

Ekotechnika AG publishes interim financial statements for 2017/2018

- **Sales revenues down 18% to EUR 45.3 million due to late spring**
- **Shift in revenues to the following period**
- **EBIT at EUR 0.7 million (previous year: EUR 3.7 million)**
- **Full-year outlook: Group's revenues to end higher than planned, slightly above previous year's level**

Walldorf, 22 June 2018 – In the first half of the financial year 2017/18 (31 March), Ekotechnika AG (Primary Market; ISIN: DE000A161234), the German holding company of the EkoNiva-Technika Group, the largest dealer of international agricultural machinery in Russia, recorded a decrease in sales revenues of almost 18% to EUR 45.3 million (previous year: EUR 55.2 million). The main reason for the decline was that due to the late spring of this year and the high seasonality of revenue, some of the revenues came in later than expected. The management of the company had forecast such a challenging and competitive market, so the development is in line with the planning. As always, sales of agricultural machinery made the largest contribution to sales revenues with 55% (previous year: 60%), but decreased by 25% to EUR 24.9 million (previous year: EUR 33.1 million) mainly due to the late start of spring already mentioned. Revenues from the sale of spare parts declined by 11% to EUR 16.6 million (previous year: EUR 18.6 million), which represented 37% of total revenues in the first half of 2017/18 (previous year: 34%). The service segment generated revenues of EUR 1.4 million (previous year: EUR 1.1 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) of Ekotechnika AG amounted to EUR 1.5 million in the first half of 2017/18 (previous year: EUR 4.6 million). Earnings before interest and taxes (EBIT) fell from EUR 3.7 million in the prior year period to EUR 0.7 million. At EUR -382 thousand, the result for the period was slightly negative compared to the prior year at EUR 2.4 million. Equity capital was clearly positive at EUR 20.2 million as of the interim reporting date 31 March 2018 (30 September 2017: EUR 21.0 million), the equity ratio was 20% (30 September 2017: 25%).

Considering the high level of competition due to sanctions and the advantage of local producers receiving subsidies, the first half of 2017/18 showed a decline compared to the very good same period last year. Some of the company's orders were merely postponed to a later date (April or

May). Together with the renewed rise in crude oil prices and the continued stabilization of the Russian economy, the ruble stabilized at an average exchange rate of RUB/EUR 69.32 during the reporting period, which improved the competitiveness of imported agricultural machinery compared to Russian-manufactured machinery. The improved economic situation in Russia, with inflation falling to 2.1% and the central rate at 7.25%, improved credit conditions for the Ekotechnika's clients. Nevertheless, the market continues to be dominated by local suppliers, whose prices are significantly lower than those of importers due to government subsidies. Despite these difficult conditions, the Group is the clear market leader in the regions it represents and operated in line with the management expectations in the first half of 2017/18 financial year.

The Group is currently further developing its smart farming business to enable its customers to increase their efficiency and profits and sees this technology as a success factor for the future.

Says Stefan Dürr, member of the Management Board of Ekotechnika AG: "Due to the difficult market situation we had assumed a stronger decline in business activity, but were able to avert this by consistent and close cooperation with our clients. We are therefore satisfied with the course of business in the first half of 2017/18, both for new machinery and spare parts. The decline in sales revenues is in line with our expectations and will be compensated by the postponement of transactions into the next periods of the financial year."

Bjoerne Drechsler, member of the Management Board of Ekotechnika AG adds: "In the first six months of the financial year, we continued to work on the improvement of our internal structure, thus optimizing our processes and further reducing administrative expenses. In addition, we focused our attention on a solution-oriented business and actively expanded the smart farming area."

Due to the pickup in orders from key customers the management expects the decline in revenues to be reversed for the full year and the Group's revenues to end higher than planned – amounting to EUR 150 million, which is slightly above previous year's level. Regarding EBIT the management forecasts more than EUR 7 million for FY 2017/2018.

The full interim report on the first six months of 2017/18 is available on the website of Ekotechnika AG at <https://www.ekotechnika.de/en/investor-relations/documents.html>.

EKOTECHNIKA

About Ekotechnika

Walldorf-based Ekotechnika AG is the German holding company of the Ekoniva-Technika Group, the largest distributor of agriculture equipment in Russia. The company's single most important supplier is John Deere, the world's leading manufacturer in this field. Ekotechnika's main business lies in selling new equipment such as tractors and combines but also soil tillage machines and precision farming technology. In addition, the company sells spare parts and provides service and maintenance. Ekotechnika's founder and board member is Stefan Dürr, who has been active in the Russian farming sector since the late eighties and has been instrumental in its modernization over the past two decades. In 2011 the equipment business was separated from the farming business, which now operates independently under the name Ekosem-Agrar. Operating 12 locations in attractive Russian farming regions, Ekotechnika today employs around 500 people and generated sales of more than EUR 140 million in 2016/2017. The Ekotechika stock is listed on the Primärmarkt of the Düsseldorf stock market (ISIN: DE000A161234).

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