



H1 2012 Financial Results Presentation

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AVANGARD'S PRESENTATION TEAM



Iryna Marchenko
Chief Financial Officer



George Givishvili
Chief Marketing Officer

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APPENDIX

1. BUSINESS AND OPERATIONS OVERVIEW

1.1. AVANGARD's OVERVIEW

#1 egg / dry egg products producer in Ukraine*

- 53% share in the industrial production of shell eggs in 1H2012
- 93% share in the production of dry egg products in 1H2012

#1 producer in Eurasia/ #2 producer globally**

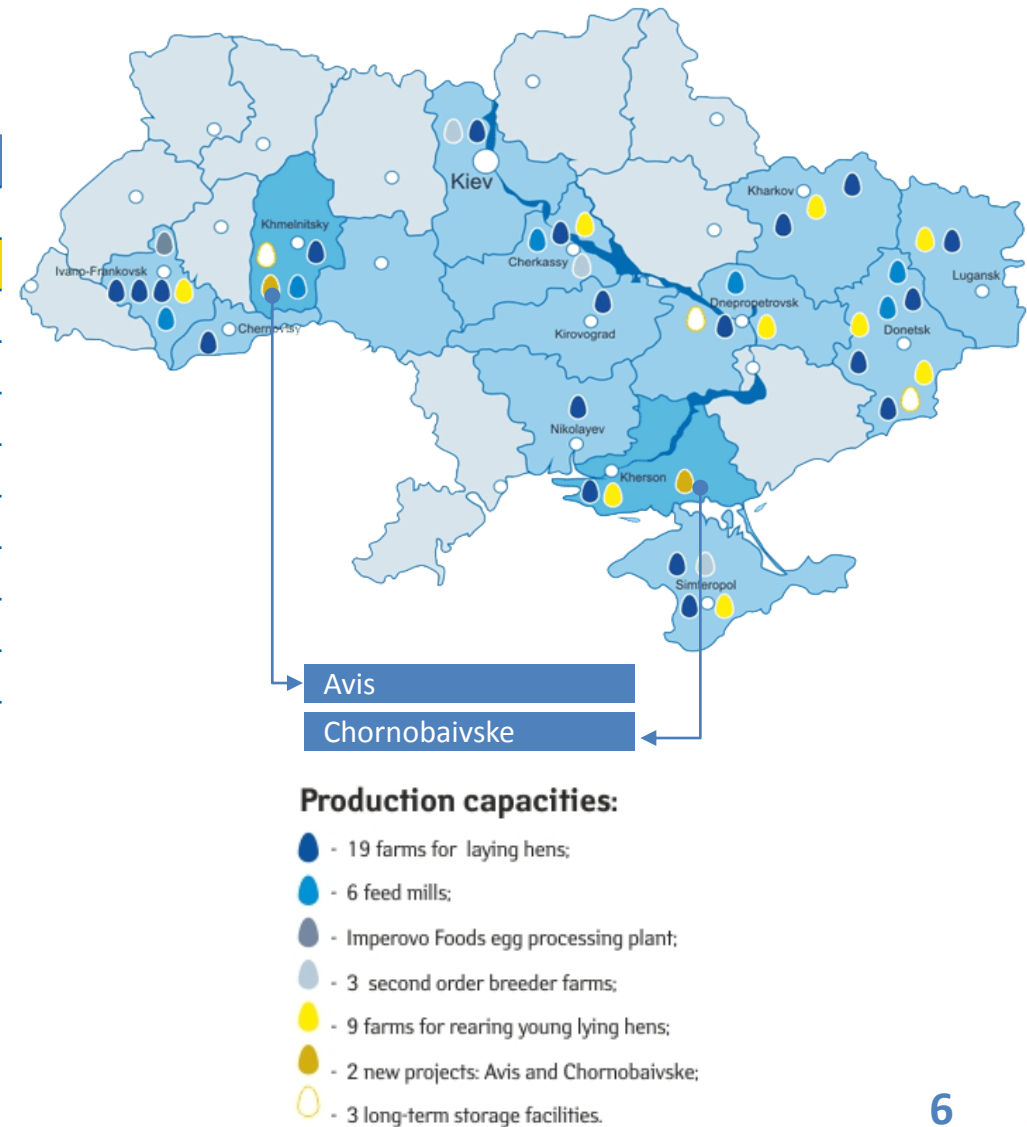
Company	Country	Laying Hens (mln heads)
Cal-Maine Foods	USA	29
Avangard	Ukraine	21
Proteina Animal	Mexico	19
Rose Acre Farm	USA	18
Moark	USA	14
Bachoco	Mexico	12
Rembrandt Enterprises	USA	11
Hillandale Group	USA	10
Michael Foods	USA	10
Sparboe Foods	USA	10

Investment projects update

- greenfield Avis and Chornobaivske complexes and Imperovo are on schedule
- production sites are fully compliant with European standards
- the actual utilization of the sites corresponds to the operational plans of the Company

*According to data from SSCU, Pro-Consulting

** as at YE2011, according to World Poultry Magazine



1.2. STRONG OPERATIONAL AND FINANCIAL PERFORMANCE

Strong operational performance

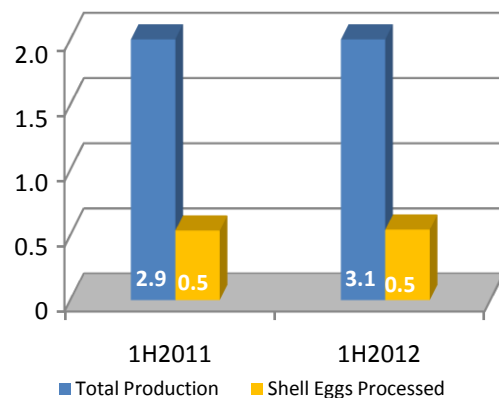
- Shell eggs production (+8%): 3.1 bln pcs in 1H2012 vs. 2.9 bln pcs in 1H2011
- Average selling shell eggs price grew by 26%
- Dry egg products production (+22%): 7.1 thou tons in 1H2012 vs. 5.8 thou tons in 1H2011
- Export sales of eggs and egg products in egg equivalent reached 342 mln.pcs.
- Sales to supermarkets: 31% in 1H2012 vs. 30% in 1H2011
- Poultry flock (+6%): 25.9 mln heads in 1H2012 vs. 24.4 mln heads in 1H2011

Strong financial performance

- Revenue (+27%): \$284m in 1H2012 (\$224m in 1H2011)
- EBITDA (+34%): \$122m in 1H2012 (\$91m in 1H2011)
- EBITDA margin (+2%): 43% in 1H2012 (41% in 1H2011)
- Net debt/EBITDA**: -0.02 in 1H2012

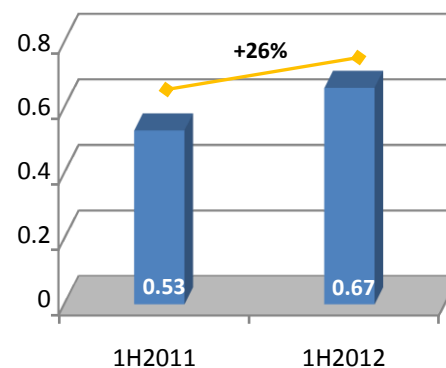
**based on LTM EBITDA

Production of Shell Eggs and Egg Products in Egg Equivalent, bln pcs



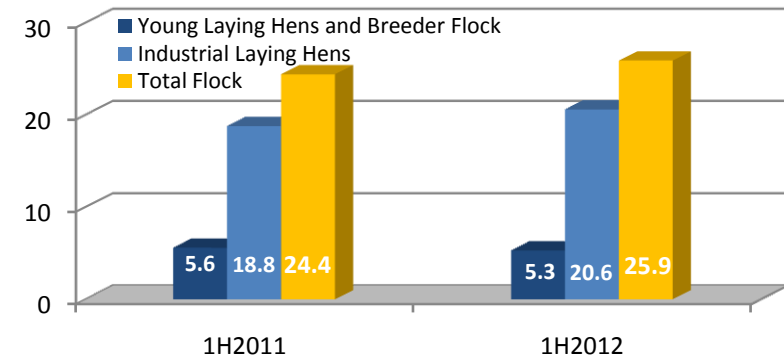
*Source: Avangard's data

Average Selling Price of Eggs, UAH per egg (excl. VAT)



