



Update on 2015 results and outlook for 2016

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Section 1

2015 Key highlights



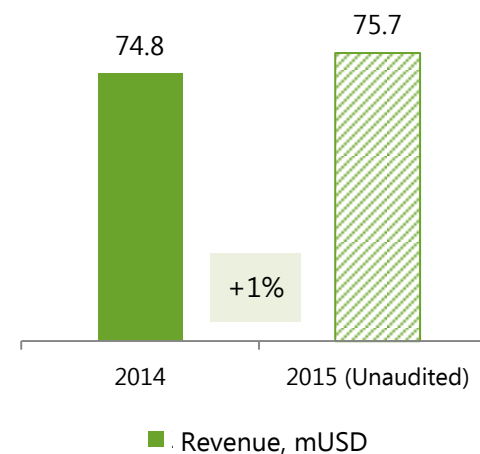
Key highlights 2015

- ❖ Reasonable operating and financial results have been delivered in 2015, despite rather unstable economic situation in Ukraine
- ❖ The egg production increased by 15% year-on-year, while the revenue remained at the same level mostly due to devaluation of Ukrainian Hryvnia
- ❖ EBITDA margin reached 48% because the prices on raw materials were growing slower than prices on final products
- ❖ Investment program on the premises of Stavysche production facility continues; stage 1 (8 laying hens houses) is planned to be completed by April 2016

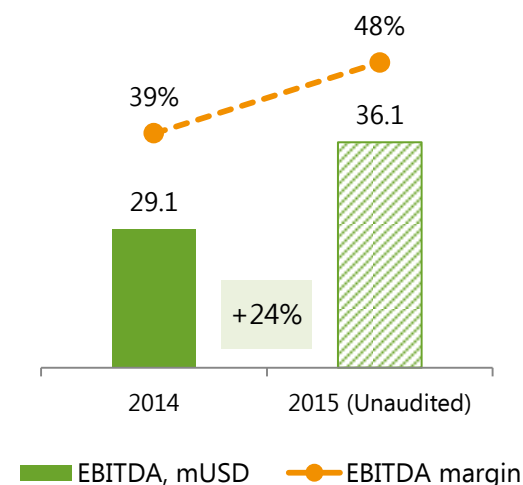
Key performance indicators

Indicator	Units	2014	2015	% growth
Poultry flock:				
Total flock	mln	5.6	6.5	16%
Laying hens	mln	4.4	5.3	20%
Production:				
Shell eggs	mln	1 038	1 196	15%
Dry egg products	tons	1 759	1 924	9%
Liquid egg products	tons	6 558	6 787	3%
Processing:				
Shell eggs	mln	319	347	9%

