28 November 2014

AVANGARDCO INVESTMENTS PUBLIC LIMITED

FINANCIAL RESULTS FOR THE FIRST NINE MONTHS OF 2014

Kyiv, Ukraine – AVANGARDCO INVESTMENTS PUBLIC LIMITED (LSE: AVGR) (the "Company" or "AVANGARDCO IPL"), the largest producer of shell eggs and egg products in Ukraine and number one producer in Eurasia, announces its financial results for the first nine months of 2014 ended September 30, 2014.

Financial highlights for 9M 2014

- Consolidated revenue amounted to US$354.7 mln, a decrease of 24% YoY (9M 2013: US$466.5 mln).
- Export sales revenue increased by 4% YoY to US$134.8 mln or 38% of the Company's consolidated revenue (9M 2013: US$130.2 mln).
- Gross profit decreased by 45% YoY to US$102.1 mln (9M 2013: US$186.6 mln).
- Operating profit was 64% lower YoY at US$67.6 mln (9M 2013: US$187.0 mln) and included a one-off impairment charge.
- EBITDA declined by 47% YoY to US$108.6 mln (9M 2013: US$205.7 mln) with EBITDA margin of 31%.
- Net loss amounted to US$5.7 mln (9M 2013: net profit of US$162.0 mln). Net loss included losses on foreign exchange of US$49.5 mln.

Operational Highlights

- Production of shell eggs totaled 5.114 bln units (9M 2013: 5.118 bln units).
- Sales of shell eggs to external clients amounted to 3.499 bln units, down by 6% YoY (9M 2013: 3.742 bln units).
- Export of shell eggs increased by 32% YoY to 462 mln units (9M 2013: 349 mln units).
- The average sales price of shell eggs was UAH 0.71 per unit, excluding VAT, up by 9% YoY (9M 2013: UAH 0.65 per unit, excluding VAT).
- The volume of shell eggs processed for the production of dry egg products increased by 20% YoY to 1.518 bln units (9M 2013: 1.268 bln units).
- The production of dry egg products was up by 15% YoY to 17,739 tonnes (9M 2013: 15,457 tonnes).
- The average sales price of dry egg products was US$ 6.51/kg, down by 14% YoY (9M 2013: US$ 7.61/kg).
- As at September 30, 2014 the total poultry flock was 25.9 mln hens, down by 18% YoY (September 30, 2013: 31.4 mln). The number of laying hens amounted to 18.5 mln, down by 25% YoY (September 30, 2013: 24.6 mln).

Irina Marchenko, Chief Executive Officer of AVANGARDCO IPL, commented:

"The military conflict in Eastern Ukraine and as a consequence – an economic instability, unfortunately, affected the Company's financial results for the nine months of 2014. The devaluation of the Ukrainian Hryvnia against the US dollar by approximately 38% year-on-year was the main reason behind the decrease in our profitability. Our profitability was further impacted by a one-off impairment charge.
As a result of the ongoing military operations in Eastern Ukraine, we were forced to reduce the population of laying hens at affected poultry farms and, subsequently, suspended operations at the

poultry farm "Chervonyi Prapor" (including the rearing farm) in the Lugansk region and at the poultry farm "Interbusiness" in the Donetsk region. We were no longer able to ensure the safety of our employees and the continuity of the production process at these entities. The total capacity of the poultry farms “Chervonyi Prapor” and “Interbusiness” is around 3 mln laying hens or approximately 10% of the Company’s total capacity.

The demand for shell eggs in Ukraine was negatively impacted by the decline in the financial solvency of the population and the loss of markets in the zone of the conflict. As a result we have reduced the capacity utilization at our poultry farms across Ukraine to reflect the existing demand.

We continue to implement our strategy of growing export sales, entering new export markets and seeking the increase in the sales of shell eggs to the supermarket chains in the domestic market."

# # #

The management will host a conference call and webcast for investors and analysts on Monday, December 1, 2014 at 09.00 am US Eastern time, 14.00 pm UK time, 16.00 pm Kiev time and 17.00 pm Moscow time.

