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### Letter from CEO

Dear Investor,

It is with great pleasure that I present you with this first release of our Investor Bulletin. Our company firmly believes in complying with the best practice standards in the investor relations field and I am very glad that we are one step closer to this goal by launching this Bulletin.

I am also very proud to say that Avangard achieved strong financial results for the year end 2010. Following the successful IPO on the London Stock Exchange and Eurobond Offering, we have made solid progress in keeping our promise to you in advancing our strategy. We have managed to meet and even exceed majority of our targets. Our results demonstrate positive trends across all metrics despite the reduction in the market price for shell eggs in Ukraine during the first half of 2010.

The market environment for our sector remains favorable and we are confident that we will be able to continue delivering strong financial results going forward. Our local market positions are strong and we remain focused on achieving our primary objective - using Ukraine's comparative advantage in agriculture to become one of the World's leading producers of shell eggs and egg products.

As always, our doors always open to any questions you may have. We look forward to our continuing partnership.

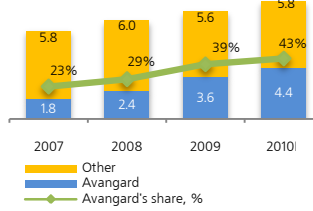
Sincerely yours,  
Natalia Vasylyuk  
Chief Executive Officer



**Nataliya Vasylyuk**  
Chief Executive Officer  
[Read more](#)

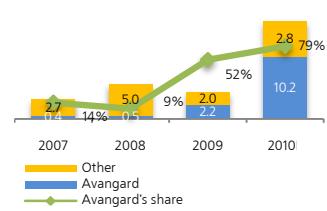
### Key Business Drivers - Performance

Industrial Production Of Eggs in Ukraine, bln pcs



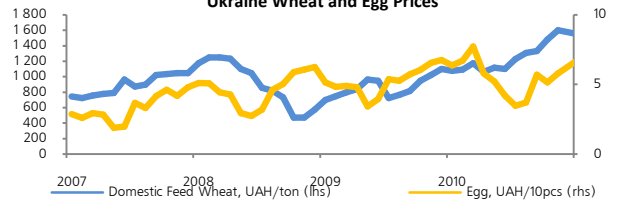
Source: Company data

Industrial Production Of Dry Egg Products in Ukraine, ths tons



Source: Company data

Ukraine Wheat and Egg Prices



Source: Bloomberg, Pro-Consulting

### Macroeconomics – Key Metrics

- Ukraine's **GDP grew 3.4%** YoY in 3Q10 in real terms acc. to USSC. The full-year 2010 figure is expected to reach +3.7% YoY (-15.1% in 2009), with 2011 to bring further acceleration to +4.5% acc. to IMF
- Ukraine's **industrial production rose 8.0%** YoY in 2010 after a decline by 21.9% YoY in 2009
- Total agricultural production decreased by 1% YoY in 2010 acc. to USSC (-1.8% in 2009 and +17.1% in 2008)
- Ukraine's **inflation decelerated to 9.1%** in 2010 from 12.3% in 2009, marking the lowest level since 2003 acc. to USSC
- Refinancing rate has been decreased three times during the year to anchor at 7.75% in Aug 2010 (10.25% in Aug 2009) due to positive GDP dynamics, local currency stabilization and inflation slowdown
- Acc. to estimates, YE2010 current account deficit is to reach \$1.4 bln (-\$12.8 bln in 2008 to -\$1.8 bln in 2009)

[More details regarding Ukrainian macroeconomics please read at page 4.](#)

### Company News

- [09/03/11] – [Appointment of the Independent Director to the BoD](#)
- [04/03/11] – [FY 2010 Financial results](#)
- [22/02/11] – [Avangard doesn't have any intentions to acquire the Townsends Inc. in U.S.](#)
- [09/02/11] – [FY2010 Trading update](#)
- [13/01/11] – [Repayment of loans to PJSC "CB "Finansova iniciativa"](#)

