



Financial restructuring of AgroGeneration:

Proposed issue of OSRANE subordinated bonds redeemable in shares (*Obligations Subordonnées Remboursables en Actions Nouvelles ou Existantes*) guaranteed by the main bondholders

Paris, 30 December 2014

Today, AgroGeneration, an international specialist in grain and oilseed production in Ukraine, announces a plan for shoring up its financial structure through an issue of OSRANE subordinated bonds redeemable in shares (*Obligations Subordonnées Remboursables en Actions Nouvelles ou Existantes*) with preferential subscription rights (hereafter the "OSRANE subordinated bonds") for approximately €65 million. The aim of this issue is to replace existing bond debt amounting to €55 million and raise an additional €10 million in cash.

This plan aims to put AgroGeneration's balance sheet back on sound footing - by significantly reducing its medium-term debt and strengthening its equity position - and will in time enable it to diversify its funding sources under favourable conditions.

A number of developments has made it necessary to reinforce the balance sheet:

- a significant imbalance between equity that has been severely impacted by the Hryvnia's devaluation and debt (net debt of €85.4 million versus equity of €21.6 million at 30 June 2014);
- an uncertain geopolitical climate in Ukraine leading to difficulties in obtaining reasonable terms to finance the company's production cycle with potential for disrupting operations.

Income statement highlights for AgroGeneration and information on net debt as of 30 June 2014 are presented on page 4 of this press release.





In light of this situation, AgroGeneration has obtained the consent for this operation from its main bondholders, including Konkur, representing almost 80% of outstanding bonds. These bondholders have undertaken to subscribe to this issue by offsetting their bond debt, on the basis of one OSRANE bond for each existing bond.

To execute this agreement, AgroGeneration has obtained the authorisation from the President of the Commercial Court of Paris to initiate a conciliation procedure with its bondholders. The purpose of this procedure is to obtain an undertaking by all bondholders to subscribe to the OSRANE bonds by offsetting the full amount of their debt. The bondholders (BAGRO) will be consulted at a General Meeting to be held on 15 January 2015 for this purpose.

In the absence of a unanimous decision, AgroGeneration would be required to enter into a fast track financial safeguard procedure (*sauvegarde financière accélérée*), whereby the bondholders would vote again by a two thirds majority in favour of a debt restructuring plan already accepted in the conciliation procedure. If the fast track safeguard procedure was to be approved by the Court, it would thereupon be construed as an undertaking by all bondholders to subscribe to OSRANE subordinated bonds.

Shareholders, who must also approve this transaction at a General Meeting to be held on 5 February 2015 will be able to participate in this issue by exercising their preferential subscription rights, and in this way avoid dilution.

In the event of undersubscription, the Board of Directors will then allocate the OSRANE bonds to the bondholders that will subscribe by offset of debt.

If the amount of subscriptions in cash exceeds €10 million, the bondholders would then receive payment in cash for the portion of their bond debt which is not offset.

As an outcome of the OSRANE subordinated bonds subscription, (which should be recognised, in accordance with IFRS, primarily as quasi-equity), the Group will have reinforced its balance sheet, reduced its repayment instalments and lowered its medium-term debt.





A prospectus will be issued for this proposed operation submitted for approval (*visa*) by the AMF, which may be launched in the first quarter of 2015. Detailed information and a complete calendar for this operation will be made public by AgroGeneration as soon as possible.

Main characteristics of the proposed operation

AgroGeneration intends to issue 650,000 OSRANE subordinated bonds, with a nominal value per bond of €100 issued at par, that will be in part guaranteed by offset with the existing bonds. The OSRANE subordinated bonds will be listed on Alternext.

They may be redeemed in shares before maturity on each coupon maturity date and will confer a right to a prepayment premium in the form of additional shares for a maximum of 28 new shares per OSRANE subordinated bond.

Principal terms of the proposed transaction

- Nominal value: 100 euros
- Fixed annual yield: 8%
- Coupon frequency: half yearly
- Repayment: 192 new or existing shares for one 1 OSRANE subordinated bond
- Maturity: 2019

Potential dilution for the shareholder not exercising his or her subscription right

The maximum dilution for a shareholder choosing not to exercise his or her preferential subscription right would be 60.76% in the case where the OSRANE would be subscribed and converted on first coupon maturity date into shares.





Additional information on interim consolidated results

The Group provides further details on its 2014 interim accounts and invites all its shareholders and bondholders to consult the interim report at the website www.AgroGeneration.com.

Financial highlights at 30 June 2014

(€ 000's)	AgroGeneration H1 2014	Pro forma AgroGeneration H1 2013 ⁽²⁾	Ex-Harmelia H1 2013 ⁽³⁾	Ex-AGG restated H1 2013 ⁽⁴⁾	Ex-AGG reported H1 2013 ⁽⁵⁾
Revenues	4,940	18,400	7,333	11,067	11,836
Biological assets – measured at fair value	8,258	(3,222)	2906	(6,128)	(8,448)
Cost of sales	(5,239)	(21,287)	(7,466)	(13,821)	(13,600)
Gross margin	7,959	(6,109)	2773	(8,882)	(10,212)
Selling, general and administrative expenses (SG&A)	(6,669)	(9,075)	(5,300)	(3,775)	(3,885)
Other income and expenses	2,079	1735	1035	700	64
Operating profit	3,369	(13,449)	(1,492)	(11,957)	(14,033)
Net financial income (expense)	(16,751)	(2,170)	113	(2,283)	(2,283)
Tax	25	177	(6)	183	184
Profit from discontinued operations (Argentina)	1,429	-	-	-	-
Net income	(11,928)	(15,442)	(1,385)	(14,057)	(16,132)

(1) Figures published in the press release of 30/10/2014.

