



# Investor Presentation

1H2012

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# Cherkizovo Group – The Integrated Meat Producer

FY2011 Sales: \$1,472.9m  
FY2011 EBITDA: \$245.5m

## Poultry

FY2011 Total sales: \$691.5m  
FY2011 EBITDA: \$110.9m

## Pork

FY2011 Total sales: \$270.5m  
FY2011 EBITDA: \$109.5m

## Meat Processing

FY2011 Total sales: \$635.4m  
FY2011 EBITDA: \$41.7m

### Market Position

- #2 in Russia

- #3 in Russia

- #2 in Russia

### Key Products

- Chilled/frozen poultry

- Live pigs, pork carcasses, fresh pork cuts

- Sausages, salamis, fresh retail-format meat, ready-to-cook products

### Key Brands



### Production Facilities

- 7 clusters
- Total capacity (t.p.a): 260,200 \*

- 10 farms
- Total capacity (t.p.a): 91,400\*\*

- 7 plants
- Total capacity (t.p.a): 145,270\*\*\*

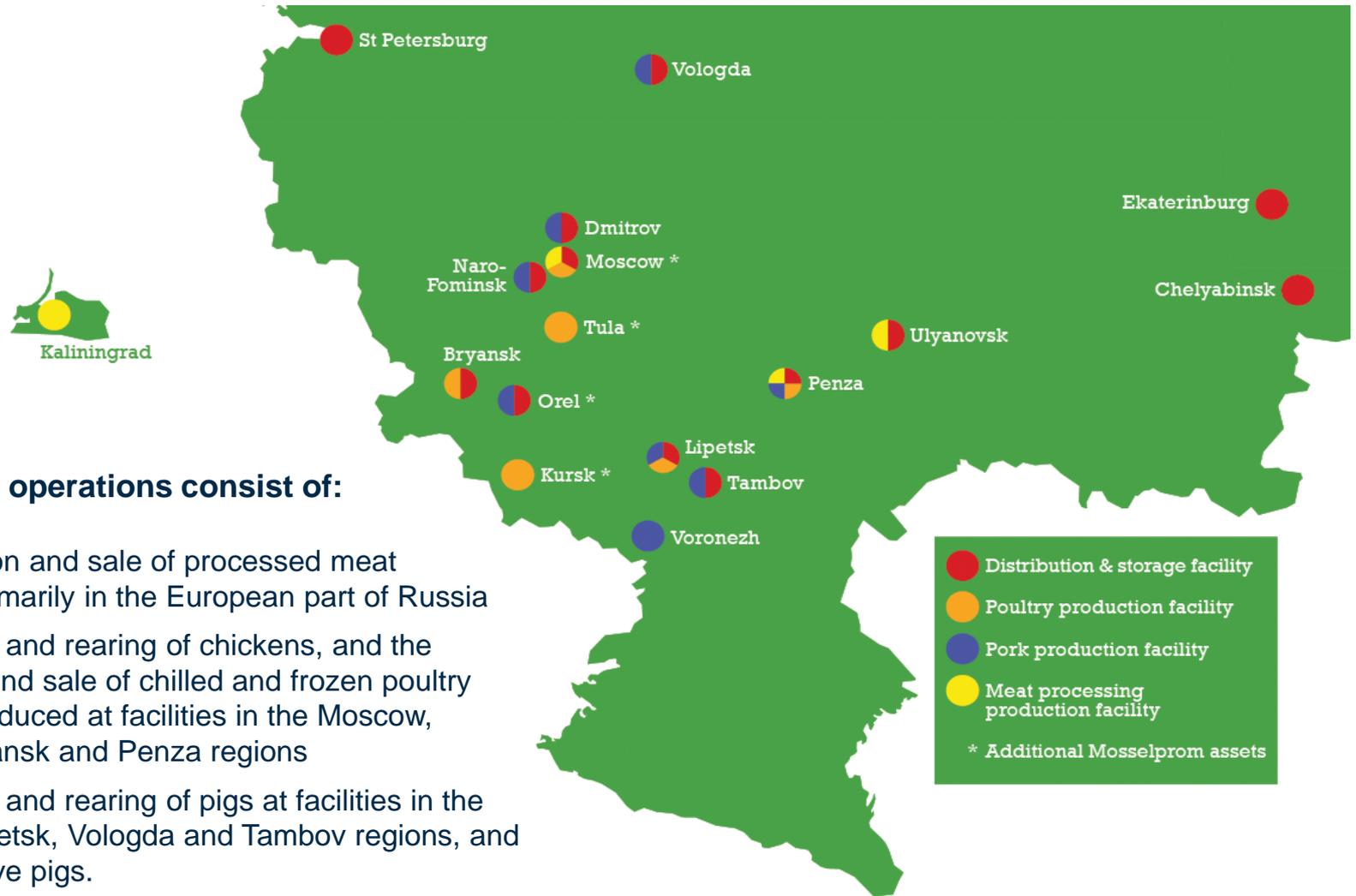
Source: Poultry Union of Russia, Pork Union of Russia, Meat Union of Russia, Company's Financials

\* Sellable product, as of 2011

\*\* Live weight, as of 2011

\*\*\* Prepared products, as of 2011

# Map of operations



## Our principal operations consist of:

- the production and sale of processed meat products, primarily in the European part of Russia
- the breeding and rearing of chickens, and the processing and sale of chilled and frozen poultry products produced at facilities in the Moscow, Lipetsk, Bryansk and Penza regions
- the breeding and rearing of pigs at facilities in the Moscow, Lipetsk, Vologda and Tambov regions, and the sale of live pigs.

# Overview of results



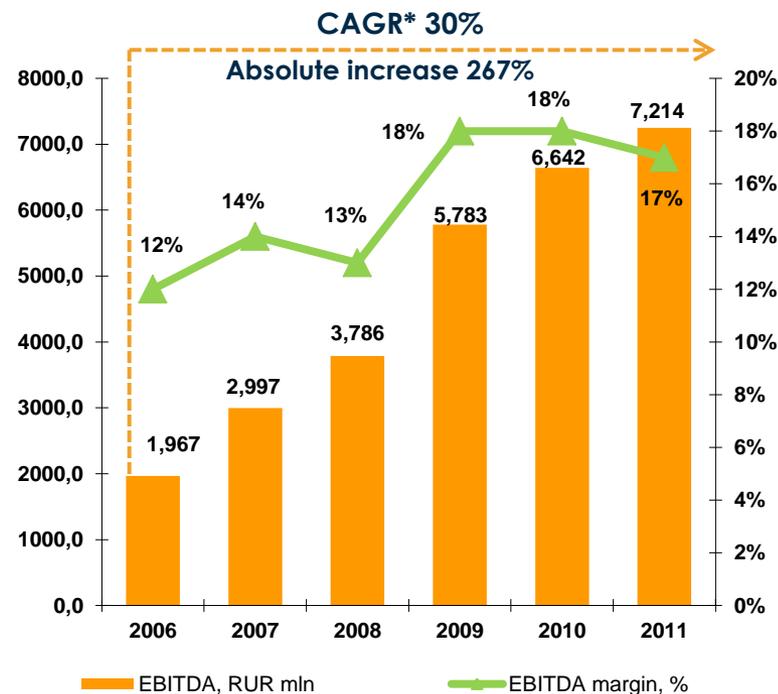
# Key Highlights of 1H2012

## SOLID FINANCIAL RESULTS\*

- Revenues increased 9% to \$749.3 mln (+16% in RUR)
- Gross profit increased 23% to \$208.6mln (+31% in RUR)
- Group gross margin increased to 28%
- Adjusted EBITDA\* increased 38% to \$146.4 mln (+47% in RUR)
- Adjusted EBITDA\* margin increased from 15% to 20%
- Net income increased 46% to \$96.3 mln (56 % in RUR)
- Net debt was at \$664.3mln
- The effective cost of debt was 2.0%
- Net income per share increased 45% to \$2.24
- Cash conversion rate (CCR)\*\*\* was 153%

\* All figures compared to 1H2011

## EBITDA and EBITDA Margin Evolution, 2006-2011, RUR mln



Source: Management estimates, Company reports  
\* CAGR growth is calculated between 2006 to 2011

# Key Highlights of 1H2012

## OPERATIONAL DEVELOPMENTS

- Cherkizovo continued construction of its greenfield pork farms in Tambov, Voronezh and Lipetsk by launching rearing facilities at all three complexes.
- Cherkizovo opened the first line of its poultry breeding facility, “Pervomayskaya”, at the Bryansk cluster. The facility, which was built as part of Cherkizovo’s ongoing poultry capacity increase project, consists of 28 bird houses, with a combined capacity of almost 1 million broilers.
- Cherkizovo built 21 additional bird houses at the poultry breeding facility “Vostochnaya” part of the Penza cluster. Previously, this facility consisted of 4 bird houses with a capacity of 246,000 broilers, but with the new bird houses, this has increased to 1 million heads.
- Cherkizovo signed an agreement to set up a turkey meat production joint venture with Spain’s Grupo Fuertes. The new plant, due to be operational in 2014, will be in the Tambov region of Russia, with more than EUR 100 million invested in development of the project. The annual capacity is expected to be 25-30,000 tonnes of turkey meat, and may be increased to 50,000 tonnes in the medium term.
- Cherkizovo reached an agreement to acquire agricultural assets located in Central Russia, comprising a swine nucleus unit in the Voronezh region; grain storage facilities in the Voronezh and Penza regions with a total capacity exceeding 200,000 tonnes; a feed mill (under construction); and a land bank of approximately 30,000 ha in the Voronezh region.
- Cherkizovo opened a renovated feed mill at the Penza cluster, the total annual capacity is 300,000 tonnes.
- Cherkizovo Group’s shares and bonds have been transferred from quotation list ‘A 2’ to quotation list ‘A 1’ at MICEX
- Cherkizovo Group’s bonds were included into the Lombard List of the Central Bank of Russia