### GDR's & Bond's Performance

Detailed information about GDR's and Bond's performance could be viewed at the related sections of the Company's web site. [\[GDR'S\]](#) [\[BOND'S\]](#)

### Egg and Egg Products – Key Charts

- [World Egg Market Trends – Key Charts](#) – at page 5
- [Ukraine Egg Market Trends – Key Charts](#) – at page 6

### Avangard in Media

- [07/03/11] - [Avangardco's egg output increased 22% to 4.4 million units in 2010](#) (Poultry Production News-Blog)
- [04/03/11] – [Avangardco Net Income Advances 38% in 2010 as Output Gains](#) (Bloomberg)
- [22/02/11] - [AvangardCo Investments: Not Acquiring Assets Of Townsends](#) (WSJ)

### Avangard's Awards

- [March 2011] - [Mr. Bakhmatyuk, Non-Executive Chairman of Avangardco in the years Forbes Billionaires list](#)

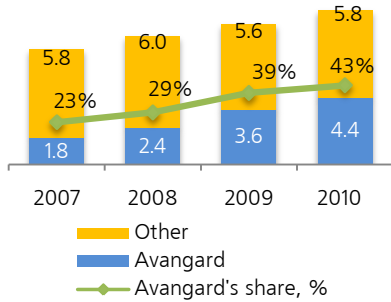
### Credit Ratings - Matrix

Rating (Fitch, S&P)	RATING AGENCY			Rating (Moody's)
	Fitch	S&P	Moody's	
B+		FERREXPO		B1
B				B2
B-		MPiR		B3

Note: - Ukraine sovereign credit rating from the Moody's (outlook "Stable"), S&P (outlook "Stable") and Fitch (outlook "Stable") rating agencies.

