

Q3

FY2012

FINANCIAL RESULTS PRESENTATION

KERNEL

Kernel Holding S.A.
31 March 2012





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Q3 Summary of performance, markets and events

Company performance

- Weak financial results, below management expectations
- Poor performance of grain segment – unprecedented low margins and volumes trailing the estimates
- Good performance of bulk and bottled oil segments, healthy margins
- Export terminal improved the performance on volumes and enhanced margins
- The delivery of sugar under the contract with the State Agricultural Reserve Fund has been postponed until next quarter following the signing of settlement agreement

Markets

- Ukrainian grain exports are coming in 20% below the initial forecast
- Historical high carrying forward stock of wheat (7 million tons) as a result of winter crop kill
- Low margin trading conditions prevailed in the market as international exporters had higher risk appetite
- Weak price environment
- High expectations for 2012 sunflower seed crop in both Ukraine and Russia on larger planting areas

Significant Q3 corporate events

- Acquisition of 119,000 ha of production farmland and 325,000 tons of grain storage capacity
- Downgrade of financial guidance for FY2012

Financial Highlights ⁽¹⁾

Amounts in USD millions, except for EPS and ratios

	Q3 FY2011	Q3 FY2012	% change
Revenue	515.4	598.9	16.2%
Profit from operating activities	81.8	44.8	(45.3%)
Net profit ⁽²⁾	77.9	37.2	(52.2%)
EBITDA ⁽³⁾	90.1	62.5	(30.6%)
EPS ⁽⁴⁾	1.04	0.46	(55.8%)
Net debt / EBITDA ⁽⁵⁾	1.7 x	2.2 x	29.4%
EBITDA / Interest	6.4 x	3.7 x	(42.2%)

1. Condensed consolidated financial statements for the 3-month period ended 31 March 2011 and 31 March 2012

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 74.6 million diluted shares as of 31 March 2011 and 80.1 million diluted shares as of 31 March 2012

5. Net debt / EBITDA is calculated based on EBITDA guidance announced on corresponding date

Differences are possible due to rounding

Financial Highlights – 9 months to 31 March ⁽¹⁾

Amounts in USD millions, except for EPS

	9 months ended 31 march 2011	9 months ended 31 march 2012	% change
Revenue	1 427.8	1 584.8	11.0%
Profit from operating activities	207.1	161.2	(22.2%)
Net profit ⁽²⁾	164.1	139.1	(15.2%)
EBITDA ⁽³⁾	231.5	211.2	(8.8%)
EPS ⁽⁴⁾	2.21	1.75	(20.8%)

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Differences are possible due to rounding

Income Statement Highlights⁽¹⁾

Amounts in USD millions, except for EPS and margins	Q3 FY2011	Q3 FY2012	% change
Revenue	515.4	598.9	16.2%
Gross profit	148.6	113.7	(23.5%)
Profit from operating activities	81.8	44.8	(45.3%)
Net profit ⁽²⁾	77.9	37.2	(52.2%)
EBITDA ⁽³⁾	90.1	62.5	(30.6%)
EPS ⁽⁴⁾	1.04	0.46	(55.8%)
Gross profit margin	28.8%	19.0%	
Operating profit margin	15.9%	7.5%	
Net margin	15.1%	6.2%	
EBITDA margin	17.5%	10.4%	

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Differences are possible due to rounding

Balance Sheet Highlights ⁽¹⁾

Amounts in USD millions	31 March 2011	31 December 2011	31 March 2012
Invested Capital			
Cash & cash equivalents	59.3	129.8	91.9
Net trade accounts receivable	116.9	116.1	186.9
Inventory	388.9	561.3	588.6
of which: readily marketable inventories ⁽²⁾	384.3	531.3	503.0
Other currents assets	321.2	373.4	407.9
Net property, plant & equipment	384.3	678.2	680.8
Other non-current assets	132.5	335.1	287.2
Total assets	1 403.1	2 193.9	2 243.3
Financed by			
Short-term liabilities	447.7	741.1	737.8
of which: interest-bearing debt	397.4	450.9	516.4
Long-term liabilities	178.7	298.4	312.4
of which: long-term interest bearing debt	164.6	279.2	290.4
Total Equity	776.7	1 154.4	1 193.1

