



## Cherkizovo Group announces operating results for December, the fourth quarter and full 2018

**Moscow, Russia – January 15, 2019– Cherkizovo Group (MOEX: GCHE), the largest vertically integrated meat producer in Russia, today announces operating results for December, the fourth quarter and full 2018.<sup>1</sup>**

### Fourth quarter 2018 highlights:

**Chicken:** Sales volume growth in 4Q18 was supported by the consolidation of Altai Broiler results, which added 5 thousand tonnes in December. Average sales price increased by 32% y-o-y and 13% q-o-q on the back of better sales mix with more products under Petelinka and Chicken Kingdom brand, as well as the further shift to the deboned and high value-added products, as well as supply cuts by other chicken producers.

**Turkey:** JV Tambov Turkey sales volume of 9.6 thousand tonnes remained unchanged compared to 4Q17 and was up 3% compared to the previous quarter. Average sales price improved by 46% y-o-y and 21% q-o-q due to the ongoing expansion of Pava-Pava branded offering and supported by supply dislocations on the market.

**Pork:** Production and sales volume were higher, compared to both 4Q17 results and the previous quarter as we ramped up output at newly built facilities. Prices gained 19% compared to 4Q18, but declined 9% compared to the previous quarter, on seasonally rising supply and in anticipation of the Brazilian pork imports ban lift.

**Meat Processing:** Sales volume remained in line with 4Q17 and previous quarter, with cuts declining further, offset by growth of carcass. In sausages category, a shift towards dry, semi-smoked sausages and hams in the sales mix contributed to a higher average sales price.

**Grain (2018 results):** Sales volume of 696 thousand tonnes was up 54% mainly due to the sales of grains inventory accumulated from 2017 harvest. The total harvest of 2018 amounted to 480 thousand tonnes, down 24% compared to 2017, as we scaled down corn and wheat acreage. The average sales price was driven by higher amounts of wheat and sunflower, as well as average market prices for wheat and corn rising by 56% and 17% respectively.

### Monthly performance

|                                  | December<br>2018 | December<br>2017 | Change<br>% y-o-y | November<br>2018 | Change<br>% m-o-m |
|----------------------------------|------------------|------------------|-------------------|------------------|-------------------|
| <b>Chicken</b>                   |                  |                  |                   |                  |                   |
| Volume sold, thousand tonnes     | 51.50            | 44.94            | 15%               | 47.51            | 8%                |
| Average price, RUB/kg            | 116.54           | 86.26            | 35%               | 112.35           | 4%                |
| <b>Turkey*</b>                   |                  |                  |                   |                  |                   |
| Volume sold, thousand tonnes     | 3.38             | 3.31             | 2%                | 3.16             | 7%                |
| Average price, RUB/kg            | 204.30           | 134.30           | 52%               | 182.32           | 12%               |
| <b>Pork**</b>                    |                  |                  |                   |                  |                   |
| Volume produced, thousand tonnes | 27.32            | 21.52            | 27%               | 23.71            | 15%               |
| Volume sold, thousand tonnes     | 26.42            | 20.54            | 29%               | 22.97            | 15%               |
| Average price, RUB/kg            | 96.86            | 83.68            | 16%               | 105.00           | (8%)              |

<sup>1</sup> 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.

**Meat Processing**

|                         |        |        |       |        |       |
|-------------------------|--------|--------|-------|--------|-------|
| Volume, thousand tonnes | 20.72  | 20.13  | 3%    | 19.05  | 9%    |
| Sausages                | 9.63   | 9.39   | 3%    | 8.57   | 12%   |
| Cuts                    | 3.02   | 4.86   | (38%) | 2.88   | 5%    |
| Carcass                 | 6.96   | 4.90   | 42%   | 6.50   | 7%    |
| By-products             | 1.11   | 0.98   | 13%   | 1.11   | 0%    |
| Average price, RUB/kg   | 185.79 | 164.66 | 13%   | 180.48 | 3%    |
| Sausages                | 215.03 | 184.11 | 17%   | 197.30 | 9%    |
| Cuts                    | 231.96 | 189.06 | 23%   | 225.86 | 3%    |
| Carcass                 | 148.12 | 125.06 | 18%   | 158.53 | (7%)  |
| By-products             | 42.80  | 55.40  | (23%) | 61.07  | (30%) |

**Quarterly performance**

|  | 4Q<br>2018 | 4Q<br>2017 | Change<br>% y-o-y | 3Q<br>2018 | Change<br>% q-o-q |
|--|------------|------------|-------------------|------------|-------------------|
|--|------------|------------|-------------------|------------|-------------------|

**Chicken**

|                              |        |        |     |        |     |
|------------------------------|--------|--------|-----|--------|-----|
| Volume sold, thousand tonnes | 144.35 | 137.12 | 5%  | 131.27 | 10% |
| Average price, RUB/kg        | 112.39 | 85.20  | 32% | 99.14  | 13% |

**Turkey\***

|                              |        |        |      |        |     |
|------------------------------|--------|--------|------|--------|-----|
| Volume sold, thousand tonnes | 9.61   | 9.66   | (1%) | 9.34   | 3%  |
| Average price, RUB/kg        | 188.05 | 128.97 | 46%  | 155.34 | 21% |

