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GRAIN LOGISTICS IN RUSSIA

Global and Middle East grain outlook 2015
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Grain Balance sheet 2011/12 - 2016/17 outlook

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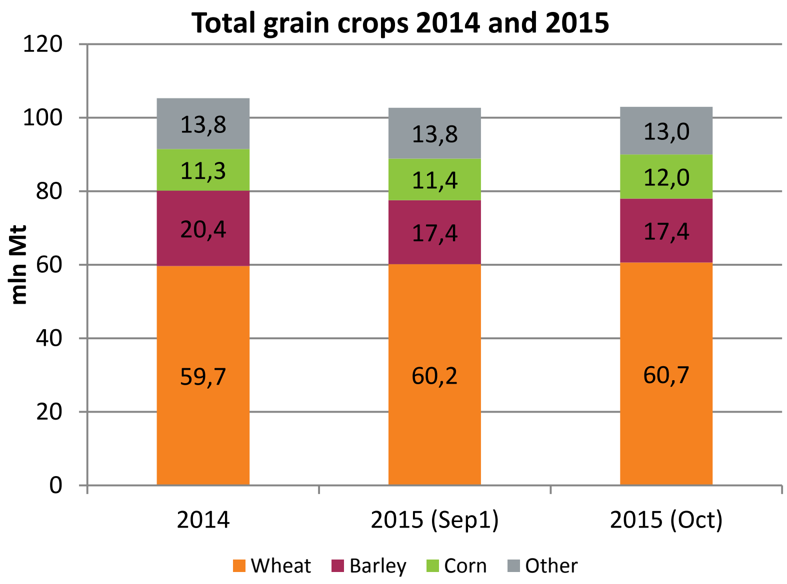
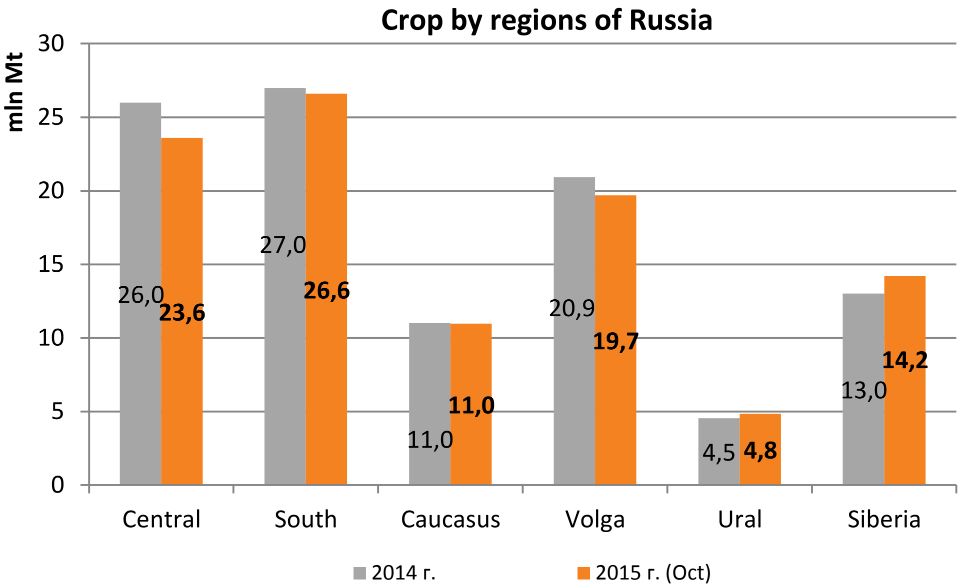
	2011/12	2012/13	2013/14	2014/15 estimate	2015/16 forecast	2016/17 forecast
Beginning stocks as of July 1	17,3	15,0	8,9	9,9	11,9	11,8
Crop production	**94,2**	**75,2**	**92,4**	**105,3**	**103,0**	**101,3**
Import	1,0	1,7	1,4	0,5	0,8	0,8
Total resources	**112,5**	**91,9**	**102,7**	**115,6**	**115,7**	**113,9**
Domestic use, incl. waste	69,0	66,6	66,9	71,7	71,4	71,3
food use	20,7	20,3	19,9	19,5	19,6	19,6
feed use	35,8	33,8	34,2	38,0	38,0	38,0
Other (seeds and waste)	12,5	12,5	12,8	14,2	13,8	13,7
Export, incl. peas and flour	**28,4**	**16,4**	**26,0**	**32,0**	**32,5**	**31,0**
Total consumption	**97,4**	**83,0**	**92,9**	**103,7**	**103,9**	**102,3**
End Stocks as of July 1	**15,04**	**8,93**	**9,85**	**11,93**	**11,79**	**11,57**
intervention fund stocks	4,80	1,35	1,40	1,88	4,00	4,00
market stocks	10,24	7,58	8,45	10,05	7,79	7,57