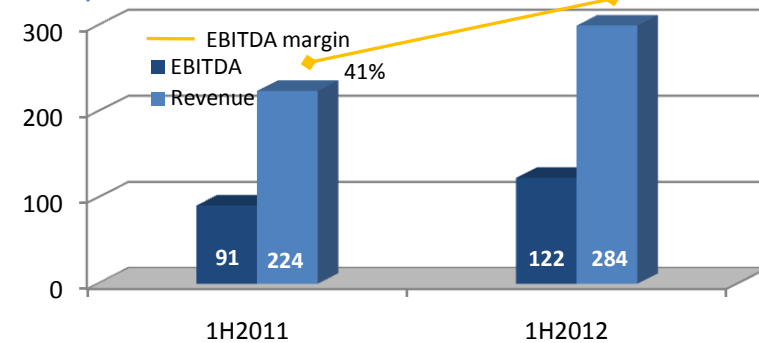
*Source: Avangard's data

Industrial Laying Hens Flock, mln heads



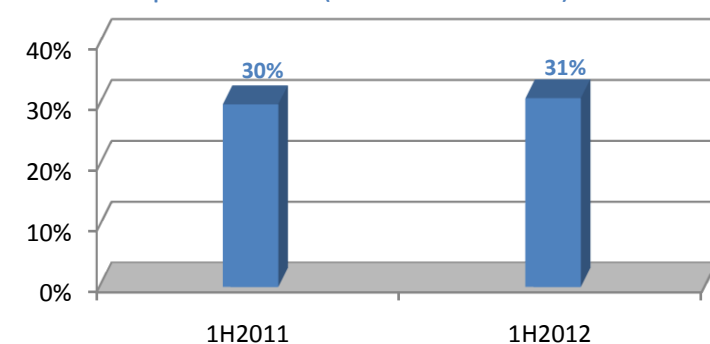
*Source: Avangard's data

Key Financial Indicators, USD mln.



*Source: Avangard's data

Sales to Supermarkets (in volume terms)

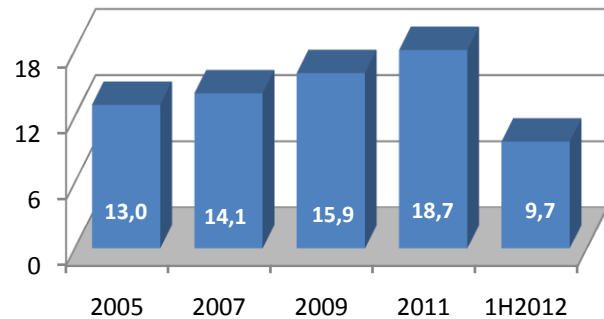


*Source: Avangard's data

2. MARKET REVIEW

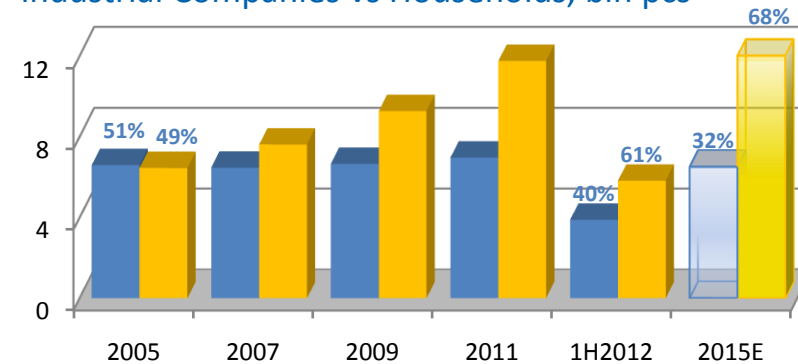
2.1. UKRAINIAN EGG MARKET TRENDS

Production of Shell Eggs in Ukraine, bln pcs



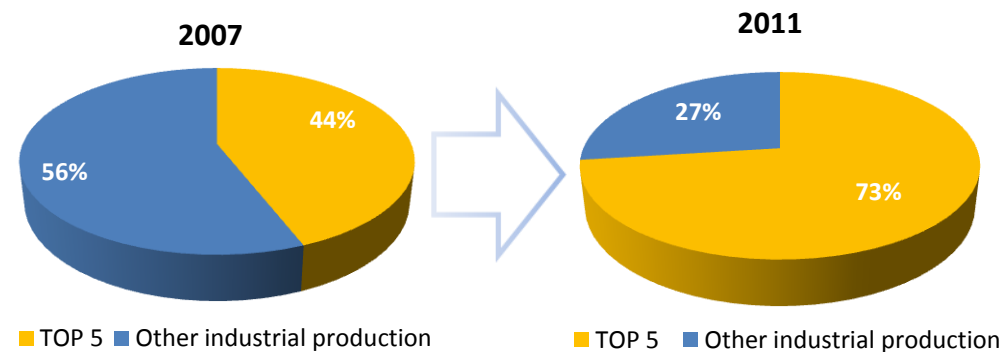
* Source: SSCU, Pro-Consulting

Industrial Companies vs Households, bln pcs



* Source: SSCU, Pro-Consulting ■ Households ■ Industrial companies

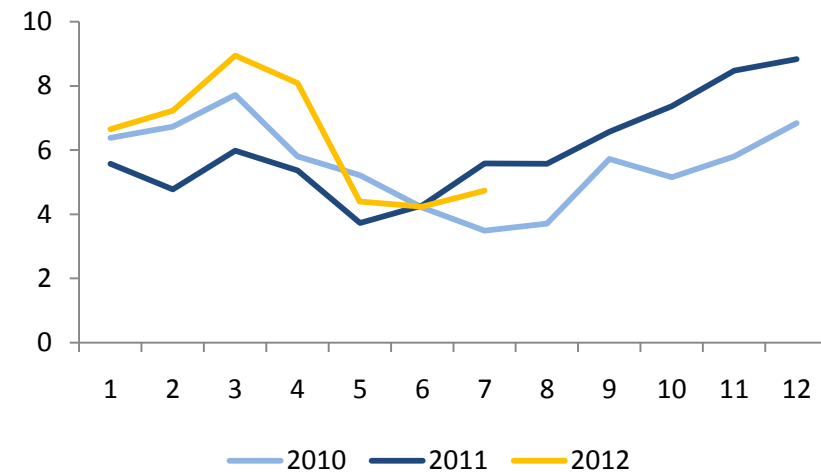
Industry Consolidation, Share in Industrial Production of Eggs



TOP 5 = Avangard, Inter-Zaporozhie, Ovostar, Kievsk, Agrofirma Berezanska PF

* Source: Pro-Consulting

Eggs Price, Ukraine, UAH/dozen of eggs



* Source: Pro-Consulting

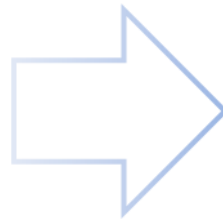
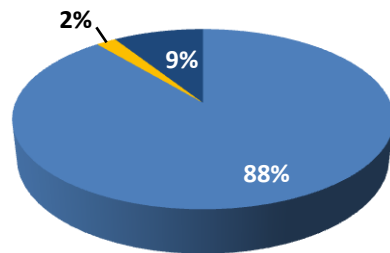
Market consolidation will drive further price increases

