



## PRESS RELEASE

April 15, 2014, Kyiv, Ukraine

### MHP S.A.

### Pre-close trading update for the first quarter ended 31 March 2014

MHP S.A. (LSE: MHPC) ("MHP" or "The Company"), one of the leading agro-industrial companies in Ukraine, focusing on the production of poultry and the cultivation of grain, announces its pre-close trading update for the three months ended 31 March 2014.

#### Poultry and Related Operations

Owing to increasing production volumes at the Vinnytsia poultry farm during 2013, MHP's overall production volumes of chicken meat in Q1 2014 increased by approximately 30% year-on-year. As usual, the Company's poultry production facilities continued to operate at full capacity during the period.

Poultry	Q1 2014	Q1 2013	% change
Sales volume, third parties tonnes	112,270	91,720	22%
Price per 1 kg net VAT, UAH	15.61	16.33	-4%

Sales of chicken meat to third parties in Q1 2014 increased by 22% reaching 112,270 tonnes of chicken meat compared to 91,720 tonnes in Q1 2013. Domestic sales volume increased by 20% while export sales volume increased by 31%.

**Export Sales:** In line with the Company's growth strategy of its export sales, during the first quarter of 2014 the volume of chicken meat export increased by 31% and reached 30,370 tonnes, compared to 23,200 tonnes in Q1 2013 despite decreased export to the Custom Union as at the beginning of February MHP was banned from exporting of chicken meat to the Russian Federation as well as to other Custom Union countries (Kazakhstan and Belarus). During the reporting period the Company significantly increased its export sales to the Middle East, Asian, African, the EU and to some CIS countries, diversifying export markets.

The average chicken meat price through the first quarter of 2014 remained at approximately the same level with prices in Q4 2013, but decreased by 4% to UAH 15.61 per 1 kg of adjusted weight (excluding VAT) when compared to Q1 2013. Average price decreased mostly due to lower export prices year-on-year although export prices in Q1 2014 remained at the level of last months of 2013.

## **Vinnytsia – expansion project**

All production sites of the Vinnytsia complex (9 of 12 chicken rearing sites, poultry processing facility and fodder complex) are operational and will reach its full capacity closer to the year-end as 3 final chicken rearing zones will be added.

## **Sunflower Oil Sales**

Sunflower Oil	Q1	Q1	%
	2014	2013	change
Sales volume, tonnes	67,520	49,310	37%
Price per 1 tonne, US\$	853	1,149	-26%

In Q1 2014, due to increased production of fodder for chicken, MHP's sales of sunflower oil increased significantly by 37% to 67,520 tonnes compared to 49,310 tonnes in Q1 2013. In line with international trend of the commodity prices, average price per 1 tonne of sunflower oil decreased by 26% to US\$853 compared to US\$1,149 in Q1 2013.

## **Grain growing operations**

Almost 64,000 hectares of land in Ukraine and above 8,000 hectares in the Russian Federation are under the winter crops (winter wheat, rapeseeds and barley), which are around 25% of the land cultivated in the grain growing segment of the Company. Currently, all crops are in good condition. As a result, MHP expects good harvest of winter crops in 2014.

MHP's 2014 spring sowing campaign is ongoing now.

## **Other agricultural operations**

Meat processing products	Q1	Q1	%
	2014	2013	change
Sales volume, third parties tonnes	6,856	7,340	-7%
Price per 1 kg net VAT, UAH	24.10	22.51	7%

Sales volumes of sausage and cooked meat in Q1 2014 decreased slightly to 6,856 tonnes compared to 7,340 tonnes in Q1 2013.

The average sausage and cooked meat price in Q1 2014 increased by 7% to UAH 24.10 per kg (excluding VAT) compared to UAH 22.51 in Q1 2013 as a result of product portfolio rebalancing with the focus on higher-margin products. MHP continues to execute its strategy of increasing the Company's market share in meat processing products, by using internally produced chicken meat.

**Next release:** Financial results for Q1 2014 will be disclosed on 22 May, 2014.

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**Notes to Editors:**

**About MHP**

MHP is the leading producer of poultry products in Ukraine with the greatest market share 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). 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 11 distribution and logistical centres, 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.

Since May 15, 2008, MHP has traded 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 S.A. Such statements do not guarantee that these are actions to be taken by MHP S.A. 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 S.A. does not intend to change these statements to reflect actual results.