



PRESENTATION

J.P. Morgan Conference, New York

**Oleg Bakhmatyuk, Controlling Beneficial Shareholder,
Chairman of the Board of Directors**

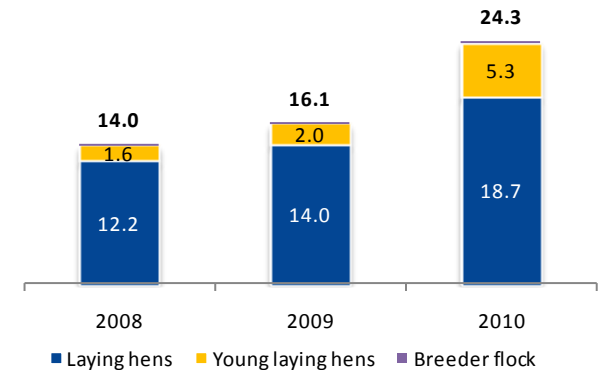
March, 2011



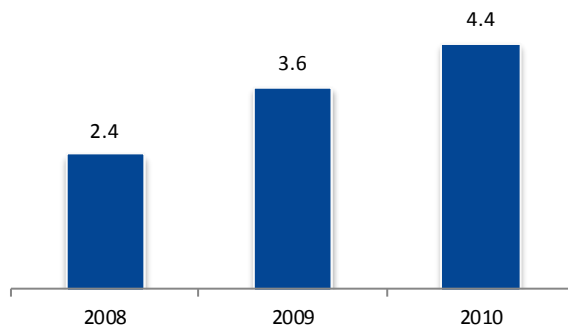
Avangard Overview

- **#1 egg and dry egg products producer and exporter in Ukraine in 2010**
 - ✓ Over 24 mln of poultry flock
 - ✓ 4.4 bln shell eggs and 10.2 ths tons of dry egg products produced in 2010
 - ✓ Leading market share in shell eggs and dry egg products sold domestically and exported
- **Vertically integrated business model of 19 poultry farms for laying hens, 3 breeder farms, 9 grow-out farms, 6 fodder mills, 3 storage facilities and an egg processing plant**
 - ✓ Modern integrated facilities, advanced technology and high bio-security standards
- **Strong operational and financial performance**
 - ✓ Consistent y-o-y increase in key operational and financial indicators

