

MHP

Management Presentation

Financial Results for Q2 and H1 2011
Ended June 30, 2011



Conference Call
August 18, 2011

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Agenda

Market & Business Update

Anastasiia Sobotiuk,
Investor Relations and Communications, MHP

Q2 and H1 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

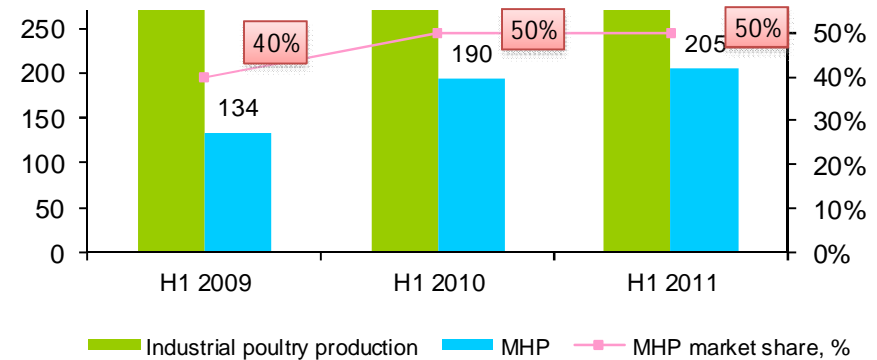
MACRO & MARKET UPDATE

- GDP growth was about 4.4% in H1 2011 by preliminary estimates of the Government, while industrial production grew by 8.7%
- Agricultural production grew by 3.2% in H1 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 in live weight increased by around 6% in H1 2011 compared to H1 2010

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 1% year-on-year in Q2 2011 and by 2% in H1 2011
- MHP's current yields of wheat and rape are close to twice Ukraine's average
- Sausage and cooked meat production volumes increased by 18% to 9,400 tonnes in Q2 2011, and by 22% to 17,300 tonnes in H1 2011
- 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, 1H 2009-2011



НАТУРАЛЬНІ ПРОДУКТИ
для здорового життя



Vinnitsa Project - The Biggest Poultry Complex in Europe

Construction is on schedule and on stream

- Commenced in May 2010, construction work on Vinnitsa Complex is running to schedule and on budget
- Significant progress already made at Poultry Complex, Fodder Plant and Infrastructure
- Production of Phase 1 is expected to be launched in the beginning of 2013 and reach its full capacity of 220,000 tonnes of poultry per annum in 2015

POULTRY FARM

- Construction of the hatchery is 70% complete
- 2 brigades (chicken rearing zones) with 38 chicken houses in each are 55% complete
- Construction of the slaughter house for Phase 1 (220,000 tonnes of poultry per annum) is 65% complete

FODDER PLANT

- Construction of the sunflower seeds silo (200,000 m³) is 95% complete, installation of the equipment is 95% complete
- Construction of the grain silo (200,000 m³) is 95% complete, installation of the equipment is 85% complete
- Construction of Fodder Plant and Sunflower Crushing Plant is in progress now

INFRASTRUCTURE AND SOCIAL

- Construction of the independent electric power substation is 95% complete
- The construction of water supply systems (60 km) and water treatment station with a capacity of 15,000 m³ of water per day has been started
- 260 new residential apartments
- Hostel with a capacity for 800 people and a kindergarten with a capacity for 260 children

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



Section 2

Q2 and H1 2011 Financial Performance

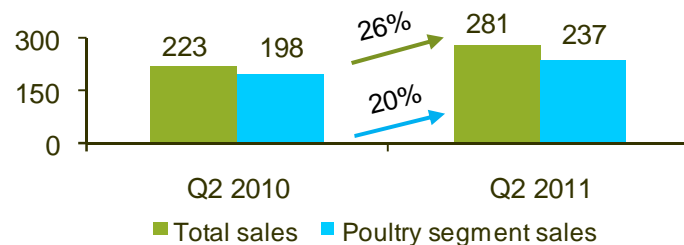
Q2 2011 Key Financials

- Revenue increased by 26% to US\$ 281 million (Q2 2010: US\$ 223 million) mostly as a result of higher volumes of chicken meat (US\$ 27 million), higher prices of sunflower oil (US\$ 12 million) and higher volumes and prices of meat processing products (US\$ 7 million)
- EBITDA increased by 21% to US\$ 101 million (Q2 2010: US\$ 84 million)
- EBITDA margin remained quite stable at 36% in Q2 2011 compared to 37% in Q2 2010 affected by relatively poor dynamics of chicken meat prices during the quarter
- Net income remained stable at US\$ 67 million despite the operation profit growth due to effect of non-cash foreign exchange losses/gains related to Euro/USD exchange rate

