



## PRESS RELEASE

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### MHP S.A. Pre-close trading update for the third quarter and nine months of 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, is pleased to announce today its pre-close trading update for the third quarter and nine months ended 30 September 2014.

#### Poultry and Poultry Related Operations

Shakhtarska breeding farm had to suspend its operations since August due to the active hostilities in the region (zone of ATO, currently controlled by DNR) and still is not in operations. Shakhtarska farm provided MHP with appx.30% of hatching eggs needs. Currently MHP is importing hatching eggs from the EU (predominantly Hungary, Germany and the Netherland) and partially Ukraine, so that during the first nine months of 2014 MHP’s poultry production facilities (broiler farms) worked at full capacity utilization.

Vinnytsia complex: since September 11 (out of 12) production sites are operational at full capacity and the final rearing site will be added in Q4 2014.

Owing to the increasing production volumes at the Vinnytsia poultry farm, poultry production volumes in Q3 2014 increased by 9% to 133,700 tonnes (Q3 2013: 122,350 tonnes) and in 9M 2014 increased by 16% to 403,300 tonnes (9M 2013: 346,940 tonnes).

<b>Poultry</b>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>% change</b>	<b>9M 2014</b>	<b>9M 2013</b>	<b>% change</b>
Sales volume, third parties tonnes	144,790	120,080	21%	396,780	325,430	22%
Price per 1 kg net VAT, UAH	22.08	16.12	37%	18.61	16.21	15%

As a result of an overall increase in poultry production volumes during the third quarter of 2014, sales volume of chicken meat to external consumers constituted 144,790 tonnes, which is 21% higher than in Q3 2013. During nine months of 2014 third parties sales amounted 396,780 tonnes of poultry, which is 22% higher than in 9M 2013.

**Domestic sales:** Due to significant depreciation of local currency, domestic demand for chicken meat is strengthening, as a result of consumers’ trade down from more expensive meats (pork

and beef) to more affordable ones. MHP's domestic sales volumes in Q3 and 9M 2014 increased by around 12% and 23% year-on-year accordingly.

**Export Sales:** During the third quarter of 2014 the volume of chicken meat export was almost 48% higher than in Q3 2013 and reached 44,580 tonnes. During the nine months of 2014, poultry export sales were 20% higher than in 9M 2013 and reached 102,145 tonnes. MHP continues to follow its strategy of diversified export markets and seeks for new business opportunities in the countries of Asia, the Middle East and Africa building-up the export volumes of chicken meat in those regions.

**Export to EU:** Since June 2014 we continued exporting poultry with zero import duty (terms: since June till November). Due to the preferential export regime, the Company's export volumes to the EU have grown to around 7,400 tonnes of chicken in Q3 2014, which is 9 times more than in Q1 2014 and 2.8 times more than in Q2 2014.

**Prices:** The average chicken price in Q3 2014 increased by 37% year-on-year to UAH 22.08 per kg (excluding VAT) predominantly due to the Ukrainian Hryvnia depreciation. Through the nine months of 2014 the average chicken prices increased by 15% to UAH 18.61 per kg (excluding VAT) compared to the nine months of 2013 as a result of increased export operations to the EU within the preferential - zero import duty – regime as well as due to substantial increase of poultry price in Q3 2014 on domestic market and depreciation of local currency during the reporting period.

<b>Sunflower Oil</b>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>% change</b>	<b>9M 2014</b>	<b>9M 2013</b>	<b>% change</b>
Volume, tonnes	74,950	64,100	17%	212,115	175,260	21%
Price, US\$/t	847	1,057	-20%	853	1,097	-22%

As a result of increased production of fodder meal at the Vinnytsia complex, in Q3 2014 MHP sold 74,950 tonnes of sunflower oil, which was 17% higher than in Q3 2013, mainly for export. The average price of US\$847 per tonne in Q3 2014 was 20% lower than in Q3 2013 in line with world market trends. During 9M 2014, 212,115 tonnes of sunflower oil, this was 21% higher than during 9M 2013. The average price during 9M 2014 was 22% lower than in 9M 2013 in line with world market trends (please see table above).

## Grain Growing Operations

In 2014 in grain growing operations the Company is to harvest around 290,000 hectares of land in Ukraine and 40,000 hectares of land of newly acquired asset in Russia as well as to cultivate around 30,000 hectares of land in other agricultural operations.

Due to the favorable weather conditions in Ukraine, operational efficiency and employment of best practice, we expect our yields across all crops to be good and significantly higher than Ukraine's average.

The Company's harvest of late crops (corn, sunflower and soybeans) is on track. As of today, 41% of corn, 98% of sunflower and 94% of soybeans have been gathered. All crops yields are in line with MHP's forecast for this year, which are higher than average in Ukraine.

Our autumn sowing campaign of winter wheat, rapeseed and barley is almost complete.

The Company is now presenting the results of wheat and rapeseed harvest from its land bank in Ukraine (excluding Voronezh Agro).

	2014		2013	
	Production, tons	Cropped hectares*	Production, tonnes	Cropped hectares*
Corn	In process	In process	1,134,000	129,100
Wheat	264,520	44,090	228,100	42,460
Sunflower	In process	In process	133,530	38,290
Rapeseed	39,485	10,510	60,265	18,690
Soya	In process	In process	37,100	16,860
Other**	In process	In process	391,175	41,600
<b>Total:</b>	<b>n/a</b>	<b>n/a</b>	<b>1,984,170</b>	<b>287,000</b>

\* - Actual hectares under crop and excluding land left fallow as part of crop rotation

\*\* - Include barley, rye, beans and other

	2014		2013	
	MHP's average*	Ukraine's average**	MHP's average*	Ukraine's average**
Corn	8.9***	In process	8.8	6.4
Wheat	6.0	4.1	5.4	3.4
Sunflower	3.4***	In process	3.5	2.2
Rapeseed	3.8	2.6	3.2	2.4
Soya	2.2***	In process	2.2	2.1

\* - Tonnes per hectare

\*\* - MHP yields are net weight, Ukraine – bunker weight

\*\*\* - MHP's current yields of late crops (net weight)

### Other Agricultural Operations

	Q3 2014	Q3 2013	% change	9M 2014	9M 2013	% change
<b>Meat processing products</b>						
Sales volume, third parties tonnes	8,780	9,360	-6%	23,950	25,470	-6%
Price per 1 kg net VAT, UAH	28.65	24.16	19%	26.61	23.34	14%

During the third quarter of 2014, sausage and cooked meat production volumes decreased by 6% to 8,780 tonnes compared to 9,360 tonnes during the third quarter of 2013. During the first nine months of 2014 production volumes decreased by 6% to 23,950 tonnes.

At the same time the average sausage and cooked meat prices during the third quarter of 2014 increased by 19% to UAH 28.65 per kg (excluding VAT) and through the first nine months of 2014 increased by 14% to UAH 23.34 per kg (excluding VAT).

MHP is currently one of the leading meat processing products producers in Ukraine. The Company uses internally produced chicken meat, enhancing its profitability in meat processing business segment.

**Next release:** The financial results for Q3 and 9M 2014 will be published on **November 18, 2014**. 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 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 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.

Since May 15, 2008, MHP has traded on the London Stock Exchange under the ticker symbol MHPC.