



## Cherkizovo Group announces 2016 operating results

Moscow, Russia – January 26, 2017 – Cherkizovo Group (LSE: CHE; MOEX: GCHE), the largest vertically integrated meat and feed producer in Russia, today announces its operating results for the twelve months ended December 31, 2016.

In 2016, Cherkizovo Group sold 903 thousand tons of meat products, reclaiming its status as Russia's top meat producer. The Group's sales volume increased 9% year-on-year with particularly strong sales in the grain farming segment, which grew by 27% year-on-year to 339 thousand tons.

### Key Operating Results

Sales volume by business segments			
Divisions	12M 2016	12M 2015	Year-on-year change (%)
Poultry	500,321	470,432	6%
Pork	184,766	169,563	9%
Meat Processing	218,085	191,200	14%
Grain Farming	338,808	267,371	27%

### Poultry Division

In 2016, sales volume increased by 6% year-on-year to 500,321 tons of sellable weight, from 470,432 in 2015. This growth was driven by higher production levels, which were a result of improvements in efficiency and the launch of new poultry houses at the Mosselprom production facility. The average price during 2016 was flat compared to the previous year and stood at 94.94 RUB/kg<sup>1</sup>. On a quarter-on-quarter basis, sales volume increased by 7% to 128,250 tons of sellable weight. This growth was due to higher sales of branded, deep processing and ready-to-cook products, which were aided by the diversification of the geographies these products are sold in. In the fourth quarter, the average price grew by 6% quarter-on-quarter to 102.72 RUB/kg from 96.89 RUB/kg in the third quarter.

	12M 2016	12M 2015	Year-on-year change (%)	4Q 2016	3Q 2016	Quarter-on-quarter change (%)
Volume, tons	500,321	470,432	6%	128,250	119,720	7%
Avg. price, RUB/kg	94.94	94.52	0.4%	102.72	96.89	6%

### Pork Division

For the full year of 2016, sales volume in the pork division increased by 9% year-on-year to 184,766 tons. This was primarily due to a new genetics improvement strategy launched by the management at the beginning of the year to improve pigs' health status and efficiency by increasing livability and weekly farrows. The launch of two new wean-to-finish sites in the Voronezh region also helped to boost sales. On a quarter-on-quarter basis, sales volume grew by

<sup>1</sup> Here and below, all average prices exclude VAT

19% to 53,184 tons and was driven by higher production levels, which the Group started to see in the fourth quarter of 2015, and additional market hog sales from new wean-to-finish sites in September and October of 2016. In 2016, the average price decreased by 10% year-on-year to 88.28 RUB/kg; on a quarter-on-quarter basis, it fell by 1% to 92.46 RUB/kg. This drop was a result of Russian consumers' lower purchasing power and an overall increase in pork production across the country.

	12M 2016	12M 2015	Year-on-year change (%)	4Q 2016	3Q 2016	Quarter-on-quarter change (%)
<b>Volume, tons</b>	184,766	169,563	9%	53,184	44,679*	19%
<b>Avg. price, RUB/kg</b>	88.28	98.51	(10%)	92.46	93.19	(1%)

\*Restated volume includes gilts

## Meat Processing Division

During 2016, sales volume in the meat processing division grew by 14% year-on-year to 218,085 tons from 191,200 tons in 2015. This increase was a result of production growth of non-sausage products. In 2016, the average price fell by 3% year-on-year to 167.84 RUB/kg due to non-sausage products representing a greater share of sales. On a quarter-on-quarter basis, sales volume increased by 7% in the fourth quarter to 59,438 tons. The average price decreased by 1% quarter-on-quarter to 170.33 RUB/kg due to sausages and B2B/B2C products representing a lower share of the product mix in the fourth quarter.

	12M 2016	12M 2015	Year-on-year change (%)	4Q 2016	3Q 2016	Quarter-on-quarter change (%)
<b>Volume, tons</b>	218,085	191,200	14%	59,438	55,749	7%
<b>Avg. price, RUB/kg</b>	167.84	172.31	(3%)	170.33	171.49	(1%)

## Grain Farming Division

Sales in the grain farming segment grew by 27% in 2016 to 338,808 tons of various crops, compared to 267,371 tons in 2015. This positive dynamic was driven by a 41% increase in the Group's harvest to 467,916 tons, compared to 332,866 tons in 2015. The average crop yield of the Group's cultivated land increased by 47% to 57.5 t/ha, while the Group's tillable land area grew by 4% year-on-year to 94,814 ha.

The average price for 2016 fell by 6% year-on-year to 8.83 RUB/kg as a result of a record harvest in the country.

	12M 2016	12M 2015	Year-on-year change (%)
<b>Volume, tons</b>	338,808	267,371	27%
<b>Avg. price, RUB/kg</b>	8.83	9.40	(6%)

For more information please visit [www.cherkizovo.com](http://www.cherkizovo.com) or contact

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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, 9 feed mills and more than 140,000 hectares of agricultural land. In 2016, Cherkizovo Group produced more than 900,000 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 revenue growth. The Company's consolidated revenue reached RUB 77.0 bn in 2015.

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