



Cherkizovo Group Announces fourth quarter and full year 2019 Financial Results

Moscow, Russia – February 13, 2020– PJSC Cherkizovo Group (MOEX: GCHE), the largest vertically integrated meat producer in Russia, today announces its audited consolidated IFRS results for the fourth quarter and twelve months of 2019.

Fourth quarter financial highlights

- Revenue increased by 10.4% year-on-year (y-o-y) to RUB 34.5 billion.
- Gross profit of RUB 6.9 billion unchanged from 4Q18.
- Adjusted EBITDA* declined by 26.8% y-o-y to RUB 5.0 billion. Adjusted EBITDA margin amounted to 14.4%, down from 21.7% in 4Q18.
- The Group generated a net profit RUB of 0.1 billion, compared to RUB 1.7 billion in 4Q18. Adjusted net profit** totalled RUB 1.5 billion compared to RUB 3.7 billion a year ago.

2019 financial highlights

- Revenue increased by 19.6% y-o-y to RUB 120.1 billion.
- Net change in fair value of biological assets changed to negative RUB 1.4 billion, compared to positive RUB 1.8 billion in 2018. Net revaluation of harvested crops in stock was negligible in 2019, compared to RUB 2.2 billion in 2018.
- Gross profit of RUB 27.9 billion declined by 4.5% from RUB 29.2 billion a year ago.
- Adjusted EBITDA* amounted to RUB 20.6 billion, in line with previous year result and an Adjusted EBITDA margin of 17.2%.
- Net profit fell to RUB 6.8 billion from RUB 12.0 billion in 2018. Adjusted net profit** declined to RUB 9.0 billion, from RUB 10.0 billion a year ago.
- Net debt amounted to RUB 61.2 billion as of December 31, 2019.

2019 corporate highlights

- In May, the Group became one of the winners of Russia's Best Social Projects 2019 Award, an annual event supporting public initiatives and facilitating sustainable development.
- In September, the Group re-introduced a comprehensive revamp of its flagship brand, Cherkizovo. The changes impacting both the product appearance and ingredients are designed to emphasize our focus on customers and quality.
- In October, the Company announced an expansion of Tambov Turkey, joint venture producer of Pava-Pava branded turkey. The project, estimated to cost RUB 4 billion, will increase turkey volumes by 50% to 82 thousand tons, with new volumes expected in 2021. Project will be financed by equity from Company and its partner Grupo Corporativo Fuertes, as well as third party non-recourse debt.



- In October, Cherkizovo purchased 100% of the shares of Rovensky Broiler for RUB 1.7 billion. The acquired company is a hatching egg producer with production capacity of 80 million eggs/year, located in the Belgorod region, close to our existing operations. The deal makes our Company self-sufficient in hatching eggs, closing the gap in hatching egg supply, that appeared after we'd acquired a few production assets in 2018.
- In November, the Group placed rouble denominated bonds in the amount of RUB 10 bln for 3.5 years at 7.5%, a first step in a leap towards extending maturity of the debt portfolio.
- During the year, the Group launched five wean-to-finish facilities bringing pork capacity to the targeted level of 300 thousand tons of live weight per annum.

Key corporate highlights after the reporting period

On February 12th, Board of Directors recommended to the AGM to distribute profits of 2019 financial year and to pay dividends of RUB 60.92 per share, in addition to interim dividends of RUB 48.79 announced in August, 2019.

Sergei Mikhailov, CEO of Cherkizovo, commented:

"In 2019 our diversified vertically integrated business model demonstrated its competitiveness and resilience, in the face of price weakness in the pork market in the second half of last year, which adversely impacted profits in our pork and meat processing segments. Our poultry segment boosted EBITDA by a staggering 50%, fueled by the successful integration of key acquisitions from late 2018. Actual results for acquired assets in aggregate were better than our expectations and we see opportunities that can improve profitability even further. We further developed partnerships with leading federal retail chains, broadened distribution, and forged ahead with major foodservice and export clients. Our pork business, while pressured by increasing supply domestically, focused on maintaining cost leadership, quality, and adhering to strict biosecurity control measures. We relentlessly focused on the transformation of our meat processing segment to gain market share and win consumers. In product marketing, our major brand "Cherkizovo" was relaunched late 2019, new product launches accelerated, and distribution expanded. Our grain segment delivered improved harvest with better yields achieved across all cultivated crops, a remarkable performance given poor weather conditions in a few regions of our operations."