2.2. STREAMLINE DISTRIBUTION AND CUSTOMER BASE

Sales of Eggs by Distribution Channels, %

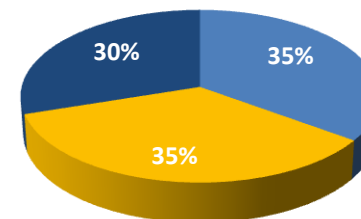
2009

Wholesale customers: 280
Key account customers: 12



2012

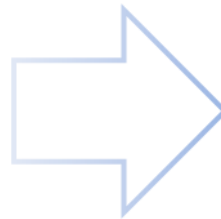
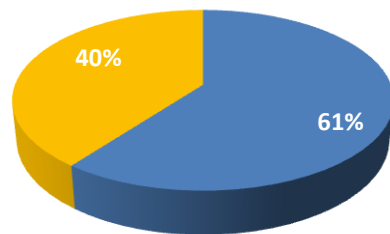
Wholesale customers: 62
Key account customers: 28



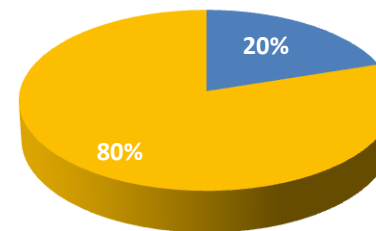
■ Wholesale
■ Modern Trade
■ Export

Sales of Egg Products by Distribution Channels, %

2009



2012



■ Ukraine
■ Export

Key Domestic Customers of Egg Product



КОНДИТЕРСКАЯ КОМПАНИЯ

- Growing focus on modern trade (supermarket chains) as primary distribution channel
- Exclusive contracts with key local and leading multinational food manufacturers

2.3. VALUE ADDED PRODUCT LINE

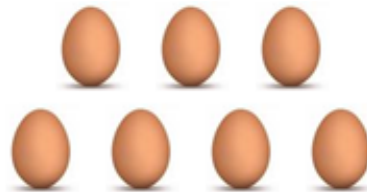
Sales of Branded Eggs

1H2011



x 7 times

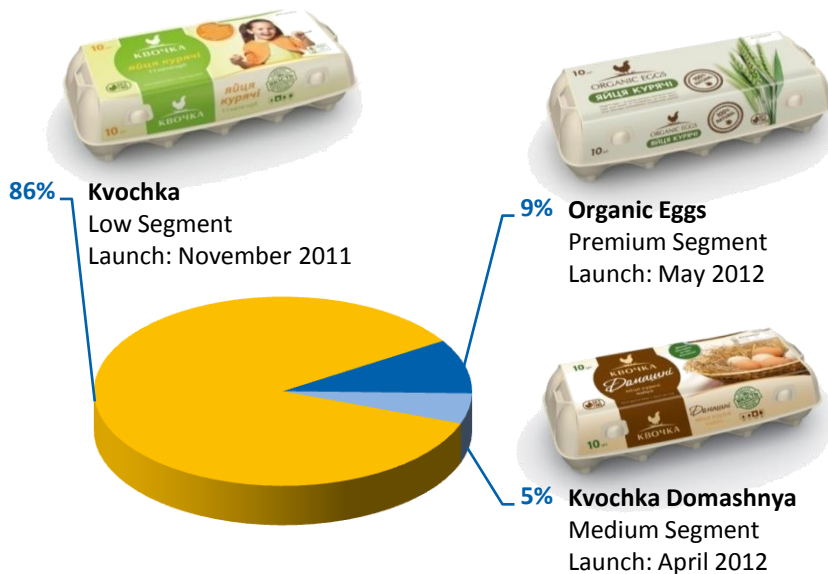
1H2012



Sales of “Kvochka” by Avangard’s Major Key Accounts

Supermarket	%
ATB	35%
Silpo	33%
Pakko	8%
Veluka Kushenya	7%
Eko	7%
Karavan	3%
Metro	3%
Ekspansyya	2%
Krai	2%

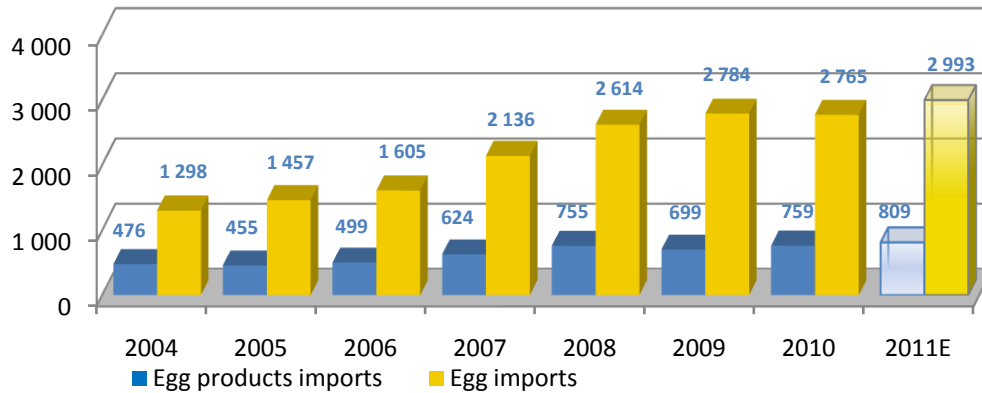
Sales of Packaged Shell Eggs in 1H2012



- “Kvochka” demonstrates positive dynamics in the leading largest Ukrainian supermarket chains
- “Kvochka” shows a steady growth since the YE2011 supported by introduction of new SKU’s
- We target 50% market share by the end of 2012 due to further initiatives
- Packaged shell eggs under the “Kvochka” umbrella brand are represented in the most popular consumed price segments.

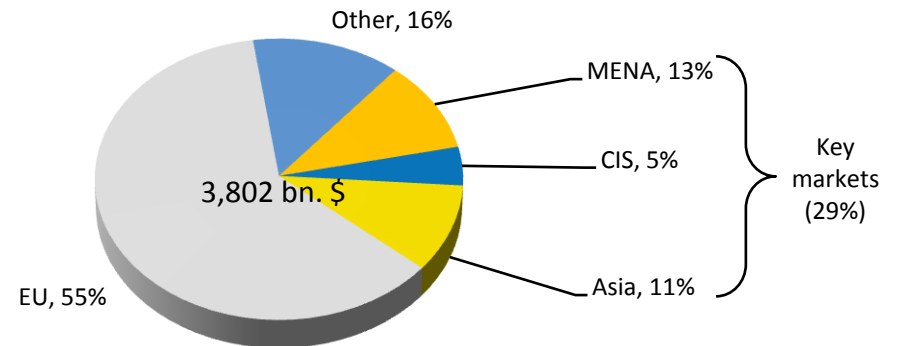
2.4. WORLD MARKET TRENDS

World Imports of Eggs and Egg Products, \$mln



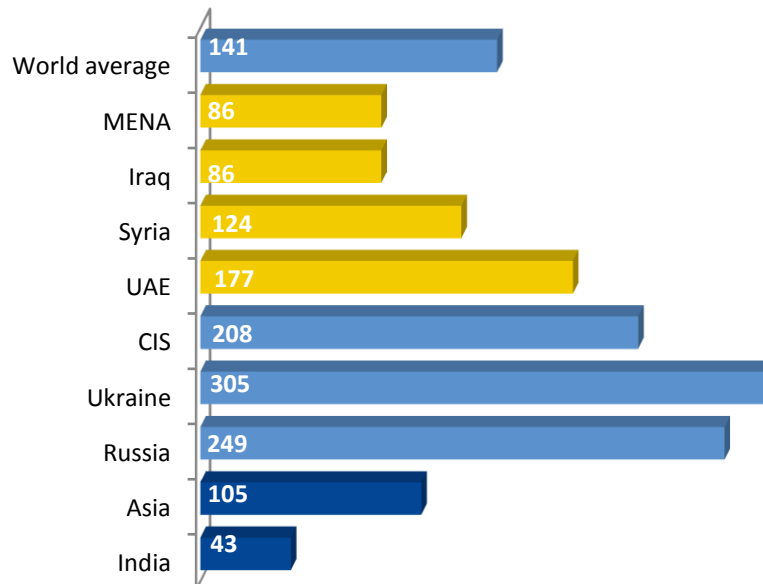
* Source: International Trade Center, Pro-Consulting

