

KERNEL

Kernel Holding S.A.

Q1 FY2019 results and company presentation

29 November 2018



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“LTM” and “Last twelve months” throughout this presentation means the period of October 2017 – September 2018, inclusively.

1. Q1 FY2019 results and outlook



1.1 Q1 FY2019 highlights

- **Revenue** for the period doubled y-o-y to US\$ 1.1 bn, driven by strong grain export volumes and growing physical trade operations of Avere in the reporting period.
- **EBITDA** of the group increased 2.2x y-o-y to a record for Q1 US\$ 101million:
 - **Oilseed Processing** segment EBITDA reduced 23% y-o-y, stemming from expectedly lower margin of the business (*US\$ 40 per tons of oil sold in Q1 FY2019 vs US\$ 50 in Q1 FY2018 and US\$ 44 in Q4 FY2018*) and slightly weaker sales volumes as we operated brought forward stock from the previous high-deficit season.
 - **Infrastructure and Trading** business doubled EBITDA y-o-y, as combination of solid grain export volumes from Ukraine and related profitability was further reinforced with strong Avere performance in Q1 FY2019
 - **Farming** segment tripled EBITDA in the reporting period reaching US\$ 53 million, owing to favorable weather conditions, expanded landbank and productivity improvements.
- Net profit attributable to shareholders tripled in Q1 FY2019, amounting to US\$ 76 million
- **Cash flow from operations** totaled to US\$ 24m, as higher volumes required incremental working capital investments.
- **Net cash used in investing activities** totaled at US\$ 71 million, of which US\$ 47 million was used on purchase of property, plant and equipment.
- **Net debt** of the Company as of 30 September 2018 increased by US\$ 64 million as compared to 30 June 2018, due to higher needs in working capital financing at the beginning of the season. Movements in **readily-marketable inventories** (“RMI”) were typical for this part of the season, increasing RMI stock by US\$ 90 million. **Net debt adjusted** for RMI reduced by US\$ 26 million in Q1 FY2019.
- **Net-debt-to-EBITDA** ratio as of 30 September 2018 (measured on LTM basis) reduced to 2.5x, as compared to 2.8x as of 30 June 2018. Interest coverage improved to 4.0x **EBITDA-to-Interest** over the same period.
- In October 2018 both Fitch and S&P affirmed Kernel’s credit rating at “B+” and “B”, respectively, with stable outlook.

<i>US\$ million except ratios and EPS</i>	Q1 FY2018	Q1 FY2019	y-o-y	
Income statement highlights				
Revenue	536.1	1,140.3	+2.1x	
EBITDA ¹	46.0	100.5	+2.2x	
Net profit / (loss) attributable to equity holders of Kernel Holding S.A.	22.8	75.5	+3.3x	
EBITDA margin	8.6%	8.8%	0.2pp	
Net margin	4.2%	6.6%	2.5pp	
EPS ² , US\$	0.28	0.92	+3.3x	
Cash flow highlights				
Operating profit before working capital changes	38.4	54.1	41.1%	
Decrease / (increase) in working capital	62.2	(29.9)	n/a	
Cash generated from operations	100.5	24.2	(76.0%)	
Net cash provided by / (used in) operating activities	74.9	(3.8)	n/a	
Net cash used in investing activities	(75.1)	(72.2)	(3.8%)	
Liquidity and credit metrics				
<i>US\$ million except ratios</i>	30.Sep 2017	30 June 2018	30 Sep 2018	q-o-q
Net interest-bearing debt	506.5	622.1	686.1	10.3%
Readily marketable inventories ³	395.7	325.2	415.7	27.8%
Adjusted net debt ⁴	110.9	296.9	270.5	(8.9%)
Shareholders' equity	1,151.5	1,170.7	1,176.9	0.5%
Net debt / EBITDA ⁵	1.7x	2.8x	2.5x	-0.3x
Adjusted net debt / EBITDA ⁵	0.4x	1.3x	1.0x	-0.4x
EBITDA / Interest ⁶	4.4x	3.4x	4.0x	+0.6x

Financial year ends 30 June, Q1 ends 30 September

1.2 Segment results Q1 FY2019

Segments results (new format)

	Revenue, US\$ m			EBITDA, US\$ m		
	Q1	Q1	y-o-y	Q1	Q1	y-o-y
	FY2018	FY2019		FY2018	FY2019	
Oilseeds processing	369.9	356.9	(3.5%)	21.0	16.2	(23%)
Infrastructure & trading	161.5	867.5	5.4x	18.2	38.3	2.1x
Farming	68.3	113.4	66.0%	16.5	52.8	3.2x
Unallocated corporate expenses				(9.7)	(6.7)	(31%)
Reconciliation	(63.6)	(197.6)	3.1x			
Total	536.1	1,140.3	2.1x	46.0	100.5	2.2x

- Starting from Q1 FY2019 company moved to three segment disclosure instead of six segment:
 - **Sunflower oil sold in bulk** and **Bottled sunflower oil** combined into **Oilseed Processing** segment, as fundamentals driving the performance of two segments are quite similar;
 - **Grain trading**, **Export terminals** and **Silo services** segments combined into **Infrastructure and Trading** segment, as we look at the margin through the whole value chain rather than profitability of each separate business, eliminating the need to account for a large number of intragroup transactions among our grain, silo and terminal businesses;
- Operational volumes will be reported as before in our standard quarterly operations updates
- We believe the proposed changes shall simplify the understanding of the company business by its stakeholders

Segments results (old format)