Financial summary

RUB mln	4Q 2019	4Q 2018	y-o-y, %	12M 2019	12M 2018	y-o-y, %
Revenue	34 490	31 235	10.4%	120 109	100 422	19.6%
Net change in fair value of biological assets	(814)	(2 153)	-62.2%	(1 379)	1 836	n.a.
Net revaluation of harvested crops in stock	(635)	(166)	282.5%	29	2 242	-98.7%
Gross profit	6 872	6 865	0.1%	27 863	29 182	-4.5%
<i>Gross margin</i>	<i>19.9%</i>	<i>22.0%</i>	<i>-2.1 p.p.</i>	<i>23.2%</i>	<i>29.1%</i>	<i>-5.9 p.p.</i>
Operating expenses, net	(5 671)	(4 683)	21.1%	(17 551)	(13 570)	29.3%
Share of profit/(loss) of joint ventures and associates	97	71	36.6%	(123)	(57)	115.8%
Adjusted operating profit¹	2 647	4 347	-39.1%	12 397	13 509	-8.2%
<i>Adjusted operating margin</i>	<i>7.7%</i>	<i>13.9%</i>	<i>-6.2 p.p.</i>	<i>10.3%</i>	<i>13.5%</i>	<i>-3.1 p.p.</i>
Adjusted EBITDA¹	4 955	6 768	-26.8%	20 617	20 415	1.0%
<i>Adjusted EBITDA margin</i>	<i>14.4%</i>	<i>21.7%</i>	<i>-7.3 p.p.</i>	<i>17.2%</i>	<i>20.3%</i>	<i>-3.2 p.p.</i>
Profit before income tax	58	1 303	-95.6%	6 697	11 793	-43.2%
Net profit	123	1 650	-92.6%	6 751	12 004	-43.8%
Adjusted Net profit¹	1 471	3 743	-60.7%	8 958	9 958	-10.0%
Net operating cash flow	7 107	6 804	4.5%	16 056	14 178	13.3%
Net debt				61 206	58 559	4.5%

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

Revenue

In 2019, revenue increased by 19.6% y-o-y to RUB 120.1 billion (2018: RUB 100.4 billion). Revenue growth is attributed to higher volumes across business segments on the back of organic growth and M&A, favourable pricing environment for poultry products, and offset by negative dynamics in pork prices domestically.

Gross profit

Gross profit declined by 4.5% y-o-y to RUB 27.9 billion, (2018: RUB 29.2 billion). Revenue growth was offset by the negative net change in fair value of biological assets, and lower effect from net revaluation of harvested crops in stock. Gross profit margin declined to 23.2% (2018: 29.1%).

Operating expenses

Operating expenses increased by 29.3% y-o-y to RUB 17.6 billion, from RUB 13.7 billion a year ago. Operating expenses as a percentage of sales increased to 14.6% (2018: 13.5%).

Adjusted operating profit

Adjusted operating profit of RUB 12.4 billion, declined by 8.2% y-o-y from RUB 13.5 billion a year ago. Our adjusted operating profit excludes non-recurring impairment loss recognized for non-operational items of property, plant and equipment in the amount of RUB 530 million (2018: nil), net change in fair value of biological assets of the Group's



segments in the amount of RUB 1.4 billion (2018: RUB 1.8 billion) and the effect of net change in fair value of biological assets of JVs and associates on the Group's share of their results in the amount of RUB 298 million negative (2018: RUB 210 million).

Adjusted EBITDA

Adjusted EBITDA of RUB 20.6 billion, in line with previous year results. Adjusted EBITDA margin declined to 17.2% (2018: 20.3%) driven by softer pricing in the pork segment, marginal decline in profitability in meat processing, and offset by better results in the chicken business.

Interest expense

Net interest expense in 2019 increased by 37.3% y-o-y to RUB 4.5 billion.

Net profit

Net profit for the Group totalled RUB 6.8 billion in 2019, down 43.8% compared to RUB 12.0 billion in 2018. Net profit margin declined to 5.6% from 12.0% a year ago.

Adjusted net profit declined by 10.0% y-o-y to RUB 9.0 billion, from RUB 10.0 billion a year ago. Adjusted net profit margin amounted to 7.5%, compared to 9.9% in 2018.

Cash flow

Operating cash flow expanded by 13.3% to RUB 16.1 billion (2018: RUB 14.2 billion), driven by reduction of net working capital.

Capital expenditure and debt

The Group's capital expenditure on property, plant, equipment and maintenance amounted to RUB 8.6 billion during 2019, a decline of 12.3% y-o-y as we gradually wrap up current investment cycle.

As of December 31, 2019, net debt**** was RUB 61.2 billion, compared to RUB 58.6 billion at the end of 2018. Gross debt decreased to RUB 65.2 billion as of December 31, 2019, compared to RUB 68.8 billion a year ago. At the end of 2019 long-term debt accounted for 67.4% of the debt portfolio and amounted to RUB 43.9 billion. The effective cost of debt***** was 6.9% as of December 31, 2019. Subsidized loans and credit facilities made up 27% of the debt portfolio in 2019 (2018: 40%).

