



## Agriculture



Sistema's agricultural assets are represented by the RZ Agro joint venture and Steppe Group.

### Описание бизнеса

**RZ Agro Holding** is a major producer of grain and oil crops in southern Russia with a land bank of 99,000 hectares. It is controlled jointly by Sistema JSFC and members of the Louis-Dreyfus family. It currently comprises six farms grouped into three regional clusters in the Rostov Region and the Stavropol Territory.

The total land bank under RZ Agro's management is 99,000 ha, including 65,000 ha (66%) of land in ownership. Arable land accounts for 91% of the land bank. The Group comprises six farms grouped into three regional clusters - Rostov East, Rostov South and Stavropol West.

RZ Agro specialises in crop farming, which accounted for 98% of its revenue in 2014. The main crops are winter wheat, barley, sunflower, corn, pea and sugar beet. Animal breeding is represented by OJSC 1st Cavalry Army Horse Farm, a famous horse breeding farm that has a nucleus herd and the largest number of Budyonny horses.

Over the last four years, RZ Agro managed to increase its sales 5-fold with the share of direct exports rising from 14% in 2011 to 32% in 2014. In 2014, RZ Agro carried out direct grain deliveries to Egypt, Georgia, Armenia, Turkey, Iran, Saudi Arabia, South Africa

Technical overhaul is a priority for the company. In 2014, it purchased 13 new units of modern tillage machinery (cultivators, harrows), 4 sowing machines, 1 tractor, 2 loaders, and other agricultural equipment. Additionally, investments were made to install monitoring and security systems, such as fuel consumption monitoring, video surveillance, fencing and automated accounting.

**Steppe Group** comprises five farms in the Krasnodar Territory.

In the second half of 2014, Sistema purchased yet another agricultural asset, Steppe Group, via its 100% subsidiary Krasnodar Agro. Steppe Group comprises five farms in the Krasnodar Territory with a land bank under management of 26,300 hectares. In 2014, the average wheat yield at the farms was 6.7 t/ha. The high export quality (class 3) and proximity to exporting ports enable the farms to get the maximum price for their produce.

