



16 April 2021, Limassol, Cyprus

MHP SE
Pre-close trading update for the first quarter ended 31 March 2021

CORRECTED VERSION

The Company would to apologize and needs to correct the data published on 15 April 2021. Please take into account that average poultry price per 1 kg in USD (export) has been provided in the previous version of the press release based on FCA delivery terms, while it has been usually provided based on CIF delivery terms. Please see the corrected table with prices and prices trends below.

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, today announces its pre-close trading update for the first quarter ended 31 March 2021. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

POULTRY AND RELATED OPERATIONS

A number of outbreaks of Avian Influenza in Ukraine during Q1 2021 caused temporary cessation of exports from Ukraine to the EU (reopened at the end of March 2021 following zoning agreement between Ukraine and the EU). In order to mitigate adverse impact on MHP’s operations and profitability, the Management of the Company decided to increase production of small chicken and exports to MENA market (thinning increased from 25% in Q1 2020 (FY2020: 39%) to up to 56% in Q1 2021). At the same time, all Company’s poultry production facilities continued to operate at full capacity (based on number of heads reared and slaughtered).

Driven by an increase in production of small chicken, MHP’s overall production volumes of chicken meat in Q1 2021 decreased by 7% and constituted 166,623 tonnes (Q1 2020: 178,640 tonnes).

CORRECTED VERSION OF THE TABLE

Poultry	Q1 2020	Q1 2021	% change
Sales volume, third parties, tonnes	157,729	154,370	-2%
<i>Sales in Ukraine, third parties, tonnes</i>	75,681	72,109	-5%

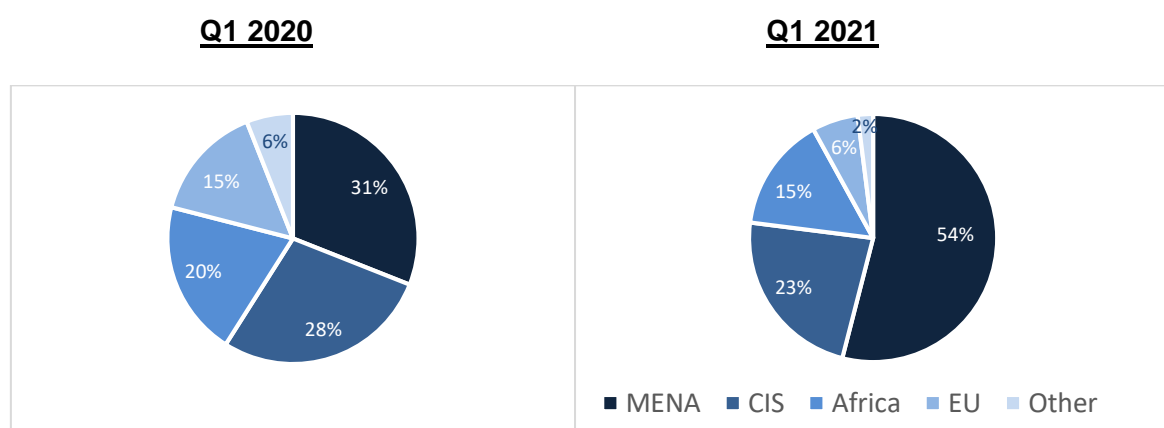
<i>Export sales volume, third parties, tonnes</i>	82,048	82,260	0%
Average price per 1 kg net of VAT, USD (Ukraine+export)	1.37	1.43	4%
<i>Average price per 1 kg net of VAT, UAH (Ukraine)</i>	32.38	41.50	28%
<i>Average price per 1 kg net of VAT, USD (Ukraine)</i>	1.29	1.48	15%
Average price per 1 kg net of VAT, USD (export)	1.45	1.38	-5%

* Average official FX rate for Q1 2021 UAH/US\$ 27.97 and for Q1 2020 UAH/US\$ 25.05

Total sales of chicken meat to third parties in Q1 2021 remained relatively stable but decreased by 2% to 154,370 tonnes, mainly driven by decreased sales on the domestic market – 5% year-on-year – to 72,109 tonnes as a result of decreased share of frozen chicken sales in Ukraine (lower production/sales of MDM year-on-year due to increased share of thinning and lower sales of chicken parts (wings, quarters) because of higher sales volumes in Q1 2020).

Poultry Exports

Despite sales restrictions (bans) set by the EU since December 2020, in Q1 2021 poultry exports remained strong and stable year-on-year at 82,260 tonnes. Sales to MENA region increased by 73% year-on-year (mainly driven by increased sales to KSA). Please see below the diagramme with information about geography of MHP's poultry exports (% of total export sales volume).



