

# OPERATIONAL UPDATE, June 2016

02 August, 2016

- ❖ Mriya successfully finished its spring sowing campaign in the first half of June and began its harvesting campaign in the middle of July as planned. The harvest began with threshing of winter barley, wheat and rapeseed.
- ❖ In mid-July, the company received additional \$14 million of Working Capital financing provided by Mriya's existing bondholders. The funds will cover Working Capital needs to complete the harvesting and to prepare for the autumn sowing campaign. In total, the company obtained \$41 million of 2016 Working Capital financing from the company's current creditors.
- ❖ The conditions under which 2016 Working Capital facility was offered to the company have changed the overall restructuring parameters as agreed among the Coordinating Committees of the creditors in November 2015 and therefore the creditors have entered into negotiations to agree on amended restructuring terms and conditions.
- ❖ On July 1, the company's logistics base located in the city of Khorostkiv, Ternopil region was occupied by unknown persons led by a lawyer affiliated with the former owners of Mriya, the Guta family. The access to the site has been closed for the company's employees by the mentioned persons who have also attempted to take control over equipment located on the premises. The territory is still being occupied as of the date of this report. Mriya holds all the documents necessary to confirm the legality of its presence and operations at the site. The company is in contact with the law enforcement authorities and intends to protect its rights using all the available legal means.

## Winter crops 2015/16 - Sowing

<i>Crop</i>	<i>In ground as of 30/06/16, kha</i>	<i>Total planned, kha</i>	<i>Completion, %</i>
Wheat	61,2	60,6	101%
Rapeseed	6,7*	20,6	33%
Barley	0,2	0,2	100%
<b>Total</b>	<b>68,1</b>	<b>81,3</b>	<b>84%</b>

\*Taking into account the winter rapeseed losses of 13,9 kha

## Comments

- In the end of June, Mriya was fully ready to start its winter crops harvesting campaign which was scheduled for the middle of July.
- Winter wheat and barley yields are expected to be at the budgeted levels. Winter rapeseed suffered because of weather conditions and late fertilization due to late WC arrival. Its yield is forecasted to be at 19% of the budgeted level.
- Due to late arrival of fertilizers, we expect a larger negative impact on rapeseed yields than on wheat yields.

## Spring crops 2016 - Sowing

Crop	In ground as of 30/06/16, kha	Total planned, kha	Completion, %
Spring rapeseed	8,7**	9,8	89%
Spring barley	11,2	11,2	100%
Sunflower	42,5*	43,3	98%
Corn	9,1	9,1	100%
Soybean	6,0	6,0	100%
Potato	2,0	2,0	100%
Other	2,0*	2,5	80%
<b>Total</b>	<b>81,5</b>	<b>83,9</b>	<b>97%</b>

\*The sowing area was reduced due to management decision in order to optimization

\*\*Taking into account the loss of 1,1 kha of spring rapeseed in June due to late fertilization

## Comments

- Mriya successfully finished its spring sowing campaign in the first decade of June in line with the company's planting schedule.
- During June, the fields were in the phase of the application of nitrogen & mineral fertilizers and spraying of plant protection chemicals.
- Straight after harvesting, company starts the preparation of the soil assigned for sowing the 2016/2017 winter crops sowing campaign.

## Sales volumes shipped

<i>Crop</i>	<i>Shipped May 2016, kmt</i>	<i>Shipped June 2016, kmt</i>
Grains	0,11	0,00
Oilseeds	0,32	0,07
Other	0,01	0,02
<b>Total</b>	<b>0,44</b>	<b>0,09</b>

<i>Crop</i>	<i>Shipped May 2016, kmt</i>	<i>Shipped June 2016, kmt</i>
Export	0,00	0,00
Domestic sales	0,44	0,09
<b>Total</b>	<b>0,44</b>	<b>0,09</b>

