



24 March 2021, Limassol, Cyprus

MHP SE

Financial Results for the Fourth Quarter and Twelve Months Ended 31 December 2020

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its results for the fourth quarter and twelve months ended 31 December 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).

OPERATIONAL HIGHLIGHTS

Q4 2020

- Poultry production volumes for MHP excluding PP reached 189,687* tonnes, remaining stable year-on-year (Q4 2019: 188,784 tonnes). Poultry production volumes of the European Operating Segment (PP) in Q4 2020 amounted to 24,583 tonnes (Q4 2019: 23,766 tonnes).
- The average chicken meat price decreased by 5% year-on-year to USD 1.36 per kg (Q4 2019: USD 1.43 per kg) (excluding VAT). The average price of chicken meat produced by PP decreased from EUR 2.66 to EUR 2.48 per kg.
- Chicken meat exports from Ukraine totaled 94,709 tonnes (excluding PP’s 4,083 tonnes) increased by 8% (Q4 2019: 87,651 tonnes and 3,752 tonnes for PP).

12M 2020

- Poultry production volumes remained stable at 731,279* tonnes (12M 2019: 728,917 tonnes). Poultry production volumes of European operating segment were up 48% to 102,157 tonnes (2019: 69,053 tonnes).
- The average chicken meat price decreased by 9% year-on-year to USD 1.34 per kg (12M 2019: USD 1.47 per kg) (excluding VAT). The average price of chicken meat produced by PP was EUR 2.52 per kg.
- Chicken meat exports from Ukraine increased by 5% year-on-year to 373,734 tonnes (excluding PP’s 17,001 tonnes (12M 2019: 13,881 tonnes)).

*- production volume of chicken meat only without by-products

FINANCIAL HIGHLIGHTS

Q4 2020

- Revenue of US\$ 497 million, a decrease of 10% year-on-year (Q4 2019: US\$ 551 million).
- Export revenue amounted to US\$ 255 million, 51% of total revenue (Q4 2019: US\$ 316 million, 57% of total revenue).
- Operating profit increase to US\$ 7 million from loss of US\$ 2 million; operating margin increased from 0% to 1%.
- Adjusted EBITDA margin (net of IFRS 16) remained the same at 8%; adjusted EBITDA (net of IFRS 16) of US\$ 38 million was down 12% year-on-year (Q4 2019: US\$ 43 million).
- Net loss for the period was US\$ 24 million (Q4 2019: US\$ 60 million of loss).

12M 2020

- Revenue of US\$ 1,911 million, a decrease of 7% year-on-year (12M 2019: US\$ 2,056 million) mainly driven by a decrease in the sale of grain.
- Export revenue amounted to US\$ 1,016 million, 53% of total revenue (12M 2019: US\$ 1,186 million, 58% of total revenue), down 14% year-on-year. The situation in export markets deteriorated significantly due to several outbreaks of avian influenza at the beginning and at the end of the year 2020 and the adverse effect of the COVID-19 pandemic throughout the year.
- Operating profit of US\$ 201 million, down 7% year-on-year from US\$ 216 million operating margin remained stable at 11%.
- Adjusted EBITDA margin (net of IFRS 16) remained the same 18%; adjusted EBITDA (net of IFRS 16) decreased to US\$ 340 million (12M 2019: US\$ 376 million) driven mainly by a decrease in the Poultry and related operations segment, partly offset by an increase in the Grain the growing segment and European operating segments.
- Net loss for the period was US\$ 133 million, compared to profit of US\$ 215 million for 12M 2019 primarily due to US\$ 204 million of non-cash foreign exchange loss in 12M 2020, reflecting a 16% weakening in the Ukraine Hryvnia/US Dollar exchange rate, compared to a gain of US\$ 185 million in 12M 2019. Net profit before foreign exchange differences was US\$ 71 million, 137% higher than US\$ 30 million for 12M 2019.

