

# KERNEL HOLDING S.A.

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## COMPANY PRESENTATION

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January 2014

KERNEL



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# COMPANY OVERVIEW

# Kernel at a glance

## SUNFLOWER OIL

**FY2013 EBITDA: US\$ 199 Mio, 62% of total<sup>(1)</sup>**

- Bulk oil segment
  - #1 oilseed crusher and exporter in Ukraine
  - 3 Mio tons/year sunflower seed crushing capacity
- Bottled oil segment
  - #1 bottled sunflower oil producer and marketer in Ukraine with 32% market share

## GRAIN

**FY2013 EBITDA: US\$ 59 Mio, 18% of total<sup>(1)</sup>**

- Grain segment
  - Leading grain originator and marketer with over 10% of Ukraine's total grain exports
  - Emerging player in grain export from Russia
- Export terminals segment
  - 4 Mio tons/year deep-water grain terminal on the Black Sea in Ukraine
  - 3 Mio tons/year deep-water grain terminal on the Black Sea in Russia
  - 1 Mio tons/year oil and meal terminal in Ukraine
- Silo services segment
  - #1 grain silo network with 2.8 Mio tons of grain storage capacity in Ukraine

## FARMING

**FY2013 EBITDA: US\$ 64 Mio, 20% of total<sup>(1)</sup>**

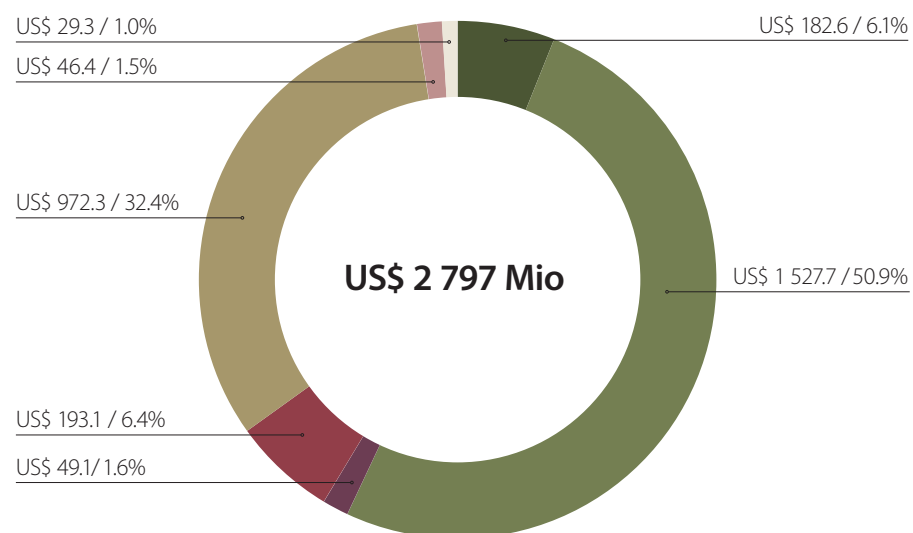
- Farming segment
  - Large scale farming with 405 000 ha of agricultural land in Ukraine
  - Focus on black soil and humidity-rich central and western parts of Ukraine
  - Margin enhancement through utilization across the whole supply chain

(1) Hereinafter, EBITDA is calculated as a sum of the profit from operating activities plus amortisation and depreciation.  
Audited consolidated financial statements for the 12-month period ended 30 June 2013, amounts provided in US\$ Mio prior to certain G&A allocation.

# FY2013 contribution by operating segment

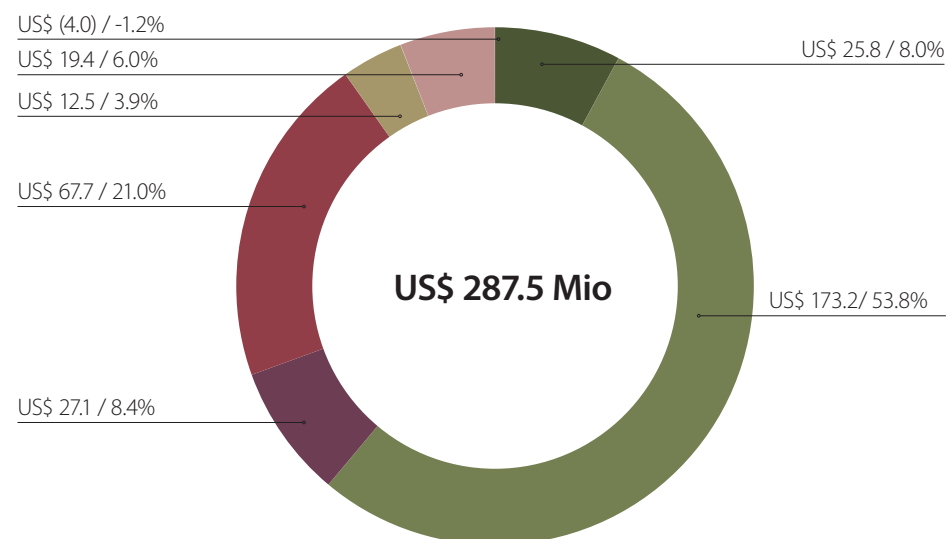
## Revenue by segment <sup>(1)</sup>

(US\$ Mio / % of total revenue)



## EBITDA <sup>(2)</sup>

(US\$ Mio / % of EBITDA)



■ Bottled sunflower oil 
 ■ Sunflower oil in bulk 
 ■ Export terminals 
 ■ Farming 
 ■ Grain 
 ■ Silo services 
 ■ Sugar & Discontinued

1. Audited consolidated financial statements for the 12-month period ended 30 June 2013; amounts provided in US\$ Mio and percentage of total revenue, including intersegment sales. Figures may not add up due to rounding
2. Hereinafter, EBITDA is calculated as a sum of the profit from operating activities plus amortisation and depreciation. Audited consolidated financial statements for the 12-month period ended 30 June 2013, amounts provided in US\$ Mio prior certain G&A allocation



# SEGMENTAL REVIEW

# Bulk oil segment

## Kernel – No1 oilseed crusher in Ukraine with 2.6 Mio tons/year sunflower seed crushing capacity

- Kernel – 1/4 of Ukraine `s total crushing capacity
- Main competitors: Cargill – 10%; Creative - 10% (Kernel `s estimate of main competitors' crushing capacity, in percent of Ukraine `s total crushing capacity)

## Strategic location of Kernel's crushing plants in Ukraine

- 7 crushing plants owned and operated by Kernel cover sunflower belt from the Black Sea to the Russian border
- Feedstock origination directly at farm gate

## Bandurka & BSI crushing plants add multiple feedstock processing option

## Good position to access export markets by leveraging the competitive advantages of Ukraine

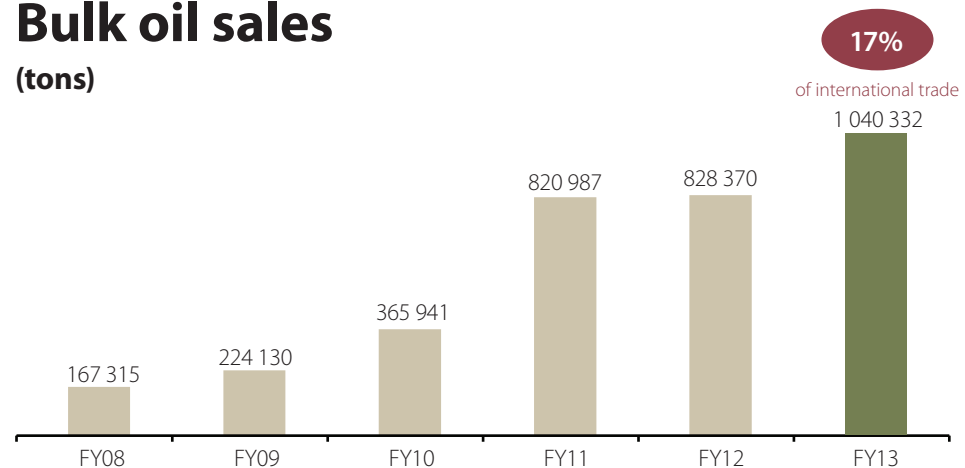
- Large oilseed supply base
- Unique position on the Black Sea

