

Ukrainian Agribusiness



PAGES 3-9
AGRIBUSINESS IN 2017/18 MY

PAGES 10-33
CROP PRODUCTION

PAGES 34-41
ANIMAL PRODUCTS

PAGES 42-47
PROCESSED FOOD

PAGES 48-62
INFRASTRUCTURE AND SERVICES

HOW TO READ THIS REPORT

The aim of this report is to show the scale of the agricultural sector in Ukraine by analyzing market trends and highlighting potential areas of its growth.

WHY INFOGRAPHICS

Infographics does not take much time for reading and shows large volumes of data on Ukrainian and world market in an easy and understandable format.

Each type of agricultural production has its color and graphics. Throughout the report, the yellow color indicates crop production, green shades represent oil crops, and blues stand for animal production.

DATA SOURCES:

- Baker Tilly
- Latifundist Media (Latifundist.com, Elevatorist.com, AgroPolit.com)
- Ministry of Agrarian Policy and Food of Ukraine (Minagroprod)
- State Statistics Service of Ukraine (State Statistics)
- Food And Agriculture Organization (FAO)
- United States Department of Agriculture (USDA)
- AgroChart.com
- CFTS Consulting
- State Enterprise “Ukrainian Sea Ports Authority” (USPA)
- Ministry of Finance of Ukraine (MinFin)
- Ministry of Infrastructure of Ukraine (MinInfrastructure)
- The State Service of Ukraine for Geodesy, Cartography and Cadastre (StateGeoCadastre)
- AEQUO
- Eurostat
- National Bank of Ukraine (NBU)
- International Finance Corporation (IFC)

Please note that data may vary due to different estimation methods each company uses.

Crop Production



Wheat



Barley



Soybean



Sugar Beet



Sunflower seeds



Corn



Rapeseed



Potato



Grapes



Nuts

Animal Products



Eggs



Milk



Honey



Fish



Poultry



Pork



Beef



Lamb



Other types of meat

Processed Food



Sunflower oil



Soy oil



Vodka



Rapeseed oil



Flour



Juice



Sugar



Dairy Products



Bread



Canned Vegetables



Confectionery



Beer



Butter and margarine



Cheese



Processed Meat

UKRAINIAN AGRIBUSINESS

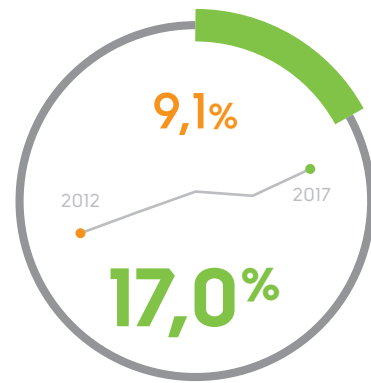
AGRIBUSINESS IN 2017/18 MY

Export of agricultural and food products, \$ bln



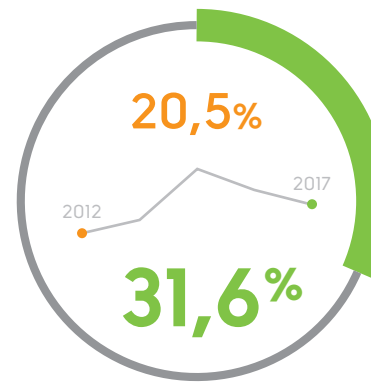
41% of the total exports

Agricultural production and processing, % of GDP



\$19 bln in 2017

Profitability of agricultural production



Government subsidies used in agriculture, mln UAH



Taxes paid by the agricultural industry, bln UAH



Ukraine's place in the world food market¹



Production of sunflower seeds



Production of sunflower oil



Export of sunflower oil

1



Export of rapeseed



Export of honey

3



Export of corn



Production of barley

4



Export of barley



Export of wheat



Production of honey

5



Production of rapeseed



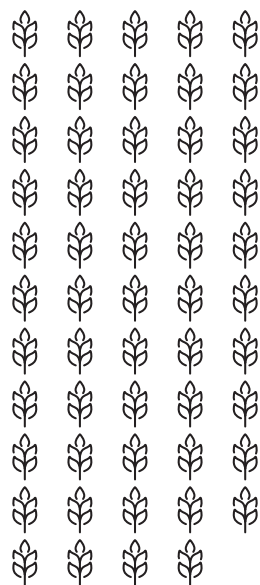
Export of soybean

7

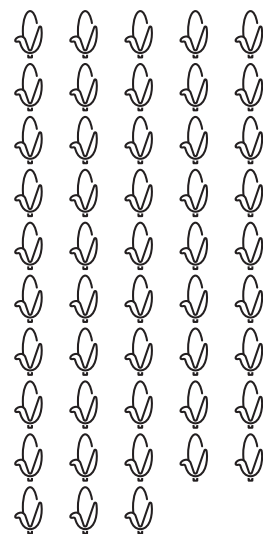
Grains and legumes

61,1

27,0 Wheat



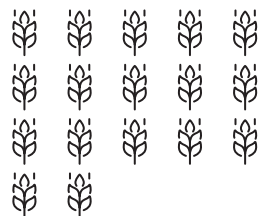
24,1 Corn



1,3 Other



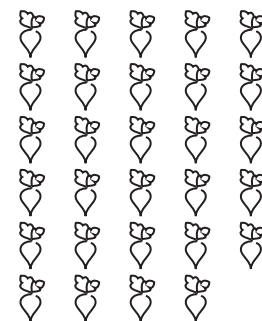
8,7 Barley



Industrial crops

34,3

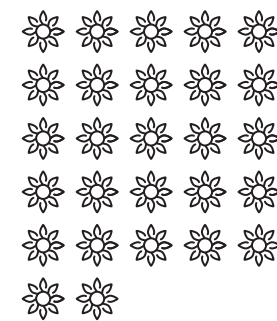
14,5 Sugar beet



3,9 Soybean



13,7 Sunflower seeds



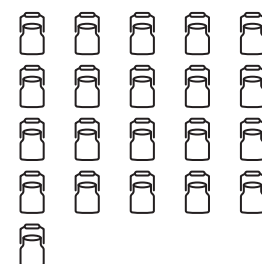
2,2 Rapeseed



Animal products

13,5

10,3 Milk



2,3 Meat¹



0,85 Eggs²



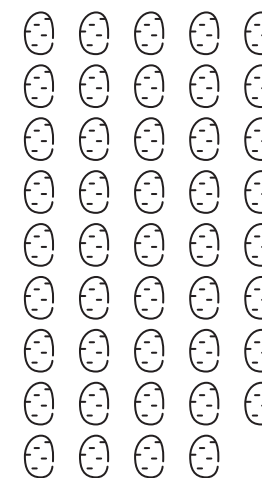
0,07 Honey



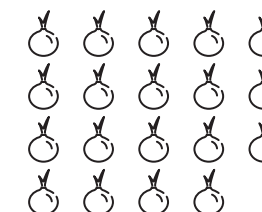
Fruit and vegetables

33,9

22,2 Potato



9,3 Vegetables (other)



2,0 Fruit, berries



0,4 Grapes



Processed food³

5,2 Sunflower oil



2,1 Sugar



1,8 Beer



1,9 Flour



Bread and bakery products

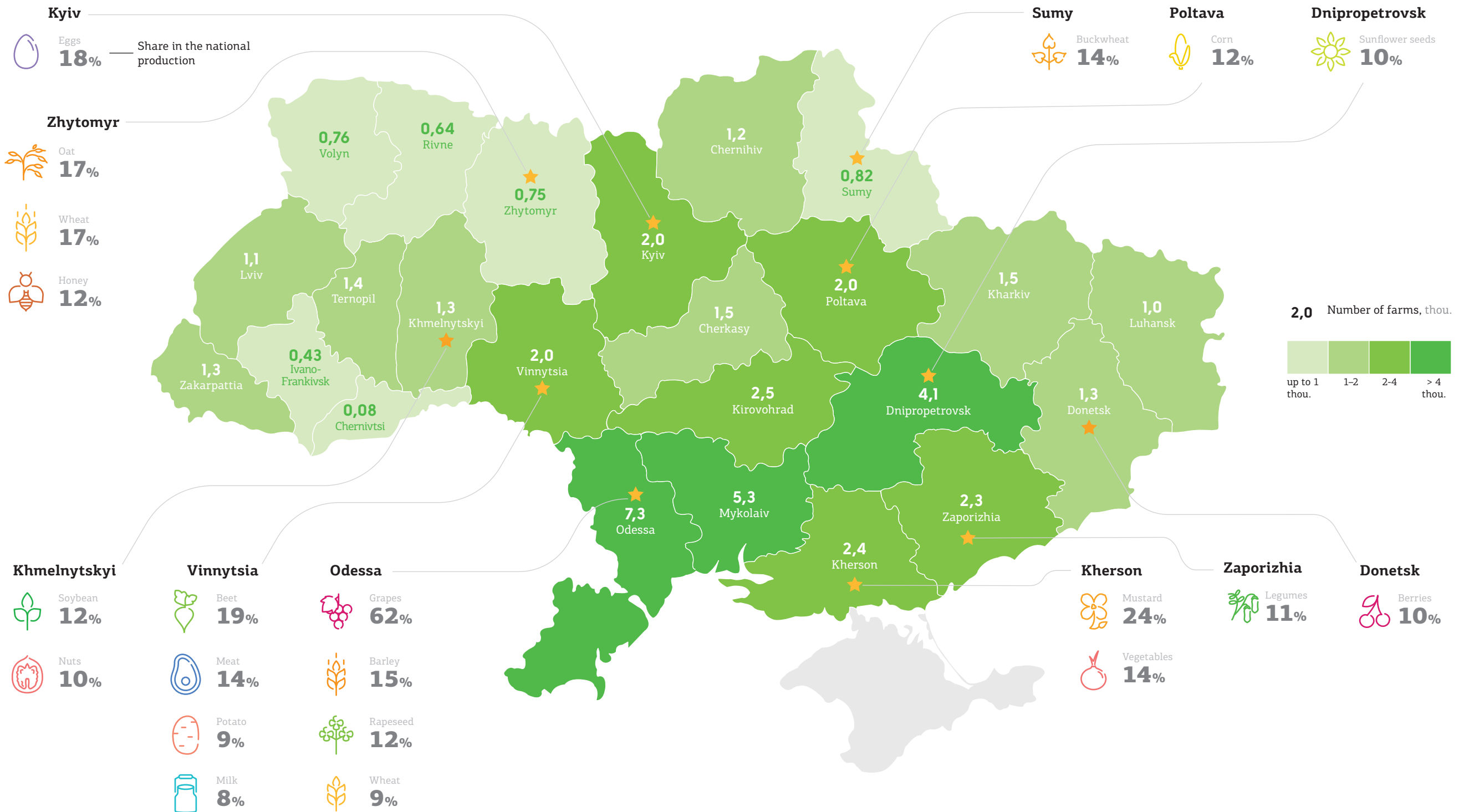


¹ Live weight

² For the calculation used the average total weight of an egg – 55 g

³ The total amount of processed food is usually not calculated

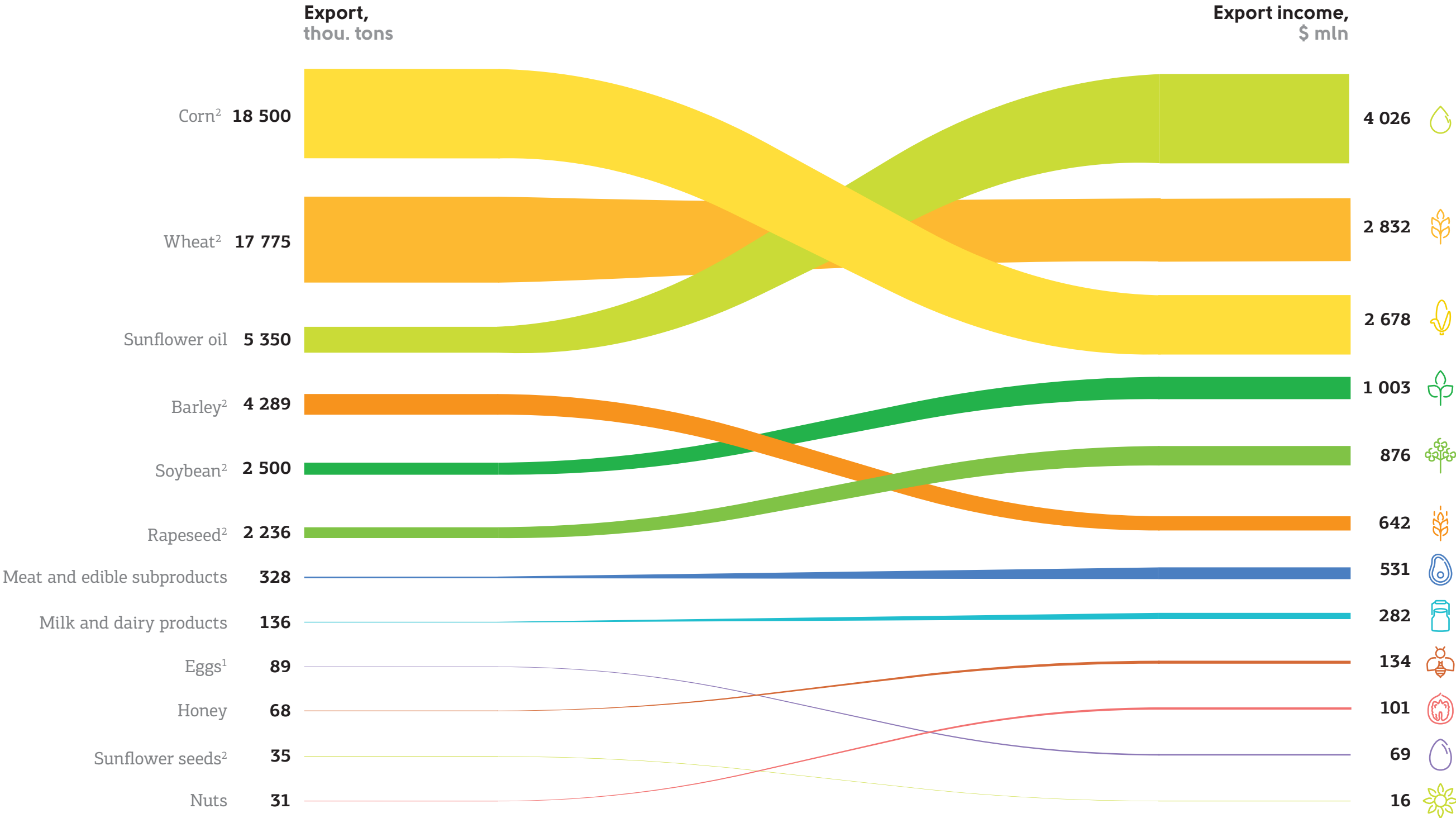
Top producing regions ★



Source: State Statistics, StateGeoCadastre

SHARE OF AGRICULTURAL PRODUCTS FOR EXPORT AND INCOMES

AGRIBUSINESS IN 2017/18 MY

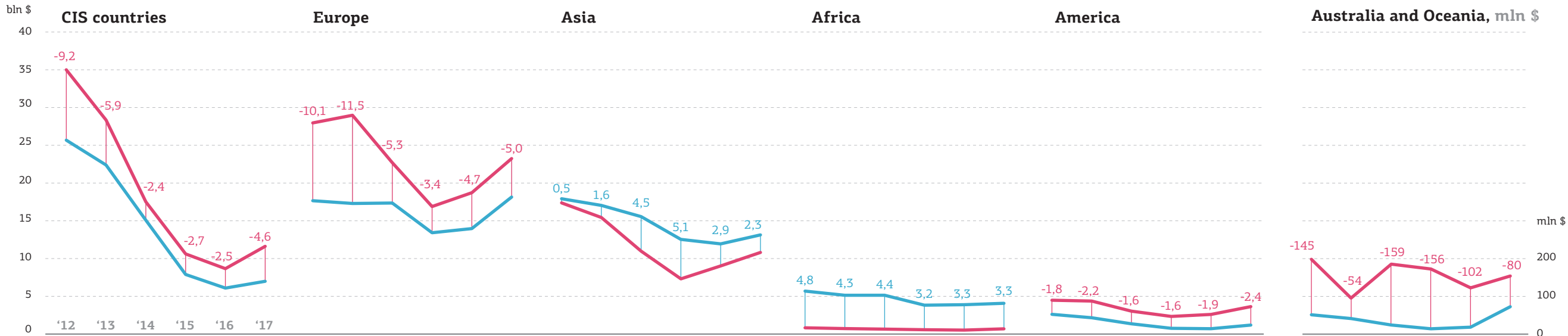


Source: Calculated based on State Statistics and USDA data
¹ For the calculation used the average total weight of an egg – 55 g

² Based on the data of 2017/18 MY: June/August 2017/18 MY for wheat, barley, and rapeseed; September/August 2017/18 for corn, sunflower seeds and soybean.

Agriculture trade dynamics, \$ bln

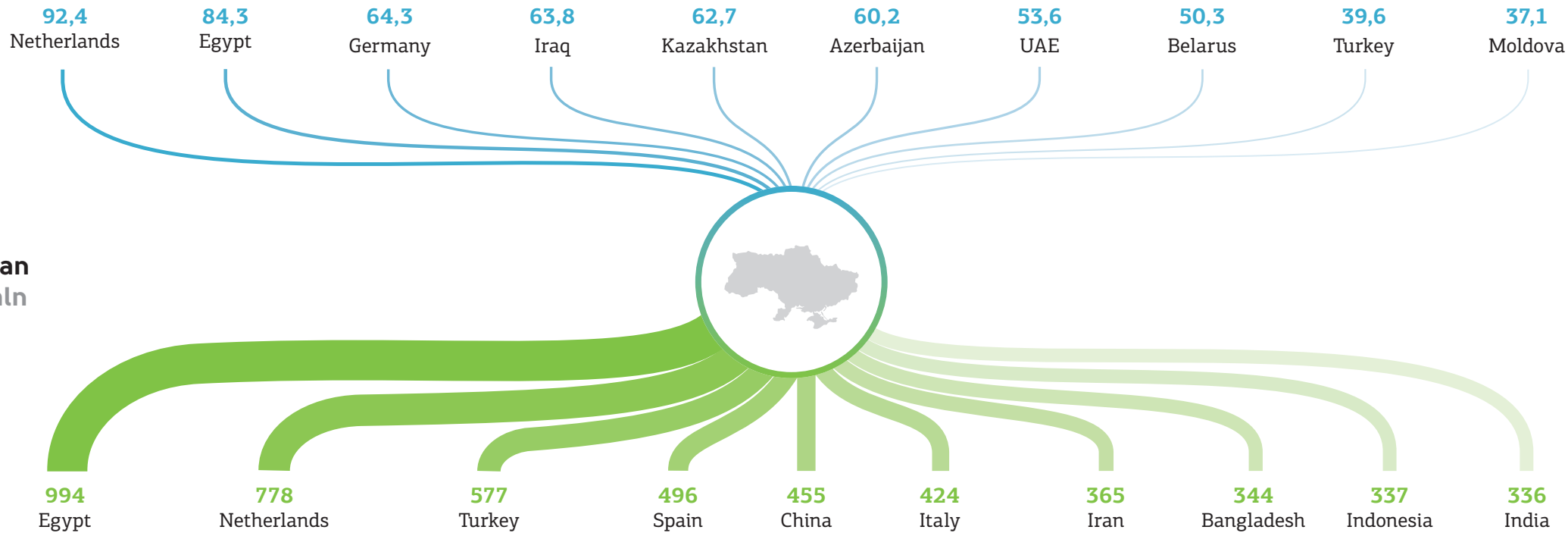
— Import — Export -5,0 Balance



Animal products
\$1,1 bln

Main importers of Ukrainian agricultural products, \$ mln

Crop production
\$9,2 bln

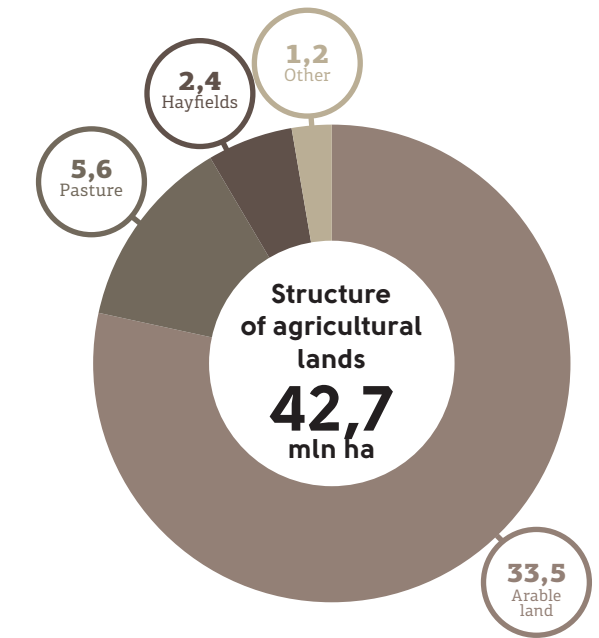


Number of land plots

As of March 21, 2018

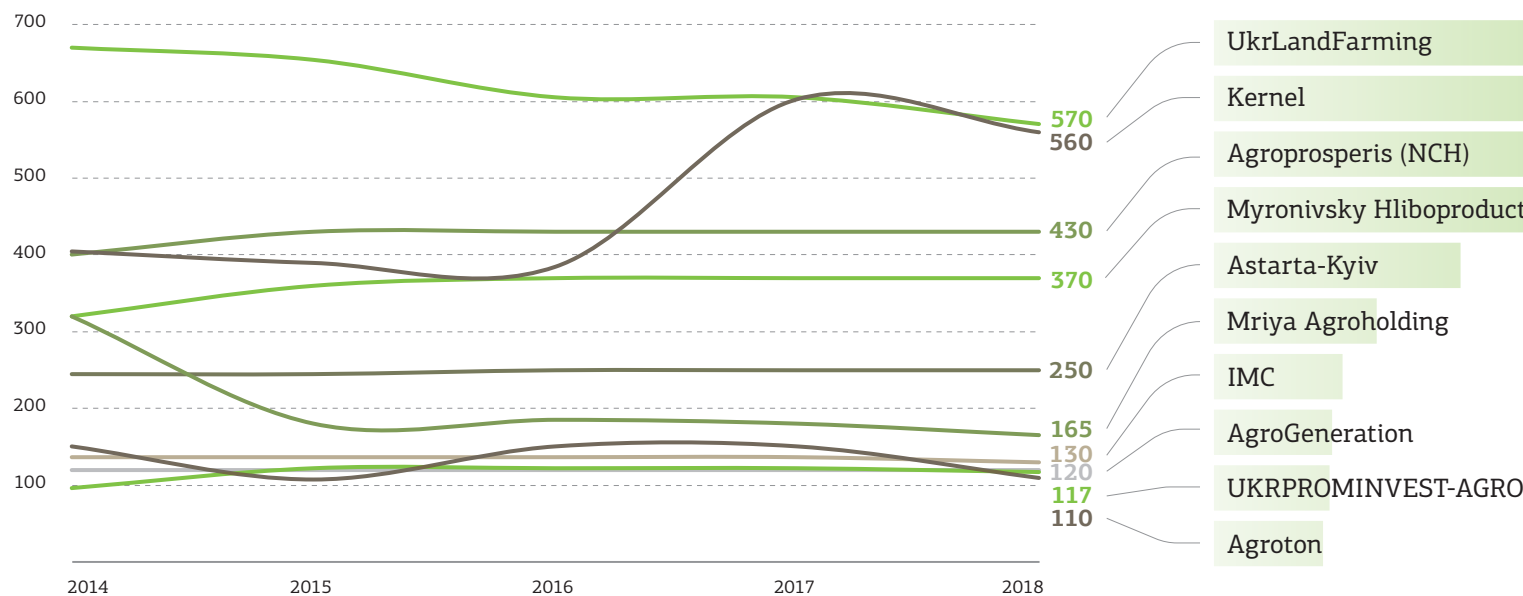
	Up to 20 ha	Up to 50 ha	Up to 100 ha	Up to 500 ha	Over 500 ha	Total area by land ownership rights, thou. ha
Ownership	28 892	34 119	35 508	35 845	8	1 944
Right to lease	15 525	19 688	20 905	21 213	3	1 699
Right of permanent use	533	1 079	1 129	1 129	0	86
Emphyteusis	546	574	582	582	0	15
Total area by plot size, thou. ha	296	621	800	894	1 134	

Total area by land ownership rights, thou. ha



Top 10 Ukrainian Agroholdings

The dynamics of land bank changes, thou. ha

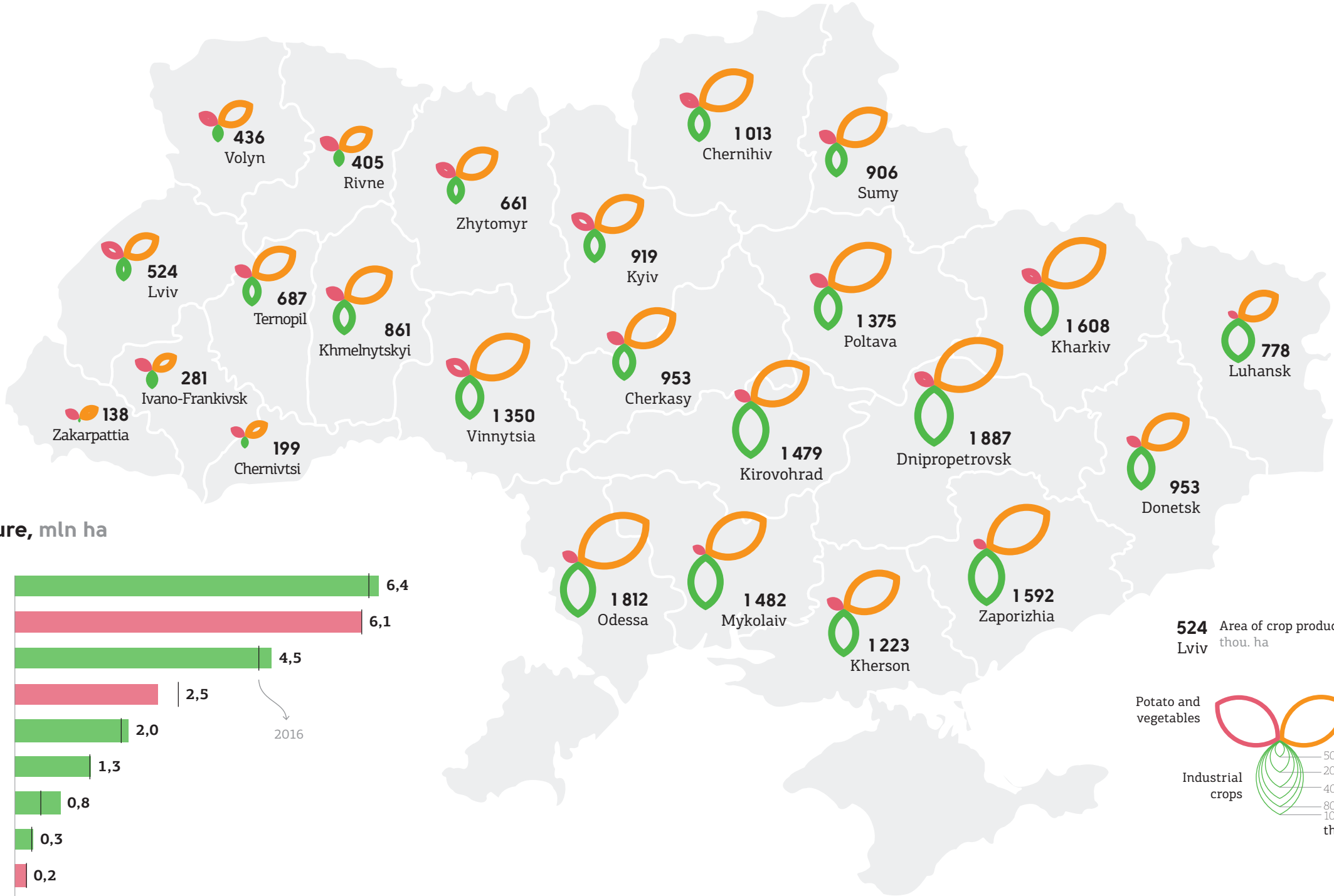


Financial indicators, mln \$ or mln €

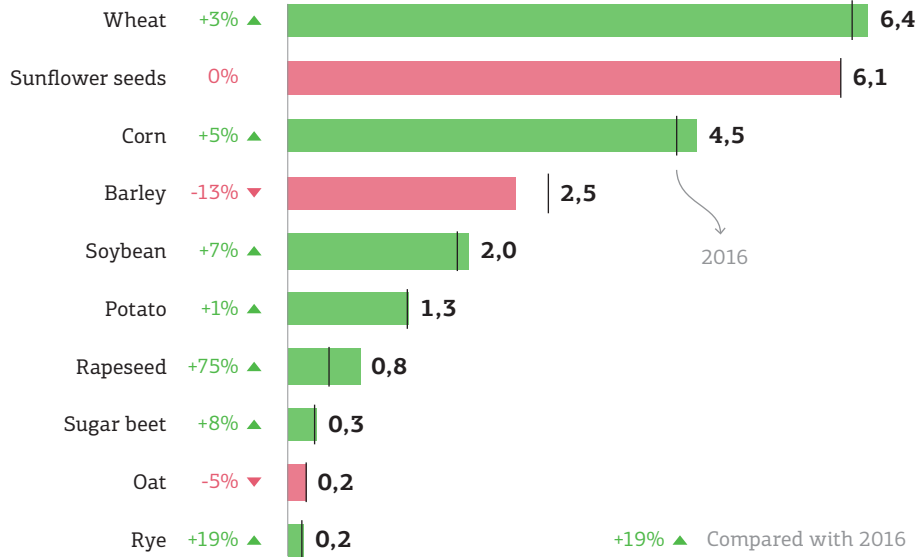
	EBITDA	Net income
UkrLandFarming	91	11
Kernel	319	176
Agroprosperis (NCH)	n/a	n/a
Myronivsky Hliboproduct	459	230
Astarta-Kyiv	120	62
Mriya Agroholding	8	115
IMC	39	18
AgroGeneration	9	13
UKRPROMINVEST-AGRO	n/a	n/a
Agroton	17	8

UKRAINIAN AGRIBUSINESS

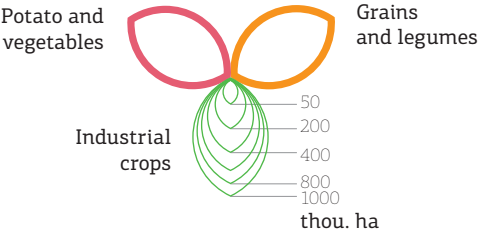
CROP PRODUCTION



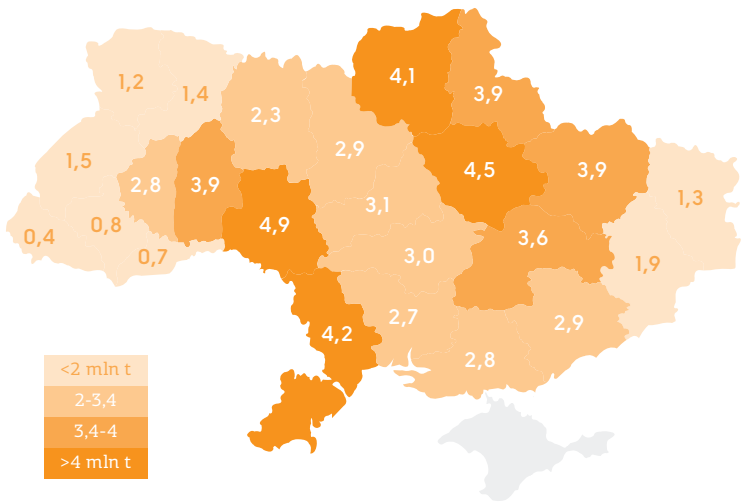
Crops structure, mln ha



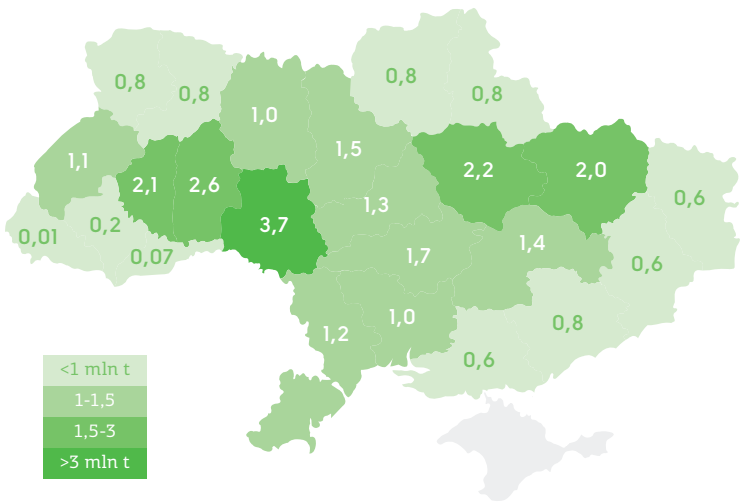
524 Area of crop production, thou. ha
Lviv



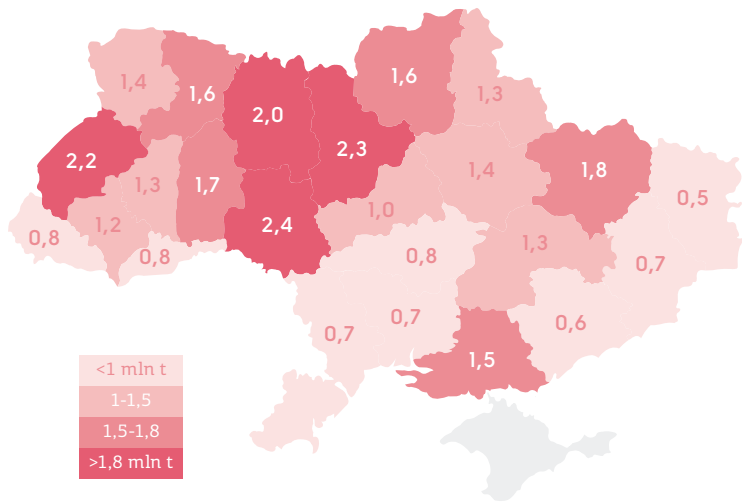
Grains and legumes



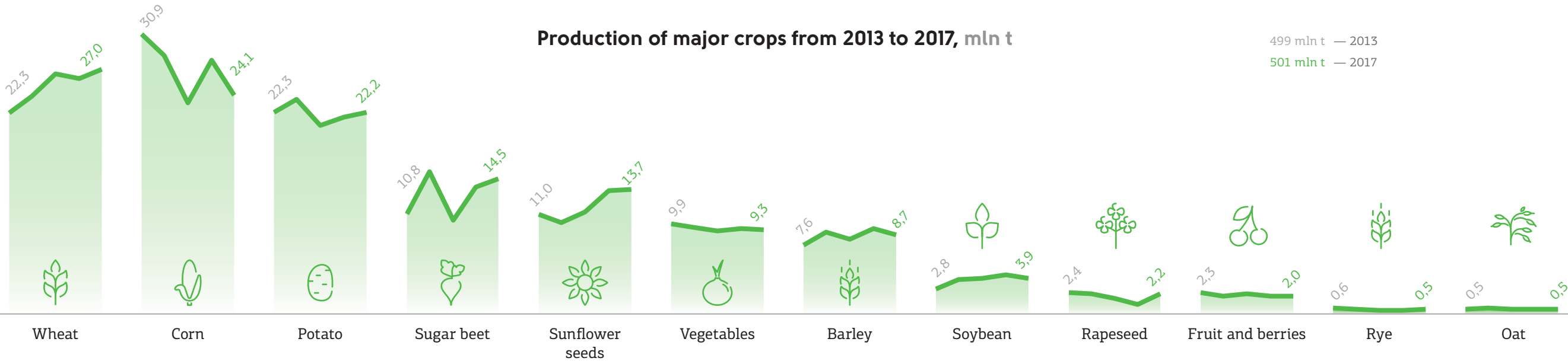
Industrial crops



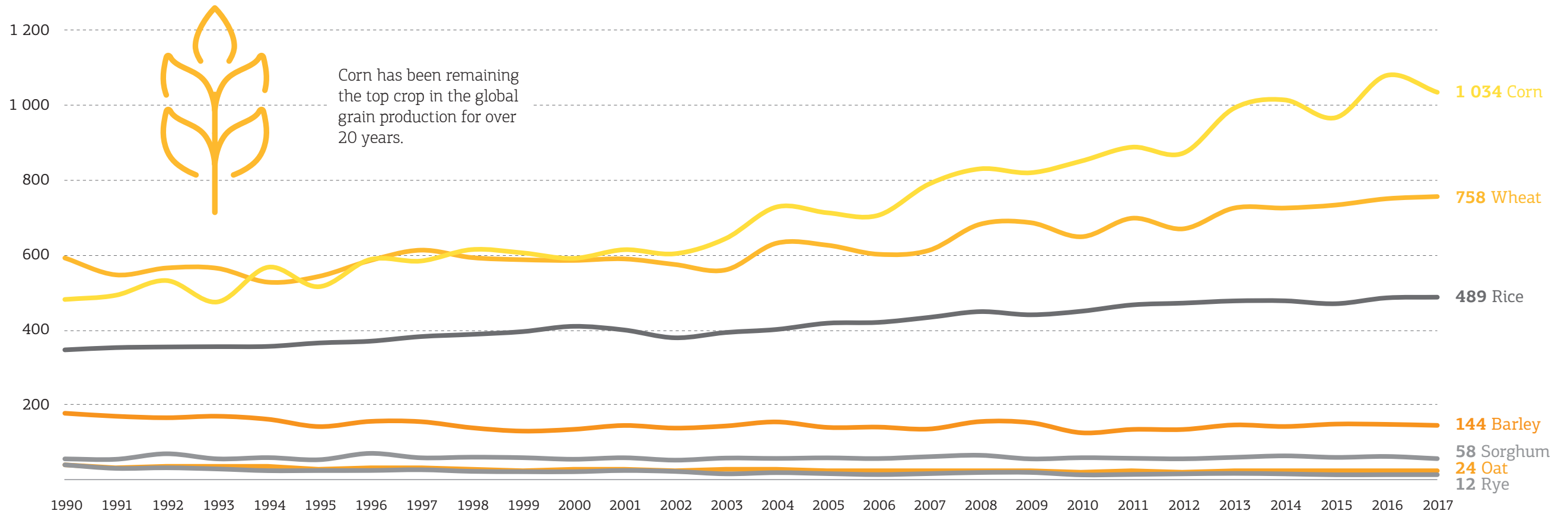
Potato and vegetables



Production of major crops from 2013 to 2017, mln t

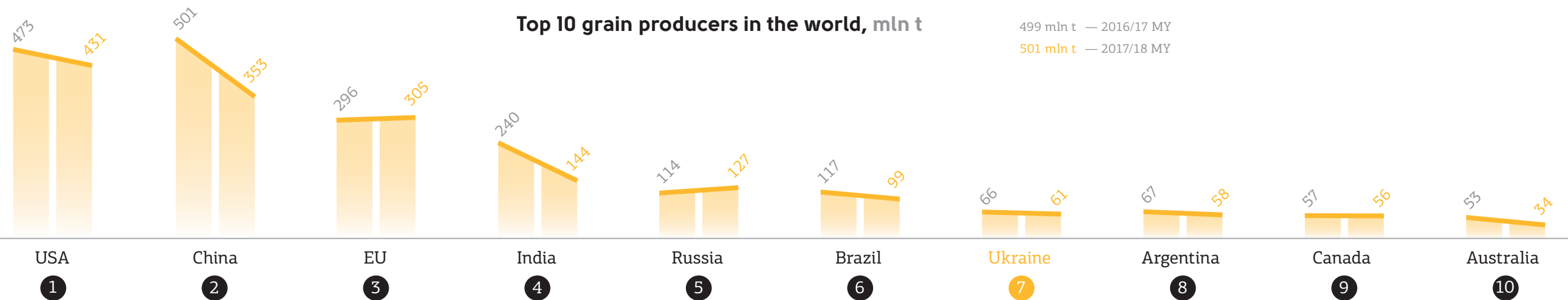


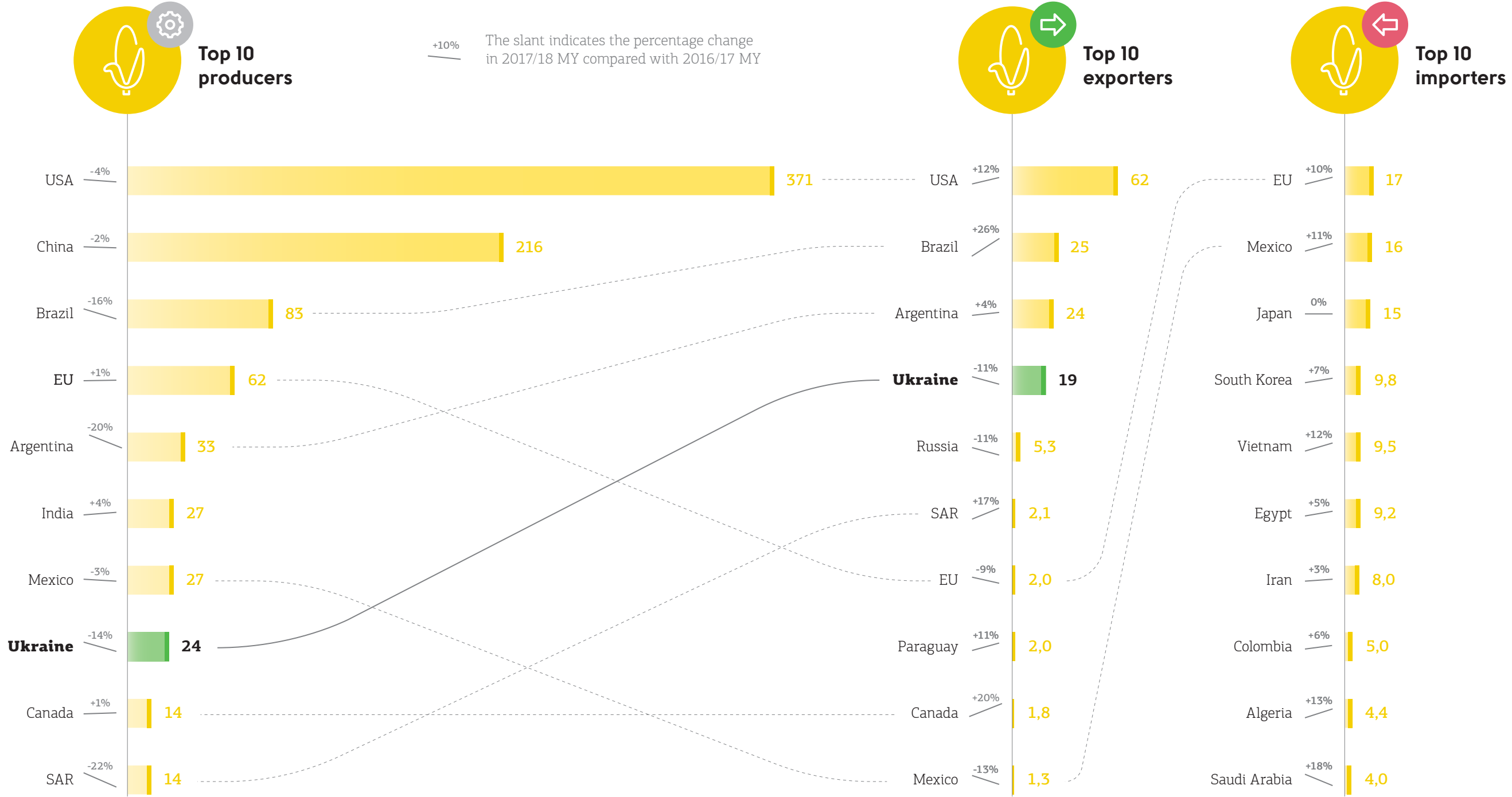
Source: State Statistics, USDA, Ukr sugar