**Pork\*\***

|                                  |        |       |     |        |      |
|----------------------------------|--------|-------|-----|--------|------|
| Volume produced, thousand tonnes | 72.72  | 63.03 | 15% | 59.37  | 22%  |
| Volume sold, thousand tonnes     | 70.20  | 59.96 | 17% | 56.85  | 23%  |
| Average price, RUB/kg            | 100.61 | 84.75 | 19% | 110.98 | (9%) |

**Meat Processing**

|                         |        |        |       |        |      |
|-------------------------|--------|--------|-------|--------|------|
| Volume, thousand tonnes | 59.64  | 59.51  | 0%    | 59.35  | 0%   |
| Sausages                | 27.69  | 28.65  | (3%)  | 27.23  | 2%   |
| Cuts                    | 9.02   | 13.83  | (35%) | 9.67   | (7%) |
| Carcass                 | 19.90  | 14.07  | 41%   | 19.10  | 4%   |
| By-products             | 3.04   | 2.95   | 3%    | 3.33   | (9%) |
| Average price, RUB/kg   | 180.86 | 163.61 | 11%   | 175.22 | 3%   |
| Sausages                | 201.11 | 176.98 | 14%   | 182.00 | 10%  |
| Cuts                    | 226.08 | 196.00 | 15%   | 223.44 | 1%   |
| Carcass                 | 151.69 | 126.41 | 20%   | 162.68 | (7%) |
| By-products             | 53.23  | 59.40  | (10%) | 51.84  | 3%   |

**CHERKIZOVO**

SINCE 1974

**Annual performance**

|                                   | 2018   | 2017   | Change % y-o-y |
|-----------------------------------|--------|--------|----------------|
| <b>Chicken</b>                    |        |        |                |
| Volume sold, thousand tonnes      | 544.15 | 522.50 | 4%             |
| Average price, RUB/kg             | 96.89  | 88.84  | 9%             |
| <b>Turkey*</b>                    |        |        |                |
| Volume sold, thousand tonnes      | 39.25  | 26.32  | 49%            |
| Average price, RUB/kg             | 147.95 | 145.29 | 2%             |
| <b>Pork**</b>                     |        |        |                |
| Volume produced, thousand tonnes  | 247.27 | 211.75 | 17%            |
| Volume sold, thousand tonnes      | 236.87 | 200.31 | 18%            |
| Average price, RUB/kg             | 98.20  | 92.12  | 7%             |
| <b>Meat Processing</b>            |        |        |                |
| Volume, thousand tonnes           | 229.52 | 204.24 | 12%            |
| Sausages                          | 106.73 | 110.78 | (4%)           |
| Cuts                              | 40.33  | 52.97  | (24%)          |
| Carcass                           | 70.28  | 30.84  | 128%           |
| By-products                       | 12.18  | 9.65   | 26%            |
| Average price, RUB/kg             | 169.64 | 170.07 | (0%)           |
| Sausages                          | 184.45 | 174.61 | 6%             |
| Cuts                              | 205.29 | 200.51 | 2%             |
| Carcass                           | 146.74 | 136.18 | 8%             |
| By-products                       | 53.86  | 59.25  | (9%)           |
| <b>Grain***</b>                   |        |        |                |
| Volume harvested, thousand tonnes | 479.73 | 631.90 | (24%)          |
| Volume sold, thousand tonnes      | 696.09 | 453.27 | 54%            |
| Wheat                             | 349.73 | 228.44 | 53%            |
| Corn                              | 172.85 | 127.77 | 35%            |
| Sunflower                         | 85.96  | 9.49   | 806%           |
| Barley                            | 31.18  | 32.70  | (5%)           |
| Soybean                           | 25.11  | 25.12  | (0%)           |
| Other                             | 31.26  | 29.76  | 5%             |
| Average price, RUB/kg             | 9.92   | 7.02   | 41%            |
| Wheat                             | 8.94   | 5.74   | 56%            |
| Corn                              | 6.32   | 5.42   | 17%            |
| Sunflower                         | 17.43  | 17.89  | (3%)           |
| Barley                            | 9.31   | 5.76   | 61%            |
| Soybean                           | 23.27  | 21.78  | 7%             |
| Other                             | 10.00  | 9.18   | 9%             |



- \* 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 3<sup>rd</sup> party sales.
- \*\*\* All volumes are in dry weight.

**For more information please visit <http://www.cherkizovo.com> or contact:**

#### **Investor Relations**

Andrei Novikov  
Phone: 7 495 6602440 ext 15430  
Email: [a.novikov@cherkizovo.com](mailto:a.novikov@cherkizovo.com)

#### **Media contacts**

Phone: 7 495 6602440  
Email: [pr@cherkizovo.com](mailto:pr@cherkizovo.com)

#### **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 nine full cycle poultry production facilities, sixteen modern pork production facilities, six meat processing plants, nine feed mills and around 287,000 hectares of agricultural land. The Group also includes Tambov Turkey facility, a joint Russian-Spanish venture. In 2018, Cherkizovo Group produced c.1 million tonnes of meat and meat products. The Group's consolidated revenue was RUB 90.5 billion in 2017.

The Group operates a vertically integrated business model, including grain growing and storage, feed production, livestock breeding, fattening and slaughtering, and meat processing, alongside a distribution system. The company focuses on satisfying consumer needs with quality meat products.

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