

KERNEL

Q3 FY2016 RESULTS



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Q3 FY2015 results highlights

Key highlights:

- Revenue was unchanged y-o-y at USD 607.5 million in Q3 FY2016, as growth in sales volumes in key businesses was offset by lower agriculture commodity prices. Export sales amounted to 98% of total revenue.
- EBITDA decreased 14% y-o-y to USD 98.9 million in Q3 FY2016, reflecting strong volume growth across segments amid lower sunflower seed crush margins.
- The sunflower oil segments delivered mixed performance. While sunflower oil sales were up by a notable 28% y-o-y, the crushing margin materially decreased as a result of above-average competition for raw materials this year vs. below-average competition a year ago. Both factors combined, the sunflower oil business contributed EBITDA of USD 37.3 million, 2x lower y-o-y.
- As we debottlenecked our grain transshipment facility in Ukraine, our grain sales reached a record 1.4 million tons, up 6% y-o-y, and transshipment volumes grew by 20% y-o-y. Solid growth in volumes amid margins that were comparable y-o-y allowed for reaching EBITDA of USD 36.4 million in Q3 FY2016, up 6% y-o-y.
- The farming segment's EBITDA contribution was up 2.6x y-o-y to USD 32.7 million in Q3 FY2016 and reflected generally better operational performance from our crop growing division this season, driven by good crop yields amid lower production costs.
- A solid operating contribution mixed with beneficial foreign exchange impact from revaluation of intra-group liabilities resulted in net income of USD 92.3 million in Q3 FY2016 vs. USD 7.2 million a year ago.
- Net cash obtained from operating activities of USD 200.3 million in Q3 FY2016 was used for balance sheet strengthening and the acquisition of the assets of a 560,000 ton oilseed crushing facility through an assignment agreement with a Ukrainian bank.
- Net debt decreased 37% y-o-y to USD 303.4 million, with net debt to 12-month trailing EBITDA standing at 0.8x as of 31 March 2016.

USD million except ratios and EPS

Q3 FY2016

Q3 FY2015

y-o-y

P&L highlights

Revenue	607.5	607.0	0%
EBITDA ⁽¹⁾	98.9	115.2	(14%)
Net profit ⁽²⁾	92.3	7.2	12.8x
EBITDA margin	16.3%	19.0%	(2.7pp)
Net margin	15.2%	1.2%	14.0pp
EPS ⁽³⁾ , USD	1.16	0.09	12.8x

Cash flow highlights

Operating profit before working capital changes	144.3	92.2	57%
Change in working capital	67.0	180.7	(63%)
Cash from operations before interest and taxes	211.4	272.9	(23%)
Net cash obtained from operating activities	200.3	253.1	(21%)
Net cash used in investing activities	(35.6)	(3.4)	10.3x

Credit metrics

Net interest-bearing debt	303.4	481.9	(37%)
Readily marketable inventories	180.9	230.7	(22%)
Adjusted net debt ⁽⁴⁾	122.5	251.2	(51%)
Shareholders' equity	952.7	859.1	11%
Net debt/EBITDA ⁽⁵⁾	0.8x	1.1x	(0.3x)
Adjusted net debt/EBITDA ⁽⁴⁾	0.3x	0.6x	(0.3x)
EBITDA/Interest ⁽⁶⁾	6.2x	5.7x	0.5x

Note: Our financial year ends 30 June. Differences are possible due to rounding.

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

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

(3) EPS is measured in US Dollars per share, based on 79.7 million shares during the periods under review.

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

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

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

Source: Kernel.

Q3 FY2016 segment results summary

	Revenue, USD million			EBITDA, USD million			EBITDA margin, %		Volumes, thousand tons		
	Q3 FY2016	Q3 FY2015	y-o-y	Q3 FY2016	Q3 FY2015	y-o-y	Q3 FY2016	Q3 FY2015	Q3 FY2016	Q3 FY2015	y-o-y
Sunflower oil											
Sunflower oil sold in bulk	317.0	275.1	15%	33.6	69.4	(52%)	11%	25%	319.9	249.2	28%
Bottled sunflower oil	30.3	26.8	13%	3.7	4.3	(14%)	12%	16%	28.6 ⁽¹⁾	23.8 ⁽¹⁾	20%
Grain and infrastructure											
Grain	255.3	299.2	(15%)	21.3	22.5	(5%)	8%	8%	1,414.9	1,331.7	6%
Export terminals	18.1	16.7	8%	12.0	11.2	7%	67%	67%	1,471.5 ⁽²⁾	1,222.0 ⁽²⁾	20%
Silo services	5.3	4.8	11%	3.1	0.6	5.3x	58%	12%			
Farming											
Farming	10.1	46.7	(78%)	32.7	12.4	2.6x	323%	27%			
Sugar and discontinued operations	–	0.7	n/m	–	0.2	n/m		29%			
Unallocated corporate expenses				(7.6)	(5.4)	40%					
Revenue reconciliation	(28.6)	(63.0)	(55%)								
Total	607.5	607.0	0%	98.9	115.2	(14%)	16%	19%			

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

(1) Million liters.

(2) Including 271,202 tons transshipped through the Taman port in Q3 FY2016 and 137,592 tons in Q3 FY2015 (Kernel's share in the joint venture).

Source: Condensed Consolidated Interim Financial Statements for the 3 months ended 31 March 2016.

Sunflower oil in Q3 FY2016

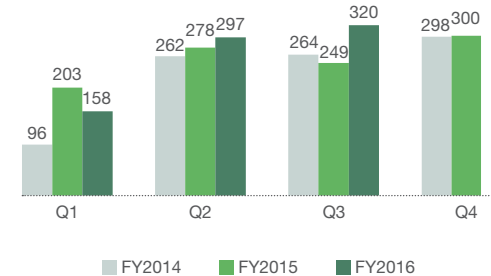
Sunflower oil sold in bulk

- Sunflower oil sales in bulk increased 28% y-o-y to a notable 319,940 tons in Q3 FY2016, with the growth driven by strong production in the preceding quarter. Oilseed crush was unchanged y-o-y in Q3 FY2016.
- The segment's EBITDA margin decreased to USD 105 per ton of oil sold in Q3 FY2016 from an abnormally high USD 278 per ton a year ago. While the previous year's margin reflected a low competition environment caused by some competitors' temporary drop in utilization, this year's profitability incorporates increased demand from crushers for raw materials and slow farmer selling, which decreased crushers' bargaining power. Furthermore, the average margin was diluted as part of production was executed at a third party facility under a tolling agreement that has inherently lower profitability compared to production at our own facilities.
- As a result, the segment's EBITDA was down 2x y-o-y to USD 33.6 million in Q3 FY2016.

