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02 May 2024, Limassol, Cyprus

**MHP SE**

**Financial Results for the Fourth Quarter and Twelve Months ended 31 December 2023**

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its audited results for the fourth quarter and twelve months ended 31 December 2023. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

MHP is reporting good operational and financial results for 12M 2023 thanks to a recovery in export levels, continued strong demand, a stable price environment and the MHP team’s success in minimizing disruption to production. It should be noted that operational and financial results in 12M 2022 were more seriously affected by disruption in the early stages of the War, setting a low bar for year-on-year comparison. Future results may again be adversely affected by War-related challenges that are not under MHP’s control.

MHP today also publishes its integrated Annual Report for 2023 (the period ended 31 December 2023) as well as the Report in iXBRL. You can find the Report following the link: <https://mhp.com.ua/en/mhp-se/financial-reports>

**WAR IN UKRAINE - UPDATE**

Russia’s War of attrition has entered its third year, a grim milestone. We have seen significant offensives in southern and eastern territories and the destruction of infrastructure and loss of life in all regions.

War continues to have a major impact on Company operations and our FY 2023 performance reflects the resilience and agility of our business model and the tremendous efforts of our workforce. Irregular and frequent drone and rocket attacks against civilian, energy and other infrastructure targets continue, presenting us with a challenging and disruptive logistical environment, driving additional other War-related costs. We have made provisions for electricity outages and have alternatives ready to replace the supply from the national energy network that remains under constant threat of bombardment.

At the date of publication, all our production facilities in Ukraine continue to operate at close to full capacity and our own facilities have not suffered significant physical damage. We can of course give no assurance that this will remain the case and that our production facilities and the infrastructure that we use will not become a target of new attacks. In the event of adverse operational impacts, the Group responds immediately, ensuring it is ready to take all actions necessary to rebuild, restore and restart production in the shortest time possible.

Our operations in the Balkans, Perutnina Ptuj (“PP”), are not directly affected by War as they are largely independent from an operational and supply chain perspective.

We have incurred substantial War-related costs since the start of the conflict. In 2023, these amounted to US$ 35 million (2022: US$ 69 million) and included community support donations, the write-off of inventories and biological assets, and other specific war-related expenses.

Our diversified export strategy, combined with our innovative and agile approach to logistics, is driving our ability to maintain exports to over 70 countries within an unstable and volatile environment. We are navigating significant disruption in several regions. Black Sea export routes continue despite the unilateral withdrawal by Russia in July 2023 of the Black Sea Grain Initiative (the “Grain Deal”); regular targeting of Ukrainian ports and other transport-related infrastructure by Russian drones and rockets makes the situation extremely volatile. In the Red Sea, the targeting of ships by Houthi militia has increased transport costs internationally. Recurring strikes at the Polish border together with similar problems at the borders in Hungary, Romania and Slovakia continue to increase the costs of delivering poultry meat to the EU with our fleet of trucks using alternative, longer routes. We have swiftly changed the mode of transport or route when required, for example diverting our fleet of trucks through other countries to counter the strikes. We have changed our grain trading business model to rent and insure ships directly, enabling us to better manage our risk profile.

**CHANGE IN PRESENTATION OF SEGMENT INFORMATION**

To accurately reflect the diverse nature of the Group’s business operations and improve disclosure, MHP has, since Q3 2023, implemented changes to its presentation of business segment information, including:

the introduction of a new Vegetable Oil Operations Segment, which represents production and sales of vegetable oil and related products. In 2022, these activities were included in the Poultry and Related Operations Segment as by-products of mixed fodder production for poultry;

the inclusion of meat processing and other meat (previously reported within the Meat Processing and Other Agricultural Operations Segment) in the Poultry and

Related Operations Segment, given that the meat processing and other meat operations represent less than 10% of the Group`s revenue and have similar characteristics to the poultry operations; and

combining grain-growing operations (presented as a separate segment in 2022) and milk cattle farming (previously included within the Meat Processing and Other Agricultural Operations Segment) into a revised reportable segment called Agriculture Operations.

The corresponding segment information for the year ended 31 December 2022 has been restated to ensure comparability. Overviews of each of the Business Segments are provided below ahead of the respective Segment’s financial and operational results.

