

2012 Financial Results
Management Presentation,
5 March, 2013

PRESENTATION TEAM



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Chairwoman of the Board



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Chief Executive Officer



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Chief Financial Officer



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Chief Marketing Officer

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1. AVANGARD AT A GLANCE

1.1. AVANGARD's OVERVIEW

#1 egg / dry egg products producer in Ukraine*

- 52% share in the industrial production of shell eggs in 2012
- 88% share in the production of dry egg products in 2012
- 97% share in export of dry egg products from Ukraine in 2012

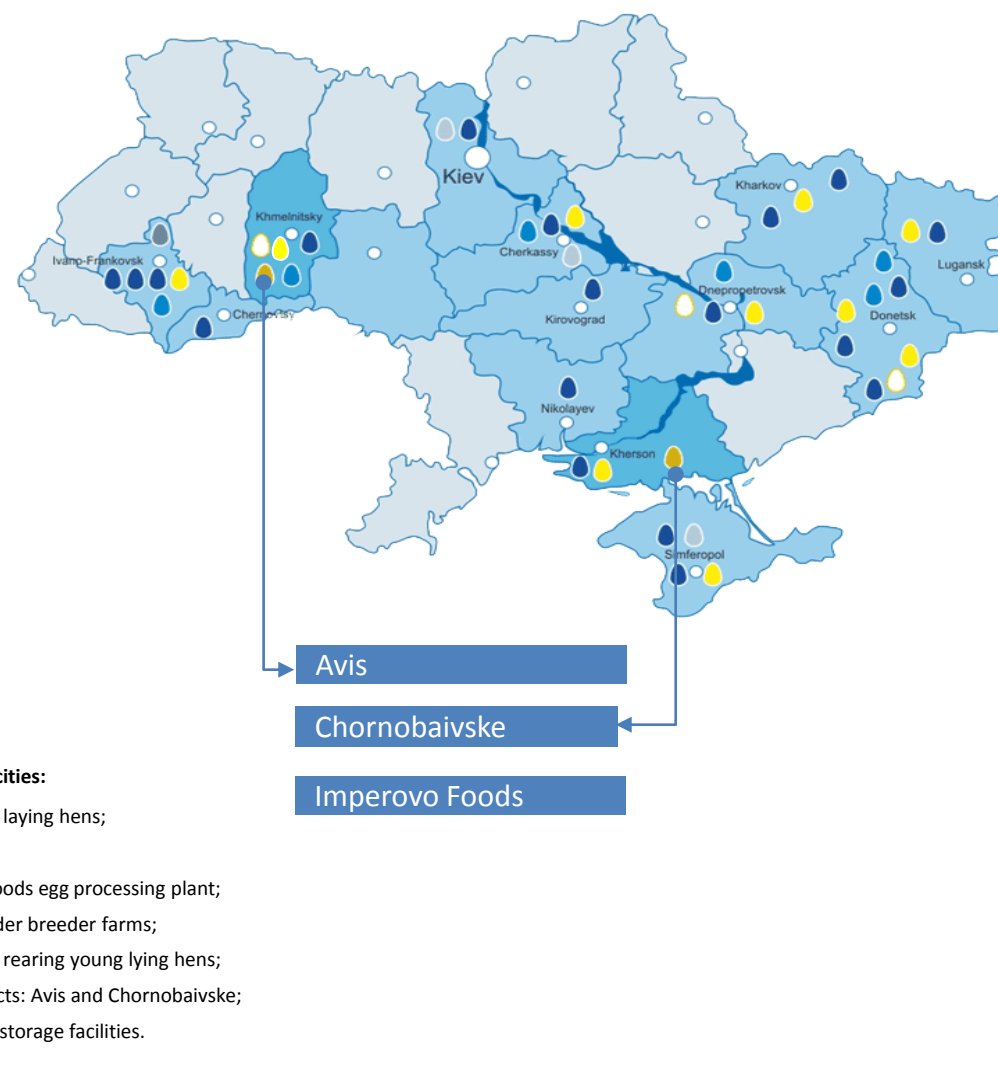
Investment projects update

- 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

Major Developments in 2012

- Stage 1 of industrial laying hens sites with capacity 3.2 mln (Avis) and 2.0 mln (Chornobaivske) is commissioned. The facilities are working at full capacity. 56 ths. tons grain elevator at Avis is commissioned.
- Launch of "Kvochka Domashnya" and "Organic Eggs" under the umbrella brand of package eggs "Kvochka"
- The EU included Ukraine on the list of the third countries that have the right to export eggs, egg products, birds and poultry to the European Union

Nationwide Presence



*According to data from SSCU, Pro-Consulting

1.2. 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 30.1 mln of laying hens and to 8.6 bln shell eggs by the end of 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, etc.)

4

Develop and Introduce Value Added Product Lines

- Capitalize on growing "Kvochka" umbrella brand
- 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 MENA, Asia and CIS
- Capture additional demand from the EU after obtaining necessary export permits

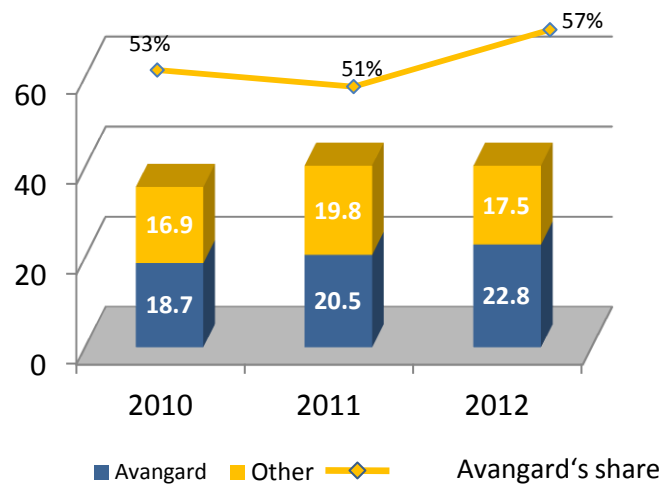
Avangard's strategy is aimed at maximizing its shareholder value

2. OPERATING ENVIRONMENT

2.1. INDUSTRY LEADER

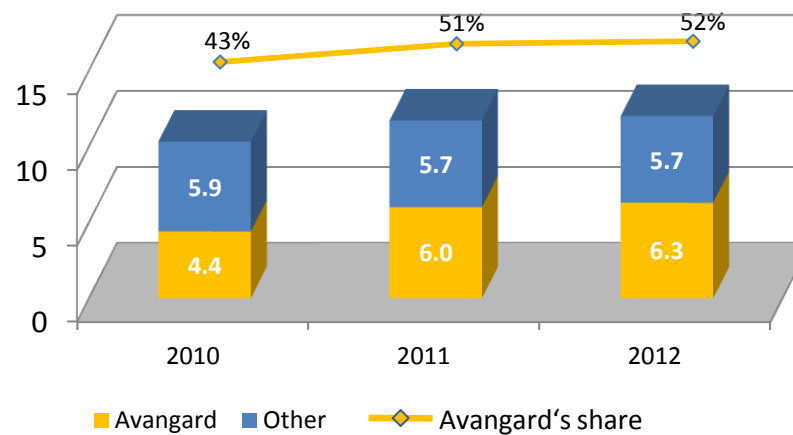
Industrial Laying Flock, mln hens

#1



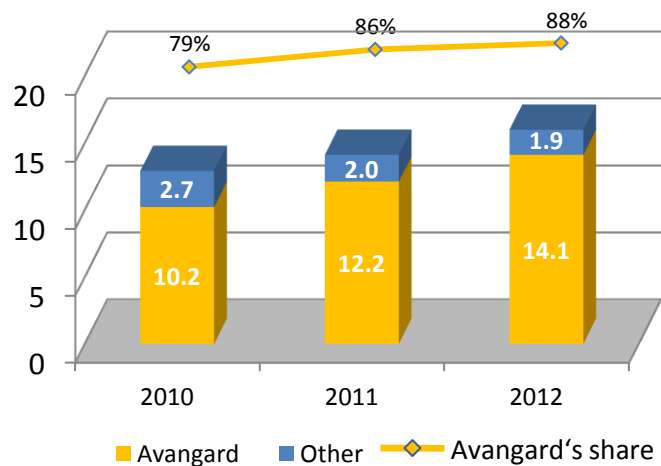
Industrial Production of Shell Eggs, bln pcs

