

Ekosem-Agrar: Over 30,000 dairy cows by the year 2015

- **Russia's third largest milk producer takes two new dairy cattle facilities into operation**
- **Dairy cow stock to be more than doubled by 2015**
- **Framework conditions remain attractive**

Walldorf, 25 October 2012 – Ekosem-Agrar GmbH, the German holding company of the Ekonovia Group, which specialises in milk production, plans to more than double its dairy cow stock from 13,100 at the end of September 2012 to over 30,000 by the year 2015. Ekosem is well on track to reach this target, as two new dairy cow facilities have just been taken into operation in the oblast of Voronezh, some 500 kilometres to the south-east of Moscow. "In spite of the excellent conditions for the agricultural sector in Russia, some eight million tons of milk must be imported every year," says Stefan Dürr, Managing Director and majority shareholder of the Group. "We invest in state-of-the-art technology to help increase Russia's own supply of high-quality milk."

Each of the two new facilities offers room for 2,200 dairy cows. They meet the latest standards in terms of animal welfare and feature modern milking carousels, among other things. Construction of another four complexes has already started. They will be fully operational by 2014, thus laying the foundation for the expansion of the dairy cattle stock to over 30,000 animals.

36,500 cattle - including 13,850 milk cows - currently make the Group the third largest dairy producer in Russia. In the first nine months of 2012, some 227 tons of milk were milked on a daily average. This is equivalent to the consumption of a quarter of a million German consumers. Compared to 2011, the average milk output per cow and day has been increased by approx. 13.5% to 20.76 litres. The company's stock is to increase to roughly 15,300 milk cows by the end of the year – which would represent a growth rate of over 30% compared to 31 December 2011. In the summer, 4,900 young cows were imported from the United States, which will gradually be integrated into the dairy cattle stock by the end of 2013. "Our cattle stock has reached a size that will allow us to grow strongly without

importing young cows going forward,” says Wolfgang Bläsi, CFO and Managing Director of Ekosem-Agrar GmbH. “As the acquisition of breeding heifers is currently the largest cost item in our growth strategy, this will significantly reduce our investment requirements in the coming years.”

The framework conditions for Ekosem-Agrar remain attractive. On the one hand, milk prices are rising across the globe, as the milk output in important producer countries such as the USA and New Zealand is on the decline. This is primarily attributable to the high prices of agricultural commodities and animal fodder. Ekosem-Agrar produces its own fodder and has built up reserves that will cover its own requirements until the end of 2013. Besides the global environment, the local conditions for milk production are favourable as well. Milk prices in Russia are about 20% higher than in Germany, which is due to the fact that local consumption exceeds the output by far. This is why the dairy sector is at the heart of Russia’s 2013/2020 agricultural promotion programme, which was adopted in early July. It has a total volume of 1.5 trillion roubles (37.5 billion euros) and supports agricultural investments. Says Stefan Dürr: “Milk producers need not only money and expertise but also a lot of patience, as it takes a few years for the investment to pay off. At this stage, there is therefore nothing to suggest that the shortage of milk in Russia will be eliminated in the medium term.”

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About Ekosem-Agrar

Ekosem-Agrar GmbH Walldorf, Germany is the German holding company in the Ekoniva Group, one of the largest Russian agricultural companies. With over 30,000 head of cattle and an average milk production of more than 227 tons per day, the company is the third largest milk producer in the country. The group has more than 173,000 hectares of land and is also one of the leading producers of seed in Russia. A third area of business is currently being established with premium beef. The founder and managing director of the company is Stefan Duerr. He has been active in Russian agriculture since the 1980s and has played a decisive role in its modernization over the past two decades. In 2009, he was awarded the German Federal Cross of Merit for his contributions to the agricultural policy dialog between Germany and Russia. The corporate group has about 2,800 employees at six locations in Russia and achieved revenues from operations of € 81 million in fiscal year 2010/2011.

For further information visit: www.ekosem-agrar.de