NAME:	AVANGARDCO Q3 2014 FINANCIAL RESULTS
ID:	# 40944595
UK Free call	0800 694 2573
Russia Free call	8108 002 565 2044
USA	1877 391 1148
UK Standard International	+44 (0) 1452 580 733

A live webcast of the presentation will be available at:
https://webconnect.webex.com/webconnect/onstage/g.php?MTID=ef0382e6dd781899c177af9d821b8c524

Financial results for the first nine months ended September 30, 2013 are available on the Company’s website at: http://avangard.co.ua/eng/for-investors/financial-overview/financial-reports/interim-reports/?_changedef_=1.

Please register approximately 15 minutes prior to the start of the call.

Financial Summary

	Units	**9M 2014**	**9M 2013**	Change
Consolidated Revenue	US$ ‘000	**354,693**	466,542	(24%)
Gross Profit	US$ ‘000	**102,085**	186,597	(45%)
Gross Profit Margin	%	**29%**	40%	-
EBITDA	US$ ‘000	**108,628**	205,738	(47%)
EBITDA Margin	%	**31%**	44%	-
Operating Profit	US$ ‘000	**67,638**	186,973	(64%)
Operating Margin	%	**19%**	40%	-
Net Profit	US$ ‘000	**(5,747)**	161,968	-
Net Profit Margin	%	**-**	35%	-

In the first nine months of 2014, the Company's consolidated revenue amounted to US$354.7 mln (9M 2013: US$466.5 mln). A 24% year-on-year decrease in the consolidated revenue was primarily due to the Ukrainian Hryvnia devaluation against the US dollar by approximately 38% as well as the decline in the sales price of dry egg products by 14% year-on-year and in the sales of shell eggs to third parties by 6% year-on-year. However, the increase in export sales coupled with growth of sales to retail chains has partially offset the decline in the Company's consolidated revenue.

The Company's revenues from the export of shell eggs and dry egg products increased by 4% year-on-year to US$134.8 mln (9M 2013: US$130.2 mln) and totaled 38% of the Company's consolidated revenue.

In the reporting period, cost of sales in dollar terms fell by 16% year-on-year and amounted to US$261.1 mln (9M 2013: US$309.4 mln) due to the Ukrainian Hryvnia devaluation against the US dollar. The cost of sales in Hryvnia terms increased due to the growth of certain cost components.

As a result, the Company's gross profit was down by 45% year-on-year to US$102.1 mln (9M 2013: US$186.6 mln). Gross profit margin amounted to 29%.

In the first nine months of 2014, EBITDA was down by 47% year-on-year to US$108.6 mln (9M 2013: US$205.7 mln) as a result of increased production costs. EBITDA margin was 31%.

Operating profit fell by 64% year-on-year to US$67.6 mln (9M 2013: US$187.0 mln) due to an impairment charge as a result of closure of production operations in Crimea, as well as the poultry farm "Chervonyi Prapor" and its rearing farm and poultry farm "Interbusiness" and "Vyhlehirskyi feed mill" in the Donetsk and Lugansk regions.

In the first nine months of 2014, the Company generated a net loss of US$5.7 mln (9M 2013: net profit of US$162.0 mln) including losses on foreign exchange of US$49.5 mln (9M 2013: US$0.7 mln).

Cash flow

As at September 30, 2014, net cash flow from operating activities was US$41.2 mln (30 September 2013: US$142.8 mln) due to the increase in trade receivables, which resulted from the extension of payment periods upon the lower demand for products following an unstable situation in Eastern Ukraine. There was a further increase in inventories and a decrease in prepayments from customers and losses on foreign exchange.

Net cash used in investing activities amounted to US$54.9 mln (30 September 2013: US$181.2 mln). The decrease in cash used in investing activities was due to the completion of financing of the Company's investment programme and the relatively small financing needs for the maintenance of production assets.

Net cash received from financing activities was US$21.3 mln, compared to US$44.1 mln used in financing activities as at September 30, 2013. This was due to the draw down on the existing credit lines with the European banks to purchase equipment and parts.

Debt Structure

At the end of the reporting period, the Company's cash and cash equivalents amounted to US$157.6 mln (31 December 2013: US$156.8 mln).

As at September 30, 2014, the Company's total debt amounted to US$344.9 mln (31 December 2013: US$ 322.8 mln).

