



AGRI business development

Russia

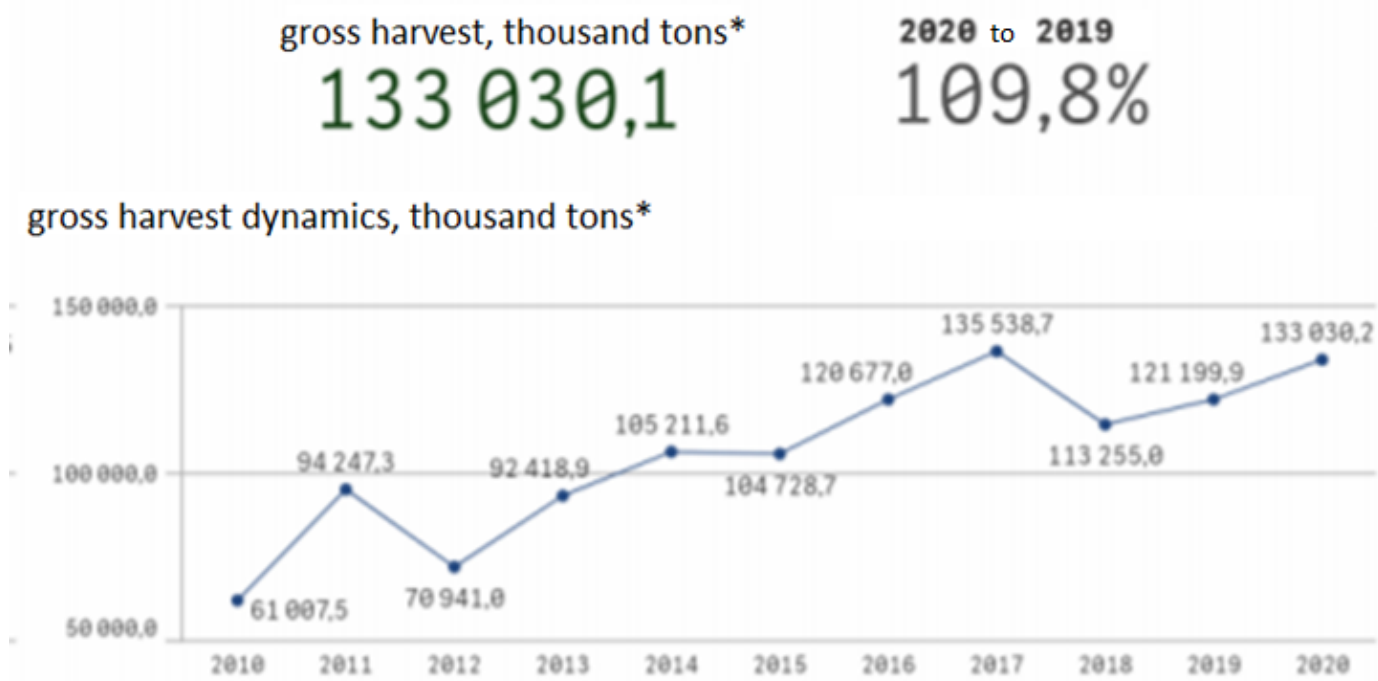
January 2021

CLAAS



Agricultural Sector Russia Review 2020

- Impact of worldwide COVID pandemia
 - Restrictions in production
 - Total lockdown in spring in Russia
 - Depreciation of Ruble
 - Unfavorable weather conditions in spring
- Nevertheless close to record result of 2020 harvest

