



# Update on 2016 results

Dragon Capital 13<sup>th</sup> Investor Conference

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Section 1

# 2016 Operations update



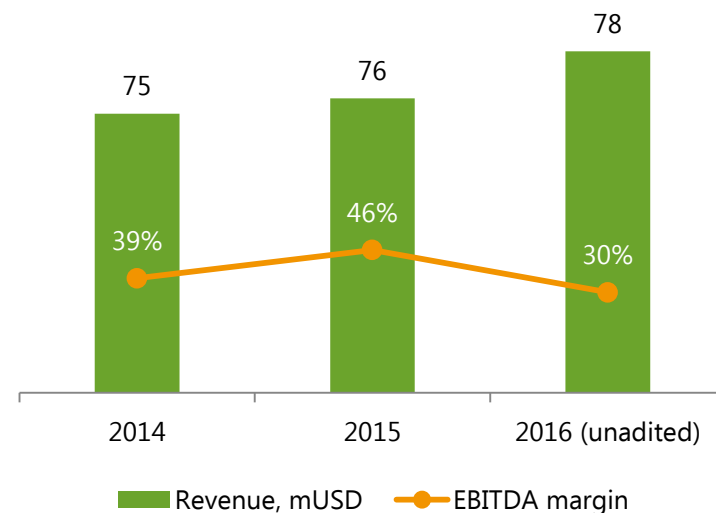
# Key highlights 2016

- ❖ Reasonable operating and financial results have been delivered in 2016 despite rather unstable economic situation in Ukraine
- ❖ The total flock has increased by 16% over 2016
- ❖ The production volumes of eggs and egg products increased by more than 15% in 2016
- ❖ The investment program on the premises of Stavysche production facility continues
- ❖ The net debt is permanently kept at low level

## Key performance indicators

Indicator	Units	2015	2016	% growth
<b>Poultry flock:</b>				
Total flock	mln	6.5	<b>7.6</b>	16%
Laying hens	mln	5.3	<b>6.5</b>	22%
<b>Production:</b>				
Shell eggs	mln	1 196	<b>1 479</b>	24%
Dry egg products	tons	1 924	<b>2 252</b>	17%
Liquid egg products	tons	6 787	<b>8 823</b>	30%
<b>Processing:</b>				
Shell eggs	mln	347	<b>407</b>	17%

## Financial indicators (unaudited)



## Net debt position

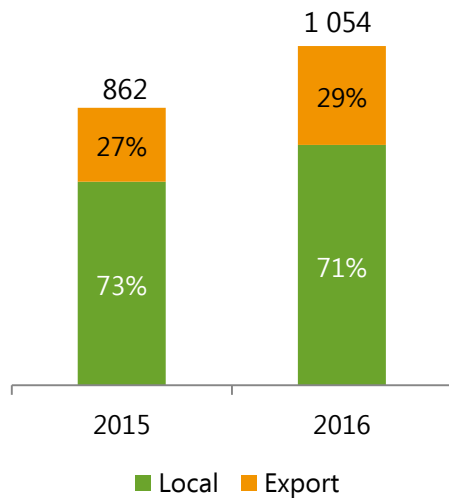
	31 Dec 2016	31 Dec 2015
Cash and cash equivalents, mUSD	<b>12.2</b>	11.0
Total debt, mUSD	<b>15.3</b>	17.0
Net debt, mUSD	<b>3.1</b>	6.0

# Operations update. Egg segment

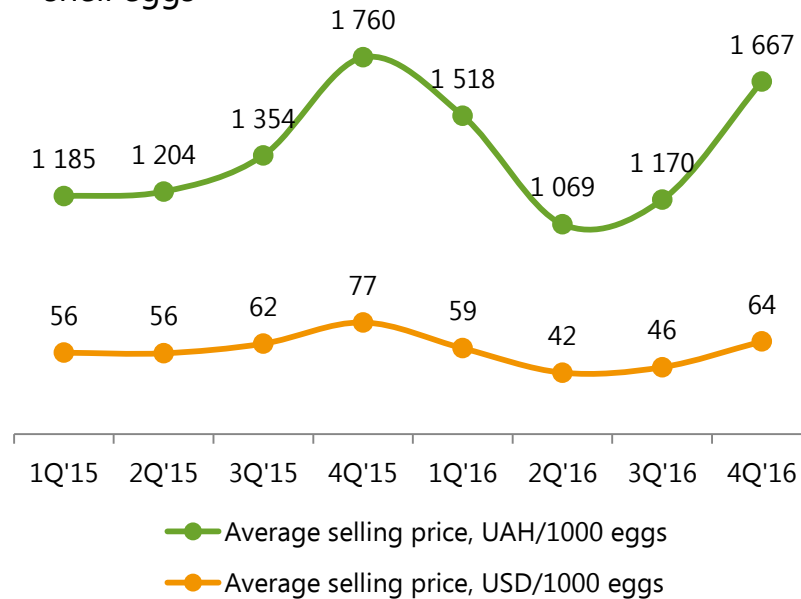
- ❖ During 2016 the laying hens flock increased by 22% to 6.5 million hens, consequently, the egg production reached 1 479 million eggs
- ❖ Volume of eggs sold in 2016 reached 1 054 million (24% increase y-o-y), out of which 307 million were exported
- ❖ Price on shell eggs during 2016 remained the same in UAH y-o-y and equaled to 1.35 UAH/egg. In USD terms the price declined by 16% y-o-y
- ❖ Key export markets are UAE and Liberia

