



"We have created the most successful state-owned agrarian company.

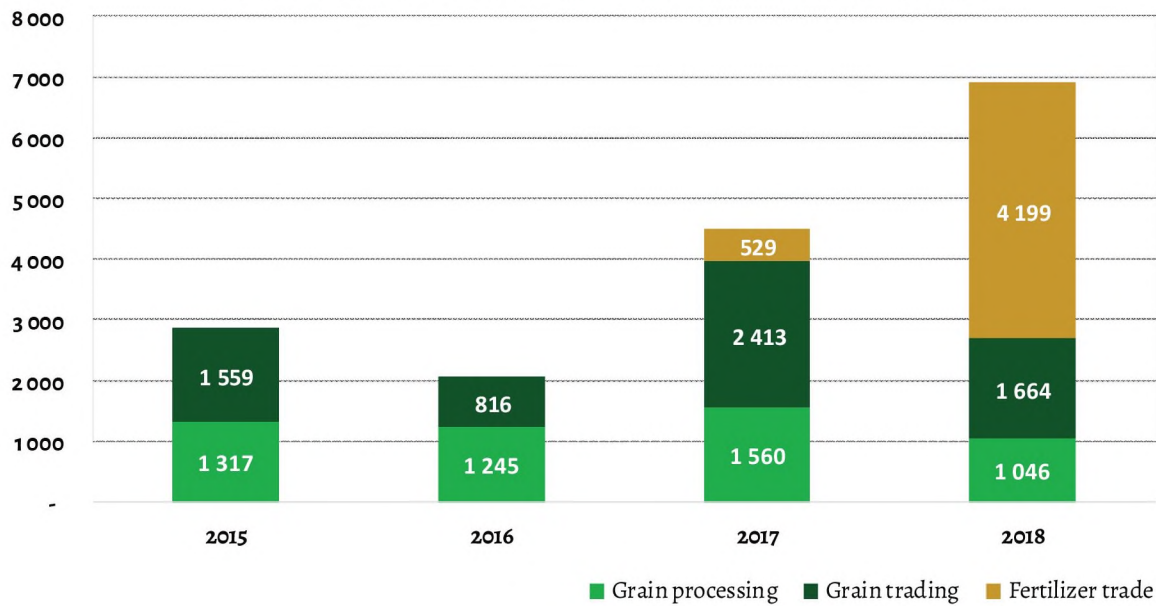
We are very pleased with accomplishments of our team, and I know the government is also satisfied."

A handwritten signature in blue ink, appearing to be 'A. Radchenko'.

Andriy Radchenko
AGRARIAN FUND BOARD CHAIRMAN



REVENUE BY SEGMENTS OF PJSC AGRARIAN FUND (MLN UAH)



Agrarian Fund's income over the last three years has increased from UAH 2.1 billion to UAH 6.9 billion, that is, by 230%. Despite extremely an unfavorable starting position in 2015, Agrarian Fund today is among Ukraine's top 100 taxpayers and among the country's most profitable state enterprises, accumulating UAH 211 million in dividends from 2016 to 2018.

Over the past three years, we have created Ukraine's most successful state-owned agricultural company. Judge for yourself.

Y2018 FINANCIAL RESULTS

In 2018, we met out our financial target by 101%. In figures, that's UAH 147 million in net profits against the planned UAH 146 million. This can now be distributed among shareholders, respectively. That means payment of dividends in favor of the state.

We do not yet know how much, either 50% or 75%. The Finance Ministry and Cabinet of Ministers will determine this. We are waiting for instructions from our main stakeholder. Fulfilling our financial plan for profits does not mean that we are completely satisfied with the results of the year.

We had planned to increase working capital and, accordingly, the company's income by much more significant amounts. Firstly, through the issuance of corporate bonds for UAH 5 billion, and secondly, by attracting UAH 3 billion, instead of UAH 2.5 billion in bank loans.

If we had been able to attract the funds (Agrarian Fund assets as of the end of 2018 amounted to UAH

8.8 billion), then the result could be much better. However, even without issuing bonds, we have something to be proud of. In comparison with last year, the growth of profits increased 50%. And this is with an effective rate of attracted capital at 26%. We also ended the year with other achievements, including successes in the fight against corruption and theft within the company.

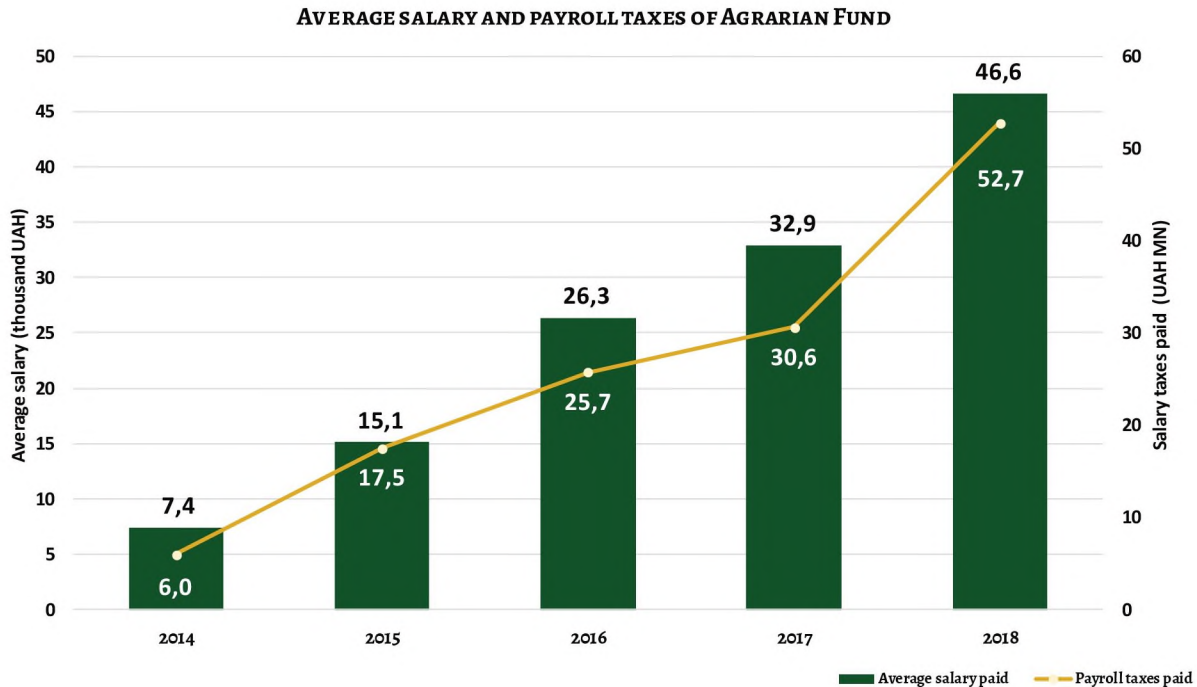
According to the results of 2018, the average salary of Agrarian Fund employees increased to UAH 46,600.

