

KERNEL

Q1 FY2016 RESULTS



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Q1 FY2016 highlights

Key highlights:

- Revenue decreased 35% y-o-y to USD 377.7 million in Q1 FY2016, as sales volumes declined 22-24% y-o-y and international agricultural prices were lower than a year ago.
- EBITDA was USD 55.1 million in Q1 FY2016, down 32% y-o-y, as a result of lower sales volumes, normalization of the crush margin, and a higher contribution from the farming division.
- Net profit came to USD 23.9 million in Q1 FY2016, up 2% y-o-y, as financial costs fell significantly and our foreign exchange loss was almost 4x lower y-o-y because of a lower devaluation pace.
- Sunflower oil performance was above expectations, though both sales and margins declined from the abnormally high levels of a year ago. The availability of sunflower seed on the market during this quarter was low because of the end of the marketing season (September-August) and a lower harvest last year in Ukraine. As a result, production and sales volumes decreased, though the commencement of rapeseed crushing partially offset the decline. Consequently, the sunflower oil business' EBITDA was USD 25.9 million in Q1 FY2016, down 42% y-o-y. Full year oilseed crush is expected to be 2.7 million tons in FY2016, up from 2.5 million tons a year ago.
- The grain segment's export volumes went down 24% y-o-y to 0.9 million tons in Q1 FY2016 as the weak global price environment dampened farmers' selling activity in Ukraine. The grain and infrastructure segments' margins were comparable to last year's numbers, resulting in a total EBITDA contribution of USD 21.0 million in Q1 FY2016, down 28% y-o-y.
- The farming segment's EBITDA was up 49% y-o-y to USD 16.0 million. FY2016 corn and soybean yields are comparable to the previous year's levels despite Ukraine's average trend of a double-digit decline because of the drought in August. The sunflower seed yield is up 8% y-o-y. Overall, further improvements in farming technology and execution improved our premium to Ukraine's average.
- Net debt decreased to USD 386.8 million as of 30 September 2015 vs. USD 653.9 million a year ago, as we used strong cash flow generation in the course of FY2015 to strengthen our balance sheet.

USD million except ratios and EPS

Q1 FY2016

Q1 FY2015

y-o-y

P&L highlights

Revenue	377.7	579.2	(35%)
EBITDA ⁽¹⁾	55.1	80.5	(32%)
Net profit attributable to equity holders of Kernel Holding S.A.	23.9	23.4	2%
EBITDA margin	14.6%	13.9%	0.7pp
Net margin	6.3%	4.0%	2.3pp
EPS ⁽²⁾ , USD	0.30	0.29	2%

Cash flow highlights

Operating profit before working capital changes	57.8	74.4	(22%)
Change in working capital	(85.2)	0.9	n/m
Cash (used in)/generated from operations	(27.4)	75.3	n/m
Net cash used in operating activities	(40.5)	46.0	n/m
Net cash used in investing activities	(7.3)	(11.6)	(37%)

Liquidity position and credit metrics

Net interest-bearing debt	386.8	653.9	(41%)
Readily marketable inventories	275.3	328.8	(16%)
Adjusted net debt ⁽³⁾	111.6	325.2	(66%)
Shareholders' equity	894.4	1,022.5	(13%)
Net debt/EBITDA ⁽⁴⁾	1.0x	2.2x	(1.1x)
Adjusted net debt ⁽⁵⁾ /EBITDA	0.3x	1.1x	(0.8x)
EBITDA/Interest	6.1x	3.9x	2.2x

Note: Differences are possible due to rounding.

(1) Hereinafter, EBITDA is calculated as the sum of 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 FY2016 and Q1 FY2015.

(3) Adjusted net financial debt is net debt minus readily marketable inventories. Adjusted net debt/EBITDA is calculated based on 12-month trailing EBITDA.

(4) Net debt/EBITDA is calculated based on 12-month trailing EBITDA.

(5) EBITDA/Interest is calculated based on 12-month trailing EBITDA and net finance costs.

Sunflower oil in Q1 FY2016

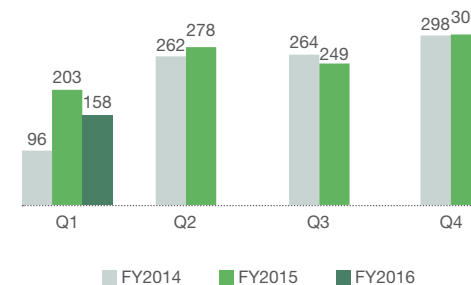
Sunflower oil sold in bulk

- Oilseed crush was down 17% y-o-y to 417,902 tons in Q1 FY2016 as a result of the lower availability of sunflower seed at the end of the marketing season (September-August). During the quarter, the Company commenced rapeseed crushing at several of its multi-seed crushing plants, utilizing capacity available at the end of the sunflower seed marketing season. Full year crush is expected at 2.7 million tons of oilseed in FY2016, up from 2.5 million tons a year ago.
- As a result of lower production, sunflower oil sales in bulk declined 22% y-o-y to 158,150 tons in Q1 FY2016. International sunflower oil prices were lower y-o-y, resulting in the segment's revenue decreasing 27% y-o-y to USD 169.9 million in Q1 FY2016.
- The crushing margin amounted to USD 142/ton in Q1 FY2016, lower than the levels seen in the previous year as the crushing margin typically declines toward the end of the marketing season (the high margin in the same period a year ago was an exception).
- As a result, the segment's EBITDA amounted to USD 22.5 million in Q1 FY2016 compared to USD 40.9 million in Q1 FY2015, as margins and volumes normalized.

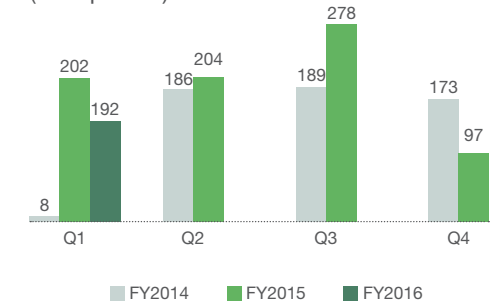
Bottled sunflower oil

- Bottled oil sales amounted to 17.7 million liters in Q1 FY2016, down 22% y-o-y on lower domestic sales. The segment's revenue declined 22% y-o-y to USD 20.5 million in Q1 FY2016.
- The bottled oil segment's EBITDA margin was at a healthy 17% in Q1 FY2016, up from 14% a year ago and at a premium to sales of sunflower oil in bulk.
- The segment's total EBITDA amounted to USD 3.4 million in Q1 FY2016, compared to USD 3.8 million in Q1 FY2015.

