

KERNEL

Q1 FY2017

RESULTS



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Q1 FY2017 highlights

Key highlights:

- Revenues remained marginally flat, up 2% to USD 384.1 million in Q1 FY2017 stemming from y-o-y increase in sales volumes and lower international agricultural prices.
- EBITDA stood at USD 72.4 million, up 31% y-o-y, as a result of a higher contribution from our infrastructure and farming divisions and weaker performance in sunflower oil business.
- Net profit attributable to equity holders of Kernel Holding S.A. came to USD 62.9 million in Q1 FY2017, up 2.6x y-o-y, owing to higher operating profit and the foreign exchange gain on intercompany transactions and borrowings.
- Sunflower oil business weak performance in Q1 FY2017 was within expectations. Revenues stood at USD 175.6 million compared to USD 190.4 a year ago stemming from decrease in selling prices, partially offset by increase in sales volumes. EBITDA contribution declined to USD 12.6 million, down 52% y-o-y, due to poor availability of sunflower seeds in the market in May-June 2016, which translated into expensive carry over stock.
- Grain business continued to set records in Q1 FY2017 with 1.2 million tons of grain exports, up 27% y-o-y, as we accumulated a presold stock at year ended 30 June 2016. Consequently, the gain and infrastructure segment's EBITDA contribution was USD 21.9 million, up 4% y-o-y.
- The farming segment's EBITDA was up 3x y-o-y to USD 77.7 million in Q1 FY2017, stemming from further improvements in farming technology, USD 33.4 million of gain, attributable to revaluation of our crops in fields and agricultural produce at the moment of harvest as a result of a double digit growth in yields, and USD 30.8 million of unrealized profits, arisen upon intragroup sales of agricultural products, which remained unsold to the third parties as of the end of the reporting period.
- Net debt decreased by 16% y-o-y, to USD 326.2 million as of 30 September 2016, as we used strong cash flow generation in the course of FY2016 to strengthen our balance sheet.

Q1 FY2017

Kernel at
a glance

Sunflower
Oil

Grain and
Infrastructure

Farming

Financials &
Outlook

USD million except ratios and EPS

Q1 FY2017

Q1 FY2016

y-o-y

P&L highlights

Revenue	384.1	377.7	1.7%
EBITDA ⁽¹⁾	72.4	55.1	31.4%
Net profit attributable to equity holders of Kernel Holding S.A.	62.9	23.9	2.6x
EBITDA margin	18.9%	14.6%	4.3pp
Net margin	16.4%	6.3%	10.1pp
EPS ⁽²⁾ , USD	0.79	0.30	

Cash flow highlights

Operating profit before working capital changes	41.4	57.8	(28.40%)
Change in working capital	(54.4)	(74.2)	(26.70%)
Cash generated used in operations	(13.0)	(16.4)	(20.7%)
Net cash used in operating activities	(29.7)	(29.5)	0.70%
Net cash used in investing activities	(12.9)	(18.3)	(29.5%)

Liquidity position and credit metrics

Net interest-bearing debt	326.2	386.8	(15.7%)
Readily marketable inventories	402.2	275.3	46.1%
Adjusted net debt ⁽³⁾	(76.0)	111.5	n/m
Shareholders' equity	1,028.5	894.4	15.0%
Net debt/EBITDA ⁽⁴⁾	0.9x	1.0x	(0.1x)
Adjusted net debt/EBITDA	(0.2x)	0.3x	n/m
EBITDA/Interest ⁽⁵⁾	6.4x	6.1x	0.3x

Note: Differences are possible due to rounding.

(1) Hereinafter, EBITDA is calculated as the sum of profit from operating activities plus amortization and depreciation. Q1 FY2016 excludes adjustment for discontinued operations.

(2) EPS is measured in US Dollars per share based on 79.7 million shares for Q1 FY2017 and Q1 FY2016.

(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 financial costs.

Sunflower oil in Q1 FY2017

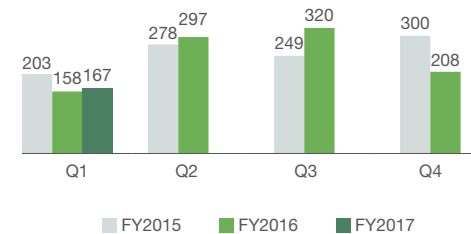
Sunflower oil sold in bulk segment

- Lower market-wide availability of sunflower seeds at the end of the previous marketing season resulted in 33% y-o-y decline in crushing volumes during Q1 FY2017. As a consequence, sizable sunflower oil stock brought forward has led only to a marginal 6% y-o-y increase in sunflower oil sales during Q1 FY2017.
- In Q1 FY2017, segment's revenues stood at USD 152.2 million, down 10% y-o-y, stemming from weaker international sunflower oil prices and negligible increase in sales volumes. The crushing margins amounted to USD 63.4 per ton of bulk oil in Q1 FY2017, lower than levels seen in previous year, as the crushing business in Ukraine experienced a greater imbalance between supply and demand of sunflower seeds towards the end of the marketing season 2016, resulting in accumulation of expensive carried-over stock.
- Consequently, the segment's EBITDA came to USD 10.6 million in Q1 FY2017, compared to USD 22.5 million a year ago.

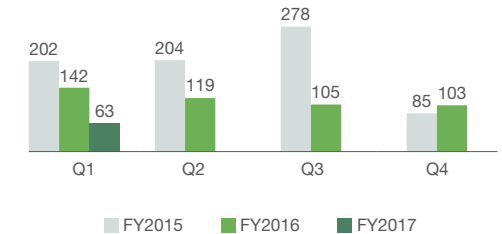
Bottled sunflower oil

- Bottled oils sales amounted to 21.3 million liters in Q1 FY2017, up 21% y-o-y, as we increased our export sales. On higher export sales, the segment's revenues increased to USD 23.3 million, as compared to USD 20.5 million a year ago.
- The bottled oil segment's margins stood at USD 91.6 per ton, lower 52% y-o-y, mirroring the performance of sunflower oil sold in bulk.
- Total EBITDA contribution amounted to USD 2.0 million in Q1 FY2017, as compared to USD 3.4 million during previous year.

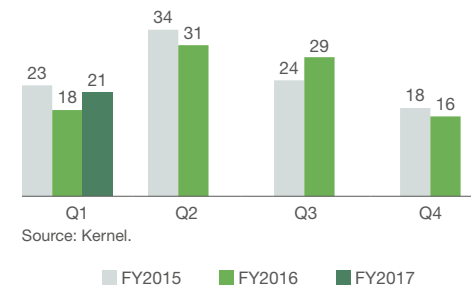
Sunflower oil sales in bulk
(thousand tons)



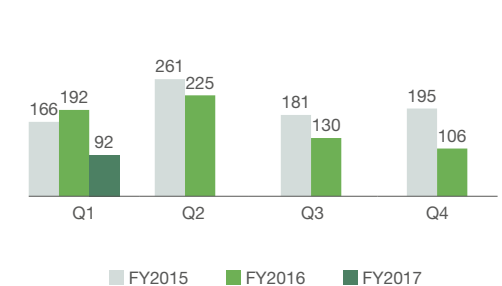
Sunflower sold in bulk EBITDA
(USD per ton)



Bottled sunflower oil
(million liters)



Bottled sunflower oil EBITDA
(USD per thousand liters)



Grain and infrastructure in Q1 FY2017

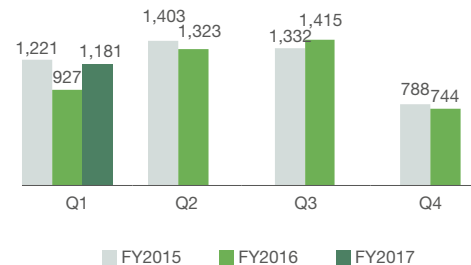
Grain marketing

- Grain sales increased 27% y-o-y to 1,181 thousand tons in Q1 FY2017 stemming from strong crop production in Ukraine and Russia together with sizable brought forward stock. A combination of larger export volumes and lower selling prices resulted into 13% y-o-y increase in the segment's revenues.
- The grain segment's EBITDA margin stood at 2% in Q1 FY2017, as compared to 6% a year ago. The decline stemmed from farmers' reluctance to sell their crops and accumulation of expensive, end-of-the-marketing-season carried-over stock (corn, wheat and barley) to meet the demand for Q1 FY2017 contracted volumes.
- As a consequence, grain exports contribution stood at USD 4.3 million in Q1 FY2017, compared to USD 10.4 million during previous year.

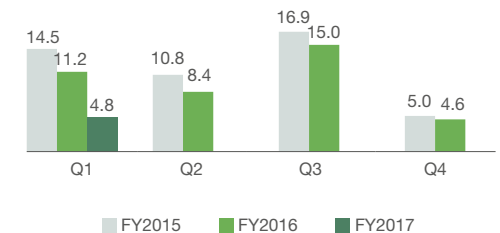
Export terminals and silo services

- Export terminal segment's throughput increased 19% y-o-y to 1,394 thousand tons in Q1 FY2017, a record volume for the first quarter, fueled by an increase in grain and sunflower meal exports. In addition, the segment's EBITDA margin posted another record of USD 11.4 per ton in Q1 FY2017, up 24% y-o-y, driven by a decrease in operating costs.
- As a result, the export terminals' total EBITDA came to USD 10.5 million in Q1 FY2017, experiencing a two-fold increase as compared to a year ago. The net contribution from the Taman joint venture amounted to a loss of USD 1.2 million as opposed to a gain of USD 1.3 million a year ago.
- The silo services segment's revenues increased 24% to USD 10.5 million in Q1 FY2017, owing to larger production of our farming division. As a result, the segment's total EBITDA contribution amounted to USD 7.1 million, up 39% y-o-y.

