

21 November 2016

ROS AGRO financial results for 9M 2016 and Q3 2016

21 November 2016 – Today ROS AGRO PLC (the “Company”), the holding company of Rusagro Group (the “Group”), a leading Russian diversified food producer with vertically integrated operations, has announced the financial results for the nine months ended 30 September 2016.

9M 2016 Highlights

- Sales amounted to RR 55,588 million (US\$ 815 million¹), an increase of RR 5,230 million compared to 9M 2015;
- Adjusted EBITDA² amounted to RR 11,488 million (US\$ 168 million), a decrease of RR 5,623 million compared to 9M 2015;
- Adjusted EBITDA margin decreased from 34% in 9M 2015 to 21% in 9M 2016;
- Net profit for the period amounted to RR 11,203 million (US\$ 164 million);
- Net debt position³ as of 30 September 2016 was negative and amounted to RR -4,657 million (US\$ -74 million);
- Net Debt/ Adjusted EBITDA as of 30 September 2016 was -0.25x.

Commenting on the results, Maxim Basov, a member of the Board of Directors of ROS AGRO PLC and CEO of the Group, said:

“In Q3 2016 three businesses decreased sales year-to-year and all businesses decreased margins. This is the result of lower prices and lack of raw material in oil and fat businesses. In meat and oil and fat businesses this was the last quarter of relatively weak 12 months. We expect margins of these businesses to improve starting Q4. Integration of newly acquired companies in sugar and agricultural businesses is on track: the harvest is well and the operations are now at full capacity. We expect sugar and agricultural segments to benefit from larger production in coming quarters. High net income margin reflects good harvest in agricultural business.”

Key consolidated financial performance indicators

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sales	55,588	50,358	5,230	10	17,378	17,769	(391)	(2)
Gross profit	19,014	23,102	(4,088)	(18)	10,895	10,490	405	4
<i>Gross margin, %</i>	<i>34%</i>	<i>46%</i>	<i>-12%</i>		<i>63%</i>	<i>59%</i>	<i>4%</i>	
Adjusted EBITDA	11,488	17,112	(5,623)	(33)	3,418	6,414	(2,997)	(47)
<i>Adjusted EBITDA margin, %</i>	<i>21%</i>	<i>34%</i>	<i>-13%</i>		<i>20%</i>	<i>36%</i>	<i>-16%</i>	
Net profit for the period	11,203	18,088	(6,884)	(38)	9,170	10,868	(1,698)	(16)
<i>Net profit margin %</i>	<i>20%</i>	<i>36%</i>	<i>-16%</i>		<i>53%</i>	<i>61%</i>	<i>-8%</i>	

Key financial performance indicators by segments

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sales, incl.	55,588	50,358	5,230	10	17,378	17,769	(391)	(2)
<i>Sugar</i>	23,605	22,922	683	3	8,386	8,664	(278)	(3)
<i>Meat</i>	12,493	13,432	(939)	(7)	4,635	4,956	(320)	(6)
<i>Agriculture</i>	8,179	5,199	2,979	57	3,632	2,969	664	22
<i>Oil and Fat</i>	14,560	12,053	2,507	21	2,912	3,860	(949)	(25)
<i>Other</i>	76	28	48	170	27	9	17	183
<i>Eliminations</i>	(3,325)	(3,277)	(48)	(1)	(2,213)	(2,689)	476	18
Gross profit, incl.	19,014	23,102	(4,088)	(18)	10,895	10,490	405	4
<i>Sugar</i>	7,719	8,596	(877)	(10)	2,374	3,506	(1,132)	(32)
<i>Meat</i>	1,845	5,440	(3,595)	(66)	1,615	1,325	290	22
<i>Agriculture</i>	6,970	5,627	1,343	24	6,244	4,708	1,536	33
<i>Oil and Fat</i>	2,430	3,441	(1,011)	(29)	675	1,075	(399)	(37)
<i>Other</i>	76	28	48	170	27	9	17	183
<i>Eliminations</i>	(25)	(29)	4	13	(40)	(134)	94	70
Adjusted EBITDA, incl.	11,488	17,112	(5,623)	(33)	3,418	6,414	(2,997)	(47)
<i>Sugar</i>	6,258	7,533	(1,275)	(17)	1,859	3,081	(1,222)	(40)
<i>Meat</i>	2,600	6,441	(3,841)	(60)	1,234	2,479	(1,245)	(50)
<i>Agriculture</i>	2,322	2,079	243	12	690	1,036	(346)	(33)
<i>Oil and Fat</i>	(149)	1,435	(1,584)	-	(79)	378	(457)	-
<i>Other</i>	(1,423)	(1,133)	(289)	(26)	(400)	(350)	(49)	(14)
<i>Eliminations</i>	1,880	756	1,124	149	113	(209)	322	-
Adjusted EBITDA margin, %	21%	34%	-13%		20%	36%	-16%	
<i>Sugar</i>	27%	33%	-6%		22%	36%	-13%	
<i>Meat</i>	21%	48%	-27%		27%	50%	-23%	
<i>Agriculture</i>	28%	40%	-12%		19%	35%	-16%	
<i>Oil and Fat</i>	-1%	12%	-13%		-3%	10%	-13%	