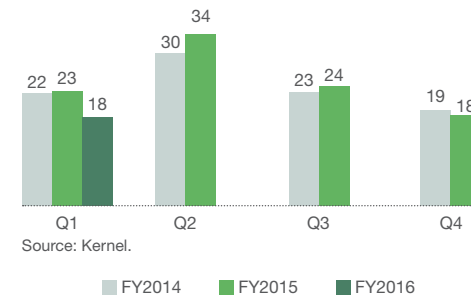
Sunflower oil sales in bulk
(thousand tons)



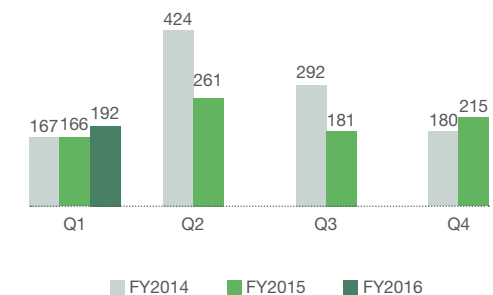
Sunflower oil sold in bulk EBITDA
(USD per ton)



Bottled sunflower oil sales
(million liters)



Bottled sunflower oil EBITDA
USD per thousand liters

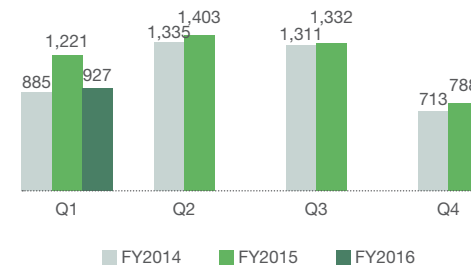


Grain and infrastructure in Q1 FY2016

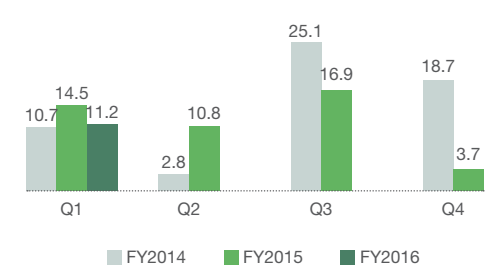
Grain

- Grain sales decreased 24% y-o-y to 927,446 tons in Q1 FY2016, as weak the international pricing environment and devaluation expectations dampened farmers' selling activity in Ukraine.
- The segment's revenue decreased 39% y-o-y to USD 176.3 million in Q1 FY2016 as a result of a drop in volumes and international prices that were lower y-o-y.
- The grain segment's EBITDA margin was at a healthy 6% in Q1 FY2016, flat y-o-y.
- As a result, the segment's EBITDA amounted to USD 10.4 million in Q1 FY2016 compared to USD 17.7 million a year ago.

Grain sales
(tons)



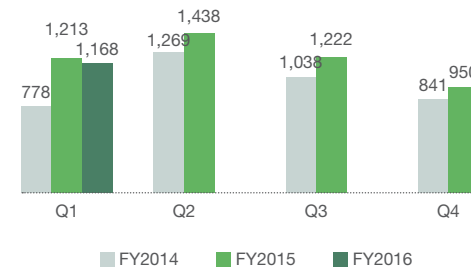
Grain segment EBITDA
(USD per ton)



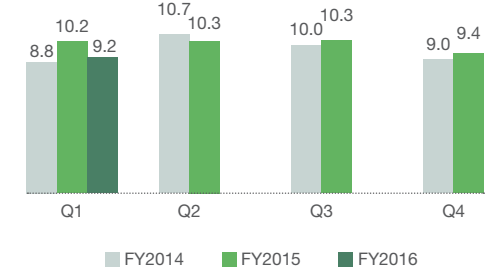
Export terminals and silo services

- The export terminal segment's throughput was down 4% y-o-y to 1.2 million tons in Q1 FY2016, as a result of lower grain exports. The segment's EBITDA margin was at a healthy USD 9 per ton in Q1 FY2016 (vs. USD 10 per ton a year ago).
- The export terminals segment's total EBITDA was down 20% y-o-y to USD 5.5 million in Q1 FY2016 (this reflects only Ukrainian operations, as the contribution from the Taman joint venture is accounted for according to the equity method below operating profit). The net contribution from the Taman joint venture was USD 1.3 million in Q1 FY2016 vs. USD 4.2 million, as better operating performance was outweighed by a foreign exchange loss caused by 16% ruble devaluation during Q1 FY2016.
- The silo services segment's revenue declined 8% y-o-y to USD 8.5 million in Q1 FY2016. The segment's EBITDA amounted to USD 5.1 million in Q1 FY2016, 15% above the levels seen a year ago.

Export terminals throughput
(tons)



Export terminals EBITDA
(USD per ton)

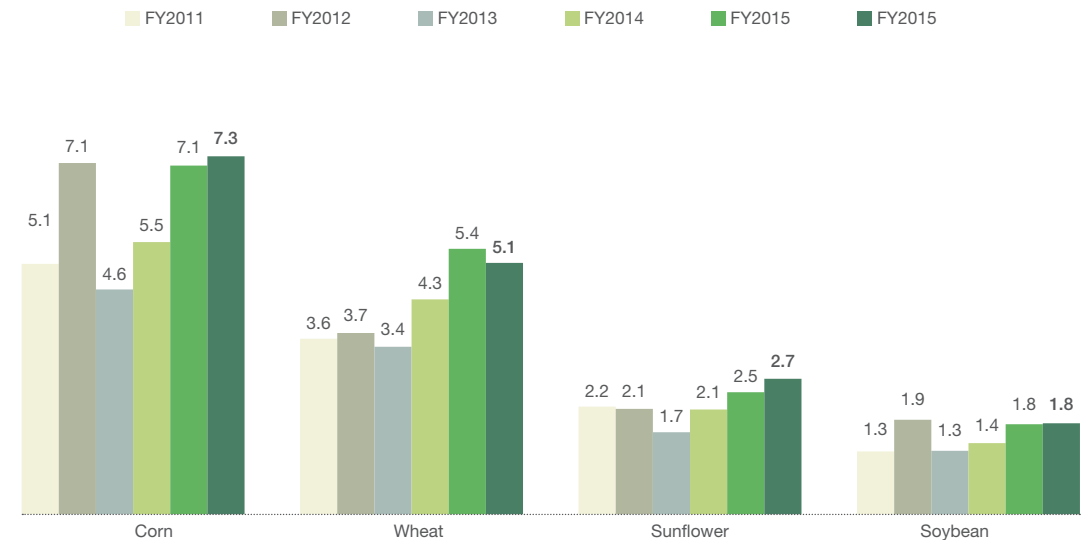


Farming in Q1 FY2016

Farming

- The segment's revenue amounted to USD 56.2 million in Q1 FY2016, with EBITDA at USD 16.0 million in Q1 FY2016, compared to USD 10.7 million a year ago. Both sales and profits from the farming division were seasonally low in the first quarter.
- 97% of acreage planted for FY2016 was harvested as of this report's publication. The drought in August negatively impacted corn and soybean crop yields in the western regions of Ukraine. Consequently, the FY2016 corn net yield of 7.3 tons per hectare and soybean of 1.8 tons per hectare are up only marginally y-o-y, as operational improvements are offset by unfavorable weather.
- The sunflower seed net yield is up 8% y-o-y to 2.7 tons per hectare, as sunflower seed is more resistant to droughts. The winter wheat net yield is down 5% y-o-y to 5.1 tons per hectare, while the rapeseed net yield is 4.3 tons per hectare, 65% above Ukraine's average (not cultivated last year).
- Overall, FY2016 crop yields show a 25% acreage-weighted premium to Ukraine's average crop yields.
- FY2017 winter crops (23% of total acreage) are in good condition as of this report's publication.

Net crop yields
(tons per hectare)



Harvest update

	Acreage, thousand hectares			Net crop yield ⁽¹⁾ , tons/hectare			Net tonnage ⁽¹⁾ , thousand tons		
	FY2016	FY2015	y-o-y	FY2016	FY2015	y-o-y	FY2016	FY2015	y-o-y
Corn	160.7	183.8	(13%)	7.3	7.1	3%	1,165	1,315	(11%)
Wheat	72.5	30.7	2.4x	5.1	5.4	(6%)	369	165	1.2x
Sunflower	62.0	69.5	(11%)	2.7	2.5	8%	170	172	(1%)
Soybean	67.0	66.5	1%	1.8	1.8	0%	123	121	2%
Rapeseed	9.6	—	n/m	4.3	—	—	42	—	n/m
Other ⁽²⁾	14.5	32.1	(55%)						
Total	386.3	382.6	1%				1,869	1,772	5%

Note: Differences are possible due to rounding.