Subsidies

Total government grants received for compensation of interest expense amounted to RUB 1.3 billion RUB.

Net change in fair value of biological assets

Net change in fair value of biological assets is explained by a lower valuation of market hogs and chicken produce.



Business segments

Divisions	Sales volume		Change y-o-y, %	Revenue ²		Change y-o-y, %
	2019, k ton	2018, k ton		2019, RUB mln	2018, RUB mln	
Chicken	663.0	544.2	21.8%	70 332	52 723	33.4%
Turkey ³	39.4	39.2	0.4%	6 716	5 815	15.5%
Pork	274.6	236.9	15.9%	24 478	23 262	5.2%
Meat processing	245.6	229.5	7.0%	40 056	38 780	3.3%
Samson ⁴	22.7	-	N/A	-	-	-

² Revenue includes inter-segment sales

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

⁴ Volumes denote to sales volumes of associate company Samson – Food Products.

Poultry Division

Sales volumes in 2019 increased by 22% to 663.0 thousand tonnes (2018:544.2 thousand tonnes). The average selling price increased by 9% y-o-y to 106.0 RUB/kg. We successfully integrated several companies that we had acquired at the end of 2018, and which significantly contributed to the growth of the volumes in 2019. Our sales from Petelinka branded products, the focus brand of the segment, added 13%, while exports and foodservice were the fastest-growing channels, adding 131% and 95% respectively. As a result, the segment's revenue increased by 33.4% and amounted to RUB 70.3 billion (2018: RUB 52.7 billion).

Net change in fair value of biological assets was negative RUB 135 million, compared to positive RUB 1.3 billion in 2018.

Gross profit was up by 32.3% y-o-y and totaled RUB 16.9 billion, (2018: RUB 12.8 billion) driven by volumes growth, sales channel diversification and better pricing. Gross margin declined to 24.1%, from 24.2% in 2018.

Operating expenses as a percentage of sales increased to 10.8% compared to 10.2% a year ago. Operating income increased by 26.3% y-o-y to RUB 9.4 billion (2018: RUB 7.4 billion). Operating margin declined to 13.3% from 14.0% in 2018.

The segment's profit before income tax amounted to RUB 8.1 billion (2018: RUB 6.9 billion).

Adjusted EBITDA of RUB 12.6 billion, increased by 49.8% y-o-y, while Adjusted EBITDA margin increased to 17.9% from 15.9% a year ago.

Pork Division

Sales volumes in 2019 increased by 16% y-o-y, to 274.6 thousand tonnes (2018: 236.9 thousand tonnes), as wean-to-finish facilities launched in 2019 boosted our production. The average selling price of 89.1 RUB/kg, declined by 9% y-o-y compared to 98.2 RUB/kg a year ago, as pork prices were under pressure from the supply push of domestic producers. The segment's revenue increased by 5.2% y-o-y to RUB 24.5 billion (2018: RUB 23.3 billion).

Net change in fair value of biological assets was negative RUB 1.2 billion, compared to positive RUB 0.9 billion a year ago.



Gross profit of RUB 5.6 billion declined by 46.7% compared to RUB 10.6 billion in 2018, on softer price environment and 11.1% cost inflation in per kg pork production. The segment's gross margin declined to 23.1%, from 45.5% a year ago.

Operating income amounted to RUB 5.2 billion (2018: RUB 10.4 billion). The segment's operating margin declined to 21.3% from 44.8% a year ago.

The segment's profit before income tax declined by 57.2% y-o-y to RUB 4.2 billion (2018: RUB 9.9 billion).

Adjusted EBITDA compressed by 23.3% y-o-y to RUB 8.4 billion (2018: RUB 10.9 billion). Adjusted EBITDA margin declined to 34.2% from 46.9% in 2018.

Meat Processing Division

Sales volumes in 2019 increased by 7% y-o-y to 245.6 thousand tonnes (2018: 229.5 thousand tonnes), as higher volumes of pork production led to higher pork carcass sales, while sausages volumes were stable. The average selling price declined by 4.0% y-o-y to 163.0 RUB/kg (2018: 169.6 RUB/kg), as price increase in sausages was offset by negative dynamics in pork carcass sales. As a result the segment's revenue increased by 3.3% and reached RUB 40.1 billion (2018: RUB 38.8 billion).

Gross profit declined by 12.2% y-o-y to RUB 3.0 billion, (2018: RUB 3.4 billion). The gross margin fell to 7.5% from 8.9% a year ago.

Operating expenses increased by 28.5% y-o-y, and amounted to 12.6% as a percentage of sales, compare with 10.1% in 2018.

Operating loss amounted to RUB 2.0 billion compared to RUB 0.5 billion loss in 2018.

The segment's loss before income tax was RUB 1.7 billion, compared to a loss of RUB 1.1 billion a year ago.

