



*Gubina Tatiana,  
Deputy director JSC Malino*

*Executive Office Director of Association of  
potato and vegetables market participants*

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# JSC Malino

Launching of the agriculture business – year 1998.



**Moscow region (120 km from Moscow):**  
12 enterprises – 20 000 hectares of land

- 3 dairy cows farms – 3 000 dairy cows
- 4 crop farms
- Trade House (potato and vegetables)
- Supplier of mineral fertilizers and means of plants protection
- Contractor of equipment for irrigation and storehouses
- Cooperative credit organization

**Tula region (250 km from Moscow):**  
3 crop farm – 22 000 hectares of land

**Lipetsk region (450 km from Moscow):**  
1 crop farm – 5 000 hectares of land



Pepsico



# The main activities:

- Crop farm (potato, vegetables, cereals, sunflower, sugar beet, rapeseed, flax, feed)
- Dairy and breeding animal industries
- Seeds production (potato, onion, cereals)
- Construction of storehouses and installation of equipment for irrigation
- Delivery of mineral fertilizers and means of plants protection
- Warehousing and responsible storage

## Vegetables



## Cereals



# Average production

in thousand tons

**Potato**

**118**



**Vegetables**

**76**



**Cereals**

**50**



**Milk**

**15**



*JSC «Malino» – one of the biggest suppliers for Frito-Lay (Pepsico) in Europe  
– one of the biggest milk suppliers for Wimm-bill-dann (Pepsico) in Russia*

*Every 5<sup>th</sup> package of Lays chips is made from the potato of JSC Malino*



# The service enterprises:

## ZARAIKAYA SELJHOZHIMIYA – Realization of means of plants protection and mineral fertilizers



- Storage and delivery of means of plants protection and mineral fertilizers
- We were the first who started using Potato Sprout Inhibitors for storage needs
- We have certified warehouses, equipped with ventilation systems and all necessary installations
- Our main partners: BASF, BAYER, DUPONT, SYNGENTA, SUMITOMO, AVGUST, URALKALII, FOSAGRO, EUROHIM, KEMIRA AGRO



## HYDROTHRONE – Delivery, installation, service of circular type irrigating systems



- Joint Dutch-Russian venture
- Design and installation of:
  - climate system
  - irrigation system
  - storage system



### 3 Joint Russian-Dutch companies running by Malino

1. **Hydrotrone** (partner – APH group) – Delivery, installation, service of circular type irrigating systems

2. **Malino – Frizskaya** (partner – Frizskaya B.V.) – dairy farm

- Dairy cows – 440
- 97% – premium grade milk

3. **Lukamore** (partner – Bejo Zaden) – onion seeds production

- volume of production – 1500 tons





# Malino's strong points:

20 years in the market,  
16 years in the  
agriculture business

Qualified personnel  
and training

Modern techniques  
and technologies

The positive image  
of the company



Own 50 thousands  
hectares of land and  
close to water objects

Experience in  
running the joint  
business

Location near Moscow  
(the biggest  
consumer)

Effective Logistic  
Structure



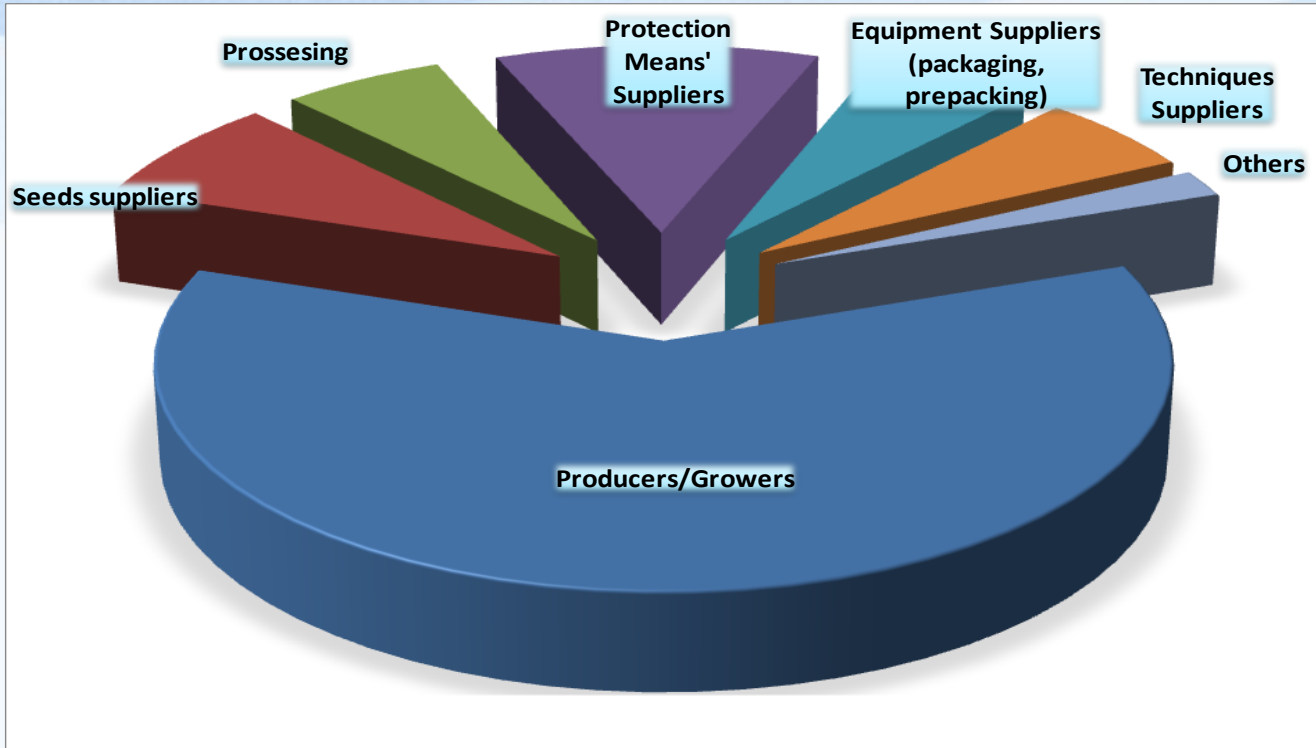


# Russian potato and vegetables market





# participants



Association has the agreement with:

 European Potato Trade Association

 Federal Union of German breeders

Date of state registration of the Association is July 25, 2011.