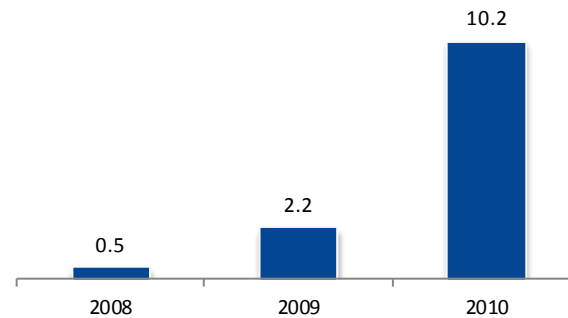
Total Flock, mln heads



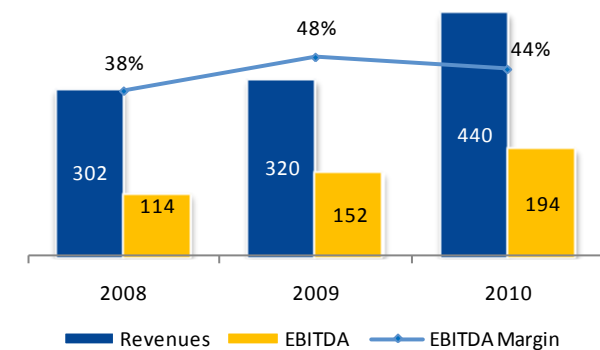
Production of Shell Eggs, bln pieces



Production of Dry Egg Products, ths tons



Key Financial Indicators, \$ mln

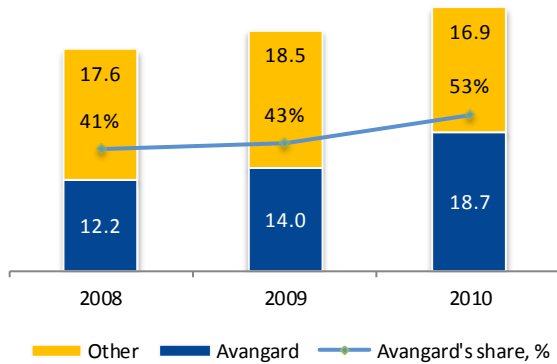


Avangard's Investment Highlights



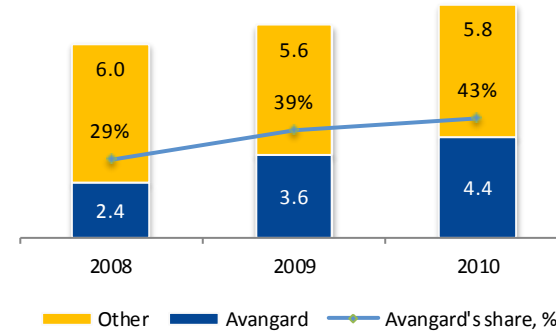
1 Industry Leader

Industrial laying hens flock, mln heads



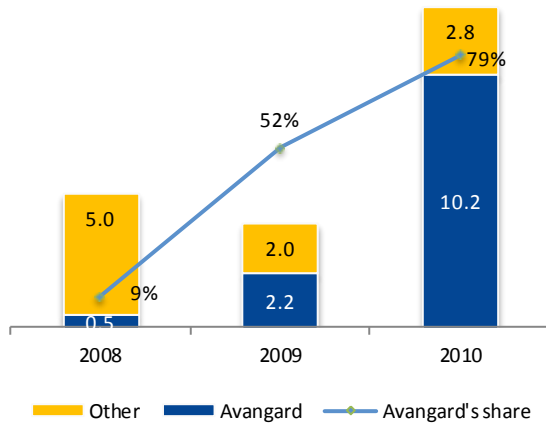
Source: Avangard, Pro-Consulting

Industrial Production of Shell Eggs, bln pcs



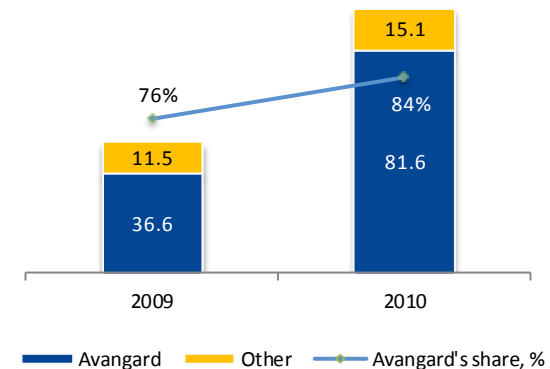
Source: Avangard, Pro-Consulting

Industrial Production of Dry Egg Products, ths tons



Source: Avangard, Pro-Consulting

Export of Shell Eggs and Egg Products from Ukraine, \$ mln

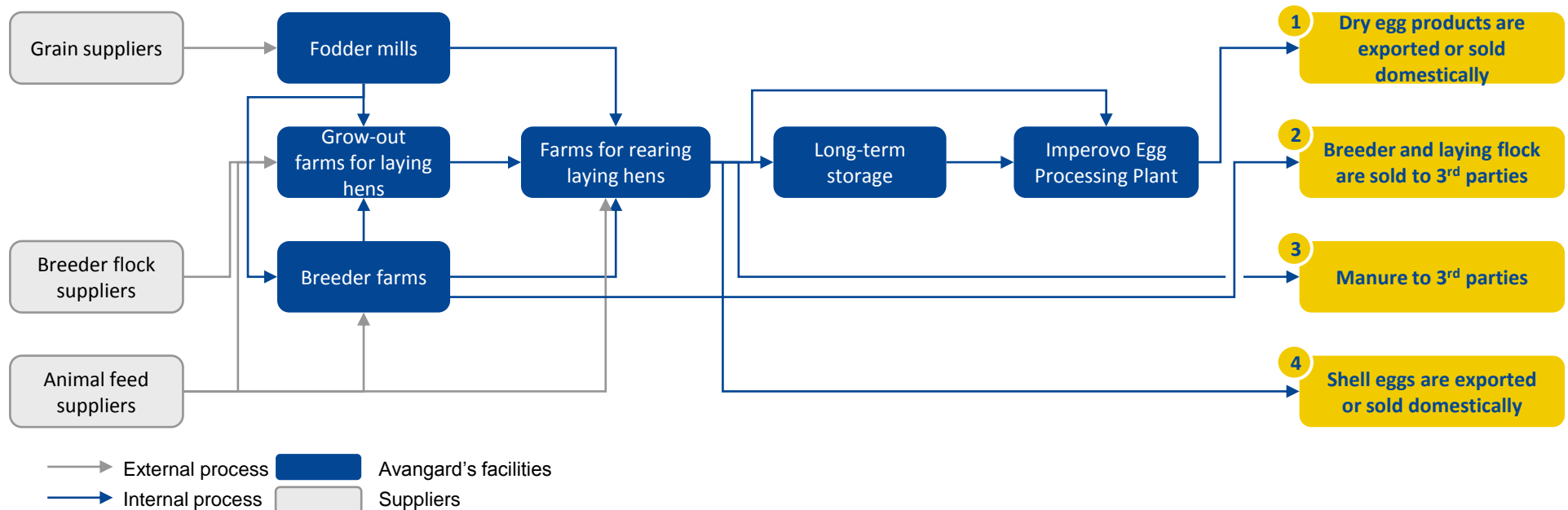


Source: Avangard, Pro-Consulting

2 Cost Efficient Integrated Business Model

- Participation in all stages of the value chain – from raw materials to final product
- Effective cost management
 - Lower transportation costs due to countrywide coverage and geographic proximity of units
- Unique competitive position
 - High entry barriers to potential competitors
- Effective supplier risk management
 - Availability of storage facilities that allow for mitigation of grain price fluctuation
- Enhanced quality control at each stage of production
- High bio-security standards and quality control of inputs

