

**CHERKIZOVO**

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Cherkizovo Group announces operating results for September and the third quarter of 2018

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

Third quarter 2018 highlights:

- **Chicken:** Sales volume of 131.3 thousand tonnes remained on par with 3Q17 and the previous quarter and was positively affected by 7 thousand tonnes destocking in August. Average sales price increase of 12% y-o-y and 6% q-o-q was driven by Petelinka and Chicken Kingdom branded products, as we move up the value chain towards a higher share of branded value-added products, with a larger proportion of deboned, RTC/RTE products, as well as domestic supply disruptions.
- **Turkey:** JV Tambov Turkey sales volume of 9.3 thousand tonnes advanced by 30% y-o-y, but declined 12% compared to the previous quarter due to a temporary operational setback. Average sales price improved by 2% y-o-y and 16% q-o-q due to the expansion of Pava-Pava branded offering and lower base effect of 3Q17.
- **Pork:** Production and sales volume was higher compared both to 3Q17 results and the previous quarter as we ramped up output at newly built facilities in Lipetsk and Voronezh regions. Prices gained 17% compared to 3Q17 and 13% to the previous quarter, as the pork market was supported by seasonally higher consumption, the worsened epizootic situation across selected regions and associated supply constraints coupled with lack of imported pork meat.
- **Meat Processing:** Sales volume increased by 13% compared to 3Q17 results, and 3% vs. the previous quarter due to a higher level of carcass sales, offset by lower sales of sausages and cuts. In sausages category, a greater share of dry and semi-smoked sausages in sales contributed to a higher average sales price. Cuts and carcass prices dynamics were in line with live pork prices.
- **Grain:** Due to the seasonal nature of the business, the results of this segment are reported annually to better reflect business performance.

Monthly performance

	September 18	September 17	Change % y-o-y	August 18	Change % m-o-m
Chicken					
Volume sold, thousand tonnes	41.54	43.84	(5%)	49.85	(17%)
Average price, RUB/kg	103.21	87.19	18%	95.33	8%
Turkey*					
Volume sold, thousand tonnes	2.86	2.13	34%	3.12	(8%)
Average price, RUB/kg	161.19	145.68	11%	154.38	4%
Pork**					
Volume produced, thousand tonnes	20.10	16.07	25%	21.59	(7%)
Volume sold, thousand tonnes	19.48	15.18	28%	20.58	(5%)
Average price, RUB/kg	115.42	96.62	19%	112.68	2%

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.

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Meat Processing

Volume, thousand tonnes	19.91	17.68	13%	20.36	(2%)
Sausages	8.93	10.17	(12%)	8.94	(0%)
Cuts	3.25	4.23	(23%)	3.27	(1%)
Carcass	6.59	2.39	175%	6.98	(6%)
By-products	1.14	0.88	30%	1.17	(3%)
Average price, RUB/kg	180.87	170.63	6%	177.03	2%
Sausages	188.91	171.59	10%	181.42	4%
Cuts	228.53	203.54	12%	229.48	(0%)
Carcass	168.01	148.87	13%	167.65	0%
By-products	55.87	60.80	(8%)	52.73	6%

Quarterly performance

	3Q 18	3Q 17	Change % y-o-y	2Q 18	Change % q-o-q
Chicken					
Volume sold, thousand tonnes	131.27	130.46	1%	130.98	0%
Average price, RUB/kg	99.14	88.14	12%	93.12	6%
Turkey*					
Volume sold, thousand tonnes	9.34	7.21	30%	10.56	(12%)
Average price, RUB/kg	155.34	152.32	2%	134.36	16%
Pork**					
Volume produced, thousand tonnes	59.37	50.35	18%	57.65	3%
Volume sold, thousand tonnes	56.85	47.02	21%	54.99	3%
Average price, RUB/kg	110.98	95.17	17%	98.46	13%
Meat Processing					
Volume, thousand tonnes	59.35	52.36	13%	57.47	3%
Sausages	27.23	29.11	(6%)	26.79	2%
Cuts	9.67	14.25	(32%)	10.22	(5%)
Carcass	19.10	6.39	199%	17.76	8%
By-products	3.33	2.61	28%	2.69	24%
Average price, RUB/kg	175.22	171.49	2%	165.46	6%
Sausages	182.00	171.73	6%	178.07	2%
Cuts	223.44	201.73	11%	198.86	12%
Carcass	162.68	148.27	10%	144.23	13%
By-products	51.84	60.75	(15%)	53.41	(3%)

* 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).