



14 April 2020, Limassol, Cyprus

MHP SE

Financial Results for the Fourth Quarter and Twelve Months Ended 31 December 2019

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its results for the fourth quarter and twelve months ended 31 December 2019. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

EVENTS DURING AND POST REPORTING PERIOD

Further to the announcement in February 2019 of the acquisition of Perutnina Ptuj (“PP”), the largest producer of poultry meat and poultry meat products in the Balkans region of southeast Europe, MHP completed the acquisition of minority shareholders by the end of September 2019 and is now the 100% owner of PP. PP’s financial results are reported separately in the European Operating Segment.

On 13 September 2019, MHP announced that it had completed the issue of a US\$ 350 million Eurobond of 6.25% notes due 19 September 2029. This is the longest-dated bond issued by a Ukrainian corporate and carries the lowest coupon in the private sector in Ukraine. Proceeds from this new issue enabled full repayment of MHP’s short-term liabilities (US\$ 335 million at the end of H1 2019), extending MHP’s maturity profile and making virtually all its debt long-term.

OPERATIONAL HIGHLIGHTS

- In 2019, MHP continued to launch additional production sites as part of Phase 2 of the Vinnytsia poultry complex (“Vinnytsia”) bringing the total number of rearing sites to six. The Company’s other poultry production facilities continued to operate at full capacity during the period
- PP was successfully integrated into the Group, contributing US\$ 271 million to Group revenue during the 10 months of 2019 during which it was consolidated, and a higher-than-expected 16% adjusted EBITDA margin for PP
- Further progress was achieved towards the Group’s strategic shift towards more customer-centric products including more value-added primary and further processed products for the domestic market
- A business transformation group was established tasked with improving the efficiency of business processes

Q4 2019

- Poultry production volumes for MHP excluding PP reached 188,784* tonnes, up 18% year-on-year (Q4 2018: 159,431 tonnes). Poultry production volumes of the European Operating Segment (PP) amounted to 23,321 tonnes
- The average chicken meat price decreased by 14% year-on-year to UAH 34.69 per kg (Q4 2018: UAH 40.56 per kg) (excluding VAT). The average price of chicken meat produced by PP during Q4 2019 was 2.66 EUR per kg

- Chicken meat exports totaled 87,651 tonnes (excluding PP's 3,752 tonnes), increased by 20% (Q4 2018: 72,929 tonnes)

*- production volume of chicken meat only, without by-products

12M 2019

- Poultry production volumes reached 728,917* tonnes, up 18% (12M 2018: 617,943 tonnes). Poultry production volumes of European operating segment (PP) amounted to 79,358 tonnes
- The average chicken meat price decreased by 5% year-on-year to UAH 38.06 per kg (12M 2018: UAH 39.86 per kg) (excluding VAT). The average price of chicken meat produced by PP during 2019 was 2.64 EUR per kg
- Chicken meat exports increased by 25% year-on-year to 357,433 tonnes (excluding PP's 13,881 tonnes) (12M 2018: 286,846 tonnes) as a result of increased exports mainly to countries in MENA and the EU

*- production volume of chicken meat only, without by-products

FINANCIAL HIGHLIGHTS

Q4 2019

- Revenue of US\$ 551 million, an increase of 43% year-on-year (Q4 2018: US\$ 385 million)
- Export revenue amounted to US\$ 316 million, 57% of total revenue (Q4 2018: US\$ 263 million, 68% of total revenue)
- Operating loss of US\$ 2 million, down from a profit of US\$ 29 million in Q4 2018; operating margin declined from 8% to 0%
- Adjusted EBITDA margin (net of IFRS 16) decreased to 8% from 23%; adjusted EBITDA (net of IFRS 16) of US\$ 43 million was down 51% year-on-year (Q4 2018: US\$ 88 million)
- Net loss for the period was US\$ 60 million (Q4 2018: loss of US\$ 14 million)

12M 2019

- Revenue of US\$ 2,056 million, an increase of 32% year-on-year (12M 2018: US\$ 1,552 million) driven by an increase in sales of poultry meat, vegetable oils and convenience food, as well as by the acquisition of PP
- Export revenue amounted to US\$ 1,186 million, 58% of total revenue (12M 2018: US\$ 924 million, 60% of total revenue), up 28% year-on-year from the continued strategy of geographic diversification of exports
- Operating profit of US\$ 216 million, down 31% year-on-year from US\$ 312 million; operating margin declined from 20% to 11%
- Adjusted EBITDA margin (net of IFRS 16) decreased to 18% (2018: 29%); adjusted EBITDA (net of IFRS 16) decreased to US\$ 376 million versus US\$ 450 million in 2018 driven by low commodity prices (both for crops and poultry) and the effects of adverse weather conditions, combined with the significant strengthening of the Ukrainian Hryvnia
- Net profit for the period was US\$ 215 million, compared to profit US\$ 128 million for 12M 2018

