

MHP Presentation

Morgan Stanley Russia Day in Paris



June 2011

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Section 1

MHP at a Glance



MHP—The Leading Agro-industrial Company in Ukraine

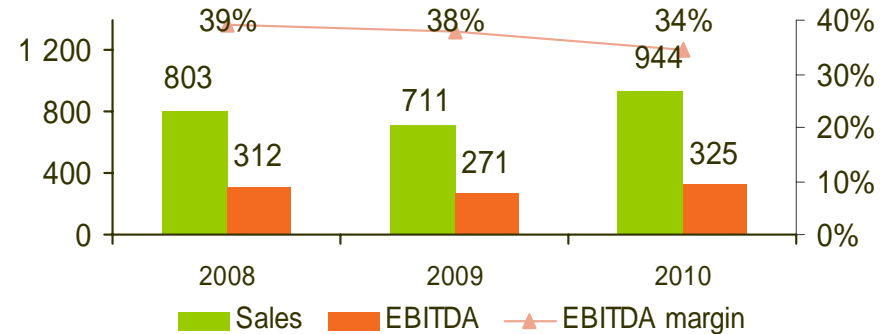
Business Highlights

- Leading vertically integrated poultry producer in Ukraine
 - 33% share in poultry consumption and about 50% share of industrially produced chicken in Ukraine
- Leading Ukrainian producer of meat products and sausages with 10% share
- Well positioned to increase sales in rapidly growing processed meat and sausages market, with steady investment behind processing facilities
- Robust business model of vertical integration
 - MHP operates a leading agricultural business with crop yields significantly higher than Ukraine’s average
 - Poultry business is substantially supported by grain growing segment, which provides fodder for the poultry segment
 - Vertically-integrated business provides best-in-class margins and a hedge against commodity price fluctuations
- MHP operates one of the largest land banks in Ukraine

Key Brands



Revenue and EBITDA evolution US\$ mm



Key Operational Figures, by capacity ⁽¹⁾ As of June, 2011

Agricultural land bank	280,000 ha
Meat processing (sausages, convenience food, etc)	100,000 t
Chickens processing per week	3.6 mm
Poultry meat	360,000 t
Feed production	1,260,000 t
Sunflower oil production	200,000 t

Note:

(1) Annual figures otherwise stated

Source: Company information

Section 2

Macro and Industry Overview

Favorable Macroeconomic Fundamentals

Macroeconomic Update

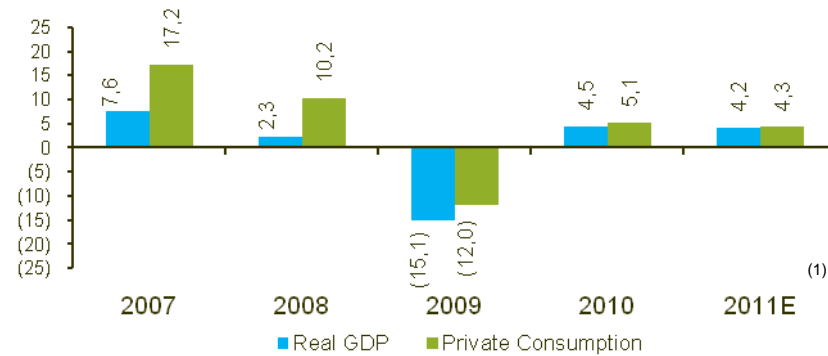
- In 2010 GDP demonstrated 4.5% growth, while private consumption increased by 5.1%
- Ukraine's currency has remained stable with FX rate less than UAH 8.00 / US\$1
- Ukrainian sovereign credit rating recently upgraded (S&P to B+, Moody's to B2, Fitch to B) due to political stabilization and improved 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% compared to 2009 but still remained one of the lowest in Europe

