



March 05, 2013

**AVANGARDCO INVESTMENTS PUBLIC LIMITED
AUDITED FINANCIAL RESULTS FOR 2012**

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 Euroasia, today announces its audited financial results for the year ended 31 December 2012.

Financial highlights

- Revenue increased by 13.7% year-on-year to US\$629.3 mln (2011: US\$553.3 mln)
- EBITDA was up by 13.8% year-on-year and reached US\$279.8 mln (2011: US\$245.8 mln), with EBITDA margin of 44.5%
- Operating profit increased by 14.2% year-on-year to US\$264.5 mln (2011: US\$231.5 mln), with an operating profit margin of 42%
- Net profit for the year grew by 16.3% year-on-year to US\$228.2 mln (2011: US\$196.3 mln), with net profit margin increasing to 36.3% (2011: 35.5%).

Operational highlights

- Total flock increased by 9.6% year-on-year to 27.5 mln (2011: 25.1 mln). The number of laying hens grew by 11.2% year-on-year to 22.8 mln (2011: 20.5 mln)
- Production of shell eggs was up by 5.6% to 6.287 bln (2011: 5.955 bln)
- Sales of shell eggs to external clients increased by 7.4% year-on-year to 5.223 bln (2011: 4.862 bln)
- The share of shell egg sales through modern retail chains (supermarkets) increased to 35% of total sales to external customers (2011: 30%)
- The average selling price of eggs increased by 9.4% year-on-year and amounted to UAH 0.70 per unit, excluding VAT (2011: UAH 0.64 per unit, excluding VAT)
- The production of dry egg products grew by 15.6% year-on-year reaching 14.1 thousand tonnes (2011: 12.2 thousand tons), or 1,078 mln eggs in egg equivalent (2011: 1,053 mln eggs)
- The average sale price of dry egg products increased by 0.7% year-on-year to US\$8.11/kg (2011: US\$8.05/kg).

Nataliya Vasylyuk, Chairwoman of the Board of Directors of AVANGARDCO IPL, commented:

“Avangardco IPL, the leading producer of shell eggs and egg products in Ukraine, has demonstrated once again the effectiveness of its development strategy and delivered a sustainable growth in its operating and financial results.

In the beginning of 2013 the Company introduced changes to its management and Board of Directors. Following my appointment as Chairwoman of the Board of Directors, Irina Marchenko and Irina Melnik became CEO and CFO of the Company, respectively.

In 2013, Avangardco IPL will continue to execute on its stated strategy to become the number one egg producer in the world.”

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

“In 2012, the Company achieved a revenue increase of 14%, coupled with a net profit increase of 16%, as well as continued to maintain its EBITDA at a high level of profitability. This was due to the growth in production in two main segments, expansion in its target markets and the increase in its sales prices.

Importantly, the Company’s export revenues amounted to 20% of the Company’s total revenue. In 2012, we expanded the Company’s presence in global markets by selling high quality products and increasing customers’

loyalty. In 2013, we plan to continue the Company's expansion into the new export markets and increase its presence in the existing markets.

In 2012, the Company continued to develop the presence of its branded and non-branded products in the retail network of supermarkets. At present the Company is working with all large supermarket chains in Ukraine. The share of egg sales through supermarkets' network has increased to 35% of total sales to third parties from 2% in 2009.

In 2012, the Company launched the first stage of production at "Avis" and "Chornobaivske" complexes, the largest projects of this kind in Eurasia.

The Company remains the leading producer of dry egg products in Ukraine. In response to the growing demand for processed egg products the Company is expanding its daily processing capacity at "Imperovo Foods" egg processing plant to 10 mln eggs."

Current Trading and Outlook

In 2013, the Company expects to continue expanding its production through the growth of poultry flock and putting into operation its new production facilities at "Avis" and "Chornobaivske". The Company will also continue to expand its customer base in Ukraine, paying special attention to retail channel and development of "Kvochka"-branded products. The Company plans to expand its presence in export markets and increase its market share in existing markets.

