



4 March 2010

**AVANGARDCO INVESTMENTS PUBLIC LIMITED
FINANCIAL RESULTS FOR 2010**

KYIV, UKRAINE – AVANGARDCO INVESTMENTS PUBLIC LIMITED (LSE: AVGR) (the “Company” or “Avangard”), the leading producer of shell eggs and egg products in Ukraine, announces its financial results for the year to 31 December 2010.

Financial highlights

- Revenue increased by 37% to US\$439.7 million (2009: US\$319.9 million). The revenue growth was due to increased production volume and increased sales of eggs and egg products.
- EBITDA increased by 27% to US\$193.5 million (2009: US\$152.1 million).
- EBITDA margin remained strong at 44% (2009: 48%). The slight decrease year-on-year was due to a one-off waiver of a US\$22.5 million debt owed to related parties in 2009.
- Net profit increased by 38% to US\$184.8 million (2009: US\$133.7 million).
- Net profit margin remained unchanged at 42%.
- Net debt amounted to US\$77.7 million.

Operational highlights

- Total shell eggs output increased by 22% to 4420 million eggs (2009: 3364 million).
- Poultry flock increased by 51% to 24.3 million birds (2009: 16.1 million).
- Average egg price increased by 2% to UAH 0.57* per egg (2009: UAH 0.56*).
- Egg sales through modern retail networks increased to 16% of total revenues in 2010 from 2% of revenues in 2009.
- Backed by significant demand Avangard export in 2010 increased to 1 billion eggs and egg products in the egg equivalent, which is almost 3.3 times higher than in 2009 (306 million).
- Construction of two new facilities, "Avis" and "Chernobaevskoe" in the Khmelnytsky and Kherson regions of Ukraine were carried out according to schedule.
- As a result of an IPO on the London Stock Exchange in May 2010, the company raised US\$200.2 million in net proceeds (after deducting all fees and expenses) to fund the expansion and diversification of the egg business.
- In October 2010, the Company placed US\$193.5 million worth of Eurobonds in net proceeds, to mature on October 29, 2015. The coupon rate was 10%. The Company's Eurobonds 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 on November 1, 2010.

* Excluding VAT

Nataliya Vasylyuk, Chief Executive Officer of Avangard, said:

“I am very pleased to announce strong financial results for the year to 31 December 2010. Following the successful IPO on the London Stock Exchange, we have made excellent progress in advancing our strategy of expanding our activities and increasing the quality of our products. We have managed to meet most of our targets and our results demonstrate positive trends across all metrics despite the reduction in the market price for shell eggs in Ukraine during the first half of the year.

The market environment in Ukraine is favourable for our sector and we are confident that we will be able to continue to trade well and deliver strong financial results. Our market positions are strong and we remain focussed on achieving our primary objective – becoming one of the World’s leading producers of shell eggs and egg products while retaining the position of local market leader.

Avangard’s financial position is very strong and we are confident that we have all the necessary skills, facilities and resources to provide value for our shareholders in 2011 and beyond.”

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There will be a conference call for analysts and investors today at 9:00 US Eastern time, 14:00 UK time, 16:00 Kiev time and 17:00 Moscow time.

Time: 14.00 (London) / 16.00 (Kiev) / 17.00 (Moscow)

Name: Avangard FY2010 Results

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A live webcast of the presentation will be available at:

<http://wcc.webeventservices.com/r.htm?e=291243&s=1&k=97D66F57626EBC0AB5DC1147CF8A6931&cb=blank>

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

The conference call replay will be available through 1 April 2011 by following numbers.

International number: +44 (0)20 7031 4064

Record access ID: 889823

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Information for editors

Avangard 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 to 31 December 2010, the Company holds 26% share of the Ukrainian egg market (43% of the industrial egg market) and a 79% share of the Ukrainian egg products market. As of 31 December 2010, the total poultry stock of the company was 24.3 million heads. The Company's plants are located in 14 regions of Ukraine and the Autonomous Republic of Crimea. In 2010 the Company exported its products to 15 countries, mostly in the Middle East and Asia. In 2010, revenues amounted to US\$439.703 million (2009: US\$319.855 million) and EBITDA was \$193.538 million (2009: US\$152.092 million). 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 \$200 million with a maturity of 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 results overview:

		2010	2009	Change, 10/09
Revenue	US\$, m.	439.703	319.855	37%
Gross profit	US\$, m.	157.746	107.143	47%
<i>Gross profit margin</i>	%	36%	33%	
EBITDA	US\$, m.	193.538	152.092	27%
<i>EBITDA margin</i>	%	44%	48%	
Operating profit	US\$, m.	180.901	139.807	29%
<i>Operating profit margin</i>	%	41%	44%	
Net profit	US\$, m.	184.758	133.669	38%
<i>Net profit margin</i>	%	42%	42%	

In 2010 consolidated revenue increased by 37% to US\$439.7 million (2009: US\$319.9 million) as a result of increased sales of eggs and powdered eggs.

Consolidated EBITDA increased by 27% to US\$193.5 million (2009: US\$152.1 million). EBITDA margin decreased from 48% in 2009 to 44% in 2010 due to the fact that 2009 EBITDA included a one-off waiver of a US\$22.5 million debt owed to related parties.

Net profit for 2010 increased by 38% to 184.8 million (2009: US\$133.7 million). Net profit margin in 2010 remained unchanged at 42%.

Shell egg segment

In 2010, revenues from egg sales to external clients reached US\$280.3 million, which is 17% more than in 2009 (US\$240.6 million). Shell egg sales represented 64% of total revenue.

