

MHP

**Financial Results for Q2 & H1 2010
ended June 30, 2010**

Management Presentation
19 August 2010



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Agenda

Introduction & Business Update

Anastasiia Sobotiuk,
Investor Relations and Communications, MHP S.A.

Q2 and H1 2010 Financials

Victoriia Kapeliushnaia, CFO, MHP S.A.

Current trading & business update

Anastasiia Sobotiuk,
Investor Relations and Communications, MHP S.A.

Q&A

MHP S.A. team

Section 1

Introduction & Business Update

Introduction & Business Update

Six months – at a glance

Market Update

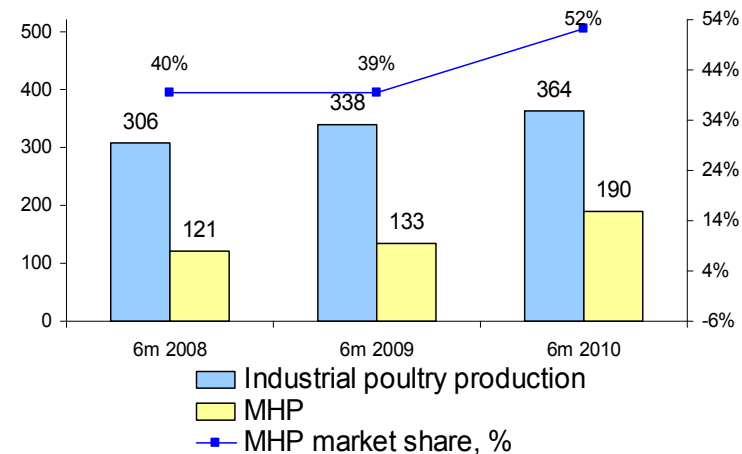
- Successfully resumed cooperation with IMF and gradual implementation of required measures has become a positive factor for Ukraine's attractiveness and solvency and thus led to raise of country's credit ratings by Fitch and Standard & Poors.
- According to the Prime Minister of Ukraine, the preliminary growth of Ukraine's economy for the first half of 2010 was 6.3% (year-on-year).
- Growing consumer demand for meat products in H1 2010 led to meat production increase by nearly 7% (in live weight) compared to H1 2009.
- MHP's poultry production growth outpaced Ukraine's industrial poultry production.

Key operational highlights

- The Company's share of industrially produced chicken in Ukraine reached up to 50% in H1 2010, while the rest of competitors have to downsize its production.
- Volume of chicken meat sales to external customers in H1 2010 increased by 45% year-on-year to 168,500 tonnes.
- The average chicken meat price through the second quarter of 2010 is, in line with seasonal trends, 12% higher compared to Q1 2010, and remained flat compared to Q2 2009.
- The Company has become self-sufficient in hatchery eggs following the launch and realization of full utilization at Starynska breeding farm.

Industrial Meat Production in Ukraine

Processed weight, Tonnes '000, January-June 2008-2010



Key Q2 and H1 2010 Financials

		Q2 2010	Q2 2009	Change		H1 2010	H1 2009	Change
Revenue	U.S.\$, m	223	169	32%	U.S.\$, m	423	304	39%
IAS 41 standard gains	U.S.\$, m	14	17	-16%	U.S.\$, m	10	22	-56%
Gross profit	U.S.\$, m	78	76	3%	U.S.\$, m	125	124	1%
<i>Gross margin</i>	%	35%	45%	-22%	%	30%	41%	-27%
Operation profit	U.S.\$, m	69	67	2%	U.S.\$, m	105	107	-2%
<i>Operation margin</i>	%	31%	40%	-22%	%	25%	35%	-29%
EBITDA	U.S.\$, m	84	78	7%	U.S.\$, m	133	127	4%
<i>EBITDA margin</i>	%	37%	46%	-18%	%	31%	42%	-25%
Net income	U.S.\$, m	67	51	31%	U.S.\$, m	102	90	14%
<i>Net income margin</i>	%	30%	30%	-1%	%	24%	29%	-18%

