17 November 2017

ROS AGRO financial results for 9M 2017 and Q3 2017

17 November 2017 – 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 2017.

9M 2017 Highlights

- Sales amounted to RR 54,829 million (US$ 941 million[1]), a decrease of RR 760 million compared to 9M 2016;
- Adjusted EBITDA[2] amounted to RR 8,538 million (US$ 147 million), a decrease of RR 2,950 million compared to 9M 2016;
- Adjusted EBITDA margin decreased from 21% in 9M 2016 to 16% in 9M 2017;
- Net profit for the period amounted to RR 3,089 million (US$ 53 million);
- Net debt position[3] as of 30 September 2017 amounted to RR 1,702 million (US$ 29 million);
- Net Debt/ Adjusted EBITDA (LTM[4]) as of 30 September 2017 was 0.11x.

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 2017 meat division enjoyed high price for meat, low price for grain and improved marginality in processing. Sugar and agricultural divisions had record production results but the lowest marginality in history due to low prices of sugar and grain. Large fall in net income for the quarter year-to-year is a result of low valuation of agricultural crop. Oil and fat division returned to profitability with good outlook for the rest of the year."

Key consolidated financial performance indicators

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
Sales	**54,829**	**55,588**	**(760)**	**(1)**	**17,071**	**17,378**	**(308)**	**(2)**
Gross profit	**10,769**	**19,014**	**(8,245)**	**(43)**	**5,341**	**10,895**	**(5,554)**	**(51)**
Gross margin, %	*20%*	*34%*	*-14%*		*31%*	*63%*	*-32%*	
Adjusted EBITDA	**8,538**	**11,488**	**(2,950)**	**(26)**	**3,099**	**3,418**	**(318)**	**(9)**
Adjusted EBITDA margin, %	*16%*	*21%*	*-5%*		*18%*	*20%*	*-2%*	
Net profit for the period	**3,089**	**11,203**	**(8,114)**	**(72)**	**2,863**	**9,170**	**(6,307)**	**(69)**
Net profit margin %	*6%*	*20%*	*-14%*		*17%*	*53%*	*-36%*	

**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. Net profit for the period excl. effect of biological assets and agricultural produce revaluation amounted to RR 5,644 million in 9M 2017 and RR 2,025 million in Q3 2017 (9M 2016: RR 8,631 million; Q3 2016: RR 3,247 million), a decrease of RR 2,986 million or 35% compared to 9M 2016 and RR 1,222 million or 38% compared to Q3 2016.*

Key financial performance indicators by segments

in RR million	Nine months ended 30 September 2017	Nine months ended 30 September 2016	Variance Units	Variance %	Three months ended 30 September 2017	Three months ended 30 September 2016	Variance Units	Variance %
Sales, incl.	**54,829**	**55,588**	**(760)**	**(1)**	**17,071**	**17,378**	**(308)**	**(2)**
Sugar	20,993	23,605	(2,613)	(11)	6,391	8,386	(1,995)	(24)
Meat	15,191	12,493	2,699	22	5,154	4,635	519	11
Agriculture	8,060	8,179	(119)	(1)	3,054	3,632	(578)	(16)
Oil and Fat	14,217	14,560	(343)	(2)	4,596	2,912	1,685	58
Other	51	76	(26)	(34)	19	27	(7)	(28)
Eliminations	(3,683)	(3,325)	(358)	(11)	(2,143)	(2,213)	70	3
Gross profit, incl.	**10,769**	**19,014**	**(8,245)**	**(43)**	**5,341**	**10,895**	**(5,554)**	**(51)**
Sugar	4,609	7,719	(3,110)	(40)	1,622	2,374	(752)	(32)
Meat	3,408	1,845	1,564	85	1,557	1,615	(58)	(4)
Agriculture	1,283	6,970	(5,686)	(82)	1,451	6,244	(4,793)	(77)
Oil and Fat	2,180	2,430	(250)	(10)	917	675	241	36
Other	51	76	(26)	(34)	19	27	(7)	(28)
Eliminations	(761)	(25)	(736)	(2,907)	(224)	(40)	(184)	(465)
Adjusted EBITDA, incl.	**8,538**	**11,488**	**(2,950)**	**(26)**	**3,099**	**3,418**	**(318)**	**(9)**
Sugar	2,910	6,258	(3,348)	(53)	1,047	1,859	(812)	(44)
Meat	4,490	2,600	1,891	73	1,680	1,234	446	36
Agriculture	55	2,322	(2,267)	(98)	(1)	690	(692)	-
Oil and Fat	47	(149)	196	-	293	(79)	372	-
Other	(729)	(1,423)	694	49	(293)	(400)	107	27
Eliminations	1,764	1,880	(116)	(6)	373	113	260	229
Adjusted EBITDA margin, %	***16%***	***21%***	***-5%***		***18%***	***20%***	***-2%***	
Sugar	*14%*	*27%*	*-13%*		*16%*	*22%*	*-6%*	
Meat	*30%*	*21%*	*9%*		*33%*	*27%*	*6%*	
Agriculture	*1%*	*28%*	*-27%*		*0%*	*19%*	*-19%*	
Oil and Fat	*0%*	*-1%*	*1%*		*6%*	*-3%*	*9%*	