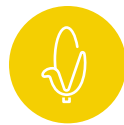
Top 10 grain producers in the world, mln t

499 mln t — 2016/17 MY
501 mln t — 2017/18 MY

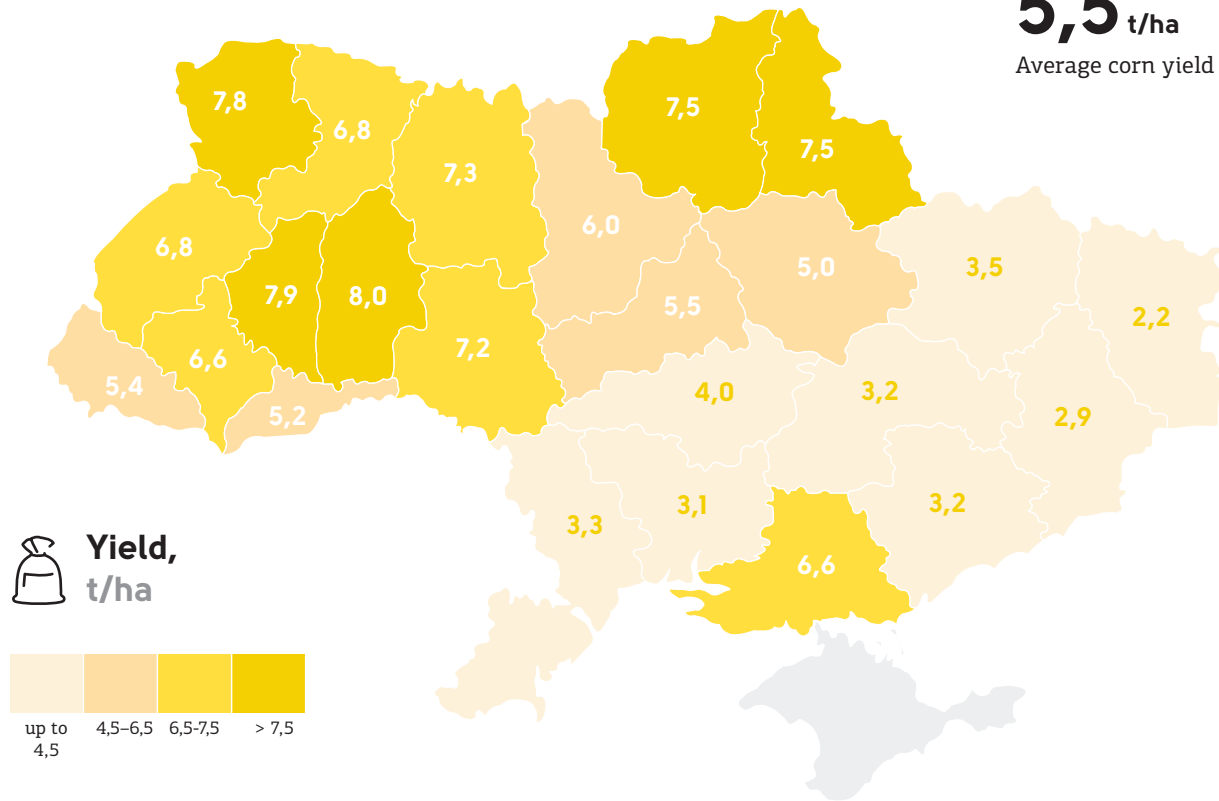




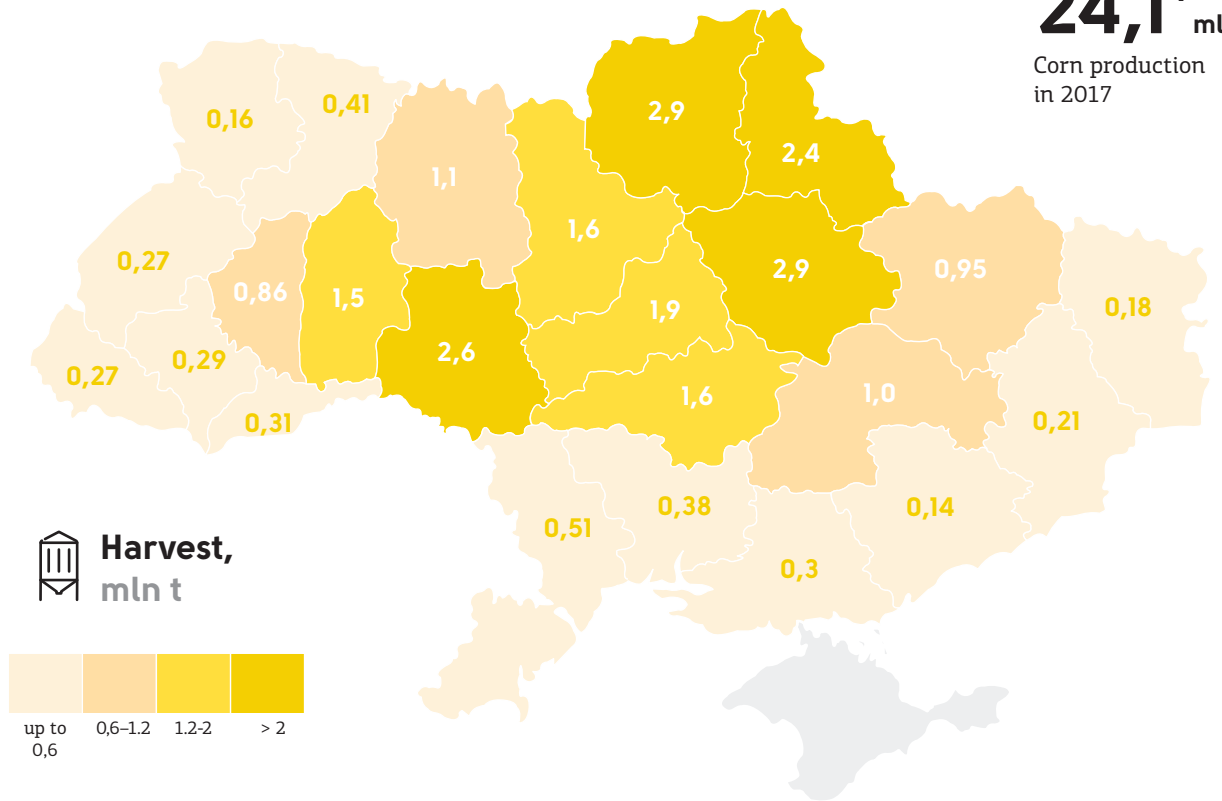
Source: USDA



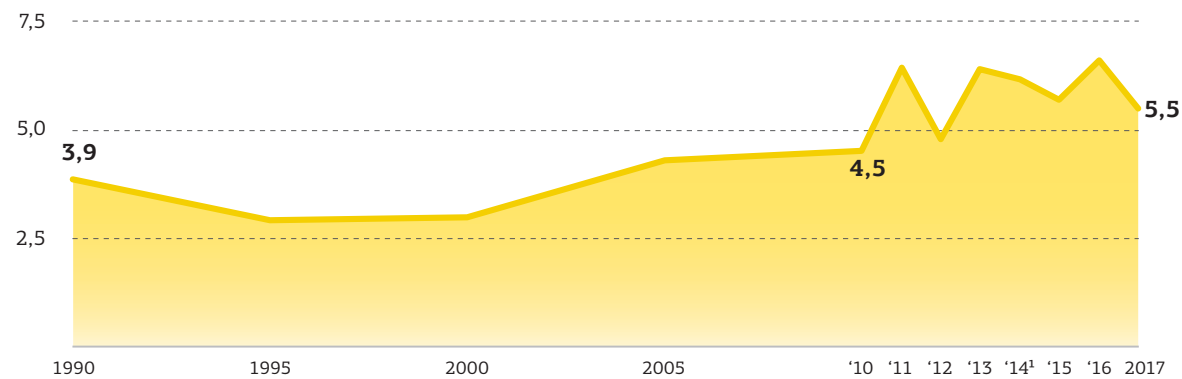
5,5 t/ha
Average corn yield



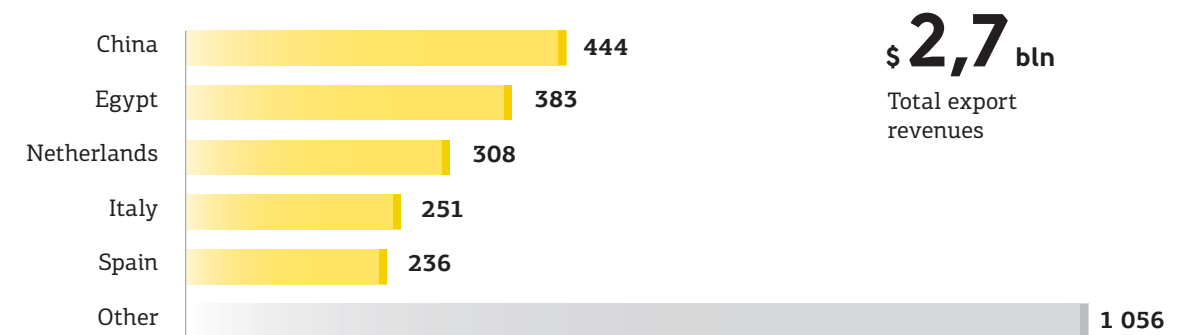
24,1¹ mln t
Corn production in 2017



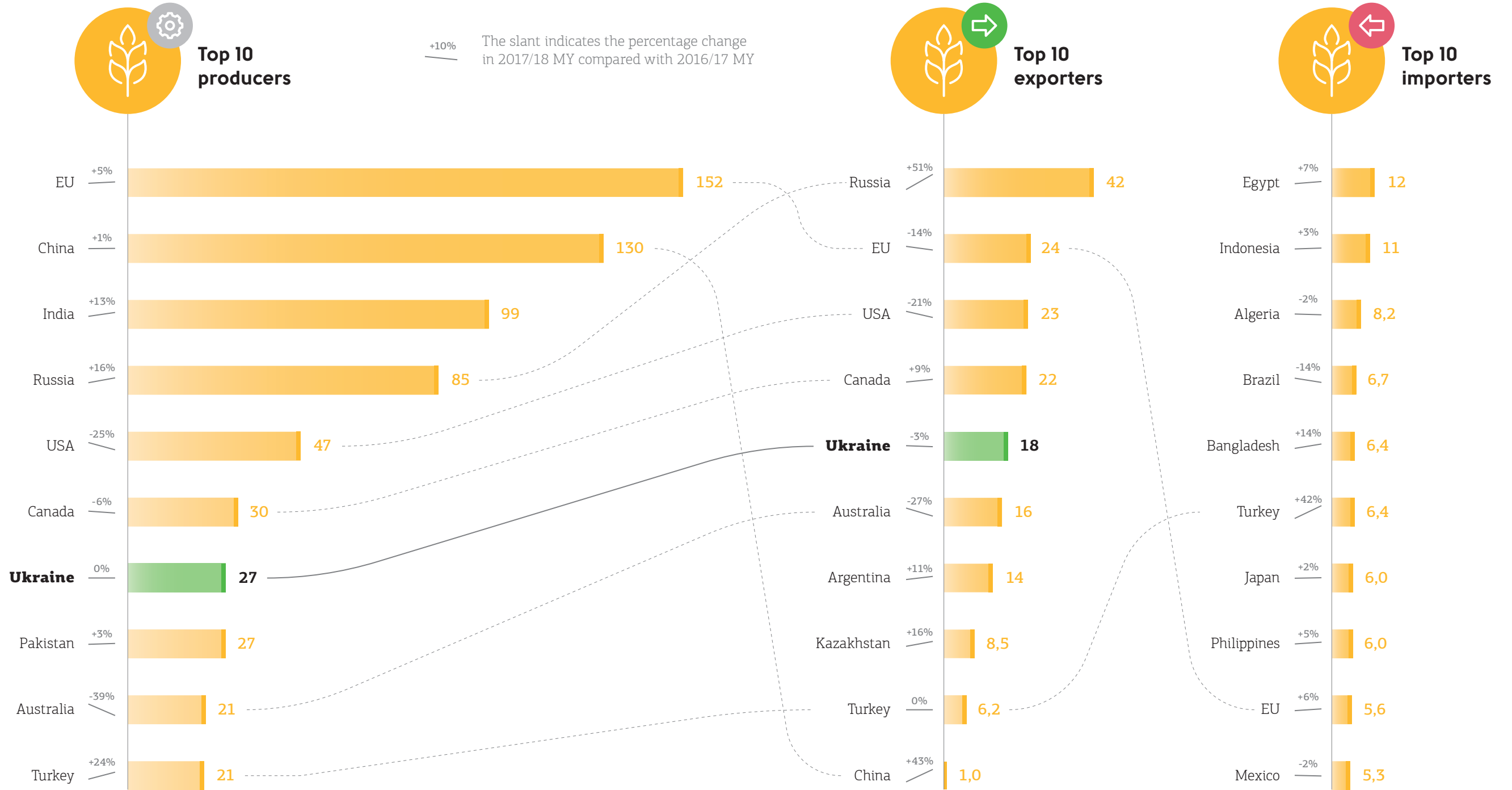
Grain corn yield, t/ha



Ukrainian corn exports by country, mln \$²

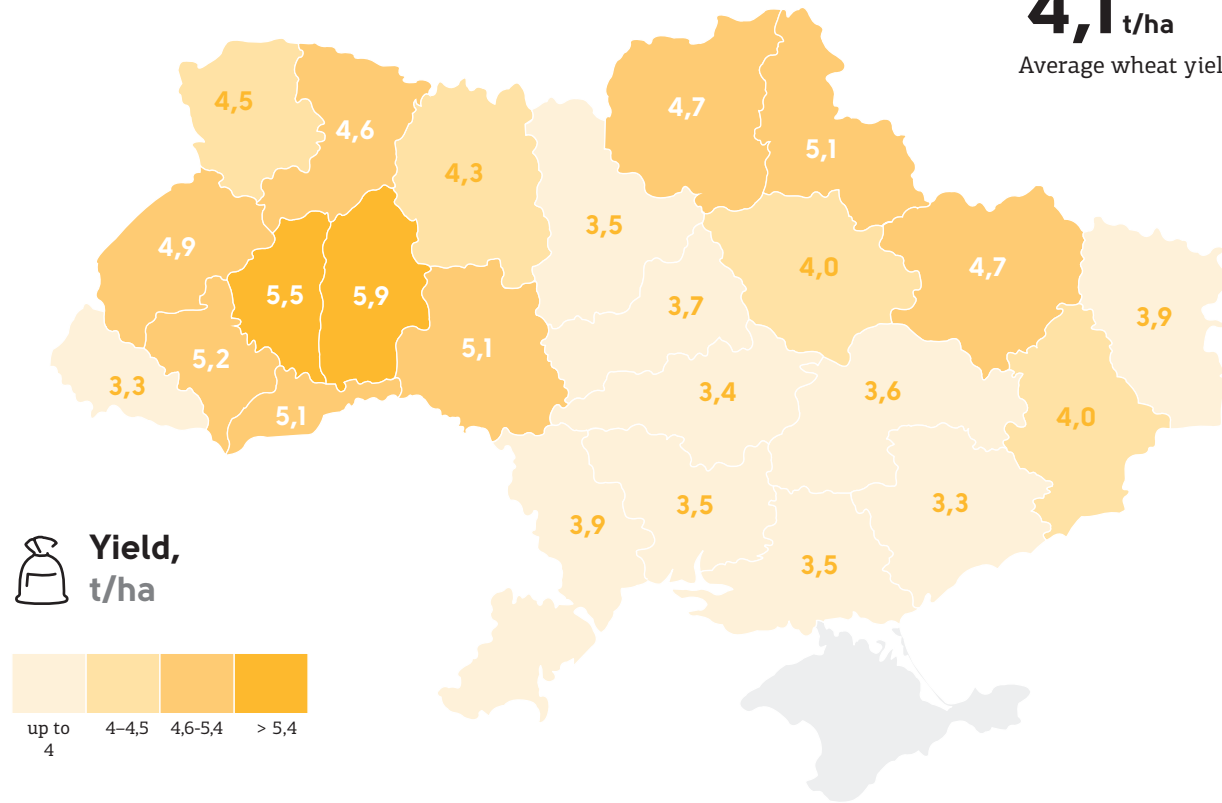


Source: State Statistics ¹ According to USDA ² For the first 10 months of 2017/18 MY

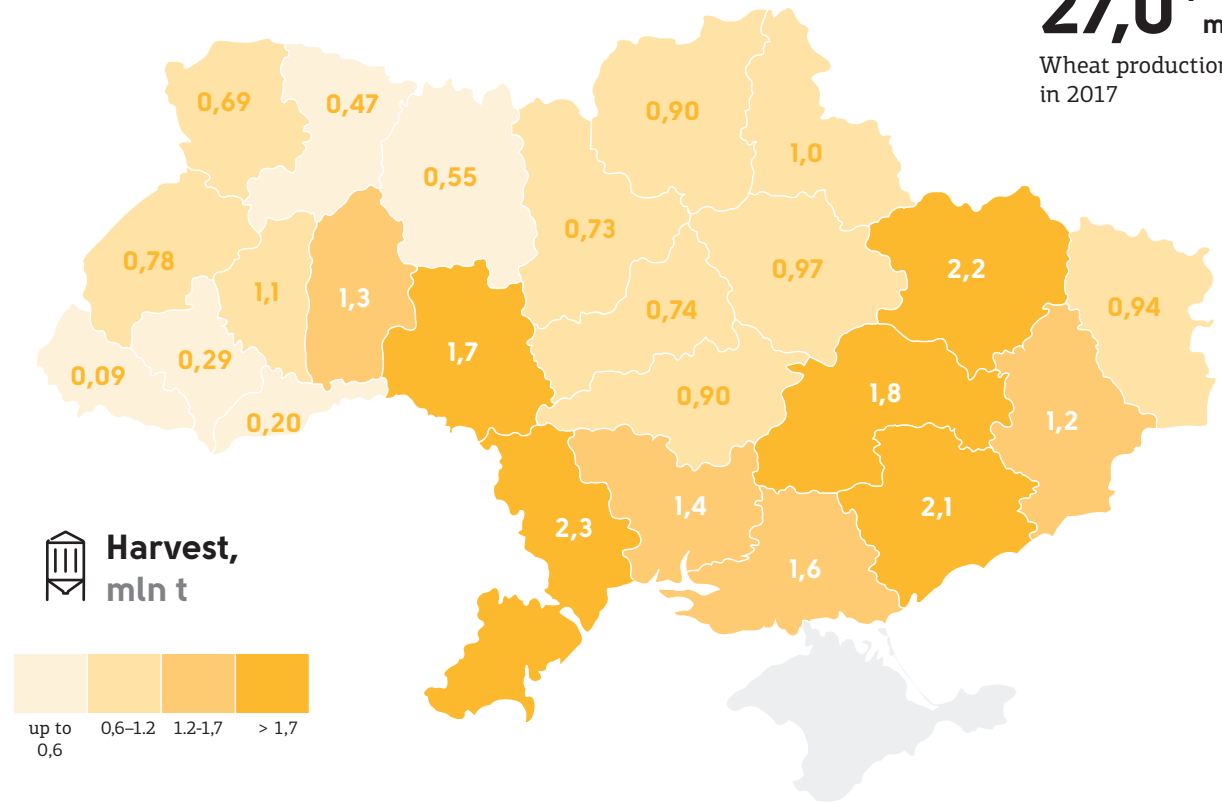




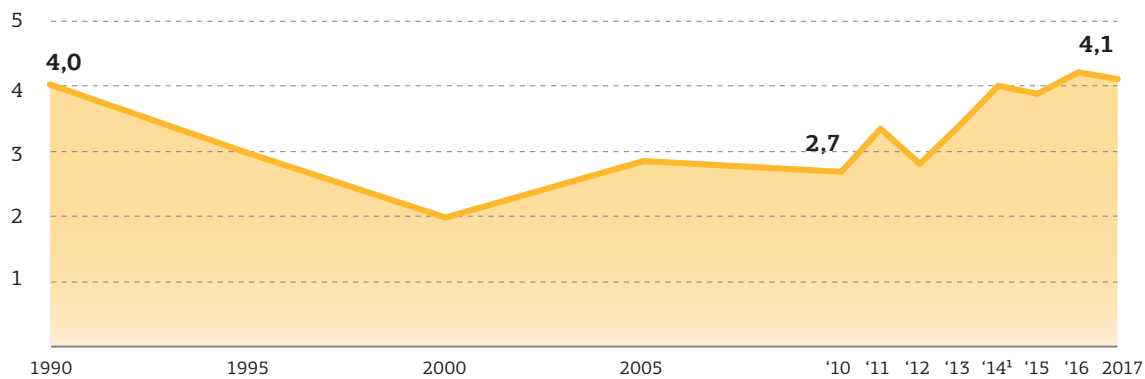
4,1 t/ha
Average wheat yield



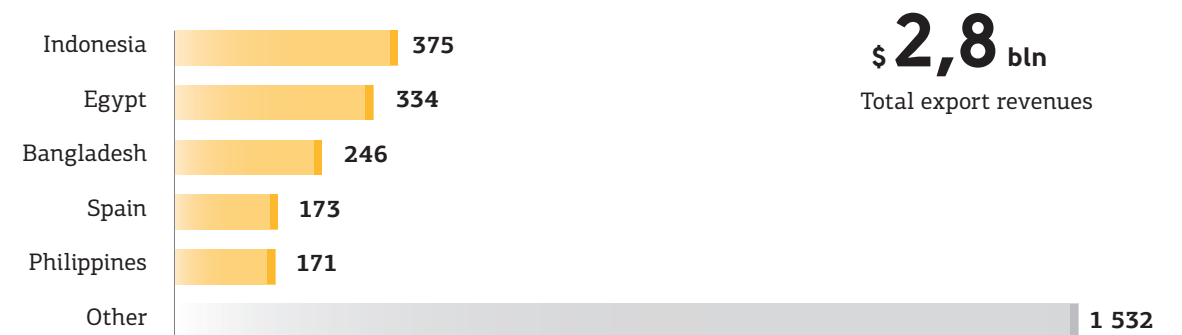
27,0¹ mln t
Wheat production in 2017



Wheat yield, t/ha

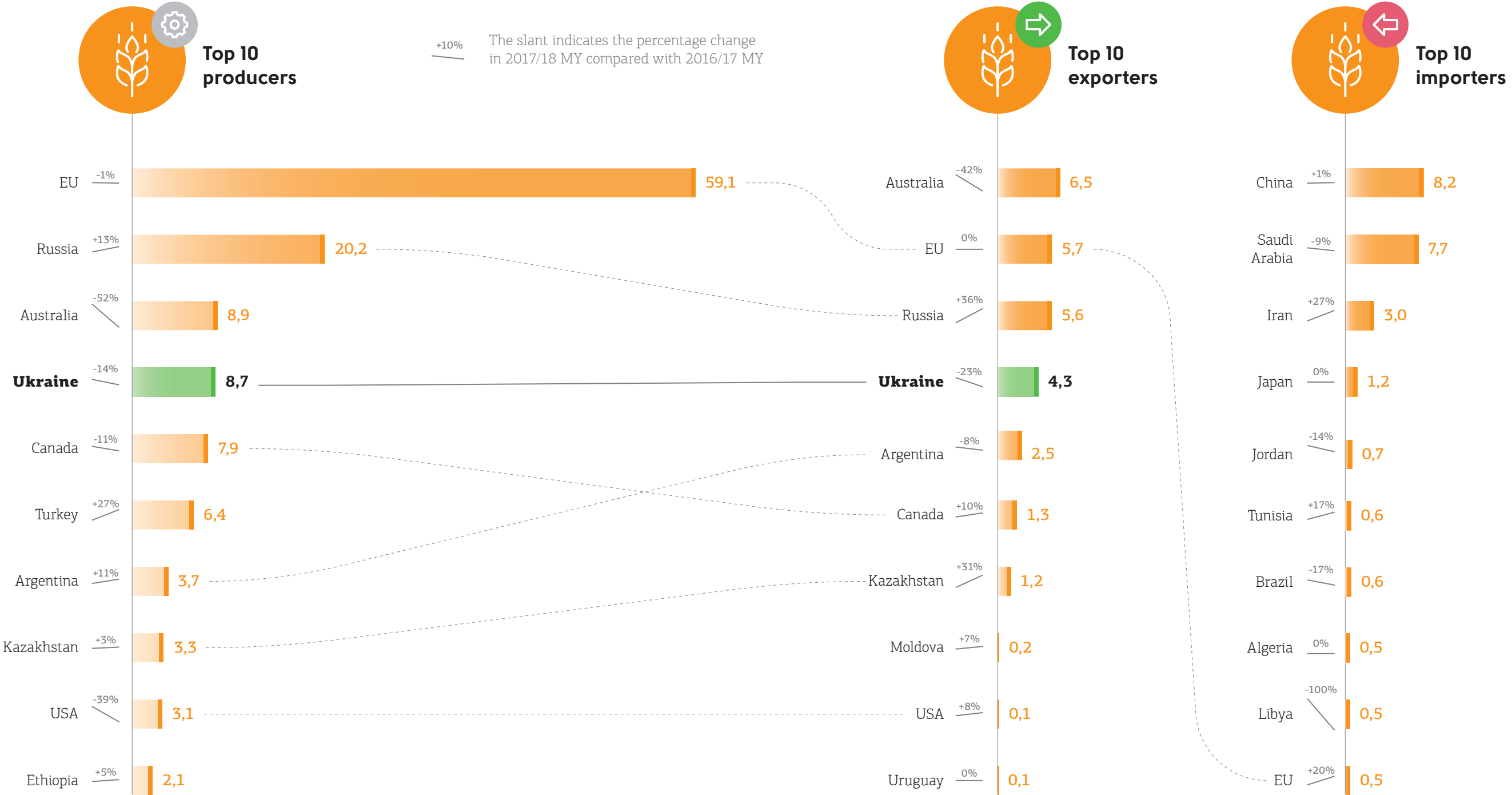


Ukrainian wheat exports by country, 2017/18 MY, \$ mln



Source: State Statistics

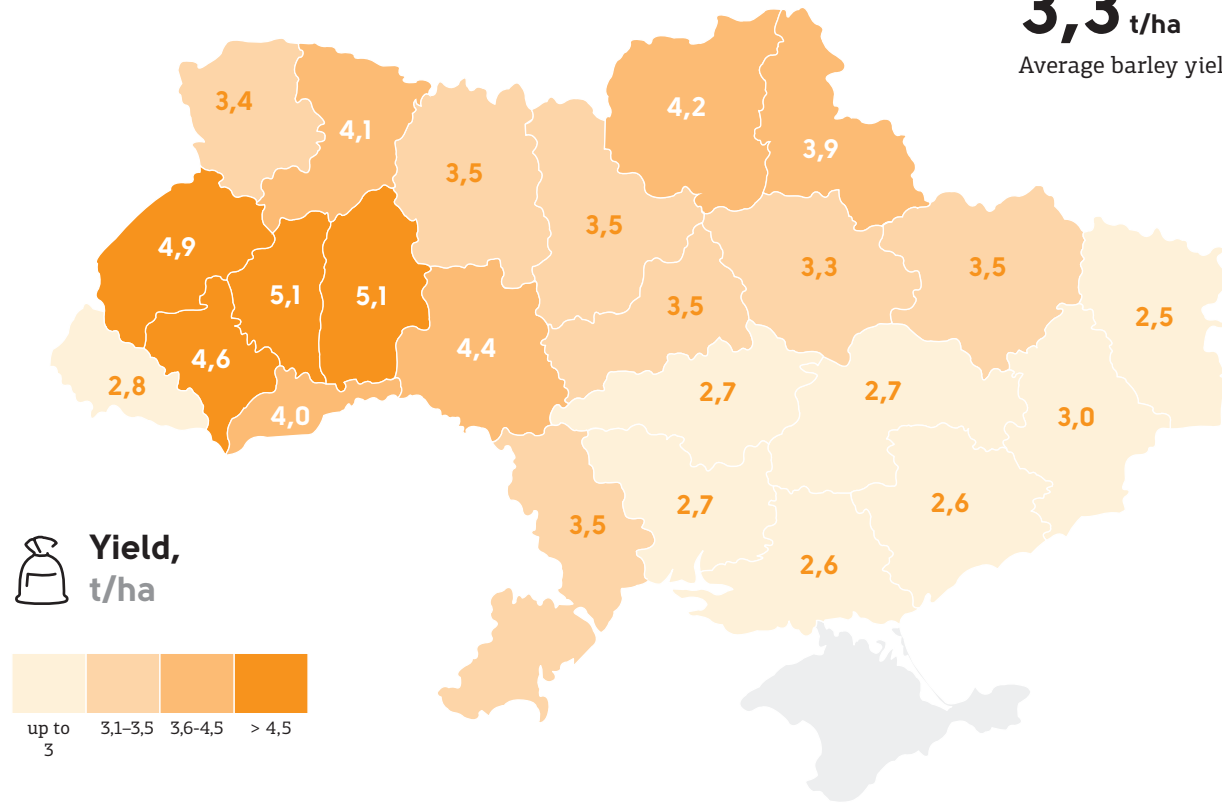
¹ According to USDA



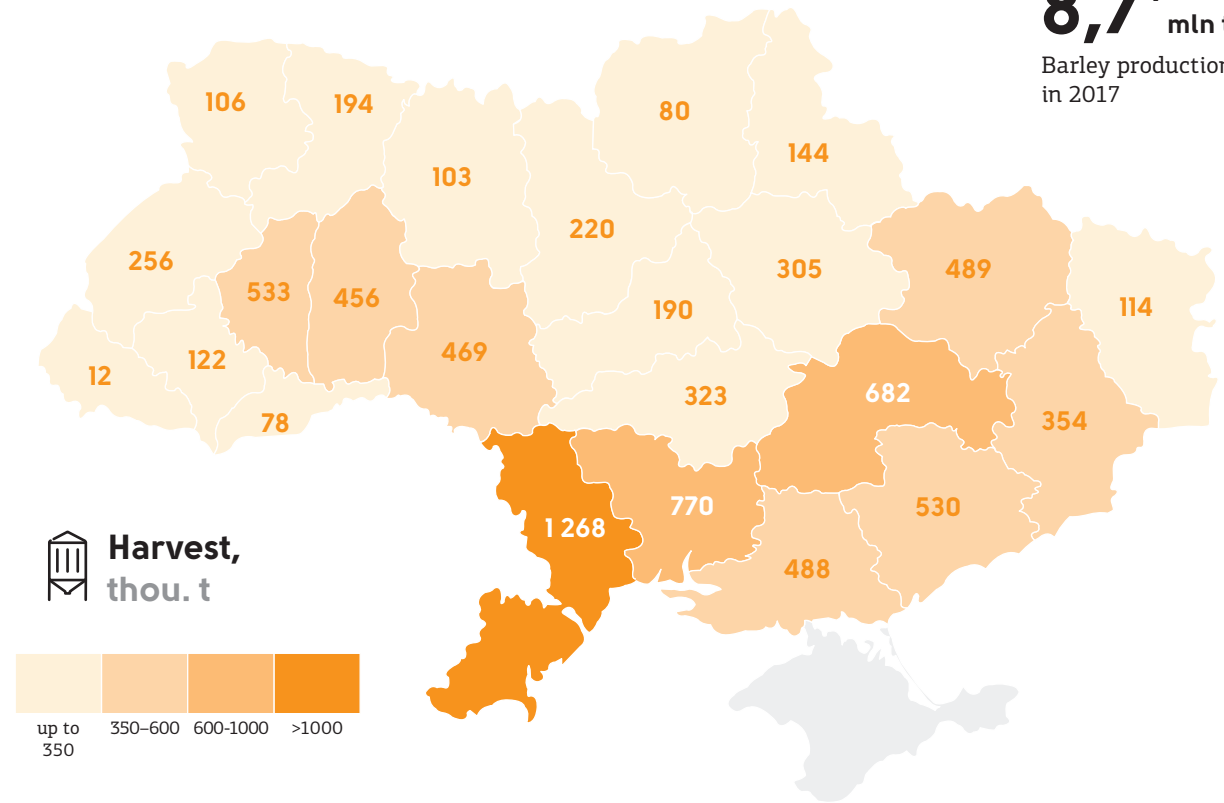
Source: USDA



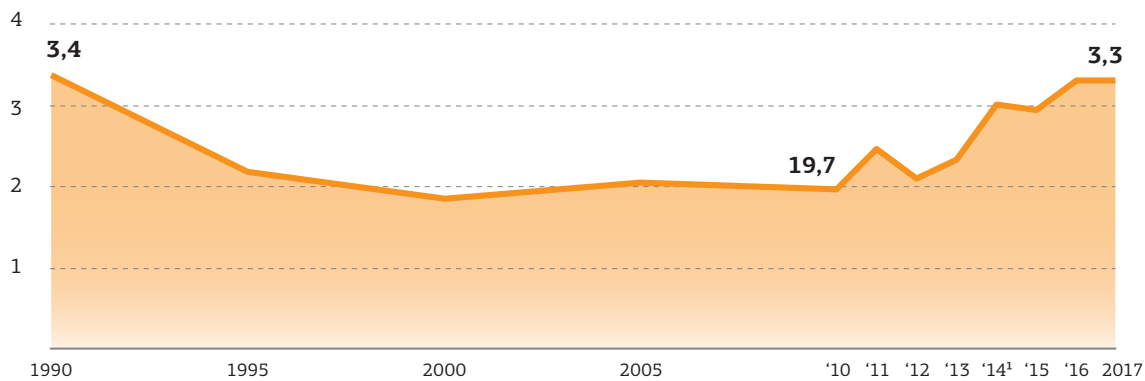
3,3 t/ha
Average barley yield



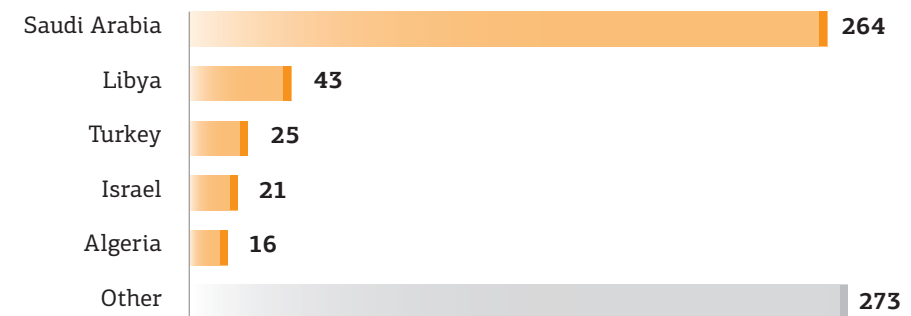
8,7¹ mln t
Barley production in 2017



Wheat yield, t/ha



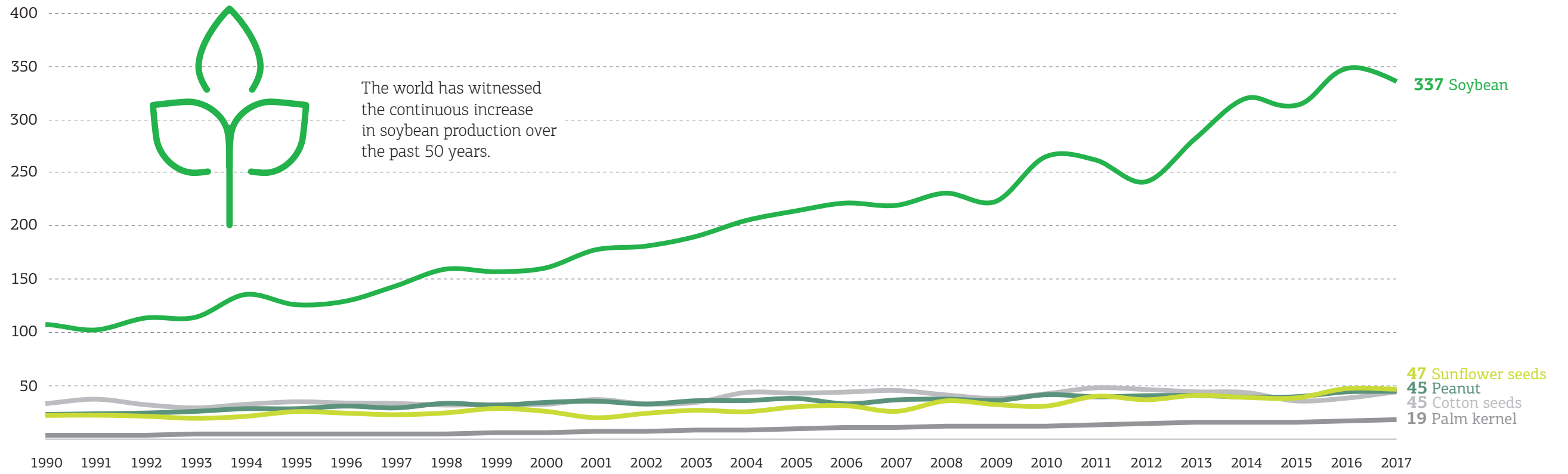
Ukrainian barley exports by country, 2017/18 MY, mln \$



\$ 641 mln
Total export revenues

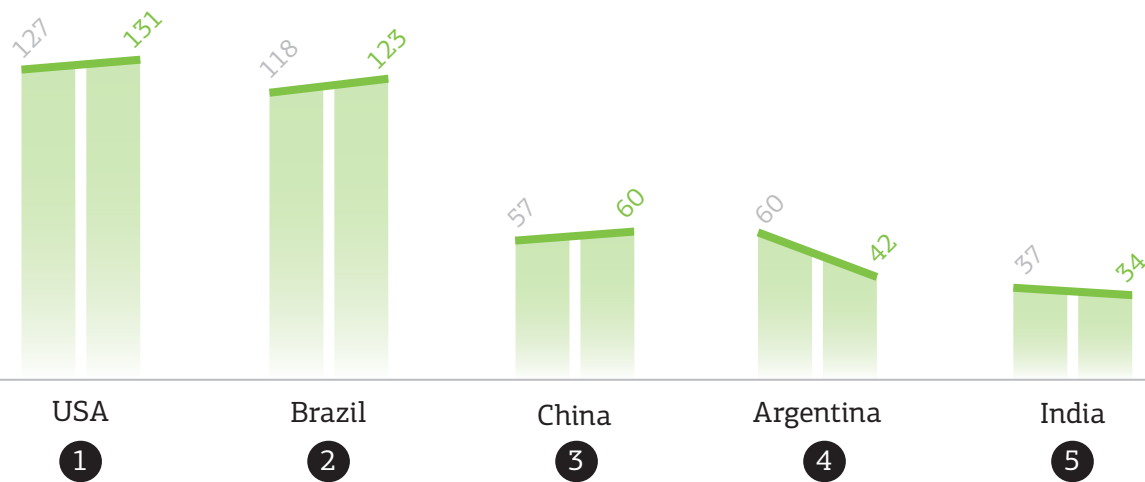
Source: State Statistics

¹ According to USDA

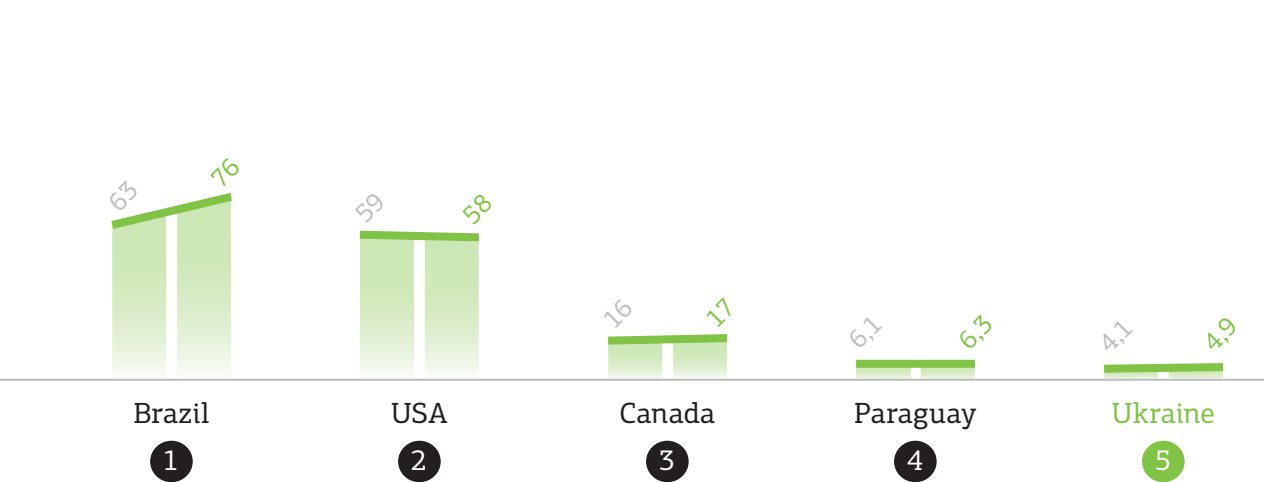


Top 5 oilseed crops producers, mln t

116,0 mln t — 2016/17 MY
116,1 mln t — 2017/18 MY



Top 5 oilseed crops exporters, mln t

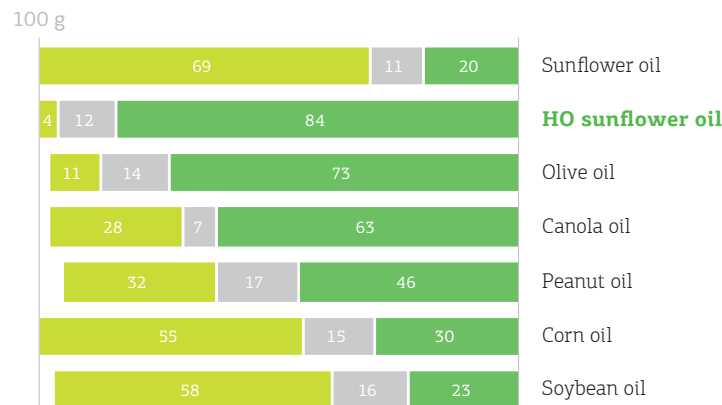


What is high-oleic sunflower

High-oleic (HO) sunflower is a type a sunflower which contains over 82% of Omega-9 oleic acid (monounsaturated fatty acid) and a low concentration of Omega-6 linoleic acid (polyunsaturated fatty acid). The concentration of oleic acid in HO sunflower oil exceeds that of olive oil.

