

UniCredit Ukrainian Day 2015

Presentation

Ovostar Union

4 March 2015



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Section 1

2014 results overview

Key highlights

Segment

Performance highlights



- ❖ We continue our strategy of organic growth and satisfying demand of B2B and middle class customers
- ❖ Higher volumes exported in 2014: shell eggs up by 197% YoY, dry egg products – up by 55%
- ❖ Expansion of capacities on Stavysche production site continues (+1 million new laying hens places in 2014)



- ❖ Volumes of eggs produced in 2014 increased by 16% YoY to 1,038 mln eggs
- ❖ Production volumes to continue growth following poultry capacities expansion

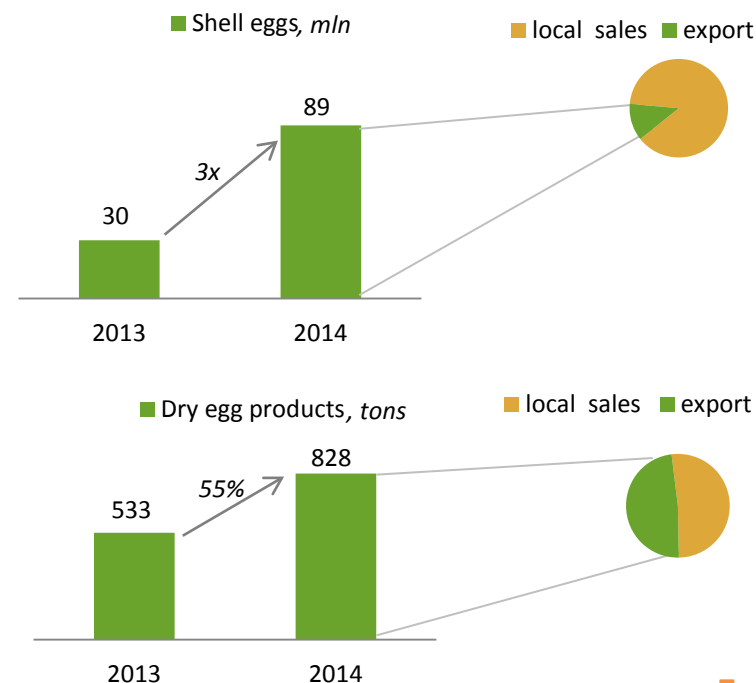


- ❖ Total production volume similar to previous year (8,316 tons)
- ❖ More focus on export sales and thus dry egg products production in 2014 and 2015

Key operational results

		2014	2013	YoY
Laying hens	mln	4.45	3.90	15%
Shell eggs production	mln	1,038	893	16%
Dry egg products produced	tons	1,759	1,369	28%
Liquid egg products produced	tons	6,558	6,855	-4%

Trade diversion: export markets

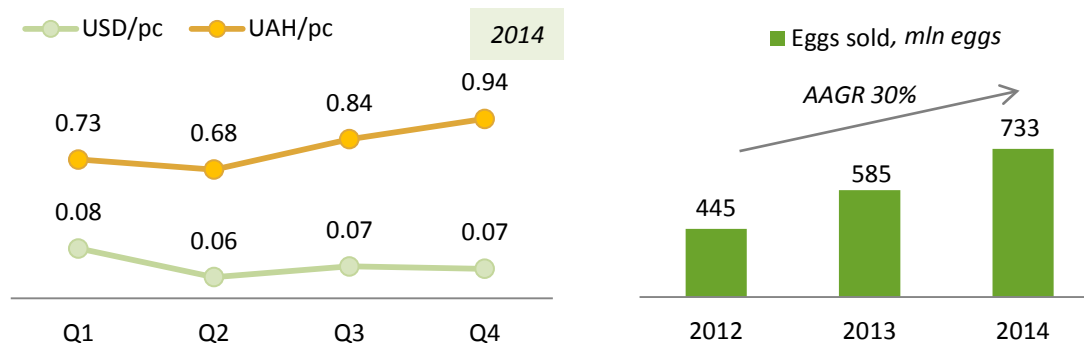


Segment update

Egg segment:

- ❖ Sales volumes up by 25% YoY as a result of higher output
- ❖ Sales structure by volume:
 - *branded eggs* – 72%
 - *unbranded eggs and B2B* – 16%
 - *export* – 12%
- ❖ In 2H 2014 UAH depreciated at faster pace than shell egg selling price recovered (price in USD down by 25% YoY)

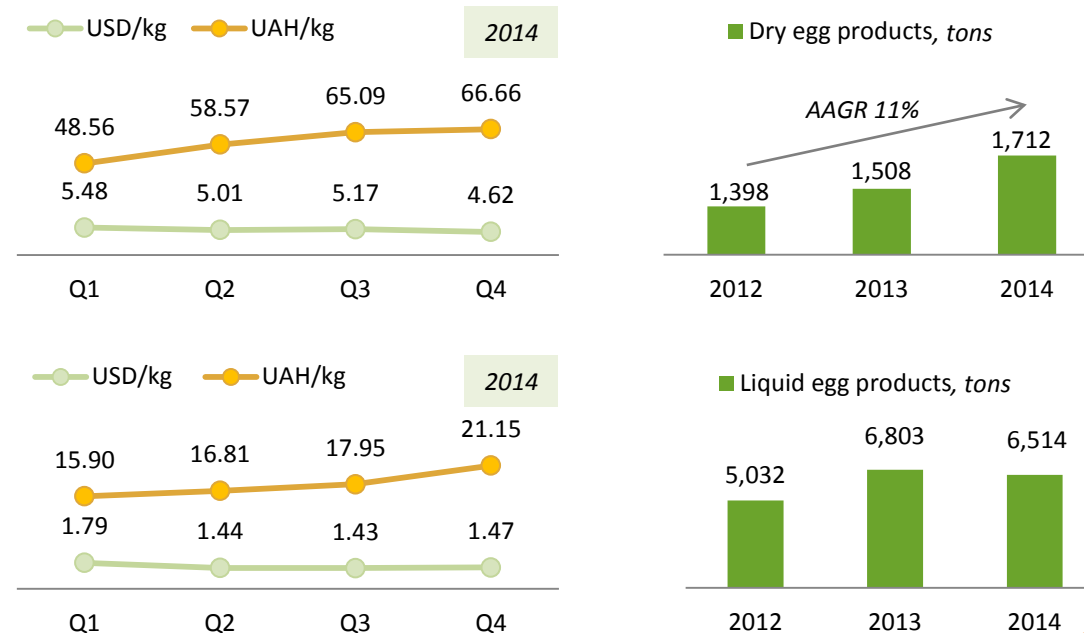
Shell egg prices and volumes sold



Egg products segment:

- ❖ Trade diversion with more orientation on sales of dry egg products (export) resulted in higher sales volumes YoY
- ❖ Growth of demand for liquid egg products was limited by deteriorating economic and political situation in Ukraine
- ❖ Despite steady growth of prices per kg in UAH, currency devaluation resulted in lower year-on-year egg products prices in USD terms (dry EP: down by 12%; liquid EP: down by 23% YoY)

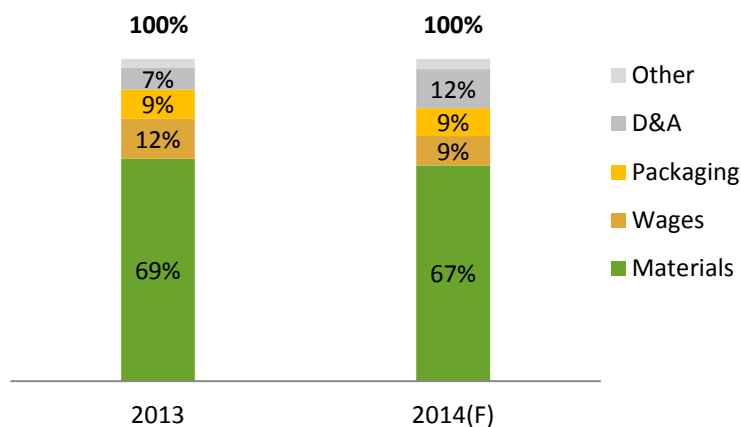
Liquid and dry egg products prices and volumes sold



