

Ekosem-Agrar reports record 2013 harvest

- Livestock feed suffices until 2015**
- Grain harvest increases from 130,000 tons to 200,000 tons**
- Milk production raised by approximately 45% to more than 120,000 tons in 2013**

Walldorf, 29 November 2013 – Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, has concluded the 2012/2013 farming season with a record harvest. Wolfgang Bläsi, Managing Director and CFO of Ekosem-Agrar GmbH, comments: “Due to the good harvest, the high milk production and the high price of milk, 2013 will see the envisaged increase in our total output and earnings compared to 2012.” This means that the company is increasingly reaping the results of the investments in its farmland, cowsheds and dairy herd made in recent years.

Management is highly satisfied with the yields of the 2013 harvest. Volumes have not been impacted by the temporary delay in the harvesting activities caused by the strong precipitation. A total of 200,000 tons of grain (previous year: 130,000 tons) and 624,500 tons of livestock feed (previous year: 385,000 tons) were harvested, meaning that feed for the herd will be sufficient until well into 2015. On the market crops side, the harvest included 71,000 tons of wheat (4.4 tons per hectare). 73,000 tons of grain maize (8.2 tons per hectare) and 149,500 tons of sugar beets (51.0 tons per hectare). Prices have been satisfactory over the past months and are currently picking up significantly again.

Stefan Dürr, Managing Director and main shareholder of Ekosem-Agrar GmbH, said: “Our present focus is on expanding our farmland. Going forward, there will be significant potential for efficiency gains.” The newly acquired fields and farms typically deliver lower yields in the beginning. The potential is illustrated by the operations in Kursk where the company has consistently farmed some 10,000 hectares and where yields are clearly above the average for the Group. More than 7.5 tons of winter wheat and almost 10 tons of grain maize were harvested per hectare in Kursk.

The integrated business model including the production of livestock feed provides sound planning parameters for the planned growth in milk production, the Group’s core business, through 2015. In the current year, milk production is to rise by some 45% from 84,100 tons to more than 120,000 tons - at the end of October, the count already stood at 100,000 tons. Daily milk output currently amounts to more than 350 tons.

In early 2013 Ekoniva emerged as the largest producer of raw milk in Russia and continues to expand its market position. The Group's dairy herd currently comprises more than 19,000 milk cows (December 2012: 15,500) and is to be expanded to 28,000 animals by 2015. During the same period the total farmland is to be expanded to more than 250,000 hectares (currently approximately 196,000 hectares).

Stefan Dürr says: "The conditions for profitable growth remain excellent. On the one hand, the Russian milk market is clearly undersupplied and consequently the milk price is high at 19.5 roubles (approximately 44 euro cents) per litre. On the other hand, we can purchase farmland at what are favourable prices in international comparison, particularly in light of the high soil quality." At present, Russian consumption of milk and dairy products is approximately 8 million tons higher than local production. Closing this gap would take more than one million milk cows and an investment volume of eight billion euros. The conclusion: Nothing will change about the undersupplied market situation in the foreseeable future, particularly given the fact that overall milk production remains on the decline in Russia. In the current year, the output of commercial milk producers is expected to shrink by almost 1 million tons compared to 2012.

About Ekosem-Agrar

Ekosem-Agrar GmbH Walldorf, Germany is the German holding company in the Ekoniva Group, the largest Russian agricultural companies. With over 42,000 head of cattle and an average milk production of more than 350 tons per day, the company is the largest milk producer in the country. The group has more than 196,000 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 3,600 employees at six locations in Russia and achieved a total output of € 108.2 million and an EBIT of € 17.2 million in fiscal year 2012. For further information visit:

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