Fat composition in cooking oils, g per 100 g

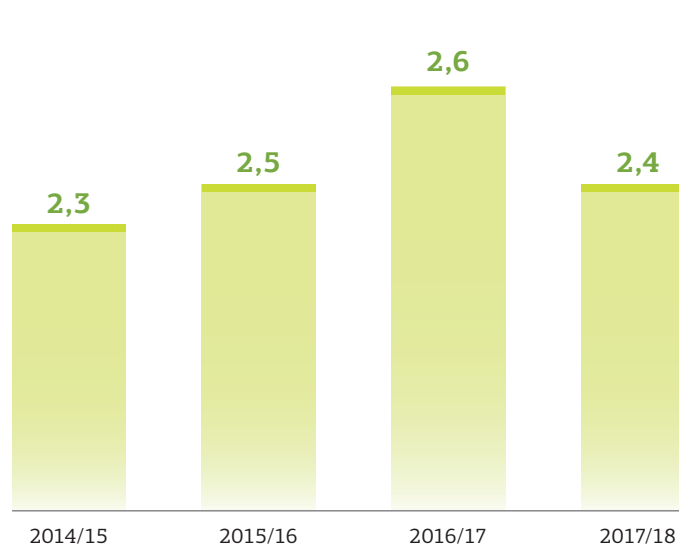
- Monounsaturated fats (including oleic oil)
- Saturated fats
- Polyunsaturated fats



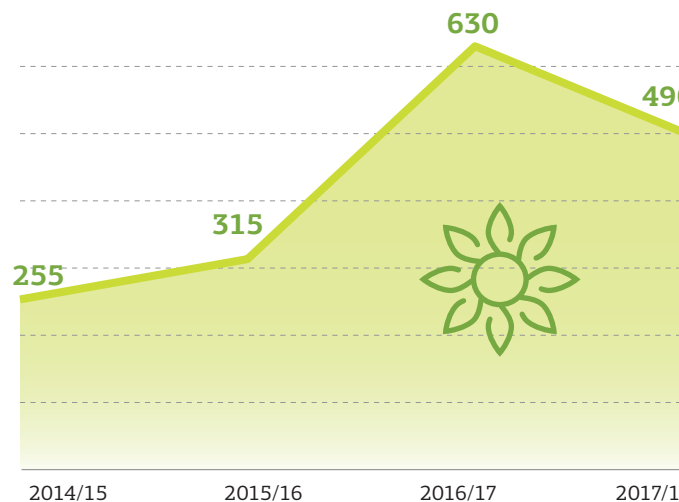
Benefits of HO sunflower oil

- HO sunflower oil consumption lowers the risk of cardiovascular disease through reduction in the ration of trans fats and saturated food.
- The shelf life of HO sunflower oil is 5 times longer than that of other oils.
- The oil has higher resistance to heat and does not require extra hydrogenation.
- HO sunflower oil is resistant to oxidation, which makes it suitable for cooking at high temperatures.

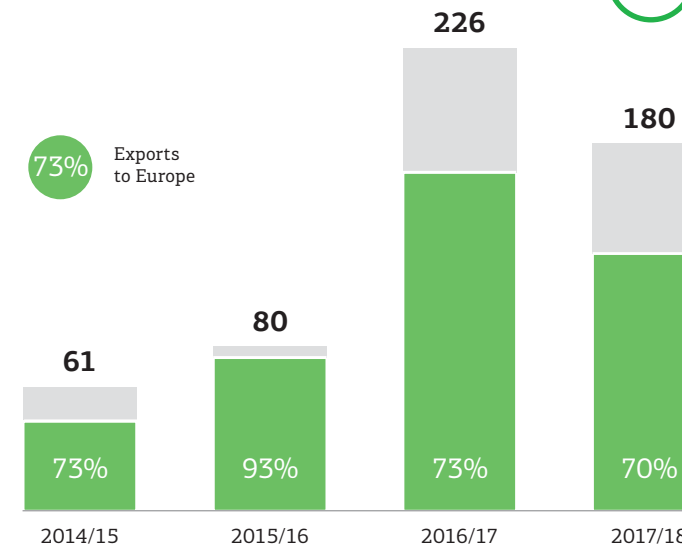
HO sunflower seeds yield in Ukraine, t/ha



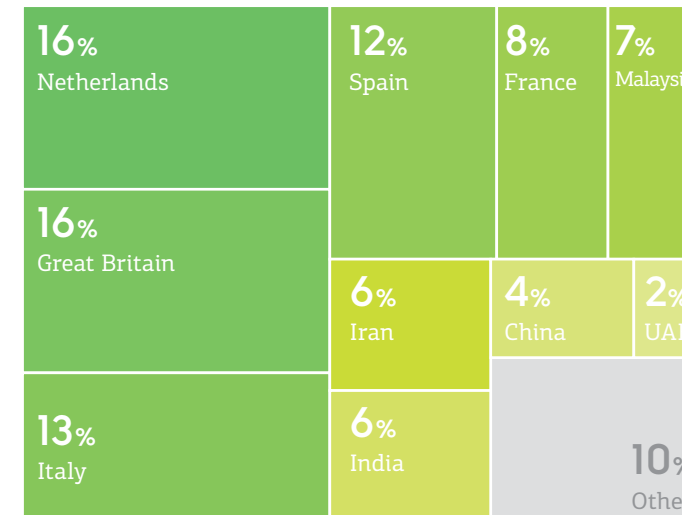
HO sunflower oil production in Ukraine, thou. t



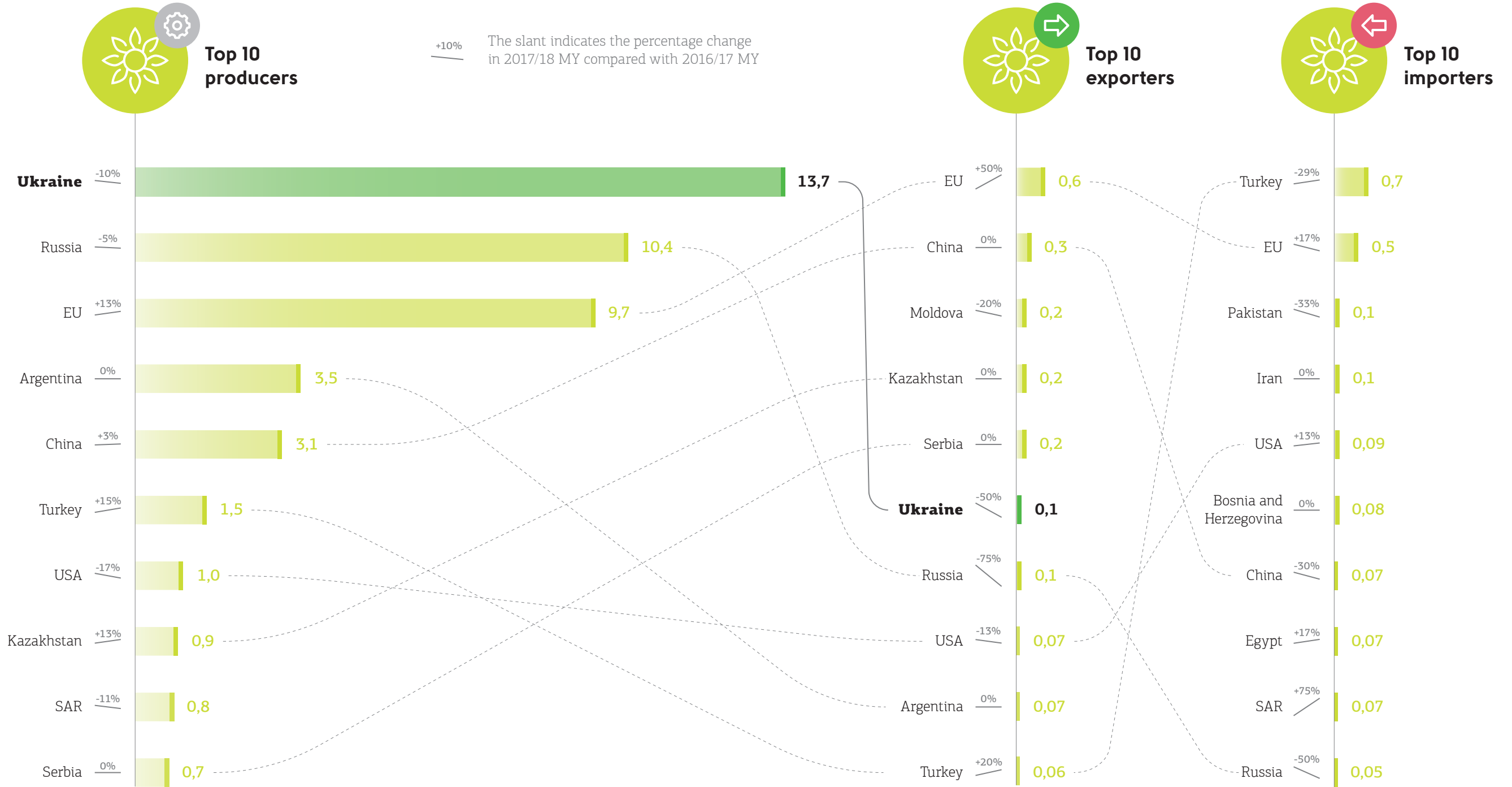
Ukrainian HO sunflower oil export, thou. t

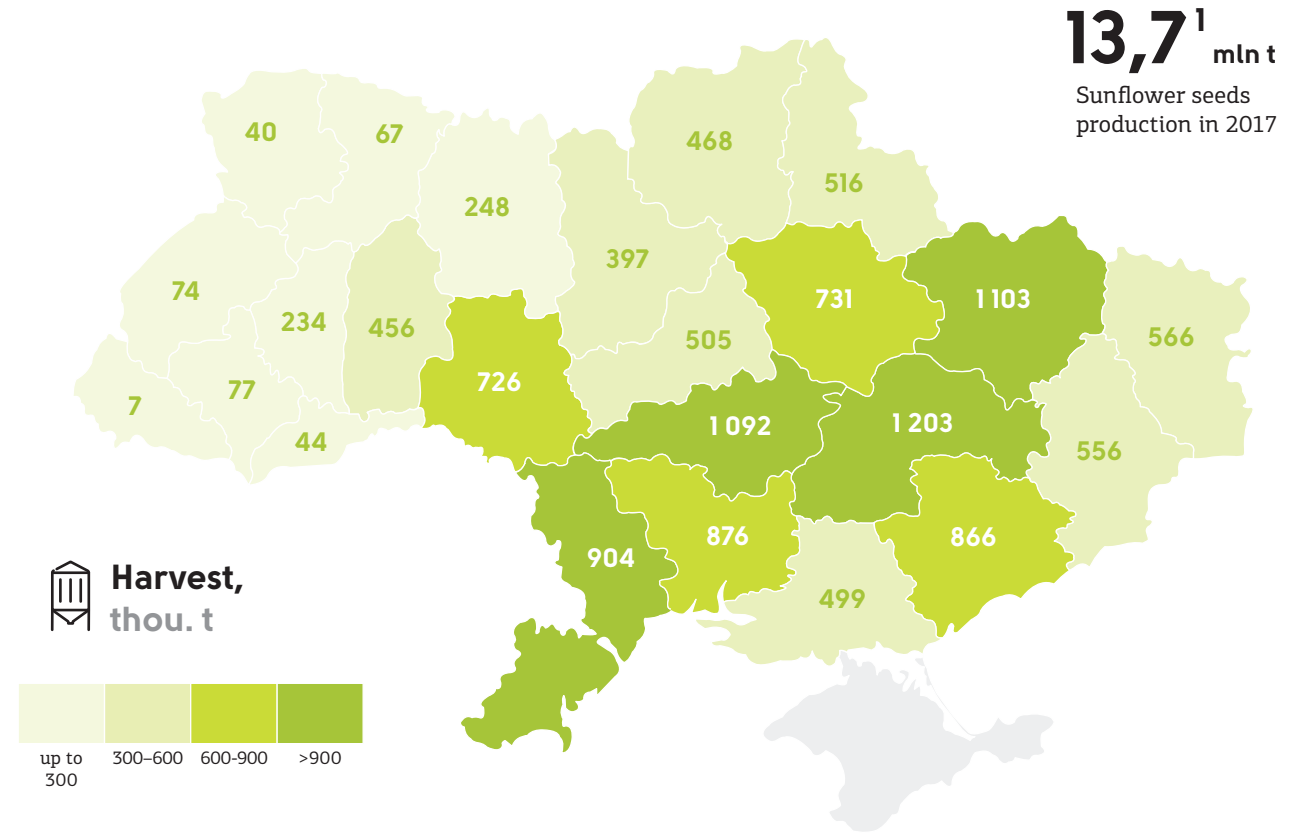
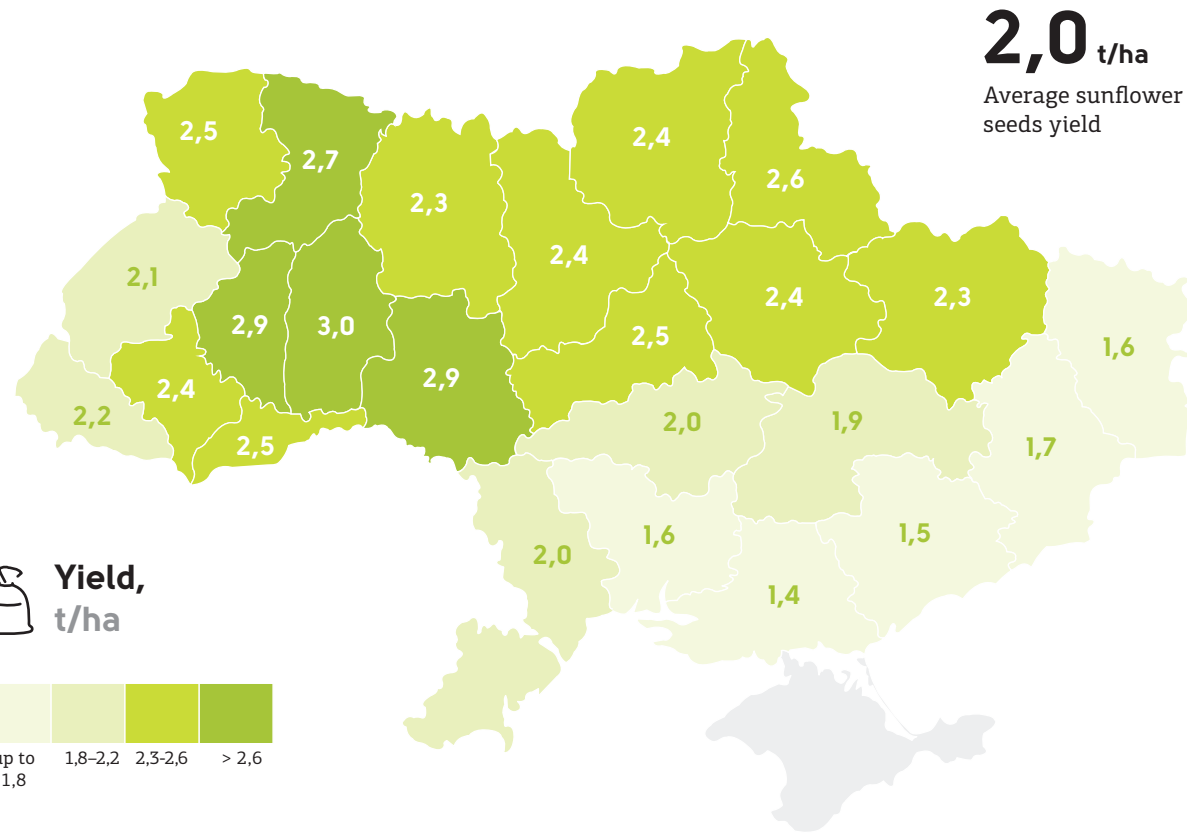


HO sunflower oil exports by country in 2016/17 MY, %

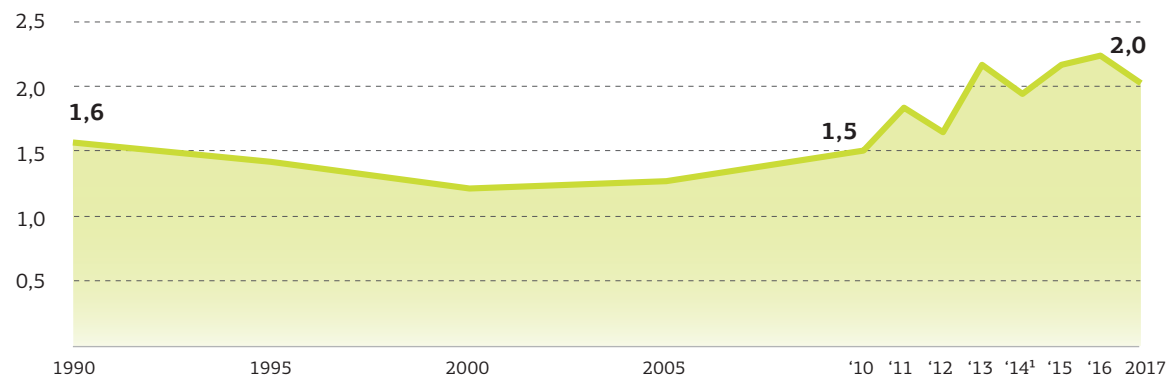


Source: High-Oleic Club, USDA

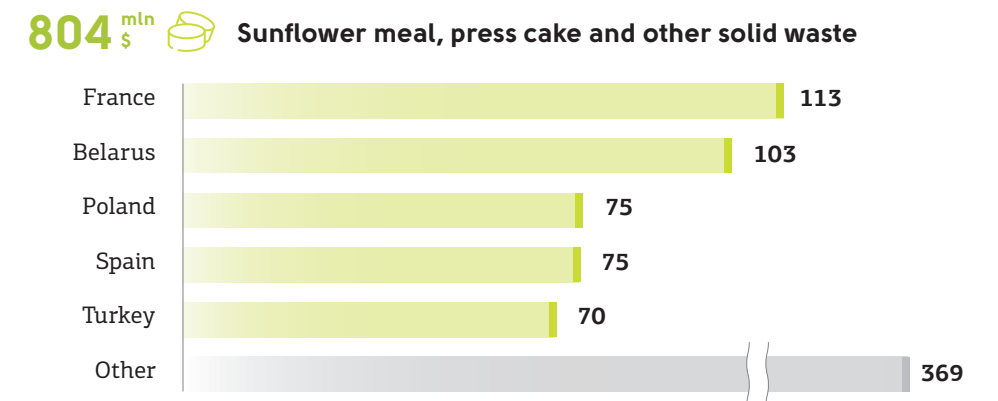
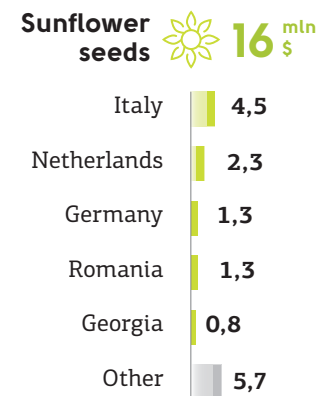




Sunflower seeds yield, t/ha

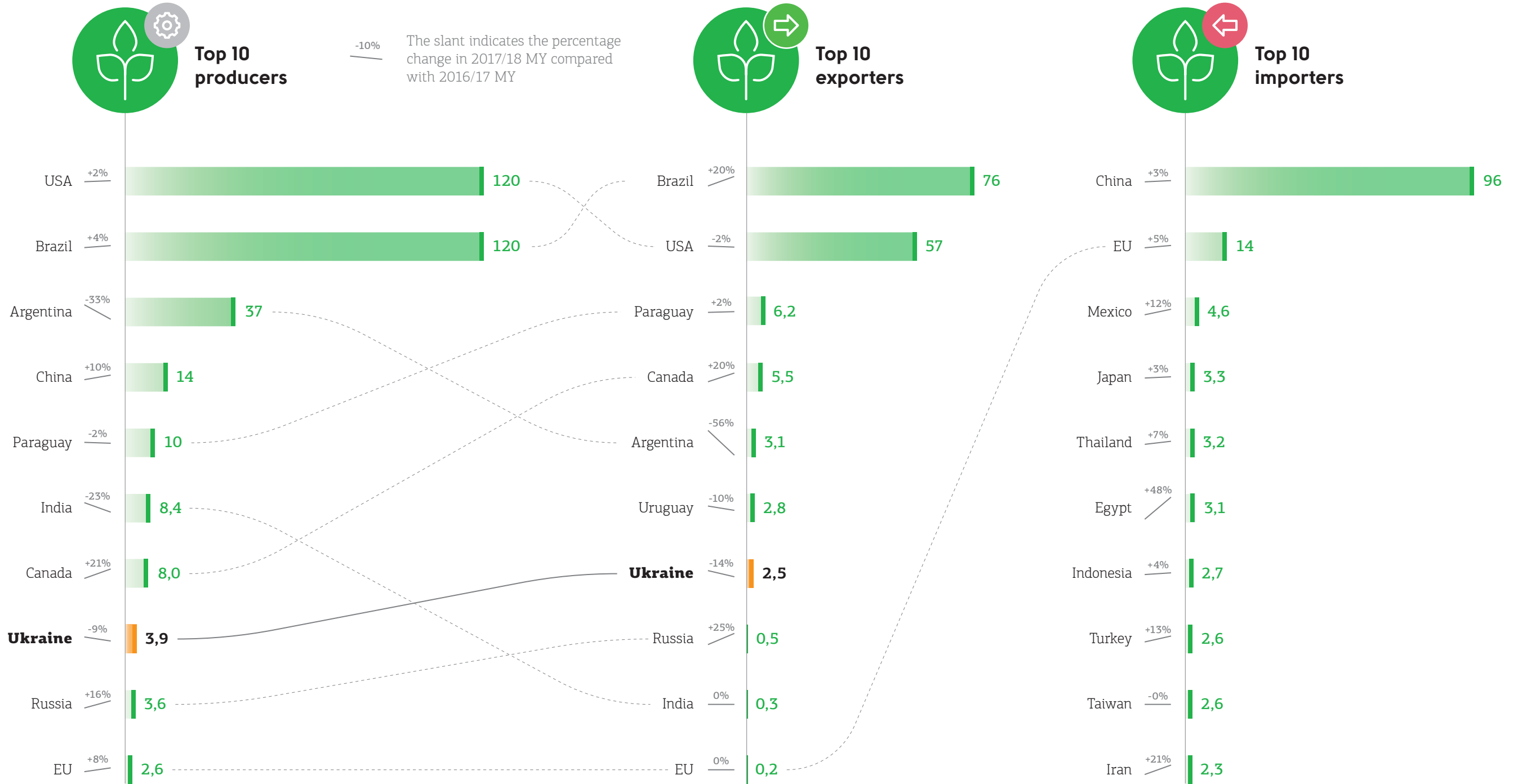


Ukrainian exports by country, for the first 10 months of 2017/18 MY, mln \$

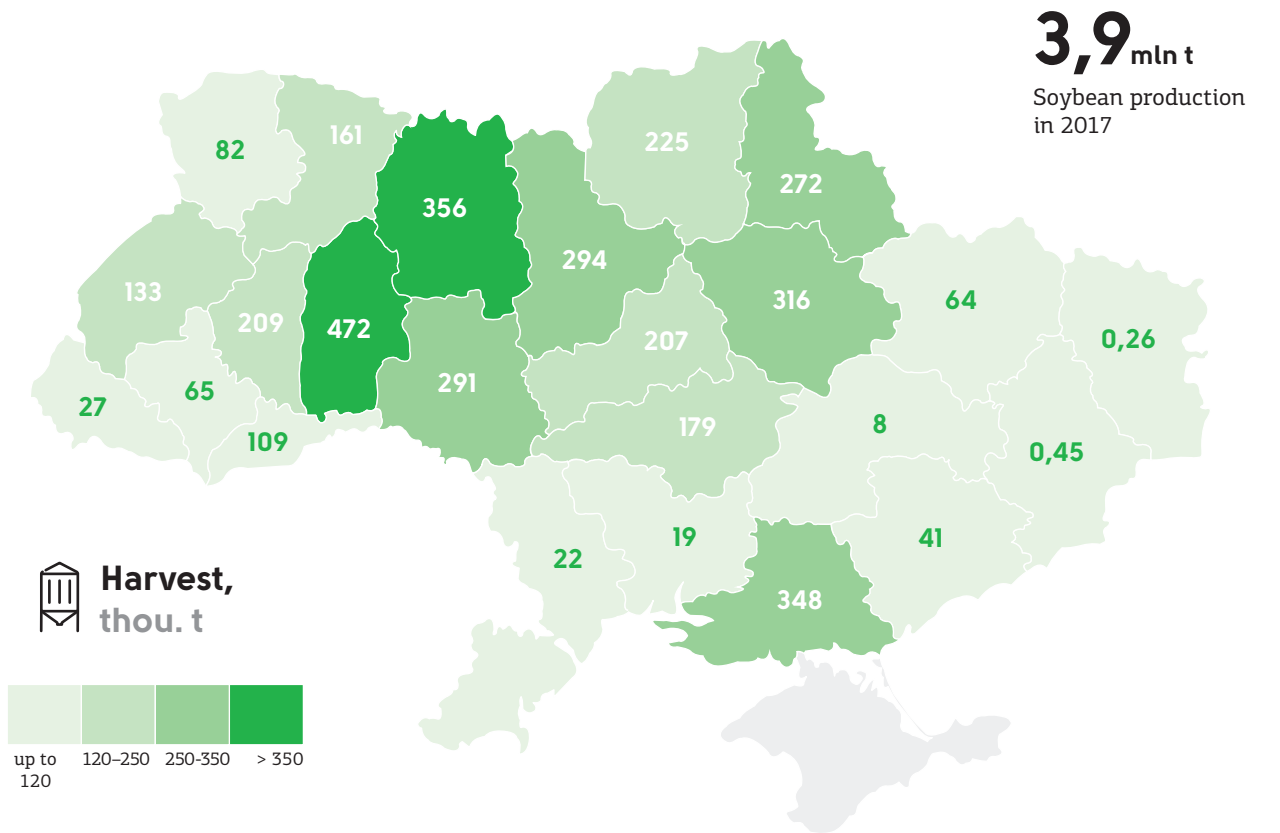
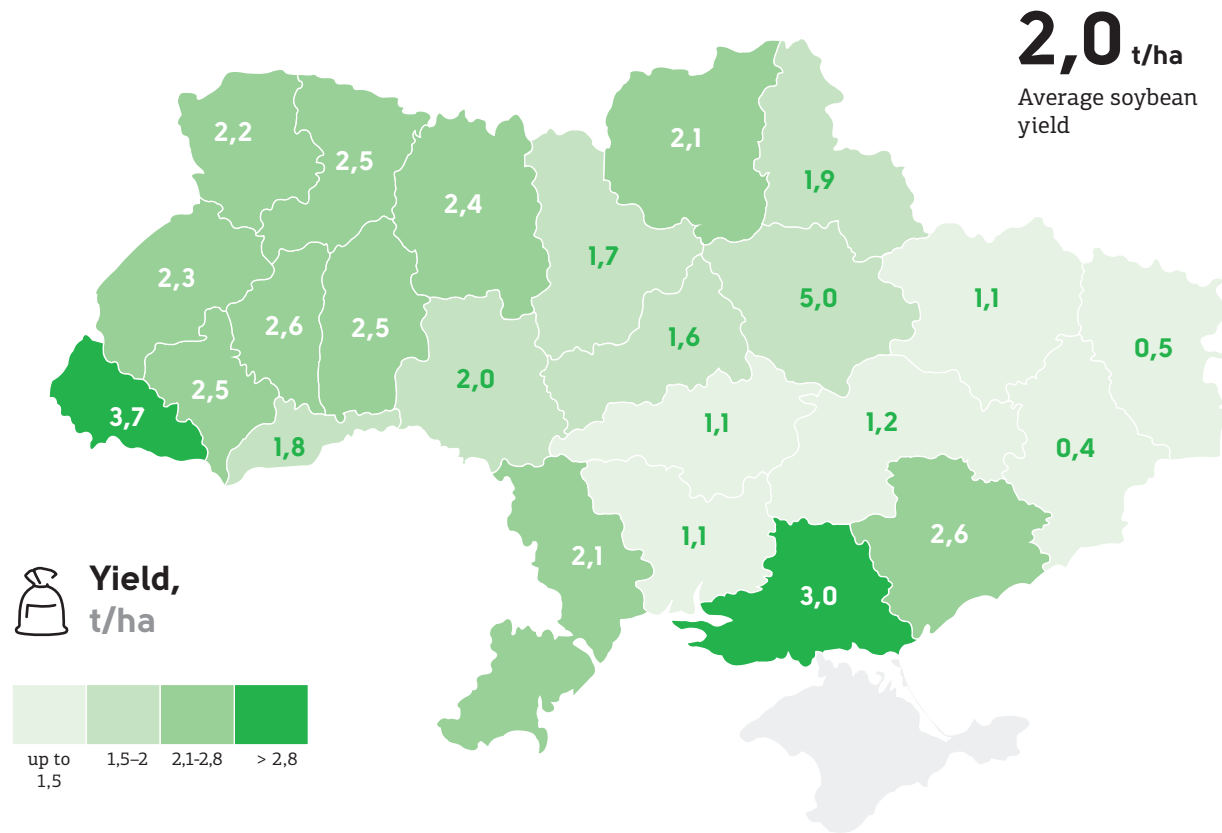


Source: State Statistics

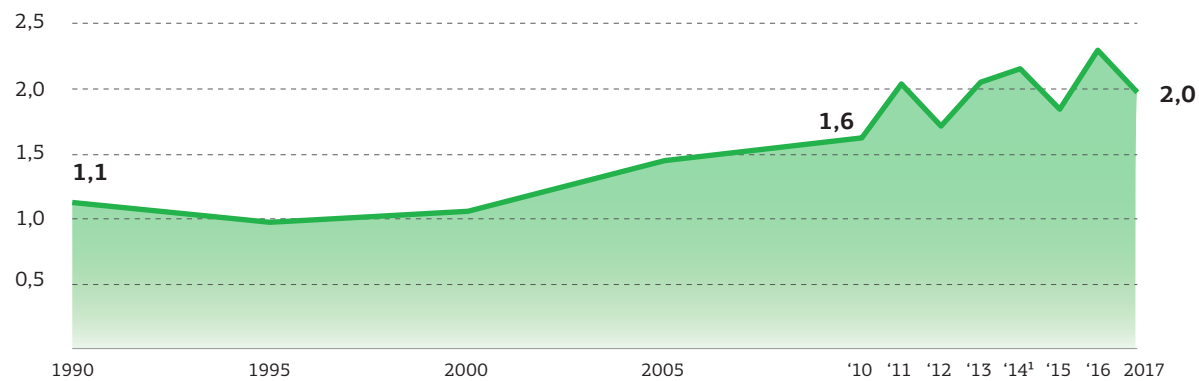
¹ According to USDA



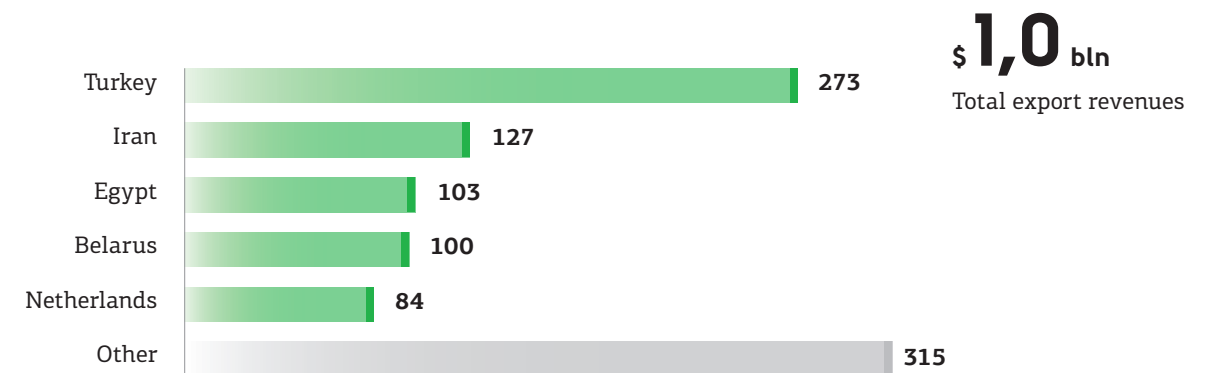
Source: USDA



Soybean yield, t/ha

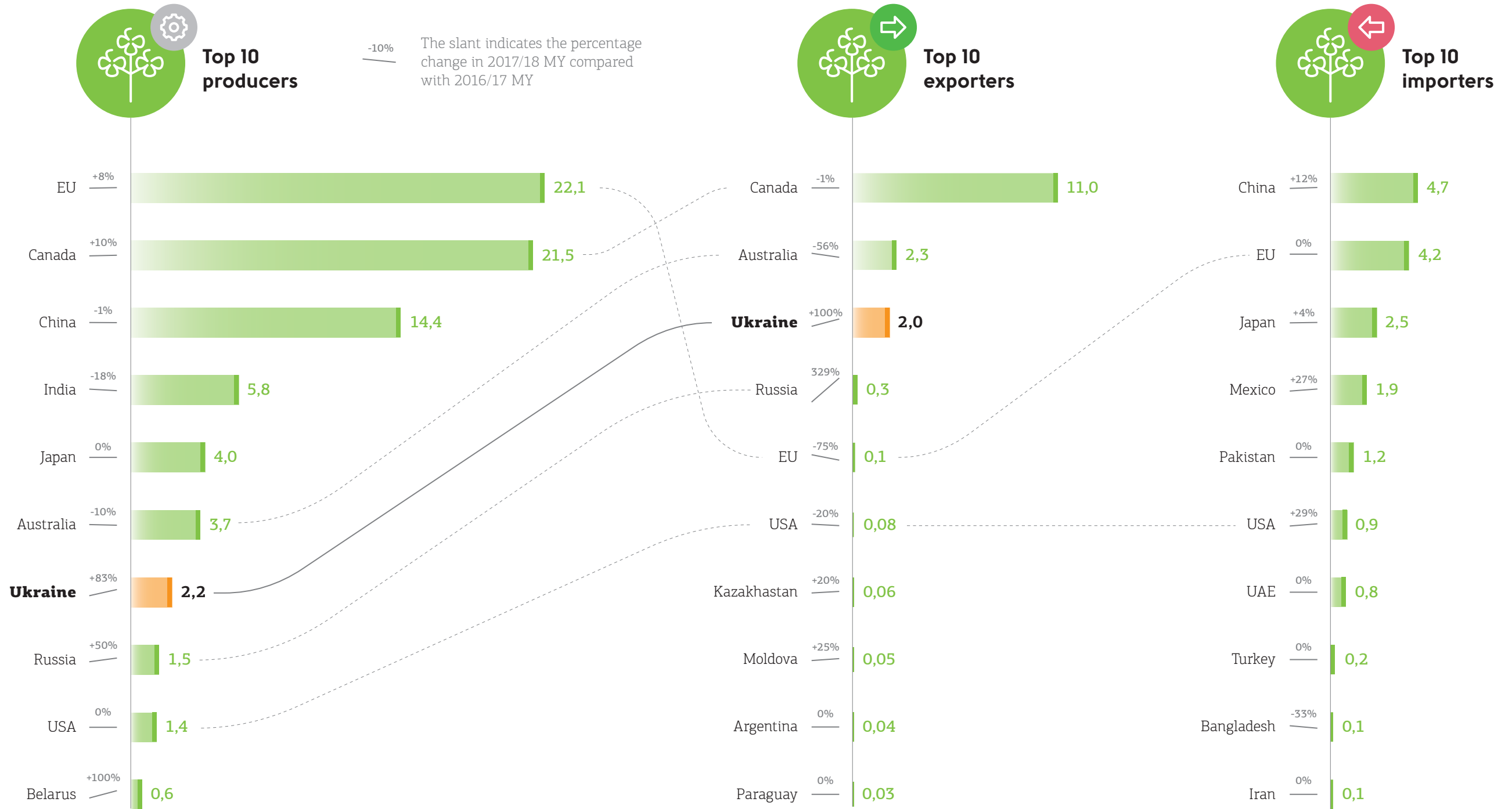


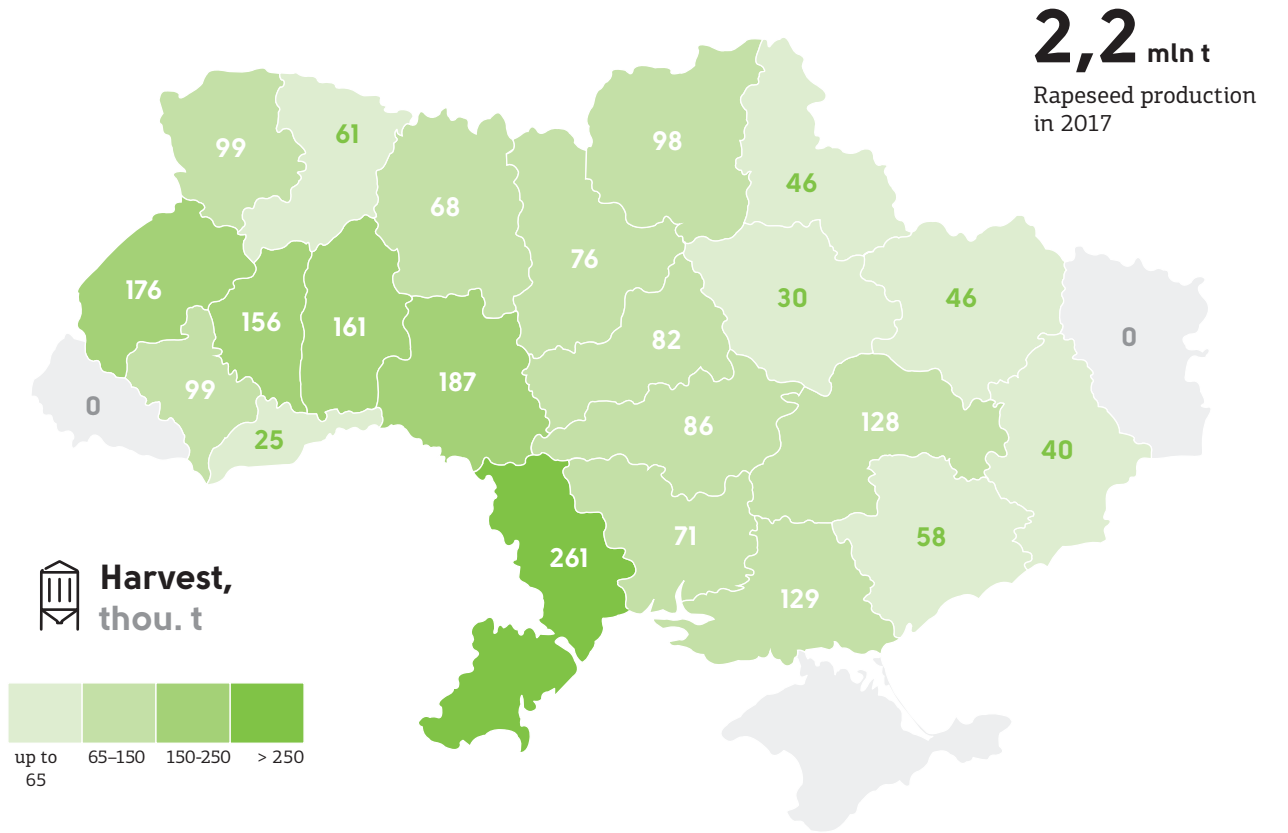
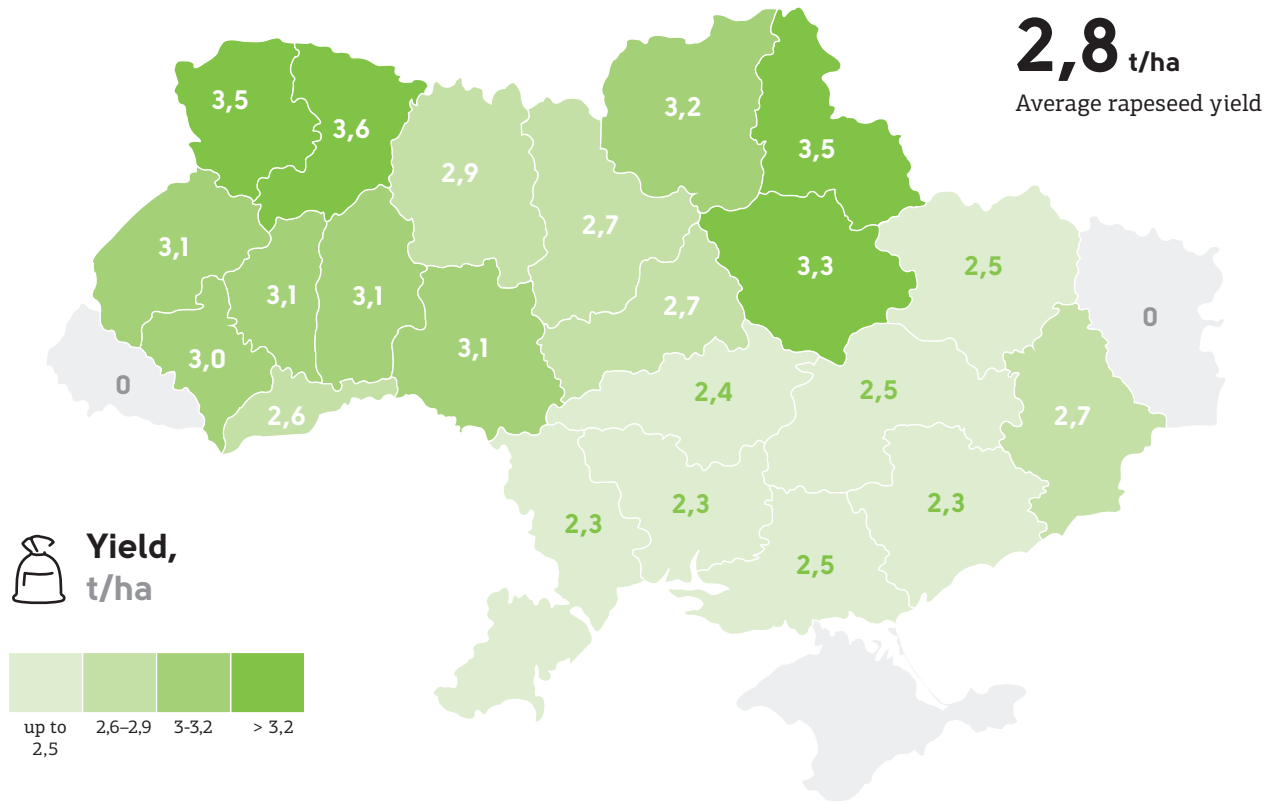
Ukrainian soybean exports by country, mln \$¹



