



# «MYRONIVSKY HLIBOPRODUCT»

Q1 Financial Results Presentation

*Kyiv, June 20, 2008*

# Agenda



§ Introduction

§ Financials

§ Outlook

§ Appendices

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*Section 1*

# **Introduction**

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*Yuriy Kosyuk, CEO, MHP S.A.*

# Company overview



- § **Leading agro-industrial company in Ukraine**
- § **First Ukrainian agro-industrial group to list on the main market of the LSE (Q2 2008)**
- § **Market share 36% of commercially produced chicken meat in 2007**
- § **Focused on vertically integrated poultry processing**
- § **Supported by significant grain production**
- § **Well positioned to leverage new growing segments**

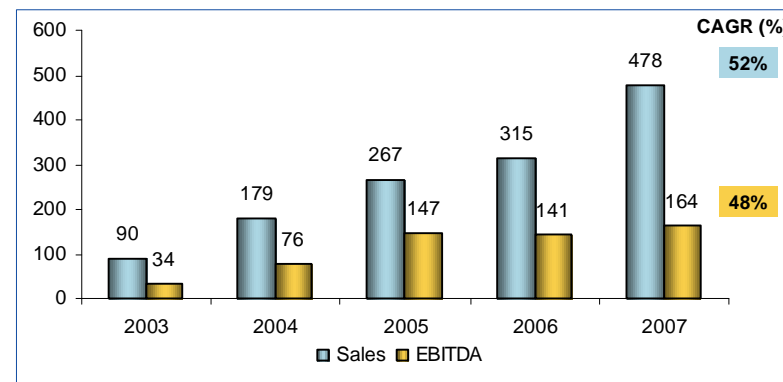
## Key Operational Figures

As of March, 2008

Agricultural land bank	148,000 ha
Sunflower oil production capacity (annual)	135,000 t
Feed production capacity (monthly)	105,000 t
Poultry meat capacity (monthly)	19,000 t
Chickens processing capacity per week	2.30 million

## Revenue and EBITDA evolution <sup>1</sup>

US\$MM



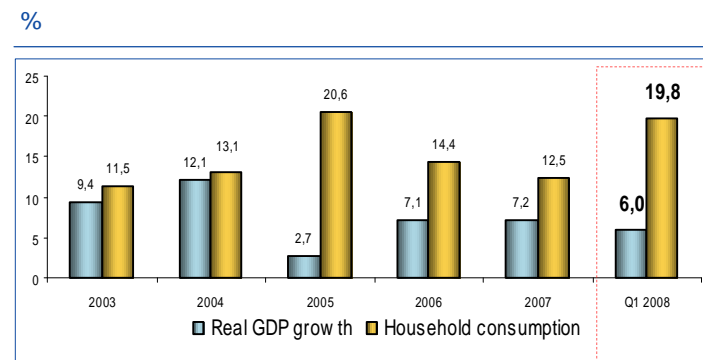
Source: Company

# Ukrainian meat market overview



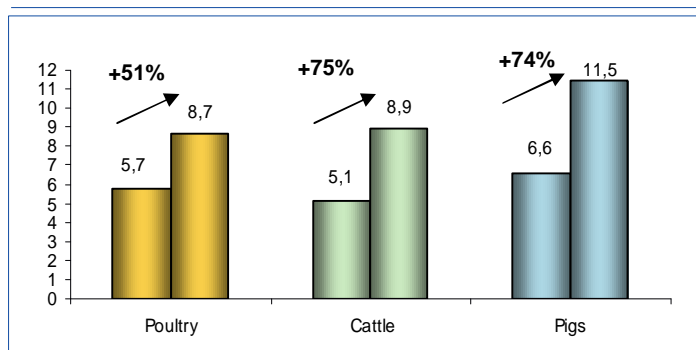
- § Continuing growth of household consumption.
- § Ukraine's per capita meat consumption remains one of the lowest in Europe.
- § Households and small farms produce the majority of cattle and pork.
- § Increased grain prices are leading to a significant reduction of cattle and pork livestock (to produce 1 kilo of poultry meat it is needed only 2 kg of grain; while for pork and beef it makes 4 kg and 6 kg, respectively).
- § In spite of significant price growth, poultry meat is still the cheapest source of animal protein (poultry meat is almost twice cheaper compared to pork).