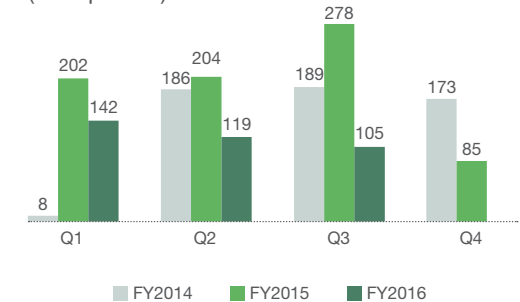
Bottled sunflower oil

- Bottled oil sales posted a hefty 20% growth y-o-y to 28.6 million liters in Q3 FY2016, as the Company boosted its export sales of branded products amid slowing domestic demand.
- At the same time, the segment's margin was hit by another wave of sudden devaluation of the Ukrainian hryvnia, which depreciated by almost 10% against the US dollar in January-February 2016. Though local currency devaluation is always passed on to the consumer, the bottled oil segment experienced a short-term margin squeeze while shelf prices adjusted. As a result of this, together with lower bulk oil profitability, the bottled oil segment's EBITDA margin decreased to USD 130 per thousand of liters sold in Q3 FY2016 compared to USD 181 a year ago.
- Consequently, the segment's total EBITDA was USD 3.7 million in Q3 FY2016, down 14% y-o-y.

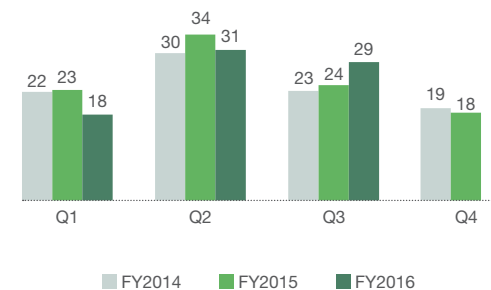
Sunflower oil sales in bulk
(thousand tons)



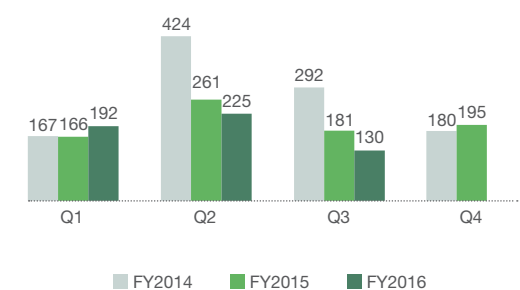
Sunflower oil sold in bulk EBITDA
(USD per ton)



Bottled sunflower oil sales
(million liters)



Bottled sunflower oil EBITDA
(USD per thousand liters)



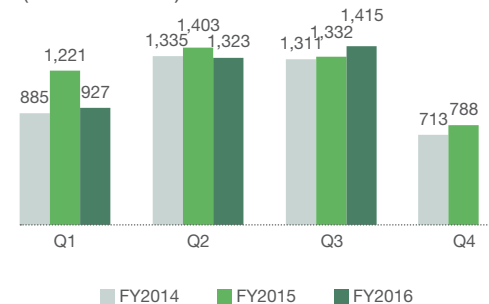
Source: Kernel.

Grain and infrastructure in Q3 FY2016

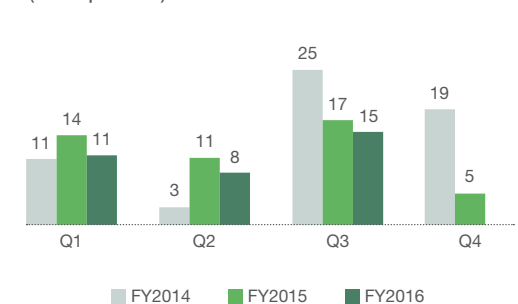
Grain

- Grain sales reached a record 1.4 million tons in Q3 FY2016, an increase of 6% compared to a year ago, as capacity improvements at our grain transshipment facility in Ukraine increased our grain export speed while grain sales accelerated following the reinstatement of VAT refunds on grain exports since 1 January 2016.
- The reinstatement of VAT refunds also improved our grain merchandizing margin in the short term, with the segment's EBITDA margin reaching a solid USD 15.0 per ton in Q3 FY2016, up from USD 8-11 per ton in the first half of the financial year. At the same time, the overall segment's EBITDA of USD 21.3 million in Q3 FY2016 was 5% lower y-o-y as the result of an inflated comparison base.

Grain sales
(thousand tons)



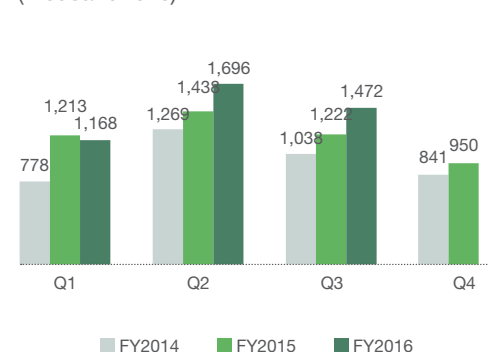
Grain segment EBITDA
(USD per ton)



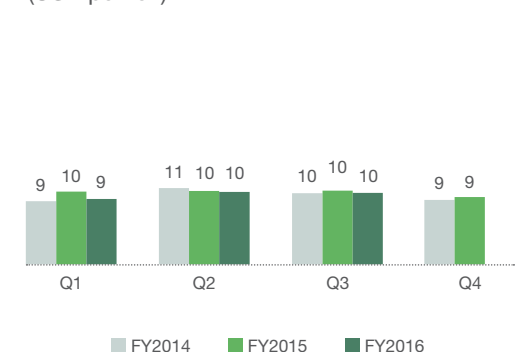
Export terminals and silo services

- The export terminals' throughput was up 20% y-o-y to 1,471,521 tons in Q3 FY2016 as a result of a debottlenecking project completed at our Ukrainian grain transshipment facility, which reached a historical high monthly utilization of 435,000 tons in March 2016.
- The segment's margin was a solid USD 10.0 per ton in Q3 FY2016 (vs. USD 10.3 per ton a year ago), with the overall segment's EBITDA contribution reaching USD 12.0 million in Q3 FY2016, up 7% y-o-y. Taman joint venture results, accounted below operating profit, improved to positive USD 1.2 million in net income in Q3 FY2016 compared to a net loss of USD 0.5 million a year ago, as transshipment volumes almost doubled y-o-y.

