

IFRS Results – H1 2008.

Current operating results.



November 2008

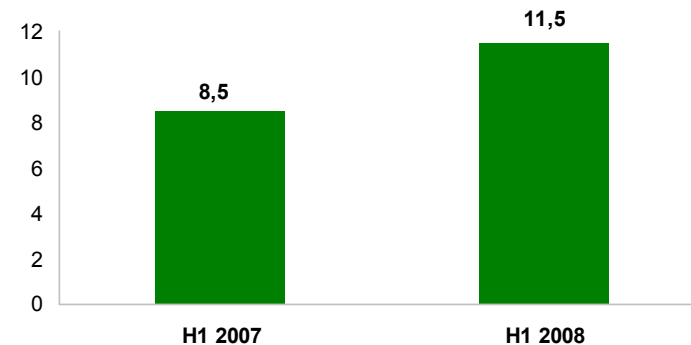


IFRS Results H1 2008: Revenue

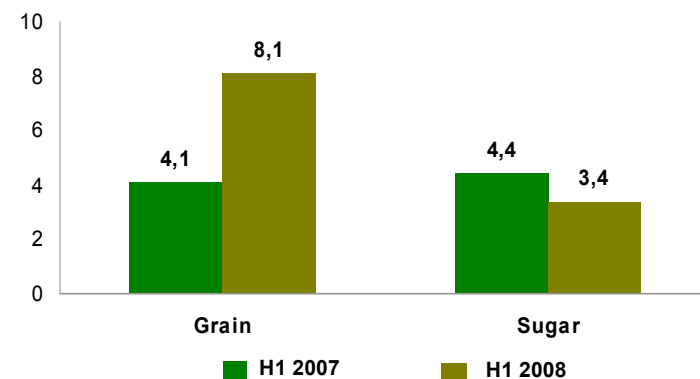


- ◆ Aggregate revenue of companies of the Group in H1 2008 was 11.5 billion rubles (35% higher than in H1 2007).
- ◆ Grain sub-holding revenue increased by 98%, Sugar sub-holding revenue decreased by 24%.
- ◆ Main drivers of revenue growth in the Grain sub-holding in H1 2008:
 - ◆ Higher volumes of grain trading operations in volume terms (487,000 tons in H1 2008 compared to 394,000 tons in H1 2007)
 - ◆ Grain price increase from 4.6 thousand rubles per ton average for H1 2007 to 9.7 thousand rubles per ton average for H1 2008
- ◆ Main driver of revenue decrease in the Sugar sub-holding in H1 2008:
 - ◆ Decreased volume of refined (white) sugar trading operations in January – May 2008 caused by expectations of sugar price growth in early H2 2008

