

MHP

Management Presentation

Financial Results for Q4 and Full Year Ended
December 31, 2010



Conference Call
March 28, 2011

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Agenda

Introduction & Business Update

Anastasiia Sobotiuk,
Investor Relations and Communications, MHP

Q4 and FY 2010 Financials

Victoriia Kapeliushnaia, CFO, MHP

Current Trading & Business Update

Anastasiia Sobotiuk,
Investor Relations and Communications, MHP

Q&A

Yuriy Kosiuk and a team

Section 1

Introduction and Business Update

MHP— Year At-a-Glance – Strong Performance

POULTRY AND RELATED OPERATIONS

KEY EVENTS

- First year at full capacity of the Myronivka poultry farm resulted in chicken meat sales volumes increasing by 21% y-o-y and reached almost 50% of industrially produced chicken
- Due to the robust business model the Company is insulated from the grain price increase
- In mid 2010 the Company started construction of a new green-field Vinnytsia project - the biggest poultry production complex in Europe

BRANDS

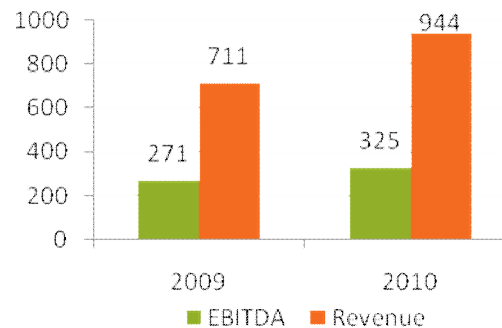


GRAIN GROWING

KEY EVENTS

- Despite adverse weather conditions, MHP's yields are twice the Ukrainian average across all crops
- Ukrainian domestic grain prices growth resulted in increased profitability per hectare for MHP in 2010 compared to 2009
- By the end of 2010 the Company had increased its land bank to around 280,000 hectares of land under control

Revenue and EBITDA evolution
US \$MM



OTHER AGRICULTURAL

KEY EVENTS

- Meat-processing operations is a important driver of this business segment
- Production of value-added products with 50% of the ingredients being MHP's chicken
- Sales volumes of processed meat products increased by 34% year-on-year

BRANDS



Favorable Macroeconomic Fundamentals

MACROECONOMIC UPDATE

- In 2010 GDP demonstrated 4.5% growth, while private consumption increased by 5.1%
- Ukraine's currency has remained stable with FX rate less than UAH 8.00 / US\$1
- Ukrainian sovereign credit rating recently upgraded (S&P to B+, Moody's to B2, Fitch to B) due to political stabilization and improved economic outlook

AGRICULTURAL PRODUCE

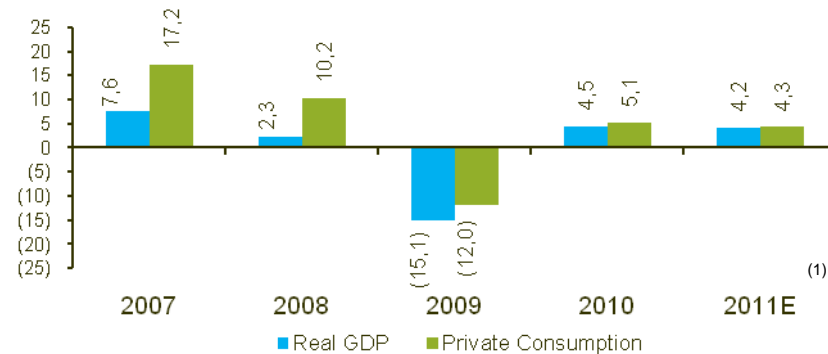
- Agriculture constitutes 8% of Ukraine's GDP
- In 2010, Ukraine has harvested 39.9 mm tonnes of grain which is approximately 12% lower compared to 2009 (44.4 mm tonnes) despite unfavourable weather conditions in summer 2010
- Overall meat consumption per capita in 2010 reached 52 kg, an increase of 5% but still remained one of the lowest in Europe
- Imports continue to be a substantial part of meat consumption which is 16% (2010: 349,000 tonnes)
- Overall meat production increased by around 7% substantially driven by chicken meat, production of which is mostly industrialized

