



## PRESS RELEASE

February 01, 2013, Kyiv, Ukraine

### MHP S.A.

#### Pre-close trading update for the fourth quarter and the full year ended 31 December 2012

MHP S.A. (LSE: MHPC) (“MHP” or “The Company”), one of the leading agro-industrial companies in Ukraine, focusing on the production of poultry and the cultivation of grain, today announces its pre-close trading update for Q4 2012 and the full year ended 31 December 2012.

#### Poultry and Poultry Related Operations

##### Vinnytsia – expansion project

MHP’s new green field Vinnytsia project is being constructed to schedule and in line with the investment plans. The construction started in the middle of 2010, and 2010-2012 was a period of intensive CAPEX program totalled in over US\$ 600 million investment into the Project.

After successful trial production at all production sites of the complex, during Q4 2012 the Vinnytsia project has being launched in industrial production. Currently a hatchery, a slaughter house, 4 rearing brigades etc. are operational and we are happy with our progress on this project.

During 2013 the Company will continue construction of the rearing sites with their gradual launch in operations, as a logical step in an increase of capacity utilization, and as a result will increase its overall chicken meat production volumes.

#### Operational Results: Q4 and FY 2012

<b>Poultry</b>	<b>Q4 2012</b>	<b>Q4 2011</b>	<b>% change</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>% change</b>
Sales volume, third parties tonnes	100,500	88,900	13%	375,300	370,900	1%
Price per 1 kg net VAT, UAH	16.91	17.00	-1%	17.19	15.00	15%

In 2012 MHP increased its poultry productions volumes by 5% and produced 404,000 tonnes of poultry meat (2011: 384,000 tonnes of poultry meat). The growth in the production is both a result of the launch of the Vinnytsia Poultry Complex in operations (2012: about 20,000 tonnes of chicken meat produced) and efficient use of existing production capacities in spite of all the Company’s facilities operated at their full production capacity during the year.

**Domestic Sales:** During the fourth quarter of 2012 the volume of chicken meat sales to third parties continued the growing dynamics of previous quarters and reached 100,500 tonnes, which is 13% higher than in Q4 2011 driven mostly by a new capacity launch in operations.

In Q4 2012 average price remained relatively stable at UAH 16.91 per kg compared to 17.00 in Q4 2011 mainly owing to export sales increase.

Annual MHP's poultry sales volumes to third parties remained relatively stable and increased by 1% to 375,300 tonnes compared to 370,900 tonnes in 2011.

In line with the Company forecast and expectations, a significant increase in chicken price in 2012 was mostly driven by its considerable price growth by 28% during H1 2012 compared to the same period in 2011. Average chicken meat sales prices to third parties increased by 15% to UAH 17.19 per kg of adjusted weight (excluding VAT) compared to UAH 15.00 per kg in 2011 due to the strong chicken prices over the period.

**Export Sales:** Export sales of chicken in Q4 2012 increased by 3 times compared to Q4 2011 and constituted around 25,400 tonnes of chicken. For the total 2012 export of poultry increased significantly by more than 65% compared to 2011 and constituted close to 58,000 tonnes of chicken meat, which is around 15% of total chicken sales volumes. These trends are in line with the Company's strategy to gradually increase its export operations of chicken meat across all export regions.

In 2012 the Company opened over 10 new export sales markets both in Asia and Africa, among which are UAE, Oman, Tajikistan, Afghanistan, Kenya and others.

On 4 December 2012, Ukraine received permission from the EU authorities for exports of poultry products to European countries. This will open us new opportunities for our chicken export sales taking into account that several production sites have been already certified and passed all the necessary checks by EU Commission in 2010.

### Sunflower Oil Sales

<b>Sunflower Oil</b>	<b>Q4 2012</b>	<b>Q4 2011</b>	<b>% change</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>% change</b>
Sales volume, tonnes	47,900	48,200	-1%	195,000	173,600	12%
Price per 1 per tonne, US\$	1,136	1,109	2%	1,109	1,245	-11%

In 2012 MHP sold 195,000 tonnes of sunflower oil, which is 12% more than in 2011 due to the launch of the Vinnytsia Complex in production. All sunflower oil produced was sold to external customers at an average price of US\$ 1,109 per tonne, which is 11% lower than the average price of US\$ 1,245 in 2011 in line with international pricing trends.

In Q4 2012, 47,900 tonnes of sunflower oil were produced and sold for export at an average price of US\$ 1,136 per tonne, which is 2% higher than in Q4 2011 in line with world pricing trends.

All the income from export sales of sunflower oil and chicken meat is denominated in US dollars that hedges the currency risk of the Company.

### Grain Growing Operations

At the end of 2012 MHP's total land bank constituted around 285,000 hectares. In 2012 the Company harvested around 250,000 hectares of land in grain growing operations and cultivated around 30,000 hectares of land in other agricultural operations. Total harvest of MHP accounted

around 1.6 million tonnes of grains and oilseeds in 2012, which is 6% less than the harvest of 2011 as a result of challenging weather conditions.

	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**
<b>Total:</b>	<b>1,607,900</b>	<b>250,000</b>	<b>1,712,068</b>	<b>250,200</b>

\* - Includes barley, sugar beet and other crops

\*\* - Includes fallow lands

As a result of MHP's operational efficiency and employment of best practice, MHP's grain yields in 2012 remained strong, despite unfavourable weather conditions in Ukraine during the summer of 2012.

In 2012 the Company's yields of early crops are almost double Ukraine's average. Corn yield in 2012 is lower by almost 20% compared to 2011 corn yield, which is in line with the Company's expectations for this year, taking into account challenging weather conditions, and as a result, will lead to lower financial results in grain growing segment compared to the results in 2011.

	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

\*\* - Source: the State Statistics Committee of Ukraine

## Other Agricultural Operations

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

In 2012 MHP sales volumes slightly decreased by 5% to 35,200 tonnes compared to 37,000 tonnes in 2011 due to the product portfolio optimization during the year. Average sausage and

cooked meat prices during 2012 increased greatly by 11% to UAH 22.20 per kg (excluding VAT) compared to UAH 20.01 per kg in 2011.

In Q4 2012 sausage and cooked meat production volumes remained relatively stable at 8,590 tonnes with insignificant decrease of 2% y-o-y compared to Q4 2011. The average price in Q4 2012 was UAH 22.76 per kg, which is 6% higher than in Q4 2011.

MHP is a sustainable market leader in meat processing in Ukraine with about 10% market share.

### **Date: Financial Results Announcement**

The exact date for the financial results for Q4 2012 and full year 2012 will be provided in a due course, usually within 14 days prior to the Date.

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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 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.

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.