World Imports of Eggs and Egg Products in 2011E, \$mln



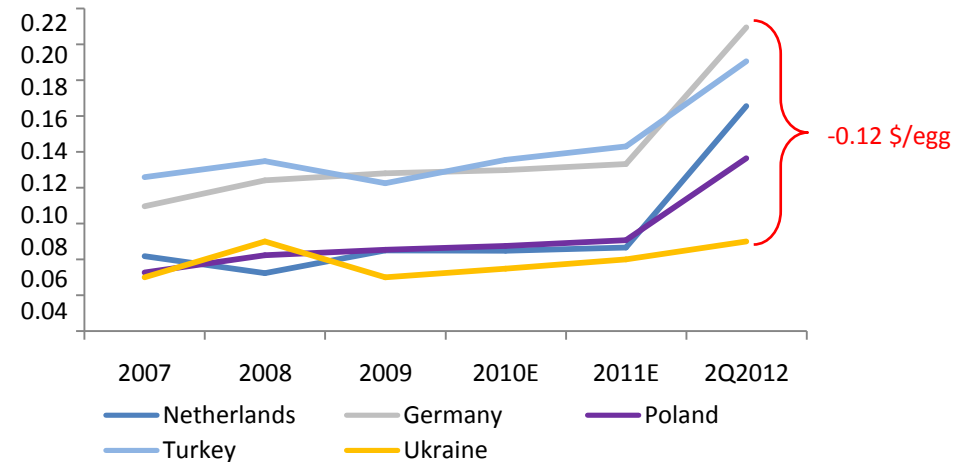
* Source: International Trade Center

Egg Consumption per Capita in 2011, pcs per year



* Source: FAO, SSCU, Pro-Consulting, International Trade Center

Producer Price of Eggs among the Largest Exporters in 2011, \$/egg**



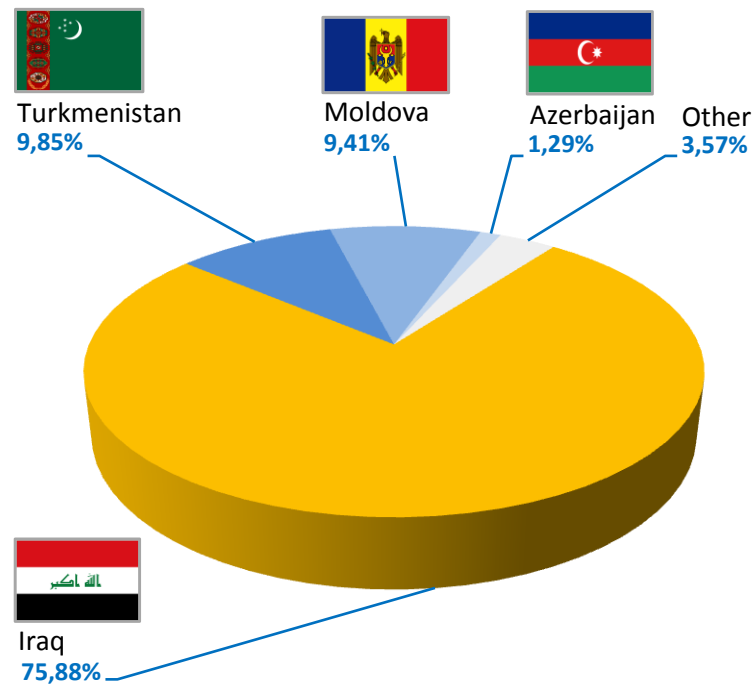
* Source: FAOstat, Pro-Consulting ** 1 egg ≈ 57.75 g

Note: av. price in the EU in Jun'12 grew by 34% y-o-y after enforcement implementation of EU Directive in Jan'12 vs. 4% decrease in Jun'2011 y-o-y

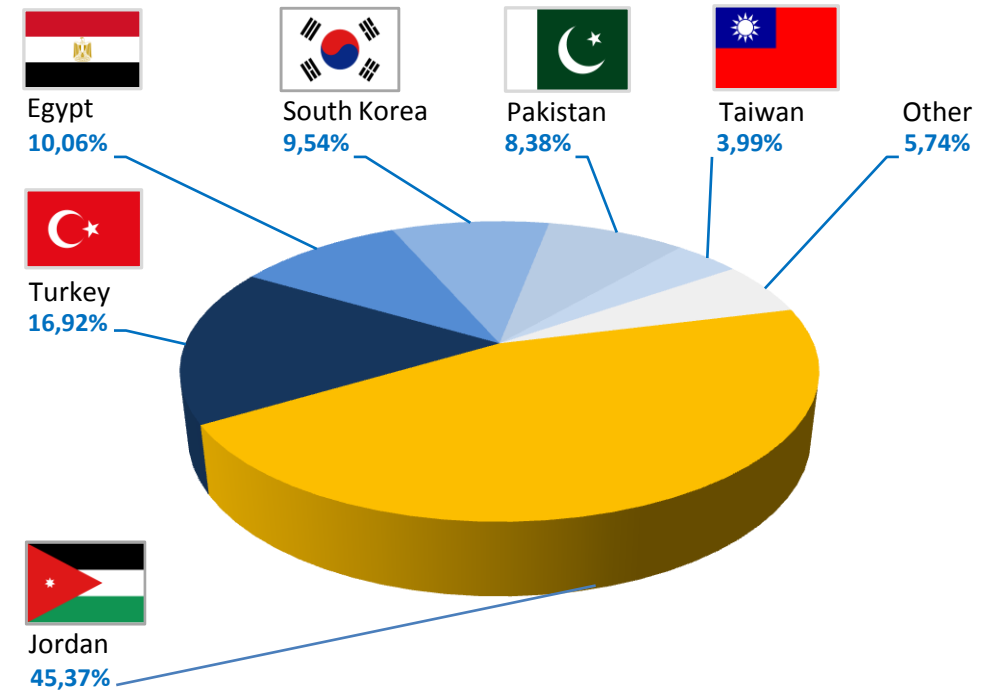
Emergence of middle class in MENA and Asia will further drive consumption of eggs/egg products in the region

2.5. FOCUS EFFORTS ON INCREASING EXPORT CAPACITY

Eggs Sales by Market (Key Markets) in 1H2012, % (in natural terms)



Egg Powder Sales by Market (Key Markets) in 1H2012, % (in natural terms)



* Source: SSCU, Avangard's data

- Avangard supplies Iraq with eggs, while also playing key role in CIS trade
- MENA and Asian markets are key export markets for egg products

