

Business Description -

Industry leader:

- 49% share in the industrial production of shell eggs (57% in 2013)
- 91% share in the production of dry egg products (91% in 2013)
- 72% share in export of eggs and dry egg products in Ukraine (90% in 2013)

Diversification of sales channels by increasing share of export and retail chains:

- export constituted 37% of the Company's total revenue
- Company exported to 35 countries, including new markets. Main export destinations: MENA, Asia, SSA and the CIS.
- increase in share of retail sales with the five-fold increase in the sales of packaged eggs "Kvochka" to 200 mn pieces vs 2013

Modern Facilities and High-Quality Products

- On September 30, 2014, the "Imperovo Foods" egg processing plant received EU approval to export egg products
- On August 18, 2014, the Company received a certificate of Kosher status of its shell eggs and egg products

Financial Summary

\$'000	2014	2013
Revenue	419,618	661,202
Gross profit	120,981	266,665
EBITDA	129,497	303,616
Net Income	(26,918)	238,084
EPS, \$	(4)	37

Macroeconomics: key metrics

- GDP – \$134.9 bn* (decrease by 24% YoY)
- Inflation – 12.1% (2013: -0.3%)
- Currency devaluation:
 - ✓ UAH/USD: average 49%;
 - ✓ UAH/EUR: average 48%
- Refinancing rate:
 - ✓ 13.11.2014 – 14.00%
 - ✓ 17.07.2014 – 12.50%
 - ✓ 15.04.2014 – 9.50%
 - ✓ 31.12.2013 – 6.50
- Agriculture remains key economic driver (10% of GDP in 2013, 9% in 2012) with growth about 3% in 2014 due to crop production increasing by 3.1% against 2013.
- Harvest reached record level – 64 mn tonnes of crops

* Estimated by the World bank

Industry update

- Reduced demand for consumer goods due to decline in population's living standards
- Partial loss of market for products in the Crimea, Lugansk and Donetsk regions (Crimea totalled up to 5% of Ukrainian consumer market and Donbass and Lugansk regions amounted to 15%)
- Growth in power of households on shell eggs market in Ukraine
- Decelerating the increase in egg prices as a basic consumer goods due to the limited ability of producers to raise prices in proportion to cost inflation

Operational Summary

	2014	2013
Total flock, mln birds	23,3	32,5
Laying hens, mln birds	18,6	27,0
Shell eggs production, mln pcs	6,3	7,0
Shell eggs av. selling price, UAH/egg (excl. VAT)	0,77	0,69
Eggs processed, mln pcs	1,8	1,9
Egg products av. selling price, \$/kg	6,29	7,64

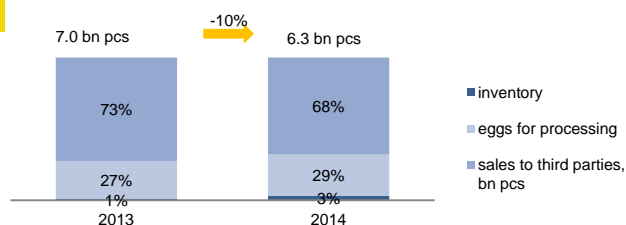
Key Ratios & Profitability

Ratios	2014 as at 31.12.2014	2013 as at 31.12.2013
P/S	0.2	1.1
P/E	1.8	3.2
EV/LTM EBITDA	2.6	3.2
total debt/LTM EBITDA	2.65	1.06
Profitability		
Gross margin, %	29	40
EBITDA margin, %	31	46

Source: Bloomberg data

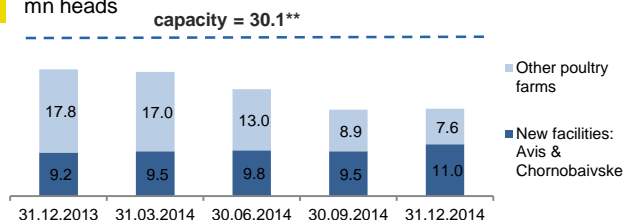
Key Diagrams

Production of shell eggs by volume, %



Source: SSCU, NBU, Pro-Consulting, Company data

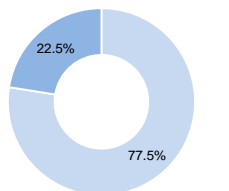
Total number of laying hens, mn heads



** incl. facilities in Eastern Ukraine and Crimea with total production capacity of 3,7 mln laying hens and 1.1 bn eggs that are not in operation due to ongoing military conflict. The Company will bring those facilities back into the operation cycle when the situation stabilises.

Shareholder Structure -

Share Capital Structure

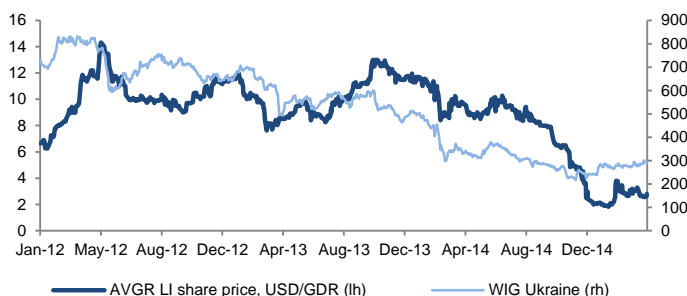


■ Ukrlandfarming PLC ■ Free Float



- 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.

GDR's Performance -



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)

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 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.



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.



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.

IR & PR-Contacts

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Public Relations

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