

ROS AGRO PLC

Presentation for Investors

First Half 2012



Table of contents

1. **ROS AGRO PLC– summary key indicators 1H 2012 (IFRS)**
2. **Business Overview**
 - a. **Sugar Division**
 - b. **Meat Division (Belgorod, Tambov)**
 - c. **Agricultural Division (Belgorod, Tambov)**
 - d. **Oil and Fats Division (Yekaterinburg, Samara)**
3. **WTO and ROS AGRO PLC**
4. **Additional information**

Summary Key indicators (IFRS)



1H 2012 vs. 1H 2011

Summary key indicators (IFRS)

Net revenue, EBITDA (Actual 1H 2012 vs Actual 1H 2011) and Debt profile (as of 30 June, 2012)

Comments

Net Revenue (-4 783 mln rur, -25%) main factors:

negative – Sugar drop by 7 421 mln rur (-54%) due to significant EOP stocks based on huge harvest 2011 and connected with it low production and sales volume of cane sugar

positive – Oil&Fats growth by 1 859 mln rur (+74%) (mainly due to non-organic growth through M&A deal in Samara region) and Agriculture +867 mln rur (+425%) (EOP stocks).

EBITDA margin increased from 8% in 1H 2011 to 28% in 1H 2012.

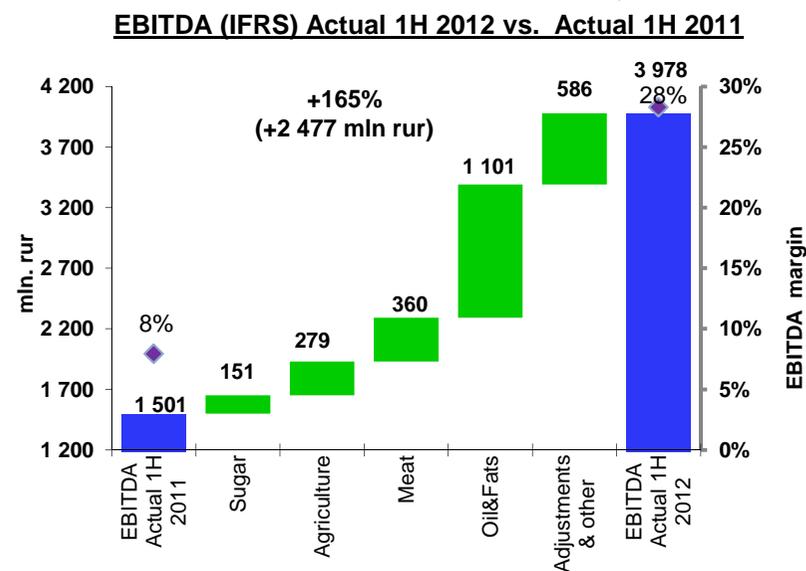
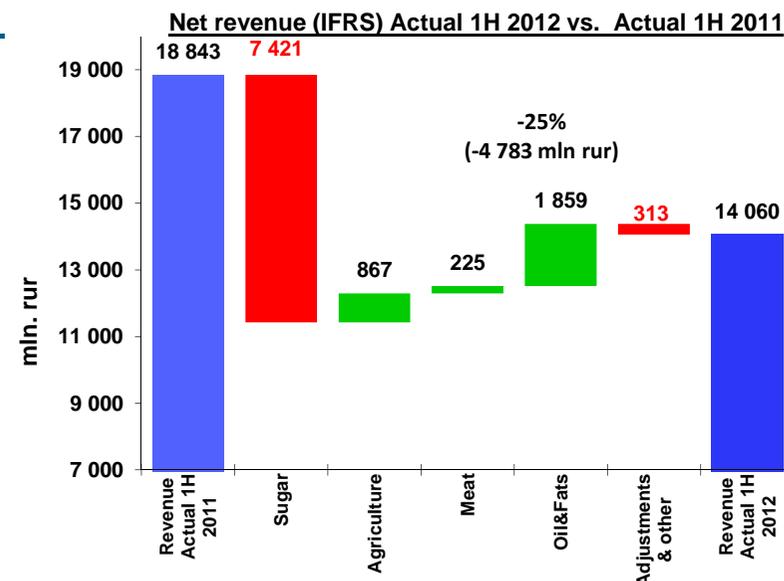
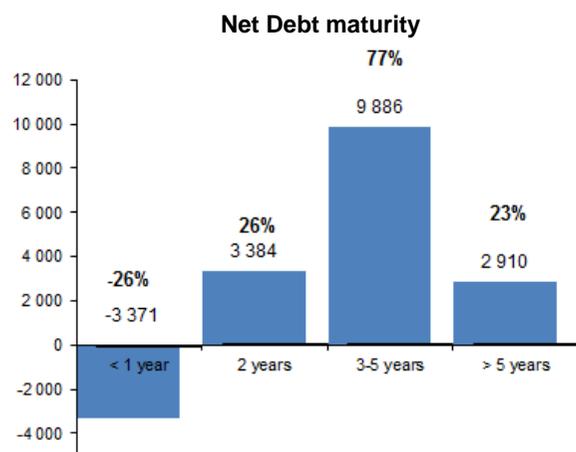
EBITDA (+2 477 mln rur, +165%)

