

Q3
FY2013

FINANCIAL RESULTS PRESENTATION

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 31 March 2013.

Q3 FY2013 results highlights

Key highlights

- Revenues amounted to USD 597.9 million in Q3 FY2013, flat compared to a year ago, with lower bulk oil and grain sales compensated by higher grain prices and high sunflower meal deliveries.
- EBITDA is down 30.0% y-o-y to USD 43.8 million in Q3 FY2013, primarily reflecting low bulk oil sales due to a significant amount of bulk oil contracts signed with delivery terms in Q4 FY2013 and to tighter profitability in the bulk oil segment.
- Reported net loss of USD 3.4 million in Q3 FY2013 versus net profit of USD 37.2 million in Q3 FY2012 caused by a shift in bulk oil deliveries towards the fourth quarter translating into a higher level of carrying inventories and larger amount of financing costs.
- Strong cash flow generated from operations at USD 294.4 million in Q3 FY2013 versus the use of USD 96.3 million in Q3 FY2012 driven by a decrease in working capital during the quarter.

Corporate subsequent events

- In early April, Kernel Holding S.A. entered into a share purchase agreement to acquire an 80% interest in a farming business that manages 108 000 hectares of leasehold farmland and operates 100 000 tons of grain storage capacity. With a highly concentrated and fully-farmed land bank in the southern Chernihiv and Sumy regions and the northern Poltava region, the business is self-sufficient in working capital and is fully-equipped with modern farming machinery.
- Continuing optimization of current landbank: added 1 500 ha in Khmelnytsk to enlarge the existing cluster and divested 6 000 ha remotely located land in southern Ukraine in April 2013.
- In May, Kernel Holding S.A., via its subsidiaries, sold the Chortkiv sugar plant property and its participatory interest in the local sugar trading entity for a gross consideration of USD 32.5 million.
- Ievgen Osypov was appointed as general manager of the farming division. With fifteen years of managerial and operational experience in the farming business, Ievgen is the former CEO of Industrial Milk Company, which under his leadership developed into one of the largest and most efficient farming businesses in Ukraine.

FY 2013 outlook

- Based on 9M FY2013 results, management now expects full-year FY2013 EBITDA to be USD 310 million.

FY 2014 crop outlook

- Considering an early stage of farming season, it is yet premature to make a conclusive judgments on 2014 crop outlook.
- Planting campaign is complete in Ukraine and Russia with sufficient and timely rainfall supporting proper development of crops.
- In Ukraine the planted area under sunflower seeds is estimated around 5.5 million ha translating into anticipated production, in excess of 9.3 million tons.
- In Russia, the planted area under sunflower seeds is estimated around 6.5 million ha translating into anticipated production in excess of 9.2 million tons.
- As of now, we estimate grain export potential of Ukraine in the range of 25-27 million tons and Russia 17-19 million tons for the 2013/14 season.
- Kernel's farming division spring sowing campaign was successfully completed in May. Both winter and spring crops are in good condition with favorable weather patterns observed during the spring sowing campaign. Kernel's crop structure shifted mainly towards corn, sunflower and soybean which share accounts for 42%, 27% and 16% respectively in 2014.

Q3 & 9M FY2013 results highlights

Financial highlights

Amounts in USD million, except for EPS and ratios

	Q3 FY2013	Q3 FY2012	% change	9M FY2013	9M FY2012	% change
Revenue	597.9	598.9	(0.2%)	2,072.1	1,584.8	30.7%
Profit from operating activities	24.5	44.8	(45.2%)	143.5	161.2	(10.9%)
Net profit attributable to equity holders of Kernel Holding S.A.	(3.4)	37.2	n/m	66.3	139.1	(52.3%)
EBITDA ⁽¹⁾	43.8	62.5	(30.0%)	201.5	211.2	(4.6%)
EPS ⁽²⁾	(0.04)	0.47	n/m	0.83	1.75	
Net debt / EBITDA ⁽³⁾	3.0	2.5		3.0	2.5	
Adjusted net debt / EBITDA ⁽⁴⁾	0.9	0.7		0.9	0.7	
EBITDA / Interest ⁽⁵⁾	3.7	5.5		3.7	5.5	

