

Ekotechnika GmbH: Creditreform updates rating to CCC

- Operating performance remains better than that of the market as a whole
- Growth in high-margin after-sales segment
- Positive cash flow expected for full year

Walldorf, 28 July 2014 –Creditreform Rating AG has adjusted the corporate rating of Ekotechnika GmbH, the German holding company of the Ekoniva Technika Group, the largest dealer of international agricultural machinery in Russia, to CCC (formerly B). The reasons cited by Creditreform included the figures for the first half of 2013/14 (31 March 2014), the financing situation in the Russian market and the current political environment.

“Looking at the current market environment, we are quite satisfied with our operating performance,” said Stefan Dürr, founder and majority shareholder of the Ekotechnika Group. “Being the market leader, we are convinced that we will emerge from the current difficult environment with an even better market positioning than before.”

Ekotechnika generated sales revenues of EUR 65.1 million (previous year: EUR 71.2 million) in the first half of the 2013/14 financial year. The decline in Group revenues in the seasonally weaker first six months was exclusively due to exchange rate effects. In the reporting period from October 2013 to March 2014, the company’s sales revenues in rouble were approx. 5% higher. Growing by 56% to EUR 13.4 million (21% of total sales revenues), revenues from spare parts sales showed a very positive trend. The Service segment and Other Revenues increased from EUR 2.1 million to EUR 2.6 million (5% of total revenues). The exchange losses had an adverse impact on the bottom line. EBITDA amounted to EUR 0.5 million, compared to EUR 1.9 million in the previous year. Net loss for the period stood at EUR -10.6 million (previous year: EUR -5.3 million) (see detailed press release dated 30 June 2014).

Current situation in Russian agricultural machinery market is challenging

Sales of imported agricultural machinery in Russia in the current season have partly been much lower than in the same period of the previous year. While the good harvest yields and the good prices of agricultural commodities give farmers the opportunity to make further investments in modern technology, the depreciation of the rouble since May 2013 has increased the prices of the machines by over 25% for Russian farmers. While the rouble has recovered somewhat in

the meantime, the uncertainty persists. Moreover, the financing situation for agricultural businesses has deteriorated – due to both reduced government subsidies and the restraint shown by some Russian banks in financing the agricultural sector.

Outlook: Continued growth in after-sales and positive cash flow

Ekotechnika expects a positive operating performance for the second half of the financial year (April to September 2014) compared to the seasonally weaker first half-year. This expectation is supported by good machine sales in the important months from April to June. Ekotechnika's sales figures in its sales region remain far above the industry average. The high-margin after-sales business will continue to grow and increase its contribution to total Group revenues. "We have been working closely for some time to improve our operating efficiency and reduce our inventories and receivables. Although the current market environment is not exactly conducive, we have already made visible progress," said Wolfgang Bläsi, Managing Director of Ekotechnika GmbH. Having generated cash flow from operations after interest and taxes in the amount of EUR 20.2 million in the first half of the year, the company's cash flow for the full year should also be positive.

About Ekotechnika

Walldorf-based Ekotechnika GmbH 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 & Co., the world's leading manufacturer in this field. In addition, Ekotechnika sells equipment from another 11 market-leading manufacturers. Its main business is in selling new equipment such as tractors but also milking equipment and precision farming technology. In addition, the company sells spare parts and provides service and maintenance. Ekotechnika's founder and main shareholder is Stefan Dürr, who has been active in the Russian farming sector since the late eighties and has been instrumental in its modernisation 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 700 people and generates sales of EUR 212 million in 2012/2013.

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