Projected revenue



Projected EBITDA and EBITDA margin

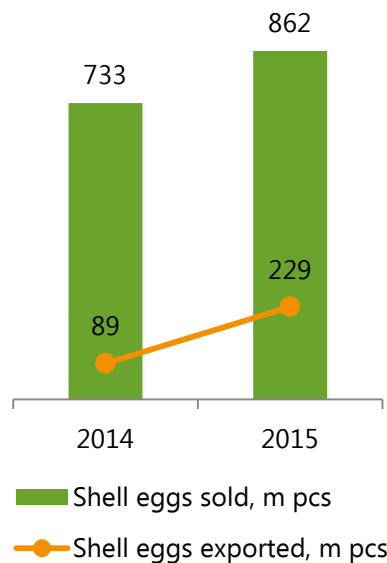


Operations update. Egg segment

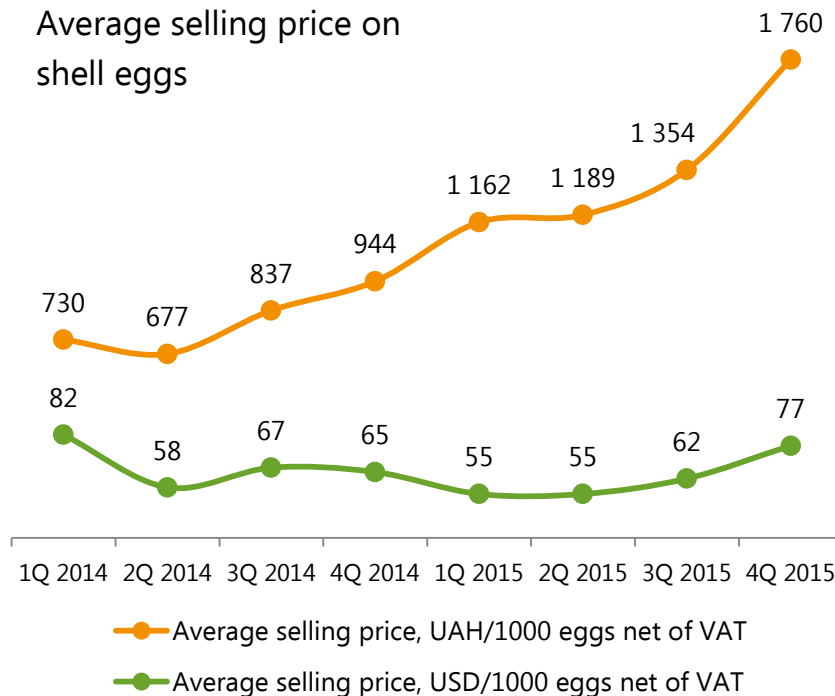
- ❖ Volume of eggs sold in 2015 reached 862 million (18% increase y-o-y)
- ❖ Price on shell eggs in 2015 was 68% higher in UAH and 7% lower in USD than in 2014
- ❖ Export of shell eggs increased by 2.6x in volume y-o-y and reached 229 million pieces
- ❖ Key export markets are UAE, Hong Kong, and Qatar

Key indicators:

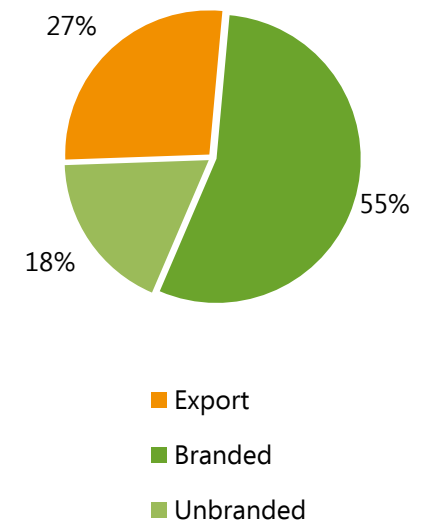
Shell eggs sales and share of export



Average selling price on shell eggs



Egg sales structure by volume

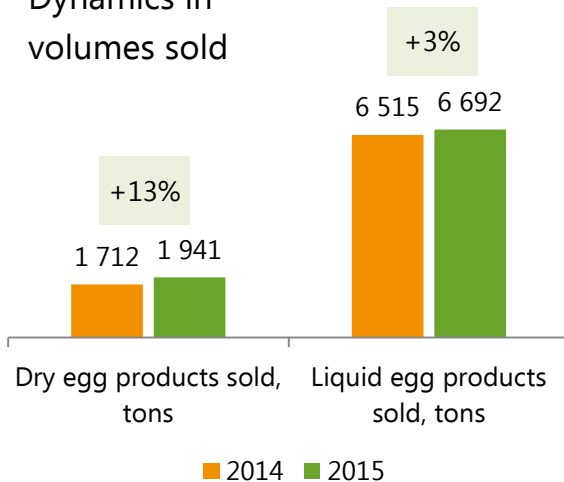


Operations update. Egg products segment

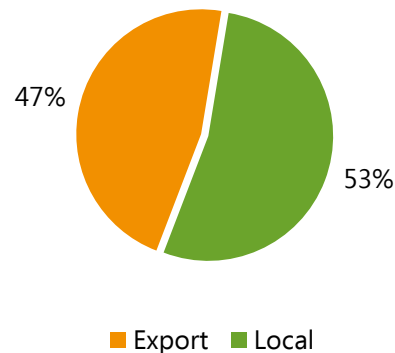
- ❖ In 2015 347 million eggs were processed (9% increase y-o-y)
- ❖ In 2015 price on dry egg products grew by 79% in UAH and declined by 3% in USD, while price on liquid egg products went up by 48% in UAH and decreased by 20% in USD comparing to 2014
- ❖ Stronger focus on export of shell eggs and dry egg products resulted in lower sales volume of liquid egg products, which increased by 3% y-o-y. The volume of dry egg products sold increased by 13% y-o-y to 1 941 tons
- ❖ In June 2015 the export to the EU has started

Key indicators:

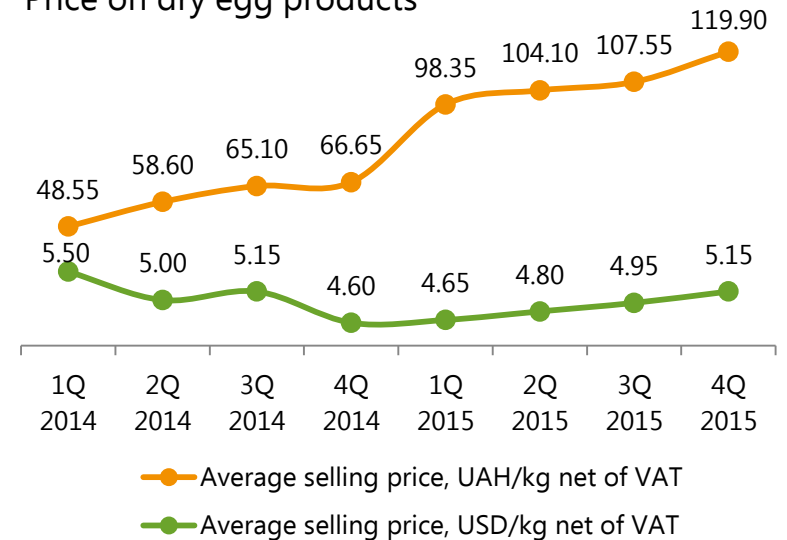
Dynamics in volumes sold



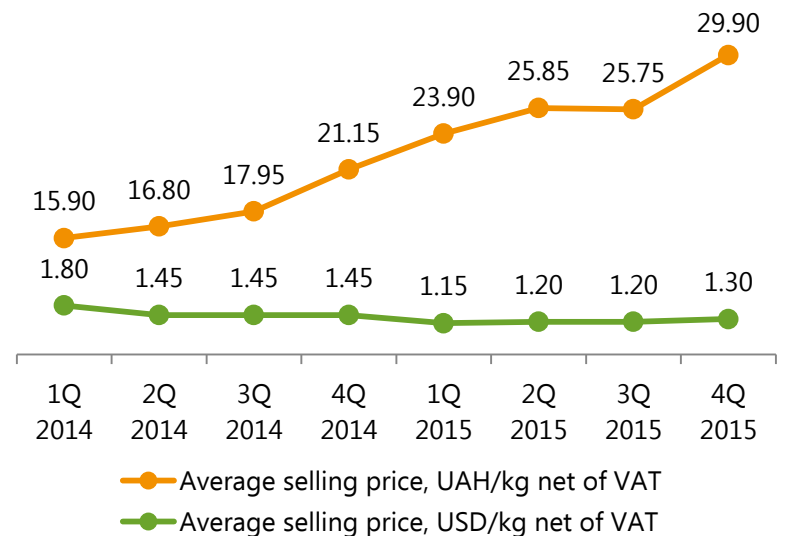
Sales structure of dry egg products by volume