		Q2 2011	Q2 2010	% change*
Revenue	US\$,m	281	223	26%
IAS 41 standard gains	US\$,m	26	14	88%
Gross profit	US\$,m	100	78	28%
Gross margin	%	36%	35%	1%
Operating profit	US\$,m	87	69	26%
Operating margin	%	31%	31%	-
EBITDA	US\$,m	101	84	21%
EBITDA margin	%	36%	37%	-1%
Net income	US\$,m	67	67	-
Net income margin	%	24%	30%	-6%

Revenue development

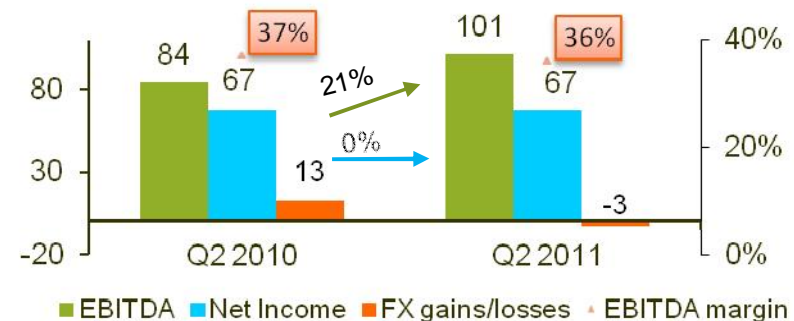
US\$,m



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\$ = 7.97 UAH (Q2 2011), 1\$ = 7.92 (Q2 2010).

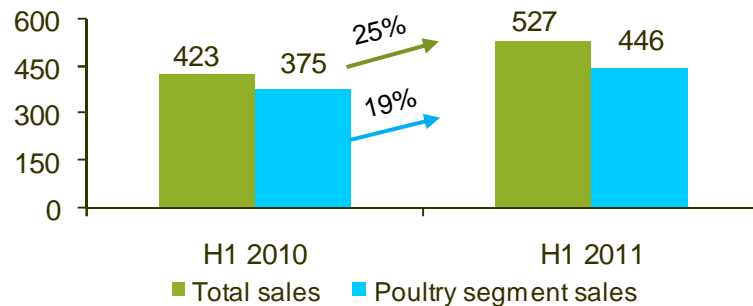
H1 2011 Key Financials

- Revenue increased by 25% to US\$ 527 million (H1 2010: US\$ 423 million) mostly as a result of higher volumes of chicken meat (US\$ 40 million), higher prices of sunflower oil (US\$ 31 million) and higher volumes and prices of meat processing products (US\$12 million)
- EBITDA increased by 19% to US\$ 158 million (H1 2010: US\$133 million)
- EBITDA margin remained relatively stable at 30% in H1 2011 compared to 31% in H1 2010 due to lower than expected chicken prices growth during H1 2011
- Net income decreased to US\$ 86 million (H1 2010: US\$ 102 million) despite the operation profit growth due to the effect of non-cash foreign exchange losses/gains related to Euro/USD exchange rate

		H1 2011	H1 2010	% change*
Revenue	US\$,m	527	423	25%
IAS 41 standard gains	US\$,m	18	10	83%
Gross profit	US\$,m	156	125	25%
Gross margin	%	30%	30%	-
Operating profit	US\$,m	129	105	23%
Operating margin	%	24%	25%	-1%
EBITDA	US\$,m	158	133	19%
EBITDA margin	%	30%	31%	-1%
Net income	US\$,m	86	102	-16%
Net income margin	%	16%	24%	-8%