54 – members of Association from 19 regions

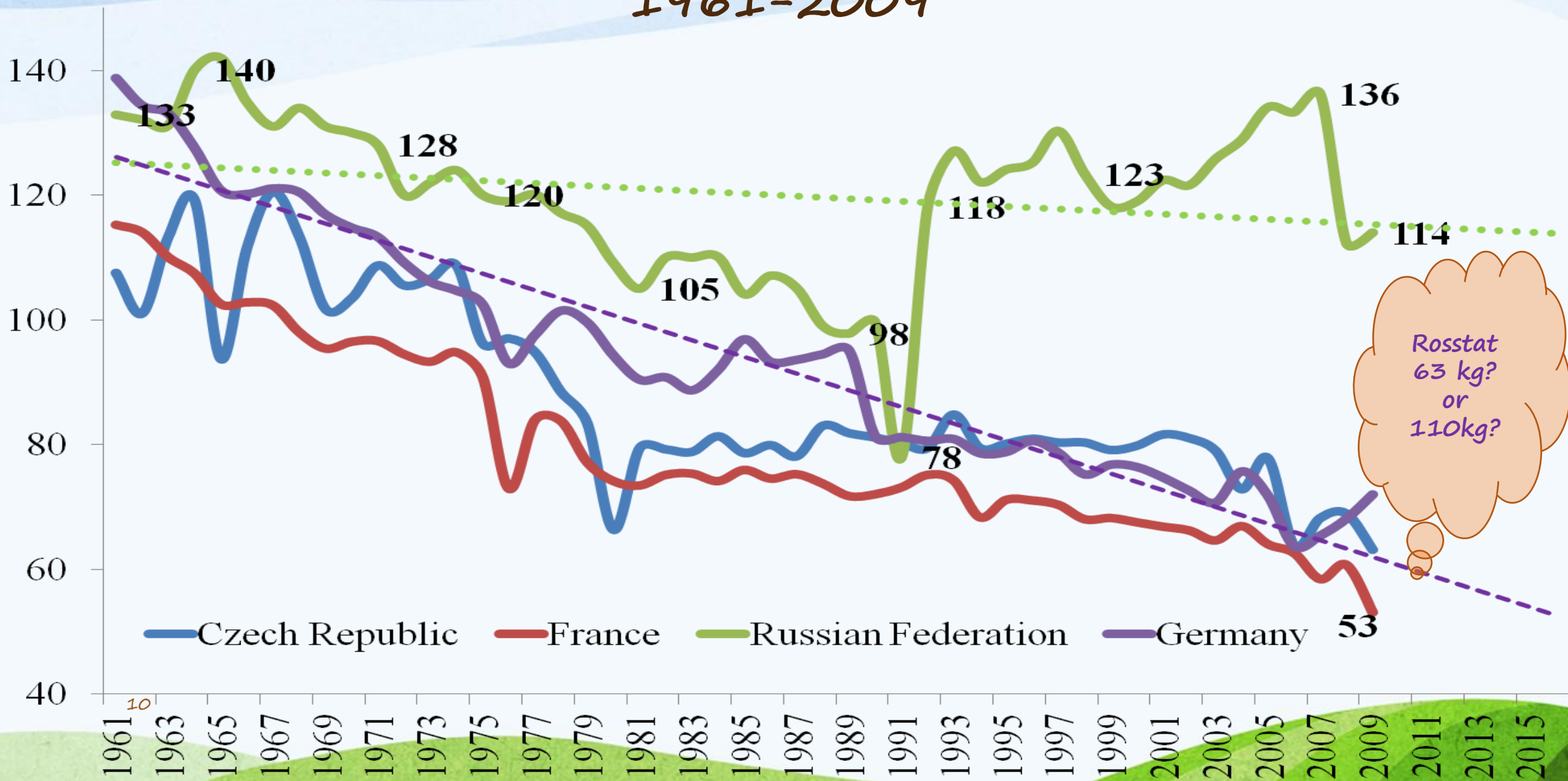
**Potato volumes in tons cultivated by the members of Potato Association in 2012 - 1 million tons**

**Vegetables volumes in tons cultivated by the members of Potato Association in 2012– 260 thousand tons**

Including:

