

Business description -

1 producer of shell eggs and dry egg products in Ukraine and Europe* :

- 31% share of the industrial production of shell eggs in Ukraine in 9M 2016
- 84% share of the production of dry egg products in Ukraine in 9M 2016

Vertically integrated business model and production facilities across Ukraine:

- Total production capacity of 8.6 bln eggs and 30.1 mln laying hens**
- New full cycle poultry complexes Avis and Chornobaivske with total production capacity of 3.5 bln eggs and 11.2 mln laying hens
- Shell egg processing capacity of 6 mln eggs per day

The leading exporter of shell eggs and dry egg products from Ukraine:

- 67%*** share of the export market of shell eggs and dry egg products in Ukraine in 9M 2016
- Export sales generated 43% of the consolidated revenue
- Diversified geographical sales outreach in the EU, Asia, the Far East, MENA and the CIS
- Sales of dry egg products to the EU generated 39% of the export revenue

Diversified sales structure:

- Share of sales through supermarkets chains and exports rose to 58% and 17% of total sales respectively. The share of less profitable wholesale sales reduced to 25%

*According to data from SSCU, Pro-Consulting, Egg Industry Journal (www.WATTAgNet.com)

** Including temporarily closed facilities in the East and Crimea with a total capacity of 8.4 mln laying hens

*** The Company's calculations

Our brand

Packaged shell eggs under the "Kvochka" umbrella brand are represented in the most popular consumer price segments



Financial summary

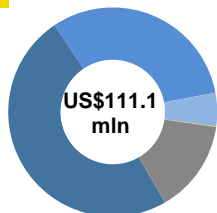
USD'000	9M 2015	9M 2016
Revenue	176,477	111,105
Gross profit	12,920	3,173
EBITDA	(84,303)	(10,018)
Net Profit/(Loss)	(150,486)	(38,769)
EPS, USD	(23)	(6)

Operational summary

	9M 2015	9M 2016
Total flock, mln heads	19.0	13.8
Laying hens, mln heads	13.7	10.6
Shell egg production, mln pcs	2,735	1,895
Shell egg sales, mln pcs	2,308	1,093
Shell egg av. sales price, UAH/egg (excl. VAT)	1.13	1.26
Dry egg product production, tonnes	6,567	8,612
Dry egg product sales, tonnes	8,695	6,169
Egg product av. sales price, USD/kg	5.57	5.66

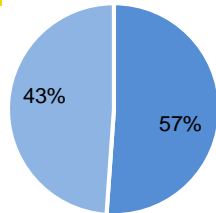
Key diagrams

Revenue by segments, %



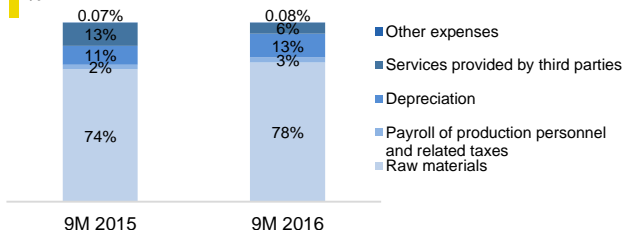
- Shell eggs, 48.9%
- Egg products, 31.4%
- Poultry, 5.2%
- Animal Feed, 0.1%
- Other, 14.4%

Export revenue, %



- Domestic
- Export

Cost of sales by elements, %

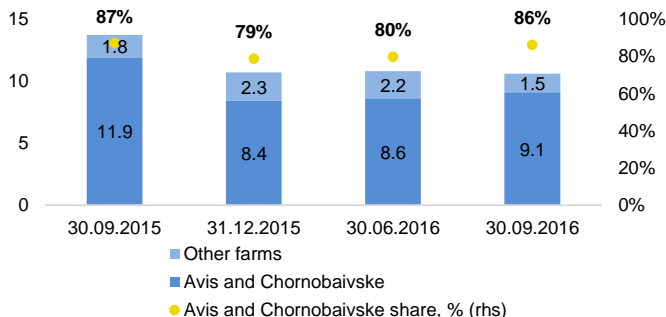


Poultry flock

One of the largest numbers of laying hens globally*:

- 13.8 mln total flock as at 30.09.2016
- 10.6 mln laying hens flock as at 30.09.2016
- 86% of laying hens are at the Avis and Chornobaivske complexes

Total number of laying hens, mln heads



*According to data from SSCU, Pro-Consulting, Egg Industry Journal (www.WATTAgNet.com)

Macro and industry overview

Macroeconomic stability in Ukraine has been improving in 2016, as reflected by decelerating inflation YoY, slower currency depreciation and a mild GDP recovery:

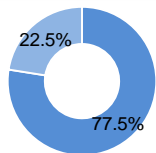
- GDP up 0.1 YoY in Q1 2016, 1.4% YoY in Q2 2016 and 1.8% YoY in Q3 2016
- FX market has been rather stable since March, however the Ukrainian Hryvnia depreciated 18% YoY against the US dollar during 9M 2016
- Inflation has accelerated since June to 7.9% YoY in September driven by increased utility tariffs (electricity and gas). However according to IMF, inflation will not exceed 15.1% at the year end (2015: CPI of 48.7%)
- Retail trade turnover on a slow recovery from February, rising to 3.3% YoY in September

Increasing costs, low purchasing power of population and changes in the tax regime for agricultural producers limiting the development of industrial egg production

- In 9M 2016 industrial production of shell eggs declined 20% YoY mainly due to subdued private consumption that largely resulted from adverse exchange rate movements over the last 2.5 years
- During Q2 and Q3 2016 the price of shell eggs in the national currency declined by 2% and 7% YoY respectively. This, combined with the ongoing devaluation and rising production costs, adds pressure on industrial producers of shell eggs
- Price of feed in Ukraine grew more than 10% YoY as a result of inflation and an increase in grain prices as a result of renewal of export VAT refunds

Source: SSCU, Company data

Shareholder structure -



■ Ukrlandfarming PLC ■ Free Float



Eurobonds

On 28 October 2015, via Scheme of Arrangement the Company extended maturity of its Eurobonds from 29 October 2015 to 29 October 2018

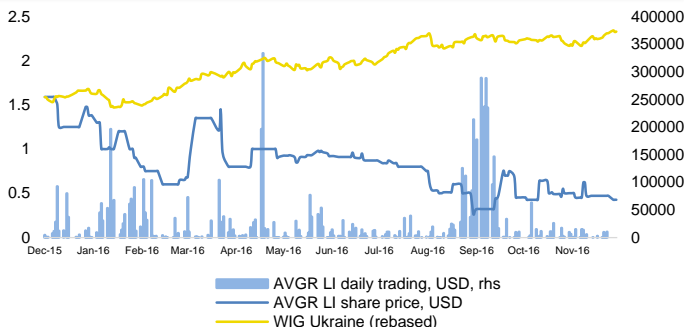
Format	Reg S																					
Amount	USD 200 mln																					
Maturity	29 October 2018																					
Coupon	<ul style="list-style-type: none"> The 5% coupon payable on 29 October 2015 (representing the semi-annual payment of the existing 10% coupon) was paid as follows: (i) 2% in cash and (ii) 3% as payment in kind ("PIK"); 10% payable semi-annually in arrears on 29 April and 29 October of each year, commencing 29 April 2016, but subject to the following PIK and cash payment provisions: <table border="1"> <thead> <tr> <th>Interest payment date</th> <th>PIK interest %</th> <th>Cash interest %</th> </tr> </thead> <tbody> <tr> <td>29.04.16</td> <td>75</td> <td>25</td> </tr> <tr> <td>29.10.16</td> <td>75</td> <td>25</td> </tr> <tr> <td>29.04.17</td> <td>50</td> <td>50</td> </tr> <tr> <td>29.10.17</td> <td>50</td> <td>50</td> </tr> <tr> <td>29.04.18</td> <td>25</td> <td>75</td> </tr> <tr> <td>29.10.18</td> <td>0</td> <td>100</td> </tr> </tbody> </table>	Interest payment date	PIK interest %	Cash interest %	29.04.16	75	25	29.10.16	75	25	29.04.17	50	50	29.10.17	50	50	29.04.18	25	75	29.10.18	0	100
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Listing	LSE
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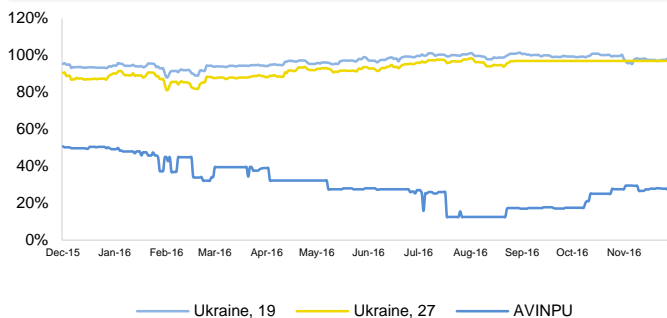
GDRs