Source: USDA, FAPRI, Committee of Statistics of Ukraine and Broker Research

(1)Global Insight

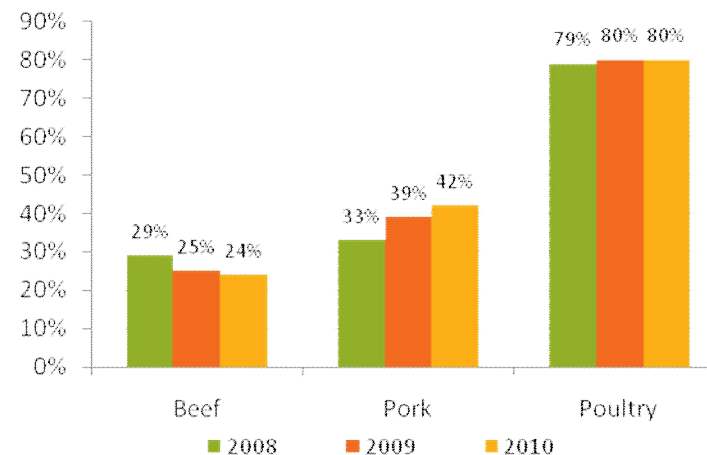
Real GDP and Private Consumption

% Change



Industrial Meat Production in Ukraine

% of Total Domestic Production



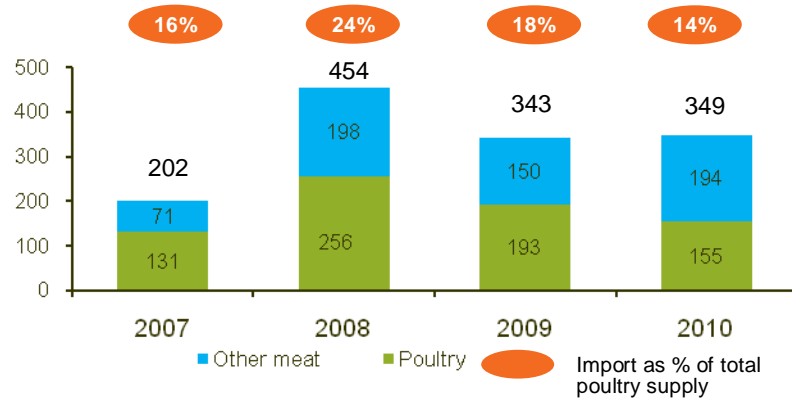
Poultry Market

FUNDAMENTALS

- Industrial chicken production increased by 8%
- MHP's poultry production growth outpaced Ukraine's industrial poultry production and grew by 24%
- In 2010 Ukraine continued to import chicken, which is 14% of poultry consumption and constituted 155,000 tonnes (2009: 193,000 tonnes)
- Industrial poultry market is consolidated: top 5 producers account app. 80%
- MHP is a leader in the Ukrainian poultry market with around 50% of industrial production and 33% of domestic consumption with one of the strongest food brands "Nasha Riaba"

Imported Meat

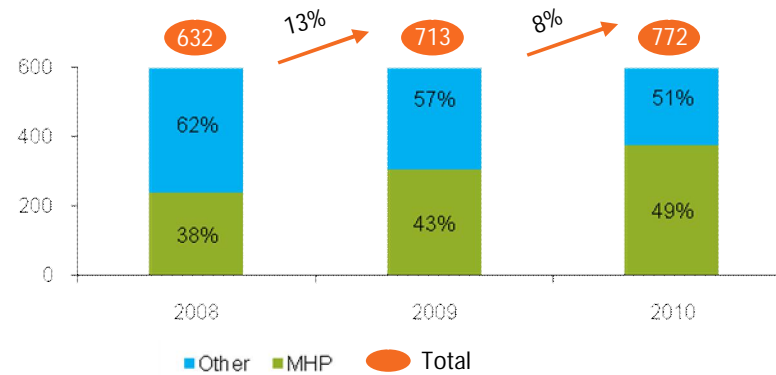
'000 Tonnes



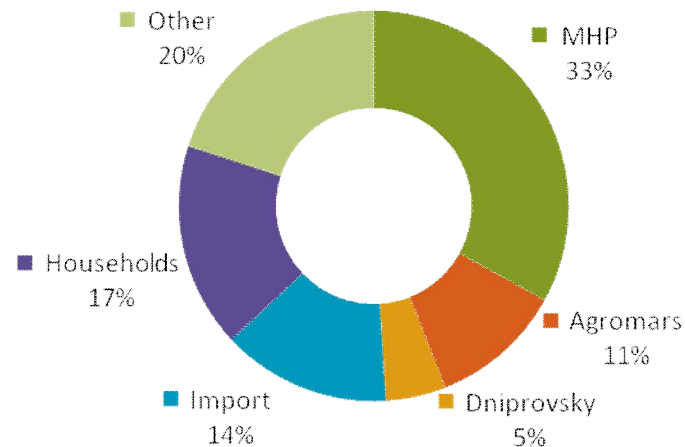
Source: Ukraine Committee of Statistics

Industrial Poultry Production in Ukraine

'000 tonnes, Processed Weight



Domestic Poultry Market 2010 (by consumption)