**OPERATIONAL HIGHLIGHTS**

***Q4 2023***

* Poultry meat production volume in Ukraine was down 5% y/y to 172,275 tonnes (Q4 2022: 181,583 tonnes). Poultry meat production volumes of the European Operating Segment (PP) remained stable at 31,075 tonnes (Q4 2022: 31,147 tonnes).
* MHP Ukraine’s average poultry meat price increased by 4% to US$ 1.98 per kg (Q4 2022: US$ 1.90 per kg) excluding VAT. The average price of poultry meat produced by PP was stable at EUR 3.49 per kg (Q4 2022: EUR 3.47 per kg).
* Poultry meat exports from Ukraine decreased by 24% to 84,945 tonnes (Q4 2022 - 111,130 tonnes).

***12M 2023***

* Poultry meat production volume in Ukraine remained stable y/y at 718,644 tonnes (12M 2022: 697,071 tonnes). Poultry meat production volumes at PP increased by 6% y/y to 131,021 tonnes (12M 2022: 124,040 tonnes).
* MHP Ukraine’s average poultry meat price was stable y/y at US$ 1.95 per kg (12M 2022: US$ 1.95 per kg) excluding VAT. The average price of poultry meat produced by PP increased by 6% y/y to EUR 3.54 per kg (12M 2022: EUR 3.33 per kg).
* Poultry meat exports from Ukraine increased by 8% y/y to 396,923 tonnes (12M 2022: 368,380 tonnes).

**FINANCIAL HIGHLIGHTS**

***Q4 2023***

* Revenue decreased by 5% y/y to US$ 727 million (Q4 2022: US$ 766 million).
* Export revenue of US$ 422 million, 58% of total revenue (Q4 2022: US$ 491 million, 64% of total revenue).
* Operating profit of US$ 92 million increased by 16% y/y and operating margin increased to 13% y/y (Q4 2022:US$ 79 million and 10% respectively).
* Adjusted EBITDA (net of IFRS 16) remained stable y/y at US$ 116 million (Q4 2022: US$ 109 million); adjusted EBITDA margin (net of IFRS 16) also remained almost unchanged y/y at 16% (Q4 2022: 14%).
* Net profit decreased to US$ 20 million, compared to a profit of US$ 38 million for Q4 2022.

***12M 2023***

* Revenue increased to US$ 3,021 million, up by 14% y/y (12M 2022: US$ 2,642 million).
* Export revenue increased to US$ 1,807 million, up by 13% y/y, representing 60% of total revenue (12M 2022: US$ 1,601 million, 61% of total revenue).
* Operating profit increased to US$ 339 million, up by 33% y/y (12M 2022: US$ 255 million) and operating margin remained almost unchanged at 11% (12M 2022: 10%).
* Adjusted EBITDA (net of IFRS 16) increased by 16% y/y to US$ 445 million (12M 2022: US$ 384 million); adjusted EBITDA margin (net of IFRS 16) remained unchanged at 15%.
* Net profit of US$ 142 million (12M 2022: net loss of US$ 231 million), primarily reflecting a US$ 40 million non-cash foreign exchange loss in 12M 2023 compared with US$ 365 million in 12M 2022.

