



Ukrproduct Group Ltd

One of the Leading Branded Dairy Companies in Ukraine

Financial Results Presentation FY 2011

DISCLAIMER

The information in this presentation is subject to updating, completion, revision, further verification and amendment without notice. The presentation refers to certain events having occurred which have not yet occurred but which are expected to occur. This presentation does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares in the Group, nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, or act as an inducement to enter into any contract or commitment therefore.

This presentation is only being distributed and made available to persons of the kind described in Article 19(5) (investment professionals) and Article 49(2) (high net worth companies, unincorporated associations, etc.) of Part IV of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 ("FPO") and any investment activity to which this presentation relates is only available to and will only be engaged with such persons. Persons who do not have professional experience in matters relating to investment or who are not persons to whom Article 49 of the FPO applies should not rely upon this presentation.

No reliance may be placed for any purpose whatsoever on the information or opinions contained in this presentation or any other document or oral statement, or on the completeness, accuracy or fairness of such information and/or opinions therein.

No representation or warranty, express or implied, is made or given by or on behalf of the Group or its advisors, any of their respective directors, or any other person as to the accuracy or completeness or fairness of the information or opinions contained in this presentation and no responsibility or liability is accepted by any of them for such information or opinions or for any errors, omissions, misstatements, negligent or otherwise, or for any communication written or otherwise, contained or referred to in this presentation.

Accordingly, neither the Group nor its advisors nor any of their respective directors, officers, employees, advisers, associated persons or subsidiary undertakings shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon the statement or as a result of any admission in, or any document supplied with, this presentation or by any future communications in connection with such documents and any such liabilities are expressly disclaimed.

This presentation and its contents are confidential and should not be distributed, published or reproduced in whole or in part or disclosed by recipients to any other person. This presentation should not be distributed to persons with addresses in Canada, Australia, Japan, Republic of Ireland, Republic of South Africa, or to persons with addresses in the United States of America, its territories or possession or to any citizen thereof or to any corporation, partnership or other entity created or organised under the laws thereof. Any such distribution could result in the violation of Canadian, Australian, Japanese, Irish, South African or United States of America law.

The information in this presentation is confidential and must not be copied, reproduced or distributed to others at any time except for the purposes of analysis by certain employees and advisers of the recipient who have agreed to be bound by the restrictions contained herein. Prospective investors interested in investing in the Group are recommended to seek their own independent financial advice from a person authorised for the purposes of FSMA.



CONTENT

Key Operational Highlights

Context

Outlook

Financial Overview

Appendix



Key Operational Highlights

Encouraging increase in sales of **branded/own label products**

Strengthened market leadership in **packaged butter** with the market share increased to 23% (2010: 22%)

Recovered leadership in **processed cheese** achieving the market share of 16.3% (2010: 15.5%)

Significantly increased distribution of **third party products**, especially **kvass** the sales of which increased by 87% y-o-y

Export sales of branded products showed a substantial increase benefitting from the improved focus

SMP was subdued with the world trading environment and high input costs negating profit making opportunities

Profitability challenged by the increase in raw milk prices and energy costs

Tax charge increased significantly following the implementation of the new Tax Code

Launched **the reconstruction of the plant in Starokostiantyniv** under a loan facility provided by European Bank for Reconstruction and Development. A major cost saving project

Acquired LLC “Zhyvyi Kvass” a producer of “Arsenievsky” branded kvass, a traditional fermented beverage of which Ukrproduct was the exclusive distributor since September 2010



CONTEXT

Ukraine – Market Environment

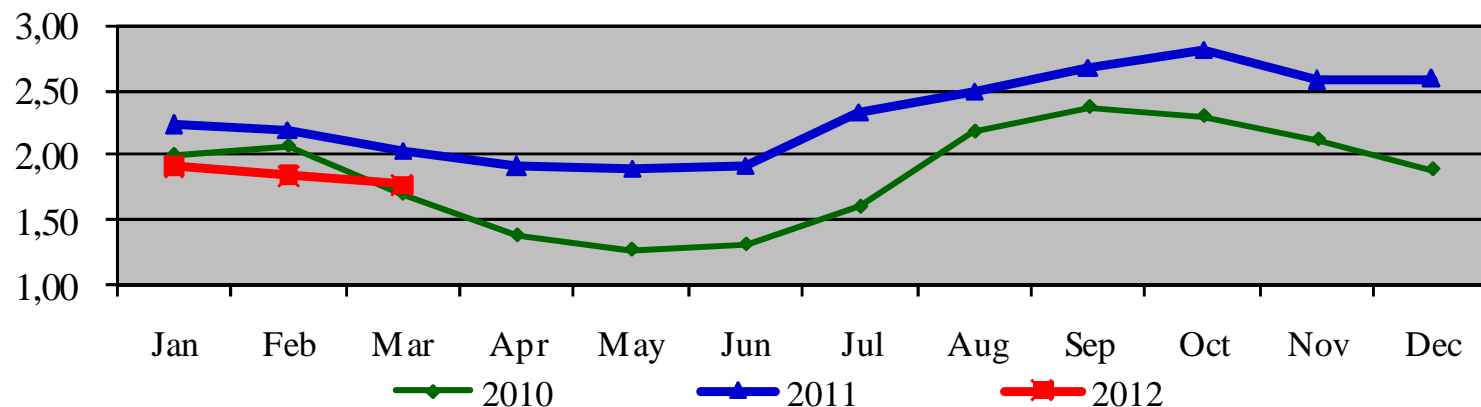
- § GDP increased by 5.2% in 2011
- § Inflation reported at 9.2% according to the IMF
- § Unemployment rate exceeded 10%
- § New stringent Tax Code significantly increased the tax burden for 2011 to be mitigated in 2012 via rate reduction of 2% and improved tax planning
- § Fuel and energy costs increased significantly
- § Consumer disposable incomes remained pressured by rising utility bills and fuel costs limiting the opportunities for consumer price increase
- § Consumer demand switching to more affordable products and higher price sensitivity. However the Company's flexible production model allowed a prompt and efficient response to these changes