Section 2

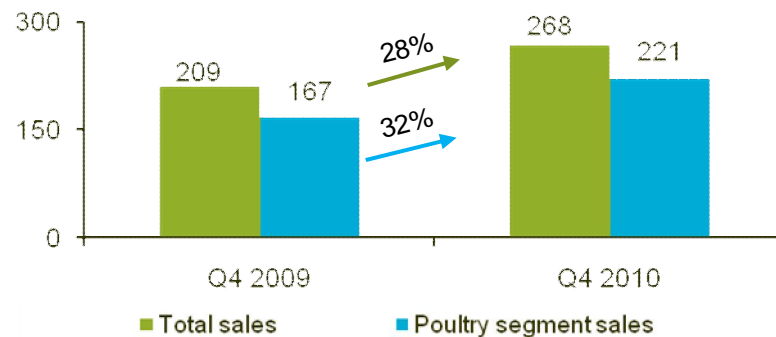
Q4 and FY 2010 Financial Performance

Q4 2010 Key Financials

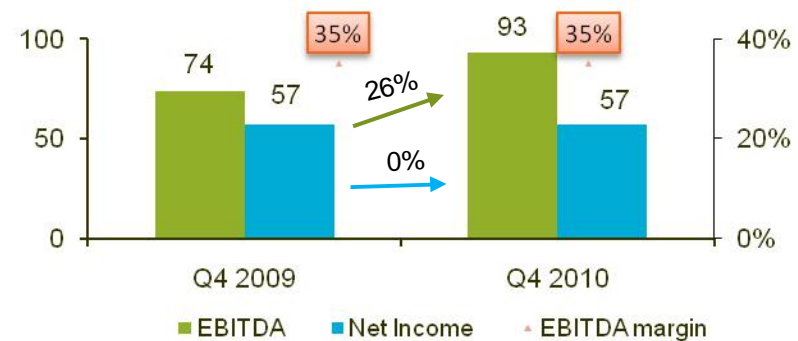
- 28% revenue increase in Q4 2010 was mostly driven by poultry segment growth
- MHP margins are well-protected from the grain price volatility through unique vertical integration, strong cost control as well as a high degree of self-sufficiency in key raw materials
- MHP benefits operating in the poultry business, as chicken meat is the least sensitive to the increase in grain prices among all types of meat production

		Q4 2010	Q4 2009	%*
Revenue	US\$,m	268	209	28%
IAS 41 standard gains	US\$,m	(1)	5	n/a
Gross profit	US\$,m	67	54	23%
Gross margin	%	25%	26%	-1%
Operating profit	US\$,m	68	55	23%
Operating margin	%	25%	27%	-2%
EBITDA	US\$,m	93	74	26%
EBITDA margin	%	35%	35%	-
Net income	US\$,m	57	57	0%
Net income margin	%	21%	27%	-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.

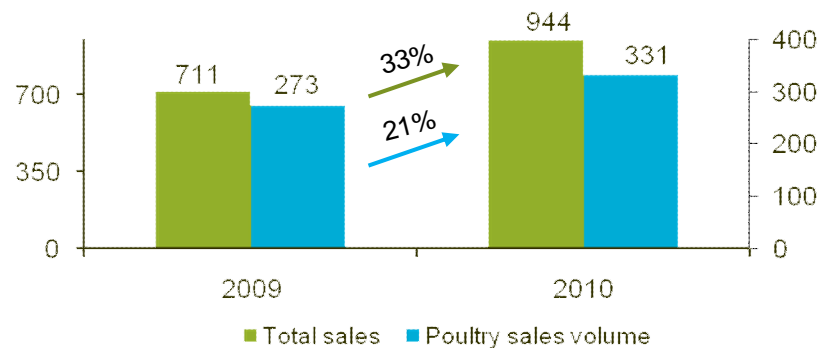
** Hereinafter average exchange rates: 1\$ = 7.93 UAH (Q4 2010), 1\$ = 7.99 (Q4 2009).