Overview of Operations



2 Projects Increasing Efficiency: Implementation on Schedule

Status of New Facilities' Construction

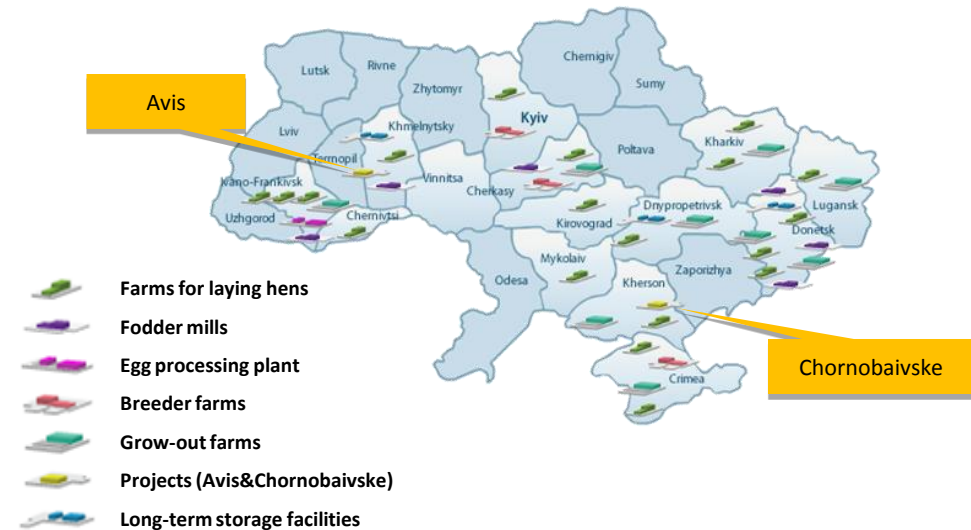
Complex Breakdown by Zones	Avis	Chornobaivske
Grow-out farms for laying hens	completed	completed
Farms for rearing laying hens	80%	64%
Egg storage	25%	14%
Fodder mills	5%	0%
Slaughter facility, biogas unit*	0%	0%

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

Breakdown of Capital Expenditures

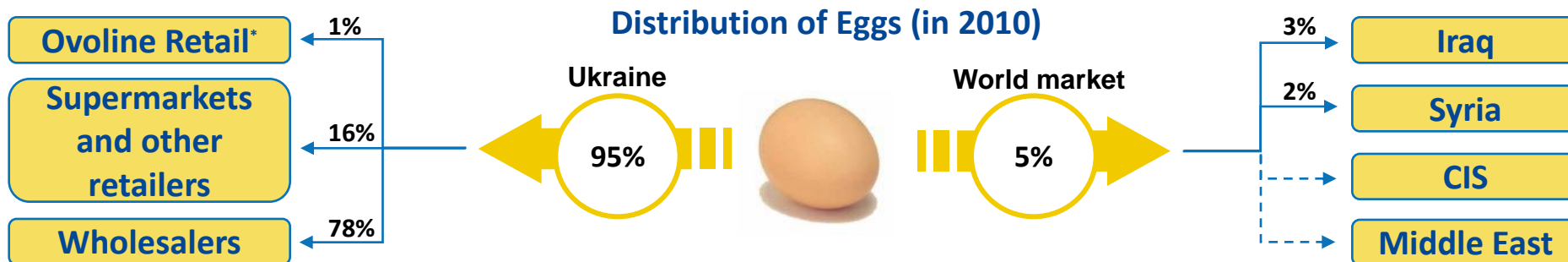
	in \$'000		
	2010	2011E	Total
CONSTRUCTION OF FACILITIES FOR LAYING HENS	64,150	2,370	66,520
CONSTRUCTION OF STORAGE FACILITIES	2,174	12,733	14,907
CONSTRUCTION OF FODDER MILLS	1,306	45,564	46,870
CONSTRUCTION OF SLAUGHTERING SECTIONS	0	19,796	19,796
CONSTRUCTION OF BIOGAS FACILITIES	0	74,607	74,607
TOTAL CAPEX	67,630	155,070	222,700

Location of the Poultry Farms Under Construction



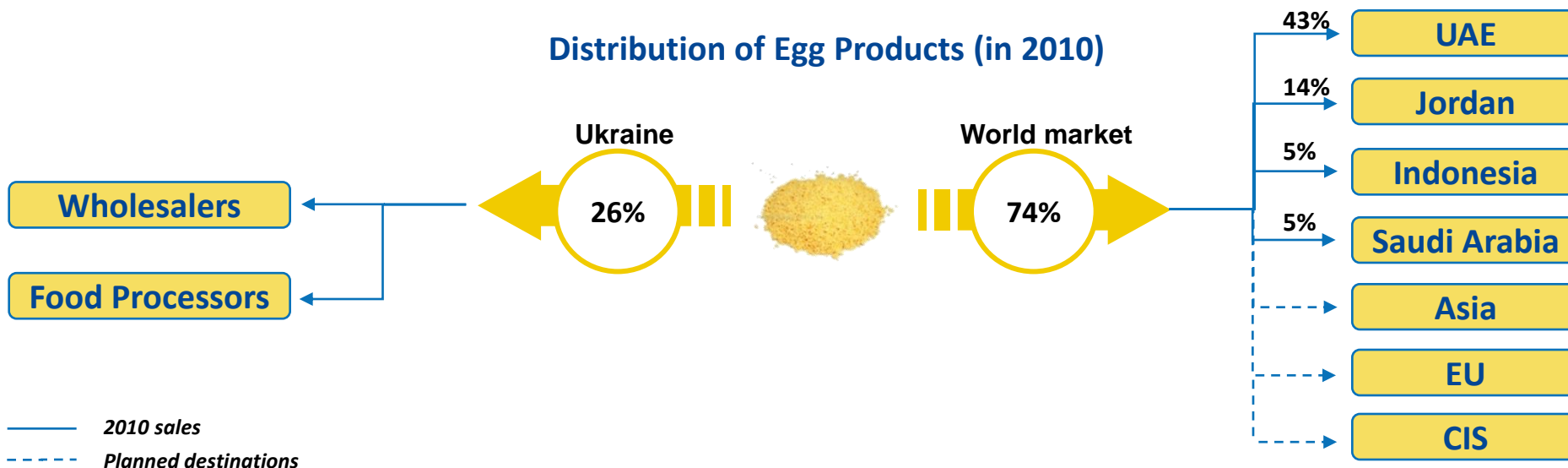
- Investment underway to increase production capacity to **24.9m** laying hens, a 32% growth compared to 2010
 - ✓ Construction of 2 full cycle poultry farms: Avis in Khmelnytskyi and Chornobaivske in Kherson regions in Ukraine with a combined capacity of **6m** laying hens and 1,680m shell eggs once fully operational
 - ✓ Equipment to be supplied by leading international manufacturers Salmet (Germany) and Facco (Italy)
 - ✓ The farms are designed with a high level of automation in order to achieve higher labor productivity
- Each complex to include a fodder mill, a grow-out section, laying hens zone, an egg sorting section, long-term storage facilities, a slaughtering section and a biogas section
- The Company will gradually bring new facilities into production starting 2011**