1. Amounts as at 31 March 2011 and as at 31 March 2012 are unaudited. Amounts as at 31 December 2011 are reviewed by auditors

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

Differences are possible due to rounding

Cash Flow Highlights ⁽¹⁾

Amounts in USD millions

	Q3 FY2011	Q3 FY2012
Operating profit before working capital changes	89.8	67.8
Changes in working capital	113.2	(146.3)
Cash obtained from/ (used in) operations	203.0	(78.5)
Finance costs paid	(14.0)	(16.2)
Income tax paid	(0.5)	(1.6)
Net cash obtained from/ (used in) operating activities	188.5	(96.3)
Net PPE disposals/ (purchases)	0.6	(16.6)
Net purchases of intangible and other non-current assets	(0.1)	(7.3)
Net cash obtained from / (used in) investing activities	0.5	(23.9)
Net cash obtained from / (used in) investing & operating activities	189.0	(120.2)

1. Condensed consolidated financial statements for the 3-month period ended 31 March 2011 and 31 March 2012
Differences are possible due to rounding

Segmental Results

	Revenue ⁽¹⁾ , USD million			Operating profit ⁽²⁾ , USD million			Operating margin, %		Tonnage ⁽³⁾		
	Q3 FY11	Q3 FY12	% change	Q3 FY11	Q3 FY12	% change	Q3 FY11	Q3 FY12	Q3 FY11	Q3 FY12	% change
Bottled oil	33.0	44.5	35.1%	3.5	5.8	63.5%	10.7%	13.0%	22.8	29.3	28.7%
Bulk oil	354.2	321.3	(9.3%)	68.8	43.3	(37.1%)	19.4%	13.5%	224.1	224.6	0.2%
Export terminals	7.7	10.0	29.8%	2.8	4.6	62.8%	36.4%	45.8%	509.9	595.2	16.7%
Farming ⁽⁴⁾	1.2	12.7	926.8%	(1.7)	(8.0)	(379.2%)	(135.4%)	(63.2%)	- ⁽⁵⁾	- ⁽⁵⁾	-
Grain	126.0	222.2	76.4%	12.8	6.9	(45.8%)	10.2%	3.1%	393.3	831.6	111.4%
Silo services	5.8	9.9	69.9%	0.2	2.2	924.8%	3.4%	22.4%	1 233.0	1 965.4	59.5%
Sugar	-	1.5	-	-	(1.6)	-	-	(105.0%)	- ⁽⁵⁾	- ⁽⁵⁾	-
Other & reconciliation	(12.5)	(23.2)	-	(4.6)	(8.4)	-	-	-			
Total	515.4	598.9	16.2%	81.8	44.8	(45.3%)	15.9%	7.5%			

1. Segment revenue includes intersegment sales reflected in item "Other & reconciliation"

2. Segment operating profit calculated prior certain non-allocated G&A expenses reflected in item "Other & reconciliation"

3. Tonnage in thousand tons, except for bottled oil expressed in thousand liters

4. Farming operating profit includes gain or losses from changes in fair value of biological assets

5. Farm and sugar production

Differences are possible due to rounding

Liquidity position & credit metrics

Amounts in USD millions, except ratios

	31 March 2011	31 December 2011	31 March 2012
Cash	59.3	129.8	91.9
Inventory	388.9	561.3	588.6
of which: readily marketable inventories	384.3	531.3	503.0
RMI / Inventories	98.8%	94.7%	85.5%
Gross interest-bearing debt	562.0	730.1	806.8
Net interest-bearing debt	502.6	600.3	714.9
Adjusted net financial debt ⁽¹⁾	118.3	69.0	211.9
Shareholders' equity ⁽²⁾	772.8	1 081.4	1 122.6
Net debt / EBITDA ⁽³⁾	1.7 x	1.6 x	2.2 x
EBITDA / Interest	6.4 x	5.4 x	3.7 x

1. 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 equivalent, marketable securities and readily marketable inventories

2. Equity attributable to Kernel Holding S.A equity holders

3. Net debt / EBITDA is calculated based on EBITDA guidance announced on corresponding date

Differences are possible due to rounding



FY2012 Revised Guidance

- Revenue of US\$ 2 300 Mio
- EBITDA of US\$ 330 Mio
- Net profit of US\$ 215 Mio