

## Letter from CEO

"Dear Investor,

AVANGARDCO IPL, the leading producer of shell eggs and egg products in Ukraine, has demonstrated once again the effectiveness of its development strategy and delivered a sustainable growth in its operating and financial results.

In the beginning of 2013 the Company introduced changes to its management and Board of Directors. Following my appointment as Chairwoman of the Board of Directors, Irina Marchenko and Irina Melnik became CEO and CFO of the Company, respectively.

In 2013, AVANGARDCO IPL will continue to execute on its stated strategy to become the number one egg producer in the world."



**Nataliya Vasylyuk,**  
Chairwoman of the Board



**Iryna Marchenko,**  
CEO,  
Board member

"In 2012, the Company achieved a revenue increase of **14%**, coupled with a net profit increase of **16%**, as well as continued to maintain its EBITDA at a high level of profitability. This was due to the growth in production in two main segments, expansion in its target markets and the increase in its sales prices.

Importantly, the Company's export revenues amounted to **20%** of the Company's total revenue. In 2012, we expanded the Company's presence in global markets by selling high quality products and increasing customers' loyalty. In 2013, we plan to continue the Company's expansion into the new export markets and increase its presence in the existing markets.

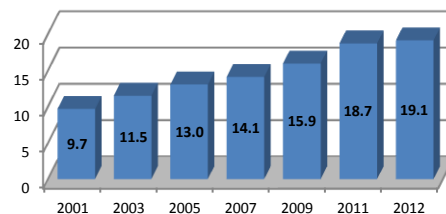
In 2012, the Company continued to develop the presence of its branded and non-branded products in the retail network of supermarkets. At present the Company is working with all large supermarket chains in Ukraine. The share of egg sales through supermarkets' network has increased to **35%** of total sales to third parties from **2%** in 2009.

In 2012, the Company launched the first stage of production at "Avis" and "Chornobaivske" complexes, the largest projects of this kind in Eurasia.

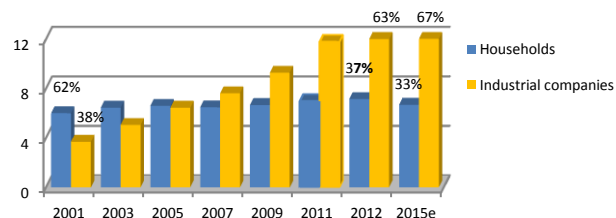
The Company remains the leading producer of dry egg products in Ukraine. In response to the growing demand for processed egg products the Company is expanding its daily processing capacity at "Imperovo Foods" egg processing plant to **10 mln eggs.**"

## Key Business Drivers - Performance

### Industrial Production of Eggs in Ukraine, bln. pcs.



### Production of Dry Egg Products in Ukraine



Source: SSSU, Pro-Consulting

## Macroeconomics – Key Metrics

- In 2012 nominal GDP totaled \$183 bln, (real GDP - 0.2% y-o-y growth)
- Economic reforms to ensure fiscal sustainability leads to close to zero CPI (in 2011 inflation was 4.6%).
- Refinancing rate decreased (from 7.75% in 2011 to 7.50% in March 2012) due to positive GDP dynamics, local currency stabilization and inflation slowdown
- In 2012 the harvest reached 46,2 mln tons of crops, the 3<sup>rd</sup> result after 56,7 mln (2011) and 53,3 mln (2008). The expectations for the 2013 is 50-53 mln tons according to the Ukrainian Club of Agrarian Business.

## Credit Ratings - Matrix

Rating (Fitch, S&P)	RATING AGENCY			Rating
	Fitch	S&P	Moody's	
B+				B1
B	   	 		B2
B-	 		  	B3

Note: Ukraine sovereign credit rating from the Moody's (outlook "Negative"), S&P (outlook "Negative" and Fitch (outlook "Stable") rating agencies.