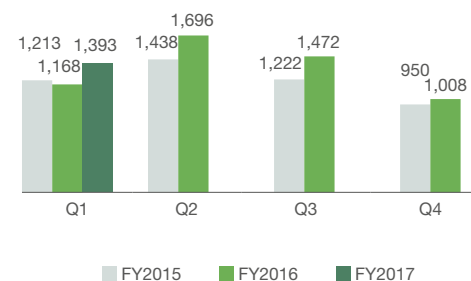
Grain exports
(thousand tons)



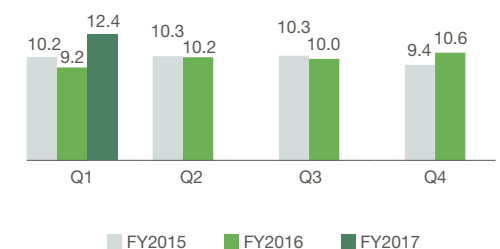
Grain exports EBITDA
(USD per ton)



Export terminals throughput
(thousand tons)



Export terminals throughput EBITDA
(USD per ton)

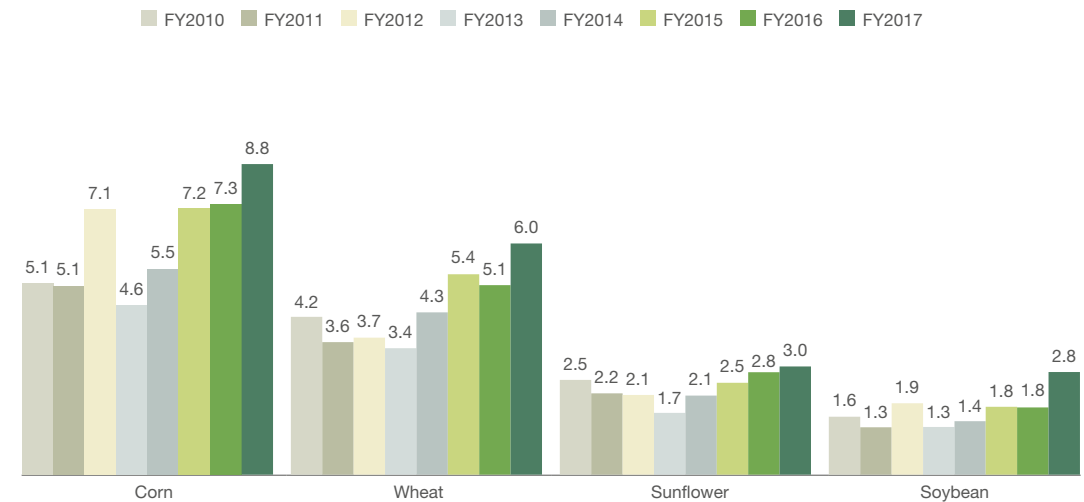


Farming in Q1 FY2017

Farming

- At the date of this report publication, 90% acreage harvesting for FY2017 was completed, with double-digit percentage growth of crop yields thanks to improved crop cultivation technology and overall favorable weather conditions. Consequently, the total grain and oilseed harvest is expected to increase by 14% y-o-y to 2,130 thousand tons in FY2017.
- As a result, during Q1 FY2017 our farming division posted record revenues of USD 146 million, 2.6x increase y-o-y, with EBITDA at USD 77.7 million compared to USD 22.6 million a year ago.
- Overall, FY2017 crop yields show at least 27% premium to Ukraine's average crop yields.

Net crop yields
(tons per hectare)



Harvest update

	Acreage, thousand hectares			Net crop yield ⁽¹⁾ , tons/hectare			Net tonnage ⁽¹⁾ , thousand tons		
	FY2017	FY2016	y-o-y	FY2017	FY2016	y-o-y	FY2017	FY2016	y-o-y
Corn	138.3	160.7	(13.9%)	8.8	7.3	20.5%	1,223.1	1,173.2	4.3%
Wheat	82.4	72.5	13.7%	6.0	5.1	17.6%	492.7	368.6	33.6%
Sunflower	81.4	62.0	31.3%	3.0	2.8	7.1%	244.8	170.7	43.4%
Soybean	58.2	66.9	(13.0%)	2.8	1.8	55.6%	161.0	120.1	34.0%
Rapeseed	2.6	9.6	(72.9%)	3.4	4.4	(22.7%)	8.9	41.8	(78.8%)
Other ⁽²⁾	17.8	14.2	25.4%						
Total	380.8	385.9	(1.3%)				2,130.5	1,874.4	13.8%

Note: Differences are possible due to rounding.

(1) Net crop yields are based on 84% 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, excl. land left fallow for crop rotation purposes.

Q1 FY2017 segment results

	Revenue, USD million			EBITDA, USD million			EBITDA margin, %		Volumes, thousand tons		
	Q1 FY2017	Q1 FY2016	y-o-y	Q1 FY2017	Q1 FY2016	y-o-y	Q1 FY2017	Q1 FY2016	Q1 FY2017	Q1 FY2016	y-o-y
Sunflower oil											
Sunflower oil sold in bulk	152.2	169.9	(10.4%)	10.6	22.5	(52.9%)	7.0%	13.3%	167.3	158.2	5.8%
Bottled sunflower oil	23.3	20.5	13.7%	2.0	3.4	(41.2%)	8.4%	16.6%	21.3	17.7	20.3%
Grain and infrastructure											
Grain	199.7	176.3	13.3%	4.3	10.4	(58.7%)	2.2%	5.9%	1,180.9	927.4	27.3%
Export terminals	12.4	9.2	34.8%	10.5	5.5	1.9x	84.3%	59.6%	1,393.5	1,167.7	19.3%
Silo services	10.5	8.5	23.5%	7.1	5.1	38.9%	67.6%	60.4%			
Farming											
Farming	146.4	56.2	2.6x	77.7	22.6	3.4x	53.1%	40.3%			
Unallocated corporate expenses				(9.0)	(7.8)	1.2x					
Reconciliation	(160.6)	(62.8)	2.6x	(30.8)	(6.7)	4.6x					
Total	384.1	377.7	1.7%	72.4	55.1	31.4%	18.9%	14.6%			

Note: Differences are possible due to rounding. Segment revenue includes intersegment sales reflected in the item "Reconciliation". Segment EBITDA includes unrealized profit, arisen upon intragroup sales of agricultural products by the farming segment, which remained unsold to the third parties as of the end of the reporting period. Q1 FY2016 EBITDA excludes adjustment for discontinued operations.

(1) Million liters.

(2) Including 473,779 tons transshipped through the Taman port in Q1 FY2017 and 572,875 tons in Q1 FY2016 (Kernel's share in the joint venture).

Q1 FY2017 balance sheet

Balance sheet highlights

USD million	30 Sep 2016	30 Jun 2016	30 Sep 2015
Invested Capital			
Cash & cash equivalents	93.3	60.4	76.1
Net trade accounts receivable	41.8	75.2	57.9
Inventory	448.3	200.2	340.1
of which: readily marketable inventories	402.2	183.7	275.3
Biological assets	91.6	190.3	62.9
Other currents assets	192.5	194.4	169.5
Net property, plant & equipment	532.8	538.7	526.6
Other non-current assets	252.1	250.2	255.1
Total assets	1,652.4	1,509.4	1,488.3
Financed by			
Short-term liabilities	497.6	373.3	489.2
of which: interest-bearing debt	352.3	254.5	380.3
Long-term liabilities	124.7	139.0	104.1
of which: long-term interest bearing debt	67.2	84.1	82.6
Total liabilities	622.2	512.3	593.3
Total equity	1,030.2	997.1	895.0

Credit metrics highlights

USD million except ratios	30 Sep 2016	30 Jun 2016	30 Sep 2015
Gross interest-bearing debt	419.5	338.6	463.0
Net interest-bearing debt	326.2	278.2	386.8
Readily marketable inventories	402.2	183.7	275.3
Adjusted net financial debt	(76.1)	94.5	111.6
Net debt / EBITDA	0.9x	0.8x	1.0x
Adjusted net debt / EBITDA	(0.2x)	0.3x	0.3x
EBITDA / Interest	6.4x	3.7x	6.1x

Note: Differences are possible due to rounding.

