



## Cherkizovo Group Announces Operating Results for 3Q and 9M 2017

Moscow, Russia - 26 October 2017 - Cherkizovo Group (LSE: CHE; MOEX: GCHE), the largest vertically integrated meat and feed producer in Russia, today announces operating results for the nine months ended 30 September 2017.

### Key Operating Results

Sales volumes by business segments, tonnes			
Divisions	9M 2017	9M 2016	Y-o-Y change, %
<b>Poultry</b>	385,373	372,070	4%
<b>Pork</b>	148,722	131,581	13%
<b>Meat Processing</b>	167,346	158,647	5%

### Poultry Division

Sales volumes during 9M 2017 increased by 4% y-o-y to 385,373 tonnes of sellable weight (9M 2016: 372,070), due to growth in production, as a result of improved operating performance. The average price during the reporting period increased by 1% y-o-y to 90.13<sup>1</sup> RUB/kg as a result of an increase in value-added products and brand name sales by 18% and HoReCa sales by 1%. On a quarterly basis, 3Q 2017 sales increased by 1% to 130,462 compared to 2Q 2017, due to growth in production. However, the average price during the corresponding period decreased by 2% to 88.14 RUB/kg.

Poultry	9M 2017	9M 2016	Change Y-o-Y, %	3Q 2017	2Q 2017	Change Q-o-Q, %
<b>Volume, tonnes</b>	385,373	372,070	4%	130,462	129,361	1%
<b>Average price, RUB/kg</b>	90.13	89.66	1%	88.14	89.93	(2%)

### Pork Division

Sales volumes in 9M 2017 increased by 13% y-o-y to 148,722 tonnes (9M 2016: 131,581 tonnes). This was due to higher production levels following the launch of two new wean-to-finish sites in Voronezh in 2016, one in 2017 and two new wean-to-finish sites in Lipetsk this year, supported by the ongoing genetics improvement programme launched in 2014. The average price rose by 8% y-o-y to 93.74 RUB/kg (9M 2016: 86.59 RUB/kg). Average price growth during the period was attributable to the ongoing recovery in consumer purchasing power as well as promotional activity by large retailers. During 3Q 2017, sales volumes decreased by 6% to 50,353 tonnes compared to the previous quarter, due to exceptional growth in production volumes in the absence of free space at the sites. At the same time, the average sales price decreased by 4% q-o-q to 93.20 RUB/kg.

Pork	9M 2017	9M 2016	Change Y-o-Y, %	3Q 2017	2Q 2017	Change Q-o-Q, %
<b>Volume, tonnes</b>	148,722	131,581	13%	50,353	53,391	(6%)
<b>Average price, RUB/kg</b>	93.74	86.59	8%	93.20	97.22	(4%)

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



### Meat Processing Division

Sales volumes increased by 5% y-o-y to 167,346 tonnes from 158,647 tonnes during 9M 2017. Growth was associated with a further increase in the share of sales of Cherkizovo Group products in the modern food retail format, in particular in the categories of sausage products and meat semi-finished products. During the reporting period, the average net price increased by 3% y-o-y to 150.19 RUB/kg resulting from an improvement in the product mix and an increase in the share of premium segment sales. On a q-o-q basis, sales volumes increased by 6% in the 3Q 2017 to 60,032 tonnes. Nevertheless, the average net price increased by 1% q-o-q to 150.34 RUB/kg due to a more balanced product mix.

Meat Processing	9M 2017	9M 2016	Change Y-o-Y, %	3Q 2017	2Q 2017	Change Q-o-Q, %
Volume, tonnes	167,346	158,647	5%	60,032	56,835	6%
Average price, RUB/kg	150.19	145.16	3%	150.34	148.92	1%

### Grain Farming Division

Due to the seasonality of this business, the results of this segment are reported annually to better reflect the business performance and provide an appropriate basis for comparison.