	Revenue, US\$ m			EBITDA, US\$ m			Volume, k t ¹			EBITDA margin, US\$ / t ²		
	Q1	Q1	y-o-y	Q1	Q1	y-o-y	Q1	Q1	y-o-y	Q1	Q1	y-o-y
	FY2018	FY2019		FY2018	FY2019		FY2018	FY2019		FY2018	FY2019	
Sunflower oil sold in bulk	334.3	324.3	3.1%	16.8	13.9	(17%)	392.8	374.9	(5%)	42.8	37.1	(13%)
Bottled sunflower oil	35.6	32.6	8.9%	4.2	2.2	(47%)	32.6	31.9	(2.4%)	128.2	70.1	(45%)
Sunflower oil division	369.9	356.9	3.6%	21.0	16.2	(23%)						
Grain trading	149.2	855.4	5.7x	1.5	24.2	15.9x	804.7	2,888.2	3.6x	1.9	8.4	4.4x
Export terminals ³	11.4	10.5	(7%)	8.6	8.3	(3%)	837.3	982.6	17.4%	10.2	8.4	(18%)
Silo services	12.6	13.2	5%	8.2	5.9	(28%)	1,392.0	1,558.3	11.9%	5.9	3.8	(36%)
Grain & infrastructure division	173.2	879.2	5.1x	18.2	38.3	2.1x						
Farming division	68.3	113.4	66%	16.5	52.8	3.2x						
Unallocated corporate expenses				(9.7)	(6.7)	(31%)						
Reconciliation	(75.3)	(209.2)	2.8x									
Total	536.1	1,140.3	2.1x	46.0	100.5	2.2x						

Note 1 Million liters for bottled sunflower oil

Note 2 US\$ per thousand of liters for bottled sunflower oil; US\$ per hectare for farming

Note 3 Excluding Taman. Earnings from the joint venture are accounted for below EBITDA

Differences are possible due to rounding

- For transparency and facilitation purposes, we shall continue to report six segments in MD&A section during each reporting date of FY2019

Comments to reconciliation between old and new format of segments:

- Minor changes in revenue disclosure (to adjust for intragroup transactions in Infrastructure and Trading division)
- EBITDA across three segments is simply a sum of the parts across six segments

1.3 Harvest update and segments volumes

Harvest update

	Acreage thousand hectares			Net yield tons / ha ¹			Net tonnage thousand tons		
	FY2018	FY2019	y-o-y	FY2018	FY2019	y-o-y	FY2018	FY2019	y-o-y
Corn	201.8	224.1	11.0%	6.7	9.8	45.7%	1,357.2	2,196.3	61.8%
Sunflower	133.6	134.5	0.7%	2.3	3.2	36.7%	311.1	428.0	37.6%
Wheat	145.7	99.5	(31.7%)	4.9	5.2	5.8%	709.5	512.7	(27.7%)
Soybean	64.8	36.2	(44.1%)	1.8	3.0	70.1%	114.8	109.1	(4.9%)
Other ²	49.9	34.7	(30.6%)						
Total	595.9	529.0	(11.2%)				2,492.5	3,246.1	30.2%

Note 1 Net crop yields and tonnage are based on 92% of corn acreage harvested and 100% of wheat, sunflower and soybean acreage harvested, 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

Note 2 Includes pea, rapeseed, barley, forage crops and other minor crops, as well as land left fallow for crop rotation purposes. Differences are possible due to rounding

- Record-breaking yields in key crops owing to:
 - Supportive weather conditions;
 - Quick and successful integration of the landbank acquired a year ago;
 - Constant productivity improvements;
- At the date of this presentation we almost completed this year's harvesting campaign, with only 8% of corn acreage still to be harvested
 - Revised guidance for corn yield to 9.8 t/ha from 9.4 t/ha outlook provided a month ago following the progression of harvesting campaign

Segments volumes

metric tons	Q1 FY2018	Q1 FY2019	y-o-y
Oilseeds processed	542,354	418,582	(22.8%)
Sunflower oil sales ¹	423,555	404,934	(4.4%)
Trading volumes	804,679	2,998,300	272.6%
- Ukraine	743,179	1,382,753	86.1%
- Russia	61,500	-	n/m
- Other ^{1, 2}	-	1,615,547	n/m
Export terminal's throughput	1,290,001	1,588,702	23.2%
- Ukraine	837,265	982,637	17.4%
- Russia	452,736	606,065	33.9%
Grain and oilseeds received in inland silos	1,391,979	1,558,290	11.9%

Note 1 Includes 110,070 tons of sunflower oil produced by Kernel plants and sold to Avere. Margins on that volumes are allocated to both Oilseeds Processing and Infrastructure & Trading segments.

Note 2 Physical trading volumes (grain, meal, sunflower oil) reported by Avere, a subsidiary of Kernel involved in physical and proprietary trading

- Weaker volumes in Oilseed Processing segment, reflecting limited supply of stock on the market at the end of the sunflower seed processing season (July-September) following the weak harvest of sunflower seeds in autumn 2017
- Strong trading volumes driven by grain export volumes from Ukraine and physical trading volumes by Avere
- Better infrastructure utilization: increasing silo network in-take volumes by 12% y-o-y and export terminal throughput volumes in Ukraine by 17% y-o-y.

1.4 Outlook for FY2019

Oilseed Processing



- **Improvement of crushing margin** is expected as a record sunflower seed harvest of around 16m tons in FY2019 (up 18% y-o-y) shall improve oilseed supply while the installed crushing capacity remains relatively stable in Ukraine;
- Kernel plans to process **3.1 million tons of sunflower seeds** in FY2019.

Infrastructure and Trading



- Record grain harvest in Ukraine shall benefit to our value chain in FY2019:
 - Kernel targets to **export a record 6.2 million tons of grains from Ukraine** (up from initial guidance of 5.4 million tons) at better margins y-o-y;
 - **Silo network and export terminals throughput volumes** are envisaged to increase materially. Export terminal margin is expected to gradually reduce given more intense competition, and silo business margins are expected to normalize following last year's abnormally high base and inflating costs.

