

KERNEL

# Q3 FY2017

RESULTS



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# Q3 FY2017 highlights

## Key highlights:

- In Q3 FY2017, revenues have marginally increased by 1% y-o-y to US\$615 million from previous year results, as a slight rebound in export prices was offset by lesser sales volumes in our key business lines. Export sales stood at 97% of total revenues.
- EBITDA decreased by 19% y-o-y to US\$80.8 million, reflecting lower sales volumes and increased competition across our key businesses.
- In Q3 FY2017, sunflower oil business continued to navigate in a challenging environment. Crushing margin remained at US\$89 per ton of bulk oil sold in Q3 FY2017, but still below US\$105 per ton achieved a year ago. In this intense competition, we managed to maintain nearly full utilization of our crushing facilities in Q3 FY2017, generating US\$30.5 million of EBITDA, for bulk and bottled oil, down 18% y-o-y.
- In Q3 FY2017, grain and infrastructure business delivered mixed performance. Grain exports remained comparable, down 2% y-o-y, to previous year record level of 1.4 million tons in Q3 FY2017, as we sustained utilization of our export terminals at almost full capacity. In contrast, an improved operating performance at Taman boosted our transshipment volumes to a new record of 1.6 million tons, up 10% y-o-y. Although, strong operating performance was offset by the thinner grain trading margins, resulting in US\$26.5 million of overall EBITDA contribution, 27% y-o-y decline.
- During 9M FY2017, the farming segment's earnings mirrored previous year results with EBITDA contribution at US\$138.8 million vs. US\$143.8 million for 9M FY2016, revenues being at a similar level of US\$343.7 million, down 2% y-o-y, and strong 41% margins.
- In Q3 FY2017, net profit attributable to equity holders of Kernel Holding S.A. amounted to US\$32.9 million against US\$92.3 million a year ago, stemming from normalization of non-operating forex gains and accrued Eurobond expenses.

USD million except ratios and EPS	Q3 FY2017	Q3 FY2016	y-o-y	9M FY2017	9M FY2016	y-o-y
<b>P&amp;L highlights</b>						
Revenue	615.0	607.2	1.3%	1,658.5	1,605.7	3.3%
EBITDA <sup>(1)</sup>	80.8	99.5	(18.8%)	282.9	300.8	(6.0%)
Net profit	32.9	92.3	(64.4%)	192.4	232.6	(17.3%)
EBITDA margin	13.1%	16.4%	(3.3pp)	17.1%	18.7%	(1.6pp)
Net margin	5.3%	15.2%	(9.9pp)	11.6%	14.5%	(2.9pp)
EPS <sup>(2)</sup> , USD	0.41	1.16	(64.8%)	2.40	2.92	(17.8%)
<b>Cash flow highlights</b>						
Operating profit before working capital changes	97.5	144.3	(32.4%)	267.9	365.3	(26.7%)
Change in working capital	118.9	67.0	77.5%	(240.5)	(226.4)	6.2%
Cash generated from operations	216.4	211.4	2.4%	27.3	138.9	(80.3%)
Net cash provided by/(used in) operating activities	199.9	200.3	(0.2%)	(17.8)	97.3	n/m
Net cash used in investing activities	(9.7)	(35.6)	(72.8%)	(60.1)	(57.1)	5.3%
<b>Liquidity and credit metrics</b>						
Net interest-bearing debt				370.4	305.1	21.4%
Readily marketable inventories				429.8	180.9	2.4x
Adjusted net debt <sup>(3)</sup>				(59.4)	124.2	n/m
Shareholders' equity				1,129.4	952.7	18.5%
Net debt/EBITDA <sup>(4)</sup>				1.1x	0.8x	0.3x
Adjusted net debt/EBITDA <sup>(3)</sup>				(0.2x)	0.3x	(0.5x)
EBITDA/Interest <sup>(5)</sup>				5.3x	6.5x	(1.1x)

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 80.7 million shares for Q3 FY2017 and 79.7 million shares for Q3 FY2016
- (3) Adjusted net financial debt is net debt less readily marketable inventories. Adjusted net financial debt to EBITDA is calculated based on 12-month trailing EBITDA.
- (4) Net debt to EBITDA is calculated based on 12-month trailing EBITDA.
- (5) EBITDA to interest coverage ratio is calculated based on 12-month trailing EBITDA.

Source: Kernel. Source: Condensed Consolidated Interim Financial Statements for the 3 months ended 31 March 2017.

# Segment results summary

USD million except ratios	Revenue, USD million			EBITDA, USD million			Volume, thousand tons			EBITDA margin	
	Q3 FY2017	Q3 FY2016	y-o-y	Q3 FY2017	Q3 FY2016	y-o-y	Q3 FY2017	Q3 FY2016	y-o-y	Q3 FY2017	Q3 FY2016
<b>Sunflower oil</b>											
Sunflower oil sold in bulk	300.1	317.0	(5.3%)	26.1	33.6	(22.3%)	293.8	319.9	(8.2%)	8.7%	10.6%
Bottled sunflower oil	37.9	30.3	25.1%	4.4	3.7	18.9%	34.6	28.6	21.0%	11.6%	12.2%
	<b>338.0</b>	<b>347.3</b>	<b>(2.7%)</b>	<b>30.5</b>	<b>37.3</b>	<b>(18.2%)</b>				<b>9.0%</b>	<b>10.7%</b>
<b>Grain and infrastructure</b>											
Grain trading	268.0	255.3	5.0%	5.3	21.3	(75.1%)	1,390.2	1,414.9	(1.7%)	2.0%	8.3%
Export terminals	15.5	18.1	(14.4%)	12.5	12.0	4.2%	1,614.1	1,471.5	9.7%	80.6%	66.3%
Silo services	12.6	5.3	2.4x	8.7	3.1	2.8x				69.0%	58.5%
	<b>296.1</b>	<b>278.7</b>	<b>6.2%</b>	<b>26.5</b>	<b>36.4</b>	<b>(27.2%)</b>				<b>8.9%</b>	<b>13.1%</b>
<b>Farming</b>											
	<b>72.5</b>	<b>10.1</b>	<b>7.2x</b>	<b>5.3</b>	<b>8.1</b>	<b>(34.6%)</b>				<b>7.3%</b>	<b>80.2%</b>
Unallocated corporate expenses				(10.2)	(7.0)	45.7%					
Reconciliation	(91.6)	(28.9)	3.2x	28.7	24.7						
<b>Total</b>	<b>615.0</b>	<b>607.2</b>	<b>1.3%</b>	<b>80.8</b>	<b>99.5</b>	<b>(18.8%)</b>				<b>13.1%</b>	<b>16.4%</b>
USD million except ratios	Revenue, USD million			EBITDA, USD million			Volume, thousand tons			EBITDA margin	
	9M FY2017	9M FY2016	y-o-y	9M FY2017	9M FY2016	y-o-y	9M FY2017	9M FY2016	y-o-y	9M FY2017	9M FY2016
<b>Sunflower oil</b>											
Sunflower oil sold in bulk	783.7	803.8	(2.5%)	66.3	91.5	(27.5%)	802.1	775.1	3.5%	8.5%	11.4%
Bottled sunflower oil	98.5	84.7	16.3%	11.6	14.1	(17.7%)	92.2	77.3	19.3%	11.8%	16.6%
	<b>882.2</b>	<b>888.5</b>	<b>(0.7%)</b>	<b>77.9</b>	<b>105.6</b>	<b>(26.2%)</b>				<b>8.8%</b>	<b>11.9%</b>
<b>Grain and infrastructure</b>											
Grain trading	744.8	690.1	7.9%	20.6	42.9	(52.0%)	4,103.0	3,665.2	11.9%	2.8%	6.2%
Export terminals	44.3	44.6	(0.7%)	36.4	29.1	25.1%	4,669.6	4,334.9	7.7%	82.2%	65.2%
Silo services	55.4	36.5	51.8%	38.8	23.7	63.7%				70.0%	64.9%
	<b>844.5</b>	<b>771.2</b>	<b>9.5%</b>	<b>95.8</b>	<b>95.7</b>	<b>0.1%</b>				<b>11.3%</b>	<b>12.4%</b>
<b>Farming</b>											
	<b>343.7</b>	<b>351.6</b>	<b>(2.2%)</b>	<b>138.8</b>	<b>143.8</b>	<b>(3.5%)</b>				<b>40.4%</b>	<b>40.9%</b>
Unallocated corporate expenses				(26.1)	(23.5)	11.1%					
Reconciliation	(411.9)	(405.6)	1.6%	(3.5)	(20.8)						
<b>Total</b>	<b>1,658.5</b>	<b>1,605.7</b>	<b>3.3%</b>	<b>282.9</b>	<b>300.8</b>	<b>(6.0%)</b>				<b>17.1%</b>	<b>18.7%</b>

Note: Differences are possible due to rounding.

(1) Million liters.

(2) Including 438,115 (1,328,777) tons transshipped through the Taman port in Q3 FY2017 (9M FY2017) and 271,202 (1,402,345) tons in Q3 FY2016 (9M FY2016) - Kernel's share of the joint venture.

