



Interim Results presentation

For the six month period ended 30th June 2006

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About Cherkizovo Group



Cherkizovo Group – The Integrated Meat Producer

2005 Sales: \$546 MM
2005 EBITDA*: \$66 MM

Meat Processing
2005 Sales: \$413 MM
2005 EBITDA*: \$34 MM

Poultry
2005 Sales: \$114 MM
2005 EBITDA*: \$28 MM

Pork
2005 Sales: \$20 MM
2005 EBITDA*: \$2 MM

03-05 Revenue CAGR

- 11%

- 28%

- 64%

Market Position

- # 1 nationwide

- # 1 in the Moscow poultry market

- One of the top industry players

Key Products

- Sausages, salamis, semi-finished products

- Chilled / frozen poultry

- Live hogs, pork carcasses, fresh pork cuts

Key Brands**



Facilities

- 8 plants
- Total capacity (t.p.a): 203,000+ **

- 2 clusters
- Total capacity (t.p.a): 65,000+ ***

- 4 plants
- Total capacity (t.p.a): 50,000+ by 2007 ****

Personnel

- 7,203

- 4,039

- 824

Source: IKAR, Company, Financials: audited financial statements



* Pork brands to be developed on the basis of existing key brands in meat processing and poultry segments
** Includes sausages and ready-to-cook products
*** Petelino and Vasilievskaya combined capacity
**** Live weight

1H06 Business Highlights

Growth story

- Successful IPO and subsequent listing on The London Stock Exchange and RTS
- Margin improvement through a combination of measures focused on efficiency gains and revenue maximization in all three business segments.
- State of the Art Tambov pork production complex construction unveiled and project financing secured
- Successful 5-year Rouble bond placed at 8.85%, one of the lowest rates in the industry
- Extensive trading house modernization and expansion program underway, with new or completely overhauled facilities in Ufa, St Petersburg, Saratov, Samara and Ekaterinburg.
- Divisional management strengthened with appointments of new COO and Poultry Division Manager
- Introduction of Oracle ERP system

Financial Highlights

Strong performance

- Net Income increased by 39% year-on-year to US \$3.7 million (2005: US \$2.7m)
- Adjusted EBITDA increased by 22% year-on-year to US \$30.4 million (2005: US \$24.9m)
- Adjusted EBITDA margin increased to 11% (2005: 10%)
- Gross margin increased to 22% (2005: 20%)
- Gross profit increased by 21% to US \$62.9 million (2005: US \$51.8m)
- Turnover increased by 9% to US \$283.4 million (2005: US \$260.0m)

1H06 Results

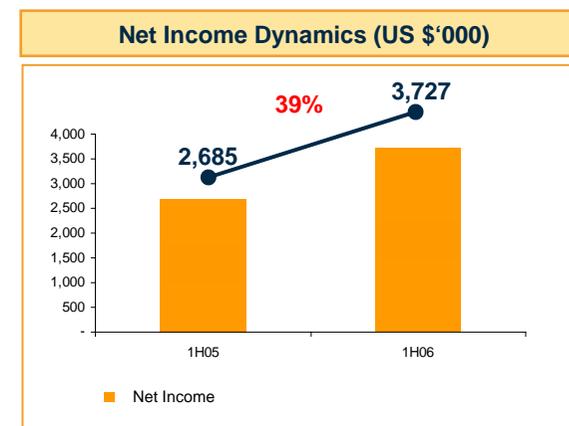
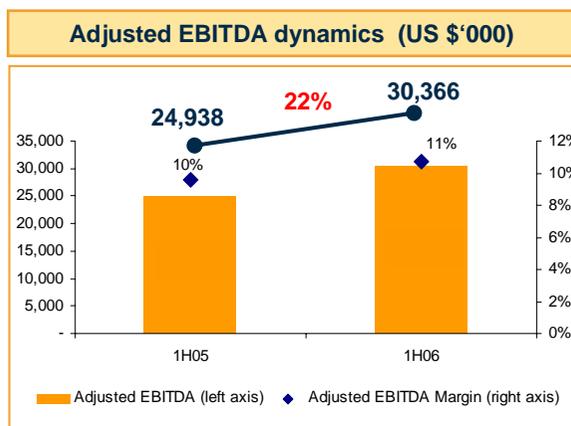
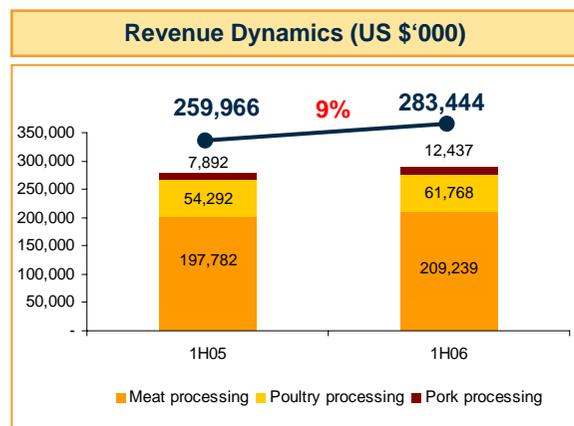