Farming



- Improved weather conditions and successful integration of acquired farming assets are supportive factors for farming business;
- Enhanced by Avere support with hedging, we managed to pre-sell grain this year at higher prices as compared to last year;
- As a result, we expect above **US\$ 160m EBITDA** contribution from farming division in FY2019.

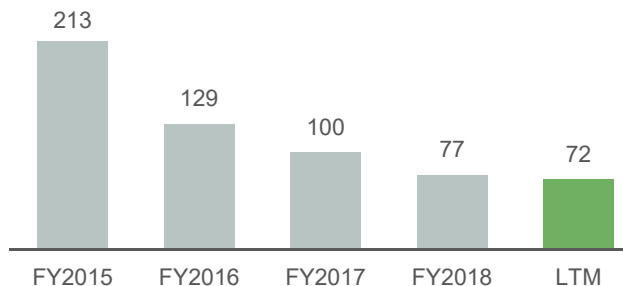
2. KERNEL TODAY



2.1 Kernel today

Oilseed processing segment

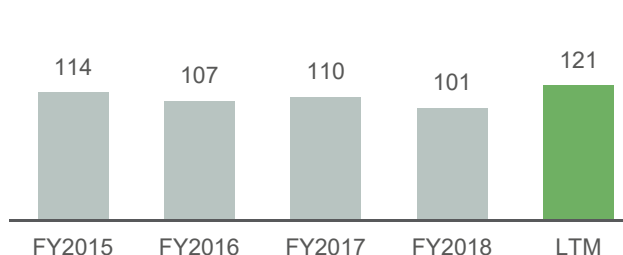
- **#1** sunflower oil producer and exporter in the world
- **Leading** bottled sunflower oil producer and marketer in Ukraine
- **8 oilseed processing plants** located across the sunflower seed belt in Ukraine
- **3.5** million tons annual sunflower seed crushing capacity

EBITDA ¹, US\$ million

Infrastructure and trading segment

- Leading grain originator and marketer in Ukraine with **9%** of country's total grain exports
- One export terminal in Ukraine and one in Russia (50/50 JV with Glencore) with total annual capacity to transship **6.2** million tons of soft commodities
- **#1** private inland grain silo network in Ukraine with **2.8** million tons of storage capacity

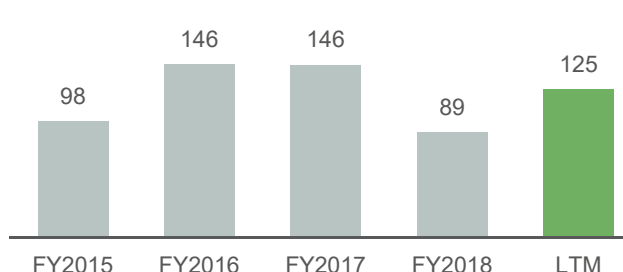
EBITDA, US\$ million



Farming segment

- **#1** crop producer in Ukraine operating 550 thousands hectares of leasehold farmland
- Modern large-scale operations, sustainable agronomic practices, cluster management system and export-oriented crop mix
- Nearly 100% of sales volumes flows through our infrastructure and sunflower oil segments, earning incremental profits

EBITDA, US\$ million



Key financials, US\$ m ¹	FY15	FY16	FY17	FY18	LTM
Revenue	2,330	1,989	2,169	2,403	3,007
EBITDA	397	346	319	223	277
Net profit/(loss) ²	107	225	176	52	105
EBITDA margin	17.0%	17.4%	14.7%	9.3%	9.2%
Net margin	4.6%	11.3%	8.1%	2.2%	3.5%
EPS, US\$	1.34	2.83	2.19	0.64	1.28

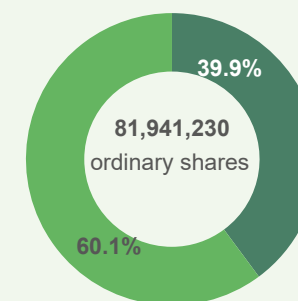
1. Except ratios and EPS

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

Stock information

Exchange	Warsaw Stock Exchange
Stock quote currency	PLN
Issued shares	81,941,230
Bloomberg Reuters ticker	KER PW KERN.WA
ISIN code	LU0327357389

