

Corn Production in Ukraine

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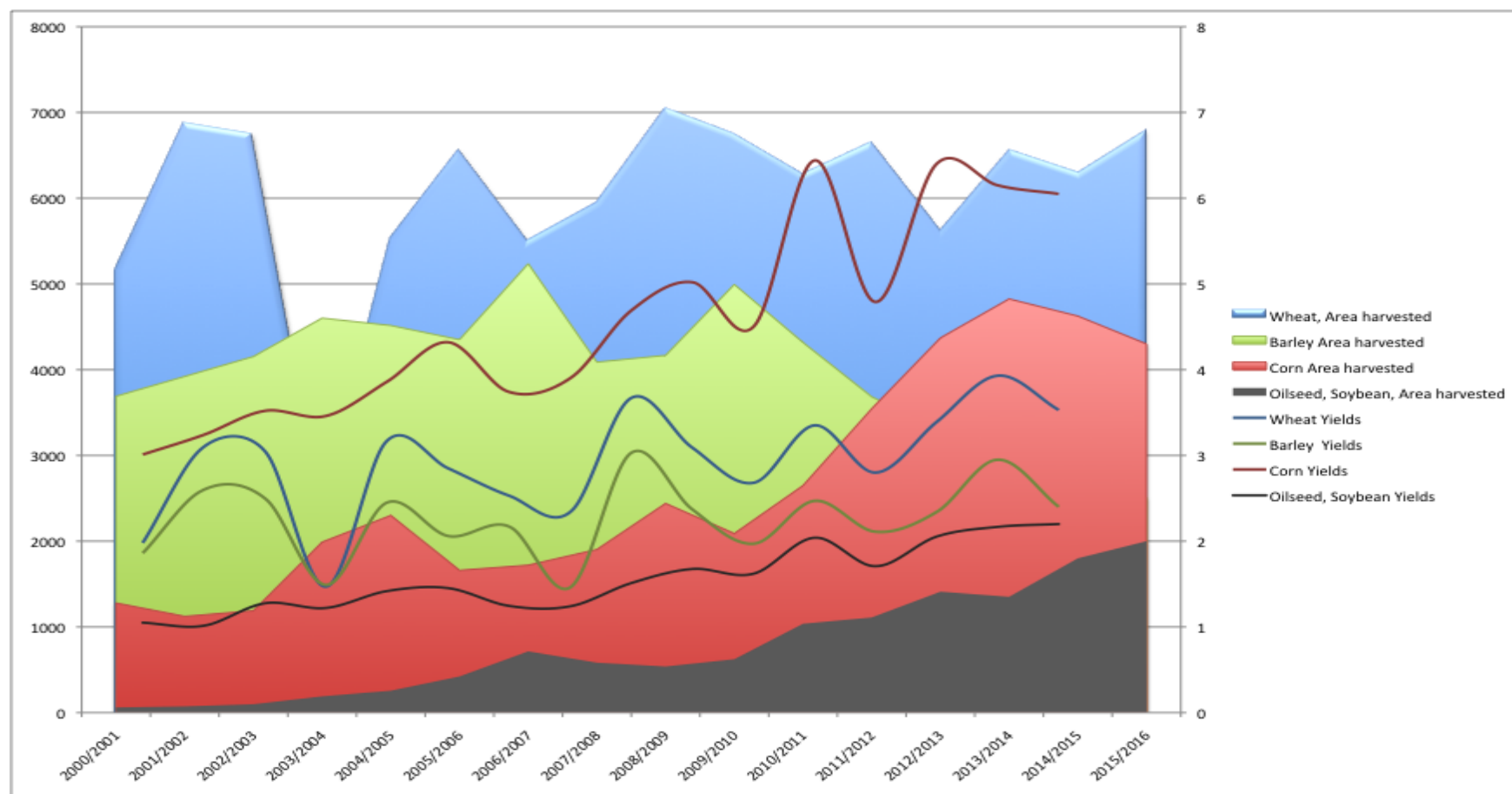


Agenda

- I. Corn, Wheat & Barley – Production and Yields in UA
- II. Agri Benchmark Farms
- III. Corn - Status of Cropping Practices
- IV. Yield Gap Ukraine
- V. GERROM - Production and Yields
- VI. Production & Market Risks – Corn vs. Wheat/ Barley
- VII. Corn & Soybeans – Perfect Match for Agroholdings?
- VIII. Outlook
- IX. Q & A

