

# Bloomberg

By Rudy Ruitenberg - June 10

**AgroGeneration**, a French operator of farms in Ukraine that first sold shares to the public in March, may start paying dividends in 2013, Chief Executive Officer Charles Vilgrain said.

The Paris-based company plans to continue to invest in its farm business in the next two years, Vilgrain said at the Jetfin Agro industry conference in Geneva today. Earnings will be “close to breakeven” this year, and longer term, net income may amount to 15 percent of sales, the CEO said.

AgroGeneration will “maybe give some dividends as of 2013,” Vilgrain said. With regard to profitability of farming in Ukraine, “this is something where you can reasonably expect a 15 percent net profit in coming years,” he said.

The company is farming about 45,000 hectares (111,197 acres) of land in Ukraine this year, up from 20,000 hectares last year, and aims to increase the area to 100,000 hectares, Vilgrain said. AgroGeneration rents its farmland because of rules in Ukraine barring the sale of agricultural land.

“It was actually very important for us to target a country where you can rent the land, not buy,” Vilgrain said. “We started this company with very limited means, a couple of million. The ability of renting this land was actually a key strength of Ukraine for us.”

The country requires investment in agricultural product transport, storage and port-handling capacity to increase exports, the CEO said.

“Ukraine has the ability to triple its export capacity, and they will need much more investment,” Vilgrain said.

“Regarding the inland silos and transportation, definitively there are also very strong investments to be done. That is why we’re investing in our own storage facilities.”

AgroGeneration has potential to boost crop yields as it develops its farms, according to Vilgrain.

“Most of the land that we put into production has been fallow for several years,” Vilgrain said. “You need about three to four years to get back to a good base yield.”

The executive said he’s “very confident” that farm commodity prices will rise in coming years. Any rebound in prices this year “will not be significant,” he said.