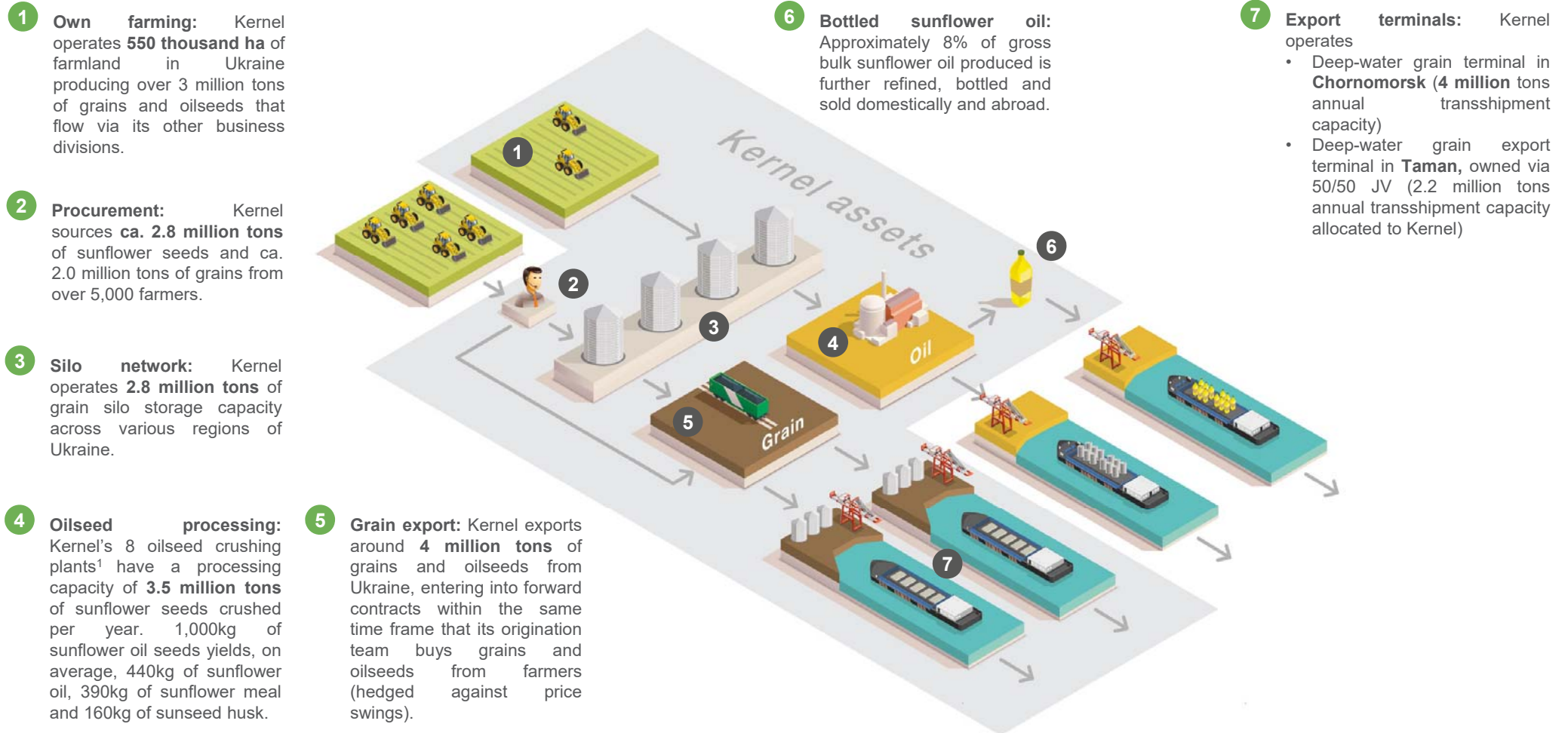
Shareholder structure



■ Namsen LTD / Andriy Verevskyy ■ Other

Note 1 Hereinafter, segment EBITDA is presented prior to certain unallocated G&A costs and net of discontinued operations and assets held for sale

2.2 What we do

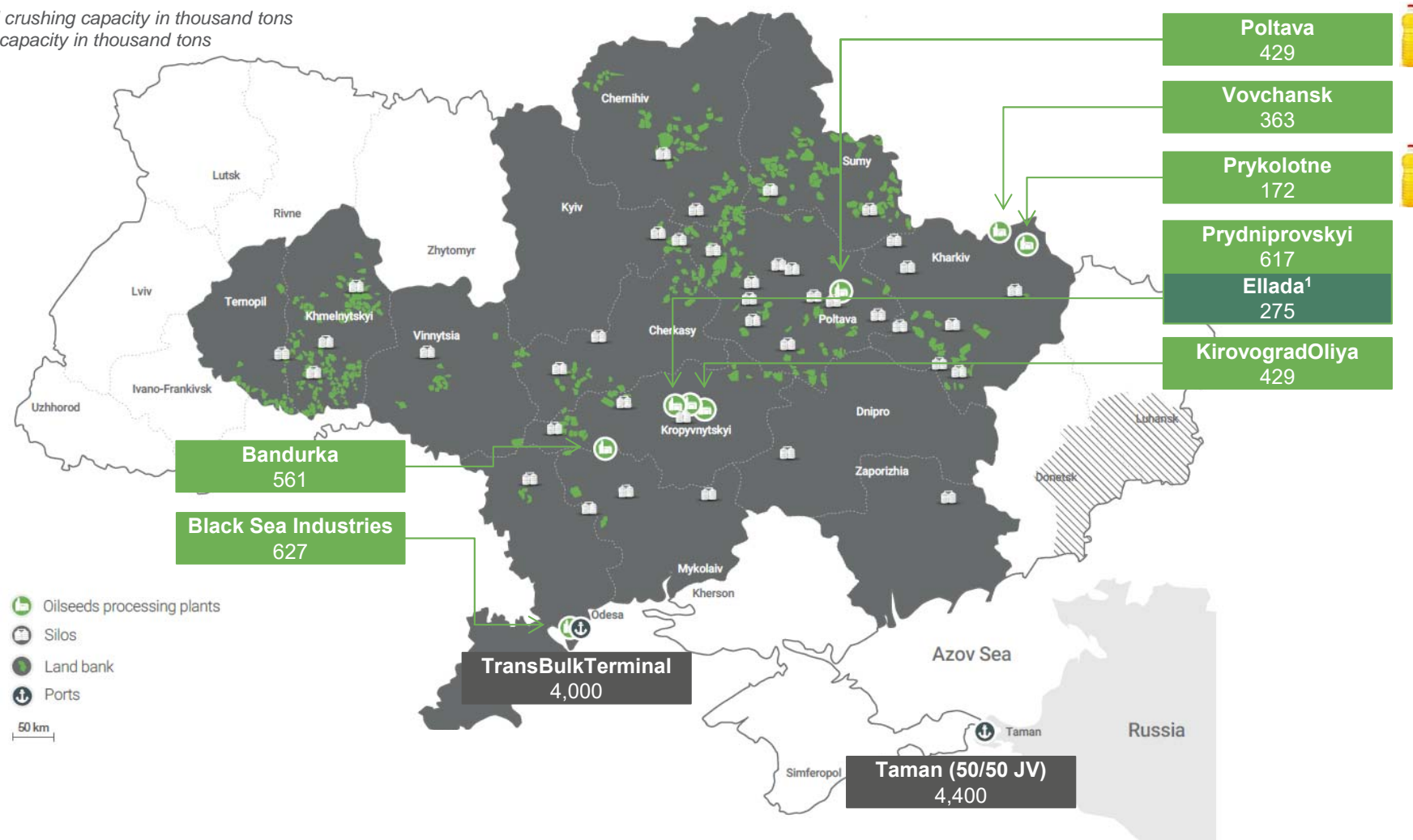


Kernel bridges Ukrainian farmers with the global market place using its efficient, scalable and integrated resources and processes