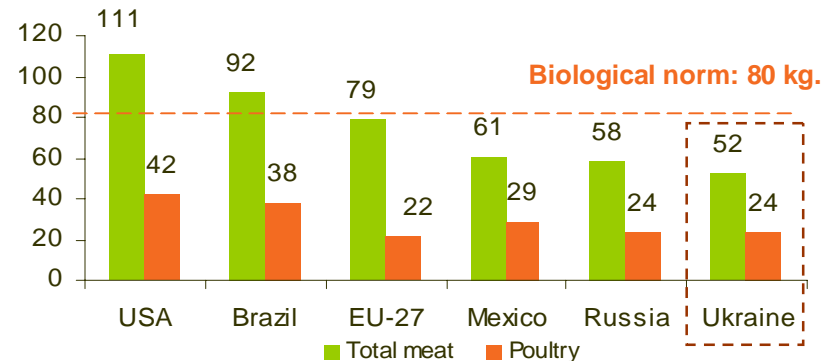
Real GDP and Private Consumption

% Change



Meat Consumption in 2010

Kg per Capita

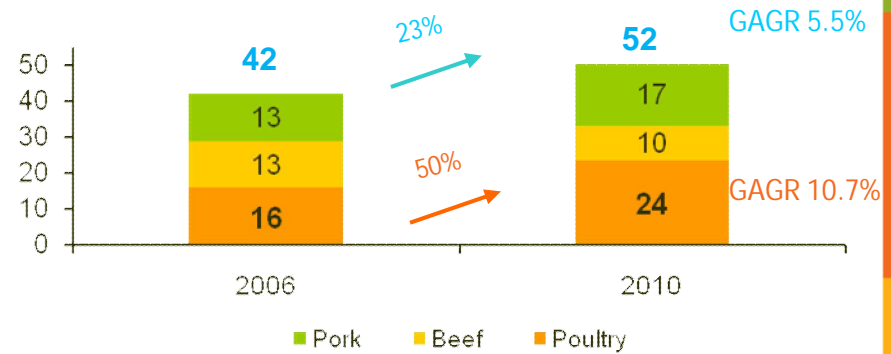


Source: USDA, FAPRI, Committee of Statistics of Ukraine and Broker Research

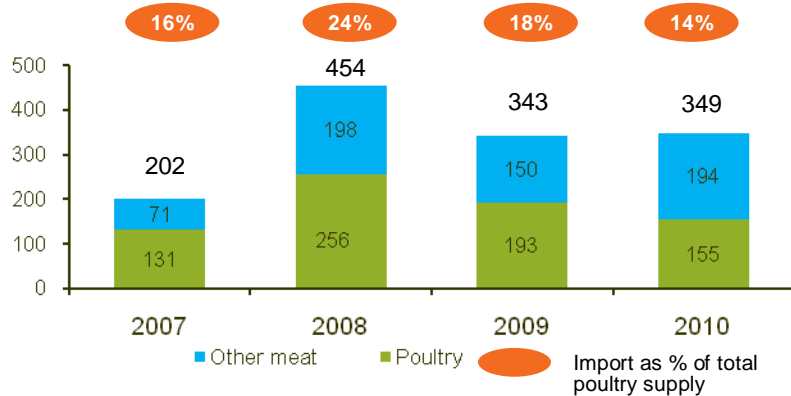
Ukrainian Meat Market 2010

- 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
- Approximately 50% of domestic meat production is industrially produced with the rest attributable to households
- Poultry is the main driver for consumption growth and has been substituting beef over the last several years

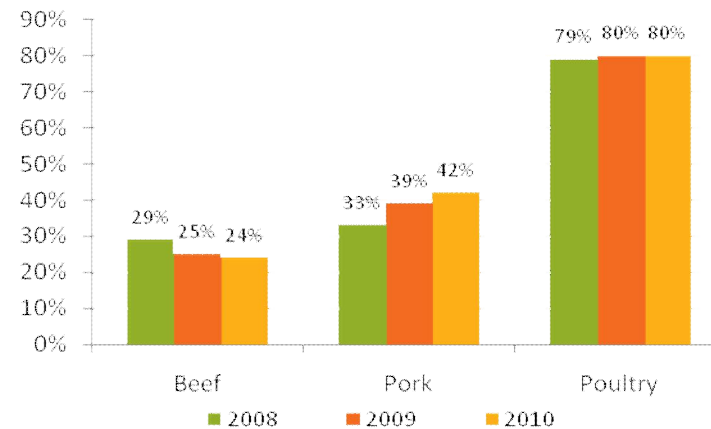
Meat Consumption Split Kg per Capita



Imported Meat '000 Tonnes



Industrial Meat Production in Ukraine % of Total Domestic Production



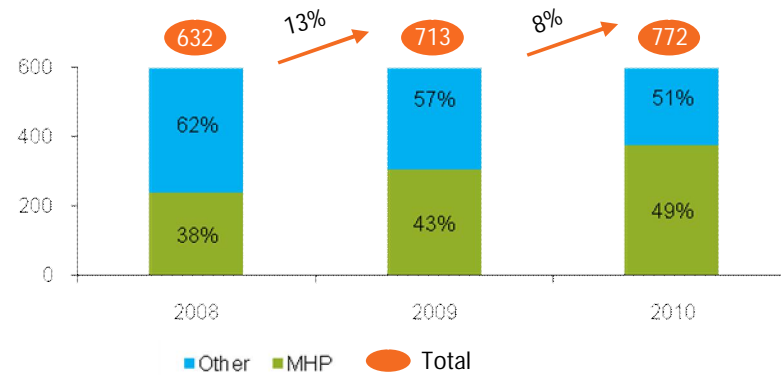
Source: GFK, Ukrainian Statistics Committee

