



18 July 2018, Limassol, Cyprus

## MHP SE

### Pre-close trading update for the second quarter and six months ended 30 June 2018

MHP SE (LSE: MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, focusing primarily on the production of poultry and cultivation of grain, as well as other agricultural operations (meat processing and meat products ready for consumption) today announces its pre-close trading update for the second quarter and six months ended 30 June 2018. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

### POULTRY AND RELATED OPERATIONS

In Q2 2018, MHP has been launching the production sites of Phase 2 of the Vinnytsia Poultry Complex (‘Complex’):

- Since the end of May, two rearing sites (brigades) of the Complex were launched into operations;
- At the beginning of July, the slaughterhouse of the Complex was commissioned into operations.

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

Poultry production volumes in Q2 2018 increased by 7% to 155,725 tonnes (Q2 2017: 145,820 tonnes) and in H1 2018 increased by 7% to 307,890 tonnes (H1 2017: 287,694 tonnes), due to increased production of heavier chicken and decreased share of thinning.

Poultry	Q2 2018	Q2 2017	% change	H1 2018	H1 2017	% change
Sales volume, third parties tonnes:	153,137	157,245	-3%	288,437	283,972	2%
- Domestic	82,722	85,912	-4%	154,874	160,930	-4%
- Exports	70,145	71,332	-1%	133,564	123,042	9%

## Poultry Sales

During H1 2018 third parties sales amounted to 288,437 tonnes of poultry, which is 2% higher than in H1 2017, driven mainly by growth in exports.

During the second quarter of 2018 the volume of chicken meat exports totaled 70,145 tonnes and remained almost stable compared to the second quarter of 2017 volume - 71,332 tonnes. During the first half of 2018, poultry exports increased by 9% and reached 133,564 tonnes compared to H1 2017 (123,042 tonnes), mainly driven by the growth of exports in Q1 2018. MHP continued to follow a strategy of both geographic diversification and in a product mix optimization building-up the export volumes of chicken meat across the MENA, the EU, Africa and Asia. Total poultry exports in H1 2018 constituted around 46% vs 43% in H1 2017 of total poultry sales volumes.

## Poultry Prices

Poultry	Q2 2018	Q2 2017	%	%		
				H1 2018	H1 2017	change
Price per 1 kg net VAT	39.38	32.92	20%	39.17	32.35	21%

\* Average official FX rate for Q2 2018 UAH/US\$ 26.18 and for Q2 2017 UAH/US\$ 26.55

Average official FX rate for H1 2018 UAH/US\$ 26.75 and for H1 2017 UAH/US\$ 26.75

Through the second quarter of 2018 the average chicken meat price (both domestic and export) constituted UAH 39.38 per 1 kg of natural weight (excluding VAT), increased by 20% year-on-year and by 2% compared to Q1 2018. H1 2018 average chicken meat price was UAH 39.17, which is 21% higher than in H1 2017. The increase in price year-over-year is mainly driven by export price growth as a result of product mix optimization undertaken by the Company in line with its export strategy as well as by domestic price growth and decreasing sales of frozen chicken.

In USD term, average MHP's poultry prices in Q2 2018 increased by 22% year-on-year and in H1 2018 increased by 21% year-on-year.

## Vegetable oils

Sales volume, tonnes	Q2 2018	Q2 2017	%	%		
				H1 2018	H1 2017	change
Sunflower oil	100,598	84,880	19%	148,104	167,015	-11%
Soybean oil	13,366	6,520	105%	31,621	14,300	121%

In Q2 2018, MHP's sales of sunflower oil increased by 19% to 100,598 tonnes compared to 84,880 tonnes in Q2 2017; in H1 2018 sunflower oil exports constituted 148,104 tonnes, which is 11% lower year-over-year. The increase in volumes in the periods is driven mainly by delivery terms change from DAP to FOB since the beginning of 2018.

In Q2 2018, soybean oil exports were at 13,366 tonnes, 105% higher year-on-year, and accumulatively for the first six months of 2018– 31,621 tonnes, 121% higher year-on-year, due to low base in the relevant periods in 2017. MHP also sells soybean cake to third parties.

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

In 2018 in grain growing operations the Company is to harvest around 365,000 hectares of land.

The Company’s harvesting campaign of winter rapeseeds, barley and wheat is on track, so that around 45% of land under winter crops is harvested with good yields in line with Company’s expectations taking into account weather condition.

Spring crops (corn, soybeans and sunflower) are in good condition.

## OTHER AGRI OPERATIONS

			%			%
<b>Meat-processing products</b>	<b>Q2 2018</b>	<b>Q2 2017</b>	<i>change</i>	<b>H1 2018</b>	<b>H1 2017</b>	<i>change</i>
Sales volume, third parties tonnes	8,798	8,990	-2%	16,969	17,250	-2%
Price per 1 kg net VAT, UAH	61.09	46.26	32%	60.01	45.31	32%
			%			%
<b>Convenience food</b>	<b>Q2 2018</b>	<b>Q2 2017</b>	<i>change</i>	<b>H1 2018</b>	<b>H1 2017</b>	<i>change</i>
Sales volume, third parties tonnes	4,283	3,581	20%	8,126	5,799	40%
Price per 1 kg net VAT, UAH	44.09	45.32	-3%	45.30	43.85	3%

Sales volumes of meat-processing products (sausages and smoked meat) in H1 2018 decreased by 2% and constituted 16,969 tonnes compared to 17,250 tonnes in H1 2017. The average price in H1 2018 increased by 32% to UAH 60.01 per kg (excluding VAT) compared to UAH 45.31 in H1 2017 driven mainly by poultry price increase.

Sales volumes of convenience food in H1 2018 increased by 40% reaching 8,126 tonnes, driven mainly by introduction of a new product line (cooked and chilled). The average price in H1 2018 increased by 3% to UAH 45.30 per kg (excluding VAT).

**Next release**

The financial results for Q2 and H1 2018 will be published on **23 August 2018**. There will be a conference call for investors and analysts on the day that will take place at 4pm Kyiv time (2 pm London/5 pm Moscow). Dialing instructions for the call will be published in a due course.

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**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 11 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.