The Company's net debt amounted to US$187.3 mln as at the end of reporting period (31 December 2013: US$166.0 mln). The increase in net debt was due to the decrease in cash and cash equivalents.

Avangardco's Eurobond issue with a maturity on 29 October 2015 amounted to 57% of the Company's total debt.

The Company's total debt/LTM EBITDA ratio equals 1.69 and is in line with its Eurobond covenants.

The Company has a low debt burden and sufficient export revenue to meet its financial obligations. In the first nine months of 2014, export revenue amounted to US$134.8 mln or 38% of the Company's consolidated revenue.

Segment review

Shell Egg Segment

	Units	9M 2014	9M 2013	Change,%
Total Production	Pieces (mln)	5,114	5,118	(0.1%)
Total Sales to Third Parties	Pieces (mln)	3,499	3,742	(6%)
Export	Pieces (mln)	462	349	32%
Average Sales Price	UAH (excl. VAT)	0.71	0.65	9%

In the first nine months of 2014, the production volume of shell eggs remained flat and amounted to 5.114 bln pieces (9M 2013: 5.118 bln pieces).

The average sales price increased by 9% year-on-year to 0.71 UAH per unit, excluding VAT (9M 2013: 0.65 UAH per unit, excluding VAT) as a result of the seasonal growth.

In the first nine months of 2014, export revenue from the sales of shell eggs increased by 18% year-on-year to US$49.9 mln (9M 2013: US$42.2 mln). During the reporting period, the Company exported shell eggs mainly to the Middle East and North Africa, Central and West Africa, and the CIS countries.

In line with its strategy the Company continued to grow its products' presence in retail chains. In the first nine months of 2014, the share of shell egg sales through supermarkets reached 36% of total sales to third parties (9M 2013: 33%). In the first nine months of 2014, the Company's sales of packaged eggs under the umbrella brand "Kvochka" increased by five times to 160 mln pieces (9M 2013: 33 mln pieces).

Despite the increase in the average sales price in Hryvnia terms by 9%, the revenue in shell egg segment in US dollar terms decreased by 26% year-on-year and amounted to US$226.0 mln (9M 2013: US$306.1 mln) as a result of the Ukrainian Hryvnia devaluation against the US dollar by approximately 38% year-on-year.

Egg Products Segment

In the first nine months of 2014, the volume of processed shell eggs increased by 20% year-on-year to 1.518 bln pieces (9M 2013: 1.268 bln pieces). As a result, the production of dry egg products increased by 15% year-on-year and amounted to 17,739 tonnes (9M 2013: 15,457 tonnes).

In the first nine months of 2014, the average sales price of dry egg products decreased by 14% year-on-year to US$6.51/kg (9M 2013: US$7.61/kg) due to the Company's strategy to expand international presence of its products and strengthen its position in export markets.

The Company's revenue from export sales of dry egg products decreased by 3% year-on-year and amounted to US$85.0 mln (9M 2013: US$88.0 mln). A slight decline in export revenue resulted from a decrease in sales of dry egg products to Jordan during the third quarter of 2014 in connection with the military conflict in Iraq as Jordan has reduced the volume of purchases of dry egg products.

In the reporting period, the Company exported its dry egg products to the Middle East, North Africa and Asia, as well as implemented a number of important steps in order to diversify its export channels. On September 30, 2014 the "Imperovo Foods" egg processing plant obtained a certificate allowing it to start the exports of its egg products to the EU countries and the Company has already made first shipments.

On August 18, 2014 the Company received Kosher certification of its shell eggs and egg products, and is currently preparing to make the first shipment to Israel.

The Company's revenue from sales of dry egg products amounted to US$103.3 mln (9M 2013: US$103.9 mln) and amounted to 29% of the Company's consolidated revenue.

Dividends:

On October 1, 2014 the Board of Directors of AVANGARDCO IPL declared the total dividend payment of US$29.5 mln for the full year 2013, which represents a US$4.625 dividend per ordinary share (1 share = 10 GDRs). The dividend payment will be made by December 31, 2014 to shareholders of record as of October 14, 2014.