## Expansion in Russia

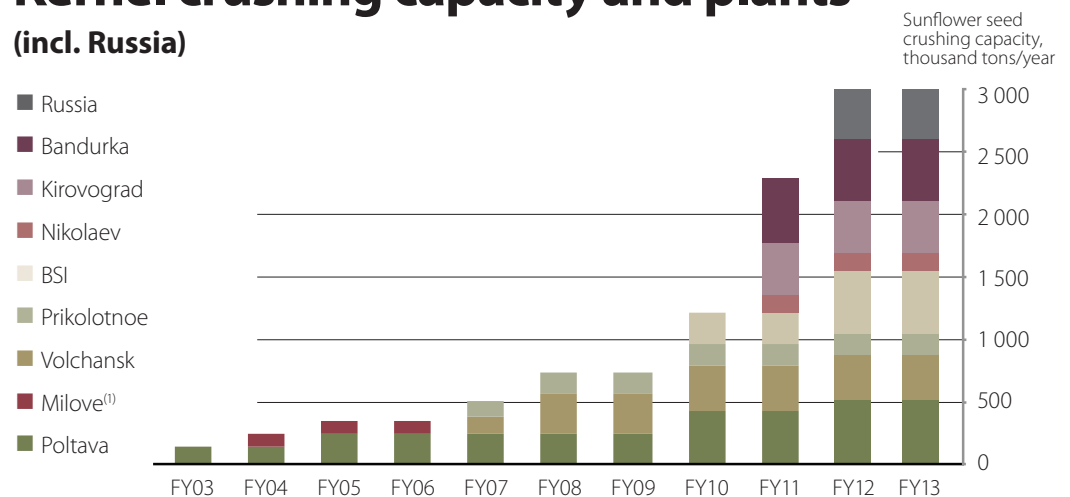
- 410 000 tons/year sunflower seed crushing capacity in Russia acquired in FY2012
- Comparative size market with 8-9 million tons sunflower seed supply

1. Milove crushing plant divested in FY2006

## Bulk oil sales (tons)



## Kernel crushing capacity and plants (incl. Russia)



# Bottled oil segment

## Kernel – leading bottled oil producer and marketer in Ukraine

### Consolidated bottled oil sector

- Kernel and Bunge supply close to half of bottled oil sold in Ukraine
- Kernel and Bunge are the only nationwide marketers of bottled oil

### Seamless seed-to-bottle production process at two production sites with integrated crushing, refining and bottling operations

- 173 000 tons/year refining capacity (excl. Russia)
- 134 000 tons/year bottling capacity (excl. Russia)

### Three brands strategy + PL

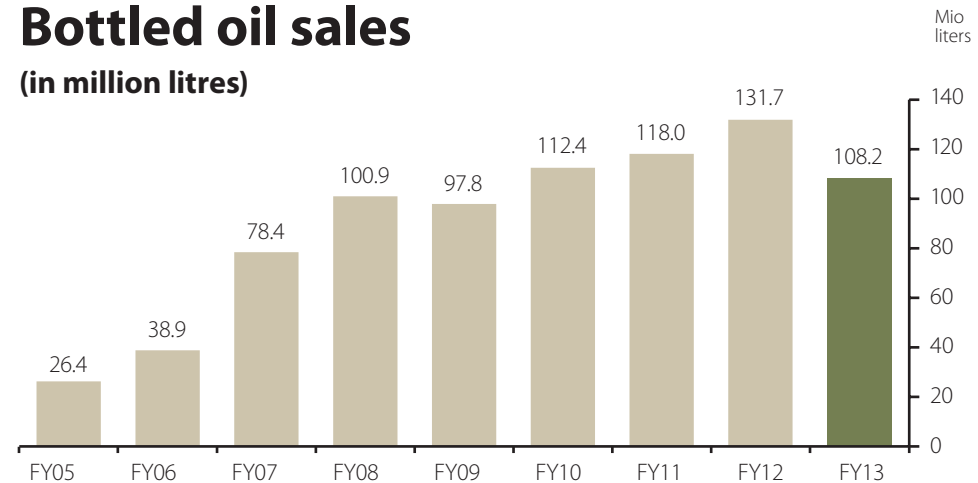
- Schedry Dar
- Stozhar
- Chumak Zolota
- Private label (30% of bottled oil revenue)

### Distribution throughout Ukraine

- Ukraine - Kernel`s primary market for bottled oil (70%-80% of sales)
- Approximately 2/5 sold directly to largest nationwide retailers, 3/5 through 40 regional distributors

## Bottled oil sales

(in million litres)





# Grain segment

**Leading grain supply chain operator in Ukraine with 12% market share of grain & oil-bearing crops export in 2012/13 season**

**Extensive and well-established origination base**

- Origination effected directly at farm level through Kernel 's regional office & silo network
- Origination, merchandising and export of wheat, barley, corn, rapeseed & soy
- Widespread farmer supply base throughout Ukraine, with dominant position in Kharkov and Poltava oblasts

**Prudent purchasing policy**

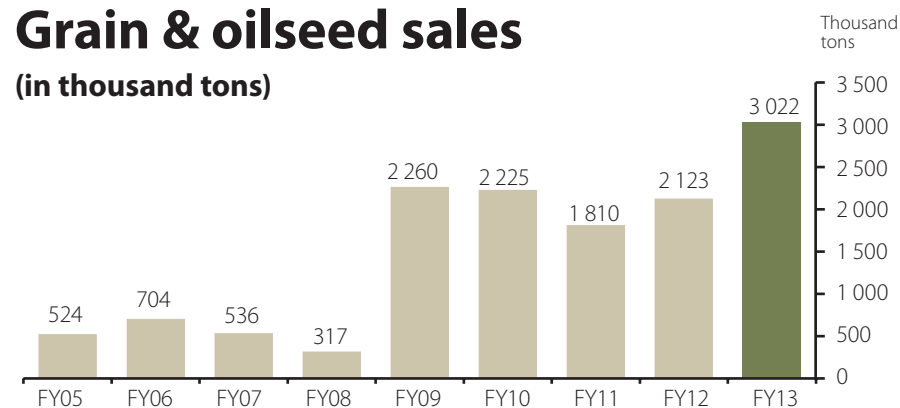
- No crop financing

**Logistics throughout Ukraine fully under Kernel's control and management**

- 70%+ of grain and oilseed exports through TransBulk Terminal
- Delivery effected to port of discharge in customer 's home market

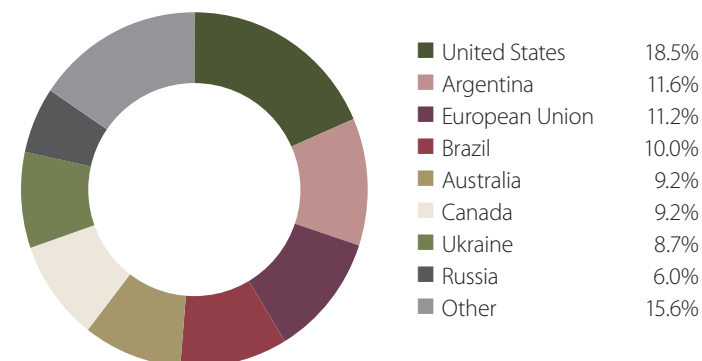
## Grain & oilseed sales

(in thousand tons)

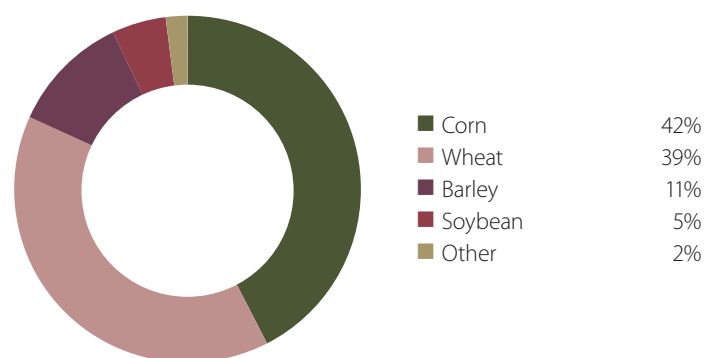


Note: all grains excluding rice  
Source: USDA, September 2013.

