



Overview of 9M 2015 results

December 2015

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A large number of brown and white eggs are arranged in a tray, filling the background of the slide. The eggs are in various stages of being packed, with some in clear plastic containers and others in a large metal tray.

Section 1

9M 2015 results

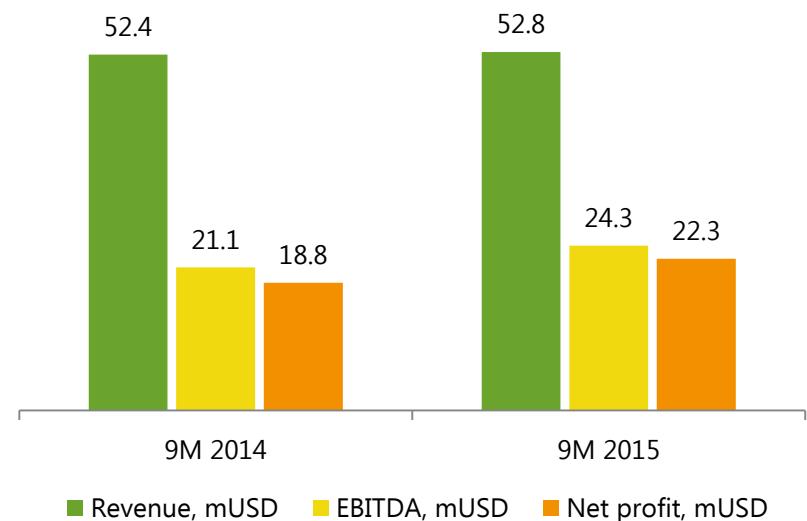
Key highlights 9M 2015

- ❖ Despite significant devaluation of the national currency, reasonable results have been delivered in 9M 2015
- ❖ Sound deliverables were ensured by a 20% increase in volume of eggs produced (888 m pcs) accompanied by a 74% increase in export revenue (15.4 mUSD = 29% of total revenue)
- ❖ Net profit in 9M 2015 increased by 19% y-o-y
- ❖ Investment program on the premises of Stavysche production facility continues; stage 1 (8 laying hens houses) is planned to be completed by April 2016

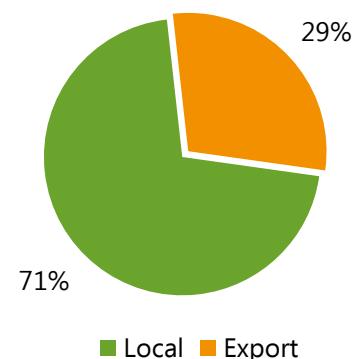
Key performance indicators

Indicator	Units	9M 2014	9M 2015	% growth
Poultry flock:				
Total flock	mln	5.3	6.1	15%
Laying hens	mln	4.3	4.9	12%
Production:				
Shell eggs	mln	740	888	20%
Dry egg products	tons	1 193	1 355	14%
Liquid egg products	tons	4 521	4 280	-5%
Processing:				
Shell eggs	mln	232	250	8%