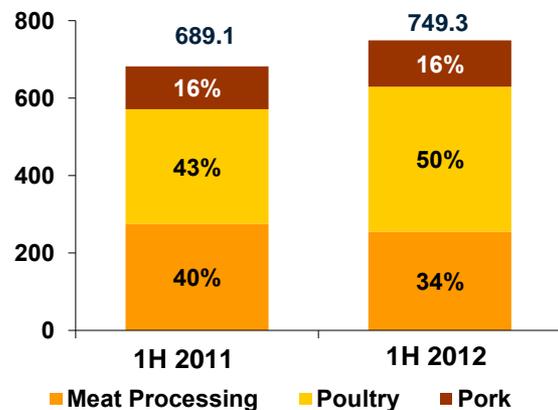


# Group Performance

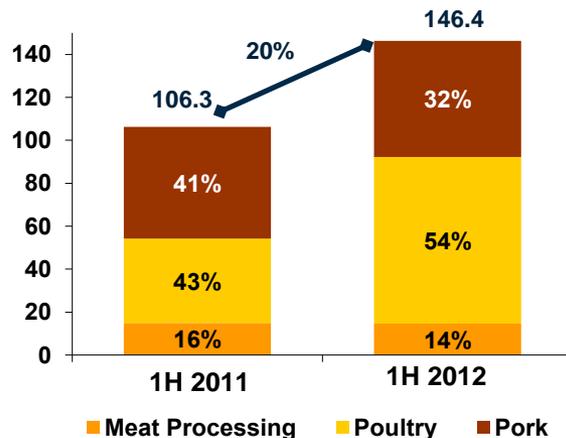
- Total sales increased 9% in USD terms and 16% in RUR terms
- Gross profit increased 23% in USD terms and 31% in RUR terms; gross margin increased to 28%
- Operating expenses as a percentage of sales slightly decreased by 1% to 13%
- EBITDA increased 38% in USD terms and 47% in RUR terms, EBITDA margin increased to 20%
- Net income increased 46% in USD terms and 56% in RUR terms. Net income margin increased to 13%

	1H2011	1H2012	% change USD	% change RUR
<b>US/RUR rate</b>	<b>28.62</b>	<b>30.64</b>		
Total sales, USD mln	689.1	<b>749.3</b>	<b>9%</b>	16%
Gross Profit, USD mln	170.2	<b>208.6</b>	<b>23%</b>	31%
<i>Gross Margin, %</i>	25%	<b>28%</b>		
EBITDA, USD mln	106.3	<b>146.4</b>	<b>38%</b>	47%
<i>EBITDA Margin, %</i>	15%	<b>20%</b>		
Net Income, USD mln	66.2	<b>96.3</b>	<b>46%</b>	56%
<i>Net income margin %</i>	10%	<b>13%</b>		

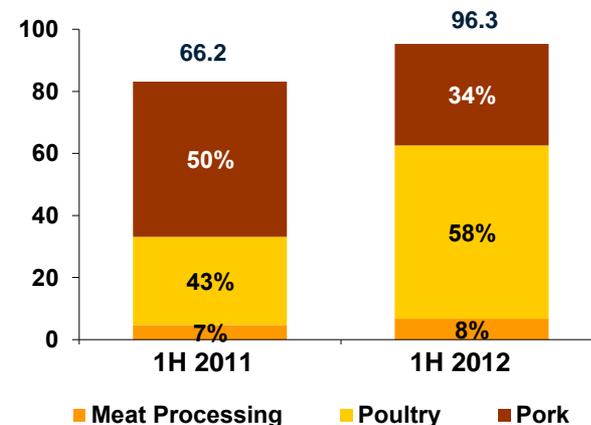
Total Group Sales, USD mln



EBITDA and EBITDA margin, USD mln, %



Net Income, USD mln



Source: Management estimates, Company reports

# Poultry Division

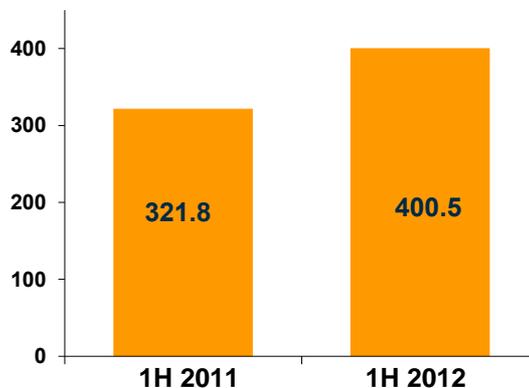
- Volumes increased by a robust 34% to appr. 158,345 tonnes
- Prices decreased by 4% to \$2.40 per kg for 2012\* (excl. VAT) and increased by 3% to 73.61 RUR per kg (excl. VAT)
- Total sales increased 24% to \$400.5 mln
- Gross Profit increased 43% to \$108.3 mln, Gross Margin increased to 27%
- Operating expenses as a percentage of sales decreased 2% to 11%.
- EBITDA increased 69% to \$83.3 mln, EBITDA margin increased to 21%
- Division profit increased 99% to \$62.5 mln, division profit margin increased to 16%

US/RUR rate	1H2011	1H2012	% change USD	% change RUR
	28.62	30.64		
Total sales, USD mln	321.8	400.5	24%	33%
Gross Profit, USD mln	75.8	108.3	43%	53%
Gross Margin, %	24%	27%		
EBITDA, USD mln	49.3	83.3	69%	81%
EBITDA Margin, %	15%	21%		
Division profit, USD mln	31.4	62.5	99%	113%
Division profit margin %	10%	16%		

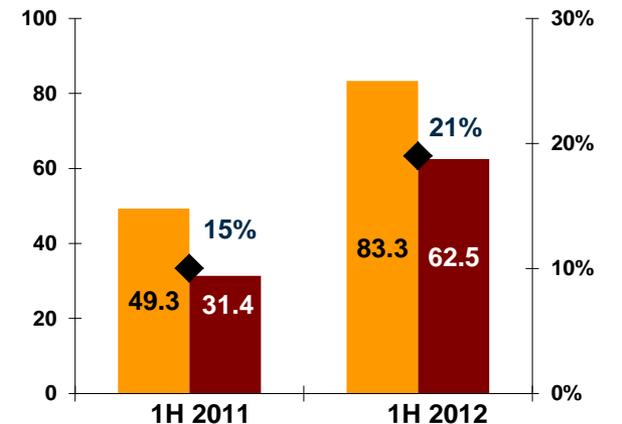
Volume and Price\*\* Dynamics



Total Sales, USD mln



EBITDA and Division Profit, USD mln



Source: Management estimates, Company reports

\* Company's selling price

# Investments to Drive Capacity and Efficiency Growth

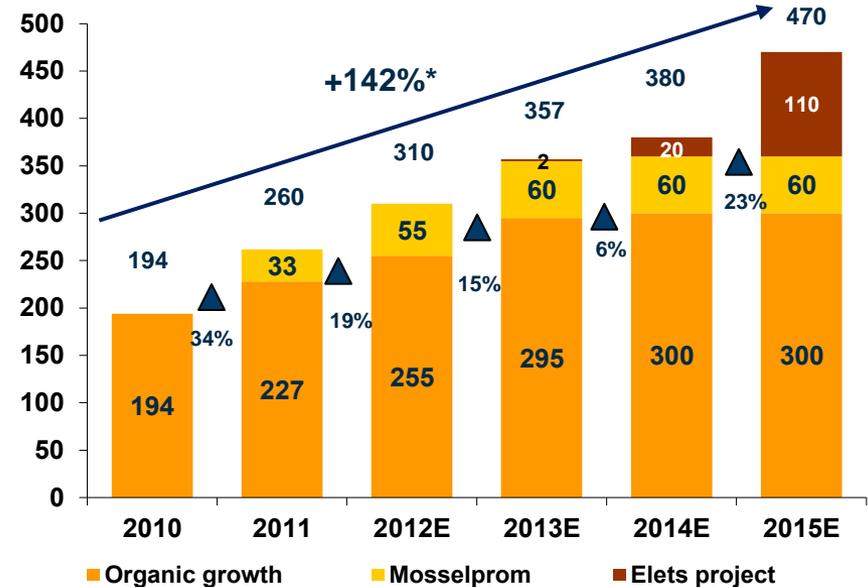
## Bryansk Cluster Capacity Increase Overview

- The project is expected to double production of the cluster to 75,000 live-weight tonnes by the end of 2012
- Sites launched: additional breeding facilities and bird houses, 1<sup>st</sup> line of the new hatchery with an annual capacity of 43 mln eggs
- Sites to be launched in 2012-2013: 2<sup>nd</sup> line of the hatchery to increase capacity to 66 mln eggs, fodder factory

## Penza Cluster Capacity Increase Overview

- The project is expected to double production of the cluster to 140,000 live-weight tonnes in 2013
- Sites already launched: Incubation facility for 105 mln eggs per year, additional breeding facilities and bird houses and a state-of-the art slaughtering facility of 8,000 units per hour
- Sites to be launched in 2012: additional bird houses and a fodder factory

