

RUSAGRO'S RESULTS IN 2020

OIL EXTRACTION PLANTS

Rusagro's total sunflower processing capacity, including at leased facilities, amounted to 4.6 thousand tonnes of sunflower seeds per day, or about 1.6 million tonnes per year. Depending on the level of oil content of raw materials and the productivity of the plant, the potential production amounts to about 660 thousand tonnes of unrefined oil and 600 thousand tonnes of meal. Besides, Rusagro owns a soybean processing plant in the Far East with a maximum annual capacity of 180 thousand tonnes of soybeans, resulting in about 30 thousand tonnes of oil and 140 thousand tonnes of soybean meal per year.



OIL EXTRACTION

ELEVATORS

Rusagro's Oil and Fats Business owns four elevators with a storage capacity of 97 thousand tonnes of sunflower seeds. Besides, the Company utilises ten third-party elevators with a storage capacity of 260 thousand tonnes of sunflower seeds on a leasehold basis. The elevators can also accommodate grain crops.



OIL AND FATS PRODUCTS PRODUCTION

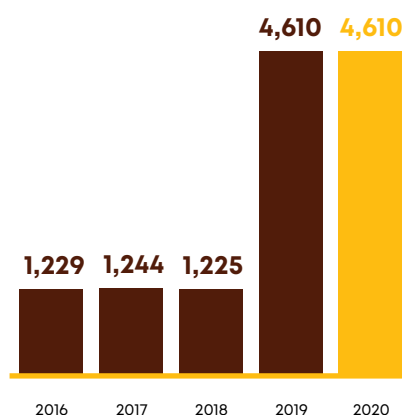
OIL AND FATS PLANTS

In 2020, the total industrial fats output capacity of Rusagro approximated 400 thousand tonnes per year, consumer products – 660 thousand tonnes per year, among them – 300 thousand tonnes of bottled oil, 280 thousand tonnes of mayonnaise and mayonnaise-based sauces, and 80 thousand tonnes of consumer margarine and spreads. Facilities for the production of these categories of products are housed at two oil and fat factories, and since 2018, a line for oil refining, deodorisation and packaging with a capacity of 100 thousand tonnes of products per year has been operating at the Bezenchuksky oil extraction plant.



MARKETING AND SALES

Capacity of Rusagro's sunflower seeds extraction, tonnes/day



ASSET OVERVIEW

4

oil extraction
plants¹

2

oil and fats
plants¹



2 Extraction plants



1 Oil and fats plant

SARATOV
REGION

SAMARA
REGION



1 Extraction plant



1 Oil and fats plant

SVERDLOVSK
REGION



1 Extraction and oil and fats plant

PRIMORYE
TERRITORY

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

¹ Including leased assets

BRANDS

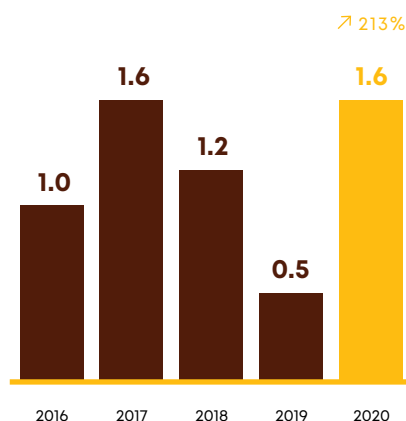
The product portfolio of Rusagro's Oil and Fats Business is represented in four segments: sauces (mostly white), liquid oils, solid fats and soaps. The key brands of sauces include *Ya lublu gotovit* (I love to cook), *Mechta Khozyaiki* (Dream of the Housewife), *Provansal EZhK*, *Oliviez* and the brands of margarine – *Schedroe Leto* (Generous Summer), *Saratovsky* and *Chudesnitsa* (Mischievous Lady). Yet, *Ya lublu gotovit* is an umbrella brand that unites three local brands of mayonnaise (*Moskovsky Provansal*, *Saratovsky Provansal* and *Novosibirsk Provansal*).