Sugar Segment

The financial results of the sugar segment for 9M 2017 and Q3 2017 compared to 9M 2016 and Q3 2016 respectively are presented in the table below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
Sales	20,993	23,605	(2,613)	(11)	6,391	8,386	(1,995)	(24)
Cost of sales	(16,374)	(16,219)	(155)	(1)	(4,762)	(6,008)	1,246	21
Net gain/ (loss) from trading derivatives	(10)	333	(343)	-	(7)	(4)	(4)	(95)
Gross profit	**4,609**	**7,719**	**(3,110)**	**(40)**	**1,622**	**2,374**	**(752)**	**(32)**
Gross profit margin	*22%*	*33%*	*-11%*		*25%*	*28%*	*-3%*	
Distribution and selling expenses	(1,860)	(1,482)	(379)	(26)	(548)	(542)	(5)	(1)
General and administrative expenses	(1,133)	(832)	(302)	(36)	(389)	(302)	(88)	(29)
Other operating income/ (expenses), net	(72)	142	(214)	-	(21)	34	(55)	-
Operating profit	**1,543**	**5,547**	**(4,004)**	**(72)**	**664**	**1,564**	**(900)**	**(58)**
Adjusted EBITDA	**2,910**	**6,258**	**(3,348)**	**(53)**	**1,047**	**1,859**	**(812)**	**(44)**
Adjusted EBITDA margin	*14%*	*27%*	*-13%*		*16%*	*22%*	*-6%*	

Sales revenue decreased in 9M 2017 compared to 9M 2016 due to several reasons: sugar sales price decreased by 21%, buckwheat sales price decreased by 14% and rice sales volume decreased by 4 thousand tons. Revenue decrease was partially compensated by growth in sales volume of sugar by 51 thousand tons, buckwheat and beet pulp by 10 and 34 thousand tons respectively.

Sales revenue decreased in Q3 2017 compared to Q3 2016 mainly due to lower sugar sales price. Sales decrease was partially compensated by growth in sales volume of sugar, buckwheat and beet pulp.

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 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
Sugar production volume (in thousand tons), incl.	347	241	106	44	211	173	38	22
beet sugar	347	179	169	95	211	173	38	22
cane sugar	-	63	(63)	(100)	-	-	-	-
Sales volume (in thousand tons)	584	532	51	10	193	189	5	2
Average sales price (roubles per kg, excl. VAT)	33.1	42.0	(8.9)	(21)	31.4	41.7	(10.2)	(25)

Distribution and selling expenses in 9M 2017 compared to 9M 2016 increased by RR 379 million mainly due to transportation and loading expenses, payroll and advertising expenses. Changes in transportation expenses related to increased export sales. In 9M 2017 advertising expenses increased due to TV-advertising of sugar brands.

An increase in *General and administrative expenses* in 9M 2017 by RR 302 million compared to the respective period of 2016 includes RR 129 million of an increase attributed to three sugar plants and a buckwheat processing plant that joined the Group in May 2016. The financial results of the new plants are included in the consolidated segment's results starting 1 June 2016. The effect on an increase in *General and administrative expenses* attributed to the new plants contains RR 37 million of one-off expenses representing the additional value-added tax accrued in Q1 2017 in respect of previous years' tax periods.

The remaining increase in *General and administrative expenses* mainly relates to higher payroll costs connected with the increase in number of employees in the management company, which also correlates with the acquisition of new plants, and higher average salary.