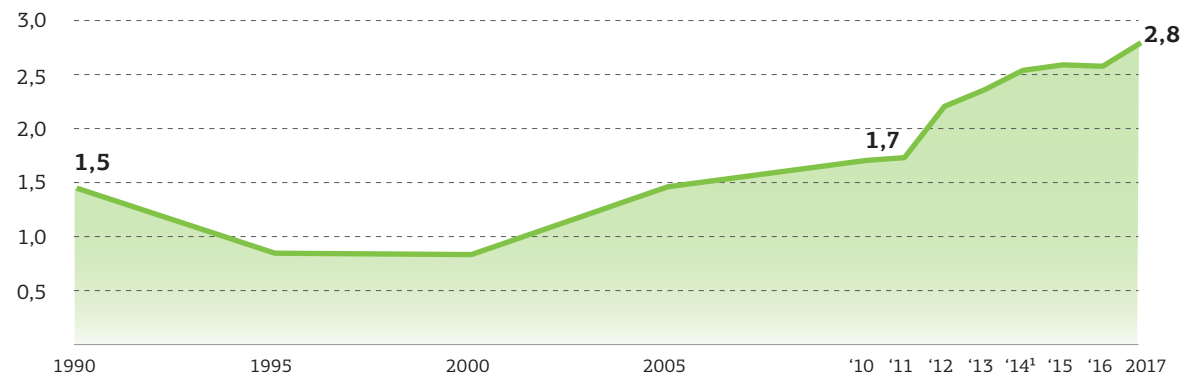
Source: State Statistics

¹ For the first 10 months of 2017/18 MY

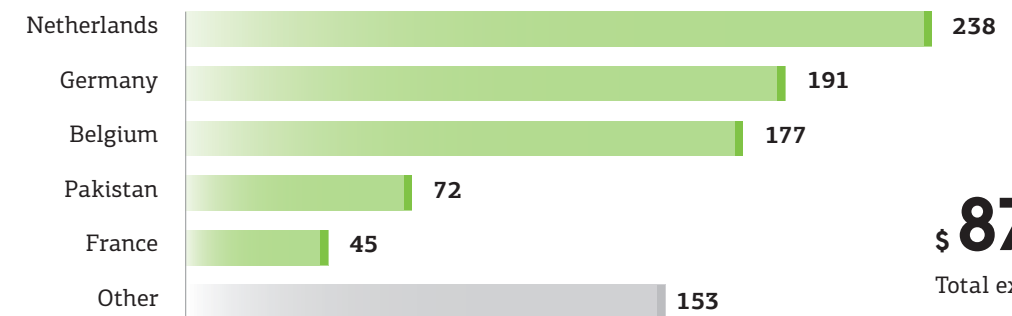




Rapeseed yield, t/ha



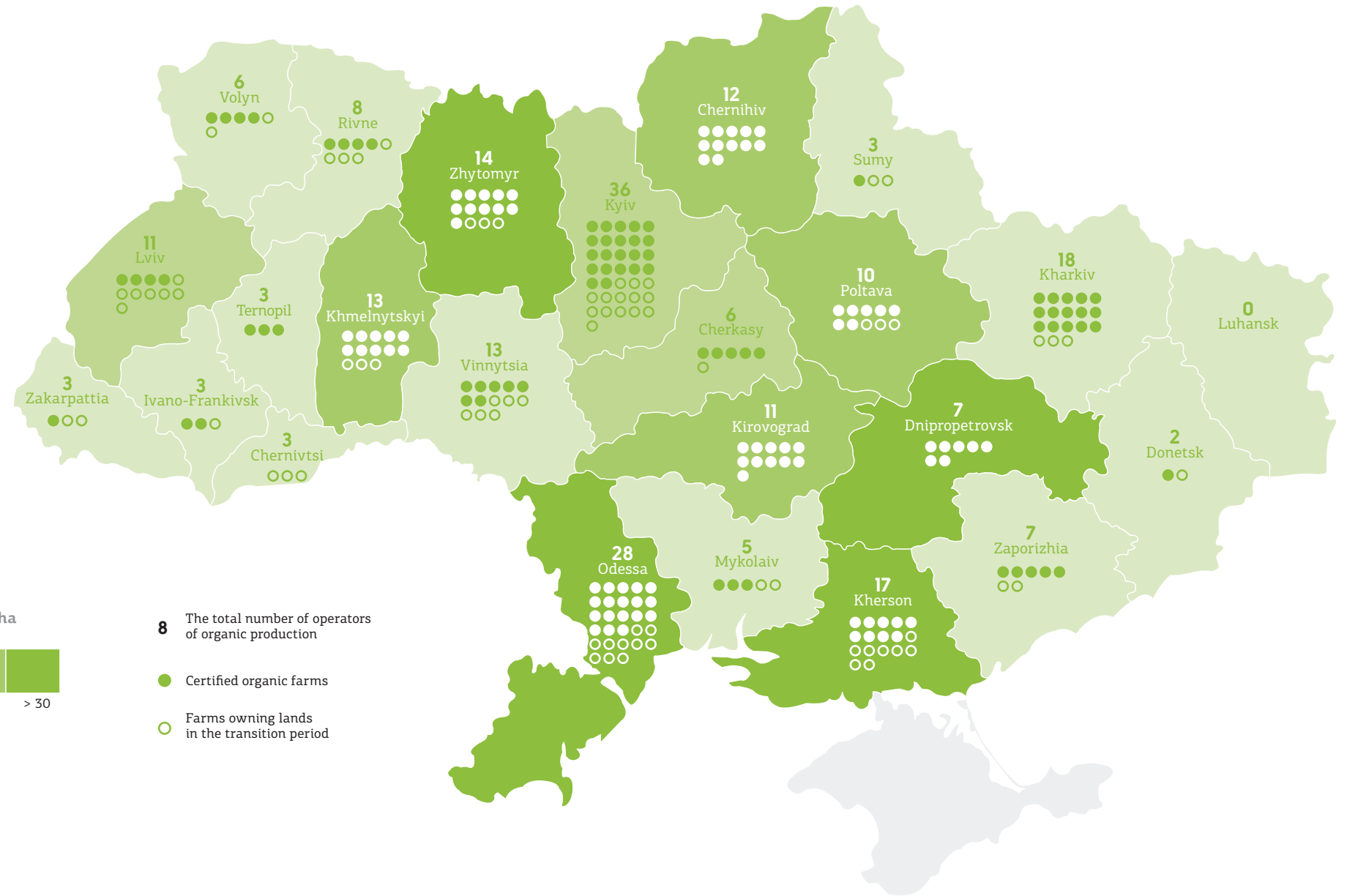
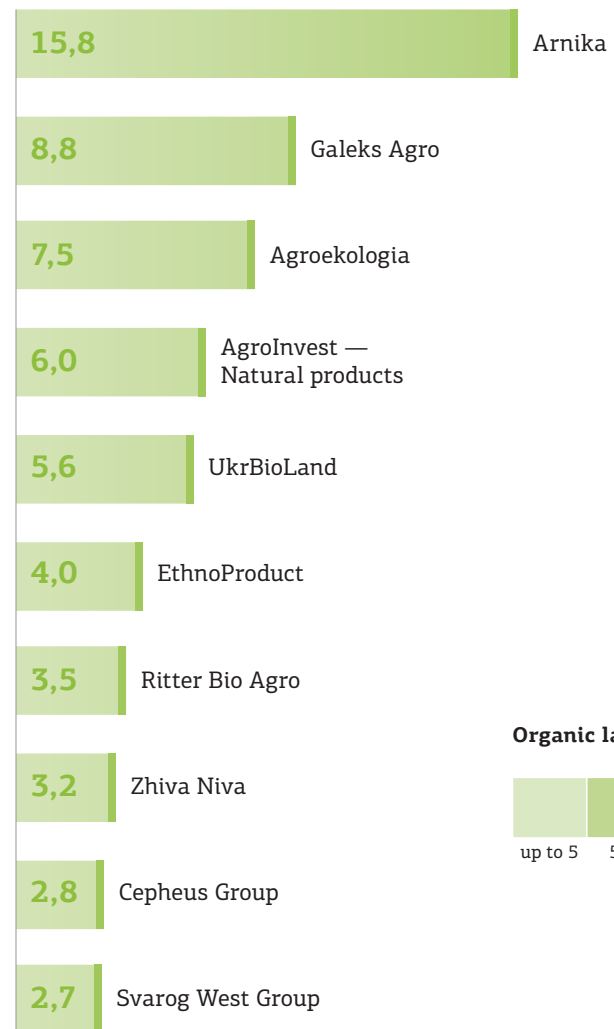
Ukrainian rapeseed exports by country, 2017/18 MY, mln \$



\$ 876 mln
Total export revenues

Source: State Statistics

Top 10 organic agricultural companies of Ukraine, thou. ha



57,8 mln ha
The total area of organic land in the world

381 thou. ha
The total area of organic land in Ukraine

11th place
The place of Ukraine in Europe based on the area of organic farmlands

≈1%
of Ukrainian land is covered by organic farming

426
operators in the organic market, 294 of them are agricultural enterprises

20
Ukrainian companies took part in the world's leading Trade Fair for Organic Food BioFach 2018

1 211
1 076

Fruit and berries

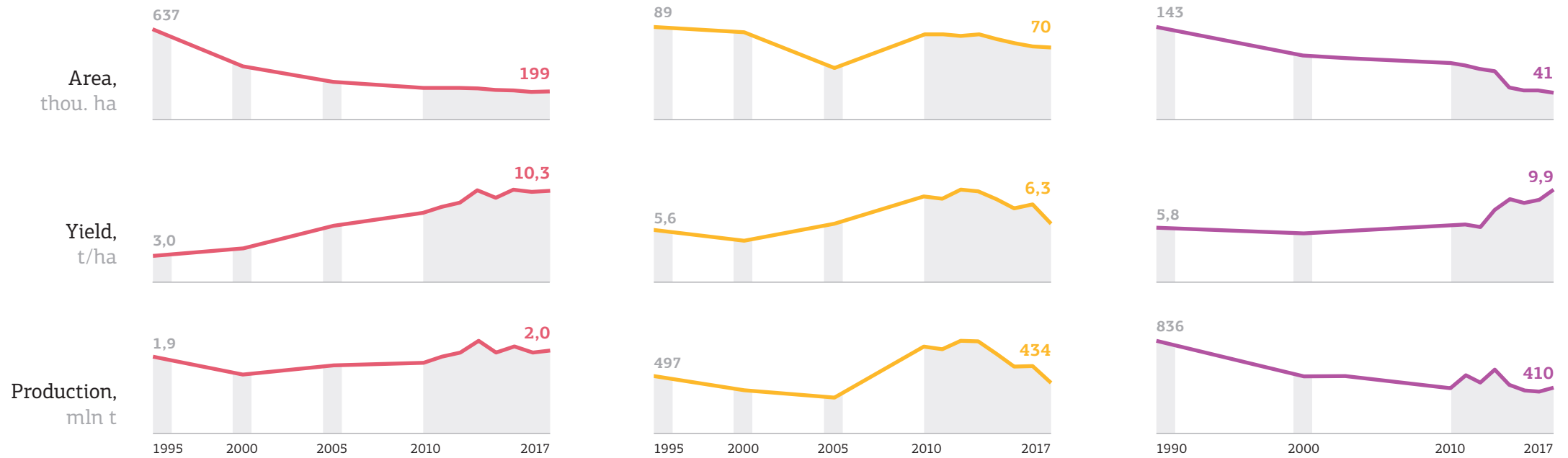
Cucurbits

Grapes

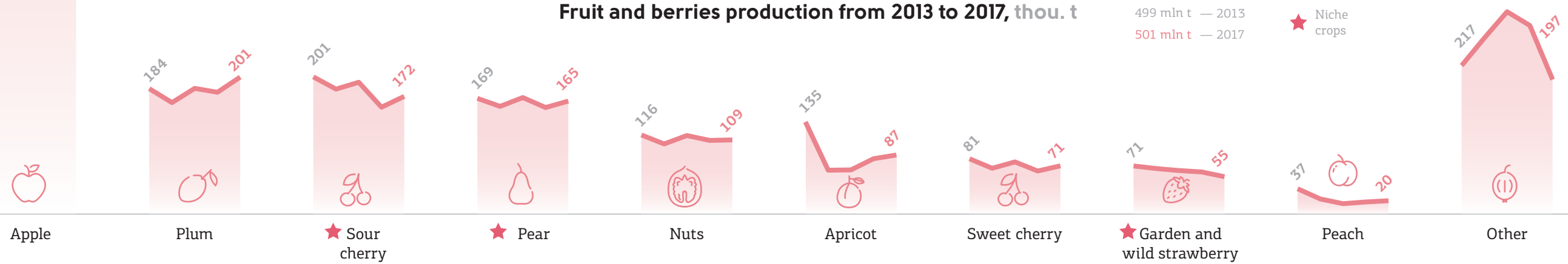
2,0
mln t

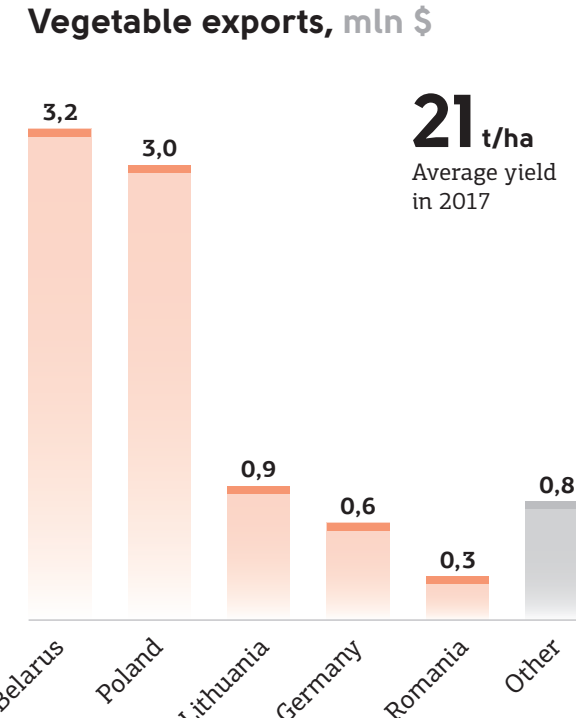
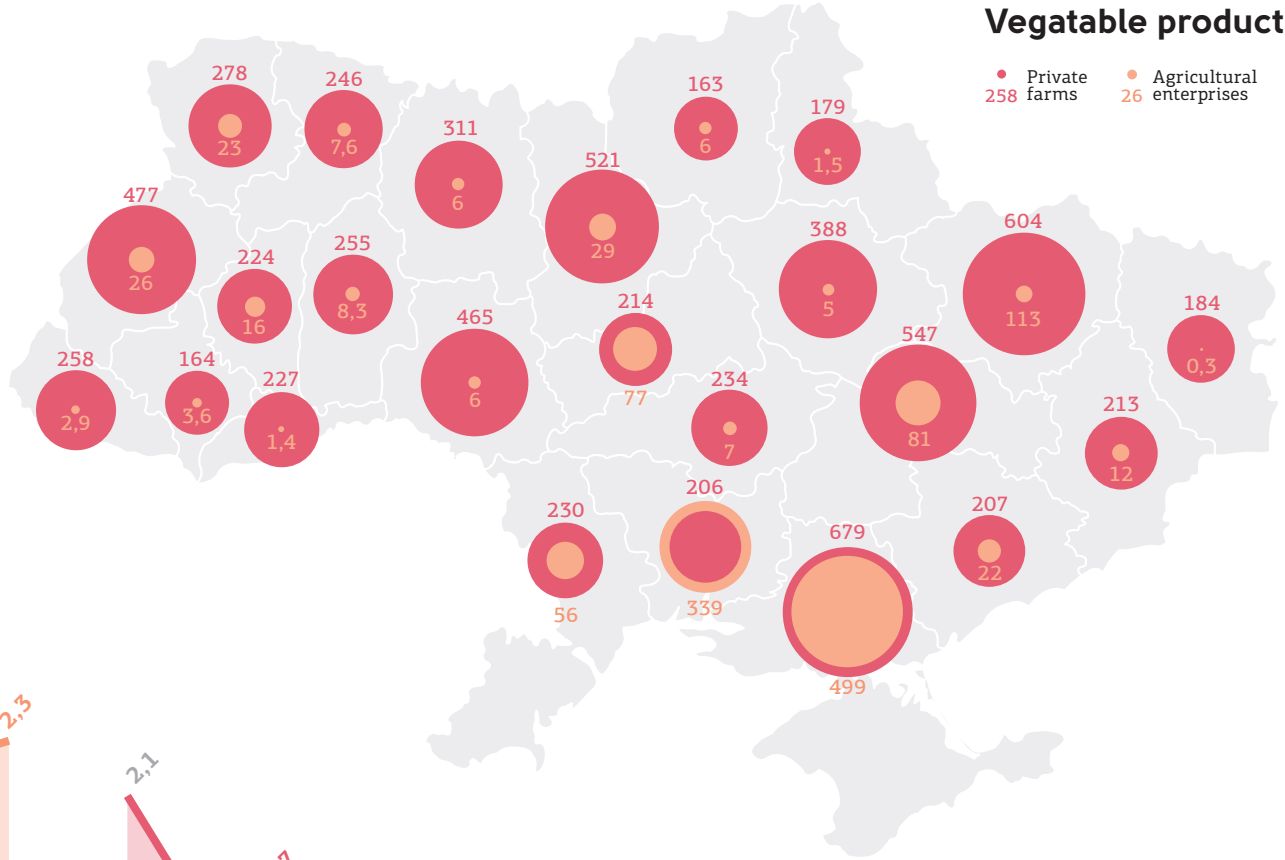
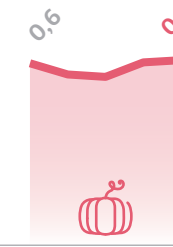
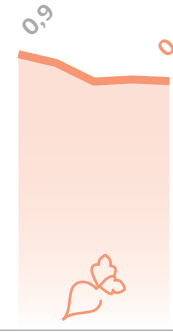
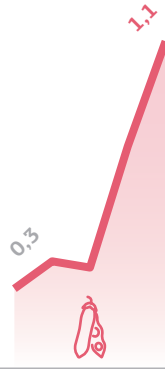
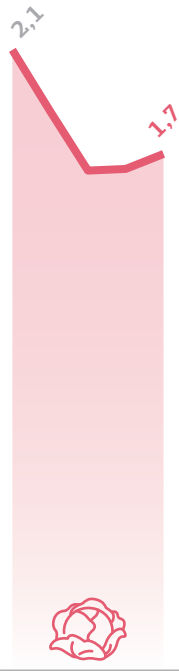
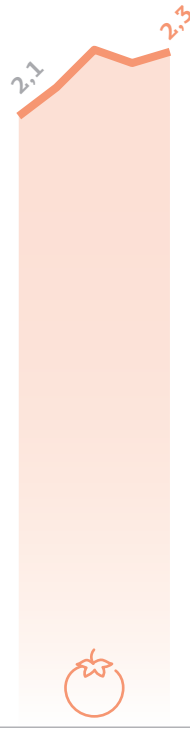
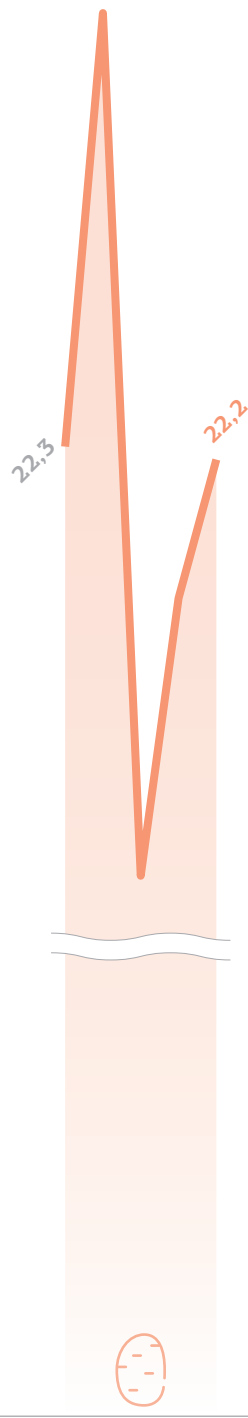
434
mln t

410
mln t



Fruit and berries production from 2013 to 2017, thou. t





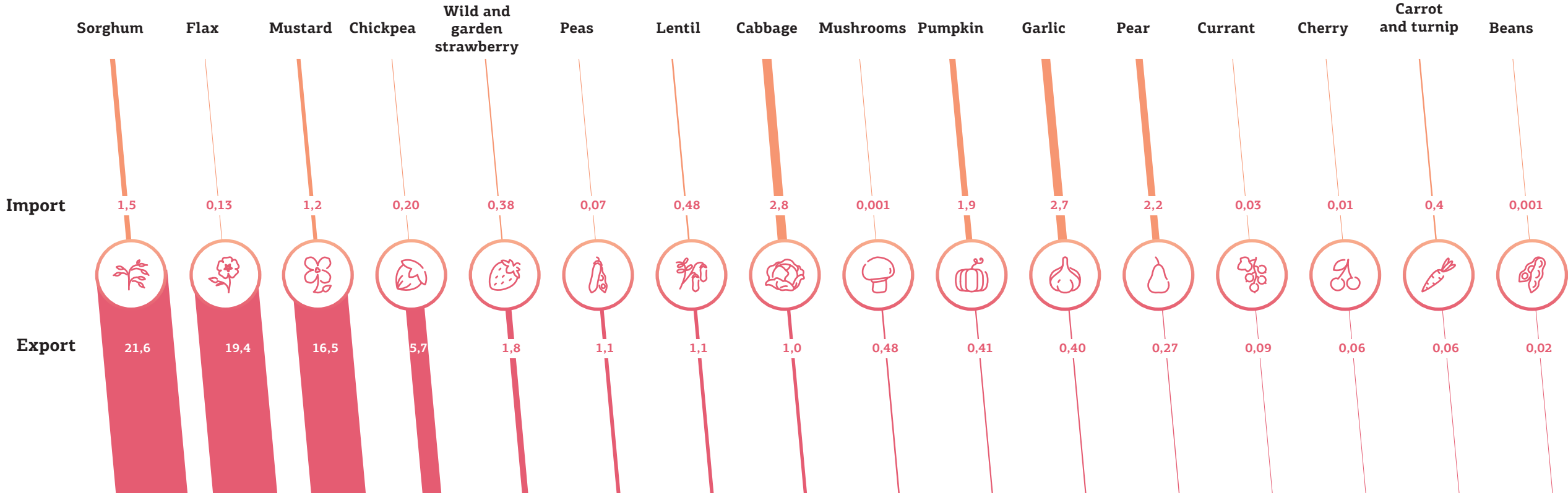
21 t/ha
Average yield in 2017

Vegetable and niche crops production, mln t

★ Niche crops
499 mln t — 2013
501 mln t — 2017

Source: State Statistics + our own calculations

Exports and imports of niche crops in 2017, mln \$

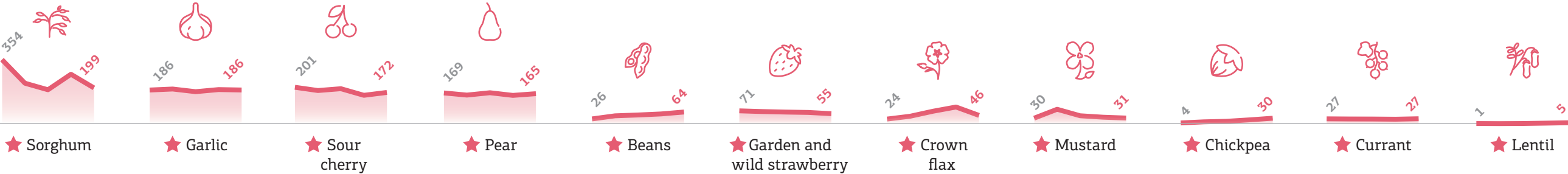


Niche crops production, thou. t

Continued

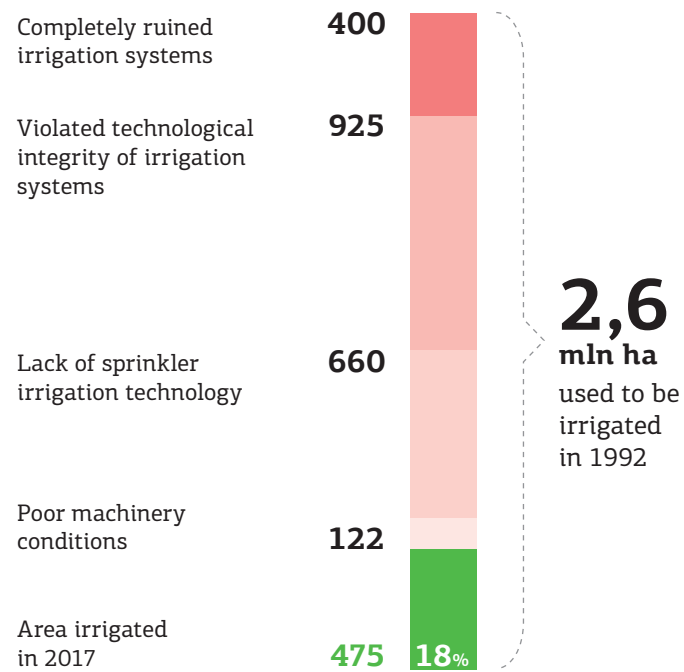
499 thou. t — 2013
501 thou. t — 2017

820 thou. ha
Niche crops area

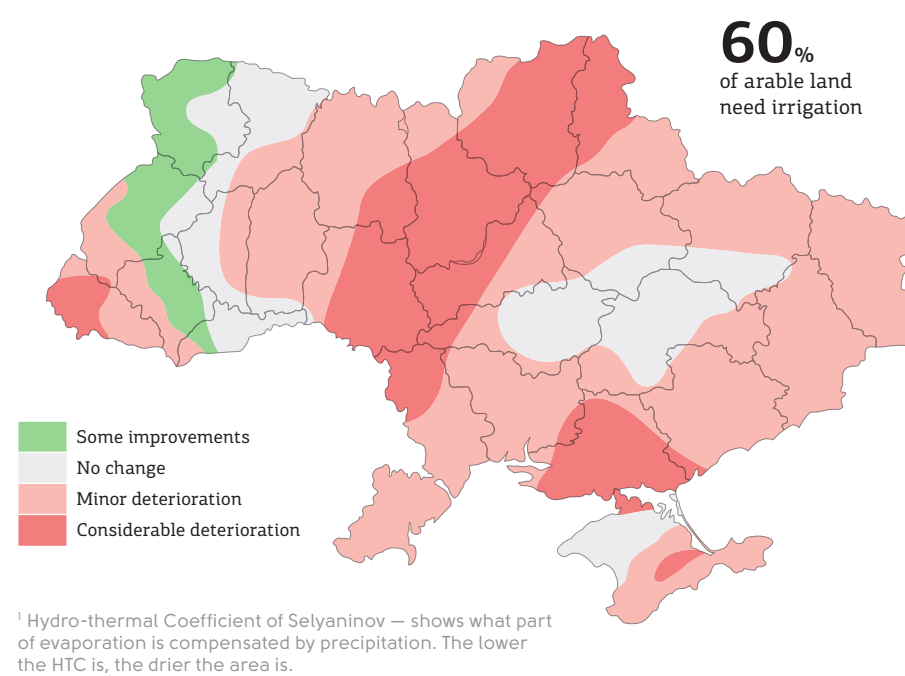


Source: State Statistics + our own calculations

Rates and reasons of irrigation decrease by area in Ukraine since 1992, thou. ha



HTC¹ change in 1991-2017 compared to 1961-1990



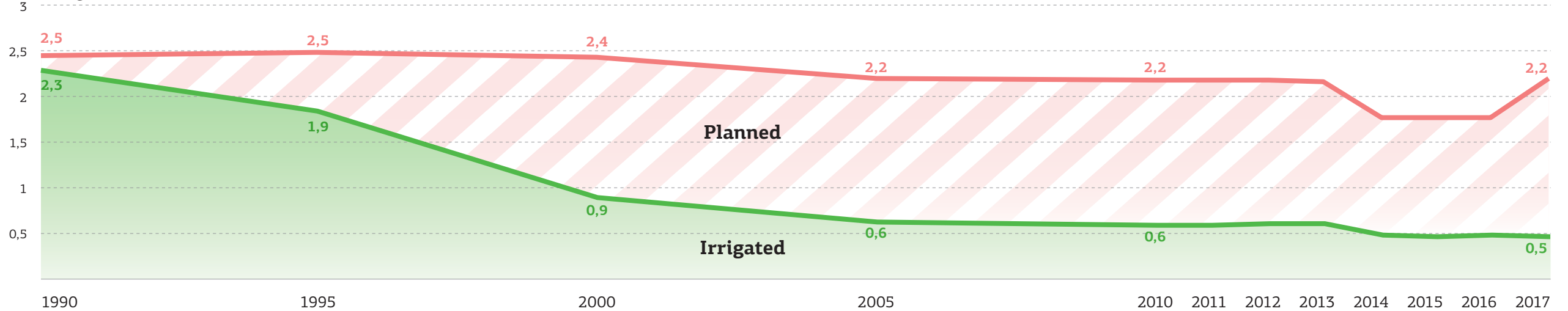
Causes of irrigation decrease in Ukraine

- No guarantees in inviolability of property rights
- Flawed legislation
- Low energy efficiency
- Fragmentation of land plots

4,5 \$ bln The sum required to increase the irrigation area to 1,2 mln ha according to the project for irrigation and drainage improvement by 2030

1,5 \$ bln Annual losses Ukraine suffers from insufficient irrigation

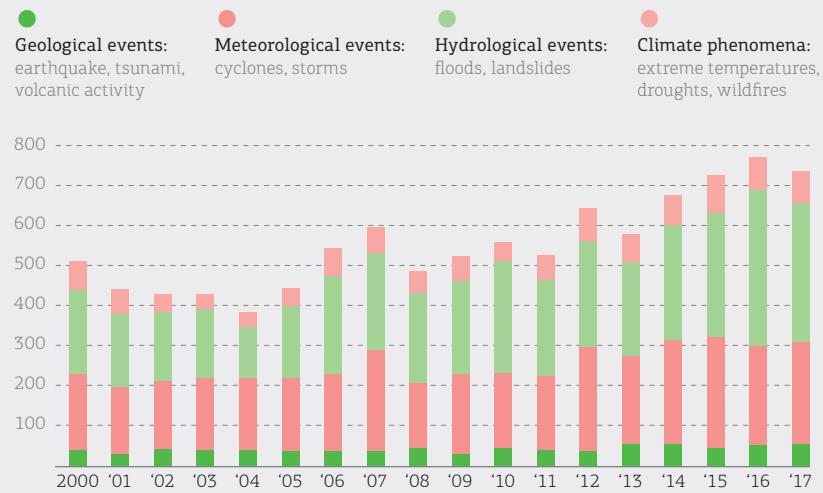
Irrigated area, mln ha



Natural disasters

The geographic zones will change, extreme weather will hit more often with sever cold followed by sudden thaw in winter and increased number of extra hot days in summer. Droughts and floods will be occurring more often and become more intense in nature.

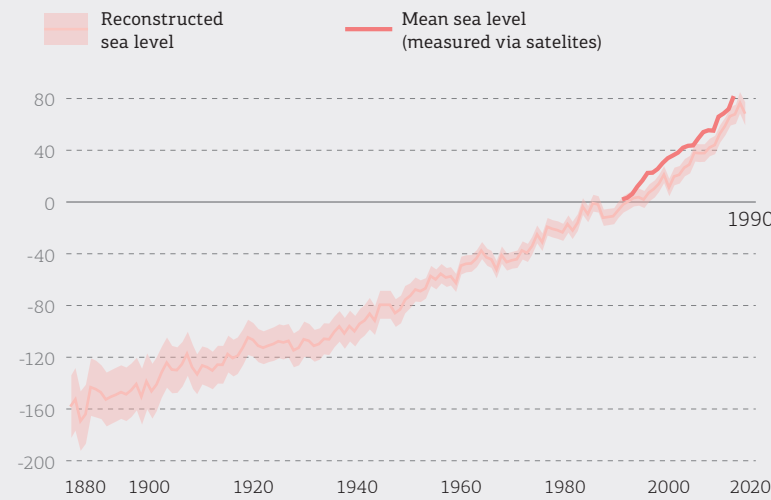
The number of the major¹ natural disasters in the world



Sea level rise

By 2100, the sea levels of the Black Sea and the Sea of Azov are expected to rise by 0,22-1,15 m. If the sea level increases by a meter, around 10 thou. ha of land will be destroyed and 19 thou. ha will be covered by water.

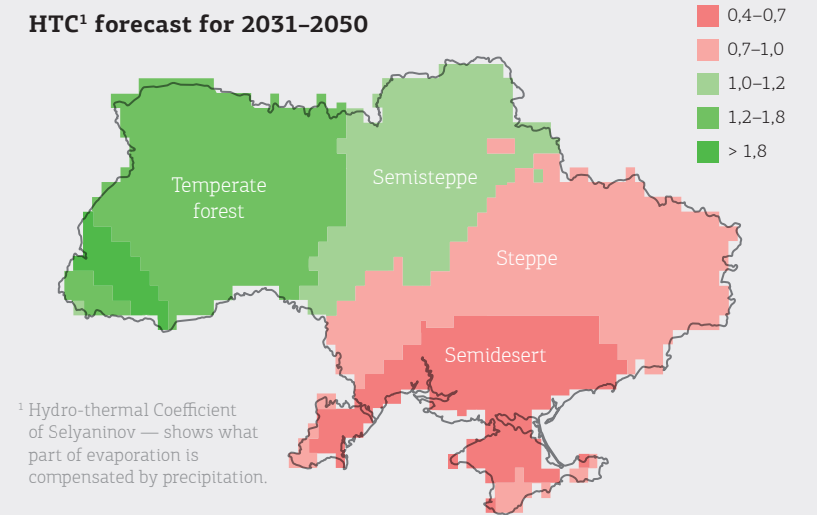
Sea level changes, mm



Precipitation

Despite the general increase in precipitation, there will be a minor increase in precipitation in the southern parts with fewer but more intensive rains. As a result, precipitation deficiency will become more acute and spread to northern and central regions.

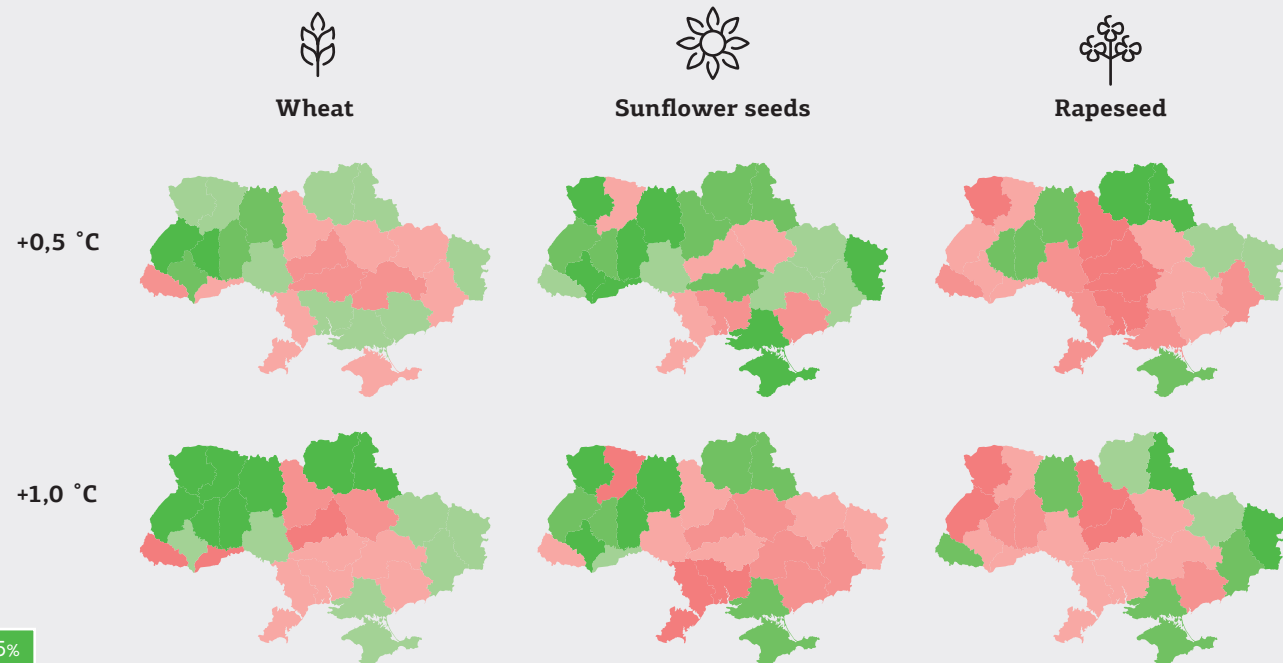
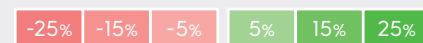
HTC¹ forecast for 2031-2050



Weather impact on crop yields

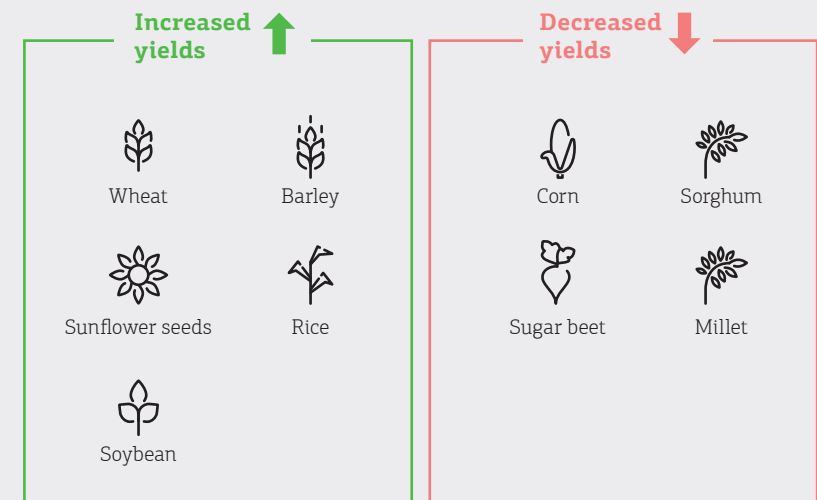
The effect of warming on agriculture is manifold. A minimal temperature increase may improve yields in the places with a temperate climate, while extreme increase may result in poor yields.

Expected yield change compared to 2010



CO₂ impact on crop yields

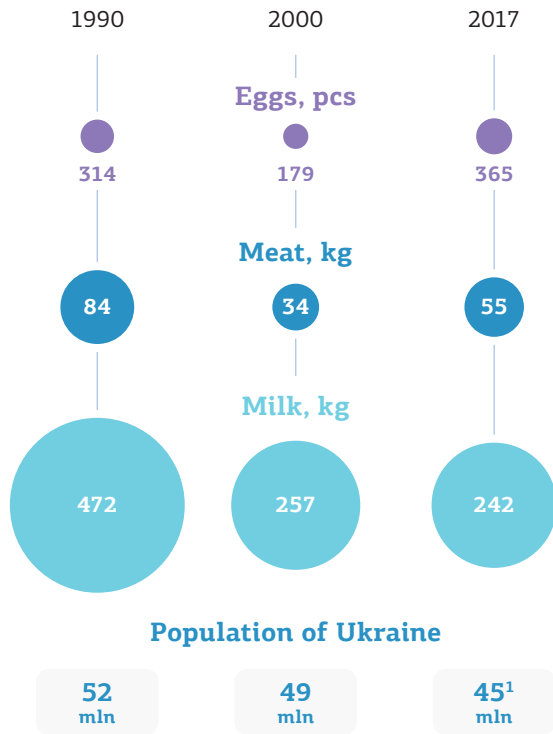
30-100% accelerated photosynthesis. Worsened crop quality due to lower content of nitrogen and protein.



