



Press Release

Geneva, 26 August 2016

ENR RUSSIA INVEST SA ANNOUNCES 2016 UNAUDITED INTERIM RESULTS AND 30 JUNE 2016 NET ASSET VALUE

For the half year ended 30 June 2016 ENR Russia Invest SA (“ENR”) and its subsidiaries made a consolidated net profit of CHF 3.17 million (consolidated net profit of CHF 0.70 million for the 2015 half year). At 30 June 2016 ENR’s consolidated net asset value (“NAV”) was CHF 44.21 million (CHF 42.18 million at 31 December 2015).

During the reporting period ENR acquired fixed income instruments issued by Russian corporates for an aggregate value of CHF 15.19 million. ENR also generated CHF 5.07 million via the sale of and the repayment of fixed income instruments during this period.

Early in 2016 there have been signs of an improvement in the Russian economy. Gross domestic product (“GDP”) has contracted by less than what was expected and estimates are that GDP growth will be -0.5% in 2016, better than the -2.5% range estimates from earlier in the year. The weaker ruble should help increase export competitiveness and this will boost net exports and accumulate reserves (in particular for export-oriented industries such as oil and gas, metals and mining and the chemical industry). Other domestic-oriented producers should also benefit where the positive effect of import substitution should be visible over time. The federal budget deficit was 4.3% of GDP in the first half of 2016 (compared to the 2016 3% target) and the deficit is financed primarily from the Reserve Fund.

Headline inflation has dropped from 12.9% in December 2015 to 7.5% in the second quarter of 2016, which allowed the Central Bank of Russia (“CBR”) to cut the key rate by 50 basis points to 10.5% in June 2016 (after holding it flat at 11% for almost ten months). The CBR expects inflation to decline to a 5% - 6% range by year-end 2016, allowing for further possible rate cuts.

Domestic demand and consumption remain weak and manufacturing growth and construction output and fixed investment is contracting. Oil and gas prices continue to be key factors to the prospects of the Russian economy where low global energy prices have a negative impact on the economy. The strong correlation between these prices and the value of the ruble remains.

ENR continues to evaluate investment opportunities, especially those at potential lower entry valuations. Potential investment opportunities relate to export orientated and import substitution businesses; companies operating in non-cyclical sectors (for example, low cost food retail and discounters, healthcare and pharmaceutical) and situations where owners invested substantial capital and current asset values are materially undervalued.

ENR's interim report for the six months ended 30 June 2016 is available from today on ENR's web site at www.enr.ch.

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ENR Russia Invest SA is an investment company listed on the SIX Swiss Exchange. It specialises in the management of equities and equity-like investments, real estate as well as fixed income instruments in Russia, other members of the Commonwealth of Independent States and the Baltic States. Additional information on ENR Russia Invest SA is available on the company website www.enr.ch