FINANCIAL OVERVIEW

| <i>(in mln. US\$, unless indicated otherwise)</i> | Q4 2019 | Q4 2018 ¹⁾ | % change ²⁾ | 12M 2019 | 12M 2018 ¹⁾ | % change ²⁾ |
|---|-------------|-----------------------|---------------------------|--------------|------------------------|---------------------------|
| Revenue | 551 | 385 | 43% | 2,056 | 1,552 | 32% |
| IAS 41 standard gains/(losses) | (58) | (23) | 152% | (40) | 32 | -225% |
| Gross profit | 52 | 67 | -22% | 398 | 422 | -6% |
| Gross profit margin | 9% | 17% | -8 pps | 19% | 27% | -8 pps |
| Operating profit | (2) | 29 | -107% | 216 | 312 | -31% |
| Operating profit margin | 0% | 8% | -8 pps | 11% | 20% | -9 pps |
| Adjusted EBITDA | 70 | 88 | -20% | 427 | 450 | -5% |
| Adjusted EBITDA margin | 13% | 23% | -10 pps | 21% | 29% | -8 pps |
| Adjusted EBITDA (net of IFRS 16) | 43 | 88 | -51% | 376 | 450 | -16% |
| Adjusted EBITDA margin (net of IFRS 16) | 8% | 23% | -15 pps | 18% | 29% | -11 pps |
| Net profit before foreign exchange differences | (63) | (42) | 50% | 30 | 116 | -74% |
| Net profit margin before forex gain | -11% | -11% | 0 pps | 1% | 7% | -6 pps |
| Foreign exchange gain | 3 | 28 | -89% | 185 | 12 | 1442% |
| Net profit (loss) | (60) | (14) | 329% | 215 | 128 | 68% |
| Net profit margin | -11% | -4% | -7 pps | 10% | 8% | 2 pps |

¹⁾ Information for the Q4 2019 and for the year ended 31 December 2019 is presented excluding results of discontinued operation, which is presented as a single amount as loss after tax from discontinued operations

²⁾ pps – percentage points

Average official FX rate for Q4: UAH/US\$ 24.2606 in 2019 and UAH/US\$ 27.9502 in 2018

Average official FX rate for 12 months: UAH/US\$ 25.8373 in 2019 and UAH/US\$ 27.2016 in 2018

Chief Executive Officer, Yuriy Kosyuk, commented:

“AT THE TIME OF WRITING WE FIND OURSELVES IN HIGHLY UNCERTAIN TIMES DUE TO THE COVID-19 PANDEMIC. I WANT TO REASSURE OUR PEOPLE THAT THEIR HEALTH AND SAFETY IS PARAMOUNT AND THAT WE WILL CONTINUE TO PROVIDE NECESSARY SUPPORT AND ASSISTANCE. I REMAIN CONFIDENT THAT MHP IS UNIQUELY POSITIONED AND WILL NOT ONLY ADAPT TO SUCCESSFULLY MANAGE THE SHORT-TERM CHALLENGES, BUT WILL EVOLVE TO OPTIMALLY POSITION ITSELF TO CAPITALISE ON THE MEDIUM- AND LONG-TERM OPPORTUNITIES IN OUR INDUSTRIES.

2019 WAS A CHALLENGING YEAR FOR MHP, BUT IT WAS ALSO A PIVOTAL YEAR IN OUR HISTORY. WE INTEGRATED PERUTNINA PTUJ INTO OUR OPERATIONS AND, PERHAPS MORE IMPORTANTLY, WE INSTIGATED CHANGE; WE ARE IN THE PROCESS OF TRANSFORMING THE COMPANY’S BUSINESS MODEL SO THAT WE AS A GROUP ARE MORE EFFICIENT AND MORE CUSTOMER ORIENTED. THIS TRANSFORMATION WILL EMBRACE NEW TECHNOLOGY AND INNOVATION AND WILL RELY ON EACH AND EVERY ONE OF OUR TALENTED AND COMMITTED EMPLOYEES; I AM CONFIDENT THAT THEY CAN RISE TO THE CHALLENGE AND DELIVER FOR OUR STAKEHOLDERS.”

TURBULENT AND DYNAMIC GLOBAL MARKETS IN 2019

In 2019 global markets were disrupted following on from the events of 2018. African Swine Fever in China and Southeast Asia caused significant imbalances in all protein flows but had more impact in poultry production and regional pricing.

