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Letter from CEO

Dear Investor,

2013 was another successful year for AVANGARDCO IPL. During the year the Company produced more than 7 bln eggs and around 23 thousand tonnes of dry egg products, solidifying its position as the largest producer of shell eggs and dry egg products in Ukraine and Eurasia. At the end of the year, AVANGARDCO IPL increased its revenue by 5% to US\$ 661 mln. Net profit grew by 4% to US\$ 238 mln and EBITDA margin increased to 45.6%.

In 2013, the Company successfully completed the construction of two poultry complexes for egg production "Avis" and "Chornobaivske" with the capacity of more than 11 mln laying hens. As a result the Company's egg production capacity increased to 8.6 bln pieces. The Company installed at these poultry complexes the most advanced technologies and production equipment from the leading suppliers which is expected to result in improved production efficiencies and decrease the cost of production.

In the reporting period, AVANGARDCO IPL increased the volume of processed shell eggs by 73% year-on-year to 1.864 bln pieces. The significant growth in production volume was due to the successful completion of the first stage of capacity expansion from 3 mln to 6 mln eggs per day at the egg processing plant "Imperovo Foods". We plan to further increase its processing capacities up to 10 mln eggs per day to better satisfy the growing demand for egg products due to the increase in food production globally.

We are always open to any questions you may have. We look forward to our continuing partnership.

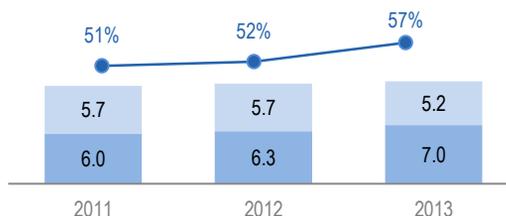
Sincerely yours,
Iryna Marchenko,
Chief Executive Officer



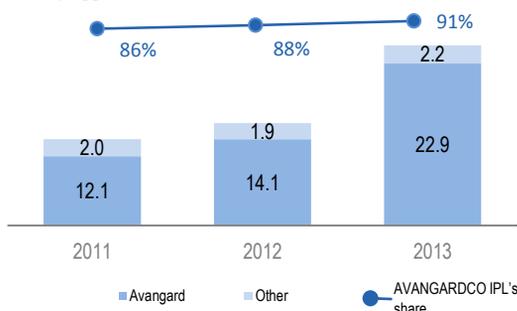
Iryna Marchenko
CEO,
Board member

Key Business Drivers - Performance

Industrial production of shell eggs
bn pcs



Industrial Productions
of Dry Egg Products, th tons



Press-releases

- [25/11/2013] – notification of the first 9 months of 2013 financial results and conference call
- [29/10/2013] – AVANGARDCO IPL makes the sixth USD 10 million coupon payment on its eurobonds
- [25/10/2013] – Operational results for the first 9 months of 2013
- [12/09/2013] – Results of AGM
- [30/08/2013] – Financial results for the second quarter and the first half of 2013
- [23/08/2013] – AGM Notification. Amendment
- [22/08/2013] – AGM Notification
- [30/07/2013] – Trading update for the second quarter and the first half of 2013
- [23/05/2013] – Fitch Ratings upgrades AVANGARDCO IPL ratings to 'B+' and 'AA+(ukr)'
- [30/04/2013] – AVANGARDCO IPL makes the Fifth Coupon Payment in the Amount of USD 10 Million on 5-year Eurobonds
- [27/03/2013] – AVANGARDCO IPL confirms it has no bank deposits in Cyprus
- [05/03/2013] – Financial results for 2012
- [30/05/2013] – Financial and operational results for the first quarter of 2013
- [29/04/2013] – AVANGARDCO IPL Annual Report for 2012 Publication
- [13/03/2013] – Fitch Ratings affirms Rating at 'B' of Avangardco IPL
- [01/03/2013] – Full year results conference call
- [05/02/2013] – AVANGARDCO IPL announces changes in its management board
- [01/02/2013] – Results of EGM
- [29/01/2013] – 2012 full year trading update
- [03/01/2013] – EGM notification

Macroeconomics – Key Metrics

- In 2013 nominal GDP totaled \$182 bn (3.2% y-o-y growth)
- Economic reforms to ensure fiscal sustainability led to low inflation at 0.5% in 2013
- Refinancing rate decreased (from 7.0% in June to 6.5% in August) due to positive economic development dynamics
- In 2013 the harvest reached 63 mn tons of crops that is a historical maximum
- Since November 2013, Ukraine has been subject to political instability that could negatively affect both the Ukrainian economy in next period. .