all divisions increased their EBITDA but the greatest contribution was in Oil&Fats +1 101 mln rur (+1358%) and Meat +360 mln rur (+46%) mainly based on positive price situation. Besides +586 mln rur was from Adjustments&Other mainly due to the gain on initial recognition of agricultural produce attributable to realised agricultural produce +417 mln rur.

Net Debt maturity

Rusagro's debt portfolio is well balanced in terms of maturity profile and fully denominated in RUR matching the currency of Rusagro's most revenue streams

As of 30 June 2012 total debt portfolio was RUR 28,380 mln and total cash position stood at RUR 15,571 mln (net debt RUR12,809 mln). Leverage ratio with Net Debt / LTM Adjusted EBITDA was held on comfortable level 1,7x



Business Overview

(IFRS)



1H 2012 vs. 1H 2011

Sugar

Key indicators Actual 1H 2012 vs Actual 1H 2011 (IFRS)

Comments

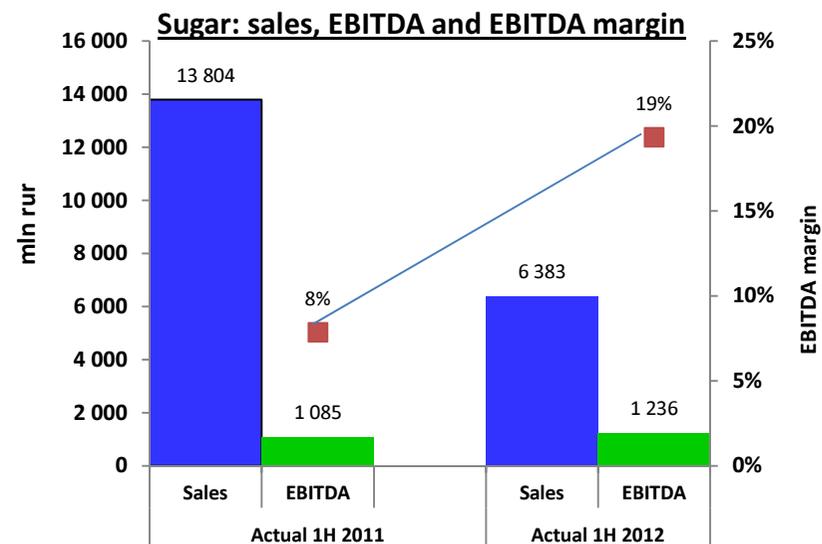
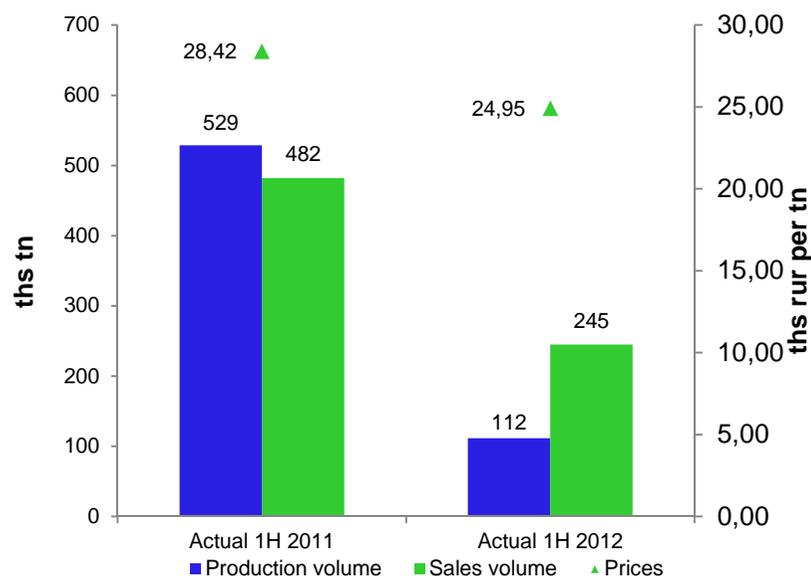
Sales (-7 421 mln rur, -54%):

- reduction sugar price by 12% (-3,5 ths rur per tn).
- reduction sales volume by 49% (237 thousand tons).