Main tips:

- Crop production to decrease slightly in 2015 compared to 2014.
- Consumption is to stay at the same level.
- Export is forecast just little higher to 2014.
- Import is higher, but still negligible.

Crop production estimate 2015





- Total Russia grain crop forecast: 103 mln Mt
- Winter grains - 46,5 mln Mt (47,8 mln Mt in 2014 г.)
- Spring grains 56,5 mln Mt (57,5 mln Mt in 2014).
- Average grain yield is forecast 2.21 Mt/ha (2.28 Mt/ha 2014).
- **Wheat** crop forecast is up to 61 Mln Mt (59,7 mln Mt in 2014).
- **Barley** crop is to be around 17,4 Mln Mt.
- **Corn** is up to around 12-12,5 Mln Mt (record level).

Winter grain sowing campaign 2016

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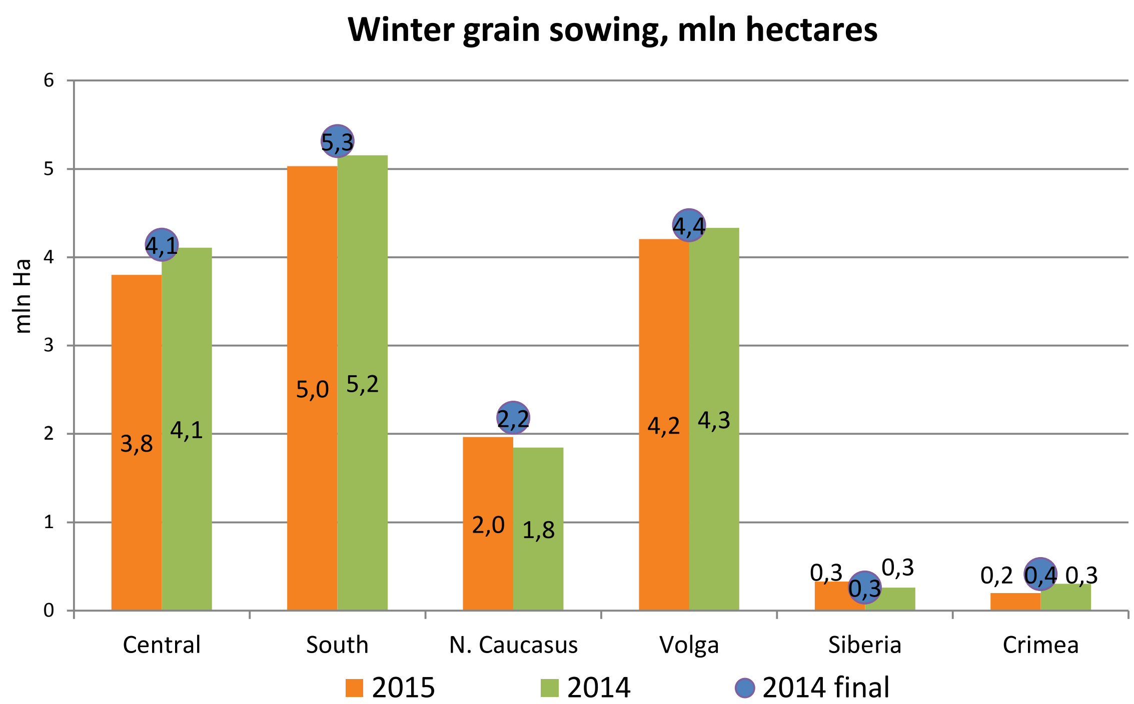
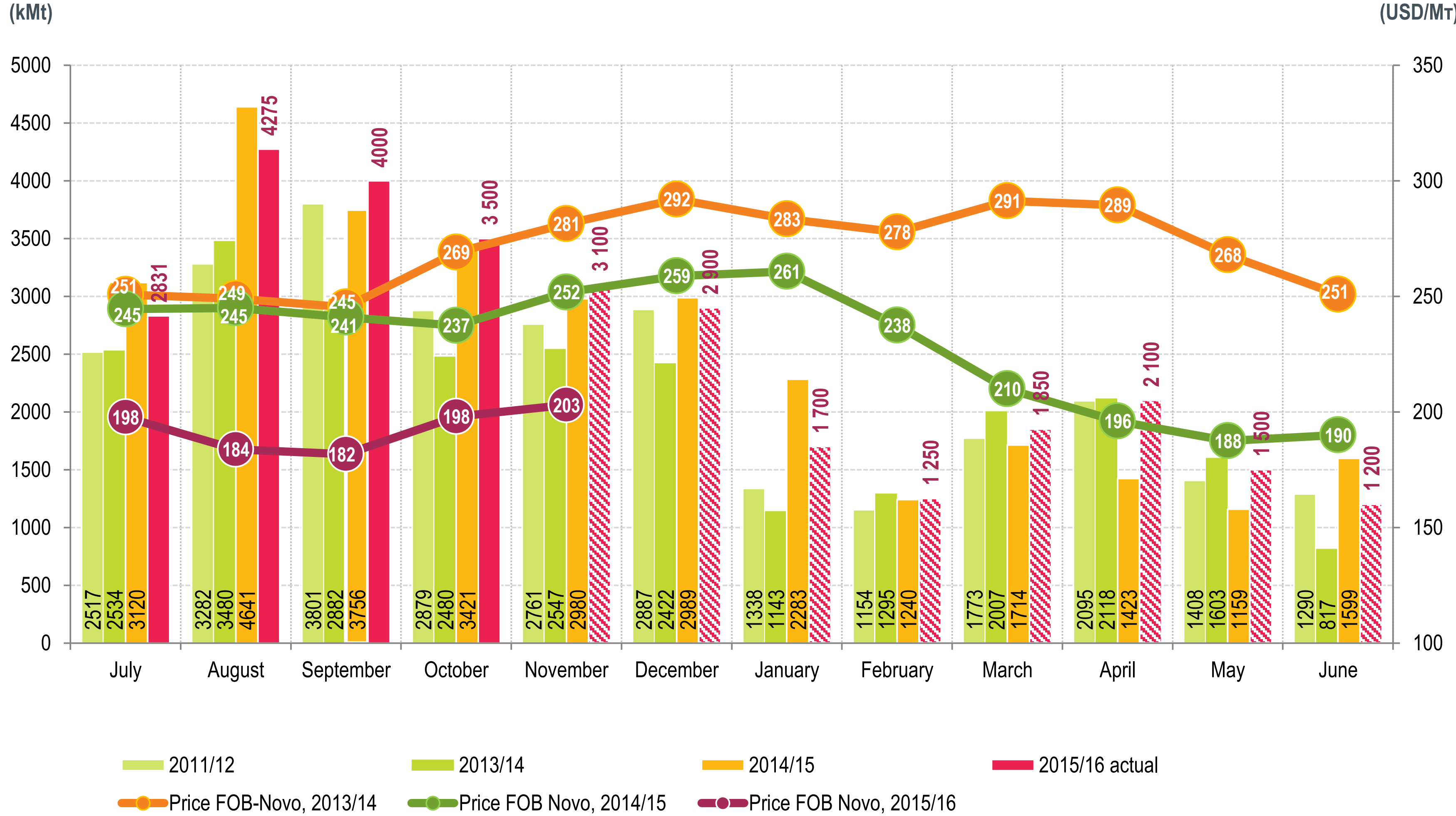
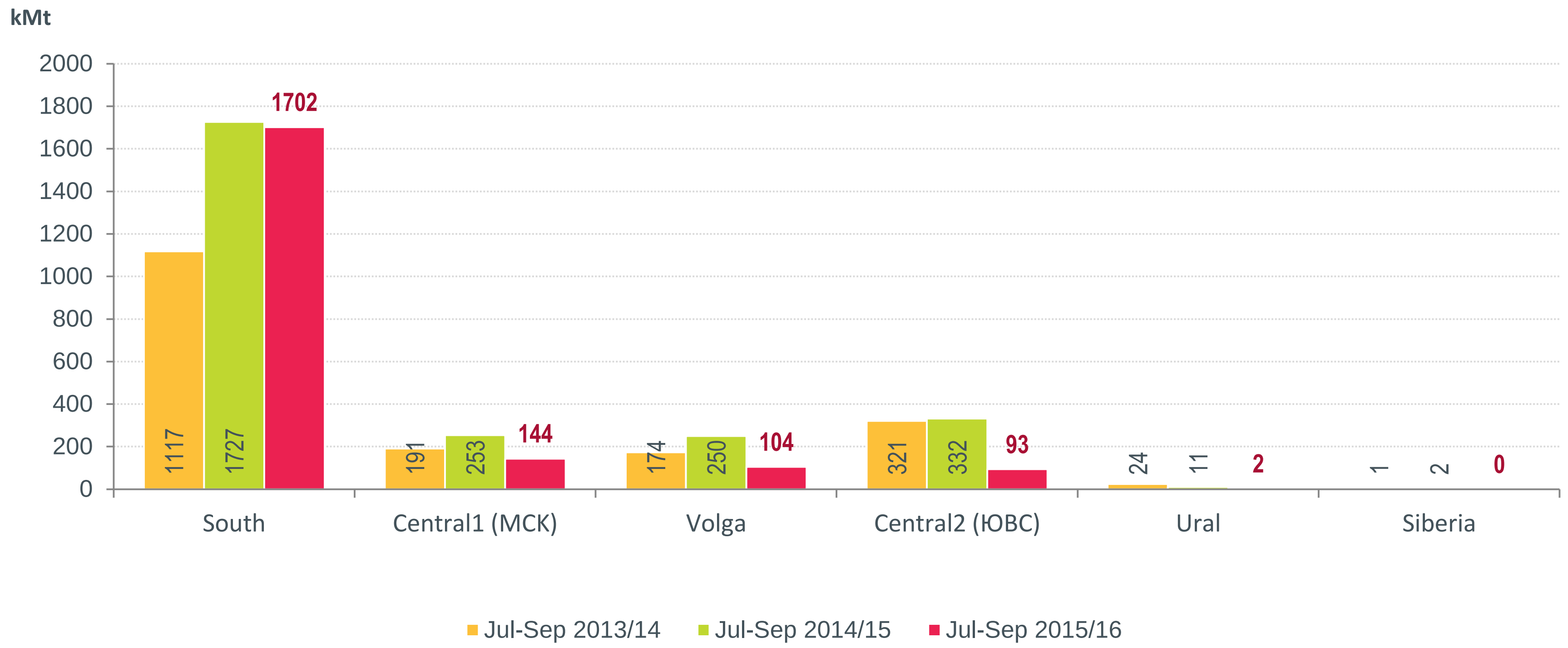


