



12 November 2018

ROS AGRO financial results for 9M 2018 and Q3 2018

12 November 2018 – 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 2018.

9M 2018 Highlights

- Sales amounted to RR 52,192 million (US\$ 878 million¹), a decrease of RR 2,636 million compared to 9M 2017;
- Adjusted EBITDA² amounted to RR 10,185 million (US\$ 171 million), an increase of RR 1,647 million compared to 9M 2017;
- Adjusted EBITDA margin increased from 16% in 9M 2017 to 20% in 9M 2018;
- Net profit for the period amounted to RR 8,633 million (US\$ 145 million);
- Net debt position³ as of 30 September 2018 amounted to RR 15,102 million (US\$ 241 million);
- Net Debt/ Adjusted EBITDA (LTM⁴) as of 30 September 2018 was 0.97x.

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

“In the 3Q 2018 ROS AGRO revenue increased compared to the 3Q 2017 due to the rising prices of agriculture products in the world. EBITDA augmented in all business units due to the lower costs. Net income of the company increased as well as net debt and capital expenditures.”

Key consolidated financial performance indicators

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2018	September 2017			September 2018	September 2017		
Sales	52,192	54,829	(2,636)	(5)	19,378	17,071	2,307	14
Gross profit	18,961	10,769	8,192	76	10,881	5,341	5,540	104
<i>Gross margin, %</i>	<i>36%</i>	<i>20%</i>	<i>16%</i>		<i>56%</i>	<i>31%</i>	<i>25%</i>	
Adjusted EBITDA	10,185	8,538	1,647	19	4,413	3,099	1,314	42
<i>Adjusted EBITDA margin, %</i>	<i>20%</i>	<i>16%</i>	<i>4%</i>		<i>23%</i>	<i>18%</i>	<i>5%</i>	
Net profit for the period	8,633	3,089	5,543	179	6,269	2,863	3,406	119
<i>Net profit margin %</i>	<i>17%</i>	<i>6%</i>	<i>11%</i>		<i>32%</i>	<i>17%</i>	<i>15%</i>	

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

Key financial performance indicators by segments

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Sales, incl.	52,192	54,829	(2,636)	(5)	19,378	17,071	2,307	14
<i>Sugar</i>	17,734	20,993	(3,259)	(16)	7,063	6,391	672	11
<i>Meat</i>	15,375	15,191	184	1	5,958	5,154	804	16
<i>Agriculture</i>	7,028	8,060	(1,032)	(13)	3,816	3,054	762	25
<i>Oil and Fat</i>	14,667	14,217	450	3	4,638	4,596	42	1
<i>Other</i>	825	51	774	153	711	19	692	3624
<i>Eliminations</i>	(3,436)	(3,683)	246	7	(2,809)	(2,143)	(666)	(31)
Gross profit, incl.	18,961	10,769	8,192	76	10,881	5,341	5,540	104
<i>Sugar</i>	4,784	4,609	175	4	1,674	1,622	52	3
<i>Meat</i>	4,609	3,408	1,201	35	2,166	1,557	609	39
<i>Agriculture</i>	6,696	1,283	5,413	422	6,186	1,451	4,735	326
<i>Oil and Fat</i>	3,520	2,180	1,340	61	1,188	917	271	30
<i>Other</i>	139	51	88	174	118	19	98	515
<i>Eliminations</i>	(787)	(761)	(25)	(3)	(449)	(224)	(225)	(100)
Adjusted EBITDA, incl.	10,185	8,538	1,647	19	4,413	3,099	1,314	42
<i>Sugar</i>	3,654	2,910	744	26	1,334	1,047	287	27
<i>Meat</i>	5,125	4,490	635	14	2,281	1,680	601	36
<i>Agriculture</i>	981	55	926	167	766	(1)	767	-
<i>Oil and Fat</i>	1,764	47	1,718	368	684	293	391	134
<i>Other</i>	(722)	(729)	6	1	(245)	(293)	48	16
<i>Eliminations</i>	(617)	1,764	(2,382)	-	(407)	373	(780)	-
Adjusted EBITDA margin, %	20%	16%	4%		23%	18%	5%	
<i>Sugar</i>	21%	14%	7%		19%	16%	3%	
<i>Meat</i>	33%	30%	3%		38%	33%	5%	
<i>Agriculture</i>	14%	1%	13%		20%	0%	20%	
<i>Oil and Fat</i>	12%	0%	12%		15%	6%	9%	