The changing global poultry flows caused a significant disparity between export producers in terms of market access; Saudi Arabia, MHP’s key market in the Middle East, was closed to Ukrainian exports in Q4 2019. Poland emerged as a key producer of poultry in 2019 which caused over-production within the EU, resulting in historically low prices for poultry breast meat.

PERFORMANCE HIGHLIGHTS

Group revenue in 2019 amounted to US\$ 2,056 million (2018: US\$ 1,552 million), representing 32% growth year-on-year driven by an increase in the sale of poultry meat, vegetable oils and convenience food, as well as by the acquisition of Perutnina Ptuj (PP). Domestic revenues reflect growth of 39% whilst export growth was up 28%, driven by an increase in grains, vegetable oils and meat-processing products. Export revenue represented 58% of Group revenue in 2019 (2018: 60%).

Adjusted EBITDA (net of IFRS 16) was US\$ 376 million and lower than expected, down 16% (2018: US\$ 450 million) resulting in an adjusted EBITDA margin (net of IFRS 16) of 18% (2018: 29%). The lower profitability was driven by lower commodity prices (both for crops and poultry) and the effects of adverse weather conditions, combined with the significant strengthening of the Ukrainian Hryvnia (13% in Q4 2019 alone) leading to higher US dollar denominated production costs.

BUSINESS REVIEW

Despite the challenges, MHP made significant progress towards a number of strategic goals during the year and continued to execute upon its growth strategy in both export and domestic markets.

- **Integration of Perutnina Ptuj.** I am delighted with the way in which the newly-acquired Balkans operations have been so efficiently integrated into the Group and with the operational synergies that have been realised to date. There is more to achieve and there are also lessons to be learned from the PP operations that will be applied across the wider Group going forward.
- **Transformation from a raw materials company into a 'culinary' company.** A gradual strategic shift towards more customer-centric products is underway. The most important evolution in this tenet of our strategy during 2019 was the move towards more value-added primary and further-processed products for the Ukraine domestic market and, similarly, export markets. This strategic evolution, which is customer-led and involves us working closely with our customers as partners to anticipate their evolving needs, will be rolled-out more extensively over the next several years and will transform the Company's sales from a commodity production base to a branded value-added base delivering higher margin products. This development also further mitigates risks in the movement of raw products for export when avian influenza outbreaks occur in Eastern Europe.
- **Export volume growth.** Export revenue grew by 28% y/y and now constitutes 58% of total revenue, driven by the continued implementation of the Company's diversification strategy as well as product mix optimisation - the "right product for the right market" - to countries within the EU, MENA, CIS and Africa.
- **Mid-term growth opportunities.** In February 2020 we announced that MHP is planning a greenfield project in Saudi Arabia; there is significant government support for the project and a feasibility study is ongoing.

2020 STRATEGIC PRIORITIES

MHP has responded and adapted to the challenges of 2019 and continues to take positive steps to further enhance and optimise its business model.

- **Business transformation.** To increase MHP's financial strength, we have tasked a newly-created business transformation group with ambitious goals to improve the efficiency of all business processes. This includes transforming customer service, the digitalisation of processes and the creation of a new franchising business model. This team is in the early stages of investigating potential new products and processes which, over time, will create thoughtful, balanced solutions for increased efficiency.
- **Looking after our people as MHP transforms.** Our people are our greatest asset and MHP will ensure that they are looked after, including through a fair, transparent and merit-based remuneration system whereby they are rewarded for their contribution. Andriy Bulakh, appointed Deputy CEO, People in January 2020, will oversee our work on developing the corporate culture, values and competency model; increasing the efficiency and productivity of employees and

organisations; new training formats; and switching to more flat, flexible and adaptive staff management models featuring increased engagement.

