



# **Dragon Capital 9th Annual Ukraine Investor Conference Presentation**

**27-28 February 2013**

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## Section 1

# Key highlights



## Operational highlights:

- ✓ Total flock – increased by 34% in 2012; large share of young laying hens due to fast expansion
- ✓ Production of liquid egg products increased by 34% to 5,138 tons
- ✓ Production of dry egg products increased by 12% to 1,514 tons
- ✓ Egg price increased by 6% on a reported basis to USD 0.83\*/10 pcs
- ✓ Liquid egg products price grew by 16% to USD 1.93\*/kg
- ✓ Dry egg products price increased by 17% to USD 5.93\*/kg
- ✓ Egg production to increase 25-39% y-o-y in 2013

## Market highlights:

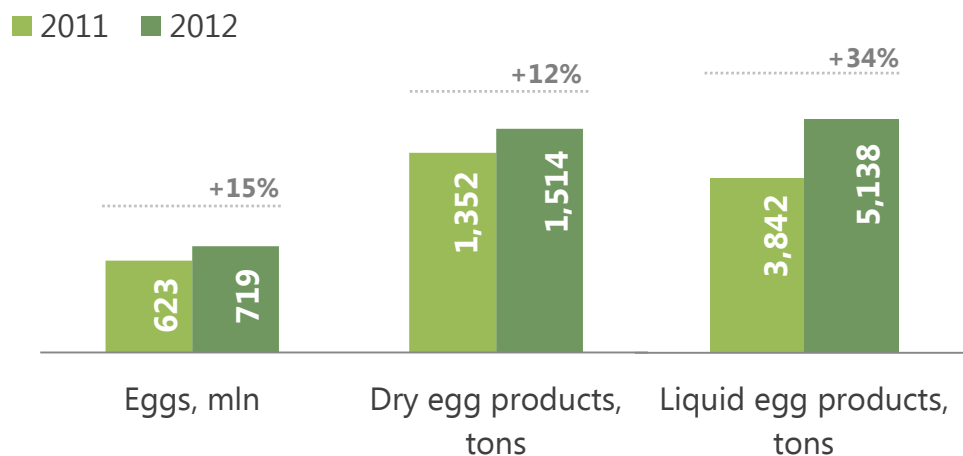
- ✓ Ukrainian egg market further consolidates
- ✓ Liquid egg products demand increased by more than a third in 2012 and expected to continue in the future

\* Prices are indicated net of VAT (20%)

## Key performance indicators

Indicator	Units	2011	2012	2013F
Total flock (eop)	mln	3.1	4.2	5.4-5.7
Laying hens flock (eop)	mln	2.3	3.1	4.1-4.4
Shell eggs production	mln	623	719	900-1,000
Shell egg processing	mln	216	254	330-350
Dry egg products production	tons	1,352	1,514	1,900-2,100
Liquid egg products production	tons	3,842	5,138	5,800-6,100
Sunflower seed processing	tons	5,054	12,522	13,000-15,000