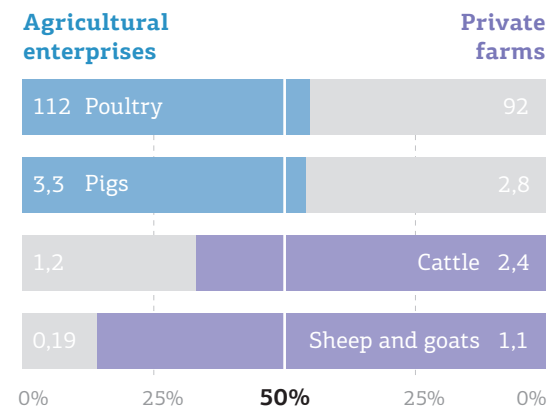
UKRAINIAN AGRIBUSINESS

ANIMAL PRODUCTS

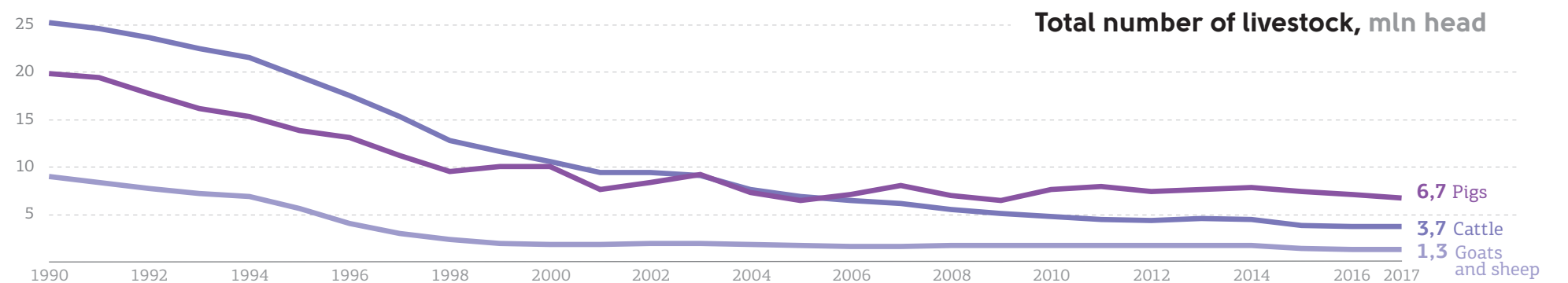
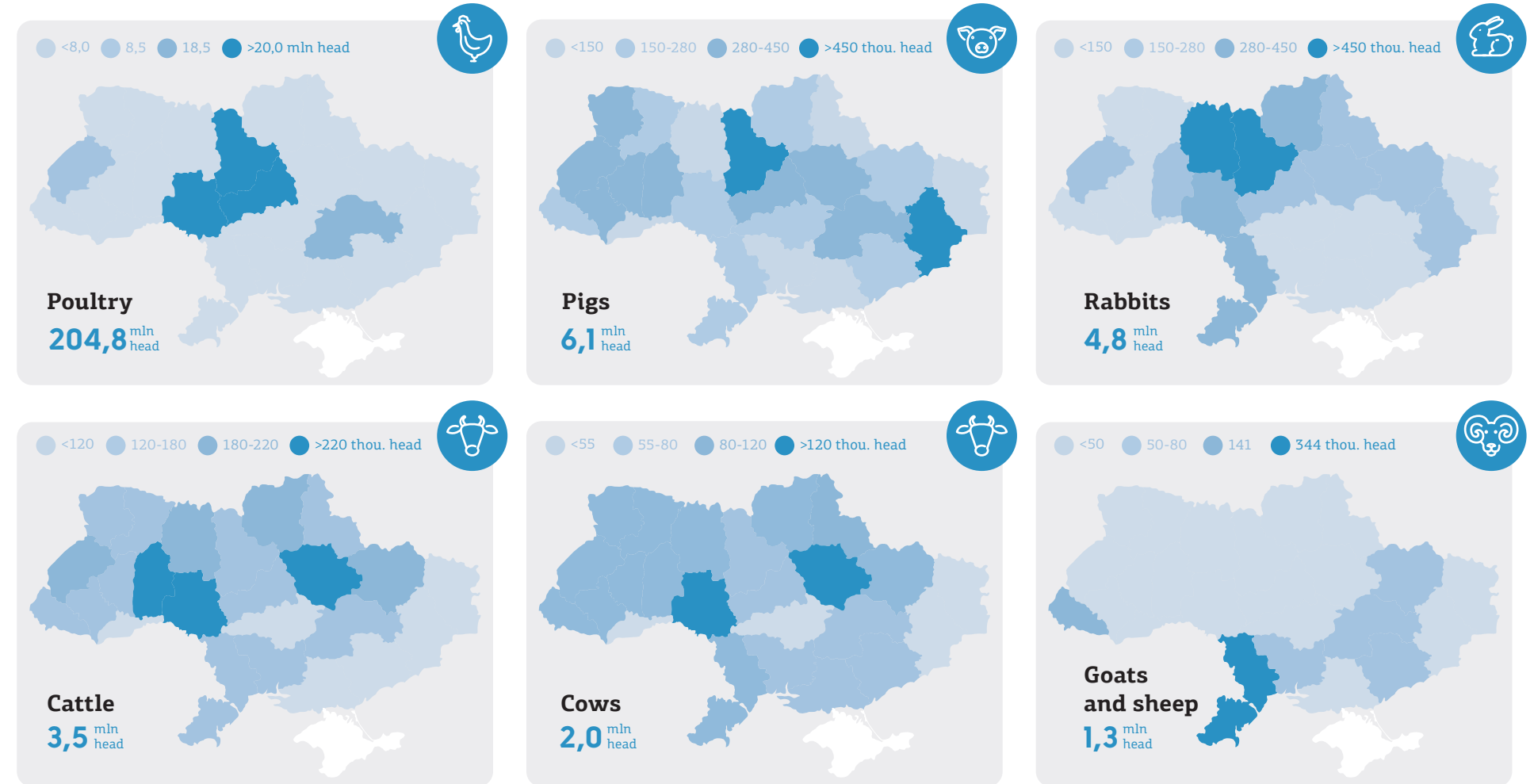
Production of major animal products per capita



Livestock by farm types, mln head

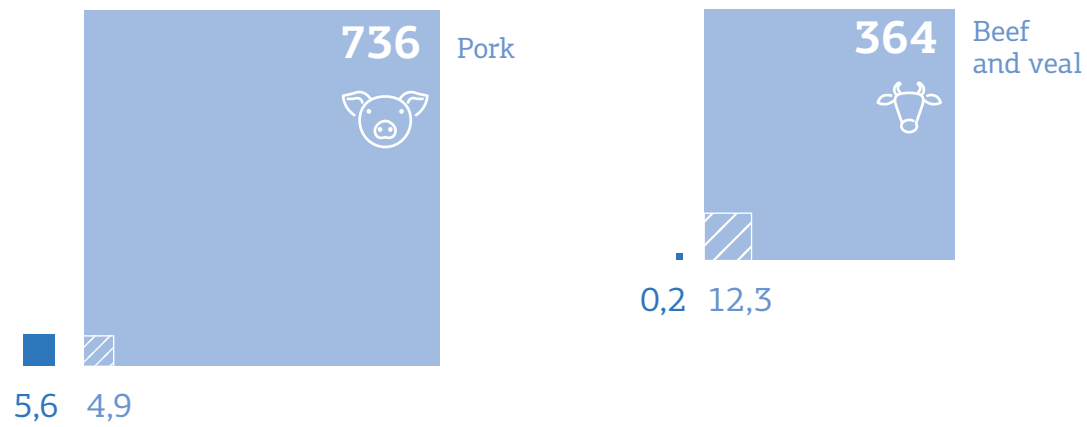


Regional livestock structure in 2017

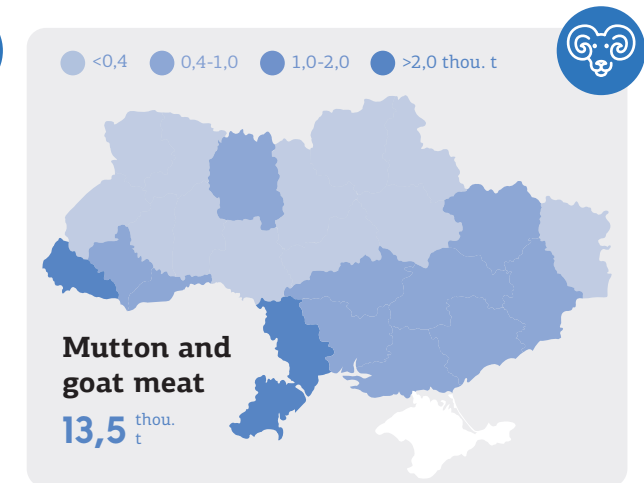
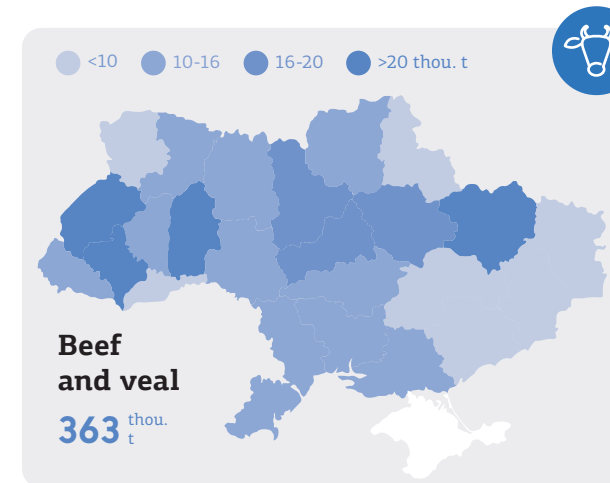
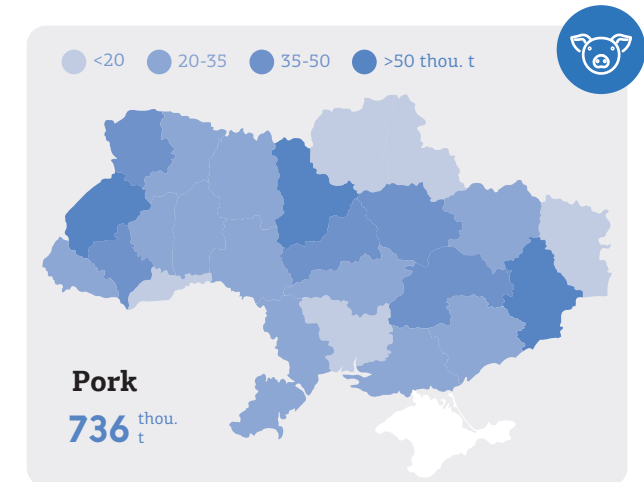


Source: State Statistics

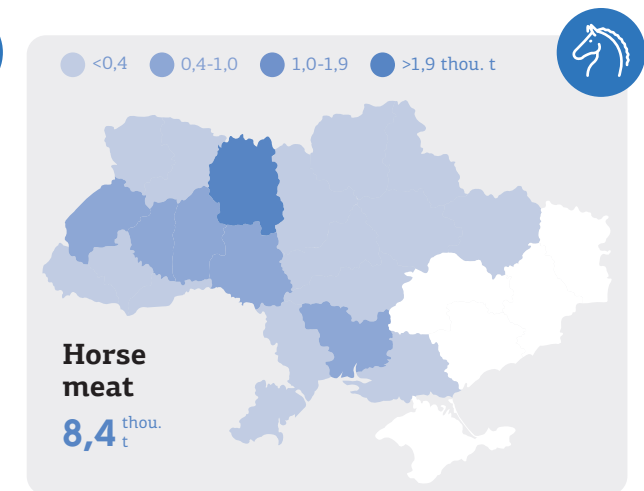
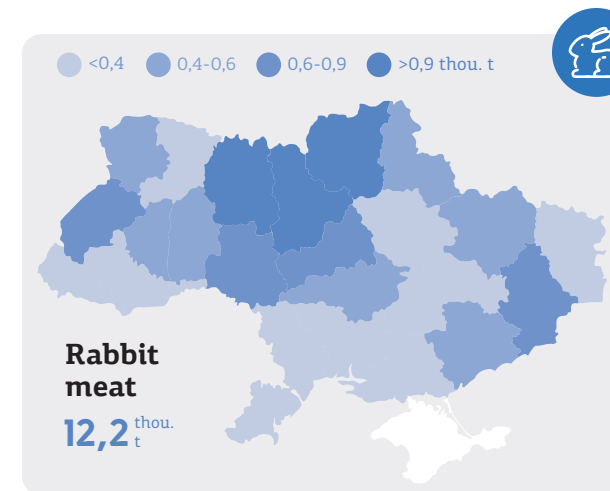
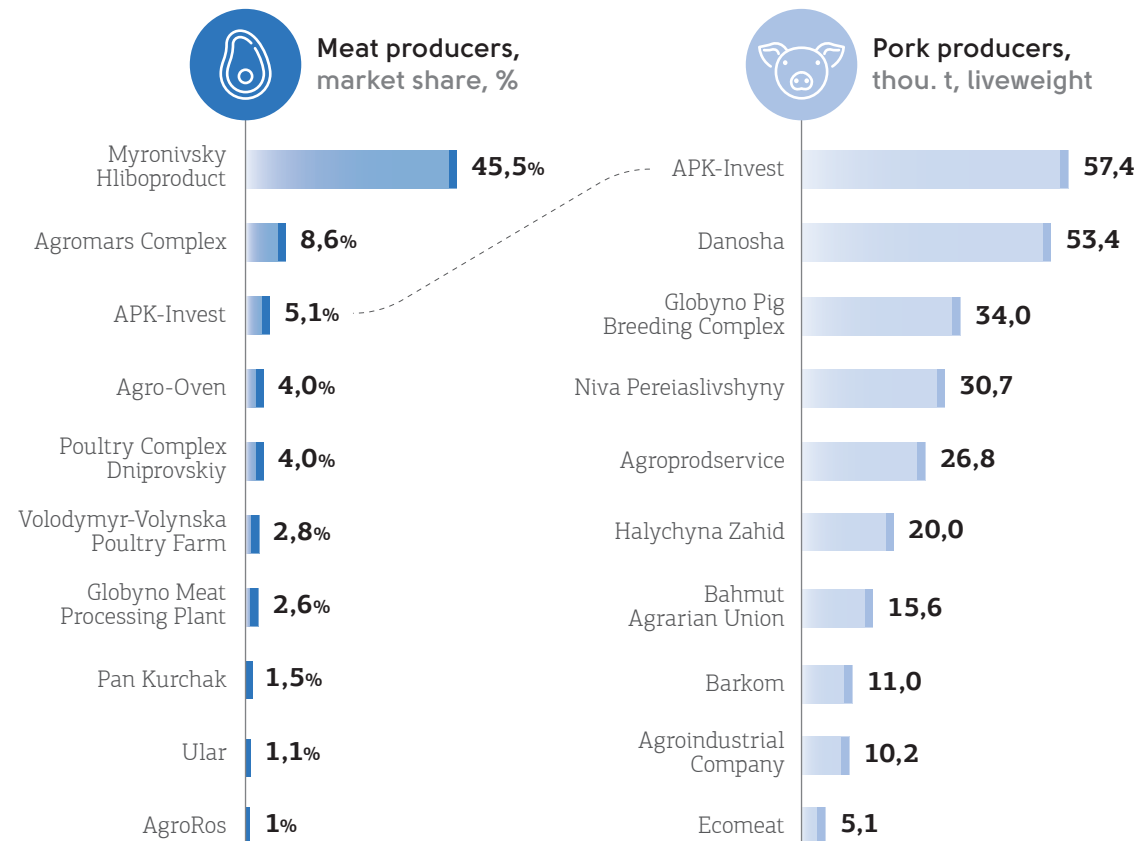
Production, imports and exports, thou. t

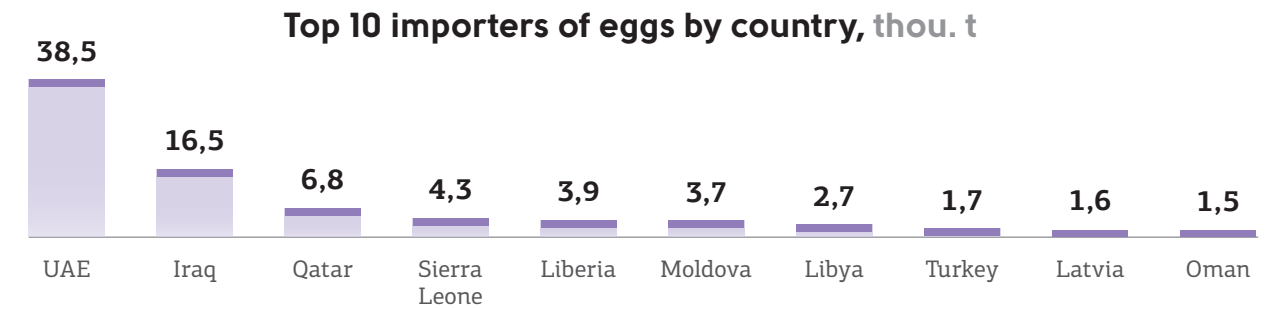
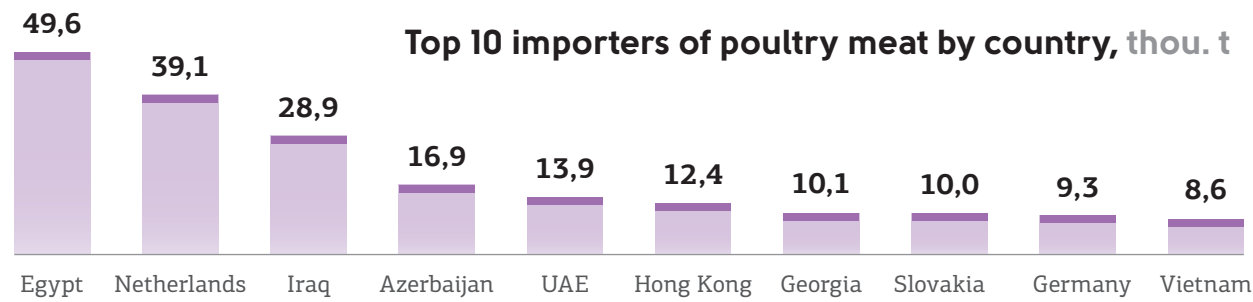
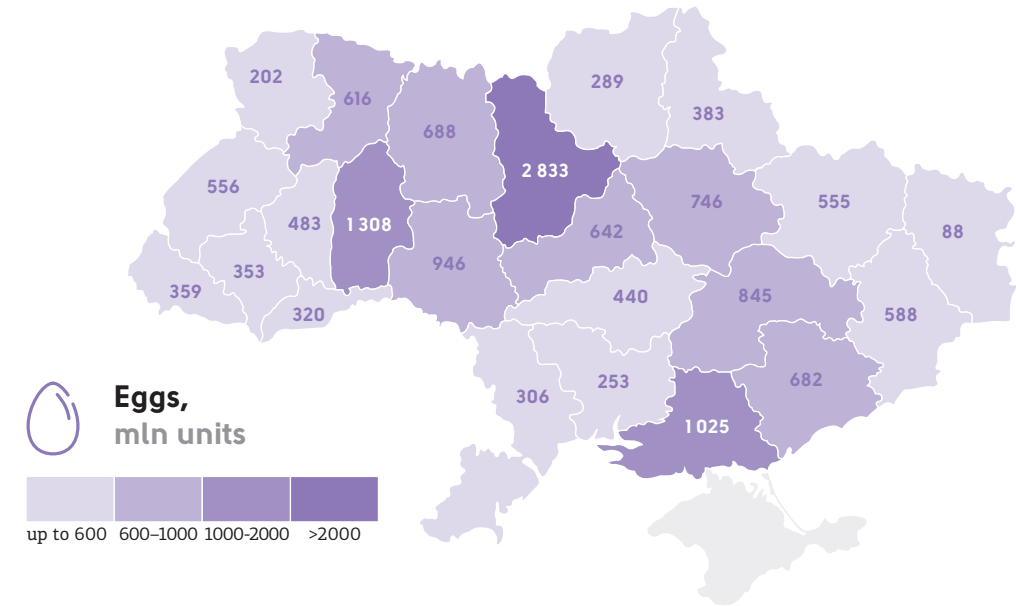
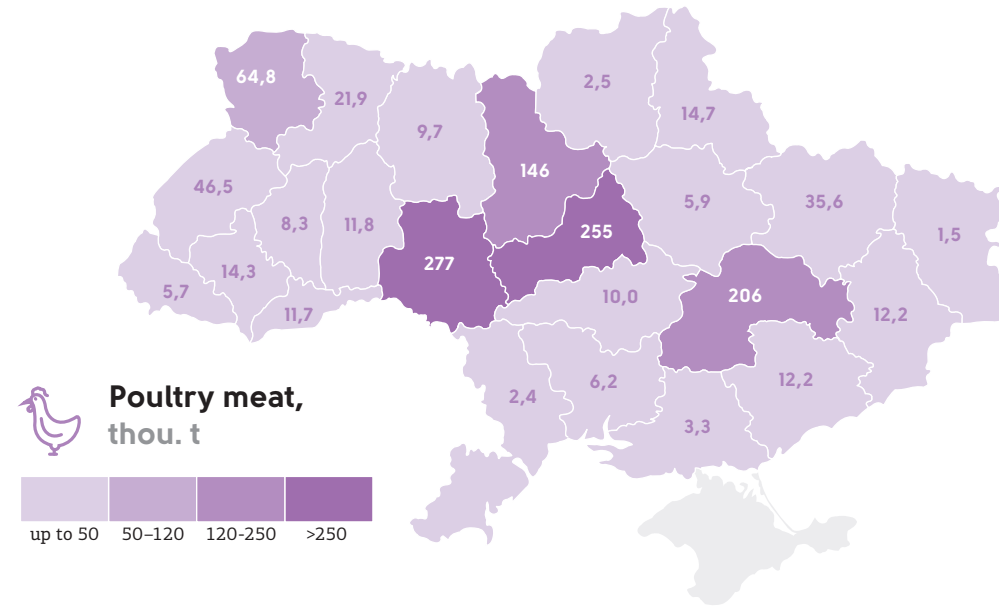


Regional breakdown of meat products in 2017, thou. t

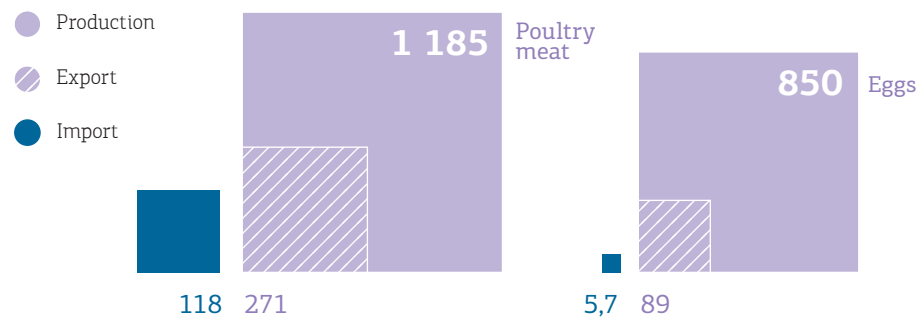


Top 10 meat producing companies

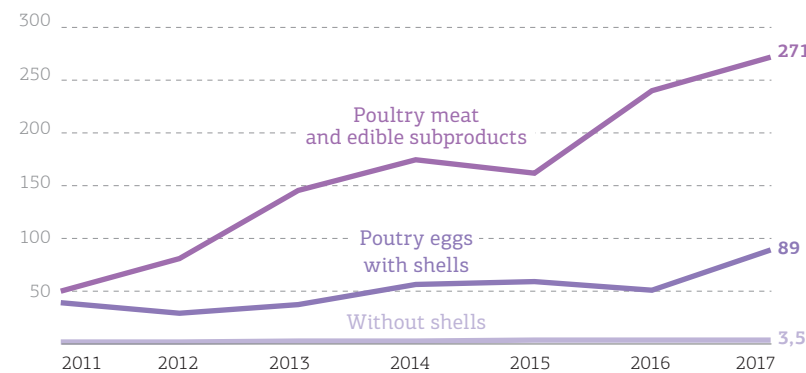




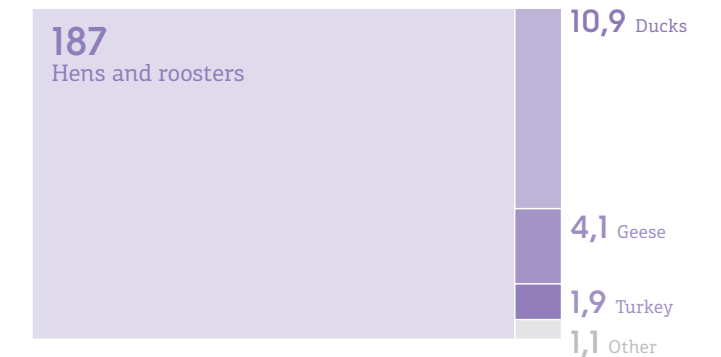
Production, exports, and imports of poultry products, thou. t



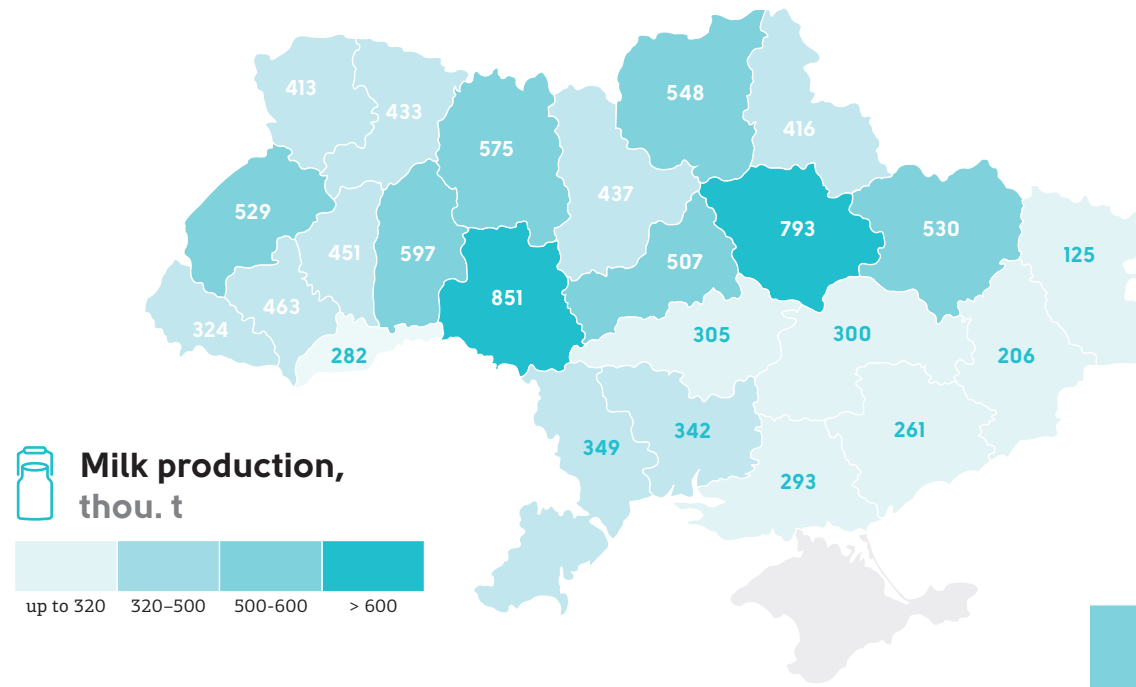
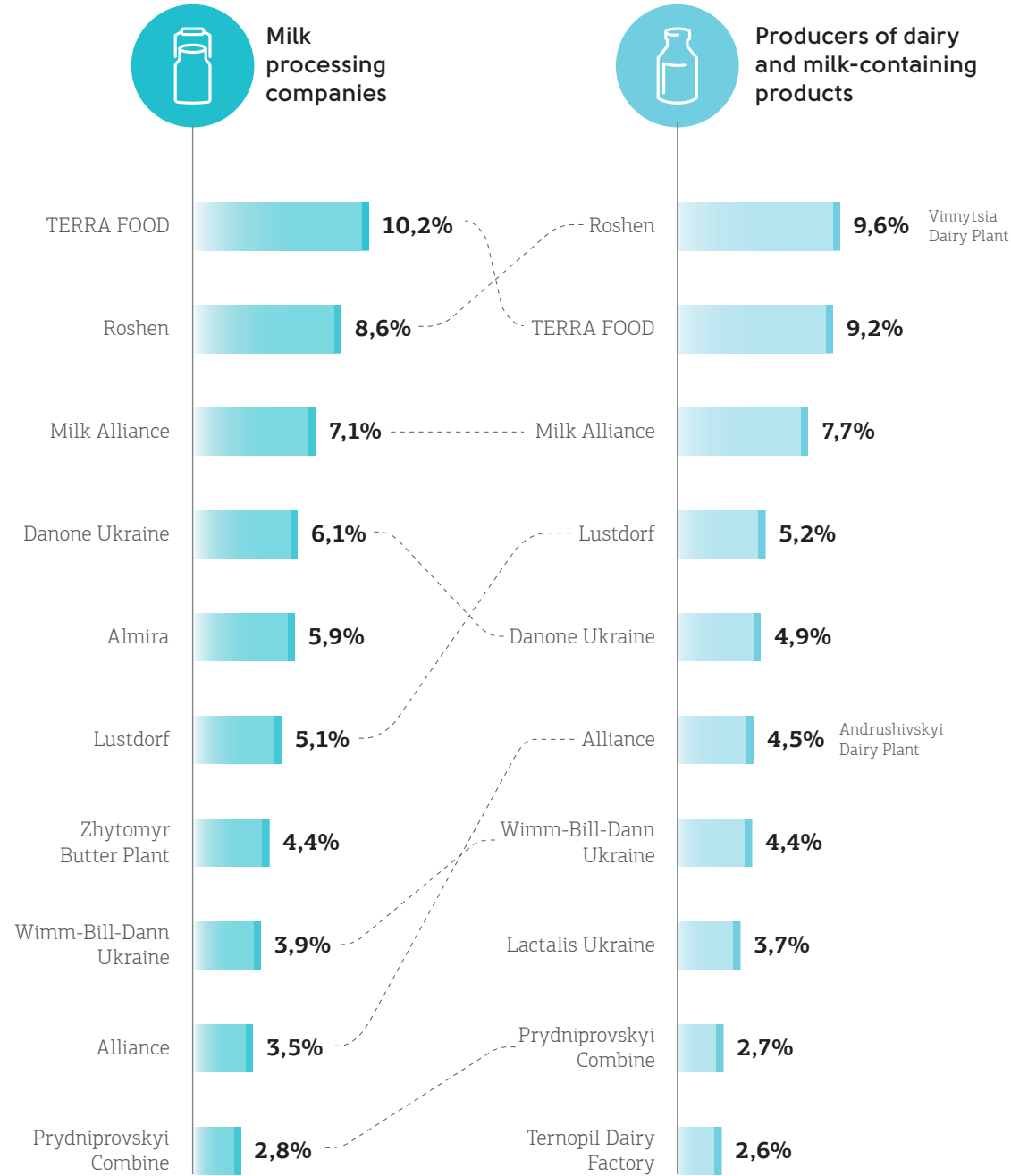
Exports of poultry products, thou. t



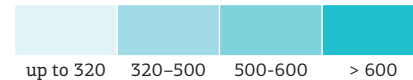
Poultry statistics by breed variety, mln heads



Top 10 milk producing companies by market share, %



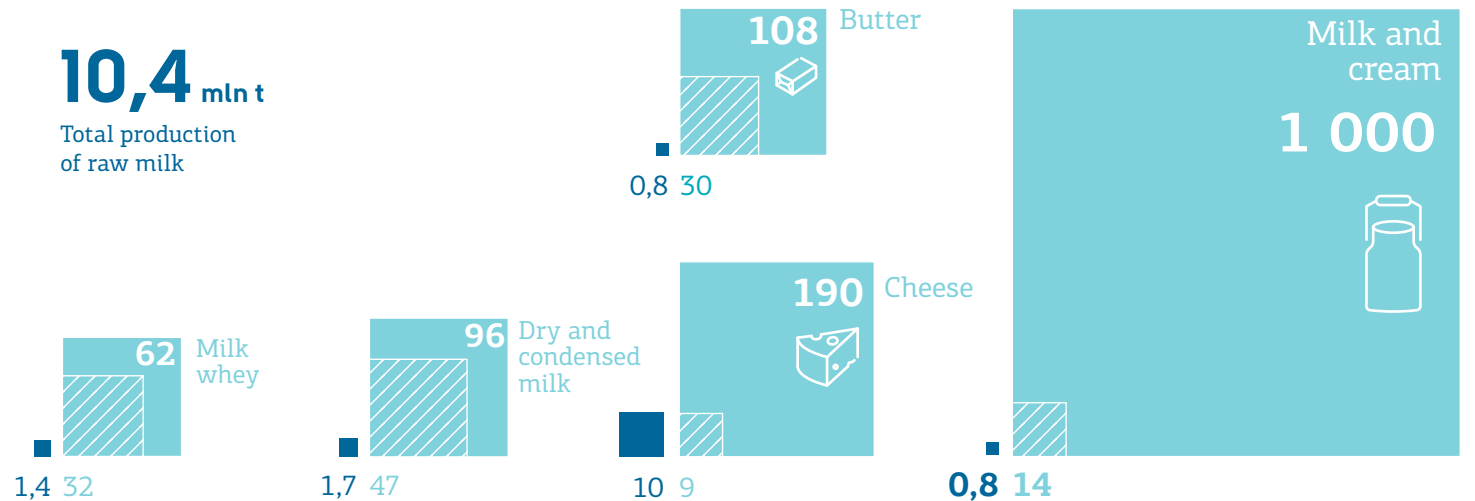
Milk production, thou. t



Production, exports, and imports dairy products, thou. t



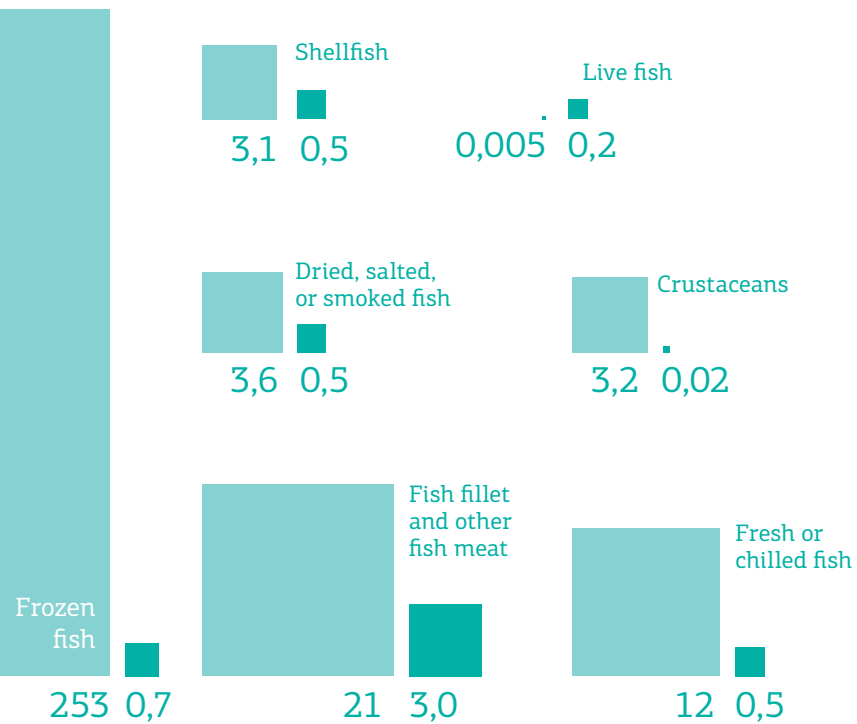
10,4 mln t
Total production of raw milk



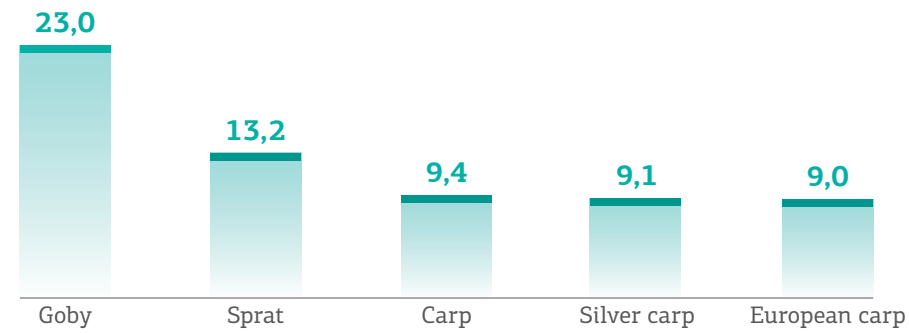
Source: State Statistics, Ukrmolprom

Export of fish and fish products, thou. t

● Import ● Export



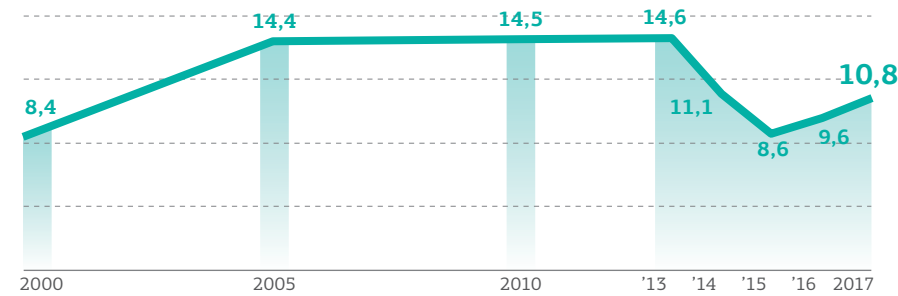
Top 5 bioresources by volume of production, thou. t



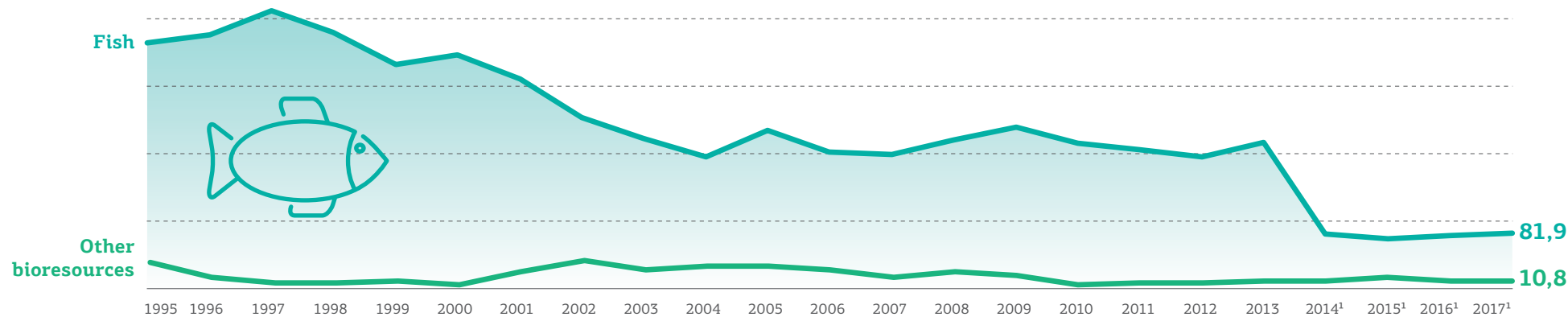
Structure of water bioresources production by types of reservoirs, thou. t



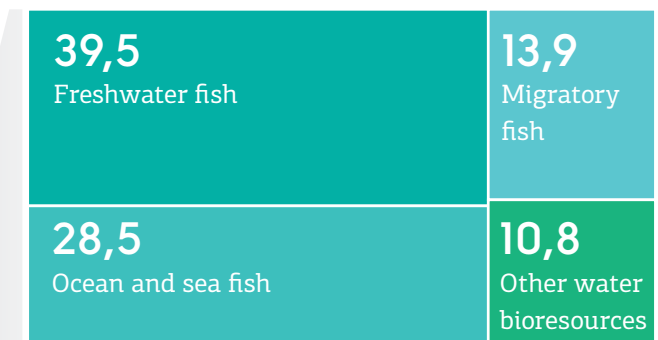
Annual consumption of fish and seafood in Ukraine, kg per capita



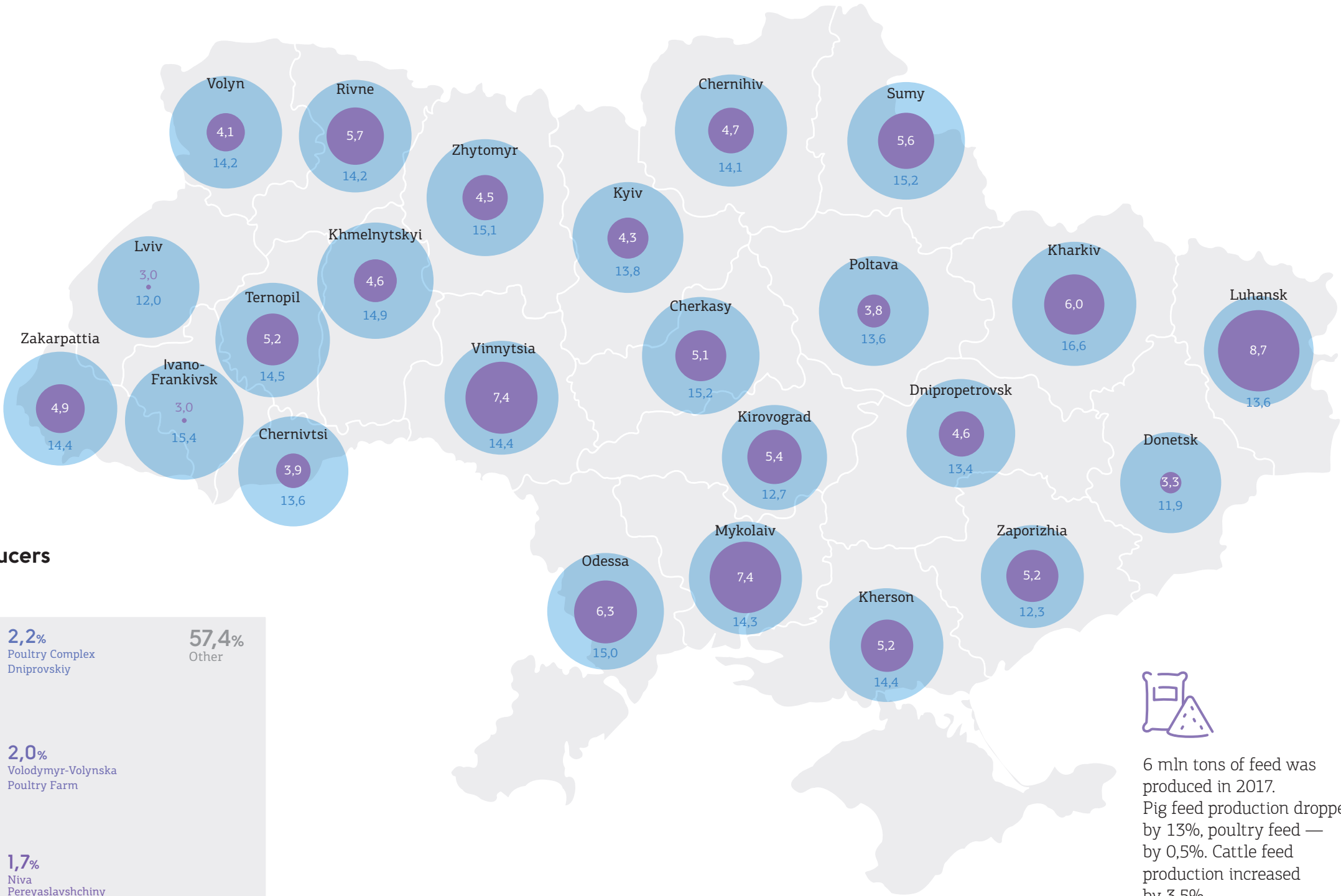
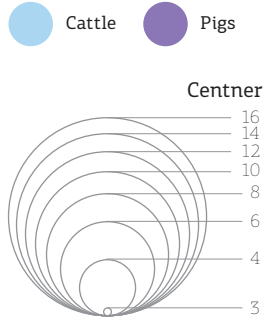
Water resources production, thou. t



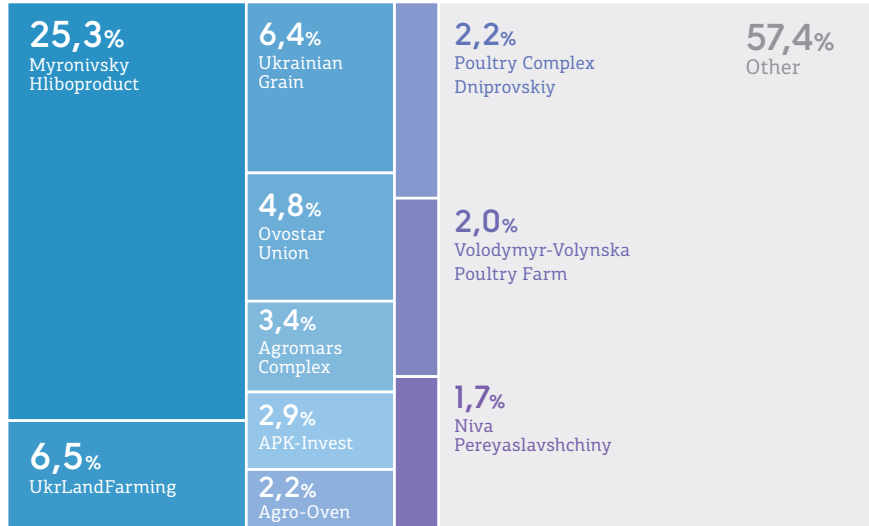
Types of water bioresources, thou. t



Amount of feed needed to produce a centner of livestock, centner

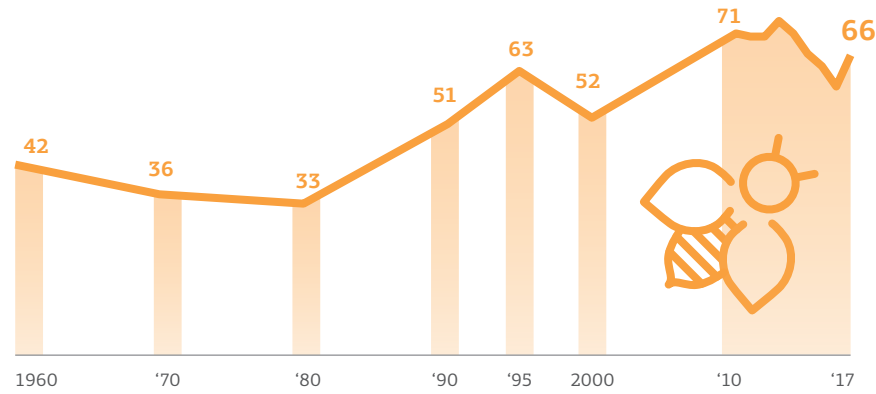


Top 10 Ukrainian feed producers in 2017, market share, %

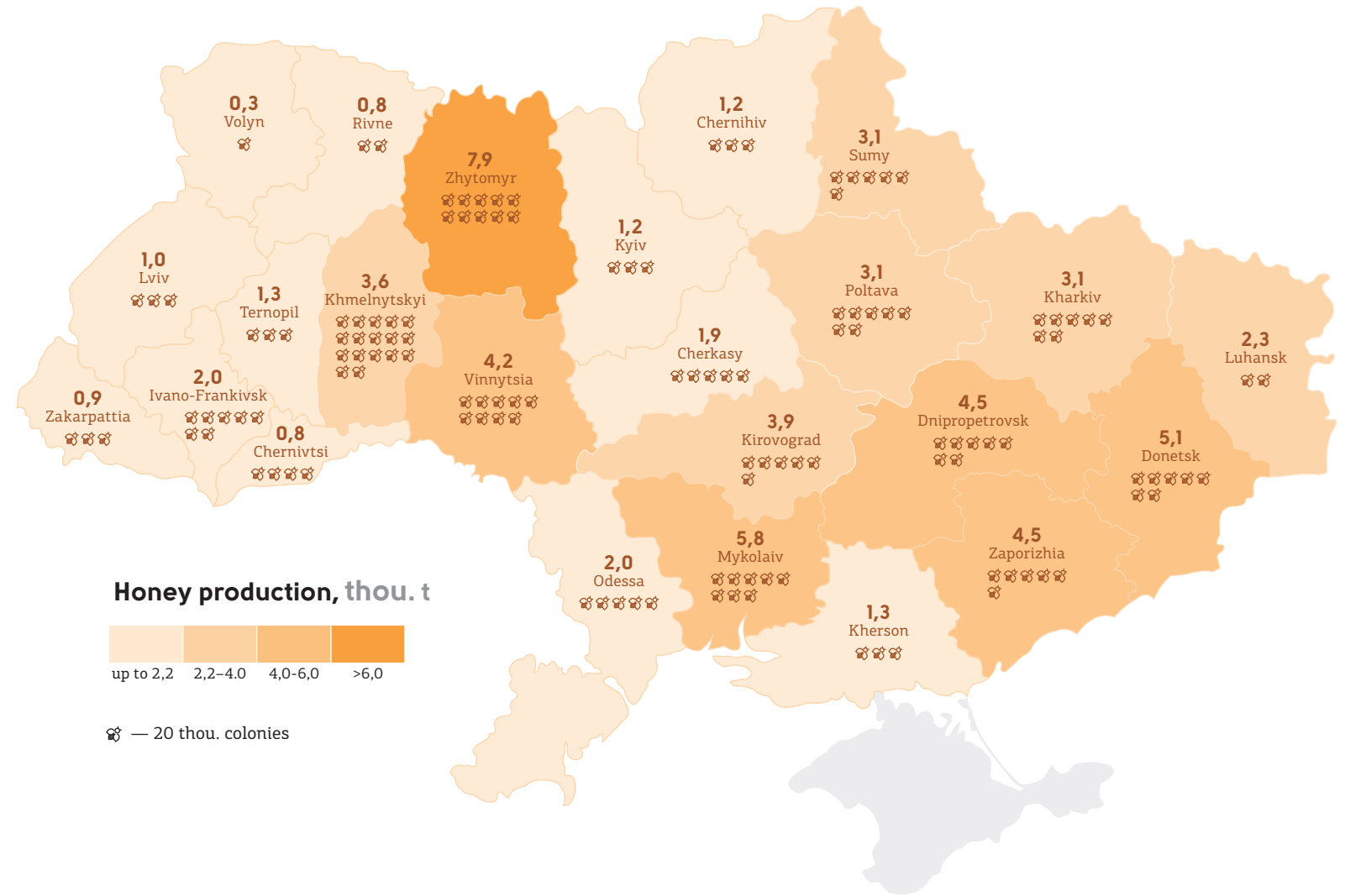
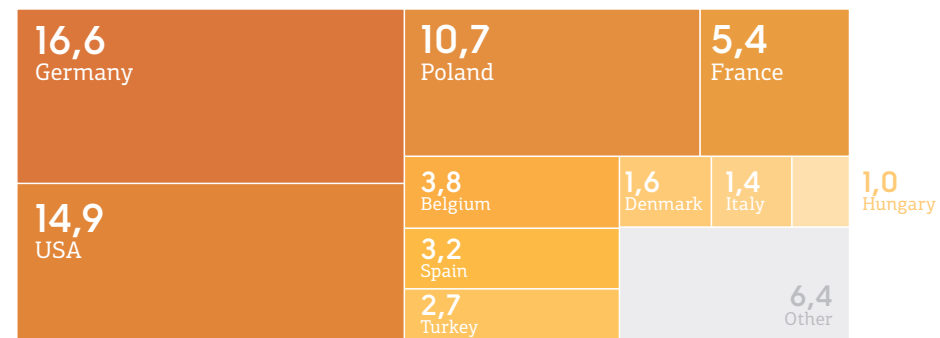