This is 6.5 times more than the average income of agricultural workers (UAH 7,100, according to the State Statistics Service of Ukraine). Maintaining high social standards is a necessary component of managing a state-owned company, reflected in such financial indicators as revenue, which has increased by 56% over the last year.



Thus, as a result of attracting the best personnel and their financial motivation, Agrarian Fund managed to achieve the lowest in the field of technical losses of grain - only 0.1%.

For other traders this indicator is not lower than 5-7%. We take care of our employees, who, in turn work hard and are loyal to the company.



Despite the high growth rates of revenue (+ 57%) and profit (+ 55%) temporarily we are dealing with quite low margin due to the high cost of money. Return on equity is 2.6% while effective rate of loans received in previous year was 26%. It reflects dynamics of market rates during reported period, which include nominal interest rate (22%), plus all commissions, cost of registration of collateral and insurance.

At the same time, if we proceed from the plane of public, rather than corporate, finance, we attract debt capital exclusively from state-owned banks, that is, from an overflow of revenues within the state.

At the same time, it would be much easier for us, since the authorized capital is unsecured. But in any case, interest payments are extremely high. I think it is important to clarify that the UAH 5 billion of government bonds, which form our statutory fund, is, of course, serviced by the Finance Ministry. But with all the calculations and approval of the financial plan of the Agrarian Fund, the government always indirectly sets 14.25% interest rates for our dividend obligations.

In 2014 our company suffered loss of UAH 2.4 billion of deposits in the liquidated BrokBiznesBank, which forced management to form reserves. As of 2017, the uncovered loss was remained UAH 1.5 billion UAH.

These facts explain the low profitability of growing assets.

95% of the assets of Agrarian Fund are current assets. We store grain in warehouses, as well as goods, primarily mineral fertilizers. The difficulty here is that we are working with forward programs: we make an advance payment and take a future crop as a guarantee. But banks, unfortunately, do not accept this as collateral. In the regulatory documents of the National Bank of Ukraine (NBU), of course, it is indicated that biological assets can be a pledge.

But banks are afraid because of the risk of receiving a requirement from the regulator to form additional reserves due to such a guarantee. Abandoning forward programs means abandoning the support of farmers. When farmers need working capital in difficult times, they have to give up guaranteed contracts for the supply of grain and to settle for more solid forms of collateral.

We asked the NBU for a new tool to ease the flow of money from the financial to the agricultural sector, seeking permission for banks to accept forward contracts for the supply of grain as collateral. But our discussion has so been inconclusive, and we are working within the existing framework.



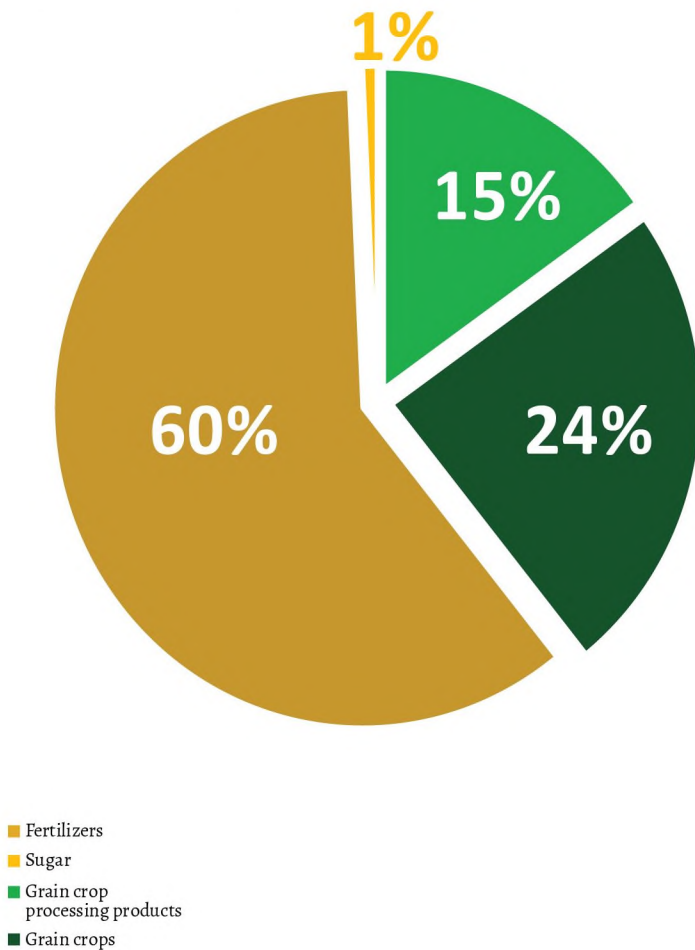
FLEXIBILITY OF OPERATING MODEL

The fact that 95% of assets are working capital provides for a very wide range of areas and activities. If earlier we supported producers who grow food grain and are engaged in small and medium-sized wholesale trade of flour, now we trade in mineral

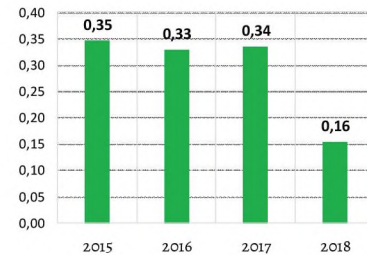
fertilizers, providing farmers with a comprehensive product. We can sell both fertilizers and grain. It turned out to be profitable for farmers. It is beneficial for us because of a higher margin.

KEY FINANCIALS, MLN \$	2015	2016	2017	2018
Gross profit	28,9%	23,6%	16,6%	8,2%
Net income margin	14,3%	11,4%	2,7%	0,7%
Revenue	132	81	169	254
Grain crop processing products	60,3	48,7	58,7	38,5
Grain crops	71,3	31,9	90,7	61,2
Fertilizers	–	–	16,9	152,6
Sugar	–	–	3,0	1,8
Services	–	0,0	–	–

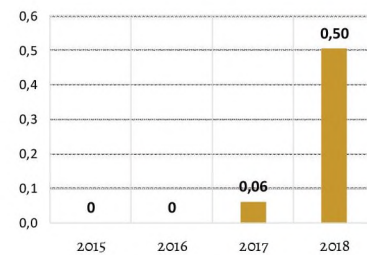
REVENUE BREAKDOWN IN 2018



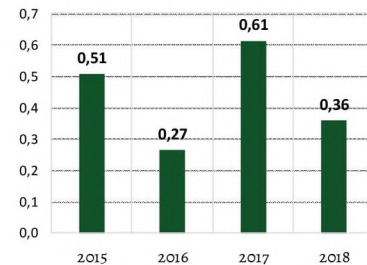
GRAIN PROCESSING, MLN TONNES



FERTILIZER TRADE, MLN TONNES



GRAIN TRADING, MLN TONNES



This year we made a decision whether to leave the flour market or to stay. Our presence in the flour market will continue: we continue to work with chains, shops, and distributors. Management makes sure that at every mill, wherever we send grain to be milled, the quality of Ukraine State Standards is maintained.