This sales growth was due to a significant increase in the volume of egg production to 4.420 million units (2009: 3.634 million), due to the expansion of our poultry flock during 2010. The Company's total flock now stands at 24.3 million heads (2009: 16.1 million heads).

The average sales price per egg for 2010 increased by 2% over the year to 0.57 UAH (VAT excluded) (2009: 0.56 UAH. VAT excluded). The increase in the price per egg was lower than expected due to the unusually dry summer period and the associated reduction in demand for eggs in the Ukraine. In 2011 the Company expects a further increase in the average price of an egg.

During 2010, the Company continued to implement its stated strategy of focusing on developing relations with its major customers and the diversification of its sales channels. As a result, the share of the Company's sales through modern retail outlets has increased from 2% of total egg sales in 2009 to 16% in 2010.

During 2010, the Company exported egg products to Georgia, Iraq, Kazakhstan, Syria, Turkey, Moldova and UAE. Export volume of eggs in 2010 reached 169.5 million units.

Egg products segment

Due to the acquisition of LLC Imperovo Foods in July 2009, there is no comparable financial information for the full year of 2009 for the egg products segment.

Proceeds from the sale of egg powder in 2010 totaled US\$91 million, which is more than four times higher than in 2009 (US\$22 million). Egg products sales represented 21% of total revenue.

During 2010, the Company processed 777.7 million eggs and produced 10.2 thousand tons of egg product. The average selling price of dried egg products during the reporting period amounted to US\$8.21 per kg (excluding VAT).

During 2010, the Company exported dried egg products to Jordan, Turkey, Saudi Arabia, Kuwait, UAE, Indonesia, Thailand, South Korea, Oman and Vietnam. Additionally, during the period, egg powder was exported to Pakistan for the first time. Total exports reached 67.04 kg.

Debt structure, cash flow and working capital

	2010	2009
Operating profit before working capital changes	163,418	121,310
(Increase)/decrease in net working capital	-298,817	96,179
Interest paid and income tax paid	-23,560	-51,829
Cash generated from operations	-158,959	165,660
CapEx	-82,157	-3,370
Decrease in bank deposits	156,421	126,200
Interest received	73,459	1,769
Other items	-255	28
Cash generated from investing activities	147,468	124,627
Net change in loans	-197,705	-292,505
Proceeds from bonds issues	193,471	0
Increase in share capital	201,356	
Other items	-4,267	-2,964
Cash generated from financing activities	192,855	-295,469
Effect from translation into presentation currency	0	1,097
Total change in cash	181,364	-4,085

Operating profit before working capital changes amounted to US\$163.418 million. Increase of working capital in 2010 by US\$298.8 million was primarily attributable to the following factors:

- Increase in inventories of raw materials by US\$93 million. The Company had sufficient funding during the period to purchase grain and other raw materials on forward contracts at the lowest seasonal prices in volumes that cover the needs of the Company for a period of 9 months. The ability to forward-purchase considerable amounts of raw materials on a periodic basis has allowed the company to significantly reduce raw material costs in 2010.
- VAT receivable increased by US\$24.3 million.
- Increase in prepayments for raw materials by US\$14.3 million to secure steady production volumes in the first months of 2011
- Repayment of payables and prepayments to related parties for US\$107 million. In accordance with stated plans, the Company has been gradually reducing relationships with related persons.

The volume of capital investments during the period amounted to US\$82.1 million. This was primarily attributable to the construction of the new Avis and Chernobaevskoe plants in the Kherson and Khmelnytsky regions of Ukraine. The construction is progressing on schedule, and the plants are due to start operating by the end of 2011.

The Company closed deposits in its affiliated bank in the amount of US\$156.4 million in accordance with the covenants provided for Eurobonds.

Through its IPO in May 2010, the Company raised US\$200.2 million (after deducting all fees and expenses) to fund the expansion and diversification of its egg business.

In October 2010, the Company placed US\$193.5 million worth of Eurobonds in net proceeds, to mature on October 29, 2015. The coupon rate was 10%. The Company's Eurobonds 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 on November 1, 2010.

Net debt was reduced by 24% during the period, to US\$77.8 million.

The ratio of net debt to EBITDA decreased to 0.4 (based on EBITDA for 12 months) from 0.7 in December 2009. The current debt coverage level is low if compared with other agricultural market leaders in the Ukraine.

At the end of the period, the share of long term debt in the Company's debt portfolio (including current portion of long-term obligations) amounted to 97%.

Current trading and outlook

The Company expects further growth in sales due to high demand for eggs and egg products in Ukraine, as well as the active implementation of its export plans. Furthermore, levels of sales will be supported by an increase in the Company's poultry flock. The Company will continue to diversify its customer base in Ukraine, paying special attention to retail networks.

As the Government of the Russian Federation has lifted its ban on Ukrainian products, Avangard is taking the appropriate actions to achieve the Certification of its enterprise companies from the Federal Service for Veterinary and Phytosanitary Supervision. Once the necessary visits and checks have taken place, the company plans to begin exporting shell eggs to Russia this year.

Currently, no Ukrainian companies have permission to export egg products to the EU. However, the Company is taking the necessary actions to obtain permissions. The first inspection in this regard was carried out by the EU Commission in May 2010 and the next one is expected in March 2011.

As a result of abnormally hot weather in the region, leading to droughts and fires, the market prices of grain increased considerably. The company has reduced the risks associated with grain prices by entering into forward contracts to purchase wheat. If grain prices remain high in 2011, we can expect inflation in the food market of Ukraine, which may push up prices for eggs.