Export terminals throughput
(thousand tons)



Export terminals EBITDA
(USD per ton)



Silo services

- The silo service segment's EBITDA contribution was USD 3.1 million in Q3 FY2016, up significantly from USD 0.6 million a year ago, but generally in line with the typical earnings in the third quarter of the financial year, a relatively calm period for the silo services business.

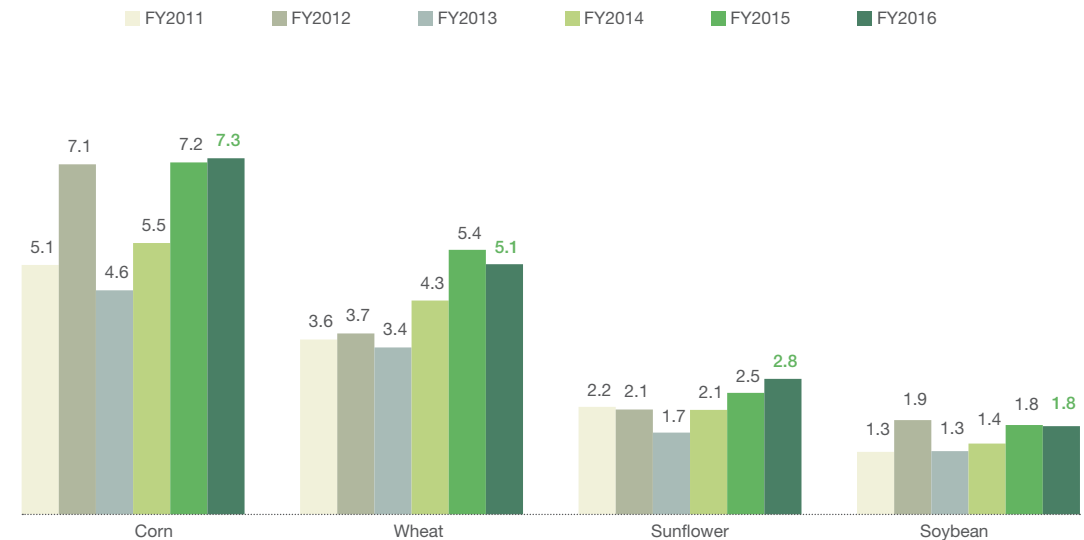
Source: Kernel.

Farming in Q3 FY2016

Farming

- In Q3 FY2016, the Company accelerated export sales of corn and wheat, as the reinstatement of VAT refunds on grain export significantly improved farm-gate grain prices. However, as export sales are executed through the Company's grain division and almost all grain has been sold intragroup in preceding periods, the farming segment's revenues were only USD 10.1 million in Q3 FY2016.
- At the same time, the segment's EBITDA reached USD 32.7 million, up 2.6x y-o-y, and consisted of a reversal in an unrealized profit provision that was booked in the preceding quarter. Overall, the farming segment's profitability this year reflects y-o-y better earnings, stemming from lower production costs amid consistently strong crop yields.
- In May, the Company completed its spring planting campaign. Total FY2017 planted acreage stands at 382 thousand hectares, down 1% y-o-y. Corn remains the key crop, with 36% of total acreage (vs. 42% last year), while sunflower seed acreage increased to 21% (16% last year), soybean is down to 15% (16% last year), winter wheat is up to 22% (19% last year), and winter rapeseed accounted for 1% (2% last year). Sufficient spring rainfall in the Company's regions has created favorable moisture accumulation in the soil, which is good for the development of all key crops.

Net crop yields
(tons per hectare)



FY2016 harvest

	Acreage, thousand hectares			Net crop yield, tons/hectare			Net tonnage ⁽¹⁾ , thousand tons		
	FY2016	FY2015	y-o-y	FY2016	FY2015	y-o-y	FY2016	FY2015	y-o-y
Corn	159.8	183.8	(13%)	7.3	7.2	2%	1,165	1,315	(11%)
Wheat	72.5	30.7	2.4x	5.1	5.4	(5%)	369	165	2.2x
Sunflower	61.9	69.5	(11%)	2.8	2.5	12%	171	172	(1%)
Soybean	67.2	66.5	1%	1.8	1.8	(1%)	121	121	(1%)
Rapeseed	9.6	–	n/m	4.4	n/a	n/a	41	–	n/m
Other ⁽¹⁾	15.3	32.1	(52%)						
Total	386.2	382.6	1%						

Note: Differences are possible due to rounding. 1 ton per hectare equals 15.9 bushels per acre for corn and 14.9 bushels per acre for wheat and soybean.

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

Q3 FY2016 balance sheet

Balance sheet highlights

USD million	31 Mar 2016	30 Jun 2015	31 Mar 2015
Invested capital			
Cash & cash equivalents	137.1	129.1	113.0
Net trade accounts receivable	138.0	56.1	80.2
Inventory	271.4	158.8	317.8
of which: readily marketable inventories	180.9	140.1	230.7
Biological assets	23.9	146.6	20.9
Other currents assets	233.7	168.0	187.8
Net property, plant & equipment	552.0	535.2	532.6
Other non-current assets	233.6	271.9	313.3
Total assets	1,589.7	1,465.6	1,565.6
Financed by			
Short-term liabilities	507.0	458.1	553.4
of which: interest-bearing debt	362.7	367.3	468.7
Long-term liabilities	128.7	116.7	154.6
of which: long-term interest bearing debt	77.8	95.2	126.2
Total liabilities	635.7	574.8	708.0

Credit metrics highlights

USD million except ratios	31 Mar 2016	30 Jun 2015	31 Mar 2015
Gross interest-bearing debt	440.5	462.5	594.9
Net interest-bearing debt	303.4	333.4	481.9
Readily marketable inventories	180.9	140.1	230.7
Adjusted net financial debt	122.5	193.3	251.2
Net debt / EBITDA	0.8x	0.8x	1.1x
Adjusted net debt / EBITDA	0.3x	0.5x	0.6x
EBITDA / Interest	6.2x	4.5x	5.7x

Source: Condensed Consolidated Interim Financial Statements for the 3 months ended 31 March 2016.

