



22 April 2022, Limassol, Cyprus

**MHP SE**  
**Pre-close trading update for the first quarter ended 31 March 2022**

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 first three months ended 31 March 2022. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

**WAR IN UKRAINE**

The military invasion of Ukraine by Russian forces began at 5 am on 24 February, marking the beginning of a full-scale war across Ukraine. Russian invaders have shown utter disregard for civilian lives and directed lethal firepower on cities, towns and villages; production facilities, hospitals, houses, cars and bystanders on the streets; elderly people and families with children who were seeking shelter from the fighting. Many human lives have tragically been lost. At the time of publication of this operational update, the war in Ukraine continues at extended scale, inflicting destruction to the country's infrastructure and the Ukrainian population.

As reported by MHP earlier, since the beginning of the war the Company has been facing significant logistical and infrastructure challenges in Ukraine. While MHP continued commercial sales in Ukraine since the war began, export sales have ceased as a result of ports being closed, while export delivery by truck remained practically impossible. During March, MHP team has been developing alternative logistic routes for exports, so that insignificant volumes have been delivered outside of Ukraine. Driven by restricted sales both inside and outside of the country, MHP had to decrease poultry capacity utilization to 80-85%.

Due to shelling by the occupying forces on March 12, in the village of Kvitneve (Kyiv region), a fire broke out in a warehouse (rented by the Company, two buildings) where frozen MHP chicken meat products were stored. As a result of the fire, over 3,000 tonnes of poultry products were lost. The facility was Ukraine's largest warehouse for storage of frozen products and was predominantly used by large local retail chains.

As hostilities in the Donetsk region intensified, in April, MHP had decided to temporarily suspend operations of the “Ukrainian Bacon” (meat-processing operations, c.34,000 tonnes annual capacity, Kramatorsk district, Donetsk region). As of the date of the operational update release, the facility has not been damaged and is under MHP control.

Currently, MHP has a key responsibility in the food security of Ukraine and it has continued its operations despite significant difficulties and disruptions. MHP fully understands how important poultry production is for Ukraine and its population at this difficult time. All MHP employees are fully committed to every effort to ensure that Ukrainians have access to food now and at any time in the future. The Company continues providing humanitarian aid (mainly through food supply) to the population of Ukraine since the beginning of the war and working hard to manage logistical challenges across all regions of Ukraine. Since the war began, the Company has provided around 11,000 tonnes of free-of-charge poultry products, other food, equipment, cars, diesel and different materials as part of its humanitarian mission.

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

Poultry production volumes in Q1 2022 increased by 5% to 175,644 tonnes (Q1 2021: 166,623 tonnes) driven mainly by substantially lower share of small bird production compared to Q1 2021; and decreased by 13% q/q (Q4 2021: 202,657 tonnes) as a result of the war in Ukraine, which led to the decreased poultry capacity utilization.

### Poultry Sales

Poultry	Q1 2022	Q1 2021	% change YoY	Q4 2021	% change QoQ
<b>Sales volume, third parties tonnes</b>	<b>159,024</b>	<b>155,002<sup>1)</sup></b>	<b>3%</b>	<b>202,657</b>	<b>-12%</b>
Domestic sales volume, tonnes	66,809	71,449	-6%	70,767	-6%
Export sales volume, tonnes	89,340	82,260	9%	104,841	-15%
Culinary products sales, tonnes	2,875	1,292	123%	4,419	-35%
Share of export sales, %	56%	53%	3 pps	58%	-2 pps
<b>Average price per 1 kg net of VAT, US\$<sup>2)3)</sup></b>	<b>1.84</b>	<b>1.43</b>	<b>28%</b>	<b>1.77</b>	<b>4%</b>
Average price per 1 kg net of VAT, UAH (Ukraine)	45.62	41.23	11%	46.76	-2%
Average price per 1 kg net of VAT, US\$ (Ukraine)	1.60	1.47	8%	1.75	-9%
Average price per 1 kg net of VAT, US\$ (export)	2.01	1.38	45%	1.77	13%
<b>Sunflower oil</b>					
Sales volume, third parties tonnes	32,981	55,948	-41%	79,480	-59%
<b>Soybeans oil</b>					
Sales volume, third parties tonnes	10,355	11,146	-7%	9,622	8%

