



30 May, 2013

AVANGARDCO INVESTMENTS PUBLIC LIMITED

FINANCIAL AND OPERATIONAL RESULTS FOR THE FIRST QUARTER OF 2013

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, today announces its financial and operational results for the three months ended March 31, 2013.

Financial Highlights

- Revenue increased by 6.3% year-on-year to US\$155.8 mln (Q1 2012: US\$146.6 mln)
- EBITDA was down by 13.3% year-on-year to US\$73.1 mln (Q1 2012: US\$84.3 mln), with EBITDA margin of 46.9%
- Net profit decreased by 16.0% year-on-year to US\$60.7 mln (Q1 2012: US\$72.2 mln)

Operational Highlights

- Total flock increased by 4.6% year-on-year to 27.2 mln (Q1 2012: 26.0 mln). The number of laying hens grew by 8.8% year-on-year to 22.3 mln (Q1 2012: 20.5 mln)
- Production of shell eggs was up by 6.6% year-on-year to 1.654 bln (1Q 2012: 1.551 bln)
- The average selling price of shell eggs fell by 8.1% year-on-year and amounted to UAH 0.68 per unit, excluding VAT (Q1 2012: UAH 0.74 per unit, excluding VAT)
- The production of dry egg products slightly grew by 0.3% year-on-year reaching 271 mln eggs in egg equivalent (Q1 2012: 270 mln eggs)
- The average sale price of dry egg products increased by 1.4% year-on-year to US\$7.71/kg (Q1 2012: US\$7.60/kg)

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

"In the first quarter of 2013 the Company demonstrated 6.3% growth in revenues mainly as a result of the two times increase in the dry egg products sales compared to the first quarter of 2012. However, the Company experienced a decline in its profitability as a result of the decrease in average sales price of shell eggs due to the late arrival of Easter this year in the second quarter of 2013.

Export revenues were up 80% year-on-year and accounted for 23.1% of total revenues, mainly due to the increase in export sales of dry egg products.

The Company has continued to expand its sales channels and grow sales of Kvochka-branded eggs.

During 2013 we will continue to expand production volumes through increasing poultry flock and our gradual launch of new capacities of the production facilities at "Avis" and "Chornobaivske". In addition, we will seek to maintain our market leading position in Ukraine as well as continuing to increase our international presence and export sales. We believe all these factors combined will have a positive impact on the Company's financial results in 2013."

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There will be a conference call and webcast for analysts and investors today at 9.00 am US Eastern time, 14.00 pm UK time, 16.00 pm Kiev time and 17.00 pm Moscow time.

Name: AVANGARD Q1 RESULTS CONFERENCE CALL

ID: 86520714

UK Free call	08006 940 257
Russia Free call	8108 002 097 2044
USA Free call	1866 966 9439
Standard International	+44 (0) 1452 555 566

A live webcast of the presentation will be available at:

<http://wcc.webeventservices.com/r.htm?e=627531&s=1&k=3A15CC456308228351F747AEF256078E&cb=blank>

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

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Information for editors

AVANGARDCO IPL is one of the largest agro-industrial companies in Ukraine, specializing in the production of eggs and egg products. Based on figures for the year 2012, the Company holds a 33% share of the Ukrainian egg market (52% of the industrial egg market) and an 88% share of the Ukrainian egg products market. As of 31 March 2013, the total poultry stock of the Company was 27.2 million heads. The Company's plants are located in 14 regions of Ukraine and the Autonomous Republic of Crimea. In 2012 the Company exported its products to 32 countries, generally to the Middle East, Asia and CIS. As of 31 March 2013, revenues amounted to US\$155.8 mln (Q1 2012: US\$146.6 mln) and EBITDA was US\$73.1 mln (Q1 2012: US\$84.3 mln).