Adjusted EBITDA turned to negative RUB 0.6 billion from RUB 0.5 billion in 2018 as we invested in the prices of the value-added products to support our sales.

Grain segment

Sales volumes in 2019 declined by 25% y-o-y to 524.0 thousand tonnes (2018: 696.1 thousand tonnes), while overall harvest in the season increased by 24% y-o-y to 593.0 thousand tonnes (2018: 479.7 thousand tonnes) driven by better results of wheat and corn cultivation. The segment's revenue declined by 16.5% and reached RUB 5.8 billion (2018: RUB 6.9 billion).

Net revaluation of harvested crops in stock declined to RUB 155 million from RUB 1.3 billion in 2018.

Gross profit declined by 7.2% to RUB 1.8 billion (2018: RUB 1.9 billion). Gross margin increased to 31.0% from 27.9% a year ago.

Operating expenses as a percentage of sales increased to 12.4% from 6.9% a year ago.

Operating income declined to RUB 1.5 billion from RUB 1.7 billion in 2018, with operating margin of 26.2% compared to 24.9% in 2018.

The segment's profit before income tax was RUB 1.4 billion, compared to RUB 1.5 billion a year ago.

Adjusted EBITDA amounted to RUB 2.1 billion compared RUB 2.3 billion in 2018.

Results of joint ventures and associates



The Group's significant joint ventures and associates include: 50% share in Tambov Turkey, a turkey producer established by the Company and its partner and shareholder Grupo Corporativo Fuertes, 75% share in Samson – Food products, a meat processor in St-Petersburg, and 50% share in Cobb-Russia.

Total result in consolidated EBITDA of the Group from all JVs and associates amounted to RUB 736 million, up from RUB 165 million a year ago.

Outlook

Russian economy continues to be stable, although demands from consumers and retail are growing. Competitive dynamics favor modern vertically integrated companies like Cherkizovo.

We expect ongoing growth in volumes, sales and earnings from chicken business in 2020 and beyond, extending our market-leading position, including rapid growth in foodservice and selective export markets.

We anticipate steady growth of demand for turkey products domestically and will expand our Tambov Turkey operations in 2021, and grow further over time, consistent with our commitment to being one of the two leaders on the Russian turkey market.

We see risks that pork prices may remain weak through 2020, but believe our cost leadership and vertical integration into meat processing operations, will allow us to generate profits in pork and meat processing segments even in challenging conditions.

Our capital investments in Health, Safety, and Environmental, and new capacity are growing, albeit with discipline, to manage risks and support our strategic development reducing the commodity component of our business.

Pleased with the results of M&A in late 2018 we expect to continue to selectively explore compelling M&A when pricing is attractive and the target fits with our strategy.

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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.

The Group's operations are spread over the full production cycle from grain and feed production to animal breeding, meat processing and distribution. The operational



facilities of the Group include eight meat processing plants (including meat processing plant operated by an equity associate Samson – Food Products), thirteen full-cycle pork farms, twenty one wean-to-finish facilities and two sow farms, nine poultry production complexes (including the Belaya Ptitsa production complex which is currently operate pursuant to a lease agreement), nine animal feed plants, twelve grain elevators and circa 300 thousand hectares of agricultural land, 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** is defined as profit for the period before net change in fair value of biological assets recognized by the Group as well as by the Group's joint ventures and associates and non-recurring impairment loss recognized for non-operational items of property, plant and equipment (Note 6 to the consolidated financial statements). 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 financial statements. We believe that Adjusted Net profit provides useful information to investors in order to estimate dividend payout.

***** Adjusted Operating profit** is defined as operating profit for the period before net change in fair value of biological assets recognized by the Group as well as by the Group's joint ventures and associates and non-recurring impairment loss recognized for non-operational items of property, plant and equipment (Note 6 to the consolidated financial statements). Adjusted Operating profit margin is defined as Adjusted Operating profit as a percentage of our net revenues. Our Adjusted Operating profit may not be similar to Adjusted Operating 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 Operating profit provides useful information to investors in order to better gauge underlying operating performance of the business.

****** 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,
Audited 12 months 2019 Consolidated Selected Financial Data**

