

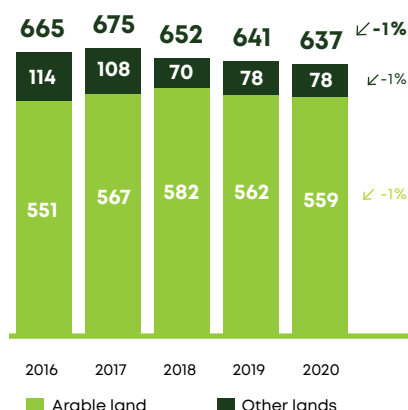
RUSAGRO'S RESULTS IN 2020

BUSINESS OVERVIEW

In 2020, the total farming area of lands under Rusagro's management by the end of the year amounted to 637 thousand hectares, showing a decrease of 1%, resulting from the disposal of 4 thousand hectares due to the termination of inefficient land lease agreements.

In 2020, the aggregate storage capacity, including four elevators and five grain storage sites, totalled 997 thousand tonnes (+18%)¹. By the end of the year, the main fleet of equipment includes 1.6 thousand self-propelled agricultural vehicles and 3.8 thousand trailed implements.

Rusagro's farming land bank area,
th^s ha²



↙ -1%

559

th^s ha

area of Rusagro's
arable land in 2020



CULTIVATION AND SOWING CAMPAIGN



PROCESSING AND TOP-DRESSING



HARVESTING AND STORAGE



SALES

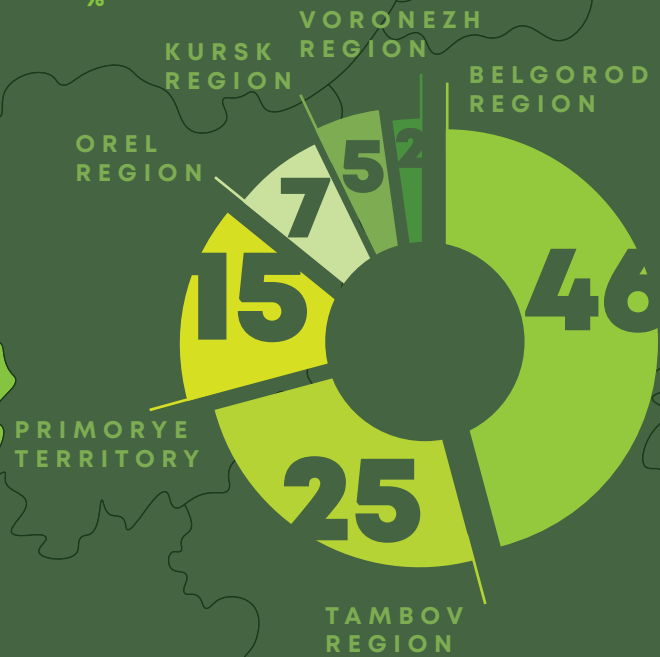
REGIONAL STRUCTURE OF ARABLE LANDS

The majority of Rusagro's agricultural lands are located in the Central Black Earth Region of Russia with highly fertile chernozem black soils. The largest arable lands are located in the Belgorod and Tambov Regions – 255 thousand hectares and 139 thousand hectares, respectively, as of end-2020. The Company's Agriculture Business manages 84 thousand hectares of arable lands in the Primorye Territory.

¹ Including leased facilities

² Land bank area in 2019 does not include 46 thousand hectares leased in Saratov Region from February to November

REGIONAL STRUCTURE
OF ARABLE LANDS IN 2020,
%



OREL
REGION

42

ths ha

KURSK
REGION

27

ths ha

BELGOROD
REGION

255

ths ha

VORONEZH
REGION

13

ths ha

TAMBOV
REGION

139

ths ha

ENVIRONMENTAL IMPACT

The production activities of Rusagro's Agriculture Business are aligned with the sustainable land use principles. So, observing the crop shifts in crop rotation and soil deacidification and adopting a system of differentiated application of mineral fertilisers help to prevent soil degradation.