2.6. EXPORT – INCREASING CAPACITY

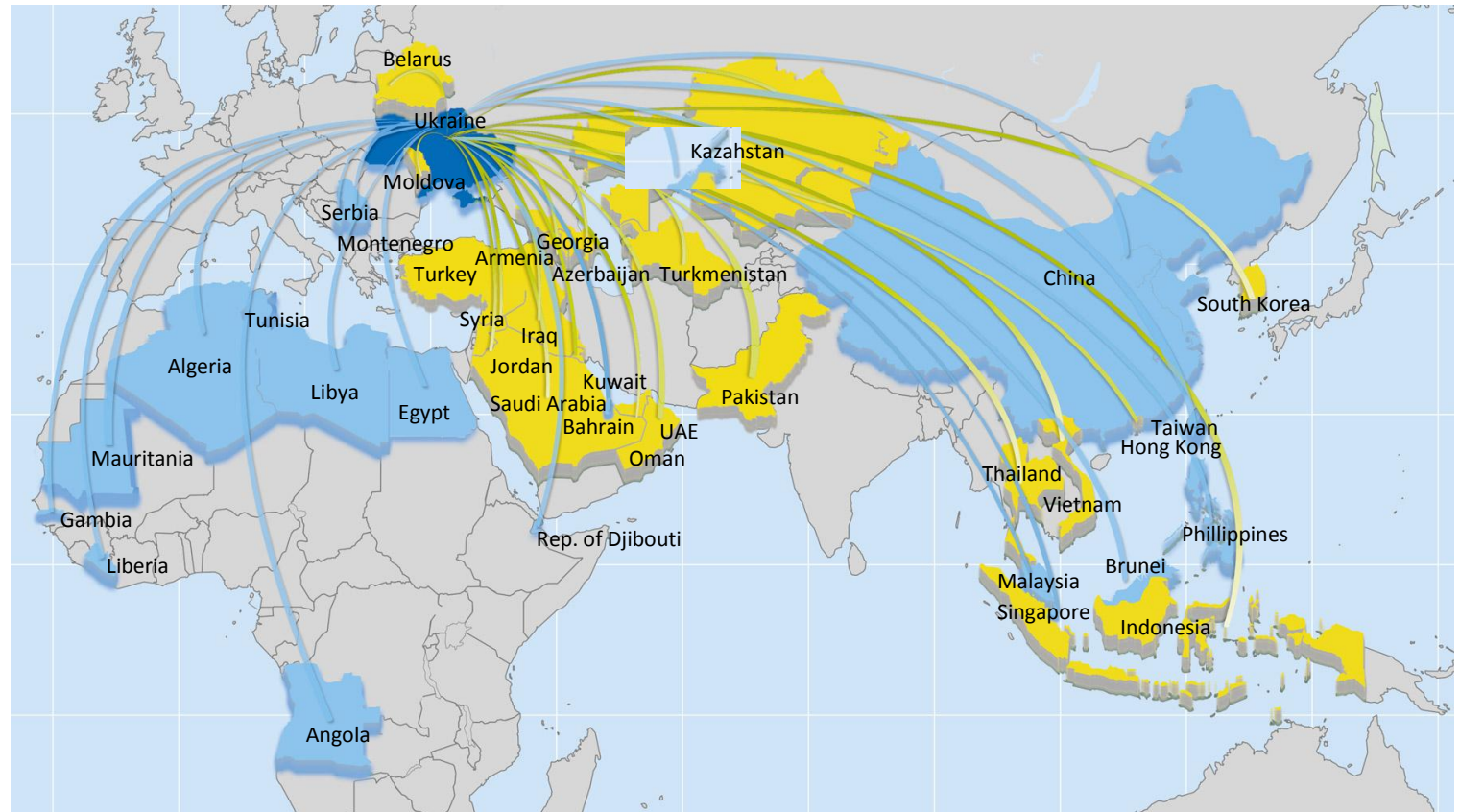
2009-2011

Armenia
Azerbaijan
Belarus
Georgia
Hong Kong
Indonesia
Iraq
Jordan
Kazakhstan
Kuwait
Moldova
Oman
Pakistan
Saudi Arabia
South Korea
Syria
Thailand
Turkey
Turkmenistan
UAE
Vietnam

+2012

✓ Algeria
✓ Angola
✓ Bahrain
China
✓ Egypt
✓ Gambia
✓ Liberia
✓ Libya
✓ Malaysia
✓ Mauritania
Montenegro
Philippines
✓ Rep. of Djibouti
Serbia
✓ Singapore
✓ Taiwan
✓ Tunisia

✓ *The company is already exporting to these markets*



Total for 2009-2011: **21 markets**
Total for 2009-2012: **38 markets**

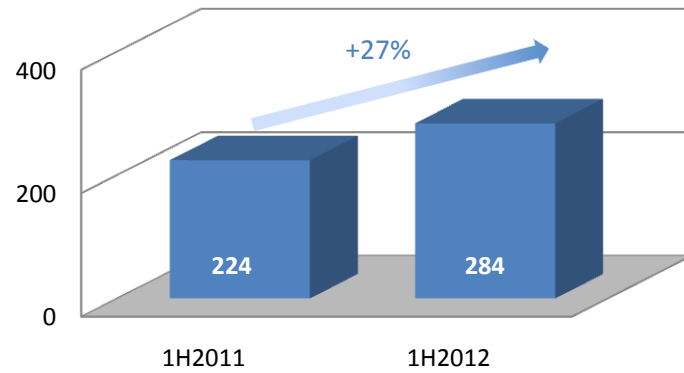
**Shell eggs are transported within 28 days.*

Avangard's export strategy is aimed at expanding into key markets

3. FINANCIAL RESULTS

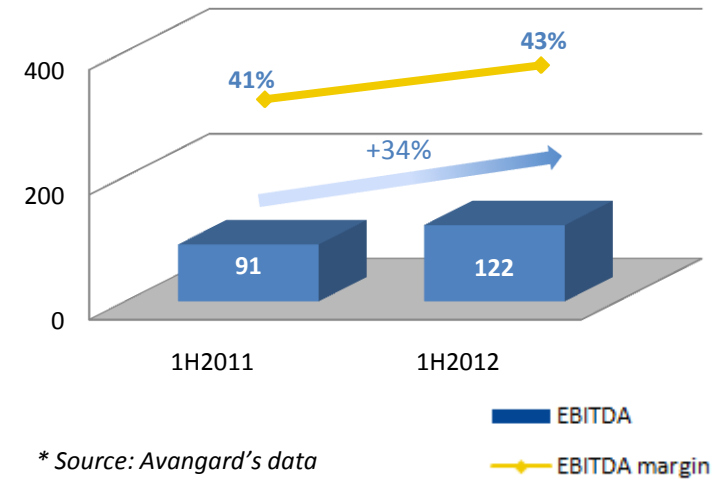
3.1. KEY FINANCIAL HIGHLIGHTS: 1H2012 vs 1H2011

