



18 October 2019, Limassol, Cyprus

MHP SE

Pre-close trading update for the third quarter and nine months ended 30 September 2019

MHP SE (LSE: MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its pre-close trading update for the third quarter and nine months ended 30 September 2019. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

From now and going forward, MHP’s operational and financial results of the recently acquired Perutnina Ptuj will be included into the results of activities and will be shown separately (please see the result of operations - European operating segment - at the end of press release).

POULTRY AND RELATED OPERATIONS

In 2019, MHP has continued to launch additional production sites as part of Phase 2 of the Vinnytsia Poultry Complex (‘Complex’). Between January and September 2019, another three rearing sites (brigades) became operational, bringing the total to six. MHP is planning to launch an additional brigade in Q1 2020.

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

Poultry production volumes in Q3 2019 increased by 24% to 186,555 tonnes (Q3 2018: 150,650 tonnes) and slightly higher (around 2%) compared to Q2 2019 (182,306 tonnes). In 9M 2019 poultry production volumes increased by 18% to 540,133 tonnes (9M 2018: 458,540 tonnes). The increase in the reporting periods is mainly driven by the increased production of chicken meat as a result of Phase 2 of the Vinnytsia Poultry Complex expansion.

Poultry	Q3 2019	Q3 2018	%	9M 2019	9M 2018	%
			change			change
Sales volume, third parties tonnes:	165,963	160,778	3%	511,241	449,215	14%
- Domestic	86,775	80,417	8%	241,569	235,290	3%

- Exports	79,189	80,361	-1%	269,672	213,925	26%
-----------	--------	--------	-----	---------	---------	-----

Poultry Sales

During 9M 2019 third parties sales amounted to 511,241 tonnes of poultry, which is 14% higher than in 9M 2018, driven mainly by growth in exports.

During the third quarter of 2019 the volume of chicken meat exports totaled 79,189 tonnes and decreased by 1% compared to the third quarter of 2018 volume - 80,361 tonnes due to lower sales volume to the MENA.

During 9M 2019, poultry exports increased by 26% and reached 269,672 tonnes compared to 9M 2018 - 213,925 tonnes. MHP continued to follow a strategy of both geographic diversification and of 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 2019 constituted around 53% vs 48% in 9M 2018 of total poultry sales volumes.

Poultry Prices

Poultry	Q3 2019			Q3 2018		
	Q3 2019	Q3 2018	% change	9M 2019	9M 2018	% change
Price per 1 kg net VAT	38.58	40.38	-4%	39.18	39.66	-1%

* Average official FX rate for Q3 2019 UAH/US\$ 25.26 and for Q3 2018 UAH/US\$ 27.35

Average official FX rate for 9M 2019 UAH/US\$ 26.37 and for 9M 2018 UAH/US\$ 26.95

Through the third quarter of 2019 the average chicken meat price (both domestic and export) constituted UAH 38.58 per 1 kg of natural weight (excluding VAT), decreased by 4% year-on-year mainly driven by FX difference. 9M 2019 average chicken meat price was UAH 39.18, which is stable compared with chicken price in 9M 2018.

Vegetable oils

Sales volume, tonnes	Q3 2019			Q3 2018		
	Q3 2019	Q3 2018	% change	9M 2019	9M 2018	% change
Sunflower oil	84,975	92,866	-8%	271,462	240,970	13%
Soybean oil	15,758	6,155	156%	40,007	37,776	6%

In Q3 2019, MHP's sales of sunflower oil decreased by 8% to 84,975 tonnes compared to 92,866 tonnes in Q3 2018, mainly driven by delivery terms change from DAP to FOB; in 9M 2019 sunflower oil exports constituted 271,462 tonnes, which is 13% higher year-over-year. The increase in volumes in 9M 2019 is driven mainly by an increase in production and by delivery terms change from DAP to FOB.