FINANCIAL OVERVIEW

<i>(in mln. US\$, unless indicated otherwise)</i>	Q4 2020	Q4 2019 ¹⁾	% change ²⁾	12M 2020	12M 2019 ¹⁾	% change ²⁾
Revenue	497	551	-10%	1,911	2,056	-7%
IAS 41 standard gains/(losses)	1	(58)	-102%	31	(40)	-178%
Gross profit	75	52	44%	398	398	0%
Gross profit margin	15%	9%	6 pps	21%	19%	2 pps
Operating profit/(loss)	7	(2)	450%	201	216	-7%
Operating profit margin	1%	0%	1 pps	11%	11%	0 pps
Adjusted EBITDA	63	70	-10%	395	427	-7%
Adjusted EBITDA margin	13%	13%	0 pps	21%	21%	0 pps
Adjusted EBITDA (net of IFRS 16)	38	43	-12%	340	376	-10%
Adjusted EBITDA margin (net of IFRS 16)	8%	8%	0 pps	18%	18%	0 pps
Net profit/(loss) before foreign exchange differences	(11)	(63)	-83%	71	30	137%
Net profit/(loss) margin before forex	-2%	-11%	9 pps	4%	1%	3 pps
Foreign exchange gain/(loss)	(13)	3	-533%	(204)	185	-210%
Net profit (loss)	(24)	(60)	-60%	(133)	215	-162%
Net profit (loss) margin	-5%	-11%	6 pps	-7%	10%	-17 pps

¹⁾ Information for the Q4 2019 and for the year ended 31 December 2019 is presented excluding results of discontinued operation, which is presented as a single amount as loss after tax from discontinued operations

²⁾ pps – percentage points

Average official FX rate for Q4: UAH/US\$ 28.2678 in 2020 and UAH/US\$ 24.2606 in 2019.

Average official FX rate for 12 months: UAH/US\$ 26.9639 in 2020 and UAH/US\$ 25.8373 in 2019.

Founder and Chief Executive Officer, Yuriy Kosyuk, commented:

First and foremost, I want to express my gratitude to our people for their tremendous efforts and for the commitment they have demonstrated this year; the COVID-19 Pandemic is a 'black swan' event and I am proud of the way our employees have not only adapted to the considerable challenges but also increased their resilience, emerging stronger and with energy and confidence for the future.

2020 proved to be at least as challenging as 2019; yet crises also present opportunities. During the year we have continued to improve the efficiency of our business processes at the same time as the group was following a strategy to transform from a raw material company to a sustainable culinary company, launching a number of pilot projects during 2020.

Last year I reported on the strategic shift towards more customer-centric, value-added primary and further-processed products for the Ukraine domestic market and some export markets. This strategic shift resulted in a launch of a number of pilot projects for the culinary transformation of the Company including "Meat Market" convenience stores and "DönerMarket" houses. These offerings are at an early pilot stage and I look forward to updating you on progress in due course as this model is rolled-out more extensively over the next several years, transforming the Group's sales from a commodity production base to a branded value-added base.

Despite the significant challenges presented during the year, the Group continued to successfully execute upon its strategy and its financial performance was sustainable. Taking into account all challenges of 2020 – several outbreaks of AI, COVID-19 Pandemic, terrible weather conditions in Ukraine - Group's adjusted EBITDA decreased by only 10% year-on-year to US\$ 340 million.

The successful integration of Perutnina Ptuj ("PP") continued, with PP contributing US\$ 335 million to Group revenue in 2020. A number of strategic cost optimisation initiatives were implemented and significant

modernisation investments were deployed focussing on: increasing capacity; improving working conditions; and improving animal welfare and wastewater treatment standards in Slovenia, Bosnia and Herzegovina.

NOTE: full version of the CEO's Statement can be found in [the 2020 Annual Report](#).

MHP's management will host a conference call for investors and analysts followed by Q&A on the day of the results.