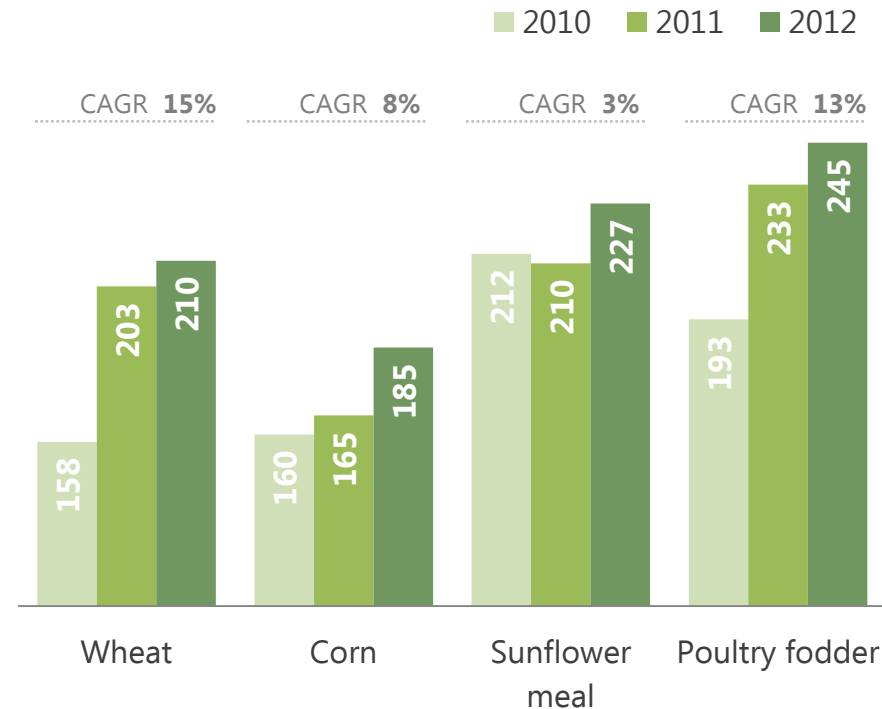
## Production volumes





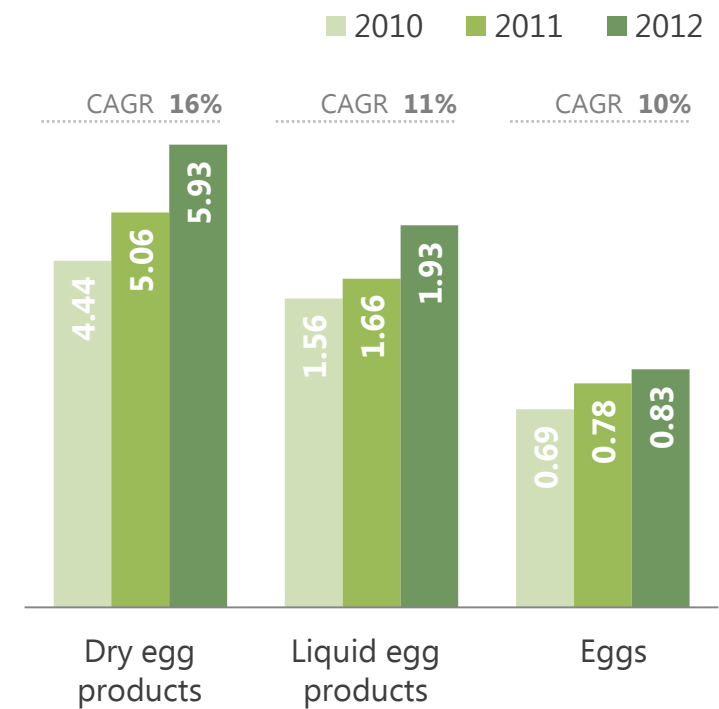
- ✓ Increase in costs of fodder components is offset by an increase in selling prices of eggs and egg products
- ✓ Cost of fodder increases at a slower pace compared to component prices due to fodder recipe optimization

