



PRESS RELEASE

March 05, 2013, Kyiv, Ukraine

MHP S.A.

Financial Results for the Fourth Quarter and Full Year ended December 31, 2012

MHP S.A. ("MHP" or the "Company", LSE ticker: "MHPC"), one of the leading agro-industrial companies in Ukraine, focusing on the production of poultry and the cultivation of grain, today announces its financial results for the fourth quarter 2012 and full year ended 31 December 2012.

Key operational highlights FY 2012

Vinnytsia – expansion project

- The Vinnytsia complex, in which US\$636 million has been invested to date was commissioned to budget and ahead of schedule. All production sites of the project moved into trial production in the summer of 2012 and then were transitioned to industrial production at the end of 2012.
- Currently a hatchery, a slaughter house and five rearing brigades etc. are operational and these units will gradually increase their capacity in line with the Company's production plan.
- In 2012, the Vinnytsia complex produced around 20,000 tonnes of chicken meat. When full production is reached in 2015, this first phase will have annual capacity of 220,000 tonnes.

Poultry

- In 2012, MHP increased its poultry production volumes by 5% to 404,000 tonnes of poultry meat (2011: 384,000 tonnes of poultry meat), mostly due to the launch of the Vinnytsia complex.
- The Company's total volume of chicken meat sold to third parties remained relatively stable, increasing by 1% to 375,300 tonnes (2011: 370,900 tonnes).
- MHP's market share of industrially produced chicken in Ukraine remained 50% and share of total poultry consumption remained at around 35%.
- Over the 2012 full year, the average chicken price increased by 15% to UAH 17.19 (net of VAT) per kg against UAH 15.00 (net of VAT) per kg in 2011.
- Total export sales of chicken in 2012 increased by over 65% compared to 2011 to 58,000 tonnes of frozen chicken meat, equivalent to 15% of total poultry sales volumes. In 2012, the Company opened new export sales markets which included UAE, Kenya, Oman and others.
- On 4 December 2012, EU authorities announced that Ukraine had been added to the list of countries that have the right to import poultry products into the EU. As MHP's facilities were pre-certified by the EU Commission previously in 2010, MHP now has the potential to sell poultry products into EU countries in the near future.

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- In 2012, MHP sold 195,000 tonnes of sunflower oil, 12% more than in 2011, due to the launch of the Vinnytsia complex.

Grain Growing

- The total land bank at the end of 2012 constituted around 285,000 hectares, which represents an increase of around 5,000 hectares of land from 2011. Of this, approximately 250,000 hectares were used in grain growing segment for grain production and approximately 30,000 hectares were used in other agricultural segment.
- In 2012, the Company harvested around 250,000 hectares of land in grain growing operations with a total yield of 1.6 million tonnes (primarily grain corn) and oilseed; this was 6% less than the harvest of 2011 as a result of challenging weather conditions.

Other Agricultural

- Processed meat production remained the main contributor to the other agricultural segment.
- MHP is a market leader with close to 10% market share in meat processing in Ukraine.
- In 2012 MHP's sales volume of value added products decreased by 5% to 35,200 tonnes compared to 37,000 tonnes in 2011 as a result of optimizing the product portfolio during the year. However, the average sausage and cooked meat prices during 2012 increased significantly by 11% to UAH 22.20 per kg (net of VAT) compared to UAH 20.01 (net of VAT) per kg in 2011.

Key financial highlights for FY 2012

- Revenue increased by 15% to US\$1,408 million (2011: US\$1,229 million).
- EBITDA increased by 17% to US\$468 million (2011: US\$401 million).
- EBITDA margin remained at the same level at 33%.
- Net income from operations increased by 20% to US\$311 million (2011: US\$259 million).
- EPS increased by almost 24% from US\$2.26 to US\$2.80.

Commenting on the results, Yuriy Kosyuk, Chief Executive Officer of MHP, said:

“2012 has been a good year in the Company’s history as we maintained our track record of achieving the ambitious targets we set for ourselves. We took several significant steps towards our strategic objective, of building a stable, sustainable business with strong growth prospects. This was underpinned by strong financial results both in poultry and grain growing segments. After substantially completing this phase of our intensive CAPEX programme in 2012, we expect strong, sustainable positive cash flow in 2013 and beyond.