## Volume sales (thous. sellable weight tonnes)



Source: Company, Management estimates

\* Expected increase in 2015 compared to 2010 levels

\* For 2011 Mosselprom volumes are consolidated from 13 May 2011

# Transformational Project – Elets Agroindustrial Park

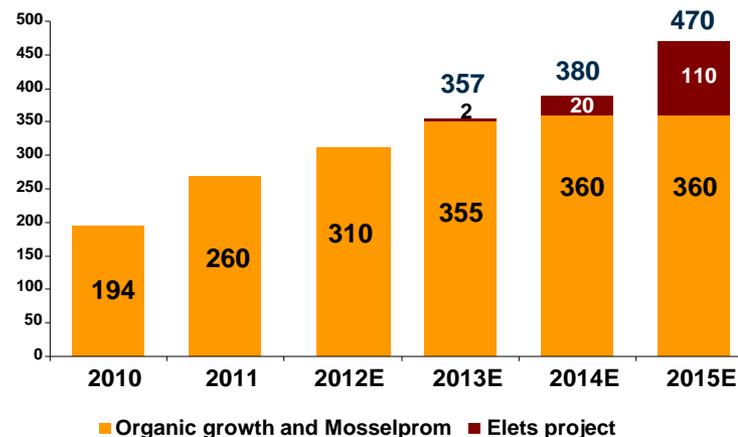
**New production – 125 000 tonnes of poultry, sellable-weight**  
**Investments into total project – 19.5 bln roubles (incl. VAT and working capital)**

## Construction of state-of-the-art sites in one production area

- Incubation site – 240 mln incubation eggs per year
- 5 broiler sites for 280 broiler houses and 4 parent stock sites
- Fodder plant – 120 tonnes of fodder per hour
- Poultry slaughter and processing plant – 24 000 units per hour
- Pig slaughter and processing plant – 650 units per hour
- Transport and logistical infrastructure

Poultry project		Investments, mln RUR (excl. VAT)	Per unit
Broiler farm	115 thous. tonnes sellable weight	4,441	38.7
Feed mill	558 thous. tonnes per year	2,288	4.1
Elevators	462 thous. cubic meters (grain)		
Breeder farm	98.5 mln hatching eggs	2,758	28.0
Hatchery	230 mln eggs	847	3.7
Slaughter plant	24,000 units per hour 113.1 mln units per year	3,061	27.1
Logistics		1,169	
<b>TOTAL</b>		<b>14,564</b>	

## Production volumes, thous. sellable-weight tonnes



## Estimated project parameters

- Est. Debt – 15,6 bln RUR
- Est. Equity – 3,9 bln RUR
- Est. Payback – 6,5 years
- Cost of Debt – 0,22%
- Debt maturity – 10 years

# Pork Division

- Volumes increased 14% to approximately 46,764 tonnes of live weight
- Prices decreased by 2% to \$2.65 per kg in 2012\* (excl. VAT) and increased by 5% to 81.32 RUR per kg (excl. VAT)
- Total sales increased 4% to \$128.8 mln
- Gross Profit increased 7% to \$49.2 mln; Gross Margin increased to 38%
- Operating Expenses as a percentage of sales grew to 8% due to the implementation of new production facilities
- EBITDA increased 9% to \$50.3 mln; EBITDA Margin was 39%
- Division profit increased by 2% to \$36.6 mln, division profit margin was 28%

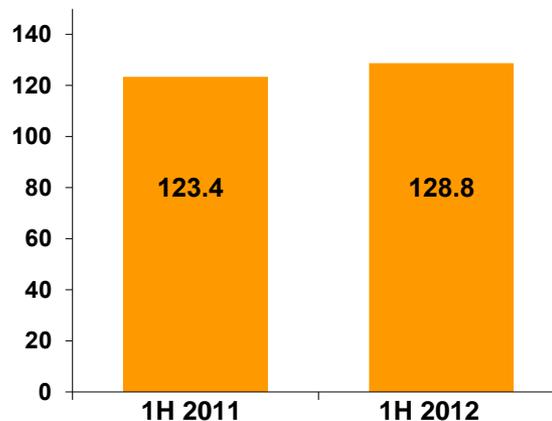
	1H2011	1H2012	% change USD	% change RUR
<b>US/RUR rate</b>	<b>28.62</b>	<b>30.64</b>		
Total sales, USD mln	123.4	<b>128.8</b>	<b>4%</b>	12%
Gross Profit, USD mln	46.1	<b>49.2</b>	<b>7%</b>	14%
<i>Gross Margin, %</i>	37%	<b>38%</b>		
EBITDA, USD mln	46.3	<b>50.3</b>	<b>9%</b>	16%
<i>EBITDA Margin, %</i>	38%	<b>39%</b>		
Division profit, USD mln	35.8	<b>36.6</b>	<b>2%</b>	10%
<i>Division profit margin %</i>	29%	<b>28%</b>		

**Volume and Price\* Dynamics**

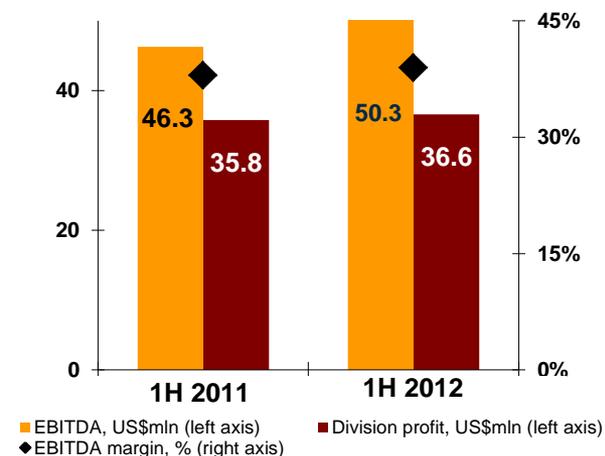


Source: Company  
\* Company's selling price

**Total Sales, USD mln**



**EBITDA and Division Profit, USD mln**



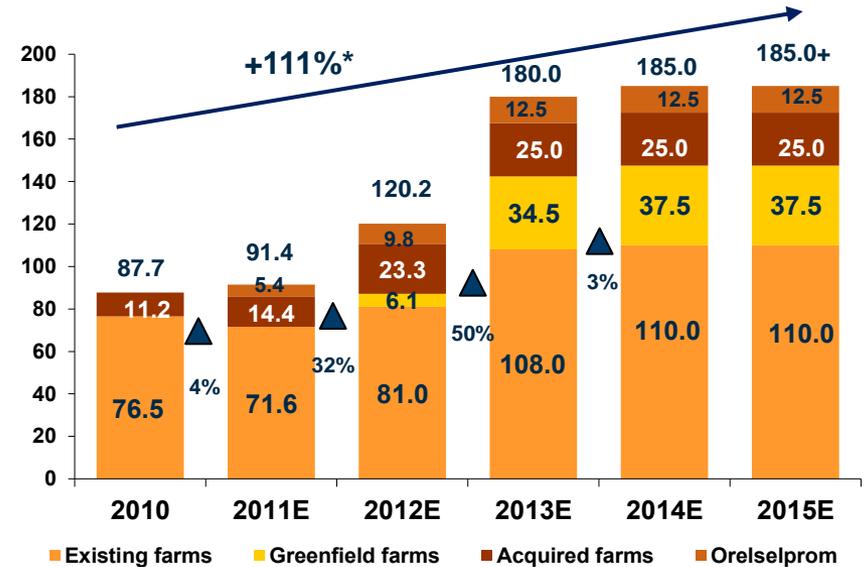
# Cherkizovo Consolidates the Russian Meat Market

## Greenfield construction in Tambov, Voronezh and Lipetsk

- Cherkizovo is constructing greenfields in Tambov, Voronezh and Lipetsk regions
- Sites will represent best-in-class integrated multi-site complexes, with breeding, rearing and fattening facilities
- Investment consideration of appr. \$160mm, of which appr. 20% will be funded by the Group, and the remaining 80% by bank loans. Breeding and rearing facilities at all three sites are launched
- Sites are expected to reach their full capacity by the end of 2013



## Volume sales (thous. live-weight tonnes)



**Cost and scale synergies** due to proximity of new farms to existing Cherkizovo's facilities

**Efficient deployment of CAPEX**, as all essential construction is completed in Lipetsk and Penza

• **Greenfield construction** represents significant efficiency gains

\* Increase in 2015 compared to 2010 levels

# Meat Processing Division

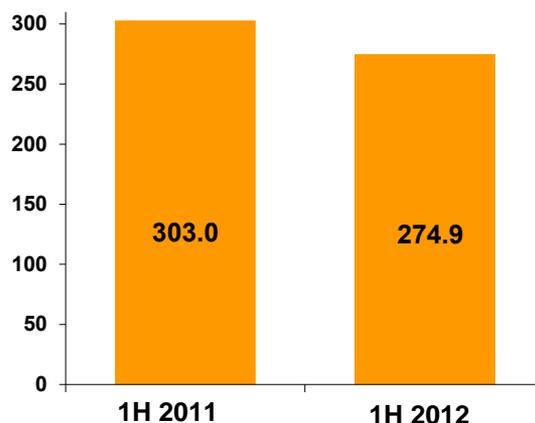
- Volumes decreased by 11% to appr. 62,105 tonnes
- Prices increased by 5% to \$4.70 per kg for 2012\* (excl. VAT) and increased by 13% to 144.11 RUR per kg
- Total sales decreased 9% to \$274.9 mln
- Gross Profit increased 7% to \$51.8 mln; Gross Margin increased to 19%
- Operating expenses as a percentage of sales increased 1% to 13%
- EBITDA increased 18% to \$21.6 million; EBITDA margin increased to 8%
- Division profit was \$11.4mln, division profit margin was 4%

	1H2011	1H2012	% change USD	% change RUR
<b>US/RUR rate</b>	<b>28.62</b>	<b>30.64</b>		
Total sales, USD mln	303.0	274.9	<b>(9)%</b>	(3)%
Gross Profit, USD mln	48.5	<b>51.8</b>	<b>7%</b>	14%
<i>Gross Margin, %</i>	16%	<b>19%</b>		
EBITDA, USD mln	18.3	<b>21.6</b>	<b>18%</b>	26%
<i>EBITDA Margin, %</i>	6%	<b>8%</b>		
Division profit, USD mln	7.4	<b>11.4</b>	<b>54%</b>	65%
<i>Division profit margin %</i>	2%	<b>4%</b>		