Sugar Segment

The financial results of the sugar segment for 9M 2018 and Q3 2018 compared to 9M 2017 and Q3 2017 respectively are presented in the table below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Sales	17,734	20,993	(3,259)	(16)	7,063	6,391	672	11
Cost of sales	(12,956)	(16,374)	3,418	21	(5,391)	(4,762)	(629)	(13)
Net gain/ (loss) from trading derivatives	6	(10)	16	-	2	(7)	9	-
Gross profit	4,784	4,609	175	4	1,674	1,622	52	3
<i>Gross profit margin</i>	<i>27%</i>	<i>22%</i>	<i>5%</i>		<i>24%</i>	<i>25%</i>	<i>-1%</i>	
Distribution and selling expenses	(1,538)	(1,860)	323	17	(447)	(548)	100	18
General and administrative expenses	(1,204)	(1,133)	(71)	(6)	(397)	(389)	(8)	(2)
Other operating income/ (expenses), net	3,378	(72)	3,450	-	3,331	(21)	3,352	-
Operating profit	5,421	1,543	3,878	251	4,160	664	3,496	527
Adjusted EBITDA	3,654	2,910	744	26	1,334	1,047	287	27
<i>Adjusted EBITDA margin</i>	<i>21%</i>	<i>14%</i>	<i>7%</i>		<i>19%</i>	<i>16%</i>	<i>3%</i>	

Sales decreased in 9M 2018 compared to 9M 2017 mainly due to sugar sales price decreased by 13% and sales volume decreased by 4% (9M 2018: 562 ths tonnes, 9M 2017: 584 ths tonnes). Buckwheat sales prices decreased by 55%.

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 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Sugar production volume (in thousand tonnes), incl.	238	347	(110)	(32)	212	211	1	0
Sales volume (in thousand tonnes)	562	584	(22)	(4)	235	193	42	22
Average sales price (roubles per kg, excl. VAT)	28.9	33.1	(4.2)	(13)	28.2	31.4	(3.3)	(10)

Sales increased in 3Q 2018 compared to 3Q 2017 mainly due to sugar sales price decreased by 10% and sales volume increased by 22% (3Q 2018: 235 ths tonnes, 3Q 2017: 193 ths tonnes).

Cost of sales decreased in 9M 2018 compared to 9M 2017 by RR 3,418 million mainly due to sugar beet purchase prices of harvest 2017 decreased by 25%.

Distribution and selling expenses decreased by 323 million mainly due to payroll, provision for impairment of receivables and fuel and energy expenses.

The sales price decline was the main driver of a negative dynamics in profitability of the segment.

Meat Segment

The financial results of the meat segment for 9M 2018 and Q3 2018 compared to 9M 2017 and Q3 2017 respectively are presented in the table below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Sales	15,375	15,191	184	1	5,958	5,154	804	16
Net gain/ (loss) on revaluation of biological assets and agricultural produce	(53)	(372)	319	86	35	39	(5)	(12)
Cost of sales	(10,713)	(11,411)	699	6	(3,827)	(3,636)	(191)	(5)
Gross profit	4,609	3,408	1,201	35	2,166	1,557	609	39
<i>Gross profit margin</i>	<i>30%</i>	<i>22%</i>	<i>8%</i>		<i>36%</i>	<i>30%</i>	<i>6%</i>	
<i>Gross profit excl. effect of biological assets revaluation</i>	4,662	3,780	882	23	2,131	1,518	614	40
<i>Adjusted gross profit margin</i>	<i>30%</i>	<i>25%</i>	<i>5%</i>		<i>36%</i>	<i>29%</i>	<i>6%</i>	
Distribution and selling expenses	(476)	(301)	(175)	(58)	(200)	(117)	(83)	(71)
General and administrative expenses	(697)	(454)	(243)	(53)	(227)	(197)	(30)	(15)
Other operating income/ (expenses), net	155	201	(46)	(23)	53	46	6	13
<i>incl. reimbursement of operating costs (government grants)</i>	22	23	(1)	(2)	22	-	22	-
Operating profit	3,591	2,854	737	26	1,791	1,290	502	39
Adjusted EBITDA	5,125	4,490	635	14	2,281	1,680	601	36
<i>Adjusted EBITDA margin</i>	<i>33%</i>	<i>30%</i>	<i>4%</i>		<i>38%</i>	<i>33%</i>	<i>6%</i>	

Sales in the meat segment decreased by 1% in 9M 2018 and increased by 11% in Q3 2018 compared to the respective periods of prior year as a result of a decrease in sales volume of livestock and decrease of sale price of livestock, and increase in sale price of livestock pigs and processed pork and decrease in sales volume of livestock if we compare Q3 2018 to Q3 2017.

