

# Trigon Agri A/S 1Q 2016 Interim Report

## CEO Statement

The 2016 harvest year got off to a challenging start, as a result of a prolonged autumn drought in Ukraine, which delayed the germination and development of the winter crops. A mild year end period and a relatively early spring has helped to mitigate the damage from the autumn conditions and adjustments to the planned agronomic applications have been made, so as to be realistic to the winter crops potential. Spring sowing started in good time and proceeded to plan in good conditions through until mid-May when 90% of the spring crops had been completed, high rainfall in the second half of May delayed sowing but conversely benefited all crops. Investment in new technology last autumn for the preparation of spring crop seedbeds has improved both the standard and efficiency of sowing, whilst allowing us to continue to develop our 'Low Till technology'. On a small scale we are also evaluating some new crops, such as dried peas, linseed, buckwheat and sugar beet, this to look to broaden the crop rotation.

With the drop in oil prices we have seen to a degree a drop in some of our input prices. Nitrogen fertiliser for example we have procured at 18% less per unit than in 2015, agrochemicals are marginally lower in price and fuel today is also 10% cheaper. This is helpful in that forward cereal and oilseeds prices are still at historically low values. Our focus this spring has been to restructure the business in an effort to reduce and control all costs both operational and administrative.

In the first quarter there was one significant divestment where 10.74% of the shares held in Trigon Dairy Farming Estonia were sold for EUR 1.5 million. This shows a transaction loss of -EUR 0.6 million and leaves Trigon Agri with a 39.24% shareholding in the business.

As of the date of this report, the sale process of the Rostov cluster is still on-going. The assets and liabilities related to Rostov operations are already shown as assets held for sale in the 1Q 2016 report. In preparation for the Rostov sale a valuation write down of EUR 3.3 million has been included in the first quarter figures. This reflects the anticipated transaction loss on the divestment.

As reported earlier, in order to raise working capital for the business the issue of the convertible bonds was authorized by the Board of Directors in April, 2016. Following the authorization the bondholders have released EUR 1.5 million to Trigon Agri from the blocked account. The convertible bonds with a total face value of EUR 6.0 million will be subscribed for with a EUR 6.0 million partial redemption of the outstanding bond principal. The convertible bonds can be converted into 195 million new shares in Trigon Agri (equivalent to approximately 60% of the shares and votes in Trigon Agri). Furthermore, the bondholders meeting allowed Trigon Agri to take a bridge loan to provide the finances required for the months of June and July, before the harvest sales cash inflow commences.

2016 will continue to be a year of challenges, as the management continues with the restructuring program. The changes being made now will put the business on a good footing and enable it to grow in strength and move forward at pace.

## Financial result of the Group

- Total revenue, other income, fair value adjustments and net changes in inventory from continuing operations amounted to EUR 3.3 million (EUR 7.9 million in 1Q 2015). Decline of EUR 2.4 million resulted from the deconsolidation of the Estonian milk business starting from 2Q 2015, while lower gain of biological assets in Ukraine attributed EUR 0.9 million.
- Loss of EBITDA from continuing operations stood at EUR 1.8 million (loss of EUR 0.8 million in 1Q 2015) resulting from Other (losses)/gains-net in Ukraine as from 2016 only 15% of the accumulated VAT balance can be recorded on the Income Statement of the agricultural companies.
- The Net loss was EUR 9.0 million (loss of EUR 8.3 million in 1Q 2015) including a loss of EUR 3.3 million from discontinued operations related to remeasurement of assets held for sale as part of the Rostov framework agreement.

## Telephone conference details

A telephone conference will be held today, on May 31, 2016 at 10.00 CET.

Program:

Simon Boughton, CEO and Konstantin Kotivnenko, 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:

SE: +46 856 642 662

UK: +44 203 008 9806

FI: +35 898 171 0491

NO: +47 235 002 54

DK: +45 35 445 575

The presentation material will be available on [www.trigonagri.com](http://www.trigonagri.com) before the telephone conference starts. A recording of the telephone conference will be available afterwards on [www.trigonagri.com](http://www.trigonagri.com).

## Investor enquiries:

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**About Trigon Agri**

Trigon Agri is an integrated soft commodities production, storage and trading company with operations in Ukraine, Russia and Estonia. Trigon Agri's shares are traded on the main market of Nasdaq Stockholm.

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