



MHP

Pre-close trading update for the fourth quarter and full 2015
ended 31 December 2015

February 02, 2016, Kyiv, Ukraine

Poultry and Related Operations

Poultry	Q4 2015	Q4 2014	% change	12M 2015	12M 2014	% change
Sales volume, third parties, tonnes	129,610	128,680	1%	537,290	525,460	2%
Price per 1 kg net VAT, UAH	29.70	23.72	25%	27.77	19.99	39%

Production: Owing to the increasing production volumes at the Vinnytsia poultry farm year over year, poultry production volume in Q4 2015 increased by around 3% to 145,880 tonnes (Q4 2014: 142,120 tonnes) and in 12M 2015 increased by around 4% to 566,600 tonnes (12M 2014: 546,500 tonnes).

Sales: MHP's sales to third parties in Q4 and 12M 2015 remained almost at the same level as in Q4 and 12M 2014 with insignificant increase of sales.

Due to significant depreciation of local currency, domestic demand for chicken meat is strengthening, as a result of consumers' trade down from more expensive meats (pork and beef) to more affordable ones. MHP's domestic sales volumes in Q4 and 12M 2015 increased by around 9% and 5% year-on-year accordingly.

Export Sales: In 2015 chicken meat export constituted 132,080 tonnes, which is 6% lower than in 2014 (140,920 tonnes), mainly due to the decreased exports to the CIS market (Uzbekistan, Georgia, Kirgizstan etc) as a result of their local currencies depreciation as well as temporally suspended exports to Kazakhstan for several months during the year.

At the same time, exports to the EU region* grew substantially by 65% year over year and reached 27,285 tonnes to 17 EU countries with introduction of fresh chicken meat to the market.

MHP continues to follow its strategy of diversification in export markets and seeks for new business opportunities in the countries of Asia, the Middle East, the European Union and Africa building-up the export volumes of chicken meat in those regions. Recently Ukraine received approval from Saudi Arabia for export of chicken meat products, so MHP is expecting to start exports to the Saudi Arabian market within next 3 months.

*Note: Export to the EU market is regulated by quotas and duties. All certified by the EU authorities' enterprises can deliver intra quota 16,000 tonnes of fresh/frozen chicken parts and 20,000 tonnes of frozen grillers (whole chicken).

Prices: The average chicken price increased by 25% year over year to UAH 29.70 per kg in Q4 2015 and by 39% to UAH 27.77 per kg in 2015 compared to 2014 due to substantial share of export and depreciation of local currency during the reporting period.

Oils

Sunflower Oil: In Q4 2015, MHP sold 69,050 tonnes of sunflower oil, which was 18% lower than in Q4 2014. The average price of US\$759 per tonne in Q4 2015 was 4% lower than in Q4 2014 (US\$789 per tonne) in line with world market trends. In 12M 2015, production of sunflower oil decreased by 3% to 286,745 tonnes, sold at an average price of US\$779 per tonne, which was 7% lower compared to price in 12M 2014 (US\$835 per tonne).

Sunflower Oil	Q4 2015	Q4 2014	% change	12M 2015	12M 2014	% change
Sales volume, tonnes	69,050	84,040	-18%	286,745	296,150	-3%
Price, US\$/t	759	789	-4%	779	835	-7%

Soybeans Oil: Since Q2 2015 MHP has started exporting soybeans oil produced from 2014 harvest using one of the Ukrainian soybeans oil extraction plants (not MHP facility). At the same time, soybeans cake is used for fodder production at MHP's fodder production facilities.

In October 2015 MHP has launched soya extraction plant into operations (as a part of Katerynopilsky Elevator). The production capacity of the site is 1,000 tonnes of soybeans per day. During the trial period (since the beginning of October) the plant worked at 50% capacity utilization.

In Q4 2015 MHP exported around 3,715 tonnes of soybeans oil at US\$699 per tonne. In 12M 2015 MHP exported around 13,950 tonnes of soybeans oil at US\$733 per tonne.

The Company considers soybeans oil exports as one of the "natural hedge" routes accumulating additional hard currency revenues and protecting the Company from volatilities with local currency.

Grain Growing Operations

In 2015 in grain growing operations MHP harvested around 340,000 hectares of land in Ukraine, of which 50,000 ha are newly acquired assets as a result of swap agreement with Agrokultura AB, whereby the Group has agreed to swap group of companies Voronezh Agroholding with the group of companies Agrokultura Ukraine.

Due to the favorable weather conditions in Ukraine, operational efficiency and employment of best practice, our yields of crops are as high as 6.0 t/ha for wheat, 3.1 t/ha for sunflower and 3.4 t/ha for rapeseeds in net weight, significantly higher than Ukraine's average.

On the other hand unfavorable weather conditions on the territory of Ukraine in July-August 2015 have led to lower yields of corn and soya compared to previous expectations, however, still well above Ukraine's averages.

	2015 ^[1]		2014	
	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	841,745	125,994	1,180,793	126,842
Wheat	322,055	53,752	260,670	43,016
Sunflower	176,170	57,541	167,014	49,551
Rapeseed	76,385	22,653	39,566	10,493
Soya	56,650	35,831	53,867	25,462
Other ^[2]	418,690	44,229	324,765	34,636
Total	1,891,695	340,000	2,026,675	290,000

^[1] Only land of grain growing segment, including Agro-kultura land;

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

	2015		2014	
	MHP's average ^[1]	Ukraine's average ^[1]	MHP's average ^[1]	Ukraine's average ^[1]
	<i>tonnes per hectare</i>		<i>tonnes per hectare</i>	
Corn	6.7	5.7	9.3	6.2
Wheat	6.0	3.9	6.1	4.0
Sunflower	3.1	2.2	3.4	1.9
Rapeseed	3.4	2.6	3.8	2.5
Soya	1.6	1.9	2.1	2.2

^[1] MHP yields and Ukraine yields are net weight (Data for Ukraine yields is sourced by AgroPerspektiva)

MHP has around 97,340 ha under winter crops, of which 60% is sowed with winter wheat, 23% with winter rapeseeds, and 16% with winter barley. The rest is triticale and rye. All winter crops are in good conditions currently despite lack of rains during sowing campaign and early frost in November 2015.

Other Agricultural Operations

Meat processing products	Q4 2015	Q4 2014	% change	12M 2015	12M 2014	% change
Sales volume, third parties tonnes	8,900	7,220	23%	29,845	31,180	-4%
Price per 1 kg net VAT, UAH	44.84	32.61	38%	43.49	28.28	54%

In Q4 2015 production volumes increased by 23% year over year to 8,900 tonnes, but decreased in 12M 2015 by 4% to 29,845 tonnes.

Average processed meat prices increased by 38% year over year to UAH 44.84 per kg in Q4 2015 and by 54% to UAH 43.49 per kg in 12M 2015 mostly due to more expensive raw materials (poultry meat).

MHP is currently one of the leading meat processing products producers in Ukraine. The Company uses internally produced chicken meat, enhancing its profitability in meat processing business segment.

Exchange Rate

Average official FX rate for Q4: UAH/US\$ 22.85 in 2015 and UAH/US\$ 14.44 in 2014
Average official FX rate for full year: UAH/US\$ 21.83 in 2015 and UAH/US\$ 11.91 in 2014

Next Release

The financial results for Q4 and full 2015 will be published in the middle of March 2016 (the Company will distribute notification with a precise date in a week). There will be a conference call for investors and analysts on the day that will take place at 4pm Kyiv time (2 pm London). Dialing instructions for the call will be published in a due course.

For investors and analysts queries:

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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 (currently cultivating around 350,000 ha of land) 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 15 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 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.