

## **Ekosem-Agrar shows positive operating performance in first nine months of 2019 and launches EkoNiva organic milk**

- **Some 89,000 dairy cows produce 2,200 tons of milk per day**
- **12 dairy cow facilities opened in 2019**
- **594,000 hectares of agricultural land (+15%)**
- **High-yield harvest thanks to good weather conditions**
- **Further expansion planned for 2020**

Walldorf, 13 November 2019 – Ekosem-Agrar AG, the German holding company of Russian milk producer EkoNiva Group, continued to grow noticeably in the first nine months of 2019. In the current year, the total herd has increased to some 176,000 animals (+32%), with the number of dairy cows climbing to roughly 89,000, up 41% on the beginning of the year. As a result of the larger herd, the average daily raw milk output has risen sharply, from 1,650 tons to approx. 2,200 tons (+33%). Between January and September 2019, the company collected a total of roughly 550,000 tons of raw milk. This represents an increase of 57% compared to the prior year period and already clearly exceeds the 484,000 tons of raw milk collected in the full year 2018. Despite the fast pace of growth, the milk output per cow was also increased further to an average of 28.75 kg/day in the first nine months of 2019 (previous year: 28.38 kg/day). As the new facilities reach their full efficiency only after a certain time, the milk output is expected to pick up further in the future.

In the first nine months of 2019, Ekosem-Agrar AG opened another nine modern dairy cow facilities with space for some 28,400 dairy cows. Another three facilities for some 11,600 animals are scheduled to be taken into operation before the end of the year, bringing the total number of dairy cow facilities opened in 2019 to twelve. The Management Board assumes that the dairy cow herd will rise to around 100,000 animals around the turn of the year and that the raw milk output will increase to approx. 800,000 tons for the full year. Russian milk prices, which clearly recovered in the first half of the year compared to the prior year period, have continued their positive trend since summer 2019 and currently stand at 43 euro cents per kilogram (previous year: approx. 38 euro cents).

The company's crop farming operations also continued to grow in the current year as the framework conditions remained good. The agricultural land area was expanded from approx. 504,000 hectares at the beginning of the year to 594,000 hectares on 30 September 2019 (+18%), of which 310,000 hectares or around 52% are owned by the company.

Following a rather weak prior year season, crop yields per hectare of cultivated land were clearly more positive again in 2019, which was due to the good weather conditions in large parts of Russia. The harvest of sugar beets, the latest crops to be harvested, has recently also been concluded successfully, with very high yields per hectare recorded for these crops thanks to sufficient precipitation. Feed crop yields on a much larger area than in the previous year totaled approx. 2.5 million tons (previous year: 1.6 million tons). This means that the fodder supply for the growing dairy cow herd is secured beyond the next harvest.

In 2020, Ekosem-Agrar AG will continue its expansion provided that the environment for investments remains positive. Six modern dairy cow facilities for some 20,000 dairy cows are currently under construction; they are scheduled to be taken into operation next year, with more facilities at the planning stage. At the end of 2020, the dairy cow herd will then comprise 120,000 to 130,000 animals and the raw milk output in the year 2020 financial year will amount to between 1.0 and 1.2 million tons.

### **Progress for milk processing operations and launch of organic milk**

In the milk processing segment, the Group continues to modernize and expand its processing capacities and consistently broadens the market presence of its EkoNiva range. Moreover, organic milk with a natural fat content between 3.3% and 6% has been added to the product range. This milk

is currently available in Globus Group hypermarkets in Greater Moscow and Kaluga as well as in own points of sale. The new organic milk is produced at Ekosem's Savinskaya Niva farm in the Kaluga region. The currently 120 dairy cows at this site are supplied with fresh grass and internally produced certified organic feed and produce around 1,300 liters of organic raw milk per day. EkoNiva's organic milk has been independently tested and bears both the official Russian and the EU organic labels.

Stefan Dürr, majority shareholder and CEO of Ekosem-Agrar AG: "Over the past months, we continuously expanded our leading market position in Russia and gained further valuable experience in the processing of milk. By adding organic milk to our range, we underline the high demands we make on the quality of our products. Over the next weeks, our organic milk will be listed in further supermarket chains. We also plan to further expand our organic line in the future to ensure we will benefit from the trends towards healthy eating and sustainable production."

### **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 176,000 cattle in milk production (thereof about 89,000 dairy cows) and a milk output of approx. 2,200 tons of raw milk per day, the company is the largest milk producer in the country. The Group controls an agricultural land area of about 594,000 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](http://www.ekosem-agrar.de)

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