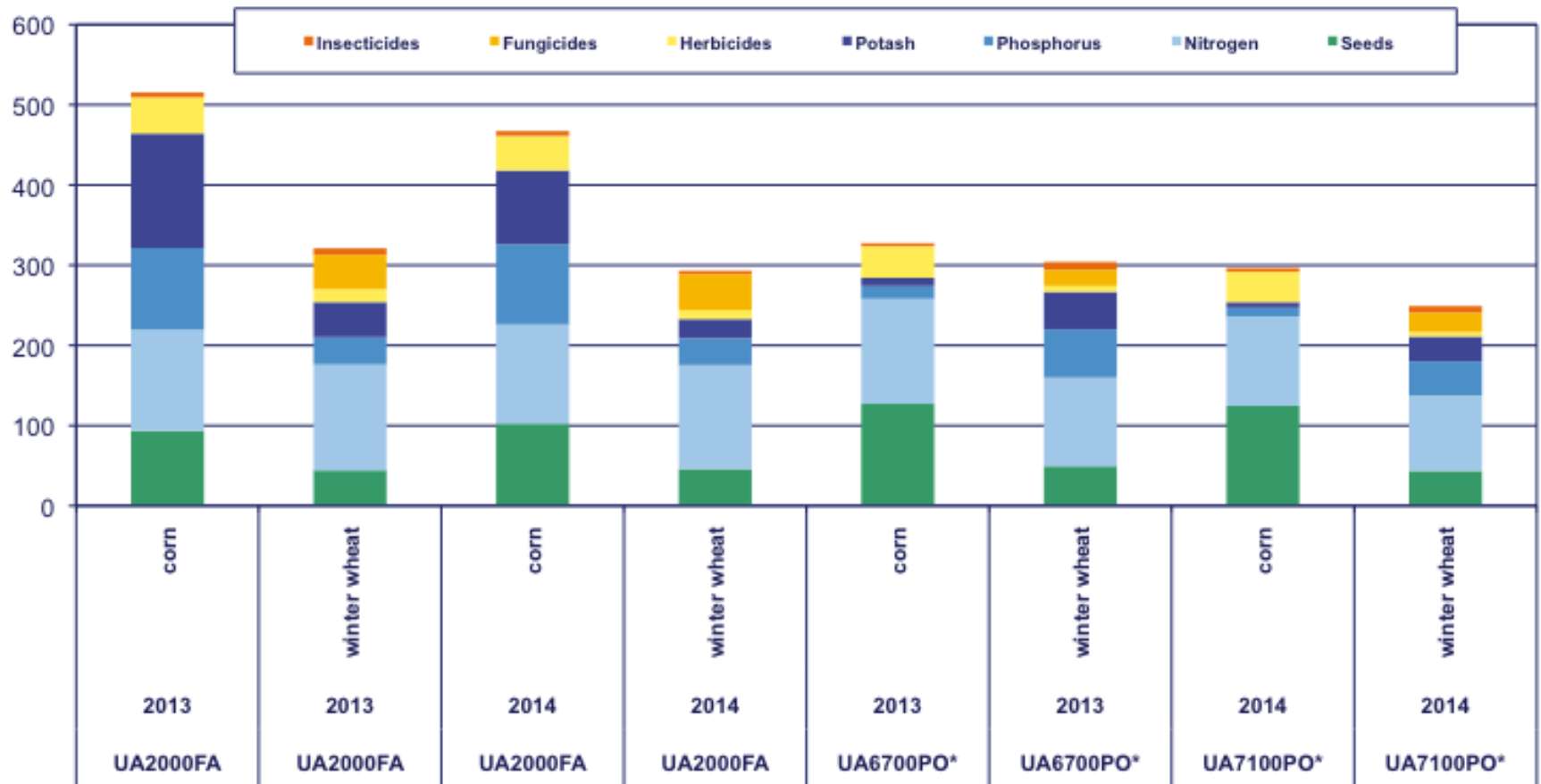
I. Corn, Wheat & Barley

- Production and Yields in Ukraine