Financial results

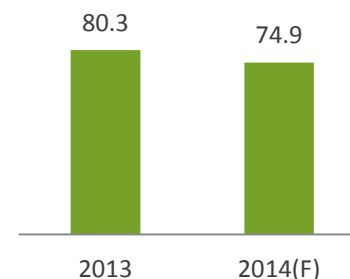
- ❖ 2014 results in USD terms (unaudited) have been compressed by continuous UAH devaluation both on revenue and cost side
- ❖ Margins in percentage terms remained similar to the results of 2013
- ❖ Revenue and cost structure very similar to 2013
- ❖ No new financing acquired during the year 2014
- ❖ Positive operating cash flow maintained in 2014 – no requirement for working capital financing
- ❖ Revaluation of biological assets for year 2014 is forecasted at mUSD 3

COGS structure

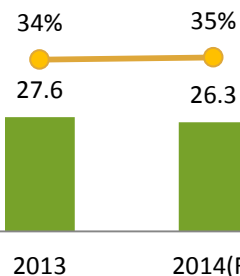


Financial results

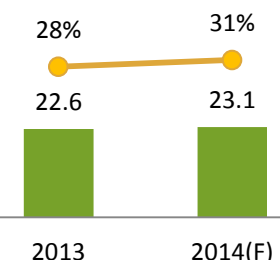
Revenue, mUSD



EBITDA*, mUSD



Net profit*, mUSD



*BA revaluation not included

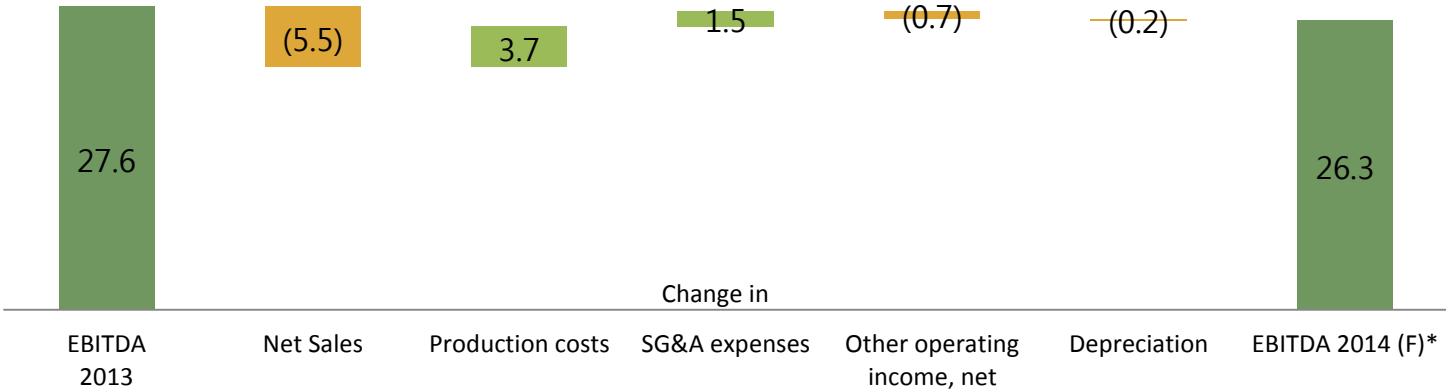
Net debt position at 31 December

in kUSD	2014(F)	2013
Cash and cash equivalents	2,471	8,608
Loans and borrowings	9,511	13,538
Net debt	7,040	4,930