Ukrainian Poultry Market 2010

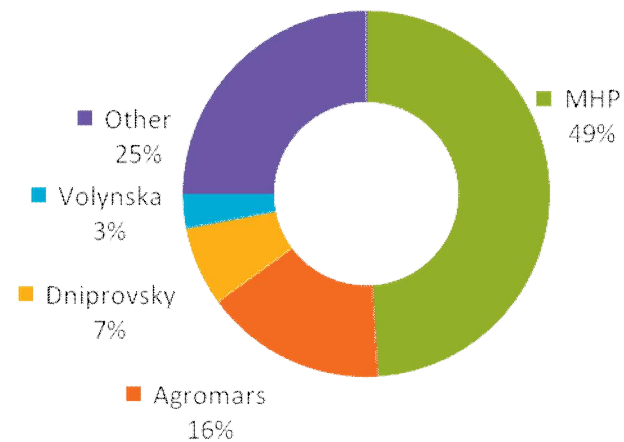
- Industrial chicken production increased by 8%
- MHP's poultry production growth outpaced Ukraine's industrial poultry production and grew by 24%
- In 2010 Ukraine continued to import chicken, which is 14% of poultry consumption and constituted 155,000 tonnes (2009: 193,000 tonnes)
- Industrial poultry 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"

Industrial Poultry Production in Ukraine

'000 tonnes, Processed weight



Domestic Poultry Market 2010 (by industrial production)



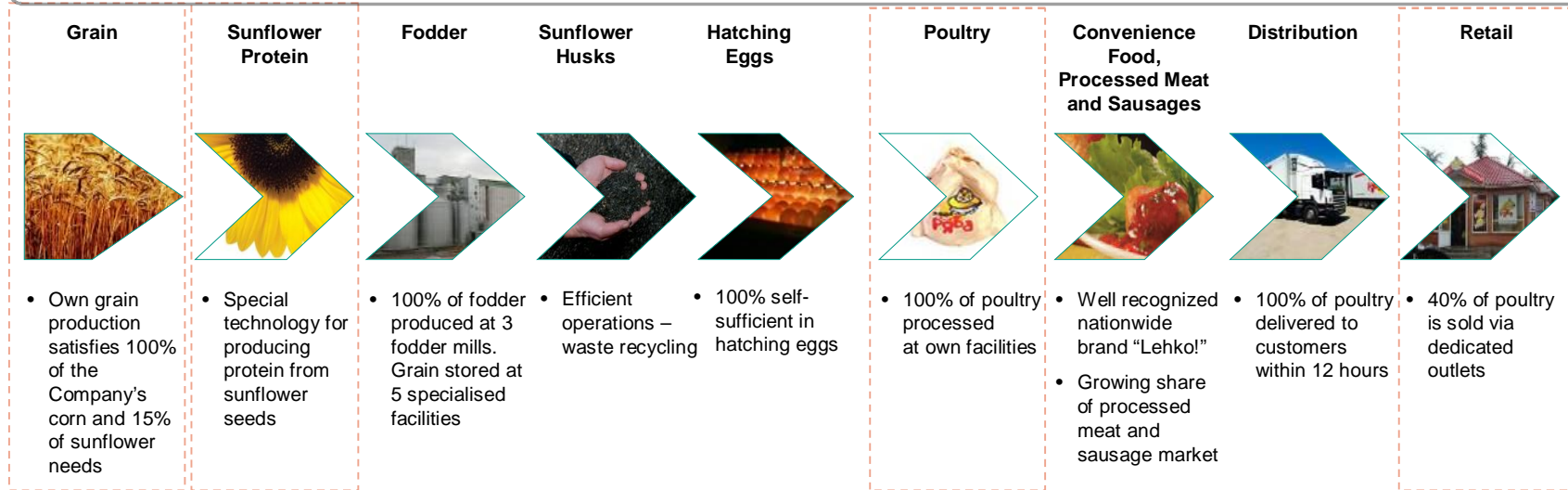
Section 3

Business Overview

Unique Integrated Business Model

MHP is Fully Self-sufficient in Corn Production and Most Other Raw Materials—a Key Competitive Advantage to Its Peers