3 Diversified Sales Structure (1/3): Distribution of Eggs and Egg Products



*Starting 2011 Avangard ceased relationships with Ovoline

During 2010 Avangard sold its products to more than 820 companies from 16 countries worldwide (including Ukraine)



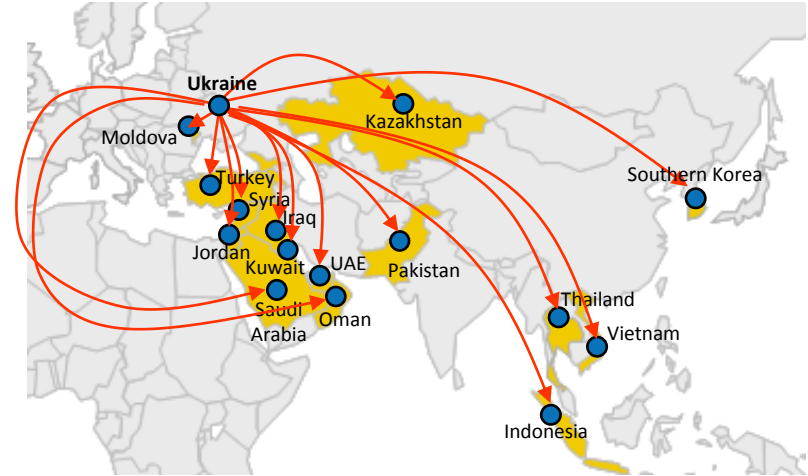
— 2010 sales
 - - - Planned destinations

Note: % of the Group's segment sales in 2010
 Core export directions are shown

3 Diversified Sales Structure (2/3): Focus on Export

- Geographical proximity of large Asian, African and Middle East egg markets
 - Since 2005 MENA region's import of eggs has increased 4 times (to approx. 6 bn pieces) and is expected to grow by 57% (to approx. 9 bn pieces) by 2012 according to Pro-Consulting
 - Exports accounted for 5% of the Company's shell egg sales, 74% of dry egg products and 22% of total eggs and egg products revenues in 2010
- Avangard aims to increase and geographically diversify its export sales
 - Expansion to the EU (subject to authorizations by EU authorities) on the back of an expected drop in internal production (Directive 1999/74/EC envisages an EU-wide ban on using conventional battery cages for egg-laying hens)
 - Expansion to the CIS with focus on Russia as one of the largest markets (subject to authorization by the Russian authorities)

