



18 May 2020

ROS AGRO financial results for Q1 2020

18 May 2020 – 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 three months ended 31 March 2020.

Q1 2020 Highlights

- Sales amounted to RR 32,933 million (US\$ 494 million¹), an increase of RR 4,962 million (+18%) compared to Q1 2019;
- Adjusted EBITDA² amounted to RR 5,163 million (US\$ 77 million), an increase of RR 1,892 million (+56%) compared to Q1 2019;
- Adjusted EBITDA margin rose from 12% in Q1 2019 to 16% in Q1 2020;
- Net profit for the period amounted to RR 3,198 million (US\$ 48 million), an increase of RR 2,231 million (+231%);
- Net debt position³ as of 31 March 2020 amounted to RR 59,965 million (US\$ 771 million);
- Net Debt/ Adjusted EBITDA (LTM⁴) as of 31 March 2020 was 2.73x.

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

“Q1 2020 showed strong performance in terms of sales and adjusted EBITDA. All business divisions except Agriculture Segment demonstrated sales growth. Key growth drivers were higher sales volumes of oil-and-fat products due to the lease of SolPro assets, increased sales volumes of processed pork due to production expansion in Tambov Region and higher sugar sales volumes attributable to demand growth triggered by the implications of COVID-19 pandemic. Agriculture Segment’s sales went down in comparison to Q1 2019 due to the decision to postpone sales of grains from 2018 to the beginning of 2019 when prices increase was expected.

However, margin of Agriculture Segment improved significantly as a result of higher income generated by soybeans export in March 2020 taking advantage of currency fluctuation and due to decrease of transportation costs because of lower grain export. Oil and Fat and Meat Segments also showed sound EBITDA margin improvement. Additional margin was drawn from SolPro product sales, that remained at SolPro entities in Q1 2019 under the tolling scheme. Meat Segment’s margin improved due to the decrease of purchased animals costs after Tambov production expansion together with the increase of other income as a result of the launch of the grain elevator in Primorie and storage services provided. Sugar Segment’s EBITDA margin decrease was mainly attributable to the price drop and slight increase of production support expenditures due to sugar production season extension.

In 1Q 2020 Company operated in the world pandemic environment, which had two key effects. The first one was the growth of demand for consumer products, and the second one was ruble devaluation as a result of oil price drop.

Despite several identified cases among employees, travel and logistical disruptions, government restrictions Ros Agro managed to operate all plants and construction plants at high capacity and prepare for planting well. The company implemented new production protocols, improved liquidity position and supported the medical infrastructure of the main regions of operation.”

Key consolidated financial performance indicators

in RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales ¹	32,933	27,971 ²	4,962	18
Gross profit	7,165	3,780	3,385	90
<i>Gross margin, %</i>	<i>22%</i>	<i>14%</i>	<i>8 pp</i>	
Adjusted EBITDA ³	5,163	3,271 ⁴	1,892	58
<i>Adjusted EBITDA margin, %</i>	<i>16%</i>	<i>12%</i>	<i>4 pp</i>	
Net profit for the period ⁵	3,198	967	2,231	231
<i>Net profit margin %</i>	<i>10%</i>	<i>3%</i>	<i>6 pp</i>	

¹ Sales for Agriculture segment were reallocated between 1Q19 and 2Q19, effect RR -503 million for 1Q19 and RR +503 million for 2Q19

² Sales and COS for 1Q19 related to Oil & Fats (RR 3,507 million) and Other (RR 387 million) have been netted versus each other with no effect on Gross profit in accordance with p. 17(a) and 17(b) of IFRS15

³ Adjusted EBITDA calculation now also includes other operating income/(expenses), while other non-operating expenses are excluded, effect for 1Q19 RR -67 million

⁴ COS for 1Q19 related to Meat was increased to RR 360 million in part of revaluation procedure, performed at the year end

⁵ Net profit for the period is affected by non-cash gain/(loss) on revaluation of biological assets and agricultural produce. See details in business-sections below