Less exposure to commodity cost volatility due to high level of self-sufficiency



Significant existing capacities (360,000 tonnes of chicken meat)

- 280,000 hectares of land under control
- 576,000 tonnes of sunflower seeds (about 200,000 tonnes of sunflower oil)
- 3 fodder mills – over 1 million tonnes fodder
- Grain storage facilities 735,000 m3
- Increased self sufficiency in energy supplies to ensure lower costs
- 2 breeder farms, over 250 mm hatching eggs per year
- 4 broiler farms, 360,000 tonnes of chicken meat per year
- Over 60,000 tonnes of convenience foods, sausages and cooked meat per year
- Fleet of more than 450 vehicles
- Appx. 2,600 dedicated outlets

International Peers



Sadia



Poultry Production Capacity

Myronivka Farm and Vinnytsia Farm — the Largest Poultry Facilities in Europe

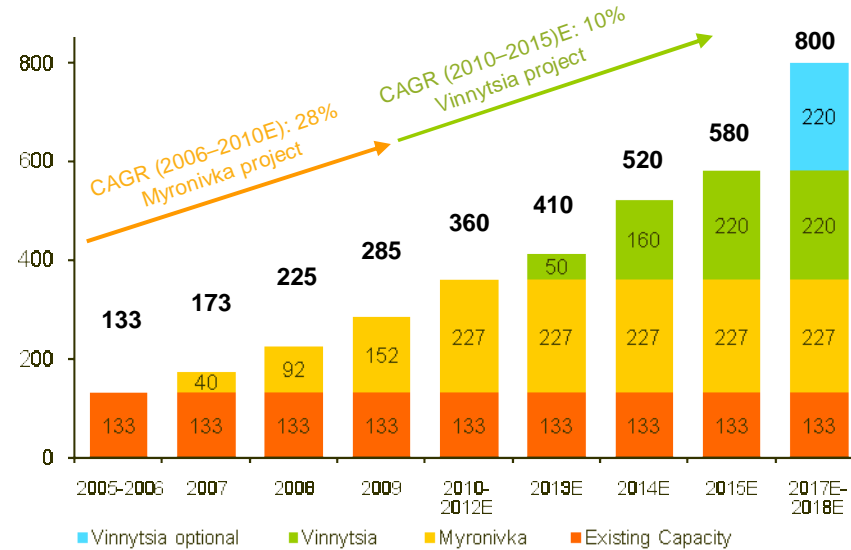
MYRONIVKA PROJECT

- MHP's four broiler farms run at 100% capacity
- Myronivka is MHP's largest poultry production facility and one of the largest poultry complexes in Europe with combined production capacity of approximately 220,000 tonnes
 - Fully integrated modern production facility with a breeding farm, a new hatchery, a modern processing plant, and a fodder plant
 - Poultry production costs at Myronivka are significantly lower than at other MHP poultry farms

VINNYTSIA PROJECT

- New Vinnytsia poultry complex is expected to have total capacity of 440,000 tonnes of chicken meat/year
 - The first phase is expected to add 220,000 tonnes of chicken meat per year starting from 2013, the second phase is to be decided in 2015
 - Projected CAPEX for the first phase is expected to be US\$750 mm
- Significant progress already made at Poultry Complex, Fodder Plant and Infrastructure
 - Construction of the hatchery, a slaughter house and 2 chicken brigades is 60% complete
 - Installation of the equipment will begin in September 2011
 - Construction of the sunflower seeds and grain silos is 95% complete
 - Roads, railways, homes, kindergartens are being built