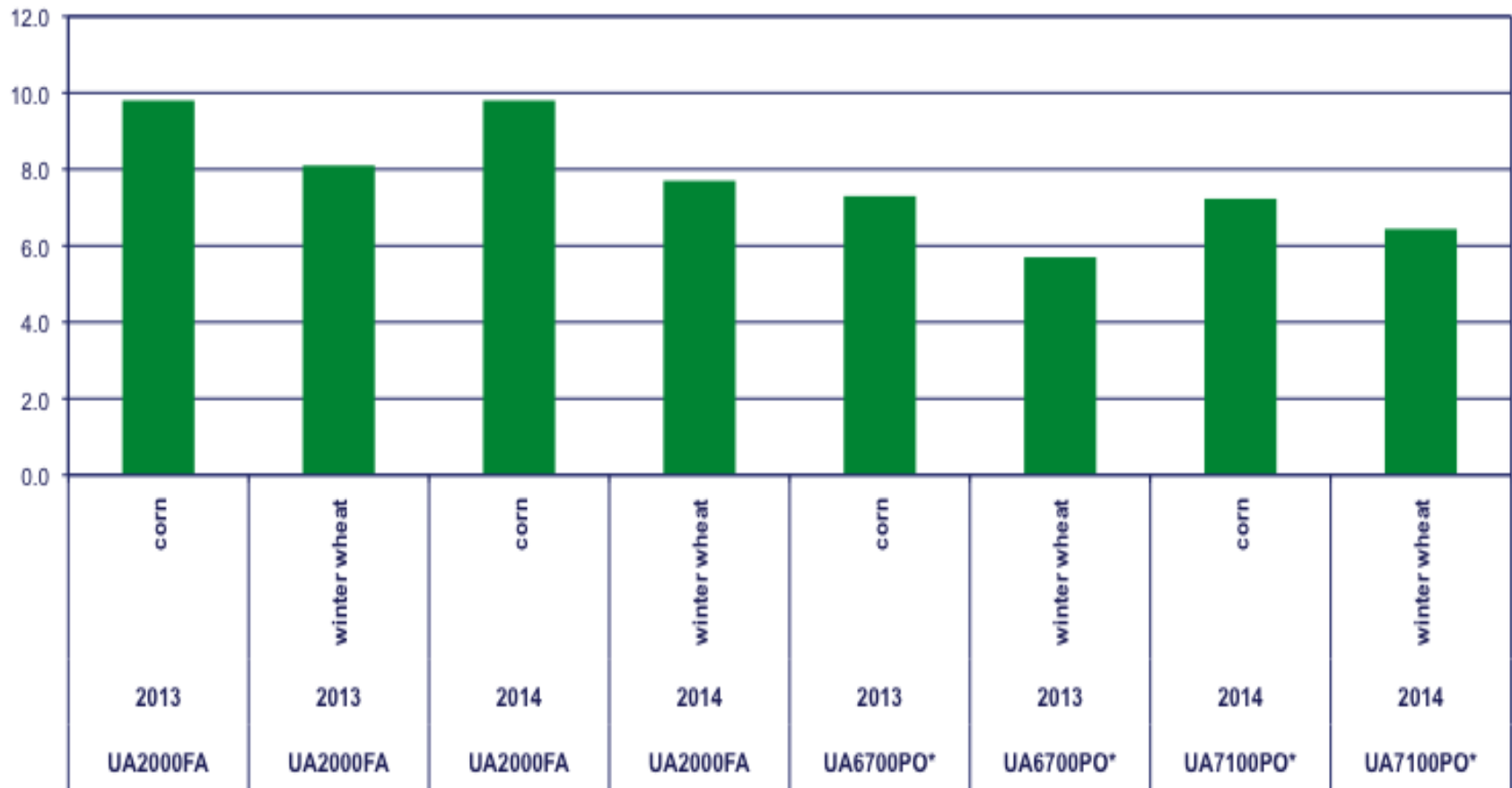
II. Agri Benchmark Farms

a. Crop Establishment Costs (\$/ha)