Credit Ratings

	Fitch	S&P	Moody's
Ukraine	B	B	Caa2
Avangardco IPL	LT Foreign Currency	B-	n/a
	LT Local Currency	B-	n/a
	Senior Unsecured Debt	B-	n/a
MHP	LT Foreign Currency	B-	LT Foreign Issuer Credit B-
	LT Local Currency	B-	LT Local Issuer Credit B-
	Senior Unsecured Debt	B-	Caa1
Kernel	LT Foreign Currency	B-	n/a
	LT Local Currency	B	n/a
Agroton	LT Foreign Currency	WD	LT Foreign Issuer Credit NR
	LT Local Currency	WD	LT Local Issuer Credit NR
Ferrexpo	LT Issuer Default	B-	LT Foreign Issuer Credit B-
	ST Issuer Default	B	LT Local Issuer Credit B
			ST Foreign Issuer Credit B
			ST Local Issuer Credit B
DTEK	B-	n/a	Caa1
Metinvest	B-	n/a	Caa1

Source: Bloomberg

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](#)

News

- [06/11/2013] –Avangard's lawyers win Best corporate legal service award among food processing companies
- [27/05/2013] –Avangard co-sponsors Charitable marathon
- [16/05/2013] – Okean Elzy's grand stadium tour 2013
- [03/05/2013] – Kvochka celebrates Easter with orphanages
- [26/02/2013] – Avangardco IPL supports young gymnasts

Investor Relations

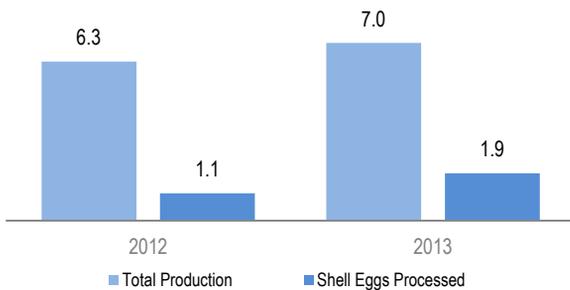
phone: +38 044 393 40 50
e-mail: ir@avangardco.ua

Public Relations

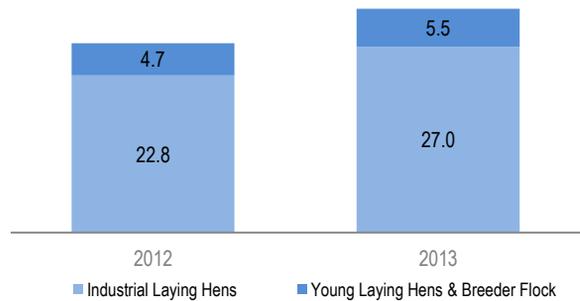
Lidia Slivotska
Mob.: +38 067 447 97 42
e-mail: lidia.slivotska@avangardco.ua