## Key indicators:

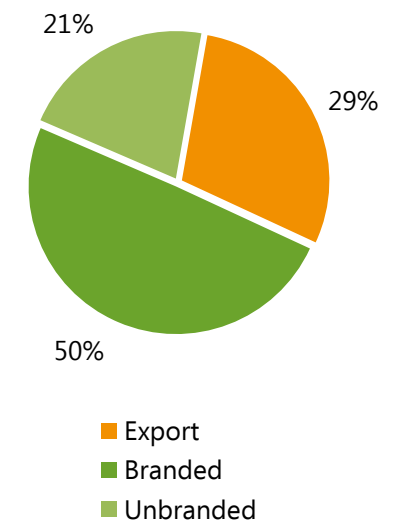
Shell eggs sales and share of export, mln eggs



Average selling price on shell eggs



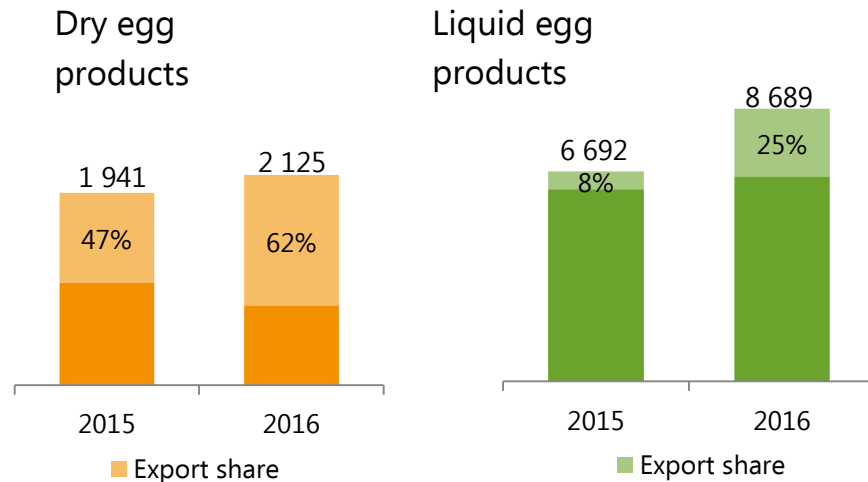
Egg sales structure by volume



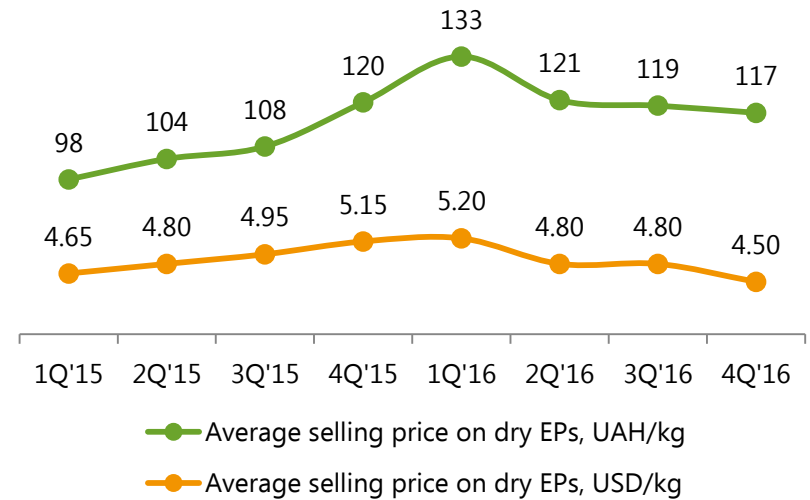
# Operations update. Egg products segment

- ❖ In 2016 407 million eggs were processed (17% increase y-o-y) leading to 8 823 and 2 252 of liquid and dry egg products produced
- ❖ The volume of liquid egg products sold increased by 30% y-o-y to 8 689 tons. 25% of them were exported to the EU countries
- ❖ The volume of dry egg products sold increased by 9% y-o-y to 2 125 tons
- ❖ Key export markets are Saudi Arabia and the EU