Group Financial Performance

1H2006 results indicate solid performance for the whole 2006

- Revenue grew by 9%:
 - increase in average price of meat processing products due to the change of the product mix
 - poultry prices decreased due to avian flu, offset by 20% volume increase
 - increase in price for pork
- Improvements in operational efficiencies
- Adjusted EBITDA grew 22%, EBITDA margin grew to 11%
- 1H06 in line with seasonal patterns, 1H historically is a low earner
- Impressive margins in the pork business

	1H06	1H05	2005	1H06/ 1H05
Sales, US\$ '000	283,444	259,966	546,181	9%
Gross Profit, US\$ '000	62,895	51,831	125,188	21%
Gross Margin, %	22%	20%	23%	
Adjusted EBITDA, US\$ '000	30,366	24,938	66,116	22%
Adjusted EBITDA Margin, %	11%	10%	12%	
Net Income, US\$ '000	3,727	2,685	17,076	39%

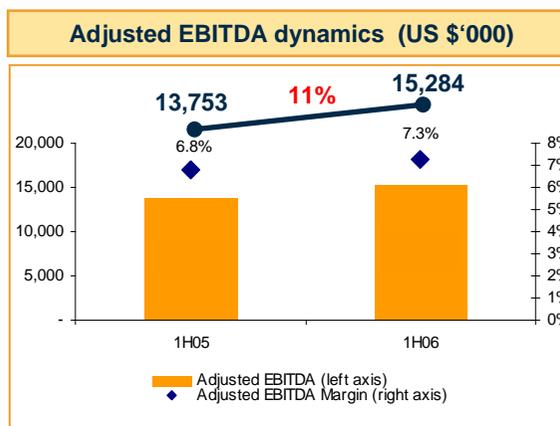
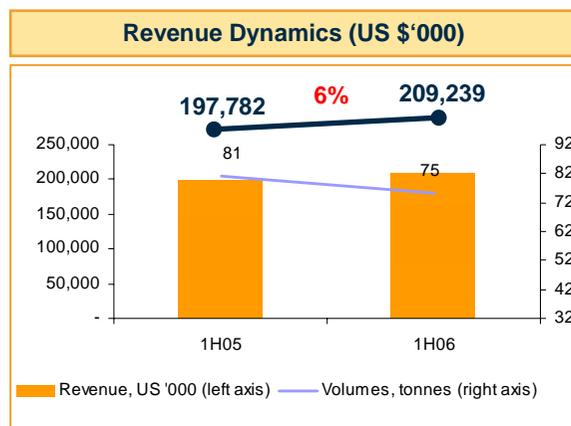


Meat processing division

Moving to high margin products. Significant contribution to sales and profitability

- Revenue grew by 6%:
 - average price increased by 13%
 - increased share of premium products
- Gross margin grew to 17% despite of raw materials price increase
- Continuing regional expansion program
- Increased share of retail chains