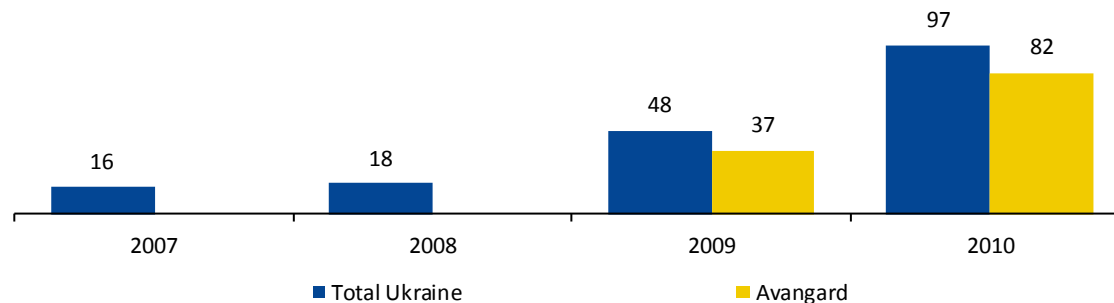
Key Exports Destinations in 2010



In 2010, Avangard began to make export sales of egg products directly

Source: Avangard

Export Trends in Ukrainian Eggs and Egg Products, \$m

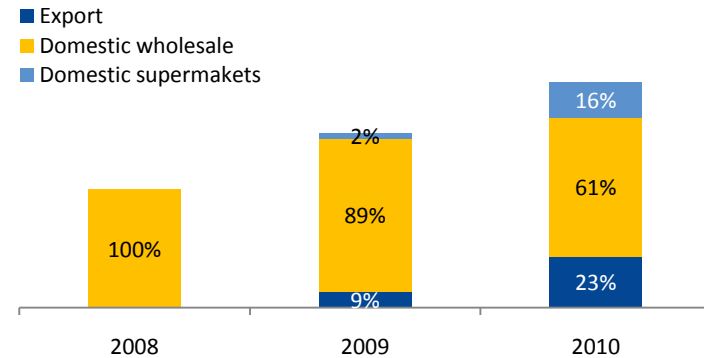


Source: Avangard, Pro-Consulting

3 Diversified Sales Structure (3/3): Focus on Retail

- Avangard targets end-consumer market to diversify sales channels and to get access to higher margins
 - ✓ Dozen of the leading local Ukrainian and international supermarket chains in Ukraine selling Avangard’s packaged shell eggs
 - ✓ 2010 sales to supermarkets and other retailers increased to 16% in volume terms, as compared to 2% in 2009
- Avangard intends to continue to focus its marketing efforts in order to increase its market presence and brand awareness
 - ✓ Management is targeting 30% share of retail chains in distribution of eggs in 2011
 - ✓ Kvochka brand is actively promoted

Avangard’s sales by distribution Channels, in egg equivalent (in volume terms)



Source: Pro-Consulting

High Quality and Recognized Consumer Brand



Partnership with Leading Supermarkets



4 Strong Market Fundamentals for Growth (1/2): World Egg Market

1 Growing world market

- World egg market has grown with 12% CAGR since 2004
- Significant growth of egg consumption in Asia as eggs remain one of the cheapest sources of protein

2 Growing global demand for egg products

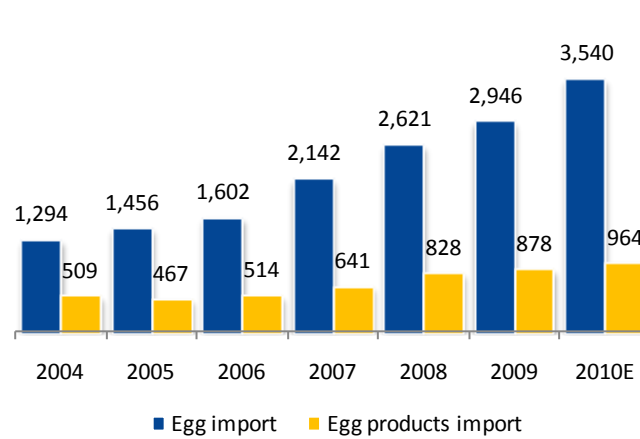
- Continuing global demand from food, confectionary and bakery industries
- Egg products allow for cheaper transportation and for extended shelf life

3 MENA region opportunities (according to Pro-Consulting):

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

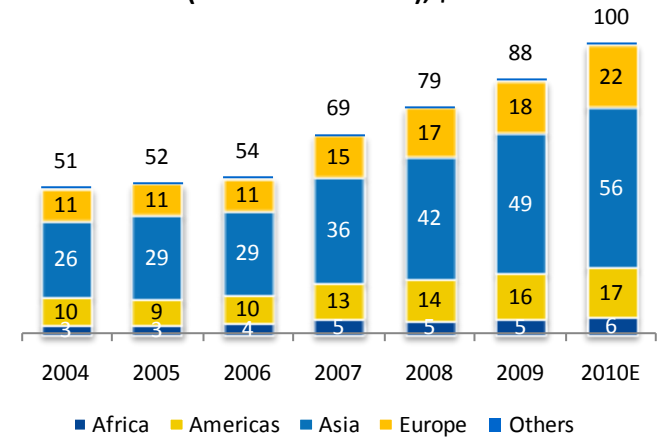
Pro-Consulting expects imports of eggs by the MENA region to grow by 57% to 536 ths tons in 2012