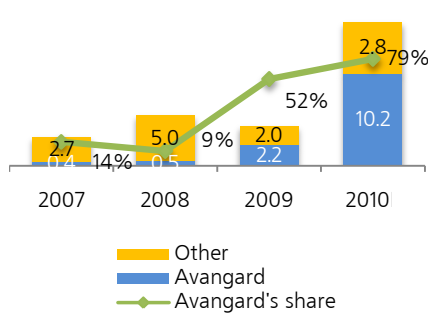
## Production Results – Key Charts

**Production of Shell Eggs, bln pieces**



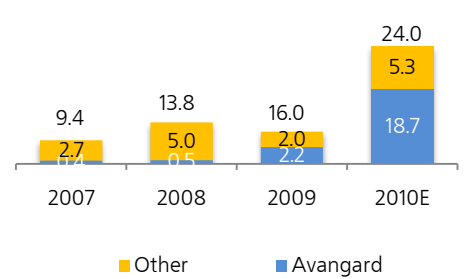
Source: Company data

**Production of Dry Egg Products, ths tons**



Source: Company data

**Total Flock, mln heads**

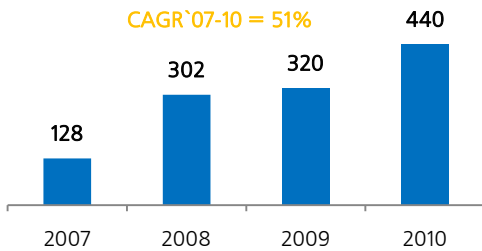


Source: Company data

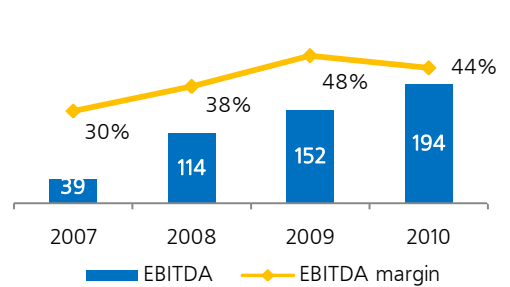
## Financial Results – Key Charts

**Sales, \$ mln**

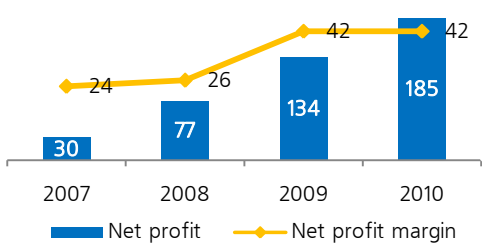
CAGR '07-10 = 51%



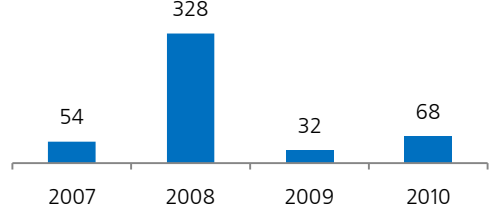
**EBITDA, \$mln**



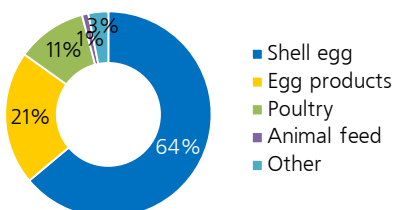
**Net Profit, \$mln**



**CAPEX, \$mln**

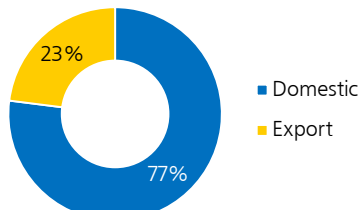


**Sales breakdown by segment, 2010n**



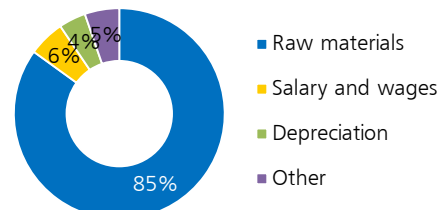
Source: Company data

**Egg sales breakdown by destination, 2010**



Source: Company data

**COGS breakdown by major item, 2010**



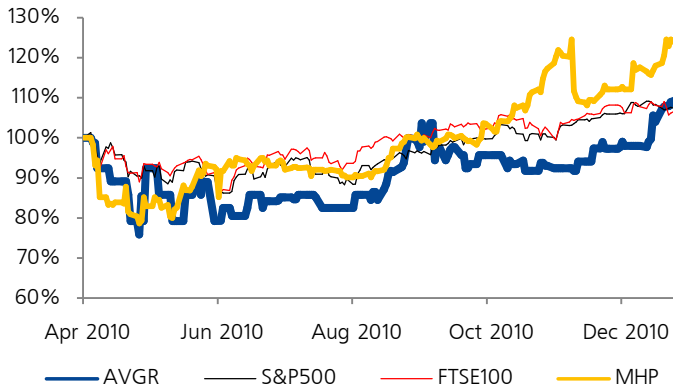
Source: Company data

## Why to Invest in Avangard

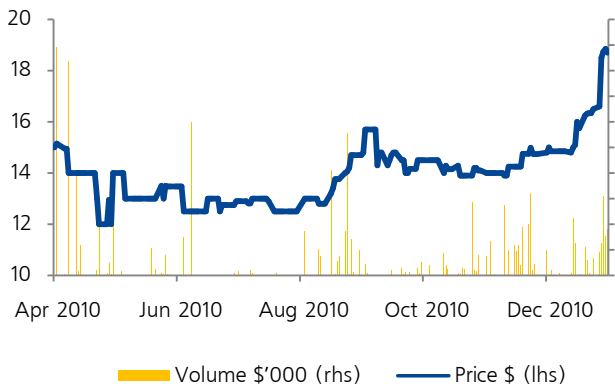
- No. 1 player in the large and growing market of shell eggs and dry egg products in Ukraine
- Rising exposure to foreign export markets provide upside potential
- Vertical integration ensures effective cost control
- State-of-the-art integration facilities, highly advanced technology and superior biosecurity standards
- Strong cash flow generation from existing operations and sustainable profitability
- Very low leverage (0.4 EBITDA in 2010) and local currency denominated debt