Revenue, \$mIn



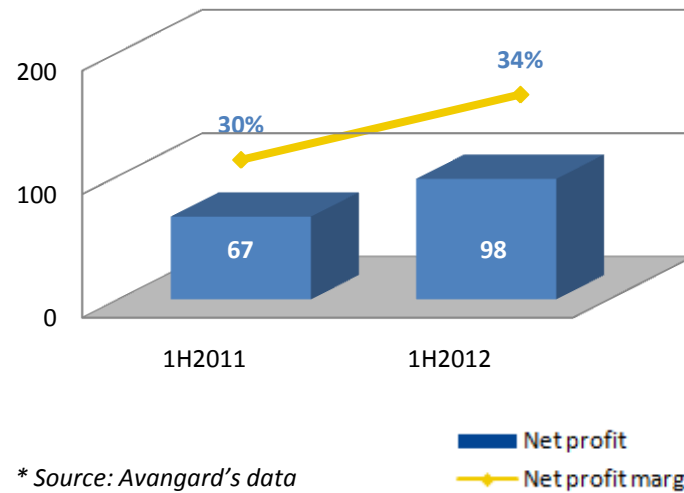
* Source: Avangard's data

EBITDA, \$mIn



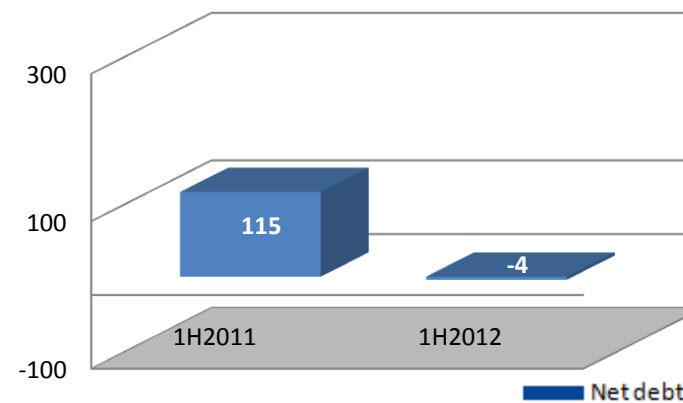
* Source: Avangard's data

Net Profit, \$mIn



* Source: Avangard's data

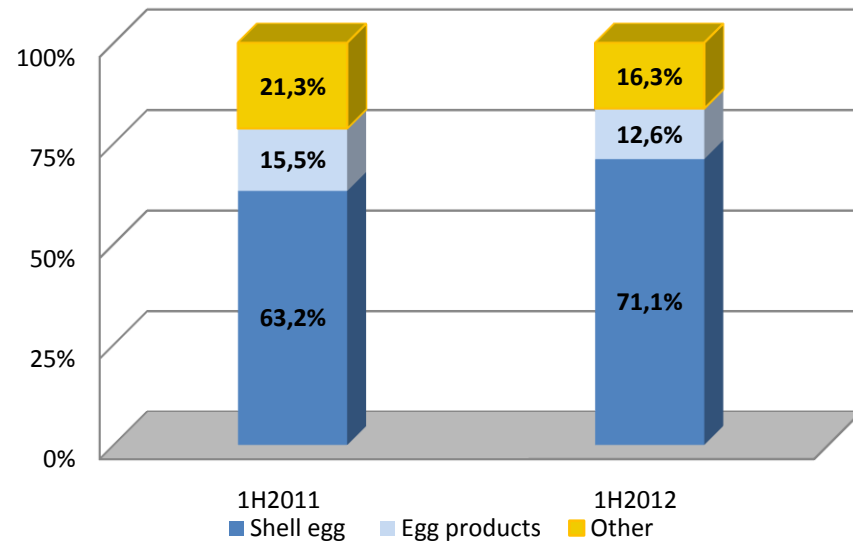
Net Debt Position, \$mIn



* Source: Avangard's data

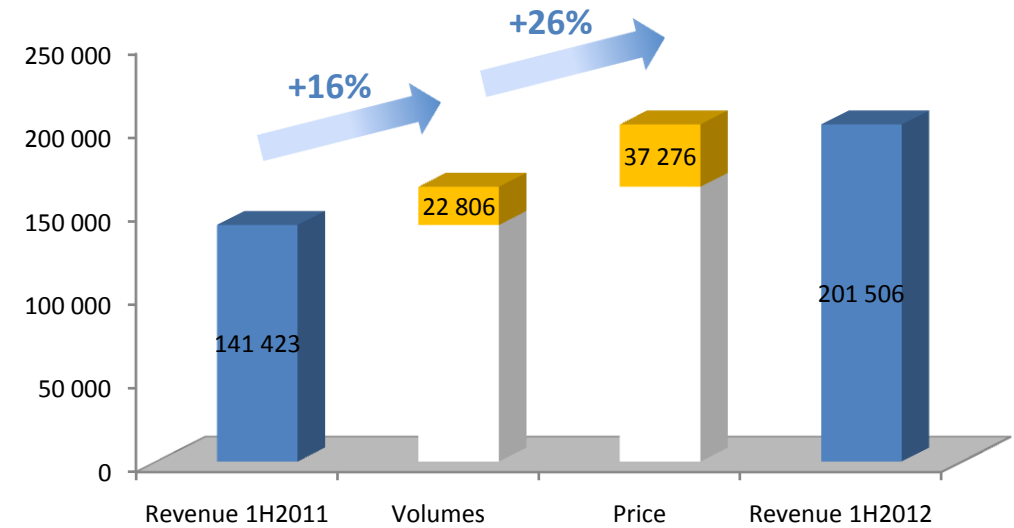
3.2. KEY SEGMENT RESULT

Sales Revenue Structure, US\$ thou



* Source: Avangard's data

Drivers of Shell Eggs Revenue Growth in 2011, US\$ thou



* Source: Avangard's data

SALES REVENUE, USD'000	1H2011	1H2012	change, %
Shell egg	141,423	201,506	+42%
Egg products	34,808	35,803	+3%
Other	47,709	46,253	-3%



The share in key segments (eggs and egg products) increased in 1H2012

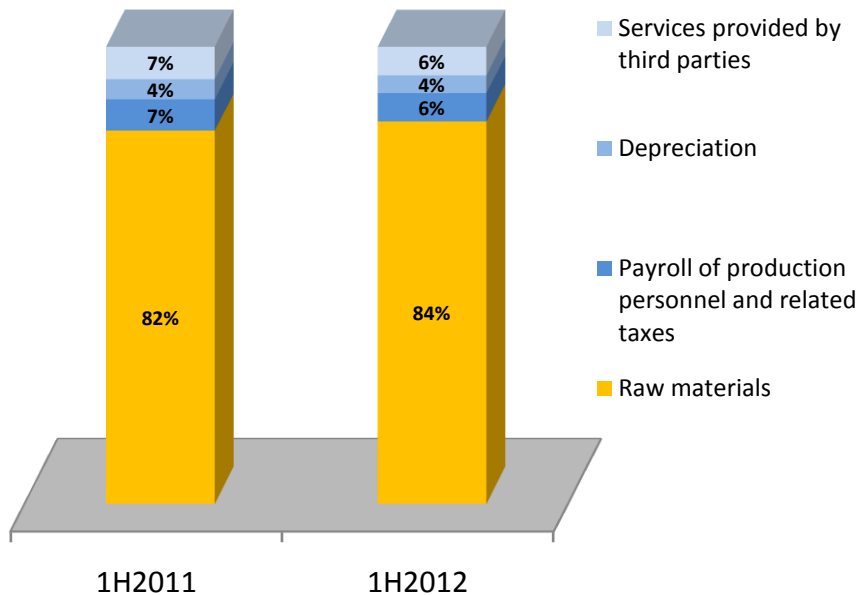
3.3. COST STRUCTURE

Cost of Sales

\$'000	1H2011	1H2012
Raw materials	126,482	157,318
Salaries and wages	10,620	11,653
Depreciation	6,864	7,321
Services provided by third parties	11,001	11,777
Other	33	83
Total COGS	155,000	188,152