(1) Net crop yields are based on 95% of corn acreage harvested and 100% for other crops, and based on estimated losses during drying and cleaning. 1 ton per hectare equals 15.9 bushels per acre for corn and 14.9 bushels per acre for wheat and soybean.

(2) Other acreage includes barley, rye, oats, forage crops, and land left fallow for crop rotation purposes.

Q1 FY2016 segment results

	Revenue, USD million			EBITDA, USD million			EBITDA margin, %		Volumes, thousand tons		
	Q1 FY2016	Q1 FY2015	y-o-y	Q1 FY2016	Q1 FY2015	y-o-y	Q1 FY2016	Q1 FY2015	Q1 FY2016	Q1 FY2015	y-o-y
Sunflower oil											
Sunflower oil sold in bulk	169.9	232.5	(27%)	22.5	40.9	(45%)	13%	18%	158.2	202.6	(22%)
Bottled sunflower oil	20.5	26.3	(22%)	3.4	3.8	(10%)	17%	14%	17.7 ⁽¹⁾	22.8 ⁽²⁾	(22%)
Grain and infrastructure											
Grain	176.3	287.0	(39%)	10.4	17.7	(41%)	6%	6%	927.4	1,220.9	(24%)
Export terminals	9.2	10.7	(15%)	5.5	6.8	(20%)	60%	64%	1,167.7 ⁽²⁾	1,212.6 ⁽²⁾	(4%)
Silo services	8.5	9.2	(8%)	5.1	4.5	15%	60%	48%			
Farming											
Farming	56.2	55.3	2%	16.0	10.7	49%	28%	19%			
Sugar	—	20.2	n/m	—	2.9	n/m	—	14%			
Unallocated corporate expenses				(7.8)	(6.8)	14%					
Revenue reconciliation	(62.8)	(62.0)	1%								
Total	377.7	579.2	(35%)	55.1	80.5	(32%)	15%	14%			

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

(1) Million liters.

(2) Including 572,875 tons transshipped through the Taman port in Q1 FY2016 and 543,050 tons in Q1 FY2015 (Kernel's share in the joint venture).

Q1 FY2016 balance sheet

Balance sheet highlights

USD million	30 Sep 2015	30 June 2015	30 Sep 2014
Invested capital			
Cash & cash equivalents	76.1	129.1	52.5
Net trade accounts receivable	57.9	56.1	72.6
Inventory	340.1	158.8	411.4
of which: readily marketable inventories	275.3	140.1	328.8
Biological assets	62.9	146.6	79.4
Other currents assets	169.5	168.0	213.4
Net property, plant & equipment	526.6	535.2	624.8
Other non-current assets	255.1	271.9	412.4
Total assets	1,488.3	1,465.6	1,866.5
Financed by			
Short-term liabilities	489.2	458.1	579.6
of which: interest-bearing debt	380.3	367.3	468.5
Long-term liabilities	104.1	116.7	267.8
of which: long-term interest bearing debt	82.6	95.2	237.9
Total liabilities	593.3	574.8	847.4

Credit metrics highlights

USD million except ratios	30 Sep 2015	30 June 2015	30 Sep 2014
Gross interest-bearing debt	463.0	462.5	706.4
Net interest-bearing debt	386.8	333.4	653.9
Readily marketable inventories	275.3	140.1	328.8
Adjusted net financial debt	111.6	193.3	325.2
Net debt / EBITDA	1.0x	0.8x	2.2x
Adjusted net debt / EBITDA	0.3x	0.5x	1.1x
EBITDA / Interest	6.1x	4.8x	3.9x

Q1 FY2016 P&L and cash flow

P&L highlights

USD million except ratios and EPS

	Q1 FY2016	Q1 FY2015
Revenue	377.7	579.2
Net IAS 41 gain ⁽¹⁾	2.1	(1.6)
Gross profit	73.5	111.5
EBITDA	55.1	80.5
EBIT	39.6	60.4
Net financial costs	(11.2)	(18.5)
Net profit²	23.9	23.4
Gross margin	19.5%	19.3%
EBITDA margin	14.6%	13.9%
Net margin	6.3%	4.0%
EPS, USD	0.30	0.29

Cash flow highlights

USD million

	Q1 FY2016	Q1 FY2015
Operating profit before working capital changes	57.8	74.4
Changes in working capital	(85.2)	0.9
Cash obtained from/(used in) operations	(27.4)	75.3
Finance costs paid	(11.1)	(21.5)
Income tax paid	(2.1)	(7.9)
Net cash obtained from/(used in) operating activities	(40.5)	46.0
Net PPE disposals/(purchases)	(6.7)	(8.7)
Sales/(Purchase) of intangible and other non-current assets	(0.6)	(2.9)
Net cash used in investing activities	(7.3)	(11.6)
Net cash obtained from/(used in) investing & operating activities	(47.9)	34.4

(1) Net profit attributable to equity holders of Kernel Holding S.A.

FY2016 outlook

Sunflower oil

- The combination of a 5% capacity increase at our plants and a recent agreement to toll 200,000 tons of capacity at a third-party plant will allow us to increase our crushing volume to around 2.7 million tons in FY2016 vs. 2.5 million tons in FY2015. At the same time, we expect our crushing margin to normalize from unusually high levels last year.
- Our mid-term strategy targets remain unchanged: consolidation of the oilseed crushing industry in Ukraine and continuous operational excellence.

Grain and infrastructure

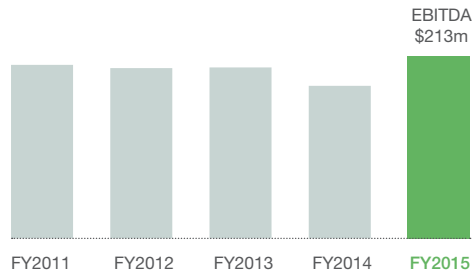
- In FY2016, we expect our grain sales to be in the range of 4.5-5.0 million tons, with a decrease in origination in Ukraine to be compensated by a slight increase in our own farming production and increase exports from Russia, where we completed a 0.5 million ton capacity expansion at the Taman export terminal facility. Export terminal throughput is expected to be similar to grain exports, while silo service throughput is likely to increase by about 10% y-o-y.
- Looking further, we continue to believe that Ukraine and Russia are one of the few regions in the world that could materially increase grain production, and that most of this incremental crop will be exported. Through continued development of existing port capacity, we aim to nearly double our grain export within several years.

Farming

- Our farming division took another step toward improving productivity, which will be evident in a new record yield of sunflower seed and rapeseed. However, weather was less favorable this year, with a drought in August having a negative impact on our corn and soybean yields in the western regions of Ukraine. As a result, our average corn yield will only be at a level comparable to the previous season. Overall, we expect our farming division to deliver solid financial performance compared to the previous year, as the negative weather impact on grain crops is mitigated by solid profitability from oilseed crops.
- Looking forward, further improvements in productivity remain the key focus of our strategy: we are investing in training and better technology, while our balanced fertilization is gradually improving the quality of the soils we farm.

