

Ekosem-Agrar publishes final consolidated figures for 2018 – Net income climbs to EUR 18.7 million

- **Significant increase in sales revenues and earnings**
- **Consolidated net income up by an impressive 149% to EUR 18.7 million**
- **Profitable growth to continue in 2019**
- **Revenues of EUR 380 million to EUR 410 million forecast for 2019 (+ >55%)**
- **Bond issue and exchange offer for ESA bond I planned**

Walldorf, 24 June 2019 - Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, achieved even slightly higher key revenue and earnings figures for the fiscal year 2018 than the preliminary figures published in early June 2019. Revenues climbed 40% to EUR 244.9 million (previous year: EUR 174.6 million). Total output (revenue plus changes in the balances of fall-ploughed land and of agricultural produce and biological assets as well as other operating income) adjusted for one-time “lucky buy” effects from acquisitions rose significantly by about 74% to EUR 376.5 million (previous year, adjusted: EUR 216.8 million). Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) improved by about 67% to approx. EUR 116,1 million (previous year, adjusted: EUR 69.5 million). This is equivalent to an EBITDA margin of 31%. Adjusted earnings before interest and taxes (EBIT) increased to EUR 74,2 million, compared to EUR 44.5 million in the previous year, resulting in an EBIT margin of close to 20%. Adjusted consolidated net income soared by 149% from EUR 7.5 million to EUR 18.7 million.

“The year 2018 has shown that we have reached a size and cost structure that allow us to successfully manage negative influences such as low raw milk prices on the earnings side,” said Stefan Dürr, Chief Executive Officer of Ekosem-Agrar AG. “This is all the more true as we are gradually expanding our value chain by setting up our own dairies. This enables us to tap additional revenue and earnings potential and reduce the influence of price fluctuations in the raw milk market. It remains our objective to position the Ekosem-Agrar Group as Russia’s first fully integrated producer of dairy products with almost nation-wide coverage.”

Supported by what remain excellent growth conditions for milk production, Ekosem-Agrar AG will continue to expand its herd and its milk production in 2019, accompanied by the systematic expansion of milk processing. The Group is currently building a total of 15 dairy cow facilities with a combined capacity for roughly 50,000 dairy cows in seven Russian regions. All facilities are subject to the Russian government’s subsidization program of non-repayable subsidies and low-interest investment loans and are almost fully financed.

By the end of 2019, the dairy cows herd is expected to exceed 100,000 animals, with an annual milk output of over 800,000 tons in 2019. Based on the developments described above, the company’s Management Board projects sales revenues of EUR 380 million to EUR 410 million for the current fiscal year.

Total assets increased from around EUR 940 million at the end of the last fiscal year to EUR 1.36 billion on 31 December 2018. This is primarily attributable to the strong expansion of raw milk production through the construction of further dairy cow facilities. Financial liabilities, which mainly comprise subsidized bank loans, amounted to around EUR 808 million (31 December 2017: EUR 554.3 million). Equity capital climbed from EUR 165.0 million to close to EUR 175 million. This is equivalent to an equity ratio of 12.9% (31 Dec. 2017: 17.5%).

“In view of the good framework conditions, we want to continue our profitable growth,” said Wolfgang Bläsi, Board member and CFO of Ekosem-Agrar. “In doing so, we will rely both on our Russian bank partners, who provide us with low-interest loans with the support of the government, and on our bondholders. Moreover, we regularly review options with interested equity investors. While raw milk production and the entry into the milk processing sector are generally capital-intensive, they are also very profitable and well predictable.”

Bond issue planned to optimize the financing structure

As announced today via ad hoc release, the company plans to issue a corporate bond with a volume of up to EUR 100 million. To this end, the Management Board and the Supervisory Board today passed the corresponding general resolutions. The Management aims to take advantage of the favorable interest rates to secure and further optimize the medium to long-term financing structure at an early stage. The positive development of existing bonds and many discussions with potential investors have also prompted management to take this step.

The new bond has an interest rate of 7.50 %. The term is five years. The issue will take the form of a public offering in Luxembourg and Germany, in particular via the subscription functionality of the Stuttgart Stock Exchange and a private placement with institutional investors. The public offering will be based on a securities prospectus, the approval of which is expected shortly from the Commission de Surveillance du Secteur Financier (CSSF), Luxembourg.

The bond shall be issued in conjunction with a voluntary exchange offer for holders of the Ekosem-Agrar Bond I (WKN: A1MLSJ / ISIN: DE000A1MLSJ1), which will mature in 2021 and has an issue volume of EUR 50 million. The investors of the Ekosem-Agrar Bond I accepting the exchange offer will receive a new bond 2019/2024 for each bond exchanged plus a cash payment consisting of an exchange premium of EUR 25.00 and the proportionate accrued interest. In addition, they will be granted an additional purchase option for the 2019/2024 bond. The subscription period for the public offering and the exchange offer are expected to run from 28 June to 26 July 2019.

The additional funds from the bond issue will be used to finance the purchase of farms and agricultural land. Further information on the details of the issue will be announced upon approval of the prospectus.

The full consolidated financial statements for 2018 are available on the website of Ekosem-Agrar at www.ekosem-agrar.de/en/investor-relations/financial-publications/.

About Ekosem-Agrar

Ekosem-Agrar AG, Walldorf, is the German holding company of the Ekoniva Group, one of the largest Russian agricultural companies. With a herd of almost 149,000 cattle in milk production (thereof about 77,640 dairy cows) and a milk output of approx. 2,070 tons of raw milk per day as of 30 April 2019, the company is the largest milk producer in the country. The Group controls an agricultural land area of more than 554,000 hectares and is also one of the leading Russian seed producers. The founder and CEO of the company is Stefan Dürr, who has been active in the Russian agricultural sector since the end of the 1980s and has been instrumental in modernizing the industry in the past three decades. In 2009, he was awarded the Order of Merit of the Federal Republic of Germany in recognition of his contributions to the German-Russian Dialogue on Agriculture. The Group employs more than 13,000 people and has a presence in nine regions in Russia. Ekosem-Agrar generated a total output of EUR 377 million and adjusted EBITDA of EUR 116 million in 2018. Further information is available at: www.ekosem-agrar.de

Ekosem-Agrar Contact

Adrian Schairer // T: +49 (0) 6227 3585 936 // E: ir@ekosem-agrar.de

Irina Makey // Ekosem-Agrar AG // Johann-Jakob-Astor-Str. 49 // 69190 Walldorf // T: +49 (0) 6227 3585 919 // E: irina.makey@ekosem-agrar.de

Press / Investor Relations

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