Key financial performance indicators by segments

in RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales, incl.	32,933	27,971	4,962	18
<i>Sugar</i>	5,241	4,525	716	16
<i>Meat</i>	6,809	5,186	1,623	31
<i>Agriculture</i>	4,424	4,875	(451)	(9)
<i>Oil and Fat</i>	16,147	13,422	2,725	20
<i>Milk Products</i>	990	862	128	15
<i>Other</i>	118	46	72	157
<i>Eliminations</i>	(796)	(945)	149	16
Gross profit, incl.	7,165	3,780	3,385	90
<i>Sugar</i>	1,216	1,248	(32)	(3)
<i>Meat</i>	1,316	154	1,162	766
<i>Agriculture</i>	1,130	271	859	317
<i>Oil and Fat</i>	3,375	1,438	1,937	135
<i>Milk Products</i>	119	63	56	89
<i>Other</i>	5	6	(1)	(17)
<i>Eliminations</i>	4	600	(596)	(99)
Adjusted EBITDA, incl.	5,163	3,271	1,892	58
<i>Sugar</i>	1,021	1,018	3	0
<i>Meat</i>	1,167	686	481	71
<i>Agriculture</i>	1,319	888	431	49
<i>Oil and Fat</i>	2,012	303	1,709	564
<i>Milk Products</i>	(4)	(6)	2	33
<i>Other</i>	(399)	(648)	249	38
<i>Eliminations</i>	47	1,030	(983)	(95)
Adjusted EBITDA margin, %	16%	12%	4 pp	
<i>Sugar</i>	19%	22%	(3) pp	
<i>Meat</i>	17%	13%	4 pp	
<i>Agriculture</i>	30%	18%	12 pp	
<i>Oil and Fat</i>	12%	2%	10 pp	
<i>Milk Products</i>	0%	-1%	(1) pp	

Sugar Segment

The financial results of the Sugar Segment of 1Q20 compared to 1Q19 respectively are presented in the table below:

in RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales	5,241	4,525	716	16
Cost of sales	(4,025)	(3,274)	(751)	(23)
Net gain/ (loss) from trading derivatives	-	(3)	3	-
Gross profit	1,216	1,248	(32)	(3)
<i>Gross profit margin</i>	<i>23%</i>	<i>28%</i>	<i>(5) pp</i>	
Distribution and selling expenses	(511)	(376)	(135)	(36)
General and administrative expenses	(349)	(365)	16	4
Other operating income/ (expenses), net	20	2	18	890
Other non-operating income/ (expenses), net	53	59	(6)	(10)
Operating profit	429	568	(139)	(24)
Adjusted EBITDA	1,021	1,018	3	0
<i>Adjusted EBITDA margin</i>	<i>19%</i>	<i>22%</i>	<i>(3) pp</i>	

Sales increased in 1Q20 compared to 1Q19 due to sugar sales volume growth by 63%, which was partially offset by 32% price drop. Sales volumes increased as a result of demand growth attributable to the COVID-19 pandemic. In 1Q19, on the other hand, sales were postponed from the beginning of the year until February-March due to management expectation of prices upturn. Selling prices drop was caused by sugar overproduction in Russia. However, in comparison to 4Q19 sale price showed increase of 14% in 1Q20 as a result of demand growth triggered by the implications of the COVID-19 pandemic.

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

	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sugar production volume (in thousand tonnes)	58	18	40	228
Sales volume (in thousand tonnes)	169	104	65	63
Average sales price (rubles per kg, excl. VAT)	24.9	36.5	(11.6)	(32)

Cost of sales in 1Q20 showed in comparison to 1Q19 a slightly higher increase than Sales due to the rise in production support costs attributable to sugar production season extension together with the growth of inventory provision expenses contributing RR 84 million.

Meat Segment

The financial results of the Meat Segment of 1Q20 compared to 1Q19 respectively are presented in the table below:

in RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales	6,809	5,186	1,623	31
Net gain/ (loss) on revaluation of biological assets and agricultural produce	428	(359)	787	-
Cost of sales	(5,921)	(4,673)	(1,246)	(27)
Gross profit	1,316	154	1,164	766
<i>Gross profit margin</i>	<i>19%</i>	<i>3%</i>	<i>16 pp</i>	
<i>Gross profit excl. effect of biological assets revaluation</i>	888	511	377	74
<i>Adjusted gross profit margin</i>	<i>13%</i>	<i>10%</i>	<i>3 pp</i>	
Distribution and selling expenses	(204)	(157)	(47)	(30)
General and administrative expenses	(459)	(386)	(73)	(19)
Other operating income/ (expenses), net	74	(6)	80	-
<i>incl. reimbursement of operating costs (government grants)</i>	-	-	-	-
Other non-operating income/ (expenses), net	69	60	9	15
<i>incl. reimbursement of non-operating costs (government grants)</i>	-	-	-	-
Operating profit	796	(335)	1,133	-
Adjusted EBITDA	1,167	686	483	71
<i>Adjusted EBITDA margin</i>	<i>17%</i>	<i>13%</i>	<i>4 pp</i>	

Sales of the Meat Segment increased by 31% in 1Q20 compared to the respective period of the prior year because of increase in production volumes of pork mainly due to launch of 3rd stage of Tambov Bacon. Sales volumes increase was partly compensated by decrease in sales price of processed pork by 7%, caused by livestock market price drop by 11% due to continuous domestic production growth and, thus, increased competition.