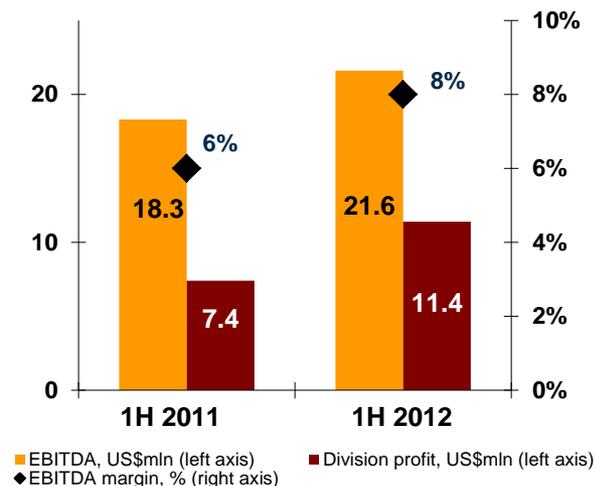
**Volume and Price\* Dynamics**



**Total Sales, USD mln**



**EBITDA and Division Profit, US\$ mln**



Source: Company  
\* The company selling price

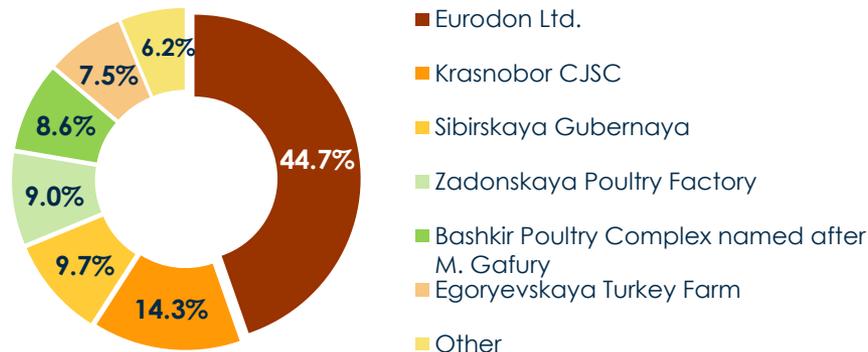
# New opportunities – Cherkizovo enters turkey meat market

## Turkey meat production joint venture with Grupo Fuertes (Spain) Total investments in the project – 4.5 bln RUR (incl. VAT)

### Integrated turkey meat production complex

- ✓ Greenfield project in Tambov region on a 5,000 ha land plot
- ✓ Production capacity: 25-30 thousand tonnes in sellable weight (possible increase to 50 thousand tonnes)
- ✓ Full-cycle production from fodder to package
- ✓ Complex will go live in 2014 and reach full capacity in 2015

### Top turkey meat producers in Russia, in volume terms, %



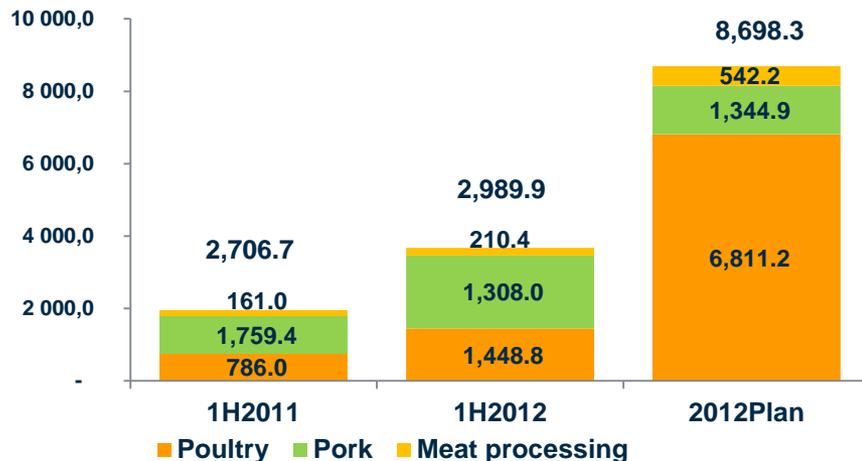
### Russian turkey meat market highlights

- ✓ Double-digit growth
- ✓ Growing demand for nutritional turkey meat
- ✓ Retail prices 3x higher than for poultry meat
- ✓ Import is replaced with domestic production quickly

**Combining leading European experience and genetic resources in turkey production with Cherkizovo's strong position on the Russian meat market**

# Capital Expenditures and Debt

## Capital Expenditure, RUR mln



### Poultry division

- Bryansk cluster:** Investment into “Pervomaiskaya” poultry breeding facility: 1st line launched in 1Q2012
- Penza cluster:** Investment into “Vostochnaya” poultry breeding facility: 21 additional bird houses launched in 1Q2012. Investment into “Zarechnaya” and “Stepanovskaya” broiler production facilities
- Elets project:** Investment into fodder production facility

### Pork division

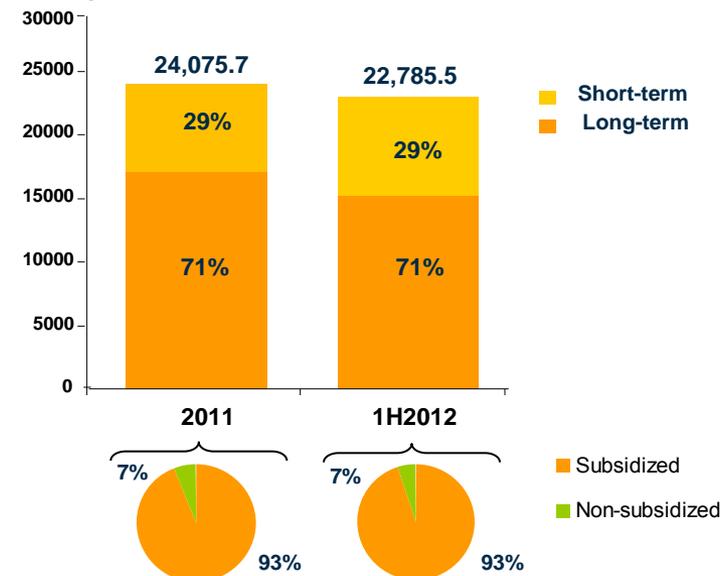
Investments into capacity greenfield construction in Tambov, Voronezh, Lipetsk: rearing facilities launched in 1Q2012, fattening facilities are at the stage of construction completion

### Meat processing division

Investments into Kaliningrad plant

## Total Debt, RUR mln

All Group Debt is in RUR, Cost of Debt for 1H2012 was 1.8%



	2011	1H2012
Net debt, RUR mln	23,166.3	21,799.0
Cost of Debt	1.8%	1.8%
Debt/Equity	1.0x	0.9
Debt/EBITDA*	3.3x	2.5
Interest coverage**	16.6x	21.6

\*Defined as EBITDA divided by interest expense

# Strategic Acquisition of agricultural assets

**Enterprise Value (EV) of the acquired assets is 4.46 billion rubles**



Acquisition will enhance genetic production and result in improvement of cost-efficiency of the Company's pork operations.

A fertile land bank in the Black Earth region will secure Cherkizovo's own grain supply, further increasing the degree of vertical integration and serve as a platform for further livestock breeding development



Grain storage elevators, will give the Cherkizovo greater flexibility in its purchasing strategy and enable to hedge against unfavorable conditions in the grain market



## Overview of assets

### Voronezh region

- **The swine nucleus unit** includes a boar stud, a breeding facility for 2,400 sows, a nursery facility for 10,000 pigs and a finishing facility for 6,700 pigs
- **The land bank** of approx. 30,000 ha - appr. 25,000 ha is in active agricultural use
- **Grain Storage Elevator** - capacity of 150,000 tonnes
- **Feed mill** – capacity of 60 tonnes per hour. Designed for loose and pelleted feed production

### Penza region

- **Grain Storage Elevator** - capacity of 60,000 tonnes; can be increased to 90,000 tonnes

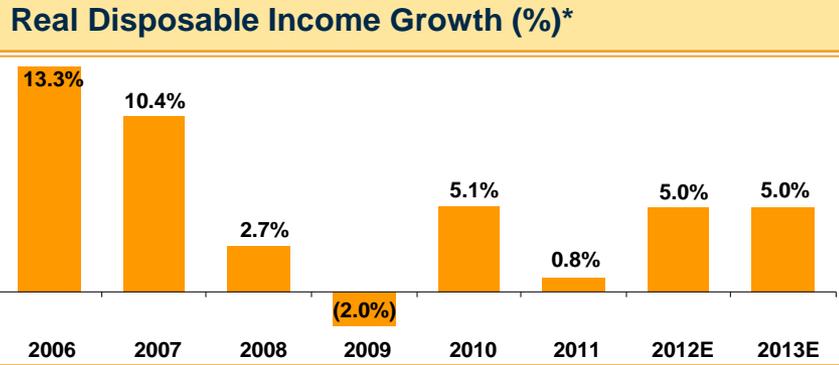
# Investment Highlights



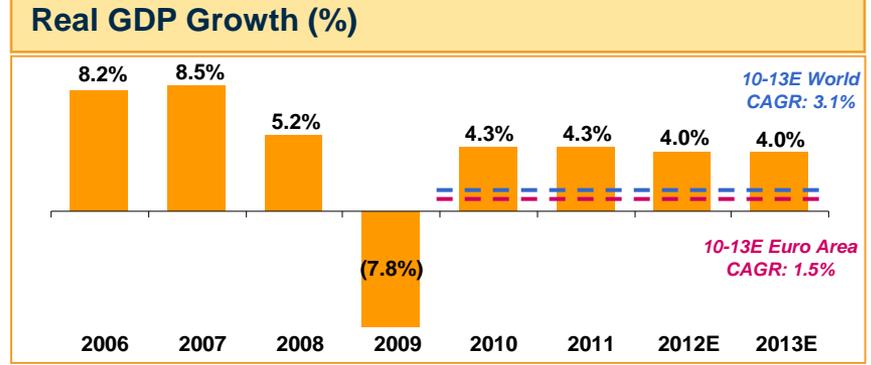
# Investment Highlights

- 1 Attractive market fundamentals
- 2 Well positioned to drive industry consolidation
- 3 Leading portfolio of brands
- 4 Best in class distribution network reaching a well-diversified customer base
- 5 Vertically integrated within the segments
- 6 Well-invested production assets
- 7 Favourable regulatory and tax environment
- 8 Attractive financial profile
- 9 Strong management team and corporate governance