## Macroeconomic Growth Indicators



Source: State Statistics Committee, Finance Ministry, NBU, Dragon Capital estimates & forecasts

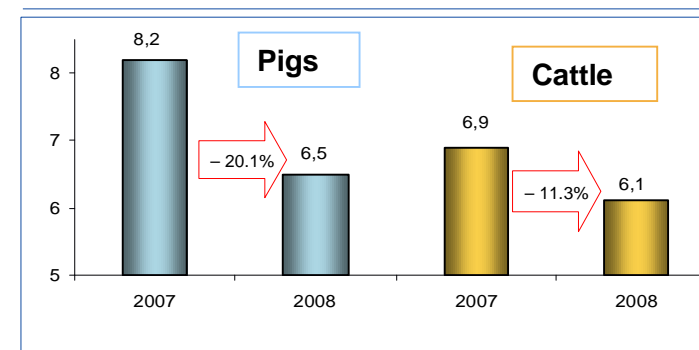
**Meat price evolution, UAH per 1 kg of live weight**  
(Jan – May 2008 compared the same period of 2007)



Source: Ukrainian Statistics Committee

## Cattle and pigs livestock evolution

Heads million as at 1 May



Source: Ukrainian Statistics Committee

# Key Financial Highlights Q1 2008



§ Over 100% growth in nearly all the key financial indicators as compared to the same period last year.

§ Strong results due to growth in the poultry segment.

§ Strong Q1 result despite Q1 historically being a low-price season for poultry meat.

§ In spite of numerous price increases, demand still exceeds supply.

§ Significant growth of Net Income.

## Key Financial Highlights

		Q1 2008	Q1 2007	Growth rate 2008/2007
Revenue	US\$, m	176	76	133%
Gross profit	US\$, m	46	19	148%
Gross margin	%	26%	25%	
Operation profit	US\$, m	47	17	179%
Operation margin	%	26%	22%	
EBITDA	US\$, m	59	24	146%
EBITDA margin	%	34%	32%	
Net income	US\$, m	24	5	430%
Net income margin	%	14%	6%	



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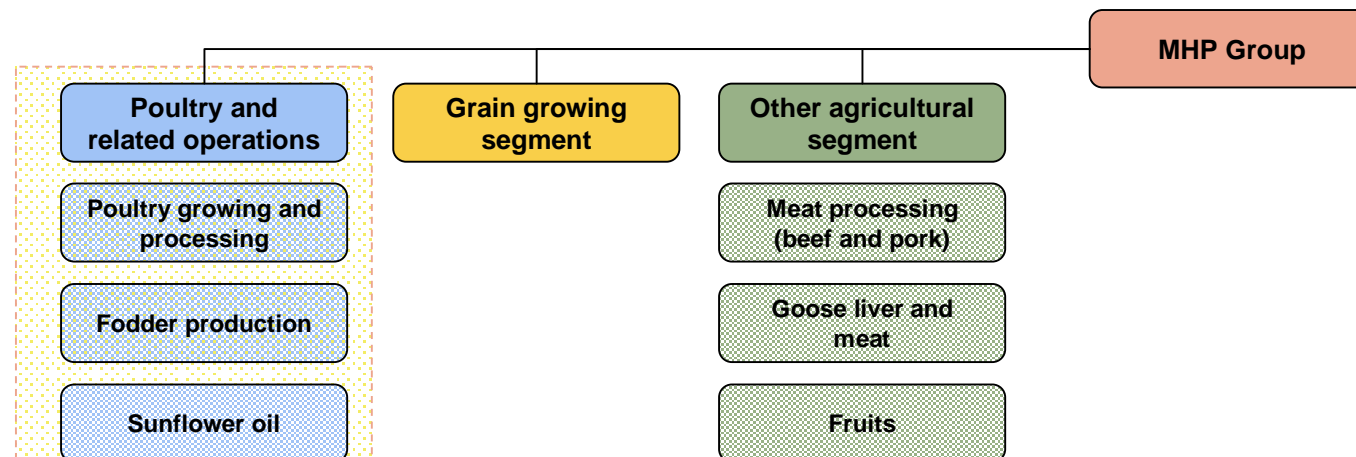
*Section 2*

