



Cherkizovo Group Announces Financial Results for the first quarter 2019.

Moscow, Russia – May 17, 2019– PJSC Cherkizovo Group (MOEX: GCHE), the largest vertically integrated meat producer in Russia, today announces its unaudited consolidated IFRS results for the first quarter 2019.

First quarter financial highlights

- Revenue increased by 24.6% year-on-year (y-o-y) to RUB 26.7 billion.
- Net change in fair value of biological assets amounted to RUB 1.4 billion, compared to RUB 2.5 billion in 1Q18. Net revaluation of harvested crops in stock changed to negative RUB 0.5 billion from RUB 0.5 billion in 1Q18.
- Gross profit of RUB 7.2 billion up by 5.2% compared to 1Q18.
- Adjusted EBITDA* up by 48.9% y-o-y to RUB 4.0 billion. Adjusted EBITDA margin expanded to 15.1% from 12.6% in 1Q18.
- Net profit increased to RUB 3.2 billion from RUB 3.0 billion in 1Q18. Adjusted net profit** amounted to RUB 1.8 billion, compared to RUB 0.5 billion a year ago.
- Net debt amounted to RUB 62.1 billion as of March 31, 2019.

First quarter corporate highlights

- During the quarter the company launched two new wean-to-finish facilities.
- Annual General Meeting approved dividends of RUB 101.63 per share, on top of the interim dividends announced in the third quarter of 2018. Total dividends for 2018 amounted to RUB 122.11 per share.
- Our brands were further recognized by winning several awards during the quarter: Petelinka was named a winner of “The Best Brand” category at the Healthy Nutrition award ceremony, and Pava-Pava won the German Design Award for “Excellent Communications Design Packaging.”

Key corporate highlights after reporting period

- In April, we strengthened our management team across various business units, promoting five internal candidates to the Management Board of the Group. We congratulate Sergei Buylov, Ray Cheeks, Roger Jones, Alexei Kletsko and Evgeny Subbotin with their new roles.

Sergei Mikhailov, CEO of Cherkizovo, commented:

“We had yet another quarter in terms of the record volumes produced in the chicken and pork segments, which allowed us to maintain an undisputable leadership position on the domestic meat market. While the first quarter remains a seasonally slow quarter for our business, the company managed to earn RUB 4.0 billion of EBITDA and RUB 1.8 billion of profits, well above the results of the previous year.

The integration and relaunch of some of the recently acquired facilities already become visible in our performance and expected to fuel the growth in the upcoming quarters. At the same time, our core business remains strong. The focus on value-added products, where sales of our major brands Petelinka, Chicken Kingdom and Cherkizovo added



37%, 19%, and 9% respectively, compared to last year results, is intact. Pava-Pava branded products and HoReCa were among other drivers of growth, both almost doubling sales in the reported quarter.”

Financial summary

RUB mln	1Q 2019	1Q 2018	y-o-y, %
Revenue	26 681	21 421	24.6%
Net change in fair value of biological assets	1 361	2 469	-44.9%
Net revaluation of harvested crops in stock	(455)	468	n.a.
Gross profit	7 179	6 825	5.2%
<i>Gross margin</i>	26.9%	31.9%	-5.0 p.p.
Operating expenses and income	(3 681)	(2 858)	28.8%
Share of joint ventures and associates	(51)	(373)	n.a.
Operating profit	3 447	3 594	-4.1%
<i>Operating margin</i>	12.9%	16.8%	-3.9 p.p.
Adjusted EBITDA ¹	4 032	2 708	48.9%
<i>Adjusted EBITDA margin</i>	15.1%	12.6%	2.5 p.p.
Profit before income tax	2 899	2 938	-1.3%
Net profit	3 201	2 954	8.4%
Adjusted Net profit ¹	1 840	485	279.4%
Net operating cash flow	(61)	1 024	n.a.
Net debt	62 084	49 727	24.8%

¹ In line with the Group's management accounting practices and described herein (*,**) in more detail, Adjusted EBITDA and Adjusted Net profit don't include the net change in fair value of biological assets.

Revenue

In the first quarter of 2019 revenue increased by 24.6% y-o-y to RUB 26.7 billion (1Q18: RUB 21.4 billion). Revenue growth is attributed to higher volumes and prices in chicken and pork segments, and further growth of branded and value-added products in the sales mix.

Gross profit

Gross profit increased by 5.2% y-o-y to RUB 7.2 billion, (1Q18: RUB 6.8 billion). Gross profit was positively affected by revenue growth, the net change in fair value of biological assets in pork segment, offset by net revaluation of harvested crops in stock in grain segment and higher input prices for meat processing segment that weighed on profitability. Gross profit margin declined by five percentage points to 26.9% (1Q18: 31.9%).