Other brands include: *Rossiyanka*, *BENEFITTO Krasno Leto* and *Maslava* (oil). The AC Nielsen's research shows that the Company's margarine brands in 2020 occupied almost 33% of the consumer margarine market in Russia, and mayonnaise brands account for more than 13% of the mayonnaise market. In the Central Russia, the most recognizable brand is *Moskovsky Provansal*, in the Urals – *Provansal EZhK* and *Schedroe Leto*. The latter is also the number one brand in exports from the Russian Federation and dominates the markets of Uzbekistan, Tajikistan and Turkmenistan. *Mechta Khozyaiki* is the market leader in Moldova and Azerbaijan, *Oliviez* – in Uzbekistan. The products are supplied to the Chinese market under the *Leto Krasno* brand.

INVESTMENTS

In 2020, Rusagro invested RUB 1.6 billion into development and support of the Oil and Fats Business, posting a year-on-year growth of 213% boosted by the launch of a new line of the mayonnaise workshop. The maintenance of the existing assets absorbed about 48% of the total investment.

Rusagro's investment in the Oil and Fats Business, RUB bn



AUTOMATION AND INNOVATION

The Oil and Fats Business in 2020 was primarily focused on the preparation and approval of a strategy for digital transformation until 2026. With a reference to the digital transformation, the Business defined a global objective: *Increase the Company's bottom line through cost cutting and improvement in the productivity by means of digital tools*. This objective involved the formulation of the following goals of digital transformation:

1.

Increase the finished products sales margins and reduce the farm-gate price of sunflower by optimising the logistics and storage;

2.

Reduce costs and losses per unit of production;

3.

Reduce risks and improve safety.



These goals will be attained with the help of a micro-service architecture, which allows using the information systems most suitable for business requirements. The emphasis was given to decision-making information systems (using mathematic simulation and optimisation technologies, neural networks, machine learning) and data analysis systems (BigData, DWH, PowerBI).

The following projects are launched to achieve the first goal:

- Improving the raw materials procurement efficiency;
- Improving the finished products sales performance;
- Improving the performance of the industrial fat sales system.

The following projects are launched to achieve the second goal:

- S&OP Integrated Business Planning
- Introduction of automation means for field personnel in B2C channel
- Dynamic model of a production plan adjusted for profit margin
- Maintenance and repair management
- Routing administration
- Cost management and controlling

The following projects are launched to achieve the third goal:

- Management of quality, acceptance, storage of raw materials using impersonal acceptance approach
- Management of quality, acceptance, storage, sales of finished products
- Accounting and tax reporting - creation of a unified service centre
- Legal counselling and document control
- Master data management system

In 2020, the Accounting, tax reporting - creation of a unified service centre project was finalised, and the Routing Administration and Maintenance and Repair Management projects are being rolled out at production sites.

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

OPERATIONAL RESULTS

PRODUCTION

Rusagro's production of unrefined sunflower oil in 2020 grew by 8% (+48 thousand tonnes) and amounted to 672 thousand tonnes. The total volume of oil was produced from sunflower seeds – there was no soybean oil in the reporting period (vs 18 thousand tonnes in 2019). The production of sunflower oil rose due to a higher oil content of seeds of the 2020 harvest and an increased volume of processed sunflower seeds (+7%, or +101 thousand tonnes) – up to 1.5 million tonnes. The processing volumes grew on the back of a bumper yield of sunflower seeds in 2019, an additional day of work (leap year), and the increased productivity of plants (utilisation rate 98.7% vs 92.4% in 2019) due to the adjustment of technological regimes of and a higher technical availability. Meal production reduced by 7% (-42 thousand tonnes) following from the abandonment of soybean processing in 2020 (vs 81 thousand tonnes in 2019). At the same time, the production of sunflower meal increased by 7% (+38 thousand tonnes).

