ROSTOK HOLDING
AGROINDUSTRIAL HOLDING

GROUP PRESENTATION

MAY 2020

CONTENTS

ROSTOK HOLDING
AGROINDUSTRIAL HOLDING

I. GROUP OVERVIEW

SUMMARY

- Rostock Holding Group is a vertically integrated agro industrial holding
- Areas of activity: crop production, livestock breeding, grain storage, sales
- The Group is in the top 10 most effective agricultural companies in Ukraine according to Landlord magazine (EBITDA’17/ha - $261)

✓ **Crop production:**

- Profile crops: corn, sunflower, wheat, soybeans
- In 2019, 193 ths. tons of cereal crops and oilseeds were collected

✓ **Dairy farming:**

- Following the results of 2019, the total number of cattle amounted to 2,423 heads, of which 1,188 were feed cows
- In 2019, the productivity of feed cows reached 7,977 kg / head

Key financial indicators of the Group, $mln.

	2015	2016	2017	2018	2019	2020 Plan
Earning	53.3	38.0*	53	53.1	40.8	42,1
EBITDA	20.1	19.2	13.7	8.9	4.5	14,0
Net profit / loss	12.8	9.3	4.7	3.1	0.6	11,1

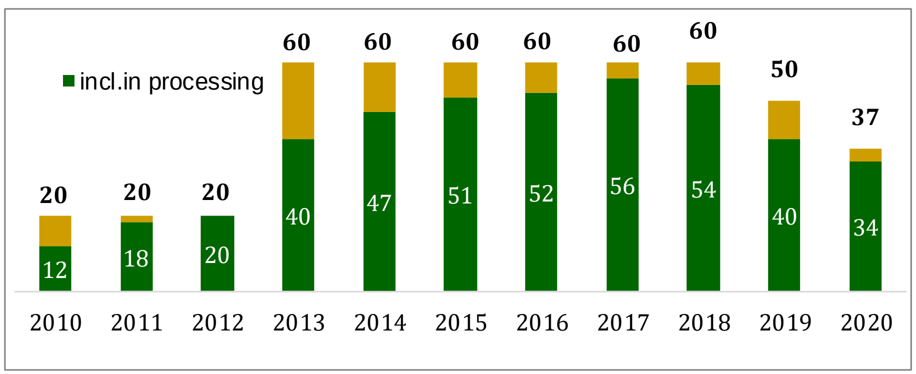
Source: 2015-17 – Baker Tilly audited financial statements according to IFRS for 2018-2019, in accordance with NAS(R); 2020 plan

**Carryovers of grain crops harvested in 2015/2016 were sold at the end of 2015*

Key assets of the Group for 2020:

- Land bank under control - 37,400 ha in lease
- 2 modern elevator with the storage capacity of 100,100 tons (including construction of 2020)
- 320 units of self-propelled and trailed equipment
- 2 dairy farms