The outlook for the rest of the year 2014

The Company is rebalancing the utilization of its production capacities at poultry farms across Ukraine in response to the reduced demand for shell eggs on the domestic market. The Company expects that the production of shell eggs for the full year 2014 will be lower than the previous year.

Until the end of the year, we expect that the price for shell eggs in Ukraine will continue to grow due to increased production costs, inflation and seasonal factors.

The Company continues to develop its customer base, both in Ukraine and in export markets. The Company is particularly focused on further diversification of its export markets. As indicated above, during the reporting period the Company's export performance was impacted by the military conflict in Syria and Iraq.

- Ends-

For investor's inquiries:

Valeriya Myagkohod
AVANGARDCO IPL
Investor Relations Manager
phone.: +38 044 393 40 50
mob.: +38 067 223 46 88
e-mail: ir@avangardco.ua

FTI Consulting London

Larisa Kogut-Millings
+44 (0) 20 3727 1364

Elena Kalinskaya
+44 (0) 20 3727 1279

Information for editors

AVANGARDCO IPL is one of the largest agro-industrial companies in Ukraine, specializing in the production of shell eggs and dry egg products. As of 30 June 2014 the Company holds a 55% share of the industrial shell egg market and a 92% share of the dry egg products market in Ukraine.

Production cycle of AVANGARDCO IPL is vertically integrated. The Company's facilities are located in 14 regions of Ukraine and the Autonomous Republic of Crimea. The Company has 19 farms for laying hens, 3 second order breeder farms, 10 farms for rearing young laying hens, 6 feed mills, 3 long-term storage facilities and "Imperovo Foods" egg processing plant, which is one of the most technologically-advanced facilities for processing eggs in Europe.

The Company exports its products to 34 countries, with its primary export markets in the Middle East, Africa, Asia and the CIS.

The Company's shares, in the form of Global Depositary Receipts, have been trading on the London Stock Exchange since May 2010. The Eurobond issue for approximately US$200 mln with a maturity on 29 October 2015 was included in the official list of the UK Listing Authority (UKLA) and admitted to trading on a regulated market of the London Stock Exchange on November 1, 2010.

# # #

Condensed consolidated statement of financial position
AS AT 30 SEPTEMBER 2014
(in USD thousand, unless otherwise stated)

	30 September 2014	31 December 2013
ASSETS		
Property, plant and equipment	688,590	1,103,630
Non-current biological assets	31,892	76,678
Deferred tax assets	1,690	3,059
VAT government bonds	36,961	-
Other non-current assets	30	373
Total non-current assets	**759,163**	**1,183,740**
Inventories	122,165	193,382
Current biological assets	33,255	60,648
Trade accounts receivable, net	97,263	88,972
Prepaid income tax	45	85
Prepayments and other current assets, net	17,237	30,845
Taxes recoverable and prepaid	53,286	104,439
Cash and cash equivalents	157,605	156,804
Total current assets	**480,856**	**635,175**
TOTAL ASSETS	**1,240,019**	**1,818,915**
EQUITY		
Share capital	836	836
Share premium	201,164	201,164
Reserve capital	115,858	115,858
Retained earnings	1,127,391	1,132,803
Effect of translation into presentation currency	(603,224)	(68,194)
Equity attributable to owners of the Company	**842,025**	**1,382,467**
Non-controlling interest	23,711	64,631
Total equity	**865,736**	**1,447,098**
LIABILITIES		
Long-term loans	82,784	61,495
Long-term bond liabilities	198,237	197,131
Deferred tax liabilities	25	44
Deferred income	2,795	4,743
Long-term finance lease	110	1
Total non-current liabilities	**283,951**	**263,414**
Current portion of non-current liabilities	13,992	14,504
Short-term loans	50,000	50,000
Trade payables	8,496	15,084
Other accounts payable	17,844	28,815
Total current liabilities	**90,332**	**108,403**
TOTAL LIABILITIES	**374 283**	**371,817**
TOTAL EQUITY AND LIABILITIES	**1,240,019**	**1,818 915**

Condensed consolidated statement of profit or loss and other comprehensive income
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014
(in USD thousand, unless otherwise stated)