Rusagro produces all the main types of industrial fats other than cocoa butter analogues. The bulk of the products mix is represented by universal margarines and fats that are of the highest demand at the domestic market. In 2020, the Company ramped up its production of industrial fats by 16% – up to 328 thousand tonnes through the launch of an additional line for filling industrial fats into tankers in July.

In the reporting period, the output of Rusagro's oil and fat consumer products grew by 2% – to 338 thousand tonnes (+7 thousand tonnes) amid an increase in the production of bottled oil by 6 thousand tonnes (+4%) and the margarines and spreads category – by 3 thousand tonnes (+6%). The production of mayonnaise and mayonnaise-based sauces dropped by 1% (-2 thousand tonnes).

Rusagro's production of consumer oil and fat products, **ths tonnes**

Indicator	2016	2017	2018	2019	2020
Bottled oil	12	20	101	143	150
Mayonnaise and mayonnaise-based sauces	78	56	48	146	144
Consumer margarine and spreads	37	36	29	42	45

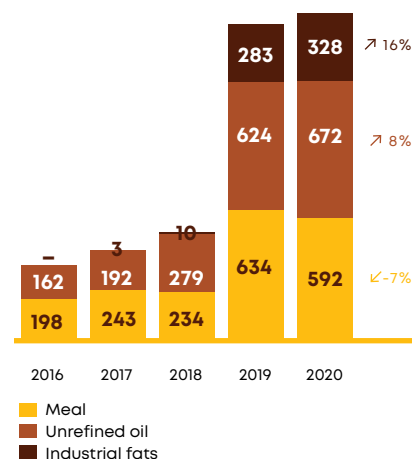
↑ 8%

672

ths tonnes

Rusagro's unrefined sunflower oil production in 2020

Rusagro's production of industrial oil and fat products, **ths tonnes**



↑ 2%

331

338

SALES

In 2020, sales of all categories of Rusagro's oil and fat products remained more or less at the level of the preceding year (+0.3%, or +5 thousand tonnes) and amounted to 1,628 thousand tonnes. With the increased demand for unrefined oil with an aim to produce additional bottled products, sales of unrefined sunflower oil off the company's premises went down by 5% (-21 thousand tonnes). The meal sales declined by 9% (-58 thousand tonnes) due to the decision not to launch a soybean processing plant. At the same time, sales of sunflower meal went up by 2% (+10 thousand tonnes) and amounted to 579 thousand tonnes (also, 11 thousand tonnes of soybean meal were sold in 2020). Moreover, with stronger market positions, Rusagro pushed up the sales of industrial fats in 2020 to 313 thousand tonnes, 29% (+70 thousand tonnes) more than a year earlier. Sales of consumer products scored better due to higher sales of bottled oil (+ 9%, or +13 thousand tonnes) and the mayonnaise and mayonnaise-based sauces category (+2%, or +2 thousand tonnes).

↘ -5%

384

ths tonnes

Rusagro's sales
of unrefined
vegetable oil in 2020

↘ -1%

Rusagro's sales of industrial oil and fat products, ths tonnes

Indicator	2016	2017	2018	2019	2020
Meal	200	253	302	647	589
Unrefined oil	116	150	168	406	384
Industrial fats	—	3	10	243	313
	316	406	481	1,296	1,287

↗ 4%

Rusagro's sales of industrial oil and fat products, ths tonnes

Indicator	2016	2017	2018	2019	2020
Bottled oil	18	20	97	147	160
Mayonnaise and sauces	77	59	48	136	138
Consumer margarine and spreads	37	36	29	45	43
	132	115	175	328	341