## Grain: major exporters, 2012/13 season



## Kernel's grain export volume by crop, FY2013



Source: Kernel

# Export terminals segment

## TransBulkTerminal (“TBT”)

**2<sup>nd</sup> largest grain terminal in Ukraine, 4 Mio tons/year grain throughput capacity**

### Key features:

- 200 000 tons grain storage capacity in 38 vertical bins directly alongside berth
- Handles all types of grain
- Grain & oilseeds delivery to terminal by train and truck
- Loading and export of grain onto Handy-size and Panamax vessels
- Located in Illichevsk, major Black Sea port and key gateway to international grain markets
- Owned and operated by Kernel since 2008, TBT is a provider of grain handling and transshipment services to Kernel and third parties



## Taman grain terminal

**3 Mio tons/year deep-water grain terminals in Russia**

### Key features:

- 3 Mio tons/year grain throughput capacity with a future increase to 5 Mio tons/year
- Greenfield best-in-class facility commissioned in summer 2011
- The largest truck hub for grains on the Black Sea in Russia
- 55 000 tons deadweight, 12m draft to service Panamax size vessels
- Acquired through a 50/50 joint venture in September 2012

## OilTransTerminal (“OTT”)

**0.5 Mio tons/year oil and meal throughput capacity**

### Key features:

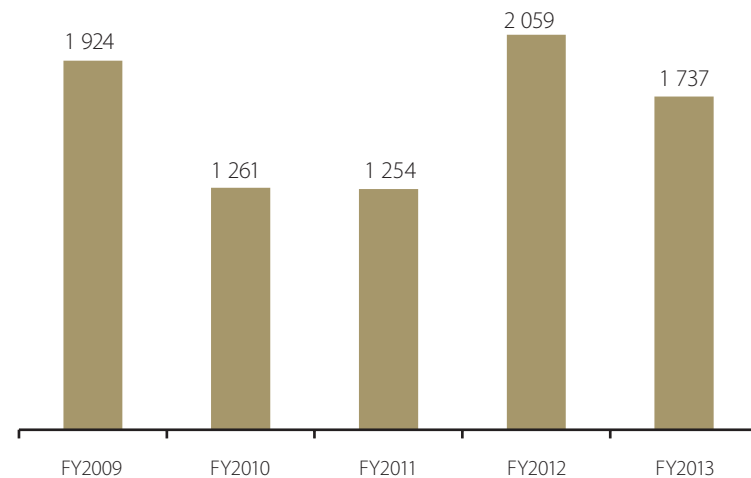
- 30 000 tons oil storage capacity
- Bulk oil delivery by train and truck
- Loading at berth of up to 25 000 tons oil per vessel
- Located in Nika-Terra port, Nikolayev
- Owned and operated by Kernel since 2010

# Silo services segment

## Largest private grain silo network in Ukraine with 2.8 Mio tons grain storage capacity

- Strategic location of silos in key origination areas and close to Kernel's crushing plants
- All silos connected to national railway network, allowing grain shipment to port by railcar
- 160 000 tons grain silos commissioned in FY2012  
300 000 tons grain silos commissioned in FY2013

## Grains and oilseed received in Kernel's inland silos (in thousand tons)



Source: Kernel.

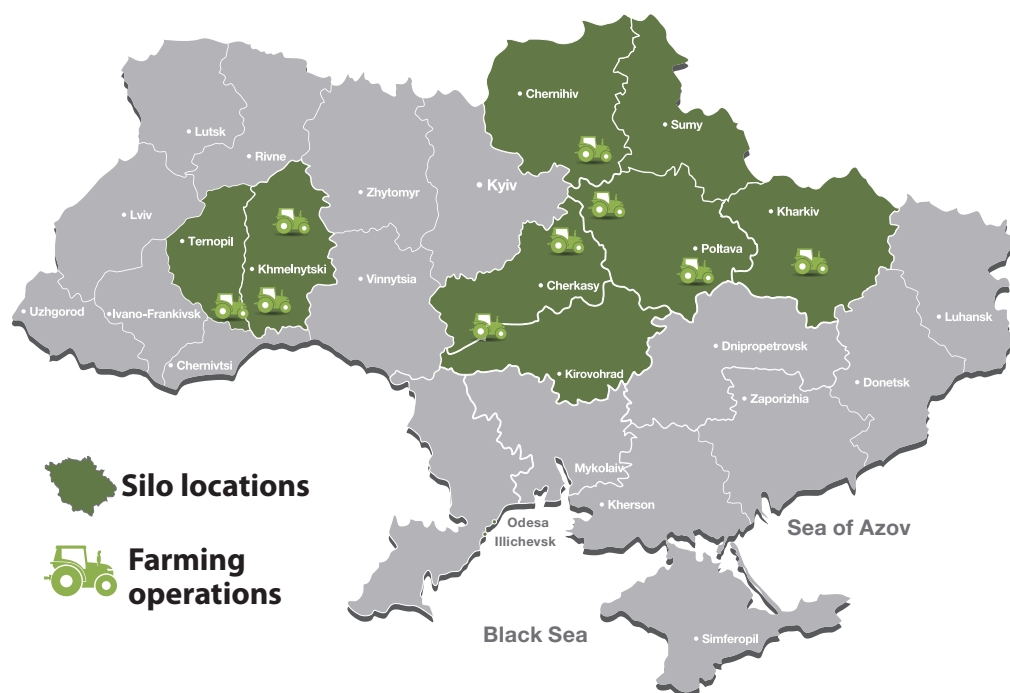


# Farming segment

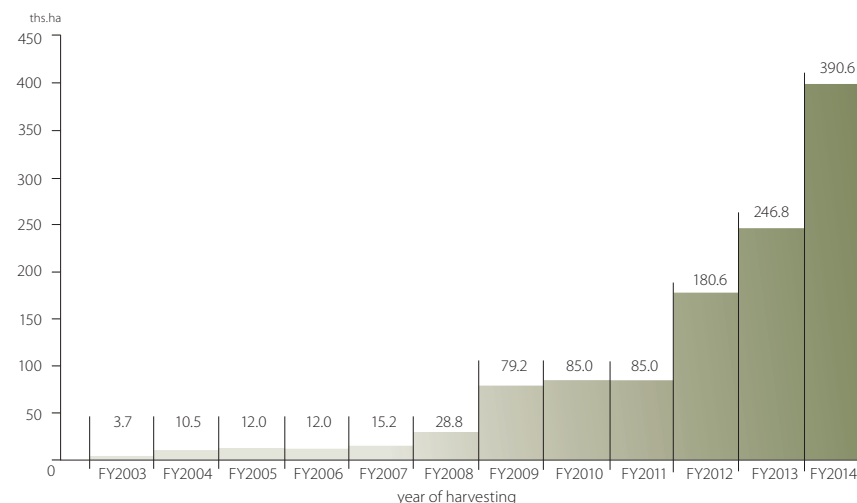
## Prime location of farms in grain and sunflower belt of Ukraine

- Kernel has been active in farming since 2002
- Farms benefit from close location to Kernel's grain silos and processing plants
- Largest landbank among listed Ukrainian companies
- FY2013-14 crop yields below management expectations