Key financial results



Revenue structure

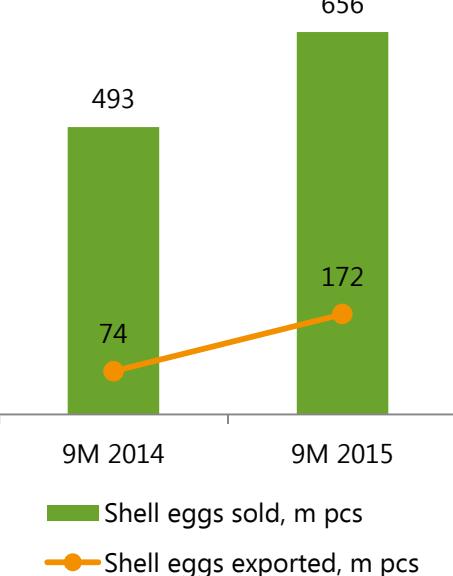


Operations update. Egg segment

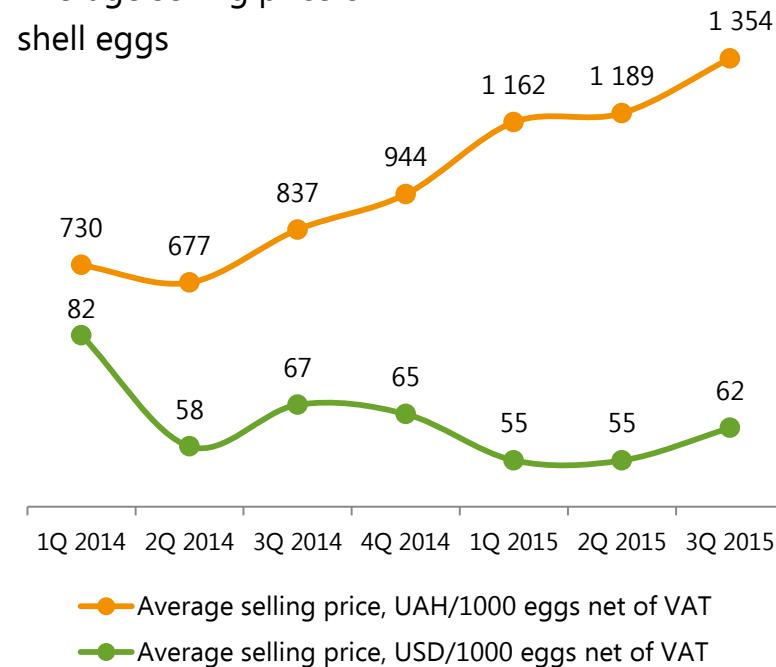
- ❖ Volume of eggs sold in 9M 2015 reached 656 million (33% increase y-o-y)
- ❖ Price on shell eggs in 9M 2015 was 66% higher in UAH and 15% lower in USD than in 9M 2014
- ❖ Export of shell eggs increased by 2.3x in volume y-o-y and reached 172 million pieces
- ❖ Key export markets are UAE, Hong Kong, and Qatar

Key indicators:

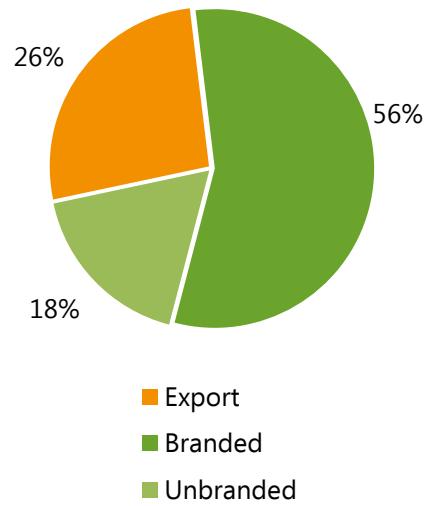
Shell eggs sales and share of export



Average selling price on shell eggs



Egg sales structure by volume

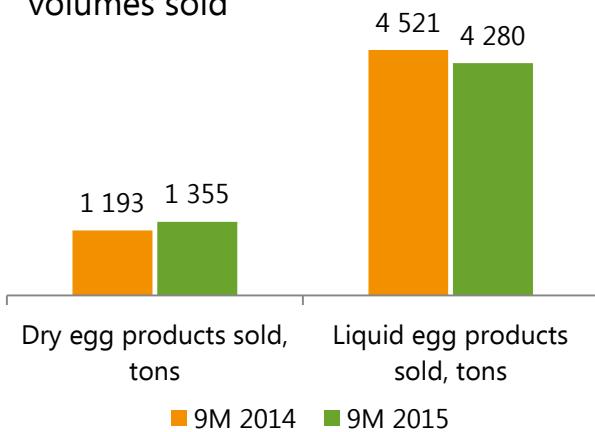


Operations update. Egg products segment

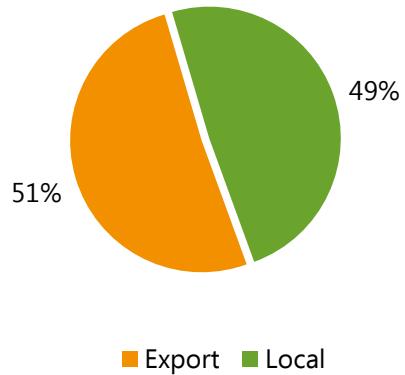
- ❖ In 9M 2015 250 million eggs were processed (8% increase y-o-y)
- ❖ In 9M 2015 price on dry egg products grew by 80% in UAH and declined by 8% in USD, while price on liquid egg products went up by 49% in UAH and decreased by 25% in USD comparing to 9M 2014
- ❖ Stronger focus on export of shell eggs and dry egg products resulted in lower sales volume of liquid egg products, which decreased by 5% y-o-y. The volume of dry egg products sold increased by 14% y-o-y to 1 355 tons
- ❖ In June 2015 the export to the EU has started

Key indicators:

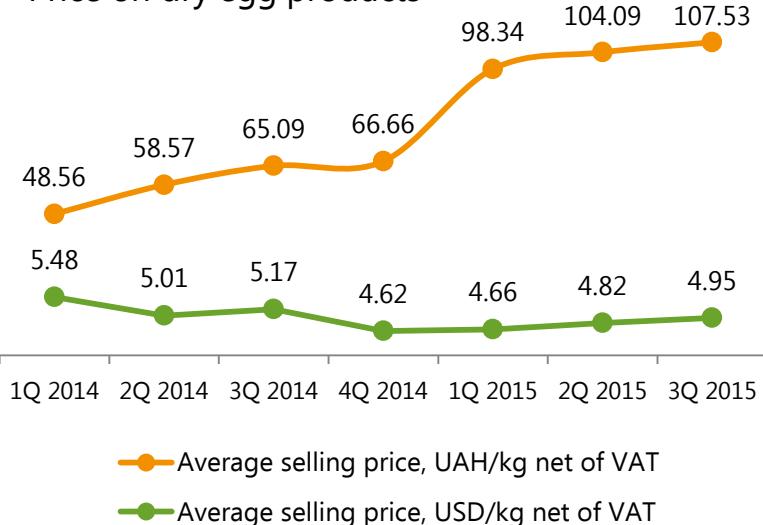
Dynamics in volumes sold



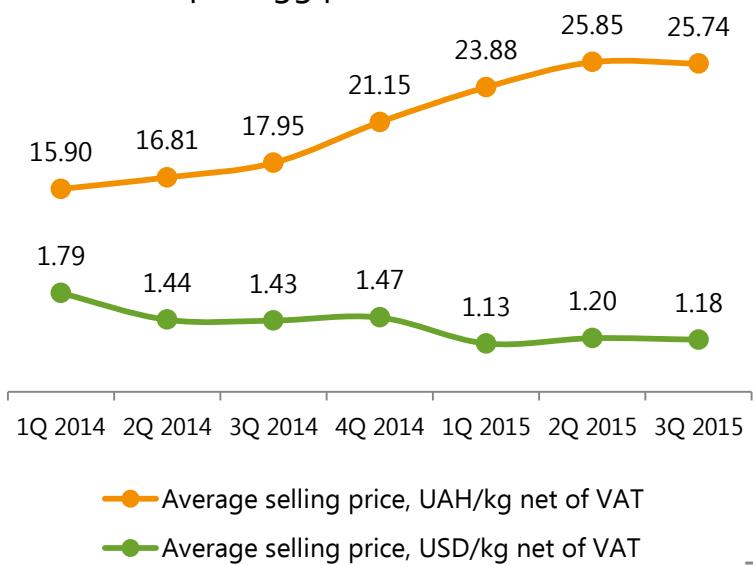
Sales structure of dry egg products by volume



