

KERNEL

A photograph showing four glass bottles filled with a yellow liquid, likely oil, arranged in a row. In the background, there are several stalks of wheat or grain, suggesting a connection to agriculture or food processing.

H1 FY2010 Results

23 April 2010



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H1 FY2010 Financial Highlights

Amounts in USD millions, except for EPS and ratios	H1 FY2009	H1 FY2010	% change
Revenue	662.5	512.5	(22.6)%
Operating profit (EBIT)	93.5	81.9	(12.4)%
Net profit*	66.6	82.4	23.7%
Cash	97.4	50.3	(48.4)%
EPS **	0.97	1.20	
Net Debt / EBITDA ***	1.0X	1.8X	
EBITDA / Interest	4.6X	10.3X	

* Net profit attributable to equity holders of Kernel Holding S.A.

** EPS is measured in US Dollars per share, based on 68,741,000 shares outstanding as of 31 December 2008 and as of 31 December 2009

*** H1 FY2010 Net debt to EBITDA calculated basis FY2010 EBITDA guidance

Key Drivers – 1st half year

Markets

- ✓ 2009 wheat and coarse grain (incl. corn) harvest in Ukraine decreases 13.6% year-on-year from 52 million tons to 45 million tons (USDA Global Commodities Database, April 2010)
- ✓ 2009/2010 season wheat and coarse grain exports from Ukraine decrease 19.7% year-on-year from 25 million tons to 20 million tons (USDA Global Commodities Database, April 2010)
- ✓ 2009 sunflower seed crop decreases 7.1% year-on-year from 7 million tons to 6.5 million tons (USDA data, April 2010)
- ✓ Decline in average prices of agricultural commodities handled by Kernel:
 - average bulk sunflower oil price: 32% year-on-year decrease (H1 FY2009 to H1 FY2010)
 - average grain price: 34% year-on-year decrease from (H1 FY2009 to H1 FY2010)

Strategy implementation

- ✓ Decrease in agricultural commodity prices partially offset by increase in Group crushing capacity
 - Signing of long-term toll-crush agreement with BSI in Illichevsk for rental of 250,000 tons/year oilseed crushing capacity
 - 70% capacity increase at Poltava crushing plant, from 250,000 to 430,000 tons/year oilseed crushing capacity
- ✓ Bandurka green field plant to be commissioned over summer 2010

Financial developments

- ✓ Strong company results achieved notwithstanding depressed agricultural commodity prices
- ✓ Substantial VAT backlog due to exporters by the State of Ukraine is expected to be paid back through issuance of state bonds

H1 FY2010 Income Statement Highlights

Amounts in USD millions, except for EPS and margins	H1 FY2009	H1 FY2010	% change
Revenue	662.5	512.5	(22.6)%
Operating profit (EBIT)	93.5	81.9	(12.4)%
Net profit*	66.6	82.4	23.7%
EBITDA**	106.4	91.8	(13.7)%
EPS ***	0.97	1.20	
Gross margin	27.4%	30.3%	
Operating profit (EBIT) margin	14.1%	16.0%	
Net margin	10.0%	16.1%	
EBITDA margin	16.1%	17.9%	

* Net profit attributable to equity holders of Kernel Holding S.A.

** EBITDA is a non-audited result calculated by adding amortization and depreciation to operating profit

*** EPS is measured in US Dollars per share, based on 68,741,000 shares outstanding as of 31 December 2008 and as of 31 December 2009

H1 FY2010 Balance Sheet Highlights

Amounts in USD million	H1 FY2009	H1 FY2010	% change
Invested Capital			
Cash & cash equivalent	97.4	50.3	(48.4)%
Net trade accounts receivable	44.1	58.6	32.9%
Inventory	100.1	268.4	168.1%
Of which: Readily Marketable Inventories *	95.7	265.2	177.1%
Other currents assets	95.3	167.5	75.8%
Net property, plant & equipment	190.5	252.7	32.7%
Other non-current assets	73.4	110.3	50.3%
Total assets	600.8	907.8	51.1%
Financed by			
Short-term liabilities	200.6	291.0	45.1%
Of which: interest-bearing debt	170.1	249.2	46.5%
Long-term liabilities	134.6	167.5	24.4%
Of which: long-term interest bearing debt	114.6	151.5	32.2%
Total Equity attributable to equity holders of Kernel Holding S.A.	260.4	448.4	72.2%

* Readily Marketable Inventories are agricultural inventories readily convertible into cash because of their commodity characteristics, widely available markets and international pricing mechanisms.