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

BRANDS

The consumer segment accounted for 40% (+3 p.p.) of the sales volume of oil and fat products and 63% (+3 p.p.) of the revenue of Rusagro's Oil and Fats Business in 2020. Rusagro's oil and fat products traditionally occupy leading positions in the domestic regions. Thus, according to AC Nielsen data for 2020, *Provansal EZhK* mayonnaise ranks first and has a 69% share in Ekaterinburg and 40% share in the Urals, while *Moskovsky Provansal* takes first place in, and 31% of, Moscow and 24% of the Central Russian market. Likewise, *the Schedroe Leto* consumer margarine brand, with a 58% share, dominates the Urals market, and *the Saratovsky* brand, with a share of 28%, gains the lead in the Volga region market. The top five national brands include two brands of Rusagro's consumer margarine: *Saratovsky* ranks second with a market share of 13%, and *Schedroe Leto* is fourth with a market share of 11%.

As for the recognition ratio, BrandPuls research (3Q 2020) showed that the best performance in 2020 was achieved by *the Provansal EZhK* mayonnaise (86% in the Urals Federal District), *Moskovsky Provansal* (80% in the Central Federal District and 60% in Russia), and *Mechta Khozyaiki* (56% in Russia), as well as *Rossiyanka* oil (42% in Russia). The brand loyalty survey revealed an increased loyalty of the Ural consumers to *the Provansal EZhK* mayonnaise (39%) and the consumers from the Central Federal District – to *the Moscovsky Provansal* mayonnaise (21%).

↑4%

341

ths tonnes

Rusagro's sales
of consumer oil and
fat products in 2020



Московский
ПРОВАНСАЛЬ



саратовский
Сливочный

EXPORTS

In the reporting period, 44% of all oil and fat products sold by Rusagro were exported; the export volume as at the end of the year totalled 712 thousand tonnes, up 7% year-on-year; this rise was mainly driven by higher supplies of unrefined vegetable oil, amounting to 339 thousand tonnes (+15%, or +43 thousand tonnes), which is 88% of the total bulk oil sales volume of the Company. The first sales of the Company's industrial fats outside of Russia were made only in 2019, and for the last year the exports of this product increased by 60% (+14 thousand tonnes) – up to 37 thousand tonnes. Higher world demand for vegetable oil also affected bottled oil – its exports rose by 18% (+13 thousand tonnes) and amounted to 85 thousand tonnes. Deliveries of products of the consumer margarine and spreads (74% of the total sales volume were exported) and mayonnaise and mayonnaise-based sauces categories posted an increase of 8 (+2 thousand tonnes) and 5% (+1 thousand tonnes), respectively.

The products of Rusagro's Oil and Fats Business are represented in 33 countries of the world. In 2020, best part of unrefined vegetable oil was sold in Western Asia. Denmark has been the largest buyer of meal (75% of the total exports volume of Rusagro) for the second year in a row; in 2020, it purchased 148 thousand tonnes (+39%, or +42 thousand tonnes) of this product. Key sales destinations of consumer oil and fat products are represented by CIS countries, such as Uzbekistan, Kazakhstan, Azerbaijan, and Tajikistan. Thus, 45% of Rusagro's exports of consumer oil and fat products in 2020 were delivered to Uzbekistan, including 49 thousand tonnes (+37%) of bottled oil, 12 thousand tonnes of margarine (-10%), and 1 thousand tonnes (+75%) of mayonnaise.