For more details on the Business's environmental impact and hazard reduction measures, see **Section ESG Report on page 152.**

PRIMORYE
TERRITORY

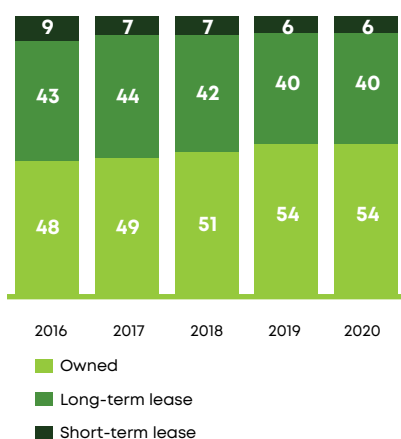
84

ths ha

LEGAL STRUCTURE OF LANDS

In accordance with the accepted strategy on establishing control over arable land and reducing lease costs, Rusagro continues to increase the areas owned. So, at the end of 2020, 54.0% of the whole land bank was already in ownership of the Company, with a year-on-year uptick of 0.5 p.p. Another 40% of all areas are under long-term lease and 5.9% – under short-term lease.

Legal structure of Rusagro's land bank, %¹



↑ 0.5 p.p.

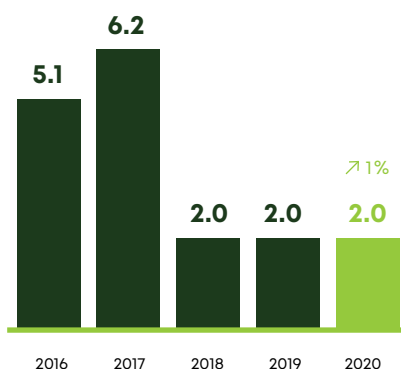
54.0%

share of agricultural lands owned by Rusagro in 2020

INVESTMENTS

In 2020, Rusagro invested RUB 2.0 billion in development and support of the Agriculture Business, staying about flat year-on-year (+1%). The bulk of the funds (62%) was directed to business development – to buy out land shares and increase the share of owned lands, as well as to provide material and technical support (facilities and equipment) to new lands. Thirty eight percent of investments were allocated to maintain the existing capacities, mainly to renovate and upgrade machinery and equipment.

Rusagro's investments in Agriculture Business, RUB bn



↑ 1%

2.0

RUB billion

Investments in the Agriculture Business in 2020

¹ Land bank area in 2019 does not include 46 thousand hectares leased in Saratov Region from February to November

AUTOMATISATION AND INNOVATIONS

In 2017–2018, Rusagro's Agriculture Business approved the concept of digitalisation of business-processes and a strategy for digital transformation of the management system for 2018–2022, with the following key objectives:

1.

Planning the Company's activities in the information system with the use of simulation and optimisation tools;

2.

Ensuring the real-time management of production operations in the information system in automatic mode with the use of optimisation tools;

3.

Ensuring the control over production steps, use of machinery, commodities and materials, financial resources in the information system in automatic mode with the use of optimisation tools.

In 2020, all business management processes were algorithm-supported, and most of the processes were automated. In 2021, digitalisation and automation entered a new stage, with the main tasks including the use of neural networks in some applications and the complete automation of some processes.



RUSAGRO AND SCHELKOVO AGROCHEM GENETIC SELECTION CENTRE

Since 2017, Rusagro has been involved, together with Schelkovo Agrochem, in the development of sugar beet hybrids with improved yield per hectare. In 2019, SoyuzSemSvekla, a selection and genetic centre, was opened in the Voronezh Region. The Centre aims towards creating new highly productive, disease-resistant sugar beet hybrids even in the main biological and morphological characteristics. The first hybrids were registered in 2019. As of the end of 2020, 21 home selected sugar beet hybrids were listed in the State Register of Selection Achievements Authorised for Use in the Russian Federation. In 2021, the Company plans to sell about 40 thousand seeds.

SoyuzSemSvekla, genetic selection centre, is operating in the framework of the Federal Scientific and Technical Programme for the Development of Agriculture for 2017–2025, the Sub-programme for the Development of Selection and Seed Production of Sugar Beets in the Russian Federation according to the designed comprehensive scientific and technical project for the Development of Highly Competitive Sugar Beet Hybrids of Domestic Selection and the Organisation of their Seed Production System. In 2019, the project was picked up by the governmental support grant commission of the Ministry of Agriculture and in 2020, it won the governmental support.