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

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Financial Summary

	Units	Q1 2013	Q1 2012	Change, %
Revenue	US\$ '000	155,823	146,558	6,3
Gross Profit	US\$ '000	62,198	73,558	15,4
Gross Profit Margin	%	39.9%	50.2%	-10,3 pps
EBITDA	US\$ '000	73,103	84,286	-13,3
EBITDA Margin	%	46.9%	57.5%	-10,6 pps

Operating Profit	US\$ '000	69,438	80,456	-13,7
Operating Margin	%	44.6%	54.9%	-10,3 pps
Net Profit	US\$ '000	60 699	72 246	-16,0
Net Profit Margin	%	39,0%	49,3%	-10,3 pps

In the first quarter of 2013, the Company's total revenue was up by 6.3% year-on-year and amounted to US\$155.8 mln (Q1 2012: US\$146.6 mln) mainly due to the increase in sales volumes of dry egg products.

The Company's export revenues increased by 80% year-on-year to US\$36.0 mln (Q1 2012: US\$20.0 mln) and equals to 23.1% of the Company's total revenue (Q1 2012: 13.6%).

In the first quarter of 2013, EBITDA was down by 13.3% year-on-year to US\$73.1 mln (Q1 2012: US\$84.3 mln) due to the decrease in selling price of shell eggs by 8.1% in the first quarter of 2013 and as a result of the increase of the cost of the Company's main products. The Company's EBITDA margin was negatively impacted by these factors and stood at 46.9% (Q1 2012: 57.5%).

Net profit for the first quarter of 2013 year decreased by 16.0% year-on-year to US\$60.7 mln (Q1 2012: US\$72.2 mln).

Segment Review

	Units	Q1 2013	Q1 2012	Change, %
Total Poultry Flock	Heads (mln)	27.2	26.0	4.6
Laying Hens	Heads (mln)	22.3	20.5	8.8

The total poultry flock was up by 4.6% year-on-year, with the population of laying hens increasing by 8.8% year-on-year due to the gradual launch of new capacities at poultry complexes "Avis" and "Chornobaivske".

As at March 31, 2013, 40% of the total poultry flock was housed at new poultry complexes (35% of the total population of laying hens).

Shell Egg Segment

	Units	Q1 2013	Q1 2012	Change, %
Total Production	Pieces (mln)	1,654	1,551	6.6
Total Sales to Third Parties	Pieces (mln)	1,315	1,203	9.3
Export	Pieces (mln)	102.6	110.8	-7.4
Average Sales Price	UAH (excl. VAT)	0.68	0.74	-8.1

In the first quarter of 2013, the production volume of shell eggs increased by 6.6% year-on-year due to the increase in the number of laying hens.

Sales to external customers were up by 9.3% year-on-year to 1.315 bn units. The Company's revenue in the shell egg segment was US\$111.1 mln (Q1 2012: US\$ 111.3 mln) and accounted for 71.3% of the total revenues.

In the first quarter of 2013, the average selling price decreased by 8.1% year-on-year due to Orthodox Easter falling later than usual in the calendar and also due to a slight decline in shell egg export volumes.

During the first quarter of 2013, the Company decreased its export volumes of shell eggs by 7.4% year-on-year to 102.6 mln units (Q1 2012: 110.8 mln units) due to the suspension of shipments to Syria as a result of the conflict in the region. As of today, the export to Syria has been resumed. During the reporting period, the Company exported its shell eggs to markets in the Middle East, North Africa and Asia.

In the first quarter of 2013, the share of shell eggs sales through retail chains (supermarkets) grew to 35% of total sales to third parties (Q1 2012: 31%).

In the first quarter of 2013, sales of packaged eggs under the umbrella brand “Kvochka” increased further to 12.2 mln units, which was 9% higher compared to the first quarter of 2012. From February 2013, the Company secured greater distribution of its “Kvochka”-branded products through regional retail chains, including RealMarket, TopMart, Obzhora, Bum and others in Odessa, Donetsk and Kyiv regions. As a result, at the end of the first quarter of 2013 the Company supplied its “Kvochka”-branded products to more than 2,400 retail outlets. The Company continues to strengthen its regional presence throughout its network of distributors.