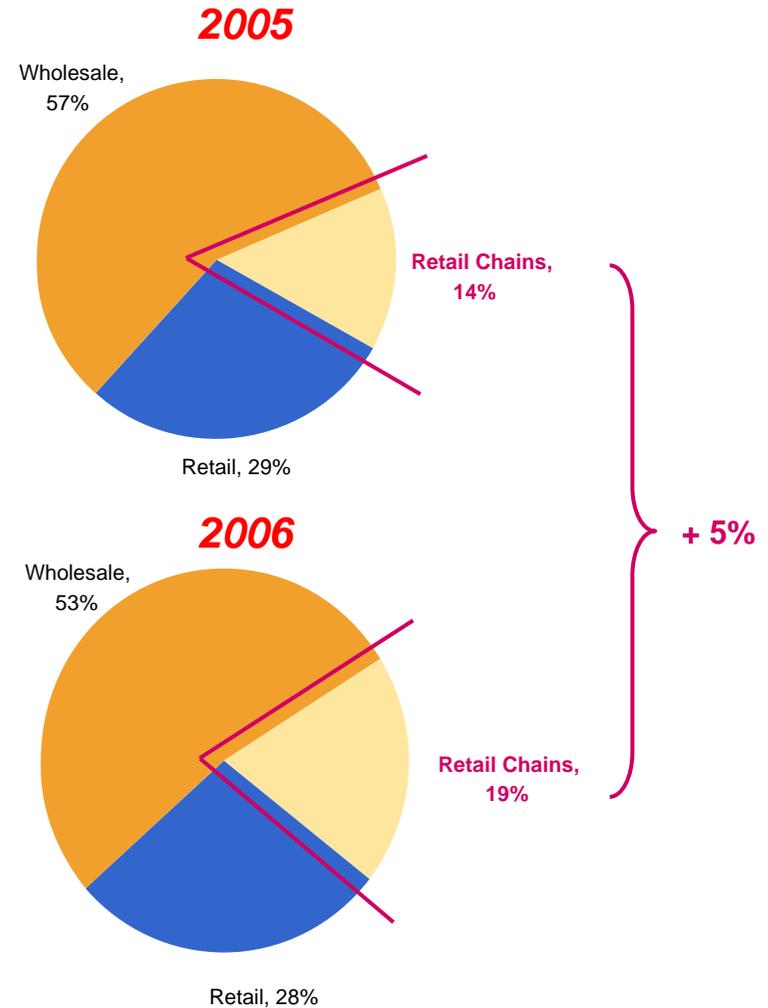
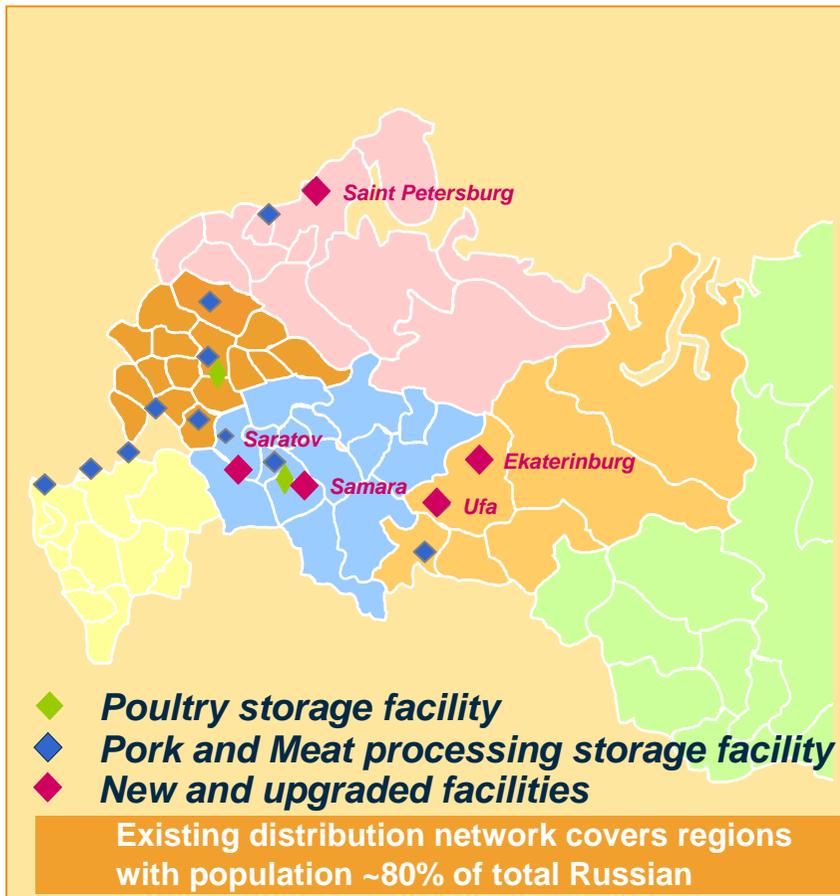
	1H06	1H05	2005	1H06/ 1H05
Gross Sales, US\$ '000	210,430	201,712	419,085	4%
Net Sales, US\$ '000	209,239	197,782	412,567	6%
Gross Profit, US\$ '000	36,738	31,278	73,991	17%
Gross Margin, %	17%	16%	18%	
Adjusted EBITDA, US\$ '000	15,284	13,753	34,908	11%
Adjusted EBITDA Margin, %	7%	7%	8%	
Division Profit, US\$ '000	3,725	320	11,358	1064%