* Source: Avangard's data

Cost of Sales Structure

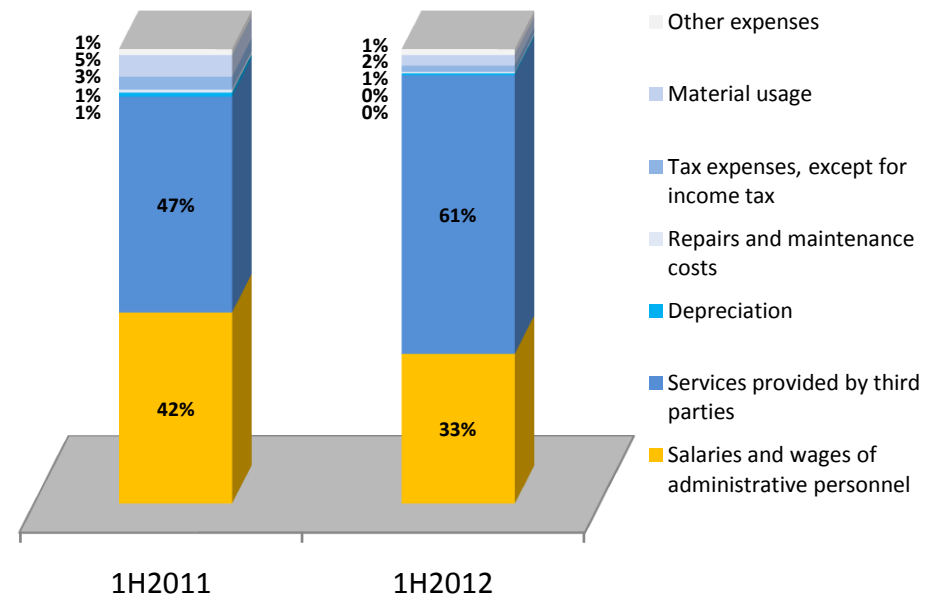


General and Administration

\$'000	1H2011	1H2012
Salaries and wages	2,108	4,038
Services provided by third parties	2,378	7,516
Depreciation	46	53
Repairs and maintenance	32	38
Tax expenses, except for income tax	143	166
Material usage	239	289
Other	65	158
Total G&A	5,011	12,258

* Source: Avangard's data

General and Administration Costs Structure

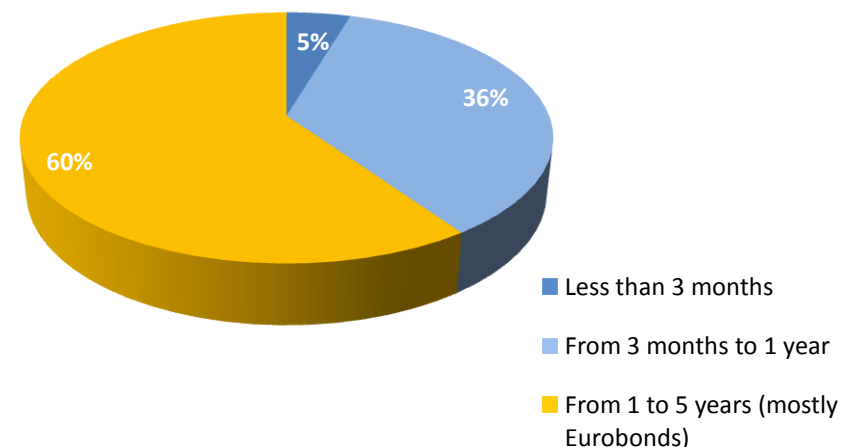


3.4. DEBT STRUCTURE

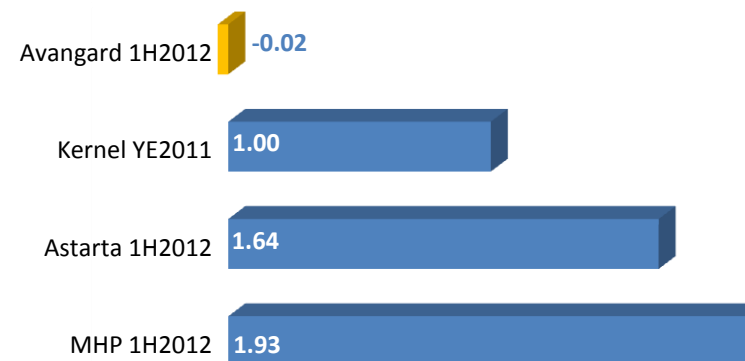
\$'000	1H2011	1H2012	% change
Total Debt	(262,303)	(328,245)	+3,2%
Long-term	(215,646)	(231,150)	-1,1%
Short-term	(46,656)	(91,990)	+ 17,8%
Cash and Cash Equivalents	146 578	332,617	
Financial Assistance Issued	889	-	
Net Debt/(Net Cash)	114,836	(4,372)	
Net Debt/6M EBITDA	1.3	-0.04	
Net Debt/LTM EBITDA	0.5	-0.02	

* Source: Avangard's data

Structure of Working Capital Components by Maturity, in \$ m



Net Debt/EBITDA*



*Based on LTM EBITDA, Companies FS



- Most of Avangard's debt is composed of long-term bonds issued in October, 2010
- Net Debt ratio is on a very attractive level compared to traded Ukrainian peers

4. INVESTMENT PROJECTS UPDATE

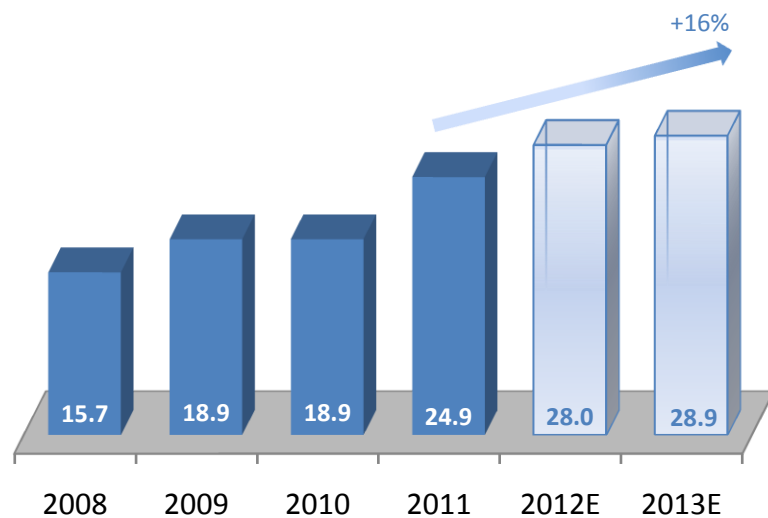
4.1. INCREASING CAPACITY TO BECOME WORLD'S #1 PRODUCER: AVIS AND CHORNOBAIVSKE

Breakdown of Capital Expenditure

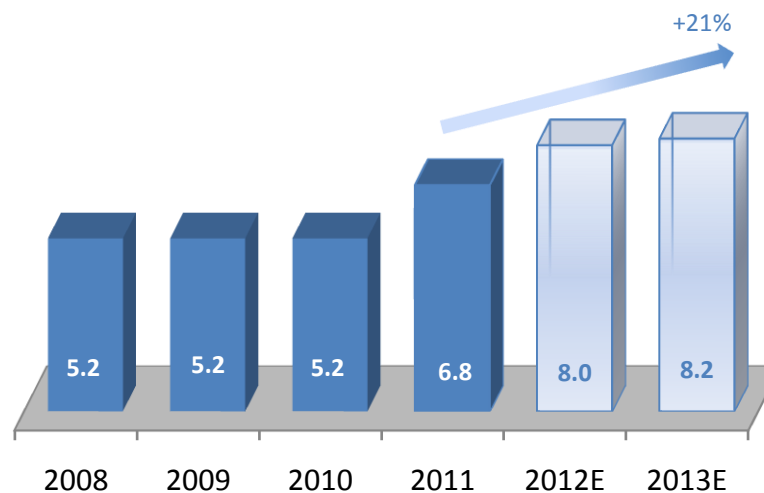
\$ mln	Before IPO	2010	2011	2012	2013	Total
Avis	124	54	59	70	0	307
Chornobaivske	147	14	51	72	20	304
TOTAL CAPEX	271	68	110	142	20	611