#1



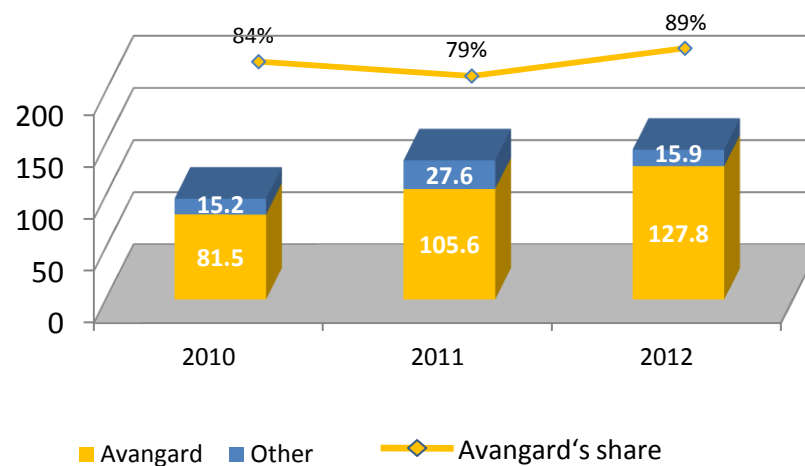
Industrial Production of Dry Egg Products, ths tons

#1



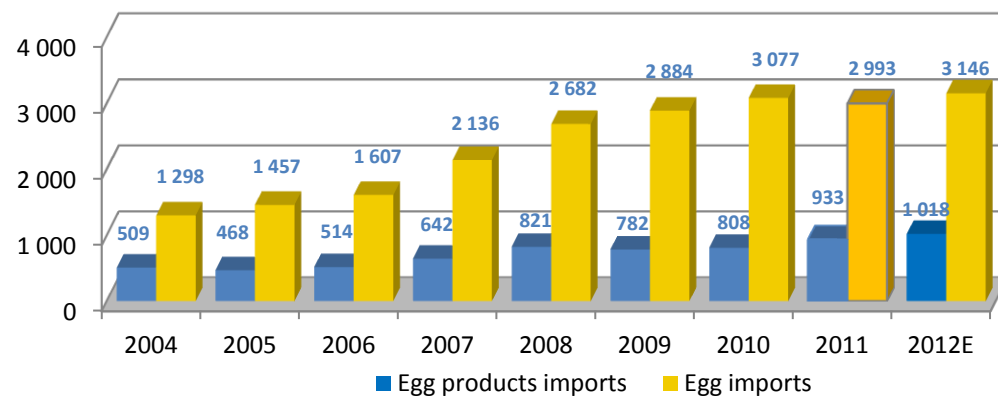
Export of Shell Eggs and Egg Products from Ukraine, \$ mln

#1



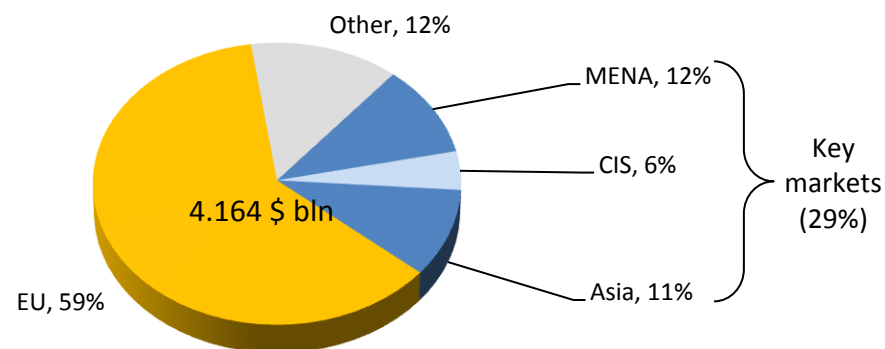
2.2. STRONG MARKET FUNDAMENTALS: WORLD

World Imports of Eggs and Egg Products, \$mIn



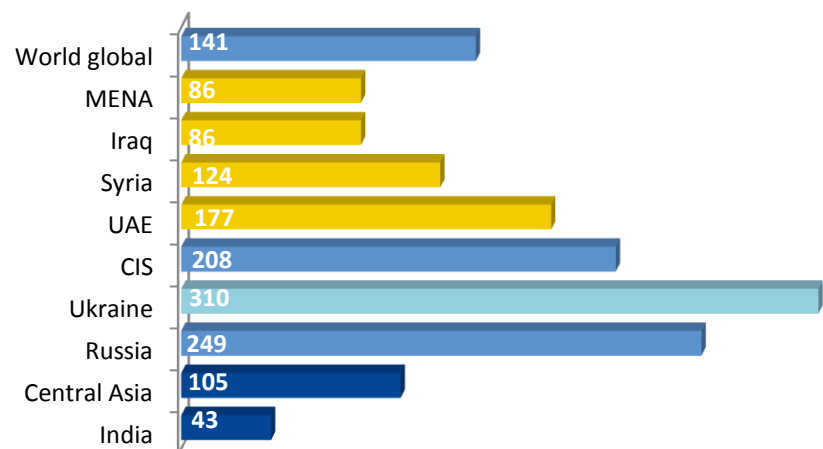
* Source: International Trade Center, Pro-Consulting

World Imports of Eggs and Egg Products in 2012E



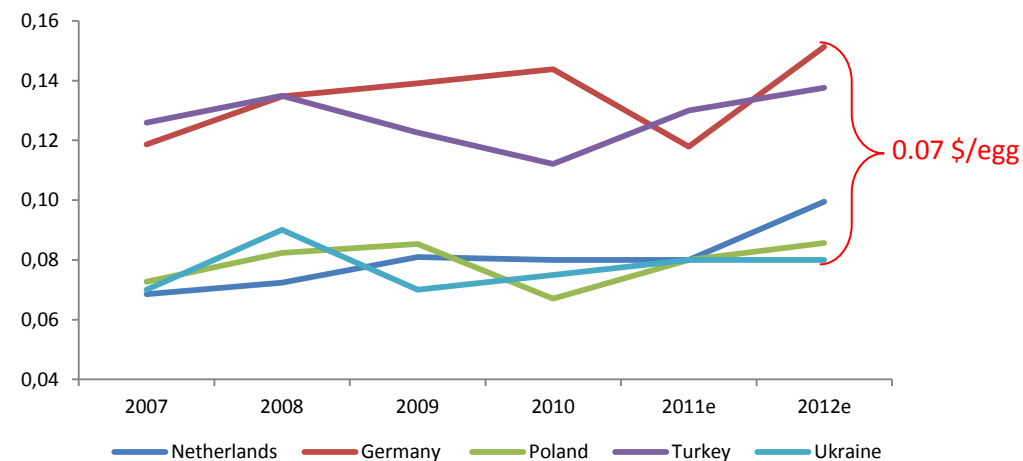
* Source: International Trade Center, Pro-Consulting