Revenue development

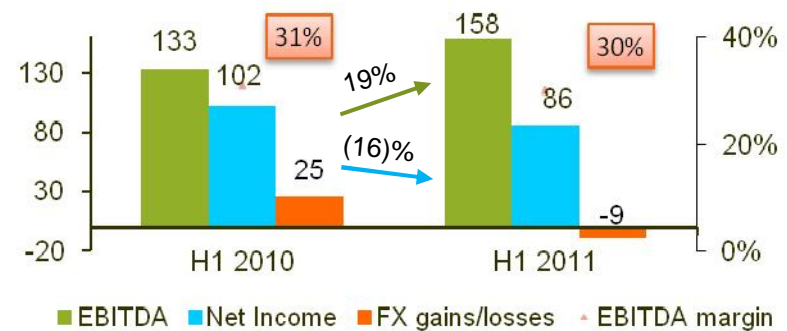
US\$,m



EBITDA and Net Income

US\$,m

%



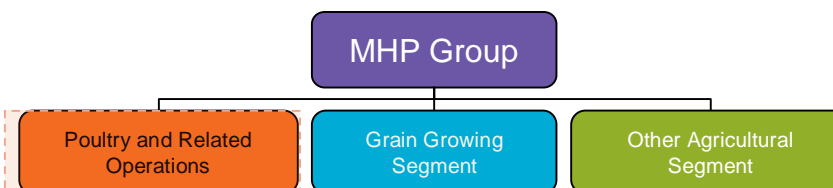
Source: Company data

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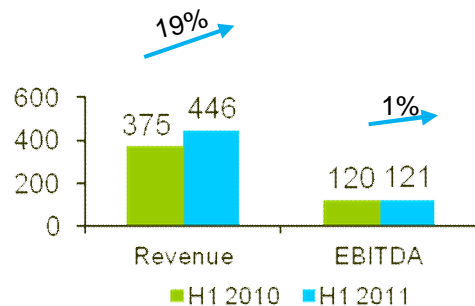
Financial Results by Segment

Based on H1 2011

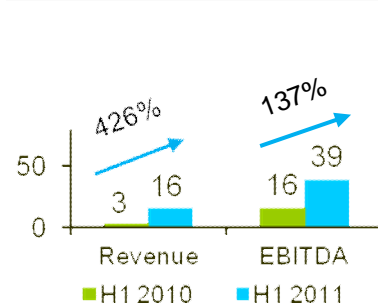


US\$,m	Poultry and Related	Grain	Other Agricultural	Unallocated	MHP Consolidated
Revenue	446	16	66		527
<i>% of Total Revenue</i>	85%	3%	12%		100%
<i>Including Export Sales</i>	138	1	1		141
Gross Profit	112	39	6		156
EBITDA	121	39	8	(10)	158
EBITDA Contribution by Segment	76%	25%	5%	(6%)	100%
EBITDA Margin, %	27%	n/a	12%	n/a	30%