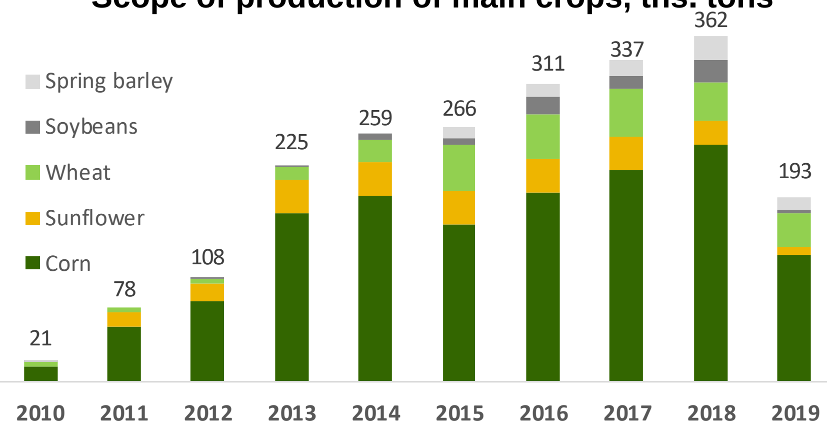
Land bank of the Group*



ths. ha

** In 2019, 12,000 ha of land were subleased and 10,000 ha in the Ichnia cluster withdrew from the Group.*

Scope of production of main crops, ths. tons**



*** Bulk yield in bunker weight.*

GEOGRAPHY AND HISTORY

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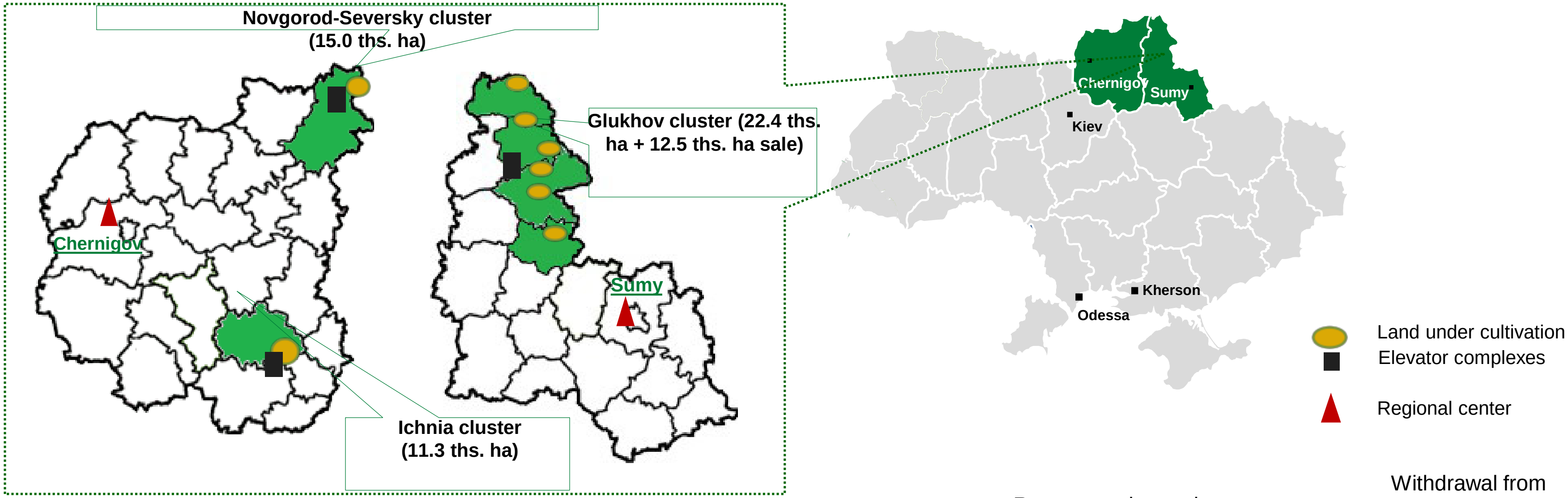

1993...
- V.Kupavtsev and V.Kiyanovsky establish a milk processing business on the basis of the Ichnia and Srebnoe dairies
- Ichnia Milk Powder and Butter Factory is certified according to the quality management system ISO 9001-2001

...2003...
- Start of crop production: land bank under control - 7 ths. ha
- Strengthening of vertical integration: acquisition of a feed mill in Ichnia

...2010...
- Land bank under control - 20 ths. ha
- Launch of the 1st stage of a modern elevator in Ichnia (25 ths. tons of simultaneous storage)

...2012...
- Launch of the 1st stage of a new elevator in Glukhov (20 ths. tons of simultaneous storage)
- Increase in the land bank to 60 ths. ha

...2013-2014...
- Joining to the elevator complex group in Novgorod-Seversky
- Increase in the storage capacity up to 91 ths. tons

2015...
- Reconstruction and launch of the 1st stage of the seed line in Glukhov
- Withdrawal from the dairy group

2016-2017
- Start of reconstruction and optimization of dairy farms in Ichnia
- Modernization of the elevator complex in Novgorod-Seversky

...2019...
- Withdrawal from the group of V.Kiyanovsky and allocation of the Ichnia cluster with a land bank of 11.3 ths. ha
- Change in the composition of beneficiaries, joining of Ya.Gribov

...2020
- Sale of 12.5 ths. ha of land: Yampol and Seredyna-Buda
- Increase in the storage capacity in Glukhov from 45.5 to 73 ths. tons

II. STRATEGIC GOALS

STRATEGY AND DEVELOPMENT PLANS

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Agribusiness

Crop production

- ✓ Gross revenue growth
- ✓ Focus on highly profitable crops: wheat, corn, sunflower, soybeans, barley
- ✓ Application of modern agricultural business technologies and a further increase in yields of all crops
- ✓ Modernization of agricultural machinery
- ✓ Introduction of precision farming elements