Q1 FY2017 P&L and Cash flows

P&L highlights

USD million except ratios and EPS

	Q1 FY2017	Q1 FY2016	y-o-y
Revenue	384.1	377.7	1.7%
Net IAS 41 gain	33.4	2.1	15.8x
Gross profit	95.7	74.1	27.7%
EBITDA⁽¹⁾	72.4	55.1	31.4%
EBIT	58.5	40.9	43.1%
Net financial costs	(11.2)	(10.3)	8.5%
Net profit⁽²⁾	62.9	23.9	2.6x
Gross margin	24.6%	19.6%	5.0pp
EBITDA margin	18.9%	14.6%	4.3pp
Net margin	16.4%	6.3%	10.1pp
EPS, USD	0.79	0.30	

Cash flow highlights

USD million

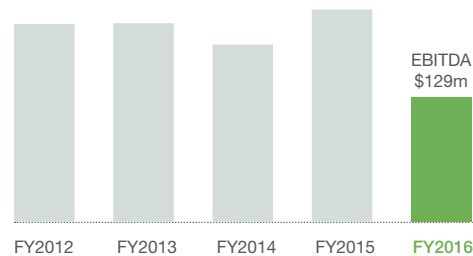
	Q1 FY2017	Q1 FY2016	y-o-y
Operating profit before working capital changes	41.4	57.8	(28.4%)
Changes in working capital	(54.4)	(74.2)	(26.7%)
Cash obtained from/(used in) operations	(13.0)	(16.4)	(20.7%)
Finance costs paid	(13.9)	(11.1)	25.1%
Income tax paid	(2.9)	(2.1)	38.6%
Net cash obtained from/(used in) operating activities	(29.7)	(29.5)	0.7%
Net PPE disposals/(purchases)	(17.0)	(17.7)	(3.8%)
Sales/(Purchase) of intangible and other non-current assets	(0.2)	(0.6)	(69.8%)
Acquisition of subsidiaries and purchase of investment in joint ventures	4.4	-	100.0%
Net cash obtained from/(used in) investing activities	(12.9)	(18.3)	(29.8%)
Net cash obtained from/(used in) investing & operating activities	(42.6)	(47.9)	(11.0%)

(1) Q1 FY2016 EBITDA does not include adjustment for discontinued operations.

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

Kernel at a glance

Sunflower oil

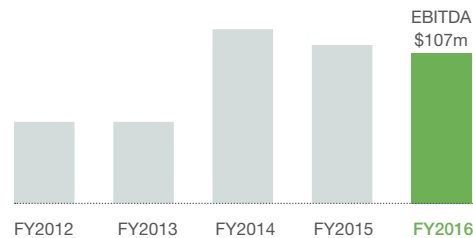


- #1 sunflower oil producer and exporter in Ukraine.
- 3.5 million tons/year sunflower seed crushing capacity.
- #1 bottled sunflower oil producer and marketer in Ukraine with 30% market share.

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

Grain and infrastructure

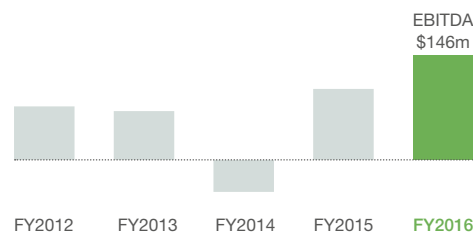


- Leading grain originator and marketer with ca.12% of Ukraine's total grain exports.
- #3 grain exporter from Russia.
- 3 export terminals in Ukraine and Russia with a total annual capacity to transship 6 million tons.
- #1 inland grain silo network with 2.8 million tons of storage capacity in Ukraine.

Market data as of 29 November 2016

Market capitalization	USD 1,210.5 million
Closing price	PLN 63.50 / USD 15.19
Lowest/Highest price for last twelve months	USD 9.83 / 16.71
Average daily turnover, twelve months	117,380 shares / USD 1.6 million

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.
- ca. 90% of output goes through our grain and infrastructure or sunflower oil segments, earning incremental profits.

USD million except ratios and EPS	FY2016	FY2015	FY2014
Revenue	1,988.5	2,329.5	2,393.3
EBITDA	346.4	396.6	223.0
Net profit/(loss) ⁽¹⁾	225.2	106.9	(98.3)
EBITDA margin	17.4%	17.0%	9.3%
Net margin	11.3%	4.6%	(4.1%)
EPS, USD	2.83	1.34	(1.23)

Note: Hereinafter, segment EBITDA is presented prior to certain unallocated G&A costs and net of discontinued operations from sugar and assets held for sale.

Source: Bloomberg, Kernel.

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

Kernel's key milestones and shareholder overview

Began with asset-light crop export platform, dealing with origination, transport and final sale of Ukrainian crops

Acquired the oil brand Schedry Dar, together with crushing, refining and bottling facilities in Eastern Ukraine

Listed on the Warsaw Stock Exchange on November 23, raising USD 161 mln of primary proceeds

Extended oilseed crushing capacity in Ukraine by concluding 230,000t crushing tolling agreement

Entered the Russian market by acquiring Russian Oils. Acquired farming companies Ukrros and Enselco, expanding farming, storage and sugar production capacity. Issued USD 140 mln of primary equity

Exited highly volatile and local currency-exposed sugar business, divesting two sugar plants in Ukraine for USD 100 mln

Acquired oilseed crushing plant in Kirovograd region in Ukraine, adding 560,000t of capacity

1995 >

2002 >

2004 >

2006 >

2007 >

2008 >

2009 >

2010 >

2011 >

2012 >

2013 >

2014 >

2016 >

Evolved to a processor of agricultural commodities by acquiring a sunflower seed crushing plant in Poltava, Ukraine

Doubled in size by acquiring Evrotek, which substantially grew oil, grain and farming operations

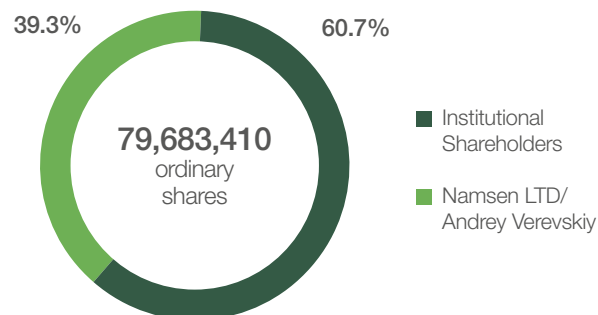
Acquired Transbulk, Ukraine's second largest grain terminal and acquired 50,000ha of prime farmland. Issued USD 84 mln of new equity

Acquired Allseeds' production assets, adding 565,000t of sunflower seed crushing capacity. Issued USD 80 mln of primary equity

Formed a 50-50 JV to acquire a 100% interest in a deep-water grain export terminal in Taman port, Russia. Acquired Black Sea Industries, adding 270,000t of crushing capacity

Launched 200,000t of greenfield silo storage capacity in different regions of Ukraine

Kernel's shareholder structure



Top shareholders:

	Share, %
Nationale nederlanden	6.01%
TFI PZU SA	5.17%
Cascade Investment Fund	5.00%
Aviva OFE	2.75%
Capital Research	2.10%
AXA OFE	2.02%
Dimensional Fund Advisors	2.00%
NN Investment Partners	1.57%
Aegon PTE	1.43%
Other	32.61%

Note: Shareholder data based on FactSet and Stooq.pl as of November 2016.



Kernel operates a fully integrated business model

- 1 Own farming / third party farmers:** 390,000ha of farmland in Ukraine. Kernel produces up to 2.0 mt of grain and oilseed that go through its other business divisions. Third party farmers supply the remaining volume 5.3mt

- 3 Procurement:** Annual procurement of c. 2.5mt of sunflower seeds and c. 3.0mt of grains from c. 5,000 farmers