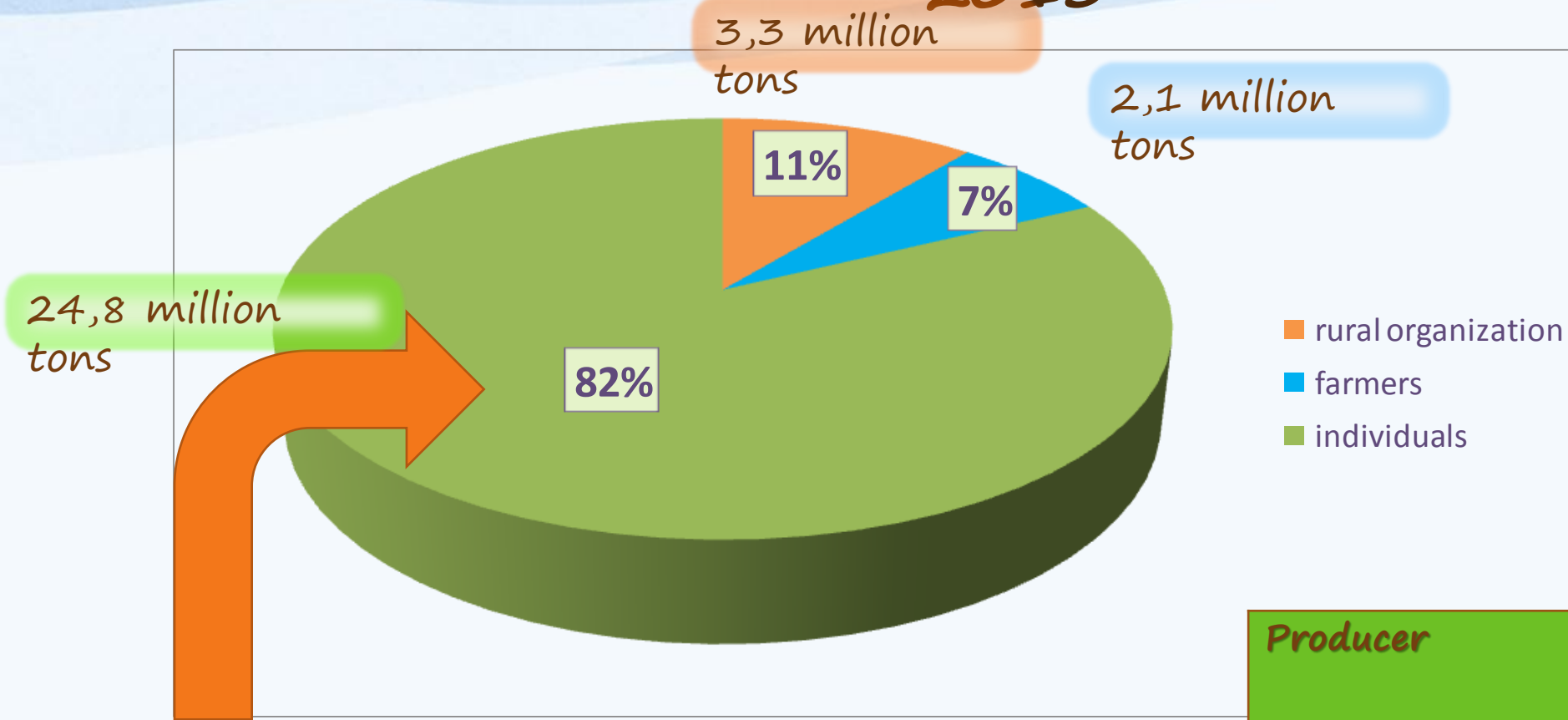


# Changes in Potato consumption in kg/per person in 1961-2009





# Volume of crop production in different types of Companies in 2013

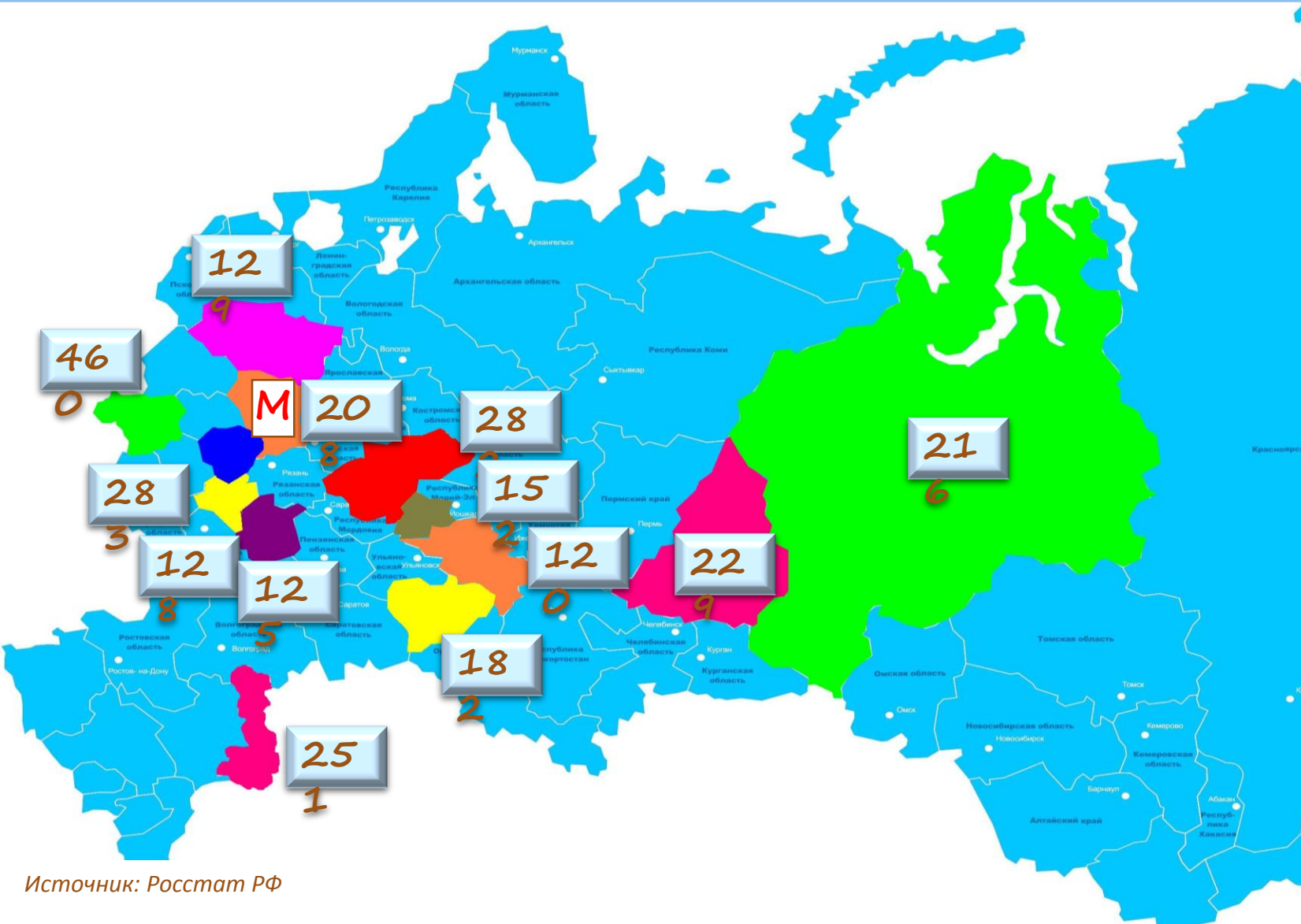


Potential for the growth where the rural organization can increase their production

Producer	Area, thousands tons	%
Rural organization	230	10
Farmers	170	7
Individuals	1 800	83
Total	2 200	100