Price on dry egg products



Price on liquid egg products

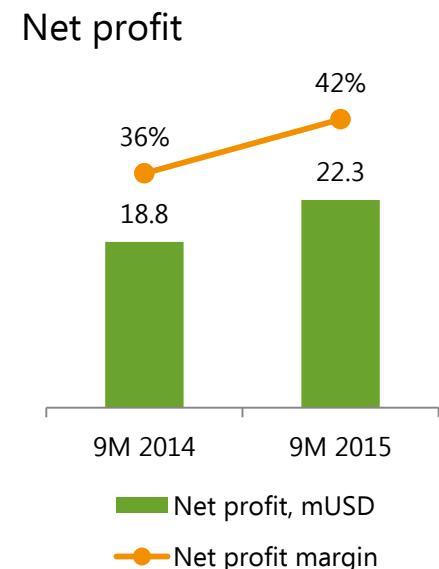
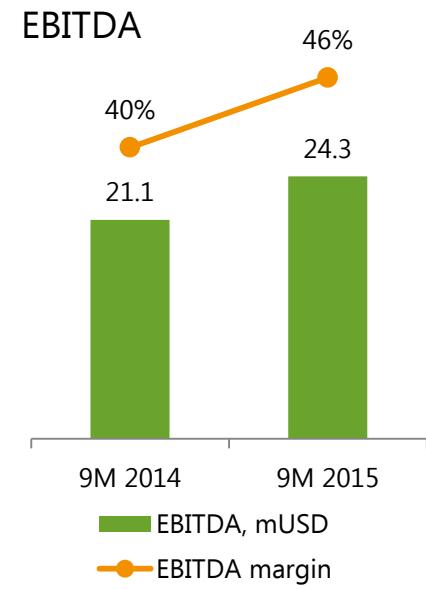


Financial results overview: 9M 2015

- ❖ Ukrainian hryvnia has reached 21.5 UAH/USD in 9M 2015 comparing to 11.1 UAH/USD in 9M 2014
- ❖ Growing production of shell eggs, steady recovery of prices on the local market and increasing share of export enabled the USD revenue in core segments to be maintained at approximately the same level y-o-y. Total revenue increased by 1% and reached 52.8 mUSD
- ❖ The egg segment generated 75% of total revenue, while the egg products segment – 23%
- ❖ In consequence of UAH devaluation the cost of sales has declined by 8% to 32.6 mUSD (9M 2014: 35.6 mUSD)
- ❖ In 9M 2015 EBITDA increased by 15% y-o-y to 24.3 mUSD, while net profit went up by 19% and reached 22.3 mUSD

Net debt position:

	30 Sep 2015 (unaudited)	31 Dec 2014 (audited)	30 Sep 2014 (unaudited)
Cash and cash equivalents, ths USD	9 425	2 471	4 015
Total debt, ths USD	16 655	9 511	10 968
Net debt, ths USD	7 240	7 040	6 953



9M financial statements

Balance sheet in USD thousands	30/09/15 (unaudited)	30/09/14 (unaudited)	Income statement in USD thousands	9M'2015 (unaudited)	9M'2014 (unaudited)
Non-current assets	64 109	89 508	Revenue	52 777	52 384
Non-current biological assets	29 228	32 396	Revaluation of biological assets	1 876	2 764
PPE and intangible assets	34 791	56 662	Cost of sales	(32 599)	(35 610)
Other non-current assets	90	450	Gross profit	22 054	19 538
Current assets	36 967	38 610	SG&A	(2 655)	(3 472)
Current biological assets	6 323	10 926	Other operating income, net	3 240	2 083
Inventories	10 287	11 233	Operating profit	22 639	18 149
Trade and other receivables & prepayments	10 154	11 323	Depreciation	1 632	2 935
Cash and cash equivalents	9 425	4 015	EBITDA	24 271	21 084
Total assets	101 076	128 118	Finance income/(costs), net	(171)	725
Total equity	79 283	110 064	Profit before tax	22 468	18 874
Non-current liabilities	13 567	8 940	Income tax expense	(142)	(53)
Current liabilities	8 226	9 114	Profit for the period	22 326	18 821
Total liabilities	21 793	18 054	Exchange differences	(28 108)	(48 083)
Total liabilities and equity	101 076	128 118	Total comprehensive income	(5 782)	(29 262)

Cash flow statement in USD thousands	9M'2015 (unaudited)	9M'2014 (unaudited)
Net cash flows from operating activities	15 595	13 009
Net cash flows used in investing activities	(8 618)	(14 586)
Net cash flows from/(used in) financing activities	228	(2 155)
Net increase/(decrease) in cash and cash equivalents	7 205	(3 732)