Grain storage

- ✓ Increase in the storage capacity
- ✓ Drying capacity growth
- ✓ Increase in the output of elevator complexes
- ✓ Increase in their energy efficiency

Livestock breeding

- ✓ Production intensification
- ✓ Optimization of technological and production processes
- ✓ Increase in the cow productivity thanks to advanced technology and renewal of a herd

III. OPERATING PERFORMANCE

CROP PRODUCTION

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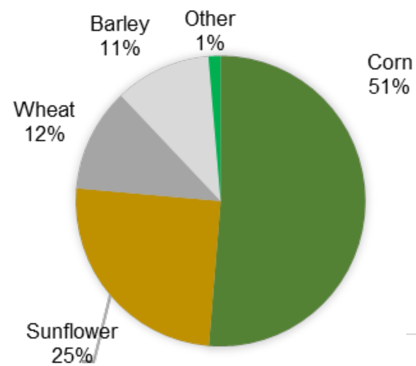
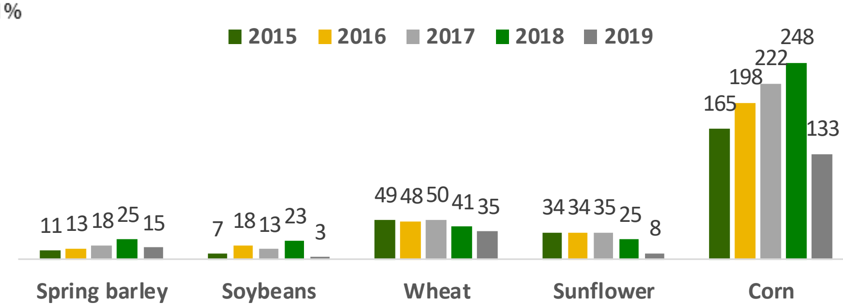
- Crop area in 2020 – 34.2 ths. ha
- Lands, 2 adjacent clusters, are located in the North of Ukraine – in Chernigov and Sumy regions
- Use of modern agricultural technology
- Focus on more profitable and popular crops: winter wheat, corn, sunflower, spring barley
- According to the results of 2019, indicators of the average productivity of crops exceed the average indicators for Ukraine