# The Russian Economy is Re-bounding Towards its Historical Growth Path



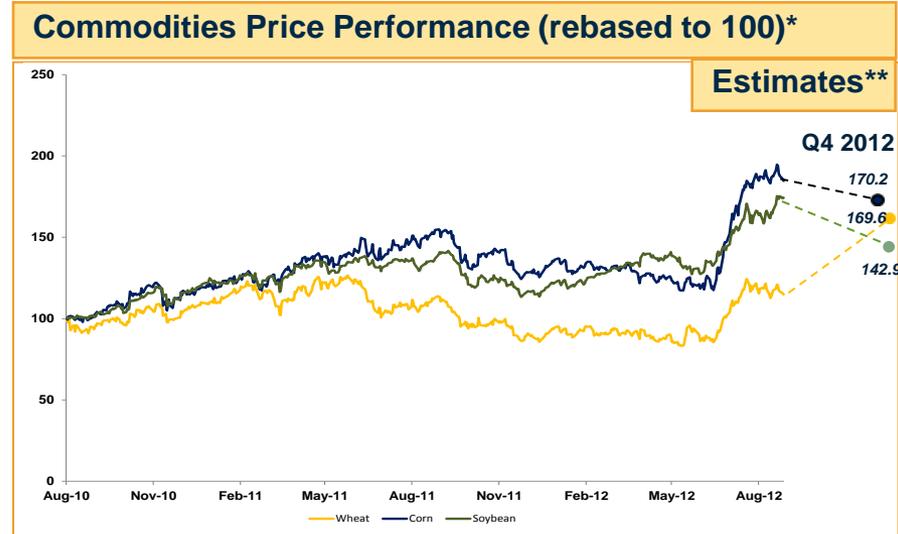
Source: Rosstat, Broker estimates  
\* Denotes real personal disposable income (% change pa)



Source: Rosstat, Broker estimates



Source: Bloomberg



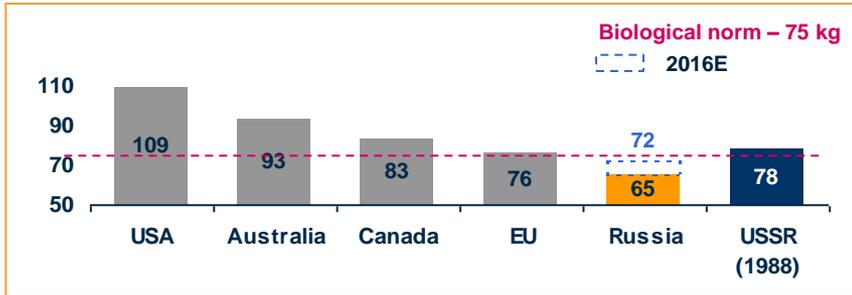
Source: Bloomberg  
\* Prices for Wheat (Cts/Bu), Soybeans (C/Bushel), Barley and Corn

# 1

# The Russian Meat Market is a Sizeable and Fast Growing Opportunity

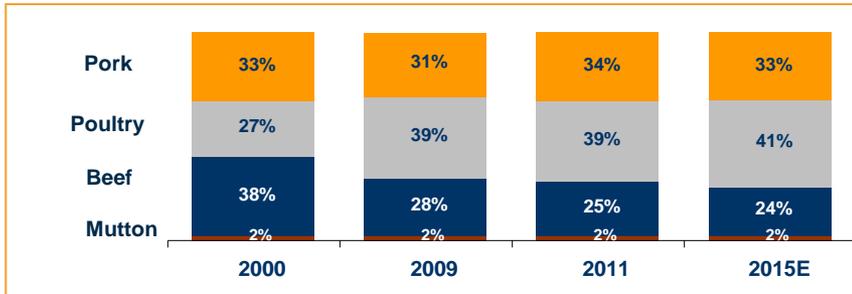
Significant growth of Russian economy and disposable income creates significant opportunities for the domestic meat market

## Annual Per Capita Meat Consumption, kg (2011)



Source: Russian Meat Union, FAPRI, Global Insight, World Bank Database

## Shift in Russian Meat Market Structure (volume)\*



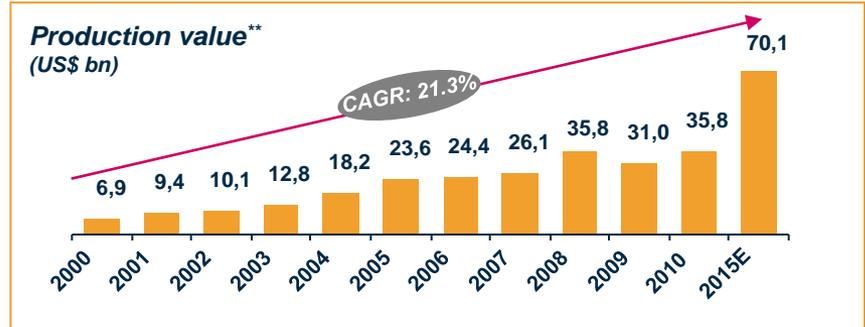
\*Source: Russian Meat Union

<sup>1</sup> Basing on internal consumption

## Russian Meat Market evolution



Source: Russian Meat Union



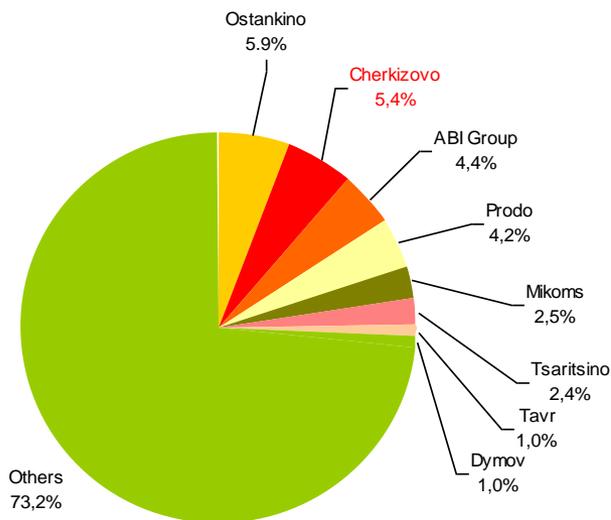
\*\*Source: Russian Meat Union

<sup>1</sup> Meat prices in 2010 -2015 assumed to grow at CPI rate (EIU)

# Well Positioned to Drive Industry Consolidation

Fragmented market creates a platform for organic growth and consolidation

## Meat Processing\*



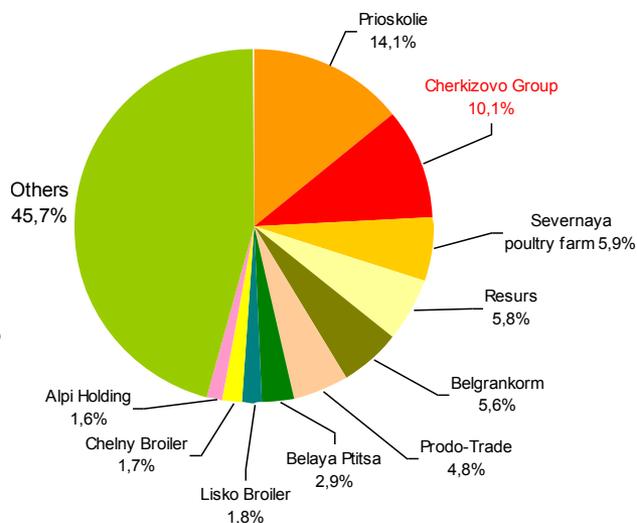
Source: Meat Union Estimates, Company Estimates

Top 3 producers in US account for approx. 38% of the market\*\*\*\*

\* In volume terms (2011)

\*\* In volume terms (slaughter-weight, 2011)

## Poultry\*\*



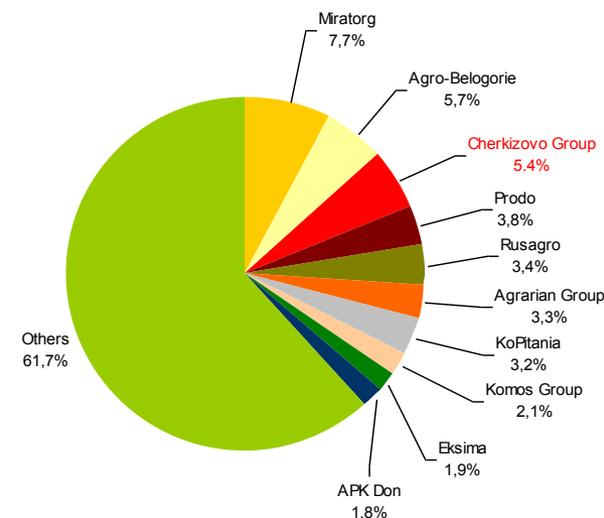
Source: Russian Poultry Union, Company

Top 3 producers in US account for approx. 57% of the market\*\*\*\*

\*\*\* In volume terms (live weight, 2011)