Production Increase Schedule '000 Tonnes, Adjusted Weight



Vinnytsia Project Construction Progress



Grain Growing

MHP's Vertically-integrated Business Platform Helps Drive Best-in-class Margins

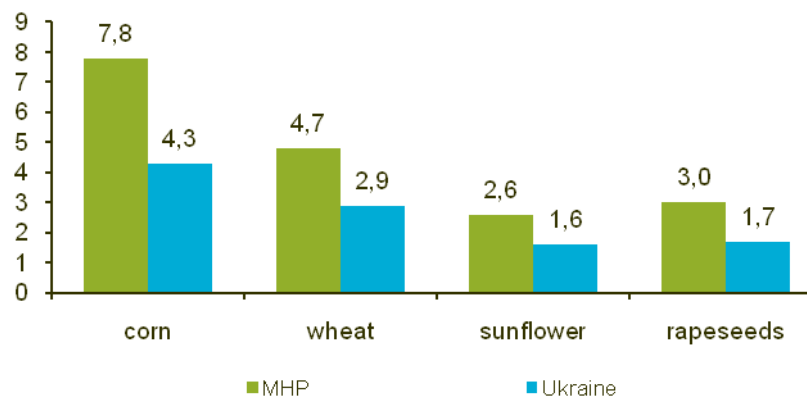
- MHP has extensive cultivation capacities focused on growing 4 main crops: corn, sunflower, wheat and rape
 - Corn and sunflower are used internally for fodder production
 - MHP is 100% self-sufficient in corn since 2008
 - Other crops (mainly wheat, rape and barley) are sold at market prices

- Despite unfavorable weather conditions in summer 2010, MHP yields remain significantly higher than that of Ukrainian average
 - 2010 lower yields are also compensated with higher grain prices, therefore EBITDA per hectare is higher than last year

- EBITDA per 1 hectare in 2010 increased by 52% to US\$ 458 compared to US\$ 301 in 2009
- In 2011 we will harvest additional 100,000 hectares



2010 Crops Yield in MHP vs. Ukrainian Average
Tons per hectare



(1) MHP yields are based on the net weight

(2) Ukrainian average yields are based on the bunker weight

Source: Company information, GFK, Ukrainian Statistics Committee

Meat Processing and Brand Development

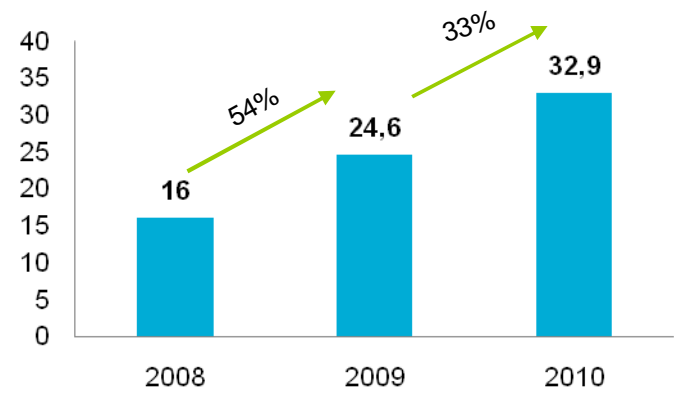
MHP's Meat Processing Business Will Drive Growth in Coming Years

Meat Processing Business Overview

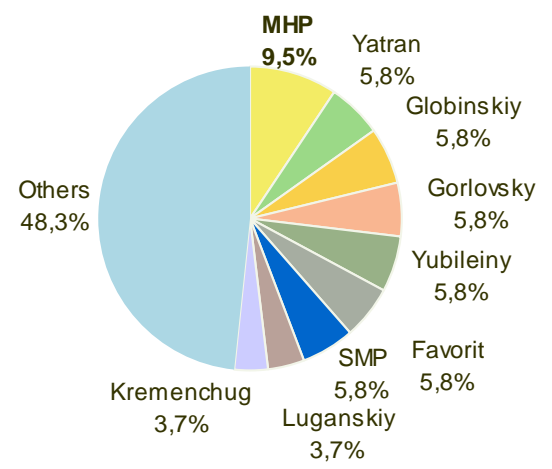
- MHP is the market leader in meat processing with approximately 10% share in Ukraine
- Ukrainian meat processing market is highly fragmented due to regional differences in taste/brand loyalty
- MHP acquired "Ukrainian Bacon" in July 2008
 - "Ukrainian Bacon" produces sausages and cooked meat products in the mass segment
 - MHP has shifted its product portfolio mix in this segment towards low price products in accordance with current consumer demand



Meat Processing Operating Update '000 Tonnes



Major Ukrainian Meat Processors⁽¹⁾



MHP Product Offering



(1) As of September 2010
Source: Company information, Ukrainian Statistics Committee

