

MHP poultry sales rise 9.2% yoy in 1Q18

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Analyst: "We remain bullish on MHP stock and neutral on its Eurobonds."

KYIV, Apr 19, 2018 - Ukraine's leading poultry producer MHP (MHPC LI, MHPSA) reported poultry sales rose 9.2% yoy (or a 18.9% qoq jump) to 135.3 kt in 1Q18, Concorde Capital informed clients based on the company's trading update published on Apr. 18. The company produced 152.2 kt of poultry in 1Q18, a 7.3% yoy increase (or a 7.5% qoq increase). The company's domestic sales decreased 3.5% yoy and rose 5% qoq to 72.2 kt, while export volumes grew 28.5% yoy to 63.1 kt (or a 40.2% qoq increase) in 1Q18. The average poultry price was USD 1.42kg in 1Q18, which is 21.9% higher yoy and 6.0% lower qoq. It implies MHP's revenue from poultry sales rose 33.1% yoy to about USD 192 mln in 1Q18. Also, MHP reported information about conditions of winter crops that (winter wheat, rapeseed and barley) were sowed on around 87,000 ha. So the company expects a good harvest of winter crops. Concorde analyst Andriy Perederey added: "The increase in MHP's poultry sales volumes, especially the share of exports in total sales, will be the key driver of the company's bottom line in 2018, while strong poultry prices, in both local currency and USD terms, will support the poultry segment's financial results. Also, good winter crop conditions should have reduced the risk of lower farming segment results. We remain bullish on MHP stock and neutral on its Eurobonds.

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