

Regulatory Story

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PJSC Cherkizovo Group - CHE operating results for the 4Q and FY of 2015
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Cherkizovo Group announces operating results for the fourth quarter and full year of 2015

Moscow, Russia - 28 January 2016 - Cherkizovo Group (LSE: CHE; MOEX: GCHE) ("Cherkizovo", "the Group" or "the Company"), the largest vertically integrated meat and feed producer in Russia, today announces its operating results for the fourth quarter and full year of 2015.

Key operating results

Divisions	Sales volume by business segment (tons)					
	4Q 2015	4Q 2014	Change (%)	FY 2015	FY 2014	Change (%)
Poultry	129,062	105,959	21.8	470,432	416,622	12.9
Pork	44,650	50,974	-12.4	163,678	170,172	-3.8
Meat processing	55,954	42,082	33.0	191,200	144,189	32.6
Grain	199,236	141,175	41.1	267,371	237,106	12.8

Poultry

Sales volumes in the poultry segment grew by 21.8% year-on-year in the fourth quarter of 2015 to 129,062 tons, compared with 105,959 tons in the fourth quarter of 2014. In the full year of 2015, sales of poultry grew 12.9% year-on-year to 470,432 tons.

The average price for Cherkizovo Group's poultry decreased slightly in the fourth quarter of 2015 to RUB 93.43/kg^[1], compared to RUB 94.06/kg in the third quarter of 2015. During the year, the average price of the Group's fell on a quarter-by-quarter basis due to growth in market supply and consumers' lower purchasing power. In the full year of 2015, the average rouble price for the Group's poultry products increased by 4.2% year-on-year to RUB 94.52/kg.

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015	FY 2014	Change, y-o-y (%)	Change, q-o-q (%)
Sales volume, tons	108,168	117,056	116,146	129,062	470,432	416,622	12.9	21.8
Average price, RUB/kg	96.49	94.36	94.06	93.43	94.52	90.69	4.2	-0.1

Pork

In the fourth quarter of 2015, sales in the pork segment fell by 12.4% year-on-year to 44,650 tons, compared with 50,974 tons in the corresponding period of 2014; sales remained flat on a quarter-on-quarter basis. The negative sales dynamics reflect the lower production volumes which were caused by an outbreak of African swine fever (ASF) at three pig fattening facilities in the Orlovsky and Voronezh regions in December 2014.

The pork segment increased sales to the Group's meat processing division to ensure the highest quality pork is being used in the production of the Group's meat and sausage products. Sales of pork reached 163,678 tons in 2015 in comparison with 170,172 tons in 2014.

In the fourth quarter of 2015, the average price for the Group's pork products fell by 20.5% quarter-on-quarter to RUB 85.39/kg, compared to RUB 107.44/kg in the third quarter of 2015. This decrease was a result of seasonal factors and consumers' lower purchasing power. In the full year of 2015, the average rouble price for the Group's pork increased by 3.5% to RUB 99.57/kg.

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015	FY 2014	Change, y-o-y (%)	Change, q-o-q (%)
Sales volume, tons	36,100	38,279	44,649	44,650	163,678	170,172	-3.8	0.002
Average price, RUB/kg	98.29	108.16	107.44	85.39	99.57	96.25	3.5	-20.5

Meat Processing

In the fourth quarter of 2015, sales in the meat processing segment grew by 33.0% year-on-year to 55,954 tons, compared to 42,082 tons in the corresponding period of 2014. In the reporting quarter, the Company began operations at its Dankovsky meat processing plant, enhancing its market proposition by both assortment and volume.

Product sales in the meat processing segment grew by 4.6% quarter-on-quarter in the fourth quarter of 2015. This was largely a result of increased sales of deli meats, meat on the bone and offal. In the full year of 2015, sales in the meat processing segment increased by 32.6% year-on-year to 191,200 tons.

The average price for the Group's processed meat products was RUB 170.50/kg in the fourth quarter of 2015, compared to RUB 173.45/kg in the third quarter of 2015. The reduction in the average price was due to more affordable products, including deli meats and meat on the bone, contributing a greater share to overall sales, as well as consumers' lower purchasing power. In the full year of 2015, the average rouble price of products in the meat processing segment increased by 3.0% year-on-year to RUB 172.31/kg.

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015	FY 2014	Change, y-o-y (%)	Change, q-o-q (%)
Sales volume, tons	37,846	43,909	53,492	55,954	191,200	144,189	32.6	4.6
Average price, RUB/kg	168.85	176.45	173.27	170.5	172.31	167.29	3.0	-1.6

Grain farming

In the fourth quarter of 2015, sales in the grain farming segment grew by 41.1% year-on-year to 199,236 tons of various crops, compared to 141,175 tons in the fourth quarter of 2014. In the full year of 2015, sales grew by 12.8% year-on-year to 267,371 tons.

This positive dynamic was due to the Group's harvest of high-quality crops increasing by 37.3% to 332,866 tons, compared to 242,263 tons in 2014. The average crop yield of the land cultivated by the Group grew by 7.0% to 41.9 t/ha, and the Group's land area grew by 32% year-on-year to 85,214 ha.

The average price for products in this segment grew by 4.1% quarter-on-quarter in the fourth quarter of 2015, and by 30.4% year-on-year in the full year of 2015.

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	2015	2014	Change, y-o-y (%)	Change, q-o-q (%)
Sales volume, tons	4,736	4,269	59,131	199,236	267,371	237,106	12.8	236.9
Average price, RUB/kg	15.12	5.98	9.07	9.44	9.4	7.21	30.4	4.1

As required by law, reporting for 2015 should be presented according to International Financial Reporting Standards (IFRS). The Group's IFRS report for 2015 will be published in the middle of March.

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About Cherkizovo Group

Cherkizovo Group is the largest meat and feed producer in Russia. The Group is a top-3 producer in the poultry, pork and processed meat markets and is the largest feed manufacturer in the country.

Cherkizovo Group encompasses 8 full cycle poultry production facilities, 15 modern pork production facilities, 6 meat processing plants, 6 feed mills and more than 140,000 hectares of agricultural land. In 2015, Cherkizovo Group produced more than 850,000 tons of meat products.

Thanks to its vertically integrated structure, which includes grain growing and storage, feed production, livestock breeding, fattening and slaughtering, and meat processing, alongside a distribution system, the Group has consistently delivered stable, long-term growth of both sales and revenue.

Cherkizovo Group shares are traded on the London Stock Exchange (LSE) and on the Moscow Exchange (MOEX).

Forward-looking statements

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Cherkizovo Group. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industry, as well as many other risks specifically related to Cherkizovo Group and its operations.

[1]Here are below prices are quoted without VAT

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