Because of challenging market environment caused by Avian Influenza, in Q1 2021, MHP's export of small chicken increased by more than 3.5 times year-on-year (MENA region), export of fillet decreased by more than 2 times year-on-year (significant decreased in sales to EU, accumulated volumes in cold storage for sales later in 2021), export of quarters decreased by 25% year-on-year. To our best knowledge and based on public data, current export price for quarters and fillet started to recover internationally and have already increased since the beginning of 2021 by more than 20% compared to the lowest basis point.

Export sales represented around 53% vs 52% of total poultry sales volumes in Q1 2021 and Q1 2020, respectively.

Poultry Prices

The average chicken meat price in Q1 2021 was US\$ 1.43 per kg (net of VAT) and increased 4% year-on-year.

Average chicken price in Ukraine increased by 28% year-on-year to UAH 41.50 per 1 kg (net of VAT), mainly driven by a significant increase in grain prices/feed cost, which therefore resulted in a noticeable price increase for major proteins and products with grain component on the domestic market.

Export price decreased by 5% year-on-year to US\$ 1.38 per kg (net of VAT) as a result of market factors' mix, i.e., product and geographic change in export sales (increased sales of small chicken to MENA and decreased sales of chicken fillet to EU, because of the ban).

Oil Sales

	Q1 2020	Q1 2021	% change
Sunflower oil	80,710	55,958	-31%
Soybean oil	10,768	11,146	4%

In Q1 2021, MHP's sales of sunflower oil decreased by 31% to 55,958 tonnes, mainly driven by a decrease in production of oil because of decreased share of sunflower cake in fodder (change in recipe) which was partially offset by change in delivery terms structure.

In Q1 2021, soybean oil exports increased by 4% to 11,146 tonnes because of soya cake share increase in fodder recipe.

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

MHP has around 60,500 ha under winter crops (2020: 72,140 ha), of which over 60% is sowed with winter wheat and around 36% with winter rapeseeds. All winter crops are currently in good condition. This year MHP is going to harvest around 355,000 hectares (2020: 356,046 ha harvested).

MHP's 2021 spring sowing campaign has already started.

MEAT-PROCESSING AND OTHER AGRI OPERATIONS

	Q1 2020	Q1 2021	% change
Meat-processing products			
Sales volume, third parties tonnes	7,860	7,607	-3%
Price per 1 kg net VAT, UAH	68.90	75.59	10%
Convenience food			
Sales volume, third parties tonnes	4,039	4,180	4%

Price per 1 kg net VAT, UAH 40.29 43.03 7%

Sales volumes of sausage and cooked meats in Q1 2021 remained relatively stable, but decreased by 3% to 7,607 tonnes. The decrease in volume was offset by an increase in average sausage and cooked meat price by 10%, UAH 75.59 per kg, net of VAT, compared to UAH 68.90 in Q1 2020.

Sales volumes of convenience food in Q1 2021 increased by 4% to 4,180 tonnes. Moreover, the average price in Q1 2021 increased by 7% to UAH 43.03 per kg, net of VAT.

EUROPEAN OPERATING SEGMENT (operations of Perutnina Ptuj)

Poultry	Q1 2020	Q1 2021	% change
Production, tonnes	23,858	24,662	3%
Sales volume, third parties tonnes	15,183	16,042	6%
Price per 1 kg net VAT, EUR	2.56	2.48	-3%

In Q1 2021, Perutnina Ptuj's (PP) poultry production facilities produced 24,662 tonnes of chicken and turkey meat, 3% higher year-on-year, while poultry sales constituted 16,042 tonnes, 6% up year-on-year, driven by an increased production of chicken meat following expansion at facilities in Croatia and Serbia. Prices were relatively stable, but decreased 3% year-on-year and reached EUR 2.48 per kilogram, following poultry price dynamic in the EU.

Meat-processing products	Q1 2020	Q1 2021	% change
Production, tonnes	8,214	9,393	14%
Sales volume, third parties tonnes	9,206	9,148	-1%
Price per 1 kg net VAT, EUR	2.75	2.71	-1%

In Q1 2021, PP's meat-processing facilities (sausages, convenience foods) produced 9,393 tonnes, 14% higher year-on-year, while sales constituted 9,206 tonnes, pretty stable year-on-year. Average prices remained stable at EUR 2.71 per kilogram (Q1 2020: EUR 2.75) following general market price dynamic in the Balkans.

NEXT RELEASE

Financial results for Q1 2021 will be disclosed on 19 May 2021. More information you can find in [Financial Calendar](#).

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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) and in the EU.

Ukraine: MHP is a market leader in Ukraine and has the 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 9 distribution and logistical centers, 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.

The Balkans: Perutnina Ptuj is a leading poultry and meat-processing producer in the Balkans, has production assets in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina; owns distribution companies in Austria, Macedonia and Romania and supply products to 15 countries in Europe. Perutnina Ptuj is a vertically integrated company across all states of chicken meat production - feed, hatching eggs production and hatching, breeding, slaughtering, sausages and further poultry processing production.

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.