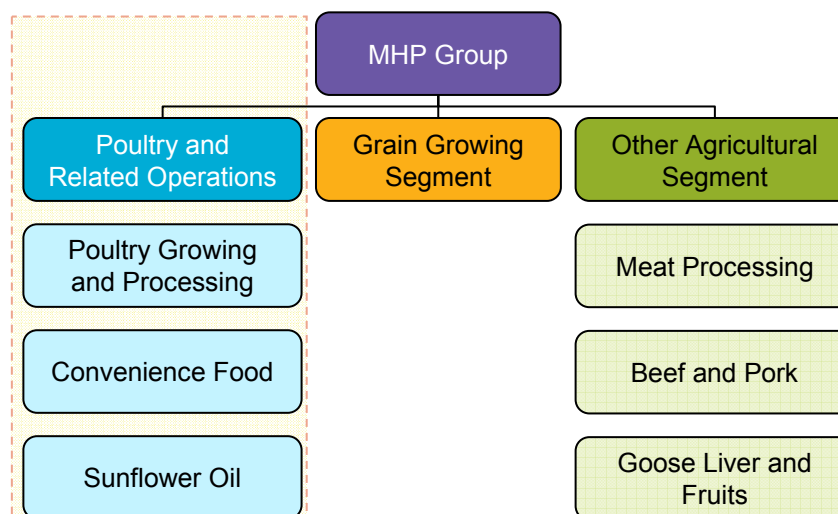
- Revenue in US dollar terms in Q2 2010 increased by 32% to U.S.\$223 million (Q2 2009: U.S.\$169 million), while in H1 2010 it increased by 39% to U.S.\$432 million (H1 2009: U.S.\$304 million).
- EBITDA in US dollar terms in Q2 2010 increased by 7% to U.S.\$84 million (Q2 2009: U.S.\$78 million), while in H1 2010 it increased by 4% to U.S.\$133 million (H1 2009: U.S.\$ 127 million).
- Consolidated EBITDA margin in Q2 2010 remained high and increased quarter-on-quarter from 25% in Q1 2010 to 37% in Q2 2010, but decreased year-on-year (Q2 2009: 46%).
- Net income in US dollar terms in Q2 2010 increased by 31% to U.S.\$67 million (Q2 2009: U.S.\$51 million), while in H1 2010 it increased by 14% to U.S.\$102 million (H1 2009: U.S.\$90 million) partially due to the foreign currency gains.

Section 2

Q2 2010 and H1 2010 Financial Performance

Financial Results by Segment

Based on H1 2010 Financial Results



U.S.\$, m ⁽¹⁾	Poultry and Related	Grain	Other Agricultural	Unallocated	MHP Consolidated
Revenue	375	3	45		423
<i>% Total</i>	88.6%	0.7%	10.7%		100%
<i>Including Export Sales</i>	97	1	-		98
Gross Profit	106	17	2		125
EBITDA	120	16	3	(6)	133
EBITDA contribution by segment	91%	12%	2%	(5%)	100%
<i>EBITDA Margin, %</i>	32%	n/a	7%	n/a	31%

For FX rates please see Appendices

Segmental Financial Performance

Poultry and Related Operations

		Q2 2010	Q2 2009	change	H1 2010	H1 2009	change
Revenue	U.S.\$, m	198	146	36%	375	255	47%
- poultry and other	U.S.\$, m	160	126	27%	296	216	37%
- sunflower oil	U.S.\$, m	38	20	90%	79	39	100%
IAS 41 standard gains	U.S.\$, m	0	2	-88%	3	8	-65%
Gross profit	U.S.\$, m	62	63	-2%	106	109	-3%
Gross margin	%	31%	43%	-28%	28%	43%	-34%
EBITDA	U.S.\$, m	70	66	6%	120	115	5%
EBITDA margin	%	35%	45%	-22%	32%	45%	-29%

- MHP continues to drive chicken meat production volumes due the launch and realization of full production capacity at Myronivka phase two in H2 2009
- H1 2010 production costs are higher y-o-y due to:
 - High market price of corn harvested in 2009
 - Usage of imported eggs at Phase 2 of Myronivka poultry farm
 - Less favorable correlation between the price of sunflower seeds and sunflower oil, which resulted in a higher price for internally produced sunflower protein
- Q2 2010 production costs decreased compared to Q1 2010.

