

### **Ekotechnika AG publishes interim financial statements for 2016/2017**

- **Sales revenues up by 23% to EUR 55.2 million**
- **EBIT at EUR 4.1 million (previous year: EUR 1.9 million)**
- **Expansion of the spare parts and service business**
- **Outlook: stable revenues; clearly positive EBIT**

Walldorf, 12 June 2017 – In the first half of the financial year 2016/17 (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, increased its sales revenues by approx. 23% to EUR 55.2 million (previous year: EUR 44.9 million). Although the overall environment remained challenging and competitive pressure was strong, the company's sales revenues in the first half of the year thus came in according to plan. As had been expected, sales of agricultural machinery made the biggest contribution to sales revenues, at 60% (previous year: 63%), and increased by 18% to EUR 33.1 million (previous year: EUR 28.1 million) thanks to growing demand for high-priced new machinery. Revenues from the sale of spare parts rose by a disproportionate 42% to EUR 18.6 million (previous year: EUR 13.2 million), which represented 34% of total revenues in the first half of 2016/17 (previous year: 29%). The service segment generated revenues of EUR 1.1 million (previous year: EUR 1.3 million).

Ekotechnika AG's earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 4.9 million in the first half of 2016/17 (previous year: EUR 2.9 million). In spite of the very volatile margins of new machinery, earnings before interest and taxes (EBIT) increased from EUR 1.9 million in the prior year period to EUR 4.1 million. At EUR 2.4 million, the result for the period was also clearly positive. In the prior year period, the result of EUR 58.7 million had been strongly influenced by the one-time effect of the December 2015 debt-to-equity swap. At EUR 16.1 million, the equity capital was clearly positive as of the interim reporting date 31 March 2017 (previous year: EUR 12.6 million), when the equity ratio stood at 17.1% (previous year: 17.3%).

In view of the high prices of ruble-denominated agricultural commodities in the first half of 2016/17, customers stepped up their investments in agricultural machinery, which was clearly

reflected in the company's sales figures. Together with the price of crude oil, the ruble stabilised at an average exchange rate of RUB/EUR 65.42 in the reporting period, which improved the competitiveness of imported agricultural machines compared to Russian-made machinery. Nevertheless, the market continues to be dominated by local suppliers, whose prices are significantly lower than importers' prices because of the government subsidies. In spite of these difficult conditions, Ekotechnika AG is the clear market leader in its regions, where the company accounts for 40% to 55% of the market for imported tractors. In addition, the management has decided to also improve the aftermarket business and to offer new services, e.g. in the area of smart farming, to enable its customers to increase their efficiency and profits.

Says Stefan Dürr, member of the Management Board of Ekotechnika AG: "We are very satisfied with the business trend in the first half of 2016/17 with regard to both new machinery and spare parts. As the margins for new machinery have recently been very low and volatile, which makes them difficult to plan, we are working busily to expand the spare parts business and to offer our customers a growing range of services. For John Deere and JCB, we have therefore defined specific strategies to expand our service and spare parts business over the past months. As the market is increasingly moving away from pure machine sales towards a more solution-based business, we believe that this is the key to future growth."

Bjoerne Drechsler, member of the Management Board of Ekotechnika AG adds: "We have addressed our internal structures in order to open up possibilities for further growth at the same cost. The outlook for the Russian market is stable to positive, which means that we do not project any market slumps for the future. The overall environment for the agricultural sector remains positive, both globally and especially in Russia, and offers good opportunities for growth. We are convinced that our present position and strategy will allow us to benefit from this trend."

For the second half of the year, the Management Board projects a moderate sales trend compared to the previous year and has confirmed its forecast for the full year, according to which sales revenues will be stable at between EUR 117.0 million and EUR 120.0 million and earnings before interest and taxes (EBIT) will be positive at between EUR 6.0 million and EUR 7.0 million.



The full interim report on the first six months of 2016/17 is available on the website of Ekotechnika AG at <http://www.ekotechnika.de/en/investor-relations/documents.html>.

#### **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. Its main business is in selling new equipment such as tractors and combines but also milking equipment 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 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 520 people and generates sales of EUR 117 million in 2015/2016. The Ekotechnika stock is listed on the Primärmarkt of the Düsseldorf stock market (ISIN: DE000A161234).

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