Operating expenses

Operating expenses increased by 28.8% y-o-y to RUB 3.7 billion, (1Q18: RUB 2.9 billion), due to higher selling expenses, as we expand our presence to new regions domestically, and G&A expenses. Operating expenses as a percentage of sales increased to 13.8% (1Q18: 13.3%).



Adjusted EBITDA

Adjusted EBITDA of RUB 4.0 billion, increased by 48.9% y-o-y. Adjusted EBITDA margin improved to 15.1% (1Q18: 12.6%) due to higher revenue across segments, and better profitability of poultry and pork segments.

Interest expense

Net interest expense in 1Q19 increased by 47.4% y-o-y to RUB 1.1 billion.

Net profit

Net profit for the Group totalled RUB 3.2 billion in 1Q19, up 8.4% compared to RUB 3.0 billion in 1Q18. Net profit margin declined to 12.0% from 13.8% a year ago.

Adjusted net profit almost quadrupled to RUB 1.8 billion, from RUB 0.5 billion a year ago. Adjusted net profit margin improved to 6.9% from 2.3% a year ago.

Cash flow

Operating cash flow turned negative to RUB 0.1 billion (1Q18: RUB 1.0 billion), affected by higher interest payments and working capital increase, on the back of higher grain and biological assets inventory.

Capital expenditure and debt

The Group's capital expenditure on property, plant, equipment and maintenance amounted to RUB 1.7 billion during 1Q19, a decline of 13.7% y-o-y. Investments in the grain segment and new wean-to-finish pork facilities were significant projects of capital expenditures in the reported period.

As of March 31, 2019, net debt*** was RUB 62.1 billion, compared to RUB 49.7 billion at the end of 1Q18. Gross debt increased to RUB 70.1 billion as of March 31, 2019, compared to 52.5 billion a year ago. At the end of 1Q19 long-term debt accounted for 45% of the debt portfolio and amounted to RUB 31.7 billion. The effective cost of debt**** was 5.2% as of March 31, 2019 (March 31, 2018: 7.0%). Subsidised loans and credit facilities made up 36% of the debt portfolio in 1Q19 (1Q18: 29%). Cash and cash equivalents amounted to RUB 7.4 billion as of March 31, 2019.

Subsidies

Total government grants for compensation of interest expense amounted to RUB 0.4 billion RUB.

Net change in fair value of biological assets

Net change in fair value of biological assets is explained by a higher valuation of market hogs, accounting for the upcoming harvest, and lower market prices for the poultry products.



Business segments

Divisions	Sales volume		Change	Revenue ²		Change
	1Q19, k ton	1Q18, k ton	Y-o-Y, %	1Q19, RUB mln	1Q18, RUB mln	Y-o-Y, %
Chicken	151.6	137.5	10.2%	15 740	11 289	39.4%
Turkey ³	8.2	9.7	-15.6%	1 463	1 130	29.5%
Pork	65.9	54.8	20.3%	5 880	4 474	31.4%
Meat processing	53.6	53.1	0.9%	8 766	8 204	6.9%
Samson	5.0	-	N/A	-	-	-

² Revenue includes inter-segment sales

³ Volume and revenue reported in turkey section represent turkey sales by Trading Company "Cherkizovo"

Poultry Division

Sales volumes in 1Q19 increased by 10.2% to 151.6 thousand tonnes (1Q18:137.5 thousand tonnes). The average selling price increased by 26.2% y-o-y to 103.56 RUB/kg due to the ongoing shift of the portfolio towards branded products as sales of our two major brands Petelinka and Chicken Kingdom increased by 37% and 19% y-o-y respectively, growth of sales in the HoReCa channel – up 98% y-o-y, and positive effect of recently acquired facilities. As a result, the segment's revenue increased by 39.4% and amounted to RUB 15.7 billion (1Q18: RUB 11.3 billion).

Gross profit was up by 26.0% y-o-y and totalled RUB 2.5 billion, (1Q18: RUB 2.0 billion) on higher volumes and sales price, operational efficiency gains resulted in cost savings, the offset by change in fair value of biological assets and higher feed costs. Gross margin declined to 15.9%, from 17.6% in 1Q18.

Operating expenses as a percentage of sales improved to 10.3% from 11.1% a year ago. Operating income increased by 33.8% y-o-y to RUB 1.0 billion (1Q18: RUB 0.7 billion). Operating margin declined to 6.2% from 6.4% in 1Q18.

The segment's profit before income tax amounted to RUB 0.7 billion (1Q18: RUB 0.6 billion).

Adjusted EBITDA more than doubled and amounted to RUB 2.4 billion, an increase of 135.9% y-o-y, while Adjusted EBITDA margin increased to 15.5% from 9.2% a year ago.