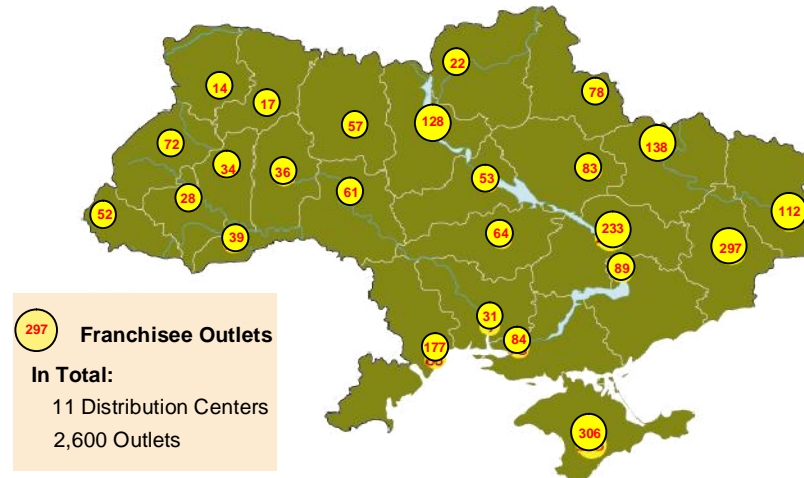
Extensive Distribution Network with Further Growth Potential

MHP's Broad Distribution Platform Is a Key Competitive Strength

Distribution Network Overview

- MHP owns 11 distribution centres and a fleet of more than 500 refrigerator trucks
- Distributes products to approximately 2,600 outlets across Ukraine
- MHP's sales channels are composed of both the branded franchisee network and retail chains
- Well-diversified customer base—no customer accounts for more than 8% of total sales
- Margin improvement through logistics efficiency

Strong Presence Across Ukraine



Cost Efficiency
Quality Control
Distribution Channel for
New Products

Source: Company information

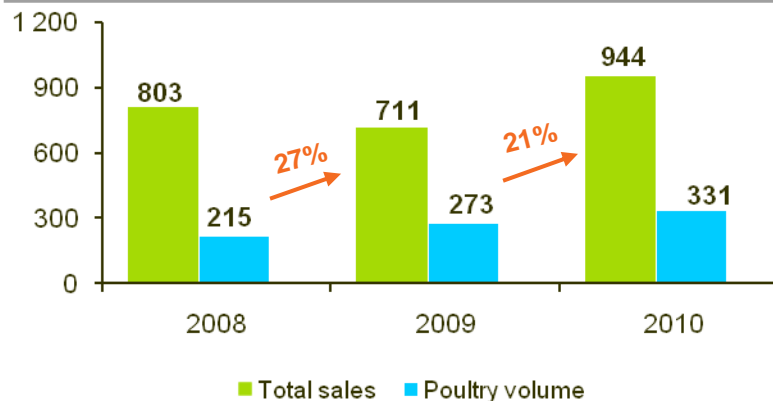
Section 4

Financial Performance

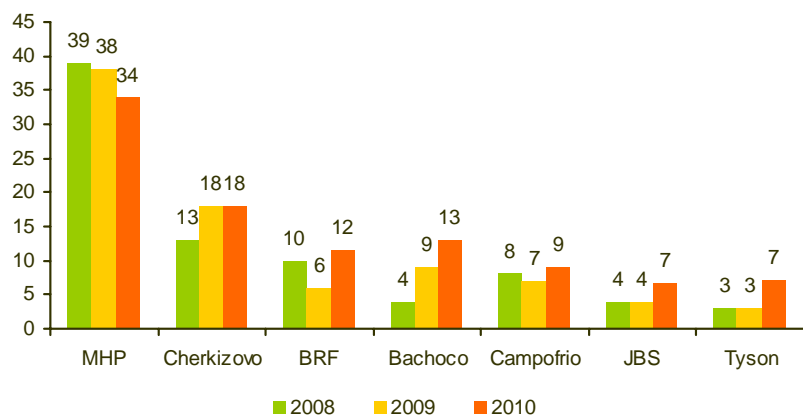
Key Financials

- Despite the challenging market environment in 2010 MHP achieved growth in revenues and profits
- Sustainable superior business profitability due to the vertical integration model and skillful cost control despite commodity price fluctuations