Price on dry egg products



Price on liquid egg products



Section 2

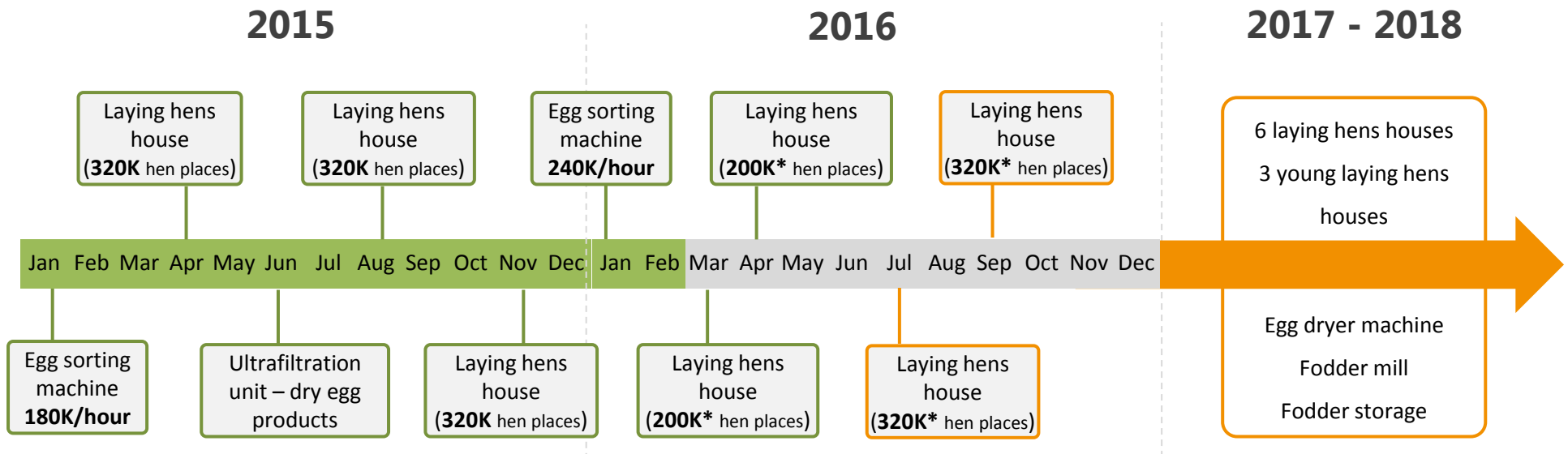
Investment program update



Capacities expansion program update

- ❖ Realization period: 2014-2018 in 2 stages:
 - Stage 1 = Apr 2014 – Apr 2016: 8 laying hens houses + infrastructure
 - Stage 2 = Apr 2016 – 2018: 8 laying hens houses + infrastructure
- ❖ All equipment in newly reconstructed buildings on Stavysche production site is compliant with EU enriched cage format. We are the only producer with such equipment in Ukraine – competitive advantage for export to the EU
- ❖ We intend to receive certification for export of consumer shell eggs to the EU by the end of 2015; EU certification for processing eggs and egg products was received in 2014

Reconstruction timeline







* Buildings will be fully compatible with EU requirements for imported Class A eggs

Future outlook

- ❖ Shell egg output will continue growing in line with reconstruction of laying hens houses in Stavysche
- ❖ The volumes exported are planned to grow proportionally to increasing egg production in order to maintain the share of export revenue in the next year equal to level of 2015
- ❖ By the end of current investment program (2018) the egg production is expected to reach 2 billion pieces per year



Projected operations results

		2014	YoY (2015/2014)	2015	YoY (2016/2015)	2016F
 Laying hens flock	mln heads	4.4	+20%	5.3	+19%	6.3
 Shell eggs production	mln eggs	1 038	+15%	1 196	+21%	1 450
 Dry egg products produced	tons	1 759	+9%	1 924	+14%	2 200
 Liquid egg products produced	tons	6 558	+ 3%	6 787	+2%	6 900

Section 3

Appendices



About Ovostar Union

Our advantages



Highly professional team
Vertical integration and attractive location of business
Modern production technologies
Solid financial performance
Development of presence on export markets

Egg segment



First and most popular national egg brand
Meeting demand of the middle class consumers
Consistently high product quality
Supplying to largest retail chains in Ukraine
Segment generates ~**2/3** of total revenue

