

# KERNEL HOLDING S.A.

## OPERATIONS UPDATE FOR THREE MONTHS ENDED 31 MARCH 2017

Volume and tonnage	Q3 FY2017	Q3 FY2016	y-o-y	9M FY2017	9M FY2016	y-o-y
Grain sales, tons	1,390,180	1,414,879	(1.7%)	4,103,004	3,665,187	11.9%
Sunflower oil sales in bulk, tons	293,753	319,940	(8.2%)	802,142	775,138	3.5%
Bottled sunflower oil sales, '000 liters	34,622	28,553	21.3%	92,177	77,272	19.3%
Oilseed crush, tons	860,632	704,144	22.2%	2,049,124	2,037,432	0.6%
Export terminals throughput, tons <sup>(1)</sup>	1,614,092	1,471,521	9.7%	4,669,638	4,334,917	7.7%

(1) Including 438,115 tons transshipped through Taman port in Q3 FY2017 vs. 271,202 tons in Q3 FY2016 (1,328,777 tons in 9M FY2017 vs. 1,402,345 tons in 9M FY2016), which represents 50% of the total throughput volume of the Taman facility. Kernel Holding S.A. owns a 50% stake in the Taman grain transshipment facility.

Note: Financial year ends 30 June.

### Key highlights:

- Grain exports remained marginally flat, down 1.7% y-o-y in Q3 FY2017, as we continued to utilize our export terminals at nearly full capacity.
- Sunflower oil sales in bulk amounted to 294 thousand tons, 8.2% lower y-o-y, as sales shift more to the fourth quarter of the current financial year.
- Bottled sunflower oil sales increased by 21.3% y-o-y in Q3 FY2017, as we continued to accelerate our exports to compensate for the sluggish domestic demand.
- Oilseed crush increased to 860 thousand tons in Q3 FY2017, up 22.2% y-o-y, reflecting near full utilization of our crushing plants on account of record sunflower seed harvest in Ukraine.
- Export terminals continue to set records with transshipment volumes amounting to 1.6 million tons in Q3 FY2017, a 9.7% increase y-o-y, explained by practically full utilization of our Ukrainian facilities and improved performance of joint venture in Taman.
- Winter wheat and rapeseed are in good condition, and the spring planting campaign is ongoing. Total acreage sown for FY2018 is scheduled to be 381.9 thousand hectares, negligibly lower than 385.6 thousand hectares a year ago. Crop mix remained virtually unchanged for FY2018 with winter wheat at 22% (vs. 21% in FY2017), corn - 37% (vs. 36% in FY2017), sunflower – 22% (vs. 21% in FY2017). Acreage under soybeans decreased to 12% in FY2018 (vs. 15% in FY2017) and rapeseed increased to 1.9% (vs. 0.7% in FY2017) of total areas in FY2018.

The condensed consolidated interim financial statements for the three months ended 31 March 2017 will be published before market opening on 30 May 2017.

**Q3 FY2017 vs. Q2 FY2017**

<b>Volume and tonnage</b>	<b>Q3 FY2017</b>	<b>Q2 FY2017</b>	<b>q-o-q</b>
Grain sales, tons	1,390,180	1,531,887	(9.3%)
Sunflower oil sales in bulk, tons	293,753	341,122	(13.9%)
Bottled oil sales, '000 liters	34,622	36,227	(4.4%)
Oilseed crush, tons	860,632	908,541	(5.3%)
Export terminals throughput, tons <sup>(1)</sup>	1,614,092	1,662,072	(2.9%)

Note: Financial year ends 30 June.

(1) Including 438,115 tons transshipped through Taman port in Q3 FY2017 and 416,883 tons in Q2 FY2017, which represents 50% of the total throughput volume of the Taman facility (Kernel Holding S.A. owns 50% of the Taman grain transshipment facility).

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