

SP Advisors' First Investor Conference

9M 2014 results update
Ovostar Union

October 2014

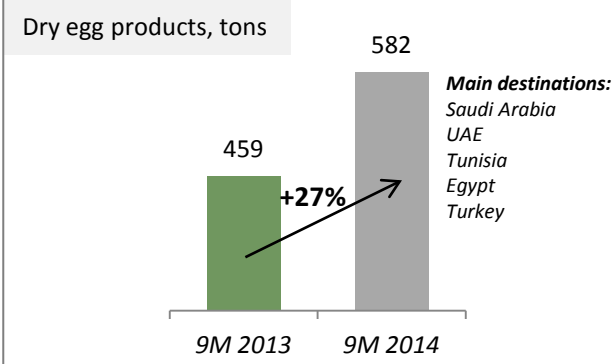
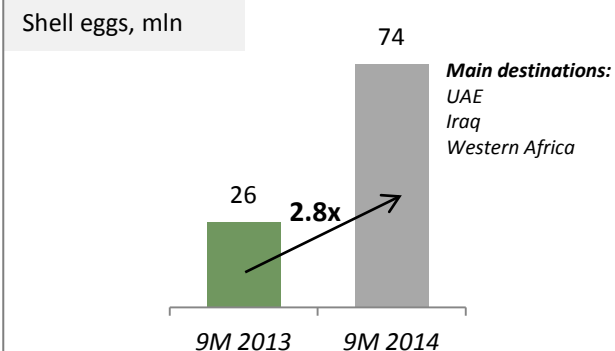
| 1 | Business update |



9M 2014 Summary

- ❖ More attention to export this year: volume of eggs exported up by 2.8 times, dry egg products export increased by 27% year-on-year
- ❖ Hedging currency risks in 2014 led to increased export sales
- ❖ Main export destinations similar to previous years
- ❖ Received EU approval to export processing eggs and egg products to the EU – prospective sales from 2015
- ❖ In 2014 our organic growth has been materialized through the investment program on Stavysche production complex
- ❖ Total CAPEX over the 9M 2014: mUSD 13
- ❖ The program so far has been financed at our sole expense
- ❖ Consolidated revenue approx. mUSD 54 is flattish year-on-year; growth in consolidated value terms has been restrained by UAH devaluation
- ❖ Continued low leverage and solid net debt position during the reporting period

Export sales volumes



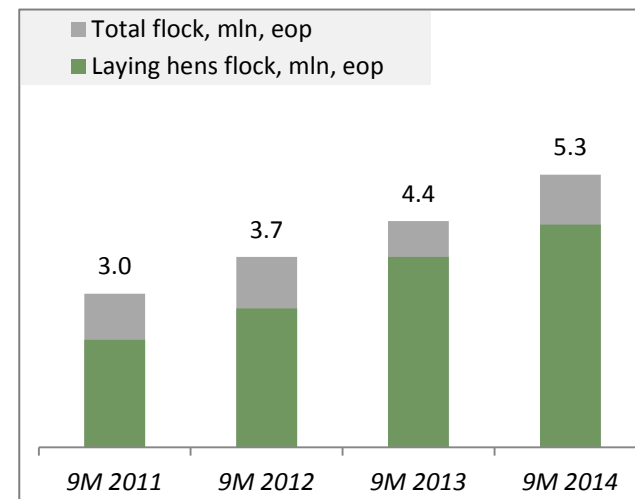
Net debt position

in kUSD	9M 2013	9M 2014(F)
Cash and cash equivalents	1,930	4,015
Loans and borrowings	10,424	10,957
Net debt	(8,494)	(6,943)

9M 2014 production results

- ❖ Total flock up by 20% year-on-year in 9M 2014
- ❖ Egg production volumes growth by 14% year-on-year
- ❖ Variance from 9M 2014 budgeted egg products production volumes attributable to more focus on export sales
- ❖ Good harvest, global price trends and UAH devaluation result in lower year-on-year prices of grains; actual poultry fodder cost drops by 25% year-on-year

