

Ekosem-Agrar reports disproportionate earnings growth for the first nine months of 2020

- **Total output climbs to EUR 477.7 million (previous year: EUR 401.4 million; +19%)**
- **Sales revenues up 27% to EUR 338.7 million (previous year: EUR 267.6 million)**
- **EBITDA reaches EUR 171.7 million (previous year: EUR 110.6 million; +55%)**

Walldorf, 10 December 2020 – Ekosem-Agrar AG, the German holding company of Russian milk producer EkoNiva Group, continued to expand its operating activities in the first nine months of 2020. Sales revenues increased by around 27% to EUR 338.7 million (previous year EUR 267.6 million).

In the period from January to September 2020, the company collected a total of roughly 685,000 tons of raw milk. The average daily raw milk output in the first nine months of the financial year amounted to around 2,500 tons. For the first time, the total herd exceeded 200,000 animals – a 10% increase compared to the beginning of the year. As of 30 September 2020, the number of dairy cows stood at just under 100,000 animals (+2%). Due to the coronavirus pandemic, global milk prices declined in the second quarter of 2020, as the hospitality sector, which is usually one of the main purchasers of dairy products, virtually ceased to operate in large parts of the world. As the year progressed, prices recovered, however, and the Group ultimately achieved a higher raw milk price of RUB 29 per kilogram in the first nine months of the year than in the same period of the previous year (9M 2019: RUB 28). In euros, the raw milk price of 37 euro cents was slightly below the previous year's level (9M 2019: 38 euro cents) due to the weakness of the ruble.

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) rose by approx. 19% to EUR 477.7 million in the first nine months of 2020 (previous year: EUR 401.4 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 55% to approx. EUR 171.7 million (previous year: EUR 110.6 million), which is equivalent to an EBITDA margin of 35.9% (previous year: 27.6%). Earnings before interest and taxes (EBIT) rose by 85% to EUR 107.9 million (previous year: EUR 58.4 million), which corresponds to an EBIT margin of 22.6% (previous year: 14.5%).

Stefan Duerr, Chairman of the Management Board of Ekosem-Agrar AG: "Earnings for the first nine months of 2020 show that we have performed quite well in the year to date. This year's harvest was also good overall. Weather conditions in the Voronezh region were challenging, with a cool and humid spring and an extremely hot and dry summer, which led to good yields for summer crops but made the crops harvested later suffer from the drought in the summer. On the other hand, however, we recorded much higher yields in other regions, especially in Siberia."

The price situation was very satisfactory in spite of the large quantities harvested. Due to lower crop yields in other parts of the world and as a result of the weak ruble, ruble prices for many crops are at a high level. Seed cultivation was also expanded strongly, with a sales volume of approx. 88,000 tons expected for 2020, which would be twice as much as in the previous year. As of 30 September 2020, Ekosem-Agrar AG controlled an area of 631,000 hectares, of which about 50% is owned by the Group.

The Management Board currently expects total raw milk output to rise to between 900,000 and 940,000 tons in the financial year 2020. Revenues are expected to come in at between EUR 480 million and EUR 500 million, while EBITDA and EBIT are projected to amount to between EUR 165 million and EUR 185 million and between EUR 85 million and EUR 105 million, respectively.

Equity capital of the holding company clearly improved

In response to the negative equity situation of Ekosem-Agrar AG reported in May 2020, a reorganization has meanwhile led to a realization of hidden reserves in the book value of a subsidiary, with the result that the equity capital of Ekosem-Agrar AG now clearly exceeds the share capital again.

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 more than 200,000 cattle (thereof about 99,500 dairy cows) and a daily output of close to 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 631,000 hectares and is also one of the leading Russian seed producers. The founder and CEO of the company is Stefan Duerr, 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 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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