## Company Press-releases

- [30/04/13] - AVANGARDCO IPL Paid the Forth Coupon of USD 10 Million on 5-year Eurobonds
- [29/04/13] - 2012 Annual Report Publication
- [27/03/13] - AVANGARDCO IPL Confirms it has no Bank Deposits in Cyprus
- [13/03/13] - FITCH: Affirms AVANGARDCO IPL at 'B'; Outlook Stable
- [05/03/13] - Audited Financial Results for 2012
- [05/02/13] - Changes in Management Board
- [01/02/13] - AVANGARDCO IPL Results of EGM
- [29/01/13] - Fourth Quarter 2012 and Full Year Trading Update
- [03/01/13] - AVANGARDCO IPL EGM Notification
- [20/12/12] - AVANGARDCO IPL Trading Update for November 2012
- [22/11/12] - Operational and Unaudited Financial Results for 3Q and for the First 9 Months of 2012
- [16/11/12] - AVANGARDCO IPL Trading Update for October 2012
- [09/11/12] - AVANGARDCO IPL Bank of America Merrill Lynch (Russia) Initiated the Company's Equity Coverage Report
- [01/11/12] - AVANGARDCO IPL Paid the Forth Coupon

## GDR's & Bond's Performance

Detailed information about GDR's and Bond's performance could be viewed at the related sections of the Company's web site. [\[GDR'S\]](#) [\[BOND'S\]](#)

## Egg and Egg Products – Key Charts

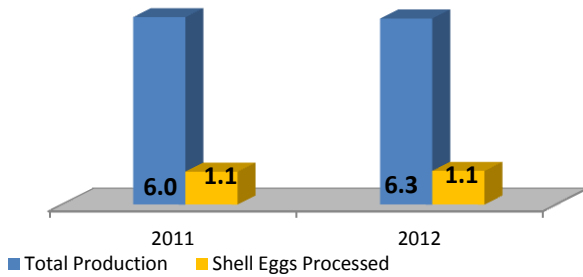
- World & Ukraine Egg Market Trends – Key Charts – at pages 4 and 5

## Company News

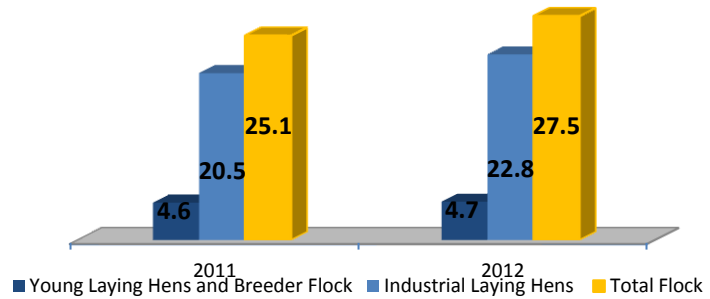
- [26/02/13] - AVANGARDCO IPL Supports Young Gymnasts
- [05/12/12] - European Union allows Ukraine to supply eggs, egg products, birds and poultry
- [03/12/12] - 2011 Annual Report of AVANGARDCO IPL won in the category "For the promotion of the corporate brand in the annual accounts"
- [12/10/12] - AVANGARDCO IPL CSR Activities
- [15/10/12] - AVANGARDCO IPL and TM "Kvochka" Celebrated World Egg Day with their Customers
- [12/10/12] - AVANGARDCO IPL to back young sportsmen
- [19/06/12] - AVANGARDCO IPL website recognized as #2 among Ukrainian Companies

