



Q1

FY2012

**FINANCIAL
RESULTS
PRESENTATION**

KERNEL



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Q1 Summary of Performance, Markets & Events

Company performance

- Disappointing results in the grain segment as a result of the government's delayed termination of the grain export tax and a non-recurring contract loss of US\$5 million.

Markets

- Record grain and sunflower seed harvests in both Ukraine and Russia.
- Decline in soft commodities prices driven by the deteriorating global macro outlook and EU credit crisis.

Significant Q1 corporate events

- Acquisition of Russian Oils added 400,000 tons/year of crushing capacity and 100,000 tons/year of refining and bottling capacity.
- BSI acquisition added nearly 500,000 tons/year of crushing capacity strategically located close to the Transbulk terminal in Illichevsk.
- Signing of an option agreement to purchase a 100% interest in Enselco, a farming company managing 29,300 ha of leasehold farmland.

Income Statement Highlights ⁽¹⁾

Amounts in USD millions, except for EPS and margins	Q1 FY2011	Q1 FY2012	% change
Revenue	345,4	391,5	13,4%
Profit from operating activities (EBIT)	59,7	31,0	-48,2%
Net profit ⁽²⁾	34,2	32,9	-3,9%
EBITDA ⁽³⁾	67,5	45,1	-33,1%
EPS ⁽⁴⁾	0,46	0,41	
Gross margin	27.0%	19.7%	
Operating (EBIT) margin	17.3%	7.9%	
Net margin	9.9%	8.4%	
EBITDA margin	19.5%	11.5%	

1. Unaudited financial statements for the 3-month periods ended 30 September 2010 and 30 September 2011.
2. Net profit attributable to equity holders of Kernel Holding S.A.
3. EBITDA is a non-IFRS measure calculated by adding amortization and depreciation to profit from operating activities.
4. EPS is measured in US Dollars per share, based on 74 million fully diluted shares as of 30 September 2010 and 80 million fully diluted shares as of 30 September 2011

Balance Sheet Highlights ⁽¹⁾

Amounts in USD millions	30 September 2010	30 June 2011	30 September 2011
Invested Capital			
Cash & cash equivalents	44,5	115,9	173,2
Net trade accounts receivable	53,8	111,6	122,7
Inventory	373,0	183,7	385,4
of which: Readily Marketable Inventories ⁽²⁾	367,2	168,3	356,4
Other current assets	326,7	398,6	443,1
Net property, plant & equipment	383,2	502,8	665,4
Other non-current assets	129,3	249,4	263,5
Total assets	1 310,5	1 561,9	2 053,2
Financed by			
Short-term liabilities	511,6	395,0	658,9
of which: interest-bearing debt	378,3	265,9	363,8
Long-term liabilities	160,3	169,6	351,5
of which: long-term interest bearing debt	129,6	156,1	330,5
Total Equity	638,6	997,3	1 042,8

1. Audited amounts as of 30 June 2011. Unaudited amounts as of 30 September 2010 and 30 September 2011.

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

Cash Flow Highlights ⁽¹⁾

Amounts in USD millions

	Q1 FY2011	Q1 FY2012
Operating profit before working capital changes	50,1	54,5
Changes in working capital	(214,2)	(110,5)
Cash used in operations	(164,1)	(56,0)
Finance costs paid	(8,2)	(12,1)
Income tax paid	(0,3)	(0,5)
Net cash used in operating activities	(172,7)	(68,6)
Net PPE purchases	(12,4)	(21,6)
Net purchases of intangible and other non-current assets	0,0	(21,1)
Net cash used in investing activities	(12,4)	(42,7)
Net cash resulting from investing & operating activities	(185,1)	(111,3)

Liquidity Position & Credit Metrics ⁽¹⁾

Amounts in USD millions, except ratios

	30 September 2010	30 September 2011
Cash	44,5	173,2
Inventory	373,0	385,4
of which: Readily Marketable Inventories	367,2	356,4
RMI/Inventories	98.5%	92.5%
Gross interest-bearing debt	507,9	694,3
Net interest-bearing debt	463,4	521,1
Adjusted net financial debt ⁽²⁾	96,2	164,7
Shareholders' equity ⁽³⁾	636,7	1 010,4
Net debt / EBITDA	2,1 x	1,8 x
EBITDA / Interest	7,9 x	6,2 x

1. Audited amounts as of 30 June 2011. Unaudited amounts as of 30 September 2010 and 30 September 2011.
2. 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.
3. Equity attributable to Kernel Holding S.A. equity holders

Segmental Results

	Revenue ⁽¹⁾ , USD million			Operating profit ⁽²⁾ , USD million			Operating margin, %		Tonnage ⁽³⁾		
	Q1 FY11	Q1 FY12	% change	Q1 FY11	Q1 FY12	% change	Q1 FY11	Q1 FY12	Q1 FY11	Q1 FY12	% change
Bottled oil	35,2	52,5	49.4%	6,7	8,0	18.9%	19.1%	15.2%	33,245	31,175	(6.2)%
Bulk oil	182,1	191,6	5.2%	25,2	25,4	0.7%	13.8%	13.2%	184,441	105,145	(43.0)%
Export terminals	8,3	6,1	(26.5)%	3,9	1,6	(58.9)%	46.7%	26.1%	462,901	391,231	(15.5)%
Farming ⁽⁴⁾	36,3	54,5	49.9%	8,1	7,4	(8.6)%	22.2%	13.5%	-	-	-
Grain	120,7	123,3	2.1%	20,3	(5,4)	(126.8)%	16.8%	(4.4)%	391,319	416,935	6.6%
Silo services	6,3	7,7	21.1%	(1,1)	1,8	273.5%	(16.9)%	24.2%	721,357	856,739	18.8%
Sugar	-	10,8	100%	-	(0,7)	-	-	-	-	-	-
Other & Reconciliation	(43,5)	(44,2)	-	(3,3)	(7,8)	-	-	-	-	-	-
Total	345,4	391,5	13.4%	59,7	31,0	(48.2)%	17.3%	7.9%			

1. Segment revenue includes intersegment sales reflected in the item "Other & Reconciliation" of the quarterly financial statements.
2. Segment operating profit calculated before certain non-allocated G&A expenses reflected in the item "Other & Reconciliation" of the quarterly financial statements.
3. Tonnage in thousands of tons, except for bottled oil, which is expressed in thousands of liters.
4. Farming operating profit includes gains or losses from changes in the fair value of biological assets.

FY2012 Outlook

- Grain export taxes have been lifted and grain operations have returned to their normal volumes
- Approximately 3.0 million tons of grain exports planned in FY2012 with an average margin of 7-8%
- Current crushing margins are healthy
- Current record high sunflower seed harvests in Ukraine and Russia
- Crushing plants to be operating at near full capacity utilization in FY 2012

The factors above - combined with company's very solid asset base - give us a wide range of opportunities to fix the consequences of the first quarter results and achieve our full-year budget projection in the upcoming quarters

Despite the very disappointing quarterly results, management is confident about its full-year FY2012 outlook and we maintain our guidance for full FY2012 forecast as follows:

- **Revenue of US\$2,300 million**
- **EBITDA of US\$370 million**
- **Net income of US\$255 million**