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**MHP SE
Pre-close trading update for the second quarter and six months ended 30 June 2022**

MHP SE (LSE: MHPC), the parent company of a leading international food & agrotech group with headquarters in Ukraine, today announces its pre-close trading update for the second quarter and six months ended 30 June 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 on 24 February, marking the beginning of a full-scale war across Ukraine.

Since the beginning of the war, the Company has been facing significant logistical and infrastructure challenges in Ukraine. The logistics continues to be challenging as the Black Sea ports remain blocked and alternative routes are longer and significantly more complex; bottlenecks include numerous subcontractors along the way to EU ports, complex logistics due to differing railway gauges and long queues at the border.

Driven by restricted sales outside of the country and diminished number of citizens as well as their incomes, MHP had to decrease poultry capacity utilization to 85-90%.

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

Poultry production volumes in Q2 2022 decreased by 11% to 170,395 tonnes (Q2 2021: 190,908 tonnes) and remained relatively stable compared to Q1 2022 (175,644 tonnes). In H1 2022 poultry production volumes remained relatively stable at 346,039 tonnes (H1 2021: 357,531 tonnes).

**Poultry Sales**

Driven by war-related challenges, during Q2 2022, third parties sales decreased by 23% to 140,549 tonnes mainly as a result of lower exports adversely effected by difficult and disrupted logistics.

 **H1 2022** **H1 2021**

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| **Poultry** |  | **Q2 2022** | **Q2 2021** | *% change YoY* | **Q1 2022** | *% change QoQ* | **H1 2022** | **H1 2021** | *% change* |
| **Sales volume, third parties tonnes** |  | **140,549** | **183,592** | **-23%** | **159,024** | **-12%** | **299,573** | **338,593** | **-12%** |
| *Domestic sales volume, tonnes* |  | *67,897* | *71,876* | *-6%* | *66,809* | *2%* | *134,706* | *143,326* | *-6%* |
| *Export sales volume, tonnes* |  | *68,552* | *109,055* | *-37%* | *89,340* | *-23%* | *157,892* | *191,315* | *-17%* |
| *Culinary products sales, tonnes* |  | *4,100* | *2,661* | *54%* | *2,875* | *43%* | *6,975* | *3,953* | *76%* |
| Share of export sales, % |  | 48% | 39% | 11 pps | 42% | 6 pps | 45% | 42% | 3 pps |
| **Average price per 1 kg net of VAT, US$** |  | **2.03** | **1.67** | **22%** | **1.84** | **11%** | **1.93** | **1.56** | **24%** |
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| Average price per 1 kg net of VAT, UAH (Ukraine) |  | 41.77 | 44.88 | -7% | 45.62 | -8% | 43.86 | 43.06 | 1% |
| Average price per 1 kg net of VAT, US$ (Ukraine) |  | 1.43 | 1.63 | -12% | 1.60 | -11% | 1.51 | 1.55 | -3% |
| Average price per 1 kg net of VAT, US$ (export) |  | 2.63 | 1.69 | 55% | 2.01 | 31% | 2.28 | 1.56 | 46% |
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| **Sunflower oil** |  |  |  |  |  |  |  |  |  |
| Sales volume, third parties tonnes |  | 48,495 | 35,192 | 38% | 32,981 | 47% | 81,476 | 91,140 | -11% |
| **Soybeans oil** |  |  |  |  |  |  |  |  |  |
| Sales volume, third parties tonnes |  | 9,191 | 11,871 | -23% | 10,355 | -11% | 19,547 | 23,017 | -15% |

\* *Average official FX rate for Q2 2022 UAH/US$ 29.25 and for Q2 2021 UAH/US$ 27.59*

  *Average official FX rate for H1 2022 UAH/US$ 28.90 and for H1 2021 UAH/US$ 27.78*

**Poultry Prices**

Through the second quarter of 2022 the average chicken meat price (including culinary products) constituted US$ 2.03 per 1 kg of natural weight (excluding VAT), which increased by 22% year-on-year; in H1 2022 the average chicken meat price increased by 24% year-on-year to US$ 1.93 per 1 kg, driven mainly by growth in Q1 2022.

Poultry prices in Ukraine in Q2 2022 decreased by 12% to US$ 1.43 per 1 kg mainly driven by lower share in sales of chilled meat as well as product mix structure.

Export poultry price in Q2 2022 increased by 55% year-on-year to US$ 2.63 per 1 kg, mainly driven products mix optimization of sales as well as by substantial international price increase across all markets (fillets price in the EU and MENA, small birds price in the MENA).

**Vegetable Oils**

MHP’s sales of sunflower oil increased by 38% to 48,495 tonnes, mainly driven by an increase in production of sunflower cake (change in the recipe), which was lower in Q2 2021 (fodder recipe was based more on soyabean cake).

