

Ekosem-Agrar AG receives ruBBB+ company rating

- **Good development prospects for Russian dairy industry**
- **Raw milk processing will significantly increase future profitability**
- **Rating opens up additional financing options**

Walldorf, 6 August 2020 – Ekosem-Agrar AG, the German holding company of Russian milk producer EkoNiva Group, has been rated ruBBB+ with a stable rating outlook by the Russian rating agency Expert RA.

Expert RA based its rating, among other things, on promising prospects for the development of the Russian dairy industry in the next few years. In 2019, around 7 million tons of raw milk equivalent were imported, with total consumption amounting to almost 35 million tons. Depending on the estimate of marketable milk or dairy products as a whole, the degree of self-sufficiency in Russia varies, according to official statistics, between 76% and 82%. In the perspective of Russia's food safety doctrine, which has set a self-sufficiency limit for dairy products of 90%, the dairy industry is one of the most promising agricultural areas for the expansion of domestic production. Expert RA assumes that in order to achieve the required degree of self-sufficiency, the government will continue to provide support in the form of investment subsidies, low-interest loans and other measures which will continue to contribute to an increase in investments and the development of the industry going forward.

Given that the Ekosem-Agrar Group has significantly increased its raw milk production capacities in recent years and more than doubled its daily output from 1,100 tons at the end of 2017 to 2,400 tons at the end of 2019, the commissioning of new processing plants is considered to be the most important growth driver in the coming years. In this context, the rating agency emphasizes the advantage that Ekosem-Agrar will sell more products to end consumers in the future, which will have a positive effect on the profitability figures of the entire Group, expecting full capacity utilization in the years 2023-2024. The high quality of the management, risk management and strategic planning are also emphasized as positive aspects by Expert RA.

Ekosem-Agrar had commissioned the rating in July with the aim of increasing the company's future financing flexibility. Ekosem-Agrar has also issued three euro corporate bonds on the German capital market: the 8.75% bond 2012/2021 (WKN: A1MLSJ), the 8.5% bond 2012/22 (WKN: A1R0RZ) and the 7.5% bond 2019/2024 (WKN: A2YNR0).

Wolfgang Bläsi, CFO of Ekosem-Agrar AG: "We are very satisfied with Expert RA's rating result. The ruBBB+ rating increases our financing flexibility and, in addition to our Russian bank financing and the three euro bonds, allows us to place greater emphasis on diversification in Russia. This will have benefits both for the financing of our further growth, especially in the milk processing sector, and the refinancing of existing liabilities."

Expert RA is the oldest and – in terms of customers and employees – the largest credit rating agency in Russia. Expert RA's ratings are based on the Russian national scale and are used, among others things, by banks and insurance companies for regulatory purposes.

About Ekosem-Agrar

Ekosem-Agrar AG, Walldorf, is the German holding company of the EkoNiva Group, one of the largest Russian agricultural companies. A herd of approx. 190,000 cattle in milk production (thereof about 103,475 dairy cows) and a daily output of approx. 2,500 tons of raw milk make the company the largest milk producer in the country. The Group controls an agricultural land area of more than 600,000 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 roughly 14,000 people and has a presence in nine regions in Russia. Ekosem-Agrar generated a total output of EUR 565 million and adjusted EBITDA of EUR 167 million in 2019. Further information is available at: www.ekosem-agrar.de

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