		H1 2010	H1 2009	change
Poultry				
- sales volume	tonnes	168,500	116,300	45%
- price	UAH/kg	13.11	13.25	-1%
Sunflower oil				
- sales volume	tonnes	95,200	59,300	61%
- price	U.S.\$/t	830	656	27%

For FX rates please see Appendices

Segmental Financial Performance

Grain Growing operations

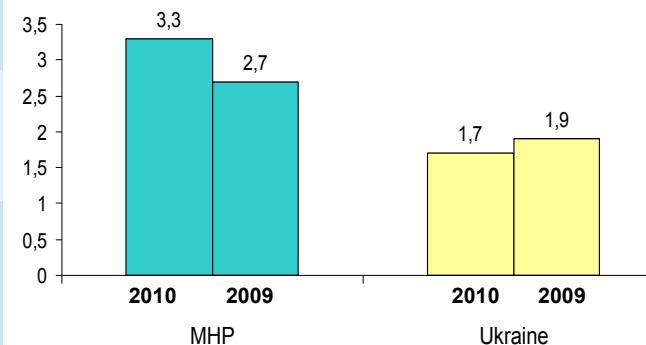
		Q2 2010	Q2 2009	change	H1 2010	H1 2009	change
Revenue	U.S.\$, m	1	1		3	7	
IAS 41 standard gains	U.S.\$, m	14	15	-4%	8	15	-49%
Gross profit	U.S.\$, m	16	12	34%	16	12	37%
EBITDA	U.S.\$, m	16	11	40%	16	11	44%

- In 2010 the lion's share of the Company's harvest will be gathered from the land that was under control at the beginning of the year (total land bank as on December 31, 2009: 180,000 hectares, including 150,000 hectares in Grain Growing segment).
- The Company's harvest is on track despite the weather conditions and unfavorable preliminary forecasts across Ukraine and the wider region.
- Revenue from the grain segment only materialize in the second half of the year due to the harvest cycle. The Q2 2010 financial results contain in accordance with IAS 41, partial financial results from grains that will be sold only in H2 2010.

For FX rates please see Appendices

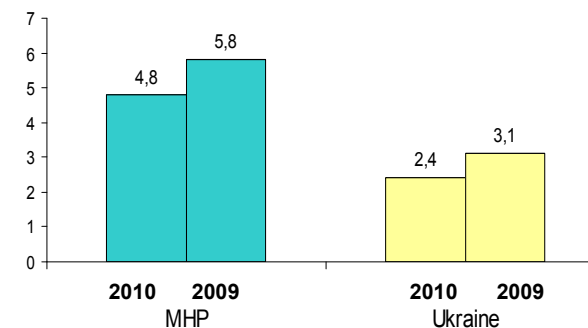
Rape Yield in 2010: MHP vs. Ukraine Average

Tonnes per hectare



Wheat Yield in 2010: MHP vs. Ukraine Average

Tonnes per hectare



(1) Source: APK Inform, Company's estimates

Segmental Financial Performance

Other Agricultural Operations

		Q2 2010	Q2 2009	change	H1 2010	H1 2009	change
Revenue	U.S.\$, m	24	22	8%	45	42	6%
- meat processing		18	16	13%	33	28	18%
- other		7	6	-1%	12	14	-16%
IAS 41 standard gains	U.S.\$, m	(0)	(0)	-21%	(1)	(1)	-38%
Gross profit	U.S.\$, m	1	1	-42%	2	2	-7%
Gross margin	%	3%	5%	-47%	5%	6%	-13%
EBITDA	U.S.\$, m	1	3	-75%	3	5	-33%
EBITDA margin	%	3%	14%	-77%	7%	11%	-38%
Sausage volume	tonnes	8,000	5,900	36%	14,200	10,800	31%