- Agriculture business
 - Oil and Fats Business
 - Meat Business
 - Sugar Business
 - Dairy Products Business

OPERATIONAL RESULTS

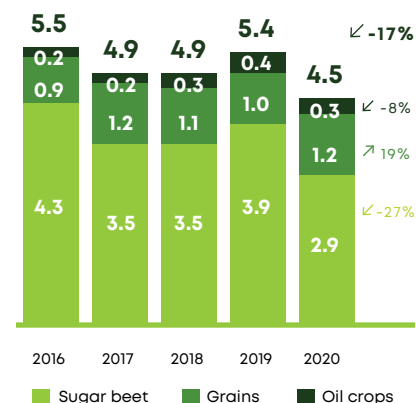
PRODUCTION

In 2020, Rusagro harvested 4.5 million tonnes of crops, down 0.9 million tonnes (-17%) year-on-year. The decrease in this indicator relates to the reduced gross harvest of sugar beet – it dropped by 1.0 million tonnes (-27%) and amounted to 2.9 million tonnes. The yield of oil crops also was on the declining trend (-8%, or -30 thousand tonnes) and amounted to 0.3 million tonnes. The negative growth of these crops was partially offset by an increase in grain harvest to 1.2 million tonnes (+19%, or 190 thousand tonnes) due to the increased wheat yield (+41%, or 293 thousand tonnes).

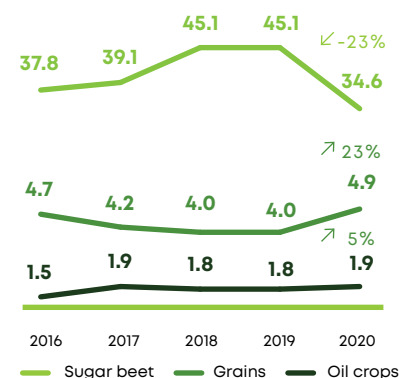
Rusagro's area under crops decreased by 8% in 2020 and amounted to 539 thousand hectares, excluding 20 thousand hectares of laylands. However, this decline does not affect the harvest results as much as the yield per hectare. Thus, the area under beet cultivation decreased only by 4% (-4 thousand hectares) because of lower crop profitability due to low sugar prices in early 2020. Grain crops were sown on 244 thousand hectares, which is 3% (-8 thousand hectares) less than in 2019. The area under oil crops shrank the most: the area under sunflower – by 38% (-14 thousand hectares) due to land disposal in the Saratov Region, under soybeans – by 7% (-11 thousand hectares) due to opting for corn. This was a reason of a lower yield of oil crops.

The drop in the gross yield of sugar beet mainly stemmed from unfavourable weather conditions, which led to a 23% decrease in crop yield per hectare in Rusagro's fields – to a five year record low average of 34.6 tonnes per hectare. At the same time, the average yield per hectare for grain crops experienced a significant rise (+23%), which was bolstered by higher indicators for wheat (+27%) and barley (+34%). Unlike the market average results, Rusagro managed to increase the sunflower yield per hectare by 24% – this was made possible thanks to the correct choice of hybrids and an optimal nutrient status.

Rusagro's gross yield, mn tonnes



Average yield per hectare across all Rusagro's regions, tonnes/ha¹



Breakdown of Rusagro's planted area, ths ha²

Crops	2016	2017	2018	2019	2020
Grains	227	245	252	252	244
Oil crops	123	151	169	212	186
Sugar beet	98	93	89	87	84
Other crops and fallow	102	50	45	32	26
Total	551	539	555	584	539

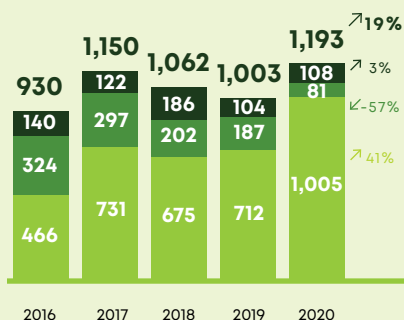
¹ Calculated as a simple mean weighted for the area under each crop

² Land bank area in 2019 includes planted share of arable land leased in Saratov Region from February to November