Ticker	AVGR
Stock exchange	LSE
Deal size	1,437,500 new ordinary shares in the form of GDRs
Use of proceeds	Finalization of new capacity expansion programs
Proceeds	USD 208 mln
Offer price	USD 15.0 per GDR

GDR performance -



Eurobond price -



Board of directors -



Oleg Bakhmatyuk
Chairman of the Board
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Mr. Bakhmatyuk graduated from the Chernivtsi Institute of Economics and Law with a degree in business administration and from the Ivano-Frankivsk National Technical University of Oil and Gas with a degree in engineering, physics and management. Oleg Bakhmatyuk founded Avangard in 2003 and Ukrlandfarming PLC in 2007. Between 2010 and 2013 Mr. Bakhmatyuk served as Chairman of the Board of Directors of AVANGARDCO IPL, remaining on the Board after this time. Mr. Bakhmatyuk again took over as Chairman of the Board of Directors of AVANGARDCO IPL in April 2016. Since 2010 Mr. Bakhmatyuk has served as Chairman and CEO of UkrLandFarming PLC. Oleg Bakhmatyuk owns several other companies in the food, transport, real estate and finance sectors.



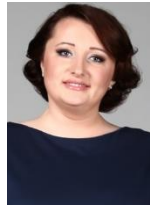
Oleg Pohotsky
Board Member
Independent director
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Mr. Pohotsky holds a MBA from the Harvard University Graduate School of Business and a Juris Doctor degree from the University of Miami Law School. He also holds a BSChE degree from Clarkson University. Mr. Pohotsky has been the managing partner of Right Bank Partners, a corporate governance and strategy advisory firm. He serves as Chairman of the Board of the H&Q Healthcare and Life Sciences Funds and as a director of the New America High Income Fund. All three closed-end funds are NYSE-listed. Mr. Pohotsky also serves on the Board of Advisors of Kaufman & Co., a Boston-based boutique investment banking firm and in the position of Senior Advisor to Governance Metrics International. Mr. Pohotsky has served as an independent non-executive Director of the Company since 2011.



Nataliya Vasylyuk
Board Member, CEO
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Ms. Vasylyuk obtained a Finance and Accounting degree from the Ivano-Frankivsk National Technical University of Oil & Gas in 2005. She began her career in 2004 as sales and marketing director at LLC Prykarpattia Financial Company, then from 2004 to 2007 she served as CFO at LLC Stanislavska Trade Company. Nataliya Vasylyuk joined Avangard in 2007. Between 2007 and 2010 she served as CEO and from April 2010 to January 2013 while staying on as CEO she also became a member of the Board of Directors of AVANGARDCO IPL. Nataliya Vasylyuk served as Chair of the Board from January 2013 to April 2016. She retook the position of CEO in April 2016.



Iryna Melnyk
Board Member
CFO
[Read more](#)

Ms. Melnyk graduated from the Economy Faculty of Stefanyk Prykarpattia National University in 2002 with a degree in business administration. She was appointed as financial director of Stanislavska Trading Company in 2005 and was appointed CEO of Ukrmyaso in 2007. Ms. Melnyk joined Avangard in 2010 as Deputy Chief Financial Officer. Iryna Melnyk was promoted to Chief Financial Officer of AVANGARDCO IPL in 2013. Ms. Melnyk became a member of the Board of Directors of AVANGARDCO IPL in September 2016.

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