Revenue, in billion rubles



Segment revenue, in billion rubles

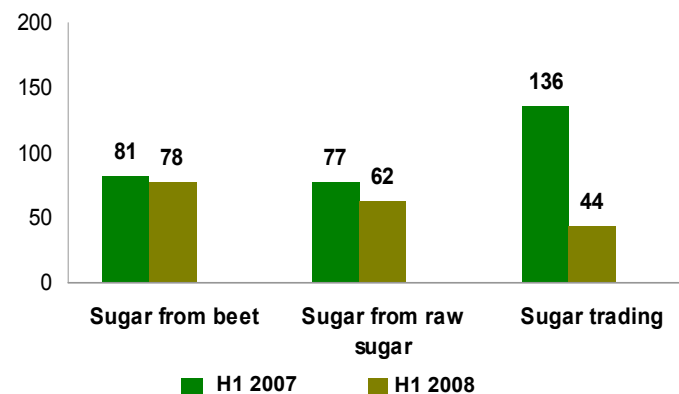


IFRS Results H1 2008: in Volume Terms



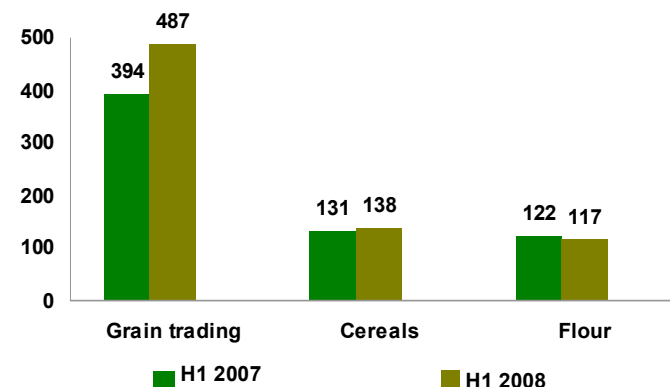
- ◆ Total sales of Sugar sub-holding in H1 2008 were 184 thousand tons (in H1 2007 – 294 thousand tons), including:
 - ◆ 44 thousand tons – volumes of trading in white sugar (as compared to 136 thousand tons in H1 2007); decline due to unfavorable price environment in H1 2008;
 - ◆ 78 thousand tons – sales of sugar from beet (as compared to 81 thousand tons in H1 2007);
 - ◆ 62 thousand tons – sales of sugar from raw sugar (as compared to 77 thousand tons in H1 2007); at the same time volume of processing of raw sugar increased in 2008 by 20% and reached 100 thousand tons; sale of the main part of the processed volume delayed until early H2 2008

Sales, Sugar, in '000 tons



- ◆ Total sales of Grain sub-holding in H1 2008 were 741 thousand tons (in H1 2007 – 646 thousand tons), including:
 - ◆ Grain sales - 487 thousand tons (in H1 2007 – 394 thousand tons), in spite of introduction of the export duty leading to zero export sales in H1 2008
 - ◆ Cereal sales - 138 thousand tons (in H1 2007 – 131 thousand tons)
 - ◆ Flour sales - 117 thousand tons (in H1 2007 – 122 thousand tons)

Sales, Grain, in '000 tons

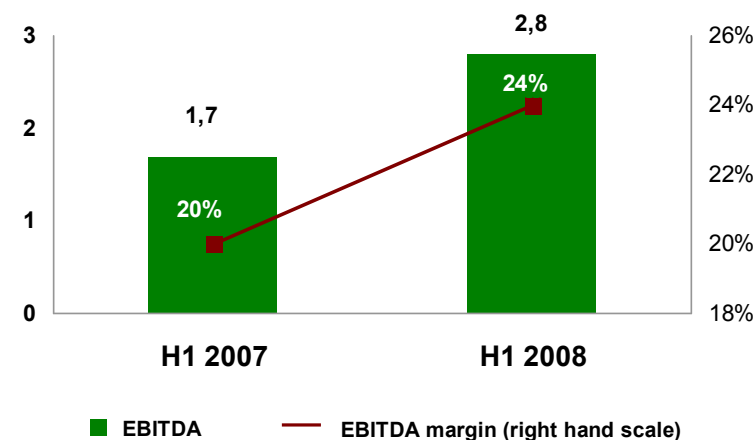


IFRS Results H1 2008: EBITDA and Net Profit

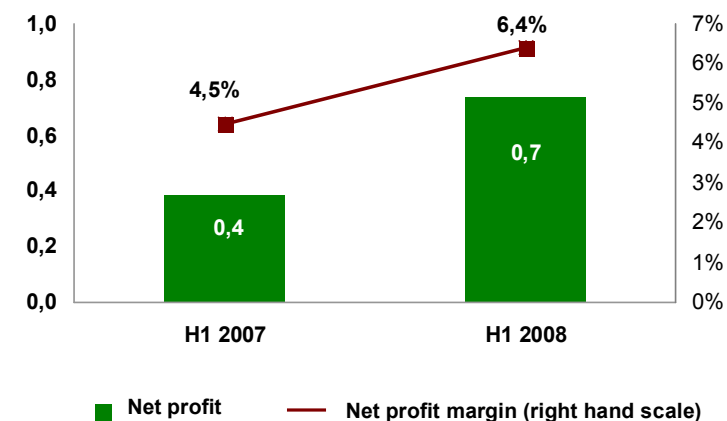


- ◆ Total EBITDA of the Group in H1 2008 was 2.8 billion rubles (compared to 1.7 billion rubles in H1 2007; an increase of 65%).
- ◆ EBITDA margin of the Group increased from 20% in H1 2007 up to 24% in H1 2008.
- ◆ Net profit of the Group in H1 2008 was 736 million rubles as compared to 382 million rubles in H1 2007.
- ◆ Net profit margin in H1 2008 was 6.4% compared to 4.5% in H1 2007.