Q3 FY2016 P&L and cash flow

P&L highlights

USD million except ratios and EPS

	Q3 FY2016	Q3 FY2015
Revenue	607.5	607.0
Net IAS 41 gain	(16.8)	(11.4)
Gross profit	141.8	122.1
EBITDA	98.9	115.2
EBIT	84.5	99.5
Net financial costs	(14.9)	(18.0)
Net profit⁽¹⁾	92.3	7.2
Gross margin	23.3%	20.1%
EBITDA margin	16.3%	19.0%
Net margin	15.2%	1.2%
EPS, USD	1.16	0.09

Cash flow highlights

USD million

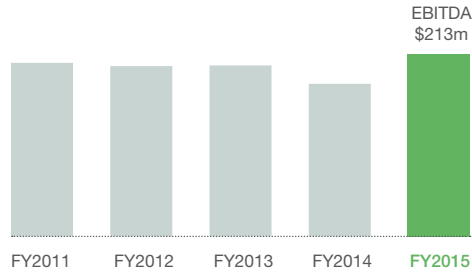
	Q3 FY2016	Q3 FY2015
Operating profit before working capital changes	144.3	92.2
Changes in working capital	67.0	180.7
Cash obtained from operations	211.4	272.9
Finance costs paid	(10.7)	(18.1)
Income tax paid	(0.4)	(1.8)
Net cash obtained from operating activities	200.3	253.1
Net PPE purchases	(2.7)	(3.2)
Sales of non-current assets	0.0	(0.2)
Acquisition of subsidiaries	(32.9)	–
Net cash used in investing activities	(35.6)	(3.4)
Net cash obtained from investing & operating activities	164.6	249.6

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

Source: Condensed Consolidated Interim Financial Statements for the 3 months ended 31 March 2016.

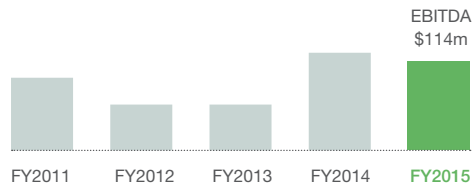
Kernel at a glance

Sunflower oil



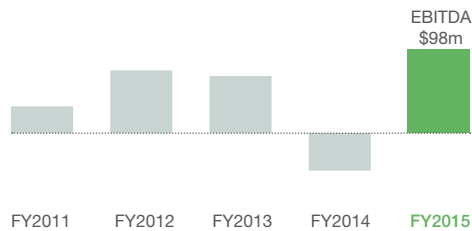
- #1 sunflower oil producer and exporter in Ukraine.
- 3.2 million tons/year sunflower seed crushing capacity.
- #1 bottled sunflower oil producer and marketer in Ukraine with 30% market share.

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

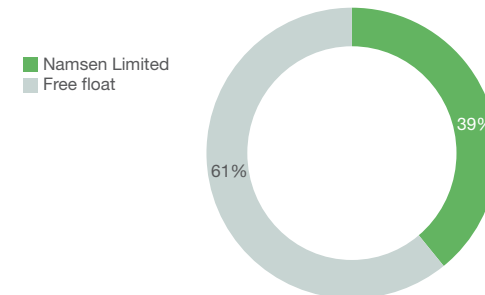
Exchange	Warsaw Stock Exchange
Stock quote currency	PLN
Issued shares	79,683,410
Bloomberg Reuters ticker	KER PW KERN.WA
ISIN code	LU0327357389

Market data as of 27 May 2016

Market capitalization	USD 1,092.3 million
Closing price	PLN 54.1 / USD 13.7
Lowest/Highest price for last twelve months	USD 9.9 / 15.2
Average daily turnover, twelve months	142,404 shares / USD 1.7 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