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

	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales volume (in thousand tonnes), incl.	57	41	16	40
livestock pigs	5	4	1	25
processed pork	52	36	16	43
Average sale prices (rubles per kg, excl. VAT):				
livestock pigs	66.7	70.7	(4.0)	(6)
processed pork	124.1	133.0	(8.9)	(7)

Cost of sales increased by 27% due to higher volumes of livestock pigs transferred to meat processing and accrual for reproductive herd revaluation, which is performed at the year-end, with effects allocated between quarters retrospectively, effect for 1Q'19 was RR -360 million

Net gain on revaluation of biological assets and agricultural produce in 1Q20 resulted mainly from an increase in market prices for livestock pigs during 1Q20 compared to market prices at the end 2019 and respective increase in fair value of livestock in the closing balance.

An increase in *Distribution and selling expenses* in 1Q20 compared to the same prior year period included an increase in transportation costs as a result of higher sales volume of processed pork and an increase in payroll costs related to launch of 3rd stage of Tambov Bacon, and also as a result of the rise in the costs of marketing activities.

An increase in *General and administrative expenses* in 1Q20 compared to prior year period related to expenses of farms in construction.

An increase in *Other operating income* in 1Q20 compared to the same prior year period is due to the launch of the grain elevator in Primorie.

Agricultural Segment

As at 31 March 2020 Group's area of controlled land stands at 643 thousand hectares (31 March 2019: 649 thousand hectares). The financial results of the Agricultural Segment of 1Q20 compared to 1Q19 respectively are presented below:

in RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales	4,424	4,875	(451)	(9)
Net gain/ (loss) on revaluation of biological assets and agricultural produce	(447)	(1,403)	956	68
Cost of sales	(2,847)	(3,201)	354	11
Net gain/ (loss) from trading derivatives	-	-	-	-
Gross profit	1,130	271	859	317
<i>Gross profit margin</i>	<i>26%</i>	<i>6%</i>	<i>20 pp</i>	
<i>Gross profit excl. effect of biological assets and agricultural produce revaluation</i>	<i>1,577</i>	<i>1,674</i>	<i>(97)</i>	<i>(6)</i>
<i>Adjusted gross profit margin</i>	<i>36%</i>	<i>34%</i>	<i>2 pp</i>	
Distribution and selling expenses	(480)	(892)	412	46
General and administrative expenses	(315)	(272)	(43)	(16)
Other operating income/ (expenses), net	(32)	13	(45)	-
<i>incl. reimbursement of operating costs (government grants)</i>	<i>-</i>	<i>36</i>	<i>(36)</i>	<i>-</i>
Other non-operating income/ (expenses), net	57	(51)	108	-
<i>incl. reimbursement of non-operating costs (government grants)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Operating profit	360	(931)	1,291	-
Adjusted EBITDA	1,319	888	395	43
<i>Adjusted EBITDA margin</i>	<i>30%</i>	<i>18%</i>	<i>12 pp</i>	

Lower Sales in 1Q20 compared to 1Q19 was attributable to the management decision in 2018 to postpone sales from the end of 2018 to 1Q19 mainly due to expected increase in sales prices. In March 2020, following ruble devaluation soybean export sales volumes increased significantly improving the total segment sales for the quarter.

Sales volumes by product were as follows:

thousand tonnes	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
wheat	46	179	(134)	(75)
barley	23	49	(26)	(53)
corn	8	85	(77)	(91)
sunflower seeds	17	0	16	-
soybean	121	38	83	217

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

RR per kilogram, excl. VAT	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
wheat	10.9	12.8	(1.9)	(15)
barley	10.1	11.5	(1.4)	(13)
corn	13.0	12.7	0.3	3
sunflower seeds	19.9	18.7	1.1	6
soybean	24.9	22.8	2.1	9

Net loss on revaluation of biological assets and agricultural produce in 1Q20 and 1Q19 represents the realisation of gain from crops revaluation, recognised in the previous year financial statements and remained unrealised as at the year-end.

Net gain/ (loss) on revaluation of crops and its subsequent realisation do not affect the Adjusted EBITDA figure.

Distribution and selling expenses decreased by RR 412 million as significantly lower volumes of wheat, barley and corn were exported in 1Q20 in comparison to 1Q19.

Other non-operating income/(expenses),net include result from PPE disposal and foreign exchange. Expenses of RR 51 million in 1Q19 turned into income of RR 57 million in 1Q20 as a result of foreign exchange gain of RR 52 million in 1Q20 (against nil in 1Q19) and RR 21 million gain from PPE disposal (against RR 51 million of loss in 1Q19).