RUB mln	Meat-Processing	Poultry	Pork	Grain	Feed	Total reportable segments	Corporate	Intersegment and other adjustments	Total without Turkey	Turkey	Combined
Total Sales	40 056	70 332	24 478	5 758	40 321	180 945	-	(67 552)	113 393	6 716	120 109
including sales volume discount	(872)	(773)	-	-	-	(1 645)	-	-	(1 645)	(134)	(1 779)
Interdivision Sales	(31)	(1 820)	(20 948)	(3 545)	(40 311)	(66 655)	-	66 801	146	(146)	-
Sales to external customers (Sales)	40 025	68 512	3 530	2 213	10	114 290	-	(751)	113 539	6 570	120 109
% of Total sales	33.3%	57.0%	2.9%	1.8%	0.0%	95.2%	0.0%	-0.6%	94.5%	5.5%	100.0%
Net change in fair value of biological assets	-	(135)	(1 244)	-	-	(1 379)	-	-	(1 379)	-	(1 379)
Net revaluation of harvested crops in stock	-	-	-	155	-	155	-	(126)	29	-	29
Cost of Sales	(37 035)	(53 281)	(17 588)	(4 128)	(39 945)	(151 977)	-	67 090	(84 887)	(6 009)	(90 896)
Gross profit/(loss)	3 021	16 916	5 646	1 785	376	27 744	-	(588)	27 156	707	27 863
Gross margin	7.5%	24.1%	23.1%	31.0%	0.9%	15.3%	0.0%	0.9%	23.9%	10.5%	23.2%
Operating expenses	(5 033)	(7 581)	(440)	(274)	(173)	(13 501)	(3 990)	653	(16 838)	(713)	(17 551)
Share of gain/(loss) of joint ventures and associates	(23)	15	-	-	-	(8)	-	-	(8)	(115)	(123)
Operating income/(loss)	(2 035)	9 350	5 206	1 511	203	14 235	(3 990)	65	10 310	(121)	10 189
Operating margin	-5.1%	13.3%	21.3%	26.2%	0.5%	7.9%	-	-0.1%	9.1%	-1.8%	8.5%
Interest income	17	246	32	1	73	369	242	(368)	243	-	243
Interest expense, net	(158)	(1 504)	(1 025)	(132)	(727)	(3 546)	(1 306)	368	(4 484)	-	(4 484)
Other income/ (expenses), net	485	(30)	18	22	313	808	(59)	-	749	-	749
Division profit / (loss) before income tax	(1 691)	8 062	4 231	1 402	(138)	11 866	(5 113)	65	6 818	(121)	6 697
Division profit margin	-4.2%	11.5%	17.3%	24.3%	-0.3%	6.6%	-	-0.1%	6.0%	-1.8%	5.6%
Supplemental information:											
Income tax expense (benefit)	(36)	22	(1)	15	40	40	6	-	46	-	46
Segment's capital expenditure	1 337	1 859	2 798	1 109	719	7 822	730	-	8 552	-	8 552

Audited 12 months 2019 Consolidated Selected Financial Data

RUB mln	Meat Processing	Poultry	Pork	Grain	Feed	Total reportable segments	Corporate	Intersegment and other adjustments	Total without Turkey	Turkey	Combined
Division profit / (loss) before income tax	(1 691)	8 062	4 231	1 402	(138)	11 866	(5 113)	65	6 818	(121)	6 697
Add:											
Interest expense, net	158	1 504	1 025	132	727	3 546	1 306	(368)	4 484	-	4 484
Interest income	(17)	(246)	(32)	(1)	(73)	(369)	(242)	368	(243)	-	(243)
Foreign exchange loss/(gain)	(441)	41	(14)	(10)	(311)	(735)	59	-	(676)	-	(676)
Depreciation and amortisation expense	1 245	2 847	1 870	510	725	7 197	618	-	7 815	3	7 818
Net change in fair value of biological assets	-	135	1 244	-	-	1 379	-	-	1 379	-	1 379
Share of (gain)/loss of joint ventures and associates	23	(15)	-	-	-	8	-	-	8	115	123
Share of adjusted EBITDA of joint ventures and associates	104	193	-	-	-	297	-	-	297	439	736
Bonuses to employees under long-term incentive program	11	41	40	3	7	102	103	-	205	-	205
Depreciation and amortisation accumulated in harvested crops in stock	-	-	-	94	-	94	-	-	94	-	94
Adjusted EBITDA	(608)	12 562	8 364	2 130	937	23 385	(3 269)	65	20 181	437	20 617
<i>Adjusted EBITDA Margin</i>	<i>-1.5%</i>	<i>17.9%</i>	<i>34.2%</i>	<i>37.0%</i>	<i>2.3%</i>	<i>12.9%</i>	<i>-</i>	<i>-0.1%</i>	<i>17.8%</i>	<i>6.5%</i>	<i>17.2%</i>

Reconciliation between division profit and profit attributable to Cherkizovo Group

	2019
Total division profit before income tax	6 697
(Profit)/loss attributable to non-controlling interests	100
Income taxes	(46)
Profit attributable to Cherkizovo Group	6 751



