

# Black Earth Farming at a Glance



- **Business profile: Efficient producer of grain and oil seeds in Russia's Black Earth Region**

- A major land owner and producer of cereals, oilseeds and vegetables in Russia's fertile Central Black Earth region
- 588 thousand tons production from 149,000 cropped hectares in 2015
- Key crops includes corn, wheat, sunflower, barley and potatoes
- Science driven approach to agronomy and farming to increase productivity and cut costs per ton
- In-house sales and trading with export capacity and futures hedging to control value chain and manage risks
- Irrigated vegetable cropping to diversify core business and exploit market opportunity

- **Land: 256, 000 Hectares controlled and 227,000 Hectares of owned high quality agricultural soil**

- Consolidated land bank in Russia's Black Earth region, endowed with some of the most fertile soils in the world
- Total controlled land bank of 256,000 hectares, with 89%, or 227,000 hectares in ownership
- 25,000 hectares leased and 4,000 hectares in process of registration as of 31 December 2015
- 197,000 hectares held on balance sheet at historical cost of USD 22.3mn

- **Storage: 470,000 tons of storage capacity. 230,000 storage capacity at railhead**

- 160,000 tons of bin storage and 70,000 of flat bed storage at railhead
- 40,000 tons of ventilated bin storage and 200,000 tons of flat bed storage on farms
- Investment in drying capacity and storage to reduce transshipment and increase sales flexibility
- Self-sufficient in storage and processing capacity
- 17,000 tons of vegetable crop storage capacity

- **Machinery and equipment: Around 500 units of mostly western agricultural equipment**

- Modern machinery fleet including John Deere, CLAAS and Caterpillar challenger equipment
- 68 combines, 37 self-propelled sprayers, 109 tractors, 175 trucks
- Self-sufficient to manage seeding and harvesting campaigns with in-house fleet
- Fully equipped workshops and central spare part and maintenance operations

- **2015 results: USD 14.3mn (-17.4mn) net income on higher yields and lower costs**

- Average blended yield (excl vegetable crops) up 36% y-o-y and up 90% since 2011
- Production costs per ton down 37% y-o-y and 47% since 2011 on yield improvement, operational efficiencies and ruble weakness
- EBIT up \$23.1mn y-o-y from \$6.2mn to \$29.4mn
- Bond buybacks contributes to lower financing costs and reduced foreign exchange translation losses
- Adjusted for crop inventory movement and financing items, cash flow positive in 2015

**Kursk**

Controlled land, ha	82 900
Owned land, ha	76 900
Land in production, ha	72 502
Storage capacity, tons	158 036

**Lipetsk**

Controlled land, ha	39 918
Owned land, ha	35 734
Land in production, ha	43 498 <sup>1</sup>
Storage capacity, tons	106 400

