



## Cherkizovo Group announces operating results for June and the second quarter of 2019

**Moscow, Russia – July 10, 2019– Cherkizovo Group (MOEX: GCHE), the largest vertically integrated meat producer in Russia, today announces operating results for June and the second quarter of 2019.<sup>1</sup>**

### Second quarter 2019 highlights:

**Chicken:** Sales volume of 171.5 thousand tonnes increased by 31% y-o-y, as we launched chicken producing assets acquired in late 2018. Average sales price increase of 8% y-o-y is attributed to a low base effect of early 2018 and improvement in the sales mix on the back of branded offering development.

**Turkey:** JV Tambov Turkey sales volume of 8.9 thousand tonnes declined by 15% y-o-y, as we further accumulated some inventory during late spring. Average sales price increased by 22 % y-o-y due to the expansion of Pava-Pava branded products and an overall strong demand for turkey products.

**Pork:** Production and sales volume increased by 16% and 18% respectively, compared to 2Q18 on the back of the expansion of the facilities launched in prior periods. Prices declined by 3% compared to 2Q18, due to higher pork supply coming from both domestic producers and imports.

**Meat Processing:** Sales volume increased by 7%, supported by the significant growth of carcass sales, up 31% y-o-y, which was offset by a decline of sausages and cuts volumes. Average sales price of the segment remained unchanged from a year ago: sausages and cuts prices increased by 5% and 6% respectively, while carcass price declined by 2% y-o-y, 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

	June 2019	June 2018	Change % y-o-y	May 2019	Change % m-o-m
<b>Chicken</b>					
Volume sold, thousand tonnes	56.09	42.55	32%	56.92	(1%)
Average price, RUB/kg	101.68	98.85	3%	103.45	(2%)
<b>Turkey*</b>					
Volume sold, thousand tonnes	2.95	3.70	(20%)	2.95	0%
Average price, RUB/kg	160.26	137.39	17%	164.48	(3%)
<b>Pork**</b>					
Volume produced, thousand tonnes	21.71	17.60	23%	21.75	0%
Volume sold, thousand tonnes	20.84	16.85	24%	21.07	(1%)
Average price, RUB/kg	92.44	100.11	(8%)	98.18	(6%)

<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.

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	June 2019	June 2018	Change % y-o-y	May 2019	Change % m-o-m
<b>Meat Processing</b>					
Volume, thousand tonnes	19.55	19.49	0%	20.81	(6%)
Sausages	8.46	8.88	(5%)	8.64	(2%)
Cuts	2.78	3.06	(9%)	3.36	(17%)
Carcass	7.12	6.61	8%	7.75	(8%)
By-products	1.19	0.94	27%	1.06	12%
Average price, RUB/kg	163.51	165.72	(1%)	167.33	(2%)
Sausages	186.23	182.37	2%	185.77	0%
Cuts	214.13	196.87	9%	212.97	1%
Carcass	137.25	145.58	(6%)	143.49	(4%)
By-products	40.99	47.83	(14%)	47.06	(13%)
<b>Samson***</b>					
Volume sold, thousand tonnes	1.55	N/A	-	1.65	(6%)
Average price, RUB/kg	202.71	N/A	-	197.70	3%

**Quarterly performance**

	2Q 2019	2Q 2018	Change % y-o-y	1Q 2018	Change % q-o-q
<b>Chicken</b>					
Volume sold, thousand tonnes	171.52	130.98	31%	151.60	13%
Average price, RUB/kg	100.34	93.12	8%	103.56	(3%)
<b>Turkey*</b>					
Volume sold, thousand tonnes	8.93	10.56	(15%)	8.22	9%
Average price, RUB/kg	164.01	134.36	22%	177.10	(7%)
<b>Pork**</b>					
Volume produced, thousand tonnes	67.04	57.65	16%	68.13	(2%)
Volume sold, thousand tonnes	64.76	54.99	18%	65.94	(2%)
Average price, RUB/kg	95.88	98.46	(3%)	89.17	8%
<b>Meat Processing</b>					
Volume, thousand tonnes	61.47	57.47	7%	53.56	15%
Sausages	25.38	26.79	(5%)	22.53	13%
Cuts	9.49	10.22	(7%)	7.70	23%
Carcass	23.24	17.76	31%	20.01	16%
By-products	3.36	2.69	25%	3.32	1%



	2Q 2019	2Q 2018	Change % y-o-y	1Q 2018	Change % q-o-q
Average price, RUB/kg	165.96	165.46	0%	162.85	2%
Sausages	187.21	178.07	5%	193.82	(3%)
Cuts	211.15	198.86	6%	203.30	4%
Carcass	141.63	144.23	(2%)	132.50	7%
By-products	46.10	53.41	(14%)	41.74	10%
<b>Samson***</b>					
Volume sold, thousand tonnes	4.80	N/A	-	5.03	(5%)
Average price, RUB/kg	211.87	N/A	-	201.04	5%

\* 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.

\*\*\* Volumes and prices reflect total sales of Samson – Food products, an associate company where the Company has 75% interest.

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

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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.

Cherkizovo encompasses seven 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).