

# KERNEL HOLDING S.A.

## OPERATIONS UPDATE FOR THREE MONTHS ENDED 31 MARCH 2014

Production, sales and throughput:

Volume and tonnage	Q3 FY2014 <sup>(1)</sup>	Q3 FY2013 <sup>(2)</sup>	yoy
Grain sales, tons	1,310,816	653,745	100.5%
Bulk oil sales, tons	264,497	173,976	52.0%
Bottled oil sales, '000 liters	22,582	23,153	(2.5%)
Sunflower seed crush, tons	708,877	679,311	4.4%
Export terminals throughput, tons <sup>(3)</sup>	1,038,469	625,623	66.0%

(1) Three months ended 31 March 2014.

(2) Three months ended 31 March 2013.

(3) Including 221,096 tons transhipped through Taman port in Q3 FY2014 (33,955 tons in Q3 FY2013), which represents 50% of total throughput volume of Taman facility. Kernel Holding S.A. owns 50% stake in Taman grain transshipment facility.

### Key highlights:

- Grain sales are up 2x yoy to 1.3 million tons in Q3 FY2014 benefiting from record production and export volumes out of Ukraine along with the farmers actively selling their stock in the favorable price environment.
- Bulk oil sales are up 52.0% yoy to 264.5 thousand tons in Q3 FY2014, with sales close to production levels.
- Crushing volumes are up 4.4% yoy to 708.9 thousand tons on favorable sunflower seed availability resulting in close-to-full capacity utilization.
- Export terminals throughput is up 66.0% yoy to 1.0 million tons in Q3 FY2014 on higher grain exports through both Ukrainian and Russian facilities.
- 34 thousand hectares of winter crops (winter wheat mostly) are in good condition, with the spring planting campaign underway on 345 thousand hectares.
- Since the severe political crisis in Ukraine that began in November 2013, the Company to date has been operating in a normal course of business both in Ukraine and Russia.

### Corporate highlights:

- Completed the divestment of a small 100,000 tons oilseed crushing plant in the Stavropol region of the Russian Federation for the enterprise value of USD 10 million.
- Attracted USD 80 million of pre-crop financing led by a syndicate of European banks to fund the 2014 planting campaign.

Selected average commodity prices, USD/t	Q3 FY2014 <sup>(1)</sup>	Q3 FY2013 <sup>(2)</sup>	yoy
Sunflower oil, Ukraine FOB, Black Sea	866	1,156	(25.1%)
Wheat, Ukraine FOB, Black Sea	284	343	(17.0%)
Corn, Ukraine FOB, Black Sea	224	292	(23.3%)
Barley, Ukraine FOB, Black Sea	239	314	(23.8%)

(1) Three months ended 31 March 2014.

(2) Three months ended 31 March 2013.

Source: APK-Inform. Prices could differ from those, realized by Kernel.

The condensed consolidated financial statements for the 3 months ended 31 March 2014 will be published before the market opening on 30 May 2014.

For further information, please contact:

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**Appendix 1 – 9M FY2014 vs. 9M FY2013**

<b>Volume and tonnage</b>	<b>9M FY2014<sup>(1)</sup></b>	<b>9M FY2013<sup>(2)</sup></b>	<b>yoy</b>
Grain sales, tons	3,530,782	2,252,852	56.7%
Bulk oil sales, tons	621,954	755,650	(17.7%)
Bottled oil sales, '000 liters	75,358	83,257	(9.5%)
Sunflower seed crush, tons	1,667,213	1,897,624	(12.1%)
Export terminals throughput, tons <sup>(3)</sup>	3,085,150	2,589,359	19.1%

(1) Nine months ended 31 March 2014.

(2) Nine months ended 31 March 2013.

(3) Including 970,092 tons transhipped through Taman port in 9M FY2014 (234,998 in Q1 FY2013), which represents 50% of total throughput volume of Taman facility.

<b>Selected average commodity prices, USD/t</b>	<b>9M FY2014<sup>(1)</sup></b>	<b>9M FY2013<sup>(2)</sup></b>	<b>yoy</b>
Sunflower oil, Ukraine FOB, Black Sea	904	1,166	(22.5%)
Wheat, Ukraine FOB, Black Sea	273	328	(16.7%)
Corn, Ukraine FOB, Black Sea	210	294	(28.6%)
Barley, Ukraine FOB, Black Sea	242	308	(21.2%)

(1) Nine months ended 31 March 2014.

(2) Nine months ended 31 March 2013.

Source: APK-Inform. Prices could differ from those, realized by Kernel.

**Appendix 2 – Q3 FY2014 vs. Q2 FY2014**

<b>Volume and tonnage</b>	<b>Q3 FY2014<sup>(1)</sup></b>	<b>Q2 FY2014<sup>(2)</sup></b>	<b>qoq</b>
Grain sales, tons	1,310,816	1,335,265	(1.8%)
Bulk oil sales, tons	264,497	261,747	1.1%
Bottled oil sales, '000 liters	22,582	30,376	(25.7%)
Sunflower seed crush, tons	708,877	726,087	(2.4%)
Export terminals throughput, tons	1,038,469	1,268,517	(18.1%)

(1) Three months ended 31 March 2014.

(2) Three months ended 31 December 2013.

(3) Including 221,096 tons transhipped through Taman port in Q3 FY2014 (389,787 tons in Q2 FY2014), which represents 50% of total throughput volume of Taman facility.

<b>Selected average commodity prices, USD/t</b>	<b>Q3 FY2014<sup>(1)</sup></b>	<b>Q2 FY2014<sup>(2)</sup></b>	<b>qoq</b>
Sunflower oil, Ukraine FOB, Black Sea	866	902	(4.0%)
Wheat, Ukraine FOB, Black Sea	284	284	0.2%
Corn, Ukraine FOB, Black Sea	224	202	10.9%
Barley, Ukraine FOB, Black Sea	239	243	(1.5%)

(1) Three months ended 31 March 2014.

(2) Three months ended 31 December 2013.

Source: APK-Inform. Prices could differ from those, realized by Kernel.