AUDITED CONSOLIDATED INCOME STATEMENT DATA

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
Sales	120 109	100 422
incl. Sales volume discounts	(1 779)	(1 473)
incl. Sales returns	(1 010)	(1 091)
Net change in fair value of biological assets	(1 379)	1 836
Net revaluation of harvested crops in stock	29	2 242
Cost of sales	(90 896)	(75 318)
Gross profit	27 863	29 182
<i>Gross margin</i>	23.2%	29.1%
Operating expenses	(17 551)	(13 570)
Share of loss of joint ventures and associates	(123)	(57)
Operating profit	10 189	15 555
<i>Operating margin</i>	8.5%	15.5%
Profit before income tax	6 697	11 793
Profit attributable to Cherkizovo Group	6 751	12 004
<i>Net profit margin</i>	5.6%	12.0%
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)	164.46	292.45
Consolidated Adjusted EBITDA reconciliation		
Profit before income tax	6 697	11 793
Add:		
Interest expense, net of subsidies	4 484	3 267
Interest income	(243)	(290)
Foreign exchange (gain)/loss, net	(676)	829
Depreciation and amortisation	7 818	6 045
Net change in fair value of biological assets	1 379	(1 836)
Share of loss of joint ventures and associates	123	57
Share of adjusted EBITDA of joint ventures and associates	736	165
Bonuses to employees under long-term incentive program	205	658
Depreciation and amortisation accumulated in harvested crops in stock	94	(273)
Consolidated Adjusted EBITDA	20 617	20 415
<i>Adjusted EBITDA Margin</i>	17.2%	20.3%
Consolidated Adjusted net profit		
Profit attributable to Cherkizovo Group	6 751	12 004
Add:		
Net change in fair value of biological assets	1 379	(1 836)
Net change in fair value of biological assets of JVs	297	(210)
Non-recurring impairment loss recognized for non-operational items of property, plant and equipment	531	-
Adjusted net profit attributable to Cherkizovo Group	8 958	9 958



POULTRY DIVISION INCOME STATEMENT DATA

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
Total Sales	70 332	52 723
Interdivision sales	(1 820)	(1 594)
Sales to external customers	68 512	51 129
Net change in fair value of biological assets	(135)	1 264
Cost of sales	(53 281)	(41 205)
Gross profit/(loss)	16 916	12 782
<i>Gross margin</i>	24.1%	24.2%
Operating expenses	(7 581)	(5 379)
Share of gain/(loss) of joint ventures	15	-
Operating profit/(loss)	9 350	7 403
<i>Operating margin</i>	13.3%	14.0%
Interest income	246	172
Interest expense, net	(1 504)	(621)
Other income/(expenses), net	(30)	(53)
Division profit/(loss) before income tax	8 062	6 901
<i>Division profit margin</i>	11.5%	13.1%
Poultry division Adjusted EBITDA reconciliation		
Division profit/(loss) before income tax	8 062	6 901
Add:		
Interest expense, net of subsidies	1 504	621
Interest income	(246)	(172)
Foreign exchange (gain)/loss, net	41	74
Depreciation and amortisation	2 847	2 055
Net change in fair value of biological assets	135	(1 264)
Share of (gain)/loss of joint ventures	(15)	-
Share of adjusted EBITDA of joint ventures	193	-
Bonuses to employees under long-term incentive program	41	172
Poultry division Adjusted EBITDA	12 562	8 387
<i>Adjusted EBITDA Margin</i>	17.9%	15.9%



PORK DIVISION INCOME STATEMENT DATA

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
Total Sales	24 478	23 262
Interdivision sales	(20 948)	(20 238)
Sales to external customers	3 530	3 024
Net change in fair value of biological assets	(1 244)	899
Cost of sales	(17 588)	(13 567)
Gross profit/(loss)	5 646	10 594
<i>Gross margin</i>	23.1%	45.5%
Operating expenses	(440)	(179)
Operating profit/(loss)	5 206	10 415
<i>Operating margin</i>	21.3%	44.8%
Interest income	32	64
Interest expense, net	(1 025)	(588)
Other income/(expenses), net	18	(3)
Division profit/(loss) before income tax	4 231	9 888
<i>Division profit margin</i>	17.3%	42.5%
Pork division Adjusted EBITDA reconciliation		
Division profit/(loss) before income tax	4 231	9 888
Add:		
Interest expense, net of subsidies	1 025	588
Interest income	(32)	(64)
Foreign exchange (gain)/loss, net	(14)	10
Depreciation and amortisation	1 870	1 339
Net change in fair value of biological assets	1 244	(899)
Bonuses to employees under long-term incentive program	40	40
Pork division Adjusted EBITDA	8 364	10 902
<i>Adjusted EBITDA Margin</i>	34.2%	46.9%



