



## PRESS RELEASE

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### MHP S.A. Pre-close trading update for the second quarter and first half 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, today announces its pre-close trading update for the second quarter and the first six months of the year ending 30 June 2014.

#### Poultry and Poultry Related Operations

During the first half of 2014 MHP’s poultry production facilities worked at full capacity utilization with no changes in operations.

Vinnitsia complex: currently 10 (out of 12) production sites are operational at full capacity and 2 more sites will be added during H2 2014.

Owing to the increasing production volumes at the Vinnitsia poultry farm, poultry production volumes in Q2 2014 increased by 9% to 132,350 tonnes (Q2 2013: 121,170 tonnes) and in H1 2014 increased by 20% to 268,880 tonnes (H1 2013: 224,590 tonnes).

<b>Poultry</b>	<b>Q2 2014</b>	<b>Q2 2013</b>	<b>% change</b>	<b>H1 2014</b>	<b>H1 2013</b>	<b>% change</b>
Sales volume, third parties tonnes	139,720	113,580	23%	251,990	205,300	23%
Price per 1 kg net VAT	17.85	16.20	10%	16.86	16.26	4%

As a result of an overall increase in poultry production volumes during the second quarter of 2013, the sales volume of chicken meat to external consumers increased to 139,720 tonnes, which is 23% higher than in Q2 2013. During the first six months of 2014 third parties sales amounted 251,990 tonnes of poultry, which is 23% higher than in H1 2013.

**Domestic sales:** Domestic demand for chicken meat remained strong and MHP’s domestic sales volumes in Q2 2014 increased by more than 30% year-on-year.

**Export Sales:** During the second quarter of 2014 the volume of chicken meat export totaled 27,190 tonnes slightly lower compared to Q2 2013. During this period last year MHP peaked in export volumes to the Custom Union: approximately 20,000 tonnes were exported to the Russian Federation and Kazakhstan in Q2 2013. MHP’s export to the Custom Union (the Russian Federation, Belarus and Kazakhstan) in Q2 2014 was naught as a result of the Custom Union

export ban introduced at the beginning of February 2014,,however we successfully managed to redirect most volumes to the Middle East, Northern Africa and some CIS countries, diversifying export markets. Consequently, during the first half of 2014, poultry export sales increased by 4% and reached 57,560 tonnes. MHP continues to explore new business opportunities in the countries of Asia, Middle East and Africa building-up the export volumes of chicken meat in those regions.

**Export to EU:** Since October 2013 MHP has started exporting chicken meat to the European Union countries and since June 2014 we continue exporting poultry with zero import duty gradually increasing volumes.

**Prices:** Through the second quarter of 2014 the average chicken meat price (both domestic and export) constituted UAH17.85 per 1 kg of adjusted weight (excluding VAT), an increase of 14% compared to Q1 2014 and 10% year-on-year. H1 2014 average chicken meat price was UAH 16.86, which is 4% higher than in H1 2013. The increase in poultry prices is mostly related to the increase of domestic price by 4% in Q2 2014 year-on-year and positive influence of Ukrainian hryvnia devaluation due to our US dollars nominated export prices.

<b>Sunflower Oil</b>	<b>Q2 2014</b>	<b>Q2 2013</b>	<b>% change</b>	<b>H1 2014</b>	<b>H1 2013</b>	<b>% change</b>
Volume, tonnes	69,641	61,850	13%	137,163	111,160	23%
Price, US\$/t	861	1,097	-22%	857	1,120	-24%

Due to the increase of the production of fodder meal at the Vinnytsia complex in Q2 2014, MHP sold 69,641 tonnes of sunflower oil, which was 13% higher than in Q2 2013, mainly for export. The average price of US\$861 per tonne in Q2 2014 was 22% lower than in Q2 2013 (US\$1,097 per tonne) in line with world market trends. In H1 2014, 137,163 tonnes of sunflower oil, which was 23% higher than in H1 2013, were sold at an average price of US\$ 857 per tonne, which was 24% lower in price compared to H1 2013 (US\$ 1,120 per tonne).

## 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 started harvesting rapeseeds, barley and wheat. Current yield are approximately at the same level as in 2013.

## Other Agricultural Operations

<b>Meat products</b>	<b>processing</b>	<b>Q2 2014</b>	<b>Q2 2013</b>	<b>% change</b>	<b>H1 2014</b>	<b>H1 2013</b>	<b>% change</b>
Sales volume, tonnes		8,316	8,770	-5%	15,172	16,110	-6%
Price per 1 kg net VAT		26.50	23.14	14.5%	25.40	22.86	11%

In the second quarter of 2014, sausage and cooked meat sales volumes slightly decreased by 5% to 8,316 tonnes compared to 8,770 tonnes in the second quarter of 2013. In the first half of 2014 sausage and cooked meat sales volumes decreased by 6% to 15,172 tonnes compared to 16,110 tonnes in H1 2013.

Average sausage and cooked meat prices during the second quarter of 2014 increased by 14.5% to UAH 26.50 per kg excluding VAT (Q2 2013: UAH 23.14 per kg). In H1 2014 average prices increased by 11% from UAH 22.86 per kg excluding VAT to UAH 25.40 per kg excluding VAT.

MHP continues to lead the market of meat processing products, by using internally produced chicken meat, enhancing its profitability in meat processing business segment.

**Next release:** The financial results for Q2 and H1 2014 will be published on August 28, 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/5 pm Moscow). Dialing instructions for the call will be published in a due course.

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**Notes to Editors:**

**About MHP**

MHP was admitted to the Official List of the London Stock Exchange in May 2008. It is the leading producer of poultry products in Ukraine, with a 2012 market share for industrially produced chicken meat of approximately 50%, according to the State Committee on Statistics of Ukraine. It's "Nasha Ryaba" brand is the market leader with 95% of brand recognition, whilst MHP also has several other national and regional brands for processed meat products.

MHP is fully vertically integrated owning and operating 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 bio-security and to control the quality of its inputs and the resulting quality and consistency of its products through to the point of sale.

MHP also has an important and expanding grain operation, producing and selling sunflower oil as a by-product of its fodder production. MHP also produces and sells sausages, cooked meats convenience food products, goose meat, foie gras, beef and fruit.