The dial-in details are:

Time:	14.00 London / 16.00 Kyiv / 09.00 New York
Title:	Financial results for Q4 and 12M 2020
International/UK Dial in:	+44 203 984 9844
Ukraine:	+380 89 324 0624
USA free call:	+1 718 866 4614
Participant PIN code	645982

In order to follow the presentation together with the management, please use the following link:

<https://mm.closir.com/slides?id=645982>

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Segment Performance

Poultry and related operations segment

	Q4 2020	Q4 2019	% change	12M 2020	12M 2019	% change
Poultry						
Sales volume, third parties tonnes	174,260	158,624	10%	698,020	669,865	4%
Domestic sales volume, third parties tonnes	79,551	70,973	12%	324,286	312,541	4%
Export sales volume, third parties tonnes	94,709	87,651	8%	373,734	357,324	5%
Price per 1 kg net of VAT, USD	1.36	1.43	-5%	1.34	1.47	-9%
Average price per 1 kg net of VAT, UAH (Ukraine)	37.12	37.17	0%	34.57	37.49	-8%
Average price per 1 kg net of VAT, USD (Ukraine)	1.31	1.53	-14%	1.28	1.45	-12%
Average price per 1 kg net of VAT, US\$ (export)	1.37	1.35	2%	1.40	1.49	-6%
Sunflower oil						
Sales volume, third parties tonnes	82,590	112,688	-27%	330,823	384,150	-14%
Soybeans oil						
Sales volume, third parties tonnes	7,783	11,764	-34%	40,904	51,771	-21%

Chicken meat

The aggregate volume of chicken meat sold to third parties increased by 10% in Q4 2020 and during 12M 2020 increased by 4% following the strategy to decrease poultry stocks accumulated during the preceding periods, mainly due to the increased sales predominantly to MENA region as well as to Africa and Asia.

Through the 12M 2020 the average export chicken meat price was USD 1.40, 6% lower compared 12M 2019 mainly driven by weaker prices on fillet particularly in the EU as many global competitors experienced reduced demand, which resulted in significant excess stocks, however, balanced with a change in product mix to higher priced SKUs with an increase in sales to MENA (breast fillets and small whole birds mainly). Average poultry price on the domestic market decreased by 8% year-on-year mainly driven by significant excess stocks in Ukraine as well as a higher proportion of lower-priced frozen chicken sales in Ukraine. In the Q4 2020, the average meat price remained relatively stable compared to Q4 2019.

Vegetable oil

During 12M 2020 MHP's sales of sunflower oil have decreased by 14% compared to 12M 2019 and amounted 330,823 tonnes, 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.

Sales of soybeans oil have decreased by 21% during 12M 2020 to 40,904 tonnes, mainly as a result of decreased production of fodder and share of soya cake in fodder and partially as a result of delivery terms change from DAP to FOB.

Poultry and Related Operations segment - financial results and trends

<i>(in mln. US\$, unless indicated otherwise)</i>	Q4 2020	Q4 2019	% change*	12M 2020	12M 2019	% change*
Revenue	328	337	-3%	1,298	1,368	-5%
- Poultry and other	255	250	2%	1,022	1,073	-5%
- Vegetable oil	73	87	-16%	276	295	-6%
IAS 41 standard gains/(losses)	(6)	(3)	-100%	(17)	9	-289%
Gross profit	15	45	-67%	191	273	-30%
<i>Gross margin</i>	5%	13%	-8 pps	15%	20%	-5 pps
Adjusted EBITDA	14	43	-67%	194	281	-31%
<i>Adjusted EBITDA margin</i>	4%	13%	-9 pps	15%	21%	-6 pps
<i>Adjusted EBITDA per 1 kg (net of IAS 41)</i>	0.11	0.29	-62%	0.30	0.41	-27%

* pps – percentage points

During 12M 2020 revenue of the segment decreased by 5% year-on-year driven mostly by a decreased price of chicken meat and a decreased sales volume of vegetable oil, partly offset by an increase in sales volume of chicken meat.

IAS 41 standard gain/(loss) reflects net change in fair value of biological assets and agricultural produce. IAS 41 standard loss during 12M 2020 amounted to US\$ 17 million mainly as a result of an increase of poultry cost in Q4 2020 due to higher grain prices compared to last year.

The gross profit of the segment for 12M 2020 decreased by 30% year-on-year driven by lower prices of chicken meat. Decrease of gross profit in Q4 2020 by 67% mainly related to an increase of poultry cost due to a significant increase in grain prices harvested in 2020.

