

OPERATIONAL UPDATE, September 2016

19 October, 2016

- ❖ In September, Mriya continued with its spring crop harvesting (2016 Crop) and winter crop sowing (2017 Crop) campaigns.
- ❖ At the beginning of September, the key restructuring terms and conditions were agreed between Mriya and Coordinating Committees of Banks and Bonds. According to the restructuring terms, Mriya's operating group debt will be reduced to a total sustainable debt level up to \$330 million. Exact debt restructuring conditions were published on Mriya's website.
- ❖ Following the publication of the restructuring terms, the Minister of Agriculture, the Governor of the National Bank of Ukraine as well as representatives of the Presidential Administration expressed support for the restructuring of Mriya's debt. Specifically, the Governor of the National Bank welcomed Mriya's recent efforts to agree debt restructuring terms and emphasized that the success of this restructuring is in the best interest of the entire country.
- ❖ The company received commitments for additional \$5 million of Working Capital in September and obtained funding at the beginning of October. The financing was provided by Mriya's existing bondholders. The funds will cover Working Capital needs till the end of 2017. In total, Mriya obtained \$46 million of 2016 Working Capital financing from the company's current creditors.

Winter crops 2015/16 - Harvesting

Crop	Harvested as of 30/09/16, kha	Total planned, kha	Completion, %
Wheat	61,2	61,2	100%
Rapeseed	6,7	6,7	100%
Barley	0,2	0,2	100%
Total	68,1	68,1	100%

Crop	Yield actual, mt/ha	Yield planned, mt/ha	Yield difference, %	Total harvest, thd mt
Wheat	4,3	4,3	0%	262,0
Rapeseed	1,2	0,8	55%	8,3
Barley	3,2	3,1	3%	0,7

Winter crops 2016/17 - Sowing

Crop	In ground as of 30/09/16, kha	Total planned, kha	Completion, %
Wheat	21,1	70,5	30%
Rapeseed	19,3*	21,0	100%*
Rye	-	2,0	-
Barley	-	0,9	-
Total	40,3	94,4	43%

*The sowing of rapeseed is fully completed, sowing area was reduced due to the management decision

Comments

- Mriya harvested 271 thousand tons of winter crops from 68,1 kha of land. Winter crops yields exceeded the management forecast.

Comments

- In September, Mriya finished sowing of rapeseed and overall completed almost 50% of the winter crops sowing campaign. The sowing-related works are planned to be fully finished at the beginning of November.
- Field works such as an application of fertilizers, spraying of plants and tillage are under way.

Spring crops 2016 - Harvesting

Crop	Harvested as of 30/09/16, kha	Total planned, kha	Completion, %
Spring rapeseed	8,5**	8,7	100%**
Spring barley	11,1*	11,2	100%*
Sunflower	12,7	42,5	30%
Corn	0,2	9,1	3%
Soybean	0,1	6,0	1%
Potato	1,2	2,0	60%
Other	1,4	2,0	71%
Total	35,2	81,5	43%

* Damaged by contained fire outbreak

** Loss due to weather conditions

Crop	Yield actual*, mt/ha	Yield planned, mt/ha	Yield difference, %	Total harvest, thd mt
Spring rapeseed	1,0	1,5	-33%	8,5
Spring barley	4,8	3,8	26%	53,1
Sunflower	-	2,1	-	26,7
Corn	-	7,0	-	0,6
Soybean	-	2,1	-	0,1
Potato	-	30,0	-	19,1

* For fully harvested crops

Comments

- In September, Mriya began harvesting sunflower, corn and soybeans. The harvesting campaign is planned to be fully completed until the end of November.
- In August-September, the company conducted an inspection of the condition of spring crops. The results of the inspection showed that biological yields of sunflower are going to be in line with management forecast. The yields of corn and soybean might be slightly lower in comparison with forecasted yields due to adverse weather conditions during the flowering period.

Sales volumes shipped

<i>Crop</i>	<i>Shipped Aug 2016, kmt</i>	<i>Shipped Sept 2016, kmt</i>
Grains	42,63	47,74
Oilseeds	2,86	18,45
Other	3,82	5,61
Total	49,31	71,80

	<i>Shipped Aug 2016, kmt</i>	<i>Shipped Sept 2016, kmt</i>
Export	40,62	46,33
Domestic sales	8,69	25,47
Total	49,31	71,80