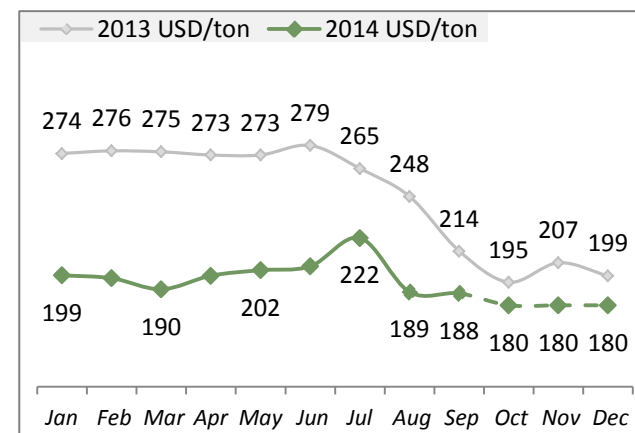
Poultry flock growth



Key operating data

Indicator	Units	9M 2013	9M 2014	% growth
Production:				
Shell eggs	mln	648	740	+14%
Dry egg products	tons	1,082	1,327	+30%
Liquid egg products	tons	5,013	4,563	-9%
Processing:				
Shell eggs	mln	199	232	+17%
Sunflower seed	tons	10,280	12,940	+26%

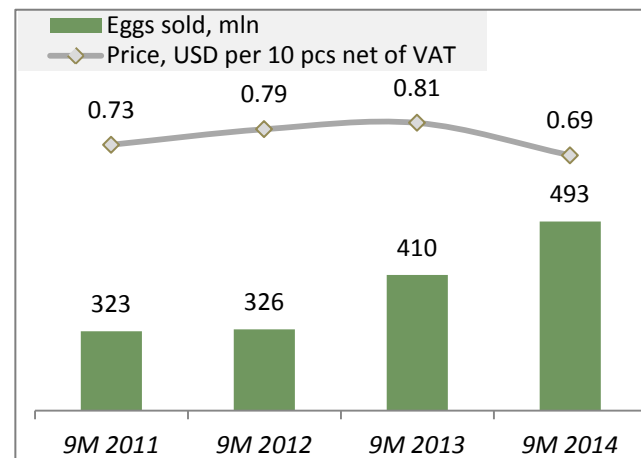
Poultry fodder cost



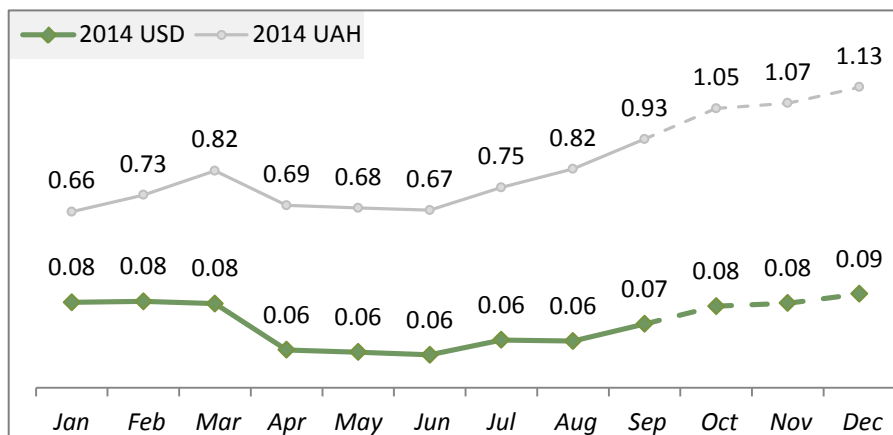
9M 2014 egg segment update

- ❖ Continuous growth of sales volumes by 20% year-on-year
- ❖ 3x volumes allocated to export sales to secure foreign currency inflow and contribute to segment margin sustainment
- ❖ Keeping focused on branded egg sales; sales volumes up by 15% year-on-year
- ❖ Progressive price growth in UAH terms; USD-based price for eggs recovers q-o-q