- **Perutnina Ptuj.** Continued investment in PP remains a priority in order to capitalise on the opportunities for expansion into regional and Western European markets with a focus on high-quality, branded ready-to-eat and ready-to-cook products. I am confident that PP will continue to deliver and will be a leader in poultry production in Europe in the medium-term.
- **Investment in ‘Commercial Kitchens’.** A ‘Commercial Kitchen’ concept is being developed and is planned to be implemented in Ukraine during 2020, whereby the Company directly supplies end customers rather than the HORECA processors.
- **Production volume growth.** During the Company’s annual strategy meeting in May 2019, the Company reiterated its previous production target of 850-880,000 tonnes of poultry meat by 2024. We continue to expect PP and the expanded Vinnytsia Poultry Complex to be our main drivers of production growth in 2020 towards this goal.
- **Increasing the profitability of our agricultural operations.** Spring crops are a key driver of the Company’s results. The Grain Growing segment is therefore refocussing. It is increasing the number of hectares in which spring crops (corn, soy and sunflower) are sown and reducing the number of hectares in which winter crops (wheat, barley and rapeseed) are sown. This, combined with the optimisation of production costs and the use of technology including Artificial Intelligence, will increase the efficiency of the Grain Growing segment.
- **Export growth:** we will continue to execute our geographical diversification strategy and to focus upon more customised products as part of a strategy to access new prospective markets.
- **Long-term goal to be an efficient and successful player in the global protein industry consolidation:** We continue to monitor developments and potential M&A opportunities, both in poultry production and in the meat-processing industry, internationally.
- **To promote the sustainable development of the business:** MHP is committed to reducing greenhouse gas emissions intensity with a long-term goal of being carbon neutral for every kilogram of poultry meat produced. The Company’s largest biogas facility is in production with one more unit (12MW) planned. In addition, a research programme focussed on carbon sequestration, whereby carbon dioxide and other forms of carbon are stored in the soil for the long-term, is ongoing.

INNOVATION AND RESEARCH & DEVELOPMENT

The Company’s Centre of Innovation has continued its active programme in 2019, both in Ukraine and in the Balkans. Key advances made in relation to the production of poultry meat included the following:

- **Antibiotic-free** – significantly more production (in excess of 30% of total volumes) is now designated as “antibiotic-free” and the Company remains on target to produce in excess of 85% of poultry meat on an antibiotic-free basis by 2023e. In early 2020, an antibiotic-free line of poultry products was launched in Ukraine for domestic consumers, see also case study in the Annual Report.

An important planned development of the Nasha Riaba brand in 2020 underlines MHP’s industry-leading commitment to eliminate the use of antibiotics in the chicken meat production process. Nasha Riaba product labelling will highlight the brand’s long-term commitment to the eradication of antibiotic use; this step will further re-enforce MHP’s commitment to improving human health and healthy eating. MHP plans to achieve this aim by setting step-by-step targets and rigorous and robust testing.

- **Health and nutrition** – a two-year MHP research programme has enabled the Company to confirm and to state on its products that its poultry products have lower levels of saturated fats and higher levels of polyunsaturated fats; this is a significant mitigation factor in human coronary artery disease and a key driver of sales growth for increasingly health-conscious consumers.

MHP's management will host a conference call for investors and analysts followed by Q&A on the day of the results.

The dial-in details are:

| | |
|---------------------------|--|
| Time: | 14.00 London / 16.00 Kyiv / 09.00 New York |
| Title: | Financial results for Q4 and 12M 2019 |
| International/UK Dial in: | +44 203 984 9844 |
| Ukraine: | +380 89 324 0624 |
| USA free call: | +1 718 866 4614 |
| Participant PIN code | 645982 |

In order to follow the presentation together with the management, please use the following link:

<https://mm.closir.com/slides?id=645982>

For enquiries, please contact:

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Segment Performance

Poultry and related operations segment

| | Q4 2019 | Q4 2018 | % change | 12M 2019 | 12M 2018 | % change |
|--|------------|------------|-------------|----------|----------|-------------|
| Poultry | | | | | | |
| Sales volume, third parties, tonnes | 158,624 | 144,183 | 10% | 669,964 | 593,527 | 13% |
| - Sales in Ukraine, third parties, tonnes | 70,972 | 71,253 | 0% | 312,531 | 306,680 | 2% |
| - Export sales volume, third parties, tonnes | 87,651 | 72,929 | 20% | 357,433 | 286,846 | 25% |
| Average price per 1 kg net of VAT, UAH | 34.69 | 40.56 | -14% | 38.06 | 39.86 | -5% |
| Average price per 1 kg net of VAT, USD | 1.43 | 1.45 | -1% | 1.47 | 1.47 | 0% |
| Price per 1 kg net of VAT, UAH (Ukraine) | 37.17 | 38.07 | -2% | 37.49 | 36.62 | 2% |
| Price per 1 kg net of VAT, USD (export) | 1.35 | 1.54 | -12% | 1.49 | 1.59 | -6% |
| Sunflower oil | | | | | | |
| Sales volume, third parties tonnes | 112,688 | 74,108 | 52% | 384,150 | 315,079 | 22% |
| Soybeans oil | | | | | | |
| Sales volume, third parties tonnes | 11,764 | 12,268 | -4% | 51,771 | 50,044 | 3% |

Chicken meat

Aggregate volumes of chicken meat sold to third parties increased by 10% in Q4 2019 and during 12M 2019 increased by 13%, mainly as a result of increased production of heavier chicken and decreased share of thinning, as well as due to the launch of new rearing sites of Phase 2 at the Vinnitsia Poultry Complex. MHP continued to follow a strategy of both geographic diversification and product mix optimization, building up volumes of chicken meat sold across the MENA, EU, Africa and Asia. In addition to the growth in poultry exports, sales in Ukraine during 12M 2019 increased slightly by 2% to 312,531 tonnes (12M 2018: 306,681 tonnes).