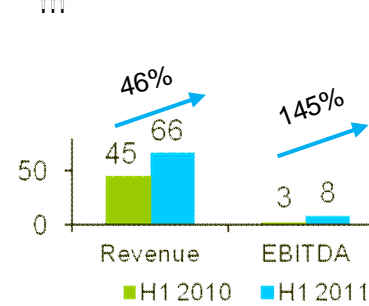
Poultry segment, US\$, m



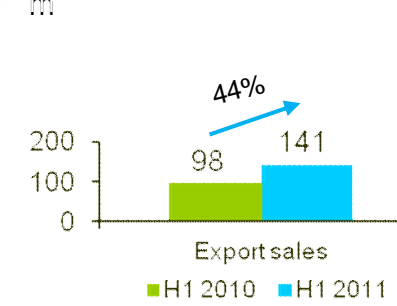
Grain segment, US\$, m



Other Agro Segment, US\$, m



Total Export Sales, US\$, m



Source: Company data



Poultry and Related Operations H1 2011

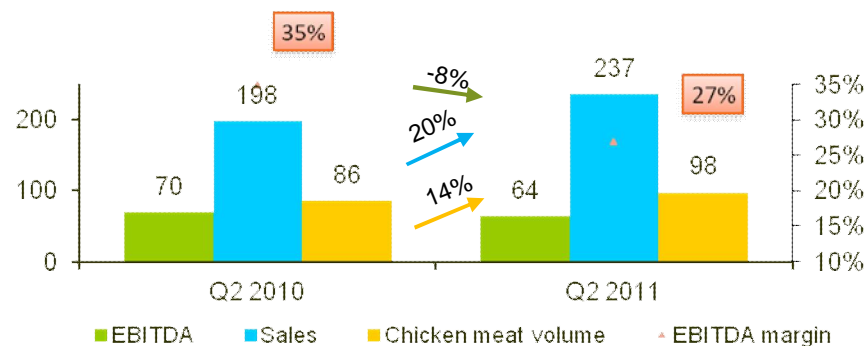
Segmental Financial Performance

- Average chicken meat sales price during H1 2011 increased by 2% compared to H1 2010, in line with poultry market trends
- Production costs in H1 2011 rose by approximately 15% year on year due to the increase in grain and utility prices
- Gross profit in H1 2011 increased by 5%, whilst the gross profit margin decreased from 28% to 25%
- Segment EBITDA in H1 2011 remained stable at US\$ 121 million (US\$ 120 million in H1 2010)
- EBITDA margin in poultry segment slightly decreased (27% compared to 32% in H1 2010) due to relatively poor chicken price dynamics

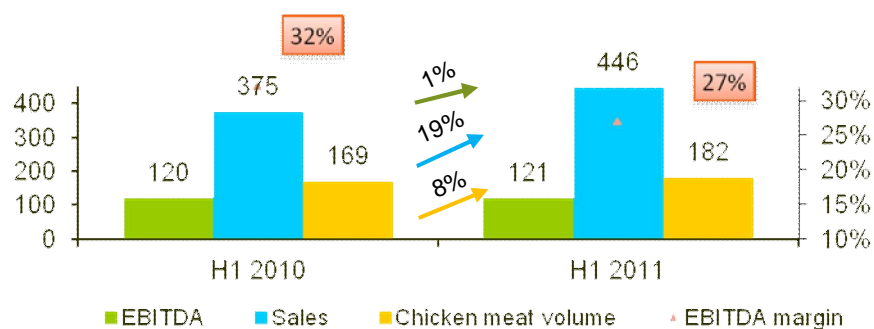
		Q2 2011	Q2 2010	% change*	H1 2011	H1 2010	% change*
Revenue	US\$,m	237	198	20%	446	375	19%
- Poultry and other	US\$,m	187	160	17%	336	296	13%
- Sunflower oil	US\$,m	50	38	31%	110	79	40%
IAS 41 standard gains	US\$,m	1	0	302%	6	3	106%
Gross profit	US\$,m	59	62	-5%	112	106	5%
Gross margin	%	25%	31%	-6%	25%	28%	-3%
EBITDA	US\$,m	64	70	-8%	121	120	1%
EBITDA margin	%	27%	35%	-8%	27%	32%	-5%
EBITDA per 1kg	US\$	0.66	0.81	-19%	0.67	0.71	-7%

		Q2 2011	Q2 2010	% change*	H1 2011	H1 2010	% change*
Poultry price , net VAT	UAH/kg	13.97	13.82	1%	13.44	13.13	2%
Sunflower oil price, net VAT	US\$/tonn	1,301	811	60%	1,303	830	57%

Q2 Revenues and Sales Volumes
US\$, m / '000 tonnes



H1 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 1\$ = 7.97 UAH (Q2 2011), 1\$ = 7.96 UAH (H1 2011), 1\$ = 7.92 (Q2 2010), 1\$ = 7.95 (H1 2010).

Grain H1 2011

Segmental Financial Performance

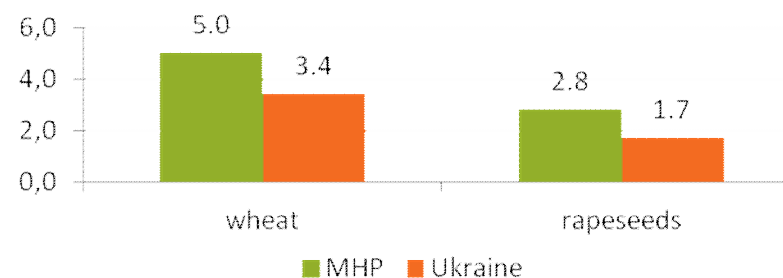
- Grain segment revenue includes only external sales of grain, mostly wheat that has already been revalued to market prices in 2010
- Financial result in grain growing segment in H1 2011 includes about US\$ 4 million additional profit due to wheat stock sales by higher price and the rest due to revaluation of crops in fields according to IAS 41 standard
- In 2011 MHP expects to harvest by 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



