



21 October 2020, Limassol, Cyprus

MHP SE

Pre-close trading update for the third quarter and nine months ended 30 September 2020

MHP SE (LSE: MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its pre-close trading update for the third quarter and nine months ended 30 September 2020. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

MHP’s operational results of Perutnina Ptuj (PP) are included into the results of activities and are shown separately (European operating segment).

POULTRY AND RELATED OPERATIONS (w/o PP)

After temporary decrease in capacity utilization of poultry production complexes (by approximately 10% since February until the end of March 2020 because of the avian influenza in Ukraine in Q1 2020), since the beginning of April, all Company’s poultry production facilities continued to operate at full capacity again.

Poultry production volumes in Q3 2020 remained relatively stable, decreased by 3%, constituting 181,661 tonnes (Q3 2019: 186,555 tonnes) mainly due to increased share of small birds production (dedicated to MENA region predominantly). In 9M 2020 poultry production volumes were relatively stable and constituted 541,592 tonnes (9M 2019: 540,133 tonnes).

Poultry Sales & Prices

During 9M 2020 third parties sales amounted to 523,759 tonnes of poultry, which is 2% higher than in 9M 2019, driven mainly by substantial increase in exports in Q3 2020 – 37% year-on-year to 108,472 tonnes due to the increased sales to MENA region predominantly as well as to Africa and CIS.

Overall chicken meat sales volumes in Q3 2020 increased by 18% compared to Q3 2019 and by 14% compared to Q2 2020, driven mainly by the Company’s strategy to decrease its poultry stocks accumulated during the preceding periods – in late 2019 and 2020.

Notwithstanding the turbulent times, MHP continued to follow its strategies of both geographic diversification and of a product mix optimization developing partnerships across the MENA, CIS, EU and Africa countries. Total poultry exports in 9M 2020 constituted around 53%, same as in 9M 2019, of total poultry sales volumes.

Poultry	Q3 2019	Q3 2020	% change	9M 2019	9M 2020	% change
Sales volume, third parties, tonnes:	165,963	195,119	18%	511,241	523,759	2%
- Sales in Ukraine	86,775	86,647	0%	241,569	244,735	1%
- Export Sales	79,189	108,472	37%	269,673	279,025	3%
- Average price per 1 kg net of VAT, UAH	38.58	37.56	-3%	39.19	35.45	-10%
- Average price per 1 kg net of VAT, USD*	1.53	1.36	-11%	1.48	1.34	-9%
- Price per 1 kg net of VAT, UAH (Ukraine)	38.48	35.70	-7%	37.58	33.39	-11%
- Price per 1 kg net of VAT, USD (export)	1.53	1.41	-8%	1.54	1.40	-9%

* Average official FX rate for Q3 2019 UAH/US\$ 26.26 and for Q3 2020 UAH/US\$ 27.60

Average official FX rate for 9M 2019 UAH/US\$ 26.37 and for 9M 2020 UAH/US\$ 26.53

Through the third quarter of 2020 the average chicken meat price (both domestic and export) constituted UAH 37.56 (US\$ 1.36) per 1 kg of natural weight (excluding VAT) and decreased by 3% in UAH terms (11% in USD) year-on-year mainly driven by negative price dynamic for animal proteins in different parts of the world, especially in the EU (weaker prices on fillet in the EU) and chicken quarters worldwide, and challenging market environment on the domestic market.

9M 2020 average chicken meat price was UAH 35.45 (US\$ 1.34), which is 10% lower in UAH terms (9% in USD) compared with chicken price in 9M 2019, mainly driven by the product mix change during H1 2020 (significant decrease in sales of fillet to the EU and increased sales to MENA) and weaker prices on breast fillet in EU as many global competitors experienced reduced demand, which resulted in excess stocks. Prices on the domestic market decreased by 11% year-on-year, mainly for the same reasons as export prices as well as a higher proportion of lower-priced frozen chicken sales in Ukraine.

Vegetable oils

	Q3 2019	Q3 2020	% change	9M 2019	9M 2020	% change
Sales volume, tonnes						
Sunflower oil	83,975	84,877	0%	271,462	248,233	-9%
Soybean oil	15,758	11,511	-27%	40,007	33,121	-17%

In Q3 2020, MHP's sales of sunflower oil remained stable and resulted in 84,877 tonnes compared to 83,975 tonnes in Q3 2019. In 9M 2020 sunflower oil exports constituted 248,233 tonnes, which is 9% lower year-over-year, mainly driven by a decrease in production of oil as a result of decreased production of fodder and share of sunflower cake in fodder and partially as a result of delivery terms change from DAP to FOB.

In Q3 2020, soybean oil exports were at 11,511 tonnes, 27% lower year-on-year and in 9M 2020 were at 33,121 tonnes, 17% lower year-on-year, mainly as a result of decreased production of fodder and share of soya cake in fodder as well as ceased production/sales of soya cake to third parties and partially as a result of delivery terms change from DAP to FOB.

GRAIN GROWING OPERATIONS

In 2020 in grain growing operations the Company is to harvest around 360,000 hectares of land.

The Company's harvesting campaign of sunflower, corn and soya is on track. As of today, MHP's harvesting campaign of sunflower is almost complete with expected yield of 2.9 t/ha, around 40% of corn is harvested with expected yield of 5.9 t/ha and around 60% of soya is harvested with expected yield of 2.4 t/ha (yields are in net weight).

Sowing campaign of winter crops is almost complete on around 65,830 ha of land (around 64% of land is under winter wheat, around 33% of land is under winter rapeseed).