2010 Key Financials

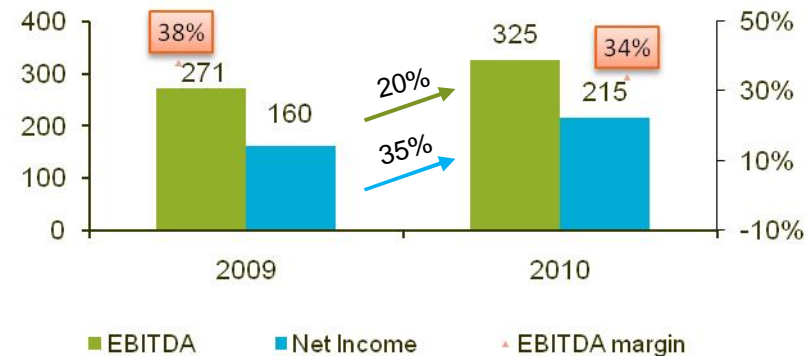
- 2010 revenue increased by 33% mostly driven by the increase in volume and prices of chicken meat and sunflower oil
- 2010 EBITDA margin decreased to 34%, however the Company continued to demonstrate superior profitability with EBITDA increasing by US\$ 54m y-o-y
- Net income increased by 35% in line with EBITDA growth

		FY 2010	FY 2009	%*
Revenue	US\$,m	944	711	33%
IAS 41 standard gains	US\$,m	29	35	-18%
Gross profit	US\$,m	293	247	18%
Gross margin	%	31%	35%	-4%
Operating profit	US\$,m	257	219	17%
Operating margin	%	27%	31%	-4%
EBITDA	US\$,m	325	271	20%
EBITDA margin	%	34%	38%	-4%
Net income	US\$,m	215	160	35%
Net income margin	%	23%	23%	-

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



EBITDA and Net Income
US\$, m



Source: Company data

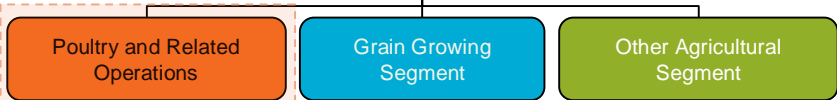
* Delta in percentage for ratios (% indicators) is calculated as a difference between the ratio in the current reporting period and the ratio in the previous reporting period.

** Hereinafter average exchange rates: 1\$ = 7.94 UAH (2010), 1\$ = 7.79 (2010).

Financial Results by Segment

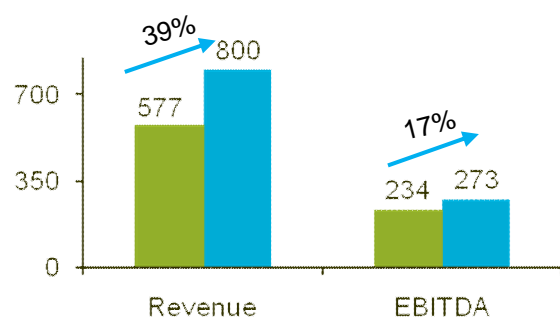
Based on 2010

MHP Group

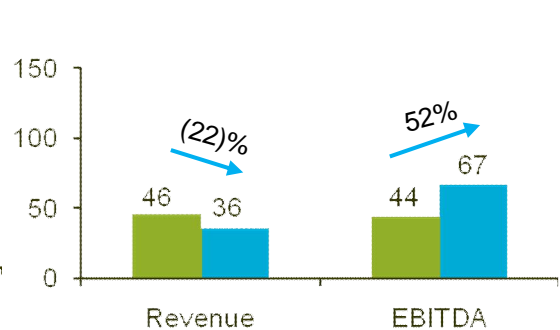


US\$,m	Poultry and Related	Grain	Other Agricultural	Unallocated	MHP Consolidated
Revenue	800	36	108		944
<i>% of Total Revenue</i>	85%	4%	11%		100%
<i>Including Export Sales</i>	218	22			240
Gross Profit	240	46	6		293
EBITDA	273	67	9	(24)	325
EBITDA Contribution by Segment	84%	21%	3%	(8%)	100%
EBITDA Margin, %	34%	n/a ⁽¹⁾	9%	n/a	34%

