

MHP

Management Presentation

Financial Results for Q1 2011
Ended March 31, 2011



Conference Call
May 12, 2011

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Agenda

Market & Business Update

Anastasiia Sobotiuk,
Investor Relations and Communications, MHP

Q1 2011 Financials

Victoriia Kapeliushnaia, CFO, MHP

Current Trading & Business Update

Anastasiia Sobotiuk,
Investor Relations and Communications, MHP

Q&A

Section 1

Market and Business Update

Market and business update

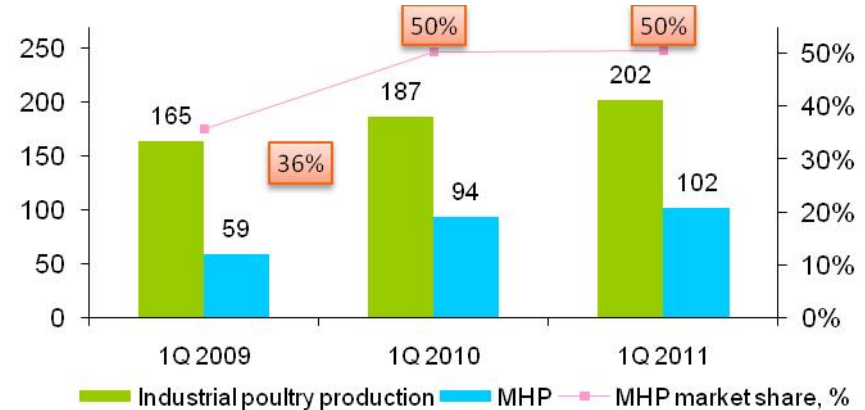
MACRO & MARKET UPDATE

- GDP growth by preliminary estimates in Q1 2011 was about 5%, while industrial production grew by 9.7%
- Agricultural production grew by 5.7% in Q1 2011
- Ukraine's currency has remained stable with FX rate less than UAH 8.00 / US \$1
- Favorable forecast for Ukraine's harvest 2011
- Overall meat production increased by around 5% in live weight in Q1 2011 compared to Q1 2010
- Negative trends in pig and cattle livestock

KEY OPERATIONAL HIGHLIGHTS

- All the Company's chicken production facilities continued to operate at full capacity, demand for chicken remained high and the Company was able to sell close to 100% of the chicken meat produced
- Chicken meat prices grew by almost 4% year-on-year, in line with global meat market trends
- MHP is currently finishing its spring sowing campaign
- During the first quarter of 2011, sausage and cooked meat production volumes increased by 27% to 7,900 tonnes
- Construction work on the Vinnytsia project, which commenced as announced previously in May 2010, is running to schedule and on budget

Industrial Meat Production in Ukraine Processed weight, Tonnes '000, 1Q 2009-2011



Vinnitsa Project - The Biggest Poultry Complex in Europe

Construction is on schedule and on stream

- Commenced in May 2010, construction work on Vinnytsia Complex is running to schedule and on budget
- Significant progress already made at Poultry Complex, Fodder Plant and Infrastructure
- All required equipment for Phase 1 (220,000 tonnes per annum) contracted and is being dispatched

POULTRY FARM

- Construction of the hatchery is 60% complete
- 2 brigades (chicken rearing zones) with 38 chicken houses in each is 55% complete
- Construction of slaughter house for Phase 1 is 55% complete
- Installation of the equipment will begin in September 2011