Structure of crop rotation, 2020



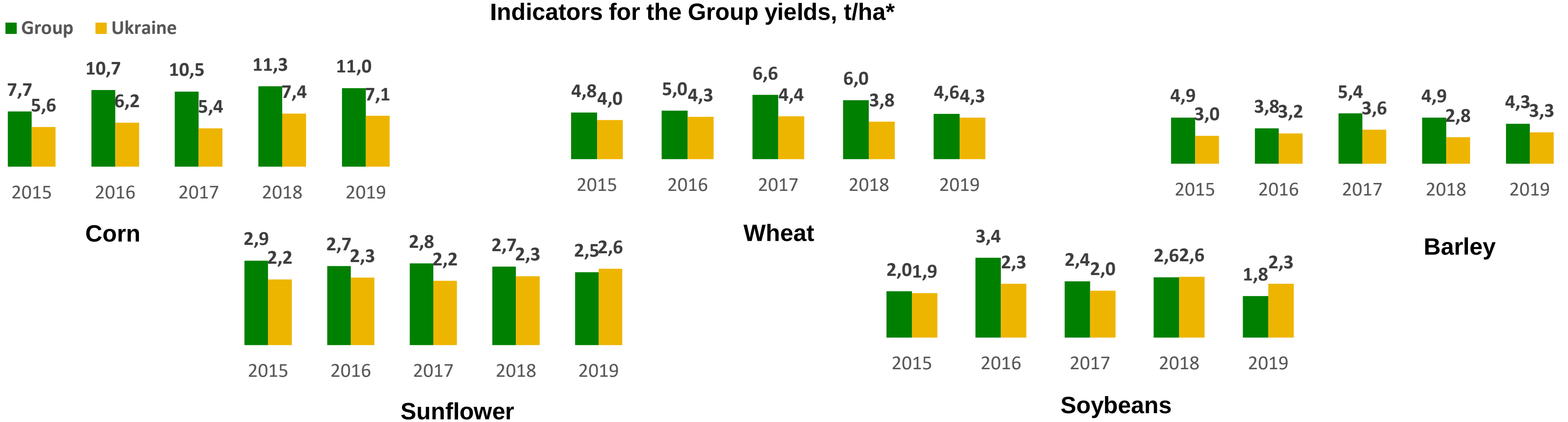
34.2 ths. ha

Volume of production of main crops, ths. tons*



**Bulk yield in bunker weight.*

Indicators for the Group yields, t/ha*



**Yields in bunker weight*

Source: Ministry of Agrarian Policy, Group's data

CROP STORAGE AND INFRASTRUCTURE

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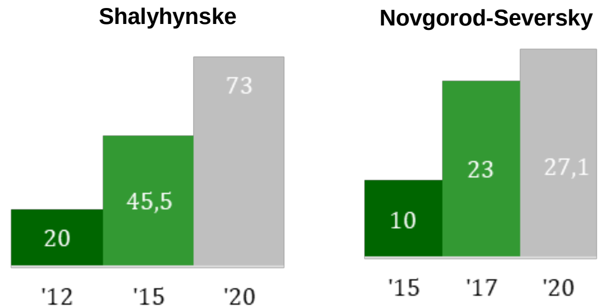
- The Group invests in its own elevators in close proximity to the agricultural fields because of a shortage of the quality infrastructure for storing crops in the market
- Elevators are furnished with equipment from the leading manufacturers: Petkus (Germany), Mega (Argentina), Brock Meyer (the USA), SPS (Spain), Lubnymash (Ukraine), Damas (Denmark), Rakoraf (Germany), Khorolsky Mechanical Plant (Ukraine), Olis (Ukraine)
- At present, the total capacity for simultaneous storage of crops at the Group's elevators is 72.6 ths. tons; in the autumn of 2020, it will be 100.1 ths. tons
- The Group also applies the technology for storing crops in plastic sealed bags

Plans to increase the existing storage capacity of the Company*



*ths. tons at the end of the year

Elevator – Glukhov

Indicators	Capacity/Output	
	LLC "Shalyhynske" (Glukhov, Sumy region)	**LLC "Novgorod-Seversky Elevator"** (Novgorod-Seversky, Chernigov region)
Storage tanks	Current – 45,5 ths. tons (project capacity for the autumn of 2020 – 73 ths. tons)	Current – 27.1 ths. tons
Crop drying**	2,400 t/day	1,200 t/day
Crop cleaning	200 t/h	100 t/h
Conveyors	250 t/h	100 t/h
Acceptance	4,300 t/day	2,200 t/day
Shipment by car	2,300 t/day	1,000 t/day
Shipment to railway	2,000 t/day: 32 car/day	1,260 t/day: 18 car/day
Car supply front	16 pcs.	9 pcs.

*as of 01.01.2020
**drying capacity with a moisture indicator of corn 28%

Elevator – Novgorod-Seversky

SALES OF CROPS

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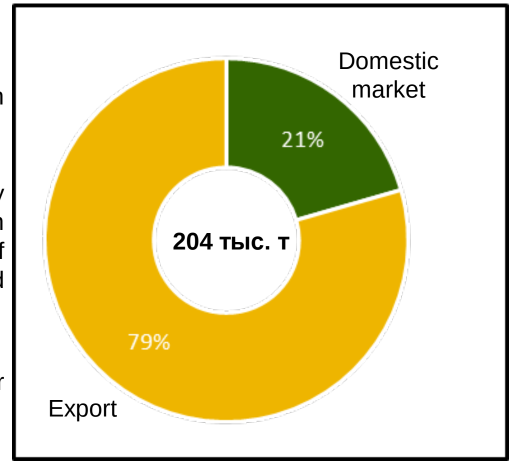
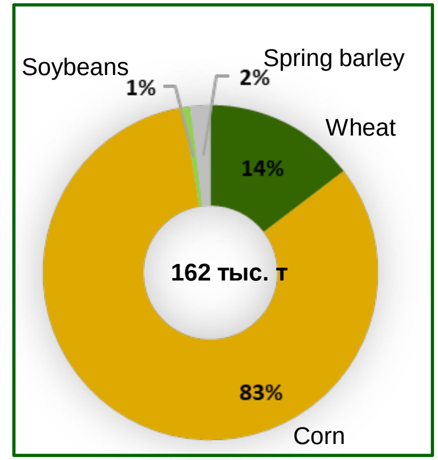
- **2009-2013:**
  - ✓ The Group sold not only its own products, but also those purchased from the market
  - ✓ Supplies were made under the terms of CIF and FOB
  - ✓ For 5 years, export sales increased almost 3 times to about 600,000 tons in 2013
- **2014:**
  - ✓ Against the background of low grain prices, primarily due to an oversupply at the market and also due to the current macroeconomic situation in Ukraine, the Group's trading tactics was adjusted starting from the 2nd half of 2014 – it was decided to focus on the development of production and sell only its own products
- **2017-2019:**
  - ✓ Corn, wheat, soybeans and spring barley grown by the Group were sold for export
  - ✓ Sunflower was fully sold for processing in Ukraine

