



## **Ukrproduct Group Ltd**

Ukraine's Leading Branded Dairy Company

**Financial Results Presentation  
FY 2010**

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Ukraine – In Recovery

UPG Outlook for 2011 - Recovery

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## KEY OPERATIONAL HIGHLIGHTS

- Group maintained market leadership in packaged butter
- Processed cheese came under strong competitive pressure in H1'10 but partially recovered the market share in H2'10 due to successful adjustment of product offering
- Branded product marketing initiatives supporting strong sales drive in processed cheese middle and premium market segments
- Skimmed Milk Powder – profitability boosted but rising EU exports and raw material prices were a challenge
- Distribution services and network leveraged for third party products, namely Kvass (traditional fermented drink) and imported frozen fish
- Senior management team strengthened with newly appointed CFO, Sales Director and Marketing Director



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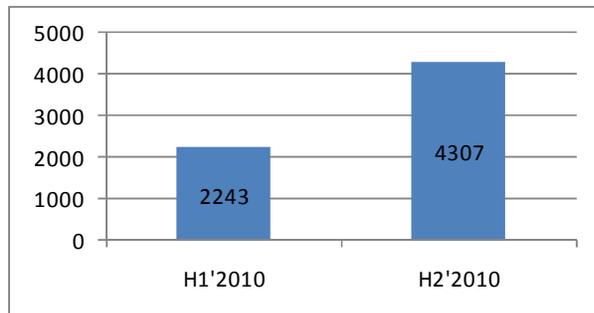
# FINANCIAL OVERVIEW

## Key Financial Highlights

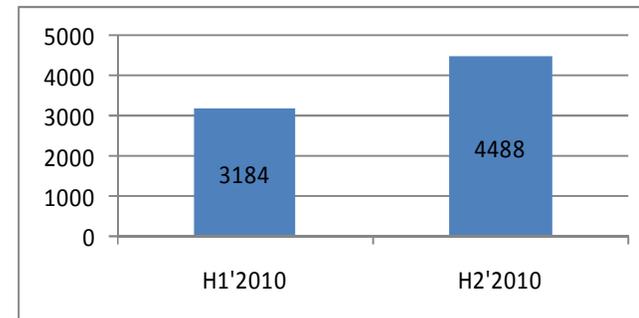
	Year ended 31 December 2010	Year on year change, %
Revenue	£45.0 million	+4.3
Gross Profit	£ 7.7 million	+10.7
Net Profit	£ 1.1 million	+5.1
Basic Earnings per Share	2.69 p	+7.6%

The second half (H2 2010) was particularly strong for branded goods as compared to the first half (H1 2010) which bodes well for sustained recovery in 2011:

**Gross profit in branded products  
H2'10/H1'10**



**Gross profit H2'10/H1'10**



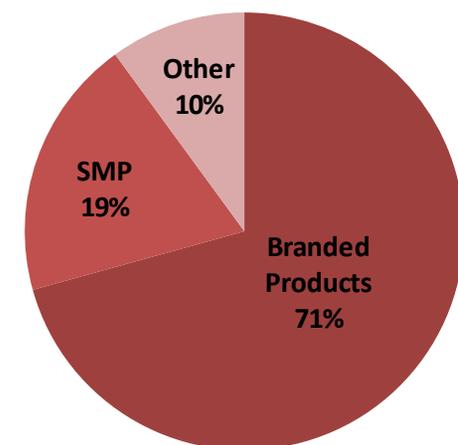
# FINANCIAL OVERVIEW

## Segment Sales and Profitability

Sales	(GBP thousands)			(UAH thousands)		
	2010	2009	Y-o-Y Change %	2010	2009	Y-o-Y Change %
	<b>Branded</b>	31,828	29,864	+ 6.6	390,326	365,187
<b>SMP</b>	8,669	12,026	- 27.9	106,313	147,057	- 27.7
<b>Distribution Services</b>	4,523	1,277	+ 253	55,468	15,627	+ 255

Gross Profit	(GBP thousands)			(UAH thousands)		
	2010	2009	Y-o-Y Change %	2010	2009	Y-o-Y Change %
	<b>Branded</b>	6,550	6,480	+ 1.1	80,327	79,233
<b>SMP</b>	703	267	+ 163	8,621	3,271	+ 164
<b>Distribution Services</b>	418	182	+ 130	5,126	2,231	+ 130

Sales FY 2010



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## UKRAINE – IN RECOVERY

- Ukrainian economy showed signs of recovery
  - Real GDP rose 4.2% in 2010 (2009 down 15%)
  - Industrial output grew 11% YoY in 2010 after an over 20% drop in 2009
  - Inflation returned to single-digits by the end of the year – 9.1%
  - Ukrainian Hryvna was relatively stable
  - Foreign direct investments increased to \$6 billion by the end of the year
  - Retail sales increased 7.8% YoY in 2010 vs a 20.6% YoY drop in 2009
- Consumer disposable incomes continuing to be squeezed
- Consumer demand switching to more affordable product is showing signs of slowing



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## UPG OUTLOOK FOR 2011 - RECOVERY

### Operational Context

- More relative stability and modest growth due to political stability and improving public finances
- Consumers' budgets will remain tight

### Strategic thrust

- Product Mix - continue to realign the product mix to take advantage of the shift of consumer demand towards more affordable products
- Aggressive marketing – for promotion of brands through targeted nationwide brands
- Restore margins – improving supply chain efficiencies aided by capital investments
- Leverage existing business – expanding exports and distribution services
- M & A – appropriate targets and opportunities under ongoing review

### Recovery

- Improving sales in H2 2010 bodes well for sustained recovery in 2011.