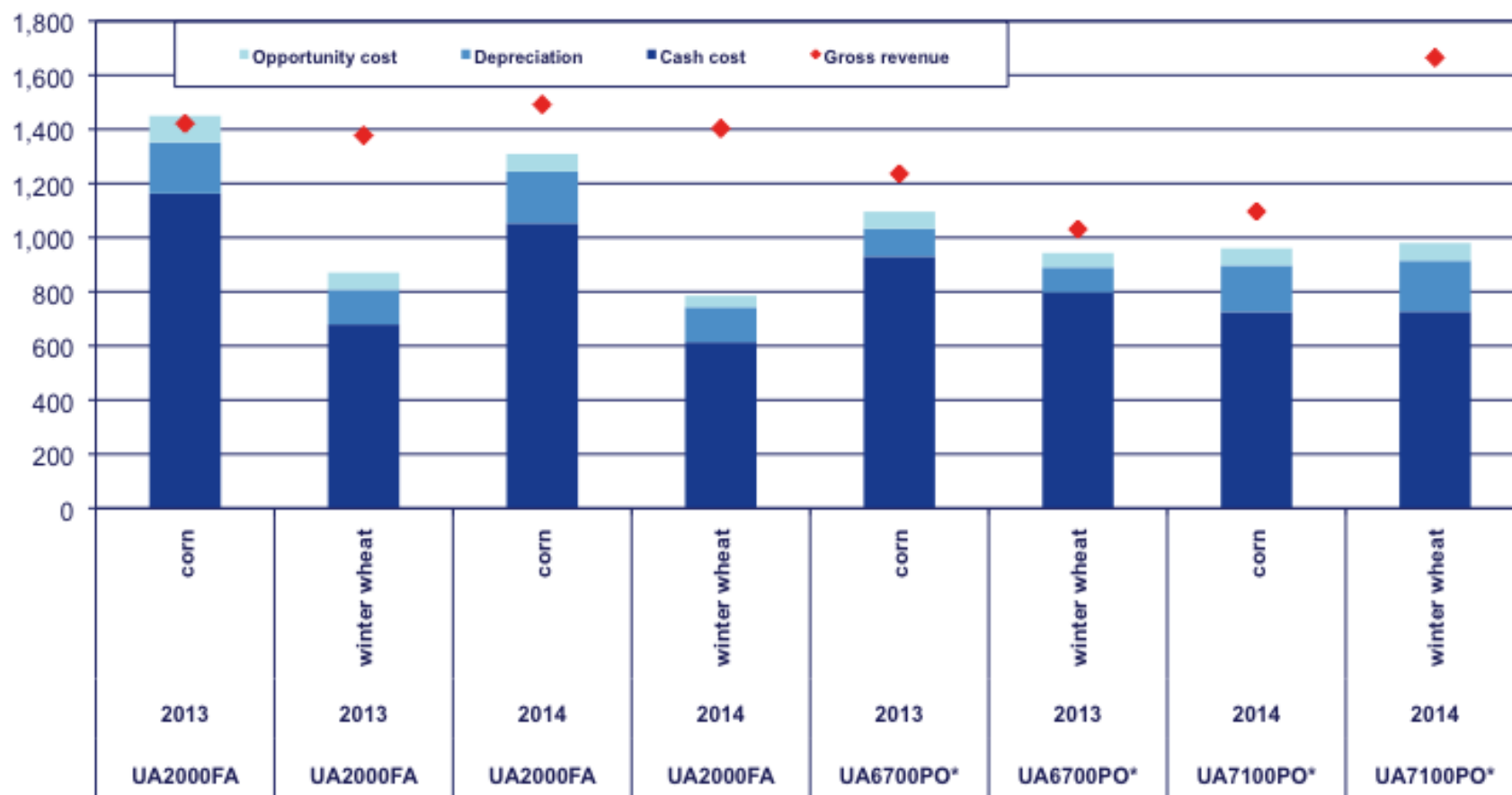
II. Agri Benchmark Farms

b. Corn & Wheat Yields (to/ha)