For the 12M 2019, the aggregate average chicken meat price was UAH 38.06, 5% lower than in 12M 2018 mainly driven by substantial drops in poultry prices in the EU countries as well as revaluation of the local currency (UAH).

Vegetable oil

During 12M 2019, MHP's sales of sunflower oil have increased by 22% compared to 12M 2018 and reached 384,150 tonnes. Sales of soybean oil have increased by 3% during 12M 2019 and reached 51,771 tonnes.

Poultry and Related Operations segment - financial results and trends

| <i>(in mln. US\$, unless indicated otherwise)</i> | Q4 2019 | Q4 2018 | % change* | 12M 2019 | 12M 2018 | % change* |
|---|------------|------------|--------------|--------------|--------------|---------------|
| Revenue | 337 | 289 | 17% | 1,368 | 1,241 | 10% |
| - Poultry and other | 250 | 231 | 8% | 1,073 | 973 | 10% |
| - Vegetable oil | 87 | 58 | 50% | 295 | 268 | 10% |
| IAS 41 standard gains/(losses) | (3) | 8 | -138% | 9 | (1) | -1000% |
| Gross profit | 45 | 73 | -38% | 273 | 301 | -9% |

| | | | | | | |
|---|-----------|-----------|-------------|------------|------------|-------------|
| <i>Gross margin</i> | 13% | 25% | -12 pps | 20% | 24% | -4 pps |
| Adjusted EBITDA | 43 | 76 | -43% | 281 | 311 | -10% |
| <i>Adjusted EBITDA margin</i> | 13% | 26% | -13 pps | 21% | 25% | -4 pps |
| <i>Adjusted EBITDA per 1 kg (net of IAS 41)</i> | 0.29 | 0.47 | -38% | 0.41 | 0.53 | -23% |

* pps – percentage points

During 12M 2019, revenue of the segment increased by 10% year-on-year driven mostly by an increase in sales volume of chicken meat and vegetable oil, but partly offset by decreased prices of chicken meat.

IAS 41 standard gain/(loss) reflects net change in fair value of biological assets and agricultural produce. IAS 41 standard gain during 12M 2019 amounted to US\$ 9 million mainly as a result of an increase of poultry meat stocks, but partly offset by a decrease in prices.

Gross profit of the segment for 12M 2019 decreased by 9% year-on-year driven by lower prices of chicken meat and higher production costs in USD terms due to strengthening of the Ukrainian Hryvna in Q4 2019, as well as higher costs of mixed fodder protein components and payroll costs.

During 12M 2019, adjusted EBITDA decreased by 10%, in line with the decrease in gross profit.

Grain Growing segment

In 2019, MHP harvested around 360,000 hectares of land in Ukraine and gathered around 2.41 million tonnes of crops, 9% less versus 2018 mainly related to MHP's historically record harvest of corn in 2018. Average MHP yields are significantly higher than Ukrainian averages for almost all crops due to operational efficiency and employment of technology and best practices.

| | 2019 ^[1] | | 2018 ^[1] | |
|----------------------|--------------------------|---------------------|--------------------------|---------------------|
| | 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 | 1,312,416 | 140,221 | 1,344,547 | 123,398 |
| Wheat | 300,396 | 46,797 | 295,640 | 48,379 |
| Sunflower | 237,755 | 65,447 | 235,245 | 72,981 |
| Rapeseed | 122,597 | 41,233 | 125,346 | 38,541 |
| Soya | 102,418 | 38,197 | 114,322 | 37,558 |
| Other ^[2] | 332,007 | 27,581 | 539,322 | 41,963 |
| Total | 2,407,589 | 359,476 | 2,654,422 | 362,820 |

^[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;

| | 2019 | | 2018 | |
|-----------|-------------------------------------|---|-------------------------------------|---|
| | 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 | 9.4 | 7.1 | 10.9 | 7.8 |
| Wheat | 6.4 | 4.3 | 6.1 | 3.7 |
| Sunflower | 3.6 | 2.6 | 3.2 | 2.3 |
| Rapeseed | 3.0 | 2.6 | 3.3 | 2.7 |
| Soya | 2.7 | 2.3 | 3.0 | 2.6 |