## GDR's Performance -

### Peer Group and Main Indexes Dynamics



### AVGR Equity price and Volume Tendency

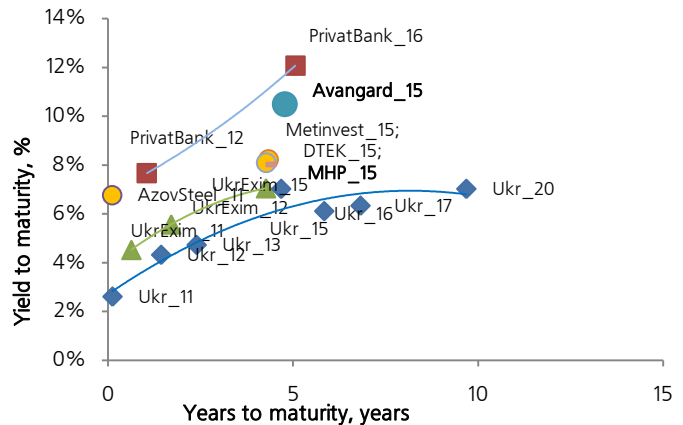


## Securities - General Information

GDR's \ ADR's		Bonds	
Receipts outstanding, as of 31/12/10, pcs.	1,437,500	Format	Reg S
Avg trading volume per day, in 2010 pcs.	39,263	Amount, \$ mln	200
Market Cap as of 31/12/10, \$mln	948	Maturity	29 October 2015
Free float, %	22.5	Coupon	10%, payable semi-annually in arrears on 29 Apr and Oct commencing on 29 Apr 2011
GDR \ ADR's		Listing	LSE
Ticker	AVGR	Issue Rating	B (Fitch Ratings)
Stock Exchange	LSE	Proceeds	USD 208 m
Deal Size	1,437,500 new ordinary shares in the form of GDRs	Offer Price	\$15.0 per GDR
Use of Proceeds	Finalization of new capacity expansion programs		

## Bond's Performance -

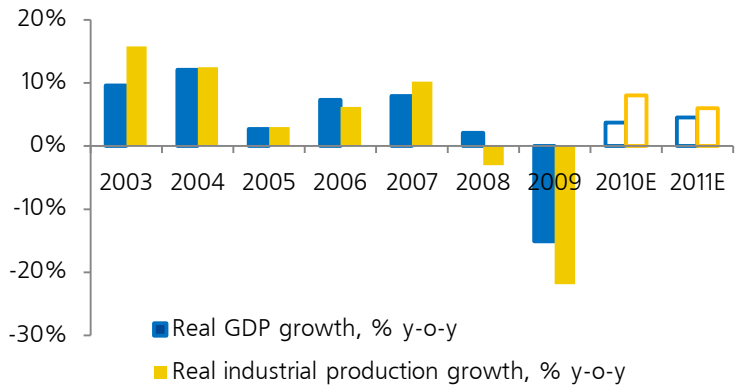
### Avangard vs Ukrainian Eurobonds



## Macroeconomics – Key Metrics

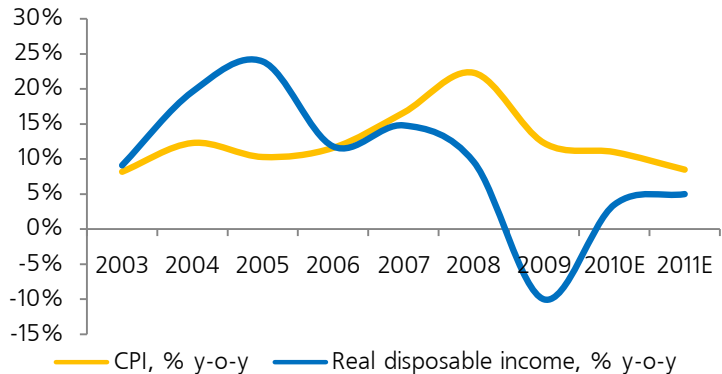
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### Gross Domestic Product



