

**Ekosem-Agrar reports good harvest and significant increase in milk output in the first nine months of 2016**

- **Increase in milk output: + 24% to 166,000 tonnes**
- **Record harvest of fodder crops: 870,000 tonnes (+ 24%)**
- **Revenues in EUR + 9%; + 26% in exchange rate adjusted terms**
- **Substantial increase in heifer sales**
- **Gradual development of own milk processing and expansion of dairy product range**

Walldorf, 30 November 2016 – Ekosem-Agrar GmbH, the German holding company of Russian milk and crop producer EkoNiva Group, continues its solid operational growth in the first nine months of 2016. Despite the low global milk prices, Ekosem Group achieved higher sales revenues in the milk production segment due to the increased dairy herd and a higher milk yield per cow. The leading milk producer in Europe and Russia expanded its dairy herd by 13% up to 27,100 cows as of the end of September 2016 (previous year: 24,000) and targets 28,000 cows by the end of the year. Besides, the Group is planning to complete the construction of two new dairy facilities in Voronezh and Kaluga oblasts by the end of the year. In the first nine months of 2016, the daily milk output averaged approx. 606 tonnes (previous year: 491 tonnes). Total milk output within this period went up by 24% from approx. 134,000 tonnes in the prior year period to 166,000 tonnes as per the end of September 2016. Sales of heifers have grown significantly within the first nine months of 2016. The company sold over 3,000 animals, which is four times more than in the previous year period.

At the beginning of September 2016, Ekosem-Agrar Group launched its second milk processing test facility with a capacity of 30 tonnes per day. The plant is used for the production of fluid milk, sour cream, kefir, cottage cheese and yoghurt. The products are sold in Voronezh and Voronezh oblast under the company's own brand. The test facility will allow the company to gain experience for the possible construction of a large processing plant in the future.

Since the rouble remained relatively weak, the revenue in euros experienced negative currency effects of approximately 15%. Meanwhile, the Russian currency has stabilized with a current exchange rate, which is one third higher than in January 2016. The world milk prices have been demonstrating a significant upward trend since the end of the third quarter, which

produces a beneficial effect on the development of Ekosem-Agrar Group due to the strong influence of the global market on domestic milk prices in Russia.

Total output (revenue plus changes in the balances of fall-ploughed land as well as changes in the balances of biological assets and agricultural produce and other operating income) in euro increased by approximately 2% and stood at EUR 108.6 million (previous year: EUR 106.6 million). Sales revenues also demonstrated a 9% growth and reached EUR 79.0 million. In exchange rate adjusted terms, i.e. based on the average rouble exchange rate of the previous year, the total output rose by 17%, while sales revenues went up by 26%.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 37.3 million in the first nine months of 2016, which is slightly lower than the result of the previous year (EUR 39.7 million). The EBITDA margin remained at a high level of 34% of the total output. Earnings before interest and taxes (EBIT) in the amount of EUR 24.3 million are somewhat lower than the previous year's level (previous year: EUR 27.3 million), equivalent to an EBIT margin of 22%.

Ekosem-Agrar Group reports a good harvest in 2016 reaching almost 870,000 tonnes of forage crops, which means a good 24% increase as compared to the previous year's season. Thus, the supply of the herd, including the new dairies, is secured beyond the next year's harvest. The yields of the most important cash crops varied. Due to the abundant rain in spring, good yields of wheat and sugar beets were harvested in the Black Soil Region. At about 105,000 tonnes, the wheat yields clearly exceeded the previous year's level, whereas grain maize and soybean yields were a bit below average. Overall, sales prices for all crops in Russia have been stable and approximately at previous year's level.

Says Stefan Dürr, main shareholder and Managing Director of Ekosem-Agrar GmbH: "Despite the low global milk prices, we are satisfied with the results of the reporting period. The current developments let us hope that the milk price has bottomed out. Moreover, the financing conditions in Russia have also improved, compared to the end of 2015. Provided that the Russian government continues its support of farming enterprises, we see good prospects for the future growth of Ekosem-Agrar Group."

The Group's assets totalled EUR 502.0 million as per 30 September 2016 (31 December 2015: EUR 404.7 million, restated). The equity ratio amounted to 15.1% and thus slightly exceeded the level of the previous year period (12.9%, restated).

**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 27,000 dairy cows) and an average milk production of around 600 tonnes per day within the past 12 months, the company is the largest milk producer in the country. The group has more than 198,000 hectares of farmland and is also one of the leading seed producers in Russia. Stefan Duerr, founder and Managing Director of the company, has been active in Russian agriculture since the 80s and has played a decisive role in its modernisation over the past two decades. In 2009, he was awarded the German Federal Cross of Merit for his contribution within the German-Russian Agricultural and Political Dialogue Project. The corporate group has about 4,000 employees at six locations in Russia and achieved a total output of EUR 144.7 million and an EBIT of EUR 40 million in fiscal year 2015. For further information visit: [www.ekosem-agrar.de](http://www.ekosem-agrar.de)

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