



18 October 2018, Limassol, Cyprus

MHP SE

Pre-close trading update for the third quarter and nine months ended 30 September 2018

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, as well as other agricultural operations (meat processing and meat products ready for consumption) today announces its pre-close trading update for the third quarter and nine months ended 30 September 2018. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

POULTRY AND RELATED OPERATIONS

Since Q2 2018, MHP has been launching the production sites of Phase 2 of the Vinnytsia Poultry Complex (‘Complex’):

- Since the end of May until the end of September, three rearing sites (brigades) of the Complex were launched into operations;
- Being commissioned at the beginning of July, the slaughterhouse of the Complex is gradually increasing its capacity utilization.

As usual, other Company’s poultry production facilities continued to operate at full capacity during the period.

Poultry production volumes in Q3 2018 increased by 10% to 150,650 tonnes (Q3 2017: 137,005 tonnes) and in 9M 2018 increased by 8% to 458,540 tonnes (9M 2017: 424,700 tonnes), due to increased production of heavier chicken and decreased share of thinning as well as due the launch of new rearing sites of Phase 2.

Poultry	Q3 2018	Q3 2017	% change	9M 2018	9M 2017	% change
Sales volume, third parties tonnes:	160,778	134,885	19%	449,215	419,080	7%
- Domestic	80,417	81,895	-2%	235,290	243,065	-3%
- Exports	80,361	52,990	52%	213,925	176,015	22%

Poultry Sales

During 9M 2018 third parties sales amounted to 449,215 tonnes of poultry, which is 7% higher than in 9M 2017, driven by growth in exports and following the strategy of poultry meat stock decrease starting from Q3 2018.

During the third quarter of 2018 the volume of chicken meat exports totaled 80,361 tonnes and increased by 52% compared to the third quarter of 2017 volume - 52,990 tonnes. During 9M 2018, poultry exports increased by 22% and reached 213,925 tonnes compared to 9M 2017 (176,015 tonnes), mainly driven by the growth of exports in Q3 and Q1 2018. MHP continued to follow a strategy of both geographic diversification and in a product mix optimization building-up the export volumes of chicken meat across the MENA, the EU, Africa and Asia. Total poultry exports in 9M 2018 constituted around 48% vs 42% in 9M 2017 of total poultry sales volumes.

Poultry Prices

Poultry	Q3 2018	Q3 2017	%	%		
				9M 2018	9M 2017	
Price per 1 kg net VAT	40.38	39.72	2%	39.66	34.06	16%

* Average official FX rate for Q3 2018 UAH/US\$ 27.35 and for Q3 2017 UAH/US\$ 25.96

Average official FX rate for 9M 2018 UAH/US\$ 26.95 and for 9M 2017 UAH/US\$ 26.40

Through the third quarter of 2018 the average chicken meat price (both domestic and export) constituted UAH 40.38 per 1 kg of natural weight (excluding VAT), increased by 2% year-on-year and by around 2% compared to Q2 2018. 9M 2018 average chicken meat price was UAH 39.66, which is 16% higher than in 9M 2017. The increase in price in 9M 2018 year-over-year is mainly driven by export price growth as a result of product mix optimization undertaken by the Company in line with its export strategy as well as affected by domestic poultry price growth since H2 2017 and decreasing sales of frozen chicken.

In USD term, average MHP's poultry price in Q3 2018 remained almost stable year-on-year and in 9M 2018 increased by 9% year-on-year.

Vegetable oils

Sales volume, tonnes	Q3 2018	Q3 2017	%	%		
				9M 2018	9M 2017	
Sunflower oil	92,866	76,811	21%	240,970	243,826	-1%
Soybean oil	6,155	8,225	-25%	37,776	22,530	68%

In Q3 2018, MHP's sales of sunflower oil increased by 21% to 92,866 tonnes compared to 76,811 tonnes in Q3 2017; in 9M 2018 sunflower oil exports constituted 240,970 tonnes almost stable result year-over-year. The increase in volumes in Q3 2018 is driven mainly by an increase in production and delivery terms change from DAP to FOB since the beginning of 2018.

In Q3 2018, soybean oil exports were at 6,155 tonnes, 25% lower year-on-year, mainly due to unattractive international soybean oil prices; and for 9M 2018 – 37,776 tonnes, 68% higher year-on-year, mainly driven by higher sales volumes in H1 2018 and low base in 9M 2017. MHP also sells soybean cake to third parties.

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

In 2018 in grain growing operations the Company is to harvest around 365,000 hectares of land.

The Company’s harvesting campaign of sunflower, corn and soya is on track. As of today, MHP’s harvesting campaign of sunflower is complete with current yield of 3.4 t/ha, around 50% of corn is harvested with current yield of 11.8 t/ha and around 80% of soya is harvested with yield of 3.1 t/ha (yields are in bunker weight).

Sowing campaign of winter crops is on track and almost complete.

	2018 ^[1]		2017	
	Production, tons	Cropped hectares	Production, tonnes	Cropped hectares
Corn	In process	In process	893,149	121,908
Wheat	295,950	48,380	293,765	48,676
Sunflower	In process	In process	205,079	68,931
Rapeseed	124,740	38,540	104,782	31,968
Soya	In process	In process	82,793	39,684
Other ^[2]	In process	In process	419,527	44,913
Total:	n/a	n/a	1,999,095	356,080

^[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;

	2018		2017	
	MHP’s average*	Ukraine’s average**	MHP’s average*	Ukraine’s average**
Corn	10.2***	In process	7.3	4.9
Wheat	6.1	3.8	6.0	4.2
Sunflower	3.2***	In process	3.0	2.1
Rapeseed	3.2	2.7	3.3	2.9
Soya	2.9***	In process	2.1	1.9

* - Tonnes per hectare

** - MHP yields are net weight, Ukraine – bunker weight

*** - MHP’s forecast

OTHER AGRI OPERATIONS

Meat-processing products	Q3 2018	Q3 2017	% change			% change
				9M 2018	9M 2017	
Sales volume, third parties tonnes	9,031	9,920	-9%	26,000	27,170	-4%
Price per 1 kg net VAT, UAH	63.12	49.82	27%	61.08	46.96	30%

Convenience food	Q3 2018	Q3 2017	% change			% change
				9M 2018	9M 2017	
Sales volume, third parties tonnes	5,020	4,236	18%	13,100	9,995	31%
Price per 1 kg net VAT, UAH	39.10	33.90	15%	43.08	39.73	8%

Sales volumes of meat-processing products (sausages and smoked meat) in 9M 2018 decreased by 4% and constituted 26,000 tonnes compared to 27,170 tonnes in 9M 2017. The average price in 9M 2018 increased by 30% to UAH 61.08 per kg (excluding VAT) compared to UAH 46.96 in 9M 2017 driven mainly by poultry price increase.

Sales volumes of convenience food in 9M 2018 increased by 31% reaching 13,100 tonnes, driven mainly by introduction of a new product line (cooked and chilled products). The average price in 9M 2018 increased by 8% to UAH 43.08 per kg (excluding VAT).

Next release

The financial results for Q3 and 9M 2018 will be published on **14 November 2018**. There will be a conference call for investors and analysts on the day that will take place at 4pm Kyiv time (2 pm London/5 pm Moscow). Dialing instructions for the call will be published in a due course.

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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 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.