<sup>1)</sup>Total poultry sales include domestic sales, export sales and sales of culinary products; data for Q1 2021 has been adjusted accordingly to this approach

<sup>2)</sup> Average official FX rate for Q1 2022 UAH/US\$ 28.55 and for Q1 2021 UAH/US\$ 27.97

<sup>3)</sup>Average price includes the price of poultry meat sold in Ukraine and for exports as well as culinary products

During Q1 2022 third parties poultry sales increased by 3% to 159,024 tonnes y/y, while chicken meat sales in Ukraine decreased by 6% y/y to 66,809 tonnes (by 6% lower compared to Q4 2021: 70,767 tonnes), partially due to decreased sales of fresh chicken as a result of the logistical challenges and lower demand in Ukraine due to the effects of the war.

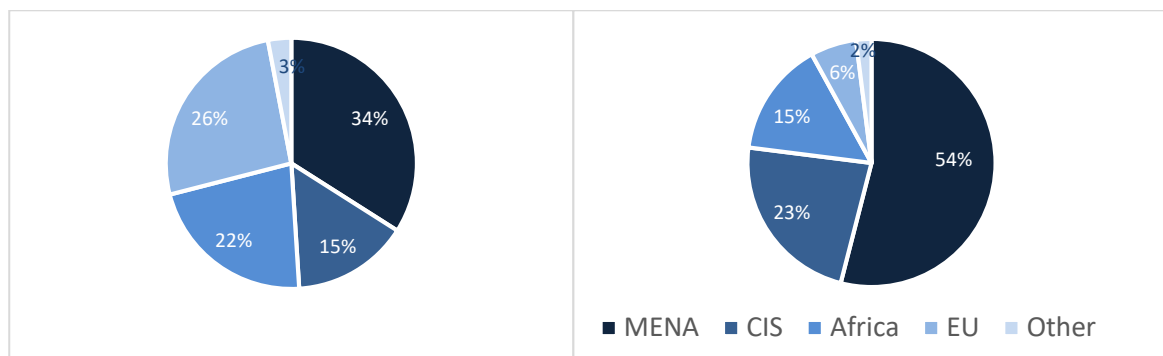
Following its strategy of culinary transformation, sales of culinary products (marinated meat, value-added and ready-to-cook meals/products etc) more than doubled y/y, reaching 2,875 tonnes (included into poultry meat sales in the table above).

Driven by significant disruptions to exports as a result of war-driven port closures in Ukraine, poultry exports increased only by 9% y/y (expected growth was around 15% y/y) to 89,340 tonnes of meat, driven mainly by high export volumes in January-February 2022, but substantially decreased in March, and decreased by 15% q/q. Total poultry exports in Q1 2022 constituted around 56% vs 53% in Q1 2021 of total poultry sales volumes.

Diagramme 1. Geography of export sales breakdown, tonnes

**Q1 2022**

**Q1 2021**



**Poultry Prices**

In Q1 2022 the average chicken meat price (both domestic and export) constituted US\$ 1.84 per 1 kg of natural weight (excluding VAT), increased by 28% year-on-year, supported predominantly by strong export prices.

Poultry prices in Ukraine increased by 8% y/y to US\$ 1.60 per 1 kg, mainly driven by a substantial poultry production cost increase since H2 2021, particularly substantial price increase of utilities (mainly gas) since the end of Q3 2021. The trend was also supported by strong price for all proteins in Ukraine.

Export price in Q1 2022 increased by 45% y/y to US\$ 2.01 per 1 kg mainly driven by strong prices of breast and fillet in Europe and MENA as well as of quarters and small chicken in the MENA region. Export price increased by 13% q/q as a result of products mix change.

