



Ukrproduct Group Ltd

A Leading Branded Dairy Foods and Beverage Company in Ukraine

Financial Results Presentation FY2012

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Kvass



Key Operational Highlights

- q Major improvement in overall **profitability**
- q Gross profit in **dairy products** increased by 21 %
- q Focus on profitability in **packaged butter** resulted in gross profit increase by 21%
- q Sales of **processed cheese** showed a material increase aligned to a growth in profitability
- q The profitability in the **Skimmed Milk Powder** segment remained a challenge despite the gradual recovery of the world prices started in Q4'2012
- q **Kvass** previously distributed and now acquired - sales increased by 47% y-o-y benefitting from the new marketing focus and extended geography of sales
- q **Effective tax rate** decreased due to improved efficiency of tax planning
- q Completed the first stage of **the reconstruction of the plant in Starokostiantyniv** under a loan facility provided by European Bank for Reconstruction and Development. Cost savings are underway



CONTEXT

Ukraine – Market Environment

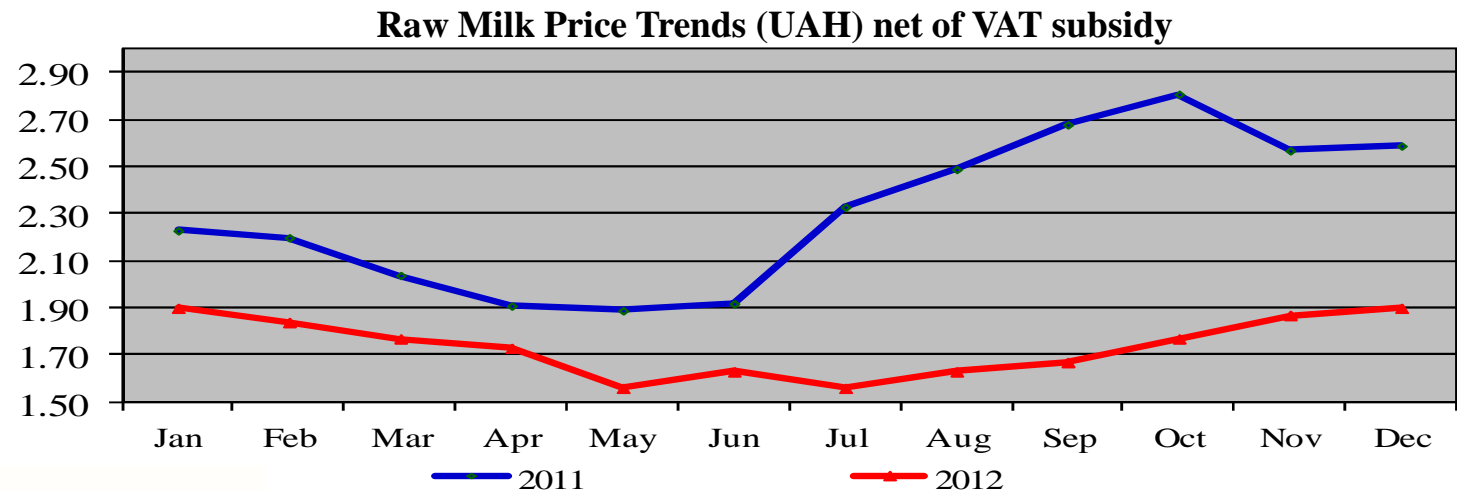
- q High effective inflation remains a concern
- q Population purchase power is under further pressure on the back of rising unemployment and increasing costs of living
- q Consumers looking for value though there are opportunities in the premium segment
- q Strict regulation of food products quality to EU standards is an opportunity for Ukrproduct given its quality regime



CONTEXT

Dairy Market Drivers in Ukraine

- q Raw milk prices decreased year-on-year due to partial return of the milk subsidy regime and hard cheese export restrictions
- q Overproduction of hard cheeses, bulk butter and SMP continues to put pressure on dairy market
- q Starting from September 2012 the Government introduced the inflationary minimum raw milk price
- q SMP remained a challenge but showed a gradual recovery of the world prices starting from Q4'2012
- q Russia continues to limit Ukrainian exporters of dairy products despite the entry into WTO



Outlook

- q Growth will be pursued in building on good market positions in **packaged butter and processed cheese**
- q **Hard cheese** is a development opportunity
- q Gradual recovery of **SMP** profitability is expected
- q **Kvass** has more available growth opportunities with new retailers and through strengthening the brand in existing channels
- q In **export sales** the focus will be made on widening the product range of exported products
- q **Margins** will be supported by the on-going cost reduction program including capital investment at the plant in Starokostintyniv
- q The Company can now be seen as **branded dairy foods and beverages business** with a wider base for profitable growth.