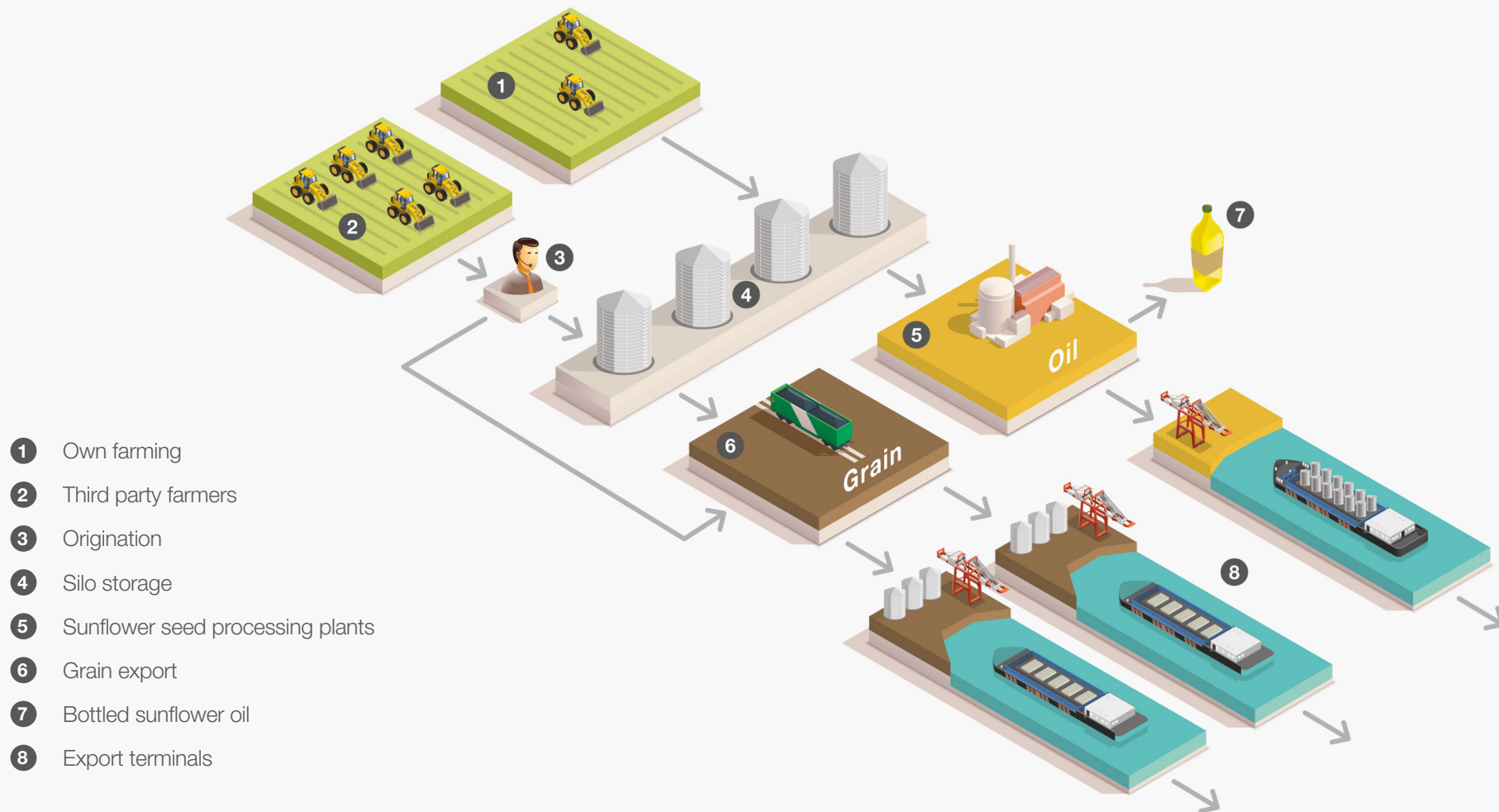
Shareholding structure



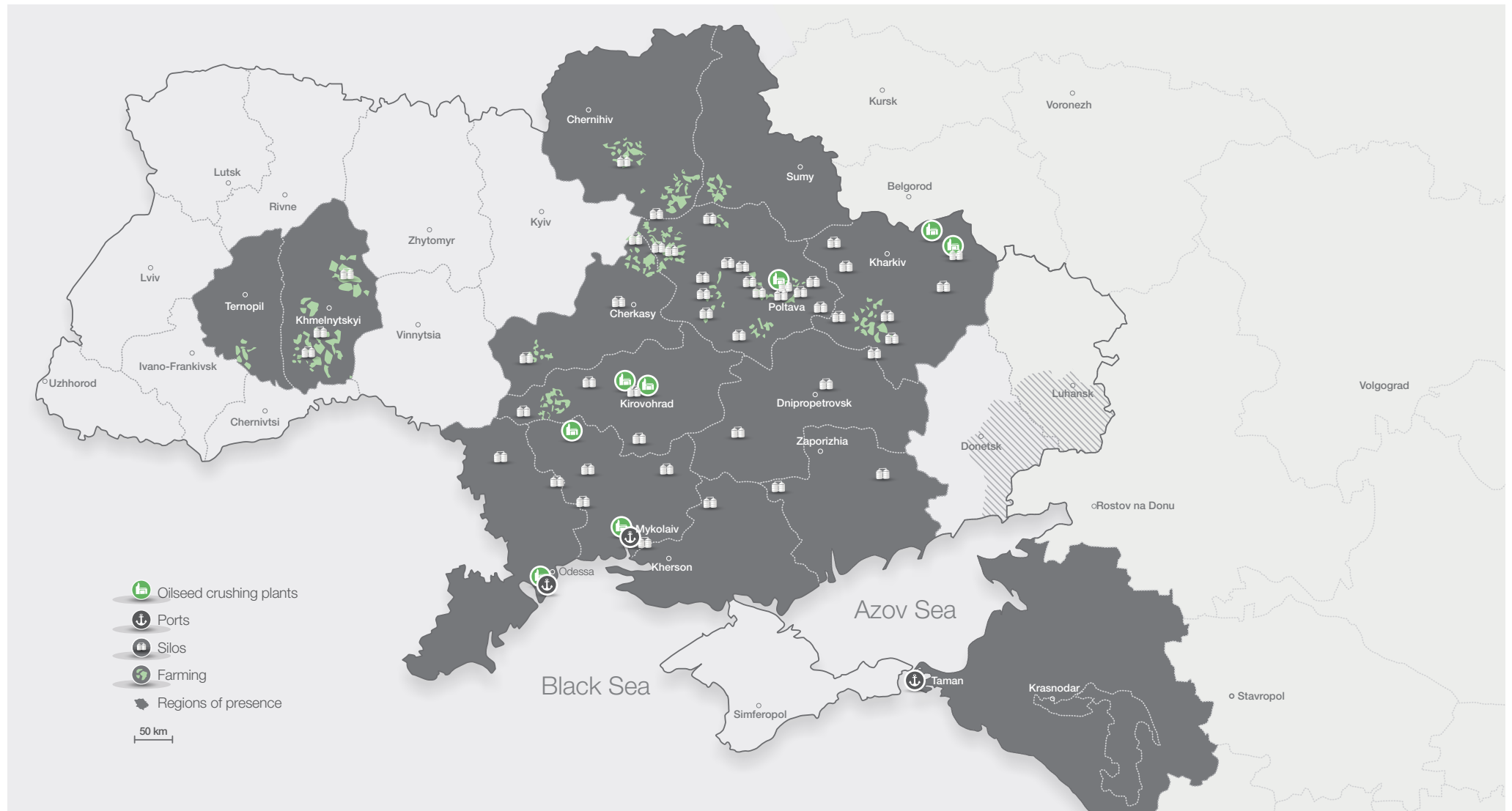
Source: Bloomberg, Kernel.

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

Our business model



Asset map



Sunflower Oil

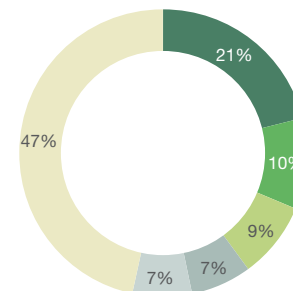


Our business model

- #1 oilseed crusher in Ukraine; total capacity of 3.2 million tons of sunflower seed per year.
- Diversified asset base: 8 plants located across the sunflower seed belt in Ukraine.
- 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.



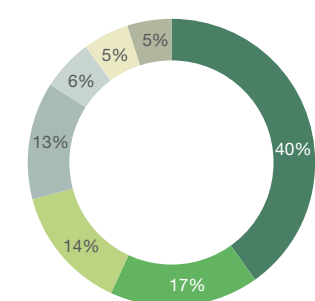
Sunflower seed industrial crushing capacity in Ukraine, FY2015



Kernel
Creativ
Vioil
MHP
Optimus
Other

Source: Kernel.

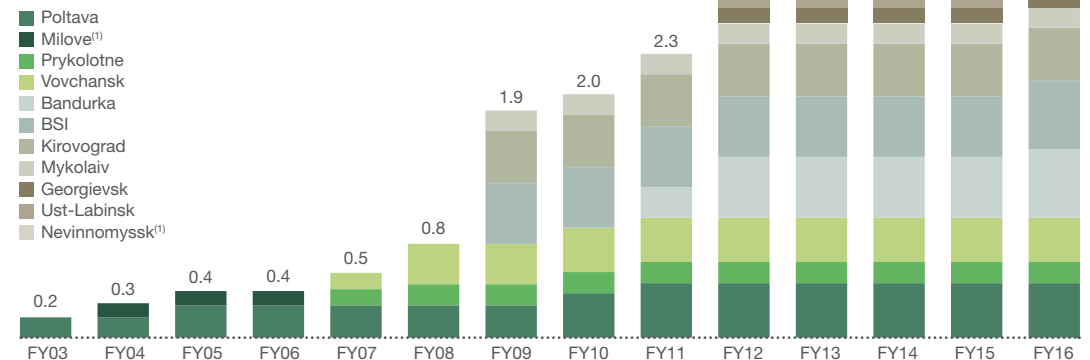
Kernel's sunflower oil export by destination (FY2015)



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. In February 2016, Kernel announced acquisition of 560,000 tons oilseed crushing plant in Ukraine. In April 2016, Kernel announced divestment of its two oilseed crushing facilities in Russia.
Source: Kernel.

