

BUSINESS DESCRIPTION

AVANGARDCO IPL is one of the leading agro-industrial companies in Ukraine, specialising in the production of shell eggs and dry egg products.

- # 1 producer of shell eggs and dry egg products in Ukraine and Europe*:
 - 29% share of the industrial production of shell eggs in Ukraine in 2017
 - 63% share of the production of dry egg products in Ukraine in 2017.
- One of the largest laying flocks in Europe of 9.3 million hens.
- Modern production assets:
 - Total production capacity of 8.6 billion eggs and 30.1 million laying hens**
 - New full cycle poultry complexes Avis and Chornobaivske with total production capacity of 3.5 billion eggs and 11.2 million laying hens
 - Shell egg processing capacity of 6 million eggs per day.
- One of the leading exporters of shell eggs and dry egg products from Ukraine:
 - 41% of shell eggs and 86% of dry egg products are sold for exports (export generated 42% of consolidated revenue)
 - Diversified geographical sales outreach to 28 countries in the EU, Asia, the Far East, MENA, Sub-Sahara Africa and the CIS.
- High standards of product quality and biosecurity:
 - AvangardCo's Quality Management System is certified to ISO 9001:2015 and its key production facilities are in compliance with ISO 22000:2005 for Food Safety Management Systems
 - Production of shell eggs and egg products is certified to comply with Halal requirements as well as for export to the European Union.

*According to the State Statistics Service of Ukraine, Pro-Consulting, Egg Industry Journal (www.WATTAgNet.com).
 ** Including temporarily closed facilities in Eastern Ukraine and Crimea with a total capacity of 8.4 million laying hens.

FINANCIAL SUMMARY

USD'000	Q1 2017*	Q1 2018*	%
REVENUE	34,004	41,099	21%
GROSS LOSS	(1,570)	(3,551)	-
OPERATING LOSS	(3,704)	(12,778)	-
EBITDA	100	(9,058)	-
NET LOSS	(5,342)	(11,404)	-
Loss per share (basic and diluted), USD	(2)	(1)	-

*Financials include operations with grain, purchased from an affiliated party. Detailed information on this is available at: [www.WATTAgNet.com](#)

OPERATIONAL SUMMARY

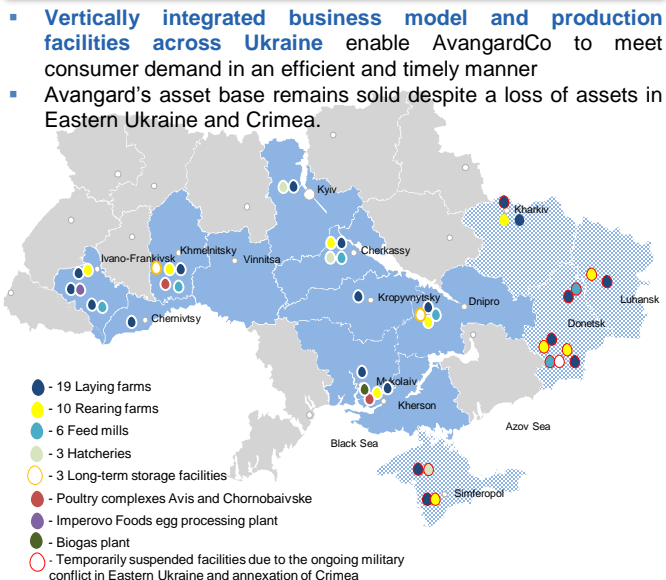
	Q1 2017	Q1 2018	%
Total flock, million heads, eop	14.0	13.3	(5%)
Laying hens, million heads, eop	10.6	9.3	(12%)
Shell egg production, million pcs	462	644	39%
Shell egg sales, million pcs	360	493	37%
Shell egg export, million pcs	30	200	>100%
Shell egg av. sales price, UAH/10 eggs (excl. VAT)	11.3	17.6	56%
Shell egg av. sales price, USD/10 eggs (excl. VAT)	0.42	0.64	52%
Dry egg product production, tonnes	1,095	1,839	68%
Dry egg product sales, tonnes	1,188	1,651	39%
Dry egg product export, tonnes	1,111	1,413	27%
Egg product average sales price, USD/kg	5.27	3.80	(28%)

MODERN PRODUCTION FACILITIES

AvangardCo production facilities are amongst the most modern and technologically advanced in Ukraine. In the last few years, the company invested significant capital into expanding its production capacity, enabling it to meet the growing global demand for shell eggs and dry egg products. The modern technologies combined with a vertically integrated business model ensure highly effective production processes, strict control over quality and lower final costs.



ASSET MAP



OUR BRAND

- AvangardCo sells shell eggs as branded packaged eggs in 10-egg cartons and as non-branded in 30-egg trays
- Packaged shell eggs under the Kvochka umbrella brand are represented in the most popular consumer price segments. In Q1 2018, sales of Kvochka increased by 75% YoY to 70 million units.