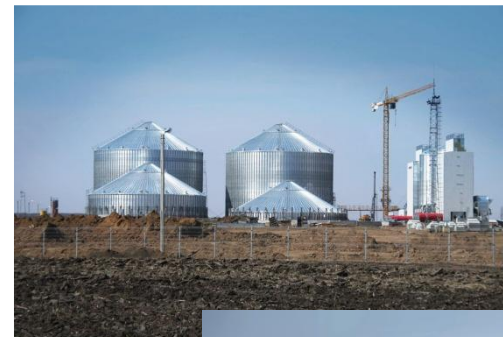
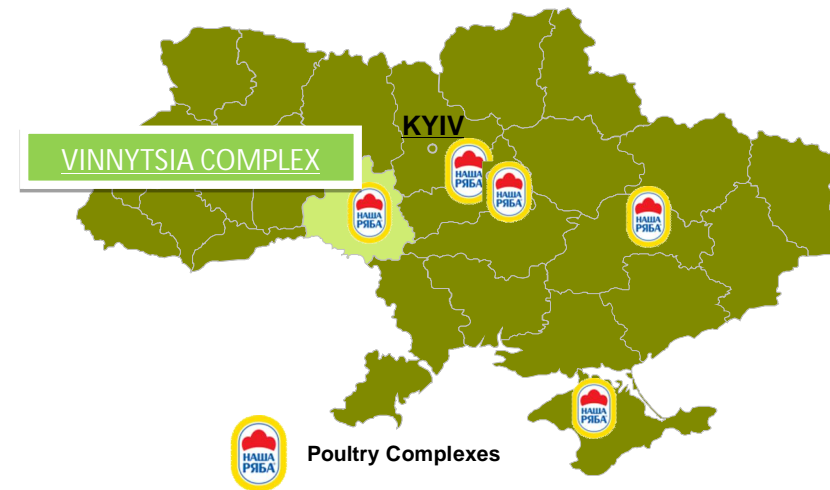
FODDER PLANT

- Construction of the sunflower seeds silo (200,000 m³) is 95% complete, installation of the equipment is 45% complete
- Construction of the grain silo (200,000 m³) is 88% complete, installation of the equipment is 45% complete

INFRASTRUCTURE AND SOCIAL

- Construction of the independent electric power substation is 95% complete
- MHP will be constructing 45km of new roads (over 50% complete)
- 200 new residential apartments
- Hostel with a capacity for 800 people and a kindergarten with a capacity for 260 children

Please see updates regarding the Vinnytsia site on the Company's web page: <http://www.mhp.com.ua/en/node/1082/>



Section 2

Q1 2011

Financial Performance

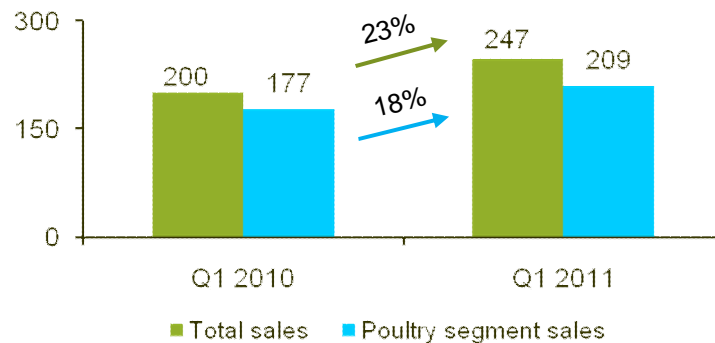
Q1 2011 Key Financials

- Revenue increased by 23% to US\$247 million (Q1 2010: US\$200 million) mostly as a result of higher prices and volumes of chicken meat and related products (US\$ 13 million) and sunflower oil (US\$ 19 million)
- EBITDA increased by 15% to US\$57 million (Q1 2010: US\$49 million)
- EBITDA margin decreased from 25% in Q1 2010 to 23% in Q1 2011 due to increase in revenue as a result of higher sunflower oil prices
- Net income decreased to US\$ 20 million (Q1 2010: US\$ 36 million) due to effect of non-cash foreign exchange losses/gains related to Euro/USD exchange rate

		Q1 2011	Q1 2010	% Change*
Revenue	US\$,m	247	200	23%
IAS 41 standard gains	US\$,m	(8)	(4)	102%
Gross profit	US\$,m	56	46	21%
Gross margin	%	23%	23%	-
Operating profit	US\$,m	42	36	15%
Operating margin	%	17%	18%	-1%
EBITDA	US\$,m	57	49	15%
EBITDA margin	%	23%	25%	-2%
Net income	US\$,m	20	36	-45%
Net income margin	%	8%	18%	-10%