We commenced trial production at our new world class Vinnytsia poultry complex ahead of schedule and are now poised to accelerate production in 2013, adding at least 60,000 tonnes to our capacity in the first year of production. By 2018, we expect Vinnytsia to more than double MHP’s previous 400,000 tonnes production capacity to more than 800,000 tonnes.

Our exports of chicken meat grew steadily during the year, reaching 15% of total poultry sales and the announcement that Ukraine is now licensed to export poultry products to the EU provides a further opportunity for export growth going forward.

Our grain growing business continues to perform well, reflecting strong grain prices worldwide and successful crop management that has once again delivered higher yields than Ukrainian averages. This remains an integral feature of our unique, self-sufficient business model with poultry and grain under one roof enabling us to control costs and quality.

Our objective is to carry on expanding and strengthening our leading market position, to actively continue to implement our strategy and deliver strong financial performance, whilst achieving sector leading results. We have a dedicated, stable team of professionals who understand our strategy and the steps we need to take to drive the business forward, which is a testament to the Company's investment in its staff, enabling us to capitalise on their skills and experience.”

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MHP's management will host a conference call for investors and analysts followed by a Q&A session. The dial-in details are:

Date.....	Tuesday, 5 March, 2013
Time.....	9.00 New York / 13.00 London / 15.00 Kyiv / 17.00 Moscow
Title.....	MHP – Q4 and FY2012 Financial Results
UK Standard International.....	+44 (0) 1452 560 304
UK Free Call	0844 871 9299
Russia Free Call	8108 002 394 2044
USA Free Call.....	1866 926 5708
Conference ID.....	13555523

A live webcast of the presentation will be available at:

<https://webconnect.webex.com/webconnect/onstage/g.php?t=a&d=665312650>

Alternative URL:

<https://webconnect.webex.com/>

Click on “Unlisted Events”

Event number: 665 312 650

Event password: N/A

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Financial overview

In US\$		2012	2011	% change	Q4 2012	Q4 2011	% change
Revenue	US\$, m	1,408	1,229	15%	364	349	4%
IAS 41 standard gains	US\$, m	17	21	-21%	(33)	(40)	-16%
Gross profit	US\$, m	422	361	17%	51	66	-22%
<i>Gross margin</i>	%	30%	29%	1 pps*	14%	19%	(5 pps)*
Operating profit	US\$, m	381	321	19%	55	67	-18%
<i>Operating margin</i>	%	27%	26%	1 pps*	15%	19%	(4 pps)*
EBITDA	US\$, m	468	401	17%	89	100	-11%
<i>EBITDA margin</i>	%	33%	33%	-	24%	29%	(5 pps)*
Net income	US\$, m	311	259	20%	30	58	-49%
<i>Net income margin</i>	%	22%	21%	1 pps*	8%	17%	(9 pps)*

*pps –percentage points.

Q4 2012 Consolidated Financial Results

Consolidated revenue of MHP amounted to US\$ 364 million, which is 4% more than US\$349 million in Q4 2011. The driver of revenue growth was an increase of chicken sales volumes.

EBITDA totaled US\$89 million, by 11% less than in Q4 2011 (US\$100 million) effected by decreased EBITDA in grain growing segment as well as growth of chicken meat production costs. EBITDA margin decreased from 29% to 24%.

Net income from operations decreased by 49% from US\$58 million in Q4 2011 to US\$30 million in Q4 2012 mostly in line with EBITDA trends and due to effect of foreign exchange gains/(losses) (US\$4.9 million gains in Q4 2011 versus US\$4.0 million losses in Q4 2012).

FY 2012 Consolidated Financial Results

For the full year MHP's revenue increased by 15% to US\$1,408 million (2011: US\$1,229 million) as a result of higher prices of chicken meat in H1 2012 and higher volumes of externally sold grains.