Note 1 Including one plant operated under tolling agreement (275 thousand tons of sunflower seed annual crushing capacity)

2.3 Efficient and well-invested asset base

Sunflower seed crushing capacity in thousand tons
Transshipment capacity in thousand tons



Diversified and strategically located world-class asset base provides significant competitive advantages

Note 1 Operated under tolling agreement

2.4 Kernel's key milestones

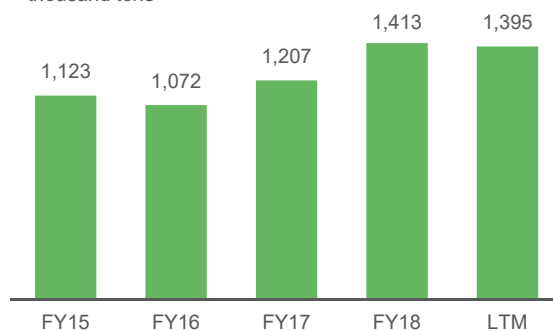


● Asset growth through M&A

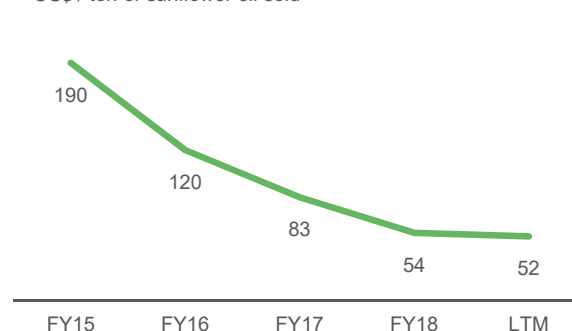
Unparalleled track record of continuous development

2.5 Oilseeds Processing segment

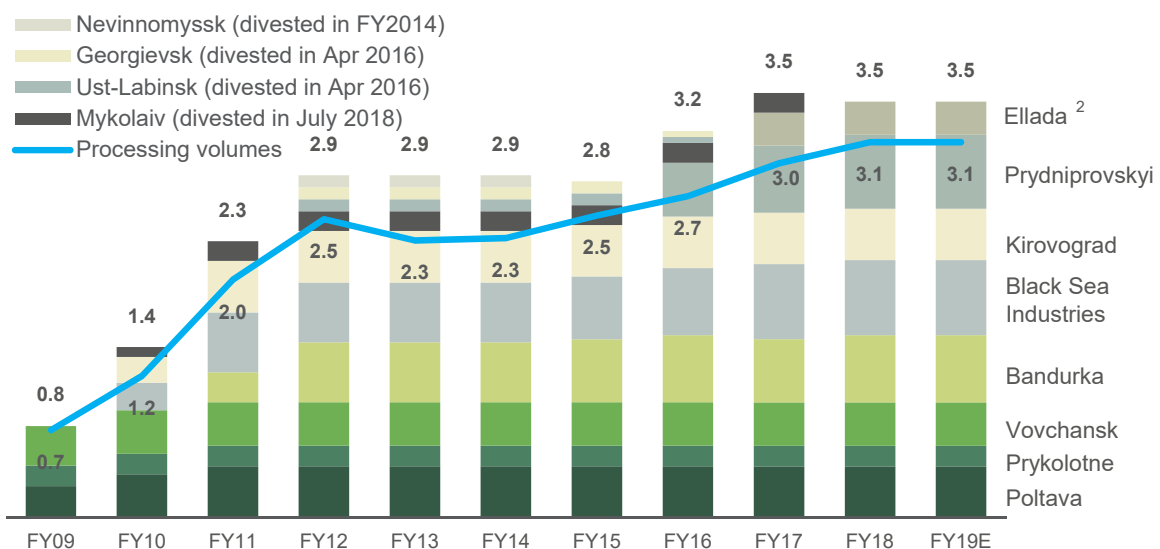
Sunflower oil sales
thousand tons



EBITDA margins
US\$ / ton of sunflower oil sold



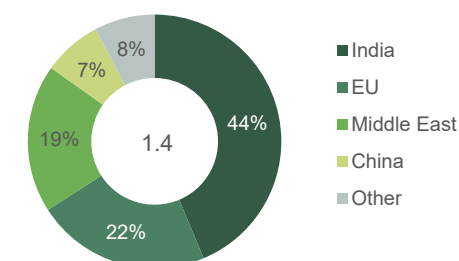
Kernel oilseed processing capacity, million tons per year



Note 1 Operated under tolling agreement

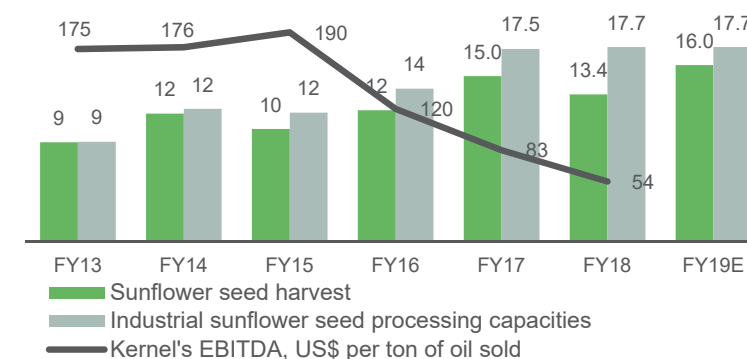
- Segment's EBITDA on the LTM basis down 34% y-o-y, to US\$ 72m
- Weaker crushing and sales volumes due to low harvest of sunflower seeds in 2017