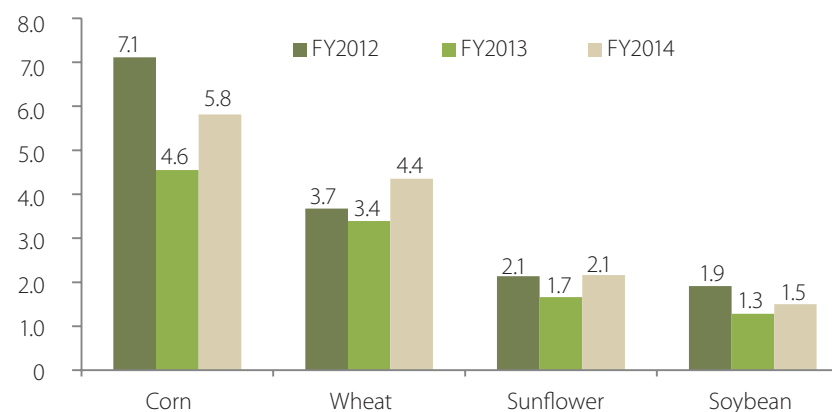
## Kernel's farming operations



## Kernel's farming acreage



## Crop yields, t/ha, net





# Q1 FY2014 RESULTS HIGHLIGHTS

# Q1 FY2014 results highlights

## Key highlights

- EBITDA of USD 3.0 million in Q1 FY2014, down from USD 74.8 million in Q1 FY2013, was the result of weak performance in the bulk oil and farming segments, while grain marketing and related services contributed strong results during the period.
- The sunflower oil business underperformed (USD 4.5 million combined EBITDA from the bulk oil and bottled oil segments in Q1 FY2014 versus USD 45.6 million in Q1 FY2013) due to low crushing volumes (down 51.9% y-o-y) and to the low carry-over stock of sunflower oil, as well as the weak crushing margin caused by low availability of sunflower seed at the end of the 2012/13 marketing year. Margins also were undermined by fixed costs against lower volumes.
- The farming segment's operational performance improved, with crop yields up 17% – 36% y-o-y compared to the previous year's harvest. Integration of acquired farming entities is well on pace, though crop yields steel remain below target. As global prices for soft commodities fell sharply this summer, prices at the farm gate were 16% – 43% lower y-o-y, erasing profits from improved productivity. The segment's EBITDA contribution was negative USD 6.4 million in Q1 FY2014, compared to positive USD 25.9 million in Q1 FY2013.
- The grain segment performed according to management expectations, with grain sales up 73.6% y-o-y to 884,701 tons in Q1 FY2014. Grain exports from the Russian Federation were strong following last year's Taman joint venture deal, while the pace of exports from Ukraine is comparably slower due to delays in harvesting campaign caused by heavy rains in early autumn. The export terminals and silo services segments' volumes and earnings reflected grain export dynamics.
- Operating profit before working capital changes was USD 11.9 million in Q1 FY2014 versus USD 91.7 million in Q1 FY2013, higher than EBITDA due to a non-cash loss from changes in the fair value of biological assets and a loss from the disposal of the Orzhytsa sugar plant assets.

## Corporate events

- On July 18, 2013, the board of directors of Kernel Holding S.A. announced the approval of the dividend policy, adopting the dividend per share approach (DPS). Starting from the FY2014 results announcement, Kernel Holding S.A. intends to maintain a sustainable annual dividend of USD 0.25 per share. The proposed dividend will be declared and paid in US dollars and will be subject to shareholder approval at the general meeting of the shareholders.
- In September 2013, Kernel Holding S.A. divested, via its subsidiaries, the Orzhytsa sugar plant property for a total gross consideration of USD 5.1 million.
- In October 2013, Kernel Holding S.A., in accordance with the previously announced strategy to divest remotely located farmland, completed, via its subsidiary, the sale of the farming operations located in southern Ukraine for a total consideration of USD 7.0 million.
- The annual general meeting of shareholders is scheduled to be held on December 10, 2013.

# Q1 FY2014 financial highlights

Amounts in USD million, except for EPS and ratios	Q1 FY2014	Q1 FY2013	% change
Revenue	412.9	515.9	(20.0%)
EBITDA <sup>(1)</sup>	3.0	74.8	(96.0%)
Net profit attributable to equity holders of Kernel Holding S.A.	(33.8)	36.8	n/m
EBITDA margin	0.7%	14.5%	(13.8pp)
Net margin	(8.2%)	7.1%	(15.3pp)
EPS, USD <sup>(2)</sup>	(0.42)	0.46	n/m
Net interest-bearing debt	711.8	912.8	(22.0%)
of which: readily marketable inventories	276.3	684.5	(59.6%)
Adjusted net debt <sup>(3)</sup>	435.5	228.3	90.7%
Shareholders' equity	1,300.3	1,221.5	6.5%
Net debt/EBITDA	3.3x	2.6x	+0.7x
Adjusted net debt/EBITDA <sup>(3)</sup>	2.0x	0.6x	+1.4x
EBITDA/Interest	3.2x	5.0x	(1.8x)

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 Q1 FY2014 and Q1 FY2013.

3. 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.



# Q1 FY2014 segment results summary

	Revenue <sup>(1)</sup> , USD million			EBITDA, USD million			EBITDA margin, %	
	Q1 FY2014	Q1 FY2013	% change	Q1 FY2014	Q1 FY2013	% change	Q1 FY2014	Q1 FY2013
Bottled oil	33.4	43.6	(23.4%)	3.7	7.5	(50.0%)	11.2%	17.1%
Bulk oil	116.5	291.7	(60.1%)	0.8	38.1	(98.0%)	0.7%	13.1%
Export terminal	7.2	13.9	(48.1%)	3.7	8.0	(53.5%)	51.3%	57.2%
Farming	69.9	86.9	(19.5%)	(6.4)	25.9	n/m	(9.2%)	29.8%
Grain	229.0	154.4	48.4%	9.4	5.8	63.7%	4.1%	3.7%
Silo services	9.8	9.3	5.2%	4.6	2.9	60.4%	47.5%	31.2%
Sugar & Discontinued	4.7	4.5	5.4%	(0.2)	(1.2)	(79.4%)	(5.3%)	(26.9%)
Other				(12.6)	(12.0)	5.3%		
Reconciliation	(57.5)	(88.3)	(34.9%)					
<b>Total</b>	<b>412.9</b>	<b>515.9</b>	<b>(20.0%)</b>	<b>3.0</b>	<b>74.8</b>	<b>(96.0%)</b>	<b>0.7%</b>	<b>14.5%</b>

## Production, sales and throughput

	Q1 FY2014	Q1 FY2013	% change
Grain sales, tons	884,701	509,509	73.6%
Bulk oil sales, tons	95,71	198,994	(51.9%)
Bottled oil sales, '000 liters	22,4	26,334	(14.9%)
Sunflower seed crush, tons	232,249	458,095	(49.3%)
Refined oil production, tons	15,888	24,283	(34.6%)
Bottled oil production, tons	15,209	20,313	(25.1%)
Export terminals throughput, tons	778,164 <sup>(6)</sup>	740,126	5.1%

1. Segment revenue includes intersegment sales reflected in item Reconciliation.  
Note: Differences are possible due to rounding.



# Bulk and bottled oil segments performance

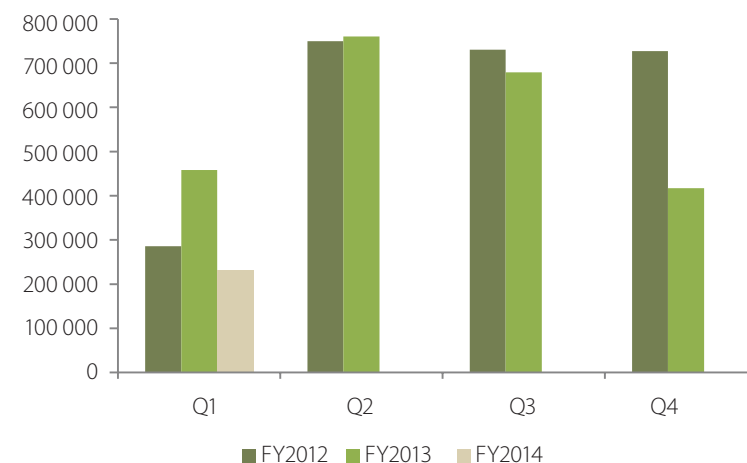
## Bulk oil segment

- The below average sunflower seed harvest in 2012/13 resulted in the low availability of sunflower seed at the end of the marketing year and downwardly affected crushing plant utilization in the seasonally weak first quarter of financial year. As a result, sunflower seed crushing volumes declined 49.3% y-o-y to 232,249 tons and bulk oil sales fell 51.9% y-o-y to 95,710 tons in Q1 FY2014.
- The low availability of sunflower seed at the end of the 2012/13 marketing season resulted in a fierce competition among crushers, with the crushing margin temporarily squeezed to a low one-digit percentage during the quarter. With the further pressure of fixed costs against lower volumes, the bulk oil segment's EBITDA margin declined to 0.7% in Q1 FY2014 versus 13.1% in Q1 FY2013.
- The sunflower seed crushing margin in the 2013/14 harvest is back to normal, with strong utilization and approximately 60% of our annual crushing needs already purchased at the moment of Q1 FY2014 publication.