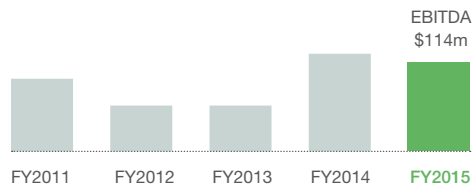
Kernel at a glance

Sunflower oil



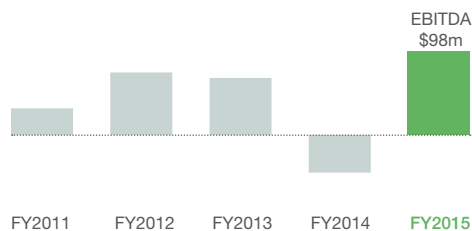
- > #1 sunflower oil producer and exporter in Ukraine.
- > 3.0 million tons/year sunflower seed crushing capacity.
- > #1 bottled sunflower oil producer and marketer in Ukraine with 30% market share.

Grain and infrastructure



- > Leading grain originator and marketer with 9-12% of Ukraine's total grain exports.
- > Emerging player in grain export from Russia.
- > 3 export terminals in Ukraine and Russia with a total annual capacity to transship 6 million tons.
- > #1 inland grain silo network with 2.8 million tons of storage capacity in Ukraine.

Farming



- > #2 crop producer in Ukraine with 390,000 hectares of leasehold farmland.
- > Modern large-scale machinery, sustainable agronomic practices, cluster management system, focused export-oriented crop mix.
- > 85-90% of output goes through our grain and infrastructure or sunflower oil segments, earning incremental profits.

Note: Hereinafter, segment EBITDA is presented prior to certain unallocated G&A costs.

Stock information

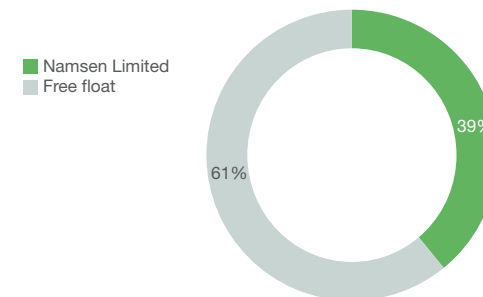
Exchange	Warsaw Stock Exchange
Stock quote currency	PLN
Issued shares	79,683,410
Bloomberg Reuters ticker	KER PW KERN.WA
ISIN code	LU0327357389

Market data as of 24 November 2015

Market capitalization	USD 945.3 million
Closing price	PLN 47.6 / USD 11.9
Lowest/Highest price for last twelve months	USD 7.2 / 14.7
Average daily turnover, twelve months	149,866 shares / USD 1.6 million

USD million except ratios and EPS	FY2015	FY2014	FY2013
Revenue	2,329.5	2,393.3	2,796.8
EBITDA	396.6	223.0	287.5
Net profit/(loss) ⁽¹⁾	106.9	(98.3)	111.6
EBITDA margin	17.0%	9.3%	10.3%
Net margin	4.6%	(4.1%)	4.0%
EPS, USD	1.34	(1.23)	1.40

Shareholding structure



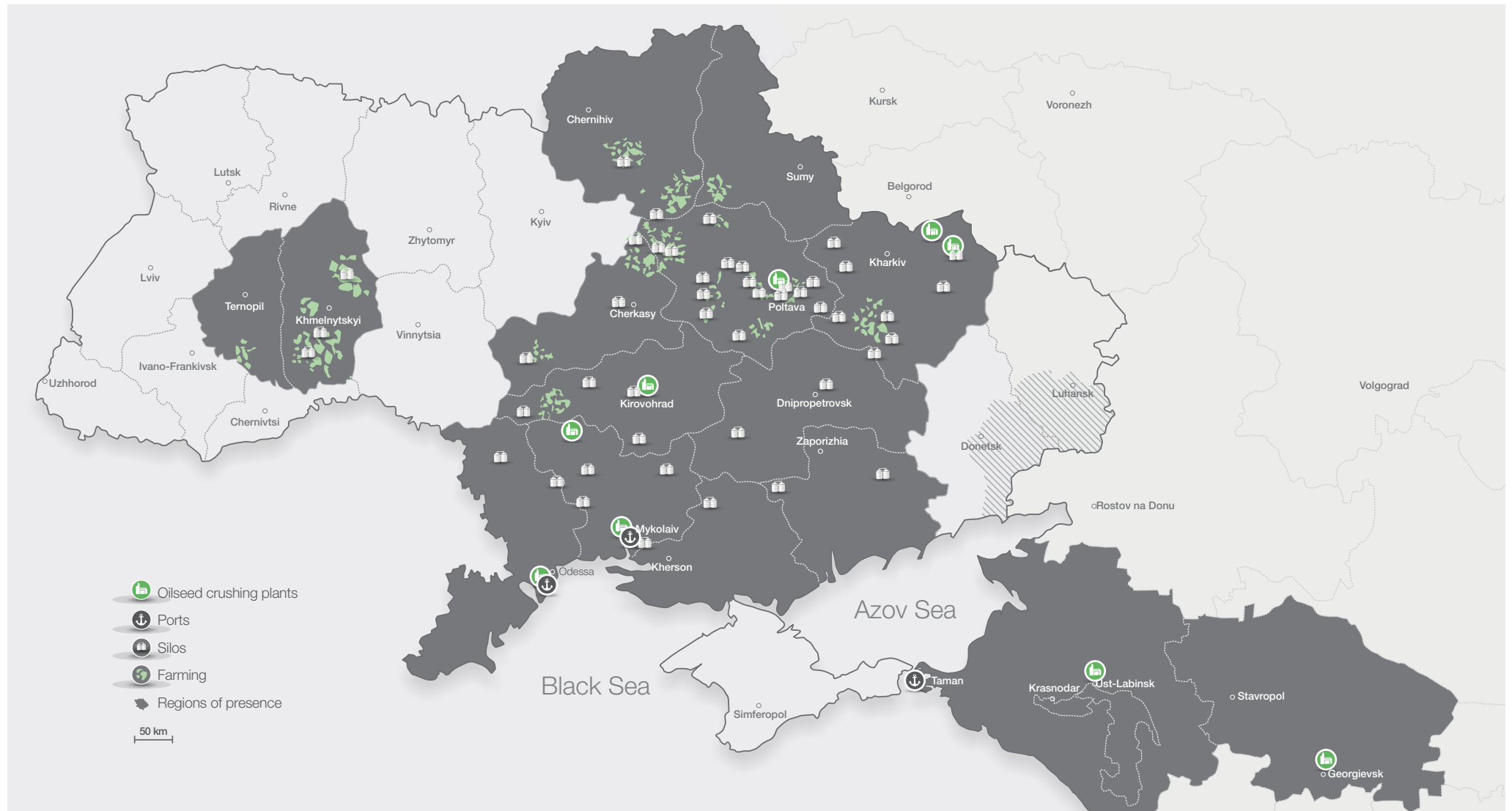
Source: Bloomberg, Kernel.

(1) Net profit/(loss) attributable to equity holders of Kernel Holding S.A.

Our business model



Asset map



Sunflower Oil

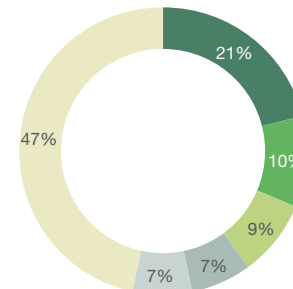


Our business model

- #1 oilseed crusher in Ukraine; total capacity of 3.0 million tons of sunflower seed per year.
- Diversified asset base: 7 plants located across the sunflower seed belt in Ukraine, 2 plants in southern Russia.
- Diversified supplier base: 5,000+ suppliers annually. Own farming contributes 6-9% of total volumes.
- 'Balanced book' policy of locking into margins at the moment of sunflower seed procurement.
- 90% volumes exported in bulk; 10% sold domestically via three brands and private labels.