Regional Expansion

Regional expansion and increased share of modern distribution chains

Storage Facilities Locations

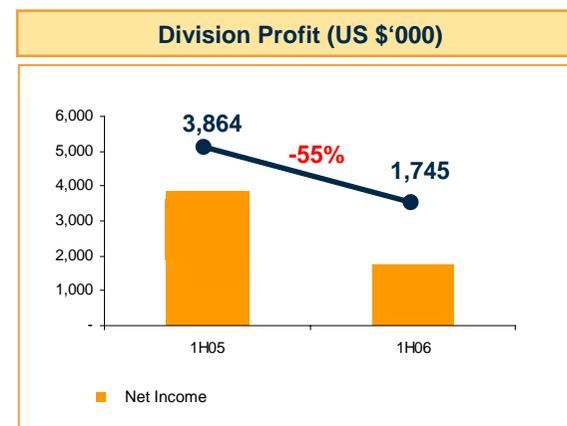
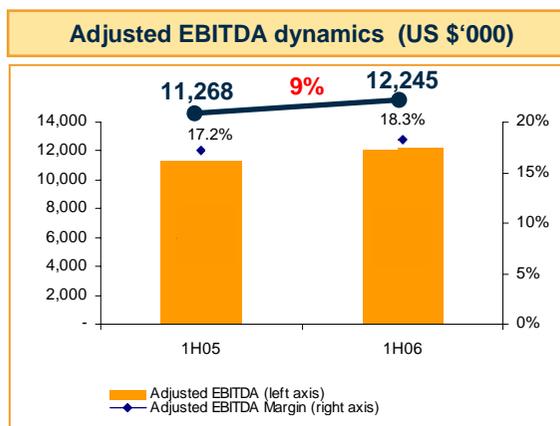
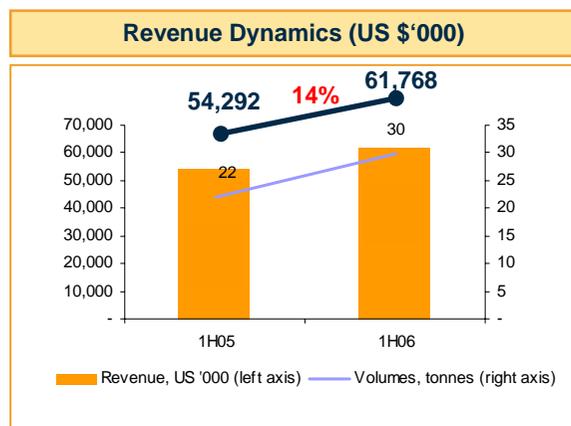


Poultry processing division

The market is recovering quickly

- Net sales grew by 14%:
 - volumes grew by 20%
 - despite of 5% decrease in price influenced by negative news on avian flu
- Gross margins increased due to raw material cost optimization and improved production efficiencies
- Market in July, August and September 2006 showed an upward trend for poultry prices

	1H06	1H05	2005	1H06/ 1H05
Gross Sales, US\$ '000	66,844	65,455	126,818	2%
Net Sales, US\$ '000	61,768	54,292	113,929	14%
Gross Profit, US\$ '000	21,485	19,719	47,814	9%
Gross Margin, %	32%	30%	38%	
Adjusted EBITDA, US\$ '000	12,245	11,268	28,053	9%
Adjusted EBITDA Margin, %	18%	17%	22%	
Division Profit, US\$ '000	1,745	3,864	15,808	-57%



