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Limassol, Cyprus

MHP SE
UPDATE ON EFFECTS OF THE RUSSIAN INVASION OF UKRAINE

MHP SE, the parent company of the international food and agricultural group with headquarters and principal operations in Ukraine (“MHP”, “The Company” or “The Group”), provides an update on the effects on the Company of the invasion of Russian armed forces into Ukraine.

MHP is one of the largest food producers in Ukraine, employing more than 26,000 people and supplying approximately 300,000 tonnes of chicken meat annually in Ukraine, representing around half of all chicken produced commercially for the domestic market.

Production and Sales

MHP’s poultry production facilities have not suffered any physical damage to date, and thus far the Company is not aware of any casualties among its employees, although it has received reports of some casualties among their relatives.

While MHP continues commercial sales in Ukraine, export sales have ceased because of ports being closed, at the same time export delivery with trucks is practically impossible. Currently delivery across Ukraine is highly problematic due to lack of drivers and fuel and practically impossible to the regions which are under heavy fire (“red zones”).

As MHP is currently not being able to export, production facilities have been running at a lower utilisation to fully satisfy domestic consumption in poultry meat, with some excess stock being frozen.

On the domestic market, MHP continues to supply the local retail chains and institutions (army, hospitals, etc.), with some meat being distributed in most affected areas on a free-of-charge basis.

As already mentioned, due to port closure, production at the Company’s sunflower and soybeans processing plants has been suspended while storages are full. As a result, a majority of poultry feed consists of corn.

MHP continues to undertake all steps necessary to ensure that full production in all its operations which can be resumed once the situation stabilises.

Collection of payments from our customers generally continues, albeit with difficulties.

Employees

We are proud of and extremely grateful to our people who continue to work under duress every day to ensure food supply to Ukraine. MHP has continued to pay all its employees in full and will continue to support them by all practical means.

MHP supports evacuation of people from “red zones” to safer locations in Ukraine. MHP is also assisting Ukrainian families with evacuation outside of Ukraine such as transportation, housing and legal support.

Supply chain

Although we are experiencing extreme disruptions in the supply chain, the Company is continuing to pay key Ukrainian suppliers for critical goods and services (e.g. utilities) to ensure viability of its supply chain. The Company is already experiencing disruption in the supply of feed additives (minerals, vitamins etc), which is mainly driven by the logistic problems. The MHP team has undertaken all necessary steps and is in cooperation with suppliers to facilitate the delivery as soon as it is possible.

Financial impact

Overall, currently MHP is experiencing severe reduction in revenue and associated losses which we expect to continue for the duration of the conflict and some months after hostilities cease.

Reporting

The Group’s auditors, Ernst & Young, have agreed that in the current circumstances it will be impossible to complete the 2021 audit for an indeterminate period. We therefore anticipate having to defer the announcement of results from the previously planned date of 24 March 2022. The Company will make every effort to report as soon as practically possible; a new date will be announced in due course.

European Operating Segment

The Group’s European operations at Perutnina Ptuj have not been affected in any way by events in Ukraine, as they are fully independent and self-sufficient from an operational and supply chain perspective, and continue to produce at full capacity.

This press statement is providing you with information and conditions of operations as it stands today. The Group will make a further announcement as and when appropriate.

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