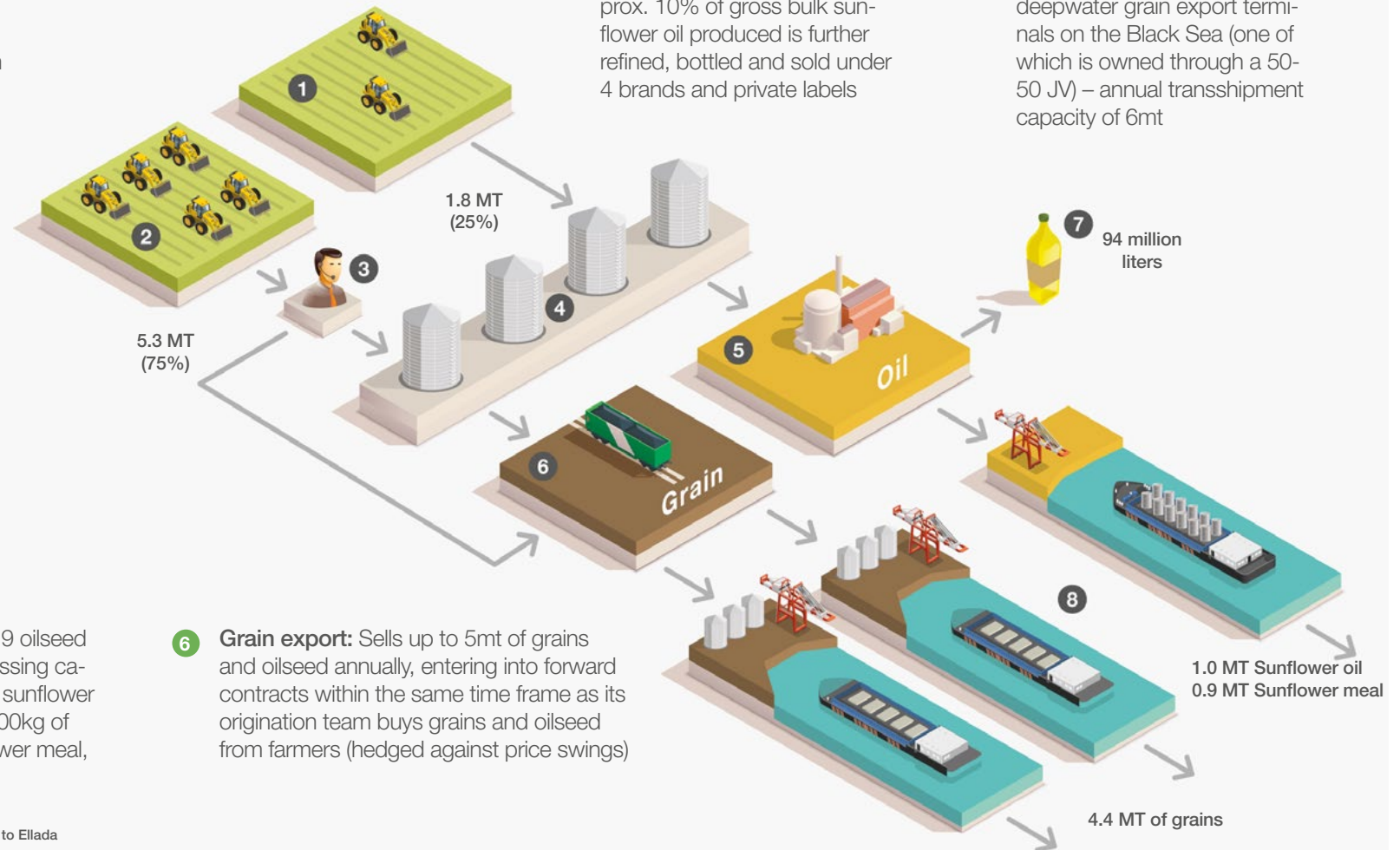
- 4 Silo storage:** Operates 2.8mt of grain silo storage capacity across different regions of Ukraine

- 5 Oilseed processing:** Kernel's 9 oilseed crushing plants⁽¹⁾ have a processing capacity of 3.5mt / year. 1 ton of sunflower oil seeds yields, on average, 400kg of sunflower oil, 390 kg of sunflower meal, and 160kg of oil husks

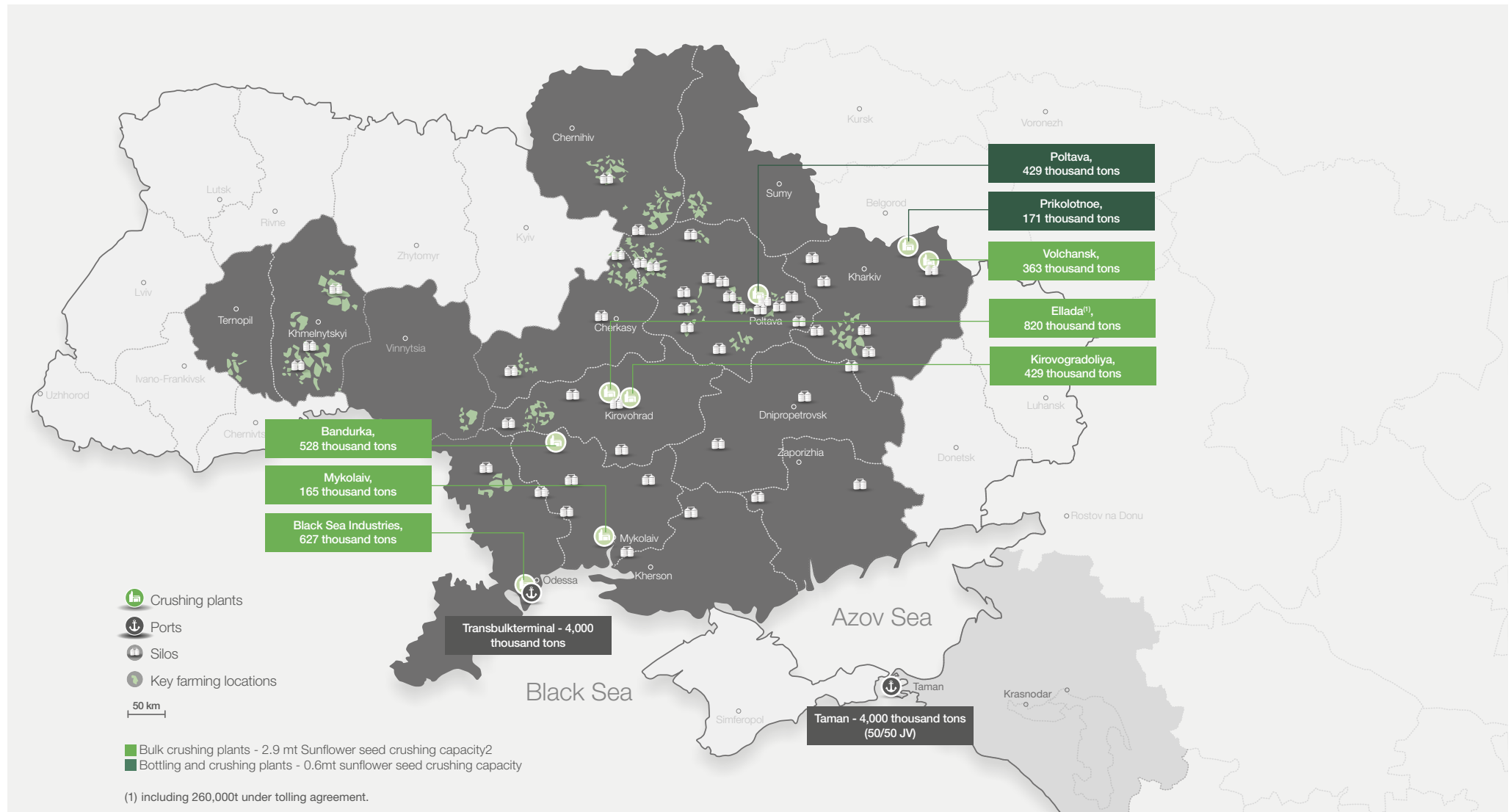
(1) including plant in Kropyvnytskyi adjacent to Ellada

- 7 Bottled sunflower oil:** Approx. 10% of gross bulk sunflower oil produced is further refined, bottled and sold under 4 brands and private labels

- 8 Export terminals:** Operates 2 deepwater grain export terminals on the Black Sea (one of which is owned through a 50-50 JV) – annual transshipment capacity of 6mt

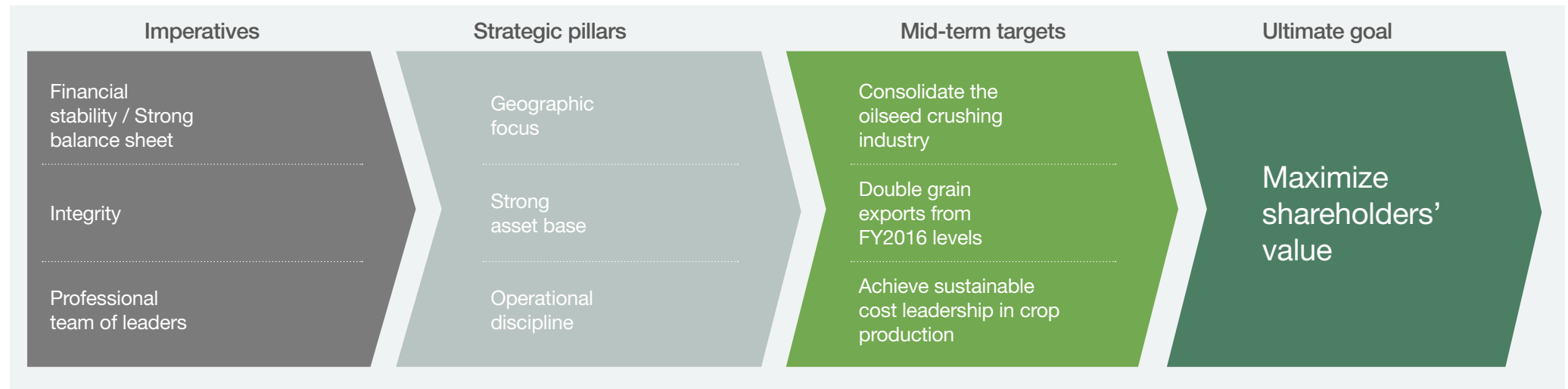


Kernel has a well-invested and strategic asset base representing high barriers to entry



Kernel's mid-term strategy

We aim to profitably double export volumes, providing unique complex solutions to our clients: customers and suppliers, by balanced development of our business segments as a result of efficient use of our asset base, investment in technology and innovation, strategic acquisitions, continuous development of our employees and strengthening of operations.