EBITDA (+151 mln rur, 14%):

- Main positive effect from variation in sales structure between beet sugar and raw cane sugar: Sales volume for 1H 2012 included only beet sugar (245 th.tn), whereas 1H 2011 sales volume included 57 thousand tons of beet sugar and 425 thousand tons of cane sugar. Gross profit margin for beet sugar significantly better than for cane sugar.

Sugar: sales volume and prices



Sugar sales volume: breakdown by seasons

Item	Sugar		
	Actual 1H 2011	Actual 1H 2012	YoY, %
Sales volume, ths tn	482	245	(49)
Beet sugar	57	245	330
Cane Sugar	425	-	-

Meat

Key indicators Actual 1H 2012 vs Actual 1H 2011 (IFRS)

Comments

Sales (+225 mln rur, +9%):

- sales volume of livestock pigs rose by 1,2 ths tn. (+4%) from 27,6 ths tn to 28,8 ths tn.;
- price of pigs grew by 9 ths rur/tn (+12%) from 73 ths rur/tn to 82 ths rur/tn;
- sales volume of mixed fodder declined by 2,2 ths tn. (-4%) but increased IC mixed fodder sales volume which was eliminated in IFRS statement (5 ths tn);
- price of mixed fodder fell by 0,5 ths rur/tn (-4%).

EBITDA (+360 mln rur, +42%) mainly due to:

- increased marginal profit +344 mln rur as result of positive price situation and production efficiency;
- reduced general and administrative expenses +35 mln rur.

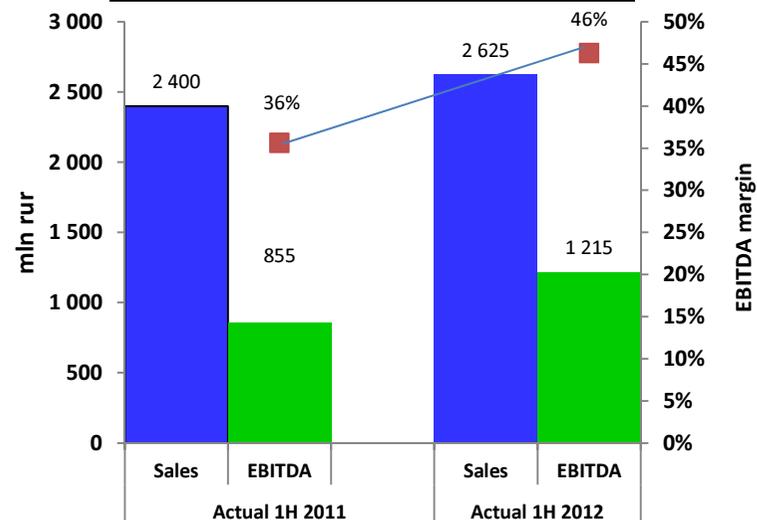
EBITDA margin by products (Meat Belgorod):

- livestock pigs increased from 42% to 53%;
- mixed fodder increased from 12% to 17%.

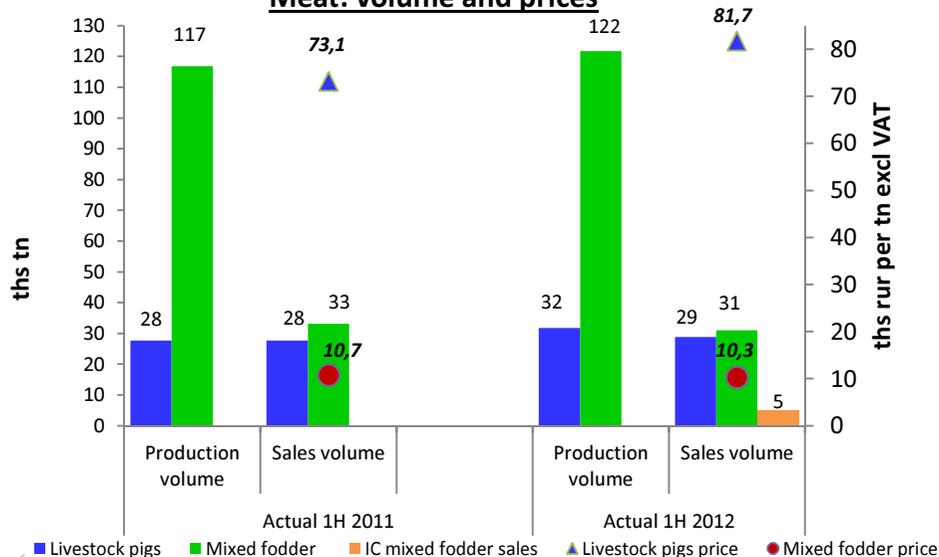
New constructed pig farm in Belgorod (Shidlovsky) was built and animals were brought according with plan. Now there is setting the production cycle.