**FINANCIAL OVERVIEW**

| *(in mln. US$, unless indicated otherwise)* |  | **Q4 2023** |  | **Q4 2022** | *% change1)* |  | **12M 2023** | **12M 2022** | *% change1)* |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |
| **Revenue** |  | **727** |  | **766** | **-5%** |  | **3,021** | **2,642** | **14%** |
| IAS 41 standard gain/(loss) |  |  26 |  | (9) | 389% |  | (48) | (128) | 63% |
| **Gross profit** |  | **176** |  | **210** | **-16%** |  | **639** | **608** | **5%** |
| *Gross profit margin* |  | *24%* |  | *27%* | *-3pps* |  | *21%* | *23%* | *-2pps* |
| War-related expenses |  | (12) |  | (24) | -50% |  | (35) | (69) | -49% |
| **Operating profit** |  | **92** |  | **79** | **16%** |  | **339** | **255**  | **33%** |
| *Operating profit margin* |  | *13%* |  | *10%* | *3pps* |  | *11%* | *10%* | *1pps* |
| **Adjusted EBITDA** |  | **141** |  | **138** | **2%** |  | **508** | **443** | **15%** |
| *Adjusted EBITDA margin* |  | *19%* |  | *18%* | *1pps* |  | *17%* | *17%* | *0pps* |
| **Adjusted EBITDA** *(net of IFRS 16)* |  | **116** |  | **109** | **6%** |  | **445** | **384** | **16%** |
| *Adjusted EBITDA margin (net of IFRS 16)* |  | *16%* |  | *14%* | *2pps* |  | *15%* | *15%* | *0pps* |
| **Net profit /(loss)** |  |  **20** |  |  **38** | **-47%** |  |  **142** | **(231)** | **161%** |
| *Net profit/(loss) margin* |  | *3%* |  | *5%* | *-2pps* |  | *5%* | *-9%* | *14pps* |

*1) pps – percentage points*

*Average official FX rate for Q4: UAH/US$ 36.59 in 2023 and UAH/US$ 36.57 in 2022.*

*Average official FX rate for 12M 2023 UAH/US$ 36.58 and for 12M 2022 UAH/US$ 32.37.*

**DIAL-IN DETAILS**

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: 13.00 London / 15.00 Kyiv / 08.00 New York

Title: Financial results for Q3 2023 and 9M 2023

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PIN code: 645982

To follow the presentation with the management team, please use the following link:

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

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**Segment Performance**

**Poultry and processed meat and related operations**

***Poultry meat***

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *(in tonnes, unless indicated otherwise)* |  | **Q4 2023** | **Q4 2022** | *% change y/y²)* | **Q3 2023** | *% change q/q²)* | **12M 2023** | **12M 2022** | *% change²)* |
| **Sales volume of poultry meat1)** |  | **156,779** | **184,313** | **-15%** | **177,613** | **-12%** | **691,981** | **658,053** | **5%** |
| *Export sales* |  | *84,945* | *111,130* | *-24%* | *99,813* | *-15%* | *396,923* | *368,380* | *8%* |
| *Domestic sales*  |  | *71,834* | *73,183* | *-2%* | *77,800* | *-8%* | *295,058* | *289,673* | *2%* |
| *Portion of export sales, %* |  | *54%* | *60%* | *-6pps* | *56%* | *-2pps* | *57%* | *56%* | *1pps* |
| Average price per 1 kg net of VAT, USD |  | 1.98 | 1.90 | 4% | 1.96 | 1% | 1.95 | 1.95 | 0% |

*¹) Poultry meat consists of raw and unprocessed parts of chicken, meat after minor processing, meat after grinding and chicken meat with the addition of spices (marinated meat)*

*¹) pps – percentage points*

The total volume of poultry meat sold to third parties in 12M 2023 increased by 5% y/y to 691,981 tonnes (12M 2022: 658,053 tonnes) due to a significant increase in export sales. Export sales in 12M 2023 increased by 8% y/y to 396,923 tonnes, mainly as a result of increased sales volume of chicken to the EU and whole chicken in MENA region.

**Processed poultry meat**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *(in tonnes, unless indicated otherwise)* |  | **Q4 2023** | **Q4 20221)** | *% change y/y²)* | **Q3 2023** | *% change q/q²)* | **12M 2023** | **12M 2022** | *% change²)* |
| **Sales volume of processed meat1)** |  | **10,368** | **10,006** | **4%** | **10,097** | **3%** | **37,628** | **36,969** | **2%** |
| *Export sales* |  | *2,277* | *1,726* | *32%* | *1,864* | *22%* | *6,102* | *4,464* | *37%* |
| *Domestic sales* |  | *8,091* | *8,280* | *-2%* | *8,233* | *-2%* | *31,526* | *32,505* | *-3%* |
| *Portion of export sales, %* |  | *22%* | *17%* | *5pps* | *18%* | *4pps* | *16%* | *12%* | *4pps* |
| Average price per 1 kg net of VAT, USD |  | 3.09 | 2.53 | 22% | 3.01 | 3% | 2.94 | 2.53 | 16% |

*¹) Processed meat consists of* *meat after significant processing (added supplements like vegetables or breading), pre-cooked and ready-to-eat meat*

 *²) pps – percentage points*

Export sales volume of processed poultry meat increased by 37% y/y to 6,102 tonnes in 12M 2023 compared to 4,464 tonnes in 12M 2022. The average price increased by 16% y/y to USD$ 2.94 per kg in 12M 2023 (12M 2022: USD$ 2.53 per kg) driven mainly by an increase in raw material prices (spices, packaging and other components) as well as by a positive change in product mix.