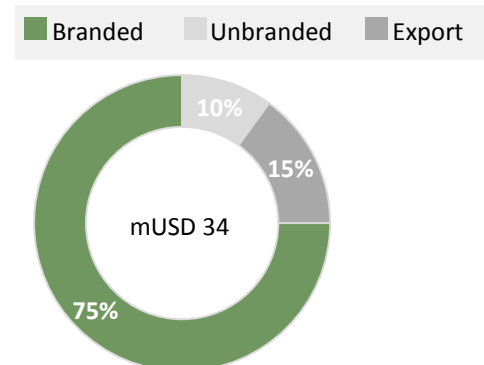
Egg sales volumes and prices



Egg monthly sales price



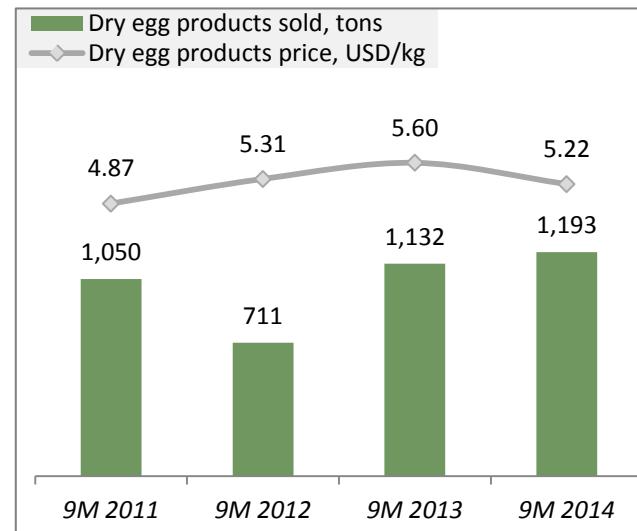
Sales structure



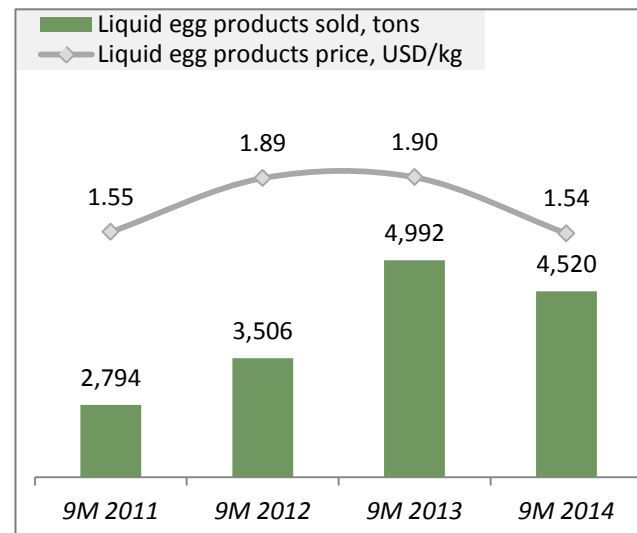
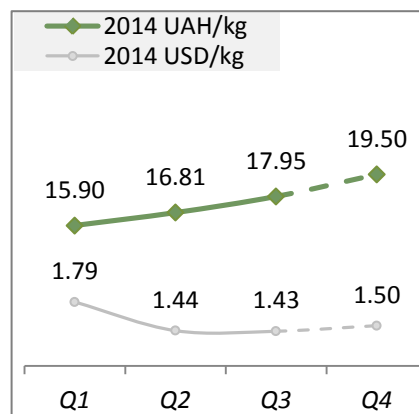
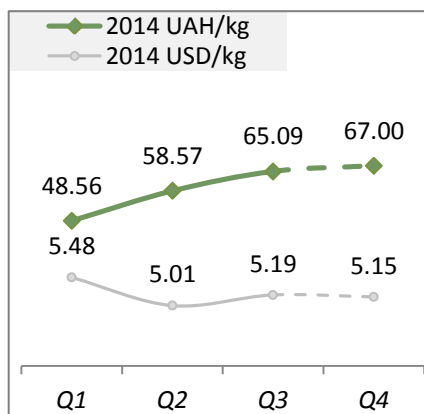
9M 2014 egg products segment update