Source: Company data

		Q2 2011	Q2 2010	% change	H1 2011	H1 2010	% change
Revenue	US\$,m	9	1	1371%	16	3	426%
IAS 41 standard gains	US\$,m	26	14	85%	15	8	89%
Gross profit	US\$,m	38	16	139%	39	16	135%
EBITDA	US\$,m	39	16	143%	39	16	137%

2011 Crops Yield in MHP vs. Ukrainian Average
Tonnes per hectare



Other Agricultural Operations H1 2011

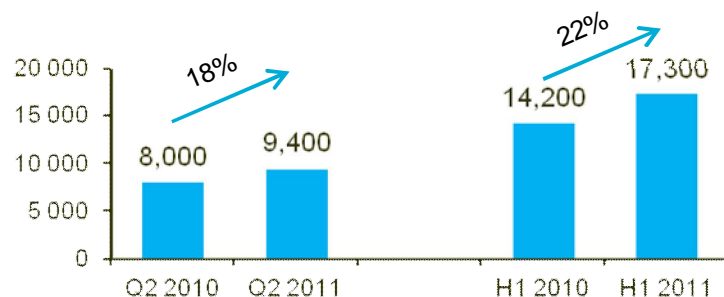
Segmental Financial Performance

- 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 by 46% was mostly attributed to continued investments and increasing production at Ukrainian Bacon as well as to production of fruit and milk
- The key driver for increase of financial results of the segment is continuing development of meat processing activity
- MHP is a market leader in meat processing in Ukraine with market share of about 10%
- More than 50% of the meat required for sausage production is internally produced chicken meat.

		Q2 2011	Q2 2010	% change*	H1 2011	H1 2010	% change*
Revenue	US\$,m	34	24	41%	66	45	46%
- Meat processing	US\$,m	25	18	41%	45	33	35%
- Other	US\$,m	10	7	41%	21	12	76%
IAS 41 standard gains	US\$,m	(1)	0	n/a	(2)	(1)	n/a
Gross profit	US\$,m	3	1	371%	6	2	166%
Gross margin	%	10%	3%	7%	9%	5%	4%
EBITDA	US\$,m	4	1	402%	8	3	145%
EBITDA margin	%	12%	3%	9%	12%	7%	5%

		Q2 2011	Q2 2010	% Change *	H1 2011	H1 2010	% Change*
Price per 1 kg of meat processing products, net VAT	UAH/kg	19.50	17.08	14%	18.91	17.03	11%

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 H1 2011

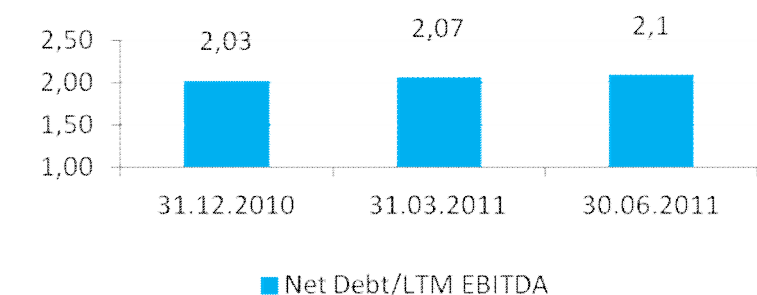
US\$,m	Q2 2011	Q2 2010	H1 2011	H1 2010
Cash from operations	40	59	103	106
Change in working capital	(2)	(21)	(28)	(42)
Net cash from operations	38	38	75	64
Cash used in investing activities	(59)	(40)	(106)	(58)
<i>Non-cash investments</i>	(22)	(2)	(32)	(2)
CAPEX	(81)	(42)	(138)	(60)
Cash used in financing activities	(14)	186	(59)	179
Non-cash financing	22	2	32	2
Deposits	52	(164)	119	(163)
Total financing activities	60	24	92	18
Total change in cash	17	20	29	22

CASH FLOWS

- In H1 2011 cash flow from operations before working capital was US\$ 103 million and remained stable compared to the previous year
- Investments in working capital in H1 2011 US\$ 28 million was mostly related to the cost of the annual grain sowing campaign in the grain growing segment
- CAPEX in H1 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\$ 220 million has been invested

Debt Structure Analysis

Leverage Dynamics



Total Debt (US\$,m)	30.06.11	31.03.11	31.12.10
Total Debt	818	805	832
2011 Notes	10	10	10
2015 Notes (balance sheet value)	565	564	563
Financial Leases and LT loans	165	155	148
ST Loans	78	76	111
Cash and Deposits	84	118	174
Net Debt	734	687	658
LTM EBITDA	350	332	325