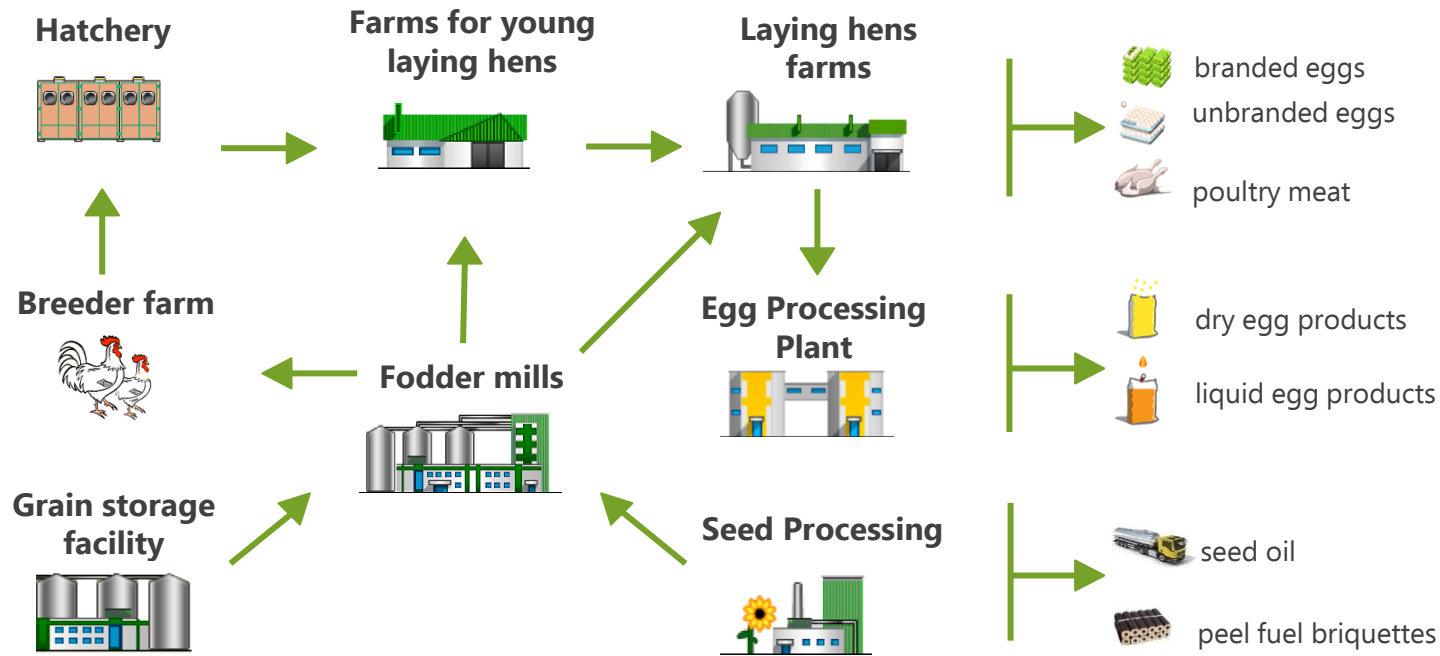
Egg products segment



Pioneered Ukrainian egg processing market in 2006; leading producer of liquid egg products
Offering a complete assortment of liquid and dry egg products
Supplying to largest food processing companies in Ukraine
Consistently high product quality
Segment generates ~**1/3** of total revenue

- ❖ **Location:** Ukraine (Kyiv region)
- ❖ **Facilities:** ISO certified
- ❖ **Core activity:** egg production & processing
- ❖ **Core markets:** Ukraine, EMEA, EU (since 2015)
- ❖ **Strategy:** branding and focus on quality
- ❖ **Annual turnover:** ~ 75 mUSD (2014)
- ❖ **Market cap:** ~135 mUSD
- ❖ **Trading platform:** Warsaw Stock Exchange
- ❖ **Issued shares:** 6 000 000 (30% listed)
- ❖ **Website:** www.ovostar.ua

Business model and locations



- ❖ All production facilities located in central Ukraine in close proximity to each other
- ❖ Full production cycle starting from hen breeder flock to high quality shell eggs and egg products output
- ❖ High level of vertical integration allows to control costs and quality at all stages of the production process

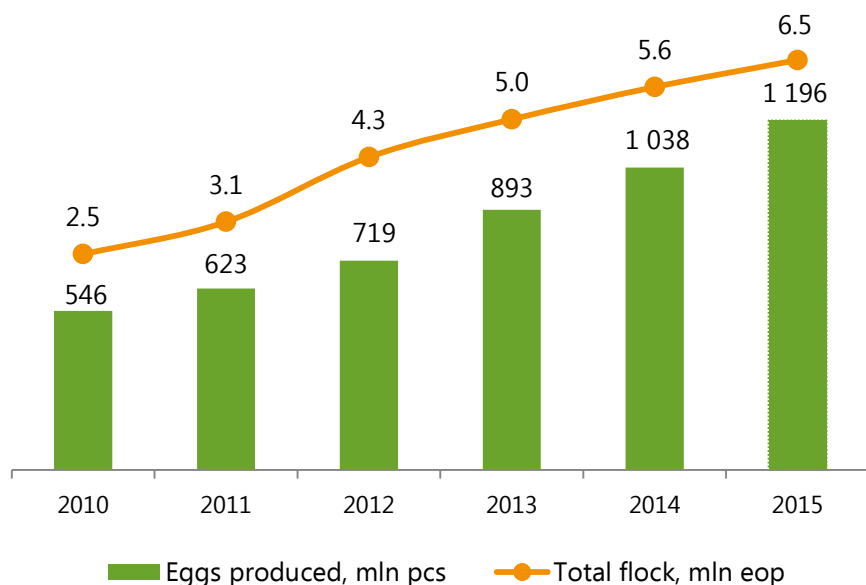


- Young laying hens farm (2)
- Laying hens farm (2)
- Egg processing plant (1)
- Fodder mill (2)
- Hatchery (1)