## Fodder components and poultry feed costs



in USD/ton, net of VAT

## Eggs and egg products prices



Egg products: in USD/kg, net of VAT  
Eggs: in USD/unit, net of VAT

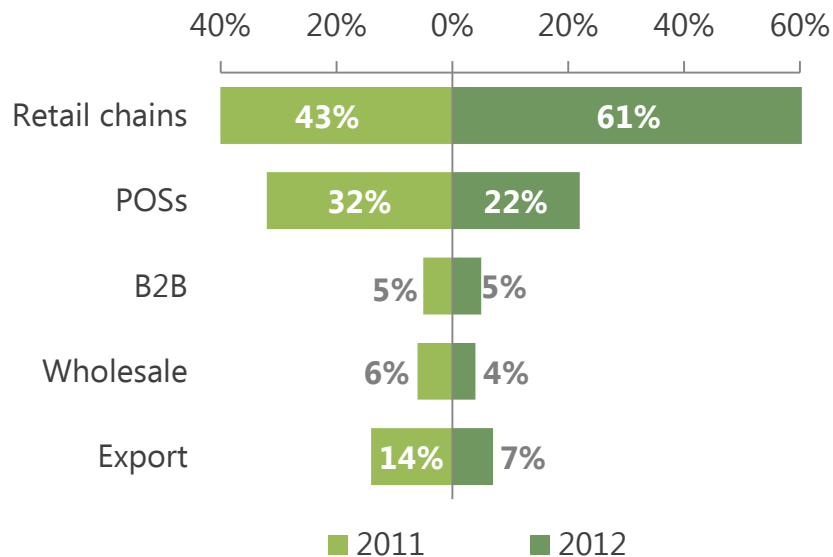


## Section 2

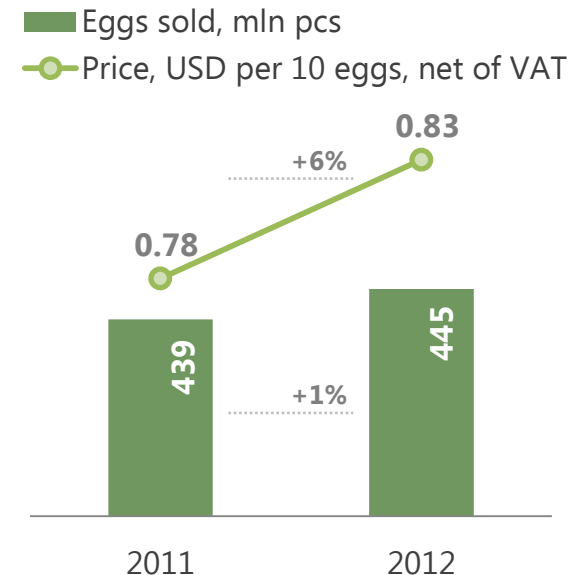
# Segment operational results

- ✓ Retail chains and own points of sale (POSs) remain key sales channels, yielding 83% of egg sales revenue in 2012
- ✓ Egg price increased by 6% on a reported basis to USD 0.83/10 pcs
- ✓ Increased sales to retail chains supported increase in average egg selling price
- ✓ Continuing brand loyalty is ensured by permanent high quality of eggs
- ✓ Decreasing share of export sales in 2012 due to more favorable prices on the local market

## Shell egg sales channels



## Shell egg prices and volumes sold








# Eggs: products and key clients

- ✓ Key clients in egg segment are leading retail chains
- ✓ Yasensvit™ is the most recognized egg brand in Ukraine
- ✓ Rebranding of Yasensvit™ has been carried out in the second half of 2012; new design of packages to appear in stores starting February 2013



## Key retail clients

Client name	Description
	649 stores in 171 cities
	234 stores in 59 cities
	22 supermarkets in 13 cities
	114 stores in 63 cities
	43 stores in 20 cities
	8 hypermarkets in 5 cities
	20 stores in 8 cities
	32 stores in 22 cities
	102 stores in 39 cities
	14 stores in 1 city

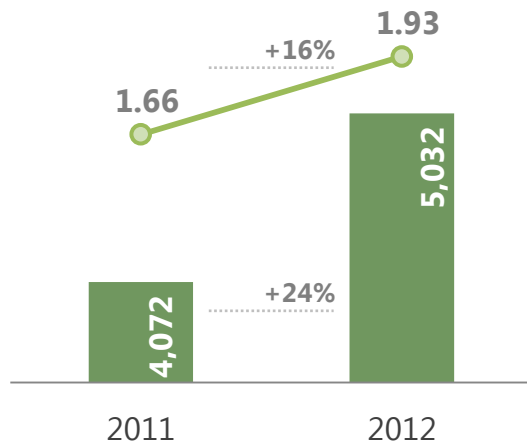
## Shell egg product portfolio

Segment	Number of sub-brands
Premium	7
Standard	7
Economy	3
Private label	11

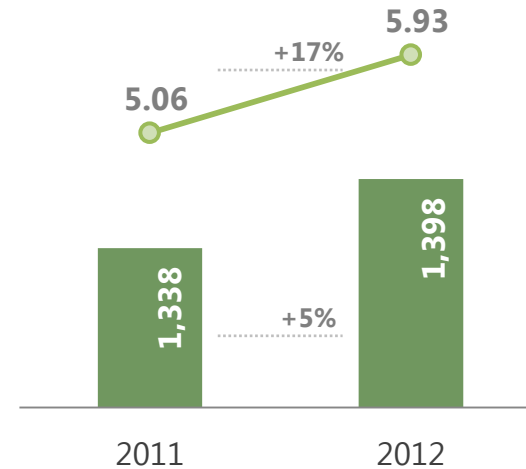
- ✓ Food companies in Ukraine switch from shell eggs and dry egg products to liquid egg products
- ✓ Ovostar focuses on production of liquid egg products over dry egg products
- ✓ In 2012 liquid egg products price grew by 16%; dry egg products price increased by 17%
- ✓ Price is expected to continue growth supported by increasing demand for egg products from expanding food companies and unique position of the Company on Ukrainian market

## Liquid and dry egg products prices and volumes sold

■ Liquid egg products sold, tons  
—○— Price, liquid egg products, USD/kg, net of VAT