Sugar Segment

The financial results of the sugar segment for 9M 2016 and Q3 2016 compared to 9M 2015 and Q3 2015 respectively are presented in the table below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sales	23,605	22,922	683	3	8,386	8,664	(278)	(3)
Cost of sales	(16,219)	(14,551)	(1,668)	(11)	(6,008)	(5,158)	(851)	(16)
Net gain/ (loss) from trading derivatives	333	225	108	48	(4)	0	(4)	-
Gross profit	7,719	8,596	(877)	(10)	2,374	3,506	(1,132)	(32)
<i>Gross profit margin</i>	<i>33%</i>	<i>38%</i>	<i>-5%</i>		<i>28%</i>	<i>40%</i>	<i>-12%</i>	
Distribution and selling expenses	(1,482)	(1,196)	(286)	(24)	(542)	(441)	(101)	(23)
General and administrative expenses	(832)	(627)	(205)	(33)	(302)	(226)	(75)	(33)
Other operating income/ (expenses), net	142	(97)	238	-	34	(363)	397	-
Operating profit	5,547	6,676	(1,129)	(17)	1,564	2,476	(912)	(37)
Adjusted EBITDA	6,258	7,533	(1,275)	(17)	1,859	3,081	(1,222)	(40)
<i>Adjusted EBITDA margin</i>	<i>27%</i>	<i>33%</i>	<i>-6%</i>		<i>22%</i>	<i>36%</i>	<i>-13%</i>	

Trading operations with rice and the beginning of sales of buckwheat products contributed to the sales growth of the segment in 9M 2016 compared to 9M 2015. Sales of rice and buckwheat in 9M 2016 amounted to RR 473 million (9M 2015: nil). Sales of sugar slightly decreased because of 4% decrease in sales volume that was partly compensated by an increase in sales price.

A decrease in *sales* in Q3 2016 compared to Q3 2015 was a result of a decrease in both sugar sales volume and sugar sales prices. Sales of rice and buckwheat in Q3 2016 amounted to RR 250 million (Q3 2015: nil).

Sugar sales, production volumes and average sales prices per kilogram (excl. VAT) were as follows:

	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sugar production volume (in thousand tons), incl.	241	357	(116)	(32)	173	174	(1)	(1)
beet sugar	179	174	4	3	173	174	(1)	(1)
cane sugar	63	183	(120)	(66)	-	-	-	-
Sales volume (in thousand tons)	532	556	(24)	(4)	189	203	(14)	(7)
Average sales price (roubles per kg, excl. VAT)	42.0	40.4	1.5	4	41.7	41.9	(0.2)	(1)

Higher sugar beet prices for harvest of 2015 compared to harvest of 2014 lead to an increase in costs of sales.

An increase in general and administrative expenses in 9M 2016 include RR 64 million (Q3 2016: RR 47 million) attributed to newly acquired plants, whose financial results are included in the consolidated segment's results starting 1 June 2016.

Meat Segment

The financial results of the meat segment for 9M 2016 and Q3 2016 compared to 9M 2015 and Q3 2015 respectively are presented in the table below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sales	12,493	13,432	(939)	(7)	4,635	4,956	(320)	(6)
Net gain/ (loss) on revaluation of biological assets and agricultural produce*	126	(31)	157	-	598	(631)	1,229	-
Cost of sales*	(10,774)	(7,961)	(2,813)	(35)	(3,618)	(3,000)	(618)	(21)
Gross profit	1,845	5,440	(3,595)	(66)	1,615	1,325	290	22
<i>Gross profit margin</i>	<i>15%</i>	<i>40%</i>	<i>-26%</i>		<i>35%</i>	<i>27%</i>	<i>8%</i>	
<i>Gross profit excl. effect of biological assets revaluation</i>	1,719	5,471	(3,752)	(69)	1,018	1,956	(938)	(48)
<i>Adjusted gross profit margin</i>	<i>14%</i>	<i>41%</i>	<i>-27%</i>		<i>22%</i>	<i>39%</i>	<i>-18%</i>	
Distribution and selling expenses	(187)	(75)	(112)	(149)	(70)	(28)	(42)	(152)
General and administrative expenses	(519)	(485)	(33)	(7)	(252)	(120)	(132)	(110)
Other operating income/ (expenses), net	272	667	(395)	(59)	42	369	(327)	(89)
<i>incl. reimbursement of operating costs (government grants)</i>	108	594	(486)	(82)	-	347	(347)	-
Operating profit	1,411	5,547	(4,136)	(75)	1,335	1,546	(211)	(14)
Adjusted EBITDA	2,600	6,441	(3,841)	(60)	1,234	2,479	(1,245)	(50)
<i>Adjusted EBITDA margin</i>	<i>21%</i>	<i>48%</i>	<i>-27%</i>		<i>27%</i>	<i>50%</i>	<i>-23%</i>	

(*) See appendix 1 for the disclosure of reclassification adjustments made to 9M and Q3 2015 figures.

A decrease in Sales was mainly caused by a decrease in pork sales prices.

Pork sales volumes and the average pork sales prices per kilogram (excl. VAT) were as follows:

	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sales volume (in thousand tonnes), incl.	114	128	(14)	(11)	40	45	(5)	(11)
livestock pigs	49	111	(62)	(56)	16	34	(18)	(53)
processed pork	64	16	48	293	24	11	13	119
Average sale prices (roubles per kg, excl. VAT):								
livestock pigs	89.3	103.0	(13.7)	(13)	97.5	107.2	(9.7)	(9)
processed pork	122.0	115.2	6.8	6	129.8	123.8	6.0	5

The decrease in sales volume is linked to change in product mix. In the middle of 2015 the Group launched the slaughter house, that led to movement from sales of livestock pigs to sales of processed pigs with related decrease in volumes due to wastage.