**Financial Performance**

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*Viktoriya Kapelushna, CFO, MHP S.A.*

# Financial Results by Segment



US\$ MM	Poultry and related	Grain growing	Other agricultural	MHP consolidated
Revenue	157.0	1.8	17.5	176.3
<b>Gross profit</b>	<b>43.6</b>	<b>0.2</b>	<b>2.2</b>	<b>46.0</b>
<b>Segment results</b>	<b>45.4</b>	<b>0.4</b>	<b>3.0</b>	<b>48.8</b>
<i>Unallocated Expenses</i>				(2.2)
<b>Operating Profit</b>				<b>46.5</b>
<b>EBITDA</b>				<b>59.2</b>
<b>EBITDA Margin, %</b>	<b>35.8%</b>	<b>19.5%</b>	<b>27.9</b>	<b>33.6%</b>

# Revenue Structure



## Revenue Composition by Segments

US\$, m

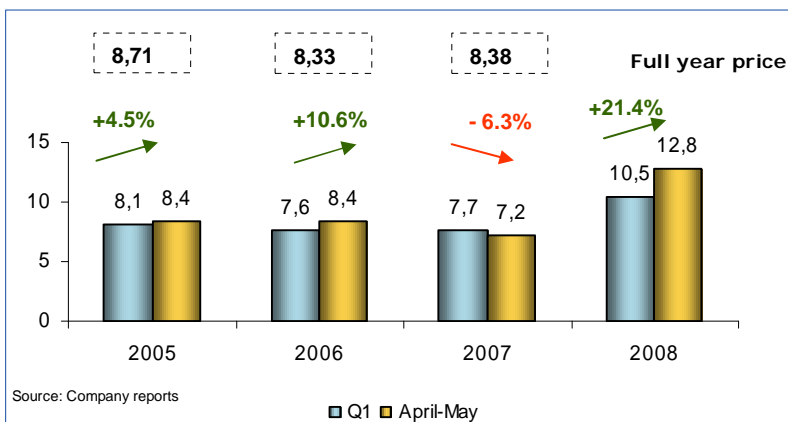
	Q1 2008	Q1 2007	Growth rate
<b>Poultry and related poultry</b>	<b>157</b>	<b>65</b>	<b>142%</b>
- chicken meat	115	50	128%
- convenience food	3	1	158%
- sunflower oil	30	9	223%
- other	9	5	84%
<b>Grain</b>	<b>2</b>	<b>2</b>	<b>20%</b>
<b>Other agricultural</b>	<b>17</b>	<b>9</b>	<b>84%</b>
- meat processing	11	6	85%
- other	6	3	81%
<b>Total revenue</b>	<b>176</b>	<b>76</b>	<b>133%</b>

**Key driver of revenue growth in Q1 2008 is increased production volumes and selling prices for poultry meat and sunflower oil**

		Q1 2008	Q1 2007	Growth rate
<b>Poultry</b>				
- sales volume	tonnes	54 830	32 420	69%
- price	UAH/kg	10,51	7,89	33%
<b>Sunflower oil</b>				
- sales volume	tonnes	21 768	16 302	134%
- price	US\$/t	1 391	574	242%

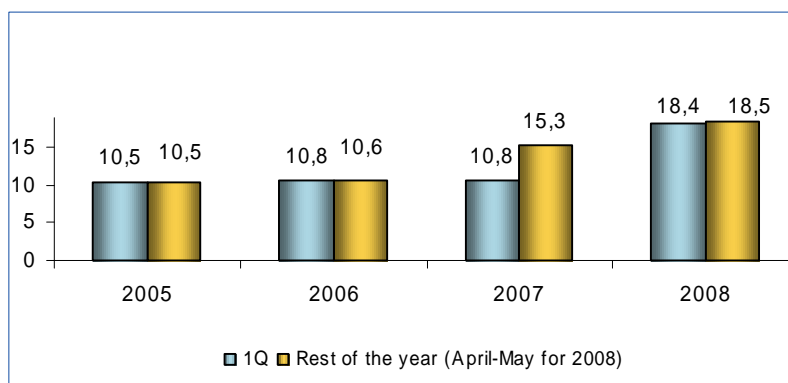
## Average Poultry Selling Prices

UAH/kg ex VAT



## Average MHP Monthly Poultry Sales Volume

Tonnes 000



# Poultry cost structure



§ High level of vertical integration helps to keep poultry production costs low:

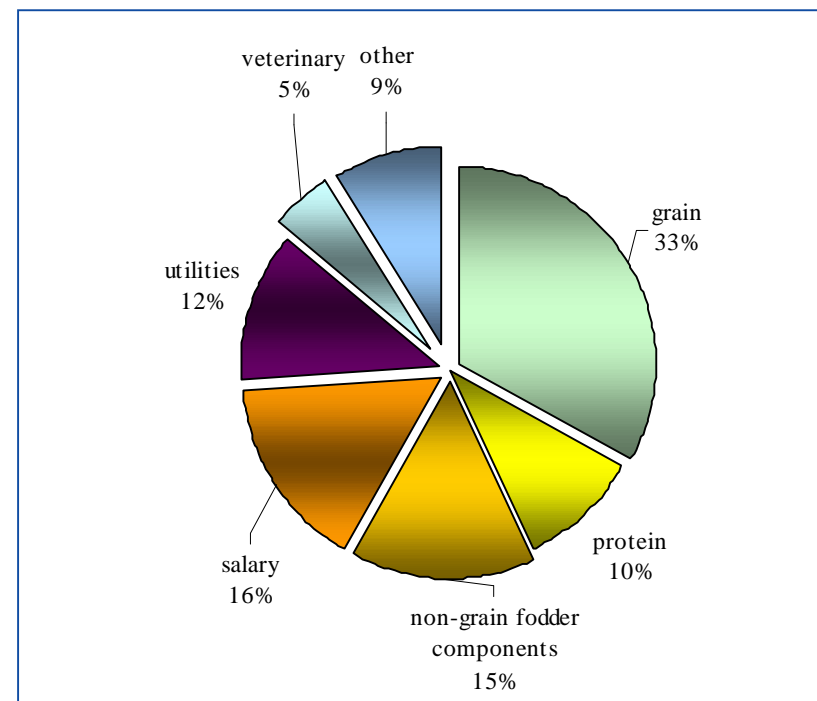
- production cost of 1 kg of poultry in Q1 2008 remained on the level of Q4 2007.
- stable and predictable production costs until the year-end as no reliance on third party suppliers.

§ Due to the efficiency of the Myronovka Project the share of salary and utilities costs remain constant despite salary inflations and utilities prices growth.

§ KPIs improved due to Myronvka poultry factory launch.

## Poultry Cost Structure

Q1 2008



# Segments Financial Performance

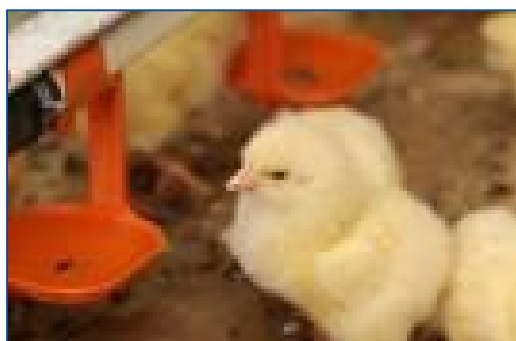
## Poultry and related operations



§ A profit for 1 kilo of poultry meat has grown significantly

§ Sunflower oil, as a by-product of protein production, with zero margin;

§ Significant price increase for sunflower oil caused increased revenue and as a result – decreased profitability in % terms for poultry segment



		Q1 2008	Q1 2007	Growth rate
<b>Revenue</b>	<b>US\$, m</b>	<b>157</b>	<b>65</b>	<b>143%</b>
- poultry meat and other		127	56	127%
- sunflower oil		30	9	223%
<b>Gross profit</b>	<b>US\$, m</b>	<b>44</b>	<b>20</b>	<b>120%</b>
Gross margin	%	28%	31%	
<b>EBITDA</b>	<b>US\$, m</b>	<b>56</b>	<b>22</b>	<b>159%</b>
EBITDA margin	%	36%	33%	
<b>Gross profit per 1 kg of poultry meat</b>	<b>US\$/kg</b>	<b>0,80</b>	<b>0,62</b>	<b>29%</b>
<b>EBITDA per 1 kg of poultry meat</b>	<b>US\$/kg</b>	<b>1,02</b>	<b>0,67</b>	<b>52%</b>