World Imports of Eggs, \$m



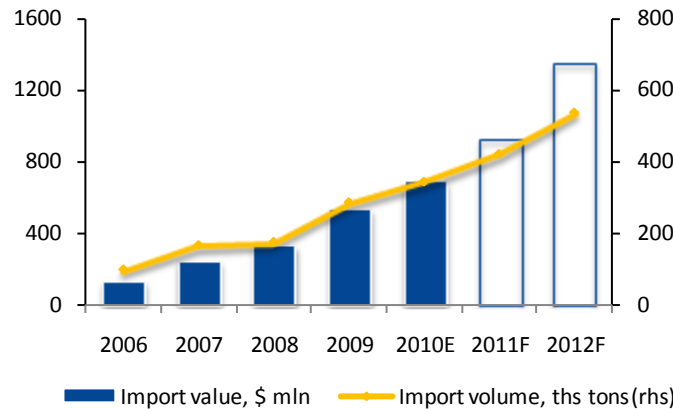
Source: FAO, Pro-Consulting

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



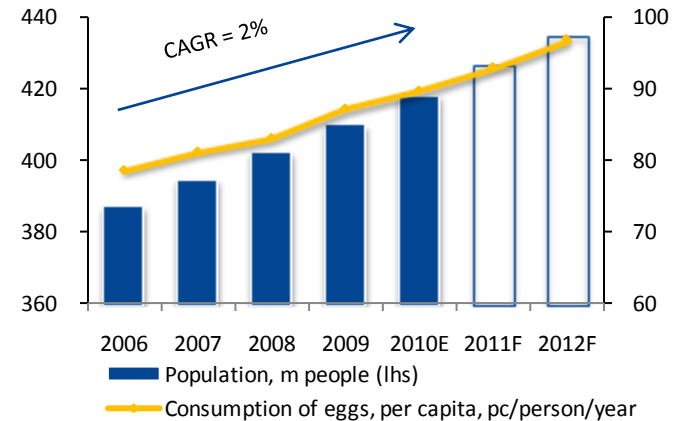
Source: FAO, Pro-Consulting

Imports of Eggs by MENA region, \$m



Source: Pro-Consulting

Consumption of Eggs in MENA region



Source: FAO, Pro-Consulting

4 Strong Market Fundamentals for Growth (2/2): Ukraine Egg Market

1 Growth of internal consumption

- Consumption of eggs per capita was marginally affected by decline in real disposable income in 2009
- Growing eggs consumption by food processing industry

2 Industrial production growth vs. households

- The share of household production decreased from 42% in 2009 to 40% in 2010 acc. to SSCU

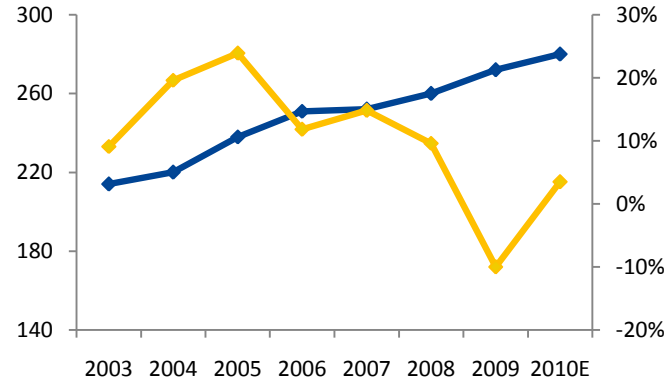
3 Consolidation in the industry

- 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)

4 Expanding export opportunities

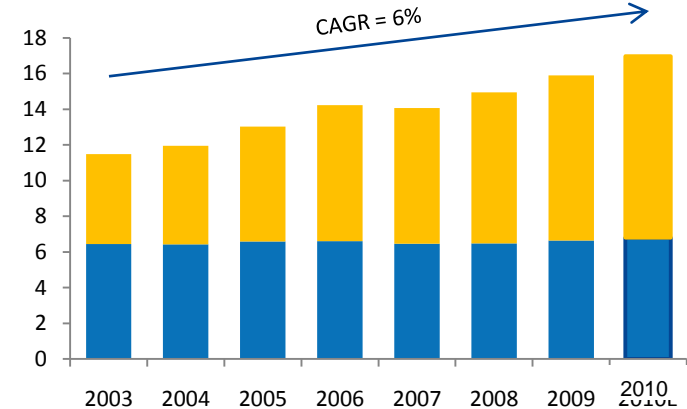
- A ban on the import of Ukrainian livestock farming products into Russia was removed opening a major market for Ukrainian producers (subject to authorization by the Russian authorities)

Consumption per capita vs. Real Disposable Income



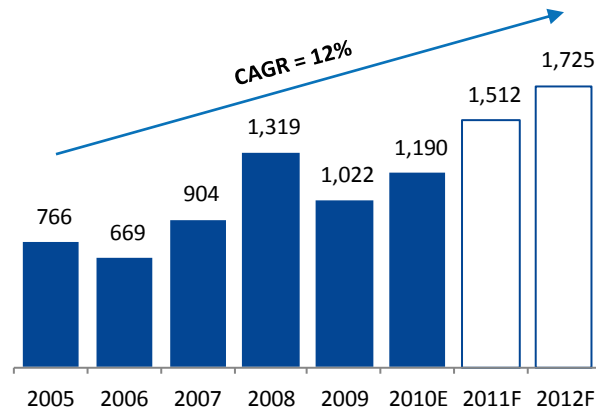
— pcs per capita (lhs) — Real disposable income, % y-o-y (rhs)
Source: SSCU, Pro-Consulting

Production of Shell Eggs in Ukraine, bln pcs



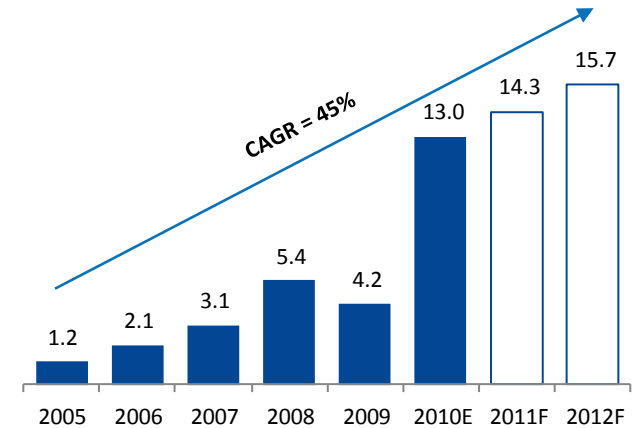
■ Households ■ Industrial companies
CAGR = 6%
Source: SSCU, Pro-Consulting

