



13 March 2017

ROS AGRO financial results for 12M 2016 and Q4 2016

13 March 2016 – Today ROS AGRO PLC (the “Company”), the holding company of Rusagro Group (the “Group”), a leading Russian diversified food producer with vertically integrated operations, has announced the financial results for the year ended 31 December 2016.

12M 2016 Highlights

- Sales amounted to RR 84,257 million (US\$ 1,260 million¹), an increase of RR 11,817 million compared to 12M 2015;
- Adjusted EBITDA² amounted to RR 18,205 million (US\$ 272 million), a decrease of RR 6,218 million compared to 12M 2015;
- Adjusted EBITDA margin decreased from 34% in 12M 2015 to 22% in 12M 2016;
- Net profit for the period amounted to RR 13,675 million (US\$ 205 million);
- Net debt position³ as of 31 December 2016 amounted to RR 4,342 million (US\$ 72 million);
- Net Debt/ Adjusted EBITDA as of 31 December 2016 was 0.24x.

Commenting on the results, Maxim Basov, a member of the Board of Directors of ROS AGRO PLC and CEO of the Group, said:

“In 2016 we successfully integrated Razguliay assets and achieved record production results in sugar and agriculture. The Group faced margin pressure due to rouble appreciation. Compared to the prior year period, in Q4 2016 Russian rouble appreciated by 5%, which had a negative impact on profitability of all divisions. Additionally, profitability in agricultural and sugar divisions decreased due to the drop in sale prices. Grain sale prices decreased globally. Sugar price dropped as a result of a price equilibrium shift in Russia from an import alternative to an export alternative. There was an increase in sale prices in the meat division, which has not yet led to higher profitability due to the increase in taxes and other costs. In the Oil & Fat division the profitability decreased as a result of increased competition.

Net profit of the Company decreased due to the lower level of government grants for reimbursement of interest expenses on bank loans. Following the current foreign exchange rates and trends on the world food markets, the Company expects margin to continue to be challenged during 2017 due to the strong rouble, surplus of agricultural crops and sugar in Russia and weak consumer demand.”

Key consolidated financial performance indicators

in RR million	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2016	December 2015			December 2016	December 2015		
Sales	84,257	72,439	11,817	16	28,668	22,081	6,587	30
Gross profit	25,725	31,433	(5,707)	(18)	6,711	8,330	(1,619)	(19)
<i>Gross margin, %</i>	<i>31%</i>	<i>43%</i>	<i>-13%</i>		<i>23%</i>	<i>38%</i>	<i>-14%</i>	
Adjusted EBITDA	18,205	24,423	(6,218)	(25)	6,717	7,312	(595)	(8)
<i>Adjusted EBITDA margin, %</i>	<i>22%</i>	<i>34%</i>	<i>-12%</i>		<i>23%</i>	<i>33%</i>	<i>-10%</i>	
Net profit for the period	13,675	23,690	(10,015)	(42)	2,472	5,603	(3,131)	(56)
<i>Net profit margin %</i>	<i>16%</i>	<i>33%</i>	<i>-16%</i>		<i>9%</i>	<i>25%</i>	<i>-17%</i>	

Key financial performance indicators by segments

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
Sales, incl.	84,257	72,439	11,817	16	28,668	22,081	6,587	30
<i>Sugar</i>	37,240	32,853	4,386	13	13,634	9,931	3,703	37
<i>Meat</i>	17,851	18,117	(266)	(1)	5,359	4,686	673	14
<i>Agriculture</i>	21,155	14,211	6,944	49	12,976	9,012	3,965	44
<i>Oil and Fat</i>	19,864	17,252	2,612	15	5,304	5,199	105	2
<i>Other</i>	95	42	53	126	19	14	5	35
<i>Eliminations</i>	(11,948)	(10,036)	(1,912)	(19)	(8,623)	(6,759)	(1,864)	(28)
Gross profit, incl.	25,725	31,433	(5,707)	(18)	6,711	8,330	(1,619)	(19)
<i>Sugar</i>	11,948	12,787	(839)	(7)	4,230	4,191	38	1
<i>Meat</i>	3,175	6,085	(2,910)	(48)	1,330	645	685	106
<i>Agriculture</i>	7,848	8,730	(882)	(10)	879	3,103	(2,224)	(72)
<i>Oil and Fat</i>	3,370	4,588	(1,218)	(27)	940	1,147	(207)	(18)
<i>Other</i>	95	42	53	126	19	14	5	35
<i>Eliminations</i>	(711)	(800)	88	11	(686)	(770)	84	11
Adjusted EBITDA, incl.	18,205	24,423	(6,218)	(25)	6,717	7,312	(595)	(8)
<i>Sugar</i>	9,579	11,068	(1,489)	(13)	3,321	3,535	(214)	(6)
<i>Meat</i>	4,013	7,672	(3,659)	(48)	1,413	1,231	183	15
<i>Agriculture</i>	6,192	6,630	(438)	(7)	3,870	4,550	(681)	(15)
<i>Oil and Fat</i>	(420)	1,662	(2,082)	-	(271)	227	(498)	-
<i>Other</i>	(1,828)	(1,504)	(324)	(22)	(406)	(371)	(35)	(9)
<i>Eliminations</i>	670	(1,104)	1,774	-	(1,211)	(1,860)	649	35
Adjusted EBITDA margin, %	22%	34%	-12%		23%	33%	-10%	
<i>Sugar</i>	26%	34%	-8%		24%	36%	-11%	
<i>Meat</i>	22%	42%	-20%		26%	26%	0%	
<i>Agriculture</i>	29%	47%	-17%		30%	50%	-21%	
<i>Oil and Fat</i>	-2%	10%	-12%		-5%	4%	-9%	