Egg Consumption per Capita in 2011, pcs per year



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

Producer Price of Eggs Among the Largest Exporters in 2012, \$/egg**

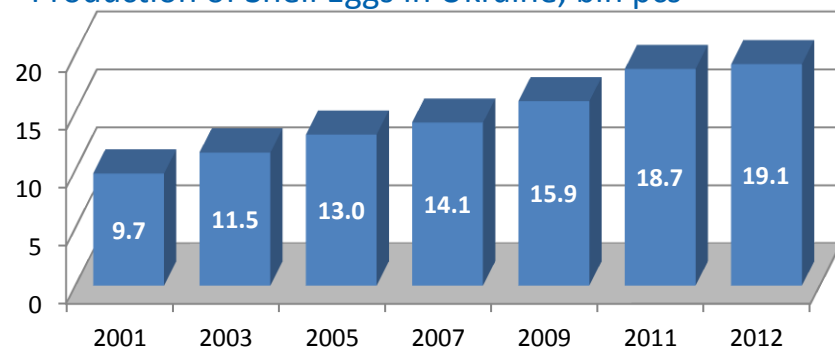


* Source: FAOstat, Pro-Consulting ** 1 egg ≈ 57.75 g

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

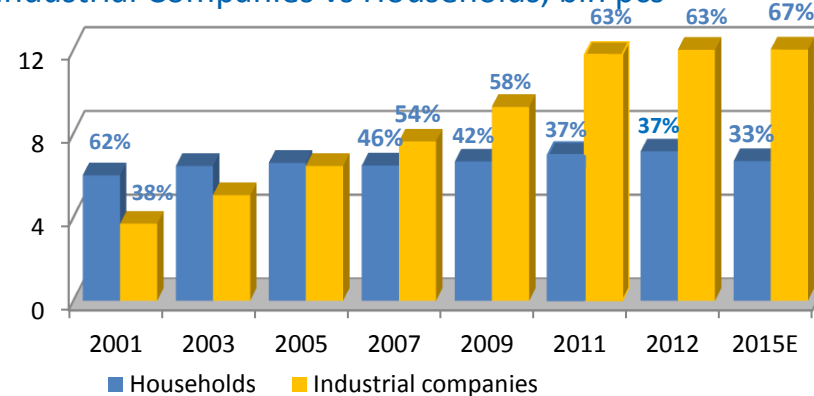
2.3. STRONG MARKET FUNDAMENTALS: UKRAINE

Production of Shell Eggs in Ukraine, bln pcs



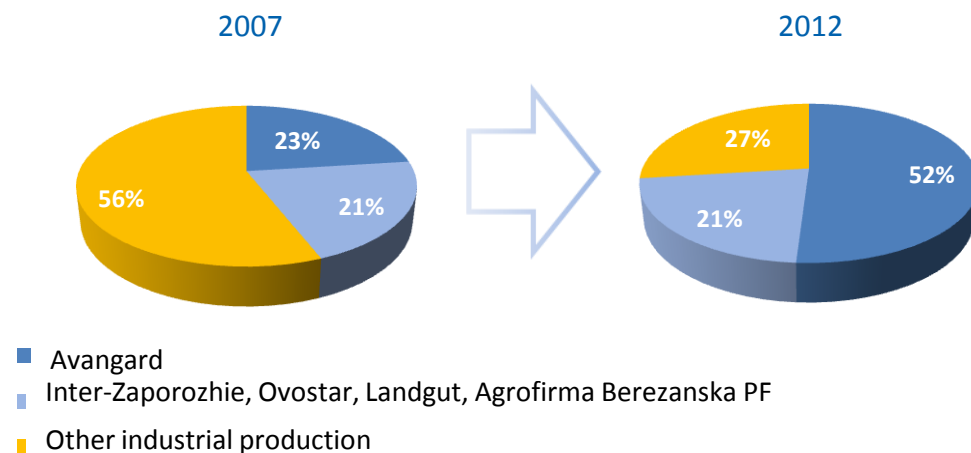
Source: SSCU, Pro-Consulting

Industrial Companies vs Households, bln pcs



Source: SSCU, Pro-Consulting

Industry Consolidation, Share in Industrial Production of Eggs



Source: Pro-Consulting

Average Shell Eggs Price in Ukraine, UAH/10 eggs



Source: Pro-Consulting

Market consolidation will drive further price increases

3. COMPANY OVERVIEW

3.1. STRONG PERFORMANCE IN 2012

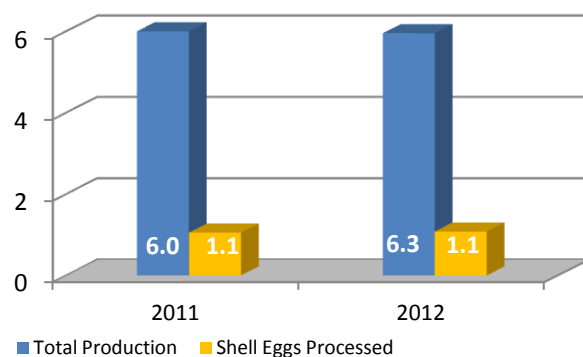
Strong operational performance

- Shell eggs production (+5.6%): 6.3 bln pcs in 2012 vs. 6.0 bln pcs in 2011
- Sales to third parties (+7.4%): 5.2 bln pcs in 2012 vs. 4.9 bln pcs in 2011
- Average selling shell eggs price (+9.4%): 0.70 UAH (excl. VAT) in 2012 vs. 0.64 UAH (excl. VAT) in 2011
- Average selling egg products price (+0.7%): 8.11 \$/kg in 2012 vs. 8.05 \$/kg in 2011
- Export sales of eggs (+74.9%): 516 mln pcs. in 2012 vs. 295 mln pcs. in 2011
- Total flock (+9.6%): 27.5 mln heads as at YE2012 vs. 25.1 mln heads as at YE2011

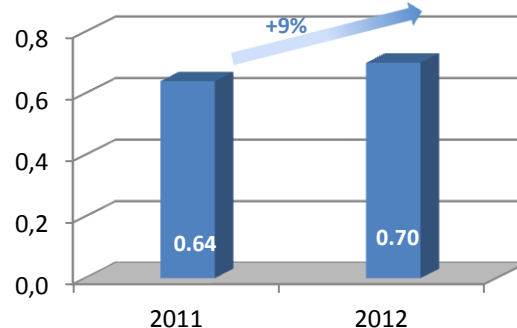
Strong financial performance

- Revenue (+13.7%): \$629.3 mln in 2012 vs. \$553.3 mln in 2011
- EBITDA (+13.8%): \$279.8 mln in 2012 vs. \$245.8 mln in 2011
- EBITDA margin remained flat at 44 % in 2012
- Gross debt/LTM EBITDA: 1.3x

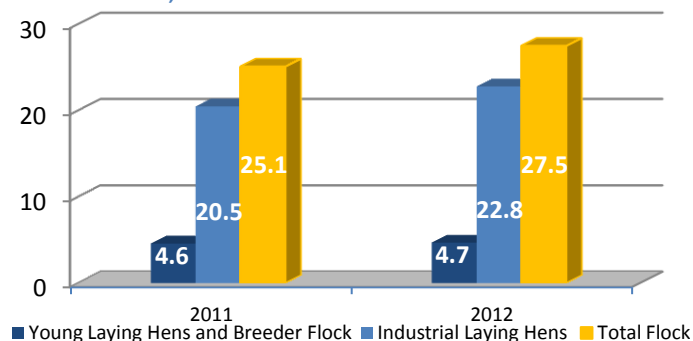
Production of Shell Eggs and Egg Products in Egg Equivalent, bln pcs



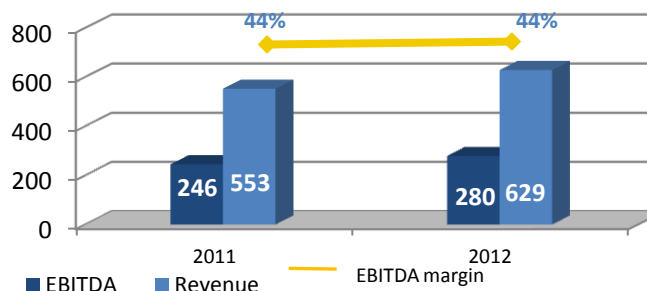
Average Selling Price of Eggs, UAH per egg (excl. VAT)