In Q3 2019, soybean oil exports were at 15,758 tonnes, 156% higher year-on-year, and accumulatively for the nine months of 2019– 40,007 tonnes, 6% higher year-on-year, due to increased production and sales of some stocks. 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 2019 in grain growing operations the Company is to harvest around 360,000 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 almost complete with expected yield of 3.6 t/ha, around 65% of corn is harvested with expected yield of 9.7 t/ha and around 100% of soya is harvested with expected yield of 2.7 t/ha (yields are in net weight).

Sowing campaign of winter crops is complete.

	2019		2018	
	Production, tons	Cropped hectares	Production, tonnes	Cropped hectares
Corn	In process	139,458	1,344,572	123,398
Wheat	299,306	46,797	295,512	48,379
Sunflower	In process	65,447	235,245	72,981
Rapeseed	122,609	41,230	125,346	38,541
Soya	In process	38,424	114,523	37,558
Other ^[1]	In process	28,748	539,900	42,017
Total:	n/a	360,104	2,655,098	362,873

^[1] Including barley, rye, sugar beet, sorghum and other and excluding land left fallow as part of crop rotation

	2019		2018	
	MHP’s average*	Ukraine’s average**	MHP’s average*	Ukraine’s average**
Corn	9.7***	6.3	10.9	7.8
Wheat	6.4	4.2	6.1	3.7
Sunflower	3.6***	2.4	3.2	2.3
Rapeseed	3.0	2.5	3.3	2.7
Soya	2.7***	2.4	3.0	2.6

* - Tonnes per hectare

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

*** - MHP’s forecast

OTHER AGRI OPERATIONS

Meat-processing products	Q3 2019	Q3 2018	% change		Q3 2019	Q3 2018	% change
			9M 2019	9M 2018			
Sales volume, third parties							
tonnes	10,179	9,031	13%		26,845	26,000	3%

Price per 1 kg net VAT, UAH	66.97	63.12	6%	66.55	61.08	9%
			%			%
Convenience food	Q3 2019	Q3 2018	change	9M 2019	9M 2018	change
Sales volume, third parties tonnes	5,605	5,020	12%	14,072	13,100	7%
Price per 1 kg net VAT, UAH	38.59	39.10	1%	40.62	43.08	-6%

Sales volumes of meat-processing products (sausages and smoked meat) in 9M 2019 constituted 26,845 tonnes and remained relatively stable year-on-year. The average price in 9M 2019 increased by 9% to UAH 66.55 per kg (excluding VAT) year-on-year driven mainly due to the launch of “Mini” sausage production site and poultry price increase.

Sales volumes of convenience food in 9M 2019 reached 14,072 tonnes and increased by 7% year-on-year. The average price in 9M 2019 decreased by 6% to UAH 40.62 per kg (excluding VAT) due to the high comparison base, where salted fillet (semi-final product) was included.

European operating segment

In Q3 2019 PP’s poultry production facilities produced 25,383 tonnes of chicken and turkey meat, while poultry sales constituted 15,916 tonnes at an average price of EUR 2.63 per 1 kg. In 9M 2019 PP’s poultry production facilities produced 45,970 tonnes of chicken and turkey meat, while poultry sales constituted 36,956 tonnes at an average price of EUR 2.64 per 1 kg.

In Q3 2019 PP’s meat-processing (including sausages, convenience foods) facilities produced 9,966 tonnes, while sales constituted 9,927 tonnes at an average price of EUR 2.69 per 1 kg. In 9M 2019 PP’s meat-processing facilities produced 21,045 tonnes of meat-processing products, while sales constituted 21,019 tonnes at an average price of EUR 2.70 per 1 kg.

Next release

The financial results for **Q3 and 9M 2019** will be published on **19 November 2019**. There will be a conference call for investors and analysts on the day that will take place at 4pm Kyiv time (2 pm London/4 pm Moscow). Dialing instructions for the call will be published in a due course.

For further information and Investor Relations enquiries please contact:

	+38 044 207 00 70
Anastasiya Sobotyuk (Kyiv)	+38 050 339 29 99
	a.sobotyuk@mhp.com.ua
Iryna Bublik (Kyiv)	+38 044 207 00 04

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 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.