* Source: Avangard's data

Capacity, mln laying hens



Capacity in Production of Shell Eggs, bln pieces



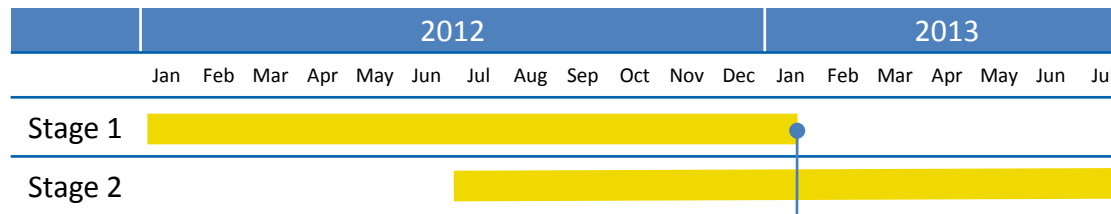
4.2. INCREASING CAPACITY TO BECOME WORLD'S #1 PRODUCER

Breakdown of Capital Expenditure

\$ mln	2012	2013
Imperovo Foods	158	2

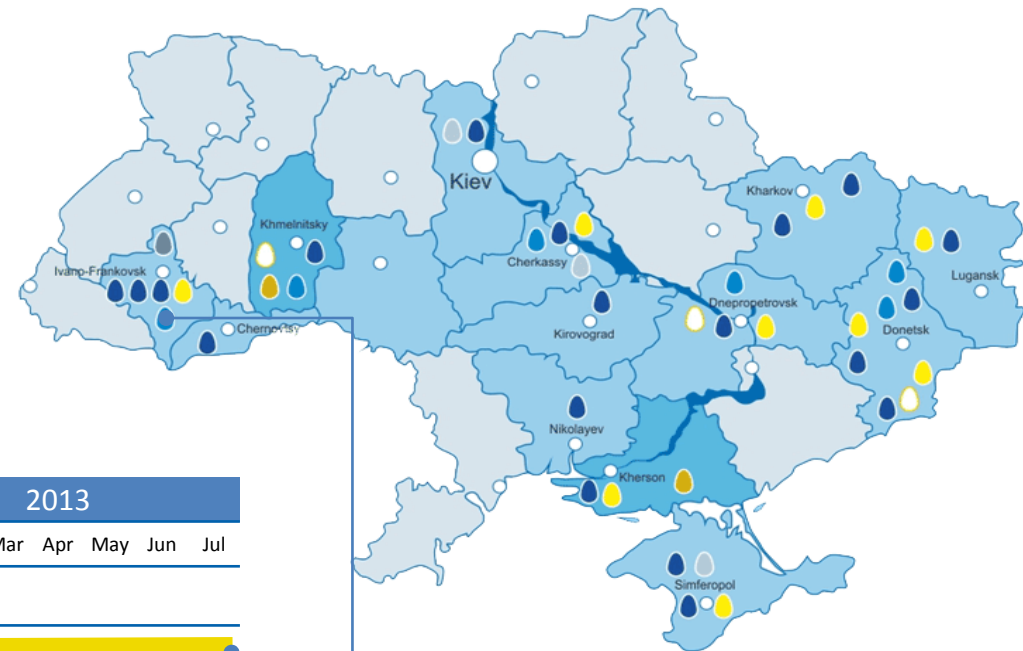
* Source: Avangard's data

Imperovo Expansion - Indicative Timetable



- gradual increase of processing capacity from 3 to 6 mln eggs per day
- gradual increase of processing capacity from 6 to 10 mln eggs per day

* Source: Avangard's data



Imperovo Foods

Production capacities:

- 19 farms for laying hens;
- 6 feed mills;
- Imperovo Foods egg processing plant;
- 3 second order breeder farms;
- 9 farms for rearing young laying hens;
- 2 new projects: Avis and Chornobaivske;
- 3 long-term storage facilities.

5. OUTLOOK

STRATEGY TO DELIVER FURTHER GROWTH

1

Expand Production Facilities and Increase Efficiency

- Completion of ongoing investment projects Avis and Chornobaivske to increase total capacity to 28.9 mln of laying hens and to 8.2 bln shell eggs by 2013
- Expansion of Imperovo production facilities from 3 mln to 10 mln shell eggs per day
- Construction of biogas plants to efficiently utilize chicken manure

2

Continue to Explore Market Potential to Maximize Profitability

- Solidify the company's market share in Ukraine supported by:
 - consolidation in the market and decline of household production
 - competitive cost structure due to the vertical integration

3

Streamline Distribution and Expand Customer Base

- Negotiate direct contracts with local retailers and introduce "private labels"
- Introduce innovative customer loyalty programs
- Develop and expand cooperation with multinational FMCG companies in Ukraine (Nestle, Kraft foods, etc.)

4

Develop and Introduce Value Added Product Lines

- Capitalize on growing "Kvochka" and the introduction of "Organic Eggs" brands
- Further development of portfolio of the value added proposition under "Kvochka" brand umbrella
- Extend packaged egg category beyond Ukraine with tailor made offers / private labels for export markets

5

Focus Efforts on Increasing Export Capacity

- Capitalize on the rising demand from the Middle East, Asia and CIS
- Capture additional demand from the EU after obtaining necessary export permits
- Enter the Russian market (regulation permitting)

Avangard's strategy is aimed at maximizing its shareholder value

6. Q&A

APPENDIX

1H2012 FINANCIAL HIGHLIGHTS – BALANCE SHEET

US\$'000	1H2011	1H2012	change, %
NON-CURRENT ASSETS	544,497	695,566	+28%
Fixed Assets	405,773	574,88	
Non-Current Biological Assets	53,617	45,557	
Other	85,107	75,129	
CURRENT ASSETS	584,832	721,935	+23%
Cash & cash equivalents	146,578	332,617	
Inventories	185,039	165,595	
Trade Accounts Receivable	69,652	29,992	
Other	183,563	193,731	
TOTAL ASSETS	1,129,329	1,417,501	+26%
TOTAL EQUITY	812,142	1,036,580	
NON-CURRENT LIABILITIES	222,344	207,650	
CURRENT LIABILITIES	94,843	173,271	
TOTAL LIABILITIES	317,187	380,921	+20%
NET DEBT	114,836	-4,372	-104%

1H2012 FINANCIAL HIGHLIGHTS – INCOME STATEMENT

US\$'000	H1 2011	H1 2012	change, %
REVENUE	223,940	283,562	+27%
Income from revaluation of biological assets at fair value	15,561	19,684	
Cost of sales	-155,24	-189,308	
GROSS PROFIT	84,263	113,938	+35%
General administrative expenses	-5,011	-12,258	
Distribution expenses	-3,553	-7,958	
Income from government grants and incentives	0,159	0,153	
Income from special VAT treatment	11,231	18,935	
Other operating income/expenses, net	-2,992	1,673	
OPERATING PROFIT/(LOSS)	84,097	114,483	+36%
Financial income	0,829	0,420	
Financial expenses	-15,766	-17,298	
PROFIT BEFORE TAX	69,16	97,605	+41%
Income tax expenses	-2,124	-0,005	
PROFIT/(LOSS) FOR THE PERIOD	67,036	97,600	+46%
EBITDA	91,194	122,127	+34%
<i>% margin</i>	41%	43%	

1H2012 FINANCIAL HIGHLIGHTS – CASH FLOW STATEMENT

US\$'000	1H2011	1H2012
PROFIT BEFOR INCOME TAX	69,160	97,605
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	77,522	100,534
(Increase)/decrease in net working capital	-47,501	51,821
Interest paid	-4,046	-5,099
Income tax paid	-0,003	-0,037
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	25,972	147,219
Purchases of PP&E	-50,916	-50,994
(Increase)/Decrease in bank deposits	0,230	-
Net cash generated from/(used in) other investment activities	-	0,420
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	-50,686	-50,574
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	-11,774	-1,847
Effects of translation into presentation currency	0,001	0,005
Decrease/ (increase in restricted cash)	-9,879	1,200
NET INCREASE/(DECREASE) IN CASH	-46,366	96,003
Cash at the beginning of the year	183,065	230,640
Cash at the end of the year	136,699	326,643