During 12M 2020, adjusted EBITDA decreased by 31% in line with a decrease in gross profit.

Grain Growing segment

In 2020 MHP harvested 356,000 hectares of land in Ukraine and gathered around 1.71 million tonnes of crops, 29% less compared to 2019 mainly due to unusually hot and arid weather conditions in the final weeks of the growing season, particularly in the central regions of Ukraine (Cherkassy and Vinnytsa regions). However, MHP's average yields remain well above the average for Ukraine for almost all crops due to operational efficiency and employment of best practices.

	2020 ^[1]		2019 ^[1]	
	Production volume	Cropped land	Production volume	Cropped land
	<i>in tonnes</i>	<i>in hectares</i>	<i>in tonnes</i>	<i>in hectares</i>
Corn	864,537	155,094	1,312,416	140,221
Wheat	208,143	40,827	300,396	46,797
Sunflower	261,886	93,713	237,755	65,447
Rapeseed	80,708	30,857	122,597	41,233
Soya	43,192	19,118	102,418	38,197
Other ^[2]	248,476	16,437	332,007	27,581
Total	1,706,942	356,046	2,407,589	359,476

^[1] Only land of grain growing segment;

^[2] Including barley, rye, sugar beet, sorghum and other and excluding land left fallow as part of crop rotation;

	2020		2019	
	MHP's average ^[1]	Ukraine's average ^[1]	MHP's average ^[1]	Ukraine's average ^[1]
	tonnes per hectare		tonnes per hectare	
Corn	5.6	5.4	9.4	7.1
Wheat	5.1	3.7	6.4	4.3
Sunflower	2.8	2.0	3.6	2.6
Rapeseed	2.6	2.2	3.0	2.6
Soya	2.3	2.0	2.7	2.3

^[1] MHP yields are net weight, Ukraine yields are bunker weight.

(in mln. US unless indicated otherwise)	12M 2020	12M 2019	% change
Revenue	134	268	-50%
IAS 41 standard gains/(losses)	46	(50)	192%
Gross profit	94	29	224%
Adjusted EBITDA	150	109	38%
Adjusted EBITDA (net of IFRS 16)	97	60	62%
Adjusted EBITDA (net of IFRS 16) per 1 hectare	272	167	63%

Segment's revenue for 12M 2020 amounted to US\$ 134 million compared to US\$ 268 million in 12M 2019. The decrease in revenue was mainly attributable to the lower volumes of crops sold in 2020 as a result of the weaker harvest in 2020 compared to 2019.

The IAS 41 standard gain for 12M 2020 amounted to US\$ 46 million. The gain was primarily driven by substantial increase in prices of crops (especially corn). IAS 41 standard loss for 12M 2019 was primarily driven by substantial decreases in prices of crops (especially corn) as well as decrease of crops in stock in 2019.

12M 2020 adjusted EBITDA (net of IFRS 16) of the segment increased by 62% year-on-year, mainly due to an increase in grain prices, partly offset by the weaker harvest in 2020 compared to 2019.

Meat processing and other agricultural operations segment

Meat processing products	Q4 2020	Q4 2019	% change	12M 2020	12M 2019	% change
	Sales volume, third parties tonnes	7,234	8,699	-17%	32,626	35,544
Price per 1 kg net VAT, UAH	74.72	69.67	7%	70.78	67.34	5%

In Q4 2020 and during 12M 2020 sales of processed meat products decreased by 17% and 8% and amounted to 7,234 tonnes and 32,626 tonnes, respectively as a result of challenging environment in HoReCa and open market trade caused by the COVID-19 lockdowns. The average price of processed meat increased by 5% year-over-year to UAH 70.78 per kg in 12M 2020.

Convenience food	Q4 2020	Q4 2019	% change	12M 2020	12M 2019	% change
	Sales volume, third parties tonnes	5,314	5,179	3%	19,905	19,251
Price per 1 kg net VAT, UAH	46.45	41.94	11%	39.94	40.97	-3%

Sales volumes of convenience food in 12M 2020 increased by 3% to 19,905 tonnes. The average price in 12M 2020 decreased by 3% to 39.94 UAH per kg (excluding VAT).