**Vegetable oils**

MHP’s sales of sunflower oil decreased by 41% to 32,981 tonnes y/y and decreased by 59% q/q mainly driven by a decrease share of sunflower cake in fodder (change in recipe) and the logistic challenges (port closure) in Ukraine because of the war.

Soybean oil exports decreased by 7% y/y to 10,355 tonnes adversely affected by the logistics challenges because of the war in Ukraine; and increased by 8% q/q as 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.

Since the beginning of the war exports of vegetable oils were substantially limited. As of today, MHP team is undertaking all possible and necessary steps to continue exports of vegetable oils using EU ports, railways and trucks (flexy tanks/containers).

**GRAIN GROWING OPERATIONS**

MHP has up to 67,000 ha under winter crops of which over 60% is sowed with winter wheat and around 40% with winter rapeseeds. All winter crops are currently in good condition. Spring sowing campaign is ongoing. This year MHP is going to harvest around 335,000 hectares in total (2021: 351,440 ha harvested).

As MHP announced recently, despite significant challenges with export logistics, the Company is not substantially changing crop rotation as its first priority is to produce crops for fodder production. Production in excess of this requirement will be exported.

**OTHER AGRICULTURAL OPERATIONS AND MEAT PROCESSING**

Meat processing products	Q1 2022	Q1 2021	% change YoY	Q4 2021	% change QoQ
Sales volume, tonnes	6,015	7,607	-21%	8,507	-29%

Price per 1 kg net VAT, UAH	87.65	75.59	16%	88.29	1%
<b>Convenience Food</b>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>% change YoY</b>	<b>Q4 2021</b>	<b>% chang e QoQ</b>
Sales volume, tonnes	3,989	4,180	-5%	4,750	-16%
Price per 1 kg net VAT, UAH	53.55	43.03	24%	52.58	2%

Sales volumes of meat-processing products (sausages and smoked meat) in Q1 2022 decreased by 21% y/y to 6,015 tonnes and by 29% q/q driven by war-related challenges, namely disrupted deliveries of raw materials and challenging logistics. The average price in Q1 2022 increased by 16% to UAH 87.65 per kg y/y and remained relatively stable q/q, driven mainly by an increase in raw material price (poultry meat).

Sales volumes of convenience food in Q1 2022 decreased by 5% y/y to 3,989 tonnes and by 16% q/q. The average price in Q1 2022 increased by 24% y/y to UAH 53.55 per kg and remained relatively stable q/q.

## PERUTNINA PTUJ (PP) RESULTS

<b>Poultry</b>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>% change YoY</b>	<b>Q4 2021</b>	<b>% change QoQ</b>
Sales volume, tonnes	17,744	16,042	11%	17,924	-1%
Price per 1 kg net VAT, EUR	2.83	2.48	14%	2.70	5%
<b>Meat processing products*</b>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>% change YoY</b>	<b>Q4 2021</b>	<b>% change QoQ</b>
Sales volume, tonnes	9,917	9,148	8%	10,321	-4%
Price per 1 kg net VAT, EUR	2.91	2.71	7%	2.83	3%

\*-includes sausages and convenience foods

In Q1 2022 PP's poultry production facilities produced 28,550 tonnes of chicken and turkey meat, 16% more y/y. Poultry sales constituted 17,744 tonnes, 11% higher y/y and relatively stable q/q. Annual growth is mainly driven by an increase in production and sales volumes in the Balkans.

In Q1 2022 PP's meat-processing (including sausages, convenience foods) facilities produced 10,776 tonnes, 15% higher y/y. Sales constituted 9,917 tonnes, 8% higher y/y, but 4% lower q/q is mainly driven by an increase in production and sales in the Balkans.

Both in poultry and meat processing divisions, prices showed positive to stable trends both in Q1 2022 compared to same period of 2021 as a result of positive price dynamic for poultry prices both in the EU and in the world.

### Next release

The financial results for Q4 and 12M 2021 will be published on **06 May 2022**. There will be a conference call for investors and analysts on the day that will take place at 4pm Kyiv time (2 pm London). Dialing instructions for the call will be published in a due course (at the beginning of May) in a separate press statement of the Company.

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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.