Production Results – Key Charts

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



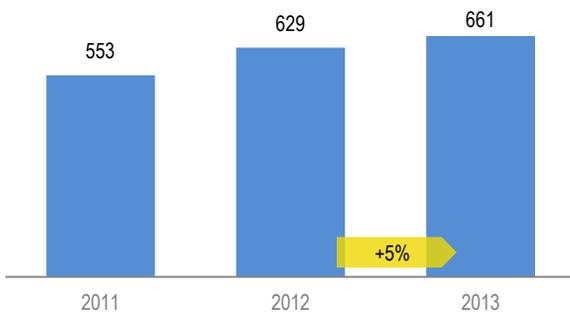
Total Flock, mn heads



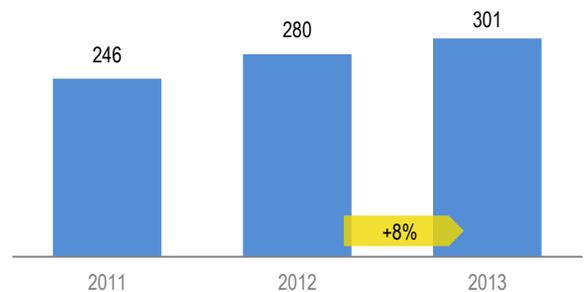
Source: Company data

Financial Results – 2013 – Key Charts

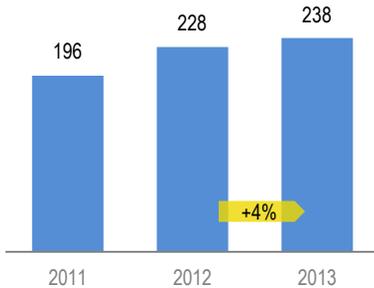
Revenue, US\$ mn



EBITDA, US\$ mn



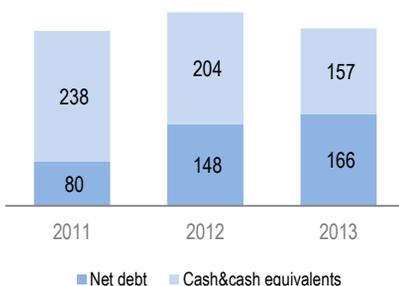
Net profit, US\$ mn



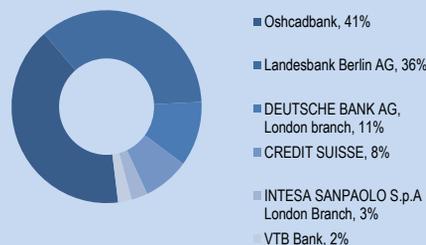
Loan portfolio servicing schedule, US\$ mn*



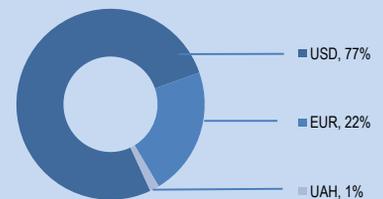
Gross debt structure, US\$ mn



Loan portfolio by creditor**



Loan portfolio by currency



*excl. interests
**excl. bonds, leasing and commodity credits / Source: Avangard's data

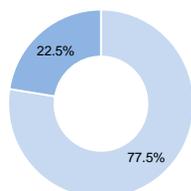
Source: Company data

Why to Invest in Avangard

- #1 eggs producer in Eurasia by poultry flock*
- #1 in Ukraine: 51% share in the industrial production of shell eggs in 2011; 87% share in the production of dry egg products in 2011
- Vertical integration ensures effective cost control
- State-of-the-art poultry facilities with production facility to 30.1 mn laying hens and 8.2 bn eggs per year
- Eggs processing plant Imperovo will increase it's processing capacity from 6 to 10 mn eggs per day in 2015
- Export to 34 markets during 2009-2014
- Received permission to export to EU
- Strong financial results
- Debt ratio reached 1.1x, a very attractive level compared to traded Ukrainian peers

* by World Poultry Magazine

Shareholder Structure -

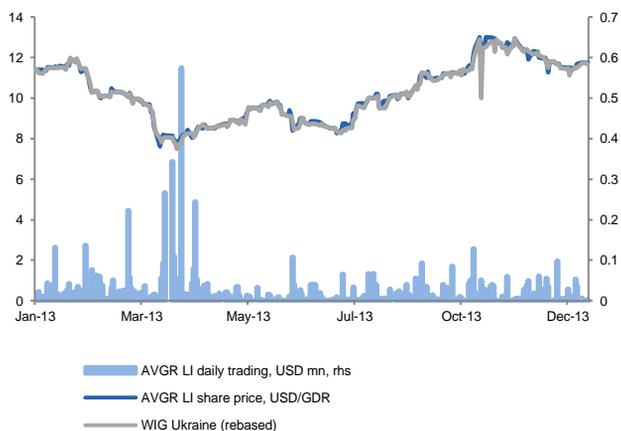


Uklandfarming PLC Free Float



- In September 2011, with the goal to restructure and rationalize his ownership in agricultural assets Mr. Bakhmatyuk made a decision to transfer his 77.5% shareholding in Avangardco IPL to Uklandfarming PLC.