In Tambov there was launched 1 pig farm. Project construction is on the schedule and expects to finalize in April 2013.

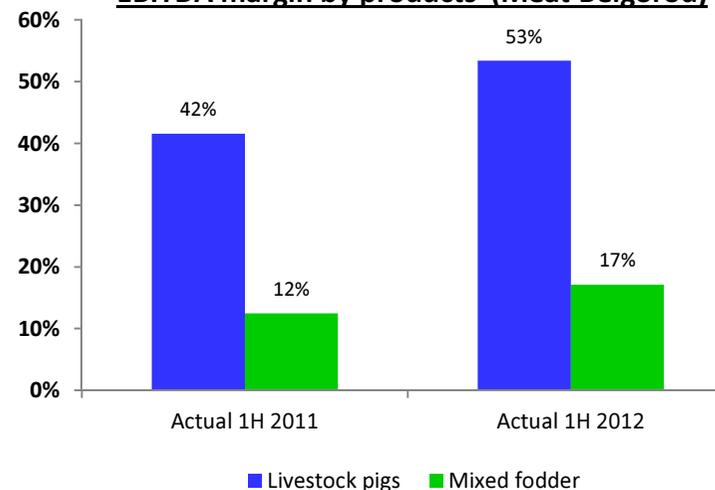
Meat: sales, EBITDA and EBITDA margin



Meat: volume and prices



EBITDA margin by products (Meat Belgorod)



Agriculture

Key indicators Actual 1H 2012 vs Actual 1H 2011 (IFRS)

Comments

Revenue (+867 mln rur, +425%):

The positive factors are:

- growth revenue of crop production due to increase of sales volumes by 258 thousand tons (remains of crop production – yield of 2011 year). Availability of large remains of the previous year is explained first of all by increase in yield achieved because of good weather conditions and through the use of modern agricultural technology, and secondly by expansion of arable land cultivated during the year by 23 thousand hectares from 338 thousand in 2010 till 361 thousand in 2011.

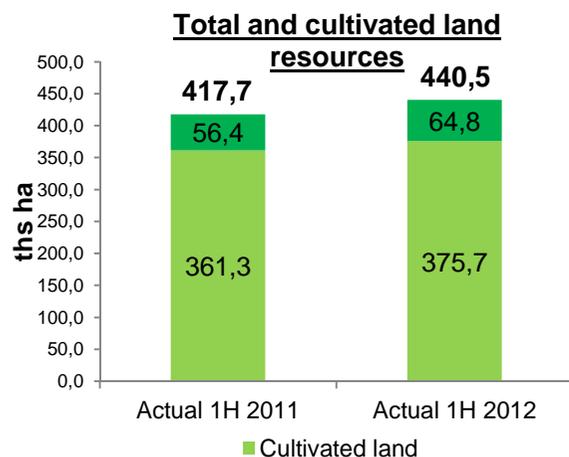
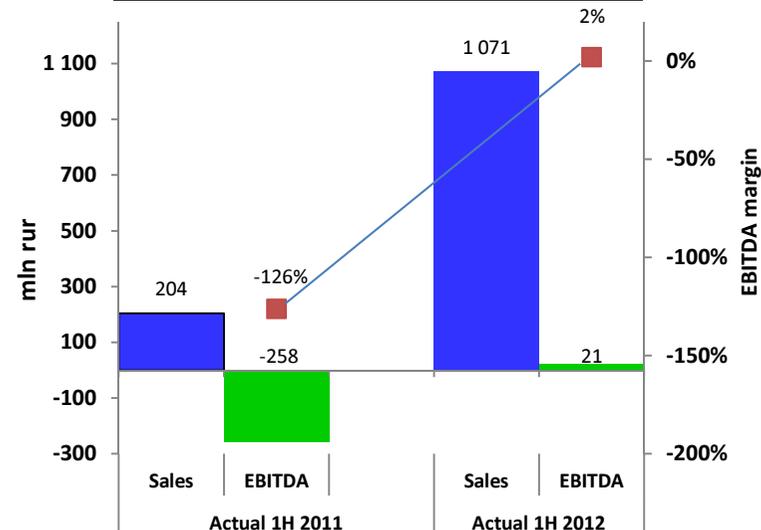
The negative factor is:

- decrease sale prices of livestock farming : milk by 11%, meat (cattle) – by 2%.