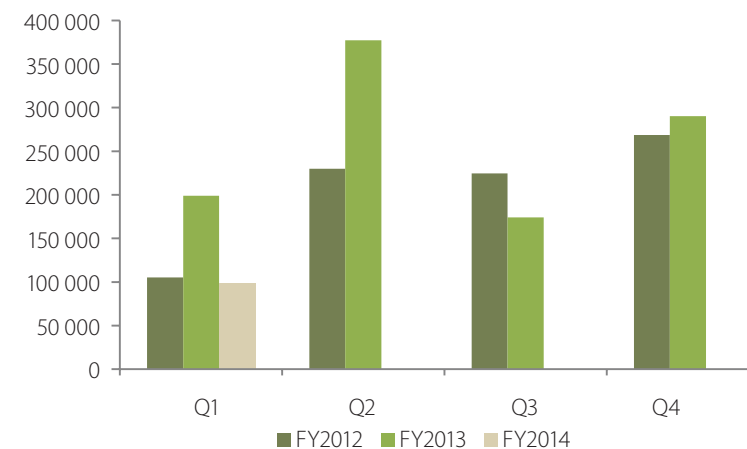
## Bottled oil segment

- Bottled oil sales amounted to 22.4 million liters in Q1 FY2014 versus 26.3 million liters in Q1 FY2013, down 14.9% y-o-y. Revenues from the bottled oil segment declined 23.4% y-o-y to USD 33.4 million in Q1 FY2014.
- The bottled oil segment EBITDA margin was at 11.2% in Q1 FY2014, with a material premium over sunflower oil sales in bulk. The margin decline compared to Q1 FY2013 is explained by higher prices for sunflower seed at the end of the 2012/13 marketing season.

## Sunflower seed crush, tons



## Bulk oil sales, tons



# Grain, silo and export terminals segments performance

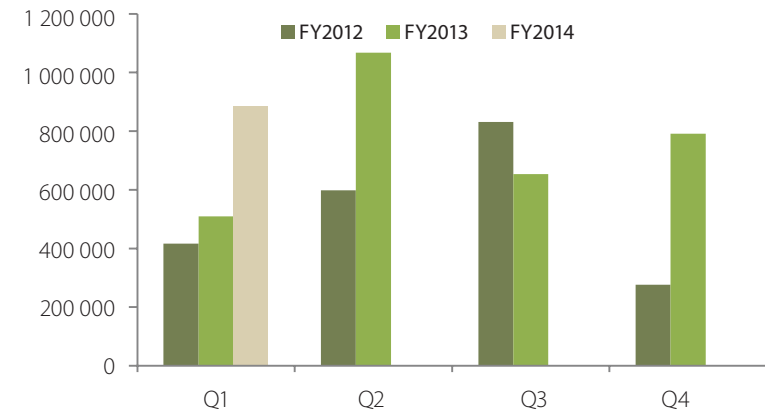
## Grain segment

- Grain sales increased 73.6% y-o-y to 884,701 tons in Q1 FY2014, a record volume for the first quarter. While Ukrainian farmers were reluctant to sell their crops at the rate that they were harvested, the company significantly increased grain exports from the Russian Federation following last year's acquisition of the Taman grain export terminal on Russia's Black Sea coast. Revenues from grain exports increased 48.4% y-o-y to USD 229.0 million in Q1 FY2014, with an average selling price down 14.6% y-o-y, reflecting lower global wheat and barley prices.
- The grain marketing EBITDA margin was at 4.1% in Q1 FY2014 (3.7% in Q1 FY2013), at USD 10.7/ton in Q1 FY2014 compared to USD 11.3/ton in Q1 FY2013. The total grain segment EBITDA increased 63.7% y-o-y to USD 9.4 million in Q1 FY2014.

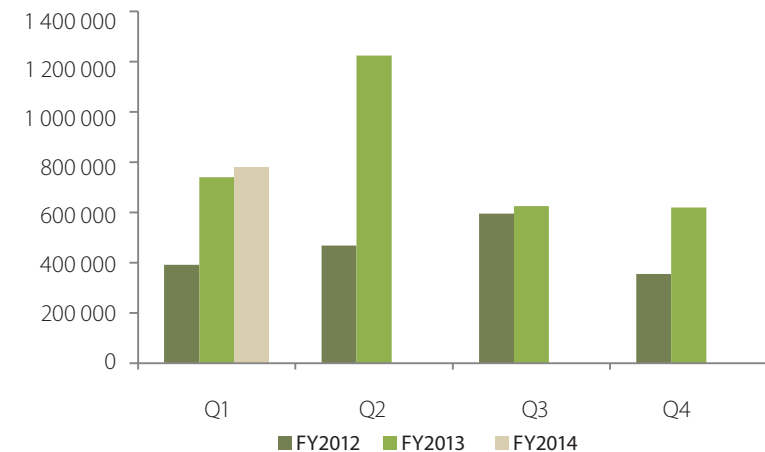
## Silo services and export terminals segments

- The strong harvest in Ukraine and at our own farming operations this year contributes well to silo services operations. Although prolonged rains in September delayed the harvest, and thus postponed part of the segment's earnings to the next quarter, revenues from silo services increased 5.2% y-o-y to USD 9.8 million in Q1 FY2014 and EBITDA increased 60.4% y-o-y to USD 4.6 million in Q1 FY2014.
- Export terminals throughput increased 5.1% y-o-y to 778,164 tons in Q1 FY2014, reflecting strong throughput at the Taman terminal in the Russian Federation and slow activity in Ukraine, as the overall speed of grain exports from Ukraine was low in the quarter due to not only farmer's reluctance in selling at lower grain prices but also to weather-related delays of the harvesting campaign. Revenues from export terminals services in Ukraine decreased 48.1% y-o-y to USD 7.2 million in Q1 FY2014, with EBITDA down 53.5% y-o-y to USD 3.7 million, as a result of lower throughput volumes. Earnings from the Russian port, owned via a joint venture, are accounted through the equity method, with the net result of USD 2.0 million being reported below the operating profit.
- Overall, the grain marketing, silo services and export terminals segments are performing well, with seasonality skewed toward the second half of the season, compared to normal.

## Grain sales, tons



## Export terminals throughput, tons

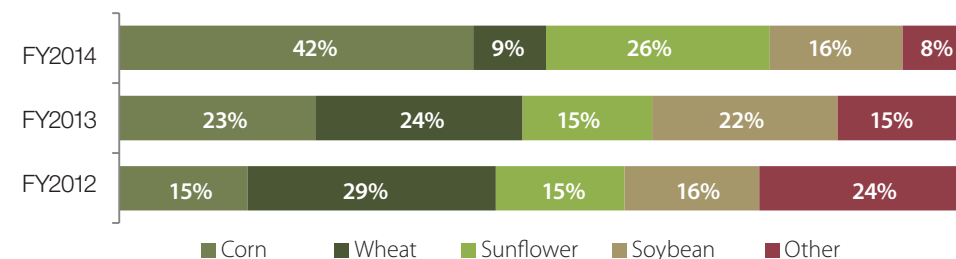


# Farming segment performance

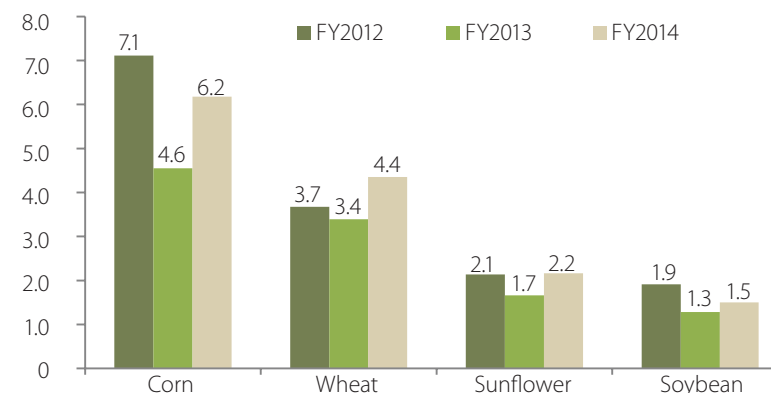
## Farming segment

- First quarter sales in the farming segment consisted primarily of wheat (9% of total acreage) and minor volumes of other crops, while the company's major crops are harvested mostly during the second quarter. Overall, harvested acreage increased to 391 thousand hectares in FY2014 compared to 247 thousand hectares in FY2013, with a crop structure of 42% of corn in FY2014 (23% in FY2013), sunflower seed of 26% (15%), soybean of 16% (22%) and wheat of 9% (25%).
- FY2014 crop yields are significantly higher than last year, with a net corn yield of 6.2 t/ha in FY2014 (up from 4.6 t/ha in FY2013), sunflower seed net yield of 2.2 t/ha (up from 1.7 t/ha), soybean net yield of 1.5 t/ha (up from 1.3 t/ha) and wheat net yield of 4.4 t/ha (up from 3.4 t/ha). While this year's crop yields are delivering premiums to Ukraine's average, crop yields remain below the company's targets for a fully integrated farming business under normal weather conditions.
- With global prices for soft commodities declining sharply this summer, prices at the farm gate declined by approximately 40 – 45% for corn, 30 – 35% for sunflower seed, 15% – 20% for soybean, and 20% – 25% for wheat, erasing profits from improved productivity. The farming segment sells most of its produce to other segments of the company at arm's length prices.
- The farming segment posted an EBITDA loss of USD 6.4 million in Q1 FY2014 versus positive USD 25.9 million a year ago, due to lower grain prices and a non-cash change in the fair value of biological assets.

