

## Dear Shareholders, Dear Ladies and Gentlemen

Russia is currently affected by the second corona wave and restrictions of business and public life have again been leveled up. Accordingly, the macroeconomic environment in Russia remains challenging with an expected shrinkage of GDP for 2020 between 4% and 5%YOY. Latest forecasts see for 2021 a gradual stabilization with a GDP growth of around 3%YOY.

Key issues for UCP Group businesses in the current situation are reduced order volumes and increasing counterparty risks in a stagnating market environment. Several UCP Group's key customer industry sectors are facing a sharp decline in demand and some customers had temporarily halted production. Overall industrial output in Russia demonstrated a decline by 5,9%YOY as of October 2020.

However, UCP Group's capability to offer a locally produced product portfolio at world class quality standards is paying off also in this extraordinary year 2020. Consequently, the reduction in sales could be outweighed by a strong increase in margins, which was driven by lower raw material price levels over the last months.

Another negative factor during the reporting period of 9M2020 was the falling Ruble/Euro rate which temporarily stood below 93,00 in November 2020 – a devaluation of 34% compared to the starting point of 69,34 as per 1.1.2020. Accordingly, the entire income statement when presented in Euro is contracted compared to the previous period and, specifically, at the level of EBITDA the consolidated profitability for 9M 2020 is reduced by EUR2,8mn from FX-losses (compared to EUR0,9mn in 9M 2019). Most of these FX-losses derive from the dissolution of retained earnings upon dividend payments. At the level of stand-alone reporting of the Group companies in Russia such FX-losses are not recorded as their functional currency is the Ruble. As such, they consistently present significant growth of their net results - in line with the improvement in their operating profitability margins.

### Consolidated (at equity) financial performance

in RUB'mn				in EUR'mn			
Key Data - Income Statement (in RUB mln)	9M/2019 Actual	9M/2020 Actual	Delta (%)	Key Data - Income Statement (in € mln)	9M/2019 Actual	9M/2020 Actual	Delta (%)
<b>Turnover</b>	<b>4001,4</b>	<b>3481,3</b>	-13,0%	<b>Turnover</b>	<b>54,7</b>	<b>44,0</b>	-19,6%
<b>Gross Profit</b>	<b>1081,8</b>	<b>1113,7</b>	2,9%	<b>Gross Profit</b>	<b>14,8</b>	<b>14,1</b>	-4,9%
<i>Gross Profit-Margin</i>	<i>27,0%</i>	<i>32,0%</i>	18,3%	<i>Gross Profit-Margin</i>	<i>27,0%</i>	<i>32,0%</i>	18,3%
<b>EBITDA before FX-loss</b>	<b>645,9</b>	<b>828,1</b>	47,4%	<b>EBITDA before FX-loss</b>	<b>8,8</b>	<b>10,5</b>	47,4%
<i>EBITDA-Margin (%)</i>	<i>16,1%</i>	<i>23,8%</i>	47,4%	<i>EBITDA-Margin (%)</i>	<i>16,1%</i>	<i>23,8%</i>	47,4%
<b>Exchange rate expenses</b>	<b>-67,1</b>	<b>-224,2</b>	234,2%	<b>Exchange rate expenses</b>	<b>-0,9</b>	<b>-2,8</b>	208,8%
<b>EBITDA</b>	<b>578,8</b>	<b>603,8</b>	4,3%	<b>EBITDA</b>	<b>7,9</b>	<b>7,6</b>	-3,6%
<i>EBITDA-Margin (%)</i>	<i>14,5%</i>	<i>17,3%</i>	19,8%	<i>EBITDA-Margin (%)</i>	<i>14,5%</i>	<i>17,3%</i>	19,8%
<b>Net Result</b>	<b>333,4</b>	<b>360,4</b>	8,1%	<b>Net Result</b>	<b>4,6</b>	<b>4,6</b>	-0,1%
<i>Net Profit-Margin (%)</i>	<i>8,3%</i>	<i>10,4%</i>	24,2%	<i>Net Profit-Margin (%)</i>	<i>8,3%</i>	<i>10,4%</i>	24,2%
				<i>average FX rate for the period</i>	<i>73,16</i>	<i>79,16</i>	

Source: Consolidated IFRS accounts (joint ventures at equity), unaudited, convenience translation to Rubel

In this challenging macroeconomic environment, UCP Group is committed to acting decisively towards its sustainable, profitable development. In this respect, we fully maintain our commitment to UCP Group's investments into the expansion and upgrading of our production facilities in Russia.

Up to now, our team's efforts to maintain UCP Group's businesses resilience show good results. At this point of time we do not see significant indicators for a materially different outlook for the full year 2020.

Yours sincerely,

Norbert Wieser  
Chief Executive Officer