\*\*\*\* Management estimates

## Pork\*\*\*



Source: National Pork Union of Russia, Company

Top 3 producers in US account for approx. 50% of the market\*\*\*\*

Strong portfolio of federal brands covering the entire price spectrum

## Powerful well-known brands

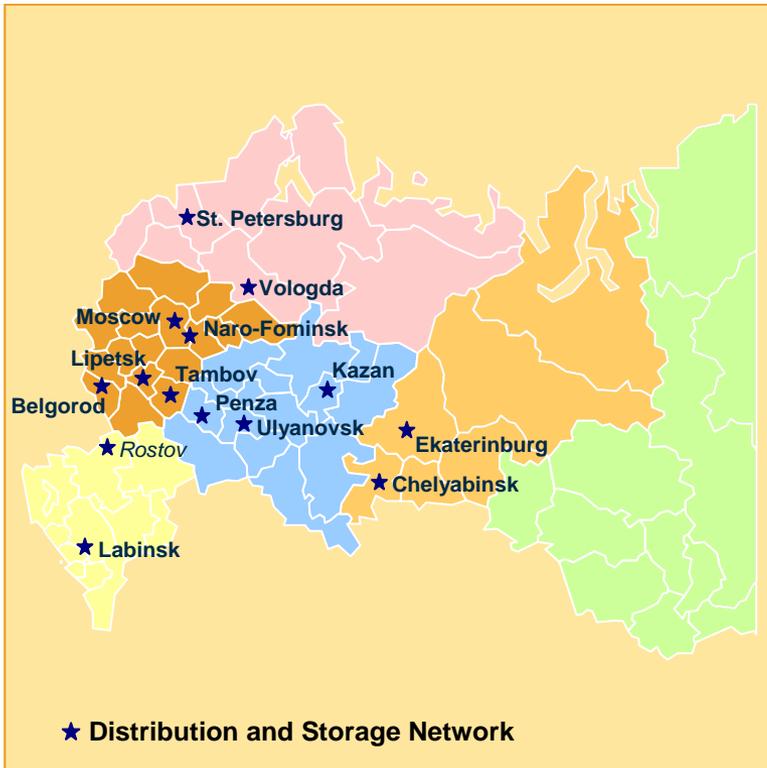
- Company's distribution network covers all Russian Federal Districts
- Daily deliveries by a dedicated fleet of refrigerated trucks provide a significant competitive advantage
- Warehouse network throughout European part of Russia
- Strong relationship with independent distributors
- Unique software system to ensure timeliness and quality of delivery

	Poultry		Meat Processing	
	National	Local	National	Local
Premium	 <p># 1 in Moscow region</p>			
Medium	 		 	 
Low				

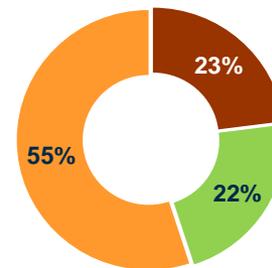
# Best in Class Distribution Network reaching a Well-diversified Customer Base

Company's well developed distribution network is a key success factor and major barrier for entry

- Company's distribution network covers all Russian Federal Districts
- Daily deliveries by a dedicated fleet of refrigerated trucks provide a significant competitive advantage
- Warehouse network throughout European part of Russia
- Strong relationship with independent distributors
- Unique software system to ensure timeliness and quality of delivery

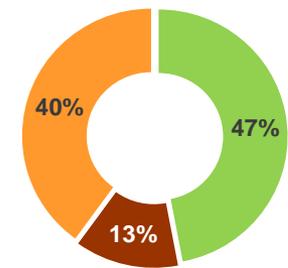


Meat Processing breakdown of sales by channel\*, 2011



■ Traditional Retail ■ Modern Retail  
■ Wholesale

Poultry breakdown of sales by channel\*, 2011



■ Modern Retail ■ Traditional Retail  
■ Wholesale

\*Source: Company

# 5 Vertically Integrated within the Segments



## Land and Grain



## Fodder



Quality and biological safety

## Pork and Poultry



Lower dependence on imports and suppliers

## Processing



Capture margins from value-added products

## Distribution



Quality control and cost optimisation

## Fully Owned Farms as a Key Differentiating Factor

Land and Grain	✓	✗	✗	✗	✗	✗	✗
Fodder	✓	✓*** (✓)*	✓	✓**	✓	✓	✓
Farm ownership	✓	✗	✗	✗	✗	✗	✓
Pork/Poultry Breeding	✓/✓	✓/✓*** (✓)*	✓/✓	✓/✓**	✓/✗	✓/✓	✓/✓
Meat Processing	✓	✓	✓	✓	✓	✓	✓
Centralised distribution	✓	✓	✓	✓	✓	✗	✗
<b>Degree of vertical integration</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>

Note: Degree of integration of different players based on Cherkizovo management judgment

\* Cattle activities \*\* Former Sadia operations \*\*\* Attributable to Pilgrim's Pride acquisition

## 5 Vertically Integrated within the Segments Agricultural Land

### Access to landbank of approx. 125,000 ha

- 28,212 ha Tambov Region – in ownership
- 14,615 ha in Lipetsk and 5,454 ha in Penza regions – long-term lease
- 16,000 ha in Saratov region – 10,000 ha is in ownership and 6,000 is in long-term lease
- Appr. 30,000 ha in Orel region – acquired as part of Mosselprom
- Appr. 30,000 ha in Voronezh region – acquired as a part of Voronezhmyasoprom.
- Access to quality land – the “black earth” farming region is considered one of the best land in the world



### Significant strategic benefits

- Conveniently located close to pork facilities
- Securing feedstock on a long-term basis at controllable cost
- Option to use manure as highly efficient and natural fertilizer
- Cropping is outsourced to NAPKO, a crop raising company



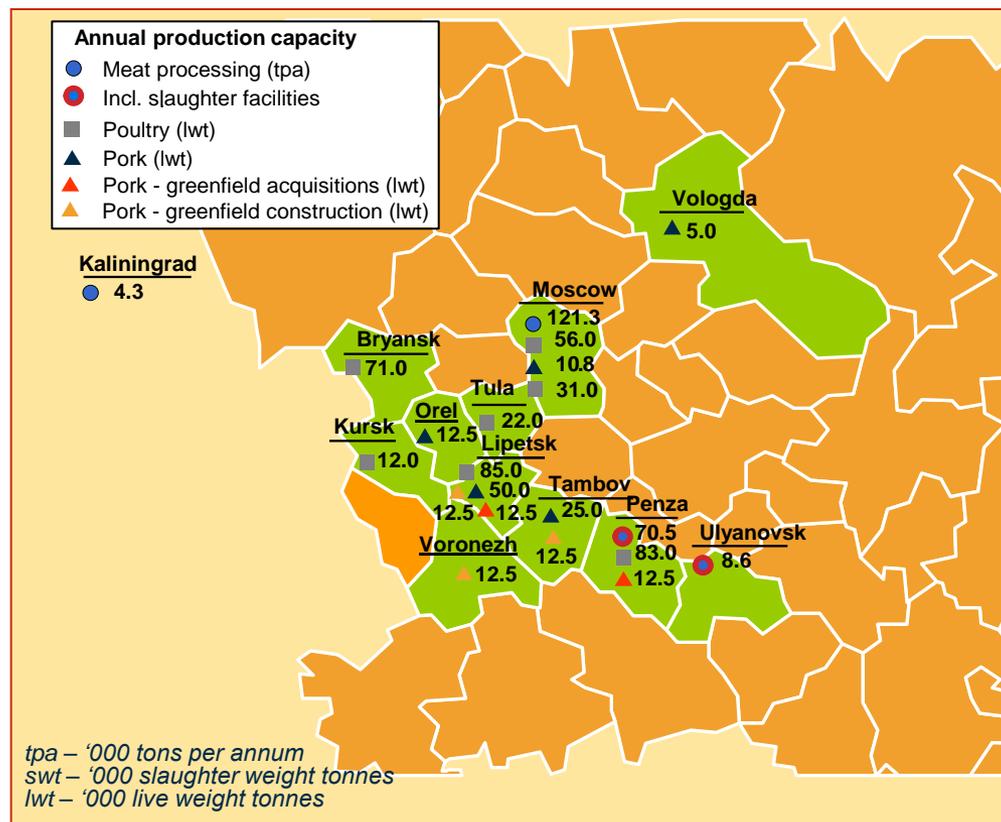
### Opportunity to secure reliable feedstock



**Land is a strategic asset that provides a hedge against grain price increase**

## Low cost production assets enabling high profit margins

- Greenfield pork facilities enable to achieve industry leading margins as efficiency indicators are 50-70% higher compared to old pork farms
- State-of-art broiler and breeder farms and processing plants use finest breeds and latest technologies
- Cherkizovo controls the quality for the customer throughout the production chain
- Pork quality confirmed by “Ecological Product” certification

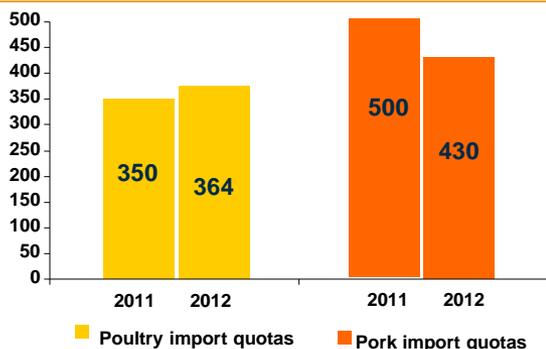


# 7 Favourable Regulatory and Tax Environment

## Import Quotas and Regulation

- **Poultry import** – all imports are leg quarter parts, no bird in whole is allowed
- **Russia's admission to WTO** – pork quotas will remain at the level of 2012 until 2020 and poultry quotas - until 2020 and beyond. After 2020 duty on pork will be 25%
- **Duty on import of live pigs** will decrease from 40% to 5% in the second half of 2012.