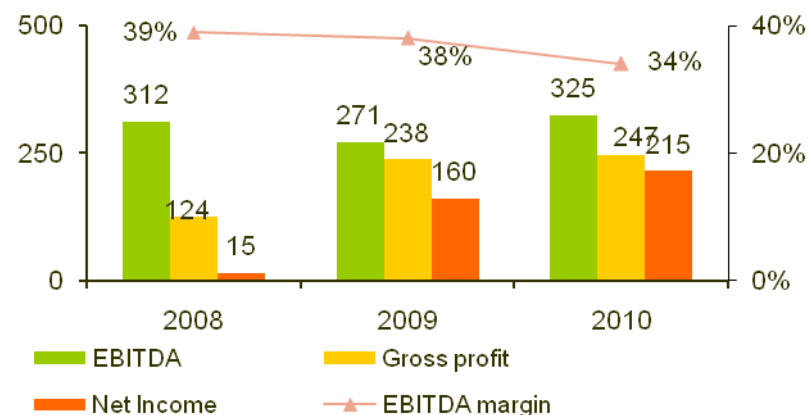
Revenues and Sales Volumes US\$, m / Poultry sales, '000 tonnes



Superior Profitability: 2008-2010 EBITDA Margin %



EBITDA, Gross Profit and Subsidies US\$, m



(1) Source: Company data

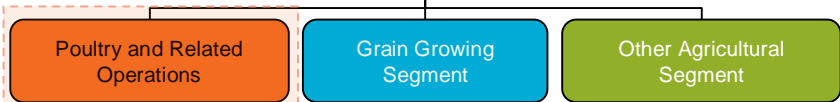
(2) Source: Companies' filings

(3) Average exchange rates: 1\$ = 7.94 UAH (2010), 1\$ = 7.79 UAH (2009), 1\$ = 5.27 (2008)

Financial Results by Segment

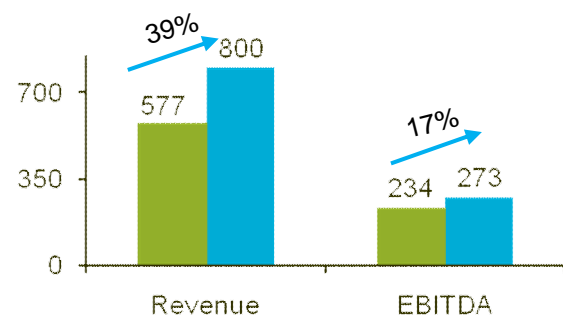
Based on 2010

MHP Group

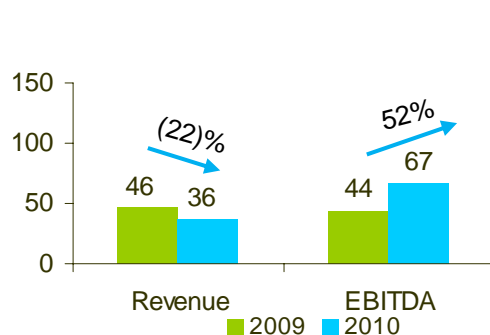


US\$,m	Poultry and Related	Grain	Other Agricultural	Unallocated	MHP Consolidated
Revenue	800	36	108		944
<i>% of Total Revenue</i>	85%	4%	11%		100%
<i>Including Export Sales</i>	218	22			240
Gross Profit	240	46	6		293
EBITDA	273	67	9	(24)	325
EBITDA Contribution by Segment	84%	21%	3%	(8%)	100%
EBITDA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

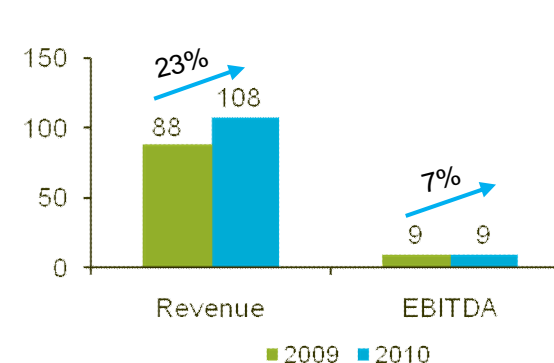
Poultry segment, US\$, m



Grain segment, US\$, m



Other Agro segment, US\$, m



Source: Company data ■ 2009 ■ 2010

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

Cash Flow

US\$,m	FY 2010	FY 2009
Cash from operations	263	201
Change in working capital	(167)	(78)
Net cash from operations	97	123
Cash from investing activities	(203)	(144)
<i>Non-cash investments</i>	<i>(20)</i>	<i>(27)</i>
CAPEX	(223)	(171)
Cash from financing activities	250	(28)
<i>Including treasury shares acquisition</i>	<i>(46)</i>	<i>-</i>
Non-cash financing	20	27
Deposits	(127)	18
Total financing activities	143	17
Total change in cash	17	(32)