Sugar Segment

The financial results of the sugar segment for 12M 2016 and Q4 2016 compared to 12M 2015 and Q4 2015 respectively are presented in the table below:

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
Sales	37,240	32,853	4,386	13	13,634	9,931	3,703	37
Cost of sales	(25,627)	(20,290)	(5,337)	(26)	(9,407)	(5,739)	(3,669)	(64)
Net gain/ (loss) from trading derivatives	335	224	112	50	2	(1)	4	-
Gross profit	11,948	12,787	(839)	(7)	4,230	4,191	38	1
<i>Gross profit margin</i>	<i>32%</i>	<i>39%</i>	<i>-7%</i>		<i>31%</i>	<i>42%</i>	<i>-11%</i>	
Distribution and selling expenses	(2,534)	(1,826)	(707)	(39)	(1,052)	(631)	(422)	(67)
General and administrative expenses	(1,189)	(863)	(325)	(38)	(357)	(236)	(121)	(51)
Other operating income/ (expenses), net	60	(63)	123	-	(82)	33	(115)	-
Operating profit	8,286	10,034	(1,749)	(17)	2,739	3,358	(619)	(18)
Adjusted EBITDA	9,579	11,068	(1,489)	(13)	3,321	3,535	(214)	(6)
<i>Adjusted EBITDA margin</i>	<i>26%</i>	<i>34%</i>	<i>-8%</i>		<i>24%</i>	<i>36%</i>	<i>-11%</i>	

The main factor of *Sales* growth is an increase in sugar sales volume, by 11% in 12M 2016 and 47% in Q4 2016, compared to prior year periods. The sales volume of by-products, as beet pulp and molasses, are also increased. Revenue from beet pulp and molasses amounted to RR 1,972 million in 12M 2016 (12M 2015: RR 1,126 million) and RR 1,123 million in Q4 2016 (Q4 2015: RR 653 million).

Additional factor of sales growth in 2016 are trading operations with rice and the beginning of sales of buckwheat products. Sales of rice and buckwheat amounted to RR 888 million in 12M 2016 (12M 2015: RR 14 million) and RR 427 million in Q4 2016 (Q4 2015: RR 14 million).

Sugar sales, production volumes and average sales prices per kilogram (excl. VAT) were as follows:

	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
Sugar production volume (in thousand tons), incl.	810	766	44	6	572	408	164	40
beet sugar	750	582	168	29	572	408	164	40
cane sugar	59	183	(124)	(68)	-	-	-	-
Sales volume (in thousand tons)	866	784	82	11	334	228	106	47
Average sales price (roubles per kg, excl. VAT)	39.4	40.4	(0.9)	(2)	35.4	40.1	(4.7)	(12)

From January till August the sugar segment sells sugar produced from sugar beet of the prior year harvest and sugar from raw cane sugar. Higher sugar beet prices for harvest of 2015 compared to harvest of 2014 contributed to an increase in costs of sales in 12M 2016 compared to costs of sales of 2015.

An increase in general and administrative expenses in 12M 2016 include RR 125 million (Q4 2016: RR 61 million) attributed to newly acquired plants, whose financial results are included in the consolidated segment's results starting 1 June 2016.

Meat Segment

The financial results of the meat segment for 12M 2016 and Q4 2016 compared to 12M 2015 and Q4 2015 respectively are presented in the table below:

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
Sales	17,851	18,117	(266)	(1)	5,359	4,686	673	14
Net gain/ (loss) on revaluation of biological assets and agricultural produce	146	(304)	450	-	20	(273)	293	-
Cost of sales	(14,822)	(11,728)	(3,094)	(26)	(4,048)	(3,768)	(280)	(7)
Gross profit	3,175	6,085	(2,910)	(48)	1,330	645	685	106
<i>Gross profit margin</i>	<i>18%</i>	<i>34%</i>	<i>-16%</i>		<i>25%</i>	<i>14%</i>	<i>11%</i>	
<i>Gross profit excl. effect of biological assets revaluation</i>	3,029	6,389	(3,360)	(53)	1,310	918	393	43
<i>Adjusted gross profit margin</i>	<i>17%</i>	<i>35%</i>	<i>-18%</i>		<i>24%</i>	<i>20%</i>	<i>5%</i>	
Distribution and selling expenses	(280)	(119)	(161)	(135)	(93)	(44)	(49)	(111)
General and administrative expenses	(714)	(600)	(114)	(19)	(195)	(115)	(80)	(70)
Other operating income/ (expenses), net	332	852	(520)	(61)	60	185	(125)	(68)
<i>incl. reimbursement of operating costs (government grants)</i>	108	682	(575)	(84)	-	88	(88)	-
Operating profit	2,513	6,218	(3,705)	(60)	1,102	671	431	64
Adjusted EBITDA	4,013	7,672	(3,659)	(48)	1,413	1,231	183	15
<i>Adjusted EBITDA margin</i>	<i>22%</i>	<i>42%</i>	<i>-20%</i>		<i>26%</i>	<i>26%</i>	<i>0%</i>	

A slight decrease in *Sales* in 12M 2016 resulted from a decrease in pork sales prices. Comparison on a quarter-to-quarter basis show 14% increase in sales in 2016 mainly because of price growth. Additional factor is a shift to sales of more expensive processed pork, with the sales volume held nearly constant.