^[1] MHP yields are net weight, Ukraine yields are bunker weight;

| <i>(in mln. US unless indicated otherwise)</i> | 12M 2019 | 12M 2018 | % change |
|---|-----------------|-----------------|-----------------|
| Revenue | 268 | 181 | 48% |
| IAS 41 standard gains/(losses) | (50) | 33 | -252% |
| Gross profit | 29 | 108 | -73% |
| Adjusted EBITDA* | 109 | 151 | -28% |
| Adjusted EBITDA (net of IFRS 16) | 60 | 151 | -60% |
| <i>Adjusted EBITDA (net of IFRS 16) per 1 hectare</i> | 167 | 416 | -60% |

*- after implementation of IFRS 16

Grain growing segment revenue for 12M 2019 amounted to US\$ 268 million compared to US\$ 181 million in 12M 2018. The increase in revenue is mainly attributable to higher level of crops in stock designated for sale as of 31 December 2018 due to the record yields in 2018.

IAS 41 standard loss for 12M 2019 amounted to US\$ 50 million and was primarily driven by substantial decreases in prices of crops (especially corn).

12M 2019 adjusted EBITDA of the segment has decreased by 28% versus 12M 2018 due to decreases in prices as well as higher production costs in USD terms due to strengthening of the Ukrainian Hryvna (accentuated by the seasonality of operations with major expenses incurred in H1 2019).

Meat processing and other agricultural operations segment

| Meat processing products | Q4 2019 | Q4 2018 | % change | 12M 2019 | 12M 2018 | % change |
|------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Sales volume, third parties tonnes | 8,699 | 7,978 | 9% | 35,458 | 33,975 | 4% |
| Price per 1 kg net VAT, UAH | 69.67 | 66.25 | 5% | 67.34 | 62.22 | 8% |

In Q4 2019 and during 12M 2019, sales of meat processing products increased by 9% and 4% and reached 8,699 tonnes and 35,458 tonnes, respectively. The average processed meat price increased by 8% year-over-year to UAH 67.34 per kg in 12M 2019, driven by the implementation of the improved sales and marketing strategy.

| Convenience food | Q4 2019 | Q4 2018 | % change | 12M 2019 | 12M 2018 | % change |
|------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Sales volume, third parties tonnes | 5,179 | 4,887 | 6% | 19,236 | 17,997 | 7% |
| Price per 1 kg net VAT, UAH | 41.94 | 41.20 | 2% | 40.97 | 42.53 | -4% |

Sales volumes of convenience food in 12M 2019 increased by 7% to 19,236 tonnes, driven mainly by a high base effect, where salted fillet (a semi-final product) was included previously. Average prices in 12M 2019 decreased by 4% to UAH 40.97 per kg (excluding VAT).

| <i>(in mln. US\$, except margin data)</i> | Q4 2019 | Q4 2018 | % change | 12M 2019 | 12M 2018 | % change |
|---|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | 42 | 33 | 27% | 149 | 130 | 15% |
| - Meat processing | 32 | 26 | 23% | 118 | 103 | 15% |
| - Other* | 10 | 7 | 43% | 31 | 27 | 15% |
| IAS 41 standard gains | 3 | (1) | -400% | 2 | - | 100% |
| Gross profit | 9 | (1) | -1000% | 19 | 12 | 58% |
| <i>Gross margin</i> | 21% | -3% | 24 pps | 13% | 9% | 4 pps |
| Adjusted EBITDA | 8 | 2 | 300% | 20 | 16 | 25% |
| <i>Adjusted EBITDA margin</i> | 19% | 6% | 13 pps | 13% | 12% | 1 pps |

* includes, milk, cattle and feed grains.

Segment revenue for 12M 2019 increased by 15% year-on-year, in line with increases in volumes for meat processing, to US\$ 149 million.

The segment's adjusted EBITDA increased to US\$ 20 million in 12M 2019 versus US\$ 16 million in 12M 2018, an increase by 25% year-on-year, driven mostly by higher returns earned from meat processing products.