Financial Summary

	Units	2012	2011	Change, %
Revenue	US\$ '000	629,306	553,310	13.7%
Gross Profit	US\$ '000	258,537	223,775	15.5%
<i>Gross Profit Margin</i>	%	<i>41.1%</i>	<i>40.4%</i>	<i>0.7%</i>
EBITDA	US\$ '000	279,768	245,834	13.8%
<i>EBITDA Margin</i>	%	<i>44.5%</i>	<i>44.4%</i>	<i>0.1%</i>
Operating Profit	US\$ '000	264,484	231,504	14.2%
<i>Operating Margin</i>	%	<i>42.0%</i>	<i>41.8%</i>	<i>0.2%</i>
Net Profit	US\$ '000	228,233	196,294	16.3%
<i>Net Profit Margin</i>	%	<i>36.3%</i>	<i>35.5%</i>	<i>0.8%</i>

In 2012, the Company's total revenue was up by 13.7% year-on-year to US\$629.3 mln (2011: US\$ 553.3 mln) due to the increase in production, sales through all distribution channels. The Company's revenues were positively impacted by the growth in selling price of shell eggs (9.4%) and egg products (0.7%), compared to the previous year.

The Company's export revenues increased by 21% year-on-year to US\$127.8 mln (2011: US\$105.6 mln), which equals to 20.3% of the Company's total revenue.

The Company's 2012 gross profit grew by 15.5% year-on-year to US\$258.5 mln (2011: US\$ 223.8 mln), with a gross profit margin of 41.1% (2011: 40.4%).

In 2012, EBITDA grew 13.8% year-on-year to US\$279.8 mln (2011: US\$245.8 mln), EBITDA margin stood at 44.5% due to the stable supply of grain feedstock and vertical integration of operations which allows the Company to control its costs at the each stage of production.

Net profit for the year increased by 16.3% year-on-year to US\$228.2 mln (2011: US\$196.3 mln), with profit margin growing to 36.3% (2011: 35.3%).

During 2012 general administrative expenses increased by 71.4% year-on-year to US\$22.6 mln (2011: US\$13.2 mln) as a result of increased labour costs following the growth in the minimum wage in Ukraine, the expansion of the workforce due to the growth of the business and the increase in legal and other consulting services costs provided by the third parties.

Distribution expenses grew by 99.8% year-on-year to US\$20.1 mln (2011: US\$10 mln), following the growth in transportation expenses, marketing and packaging expenses on the back of the successful growth in the distribution of “Kvochka”-branded and non-branded products through modern retail chains (supermarkets) and traditional store outlets.

In 2012, the Company generated net cash from operating activities of US\$277.5 mln (2011: US\$185.9 mln), following the increase in trade payables and the decrease in inventories and payments in advance.

Net cash used in investing activities was US\$321 mln (2011: US\$161.6 mln).

Net cash used in financing activities was US\$16.5 mln (2011: US\$24.5 mln).

The Company's net debt amounted to US\$147.9 mln at the end of 2012 (2011: US\$80.3 mln) due to the increase in short-term loans and the decrease in cash following the implementation of the Company's investment programme.

Segment review

Shell Egg Segment

	Units	2012	2011	Change, %
Total Production	Pieces (mln)	6,287	5,955	5.6%
Total Sales to Third Parties	Pieces (mln)	5,223	4,862	7.4%
Export	Pieces (mln)	516	295	74.9%
Average Sales Price	UAH (excl. VAT)	0.70	0.64	9.4%

In 2012, the production volume of shell eggs increased by 5.6% year-on-year to 6,287 million units (2011: 5,955 million units) due to the increase in the number of laying hens.

Sales to external customers were up by 7.4% year-on-year to 5,223 million units (2011: 4,862 million units). The increase in sales was due to the continued expansion of sales channels, both in domestic and export markets. The share of shell eggs sales through retail chains (supermarkets) grew to 35% of total sales to third parties (2011: 30%).

In 2012, the Company increased its export volumes of shell eggs by 74.9% year-on-year to 516 mln units (2011: 295 mln units). The Company continued to develop its main exports markets in the Middle East and North Africa, Central and West Africa, and the CIS.

The average selling price of shell eggs was up by 9.4% year-on-year to 0.70 UAH per unit, excluding VAT (2011: 0.64 UAH per unit, excluding VAT) following the increase in selling prices in retail chains and wholesales channels.

During 2012 sales of packaged eggs under the umbrella brand “Kvochka” increased to 36.2 mln units (2011: 4.9 million units) following the expansion of sales channels. In the beginning of 2012 “Kvochka”-branded products were sold only in national retail chains, however, starting in September 2012 the Company began to supply regional retail chains and traditional format retail outlets through its network of distributors. As a result, at the end of the year the Company supplied its “Kvochka”-branded products to more than 2,200 retail outlets, including 1,200 retail chains' outlets and around 1,000 traditional format retail stores.