Oil and Fat Segment

The financial results of the Oil and Fat Segment of 1Q20 compared to 1Q19 respectively are presented below:

in RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales	16,147	13,422	2,725	20
Cost of sales	(12,772)	(11,984)	(788)	(7)
Gross profit	3,375	1,438	1,937	135
<i>Gross profit margin</i>	<i>21%</i>	<i>11%</i>	<i>10 pp</i>	
Distribution and selling expenses	(965)	(947)	(18)	(2)
General and administrative expenses	(530)	(320)	(210)	(66)
Other operating income/ (expenses). net	(24)	(11)	(13)	(115)
Other non-operating income/ (expenses). net	62	(7)	69	-
Operating profit/ (loss)	1,919	153	1 766	1 154
Adjusted EBITDA	2,012	303	1,709	564
<i>Adjusted EBITDA margin</i>	<i>12%</i>	<i>2%</i>	<i>10 pp</i>	

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

In RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales, incl.	16,147	13,422	2,725	20
<i>Samara oil plant</i>	12,872	9,735	3,137	32
<i>Ekat. fat plant</i>	9,550	6,610	2,940	44
<i>Far East</i>	122	852	(730)	(86)
<i>Eliminations(*)</i>	(6,397)	(3,775)	(2,622)	(69)
Gross profit, incl.	3,375	1,438	1,937	135
<i>Samara oil plant</i>	2,301	836	1,465	175
<i>Ekat. fat plant</i>	1,309	766	543	71
<i>Far East</i>	(14)	43	(57)	-
<i>Eliminations(*)</i>	(221)	(207)	(14)	(7)
Adjusted EBITDA, incl.	2,012	303	1,709	564
<i>Samara oil plant</i>	1,700	196	1,504	767
<i>Ekat. fat plant</i>	378	105	273	260
<i>Far East</i>	(65)	(6)	(59)	(983)
<i>Eliminations(*)</i>	(1)	8	(9)	-
Adjusted EBITDA margin %	12%	2%	10 pp	
<i>Samara oil plant</i>	<i>13%</i>	<i>2%</i>	<i>11 pp</i>	
<i>Ekat. fat plant</i>	<i>4%</i>	<i>2%</i>	<i>2 pp</i>	
<i>Far East</i>	<i>(53)%</i>	<i>(1)%</i>	<i>(52) pp</i>	

(*) Intra-segment sales include sales of bulk oil from Samara oil plant and bulk and bottled oil from Far East to Ekaterinburg fat plant.

Sales volumes to third parties by product were as follows:

thousand tonnes	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
mayonnaise	31	20	11	57
margarine	10	9	1	12
bottled oil	36	31	5	17
industrial fats	77	30	47	156
bulk oil	100	111	(11)	(10)
meal	162	165	(3)	(2)

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

RR per kilogram. excl. VAT	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
mayonnaise	80.6	79.4	1.2	1
margarine	80.4	81.3	(0.9)	(1)
bottled oil	54.9	54.7	0.2	0
industrial fats	53.1	51.3	1.8	4
bulk oil	45.9	43.3	2.6	6
meal	12.4	15.8	(3.4)	(21)

Sales increased as a result of augmented capacity rented from SolPro (since 3Q19), and, as a result, higher sales volumes of industrial fats (RR +2.5 billion), supported by regained market share in 2H 2019, and higher sales volumes mayonnaise (RR +0.9 billion), while SolPro continued to sell own products in 1Q19. At the same time, EBITDA margin increased to 12% in 1Q20 as in 1Q19 all sales have been transferred to Rusagro, while profit remained on SolPro entities and has been further withdrawn through interest income reflected in Other segment below EBITDA. Starting from July 2019 all the SolPro plants are rented by Rusagro and margin is reflected in Rusagro EBITDA. EBITDA margin has increased by 10 pp in 1Q20 compared to 1Q19.

Increase in *General and administrative expenses* by RR 210 million in 1Q20 compared to the same period of the previous year is attributed to growth in employees number due to the rent of SolPro assets.

Milk Products Segment

The financial results of the Milk Products Segment of 1Q20 as compared to 1Q19 respectively are presented in the table below:

in RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Sales	990	862	128	15
Cost of sales	(871)	(799)	(72)	(9)
Gross profit	119	63	56	89
<i>Gross profit margin</i>	<i>12%</i>	<i>7%</i>	<i>5 pp</i>	
Distribution and selling expenses	(59)	(42)	(16)	(39)
General and administrative expenses	(36)	(27)	(9)	(35)
Other operating income/ (expenses). net	(29)	-	(29)	-
Other non-operating income/ (expenses). net	(2)	(2)	-	-
Operating profit	(7)	(8)	1	12
Adjusted EBITDA	(4)	(6)	2	32
<i>Adjusted EBITDA margin</i>	<i>0%</i>	<i>(1)%</i>	<i>1 pp</i>	

Group is now focusing on entering the retail chains with a consumer product, developing brands and increasing sales profitability.