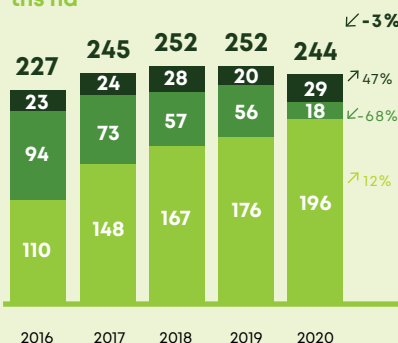
PRODUCTION FACTORS BROKEN DOWN INTO MAIN CROPS

GRAINS

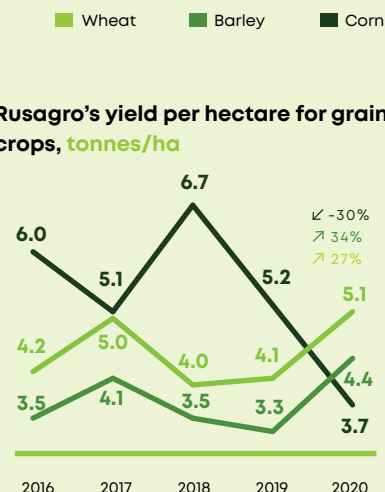
Rusagro's gross yield of grain crops, **tht tonnes**



Rusagro's area under grain crops, **tht ha**

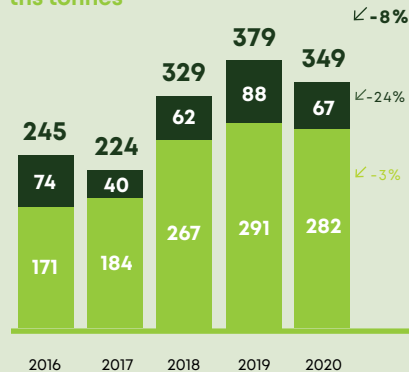


Rusagro's yield per hectare for grain crops, **tonnes/ha**

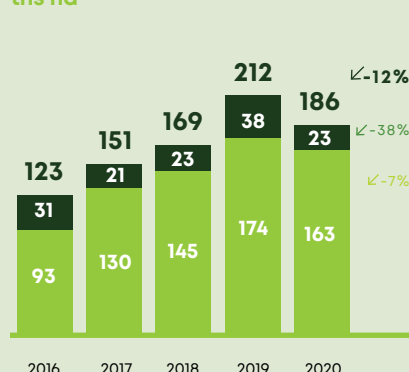


OIL CROPS

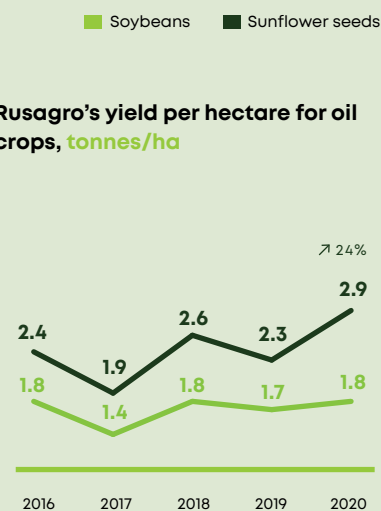
Rusagro's gross yield of oil crops, **tht tonnes**