Source: Condensed Consolidated Interim Financial Statements for the 3 months ended 31 March 2017.

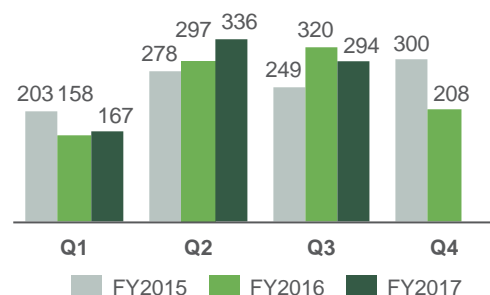


# Sunflower oil in Q3 FY2017

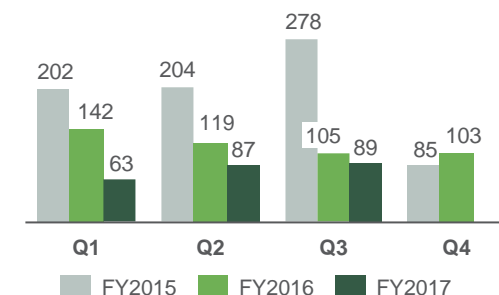
## Sunflower oil sold in bulk segment:

- Sunflower oil sales in bulk decreased 8% y-o-y to 293.8 thousand tons in Q3 FY2017, as we shifted some of the volumes to the fourth quarter of the current financial year. Moreover, oilseeds crush increased 22% y-o-y to a notable 860.6 thousand tons in Q3 FY2017, with the growth reflecting near full utilization of our crushing capacities
- During Q3 FY2017, slightly improved sales prices, up 3% y-o-y, offset the decline in volumes. This led to only negligible weakening of revenues to US\$ 300 million vs. US\$317 achieved a year ago. While competition continued its momentum, we managed to maintain our EBITDA margin at US\$89 per ton of bulk oil sold in Q3 FY2017, but still markedly lower than US\$105 per ton reached in previous year

Sunflower oil in bulk sales,  
thousand tons



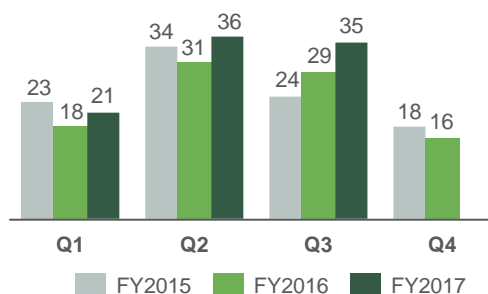
Sunflower oil sold in bulk EBITDA,  
USD per ton



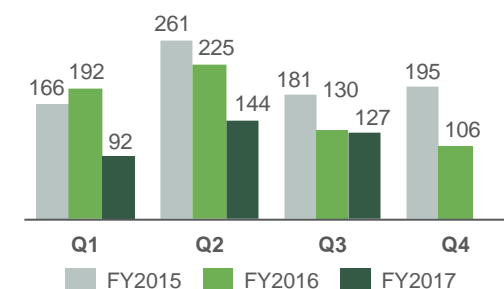
## Bottled sunflower oil:

- Bottled oil sales posed a hefty 21% y-o-y growth to 34.6 million liters in Q3 FY2017, as we continued to accelerate our exports to compensate for the sluggish domestic demand. Due to a combination of increased volumes and somewhat improved sales prices, bottled oil revenues increased by 25% y-o-y, to US\$37.9 million in Q3 FY2017
- The bottled oil segment's EBITDA margin remained relatively unchanged, down 2% y-o-y, at US\$ 126 per thousand liters, as we boosted exports of branded products. Consequently, the segment's total EBITDA was US\$ 4.4 million in Q3 FY2017, up 19% y-o-y

Bottled sunflower oil sales,  
million liters



Bottled sunflower oil EBITDA,  
USD per thousand liters



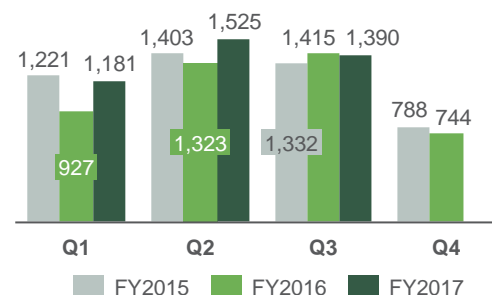
Source: Kernel

# Grain and infrastructure in Q3 FY2017

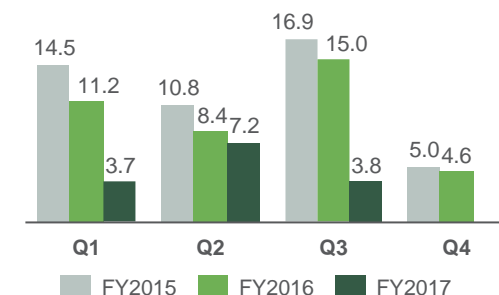
## Grain marketing:

- During Q3 FY2017, grain exports remained at an insignificantly lower level of 1.4 million tons, down 2% y-o-y, as we continued to utilize our export terminals at virtually full capacity
- Revenues for the Q3 FY2017 improved by 5% y-o-y to US\$268 million, owing to small increase in international grain prices, up 7% y-o-y. In Q3 FY2017, an increased demand for grain exports has fueled farmers' anticipation of further price increases leading to their unwillingness to sell the crops. This resulted in EBITDA margin contraction from abnormally high levels of US\$ 15 per ton last year to US\$ 4 per ton in Q3 FY2017. Consequently, segment's total EBITDA contribution stood at US\$5.3 million vs. US\$21.3 million in previous year

Grain exports,  
thousand tons



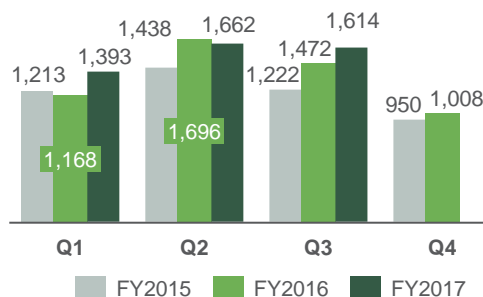
Grain exports EBITDA,  
USD per ton



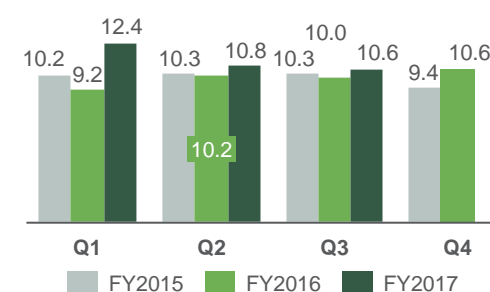
## Export terminals and silo services:

- The export terminals' operating performance was set to continue its track record with throughputs up by 10% y-o-y, reaching an all-time high of 1.6 million tons in Q3 FY2017, stemming from utilization of Ukrainian facilities at full capacity and boosted results of Taman
- A combination of accelerated volumes and solid margins of US\$10.6 per ton in Q3 FY2017 (vs. US\$10 per ton a year ago) have translated into 4% y-o-y increase in an overall EBITDA contribution, amounting to US\$ 12.5 million. Taman operating results, accounted below operating profit, totaled to a loss of US\$0.6 million in Q3 FY2017 vs a gain of US\$ 1.2 million last year
- In Q3 FY2017, our silo services segment continued to deliver outstanding results of US\$ 12.3 million in revenues, up 2.4x y-o-y, and EBITDA of US\$ 8.7 million, up 2.8x y-o-y as a relatively wet harvesting campaign significantly elevated demand for grain drying services and increased third-party farmers' use of off-farm storage

Export terminals throughput,  
thousand tons



Export terminals EBITDA,  
USD per ton



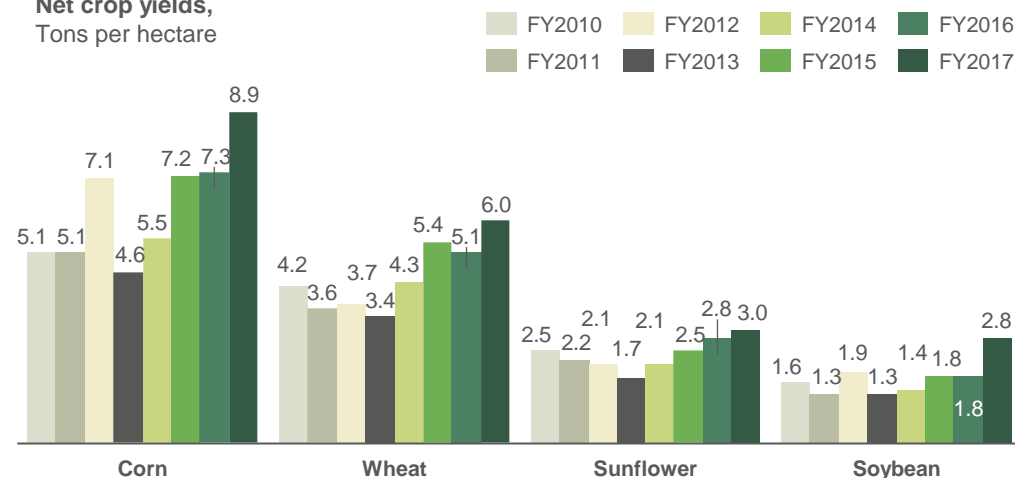
Source: Kernel

# Farming in 9M FY2017

## Farming:

- 9M FY2017, revenues stood at a solid US\$ 343.7 million, down 2% y-o-y, due to a slightly higher share of harvest contracted for sales in the last quarter of the financial year. Segment's EBITDA margins for 9M FY2017 remained at a healthy 41%, thus yielding US\$ 138.8 million in EBITDA, down 3% y-o-y, reflecting normalization of the cost base
- By the end of May, we completed our spring planting in normal weather conditions. Total FY2018 planted acreage stands at 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