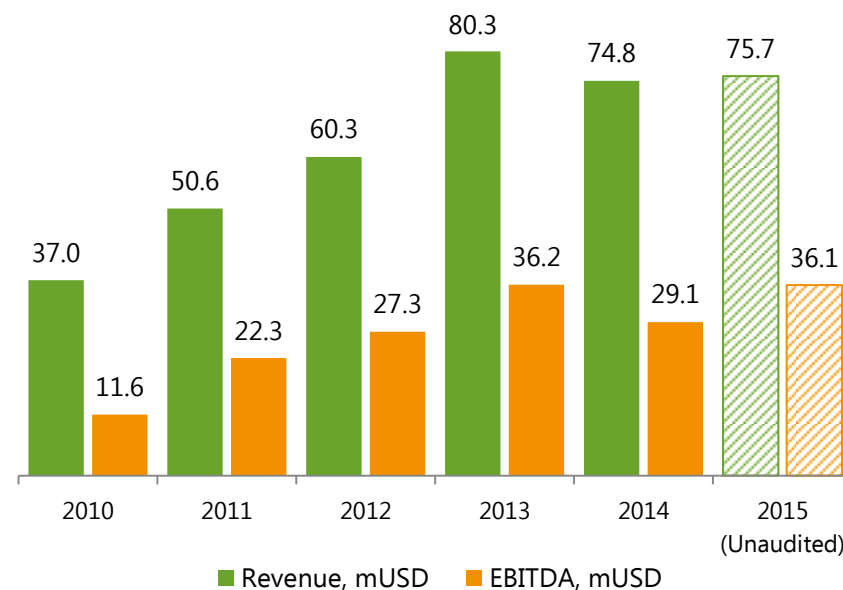
Development

- ❖ As a result of organic growth program during the last 5 years the total flock increased by 2.1x times and reached 6.5 million of poultry at the end of 2015
- ❖ The volume of eggs produced in 2015 experienced almost 2.0x growth comparing to 2011
- ❖ Consequently, the company shows solid financial performance over the period
- ❖ On 29 June 2011 trading of Ovostar Union's shares on the Warsaw Stock Exchange started
- ❖ Currently the number of shares in free float is 30% out of the entire issued share capital (6 million shares)

Operational performance



Financial performance



Eggs: products and key clients

- ❖ Focus on meeting the demand of Ukrainian middle-class consumers
- ❖ Further export markets development
- ❖ Key clients in egg segment are leading retail chains
- ❖ Yasensvit™ brand is present on the market since 2001. Overall, we operate 20 sub-brands
- ❖ We are #1 producer of private label eggs in Ukraine
- ❖ High quality and safety of our eggs is confirmed by certification of our production processes under ISO 9001:2008 and ISO 22000:2005 standards



Shell egg product portfolio

Sub-brands

Premium	5	Omega 3	SUPER MAX	original eggs	ІДЕАЛ БАЛАНС	Молодильні
Standard	4	Домашній смак	Свіжі яйця	Для духовних пирогів	Справжні велетні	
Economy	3	Фермерські	Селянські	Україна		
Private label	8	Fine Life	XIT	ВЕСЕЛА ФЕРМА	Кожен День	clever
				Добрий Звичай	ТРАДИЦІЯ	

Key clients: retail chains



Over 650 stores



Over 200 stores



Over 20 stores



Over 100 stores



Over 40 stores



10 stores



Over 20 stores



Over 30 stores



Egg products: sales mix and key clients

- ❖ The segment is B2B oriented; we supply the largest food companies in Ukraine
- ❖ Egg processing plant located on the premises of one of the laying hen farms, allowing for supply of fresh eggs for processing
- ❖ Egg processing plant produces whole egg, egg yolk and egg white in liquid and dry form
- ❖ Egg products are sold under Ovostar™ brand
- ❖ Egg processing facilities and products are compliant with ISO



Key clients

Confectionery



Mayonnaise



HoReCa



Egg products portfolio

Egg powder



Dry egg white



Dry egg yolk



Liquid whole egg



Liquid egg white



Liquid egg yolk