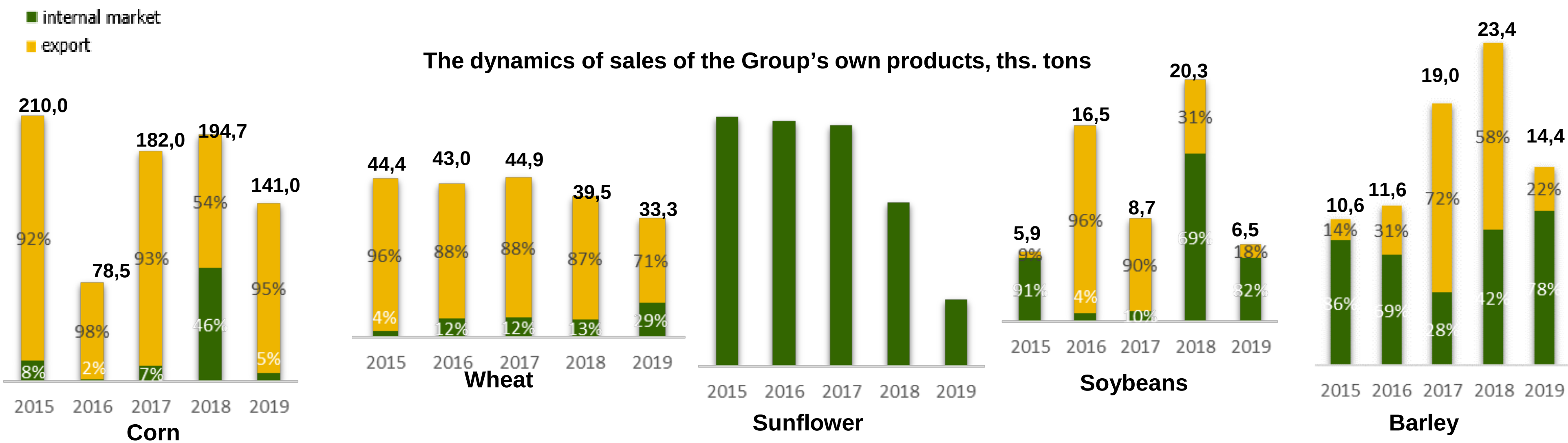
Distribution channels, 2019



Structure of export sales by the type of crop, 2019



The dynamics of sales of the Group's own products, ths. tons



AGRICULTURAL MACHINERY AND MATERIALS

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Modern machinery and high-quality materials from the leading global suppliers