Section 2

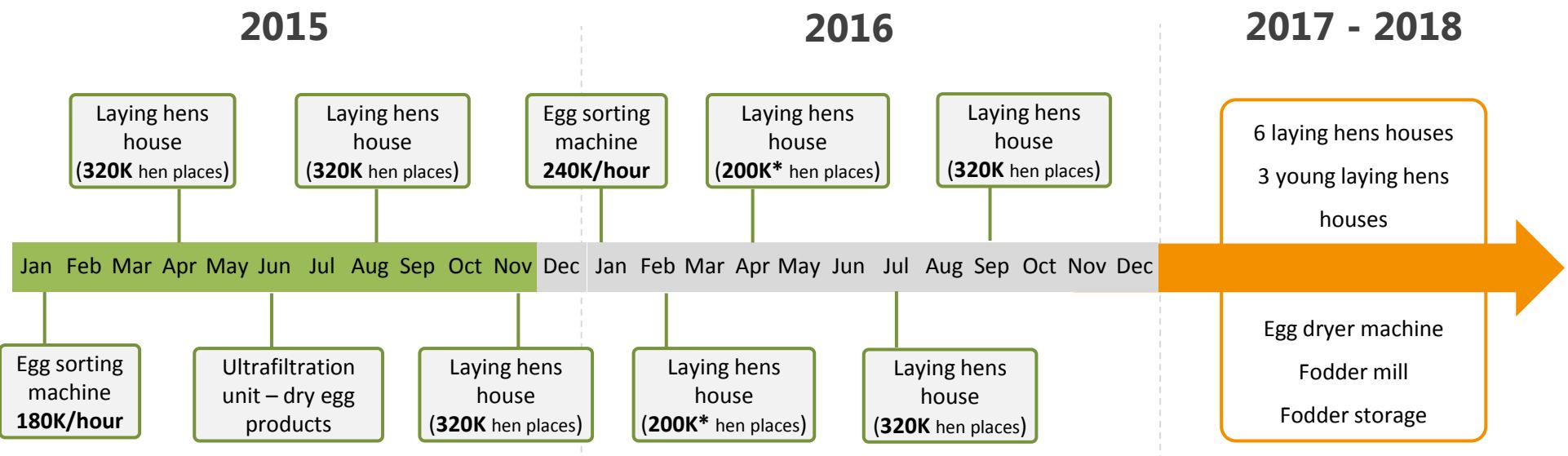
Investment program outlook



Capacities expansion program update

- ❖ Realization period: 2014-2018 in 2 stages:
 - Stage 1 = Apr 2014 – Apr 2016: 8 laying hens houses + infrastructure
 - Stage 2 = Apr 2016 – 2018: 8 laying hens houses + infrastructure
- ❖ All equipment in newly reconstructed buildings on Stavysche production site is compliant with EU enriched cage format. We are the only producer with such equipment in Ukraine – competitive advantage for export to the EU
- ❖ We intend to receive certification for export of consumer shell eggs to the EU by the end of 2015; EU certification for processing eggs and egg products was received in 2014

Reconstruction timeline



* Buildings will be fully compatible with EU requirements for imported Class A eggs

Future outlook

- ❖ Shell egg output will continue growing in line with reconstruction of laying hens houses in Stavysche
- ❖ The volumes exported are planned to grow proportionally to increasing egg production in order to maintain the share of export revenue in the next year equal to level of 2015
- ❖ By the end of current investment program (2018) the egg production is expected to reach 2 billion pieces per year



Projected operations results



Laying hens flock



Shell eggs production



Dry egg products produced



Liquid egg products produced

	2014	YoY (2015/2014)	2015F	YoY (2016/2015)	2016F
mln heads	4.4	+14%	5.0	+20%	6.0
mln eggs	1 038	+16%	1 200	+21%	1 450
tons	1 759	+8%	1 900	+16%	2 200
tons	6 558	- 8%	6 030	+8%	6 500