Pork sales volumes and the average pork sales prices per kilogram (excl. VAT) were as follows:

	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December	December			December	December		
	2016	2015			2016	2015		
Sales volume (in thousand tonnes), incl.	162	176	(15)	(8)	48	48	(0)	(1)
livestock pigs	76	141	(66)	(46)	26	30	(4)	(12)
processed pork	86	35	51	147	22	18	3	18
Average sale prices (roubles per kg, excl. VAT):								
livestock pigs	91.7	99.4	(7.8)	(8)	96.2	86.4	9.8	11
processed pork	124.1	114.2	9.9	9	130.4	113.3	17.1	15

The decrease in sales volume in 12M 2016 compared to prior year is linked to change in product mix. In the middle of 2015 the Group launched the slaughter house, that led to movement from sales of livestock pigs to sales of processed pigs with related decrease in volumes due to wastage. Total sales volume on the quarter to quarter bases are nearly on the same level.

Higher grain prices for harvest 2015 compared to harvest 2014 led to an increase in feed costs. Increased feed costs and processing costs of slaughter house led to a significant increase in costs of sales in 2016 compared to 2015.

A drop in government grants for reimbursement of operating costs in 12M and Q4 2016, minus RR 575 million and RR 88 million respectively, also contributed to the negative dynamics in operating profit and Adjusted EBITDA figures.

Agricultural Segment

As at 31 December 2016 the segment's area of controlled land stands at 665 thousand hectares (31 December 2015: 504 thousand hectares), an increase of 161 thousand hectares or 32%. The financial results of the agricultural segment for 12M 2016 and Q4 2016 compared to 12M 2015 and Q4 2015 respectively are presented below:

in RR million	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December	December			December	December		
	2016	2015			2016	2015		
Sales	21,155	14,211	6,944	49	12,976	9,012	3,965	44
Net gain/ (loss) on revaluation of biological assets and agricultural produce	69	1,191	(1,122)	(94)	(4,049)	(1,913)	(2,136)	(112)
Cost of sales	(13,376)	(6,672)	(6,704)	(100)	(8,048)	(3,996)	(4,053)	(101)
Net gain/ (loss) from trading derivatives	1	0	0	215	-	0	(0)	-
Gross profit	7,848	8,730	(882)	(10)	879	3,103	(2,224)	(72)
<i>Gross profit margin</i>	<i>37%</i>	<i>61%</i>	<i>-24%</i>		<i>7%</i>	<i>34%</i>	<i>-28%</i>	
<i>Gross profit excl. effect of biological assets and agricultural produce revaluation</i>	<i>7,780</i>	<i>7,539</i>	<i>240</i>	<i>3</i>	<i>4,928</i>	<i>5,016</i>	<i>(88)</i>	<i>(2)</i>
<i>Adjusted gross profit margin</i>	<i>37%</i>	<i>53%</i>	<i>-16%</i>		<i>38%</i>	<i>56%</i>	<i>-18%</i>	

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
Distribution and selling expenses	(2,733)	(1,450)	(1,283)	(88)	(1,845)	(895)	(950)	(106)
General and administrative expenses	(893)	(567)	(326)	(57)	(334)	(165)	(170)	(103)
Other operating income/ (expenses), net	275	(229)	503	-	(3)	(172)	169	98
<i>incl. reimbursement of operating costs (government grants)</i>	337	218	119	55	40	41	(1)	(2)
Operating profit	4,498	6,485	(1,987)	(31)	(1,303)	1,871	(3,174)	-
Adjusted EBITDA	6,192	6,630	(438)	(7)	3,870	4,550	(681)	(15)
<i>Adjusted EBITDA margin</i>	<i>29%</i>	<i>47%</i>	<i>-17%</i>		<i>30%</i>	<i>50%</i>	<i>-21%</i>	

A significant increase in sales volumes was the main driver of an increase in *sales* in 12M 2016 and Q4 2016 compared to 12M 2015 and Q4 2015. Increase in sales volume resulted from the increase in land bank cultivated and increase in yields.

Sales volumes by product were as follows:

Thousand tonnes	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
sugar beet	3,798	2,538	1,260	50	2,889	1,742	1,147	66
wheat	413	285	128	45	242	145	97	67
barley	377	310	67	22	212	188	24	13
sunflower seeds	50	22	28	132	17	20	(3)	(16)
corn	91	77	15	19	41	53	(12)	(23)
soy	182	12	170	1,474	101	9	92	1,021

All sugar beet are sold to the sugar segment. The sales volume of grain sold to the meat segment amounted to 129 thousand tonnes in 12M 2016 and 113 thousand tonnes in Q4 2016 (12M 2015 and Q4 2015: 172 and 128 thousand tonnes respectively). Sales volumes of grain include sales of wheat, barley, corn and peas.

The average sale prices per kilogram (excl. VAT) were as follows:

RR per kilogram, excl. VAT	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
sugar beet	2.4	2.9	(0.5)	(18)	2.4	2.9	(0.5)	(17)
wheat	7.4	8.7	(1.3)	(15)	6.4	9.1	(2.7)	(30)
barley	7.2	8.6	(1.4)	(16)	7.1	8.0	(0.9)	(11)
sunflower seeds	21.7	21.1	0.6	3	18.1	21.1	(3.0)	(14)
corn	8.1	7.6	0.5	6	7.6	7.9	(0.3)	(4)
soy	21.2	23.3	(2.1)	(9)	20.7	23.7	(3.0)	(13)

General and administrative expenses increased by RR 326 million in 12M 2016 (Q4 2016: RR 170 million) as number of new companies joined the agricultural segment and the Group during the current year. Additionally, the higher expenses are attributed to the implementation of SAP ERP and its integration with the existing financial reporting system, and related personnel expenses.