Net crop yields,  
Tons per hectare



## FY2017 harvest results

	Acreage, thousand hectares			Net crop yield <sup>(1)</sup> , tons/hectare			Net tonnage <sup>(1)</sup> , thousand tons		
	FY2017	FY2016	y-o-y	FY2017	FY2016	y-o-y	FY2017	FY2016	y-o-y
Corn	138.2	160.7	(14.0%)	8.9	7.2	23.6%	1,230.0	1,157.0	6.3%
Wheat	82.4	72.5	13.7%	5.8	5.1	13.7%	477.9	369.8	29.2%
Sunflower	81.4	62.0	31.3%	3.0	2.8	7.1%	244.2	173.6	40.7%
Soybean	58.2	66.9	(13.0%)	2.9	1.8	61.1%	168.8	120.4	40.2%
Rapeseed	2.6	9.6	(72.9%)	3.0	4.4	(31.8%)	7.8	42.2	(81.5%)
Other <sup>(2)</sup>	18.5	14.5	27.6%						
<b>Total</b>	<b>381.3</b>	<b>386.2</b>	<b>(1.3%)</b>				<b>2,128.7</b>	<b>1,863.0</b>	<b>14.3%</b>

Note: Differences are possible due to rounding.

(1) 1 ton per hectare equals of 15.9 bushels per acre of 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.

Source: Kernel.

# Q3 FY2017 balance sheet

## Balance sheet highlights

USD million	31 Mar 2017	30 Jun 2016	31 Mar 2016
<i>Invested Capital</i>			
Cash & cash equivalents	204.7	60.4	137.1
Net trade accounts receivable	130.2	75.2	138.0
Inventory	539.8	200.2	271.4
<i>of which: readily marketable inventories</i>	429.8	183.7	180.9
Biological assets	44.7	190.3	23.9
Other current assets	211.5	194.4	233.7
Net property, plant & equipment	517.8	538.7	552.0
Other non-current assets	238.2	250.2	233.6
<b>Total assets</b>	<b>1,886.9</b>	<b>1,509.4</b>	<b>1,589.7</b>
<i>Financed by</i>			
Short-term liabilities	222.3	373.3	507.0
<i>of which: interest-bearing debt</i>	70.8	259.0	364.4
Long-term liabilities	562.1	139.0	128.7
<i>of which: long-term interest bearing debt</i>	504.4	84.1	77.8
<b>Total liabilities</b>	<b>784.4</b>	<b>512.3</b>	<b>635.7</b>
<b>Total equity</b>	<b>1,102.4</b>	<b>997.1</b>	<b>954.0</b>

## Credit metrics highlights

USD million, except ratios	31 Mar 2017	30 Jun 2016	31 Mar 2016
Gross interest-bearing debt	575.2	343.1	442.2
Cash	204.7	60.4	137.1
<b>Net interest-bearing debt</b>	<b>370.4</b>	<b>282.8</b>	<b>305.1</b>
Readily marketable inventories	429.8	183.7	180.9
<b>Adjusted net financial debt</b>	<b>(59.4)</b>	<b>99.1</b>	<b>124.2</b>
Shareholders' equity	1,129.4	995.3	952.7
Net debt / EBITDA	1.1x	0.8x	0.8x
Adjusted net debt / EBITDA	(0.2x)	0.3x	0.3x
EBITDA / Interest	5.3x	6.1x	6.5x

Note: Differences are possible due to rounding.

Source: Condensed Consolidated Interim Financial Statements for the 3 months ended 31 March 2017.



# Q3 FY2017 P&L and cash flows

## P&L highlights

USD million, except ratios and EPS

	Q3 FY2017	Q3 FY2016	y-o-y
<b>Revenue</b>	<b>615.0</b>	<b>607.2</b>	1.3%
Net IAS 41 gain	(15.8)	(16.8)	(5.8%)
Gross profit	125.0	141.9	(11.9%)
<b>EBITDA<sup>(1)</sup></b>	<b>80.7</b>	<b>99.5</b>	<b>(18.9%)</b>
EBIT	67.3	85.2	(21.0%)
<b>Net profit<sup>(2)</sup></b>	<b>32.9</b>	<b>92.3</b>	<b>(64.3%)</b>
Gross margin	20.3%	23.4%	(3.0pp)
EBITDA margin	13.1%	16.4%	(3.3pp)
Net margin	5.4%	15.2%	(9.8pp)
EPS	0.41	1.16	(64.8%)

## Cash flow highlights

USD million

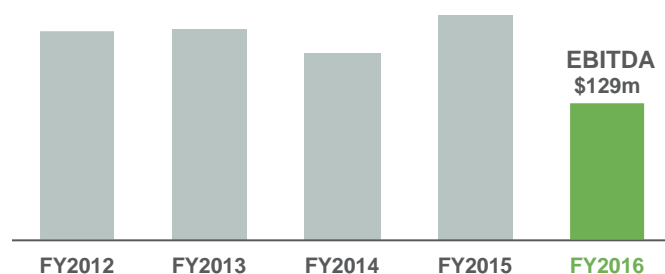
	Q3 FY2017	Q3 FY2016	y-o-y
<b>Operating profit before working capital changes</b>	<b>97.5</b>	<b>144.3</b>	(32.4%)
Changes in working capital	118.9	67.0	77.4%
<b>Cash obtained from/(used in) operations</b>	<b>216.4</b>	<b>211.4</b>	2.4%
Finance costs paid	(14.7)	(10.7)	38.3%
Income tax paid	(1.8)	(0.4)	347.8%
<b>Net cash obtained from/(used in) operating activities</b>	<b>199.9</b>	<b>200.3</b>	(0.2%)
Net PPE disposals/(purchases)	(8.1)	(2.7)	198.7%
Sales/(Purchase) of intangible and other non-current assets	(0.2)	0.0	n/m
Acquisition of subsidiaries and purchase of investment in joint ventures	(1.3)	(32.9)	(95.9%)
<b>Net cash obtained from/(used in) investing activities</b>	<b>(9.7)</b>	<b>(35.6)</b>	(72.9%)
<b>Net cash obtained from/(used in) investing &amp; operating activities</b>	<b>190.2</b>	<b>164.6</b>	15.5%

Note: Differences are possible due to rounding.

Source: Condensed Consolidated Interim Financial Statements for the 3 months ended 31 March 2017.

# Kernel at a glance

## Sunflower oil

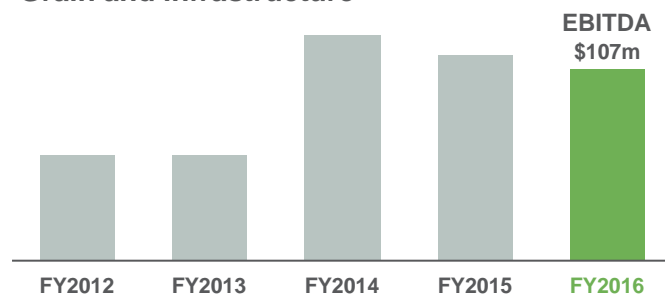


- #1 sunflower oil producer and exporter in Ukraine
- 3.5 million tons/ year sunflower seed crushing capacity
- #1 bottled sunflower oil producer and marketer in Ukraine with 35% market share

### Stock information

Exchange	Warsaw Stock Exchange
Stock quote currency	PLN
Issued shares	80,701,230
Bloomberg   Reuters ticker	KER PW   KERN.WA
ISIN code	LU0327357389

## Grain and infrastructure

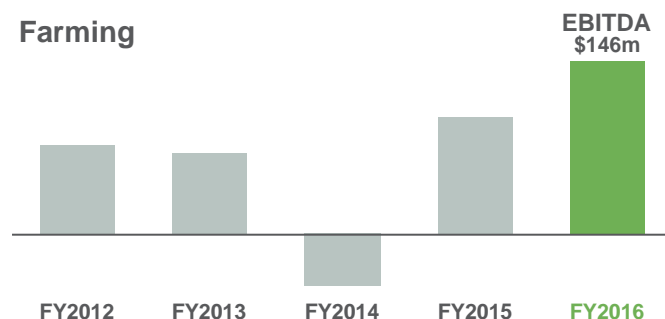


- Leading grain originator and marketer with ca. 10% of Ukraine's total grain exports
- #3 grain exporter from Russia
- 2 export terminals in Ukraine and Russia with total annual capacity to transship of 6 million tons.
- #1 private inland grain silo network with 2.4 million tons of storage capacity in Ukraine