Rusagro's area under oil crops, **tht ha**

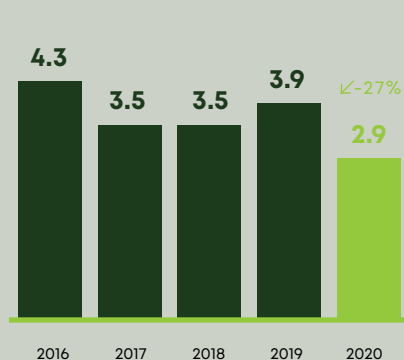


Rusagro's yield per hectare for oil crops, **tonnes/ha**

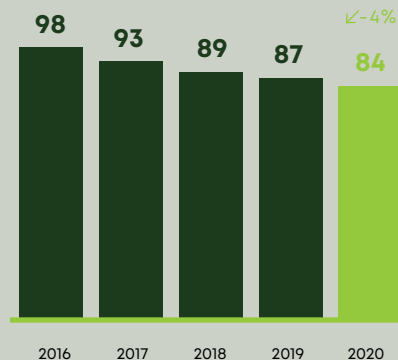


SUGAR BEET

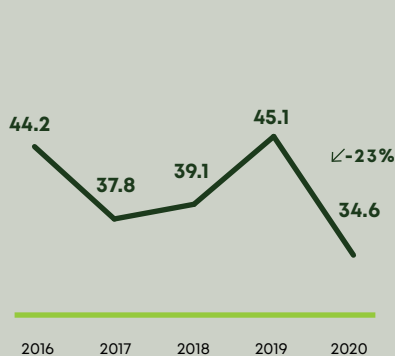
Rusagro's gross yield sugar beet, **mn tonnes**



Breakdown of Rusagro's planted area sugar beet, **tht ha**



Average yield per hectare across sugar beet, **tonnes/ha**



- Agriculture business
 - Oil and Fats Business
 - Meat Business
 - Sugar Business
 - Dairy Products Business

SALES

In 2020, sales volumes of Rusagro's Agriculture Business went down by 21% – to 4.3 million tonnes as compared to 2019. Such dynamic pattern is associated with a poorer sugar beet yield and a lower level of carry-overs of grain crops at the end of 2019 (312 thousand tonnes at the end of 2019 against 474 thousand tonnes at the end of 2018) with larger carry-overs at the end of 2020 (484 thousand tonnes). Thus, the sales of grain fell by 27% (-0.3 million tonnes) – to 0.9 million tonnes, and those of sugar beet – by 24% – to 3.0 million tonnes. Only soybean enjoyed a rise in sales; it was sold by 47% (+106 thousand tonnes) more year-on-year due to the large volume of carry-overs from previous years in 2020. Before the imposition of export duties, the Company managed to sell the most of the 2020 crop – by the end of the year, 62% of wheat, 45% of soybeans and 88% of sunflower were sold.

All sugar beet (100%), 37% grains and 3% oil crops – were sold to companies of Rusagro's Group. In 2020, the exports of the Company's agricultural crops went down by 5% (-13 thousand tonnes) – to 275 thousand tonnes, which related to a significant decrease in grain supplies (-55%). At the same time, demand from China jumped noticeably; the Company supplied 78 thousand tonnes (+35 thousand tonnes) thereto as of the end of the year, including 35 thousand tonnes of grain and 42 thousand tonnes of soybeans.

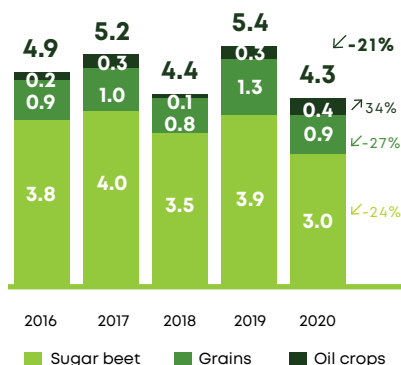
↘ - 5 %

275

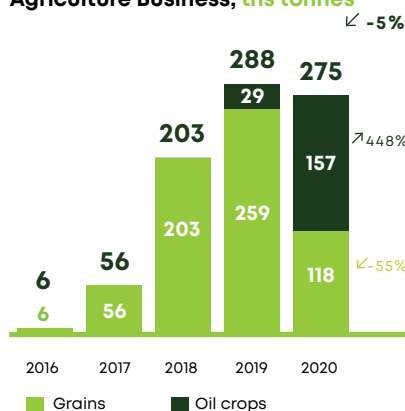
ths tonnes

Exports of Rusagro's agricultural crops in 2020

Rusagro's sales, mn tonnes



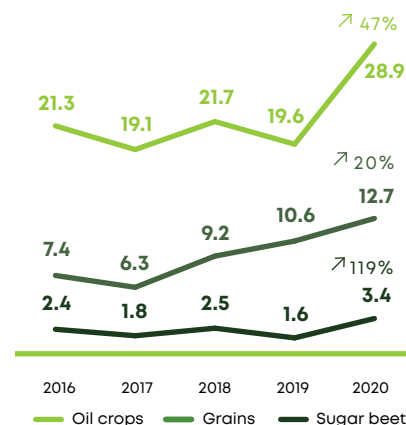
Export volume of Rusagro's Agriculture Business, ths tonnes