Other operating income, net includes income from reimbursement of operating expenses (government grants), which is higher by RR 119 million in 12M 2016 and basically on the same level in Q4 2016 compared to the prior year periods. Further, a gain from the partial release of lost-harvest provision was recognised in 12M 2016 in amount of RR 63 million compared to RR 328 million of loss in 12M 2015 (RR 24 million of loss in Q4 2016 against RR 203 million of loss in Q4 2015).

Oil and Fat segment

The financial results of the oil and fat segment for 12M 2016 and Q4 2016 compared to 12M 2015 and Q4 2015 respectively are presented below:

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
Sales	19,864	17,252	2,612	15	5,304	5,199	105	2
Cost of sales	(16,494)	(12,664)	(3,830)	(30)	(4,364)	(4,052)	(312)	(8)
Gross profit	3,370	4,588	(1,218)	(27)	940	1,147	(207)	(18)
<i>Gross profit margin</i>	<i>17%</i>	<i>27%</i>	<i>-10%</i>		<i>18%</i>	<i>22%</i>	<i>-4%</i>	
Distribution and selling expenses	(3,554)	(2,750)	(804)	(29)	(1,249)	(883)	(366)	(42)
General and administrative expenses	(720)	(527)	(193)	(37)	(169)	(126)	(44)	(35)
Other operating income/ (expenses), net	127	59	67	114	(14)	(22)	8	36
Operating profit/ (loss)	(778)	1,369	(2,147)	-	(492)	117	(609)	-
Adjusted EBITDA	(420)	1,662	(2,082)	-	(271)	227	(498)	-
<i>Adjusted EBITDA margin</i>	<i>-2%</i>	<i>10%</i>	<i>-12%</i>		<i>-5%</i>	<i>4%</i>	<i>-9%</i>	

The breakdown of Sales, Gross profit and Adjusted EBITDA between the Samara oil plant, the Ekaterinburg fat plant and Far East operations is as follows:

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
Sales, incl.	19,864	17,252	2,612	15	5,304	5,199	105	2
<i>Samara oil plant</i>	10,879	9,880	1,000	10	2,548	3,204	(657)	(20)
<i>Ekat. fat plant</i>	9,679	8,585	1,095	13	2,909	2,510	398	16
<i>Far East</i>	2,952	1,981	971	49	923	646	277	43
<i>Eliminations(*)</i>	(3,647)	(3,194)	(454)	(14)	(1,076)	(1,162)	87	7
Gross profit, incl.	3,370	4,588	(1,21)	(27)	940	1,147	(207)	(18)
<i>Samara oil plant</i>	1,158	1,899	(741)	(39)	463	389	74	19
<i>Ekat. fat plant</i>	2,205	2,500	(295)	(12)	573	685	(111)	(16)
<i>Far East</i>	272	341	(69)	(20)	81	118	(36)	(31)
<i>Eliminations(*)</i>	(266)	(153)	(113)	(74)	(178)	(44)	(133)	(301)
Adjusted EBITDA, incl.	(420)	1,662	(2,082)	-	(271)	227	(498)	-
<i>Samara oil plant</i>	238	1,115	(877)	(79)	97	184	(88)	(48)
<i>Ekat. fat plant</i>	(770)	374	(1,14)	-	(458)	(11)	(447)	(4,035)
<i>Far East</i>	151	176	(25)	(14)	143	51	92	182
<i>Eliminations(*)</i>	(39)	(3)	(36)	(1,358)	(53)	3	(56)	-

in RR million	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2016	December 2015			December 2016	December 2015		
Adjusted EBITDA	-2%	10%	-12%		-5%	4%	-9%	
<i>Samara oil plant</i>	2%	11%	-9%		4%	6%	-2%	
<i>Ekaterinburg fat plant</i>	-8%	4%	-12%		-16%	0%	-15%	
<i>Far East</i>	5.1%	9%	-4%		15.5%	8%	8%	

Intra-segment sales include sales of raw oil from Samara oil plant to Ekaterinburg fat plant.

Far East operations in 12M and Q4 2016 include results of operations of LLC Primorskaya soya, fat plant, acquired in Q4 2015 and engaged in soya bean oil extraction and processing. Far East operations in 12M 2015 also included tolling operations with soya bean on the related party's production facilities.

Sales volumes by product were as follows:

thousand tons	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2016	December 2015			December 2016	December 2015		
Ekaterinburg fat plant								
mayonnaise	77	66	11	17	25	21	3	15
margarine	37	43	(6)	(15)	12	12	(0.3)	(2)
bottled oil	15	8	7	86	5	3	2	81
Samara oil plant								
bulk oil	174	169	5	3	42	51	(9)	(17)
meal	138	143	(5)	(4)	37	41	(4)	(9)
Far East								
bottled oil	11	6	5	88	4	3	2	61
bulk oil	2	4	(2)	(43)	1	-	1	-
meal	62	55	7	13	22	19	3	14

The average sale prices per kilogram (excl. VAT) for sales to third parties were as follows:

RR per kilogram, excl. VAT	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2016	December 2015			December 2016	December 2015		
mayonnaise	76.7	72.7	4.0	5	76.2	74.4	1.8	2
margarine	75.6	70.7	4.8	7	79.2	75.0	4.2	6
bottled oil	71.9	62.6	9.3	15	65.3	67.9	(2.6)	(4)
bulk oil	53.0	47.6	5.4	11	48.3	54.8	(6.6)	(12)
meal	18.2	17.2	1.0	6	18.2	17.3	0.9	5

Increase in prices for sunflower seeds and sunflower raw oil that exceeded the growth of finished goods sale prices together with a continuing growth of advertising expenses in Ekaterinburg fat plant led to the decrease of profitability of the segment.

