

**PRESS RELEASE**

April 19, 2016, Kyiv, Ukraine

**MHP S.A.  
Pre-close trading update for the first quarter ended 31 March 2016**

MHP S.A. (LSE: MHPC) (“MHP” or “The Company”), one of the leading agro-industrial companies in Ukraine, focusing on the production of poultry and the cultivation of grain, announces its pre-close trading update for the three months ended 31 March 2016.

**Poultry and Related Operations**

As usual, the Company’s poultry production facilities continued to operate at full capacity during the reporting period.

MHP’s overall production volumes of chicken meat in Q1 2016 increased by 11% and constituted 155,610 tonnes (Q1 2015: 140,370 tonnes), mainly due to the launch of several new rearing sites at Myronivska and Oril Leader poultry complexes, that have been working in trial mode.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Poultry** | **Q1 2016** | **Q1 2015** | *% change* |  |
| Sales volume, third parties tonnes | 117,716 | 113,640 | *4%* |  |
| Price per 1 kg net VAT, UAH | 29.60 | 25.35 | *17%* |  |

Sales of chicken meat to third parties in Q1 2016 increased by 4% and constituted 117,716 tonnes of chicken meat compared to 113,640 tonnes in Q1 2015. Domestic sales volume remained at the same level.

**Export Sales:** The Company’s continues to implement its strategy of export sales diversification. Since the beginning of 2016 MHP has been introducing its new strategy of control over export volumes, by establishing sales offices in the primary export markets. Sales offices are aimed to build local distribution networks that would build a basis for stable increasing export volumes. In Q1 2016 MHP’s exports of chicken meat constituted 31,970 tonnes, which is 23% higher than in the same period last year (Q1 2015: 26,050 tonnes). Export sales represented 27% of total poultry sales in Q1 2016.

Despite decreased exports to the CIS region by almost 30% year-over-year, during the reporting period the Company significantly increased its export sales to MENA - by around 74%, to the EU - by around 38% and by more than 4 times to Africa.

**Prices:** The average chicken meat price through the first quarter of 2016 increased by 17% to UAH 29.60 per kg (excluding VAT) compared to the same period last year and remained almost at the same level as in Q4 2015. The increase in price year-over-year is mainly driven by the increased prices on the domestic market.

**Oil Sales**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sales volume, tonnes | **Q1 2016** | **Q1 2015** | *% change* |  |
| Sunflower oil | 82,745 | 66,769 | *24%* |  |
| Soybean oil | 8,150 | n/a | *n/a* |  |

In Q1 2016, due to increased production of fodder for chicken, MHP’s sales of sunflower oil increased by 24% to 82,745 tonnes compared to 66,769 tonnes in Q1 2015.

MHP’s soybean extraction plant was launched into operations in Q3 2015. Working at 50% capacity, it covers all MHP’s needs in soybean sake for fodder production. In Q1 2016, soybean oil export sales were at 8,150 tonnes.

The Company considers vegetable oils exports as one of the “natural hedge” routes accumulating additional hard currency revenues and protecting the Company from volatilities in local currency.

**Grain growing operations**

Around 97,000 hectares of MHP’s land are under winter crops (winter wheat, rapeseeds and barley), which is around 27% of the land cultivated in the grain growing segment of the Company in 2016 (around 355,000 hectares). Currently, all crops are in good condition. As a result, MHP expects good harvest of winter crops in 2016.

MHP’s 2016 spring sowing campaign is ongoing now with no significant change in crops structure.

**Other agricultural operations**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Meat processing products** | **Q1 2016** | **Q1 2015** | *% change* |  |
| Sales volume, third parties tonnes | 8,340 | 5,280 | *58%* |  |
| Price per 1 kg net VAT, UAH | 44.91 | 39.64 | *13%* |  |

Sales volumes of sausage and cooked meat in Q1 2016 increased substantially to 8,340 tonnes compared to 5,280 tonnes in Q1 2015 as a result of a new product promotion strategy and advertisement campaign not only for the product range but also for the brand.

The average sausage and cooked meat price in Q1 2016 increased by 13% to UAH 44.91 per kg (excluding VAT) compared to UAH 39.64 in Q1 2015 mainly as a result of poultry price increase.

**Next release:** Financial results for Q1 2016 will be disclosed on **May 19, 2016.**

|  |  |
| --- | --- |
| **For investor relations and media enquiries**  Anastasiia Sobotiuk (Kyiv) | +38 044 207 00 70  [a.sobotyuk@mhp.com.ua](mailto:a.sobotyuk@mhp.com.ua) |
| **For analyst enquiries**  Iryna Bublik (Kyiv) | +38 044 207 00 04  [i.bublik@mhp.com.ua](mailto:i.bublik@mhp.com.ua) |

**Notes to Editors:**

**About MHP**

MHP is the leading producer of poultry products in Ukraine with the greatest market share and highest brand recognition for its products.  MHP owns and operates each of the key stages of chicken production processes, from feed grains and fodder production to egg hatching and grow out to processing, marketing, distribution and sales (including through MHP's franchise outlets). Vertical integration reduces MHP's dependence on suppliers and its exposure to increases in raw material prices. In addition to cost efficiency, vertical integration also allows MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products through to the point of sale. To support its sales, MHP maintains a distribution network consisting of 15 distribution and logistical centres, within major Ukrainian cities. MHP uses its trucks for the distribution of its products, which Management believes reduces overall transportation costs and delivery times.

MHP also has a leading grain cultivation business growing corn to support the vertical integration of its chicken production and increasingly other grains, such as wheat and rape, for sale to third parties. MHP leases agricultural land located primarily in the highly fertile black soil regions of Ukraine.

Since May 15, 2008, MHP has traded on the London Stock Exchange under the ticker symbol MHPC.

**Forward-Looking Statements**

This press release might contain forward-looking statements that refer to future events or forecast financial indicators for MHP S.A. Such statements do not guarantee that these are actions to be taken by MHP S.A. in the future, and estimates can be inaccurate and uncertain. Actual final indicators and results can considerably differ from those declared in any forward-looking statements. MHP S.A. does not intend to change these statements to reflect actual results.