- Revenue growth came mainly from the increased production volumes of sausages and smoked products.
- The Company increased marketing investment in its meat products brands marketing leading to its market share increasing to approximately 10%.
- H1 2010 sausage and cooked meat production volumes increased by 31% to 14,200 tonnes.
- MHP's average sausage and cooked meat prices during the first half of 2010 decreased by 2% to UAH 17.08 per kg, excluding VAT.
- Segment EBITDA in Q2 2010 decreased from U.S.\$3 million to U.S.\$1 million and in H1 2010 from U.S.\$5 million and U.S.\$3 million, mostly due to milk and cattle sales.

For FX rates please see Appendices



Cash Flow

U.S.\$m	Q2 2010	Q2 2009	H1 2010	H1 2009
Cash from operations	59	45	106	88
Change in working capital	(21)	(16)	(42)	(42)
Cash from operations	38	29	64	46
Cash from investing activities	(40)	(37)	(58)	(71)
<i>Non-cash investments</i>	(2)	(3)	(2)	(8)
CAPEX	(42)	(40)	(60)	(79)
Cash from financing activities	186	(21)	179	(22)
<i>incl. Treasury shares acquisition</i>	(31)	-	(31)	-
Non-cash financing	2	3	2	8
Deposits	(164)	-	(163)	12
Total financing activities	24	(18)	18	(2)
Total change in cash	20	(29)	22	(35)

- Net cash generated from operating activities in Q2 2010 increased by 30% from U.S.\$29 million to U.S.\$38 million, and by 38% in H1 2010 from U.S.\$46 million to U.S.\$64 million.
- In H1 2010 the main contributors to the change in working capital were associated with 2010 season sowing and were the same as in H1 2009
- Total CAPEX was U.S.\$42 million in Q2 2010 and U.S.\$60 million for the first six months of 2010, including:
 - land bank increase
 - costs associated with the planning and preparatiing stage of the Vinnytsia poultry complex
 - launch and achievement of full capacity utilization at Starynska breeding farm
 - reconstruction and improvement of existing facilities
- In Q2 2010 the Company acquired 2,311,344 GDRs, with one GDR representing an interest in one ordinary share, which constitutes approximately 2% of the Company's issued shares.

Debt Structure

Debt	31.12.2009	30.06.2010
Total Debt, U.S.\$ 000	521	736
- Eurobond 2011	250	10
- Eurobond 2015		585
- LT loans	82	60
- Financial leases	69	56
- ST loans	114	25
- other debt	6	-
Cash and bank deposits	30	215
Net Debt	491	521
LTM EBITDA	271	277
<i>Debt / LTM EBITDA</i>	<i>1,92</i>	<i>2,66</i>
<i>Net Debt / LTM EBITDA</i>	<i>1,81</i>	<i>1,88</i>

- The Company's debt structure has changed significantly following the successful completion of a new Eurobond transaction in May 2010.
- U.S.\$330 million Seniors Notes due 2015 with effective coupon rate 9.875% were issued
- in additional U.S.\$255 million of Notes were issued to exchange 96.01% of the outstanding U.S.\$250 million Existing Notes.
- Total Debt as of 30 June 2010 was U.S.\$736 million
- The main covenant of the New Eurobond issue is Net Debt to EBITDA 2.5
- Two Loan Agreements were signed by MHP with the IFC and the EBRD for 3 years with principal amounts of U.S.\$50 million and U.S.\$50 million accordingly to support MHP's working capital requirements

For FX rates please see Appendices

Section 3

Current Trading Update & Business Outlook

Current Trading Update & Business Outlook

Poultry segment

- Consumer demand for poultry meat continues to remain high and all the Company's production facilities are operating at full capacity.
- The average chicken meat price is expected to increase through the following months as a result of gradual grain prices growth (Ukraine's current market average grain prices are more than 30% higher than at the end of June).
- MHP's poultry production costs will be positively affected by self-sufficiency in hatchery eggs as it reached full capacity at Starynska breeding farm.
- Since August 2010, MHP started exporting its poultry products to Russia.