**Financial result and trends**

| *(in mln. US$, unless indicated otherwise)* |  | **Q4 2023** | **Q4 2022** | *% change y/y1)* | **Q3 2023** | *% change q/q1)* | **12M 2023** | **12M 2022** | *% change1)* |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
| **Revenue** |  | **386** | **419** | **-8%** | **425** | **-9%** | **1,643** | **1,525** | **8%** |
| *- Poultry meat²)* |  | *324* | *359* | *-10%* | *359* | *-10%* | *1,402* | *1,328* | *6%* |
| *- Processed meat* |  | *32* | *25* | *28%* | *30* | *7%* | *111* | *93* | *19%* |
| *- Complementary products and other sales* |  | *30* | *35* | *-14%* | *36* | *-17%* | *130* | *104* | *25%* |
|  |  |  |  |  |  |  |  |  |  |
| IAS 41 standard gain |  | (1) | (11) | 91% |  2 | -150% |  15 |  13 | 15% |
|  |  |  |  |  |  |  |  |  |  |
| **Gross profit** |  | **91** | **92** | **-1%** | **99** | **-8%** | **402**  | **318** | **26%** |
| *Gross margin* |  | *24%* | *22%* | *2pps* | *23%* | *1pps* | *24%* | *21%* | *3pps* |
|  |  |  |  |  |  |  |  |  |  |
| War-related expenses |  | (5) | (3) | 67% | (4) | 25% | (17) | (38) | -55% |
|  |  |  |  |  |  |  |  |  |  |
| **Adjusted EBITDA** |  | **60** | **55** | **9%** | **83** | **-28%** | **321** | **204** | **57%** |
| *Adjusted EBITDA margin* |  | *16%* | *13%* | *3pps* | *20%* | *-4pps* | *20%* | *13%* | *7pps* |
| **Adjusted EBITDA** *(net of IFRS 16)* |  | **59** | **53** | **11%** | **83** | **-29%** | **319** | **202** | **58%** |
| *Adjusted EBITDA margin (net of IFRS 16)* |  | *15%* | *13%* | *2pps* | *20%* | *-5pps* | *19%* | *13%* | *6pps* |

*1) pps – percentage points*

*²) Revenue from poultry meat includes sales of offal, which doesn’t include in table regarding sales volume and prices of poultry meat*

In 12M 2023, revenue increased by 8% y/y as a result of sales volume increase of poultry meat and processed meat and an increase in average prices for processed meat.

Gross profit in 12M 2023 increased to US$ 402 million mainly driven by higher sales volumes of poultry meat on export markets and by increase of prices for processed meat.

In 12M 2023, adjusted EBITDA (net of IFRS 16) increased to US$ 319 million, mainly as a result of higher gross profit and lower War-related expenses.

**Vegetable Oil Operations**

**Vegetable oil**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *(in tonnes, unless indicated otherwise)* |  | **Q4 2023** | **Q4 2022** | *% change y/y* | **Q3 2023** | *% change q/q* | **12M 2023** | **12M 2022** | % change |
|  |  |  |  |  |  |  |  |  |  |
| Sales volume of sunflower oil |  |  94,166 |  95,895 | -2% | 126,882 | -26% | 466,926 | 272,807 | 71% |
| Sales volume of soybean oil |  |  11,640 |  13,583 | -14% |  11,096 | 5% |  50,766 |  40,845 | 24% |

In 12M 2023 MHP’s sales of sunflower oil increased by 71% y/y compared to 12M 2022 to 466,926 tonnes, mainly driven by an increase in production of sunflower cake due to both additional crushing capacity and a change in the recipe as well as partial restoration of logistic routes comparing to 12M 2022.