Sunflower oil key sales markets in FY2018, million tons



- Weak EBITDA margin due to increased misbalance between sunflower seed processing capacities and harvested volumes

Supply & demand for sunflower seeds in Ukraine, million tons



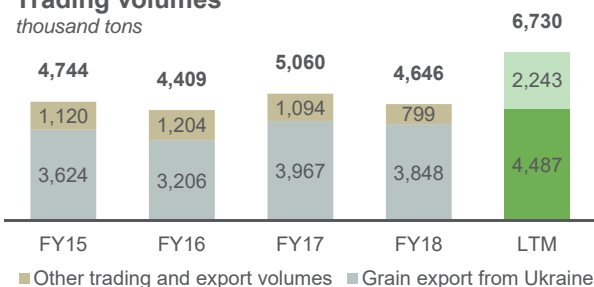
Source National Academy of Agricultural Sciences of Ukraine, USDA, Kernel

2.6 Infrastructure and Trading segment

Key segment volumes

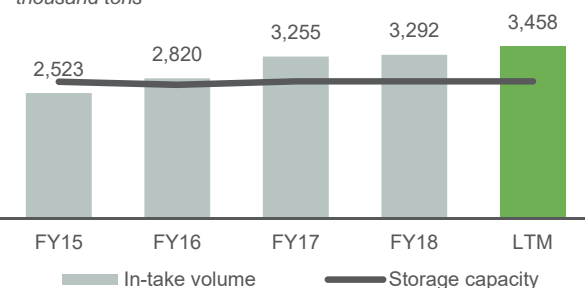
Trading volumes

thousand tons



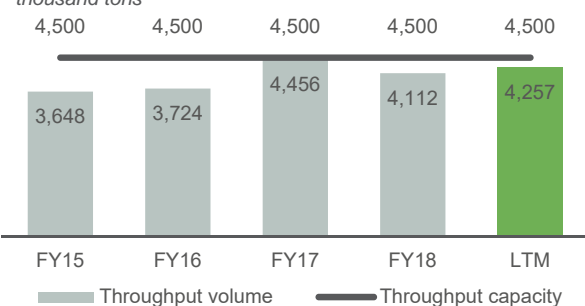
Grain in-take by inland silos

thousand tons



Export terminals throughput ¹

thousand tons



Note 1 Not including Taman

Operational highlights

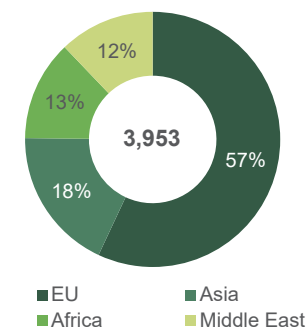
- 4.5m tons exported from Ukraine on the LTM basis, 16% up y-o-y
 - Strong utilization of our infrastructure: 3.5m tons silo in-take volumes and 4.3m tons export terminal throughput in Ukraine
 - 6.2m tons expected grain export from Ukraine in FY2019 driven by record harvest
- Only minor export volumes from Russia on the LTM basis, as we assigned grain transshipment quota on Taman grain terminal to third party
- 2.2m tons other physical trading volumes, most of which attributable to Avere operations
- EU dominates among export markets, accounting for more than 50% of total export.

Financial highlights

- US\$ 121m EBITDA generated by the segment on the LTM basis, up 13% y-o-y
 - Strong profitability of trading operations driven by Avere contribution, better trading margin achieved on grain export operations and sizable savings achieved in Q1 FY2019 from our investments in railcars
 - Flat contribution from silo network business facing growing overheads due to labor cost inflation
 - Slight decline in export terminal business due to lower transshipment fees and higher overheads

Key export markets in FY2018

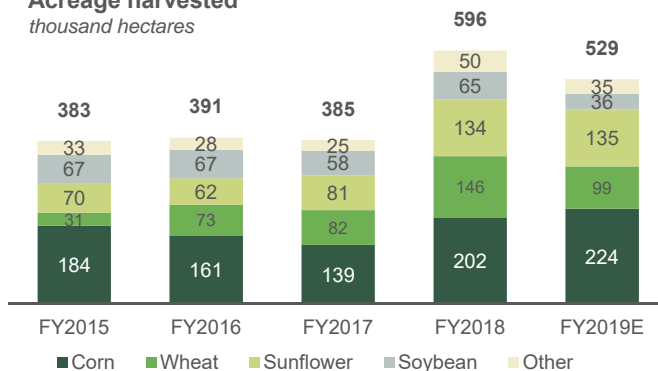
Thousand tons (excl. Avere traded volumes)



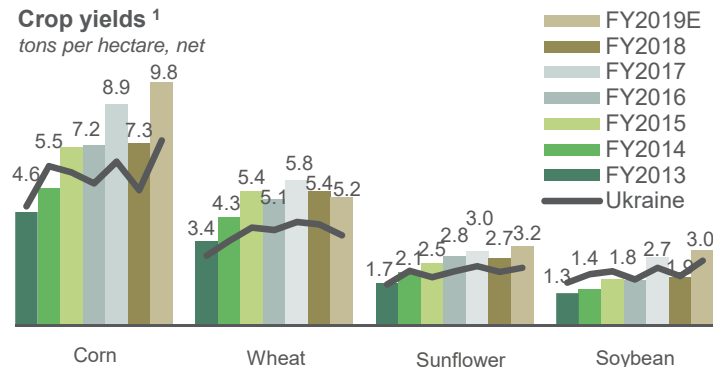
Note 1 3,848k tons exported from Ukraine and 106k tons exported from Russia in FY2018