## Leading regions producing the ware potato

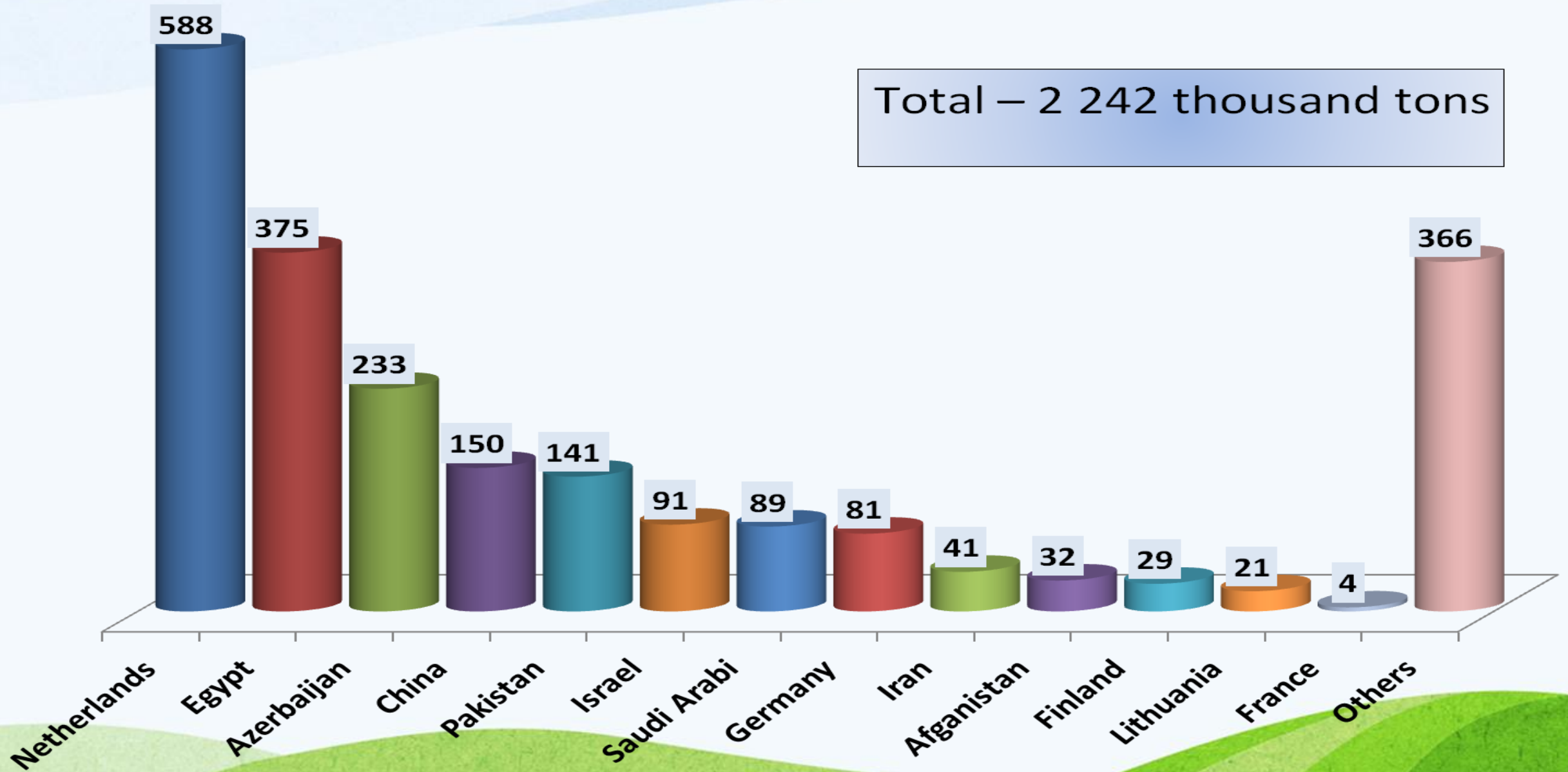
**13 leading regions producing the ware potato in 2013,  
the market share of which is 52 % (2,8 from 5,4 mln. thousand tons of Croppage)**