Sales of soybean oil amounted to 50,766 tonnes in 12M 2023 also increased by 24% y/y, compared with 40,845 tonnes in 12M 2022 due to disruption in logistics in 2022.

**Financial result and trends**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *(in mln. US$, except margin data)*  |  | **Q4 2023** | **Q4 2022** | *% change y/y1)* | **Q3 2023** | *% change q/q1)* | **12M 2023** | **12M 2022** | % change*1)* |
|  |  |  |  |  |  |  |  |  |  |
| **Revenue**  |  | **114** | **148** | **-23%** | **147** | **-22%** | **606** | **464** | **31%** |
| *- Vegetable oil* |  | *102* | *142* | *-28%* | *137* | *-26%* |  *565* | *448* | *26%* |
| *- Related products2)* |  | *12* | *6* | *100%* | *10* | *20%* | *41* | *16* | *156%* |
|  |  |  |  |  |  |  |  |  |  |
| **Gross profit** |  | **9** | **36** | **-75%** | **21** | **-57%** | **79** | **69** | **14%** |
| *Gross margin* |  | 8% | 24% | -16pps | 15% | -7pps | 13% | 15% | -2pps |
|  |  |  |  |  |  |  |  |  |  |
| **Adjusted EBITDA** |  | **10** | **37** | **-73%** | **23** | **-57%** | **82** | **71** | **15%** |
| *Adjusted EBITDA margin* |  | *9%* | *25%* | *-16pps* | *16%* | *-7pps* | *14%* | *15%* | *-1pps* |
| **Adjusted EBITDA** *(net of IFRS 16)* |  | **9** | **37** | **-76%** | **23** | **-61%** | **80** | **71** | **13%** |
| *Adjusted EBITDA margin (net of IFRS 16)* |  | *8%* | *25%* | *-17pps* | *16%* | *-8pps* | *13%* | *15%* | *-2pps* |

*1) pps – percentage points;*

*2) Related products consist of meal, cake, husk.*

The segment’s revenue in 12M 2023 increased by 31% y/y to US$ 606 million that resulted in higher adjusted EBITDA (net of IFRS 16) of US$ 80 million compared to US$ 71 million in 12M 2022 driven by increase in sales volume of vegetable oil.

**Agriculture operations**

In 2023 MHP harvested around 346,000 hectares of land in Ukraine and gathered around 2.5 million tonnes of crops, 32% higher than in 2022, mainly due to favorable weather condition during the harvesting season. MHP’s average yields remain well above the average for Ukraine for all crops due to operational efficiency and employment of best practices.

**Harvest results**

|  |  |  |  |
| --- | --- | --- | --- |
|  | ***2023 [1]*** |  | ***2022 [1]*** |
|  | ***Production volume*** | ***Cropped*** ***land***  |  | ***Production volume*** | ***Cropped*** ***land*** |
|  |
|  |  *in tonnes* | *in hectares* |  | *in tonnes* | *in hectares* |
| Corn | 1,346,620 | 135,516 |  | 1,088,476 | 151,850 |
| Wheat | 267,038 | 40,283 |  | 224,391 | 40,711 |
| Sunflower | 185,225 | 60,415 |  | 159,357 | 62,585 |
| Rapeseed | 122,544 | 33,065 |  | 104,849 | 27,520 |
| Soya | 185,375 | 58,832 |  | 109,240 | 44,953 |
| Other ***[2]*** | 451,162 |  18,656  |  | 248,334 |  13,129  |
| **Total** | 2,557,964 | 346,767 |  | 1,934,647 | 340,748 |

***[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.*

**Yields**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | ***2023*** |  | ***2022*** |
|  |  | ***MHP’s******average[1]*** | ***Ukraine’s average[1]*** |  | ***MHP’s******average[1]*** | ***Ukraine’s average[1]*** |
|  |  | *tonnes per hectare* |  | *tonnes per hectare* |
|  |  |  |  |  |  |  |
| Corn |  | 9.9 | 7.8 |  | 7.2 | 6.6 |
| Wheat |  | 6.6 | 4.8 |  | 5.5 | 4.1 |
| Sunflower |  | 3.1 | 2.4 |  | 2.5 | 2.2 |
| Rapeseed |  | 3.7 | 2.9 |  | 3.8 | 2.9 |
| Soya |  | 3.2 | 2.7 |  | 2.4 | 2.4 |

*1) MHP yields are net weight, Ukraine yields are bunker weight.*

Decrease of domestic grain prices and limited export capabilities as a result of continuous rocket strikes on Ukrainian ports infrastructure and termination of the Grain deal by Russia had a negative effect on segment performance. However it should be noted that these events will have limited impact on the overall Group performance, as almost all grains and oilseeds (except part of rapeseeds and some wheat) are consumed internally.

