BAGRO

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 5 producers of grain and oilseed in Ukraine, with close to 120,000 hectares of farmland under management. Through the high-potential farmland it leases, the Group's mission is to meet the food challenges of tomorrow as global consumption doubles in scale between now and 2050





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