Mid-term targets in detail:



Sunflower oil

- › Consolidate the oilseed crushing industry in the Black Sea region by acquiring up to 1.5mt of additional crushing capacity in Ukraine



Grain and infrastructure

- › Double grain exports by 2019 through greenfield construction of a 4.0mt deepwater transshipment facility in Ukraine



Farming

- › Optimize silo network for expansion of trading and farming operations
- › Achieve sustainable low-cost crop production through investment in technology and acquisition of leasehold rights for additional 150,000ha of farmland

FY2016 strategy achievements

Sunflower oil

- › Increased crushing capacity through the acquisition of a state-of-the-art 560,000t crushing facility and entered into tolling agreement for additional 260,000t in capacity, while strategically divesting 200,000t of idle capacity

Grain and infrastructure

- › Achieved record 11% growth in volumes of grains transhipped, debottlenecking Transbulk terminal facility and increasing of storage capacity at Taman

Farming

- › Delivered another year of strong profitability, offsetting other segment drawbacks
- › Fully exited from sugar business by divesting remaining idle assets

Sunflower Oil

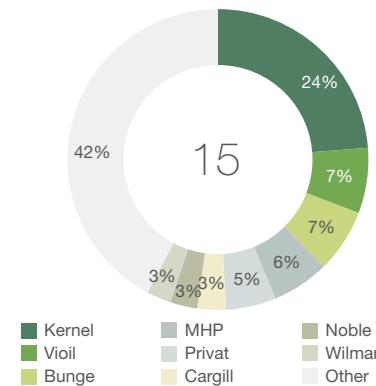


Our business model

- #1 oilseed crusher in Ukraine; total capacity of 3.5 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 several brands and private labels.

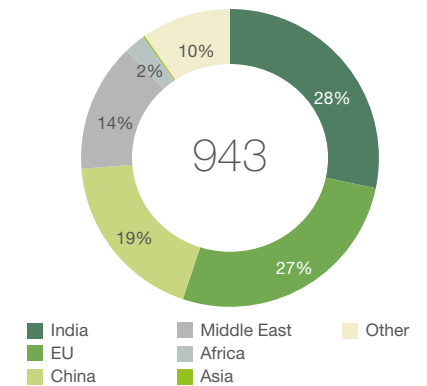


Sunflower seed industrial crushing capacity in Ukraine (million tons)



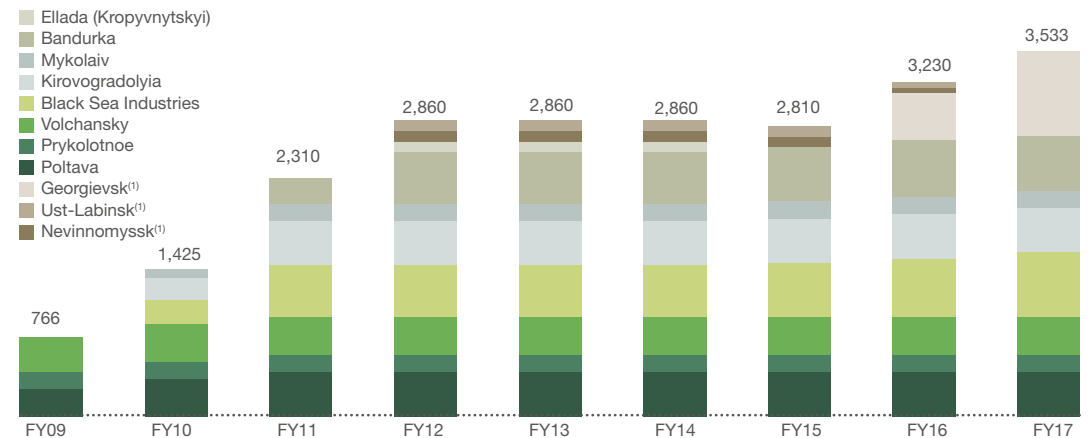
Note: Differences are possible due to rounding.
Source: Kernel.

Sunflower oil sold in bulk exports by destination (thousand tons)



Source: Kernel.

Kernel oilseed crushing capacity (thousand tons per year)



(1) Nevinnomyssk oilseed crushing plant divested in FY2014.
Georgievsk and Ust-Labinsk were divested in April 2016.
Source: Kernel.

Sunflower oil in FY2016

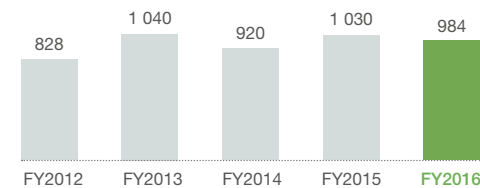
Sunflower oil sold in bulk

- While the supply of sunflower seed recovered to a normalized level in 2015/16, the crushing capacities in Ukraine were underutilized. During the year, the crushing margins experienced a market-wide contraction stemming from an imbalance between supply and demand of sunflower seeds, as new crushing facilities have been commissioned. Hence, our EBITDA margin declined to 11% from 18% a year ago.

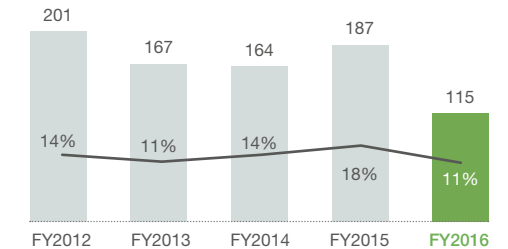
Bottled sunflower oil

- In FY2016, we shifted volumes from domestic to export market with no currency and limited counterparty risks. Therefore, we managed to retain EBITDA margins during the period of intensified competition, thus posting a material premium over bulk oil segment's EBITDA of 11% in FY2016.

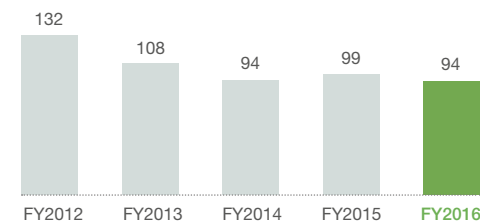
Sunflower oil sold in bulk
(thousand tons)



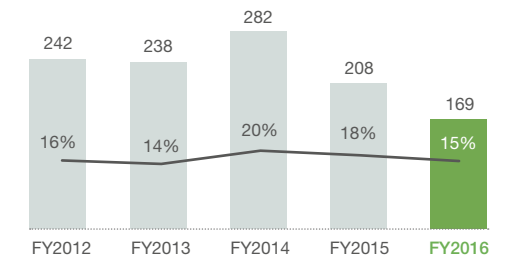
Sunflower oil sold in bulk EBITDA
(USD/ton, %)



Sunflower oil sold bottled
(million liters)



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



Source: Kernel.

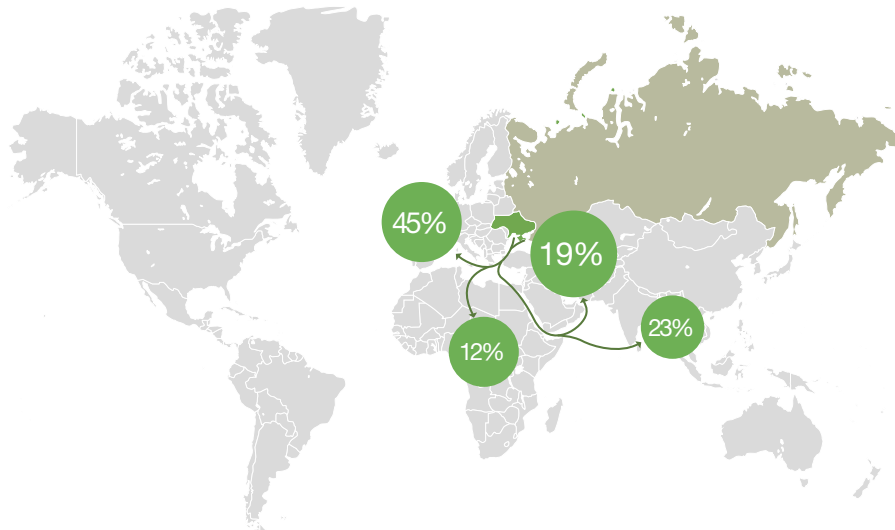
Grain and Infrastructure



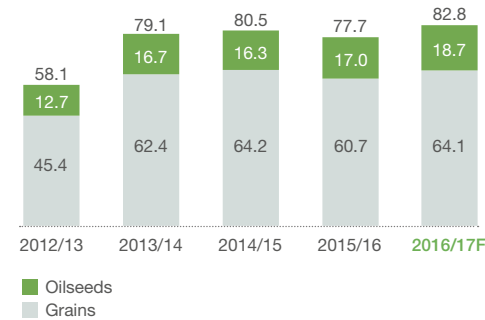
Our business model

- › 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.
- › Two 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
FY2016

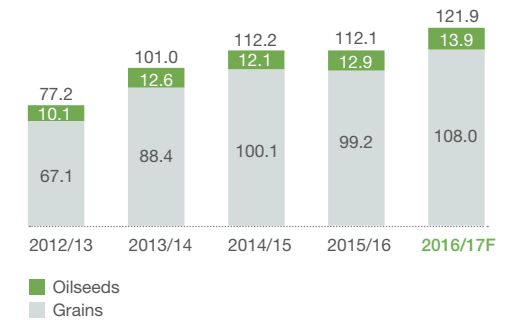


Grain and oilseed production in Ukraine
(million tons)



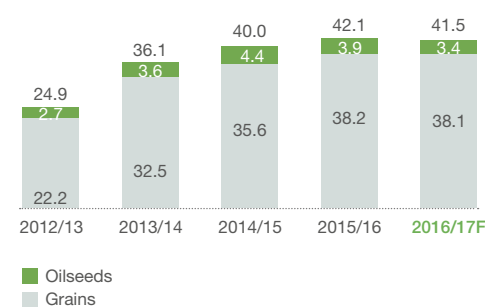
Source: State Statistics Service of Ukraine, APK-Inform forecasts. September 2016.

