



Cherkizovo Group announces operating results for the June and second quarter of 2018

Moscow, Russia – July 10, 2018– Cherkizovo Group (MOEX: GCHE), the largest vertically integrated meat producer in Russia, today announces operating results for the June and second quarter of 2018.¹

Second Quarter 2018 Highlights

Chicken: Sales volumes of 130.98 thousand tonnes declined 5% compared to the previous quarter and were flat compared to 2Q17. Significant average sales price growth, compared to the previous quarter and year-on-year results, is attributed to the chicken market being undersupplied with lower deliveries from some domestic producers, and the positive effect from our Petelinka and Chicken Kingdom branded products quickly gaining market share on key markets.

Turkey: JV Tambov Turkey increased volumes in 2Q18, both compared to the previous quarter and 2Q17 results. A higher share of branded value-added products in the sales mix resulted in an average price rising 16% compared to the previous quarter, however, down 13% compared to 2Q17.

Pork: Production and sales volumes remained on par with the previous quarter, while up 8% compared to 2Q17 results, as we further ramped up production at newly built facilities. Prices were up 21% compared to the previous quarter, as the pork market finally cleared accumulated inventory of the Brazilian meat, banned for import at the end of 2017; and remained flat compared to 2Q17.

Meat Processing: Sales volumes were up compared both to the previous quarter and 2Q17 results due to a higher level of pork production that in turn led to an increase in carcass sales. Higher sales volumes of dry and semi-smoked sausages are responsible for average sausages prices growth, while cuts and carcass prices dynamics were in line with live pork prices.

Grain: Due to the seasonal nature of the business, results of this segment are reported annually to better reflect business performance.

Monthly performance

	June 18	June 17	Change % y-o-y	May 18	Change % m-o-m
Chicken					
Volume sold, thousand tonnes	42.55	41.97	1%	44.81	(5%)
Average price, RUB/kg	98.85	89.63	10%	91.80	8%
Turkey*					
Volume sold, thousand tonnes	3.70	2.33	59%	3.65	1%
Average price, RUB/kg	137.39	152.44	(10%)	132.51	4%
Pork**					
Volume produced, thousand tonnes	17.60	17.85	(1%)	21.65	(19%)
Volume sold, thousand tonnes	16.85	17.14	(2%)	20.54	(18%)
Average price, RUB/kg	100.11	95.50	5%	99.17	1%

¹ Volume data is presented before intersegment eliminations and denotes to sales volumes except noted (**). All prices in the release are net of sales volume discounts and VAT.



	June 18	June 17	Change % y-o-y	May 18	Change % m-o-m
Meat Processing					
Volume, thousand tonnes	19.49	15.84	23%	19.70	(1%)
Sausages	8.88	9.33	(5%)	9.17	(3%)
Cuts	3.06	4.22	(27%)	3.46	(12%)
Carcass	6.61	1.69	291%	6.34	4%
By-products	0.94	0.61	54%	0.73	29%
Average price, RUB/kg	165.72	169.46	(2%)	166.31	(0%)
Sausages	182.37	170.61	7%	176.87	3%
Cuts	196.87	195.02	1%	199.15	(1%)
Carcass	145.58	140.85	3%	145.38	0%
By-products	47.83	53.96	(11%)	59.34	(19%)

Quarterly performance

	2Q 18	2Q 17	Change % y-o-y	1Q 18	Change % q-o-q
Chicken					
Volume sold, thousand tonnes	130.98	129.36	1%	137.55	(5%)
Average price, RUB/kg	93.12	89.93	4%	82.07	13%
Turkey*					
Volume sold, thousand tonnes	10.56	6.10	73%	9.74	8%
Average price, RUB/kg	134.36	154.50	(13%)	116.02	16%
Pork**					
Volume produced, thousand tonnes	57.65	53.40	8%	57.52	0%
Volume sold, thousand tonnes	54.99	50.70	8%	54.84	0%
Average price, RUB/kg	98.46	98.70	(0%)	81.59	21%
Meat Processing					
Volume, thousand tonnes	57.47	48.85	18%	53.06	8%
Sausages	26.79	27.86	(4%)	25.02	7%
Cuts	10.22	13.04	(22%)	11.41	(10%)
Carcass	17.76	5.81	206%	13.51	31%
By-products	2.69	2.14	26%	3.11	(13%)
Average price, RUB/kg	165.46	172.23	(4%)	155.29	7%
Sausages	178.07	171.73	4%	175.52	1%
Cuts	198.86	204.08	(3%)	179.27	11%
Carcass	144.23	146.06	(1%)	120.21	20%
By-products	53.41	55.59	(4%)	57.00	(6%)

* Volume and prices reported in turkey section represent sales of the Trading Company "Cherkizovo".

** Difference in the volume produced and volume sold in the pork segment is attributable to retained gilts replacement. Volumes sold include both intercompany and 3rd party sales.



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About Cherkizovo Group

Cherkizovo Group is the largest meat producer in Russia. The Group is a top-3 producer in each of the Russian poultry, pork and processed meat markets.

Cherkizovo Group encompasses eight full cycle poultry production facilities, sixteen modern pork production facilities, six meat processing plants, eight feed mills and around 287,000 hectares of agricultural land. The Group also includes Tambov Turkey facility, a joint Russian-Spanish venture. In 2017, Cherkizovo Group produced c.1 million tonnes of meat and 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 delivered long-term sales growth and profitability. The Group's consolidated revenue was RUB 90.5 billion in 2017.

Cherkizovo Group shares are traded on the Moscow Exchange (MOEX).