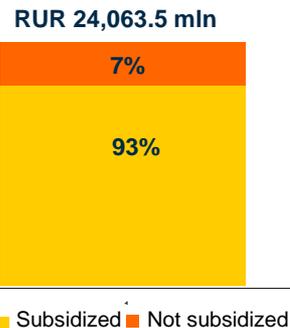
### Import quotas (thous. tonnes)



## Subsidised Interest Rate Rebate

- Effective cost of debt is 2% in 2011
- Attractive returns on invested capital

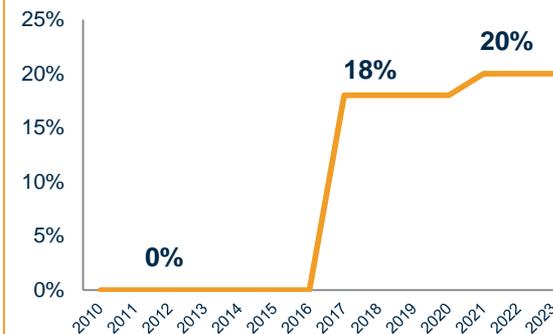
### Debt Structure as of 2011



## Attractive Tax Regime

- Attractive tax rate for agricultural producers
- Low effective Group tax rate
- Government considers prolongation of the zero rate

### Expected profit Tax Rate for Agro Producers, %



## Opportunity for domestic producers

Source: Official Statistics

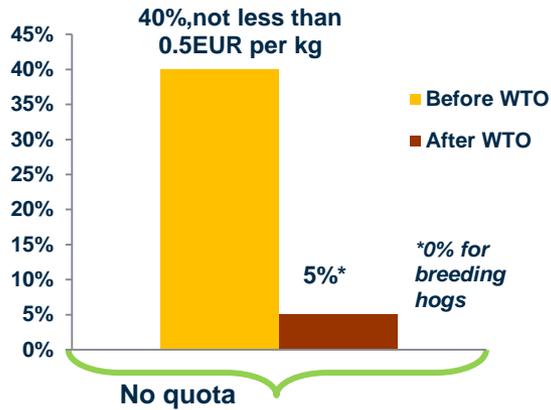
## High EBITDA to Net Income conversion ratio

Source: Company reports

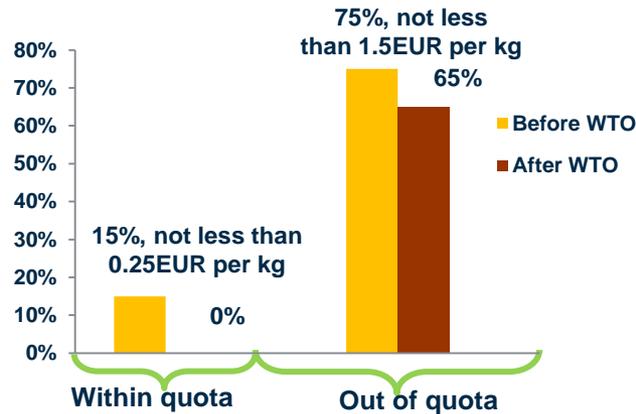
Source: Official Statistics, MinFin

# Russia's admission to WTO

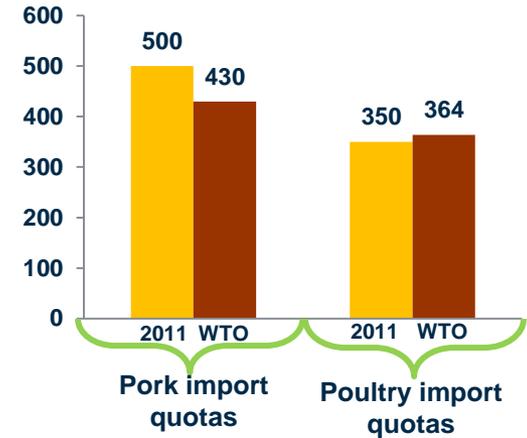
## Live pigs



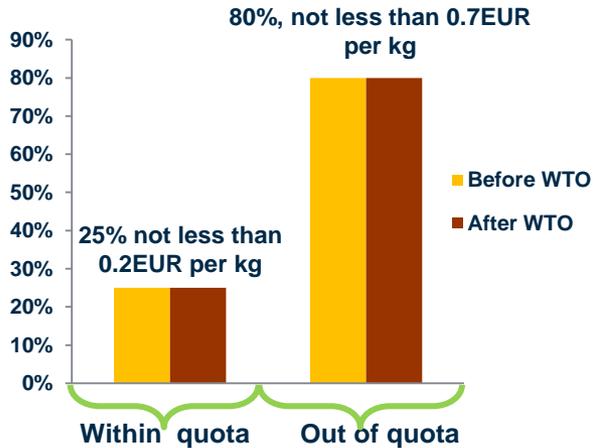
## Pork meat



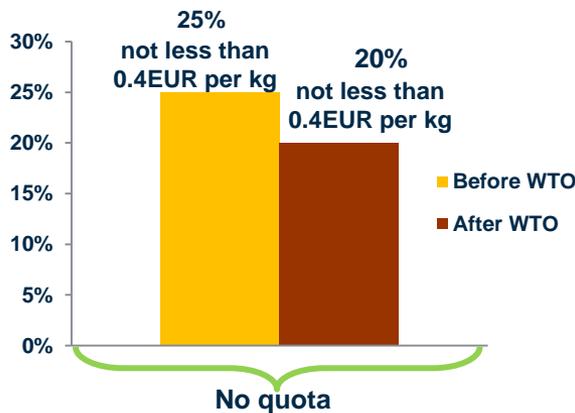
## Current Import quotas vs. WTO (thous. tonnes)



## Poultry meat



## Processed meat products



•Pork quotas will remain at the level of 2012 until 2020

•After 2020 duty on pork will be 25%

•Poultry quotas will remain at the level of 2012 until 2020 and beyond

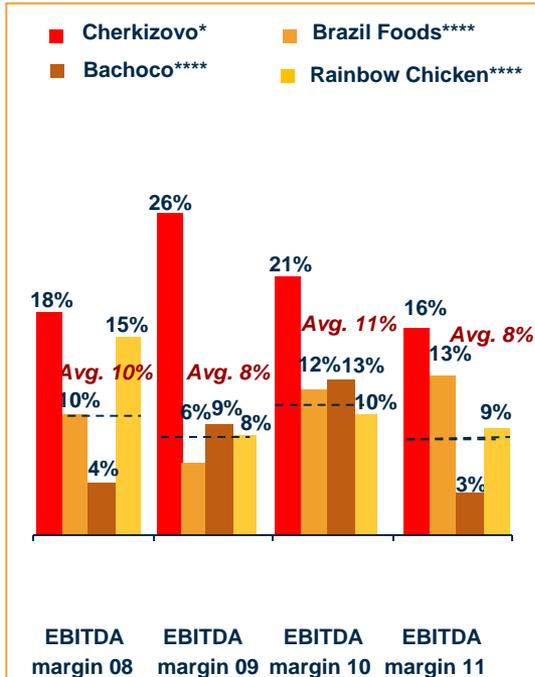
In 2015, advalorem component of the duty on processed meat products will be abolished and the duty will be set at the level of 0.25 EUR per kg

# Attractive Financial Profile

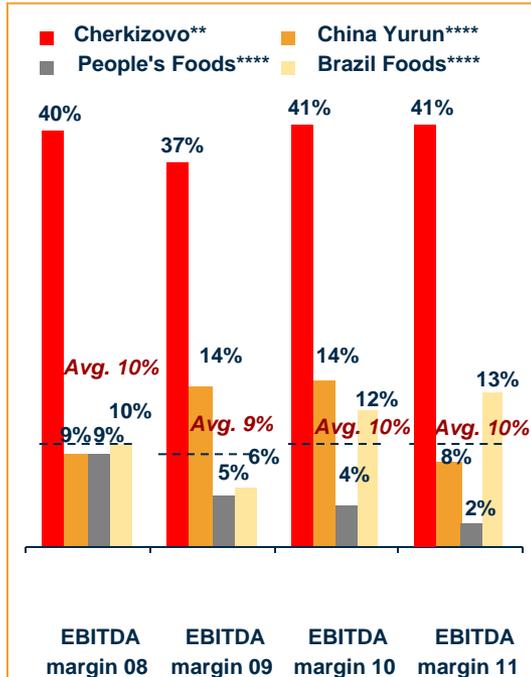
## Profitability

### Leading profitability indicators (EBITDA margin %)

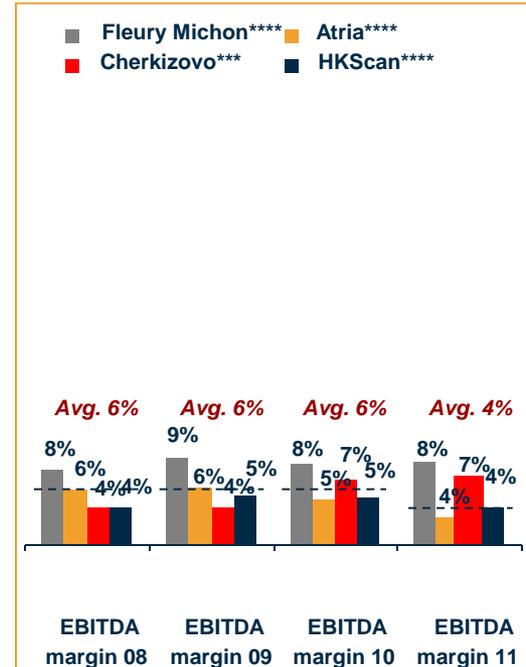
#### Poultry



#### Pork



#### Meat processing



Source: Company filings; operating income is assumed to be equivalent to EBIT for benchmarking purposes  
 Note: Average excludes Cherkizovo

