

KERNEL HOLDING S.A.

OPERATIONS UPDATE FOR THREE MONTHS ENDED 30 JUNE 2015

Production, sales and throughput:

Volume and tonnage	Q4 FY2015	Q4 FY2014	y-o-y	FY2015	FY2014	y-o-y
Grain sales, tons	788,328	712,767	11%	4,743,837	4,243,549	12%
Sunflower oil sales in bulk, tons	300,292	298,335	1%	1,030,209	920,289	12%
Bottled sunflower oil sales, '000 liters	18,134	19,006	(5%)	98,914	94,364	5%
Sunflower seed crush, tons	611,893	668,018	(8%)	2,522,769	2,335,231	8%
Export terminals throughput, tons ⁽¹⁾	949,600	841,205	13%	4,821,738	3,926,355	23%
Grain received in inland silos, tons	n/m	n/m	n/m	2,521,834	2,586,224	(2%)

(1) Including 89,580 tons transshipped through Taman port in Q4 FY2015 vs. 174,625 tons in Q4 FY2014 (1,173,825 tons in FY2015 vs. 1,144,717 tons in FY2014), which represents 50% of the total throughput volume of the Taman facility. Kernel Holding S.A. owns a 50% stake in the Taman grain transshipment facility.
Note: The financial year ends 30 June.

Key highlights:

- Sunflower seed crush was 611.9 thousand tons in Q4 FY2015, down 8% y-o-y due an overall decrease in Ukraine's harvest of 12% y-o-y. However, crushing volumes were above management's expectations, with the full year crush volume at 2,522.8 thousand tons, up 8% y-o-y and above initial guidance of 2,400-2,500 thousand tons.
- Sunflower oil sales in bulk outpaced production levels and amounted to 300.3 thousand tons (up 1% y-o-y) in Q4 FY2015, as global demand was healthy and resulted in strong volumes and price growth toward the end of the quarter. Combined with strong production during the year, this resulted in strong full year sales of 1,030.2 thousand tons, up 12% y-o-y.
- Bottled sunflower oil sales were seasonally weak in Q4 FY2015 (18.1 million liters, down 5% y-o-y), but full year sales were strong at 98.9 million liters (up 5% y-o-y), with a decline in domestic sales due to lower purchasing power, which was more than compensated by growth in export deliveries.
- Grain sales increased 11% y-o-y to 788.3 thousand tons in Q4 FY2015, reflecting the combination of a larger amount of in-house grain contracted for the last quarter of the season and higher volumes of grain origination in Ukraine. Exports from Russia remained weak during the last quarter as farmers delayed export sales in expectation of a review of the high wheat export duty. As a result, FY2015 grain sales amounted to a record 4.7 million tons, up 12% y-o-y.
- Export terminals' throughput amounted to 949.6 thousand tons in Q4 FY2015 (up 13% y-o-y), with growth in line with grain export sales dynamics. Export terminals' throughput growth in FY2015 of 23% y-o-y to 4.8 million tons reflected the company's execution of grain sales, as well as a higher share of grain delivered through our own export terminals.
- Grain and oilseed volumes received in inland silos amounted to 2,521.8 thousand tons in FY2015, a decrease of 2% y-o-y, which is explained by drier weather conditions during the autumn harvesting campaign that reduced farmers' demand for off-farm storage; this was largely compensated by higher capacity.

Consolidated Financial Statements for the year ended 30 June 2015 will be published before market opening on 30 October 2015.

Appendix 2 – Q4 FY2015 vs. Q3 FY2015

Volume and tonnage	Q4 FY2015	Q3 FY2015	q-o-q
Grain sales, tons	788,328	1,331,704	(41%)
Sunflower oil sales in bulk, tons	300,292	249,226	20%
Bottled sunflower oil sales, '000 liters	18,134	23,790	(24%)
Sunflower seed crush, tons	611,893	704,102	(13%)
Export terminals throughput, tons ⁽¹⁾	949,600	1,222,043	(22%)

(1) Including 89,580 tons transhipped through Taman port in Q4 FY2015 (137,592 tons in Q3 FY2015), which represents 50% of the total throughput volume of the Taman facility.

Note: The financial year ends 30 June.

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