Poultry Facilities – Production Efficiencies

Constant commitment towards improvement of operational performance

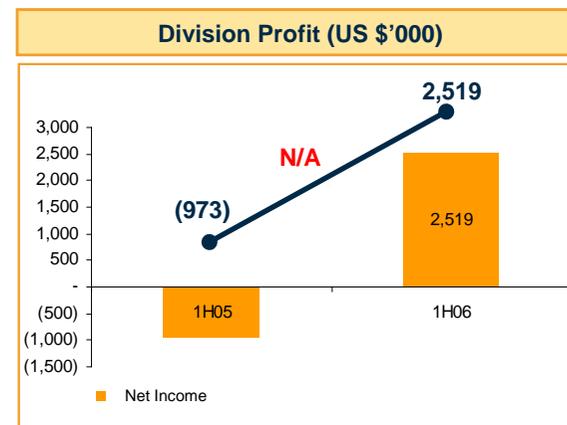
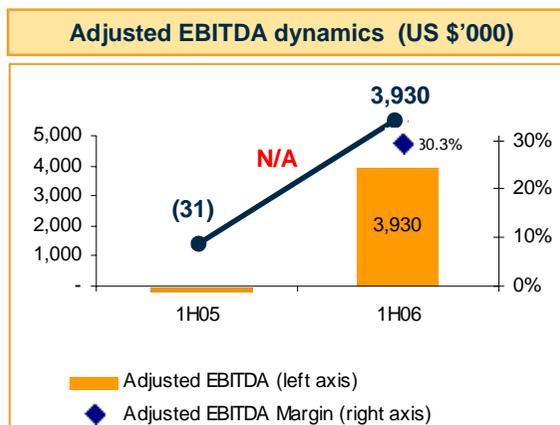
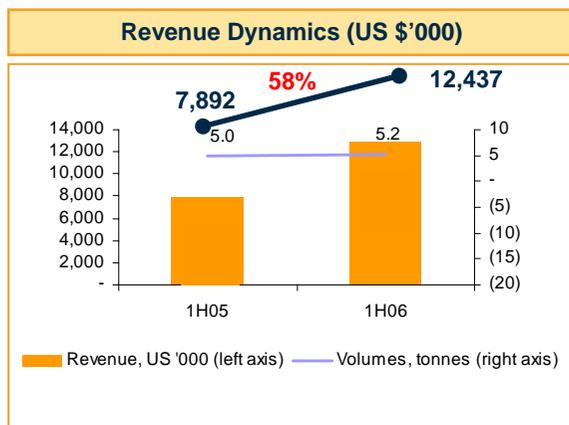
KPI Benchmarking Analysis			
	Average 1H05	Average 1H06	Differential
Average liveweight, gr.	1,848.00	1,905.00	+ 3.1%
Yearly flock turnover, times	6.74	6.95	+ 3.0%
Hatch, %	78.30	76.10	-2.8%
Livability, %	91.60	93.30	+ 1.7%
Average growing period, days	41.50	39.60	- 4.6%
Meat yield, %	70.80	72.10	+1.3%
Average fodder conversion rate, kg per kg of weight gain	2.12	1.97	- 7.0%

Pork processing division

Rising star

- Favorable price environment: pork prices increased by 29%:
 - Ban of Brazil and Poland imports impacted further growth of beef prices
 - High beef prices contribute to more pork and poultry consumption in Russia
 - Avian flu contributed to additional growth in pork
- Existing facilities improved operational efficiency and margins
- Launch of state of art facilities in Tambov, similar to Lipetsk
- Launch of another two modules in Lipetsk

	1H06	1H05	2005	1H06/ 1H05
Gross Sales, US\$ '000	12,958	12,525	25,148	3%
Net Sales, US\$ '000	12,437	7,892	19,685	58%
Gross Profit, US\$ '000	4,761	917	3,383	419%
Gross Margin, %	37%	7%	13%	
Adjusted EBITDA, US\$ '000	3,930	(31)	2,033	N/A
Adjusted EBITDA Margin, %	30%	0%	8%	
Division Profit, US\$ '000	2,519	(973)	(661)	N/A



Lipetsk Update



Lipetsk (4 modules)