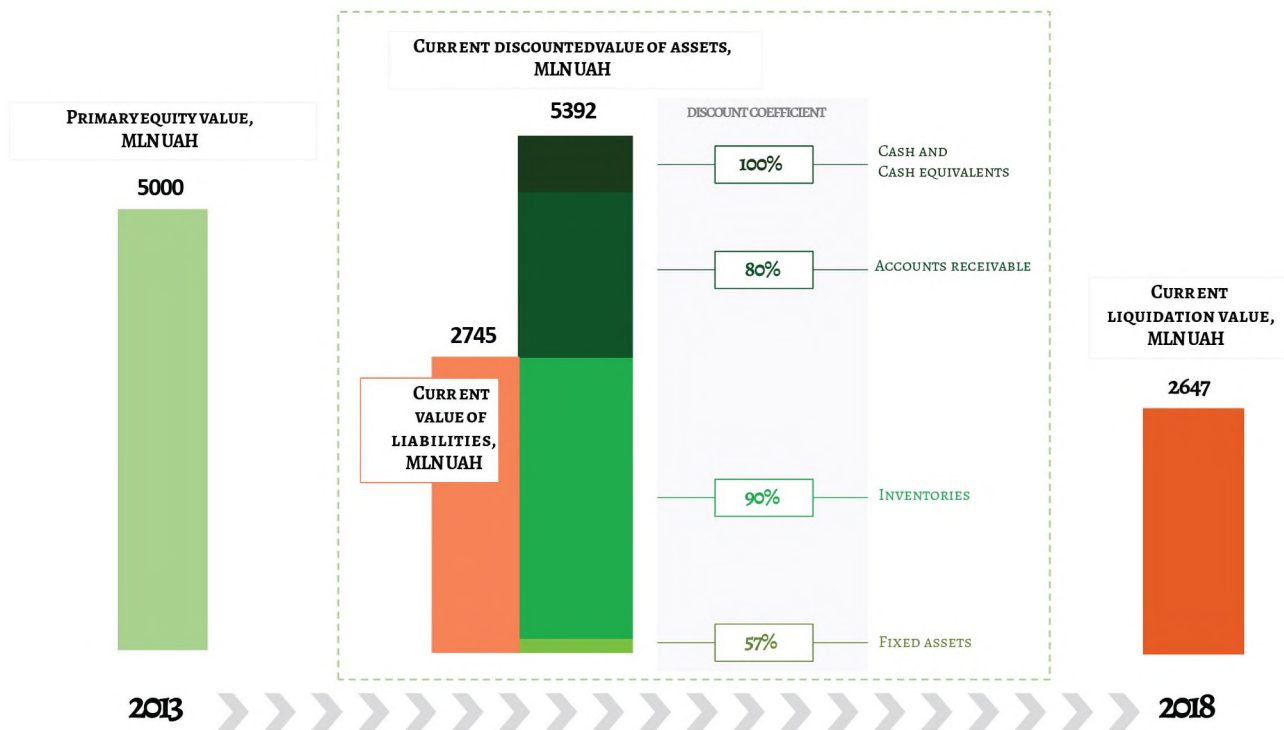
Therefore, when talking about the quality of the Agrofund, you need to understand that the flour is produced at third-party enterprises. Our management makes sure that the product meets state standards. No need to try to increase the margin by deceiving the buyer, adding low-quality grain there.



SCENARIOS OF AGRARIAN FUND FUTURE

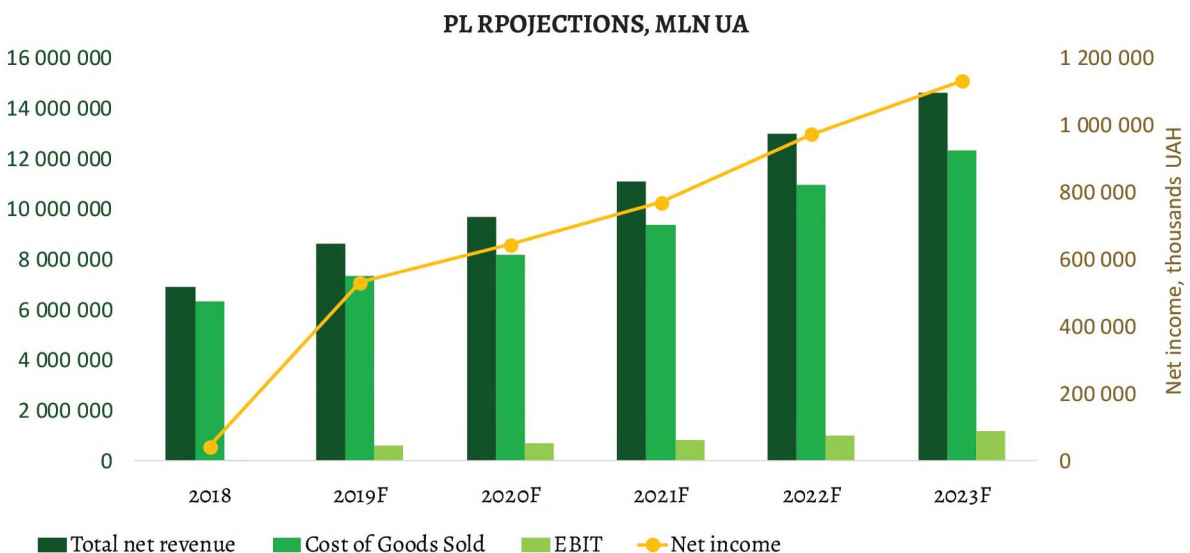
We considered three scenarios for the enterprise's future operation: liquidation, privatization and concession.