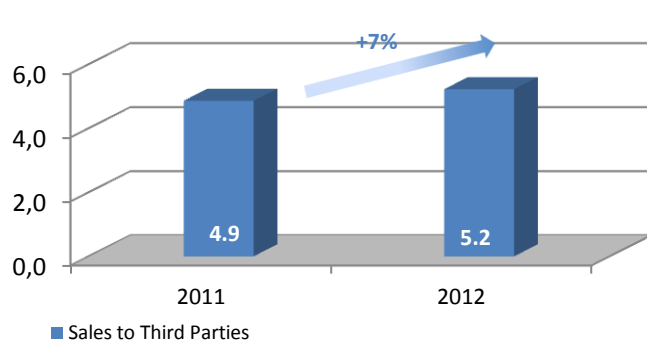
Total Flock, mln heads*



Key Financial Indicators, USD mln



Sales to Third Parties, bln pcs



3.2. DIVERSIFIED SALES STRUCTURE

2009-2011: 20 markets

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

2012: 12 markets

- ✓ Angola
- ✓ Egypt
- ✓ Gambia
- ✓ Liberia
- ✓ Libya
- ✓ Mauritania
- ✓ Republic of Djibouti
- ✓ Taiwan
- ✓ Tunisia
- ✓ Congo
- ✓ Sierra Leone
- ✓ Equatorial Guinea

2009-2012:
32 markets

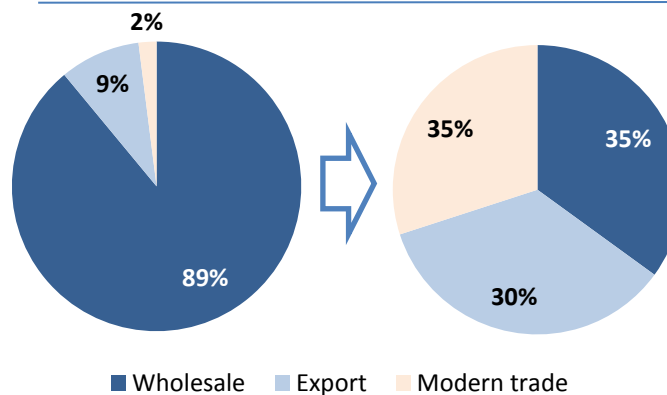
Export strategy - expanding into key markets:

- ➡ MENA
- ➡ Asian markets

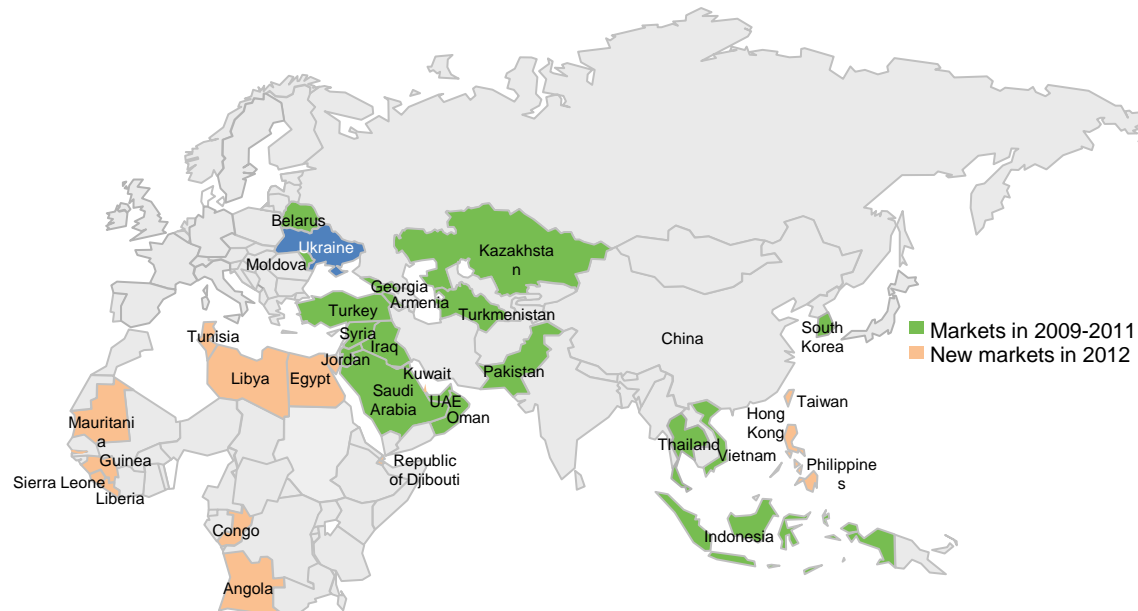
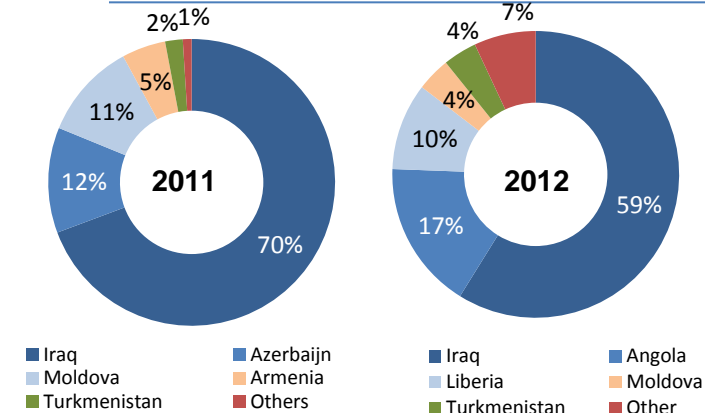
Note: shell eggs are transported within 28 days

* In value terms

Eggs Sales Channels, 2009 – 2013E



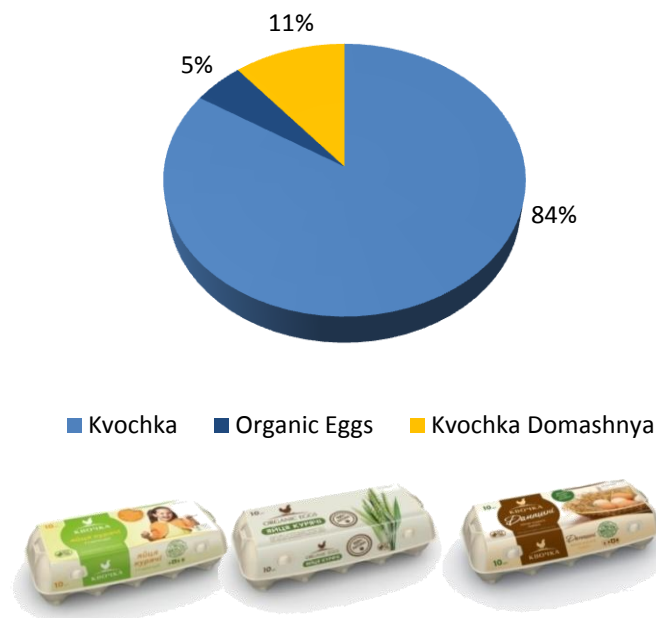
Eggs Top-5 Exports Markets, %*



3.3. DEVELOPMENT OF BRANDED PRODUCT LINE

- ✓ Packaged shell eggs under the “Kvochka” umbrella brand are represented in the most popular consumer price segments
- ✓ The price for “Kvochka”, a budget price segment item, is 5% lower compared to the price of the peers. Only private labels are cheaper on the shelf
- ✓ “Kvochka” demonstrates positive dynamics in the leading Ukrainian supermarket chains. We target to increase the coverage to 2500 outlets
- ✓ The Company also sells non-branded shell eggs in the main retail chains

Sales of Packaged Shell Eggs, 2012



Source: Avangard's data

Sales of “Kvochka” by Avangardco IPL's Major Key Accounts, 2012

Supermarket	%
ATB	40%
Silpo	36%
Pakko	8%
Velyka Kyshenya	3%
Eko	3%
Karavan	2%
Metro	1%
Ekspansiya	1%
Krai	1%
Megamarket	1%
Auchan	1%
Perekrestok	1%
Traditional trade	2%

