



15 May 2017

Financial results for the three months ended 31 March 2017

Ovostar Union N.V. (WSE: OVO) (hereinafter, the “Group”), a vertically integrated holding company, one of the leading egg and egg products producers in Ukraine, announces its financial results for the three months ended 31 March 2017.

Revenue, gross profit and gross margin

The Group’s revenue over the 1Q 2017 increased by 12% year-on-year to mUSD 19.8 from mUSD 17.8 as a result of growth in sales volumes. The export sales for the reporting period increased by 7% year-on-year to mUSD 6.8, while the share of export revenue amounted to 34%. The gross profit decreased by 22% year-on-year to mUSD 5.9, while the gross profit margin amounted to 30%. The decrease in gross profit resulted from the decline in the local selling prices, which was caused by the restrictions of certain countries imposed on import of eggs from Ukraine due to the avian influenza cases, which were detected in south-west regions of Ukraine during December-January.

Operating profit, EBITDA and cash flow from operating activities

The Group’s operating profit for the reporting period decreased by 30% year-on-year to mUSD 4.4. EBITDA in 1Q 2017 decreased by 26% year-on-year to mUSD 5.1, while EBITDA margin amounted to 26%. Net cash flow from operating activities during the 1Q 2017 equaled to mUSD 8.7.

Net profit

Over the 3 months 2017 net profit amounted to mUSD 4.3 (1Q 2016: mUSD 6.1).

The Group’s CEO Borys Bielikov noted:

“Overall, the Group’s management is satisfied with financial results for the 1Q 2017. Even though a number of countries have imposed restrictions on import of eggs from Ukraine, we managed to expand our geography of sales and increase the export revenue. As there were no recurring cases of avian influenza over the last 3 months, we expect the restrictions to be lifted in the nearest future.”