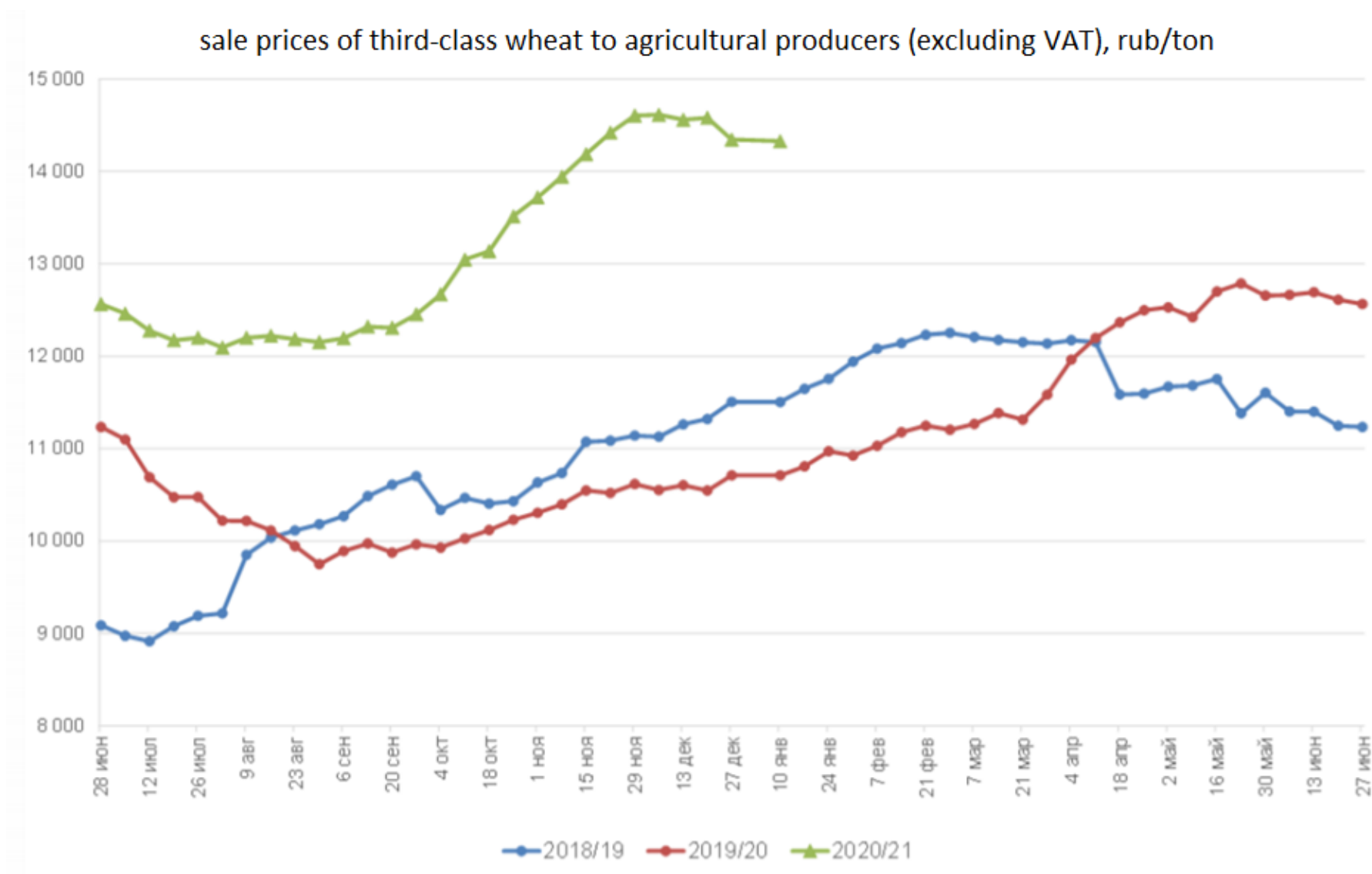


Grain harvest 2020 results

Crop	2019	2020	2020 vs 2019 difference	
			thousand tons	%
Cereals and legumes	121 200	133 030	11 830	9,8
including:				
wheat	74 453	85 873	11 420	15,3
rye	1 428	2 374	945	66,2
triticale	356	310	-46	-12,8
corn on grain	14 282	13 475	-807	-5,7
barley	20 489	20 936	447	2,2
oats	4 424	4 132	-292	-6,6
rice	1 099	1 141	43	3,9
buckwheat	786	893	107	13,7
millet	440	396	-43	-9,9
leguminous crops	3 344	3 446	102	3,1