↑15%

339

ths tonnes

Rusagro's exports of unrefined vegetable oil in 2020

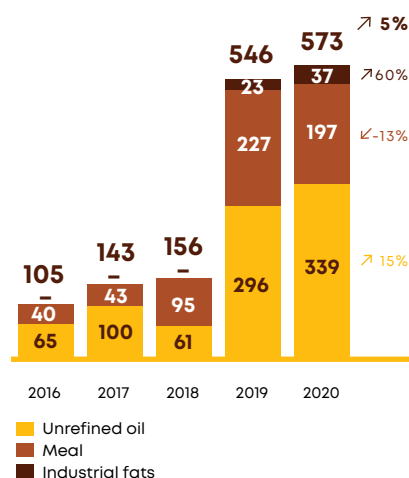
↑13%

139

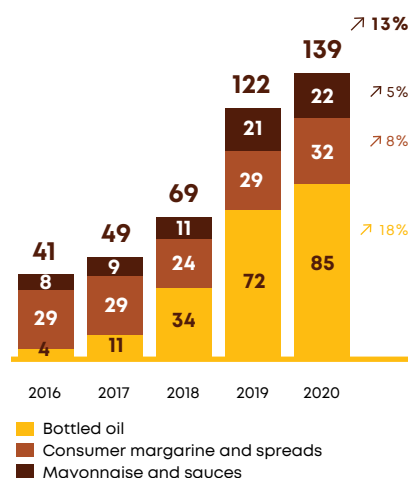
ths tonnes

Rusagro's exports of consumer oil and fat products in 2020

Rusagro's exports of industrial oil and fat products, ths tonnes



Rusagro's sales of consumer oil and fat products, ths tonnes



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

PRICES

In 2020, sales prices for all categories of oil and fat products were trending upwards. The escalation in market prices for sunflower oil against a lower yield of oilseeds in the key oil-producing countries and the devaluation of the rouble led to a 20% increase in the selling price of crude sunflower to RUB 53.3 per kg, excl. of VAT. The price of meal rose by only 6% following the change in the product mix – in 2020, the Company made no sales of soybean meal, the price of which is higher than that of sunflower meal. The growing global prices for vegetable oils also impacted palm oil, leading to a 24% increase in the sale price of Rusagro's industrial fats – up to RUB 59.7 per kg, excl. of VAT.

In the reporting period, the annual average selling price of Rusagro's bottled oil jumped by 27% – up to RUB 68.3 per kg exclusive of VAT, which was caused by higher prices for unrefined oil. Likewise, selling prices of other fat and oil products in the consumer segment were slowly climbing up. The price of the consumer margarine and spreads category advanced by 11% – up to RUB 88.8 per kg exclusive of VAT, and that of the mayonnaise and mayonnaise-based sauces category – by 9% – up to RUB 87.3 per kg exclusive of VAT.