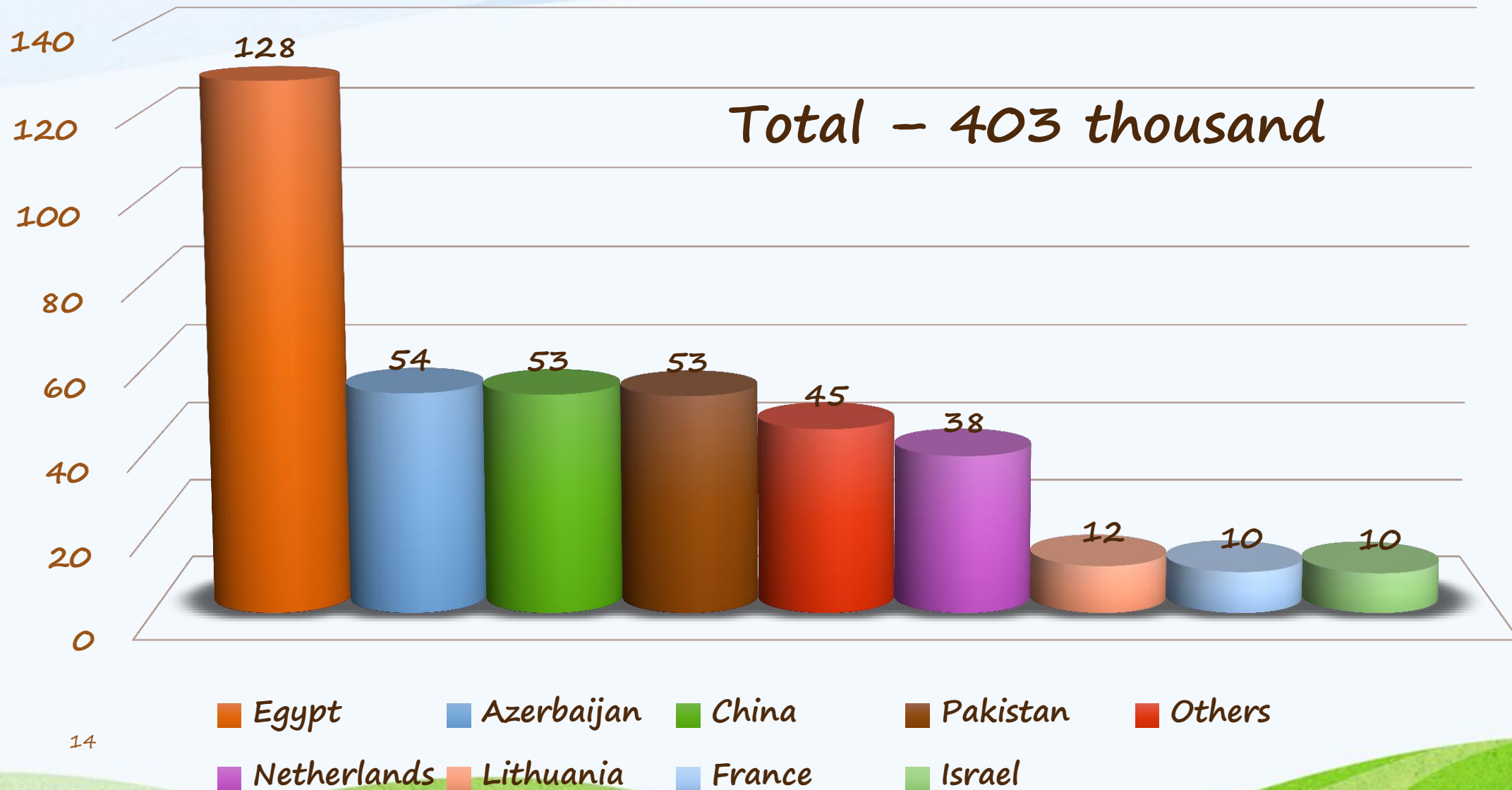
Region	Thousands tons
Bryansk	460
Tula	283
Nizhny Novgorod	282
Astrakhan	251
Sverdlovsk	229
Tyumen	216
Moscow	208
Samara	182
Chuvashia	152
Tver	129
Lipetsk	128
Tambov	125
Tatarstan	120
Total 13 regions	2 764



# Ware Potato Exporters to Russia in the period of 2010-2012



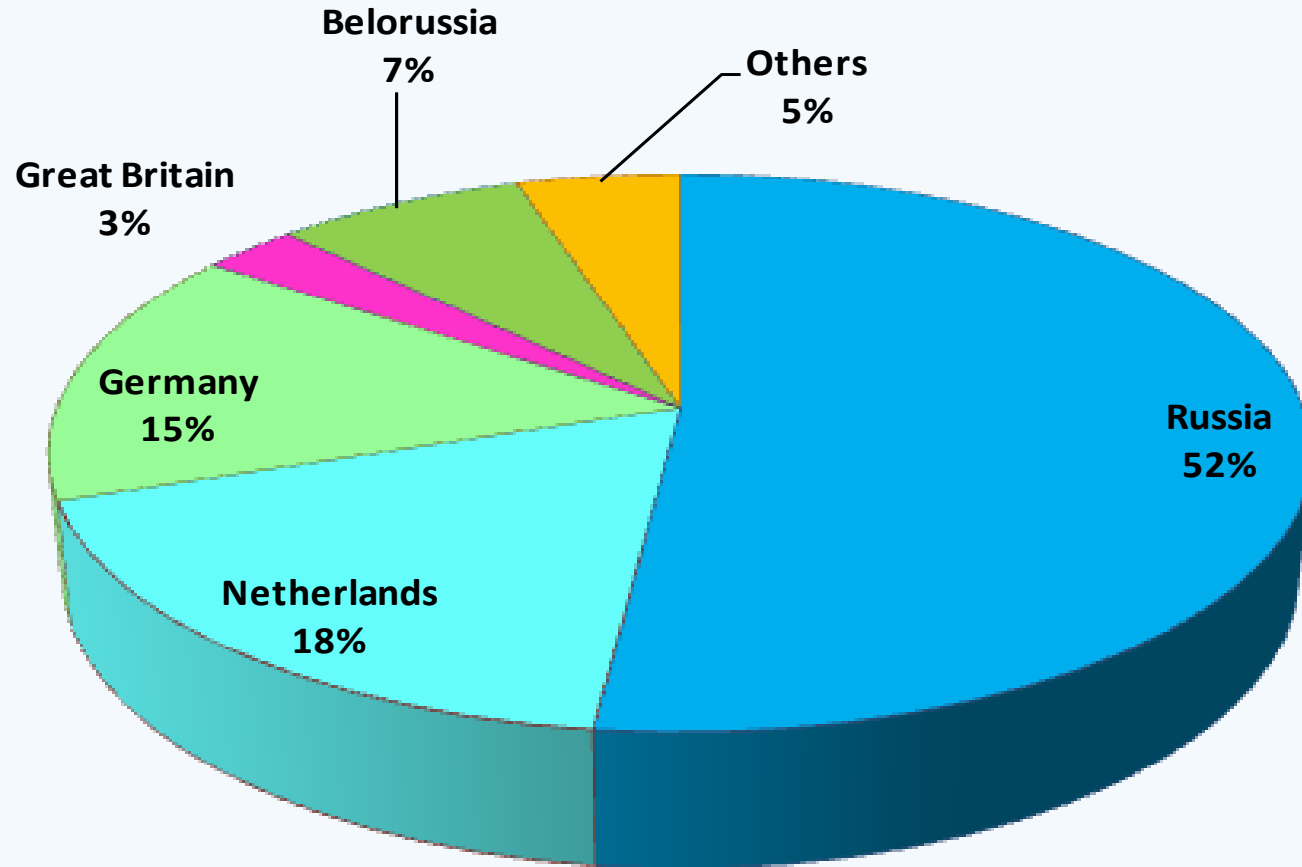
# Ware Potato Exporters to Russia in the period in 3 quarters 2013