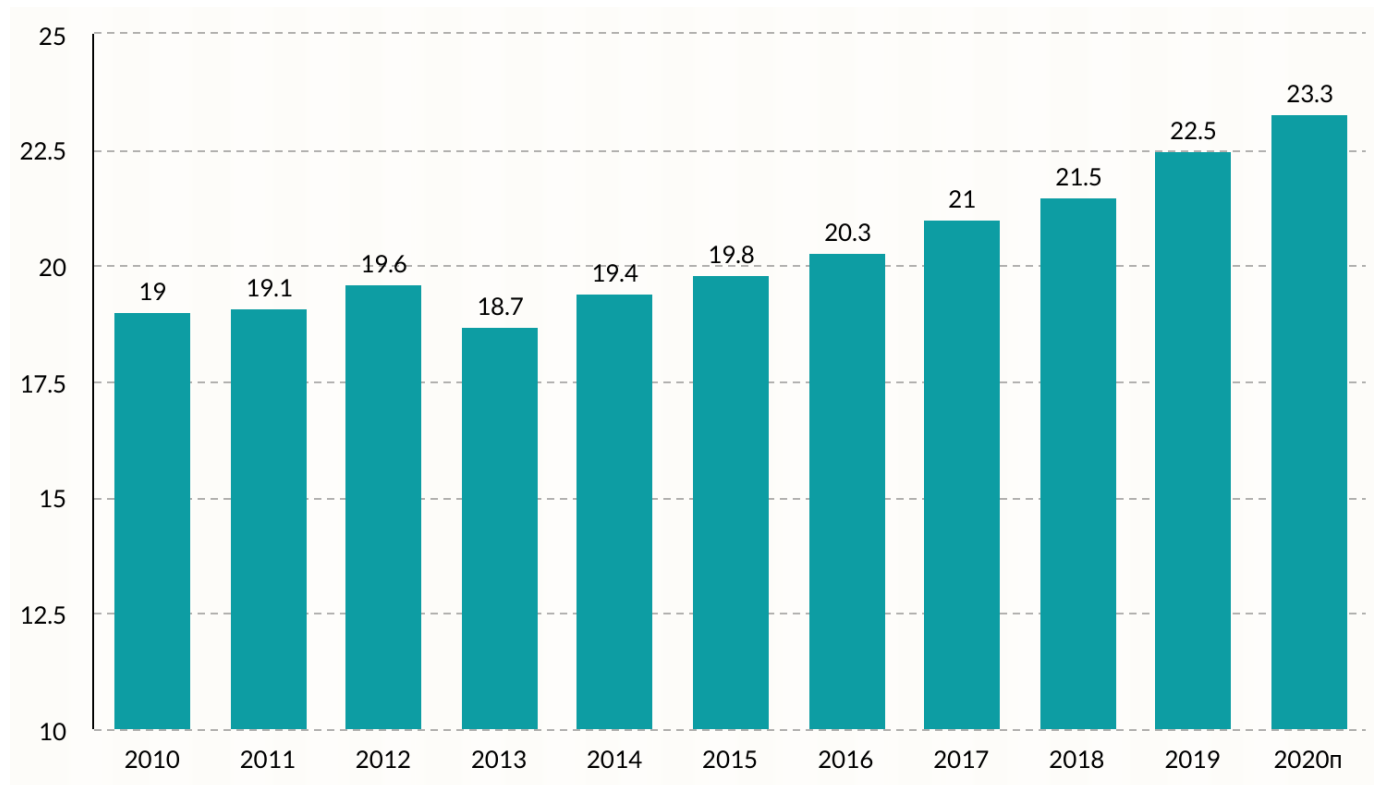
- ❖ Wheat +11,5 mio tons - leader in volume increase
- ❖ Rye +66% - leader in % increase