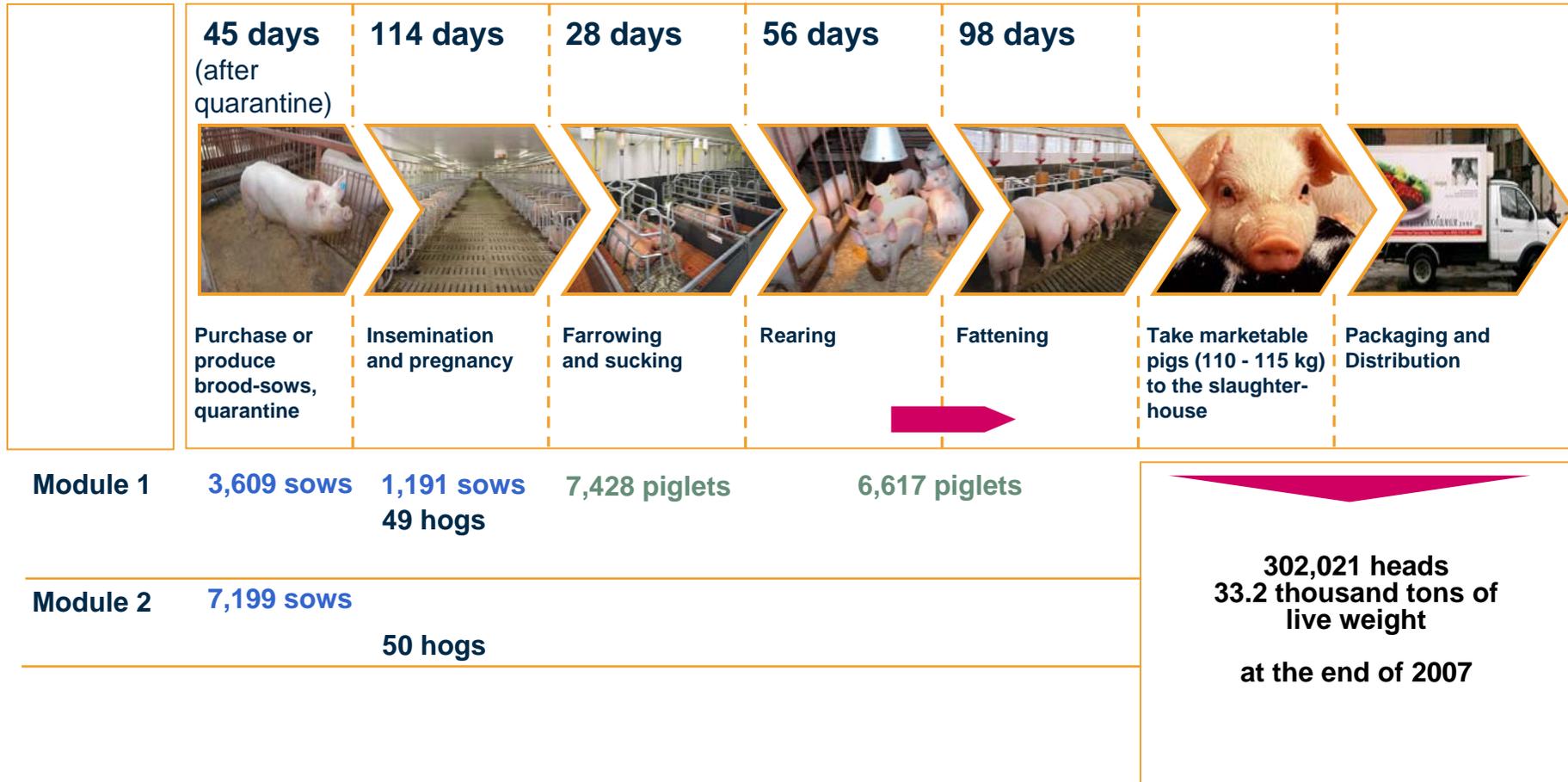
- planned capacity – c. 46,000 tons live weight annually
- four new integrated pig breeding farms, each for 4800 brood-sows
- capacity to grow approximately 440,000 pigs annually
- total expenditures US\$ 150 million: US\$ 40 million invested in 2005

Tambov (2 modules)

- planned capacity – c. 23,000 tons live weight annually
- construction of two new integrated pig breeding farms started in 2H06
- capacity to grow approximately 220,000 pigs annually
- the project is supported by Tambov administration (infrastructure development)



Lipetsk Update



Production Efficiencies 2005 vs 2006

Impressive Results of Old Russian Pork Farms

KPI Benchmarking Analysis			
	Average 1H2005	Average 1H2006	Differential
Average marketable pig slaughter weight, kg	105.00	113.00	+ 8%
# of farrows per year	2.18	2.25	+ 3%
# of pigs per farrow	10.00	10.80	+ 8%
Livability, %	75.30	79.30	+ 5%
Average fattening period, days	209.00	192.00	- 8%
Annual pork (live weight) yield per sow, kg	700.00	1,100.00	+ 57%
Average fodder conversion rate, kg per kg of weight gain	4.30	3.60	- 16%

Source: Company, Rossvinoprom

New Facilities – Production Efficiencies

Comparison with Russian peers – Feel The Difference

KPI Benchmarking Analysis			
	Average Russian pork farm	Average Western pork farm / Lipetsk estimates	Differential
Average marketable pig slaughter weight, kg	114.0	112.0	+ 0%
# of farrows per year	1.8	2.2	+ 22%
# of pigs per farrow	7.8	11.8	+ 52%
Livability, %	62.0	87.0	+ 40%
Average fattening period, days	274.0	182.0	- 67%
Annual pork (live weight) yield per sow, kg	993.0	2,500.0	+152%
Average fodder conversion rate, kg per kg of weight gain	4.4	2.7	- 39%