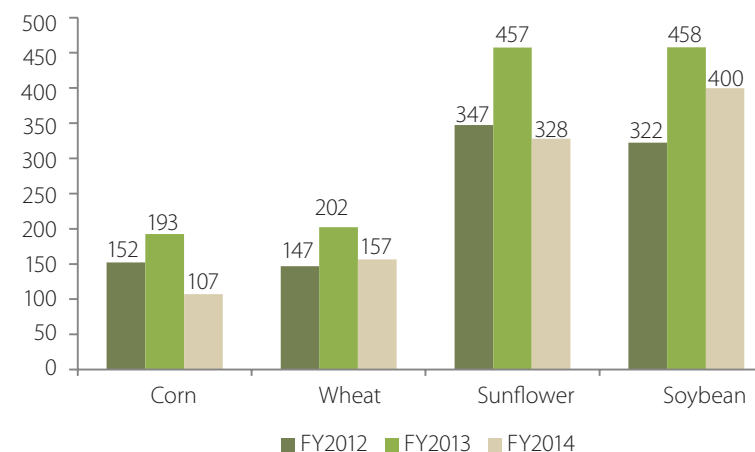
## Crop structure



## Crop yields, t/ha<sup>(1)</sup>, net



## Grain and oilseed prices, EXW, net of VAT



1. 1 t/ha equals to 15.9 bu/acre for corn, 14.9 bu/acre for wheat and soybean  
 Note: APK-Inform average prices from the beginning of the marketing season (July for wheat, September for other) until the end of November. Prices might differ from those realized by Kernel.

# Q1 FY2014 balance sheet highlights

Amounts in USD millions	30 September 2013	30 September 2012
Invested Capital		
Cash & cash equivalents	77.7	133.4
Net trade accounts receivable	139.4	149.6
Inventory	327.6	721.4
of which: readily marketable inventories	276.3	684.5
Biological assets	209.9	78.5
Other currents assets	330.6	370.8
Net property, plant & equipment	774.5	720.4
Other non-current assets	504.1	366.4
<b>Total assets</b>	<b>2,363.8</b>	<b>2,540.4</b>
Financed by		
Short-term liabilities	664.3	996.6
of which: interest-bearing debt	431.7	779.1
Long-term liabilities	382.6	298.4
of which: long-term interest bearing debt	357.9	267.1
<b>Total liabilities</b>	<b>1,047.0</b>	<b>1,295.0</b>
<b>Total equity</b>	<b>1,316.8</b>	<b>1,245.4</b>

1. Segment revenue includes intersegment sales reflected in item "Other & reconciliation".  
Note: Differences are possible due to rounding.

# Q1 FY2014 cash flow highlights

Amounts in USD millions	Q1 FY2014	Q1 FY2013
Operating profit before working capital changes	11.9	91.7
Changes in working capital	(15.8)	(249.6)
<b>Cash obtained from/ (used in) operating activities</b>	<b>(3.9)</b>	<b>(157.9)</b>
Finance costs paid	(13.0)	(15.4)
Income tax paid	(18.7)	(8.9)
<b>Net cash obtained from / (used in) operating activities</b>	<b>(35.6)</b>	<b>(182.2)</b>
Net PPE disposals/ (purchases)	(16.9)	(8.4)
Sales/(Purchase) of intangible and other non-current assets	(0.2)	(7.2)
Acquisition of subsidiaries and purchase of investment in joint ventures	-	(95.0)
<b>Net cash obtained from / (used in) investing activities</b>	<b>(17.0)</b>	<b>(110.6)</b>
<b>Net cash obtained from / (used in) investing &amp; operating activities</b>	<b>(52.7)</b>	<b>(292.9)</b>

Note: Differences are possible due to rounding.

# Q1 FY2014 liquidity position & credit metrics

Amounts in USD millions, except ratios	30 September 2013	30 September 2012
Gross interest-bearing debt	789.5	1,046.2
Cash	77.7	133.4
<b>Net interest-bearing debt</b>	<b>711.8</b>	<b>912.8</b>
Readily marketable inventories	276.3	684.5
Adjusted net financial debt <sup>(1)</sup>	435.5	228.3
<b>Shareholders' equity</b>	<b>1,300.3</b>	<b>1,221.5</b>
Net debt / EBITDA <sup>(2)</sup>	3.3x	2.6x
Adjusted net debt / EBITDA <sup>(3)</sup>	2.0x	0.6x
EBITDA / Interest <sup>(4)</sup>	3.2x	5.0x

- 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.
- Net debt/EBITDA is calculated based on trailing 12-month EBITDA.
- Adjusted net debt / EBITDA is calculated based on trailing 12-month EBITDA.
- EBITDA interest is calculated based on trailing 12-month EBITDA and net finance costs.



# FINANCIAL HIGHLIGHTS FY2013

# FY2013 financial highlights

## USD million except ratios and EPS

	FY2013	FY2012	y-o-y
<b>Income statement highlights</b>			
Revenue	2 796.8	2 071.8	35.0%
EBITDA	287.5	318.8	(9.8%)
Net profit attributable to equity holders of Kernel Holding S.A.	111.3	206.7	(46.2%)
EBITDA margin	10.3%	15.4%	(4.9pp)
Net margin	4.0%	10.0%	(5.6pp)
EPS, USD	1.40	2.61	(46.5%)
<b>Cash flow highlights</b>			
Operating profit before working capital changes	260.4	291.4	(10.6%)
Changes in working capital	156.9	(242.1)	n/m
Cash obtained from/(used in) operations	417.3	49.3	8.5x
Net cash obtained from/(used in) operating activities	297.7	(24.0)	n/m
Net cash obtained from/(used in) investing activities	(259.9)	(229.2)	13.4%
<b>Liquidity position and credit metrics</b>			
Net interest-bearing debt	655.4	615.8	6.4%
of which: readily marketable inventories	175.1	385.1	(54.5%)
Adjusted net financial debt	480.3	230.7	2.1x
Shareholders' equity	1 334.8	1 179.7	13.2%
Net debt/EBITDA	2.3x	1.9x	+0.3x
Adjusted net debt/EBITDA	1.7x	0.7x	+0.9x
EBITDA/Interest	3.8x	5.1x	(1.3x)

Note: Financial year ends 30 June.

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



# Segmental results

	Revenue <sup>(1)</sup>			EBITDA <sup>(2)</sup>			EBITDA <sup>(2)</sup> margin		Tonnage <sup>(3)</sup>		
	FY2013	FY2012	y-o-y	FY2013	FY2012	y-o-y	FY2013	FY2012	FY2013	FY2012	y-o-y
Bottled sunflower oil	182.6	203.0	(10.0%)	25.8	31.8	(19.0%)	14.1%	15.7%	108 227	131 694	(17.8%)
Sunflower oil in bulk	1 527.7	1 191.6	28.2%	173.2	166.6	3.9%	11.3%	14.0%	1 040 332	828 370	25.6%
Export terminals	49.1	28.9	69.8%	27.1	13.7	98.2%	55.2%	47.3%	2 910 365	1 809 346	60.9%
Farming	193.1	171.0	12.9%	67.7	73.8	(8.3%)	35.0%	43.1%	613 551 <sup>(4)</sup>	549 991 <sup>(4)</sup>	11.6%
Grain	972.3	598.7	62.4%	12.5	27.0	(53.7%)	1.3%	4.5%	3 021 704	2 123 229	42.3%
Silo services	46.4	51.0	(9.1%)	19.4	18.3	5.8%	41.8%	35.9%	1 736 625	2 058 909	(15.7%)
Sugar & Discontinued	29.3	13.4	118.3%	(4.0)	16.9	n/m	(13.6%)	n/m	101 292	129 985	(22.1%)
Other				(34.1)	(29.3)	16.4%					
Reconciliation	(203.7)	(185.8)	9.6%								
<b>Total</b>	<b>2 796.8</b>	<b>2 071.8</b>	<b>35.0%</b>	<b>287.5</b>	<b>318.8</b>	<b>(9.8%)</b>	<b>10.3%</b>	<b>15.4%</b>			

Source: Audited consolidated financial statements for the 12-month period ended 30 June 2013; figures may not add up due to rounding.

