

## Dear Shareholders, Dear Ladies and Gentlemen

By the end of Q2 2019, Russian industrial output has increased by 3.0% YOY and growth of GDP was 0.7%. The current expectation for the full year 2019 stands at ca 1.3%. At the beginning of 2019 the Central Bank has cut the key rate from 7.75% to currently 7.25%. The inflation rate is at 4.5%.

While these macroeconomic indicators do not show any significant change compared to previous trends, the overall situation continues to be volatile. Main issues in this respect comprise the expansion of economic sanctions, a drop in oil prices and the weakening of the global economic environment. The impact of these factors is reflected in the recent fluctuations of the Ruble-exchange rate. The double-digit expansion in household credit on the back of stagnating household income represents also an imminent risk to financial stability and purchasing power in Russia and the CIS area.

UCP Group's strategy remains to steadily increase added value from local production of world class quality chemicals in combination with our leading edge in customer service. Such approach is even more relevant in those segments, where we are market leaders. In those areas, we recognize growing price competition on the back of compromises in product quality.

Fluctuations of raw material prices underpin the current market volatility.

In the first six months of 2019 all business segments of UCP Group have developed well. Compared to H1 2018 net profit margin as percentage of revenue has improved to slightly above 5%.

Numbers denominated in Euro in the table below are growing at a slower pace due to the depreciation of the average exchange rate of the Russian Ruble in H1 2019 vs H1 2018.

### Consolidated (at equity) financial performance

in RUB'mn				in EUR'mn			
Key Data - Income Statement (in RUB mln)	6M/2018 Actual	6M/2019 Actual	Delta (%)	Key Data - Income Statement (in € mln)	6M/2018 Actual	6M/2019 Actual	Delta (%)
<b>Turnover</b>	<b>2571,1</b>	<b>2578,9</b>	0,3%	<b>Turnover</b>	<b>35,8</b>	<b>34,8</b>	-2,8%
<b>Gross Profit</b>	<b>567,2</b>	<b>650,1</b>	14,6%	<b>Gross Profit</b>	<b>7,9</b>	<b>8,8</b>	11,1%
<i>Gross Profit-Margin</i>	22,1%	25,2%	14,3%	<i>Gross Profit-Margin</i>	22,1%	25,2%	14,3%
<b>EBITDA</b>	<b>307,2</b>	<b>314,4</b>	2,4%	<b>EBITDA</b>	<b>4,3</b>	<b>4,2</b>	-0,8%
<i>EBITDA-Margin (%)</i>	11,9%	12,2%	2,0%	<i>EBITDA-Margin (%)</i>	11,9%	12,2%	2,0%
<b>Net Result</b>	<b>107,3</b>	<b>131,8</b>	22,8%	<b>Net Result</b>	<b>1,5</b>	<b>1,8</b>	19,1%
<i>Net Profit-Margin (%)</i>	4,2%	5,1%	22,5%	<i>Net Profit-Margin (%)</i>	4,2%	5,1%	22,5%

FX rate 71,82 74,10

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

Based on the encouraging financial performance for H1 2019, we remain optimistic for the full year 2019. Nevertheless, we have a cautious view on the negative impact of the weakening of the global economic environment as well as domestic macro-economic factors.

Maintenance works and investment activities for 2019 are in full implementation mode in accordance with our plans.

Yours sincerely,

Norbert Wieser  
Chief Executive Officer