Source: Company, Rossvinoprom

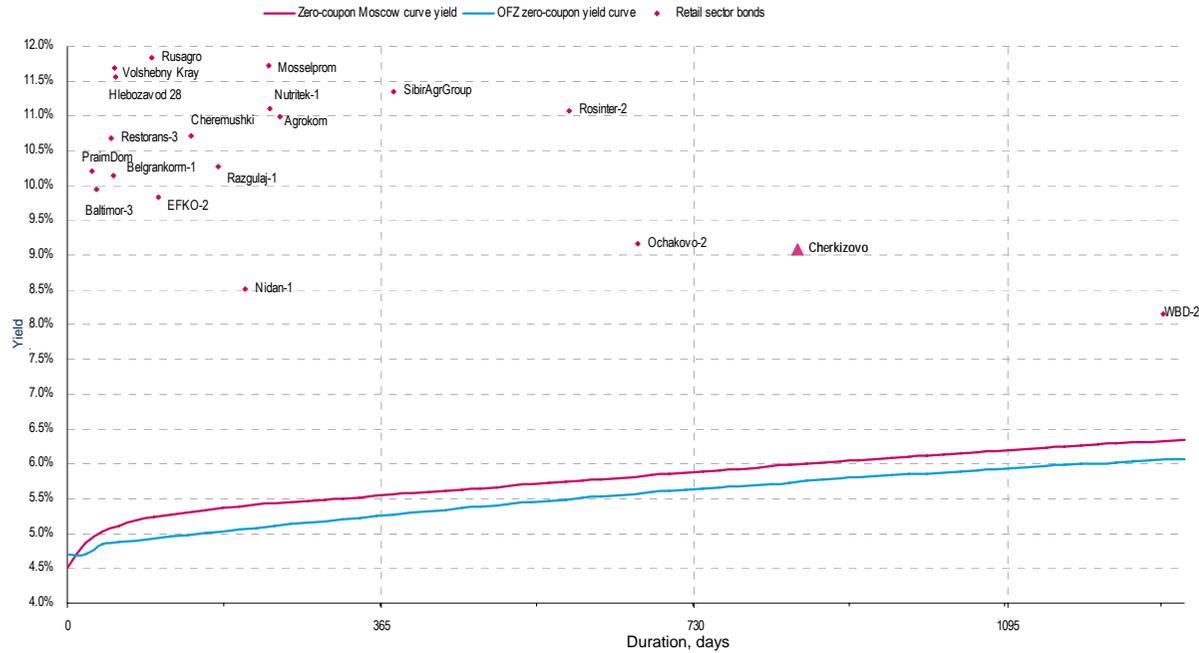
Cherkizovo Group – Income Statement

US\$, mln	1H2006	1H2005	2005
Net Sales	283.4	259.9	546.2
<i>% Growth</i>	9.2%		18.8%
Cost of Sales	(220.5)	(208.1)	(421.0)
Gross Profit	62.9	51.8	125.2
<i>Gross Margin</i>	22%	20%	23%
Operating Expenses	(46.6)	(38.1)	(81.8)
<i>% of Sales</i>	16.4%	14.7%	15.0%
Operating Income	16.3	13.7	43.4
<i>Operating Margin</i>	6%	5%	8%
Depreciation	12.8	10.6	20.5
<i>% of Sales</i>	4.5%	4.1%	3.8%
Adjusted EBITDA	30.4	24.9	66.1
<i>Adjusted EBITDA Margin</i>	10.7%	9.6%	12.1%
Other expenses, including financial	(10.3)	(10.5)	(16.9)
Pretax Profit*	6.0	3.2	26.5
Taxation	(1.5)	(0.6)	(7.9)
<i>Effective tax rate</i>	24.3%	18.8%	29.8%
Income (Loss) from Continuing Operations	3.7	2.7	17.1

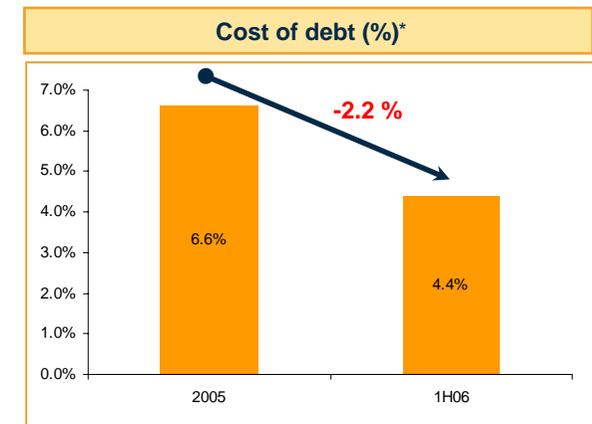
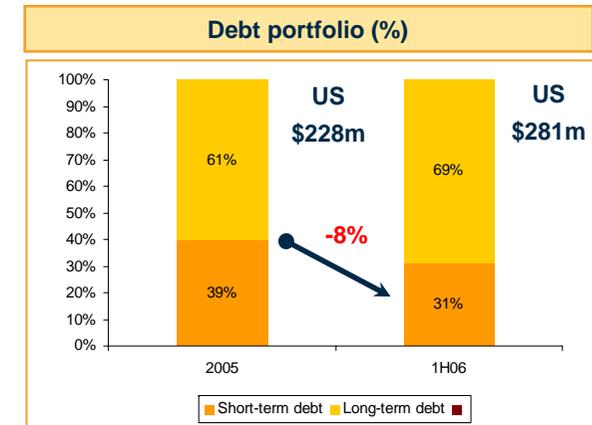
*before minority interest and extraordinary gain