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

2. EBITDA is calculated as a sum of the profit from operating activity and amortisation and depreciation. Segment EBITDA calculated prior to certain non-allocated G&A expenses reflected in the item "Other & reconciliation".

3. Tonnage in thousand tons, except for bottled oil expressed in thousand liters. Export terminals volume excludes Taman joint-venture operations.

4. Includes grains and oilseed.



# FINANCIAL HIGHLIGHTS FY2006 – FY2013

# Income statement FY2006 – FY2013 <sup>(1)</sup>

Amounts in USD million, except for EPS and margins	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Revenue	215.2	350.4	663.1	1 047.1	1 020.5	1 899.1	2 071.8	2 796.8
EBITDA <sup>(2)</sup>	17.0	46.4	123.2	190.1	190.0	309.6	318.8	287.5
EBIT	12.0	38.6	111.6	166.6	167.5	277.3	257.3	200.9
Net financial costs	(9.3)	(18.9)	(28.1)	(32.2)	(22.8)	(42.5)	(63.1)	(74.9)
Net profit attributable to equity holders of Kernel Holding S.A.	1.3	19.5	83.2	135.5	152.0	226.3	206.7	111.3
EBITDA margin	7.9%	13.2%	18.6%	18.2%	18.6%	16.3%	15.4%	10.3%
Net margin	0.6%	5.6%	12.6%	12.9%	14.9%	11.9%	10.0%	4.0%
EPS, USD			2.08	1.97	2.20	3.03	2.61	1.40

1. Consolidated audited accounts for 12-month periods ending 30 June 2006 to 2013.
2. EBITDA is a non-audited result calculated by adding amortization and depreciation to operating profit.

# Balance sheet FY2006 – FY2012 <sup>(1)</sup>

Amounts in USD million	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
<b>Invested Capital</b>								
Cash & cash equivalents	6.4	25.3	88.5	129.3	59.5	115.9	82.5	78.8
Net trade accounts receivable	9.1	9.8	48.7	32.4	65.5	111.6	146.4	149.6
Inventory	32.3	40.2	144.7	99.1	147.8	183.7	410.2	270.2
of which: readily marketable inventories <sup>(2)</sup>	29.3	38.1	138.6	94.9	142.9	172.7	385.1	175.1
Other currents assets	20.2	40.7	95.4	117.6	325.9	398.6	479.3	598.8
Net property, plant & equipment	72.5	127.9	231.6	221.8	379.0	502.8	728.4	767.3
Other non-current assets	15.4	31.2	146.7	99.6	147.0	260.1	269.6	502.1
<b>Total assets</b>	<b>155.8</b>	<b>275.1</b>	<b>755.6</b>	<b>699.7</b>	<b>1 124.8</b>	<b>1 572.6</b>	<b>2 116.4</b>	<b>2 366.9</b>
<b>Financed by</b>								
Short-term liabilities	34.5	59.2	185.1	195.1	352.2	395.0	446.2	705.3
of which: interest-bearing debt	28.9	44.4	126.7	159.7	209.9	265.9	271.4	458.5
Long-term liabilities	73.8	130.6	130.1	147.2	167.7	180.3	459.5	309.3
of which: long-term interest bearing debt	64.4	119.9	98.1	132.9	135.3	156.1	426.9	275.7
Total equity	47.6	77.8	440.4	357.5	604.9	997.3	1 210.7	1 352.4

1. Consolidated audited accounts for 12-month periods ending 30 June 2006 to 2013; figures may not add up due to rounding.
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 FY2006 – FY2012 <sup>(1)</sup>

Amounts in USD million	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
<b>Operating profit before working capital changes</b>	<b>16.6</b>	<b>45.4</b>	<b>116.1</b>	<b>188.2</b>	<b>205.7</b>	<b>275.2</b>	<b>291.4</b>	<b>260.4</b>
Changes in working capital	(35.8)	(14.7)	(210.3)	(25.0)	(97.4)	(180.1)	(242.1)	156.9
<b>Cash obtained from/(used in) operations</b>	<b>(19.3)</b>	<b>30.7</b>	<b>(94.1)</b>	<b>163.2</b>	<b>108.4</b>	<b>95.1</b>	<b>49.3</b>	<b>417.3</b>
Finance costs paid	(9.4)	(18.4)	(28.1)	(32.2)	(22.8)	(36.0)	(66.8)	(76.2)
Income tax paid	(0.4)	(0.7)	(3.4)	(1.7)	(0.8)	(3.0)	(6.5)	(43.4)
<b>Net cash obtained from/(used in) operating activities</b>	<b>(29.0)</b>	<b>11.6</b>	<b>(125.6)</b>	<b>129.3</b>	<b>84.8</b>	<b>56.1</b>	<b>(24.0)</b>	<b>297.7</b>
Net PPE disposals/(purchases)	(6.0)	2.2	(24.4)	(88.6)	(56.2)	(48.1)	(93.1)	(85.6)
Sales/(Purchase) of intangible and other non-current assets	0.6	0.3	(48.5)	(1.2)	0.8	(66.5)	(1.6)	(22.2)
Acquisition of subsidiaries and purchase of investment in joint ventures	-	(59.7)	(97.2)	(5.5)	(70.2)	(11.5)	(134.5)	(152.1)
<b>Net cash obtained from/(used in) investing activities</b>	<b>(5.4)</b>	<b>(57.2)</b>	<b>(170.1)</b>	<b>(95.3)</b>	<b>(125.6)</b>	<b>(126.1)</b>	<b>(229.2)</b>	<b>(259.9)</b>
<b>Net cash obtained from/(used in) investing &amp; operating activities</b>	<b>(34.4)</b>	<b>(45.7)</b>	<b>(295.7)</b>	<b>34.0</b>	<b>(40.9)</b>	<b>(69.9)</b>	<b>(253.2)</b>	<b>37.8</b>

1. Consolidated audited accounts for 12-month periods ending 30 June 2006 to 2013; figures may not add up due to rounding.

# Credit metrics FY2006 – FY2012 <sup>(1)</sup>

Amounts in USD million, except ratios	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Gross interest-bearing debt	93.3	164.3	224.8	292.6	345.1	422.0	698.3	734.2
Cash	6.4	25.3	88.5	129.3	59.5	115.9	82.5	78.8
<b>Net interest-bearing debt</b>	<b>87.0</b>	<b>139.1</b>	<b>136.2</b>	<b>163.3</b>	<b>285.6</b>	<b>306.1</b>	<b>615.8</b>	<b>655.4</b>
Readily marketable inventories	29.3	38.1	138.6	94.9	142.9	172.7	385.1	175.1
<b>Adjusted net financial debt</b>	<b>57.7</b>	<b>101.0</b>	<b>(2.4)</b>	<b>68.4</b>	<b>142.7</b>	<b>133.4</b>	<b>230.7</b>	<b>480.3</b>
Shareholders' equity	41.7	64.6	396.8	355.8	601.9	971.6	1 179.7	1 334.8
Net debt / EBITDA	5.1	3.0	1.1	0.9	1.5	1.0	1.9	2.3
Adjusted net debt / EBITDA	3.4	2.2	(0.0)	0.4	0.8	0.4	0.7	1.7
EBITDA / Interest	1.8	2.5	4.4	5.9	8.3	7.3	5.1	3.8

1. Consolidated audited accounts for 12-month periods ending 30 June 2006 to 2013; figures may not add up due to rounding.

