



7 February 2012

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**  
**Full Year Trading Update - 2011**

**Kyiv, Ukraine** – AVANGARDCO INVESTMENTS PUBLIC LIMITED (LSE: AVGR) («Company» or «AVANGARDCO IPL»), the largest producer of shell eggs and egg products in Ukraine and the second largest in the world, issues its trading update for the year ended 31 December 2011.

	Units	FY 2011	FY 2010	% Change
<b>Total Poultry Flock</b>	<b>Heads (mln)</b>	25.1	24.3	3.3
<b>Laying Hens</b>	<b>Heads (mln)</b>	20.5	18.7	9.6

The total poultry flock increased 3.3% year on year, with the number of laying hens increasing by 9.6%. This substantial growth made the Company the world's second largest shell egg producer, according to the World Poultry Journal, the leading international publication in the poultry industry.

**Shell Egg Segment**

	Units	FY 2011	FY 2010	% Change
<b>Total Production</b>	<b>Pieces (mln)</b>	5,955	4,420	34.7
<b>Average Sales Price</b>	<b>UAH (excl. VAT)</b>	0.64	0.57	12.3

**Production:** The Company retained its leading position in the domestic market and increased the shell egg production volume by 34.7% in 2011. This was primarily due to the increase in the number of poultry flock as well as due to improved efficiency at existing poultry farms and the commissioning of new egg production facilities.

**Sales:** During the reporting period, sales to external customers increased by 25% year on year to 4,862 million pieces (2010: 3,888 million pieces).

**Sales Through Supermarkets:** In 2011, the share of shell egg sales through modern retail chains (supermarkets) increased to 30% of total sales to third parties (2010: 16%). The Company's shell eggs were sold to more than 20 large supermarkets.

**Our Brand:** The increase in sales through modern retail chains (supermarkets) is due to the relaunch of "Kvochka" – the Company's flagship packaged egg brand – in the third quarter of 2011. Due to the expansion of the distribution network and focused marketing support, sales of "Kvochka" doubled, with market share in major supermarket chains reaching a record high of 15% following the relaunch

in the end of November 2011. The company plans to further expand the product line under its umbrella brand "Kvochka" in order to achieve a leading position in high-margin category of packaged eggs.

**Export:** In the second half of 2011 the export market environment showed some improvement, compared to the first half of the year, with increased demand for shell eggs having a positive impact on both export and domestic prices. Due to its flexible pricing and export policy the Company managed to export over 90% of its annual export volumes in the second half of the year. The Company also further strengthened its international sales team. The total export of shell eggs was 295 million pieces, an increase of 74.6% year on year. The most rapidly growing export markets were Iraq and the CIS countries, which accounted for approximately 60% and 38% of total exports, respectively. In 2011, the Company also opened up new export markets to geographies including Armenia, Turkmenistan and Azerbaijan.

**Average Price:** Thanks to the factors above, the average selling price of shell eggs in 2011 increased by 12.3% year on year.

### Egg Products Segment

		FY 2011	FY 2010	Change, %
<b>Dry Egg Products Production</b>	<b>Thou. tonnes</b>	12.1	10.2	18.6
<b>Average Sales Price</b>	<b>US\$/Kg</b>	8.05	8.21	(1.9)

**Production:** During 2011 the production of dry egg product increased by 18.6% year on year, on the back of increasing demand, in both domestic and export markets.

**Sales:** During the reporting period the Company sold over 95% of the produced volume of dry egg products.

**Export:** In 2011, the Company exported 67% of its dry egg products to markets in the UAE, Jordan and Korea. The export of dry egg products amounted to about 800 million eggs in egg equivalent.

**Average Price:** Average sales price for dry egg products declined by 1.9% during the reporting period. The high prices achieved in 2010 came about as a result of the sale of an inventory of egg products, including albumin, the most expensive of all the dry egg products range.

The Company's management is satisfied with the 2011 trading results and anticipates good financial results for the reporting period. The Company's 2011 audited consolidated financial statements will be published at a later date.

### Investment Projects

**"Avis":** As at December 31, 2011 the rearing site facilities with the capacity of 1.5 million heads were fully utilised. These facilities were launched in the summer of 2010.

In July 2011, the first stage of laying hens facilities with 3 million heads capacity was officially launched. As at December 31, 2011, these facilities were operating at over 80% of their capacity. The capacity of the facilities for laying hens is used in line with the Company's operational plans.

Both the rearing site facilities as well as the facilities for laying hens are fully compliant with the European standards (using equipment of Officine Facco & C. Spa).

As at December 31, 2011, the final equipment commissioning in the eggs sorting area was underway. The independent 35MW electric substation, required for the provision of electricity to the rearing and laying hens sites, is now operational. The elevator, with capacity of 56,000 tonnes, is nearly 90% completed. Construction of the fodder mill is 50% complete, with delivery and installation of technological equipment now being carried out. A further independent electric substation, with a 110 MW capacity required for the 200,000 tonne elevator, is currently in the design stage.

**“Chornobaivske”:** In December 2011, the Company officially opened the rearing site with the capacity of 1.5 million heads. As at December 31, 2011, the site was operating at over 20% of its full capacity. The capacity of the rearing site is used in line with the Company’s operational plans.

Currently, both the rearing site facilities as well as the facilities for laying hens are fully compliant with European standards (using equipment of SALMET International GmbH).

In the summer of 2011, the Company’s management made a decision to increase production capacities at “Avis” and “Chornobaivske”, including capacities of the rearing and laying hens sites from 1.5 mln to 2.5 mln and from 3 mln to 5 mln heads, respectively. Production capacities for biogas are planned to be increased from 9.74 MW/h to 20.4 MW/h of electricity and from 11 MW/h to 22 MW/h of heating, respectively.

**“Imperovo Foods” Egg Processing Plant:** The plant for processing eggs LLC "Imperovo Foods" is currently undergoing plans to increase its capacity. It is expected that the first stage of the project, namely the increase in processing capacity from 3 million to 6 million shell eggs a day, will be completed in December 2012. The second stage of the project to increase processing capacity from 6 million to 10 million shell eggs a day will be completed in July 2013.

- Ends -

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