Production, sales and throughput

	Q3 FY2013	Q3 FY2012	% change	9M FY2013	9M FY2012	% change
Grain sales, tons	653,745	831,559	(21.4%)	2,230,830	1,846,759	20.8%
Bulk oil sales, tons	173,976	224,590	(22.5%)	750,062	559,691	34.0%
Bottled oil sales, '000 liters	23,153	29,274	(20.9%)	84,197	107,463	(21.7%)
Sunflower seed crush, tons	679,311	730,561	(7.0%)	1,897,550	1,766,107	7.4%
Refined oil production, tons	26,274	30,441	(13.7%)	85,065	113,004	(24.7%)
Bottled oil production, tons	25,166	28,861	(12.8%)	77,300	101,799	(24.1%)
Export terminals throughput, tons	625,623 ⁽⁶⁾	595,235	5.1%	2,589,360 ⁽⁶⁾	1,454,248	78.1%

1. Hereinafter, EBITDA is calculated as a sum of the profit from operating activities plus amortization and depreciation.

2. EPS is measured in US Dollars per share, based on 79.7 million shares for Q3 FY2013 and 79.7 million shares for Q3 FY2012.

3. Net debt / EBITDA is calculated based on 12 months trailing EBITDA.

4. 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 12 months trailing EBITDA.

5. EBITDA / Interest is calculated based on 12 months trailing EBITDA and net finance costs.

6. Including 33,955 tons trans-shipped through Taman port in Q3 FY2013 and 234,998 tons in 9M FY2013, which represents 50% of the total throughput volume of the Taman facility. Taman port is owned through a 50%-50% joint venture between Kernel Holding S.A. and a subsidiary of Glencore International Plc.

Segment results summary

Q3 FY2013

	Revenue ⁽¹⁾ , USD million			EBITDA, USD million			EBITDA margin, %	
	Q3 FY2013	Q3 FY2012	% change	Q3 FY2013	Q3 FY2012	% change	Q3 FY2013	Q3 FY2012
Bulk oil	303.0	321.3	(5.7%)	36.5	48.5	(24.7%)	12.0%	15.1%
Farming	12.0	12.7	(5.4%)	(3.5)	(1.0)	268.7%	(29.3%)	(7.5%)
Grain	239.2	222.2	7.6%	4.8	6.9	(30.1%)	2.0%	3.1%
Bottled oil	40.4	44.5	(9.3%)	5.8	6.7	(13.2%)	14.4%	15.0%
Export terminal	9.0	10.0	(9.8%)	5.0	5.5	(8.2%)	55.8%	54.8%
Silo services	10.6	9.9	6.9%	5.3	3.5	50.3%	49.9%	35.5%
Sugar	8.2	1.5	446.8%	(0.1)	(0.6)	(77.1%)	(1.8%)	(42.4%)
Other & reconciliation	(24.6)	(23.3)	5.5%	(10.0)	(7.0)	43.6%		
Total	597.9	598.9	(0.2%)	43.8	62.5	(30.0%)	7.3%	10.4%

9M FY2013

	Revenue ⁽¹⁾ , USD million			EBITDA, USD million			EBITDA margin, %	
	9M FY2013	9M FY2012	% change	9M FY2013	9M FY2012	% change	9M FY2013	9M FY2012
Bulk oil	1,121.2	809.1	38.6%	138.4	123.0	12.5%	12.3%	15.2%
Farming	162.9	117.6	38.4%	9.9	25.4	(61.2%)	6.1%	21.6%
Grain	733.5	533.0	37.6%	18.1	20.2	(10.0%)	2.5%	3.8%
Bottled oil	137.8	168.0	(18.0%)	21.3	29.1	(27.0%)	15.4%	17.3%
Export terminal	38.9	23.5	65.6%	23.3	12.2	91.2%	59.9%	51.9%
Silo services	42.3	37.9	11.6%	17.7	15.2	16.3%	41.8%	40.1%
Sugar	22.6	29.3	(22.7%)	0.8	4.8	(83.9%)	3.4%	16.4%
Other & reconciliation	(187.2)	(133.6)		(27.9)	(18.8)			
Total	2,072.1	1,584.8	30.7%	201.5	211.2	(4.6%)	9.7%	13.3%

