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And the team of
IKAR LLC

*Russian and Black Sea wheat and grains situation and outlook
as of May 5, 2023*

TUSAF, May 24, 2023



Key topics

Forthcoming modification of export duties

Possible redistribution of export quotas

Exodus of 3 multinationals

Record high old crop carry-out stocks and

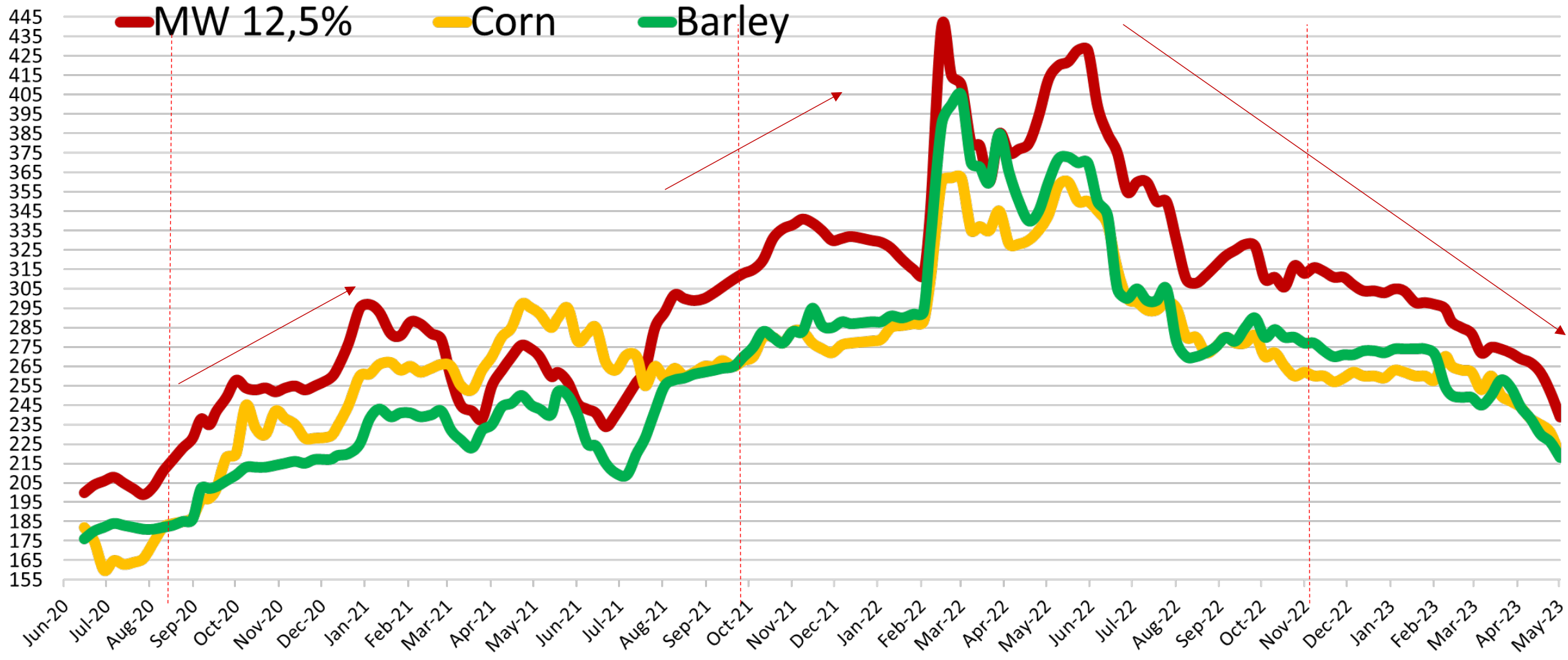
New crop pressure

Farm-to-port economics

Flour milling update



FOB Novo prices evolution, USD/t





Wheat export duties matrix, USD/t

Current formula

| FOB USD/t | RUB/USD | | | | | | | | |
|--------------|---------|-------|-------|-------|-------|-------|-------|--------|--------|
| | 50 | 60 | 70 | 75 | 80 | 85 | 90 | 95 | 100 |
| 220 | - | - | 280 | 1 050 | 1 820 | 2 590 | 3 360 | 4 130 | 4 900 |
| 235 | - | - | 1 015 | 1 838 | 2 660 | 3 483 | 4 305 | 5 128 | 5 950 |
| 250 | - | - | 1 750 | 2 625 | 3 500 | 4 375 | 5 250 | 6 125 | 7 000 |
| 275 | - | 1 050 | 2 975 | 3 938 | 4 900 | 5 863 | 6 825 | 7 788 | 8 750 |
| 290 | - | 1 680 | 3 710 | 4 725 | 5 740 | 6 755 | 7 770 | 8 785 | 9 800 |
| 305 | 175 | 2 310 | 4 445 | 5 513 | 6 580 | 7 648 | 8 715 | 9 783 | 10 850 |
| 320 | 700 | 2 940 | 5 180 | 6 300 | 7 420 | 8 540 | 9 660 | 10 780 | 11 900 |

Possible new formula

| FOB USD/t | RUB/USD | | | | | | | | |
|--------------|---------|-------|-------|-------|-------|-------|-------|-------|--------|
| | 50 | 60 | 70 | 75 | 80 | 85 | 90 | 95 | 100 |
| 220 | - | - | - | - | 420 | 1 190 | 1 960 | 2 730 | 3 500 |
| 235 | - | - | - | 438 | 1 260 | 2 083 | 2 905 | 3 728 | 4 550 |
| 250 | - | - | 350 | 1 225 | 2 100 | 2 975 | 3 850 | 4 725 | 5 600 |
| 275 | - | - | 1 575 | 2 538 | 3 500 | 4 463 | 5 425 | 6 388 | 7 350 |
| 290 | - | 280 | 2 310 | 3 325 | 4 340 | 5 355 | 6 370 | 7 385 | 8 400 |
| 305 | - | 910 | 3 045 | 4 113 | 5 180 | 6 248 | 7 315 | 8 383 | 9 450 |
| 320 | - | 1 540 | 3 780 | 4 900 | 6 020 | 7 140 | 8 260 | 9 380 | 10 500 |



So, ceteris paribus, new wheat duty cuts the tax by about \$17 / ton (but it's flexible!).

Farmers

Domestic logistics/intermediaries

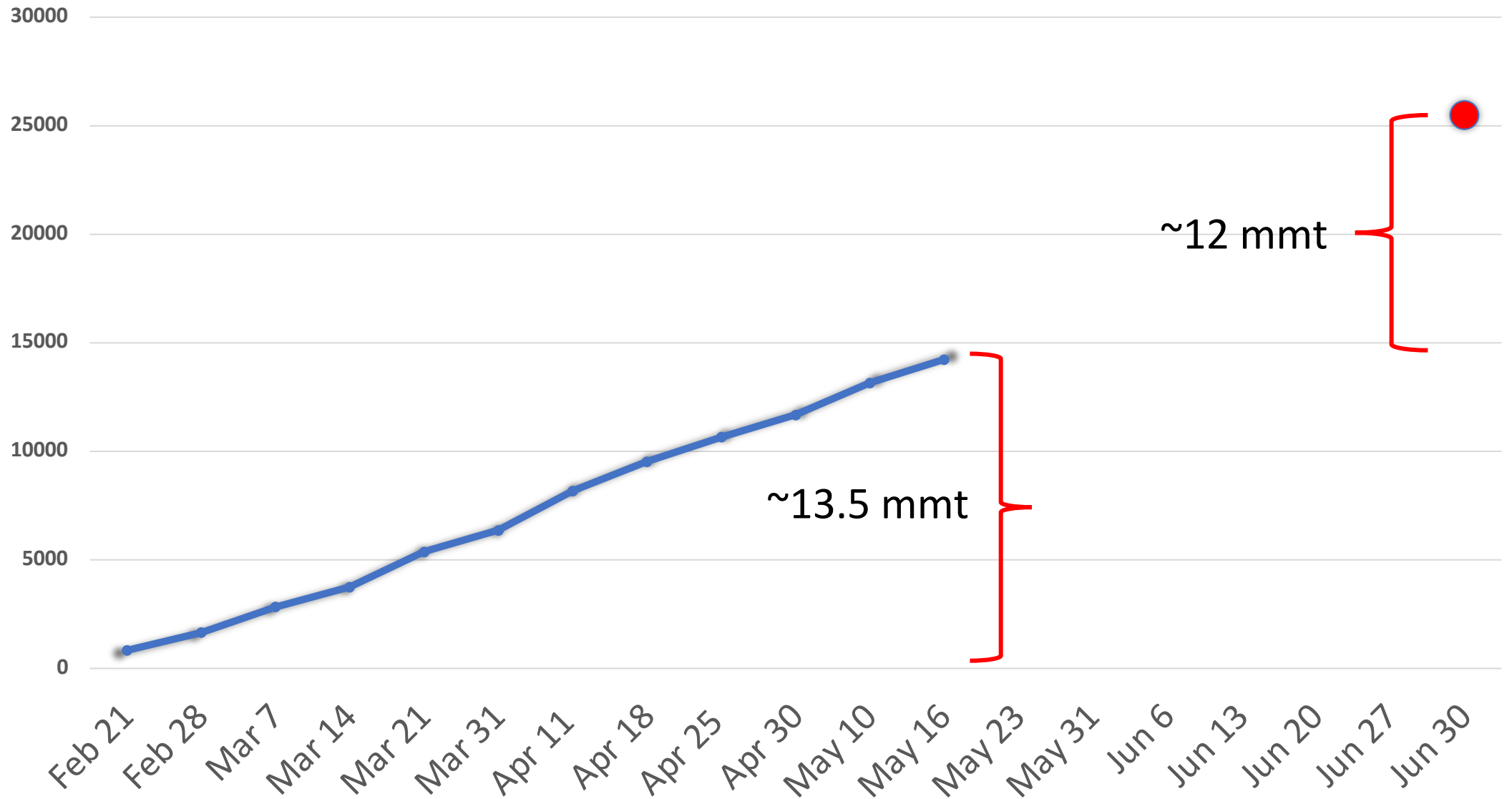
Exporters and

Importers

...to share this incremental ...



25.5 mmt export quota fulfillment as of May 24, 2023, tmt



Five out of ten biggest exporters may fulfill their quotas by the beginning of June...



After exodus of three multinationals, domestic export market remains quite competitive...

Black Sea terminals

| | 2021/22 | 2022/23 |
|-------------------|---------------|---------------|
| Total | 18 266 | 23 659 |
| Demetra | 4 153 | 6 930 |
| RIF | 3 191 | 2 744 |
| VITERRA | 2 336 | 2 623 |
| OZK | 2 236 | 2 169 |
| CARGILL | 1 163 | 1 703 |
| AST CO | 1 223 | 1 253 |
| STEPPE | 275 | 1 223 |
| ASTON | 655 | 693 |
| PETROKHLEB | 5 | 470 |
| ZERNO ZAVOLZHIYA | 221 | 464 |
| LDC | 362 | 425 |
| DAYLESFORD | 0 | 419 |
| PALLADA | 0 | 374 |
| ZERNO-TRADE | 407 | 293 |
| DOMINANT TD | 0 | 181 |
| SIERENTZ | 150 | 174 |
| RASSVET | 0 | 158 |
| RUSAGRO GROUP | 0 | 141 |
| POKROVSKIY | 232 | 141 |
| REG-SARATOV | 0 | 130 |
| Rest of companies | 1 658 | 954 |

Port Kavkaz

| | 2021/22 | 2022/23 |
|---------------|--------------|---------------|
| Total | 8 553 | 13 404 |
| RIF TD | 4 522 | 4 990 |
| ASTON | 2 602 | 4 427 |
| VITERRA RUS | 654 | 1 164 |
| OUTSPAN | 263 | 731 |
| GRAIN SERVICE | 126 | 687 |
| LDC | 134 | 340 |
| CARGILL | 54 | 250 |
| N/A | 0 | 146 |
| FREGAT TD | 0 | 120 |
| PALLADA | 0 | 116 |
| PETROKHLEB | 0 | 113 |
| RESOURCE YUG | 0 | 103 |
| OZK | 32 | 69 |
| STEPPE | 0 | 33 |
| RZ AGRO | 0 | 30 |
| AFINA | 0 | 28 |
| SIERENTZ | 0 | 18 |
| YUZHNAJA | 0 | 13 |
| VIRTUM | 16 | 8 |
| ALEFF | 0 | 6 |
| AGROCLUB | 0 | 5 |
| TOP GRAIN LTD | 54 | 3 |
| RUSAGROTRADE | 5 | 3 |