Debt

Better Capital Structure



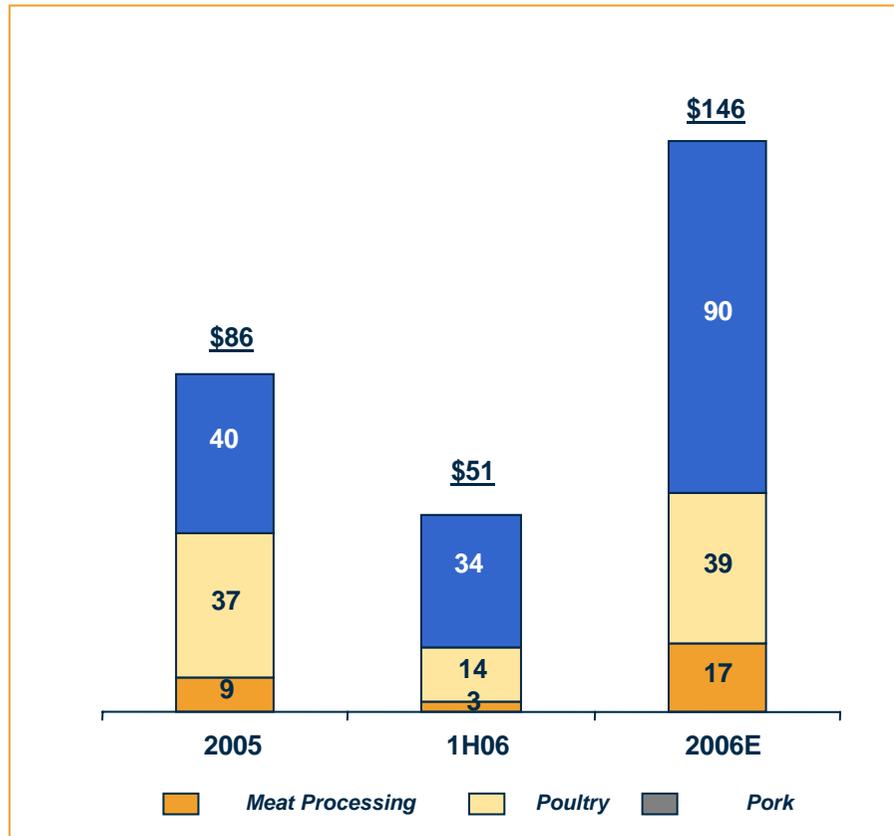
- Switch from short-term to long-term debt
- Improved debt ratios
- Increased portion of subsidized debt (low interest)
- EBRD loan refinanced on June 30, 2006
- 5-year Rouble bond issued at 8.85%, one of the lowest rates in the industry



* Excluding bank fees related to early repayment of EBRD loan

Capital Expenditures

Capital Expenditure, US\$ MM



- **Meat processing:**
 - maintenance capex, equipment
 - transport
 - regional expansion - storage facilities
- **Poultry:**
 - in 1H06 – increased capacity in Penza and Moscow
 - additional poultry places
 - new fodder plant
- **Pork:**
 - 1H06 Lipetsk – two additional modules launched in February
 - 2H06 Tambov – two new modules launched in July

Strategy



Group Strategy



Meat Processing

Refocus portfolio towards higher profitability products

Develop new quality products and category brands

Optimize raw materials inputs structure leveraging vertical integration

Consolidate market share via M&A in core regions

Increase share of regional direct / controlled distribution

Poultry – Focus on High Value-Added Products

Focus on modern retailers



Branding and semi-finished, precut carcasses



HoReCa



Strategy: Pork

High quality product and presentation, new market standard



Focus on modern retailers



Leader in processed pork meat

Greenfield projects



Summary Investment Highlights

- 1 Sizeable market opportunity
- 2 Government support
- 3 Sustainable profitability profile
- 4 Market-leading portfolio of brands
- 5 Vertically integrated / diversified meat producer
- 6 Leading distribution network and diversified customer base
- 7 Well-invested production assets
- 8 Strong management team



CHERKIZOVO

GROUP **QUALITY FROM FARM TO FORK**