In 2012, EBITDA totaled US\$468 million, which was by 17% higher than in 2011 (2011: US\$401 million), mostly due to increased chicken meat prices. EBITDA margin remained stable at 33%.

Net income increased by 20% from US\$259 million in 2011 to US\$311 million in 2012, mostly in line with EBITDA growth and due to increase in depreciation related to Vinnitsa project start-up. Net income margin increased from 21% to 22%.

Functional currency

The functional currency for the Group's companies is the Ukrainian Hryvnia (UAH), however, for the convenience of users of financial statements, MHP presents its financial statements in US dollars (US\$), using the quarterly average and historical exchange rates.

	<i>As of</i> <i>31 December 2012</i>	<i>Average</i> <i>for 2012</i>	<i>As of</i> <i>31 December 2011</i>	<i>Average</i> <i>for 2011</i>
UAH/USD	7.9930	7.9910	7.9898	7.9677
UAH/EUR	10.5372	10.2692	10.2981	11.0926

MHP's operating assets are located in Ukraine and its revenues and costs are principally denominated in Hryvnas. About 34% of the Company's revenue and almost all financial costs are denominated in foreign currencies, primarily US dollars. Management believes that MHP's exposure to currency exchange rate fluctuations as a result of foreign currency costs is completely hedged by its US dollar revenue earned from the export of sunflower oil, sunflower husks, chicken meat and grains. In 2012 the Company generated US\$480 million of revenue in foreign currencies, by 36% more than US\$354 million in 2011 due to increase in grain and chicken meat export sales.

US\$, m	<u>2012</u>	<u>2011</u>
Sunflower oil and related products	228	222
Chicken meat and related products	113	68
Grains	139	63
Other agricultural segment products	0.4	0.5
Total export revenue	480	354

Poultry and related operations

		<u>2012</u>	<u>2011</u>	<u>% change</u>	<u>Q4 2012</u>	<u>Q4 2011</u>	<u>% change</u>
Revenue	US\$, m	1,083	979	11%	282	260	9%
- Poultry and other	US\$, m	855	757	13%	216	200	8%
- Sunflower oil and related products	US\$, m	228	222	2%	66	60	9%
IAS 41 standard gains	US\$, m	12	3	349%	8	2	378%
Gross profit	US\$, m	343	261	31%	76	76	0%
<i>Gross margin</i>	%	32%	27%	5 pps*	27%	29%	(2 pps)*
EBITDA	US\$, m	376	290	30%	89	87	2%
<i>EBITDA margin</i>	%	35%	30%	5 pps*	32%	34%	(2 pps)*
<i>EBITDA per 1 kg</i>	US\$	1.00	0.78	28%	0.89	0.98	-10%

* pps –percentage points.

Q4 2012 Poultry and related operations segment financial results

Poultry	Q4 2012	Q4 2011	% change
Sales volume, third parties tonnes	100,500	88,900	13%
Price per 1 kg net VAT, UAH	16.91	17.00	-1%
Sunflower oil			
Sales volume, third parties tonnes	47,900	48,200	-1%
Price per 1 tonne net VAT, US\$	1,136	1,109	2%

In Q4 2012 the volume of chicken meat sales to external consumers on an adjusted-weight basis increased by 13% to 100,500 tonnes to 88,900 tonnes in Q4 2011 as a result of launch of production at Vinnytsia complex.

The average chicken meat sales price decreased slightly by 1% to UAH 16.91 per kg of adjusted weight (excluding VAT) compared to the fourth quarter of 2011 as a result of export sales increase.

The export volume of sunflower oil remained almost the same in Q4 2012 compared to Q4 2011. 47,900 tonnes of sunflower oil were sold for export at an average price of US\$ 1,136 per tonne, which was by 2% more than US\$ 1,109 in Q4 2011 in line with world market trends.

Revenue increased by 9% to US\$ 282 million (Q4 2011: US\$260 million) as a result of higher chicken sales volumes.