Grain and oilseed production in Russia
(million tons)



Source: Russian Federation Federal State Statistics Service, APK-Inform forecasts. September 2016.

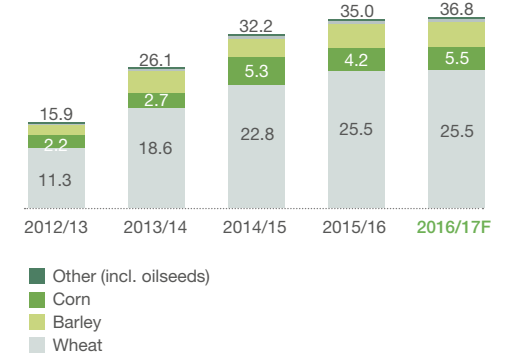
Ukraine's grain and oilseed exports
(million tons)



Source: APK-Inform forecasts. September 2016

Note: Differences are possible due to rounding.

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



Source: APK-Inform forecasts. September 2016

Grain and infrastructure in FY2016

Grain export:

- Grain sales volumes stood at 4.4 million tons, down 7% y-o-y, due to the change in seasonality of grain exports from Ukraine and the accumulation of pre-sold stock to meet stronger demand for deliveries in Q1 FY2017. Weaker grain trading margins of the first half of the season were offset with expanded margins in the second half following the reinstatement of VAT refunds on grain exports on 1 January 2016.

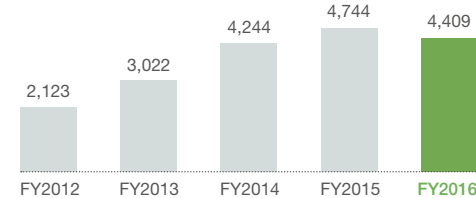
Silo services:

- The silo services segment's performance prospered in FY2016, delivering 2.8 million tons of cumulative grain and oilseed intake at inland silos – a strong 12% y-o-y increase, caused by improving turnover of our storage facilities and streamlining the customer base. At the same time, revenues reached USD 38.2 million, down 10% y-o-y, as drier weather conditions during harvesting resulted in a 10% y-o-y decline in the volume of drying services provided. Overall, the segment's EBITDA contribution surged 28% y-o-y, reaching USD 23.4 million in FY2016.

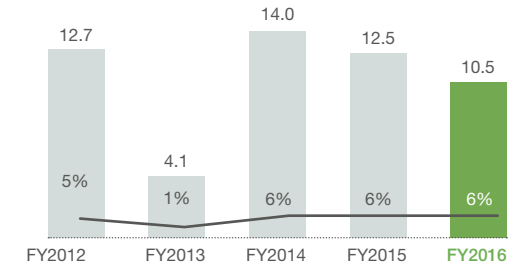
Export terminals:

- Export terminals' performance continued to set records, transshipping 5.3 million tons in FY2016, a healthy 11% y-o-y increase, largely attributable to the de-bottlenecking of our Chornomorsk (formerly Illichevsk) facility and capacity expansion at Taman, our joint venture deepwater grain transshipment terminal in Russia. The overall contribution to consolidated EBITDA of the segment was USD 37.5 million, up 2% y-o-y.

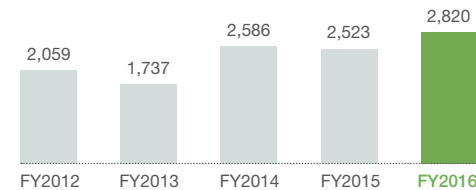
Grain sales
(thousand tons)



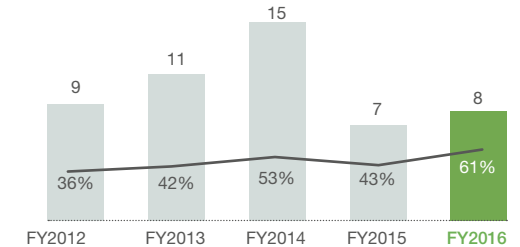
Grain segment's EBITDA
(USD/ton, %)



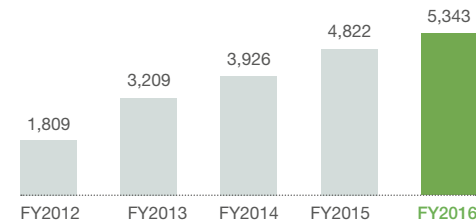
Grain received in inland silos
(million tons)



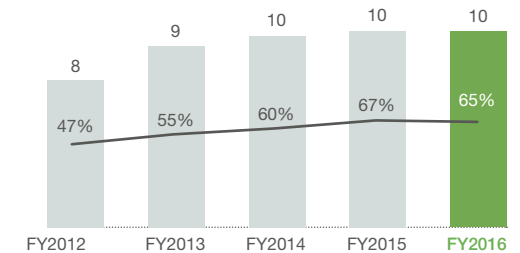
Silo services EBITDA
(USD/ton, %)



Export terminal throughput
(million tons)



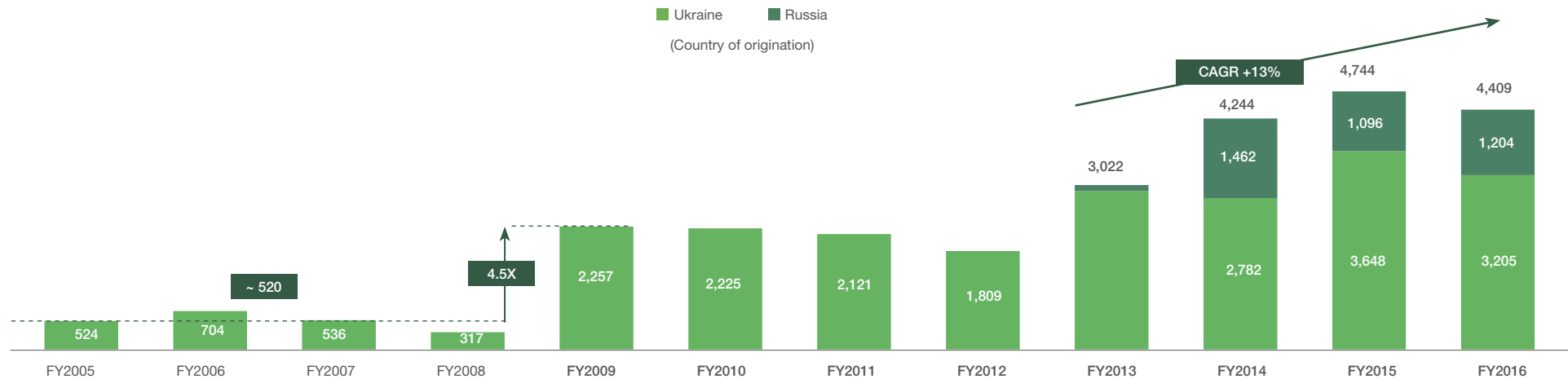
Export terminal EBITDA
(USD/ton, %)



Source: Kernel.

Kernel's infrastructure is a captive origination platform, supporting growing export volumes, 13% CAGR over the past three years

Kernel's grain exports, thousand tons



Acquisition of Transbulkterminal in early FY2009

- Facilitated a rapid transformation of Kernel into one of the largest grain traders in Ukraine
- Raised trading volumes fourfold from typical 0.5 mln tons before acquisition to 2 mln tons by FY2009
- Enabled to benefit from increasing grain exports in Ukraine