Sales volumes by product were as follows:

Thousand tonnes	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
cheese and cheese product	2	2	-	15
butter and spread	0	1	(1)	-74
dry mixes	4	3	1	15
cream	1	0	1	-

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

RR per kilogram. excl. VAT	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
cheese and cheese product	203.5	210.3	(6.8)	(3)
butter and spread	234.6	277.1	(42.5)	(15)
dry mixes	75.1	76.4	(1.4)	(2)
cream	192.5	0.0	192.5	-

Key consolidated cash flow indicators (not IFRS presentation*)

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

in mln Roubles	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Net cash from operating activities, incl.	6,479	3,763	2,716	72
<i>Operating cash flow before working capital changes</i>	5,242	2,812	2,430	86
<i>Working capital changes</i>	1,444	988	456	46
Net cash from investing activities, incl.	(2,020)	(2,965)	945	32
<i>Purchases of property plant and equipment and inventories intended for construction</i>	(2,150)	(2,968)	817	28
Net cash from financing activities	(3,923)	(1,655)	(2,267)	(137)
Net effect of exchange rate changes on cash and cash equivalents	319	(25)	344	-
Net increase / (decrease) in cash and cash equivalents	856	(883)	1,739	-

(*) See Appendix 4

The main investments in property, plant and equipment and inventories intended for construction in 1Q20 were made in the Meat Segment in the amount of RR 1,039 million (1Q19: RR 1,531 million) related to the construction project in Far East region. Investments in Sugar Segment in the amount of RR 495 million (1Q19: RR 867 million), Agriculture Segment in the amount of RR 404 million (1Q19: RR 514 million) and Oil and Fat Segment in the amount of RR 212 million (1Q19: RR 56 million) mainly relate to purchases of machinery and equipment for production facilities renewal and maintenance.

Debt position and liquidity management

in RR million	31 March 2020	31 December 2019	Variance	
			Units	%
Gross debt	96,956	97,876	(920)	(1)
<i>Short-term borrowings</i>	31,068	31,835	(767)	(2)
<i>Long-term borrowings</i>	65,888	66,041	(153)	(0)
Cash and cash equivalents, bank deposits and bonds	(36,991)	(36,136)	(855)	(2)
<i>Short-term cash, deposits and bonds</i>	(3,027)	(2,171)	(856)	(39)
<i>Long-term cash, deposits and bonds</i>	(33,964)	(33,965)	1	0
Net debt	59,965	61,740	(1,775)	(3)
<i>Short-term borrowings, net</i>	28,041	29,664	(1,623)	(5)
<i>Long-term borrowings, net</i>	31,924	32,076	(152)	(0)
Adjusted EBITDA (LTM⁴)	21,340	19,448	1,892	10
Net debt/ Adjusted EBITDA (LTM)	2.81	3.17	(0.4)	
Adjusted EBITDA (LTM)* without other operating income/expenses	21,994	20,045	1,913	10
Net debt/ Adjusted EBITDA (LTM)* without other operating income/expenses	2.73	3.08	(0.35)	

Net finance income/ (expense)

in RR million	Three months ended		Variance	
	31 March 2020	31 March 2019	Units	%
Net interest expense	(1,347)	(1,567)	220	14
<i>Gross interest expense</i>	(1,702)	(1,811)	109	6
<i>Reimbursement of interest expense</i>	355	243	111	46
Interest income	1,770	3,003	(1,233)	(41)
Net gain/ (loss) from bonds held for trading	(1)	(4)	3	75
Other financial income for business purposes,	(1,140)	(195)	(945)	(484)
<i>Net foreign exchange gain/ (loss)</i>	(1,076)	(58)	(1,018)	(1,761)
<i>Other financial income / (expenses), net</i>	(64)	(137)	74	54
Total net finance income/ (expenses)	(718)	1,238	(1,956)	-

In 1Q20 the Group continued to enjoy benefits from the state agriculture subsidies programme. The Group continued to receive bank loans with decreased preferential interest rates under the programme of government support. Under this programme, the government provides subsidies to the banks to compensate the loss of income on credits with decreased interest rates, given by the banks to agricultural producers. In 1Q20 IFRS accounts these credits are accounted for according to its face value with no adjustments to prevailing market rates. The differences between nominal and market interest rate is presented in interest expenses in a statement of comprehensive income.

Net finance income of 1Q19 in the sum of RR 1,238 million changed to net finance expense in the amount of RR 718 million in 1Q20 as the result of negative dynamics in forex losses and change in approach for interest accrual related to SolPro rights of claim starting from 2Q19.

(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 non-operating income/ (expenses), net, (iii) net gain/ (loss) on revaluation of biological assets and agricultural produce, (iv) 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.

(4) LTM – The abbreviation for the “Last twelve months”.

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:

Rusagro is one of the leading Russian sugar producers (№3 with 12% share in sugar production in Russia and №1 with 50% share of cube white sugar market), producing sugar from sugar beet at nine production sites in four regions. Group produces white and brown cube sugar and packaged sugar sold under the brands Russkii Sakhar, Chaikofsky, Mon Cafe and Brauni. Sugar Segment is vertically integrated and sugar beet is supplied by Rusagro's Agriculture Segment, which ensures a consistent supply of raw material. Sugar Segment also operates a cereal plant and sell buckwheat and rice under the brand Tyoplye Traditsii.