Higher grain prices and start-up expenses related to the commissioning into operations our new Vinnytsia complex resulted in higher chicken production costs in Q4 2012. Gross profit in Q4 2012 remained stable at US\$76 million.

EBITDA increased by 2% to US\$89 million (Q4 2011: US\$87 million) mostly in line with gross profit increase. EBITDA margin reduced from 34% to 32%.

FY 2012 Poultry and related operations segment financial results

Poultry	2012	2011	% change
Sales volume, third parties tonnes	375,300	370,900	1%
Price per 1 kg net VAT, UAH	17.19	15.00	15%
Sunflower oil			
Sales volume, third parties tonnes	195,000	173,600	12%
Price per 1 tonne net VAT, US\$	1,109	1,245	-11%

In 2012 poultry production volumes increased by 5% to 404,000 tonnes of poultry meat (2011: 384,000 tonnes). The growth of volumes produced was mostly due to the launch of a new Vinnytsia poultry complex into operations.

In 2012 MHP poultry sales volumes to third parties remained relatively stable, increased slightly by 1% to 375,300 tonnes compared to 370,900 tonnes in 2011. About 15% of total poultry sales volumes amounted to export sales to CIS countries as well as Asia and Africa.

The average sales price of chicken meat increased by 15% to UAH 17.19 per kg in 2012 compared to UAH 15.00 per kg in 2011 as a result of strong poultry prices in H1 2012 and low price basis in H1 2011.

In 2012 195,000 tonnes of sunflower oil were produced and sold for export, which is by 12% more than in 2011 due to launch of sunflower meal production at Vinnytsia complex in H2 2012 as well as a partial purchase of sunflower meal at attractive price on the market and a reduction of sunflower oil production in 2011. Average price of sunflower oil decreased by 11% from to US\$1,109 per tonne compared to US\$1,245 per tonne in 2011 in line with world market trends.

In 2012 the Poultry and related operations segment showed strong financial results driven mostly by significant growth of chicken sales price. The segment's revenue amounted to US\$1,083 million, which is 11% more than US\$979 million in 2011.

Poultry production costs in 2012 increased by 7% compared to 2011 mainly due to higher utilities prices, grain price increase in Q4 2012 and start-up expenses related to launch into operations our new Vinnitsa poultry complex. The gross profit was US\$343 million in 2012, which is by 31% more than US\$261 million in 2011, gross profit margin rose from 27% in 2011 to 32% in 2012 due to higher chicken meat prices.

EBITDA of poultry segment increased by 30% to US\$376 million in 2012 (2011: US\$290 million) in line with gross profit growth. EBITDA margin increased to 35% in 2012 compared to 30% in 2011.

Grain growing operations

US\$		2012	2011	% change	Q4 2012	Q4 2011	% change
Revenue	US\$, m	169	104	63%	43	50	-13%
IAS 41 standard gains	US\$, m	4	17	-75%	-43	-42	2%
Gross profit	US\$, m	73	86	-15%	-23	-15	55%
EBITDA	US\$, m	112	121	-7%	7	17	-60%
<i>EBITDA per 1 hectare</i>	US\$	447	482	-7%			

In 2012 MHP harvested 250,000 hectares of crops, the same as 2011 in grain growing operations and cultivated around 30,000 hectares of land in other agricultural operations. As of the end of 2012 the Company's total land bank amounted 285,000 hectares due to organic growth by approximately 5,000 hectares during 2012 (2011: 280,000 hectares). Due to challenging weather conditions the harvest of MHP decreased to 1.6 million tonnes of grains and oilseeds in 2012 compared to 1.7 million tonnes in 2011, which led to lower EBITDA in grain growing segment compared to the results of 2011.

As usual MHP's grain yields were significantly higher than Ukraine's average yields in 2012 as a consequence of the Company's operational efficiency and employment of best practice. MHP's yield of corn decreased to 7.6 tonnes per hectare in 2012 compared to 9.5 tonnes per hectare in 2011, while the yields of other grains and oilseeds in 2012 were the same or even higher than yields in 2011.