Seed suppliers

MONSANTO
DUPONT
PIONEER
EURALIS SEMENCES
MAÏSADOUR semences
syngenta

Machinery suppliers

JOHN DEERE
CASE IH AGRICULTURE
CLAAS
LEMKEN
Great Plains
KINZE
VÄDERSTAD

Fertilizer suppliers

ЕРІДОН
УАПГ
PHOSAGRO
МАКРОХИМ
УКРАГРО НПК

Plant protection suppliers

syngenta
DUPONT
BASF We create chemistry
Bayer CropScience

DAIRY FARMING

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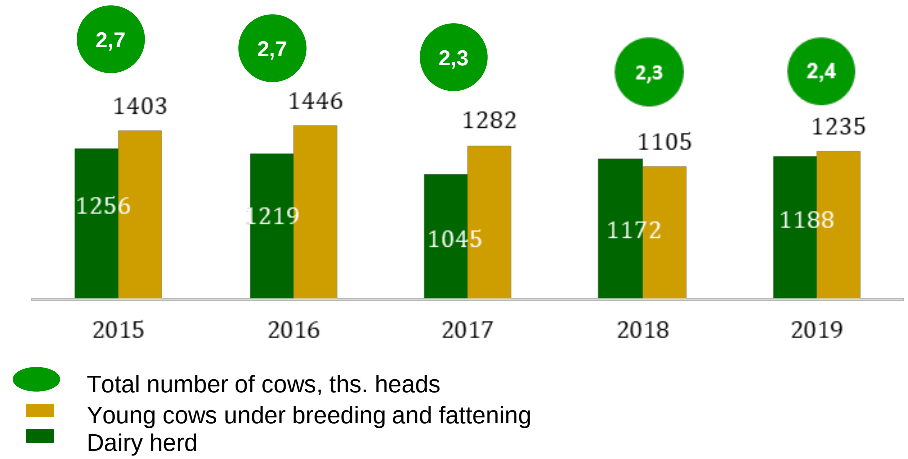
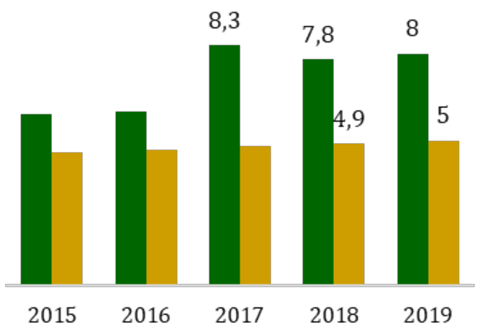
- Dairy farming operates on the basis of 5 farms in Chernigov and Sumy regions, a basic breed is Holstein (dairy breed)
- Farms steadily produce high quality milk: protein content – at least 3.1%, fat – 3.7%
- The system of keeping cows is mixed (stall tethered and untethered); service method is group; feed distribution is mechanical using a feed mixer
- Farms in Chernigov region are equipped with a cow milking parlor GEA Westfalia
- In 2019, feed cow productivity made 7.977 kg / head
- In 2016, the reconstruction of dairy farms on the territory of Ichnia cluster started as part of optimization of the livestock sector of the Group