In H1 2022 sunflower oil exports decreased by 11% year-on-year to 81,476 tonnes. mainly driven by change in delivery terms because of the challenging logistics (since March), but partially offset by an increase in production of sunflower oil in Q2 2022.

In Q2 2022, soybean oil exports decreased by 23% year-on-year to 9,191 tonnes and in H1 2022 sales decreased by 15% year-on-year to 19,547 tonnes as a result of lower production volume of soyabean cake required for the fodder recipe substituted by sunflower cake (mainly in Q2 2022) and challenges associated with export logictics because of the war in Ukraine.

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**

In 2022 in grain growing operations segment the Company is to harvest around 335,000 hectares of land.

The Company’s harvesting campaign of winter rapeseeds and wheat is on track, of which around 70% and 25% harvested, respectively. 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 AGRICULTIRAL OPERATIONS AND MEAT PROCESSING**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Meat processing products** |  | **Q2 2022** | **Q2 2021** | ***% change YoY*** | **Q1 2022** | ***% change QoQ*** | **H1 2022** | **H1 2021** | ***% change*** |
| Sales volume, tonnes |  | 2,289 | 8,462 | *-73%* | 6,015 | *-62%* | 8,304 | 16,069 | *-48%* |
| Price per 1 kg net VAT, UAH |  | 88.34 | 80.72 | *9%* | 87.65 | *1%* | 87.84 | 78.29 | *12%* |
| **Convenience Food** |  | **Q2 2022** | **Q2 2021** | ***% change YoY*** | **Q1 2022** | ***% change QoQ*** | **H1 2022** | **H1 2021** | ***% change*** |
| Sales volume, tonnes |  | 3,421 | 4,485 | *-24%* | 3,989 | *-14%* | 7,410 | 8,665 | *-14%* |
| Price per 1 kg net VAT, UAH |  | 58.94 | 50.91 | *16%* | 53.55 | *10%* | 56.04 | 47.11 | *19%* |

Sales volumes of meat-processing products (sausages and smoked meat) in Q2 2022 decreased by 73% year-on-year to 2,289 tonnes, driven by war-related consequences – the Ukrainian Bacon ceased its operations at the beginning of April 2022. The average price in Q2 2022 increased by 9% to UAH 88.34 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 2022 decreased by 24% year-on-year to 3,421 tonnes, mainly driven by significant disruptions in HoReCa (both KFC and McDonalds had to cease its operations in Ukraine because of the war). The average price in Q2 2022 increased by 16% to UAH 58.94 per kg (excluding VAT) mainly driven by raw material price increase as well as focus on more marginal products sales increase.

**EUROPEAN OPERATING SEGMENT - Perutnina Ptuj (PP)**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Poultry** |  | **Q2 2022** | **Q2 2021** | ***% change YoY*** | **Q1 2022** | ***% change QoQ*** | **H1 2022** | **H1 2021** | ***% change*** |
| Sales volume, tonnes |  | 19,619 | 19,508 | *1%* | 17,744 | *11%* | 37,363 | 35,549 | *5%* |
| Price per 1 kg net VAT, EUR |  | 3.36 | 2.53 | *33%* | 2.83 | *19%* | 3.11 | 2.51 | *24%* |
| **Meat processing products\*** |  | **Q2 2022** | **Q2 2021** | ***% change YoY*** | **Q1 2022** | ***% change QoQ*** | **H1 2022** | **H1 2021** | ***% change*** |
| Sales volume, tonnes |  | 10,238 | 9,868 | *4%* | 9,917 | *3%* | 20,156 | 19,016 | *6%* |
| Price per 1 kg net VAT, EUR |  | 3.12 | 2.80 | *11%* | 2.91 | *7%* | 3.02 | 2.76 | *9%* |

\*-includes sausages and convenience foods

Driven by continued growth in production across all production facilities in the Balkans, in Q2 2022 PP’s poultry production facilities produced 31,259 tonnes of chicken and turkey meat (6% more than in Q2 2021), while poultry sales constituted 19,619 tonnes, stable year-on-year. In H1 2022 PP’s poultry production facilities produced 59,809 tonnes of chicken and turkey meat (11% more than in H1 2021), while poultry sales constituted 37,363 tonnes, 5% higher year-on-year.

In Q2 2022 PP’s meat-processing (including sausages, convenience foods) facilities produced 11,000 tonnes, 11% higher year-on-year, while sales constituted 10,238 tonnes, 4% higher year-on-year. In H1 2022 PP’s meat-processing facilities produced 21,776 tonnes of meat-processing products, 13% higher year-on-year, while sales constituted 20,156 tonnes, 6% higher year-on-year.

Both in poultry and meat processing divisions, prices showed substantial growth both in Q2 and H1 2022 compared to same periods of 2021 driven by significant price increases for meat and meat products on international markets.

**Next release**

The financial results for Q2 and H1 2022 will be published on **07 September 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.

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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.