Domestic prices for wheat, 3 years dynamic



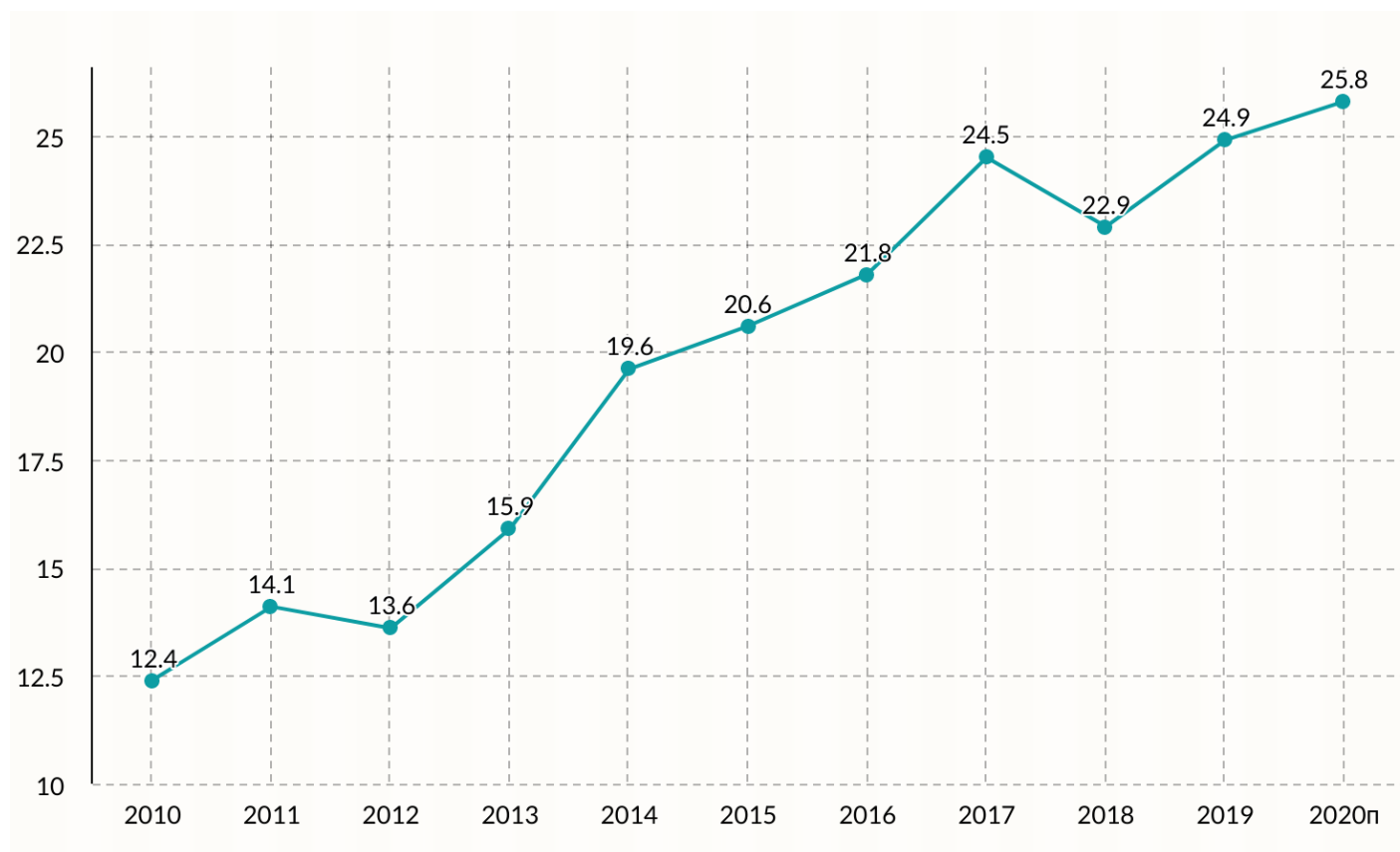
- Prices more than 20% higher than in 2019

Raw milk production, million tons



- Raw milk production increased by 22%, from 19 mio tons in 2010 to 23.3 mio tons in 2020.
- The level of self-sufficiency in milk and dairy products is close to 85% in 2020.
- Import of dairy products decreased by 20.5% within 10 years.
- Russia started export of milk and dairy products.

Raw milk prices dynamic 10 years, RUB/kg

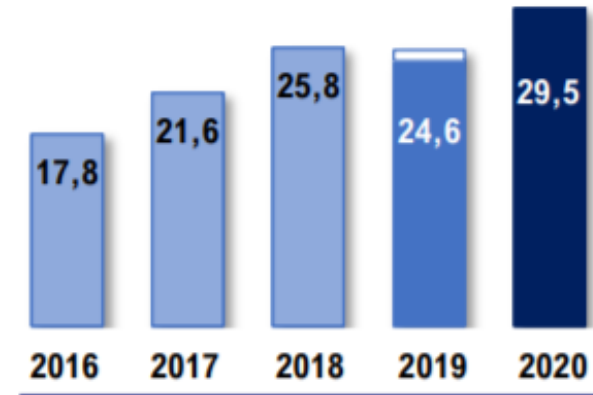


Actual prices of raw milk (3.4% fat, 3.0% protein, w/o VAT) increased by 108% within 10 years

Perspectives for export development

by type of product	Exports as of 10.01, million \$			Average price, \$/ton		
	2019	2020	%	2019	2020	%
Oilseed products	3 913	4 707	+20%	559	603	+8%
Grain crops	7 759	10 019	+29%	201	208	+3%
Fish and seafood	5 383	5 274	-2%	2 572	2 366	-8%
Meat and dairy products	812	1 146	+41%	1 684	1 668	-1%
Food and processing products	3 654	4 154	+14%	446	481	+8%
Other agribusiness products	3 093	4 153	+34%	429	455	+6%
Overall result	24 615	29 453	+20%	388	384	-1%

Agribusiness exports in 2019-2020
(as of this week) and comparison
with 2016-2018 totals (\$ billion)



- Export growth +66% for the last 5 years
- Grain export potential is stable over 40 mio tons
- Very positive perspective for oil crops exports
- In 2020 significant export increase in all product groups except fish
- Focus groups still grain and oil seeds export
- Start of meat and milk export with rapid increase potential

AGROSALON

International specialized exhibition of agricultural machinery and equipment - the main Russian industry event.



