

Agromino A/S: 1H 2017 Interim Financial Report

1H 2017 Highlights

- 1H 2017 EBITDA of EUR 9.4 million, despite strong rapeseed yields, the reduction in estimated crop yields due to drought reduces the value of biological assets
- Increased direct expenses from applying higher priced imported fertilizers, and a rise in land rentals
- Administrative costs reduced
- Write down of doubtful prepayment for fertilizers in amount of EUR 1.4 million
- Overall business turned round from a net loss of EUR 14.9 million in 1H 2016 to a EUR 9.5 million net profit for 1H 2017
- Disposal of non-core part of elevator business for EUR 1.1 million, resulting in a profit of EUR 0.7 million included in 1H 2017
- Lower financial costs by EUR 2.8 million
- Share of profit EUR 0.4 million from investments in shares of TDFE against a loss of EUR 1.4 million in 1H 2016, note that this is a non-cash item as dividends are not paid at present
- No loss from discontinued operations for 1H 2017 against a loss of EUR 22.1 million in 1H 2016
- The intention is to fully repay the bridge loan provided by a consortium of larger shareholders by September 1st 2017, the facility having been used as necessary from April this year
- Depreciation of the \$USD:€Euro may well reduce Euro revenue for the year-end result as majority of sales \$USD based
- Winter crop harvest completed and the sowing of 2018 winter crops underway
- Controlled Traffic Farming (CTF) system initiated for the 2018 cropping

CEO Comment

Physical Highlights

Every farming year is different and 2017 has been no exception, our end result will almost certainly be affected by a six year low in rainfall levels across all of our Ukrainian clusters and the devaluation of the dollar, in which the majority of our sales are made. That being said we have achieved a company record yield for Oilseed Rape (1.91 tonne / ha net) and Peas (3.5 tonnes /ha net), and our Winter Wheat yield of 4.0 tonne per hectare, masks individual field yields of up to 8 tonne / ha in Kharkov and as low as 2.0 tonne / hectare in Nikolaev, where there has been a severe drought. The summer crops of Maize, Sunflower and Soya were established to a high standard but they are beginning to show signs of stress due to the lack of precipitation. There is no doubt that our policy of reduced tillage and trash retention will have given us a positive yield advantage in 2017.

With our combine harvester fleet having reached an average age of over 10 years, for 2017 we invested in five new machines as part of our machinery replacement plan. We have taken the opportunity to use this timing to initiate what is known as a 12 meter Controlled Traffic Farming system, the target is that the whole company will be utilizing CTF within a four year period. The objective being to take more care of the soil, preserve moisture, reduce cultivation costs and increase yield. It is both an exciting and ambitious project, made possible due to a dedicated and high quality management team.

The Dobruchi Dairy business continues to improve with its enthusiastic and proactive new management team, pushing the business forward. The milk yield is steadily rising and operationally the business is forecast to make a positive contribution in 2017

Financial Highlights

Having last year disposed of the large non-core asset Rostov, plus successfully negotiated a full debt for equity swap of the SEK350m bond, and restructured many parts of the management, the business at the Q2 position is already showing the benefits of these major changes. This year to date there are no substantial losses from discontinued operations, finance costs are much decreased due to the lower overall company debt, and due to the increased milk price in Europe our subsidiary investment in Trigon Dairy Farming Estonia is showing a positive contribution rather than the large negative in 2016. The combination of these factors has resulted in a Net profit for the first six months of the year of EUR 9.5 million which compares very favorably with the loss of EUR 14.9 million in 2016 at the same point.

It has not all been plane sailing, we have had to purchase additional imported fertilizer at a higher price than we budgeted due to the non-delivery of the Ukrainian produced product, this has led to an increase in fertilizer costs, balanced to a degree by lower administrative costs after management restructuring. In 2016 a lower amount of fertilizers were used due to a lack of working capital. We have written down the doubtful prepayment for Ukrainian fertilizers in amount of EUR 1.4 million to be conservative; at the same time we have instigated court proceedings with the aim being to have returned this large prepayment.

We cannot ignore the fact that the USD has this year devalued against the Euro by some 10%. The majority of our sales are made in USD and to date prices although a little firmer have not compensated for that devaluation. On a positive note the majority of our borrowings are USD based and as such in Euro terms have diminished.

Another positive in the first half of the year was the disposal of the Ludmilovka elevator. With no land bank near this site to produce our own grain to be stored there, this old elevator with dated technology was neither useful or could be competitive with more modern installations of which there are many in the region, therefore to be able to sell it at a profit of EUR 0.7 million was deemed to be the best solution.

In summary with winter crop yields perhaps better than might have been expected and still the summer crops to harvest we are expecting an average year.

Telephone conference details

A telephone conference will be held today, on 31 August, 2017 at 10:00 CET.

Program

Simon Boughton, the CEO, and Konstantin Kotivnenko, the Executive Board member, will present and comment upon the results. There will also be an opportunity to ask questions.

To participate in the telephone conference, please call one of the following numbers:

DK: +45 35 445 575

FI: +358 981 710 494

UK +442 030 089 808

NO: +47 23 500 254

SE: +46 856 642 690

The presentation material will be available on www.agromino.com before the telephone conference starts. A recording of the telephone conference will be available afterwards on www.agromino.com.

Investor enquiries

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About Agromino

We are farmers and agribusiness managers, with operations in Ukraine, Russia and Estonia. Agromino A/S shares are traded on the main market of Nasdaq Stockholm.

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This information is information that Agromino A/S is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 31 August 2017.