- ❖ Restructuring of sales year-on-year with more orientation towards sales of dry egg products (export)
- ❖ Sales volume of liquid egg products has temporarily decreased year-on-year due to limited demand from the industrial clients located in the Eastern region of Ukraine
- ❖ UAH devaluation and contract terms limited segment prices in USD terms; prices in UAH terms show trend for recovery and increase year-on-year (+28% dry and +12% liquid egg products)

Egg products sales volumes and prices



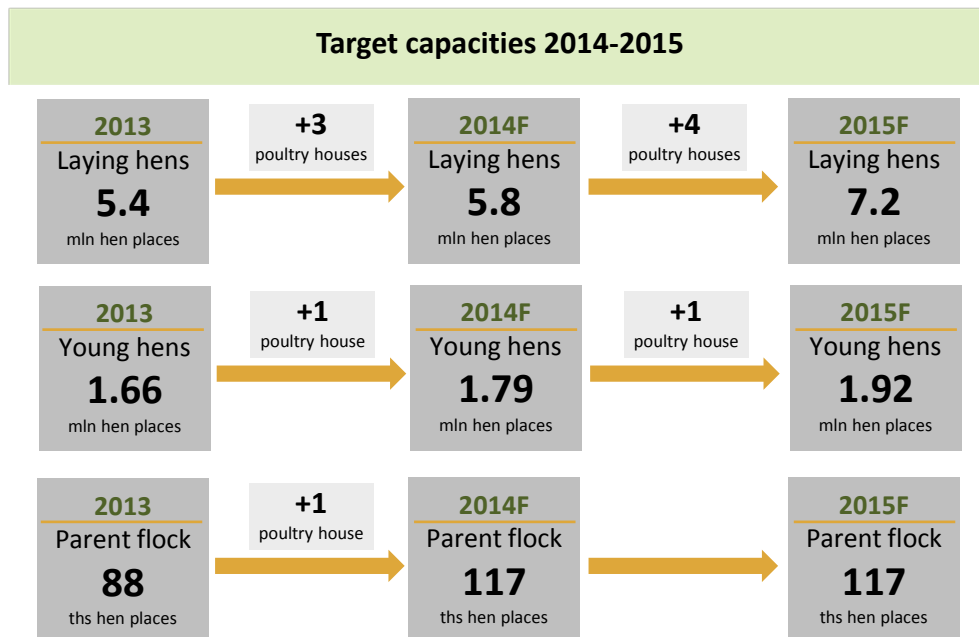
Egg products quarterly prices



| 2 | Investment program |



Investment program update



- ❖ Expansion of Stavysche farm capacities and supporting infrastructure is planned for years 2014-2017
- ❖ New laying hens cages are compliant with EU standards of enriched cage
- ❖ The plans include additional expansion of egg processing capacities on Ovostar plant in 2015

Before



After



Investment program update continued

- ❖ Capacity expansion will be a step-by-step process, so interim increase in output will be visible throughout the years 2014-2017
- ❖ Estimated CAPEX for 2 years – mUSD 45 including investment into raising young hens (working capital requirement)
- ❖ Majority of equipment is planned to be financed by a mixture of debt financing & own funds

Planned output

	<i>2013</i>	<i>2014F</i>	<i>2015F</i>	<i>2016F</i>
Shell eggs production, mln	893	1,050	1,450	1,800
Dry egg products output, tons	1,369	1,700	1,800	1,900
Liquid egg products output, tons	6,855	6,300	7,000	8,000