Higher grain prices for harvest 2015 compared to harvest 2014 led to an increase in feed costs. Increased feed costs and processing costs of slaughter house led to a significant increase in costs of sales in 2016 compared to 2015.

A drop in government grants for reimbursement of operating costs in 9M and Q3 2016, minus RR 486 million and RR 347 million respectively, also contributed to the negative dynamics in operating profit and Adjusted EBITDA figures.

Agricultural Segment

As at 30 September 2016 the segment's area of controlled land stands at 607 thousand hectares. The financial results of the agricultural segment for 9M 2016 and Q3 2016 compared to 9M 2015 and Q3 2015 respectively are presented below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sales	8,179	5,199	2,979	57	3,632	2,969	664	22
Net gain/ (loss) on revaluation of biological assets and agricultural produce*	4,118	3,104	1,014	33	5,396	3,470	1,926	56
Cost of sales*	(5,328)	(2,676)	(2,651)	(99)	(2,784)	(1,730)	(1,05)	(61)
Net gain/ (loss) from trading derivatives	1	-	1	-	-	-	-	-
Gross profit	6,970	5,627	1,343	24	6,244	4,708	1,536	33
<i>Gross profit margin</i>	85%	108%	-23%		172%	159%	13%	
<i>Gross profit excl. effect of biological assets and agricultural produce revaluation</i>	2,852	2,523	329	13	848	1,239	(390)	(32)
<i>Adjusted gross profit margin</i>	35%	49%	-14%		23%	42%	-18%	
Distribution and selling expenses	(887)	(555)	(333)	(60)	(321)	(254)	(67)	(26)
General and administrative expenses	(559)	(403)	(156)	(39)	(225)	(150)	(75)	(50)
Other operating income/ (expenses), net	278	(56)	334	-	175	(64)	239	-
<i>incl. reimbursement of operating costs (government grants)</i>	297	177	120	68	105	10	94	902
Operating profit	5,801	4,613	1,187	26	5,873	4,241	1,633	38
Adjusted EBITDA	2,322	2,079	243	12	690	1,036	(346)	(33)
<i>Adjusted EBITDA margin</i>	28%	40%	-12%		19%	35%	-16%	

(*) See appendix 1 for the disclosure of reclassification adjustments made to 9M and Q3 2015 figures.

An increase in sales volumes was the main driver of an increase in sales in 9M 2016 and Q3 2016 compared to 9M 2015 and Q3 2015.

Sales volumes by product were as follows:

Thousand tonnes	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2016	September 2015			September 2016	September 2015		
sugar beet	909	796	113	14	909	796	113	14
grain	465	287	178	62	187	60	127	210
incl. sold to other segments	25	40	(15)	(37)	6	10	(3)	(35)
sunflower seeds	33	1	32	2,629	-	-	-	-
incl. sold to other segments	21	-	21	-	-	-	-	-

Sales volumes of grain include sales of wheat, barley, corn and peas.

The average sale prices per kilogram (excl. VAT) were as follows:

RR per kilogram, excl. VAT	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2016	September 2015			September 2016	September 2015		
sugar beet	2.3	3.0	(0.6)	(22)	2.3	3.0	(0.6)	(22)
wheat	8.4	8.3	0.1	1	5.9	7.9	(2.0)	(26)
barley	8.0	9.4	(1.4)	(15)	7.6	9.4	(1.8)	(19)
sunflower seeds	23.6	20.8	2.9	14	22.8	20.0	2.8	14
peas	10.5	12.2	(1.8)	(14)	10.5	-	n/a	n/a
corn	8.5	7.0	1.5	22	-	7.0	n/a	n/a
soy	21.8	21.9	(0.1)	(0.3)	20.0	18.6	1.4	8

General and administrative expenses increased by RR 156 million in 9M 2016 (Q3 2016: RR 75 million) as number of new companies joined the agricultural segment and the Group during the current year. Additionally, the higher expenses are attributed to the implementation of SAP ERP and its integration with the existing financial reporting system, and related personnel expenses.

Other operating income, net includes income from reimbursement of operating expenses (government grants), which is higher by RR 120 million in 9M 2016 and is higher by RR 94 million in Q3 2016 compared to the prior year periods. Further, a gain from the partial release of lost-harvest provision was recognised in 9M 2016 in amount of RR 87 million compared to RR 125 million of loss in 9M 2015 (RR 87 million of gain in Q3 2016 against RR 8 million of loss in Q3 2015).