Sunflower oil in FY2015

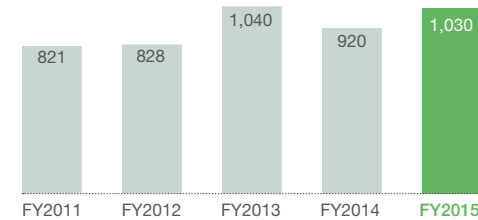
Sunflower oil sold in bulk

- 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.

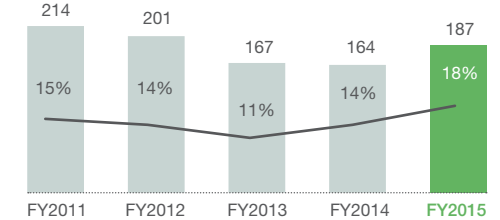
Bottled sunflower oil

- 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.

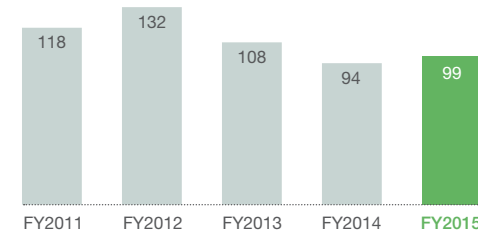
Sunflower oil sold in bulk
(thousand tons)



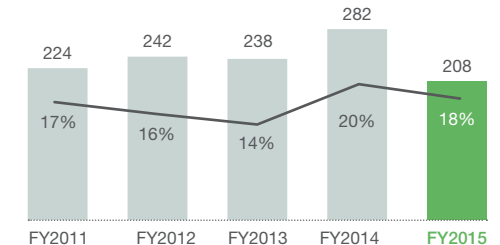
Sunflower oil sold in bulk EBITDA
(USD/ton, %)



Sunflower oil sold bottled
(million liters)



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



Source: Kernel.

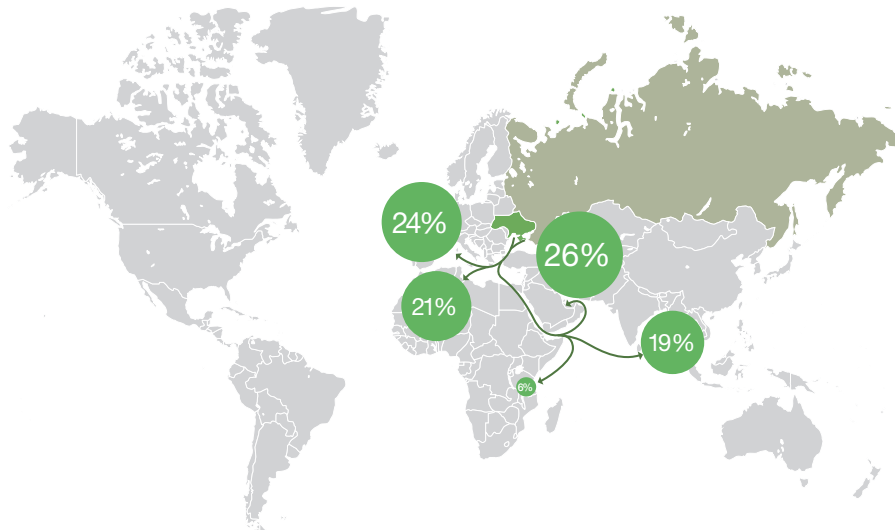
Grain and Infrastructure



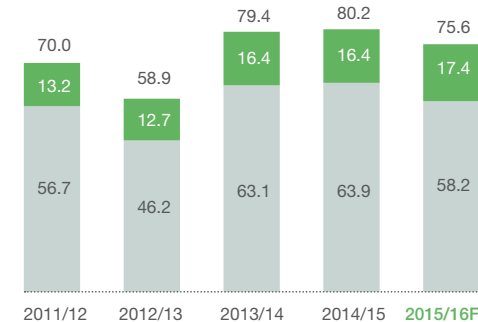
Our business model

- › 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)



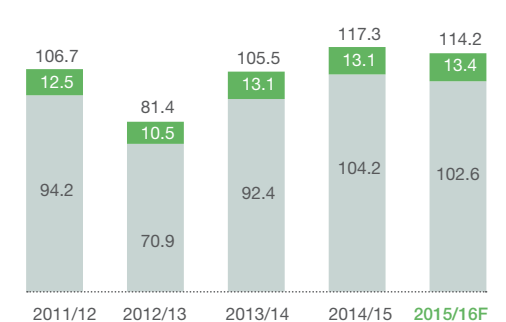
Ukraine's grain and oilseed production
(million tons)



Oilseeds
Grains

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

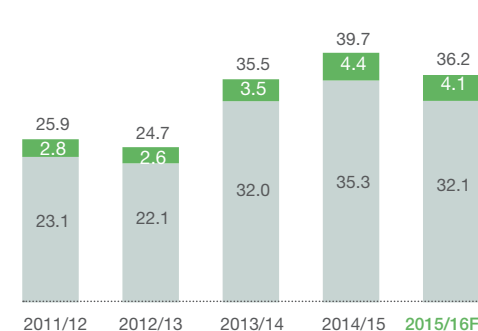
Russia's grain and oilseed production
(million tons)



Oilseeds
Grains

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

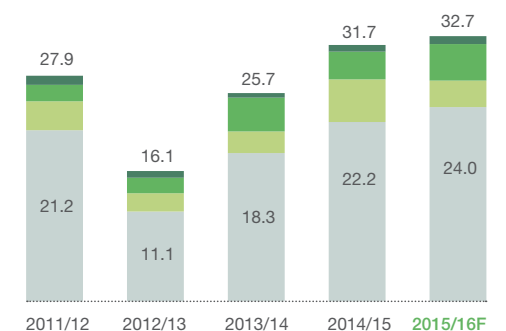
Ukraine's grain and oilseed exports
(million tons)



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.

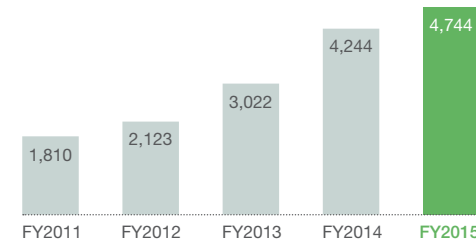
Silo services:

- 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.