Revenue development

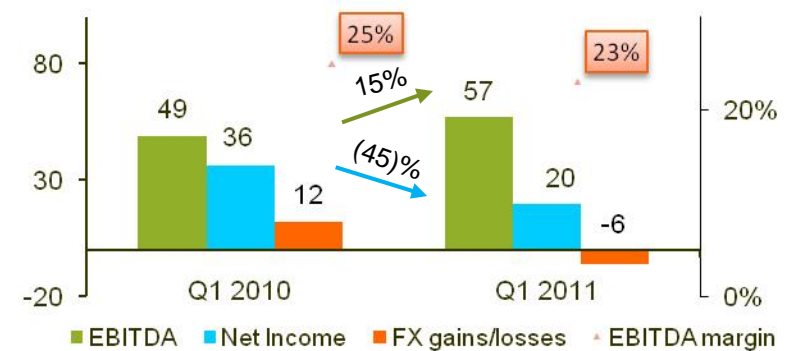
US\$,m



EBITDA and Net Income

US\$,m

%



Source: Company data

* Delta in percentage for ratios (% indicators) is calculated as a difference between the ratio in the current reporting period and the ratio in the previous reporting period.

** Hereinafter average exchange rates: 1\$ = 7.95 UAH (Q1 2011), 1\$ = 7.99 (Q1 2010).

Financial Results by Segment

Based on Q1 2011

MHP Group

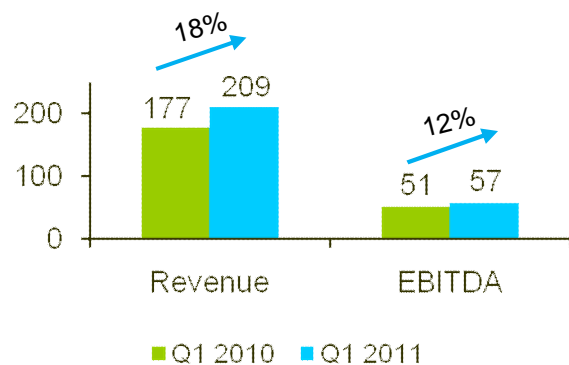
Poultry and Related Operations

Grain Growing Segment

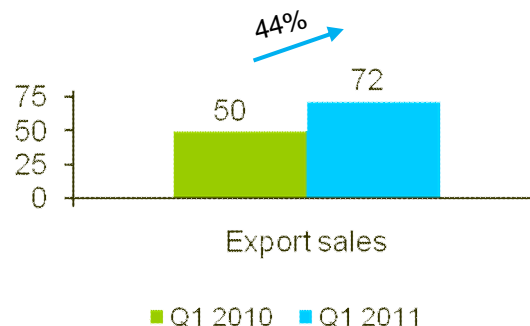
Other Agricultural Segment

US\$,m	Poultry and Related	Grain	Other Agricultural	Unallocated	MHP Consolidated
Revenue	209	6	32		247
<i>% of Total Revenue</i>	85%	2%	13%		100%
<i>Including Export Sales</i>	70	2			72
Gross Profit	53	1	3		56
EBITDA	57	0	4	(4)	57
EBITDA Contribution by Segment	100%	0%	7%	(7%)	100%
EBITDA Margin, %	27%	<i>n/a</i>	12%	<i>n/a</i>	23%

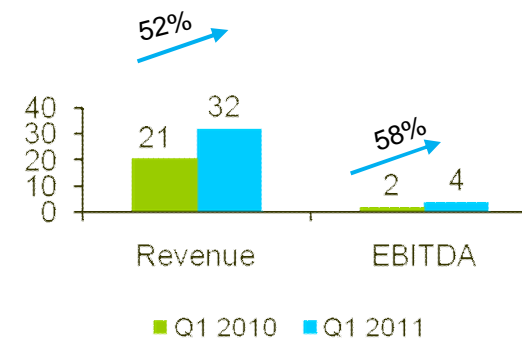
Poultry segment, US\$, m



Total Export Sales, US\$, m



Other Agro segment, US\$, m



Source: Company data

Poultry and Related Operations (Q1 2011)