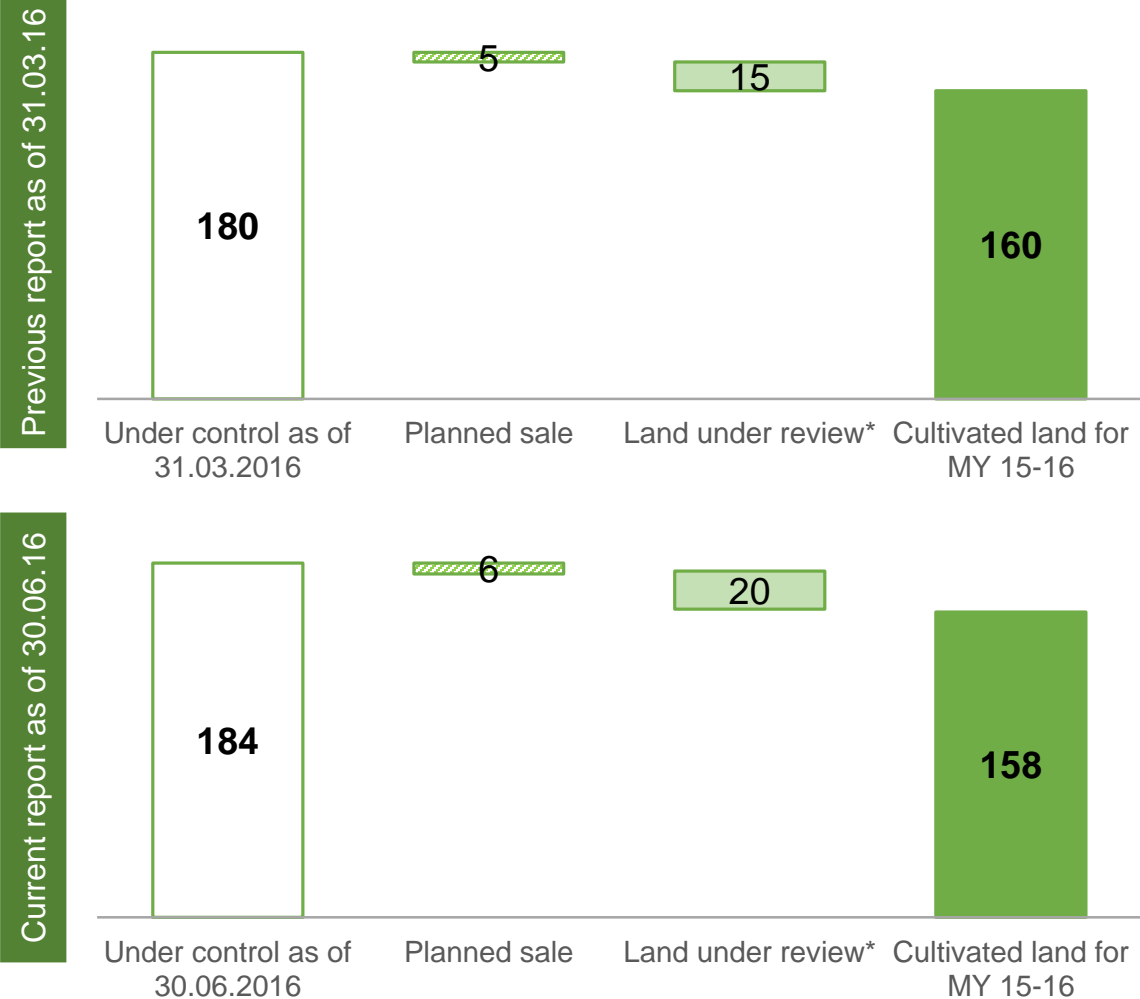
## Inventory in elevators

<i>Crop</i>	<i>As of 31 May, kmt</i>	<i>As of 30 June, kmt</i>	<i>Change in inventory, kmt</i>
Grains	4,82	2,48	-2,34
Oilseeds	1,37	0,90	-0,47
Other	0,51	0,45	-0,06
<b>Total</b>	<b>6,70</b>	<b>3,84</b>	<b>-2,87</b>

## Comments

- Mriya concluded forward contracts for sale and export of its 2016 crops with big multinational traders as ADM, Cargill, Louis Dreyfus, CHS, BTG Pactual Commodities.