Acquisition of interest in Taman in early FY2013

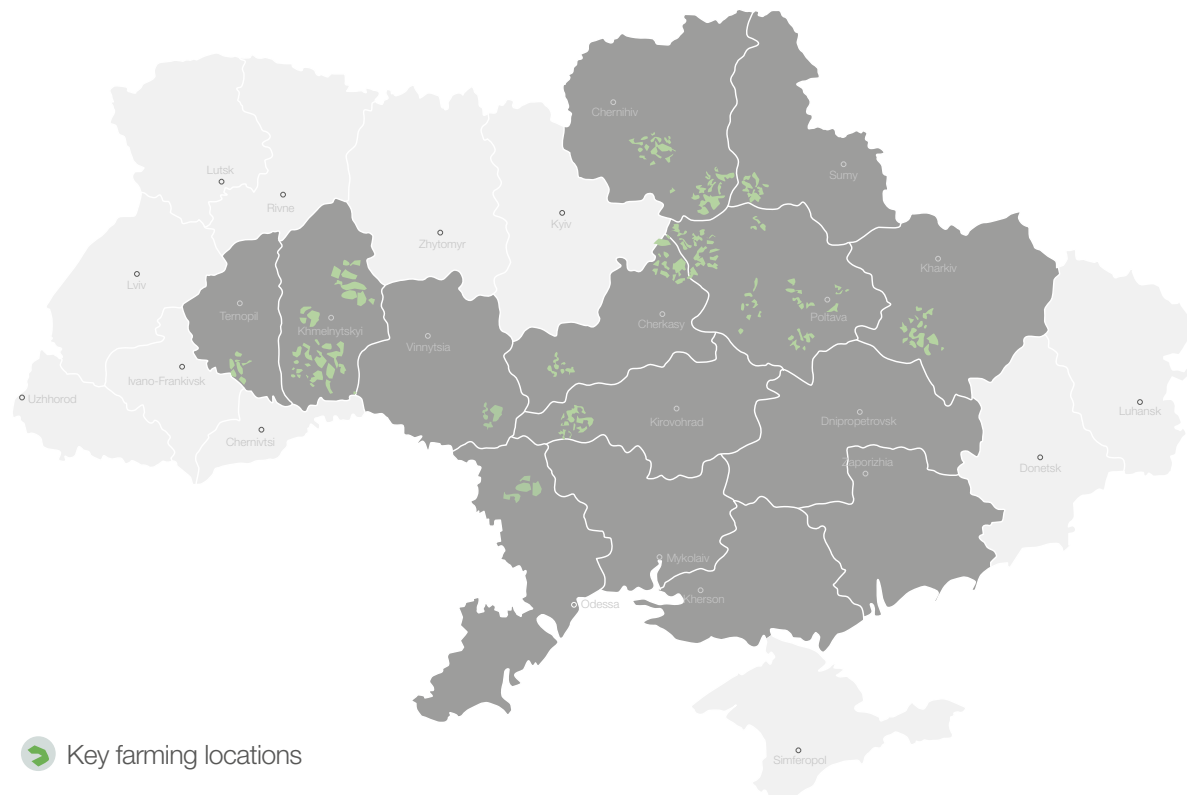
- 50/50 joint venture with Glencore, installed throughput capacity of 3 million tons of grains per annum, further increased to 4 million tons as of FY2017
- Russia is a large global grain exporter with potential to double its grain export in the long term perspective
- A key element in gaining significant and captive market share in Russian grain exports

Farming

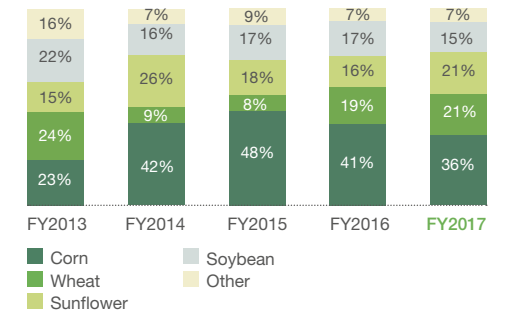


Our business model

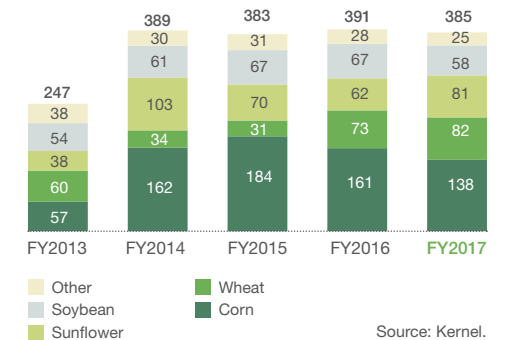
- Large-scale crop production on 390,000 hectares of leasehold farmland in Ukraine.
- A crop mix based on four crops allows us to focus on profits and technology while keeping sufficient flexibility.
- We utilize modern large-scale machinery, sustainable agronomic practices, and a cluster management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



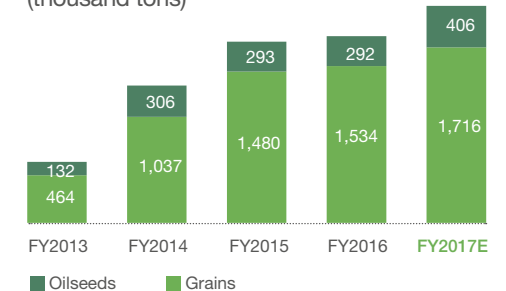
Kernel's farmed acreage crop mix



Acreage harvested by crop
(thousand hectares)



Kernel's crop production
(thousand tons)



Farming in FY2016

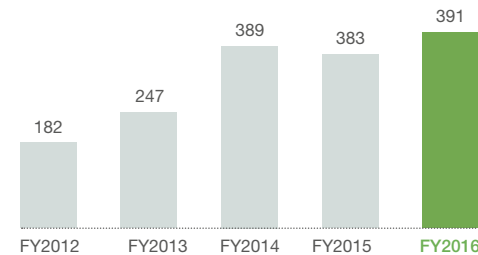
Farming:

- In FY2016, our farming division contributed 38% of the Group EBITDA, thus having another year of stellar performance, as we continued to implement changes of our production technology to deliver growth in crop yields.
- For the second consecutive year, our crop production costs per hectare continue to decline as energy costs and the Ukrainian hryvnia depreciated further. Additionally, reinstatement of VAT refunds on grain exports increased farm gate prices.

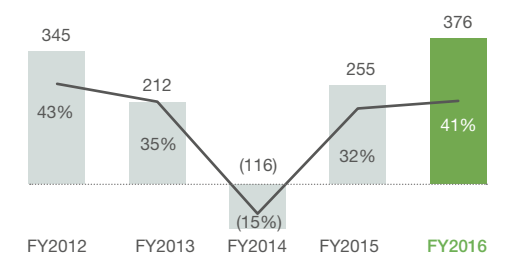
Key market trends in FY2016:

- Continued prevalence of grain production over consumption is expected to keep international prices under pressure.
- Devaluation of currencies in emerging markets reduced the USD denominated cost base of crop production supporting profitability of farmers.
- Changes in tax legislation effective from 1 January 2016 had a net positive contribution to farming earnings.

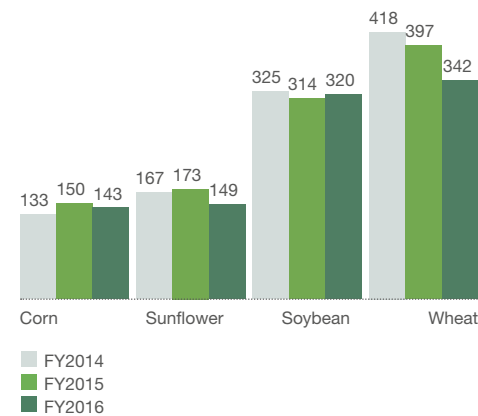
Acreage harvested
(thousand hectares)



Farming segment EBITDA
(USD/hectare, %)

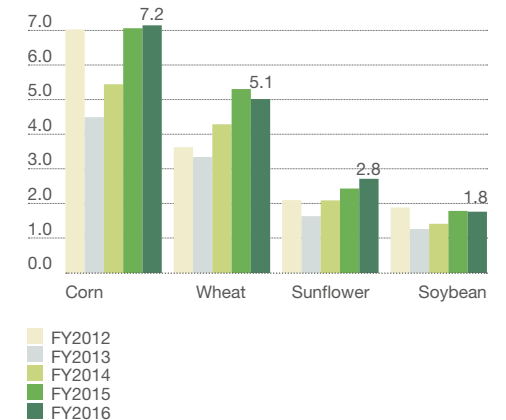


Average farm gate prices in Ukraine
(USD per ton, ex VAT)



Source: Kernel.

Crop yields,
(tons per hectare, net)



Financials and outlook



Kernel has a track record of strong financial performance

USD mln, except multiples	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Income statement highlights											
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	1,988.5
EBITDA	17.0	46.4	123.2	190.1	190.0	309.6	318.8	287.5	223.0	396.6	346.4
Net profit	1.3	19.5	83.2	135.5	152.0	226.3	206.7	111.6	(98.3)	106.9	225.2
EBITDA margin	7.9%	13.2%	18.6%	18.2%	18.6%	16.3%	15.4%	10.3%	9.3%	17.0%	17.4%
Net margin	0.6%	5.6%	12.6%	12.9%	14.9%	11.9%	10.0%	4.0%	(4.1%)	4.6%	11.3%
Cash flow highlights											
EBITDA	17.0	46.4	123.2	190.1	190.0	309.6	318.8	287.5	223.0	396.6	346.4
Maintenance CAPEX ⁽¹⁾	(6.0)	2.2	(24.4)	(32.2)	(56.2)	(48.1)	(42.0)	(57.4)	(41.7)	(22.7)	(30.4)
Finance costs paid	(9.4)	(18.4)	(28.1)	(32.2)	(22.8)	(36.0)	(66.8)	(76.2)	(72.0)	(68.4)	(57.6)
Income tax paid	(0.4)	(0.7)	(3.4)	(1.7)	(0.8)	(3.0)	(6.5)	(43.4)	(40.2)	(13.0)	(2.8)
Other non-cash items ⁽²⁾	(0.4)	(1.0)	(7.1)	(1.9)	15.7	(34.4)	(27.4)	0.5	(27.5)	(57.8)	(15.9)
Funds from operations	0.8	28.5	60.2	122.1	126.0	188.2	176.1	111.1	41.6	234.6	239.7
Dividend paid	-	-	-	-	-	-	-	-	-	(19.9)	(19.9)
Change in working capital	(35.8)	(14.7)	(210.3)	(25.0)	(97.4)	(180.1)	(242.1)	135.4	(0.9)	147.4	(136.3)
Expansion CAPEX ⁽³⁾	0.6	(59.4)	(145.7)	(63.1)	(69.4)	(78.0)	(187.2)	(208.7)	(41.5)	(1.6)	(30.4)
Free cash flow	(34.4)	(45.7)	(295.7)	34.0	(40.9)	(69.9)	(253.2)	37.8	(0.7)	360.5	53.1
Liquidity position and credit metrics											
Gross interest-bearing debt ⁽⁴⁾	93.3	164.3	224.8	292.6	345.1	422.0	698.3	733.9	749.4	468.5	343.1
Cash	6.4	25.3	88.5	129.3	59.5	115.9	82.5	78.8	65.4	129.1	60.4
Net interest-bearing debt	87.0	139.1	136.2	163.3	285.6	306.1	615.8	655.1	684.0	339.4	282.8
Readily marketable inventories (RMI) ⁽⁵⁾	29.3	38.1	138.6	94.9	142.9	172.7	385.1	175.1	243.4	140.1	183.7
Adjusted net debt	57.7	101.0	(2.4)	68.4	142.7	133.4	230.7	480.0	440.6	199.3	99.1
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 expenses	1.8x	2.5x	4.4x	5.9x	8.3x	7.3x	5.1x	3.8x	3.1x	5.8x	6.1x