Oil and Fat segment

The financial results of the oil and fat segment for 9M 2016 and Q3 2016 compared to 9M 2015 and Q3 2015 respectively are presented below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sales	14,560	12,053	2,507	21	2,912	3,860	(949)	(25)
Cost of sales	(12,130)	(8,613)	(3,518)	(41)	(2,236)	(2,786)	550	20
Gross profit	2,430	3,441	(1,011)	(29)	675	1,075	(399)	(37)
<i>Gross profit margin</i>	<i>17%</i>	<i>29%</i>	<i>-12%</i>		<i>23%</i>	<i>28%</i>	<i>-5%</i>	
Distribution and selling expenses	(2,306)	(1,868)	(438)	(23)	(663)	(662)	(0)	(0)
General and administrative expenses	(551)	(402)	(149)	(37)	(187)	(127)	(60)	(47)
Other operating income/ (expenses), net	141	81	59	73	18	(9)	27	-
Operating profit/ (loss)	(286)	1,252	(1,538)	-	(156)	277	(433)	-
Adjusted EBITDA	(149)	1,435	(1,584)	-	(79)	378	(457)	-
<i>Adjusted EBITDA margin</i>	<i>-1%</i>	<i>12%</i>	<i>-13%</i>		<i>-3%</i>	<i>10%</i>	<i>-13%</i>	

The breakdown of Sales, Gross profit and Adjusted EBITDA between the Samara oil plant, the Ekaterinburg fat plant and Far East operations is as follows:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Sales, incl.	14,560	12,053	2,507	21	2,912	3,860	(949)	(25)
<i>Samara oil plant</i>	8,332	6,675	1,656	25	1,077	1,565	(489)	(31)
<i>Ekat. fat plant</i>	6,771	6,074	697	11	2,408	2,505	(98)	(4)
<i>Far East</i>	2,029	1,335	694	52	324	464	(140)	(30)
<i>Eliminations(*)</i>	(2,572)	(2,031)	(540)	(27)	(897)	(675)	(222)	(33)
Gross profit, incl.	2,430	3,441	(1,01)	(29)	675	1,075	(399)	(37)
<i>Samara oil plant</i>	695	1,510	(815)	(54)	(6)	236	(242)	-
<i>Ekat. fat plant</i>	1,632	1,815	(183)	(10)	660	764	(104)	(14)
<i>Far East</i>	190	223	(33)	(15)	(1)	93	(93)	-
<i>Eliminations(*)</i>	(88)	(108)	20	19	22	(18)	40	-
Adjusted EBITDA, incl.	(149)	1,435	(1,584)	-	(79)	378	(457)	-
<i>Samara oil plant</i>	141	931	(789)	(85)	(60)	128	(189)	-
<i>Ekat. fat plant</i>	(313)	385	(698)	-	(23)	174	(197)	-
<i>Far East</i>	7	125	(118)	(94)	(52)	60	(112)	-
<i>Eliminations(*)</i>	15	(5)	20	-	56	15	41	276
Adjusted EBITDA	-1%	12%	-13%		-3%	10%	-13%	
<i>Samara oil plant</i>	<i>2%</i>	<i>14%</i>	<i>-12%</i>		<i>-6%</i>	<i>8%</i>	<i>-14%</i>	
<i>Ekat. fat plant</i>	<i>-5%</i>	<i>6%</i>	<i>-11%</i>		<i>-1%</i>	<i>7%</i>	<i>-8%</i>	
<i>Far East</i>	<i>0.4%</i>	<i>9%</i>	<i>-9%</i>		<i>-16%</i>	<i>13%</i>	<i>-29%</i>	

Intra-segment sales include sales of raw oil from Samara oil plant to Ekaterinburg fat plant.

Far East operations in 9M and Q3 2016 include results of operations of LLC Primorskaya soya, fat plant, acquired in Q4 2015 and engaged in soya bean oil extraction and processing. Far East operations in 9M 2015 included tolling operations with soya bean on the related party's production facilities.

Sales volumes by product were as follows:

thousand tons	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
mayonnaise	52.5	44.8	7.7	17	19.5	17.5	1.9	11
margarine	25.2	31.2	(6)	(19)	8.0	11.6	(4)	(31)
processed sunflower oil	6.5	5.2	1	25	1.2	3.0	(1.8)	(59)
sunflower oil, 3rd parties sales	88	70	17	25	2	12	(10)	(84)
sunflower oil, sales to Ekat. fat plant	42	47	(5)	(10)	14	15	(1)	(5)
sunflower meal	94	104	(10)	(10)	9	18	(9)	(51)
soybean raw oil	-	2.7	n/a	n/a	-	-	-	-
soybean processed oil	8.2	4.4	3.8	85	2.4	3.7	(1.3)	(35)
soybean meal	45	36	9	25	5	9	(4)	(43)

The average sale prices per kilogram (excl. VAT) for sales to third parties were as follows:

RR per kilogram, excl. VAT	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
mayonnaise	77.0	71.9	5.1	7	77.9	72.6	5.3	7
margarine	73.9	69.1	4.8	7	80.0	74.0	6.0	8
processed sunflower oil	77.1	59.4	17.7	30	84.4	64.2	20.2	31
sunflower raw oil, 3rd parties sales	54.4	45.8	8.6	19	51.2	49.1	2.2	4
sunflower meal	12.6	13.4	(0.8)	(6)	14.2	15.0	(0.8)	(5)
soybean raw oil	57.3	24.4	32.9	135	57.3	49.0	8.3	17
soybean processed oil	69.6	56.0	13.6	24	70.5	55.2	15.3	28
soybean meal	30.2	28.3	2.0	7	33.1	27.4	5.7	21

Increase in prices for sunflower seeds and sunflower raw oil that exceeded the growth of finished goods sale prices together with a continuing growth of advertising expenses in Ekaterinburg fat plant led to the decrease of profitability of the segment.