Key consolidated cash flow indicators (not IFRS presentation*)

The key consolidated cash flow indicators presented according to management accounts methodology were as follows:

in million Roubles	Year ended		Variance		Three months ended		Variance	
	31 December 2016	31 December 2015	Units	%	31 December 2016	31 December 2015	Units	%
Net cash from operating activities, incl.	11,809	15,922	(4,113)	(26)	174	2,208	(2,034)	(92)
<i>Operating cash flow before working capital changes</i>	18,066	22,973	(4,907)	(21)	7,000	6,947	53	1
<i>Working capital changes</i>	(5,140)	(4,683)	(458)	(10)	(6,390)	(3,928)	(2,462)	(63)
Net cash from investing activities, incl.	(24,346)	(13,071)	(11,275)	(86)	(11,523)	(2,248)	(9,275)	(413)
<i>Purchases of property, plant and equipment and inventories intended for construction</i>	(16,713)	(11,438)	(5,274)	(46)	(10,284)	(1,740)	(8,544)	(491)
Net cash from financing activities	15,040	(7,736)	22,776	-	4,628	(1,633)	6,262	-
Net effect of exchange rate changes on cash and cash equivalents	(152)	(1,030)	877	85	(97)	(67)	(30)	(44)
Net increase/ (decrease) in cash and cash equivalents	2,350	(5,915)	8,265	-	(6,818)	(1,741)	(5,077)	(292)

(*) See Appendix 4

The main investments in property, plant and equipment and inventories intended for construction in 12M 2016 were made in the meat segment in the amount of RR 8,066 million (12M 2015: RR 5,239 million), related to the new construction project in the Tambov region, and in the agriculture segment in the amount of RR 5,145 million (12M 2015: RR 2,625 million), related to purchases of machinery and equipment. Significant investments were also made in Sugar segment in the amount of RR 2,504 (12M 2015: RR 2,920 million). Investments the oil and fat segment amounted to RR 951 (12M 2015: RR 609 million).

Debt position and liquidity management

in RR million	31 December 2016	31 December 2015	Variance	
			Units	%
Gross debt	44,503	50,323	(5,821)	(12)
<i>Short-term borrowings</i>	11,704	25,860	(14,156)	(55)
<i>Long-term borrowings</i>	32,798	24,463	8,335	34
Cash and cash equivalents, bank deposits and bonds	(40,160)	(34,751)	(5,409)	(16)
<i>Short-term cash, deposits and bonds</i>	(23,044)	(20,037)	(3,007)	(15)
<i>Long-term cash, deposits and bonds</i>	(17,116)	(14,714)	(2,402)	(16)
Net debt	4,342	15,572	(11,230)	(72)
<i>Short-term borrowings, net</i>	(11,340)	5,823	(17,163)	-
<i>Long-term borrowings, net</i>	15,682	9,749	5,933	61
Adjusted EBITDA	18,205	24,423	(6,218)	(25)
Net debt/ Adjusted EBITDA	0.24	0.64	(0.4)	

Net finance income/ (expense)

in RR million	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2016	December 2015			December 2016	December 2015		
Net interest expense	(3,614)	(2,042)	(1,572)	(77)	(793)	(541)	(252)	(47)
<i>Gross interest expense</i>	(4,810)	(3,857)	(953)	(25)	(1,051)	(1,288)	237	18
<i>Reimbursement of interest expense</i>	1,196	1,815	(619)	(34)	258	747	(489)	(65)
Interest income	4,466	1,577	2,889	183	1,112	675	437	65
Net gain/ (loss) from bonds held for trading	(0)	637	(637)	-	(1)	-	(1)	-
Other financial income, net	(1,135)	3,080	(4,215)	-	(113)	580	(693)	-
<i>Net foreign exchange gain/ (loss)</i>	(1,107)	3,129	(4,236)	-	(105)	592	(697)	-
<i>Other financial income / (expenses), net</i>	(28)	(49)	21	44	(8)	(12)	4	32
Total net finance income/ (expenses)	(284)	3,252	(3,536)	-	205	714	(509)	(71)

In 2016 the Group continued to enjoy benefits from the state agriculture subsidies programme. In 12M 2016 RR 1,196 million of subsidies received covered 25% of gross interest expense.

Other financial income, net relates mainly to net financial foreign exchange losses.

(1) The exchange rates used for translation of RR amounts into USD represent average Central Bank official exchange rate for the respective reporting period for income, expenses and profits and the Central Bank official exchange rate as at the reporting date for balance figures.

(2) Adjusted EBITDA is defined as operating profit before taking into account (i) depreciation included in operating profit, (ii) other operating income/ (expenses), net (other than reimbursement of operating costs (government grants)), (iii) net gain/ (loss) on revaluation of biological assets and agricultural produce, (iv) provision/ (reversal of provision) for net realizable value of agricultural products in stock, (v) share-based remuneration (see Appendix 2 for the detailed calculation of Adjusted EBITDA). Adjusted EBITDA is not a measure of financial performance under IFRS. It should not be considered as an alternative to profit for the period as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Our calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. We believe that Adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of subsidiaries and other investments and our ability to incur and service debt.

(3) The Group determines the net debt as short-term borrowings and long-term borrowings less cash and cash equivalents, bank deposits, bank promissory notes and bonds held for trading.