Source: Avangard's data

Price of Branded Eggs vs Non Branded Eggs, 2012 Net of VAT

Non branded eggs	“Kvochka”	Difference
0.74	0.81	9%

Source: Avangard's data

Sales of Shell Eggs in Retail Chains

	In Natural Terms		In Value Terms	
	2011, 000' pcs	2012, 000' pcs	2011, 000' USD	2012, 000' USD
“Kvochka”	4,906	36,228	437	3,672
Non branded eggs	1,470,000	1,785,092	119,918	164,993

Source: Avangard's data

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

3.4. EMPLOYMENT OF MODERN AND SECURE TECHNOLOGIES

- The IT department consists of more than 40 employees:

- support – 40%
- coding– 40%
- administration – 20%

- High-speed encrypted network connecting the main office and all regional branches

- Avangard employs the following professional software:

- CISCO Telepresence allows the Company to minimize the time spent on business trips and focus on the development and management of the business
- Facco Specto allows to control environmental support systems within poultry houses such as climate and water control, conditioning systems, food etc
- Facco Eflo is a software to count eggs produced within batteries and poultry houses; controls the transfer of eggs to Moba egg packing equipment
- Hotraco Rainbow controls environmental support systems within poultry houses and to count eggs produced
- Moba software is a software to operate Moba egg grading, handling and packing equipment
- Jamesway Hatchcom III controls and monitors the operation of all incubators and hatcheries

Advanced computing power



- Powerful servers that ensure stable work of the network in the Company

Progressive network



- Stable and high-speed network that facilitates efficient cooperation of top-management, key management and back-office staff

Professional software



The Company takes advantage of the most sophisticated software available:

- Facco Specto & Eflo
- Hotraco Rainbow +
- Jamesway Hatchcom III
- 1C Accounting
- Own developments

Robust IT security



- World-recognized antivirus and firewall systems
- Experienced IT security professionals

CISCO Video Facilities

CISCO Telepresence



- Real-life video conferencing with high-definition video and audio setup
- Links two physically separated rooms so they resemble a single conference room even though the two rooms may be on opposite sides of the world

Lowering expenditures on business trips

Optimization of working time

Acceleration of decision-making

4. INVESTMENT PROJECTS STATUS

4.1. INVESTMENT PROJECT

Implementation of projects:

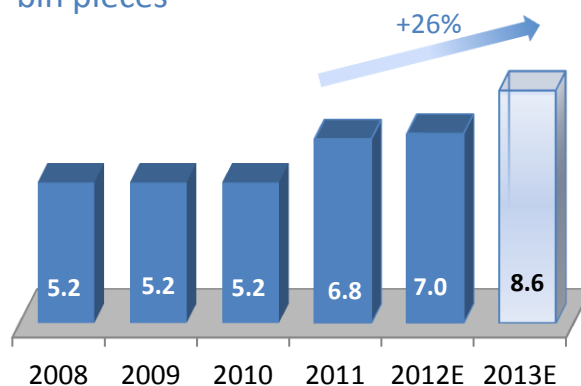
- ✓ Avis egg production complex
- ✓ Chornobaivske egg production complex
- ✓ Expansion of Imperovo Foods egg processing plant

Breakdown of Capital Expenditures, \$ mln

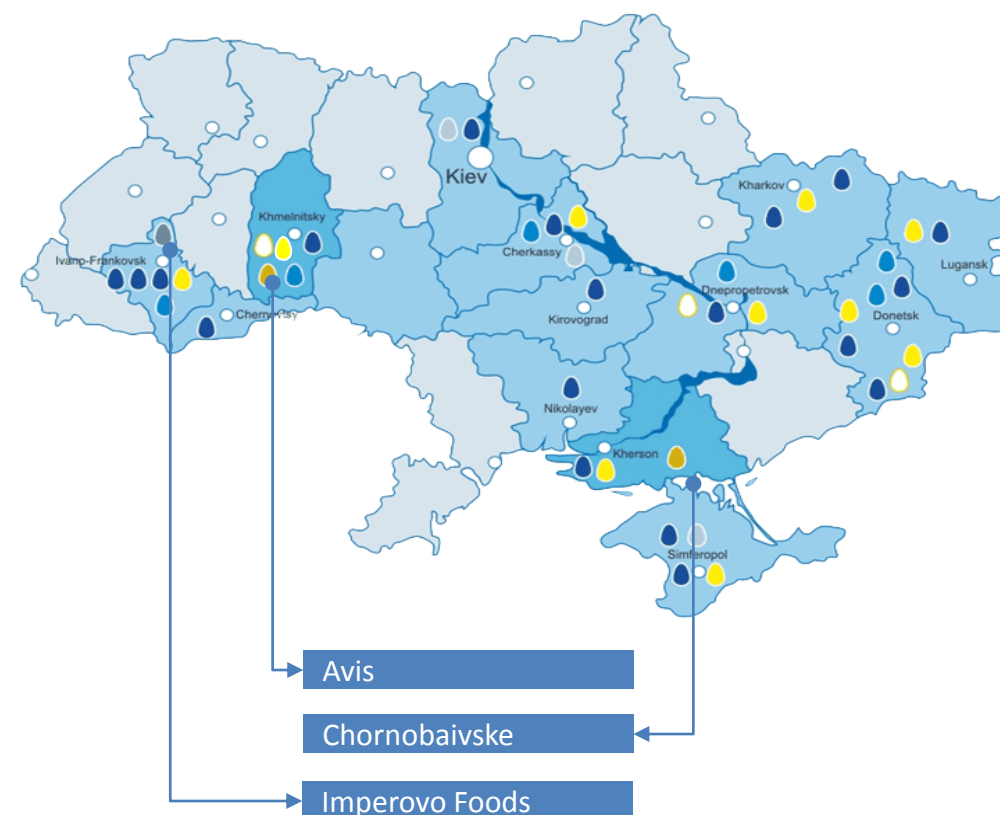
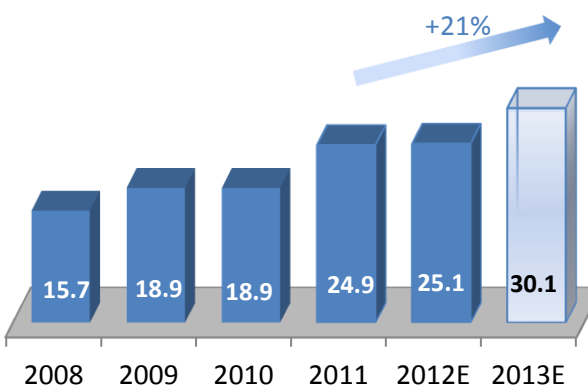
	Before IPO	2010	2011	2012	2013E	2014E	Total
Avis	124	54	59	97,6	27	8,4	370
Chornobaivske	147	14	51	93	47	16	368
Imperovo Foods	-	-	-	115	45	0	160
TOTAL CAPEX	271	68	110	305,6	119	24,4	898

Source: Avangard's data

Capacity in shell eggs production, bln pieces



Capacity, mln laying hens



Production capacities:

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

4.2. AVIS EGG PRODUCTION COMPLEX

Construction of new "Avis" poultry farm in Khmelnytsky region in Ukraine with the capacity of 5.2 mln laying hens and ca 1,616 mln shell eggs once fully operational
The incremental revenue of the Complex at full capacity is ca USD 142 mln*

CONSTRUCTION STATUS:

Rearing site

- ✓ Stage 1 of 1.581 mln hens capacity has been commissioned
- ✓ Current birds placement is 100%
- ✓ Stage 2 of 1.054 mln hens capacity will be commissioned in 1H2013