II. Agri Benchmark Farms

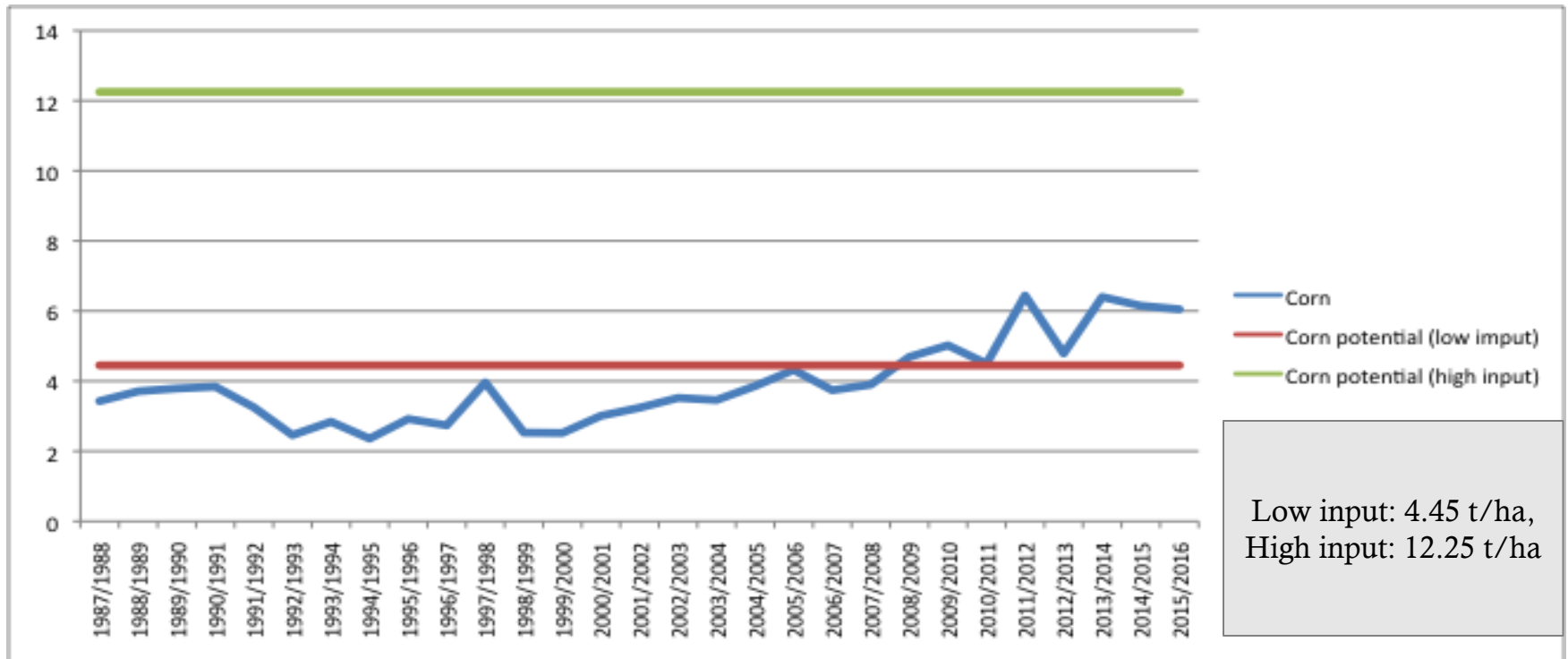
c. Total Cost and Gross Revenue (\$/ha)



III. Corn - Status of Cropping Practices

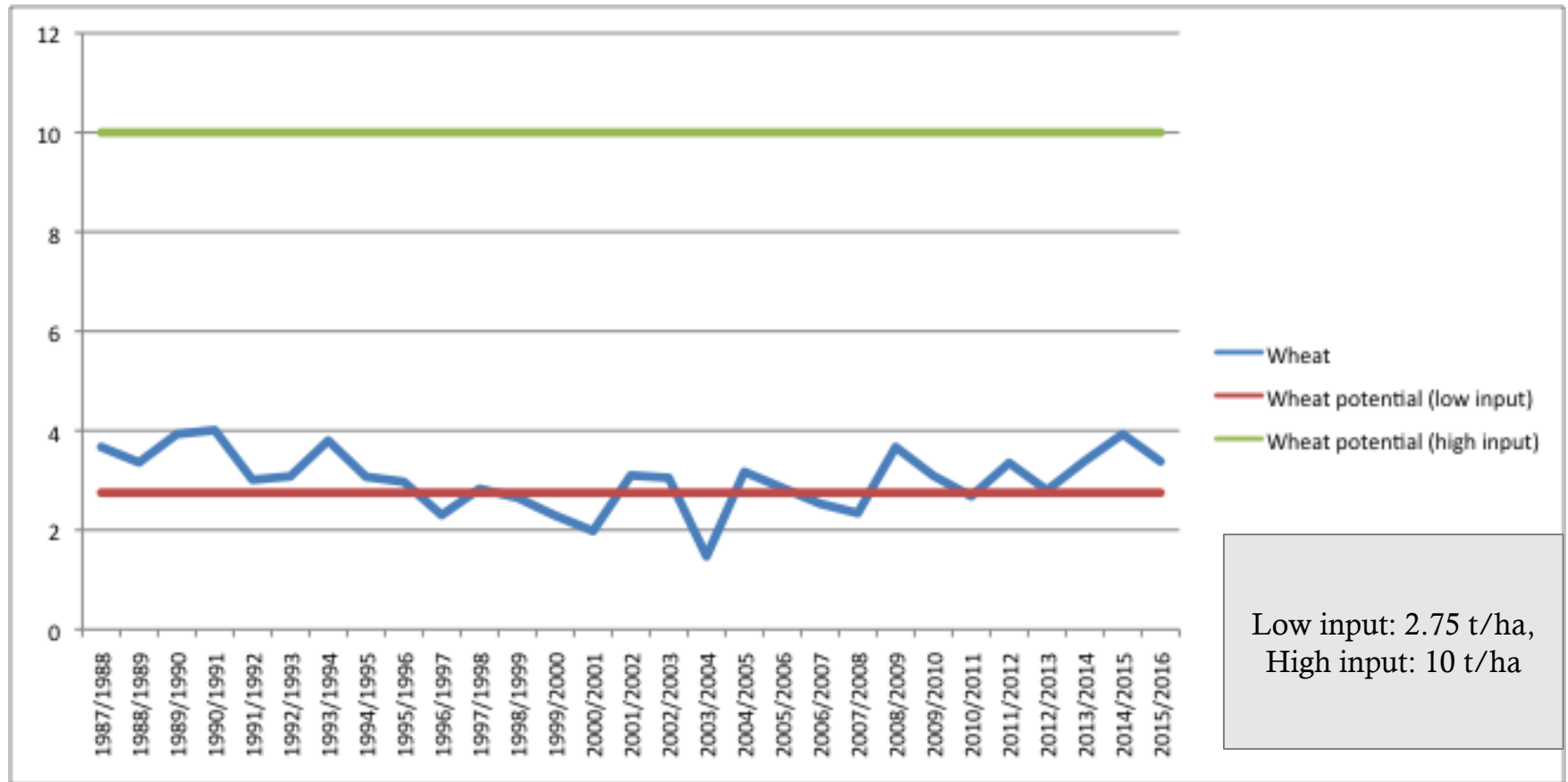
- Soil preparation has improved significantly
- Investments of (mostly large) farms in new corn planters
- High yielding varieties available
- No potash available in 2014, 2015 (not imported)
- Certain pesticides not available in 2014
- Lack of moisture can cause problems in southern/eastern Ukraine
- Ultimate result depending on farm manager