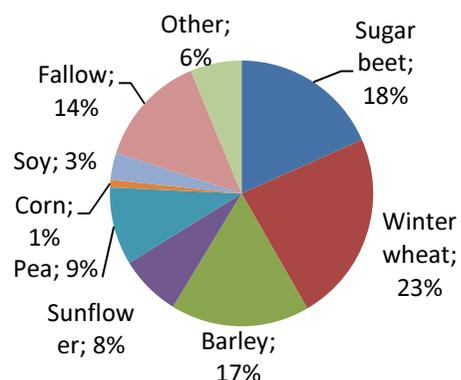
EBITDA (+279 mln rur, +108%):

- Partially deferred crop and sugar beet sale to the 2012 year (the sales volume of crops - 97 ths tn and sugar beet - 163 ths tn in the 1H 2012). Connecting with sales volume growth in 1st H 2012 distribution and selling expenses in Agricultural segment increased by 22%.
- G&A cost increase by 13%.

Agriculture: sales, EBITDA and EBITDA margin



1H 2012: arable land structure



Agriculture: sales volume and prices breakdown by products

Item	Sales volume, ths tn		Average price, ths rur		
	1H2011	1H2012	1H2011	1H2012	YoY, %
Total	18	278	9,5	3,2	3,2
livestock products	8	8	18,8	17,2	17,2
meat	0	1	59,0	57,8	57,8
milk	7	8	16,2	14,3	14,3
Crops	11	269	2,7	2,8	2,8
sugar beet	-	163	-	1,4	1,4
winter wheat	0	33	4,6	4,6	4,6
barley	2	55	5,3	4,7	4,7
sunflower	0	4	6,6	9,0	9,0
pea	1	6	7,3	6,2	6,2

Oil & Fats

Key indicators Actual 1H 2012 vs Actual 1H 2011 (IFRS)

Comments

Sales (+1 859 mln rur, +74%).

The main reason - work of the Samara plant at the full capacity in the 1H of 2012 compared to 1H 2011:

- sales volume of sunflower oil rose by 72 ths tn (+939%) from 8 ths tn to 79 ths tn with intercompany sales oil increased by 22 ths tn (+1 110%) from 2 ths tn to 24 ths tn;
- price of sunflower oil decreased by 5 ths rur/tn (-13%) from 37 to 32 ths rur/tn;
- sales volume of meal rose by 60 ths tn (+527%) from 11 ths tn to 71 ths tn;
- meal's price declined by 3 ths rur (-45%) from 7 to 4 ths rur/tn.

Sales and prices in Oil & Fats Yekaterinburg were stable:

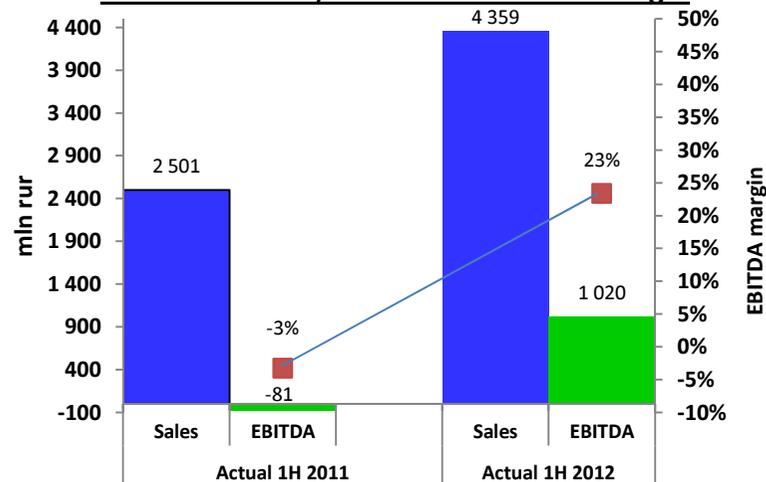
- sales volume of mayonnaise declined by 0,4 ths tn (-2%) from 25,3 ths tn to 24 ths tn with price increased by 1 ths rur (+2%);
- sales volume of margarine increased by 0,9 ths tn (+6%) from 14,8 ths tn to 15,7 ths tn with price increased by 3 ths rur (+7%).

EBITDA (+1 101 mln rur, +1358%):

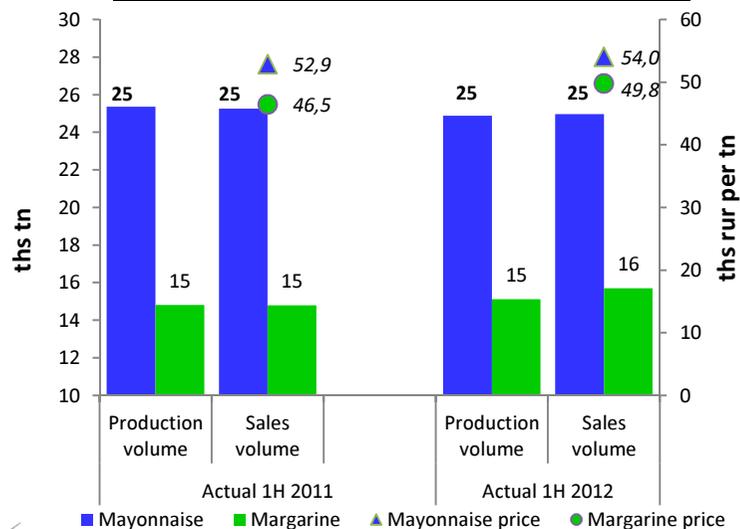
- increased marginal profit +1 270 mln rur;
- increased distribution/selling expenses -147 mln rur;
- increased general/administrative expenses -28 mln rur.