Industrial laying site

- ✓ Stage 1 of 3.196 mln hens capacity is commissioned
- ✓ Current birds placement is 100%
- ✓ Stage 2 of 2.000 mln laying hens capacity will be commissioned in 2H2013
- ✓ (Line 1 of the Stage 2 was commissioned in October 2012)

Feed mill of 500 thou tons/year capacity including a soybean extrusion section and a 56 thou/tons grain elevator

- ✓ Full set of equipment has been delivered
- ✓ Assembly works are being conducted
- ✓ The construction of the grain elevator has been completed
- ✓ The first supply of grain at the elevator was in October 2012
- ✓ Commissioning of feed mill is due in April 2013

Biogas unit

- ✓ Stage 1 of biogas unit of 4 MWe capacity will be commissioned in December 2013
- ✓ Stage 2 of biogas unit of 4 MWe capacity will be commissioned in December 2014
- ✓ Contract with MT Energie (Germany) has been signed

*Average egg price in 2012 is UAH 0.70 excl. VAT
average exchange rate UAH/USD=7,9908



Rearing Site. Stage 1



Construction of industrial site. Stage 2



Industrial site. Stage 2



Feed mill

4.3. CHORNOBAIVSKE EGG PRODUCTION COMPLEX

Construction of the new “Chornobaivske” poultry farm in Kherson region in Ukraine of ca 6 mln laying hens and 1,865 mln shell egg capacity once fully operational
The incremental revenue of the Complex at full capacity is ca USD 163 mln*

CONSTRUCTION STATUS:

Rearing site

- ✓ Stage 1 of 1.608 mln hens capacity has been commissioned
- ✓ Current birds placement is 100%
- ✓ Stage 2 of 802 thou hens capacity will be commissioned in 1H2013

Industrial laying site

- ✓ Stage 1 of 2.007 mln hens capacity has been commissioned
- ✓ Stage 2 of 1.260 mln hens capacity will be commissioned in 1H2013
- ✓ Stage 3 of capacity 2.967 mln hens capacity will be commissioned in 2H2013

Feed mill of 500 thou tons/year capacity with the 30 tons/ hour full fat soybean meal production line and 56 thou tons grain elevator

- ✓ The equipment has been prepaid in full
- ✓ The delivery of equipment will commence in February 2013
- ✓ The Company has started initial stage construction works
- ✓ The construction started in December 2012
- ✓ Commissioning of feed mill is due in 2H2013

Biogas unit

- ✓ Stage 1 of biogas unit of 3 MWe capacity will be commissioned in December 2013
- ✓ Stage 2 of biogas unit of 6 MWe capacity will be commissioned in December 2014
- ✓ Contract with Bigadan A/S (Denmark) has been signed



Rearing site. Stage 1



Rearing site. Construction of Stage 2



Industrial site. Construction of Stage 2



Industrial site. Construction of Stage 2

*Average egg price in 2012 is UAH 0.70 excl. VAT
average exchange rate UAH/USD=7,9908

4.4. IMPEROVO FOODS EGG PROCESSING PLANT

- 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 to 10 mln eggs per day from current 3 mln
- The revenue from the sales of egg product under full capacity utilization is estimated at USD 341 mln using average 2012 price*

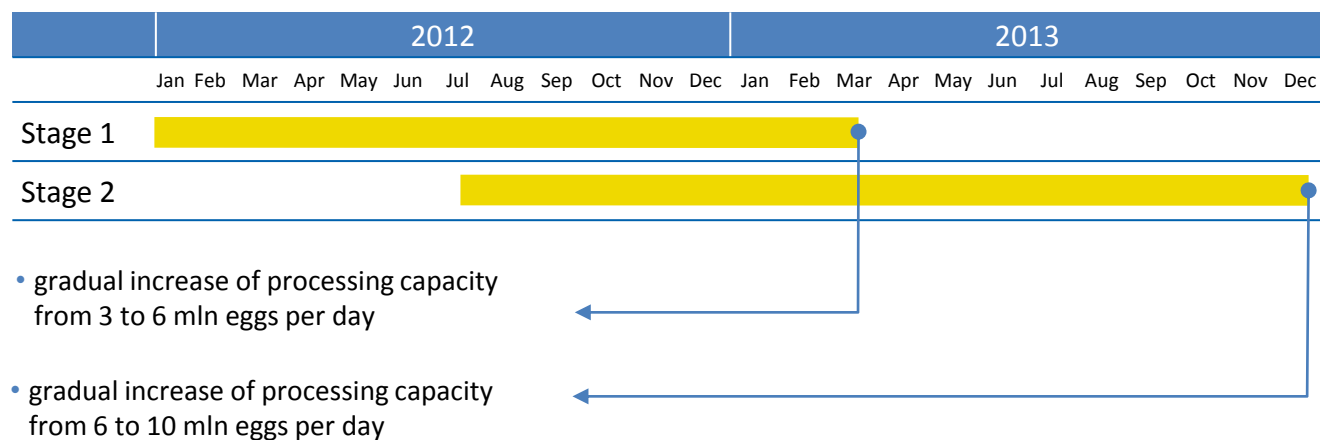
CONSTRUCTION STATUS:

- Currently the Company is implementing stage 1 of capacity expansion from 3 to 6 mln eggs processing per day
- The contract with SANOVO International A/S (Denmark) and ACTINI GROUP (France) has been signed
- The equipment is supplied by SANOVO International A/S, the installation of drying and homogenizing machines has been commenced



Imperovo Foods egg processing plant
Cooling and reservation line

Imperovo Foods Expansion - Indicative Timetable



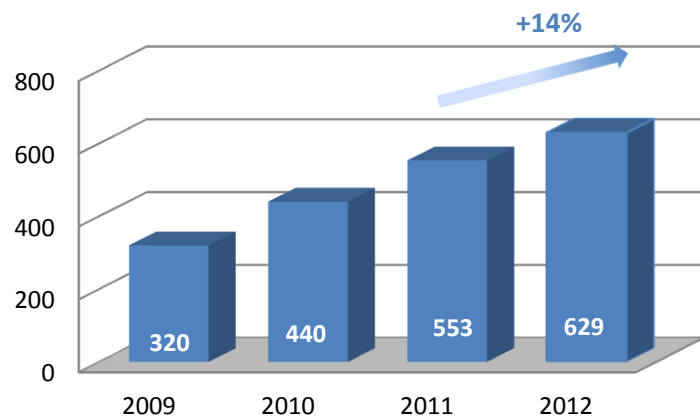
Imperovo Foods egg processing plant
Separation line