### Market data as of 26 May 2017

Market capitalization	US\$ 1,466.5 million
Closing price	PLN 68.00 / US\$ 18.12
Low est/Highest price for last twelve months	US\$ 11.77/20.06
Average daily turnover, twelve months	84,847 shares / US\$ 1.3 million

## Farming



- #2 crop producer in Ukraine with 385,000 hectares of leasehold farmland
- Modern large-scale machinery, sustainable agronomic practices, cluster management system and 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) <sup>(1)</sup>	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)

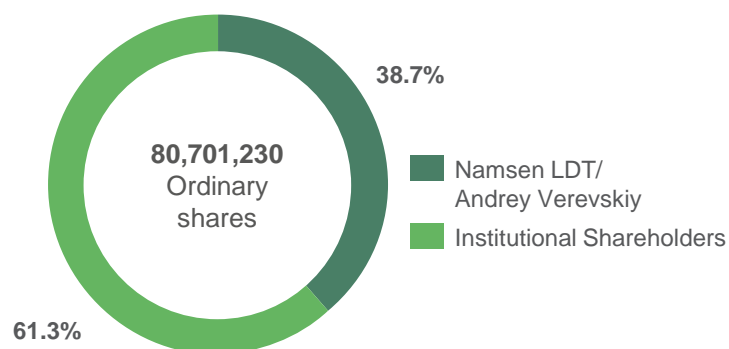
Note: Differences are possible due to rounding. Hereinafter, segment EBITDA is presented prior to certain unallocated G&A costs and net of discontinued operations from sugar and assets held for sale  
Source: Kernel.

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

# 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	<b>Listed on the Warsaw Stock Exchange on November 23<sup>rd</sup>, raising USD 161 million of primary proceeds</b>	Extended oilseed crushing capacity in Ukraine by concluding 216,000 tons of crushing tolling agreement with Black Sea Industries	Entered the Russian market by acquiring Russian Oils. Acquired farming companies Ukrros and Enselco, expanding farming, storage and sugar production capacity. Issued USD 140 million of equity	Exited highly volatile and local currency-exposed sugar business, divesting two sugar plants in Ukraine for USD 100 million	Acquired oilseed crushing plant in Kirovograd region in Ukraine, adding 560,000 tons of crushing capacities							
1995 >	2002 >	2004 >	2006 >	2007 >	2008 >	2009 >	2010 >	2011 >	2012 >	2013 >	2014 >	2016 >	2017 >
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	<b>Acquired Transbulk, Ukraine's second largest grain terminal and acquired 50,000ha of prime farmland. Issued USD 84 million of new equity.</b>	Acquired Allseeds' production assets, adding 565,000 tons of sunflower seed crushing capacity. Issued USD 80 million of additional equity	<b>Formed 50/50 JV to acquire 100% interest in a deep-water grain export terminal in Taman port, Russia. Acquired Black Sea Industries, adding 270,000 tons of crushing capacity</b>	Launched 200,000 tons of greenfield silo storage capacity in different regions of Ukraine	<b>Completed a landmark transaction issuing USD 500 million Eurobond, thus reopening Ukrainian debt market after 3-year freeze</b>							

## Kernel's shareholder structure



## Top shareholders

TFI PZU SA <sup>(1)</sup>	10.10%
Nationale-Nederlanden OFE <sup>(2)</sup>	5.20%
Cascade Investment Fund	4.94%
Aviva Plc	3.78%
Capital Group	3.26%
AXA OFE	2.52%
Dimensional Funds Advisors	2.10%
NN Investment Partners	1.76%
Aegon PTE	1.41%
Vanguard Group	1.32%
Other	24.89%

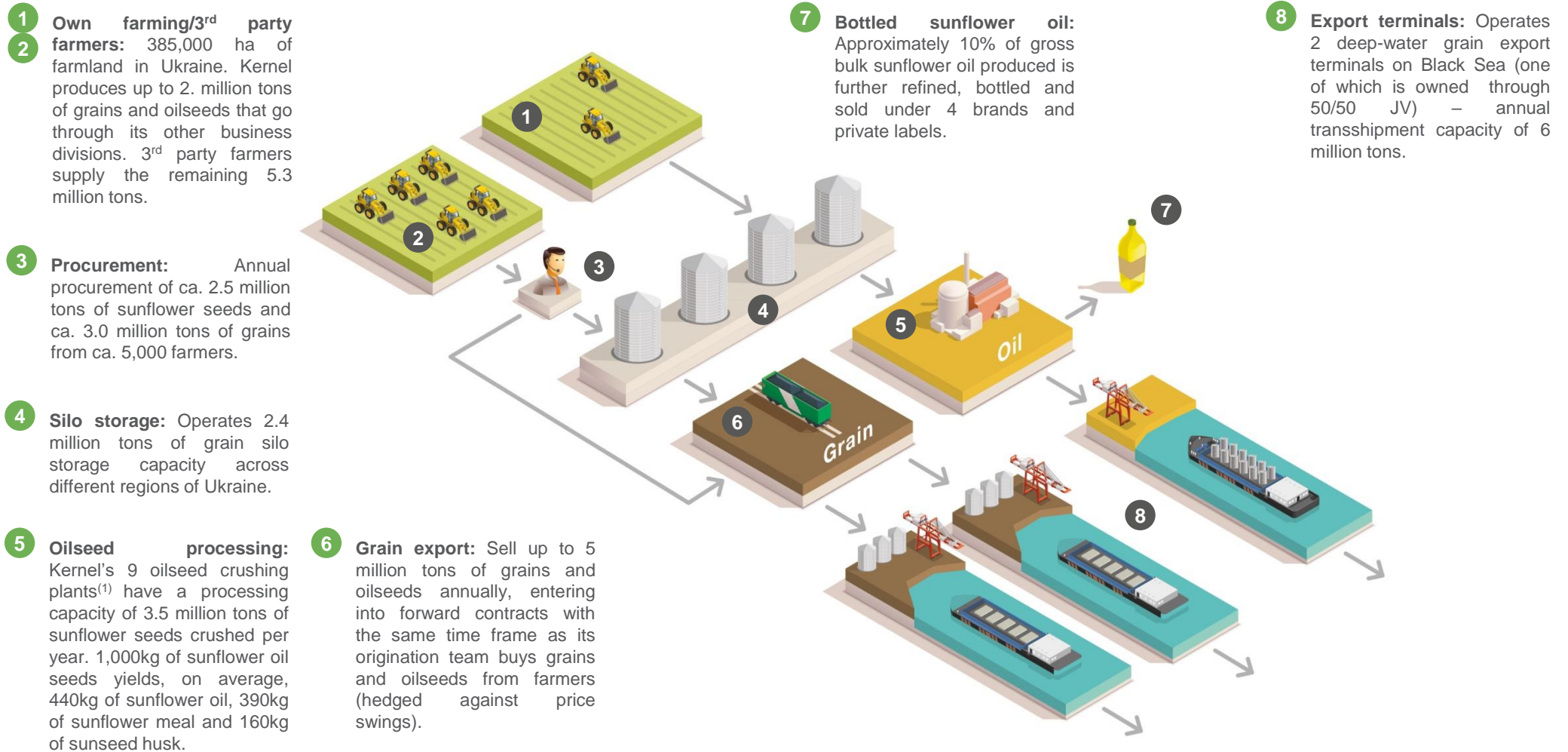
(1) As per notification received on 23 January 2017