Pork Division

Sales volumes in 1Q19 increased by 20.3% y-o-y, to 65.9 thousand tonnes (1Q18: 54.8 thousand tonnes). The average selling price of 89.17 RUB/kg, up by 9.3% y-o-y compared to 81.59 RUB/kg a year ago. The segment's revenue increased by 31.4% y-o-y to RUB 5.9 billion (1Q18: RUB 4.5 billion), on the back of higher volumes and better pricing.

Gross profit of RUB 3.5 billion remained unchanged compared to 1Q18, due to higher sales volumes and prices, further improvement in operational KPI's translated into cost efficiencies on a per kg basis despite the growth of feed ingredients, and change in the fair value of biological assets of RUB 1.7 billion. The segment's gross margin declined to 59.0%, from 77.3% a year ago.

Operating expenses as a percentage of sales amounted to 2.4%, compared to 1.9% in 1Q18.



Operating income amounted to RUB 3.3 billion (1Q18: RUB 3.4 billion). The segment's operating margin declined to 56.6% from 75.4% a year ago.

The segment's profit before income tax declined by 7.7% y-o-y to RUB 3.1 billion (1Q18: RUB 3.3 billion) due to higher interest expense.

Adjusted EBITDA increased by 26.1% y-o-y to RUB 2.0 billion (1Q18: RUB 1.6 billion). Adjusted EBITDA margin declined to 34.6% from 36.1% in 1Q18.

Meat Processing Division

Sales volumes in 1Q19 increased by 0.9% y-o-y to 53.6 thousand tonnes (1Q18: 53.1 thousand tonnes). The average selling price increased by 4.9% y-o-y to 162.85 RUB/kg (1Q18: 155.29 RUB/kg). The segment's revenue increased by 6.9% and reached RUB 8.8 billion (1Q18: RUB 8.2 billion). Revenue growth was driven by higher volumes of the carcass in the sales mix, on the back of higher volumes of market hogs production in the pork segment.

Gross profit declined by 52.1% y-o-y to RUB 0.5 billion, (1Q18: RUB 1.1 billion). The gross margin fell to 5.9% from 13.1% a year ago on higher prices of input materials.

Operating expenses as a percentage of sales amounted to 10.7%, vs. 10.2% in 1Q18.

Operating profit turned to negative RUB 0.5 billion from RUB 0.2 billion in 1Q18.

The segment's loss before income tax was RUB 0.2 billion, compared to a profit RUB 0.2 billion a year ago, on lower results from operations partially offset by RUB 0.3 billion FX gain, related to EUR denominated loan.

Adjusted EBITDA turned to negative RUB 0.1 billion from RUB 0.4 billion in 1Q18.

Significant changes in classification and segment presentation

Starting from 1 January 2019 the Group changed the method of classification of:

- a) General and administrative expenses incurred on production sites and related to production (property tax, payroll costs of site managers and other), which are now classified within Cost of sales. The effect of the change in classification for 1Q18 resulted in an increase of Cost of sales by RUB 0.6 billion and relevant decrease in Selling, general and administrative expenses.
- b) Other sales and related cost of sales. The Group now shows other sales related to non-core activities of the Group (rent income, grain elevator services, sales of by-products and others) netted with related cost of sales within Other operating income. The effect of the reclassification for 1Q18 resulted in a decrease of Sales by RUB 0.5 billion, decrease in Cost of sales by RUB 0.4 billion and decrease in Other operating expenses by RUB 0.1 billion.

Consolidated statement of profit or loss and other comprehensive income for 1Q18 has been retrospectively adjusted to reflect the changes.

The Group changed the presentation of revenue from sales of products from sows' meat and related cost of sales. Previously, sales of sows from Pork Segment to Meat-Processing Segment were shown as net amount with related costs in other operating expenses of Pork Segment, additional income on products produced from this meat and furtherly sold by Meat-Processing was shown in net-amount from related cost of sows' meat purchased in Sales of Meat-Processing.



After the change the Group continues to show sales of sows from Pork Segment to Meat-Processing Segment with related costs as net amount in other operating expenses of Pork Segment but the presentation of revenue from the sales of products produced from sows' meat was changed: now the Group shows such sales and related cost of sales (meat purchased from Pork Segment plus additional costs) separately in Sales and Cost of Sales of Meat-Processing Segment, wherein this gross-up is eliminated in Intersegment column. Comparative information for 1Q18 was also re-presented.

Outlook

We are optimistic as we look into the year-end. We see stronger demand for our products, evidenced by the growth of our value-added portfolio, coupled with better pricing environment compared to the last year. The integration of the acquisitions that we've made in late 2018 is on track. A chicken processing plant in Kursk became operational in March, and Altai chicken facility performing in line with our expectations. These facilities will allow us to further strengthen our footprint in the North-Western, Central, South, and Siberian regions.