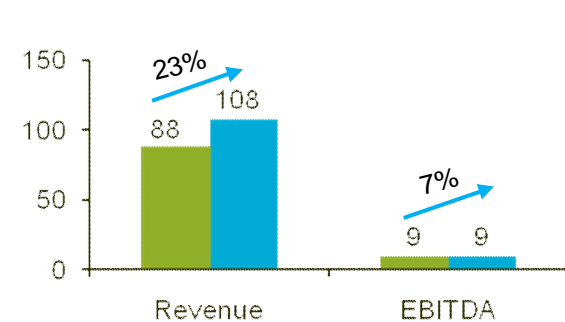
Poultry segment, US\$, m



Grain segment, US\$, m



Other Agro segment, US\$, m



Source: Company data

■ 2009 ■ 2010

■ 2009 ■ 2010

(1) Adjusted grain growing segment margin is 42%. Original number is distorted by inter-company sales of grain to poultry segment for fodder production

Poultry and Related Operations (Q4 and FY 2010)

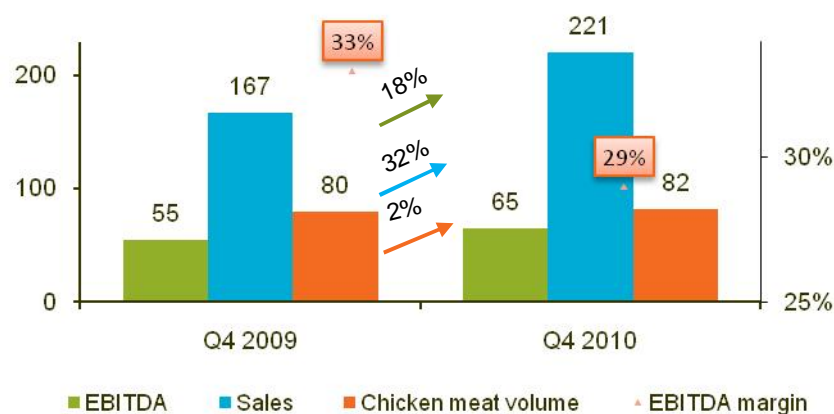
Segmental Financial Performance

- 21% y-o-y increase in chicken meat sales volumes as a result of the Myronivka poultry farm operating at full capacity full year
- Average chicken meat price in 2010 increased by almost 7% compared to 2009
- Lower EBITDA margin in poultry segment in 2010 (34% compared to 41% in 2009) was compensated by higher financial result in grain growing segment

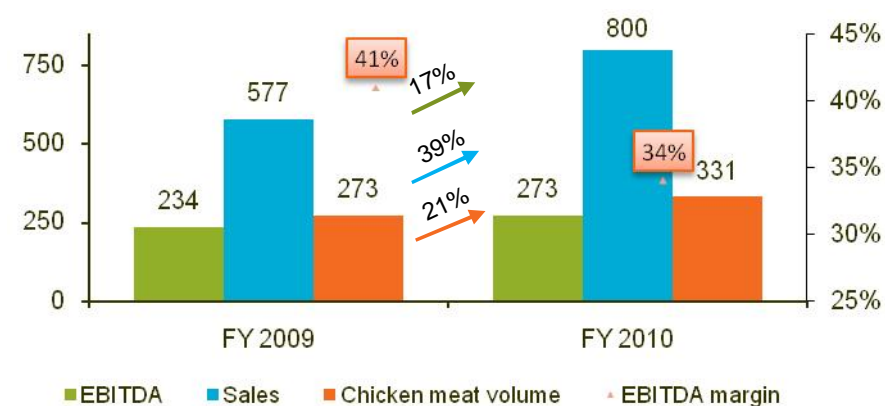
		Q4 2010	Q4 2009	%*	FY 2010	FY 2009	%*
Revenue	US\$,m	221	167	32%	800	577	39%
- Poultry and other	US\$,m	167	129	29%	620	476	30%
- Sunflower oil	US\$,m	54	38	43%	180	101	78%
IAS 41 standard gains	US\$,m	1	5	-76%	9	17	-43%
Gross profit	US\$,m	56	48	17%	240	219	10%
Gross margin	%	25%	29%	-4%	30%	38%	-8%
EBITDA	US\$,m	65	55	18%	273	234	17%
EBITDA margin	%	29%	33%	-4%	34%	41%	-7%
EBITDA per 1kg	US\$	0.80	0.69	16%	0.82	0.86	-5%

		Q4 2010	Q4 2009	%	FY 2010	FY 2009	%
Poultry price⁽¹⁾, net VAT	UAH/kg	14.35	12.37	16%	13.65	12.79	7%
Sunflower oil price, net VAT	US\$/tonne	1 174	770	53%	919	721	27%

Q4 Revenues and Sales Volumes
US\$, m / '000 tonnes



FY 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.