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

Meat Segment

The financial results of the meat segment for 9M 2017 and Q3 2017 compared to 9M 2016 and Q3 2016 respectively are presented in the table below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2017	**30 September 2016**	**Units**	**%**	**30 September 2017**	**30 September 2016**	**Units**	**%**
Sales	15,191	12,493	2,699	22	5,154	4,635	519	11
Net gain/ (loss) on revaluation of biological assets and agricultural produce	(372)	126	(498)	-	39	598	(558)	(93)
Cost of sales	(11,411)	(10,774)	(637)	(6)	(3,636)	(3,618)	(19)	(1)
Gross profit	**3,408**	**1,845**	**1,564**	**85**	**1,557**	**1,615**	**(58)**	**(4)**
Gross profit margin	*22%*	*15%*	*8%*		*30%*	*35%*	*-5%*	
Gross profit excl. effect of biological assets revaluation	3,780	1,719	2,061	120	1,518	1,018	500	49
Adjusted gross profit margin	*25%*	*14%*	*11%*		*29%*	*22%*	*7%*	
Distribution and selling expenses	(301)	(187)	(114)	(61)	(117)	(70)	(46)	(66)
General and administrative expenses	(454)	(519)	64	12	(197)	(252)	55	22
Other operating income/ (expenses), net	201	272	(71)	(26)	46	42	4	10
incl. reimbursement of operating costs (government grants)	*23*	*108*	*(85)*	*(79)*	-	-	-	-
Operating profit	**2,854**	**1,411**	**1,443**	**102**	**1,290**	**1,335**	**(46)**	**(3)**
Adjusted EBITDA	**4,490**	**2,600**	**1,891**	**73**	**1,680**	**1,234**	**446**	**36**
Adjusted EBITDA margin	*30%*	*21%*	*9%*		*33%*	*27%*	*6%*	

Sales in the meat segment increased by 22% in 9M 2017 and by 11% in Q3 2017 compared to the respective periods of prior year because of an increase in sales volume of processed pork and an increase in sales prices of livestock pigs and processed pork. Overall sales volume increased due to increase in livestock population and the average weight of pigs.

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 2017	**30 September 2016**	**Units**	**%**	**30 September 2017**	**30 September 2016**	**Units**	**%**
Sales volume (in thousand tonnes), incl.	130	114	16	14	42	40	2	6
livestock pigs	46	49	(4)	(7)	11	16	(5)	(31)
processed pork	84	64	19	30	31	24	7	31
Average sale prices (roubles per kg, excl. VAT):								
livestock pigs	97.2	89.3	8.0	9	97.4	97.5	(0.1)	(0.1)
processed pork	128.3	122.0	6.3	5	131.7	129.8	2.0	2

Net loss on revaluation of biological assets and agricultural produce in 9M 2017 resulted mainly from a decrease in market prices for live pigs during 9M 2017 and a respective decrease in fair value of livestock in the closing balance compared to the beginning of the year. In 9M 2016 an increase in live pigs market prices was accompanied by an increase in cost due to higher grain and other feed components prices. A decrease in net gain from the revaluation of biological assets in Q3 2017 against Q3 2016 is attributed to a significant increase in prices during Q3 2016 with nearly flat prices in Q3 2017.

An increase in *Distribution and selling expenses* in 9M 2017 and Q3 2017 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 and an increase in marketing expenses due to promotion of “Slovo miaysnika” brand.

A decrease in *General and administrative expenses* in 9M 2017 by RR 64 million includes RR 83 million of an increase in payroll costs and RR 149 million of a decrease in property tax expenses (RR 160 million of expenses in 9M 2016 compared to RR 11 million of net gain in 9M 2017). In 9M 2017 the Group recognised gain from reverse of property tax for 2016 resulted from tax relief legally confirmed in Q1 2017. *General and administrative expenses* decreased in Q3 2017 compared to Q3 2016 by 22% due to a decrease in property tax expenses.

Other operating income, net includes income from reimbursement of operating expenses (government grants), which is lower by RR 85 million in 9M 2017 compared to the prior year periods.

Agricultural Segment

As at 30 September 2017 the segment's area of controlled land stands at 665 thousand hectares (30 September 2016: 607 thousand hectares), an increase of 58 thousand hectares or 10%. The financial results of the agricultural segment for 9M 2017 and Q3 2017 compared to 9M 2016 and Q3 2016 respectively are presented below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
Sales	8,060	8,179	(119)	(1)	3,054	3,632	(578)	(16)
Net gain/ (loss) on revaluation of biological assets and agricultural produce	(231)	4,118	(4,348)	-	1,263	5,396	(4,133)	(77)
Cost of sales	(6,546)	(5,328)	(1,218)	(23)	(2,865)	(2,784)	(82)	(3)
Net gain/ (loss) from trading derivatives	-	1	(1)	-	-	-	-	-
Gross profit	**1,283**	**6,970**	**(5,686)**	**(82)**	**1,451**	**6,244**	**(4,793)**	**(77)**
Gross profit margin	*16%*	*85%*	*-69%*		*48%*	*172%*	*-124%*	
Gross profit excl. effect of biological assets and agricultural produce revaluation	1,514	2,852	*(1,338)*	*(47)*	188	848	*(660)*	*(78)*
Adjusted gross profit margin	*19%*	*35%*	*-16%*		*6%*	*23%*	*-17%*	
Distribution and selling expenses	(1,642)	(887)	(755)	(85)	(322)	(321)	-	-
General and administrative expenses	(719)	(559)	(160)	(29)	(274)	(225)	(50)	(22)
Other operating income/ (expenses), net	36	278	(242)	(87)	(29)	175	(204)	-
incl. reimbursement of operating costs (government grants)	42	297	(255)	(86)	2	105	(103)	(98)
Operating profit	**(1,042)**	**5,801**	**(6,843)**	**-**	**826**	**5,873**	**(5,047)**	**(86)**
Adjusted EBITDA	**55**	**2,322**	**(2,267)**	**(98)**	**(1)**	**690**	**(692)**	**-**
Adjusted EBITDA	*1%*	*28%*	*-28%*		*0%*	*19%*	*-19%*	