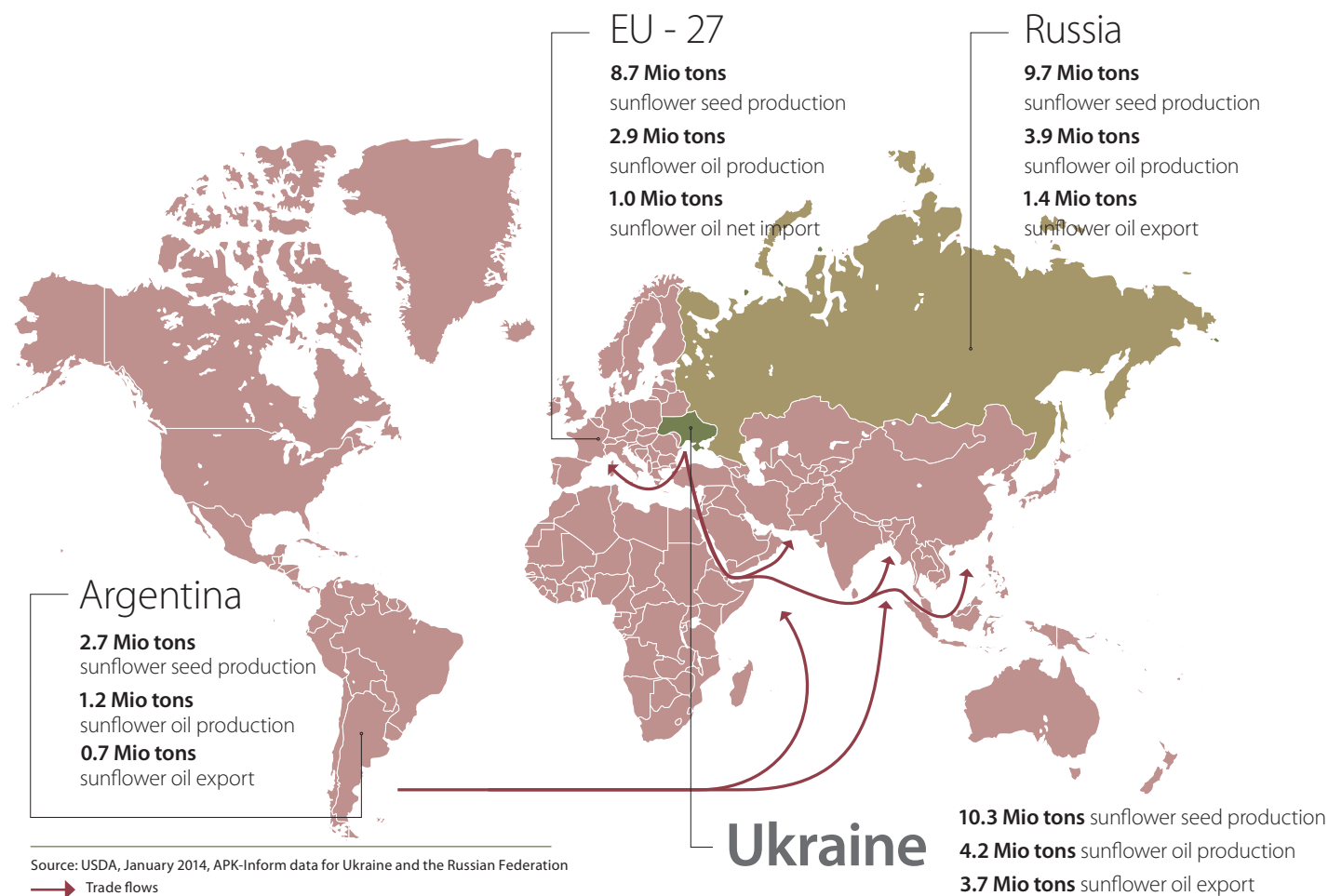
2. Adjusted net financial debt is the sum of short-term interest-bearing debt, current maturities of long-term interest-bearing and long-term interest-bearing debt, less cash and cash equivalents, marketable securities and readily marketable inventories.



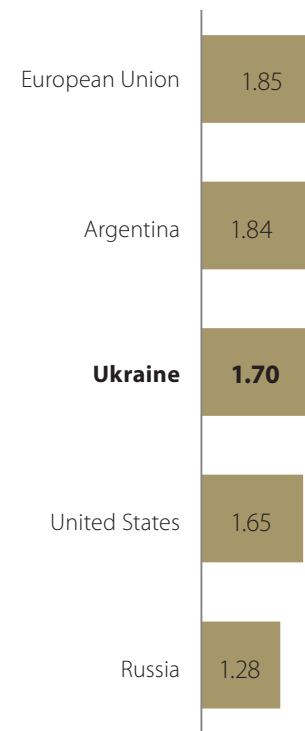
# APPENDICES

# Ukraine: market leader in production and export of sunflower oil

Major producing regions, season 2013/14



Sunflower seed yield (t/ha), 5Y average



Source: USDA



# Ukraine: global leader in sunflower oil trade and major exporter of grain

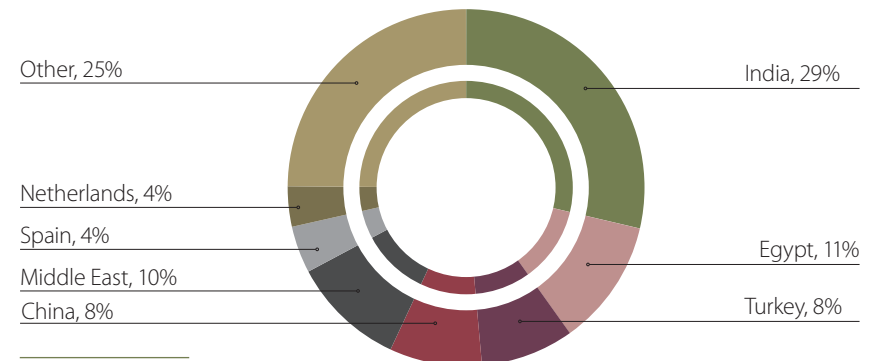
## Ukraine accounts for half of global sunflower oil export

- Ukraine is the world's largest exporter of sunflower oil, accounting for half of global sunflower oil exports
- Ukraine is well positioned to increase supply thanks to large agricultural resources and logistical advantages to supply EU, North Africa and Middle East markets
- Sunflower seed yield in Ukraine expected to increase to 2.0-2.5 tons/ha, driven by industrialization of Ukrainian farming sector and global demand for vegetable oils
- Global long-term demand for edible oil is well supported by population growth and changing dietary patterns
- CIS, and Ukraine in particular, will remain key consumer markets with sunflower oil a basic ingredient in the region's diet

## Major grain producer and exporter

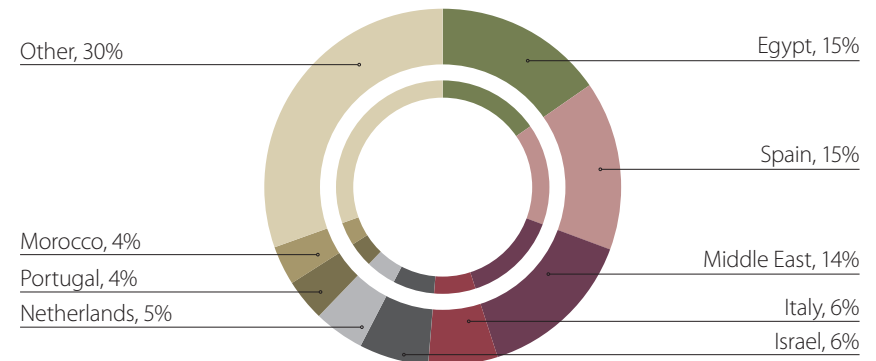
- 63 Mio tons grain production in 2013 (57 and 46 in 2011 and 2012)
- 23 Mio tons grain export in 2011/12, 22 Mio tons in 2012/13
- Grain production is strategically important to Ukraine, with approximately 1/5 of Ukraine's hard currency earnings provided by grain and food exports
- Emerging third largest corn exporter after the USA and Argentina in 2011/2012
- Ukraine benefits from a strategic location on the Black Sea to supply EU, North Africa and Middle East markets
- Ukraine is one of the few countries in the world with substantial growth potential to be unlocked by adding farm land into production and by increasing production yields per ha

## Ukrainian sunflower oil exports by destination, season 2012/13



Source: State Statistics Service of Ukraine

## Ukrainian grain<sup>(1)</sup> exports by destination, season 2012/13



Source: State Statistics Service of Ukraine  
(1) Wheat, corn and barley

# IR Contact

- **Yuriy Kovalchuk**  
Investor Relations Director  
[investor\\_relations@kernel.ua](mailto:investor_relations@kernel.ua)
- **Yegor Samusenko**  
Investor Relations Manager  
[y.samusenko@kernel.ua](mailto:y.samusenko@kernel.ua)  
Tel.: (+38-044) 461-88-01, ext. 70-88