Direct Azov Sea coasters

| | 2021/22 | 2022/23 |
|-------------------|--------------|--------------|
| Total | 5 933 | 5 496 |
| ZERNO-TRADE | 588 | 579 |
| TOP GRAIN LTD | 257 | 308 |
| YUG RUSI | 161 | 286 |
| ZERNO ZAVOLZHIYA | 130 | 248 |
| DELTRADE | 273 | 242 |
| RIF TD | 501 | 231 |
| DEREVYANKO V.I. | 42 | 214 |
| GRAIN SERVICE | 352 | 198 |
| DAYLESFORD | 229 | 196 |
| ROSTOV GRAIN TERM | 77 | 175 |
| NOVOSIBKhleB | 0 | 156 |
| DOMINANT | 0 | 153 |
| RUSALPHATRADE | 91 | 149 |
| URIEL AGRO | 43 | 125 |
| LDC | 254 | 120 |
| OUTSPAN | 149 | 102 |
| POKROVSKIY | 137 | 90 |
| NB CENTER PKF | 73 | 83 |
| DEMETRA | 22 | 71 |
| BIO-TON | 0 | 62 |
| Rest of companies | 2 554 | 1 708 |

Multinationals./state owned in 2022/23:

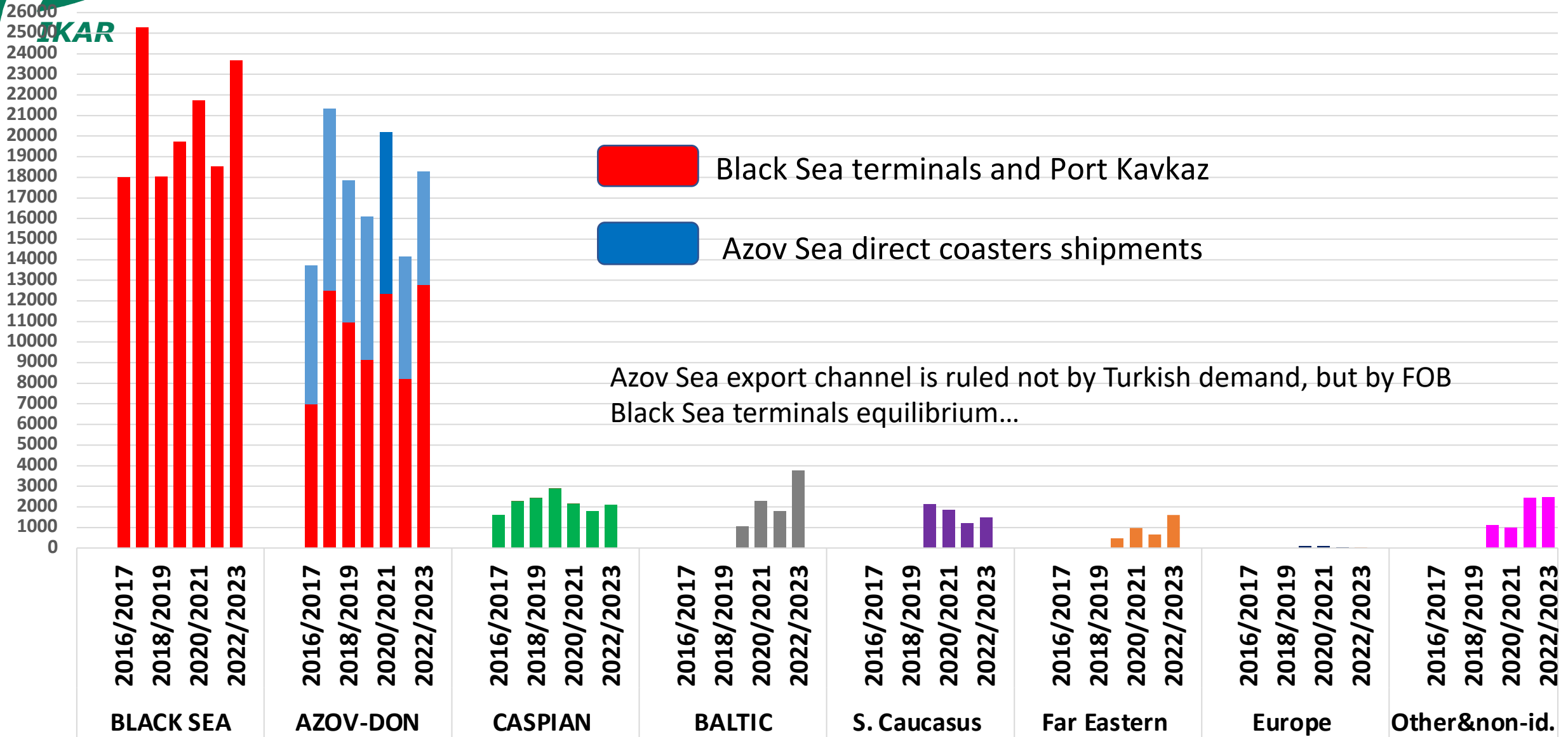
20% / 38%

13% / less than 1%

2% / less than 1%



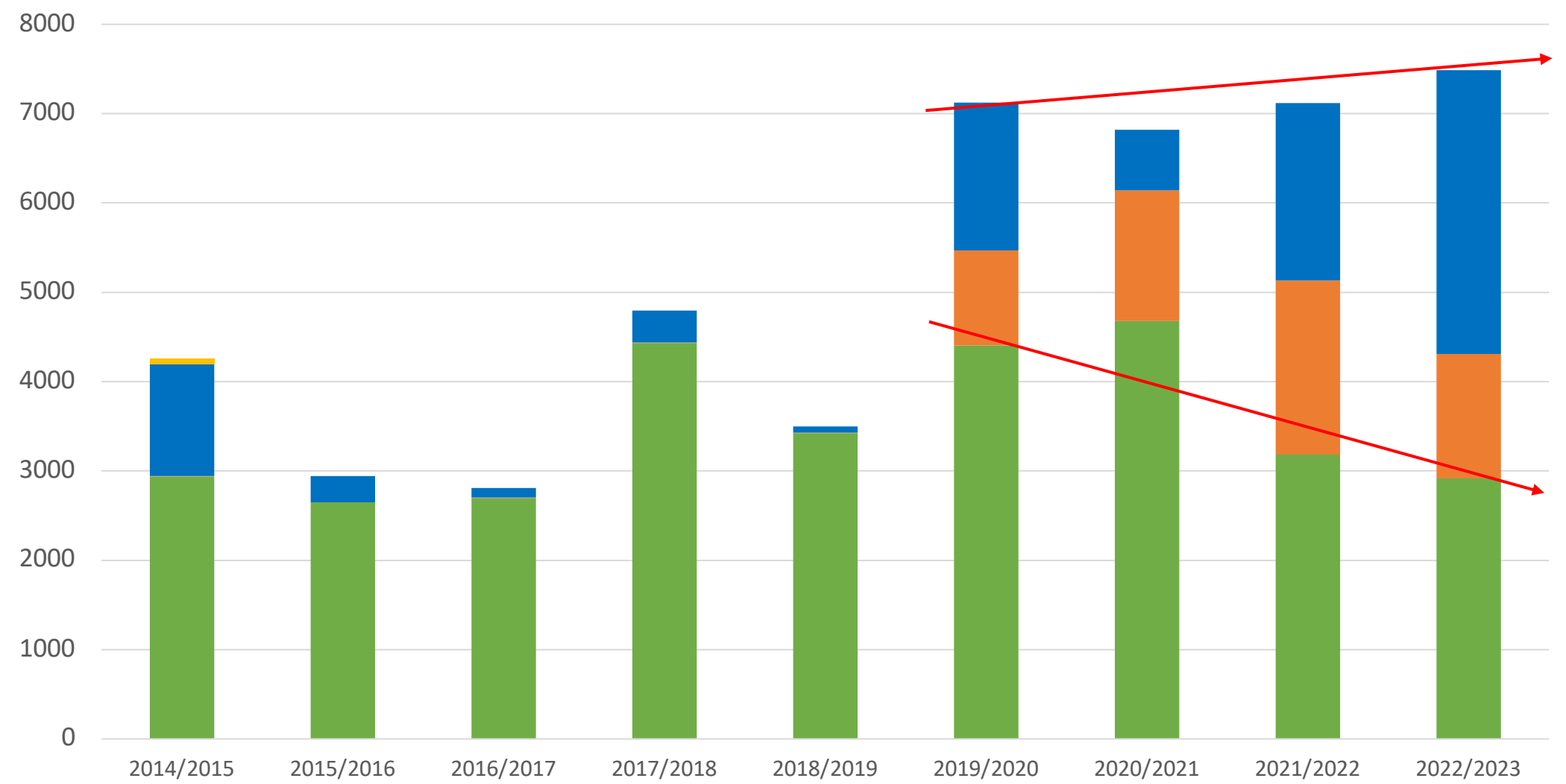
Key export channels for the Russian grains



Azov Sea coasters business shows lowest – 30% - share in total Azov Sea shipments



Russian wheat shipments to Turkiye, tmt



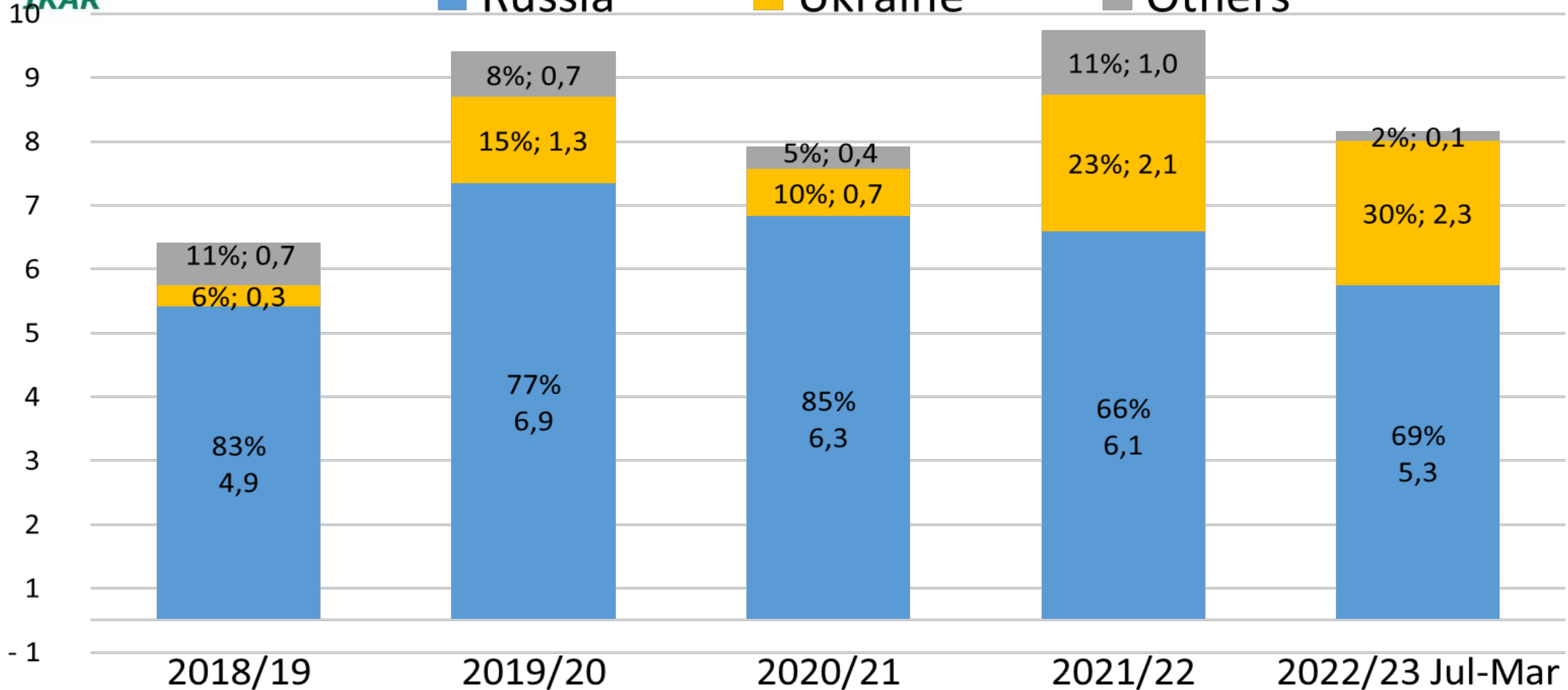
■ Azov ■ Kavkaz ■ Black Sea

Why the radical shift? Two explanations...