	9 months ended	
	30 September 2014	**30 September 2013**
Revenue	354,693	466,542
Profit from revaluation of biological assets at fair value	8,534	29,423
Cost of sales	(261,142)	(309,368)
GROSS PROFIT	**102,085**	**186,597**
General administrative expenses	(9,160)	(12,417)
Distribution expenses	(15,018)	(18,525)
Income from government grants and incentives	110	214
Impairment of non current assets	(25,751)	(15)
Income from special VAT treatment	33,153	32,632
Other operating (expenses)/income, net	(17,781)	(1,513)
PROFIT FROM OPERATING ACTIVITIES	**67,638**	**186,973**
Finance income	143	90
Finance costs	(23,778)	(24,896)
Gains/(losses) on exchange	(49,461)	(698)
PROFIT BEFORE TAX	**(5,458)**	**161,469**
Income tax credit/(expense)	(289)	499
PROFIT FOR THE PERIOD	**(5,747)**	**161,968**
OTHER COMPREHENSIVE INCOME:		
Items that are or may be reclassified subsequently to profit or loss		
Effect from translation into presentation currency	(550,712)	(11,882)
Effect from changes in ownership	1,714	-
TOTAL COMPREHENSIVE INCOME	**(554,745)**	**150,086**
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	(5,412)	158,783
Non-controlling interests	(335)	3,186
	(5,747)	**161,969**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	(540,442)	146,903
Non-controlling interests	(40,920)	3,184
	(581,362)	**150,087**
Earnings per share, USD (basic and diluted)	**(1)**	**25**

Condensed consolidated statement of cash flows
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014
(in USD thousand, unless otherwise stated)

	9 months ended	
	30 September 2014	**30 September 2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	(5,458)	161,470
Adjustments for:		
Depreciation of property, plant and equipment	15,239	18,749
Change in allowance for irrecoverable amounts	10,224	362
Other provisions	(608)	(284)
(Profit)/Loss on disposal of current assets	(50)	178
Loss on disposal of property, plant and equipment	2,235	406
Impairment of current assets	10,159	790
Effect of fair value adjustments on biological assets	(8,534)	(29,423)
Gains realised from accounts payable written-off	(4,088)	(212)
Amortization of deferred income on government grants	(110)	(214)
Discount on long-term bonds amortization	1,106	995
Impairment of non current assets	25,751	-
Interest income	(143)	(90)
Interest payable on loans	21,856	22,400
Losses on exchange	41,252	-
Operating profit before working capital changes	**108,831**	**175,127**
Increase in trade receivables	(53,260)	(4,969)
Decrease/(increase) in prepayments and other current assets	49	(59,864)
Increase in taxes recoverable and prepaid	(23,870)	(3,421)
(Increase)/decrease in inventories	(10,304)	30,743
(Decrease)/increase in deferred income	(155)	5
Decrease in other non-current assets	343	22
Decrease in trade payables	(955)	(7,707)
Decrease in biological assets	28,080	10,157
Decrease in finance leases	(1,145)	(1,279)
Decrease in other accounts payable	538	10,414
Cash generated from operations	**48,151**	**149,228**
Interest paid	(6,941)	(6,407)
Income tax paid	(41)	(65)
Net cash generated from operating activities	**41,169**	**142,756**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments and receipts - property, plant and equipment	(55,011)	(181,279)
Interest received	143	90
Net cash used in investing activities	**(54,868)**	**(181,189)**

Condensed consolidated statement of cash flows (cont.)
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014
(in USD thousand, unless otherwise stated)

	9 months ended	
	30 September 2014	**30 September 2013**
CASH FLOWS FROM FINANCING ACTIVITIES		
New loans received	90,630	78,958
Repayment of loans	(59,361)	(85,769)
Interest paid for bonds issued	(10,000)	(13,038)
Repayment of short-term bonds	-	(25,023)
Blocked deposit	-	794
Net cash generated from/(used in) financing activities	**21,269**	**(44,078)**
Net increase/(decrease) in cash	**7,571**	**(82,511)**
Cash and cash equivalents at 1 January	**156,804**	**203,504**
Effect from translation into presentation currency	(6,770)	(12)
Cash and cash equivalents at 30 September	**157,605**	**120,981**