



24 January 2019, Limassol, Cyprus

MHP SE

PRE-CLOSE TRADING UPDATE FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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 fourth quarter and twelve months ended 31 December 2018. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

POULTRY AND RELATED OPERATIONS

Since Q2 2018, MHP has launched the production sites of Phase 2 of the Vinnytsia Poultry Complex ('Complex'): three rearing sites (brigades) and a slaughterhouse of the Complex, gradually increasing its capacity utilization in H2 2018.

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

Poultry production volumes in Q4 2018 increased by 13% to 159,431 tonnes (Q4 2017: 141,544 tonnes) and in 12M 2018 increased by 9% to 617,943 tonnes (12M 2017: 566,242 tonnes) due to increased production of heavier chicken and decreased share of thinning as well as due the launch of new rearing sites of Phase 2.

Poultry	Q4 2018	Q4 2017	% change	12M 2018	12M 2017	% change
Sales volume, third parties tonnes:	144,183	113,746	27%	593,527	532,727	11%
- Domestic	71,253	68,704	4%	306,680	311,743	-2%
- Export	72,929	45,042	62%	286,846	220,983	30%

Annual sales of chicken meat increased by 11% to 593,527 tonnes in line with marketing and growth strategy of exports. Annual poultry sales on the domestic market (both fresh and frozen) remained relatively stable year-on-year.

Poultry Exports

In Q4 2018 the volume of chicken meat exports increased by 62% to 72,929 tonnes and 12M 2018 increased by 30% to 286,846 tonnes year-on-year, following the strategy of increasing export sales in general and

driven by significant exports in H2 2018 in particular, mainly to KSA, Slovakia, Iraq and the Netherlands. MHP continued to follow a strategy of both geographic diversification and a product mix optimization building-up its export volumes of chicken meat mainly in the EU and MENA countries. Out of total poultry sales volumes, poultry exports in 12M 2018 constituted around 48% vs 41% in 12M 2017.

The Dutch and Slovakian processing plants and sales/distribution office in the UAE have been performing in accordance with expectations and their business plans.

Poultry Prices

Poultry	Q4 2018	Q4 2017	% change	12M 2018	12M 2017	% change
Price per 1 kg net VAT	40.56	40.71	0%	39.86	35.63	12%

* Average official FX rate for Q4 2018 UAH/US\$ 27.95 and for Q4 2017 UAH/US\$ 26.96
Average official FX rate for 12M 2018 UAH/US\$ 27.20 and for 12M 2017 UAH/US\$ 26.59

Through the fourth quarter of 2018 the average chicken meat price (mixed domestic and export) remained relatively stable and constituted UAH 40.56 per 1 kg of natural weight (excluding VAT). In 12M 2018 average chicken meat price increased 12% year-on-year to UAH 39.86. 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 an increase in fresh poultry prices in Ukraine.

In USD term, average MHP's poultry prices in Q4 2018 decreased by 5% year-on-year and in 12M 2018 increased by 9% year-on-year.

Vegetable Oils

Sales volume, tonnes	Q4 2018	Q4 2017	% change	12M 2018	12M 2017	% change
Sunflower oil	74,108	67,569	10%	315,079	311,393	1%
Soybean oil	12,268	4,755	158%	50,044	27,282	83%

In Q4 2018, MHP's sales of sunflower oil increased by 10% year-on-year to 74,108 tonnes. In 12M 2018 sunflower oil exports remained stable year-on-year and constituted 315,079 tonnes as a result of delivery terms change and increased stocks of sunflower oil, which will be sold in Q1 2019.

In Q4 2018, soybean oil export sales increased by 158% year-on-year to 12,268 tonnes, and accumulatively for 12M 2018 increased by 83% to 50,044 tonnes, partially as a result of the push back of the contract for approx. 6,000 tonnes of oil to January 2018 from Q4 2017 and low base in 12M 2017.

MHP also sells soybean cake to third parties.

Using internally produced sunflower and soybean meals as a key component of fodder, 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 harvested around 363,000 hectares of land and gathered 2,654,622 tonnes of crops, which is around 33% higher than in 2017 mainly due to strong and MHP's historically record harvest of corn.

MHP has around 94,000 ha under winter crops, of which around 50% is sowed with winter wheat and 41% with winter rapeseeds. All winter crops are in good conditions.

	2018		2017	
	Production, tons	Cropped hectares	Production, tons	Cropped hectares
Corn	1,344,547	123,398	893,149	121,908
Wheat	295,640	48,379	293,765	48,676
Sunflower	235,245	72,981	205,079	68,931
Rapeseed	125,346	38,541	104,782	31,968
Soya	114,322	37,558	82,793	39,684
Other ^[1]	539,322	41,964	419,527	44,913
Total:	2,654,622	362,820	1,999,095	356,080

^[1] Including barley, rye, sugar beet, sorghum and other crops and excluding land left fallow as part of crop rotation.

	2018		2017	
	MHP's average*	Ukraine's average**	MHP's average*	Ukraine's average**
Corn	10.9	7.8	7.3	4.9
Wheat	6.1	3.7	6.0	4.2
Sunflower	3.2	2.3	3.0	2.1
Rapeseed	3.3	2.7	3.3	2.9
Soya	3.1	2.6	2.1	1.9

* - Tonnes per hectare

** - MHP yields are net weight, Ukraine – bunker weight

OTHER AGRI OPERATIONS

	Q4 2018	Q4 2017*	% change	12 M 2018	12 M 2017*	% change
Meat processing products						
Sales volume, tonnes	7,978	8,417	-5%	33,975	33,823	0%
Price per 1 kg net VAT	66.25	58.01	14%	62.22	51.97	20%

	Q4 2018	Q4 2017	% change	12M 2018	12M 2017	% change
Convenience food						
Sales volume, tonnes	4,887	4,247	15%	17,997	14,240	26%
Price per 1 kg net VAT	41.20	39.77	4%	42.53	39.68	7%

*- Since Q4 and 12M 2017 and going forward results do not include by-products of meat processing.

In 12M 2018 meat processing products sales volumes remained stable and constituted 33,975 tonnes, while price increase by 20% year-on-year to UAH 62.22 per 1 kg net VAT driven mainly by poultry price increase.

In 12M 2018 convenience food sales volumes increased by 26% to 17,997 tonnes with price increase by 7% year-on-year to UAH 42.53 per 1 kg net VAT.

NEXT RELEASE

The financial results for Q4 and 12M 2018 will be published on **20 March 2019**. 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 SE. Such statements do not guarantee that these are actions to be taken by MHP SE 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 SE does not intend to change these statements to reflect actual results.