We remain committed to our long-term strategy to focus on the domestic consumer, whom we serve via various channels, and diversifying our presence across the regions. We will opportunistically explore export opportunities predominantly in the neighbour countries, Middle East, and Asia.

While the company decided not to proceed with a share offering in April due to market conditions, as it was not in the best interests of the shareholders to complete transaction at low levels, our robust growth prospects translating into significant operating and free cash flows will allow us to pay dividends to shareholders, without excessive leverage of the Group.

For more information please visit www.cherkizovo.com or contact:

Investor Relations

Andrei Novikov

Phone: +7 495 6602440 ext. 15430

a.novikov@cherkizovo.com

PR and Media

Phone: +7 495 6602440

pr@cherkizovo.com



About Cherkizovo Group

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

Cherkizovo encompasses eight chicken manufacturing complexes (as well as the Belaya Ptitsa production complex which we currently operate pursuant to a lease agreement), sixteen pork farms, five meat processing plants (and an additional meat processing plant operated by an equity associate Samson – Food Products) and two slaughter facilities, nine animal feed plants, twelve grain elevators, a land bank of c. 290 thousand ha. and a full-cycle turkey production plant in Tambov, owned and operated as a joint venture with Grupo Fuertes, a leading Spanish agriculture and food company.

Due to its vertically-integrated structure, which includes grain growing and storage, feed production, livestock breeding, fattening and slaughtering, and meat processing, alongside a distribution network across Russia, the Group has delivered long-term sales growth and profitability.

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

Some figures in this press-release are rounded for the reader's convenience.

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Cherkizovo Group. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industry, as well as many other risks specifically related to Cherkizovo Group and its operations.

Non-IFRS financial measures. *This press release includes financial information prepared in accordance with international financial reporting standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS.*

*** Adjusted Earnings before Interest, Income Tax, Depreciation and Amortization ("Adjusted EBITDA").** *Adjusted EBITDA is defined as profit for the period before income tax expense/benefit, interest income and interest expense, net, foreign exchange loss/gain, depreciation and amortisation expense, net change in fair value of biological assets, bonuses to employees under long-term incentive program and share of loss of joint ventures and associates plus share of adjusted EBITDA of joint ventures and associates and depreciation and amortisation accumulated in harvested crops in stock as shown in the reconciliation in Appendix 1. Adjusted EBITDA margin is*



defined as Adjusted EBITDA as a percentage of our net revenues. Our adjusted EBITDA may not be similar to adjusted EBITDA measures of other companies; is not a measurement under IFRS accounting principles and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our adjusted EBITDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within our industry. Adjusted EBITDA is reconciled to our consolidated statements of operations in Appendix 1.

**** Adjusted Net profit** *Adjusted Net profit is defined as profit for the period before net change in fair value of biological assets. Adjusted Net profit margin is defined as Adjusted Net profit as a percentage of our net revenues. Our Adjusted Net profit may not be similar to Adjusted Net profit measures of other companies; is not a measurement under IFRS accounting principles and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that Adjusted Net profit provides useful information to investors in order to estimate dividend payout.*

***** Net debt** *is calculated as total debt minus cash and cash equivalents, short-term bank deposits and long-term bank deposits.*

****** Effective cost of debt** *is calculated as LTM interest expense divided over the end of the period gross debt.*

APPENDIX I: KEY DATA AND FIGURES, 3 months ended March 31, 2019
Unaudited Consolidated Selected Financial Data