- Winter sowing campaign is now lagging behind last years campaign. As of October 22 total area of 15.5 mln Ha has been planted with winter grains compared to 16.2 mln Ha same period previous year.
- Sowing is approaching its final stage.
- Not all sowing works have been executed in the right timing.
- Soil conditions has not been optimal in large number of regions.
- Winter period is normally the most challenging to crop conditions.
- **Very preliminary 2016 year crop expectation (feeling) is around 101,3 Mln Mt.**

Grain export in 2013/14-2015/16
July-September actual, October-June forecast 2015/2016

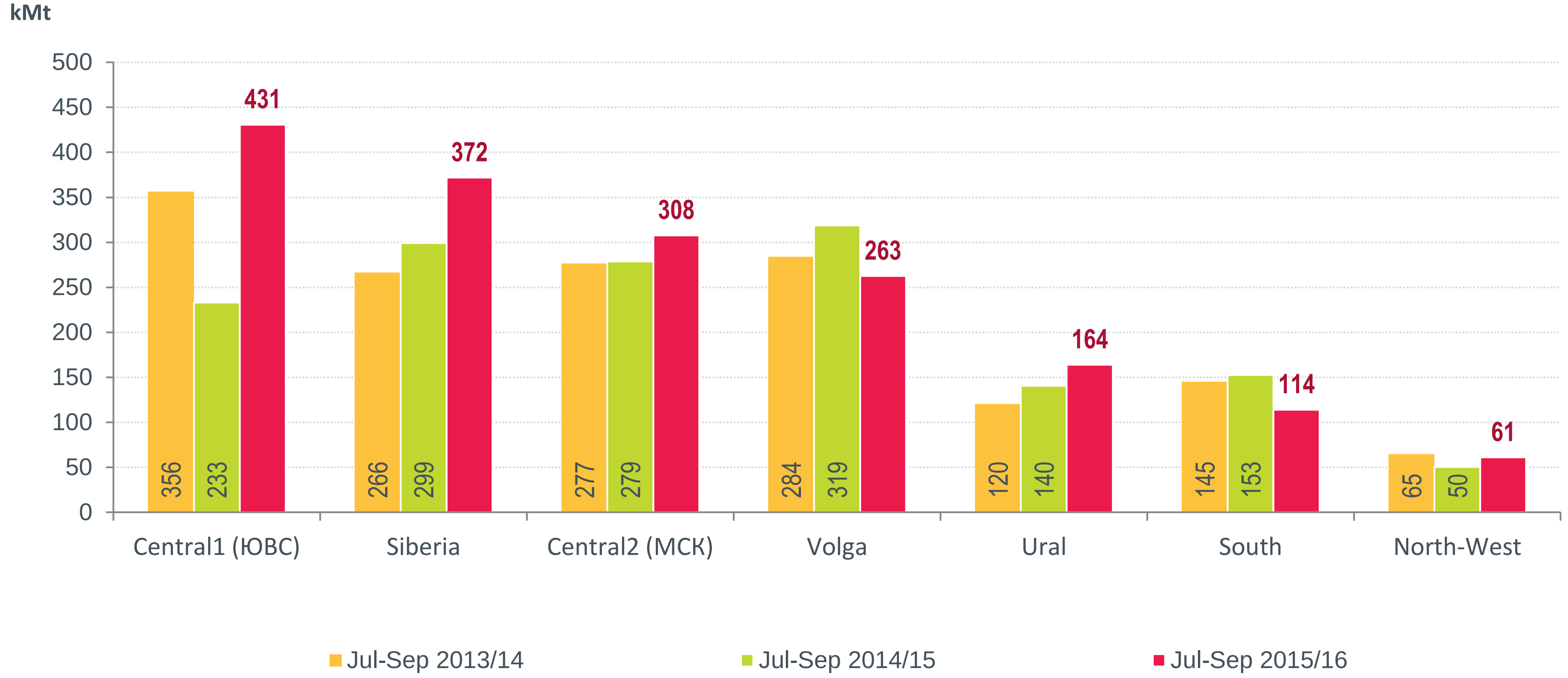


Railway wheat export shipment 2013/14, 2014/15 and July-September 2015/16



- Wheat export duty imposed from July (start of the season) resulted in 21% year on year railway export shipment decrease (to 2,05 mln Mt from 2,57 Mln Mt in Jul-Sep 2014).
- Railway export shipment decrease happened due to 2.5 times lower shipments from Central region (237 kMt vs 586 kMt in Jul-Sep 2014) and Volga region 2,4 times to 104 kMt vs 250 kMt in Jul-Sep 2014.
- South is the leading region for export shipment (83% export share or 1,7 mln Mt vs Jul-Sep 2014 – 1,73 Mln. Mt).
- Central region railway export shipment share is 11,6% (Jul-Sep 2014 – 22,7%). Volga – 4,6% (Jul-Sep 2014 – 12,9%).

Domestic railway shipment of total grains in July-September 2015/2016



- Domestic railway grain shipments in Jul-Sep 2015 at 1,71 kMt, 15% higher than 2 previous years average (1,47 kMt in Jul-Sep 2014 and 1,51 in Jul-Sep 2013).
- Central region domestic railway shipments are 1.5 times up. Ural – 17% up, Siberia – 24% up.
- South is 25% up and Volga is 18% up.
- Main destination regions are Leningrad and Moscow regions, where the biggest mills and compound feed makers are located.