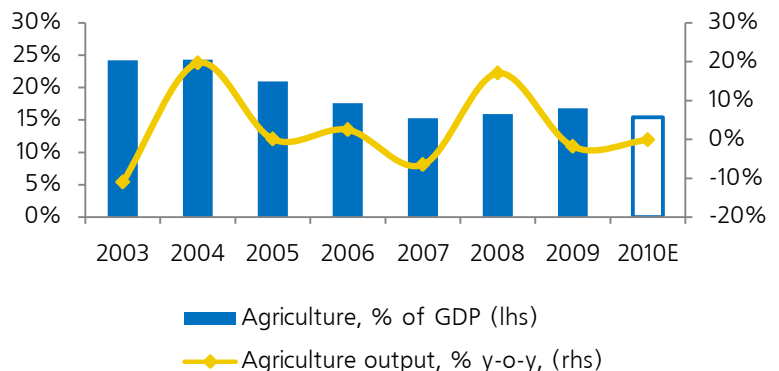
Source: Ministry of Economic Development and Trade of Ukraine, IMF estimates

### Inflation Preserves Its Decline Trend



Source: Ukraine State Statistics Committee, Troika Dialog estimates

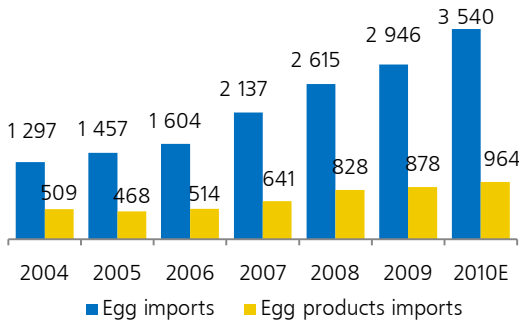
### Agriculture Output Trend



Source: Ukraine State Statistics Committee

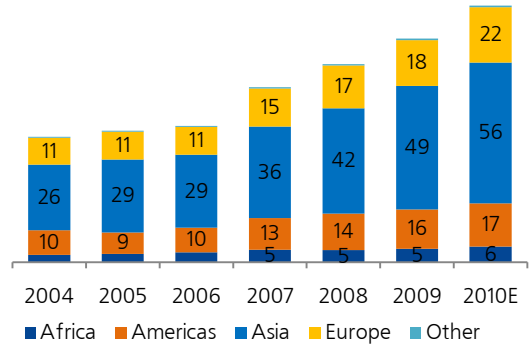
## World Egg Market Trends – Key Charts

**World Imports of Eggs, \$ million**



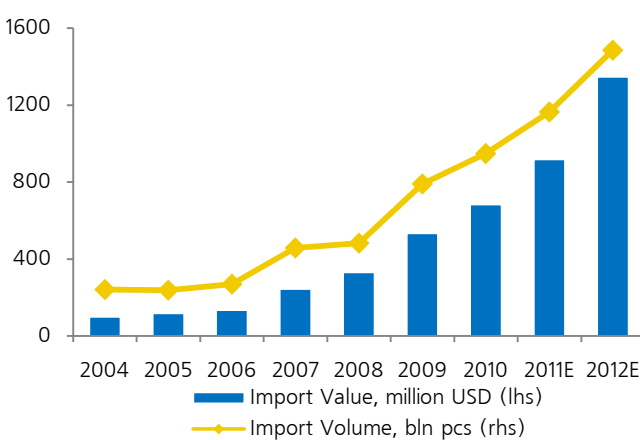
Source: FAO, Pro-Consulting

**Market Size of Shell Eggs (in Producer Prices), \$ billion**



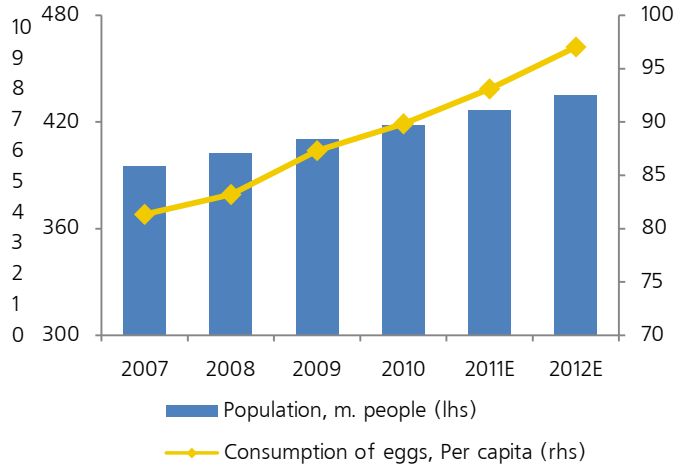
Source: FAO, Pro-Consulting

**Imports of Eggs by MENA region, \$ million**



Source: FAO, Pro-Consulting

**Consumption of Eggs in MENA region**



Source: FAO, Pro-Consulting

**Growing world market**

- World egg market has grown by 12.6% CAGR since 2005
