

Ekosem-Agrar GmbH reports strong operating performance for financial year 2013

- **Operating performance up 29.1% to EUR 139.6 million**
- **EBITDA and EBIT up 39.7% to EUR 42.7 million and 33.6% to EUR 23.0 million**
- **2014: management expects milk price at record level and excellent harvest**
- **Company targets clearly double-digit growth in financial year 2014**

Walldorf, 1 July 2014 – Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, continued its profitable growth strategy in 2013 and met its forecasts.

“As Russia’s largest milk producer we are operating in a highly attractive market environment,” says Stefan Dürr, Managing Director and main shareholder of the Group.

“Demand for milk, and its price, continues to rise worldwide. Moreover, the Russian market is clearly undersupplied and this situation will not change in the foreseeable future.”

During the financial year the agricultural company increased its dairy cattle herd by some 3,800 animals to approximately 19,300 animals. The total cattle count stood at 46,500 (previous year: 37,000) at the end of the period. The Group’s total farmland was expanded by 176,000 hectares to 192,500 hectares during the course of the year, of which 106,600 hectares were owned by the company (previous year: 94,000 hectares).

2013 Ekosem-Agrar raised Group sales by 18.6% from the previous year’s EUR 72.3 million to EUR 85.7 million. The operating performance, which is an important indicator for an agricultural company and includes sales as well as changes in inventories, biological assets and other operating income, increased by 29.0% from EUR 108.2 million to EUR 139.6 million.

Growth in 2013 was driven by milk production, the Group’s core business. Milk sales contributed EUR 47.6 million to group sales, up 47.8% on the prior year. As a result, the share of milk sales in Group sales advanced from 44.5% to 55.6%. All key performance indicators in milk production showed clear improvements; this included an increase in daily milk output per cow from 20.56 litres to 22.68 litres. The Group’s entire annual output grew from 84,000 tons to 120,000 tons.

2013 saw Ekosem-Agrar's operating profit rise ahead of sales and operating performance. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose 39.7% to EUR 42.7 million. Earnings before interest and taxes (EBIT) improved by 33.6% to EUR 23.0 million. After allowance for interest expenses in the amount of EUR 16 million (previous year: EUR 12.3 million) und exchange losses from financing in the amount of EUR 3.2 million – these effects were positive at EUR 2.0 million in 2012 – consolidated net income for the year 2013 came in at EUR 2.1 million (previous year: EUR 6.2 million). Adjusted by these exchange rate effects, consolidated net income for the year increased from EUR 4.2 million to EUR 5.3 million.

Forecast for 2014: clearly double-digit growth driven by rising milk production and record prices

Ekosem-Agrar will continue its growth strategy in 2014. All told, the political situation in Ukraine is currently having more positive than negative influences on the Group's operating performance. The weakness in the rouble is being overcompensated by the high milk price and the Russian government is more than ever before interested in having a strong domestic agricultural sector.

While the development of Ekosem-Agrar in 2014 will remain dominated by its core business, milk production, in 2014, the Group will also continue to expand its crop-bearing fields. In June 2014 the average daily output has already reached more than 450 tons and rising. Management expects the total milk yield to grow to more than 160,000 tons in 2014, with average sales prices in roubles and euros above the previous year's prices.

Wolfgang Bläsi, Managing Director and CFO of Ekosem-Agrar GmbH, said: "We had a good start to 2014 and look forward to double-digit growth in both our revenues and our EBITDA. We also envisage a renewed increase in our net income for the year." Crop farming is expected to contribute to the Group's successful performance in 2014, with the current vegetation phase pointing to an excellent harvest.

About Ekosem-Agrar

Ekosem-Agrar GmbH (WKN: A1MLSJ, A1R0RZ), Walldorf, Germany is the German holding company in the Ekoniva Group, the largest Russian agricultural companies. With over 46,500 head of cattle and an average milk production of more than 400 tons per day, the company is the largest milk producer in the country. The group has more than 196,000 hectares of land and is also one of the leading producers of seed in Russia. A third area of business is currently being established with premium beef. 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 3,600 employees at six locations in Russia and achieved a total output of € 108.2 million and an EBIT of € 17.2 million in fiscal year 2012. For further information visit: www.ekosem-agrar.de

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