

Ekosem-Agrar reports good harvest and increased milk output for the first nine months of 2015

- **Quarterly reporting provides increased transparency**
- **Operational growth on rouble basis continues**
- **Revenues in EUR stable; up 37% in exchange rate adjusted terms**
- **EBITDA and EBIT margins stay at high levels**
- **Equity ratio climbs to 16% as of 30 September 2015**

Walldorf, 10 December 2015 – Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, continued its operational growth in the milk production segment in the first nine months of 2015 in spite of the economic crisis in Russia. The leading milk producer in Europe and Russia expanded its dairy cow herd by 13% to 24,000 animals as of the end of September 2015 (previous year: 21.200) and targets 25,000 cows by the end of the year. Another three dairy cow facilities will be completed in the Voronezh, Kaluga and Novosibirsk regions in the current fourth quarter. In the first nine months of 2015, the daily milk output averaged approx. 488 tons (previous year: 427 tons), which represents an increase by 14%. Total milk output during this period rose by 17% from 115,000 tons in the prior year period to 134,000 tons at the end of September.

Ekosem-Agrar reports for the first time on the nine-month period. Going forward, the company will present key figures on a quarterly basis in addition to the financial information published for the full year and at the six-month stage.

The financial figures for the first nine months were again characterised by exchange rate effects, whose influence was much lower than at the six-month stage, however. Total output (revenue plus finished goods and unfinished products, biological assets as well as other operating income) on a EUR basis declined by 8% to EUR 106.6 million (previous year: EUR 115.7 million), compared to a 17% reduction in the first half of 2015. Sales revenues on a EUR basis remained unchanged from the previous year at EUR 72.2 million. In exchange rate adjusted terms – i.e. based on the average rouble exchange rate of the prior year period – total output and sales revenues rose by 27% and 37%, respectively. Having dropped to new worldwide lows, the milk price showed signs of recovery in the third quarter. In spite of the

extremely low world market prices, the milk prices generated by Ekosem-Agrar in roubles were at the prior year level.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 39.7 million in the first nine months (previous year: EUR 43.3 million). At 37% of total output, the EBITDA margin again reached a high level. Earnings before interest and taxes (EBIT) stayed at the prior year level, at EUR 27.3 million, which is equivalent to an EBIT margin of 26%.

The 2015 harvesting season was satisfactory overall. The company harvested close to 700,000 tons of fodder, up 4% on the previous year. This secures the supply for the herd beyond the next harvest. Harvests of the most important food crops for sale differed. Due to the draught, below-average yields were achieved in the Chernozem region, whereas the farms in Kaluga and Siberia reported record harvests. At 81,000 tons, the wheat harvest was higher than in the previous year, while maize and soybeans, in particular, fell short of last year's levels. Overall, sales prices in roubles exceeded the prior year level.

Says Stefan Dürr, main shareholder and Managing Director of Ekosem-Agrar GmbH:

“Although the economic environment in Russia remains challenging, our business model has proven to be stable and profitable. The Russian milk market still offers excellent growth opportunities to further expand our market position. We continue to make cautious investments in new operations and are expanding our value chain by adding our own milk processing facilities. The aim is to further increase our profitability in order to successively improve our balance sheet ratios.”

As of 30 September 2015, the Ekosem-Group's assets totalled EUR 425.1 million (31 December 2014: EUR 360.4 million). At 16%, the equity ratio was higher than at the end of 2014 (10%). Among other things, it includes the proceeds from the July capital increase in the amount of EUR 38 million.

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 55,000 head of cattle (thereof 24,000 dairy cows) and an average milk production of around 500 tons per day, the company is the largest milk producer in the country. The group has more than 196,000 hectares of farmland and is also one of the leading producers of seed in Russia. 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 3,500 employees at six locations in Russia and achieved a total output of € 156.5 million and an EBIT of € 44.5 million in fiscal year 2014. For further information visit: www.ekosem-agrar.de

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