

Q1
FY2013

**FINANCIAL RESULTS
PRESENTATION**
27 November 2012

Kernel Holding S.A.
and Subsidiaries

KERNEL



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This presentation should be read in conjunction with the unaudited financial statements for three months ended 30 September 2012

Q1 FY2013 results highlights

Key highlights

- Robust Q1 FY2013 financial performance: EBITDA was USD 74.1 million, up 64.2% y-o-y
- Financial results supported by strong first-quarter bulk oil sales volumes
- Record Q1 crushing volumes as a result of expanded capacities and sufficient opening balance of sunflower seed inventories
- Grain margin remains under pressure
- Strong margin earned on infrastructure assets

Taman deep water grain transshipment facility acquisition:

- 50-50 joint venture formed with Renaisco BV, a subsidiary of Glencore International plc. The joint venture has acquired a 100% interest in a deep water grain export terminal in Taman port, Russia on September 27, 2012 for the enterprise value of USD 265 million, including transaction costs, financed with a combination of equity and debt
- One of the largest deep water grain export terminals on Russia's Black Sea coast, it is strategically located in close proximity to Southern Russia's main grain producing region and will serve as a platform for the large scale deployment of Kernel's grain export business from Russia
- Installed throughput capacity of 3 000 000 tons of grains per annum (with future increase to 5 000 000 tons)
- Greenfield best-in-class facility commissioned in summer 2011

Other corporate

- 62 500 tons grain silos commissioned during the Q1 FY2013
- Credit lines available as of 30 September 2012 stood at USD 1 588 million compared with USD 1 198 million as of 30 September 2011

Financial highlights

Amounts in USD millions, except for EPS and ratios

	Q1 FY13	Q1 FY12	% change
Revenue	517.8	391.5	32.2%
EBITDA ⁽¹⁾	74.1	45.1	64.2%
Net profit ⁽²⁾	36.8	32.9	11.9%
EPS ⁽³⁾	0.46	0.41	11.5%
Net debt / EBITDA ⁽⁴⁾	2.6	1.6	
Adjusted net debt / EBITDA ⁽⁵⁾	0.7	0.5	
EBITDA / Interest ⁽⁶⁾	5	6	

Production, sales and throughput

	Q1 FY13	Q1 FY12	% change
Grain sales, tons	509 509	416 935	22.2%
Bulk oil sales, tons	198 994	105 145	89.3%
Bottled oil sales, '000 liters	26 344	31 175	(15.5%)
Sunflower seed crush, tons	458 095	285 936	60.2%
Refined oil production, tons	24 283	33 123	(26.7%)
Bottled oil production, tons	20 313	28 284	(28.2%)
Export terminals throughput, tons	740 126	391 231	89.2%

1. Hereinafter, EBITDA is calculated as a sum of the profit from operating activities plus amortization and depreciation
2. Net profit attributable to equity holders of Kernel Holding S.A.
3. EPS is measured in US Dollars per share, based on 79.5 million shares as of 30 September 2011 and 79.7 million shares as of 30 September 2012
4. Net debt / EBITDA is calculated based on FY2012 EBITDA and EBITDA guidance for FY2013
5. 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. Adjusted net debt / EBITDA is calculated based on FY2012 EBITDA and EBITDA guidance for FY2013
6. EBITDA interest is calculated based on 12 months trailing EBITDA and net finance costs

Segmental results summary

	Revenue ⁽¹⁾ , USD million			EBITDA, USD million			EBITDA margin, %		Tonnage		
	Q1 FY13	Q1 FY12	% change	Q1 FY13	Q1 FY12	% change	Q1 FY13	Q1 FY12	Q1 FY13	FY12	% change
Bulk oil	291.7	191.6	52.3%	38.1	28.0	36.2%	13.1%	14.6%	198 994	105 145	89.3%
Farming	86.9	54.5	59.5%	25.9	13.2	96.0%	29.8%	24.2%			
Grain	154.4	123.3	25.2%	5.8	(5.4)	n/m	3.7%	(4.4%)	509 509	416 935	22.2%
Bottled oil	43.6	52.5	(17.1%)	7.5	8.5	(11.8%)	17.1%	16.1%	26 344	31 175	(15.5%)
Export terminal	13.9	6.1	129.3%	8.0	2.5	220.9%	57.2%	40.9%	740 126	391 231	89.2%
Silo services	9.3	7.7	21.1%	2.9	3.1	(7.9%)	31.2%	41.0%			
Sugar	6.4	10.8	(41.1%)	(1.9)	1.2	n/m	(30.5%)	11.4%			
Other & reconciliation	(88.4)	(54.8)	61.0%	(12.0)	(6.0)	100.6%	13.6%	10.9%			
Total	517.8	391.5	32.2%	74.1	45.1	64.2%	14.3%	11.5%			