A significant decrease in sales prices had the main negative impact on lower *Sales* in 9M 2017 and Q3 2017 compared to 9M 2016 and Q3 2016, which was partly compensated by higher sales volume of certain crops resulted from the increase in land bank cultivated and increase in yields.

Sales volumes by product were as follows:

Thousand tonnes	Nine months ended		Variance		Three months ended		Variance	
	30 September 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
sugar beet	1,486	909	577	63	1,033	909	124	14
wheat	308	143	165	116	124	18	106	576
barley	80	193	(113)	(58)	55	166	(111)	(67)
sunflower seeds	49	33	16	49	-	-	-	-
corn	74	50	25	49	3	-	3	-
soy	50	80	(30)	(37)	5	3	1	46

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

RR per kilogram, excl. VAT	Nine months ended 30 September 2017	Nine months ended 30 September 2016	Variance Units	Variance %	Three months ended 30 September 2017	Three months ended 30 September 2016	Variance Units	Variance %
sugar beet	1.9	2.3	(0.5)	(20)	1.8	2.3	(0.6)	(25)
wheat	6.5	8.4	(1.9)	(23)	5.4	5.9	(0.4)	(7)
barley	6.3	8.0	(1.6)	(21)	6.1	7.6	(1.5)	(20)
sunflower seeds	15.6	23.6	(8.0)	(34)	9.6	22.8	(13.2)	(58)
corn	8.6	8.5	0.1	1	5.3	-	-	-
soy	19.6	21.8	(2.2)	(10)	20.5	20.0	0.4	2

Net loss on revaluation of biological assets and agricultural produce in 9M 2017 represents the realisation of gain from revaluation of 2016 crops harvest remained in stock as at 31 December 2016 and being subsequently sold to customers during 2017, which was partly compensated by the gain recognised from revaluation of crops for 2017 harvest collected in Q3 2017. Significant drop in sales prices of crops in the current year resulted in lower gain recognised on revaluation of the 2017 harvest in Q3 2017 against Q3 2016.

The gain on revaluation of crops and its subsequent realisation do not affect the Adjusted EBITDA figure.

Distribution and selling expenses increased by RR 755 million in 9M 2017 against 2016 due to higher volumes of crops sold during the current year. Higher crops sales caused an increase in transportation and loading services and fuel expenses. Further, there was an increase in crops storage expenses as volumes of harvest remaining in stock as at 31 December 2016 were higher compared to 2015.

General and administrative expenses increased by RR 160 million in 9M 2017 (Q3 2017: RR 50 million) against comparable periods in 2016, which is attributed to the higher payroll costs as a result of higher number of employees in administrative function and an increase in average salaries.

Other operating income decreased due to a lower value of operating expenses reimbursed (government grants) by RR 255 million in 9M 2017 (Q3 2017: RR 103 million) against 2016, a lower amortization of previously received grants by RR 42 million in 9M and Q3 2017 against 2016 and expenses provided for lost harvest in amount of RR 58 million against RR 87 million of gain in 9M and Q3 2017 compared to 2016 (part of provision for lost harvest was released in prior year). It was partly compensated by RR 105 million increase in operating foreign exchange gain in 9M 2017 (Q3 2017: RR 53 million) compared to 2016 and by RR 85 million increase in gain from disposal of PPE and sales of materials in 9M 2017 (Q3 2017: RR 14 million) compared to 2016.

Oil and Fat segment

The financial results of the oil and fat segment for 9M 2017 and Q3 2017 compared to 9M 2016 and Q3 2016 respectively are presented below:

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
Sales	14,217	14,560	(343)	(2)	4,596	2,912	1,685	58
Cost of sales	(12,038)	(12,130)	93	1	(3,679)	(2,236)	(1,443)	(65)
Gross profit	**2,180**	**2,430**	**(250)**	**(10)**	**917**	**675**	**241**	**36**
Gross profit margin	*15%*	*17%*	*-2%*		*20%*	*23%*	*-3%*	
Distribution and selling expenses	(1,959)	(2,306)	347	15	(570)	(663)	92	14
General and administrative expenses	(542)	(551)	9	2	(178)	(187)	9	5
Other operating income/ (expenses), net	92	141	(49)	(35)	(23)	18	(42)	-
Operating profit/ (loss)	**(229)**	**(286)**	**57**	**20**	**145**	**(156)**	**300**	**-**
Adjusted EBITDA	**47**	**(149)**	**196**	**-**	**293**	**(79)**	**372**	**-**
Adjusted EBITDA margin	*0%*	*-1%*	*1%*		*6%*	*-3%*	*9%*	