Key consolidated cash flow indicators (not IFRS presentation*)

The key consolidated cash flow indicators presented according to management accounts methodology were as follows:

in million Roubles	Nine months ended		Variance		Three months ended		Variance	
	30 September 2016	30 September 2015	Units	%	30 September 2016	30 September 2015	Units	%
Net cash from operating activities, incl.	11,635	13,714	(2,079)	(15)	3,148	3,952	(804)	(20)
<i>Operating cash flow before working capital changes</i>	11,066	16,026	(4,960)	(31)	3,238	5,793	(2,555)	(44)
<i>Working capital changes</i>	1,249	(755)	2,005	-	(3)	(1,496)	1,493	100
Net cash from investing activities, incl.	(12,823)	(10,823)	(2,000)	(18)	(499)	(6,998)	6,498	93
<i>Purchases of property, plant and equipment and inventories intended for construction</i>	(6,428)	(9,698)	3,270	34	(2,797)	(5,991)	3,194	53
Net cash from financing activities	10,411	(6,103)	16,514	-	547	3,563	(3,016)	(85)
Net increase/ (decrease) in cash and cash equivalents	9,168	(4,174)	13,342	-	3,104	824	2,279	276

(*) See Appendix 4

The main investments in property, plant and equipment and inventories intended for construction in 9M 2016 were made in the agriculture segment in the amount of RR 3,556 million (9M 2015: RR 2,073 million), related to purchases of machinery and equipment, and in the sugar segment in the amount of RR 1,731 million (9M 2015: RR 2,266 million), related to the modernization of sugar plants.

Debt position and liquidity management

in RR million	30 September 2016	31 December 2015	Variance	
			Units	%
Gross debt	45,097	49,898	(4,801)	(10)
<i>Short-term borrowings</i>	18,826	25,860	(7,035)	(27)
<i>Long-term borrowings</i>	26,271	24,038	2,234	9
Cash and cash equivalents, bank deposits and bonds	(49,753)	(34,751)	(15,002)	(43)
<i>Short-term cash, deposits and bonds</i>	(32,596)	(20,037)	(12,559)	(63)
<i>Long-term cash, deposits and bonds</i>	(17,157)	(14,714)	(2,443)	(17)
Net debt	(4,657)	15,147	(19,803)	-
<i>Short-term borrowings, net</i>	(13,770)	5,823	(19,594)	-
<i>Long-term borrowings, net</i>	9,114	9,323	(209)	(2)
Adjusted EBITDA	18,800	24,423	(5,623)	(23)
Net debt/ Adjusted EBITDA	(0.25)	0.62	(0.9)	

Net finance income/ (expense)

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2016	September 2015			September 2016	September 2015		
Net interest expense	(2,821)	(1,501)	(1,320)	(88)	(919)	(467)	(452)	(97)
<i>Gross interest expense</i>	(3,759)	(2,569)	(1,190)	(46)	(1,165)	(919)	(246)	(27)
<i>Reimbursement of interest expense</i>	938	1,068	(130)	(12)	246	452	(206)	(45)
Interest income	3,354	901	2,453	272	1,321	435	886	204
Net gain/ (loss) from bonds held for trading	0	637	(637)	(100)	13	-	13	-
Other financial income, net	(996)	2,522	(3,517)	-	41	3,321	(3,280)	(99)
<i>Net foreign exchange gain/ (loss)</i>	(1,003)	2,538	(3,541)	-	18	3,350	(3,332)	(99)
<i>Other financial income / (expenses), net</i>	7	(16)	23	-	23	(29)	52	-
Total net finance income/ (expenses)	(463)	2,559	(3,021)	-	456	3,289	(2,833)	(86)

In 2016 the Group continued to enjoy benefits from the state agriculture subsidies programme. In 9M 2016 RR 938 million of subsidies received covered 25% of gross interest expense.

Other financial income, net relates mainly to net financial foreign exchange losses.

(1) The exchange rates used for translation of RR amounts into USD represent average Central Bank official exchange rate for the respective reporting period for income, expenses and profits and the Central Bank official exchange rate as at the reporting date for balance figures.

(2) Adjusted EBITDA is defined as operating profit before taking into account (i) depreciation included in operating profit, (ii) other operating income/ (expenses), net (other than reimbursement of operating costs (government grants)), (iii) net gain/ (loss) on revaluation of biological assets and agricultural produce, (iv) provision/ (reversal of provision) for net realizable value of agricultural products in stock, (v) share-based remuneration (see Appendix 2 for the detailed calculation of Adjusted EBITDA). Adjusted EBITDA is not a measure of financial performance under IFRS. It should not be considered as an alternative to profit for the period as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Our calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. We believe that Adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of subsidiaries and other investments and our ability to incur and service debt.

(3) The Group determines the net debt as short-term borrowings and long-term borrowings less cash and cash equivalents, bank deposits, bank promissory notes and bonds held for trading.

Note:

ROS AGRO PLC (LSE: AGRO) – a holding company of Rusagro Group, a leading Russian diversified food producer with vertically integrated operations in the following branches:

Sugar:

We are a leading Russian sugar producer, producing sugar on six production sites from both sugar beet and raw cane sugar. We produce white cube sugar and white packaged sugar sold under the brands Chaikofsky, Russkii Sakhar and Brauni. Our sugar segment is vertically integrated with sugar beet cultivation in our agriculture segment, through which we strive to ensure a consistent supply of sugar beets.

Meat:

According to the National Union of Pig Breeders, we are the second largest pork producer in Russia on the ground of relative production volumes for 2015. We have implemented best practices in biosecurity at our pig farms.