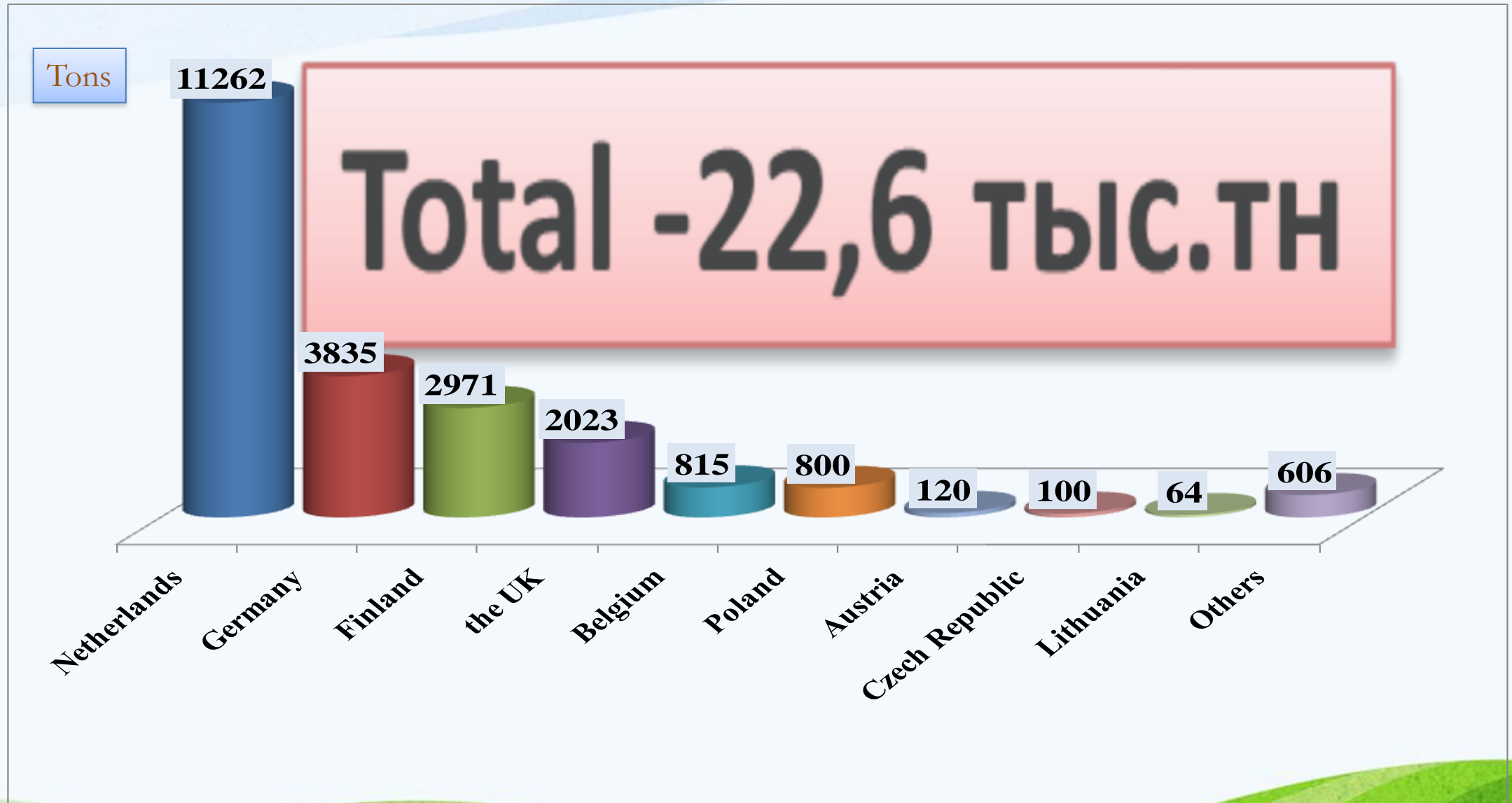
# Foreign Seeds Varieties included in Russian Government Seed Register

2013 – Total – 347 varieties



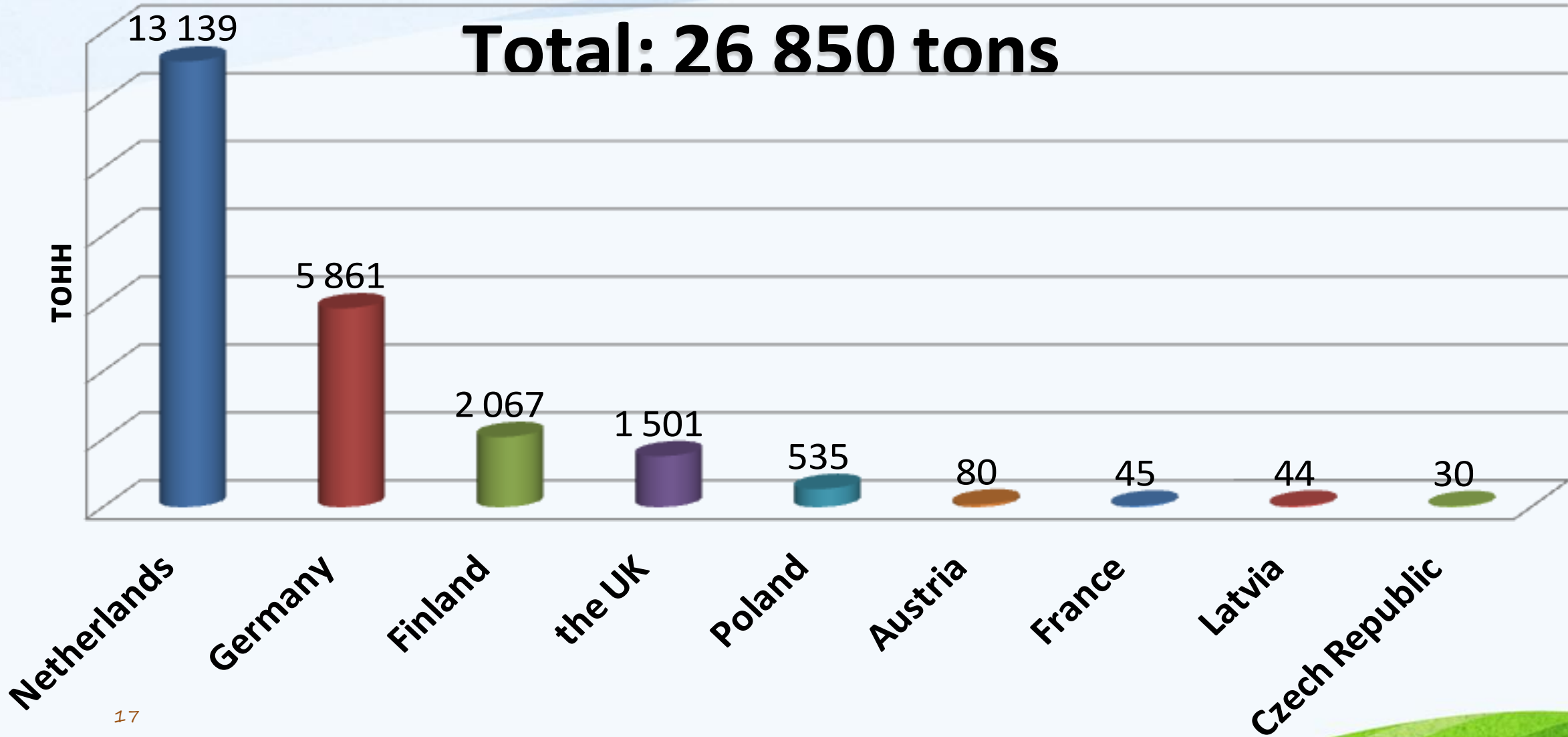
The most popular varieties in Russia		Originator	%
1	Nevskii	Russia	9
2	Red Scarlet	HZPC	7
3	Udacha	Russia	5
4	Rozara	SAKA	4
5	Romano	Agrico	3
6	Voljanin	Russia	2
7	Zekura	Solana	1
8	Gala	Norika	1
9	Rozalind	Europlant	1
10	Saturna	Agrico	1
11	Impala	Agrico	1
Others			65