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 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
Sales, incl.	**14,217**	**14,560**	**(343)**	**(2)**	**4,596**	**2,912**	**1,685**	**58**
Samara oil plant	7,571	8,332	(761)	(9)	2,556	1,077	1,480	137
Ekat. fat plant	5,867	6,771	(904)	(13)	1,889	2,408	(518)	(22)
Far East	2,353	2,029	324	16	573	324	249	77
Eliminations(*)	(1,573)	(2,572)	998	39	(423)	(897)	474	53
Gross profit, incl.	**2,180**	**2,430**	**(250)**	**(10)**	**917**	**675**	**241**	**36**
Samara oil plant	463	695	(232)	(33)	263	(6)	269	-
Ekat. fat plant	1,639	1,632	7	0	666	660	6	1
Far East	109	190	(81)	(43)	15	(1)	15	-
Eliminations(*)	(31)	(88)	57	64	(27)	22	(49)	-
Adjusted EBITDA, incl.	**47**	**(149)**	**196**	**-**	**293**	**(79)**	**372**	**-**
Samara oil plant	(189)	141	(331)	-	42	(60)	102	-
Ekat. fat plant	209	(313)	521	-	272	(23)	295	-
Far East	(28)	7	(35)	-	(20)	(52)	32	62
Eliminations(*)	55	15	40	272	(2)	56	(57)	-
Adjusted EBITDA	***0%***	***-1%***	***1%***		***6%***	***-3%***	***9%***	
Samara oil plant	*-3%*	*2%*	*-4%*		*2%*	*-6%*	*7%*	
Ekat. fat plant	*4%*	*-5%*	*8%*		*14%*	*-1%*	*15%*	
Far East	*-1%*	*0.4%*	*-2%*		*-3%*	*-16%*	*13%*	

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 tons	Nine months ended		Variance		Three months ended		Variance	
	30 September 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
mayonnaise	44	52	(9)	(17)	13	19	(6)	(32)
margarine	24	25	(1)	(4)	8	8	0.3	3
bottled oil	11	13	(2)	(14)	4	3	1	38
bulk oil	120	90	29	32	41	4	37	976
meal	183	141	42	30	46	16	31	198

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 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
mayonnaise	80.6	77.0	3.6	5	83.6	77.9	5.7	7
margarine	77.5	73.9	3.6	5	77.3	80.0	(2.7)	(3)
bottled oil	58.8	74.5	(15.7)	(21)	56.3	78.8	(22.5)	(29)
bulk oil	42.2	54.4	(12.2)	(22)	44.4	50.1	(5.7)	(11)
meal	16.2	18.3	(2.1)	(11)	15.6	20.6	(5.0)	(24)

Decrease in *Distribution and selling expenses* by RR 347 million in 9M 2017 (Q3 2017: RR 92 million) compared to the respective periods of previous year is attributed to the limitation of marketing and brands promotion at Ekaterinburg fat plant including restrictions in trade marketing activities provided by the retailers in 2017. That was partly offset by an increase of *Distribution and selling expenses* by RR 125 million in Samara oil plant because of RR 115 million of one-off gain included in distribution and selling expenses in 9M 2016 as a result of sunflower seeds surpluses identified during the inventory stocktaking.

A decrease in Adjusted EBITDA of Samara oil plant and Far East in 9M 2017 and Q3 2017 relates to a drop in sales prices that was partly compensated by a decrease in raw materials costs (sunflower seeds and soybeans).

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 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
Net cash from operating activities, incl.	**17,512**	**11,635**	**5,877**	**51**	**4,571**	**3,148**	**1,423**	**45**
Operating cash flow before working capital changes	9,638	11,066	(1,428)	(13)	3,451	3,238	213	7
Working capital changes	8,233	1,249	6,983	559	1,199	(3)	1,202	-
Net cash from investing activities, incl.	**(11,629)**	**(12,823)**	**1,194**	**9**	**(4,267)**	**(499)**	**(3,768)**	**(755)**
Purchases of property, plant and equipment and inventories intended for construction	(11,512)	(6,428)	(5,084)	(79)	(4,165)	(2,797)	(1,368)	(49)
Net cash from financing activities	**10,216**	**10,411**	**(195)**	**(2)**	**8,129**	**547**	**7,582**	**1,386**
Net effect of exchange rate changes on cash and cash equivalents	**(192)**	**(56)**	**(137)**	**(245)**	**(76)**	**(92)**	**17**	**18**
Net increase/ (decrease) in cash and cash equivalents	**15,907**	**9,168**	**6,739**	**74**	**8,357**	**3,104**	**5,253**	**169**

