

## Corporate News

### Ekosem-Agrar publishes preliminary figures for 2016: Operational growth in difficult environment

- Sales revenues in EUR up 21% (+33% in RUB)
- Milk output increases by 22% to 220,000 tons
- Good fodder harvest of 913,000 tons (+ 36%)
- Dairy cow herd increases to 27,400 animals (+ 10%)
- Lowest euro milk price in seven years

Walldorf, 28 April 2017 – According to preliminary figures, Ekosem-Agrar GmbH, the German holding company of Russian milk producer and farming specialist Ekoniva Group, generated sales revenues of EUR 119 million (previous year: EUR 98 million; +21%) in the financial year 2016, which lies on the upper end of the projected corridor of EUR 110 to 120 million. In exchange rate adjusted terms, i.e. based on the average rouble exchange rate of the prior year period, the Group boosted its revenues by 33%.

The prices of raw milk were mostly at a very low level both in Russia and the world market during the reporting period. While the rouble's weakness against the leading currencies had a positive effect on rouble milk prices, this effect was insufficient to offset the rising expenses for milk production, which had a negative impact on the bottom line. The dairy cow herd increased by 10% to 27,400 animals (previous year: 24,900), while the total herd was expanded to 63,900 animals (previous year: 57,750; +11%). The annual milk output increased by 22% to close to 220,000 tons (previous year: 180,000 tons). This growth was essentially achieved because of the growing utilisation of plants that were taken into service in 2015. As a result, revenues from milk production were boosted by a good 19% to approx. EUR 74.6 million (previous year: EUR 62.5 million); in exchange rate adjusted terms, revenues rose by roughly 31%.

Total output (revenue plus changes in balances of fall-ploughed land as well of agricultural produce and biological assets and other operating income) amounted to approx. EUR 148.9 million according to preliminary figures (previous year: EUR 144.3 million, restated). At EUR 50.0 million (previous year: EUR 55.9 million, restated), preliminary earnings before interest, taxes, depreciation and amortisation (EBITDA) came in as planned. Preliminary earnings before interest and taxes (EBIT) declined from EUR 37.6 million in the previous year (restated) to EUR 31.9 million, which was also within the planned range of EUR 30 to 35 million. This is equivalent to an EBITDA margin of 34 % (previous year: 39%) or an EBIT margin of 21 % (previous year: 26%).

The 2016 harvesting season was a mixed bag. Fodder cultures yielded good results, resulting in a total harvest of 913,000 tons (previous year: 673,000 tons), an increase by approx. 36%. Harvest volumes of summer and winter wheat as well as sugar beet were also good. By contrast, the maize and soy harvests were slightly lower than expected. The price trend of the cultures that are important for the Group was relatively stable at the time of the harvest, with grain prices, in particular, tending to decline towards the end of the year.

The company made further progress in the milk processing area. The product range of the dairy that was taken into operation in June 2016 met with a positive response from customers both in terms of taste and the high quality of the products. But despite the successful sales, it will take time to develop a strong retail brand.

Government subsidies for the Russian agricultural sector are currently focusing primarily on milk production. The availability of low-interest loans and non-repayable subsidies for barn construction measures make for a very good environment. Investment subsidies of 30% were granted to the Group for two completed dairy cow facilities in the Voronezh and Kaluga regions, which were recently paid out in full. In this favourable investment environment, the company decided to build three more dairy cow facilities in Voronezh, Kaluga and Novosibirsk. Long-term investment loans have been agreed with the Russian Agricultural Bank to finance the dairy cow facilities. In addition, the Group is currently in the process of taking over two farms with a total area of 16,500 hectares in the Voronezh and Kaluga regions.

Stefan Dürr, main shareholder and Managing Director of Ekosem-Agrar GmbH: “While 2016 was certainly not the easiest year for dairy farmers worldwide, the fact that we were able to generate a positive result in a year characterised by a very low milk price shows that we can operate profitably in a difficult environment. As the milk price has been on the increase since the fourth quarter of 2016, I am optimistic about the current year.”

#### **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 70,000 head of cattle (thereof more than 32,000 dairy cows) and an average milk production of around 630 tonnes per day within the past 12 months, the company is the largest milk producer in the country. The group has more than 220,000 hectares of farmland and is also one of the leading seed producers in Russia. Stefan Duerr, founder and Managing Director of the company, has been active in Russian agriculture since the 80s and has played a decisive role in its modernisation over the past two decades. In 2009, he was awarded the German Federal Cross of Merit for his contribution within the German-Russian Agricultural and Political Dialogue Project. The corporate group has about 4,300 employees at six locations in Russia and achieved a total output of EUR 144.7 million and an EBIT of EUR 40 million in fiscal year 2015. For further information visit: [www.ekosem-agrar.de](http://www.ekosem-agrar.de)

#### **Contact**

Adrian Schairer // Ekosem-Agrar GmbH // T: +7 920 449 17 12 // E: [adrian.schairer@ekosem-agrar.de](mailto:adrian.schairer@ekosem-agrar.de)

Irina Schwachhofer // Ekosem-Agrar GmbH // Johann-Jakob-Astor-Str. 49 // 69190 Walldorf // T: +49 (0) 6227 3585 919 // E: [irina.schwachhofer@ekosem-agrar.de](mailto:irina.schwachhofer@ekosem-agrar.de) // [www.ekosem-agrar.de](http://www.ekosem-agrar.de)

#### **Media / Investor Relations**

Fabian Kirchmann // IR.on AG // T: +49 (0) 221 9140 970 // E: [presse@ekosem-agrar.de](mailto:presse@ekosem-agrar.de)