EBITDA, in billion rubles



Net profit, in billion rubles





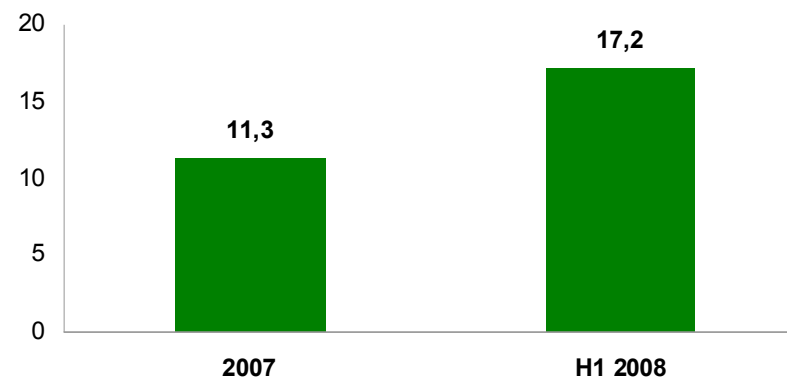
IFRS Results H1 2008: Net Debt. CAPEX

- ◆ Net debt at end of H1 2008 was 17.2 billion rubles (as of end of 2007 net debt was 11.3 billion rubles).
- ◆ Key drivers of growth of net debt in H1 2008 are:
 - ◆ Investments (primarily into expansion of land bank) – 5.7 billion rubles;
 - ◆ Increase in working capital (advance payments to agricultural producers secured on their 2008 crops and financing of own agricultural operations; accumulation of the trading position in raw sugar) – 3 billion rubles

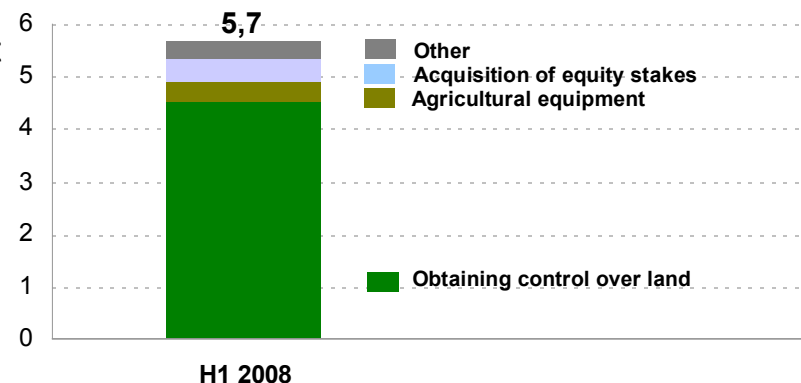
CAPEX in H1 2008 was 5.7 billion rubles, including:

- ◆ 4.5 billion rubles – expansion of land bank;
- ◆ 0,5 billion rubles – acquisition of equity stakes
- ◆ 0,4 billion rubles – acquisition of agricultural equipment
- ◆ 0,3 billion rubles– other investments

Net debt and current assets, in billion rubles



CAPEX, in billion rubles

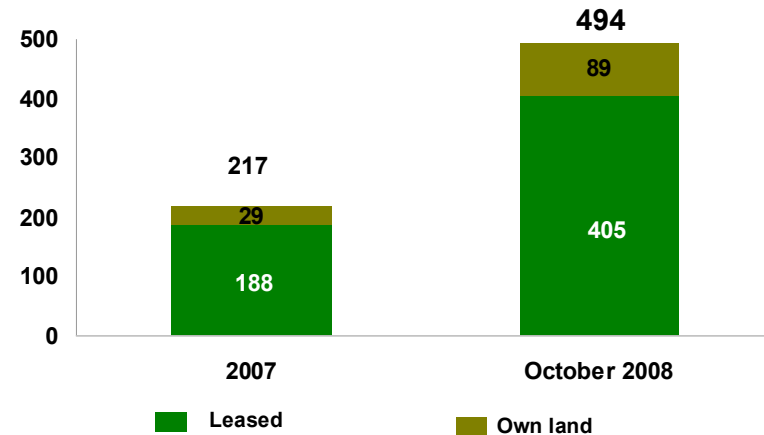


Operating Results: Trends in Land Under Crops (as of end October 2008)