1. LIQUIDATION



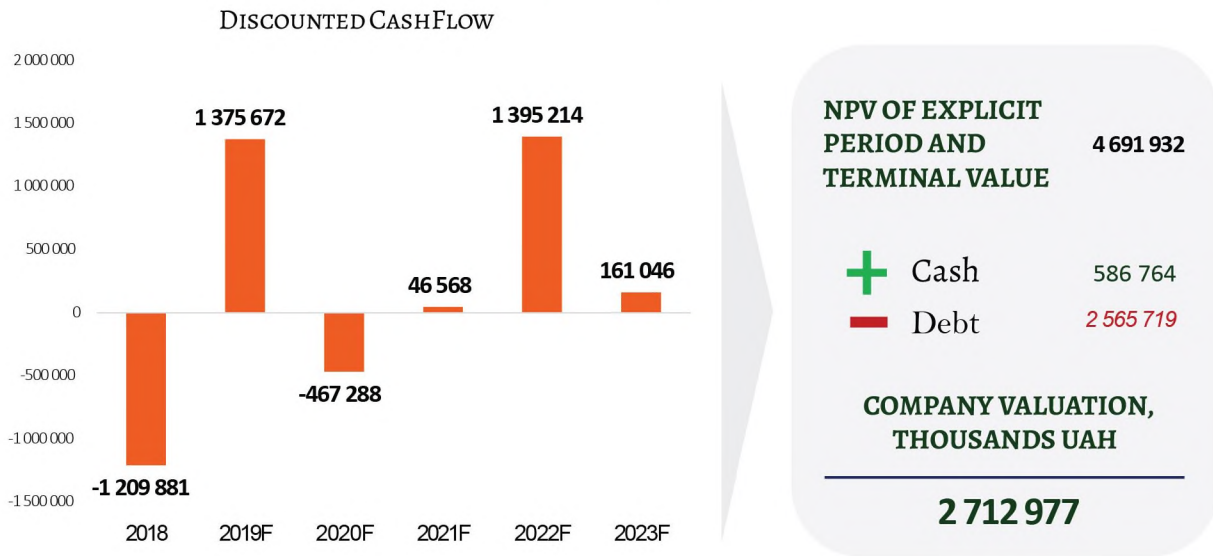
As of 31 December 2017, the book value of the company's assets amounted to UAH 5.39 billion, and the value of liabilities UAH 2.75 billion. Based on the abovementioned data, the value of the net asset of the company equals UAH 2.65 billion.

2. PRIVATIZATION





PL PROJECTIONS, MLN UA



Privatization is important issue for Agrarian Fund as a state-owned company. Six months ago, we were on the list and provided all the necessary documentation on this subject. But we are a company almost without fixed assets - only an office. Everything else is working capital.

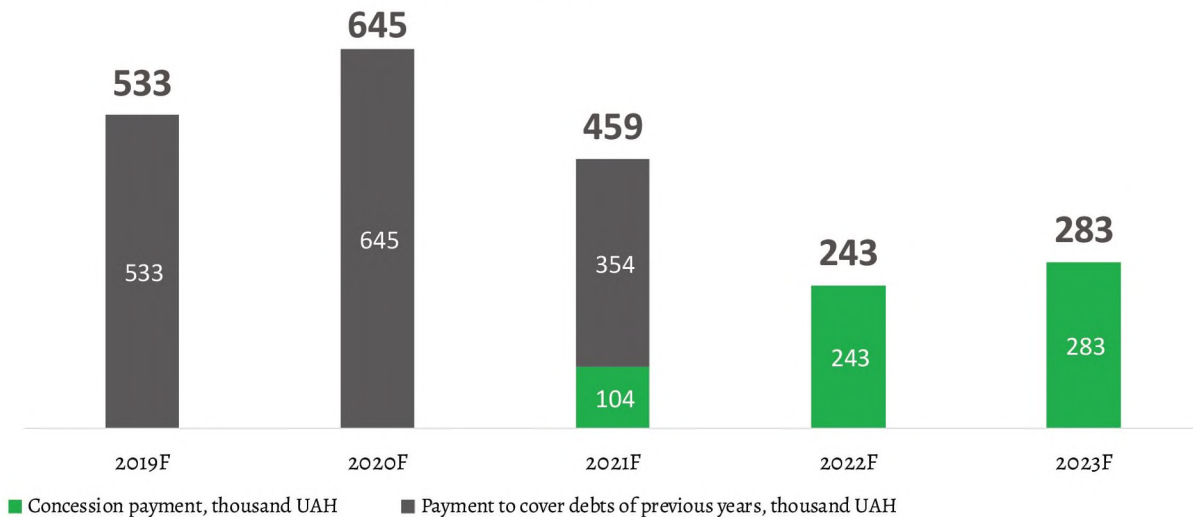
The main approach, which was chosen to estimate the purchase price of 100% stake of Agrarian Fund, was the income approach, represented by the discounted cash flow model (DCF).

According to base scenario calculation, company's valuation will be equal UAH 2.7 billion.

3. CONCESSION

A concession of the enterprise and its transfer to management in the form in which it is necessary for the management or management structure to pay taxes to the state in a certain form. You pay to the state and manage the company.

EARNINGS OF STATE BUDGET UNDER CONCESSION



In next 3 years of concession, Agrarian Fund will cover debts of previous years and then it will be generating increasing cash flow from concession payments.



MINERAL FERTILIZERS – SUCCESS OF AGRARIAN FUND IN NEW MARKET

The agricultural fund is primarily engaged in trading activities, we carefully analyze the various areas of the agricultural market and after entering the mineral fertilizer market, we realized that this market is very promising, so in 2018 we increased the sale of fertilizers by 720%. And the calculations did not disappoint us - the company's profit in this

direction showed 55% growth, and our profitability in this part of our operating activities is 47%. In addition, Agrarian Fund successfully competes with Russian illegal traffic of fertilizers as a result of forward program – it provides fertilizers to farmers in exchange for equivalent future harvest.

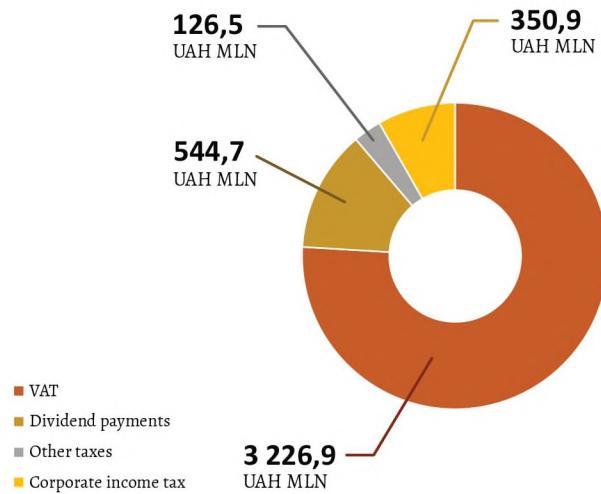
STATE-OWNED ENTERPRISES CAN BE EFFECTIVE

1. *During 2015-2018, Agrarian Fund cumulatively paid over UAH 4.2 billion to the budget, in particular UAH 3.2 billion of value added tax, UAH 545 million of dividends, UAH 351 million of income tax and UAH 127 million of other taxes and fiscal charges*

STATE-OWNED ENTERPRISES CAN BE EFFECTIVE

UAH
4,2
BILLION
Total payments Agrarian Fund to 2015-2018 budget

TOTAL PAYMENTS OF AGRARIAN FUND TO BUDGET DURING 2015-2018 AMOUNTED TO UAH 4.2 BILLION



2. *According to the results of 2018, the average salary of Agrarian Fund employees increased to UAH 46.6 thousand*

managing a state-owned company, reflected in such financial indicators as revenue, which has increased by 56% over the last year.

