

Ekosem-Agrar AG generates net profit of EUR 23.2 million in H1 2019

- **Total output up by 65% to EUR 267.1 million**
- **Sales revenues of EUR 156.8 million (previous year: EUR 96.6 million; +62%)**
- **EBITDA almost doubled to EUR 88.4 million (previous year: EUR 45.0 million)**

Walldorf, 30 September 2019 – Ekosem-Agrar AG, the German holding company of Russian milk producer Ekoniva Group, increased its sales revenues by 62% to EUR 156.8 million in the first six months of 2019 (previous year: EUR 96.6 million). Compared to the prior-year period, the milk output also increased sharply by 68% to 352,000 tons of raw milk. Accounting for 71% or EUR 111.5 million of total revenues (previous year: EUR 62.0 million), the sale of raw milk remains the most important source of income for the Group. Milk processing generated revenues of EUR 17.6 million (previous year: EUR 12.5 million) and thus contributed 11% to total revenues. Crop farming revenues amounted to EUR 13.8 million (previous year: EUR 11.1 million), which represented 9% of total revenues. Sales of livestock and animal products (sale of heifers, culled cows and fattening bulls) amounted to EUR 8.7 million (previous year: EUR 9.9 million).

As part of the ongoing expansion of raw milk production, the total herd for the production of milk increased from 133,060 to 159,200 cattle in the first half of 2019; the dairy cow herd was expanded from around 63,100 to around 80,500 animals. Daily milk output climbed 30% from 1,650 tons on 31 December 2018 to 2,150 tons on 30 June 2019. As of the reporting date, the Group controlled an agricultural land area of approx. 579,000 hectares (31 Dec. 2018: approx. 504,000 hectares).

Stefan Dürr, majority shareholder and CEO of Ekosem-Agrar AG: “Our operating activities continued to show a positive trend in the first six months of 2019 and we took important steps to expand our integrated business model. In milk production we have already opened eight new dairy cow facilities in the year to date, while the sales network for our milk processing operations has been expanded to over 2,000 points of sale. Our entry into the Leningrad region in the first half of the year and the resulting expansion of our activities to nine regional locations was an equally important milestone.”

This year’s harvest has been very satisfactory due to the good weather conditions and expectations for the later crops are also very positive. A record harvest with very high quality was achieved in silage and maize in particular, so that a good feed basis is available for a high milk yield next year. While sunflower and soybean prices are at a very low level, corn and wheat prices are at a similar level to last year. On balance, the Management Board therefore regards the harvest season to date as positive.

Total output (revenue plus changes in the balances of fall-ploughed land and of agricultural produce and biological assets as well as other operating income) increased by an impressive 65% to EUR 267.1 million in the first half of 2019 (previous year: EUR 162.2 million). Although personnel expenses and the cost of materials increased as a result of the ongoing expansion, earnings before interest, taxes, depreciation and amortization (EBITDA) rose sharply by 96% to EUR 88.4 million (previous year: EUR 45.0 million). This is equivalent to an EBITDA margin of 33.1%. At EUR 56.6 million, the operating result (EBIT) also clearly exceeded the previous year’s EUR 26.9 million, and the EBIT margin reached 21.2%. Net profit for the period rose sharply to EUR 23.2 million (previous year: EUR 1.8 million).

The increase in total assets to EUR 1.9 billion as of 30 June 2019 (31 Dec. 2018: EUR 1.4 billion) is primarily attributable to the strong expansion of raw milk production, with eight modern dairy cow facilities newly opened and seven more under construction in 2019, as well as to seasonal effects. Financial liabilities including leasing liabilities totaled EUR 1.1 billion (31 Dec. 2018: EUR 844.8 million). Equity climbed from EUR 174.3 million to EUR 231.1 million due to the net profit as well as currency effects. This is equivalent to an equity ratio of 12.1% (31 Dec. 2018: 12.9%).

Based on current developments in the Group, the Management Board expects the dairy cow herd to grow to around 100,000 animals by the end of the year and the raw milk output to increase to around 800,000 tons for the full year. Sales revenues are projected to climb to up to EUR 400 million.

The interim report for 2019 is available on the company's website at <https://www.ekosem-agrar.de/en/investor-relations/>.

About Ekosem-Agrar

Ekosem-Agrar AG, Walldorf, is the German holding company of the Ekoniva Group, one of the largest Russian agricultural companies. With a herd of more than 165,000 cattle in milk production (thereof about 85,800 dairy cows) and a milk output of approx. 2,150 tons of raw milk per day as of 31 August 2019, the company is the largest milk producer in the country. The Group controls an agricultural land area of about 590,000 hectares and is also one of the leading Russian seed producers. The founder and CEO of the company is Stefan Dürr, who has been active in the Russian agricultural sector since the end of the 1980s and has been instrumental in modernizing the industry in the past three decades. In 2009, he was awarded the Order of Merit of the Federal Republic of Germany in recognition of his contributions to the German-Russian Dialogue on Agriculture. The Group employs more than 13,000 people and has a presence in nine regions in Russia. Ekosem-Agrar generated a total output of EUR 377 million and adjusted EBITDA of EUR 116 million in 2018. Further information is available at: www.ekosem-agrar.de

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