*Average egg products price in 2012 was USD 8.11 /kg

5. FINANCIAL OVERVIEW

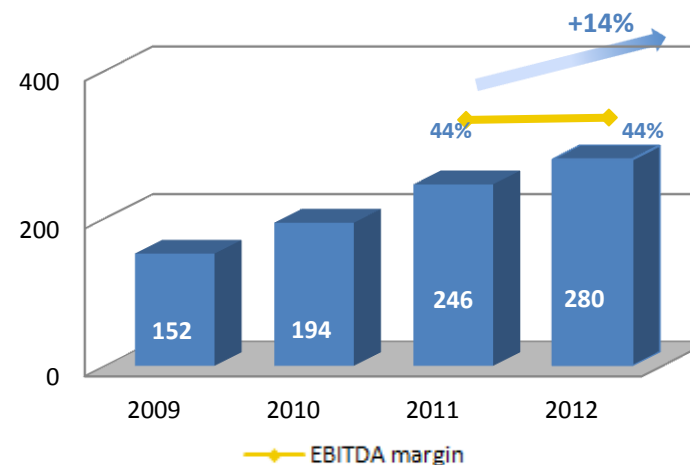
5.1. KEY FINANCIAL HIGHLIGHTS

Revenue, \$mIn



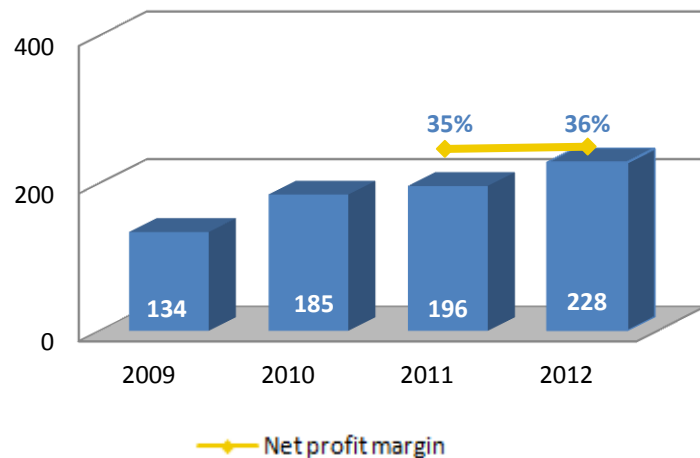
Source: Avangard's data

EBITDA, \$mIn



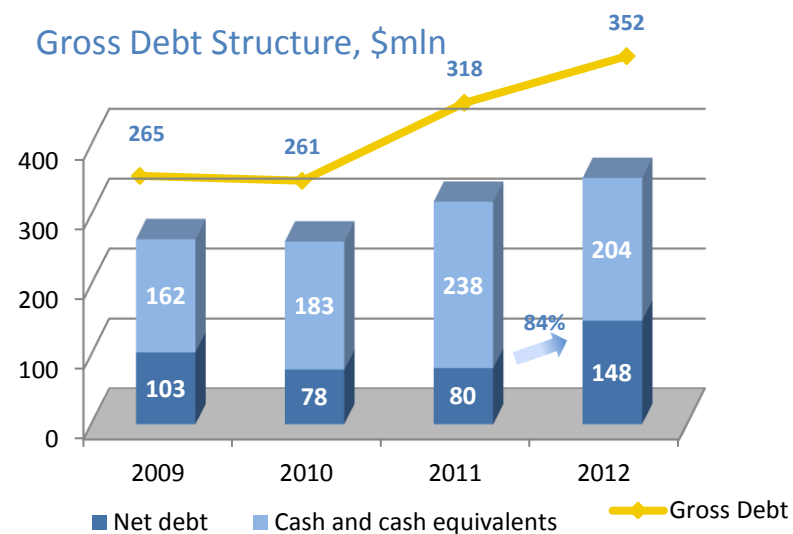
Source: Avangard's data

Net Profit, \$mIn



Source: Avangard's data

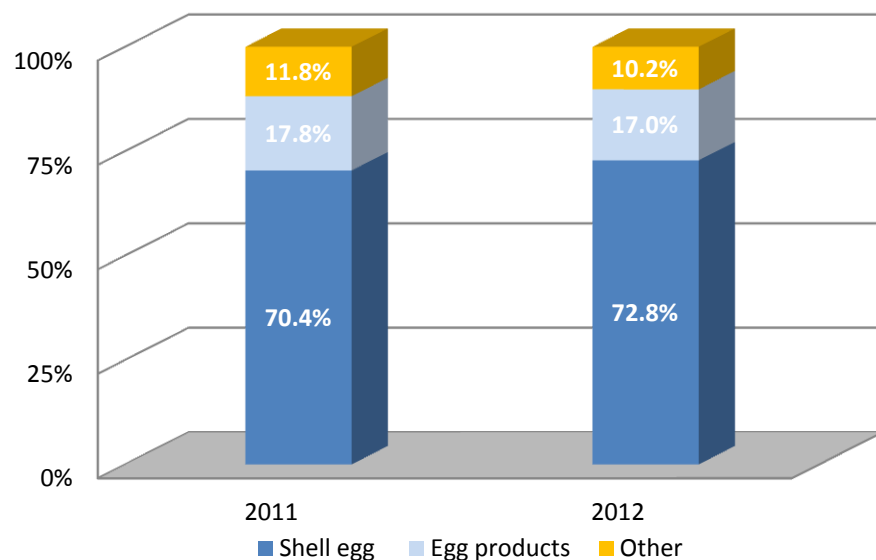
Gross Debt Structure, \$mIn



Source: Avangard's data

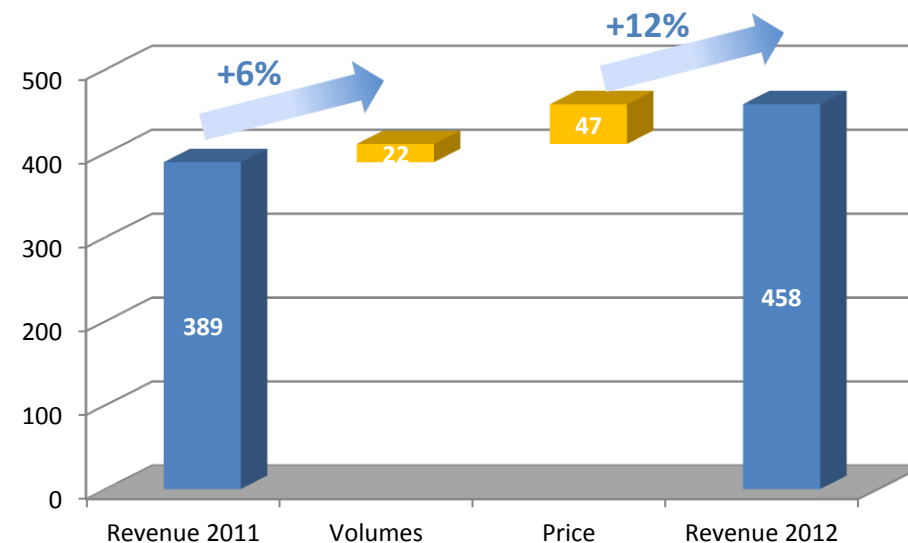
5.2. KEY SEGMENT RESULTS

Sales Revenue Structure, %



Source: Avangard's data

Drivers of Shell Eggs Revenue Growth in 2012, \$ mln



Source: Avangard's data

SALES REVENUE, \$'000	2011	2012	change, %
Shell egg	389,265	458,308	+18%
Egg products	98,499	106,644	+8%
Other	65,546	64,354	-2%

Revenue share of key segments (eggs and egg products) increased in 2012

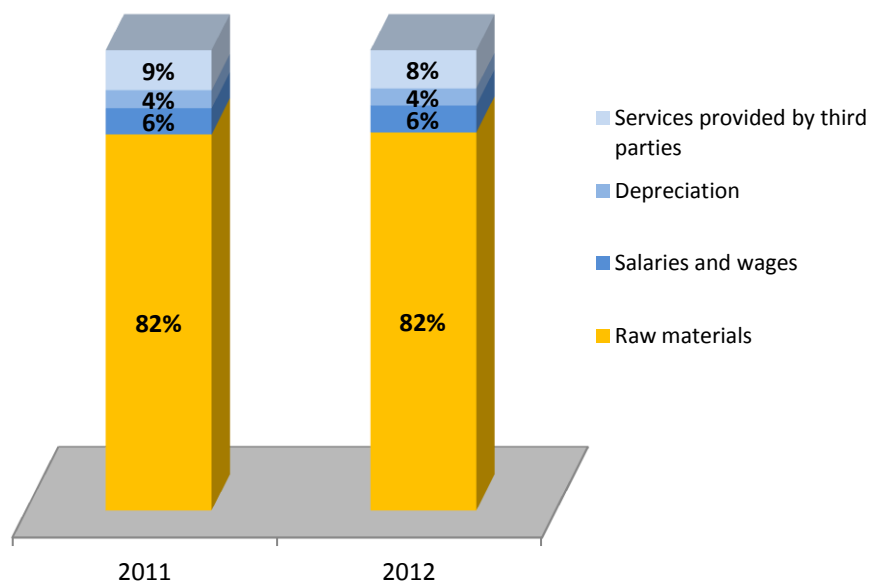
5.3. COST STRUCTURE

Cost of Sales

\$'000	2011	2012	change, %
Raw materials	287,362	324,260	13%
Salaries and wages	20,054	23,098	15%
Depreciation	13,870	14,639	6%
Services provided by third parties	30,503	32,824	8%
Other	173	182	5%
Total COGS	351,962	395,003	12%