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

Bulk and bottled oil segments performance

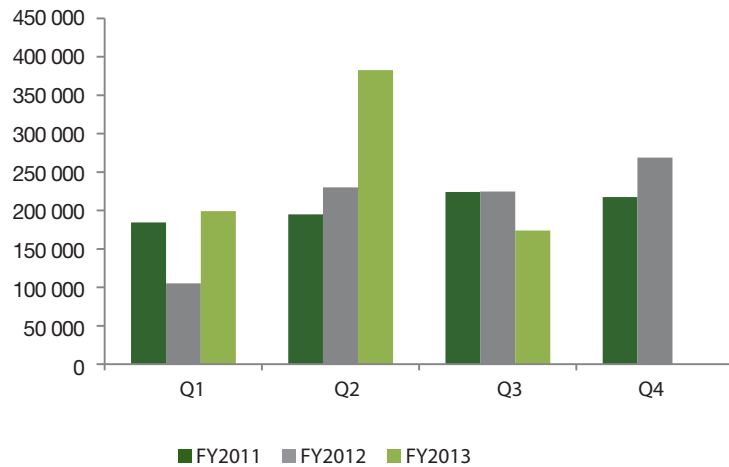
Bulk oil segment

- Bulk oil sales decreased 22.5% y-o-y to 174 thousand tons in Q3 FY2013 due to the significant amount of contracts signed with delivery terms in Q4 FY2013. 9M FY2013 bulk oil sales increased 35.0% y-o-y and are in line with production levels.
- The sunflower seed crushing volume stood at 679 thousand tons, slightly below last year.
- The crushing margin continues to be below the previous season's levels due to a lower harvest and slight increase in crushing capacity in Ukraine.

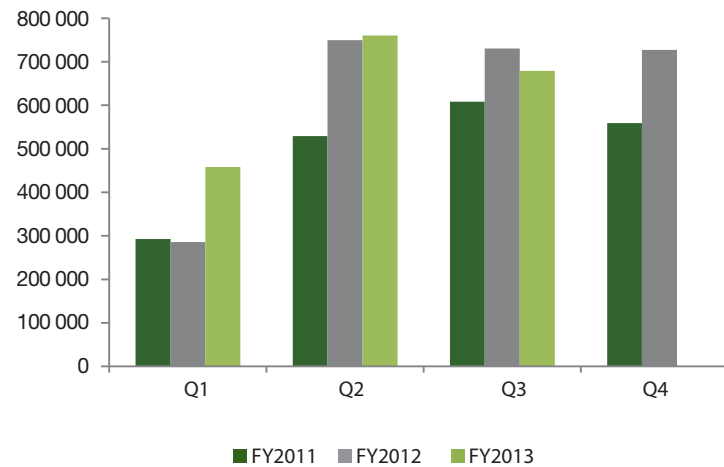
Bottled oil segment

- EBITDA decreased 13.2% y-o-y to USD 5.8 million in Q3 FY2013, along with a 20.9% y-o-y decline in volumes sold through the bottled oil channel in the period under review.

Bulk oil sales, tons



Sunflower seed crush, tons



Grain, silo and export terminals segments performance

Grain segment

- 654 thousand tons of grains were exported in Q3 FY2013, down 21.4% y-o-y. A combination of low crop size in Ukraine and solid international commodity prices in the first half of 2012/13 season translated into larger merchandising activities during Q1 and Q2 FY2013. This resulted in the overall weaker volumes in Q3 FY2013.
- The grain merchandizing margin remains weak in the quarter under review.
- 9M FY2013 grain sales are at 2.2 million tons, up 20.8% y-o-y improving the contribution from infrastructure.