Turkish wheat import, RU/UA share as of Jul-Mar, MMT

Russia Ukraine Others

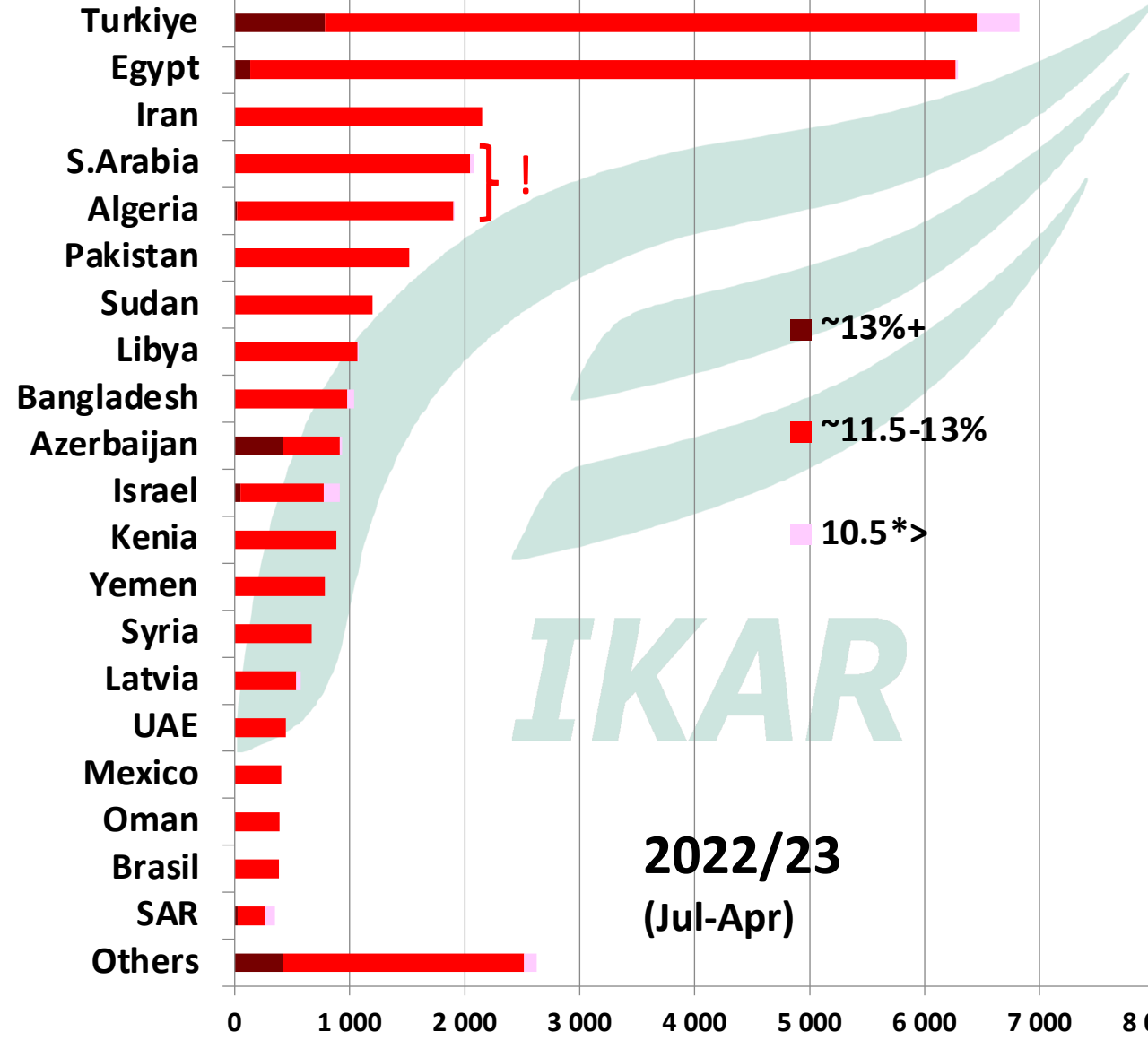
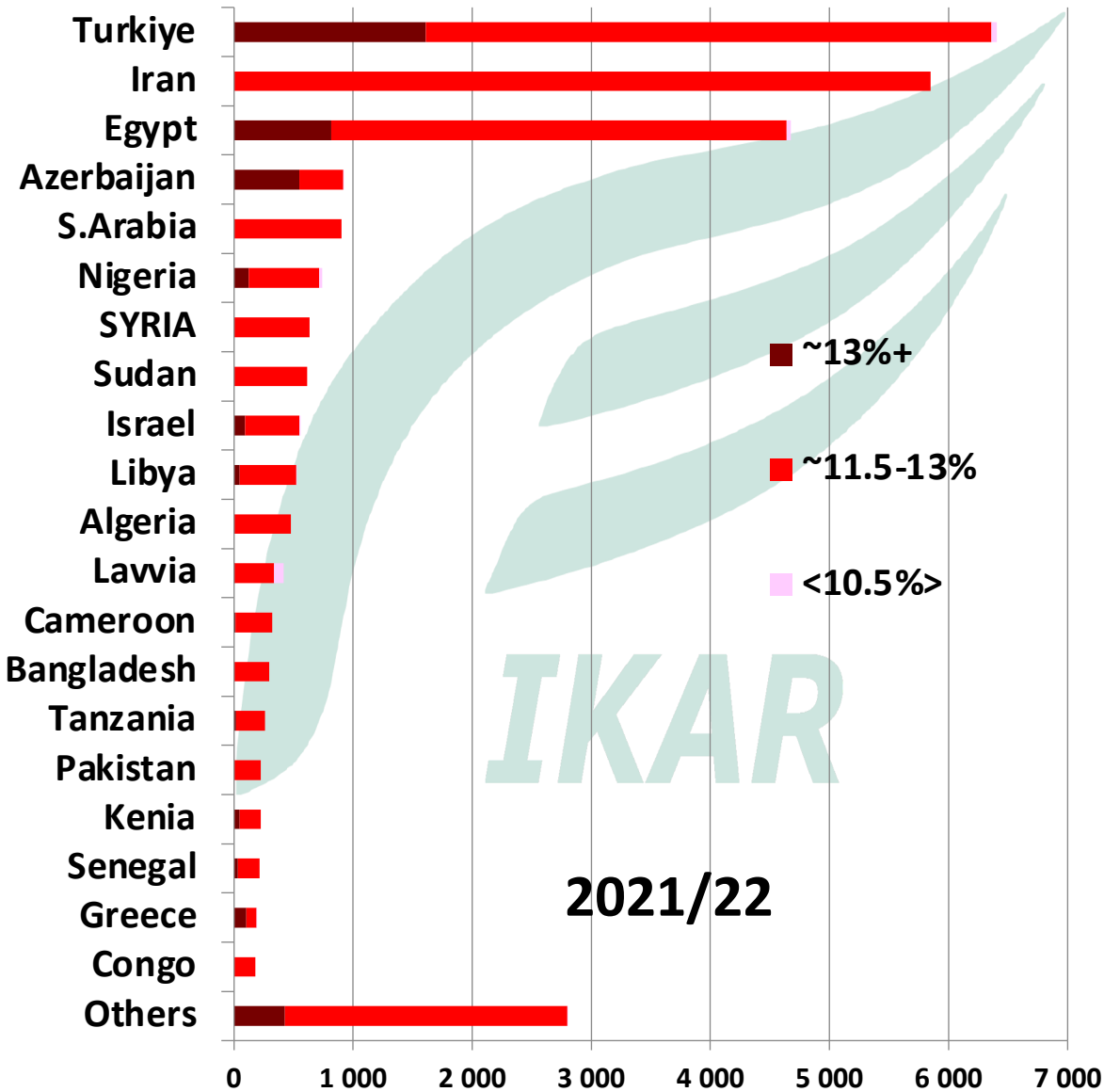


Cumulative Rus/Ukr share is probably highest ever; big discrepancy between Russian port export data and Turkish customs import data... Accrdng to our sources, April export to Turkiye is **record high 1180 tmt...**



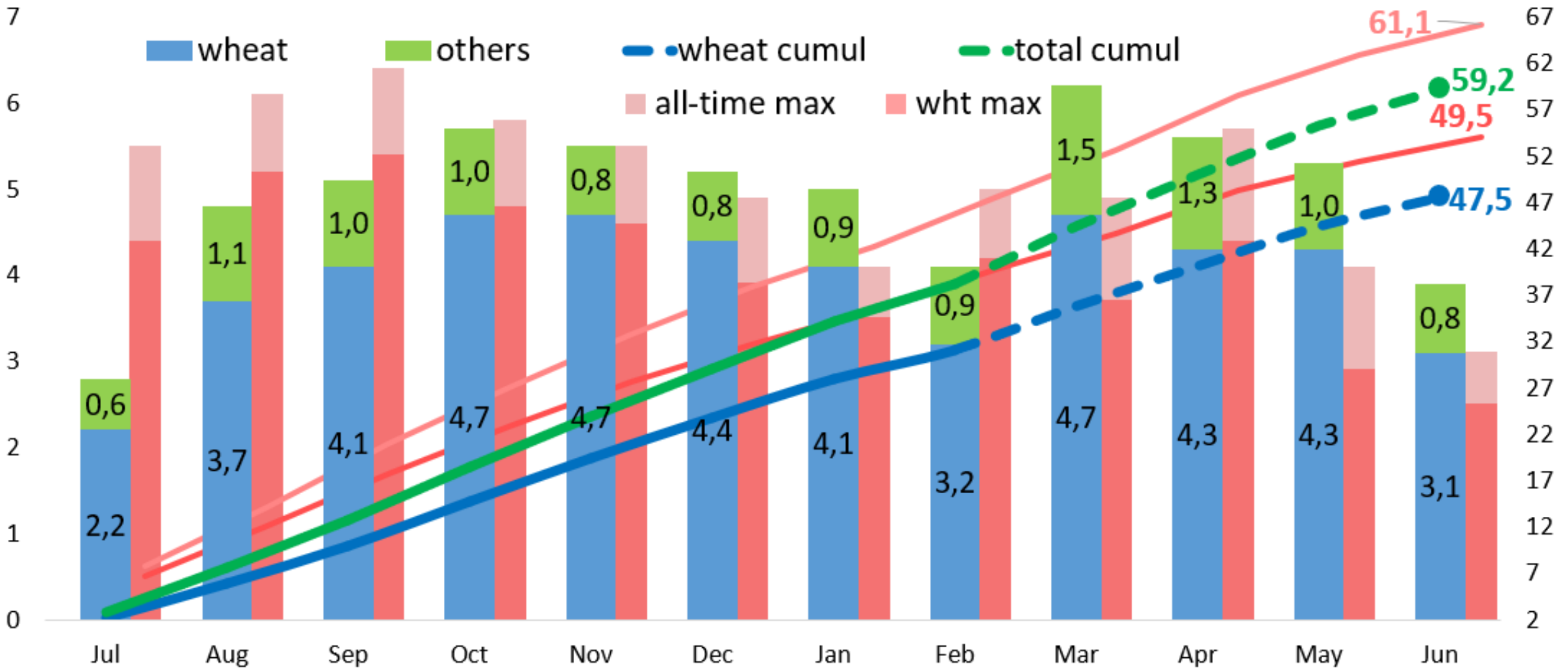
Country/protein break-down of the Russian wheat export, tmt

IKAR





Russian wheat and grains export monthly evolution, MMT

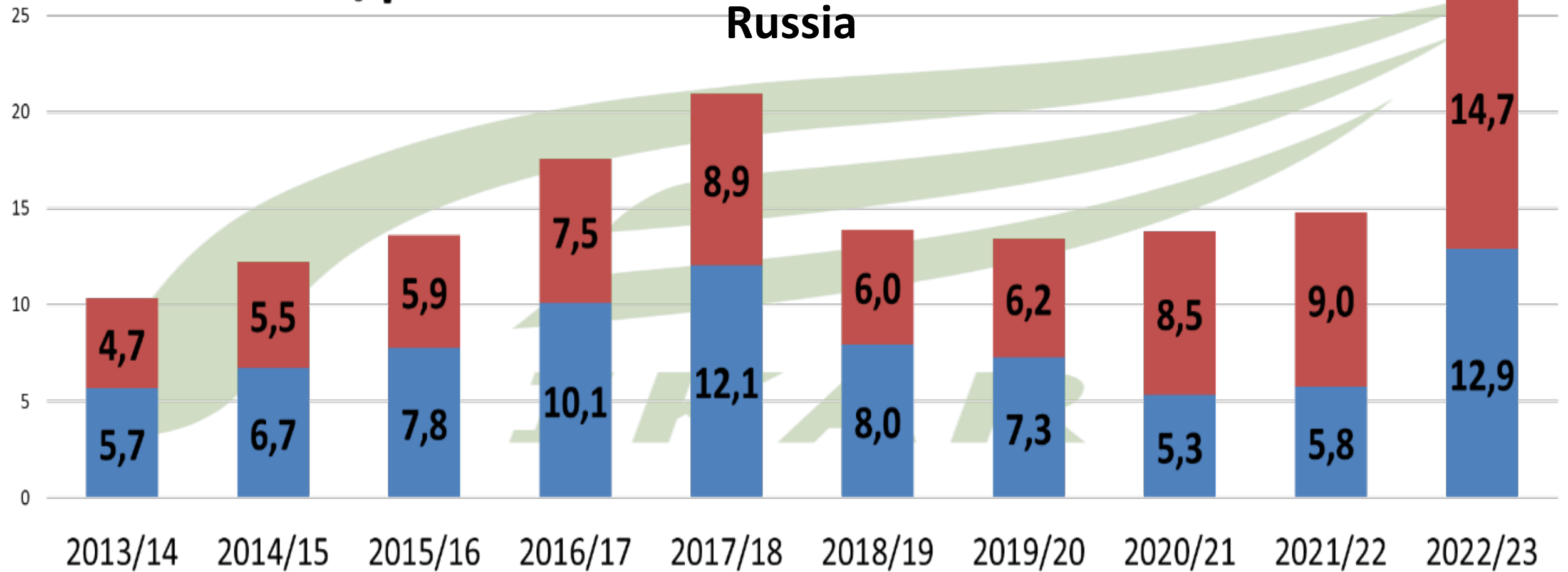


IKAR raises its seasonal wheat export forecast from previous 47 to new 47.5 mmt (w/o new regions, w/o flour)