EBITDA margin rose from -3% to 23%.

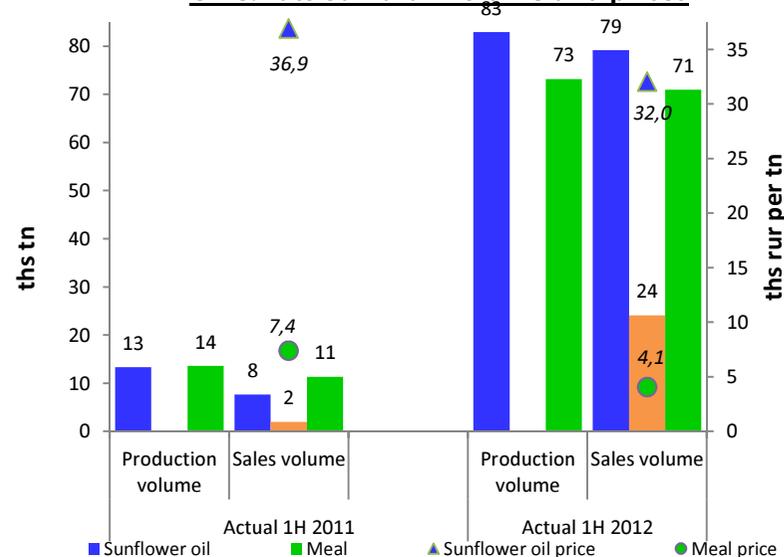
Oil & Fats: sales, EBITDA and EBITDA margin



Oil & Fats Yekaterinburg: volume and prices



Oil & Fats Samara : volume and prices



WTO and RUSAGRO

Factors affecting the ROS AGRO PLC in connection with Russia's accession to the WTO

Sugar Business

Under the existing regulation the cane sugar import duty is divided into high and low seasons. In May-July the import duty is USD50-250 with negative correlation to international cane price (Sugar #11 contract on NYSE: ICE), in August-April the import duty is USD140-270. Since August 22nd the high season import duty will be changed to USD140-270 increasing than the price on NICE is lower than USD485 per ton thereby the protection of the Custom Union sugar market will be increased. This is a positive development for Company's sugar margins.

Agricultural Business

In accordance with the WTO agreement for grain commodities the import duties will be reduced from 15.1% to 10%. As Russia is the net exporter of grain the change of this import duty is neutral for the Company. Decrease in export duties on sunflower seeds from 20% to 6.5% is positive for Company's Agricultural division. Average duties after full implementation of tariff reductions under the WTO agreement will be 5.2% for chemicals (currently applied tariff 6.5%) and 10.0% for agricultural machinery (currently applied tariff 15%). These changes will have positive influence for Company's margins in agricultural division.

In general

The total state support for agricultural producers is now USD4.5 billion annually dollars and according to WTO provisions the total trade distorting agricultural support would not exceed USD 9 billion in 2012 and would be gradually reduced to USD 4.4 billion by 2018. This restriction is only applicable for the «orange basket» support. According to the development program of agricultural sector for 2013-2020 the governmental measures of support will shift to «green basket» which has no quantity restriction. After 2020 about 71% of total support will be made within the «green basket» rule. The Company does not expect decrease in state support for the sector, though support may be redistributed among existing and new instruments.

Meat Business

According to existing regulation the import duty for the pork meat is 15% inside the annual quota of 430 000 tons (not less than EUR0.25€/kg) and 75% outside the quota (not less than EUR1.5€/kg). The livestock import duty is 40% (not less than EUR0.25€/kg) and pork sub products the import duty is 25%. Following WTO accession the pork meat import quota will be kept on the same level as 430 thousand tons until 2020 but there will be no duty inside the quota. The duty for pork meat imported above quota will be reduced to 65%. After 2020 the import quota will be replaced by flat 25% duty. The livestock import duty will be reduced to 5% and for sub products to 15%. The new import regulation can decrease Company's meat margins in the future. At the moment European livestock and cattle import into Russia is prohibited for veterinary reasons.