** Poultry price FY2010 = US\$1,72; FY2009 = US\$1,64; Average exchange rate FY2010 = UAH7.94, FY2009 = UAH7.79.

Grain (Q4 and FY2010)

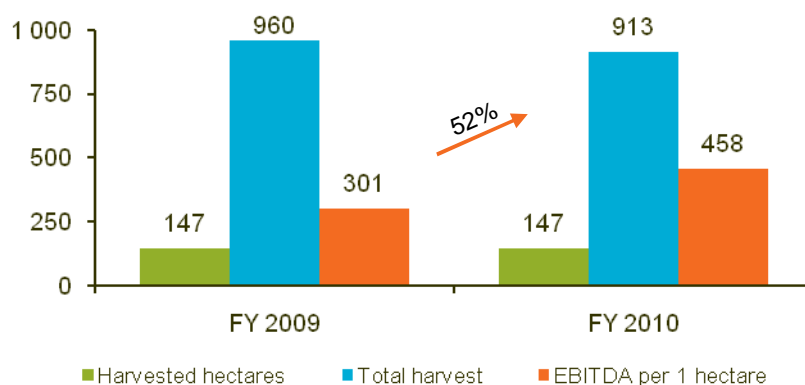
Segmental Financial Performance

- Grain segment revenue includes only external sales of grain, mostly wheat and rapeseed
- MHP yields remained significantly higher than the Ukrainian average, despite unfavorable weather conditions in the summer of 2010
- EBITDA per hectare in 2010 was significantly higher compared to the last year due to higher grain prices which fully compensated lower yields

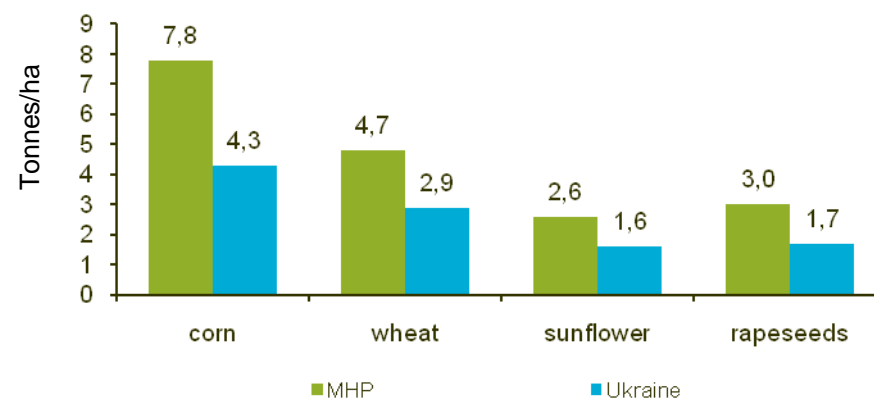
		Q4 2010	Q4 2009	%*	FY 2010	FY 2009	%*
Revenue	US\$,m	14	20	-30%	36	46	-22%
IAS 41 standard gains	US\$,m	-5	-3	93%	17	18	-5%
Gross profit	US\$,m	9	6	54%	46	25	86%
EBITDA	US\$,m	29	23	25%	67	44	52%
EBITDA per 1 hectare	US\$	n/a	n/a	n/a	458	301	52%

2010 Harvest highlights

'000 hectares / '000 tonnes / US\$ per 1 hectare



2010 Crops Yield in MHP vs. Ukrainian Average



Source: Company data

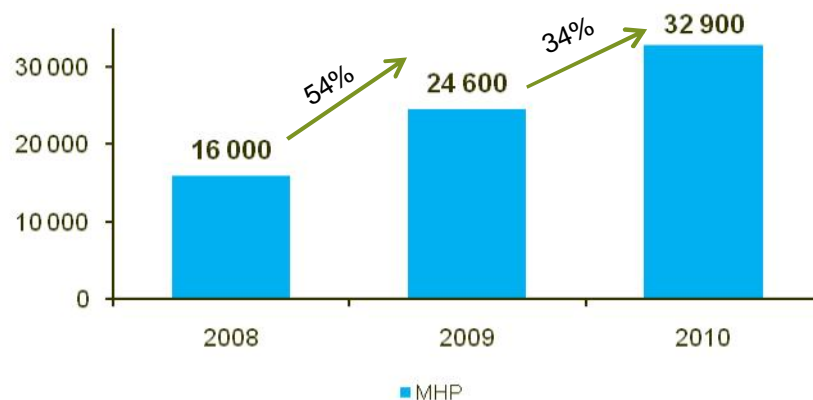
* Delta in percentage for ratios (% indicators) is calculated as a difference between the ratio in the current reporting period and the ratio in the previous reporting period.