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

Bulk and bottled oil segments performance

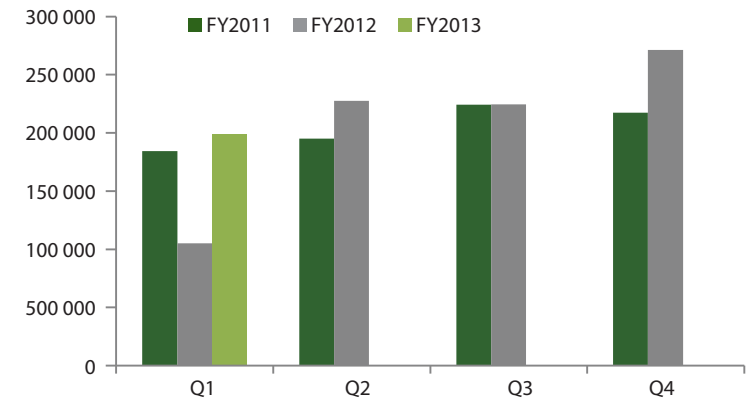
Bulk oil

- Solid opening balance of sunflower seed inventories and lower maintenance period of crushing plants allowed us to increase crushing volumes by 60.2% y-o-y to 458 095 tons in Q1 FY2013
- Combined with accumulated bulk oil inventories, our crushing volume growth allowed us to increase bulk oil sales by 89.3% y-o-y to 198 994 tons, which were as usual delivered to a diverse customer base across international markets
- The margin in the bulk oil segment decreased in Q1 FY2013 compared to the margin posted in Q1 FY2012. At the same time, the margin remained stable in absolute terms compared to the full-year figure at USD 191 per ton in Q1 FY2013 versus USD 201 per ton in the full FY2012, essentially reflecting that most of the first quarter contracts were concluded in the previous financial year

Bottled oil

- While the volume of bottled oil sales decreased in Q1 FY2013 compared to Q1 FY2012, the EBITDA margin remained strong of 17.1%.

Bulk oil sales, tons



Sunflower seed crush, tons



Grain, silo and export terminals segments performance

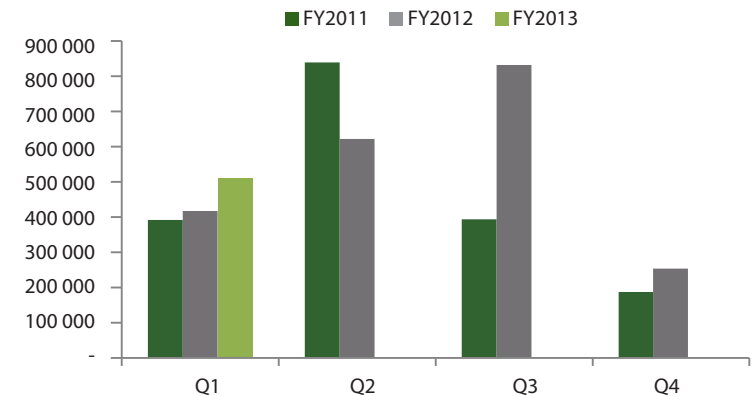
Grain

- The sales volumes of our grain segment increased 22.2% y-o-y. The launch of grain exports from Russia positively contributed to the volume and margin.
- Overall, the margin remains relatively weak compared to general historical levels and we do not expect a trend reversal in FY2013. The season is difficult as lower than expected harvest in Ukraine and Russia combined with anticipation of export ban keep the trading margins under pressure.

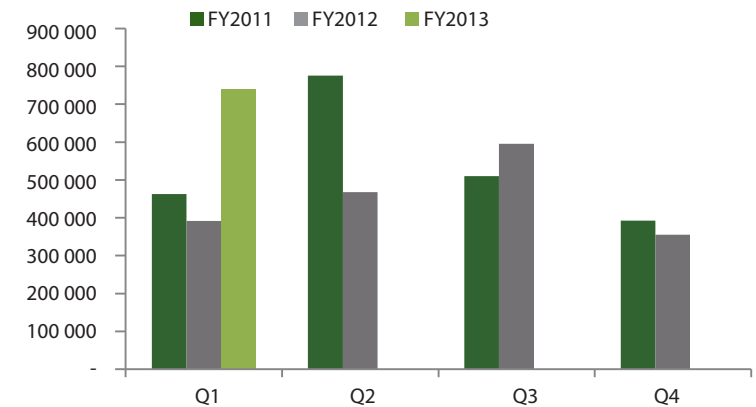
Export terminals throughput and silo performance

- Grain volumes continue being synergistic with our infrastructure – silo services and export terminals segments – which benefited from higher utilization levels demonstrating solid margins
- Export terminal throughput volumes up 89.2% y-o-y to 740,126 tons reflecting a faster pace of grain exports from Ukraine
- Export terminal margin improved on the higher turnover and respective fixed cost dilution
- Silo segment results in line with management expectations
- 62 500 tons new grain silo commissioned during the first quarter

Grain sales, tons



Export terminals throughput, tons



Farming and sugar segments performance

Farming

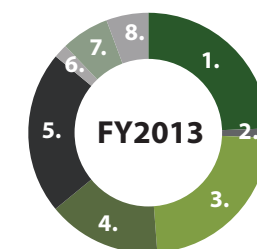
- We posted good Q1 FY2013 financial results in our farming segment as sales consisted primarily of wheat and some minor volumes of other early crops, where harvest yields were largely in line with management expectations. Additionally, high grain prices supported the margin in the quarter under review.
- At the same time, we expect lower contribution from farming operations in FY2013 compared to the prior year results as yields of autumn crops (sunflower, soybean, corn) materially suffered by dry weather conditions.
- As usual, our farming segment sold most of the crops to our grain, oil and sugar segments at arm's-length prices, with volumes earning additional margin through our supply chain.