Large enterprise wheat stocks in Russia as of April 1, MMT

Traders/processors **Farmers**
Russia

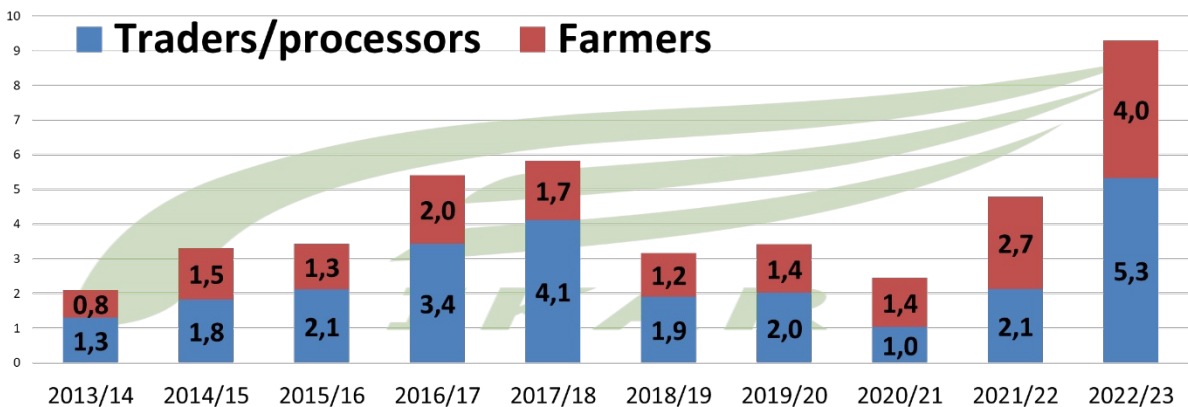




Large enterprises wheat stocks in Russia as of April 1, MMT

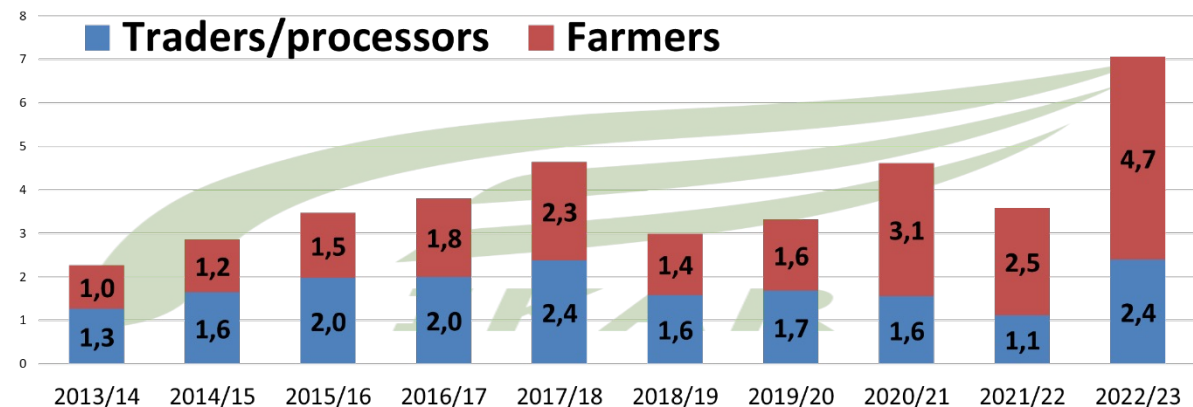
South+Caucasus

Traders/processors Farmers



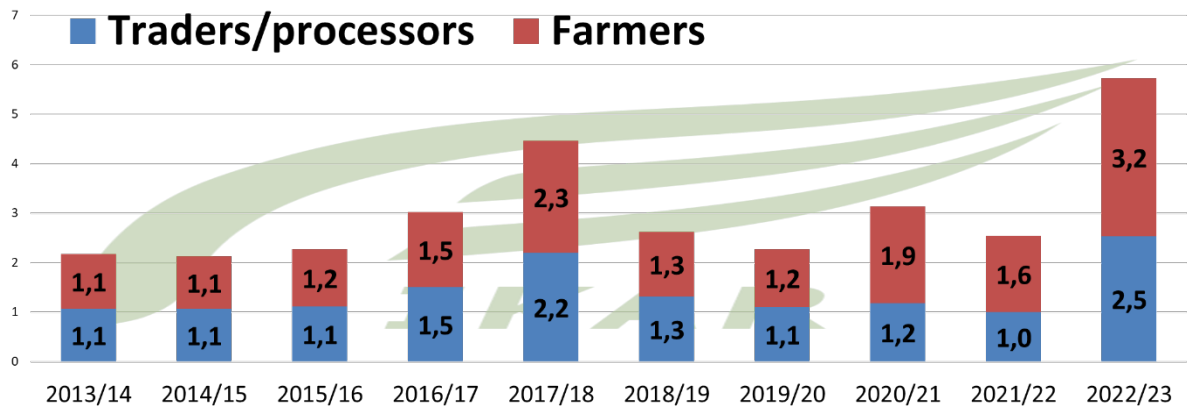
Central

Traders/processors Farmers



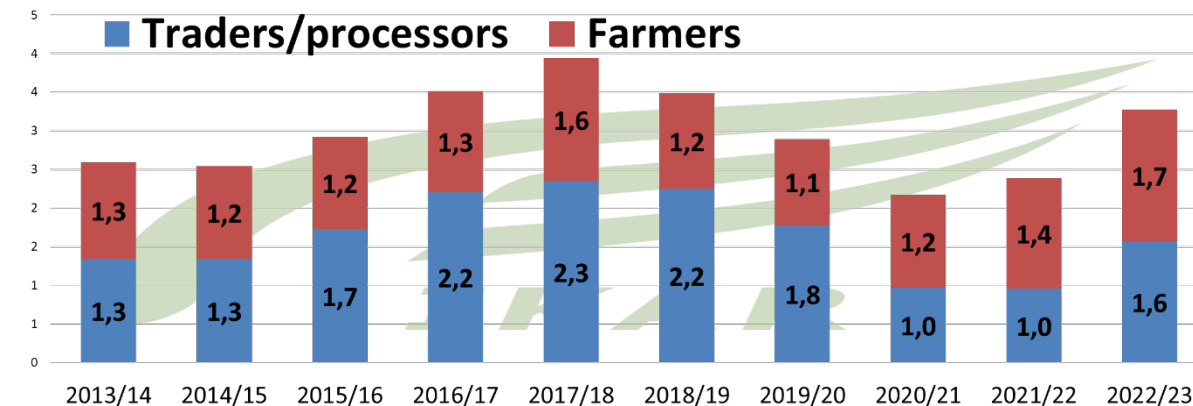
Volga

Traders/processors Farmers



Siberia

Traders/processors Farmers



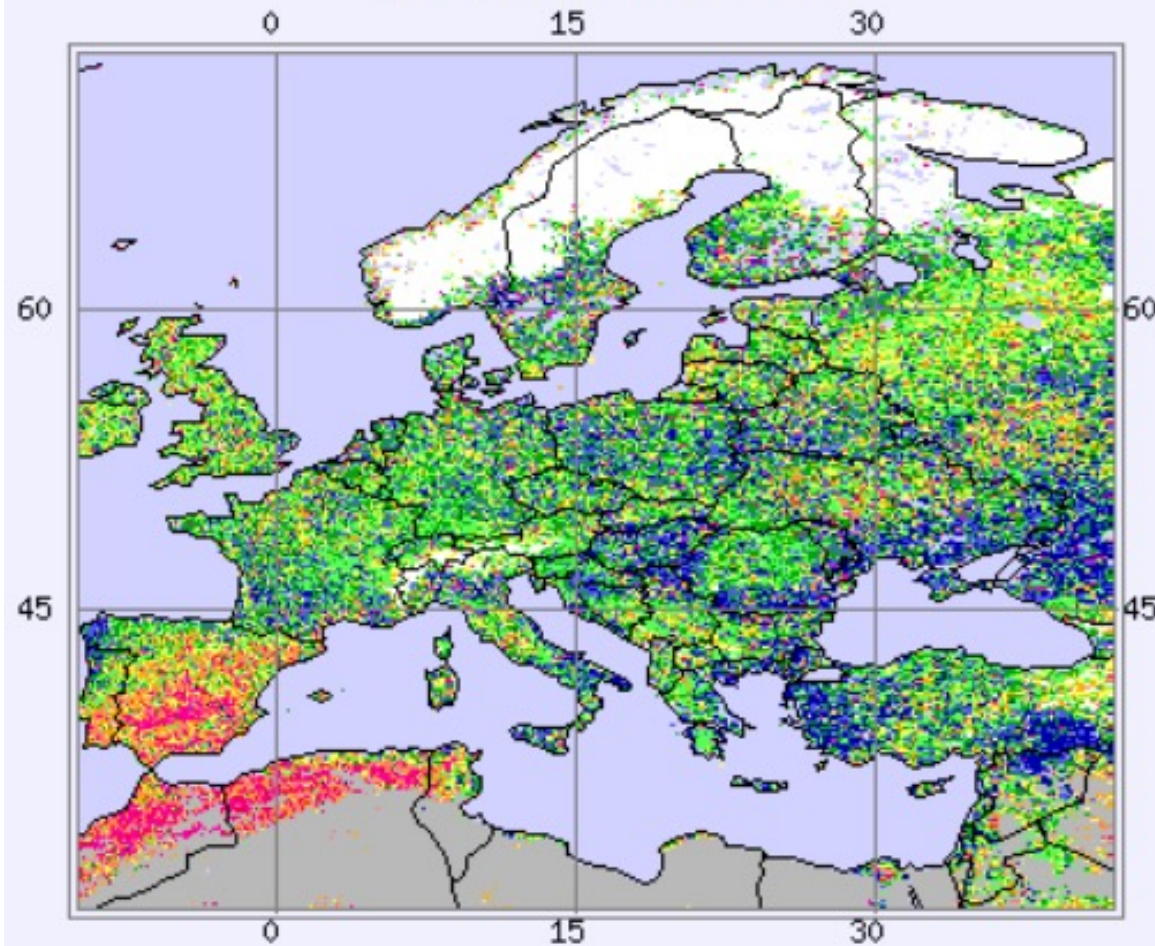


VHI (Vegetation health index) as of 13 May

Europe - Vegetation Health Index (VHI): Current Week and One Year Ago, 2023 week 19