<i>(in mln. US\$, except margin data)</i>	Q4 2020	Q4 2019	% change	12M 2020	12M 2019	% change
Revenue	38	42	-10%	144	149	-3%
- Meat processing	29	32	-9%	114	118	-3%
- Other*	9	10	-10%	30	31	-3%
IAS 41 standard gains	-	3	-100%	-	2	-100%
Gross profit	5	9	-44%	19	19	0%
Gross margin	13%	21%	-8 pps	13%	13%	0 pps
Adjusted EBITDA	5	8	-38%	20	20	0%
Adjusted EBITDA margin	13%	19%	-6 pps	14%	13%	1 pps

* includes, milk, cattle and feed grains.

Segment revenue for 12M 2020 decreased by 3% year-on-year, mainly due to decrease in volume of meat processing products partly offset by an increase in price and amounted to US\$ 144 million.

The segment's adjusted EBITDA remained at the same level of US\$ 20 million in both years.

European operating segment (PP)

Poultry	Q4 2020	Q4 2019	% change	12M 2020	12M 2019 1)	% change
Sales volume, third parties, tonnes	15,165	14,162	7%	63,007	51,157	23%
Price per 1 kg net VAT, EUR	2.48	2.66	-6%	2.52	2.63	-4%

1) results of PPJ from 21 February 2019 when the acquisition was completed

In Q4 2020 poultry sales of the Europe operating segment were 15,165 tonnes, 7% higher compared to Q4 2019 driven by an increasing several facilities' capacity utilization in Serbia and Croatia. The average price in Q4 2020 decreased by 6% to EUR 2.48. In 12M 2020 sales amounted to 63,007 tonnes with an average price of EUR 2.52.

Meat processing products 1)	Q4 2020	Q4 2019	% change	12M 2020	12M 2019 2)	% change
Sales volume, third parties, tonnes	9,918	9,242	7%	38,771	30,254	28%
Price per 1 kg net VAT, EUR	2.75	2.76	0%	2.72	2.70	1%

1) includes sausages and convenience foods

2) results of PPJ from 21 February 2019 when the acquisition was completed

In Q4 2020 meat processing sales of the European operating segment were 9,918 tonnes, 7% higher compared to Q4 2019. The average price in Q4 2020 remained relatively stable and amounted to EUR 2.75. In 12M 2020 sales amounted to 38,771 tonnes with an average price of EUR 2.72.

The overall management strategy is to optimize the use of the production facilities and thus reduce the production costs.

<i>(in mln. US\$, except margin data)</i>	Q4 2020	Q4 2019	% change	12M 2020	12M 2019¹⁾	% change
Revenue	87	78	12%	335	271	24%
IAS 41 standard gain/(loss)	-	-	0%	1	-	100%
Gross profit	22	21	5%	93	77	21%
<i>Gross margin</i>	<i>25%</i>	<i>27%</i>	<i>-2 pps</i>	<i>28%</i>	<i>28%</i>	<i>0 pps</i>
Adjusted EBITDA	15	15	0%	55	44	25%
<i>Adjusted EBITDA margin</i>	<i>17%</i>	<i>19%</i>	<i>-2 pps</i>	<i>16%</i>	<i>16%</i>	<i>0 pps</i>
Adjusted EBITDA (net of IFRS 16)	15	15	0%	53	42	26%
<i>Adjusted EBITDA margin (net of IFRS 16)</i>	<i>17%</i>	<i>19%</i>	<i>-2 pps</i>	<i>16%</i>	<i>15%</i>	<i>1 pps</i>

¹⁾ results of PPJ from 21 February 2019 when the acquisition was completed

European operating segment's revenue in Q4 2020 amounted to US\$ 87 million, and US\$ 335 million in 12M 2020. Adjusted EBITDA (net of IFRS 16) reached US\$ 15 million for the quarter and US\$ 53 million for 12M 2020, respectively. Adjusted EBITDA margin (net of IFRS 16) was 17% for Q4 2020 and 16% 12M 2020.