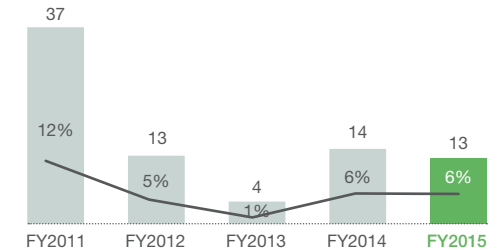
Export terminals:

- 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 23% 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.

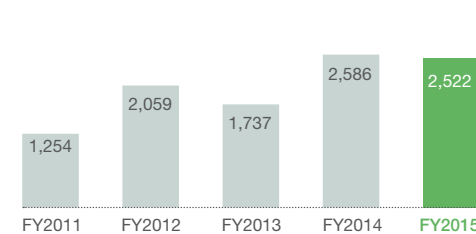
Grain sales
(thousand tons)



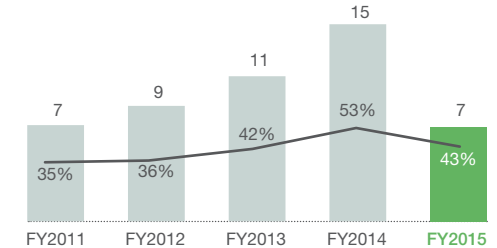
Grain segment's EBITDA
(USD/ton, %)



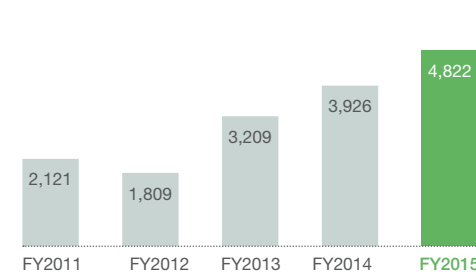
Grain received in inland silos
(million tons)



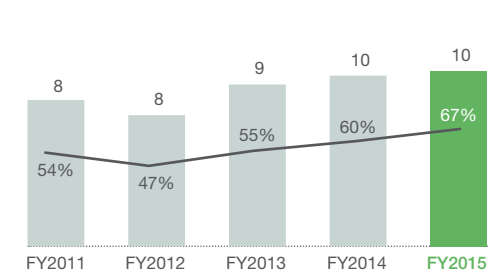
Silo services EBITDA
(USD/ton, %)



Export terminal throughput
(million tons)



Export terminal EBITDA
(USD/ton, %)



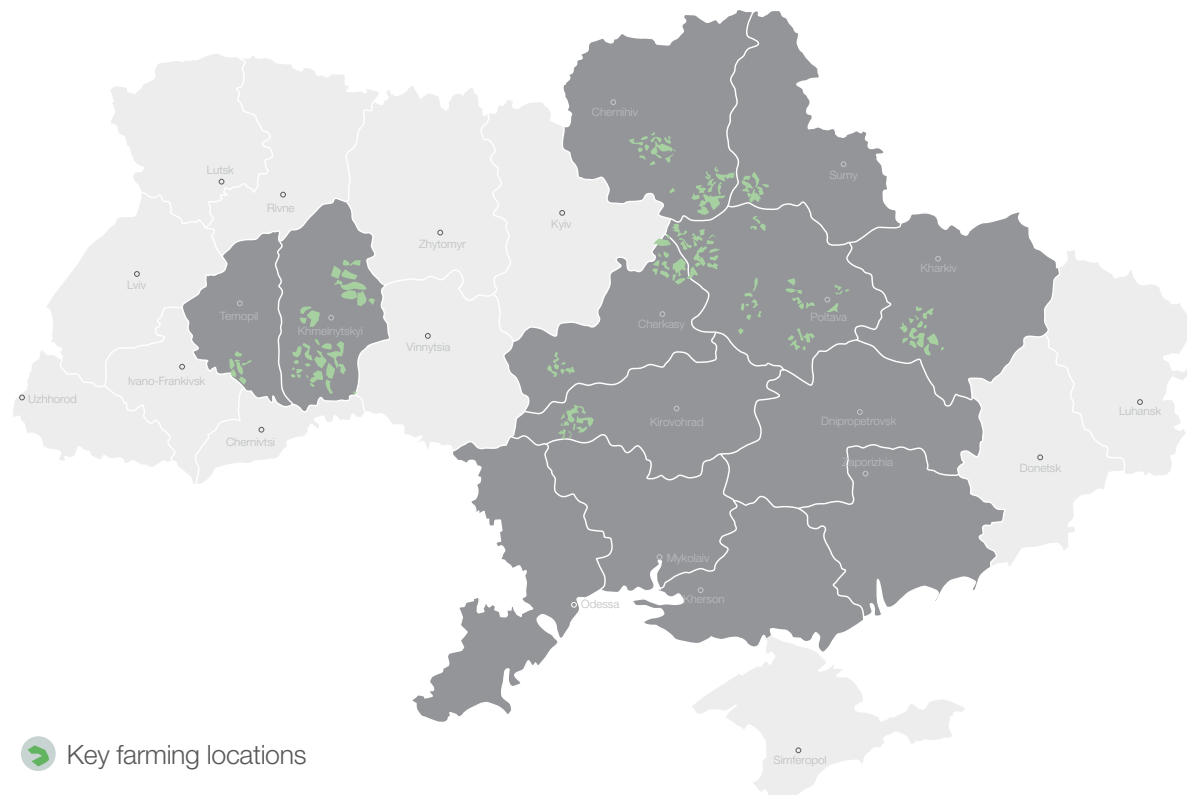
Source: Kernel.