IV. Yield Gap – Corn

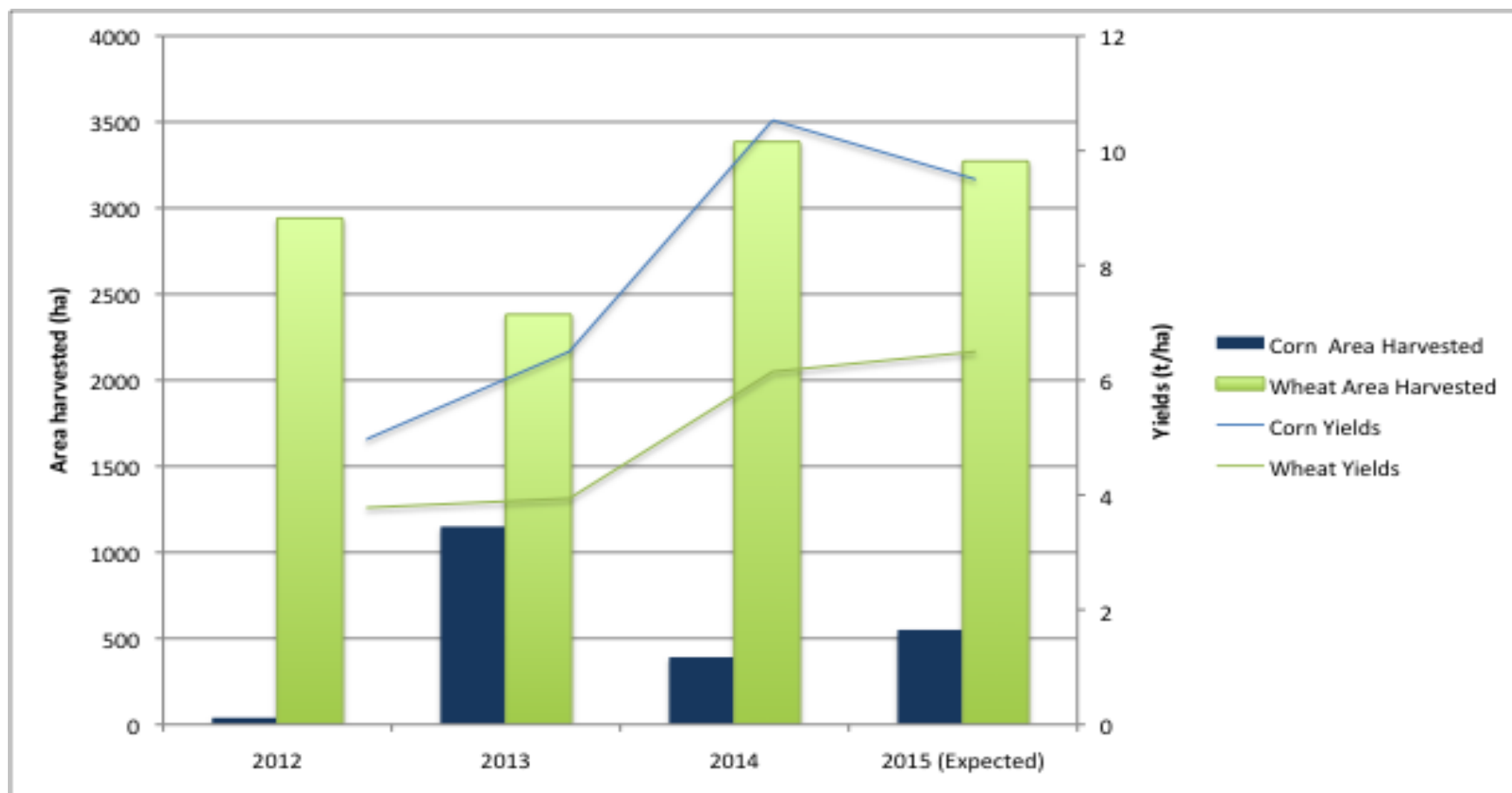


Higher Yields with rain-fed production attainable in Western region, with irrigation also in South-Eastern Region

IV. Yield Gap - Wheat



V. GERROM - Production and Yields



VI. Production and Market Risks

a. Prices for Corn/Wheat

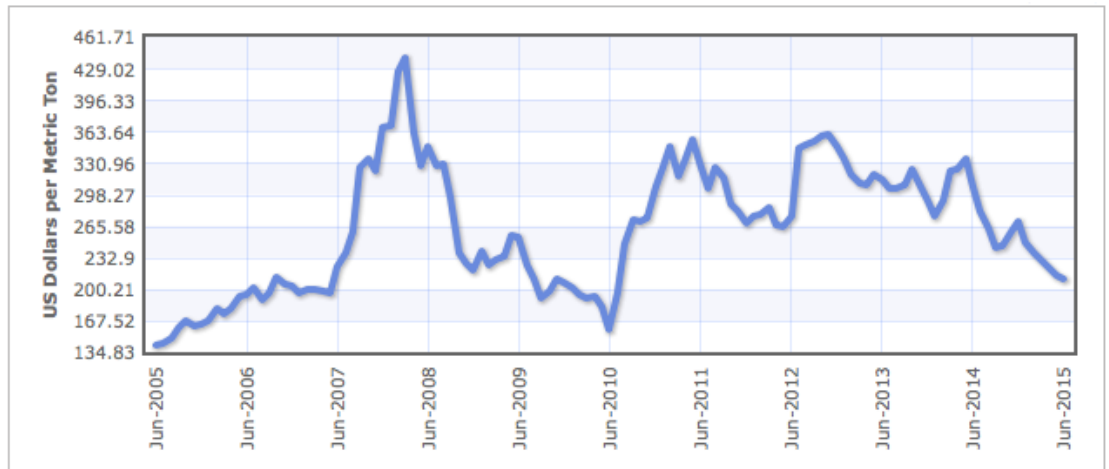
- Corn

(Source: Indexmundi)



- Wheat

(Source: Indexmundi)



VI. Production and Market Risks

b. Corn vs. Wheat/Barley

Corn

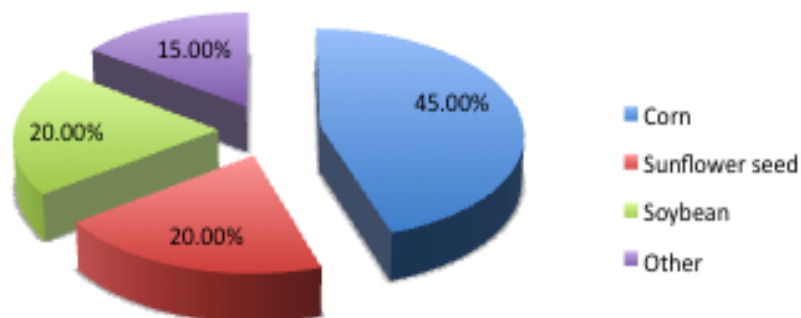
- Capital intensive crop
- Currently low/no profitability
- Dryer (& storage) needed
- Long harvest if high share of corn
- „Industrial“ crop – procedures can be standardized
- Solid demand on market in UA