RUB mln	Meat Processing	Poultry	Pork	Grain	Feed	Total reportable segments	Corporate	Other adjustments	Total without Turkey	Turkey	Combined
Total Sales	8 766	15 740	5 880	781	10 192	41 359	-	(16 141)	25 218	1 463	26 681
including sales volume discount	(208)	(165)	-	-	-	(373)	-	-	(373)	(26)	(399)
Interdivision Sales	(1)	(525)	(4 807)	(489)	(10 185)	(16 007)	-	16 007	-	-	-
Sales to external customers (Sales)	8 765	15 215	1 073	292	7	25 352	-	(134)	25 218	1 463	26 681
% of Total sales	32.9%	57.0%	4.0%	1.1%	0.0%	95.0%	-	-0.5%	94.5%	5.5%	100.0%
Net change in fair value of biological assets	-	(862)	1 691	532	-	1 361	-	-	1 361	-	1 361
Net revaluation of harvested crops in stock	-	-	-	(228)	-	(228)	-	(227)	(455)	-	(455)
Cost of Sales	(8 253)	(12 380)	(4 100)	(588)	(10 006)	(35 327)	-	16 258	(19 069)	(1 339)	(20 408)
Gross profit (loss)	513	2 498	3 471	497	186	7 165	-	(110)	7 055	124	7 179
Gross margin	5.9%	15.9%	59.0%	63.6%	1.8%	17.3%	-	0.7%	28.0%	8.5%	26.9%
Operating expenses	(942)	(1 629)	(140)	(10)	(7)	(2 728)	(947)	119	(3 556)	(125)	(3 681)
Share of gain/(loss) of joint ventures and associates	(38)	105	-	-	-	67	-	-	67	(118)	(51)
Operating income/ (loss)	(467)	974	3 331	487	179	4 504	(947)	9	3 566	(119)	3 447
Operating margin	-5.3%	6.2%	56.6%	62.4%	1.8%	10.9%	-	-0.1%	14.1%	-8.1%	12.9%
Interest income	5	72	2	-	2	81	69	(41)	109	-	109
Interest expense, net	(44)	(330)	(270)	(34)	(157)	(835)	(292)	41	(1 086)	-	(1 086)
Other income/ (expenses), net	300	19	10	1	184	514	(85)	-	429	-	429
Division profit / (loss)	(206)	735	3 073	454	208	4 264	(1 255)	9	3 018	(119)	2 899
Division profit margin	-2.3%	4.7%	52.3%	58.1%	2.0%	10.3%	-	-0.1%	12.0%	-8.1%	10.9%
Supplemental information:											
Income Tax expense (benefit)	(17)	11	5	4	4	7	19	-	26	-	26
Expenditure for segment property, plant and equipment	199	224	585	427	49	1 484	211	-	1 695	-	1 695

3 months ended March 31, 2019 Unaudited Consolidated Selected Financial Data

RUB mln	Meat Processing	Poultry	Pork	Grain	Feed	Total reportable segments	Corporate	Interdivision	Total without Turkey	Turkey	Combined
Division profit / (loss)	(206)	735	3 073	454	208	4 264	(1 255)	9	3 018	(119)	2 899
Add:											
Interest expense, net	44	330	270	34	157	835	292	(41)	1 086	-	1 086
Interest income	(5)	(72)	(2)	-	(2)	(81)	(69)	41	(109)	-	(109)
Foreign exchange loss/(gain)	(301)	(17)	(10)	(1)	(184)	(513)	85	-	(428)	-	(428)
Depreciation and amortisation	296	592	392	107	158	1 545	137	-	1 682	1	1 683
Net change in fair value of biological assets	-	862	(1 691)	(532)	-	(1 361)	-	-	(1 361)	-	(1 361)
Share of gain/(loss) of joint ventures and associates	38	(105)	-	-	-	(67)	-	-	(67)	118	51
Share of adjusted EBITDA of joint ventures and associates	(3)	104	-	-	-	101	-	-	101	112	213
Bonuses to employees under long-term incentive program	2	17	4	1	2	26	33	-	59	-	59
Depreciation and amortisation accumulated in harvested crops in stock	-	-	-	(61)	-	(61)	-	-	(61)	-	(61)
Adjusted EBITDA	(135)	2 446	2 036	2	339	4 688	(777)	9	3 920	112	4 032
<i>Adjusted EBITDA Margin</i>	<i>-1.5%</i>	<i>15.5%</i>	<i>34.6%</i>	<i>0.3%</i>	<i>3.3%</i>	<i>11.3%</i>		<i>-0.1%</i>	<i>15.5%</i>	<i>7.7%</i>	<i>15.1%</i>

Reconciliation between net division profit and income attributable to Cherkizovo Group		1Q19
Total net division profit		2 899
Net income attributable to non-controlling interests		328
Income taxes		(26)
Net income attributable to Cherkizovo Group		3 201



UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

RUB mln	3 months ended March 31, 2019	3 months ended March 31, 2018
Sales	26 681	21 421
incl. Sales volume discounts	(399)	(326)
incl. Sales returns	(350)	(232)
Net change in fair value of biological assets	1 361	2 469
Net revaluation of harvested crops in stock	(455)	468
Cost of sales	(20 408)	(17 533)
Gross profit	7 179	6 825
<i>Gross margin</i>	26.9%	31.9%
Operating expenses	(3 681)	(2 858)
Share of gain/(loss) of joint ventures and associates	(51)	(373)
Operating profit	3 447	3 594
<i>Operating margin</i>	12.9%	16.8%
Profit before income tax	2 899	2 938
Profit attributable to Cherkizovo Group	3 201	2 954
<i>Net profit margin</i>	12.0%	13.8%
Weighted average number of shares outstanding	41 047 014	41 047 014
Earnings per share		
Profit attributable to Cherkizovo Group per share – basic and diluted (RUB)	77.98	71.97
Consolidated Adjusted EBITDA reconciliation		
Profit before income tax	2 899	2 938
Add:		
Interest expense, net of subsidies	1 086	737
Interest income	(109)	(65)
Foreign exchange (gain)/loss, net	(428)	(14)
Depreciation and amortisation	1 683	1 417
Net change in fair value of biological assets	(1 361)	(2 469)
Share of gain/(loss) of joint ventures and associates	51	373
Share of adjusted EBITDA of joint ventures and associates	213	(36)
Bonuses to employees under long-term incentive program	59	-
Depreciation and amortisation accumulated in harvested crops in stock	(61)	(173)
Consolidated Adjusted EBITDA	4 032	2 708
<i>Adjusted EBITDA Margin</i>	15.1%	12.6%
Consolidated Adjusted Net profit		
Profit attributable to Cherkizovo Group	3 201	2 954
Add:		
Net change in fair value of biological assets	(1 361)	(2 469)
Adjusted Profit attributable to Cherkizovo Group	1 840	485



POULTRY DIVISION UNAUDITED INCOME STATEMENT DATA

RUB mln	3 months ended March 31, 2019	3 months ended March 31, 2018
Total Sales	15 740	11 289
Interdivision sales	(525)	(401)
Sales to external customers	15 215	10 888
Net change in fair value of biological assets	(862)	201
Cost of sales	(12 380)	(9 508)
Gross profit	2 498	1 982
<i>Gross margin</i>	<i>15.9%</i>	<i>17.6%</i>
Operating expenses	(1 629)	(1 254)
Share of gain/(loss) of joint ventures and associates	105	0
<i>Operating Income</i>	<i>974</i>	<i>728</i>
<i>Operating margin</i>	<i>6.2%</i>	<i>6.4%</i>
Interest income	72	19
Interest expense, net	(330)	(162)
Other income/(expenses), net	19	(20)
Division profit before income tax	735	565
<i>Division profit margin</i>	<i>4.7%</i>	<i>5.0%</i>
Poultry processing division Adjusted EBITDA reconciliation		
Division profit before income tax	735	565
Add:		
Interest expense, net of subsidies	330	162
Interest income	(72)	(19)
Foreign exchange (gain)/loss, net	(17)	20
Depreciation and amortisation	592	510
Net change in fair value of biological assets	862	(201)
Share of (gain)/loss of joint ventures and associates	(105)	0
<i>Share of adjusted EBITDA of joint ventures and associates</i>	<i>104</i>	<i>0</i>
Bonuses to employees under long-term incentive program	17	0
Poultry processing division Adjusted EBITDA	2 446	1 037
<i>Adjusted EBITDA Margin</i>	<i>15.5%</i>	<i>9.2%</i>



PORK DIVISION UNAUDITED INCOME STATEMENT DATA

RUB mln	3 months ended March 31, 2019	3 months ended March 31, 2018
Total Sales	5 880	4 474
Interdivision sales	(4 807)	(3 858)
Sales to external customers	1 073	616
Net change in fair value of biological assets	1 691	2 058
Cost of sales	(4 100)	(3 072)
Gross profit	3 471	3 460
<i>Gross margin</i>	59.0%	77.3%
Operating expenses	(140)	(85)
Operating Income	3 331	3 375
<i>Operating margin</i>	56.6%	75.4%
Interest income	2	7
Interest expense, net	(270)	(52)
Other income/(expenses), net	10	1
Division profit before income tax	3 073	3 331
<i>Division profit margin</i>	52.3%	74.5%
Pork division Adjusted EBITDA reconciliation		
Division profit before income tax	3 073	3 331
Add:		
Interest expense, net of subsidies	270	52
Interest income	(2)	(7)
Foreign exchange (gain)/loss, net	(10)	(1)
Depreciation and amortisation	392	298
Net change in fair value of biological assets	(1 691)	(2 058)
Bonuses to employees under long-term incentive program	4	-
Pork division Adjusted EBITDA	2 036	1 615
<i>Adjusted EBITDA Margin</i>	34.6%	36.1%