	2020		2019	
	Production, tons	Cropped hectares	Production, tonnes	Cropped hectares
Corn	915,095***	155,121	1,312,416	140,221
Wheat	207,949	40,827	300,396	46,797
Sunflower	269,521***	93,920	237,755	65,447
Rapeseed	80,450	30,813	122,597	41,233
Soya	47,289***	19,423	102,418	38,197
Other ⁽¹⁾	260,412***	16,282	332,007	27,581
Total:	1,780,717	356,387	2,407,589	359,476

⁽¹⁾ Including barley, rye, sugar beet, sorghum and other and excluding land left fallow as part of crop rotation

	2020**		2019	
	MHP's average*	Ukraine's average	MHP's average*	Ukraine's average*
Corn	5.9***	4.0	9.4	7.2
Wheat	5.1	3.9	6.4	4.2
Sunflower	2.9***	2.0	3.6	2.6
Rapeseed	2.6	2.4	3.0	2.6
Soya	2.4***	1.9	2.7	2.3

* - Tonnes per hectare

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

*** - MHP's forecast

OTHER AGRI OPERATIONS

Meat processing products	Q3 2019	Q3 2020	%			
			<i>change</i>	9M 2019	9M 2020	<i>% change</i>
Sales volume, third parties tonnes	10,152	8,870	-13%	26,775	25,392	-5%
Price per 1 kg net VAT, UAH	67.33	72.14	7%	66.81	70.74	6%

Convenience food	Q3 2019	Q3 2020	%			
			<i>change</i>	9M 2019	9M 2020	<i>% change</i>
Sales volume, third parties tonnes	5,605	6,054	8%	14,072	14,591	4%
Price per 1 kg net VAT, UAH	38.59	40.81	6%	40.62	40.28	-1%

Sales volumes of meat-processing products (sausages and smoked meat) in 9M 2020 decreased by 5% to 25,392 tonnes, mainly driven by 13% decreased sales volume in Q3 2020 year-on-year as a result of challenging environment in HoReCa and open market trade as well as more rational consumers' shopping behavior. At the same time the average price in 9M 2020 increased by 6% to UAH 70.74 per kg (excluding VAT) year-on-year.

Sales volumes of convenience food in 9M 2020 increased by 4% and reached 14,591 tonnes. The average price in 9M 2020 remained relatively stable at UAH 40.28 per kg (excluding VAT).

EUROPEAN OPERATING SEGMENT

Poultry	Q3 2019	Q3 2020	%			
			<i>change</i>	9M 2019*	9M 2020	<i>% change</i>
Sales volume, third parties tonnes	15,916	16,804	6%	31,038	47,842	54%
Price per 1 kg net VAT, EUR	2.63	2.48	-6%	2.53	2.52	-1%

*-results of PP from 21 February 2019 when the acquisition was completed. NOTE: 9M 2019 poultry (if calculated since 01 January 2019) sales were at 45,710 tonnes.

Following PP strategy of poultry production growth and increasing several facilities' capacity utilization in Serbia and Croatia, in Q3 2020 PP's poultry production facilities produced 27,615 tonnes of chicken and turkey meat (9% more than in Q3 2019), while poultry sales constituted 16,804 tonnes. In 9M 2020 PP's poultry production facilities produced 77,574 tonnes of chicken and turkey meat (54% more than in 9M 2019*), while poultry sales constituted 47,842 tonnes.

Meat processing products*	Q3 2019	Q3 2020	%			
			<i>change</i>	9M 2019**	9M 2020	<i>% change</i>
Sales volume, third parties tonnes	9,927	10,218	3%	17,498	28,853	65%
Price per 1 kg net VAT, EUR	2.69	2.69	0%	2.72	2.71	0%

*-includes sausages and convenience foods

**-results of PP from 21 February 2019 when the acquisition was completed. NOTE: 9M 2019 meat processing products sales (if calculated since 01 January 2019) were at 26,268 tonnes.

In Q3 2020 PP's meat-processing (including sausages, convenience foods) facilities produced 10,299 tonnes, while sales constituted 10,218 tonnes. In 9M 2020 PP's meat-processing facilities produced 29,221 tonnes of meat-processing products, while sales constituted 28,853 tonnes. Prices remained stable in both periods compared to the same periods in 2019.

Next release

The financial results for Q3 and 9M 2020 will be published on **18 November 2020**. There will be a conference call for investors and analysts on the day that will take place at 4pm Kyiv time (2 pm London/4 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 not only in Ukraine, but also in the Balkans (Perutnina Ptuj Group).

Ukraine: MHP has the greatest market share (over 30% of poultry consumption) 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). Complete vertical integration practically eliminates MHP's exposure to raw material price fluctuations since its grain production exceeds internal consumption requirements, allowing the Company to be an important participant in the international commodity trade. In addition to cost efficiency, vertical integration also enables MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products all the way to the point of sale. To support its sales, MHP maintains a distribution network consisting of nine distribution and logistical centers within major Ukrainian cities. MHP uses its own truck fleet to distribute its products, reducing overall transportation costs and delivery times.

MHP also has a leading grain cultivation business growing corn, soya and sunflower 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.

The Balkans: Perutnina Ptuj (PP) is a leading poultry and meat-processing producer in the Balkans, with production sites in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and

Herzegovina. PP owns distribution companies in Austria, Macedonia and Romania and supplies products to fifteen countries in Europe. PP is vertically integrated across all states of chicken meat production - feed, hatching eggs production and hatching, breeding, slaughtering, sausage production and further poultry processing.
MHP trades 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.