

Ekosem-Agrar reports solid revenue and earnings growth for H1 2016

- **Sales revenues in EUR up 11%; total output up 9% on previous year**
- **Milk output up by over 25% to an average 600 t per day**
- **Earnings before interest and taxes (EBIT) rise sharply to EUR 19.4 million (+37%)**
- **Positive operating cash flow of EUR 5.0 million (previous year: EUR -7.9 million)**
- **Revenue and earnings forecast for 2016 confirmed**

Walldorf, 30 September 2016 – Ekosem-Agrar GmbH, the German holding company of Russian milk producer Ekoniva Group, increased both its sales revenues and earnings in the first half of 2016, although global milk prices remained low. The solid growth is attributable to the sharp increase in milk production and the positive performance of the crop farming segment.

At approx. EUR 48.1 million, sales revenues in euros were up by 11% on the prior year period. In exchange rate adjusted terms, i.e. based on the average RUB exchange rate of the previous year, sales revenues rose by approx. 35%, primarily because of the much higher milk output. Sales revenues of the milk production segment, which account for a good 71% of total revenues, amounted to over EUR 34 million, up by approx. 9% on the previous year in spite of the low milk prices in the world market. In exchange rate adjusted terms, sales revenues from milk production increased by a good 32%. The crop farming segment's sales revenues amounted to EUR 6.9 million (previous year: EUR 6.5 million), while revenues from other animal products totalled EUR 6.5 million (previous year: EUR 4.5 million).

Total output (revenue plus changes in balances of fall-ploughed land as well as changes in balances of biological assets and agricultural produce and other operating income) stood at EUR 71.5 million (previous year: EUR 65.5 million). Total output and further figures of the prior year period were adjusted with regard to changes in the valuation of bearer plants in accordance with IAS 16 and IAS 41. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 27.8 million (+18 %). Accordingly, the EBITDA margin reached 39% (previous year: 36%). Earnings before interest and taxes (EBIT) totalled EUR 19.4 million (+37%), which is equivalent to an EBIT margin of 27% (previous year: 22%). At EUR 4.9 million, net income for the first six months was up by 22% on the previous year.

Says Stefan Dürr, main shareholder and Managing Director of Ekosem-Agrar GmbH:

“Agriculture is currently one of the few growth sectors in Russia. This clearly benefits our company, which is the largest milk producer and an important seed producer of the country. On balance, the expansion of our core business is proceeding according to plan, although milk prices are low. Thanks to the rainy spring, the crop farming segment recorded decent harvests as well as a solid revenue trend in spite of moderate producer prices. The high financing costs remain a major downside, although experts believe that the worst of Russia’s economic crisis seems to be over.”

The Ekoniva Group’s dairy cow herd increased by approx. 12% to 27,800 animals in the first half of 2016, while the average daily milk output was up by over 25% on the prior year period to 600 tons. Total assets rose to EUR 475.4 million as of 30 June 2016 (31 December 2015: EUR 404.7 million) due to seasonal and currency effects as well as to the Group’s growth. Financial liabilities increased to EUR 318.6 million in the course of the year (31 December 2015: EUR 293.9 million), e.g. due to pre-financing in the crop farming segment. Concurrently, equity position rose by EUR 25.3 million to EUR 77.5 million. This represents an improved equity ratio of 16.3% (31 December 2015: 12.9%). After payment of interest, Ekosem-Agrar generated a positive operating cash flow of EUR 5.0 million in the reporting period (previous year: EUR -7.9 million).

Ekosem-Agrar confirms its revenue forecast of EUR 110 million to EUR 120 million and its EBITDA forecast of roughly EUR 50 million for the full year 2016.

The 2016 interim report is available on the company’s website 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 60,000 head of cattle (thereof more than 28,000 dairy cows) and an average milk production of around 650 tons per day, the company is the largest milk producer in the country. The group has more than 196,100 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 Dürr. 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 3,850 employees at six locations in Russia and achieved a total output of € 145 million and an EBIT of € 40 million in fiscal year 2015. For further information visit: www.ekosem-agrar.de

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