Grain segment

- The unpredictably hot weather that we have experienced in Ukraine and across the region is having a significant impact on grain prices. Contrary to other meat producers, MHP is insulated from the rising grain price due to the vertically integrated business model, and therefore benefits from grain growing operations.
- The Company is expected to received relatively good harvest of corn and sunflower, despite bad weather conditions across the region.

Other agricultural segment

- The Company continues to grow sausage and cooked meat production volumes as most of Ukrainian Bacon's products are positioned in the mass segment where consumer demand is still growing.

New project

- The Company has already started building a "green-field" poultry complex in the Vinnytsia region and will present the project business plan on September 22, 2010 (Analyst & Investor Day).



Appendix A

Q2 & H1 2010 Financials

Income Statement

U.S.\$ '000	1H 2010	1H 2009
Total Revenue	422,945	304,330
<i>Net change in fair value of bio-assets and agri-produce</i>	9,897	22,327
Cost of sales	(308,004)	(202,834)
Gross profit	124,838	123,823
<i>Gross margin, %</i>	29.5%	40.7%
SG&A	(43,696)	(34,377)
Government grants recognized as income	28,774	23,294
Other operating income/(expense)	(5,096)	(5,872)
Operation profit	104,820	106,868
Depreciation	27,919	20,237
EBITDA	132,739	127,105
<i>EBITDA margin, %</i>	31.4%	41.8%
Net finance income and expense	(26,518)	(20,655)
Foreign exchange gains (<i>mostly, non cash</i>)	24,503	4,422
Other Income/Expense, net	(66)	(416)
Profit before tax	102,739	90,219
Taxes	(505)	(492)
Net income	102,234	89,727
<i>Net margin, %</i>	24.2%	29.5%

(1) Average exchange rates: 1\$ = UAH 7.95 (1H 2010), 1\$ = UAH 7.68 (1H 2009)



Balance Sheet

U.S.\$ '000	30 June 10	31 Dec 09
Property plant and equipment	654,062	634,269
Non-current biological assets	39,288	36,235
Other non-current assets	54,151	40,424
Total non-current assets	747,501	710,928
Cash and deposits	214,615	29,880
Inventories	78,355	92,260
Trade accounts receivable	48,612	43,377
Biological assets	174,933	112,978
Agricultural produce	35,186	66,227
Taxes recoverable and prepaid	72,748	66,958
Other current assets	13,644	15,297
Total current assets	638,093	426,977
Equity	570,428	494,408
Long-term debt	644,660	348,635
Other long-term liabilities	10,675	9,280
Total non-current liabilities	655,335	357,915
Trade accounts payable	53,576	72,380
Short-term debt	68,452	164,248
Other current liabilities	37,803	48,954
Total current liabilities	159,831	285,582
TOTAL EQUITY AND LIABILITIES	1,385,594	1,137,905

(1) Closing exchange rates as of period end: 1\$ = UAH 7.907 (30.06.2010), 1\$ = UAH 7.99 (31.12.2009)



Cash Flow Statement

U.S.\$ '000	1H 2010	1H 2009
OPERATING ACTIVITIES:		
Operating profit before movements in working capital changes	106,385	87,700
Change in working capital	(42,224)	(41,323)
Net cash generated from operating activities	64,161	46,377
INVESTING ACTIVITIES:		
CAPEX	(60,683)	(80,462)
<i>Including non-cash investments</i>	<i>2,032</i>	<i>8,117</i>
Deposits	(163,217)	12,399
Net Cash used in investing activities	(221,868)	(59,946)
FINANCING ACTIVITIES:		
Net cash generated from financing activities	179,120	(21,661)
<i>including Treasury shares acquisition</i>	<i>(30,951)</i>	<i>-</i>
Net increase in cash and cash equivalents	21,413	(35,230)
Effects of exchange rates	(31)	(140)

(1) Average exchange rates: 1\$ = UAH 7.95 (1H 2010), 1\$ = UAH 7.68 (1H 2009)