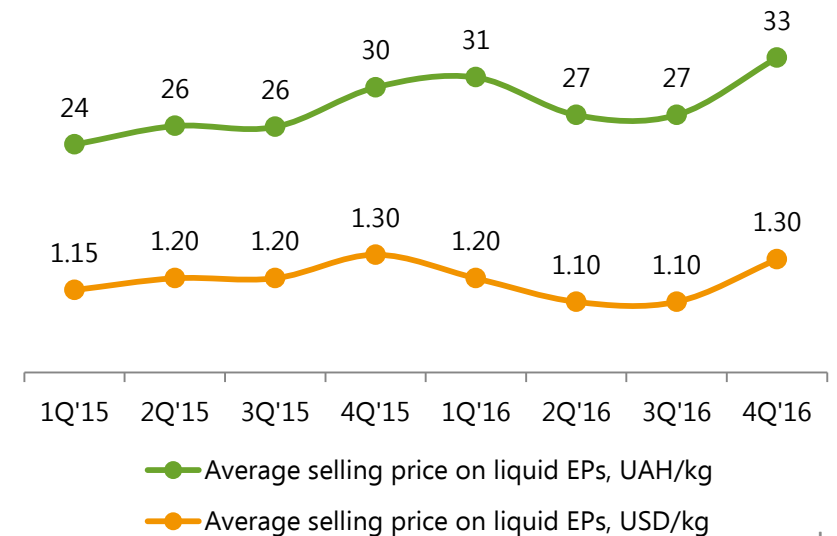
## Dynamics in volumes sold and export shares:



## Price on dry egg products



## Price on liquid egg products



Section 2

# Outlook for 2017









## Investment program

- ❖ The current investment program that is being carried out at Stavysche production site has started in April 2014 and is planned to be completed in 2018-2019. At that point we expect to reach 10 million of total flock and 2 billion eggs produced per year
- ❖ **The program is 60% completed**
- ❖ All equipment in newly constructed buildings on Stavysche production site is compliant with EU standards
- ❖ We are in the process of receiving a certificate that will enable us to export the shell eggs of class A to the EU
- ❖ During 2016 the CapEx amounted to USD 18 million

### Projected operations results

		2015	YoY (2016/2015)	2016	YoY (2017/2016)	2017F
 Laying hens flock	mln heads	5.3	+22%	6.5	+9%	7.1
 Shell eggs production	mln eggs	1 196	+24%	1 479	+15%	1 700
 Dry egg products produced	tons	1 924	+17%	2 252	+11%	2 500
 Liquid egg products produced	tons	6 787	+30%	8 823	+11%	9 800

## Section 3

# Appendices



# Market overview

## Egg segment

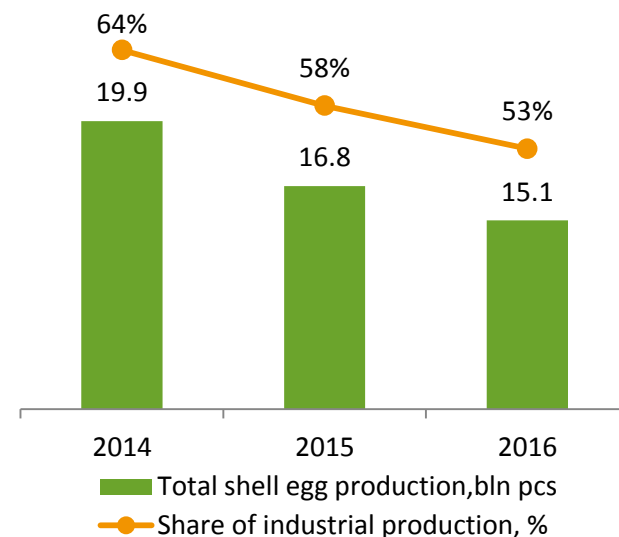
- After significant 24%-decrease in industrial egg production in 2015, the Ukrainian industrial egg production experienced a further decline by 14% to 8.1 billion eggs
- The share of household production increased to 47% in 2016 from 43% in 2015
- The share of Ovostar in industrial egg production amounted to **18%** in 2016

## Egg products segment

- In 2016 the total production of egg products slightly decreased from 20.3 thousand tons in 2015 to 19.1 thousand tons
- The share of Ovostar in production of liquid egg products in 2016 amounted to **97%**
- The share of Ovostar in production of dry egg products in 2016 amounted to **23%**

Sources: State Statistics Service of Ukraine, Union of Poultry Farmers of Ukraine

### Egg production in Ukraine



### Production of egg products in Ukraine