Egg Products Segment

	Units	2012	2011	Change, %
Processed Shell Eggs	Pieces (mln)	1,078	1,053	2.4%
Total Production	Thousand tonnes	14.1	12.2	15.6%
Average Sales Price	US\$/kg (excl. VAT)	8.11	8.05	0.7%

During 2012 the volume of dry egg products increased by 15.6% year-on-year to 14.1 thousand tonnes (2011: 12.2 thousand tonnes) and of processed shell eggs by 2.4% to 1,078 mln units (2011: 1,053 mln units). “Imperovo Foods” plant was operating at full capacity.

In 2012, the Company exported its dry egg products to markets in the Middle East, North Africa and Asia.

At the end of 2012 the average sales price for dry egg products increased by 0.7% year-on-year to US\$8.11 per kg (2011: US\$8.05 per kg).

Investment Projects

The construction of two poultry complexes for egg production, "Avis" and "Chornobaivske" in Khmelnytsky and Kherson regions, is going according to schedule.

As at December 31, 2012, the Company completed the construction and launched the first stage of the rearing site with the capacity of 1.581 mln heads and 1.608 mln heads at "Avis" and "Chornobaivske", respectively, and stage one of the laying hens site with the capacity 3.196 mln heads and 2.007 mln heads at "Avis" and "Chornobaivske", respectively. The Company also put into operation the first line of the second stage of the laying hens site with the capacity of 1.006 mln heads at "Avis". As at the December 31, 2012, these poultry complexes were operating at full capacity with a 100% homing of poultry flock. Further, the Company has completed the construction of the elevator with capacity of 56,000 tonnes at the "Avis" poultry complex.

"Imperovo Foods" Egg Processing Plant

At present the Company is implementing the first stage of its capacity upgrade from 3 million to 6 million shell eggs processing per day at the egg processing plant, LLC "Imperovo Foods".

To view the progress of the construction at "Avis" and "Chornobaivske" egg production complexes please visit:
<http://avangard.co.ua/rus/about/projects/>

– The End –

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 18.00 pm Moscow time.

Name:	Avangard Results
ID:	18357076
UK Free call	0800 694 0257
Russia Free call	8108 002 097 2044
USA	1866 966 9439
UK Standard International	+44 (0) 1452 555 566

A live webcast of the presentation will be available at:

<http://wcc.webeventservices.com/r.htm?e=592530&s=1&k=2C6AE1434D554A24F9F762A1CE4B10F3&cb=blank>

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

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– The End –

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 (53% of the industrial egg market) and an 88% share of the Ukrainian egg products market. As of 31 December 2012, the total poultry stock of the Company was 27.5 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 December 2012, revenues amounted to US\$629.3 mln (2011: US\$553.3 mln) and EBITDA was US\$ 279.8 mln (2011: US\$245.8 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 \$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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 December 2012****(in USD thousand, unless otherwise stated)**

	31 December 2012	31 December 2011
ASSETS		
Property, plant and equipment	920 072	512 697
Non-current biological assets	46 724	44 304
Deferred tax assets	1 966	1 922
Other non-current assets	391	93 041
Total non-current assets	969 153	651 964
Inventories	177 886	202 279
Current biological assets	56 889	58 916
Trade accounts receivable, net	55 551	51 437
Prepaid income tax	18	-
Prepayments and other current assets, net	11 966	26 946
Taxes recoverable and prepaid	102 567	76 298
Cash and cash equivalents	204 298	237 814
Total current assets	609 175	653 690
TOTAL ASSETS	1 578 328	1 305 654
EQUITY		
Share capital	836	836
Share premium	201 164	201 164
Reserve capital	115 858	115 858
Retained earnings	899 357	673 909
Effect of translation into presentation currency	(68 135)	(67 761)
Equity attributable to the owners of the Company	1 149 080	924 006
Non-controlling interest	18 115	15 333
Total equity	1 167 195	939 339
LIABILITIES		
Long-term loans	3 969	15 384
Long-term bond liabilities	195 779	194 563
Deferred tax liabilities	72	86
Deferred income	5 047	5 351
Long-term finance lease	1 283	3 830
Total non-current liabilities	206 150	219 214
Short-term bond liabilities	25 023	25 013
Current portion of non-current liabilities	32 114	26 565
Short-term loans	94 368	53 063
Trade payables	24 435	17 894
Other accounts payable	29 043	24 566
Total current liabilities	204 983	147 101
TOTAL LIABILITIES	411 133	366 315
TOTAL EQUITY AND LIABILITIES	1 578 328	1 305 654