2.7 Farming segment

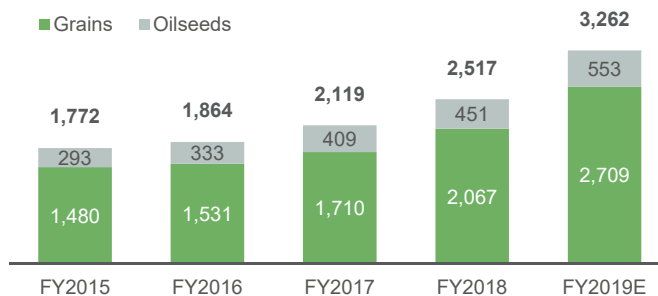
Acreage harvested
thousand hectares



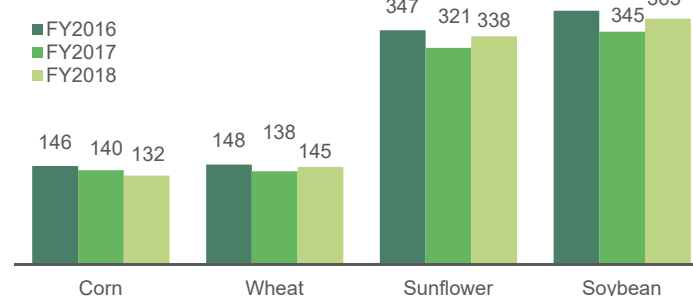
Crop yields ¹
tons per hectare, net



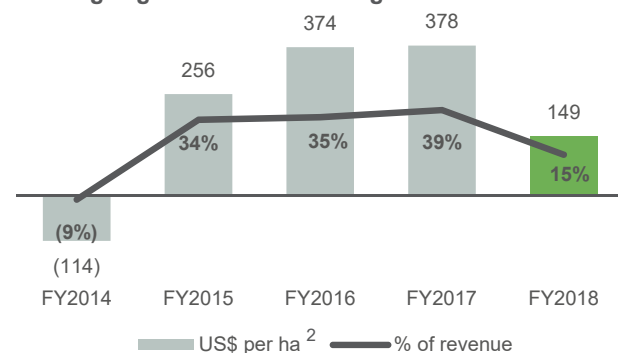
Kernel's key crop production
thousand tons



Kernel's farm-gate prices
US\$ per ton, excl. VAT



Farming segment's EBITDA margin



Note 1 For comparison purposes, yields for FY2018 are provided for Kernel's initial lands (prior to land bank expansion in summer 2017).

Note 2 Farming segment EBITDA for the period, divided by the acreage harvested in corresponding year.

■ LTM EBITDA of US\$ 125m, 9% up y-o-y

- Supportive weather conditions in FY2019, driving the overall country harvest increase to a record level
- Quick and successful integration of the landbank acquired a year ago
- Constant productivity improvements

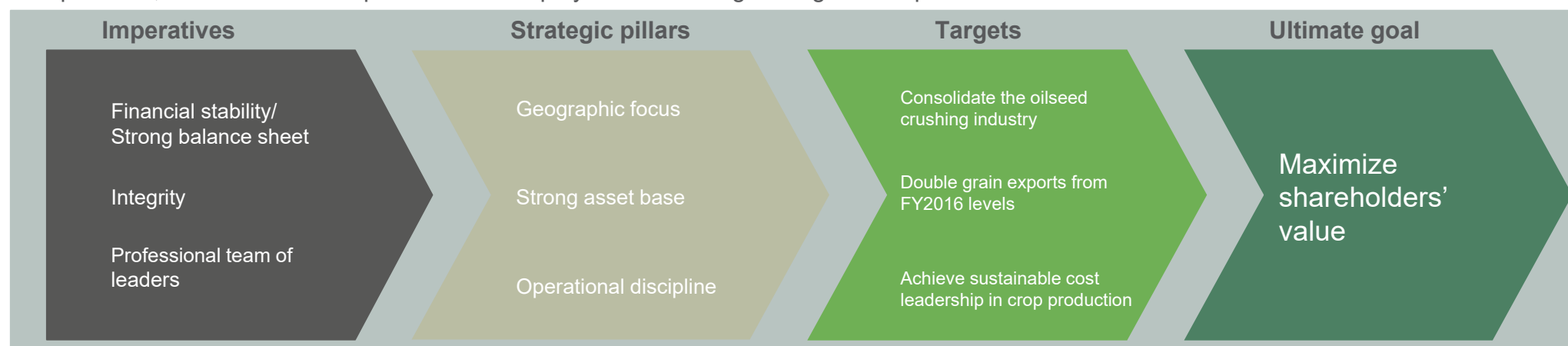
- Acquisition of Ukrainian Agrarian Investments and Agro-Invest Ukraine in summer 2017 expanded the leasehold farmland bank by more than 200 thousand hectares. Several distant land blocks were immediately disposed, being suboptimal for our operations

3. Balanced growth strategy



3.1 Kernel's mid-term strategy

We aim to profitably double export volumes by FY2021, providing comprehensive solutions to our clients (customers and suppliers), with balanced development of our businesses by the efficient use of our asset base, investment in technology and innovation, strategic acquisitions, continuous development of our employees and strengthening of our operations.



Sunflower oil

Mid-term targets in detail

- Construction of 1-million-ton per year greenfield crushing plant in western Ukraine
- Substantial upgrade of the remaining crushing plants to drive efficiency

Key deliverables in FY2018

- Construction phase kick off for our processing plant in western Ukraine and roll-out of upgrade program in other crushing facilities
- Key equipment contracted for both projects



Grain and infrastructure

- Double grain exports in FY2021 through greenfield construction of 4.0-million-ton deep-water transshipment facility in Ukraine
- Expand and streamline silo network to serve growing in-house production and export volumes

- Active construction phase on TransGrainTerminal, a 4-million-ton deep-water grain transshipment facility in Chornomorsk port
- Launched Avere – a knowledge and research platform to effectively hedge the expected increase of Kernel's export volumes
- Start of construction of two silos