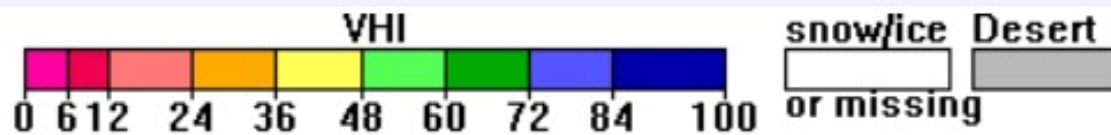
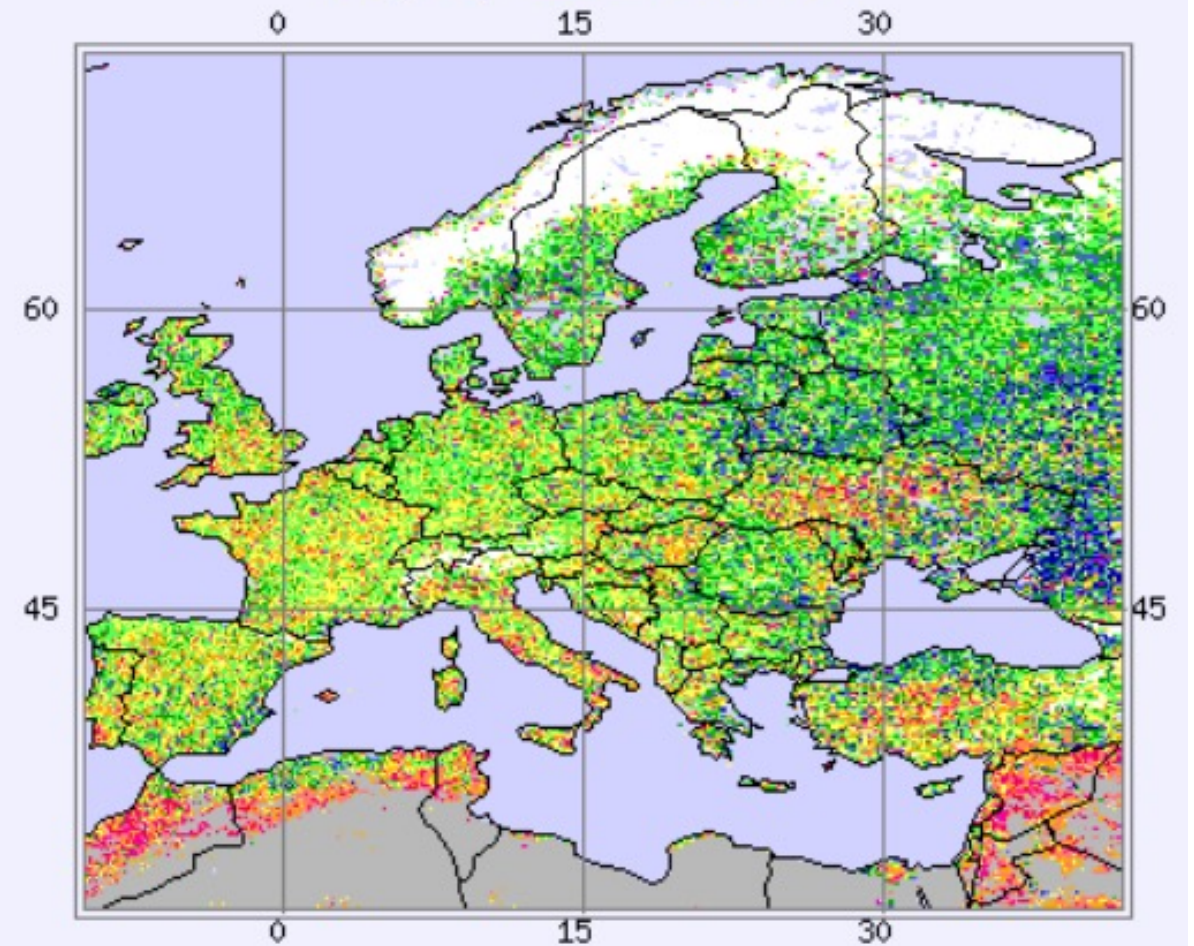
VHI of current year

May 13, 2023 (week 19)



VHI of previous year

May 13, 2022 (week 19)



Excellent South of Russia and Ukraine...

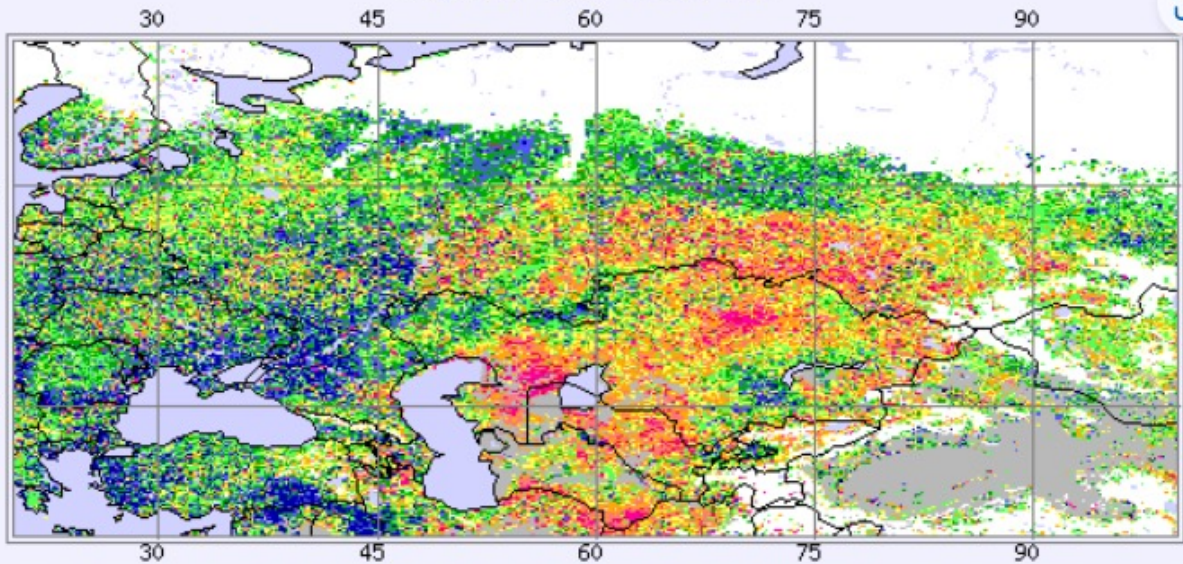


VHI (Vegetation health index) as of 13 May

Former Soviet Union - Vegetation Health Index (VHI): Current Week and One Year Ago, 2023 week 19

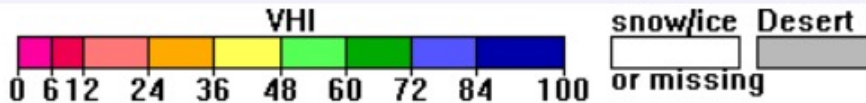
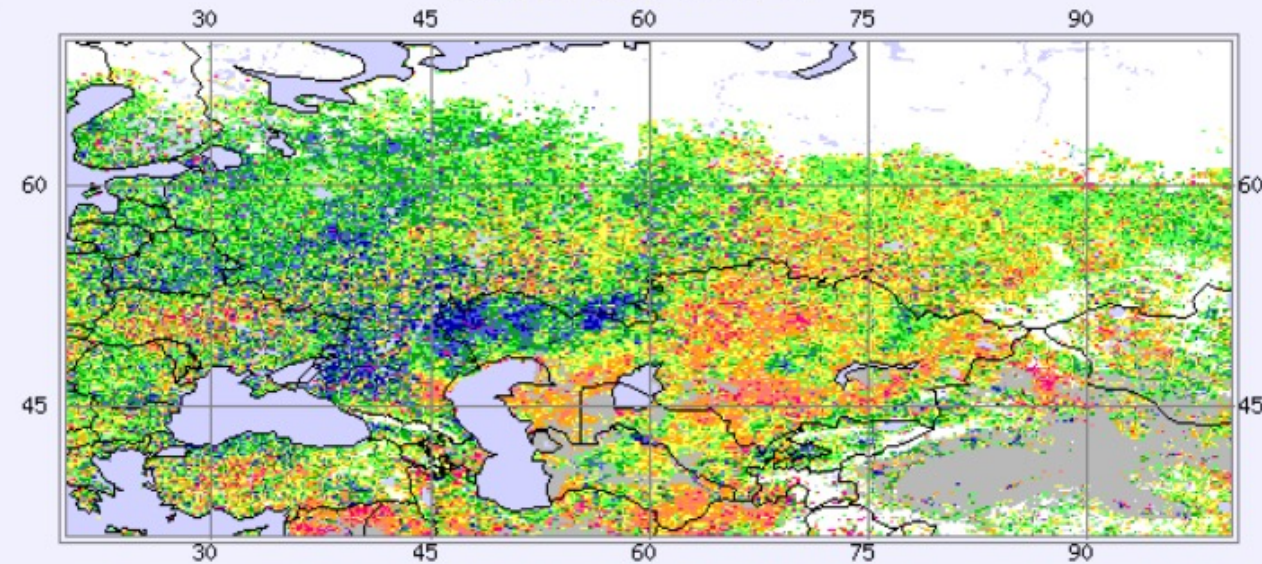
VHI of current year

May 13, 2023 (week 19)



VHI of previous year

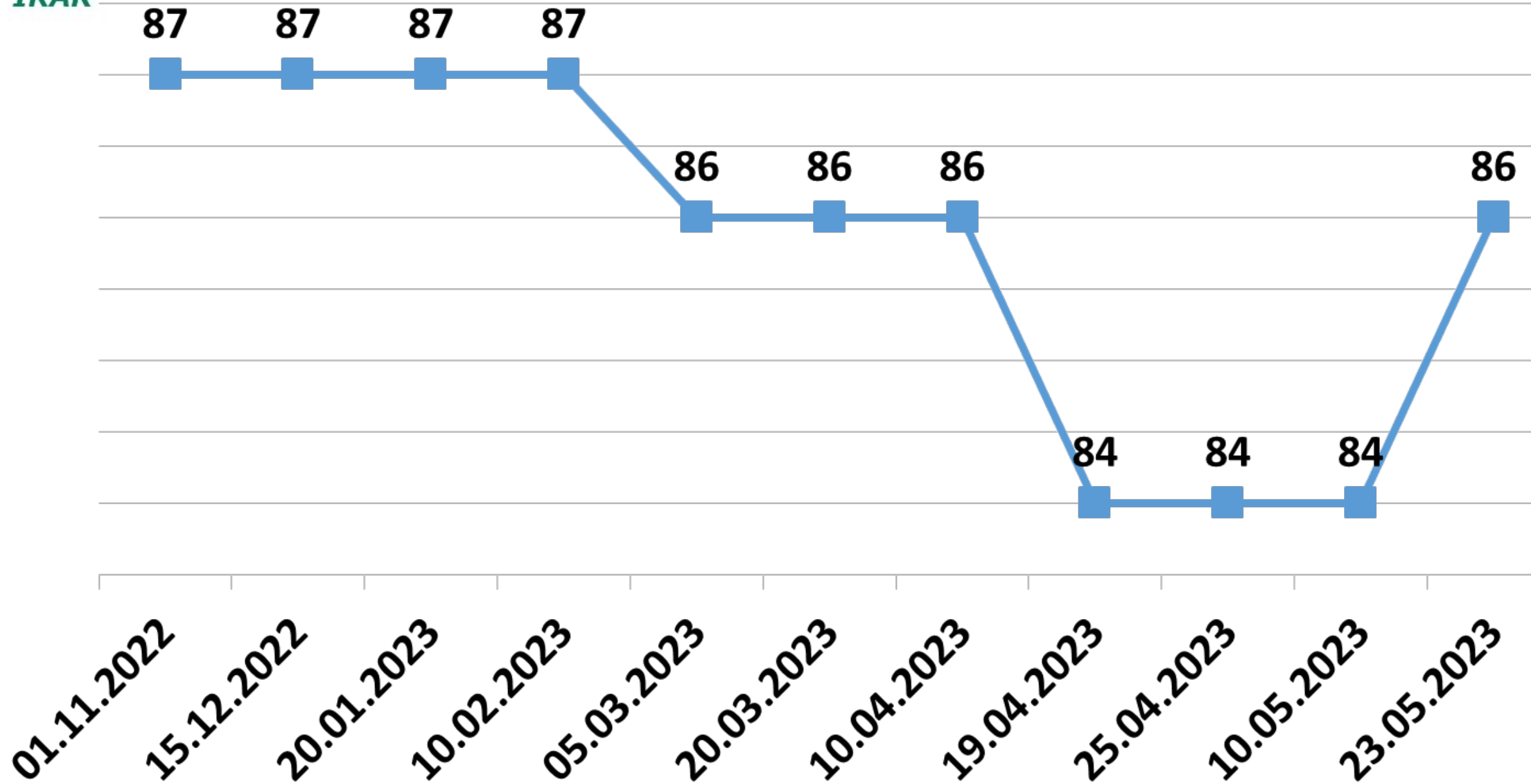
May 13, 2022 (week 19)



... but risky vast spring wheat area of Urals and Siberia



IKAR's Russian wheat crop 2023 forecast evolution, MMT





Stavropol wheat fields as of May 22, 2023

East: 3.5 t/ha?