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

(in USD thousand, unless otherwise stated)

	Year ended	
	31 December 2012	31 December 2011
Revenue	629 306	553 310
Profit from revaluation of biological assets at fair value	26 191	23 697
Cost of sales	(396 960)	(353 232)
GROSS PROFIT	258 537	223 775
General administrative expenses	(22 559)	(13 161)
Distribution expenses	(20 056)	(10 035)
Income from government grants and incentives	305	318
Income from special VAT treatment	46 484	38 037
Other operating income/(expenses), net	1 773	(7 430)
PROFIT FROM OPERATING ACTIVITIES	264 484	231 504
Finance income	680	1 492
Finance costs	(36 936)	(33 106)
Bargain purchase	-	191
PROFIT BEFORE TAX	228 228	200 081
Income tax credit/(expense)	5	(3 787)
PROFIT FOR THE YEAR	228 233	196 294
OTHER COMPREHENSIVE INCOME FOR THE YEAR:		
Effect of translation into presentation currency	(377)	(3 174)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	227 856	193 120

PROFIT FOR THE YEAR ATTRIBUTABLE TO:

Owners of the Company	225 448	191 943
Non-controlling interests	2 785	4 351
PROFIT FOR THE YEAR	228 233	196 294
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TOTAL COMPREHENSIVE INCOME		
ATTRIBUTABLE TO:		
Owners of the Company	225 074	189 424
Non-controlling interests	2 782	3 696
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	227 856	193 120
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Earnings per share, USD (basic and diluted)	35	30
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2012
(in USD thousand, unless otherwise stated)

	Year ended	
	31 December 2012	31 December 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax	228 228	200 081
Adjustments for:		
Depreciation of property, plant and equipment	15 284	14 330
Change in allowance for irrecoverable amounts	375	814
Other provisions	134	293
Loss on disposal of current assets	527	-
Loss on disposal of property, plant and equipment	28	233
Impairment of current assets	846	1 129
Other income	(2 054)	-
Effect of fair value adjustments on biological assets	(26 191)	(23 697)
Gains realised from accounts payable written-off	(861)	(26)
Amortization of deferred income on government grants	(302)	(306)
Loss from VAT government bonds sale	-	32
Discount on long-term bonds amortization	1 216	1 092
Bargain purchase	-	(191)
Interest income	(680)	(1 492)
Interest payable on loans	32 176	30 849
Operating profit before working capital changes	248 726	223 141
(Increase)/decrease in trade receivables	(4 082)	3 282
Decrease in prepayments and other current assets	14 573	14 061
Increase in taxes recoverable and prepaid	(26 269)	(20 291)
Decrease/(increase) in inventories	27 210	(17 120)
Increase in deferred income	(2)	(20)
Decrease in other non-current assets	(34)	-
Increase/(decrease) in trade payables	7 402	(5 297)
Decrease in biological assets	25 121	23 401
Decrease in finance leases	(2 553)	(802)
Increase/(decrease) in other accounts payable	(2 615)	(15 456)
Cash generated from operations	287 477	204 899
Interest paid	(9 946)	(12 256)
Income tax paid	(81)	(6 782)
Net cash generated from operating activities	277 450	185 861
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments and receipts - property, plant and equipment	(321 635)	(113 021)
Payments for prepayments of property, plant and equipment	-	(32 613)
VAT government bonds sale	-	225
Acquisitions of subsidiary	-	(17 722)
Interest received	680	1 502
Net cash used in investing activities	(320 955)	(161 629)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont.)
For the year ended 31 December 2012
(in USD thousand, unless otherwise stated)

	Year ended	
	31 December 2012	31 December 2011
CASH FLOWS FROM FINANCING ACTIVITIES:		
New loans received	97 048	94 976
Repayment of loans	(61 603)	(38 056)
Interest paid for bonds issued	(25 335)	(25 183)
Proceeds from short-term bonds issued	-	(19)
Blocked deposit	6 380	(7 174)
Net cash generated from financing activities	16 490	24 544
Net (decrease)/increase in cash	(27 015)	48 776
Cash and cash equivalents at 1 January	230 640	183 065
Effect from translation into presentation currency	(121)	(1 201)
Cash and cash equivalents at 31 December	203 504	230 640