6 mln tons of feed was produced in 2017. Pig feed production dropped by 13%, poultry feed — by 0,5%. Cattle feed production increased by 3,5%

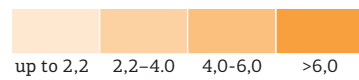
Dynamics of honey production, thou. t



Top 10 importers of Ukrainian honey, thou. t



Honey production, thou. t



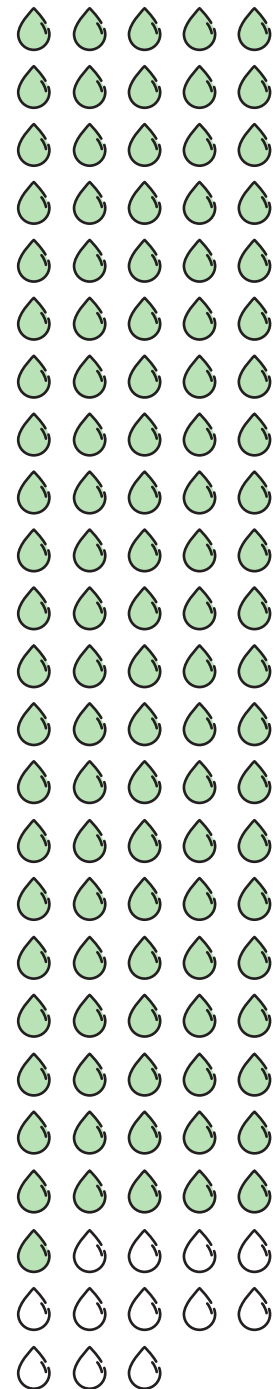
🐝 — 20 thou. colonies



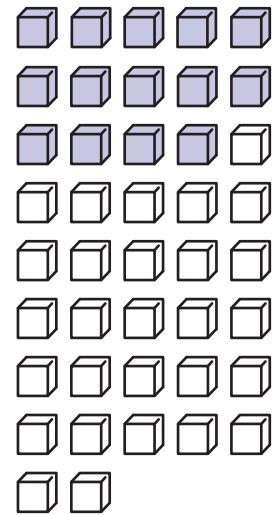
UKRAINIAN AGRIBUSINESS

PROCESSED FOODS

Sunflower oil **5 900¹**
5 300



Sugar **2 100²**
680



Flour **1 900**
444



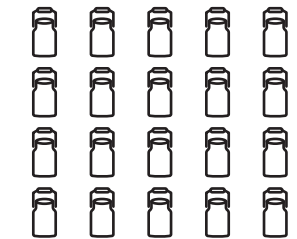
Beer **1 818**
113



Bread and bakery products **1 000**
101



Milk and cream **1 000**
14



Sausage products **248**
0



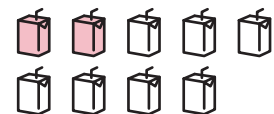
Cheese **190**
9



Pork **736**
5



Juice **429**
77



Confectionery **284**
140



Vodka, mln l **137**
46



Butter **108**
30



Tinned vegetables **168**
8



Souces and spices **152**
30



Margarine **141**
17



Fruit preserves, jam, marmalade **4**
3



Cognac, brandy, liqueurs, mln l **86**
-

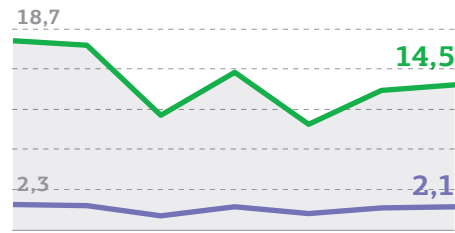


3 715 — Production, thou. t
3 939 — Export, thou. t

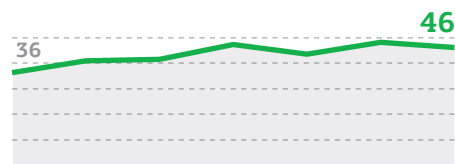
— Export, 50 thou. t
 — Production, 50 thou. t

Source: State Statistics ¹ USDA ² UkrSugar

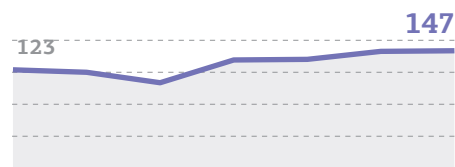
Excluding data from the temporarily occupied territories of the Crimea and the United forces operation



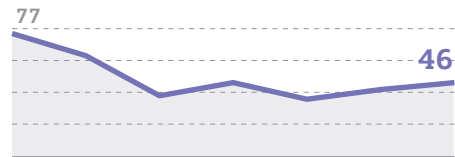
Sugar beet yield and sugar production, mln t



Sugar beet yield, t/ha

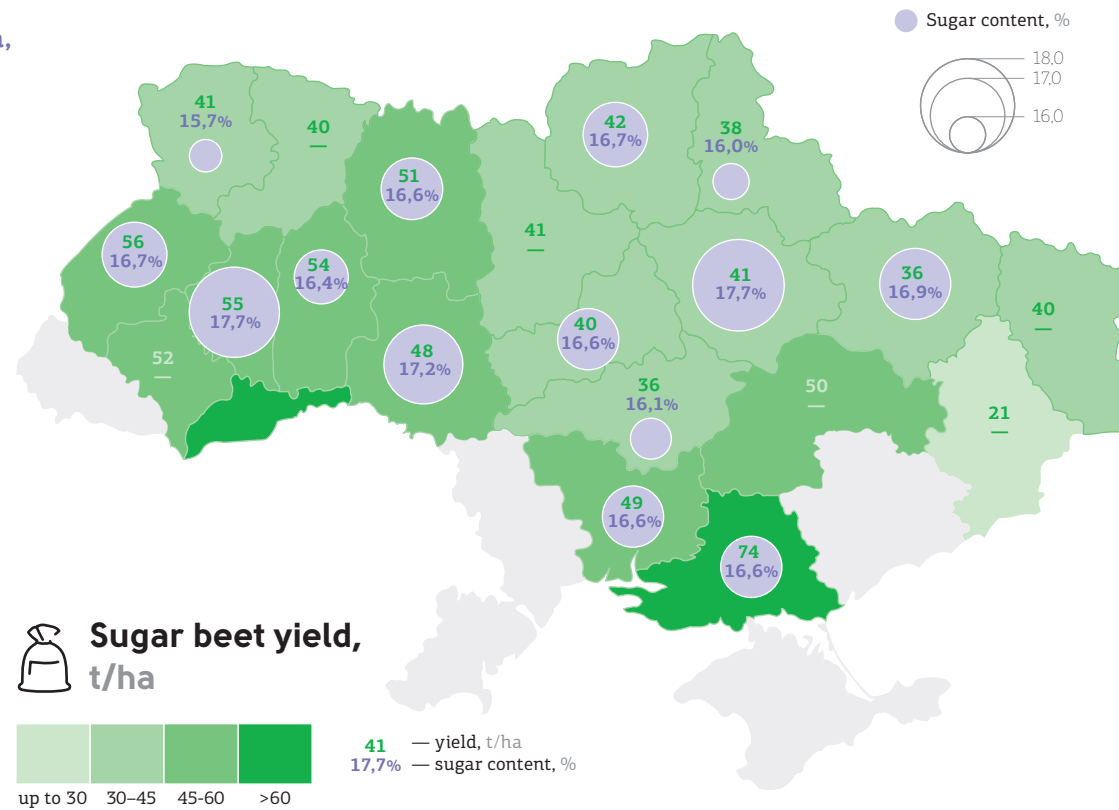


Sugar production per 1 mln tons of beet, thou. t



Number of sugar processing plants

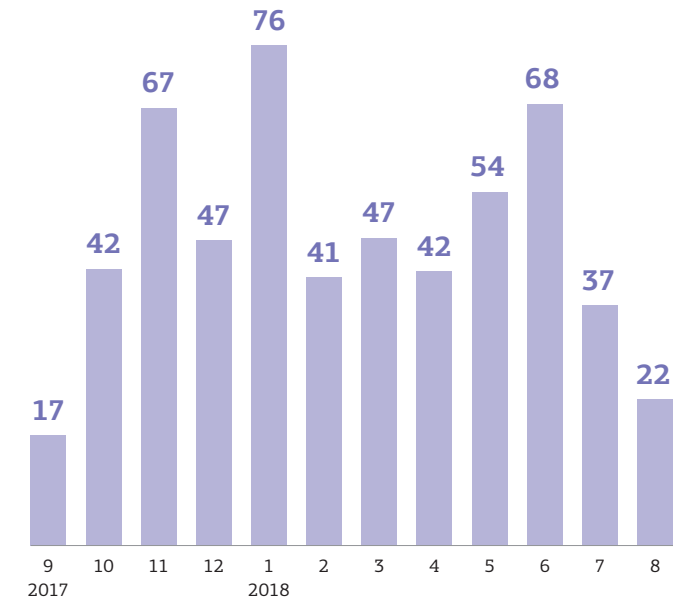
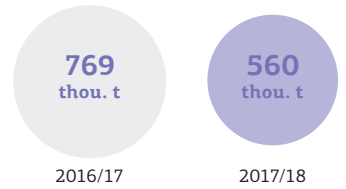
2011 2012 2013 2014 2015 2016 2017



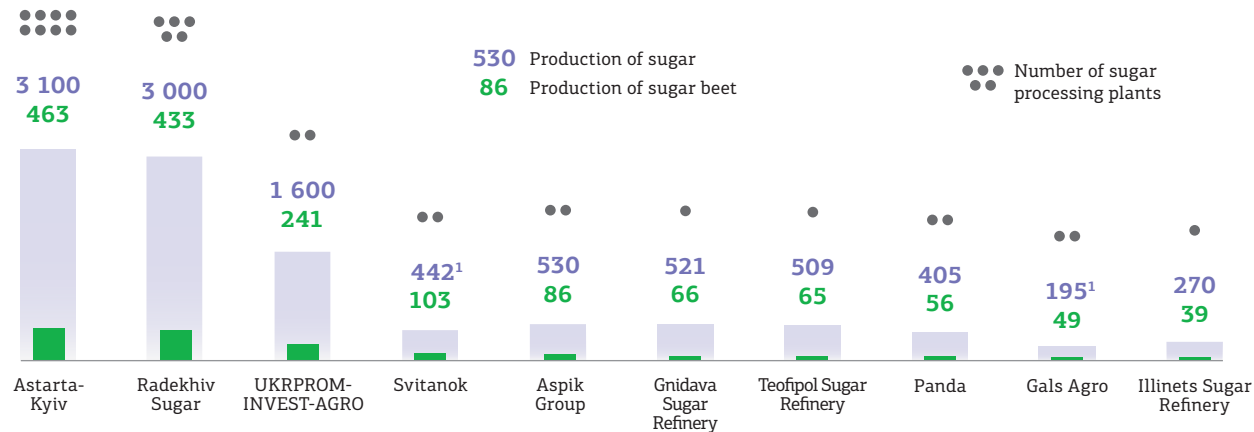
Sugar beet yield, t/ha

41 — yield, t/ha
17.7% — sugar content, %

Sugar exports, 2017/18 MY, thou. t

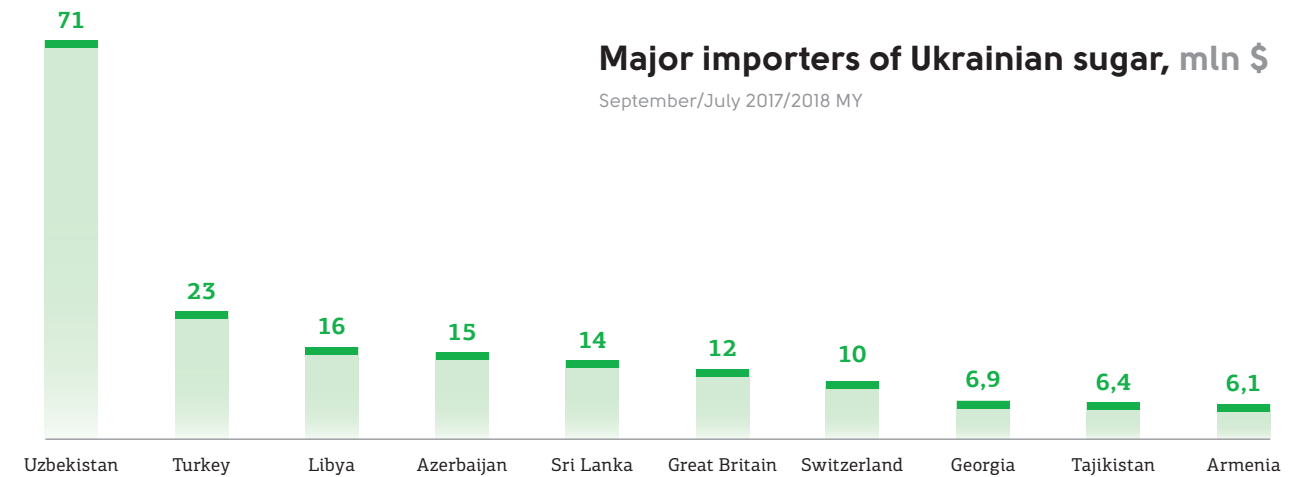


Top 10 producers of sugar in Ukraine 2017, thou. t



Major importers of Ukrainian sugar, mln \$

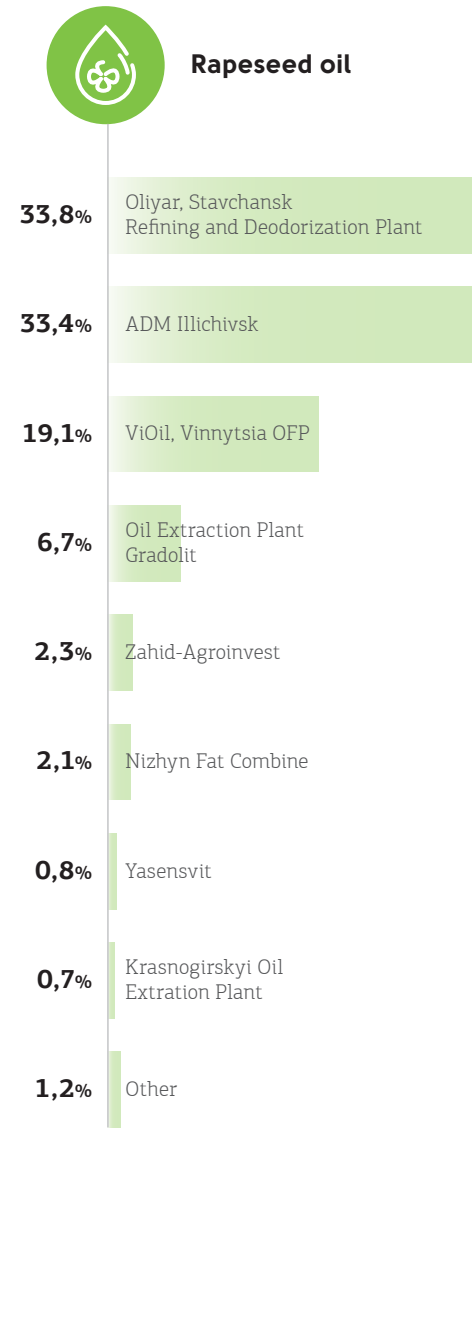
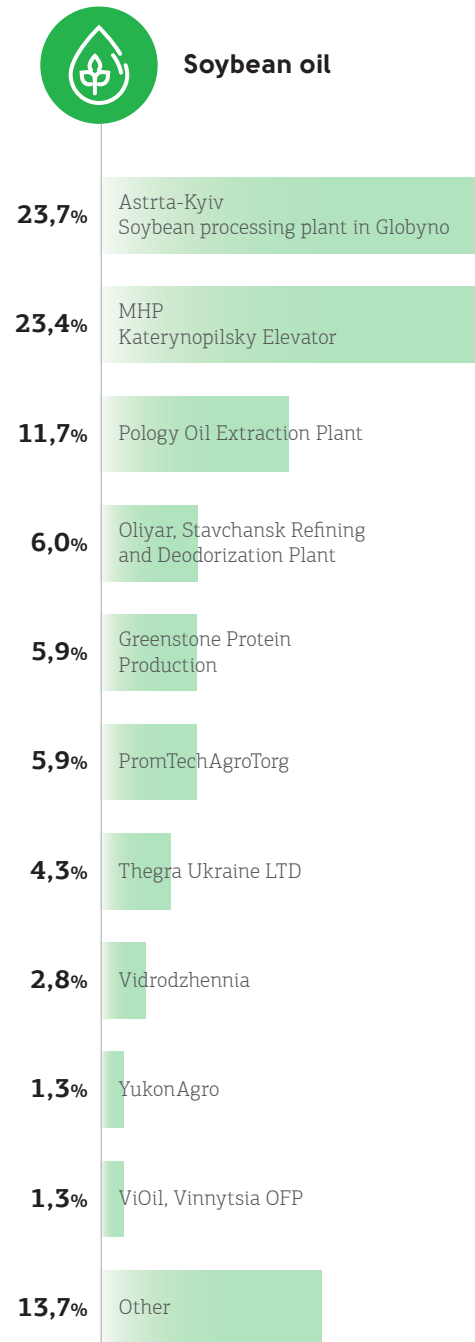
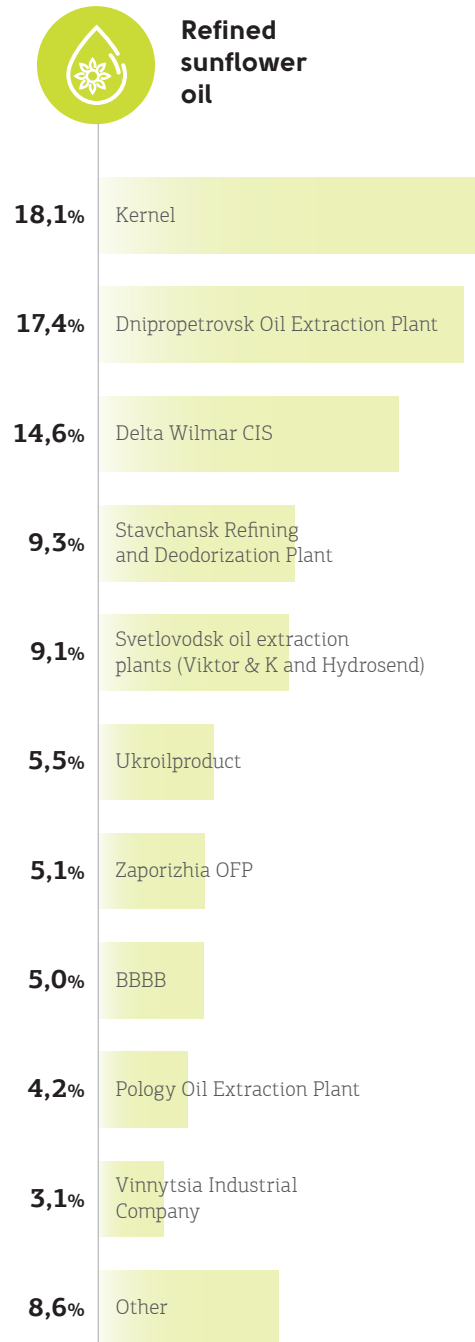
September/July 2017/2018 MY



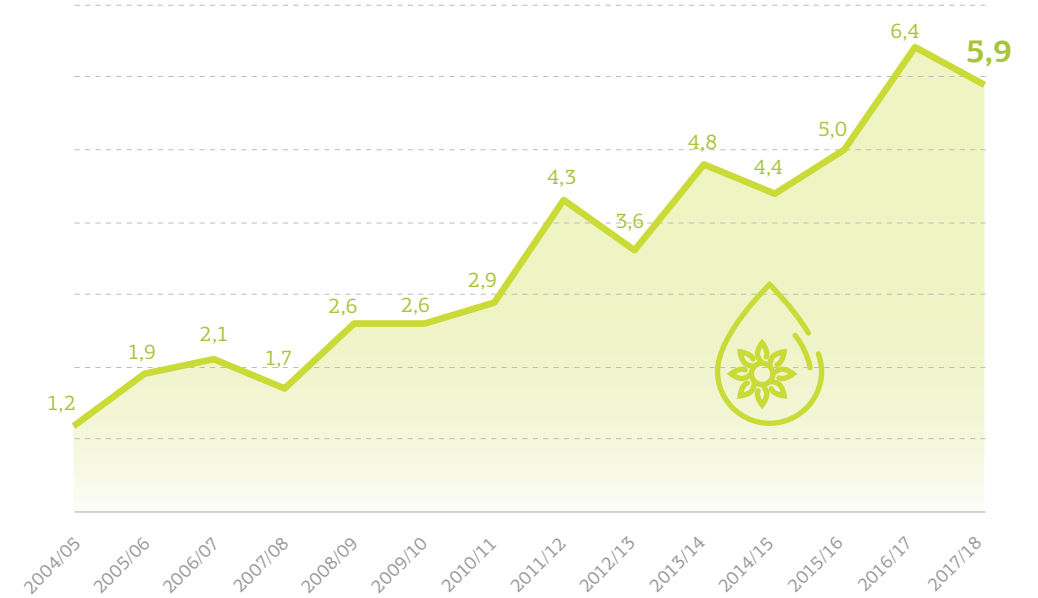
Source: Latifundist.com

¹ Produced by one refinery

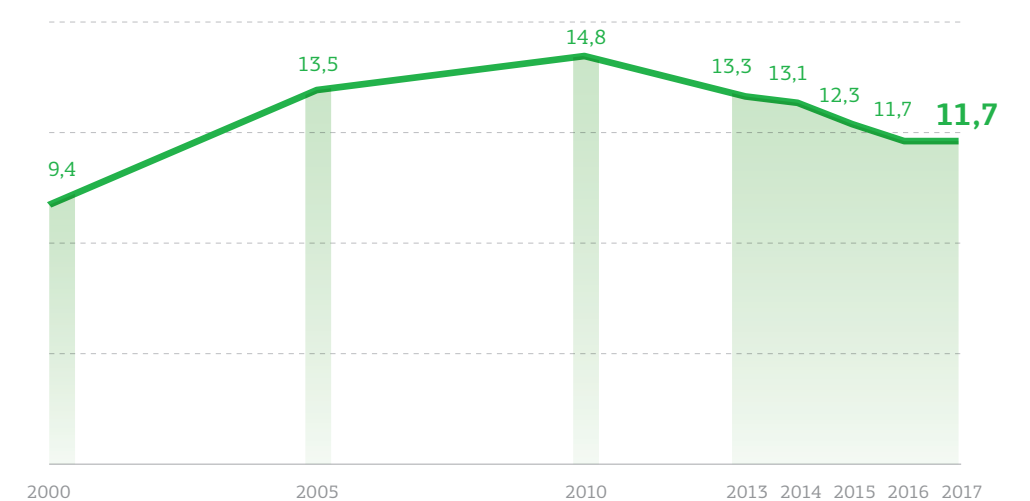
Top oil producers by market share, %



Production of sunflower oil, mln t

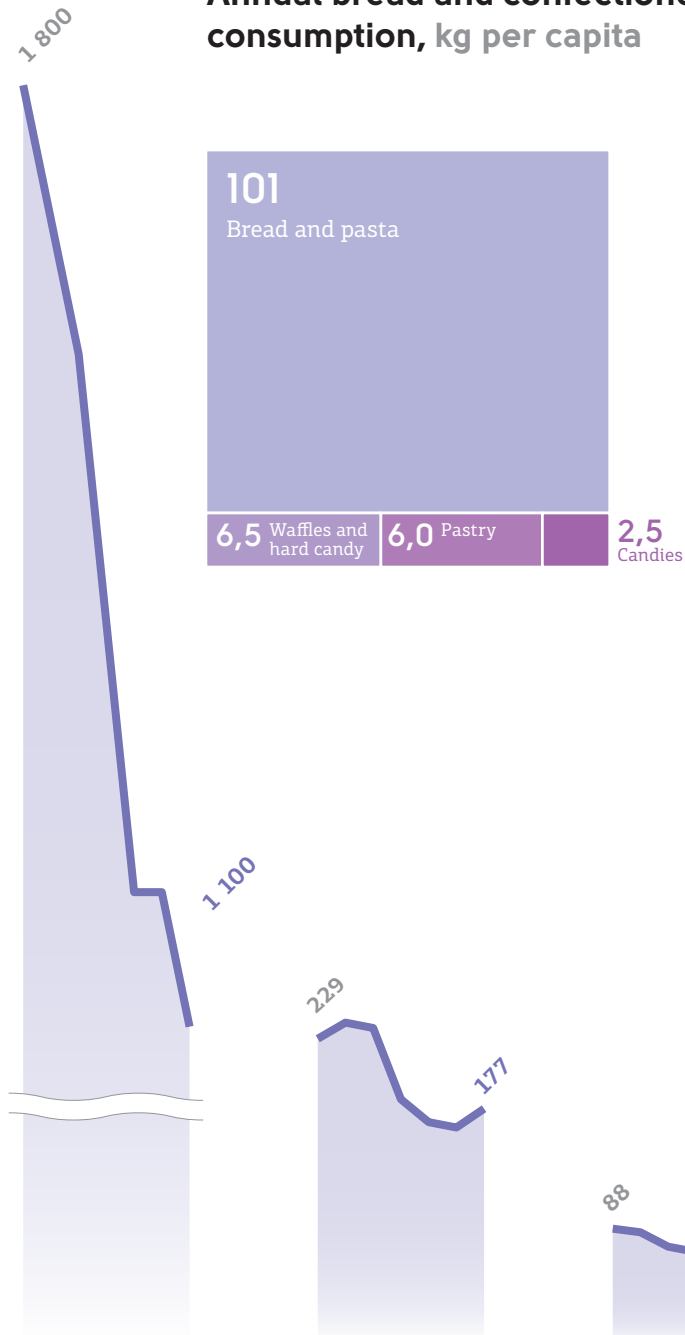


Annual oil consumption in Ukraine, kg per capita

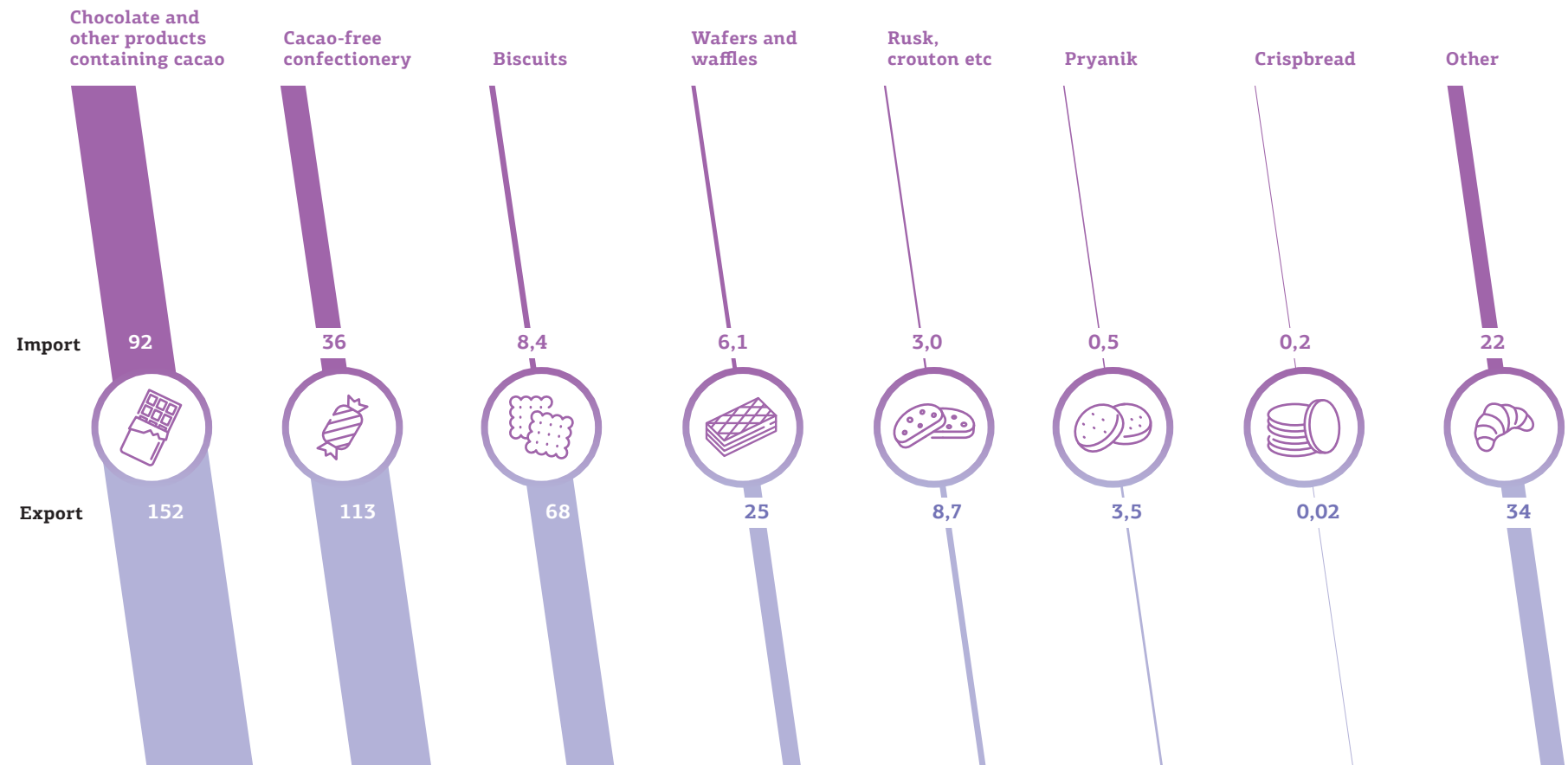


Source: Latifundist.com, State Statistics, USDA, Agrochart

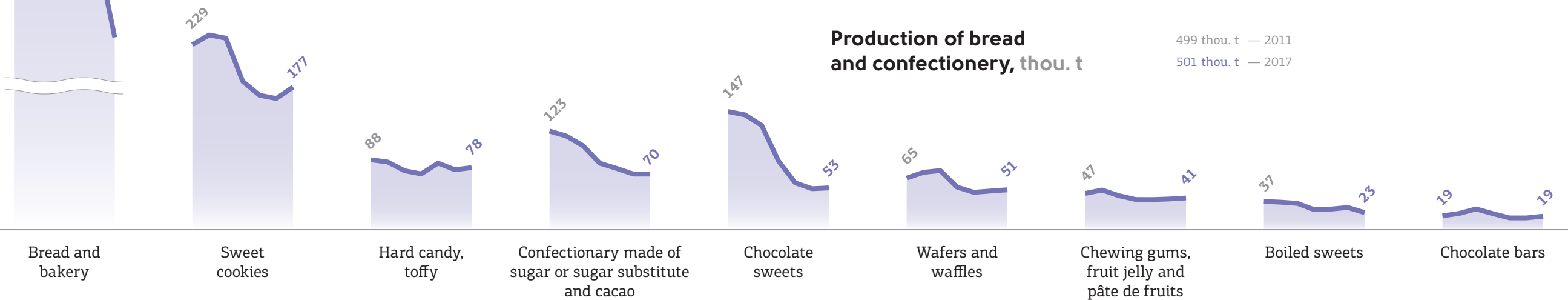
Annual bread and confectionery consumption, kg per capita



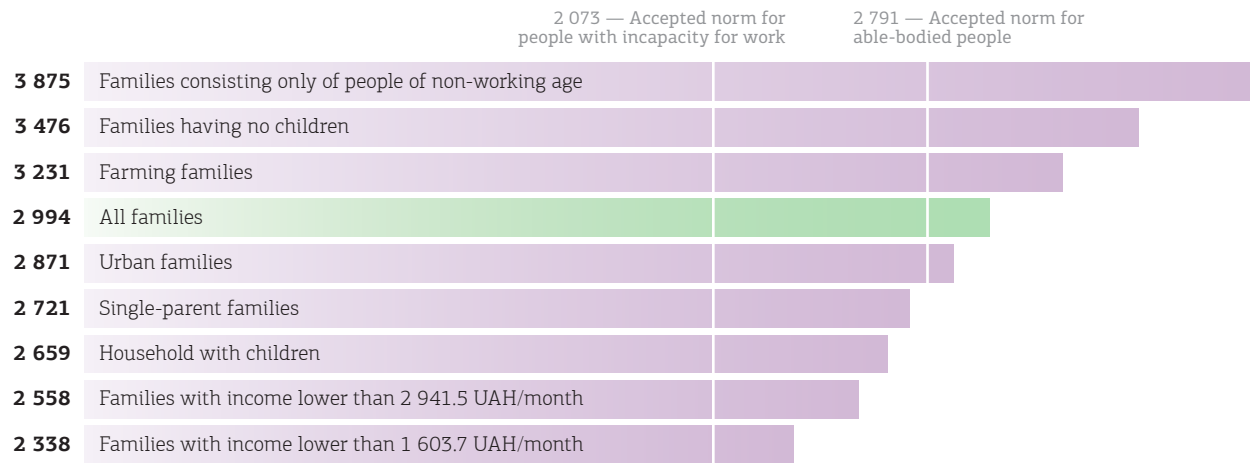
Export and import of bread and confectionery, mln \$



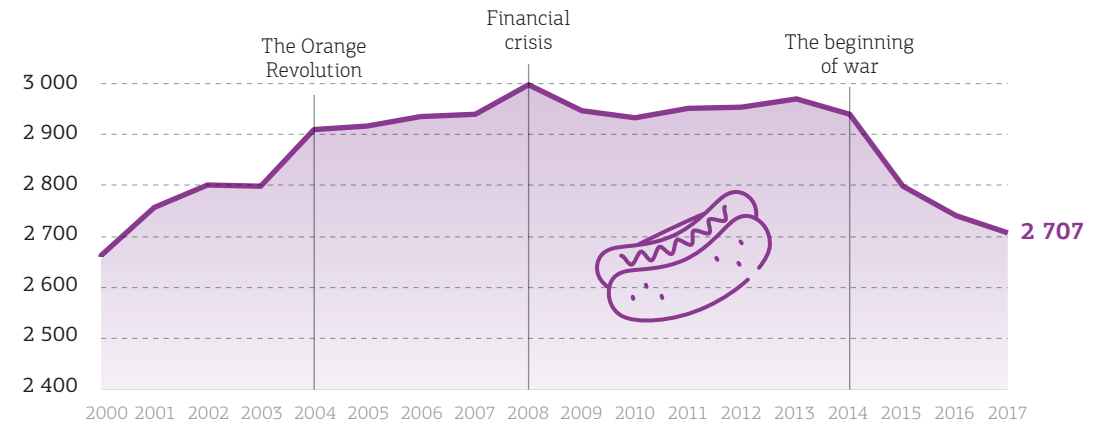
Production of bread and confectionery, thou. t



Daily food energy in Ukraine in 2017, kcal per capita

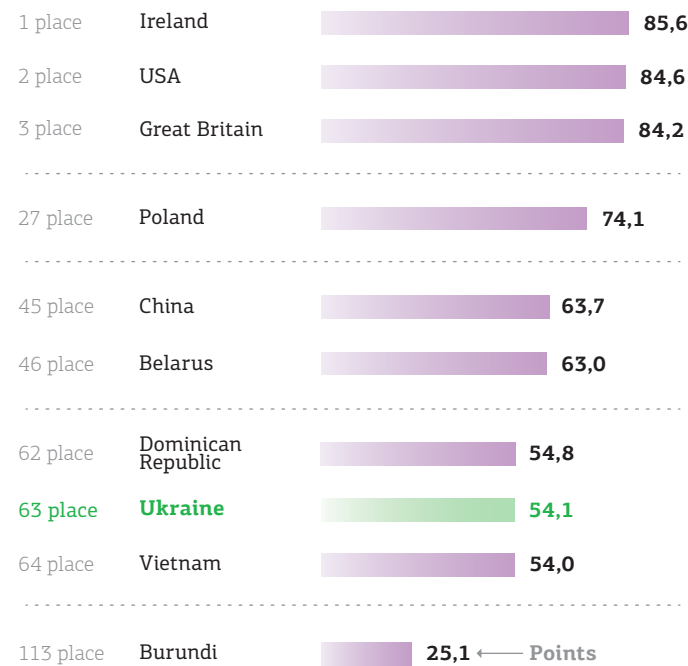


Daily food energy in Ukraine¹, kcal per capita



Ukraine's ranking in Global Food Security Index

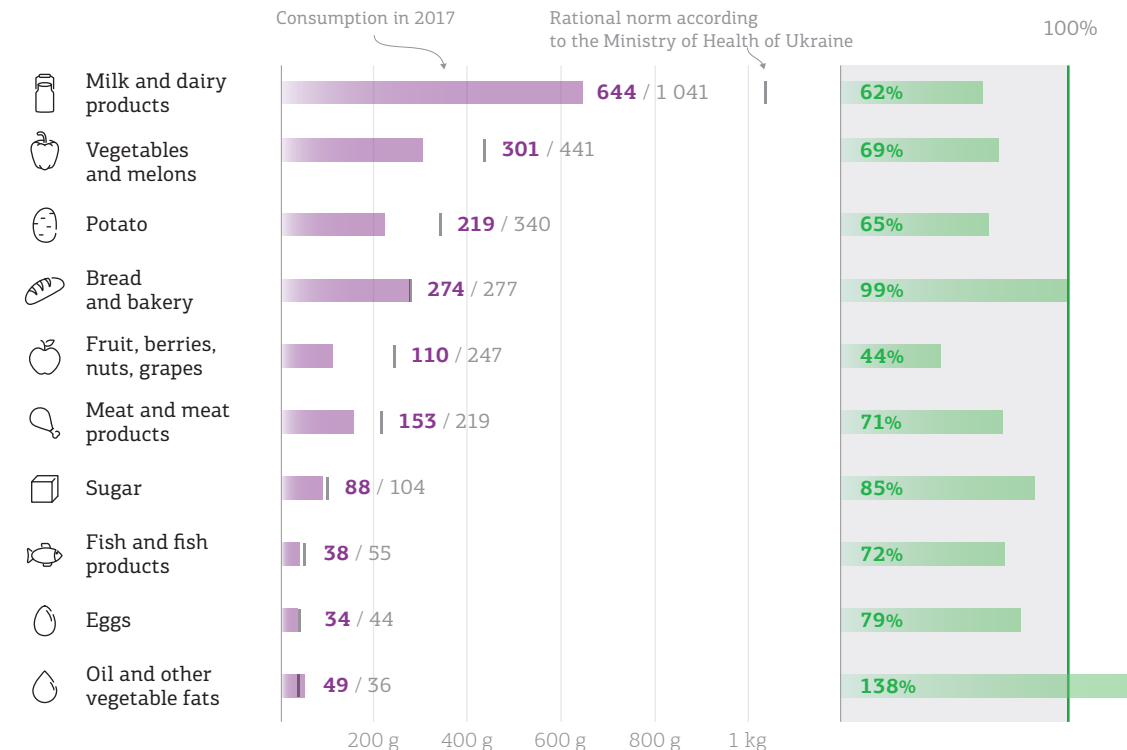
59 points Affordability, 78 points Availability, 51 points Quality and safety



Advantages	Points
Low proportion of population under global poverty line	99,9
Food safety	96,8
Food loss	90,4
Agricultural import tariffs	86,4
Volatility of agricultural production	83,6
Presence of food safety net programmes	75,0

Disadvantages	Points
Corruption	0,0
Gross domestic product per capita (US\$ PPP)	\$ 5,3
Public expenditure on agricultural R&D	12,5
Political stability risk	23,5

Correspondence between actual daily consumption in 2017 and consumption rates, g per capita



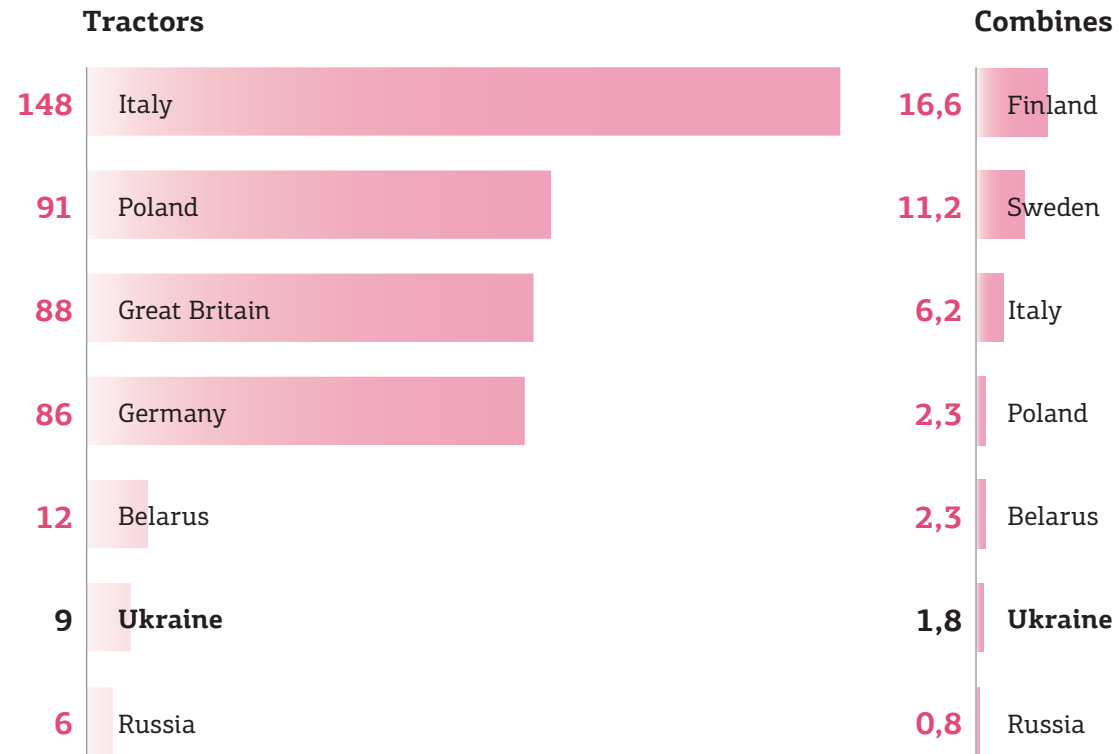
Source: State Statistics, edclub.com.ua, foodsecurityindex.eiu.com

