



16 July 2021, Limassol, Cyprus

## **MHP SE**

### **Pre-close trading update for the second quarter and six months ended 30 June 2021**

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 second quarter and six months ended 30 June 2021. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

#### **POULTRY AND RELATED OPERATIONS (w/o PP)**

All Company’s poultry production facilities continued to operate at full capacity.

Poultry production volumes in Q2 2021 increased by 5% to 190,908 tonnes (Q2 2020: 181,291 tonnes) and by around 13% higher compared to Q1 2021 (166,623 tonnes). In H1 2021 poultry production volumes remained relatively stable at 357,531 tonnes (H1 2020: 359,931 tonnes).

In order to mitigate adverse impact on MHP’s operations and profitability associated with Avian Influenza (banned EU market in Q1 2021) and COVID-19 Pandemic impacts on international trade and market conditions in general, the Management of the Company decided to increase production of small chicken and exports to MENA market (thinning: 56% in Q1 2021 vs 25% in Q1 2020, and 47% in Q2 2021 vs 37% in Q2 2020).

#### **Poultry Sales**

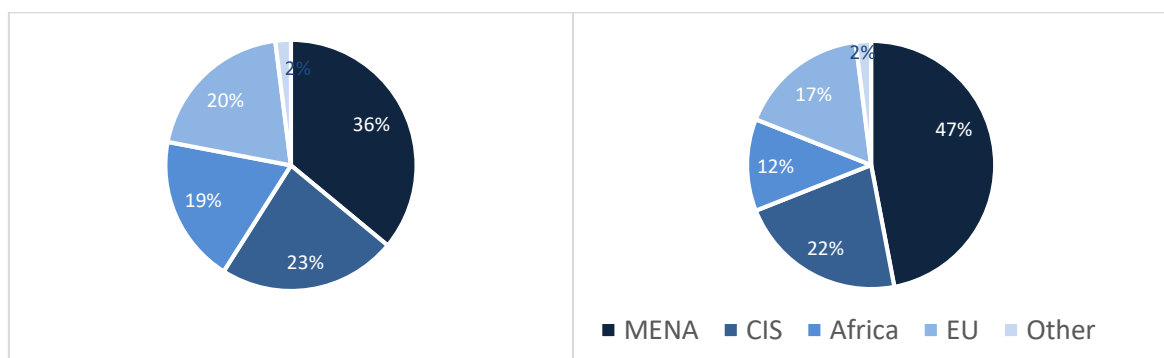
During Q2 2021 third parties sales increased by 6% to 181,804 tonnes mainly driven by an increase of exports predominantly to the MENA region.

In Q2 2021 the volume of chicken meat sales in Ukraine totaled 72,749 tonnes and decreased by 12% compared to Q2 2020 (82,407 tonnes), and insignificantly higher compared to Q1 2021 (72,109 tonnes) mainly driven by a decrease in sales of frozen chicken, lower sales of MDM and whole chicken. In H1 2021 sales increased by 2% to 336,174 tonnes of poultry (H1 2020: 328,385 tonnes).

In Q2 2021, poultry exports increased by 23% and reached 109,055 tonnes. Notwithstanding the turbulent times, MHP continued to follow its strategy of both geographic diversification and of a product mix optimization building-up export volumes of chicken meat mainly in the MENA region. Total poultry exports in H1 2021 constituted around 57% vs 52% in H1 2020 of total poultry sales volumes.

## H1 2020

## H1 2021



<b>Poultry</b>	<b>Q2 2020</b>	<b>Q2 2021</b>	<b>% change</b>	<b>H1 2020</b>	<b>H1 2021</b>	<b>% change</b>
Sales volume, third parties, tonnes:	170,912	181,804	6%	328,385	336,174	2%
- Sales in Ukraine	82,407	72,749	-12%	157,832	144,859	-8%
- Export Sales	88,505	109,055	23%	170,553	191,315	12%
Average price per 1 kg net of VAT, USD (Ukraine+export)	1.27	1.67	35%	1.32	1.56	26%
- Price per 1 kg net of VAT, UAH (Ukraine)	31.82	45.05	42%	32.14	43.28	35%
- Price per 1 kg net of VAT, USD (Ukraine)	1.18	1.63	38%	1.24	1.56	26%
- Price per 1 kg net of VAT, USD (export)	1.35	1.69	25%	1.40	1.56	12%

\* Average official FX rate for Q2 2020 UAH/US\$ 26.91 and for Q2 2021 UAH/US\$ 27.59

Average official FX rate for H1 2020 UAH/US\$ 25.98 and for H1 2021 UAH/US\$ 27.78

## **Poultry Prices**

Through the second quarter of 2021 the average chicken meat price (both domestic and export) constituted US\$ 1.67 per 1 kg of natural weight (excluding VAT), which increased by 35% year-on-year; in H1 2021 the average chicken meat price increased by 26% increase year-on-year to US\$ 1.56 per 1 kg.

Poultry prices in Ukraine in Q2 2021 increased by 38% to US\$ 1.63 per 1 kg mainly driven by lower share in sales of frozen meat, lower sales of MDM, lower price base in Q2 2020 as well as a result of a substantial poultry production cost increase since Q4 2020 and upward all proteins price trend in the industry.

Export poultry price in Q2 2021 increased by 25% year-on-year to US\$ 1.69 per 1 kg, mainly driven by strong sales of poultry meat predominantly to the MENA region as well as positive price trends for whole chicken (small) and quarters driven by international poultry production cost increase.