Egg Products Segment

	Units	Q1 2013	Q1 2012	Change, %
Processed Shell Eggs	Pieces (mln)	271	270	0.3
Average Sales Price	US\$/Kg (excl. VAT)	7.71	7.60	1.4

During the first quarter of 2013 “Imperovo Foods” plant operated at full capacity. The volume of eggs processed amounted to 271 mln units (Q1 2012: 270 mln units).

The average sales price for dry egg products increased by 1.4% year-on-year to US\$7.71 per kg (Q1 2012: US\$7.60 per kg).

During the first quarter of 2013, the sales of dry egg products increased by 116.6% compared to the same period last year and amounted to 3314 tons.

The Company’s revenue in the egg products segment was up by 106% to US\$25.6 mln (Q1 2012: US\$12.4 mln) and accounted for 16% of the total revenues.

During the reporting period, the Company continued to export its dry egg products to markets in the Middle East and Asia.

Investment Projects

The Company continues to make progress with the construction of its two poultry complexes for egg production, “Avis” and “Chornobaivske” in Khmelnytsky and Kherson regions and the capacity expansion project at the egg processing plant “Imperovo Foods” LLC. The construction and assembly works are going on according to the schedule.

Investor Site Visit

Between June 27 and 29, 2013 AVANGARDCO IPL will hold a two-day site visit which will allow all interested investors to take a tour of select assets owned by Uklandfarming PLC and AVANGARDCO IPL.

During the visit, the management teams of Uklandfarming PLC and AVANGARDCO IPL will provide detailed presentations for attendees to gain a better insight into its operations and strategy, as well as answer any questions.

Our business agenda will culminate with a dinner hosted by the Board of Directors to celebrate the occasion of Avangard’s 10th anniversary.

If you wish to hear more about this upcoming site visit or would like to attend please contact FTI Consulting Avangard@fticonsulting.com.

– The End –

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

(in USD thousand, unless otherwise stated)

	Note	31 March 2013	31 December 2012
ASSETS			
Property, plant and equipment		978 555	920 072
Non-current biological assets		48 440	46 724
Deferred tax assets		1 966	1 966
Other non-current assets	4	55	391
Total non-current assets		1 029 016	969 153
Inventories	6	161 463	177 886
Current biological assets		59 398	56 889
Trade accounts receivable, net	7	63 162	55 551
Prepaid income tax		25	18
Prepayments and other current assets, net	8	50 291	11 966
Taxes recoverable and prepaid	5	102 297	102 567
Cash and cash equivalents	9	155 058	204 298
Total current assets		591 694	609 175
TOTAL ASSETS		1 620 710	1 578 328
EQUITY			
Share capital	13	836	836
Share premium	13	201 164	201 164
Reserve capital	13	115 858	115 858
Retained earnings		959 151	899 357
Effect of translation into presentation currency		(67 391)	(68 135)
Equity attributable to the owners of the Company		1 209 618	1 149 080
Non-controlling interest		19 020	18 115
Total equity		1 228 638	1 167 195
LIABILITIES			
Long-term loans	10	50 584	3 969
Long-term bond liabilities	11	196 102	195 779
Deferred tax liabilities		72	72
Deferred income		4 970	5 047
Long-term finance lease		1 124	1 283
Total non-current liabilities		252 852	206 150
Short-term bond liabilities	16	25 022	25 023
Current portion of non-current liabilities	13	14 677	32 114
Short-term loans	12	50 000	94 368
Trade payables	14	18 071	24 435
Other accounts payable	15	31 450	29 043
Total current liabilities		139 220	204 983
TOTAL LIABILITIES		392 072	411 133
TOTAL EQUITY AND LIABILITIES		1 620 710	1 578 328

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3 MONTHS ENDED 31 MARCH 2013
(in USD thousand, unless otherwise stated)