¹ Including alcohol and tonic substances

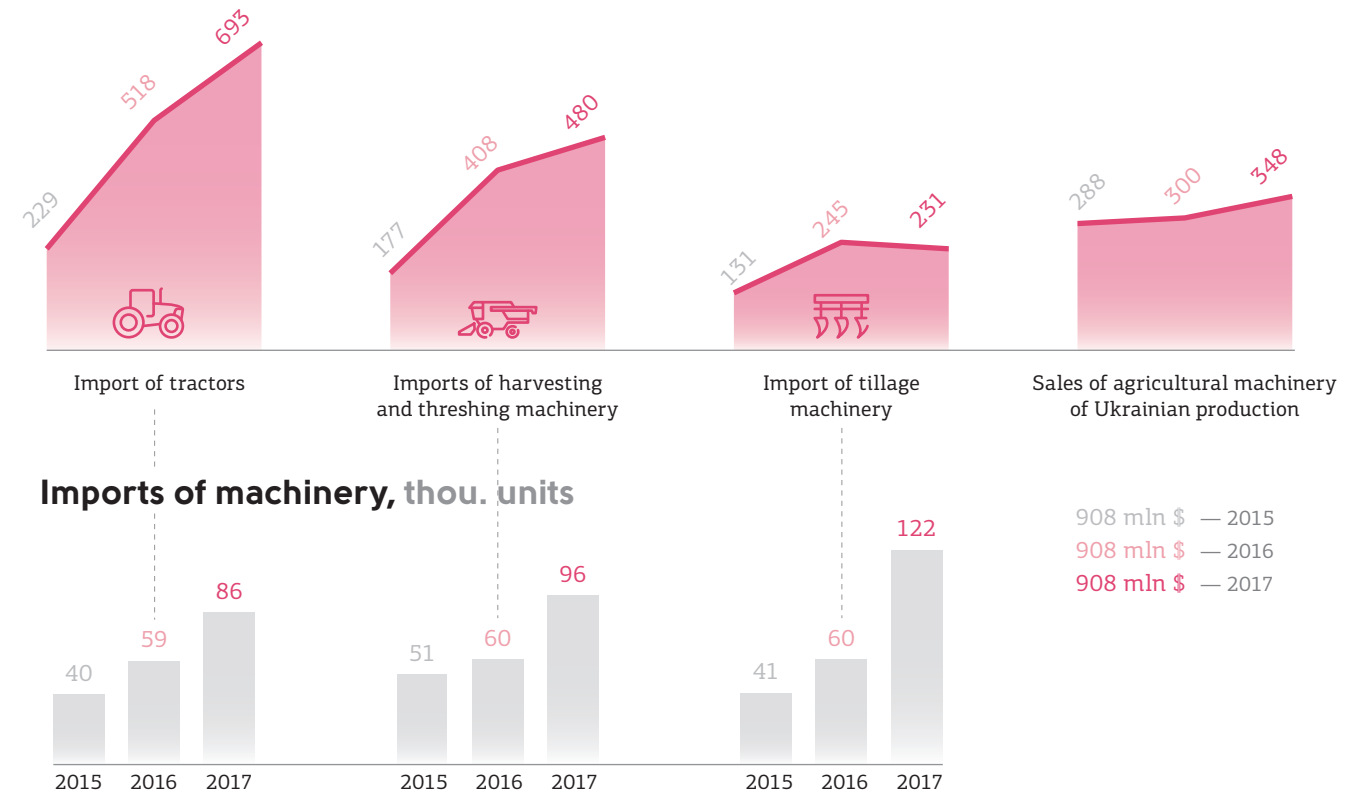
UKRAINIAN AGRIBUSINESS

Infrastructure and Services

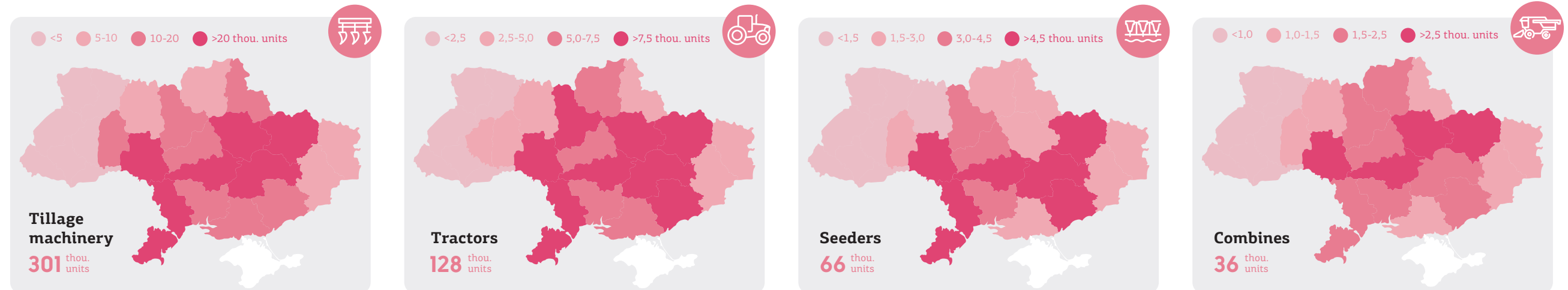
Number of equipment, units / thou. ha



Import and sales of machinery, mln \$



Machinery by regions, units



TOP 5 seed trading companies, thou. t

Importers

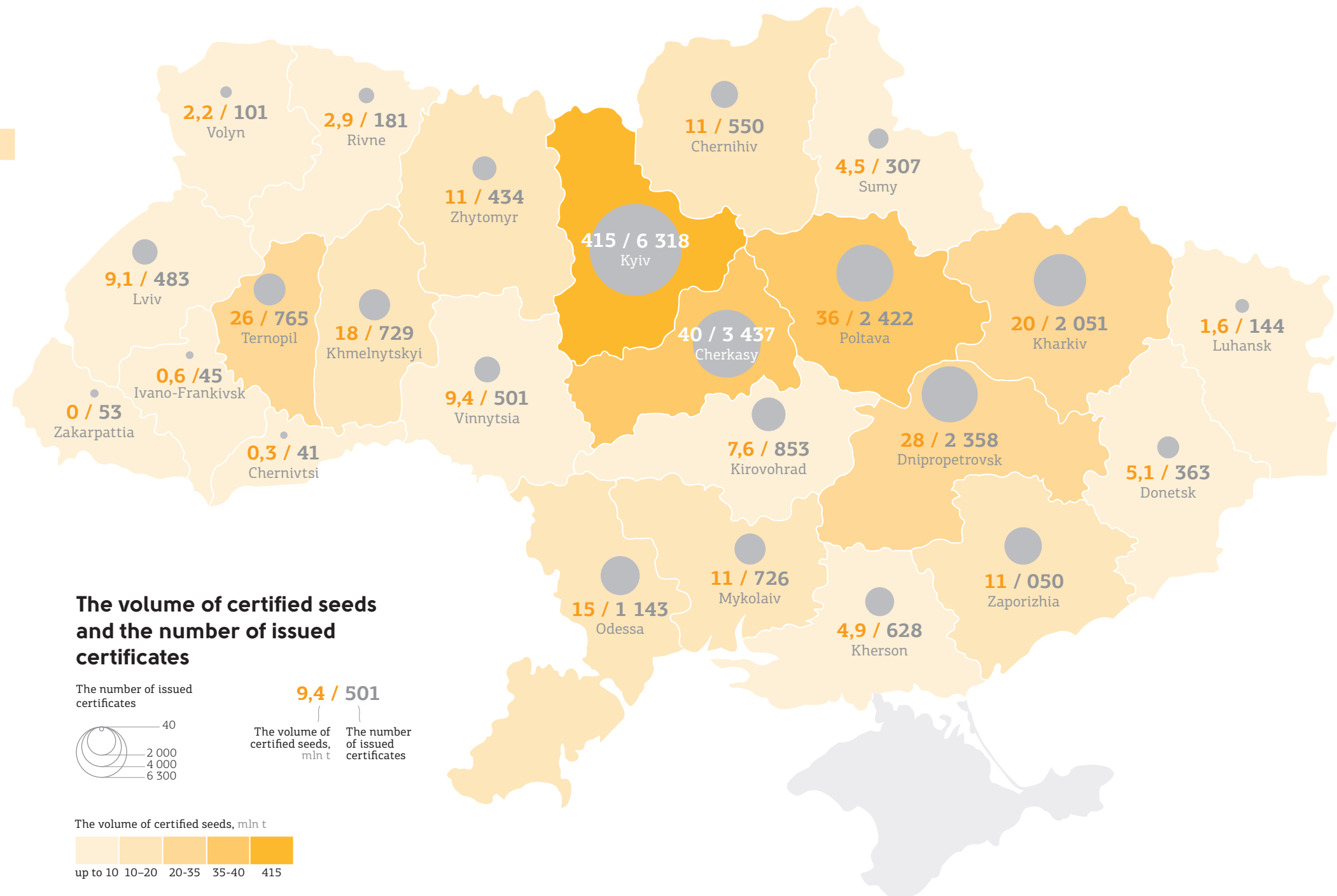


72 thou. t
of seeds imported
in 2017

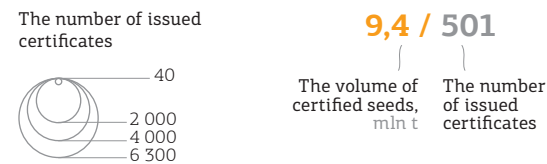
Exporters



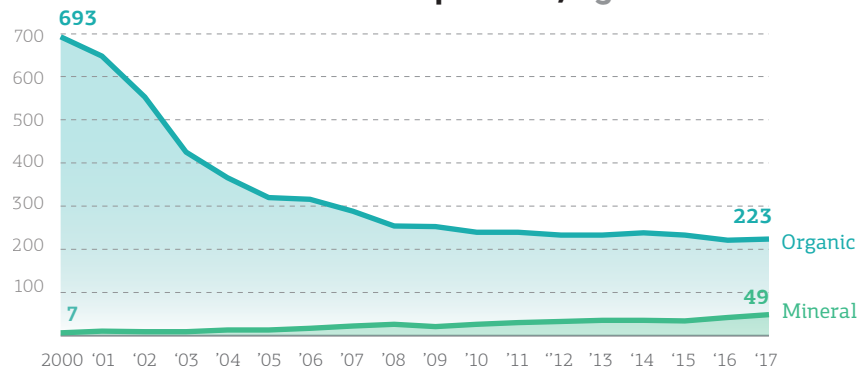
2,7 thou. t
of seed exported
in 2017



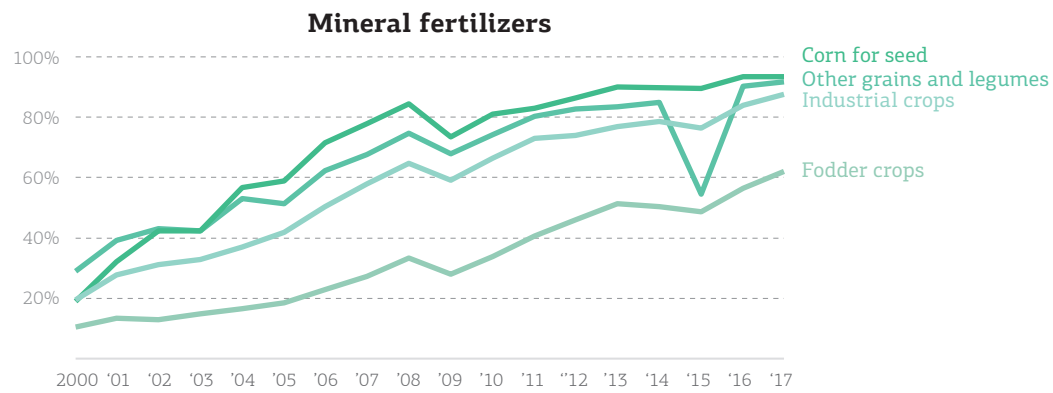
The volume of certified seeds and the number of issued certificates



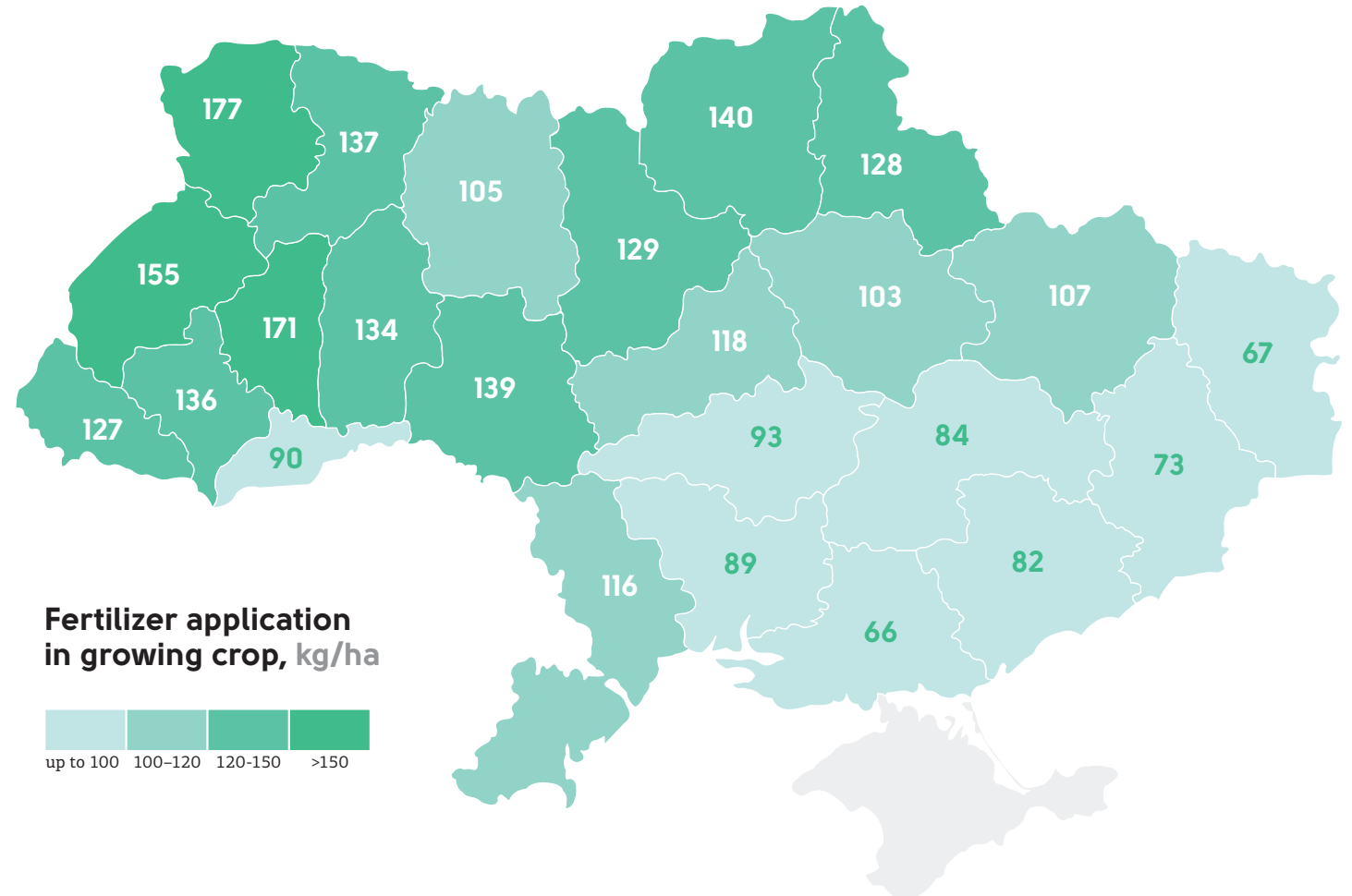
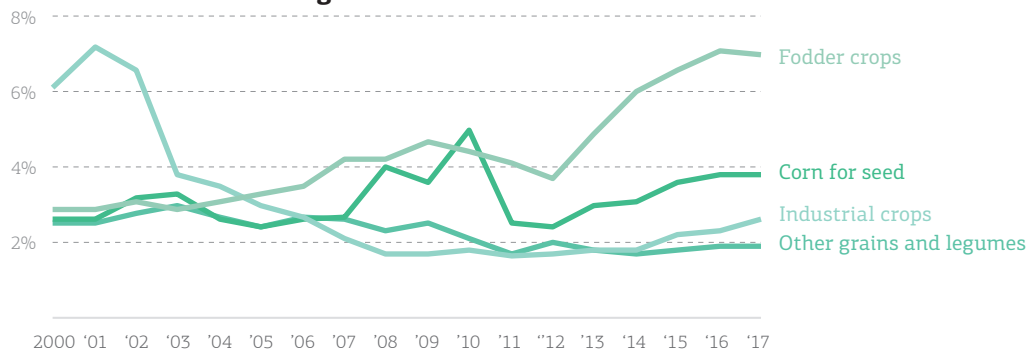
Fertilizer use per 1 ha, kg



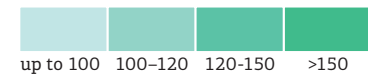
Fertilized land, %



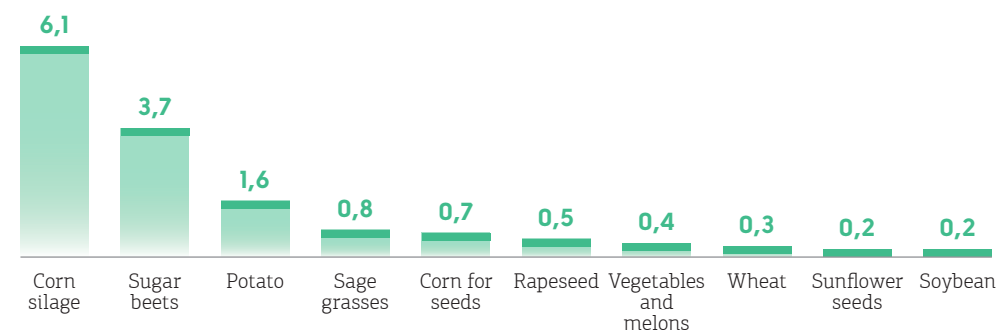
Organic fertilizers



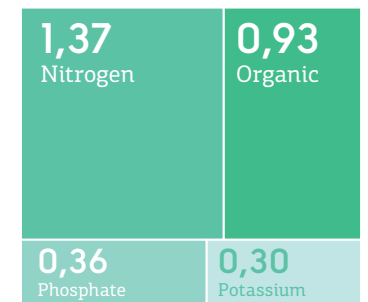
Fertilizer application in growing crop, kg/ha



Fertilizers applied for 1 ha, t

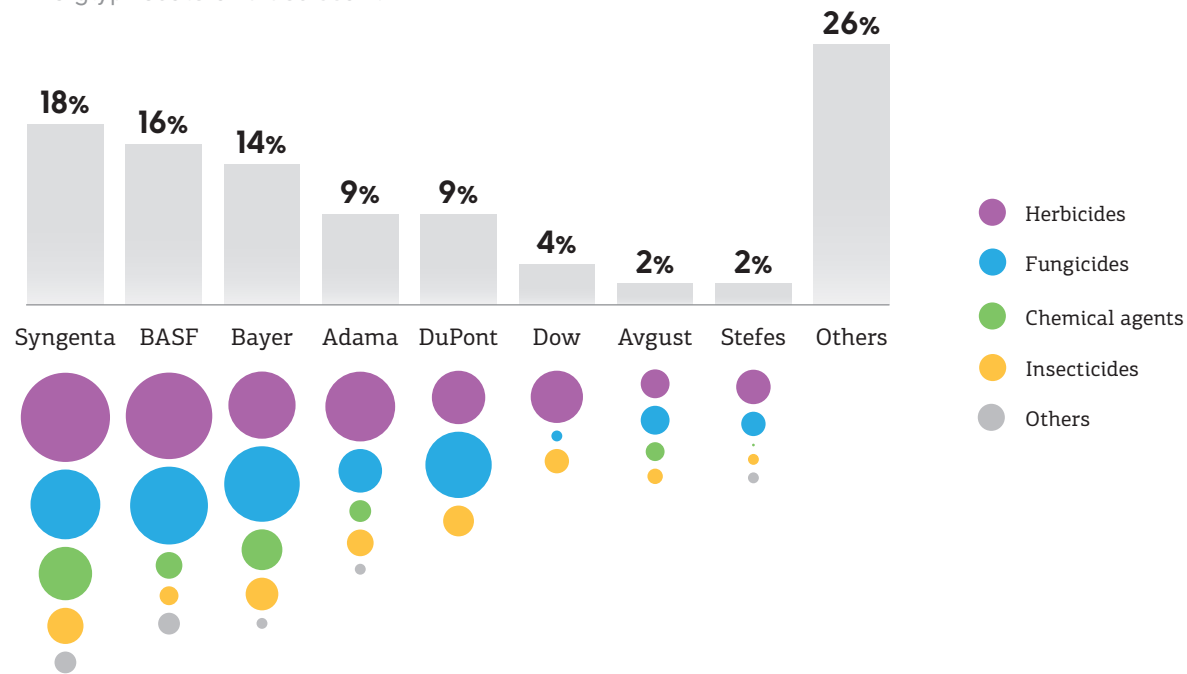


Fertilizer application in crop production, mln t



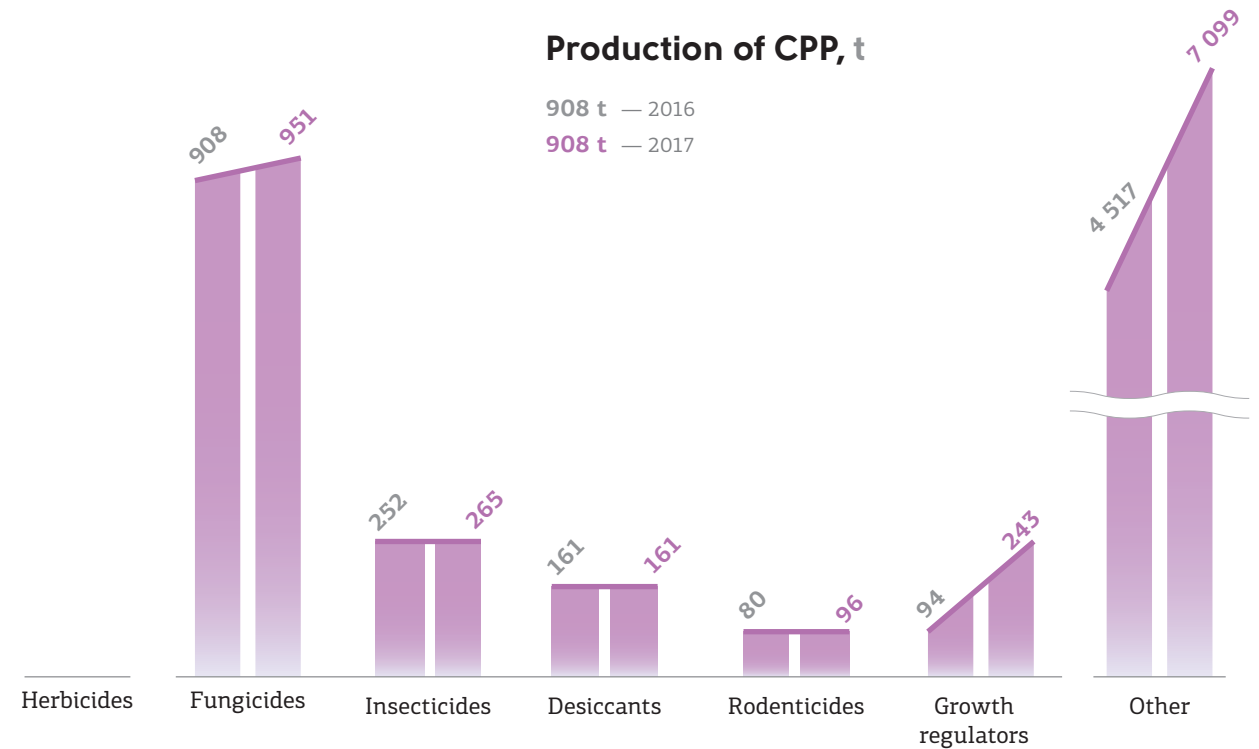
Top 8 importers of CP products, %

No glyphosate and desiccant



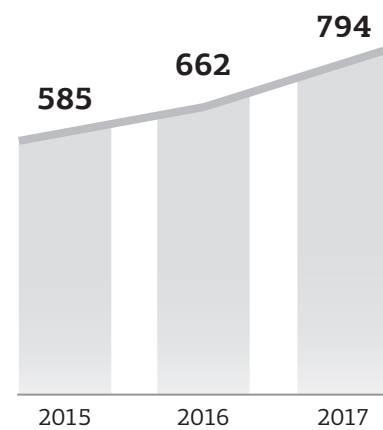
Production of CPP, t

908 t — 2016
908 t — 2017

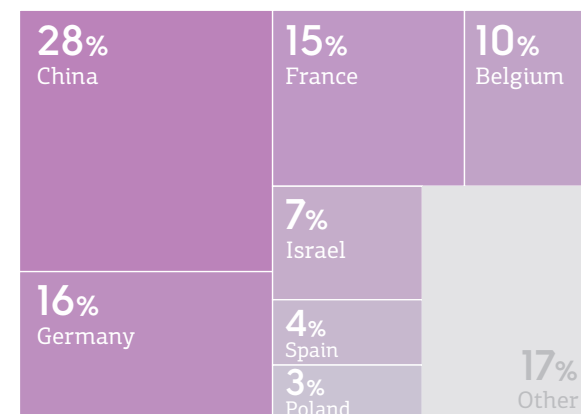


The market of CPP, mln \$ excluding VAT

No glyphosate and desiccant

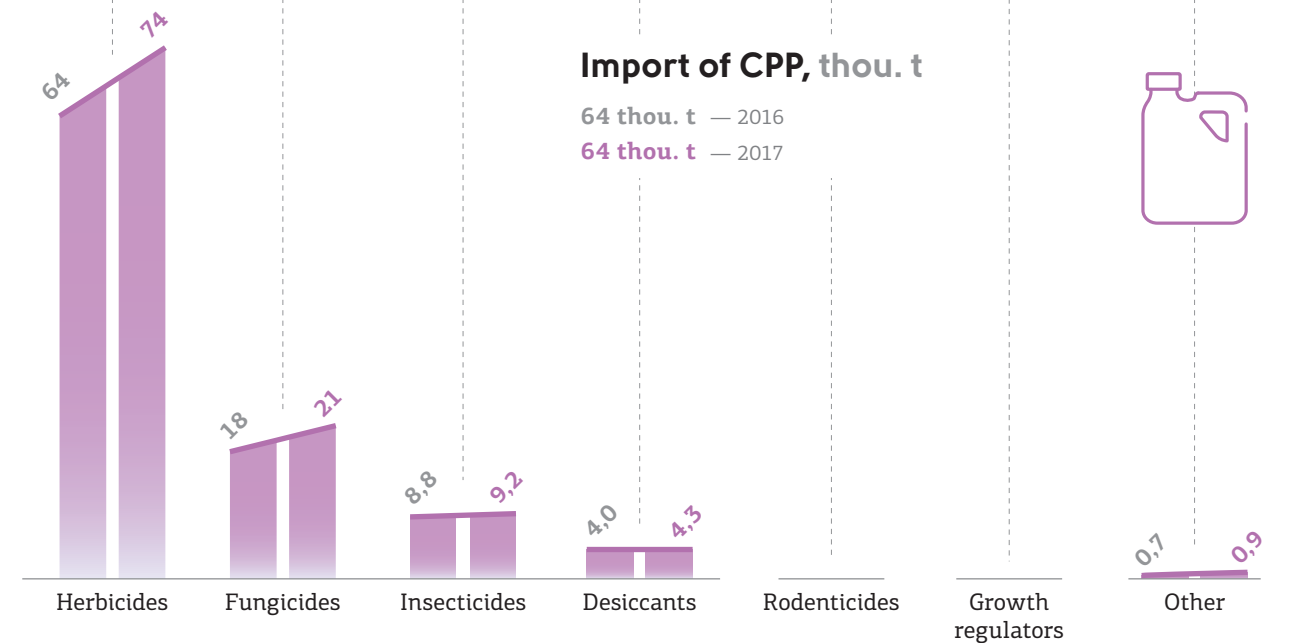


Countries-suppliers of CPP, %



Import of CPP, thou. t

64 thou. t — 2016
64 thou. t — 2017

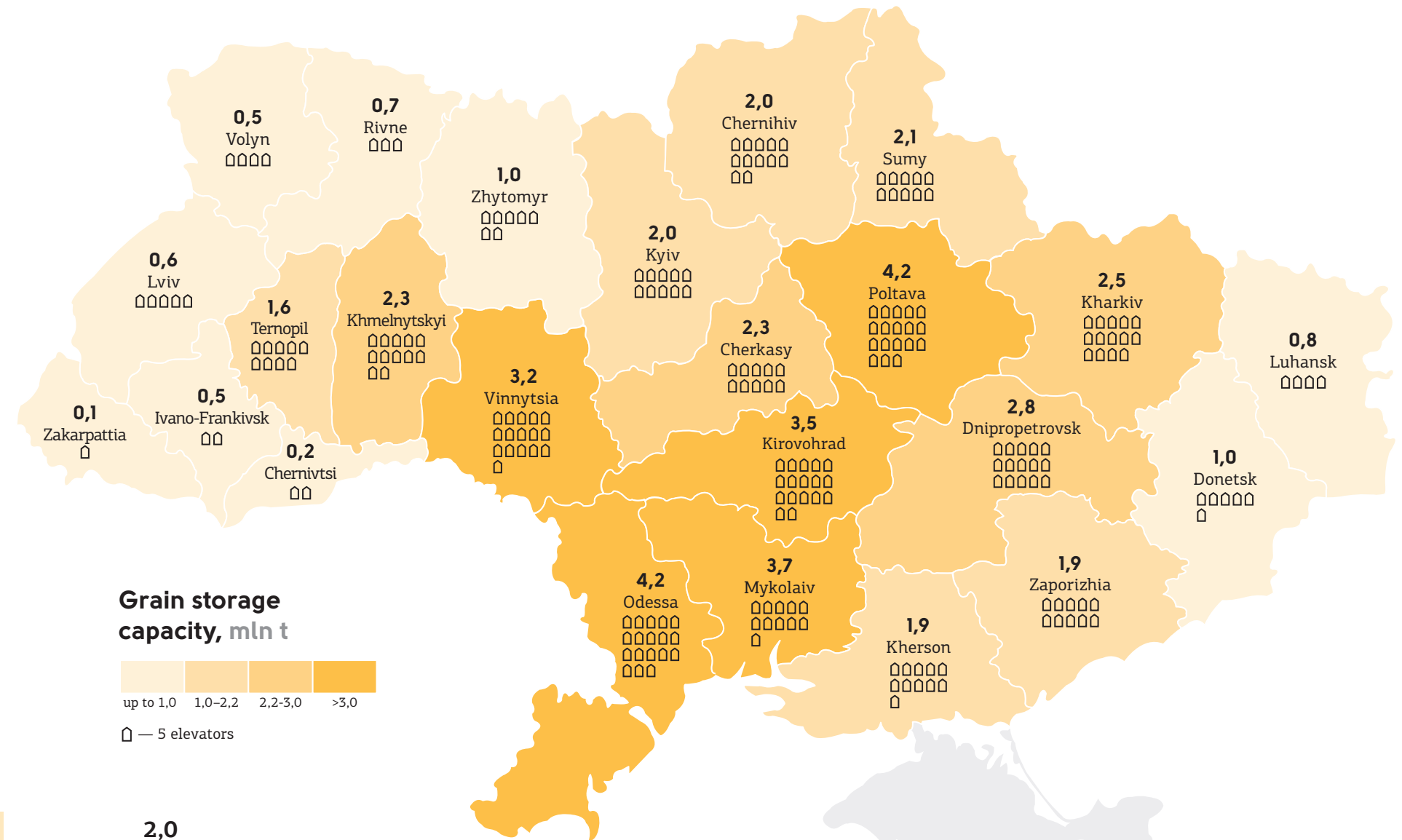


Source: State Statistics, Internal analysis

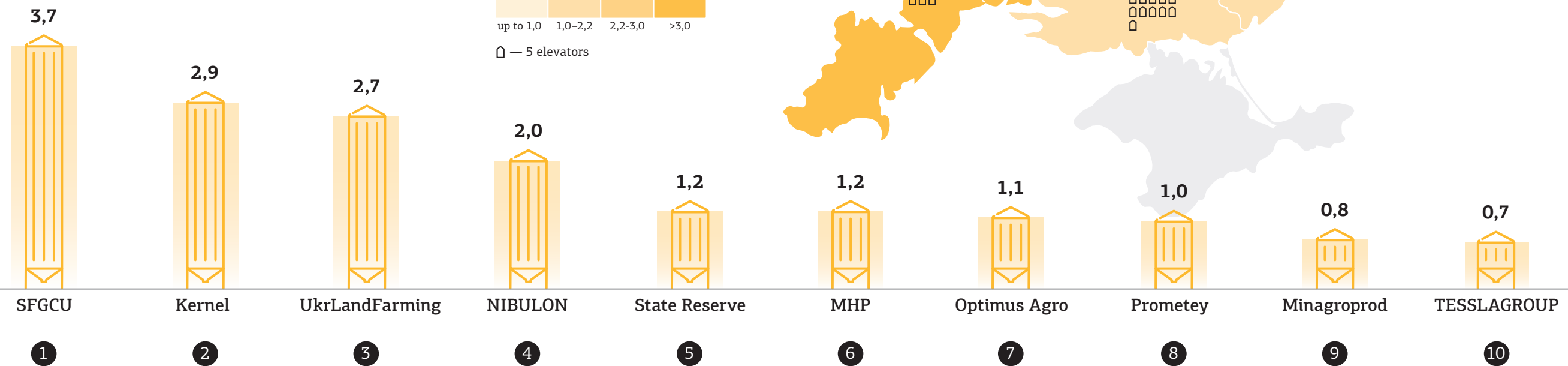
Poltava and Odessa regions have the biggest grain storage capacities.

State Food and Grain Corporation has the greatest elevator facilities in Ukraine.

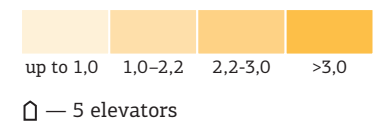
Ukraine has the total number of 1 161 elevators with the total grain storage capacity of 47 mln t.



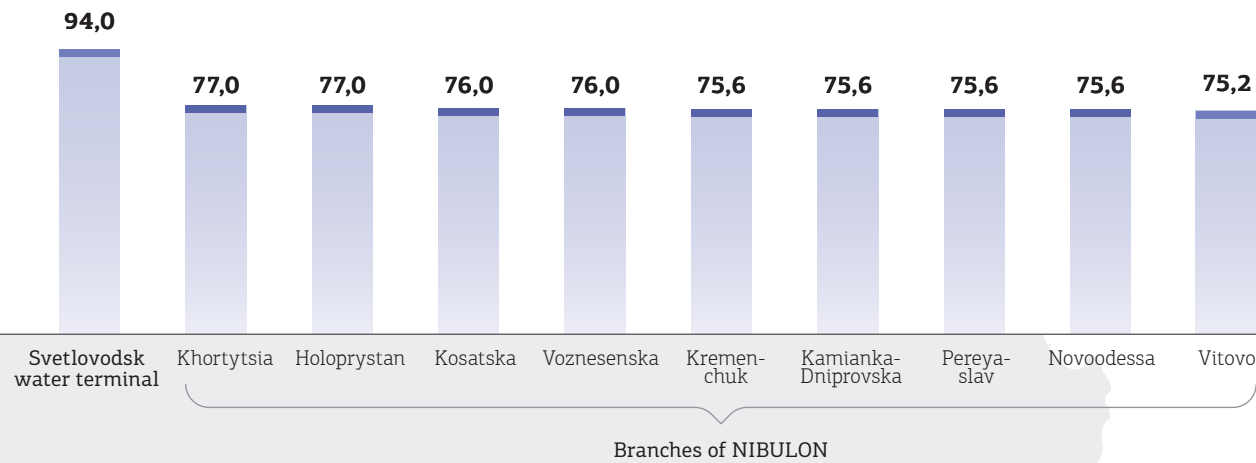
Top 10 Ukrainian companies by grain storage capacity in 2017, mln t



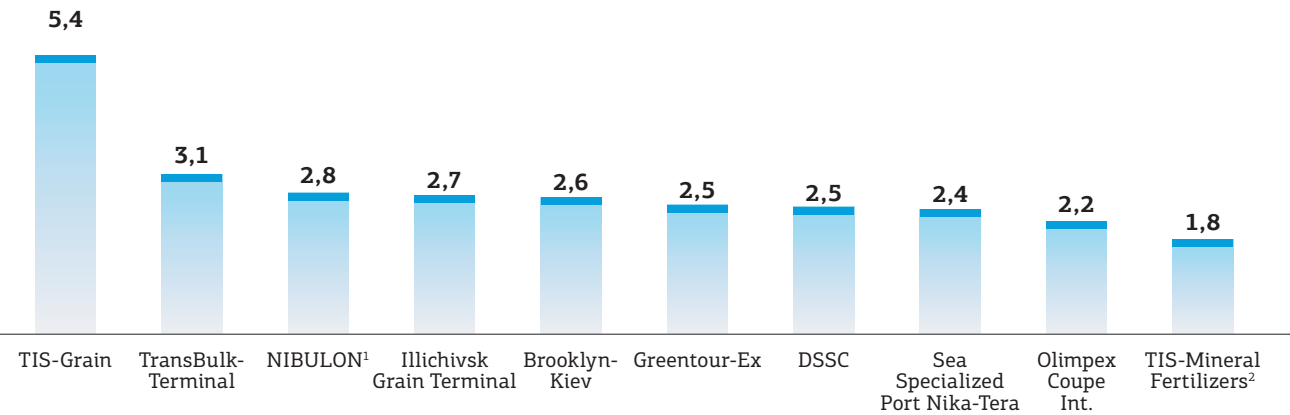
Grain storage capacity, mln t



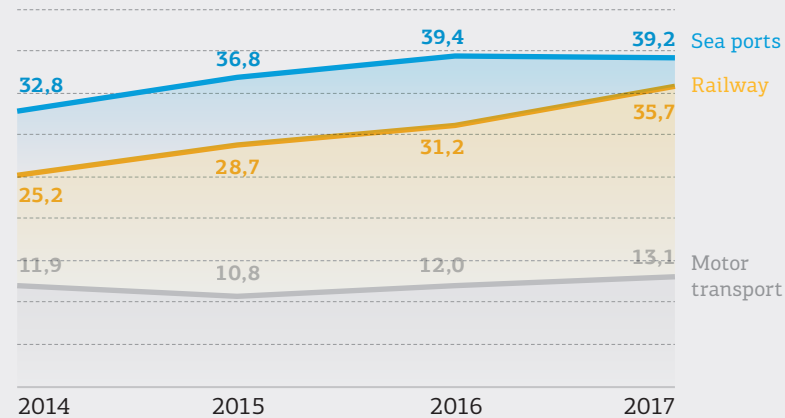
Top 10 river elevators by storage capacity, thou. t



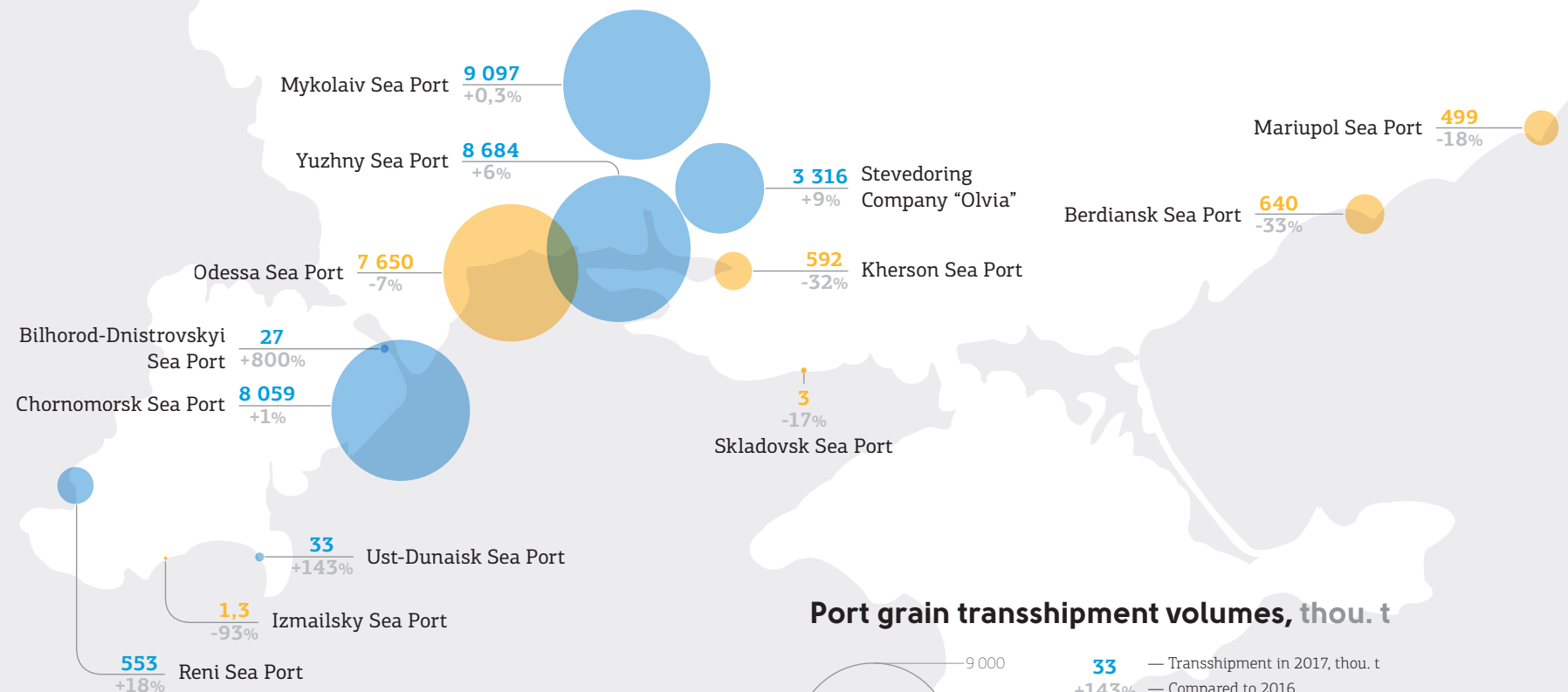
Top 10 sea port terminals by transshipment capacity, mln t