Section 3

Appendices

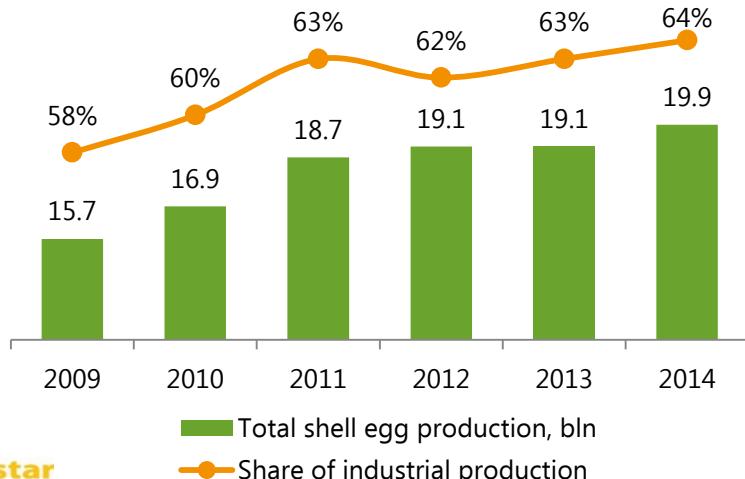


Market overview

Eggs

- ❖ Eggs are produced in households and in industrial farms; industrial format is more efficient benefiting from economies of scale and specialized workforce
- ❖ Ukrainian egg market further consolidates
- ❖ In April 2015, EU has issued regulation 2015/608 thereby allowing Ukraine to export Class A (consumer) shell eggs to the EU
- ❖ Our share in production of eggs in industrial format in Ukraine (2014): **8%**

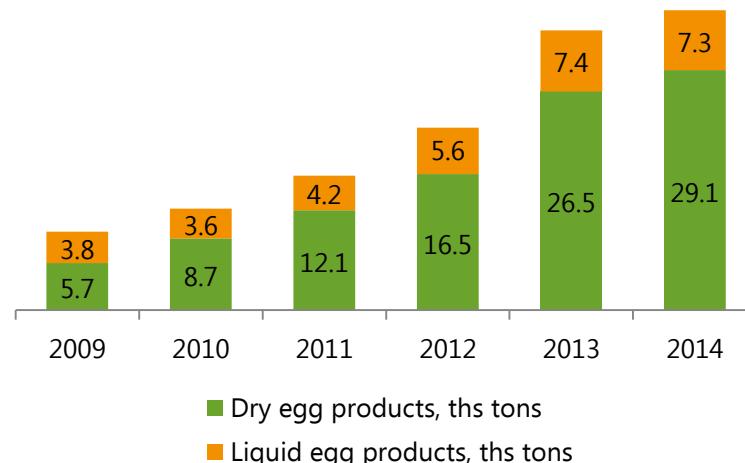
Egg production volumes in Ukraine



Egg products

- ❖ Egg products are primarily used in food processing
- ❖ General deterioration of business environment in Ukraine in 2014 resulted in more focus on export of egg products
- ❖ Dry egg products are in demand on the global market and have a long shelf life
- ❖ Our share in production of liquid and dry egg products in Ukraine (2014): **94%** and **10%**, respectively