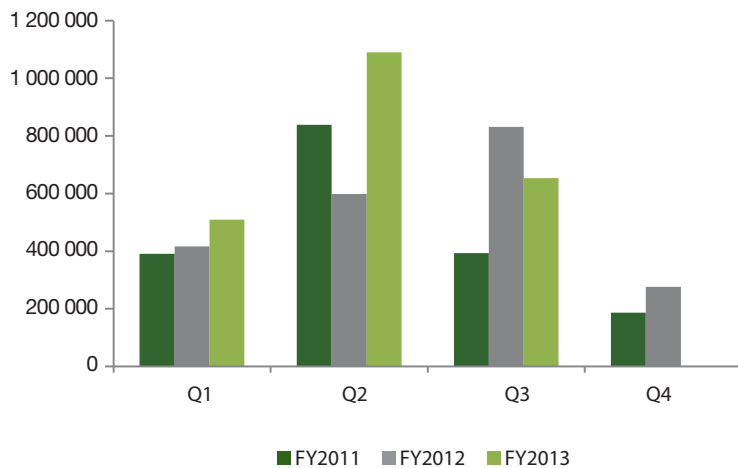
Export terminals segment

- Despite declining grain export volumes and weaker merchandising activity, transshipment volumes remained flat in Q3 FY2013 compared to last year.
- Profitability remains strong with USD 8.5/ton earned in the terminals segment in Q3 FY2013, marginally down from USD 9.2/ton in Q3 FY2012.
- 9M FY2013 transshipment volumes increased 78.1% y-o-y to 2.6 million tons.

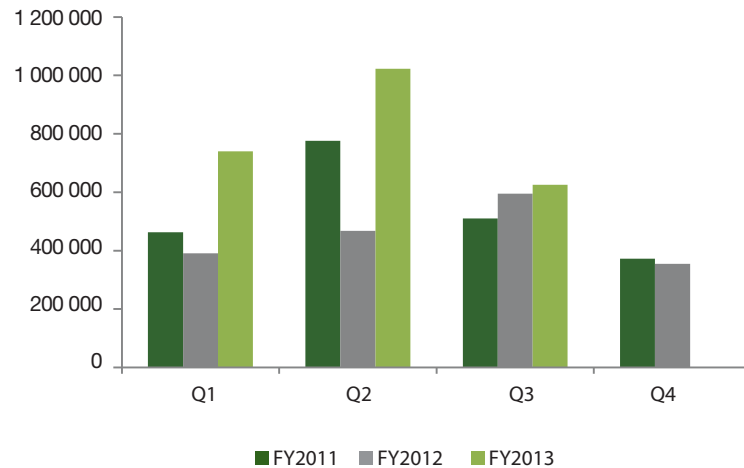
Silo services segment

- EBITDA of USD 5.3 million earned in Q3 FY2013, grew 50.3% y-o-y.
- Strong 49.9% EBITDA margin during the quarter under review.