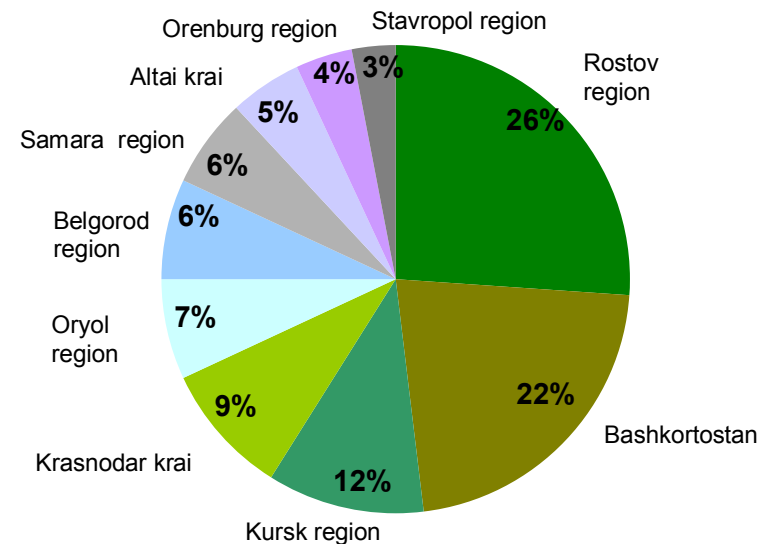


- ◆ As of end October 2008, the land bank available to the Group was 494 thousand hectares (compared to 217 thousand hectares as of end 2007), including:
 - ◆ Owned land – ca. 89 thousand hectares;
 - ◆ Leased land – ca. 405 thousand hectares, (average leasing period – 27 years; over 30% with leasing period of 49 years).

Land bank trend, in thousand hectares



Land bank geography, in %



- ◆ The major part of the Group’s land holdings is located in highly fertile areas of Russian Federation: Bashkortostan, Rostov, Kursk, Oryol and Belgorod regions and in the Krasnodar krai (district).

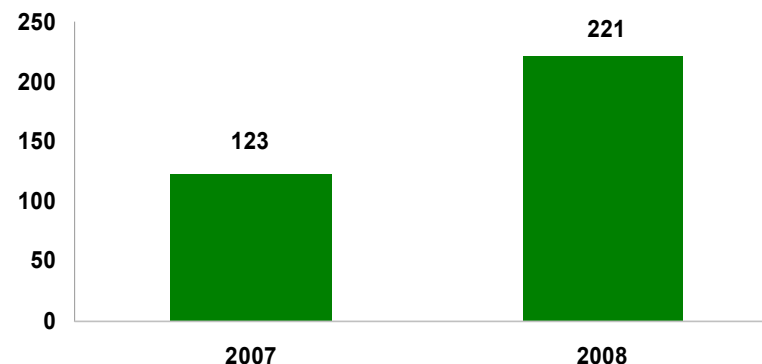
Operating Results: Trends in Own Agricultural Production



Land area under crops in 2008 was 221 thousand hectares (in 2007– 123 thousand hectares), including:

- ◆ 41 thousand hectares – sugar beet (90% of 2007 level);
- ◆ 16 thousand hectares – rice (at the same level as in 2007);
- ◆ 117 thousand hectares – wheat and barley (twofold growth compared to 2007);
- ◆ 47 thousand hectares – soybean, sunflower and other crops (8 thousand hectares in 2007).

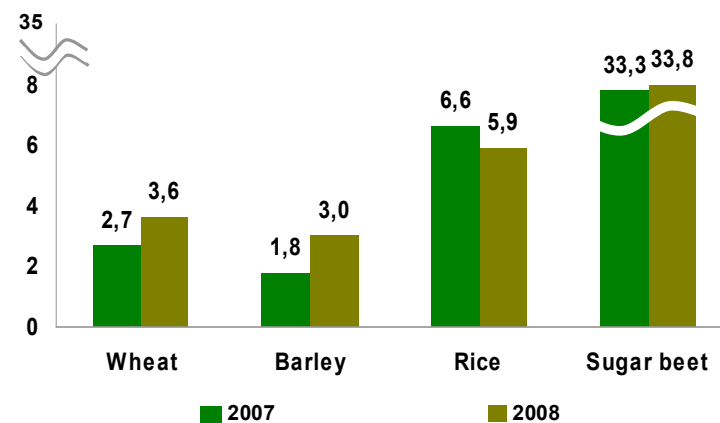
Trends in land under crops, in thousand hectares



Gross harvest, thousand tons

Crop / Gross harvest, in thousand tons	2007	2008
Sugar beet	1 477	1 350
Rice	105	94
Wheat and barley	137	442