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 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Sales volume (in thousand tonnes),	116	130	(14)	(11)	37	42	(5)	(13)
livestock pigs	19	46	(27)	(60)	5	11	(6)	(55)
processed pork	97	84	14	16	32	31	1	3
Average sale prices (roubles per kg, excl. VAT):								
livestock pigs	83.9	97.2	(13.3)	(14)	107.1	97.4	9.78	10
processed pork	139.3	128.3	11.0	9	166.0	131.7	34.3	26

A decrease in *Net loss on revaluation of biological assets and agricultural produce* in 9M 2018 resulted mainly from an increase in market prices for live pigs during 9M 2018.

An increase in *Distribution and selling expenses* in 9M 2018 and Q3 2018 compared to prior year periods includes an increase in transportation costs as a result of higher sales volume of processed pork, an increase in payroll costs related to growth in staff of logistic department.

An increase in *General and administrative expenses* in 9M 2018 by RR 243 million includes RR 146 million of an increase in property tax expenses. In 9M 2017 the Group recognised gain from reverse of property tax for 2016 resulted from tax relief legally confirmed in 1H 2017. *General and administrative expenses* increased in Q3 2018 compared to Q3 2017 by 15% due to an increase in cost of professional services.

Other operating income, net includes income from reimbursement of operating expenses (government grants), which is lower by RR 1 million in 9M 2018 compared to the prior year period.

Agricultural Segment

As at 30 September 2018 the segment's area of controlled land stands at 686 thousand hectares (30 September 2017: 665 thousand hectares), an increase of 21 thousand hectares or 3%. The financial results of the agricultural segment for 9M 2018 and Q3 2018 compared to 9M 2017 and Q3 2017 respectively are presented below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Sales	7,028	8,060	(1,032)	(13)	3,816	3,054	762	25
Net gain/ (loss) on revaluation of biological assets and agricultural produce	4,236	(231)	4,467	-	4,854	1,263	3,592	284
Cost of sales	(4,568)	(6,546)	1,978	30	(2,485)	(2,865)	381	13
Net gain/ (loss) from trading derivatives	-	-	-	-	-	(1)	1	-
Gross profit	6,696	1,283	5,413	422	6,186	1,451	4,735	326
<i>Gross profit margin</i>	<i>95%</i>	<i>16%</i>	<i>79%</i>		<i>162%</i>	<i>48%</i>	<i>115%</i>	
<i>Gross profit excl. effect of biological assets and agricultural produce revaluation</i>	2,460	1,514	946	63	1,331	188	1,143	607
<i>Adjusted gross profit margin</i>	<i>35%</i>	<i>19%</i>	<i>16%</i>		<i>35%</i>	<i>6%</i>	<i>29%</i>	
Distribution and selling expenses	(1,281)	(1,642)	361	22	(638)	(322)	(316)	(98)
General and administrative expenses	(918)	(719)	(199)	(28)	(307)	(274)	(33)	(12)
Other operating income/ (expenses), net	(8)	36	(44)	-	60	(29)	88	-
<i>incl. reimbursement of operating costs (government grants)</i>	77	42	36	85	17	2	15	865
Operating profit	4,489	(1,042)	5,532	-	5,300	826	4,474	542
Adjusted EBITDA	981	55	926	1,674	766	(1)	767	-
<i>Adjusted EBITDA</i>	<i>14%</i>	<i>1%</i>	<i>13%</i>		<i>20%</i>	<i>0%</i>	<i>20%</i>	

An increase in sales prices of crops was the main driver of an increase in *Sales* in Q3 2018 compared to Q3 2017.

As for *Sales* in 9M 2018 compared to 2017, the drop was resulted by lower sales volumes of almost all crops compared to the prior year period.

Sales volumes by product were as follows:

Thousand tonnes	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
sugar beet	980	1,486	(506)	(34)	978	1,033	(55)	(5)
wheat	188	308	(120)	(39)	75	124	(49)	(40)
barley	115	80	35	44	36	55	(19)	(35)
sunflower seeds	4	49	(45)	(92)	1	0	1	678
corn	80	74	5	7	3	3	0	14
soy	34	50	(16)	(33)	3	5	(1)	(30)

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 2018	September 2017			September 2018	September 2017		
sugar beet	2.2	1.9	0.4	20	2.3	1.8	0.5	28
wheat	8.2	6.5	1.7	27	9.8	5.4	4.4	81
barley	9.1	6.3	2.8	44	13.1	6.1	7.0	115
sunflower seeds	17.4	15.6	1.7	11	14.0	9.6	4.3	45
corn	9.5	8.6	1.0	11	10.7	5.3	5.5	105
soy	22.4	19.6	2.7	14	31.1	20.5	10.6	52

Net gain on revaluation of biological assets and agricultural produce in 9M 2018 represents the gain from revaluation of 2018 crops that was harvested in Q3 2018 and remained in stock as at 30 September 2018 due to the rising prices of agriculture products in the world. The gain on revaluation of crops and its subsequent realisation do not affect the Adjusted EBITDA figure.