MEAT PROCESSING DIVISION UNAUDITED INCOME STATEMENT DATA

RUB mln	3 months ended March 31, 2019	3 months ended March 31, 2018
Total Sales	8 766	8 204
Interdivision sales	(1)	(7)
Sales to external customers	8 765	8 197
Cost of sales	(8 253)	(7 133)
Gross profit	513	1 071
<i>Gross margin</i>	5.9%	13.1%
Operating expenses	(942)	(835)
Share of gain/(loss) of joint ventures and associates	(38)	0
Operating Income/(Loss)	(467)	236
<i>Operating margin</i>	-5.3%	2.9%
Interest income	5	5
Interest expense, net	(44)	(19)
Other income/(expenses), net	300	(66)
Division profit/(loss) before income tax	(206)	156
<i>Division profit margin</i>	-2.3%	1.9%
Meat processing division Adjusted EBITDA reconciliation		
Division profit/(loss) before income tax	(206)	156
Add:		
Interest expense, net of subsidies	44	19
Interest income	(5)	(5)
Foreign exchange (gain)/loss, net	(301)	67
Depreciation and amortisation	296	181
Share of (gain)/loss of joint ventures and associates	38	0
<i>Share of adjusted EBITDA of joint ventures and associates</i>	(3)	0
Bonuses to employees under long-term incentive program	2	0
Meat processing division Adjusted EBITDA*	(135)	418
<i>Adjusted EBITDA Margin</i>	-1.5%	5.1%



FEED DIVISION UNAUDITED INCOME STATEMENT DATA

RUB mln	3 months ended March 31, 2019	3 months ended March 31, 2018
Total Sales	10 192	6 724
Interdivision sales	(10 185)	(6 724)
Sales to external customers	7	0
Cost of sales	(10 006)	(6 620)
Gross profit	186	104
<i>Gross margin</i>	1.8%	1.5%
Operating expenses	(7)	(8)
Operating Income	179	96
<i>Operating margin</i>	1.8%	1.4%
Interest income	2	0
Interest expense, net	(157)	(198)
Other income/(expenses), net	184	102
Division profit/(loss) before income tax	208	0
<i>Division profit margin</i>	2.0%	0.0%
Feed division Adjusted EBITDA reconciliation		
Division profit/(loss) before income tax	208	0
Add:		
Interest expense, net of subsidies	157	198
Interest income	(2)	-
Foreign exchange (gain)/loss, net	(184)	(102)
Depreciation and amortisation	158	140
Bonuses to employees under long-term incentive program	2	-
Feed division Adjusted EBITDA	339	236
<i>Adjusted EBITDA Margin</i>	3.3%	3.5%

GRAIN DIVISION UNAUDITED INCOME STATEMENT DATA

RUB mln	3 months ended March 31, 2019	3 months ended March 31, 2018
Total Sales	781	971
Interdivision sales	(489)	(262)
Sales to external customers	292	709
Net change in fair value of biological assets	532	209
Net revaluation of harvested crops in stock	(228)	463
Cost of sales	(588)	(1 421)
Gross profit/(loss)	497	222
<i>Gross margin</i>	63.6%	22.9%
Operating expenses	(10)	(31)
Operating Income/ (Loss)	487	191
<i>Operating margin</i>	62.4%	19.7%
Interest income	0	1
Interest expense, net	(34)	(39)
Other income/(expenses), net	1	(2)
Division profit/(loss) before income tax	454	151
<i>Division profit margin</i>	58.1%	15.6%
Grain division Adjusted EBITDA reconciliation		
Division profit/(loss) before income tax	454	151
Add:		
Interest expense, net of subsidies	34	39
Interest income	-	(1)
Foreign exchange (gain)/loss, net	(1)	2
Depreciation and amortisation	107	193
Net change in fair value of biological assets and agricultural produce	(532)	(209)
Depreciation and amortisation accumulated in harvested crops in stock	(61)	(173)
Bonuses to employees under long-term incentive program	1	-
Grain division Adjusted EBITDA	2	2
<i>Adjusted EBITDA Margin</i>	0.3%	0.2%



**APPENDIX II:
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR 3 MONTHS ENDED 31 MARCH 2019**

RUB mln	3 months ended March 31, 2019	3 months ended March 31, 2018
Revenue	26 681	21 421
Net change in fair value of biological assets	1 361	2 469
Net revaluation of harvested crops in stock	(455)	468
Cost of sales	(20 408)	(17 533)
Gross profit	7 179	6 825
Selling, general and administrative expense	(3 619)	(2 952)
Other operating income, net	(62)	95
Share of loss of joint ventures and associates	(51)	(373)
Operating profit	3 447	3 595
Interest income	109	65
Interest expense, net	(1 086)	(737)
Other income/(expenses), net	429	14
Profit before income tax	2 899	2 937
Income tax benefit/(expense)	(26)	(73)
Profit for the period and total comprehensive income	2 873	2 864
Profit and total comprehensive income, attributable to Cherkizovo Group	3 201	2 953
Non-controlling interests	(328)	(89)



APPENDIX III:

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 31, 2019

RUB mln	31 March, 2019	31 December, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	81 870	82 766
Investment property	592	595
Right-of-use assets	2 159	-
Goodwill	1 255	1 255
Intangible assets	2 199	2 144
Non-current biological assets	2 884	2 673
Investments in joint venture	3 470	3 518
Long-term deposits in banks	641	641
Restricted cash	101	109
Deferred tax assets	1 204	1 073
Rights to claim debt	4 685	4 685
Other non-current receivables	1 196	678
Total non-current assets	102 256	100 137
Current assets		
Biological assets	17 875	15 395
Inventories	13 459	12 429
Taxes recoverable and prepaid	2 352	1 909
Trade receivables, net	5 170	5 733
Advances paid, net	1 101	875
Other receivables, net	1 055	1 523
Cash and cash equivalents	7 396	9 613
Other current assets	417	563
Total current assets	48 825	48 040
TOTAL ASSETS	151 081	148 177



UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2019

Continued

RUB mln	31 March, 2019	31 December, 2018
EQUITY AND LIABILITIES		
Equity		
Share capital	-	-
Treasury shares	(3 725)	(3 725)
Additional paid-in capital	5 611	5 611
Retained earnings	56 961	57 932
Total shareholder's equity	58 847	59 818
Non-controlling interest	662	990
Total equity	59 509	60 808
Non-current liabilities		
Long-term borrowings	30 245	44 643
Long-term lease obligations	1 423	-
Provisions	-	-
Deferred tax liability	1 011	996
Other liabilities	-	-
Total non-current liabilities	32 679	45 639
Current liabilities		
Short-term borrowings	38 103	24 170
Short-term lease obligations	351	-
Trade payables	10 225	10 830
Advances received	327	576
Payables for non-current assets	842	1 216
Tax related liabilities	1 440	1 325
Payroll related liabilities	2 518	2 707
Other payables and accruals	5 087	905
Total current liabilities	58 893	41 729
Total liabilities	91 572	87 368
TOTAL EQUITY AND LIABILITIES	151 081	148 176



**APPENDIX IV:
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR 3 MONTHS ENDED
MARCH, 31 2019**

	3 months ended March 31, 2019	3 months ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	2 899	2 938
Adjustments for:		
Depreciation and amortization	1 683	1 417
Bad debt expense	(12)	28
Foreign exchange loss, net	(428)	(14)
Interest income	(109)	(65)
Interest expense, net	1 086	737
Net change in fair value of biological assets	(906)	(2 937)
Revaluation of harvested crops in stock	26	(6)
Loss on disposal of property, plant and equipment, net	41	7
Gain on disposal of non-current biological assets, net	-	-
Share of loss of joint ventures and associates	51	373
Other adjustments, net	(5)	(3)
Operating cash flows before working capital and other changes	4 326	2 475
(Increase)/decrease in inventories	(1 322)	35
Increase in biological assets	(1 187)	(194)
Decrease in trade receivables	573	76
(Increase)/decrease in advances paid	(207)	522
(Increase)/decrease in other receivables and other current assets	(375)	147
Decrease in other non-current assets	(497)	(6)
Decrease in trade payables	(379)	(789)
(Decrease)/increase in tax related liabilities (other than income tax)	106	5
Decrease in other current payables	(469)	(232)
Operating cash flows before interest and income tax	569	2 039
Interest received	111	105
Interest paid	(953)	(748)
Government grants for compensation of interest expense received	381	-
Income tax paid	(169)	(372)
Net cash from operating activities	(61)	1 024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1 494)	(2 332)
Purchases of non-current biological assets	(429)	(186)
Purchases of intangible assets	(135)	(87)
Proceeds from sale of property, plant and equipment	10	21
Proceeds from disposal of non-current biological assets	133	178
Acquisitions of subsidiaries, net of cash acquired	-	-
Investments in joint ventures	-	(80)
Placing of deposits and issuance of loans	(58)	-
Placing of notes receivable	-	-
Proceeds from repayment of loans issued and redemption of deposits	150	88
Net cash used in investing activities	(1 823)	(2 398)



**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR 3 MONTHS ENDED
MARCH, 31 2019 CONTINUED**

	3 months ended March 31, 2019	3 months ended March 31, 2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	424	7 064
Repayment of long-term loans	(518)	(1 217)
Proceeds from short-term loans	4 328	3 394
Repayment of short-term loans	(4 456)	(6 480)
Repayments of lease obligations	(111)	-
Purchase of treasury shares	-	-
Dividends paid	-	-
(Purchase) disposal of non-controlling interests	-	-
Net cash from financing activities	(333)	2 761
Net increase/(decrease) in cash and cash equivalents	(2 217)	1 387
Cash and cash equivalents at the beginning of the period	9 613	705
Cash and cash equivalents at the end of the period	7 396	2 092