Sugar

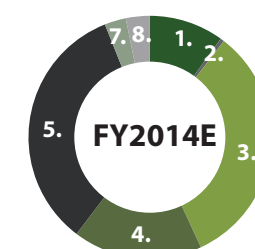
- Sugar beets yield at 48 tons/ha, compared to 30 tons/ha last year; 765 000 tons grown in-house
- Sugar yield at 13.0% as of mid-November
- Weak sugar price environment prevails due to high carry-over stocks and this season's production matching domestic consumption
- Building up inventories in the weak sugar price environment
- Insignificant sales volumes in Q1 FY2013 translate into negative EBITDA as period-related operating expenses exceeded top-line level
- Segment under strategic review

	Acreage (ths ha)			Gross yield (ton/ha)		
	FY2012	FY2013	yoy	FY2012	FY2013	yoy
Wheat	53.4	60.4	13%	3.8	3.5	(8%)
Barley	11.5	3.1	(73%)	2.6	2.7	5%
Corn	27.5	57.3	108%	8.1	5.5	(33%)
Sunflower	27.7	37.8	36%	2.3	1.8	(23%)
Soybean	29.1	54.1	86%	2.1	1.4	(32%)
Rapeseed	6.8	4.6	(32%)	2.0	1.9	(5%)
Sugar beet	17.6	16.0	(9%)	30.0	47.8	59%
Other	8.6	14.0				
Total	182	248				

Crop structure, FY2013-FY2014



1. ■ Wheat	24%
2. ■ Barley	1%
3. ■ Corn	23%
4. ■ Sunflower	15%
5. ■ Soybean	22%
6. ■ Rapeseed	2%
7. ■ Sugar beet	6%
8. ■ Other	6%



1. ■ Wheat	10%
2. ■ Barley	1%
3. ■ Corn	33%
4. ■ Sunflower	17%
5. ■ Soybean	34%
6. ■ Rapeseed	0%
7. ■ Sugar beet	3%
8. ■ Other	3%

Balance Sheet Highlights

Amounts in USD millions

	30 September 2012	30 September 2011
Invested Capital		
Cash & cash equivalents	133.4	173.2
Net trade accounts receivable	149.6	122.7
Inventory	721.4	385.4
of which: readily marketable inventories	659.5	353.5
Other current assets	451.6	443.0
Net property, plant & equipment	720.4	665.4
Other non-current assets	366.4	275.5
Total assets	2 542.8	2 065.2
Financed by		
Short-term liabilities	999.0	658.9
of which: interest-bearing debt	773.6	363.8
Long-term liabilities	298.4	363.5
of which: long-term interest bearing debt	267.1	330.5
Total Equity	1 245.4	1 042.8

Differences are possible due to rounding

Cash Flow Highlights

Amounts in USD millions

	Q1 FY13	Q1 FY12
Operating profit before working capital changes	79.4	54.5
Changes in working capital	(237.3)	(110.5)
Cash obtained from/ (used in) operations	(157.9)	(56.0)
Finance costs paid	(15.4)	(12.1)
Income tax paid	(8.9)	(0.4)
Net cash obtained from/ (used in) operating activities	(182.2)	(68.6)
Net PPE disposals/ (purchases)	(8.4)	(21.4)
Net purchases of intangible and other non-current assets	(102.2)	(21.3)
Net cash obtained from / (used in) investing activities	(110.6)	(42.7)
Net cash obtained from / (used in) investing & operating activities	(292.8)	(111.3)

Differences are possible due to rounding

Liquidity position & credit metrics

Amounts in USD millions, except ratios

	30 September 2012	30 September 2011
Cash	133.4	173.2
Inventory	721.4	385.4
of which: readily marketable inventories	659.5	353.5
RMI / Inventories	91.4%	91.7%
Gross interest-bearing debt	1 040.7	694.3
Net interest-bearing debt	907.3	521.1
Adjusted net financial debt ⁽¹⁾	247.8	167.6
Shareholders' equity ⁽²⁾	1 221.5	1 010.4
Net debt / EBITDA ⁽³⁾	2.6	1.6
Adjusted net debt / EBITDA ⁽⁴⁾	0.7	0.5
EBITDA / Interest ⁽⁵⁾	5	6

1. 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
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FY2013 EBITDA guidance⁽¹⁾

- **Revenue: USD 2 400 million**
- **EBITDA: USD 350 million**
- **Net Income: USD 215 million**

1. Issued 29 October 2012

IR Contact

- **Yuriy Kovalchuk**
Investor Relations Director
investor_relations@kernel.ua
- **Yegor Samusenko**
Investor Relations Manager
y.samusenko@kernel.ua
Tel.: (+38-044) 461-88-03