GDR's Performance -



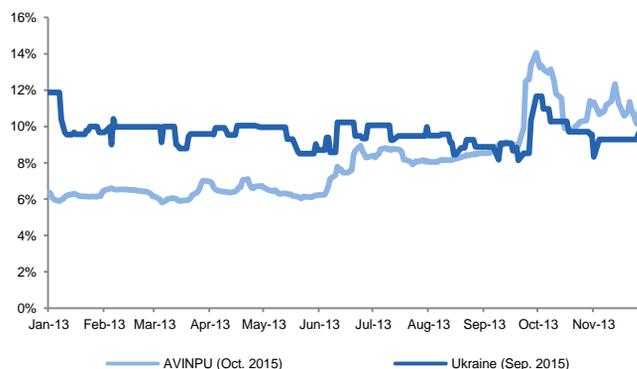
Source: Bloomberg, Company data

Securities - General Information

GDR's\ADR's	
Receipts outstanding, as of 30/06/11, pcs.	1,437,500
Avg trading volume per day, in H1 2011 pcs.	67,334
Market Cap as of 30/06/11, \$mln	1,067
Free float, %	22.5

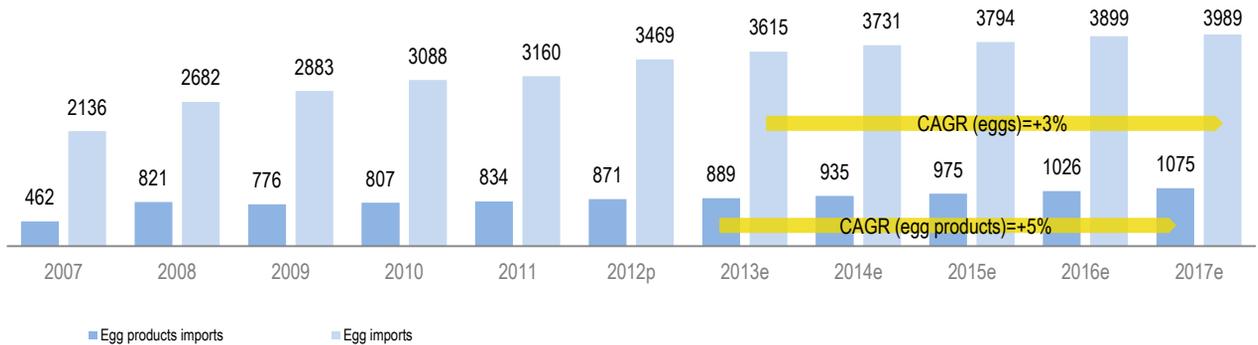
GDR\ADR's		Bonds	
Ticker	AVGR	Format	Reg S
Stock Exchange	LSE	Amount, \$ mln	200
Deal Size	1,437,500 new ordinary shares in the form of GDRs	Maturity	29 October 2015
Use of Proceeds	Finalization of new capacity expansion programs	Coupon	10%, payable semi-annually in arrears on 29 Apr and Oct commencing on 29 Apr 2011
Proceeds	USD 208 m	Listing	LSE
Offer Price	\$15.0 per GDR	Issue Rating	B (Fitch Ratings)