Current Group financial position and cash flow

<i>(in mln. US\$)</i>	Q4 2020	Q4 2019	12M 2020	12M 2019
Cash from operations	29	70	225	310
Change in working capital	(96)	112	(154)	192
Net Cash from operating activities	(67)	182	71	502
Cash used in investing activities	(34)	(28)	(129)	(333)
Net cash outflow on acquisition of subsidiaries	-	-	-	(206)
Net cash inflow from disposal of subsidiaries	-	-	-	-
CAPEX¹⁾	(21)	(17)	(79)	(113)
Cash used in financing activities	10	(104)	(21)	37
<i>Dividends</i>	<i>-</i>	<i>-</i>	<i>(31)</i>	<i>(85)</i>
Total financial activities	10	(104)	(52)	(48)
Total change in cash²⁾	(91)	50	(110)	121

¹⁾ Calculated as cash used for Purchases of property, plant and equipment plus cash used for purchases of other non-current assets.

²⁾ Calculated as Net Cash from operating activities plus Cash used in investing activities plus Total financial activities

Cash flow from operations before changes in working capital for 12M 2020 amounted to US \$ 225 million (12M 2019: US\$ 310 million).

The change in working capital during 12M 2020 compared to 12M 2019 is mostly related to higher investments in the stock of crops designated for internal use as of 31 December 2020 compared to 31 December 2019, mainly due to increase of grain price in Q4 2020. This effect was compounded by an increase in amounts of VAT receivable that will be reimbursed in 2021.

During 12M 2020 total CAPEX amounted to US\$ 79 million mainly related to modernization projects, new products development and the maintenance and improvement of Perutnina Ptuj production facilities.

Debt Structure and Liquidity

<i>(in mln. US\$)</i>	31 December 2020	30 September 2020	31 December 2019
Total Debt ¹⁾	1,462	1,473	1,480
LT Debt ¹⁾	1,453	1,443	1,448
ST Debt ¹⁾	36	30	32
Trade credit facilities ²⁾	(27)	(12)	-
Cash and cash equivalents	(218)	(305)	(341)
Net Debt¹⁾	1,244	1,156	1,139
LTM adjusted EBITDA¹⁾	340	347	379
<i>Net Debt / LTM ADJUSTED EBITDA¹⁾</i>	3.66	3.33	3.01

1) Net of IFRS 16 adjustments: as if any lease that would have been treated as an operating lease under IAS 17 as was in effect before 1 January 2019, is treated as an operating lease for purposes of this calculation. In accordance with covenants in MHP's bond and loan agreements, these data exclude the effects of IFRS 16 on accounting for operating leases.

2) Indebtedness under trade credit facilities that is required to be repaid within 12 months of drawdown should be excluded for purposes of this calculation.

As of 31 December 2020, the share of long-term debt in the total outstanding debt was 99%. The weighted average interest rate was at around 7%.

As of 31 December 2020, MHP's cash and cash equivalents amounted to US\$ 218 million.

Net debt increased to US\$ 1,244 million, compared to US\$ 1,139 million as of 31 December 2019.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 3.66 as of 31 December 2020, that is higher than the limit of 3.0 defined by the Eurobond agreement. Although exceeding the ratio of 3.0 does not constitute the breach of any covenant under the indebtedness agreement, this leads to introduction of additional control measures by MHP. In particular, MHP has to supervise and assess incurrence of additional indebtedness, restricted payments (e.g. dividend distribution, investments in third parties), mergers with third parties outside of the Group, and granting of financing of any kind to third parties.

These measures became effective from the date of publication of the audited consolidated financial statements for the year ended 31 December 2019 (14 April 2020) until publication of the audited consolidated financial statements for the year ended 31 December 2020 (23 March 2021).

As a hedge for currency risks, revenues from the export of grain, sunflower and soybean oil, sunflower husks, and chicken meat which are denominated in US Dollars and Euros, are more than sufficient to cover debt service expenses. Export revenue for 12M 2020 amounted to US\$ 1,016 million or 53% of total revenue (US\$ 1,186 million or 58% of total sales for 12M 2019).