MEAT PROCESSING DIVISION INCOME STATEMENT DATA

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
Total Sales	40 056	38 780
Interdivision sales	(31)	(1 027)
Sales to external customers	40 025	37 753
Cost of sales	(37 035)	(35 341)
Gross profit/(loss)	3 021	3 439
<i>Gross margin</i>	7.5%	8.9%
Operating expenses	(5 033)	(3 916)
Share of gain/(loss) of associates	(23)	-
Operating profit/(loss)	(2 035)	(477)
<i>Operating margin</i>	-5.1%	-1.2%
Interest income	17	20
Interest expense, net	(158)	(122)
Other income/(expenses), net	485	(472)
Division profit/(loss) before income tax	(1 691)	(1 051)
<i>Division profit margin</i>	-4.2%	-2.7%
Meat processing division Adjusted EBITDA reconciliation		
Division profit/(loss) before income tax	(1 691)	(1 051)
Add:		
Interest expense, net of subsidies	158	122
Interest income	(17)	(20)
Foreign exchange (gain)/loss, net	(441)	485
Depreciation and amortisation	1 245	883
Share of (gain)/loss of associates	23	-
Share of adjusted EBITDA of associates	104	-
Bonuses to employees under long-term incentive program	11	39
Meat processing division Adjusted EBITDA*	(608)	458
<i>Adjusted EBITDA Margin</i>	-1.5%	1.2%



FEED DIVISION INCOME STATEMENT DATA

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
Total Sales	40 321	31 210
Interdivision sales	(40 311)	(31 210)
Sales to external customers	10	-
Cost of sales	(39 945)	(30 703)
Gross profit/(loss)	376	507
<i>Gross margin</i>	<i>0.9%</i>	<i>1.6%</i>
Operating expenses	(173)	(170)
Operating profit/(loss)	203	337
<i>Operating margin</i>	<i>0.5%</i>	<i>1.1%</i>
Interest income	73	55
Interest expense, net	(727)	(870)
Other income/(expenses), net	313	(276)
Division profit/(loss) before income tax	(138)	(754)
<i>Division profit margin</i>	<i>-0.3%</i>	<i>-2.4%</i>
Feed division Adjusted EBITDA reconciliation		
Division profit/(loss) before income tax	(138)	(754)
Add:		
Interest expense, net of subsidies	727	870
Interest income	(73)	(55)
Foreign exchange (gain)/loss, net	(311)	277
Depreciation and amortisation	725	609
Bonuses to employees under long-term incentive program	7	19
Feed division Adjusted EBITDA	937	966
<i>Adjusted EBITDA Margin</i>	<i>2.3%</i>	<i>3.1%</i>



GRAIN DIVISION INCOME STATEMENT DATA

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
Total Sales	5 758	6 899
Interdivision sales	(3 545)	(3 945)
Sales to external customers	2 213	2 954
Net change in fair value of biological assets	-	-
Net revaluation of harvested crops in stock	155	1 297
Cost of sales	(4 128)	(6 273)
Gross profit/(loss)	1 785	1 923
<i>Gross margin</i>	31.0%	27.9%
Operating expenses	(274)	(205)
Operating profit/(loss)	1 511	1 718
<i>Operating margin</i>	26.2%	24.9%
Interest income	1	2
Interest expense, net	(132)	(173)
Other income/(expenses), net	22	1
Division profit/(loss) before income tax	1 402	1 548
<i>Division profit margin</i>	24.3%	22.4%
Grain division Adjusted EBITDA reconciliation		
Division profit/(loss) before income tax	1 402	1 548
Add:		
Interest expense, net of subsidies	132	173
Interest income	(1)	(2)
Foreign exchange (gain)/loss, net	(10)	-
Depreciation and amortisation	510	809
Net change in fair value of biological assets	-	-
Depreciation and amortisation accumulated in harvested crops in stock	94	(273)
Bonuses to employees under long-term incentive program	3	8
Grain division Adjusted EBITDA	2 130	2 263
<i>Adjusted EBITDA Margin</i>	37.0%	32.8%



APPENDIX II:
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR 12 MONTHS ENDED DECEMBER, 31 2019

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
Revenue	120 109	100 422
Net change in fair value of biological assets	(1 379)	1 836
Net revaluation of harvested crops in stock	29	2 242
Cost of sales	(90 896)	(75 318)
Gross profit	27 863	29 182
Selling, general and administrative expense	(17 441)	(14 234)
Other operating (expense) income, net	(110)	664
Share of loss of joint ventures and associates	(123)	(57)
Operating profit	10 189	15 555
Interest income	243	290
Interest expense, net	(4 484)	(3 267)
Other income/(expenses), net	749	(785)
Profit before income tax	6 697	11 793
Income tax (expense) benefit	(46)	187
Profit for the period and total comprehensive income	6 651	11 980
Profit and total comprehensive income, attributable to Cherkizovo Group	6 751	12 004
Non-controlling interests	(100)	(24)



