

Ekotechnika GmbH publishes figures for the first half of fiscal year 2013/14

- Sales and earnings adversely affected by exchange rate effects in the seasonally weaker first half
- EBITDA of EUR 0.5 million, EBIT of EUR -1.1 million
- Successful reduction in receivables leads to positive operating cash flow

Walldorf, 30 June 2014 – Ekotechnika GmbH, the German holding company of the Ekoniva Technika Group, the largest dealer of international agricultural machinery in Russia, generated sales of EUR 65.1 million (previous year: EUR 71.2 million) in the first half of the financial year 2013/14 (30 September). The reduction in consolidated sales in what is traditionally the weaker half-year due to seasonal factors is exclusively attributable to exchange rate effects. The company's sales in roubles were about 5% higher in the period from October 2013 to March 2014. Compared to the prior year period, the rouble depreciated against the euro from 40.25 to 46.09. Since the interim reporting date on 31 March 2014, the Russian currency has recovered markedly from 49.05 to 46.02 (as at 27 June).

For the first half of fiscal year, the exchange rate effects on the operational activities of Ekotechnika were negative, as the value of the rouble has continued to decline. This results from the fact that the valuation of stocks as of 31 March 2014 was made at a lower exchange rate than at the time of purchase. Conversely, when selling machines based on EUR or USD prices respectively, the prices will be converted in roubles at the current rate, so that falling prices lead to higher sales.

Revenues from the sale of agricultural machinery are the biggest revenue item in the first half-year, which accounted for EUR 48.2 million or 74%. John Deere, the world's largest agricultural equipment manufacturer, is the Group's main supplier and accounted for about two thirds of its sales. Other important suppliers include JCB, Väderstad and GEA. Revenues from spare parts sales showed a clearly positive trend and picked up by 56% to EUR 13.4 million (21% of total sales). The Service segment and Other Revenues increased from EUR 2.1 million to EUR 2.6 million (5% of total sales). The gross profit rose by 6% to approx. EUR 14 million due to the increase in the high-margin spare parts business.

The above-mentioned exchange losses totalling approx. EUR 6.2 million had an adverse impact on earnings. EBITDA amounted to EUR 0.5 million, compared to EUR 1.9 million in the previous year. First-half EBIT stood at EUR -1.1 million (previous year: EUR 0.8 million), while the net loss for the period amounted to EUR -10.6 million (previous year: EUR -5.3 million). As described above, the company expects positive exchange rate effects in the second half of the year, which will lead, from today's perspective, to improved results.

Successful reduction in receivables leads to positive operating cash flow

As announced in March, the company achieved considerable progress in reducing its trade receivables. This had a positive cash effect of EUR 9.2 million. Cash flow from operations totalled EUR 25.3 million and amounted to EUR 20.2 million after interest and taxes.

Overall, the preconditions for continued growth in Russia's agricultural sector remain intact. Says Wolfgang Bläsi, Managing Director of Ekotechnika GmbH: "It is the medium-term objective of the Russian government that roughly 85% of all key agricultural commodities consumed in Russia are produced locally. To achieve this goal, farmers must continue to invest in highly efficient agricultural machinery. While the situation in 2014 is clearly dominated by the weakness of the rouble and the more difficult financing conditions for farmers resulting from the Ukraine crisis, the medium-term outlook of Russia's agricultural machinery market remains positive." In light of the current difficult business environment and a weakening market as a whole, the management is satisfied with the stable development of the business operations.

Capital base strengthened by EUR 6 million

With a view to strengthening its equity capitalisation, Ekotechnika allocated EUR 6 million to its capital reserve after the balance sheet date on 31 March. Together with the anticipated reduction in seasonal influences and exchange rate effects in the second half of the year, this will clearly improve the company's currently negative equity base.

EKOTECHNIKA

The full unaudited report for the first six months of 2013/14 is available on the company's website at www.ekotechnika.de/en/investor-relations/documents.

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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 625 people and generates sales of EUR 212 million.