# Segments Financial Performance

## Grain



		Q1 2008	Q1 2007	Growth rate
Revenue	US\$, m	1,8	1,5	20%
Gross profit	US\$, m	0,2	(0,1)	
Gross margin	%	11%		
EBITDA	US\$, m	0,4	0,2	
EBITDA margin	%	22%	13%	



- § All profit from 2007 grain crop was reflected in 2007 annual report, and revenue in Q1 2008 includes only sale of grain stocks which have already been revalued to market prices in 2007
- § Revenues from the grain segment only materialise in the second half of the year due to the harvest cycle

# Segments Financial Performance

## Other agricultural operations



		Q1 2008	Q1 2007	Growth rate
<b>Revenue</b>	<b>US\$, m</b>	<b>17</b>	<b>9</b>	<b>84%</b>
- meat processing		11	6	185%
- other		6	3	92%
<b>Gross profit</b>	<b>US\$, m</b>	<b>2</b>	<b>-2</b>	<b>-210%</b>
Gross margin	%	13%	-21%	
<b>EBITDA</b>	<b>US\$, m</b>	<b>5</b>	<b>0</b>	<b>4800%</b>
EBITDA margin	%	28%	1%	
<b>Meat processing products volume</b>	<b>tonnes</b>	<b>2 515</b>	<b>1 149</b>	<b>119%</b>

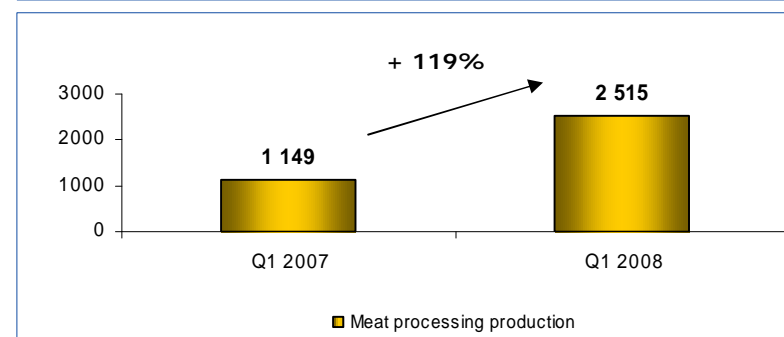
§ The main growth driver is the increase in production volumes of sausages and smoked products at our meat-processing plant in Crimea

§ At present demand continues to outstrip supply

§ Looking for value added acquisitions that will enhance shareholder value

### Meat processing production

Tonnes



Source: Company reports

# Capital Structure



## Cash Flow Statement

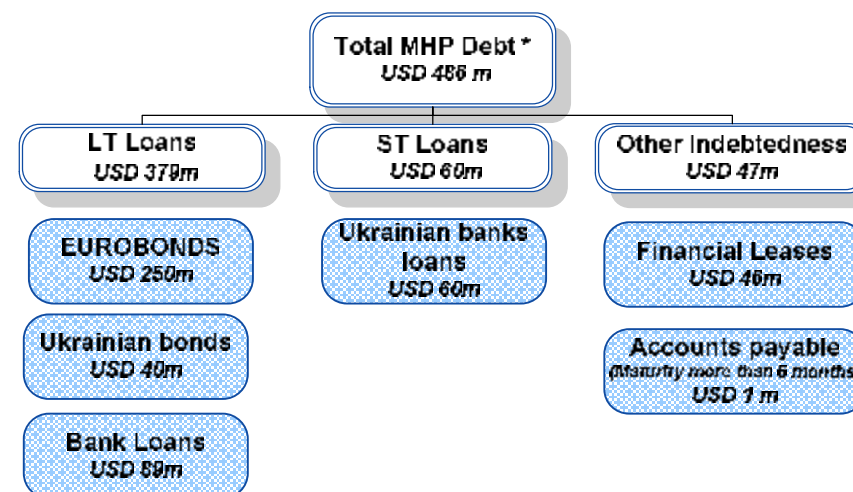
US\$, m.

