

## **Ekosem-Agrar reports greatly increased profitability for H1 2014**

- **Earnings before interest and taxes (EBIT) +21% to EUR 17.4 million**
- **Net income for the period +155% to EUR 7.8 million**
- **Milk business a key driver in H1 (revenues +42%)**
- **As a local producer, Ekosem tends to benefit from sanctions**

Walldorf, 16 September 2014 –Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, again boosted its profitability in the first half of 2014. Adjusted for one-time income from the acquisition of two agricultural businesses in the amount of EUR 4.1 million in the prior year period, the company's profitability increased at all levels. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 15% to EUR 27.8 million, while earnings before interest and taxes (EBIT) came in at EUR 17.4 million, up by approx. 21% on the prior year period. At the bottom line, earnings after taxes amounted to EUR 7.8 million, up 155% on the adjusted prior year result. Sales revenues increased by 25% to EUR 45.9 million. The operating performance, which includes sales revenues as well as changes in inventories, biological assets and other operating income, reached about EUR 79 million in the first six months of 2014 (+6% on the adjusted prior year result). Revenues accounted for 58.1% of total output, up from 43.5% in the previous year. Due to the weaker rouble, both the Group's revenues and costs in euros were about 15% lower than in the previous year.

"We are more than satisfied with our performance in the first half of the year. Revenues from milk production were about 42% higher than last year. At the end of June, the milk output amounted to 450 tons, about 30% higher than one year before. This is not only due to the much larger herd but also to an increased output per dairy cow. Our farming segment has had an excellent harvest so far, which means that we will clearly increase our revenues and secure our fodder supply until early 2016," says Stefan Dürr, Managing Director and main shareholder of Ekosem-Agrar GmbH.

The Group has again recorded new record yields in the current harvesting season. Grain and lucerne harvests were the highest in the history of the company. At the beginning of the harvest, the sales prices of grain were at an attractive level in spite of the recent decline in the price indices for agricultural commodities.

In the milk sector, Ekoniva continues its growth strategy. The construction of modern dairy cow facilities in the regions of Novosibirsk, Kaluga, Tyumen and Voronezh is proceeding well. The new facilities will lay the foundation for expanding the dairy cow herd from about 21,000 to over 25,000 animals by the end of 2015.

Says Wolfgang Bläsi, Managing Director and CFO of Ekosem-Agrar GmbH: “Our expansion is proceeding entirely to plan and the economic framework for our business remains promising. The undersupply of the Russian market and the high global demand for raw milk will continue to open up excellent growth prospects. Milk prices will remain far above the European level for quite some time to come. At the political level, we hope that the Ukraine conflict will be resolved soon, although the import ban on dairy products has mostly positive effects for our company.”

For the full year 2014, Ekosem-Agrar continues to project a strong increase in sales revenues and an improvement in earnings before interest, taxes, depreciation and amortisation (EBITDA) and net income.

#### **About Ekosem-Agrar**

Ekosem-Agrar GmbH Walldorf, Germany is the German holding company in the Ekoniva Group, the largest Russian agricultural companies. With over 49,450 head of cattle (thereof 20,800 dairy cows) and an average milk production of more than 450 tons per day, the company is the largest milk producer in the country. The group has more than 195,000 hectares of farmland 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 3,400 employees at six locations in Russia and achieved a total output of € 139.6 million and an EBIT of € 23.0 million in fiscal year 2013. For further information visit: [www.ekosem-agrar.de](http://www.ekosem-agrar.de)

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