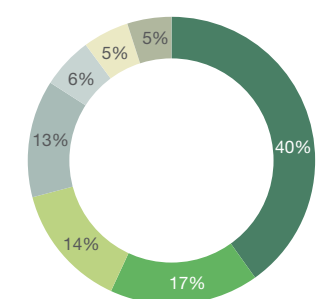
Sunflower seed industrial crushing capacity in Ukraine



Kernel
Creativ
Vioil
MHP
Optimus
Other

Source: Kernel.

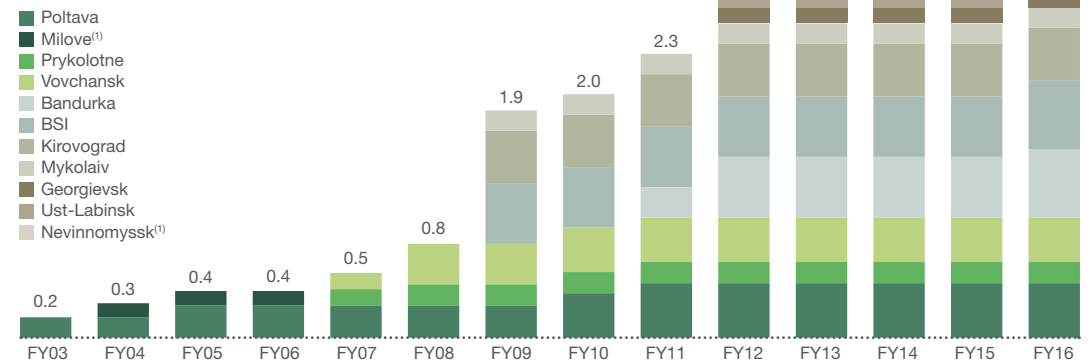
Kernel's sunflower oil export by destination (FY2015)



India
China
Middle East
EU
Egypt
Turkey
Other

Source: Kernel.

Kernel oilseed crushing capacity (million tons per year)



(1) Milove oilseed crushing plant divested in FY2006. Nevinnomysk oilseed crushing plant divested in FY2014.
Source: Kernel.

Sunflower oil in FY2015

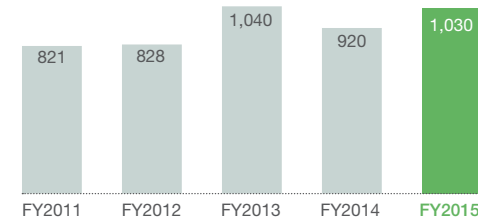
Sunflower oil sold in bulk

- 12% y-o-y growth in the volumes of sunflower oil sold in bulk reflected higher crush during the season. First quarter volumes were higher than the previous year's because of solid carryover stocks of sunflower seed harvested in 2013/14, when Ukraine's harvest was a high 11.1 million tons. The second to fourth quarters' crush also was firm, despite a y-o-y lower harvest in the country, as we utilized our leadership position on the market in times when smaller competitors lacked full access to working capital.
- Even though Ukraine's sunflower seed harvest declined, overall competition between crushers decreased, because smaller processors lacked full access to working capital. As a result, our crushing margin improved to 18% vs. 14% a year ago.

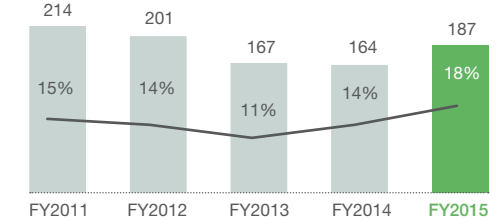
Bottled sunflower oil

- Our domestic sales of sunflower oil faced a dramatic decrease in purchasing power in Ukraine: local currency devalued against the US dollar by 48% on average compared to the previous year. Nonetheless, we increased our bottled oil sales slightly as we opened new markets and saw our exports of bottled sunflower oil grow compared to the previous year.
- Ukrainian hryvnia devaluation negatively affected our bottled oil sales' profitability as raw material prices are linked to US dollars. However, we managed to pass through the devaluation onto consumers and achieved an 18% EBITDA margin, comparable to our sales of sunflower oil for export.

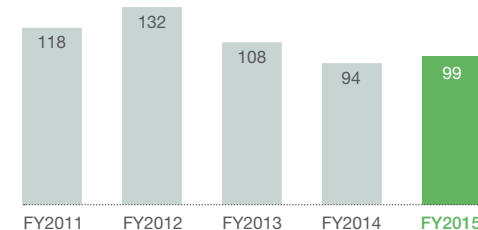
Sunflower oil sold in bulk
(thousand tons)



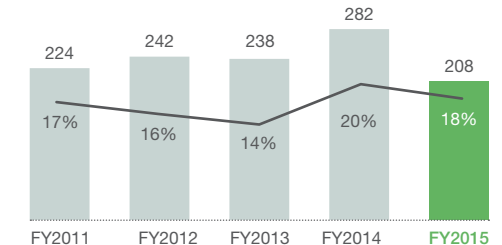
Sunflower oil sold in bulk EBITDA
(USD/ton, %)



Sunflower oil sold bottled
(million liters)



Bottled sunflower oil EBITDA
(USD/thousand liters, %)



Source: Kernel.

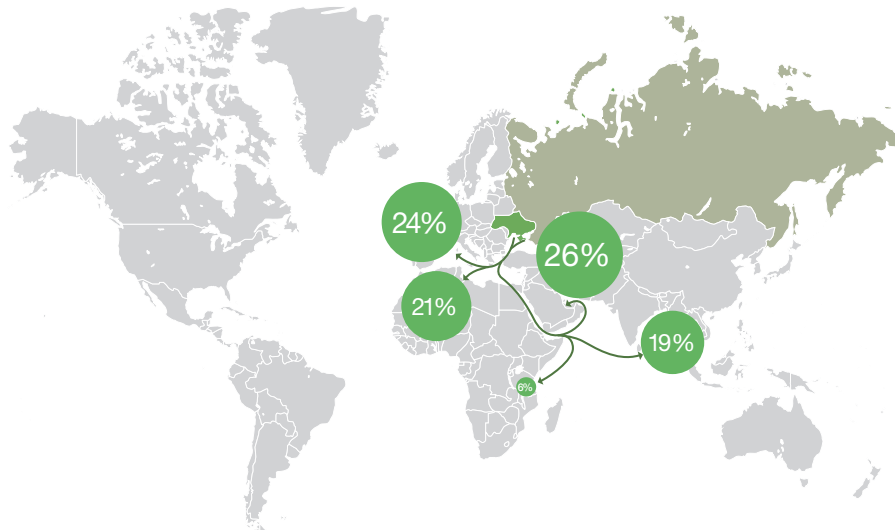
Grain and Infrastructure



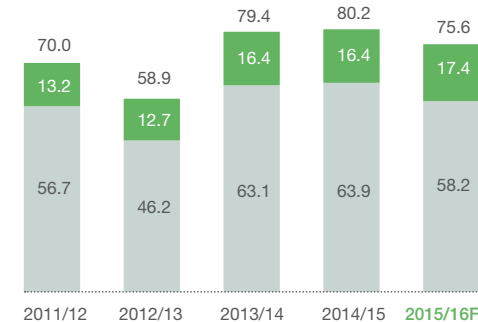
Our business model

- › Top grain exporter from the Black Sea region, with a market share in Ukraine of 9-12% and in Russia of about 4%.
- › 'Balanced book' policy of locking in margins at the moment of grain purchase from farmer.
- › Our origination team buys from thousands of farmers at their farm-gate or inland silos.
- › Our own 2.8 million ton silo storage capacity serves as captive for our origination platform.
- › Three export terminals with a total capacity of 6 million tons per year.
- › Our own crop production in Ukraine secures 20-30% of the total grain export and transshipment volumes and 40-50% of silo throughput.