Cattle stock structure



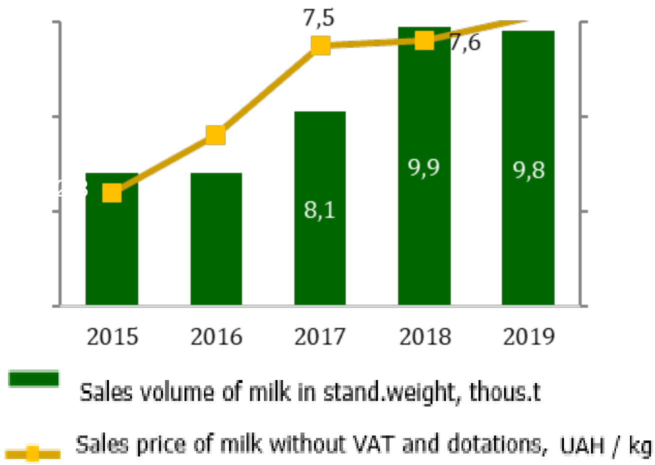
Cow productivity



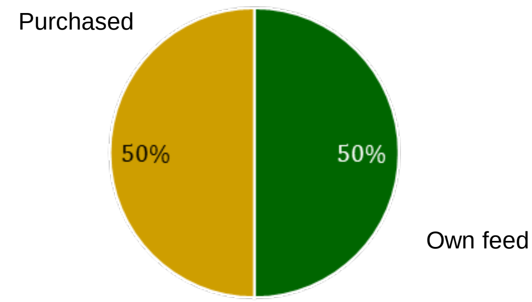
Milk yield per head a year, tons

■ Rostok-Holding ■ Ukraine

Volume and selling price of milk



Feed use, 2019



** based on costs in monetary terms*

IV. FINANCIAL KEY PERFORMANCE INDICATORS

FINANCIAL REVIEW

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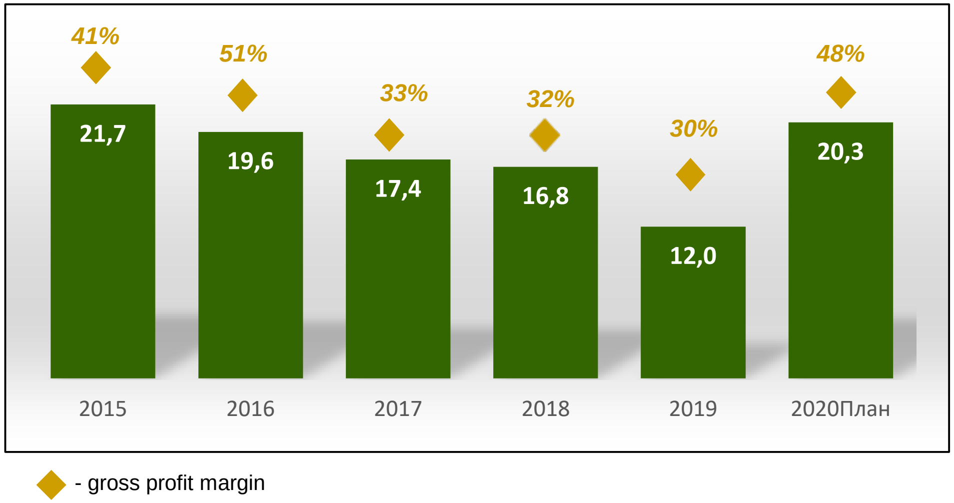
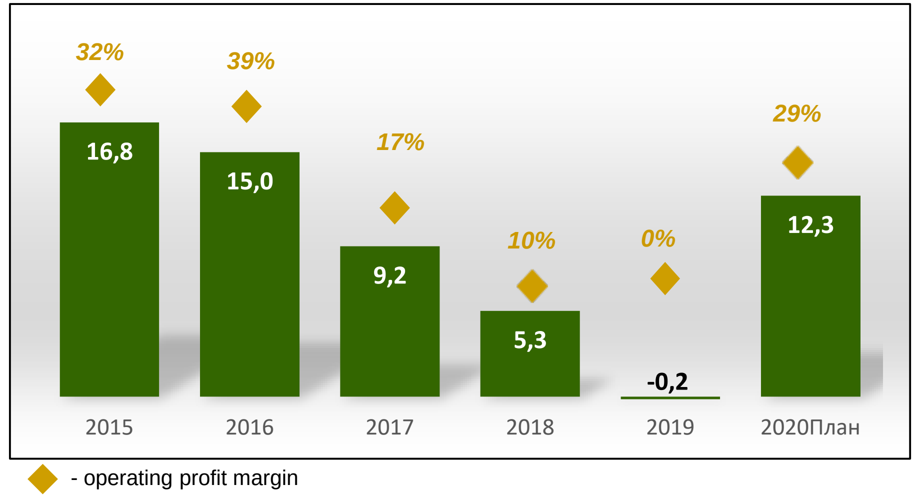
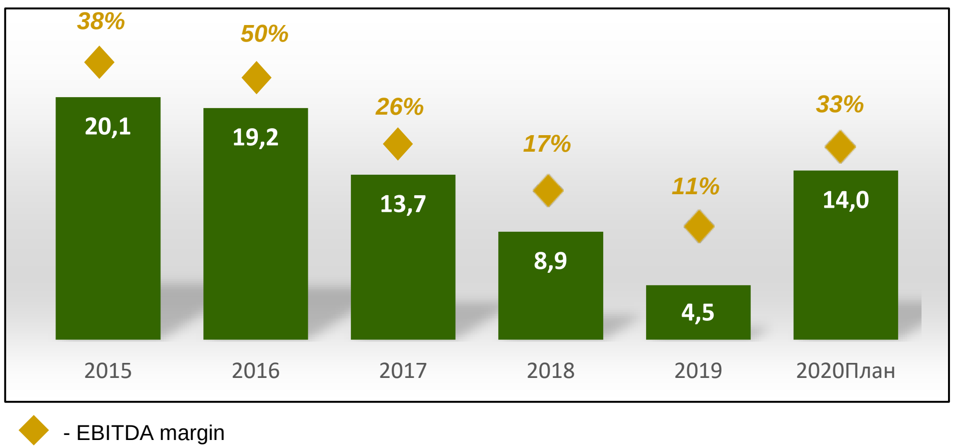
Gross profit, $mln.