# Seed Potato Exporters to Russia in the period of 2012

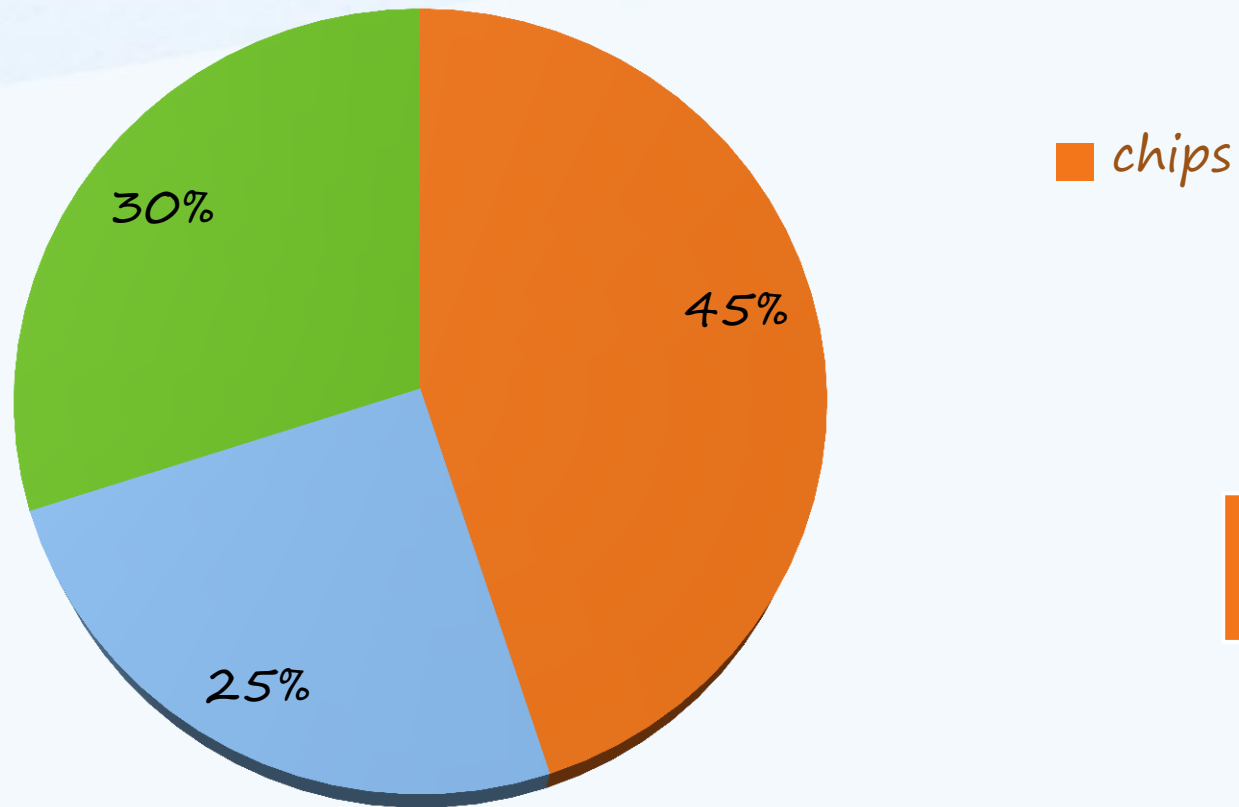




*Seed Potato Exporters to Russia in 1st half-year period 2013*



# Structure of processing potato market in Russia



The main suppliers of frozen potato in 2011:

Poland – 70%  
Netherlands – 22%

Trend is an increase in the foods potato processing consumption

Total, mt	ware, mt	seed, mt	for feed, mt	potato processing, mt
27 - 30	14 - 15	7 - 8	6 - 8	0,3 – 0,5



# Processing potato market



Chips



Mashed potatoes, Uses imported raw materials  
(30 thousand tons)



Uses imported raw materials from Poland (35 thousand tons)



Chips



More than 7 000 tons of potato flakes per year



60 000 tons of potato flakes per year  
(plan – capacity 180 000 tons)