Bond's Performance -

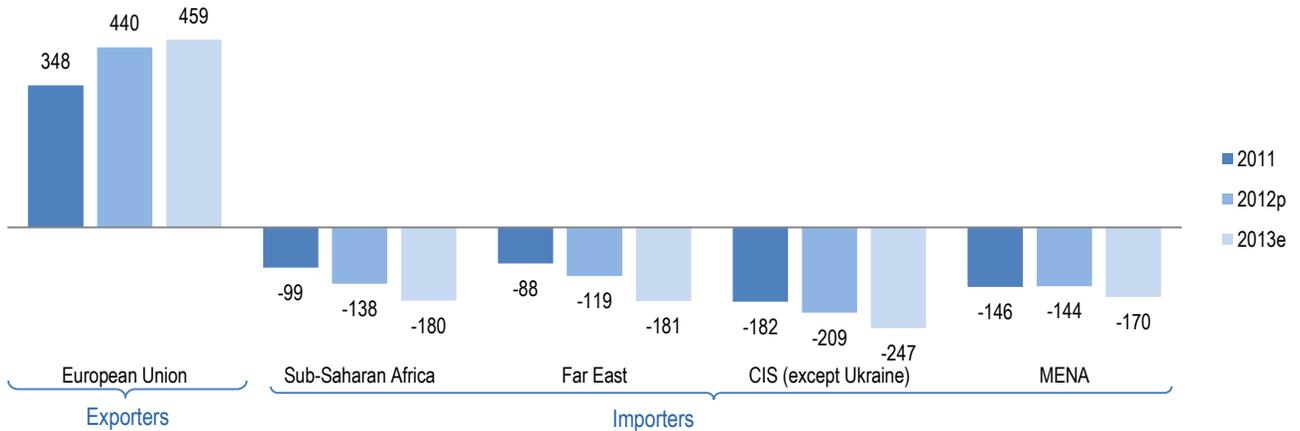


World Egg Market Trends – Key Charts

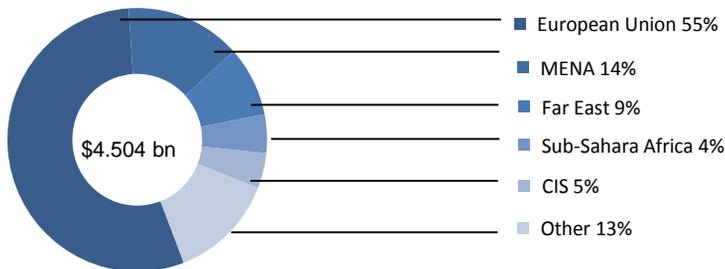
World Imports of Eggs and Eggs Products, US\$ mln



Trade balance of the most active regions in the eggs and egg products trade, \$ mn



Structure of World Imports of Eggs and Egg Products in 2013E, \$ mn



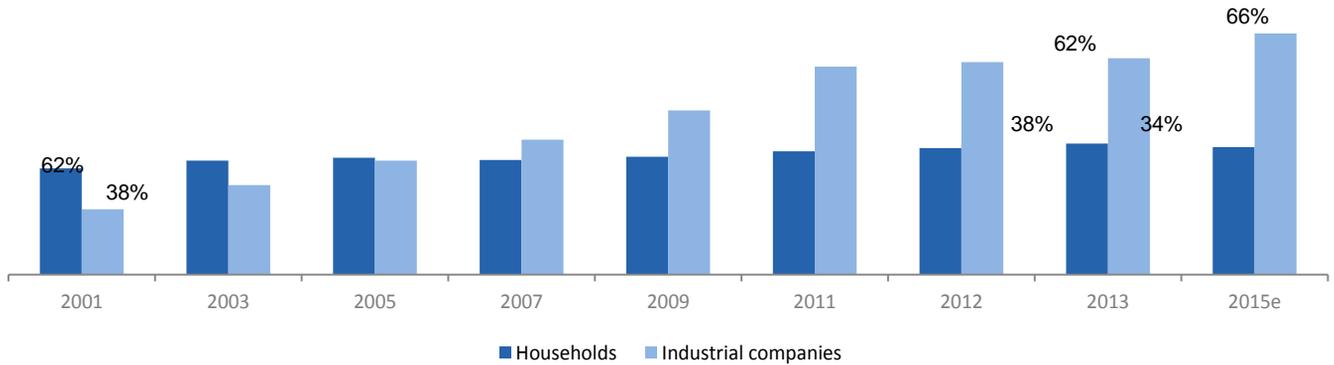
Key markets*,
32%

*Key destinations for AVANGARDCO IPL's export

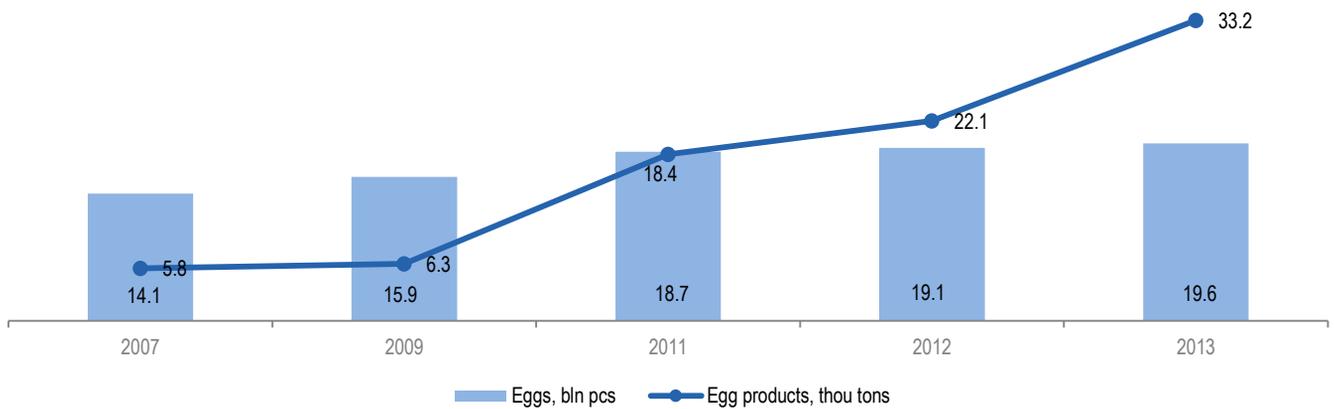
- Growing world eggs and egg products market
- Growth in egg products trade is driven by demand from food, confectionary and bakery industries globally
- Emergence of middle class in MENA and Asia will further drive consumption of eggs/egg products in the region