Agricultural:

The Group currently controls what it believes to be one of the largest land banks among Russian agriculture producers, with 607 thousand hectares of land under our control located in the highly fertile Black Earth region of Russia (in the Belgorod, Tambov and Voronezh regions) and in the Far East Primorie region. Land and production sites are strategically located within the same regions to optimize efficiency and minimize logistical costs. We believe we are one of the major sugar beet producers in Russia, and our agricultural segment also produces winter wheat and barley, sunflower products and soybeans. These products are partially consumed by the meat segment, supporting a synergistic effect and lowering price change risk.

Oil and Fat:

We are a leading producer of mayonnaise and consumer margarine in Russia, such as "Provansal EZhK" and "Schedroe Leto". In January 2013 the Company has begun production of mayonnaise under brand "Mechta Khozyayki". Our oil extraction plant located in Samara (Samara oil plant) enables us to control the source of 100% of the vegetable oil required by our oil and fats production plant in Ekaterinburg (Ekaterinburg fat plant).

Forward-looking statements

This announcement includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements do not relate to historical or current events, or to any future financial or operational activity of the Group.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond the Rusagro Group's control. As a result, actual future results may differ materially from the plans and expectations set out in these forward-looking statements.

The Group undertakes no obligation to release the results of any revisions to any forward-looking statements that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

Rusagro management is organizing a conference call about its 9M and Q3 2016 financial results for investors and analysts.

Details of call:

Date	21 November 2016
Time	4:00 PM (Moscow) /1:00 PM (London)
Subject	ROS AGRO PLC 9M and Q3 2016 financial results
UK Toll Free	0800 358 6377
UK Local Line	+44 203 043 2002
USA Toll Free	800 274 0251
USA Local Line	+1 719 325 4746
Russia Toll Free	+7 495 213 1767
Conference ID	8624726

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Appendix 1. Unaudited consolidated statement of comprehensive income for the Nine months ended 30 September 2016 (in RR thousand)

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Sales	55,588,239	50,357,810	17,378,449	17,769,109
Net gain on revaluation of biological assets and agricultural produce*	2,572,917	2,572,124	5,923,459	3,100,300
Cost of sales*	(39,480,874)	(30,052,760)	(12,402,777)	(10,379,661)
Net gain from trading derivatives	333,557	224,971	(3,742)	329
Gross profit	19,013,839	23,102,146	10,895,390	10,490,077
Distribution and selling expenses	(4,686,815)	(3,496,400)	(1,485,847)	(1,225,615)
General and administrative expenses	(3,916,423)	(3,043,826)	(1,424,960)	(969,844)
Other operating income/ (expenses), net	1,399,748	339,365	801,627	(78,125)
Operating profit	11,810,349	16,901,285	8,786,210	8,216,493
Interest expense	(2,821,212)	(1,500,931)	(918,982)	(466,969)
Interest income	3,354,141	901,109	1,321,256	434,948
Net gain/ (loss) from bonds held for trading	134	636,601	13,041	-
Other financial income/ (expenses), net	(995,777)	2,521,341	40,703	3,320,864
Profit before income tax	11,347,635	19,459,406	9,242,228	11,505,336
Income tax expense	(144,148)	(1,371,837)	(71,764)	(637,332)
Profit for the year	11,203,487	18,087,569	9,170,464	10,868,003
Other comprehensive income:				
Items that may be subsequently reclassified to profit and loss:				
Change in value of available-for-sale financial assets	(149,528)	-	40,229	-
Income tax relating to other comprehensive income	37,951	-	-	-
Total comprehensive income for the period	11,091,910	18,087,569	9,210,693	10,868,003
Profit is attributable to:				
Owners of ROS AGRO PLC	11,204,003	18,035,687	9,169,941	10,814,667
Non-controlling interest	(516)	51,881	523	53,336
Profit for the period	11,203,487	18,087,569	9,170,464	10,868,003
Total comprehensive income is attributable to:				
Owners of ROS AGRO PLC	11,092,426	18,035,687	9,210,170	10,814,667
Non-controlling interest	(516)	51,881	523	53,336
Total comprehensive income for the period	11,091,910	18,087,569	9,210,693	10,868,003
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	475.60	765.60	389.26	459.08

(*)In 2015 full-year financial statements the Group changed the way of presentation of gain/ loss on initial recognition of agricultural produce and gain/ loss on revaluation of biological assets in the consolidated statement of comprehensive income. In the interim financial statements for 2015 and in the financial statements for 2014 and earlier periods gain/ loss arising from initial recognition of biological assets and agricultural produce and from changes in fair-value-less-cost-to-sell of biological assets was included in statement of comprehensive income within a separate line "Gain/ (loss) on revaluation of biological assets and agricultural produce" above the gross

profit line. In 9M 2015 and Q3 2015 "Gain/ (loss) on revaluation of biological assets and agricultural produce" amounted to RR 10,667,008 thousand and RR 6,488,156 thousand respectively. Gain recorded on initial recognition of agricultural produce attributable to the realized agricultural produce and the result of revaluation of biological assets attributable to the realized biological assets was included within the line "Cost of sales" and amounted to RR 8,094,884 in 9M 2015 and RR 3,387,856 million in Q3 2015. Starting the full-year financial statements for 2015 these gains/ losses are included within "Net gain/ (loss) on revaluation of biological assets and agricultural produce" line above the gross profit line.