Distribution and selling expenses decreased by RR 361 million in 9M 2018 as lower volumes of crops were sold in 2018 compared to 2017.

General and administrative expenses increased by RR 199 million in 9M 2018, which is attributed to the higher payroll costs as a result of higher number of employees in administrative function, an increase in property tax and higher amortisation as the result of an increase in balance of intangibles.

In 9M 2018 vs 2017 *other operating income* turned into expenses as a result of operating foreign exchange losses of RR 44 million compared to gains of RR 23 million in 2017, loss from sale of materials and other services of RR 28 million against RR 40 million of gain in 2017 and higher charity expenses by RR 13 million, which was partly compensated by higher amortization of deferred income by RR 28 million, higher reimbursement of operating expenses by RR 36 million and lower write-off of lost harvest by RR 46 million.

Oil and Fat segment

The financial results of the oil and fat segment for 9M 2018 and Q3 2018 compared to 9M 2017 and Q3 2017 respectively are presented below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Sales	14,667	14,217	450	3	4,638	4,596	42	1
Cost of sales	(11,147)	(12,038)	890	7	(3,451)	(3,679)	229	6
Gross profit	3,520	2,180	1,340	61	1,188	917	271	30
<i>Gross profit margin</i>	<i>24%</i>	<i>15%</i>	<i>9%</i>		<i>26%</i>	<i>20%</i>	<i>6%</i>	
Distribution and selling expenses	(1,584)	(1,959)	375	19	(474)	(570)	96	17
General and administrative expenses	(606)	(542)	(64)	(12)	(221)	(178)	(43)	(24)
Other operating income/(expenses), net	49	92	(43)	(47)	75	(23)	99	-
Operating profit/ (loss)	1,379	(229)	1,608	-	567	145	423	292
Adjusted EBITDA	1,764	47	1,718	3,684	684	293	391	134
<i>Adjusted EBITDA margin</i>	<i>12%</i>	<i>0%</i>	<i>12%</i>		<i>15%</i>	<i>6%</i>	<i>9%</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	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Sales, incl.	14,667	14,217	450	3	4,638	4,596	42	1
<i>Samara oil plant</i>	7,948	7,571	378	5	2,634	2,556	78	3
<i>Ekaterinburg fat plant</i>	6,863	5,867	996	17	3,008	1,889	1,119	59
<i>Far East</i>	2,506	2,353	153	6	444	573	(129)	(22)
<i>Eliminations(*)</i>	(2,650)	(1,573)	(1,077)	(68)	(1,448)	(423)	(1,02)	(24)
Gross profit, incl.	3,520	2,180	1,340	61	1,188	917	271	30
<i>Samara oil plant</i>	1,467	463	1,004	217	444	263	181	69
<i>Ekaterinburg fat plant</i>	1,707	1,639	68	4	660	666	(6)	(1)
<i>Far East</i>	465	109	356	326	119	15	104	694
<i>Eliminations(*)</i>	(120)	(31)	(89)	(284)	(35)	(27)	(8)	(29)
Adjusted EBITDA, incl.	1,764	47	1,718	3,684	684	293	391	134
<i>Samara oil plant</i>	935	(189)	1,125	-	379	42	337	800
<i>Ekaterinburg fat plant</i>	602	209	393	189	251	272	(21)	(8)
<i>Far East</i>	260	(28)	287	-	66	(20)	86	-
<i>Eliminations(*)</i>	(33)	55	(88)	-	(12)	(2)	(11)	(57)
Adjusted EBITDA margin	12%	0%	12%		15%	6%	8%	
<i>Samara oil plant</i>	12%	-3%	14%		14%	2%	13%	
<i>Ekaterinburg fat plant</i>	9%	4%	5%		8%	14%	-6%	
<i>Far East</i>	10%	-12%	12%		15%	-3%	18%	

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	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
mayonnaise	33	44	(11)	(25)	12	13	(1)	(7)
margarine	20	24	(4)	(16)	7	8	(1)	(17)
bottled oil	52	11	41	361	27	4	23	573
bulk oil	85	120	(34)	(29)	11	41	(29)	(72)
meal	174	183	(9)	(5)	41	46	(5)	(11)

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 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
mayonnaise	81.4	79.6	1.8	2	82.6	82.3	0.3	0
margarine	81.8	77.8	4.0	5	86.4	77.5	8.9	12
bottled oil	54.9	58.8	(3.9)	(7)	55.8	56.3	(0.5)	(1)
bulk oil	43.7	42.5	1.2	3	46.4	43.6	2.8	6
meal	18.4	16.2	2.2	14	19.2	15.6	3.6	23

Decrease in *Distribution and selling expenses* by RR 375 million in 9M 2018 (Q3 2018: RR 96 million) compared to the respective periods of previous year is attributed to the limitation of marketing and brand promotion, decrease in payroll expenses as a result of a significant drop in personnel employed in sales and marketing, and lower transportation and loading services expenses related to the lower sales volume of mayonnaise and margarine and optimization of the logistics process with cancellation of distribution to unprofitable locations at Ekaterinburg fat plant.

