

Business Description -

- #1 shell eggs and egg products producer in Ukraine
- 57% share in the industrial production of shell eggs, 91% share in the production of dry egg products, 90% share in export of eggs and dry products from Ukraine in 9M2013
- Production facilities are located in 14 of 24 regions of Ukraine and also in the Autonomous Republic of Crimea
- High level of **vertical integration** across all key stages of egg production
- Shell eggs are sold for export as well as to domestic wholesale and retail customers **with increasing share of export and retail chains**
- Export to **33** countries. Key sales export destinations are Middle East, Asia, Africa and the CIS
- "Kvochka" is presented in **16 national** and **12 regional** retail chains in Ukraine

Financial Summary

\$'000	9M 2013	9M 2012
Revenue	466,542	445,753
Gross profit	186,597	173,960
EBITDA	205,025	193,967
Net Income	161,470	156,987
EPS, \$		

Operational Summary

	9M 2013	9M 2012
Total flock, mln birds	31,4	27,4
Laying hens, mln birds	24,6	21,6
Shell eggs production, mln pcs	5,1	4,7
Shell eggs avrg. selling price, UAH/egg (excl. VAT)	0,65	0,65
Eggs processed, mln pcs	1,3	0,8
Egg products avrg. selling price, \$/kg	7,61	7,46

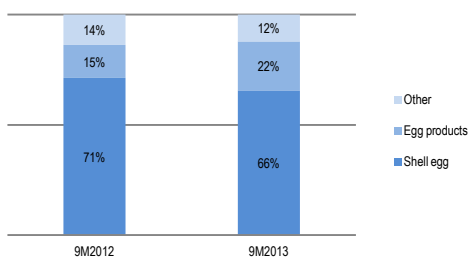
Our Leading Brand

- Non-branded and branded shell eggs are sold in **the main retail chains in Ukraine**
- "Kvochka" demonstrates positive dynamics in the leading Ukrainian supermarket chains.
- Agreement with retail chain "NOVUS" to supply shell eggs
- In 9M2013 the Company **sold 32.9 mln pieces** packaged eggs under the umbrella brand "Kvochka", which was **30% higher** compared to the 9M2012

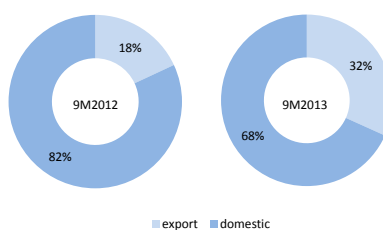


Key Diagrams

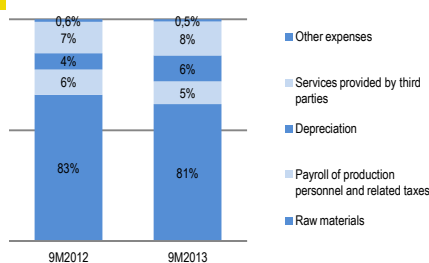
Sales Revenue Structures, %



Sales Structure of Eggs and Egg product, % of Revenue



Cost of Finished Goods Sold Structure



Investments projects

- Upon completion, the projects are expected to increase the annual egg production capacity to **30.1 mln laying hens** and total egg output capacity to **8.6 bln pcs**.
- Equipment from leading European suppliers, namely Salmat International GmbH, Officine Facco&C.Spa, Big Dutchman GmbH, MOBA B.V. (the Netherlands), Andritz Feed&Biofuel A/S (Denmark), CimBria Unigrain A/S (Denmark).

Avis egg production complex of 5.2 mln laying hens and 1,616 mln shell eggs once fully operational:

- Rearing site with total capacity of **2.635 mln** hens is capable of operating
- 2nd stage of industrial site is in progress. Current total capacity of **4.705 mln** hens is capable of operating
- Fodder mill complex is at stage of the final works for installation of equipment and the start-up works, that will be completed by the end of the year
- Biogas unit is on schedule

Chornobaivske egg production complex of 6.0 mln laying hens and 1,865 mln shell eggs once fully operational:

- Rearing site with total capacity of **2.410 mln** hens is capable of operating
- 2nd stage of industrial site is in progress. Current total capacity of **4.487 mln** hens is capable of operating
- Fodder mill complex is in progress
- Biogas unit is on schedule