(*) See Appendix 4

The main investments in property, plant and equipment and inventories intended for construction in 9M 2017 were made in the agriculture segment in the amount of RR 5,377 million (9M 2016: RR 3,558 million), related to purchases of machinery and equipment, and in the Meat segment in the amount of RR 2,546 million (9M 2016: RR 681 million), related to the construction projects in the Tambov and Far East regions. Significant investments were also made in Sugar segment in the amount of RR 2,464 million (9M 2016: RR 1,731 million). Investments in the Oil and Fat segment amounted to RR 1,049 million (9M 2016: RR 419 million).

Debt position and liquidity management

in RR million	30 September 2017	31 December 2016	Variance	
			Units	%
Gross debt	**46,372**	**44,503**	**1,870**	**4**
Short-term borrowings	8,943	11,704	(2,761)	(24)
Long-term borrowings	37,429	32,798	4,631	14
Cash and cash equivalents, bank deposits and bonds	**(44,671)**	**(40,160)**	**(4,510)**	**(11)**
Short-term cash, deposits and bonds	(27,547)	(23,044)	(4,503)	(20)
Long-term cash, deposits and bonds	(17,124)	(17,116)	(7)	(0)
Net debt	**1,702**	**4,342**	**(2,641)**	**(61)**
Short-term borrowings, net	(18,604)	(11,340)	(7,264)	(64)
Long-term borrowings, net	20,306	15,682	4,624	29
Adjusted EBITDA (LTM[4])	**15,255**	**18,205**	**(2,950)**	**(16)**
Net debt/ Adjusted EBITDA (LTM)	**0.11**	**0.24**	**(0.1)**	

Net finance income/ (expense)

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2017	30 September 2016	Units	%	30 September 2017	30 September 2016	Units	%
Net interest expense	**(1,862)**	**(2,821)**	**960**	**34**	**(538)**	**(919)**	**381**	**41**
Gross interest expense	(2,383)	(3,759)	1,376	37	(784)	(1,165)	381	33
Reimbursement of interest expense	522	938	(417)	(44)	246	246	-	-
Interest income	**3,198**	**3,354**	**(156)**	**(5)**	**1,093**	**1,321**	**(229)**	**(17)**
Net gain/ (loss) from bonds held for trading	**9**	**-**	**9**	**-**	**2**	**13**	**(12)**	**(88)**
Other financial income, net	**23**	**(996)**	**1,018**	**-**	**(54)**	**41**	**(95)**	**-**
Net foreign exchange gain/ (loss)	26	(1,003)	1,029	-	(45)	18	(64)	-
Other financial income / (expenses), net	(4)	7	(11)	-	(9)	23	(31)	-
Total net finance income/ (expenses)	**1,368**	**(463)**	**1,830**	**-**	**502**	**456**	**46**	**10**

In 2017 the Group continued to enjoy benefits from the state agriculture subsidies programme. In 9M 2017 RR 522 million of subsidies received covered 22% of gross interest expense. In addition, in 2017 the Group received 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 9M 2017 IFRS accounts these credits are accounted for according to its face value with no adjustments to prevailing market rates.

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(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, producing sugar on 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 second largest pork producer in Russia on the ground of relative production volumes for 2016. 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 665 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 2017 financial results for investors and analysts.

Details of call:

Date	17 November 2017
Time	4:00 PM (Moscow) /1:00 PM (London)
Subject	ROS AGRO PLC 9M and Q3 2017 Financial results
UK Toll Free	0800 358 6377
UK Local Line	+44 330 336 9105
USA Toll Free	800-239-9838
USA Local Line	+1 323-794-2551
Russia Toll Free	+7 495 213 1767
Conference ID	**8163586**

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Appendix 1. Unaudited consolidated statement of comprehensive income for the Nine months ended 30 September 2017 (in RR thousand)