An increase in Adjusted EBITDA of Samara oil plant and Far East in 9M 2018 relates to a decrease in raw materials costs (sunflower seeds and soybeans), an increase in sales volume of all products in Far East and start production of bottled oil on Samara oil plant.

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	Nine months ended		Variance		Three months ended		Variance	
	30 September 2018	30 September 2017	Units	%	30 September 2018	30 September 2017	Units	%
Net cash from operating activities, incl.	12,994	17,512	(4,517)	(26)	9,080	10,398	(1,318)	(13)
<i>Operating cash flow before working capital changes</i>	9,393	9,638	(245)	(3)	7,272	6,600	672	10
<i>Working capital changes</i>	4,213	8,233	(4,020)	(49)	2,326	4,000	(1,675)	(42)
Net cash from investing activities, incl.	(14,402)	(11,629)	(2,773)	(24)	(11,273)	(8,779)	(2,494)	(28)
<i>Purchases of property, plant and equipment and inventories intended for construction</i>	(12,097)	(11,512)	(585)	(5)	(8,998)	(8,612)	(387)	(4)
Net cash from financing activities	3,586	10,216	(6,631)	(65)	7,753	3,727	4,026	108
Net effect of exchange rate changes on cash and cash equivalents	143	(192)	335	-	144	(96)	240	-
Net (decrease) / increase in cash and cash equivalents	2,368	15,907	(13,538)	(85)	5,752	5,251	501	10

(*) See Appendix 4

The main investments in property, plant and equipment and inventories intended for construction in 9M 2018 were made in the Meat segment in the amount of RR 8,957 million, related to the construction projects in the Tambov and Far East regions and in Oil and Fat segment in the amount of RR 595. Significant investments were also made in the Sugar segment in the amount of RR 586 million, related to purchases of machinery and equipment.

Debt position and liquidity management

in RR million	30	31 December 2017	Variance	
	September 2018		Units	%
Gross debt	51,422	46,651	4,771	10
<i>Short-term borrowings</i>	8,000	8,864	(863)	(10)
<i>Long-term borrowings</i>	43,422	37,788	5,634	15
Cash and cash equivalents, bank deposits and bonds	(36,320)	(40,048)	3,727	9
<i>Short-term cash, deposits and bonds</i>	(19,203)	(22,901)	3,698	16
<i>Long-term cash, deposits and bonds</i>	(17,117)	(17,146)	29	0
Net debt	15,102	6,604	8,498	129
<i>Short-term borrowings, net</i>	(11,203)	(14,038)	2,835	20
<i>Long-term borrowings, net</i>	26,305	20,642	5,663	27
Adjusted EBITDA (LTM⁴)	15,603	13,955	1,647	12
Net debt/ Adjusted EBITDA (LTM)	0.97	0.47	0.5	

Net finance income/ (expense)

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2018	September 2017			September 2018	September 2017		
Net interest expense	(1,737)	(1,862)	125	7	(658)	(538)	(120)	(22)
<i>Gross interest expense</i>	(2,395)	(2,383)	(12)	(1)	(806)	(784)	(22)	(3)
<i>Reimbursement of interest expense</i>	658	522	137	26	148	246	(98)	(40)
Interest income	2,708	3,198	(490)	(15)	893	1,093	(199)	(18)
Net gain/ (loss) from bonds held for trading	(29)	9	(38)	-	(21)	2	(23)	-
Other financial income, net	(36)	12	(48)	-	45	-50	95	-
<i>Net foreign exchange gain/ (loss)</i>	(56)	26	(82)	-	47	(45)	92	-
<i>Other financial income / (expenses), net</i>	19	(15)	34	-	(2)	(4)	3	62
Total net finance income/ (expenses)	906	1,357	(451)	(33)	259	506	(247)	(49)

In Q3 2018 the Group continued to enjoy benefits from the state agriculture subsidies programme. In addition, in 2018 the Group continued the receiving bank loans with decreased preferential interest rates under the new 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 Q3 2018 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 recognized as interest expenses and government grants in a statement of comprehensive income or in a statement of financial position.

(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.

(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:

We are a leading Russian sugar producer, operating nine production sites from both sugar beet and raw cane sugar. We produce white and brown cube sugar and packaged sugar sold under the brands Chaikofsky, Russkii Sakhar, Mon Cafe 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. We also operate a cereal plant and sell buckwheat and rice under the brand Tyoplye Traditsii.