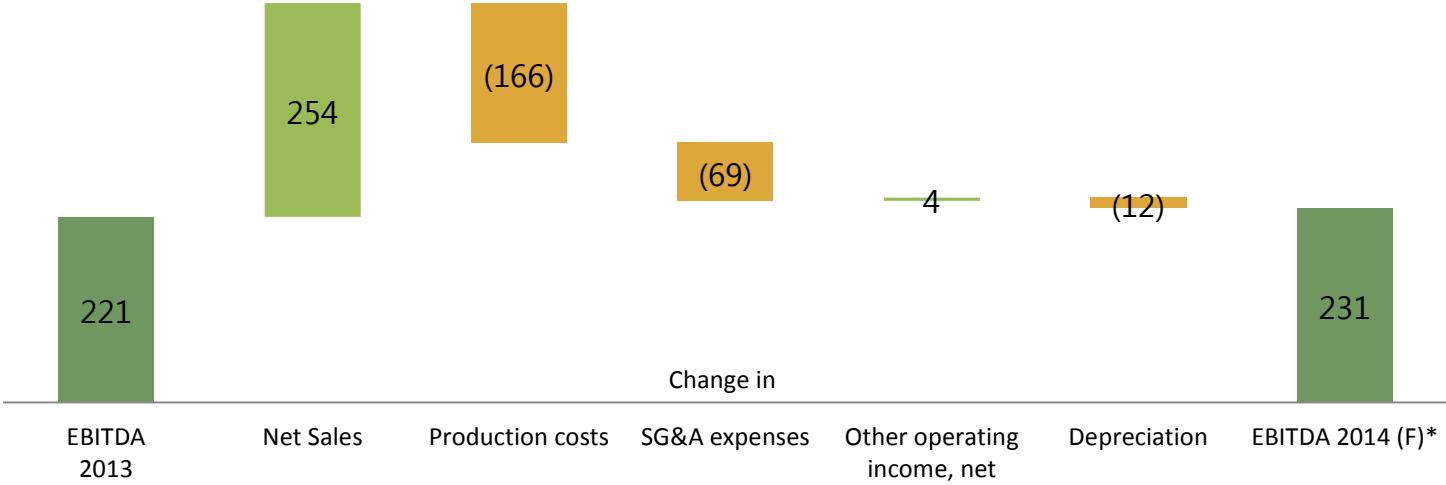
Financial results continued

EBITDA derivation

In mUSD

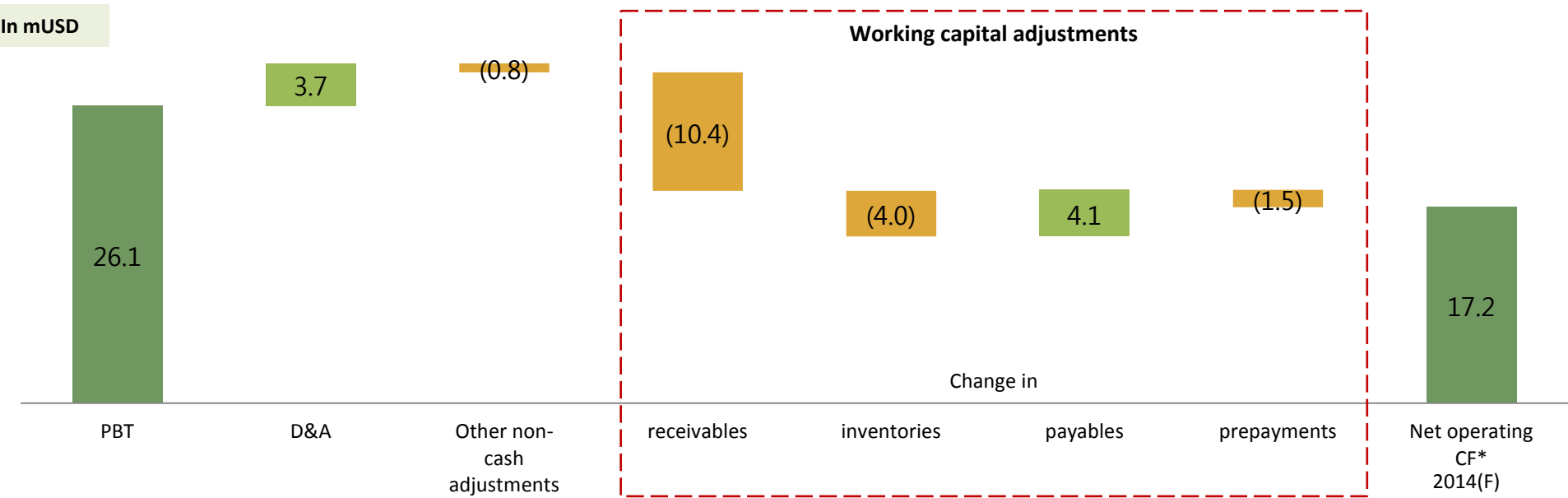


In mUAH



*BA revaluation not included

Operating cash flow structure



*BA revaluation not included

The background image shows a complex industrial machine, likely a textile loom or a similar manufacturing equipment. It features numerous yellow-colored components, possibly bobbins or spools, arranged in rows. The machine has a metallic frame and various control panels with buttons and switches. The lighting is somewhat dim, and the overall scene suggests a factory or manufacturing environment.

Section 2

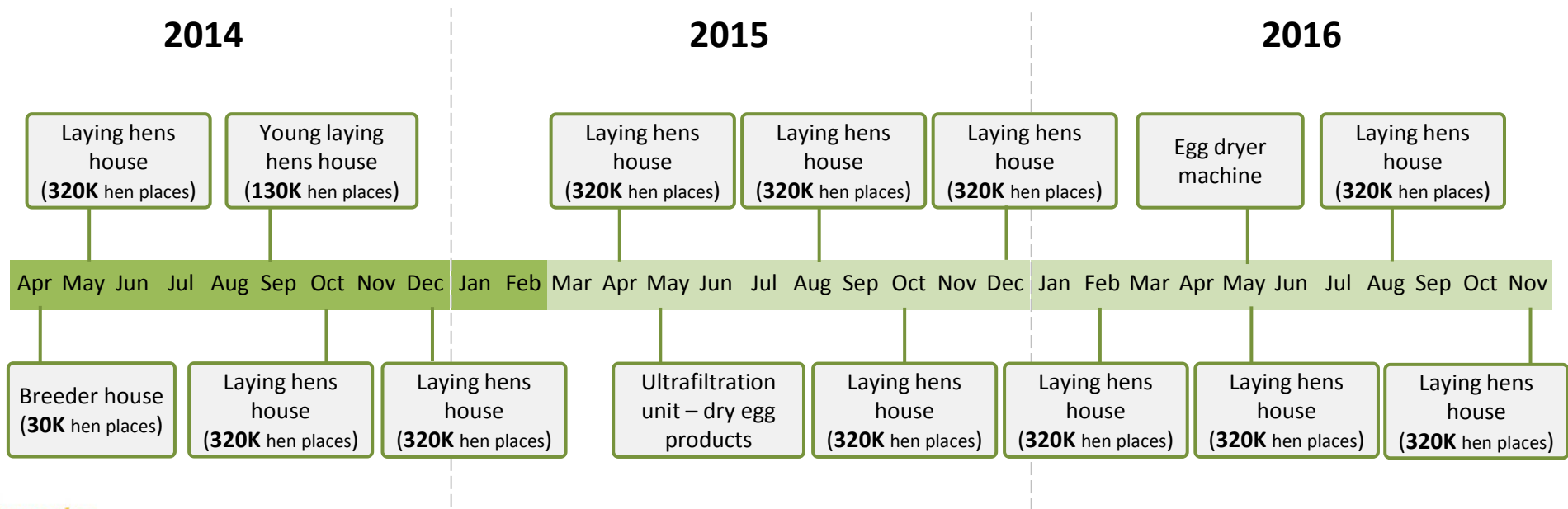
Investment program and outlook

Capacities expansion program update

- ❖ 8 laying hens houses scheduled for reconstruction in 2015 and 2016
- ❖ Egg capacity expansion will be a step-by-step process
- ❖ Interim increase in output will be visible throughout the years of reconstruction and one year after completion of investments as laying hens reach their maximum productivity
- ❖ Modern equipment to be used in expansion of production facilities
- ❖ New laying hens cages are compliant with EU enriched cage format



Reconstruction timeline








Outlook for 2015

- ❖ Shell egg output will continue growth in line with reconstruction of laying hens houses in Stavysche
- ❖ Volumes of egg products output in 2015 and 2016 will be dependent on demand for each respective type of egg product
- ❖ Sunflower seed processing volumes will be dependent on market price for sunflower meal vs sunflower seed