Crop yield trends, in tons per hectare

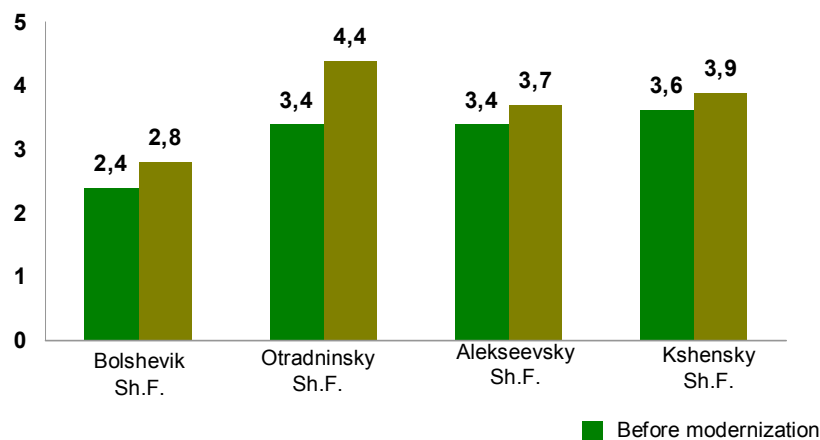


Operating Results. Impact of Investments in Processing Facilities

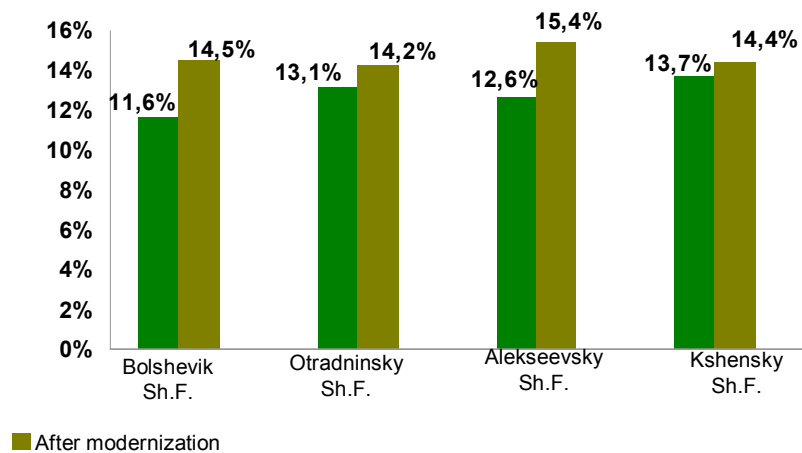


Modernization of sugar and rice mills performed by the Group led to an improvement in operating performance

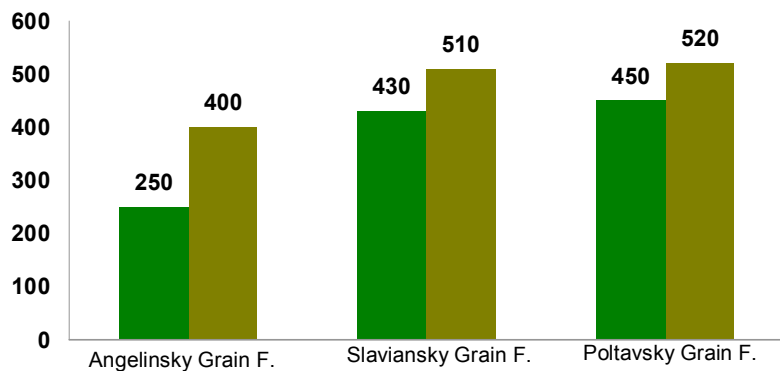
Sugar mill processing capacity, in thousand tons of sugar beet per 24-hour period