World & Ukrainian Egg Market Trends – Key Charts

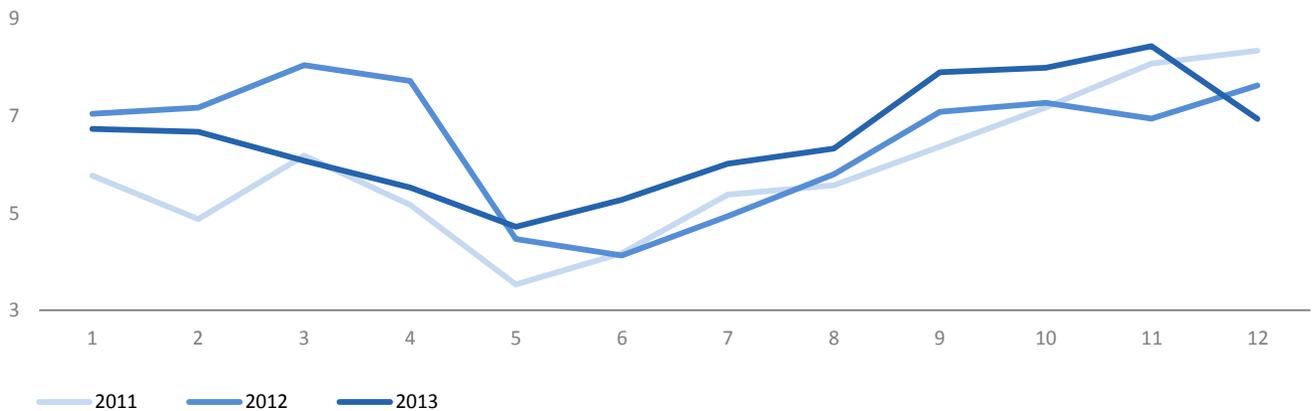
Industrial Companies vs Households in Ukraine, bln pcs



Production of Shell Eggs in Ukraine, bln pcs



Egg price in Ukraine, UAH / 10 pcs



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

Source: SSCU, International Trade Center, European Commission, Pro-Consulting

Investment Program is Completed

The construction of two poultry complexes “Avis” and “Chornobaivske” is fully completed. The projects increased the total capacity to **30.1 mn laying hens** (+59% from 18.9 mn laying hens in 2010) and total egg output capacity to **8.6 bn pcs** (+65% from 5.2 bn pcs in 2010).

As of 31 Dec. 2013 **38%** of the total flock was placed at new complexes (**34%** of laying hens)

Avis egg production complex

- New “Avis” poultry complex with capacity of **5.2 mn laying hens** and **1.6 bn shell eggs** is launched:
- The Company is close to the completion of the assembly works at the feed milling plant and set-up works will be completed by the end of the year
- Biogas unit is on schedule

Chornobaivske egg production complex

- New “Chornobaivske” poultry complex with capacity of **6.0 mn laying hens** and **1.9 bn shell eggs** is launched:
- The feed milling plant is in progress
- Biogas unit is on schedule

“Imperovo Foods” egg processing plant

- The processing capacity has been increased to **6 mn eggs per day**; “Imperovo Foods” has operated at full capacity since May 2013
- Currently the processing capacity is being gradually increased to process **10 mn eggs per day**.

Avis. Rearing site
(total capacity of **2.635 mn hens**)



Avis. Industrial site
(total capacity of **5.202 mn hens**)



Chornobaivske. Industrial site
(total capacity of **5.977 mn hens**)



Chornobaivske. Rearing site
(total capacity of **2.410 mn hens**)



Imperovo Foods
Egg processing equipment



Imperovo Foods
Egg processing line