(2) As per AGM attendance list as of 12 December 2016

Source: based on FactSet and Stooq.pl as of November 2016

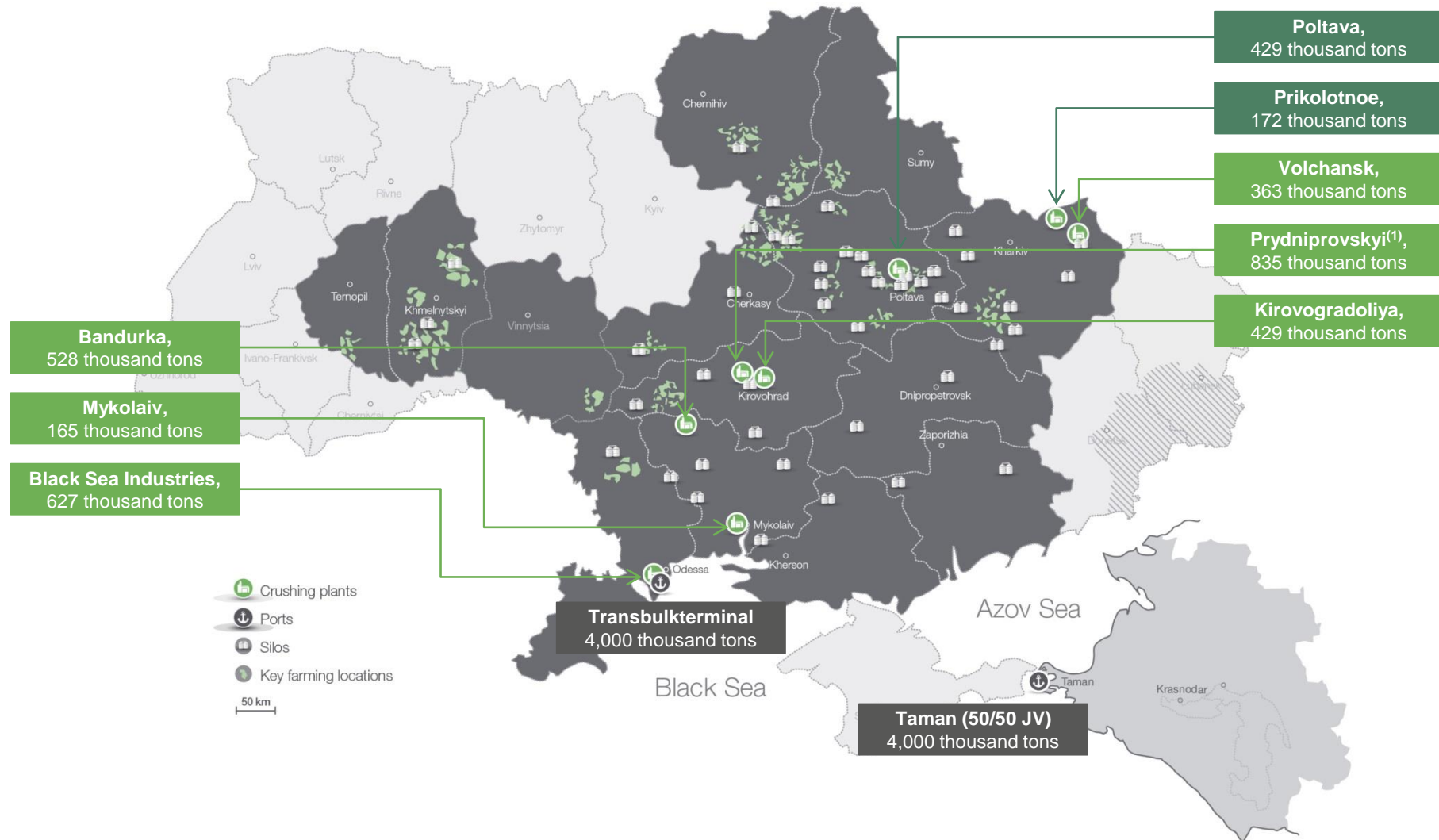


# Kernel operates a fully integrated business model



(1) Including Ellada under tolling agreement.

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

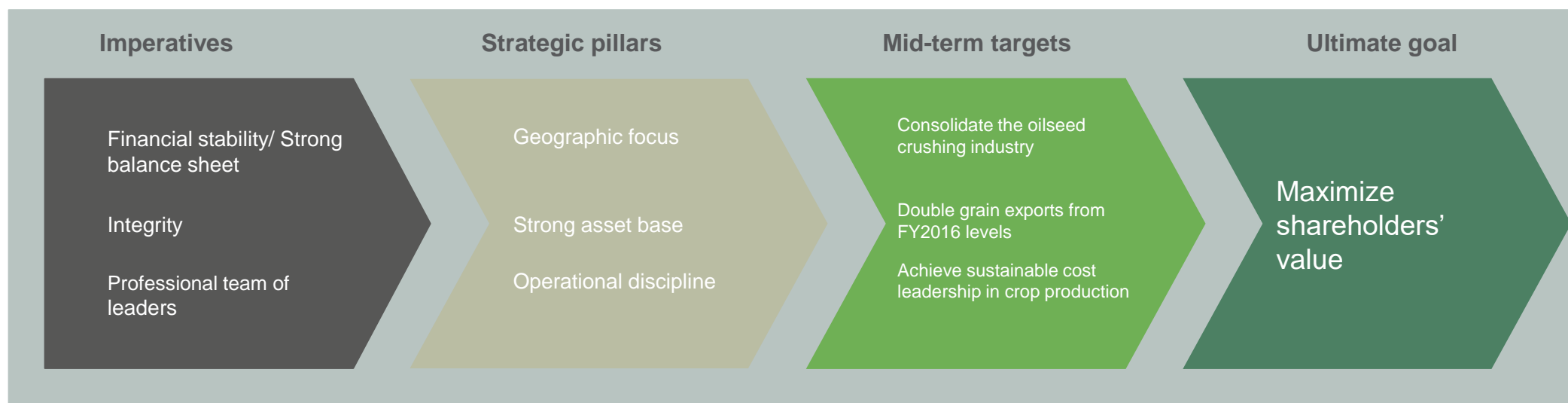


(1) Including Ellada under tolling agreement.



# 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 our operations.



## Mid-term targets in detail:



### Sunflower oil

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



### Grain and infrastructure

- Double grain exports by 2019 through greenfield construction of up to 4.0 million tons deep-water 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 150,000 ha of farmland

## FY2016 strategy achievements:

### Sunflower oil

- Increased crushing capacity through the acquisition of a state-of-the-art 560,000 tons crushing facility and entered into a tolling agreement for additional 275,000 tons, while strategically divesting 200,000 idle capacity

### Grain and infrastructure

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

### Farming

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

# SUNFLOWER OIL

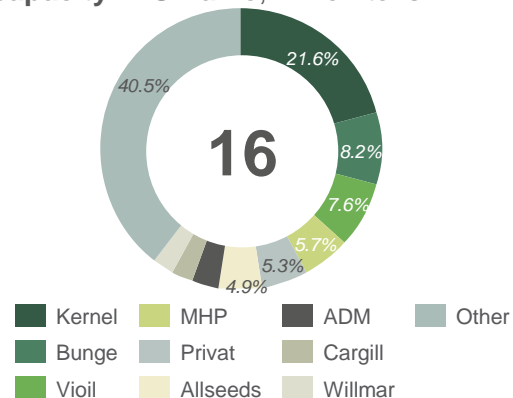


# Our business model

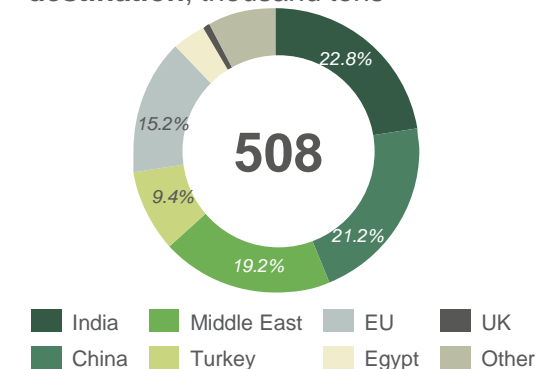
- #1 oilseed crusher in Ukraine; total capacity of 3.5 million tons of sunflower seed per year.
- Diversified asset base: 8 plants located across the sunflower seed belt in Ukraine.
- Diversified supplier base: 5,000+ suppliers annually. Own farming contributes 6-9% of total volumes.
- 'Balanced book' 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.



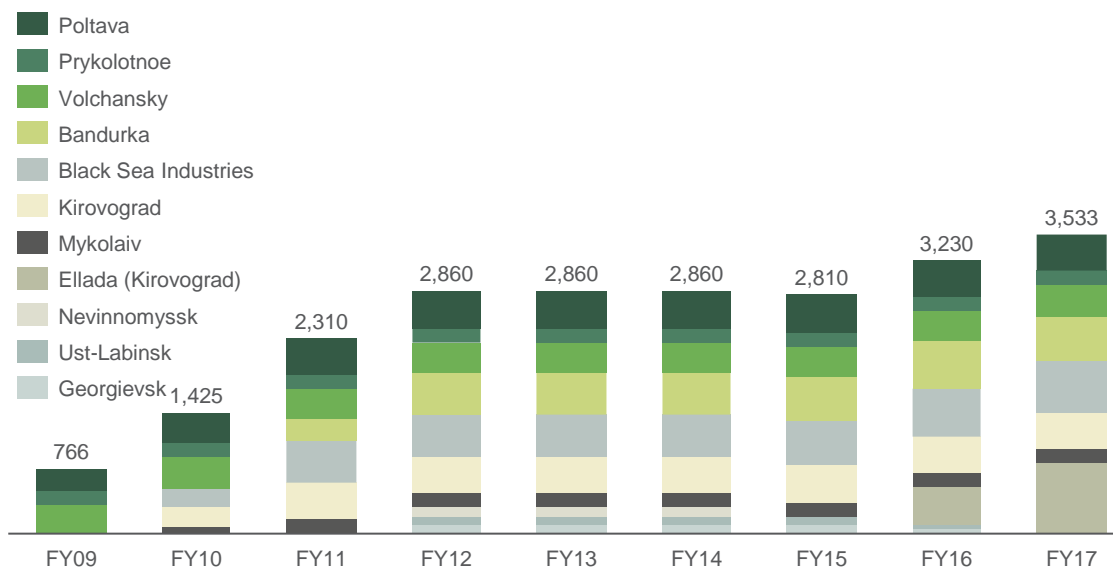
**Sunflower seed industrial crushing capacity in Ukraine, million tons**



**Sunflower oil sold in bulk exports by destination, thousand tons**



**Kernel oilseed crushing capacity, thousand tons per year**



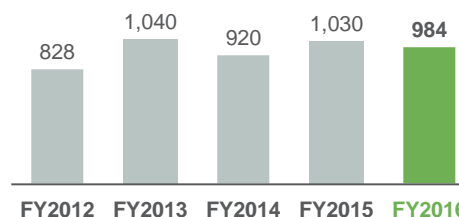
(1) Nevinnomysk oilseed crushing plant was divested in FY2014, Georgievsk and Ust-Lubinsk were divested in April 2016  
Source: Kernel.