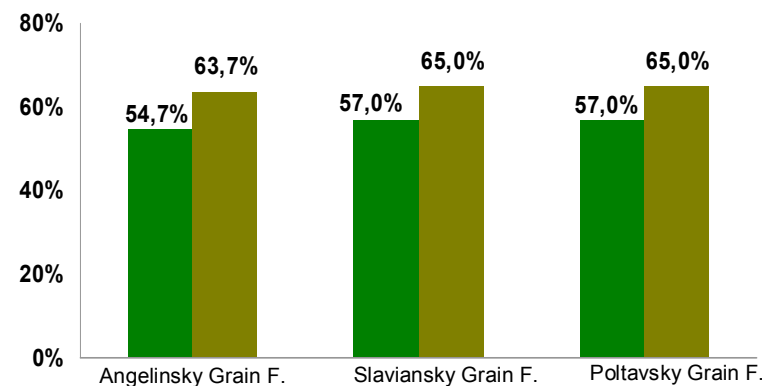
Sugar yield from sugar beet, %



Processing capacity of rice mills, in tons of raw rice per 24-hour period



Rice milling yield (1st grade rice), %

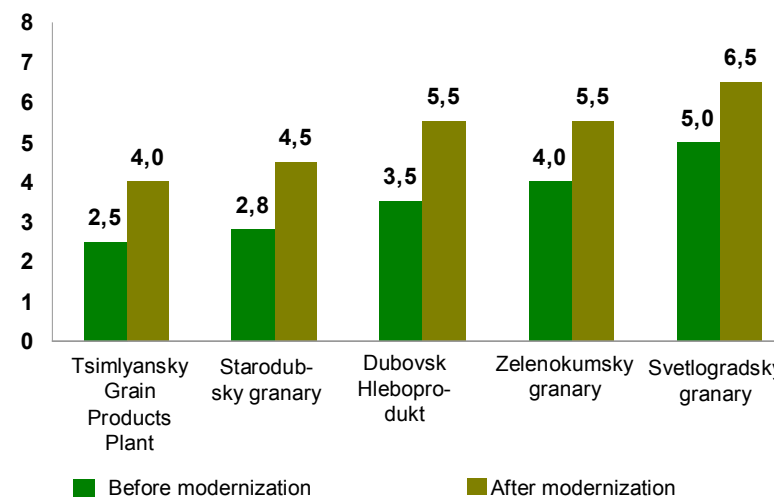


Operating Results. Impact of Investments in Granaries

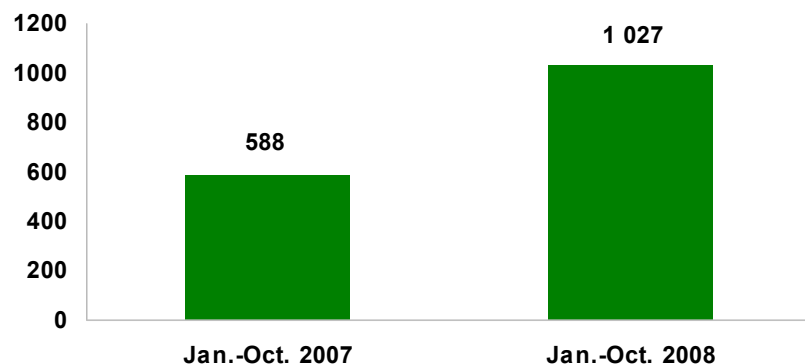


- ◆ After modernization of granaries in the southern area of Russia the following performance improvement was achieved:
 - ◆ 24-hour receiving capacity increased to 26 thousand tons of grain (17.8 thousand tons prior to modernization);
 - ◆ 24-hour shipping capacity by rail increased to 17.3 thousand tons (8.4 thousand tons prior to modernization).
- ◆ Facilities upgrade allowed the Group to increase materially the volume of its exports. At the end of October 2008 exports were 1027 thousand tons compared to 588 thousand tons at the end of October 2007 (in spite of exports being virtually zero in H1 2008 due to the seasonal export duty).

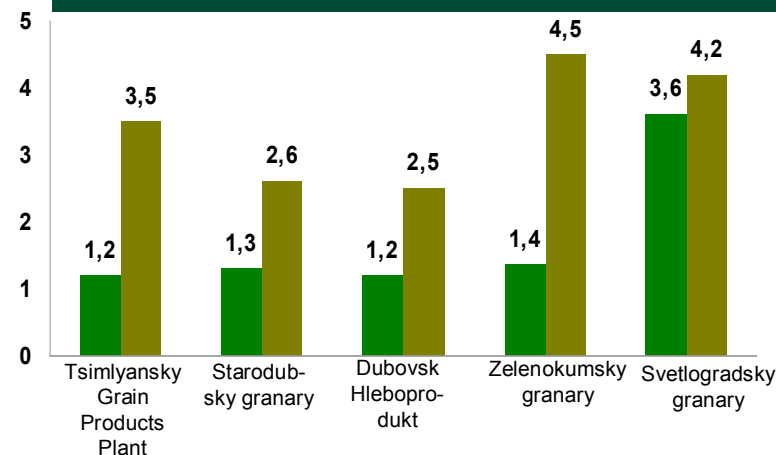
Receiving capacity, thousand tons/24 hours



Grain export trends, January - October, in thousand tons



Shipping capacity, thousand tons/24 hours



Contact Information



ОАО Razgulay Group

109428, Moscow

2nd Institutskaya street, 6, bldg. 64

Tel.: +7 (495) 232-2008

Fax : +7 (495) 170-0575

E-mail: ir@raz.ru

<http://www.raz.ru>