Sales of Eggs, \$m



Source: Pro-Consulting

Production of Dry Egg Products, ths tons

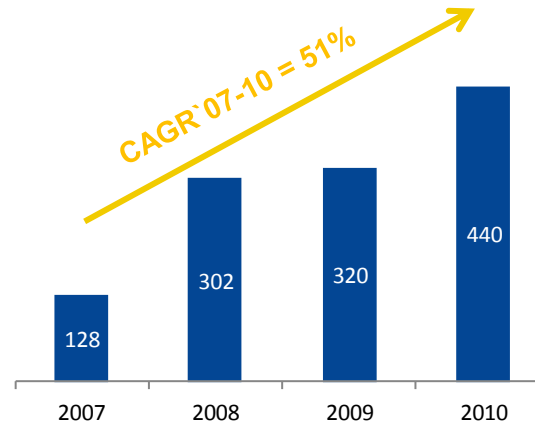


Source: Bloomberg, Pro-Consulting

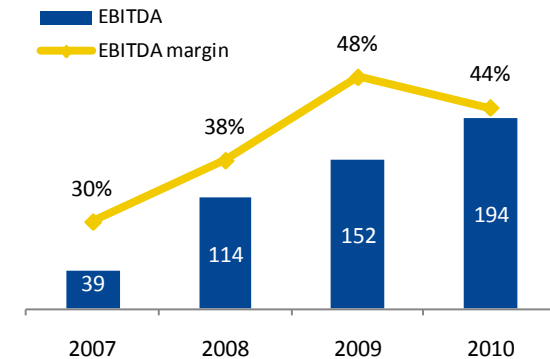
5 Outstanding Financial Indicators

- Revenues increased by 37% compared to 2009, reaching \$440 mln
- EBITDA amounted to \$194 mln in 2010, a 27% increase versus 2009 backed up by solid revenues growth as well as stable cost of sales*
- Strong EBITDA margin of 44%
- Positive and growing bottom line with stable net margins
- Net debt of \$78m or 0.4x EBITDA 2010

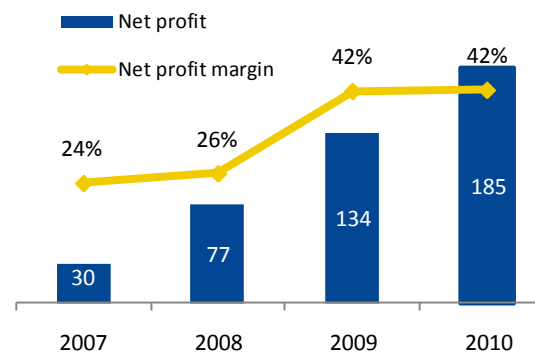
Revenues, \$m



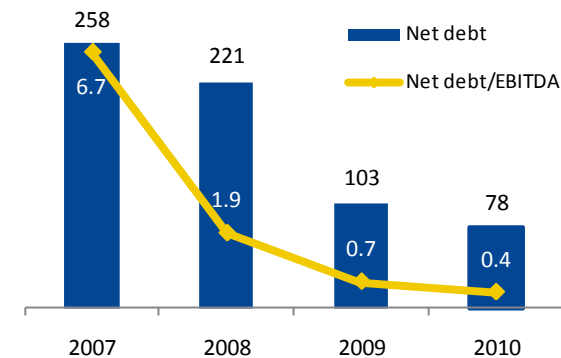
EBITDA, \$m



Net Profit, \$m



Net Debt Position, \$m



Note: (*) 2009 EBITDA margin was higher than 2010 as a result of one-off item – waiver of \$23 mln of loans from related parties

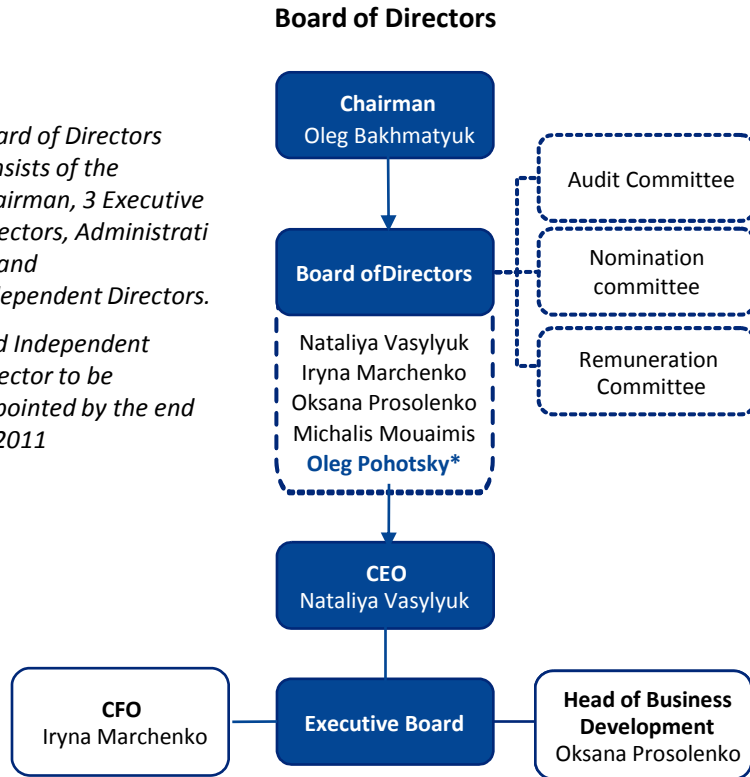
6 Employment of Modern and Secure Technologies