■ Dry egg products sold, tons  
—○— Price, dry egg products, USD/kg, net of VAT



# Egg products: products and key clients

- ✓ Liquid egg products market in Ukraine is expanding
- ✓ Ukraine is the target market for the Company
- ✓ Most clients are B2B companies operating on the Ukrainian food market
- ✓ Ovostar Union offers the widest range of egg products on the local market
- ✓ Egg products are sold under Ovostar™ brand
- ✓ Product portfolio includes regular and fermented egg yolk in dry an liquid form

## Key clients

### Client name

### Industry

Confectionery



Mayonnaise, sauces



HoReCa



Frozen foods



## Egg products portfolio

Liquid egg white



Liquid egg yolk



Liquid whole egg



Egg powder



Dry egg white



Dry egg yolk



## Section 3

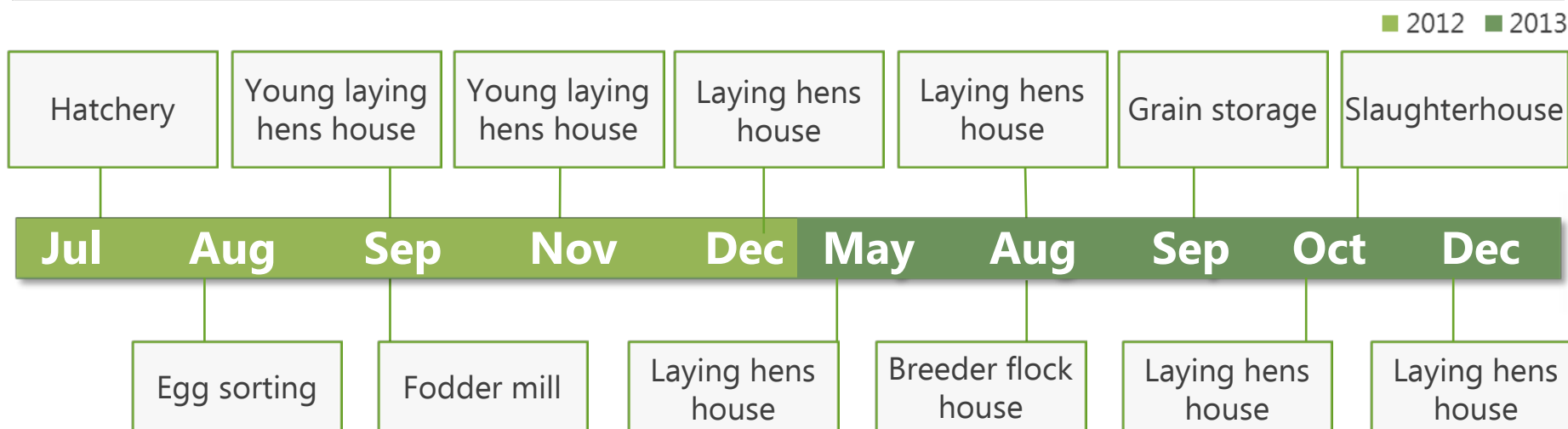
# Investment program

- ✓ Investment program being implemented in line with schedule; to be completed in time – December 2013
- ✓ Securing solid infrastructure to support egg production
- ✓ Major part of capital expenditures is being financed with reinvestment of profit
- ✓ Full effect of the production capacities expansion to be realized in 2014

## Capacity increase for 2H2012-2013

Activity	Current capacity	Target capacity	Units
Infrastructure development			
Egg sorting facilities	220	400	ths eggs/hour
2 young laying hens houses	1.39	1.66	mln hen places
Slaughterhouse	2	4	ths hens/hour
Breeder flock house	58	88	ths hen places
Hatchery	540	1,000	ths egg places
Grain storage facility	18	29	ths tons
Fodder mill	36	56	tons/hour
Increase in laying hens	3.9	5.4	mln laying hens
Five laying hens houses	3.9	5.4	mln hen places