	Nine months ended 30 September		Three months ended 30 September	
	2017	**2016**	**2017**	**2016**
Sales	54,828,710	55,588,239	17,070,905	17,378,449
Net gain / (loss) on revaluation of biological assets and agricultural produce	(2,554,996)	2,572,917	838,032	5,923,459
Cost of sales	(41,494,480)	(39,480,874)	(12,560,263)	(12,402,777)
Net gain from trading derivatives	(9,937)	333,557	(7,290)	(3,742)
Gross profit	**10,769,297**	**19,013,839**	**5,341,384**	**10,895,390**
Distribution and selling expenses	(5,309,796)	(4,686,815)	(1,464,112)	(1,485,847)
General and administrative expenses	(3,547,458)	(3,916,423)	(1,323,370)	(1,424,960)
Other operating income/ (expenses), net	(212,331)	1,399,748	(95,487)	801,627
Operating profit	**1,699,712**	**11,810,349**	**2,458,415**	**8,786,210**
Interest expense	(1,861,694)	(2,821,212)	(538,092)	(918,982)
Interest income	3,197,973	3,354,141	1,092,620	1,321,256
Net gain from bonds	8,800	134	1,529	13,041
Other financial income/ (expenses), net	22,659	(995,777)	(54,193)	40,703
Profit before income tax	**3,067,450**	**11,347,635**	**2,960,279**	**9,242,228**
Income tax expense	21,790	(144,148)	(97,115)	(71,764)
Profit for the year	**3,089,240**	**11,203,487**	**2,863,164**	**9,170,464**
Other comprehensive income:				
Items that may be subsequently reclassified to profit and loss:				
Change in value of available-for-sale financial assets	(154,082)	(149,528)	-	40,229
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	37,951	-	-
Income tax relating to other comprehensive income transferred to profit or loss	(60,267)	-	-	-
Total comprehensive income for the period	**3,207,041**	**11,091,910**	**2,863,164**	**9,210,693**
Profit is attributable to:				
Owners of ROS AGRO PLC	3,178,482	11,204,003	2,871,019	9,169,941
Non-controlling interest	(89,242)	(516)	(7,855)	523
Profit for the period	**3,089,240**	**11,203,487**	**2,863,164**	**9,170,464**
Total comprehensive income is attributable to:				
Owners of ROS AGRO PLC	3,296,283	11,092,426	2,871,019	9,210,170
Non-controlling interest	(89,242)	(516)	(7,855)	523
Total comprehensive income for the period	**3,207,041**	**11,091,910**	**2,863,164**	**9,210,693**
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	118.06	475.60	106.63	389.26

Appendix 2. 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)
incl. Depreciation	*(1,202,659)*	*(1,410,101)*	*(769,711)*	*(269,859)*	-	*(7,015)*	*(3,659,345)*
Net gain/ (loss) from trading derivatives	(9,937)	-	-	-	-	-	(9,937)
Gross profit / (loss)	**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)
incl. Depreciation	*(92,199)*	*(32,209)*	*(91,329)*	*(97,324)*	*(38,292)*	*4,382*	*(346,971)*
Other operating income/(expenses), net	(72,329)	200,760	35,607	91,785	7,164,791	(7,632,947)	(212,331)
incl. Reimbursement of operating costs (government grants)	-	*22,957*	*41,658*	-	-	-	*64,615*
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 2 (continued). 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)
incl. Depreciation	*(770,257)*	*(1,439,929)*	*(542,154)*	*(180,888)*	-	*(5,614)*	*(2,938,842)*
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)
incl. Depreciation	*(82,233)*	*(38,853)*	*(77,581)*	*(96,370)*	*(16,327)*	*4,359*	*(307,005)*
Other operating income/(expenses), net	141,706	271,864	277,562	140,654	13,765,299	(13,197,338)	1,399,748
incl. Reimbursement of operating costs (government grants)	-	*107,853*	*297,050*	-	-	-	*404,903*
Operating profit / (loss)	**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 3. Unaudited consolidated statement of financial position as at 30 September 2017 (in RR thousand)

	30 September 2017	31 December 2016
ASSETS		
Current assets		
Cash and cash equivalents	22,658,275	6,751,712
Restricted cash	42	39
Short-term investments	5,677,483	17,230,012
Trade and other receivables	2,966,048	4,607,634
Prepayments	1,389,325	746,886
Current income tax receivable	212,449	97,461
Other taxes receivable	2,735,453	3,663,194
Inventories and short-term biological assets	28,920,983	34,235,161
Total current assets	**64,560,058**	**67,332,099**
Non-current assets		
Property, plant and equipment	51,549,116	45,662,146
Inventories intended for construction	193,261	38,963
Goodwill	2,333,696	2,225,304
Advances paid for property, plant and equipment	14,614,447	14,172,240
Long-term biological assets	1,563,709	1,745,467
Long-term investments	17,538,139	17,751,740
Investments in associates	104,101	110,504
Deferred income tax assets	2,137,731	1,935,298
Other intangible assets	2,063,560	1,999,209
Long-term restricted cash	624	-
Total non-current assets	**92,098,384**	**85,640,871**
Total assets	**156,658,442**	**152,972,970**
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	8,942,889	11,704,276
Trade and other payables	10,124,884	6,988,905
Current income tax payable	41,609	99,450
Other taxes payable	3,898,755	3,814,278
Total current liabilities	**23,008,137**	**22,606,909**
Non-current liabilities		
Long-term borrowings	37,429,393	32,798,240
Government grants	5,759,017	3,712,593
Deferred income tax liability	537,668	535,514
Total non-current liabilities	**43,726,078**	**37,046,347**
Total liabilities	**66,734,215**	**59,653,256**
Equity		
Share capital	12,269	12,269
Treasury shares	(492,926)	(499,590)
Share premium	26,964,480	26,964,479
Share-based payment reserve	1,299,239	1,181,437
Retained earnings	62,036,516	65,420,978
Equity attributable to owners of ROS AGRO PLC	**89,819,578**	**93,079,573**
Non-controlling interest	104,649	240,141
Total equity	**89,924,227**	**93,319,714**
Total liabilities and equity	**156,658,442**	**152,972,970**