Current Group financial position and cash flow

| <i>(in mln. US\$)</i> | Q4 2019 | Q4 2018 | 12M 2019 | 12M 2018 |
|---|----------------|----------------|-----------------|-----------------|
| Cash from operations | 70 | 63 | 310 | 306 |
| Change in working capital | 112 | - | 192 | (45) |
| Net Cash from operating activities | 182 | 63 | 502 | 261 |
| Cash used in investing activities | (28) | (8) | (333) | (224) |
| <i>Including:</i> | | | | |
| Net cash outflow on acquisition of subsidiaries | - | - | (206) | - |
| Net cash inflow from disposal of subsidiaries | - | 7 | - | 7 |
| CAPEX* | (17) | (51) | (113) | (252) |
| Cash used in financing activities | (104) | (8) | 37 | 137 |
| <i>Incl. Dividends</i> | - | (11) | (85) | (89) |
| Total financial activities | (104) | (19) | (48) | 48 |
| Total change in cash** | 50 | 36 | 121 | 85 |

* Calculated as cash used for Purchases of property, plant and equipment plus cash used for purchases of other non-current assets

** Calculated as Net Cash from operating activities plus Cash used in investing activities plus Total financial activities

Cash flow from operations before changes in working capital for 12M 2019 amounted to US\$ 310 million (12M 2018: US\$ 306 million).

Positive cash flow effects from changes in working capital during 12M 2019 mostly reflect reductions in inventory as unusually high stocks of sunflower and soya crops as of 31 December 2018 (following record high yields in 2018) were utilized or sold during the period, the effects of increases in amounts payable for seeds and plant protection products to be paid in 2020, and reimbursement of VAT receivable for previous periods.

During 12M 2019, total CAPEX amounted to US\$ 113 million mainly related to the launch of production sites of Phase 2 of the Vinnytsia poultry complex.

European operating segment (PP)

| Poultry | Q4 2019 | 12M 2019 <i>(10 months)*</i> |
|------------------------------------|----------------|--|
| Sales volume, third parties tonnes | 14,173 | 51,101 |
| Price per 1 kg net VAT, EUR | 2.66 | 2.64 |

* results of PP from 21 February 2019 when the acquisition was completed

In Q4 2019, poultry sales of the newly-established Europe operating segment, which comprises the operations of Perutnina Ptuj, were 14,173 tonnes with an average price of EUR 2.66. For the 12M 2019, sales amounted to 51,101 tonnes with an average price of EUR 2.64.

| Meat processing products* | Q4 2019 | 12M 2019 <i>(10 months)**</i> |
|------------------------------------|----------------|---|
| Sales volume, third parties tonnes | 9,241 | 30,282 |
| Price per 1 kg net VAT, EUR | 2.75 | 2.71 |

* includes sausages and convenience foods

** results of PP from 21 February 2019 when the acquisition was completed

In Q4 2019, meat processing products sales at PP constituted 9,241 tonnes with an average price of EUR 2.75, while 12M 2019 sales amounted to 30,282 tonnes with an average price of EUR 2.71.

| <i>(in US\$ millions, unless indicated otherwise)</i> | Q4 2019 | 12M 2019 <i>(10 months)*</i> |
|---|----------------|--|
| Revenue | 78 | 271 |
| IAS 41 standard gains | - | - |
| Gross profit | 21 | 77 |
| <i>Gross margin</i> | 27% | 28% |
| Adjusted EBITDA** | 15 | 44 |
| <i>Adjusted EBITDA margin**</i> | 19% | 16% |
| Adjusted EBITDA (net of IFRS 16) | 15 | 42 |
| <i>Adjusted EBITDA margin (net of IFRS 16)</i> | 19% | 15% |

* results of PP from 21 February 2019 when the acquisition was completed

** after implementation of IFRS 16

European operating segment's revenue in Q4 2019 amounted to US\$ 78 million and US\$ 271 million for 12M 2019. Adjusted EBITDA** was US\$ 15 million for the quarter and US\$ 44 million for 12M 2019, respectively. Adjusted EBITDA margin** was 19% and 16% for Q4 2019 and 12M 2019, respectively.

Debt Structure and Liquidity

| <i>(in mln. US\$)</i> | 31 December 2019 | 30 September 2019 | 31 December 2018 |
|--|-------------------------|--------------------------|-------------------------|
| Total Debt¹⁾ | 1,480 | 1,581 | 1,343 |
| LT Debt ¹⁾ | 1,448 | 1,469 | 1,206 |
| ST Debt ¹⁾ | 32 | 112 | 137 |
| Cash and cash equivalents | (341) | (288) | (212) |
| Net Debt¹⁾ | 1,139 | 1,293 | 1,131 |
| LTM adjusted EBITDA ^{1), 2)} | 379 | 436 | 450 |
| <i>Net Debt / LTM ADJUSTED EBITDA^{1), 2)}</i> | 3.01 | 2.96 | 2.51 |

¹⁾ Net of IFRS 16 adjustments: as if any lease that would have been treated as an operating lease under IAS 17 as was in effect before the 1 January 2019, is treated as an operating lease for purposes of this calculation. In accordance with covenants in MHP's bond and loan agreements, these data exclude the effects of IFRS 16 on accounting for operating leases.