DIVIDENDS

Taking into account the current challenging market dynamics, with a Net Debt to EBITDA ratio of 3.66 at 31 December 2020 (above 3.0, beyond which certain restrictions become effective, please see Note 29 in the Annual report, page 148), the Board felt it prudent to continue to conserve cash and, subject to shareholder approval, to pay an unchanged dividend of US\$ 0.2803 per share (approximately US\$ 30 million) for 2020, payable in April 2021 (approximately US\$ 30 million for 2019, paid April 2020).

BREXIT AND ITS CONSEQUENCES FOR MHP

From 01 January 2021, as a result of the end of the transitional period following the United Kingdom's exit from the European Union, the Takeover Panel will no longer exercise shared jurisdiction over transactions involving the Company which would otherwise be subject to the Takeover Code, including takeover bids, merger transactions, or schemes of arrangement resulting the change or consolidation of control over the Company. In addition, from 01 January 2021, the London Stock Exchange (where the Company's Global Depository Receipts are admitted to trading) will no longer be a regulated market as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments; as a

result, the legislation in Cyprus regulating takeovers implementing the provisions of Directive 2004/25/EC of the European Parliament and of the Council on takeover bids requiring mandatory takeover offers in certain situations, will no longer be applicable to the Company.

BOARD CHANGES

On 18 January 2021, the Company announced that Mr Roger Wills, an independent non-executive director, had resigned from the MHP Board. In his letter of resignation to the Chairman, Mr Wills drew attention to a number of concerns which had been discussed by the independent directors regarding corporate governance and the role of the Board in general. In response to these concerns, some of which had been raised during the Board's annual review of its performance in early 2020, the Board has tasked its Senior Independent Director with developing proposals to further improve its governance practices. The MHP Board remains committed to complying with the UK Corporate Governance Code to the extent practical and to continuous improvement in its governance practices.

On 09 February 2021, the Company announced that Mr. Roberto Banfi, after two and half years as a non-executive director, and a member of the International Government Relations and Public Affairs Committee, is retiring from the MHP Board. Mr. Banfi will continue to serve as an Advisor to the Board and its Committees and may attend their meetings on invitation from the relevant Chairman.

OUTLOOK

The global outlook for poultry for 2021 is set to be very challenging, with continued COVID-19 disruption, soft economic conditions, high feed prices, a highly active Avian Influenza winter season and global oversupply; for example, the EU is currently holding around 500,000 metric tonnes of frozen poultry stock in cold storage. However, the factors set out by the Chairman a year ago underpinning his confidence in the business still hold true:

- **Transformation to a culinary company:** MHP is transforming its relationship with retail, HoReCa and franchisees in order to reach more customers and meet their evolving needs by providing them with new safe and high-quality products. Current challenges have led us to accelerate this strategic shift.
- **Strong cost position relative to peers:** MHP's vertically integrated business model delivers a considerably lower cost base versus industry peers, as well as enhanced quality control and higher biosecurity of the poultry flock. These are critical factors in an increasingly regulated industry and for consumer choice and confidence. This business model also reduces the Company's exposure to raw material price volatility.
- **Strongest animal protein sector:** poultry is regarded as the strongest meat protein sector for a number of reasons: affordability - it is the 'go-to' meat protein in developing countries, in some of which increasing numbers of citizens are in a financial position to purchase meat for the first time; poultry consumption is not impeded by religious barriers; and, using less water and feed to rear, it is more sustainable than red meats with a significantly lower carbon footprint. Demand for poultry is going up at the same time as demand for red meat is falling.
- **Customer-centric response to health and nutrition trends:** the COVID Pandemic has placed greater emphasis on health and nutrition. MHP's unique poultry feeding systems produce meat that is lower in saturated fats and higher in polyunsaturated fats which will be significantly more attractive for the market, as well as being healthier for consumers, given the post COVID re-evaluation of human nutrition.
- **M&A opportunities.** We continue to monitor global developments and potential M&A opportunities. MHP is well-positioned to be an active participant in continued industry consolidation. Overall, MHP is well-placed to navigate the anticipated continuing disruption of 2021.

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.