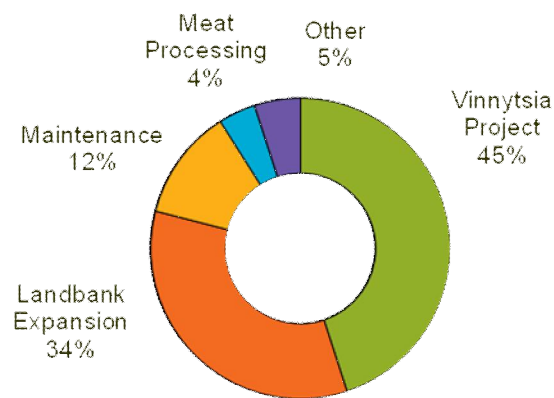
CAPEX

- 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

CASH FLOWS

- In FY 2010, cash flow from operations increased by 31% in line with EBITDA growth
- The main contributors to the working capital increase were:
 - Increase of sunflower seeds prices and purchase of sunflower seeds stocks in 2010 through own cash and credit facilities while in 2009 the Company used forward contracts with Toepfer (US\$ 75m)
 - VAT related to intensive CAPEX programme (US\$ 48)
 - Increase in biological assets in grain growing segment related to winter sowing campaign larger area (US\$ 10m)

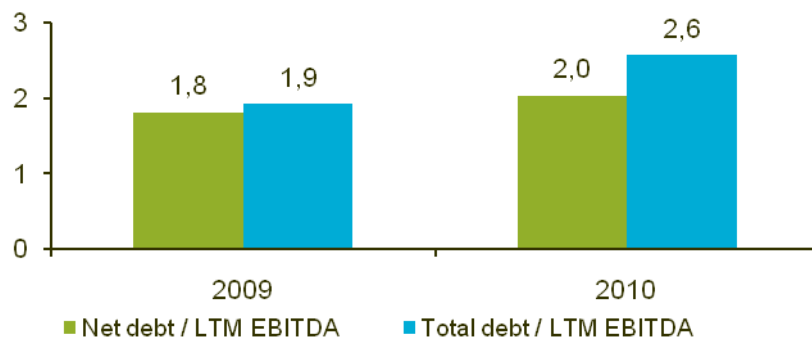
2010 CAPEX Breakdown US\$ m



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

- In 2010 the Company's debt structure improved substantially due to the new Eurobond issue, what allowed us to commence the Vinnytsia complex investments in summer 2010
- Total debt increased during 2010 and was US\$832 million as of December 31, 2010
 - Close to 80% of total debt is a long term debt
 - Average cost of debt in 2010 was below 10%
- 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
- MHP is fully hedged against FX risk
 - Revenues from exports of sunflower oil and husks, wheat, rape and poultry are used to cover debt services
 - In 2010 MHP received US\$240 million of US dollar denominated export revenue
- As of the end of 2010 MHP had US\$174 million in cash and deposits mostly denominated in US dollars

Section 5

Strategy



Strategy

MHP - One of the Leading Agro-industrial Companies in Europe

New Green Field Project in Poultry

Targets:

- Become the #1 poultry producer in Europe
- Serve growing local market
- Use export opportunities to EU countries and Middle East

Capacity:

- First phase (two charges) - additional 220,000 tonnes of chicken meat per year anticipated from 2015
- Potential second phase (additional two charges, plus 220,000 tonnes per year anticipated from 2017)

Location:

- Central Ukraine, Vinnytsia region

Short Description:

- Full cycle vertically integrated poultry complex with a production volume in 4 separate stages, each producing about 110,000 tonnes of poultry per year

Expansion of Grain Business

Targets:

- Two key segments – poultry and grain under one roof as natural hedge against commodities price fluctuations

- Highly profitable business

Capacity:

- Increase the land bank up to 450,000 hectares

Location:

- Central Ukraine mainly – Vinnytsia, Cherkassy, Khmelnytsky, Sumy region

Focus on Further Integration

Increase vertical integration

- Using of co-generation technology and alternative energy sources

Upward integration

- Growing presence in segments of value-added products, such as meat processing and convenience foods
- MHP is now a leader in meat-processing and plans to increase its market share in this industry

Distribution

- Focus on promoting branded products
- Expansion of distribution network to cover most regions of Ukraine

Appendix

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