\*Poultry division \*\*Pork division \*\*\*Meat processing  
 \*\*\*\*Group margin

# Attractive Financial Profile

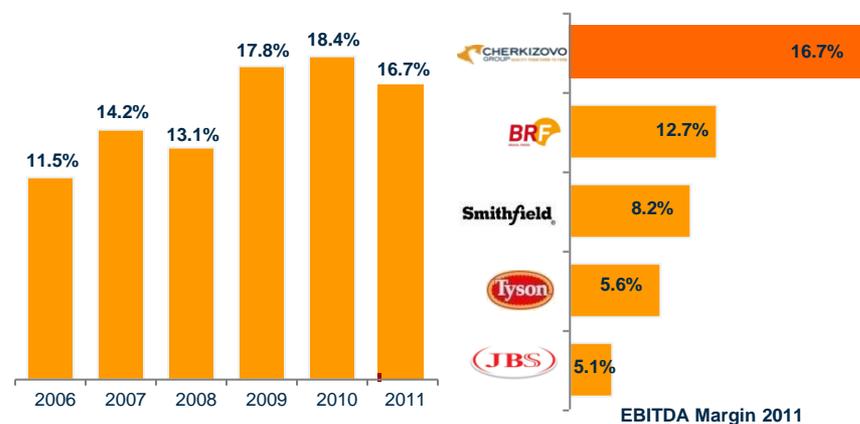
## Best In Class Financial Performance

### Significant Improvement in Financial Performance (RUB mln)

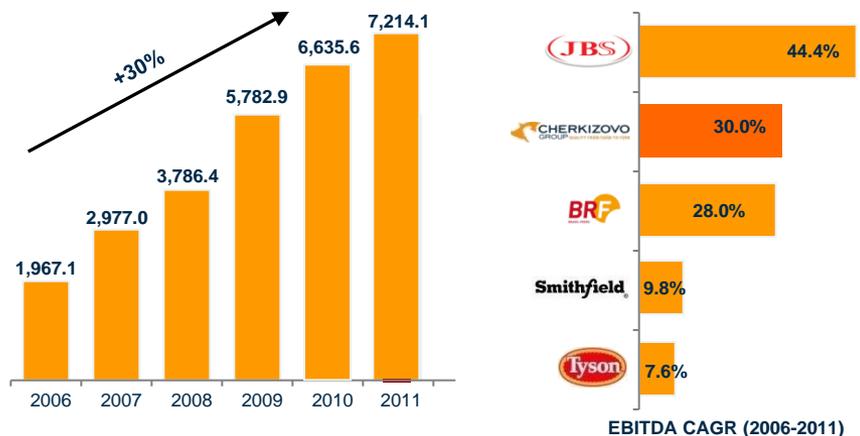
#### Sales Growth



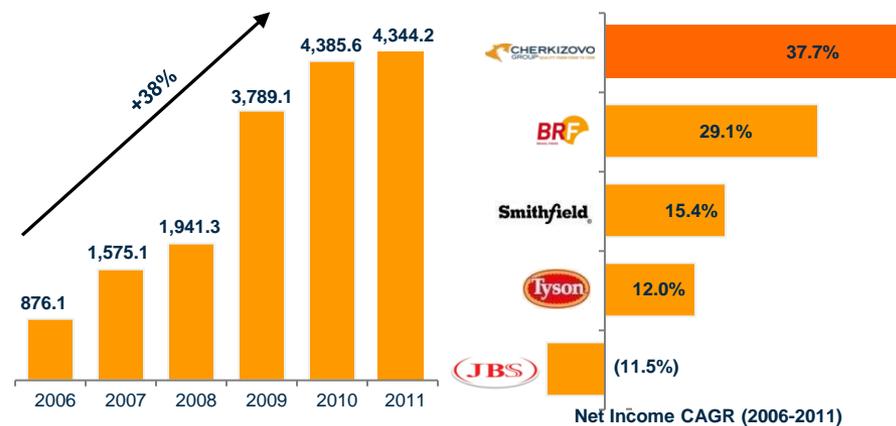
#### EBITDA Margin (%)



#### EBITDA Growth



#### Net Income Growth



Source: Broker estimates, Company filings (figures as per company's fiscal year end).

# Corporate Governance

## Strong Board of Directors



**Igor Babaev**  
*Chairman*

30+ years of experience in the Russian meat industry



**Sergey Mikhailov**

- CEO and shareholder



**Evgeny Mikhailov**

- Head of Project Development and shareholder



**Vitaliy Podolskiy**

- Independent member
- Chairman of the Personnel and Remuneration Committee
- 17+ years of experience in retail/FMCG in the USA, UK, Germany and Russia



**Musheg Mamikonian**

- Independent member
- Chairman of the Investment and Strategic Planning Committee
- President of Meat Union of Russia
- 20+ years of experience in the industry



**Samuel B. Lipman**

- Independent member
- American poultry expert
- 20+ years of experience in the poultry industry



**Marcus Rhodes**

- Independent member
- Chairman of Audit Committee
- 20 years in audit
- 2002-2008 - Audit Partner, E&Y
- Degrees from Loughborough University and ICA, Great Britain



**Sergey Mikhailov**  
CEO

- 11 years in the industry
- Joined the Company in 2001 as Director for Marketing
- Prior to that, founder of aTelo telecommunications company, in Washington, DC
- BA from Georgetown University (Finance and Economics)



**Ludmila Mikhailova**  
CFO

- 10 years in the industry
- 2002-2004- Financial Analyst in General Mills Corporation, Canada
- Prior to that - Head of corporate finance division of Cherkizovsky MPP
- BA from Finance Academy, Moscow; MBA from York University, Canada



**Arthur Minosyants**  
COO

- 15 years in the industry
- 2000-2006 – First Deputy President for Finance and Economics, Cherkizovsky MPP
- Prior to that – Finance and Economics Director of Birulovsky Meat Processing Plant
- PhD in Economics from the Moscow Plekhanov Institute for National Economy

# Appendix

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# 1H2012 Consolidated Financial Statements



# Key Consolidated Income Statement and Data

Period, USD mln	1H 2012	1H 2011
<b>Sales</b>	749.3	689.1
<b>Cost of sales</b>	(540.6)	(518.9)
<b>Gross Profit</b>	208.6	170.2
<i>Gross Margin</i>	28%	25%
<b>Operating Expenses</b>	(100.8)	(94.4)
<b>EBITDA</b>	146.4	106.3
<i>EBITDA Margin</i>	20%	15%
<b>Operating Income</b>	107.8	75.7
<i>Operating income margin</i>	14%	11%
<b>Net Income</b>	96.3	66.2
<i>As % of Sales</i>	13%	10%

# Cherkizovo Group – Balance Sheet

Period, USD mln	1H 2012	2011
Cash and Equivalents	30.1	28.2
Trade Accounts Receivable	78.8	77.6
Inventory	192.4	197.5
Other Current Assets	88.2	98.6
<b>Total Current Assets</b>	<b>389.5</b>	<b>401.9</b>
Plant, Property and Equipment	1,238.0	1,219.5
Other Non-current Assets	74.4	69.4
<b>Total Non-current Assets</b>	<b>1,312.4</b>	<b>1,289.0</b>
<b>Total Assets</b>	<b>1,701.9</b>	<b>1,690.9</b>
Trade Account Payable	78.7	88.2
Short-term Debt	203.8	214.2
Other current liabilities	56.5	56.0
<b>Total current liabilities</b>	<b>339.0</b>	<b>358.3</b>
Long-term debt	490.6	533.6
Other non-current liabilities	39.2	41.5
<b>Total non-current liabilities</b>	<b>529.8</b>	<b>575.1</b>
<b>Shareholders' Equity</b>	<b>833.2</b>	<b>757.4</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,701.9</b>	<b>1,690.9</b>

# Summary Consolidated Cashflow Statement

Period, USD mln	1H 2012	1H 2011
Net Income	99.4	67.2
Depreciation	38.5	30.1
Adjustments for Non-Cash Items	0.2	2.1
Change in Net Working Capital	9.0	(9.1)
<b>Net Operating Cash Flow</b>	<b>147.0</b>	<b>90.3</b>
Purchases of PP&E	(96.3)	(102.8)
Other Investing Cash Flow	(2.9)	(6.0)
<b>Net Investing Cash Flow</b>	<b>(99.2)</b>	<b>(108.7)</b>
Proceeds from /(Repayment of) Debt	(42.1)	(13.3)
Other Financing Cashflow	(2.6)	(3.8)
<b>Net Financing Cash Flow</b>	<b>(44.7)</b>	<b>(17.1)</b>
Exchange Rate Difference	(1.4)	6.6
<b>Net Increase in Cash and Equivalents</b>	<b>1.8</b>	<b>(29.0)</b>

**Alexander Kostikov**  
**Head of Investor Relations and Communications**

**+7 495 788 3232 ext. 5019**

**[a.kostikov@cherkizovo-group.com](mailto:a.kostikov@cherkizovo-group.com)**