# Sunflower oil in FY2016

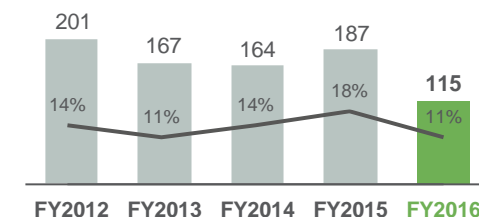
## Sunflower oil sold in bulk segment:

- 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.

Sunflower oil in bulk sales,  
thousand tons



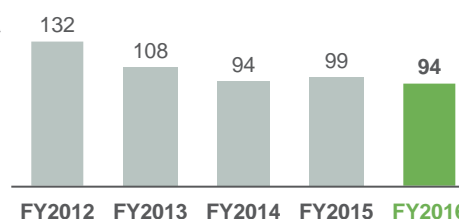
Sunflower oil sold in bulk EBITDA,  
USD per ton



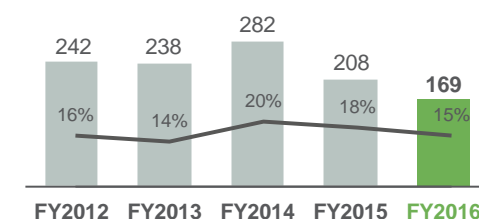
## Bottled sunflower oil:

- 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.

Bottled sunflower oil sales,  
million liters



Bottled sunflower oil EBITDA,  
USD per thousand liters



Source: Kernel



# GRAIN AND INFRASTRUCTURE

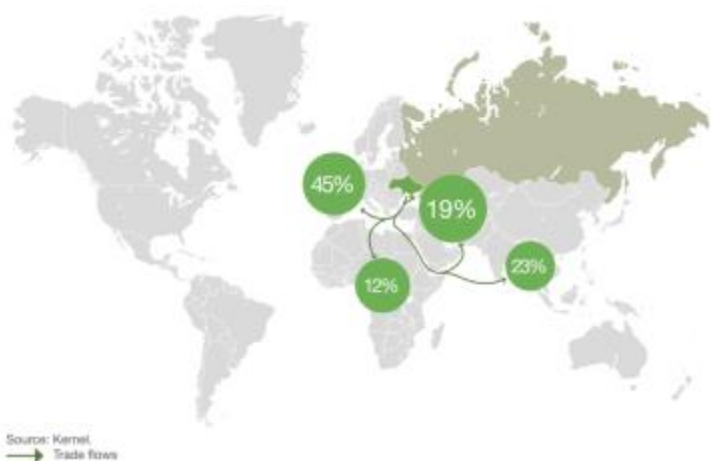




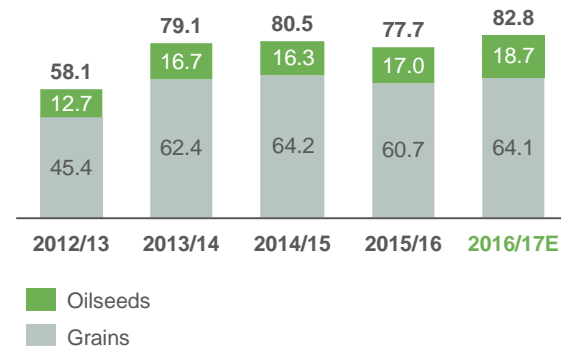
# Our business model

- 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 2.4 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 in FY2016

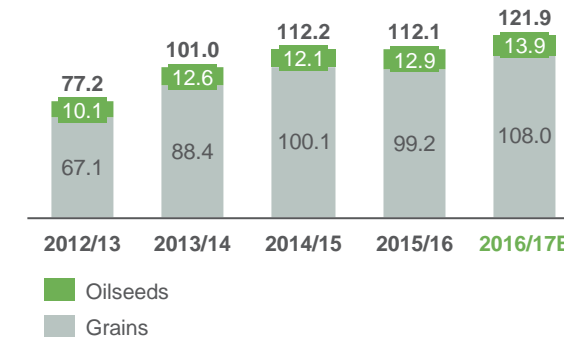


## Grain and oilseed production in Ukraine, million tons



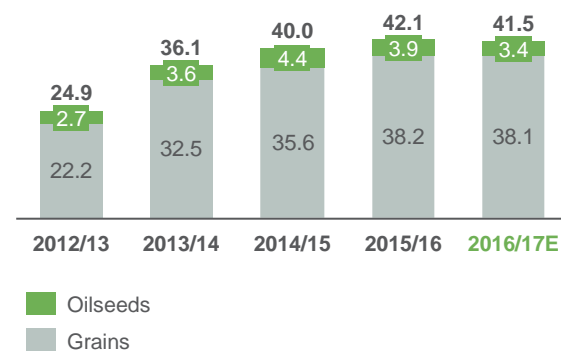
Source: State Statistics Services of Ukraine, APK-Inform estimates. January 2017

## Grain and oilseed production in Russia, million tons



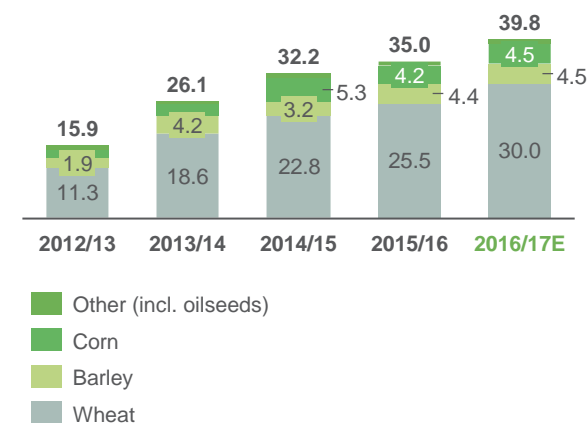
Source: Russian Federal State Statistics, APK-Inform estimates. January 2017

## Ukraine's grain and oilseeds exports, million tons



Source: APK-Inform estimates. January 2017

## Russia's grain and oilseeds exports by crop, million tons



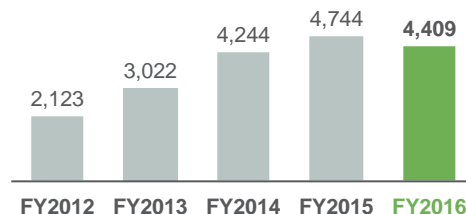
Source: APK-Inform estimates. January 2017

# Grain and infrastructure in FY2016

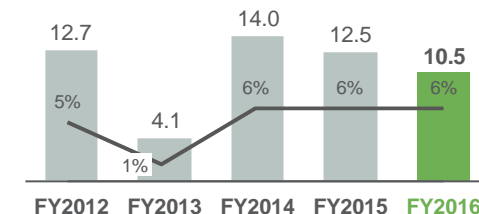
## Grain exports:

- 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.

Grain sales,  
thousand tons



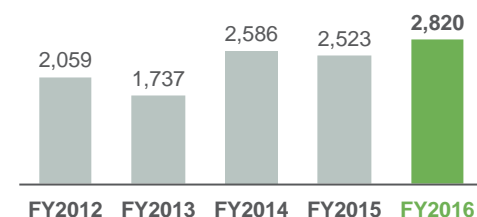
Grain segment's EBITDA,  
USD per ton



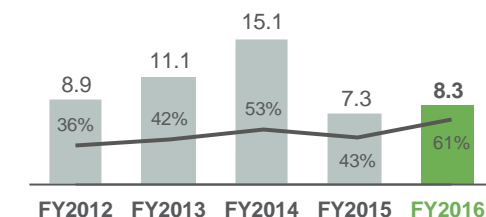
## Silo services:

- 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.

Grain received in inland silos,  
thousand tons



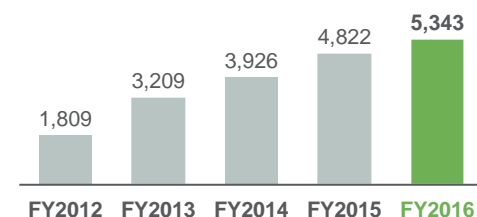
Silo services EBITDA,  
USD per ton



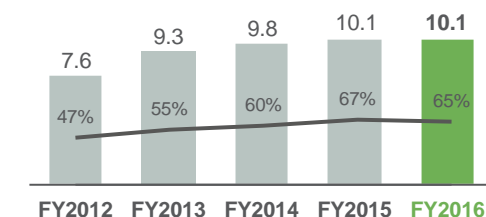
## Export terminals:

- 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 debottlenecking 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.