Oil & Fat Business

The new import duties for sunflower seeds and rapeseed will be reduced from 20% to 5%. For soybeans the import duty of 20% will be removed. Due to the decrease in export duties on sunflower seeds from 20% to 6.5% sunflower oil production margins will decrease. Following WTO accession the import duties for consumer margarine and for mayonnaise will decrease to 15% from 20% to 6% from 15%. The import tariff for tropical oil will be reduced to 3% from 5%. Changes in consumer product's duties has neutral effect for Company as the most of raw materials is produced inside the country. Overall tariff change has moderately negative effect for the oil and fat business margins.

Additional information

Statement of Comprehensive income (IFRS) Rusagro Group

Item	Actual 1H 2011	Actual 1H 2012	m ln. rur	
			Variances	
			Actual vs Previous	
			Units	%
Sales	18 843	14 060	-4 783	-25
Gain/ (loss) on revaluation of biological assets and agriculture produce	718	1 076	358	50
Cost of sales	-17 085	-10 165	6 920	41
Gains less losses from trading sugar derivatives	458	44	-414	-90
Gross profit	2 933	5 014	2 081	71
Distribution and selling expenses	-981	-1 123	-142	-14
General and administrative expenses	-1 140	-1 168	-28	-2
Share-based remuneration	-360	-258	101	28
Other operating income /(loss), net	-15	-104	-89	-594
Operating profit	437	2 361	1 924	440
Interest expense	-317	-530	-213	-67
Interest income	298	533	236	79
Other financial income /(expenses), net	24	0	-24	-99
Unrealised losses from trading sugar derivatives	-508	0	508	0
Profit before taxation	-66	2 365	2 431	0
Income tax expense	-6	-447	-441	-7 469
Profit for the year	-72	1 917	1 989	0
Total comprehensive income for the year	-72	1 917	1 989	0
Profit is attributable to:	0	0		
Owners of ROS AGRO PLC	-43	1 790	1 833	0
Non-controlling interest	-29	128	156	0
Profit for the year	-72	1 917	1 989	0
Total comprehensive income is attributable to:				
Owners of ROS AGRO PLC	-43	1 790	1 833	0
Non-controlling interest	-29	128	156	0

Adjusted EBITDA 1H 2012 (IFRS) Rusagro Group

Breakdown by divisions

	m In eur						
1H 2012	Sugar	Meat	Agriculture	Oil	Other	Elimination	Total
Sales	6 383	2 625	1 071	4 359	143	(522)	14 060
Gain/ (loss) on revaluation of biological assets and agriculture produce	-	1 076	-	-	-	-	1 076
Cost of sales	(4 470)	(2 517)	(922)	(2 832)	-	576	(10 165)
<i>incl. depreciation</i>	(242)	(285)	(107)	(115)	-	(14)	(762)
Gain on economic hedge of raw sugar	44	-	-	-	-	-	44
Gross profit	1 957	1 184	149	1 527	143	54	5 014
General and administrative expenses, Distribution and selling expenses	(910)	(168)	(423)	(643)	(231)	84	(2 291)
General and administrative expenses	(318)	(158)	(322)	(174)	(230)	34	(1 168)
Distribution and selling expenses	(593)	(10)	(100)	(469)	(1)	50	(1 123)
<i>incl. depreciation</i>	(34)	(9)	(26)	(20)	(5)	-	(94)
Dep in General and administrative expenses	(5)	(7)	(22)	(13)	(5)	-	(52)
Dep in Distribution and selling expenses	(29)	(1)	(4)	(7)	-	-	(42)
Share-based remuneration	-	-	-	-	(258)	-	(258)
Other operating income, net	15	(59)	(37)	(12)	5	(16)	(104)
Operating profit	1 062	956	(311)	873	(341)	122	2 361
Depreciation included in Operating Profit	276	294	132	135	5	14	856
Other operating income, net	(15)	59	37	12	(5)	16	104
Share-based remuneration	-	-	-	-	258	-	258
Gain/ (loss) on revaluation of biological assets and agriculture produce	-	(1 076)	-	-	-	-	(1 076)
Gain on initial recognition of agricultural produce attributable to realised agricultural produce	-	-	149	-	-	417	566
Revaluation of biological assets attributable to realised biological assets and included in cost of sales	-	1 007	-	-	-	-	1 007
Provision/ (Reversal) for net realizable value costs	(87)	(27)	-	-	-	-	(113)
Adjusted EBITDA	1 236	1 215	21	1 020	(83)	570	3 978