**Financial result and trends**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *(in mln. US$, unless indicated otherwise)* |  | **12M 2023** |  | **12M 2022** |  | *% change* |
|  |  |  |  |  |  |  |
| **Revenue** |  | **227** |  | **189** |  | **20%** |
| IAS 41 standard loss |  | (63) |  | (143) |  | 56% |
|  |  |  |  |  |  |  |
| **Gross profit** |  | **26** |  | **108**  |  | **-76%** |
| War-related expenses |  | (3) |  | (6) |  | -50% |
|  |  |  |  |  |  |  |
| Adjusted EBITDA |  | 63 |  | 153 |  | -59% |
| **Adjusted EBITDA (net of IFRS 16)** |  | **6** |  | **99** |  | **-94%** |

Agriculture Operations Segment’s revenue in 12M 2023 amounted to US$ 227 million compared to US$ 189 million in 12M 2022. The increase was mainly attributable to the higher volume of grain sales due to higher yields.

A significant decrease in both domestic and international grain prices, as well as increased logistic costs due to the War impact, led to poor results in the Agriculture Operations Segment.

**European Operating Segment (PP)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Poultry1)** |  | **Q4 2023** | **Q4 2022** | *% change y/y* | **Q3 2023** | *% change q/q* | **12M 2023** | **12M 2022** | % change |
|  |  |  |  |  |  |  |  |  |  |
| Sales volume, third parties tonnes |  | 20,229 | 18,546 | 9%  | 21,180 | -4% | 80,520 | 74,316 | 8% |
| Price per 1 kg net VAT, EUR |  | 3.49 | 3.47 | 1% | 3.55 | -2% | 3.54 | 3.33 | 6% |

*¹) Poultry meat consists of raw and unprocessed parts of chicken, meat after minor processing, meat after grinding and chicken meat with the addition of spices (marinated meat)*

In 12M 2023, poultry meat sales of the European Operating Segment increased to 80,520 tonnes. This was driven by an increase in production volume of poultry meat, both fresh and frozen. Average price increased by 6% in 12M 2023 to EUR 3.54 (12M 2022: EUR 3.33).

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Processed meat1)** |  | **Q4 2023** | **Q4 2022** | *% change y/y* | **Q3 2023** | *% change q/q* | **12M 2023** | **12M 2022** | % change |
|  |  |  |  |  |  |  |  |  |  |
| Sales volume, third parties tonnes |  | 11,596 | 11,162 | 4% | 12,946 | -10% | 46,555 | 43,277 | 8% |
| Price per 1 kg net VAT, EUR |  | 3.36 | 3.19 | 5% | 3.32 | 1% | 3.33 | 3.09 | 8% |

*1) includes sausages and convenience foods*

Meat processing product sales were up by 8% y/y to 46,555 tonnes in 12M 2023 (12M 2022: 43,277 tonnes) due to increase in production volume of sausages and convenience products. Average price in 12M 2023 increased by 8% y/y to EUR 3.33.

