

RUSAGRO'S RESULTS IN 2020

ASSET OVERVIEW

The Dairy Products Business was established in September 2018. The Company leases two plants: the Koshkinsky Butter and Cheese Plant in the Samara Region and the Zavolzhsky Milk Plant in the Ulyanovsk Region.

The design capacity of the Koshkinsky Butter and Cheese Plant is 270 tonnes of milk per day. The dry industrial mixes output capacity is 3 thousand tonnes. Milk is purchased from farms in the Ulyanovsk and Samara Regions and in Tatarstan. The product mix includes cheese and cheese products, butter and spreads, cream and dry mixes. The plant specialises in the production of rennet cheese and cheese products, with butter and cream, as well as dry mixes based on cheese whey as by-products.

The plant's products are represented by five brands in the middle and medium-high price brackets: Melie, Curnaya Cultura, Buterbrodnoye Utro (Sandwich Morning), Zhar Pechka (Fire Stove), Koshkinskoe.

- Melie trademark products include natural semi-hard cheeses and butter of above-average price brackets. These products are mainly sold in retail networks and represented in the regions of the Central and Volga Federal Districts, in the Urals, and in the South of Russia. This trademark can also be found in the federal retail networks: Auchan, Metro Cash & Carry, Tander, X5 Retail Group, Lenta, as well as in 32 local networks.
- Cheese products are sold under the Curnaya Kultura (Cheese Culture) brand in the average price brackets with an optimal price to quality ratio. A vegetable spread was sold under the Koshkinskoye brand, which was replaced by the Buterbrodnoye Utro and Zhar Pechka brands.

The Zavolzhsky Milk Plant of the Company produces only dry industrial mixes. The annual production output of these mixes is 14 thousand tonnes. The mixes are sold to food manufacturers as instant food ingredients, such as dry cream for instant coffee and additives for meat and confectionery products.

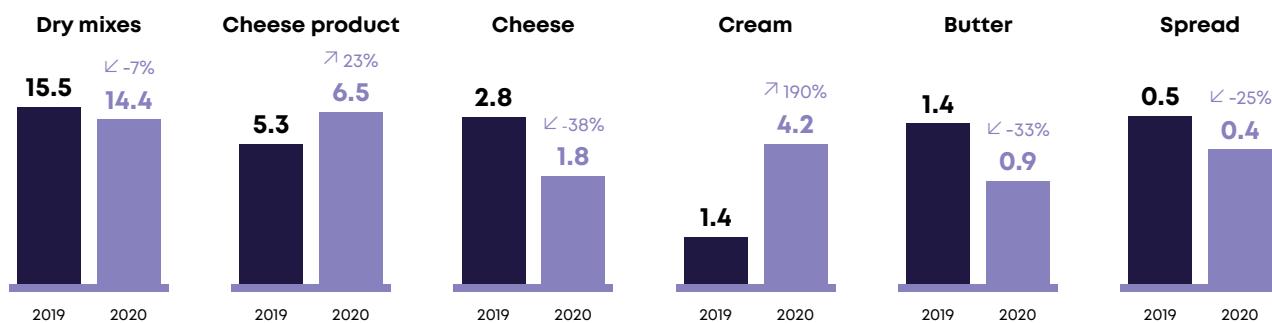


OPERATIONAL HIGHLIGHTS

PRODUCTION

In 2020, Rusagro processed 94.4 thousand tonnes of raw cow's milk. The plants utilisation rate in the reporting period stood at 84%. The operating performance of equipment in 2020 was improved through the implementation of technical measures and the reduction in the number of commissioning operations. The year-end production amounted to 28.1 thousand tonnes of products (+5%).

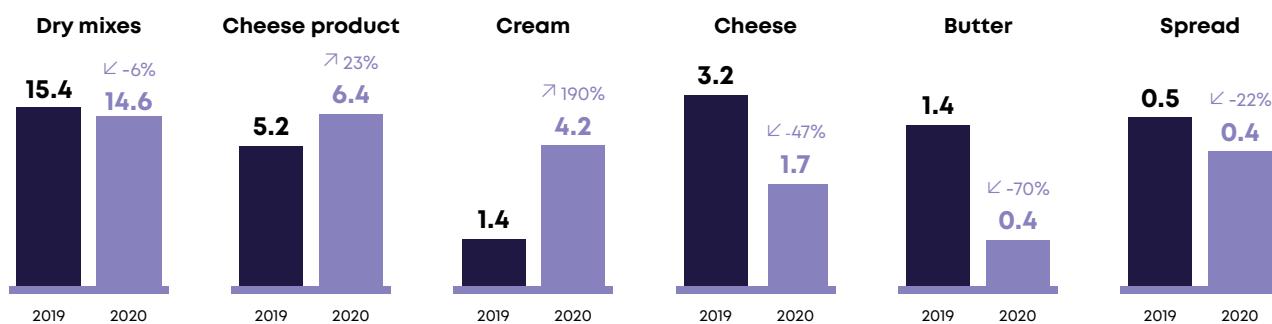
Rusagro's dairy products in Russia, ths tonnes



