



# KERNEL

GROUP OF COMPANIES

First Quarter FY2010 Results  
16 November 2009



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# Q1 FY2010 Financial Highlights\*

Amounts in USD millions, except for EPS and ratios	Q1 FY2009	Q1 FY2010	% change
Revenue	371.3	240.3	(35.3)%
Operating profit (EBIT)	45.3	30.7	(32.2)%
Foreign exchange (loss) / gain**	(16.7)	11.5	
Net profit***	23.2	39.2	69.0%
EPS ****	0.32	0.57	
Net Debt / EBITDA *****	1.0X	1.5X	
EBITDA / Interest	6.8X	11.6X	

\* Unaudited financial statements for the three-month period ending 30 September

\*\* FX (loss) / gain primarily due to UAH/USD exchange rate difference between official National Bank rate and commercial rate at which USD is converted into UAH

\*\*\* Net profit including minorities

\*\*\*\* EPS is measured in US Dollars per share, based on 68,741,000 shares outstanding as of 30 September 2008 and 30 September 2009.

\*\*\*\*\* Ratio calculated basis 2009 EBITDA and 2010 forecasted EBITDA

# Key Drivers in Q1 FY2010

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## Markets

- ☐ Sizable 2009 grain harvest and sunflower seed near-record harvest
- ☐ Expected grain and oilseed export in excess of 20 million tons over season 2009/2010
- ☐ 40% year-on-year decrease in soft commodity prices

## Strategy implementation

- ☐ Commissioning of green field crushing plant delayed to 3<sup>rd</sup> quarter FY2010
- ☐ Signing of BSI tolling agreement for oilseed crush of 230,000 tons/year

## Financial developments

- ☐ Kernel signs long-term loan facility with banking syndicate
- ☐ Decrease in commodity prices largely offset increased cost of financing applied to Ukraine

# Q1 FY2010 Income Statement Highlights

Amounts in USD millions, except for EPS and margins	Q1 FY2009	Q1 FY2010	% change
Revenue	371.3	240.2	(35.3)%
EBITDA	52.2	35.8	(31.4)%
Operating profit (EBIT)	45.3	30.7	(32.2)%
Foreign exchange (loss) / gain	(16.7)	11.5	
Net profit*	23.2	39.2	69.0%
EPS **	0.32	0.57	
Gross margin	25.0%	25.3%	
EBITDA margin	14.1%	14.9%	
Operating margin	12.2%	12.8%	

\* Net profit including minorities

\*\* EPS is measured in US Dollars per share, based on 68,741,000 shares outstanding as of 30 September 2008 and 30 September 2009.

# Q1 FY2010 Balance Sheet Highlights

Amounts in USD millions	Sept. 30 2008	June 30 2009	Sept. 30 2009
<b>Invested Capital</b>			
Cash & cash equivalent	234.3	129.3	53.8
Net trade accounts receivable	50.3	32.4	41.5
Inventory	181.4	99.1	204.6
<i>Of which: Readily Marketable Inventories *</i>	171.4	94.9	198.9
Other currents assets	122.7	117.6	139.9
Net property, plant & equipment	236.2	221.8	242.2
Other non-current assets	124.5	99.6	114.6
<b>Total assets</b>	<b>949.4</b>	<b>699.7</b>	<b>796.6</b>
<b>Financed by</b>			
Short-term liabilities	372.0	195.0	293.9
<i>Of which: interest-bearing debt</i>	320.9	161.7	244.3
Long-term liabilities	129.4	147.2	101.7
<i>Of which: long-term interest bearing debt</i>	103.3	132.9	84.4
<b>Total Equity</b>	<b>448.0</b>	<b>357.5</b>	<b>401.0</b>