Adjusted EBITDA 1H 2011 (IFRS) Rusagro Group

Breakdown by divisions

							m In rur
1H 2011	Sugar	Meat	Agriculture	Oil	Other	Elimination	Total
Sales	13 804	2 400	204	2 501	137	(203)	18 843
Gain/ (loss) on revaluation of biological assets and agriculture produce	-	718	-	-	-	-	718
Cost of sales	(12 461)	(2 388)	(148)	(2 196)	(0)	108	(17 085)
<i>incl. depreciation</i>	(196)	(332)	(44)	(68)	-	(11)	(651)
Gain on economic hedge of raw sugar	458	-	-	-	-	-	458
Gross profit	1 800	730	57	305	137	(95)	2 933
General and administrative expenses, Distribution and selling expenses	(927)	(203)	(368)	(468)	(186)	31	(2 121)
General and administrative expenses	(363)	(189)	(286)	(146)	(185)	29	(1 140)
Distribution and selling expenses	(564)	(14)	(82)	(322)	(0)	1	(981)
<i>incl. depreciation</i>	(15)	(3)	(11)	(15)	(2)	-	(46)
Dep in General and administrative expenses	(11)	(2)	(11)	(8)	(2)	-	(33)
Dep in Distribution and selling expenses	(5)	(1)	(0)	(6)	-	-	(12)
Share-based remuneration	-	-	-	-	(360)	-	(360)
Other operating income, net	16	(0)	26	(5)	1 021	(1 072)	(15)
Operating profit	889	526	(285)	(168)	613	(1 137)	437
Depreciation included in Operating Profit	211	335	55	82	2	11	696
Other operating income, net	(16)	0	(26)	5	(1 021)	1 072	15
Share-based remuneration	-	-	-	-	360	-	360
Reimbursement of fuel and fertilisers and feed costs (government grants)	-	-	15	-	-	-	15
Gain/ (loss) on revaluation of biological assets and agriculture produce	-	(718)	-	-	-	-	(718)
Gain on initial recognition of agricultural produce attributable to realised agricultural produce	-	-	(16)	-	-	-	(16)
Revaluation of biological assets attributable to realised biological assets and included in cost of sales	-	712	-	-	-	-	712
Provision/ (Reversal) for net realizable value costs	-	-	-	-	-	-	-
Adjusted EBITDA	1 085	855	(258)	(81)	(47)	(53)	1 501

Statement of financial positions (IFRS)

Rusagro Group

	m ln. rur			
	31 December 2011	30 June 2012	Variances	
			Units	%
ASSETS				
Current assets				
Cash and cash equivalents	5 458	1 343	-4 115	-75
Restricted cash	30	0	-30	-100
Short-term investments	14 671	14 045	-626	-4
Trade and other receivables	2 315	1 923	-392	-17
Prepayments	507	962	455	90
Current income tax receivable	32	22	-10	-32
Other taxes receivable	1 480	1 622	141	10
Inventories	10 402	8 029	-2 373	-23
Short-term biological assets	1 146	4 947	3 801	332
Total current assets	36 041	32 893	-3 148	-9
Non-current assets				
Property, plant and equipment	21 537	24 023	2 486	12
Goodwill	1 176	1 176	0	0
Advances paid for property, plant and equipment	1 762	1 051	-711	-40
Long-term biological assets	880	1 294	414	47
Long-term investments	488	979	492	101
Deferred income tax assets	475	124	-351	-74
Other intangible assets	50	40	-10	-20
Restricted cash	101	176	75	74
Total non-current assets	26 468	28 863	2 395	9
Total assets	62 509	61 756	-754	-1

Statement of financial positions (IFRS) - continuance Rusagro Group

	m ln. rur			
	31 December 2011	30 June 2012	Variances	
			Units	%
Liabilities and EQUITY				
Current liabilities				
Short-term borrowings	17 129	11 341	-5 789	-34
Trade and other payables	1 889	3 009	1 120	59
Current income tax payable	80	93	13	16
Other taxes payable	500	312	-188	-38
Total current liabilities	19 598	14 754	-4 844	-25
Non-current liabilities				
Long-term borrowings	14 843	17 039	2 196	15
Government grants	513	539	26	5
Deferred income tax liability	376	249	-128	-34
Other non-current liabilities	47	50	3	6
Total non-current liabilities	15 779	17 877	2 098	13
Total liabilities	35 377	32 630	-2 747	-8
Equity				
Share capital	10	10	0	0
Treasury shares	-304	-304	0	0
Additional paid-in capital	10 558	10 558	0	0
Other reserves	672	931	258	38
Retained earnings	15 851	17 878	2 026	13
Equity attributable to owners of ROS AGRO PLC	26 787	29 072	2 285	9
Non-controlling interest	345	53	-291	-85
Total equity	27 132	29 125	1 993	7
Total liabilities and equity	62 509	61 756	-754	-1