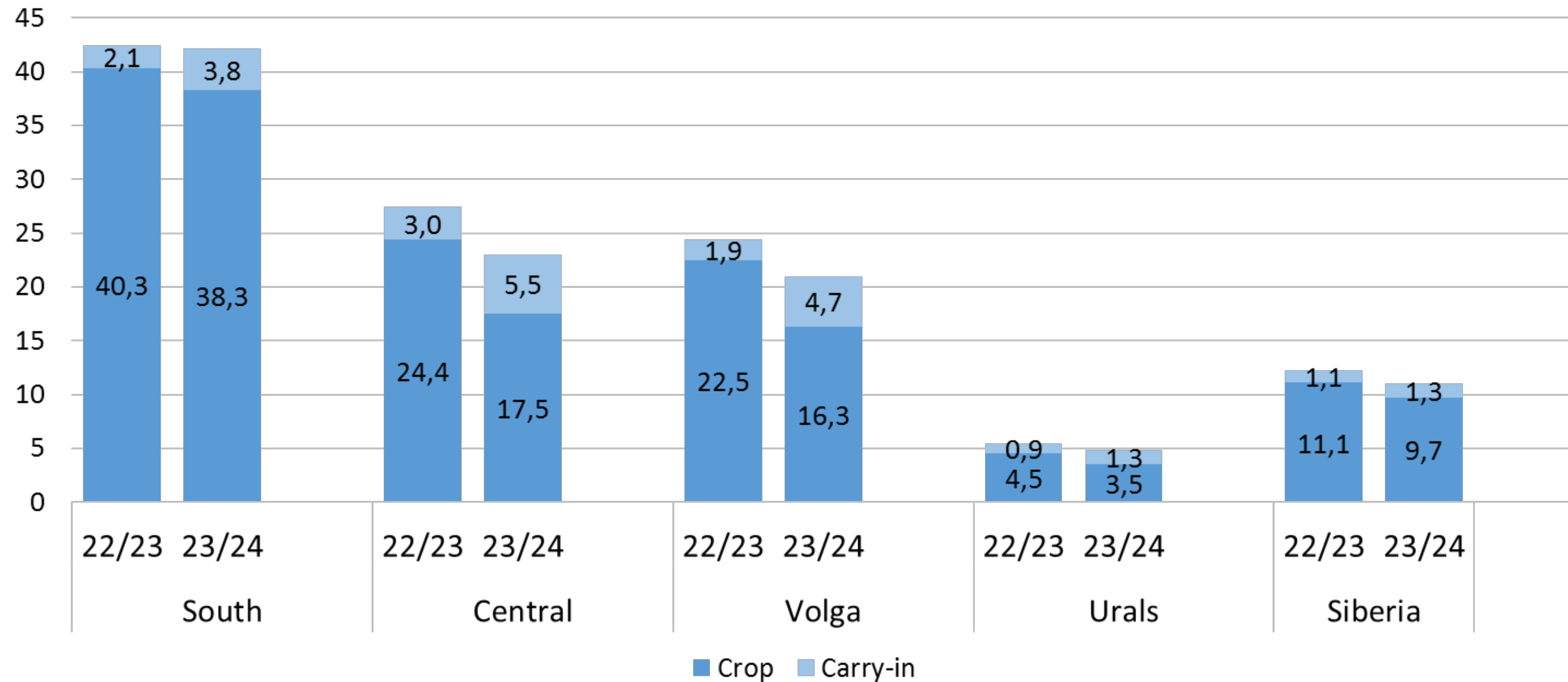
West: 6.5-7 t/ha?



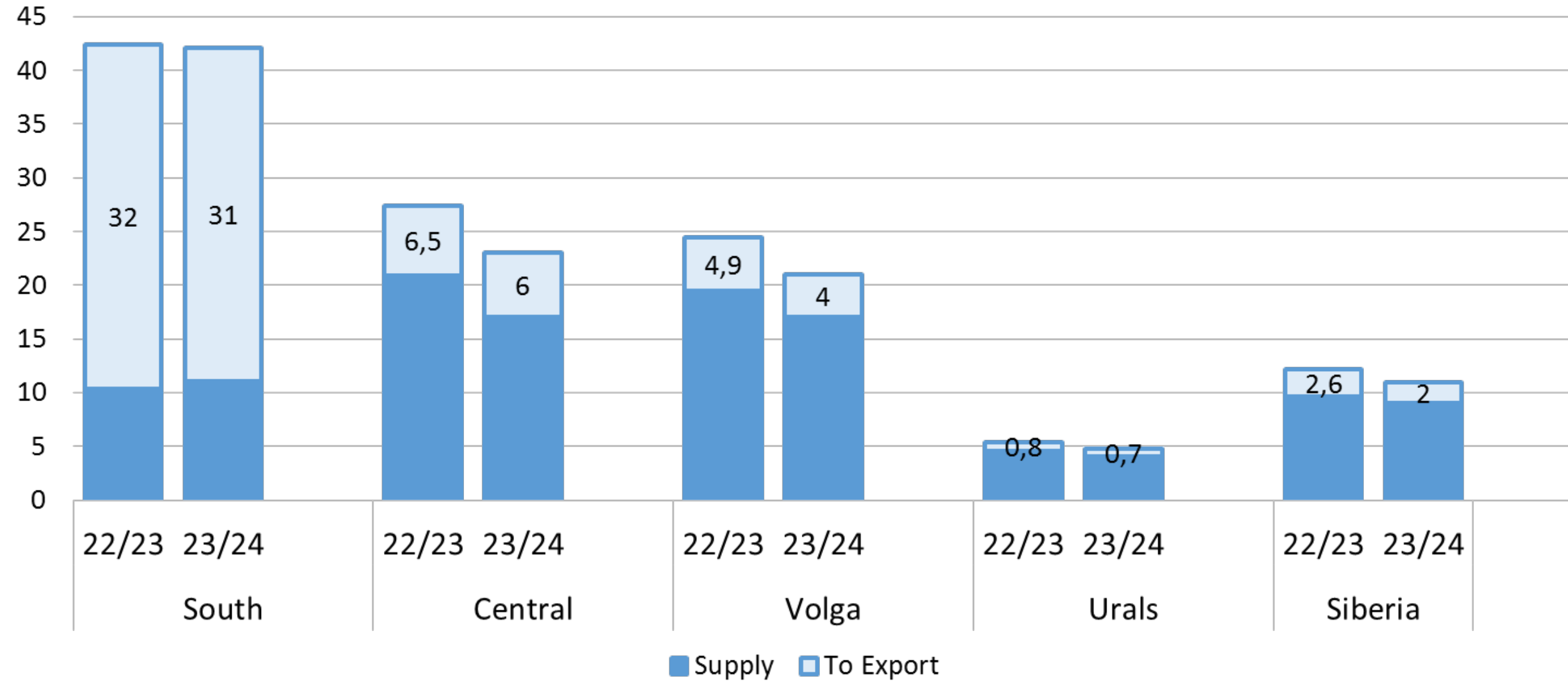
Central: 4.5-5 t/ha?



Russian wheat total supply, MMT



Total wheat supply and export surplus, MMT





Russian wheat SnD, MMT

| Wheat, MMT | 2020/21 | 2021/22 | 2022/23 | 2023/24 | |
|----------------------------------|-------------|-------------|--------------|--------------|-------------|
| | | | | base | stress |
| Carry-in | 8,1 | 9,3 | 9,2 | 16,5 | 16,5 |
| Production | 85,9 | 76,0 | 104,2 | 86,0 | 78,0 |
| Import | 0,2 | 0,2 | 0,1 | 0,1 | 0,1 |
| Total resources | 94,2 | 85,5 | 113,5 | 102,6 | 94,6 |
| Dom.disappearance | 45,5 | 43,7 | 49,5 | 47,2 | 47,2 |
| Export potential | 39,4 | 32,6 | 47,5 | 44,0 | 36,0 |
| Total utilization | 84,9 | 76,3 | 97,0 | 91,2 | 83,2 |
| Carry-out | 9,3 | 9,2 | 16,5 | 11,4 | 11,4 |
| Incl. Gov. Intervention Fund (?) | 0,0 | 0,0 | 3,0 | 3,0 | 3,0 |

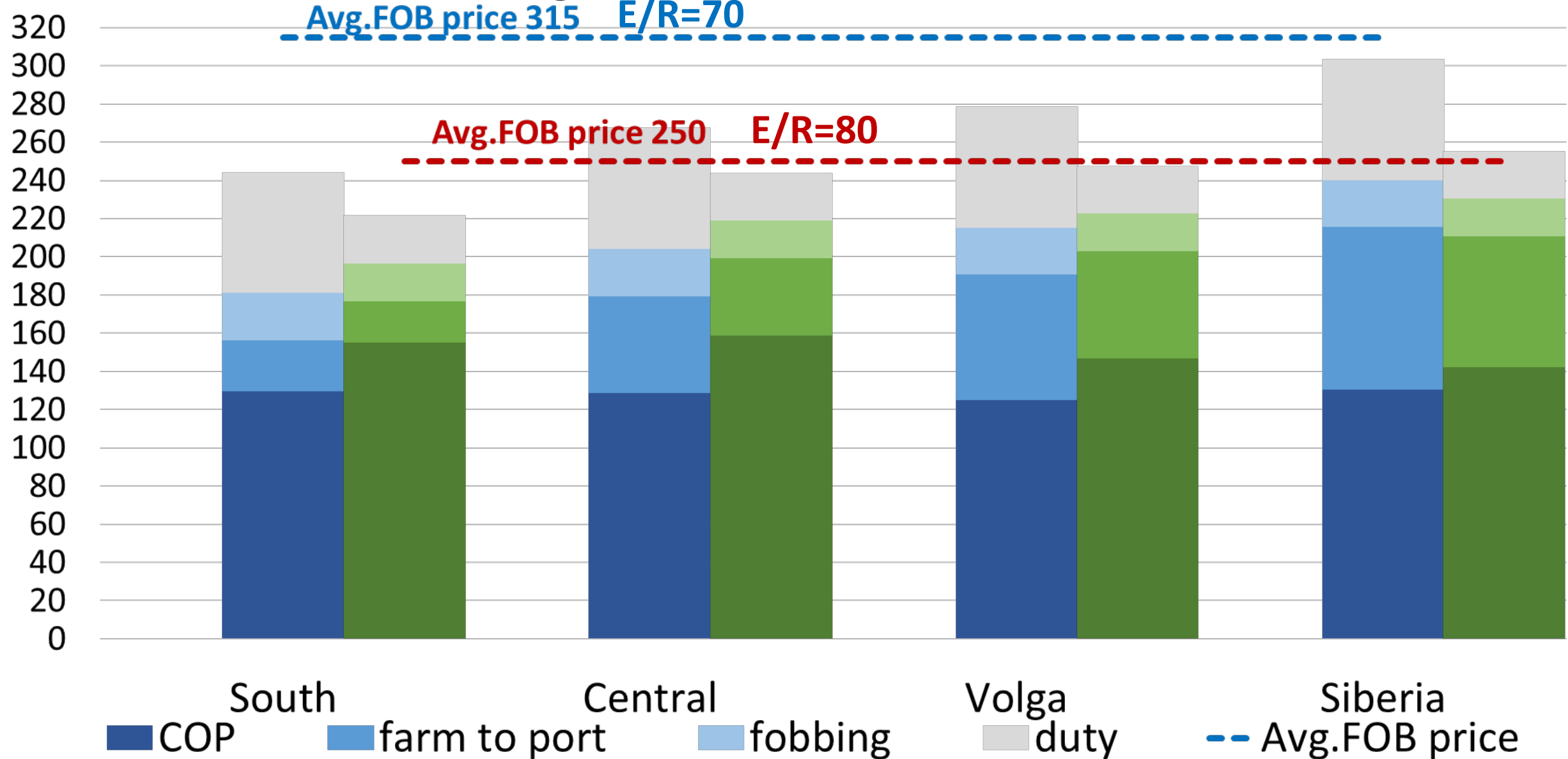


Russian total grain SnD, MMT

| Grains , MMT | 2020/21 | 2021/22 | 2022/23 | 2023/24 | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| | | | | base | stress |
| Carry-in | 9,9 | 11,4 | 11,6 | 22,7 | 22,7 |
| Production | 133,5 | 121,4 | 157,7 | 132,0 | 118,0 |
| Import | 0,6 | 0,6 | 0,5 | 0,5 | 0,5 |
| Total resources | 144,0 | 133,4 | 169,8 | 155,2 | 141,2 |
| Dom.disappearance | 81,5 | 80,0 | 87,8 | 84,8 | 84,8 |
| Export | 51,1 | 41,9 | 59,3 | 55,5 | 43,0 |
| Total utilization | 132,6 | 121,9 | 147,1 | 140,3 | 127,8 |
| Carry-out | 11,4 | 11,6 | 22,7 | 14,9 | 13,4 |
| Incl. Gov. Intervention Fund | 0,0 | 0,0 | 3,1 | 3,1 | 3,1 |