## Production Results – Key Charts

Egg and Dry Egg Product Output (in egg equivalent), mln. pcs



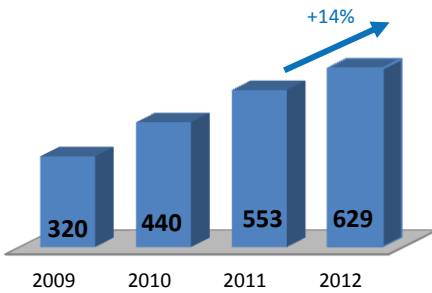
Total Flock, mln. heads



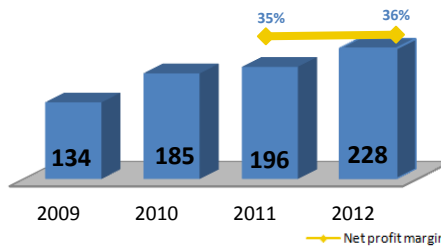
Source: Company data

## Financial Results – 2012 – Key Charts

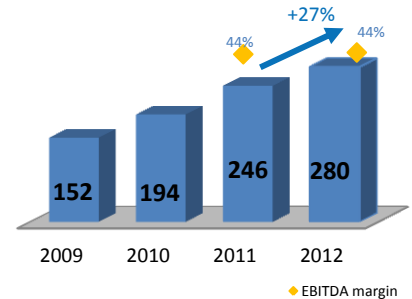
Revenue, US\$ mln



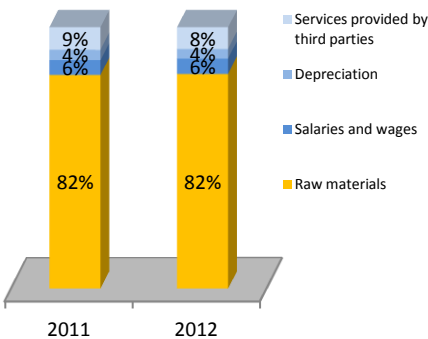
Net Profit, US\$ mln



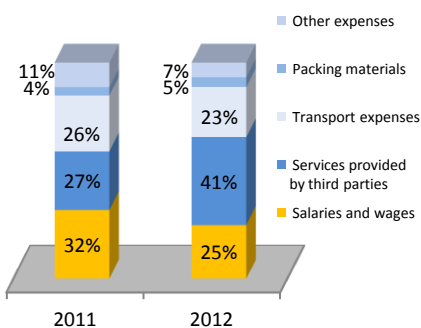
EBITDA, US\$ mln



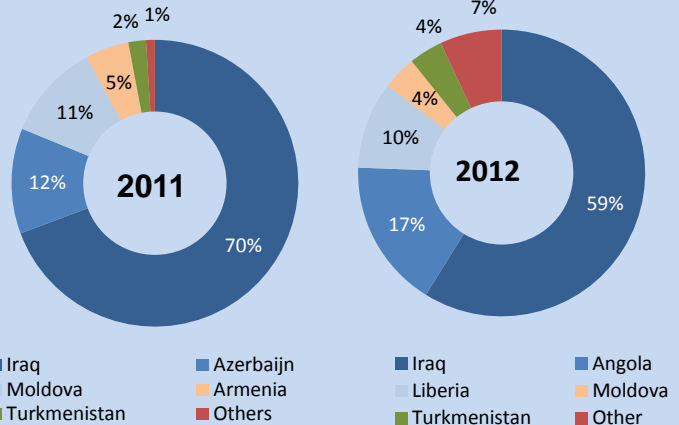
COGS



SG&A Expenses



Eggs Top-5 Exports Markets, %\*



Export strategy - expanding into key markets:

MENA

Asian markets

2009-2012:  
32 markets

\* In natural terms

## Why to Invest in Avangard

- #1 eggs producer in Eurasia by poultry flock\*
- #1 in Ukraine: 52% share in the industrial production of shell eggs in 2012; 88% share in the production of dry egg products in 2012
- Vertical integration ensures effective cost control
- State-of-the-art poultry facilities – Avis and Chornobaivske – will increase production facility to 30.1 mln laying hens and 8.6 bln eggs per year
- Eggs processing plant Imperovo will increase it's processing capacity to 10 mln eggs per day in 2013
- Export to 32 markets during 2009-2012
- Strong financial results in 2012
- Net Debt ratio reached 0.5x, a very attractive level compared to traded Ukrainian peers

\* by World Poultry Magazine

## Securities - General Information

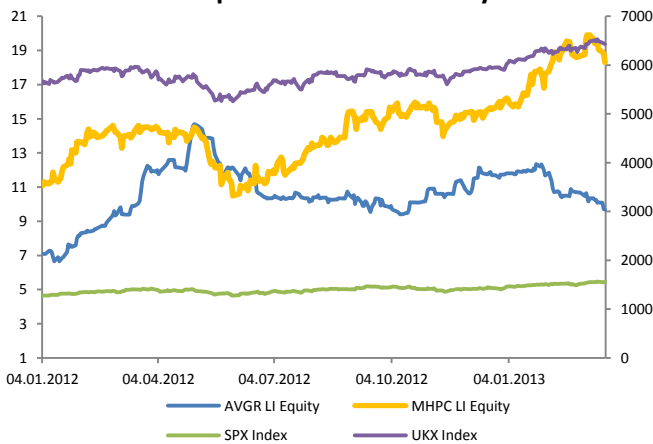
GDR's\ADR's	
Receipts outstanding, as of 31/12/12, pcs.	1,437,500
Market Cap as of 31/12/12, \$mln	728
Free float , %	22.5