Meat:
According to the National Union of Pig Breeders, we are the third largest pork producer in Russia on the ground of relative production volumes for 2018. 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 687 thousand hectares of land under our control located in the highly fertile Black Earth region of Central Russia 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 Fats:

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). The Oil and Fats division also operates soybean extraction plant in the Russian Far East producing oil, meal and a range of consumer products.

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 on its 9M and Q3 2018 financial results for investors and analysts.

Date	12 November 2018
Time	4:00 PM (Moscow) / 1:00 PM (London)
Subject	ROS AGRO PLC 3Q and 9M 2018 Financial results
UK Toll Free	0800 279 7204
UK Local Line	+44 330 336 9411
USA Toll Free	888-224-1121
USA Local Line	+1 929-477-0402
Russia Toll Free	+7 495 646 9190
Conference ID	8958951

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Appendix 1. Unaudited consolidated statement of comprehensive income for the Six months ended 30 September 2018 (in RR thousand)

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Sales	52,192,289	54,828,710	19,377,719	17,070,905
Net gain on revaluation of biological assets and agricultural produce	4,181,257	(2,554,996)	5,081,696	838,032
Cost of sales	(37,419,087)	(41,494,480)	(13,580,259)	(12,560,263)
Net gain from trading derivatives	6,363	(9,937)	1,803	(7,290)
Gross profit	18,960,822	10,769,297	10,880,959	5,341,384
Distribution and selling expenses	(4,955,998)	(5,309,795)	(1,627,097)	(1,464,111)
General and administrative expenses	(4,060,760)	(3,547,458)	(1,418,959)	(1,323,370)
Other operating income/ (expenses), net	(1,776,132)	(212,331)	(1,752,906)	(95,487)
Operating profit / (loss)	8,167,932	1,699,713	6,081,997	2,458,416
Interest expense	(1,737,182)	(1,861,694)	(658,172)	(538,092)
Interest income	2,708,368	3,197,973	893,250	1,092,620
Net gain/ (loss) from bonds	(29,270)	8,800	(21,311)	1,529
Other financial income/ (expenses), net	(36,085)	11,599	45,291	(45,671)
Profit before income tax	9,073,763	3,067,451	6,341,055	2,968,802
Income tax expense	(441,148)	21,790	(71,708)	(97,115)
Profit for the year	8,632,615	3,089,241	6,269,347	2,871,687
Other comprehensive income:				
Items that may be subsequently reclassified to profit and loss:				
Change in value of available-for-sale financial assets	-	(154,082)	-	-
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	301,334	-	-
Income tax relating to other comprehensive income	-	30,816	-	-
Income tax relating to other comprehensive income transferred to profit or loss	-	(60,267)	-	-
Total comprehensive income for the period	8,632,615	3,207,042	6,269,347	2,871,687
Profit is attributable to:				
Owners of ROS AGRO PLC	8,612,304	3,178,483	6,269,347	2,879,542
Non-controlling interest	20,311	(89,242)	-	(7,855)
Profit for the period	8,632,615	3,089,241	6,269,347	2,871,687
Total comprehensive income is attributable to:				
Owners of ROS AGRO PLC	8,612,304	3,178,483	6,269,347	2,879,542
Non-controlling interest	20,311	(89,242)	-	(7,855)
Total comprehensive income for the period	8,632,615	3,089,241	6,269,347	2,871,687
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	320.18	123.47	123.47	111.86

Appendix 2. Unaudited segment information for the Nine months ended 30 September 2018 (in RR thousand)