2023/24 Russian wheat FOB cost forecast (excl. farmer and trader margin), 2023/24 – new potential duty





Ukrainian and 4 regions crop

Grains

| | 2020 | 2021 | 2022 estim. | 2023 | |
|--------------------|------|------|----------------|------|--------|
| | | | | Base | Stress |
| Wheat, MMT | | | | | |
| UA | 18,8 | 24,8 | 16,0 | 15,5 | 12,0 |
| 4 region | 6,1 | 7,4 | 4,5 | 2,5 | 1,5 |
| Barley, MMT | | | | | |
| UA | 5,9 | 7,4 | 4,6 | 4,0 | 2,0 |
| 4 region | 1,7 | 2,0 | 1,2 | 0,7 | 0,3 |
| Corn, MMT | | | | | |
| UA | 29,4 | 41,4 | 26,5 | 22,0 | 16,0 |
| 4 region | 0,9 | 0,7 | 0,5 | 0,3 | 0,1 |
| Peas, TMT | | | | | |
| UA | 293 | 353 | 260 | 180 | 130 |
| 4 region | 186 | 213 | 90 | 50 | 30 |

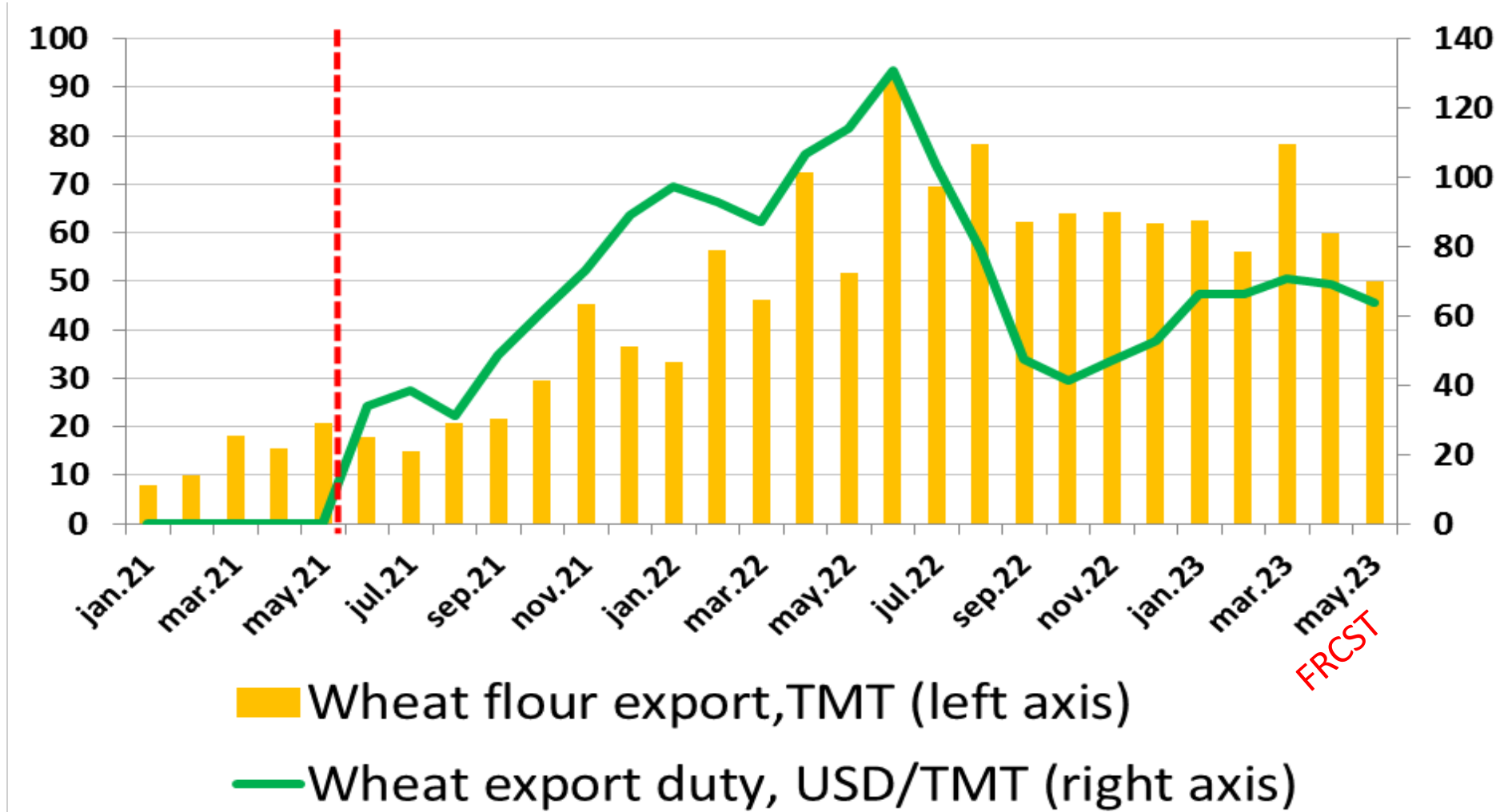
Oilseeds

| | 2020 | 2021 | 2022 estim. | 2023 | |
|-----------------------|------|------|----------------|------|--------|
| | | | | Base | Stress |
| Sunflower, MMT | | | | | |
| UA | 10,5 | 13,1 | 8,6 | 7,0 | 4,0 |
| 4 region | 2,6 | 3,3 | 1,6 | 0,8 | 0,5 |
| Rapeseed, MMT | | | | | |
| UA | 2,1 | 2,5 | 2,0 | 1,7 | 0,9 |
| 4 region | 0,5 | 0,4 | 0,3 | 0,1 | 0,1 |
| Soybean, MMT | | | | | |
| UA | 2,5 | 3,2 | 2,4 | 1,9 | 1,0 |
| 4 region | 0,3 | 0,3 | 0,2 | 0,1 | 0,1 |

Ceteris paribus, Ukraine loses about 28% of wheat, 26% of barley, 7% of corn, and 40% of field pea production potential...



Wheat export duty and wheat flour export

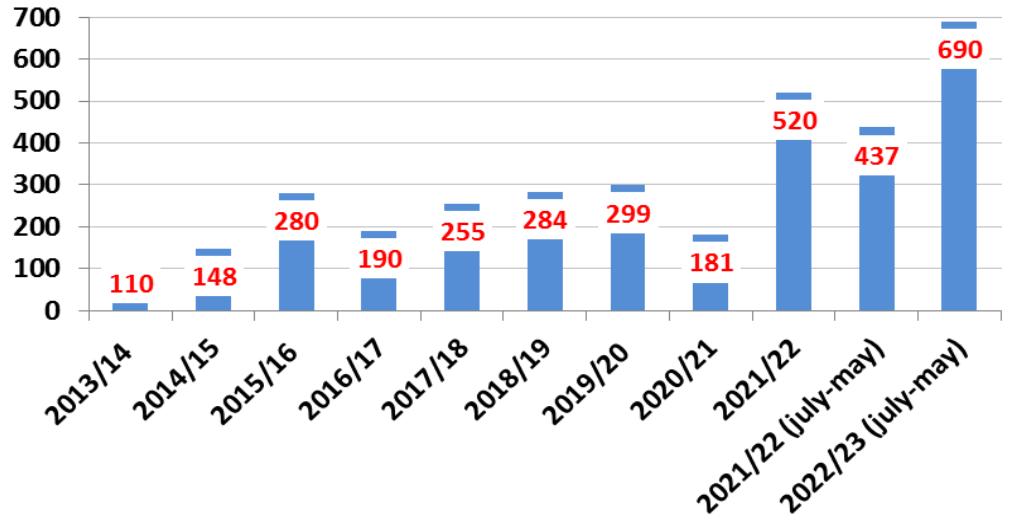


The higher wheat export duty, the higher wheat flour export. When duty goes down to the cost of processing, flour export drops to “traditional” levels...