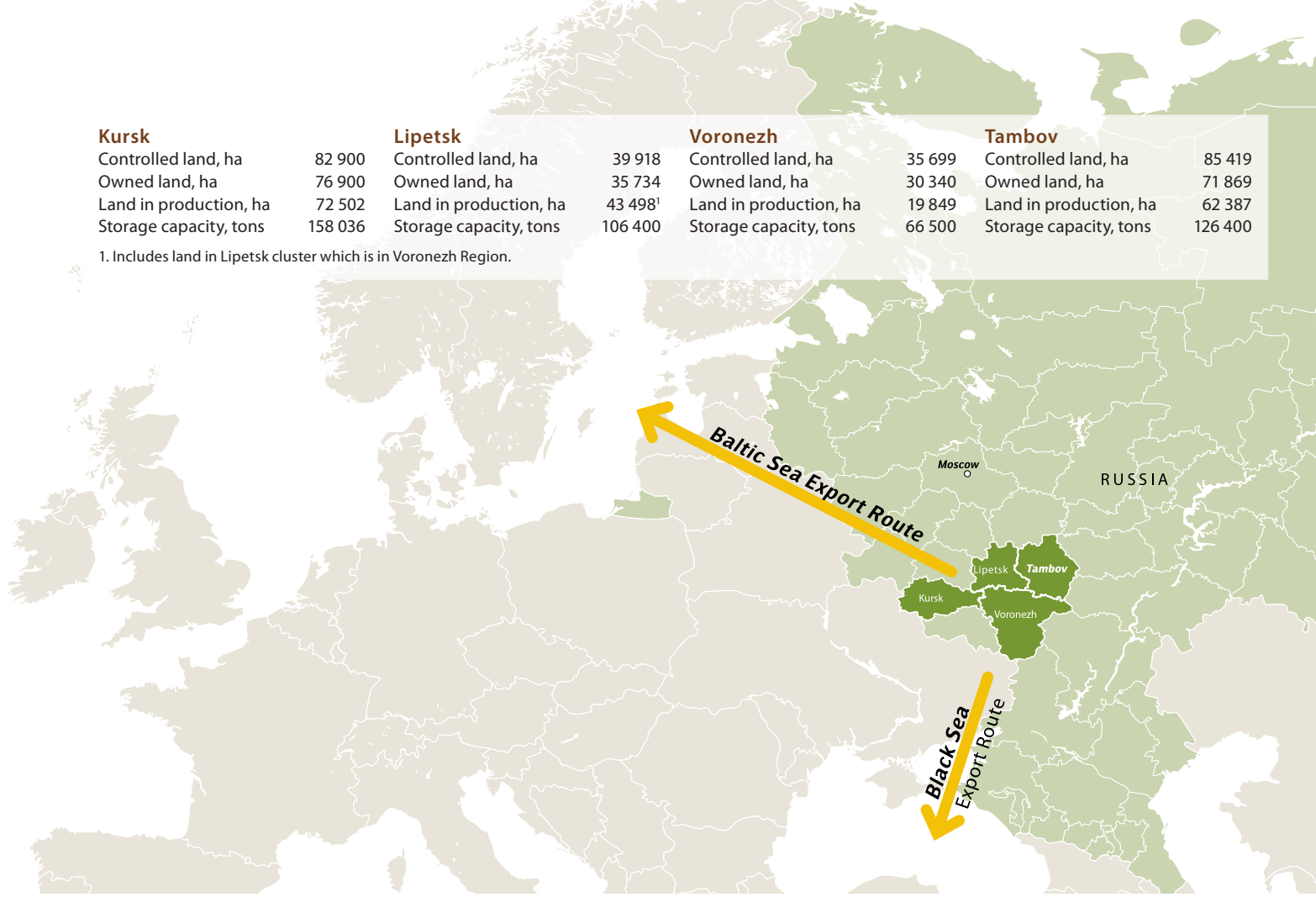
**Voronezh**

Controlled land, ha	35 699
Owned land, ha	30 340
Land in production, ha	19 849
Storage capacity, tons	66 500

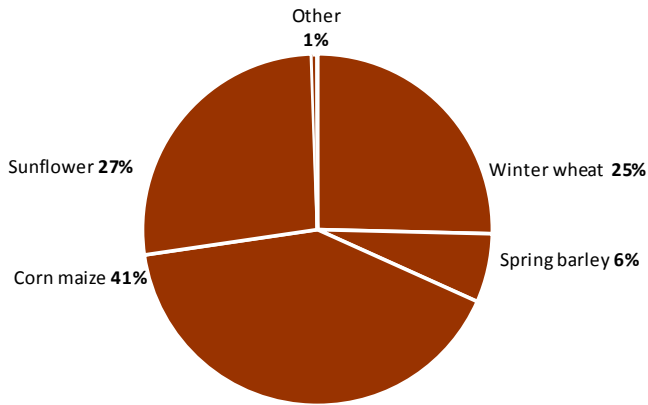
**Tambov**

Controlled land, ha	85 419
Owned land, ha	71 869
Land in production, ha	62 387
Storage capacity, tons	126 400

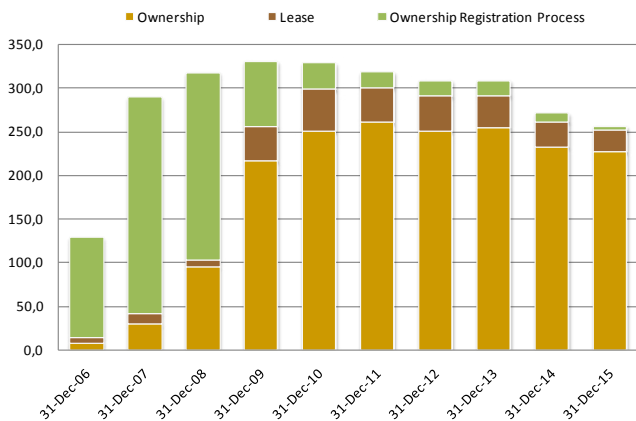
1. Includes land in Lipetsk cluster which is in Voronezh Region.



**D1: 2015 Revenue by Crop**



**D2: 2006 - 2015 Land Development, thousand hectares**



**D3: 2006 - 2015 Land Development, thousand hectares**