For further details refer to note 2 "Summary of significant accounting policies" of the audited consolidated financial statements for the year ended 31 December 2015.

Appendix 2. Unaudited segment information for the Nine months ended 30 September 2016 (in RR thousand)

9M 2016	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	23,605,148	12,492,745	8,178,518	14,560,177	76,417	(3,324,766)	55,588,239
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	125,843	4,117,869	-	-	(1,670,794)	2,572,918
Cost of sales	(16,219,259)	(10,773,996)	(5,327,552)	(12,130,311)	-	4,970,245	(39,480,873)
<i>incl. Depreciation</i>	<i>(770,257)</i>	<i>(1,439,929)</i>	<i>(542,154)</i>	<i>(180,888)</i>	-	<i>(5,614)</i>	<i>(2,938,842)</i>
Net gain/ (loss) from trading derivatives	332,838	-	720	-	-	-	333,558
Gross profit	7,718,727	1,844,592	6,969,555	2,429,866	76,417	(25,315)	19,013,842
Distribution and Selling, General and administrative expenses	(2,313,383)	(705,708)	(1,446,254)	(2,856,275)	(1,515,308)	233,689	(8,603,239)
<i>incl. Depreciation</i>	<i>(82,233)</i>	<i>(38,853)</i>	<i>(77,581)</i>	<i>(96,370)</i>	<i>(16,327)</i>	<i>4,359</i>	<i>(307,005)</i>
Other operating income/(expenses), net	141,706	271,864	277,562	140,654	13,765,299	(13,197,338)	1,399,748
<i>incl. Reimbursement of operating costs (government grants)</i>	<i>-</i>	<i>107,853</i>	<i>297,050</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>404,903</i>
Operating profit	5,547,050	1,410,748	5,800,863	(285,755)	12,326,408	(12,988,964)	11,810,351
Adjustments:							
Depreciation included in Operating Profit	852,490	1,478,782	619,735	277,258	16,327	1,255	3,245,847
Other operating (income) /expenses, net	(141,706)	(271,864)	(277,562)	(140,654)	(13,765,299)	13,197,338	(1,399,747)
Reimbursement of operating costs (government grants)	-	107,853	297,050	-	-	-	404,903
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(125,843)	(4,117,869)	-	-	1,670,794	(2,572,918)
Adjusted EBITDA*	6,257,834	2,599,676	2,322,217	(149,151)	(1,422,564)	1,880,423	11,488,436

* Non-IFRS measure

Appendix 2 (continued). Unaudited segment information for the Nine months ended 30 September 2015 (in RR thousand)

9M 2015	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	22,922,062	13,431,716	5,199,150	12,053,318	28,265	(3,276,701)	50,357,810
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(31,434)	3,103,997	-	-	(500,438)	2,572,124
Cost of sales	(14,551,246)	(7,960,568)	(2,676,136)	(8,612,730)	-	3,747,921	(30,052,760)
<i>incl. Depreciation</i>	<i>(677,062)</i>	<i>(918,379)</i>	<i>(286,679)</i>	<i>(172,147)</i>	-	<i>(36,999)</i>	<i>(2,091,266)</i>
Net gain/ (loss) from trading derivatives	224,971	-	-	-	-	-	224,971
Gross profit	8,595,788	5,439,714	5,627,010	3,440,588	28,265	(29,218)	23,102,146
Distribution and Selling, General and administrative expenses	(1,822,903)	(560,295)	(957,276)	(2,269,452)	(1,180,372)	250,072	(6,540,226)
<i>incl. Depreciation</i>	<i>(83,114)</i>	<i>(17,817)</i>	<i>(50,204)</i>	<i>(91,936)</i>	<i>(18,874)</i>	<i>2,037</i>	<i>(259,908)</i>
Other operating income/(expenses), net	(96,681)	667,203	(56,239)	81,188	15,565,306	(15,821,412)	339,365
<i>incl. Reimbursement of operating costs (government grants)</i>	<i>-</i>	<i>593,906</i>	<i>176,680</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>770,585</i>
Operating profit	6,676,203	5,546,622	4,613,495	1,252,324	14,413,198	(15,600,558)	16,901,285
Adjustments:							
Depreciation included in Operating Profit	760,176	936,196	336,883	264,083	18,874	34,962	2,351,174
Other operating (income) /expenses, net	96,681	(667,203)	56,239	(81,188)	(15,565,306)	15,821,412	(339,365)
Reimbursement of operating costs (government grants)	-	593,906	176,680	-	-	-	770,585
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	31,434	(3,103,997)	-	-	500,438	(2,572,124)
Adjusted EBITDA*	7,533,061	6,440,955	2,079,301	1,435,219	(1,133,234)	756,253	17,111,556

* See appendix 1 for the disclosure of reclassification adjustments made to the 9M 2015 figures.