Meat:

Rusagro is the fourth largest pork producer in Russia with 5% share of pork produced in Russia. It operates 18 commercial pork complexes with correspondence to high biosecurity standards, has own compound feed production, slaughterhouses and meat processing plants in Tambov and Belgorod Regions. Since 2016 Rusagro sells retail products under its own brand Slovo Myasnika (Butcher's word).

Agricultural:

The Group currently controls one of the largest land banks among Russian agriculture producers, with 643 thousand hectares of land under control located in the highly fertile Black Earth region of Russia (in the Belgorod, Tambov, Voronezh, Kursk and Orel 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. Rusagro is one of the major sugar beet producers in Russia, but it also produces wheat and barley, sunflower seeds and soybeans. These products are partially consumed by the Meat Segment, supporting a synergistic effect and lowering price change risk.

Oil and Fat:

Rusagro is the leading crude sunflower oil and consumer margarine producer, second largest industrial fats and mayonnaise producer in Russia with products sold under eight key brands, such as EZhK, Schedroye Leto, Mechta Khozyaiki, Moskovskiy Provansal, Novosibirskiy Provansal, Saratovskiy Provansal, Rossiyanka and Saratovskiy Slivochniy. The Group operates (including through ownership and the lease) five crushing and three oil and fats plants. Own sunflower and soy oil production allows to control the source of the vegetable oil required to produce oil and fats products.

Milk Products:

Launched at the end of 2018 Milk Products Segment operates two plants in Samara and Ulyanovsk Regions. It produces dry industrial mixes, cheeses, butter and cream. Consumer products are sold under three brands, which are Milie, Buterbrodnoe utro and Srynaya Kultura.

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 Q1 2020 financial results for investors and analysts.

Details of the call:

Date	18 May 2020
Time	4:00 PM (Moscow) / 2:00 PM (London)
Subject	ROS AGRO PLC 1Q 2020 Financial results
UK Toll Free	0 800 376 61 83
UK Local Line	+44 207 194 37 59
USA Toll Free	1 844 286 06 43
USA Local Line	+1 646 722 49 16
Russia Toll Free	8 800 500 98 63
Russian Local Line	+7 495 646 93 15
Conference ID	14785811#

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Chief Investment Officer
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Appendix 1. Consolidated statement of comprehensive income for the Three month ended 31 March 2020 (in RR thousand)

	Three months ended 31 March	
	2020	2019
Sales	32,933,364	27,970,942
Net gain/(loss) on revaluation of biological assets and agricultural produce	85,979	(1,959,103)
Cost of sales	(25,854,004)	(22,228,529)
Net gain/(loss) from trading derivatives	(83)	(3,281)
Gross profit	7,165,256	3,780,029
Distribution and selling expenses	(2,102,982)	(2,319,096)
General and administrative expenses	(2,009,476)	(1,878,970)
Other operating income/ (expenses), net	(89,440)	(31,576)
Other non-operating income/ (expenses), net	790,015	67,586
Operating profit / (loss)	3,753,373	(382,027)
Interest expense	(1,347,445)	(1,567,340)
Interest income	1,770,499	3,003,394
Net (loss)/gain from bonds	(859)	(3,501)
Other financial income/ (expenses), net	(1,139,998)	(195,103)
Profit before income tax	3,035,570	855,423
Income tax expense	162,198	111,722
Profit for the period	3,197,768	967,145
Other comprehensive income		
Total comprehensive income for the period	3,197,768	967,145
Profit is attributable to:		
Owners of ROS AGRO PLC	3,224,918	976,154
Non-controlling interest	(27,150)	(9,008)
Profit for the period	3,197,768	967,145
Total comprehensive income is attributable to:		
Owners of ROS AGRO PLC	3,224,918	976,154
Non-controlling interest	(27,150)	(9,008)
Total comprehensive income for the period	3,197,768	967,145
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	119.88	36.29

Appendix 2. Segment information for the Three months ended 31 March 2020 (in RR thousand)