9M 2018	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	17,733,579	15,375,088	7,028,008	14,666,970	825,008	(3,436,363)	52,192,290
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(52,887)	4,236,118	-	-	(1,974)	4,181,257
Cost of sales	(12,956,143)	(10,712,773)	(4,568,112)	(11,147,212)	(686,318)	2,651,471	(37,419,087)
<i>incl. Depreciation</i>	<i>(1,546,829)</i>	<i>(1,578,281)</i>	<i>(507,045)</i>	<i>(264,475)</i>	<i>(1,968)</i>	<i>(9,113)</i>	<i>(3,907,711)</i>
Net gain/ (loss) from trading derivatives	6,363	-	-	-	-	-	6,363
Gross profit / (loss)	4,783,799	4,609,428	6,696,014	3,519,758	138,690	(786,866)	18,960,823
Distribution and Selling, General and administrative expenses	(2,741,268)	(1,173,126)	(2,198,585)	(2,189,935)	(881,238)	167,394	(9,016,758)
<i>incl. Depreciation</i>	<i>(64,696)</i>	<i>(35,393)</i>	<i>(135,905)</i>	<i>(98,339)</i>	<i>(18,163)</i>	<i>9,113</i>	<i>(343,383)</i>
Other operating income/(expenses), net	3,378,032	154,981	(8,170)	49,016	13,967,469	(19,317,460)	(1,776,132)
<i>incl. Reimbursement of operating costs (government grants)</i>	<i>-</i>	<i>22,384</i>	<i>77,206</i>	<i>71,592</i>	<i>-</i>	<i>-</i>	<i>171,182</i>
Operating profit / (loss)	5,420,563	3,591,283	4,489,259	1,378,839	13,224,921	(19,936,932)	8,167,933
Adjustments:							
Depreciation included in Operating Profit	1,611,526	1,613,675	642,950	362,815	20,131	-	4,251,097
Other operating (income) /expenses, net	(3,378,032)	(154,981)	8,170	(49,016)	(13,967,469)	19,317,460	1,776,132
Reimbursement of operating costs (government grants)	-	22,384	77,206	71,592	-	-	171,182
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	52,887	(4,236,118)	-	-	1,974	(4,181,257)
Adjusted EBITDA *	3,654,057	5,125,248	981,467	1,764,230	(722,417)	(617,498)	10,185,087

* Non-IFRS measure

Appendix 2 (continued). Unaudited segment information for the Nine months ended 30 September 2017 (in RR thousand)

9M 2017	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	20,992,538	15,191,254	8,059,770	14,217,345	50,576	(3,682,775)	54,828,708
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(371,701)	(230,509)	-	-	(1,952,785)	(2,554,995)
Cost of sales	(16,373,808)	(11,411,417)	(6,546,027)	(12,037,540)	-	4,874,311	(41,494,481)
<i>incl. Depreciation</i>	<i>(1,202,659)</i>	<i>(1,410,101)</i>	<i>(769,711)</i>	<i>(269,859)</i>	-	<i>(7,015)</i>	<i>(3,659,345)</i>
Net gain/ (loss) from trading derivatives	(9,937)	-	-	-	-	-	(9,937)
Gross profit	4,608,793	3,408,136	1,283,234	2,179,805	50,576	(761,249)	10,769,295
Distribution and Selling, General and administrative expenses	(2,993,607)	(754,886)	(2,361,122)	(2,500,367)	(817,509)	570,238	(8,857,253)
<i>incl. Depreciation</i>	<i>(92,199)</i>	<i>(32,209)</i>	<i>(91,329)</i>	<i>(97,324)</i>	<i>(38,292)</i>	<i>4,382</i>	<i>(346,971)</i>
Other operating income/(expenses), net	(72,329)	200,760	35,607	91,785	7,164,791	(7,632,947)	(212,331)
<i>incl. Reimbursement of operating costs (government grants)</i>	<i>-</i>	<i>22,957</i>	<i>41,658</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>64,615</i>
Operating profit / (loss)	1,542,857	2,854,010	(1,042,281)	(228,777)	6,397,858	(7,823,958)	1,699,711
Adjustments:							
Depreciation included in Operating Profit	1,294,858	1,442,310	861,040	367,183	38,292	2,633	4,006,316
Other operating (income) /expenses, net	72,329	(200,760)	(35,607)	(91,785)	(7,164,791)	7,632,947	212,333
Reimbursement of operating costs (government grants)	-	22,957	41,658	-	-	-	64,615
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	371,701	230,509	-	-	1,952,785	2,554,995
Adjusted EBITDA *	2,910,044	4,490,218	55,319	46,621	(728,641)	1,764,407	8,537,970