APPENDIX III:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019

RUB mln	31 December, 2019	31 December, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	82 622	82 393
Investment property	664	595
Right-of-use assets	1 567	-
Goodwill	1 628	1 628
Intangible assets	2 335	2 144
Non-current biological assets	2 007	2 673
Investments in joint ventures and associates	3 789	3 518
Long-term deposits in banks	641	641
Restricted cash	-	109
Deferred tax assets	1 214	1 073
Rights to claim debt	4 685	4 685
Other non-current assets	1 239	678
Total non-current assets	102 391	100 137
Current assets		
Biological assets	16 287	15 395
Inventories	13 223	12 429
Taxes recoverable and prepaid	2 396	1 909
Trade receivables, net	5 476	5 733
Advances paid, net	844	875
Other receivables, net	199	1 523
Cash and cash equivalents	3 304	9 613
Other current assets	328	563
Total current assets	42 057	48 040
TOTAL ASSETS	144 448	148 177



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019
Continued

RUB mln	31 December, 2019	31 December, 2018
EQUITY AND LIABILITIES		
Equity		
Share capital	-	-
Treasury shares	(3 724)	(3 724)
Additional paid-in capital	5 622	5 611
Retained earnings	58 507	57 932
Total shareholder's equity	60 405	59 819
Non-controlling interest	879	990
Total equity	61 284	60 809
Non-current liabilities		
Long-term borrowings	43 182	44 643
Long-term lease liabilities	759	-
Deferred tax liability	1 023	996
Total non-current liabilities	44 964	45 639
Current liabilities		
Short-term borrowings	20 790	24 170
Short-term lease liabilities	420	-
Trade payables	11 560	10 830
Advances received	893	576
Payables for non-current assets	656	1 216
Tax related liabilities	1 327	1 325
Payroll related liabilities	2 317	2 707
Other payables and accruals	237	905
Total current liabilities	38 200	41 729
Total liabilities	83 164	87 368
TOTAL EQUITY AND LIABILITIES	144 448	148 177



**APPENDIX IV:
CONSOLIDATED STATEMENT OF CASH FLOWS FOR 12 MONTHS ENDED DECEMBER 31,
2019**

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	6 697	11 793
Adjustments for:		
Depreciation and amortization	7 818	6 045
Change in allowance for expected credit losses	129	118
Foreign exchange (gain)/loss, net	(676)	829
Interest income	(243)	(290)
Interest expense, net	4 484	3 267
Net change in fair value of biological assets	1 379	(1 836)
Revaluation of harvested crops in stock	(29)	(2 242)
Loss (gain) on disposal of property, plant and equipment, net	164	(47)
Loss (gain) on disposal of non-current biological assets, net	60	(192)
Share of loss of a joint venture and associates	123	57
Other adjustments, net	(82)	(52)
Operating cash flows before working capital and other changes	19 824	17 450
Increase in inventories	(465)	(713)
Increase in biological assets	(1 096)	(764)
Decrease/(increase) in trade receivables	108	(1 279)
Decrease in advances paid	45	536
(Increase)/decrease in other receivables and other current assets	(66)	626
Decrease in other non-current assets	8	62
Increase in trade payables	1 175	1 321
(Decrease)/increase in tax related liabilities (other than income tax)	(19)	508
(Decrease)/increase in other current payables	(258)	618
Operating cash flows before interest and income tax	19 256	18 365
Interest received	232	245
Interest paid	(4 254)	(4 159)
Government grants for compensation of interest expense received	1 282	333
Income tax paid	(460)	(606)
Net cash from operating activities	16 056	14 178
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(8 092)	(9 182)
Purchases of non-current biological assets	(1 307)	(944)
Purchases of intangible assets	(504)	(431)
Proceeds from sale of property, plant and equipment	350	181
Proceeds from disposal of non-current biological assets	834	993
Acquisitions of subsidiaries, net of cash acquired	(1 658)	(5 646)
Investments in joint ventures and associates	(788)	(579)
Placing of deposits and issuance of loans	(161)	(101)
Proceeds from repayment of loans issued and redemption of deposits	369	388
Net cash used in investing activities	(10 957)	(15 321)



CONSOLIDATED STATEMENT OF CASH FLOWS FOR 12 MONTHS ENDED DECEMBER 31, 2019

Continued

RUB mln	12 months ended December 31, 2019	12 months ended December 31, 2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	26 295	30 007
Repayment of long-term loans	(21 870)	(21 056)
Proceeds from short-term loans	35 367	22 263
Repayment of short-term loans	(44 604)	(17 212)
Repayment of lease obligations	(420)	-
Dividends paid	(6 176)	(3 922)
Purchase of non-controlling interests	-	(29)
Net cash (used in) from financing activities	(11 408)	10 051
Net (decrease)/increase in cash and cash equivalents	(6 309)	8 908
Cash and cash equivalents at the beginning of the period	9 613	705
Cash and cash equivalents at the end of the period	3 304	9 613