# Import of starch product in Russia

	2008		2009		2010		2011	
	tons	Thousa nd \$	тонн	млн. \$	тонн	млн. \$	тонн	млн. \$
Products of starch	42 772	29 968	42 479	22 567	42 633	26 253	34 589	31 481
Potato starch	24 492	7 853	31 529	10 696	31 031	14 067	17 216	10 139
Potato flakes and granules	14 267	17 995	7 852	8 861	8 442	9 632	12 529	17 607
Potato flour and powder	2 641	1 218	2 568	1 160	2 462	1 114	4 147	1 875
*) Potato starch – recalculated in raw (1 tons potato = approximately 170 kg starch)	<u>144</u> <u>064</u>		<u>185</u> <u>455</u>		<u>182</u> <u>523</u>		<u>101</u> <u>265</u>	





# Белая Дача

## Potato Processing Factory Project

### Project

- Constructing of the Potato Processing Factory
  - ✓ Land Territory for the Project - 10 Ha
  - ✓ Capacity of 100 000 tons of finished commodity per year
- Total Investment - 3 737 mln. rubles

### Production

- Main Assortments comprise different types of Frozen Frites, Specialities, Mash potato, Sliced Potato and others.
- Main Customer is MacDonalds (Exclusive Contract), big restaurant fast food chains such as Burger King, KFC, retail chains of Metro, Auchan, X5 Retail Group

### Project members

- **40%** - owned assets:
- **60%** - Loans

### Competitive Advantages of the Project

- No similar production in Russia
- Replacing of Import
- The competitive advantages of the product and the Project because of local production, international brand of Farm Frites, guaranteed market and local strategic partner «Belaya Dacha», which has succeeded in Project implementation within the territory of special economic zone



## *Trends of the market:*

1. Potato seed production
2. Potato and vegetables processing
3. Cultivation of new vegetables items
4. Organic farm
5. Milk production






# Trends of the Russian market

## 1 – potato seed production

### JSC «Malino»

- we are close to  MOSCOW (main consumer)
- we have own potato raw material
- we have own microclonal propagation laboratory
- we have seed production experience
- we possess lands and adequate infrastructure
- we have good relationship with the retail chains
- we are close to big city (main consumers)
- We have the positive image of the company

	Grade classification	Classes / Generation
years	Russia	
1	Pre-basic seed	PBTC (microplant cultures, in vitro)
2		PB (field generations)
3		S
4		SE
5	Basic seed	E
6		A
7	Certified seed	B



# Trends of the Russian market

## 2 – potato processing



### JSC «Malino»

- we are close to **Moscow** (*main consumer*)
- we have own potato raw material
- we have own microclonal propagation laboratory
- we have seed production experience
- we possess lands and adequate infrastructure
- we have good relationship with the retail chains
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Flakes, granules



Potato products



Alkohol



Starch



# Trends of the Russian market

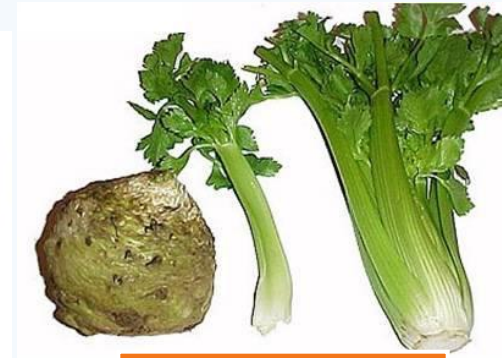
## 3 – Cultivation of vegetables

### JSC «Malino»

- we are close to ~~M~~OSCOW (main consumer)
- we have own potato raw material
- we have own microclonal propagation laboratory
- we have seed production experience
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Artichoke



Celery



Physalis



Brussels sprouts



Broccoli



Garlik



Asparagu

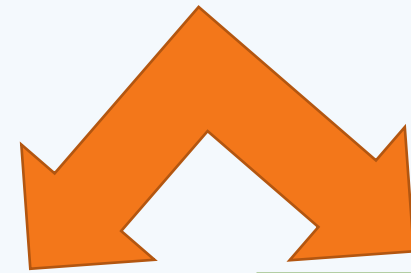
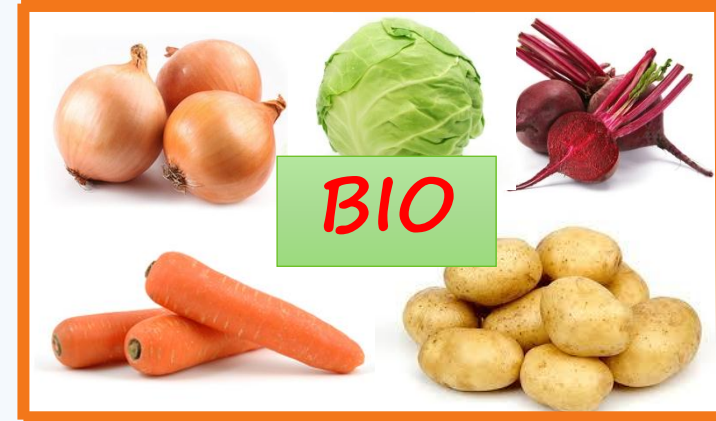
HoReCa  
Premium  
segment

# Trends of the Russian market

## 4 – organic farm

### JSC «Malino»

- we are close to ~~M~~OSCOW (main consumer)
- we have own potato raw material
- we have own microclonal propagation laboratory
- we have seed production experience
- we possess lands and adequate infrastructure
- we have good relationship with the retail chains
- we are close to big city (main consumers)
- We have the positive image of the company



HoReCa

Premium-  
segment



# Trends of the Russian market

## 5 – milk production

### JSC «Malino»

- we are close to **MOSCOW** (*main consumer*)
- we have own potato raw material
- we have own microclonal propagation laboratory
- we have seed production experience
- we possess lands and adequate infrastructure
- we have good relationship with the retail chains
- we are close to big city (*main consumers*)
- We have the positive image of the company



- **Potential for the growth of milk production**
- **Milk processing**







Thank you for your  
attention!

Gubina Tatiana  
deputy director JSC Malino, Russia  
[gubina@malino.ru](mailto:gubina@malino.ru)  
[www.malino.ru](http://www.malino.ru)

[info@welikepotato.ru](mailto:info@welikepotato.ru)  
[www.welikepotato.ru](http://www.welikepotato.ru)