Grain sales, tons



Export terminals throughput, tons



Farming and sugar segments performance

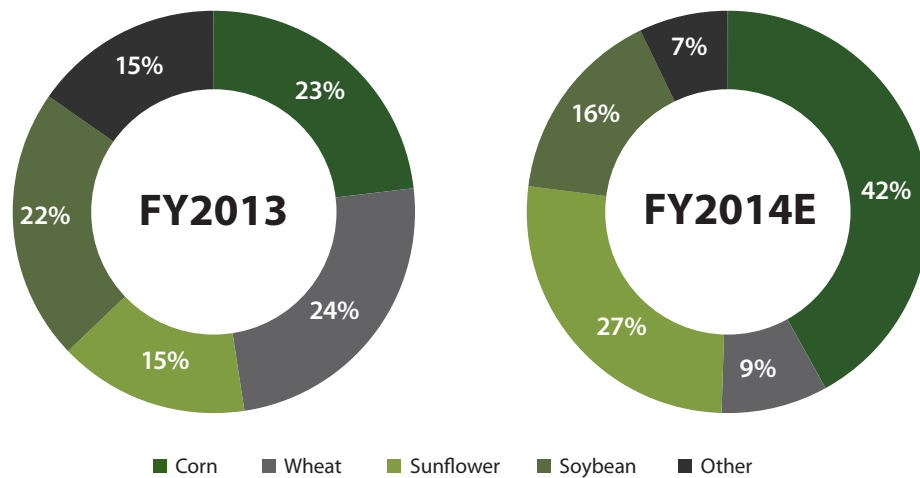
Farming segment

- As usual, seasonally low revenues were due to a majority of the sales of the farming segment being executed in the first and second quarters of the financial year.
- Fixed costs amid seasonally low sales resulted in the segment's negative EBITDA at USD 3.5 million in Q3 FY2013 versus USD 1.0 million in Q3 FY2012.

Sugar segment

- Sugar sales kept at minimum in the quarter under review due to a depressed domestic sugar price environment caused by two consecutive years of the sugar overproduction in Ukraine and limited export opportunities.

Crop structure, FY2013-FY2014



Balance sheet highlights

Amounts in USD million

	31 March 2013	31 March 2012
Invested Capital		
Cash & cash equivalents	106.5	91.9
Net trade accounts receivable	109.9	186.9
Inventory	802.0	588.6
of which: readily marketable inventories	649.1	503.0
Other currents assets	412.8	407.9
Net property, plant & equipment	716.2	680.8
Other non-current assets	410.3	300.1
Total assets	2,557.8	2,256.1
Financed by		
Short-term liabilities	922.7	737.8
of which: interest-bearing debt	717.7	516.4
Long-term liabilities	357.7	325.2
of which: long-term interest bearing debt	326.8	290.4
Total Equity	1,277.4	1,193.1

Differences are possible due to rounding

Cash flow highlights

Amounts in USD million

	Q3 FY2013	Q3 FY2012
Operating profit before working capital changes	48.6	67.8
Changes in working capital	276.8	(146.3)
Cash obtained from/ (used in) operations	325.4	(78.5)
Finance costs paid	(18.2)	(16.2)
Income tax paid	(12.8)	(1.6)
Net cash obtained from/ (used in) operating activities	294.4	(96.3)
Net PPE disposals/ (purchases)	(25.6)	(16.6)
Sales/(Purchase) of intangible and other non-current assets	(6.4)	(8.3)
Acquisition of subsidiaries and purchase of investment in joint ventures	(18.4)	1.0
Net cash obtained from / (used in) investing activities	(50.4)	(23.9)
Net cash obtained from / (used in) investing & operating activities	244.0	(120.1)

Differences are possible due to rounding

Liquidity position & credit metrics

Amounts in USD million, except ratios

	31 March 2013	31 March 2012
Cash	106.5	91.9
Inventory	802.0	588.6
of which: readily marketable inventories	649.1	503.0
RMI / Inventories	80.9%	85.5%
Gross interest-bearing debt	1,044.5	806.9
Net interest-bearing debt	938.0	715.0
Adjusted net financial debt ⁽¹⁾	288.9	212.0
Shareholders' equity ⁽²⁾	1,261.8	1,122.6
Net debt / EBITDA ⁽³⁾	3.0	2.5
Adjusted net debt / EBITDA ⁽⁴⁾	0.9	0.7
EBITDA / Interest ⁽⁵⁾	3.7	5.5

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 equivalents, marketable securities and readily marketable inventories.
2. Total equity attributable to Kernel Holding S.A. shareholders
3. Net debt / EBITDA is calculated based on 12 months trailing EBITDA
4. Adjusted net debt / EBITDA is calculated based on 12 months trailing EBITDA
5. EBITDA interest is calculated based on 12 months trailing EBITDA and net finance costs.

IR contact

- **Yuriy Kovalchuk**
Investor Relations Director
investor_relations@kernel.ua
- **Yegor Samusenko**
Investor Relations Manager
y.samusenko@kernel.ua
Tel.: (+38-044) 461-88-01