**Financial result and trends**

| *(in mln. US$, except margin data)*  |  | **Q4 2023** | **Q4 2022** | *% change y/y1)* | **Q3 2023** | *% change q/q1)* | **12M 2023** | **12M 2022** | % change*1)* |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
| **Revenue**  |  |  **134**  |  **118**  | **14%** |  **144**  | **-7%** |  **545**  | **464** | **17%** |
| IAS 41 standard gains |  |  2  |  (2) | -200% |  2 | 0% |  - |  2  | -100% |
|  |  |  |  |  |  |  |  |  |  |
| **Gross profit** |  |  **26**  |  **23**  | **13%** |  **41**  | **-37%** |  **132**  | **113** | **17%** |
| *Gross margin* |  | *19%* | *19%* | *0pps* | *28%* | *-9pps* | *24%* | *24%* | *0pps* |
|  |  |  |  |  |  |  |  |  |  |
| **Adjusted EBITDA** |  |  **25**  |  **7**  | **257%** |  **29**  | **-14%** |  **93**  | **65** | **43%** |
| *Adjusted EBITDA margin* |  | *19%* | *6%* | *13pps* | *20%* | *-1pps* | *17%* | *14%* | *3pps* |
|  |  |  |  |  |  |  |  |  |  |
| **Adjusted EBITDA** *(net of IFRS 16)* |  |  **24**  |  **7**  | **243%** |  **28**  | **-14%** |  **91**  | **63** | **44%** |
| *Adjusted EBITDA margin* *(net of IFRS 16)* |  | *18%* | *6%* | *12pps* | *19%* | *-1pps* | *17%* | *14%* | *3pps* |

*1) pps – percentage points.*

European Operating Segment’s gross profit in 12M 2023 increased by 17% y/y to US$ 132 million (12M 2022: US$ 113 million), due to decrease grain prices for production purpose which have reduced level of cost.

Adjusted EBITDA (net of IFRS 16) amounted to US$ 91 million for 12M 2023 compared with US$ 63 million for 12M 2022 in line with gross profit. Adjusted EBITDA margin (net of IFRS 16) increased to 17% from 14%.

**Current Group cash flow**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *(in mln. US$)* |  | **Q4 2023** |  | **Q4 2022** |  | **12M 2023** |  | **12M 2022** |
| **Cash from operations** |  |  **62** |  |  **101** |  |  **377** |  |  **478** |
| Change in working capital |  |  (19) |  | (93) |  |  61 |  | (340) |
| **Net Cash from operating activities** |  |  **43** |  |  **8** |  |  **438** |  |  **138** |
| **Cash used in investing activities** |  | (73) |  | (49) |  | (228) |  | (174) |
| *Including:* |  |  |  |  |  |  |  |  |
| CAPEX1) |  | (54) |  | (54) |  | (212) |  | (159) |
| **Cash from financing activities** |  |  **13** |  |  **14** |  |  **(86)** |  |  **57** |
| **Total change in cash2)** |  | **(17)** |  |  **(27)** |  |  **124** |  |  **21** |

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

*2)Calculated as Net Cash from operating activities plus Cash used in investing activities plus Cash used in financing activities*

Cash flow from operations before changes in working capital for 12M 2023 declined to US$ 377 million (12M 2022: US$ 478 million), mainly as a result of interest payments of US$ 178 million in 12M 2023 compared to US$ 126 million in 12M 2022.

The differences in working capital changes between 12M 2023 and Q4 2023 compared to 12M 2022 and Q4 2022 respectively were mainly attributable to:

* return of stocks of chicken meat and vegetable oil to normal levels from the unusually high amounts in 2022, caused by disrupted logistics due to War activities, that has partly recovered afterward due to the Grain deal and diversification of delivery routes by the Group;
* lower investments in raw materials during 2023 (energy supplies, fertilizers, plant protections materials, animal feed components) comparing to 2022 due to relative stabilization of situation in Ukrainian economy and lower risk of disruptions in supply;
* stable amounts of trade accounts receivable compared to significant growth in sunflower oil and chicken meat receivables during 2022;

In 12M 2023 total CAPEX amounted to US$ 212 million mainly related to maintenance and modernization projects, new products development of Ukrainian operations and expansion of Perutnina Ptuj production facilities. The increase from US$ 159 million in 12M 2022 is mainly due to higher investments in cost optimization and culinary strategy projects as well as purchases of diesel generators for mitigation of possible power outages impact.