GDR\ADR's	Bonds
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 m
Offer Price	\$15.0 per GDR
Format	Reg S
Amount, \$ mln	200
Maturity	29 October 2015
Coupon	10%, payable semi-annually in arrears on 29 Apr and Oct commencing on 29 Apr 2011
Listing	LSE
Issue Rating	B (Fitch Ratings)

## GDR's Performance -

### Peer Group and Main Indexes Dynamics

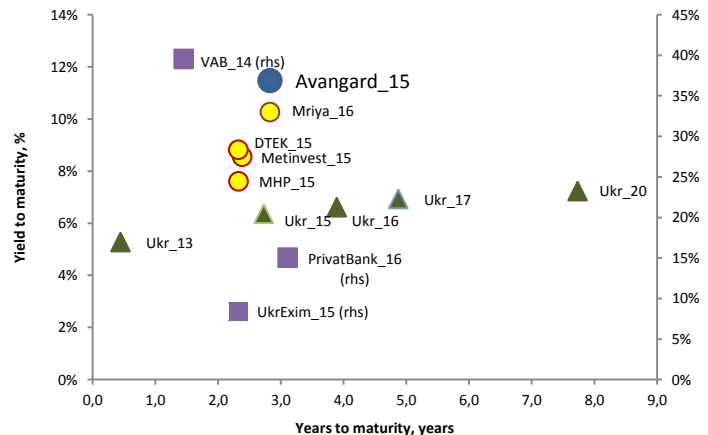


### AVGR Equity price and Volume Tendency



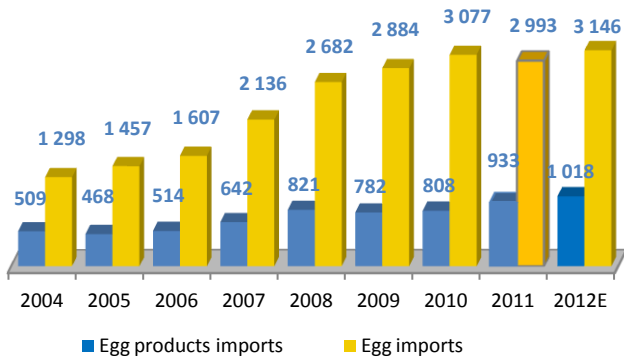
## Bond's Performance -

### Avangard vs Ukrainian Eurobonds as at 31.12.2012



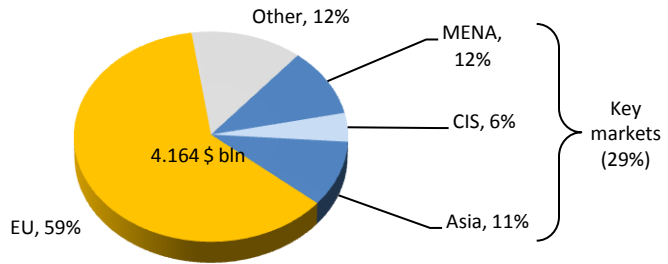
## World Egg Market Trends – Key Charts

World Imports of Eggs and Eggs Products, US\$ mln



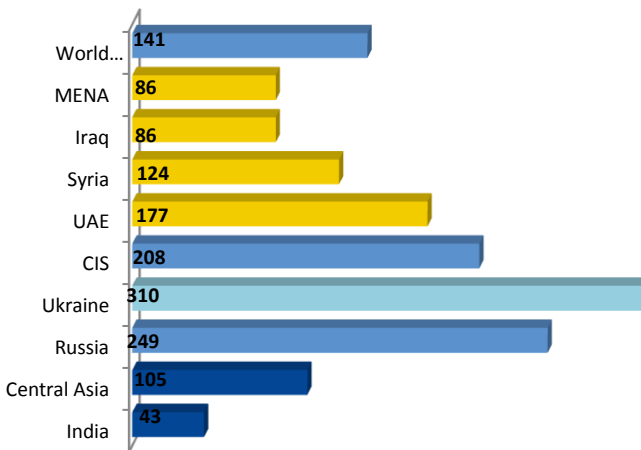
Source: International Trade Center, Pro-Consulting