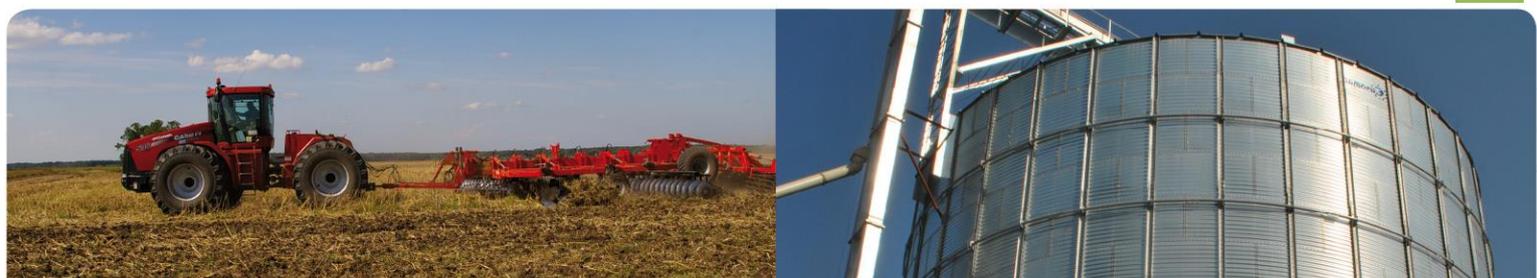
(2) Pro forma data (ex-Harmelia + ex-AGG: consolidation scopes (3) + (4)), unaudited for ex-AGG restated H1 2013 (4), also published for information purposes in the press release of 30/10/2014.

(3) Ex-Harmelia consolidation scope. According to IFRS, as the consolidating entity in the merger, Harmelia has become the company of reference for reporting purposes; whose data are accordingly presented in the accounts of 30/06/2014 and were also published on 30/10/2014.

(4) Data of the former AgroGeneration consolidation scope has been restated according to accounting policies of the group after the merger with Harmelia (the difference being revenues and fair value of biological assets being presented excluding VAT compared to previously shown including VAT). These figures are unaudited.

(5) Data published in the press release of 26/11/2013.

The revenues for the first half of the year are generally coming from the sale proceeds of crops held in inventories at end of December of the previous year. In 2014, the revenues at end of June of 4.9 M€ corresponds to the sale of 28,000 tons vs. 89,000 tons at end of June 2013 representing a turnover of 18,4 M€.





The gross margin of 8 M€ at end of June 2014, and the variation of gross margin between 2013 and 2014, are mainly related to the change in revaluation of biological assets. This change represents a profit of 8.3 M€ at end of June 2014 vs. a loss of (3.2) M€ at end of June 2013. At end of June 2014, the revaluation gain is mainly due to the increase in areas sown (first valuation at fair value of spring crops for the first half of the year), the increase of yields being offset by a decrease in prices. At the end of June 2013, the increase of sown areas did not offset the decrease of prices, and of some yields for certain crops of the former AgroGeneration scope.

Net debt as of 30 June 2014

All loans granted in the Ukrainian entities are denominated in US dollars. Their translation into the functional currency (Ukrainian hryvnia) in an environment marked by the significant devaluation of the hryvnia had a very adverse impact on the company's equity and income statement.

As of 30 June 2014, net debt stood at €85.4 million, compared to €71.5 million as of 31 December 2013 (in the press release of 30 May 2014 on the 2013 annual results, the amount reported for 31 December 2013 of €69.9 million did not take into account the €1.6 million bank overdraft).

As every year, the level of debt at 30 June 2014 will be lower at the end of 2014. Indeed, in terms of financing, reflecting the cyclical nature of AgroGeneration's activities, debt is traditionally higher in the first half as working capital requirements peak on 30 June, while crops are still in the fields and the commencement of harvesting is a few days away, and with it, inflows of sales revenues.

AgroGeneration on Alternext

Shares

ALAGR
LISTED
NYSE
ALTERNEXT

ISIN code: FR0010641449

Abbreviation: ALAGR

Bonds

BAGRO
LISTED
NYSE
ALTERNEXT

ISIN code: FR0011270537

Abbreviation: 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 ambition is to meet the food challenges of tomorrow as global consumption doubles in scale between now and 2050.

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AgroGeneration

John Shmorhun, Group CEO
Charles Vilgrain, Deputy CEO
+33 (0)1 56 43 68 60

investors@AgroGeneration.com
www.AgroGeneration.com

Actus Finance

Guillaume Le Floch, Investor Relations
+33 (0)1 53 67 36 70
Anne-Pauline Petureau, Investor Relations
+33 (0)1 53 67 35 74
Alexandra Prisa, Media Relations
+33 (0)1 53 67 36 90

