

Ekosem-Agrar clearly boosts its profits in 2014

- Consolidated net income up from EUR 2.1 million to EUR 17.4 million
- EBITDA climb 52% to roughly EUR 65 million
- Equity position adversely affected by considerable exchange rate effects
- Strong increase in milk production: 153,700 tons (+28 %)
- Positive outlook for 2015

Walldorf, 30 June 2015 – Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, today published its consolidated financial statements for the financial year 2014. In spite of the considerable exchange rate effects resulting from the negative trend of the rouble, the Group clearly boosted its result for the year at all levels. Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached EUR 64.8 million, up 52%. At EUR 44.5 million, earnings before interest and taxes were up by 93% on the previous year. Consolidated net income amounted to EUR 17.4 million, compared to EUR 2.1 million in the previous year. The positive business trend was primarily driven by the milk production activities. Total output (revenues plus finished goods and unfinished products, biological assets as well as other operating income), which is an important performance indicator in the agricultural sector, rose by 12% to EUR 156.5 million. Sales revenues climbed 14% to roughly EUR 98 million.

Says Stefan Dürr, main shareholder and Managing Director of Ekosem-Agrar GmbH: “The financial year 2014 has shown that our business model is solid and crisis-resistant even in an extremely adverse market environment. The volume and productivity growth in the milk segment and the high price level, which is based on world market prices, more than offset negative exchange rate effects and clearly exceeded our revenue and earnings targets. The higher production efficiency means we are excellently positioned also for market phases characterised by lower milk prices.”

Thanks to this growth, the Group further expanded its position as Russia’s leading raw milk producer in 2014. Sales revenues in the milk production segment increased by 35% to EUR 64.1 million. The dairy cow herd was expanded by 14% from 19,300 to 22,000 animals last year. The milk output totalled roughly 153,700 tons, up 28% on the previous year (2013: 120,000 tons). At the end of the year, the daily milk output amounted to 430 tons – a 16.2%

improvement on the 370 tons reported in December 2013. In June, the daily milk output stood at 520 tons. The picture in the Group's farming segment was mixed. Following a record grain harvest, some crops harvested later in the year such as sugar beet and maize, were below expectations due to the dry late summer. The farming segment's sales revenues totalled EUR 24.7 million (previous year: EUR 29.5 million). The fodder supply for the herd is secured until well into 2016. The Group's third business segment, meat production, reported a moderate uplift in sales revenues from the previous year's EUR 5.7 million to EUR 6.6 million.

In spite of the strong profit growth, the weakness of the rouble against the euro is reflected in total assets and equity capital, but these are non-cash effects. As of 31 December 2014, the Ekosem Group's total assets stood at EUR 360.4 million (previous year: EUR 456 million), while the equity ratio was reported at approx. 10% (previous year: 21%). The rouble slightly recovered in the first half of 2015, which is reflected in higher total assets and equity capital. Operating cash flow improved notably from EUR -8.7 million to EUR -0.04 million in the reporting period.

Says Wolfgang Bläsi, Managing Director and CFO of Ekosem-Agrar GmbH: "In spite of the unresolved Ukraine conflict and the economic crisis in Russia, we are optimistic about the future. If everything runs to plan, we expect sales revenues to grow by at least 20% and project a further increase in EBITDA."

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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