Export terminals throughput,  
thousand tons



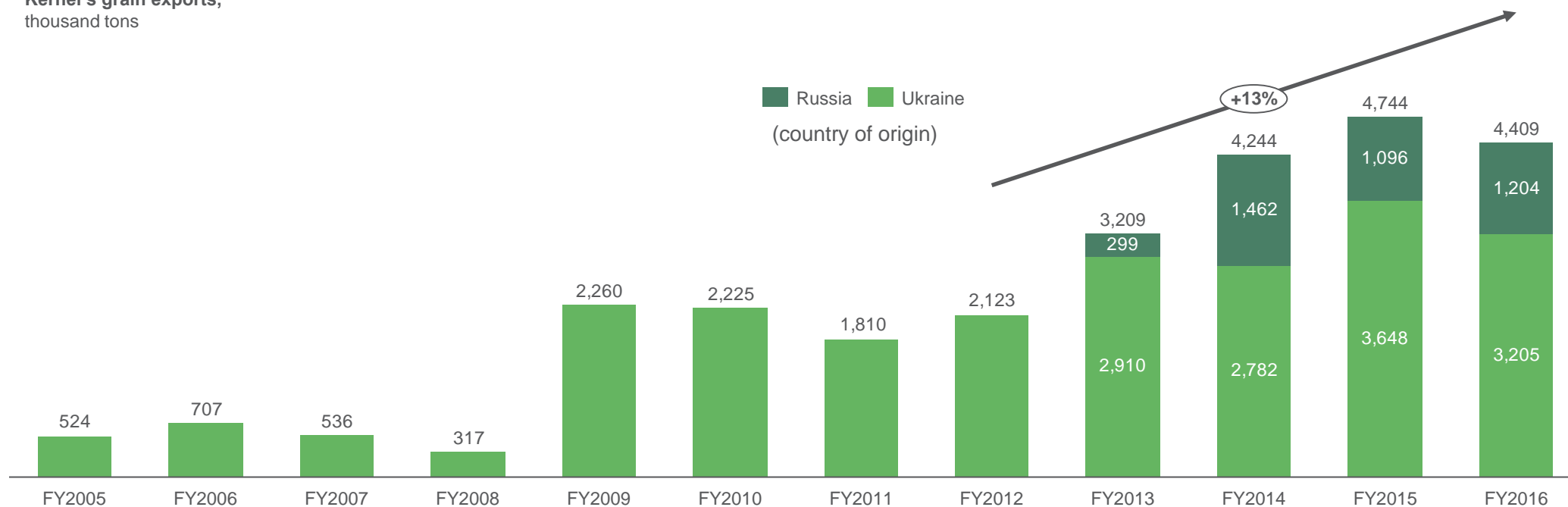
Export terminal EBITDA,  
USD per ton



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 million tons before acquisition to 2 million 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



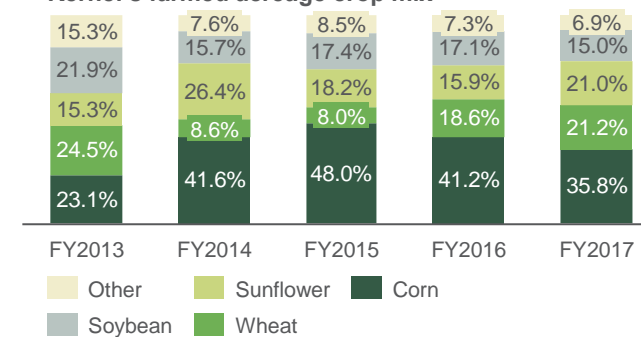


# Our business model

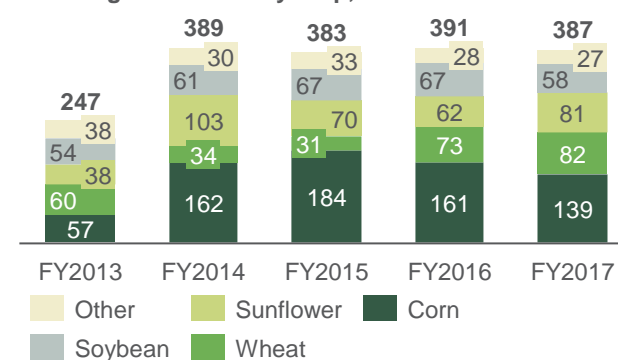
- Large-scale crop production on 385,000 hectares of leasehold farmland in Ukraine.
- A crop mix based on four crops allows us to focus on profits and technology while keeping sufficient flexibility.
- We utilize modern large-scale machinery, sustainable agronomic practices, and a cluster management system.
- 85-90% of output goes through our grain and infrastructure or sunflower oil segments, earning incremental profits.



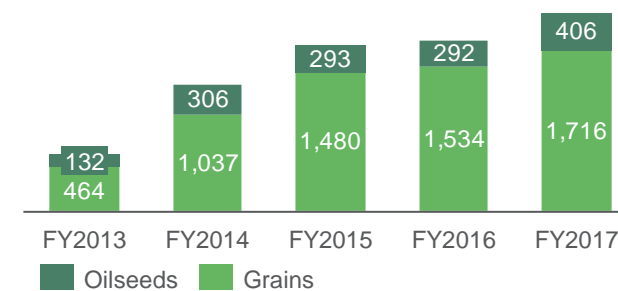
**Kernel's farmed acreage crop mix**



**Acreage harvested by crop, thousand ha**



**Kernel's crop production, thousand ha**



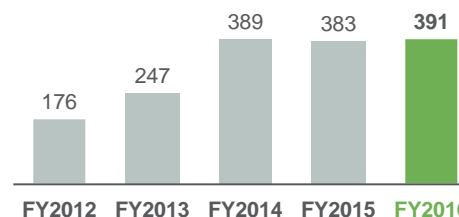


# Farming in FY2016

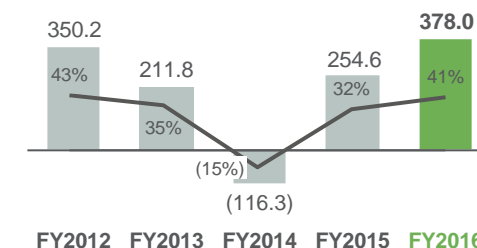
## Farming:

- 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.

Acreage harvested,  
thousand ha



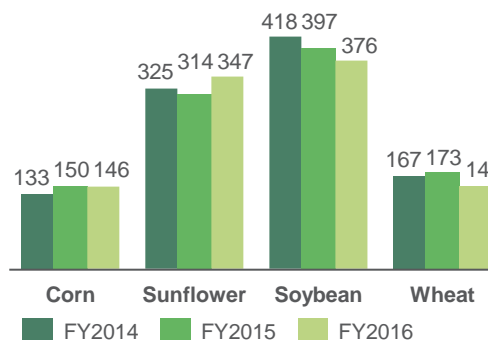
Farming segment's EBITDA,  
USD per ha



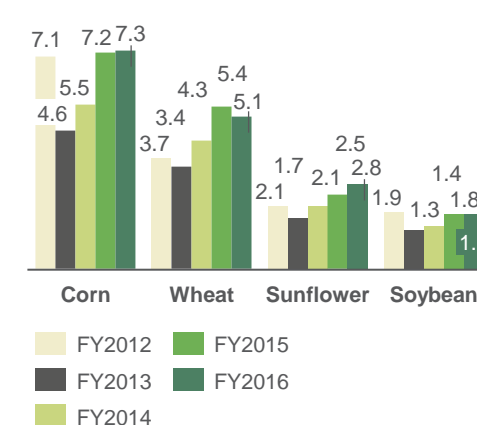
## Key market trends in FY2016:

- 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.