World Imports of Eggs and Egg Products in 2012E, \$mln



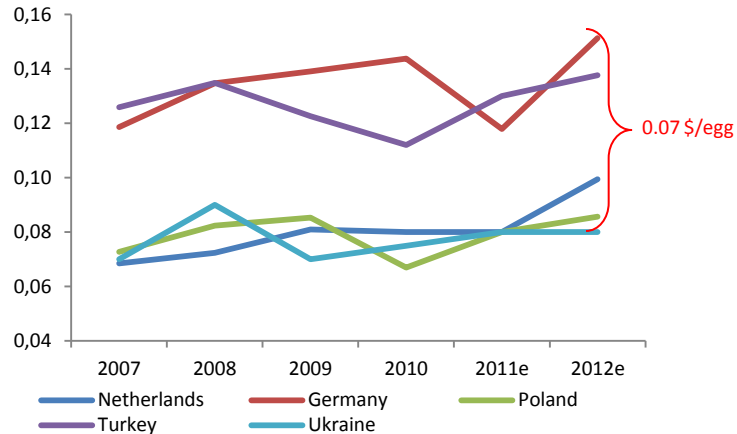
Source: International Trade Center

Egg Consumption per Capita in 2011



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

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



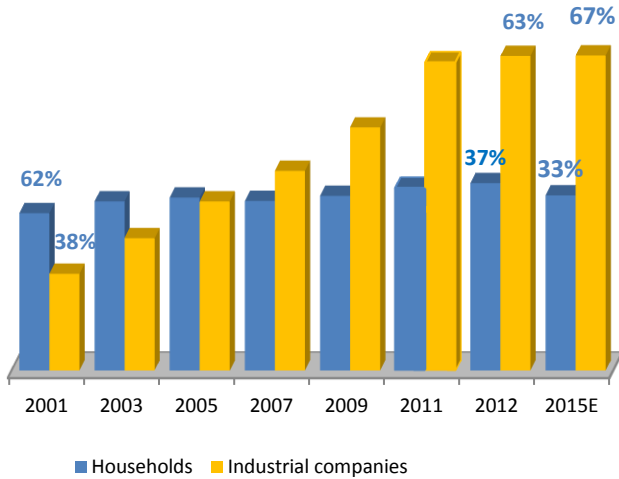
Source: FAOstat, Pro-Consulting

\* 1 egg ≈ 57.75 g

- Growing world eggs and egg products market
- Growth in egg products trade is driven by demand from food, confectionary and bakery industries globally
- Emergence of middle class in MENA and Asia will further drive consumption of eggs/egg products in the region

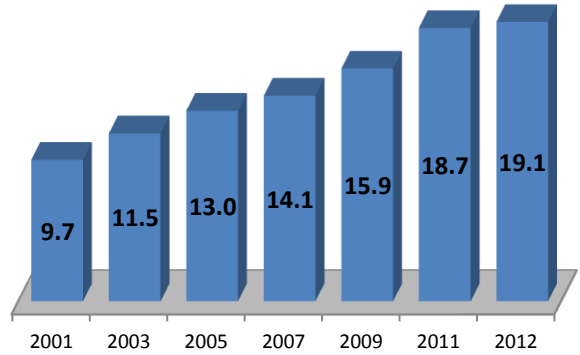
## World & Ukrainian Egg Market Trends – Key Charts