* Non-IFRS measure

**Appendix 3. Unaudited consolidated statement of financial position as at 30 September 2018
(in RR thousand)**

	30 September 2018	31 December 2017
ASSETS		
Current assets		
Cash and cash equivalents	7,228,632	4,860,335
Restricted cash	47	42
Short-term investments	14,284,367	18,457,778
Trade and other receivables	1,305,303	3,196,315
Prepayments	1,159,138	1,201,479
Current income tax receivable	338,741	212,026
Other taxes receivable	3,040,669	3,352,606
Inventories and short-term biological assets	37,200,426	29,675,851
Total current assets	64,557,323	60,956,432
Non-current assets		
Property, plant and equipment	66,026,049	56,390,084
Inventories intended for construction	2,612,548	795,314
Goodwill	2,504,857	1,826,258
Advances paid for non-current assets	11,592,723	13,841,743
Long-term biological assets	2,375,962	1,719,784
Long-term investments and receivables	18,094,014	17,594,030
Investments in associates	7,320	7,320
Deferred income tax assets	2,266,294	1,992,839
Other intangible assets	2,278,862	2,286,181
Total non-current assets	107,758,629	96,453,553
Total assets	172,315,952	157,409,985
Liabilities and EQUITY		
Current liabilities		
Short-term borrowings	8,000,202	8,863,525
Trade and other payables	11,686,837	6,773,069
Current income tax payable	74,536	63,727
Other taxes payable	3,712,751	4,072,364
Total current liabilities	23,474,326	19,772,685
Non-current liabilities		
Long-term borrowings	43,422,004	37,787,777
Government grants	6,310,091	6,377,469
Deferred income tax liability	957,386	744,113
Total non-current liabilities	50,689,481	44,909,359
Total liabilities	74,163,807	64,682,044
Equity		
Share capital	12,269	12,269
Treasury shares	(491,978)	(491,978)
Additional paid-in capital	26,964,496	26,964,480
Other reserves	1,308,188	1,308,188
Retained earnings	70,227,417	64,758,966
Equity attributable to owners of ROS AGRO PLC	98,020,392	92,551,925
Non-controlling interest	131,753	176,016
Total equity	98,152,145	92,727,941
Total liabilities and equity	172,315,952	157,409,985

Appendix 4. Unaudited consolidated statement of cash flows for the Nine months ended 30 September 2018 (in RR thousand) – NOT IFRS PRESENTATION (*)

	30 September 2018	Nine months ended 30 September 2017
Cash flows from operating activities		
Profit before income tax	9,073,763	3,067,452
<i>Adjustments for:</i>	-	-
Depreciation and amortization	5,778,084	5,277,968
Interest expense	2,395,316	2,383,242
Government grants	(1,139,681)	(863,544)
Interest income	(2,708,368)	(3,197,973)
Loss/ (gain) on disposal of property, plant and equipment	23,249	98,259
Net (gain) / loss on revaluation of biological assets and agricultural produce	(4,181,257)	2,554,996
Change in provision for net realisable value of inventory	(23,412)	(42,479)
Share of results of associates	-	-
Change in provision for impairment of receivables and prepayments	20,744	64,174
Foreign exchange (gain) / loss, net	109,484	(33,470)
Lost / (reversal of) harvest write-off	12,600	58,423
Net (gain) / loss from bonds held for trading	29,265	(8,800)
Settlement of loans and accounts receivable previously written-off	(130)	(105,235)
Change in provision for impairment of advances paid for property, plant and equipment	(38,787)	(3,513)
Loss on other investments	117	400,414
Other non-cash and non-operating expenses, net	(6,393)	(12,192)
Operating cash flow before working capital changes	9,393,189	9,637,722
Change in trade and other receivables and prepayments	2,090,194	969,093
Change in other taxes receivable	329,274	1,616,303
Change in inventories and biological assets	(2,437,111)	3,231,463
Change in trade and other payables	4,223,634	2,550,461
Change in other taxes payable	6,513	(134,755)
Cash generated from operations	13,605,693	17,870,286
Income tax paid	(611,486)	(358,739)
Net cash from operating activities	12,994,207	17,511,548
Cash flows from investing activities		
	-	-
Purchases of property, plant and equipment	(10,992,570)	(11,113,845)
Purchases of other intangible assets	(264,820)	(237,500)
Proceeds from sales of property, plant and equipment	57,668	23,464
Purchases of inventories intended for construction	(1,104,550)	(398,609)
Investments in subsidiaries, net of cash acquired	(2,098,209)	79,426
Movement in restricted cash	658	(1,470)
Other investing activities	-	-
Net cash from investing activities	(14,401,823)	(11,628,976)
Cash flows from financing activities		
	-	-

Proceeds from borrowings	8,931,960	17,373,560
Repayment of borrowings	(7,226,657)	(15,241,711)
Interest paid	(2,412,223)	(2,090,668)
Change in cash on bank deposits*	6,159,309	11,396,262
Loans given*	(1,497,872)	(7)
Loans repaid*	3,643	412,916
Interest received*	2,430,449	2,992,790
Proceeds from government grants	733,373	1,598,826
Purchases of non-controlling interest	(59,316)	(81,218)
Proceeds from sales of treasury shares	-	6,664
Dividends paid to owners Ros Agro PLC	(3,485,666)	(6,146,486)
Lease payments	8,713	-
Other financial activities	-	(4,625)
Net cash from financing activities	3,585,730	10,216,302
Net effect of exchange rate changes on cash and cash equivalents	143,055	(192,310)
Net increase/ (decrease) in cash and cash equivalents	2,368,297	15,906,564
Cash and cash equivalents at the beginning of the period	4,860,335	6,751,712
Cash and cash equivalents at the end of the period	7,228,632	22,658,275

() 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.*