Dates: From 6th of October till 9th of October, 2020

Main figures and results:

- 22 912 visitors from 72 regions of Russia
- 465 companies from 19 countries
- 74 official delegations
- Deputy Prime Minister of Russia Y. Borisov and Deputy Minister of Minpromtorg A. Morozov visited CLAAS booth



VDMA Investment barometer results, November 2020

VDMA EXPORT MARKET FORECAST WAVE 2 / 2020

INVESTMENT BAROMETER - RUSSIA



CURRENT
ECONOMIC
SITUATION



POSITIVE
58% → **72%**
NEGATIVE
5% → **5%**

FUTURE
ECONOMIC
SITUATION



POSITIVE
22% → **32%**
NEGATIVE
24% → **16%**

CURRENT
BUSINESS
CLIMATE



(CALCULATED AVERAGE OF
ASSESSMENT OF CURRENT
AND FUTURE SITUATION)

24 → **41**

PURCHASE INTENTION



95% → **90%**
RECENT PURCHASE

98% → **96%**
FUTURE PURCHASE

FACTORY-NEW

40% → **35%** 32% → **36%**
RECENT PURCHASE FUTURE PURCHASE

WESTERN BRANDS

84%
SECURITY TO BUY
THIS TRACTOR

HORSEPOWER CLASSES



7% → 18%
PLAN TO BUY
ONE TRACTOR
7% → 15% TWO
OR MORE



15% → 26%
PLAN TO INVEST
IN COMBINES
86%



5% → 7%
PLAN TO INVEST IN
FORAGE HARVESTING
EQUIPMENT



5% → 23%
PLAN TO INVEST
IN SEED DRILLS/
PLANTERS



14% → 25%
PLAN TO INVEST
IN TILLAGE
EQUIPMENT



16% → 26%
PLAN TO INVEST IN
OTHER MACHINERY
EQUIPMENT



58% → 38%
DO NOT PLAN
ANY MACHINERY
INVESTMENTS AT ALL

State regulation of agrisector in Russia

Starting from December several government measures to limit the rapid growth of domestic prices:

Grain crops:

- Export quota – 17,5 mio tons 15. February – 30. June.
- Export tariff:
 - Starting from 15. February
wheat – €25 per ton
 - Starting from 15. March
wheat – €45
maize - €25 per ton
barley - €10 per ton

Above the quota – export duty for wheat - 50% of the customs value, but not less than €100 per ton.
After June 30 flexible export duty will be introduced, currently under discussion.

Oilseeds:

- Export tariff:
 - Starting from 9. January
sunflower and rapeseed - 30% of the customs value, but no less than €165 per ton
 - Starting from 1. February
soybeans - 30% of the customs value, but no less than €165 per ton

Retail prices: Government determined maximum retail and wholesale prices for sugar and sunflower oil.
5 billion rubles in subsidies planed for flour producers and bakers to compensate increased costs and maintain the prices of basic products on certain level.

CLAAS FACTORY IN KRASNODAR. LOCALIZATION PROJECT.

- ✓ 1st Special investment contract in Russia
- ✓ 550 high-performance working places
- ✓ Investments €160 mln. +€15 mln. until 2024
- ✓ 21 types of AG machinery (harvesters, tractors, etc.)



Export of machinery
Kazakhstan, Belarus, China and other
CIS countries



Export of TUCANO since 2020
Germany, Romania, Poland, Serbia, Turkey,
Armenia, Uzbekistan



Export of components to Germany since
2016

Business environment for agricultural machinery producers

State support for Russian AG machinery

- Program 1432: subsidizing of 10-15% discounts
- Preferential loans in Russian banks
- Programs of Rosagroleasing – the only state-owned leasing company
- Compensation of utilization fee
- Compensation of transport expenses on export
- Regional subsidies

Potential risks

- Toughening of localization rules. Changes to Decree 719 for tractors, combines and supplements.
- Possible growth of utilization fee up to 30%.