Egg products production volumes in Ukraine

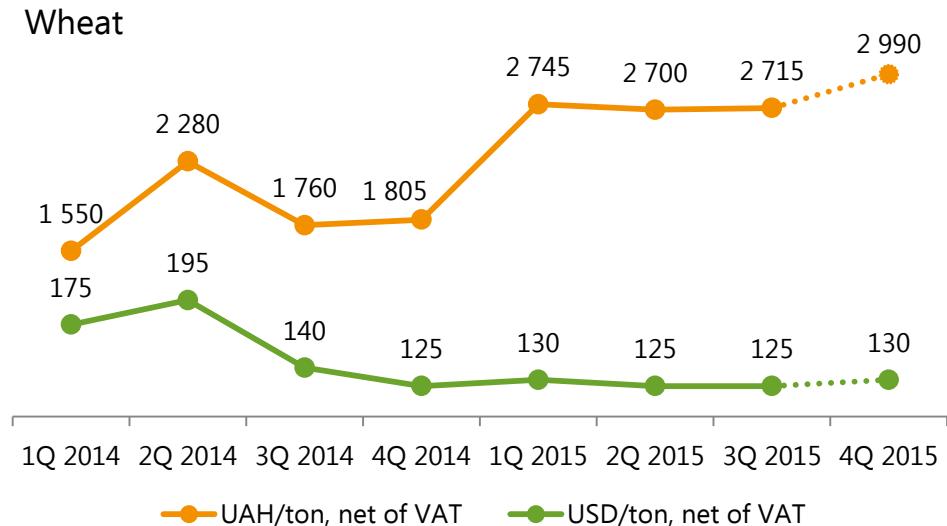
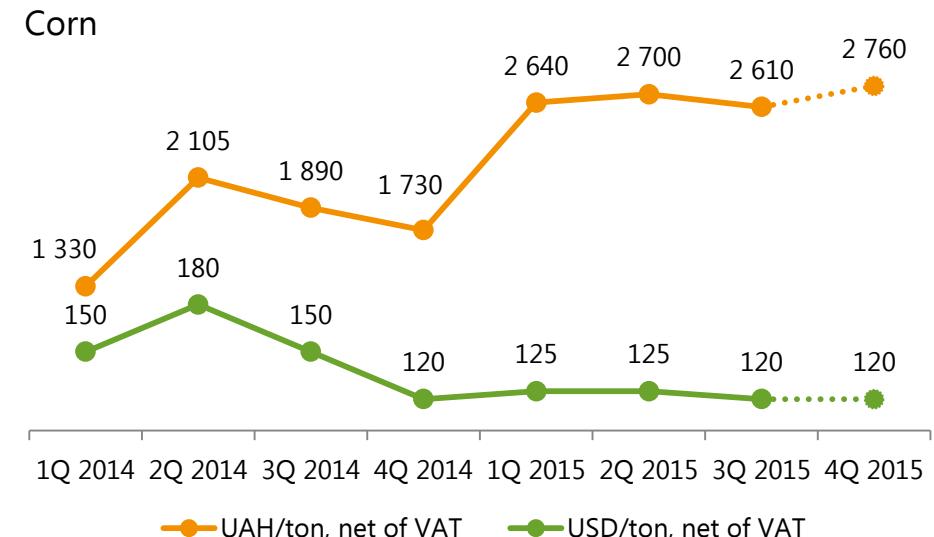
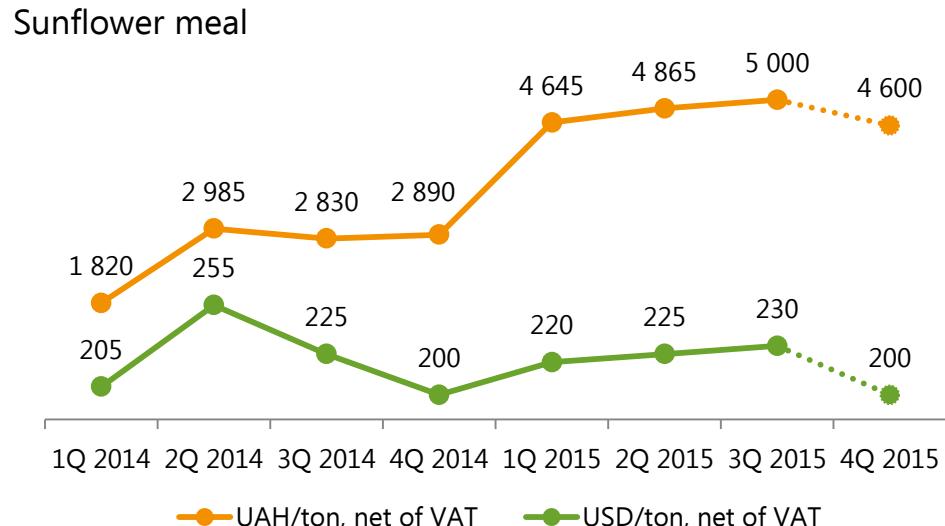


Price dynamics on main feed components

- ❖ The prices on main feed components in UAH were growing during the last year mostly due to the devaluation of UAH
- ❖ On the contrary, over the same period the world prices on crops in USD were declining
- ❖ The average exchange rate of UAH to 1 USD:

UAH/ USD	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q (F)
	8.86	11.70	12.58	14.43	21.12	21.61	21.72	23.00

Source: National Bank of Ukraine



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