PRICES

In 2020, the selling prices of all crops went up. The sales price of sugar beet showed the most increase: as a result of a lower yield, it doubled – from RUB 1.6 to 3.4 thousand per tonne, exclusive of VAT. Oil crop prices also posted a significant growth (+47%). Thus, the prices for sunflower and soybeans reached record values over the past five years of RUB 30.0 and 28.6 thousand per tonne (+73 and 40%), respectively. Grain crop prices increased by 20% – up to RUB 12.7 thousand per tonne exclusive of VAT mainly due to the development of prices for wheat (+24% – up to RUB 12.9 thousand per tonne). The positive movements of prices for grains and oil crops was promoted by the growing world demand amid a lower harvest of certain crops and the devaluation of the rouble.

Selling price of Rusagro's products, ths RUB/tonne, excl. of VAT¹

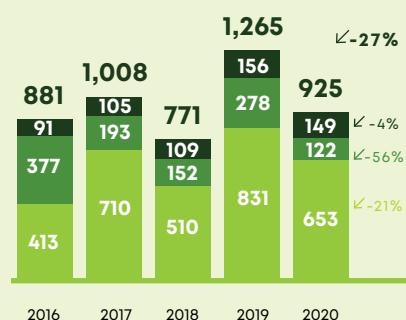


¹ Calculated as a simple mean weighted for sales volume of each crop

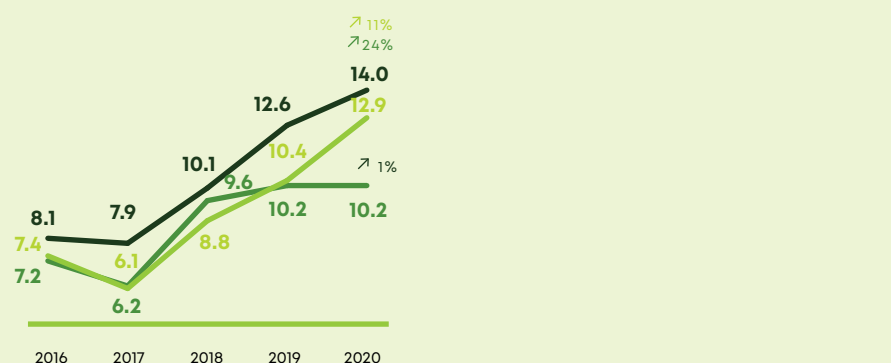
VOLUMES AND PRICES OF RUSAGRO'S SALES BY MAIN AGRICULTURAL CROPS

GRAINS

Rusagro's sales volume of grain crops, **ths tonnes**

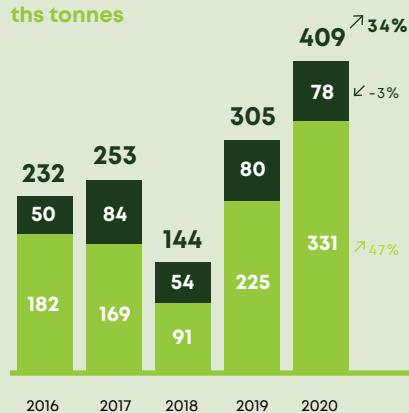


Rusagro's selling price of grain crops, **thb RUB/tonne, excl. of VAT**

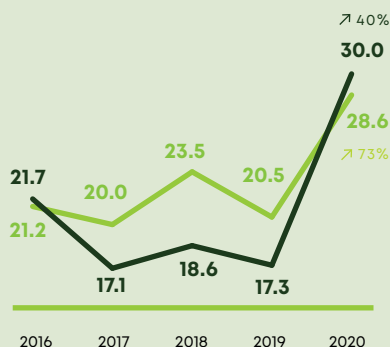


OIL CROPS

Rusagro's sales volume of oil crops, **thb tonnes**

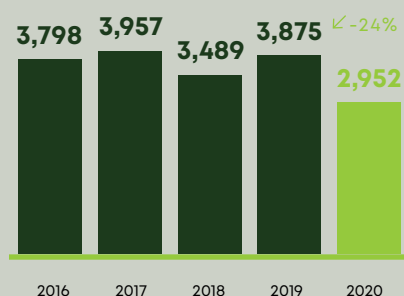


Rusagro's selling price of oil crops, **thb RUB/tonne, excl. of VAT**

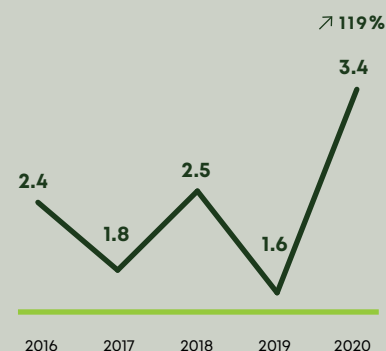


SUGAR BEET

Rusagro's sales volume of sugar beets, **thb tonnes**



Rusagro's selling price of sugar beets, **thb RUB/tonne, excl. of VAT**



- Agriculture business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

FINANCIAL RESULTS

