Russian Meat Producer Makes Multimillion Dollar Profits From Import Bans

By [The Moscow Times](#)

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Russian poultry and pork producer Cherkizovo returned to a strong profitability.

Russian poultry and pork producer Cherkizovo said it expected 2014 results to exceed market expectations if pork prices remain at present levels.

Cherkizovo's profit margins were squeezed last year by high grain prices but the pressure has abated recently due to a good harvest, while a ban on meat imports from the United States, Brazil and most recently Poland due to diseases has supported domestic prices for pork.

"We can definitely say that after a very challenging 2013, the group returned to a strong profitability," Sergei Mikhailov, Cherkizovo CEO, said in a statement announcing results.

The company reported a $25 million net profit for the first quarter, compared with a $600,000 loss a year ago, despite a 2 percent fall in revenue to $377 million that was mainly

due to a weakening of the ruble.

In ruble terms, revenue rose 13 percent in the quarter, helped by the acquisition in March of poultry producer LISKO Broiler.

Poultry sales rose 13 percent and pork sales grew 17 percent, with average prices up 1 percent and 28 percent respectively. Higher meat prices helped offset the increase in grain costs in March which was caused by political instability in Ukraine and the devaluation of the ruble against the dollar.

"We expect that grain prices will decrease once again as the new harvest comes to the market. ... If pork prices remain at today's levels, the company will show strong financial results in 2014 that will exceed market expectations," the company said.

Russia's Agriculture Ministry has recently lifted its forecast for the country's grains crop to 100 million tons from an earlier forecast of 95 million, compared with last year's harvest of 92.4 million tons.

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