Quality and Safety Control: National Standards	<ul style="list-style-type: none"> Avangard has obtained several operational permits relating to food quality and origin issued by local departments of each of the Ukrainian State Committee of Veterinary Medicine (“SCVM”) and the State Sanitary and Epidemiological Service of Ukraine (“SSES”)
Quality and Safety Control: International Practices	<ul style="list-style-type: none"> Avangard is currently introducing and developing an integrated quality and safety control system at its operational facilities based on the standards of the International Organization for Standardization (“the ISO”)
Quality and Safety of Management Systems	<ul style="list-style-type: none"> In the course of 2008 and 2009, Imperovo received ISO 9001:2008, ISO 9001:2000 and ISO 22000:2005 certificates
Hazard Analysis and Critical Control Point (“HACCP”)	<ul style="list-style-type: none"> As part of the preparation for ISO certification, some of Avangard's farms are currently preparing for certification of their hygiene procedures under the internationally recognized methodology for increasing food safety, HACCP Imperovo was certified under HACCP in 2008
Biosecurity	<ul style="list-style-type: none"> Avangard employs a broad range of biosecurity measures in order to minimize the risk of disease infection and transmission at its egg production facilities including keeping all hens at indoor production facilities, strictly controlling access to facilities, disinfecting employees and vehicles entering production areas, allocating vehicles to specific production facilities, constantly monitoring the health of hens, supporting advanced disease control measures for its facilities, etc. Avangard has 23 in-house laboratories at its production facilities
State-of-the-art new production facilities	<ul style="list-style-type: none"> Management believes that each of the Avis and Chornobaivske egg production complexes will be amongst the largest egg production facilities in Ukraine and the CIS. These farms are designed to be labour-efficient. Foundations, communications and landscaping services for Avis and Chornobaivske will be provided by local Ukrainian suppliers The equipment for Avis and Chornobaivske is supplied by Salmet International GmbH, “Officine Facco & C.”, “Andriz Feed & Biofuel A/ S”, “Buhler AG”, “Meyn”, “MOBA”, “VadoGroup” and “GHD USA”
Modern and highly efficient existing facilities	<ul style="list-style-type: none"> Avangard employs advanced technologies at its various production facilities, including in relation to its breeder farms, farms for growing young laying hens, farms for laying hens and egg processing facilities. Avangard’s production process is largely automated, which ensures and promotes consistently high-quality products in a cost efficient manner Avangard sources the equipment both domestically and from leading European suppliers, including Salmet International GmbH, “Officine Facco & C.” S.p.a., Big Dutchman GmbH, Tecno Poultry Equipment, Specht Ten Elsen GmbH & Co KG and Hellmann Poultry

7 High Standard of Corporate Governance

Board of Directors consists of the Chairman, 3 Executive Directors, Administrative and Independent Directors.

2nd Independent Director to be appointed by the end of 2011



Independent Director

▪ Oleg Pohotsky

- ✓ Corporate strategy and governance specialist with over 40 years of diversified experience gained both in industry and in financial markets
- ✓ Holds a BScE degree from Clarkson University, JD degree from University of Miami and MBA from Harvard University
- ✓ Mr. Pohotsky serves on the Board of Advisors of Kaufman & Co (Boston-based investment bank), chairman of the audit and valuation committees on the boards of two NYSE-listed closed end funds (\$600 million in capital invested)
- ✓ Previous experience includes investment banking departments at Bear Stearns and First Albany Corporation, General Partner of Capital Growth Partners (\$300 million fund) etc.
- ✓ Mr. Pohotsky will be responsible for internal audit and remuneration and will be a member of respective committees

Note: (*) – Independent non-executive director expected to join the Board shortly

- ✓ **Separate roles of CEO and Chairman**
- ✓ **High degree of disclosure and financial transparency in compliance with FSA listing rules**
- ✓ **Commitment to high corporate governance standards**
- ✓ **The Company plans to set up an Audit Committee, Nomination and Remuneration Committees in the near future**

2010 Results Review

Strong FY2010 operating results with sales up by 37% to \$440 mln primarily driven by increase in production volumes

- Shell egg production volume increased by 22% to 4,420 million pieces (2009: 3,634 million pieces), largely as a result of the increase in poultry stock
- Production of egg products increased more than 4.5 times from 2.2 ths tons in 2009 to 10.2 ths tons in 2010 following full year of consolidation of Imperovo Foods results

Greater sales diversification via export and retail sales

- Over threefold increase of export volumes reaching the key milestone of 1 billion eggs and egg products in egg equivalent
- Key 2010 export markets for eggs and egg products included UAE, Jordan, Iraq, and Syria
- Share of direct sales to retail chains increased from 2% in 2009 to 16% in 2010 (in volume terms)

Strict cost control resulted in moderate cost increase and stable margins

- Avangard's cost base was not materially impacted in 2010 by the high cost of grain in the Ukrainian market resulting from the reduction in grain yields following the region-wide draught
- Signing prepaid contracts for the purchase of corn and wheat and availability of own and leased storage capacities enabled the Company to secure the cost of key raw materials below market prices

Timely implementation of investment projects

- Construction of Avis and Chornobaivske is progressing on schedule

Minimization of related-party transactions

- The Company settled the related-party deposits, debt, receivables and payables by the end 2010

Thank you for your attention!