Russian export by ports and destinations

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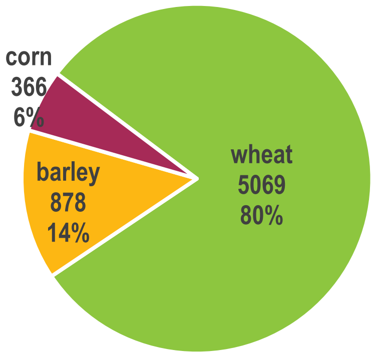
Port/Border crossing	Jul-Oct 2015. (estimate)	Jul-Oct 2014	2015 to 2014 (+/-)
Shallow Azov/B.Sea ports	6 854	7 050	-2,8%
Novorossiysk	3 946	4 037	-2,2%
TUAPSE	684	495	38,3%
TAMAN	1 591	1 364	16,6%
Baltic Sea ports	355	317	12,0%
Azerbaijan	635	718	-11,6%
Caspian ports	360	326	10,2%
Other discharging places	*182*	*632*	*-71,2%*
TOTAL	14 607	14 938	-2,2%

Deepwater Black Sea ports	Jul, 2015	Aug, 2015	Sep, 2015	Oct, 2015	TOTAL
Wheat	813	1738	1248	1270	5069
Barley	259	229	156	234	878
Corn	76		131	159	366
TOTAL	1148	1967	1535	1663	6313

Deepwater Black Sea export in Jul-Oct 2015



	Destination countries	Jul 01-Oct 21, 2015	Share (%)
1	Egypt	1 719	15%
2	Turkey	1 458	12%
3	Saudi Arabia	1 261	11%
4	Iran	914	8%
5	S. African Rep.	565	5%
6	Azerbaijan	478	4%
7	Bangladesh	420	4%
8	Nigeria	375	3%
9	Livia	373	3%
10	Israel	279	2%
11	Yemen	278	2%
12	Kenia	274	2%
13	Lebanon	272	2%
14	Oman	238	2%
15	Jordan	232	2%
	Others	*2 715*	23%
	TOATAL	11 851	100%

TOP-15 grain exporters: July-October 2015/2016

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TOTAL (Russian customs data, kMt)

	Company name	Jul 01-Oct 21, 2015	Share (%)
1	Trade House RIF	1 682	14%
2	MZK (Glencore)	1 059	9%
3	Aston	770	6%
4	Vitalmar-Agro (Nidera)	568	5%
5	Cargill	466	4%
6	Russkie Masla	458	4%
7	KZP-Expo	443	4%
8	Zerno-Trade	440	4%
9	Olam	412	3%
10	Yug Rusi	385	3%
11	Louis Dreyfus	350	3%
12	Bunge	333	3%
13	Miro Group	321	3%
14	Uzhnaya Syryevaya Kompania	321	3%
15	Uzhny Center	266	2%
	Other	*3 578*	*30%*
	TOTAL	11 851	100%

Export via Deepwater Black Sea ports, kMt)

	Company name	Jul-Oct 2015	Share (%)
1	MZK (Glencore)	1 035	16%
2	Trade House RIF	704	11%
3	Russkie Masla	649	10%
4	Vitalmar-Agro (Nidera)	564	9%
5	Cargill	536	8%
6	Louis Dreyfus	483	8%
7	Miro Group	356	6%
8	Artis Agro	342	5%
9	Olam	309	5%
10	Bunge	217	3%
11	GRAVIT	193	3%
12	Zerno Trade	124	2%
13	KZP Expo	117	2%
14	UGC	113	2%
15	Bonel	110	2%
	Other	*462*	*7%*
	TOTAL	6 313	100%

Railway export estimate in October 2015

	Domestic shipment					Export shipment					
Railway shipment	Ural	Siberia	Central 2(МСК)	North-West	Volga	Black Sea ports	Baltic Sea ports	Far East ports	Caspian Sea ports	Azerbaijan	TOTAL
Ural	55		35	10	7	10	10			10	105
Siberia	45	80	20	55	7	25		20			180
Central2(МСК)	5		20	70	20	60	35	3			153
Central1(ЮВС)	5	10	20	105	10	135	35			12	242
South	5		10	25		490				150	462
Volga	15	5	5	40	40	45	35		10		139
Kazakhstan	30									5	36
TOTAL	106	73	70	211	56	531	93	22	7	128	1345

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THANK YOU FOR YOUR ATTENTION!