3M 2020	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	5,241,009	6,808,987	4,423,982	16,146,763	1,108,524	(795,901)	32,933,364
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	427,968	(446,611)	-	-	104,622	85,979
Cost of sales	(4,025,357)	(5,920,933)	(2,847,448)	(12,771,826)	(984,859)	696,419	(25,854,004)
<i>incl. Depreciation</i>	<i>(625,132)</i>	<i>(815,947)</i>	<i>(530,829)</i>	<i>(114,180)</i>	<i>(3,060)</i>	<i>(6,490)</i>	<i>(2,095,638)</i>
Net loss from trading derivatives	(83)	-	-	-	-	-	(83)
Gross profit / (loss)	1,215,569	1,316,022	1,129,923	3,374,937	123,665	5,140	7,165,256
Distribution and Selling, General and administrative expenses	(859,774)	(662,750)	(794,994)	(1,494,368)	(521,050)	220,478	(4,112,458)
<i>incl. Depreciation</i>	<i>(20,339)</i>	<i>(51,998)</i>	<i>(38,165)</i>	<i>(40,841)</i>	<i>(44,716)</i>	<i>6,490</i>	<i>(189,568)</i>
Other operating income/(expenses), net	19,802	73,928	(31,868)	(23,683)	(54,121)	(73,498)	(89,440)
<i>incl. Reimbursement of operating costs (government grants)</i>	<i>-</i>	<i>(314)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(314)</i>
Other non-operating income/(expenses), net	52,569	69,183	57,150	61,716	594,335	(44,938)	790,015
<i>incl. Reimbursement of non-operating costs (government grants)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Operating profit / (loss)	428,166	796,383	360,211	1,918,602	142,829	107,182	3,753,373
Adjustments:							
Depreciation included in Operating Profit	645,471	867,945	568,994	155,021	47,775	-	2,285,206
Other non-operating (income) /expenses, net	(52,569)	(69,183)	(57,150)	(61,716)	(594,335)	44,938	(790,015)
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(427,968)	446,611	-	-	(104,622)	(85,979)
Adjusted EBITDA*	1,021,068	1,167,177	1,318,666	2,011,907	(403,731)	47,498	5,162,585

* Non-IFRS measure

Appendix 2 (continued). Segment information for the Three months ended 31 March 2019 (in RR thousand)

3M 2019	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	4,524,875	5,186,281	4,875,000	13,421,858	908,447	(945,519)	27,970,942
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(358,887)	(1,402,881)	-	-	(197,335)	(1,959,103)
Cost of sales	(3,273,264)	(4,673,820)	(3,200,698)	(11,984,420)	(839,501)	1,743,174	(22,228,529)
<i>incl. Depreciation</i>	(490,373)	(691,243)	(310,748)	(117,133)	(3,214)	(3,599)	(1,616,310)
Net gain/ (loss) from trading derivatives	(3,278)	-	-	-	(3)	0	(3,281)
Gross profit	1,248,333	153,574	271,421	1,437,438	68,943	600,320	3,780,029
Distribution and Selling, General and administrative expenses	(741,485)	(543,062)	(1,164,133)	(1,266,496)	(716,872)	233,982	(4,198,066)
<i>incl. Depreciation</i>	(19,418)	(32,078)	(54,040)	(25,954)	(17,349)	3,599	(145,240)
Other operating income/(expenses), net	1,619	(6,479)	13,049	(11,167)	(28,599)	-	(31,576)
<i>incl. Reimbursement of operating costs (government grants)</i>	-	-	35,591	-	-	-	35,591
Other non-operating income/(expenses), net	59,226	59,917	(51,316)	(7,125)	271,844	(264,960)	67,586
<i>incl. Reimbursement of non-operating costs (government grants)</i>	-	-	-	-	-	-	-
Operating profit / (loss)	567,694	(336,050)	(930,979)	152,650	(404,684)	569,342	(382,027)
Adjustments:							
Depreciation included in Operating Profit	509,791	723,321	364,788	143,087	20,563	0	1,761,550
Other non-operating (income) /expenses, net	(59,226)	(59,917)	51,316	7,125	(271,844)	264,960	(67,586)
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	358,887	1,402,881	-	-	197,335	1,959,103
Adjusted EBITDA *	1,018,259	686,241	888,006	302,862	(655,965)	1,031,637	3,271,040

* Non-IFRS measure

**Appendix 3. Consolidated statement of financial position as at 31 March 2020
(in RR thousand)**

	31 March 2020	31 December 2019
ASSETS		
Current assets		
Cash and cash equivalents	3,026,528	2,170,779
Restricted cash	48	39
Short-term investments	24,694,502	23,456,552
Trade and other receivables	7,960,500	8,068,349
Prepayments	2,936,161	3,018,658
Current income tax receivable	320,550	225,315
Other taxes receivable	3,012,720	4,349,400
Inventories and short-term biological assets	48,108,901	49,386,797
Total current assets	90,059,910	90,675,889
Non-current assets		
Property, plant and equipment	81,191,003	80,629,483
Inventories intended for construction	3,355,787	3,157,369
Right-of-use assets	6,862,532	6,230,707
Goodwill	2,364,942	2,364,942
Advances paid for non-current assets	8,439,670	8,721,155
Long-term biological assets	2,457,893	2,279,335
Long-term investments and receivables	43,075,293	42,636,323
Investments in associates	200,070	165,070
Deferred income tax assets	2,480,018	1,852,983
Other intangible assets	589,690	608,635
Other non-current assets	-	173,002
Total non-current assets	151,016,898	148,819,004
Total assets	241,076,808	239,494,893
LIABILITIES and EQUITY		
Current liabilities		
Short-term borrowings	31,067,820	31,834,699
Lease liabilities	980,193	916,791
Trade and other payables	16,537,602	17,492,614
Current income tax payable	116,108	123,846
Other taxes payable	2,973,724	3,468,034
Total current liabilities	51,675,447	53,835,984
Non-current liabilities		
Long-term borrowings	65,887,960	66,040,784
Government grants	8,281,469	8,306,779
Lease liabilities	4,343,976	3,989,801
Deferred income tax liability	863,620	494,977
Total non-current liabilities	79,377,025	78,832,341
Total liabilities	131,052,472	132,668,325
Equity		
Share capital	12,269	12,269
Treasury shares	(490,607)	(490,607)
Additional paid-in capital	26,964,479	26,964,479
Other reserves	1,313,691	1,313,691
Retained earnings	82,188,553	78,960,843
Equity attributable to owners of ROS AGRO PLC	109,988,385	106,760,675
Non-controlling interest	35,951	65,893
Total equity	110,024,336	106,826,568
Total liabilities and equity	241,076,808	239,494,893