Note:

ROS AGRO PLC (LSE: AGRO) – a holding company of Rusagro Group, a leading Russian diversified food producer with vertically integrated operations in the following branches:

Sugar:

We are a leading Russian sugar producer, producing sugar on six production sites from both sugar beet and raw cane sugar. We produce white cube sugar and white packaged sugar sold under the brands Chaikofsky, Russkii Sakhar and Brauni. Our sugar segment is vertically integrated with sugar beet cultivation in our agriculture segment, through which we strive to ensure a consistent supply of sugar beets.

Meat:

According to the National Union of Pig Breeders, we are the second largest pork producer in Russia on the ground of relative production volumes for 2015. We have implemented best practices in biosecurity at our pig farms.

Agricultural:

The Group currently controls what it believes to be one of the largest land banks among Russian agriculture producers, with 665 thousand hectares of land under our control located in the highly fertile Black Earth region of Russia (in the Belgorod, Tambov and Voronezh regions) and in the Far East Primorie region. Land and production sites are strategically located within the same regions to optimize efficiency and minimize logistical costs. We believe we are one of the major sugar beet producers in Russia, and our agricultural segment also produces winter wheat and barley, sunflower products and soybeans. These products are partially consumed by the meat segment, supporting a synergistic effect and lowering price change risk.

Oil and Fat:

We are a leading producer of mayonnaise and consumer margarine in Russia, such as "Provansal EZhK" and "Schedroe Leto". In January 2013 the Company has begun production of mayonnaise under brand "Mechta Khozyayki". Our oil extraction plant located in Samara (Samara oil plant) enables us to control the source of 100% of the vegetable oil required by our oil and fats production plant in Ekaterinburg (Ekaterinburg fat plant).

Forward-looking statements

This announcement includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements do not relate to historical or current events, or to any future financial or operational activity of the Group.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond the Rusagro Group's control. As a result, actual future results may differ materially from the plans and expectations set out in these forward-looking statements.

The Group undertakes no obligation to release the results of any revisions to any forward-looking statements that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

Rusagro management is organizing a conference call about its 12M and Q4 2016 financial results for investors and analysts.

Details of call:

Date	13 March 2017
Time	4:00 PM (Moscow) /1:00 PM (London)
Subject	ROS AGRO PLC 12M and Q4 2016 financial results
UK Toll Free	0800 358 6377
UK Local Line	+44 330 336 910
USA Toll Free	888 349 9618
USA Local Line	+1 719 325 2385
Russia Toll Free	+7 495 213 1767
Conference ID	1850048

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Appendix 1. Consolidated statement of comprehensive income for the year ended 31 December 2016 (in RR thousand)

	Year ended 31 December		Three months ended 31 December	
	2016	2015	2016	2015
Sales	84,256,585	72,439,164	28,668,346	22,081,354
Net gain on revaluation of biological assets and agricultural produce	48,176	2,040,860	(2,524,741)	(531,264)
Cost of sales	(58,915,613)	(43,271,410)	(19,434,739)	(13,218,651)
Net gain from trading derivatives	335,997	223,948	2,440	(1,023)
Gross profit	25,725,145	31,432,562	6,711,307	8,330,416
Distribution and selling expenses	(7,993,094)	(5,313,993)	(3,306,279)	(1,817,593)
General and administrative expenses	(5,356,057)	(4,065,560)	(1,439,634)	(1,021,735)
Other operating income/ (expenses), net	1,830,088	184,968	430,340	(154,396)
Operating profit	14,206,082	22,237,977	2,395,735	5,336,692
Interest expense	(3,614,107)	(2,041,743)	(792,895)	(540,813)
Interest income	4,465,667	1,576,601	1,111,526	675,491
Net gain/ (loss) from bonds	(422)	636,601	(556)	-
Other financial income/ (expenses), net	(1,134,849)	3,080,295	(112,666)	579,458
Share of results of associates	20,831	23,997	(5,575)	3,493
Profit before income tax	13,943,202	25,513,728	2,595,569	6,054,322
Income tax expense	(267,790)	(1,823,392)	(123,642)	(451,555)
Profit for the year	13,675,412	23,690,336	2,471,928	5,602,768
Other comprehensive income:				
Items that may be subsequently reclassified to profit and loss:				
Change in value of available-for-sale financial assets	(107,782)	(39,469)	41,746	(39,469)
Income tax relating to other comprehensive income	21,556	7,894	(16,395)	7,894
Total comprehensive income for the period	13,589,186	23,658,761	2,497,279	5,571,192
Profit is attributable to:				
Owners of ROS AGRO PLC	13,684,192	23,482,192	2,480,192	5,446,505
Non-controlling interest	(8,780)	208,144	(8,264)	156,263
Profit for the period	13,675,412	23,690,336	2,471,928	5,602,768
Total comprehensive income is attributable to:				
Owners of ROS AGRO PLC	13,597,966	23,450,617	2,505,543	5,414,929
Non-controlling interest	(8,780)	208,144	(8,264)	156,263
Total comprehensive income for the period	13,589,186	23,658,761	2,497,279	5,571,192
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	531.56	996.80	92.23	231.20

Appendix 2. Segment information for the year ended 31 December 2016 (in RR thousand)