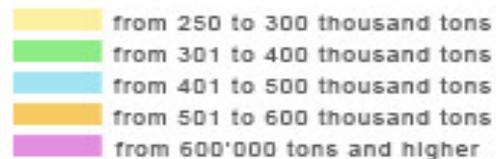
Appendix

# STRATEGIC POSITION

- 
**Cheese & butter plant in Zhytomyr**  
 Production of processed cheese and packaged butter
- 
**Dairy plant in Starokonstantyniv**  
 Production of bulk and packaged butter&spreads, skimmed milk powder
- 
**Dairy plant in Krasyliv**  
 Milk collection and production of semi-processed dairy ingredients
- 
**Dairy plant in Letychiv**  
 Milk collection, production of casein and semi-processed dairy ingredients
- 
**Export operations of the Group (Starokonstantyniv)**
- 
**Pan-Ukrainian distribution network**



**Raw milk collection capacity per region, Ukraine**



# BRAND PORTFOLIO

*Premium  
market*



Cheeses & butter

**КРЕМЛЕВСКОЕ**

Butter

*Middle  
market*



Cheeses & Butter

*Mass  
market*

**Вершкова  
Долина**

Creamy Valley  
Butter



Butter



Spreads



Spreads



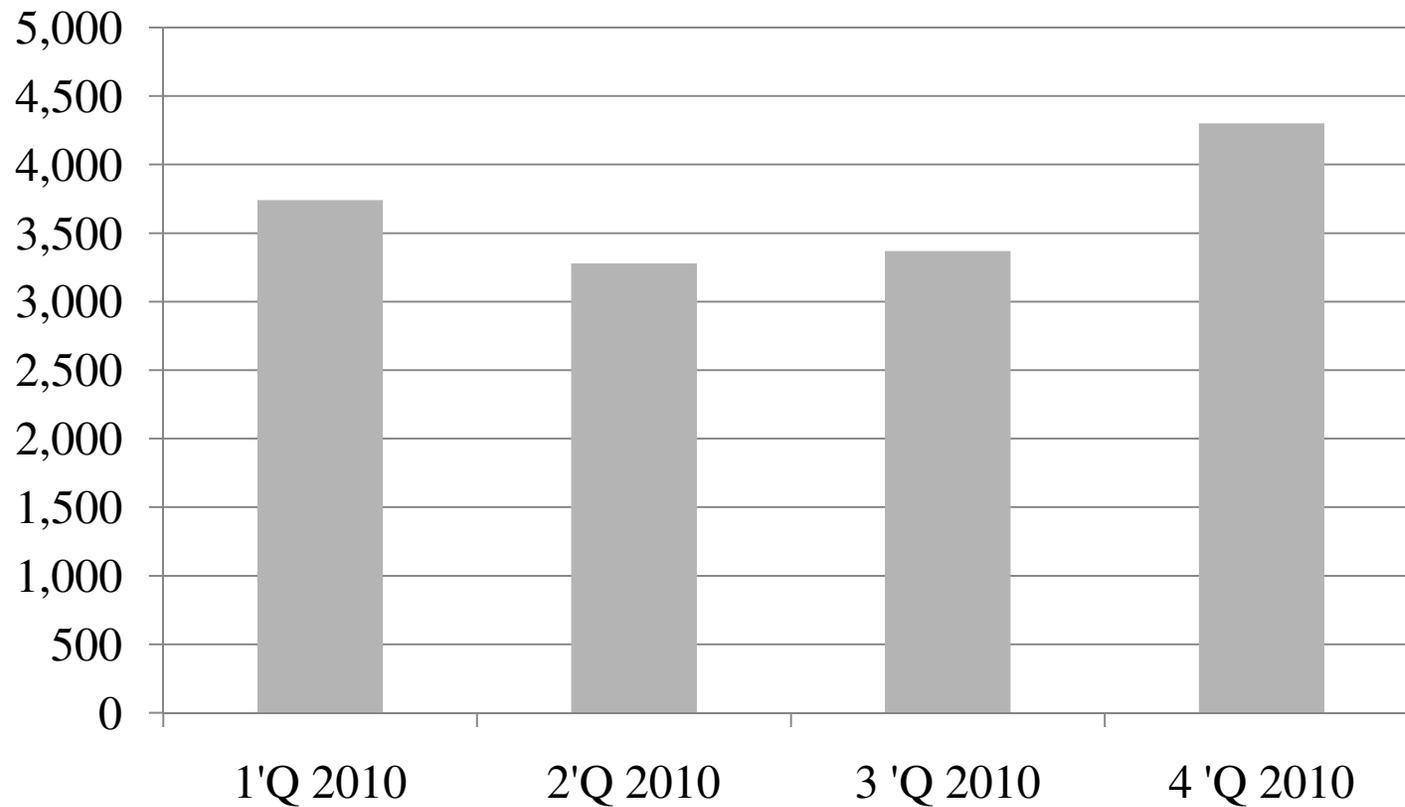
Processed Cheese



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# QUARTERLY SALES EVOLUTION

## Branded Volumes





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Thank you!