Appendix 4. Consolidated statement of cash flows for the Three months ended 31 March 2020 (in RR thousand) – NOT IFRS PRESENTATION (*)

	Three months ended	
	31 March 2020	31 March 2019
Cash flows from operating activities		
Profit before income tax	3,035,570	855,423
<i>Adjustments for:</i>		
Depreciation and amortization	2,285,206	1,761,550
Interest expense	1,702,144	1,810,563
Government grants	(517,206)	(389,014)
Interest income	(1,770,499)	(3,003,394)
Loss / (gain) on disposal of property, plant and equipment	(21,317)	105,074
Net (gain) / loss on revaluation of biological assets and agricultural produce	(85,979)	1,959,103
Lease finance expense	61,934	47,295
Realised deferred day-one gain	(387,341)	(179,601)
Change in provision for net realisable value of inventory	58,393	(18,844)
Change in provision for impairment of receivables and prepayments	(12,203)	39,375
Foreign exchange (gain) / loss, net	998,839	51,379
Net (gain) / loss from bonds held for trading	859	3,505
Settlement of loans and accounts receivable previously written-off	(1)	(11)
Change in provision for impairment of advances paid for property, plant and equipment	82,862	12,492
Dividend income	(186,506)	-
Loss / (gain) on other investments		(149,920)
Other non-cash and non-operating expenses, net	(2,738)	(93,047)
Operating cash flow before working capital changes	5,242,017	2,811,928
Change in trade and other receivables and prepayments	433,296	1,020,443
Change in other taxes receivable	1,336,681	1,152,457
Change in inventories and short-term biological assets	1,119,080	(2,105,885)
Change in trade and other payables	(983,924)	1,820,311
Change in other taxes payable	(460,807)	(898,863)
Cash generated from operations	6,686,343	3,800,391
Income tax paid	(207,421)	(37,818)
Net cash from operating activities	6,478,922	3,762,573

Appendix 4 (continued). Consolidated statement of cash flows the Three months ended 31 March 2020 (in RR thousand) – NOT IFRS PRESENTATION (*)

	Three months	
	31 March 2020	31 March 2019
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,687,268)	(2,921,781)
Purchases of other intangible assets	(70,563)	(10,656)
Proceeds from sales of property, plant and equipment	46,264	36,763
Purchases of inventories intended for construction	(462,996)	(45,962)
Purchases of associates	(28,000)	-
Dividends received	186,506	-
Movement in restricted cash	-	(147,787)
Proceeds from sale of subsidiaries, net of cash disposed	-	18,490
Proceeds from sales of other investments	-	105,872
Other investing activities	(3,744)	-
Net cash from investing activities	(2,019,801)	(2,965,061)
Cash flows from financing activities		
Proceeds from borrowings	11,518,942	6,115,669
Repayment of borrowings	(14,839,577)	(11,735,057)
Interest and other finance cost paid	(732,829)	(1,024,734)
Change in cash on bank deposits*	-	2,571,104
Purchases of loan issued*	(240)	-
Loans repaid*	10,989	1,607,946
Interest received*	87,189	705,313
Proceeds from government grants	87,721	157,795
Purchases of non-controlling interest	-	(6,636)
Dividends paid to owners Ros Agro PLC	-	-
(Repayment)/proceeds of lease liabilities-principal	(54,904)	(46,780)
Other financial activities	-	33
Net cash from financing activities	(3,922,709)	(1,655,347)
Net effect of exchange rate changes on cash and cash equivalents	319,337	(25,054)
Net increase/ (decrease) in cash and cash equivalents	855,749	(882,889)
Cash and cash equivalents at the beginning of the period	2,170,779	1,728,396
Cash and cash equivalents at the end of the period	3,026,528	845,507

(*) 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.