12M 2016	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	37,239,582	17,851,245	21,154,816	19,863,843	94,919	(11,947,821)	84,256,584
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	145,878	68,934	-	-	(166,636)	48,176
Cost of sales	(25,626,600)	(14,822,058)	(13,375,993)	(16,493,978)	-	11,403,016	(58,915,613)
<i>incl. Depreciation</i>	<i>(1,239,315)</i>	<i>(1,827,178)</i>	<i>(1,496,884)</i>	<i>(356,307)</i>	-	<i>(70,555)</i>	<i>(4,990,239)</i>
Net gain/ (loss) from trading derivatives	335,277	-	720	-	-	-	335,997
Gross profit	11,948,259	3,175,065	7,848,477	3,369,865	94,919	(711,441)	25,725,144
Distribution and Selling, General and administrative expenses	(3,722,493)	(993,890)	(3,625,504)	(4,274,300)	(1,945,389)	1,212,426	(13,349,150)
<i>incl. Depreciation</i>	<i>(113,749)</i>	<i>(42,811)</i>	<i>(203,840)</i>	<i>(127,743)</i>	<i>(22,231)</i>	<i>68,561</i>	<i>(441,813)</i>
Other operating income/(expenses), net	59,966	331,569	274,594	126,562	18,124,997	(17,087,599)	1,830,088
<i>incl. Reimbursement of operating costs (government grants)</i>	-	<i>107,853</i>	<i>337,328</i>	-	-	-	<i>445,181</i>
Operating profit	8,285,732	2,512,744	4,497,567	(777,873)	16,274,527	(16,586,614)	14,206,082
Adjustments:							
Depreciation included in Operating Profit	1,353,064	1,869,989	1,700,725	484,051	22,231	1,993	5,432,053
Other operating (income) /expenses, net	(59,966)	(331,569)	(274,594)	(126,562)	(18,124,997)	17,087,599	(1,830,089)
Reimbursement of operating costs (government grants)	-	107,853	337,328	-	-	-	445,181
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(145,878)	(68,934)	-	-	166,636	(48,176)
Adjusted EBITDA *	9,578,830	4,013,139	6,192,092	(420,384)	(1,828,239)	669,614	18,205,051

* Non-IFRS measure

Appendix 2 (continued). Segment information for the year ended 31 December 2015 (in RR thousand)

12M 2015	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	32,853,298	18,117,255	14,210,787	17,252,029	41,924	(10,036,129)	72,439,164
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(303,980)	1,190,980	-	-	1,153,860	2,040,860
Cost of sales	(20,289,817)	(11,728,195)	(6,671,663)	(12,664,459)	-	8,082,723	(43,271,410)
<i>incl. Depreciation</i>	<i>(861,985)</i>	<i>(1,290,757)</i>	<i>(731,891)</i>	<i>(223,818)</i>	-	<i>13,678</i>	<i>(3,094,773)</i>
Net gain/ (loss) from trading derivatives	223,719	-	229	-	-	-	223,948
Gross profit	12,787,201	6,085,081	8,730,333	4,587,570	41,924	(799,546)	31,432,562
Distribution and Selling, General and administrative expenses	(2,689,652)	(719,221)	(2,017,232)	(3,277,525)	(1,570,593)	894,671	(9,379,553)
<i>incl. Depreciation</i>	<i>(108,308)</i>	<i>(28,880)</i>	<i>(157,811)</i>	<i>(128,106)</i>	<i>(24,677)</i>	<i>31,563</i>	<i>(416,219)</i>
Other operating income/(expenses), net	(63,221)	851,773	(228,584)	59,222	16,176,588	(16,610,810)	184,968
<i>incl. Reimbursement of operating costs (government grants)</i>	-	<i>682,396</i>	<i>217,864</i>	-	-	-	<i>900,260</i>
Operating profit	10,034,327	6,217,632	6,484,518	1,369,267	14,647,919	(16,515,686)	22,237,977
Adjustments:							
Depreciation included in Operating Profit	970,293	1,319,637	889,702	351,924	24,677	(45,241)	3,510,992
Other operating (income) /expenses, net	63,221	(851,773)	228,584	(59,222)	(16,176,588)	16,610,810	(184,968)
Reimbursement of operating costs (government grants)	-	682,396	217,864	-	-	-	900,260
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	303,980	(1,190,980)	-	-	(1,153,860)	(2,040,860)
Adjusted EBITDA *	11,067,841	7,671,873	6,629,687	1,661,969	(1,503,992)	(1,103,977)	24,423,401

* Non-IFRS measure

Appendix 3. Consolidated statement of financial position as at 31 December 2016 (in RR thousand)

	31 December 2016	31 December 2015
ASSETS		
Current assets		
Cash and cash equivalents	6,751,712	4,401,703
Restricted cash	39	-
Short-term investments	17,230,012	29,981,025
Trade and other receivables	4,607,634	3,504,497
Prepayments	746,886	1,186,836
Current income tax receivable	97,461	41,816
Other taxes receivable	3,663,194	1,613,361
Inventories	29,538,204	22,569,818
Short-term biological assets	4,696,957	3,616,397
Total current assets	67,332,099	66,915,455
Non-current assets		
Property, plant and equipment	45,662,146	35,127,186
Inventories intended for construction	38,963	26,851
Goodwill	2,225,304	2,405,792
Advances paid for property, plant and equipment	14,172,240	5,392,600
Long-term biological assets	1,745,468	1,913,224
Long-term investments	17,751,740	15,378,412
Investments in associates	110,504	431,405
Deferred income tax assets	1,935,298	1,490,657
Other intangible assets	1,999,209	761,911
Long-term restricted cash	-	71,142
Total non-current assets	85,640,872	62,999,180
Total assets	152,972,971	129,914,635
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	11,704,276	25,860,464
Trade and other payables	6,988,905	3,736,755
Current income tax payable	99,450	383,535
Other taxes payable	3,814,277	2,359,134
Total current liabilities	22,606,908	32,339,888
Non-current liabilities		
Long-term borrowings	32,798,240	24,462,877
Government grants	3,712,593	2,043,667
Deferred income tax liability	535,514	496,235
Total non-current liabilities	37,046,347	27,002,780
Total liabilities	59,653,255	59,342,668
Equity		
Share capital	12,269	9,734
Treasury shares	(499,590)	(505,880)
Share premium	26,964,480	10,557,573
Share-based payment reserve	1,181,438	1,263,637
Retained earnings	65,420,977	59,219,626
Equity attributable to owners of ROS AGRO PLC	93,079,574	70,544,691
Non-controlling interest	240,141	27,276
Total equity	93,319,715	70,571,967
Total liabilities and equity	152,972,970	129,914,635