This is 6.5 times more than the average income of agricultural workers (UAH 7,100, according to the State Statistics Service of Ukraine). Maintaining high social standards is a necessary component of

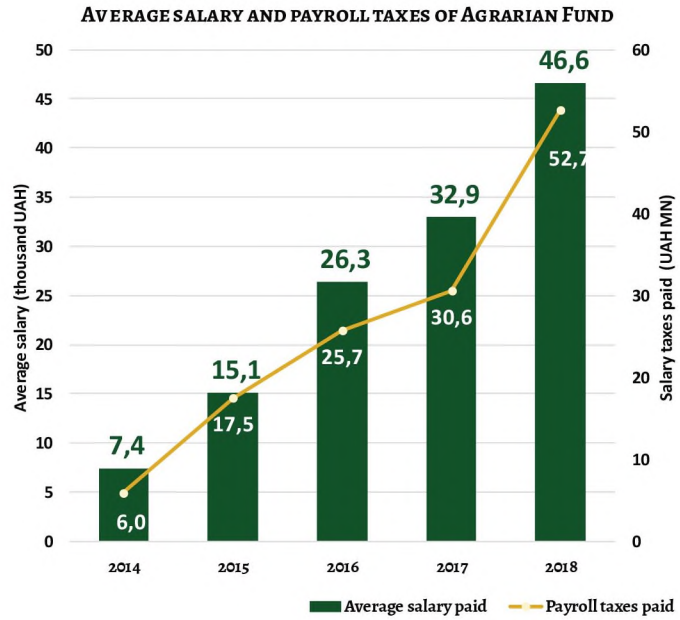
Thus, as a result of attracting the best personnel and their financial motivation, Agrarian Fund managed to achieve the lowest in the field of technical losses of grain - only 0.1%.



STATE-OWNED
ENTERPRISES
CAN BE
EFFECTIVE UAH

46,6
THOUSAND

46,600 UAH
Average wage of worker
at Agrarian Fund in 2018



3. Assets growth of Agrarian Fund in 2018 was 25%

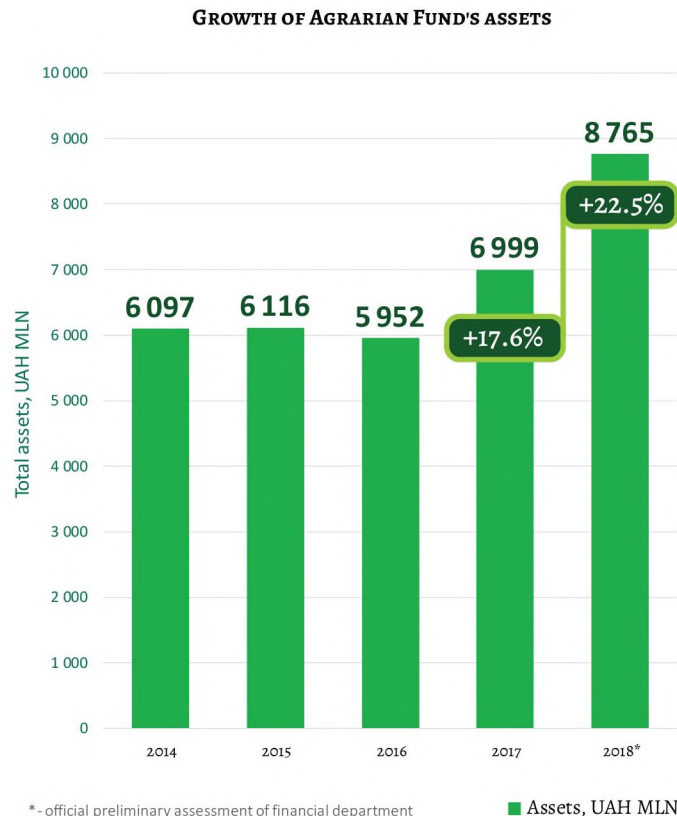
According to the results of 2018, the total assets of Agrarian Fund increased by 25.2%. This is 7.6% higher than in 2017. Cumulatively, over the years 2017-2018, the assets of Agrarian Fund increased by UAH 2.9 billion, - from UAH 5.9 billion to the current

UAH 8.8 billion, or by 49.2%. These growth rates of assets enable Agrarian Fund to actively expand its activity, which resulted in the launch of the project on the sale of mineral fertilizers in 2017. In turn, the prevailing of working capital (up to 95% of total assets) allows the management of the company to respond promptly to the needs of farmers and to maximize profitability.

STATE-OWNED
ENTERPRISES
CAN BE
EFFECTIVE

+25,2%

Asset growth
Agrarian Fund
for 2018





4. During 2017-2018, Agrarian Fund showed a 123% increase in resource productivity

This indicator characterizes the return on assets available in management and is one of the main indicators of management effectiveness. Resource is calculated as the ratio of net income from the sale of an enterprise's products to its assets.

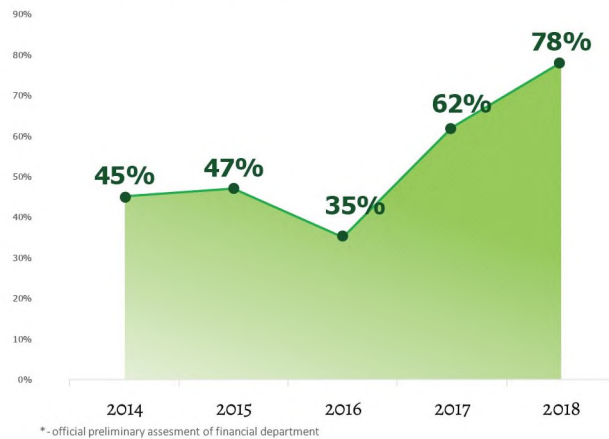
STATE-OWNED
ENTERPRISES
CAN BE
EFFECTIVE

+123%

+123% Growth of Agrarian Fund's income generating assets for 2017-2018

The comprehensive improvement of the operational strategy of Agrarian Fund has allowed to increase sales to assets ratio from 35% in 2016 to 78% in 2018, or by 123% in 2 years. Thus, thanks to improvements in the management system over the last two years, each unit of assets has started to generate 2.23 times more net income from sales than it did two years ago.