SALES THROUGH LEADING RETAILERS

- 45% of shell eggs are sold through supermarkets, including the leading retail chains:



EGG PRODUCTS

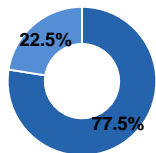
AvangardCo produces the following main types of dry egg products:

- Egg albumen powder, high-whip
- Egg albumen powder, high-gel
- Whole egg powder
- Egg yolk powder
- Heat-stable egg yolk powder

More information is available at: [www.WATTAgNet.com](#)



SHAREHOLDER STRUCTURE



■ Ukrlandfarming PLC ■ Free Float



EUROBONDS

FORMAT: Reg S
AMOUNT: USD 200 million
MATURITY: 29 October 2018 (the maturity was extended via Scheme of Arrangement on 28 October 2015)
COUPON:

- The 5% coupon payable on 29 October 2015 (representing the semi-annual payment of the existing 10% coupon) was paid as follows: (i) 2% in cash and (ii) 3% as payment in kind ("PIK");
- 10% payable semi-annually in arrears on 29 April and 29 October of each year, commencing 29 April 2016, subject to the following PIK and cash payment provisions:

Interest payment date	PIK interest %	Cash interest %
29.04.16	75	25
29.10.16	75	25
29.04.17	50	50
29.10.17	50	50
29.04.18	25	75
29.10.18	0	100

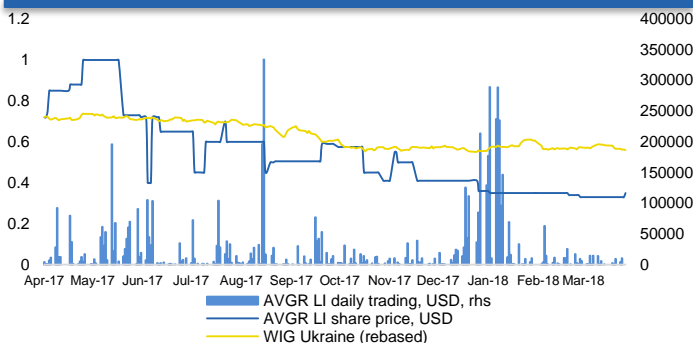
LISTING: LSE

*AVANGARDCO IPL continues to be in discussions with various creditor groups. As part of these discussions, the Company has begun working with an ad hoc committee of bondholders and its advisor on the proposal of restructuring of its US\$200,000,000 10.0% Notes due in 2018 (ISIN: XS0553088708). The Company expects that any restructuring of the Company's debt including the Notes will include a request to restructure the interest payments due under the Notes on 2 May 2018, 2 May 2017 and 30 October 2017. Further updates will be made as the restructuring develops at: [🌐](#)

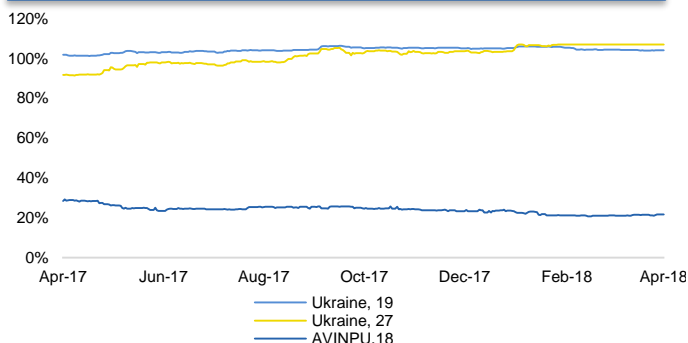
GDRs

TICKER: AVGR LI
STOCK EXCHANGE: LSE
DEAL SIZE: 1,437,500 new ordinary shares in the form of GDRs
USE OF PROCEEDS: Finalization of capacity expansion programme
PROCEEDS: USD 208 million
OFFER PRICE: USD 15.0 per GDR

GDR PERFORMANCE



EUROBOND PRICE



BOARD OF DIRECTORS

Oleg Bakhmatyuk
Chairman of the Board
[Read more](#)

Mr. Bakhmatyuk founded Avangard in 2003 and Ukrlandfarming PLC in 2007. Between 2010 and 2013, Mr. Bakhmatyuk served as Chairman of the Board of Directors of AVANGARDCO IPL, remaining on the Board after this time. Mr. Bakhmatyuk again took over as Chairman of the Board of Directors of AVANGARDCO IPL in April 2016. Oleg Bakhmatyuk owns several other companies in the food, transport, real estate and finance sectors.

Oleg Pohotsky
Board Member, Independent director
[Read more](#)

Mr. Pohotsky has been the managing partner of Right Bank Partners, a corporate governance and strategy advisory firm. He serves as Chairman of the Board of the H&Q Healthcare and Life Sciences Funds and as a director of the New America High Income Fund. All three closed-end funds are NYSE-listed. Mr. Pohotsky also serves on the Board of Advisors of Kaufman & Co., a Boston-based boutique investment banking firm and in the position of Senior Advisor to Governance Metrics International. Mr. Pohotsky has served as an Independent Non-Executive Director of the Company since 2011.

Nataliya Vasylyuk
Board Member, CEO
[Read more](#)

Ms. Vasylyuk began her career in 2004 as sales and marketing director at LLC Prykarpattya Financial Company, then from 2004 to 2007 she served as CFO at LLC Stanislavska Trade Company. Nataliya Vasylyuk joined Avangard in 2007. Between 2007 and 2010 she served as CEO and from April 2010 to January 2013 while staying on as CEO she also became a member of the Board of Directors of AVANGARDCO IPL. Nataliya Vasylyuk served as Chair of the Board from January 2013 to April 2016. She retook the position of CEO in April 2016.

Iryna Melnyk
Board Member, CFO
[Read more](#)

Ms. Melnyk was appointed as financial director of Stanislavska Trading Company in 2005 and was appointed CEO of Ukrmyaso in 2007. Ms. Melnyk joined Avangard in 2010 as Deputy Chief Financial Officer. Iryna Melnyk was promoted to Chief Financial Officer of AVANGARDCO IPL in 2013. Ms. Melnyk became a member of the Board of Directors of AVANGARDCO IPL in September 2016.

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