Appendix 4. Consolidated statement of cash flows for the year ended 31 December 2016 (in RR thousand) – NOT IFRS PRESENTATION (*)

	Year ended 31 December 2016	Year ended 31 December 2015
Cash flows from operating activities		
Profit before income tax	13,943,202	25,513,729
<i>Adjustments for:</i>		
Depreciation and amortization	5,819,850	3,510,992
Interest expense	4,810,145	3,856,802
Government grants	(1,943,206)	(2,933,099)
Interest income	(4,465,667)	(1,576,601)
Loss/ (gain) on disposal of property, plant and equipment	31,217	32,582
Net (gain) / loss on revaluation of biological assets and agricultural produce	(48,176)	(2,040,860)
Change in provision for net realisable value of inventory	92,961	(173,998)
Share of results of associates	(20,831)	(23,997)
Change in provision for impairment of receivables and prepayments	(28,388)	28,755
Foreign exchange (gain) / loss, net	1,074,439	(3,001,430)
Share based remuneration	4,026	4,015
Lost harvest write-off	-	327,991
Reversal of harvest previously written-off	(63,450)	-
Net (gain) / loss from bonds held for trading	14,864	(636,601)
Settlement of loans and accounts receivable previously written-off	(937,545)	-
Change in provision for impairment of other taxes receivables	(197,409)	-
Change in provision for impairment of advances paid for property, plant and equipment	(7,405)	(9,432)
Impairment of goodwill	589,416	-
Excess of the Group's share of identifiable net assets acquired over consideration paid	(636,036)	-
Loss on disposal of subsidiaries, net	-	1,142
Other provisions	(15,454)	-
Loss on other investments	7,820	26,142
Other non-cash and non-operating expenses, net	41,511	67,173
Operating cash flow before working capital changes	18,065,884	22,973,305
Change in trade and other receivables and prepayments	371,138	(1,117,623)
Change in other taxes receivable	(1,440,920)	(251,233)
Change in inventories	(6,093,853)	(3,162,095)
Change in biological assets	842,463	(896,493)
Change in trade and other payables	1,354,325	481,675
Change in other taxes payable	(173,631)	262,793
Cash generated from operations	12,925,406	18,290,329
Income tax paid	(1,116,502)	(2,368,293)
Net cash from operating activities	11,808,904	15,922,036
Cash flows from investing activities		
Purchases of property, plant and equipment	(16,642,716)	(11,423,459)
Purchases of other intangible assets	(275,416)	(256,505)
Proceeds from sales of property, plant and equipment	71,637	46,529
Purchases of inventories intended for construction	(69,787)	(14,793)
Purchases of other investments	-	(400,387)
Investments in subsidiaries, net of cash acquired	(7,506,408)	(931,395)
Movement in restricted cash	64,117	(90,993)
Dividends received	12,198	-
Proceeds from sale of subsidiaries, net of cash disposed	-	(46)
Net cash from investing activities	(24,346,375)	(13,071,049)
Cash flows from financing activities		
Proceeds from borrowings	26,104,909	63,966,110
Repayment of borrowings	(33,949,009)	(16,657,102)
Interest paid	(3,823,363)	(3,416,791)

Proceeds from cash withdrawals from deposits*	22,469,547	34,162,514
Deposits placed with banks*	(23,934,790)	(59,209,261)
Purchases of bonds*	(2,566,211)	(3,433,426)
Proceeds from sales of bonds*	3,433,426	7,567,628
Proceeds from sales of rights of claim*	124,405	-
Loans given*	(1,217,297)	(1,168,351)
Loans repaid*	11,261,011	1,106,602
Purchases of loans issued*	-	(30,080,733)
Interest received*	4,585,875	981,885
Proceeds from government grants	3,487,866	3,014,204
Sale of non-controlling interest	-	164,316
Purchases of non-controlling interest	(142,850)	(168,421)
Proceeds from sales of treasury shares	6,373	-
Proceeds from issue of own shares, net of transaction cost	16,328,269	-
Dividends paid to owners Ros Agro PLC	(7,124,250)	(4,546,749)
Other financial activities	(4,135)	(18,451)
Net cash from financing activities	15,039,776	(7,736,026)
Net effect of exchange rate changes on cash and cash equivalents	(152,296)	(1,029,571)
Net increase/ (decrease) in cash and cash equivalents	2,350,009	(5,914,610)
Cash and cash equivalents at the beginning of the year	4,401,703	10,316,313
Cash and cash equivalents at the end of the year	6,751,712	4,401,703

() For the purpose of conformity with the methodology of the Group's net debt calculation, investments in financial assets related to financial activities are presented in Cash flows from financing activities in the Group's management accounts.*