## Land bank: controlled and cultivated, kha



## Comments

- In Q2 2016, Mriya`s land bank increased by 4 kha as a result of the ongoing process of audit of land leases. The new land leases were included into the category of land under review.
- The cultivated land has decreased by 2 kha due to its reclassification to the category of land under review as a result of the ongoing reconciliation of legal documents.
- Additional 1 kha of land under review was recognized as unfavorable for Mriya`s agricultural operations and reclassified to the category of planned-for-sale land.
- The reconciliation of legal documents and physical borders of leased land plots that was initiated in Q4 2015 continues.
- Part of land plots recommended for sale is still under Mriya`s control due to the ongoing process of resigning leases before selling them to new leaseholders (expected to be fully divested by the end of 2016).

\* Land currently in the process of reconciliation into 4 categories: leases of arable land (that Mriya can legally cultivate), leases of non-arable land, losses from expired 2015 leases (unable to resign), suboptimal land to exchange/ terminate lease contracts



Item (in mln USD)	1 Jul - 31 Dec 2015	1 Jan 2016-30 Jun 2016	TOTAL 1 Jul 2015 - 30 Jun 2016
<b>Cash at the beginning of the period</b>	<b>28,9</b>	<b>13,6</b>	<b>28,9</b>
<b>Cashflow from operating activities</b>	<b>9,3</b>	<b>-22,4</b>	<b>-13,1</b>
<i>Cash proceeds from operating activities</i>	61,2	5,4	66,6
<i>Cash proceeds from agricultural produce</i>	51,6	3,2	54,8
<i>Cash proceeds from potato and starch sales</i>	2,2	0,8	3,0
<i>Cash proceeds from silos operations</i>	1,2	0,3	1,5
<i>Other operational proceeds</i>	6,2	1,1	7,3
<i>Operational costs</i>	-51,9	-27,8	-79,7
<i>Cost of goods &amp; other operational</i>	-25,1	-16,3	-41,4
<i>Land and land social payments</i>	-6,5	-1,4	-7,9
<i>Personnel expenses</i>	-7,5	-4,0	-11,5
<i>G&amp;A &amp; Restructuring fees</i>	-12,8	-6,1	-18,9
<b>Cashflow from investment activities</b>	<b>-7,8</b>	<b>-2,9</b>	<b>-10,7</b>
<i>Investment income</i>	0,0	1,1	1,1
<i>CapEx</i>	-6,7	-2,7	-9,4
<i>Land registration and contracts resigning</i>	-1,1	-1,3	-2,4
<b>Cashflow from financing activities</b>	<b>-16,9</b>	<b>16,1</b>	<b>-0,7</b>
<i>Proceeds from financing activities</i>	0,0	18,0	18,0
<i>Loan repayments</i>	-15,0	-0,8	-15,8
<i>Financial expenses</i>	-1,8	-1,1	-2,9
<b>Cash at the end of the period</b>	<b>13,6</b>	<b>4,4</b>	<b>4,4</b>

The presented figures are unaudited figures for management accounts

## Comments

- Income in January – June 2016 was generated from sales of spring crops (soybeans, sunflower seeds, corn) and starch.
- In January – June 2016, \$16,3 million were spent for spring sowing campaign. That included costs of fertilizers, plant protection products, fuel material, repair parts and other expenses.
- CapEx consisted of \$2,2 million for the procurement of farming machinery.
- Start of May, the company obtained \$27 million of Working Capital financing, out of which \$9 million were to refinance the remainder of the 2015 Working Capital facility.
- The company didn't make any payments in respect to its legacy debt, whilst the restructuring proposal is being developed and negotiated.

# Thank You

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