

Ekosem-Agrar reports positive business performance in 2014

- **Net income for the year increases from EUR 2.1 million to over EUR 10 million (preliminary result) in spite of weak rouble**
- **Income statement far less influenced by exchange rate effects than that of sister company Ekotechnika**
- **Cattle herd increases to 52,700 – including 22,000 dairy cows**
- **Milk output of 430 tons per day at year-end 2014**
- **Milk price remains stable at high level of RUB 24.45**

Walldorf, 11 March 2015 – Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, continued its profitable growth in 2014 in spite of the weak rouble. According to preliminary unaudited figures, net income for the year will increase from the previous year's EUR 2.1 million to clearly in excess of EUR 10 million. This growth is attributable to strong operations, which more than offset negative exchange rate effects, especially on the financing side.

The exchange rate effects resulting from the massive depreciation of the rouble and the increase in financing costs are also felt by Ekosem-Agrar but they are much lower than at the sister company, Ekotechnika, which announced the cornerstones of a financial restructuring exercise yesterday evening. The Ekosem-Agrar business model is focused on the underdeveloped Russian milk market, where the company was able to realise higher selling prices for milk and grains (pegged to world market prices in USD and EUR), thus more than offsetting the exchange rate effects by in the income statement. At Ekotechnika in contrast, the depreciation of the rouble and higher financing costs led to a decline in demand for agricultural machinery whose prices have increased. In the euro balance sheets, the weakness of the rouble compared to the euro is felt by both companies on the equity side, but these are non-cash effects. In spite of these effects, the Ekosem Group still posts an equity ratio of around 15 % as of 31 December 2014 (according to preliminary financial statements).

Overall, the operating activities of Ekosem Agrar remained very robust. The company not only sold more milk but also benefited from much higher milk and grain prices, while operating expenses remained stable.

Stefan Dürr, Managing Director and main shareholder of Ekosem-Agrar GmbH: “We are satisfied with our performance in 2014, as we were able to prove the sustainability of our business model in what was a politically and economically very difficult environment.”

In the core segment of milk production, the Group continued to expand its position as Russia’s leading raw milk producer in 2014. The dairy cow herd increased by 14.0% from 19,300 to 22,000 animals last year. The milk output in 2014 totalled roughly 153,700 tons, up 28.1% on the previous year’s 120,000 tons. At the end of the year, the daily milk output amounted to 430 tons – a 16.2% increase on the 370 tons reported in December 2013.

The integrated business model comprising fodder cultivation, modern technology and veterinary care also increases the performance of the cows. As a result, the average output per cow rose by 5.4% from 22.68 litres in the previous year to 23.90 litres in 2014 – compared to only 17.8 litres in 2010.

Management is also satisfied with the harvests in 2014, which will cover the fodder requirements until 2016. The remaining produce was sold at good prices.

EkoNiva is among Russia’s 199 strategically important enterprises

The Group’s importance is underlined by the fact that EkoNiva is one of 199 enterprises classified as strategically important by the Russian government in February 2015. These enterprises are to be supported in order to stabilise the economy and minimise the effects of the current economic crisis.

Says Wolfgang Bläsi, Managing Director and CFO of Ekosem-Agrar GmbH: “Ekosem-Agrar has an established business model, is solidly financed and hit less hard by the exchange rate effects due to the fact that the milk prices are pegged to the world market price (in USD and EUR). This is why we will again grow profitably also in 2015.”

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 49,450 head of cattle (thereof 20,800 dairy cows) and an average milk production of more than 450 tons per day, the company is the largest milk producer in the country. The group has more than 195,000 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 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 3,400 employees at six locations in Russia and achieved a total output of € 139.6 million and an EBIT of € 23.0 million in fiscal year 2013. For further information visit: www.ekosem-agrar.de

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