AGRARIAN FUND - NET PROFIT TO ASSETS RATIO SINCE 2016 CONTINUES STABLE GROWTH



5. PJSC "Agrarian Fund" net income increased by 57% to UAH 6.9 billion in 2018

In particular:

- realization of grain provided UAH 1.7 billion or 24% of income;
- realization of processed products (cereals and flour) provided UAH 1 billion or 15% of income;
- realization of mineral fertilizers provided UAH 4.2 billion or 61% of income

Recall that in order to increase the support of domestic agricultural producers in 2018, Agrarian Fund significantly increased the direction of forward provision of agrarians with mineral fertilizers in exchange for the future harvest.

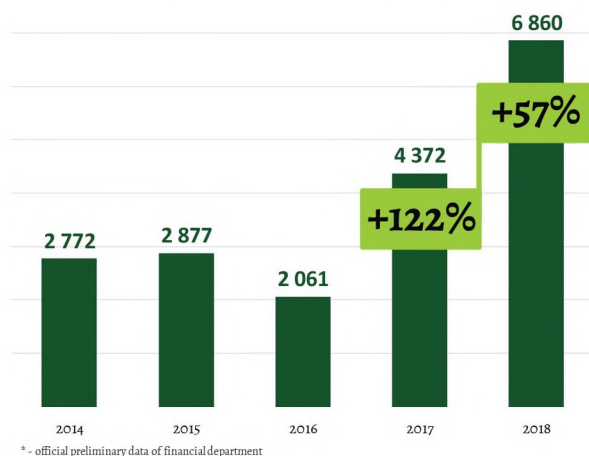
Thus, in 2018, the Company purchased 518.8 thousand tons of mineral fertilizers with a total value of UAH 4.25 billion, of which 504.5 thousand tons were sold during 2018. This is 8.2 times more than the sales volume of this product in 2017.

STATE-OWNED
ENTERPRISES
CAN BE
EFFECTIVE

6,9
BILLION

UAH 6.9 BLN
Agrarian Fund
Net income

AGRARIAN FUND INCOME (UAH MLN)





5. During 2018, Agrarian Fund has cumulatively paid over UAH 1.63 billion to the budget, in particular UAH 1.5 billion of value added tax, UAH 71 million of dividends, UAH 8 million of income tax and UAH 52 million of other taxes and fiscal charges.

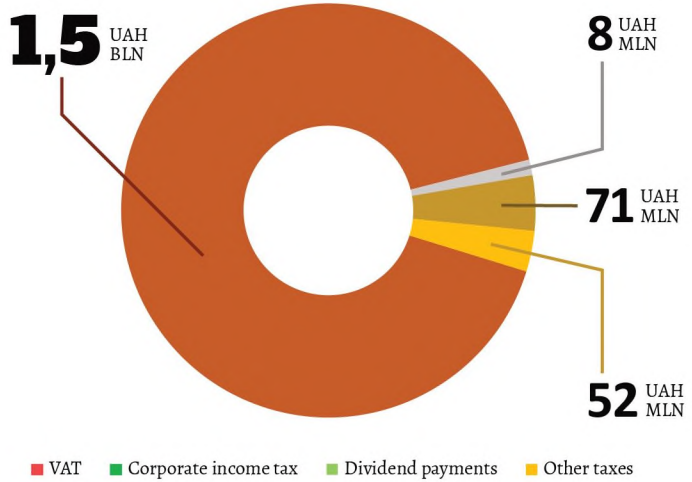
STATE-OWNED
ENTERPRISES
CAN BE
EFFECTIVE