In 2020, the revenue of Rusagro's Agriculture Business grew by 33% (+RUB 8.5 billion) despite the decreased sales volume of sugar beets and grain crops. Due to a major increase in prices for the products sold by the Company (excluding prices for barley, which grew by only 1%), this segment hit a record high revenue of RUB 34.3 billion. As the cost of production remained more or less at the 2019 level, the adjusted earnings before interest, taxes, depreciation, and amortisation (EBITDA) rose by 157% (+RUB 9.3 billion) to RUB 15.2 billion with an adj. EBITDA margin of 44% (+21 p.p.).

↑ 33%

34.3

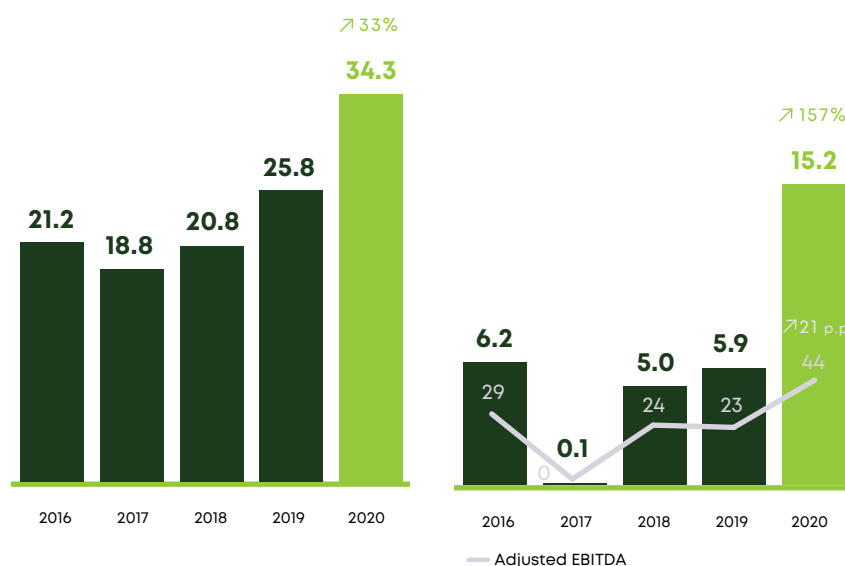
RUB bn

Sales of Rusagro's
Agriculture Business
in 2020

Financial results of Rusagro's Agriculture Business, RUB bn

Sales

EBITDA



↑ 157%

15.2

RUB bn

Adj. EBITDA of Rusagro's
Agriculture Business
in 2020

PLANS FOR 2021

In 2021, Rusagro's Agriculture Business plans to look into the possibility of creating a land bank in the Saratov Region and figures on to increase yield per hectare through the consistent improvements in technology and management. As a result, Rusagro may increase the gross harvest of key agricultural crops, which though will largely depend on weather conditions at key stages of crop growing. Thus, moisture stress in the autumn period in the Central Federal District of Russia can have an adverse effect on the harvest. The use of digital algorithms for scheduling technological operations and digital business management tools will support the ramp-up of production efficiency.

As of the end of 2020, carry-overs of grain and oil crops amounted to 655 thousand tonnes of products, with a year-on-year increase of 129 thousand tonnes. Before the introduction of export restrictions, Rusagro sold a significant share of its products, however, the new conditions for regulating trade in agricultural crops will drive down the market prices and may count against business income, which touched a historical high in 2020.