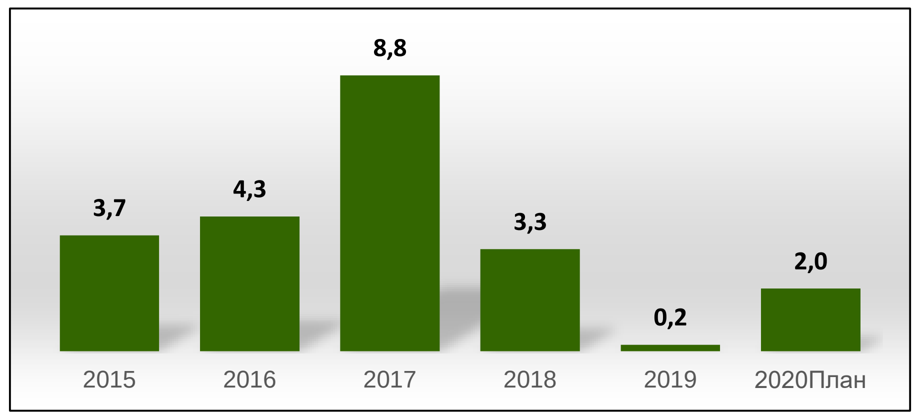
Operating profit, $mln.



EBITDA, $mln.



Investments, $mln.

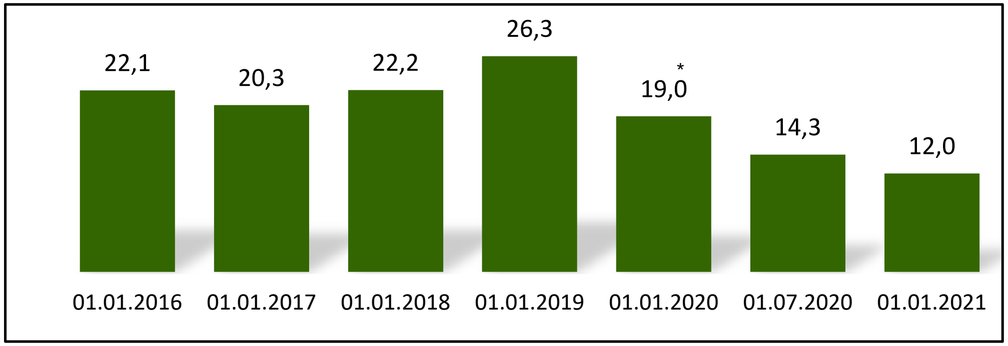


Source: Baker Tilly audited financial statements according to IFRS for 2015-17, 2018-2019 - NAS, 2020 - forecast

DEBT PROFILE

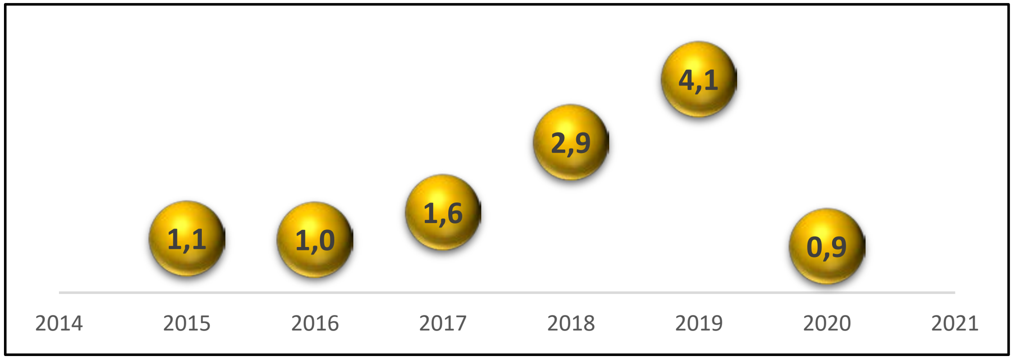
- **Total debt of the Group as of December 31, 2019 was $ 19.0 million:**
  - ✓ Main financial partners of the Group are PJSC ProCreditBank and Mustang Finance.
- The debt burden of the Group (net debt / EBITDA) at the end of 2019 does not exceed 4.1x.

Loan portfolio, $mln.



** As of 01.01.2020, the obligations of Ichnia cluster in the amount of $ 4.0 million are also included in the debt portfolio of $ 19.0 million.*

Net debt / EBITDA



Source: Baker Tilly audited financial statements according to IFRS for 2015-17, 2018-2019 - NAS, 2020 - forecast

You will enjoy cooperating with us!

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