↑20%

53.3

ths RUB/t, excl. of VAT

Unrefined sunflower oil selling price

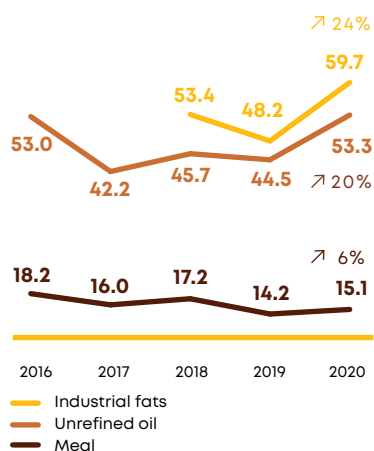
↑11%

88.8

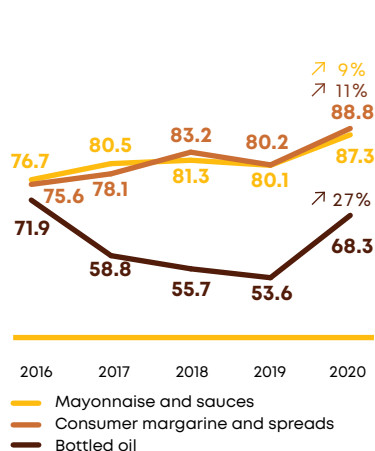
ths RUB/t, excl. of VAT

Consumer margarine and spreads selling price

Selling price of Rusagro's industrial fat and oil products, RUB/kg excl. of VAT



Selling price of Rusagro's consumer fat and oil products, RUB/kg excl. of VAT



FINANCIAL RESULTS

In 2020, the sales of Rusagro's fat and oil segment grew by 22% (+RUB 13.8 billion) – to RUB 76.2 billion, including RUB 29.4 billion (+ 8%, or +RUB 2.1 billion) proceeds from unrefined oil and meal, RUB 26.8 billion (+20%, or +RUB 4.4 billion) – from consumer oil and fat products, and RUB 18.7 billion (+60%, or RUB 7.0 billion) – from industrial fats. The sales were growing on the back of advancing selling prices for all categories of products sold (from 6 to 17%, depending on the category) and a larger sales volume of industrial fats (+29%), bottled oil (+9%), and the mayonnaise and mayonnaise-based sauces category (+2%). The performance of the segment's sales was also contributed by the growing prices and demand in the global market, driving up the proceeds from export operations by 37% – from RUB 25.1 to 34.3 billion. In 2020, the Oil and Fats Business outperformed other businesses of the Company in terms of export sales share – it amounted to 45% compared to 40% a year earlier.

With the positive behaviour of sales and a high share of sell products made from cheaper sunflower seeds of the 2019 harvest, as well as only partial recognition of financial gains from sales of products in 2019 (+RUB 6.0 billion), the earnings before interest, taxes, depreciation, and amortisation (EBITDA) increased by 177% and reached RUB 9.4 billion, and the adjusted EBITDA margin – by 7 p.p. from 5 to 12%.

↑22%

76.2

RUB bn

Rusagro's Oil and Fats
Business revenues
in 2020

↑177%

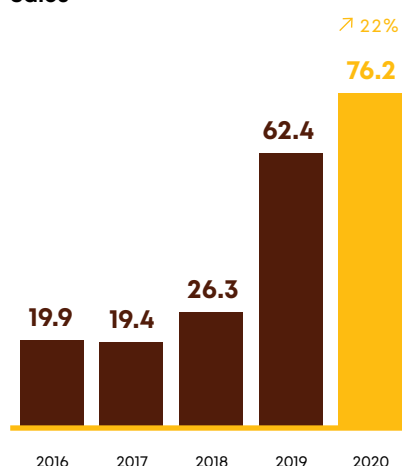
9.4

RUB bn

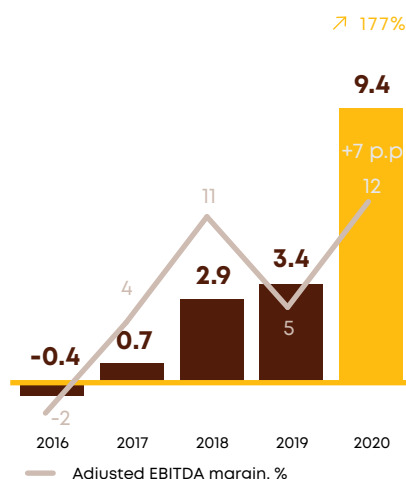
Adj. EBITDA of
Rusagro's Oil and Fats
Business in 2020

Financial results of Rusagro's Oil and Fats Business, RUB bn

Sales



EBITDA



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

PLANS FOR 2021

In 2021, production capacity will remain steady, and the output volume will depend on the performance of the sunflower seeds purchase campaign and the harvest of this crop in the new season, as well as market environment, including the exchange rate of the national currency and world prices. The Company's decision to launch Primorskaya soya, a Rusagro's soybean processing plant in the Russian Far East, with projected processing capacity of about 60 thousand tonnes, added a positive momentum to the output of unrefined vegetable oil and meal. As for the development of the industrial fats category, the eye will be kept on higher profit margins of the products and further strengthening of the market position. In the consumer segment, there are plans to enter new export directions, strengthen the position of brands in the domestic market and launch new product family articles.

In 2021, Rusagro plans to join the Dairy Products Business launched in 2018 to the Oil and Fats Business. This will necessitate the revision of the budget and preparation of a new plan for managing assets and brands of the Dairy Products Business. For more details on the results of this Business in 2020 see page 110.