Segmental Financial Performance

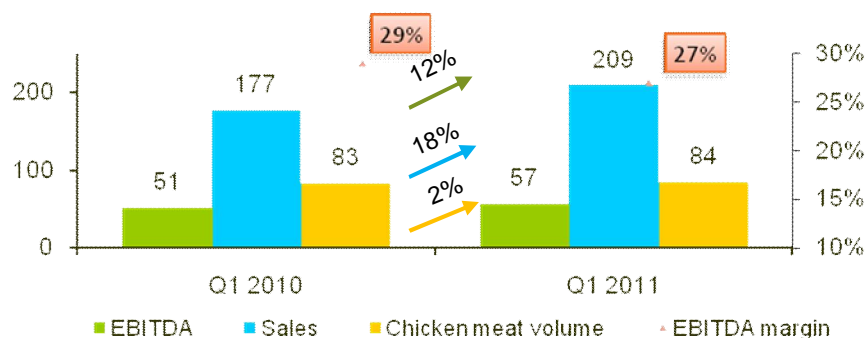
- Average chicken meat sales price increased by almost 4%, in line with world pricing trends
- Poultry production costs in Q1 2011 rose slightly due to the increase in grain and utility prices, partially compensated by the reduced cost of hatching eggs
- Gross profit increased by 19%, whilst the gross profit margin remained stable at 25%
- Segment EBITDA in Q1 2011 increased by 12%
- EBITDA per 1 kg of chicken meat increased by 10%
- EBITDA margin in poultry segment slightly decreased (27% compared to 29% in Q1 2010), due to the increase of sunflower oil sales as a share in total poultry segment sales as sunflower oil prices increased by more than 50%

		Q1 2011	Q1 2010	% Change*
Revenue	US\$,m	209	177	18%
- Poultry and other	US\$,m	149	136	9%
- Sunflower oil	US\$,m	60	41	48%
IAS 41 standard gains	US\$,m	5	3	82%
Gross profit	US\$,m	53	44	19%
Gross margin	%	25%	25%	-
EBITDA	US\$,m	57	51	12%
EBITDA margin	%	27%	29%	-2%
EBITDA per 1kg	US\$	0.67	0.61	10%

		Q1 2011	Q1 2010	% Change*
Poultry price , net VAT	UAH/kg	12.83	12.38	4%
Sunflower oil price, net VAT	US\$/tonne	1,306	850	54%

Q1 Revenues and Sales Volumes

US\$, m / '000 tonnes



Source: Company data

* Delta in percentage for ratios (% indicators) is calculated as a difference between the ratio in the current reporting period and the ratio in the previous reporting period.

** Average exchange rate Q1 2011 = UAH7.95, Q1 2010 = UAH7.99.

Grain (Q1 2011)

Segmental Financial Performance

- Grain segment revenue includes only external sales of grain, mostly wheat that has already been revalued to market prices in 2010
- In 2011 MHP expects to harvest from 60% more land (additional 100,000 hectares) compared to 2010, which will significantly increase the volumes available for external grain sales
- The Company continues to focus on growing 4 main crops: corn and sunflower, wheat and rape
- Crop rotation in 2011 remains the same as in 2010



Source: Company data

		Q1 2011	Q1 2010	% Change
Revenue	US\$,m	6	2	174%
IAS 41 standard gains	US\$,m	-11	-6	81%
Gross profit	US\$,m	1	0	14%
EBITDA	US\$,m	0	1	-37%



Other Agricultural Operations (Q1 2011)

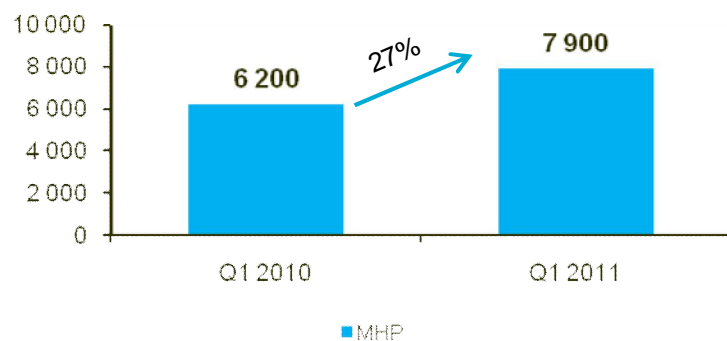
Segmental Financial Performance

- Other agricultural operations segment presented mainly by meat processing as well as fruit, goose and milk production
- 50% of meat input for sausage production is internally produced chicken meat
- Revenue growth was mostly attributed to continued investments and increasing production at Ukrainian Bacon as well as to production of fruit and milk