Source: Company data

- Total debt was US\$ 818 million as of June 30, 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 June 30, 2011 was 2.10 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 denominated in US Dollars, fully covering debt service expenses
- At the end of H1 2011, MHP had US\$84 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
- Consumer demand for poultry remains high and current prices for chicken meat are around 14% higher compared to the same period last year

GRAIN GROWING

- In 2011 the Company harvests crops from additional 100,000 hectares of land
- MHP's current yields of wheat and rape are higher than last year and are close to twice Ukraine's average
- MHP forecasts strong harvest in 2011 across all crops due to the favorable weather conditions

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	H1 2011	H1 2010
Total Revenue	527,380	422,945
<i>Net change in fair value of bio-assets and agri-produce</i>	18,113	9,897
Cost of sales	(389,126)	(308,004)
Gross profit	156,367	124,838
<i>Gross margin, %</i>	29.6%	29.5%
SG&A	(51,024)	(43,696)
VAT refunds and other government grants income	30,828	28,774
Other operating expenses, net	(7,620)	(5,096)
Operating profit before loss on impairment of PPE	128,551	104,820
Depreciation	29,211	27,919
EBITDA	157,762	132,739
<i>EBITDA margin, %</i>	29.9%	31.4%
Loss on impairment of PPE	-	-
Operating profit	128,551	104,820
Net finance income and expenses	(30,777)	(26,518)
Foreign exchange (losses)/gains, net (<i>mostly, non cash</i>)	(8,911)	24,503
Other (expenses)/income, net	(68)	(66)
Profit before tax	88,795	102,739
Taxes	(2,484)	(505)
Net income	86,311	102,234
<i>Net margin, %</i>	16.4%	24.2%

Source: Company data

(1) Average exchange rate 1\$ = 7.96 UAH (H1 2011), 1\$ = 7.95 (H1 2010).

Balance Sheet

US\$ '000	30 June 11	31 December 10	30 June 10
Property plant and equipment	850,207	744,965	654,062
Non-current biological assets	45,348	43,288	39,288
Other non-current assets	68,607	66,674	54,151
Total non-current assets	964,162	854,927	747,501
Cash and deposits	83,694	173,781	214,615
Inventories	116,006	113,491	78,355
48 612 Trade accounts receivable	58,076	53,395	48,612
Biological assets	273,288	135,410	174,933
Agricultural produce	50,402	113,850	35,186
Taxes recoverable and prepaid	102,104	107,824	72,748
Other current assets	13,688	21,331	13,644
Total current assets	697,258	719,082	638,093
Equity	755,704	670,368	570,428
Long-term debt	670,990	658,300	644,660
Other long-term liabilities	5,573	2,903	10,675
Total non-current liabilities	676,563	661,203	655,335
Trade accounts payable	21,146	19,012	53,576
Short-term debt	146,542	173,811	68,452
Other current liabilities	61,465	49,615	37,803
Total current liabilities	229,153	242,438	159,831
TOTAL EQUITY AND LIABILITIES	1,661,420	1,574,009	1,385,594

Source: Company data

(1) Closing exchange rates as of period end: 1\$ = UAH 7.9723 (30.06.2011), 1\$ = UAH 7.9617 (31.12.2010), 1\$ = UAH 7.9070 (30.06.2010)

Cash Flow Statement

US\$ '000	H1 2011	H1 2010
OPERATING ACTIVITIES:		
Operating profit before working capital changes	103,361	106,385
Change in working capital	(28,380)	(42,224)
Net cash generated from operating activities	74,981	64,161
INVESTING ACTIVITIES:		
CAPEX	(138,616)	(59,963)
<i>Including non-cash investments</i>	31,979	2,020
Assets sale and other	(86)	(708)
Deposits	119,365	(163,217)
Net Cash used in investing activities	12,642	(221,868)
FINANCING ACTIVITIES:		
Net cash generated from financing activities	(58,522)	179,120
<i>including Treasury shares acquisition</i>	-	(30,951)
Net increase in cash and cash equivalents	29,101	21,413
Effects of exchange rates	7	(31)

Source: Company data

(1) Average exchange rate 1\$ = 7.96 UAH (H1 2011), 1\$ = 7.95 (H1 2010).