SALES VOLUME

The sales volume of dairy products in 2020 increased by 2% and amounted to 28 thousand tonnes. At the same time, the product composition underwent a significant change – the product mix has been optimised in favour of more profitable products. The emphasis was placed on the weighted and packaged cheese products (+23%), as well as packaged cheese and its social network promotion. The sales of cream were also trending upwards (+190%) as the most effective (in terms of profitability) product in utilising milk fat, which translated into reduced sales of monolith butter. Industrial products hold the major share in the sales pattern as their mix varies with the needs of consumers and the current market conditions.

Sales of Rusagro's dairy products in Russia, ths tonnes



↗ 2 %

28

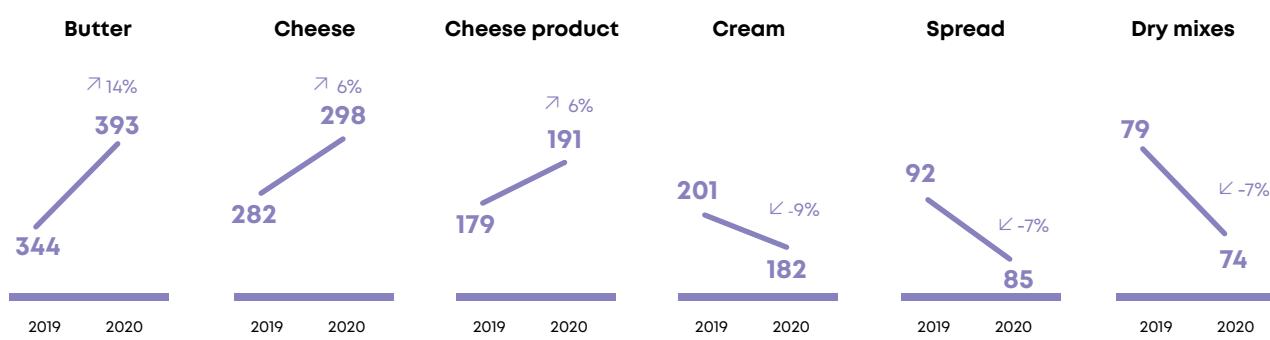
ths tonnes

Sales of Rusagro's dairy products in 2020

PRICES

With growing share of packaged products, the selling prices for butter, cheese and cheese products in 2020 was on an upward trend. The price of butter rose by 14% – to RUB 393 per kg exclusive of VAT, cheese and cheese product – by 6% to RUB 298 and RUB 191 per kg exclusive of VAT, respectively. Meanwhile, low consumer demand in the first half of the year and low prices for milk fats brought down the price for cream, spreads and dry mixes. The change in the product mix resulted into the drop in the average selling price for dry mixes.

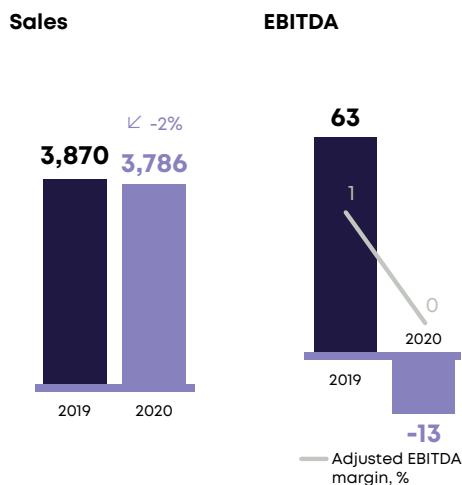
Selling prices of Rusagro's dairy products in Russia, RUB/kg, excl. of VAT



FINANCIAL HIGHLIGHTS

The sales of the Dairy Products Business in 2020 reached RUB 3.8 billion, which is 2% below the level recorded in the previous year, and its earnings before interest, taxes, depreciation, and amortisation (EBITDA) was down by RUB 13 million. The decline in revenues and the lack of profit were caused by the rise in prices for commercial milk driven, among other things, due to better quality of purchased milk, lower prices for milk fats and the non-availability of more efficient ways to utilise them, a decrease in sales volume and profitability of dry milk products.

Financial results of Rusagro's Dairy Products Business, RUB mn



PLANS FOR 2021

Rusagro plans to incorporate the Dairy Products Business in the perimeter of the Oil and Fats Business in 2021. This will necessitate the revision of the budget and the preparation of a new plan for managing assets and brands of the Dairy Products Business.