## Implementation timeline for 2H2012-2013

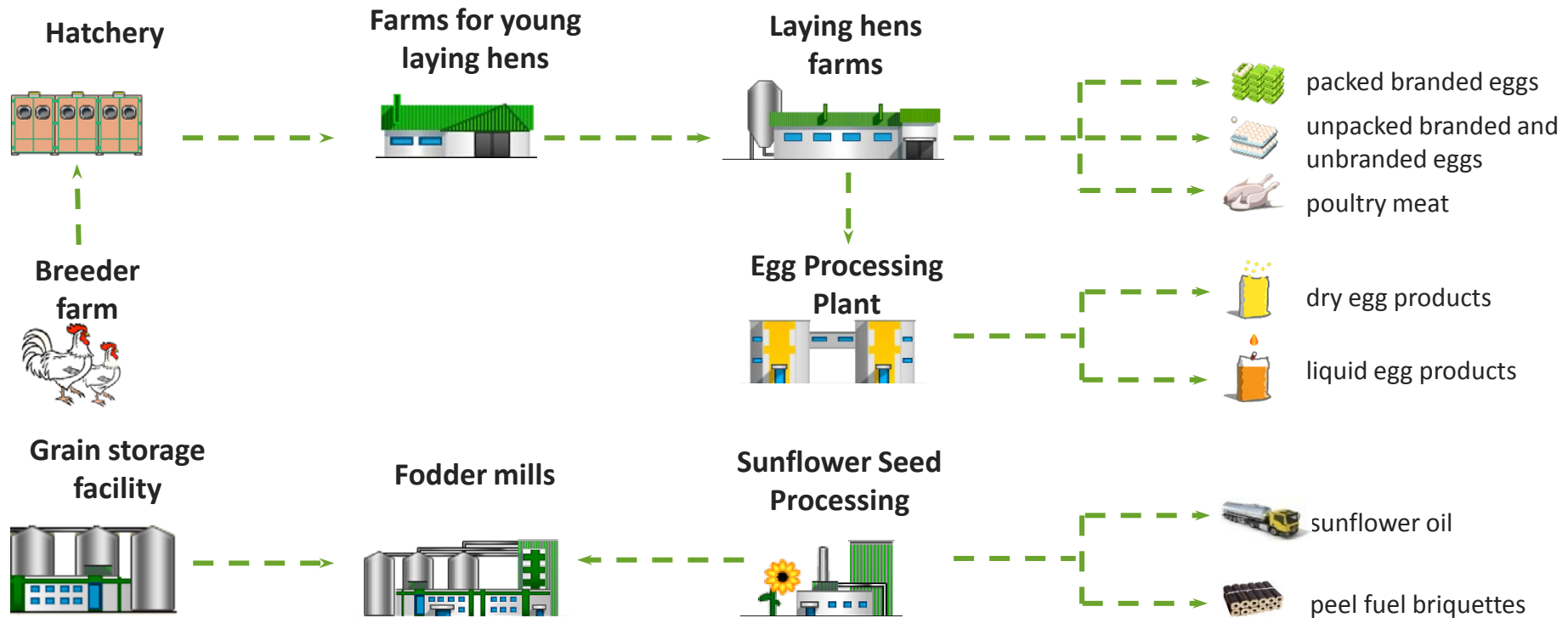


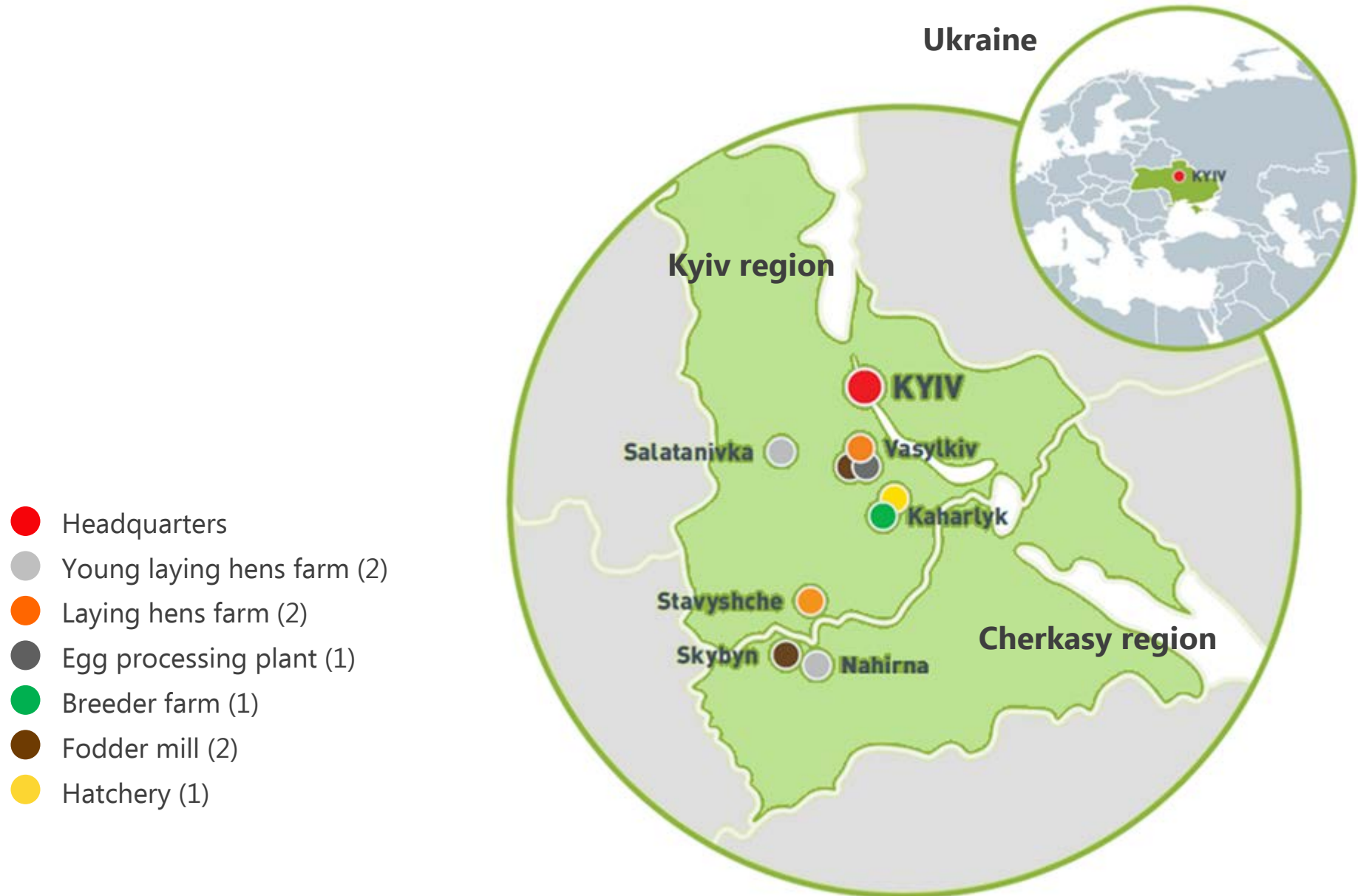


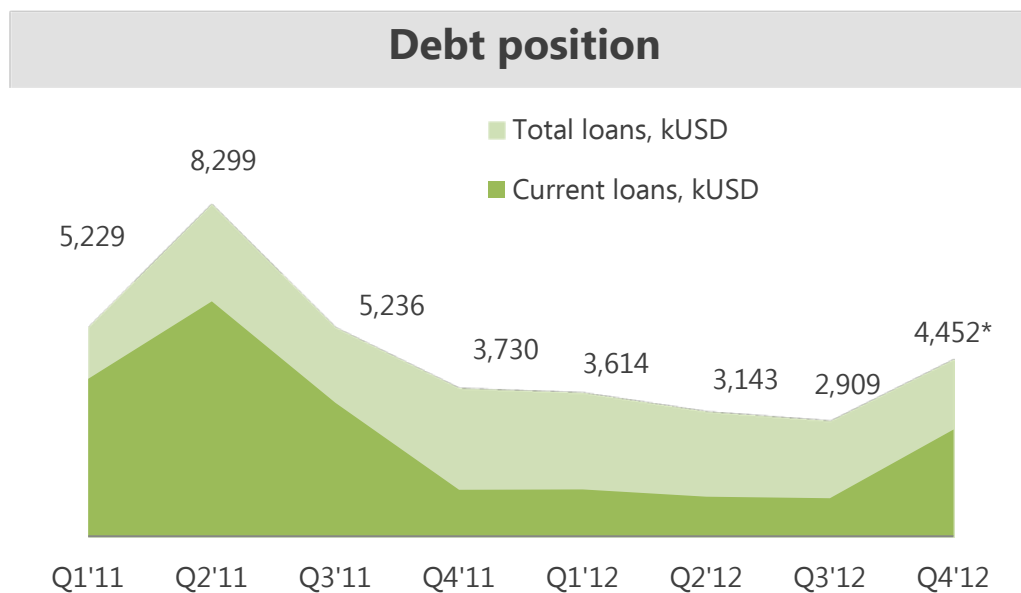
## Section 4

# Appendices









*\* Based on unaudited consolidated financial results*

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