Source: Avangard's data

Cost of Sales Structure

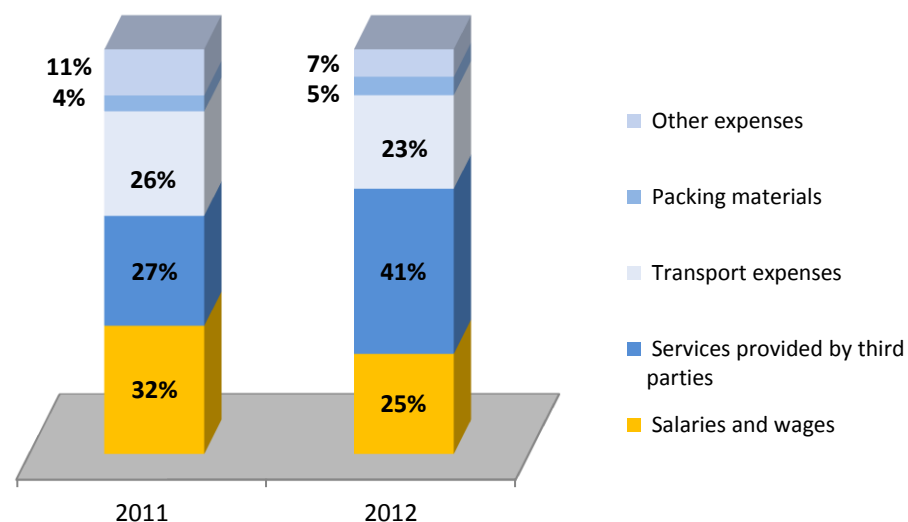


General and Administration

\$'000	2011	2012	change, %
Salaries and wages	7,348	10,541	43%
Services provided by third parties	6,300	17,392	176%
Transport expenses	5,989	9,853	65%
Packing materials	914	1,939	112%
Other expenses	2,645	2,890	9%
Total G&A	23,196	42,615	84%

Source: Avangard's data

General and Administration Costs Structure

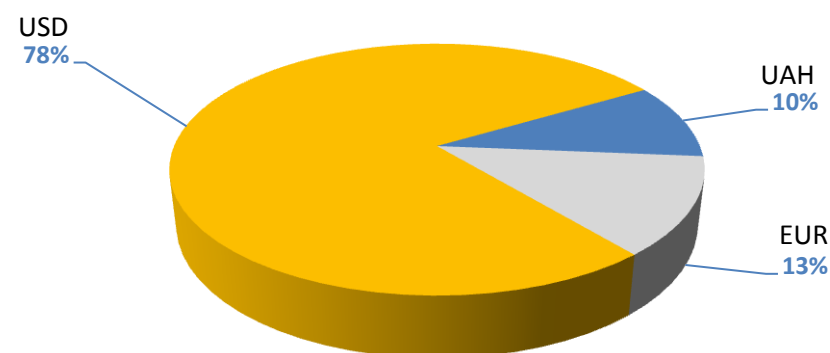


5.4. DEBT STRUCTURE

- Low financial leverage
 - ✓ Net debt position of **\$148 mln** as of 31.12.2012
 - ✓ Total debt/EBITDA – 1.26x
 - ✓ Net debt/EBITDA – 0.53x
 - ✓ Net debt represents ca. **9%** of total assets as of 31.12.2012
 - ✓ Ca. **10%** of debt portfolio is UAH denominated as of 31.12.2012
- The Company adheres to natural hedging policy securing compliance of cash flows currency structure
- Financial leasing constitutes minor part of Avangard's liabilities (ca. 1.1%). The Company leases equipment and cars for an average term of 3-4 years

\$'000	2011	2012	% change
Total Debt	318,114	352,232	11%
Long-term	216,330	232,841	8%
Short-term	101,784	119,391	17%
Net Debt	80,284	148,238	85%
Net debt/EBITDA	0,3	0,5	
Total debt/EBITDA	1,3	1,3	

Debt Portfolio Structure by Currency in 2012



	Covenant	2009	2010	2011	2012
Net Debt/EBITDA	<= 3.0x	0.7x	0.4x	0.3x	0.5x
Total Debt/EBITDA	<= 3.0x	1.7x	1.3x	1.3x	1.3x

Avangardco IPL fully complies with the covenants

APPENDIX: FINANCIAL SNAPSHOT

BALANCE SHEET

\$'000	2011	2012	change*, %
NON-CURRENT ASSETS	651,964	969,153	<u>49%</u>
Property, plant and equipment	512,697	920,072	
Non-current biological assets	44,304	46,724	
Deferred tax assets	1,922	1,966	
Other non-current assets	93,041	391	
CURRENT ASSETS	653,690	609,175	<u>-7%</u>
Inventories	202,279	177,886	
Current biological assets	58,916	56,889	
Trade accounts receivable, net	51,437	55,551	
Prepaid income tax	-	18	
Prepayments and other current assets, net	26,946	11,966	
Taxes recoverable and prepaid	76,298	102,567	
Cash and cash equivalents	237,814	204,298	
TOTAL ASSETS	1,305,654	1, 578, 328	<u>21%</u>
TOTAL EQUITY	939,339	1,167,195	<u>24%</u>
NON-CURRENT LIABILITIES	219,214	206,150	<u>-6%</u>
CURRENT LIABILITIES	147,101	204,983	<u>39%</u>
Loans and bonds	104,641	151,505	
Trade Accounts Payable	17,894	24,435	
Other Payables	24,566	29,043	
TOTAL LIABILITIES	366,315	411,133	<u>12%</u>
NET DEBT	80,284	147,934	<u>84%</u>

*change from 2011 to 9M2012

Source: Avangard's data

INCOME STATEMENT

\$'000	2011	2012	change, %
REVENUE	553,310	629,306	<u>14%</u>
Income from revaluation of biological assets at fair value	23,697	26,191	
Cost of sales	-353,232	-396,960	
GROSS PROFIT	223,775	258,537	<u>16%</u>
General administrative expenses	-13,161	-22,559	
Distribution expenses	-10,035	-20,056	
Income from government grants and incentives	318	305	
Income from special VAT treatment	38,037	46,484	
Other operating income/expenses, net	-7,430	1,773	
OPERATING PROFIT/(LOSS)	231,504	264,484	<u>14%</u>
Financial income	1,492	680	
Financial expenses	-33,106	-36,936	
Income from the purchase of subsidiary	191	-	
PROFIT BEFORE TAX	200,081	228,228	<u>14%</u>
Income tax expenses	-3,787	5	
PROFIT/(LOSS) FOR THE PERIOD	196,294	228,233	<u>16%</u>
EBITDA	245,834	279,768	<u>14%</u>
<i>EBITDA margin</i>	44%	44%	<u>0%</u>

CASH FLOW STATEMENT

\$'000	2011	2012
PROFIT BEFOR INCOME TAX	200,081	228,228
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	223,141	248,726
(Increase)/decrease in net working capital	-41,643	13,630
Interest paid	-12,256	-9,946
Income tax paid	-6,782	-81
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	185,861	277,450
Purchases of PP&E	-113,021	-321,635
(Increase)/Decrease in bank deposits	-	-
Net cash generated from/(used in) other investment activities	-48,608	680
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	-161,629	-320,955
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	31,718	10,110
Effects of translation into presentation currency	-1,201	-121
Decrease/ (increase in restricted cash)	-7,174	6,380
NET INCREASE/(DECREASE) IN CASH	48,776	-27,015
Cash at the beginning of the year	183,065	230,640
Cash at the end of the year	230,640	203,504