Kernel's grain sales by destination
(2014/15)



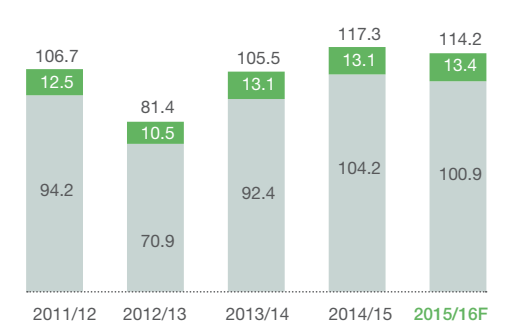
Ukraine's grain and oilseed production
(million tons)



Oilseeds
Grains

Source: State Statistics Service of Ukraine,
APK-Inform forecasts.

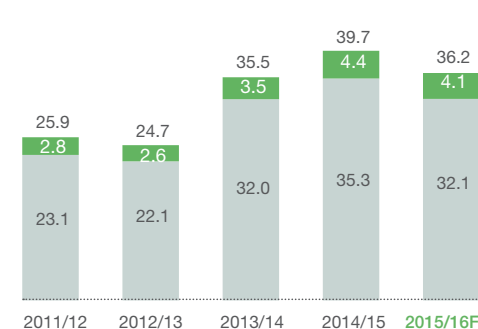
Russia's grain and oilseed production
(million tons)



Oilseeds
Grains

Source: Russian Federation Federal State Statistics
Service, APK-Inform forecasts.

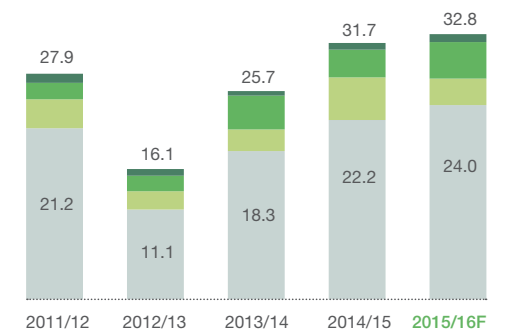
Ukraine's grain and oilseed exports
(million tons)



Oilseeds
Grains

Source: APK-Inform.

Russia's grain and oilseed exports, by crop
(million tons)



Other
Corn
Barley
Wheat

Source: APK-Inform.

(1) Sunflower seed harvest data by the State Statistics Service of Ukraine.
(2) Sunflower oil production and export data by APK-Inform.

Grain and infrastructure in FY2015

Grain export:

- The combination of a 400,000-ton increase in our own grain and oilseed production, and a record total crop of 64 million tons in Ukraine (vs. 63 a year ago) allowed us to export 12% more grain than in the previous year. Exports from Russia were similar to last year's volumes, as Russian government restricted overall grain exports in the second half of the season.
- An abundant supply of grain for export ensured the strong profitability of our merchandizing activities, with our EBITDA margin at a firm 6% in FY2015.

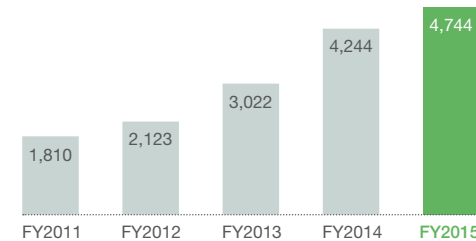
Silo services:

- Volumes of grain and oilseed crop received for storage at our silo services division were almost the same as a year ago (down 2%). This was due to a mix of lower demand for off-farm storage because some grain was harvested dry enough to allow for on-farm storage and an increase in our storage capacity.
- Since grain drying is the most profitable of our silo services, our EBITDA fell below our average levels and amounted to USD 7 per ton of silo throughput.

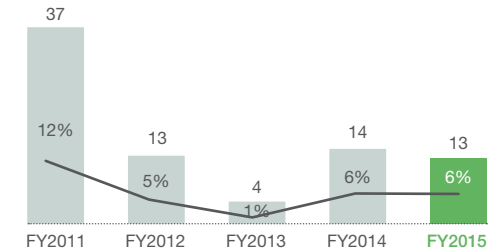
Export terminals:

- Our strong growth in grain exports, increase in the share of exports going through our own port facilities, and growth in sunflower meal production resulted in strong 28% y-o-y growth in volumes transshipped by our three transshipment facilities.
- Growth in volumes and Ukrainian hryvnia devaluation allowed us to retain our EBITDA of USD 10 per ton of grain transshipped, regardless of the decline in average fee earned per ton.

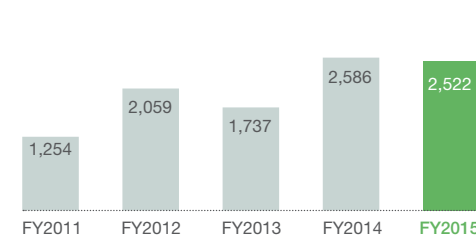
Grain sales
(thousand tons)



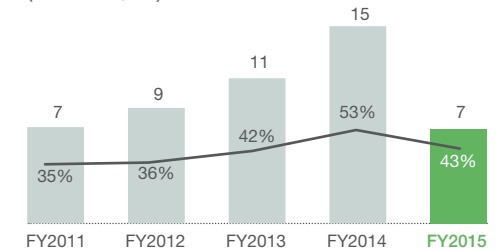
Grain segment's EBITDA
(USD/ton, %)



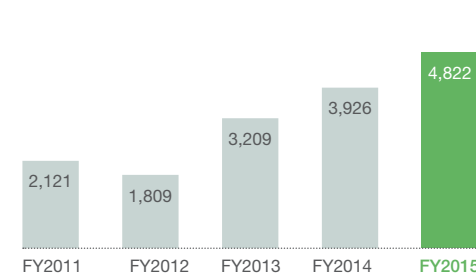
Grain received in inland silos
(million tons)



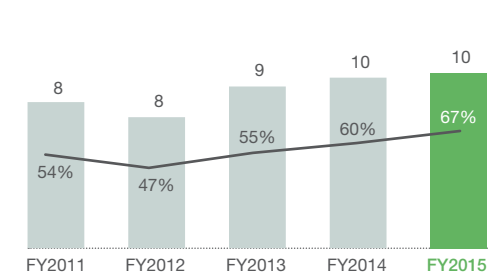
Silo services EBITDA
(USD/ton, %)



Export terminal throughput
(million tons)



Export terminal EBITDA
(USD/ton, %)