		Q1 2011	Q1 2010	% Change*
Revenue	US\$,m	32	21	52%
- Meat processing	US\$,m	20	16	28%
- Other	US\$,m	12	5	120%
IAS 41 standard gains	US\$,m	(2)	0	n/a
Gross profit	US\$,m	3	2	74%
Gross margin	%	9%	8%	1%
EBITDA	US\$,m	4	2	58%
EBITDA margin	%	12%	11%	1%

		Q1 2011	Q1 2010	% Change *
Price per 1 kg of meat processing products, net VAT	UAH/kg	18.22	16.98	7%

Meat processing products sales volume
Tonnes



Source: Company data

* Delta in percentage for ratios (% indicators) is calculated as a difference between the ratio in the current reporting period and the ratio in the previous reporting period.

Cash Flows Q1 2011

US\$,m	Q1 2011	Q1 2010
Cash from operations	63	48
Change in working capital	(26)	(22)
Net cash from operations	37	26
Cash used in investing activities	(47)	(18)
<i>Non-cash investments</i>	<i>(10)</i>	<i>-</i>
CAPEX	(57)	(18)
Cash used in financing activities	(45)	(7)
Non-cash financing	10	-
Deposits	67	1
Total financing activities	32	(6)
Total change in cash	11	1

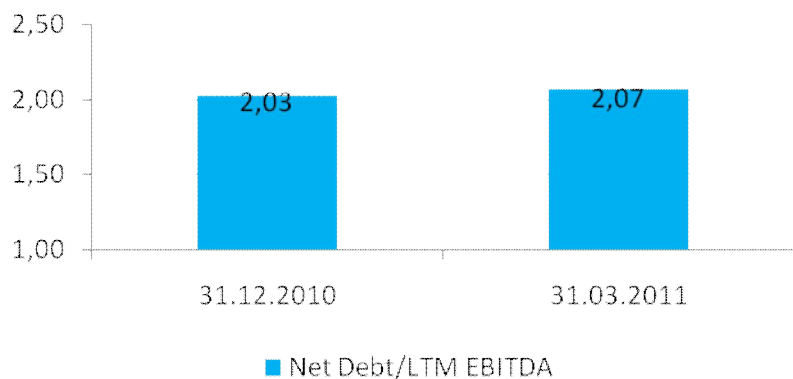
CASH FLOWS

- In Q1 2011 cash flow from operations before working capital increased to US\$ 63 million in line with EBITDA growth
- The main contributors to the working capital increase were the same as in Q1 2010, being cost of the annual sowing campaign in the grain, which have increased this year due to the expanded area of cultivation
- CAPEX in Q1 2011 was mostly related to the capital intensive Vinnytsia project
- Since the start of the Vinnytsia project financing in the second half of 2010, approximately US\$ 150 million has been invested



Debt Structure Analysis

Leverage Dynamics



Total Debt (US\$,m)	31.03.11	31.12.10
Total Debt	805	832
2011 Notes	10	10
2015 Notes (balance sheet value)	564	563
Financial Leases and LT loans	155	148
ST Loans	76	111
Cash and Deposits	118	174
Net Debt	687	658

LTM EBITDA	332	325
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Source: Company data

- Total debt was US\$ 805 million as of March 31, 2011
 - 70% of Company's total debt is the Eurobond that matures in April 2015
 - Most debt is mainly denominated in US dollars
 - Net Debt / LTM EBITDA ratio as of March 31, 2011 was 2.07 vs. 2.50 Eurobond covenant
- MHP is fully hedged against FX risk. As a hedge for currency risks, revenue from the export of sunflower oil, sunflower husks and chicken meat are used, fully covering debt service expenses
- At the end of Q1 2011, MHP had US\$118 million in cash and short term bank deposits



