

Ekosem-Agrar: Company rating lifted to CCC (stable)

Walldorf, 24 May 2016 – Creditreform Rating has upgraded the company rating of Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, from D to CCC (stable). While noting that the company remains on a profitable growth course, the analysts also pointed out the risks resulting from its high leverage and its lending to related companies, the latter aspect primarily referring to a loan bearing market-rate interest granted to associated company Ekotechnika Holding GmbH.

Management believes that the upgrade by one rating grade fails to reflect the company's materially enhanced balance sheet following the 4-year refinancing of the two corporate bonds while at the same time insufficiently recognising the improvement in the Russian country risk in light of the more stable political environment and the encouraging economic indicators (oil price, currency). As the group continues its growth strategy on the operational level, its daily milk output reached the 650 ton mark two days ago. On the crop producing side of the business, copious rainfalls in spring in the Chernozem region suggest that this year will see a high-yield harvest.

Ekosem-Agrar will publish its preliminary figures for the first quarter of 2016 in early June, followed by the presentation of its audited 2015 consolidated financial statements in the second half of June.

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 59,800 head of cattle (thereof more than 28,000 dairy cows) and an average milk production of around 635 tons per day, the company is the largest milk producer in the country. The group has more than 196,100 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 Dürr. 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 3,650 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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