H1 FY2010 Cash Flow Highlights

Amounts in USD millions	H1 FY2009	H1 FY2010
Operating profit before working capital changes	100.0	107.2
Changes in working capital	(25.4)	(206.9)
Cash obtained from / (used in) operations	74.6	(99.7)
Finance costs paid	(23.3)	(8.9)
Income tax paid	(1.4)	(0.5)
Net cash obtained from / (used in) operations	49.9	(109.0)
Net PPE (purchases) / disposals	(32.9)	(28.7)
Net (purchases) / disposals of intangible and other non-current assets	(6.8)	(13.5)
Net cash used in investing activities	(39.7)	(42.2)
Net cash resulting from investing & operating activities	10.2	(151.2)

Segments Results – 6 months to 31 December

	Revenue, USD million			Operating profit (EBIT), USD million			Operating margin, %		Tonnage *		
	FY09	FY10	% change	FY09	FY10	% change	FY09	FY10	FY09	FY10	% change
Bottled oil	83.5	62.9	(24.7)%	18.1	11.3	(37.6)	21.7%	18.0%	58.1	65.3	12.4%
Bulk oil	150.9	143.9	(4.6)%	25.7	21.0	(18.3)	17.0%	14.6%	104.1	141.6	36.0%
Grain handling & transshipment	27.2	30.6	12.5%	12.4	16.4	32.3%	45.6%	53.6%	1 699	1 983	16.7%
Farming	42.6	39.9	(6.3)%	(1.0)	8.6	- -	- -	21.6%	263.2	267.8	1.8%
Grain	373.9	275.4	(26.3)%	41.5	22.3	(46.3)%	11.1%	8.1%	1 160.9	1 293.9	11.5%
Silo services	29.4	17.7	(39.8)%	11.5	7.5	(34.8)%	39.1%	42.4%	1 609	1 204	25.2%
Other & Reconciliation	(45.0)	(57.9)		(14.7)	(5.2)						
Total	662.5	512.5	(22.6)%	93.5	81.9	(12.4)%	14.1%	16.0%			

* Tonnage in thousand tons, except for bottled oil expressed in million liters

H1 FY2010 Liquidity position

Amounts in USD millions, except ratios	H1 FY2009	H1 FY2010	% change
Cash	97.4	50.3	(48.4)%
Inventories	100.1	268.4	168.1%
Of which: Readily Marketable Inventories	95.7	265.2	177.1%
RMI/Inventories	95.6%	98.8%	

✓ 168% increase in inventory levels due to development of Kernel crushing capacities and large grain tonnage in stock and to be delivered as of 31 December 2010

✓ Kernel holds highly liquid inventories, with readily marketable inventories to total inventory ratio of 98.8%

H1 FY2010 Credit metrics

Amounts in USD million, except ratios

	H1 FY2009	H1 FY2010	% change
Gross interest-bearing debt	284.7	400.7	40.7%
Cash	97.4	50.3	(48.4)%
Net interest-bearing debt	187.3	350.4	87.1%
Readily marketable inventories	95.7	265.2	177.1%
Adjusted net financial debt *	91.6	85.2	(7.0)%
Shareholders' equity	260.4	448.4	72.2%
Net debt / EBITDA **	1.0X	1.8X	
EBITDA / Interest	4.6X	10.3X	

* Adjusted net financial debt is the sum of short-term interest-bearing debt, current maturities of long-term interest-bearing debt and long-term interest-bearing debt, less cash and cash equivalents, marketable securities and readily marketable inventories

** H1 FY2010 Net debt to EBITDA calculated basis FY2010 EBITDA guidance

FY2010 Outlook

- ✓ USD 1 050 million revenue
- ✓ USD 195 million EBITDA
- ✓ USD 155 million net profit