Financial Overview

(GBP, thousands)	2012	2011
Revenue	60 212	50 524
Gross Profit margin	15%	14%
EBITDA	3 173	1 861
EBITDA margin	5.3%	3.7%
Operating Income	2 009	971
Tax	(333)	(431)
Profit after Tax	852	400
Earnings per share, pence	2.09	1.00
ROA	2.5%	1.3%
ROE	4.4%	2.1%



FINANCIAL OVERVIEW

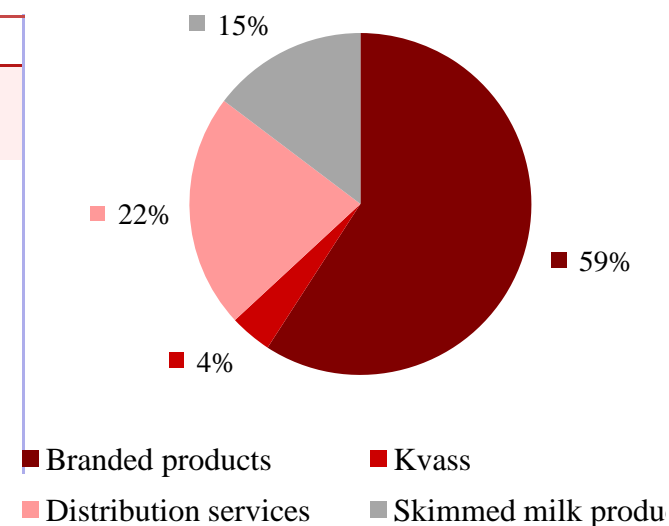
Segment Sales and Profitability

Sales

Segments	(GBP '000)			(UAH '000)			(tonnes)		
	2012	2011	y-on-y change	2012	2011	y-on-y change	2012	2011	y-on-y change
Branded dairy products	35 600	34 695	2.6%	450 696	443 055	1.7%	17 313	15 953	8.5%
Kvass	2 395	1 655	44.7%	30 321	21 134	43.5%	5 111	3 855	32.6%
Distribution services	13 363	6 703	99.3%	169 176	85 597	97.6%	Not applicable		
Skimmed milk products	8 854	7 471	18.5%	112 092	95 405	17.5%	3 854	2 668	44.4%
Total	60 212	50 524	19%	762 284	645 191	18%	Not applicable		

Gross profit

Segments	(GBP '000)			(UAH '000)		
	2012	2011	y-on-y change	2012	2011	y-on-y change
Branded dairy products	7 582	6 287	20.6%	95 988	80 285	19.6%
Kvass	1 224	356	243.8%	15 496	4 546	240.9%
Distribution services	478	613	-22%	6 051	7 828	-22.7%
Skimmed milk products	(249)	(457)	45.5%	(3 152)	(5 836)	46.0%
Total	9 035	6 799	32.9%	114 383	86 823	31.7%



Cash Flow, Debt and CapEx

(GBP, thousands)	2012	2011
Net Cash Flow from Operating Activities	1 918	(302)
Net Cash Flow from Investing Activities	(3 298)	(3 479)
Net Cash Flow from Financing Activities	1 282	3 617
Net Change in Cash	(98)	(164)
Cash, end of period	415	512
Total Debt	8 959	7 358
Debt/Capital	46%	38%
Current Ratio	1.6	1.8



Board of Directors



Sergey Evlanchik
Chief Executive Officer

Sergey Evlanchik is responsible for the Group's overall performance and strategy implementation and is a founder of Ukrproduct Group.

He studied at Vladivostok State University of Economics & Service in the Russian Federation and at Oxford University in the UK, where he received his MBA degree. In 1998, Mr Evlanchik focused his activities on business development in the dairy industry sector of Ukraine, where he joined the companies that would subsequently form Ukrproduct Group in 2004. Sergey then led the Group to its successful listing on the AIM market of the London Stock Exchange in 2005.



Dr Jack Rowell
Non-Executive Chairman

Jack Rowell provides the entrepreneurial leadership to the Company, is responsible for setting the company's values and standards and ensuring that obligations to shareholders are duly met. His role includes ensuring that the Company develops ongoing strategy direction and has a capability and management team to deliver such strategy.

He was educated at Oxford University and is a Chartered Accountant. He has acted as Chairman of a number of companies in the public and private sector, mainly within the food production industry. He was previously an executive director on the board of Dalgety plc and served as Chairman of Celsis plc. He has also been Manager of Bath Rugby and the English national team.



Strategic Position

❏ Dairy plant in Starokonstantyniv

Production of packaged butter & spreads, hard cheese and skimmed milk powder

❏ Cheese & butter plant in Zhytomyr

Production of processed cheese and packaged butter

❏ Kvass Production Plant in Zhytomyr

❏ Dairy plant in Letychiv

Milk collection, production of casein and semi-processed dairy ingredients

❏ Dairy plant in Krasyliv

Milk collection and production of semi-processed dairy ingredients

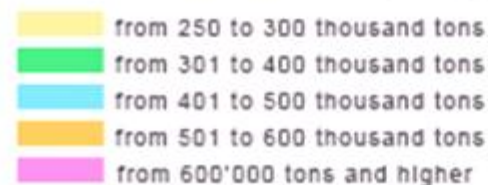
❏ Central Warehouse in Zhytomyr

❏ Pan-Ukrainian distribution network

❏ Export operations of the Group (Starokonstantyniv)



Raw milk collection capacity per region, Ukraine



Brand Portfolio

*Premium
market*



Cheeses & butter



Butter



Kvass

*Middle
market*



Cheeses & Butter

*Mass
market*



Butter



Butter



Spreads



Processed Cheese





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