(1) Committed CAPEX;

(2) Changes in fair value of biological assets, movements in allowance for doubtful debt, losses on disposal of PPE, impairment, provisions and non-operating forex

(3) Acquisitions and other related investments in expansion of existing capacities;

(4) Including financial lease; (5) Profitably pre-sold stock of sunflower oil/meal, grains, etc.; no price risks

Commentary:

- › Management made a snap review of strategy in 2014, focusing on cash accumulation and deleveraging
- › Meaningful cut of expansion capital expenditures in FY2015 and FY2016
- › Cumulative effect of these actions, alongside enhanced profitability in FY2015 and FY2016, was a more than USD 500 million cash inflow

Balance sheet

Balance sheet highlights

USD million	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	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	60.4
Net trade accounts receivable	9.1	9.8	48.7	32.4	65.5	111.6	146.4	150.8	99.8	56.1	75.2
Inventory	32.3	40.2	144.7	99.1	147.8	183.7	410.2	270.2	299.5	158.8	200.2
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	183.7
Biological assets	3.4	9.7	42.4	18.9	26.1	96.0	153.3	247.0	182.8	146.6	190.3
Other currents assets	16.8	31.1	53.0	98.7	299.8	302.6	326.0	343.3	225.0	168.0	194.4
Net property, plant & equipment	72.5	127.9	231.6	221.8	379.0	502.8	728.4	763.3	643.5	535.2	538.7
Other non-current assets	15.4	31.2	146.7	99.6	147.0	260.1	269.6	508.2	403.0	271.9	250.2
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	1,509.4
Financed by											
Short-term liabilities	34.5	59.2	185.1	195.1	352.2	395.0	446.2	700.1	597.4	458.1	373.3
of which: interest-bearing debt	28.9	44.4	126.7	159.7	209.9	265.9	271.4	458.2	489.4	373.3	259.0
Long-term liabilities	73.8	130.6	130.1	147.2	167.7	180.3	459.5	309.3	291.0	116.7	139.0
of which: long-term interest bearing debt	64.4	119.9	98.1	132.9	135.3	156.1	426.9	275.7	260.0	95.2	84.1
Total liabilities	108.3	189.8	315.2	342.2	519.9	575.3	905.7	1,009.4	888.3	574.8	512.3
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	997.1

Net debt and credit metrics

USD million except ratios	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Gross interest-bearing debt	93.3	164.3	224.8	292.6	345.1	422.0	698.3	733.9	749.4	468.5	343.1
Net interest-bearing debt	87.0	139.1	136.2	163.3	285.6	306.1	615.8	655.1	684.0	339.4	282.8
Readily marketable inventories	29.3	38.1	138.6	94.9	142.9	172.7	385.1	175.1	243.4	140.1	183.7
Adjusted net financial debt	57.7	101.0	(2.4)	68.4	142.7	133.4	230.7	480.0	440.6	199.3	99.1
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	6.1x

Note: Our financial year ends 30 June. Source: Consolidated audited accounts for 12-months periods ending 30 June 2006 to 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	FY2016
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	1,988.5
Net IAS 41 gain ⁽¹⁾									14.9	(17.1)	20.1
Gross profit	41.8	83.0	158.6	316.8	311.1	459.5	457.4	450.6	408.2	512.2	460.2
EBITDA	17.0	46.4	123.2	190.1	190.0	309.6	318.8	287.5	223.0	396.6	346.4
Net profit ⁽²⁾	1.3	19.5	83.2	135.5	152.0	226.3	206.7	111.6	(98.3)	106.9	225.2
EBIT	12.0	38.6	111.6	166.6	167.5	277.3	257.3	200.9	128.7	328.3	287.2
Net financial costs	(9.3)	(18.9)	(28.1)	(32.2)	(22.8)	(42.5)	(63.1)	(74.9)	(72.5)	(68.6)	(57.1)
Gross margin	19.4%	23.7%	23.9%	30.3%	30.5%	24.2%	22.1%	16.1%	17.1%	22.0%	23.1%
EBITDA margin	7.9%	13.2%	18.6%	18.2%	18.6%	16.3%	15.4%	10.3%	9.3%	17.0%	17.4%
Net margin	0.6%	5.6%	12.6%	12.9%	14.9%	11.9%	10.0%	4.0%	(4.1%)	4.6%	11.3%
EPS, USD			2.08	1.97	2.20	3.03	2.61	1.40	(1.23)	1.34	2.83

Cash flow highlights

USD million	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
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	330.5
Changes in working capital	(35.8)	(14.7)	(210.3)	(25.0)	(97.4)	(180.1)	(242.1)	135.4	(0.9)	147.4	(136.3)
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	(194.1)
Finance costs paid	(9.4)	(18.4)	(28.1)	(32.2)	(22.8)	(36.0)	(66.8)	(76.2)	(72.0)	(68.4)	(57.6)
Income tax paid	(0.4)	(0.7)	(3.4)	(1.7)	(0.8)	(3.0)	(6.5)	(43.4)	(40.2)	(13.0)	(2.8)
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	133.7
Net PPE disposals/(purchases)	(6.0)	2.2	(24.4)	(88.6)	(56.2)	(48.1)	(93.1)	(90.9)	(41.7)	(22.7)	(30.4)
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)	(4.1)	(0.5)
Net cash obtained from/(used in) investing activities	(5.4)	(57.2)	(170.1)	(95.3)	(125.6)	(126.1)	(229.2)	(266.1)	(83.2)	(24.3)	(60.7)
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	73.0

(1) The amount is calculated for FY2013-FY2016 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 2016.

FY2017 outlook

Sunflower oil

- In preparation for the upcoming marketing year, our Black Sea Industries, a crushing plant located in Chornomorsk (formerly Illichevsk), underwent improvements in its storage and pre-crush facilities, which together with the renegotiated tolling agreement, adding approximately 275,000 tons of crushing capacities, raised the total installed capacity to a record 3.5 million tons of sunflower seeds, up 30% y-o-y .
- Our mid-term strategy targets remain unchanged: consolidation of the oilseed crushing industry in Ukraine and continuous operational excellence. .

Grain and infrastructure

- As Ukraine's total grain exports are forecasted to increase by 7% y-o-y in 2016/17, we also expect to maintain our market share, which should be in line with the overall trend in exports pattern and solid production in our farming division. Following the debottlenecking of our Chornomorsk facility in Ukraine and the expansion of the Taman storage capacity, both facilities are well-positioned to accommodate the expected growth in grain exports from the region to drive throughput volumes up in FY2017.
- 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

- In FY2017, contribution from Farming division is expected to be comparable to the previous year's levels, which reflects our committed approach to sustainable efficiency and increasing productivity.
- The weather was favorable during the pollination periods for our major crops and the yields are expected to increase on average by double digit percentage, reflecting the changes in cultivation and tillage technology.
- Looking forward, we have successfully launched an ambitious project, #DigitalAgriBusiness, which, through big data analytics and machine learning, shall transform the traditional way of thinking about large-scale farming and its operations to streamline processes and result in prompt decision-making.

IR contact

Yuriy Kovalchuk

Corporate Investment Director
ir@kernel.ua

Jamil Zakaraiev

Investor Relations Manager
j.zakaraiev@kernel.ua
Tel.: +38 044 461 88 01, ext. 70-44
3 Tarasa Shevchenka Lane,
Kyiv, Ukraine, 01001

Investor calendar

➤ Annual general meeting of shareholders	12 December 2016
➤ Q2 FY2017 operations update	20 January 2017
➤ H1 FY2017 financial report	28 February 2017
➤ Q3 FY2017 operations update	20 April 2017
➤ Q3 FY2017 financial report	30 May 2017
➤ Q4 FY2017 operations update	13 July 2017
➤ FY2017 financial report	23 October 2017

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