MHP uses the majority of the grain it produces in its own operations, but the considerable part of grain was sold to the third parties, which constituted the revenue of grain growing segment. Revenue increased by 63% to US\$169 million in 2012 compared to US\$104 in 2011 due to great harvest in 2011 and large volumes of external sales of excess crops during 9M 2012 including sales of 2011 harvest crops from storages in amount of around US\$ 78 as well as due to higher grain prices.

EBITDA per 1 hectare decreased by 7% from US\$482 per ha in 2011 to US\$447 per ha in 2012.

	2012		2011	
	MHP's average*	Ukraine's average**	MHP's average*	Ukraine's average**
Corn	7.6	4.8	9.5	6.4
Wheat	5.1	2.8	5.1	3.4
Sunflower	3.0	1.7	2.7	1.8
Rapeseed	3.4	2.3	2.8	1.7
Soya	1.8	1.7	1.6	2.0

* - Tonnes per hectare, net weight

** - Source: the State Statistics Committee of Ukraine

	2012		2011	
	Production, tonnes	Cropped hectares	Production tonnes	Cropped hectares
Corn	883,580	116,260	1,022,783	107,750
Wheat	199,900	38,960	267,250	52,210
Sunflower	90,620	30,570	73,735	27,000
Rapeseed	42,350	12,385	25,400	9,150
Soya	24,230	13,715	18,000	11,140
Other*	367,220	38,110**	304,900	42,950**
Total:	1,607,900	250,000	1,712,068	250,200

* - Includes barley, sugar beet and other crops

** - Includes fallow land

Other agricultural operations

		2012	2011	% change	Q4 2012	Q4 2011	% change
Revenue	US\$, m	155	146	6%	39	39	-1%
- Meat processing	US\$, m	103	100	3%	26	25	1%
- Other	US\$, m	52	47	12%	13	14	-2%
IAS 41 standard gains	US\$, m	-	1	-65%	1	0	382%
Gross profit	US\$, m	7	15	-53%	-1	5	-124%
Gross margin	%	4%	10%	(6 pps)*	-3%	11%	(14 pps)*
EBITDA	US\$, m	10	16	-39%	1	5	-81%
EBITDA margin	%	6%	11%	(5 pps)*	3%	14%	(11 pps)*

* pps –percentage points.

Meat processing products	2012	2011	% change	Q4 2012	Q4 2011	% change
Sales volume, third parties tonnes	35,200	37,000	-5%	8,590	8,800	-2%
Price per 1 kg net VAT, UAH	22.20	20.01	11%	22.76	21.44	6%

The financial performance of other agricultural operations segment slowed down in 2012 compared to 2011 mainly as a result of losses in goose business, negative trends in fruits harvest related to challenging weather conditions.

Revenue of the segment remained relatively stable and decreased slightly by 1% to US\$39 million in Q4 2012 compared to Q4 2011 and increased by 6% to US\$155 million in 2012 compared to 2011.

Revenue of other operations includes sales of fruit and milk, goose meat, foie gras, beef, pork and other agricultural products.

MHP's sales prices of meat processing products demonstrated positive dynamics during 2012 because of stable demand. Average sausage and cooked meat prices rose by 6% to UAH 22.76 per kg excluding VAT in Q4 2012 and by 11% to UAH 22.20 per kg in 2012. MHP is a market leader in meat processing in Ukraine and market share of MHP remained at about 10%.

The gross profit of the segment decreased by 53% to US\$7 million in 2012 compares to US\$15 million in 2011 as a result of negative trends in goose and fruit businesses. EBITDA of Other agricultural operations fall by 39% to US\$10 million in 2012 in line with a decline of the gross profit. EBITDA margin decreased from 11% in 2011 to 6% in 2012.

