

Ekosem-Agrar increases revenues and earnings in 2016 in spite of historically low milk prices

- **Revenues, EBITDA and EBIT according to plan**
- **Revenues in EUR up by a strong 21% on previous year**
- **Earnings clearly positive at roughly EUR 4 million**
- **Milk production increases to 220,000 tons in 2016 (+22%)**
- **Milk price trend in 2017 supports positive outlook**

Walldorf, 30 June 2017 – Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, increased its revenues strongly in 2016 in spite of historically low milk prices. The Group's revenues in euros amounted to EUR 118.7 million (+21%); in exchange rate adjusted terms, they rose to EUR 130 million (+32%).

The Group's operational growth made a major contribution to this satisfactory performance: The annual milk output was increased from 180,000 tons in fiscal year 2015 to 220,000 tons in the past fiscal year (+22%). This growth resulted from the expansion of the dairy cow herd and the increased productivity per animal. The dairy cow herd was expanded from 24,900 to 27,400 animals as of the reporting date. The milk output per cow climbed from 24.3 kg in the previous year to 25.7 kg in 2016. Revenues from the sale of milk totalled EUR 74.6 million (previous year: EUR 62.5 million), which represents a good 19% increase on the prior year period.

Gross operating revenue (revenue plus changes in balances of fall-ploughed land as well of agricultural produce and biological assets and other operating income) rose moderately in the reporting year and reached EUR 149.2 million (previous year, adjusted: EUR 144.3 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at EUR 50.0 million (previous year, adjusted: EUR 55.9 million). Consequently, the EBITDA margin stood at 34% (previous year: 39%). Earnings before interest and taxes (EBIT) amounted to EUR 31.9 million (previous year, adjusted: EUR 37.6 million), which is equivalent to an EBIT margin of 21% (previous year: 26%). This means that the company reached its plans in spite of exceptionally low milk prices across the globe, including in Russia. At EUR 4.0 million, earnings after taxes slightly exceeded the previous year's EUR 3.2 million. As the rouble appreciated towards the end of the year, euro-denominated assets increased at a disproportionate rate and totalled EUR 615.1 million as of the reporting date (31 December) (previous year, adjusted: EUR 404.7 million). Equity capital amounted to EUR 115.8 million (previous year, adjusted: EUR 52.3 million). As a result, the equity ratio improved to close to 19%. The increase in equity is partly attributable to exchange differences, which offset a small portion of the exchange rate related reduction in equity of the fiscal year 2015. Operating cash flow before interest and taxes stood at EUR 14.8 million (previous year, adjusted: EUR 20.0 million).

Stefan Dürr, main shareholder and Managing Director of Ekosem-Agrar GmbH, says: "In view of last year's very low milk prices, we are generally satisfied with what we have achieved. We were able to continue our operational growth and remained profitable. We are more optimistic about the current fiscal year, as milk prices have picked up lately. We feel we

are well positioned for the future, not least due to the investments we made over the past years in internal training and further education programmes for our employees.”

In view of the fact that milk prices have picked up clearly since the last quarter of 2016 and that the government focuses its subsidies for the agricultural sector on milk production, the Group decided to build another four dairy cow facilities in the current fiscal year. Moreover, two agricultural businesses in the Voronezh and Kaluga regions have been integrated into the Group. The planned growth strategy will be continued provided that the currently very good framework conditions remain in place.

Continued growth in first quarter – positive outlook projected for the full year

In the first quarter of 2017, the average milk output amounted to almost 670 tons per day; this represents an increase of roughly 100 tons per day on the prior year period (Q1 2016: 566 tons). The dairy cow herd increased by 17% to roughly 32,000 animals, while the total cattle herd was expanded from close to 64,000 animals to approx. 70,100 (+10%). The good operating performance in the milk production segment and the currently positive harvest prospects suggest that 2017 will be a good fiscal year. Ekosem-Agrar projects revenues of between EUR 175 million and EUR 185 million for the full fiscal year 2017, up by approx. 50% on the previous year. EBITDA are expected to increase to between EUR 65 million and EUR 75 million, with earnings before interest and taxes (EBIT) expected to come in at between EUR 45 million and EUR 50 million.

The full consolidated financial statements for 2016 will be available on the company's website soon at www.ekosem-agrar.de/en/investor-relations/financial-publications.html.

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 72,000 head of cattle (thereof approx. 33,000 dairy cows) and an average milk production of around 850 tonnes per day, 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 4,100 employees at seven locations in six regions in Russia and achieved a total output of EUR 149.2 million and an EBIT of EUR 31.9 million in fiscal year 2016. For further information visit: <http://www.ekosem-agrar.de/en>

Contact

Adrian Schairer // Ekosem-Agrar GmbH // T: +7 920 449 17 12 // E: 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 // www.ekosem-agrar.de

Media / Investor Relations

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