- Share of egg imports has been increasing and reached est. 2.8% of world egg market in 2010
- Significant growth of egg consumption in Asia as eggs remain one of the cheapest sources of protein

**Growing global demand for egg products**

- Continuing global demand from food, confectionary and bakery industries
- Egg products allow for cheaper transportation and for extended shelf life

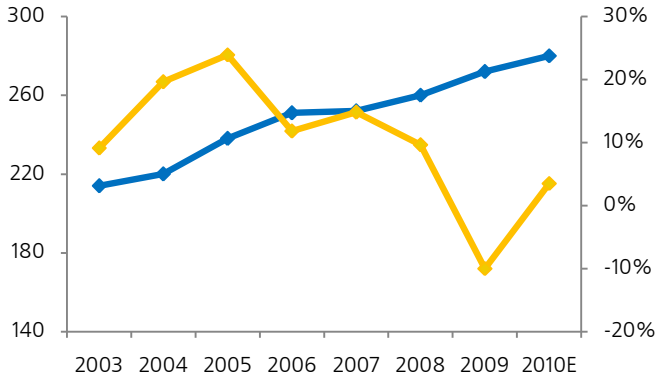
**MENA region opportunities:**

- Region with 420m population is one of the fastest growing in the world (some countries will double in 20 years)
- 60% urban population further increasing
- Expanding middle class with growing purchasing power
- A very low consumption base of an average 90 eggs/egg products per person

**Export opportunity to the MENA region is expected to grow by 57% (to approx. 9 bln pieces) by 2012**

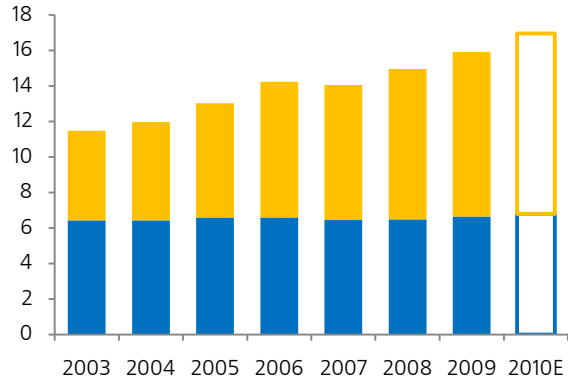
## Ukraine Egg Market Trends – Key Charts