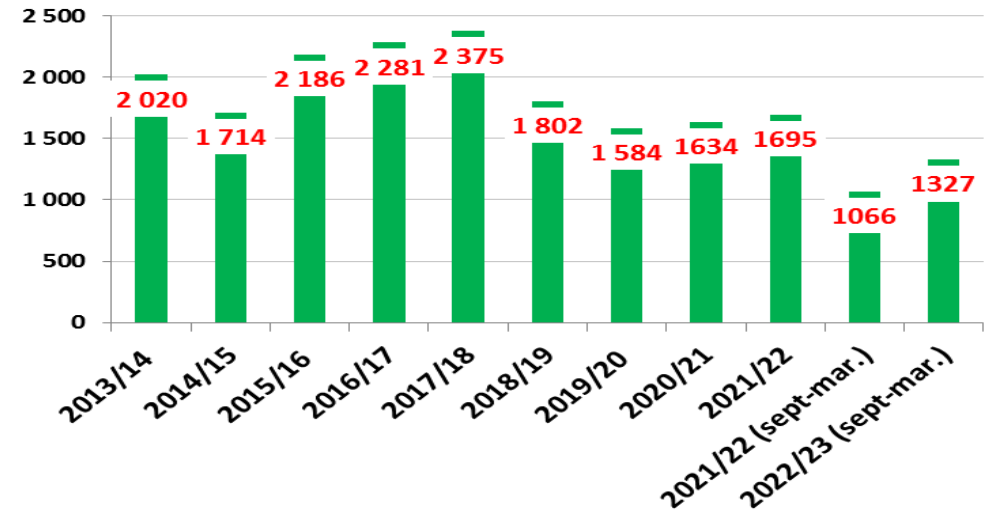


Wheat flour export, TMT

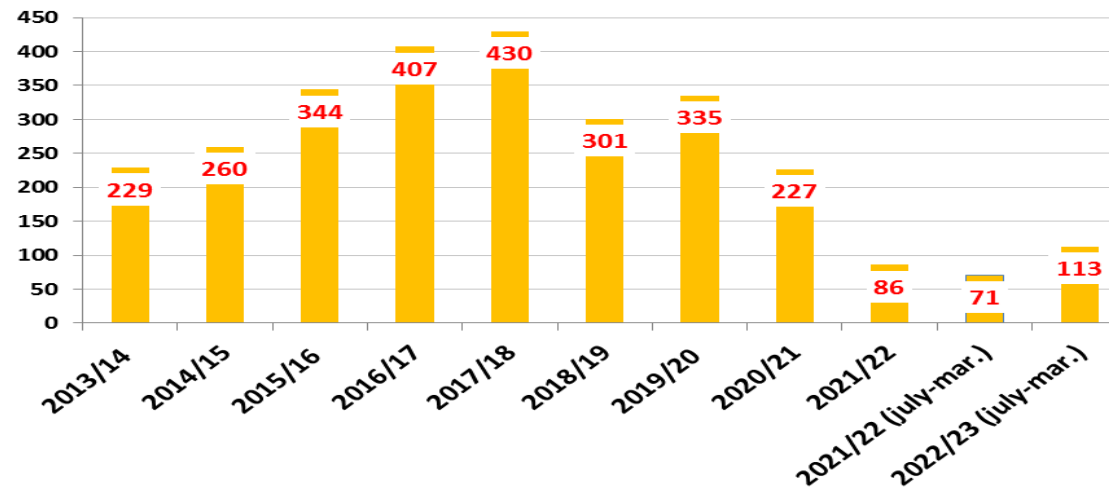
Russia



Kazakhstan



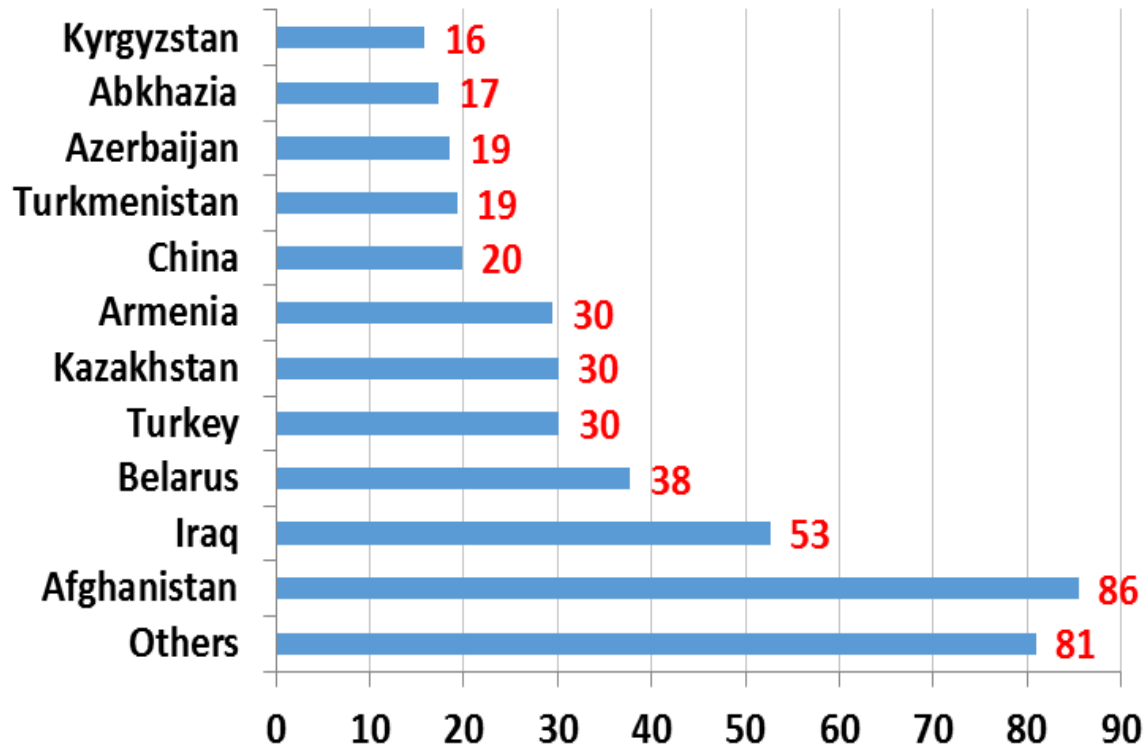
Ukraine



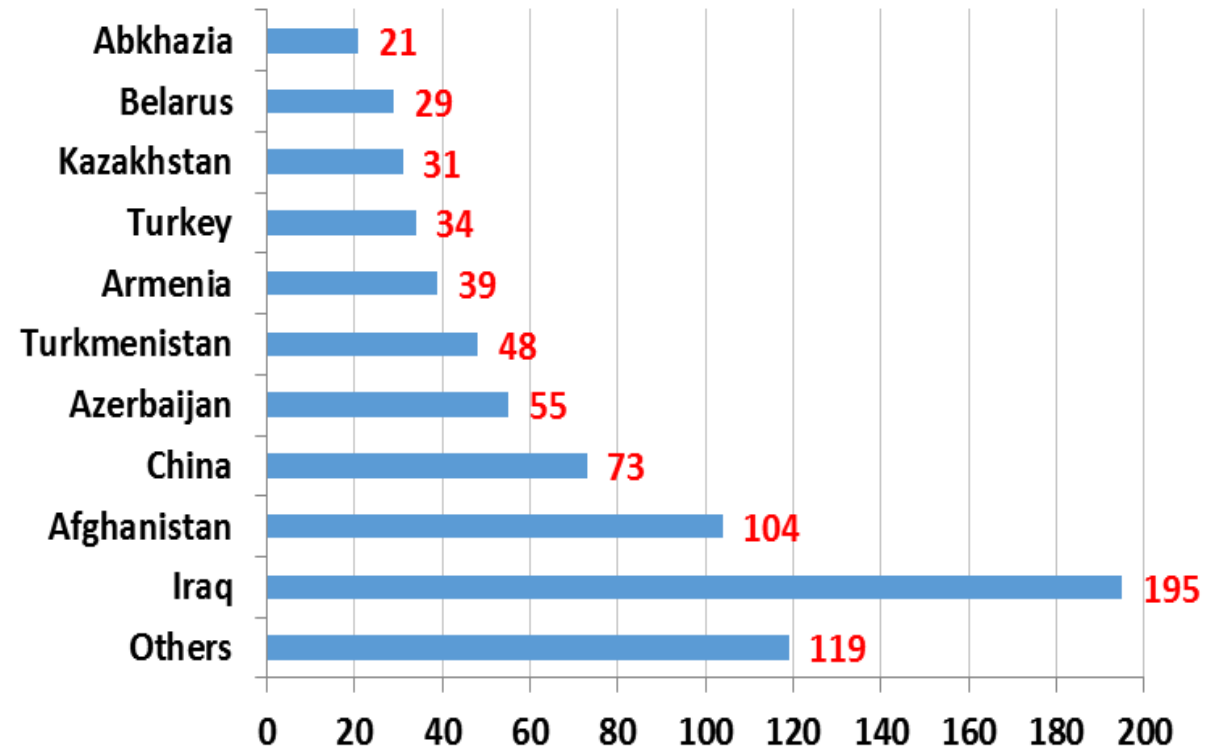


Wheat flour export by Russia (july-may), TMT

2021/22



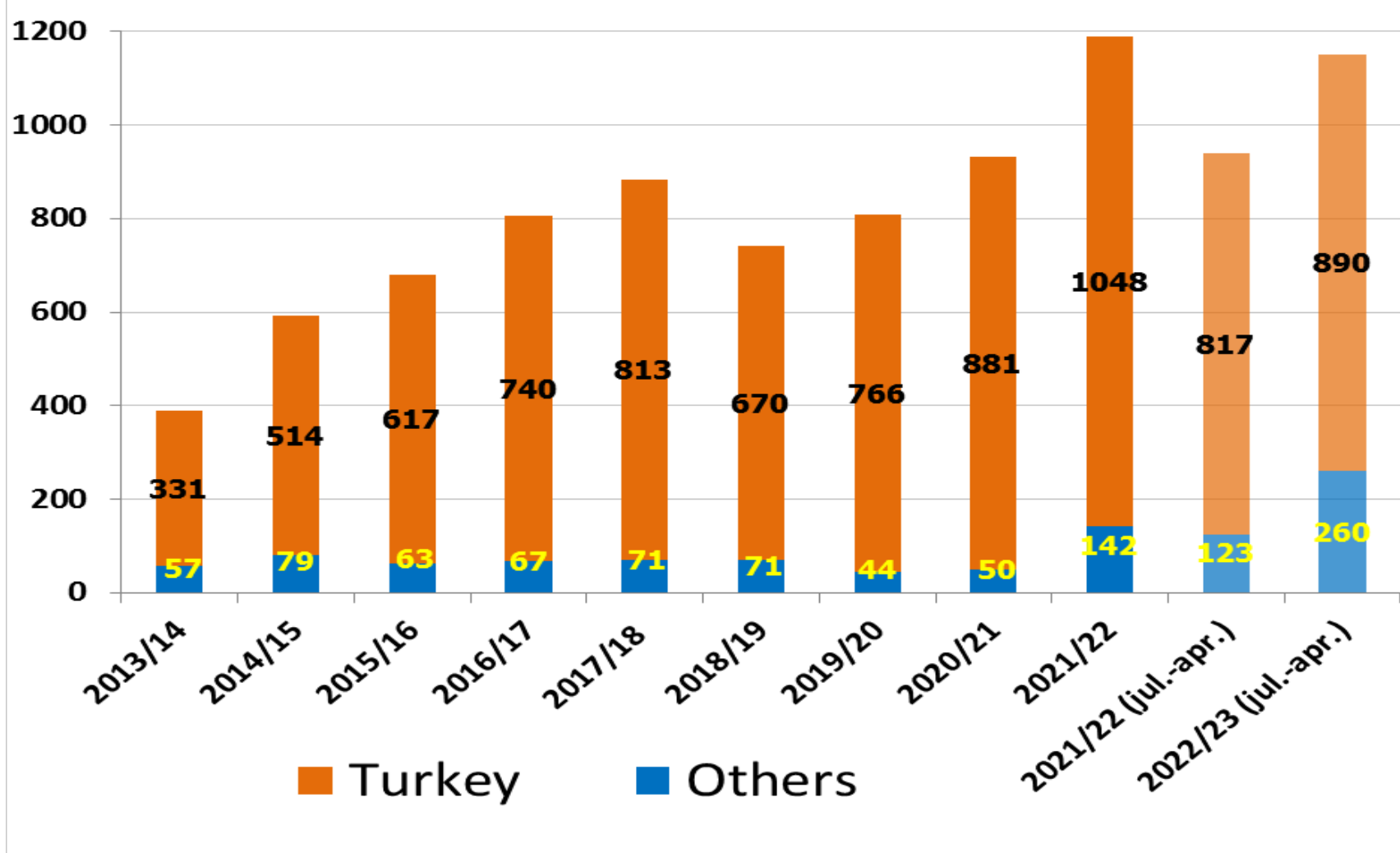
2022/23



Boosting export volumes and countries restructuring

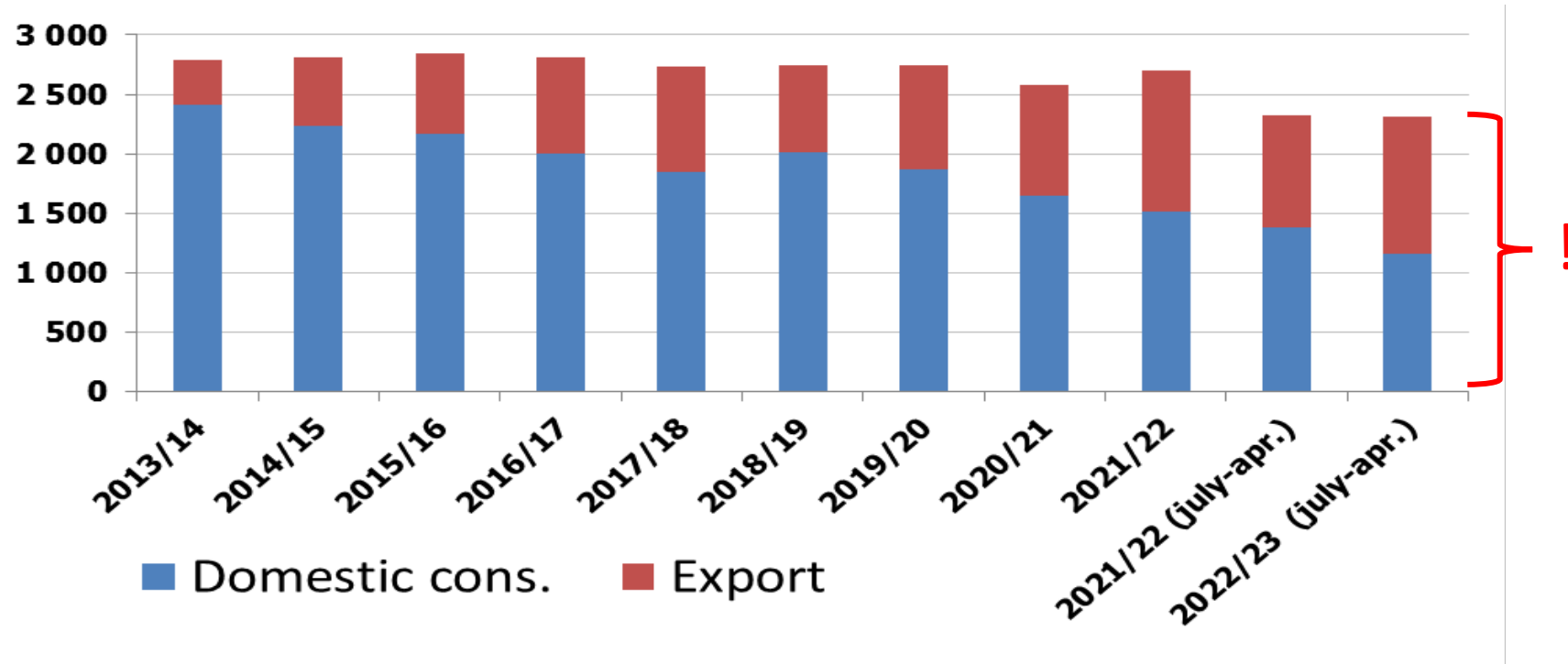


Turkey's share in the wheat bran export by Russia, TMT





Wheat bran export and domestic consumption, TMT



| % | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2021/23 | 2021/22 (july-apr.) | 2022/23 (july-apr.) |
|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------------|------------------------|
| Domestic consumption | 86,6 | 79,5 | 76,2 | 71,4 | 67,6 | 73,0 | 68,0 | 63,8 | 56,0 | 68,3 | 59,5 | 50,2 |
| Export | 13,4 | 20,5 | 23,8 | 28,6 | 32,4 | 27,0 | 32,0 | 36,2 | 44,0 | 31,7 | 40,5 | 49,8 |

In 2022/23 for the first time in the history of Russia half of bran may be exported...



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- Russian weekly grain
- Russian Crop Tour – 2023
- July 20 Moscow Conference
- Export-import data
- Bespoken reports