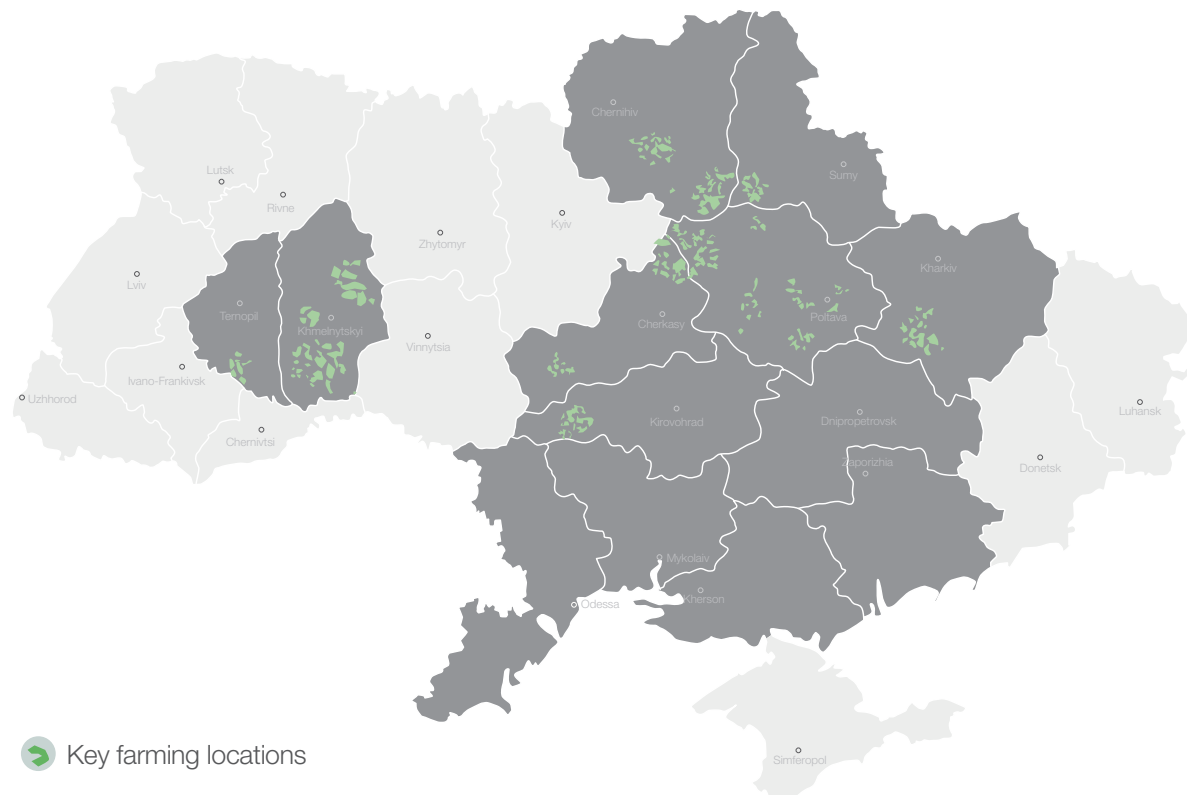
Source: Kernel.

Farming

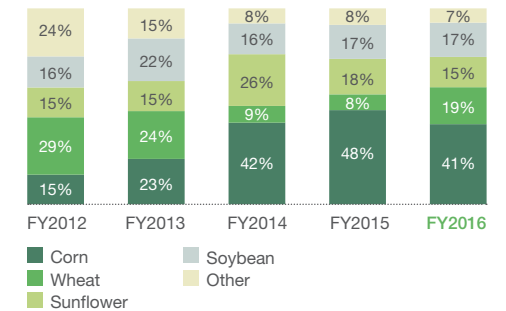


Our business model

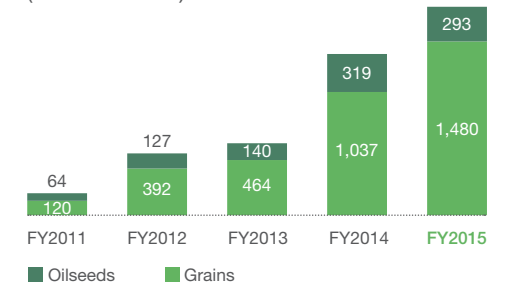
- › Large-scale crop production on 390,000 hectares of leasehold farmland in Ukraine.
- › A crop mix based on four crops allows us to focus on profits and technology while keeping sufficient flexibility.
- › We utilize modern large-scale machinery, sustainable agronomic practices, and a cluster management system.
- › 85-90% of output goes through our grain and infrastructure or sunflower oil segments, earning incremental profits.



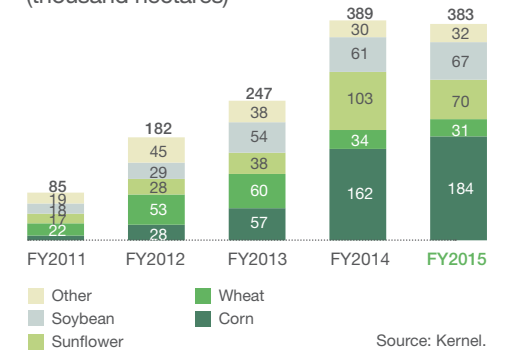
Kernel's farmed acreage crop mix



Kernel's crop production
(thousand tons)



Acreage harvested by crop
(thousand hectares)



Source: Kernel.

Farming in FY2015

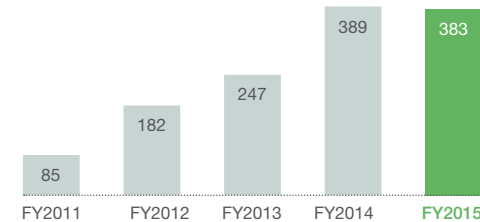
Farming:

- Our total grain and oilseed tonnage was up 31% y-o-y to 1.8 million in FY2015, as improvements in our technology resulted in better crop yields.
- Improvements in technology, which we have been implementing during the last two years, led to 18-28% increases in crop yields. Combined with a decline in production costs caused by Ukrainian hryvnia devaluation, this led to a boost in profitability: our EBITDA improved to USD 255 per hectare in FY2015, compared to negative USD 116 per hectare a year ago.

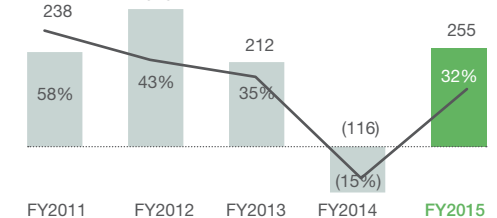
Key market trends:

- The second consecutive year of strong global grain production resulted in a further decrease in international grain prices in 2014/15, which was translated into domestic prices in Ukraine. In addition, the robust global soybean harvest pushed down soybean prices in Ukraine.
- While in 2015/16 global grain and oilseed production is expected to decrease, strong carryover stocks and US dollar strengthening against the currencies of major food exporters will keep international prices at low levels.

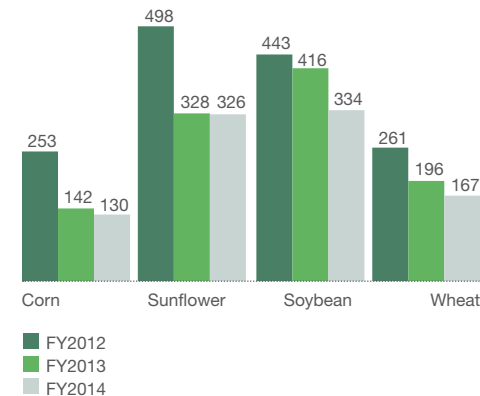
Acreage harvested
(thousand hectares)



Farming segment EBITDA
(USD/hectare, %)

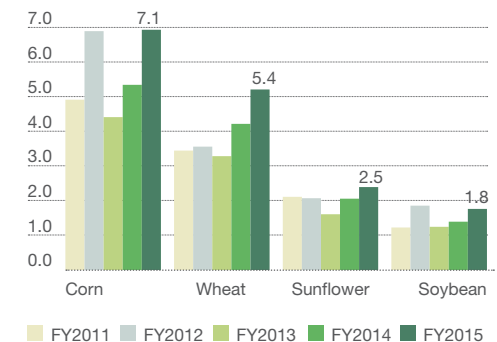


Average farm gate prices in Ukraine
(USD per ton, ex VAT)