Wheat/Barley

- Less capital intensive than corn, but long capital tie-up
- Danger of winterkill
- No standardized crop management
- Always demand, relatively stable price
- Export restrictions in difficult market situations possible

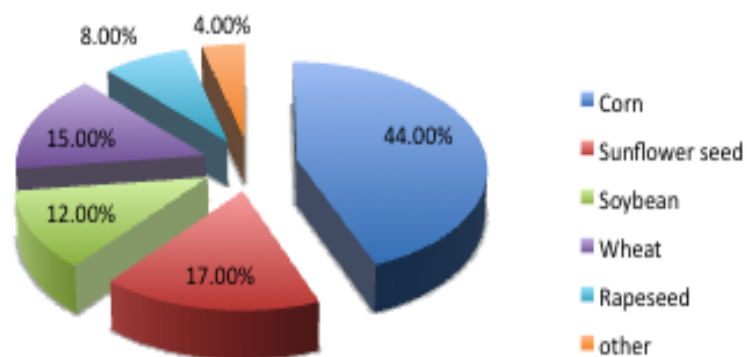
VII. Corn & Soybeans - Perfect Match for Agroholdings? (1)

KERNEL (390.000 ha)



Source: Kernel, 2014

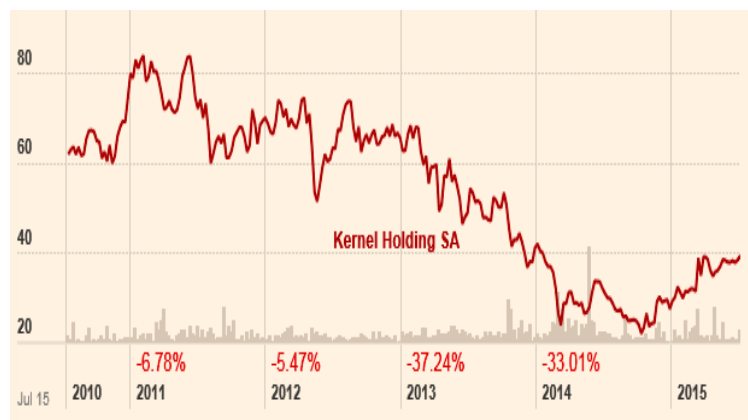
MHP (360.000 ha)



Source: MHP, 2014

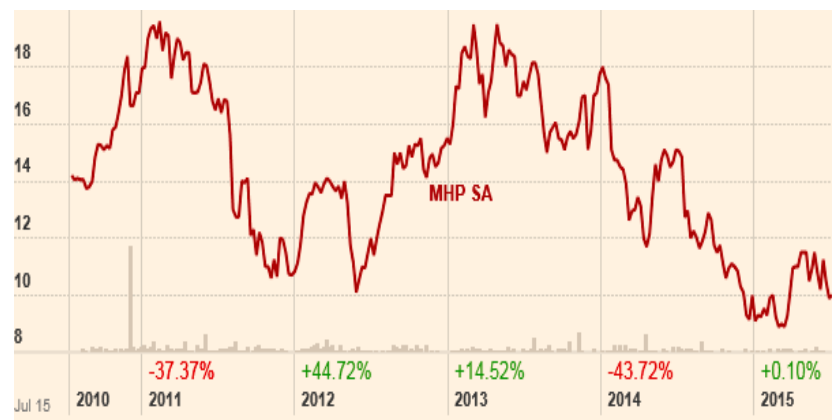
VII. Corn, Soybeans Perfect Match for Agroholdings? (2)

KERNEL (390.000 ha)



Source: FT

MHP (360.000 ha)



Source: FT

VIII. Outlook

- Trend to crop rotation with corn, soybeans, wheat
- Especially soybean production increasing rapidly (high profitability)
- Barley production (probably) will further decline due to lower profitability than wheat
- Wheat production currently stable (needed for land rent)
- Big question mark hanging over the future of agroholdings (investments dry up, low/no profitability of crop production) – only a few constantly profitable
- Unprofitable local peasant farms will be taken over by larger farms