Projected operational results

		2014	YoY (2015/2014)	2015F	YoY (2016/2015)	2016F
 Laying hens capacity at year end	mln places	5.8	+21%	7.0	+15%	8.0
 Shell eggs production	mln eggs	1,038	+20%	1,250	+28%	1,600
 Dry egg products produced	tons	1,759	+8%	1,900	+16%	2,200
 Liquid egg products produced	tons	6,558	+5%	6,900	+5%	7,200
 Sunflower seeds processed	tons	17,217	+5%	18,000	+6%	19,000

The background of the slide is a close-up photograph of a large number of eggs, mostly brown with some white ones, arranged in neat rows within a red plastic egg tray. The lighting is soft, highlighting the smooth texture of the eggshells.

Section 3

Appendices

Eggs: products and key clients

- ❖ Key clients in egg segment are leading retail chains
- ❖ Branded eggs are sold in 4 categories:
 - premium
 - standard
 - economy
 - private label
- ❖ Yasensvit™ present on the market since 2001
- ❖ We are #1 producer of private label eggs in Ukraine
- ❖ High quality and safety of our eggs is confirmed by certification of our production processes under ISO 9001:2008 and ISO 22000:2005 standards



Shell egg product portfolio

Sub-brands

Premium	5	original eggs, ^{SUPER} MAX, Молодильні, new Омега-3, ІДЕАЛ БАЛАНС
Standard	4	Домашній смак, Свіжі яйця, Для духовних пирогів, Справжні велетні
Economy	3	Фермерські, Селянські, УКРАЇНА
Private label	9	Добранок, Fine Life, ХІТ продуктів, ВЕСЕЛА ФЕРМА, Кожен День, clever, Добрий Звичай, ТРАДИЦІЯ

Key clients: retail chains



Over 650 stores



Over 200 stores



Over 20 stores



Over 100 stores



Over 40 stores



10 stores



Over 20 stores



Over 30 stores

Egg products: sales mix and key clients

- ❖ Ukraine is our target market for this segment
- ❖ We supply the biggest food companies in Ukraine
- ❖ Egg processing plant located on the premises of one of the laying hen farms, allowing for supply of fresh eggs for processing
- ❖ Egg processing plant produces whole egg, egg yolk and egg white in liquid and dry form
- ❖ Egg products are sold under Ovostar™ brand