UAH

1,63
BILLION

UAH 1.63 billion
Total payments
to 2018 budget

TOTAL PAYMENTS TO BUDGET IN 2018
WAS 1,6 BILLIONS OF UAH



AGRARIAN FUND
PUBLIC JOINT STOCK COMPANY



Ukraine's share in world corn export

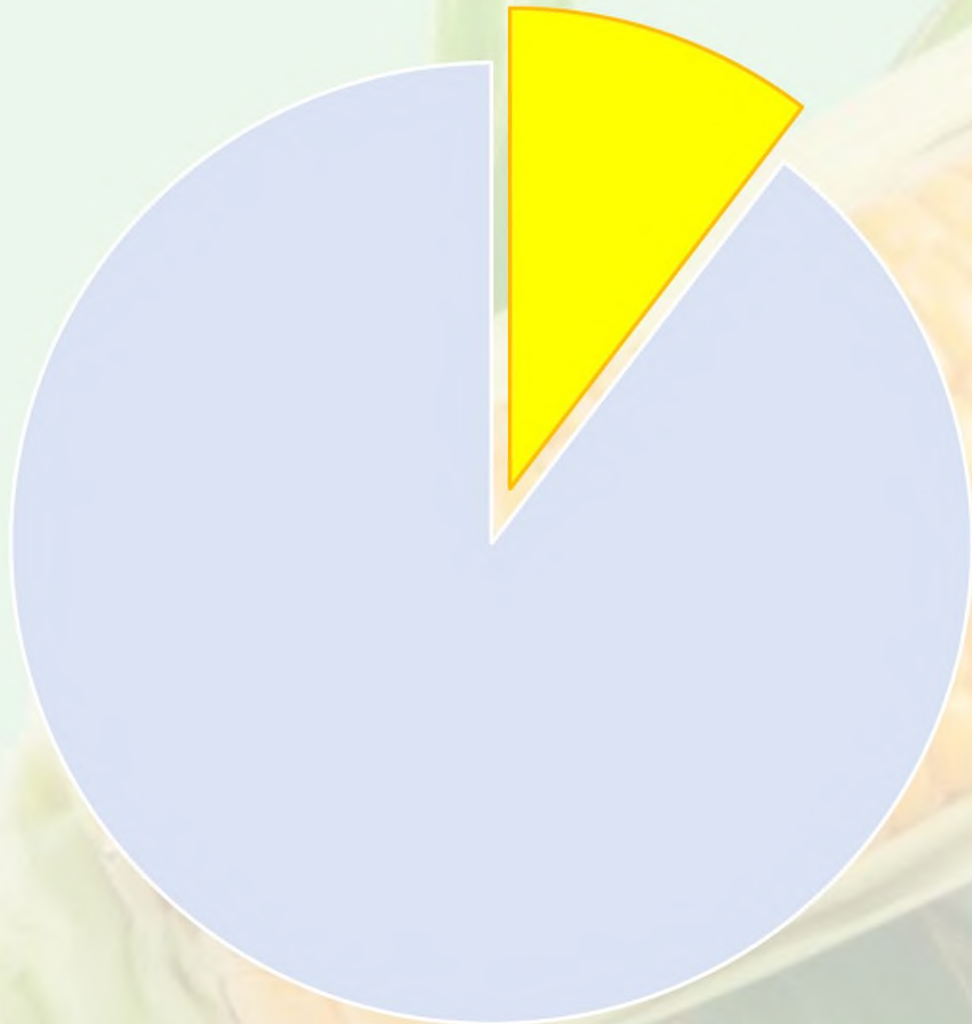
№4

Market share

10,4 %

\$3.5 billion

21,4 million tons



Ukraine's share in world wheat export

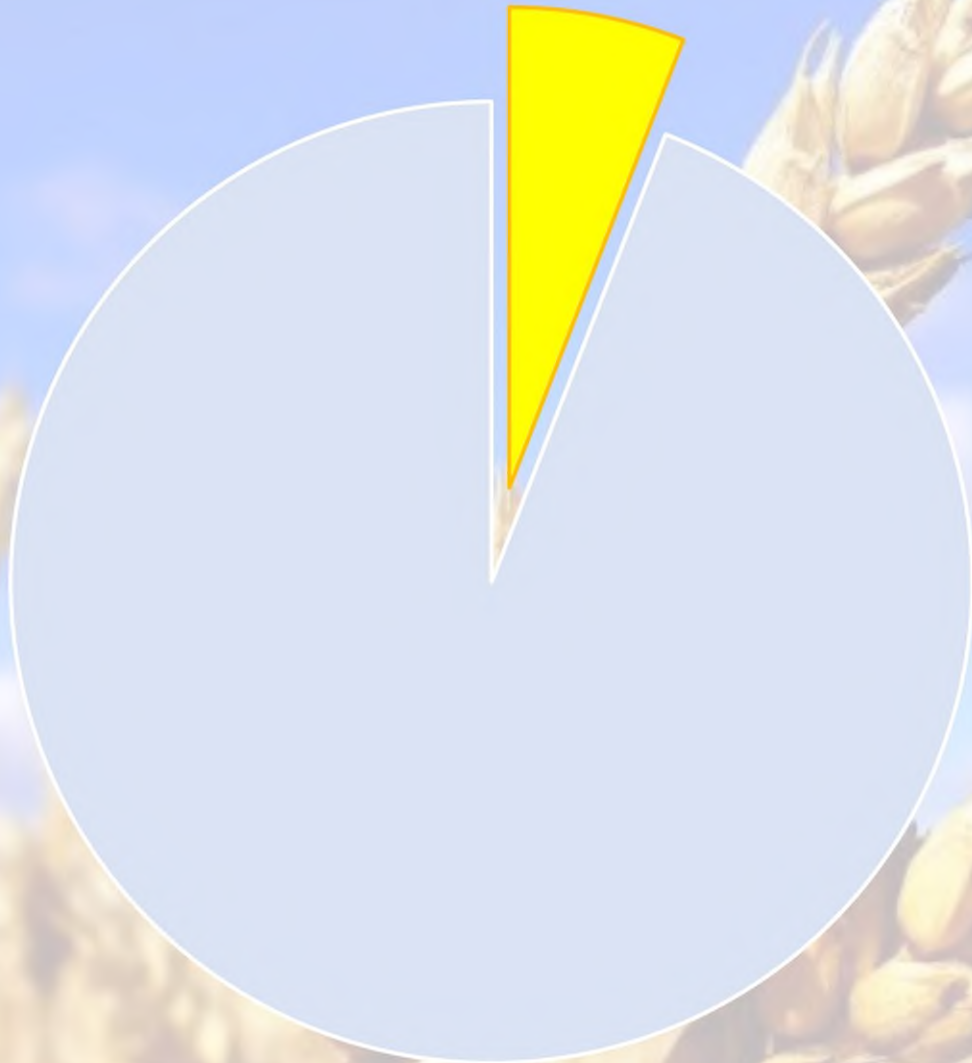
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Market share