Average farm-gate prices in Ukraine,  
USD per ton, excl. VAT



Crop yields,  
ton per ha, net



Source: Kernel

# FINANCIALS AND OUTLOOK



# Kernel has a track record of strong financial performance

## Income statement highlights

USD million, except multiples	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
<b>EBITDA, incl.</b>	<b>17.0</b>	<b>46.4</b>	<b>123.2</b>	<b>190.1</b>	<b>190.0</b>	<b>309.6</b>	<b>318.8</b>	<b>287.5</b>	<b>223.0</b>	<b>396.6</b>	<b>346.4</b>
<i>Sunflower oil</i>	-	-	81.1	89.4	101.2	202.3	198.5	199.3	177.8	213.1	128.8
<i>Grain and infrastructure</i>	-	-	39.9	111.6	79.8	93.6	59.0	59.0	125.8	114.5	107.1
<i>Farming</i>	-	-	19.9	6.9	23.1	31.5	73.8	67.3	(44.3)	97.9	145.9
<i>Unallocated corporate expenses</i>	-	-	(17.7)	(17.8)	(14.0)	(17.8)	(12.4)	(38.1)	(36.3)	(29.0)	(35.5)
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%

- Management made a span review of strategy in 2014, focusing on cash accumulation and deleveraging
- Meaningful cut of expansion capital expenditure in FY2015 and FY2016
- Cumulative effect of these actions, alongside enhanced profitability in FY2015 and FY2016, was more than US\$ 400 million cash inflow

## 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 <sup>(1)</sup>	(6.0)	2.2	(24.4)	(88.6)	(56.2)	(48.1)	(93.1)	(90.9)	(41.7)	(22.7)	(30.4)
Finance cost 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 <sup>(2)</sup>	(0.4)	(1.0)	(7.1)	(1.9)	15.7	(34.4)	(27.4)	0.5	(27.5)	(57.8)	(15.9)
<b>Funds from Operations</b>	<b>0.8</b>	<b>28.5</b>	<b>60.2</b>	<b>65.6</b>	<b>126.0</b>	<b>188.2</b>	<b>125.0</b>	<b>77.6</b>	<b>41.6</b>	<b>234.6</b>	<b>239.7</b>
Dividends 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 <sup>(3)</sup>	0.6	(59.4)	(145.7)	(6.7)	(69.4)	(78.0)	(136.1)	(175.2)	(41.5)	(1.6)	(30.4)
<b>Free cash flow</b>	<b>(34.4)</b>	<b>(45.7)</b>	<b>(295.7)</b>	<b>34.0</b>	<b>(40.9)</b>	<b>(69.9)</b>	<b>(253.2)</b>	<b>37.8</b>	<b>(0.7)</b>	<b>360.5</b>	<b>53.1</b>

## Liquidity position and credit metrics

Gross interest-bearing debt	94.2	158.2	258.8	299.5	350.4	427.5	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
<b>Net interest-bearing debt</b>	<b>87.8</b>	<b>132.9</b>	<b>170.3</b>	<b>170.3</b>	<b>290.9</b>	<b>311.6</b>	<b>615.8</b>	<b>655.1</b>	<b>684.0</b>	<b>339.4</b>	<b>282.8</b>
Readily marketable inventories <sup>(4)</sup>	29.3	38.1	138.6	94.9	142.9	172.7	385.1	175.1	243.4	140.1	183.7
<b>Adjusted net financial debt</b>	<b>58.5</b>	<b>94.8</b>	<b>31.7</b>	<b>75.4</b>	<b>148.0</b>	<b>138.9</b>	<b>230.7</b>	<b>480.0</b>	<b>440.6</b>	<b>199.3</b>	<b>99.1</b>
Net debt / EBITDA	5.2x	2.9x	1.4x	0.9x	1.5x	1.0x	1.9x	2.3x	3.1x	0.9x	0.8x
Adjusted net debt / EBITDA	3.4x	2.0x	0.3x	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: Differences are possible due to rounding.

Source: Kernel financial reports

(1) Committed CAPEX

(2) Changes in fair value of bioassets, movements in allowance for doubtful debt, losses on disposal of PPE, impairment, etc.

(3) Acquisitions and other related investments of existing capacities

(4) Including financial lease

(5) Profitably pre-sold stock of sunflower oil/meal, etc. no price risk

# Balance sheet

## Balance sheet highlights

USD million	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<i>Invested Capital</i>											
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
<i>of which: readily marketable inventories</i>	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
<b>Total assets</b>	<b>155.8</b>	<b>275.1</b>	<b>755.6</b>	<b>699.7</b>	<b>1,124.8</b>	<b>1,572.6</b>	<b>2,116.4</b>	<b>2,361.6</b>	<b>1,919.0</b>	<b>1,465.6</b>	<b>1,509.4</b>
<i>Financed by</i>											
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
<i>of which: interest-bearing debt</i>	29.8	45.8	160.8	166.7	215.1	271.4	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
<i>of which: long-term interest bearing debt</i>	64.4	112.4	98.1	132.9	135.3	156.1	426.9	275.7	260.0	95.2	84.1
<b>Total liabilities</b>	<b>108.3</b>	<b>189.8</b>	<b>315.2</b>	<b>342.2</b>	<b>519.9</b>	<b>575.3</b>	<b>905.7</b>	<b>1,009.4</b>	<b>888.3</b>	<b>574.8</b>	<b>512.3</b>
<b>Total equity</b>	<b>47.6</b>	<b>85.3</b>	<b>440.4</b>	<b>357.5</b>	<b>604.9</b>	<b>997.3</b>	<b>1,210.7</b>	<b>1,352.3</b>	<b>1,030.7</b>	<b>890.8</b>	<b>997.1</b>

## Credit metrics highlights

USD million, except ratios	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Gross interest-bearing debt	94.2	158.2	258.8	299.5	350.4	427.5	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
<b>Net interest-bearing debt</b>	<b>87.8</b>	<b>132.9</b>	<b>170.3</b>	<b>170.3</b>	<b>290.9</b>	<b>311.6</b>	<b>615.8</b>	<b>655.1</b>	<b>684.0</b>	<b>339.4</b>	<b>282.8</b>
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
<b>Adjusted net financial debt</b>	<b>58.5</b>	<b>94.8</b>	<b>31.7</b>	<b>75.4</b>	<b>148.0</b>	<b>138.9</b>	<b>230.7</b>	<b>480.0</b>	<b>440.6</b>	<b>199.3</b>	<b>99.1</b>
Shareholders' equity											
Net debt / EBITDA	5.2x	2.9x	1.4x	0.9x	1.5x	1.0x	1.9x	2.3x	3.1x	0.9x	0.8x
Adjusted net debt / EBITDA	3.4x	2.0x	0.3x	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 financial 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
<b>Revenue</b>	<b>215.2</b>	<b>350.4</b>	<b>663.1</b>	<b>1,047.1</b>	<b>1,020.5</b>	<b>1,899.1</b>	<b>2,071.8</b>	<b>2,796.8</b>	<b>2,393.3</b>	<b>2,329.5</b>	<b>1,988.5</b>
Net IAS 41 gain	-	-	-	-	-	-	-	14.9	(17.1)	(6.8)	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
<b>EBITDA<sup>(1)</sup></b>	<b>17.0</b>	<b>46.4</b>	<b>123.2</b>	<b>190.1</b>	<b>190.0</b>	<b>309.6</b>	<b>318.8</b>	<b>287.5</b>	<b>223.0</b>	<b>396.6</b>	<b>346.4</b>
EBIT	12.0	38.6	111.6	166.6	167.5	277.3	257.3	200.9	128.7	328.3	287.2
<b>Net profit<sup>(2)</sup></b>	<b>1.3</b>	<b>19.5</b>	<b>83.2</b>	<b>135.5</b>	<b>152.0</b>	<b>226.3</b>	<b>206.7</b>	<b>111.6</b>	<b>(98.3)</b>	<b>106.9</b>	<b>225.2</b>
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			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
<b>Operating profit before working capital changes</b>	<b>16.6</b>	<b>45.4</b>	<b>116.1</b>	<b>188.2</b>	<b>205.7</b>	<b>275.2</b>	<b>291.4</b>	<b>288.0</b>	<b>195.5</b>	<b>338.7</b>	<b>330.5</b>
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)
<b>Cash obtained from/(used in) operations</b>	<b>(19.3)</b>	<b>30.7</b>	<b>(94.1)</b>	<b>163.2</b>	<b>108.4</b>	<b>95.1</b>	<b>49.3</b>	<b>423.5</b>	<b>194.7</b>	<b>486.1</b>	<b>194.1</b>
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)
<b>Net cash obtained from/(used in) operating activities</b>	<b>(29.0)</b>	<b>11.6</b>	<b>(125.6)</b>	<b>129.3</b>	<b>84.8</b>	<b>56.1</b>	<b>(24.0)</b>	<b>303.9</b>	<b>82.5</b>	<b>404.7</b>	<b>133.7</b>
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)
Acquisition of subsidiaries and purchase of investment in joint ventures	-	(59.7)	(97.2)	(5.5)	(70.2)	(11.5)	(134.5)	(152.1)	(41.0)	2.5	(29.9)
<b>Net cash obtained from/(used in) investing activities</b>	<b>(5.4)</b>	<b>(57.2)</b>	<b>(170.1)</b>	<b>(95.3)</b>	<b>(125.6)</b>	<b>(126.1)</b>	<b>(229.2)</b>	<b>(266.1)</b>	<b>(83.2)</b>	<b>(24.3)</b>	<b>(60.7)</b>
<b>Net cash obtained from/(used in) investing &amp; operating activities</b>	<b>(34.4)</b>	<b>(45.7)</b>	<b>(295.7)</b>	<b>34.0</b>	<b>(40.9)</b>	<b>(69.9)</b>	<b>(253.2)</b>	<b>37.8</b>	<b>(0.7)</b>	<b>380.4</b>	<b>73.0</b>

Note: our financial year ends 30 June.

Source: Consolidated audited financial 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 precrush 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 Chernomorsk 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

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**Investor calendar**

- Q4 FY2017 Operations Update
- FY2017 Financial Report

**13 July 2017**  
**23 October 2017**