Appendix 4. Unaudited consolidated statement of cash flows for the Nine months ended 30 September 2017 (in RR thousand) – NOT IFRS PRESENTATION (*)

	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Cash flows from operating activities		
Profit before income tax	**3,067,450**	**11,347,635**
Adjustments for:		
Depreciation and amortization	5,277,968	3,245,852
Interest expense	2,383,242	3,759,205
Government grants	(863,544)	(1,620,283)
Interest income	(3,197,973)	(3,354,141)
Loss/ (gain) on disposal of property, plant and equipment	98,259	71,053
Net (gain) / loss on revaluation of biological assets and agricultural produce	2,554,996	(2,572,917)
Change in provision for net realisable value of inventory	(42,479)	108,245
Change in provision for impairment of receivables and prepayments	64,174	(34,357)
Foreign exchange (gain) / loss, net	(33,470)	979,452
Lost / (reversal of) harvest write-off	58,423	(86,647)
Net (gain) / loss from bonds held for trading	(8,800)	(134)
Settlement of loans and accounts receivable previously written-off	(105,235)	(511,732)
Change in provision for impairment of other taxes receivables	-	(259,953)
Change in provision for impairment of advances paid for property, plant and equipment	(3,513)	(7,595)
Loss on other investments	400,414	-
Other non-cash and non-operating expenses, net	(12,192)	2,190
Operating cash flow before working capital changes	**9,637,722**	**11,065,871**
Change in trade and other receivables and prepayments	969,093	398,982
Change in other taxes receivable	1,616,303	(314,769)
Change in inventories and biological assets	3,231,463	(2,033,981)
Change in trade and other payables	2,550,461	3,384,564
Change in other taxes payable	(134,755)	(185,411)
Cash generated from operations	**17,870,286**	**12,315,256**
Income tax paid	(358,739)	(680,292)
Net cash from operating activities	**17,511,548**	**11,634,964**
Cash flows from investing activities		
Purchases of property, plant and equipment	(11,113,845)	(6,416,732)
Purchases of other intangible assets	(237,500)	(187,419)
Proceeds from sales of property, plant and equipment	23,464	59,656
Purchases of inventories intended for construction	(398,609)	(11,519)
Investments in subsidiaries, net of cash acquired	79,426	(6,345,592)
Movement in restricted cash	(1,470)	66,448
Dividends received	19,558	12,199
Net cash from investing activities	**(11,628,976)**	**(12,822,959)**
Cash flows from financing activities		
Proceeds from borrowings	17,373,560	18,250,274
Repayment of borrowings	(15,241,711)	(24,846,014)
Interest paid	(2,090,668)	(2,949,093)
Change in cash on bank deposits with maturity over three months*	11,396,262	(4,199,733)
Purchases of bonds with maturity over three months*	-	(2,566,438)
Proceeds from sales of bonds with maturity over three months*	-	3,318,378
Loans given*	(7)	(1,268,110)
Loans repaid*	412,916	10,883,585
Interest received*	2,992,790	2,444,537
Proceeds from government grants	1,598,826	2,045,543
Purchases of non-controlling interest	(81,218)	-

	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Proceeds from sales of treasury shares	6,664	-
Proceeds from issue of own shares, net of transaction cost	-	16,409,442
Dividends paid to owners Ros Agro PLC	(6,146,486)	(7,124,250)
Other financial activities	(4,625)	13,356
Net cash from financing activities	**10,216,302**	**10,411,477**
Net effect of exchange rate changes on cash and cash equivalents	(192,310)	(55,740)
Net increase/ (decrease) in cash and cash equivalents	**15,906,564**	**9,167,742**
Cash and cash equivalents at the beginning of the period	6,751,712	4,401,703
Cash and cash equivalents at the end of the period	**22,658,275**	**13,569,447**

(*) 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.