Current financial position, cash flows and liquidity

Cash Flows US\$, m	2012	2011	Q4 2012	Q4 2011
Cash from operations	384	323	88	114
Change in working capital	(186)	(125)	(89)	(87)
Net Cash from operating activities	198	198	(1)	27
Cash from investing activities	(262)	(247)	(66)	(65)
Non-cash investments	(124)	(86)	(25)	(32)
CAPEX	(386)	(333)	(91)	(97)
<i>Cash from financing activities</i>	62	(22)	82	3
<i>incl. Treasury shares acquisition</i>	(41)	-	-	-
<i>Non-cash financing</i>	124	86	25	32
Deposits	2	126	-	-
Total financial activities	188	190	107	35
Total change in cash	-	55	15	(35)

MHP's cash flow from operating activities principally resulted from operating profit adjusted for non-cash items, such as depreciation, and for changes in working capital. Cash flow from operations before working capital changes increased to US\$385.9 million in full year 2012 (2011: US\$333.2 million) in line with higher EBITDA.

In 2012 the increase of working capital amounted to US\$185.6 million. The main contributors to working capital were:

- Increase in VAT recoverable related to the intensive CAPEX program (US\$92.9 million);
- Increase in inventories due to increased sunflower stocks (US\$75.5 million);
- Increase in biological assets related to the start of production at Vinnytsia Complex (US\$12.1 million).

Total CAPEX was US\$386 million in 2012, mostly related to the Vinnytsia project. Since the start of construction in May 2010, approximately US\$636 million has been invested in the project as of the end of 2012.

During 2012 MHP repurchased 3,445,000 of its outstanding ordinary shares for a total cash consideration of US\$41.5 million under the share buy-back program.

Debt Structure

Debt	31 December 2012	31 December 2011
Total Debt US\$, m	1,140	898
Cash and bank deposits	(95)	(97)
Net Debt	1,045	801
EBITDA	468	401
<i>Debt /EBITDA</i>	2.44	2.24
<i>Net Debt /EBITDA</i>	2.23	2.00

As of December 31, 2012, the MHP's total debt was US\$1,140 million, most of which was denominated in US dollars. The average weighted cost of debt was below 9%. 50% of MHP's total debt is the Eurobond, which matures in April 2015.

US\$ 177 million of our long-term debt is principally represented by loans, covered by ECA; it matures at various times up to 2018. US\$95 million of our debt is accounted for IFC and EBRD three year loans for financing Company's working capital needs. US\$67 million represents financing for the lease of agricultural machinery and equipment used in our grain growing activities and for vehicles for distribution, and has maturities up to 2015.

As of the end of 2012, MHP had US\$ 95 million in cash and short term bank deposits. Net Debt increased to US\$1,045 million as of December 31, 2012 compared to US\$801 as of December 31, 2011. The Net Debt/EBITDA ratio at the end of the period was 2.23 (Eurobond covenant: 2.5).

As a hedge for currency risks, revenues from the export of sunflower oil, sunflower husks and chicken meat are denominated in US dollars, fully covering debt service expenses.

Outlook

Consumer demand for poultry meat in Ukraine remains high.

Operations at the Vinnytsia complex will gradually increase during the next three years. With more than 50% increase in production volume of poultry over this period, our sales both domestically and worldwide will grow substantially.

In pursuit of the Company's strategic and objectives, MHP will continue to develop export markets in CIS, Asia, Africa and, in the near future, in the European Union.

The first phase of the Vinnytsia complex capital expenditure program is almost complete so that in 2013 expenditure will be significantly lower than in the last two years. Most of the remaining expenditure will be related to the construction of additional rearing sites. The Company will become increasingly cash generative, creating a sound platform to continue its growth strategy.

The Company also expects to gradually increase its land bank operations.

In line with the Company's strategy of land bank expansion, members of the Board of Directors of MHP are considering the acquisition of certain farming assets in Russia, comprising around 40,000 hectares of land, over 200,000 tonnes of storage facilities and certain agricultural machinery.

The Board of Directors has authorized management of the Company to pursue negotiations relating to the acquisition and to proceed with the acquisition if there are no substantial changes to the proposed transaction.

The Board is confident that we will be able to continue to implement our strategy and keep on delivering strong financial results, cementing our position as one of the leading agri-industrial companies in Ukraine.

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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 time. 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.