	Q1 2008	Q1 2007
<b>Cash from operations</b>	54	21
Change in working capital	(31)	(2)
<b>Net Cash from operations</b>	23	19
<b>CAPEX</b>	(13)	(75)
Financial activities	1	21
<b>Change in cash</b>	11	(35)
Cash, end of quarter	21	9

## Debt

US\$, m.

	31.03.2008	31.12.2007
<b>Total Debt</b>	486	476
<b>Net Debt</b>	465	467
<b>LTM EBITDA</b>	199	164
<i>Debt/EBITDA</i>	2,44	2,90
<i>Net Debt/EBITDA</i>	2,34	2,85





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*Section 3*  
**Outlook**

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*Yuriy Kosyuk, CEO, MHP S.A.*



## **Strong start to 2008:**

- § **Current trading positive and in line with our expectations**
- § **Costs remain under control due to vertical integration**
- § **Strong chicken price growth**
- § **Historically chicken prices in second half of the year were higher than in the first half of the year**
- § **Consumer demand for poultry meat has outstripped supply since February 2008 and this is expected to continue**
- § **Favourable yield forecast across all crops in Ukraine for Y2008**

**All this give us confidence that we will achieve a strong set of financial results for the full year**



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*Section 4*  
**Appendices**

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# Income Statement



'000 US\$	Q1 2008	Q1 2007
<b>Total Revenue</b>	<b>176,312</b>	<b>75,685</b>
<i>Net change in fair value of bio-assets and agri-produce</i>	<b>0,053</b>	<b>0,092</b>
Cost of sales	(130,370)	(57,210)
<b>Gross profit</b>	<b>45,995</b>	<b>18,567</b>
<i>Gross margin, %</i>	26,1%	24,5%
SG&A	(15,638)	(10,136)
Government grants recognized as income	17,441	8,545
Other operating income/(expense)	(1,265)	(0,291)
<b>EBIT</b>	<b>46,534</b>	<b>16,686</b>
Depreciation	12,710	7,382
<b>EBITDA</b>	<b>59,244</b>	<b>24,068</b>
<i>EBITDA margin, %</i>	33,6%	31,8%
Net finance costs	(13,175)	(11,072)
Other Income/Expense	(8,870)	(1,298)
<b>Profit before tax</b>	<b>24,489</b>	<b>4,315</b>
Taxes	(0,310)	0,243
<b>Net income</b>	<b>24,178</b>	<b>4,558</b>
<i>Net margin, %</i>	13,7%	6,0%

# Balance Sheet



'000 US\$	31.03.2008	31.12.2007
<b>ASSETS</b>		
Property plant and equipment	624,977	624,758
Non-current biological assets	43,888	42,096
Other non-current assets	18,528	18,341
<b>Total non-current assets</b>	<b>687,393</b>	<b>685,195</b>
Cash and cash equivalents	20,815	1,998
Inventories	47,627	42,645
Trade accounts receivable	27,942	20,363
Biological assets	111,063	90,785
Other current assets	97,395	111,546
<b>Total current assets</b>	<b>304,842</b>	<b>267,337</b>
<b>TOTAL ASSETS</b>	<b>992,235</b>	<b>952,532</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>443,301</b>	<b>419,406</b>
Long-term debt	343,039	340,020
Other long-term liabilities	8,815	8,511
<b>Total non-current liabilities</b>	<b>351,853</b>	<b>348,530</b>
Trade accounts payable	18,411	25,116
Short-term debt	136,220	127,362
Other current liabilities	42,449	32,117
<b>Total current liabilities</b>	<b>197,081</b>	<b>184,596</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>992,235</b>	<b>952,532</b>

# Cash Flow Statement



'000 US\$	Q1 2008	Q1 2007
<b>OPERATING ACTIVITIES:</b>		
Operating profit before movements in working capital	54,069	21,115
Change in working capital	(30,821)	(2,492)
<b>Net cash generated from operating activities</b>	<b>23,248</b>	<b>18,623</b>
<b>INVESTING ACTIVITIES:</b>		
Net Cash used in investing activities	(13,203)	(74,910)
<b>FINANCING ACTIVITIES:</b>		
Net cash generated from financing activities	0,682	20,874
<b>Net increase in cash and cash equivalents</b>	<b>10,727</b>	<b>(35,413)</b>
Cash and cash equivalents, end of quarter	20,815	9,002