** Non-IFRS measure

Appendix 3. Unaudited consolidated statement of financial position as at 30 September 2016 (in RR thousand)

	30 September 2016	31 December 2015
ASSETS		
Current assets		
Cash and cash equivalents	13,569,447	4,401,703
Restricted cash	1,005	-
Short-term investments	21,019,851	30,129,049
Trade and other receivables	3,892,250	3,504,497
Prepayments	1,079,602	1,186,836
Current income tax receivable	148,932	41,816
Other taxes receivable	2,458,305	1,613,361
Inventories	19,828,441	22,569,821
Short-term biological assets	14,175,322	3,616,397
Total current assets	76,173,155	67,063,480
Non-current assets		
Property, plant and equipment	39,613,326	34,607,999
Inventories intended for construction	43,599	26,851
Goodwill	5,620,975	2,403,562
Advances paid for property, plant and equipment	6,164,358	5,392,600
Long-term biological assets	1,689,932	1,913,224
Long-term investments	17,933,547	15,378,412
Investments in associates	125,723	431,404
Deferred income tax assets	1,474,830	1,490,657
Other intangible assets	775,123	709,965
Long-term restricted cash	3,721	71,142
Total non-current assets	73,445,134	62,425,816
Total assets	149,618,289	129,489,296
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	18,825,698	25,860,464
Trade and other payables	8,768,543	3,736,755
Current income tax payable	28,929	383,535
Other taxes payable	2,318,320	2,359,135
Total current liabilities	29,941,490	32,339,889
Non-current liabilities		
Long-term borrowings	26,271,240	24,037,539
Government grants	2,468,928	2,043,667
Deferred income tax liability	218,718	496,235
Total non-current liabilities	28,958,886	26,577,441
Total liabilities	58,900,376	58,917,330
Equity		
Share capital	12,269	9,734
Treasury shares	(505,880)	(505,880)
Share premium	26,964,480	10,557,573
Share-based payment reserve	1,152,061	1,263,637
Retained earnings	63,063,088	59,219,626
Equity attributable to owners of ROS AGRO PLC	90,686,018	70,544,690
Non-controlling interest	31,895	27,276
Total equity	90,717,913	70,571,966
Total liabilities and equity	149,618,289	129,489,296

Appendix 4. Unaudited consolidated statement of cash flows for the Nine months ended 30 September 2016 (in RR thousand) – NOT IFRS PRESENTATION (*)

	Nine months ended	
	30 September 2016	30 September 2015
Cash flows from operating activities		
Profit before income tax	11,347,635	19,459,406
Adjustments for:		
Depreciation and amortization	3,245,852	2,351,174
Interest expense	3,759,205	2,568,888
Government grants	(1,620,283)	(1,938,913)
Interest income	(3,354,141)	(901,109)
Loss/ (gain) on disposal of property, plant and equipment	71,053	41,948
Net (gain) / loss on revaluation of biological assets and agricultural produce	(2,572,917)	(2,572,124)
Change in provision for net realisable value of inventory	108,245	(162,830)
Change in provision for impairment of receivables and prepayments	(34,357)	-
Foreign exchange (gain) / loss, net	979,452	(2,391,755)
Lost harvest write-off	(86,647)	124,781
Net (gain) / loss from bonds held for trading	(134)	(636,601)
Settlement of financial assets previously written-off	(511,732)	-
Change in provision for impairment of other taxes receivables	(259,953)	-
Other non-cash and non-operating expenses, net	(5,405)	83,447
Operating cash flow before working capital changes	11,065,871	16,026,312
Change in trade and other receivables and prepayments	398,982	(492,608)
Change in other taxes receivable	(314,769)	(753,056)
Change in inventories	4,702,511	1,759,070
Change in biological assets	(6,736,492)	(3,914,583)
Change in trade and other payables	3,384,564	2,747,469
Change in other taxes payable	(185,411)	(101,555)
Cash generated from operations	12,315,256	15,271,049
Income tax paid	(680,292)	(1,556,844)
Net cash from operating activities	11,634,964	13,714,205
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,416,732)	(9,693,621)
Purchases of other intangible assets	(187,419)	(102,571)
Proceeds from sales of property, plant and equipment	59,656	35,136
Purchases of inventories intended for construction	(11,519)	(4,839)
Investments in subsidiaries, net of cash acquired	(6,345,592)	(979,136)
Movement in restricted cash	66,448	(77,651)
Dividends received	12,199	-
Proceeds from sale of subsidiaries, net of cash disposed	-	(46)
Net cash from investing activities	(12,822,959)	(10,822,728)
Cash flows from financing activities		
Proceeds from borrowings	18,250,274	22,695,967
Repayment of borrowings	(24,846,014)	(15,717,441)
Interest paid	(2,949,093)	(2,329,433)
Change in cash on bank deposits*	(4,199,733)	(17,690,052)
Purchases of bonds*	(2,566,438)	-
Proceeds from sales of bonds*	3,318,378	7,567,628
Loans given*	(1,268,110)	(986,470)
Loans repaid*	10,883,585	641,130
Interest received*	2,444,537	456,450
Proceeds from government grants	2,045,543	2,041,531
Purchases of non-controlling interest	-	(4,105)
Proceeds from issue of own shares, net of transaction cost	16,409,442	-
Dividends paid to owners Ros Agro PLC	(7,124,250)	(2,760,324)
Other financial activities	13,356	(17,498)
Net cash from financing activities	10,411,477	(6,102,618)
Net effect of exchange rate changes on cash and cash equivalents	(55,740)	(962,741)
Net increase/ (decrease) in cash and cash equivalents	9,167,742	(4,173,882)
Cash and cash equivalents at the beginning of the period	4,401,703	10,316,313
Cash and cash equivalents at the end of the period	13,569,447	6,142,429

() For the purpose of conformity with the methodology of the Group's net debt calculation, investments in financial assets related to financial activities are presented in Cash flows from financing activities in the Group's management accounts.*