Other Agricultural Operations (Q4 and FY 2010)

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
- During 2010 the Company continued to execute its strategy of growing its share of the local meat processing market

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.

		Q4 2010	Q4 2009	%*	FY 2010	FY 2009	%*
Revenue	US\$,m	33	22	50%	108	88	23%
- Meat processing	US\$,m	22	15	53%	79	60	32%
- Other	US\$,m	11	7	45%	29	28	4%
IAS 41 standard gains	US\$,m	3	2	18%	3	1	259%
Gross profit	US\$,m	2	1	163%	6	3	88%
Gross margin	%	6%	3%	3%	6%	4%	2%
EBITDA	US\$,m	4	3	46%	9	9	7%
EBITDA margin	%	13%	14%	-1%	9%	10%	-1%

		Q4 2010	Q4 2009	%	FY 2010	FY 2009	%
Price per 1 kg of meat processing products, net VAT	UAH/kg	18.52	17.24	7%	17.59	17.33	2%



Cash Flow

US\$,m	Q4 2010	Q4 2009	FY 2010	FY 2009
Cash from operations	74	54	263	201
Change in working capital	(85)	(26)	(167)	(78)
Net cash from operations	(11)	28	97	123
Cash from investing activities	(90)	(23)	(203)	(144)
<i>Non-cash investments</i>	(6)	(10)	(20)	(27)
CAPEX	(96)	(33)	(223)	(171)
Cash from financing activities	76	(6)	250	(28)
<i>Including treasury shares acquisition</i>	-	-	(46)	-
Non-cash financing	6	10	20	27
Deposits	-	(7)	(127)	18
Total financing activities	82	(3)	143	17
Total change in cash	(25)	(9)	17	(32)

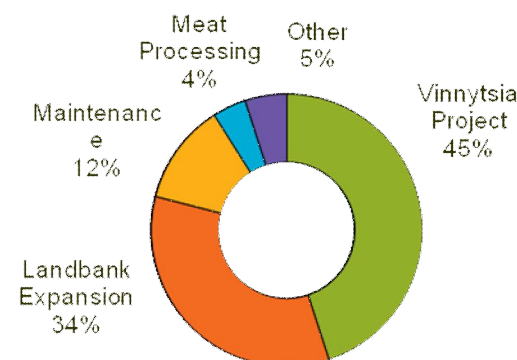
CAPEX

- 2010 CAPEX amounted to US\$ 223 million and it was mainly associated with:
 - Start of investment into the Vinnytsia poultry complex
 - Land bank increase
 - Reconstruction and improvement of existing facilities
- In Q4 2010 most CAPEX was associated with the Vinnytsia project

CASH FLOWS

- In Q4 and FY 2010, cash flow from operations increased by 37% and 31% respectively in line with EBITDA growth
- The main contributors to the working capital increase were:
 - Purchase of sunflower seeds stocks in 2010 through own cash and credit facilities while in 2009 the Company used forward contracts with Toepfer (US\$ 54m)
 - VAT related to intensive CAPEX programme (US\$ 48)
 - Increase in agricultural produce, mainly grains (US\$ 22m)
 - Increase in inventories due to higher sunflower seeds price (US\$ 19 m)
 - Trade accounts receivables increased mainly due to higher chicken meat prices and increase in meat processing product sales (US\$ 11m)
 - Increase in biological assets in grain growing segment related to winter sowing campaign larger area (US\$ 9m)

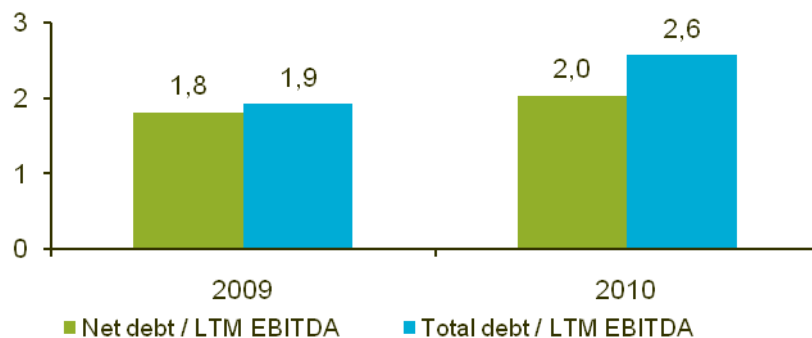
2010 CAPEX Breakdown US\$ m



Source: Company data

Debt Structure Analysis

Leverage Dynamics



Total Debt (US\$,m)	31.12.10	31.12.09
Total Debt	832	519
2011 Notes	10	248
2015 Notes (balance sheet value)	563	
Financial Leases and LT loans	148	151
ST Loans	111	114
Cash and Deposits	174	30
Net Debt	658	489

