

## Dear Shareholders, Dear Ladies and Gentlemen

The macroeconomic environment in Russia is stable and GDP is expected to grow in 2019 at 1.3%. Inflation rate forecast is at ca 5.0% for 2019 after 4.3% for 2018, which reflects also the increase of the VAT rate from 18% to 20% effective from 1.1.2019. Industrial output is consolidating further but should slightly grow in 2019. In February 2019, Moody's has raised Russia's rating to investment grade Baa3 from Ba1. However, the Russian economic growth continues to be restrained by a volatile currency and specifically, by international sanctions. The Ruble exchange rate continues its volatility in relation to the oil price and the threat of pending, new sanctions from the U.S.

UCP Group's strategy remains to focus on its profitable core segments and line extensions into related fields in combination with innovation and upgrading of the product portfolio. Among the positive factors are the strong position in the market as local producer of global state of the art products combined with a professional customer service. This development is accompanied by a solid financial strategy to make the business more resilient to potential external factors and to free up resources for investment.

The first four months of the year mark another period of financial improvement for UCP Group. We could demonstrate that measures introduced during the last year to rise profitability in view of an environment of high raw material prices were successful and delivered an EBITDA margin as percentage of sales of 12.4%. Turnover was stable but shifted in 4M2019 towards a higher value added product mix in comparison to 4M2018 and reflects a lower consumption services by our Chempark customers while most core segments delivered growth. On basis of full consolidation, UCP Group grew in turnover in RUB and Euro currency terms, due the performance of our joint venture companies UCP-Amdor and UCP-Hüttenes Albertus.

### Consolidated (at equity) financial performance

in RUB'mn				in EUR'mn			
Key Data - Income Statement (in RUB mln)	4M/2018 Actual	4M/2019 Actual	Delta (%)	Key Data - Income Statement (in € mln)	4M/2018 Actual	4M/2019 Actual	Delta (%)
<b>Turnover</b>	<b>1654,8</b>	<b>1640,6</b>	-0,9%	<b>Turnover</b>	<b>23,3</b>	<b>22,0</b>	-5,6%
<b>Gross Profit</b>	<b>349,8</b>	<b>393,7</b>	12,6%	<b>Gross Profit</b>	<b>4,9</b>	<b>5,3</b>	7,2%
<i>Gross Profit-Margin</i>	<i>21,1%</i>	<i>24,0%</i>	13,5%	<i>Gross Profit-Margin</i>	<i>21,1%</i>	<i>24,0%</i>	13,5%
<b>EBITDA</b>	<b>189,0</b>	<b>203,6</b>	7,7%	<b>EBITDA</b>	<b>2,7</b>	<b>2,7</b>	2,6%
<i>EBITDA-Margin (%)</i>	<i>11,4%</i>	<i>12,4%</i>	8,6%	<i>EBITDA-Margin (%)</i>	<i>11,4%</i>	<i>12,4%</i>	8,6%
<b>Net Result</b>	<b>68,0</b>	<b>97,8</b>	43,8%	<b>Net Result</b>	<b>1,0</b>	<b>1,3</b>	37,0%
<i>Net Profit-Margin (%)</i>	<i>4,1%</i>	<i>6,0%</i>	45,1%	<i>Net Profit-Margin (%)</i>	<i>4,1%</i>	<i>6,0%</i>	45,1%

FX rate 70,97 74,53

Source: Consolidated IFRS accounts (Joint Ventures at equity), unaudited, convenience translation to Rubel

UCP Group's strategy remains to focus on its profitable core segments in combination with a set of activities to enhance efficiency and productivity further. In addition, UCP Group is pursuing opportunities increase the localization of production at its Chempark in Nizhny

Tagil. Thus, investments into capacity and quality are underway for various product segments.

It is too early for a profound forecast for the full year 2019 but we progress into the second quarter with a positive market sentiment. Thus, our outlook remains cautiously optimistic while the external environment remains volatile.

Yours sincerely,

Norbert Wieser  
Chief Executive Officer