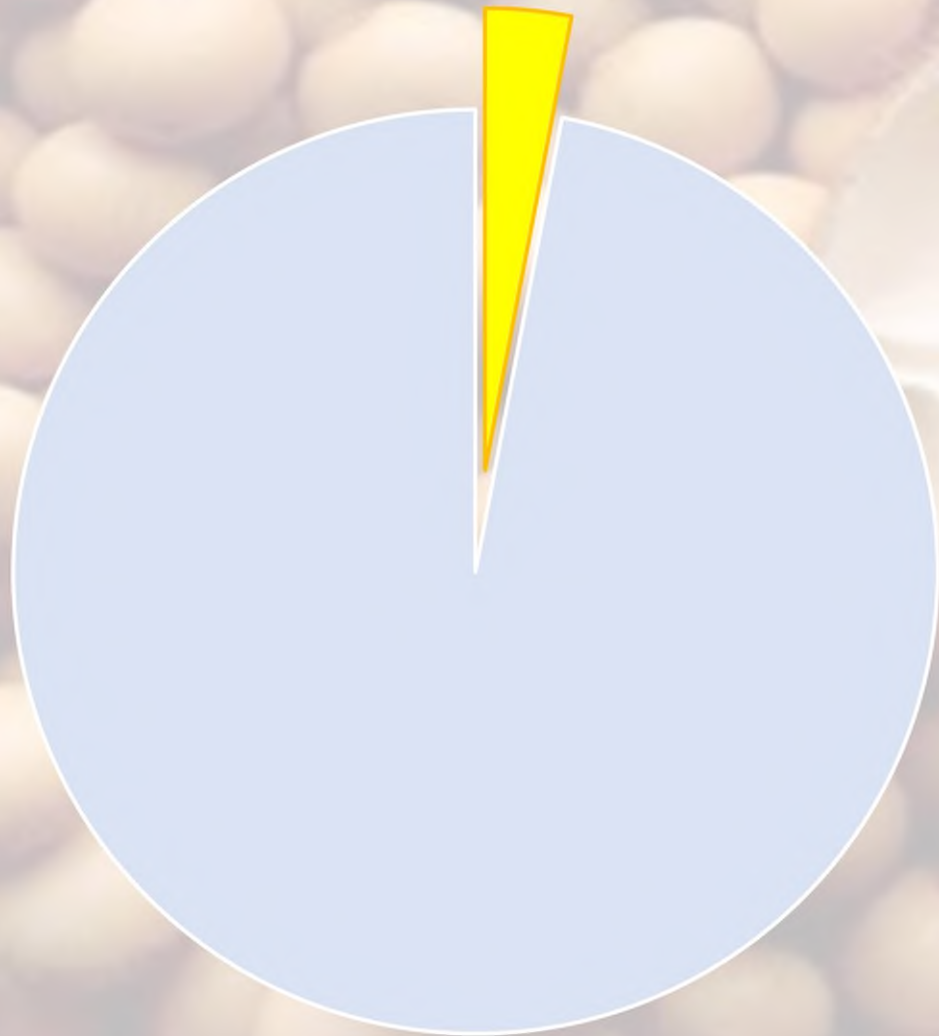
5,9 %

\$2.4 billion

13,1 million tons



Ukraine's share in world exports of soybeans



№6

Market share

1,4 %

\$831.5 million

2,2 million tons

Ukraine's share in world barley exports

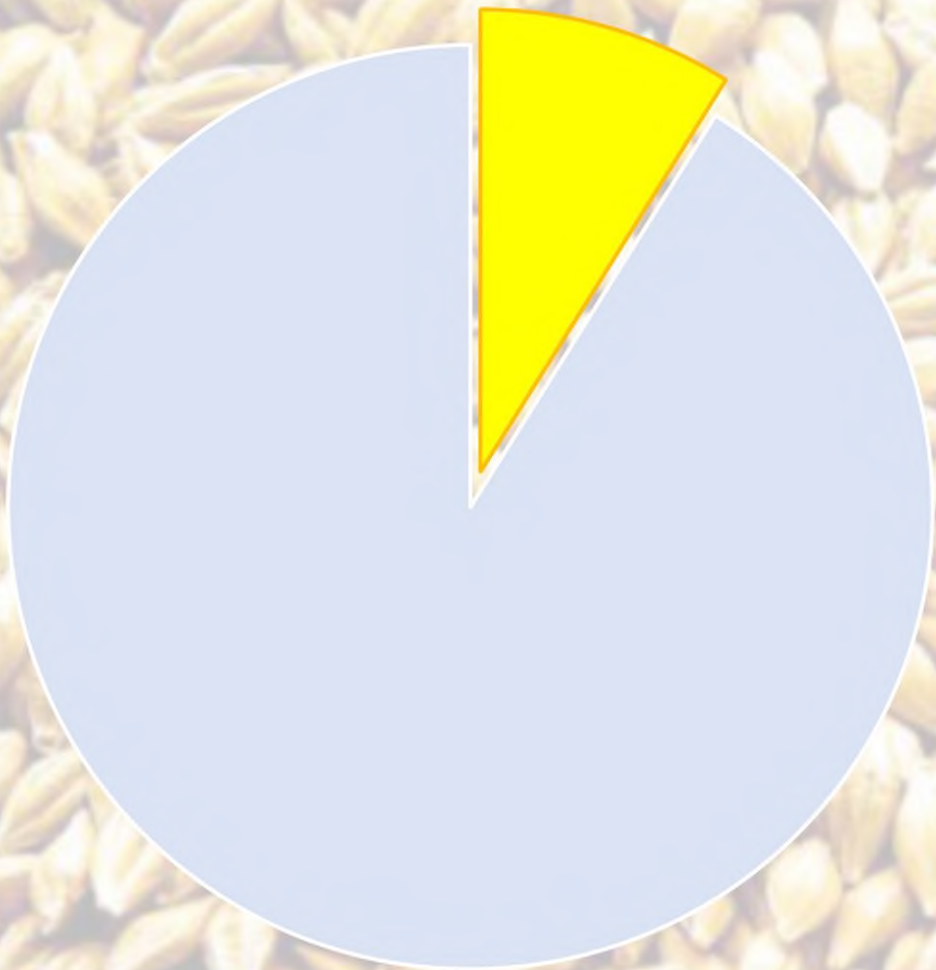
№4

Market share

8,9 %

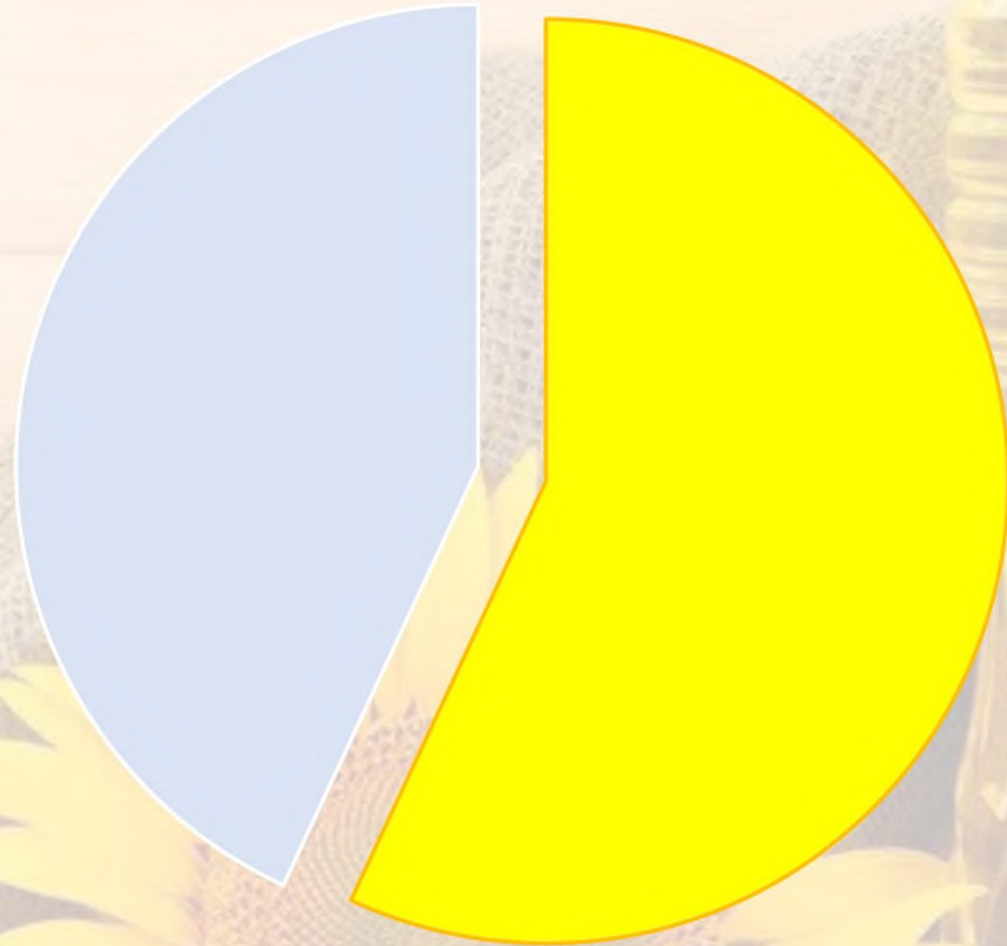
\$681.9 million

3,6 million tons



Ukraine's share in world export of sunflower oil

№1



Market share

49,2 %

\$4,1 billion

5,6 million tons