Key clients

Confectionery



Mayonnaise



HoReCa



Egg products portfolio

Egg powder



Dry egg white



Dry egg yolk



Liquid egg white



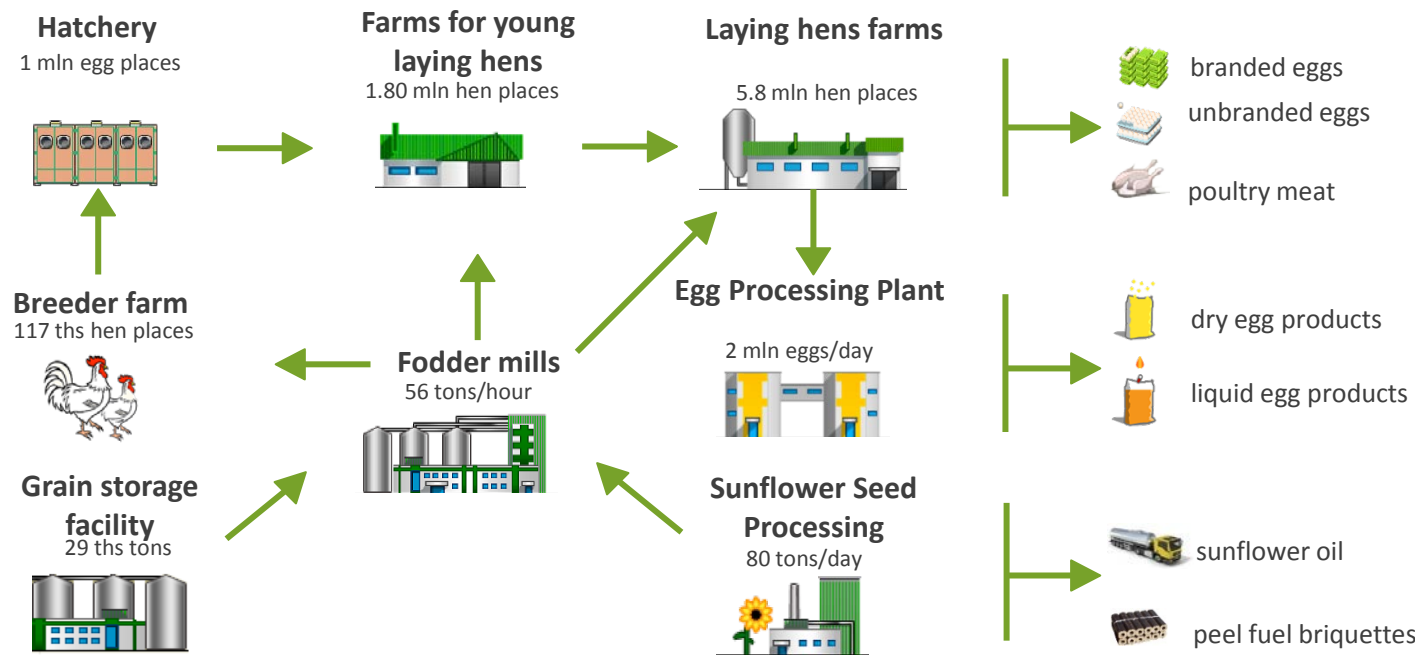
Liquid egg yolk



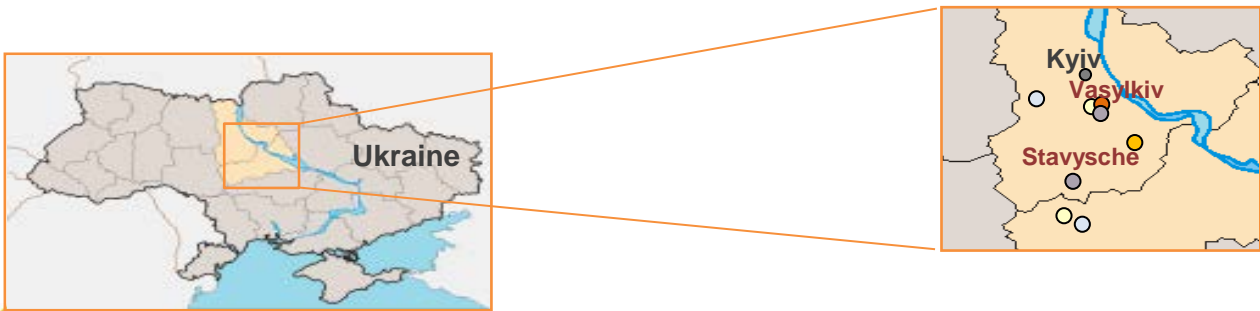
Liquid whole egg



Business model and locations



- All production facilities located in central Ukraine in close proximity to each other
- Full production cycle starting from hen breeder flock to high quality shell eggs and egg products output
- High level of vertical integration allows to control costs and quality at all stages of the production process

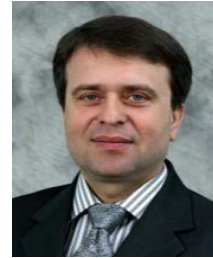


- Young laying hens farm (2)
- Laying hens farm (2)
- Egg processing plant (1)
- Fodder mill (2)
- Hatchery (1)

Management team



Name: Borys Bielikov
Position: CEO



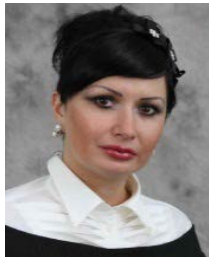
Name: Vitaliy Veresenko
Position: Chairman of the Board



Name: Tatiana Komarova
Position: CFO



Name: Sergei Sovgira
Position: Executive Director



Name: Nataliia Malovana
Position: Commercial Director



Name: Vitaliy Voron
Position: Production Director

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