**Debt Structure and Liquidity**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *(in mln. US$)* |  | **31 December 2023** |  | **31 December 2022** |  | **30 September 2023** |
|  |  |  |  |  |  |  |
| **Total Debt1) 2)** |  |  **1,537** |  |  **1,537**  |  |  **1,547** |
| LT Debt**1)** |  |  1,141 |  |  1,507  |  |  1,025 |
| ST Debt **1)** |  |  499 |  |  182  |  |  604 |
| Trade credit facilities2) |  | (103) |  |  (152) |  | (82) |
| Cash and bank deposits |  | (436) |  |  (300) |  | (446) |
| **Net Debt1)** |  |  **1,101** |  |  **1,237**  |  |  **1,101** |
|  |  |  |  |  |  |  |
| LTM Adjusted EBITDA**1)** |  |  445 |  |  384 |  |  438 |
| *Net Debt / LTM Adjusted EBITDA***1)** |  |  *2.47* |  |  *3.22* |  |  *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)  Indebtedness under trade credit facilities that is required to be repaid within 12 months of drawdown should be excluded for purposes of this calculation*

As of 31 December 2023, MHP’s cash and cash equivalents amounted to US$ 436 million, of which US$ 311 million was held by the Group’s subsidiaries outside Ukraine. Under the repatriation rules instituted by the National Bank of Ukraine, the equivalent amounts of such cash and cash equivalents would need to be repatriated to Ukraine within six months of recognition of foreign currency proceeds from exports from Ukraine, which limits the Group’s ability to utilize such cash and cash equivalents for repayment of indebtedness. At the same time, on November 10, 2023, the National Bank of Ukraine established a maximum settlement period of 90 calendar days for repatriating cash resulting from the export of a specified list of agricultural products.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 2.47 as of 31 December 2023, well below the limit of 3.0 defined in the Eurobond agreement.

As of 31 December 2023, the share of long-term debt in the total outstanding debt decreased to 74% as the first US$ 500 million Eurobond, which is due for repayment in May 2024, is now classified as short-term.

**Subsequent events**

On 5 January 2024, MHP SE launched an invitation to the holders of its US$ 349 million 7.75% Guaranteed Notes due 10 May 2024 to tender for purchase for cash any and all of the US$ 349 million aggregate principal amount of Notes outstanding. On 22 January 2024, MHP SE accepted for purchase all validly traded Notes in the amount of US$ 138 million with the aggregate principal amount of Notes outstanding following completion of the Tender Offer US$ 211 million. On 23 January 2024, Noteholders who validly tendered their Notes were paid the consideration of US$ 950 per US$ 1,000 principal amount of Notes (with total consideration paid US$ 131 million) and, on the same date, Notes in the amount of US$ 138 million were cancelled.

On 29 December 2023, the Group entered into an agreement to acquire 81% of corporate rights in business engaged in poultry farming and meat processing in Albania for an estimated consideration of EUR 16.8 million (equivalent of US$ 18.1 million). Completion of this transaction is subject to approval by relevant regulatory bodies.

On 15 April 2024, the Group entered into a share purchase agreement to acquire 100% of the corporate rights in business engaged in meat processing in Ukraine for an estimated consideration of EUR 14.0 million (equivalent of US$ 15.1 million). Up to the date of authorization of these financial statements, the Group made payment of EUR 3.5 million for 24.9% of respective corporate rights. This transaction is expected to be completed by the end of the 2024 but remains subject to certain conditions, including approval by relevant regulatory bodies.

**OUTLOOK**

The Company is not in a position to state any outlook with confidence due to the continuous risks of operating in War conditions and with major facilities in regions under assault by Russia. The heavy March and April bombings of civilian infrastructure and energy facilities were a stark reminder that the whole of the territory of Ukraine is under threat, and extensive military operations are not confined to the front line.

MHP will continue to do our utmost as a team and as a business to remain strong and agile, to push innovation ever further and to carry out our business to the highest international standards. Crucial to maintaining food security and stability in Ukraine, the Group will remain at the heart of our communities and support our people and their families as their needs change and the situation develops.

**Notes to Editors:**

**About MHP**

MHP SE is the parent company of a leading international food & agrotech group with headquarters in Ukraine and also in the Balkans (Perutnina Ptuj Group).

**Ukraine:** MHP has the greatest market share and the 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 nine 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, North Macedonia and Romania and supplies products to 15 countries in Europe. Perutnina Ptuj is a vertically integrated company across all stages 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 since 2008.

**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.