Imperovo Foods egg processing plant:

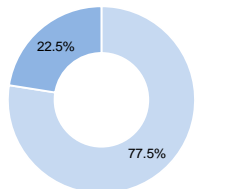
- The processing capacity has been increased to **6 mln eggs per day** and since May 2013 "Imperovo Foods" operates at full capacity
- Currently the processing capacity is being gradually modernized to process **10 mln eggs per day**
- The equipment is supplied by **SANOVO International A/S**

Key Ratios & Profitability

Ratios	9M 2013 as at 30.09.2013	9M 2012 as at 30.09.2012	9M 2011 as at 30.09.2011
P/S	1.1	0.9	0.9
P/E	3.0	2.7	2.5
EV/EBITDA	3.2	2.3	5.4
total debt/LTM EBITDA	1.1	1.1	n/a
Profitability			
Gross margin, %	35%	35%	33%
EBITDA margin, %	44%	44%	42%

Shareholder Structure -

Share Capital Structure



■ Ukrlandfarming PLC ■ Free Float



- In September 2011, with the goal to restructure and rationalize his ownership in agricultural assets Mr. Bakhmatyuk made a decision to transfer his 77.5% shareholding in Avangardco IPL to Ukrlandfarming PLC.

Securities Information

GDR/ADR's

Ticker	AVGR
Stock Exchange	LSE
Deal Size	1,437,500 new ordinary shares in the form of GDRs
Use of Proceeds	Finalization of new capacity expansion programs
Proceeds	USD 208 m
Offer Price	\$15.0 per GDR

Bonds

Format	Reg S
Amount, \$ mln	200
Maturity	29 October 2015
Coupon	10%, payable semi-annually in arrears on 29 Apr and Oct commencing on 29 Apr 2011
Listing	LSE
Issue Rating	B (Fitch Ratings)

GDR's Performance -



Bond's Performance -



Board of Directors -



Nataliya Vasylyuk
Chairwoman of the Board
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Mrs. Vasylyuk obtained a Finance and Accounting Diploma at the Ivano-Frankivsk National Technical University of Oil & Gas in 2005. She began her career in 2004 as sales and marketing director at LLC Prykarpattya Financial Company, then from 2004 to 2007 she worked as a financial director in LLC Stanislavska Trade Company. Nataliya Vasylyuk joined the Company in 2007. In 2010 she became CEO of AVANGARDCO IPL. Natalia Vasylyuk became Chairwoman of the Board in 2013.



Oleg Pohotsky
Board Member, Independent director,
[Read more](#)

Mr. Pohotsky received his MBA from Harvard Business School and a doctorate degree in law from the University of Miami. He also obtained a Bachelor of Sciences in Chemical Engineering from the University of Clarkson. Oleg Pohotsky is the partner-founder of Right Bank Partners and is on the board of directors of two closed investment funds listed on the NYSE. He is also a member of the Consultation Council at Kaufman & Co, a Boston based boutique investment banking firm, and senior advisor at Governance Metrics International. Oleg Pohotsky became an independent director of the Board in March 2011.



Oleg Bakhmatyuk
Board Member
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Oleg Bakhmatyuk graduated from the Economy and Law Institute in Chernovitsi, Ivano-Frankivsk region, with a Business Management degree. He obtained a second degree in 2005 at the Ivano-Frankivsk National Technical University of Oil and Gas (engineering, physics and management). He founded the Company in 2003. Oleg Bakhmatyuk owns several other companies involved in the food industry, transport, real estate and finance. In addition, Mr. Bakhmatyuk has held various management positions: he was a director of LLC Prykarpattya Financial Company in 2004, a president of LLC Stanislavska Trade Company in 2005 and a deputy chairman of Naftogaz of Ukraine from 2005 to 2006.



Iryna Marchenko
Board Member, CEO
[Read more](#)

Mrs. Marchenko graduated from the Kyiv Municipal Management Academy in 2004 with an accounting and audit qualification. She obtained an ACCA IFRS Diploma in 2008. Mrs. Marchenko joined the Company in 2007 and served as its CFO since 2010 to January 2013. Iryna Marchenko became Chief Executive Officer of the Company in 2013.

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