**Consumption per capita vs. Real Disposable Income**



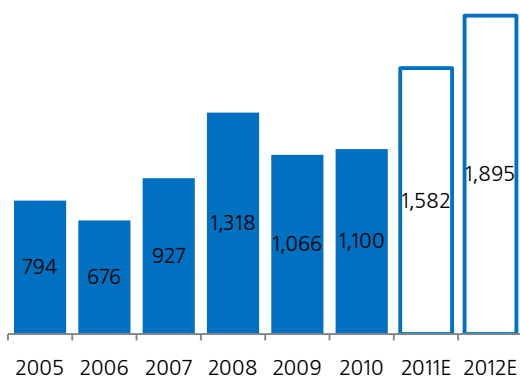
— pcs per capita (lhs) — Real disposable income, % y-o-y (rhs)

**Production of Shell Eggs in Ukraine, bln pcs**

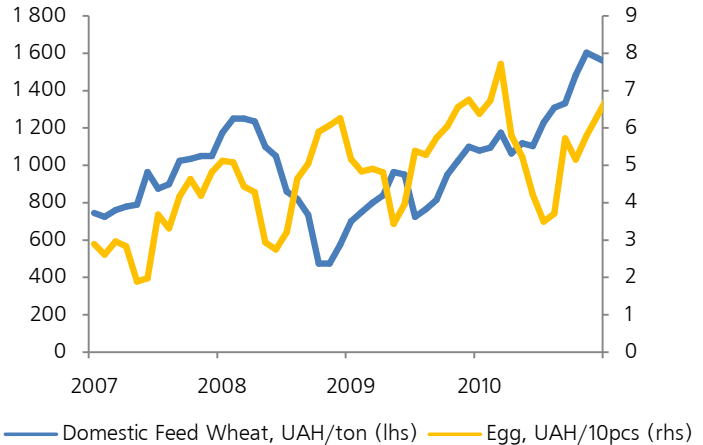


■ Households ■ Industrial companies

**Sales of Eggs, \$m**



**Ukraine Wheat and Egg Prices**



— Domestic Feed Wheat, UAH/ton (lhs) — Egg, UAH/10pcs (rhs)

**Growth of internal consumption**

- Consumption of eggs per capita trend effectively withstands real disposable income decline in 2009
- Domestic egg sales are expected to grow
- Industrial production growth vs. households
- The share of household production decreased from 42% in 2009 to 40% in 2010 acc. to SSCU

**Consolidation in the industry**

- Small egg producers are being replaced by larger cost effective players (acc. to Ptakhoprom of Ukraine, the number of farms decreased from 156 in 2003 to 98 in 2010)

**Expanding export opportunities**

- A ban on the import of Ukrainian livestock farming products into Russia was removed opening a major market for Ukrainian producers

**Recent hikes in grain prices have been less severe for egg producers**

- Egg prices exhibit long-term correlation with wheat prices
- Wheat price inflation is expected to be passed through to egg consumers

## Virtual Site Visit – Photo Album



Slovyany breeder farm



Slovyany breeder farm



Laboratory at Imperovo Foods egg processing plant



Imperovo Foods egg processing plant

## New Facilities

- Avangard is in the process of a significant expansion of its facilities through the construction of the Avis and Chornobaivske egg production complexes in the Khmelnytsky and Kherson regions, respectively, which are each expected to have a design annual capacity of 840 million shell eggs, when fully operational.
- In 2010 Avangard invested U.S.\$67,630 in the construction of the new Avis and Chornobaivske egg production complexes.

- In order to implement its development strategy, Avangard plans to invest in capital expenditure of approximately U.S.\$155.1 million in 2011.

Complex Breakdown by Zones	Avis	Chornobaivske
Grow-out farms for laying hens	completed	completed
Farms for rearing laying hens	80%	64%
Egg storage	25%	14%
Fodder mills	5%	0%
Slaughter facility, biogas unit*	0%	0%

\* To date, the company is considering several technologies for disposal of manure, namely hydrolysis technology (fermentation), incineration or pyrolysis.