Source: Kernel

Crop yields,
(tons per hectare, net)



Source: Kernel

Crop production cycle in Ukraine



Financials



Balance sheet

Balance sheet highlights

USD million	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Q1 FY2016
Invested capital											
Cash & cash equivalents	6.4	25.3	88.5	129.3	59.5	115.9	82.5	78.8	65.4	129.1	76.1
Net trade accounts receivable	9.1	9.8	48.7	32.4	65.5	111.6	146.4	150.8	99.8	56.1	57.9
Inventory	32.3	40.2	144.7	99.1	147.8	183.7	410.2	270.2	299.5	158.8	340.1
of which: readily marketable inventories	29.3	38.1	138.6	94.9	142.9	172.7	385.1	175.1	243.4	140.1	275.3
Biological assets	3.4	9.7	42.4	18.9	26.1	96.0	153.3	247.0	182.8	146.6	62.9
Other currents assets	16.8	31.1	53.0	98.7	299.8	302.6	326.0	343.3	225.0	168.0	169.5
Net property, plant & equipment	72.5	127.9	231.6	221.8	379.0	502.8	728.4	763.3	643.5	535.2	526.6
Other non-current assets	15.4	31.2	146.7	99.6	147.0	260.1	269.6	508.2	403.0	292.2	255.1
Total assets	155.8	275.1	755.6	699.7	1,124.8	1,572.6	2,116.4	2,361.6	1,919.0	1,485.9	1,488.3
Financed by											
Short-term liabilities	34.5	59.2	185.1	195.1	352.2	395.0	446.2	700.1	587.4	458.1	489.2
of which: interest-bearing debt	28.9	44.4	126.7	159.7	209.9	265.9	271.4	458.4	479.4	373.3	380.3
Long-term liabilities	73.8	130.6	130.1	147.2	167.7	180.3	459.5	309.3	301.0	116.7	104.1
of which: long-term interest bearing debt	64.4	119.9	98.1	132.9	135.3	156.1	426.9	275.7	270.0	95.2	82.6
Total liabilities	108.3	189.8	315.2	342.2	519.9	575.3	905.7	1,009.4	888.3	574.8	593.3
Total equity	47.6	77.8	440.4	357.5	604.9	997.3	1,210.7	1,352.3	1,030.7	911.2	895.0

Net debt and credit metrics

USD million except ratios	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Q1 FY2016
Gross interest-bearing debt	93.3	164.3	224.8	292.6	345.1	422.0	698.3	734.1	749.4	468.5	463.0
Net interest-bearing debt	87.0	139.1	136.2	163.3	285.6	306.1	615.8	655.3	684.0	339.4	386.8
Readily marketable inventories	29.3	38.1	138.6	94.9	142.9	172.7	385.1	175.1	243.4	140.1	275.3
Adjusted net financial debt	57.7	101.0	(2.4)	68.4	142.7	133.4	230.7	480.2	440.6	199.3	111.6
Net debt / EBITDA	5.1x	3.0x	1.1x	0.9x	1.5x	1.0x	1.9x	2.3x	3.1x	0.9x	1.0x
Adjusted net debt / EBITDA	3.4x	2.2x	(0.0x)	0.4x	0.8x	0.4x	0.7x	1.7x	2.0x	0.5x	0.3x
EBITDA / Interest	1.8x	2.5x	4.4x	5.9x	8.3x	7.3x	5.1x	3.8x	3.1x	5.8x	6.1x

P&L and cash flow

P&L highlights

USD million except ratios and EPS	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue	215.2	350.4	663.1	1,047.1	1,020.5	1,899.1	2,071.8	2,796.8	2,393.3	2,329.5
Net IAS 41 gain ¹								14.9	(17.1)	(6.8)
Gross profit	41.8	83.0	158.6	316.8	311.1	459.5	457.4	450.6	408.2	512.2
EBITDA	17.0	46.4	123.2	190.1	190.0	309.6	318.8	287.5	223.0	396.6
EBIT	12.0	38.6	111.6	166.6	167.5	277.3	257.3	200.9	128.7	328.3
Net financial costs	(9.3)	(18.9)	(28.1)	(32.2)	(22.8)	(42.5)	(63.1)	(74.9)	(72.5)	(68.6)
Net profit²	1.3	19.5	83.2	135.5	152.0	226.3	206.7	111.6	(98.3)	106.9
Gross margin	19.4%	23.7%	23.9%	30.3%	30.5%	24.2%	22.1%	16.1%	17.1%	22.0%
EBITDA margin	7.9%	13.2%	18.6%	18.2%	18.6%	16.3%	15.4%	10.3%	9.3%	17.0%
Net margin	0.6%	5.6%	12.6%	12.9%	14.9%	11.9%	10.0%	4.0%	(4.1%)	4.6%
EPS, USD			2.08	1.97	2.20	3.03	2.61	1.40	(1.23)	1.34

Cash flow highlights

USD million	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Operating profit before working capital changes	16.6	45.4	116.1	188.2	205.7	275.2	291.4	288.0	195.5	338.7
Changes in working capital	(35.8)	(14.7)	(210.3)	(25.0)	(97.4)	(180.1)	(242.1)	135.4	(0.9)	147.4
Cash obtained from/(used in) operations	(19.3)	30.7	(94.1)	163.2	108.4	95.1	49.3	423.5	194.7	486.1
Finance costs paid	(9.4)	(18.4)	(28.1)	(32.2)	(22.8)	(36.0)	(66.8)	(76.2)	(72.0)	(68.4)
Income tax paid	(0.4)	(0.7)	(3.4)	(1.7)	(0.8)	(3.0)	(6.5)	(43.4)	(40.2)	(13.0)
Net cash obtained from/(used in) operating activities	(29.0)	11.6	(125.6)	129.3	84.8	56.1	(24.0)	303.9	82.5	404.7
Net PPE disposals/(purchases)	(6.0)	2.2	(24.4)	(88.6)	(56.2)	(48.1)	(93.1)	(90.9)	(41.7)	(22.7)
Sales/(Purchase) of intangible and other non-current assets	0.6	0.3	(48.5)	(1.2)	0.8	(66.5)	(1.6)	(23.1)	(0.5)	(1.6)
Net cash used in investing activities	(5.4)	(57.2)	(170.1)	(95.3)	(125.6)	(126.1)	(229.2)	(266.1)	(83.2)	(24.3)
Net cash obtained from/(used in) investing & operating activities	(34.4)	(45.7)	(295.7)	34.0	(40.9)	(69.9)	(253.2)	37.8	(0.7)	380.4

(1) The amount is calculated for FY2013-FY2015 only, as the Company started presenting IAS 41 gain as a separate line in its P&L statement only starting from FY2014. Prior to that, components were allocated to COGS and Other Operating Income. For more details, please refer to the disclosures in FY2014 annual report.

(2) Net profit attributable to equity holders of Kernel Holding S.A.

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Kyiv, Ukraine, 01001

Investor calendar

➤ Annual General Meeting of Shareholders	10 December 2015
➤ Q2 FY2016 Operations Update	20 January 2016
➤ H1 FY2016 Financial Report	26 February 2016
➤ Q3 FY2016 Operations Update	20 April 2016
➤ Q3 FY2016 Financial Report	26 May 2016
➤ Q4 FY2016 Operations Update	20 July 2016
➤ FY2016 Annual Report	24 October 2016

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