Farming

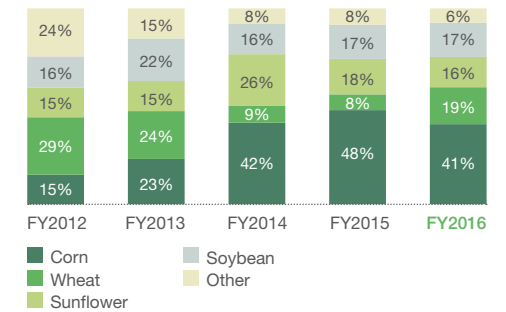


Our business model

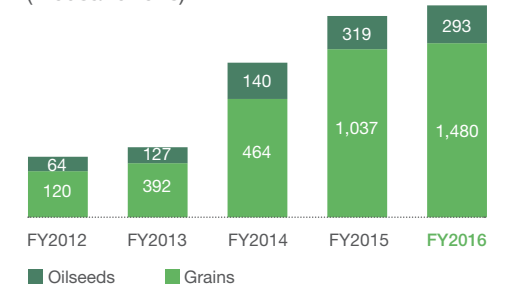
- › Large-scale crop production on 390,000 hectares of leasehold farmland in Ukraine.
- › A crop mix based on four crops allows us to focus on profits and technology while keeping sufficient flexibility.
- › We utilize modern large-scale machinery, sustainable agronomic practices, and a cluster management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



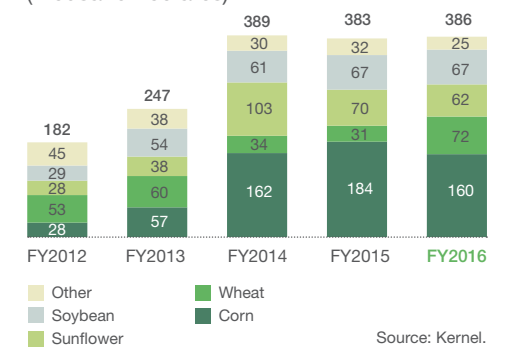
Kernel's farmed acreage crop mix



Kernel's crop production
(thousand tons)



Acreage harvested by crop
(thousand hectares)



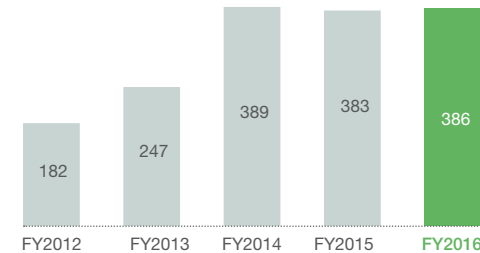
Source: Kernel.

Farming in FY2015

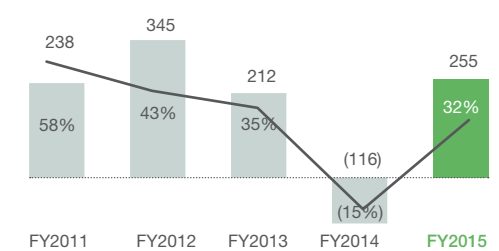
Farming:

- 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.

Acreage harvested
(thousand hectares)



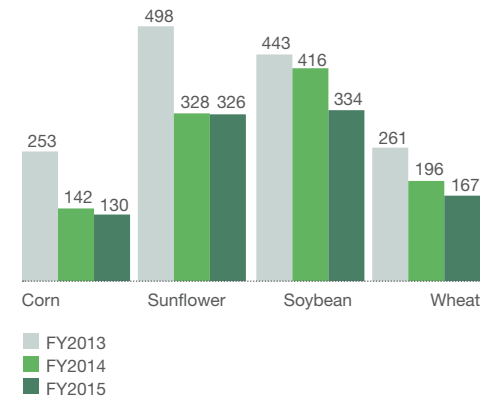
Farming segment EBITDA
(USD/hectare, %)



Key market trends:

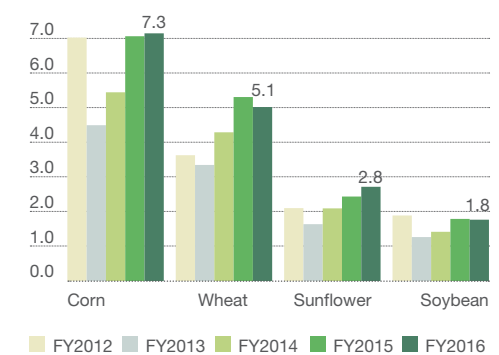
- The second consecutive year of strong global grain production resulted in a further decrease in international grain prices in 2014/15, which was translated into domestic prices in Ukraine. In addition, the robust global soybean harvest pushed down soybean prices in Ukraine.
- While in 2015/16 global 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.

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



Source: Kernel.

Crop yields,
(tons per hectare, net)



Crop production cycle in Ukraine



Source: Kernel.

Financials



Balance sheet

Balance sheet highlights

USD million	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	31 Mar 2016
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	137.1
Net trade accounts receivable	9.1	9.8	48.7	32.4	65.5	111.6	146.4	150.8	99.8	56.1	138.0
Inventory	32.3	40.2	144.7	99.1	147.8	183.7	410.2	270.2	299.5	158.8	271.4
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	180.9
Biological assets	3.4	9.7	42.4	18.9	26.1	96.0	153.3	247.0	182.8	146.6	23.9
Other currents assets	16.8	31.1	53.0	98.7	299.8	302.6	326.0	343.3	225.0	168.0	233.7
Net property, plant & equipment	72.5	127.9	231.6	221.8	379.0	502.8	728.4	763.3	643.5	535.2	552.0
Other non-current assets	15.4	31.2	146.7	99.6	147.0	260.1	269.6	508.2	403.0	271.9	233.6
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	1,465.6	1,589.7
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	507.0
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	362.7
Long-term liabilities	73.8	130.6	130.1	147.2	167.7	180.3	459.5	309.3	301.0	116.7	128.7
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	77.8
Total liabilities	108.3	189.8	315.2	342.2	519.9	575.3	905.7	1,009.4	888.3	574.8	635.7
Total equity	47.6	77.8	440.4	357.5	604.9	997.3	1,210.7	1,352.3	1,030.7	890.8	954.0

Net debt and credit metrics

USD million except ratios	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	31 Mar 2016
Gross interest-bearing debt	93.3	164.3	224.8	292.6	345.1	422.0	698.3	734.1	749.4	468.5	440.5
Net interest-bearing debt	87.0	139.1	136.2	163.3	285.6	306.1	615.8	655.3	684.0	339.4	303.4
Readily marketable inventories	29.3	38.1	138.6	94.9	142.9	172.7	385.1	175.1	243.4	140.1	180.9
Adjusted net financial debt	57.7	101.0	(2.4)	68.4	142.7	133.4	230.7	480.2	440.6	199.3	122.5
Net debt / EBITDA	5.1x	3.0x	1.1x	0.9x	1.5x	1.0x	1.9x	2.3x	3.1x	0.9x	0.8x
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	6.2x

Note: Our financial year ends 30 June. Source: Consolidated audited accounts for 12-months periods ending 30 June 2006 to 2015, unaudited accounts for the 3 months ended 31 March 2016.

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.

Note: Our financial year ends 30 June.

Source: Consolidated audited accounts for 12-months periods ending 30 June 2006 to 2015.

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Investor calendar

- Q4 FY2016 Operations Update **20 July 2016**
- FY2016 Annual Report **24 October 2016**

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