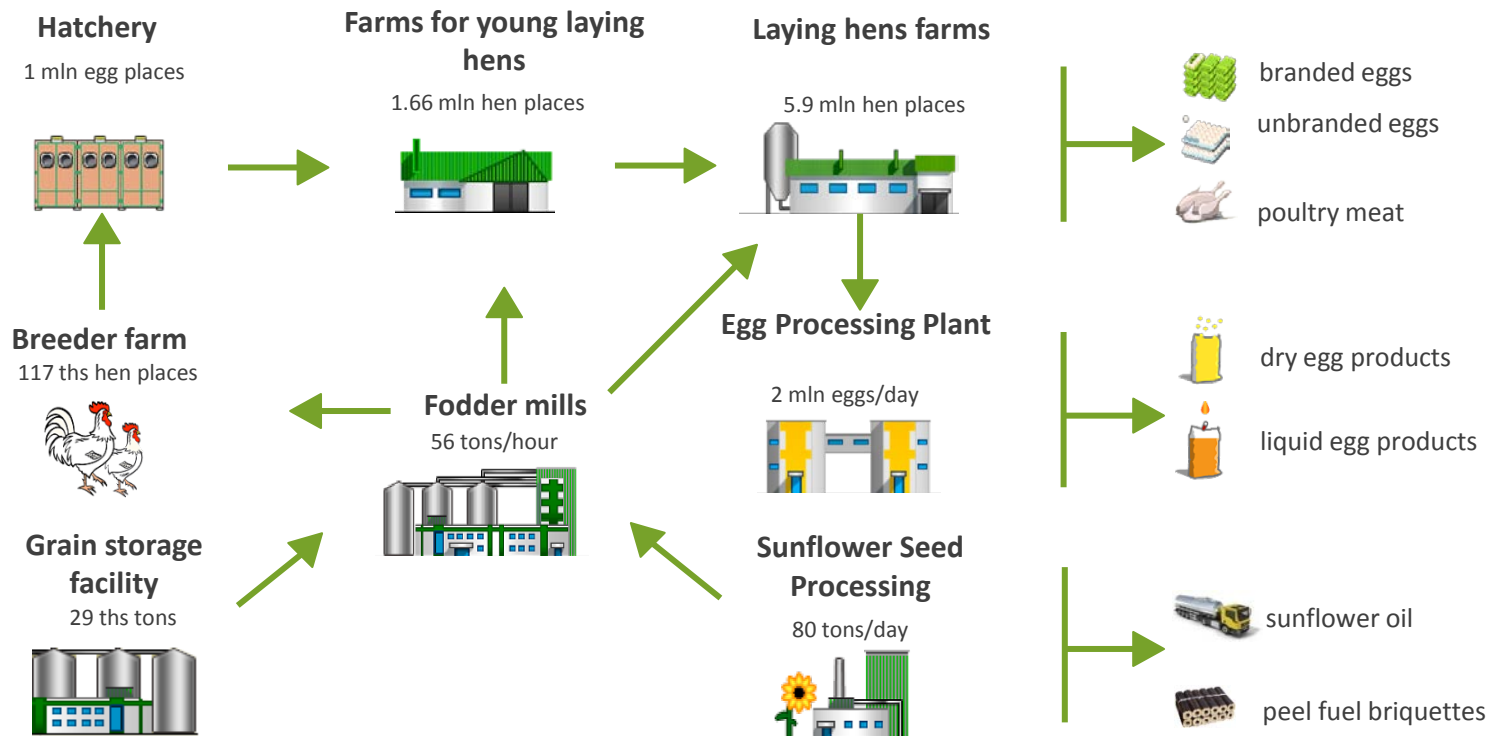
Target CAPEX by year:
2014 - 20 mUSD
2015 - 25 mUSD



| 3 | Appendices |



Annex I Business model and location



- Headquarters
- Young laying hens farm (2)
- Laying hens farm (2)
- Egg processing plant (1)

- Breeder farm (1)
- Fodder mill (2)
- Hatchery (1)

Contact information

Kateryna Pavlovskaya

Head of Investor Relations

Ovostar Union N.V.

Tel.: +380 50 411 33 37

Fax: +380 44 354 29 61

E-Mail: e.pavlovskaya@invest.ovostar.ua