## Vegetable oils

Sales volume, tonnes	Q2 2020	Q2 2021	% change		% change	
			H1 2020	H1 2021	H1 2020	H1 2021
Sunflower oil	82,646	35,192	-57%	163,356	91,140	-44%
Soybean oil	10,841	11,871	9%	21,609	23,017	7%

In Q2 2021, MHP's sales of sunflower oil decreased substantially 57% to 35,192 tonnes compared to 82,646 tonnes in Q2 2020. In H1 2021 sunflower oil exports decreased by 44% year-on-year and constituted 91,140 tonnes. The decrease in sales in both periods is mainly driven by a decrease in production of oil because of decreased share of sunflower cake in fodder (change in recipe) which was partially offset by change in delivery terms structure.

In Q2 2021, soybean oil exports increased by 9% year-on-year to 11,871 tonnes, in H1 2021 sales increased by 7% year-on-year to 23,017 tonnes. The increase in sales of soybean oil in both periods is a result of soya cake share increase in fodder recipe and partial substitution of sunflower cake in it, which also resulted in decreased sales of 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 2021 in grain growing operations the Company is to harvest around 355,000 hectares of land.

The Company's harvesting campaign of winter barley is on track. Winter rapeseeds and winter wheat are planned to be harvested in the nearest time. All winter crops yields are expected to be good and are in line with the Company's expectations taking into account weather condition.

Spring crops (corn, soybeans and sunflower) are in good condition.

## **OTHER AGRI OPERATIONS**

Meat processing products	Q2 2020	Q2 2021	% change		% change	
			H1 2020	H1 2021	H1 2020	H1 2021
Sales volume, third parties tonnes	8,607	8,462	-2%	16,522	16,069	-3%
Price per 1 kg net VAT, UAH	70.77	80.72	14%	69.99	78.29	12%

Convenience food	Q2 2020	Q2 2021	% change		% change	
			H1 2020	H1 2021	H1 2020	H1 2021
Sales volume, third parties tonnes	4,361	4,485	3%	8,537	8,665	2%
Price per 1 kg net VAT, UAH	38.63	50.91	32%	39.91	47.11	18%

Sales volumes of meat-processing products (sausages and smoked meat) in Q2 2021 constituted 8,462 tonnes and remained relatively stable year-on-year. The average price in Q2 2021 increased by 14% to UAH 80.72 per kg (excluding VAT) year-on-year driven mainly by an increase in raw material price (poultry meat) .

Sales volumes of convenience food in Q2 2021 reached 4,485 tonnes and remained relatively stable year-on-year. The average price in Q2 2021 increased by 32% to UAH 50.91 per kg (excluding VAT) mainly due to the product mix change with focus on more expensive SKUs and start of cooperation with McDonalds Ukraine (since Q2 2021) with more marginal products sales increase.

### Perutnina Ptuj (PP) Results

Poultry	Q2 2020	Q2 2021	% change	H1 2020	H1 2021	% change
Sales volume, third parties tonnes	15,855	19,508	23%	31,038	35,549	15%
Price per 1 kg net VAT, EUR	2.50	2.53	1%	2.53	2.51	-1%

Following PP strategy of poultry production growth and increasing several facilities' capacity utilization in Serbia and Croatia, in Q2 2021 PP's poultry production facilities produced 29,455 tonnes of chicken and turkey meat (13% more than in Q2 2020), while poultry sales constituted 19,508 tonnes, 23% higher year-on-year. In H1 2021 PP's poultry production facilities produced 54,117 tonnes of chicken and turkey meat (8% more than in H1 2020), while poultry sales constituted 35,549 tonnes, 15% higher year-on-year.

Meat processing products*	Q2 2020	Q2 2021	% change	H1 2020	H1 2021	% change
Sales volume, third parties tonnes	9,429	9,868	5%	18,635	19,016	2%
Price per 1 kg net VAT, EUR	2.69	2.80	4%	2.72	2.76	1%

\*-includes sausages and convenience foods

In Q2 2021 PP's meat-processing (including sausages, convenience foods) facilities produced 9,950 tonnes, 7% lower year-on-year, while sales constituted 9,868 tonnes, 5% higher year-on-year. In H1 2021 PP's meat-processing facilities produced 19,343 tonnes of meat-processing products, 2% higher year-on-year, while sales constituted 19,016 tonnes, 2% higher year-on-year.

Both in poultry and meat processing divisions, prices showed positive to stable trends both in Q2 and H1 2021 compared to same periods of 2020 as a result of less strict lockdown measures related to COVID-19 in the EU and better market environment.

### Next release

The financial results for Q2 and H1 2021 will be published on **07 September 2021**. 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.

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## **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).

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). Complete vertical integration practically eliminates MHP's exposure to raw material price fluctuations since its grain production exceeds internal consumption requirements, allowing the Company to be an important participant in the international commodity trade. In addition to cost efficiency, vertical integration also enables MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products all the way to the point of sale. To support its sales, MHP maintains a distribution network consisting of nine distribution and logistical centers within major Ukrainian cities. MHP uses its own truck fleet to distribute its products, reducing overall transportation costs and delivery times.

MHP also has a leading grain cultivation business growing corn, soya and sunflower 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 (PP) is a leading poultry and meat-processing producer in the Balkans, with production sites in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina. PP owns distribution companies in Austria, Macedonia and Romania and supplies products to fifteen countries in Europe. PP is vertically integrated across all states of chicken meat production - feed, hatching eggs production and hatching, breeding, slaughtering, sausage production and further poultry processing.

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.