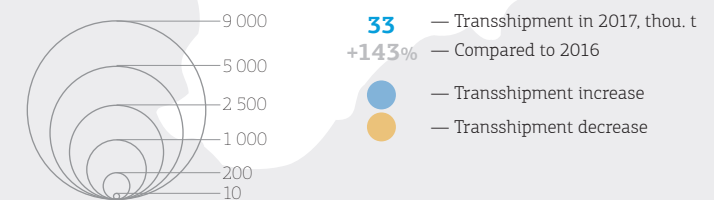
Grain delivery and transshipment, mln t



18,5 thou.
Total number of grain hopper cars



Port grain transshipment volumes, thou. t



Land rental rates, €/ha

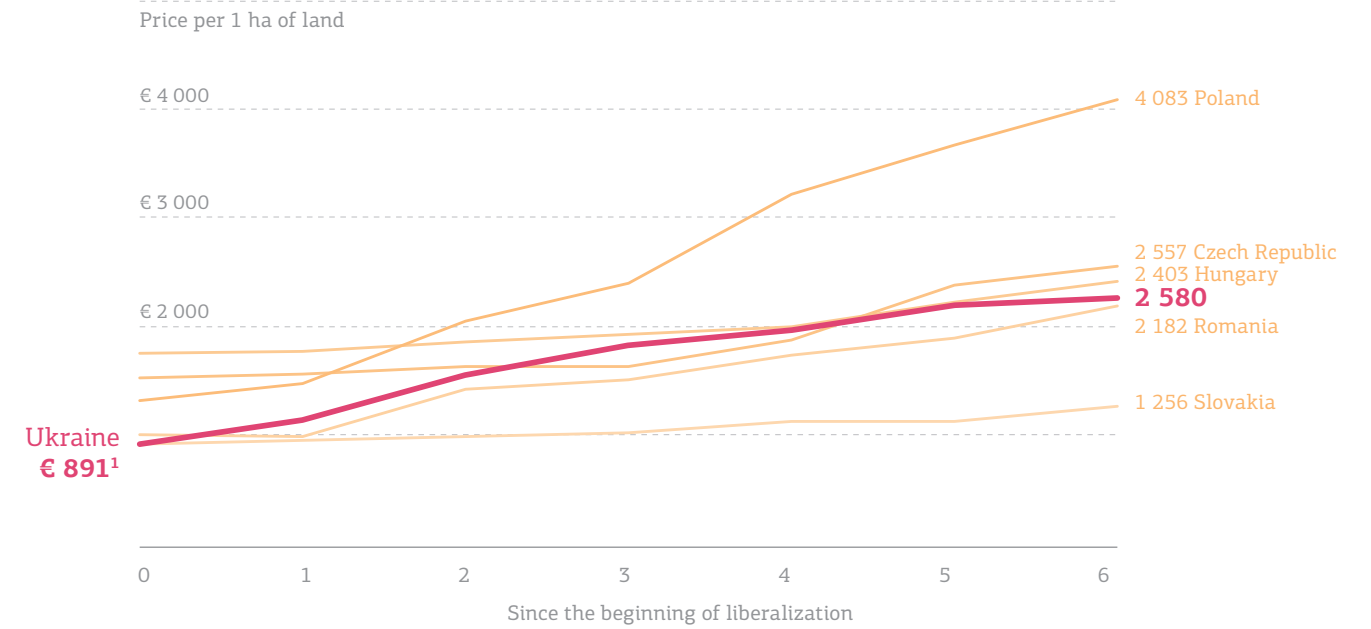
Based on the 2016 data

4%

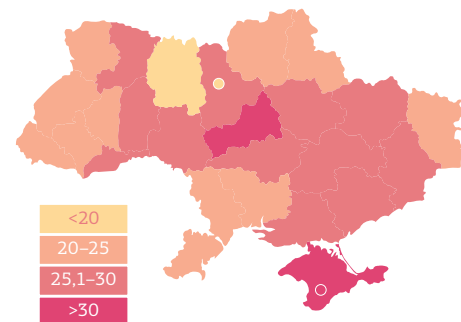
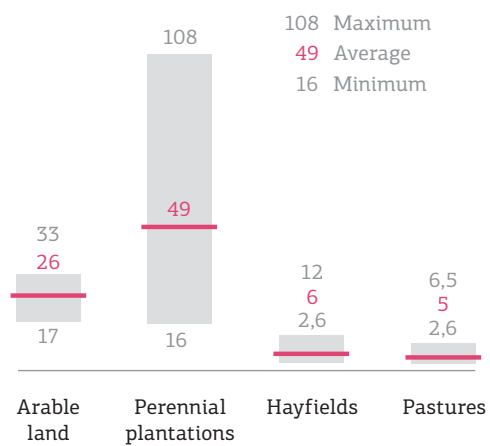
of agricultural land in Ukraine is not subject to the moratorium on farmland sale



Land price increase in the neighbouring countries after the opening of the land market and predictions for Ukraine²

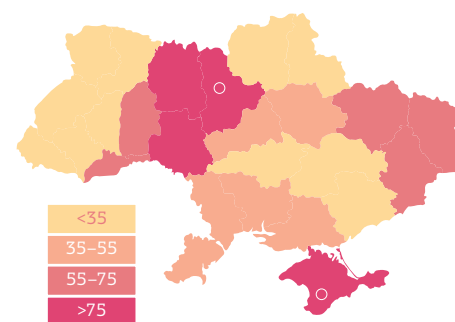


Normative monetary evaluation of agricultural land, thou. UAH/ha



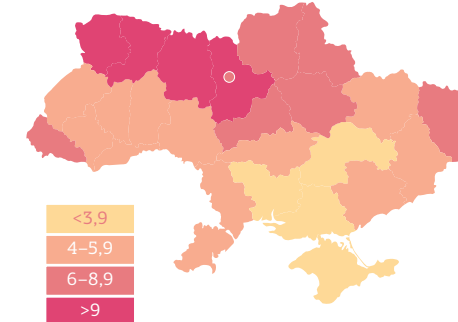
Arable land

from 17 to 33 thou. UAH per ha



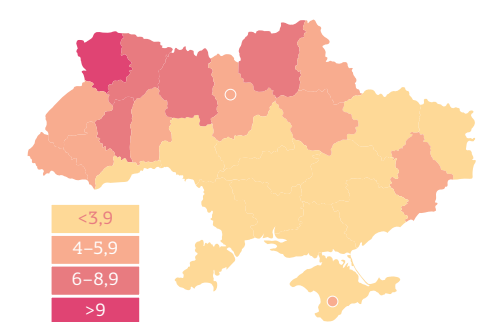
Perennial plantations

from 16 to 108 thou. UAH per ha



Hayfields

from 2,6 to 11,9 thou. UAH per ha



Pastures

from 2,6 to 9,5 thou. UAH per ha

Source: IMF group of Ukraine Derzhheokadastr, Eurostatistics

¹ At an exchange rate of 30.877 on 01/01/2018

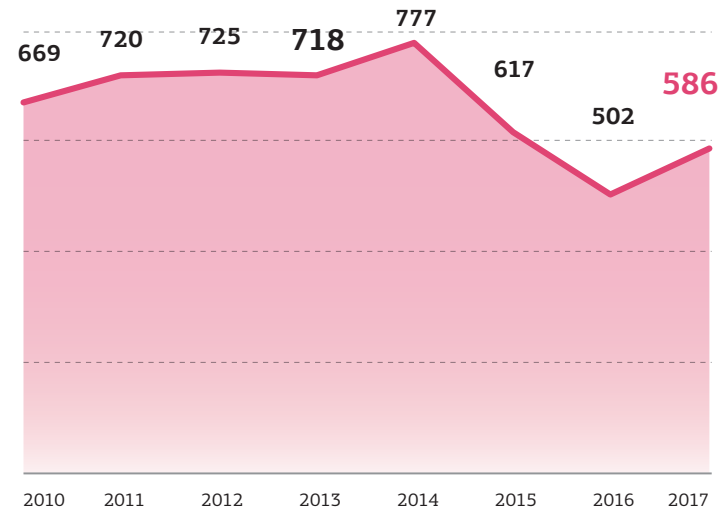
² Based on an average price in neighbouring countries

Direct investments in Ukraine's agricultural sector, mln \$

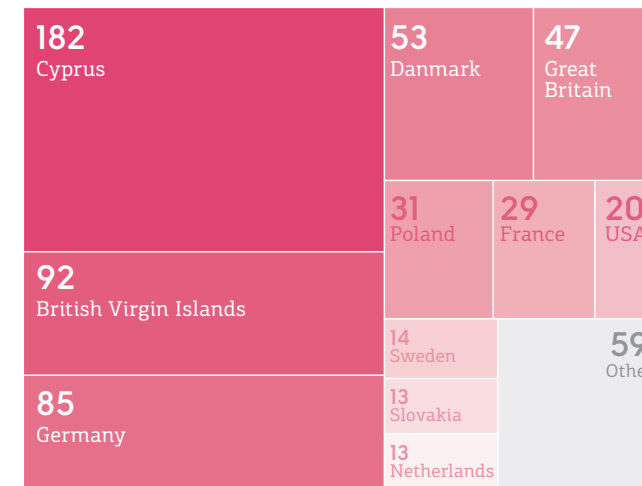
The total amount of direct investments (share capital) made by non-Ukraine residents and residents living abroad



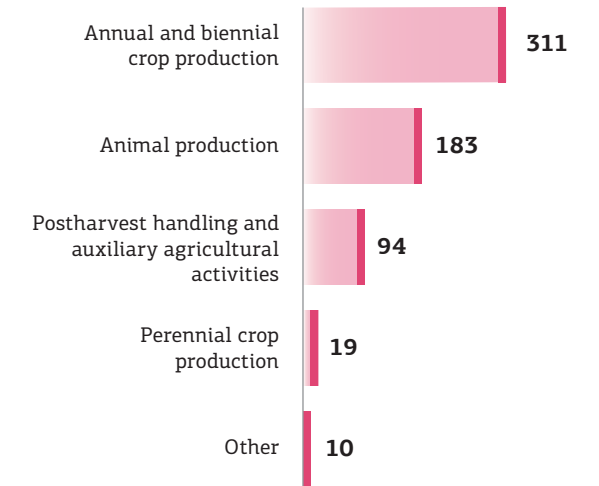
Direct investment dynamics
As of January 1, 2017



Origin countries of direct investments
As of December 31, 2017



Direct investments by type of activity
As of December 31, 2017

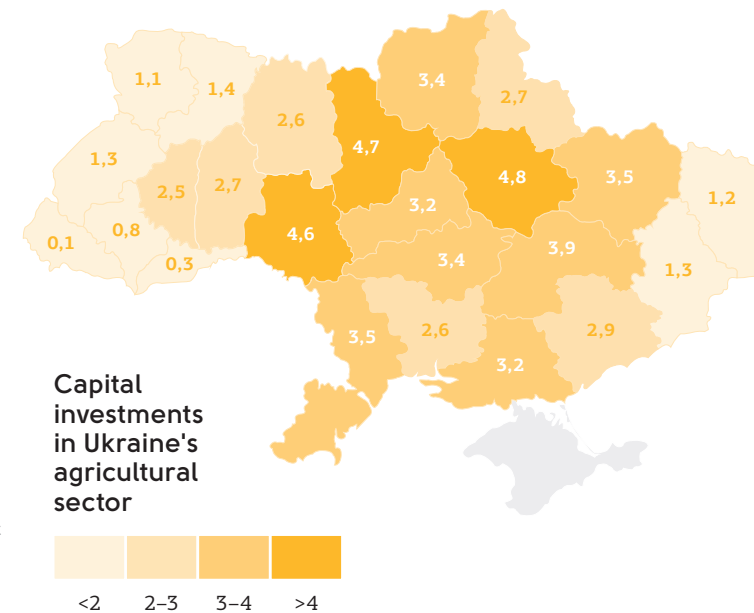
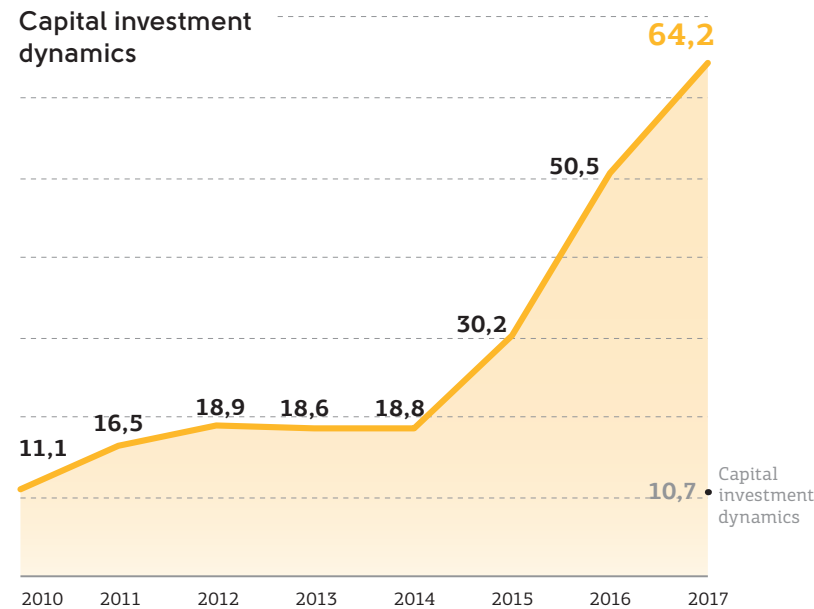


Capital investments in Ukraine's agricultural sector, bln UAH

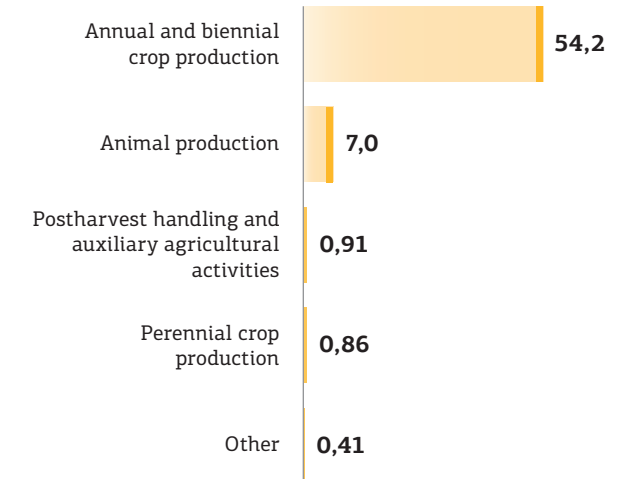
Costs for the acquisition of long-term assets: the initial value of buildings and structures, new machines and mechanisms, intangible assets (patents, licenses, know-how, etc.)



Capital investment dynamics

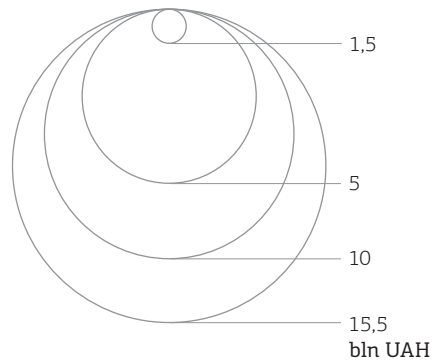


Capital investments by type of activity



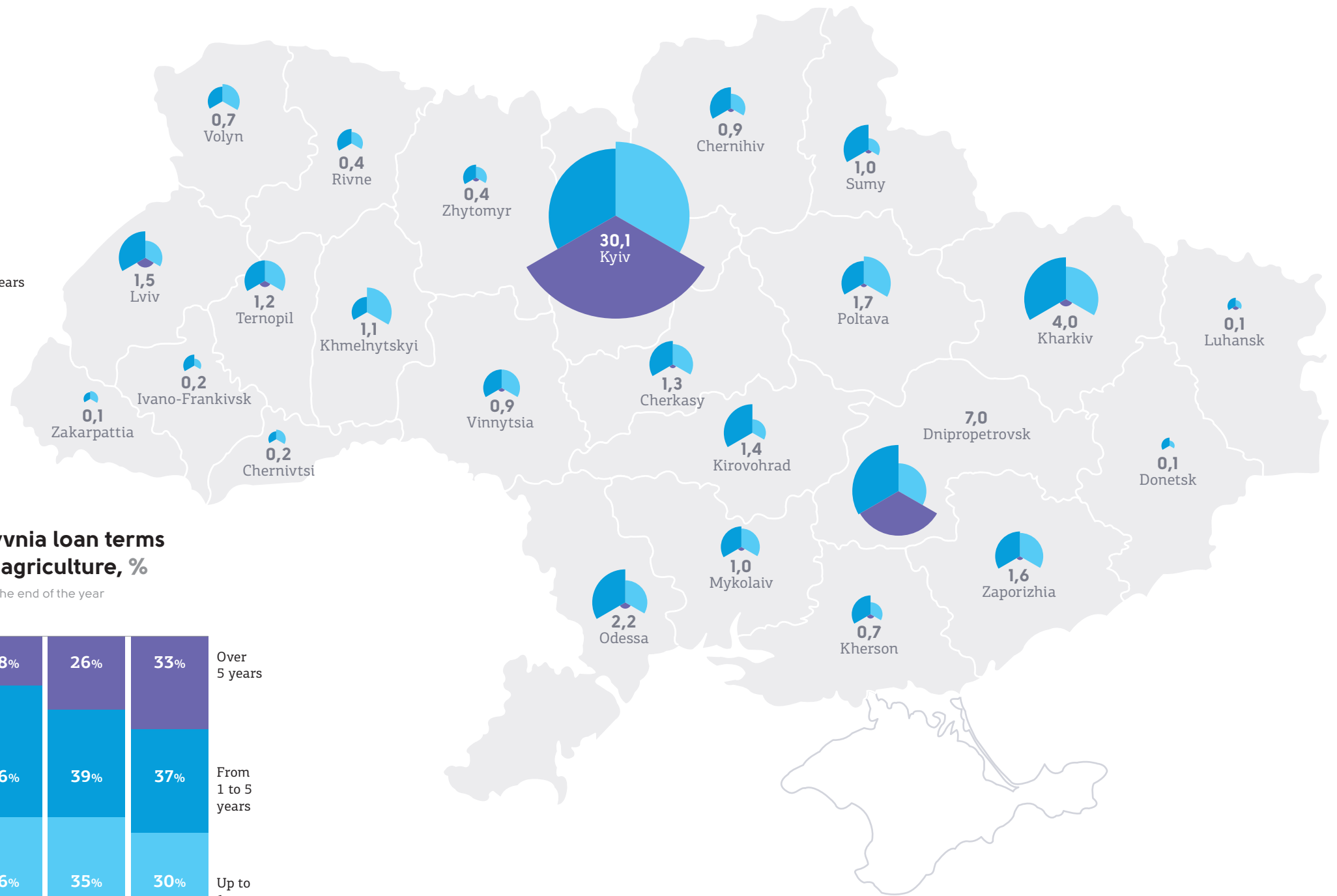
Loans granted to agribusiness by deposit-taking corporations (except for the NBU), bln UAH

1,5 — Granted loans, bln UAH



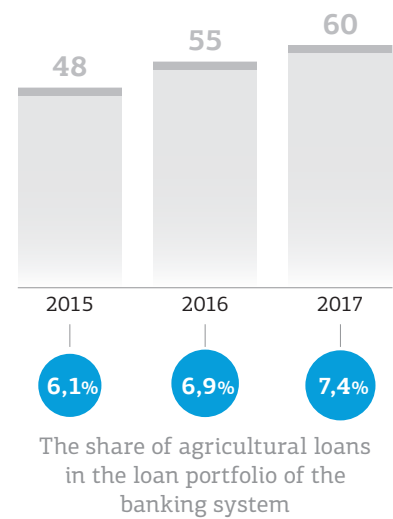
Granted loans

- Over 5 years
- From 1 to 5 years
- Up to 1 year



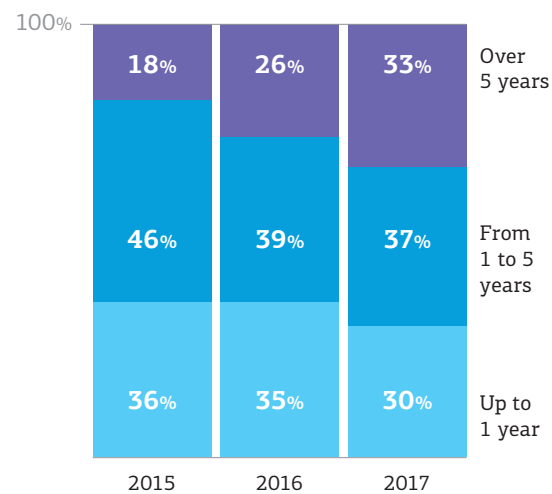
Dynamics of agricultural sector financing, bln UAH

As of the end of the year

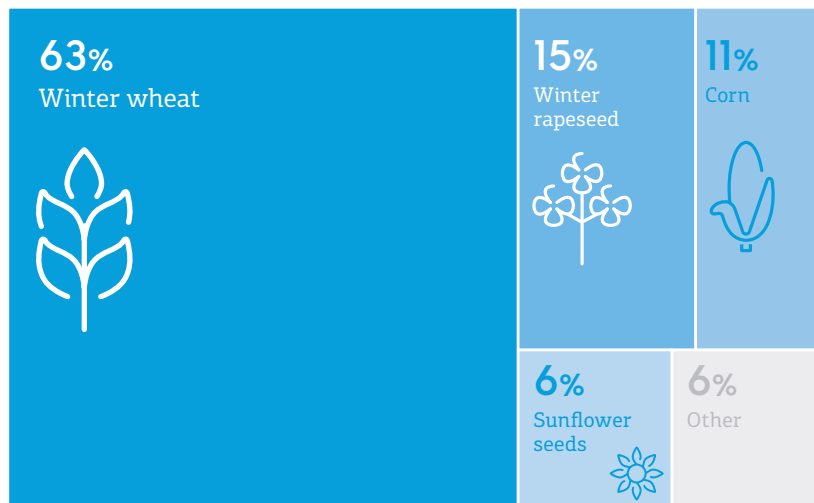


Hryvnia loan terms for agriculture, %

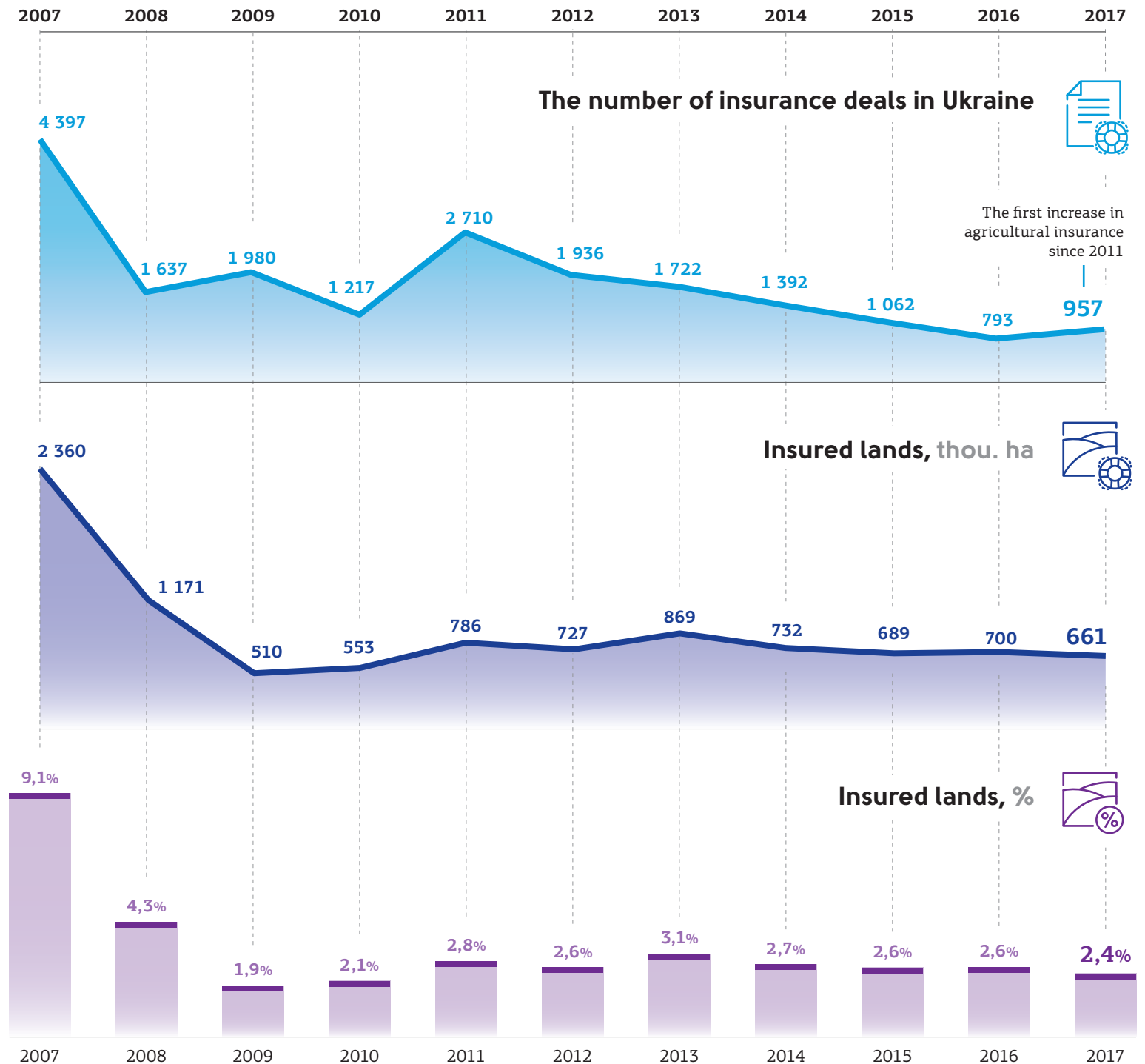
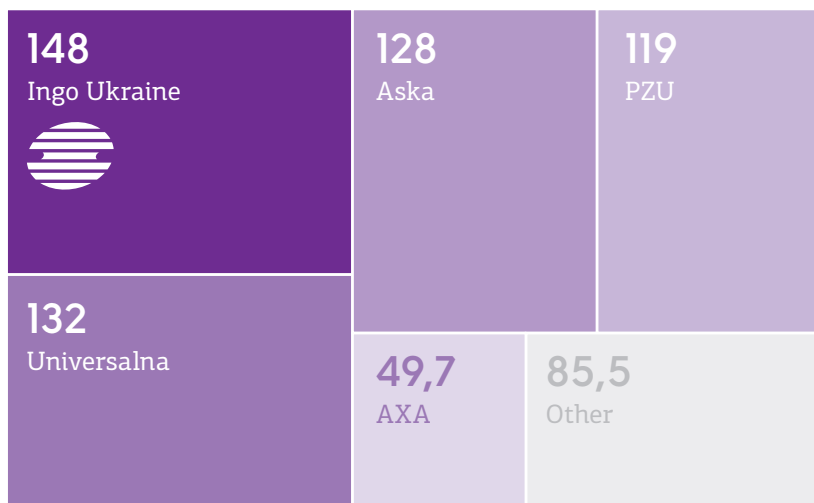
As of the end of the year



Agricultural insurance in 2017 underwriting¹ year divided by crops, %



Leaders in agricultural insurance in 2017 underwriting¹ year, thou. ha

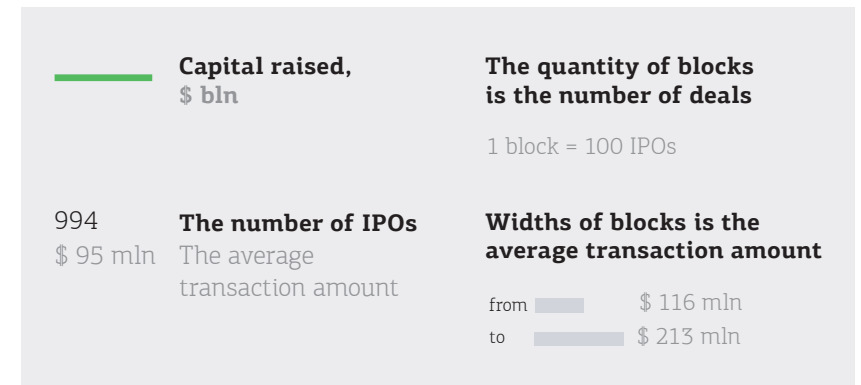
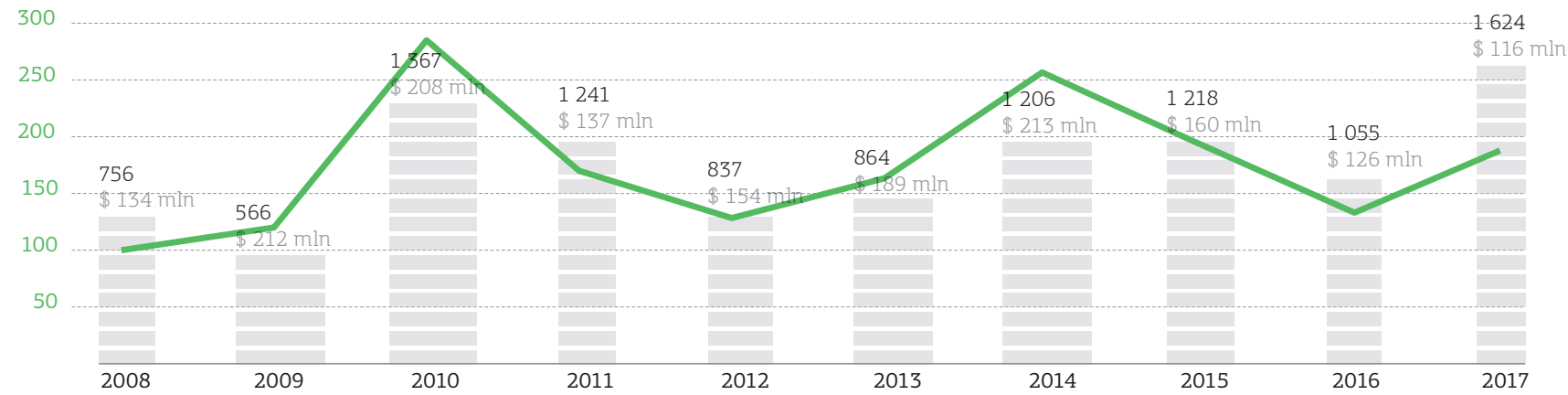


Source: International Finance Corporation

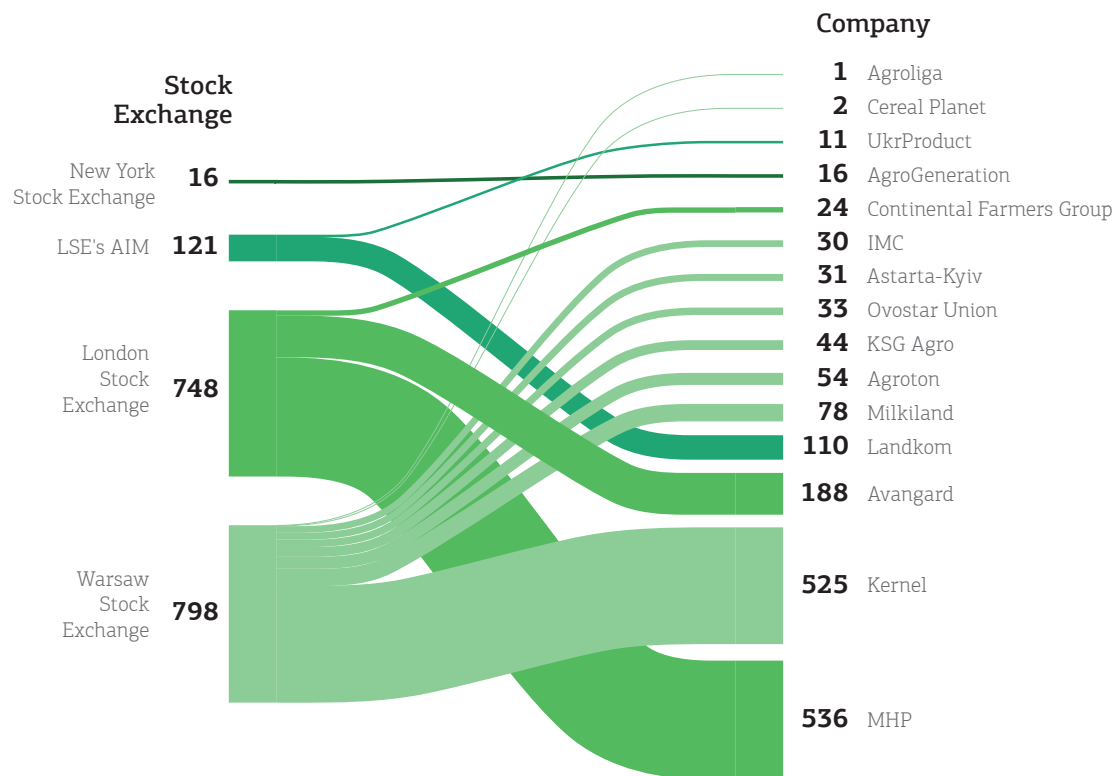
¹ Underwriting year in agricultural insurance includes 2 agricultural seasons. In this case it lasts from sowing campaign in autumn of 2016 to harvesting in 2017

Capital raised,
\$ bln

World IPO market



The volume of funds attracted, mln \$

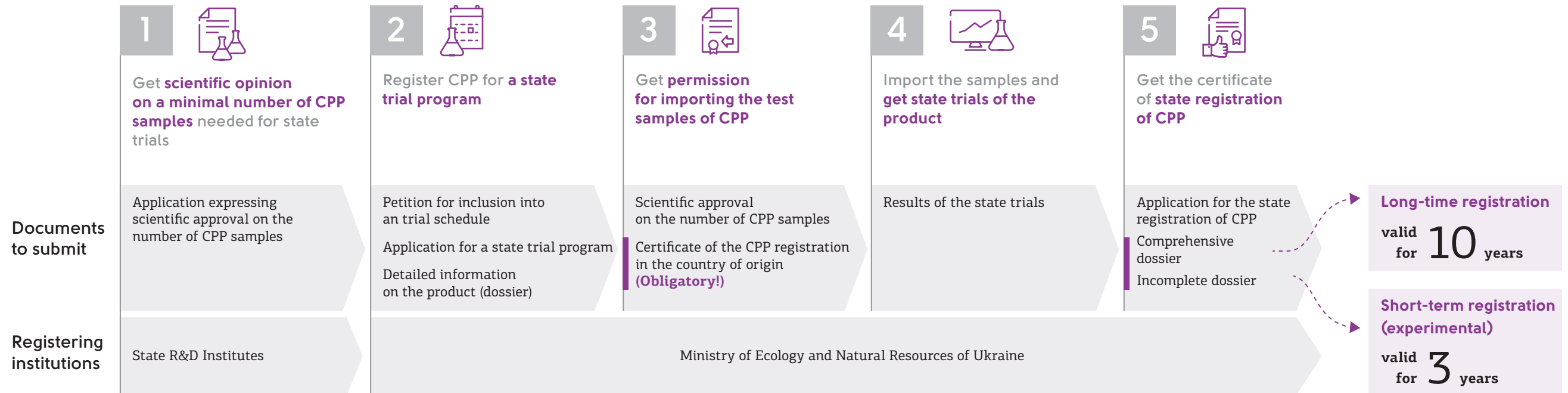


Indicators of Ukrainian agro companies listed on the Warsaw Stock Exchange

Company, in order or preparing the IPO	Capitalization, mln PLN	Prices within 52 weeks, PLN		Current price of shares, PLN (09.08.2017)	Share price changes, % per 1 year (08.2016 – 08.2017)	Share price / Income per share P/E
		Min	Max			
Astarta-Kyiv	825	32	63	33,5	-39%	7,2
Kernel	4052	46	62	49,5	-15%	10,4
Agroliga, UAH	759	11	20	14,8	-6%	—
Agroton	88	3	6	4,1	-34%	2,9
Milkiland	27	1	2	0,9	-49%	—
Ovostar Union	588	88	117	98,0	-11%	5,5
KSG Agro	15	1	3	1,0	-59%	—
IMC	413	11	14	12,5	20%	7,5
Cereal Planet, UAH	3	0	12	10,3	10%	—

	Typical security	Term	Funding projects	Funding providers	Intermediaries	Interest	Listed on exchange	Investor's title to shares of the company	Maximum amount of funding
Domestic bonds	Pledges, corporate guarantees	Long term	The company as a whole	Investors-bondholders	Underwriter (optional)	✓	✓	✗	\$ X0 000 000
Eurobonds	Pledges, corporate guarantees		The company as a whole	Investors-bondholders	Investment banks	✓	✓	✗	\$ X00 000 000
IPO	✗	Perpetual	The company as a whole	Investors-shareholders	Investment banks	✗	✓	✓	\$ X00 000 000
Bilateral Loans	Pledge, mortgage, rights of claim, guarantee	Any	Trading operations, investment projects	Bank	✗	✓	✗	Possible in case of foreclosure	\$ X0 000 000
Syndicated loans	Pledge, mortgage, rights of claim, guarantee		Trading operations, investment projects	The group of banks	Bank-agent	✓	✗	Possible in case of foreclosure	\$ X00 000 000
Export lending	Pledge, mortgage, guarantee, export insurance by credit agencies		Production equipment, machinery, goods	Exporting contractors	Export-credit agency	✓	✗	✗	\$ X0 000 000
Commercial loans	Guarantee	Short term	Production equipment, machinery, goods	Exporting contractors or domestic suppliers	Bank	✗	✗	✗	\$ X0 000 000
Warehouse certificates	Commodity		Commodity	Buyer-trader, bank	✗	Depending on the structure of the agreement	✗	✗	\$ X0 000 000
Agrarian receipts	Further yield		Further yield	Buyer-trader, bank	✗	Depending on the structure of the agreement	✗	✗	\$ X 000 000
Bills of exchange	Surety for a bill		Production equipment, machinery, goods	Counterparties, domestic suppliers	Bank	✓	✗	✗	\$ X 000 000
Leasing	Pledge		Production equipment, machinery	Leasing company	Leasing company	✓	✗	✗	\$ X 000 000
Trade finance	Cash cover, pledge		Production equipment, machinery, goods	Banks	Bank	✗	✗	✗	\$ X0 000 000

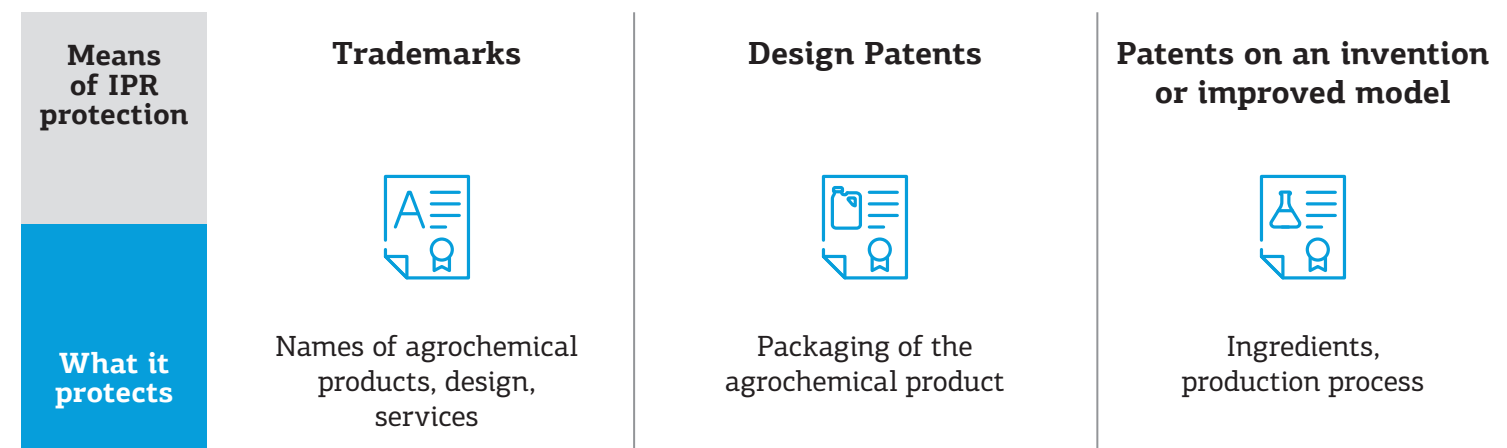
How to get on a state trial program and register your crop protection product (CPP)



Why are intellectual property rights important?

- Protect your brand from intellectual property theft
- Protect your technologies
- Help to monetize your product

How to protect intellectual property rights in agriculture



Changes in the charter

- ▶ **Mandatory provisions:**
 - LLC name
 - governing bodies and their competence
 - procedure of joining and exit from LLC
- ▶ **Not mandatory:**
 - the share capital amount
 - name of participants
 - their shares
- ▶ **The State Register** is now the only source of information about the LLC



Share capital

- ▶ **The Law does not establish a minimum threshold**
Can be 1 UAH

Number of participants

- ▶ **The number of participants** is not limited
- ▶ **Required % of votes to make a decision at a general meeting** is calculated based on the total share of all participants of LLC



LLC’s transactions

- ▶ **Tailor-made rules** for entering into material and related-party transactions
- ▶ **Criteria for such transactions** and procedures for their approval may be established at the discretion of participants in the charter



LLC’s Net Assets

- ▶ **If the value of net assets of LLC has decreased for more than 50%** compared to the previous year, the executive body shall call general meeting
- ▶ **It is not required to adjust** the value of LLC’s net assets to the amount of share capital
- ▶ **The amount of LLC’s net assets** is a criterion to determine whether a certain contract is material and requires approval of general meeting



Regulation of LLC’s management

- ▶ **The director and members of the supervisory board** may act on the basis of a labor or civil law contract
- ▶ **Non-compete rules for LLC’s management.**
- ▶ **Officials should act in good faith** and reasonably in the interest of LLC



2275-VIII

Became effective on June 17 2018

The procedure of exit of an LLC’s participant

- ▶ **Participant that holds less than 50%** of LLC’s shares may exit from LLC without consent of other participants
- ▶ **Participant with a larger share** requires consent of other participants to exit from LLC
- ▶ **Participant may not exit LLC if no participants will be left**
- ▶ **Participant that exits** is entitled to receive the value of the paid shares determined at the market value
- ▶ **The date of exit** is determined as a date of the relevant entry in the State Register



Prevention of hostile takeovers

- ▶ **No need to convene general meeting to reflect the change of participants**
- ▶ **Change of LLC’s participants** is done by making the respective entry in the State Register
- ▶ **No quasi-judicial control of the notary over shares disposal**
- ▶ **The participant may use share transfer instrument** to register the change of participant with the State Register
- ▶ **Instead of certifying agreement by notary,** it is possible now to certify a share transfer instrument or certify the signature on the shares purchase agreement



Exclusion of a participant

- ▶ **Impossible,** except for two cases on the basis of a decision of the general meeting
- ▶ **First:** if the participant did not make a contribution to share capital in time
- ▶ **Second:** if the heir of the participant that holds less than 50% of shares did not make an application to enter into LLC within one year after the term of the acceptance of inheritance had expired
- ▶ **Excluded participants** are entitled to receive the value of their paid shares determined at the market value



Corporate agreement

- ▶ **LLC participants** may enter into shareholders agreement (SHA) which establishes the procedure for exercise of rights and powers by the participants
- ▶ **Participants do not need to notify LLC** about the existence of an SHA, unless they agreed otherwise
- ▶ **The participants may issue an irrevocable power of attorney** if required under an SHA



- ▶ **If LLC enters into a commercial contract in breach of an SHA,** such contract is void, provided that other party knew or should have known about such breach
- ▶ **The breach of an SHA** shall have result in payment of damages or fine but not in declaration of LLC’s resolution as null and void

PLANNING AND DESIGN

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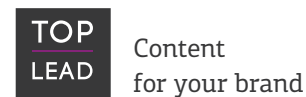
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