CONTEXT

Dairy Market Drivers in Ukraine

- § Raw milk prices increased 25% year-on-year, mainly due to the new milk subsidy regime which pushed up prices by approximately 20%
- § Continuing decline in volume of milk production by average 3% per year makes quality milk procurement a necessity. Sourcing procedures have been improved to this end
- § Demand fell due to constraint in consumer disposable incomes and as result the market capacity across all dairy categories contracted.
- § The producers with permits to export to Russia pursued export opportunities this together with companies leaving the industry allows market share expansion opportunities
- § SMP worldwide conditions and high input costs reversed profitability



Raw Milk Price Trends (UAH)



Outlook for 2012

Further sales recovery and margins improvement

- § **Q1'2012** has shown an improvement in both sales and margins
- § **Raw milk prices** are stabilizing at a lower level due to partial return to the previous subsidy regime
- § The Group will pursue its **strategy for growth** with a clear focus on:
 - § **Branded products** by expanding its product portfolio and supporting the existing products through marketing activity
 - § **Distribution services** will further benefit from the Group's pan-Ukrainian network of warehouses and vehicles
 - § **Export** by expanding the geography of sales and better penetration into the regions which are currently covered
 - § **SMP** global market is expected to remain depressed thus the Group will aim at limiting the output and seek alternative ways of protein utilization
- § **Cost improvement:**
 - § The cost optimization program started in 2011 will be continued
 - § The effect from the energy efficiency project at Starokostiantyniv plant will start in mid 2012
- § **Tax burden will reduce** following changes in the Tax Code effective from the 1st of January 2012 and improved planning



Financial Overview

(GBP, thousands)	2011	2010
Revenue	50 524	45 020
Gross Profit margin	14%	16%
EBITDA	1 861	2 637
EBITDA margin	4%	6%
Operating Income	971	1 569
Tax	(431)	(103)
Profit after Tax	400	1 094
Earnings per share, pence	1,00	2,69
ROA	1.3%	4.3%
ROE	2.1%	5.8%



FINANCIAL OVERVIEW

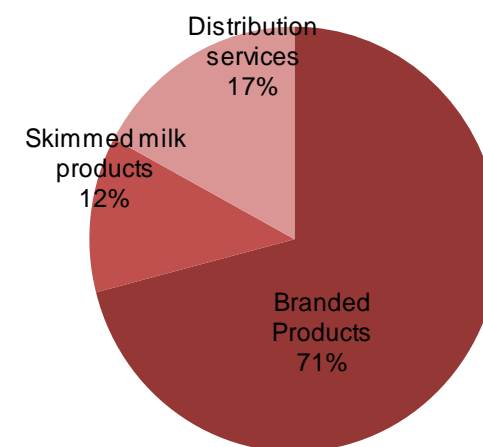
Segment Sales and Profitability

Sales

Segments	(GBP '000)			(UAH '000)			(tonnes)		
	2011	2010	y-on-y change	2011	2010	y-on-y change	2011	2010	y-on-y change
Branded products	34 694	31 828	9%	443 228	388 414	14%	15 953	15 206	5%
Distribution services	8 359	3 279	155%	106 773	40 013	167%	3 855	2 191	76%
Skimmed milk products	7 471	9 913	-25%	95 442	120 976	-21%	2 668	3 834	-30%

Gross Profit

Segments	(GBP '000)			(UAH '000)		
	2011	2010	y-on-y change	2011	2010	y-on-y change
Branded products	6 287	6 033	4%	80 316	73 629	9%
Distribution services	969	428	126%	12 379	5 224	137%
Skimmed milk products	-457	693	-166%	-5 838	8 456	-169%



Cash Flow, Debt and CapEx

(GBP, thousands)	2011	2010
Net Cash Flow from Operating Activities	(302)	362
Net Cash Flow from Investing Activities	(3 479)	(707)
Net Cash Flow from Financing Activities	3 617	785
Net Change in Cash	(164)	440
Cash, end of period	512	676
CapEx	3 792	357
Total Debt	7 358	2 938
Net Debt / EBITDA	3.68	0.86
Net Debt / Revenue	0.14	0.05
Debt/Capital	28%	13%
Current Ratio	1.8	2.4
Quick Ratio	1.1	1.6

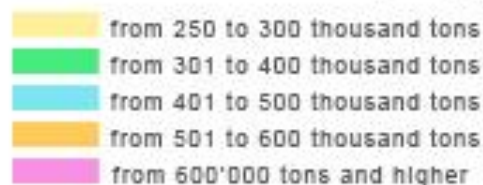


Strategic Position

- 
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



Butter

*Middle
market*



Cheeses & Butter



Kvass

*Mass
market*



Butter



Butter



Spreads



Processed Cheese





Investor Relations Manager

Mariia Borodaieva

Tel: +38 044 502 80 14

Email: ir@ukrproduct.com