²⁾ Calculated as if acquisitions of subsidiaries had occurred on the first day of the year. LTM adjusted EBITDA of Perutnina Ptuj d.d amounted to US\$ 45 million

As of 31 December 2019, the share of long-term debt in the total outstanding debt is 98%. The weighted average interest rate was at around 7%.

As of 31 December 2019, MHP's cash and cash equivalents amounted to US\$ 341 million.

Net debt increased to US\$ 1,139 million, compared to US\$ 1,131 million as of 31 December 2018.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 3.01 as of 31 December 2019, higher than the limit of 3.0 defined in the Eurobond agreement. Although exceeding the ratio of 3.0 does not constitute the breach of any covenant under the indebtedness agreement, this leads to the introduction of additional control measures by MHP. In particular, MHP has to supervise and assess incurrence of additional indebtedness, restricted payments (e.g. dividend distribution, investments in third parties), mergers with third parties outside of the Group, and granting of financing of any kind to third parties.

Such restrictions become effective on the date of publication of the audited consolidated financial statements as of and for the year ended 31 December 2019.

As a hedge for currency risks, revenue from the export of grain, sunflower and soybean oil, sunflower husks, and chicken meat are denominated in foreign exchange, covering debt service expenses in full. Export

revenue for 12M 2019 amounted to US\$ 1,186 million or 58% of total revenue (12M 2018: US\$ 924 million or 60% of total sales).

DIVIDENDS

On 13 April 2020, the Board of Directors of MHP SE approved payment of an interim dividend of US\$ 0.2803 per share, equivalent to US\$ 30 million, to be paid to shareholders by the end of April 2020. The announcement will be published in due course.

BOARD OF DIRECTORS APPOINTMENT

On 24 March 2020, Mr Philip J Wilkinson OBE was appointed as an Independent Non-Executive Director to the Board for a period ending with the annual general meeting of the shareholders of the Company to be held in 2020.

SUBSEQUENT EVENTS

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Ukraine, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

Management has considered all available information about the future, which was obtained after 31 December 2019, including the impact of the COVID-19 outbreak on customers, suppliers and staff, as well as actual and projected foreseeable impact from various factors, such as:

- whether the entity could continue to operate if staff were not able to physically be present;
- the duration that the entity could survive given the availability of cash resources and the flexibility of its cost base;
- whether there has been a significant decline in revenue;
- whether there has been a significant erosion of profits due to higher costs or incurrence of unforeseen expenses;
- whether there is a likelihood of potential breach of debt covenants as a result of the adverse impact on its financials;
- whether there have been any concerns on the continuation of receipt of goods/services from suppliers.

Management has concluded that there is no significant impact in the Group's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for additional measures in case the period of disruption becomes prolonged.

Despite the COVID-19 outbreak, the Group continues to fulfill its liabilities. The Group made coupon payments in an amount of USD 10,938 thousand on 18 March 2020 in respect of the 6.25% Senior Notes and USD 19,113 thousand on 2 April 2020 in respect of the 6.95% Senior Notes.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

OUTLOOK for 2020

A number of challenges have combined to create an unusual degree of uncertainty in early 2020. In particular, the combination of the COVID-19 Pandemic and an outbreak of H5N1 avian influenza in the Vinnytsia region of Ukraine in Q1 2020, which caused a temporary cessation of exports from Ukraine to the EU, Saudi Arabia and other MENA markets and CIS countries, is expected to adversely affect MHP's financial results for the year.

Against this backdrop, the Company's main drivers of growth are expected to be increases in poultry production volumes of c25,000 tonnes from Perutnina and c10,000 tonnes from the Vinnytsia poultry complex, respectively, combined with an increase in the efficiency of grain growing operations driven by optimisation of production costs and land utilisation.

With its vertically-integrated business model and efficient cost base, the Board believes that MHP is well-placed to manage its way through the expected disruption over the next few months and remains confident that the Group will deliver a strong financial result in 2020.

Notes to Editors:

About MHP

MHP is the leading producer of poultry products not only in Ukraine, but also in the Balkans (Perutnina Ptuj Group) and in the EU.

Ukraine: MHP has the greatest market share (over 30% of poultry consumption) 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 9 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.

The Balkans: Perutnina Ptuj is a leading poultry and meat-processing producer in the Balkans, has production assets in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina; owns distribution companies in Austria, Macedonia and Romania and supply products to 15 countries in Europe. Perutnina Ptuj is a vertically integrated company across all states of chicken meat production - feed, hatching eggs production and hatching, breeding, slaughtering, sausages and further poultry processing production.

MHP trades 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.