	Note	3 months ended	
		31 March 2013	31 March 2012
Revenue	17	155 823	146 558
Profit from revaluation of biological assets at fair value		8 841	7 131
Cost of sales	18,19	(102 466)	(80 131)
GROSS PROFIT		62 198	73 558
General administrative expenses	20	(3 961)	(8 343)
Distribution expenses	21	(3 965)	(3 722)
Income from government grants and incentives		76	75
Income from special VAT treatment		13 097	17 089
Other operating income/(expenses), net	22	1 993	1 799
PROFIT FROM OPERATING ACTIVITIES		69 438	80 456
Finance income	23	42	253
Finance costs		(8 756)	(8 462)
Bargain purchase		-	-
PROFIT BEFORE TAX		60 724	72 247
Income tax credit/(expense)		(25)	(1)
PROFIT FOR THE PERIOD		60 699	72 246
OTHER COMPREHENSIVE INCOME FOR THE PERIOD:			
Effect of translation into presentation currency		744	379
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		61 443	72 625
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		59 794	71 051
Non-controlling interests		905	1 195
PROFIT FOR THE PERIOD		60 699	72 246
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		60 538	71 430
Non-controlling interests		905	1 195
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		61 443	72 625
Earnings per share, USD (basic and diluted)		9	11

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 3 MONTHS ENDED 31 MARCH 2013

(in USD thousand, unless otherwise stated)

	3 months ended	
	31 March 2013	31 March 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax	60 724	72 246
Adjustments for:		
Depreciation of property, plant and equipment	3 669	3 830
Change in allowance for irrecoverable amounts	2	542
Other provisions	(223)	(2)
Loss on disposal of current assets	142	-
Loss on disposal of property, plant and equipment	135	19
Impairment of current assets	21	277
Other income	(709)	-
Effect of fair value adjustments on biological assets	(8 841)	(7 131)
Gains realised from accounts payable written-off	(13)	(110)
Amortization of deferred income on government grants	(76)	(74)
Loss from VAT government bonds sale	-	(2 054)
Discount on long-term bonds amortization	323	291
Bargain purchase	-	
Interest income	(42)	(253)
Interest payable on loans	8 810	7 718
Operating profit before working capital changes	63 922	75 299
(Increase)/decrease in trade receivables	(7 611)	(20 039)
Decrease in prepayments and other current assets	(38 327)	1 170
Increase in taxes recoverable and prepaid	270	631
Decrease/(increase) in inventories	16 260	1 271
Increase in deferred income	(1)	(9)
Decrease in other non-current assets	336	-
Increase/(decrease) in trade payables	(6 351)	3 830
Decrease in biological assets	4 616	6 900
Decrease in finance leases	(158)	-
Increase/(decrease) in other accounts payable	6 352	26
Cash generated from operations	39 308	69 079
Interest paid	(3 251)	(1 829)
Income tax paid	(32)	1
Net cash generated from operating activities	36 025	67 251
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments and receipts - property, plant and equipment	(60 301)	(42 273)
Payments for prepayments of property, plant and equipment	-	
VAT government bonds sale	-	
Acquisitions of subsidiary	-	
Interest received	42	253
Net cash used in investing activities	(60 259)	(42 020)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.)

FOR THE 3 MONTHS ENDED 31 MARCH 2013

(in USD thousand, unless otherwise stated)

	3 months ended	
	31 March 2013	31 March 2012
CASH FLOWS FROM FINANCING ACTIVITIES:		
New loans received	14 700	6788
Repayment of loans	(29 891)	-675
Interest paid for bonds issued	(9 815)	-1318
Proceeds from short-term bonds issued	-	
Blocked deposit	-	-4977
Net cash generated from financing activities	(25 006)	(182)
Net (decrease)/increase in cash	(49 240)	25 049
Cash and cash equivalents at 1 January	203 504	237 814
Effect from translation into presentation currency	-	-
Cash and cash equivalents at 31 December	154 264	262 863