Source: Company data

(1) Calculated as EBITDA / Net interest expense

- Total debt increased during 2010 and was US\$ 832 million as of December 31, 2010
 - Debt proceeds were mainly used for the land bank expansion, Vinnitsa project investments and sunflower seeds purchasing
- The Company is in full compliance with its existing 2015 Notes covenant ratio
 - Net Debt / LTM EBITDA ratio as of December 31, 2010 was 2.03 vs. 2.50 Eurobond covenant
- Most of the debt is denominated in US dollars
- Interest coverage ratio⁽¹⁾ for LTM amounted to 5.2
- MHP is fully hedged against FX risk
 - Revenue from exports of sunflower oil and husks, wheat, rape and poultry is used to cover debt servicing
 - In 2010 MHP received US\$240 million of US dollar denominated export revenue
- As of the end of 2010 MHP had U.S.\$174 million in cash and deposits mostly denominated in US dollars

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, 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 has already purchased all required seed and fertilizers for the 2011 spring campaign

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
- The Company will continue to increase production of value-added products maintaining its leadership in the highly fragmented meat-processing market

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	2010 US\$ '000	2009 US\$ '000
Total Revenue	944,206	711,004
<i>Net change in fair value of bio-assets and agri-produce</i>	29,014	35,236
Cost of sales	(680,637)	(499,163)
Gross profit	292,583	247,077
<i>Gross margin, %</i>	31.0%	34.8%
SG&A	(102,107)	(80,972)
VAT refunds and other government grants recognized as income	82,058	67,812
Other operating expenses, net	(15,750)	(14,633)
Operating profit before loss on impairment of PPE	256,784	219,284
Depreciation	67,902	51,677
EBITDA	324,686	270,961
<i>EBITDA margin, %</i>	34.4%	38.1%
Loss on impairment of PPE	-	(1,304)
Operating profit	256,784	217,980
Net finance income and expense	(49,635)	(46,994)
Foreign exchange gains (<i>mostly, non cash</i>)	10,965	(23,580)
Other Income/Expense, net	(793)	6,109
Profit before tax	217,321	153,515
Taxes	(1,873)	6,488
Net income	215,448	160,003
<i>Net margin, %</i>	22.8%	22.5%

Source: Company data

Balance Sheet

US\$ '000	31 December 10 US\$ '000	31 December 09 US\$ '000
Property plant and equipment	744,965	634,269
Non-current biological assets	43,288	36,235
Other non-current assets	66,674	40,424
Total non-current assets	854,927	710,928
Cash and deposits	173,781	29,880
Inventories	113,491	92,260
Trade accounts receivable	53,395	43,377
Biological assets	135,410	112,978
Agricultural produce	113,850	66,227
Taxes recoverable and prepaid	107,824	66,958
Other current assets	21,331	15,297
Total current assets	719,082	426,977
Equity	670,368	494,408
Long-term debt	658,300	348,635
Other long-term liabilities	2,903	9,280
Total non-current liabilities	661,203	357,915
Trade accounts payable	19,012	72,380
Short-term debt	173,811	164,248
Other current liabilities	49,615	48,954
Total current liabilities	242,438	285,582
TOTAL EQUITY AND LIABILITIES	1,574,009	1,137,905

Source: Company data

(1) Closing exchange rates as of period end: 1\$ = UAH 7.9617 (31.12.2010), 1\$ = UAH 7.985 (31.12.2009)

Cash Flow Statement

US\$ '000	2010 US\$ '000	2009 US\$ '000
OPERATING ACTIVITIES:		
Operating profit before working capital changes	263,231	200,786
Change in working capital	(166,651)	(77,724)
Net cash generated from operating activities	96,580	123,062
INVESTING ACTIVITIES:		
CAPEX	(222,819)	(170,913)
<i>Including non-cash investments</i>	20,335	26,607
Assets sale and other	(190)	717
Deposits	(127,054)	17,722
Net Cash used in investing activities	(329,728)	(125,867)
FINANCING ACTIVITIES:		
Net cash generated from financing activities	250,150	(28,176)
<i>including Treasury shares acquisition</i>	(46,288)	-
Net increase in cash and cash equivalents	17,002	(30,981)
Effects of exchange rates	71	(843)

Source: Company data