Industrial Companies vs Households in Ukraine, bln pcs



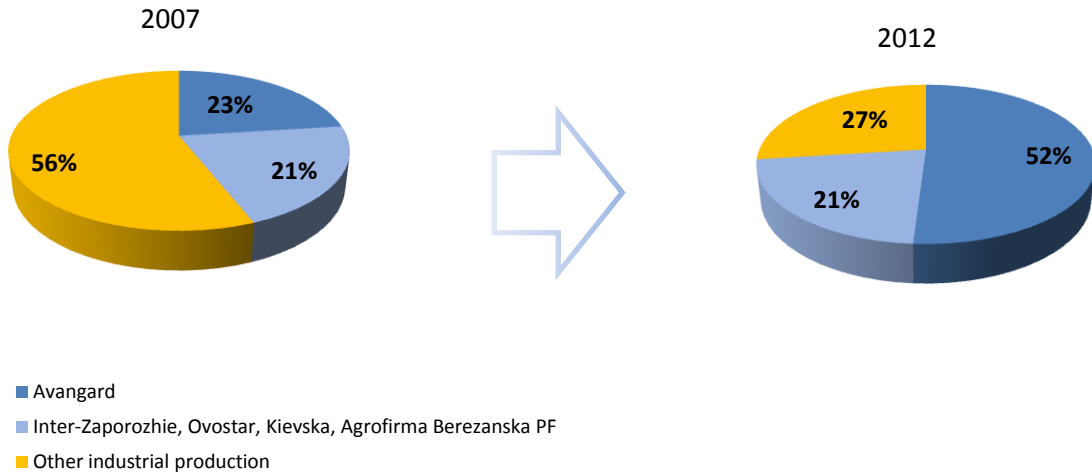
Source: SSCU, Pro-Consulting

Production of Shell Eggs in Ukraine, bln pcs



Source: SSCU, Pro-Consulting

Industry Consolidation, Share in Industrial Production of Eggs



Source: Pro-Consulting

- Strong domestic demand and increasing export opportunities
- Market consolidation will drive further price increase

## Expansion of Production Facilities – on Schedule

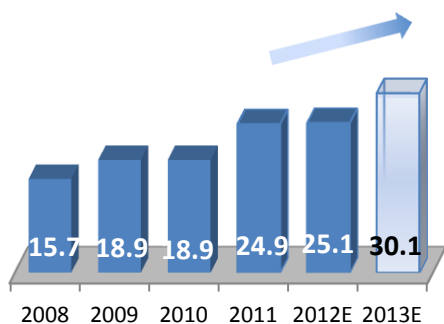
### Implementation of projects:

- ✓ Avis egg production complex
- ✓ Chornobaivske egg production complex
- ✓ Expansion of Imperovo Foods egg processing plant

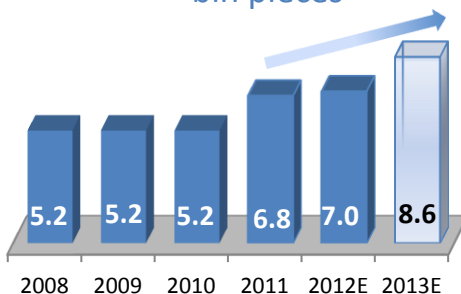
### Breakdown of Capital Expenditures, \$ mln

	Before IPO	2010	2011	2012	2013E	2014E	Total
Avis	124	54	59	97,6	27	8,4	370
Chornobaivske	147	14	51	93	47	16	368
Imperovo Foods	-	-	-	115	45	0	160
<b>TOTAL CAPEX</b>	<b>271</b>	<b>68</b>	<b>110</b>	<b>305,6</b>	<b>119</b>	<b>24,4</b>	<b>898</b>

### Capacity, mln laying hens



### Capacity in shell eggs production bln pieces



Avis. Industrial site. Stage 2



Avis. Feed mill



Chornobaivske. Industrial site, Stage 2



Imperovo Foods. Cooling and reservation line

### AVIS

“Avis” poultry farm in Khmelnytsky region, Ukraine, will have the capacity of 5.2 mln laying hens and ca 1,616 mln shell eggs once fully operational

### CHORNOBAIVSKE

“Chornobaivske” poultry farm in Kherson region, Ukraine, will have capacity of ca 6 mln laying hens and 1,865 mln shell eggs once fully operational

### INCREASING CAPACITIES – IMPEROVO

In 2012 “Imperovo Foods” produced 14.1 thou tons of egg products operating at full capacity utilization

The plant is being gradually modernized to process 10 mln eggs per day