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

# Q1 FY2010 Cash Flow Highlights

Amounts in USD millions	Q1 FY2009	Q1 FY2010
<b>Operating profit before working capital changes</b>	<b>36.2</b>	<b>52.4</b>
Changes in working capital	(89.4)	(131.5)
<b>Cash obtained from / (used in) operations</b>	<b>(53.2)</b>	<b>(79.1)</b>
Finance costs paid	(7.7)	(3.1)
Income tax paid	(0.3)	(0.2)
<b>Net cash obtained from / (used in) operations</b>	<b>(61.3)</b>	<b>(82.4)</b>
Net PPE (purchases) / disposals	(0.7)	(9.4)
Net (purchases) / disposals of intangible and other non-current assets	(5.4)	(0.9)
<b>Net cash used in investing activities</b>	<b>(6.2)</b>	<b>(10.3)</b>
<b>Net cash resulting from investing &amp; operating activities</b>	<b>(67.5)</b>	<b>(92.7)</b>



# Segments Results – 1<sup>st</sup> Quarter

	Revenue, USD millions			Operating profit, USD millions			Operating margin, %		Tonnage *		
	Q1 FY09	Q1 FY10	% change	Q1 FY09	Q1 FY10	% change	Q1 FY09	Q1 FY10	Q1 FY09	Q1 FY10	% change
<b>Bottled oil</b>	52.1	27.1	(48)%	8.7	3.3	(62)%	16.7%	12.2%	28.6	28.9	1%
<b>Bulk oil</b>	95.1	77.1	(19)%	13.8	11.3	(18)%	14.5%	14.7%	61.2	77.5	27%
<b>Grain handling &amp; transshipment</b>	10.2	12.5	23%	4.7	6.6	40%	46.1%	52.8%	802.0	887.0	11%
<b>Farming</b>	30.1	19.0	(37)%	0.6	0.8	33%	2%	4.2%	260	260	0%
<b>Grain</b>	200.6	123.5	(38)%	15.2	8.9	(41)%	7.6%	7.2%	556.4	590.1	6%
<b>Silo services</b>	18.2	6.7	(63)%	7.5	2.3	(69)%	41.2%	34.3%	945.0	771.0	(18)%
<b>Other and Reconciliation</b>	(34.9)	(25.8)		(5.3)	(2.5)						
<b>Total</b>	371.3	240.3	(35)%	45.3	30.7	(32)%					

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

\*\* Farming operating profit includes gain on biological assets revaluation



# Q1 FY2010 Liquidity position

Amounts in USD millions, except ratios

	Sept. 30 2008	June 30 2009	Sept. 30 2009
Cash	234.3	129.3	53.8
Inventories	181.4	99.1	204.6
Of which: Readily Marketable Inventories	171.4	94.9	198.9
RMI/Inventories	94.5%	95.8%	97.2%

- Y-on-y increase in inventory levels is primarily due to increase of oilseed crushing capacity
- Company inventories are primarily made of agricultural commodities, goods highly liquid in nature

# Q1 FY2010 Credit metrics

Amounts in USD millions, except ratios

	Sept. 30 2008	June 30 2009	Sept. 30 2009
Gross interest-bearing debt	424.2	294.6	328.7
Cash	234.3	129.3	53.7
<b>Net interest-bearing debt</b>	<b>189.8</b>	<b>165.3</b>	<b>275.0</b>
Readily marketable inventories	171.4	94.9	198.9
<b>Adjusted net financial debt *</b>	<b>18.4</b>	<b>70.4</b>	<b>76.1</b>
Total equity	448.0	357.5	401.0
<b>Net debt / EBITDA **</b>	<b>1.0X</b>	<b>0.87X</b>	<b>1.5X</b>
<b>EBITDA / Interest</b>	<b>6.8X</b>	<b>5.90X</b>	<b>11.6X</b>

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

\*\* Ratio calculated basis FY2009 EBITDA and forecasted FY2010 EBITDA

# FY2010 Outlook

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## Maintaining FY2010 guidance

- ✓ USD 1 050 million revenue
- ✓ USD 185 million EBITDA
- ✓ USD 130 million Net profit