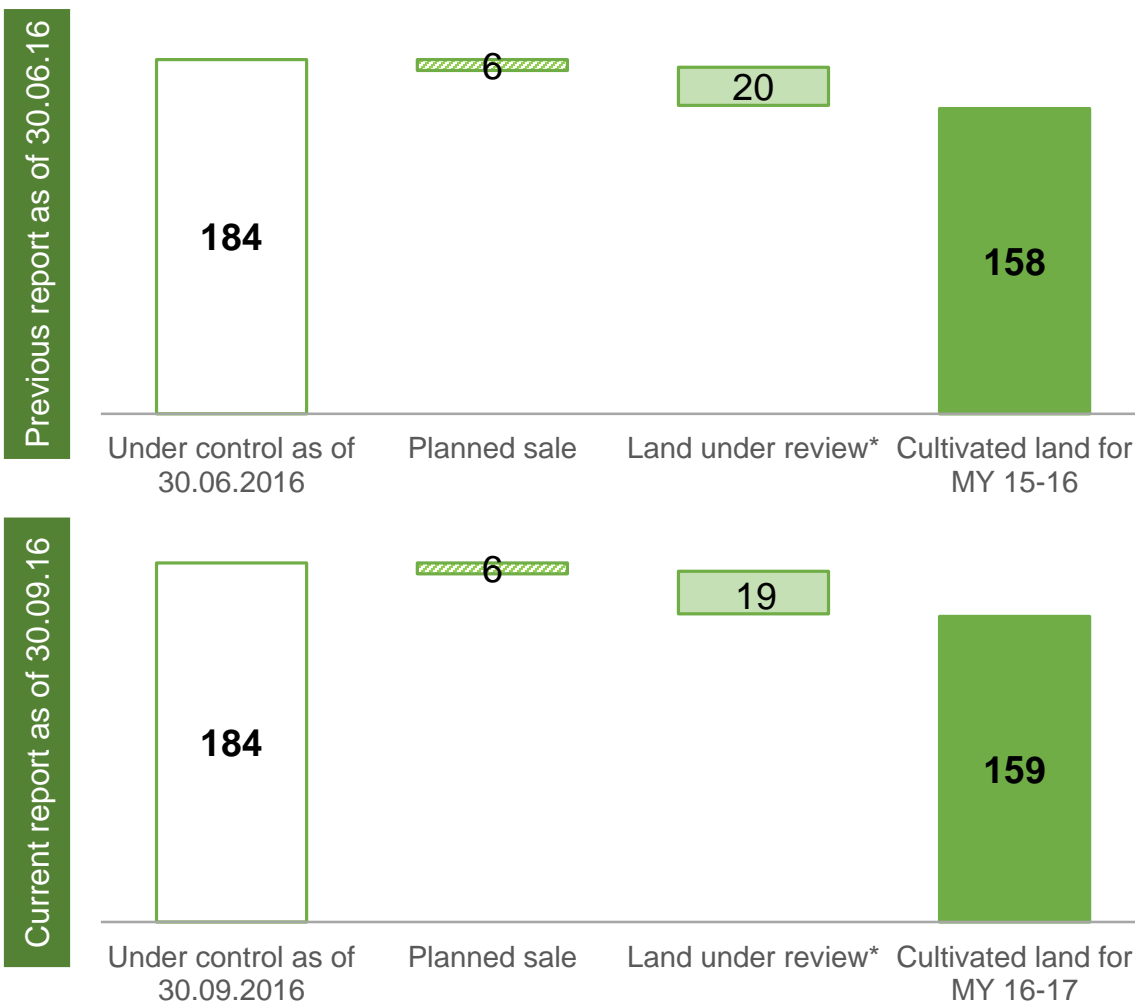
Comments

- For sale of the company's 2016 crops, Mriya is working with a number of big multinational traders such as ADM, Cargill, Louis Dreyfus, CHS, Engelhart Commodities, as well as with domestic sunflower seed crushing factories.

Inventory in elevators

<i>Crop</i>	<i>As of 31 Aug, kmt</i>	<i>As of 30 Sept, kmt</i>	<i>Change in inventory, kmt</i>
Grains	222,69	139,41	-83,28
Oilseeds	13,76	22,63	8,87
Other	13,88	19,12	5,25
Total	250,33	181,17	-69,16

Land bank: controlled and cultivated, kha



Comments

- In Q3 2016, the area of 1 kha of land under review was recognized as favorable for the company's agricultural operations and was included into the category of cultivated land for MY16-17.
- The reconciliation of legal documents and physical borders of leased land plots that was initiated in Q4 2015 continues.
- A 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)	2015	2016		
	1 Jul - 31 Dec	1 Jan - 30 Jun	1 Jul - 30 Sept	TOTAL 1 Jan - 30 Sept
Cash at the beginning of the period	28,9	13,6	4,4	13,6
Cashflow from operating activities	9,3	-22,4	-5,2	-27,6
<i>Cash proceeds from operating activities</i>	61,2	5,4	26,4	31,8
<i>Cash proceeds from agricultural produce</i>	51,6	3,2	25,8	29,0
<i>Cash proceeds from potato and starch sales</i>	2,2	0,8	0,2	1,0
<i>Cash proceeds from silos operations</i>	1,2	0,3	0,0	0,3
<i>Other operational proceeds</i>	6,2	1,1	0,4	1,5
<i>Operational costs</i>	-51,9	-27,8	-31,6	-59,4
<i>Cost of goods & other operational</i>	-22,8	-16,1	-17,0	-33,1
<i>Selling expenses</i>	-2,3	-0,2	-1,4	-1,6
<i>Land and land social payments</i>	-6,5	-1,4	-4,8	-6,2
<i>Personnel expenses</i>	-7,5	-4,0	-3,8	-7,8
<i>G&A & Restructuring fees</i>	-12,8	-6,1	-4,6	-10,7
Cashflow from investment activities	-7,8	-2,9	-4,4	-7,3
<i>Investment income</i>	0,0	1,1	0,2	1,3
<i>CapEx</i>	-6,7	-2,7	-3,6	-6,3
<i>Land registration and contracts resigning</i>	-1,1	-1,3	-1,0	-2,3
Cashflow from financing activities	-16,9	16,1	12,6	28,7
<i>Proceeds from financing activities</i>	0,0	18,0	14,0	32,0
<i>Loan repayments</i>	-15,0	-0,8	0,0	-0,8
<i>Financial expenses</i>	-1,8	-1,1	-1,4	-2,5
Cash at the end of the period	13,6	4,4	7,4	7,4

The presented figures are unaudited management accounts

Comments

- Income in July - September 2016 was generated from sales of crops from harvest 2016: winter wheat, rapeseed, sunflower and barley.
- In July – September 2016, \$17 million were spent for the spring crops harvesting and winter crops sowing campaigns, including costs of fertilizers, plant protection products, fuel material and repair parts.
- CapEx for July – September mainly included investments into farming machinery.
- 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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