Current Trading Update & Business Outlook

POULTRY AND RELATED OPERATIONS

- As always the Company works at 100% capacity utilization and skillfully manages production costs
- Driven by higher grain prices and world meat price trends, price for chicken will increase through the year

GRAIN GROWING

- In 2011 the Company will harvest an additional 100,000 hectares of land
- The Company's spring sowing campaign is almost complete
- MHP forecasts strong harvest in 2011 due to the favorable weather conditions during the sowing campaigns

OTHER AGRICULTURAL

- Due to the increase in production volume and capacity utilization at the Ukrainian Bacon facility, the Company continues to drive its market share through growth in sales
- Due to the investments made in 2010, the Company increased its meat-processing capacities at the Ukrainian Bacon facility and will get production benefits during 2011

THE VINNYTSIA PROJECT

- Main CAPEX in 2011 is related to the Vinnytsia poultry complex
- The construction is proceeding in line with the Company's plans and is on schedule

Source: Company data



Appendix A

Income Statement

US\$ '000	Q1 2011	Q1 2010
Total Revenue	246,799	200,043
<i>Net change in fair value of bio-assets and agri-produce</i>	(8,204)	(4,066)
Cost of sales	(182,443)	(149,524)
Gross profit	56,152	46,453
<i>Gross margin, %</i>	22.8%	23.2%
SG&A	(24,624)	(20,890)
VAT refunds and other government grants income	15,378	11,606
Other operating expenses, net	(5,138)	(987)
Operating profit before loss on impairment of PPE	41,768	36,182
Depreciation	14,827	13,024
EBITDA	56,595	49,206
<i>EBITDA margin, %</i>	22.9%	24.6%
Loss on impairment of PPE	-	-
Operating profit	41,768	36,182
Net finance income and expenses	(14,815)	(12,845)
Foreign exchange (losses)/gains, net (<i>mostly, non cash</i>)	(5,610)	11,652
Other (expenses)/income, net	(270)	318
Profit before tax	21,073	35,307
Taxes	(1,393)	348
Net income	19,680	35,655
<i>Net margin, %</i>	8.0%	17.8%

Source: Company data

Balance Sheet

US\$ '000	31 March 11	31 December 10
Property plant and equipment	790,241	744,965
Non-current biological assets	43,849	43,288
Other non-current assets	68,634	66,674
Total non-current assets	902,724	854,927
Cash and deposits	118,240	173,781
Inventories	140,771	113,491
Trade accounts receivable	50,670	53,395
Biological assets	163,019	135,410
Agricultural produce	92,384	113,850
Taxes recoverable and prepaid	109,180	107,824
Other current assets	22,760	21,331
Total current assets	697,024	719,082
Equity	690,160	670,368
Long-term debt	658,936	658,300
Other long-term liabilities	2,767	2,903
Total non-current liabilities	661,703	661,203
Trade accounts payable	28,974	19,012
Short-term debt	145,938	173,811
Other current liabilities	72,973	49,615
Total current liabilities	247,885	242,438
TOTAL EQUITY AND LIABILITIES	1,599,748	1,574,009

Source: Company data

(1) Closing exchange rates as of period end: 1\$ = UAH 7.9600 (31.03.2011), 1\$ = UAH 7.9617 (31.12.2010)

Cash Flow Statement

US\$ '000	Q1 2011	Q1 2010
OPERATING ACTIVITIES:		
Operating profit before working capital changes	63,433	47,821
Change in working capital	(26,267)	(21,618)
Net cash generated from operating activities	37,166	26,203
INVESTING ACTIVITIES:		
CAPEX	(57,915)	(18,303)
<i>Including non-cash investments</i>	10,367	-
Assets sale and other	(33)	(86)
Deposits	67,317	814
Net Cash used in investing activities	19,736	(17,575)
FINANCING ACTIVITIES:		
Net cash generated from financing activities	(45,235)	(7,178)
<i>including Treasury shares acquisition</i>	-	-
Net increase in cash and cash equivalents	11,667	(1,450)
Effects of exchange rates	15	145

Source: Company data