Farming

- Achieve sustainable low-cost crop production via investment in technology
- Smooth integration of recently acquired assets to lift operational efficiency and productivity levels to Kernel's high standard
- Successful integration of Ukrainian Agrarian Investments and Agro-Invest Ukraine acquired in summer 2017

3.2 Strategy 2021 serves as a solid basis for future growth

Strategy 2021 pipeline overview:

		Approximate CapEx budgets, US\$ m (excl. VAT)
I	Construction of greenfield oilseed processing plant in Western Ukraine <ul style="list-style-type: none"> ■ Annual sunflower seed processing capacity: 1 million tons ■ Expected commissioning date: early 2021 	180
II	Upgrade of most our oilseed processing plants to significantly improve the performance of sunflower oil business throughout (FY2019-2020)	150
III	Construction of new grain export terminal in the port of Chornomorsk <ul style="list-style-type: none"> ■ Annual throughput capacity: 4 million tons of grain ■ Expected commissioning date: <ul style="list-style-type: none"> - First stage (up to 1.0m tons of incremental transshipment capacity): Jan 2019 - Final commissioning: autumn 2019 	120
IV	Construction and de-bottlenecking of silos (FY2019-2020)	65
V	Acquisition of 500 railcars (FY2019)	25
Total		540

- The major portion of investments is expected to be financed by debt attracted from international financial institutions
- Over US\$ 100m out of US\$ 540m has been deployed as of 30 June 2018

4. FINANCIALS



4.1 Consolidated statement of profit or loss

<i>US\$ million, except ratios and EPS</i>	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	LTM
Revenue	215	350	663	1,047	1,020	1,899	2,072	2,797	2,393	2,330	1,989	2,169	2,403	3,007
Net IAS 41 gain / (loss)	-	-	-	-	-	-	-	15	(17)	(7)	20	(3)	19	57
Cost of sales	(173)	(267)	(505)	(730)	(709)	(1,440)	(1,614)	(2,361)	(1,968)	(1,810)	(1,548)	(1,723)	(2,108)	(2,666)
Gross profit	42	83	159	317	311	460	457	451	408	512	460	443	314	399
Other operating income	1	8	25	17	18	26	66	67	60	83	45	41	59	71
Distribution costs	(20)	(39)	(52)	(143)	(134)	(170)	(199)	(238)	(263)	(199)	(158)	(159)	(154)	(190)
G&A expenses	(11)	(13)	(20)	(24)	(27)	(38)	(67)	(78)	(77)	(68)	(59)	(60)	(80)	(83)
EBIT	12	39	112	167	167	277	257	201	129	328	287	265	140	197
Financial costs, net	(9)	(19)	(28)	(32)	(23)	(42)	(63)	(75)	(72)	(69)	(57)	(62)	(65)	(69)
FX gain(loss), net	(1)	(1)	3	(3)	11	2	5	3	(99)	(153)	30	(3)	5	10
Other non-operating items	(2)	(2)	5	(4)	(4)	(28)	(3)	(8)	(48)	(5)	(13)	(3)	(30)	(30)
Income tax	0	2	(9)	5	0	18	9	(6)	(11)	(0)	(4)	(19)	6	4
Net profit from continuing operations	0	19	82	132	152	226	206	115	(102)	101	244	179	56	112
Profit / (loss) from discontinued operations	-	-	-	-	-	-	5	(10)	(6)	(5)	(17)	-	-	-
Net profit	0	19	82	132	152	226	211	105	(107)	96	227	179	56	112
Net profit attributable to shareholders	1	20	83	136	152	226	207	112	(98)	107	225	176	52	105
<i>EPS, US\$</i>		-	2.1	2.0	2.2	3.0	2.6	1.4	(1.2)	1.3	2.8	2.2	0.6	1.28
<i>ROE¹</i>		37%	36%	36%	32%	29%	19%	9%	(8%)	11%	24%	16%	5%	9%
<i>ROIC²</i>		21%	25%	26%	22%	23%	17%	9%	(1%)	11%	21%	15%	10%	9%
<i>Net Income / Invested Capital</i>		14%	36%	21%	23%	24%	15%	6%	-5%	6%	17%	13%	4%	5%
EBITDA, incl.	17	46	123	190	190	310	319	288	223	397	346	319	223	277
Oilseeds Processing	-	-	81	89	101	202	198	199	178	213	129	100	77	72
Infrastructure and Trading	-	-	40	112	80	94	59	59	126	114	107	110	101	121
Farming	-	-	20	7	23	32	74	67	(44)	98	146	144	89	125
Unallocated expenses and other	-	-	(18)	(18)	(14)	(18)	(12)	(38)	(36)	(29)	(36)	(35)	(44)	(41)
<i>Gross margin</i>	19%	24%	24%	30%	30%	24%	22%	16%	17%	22%	23%	20%	13.1%	13.3%
<i>EBITDA margin</i>	8%	13%	19%	18%	19%	16%	15%	10%	9%	17%	17%	15%	9.3%	9.2%
<i>Net margin</i>	0.0%	5.3%	12.4%	12.6%	14.9%	11.9%	10.2%	3.8%	(4.5%)	4.1%	11.4%	8.2%	2.2%	3.7%

Note 1 Net profit attributable to shareholders divided by average equity attributable to shareholders over the period

Note 2 Sum of net profit attributable to shareholders and financial costs, divided by average over the period sum of the debt and equity

4.2 Balance sheet

Balance sheet highlights														30 Sep
US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	2018
Cash & cash equivalents	6	25	89	129	59	116	83	79	65	129	60	143	132	112
Net trade accounts receivable	9	10	49	32	65	112	146	151	100	56	75	87	92	228
Prepayments to suppliers & other current assets	7	9	30	26	94	81	90	110	57	61	53	83	113	126
Prepaid taxes	9	22	23	73	206	221	236	210	156	105	138	143	122	120
Inventory	32	40	145	99	148	184	410	270	300	159	200	387	368	502
<i>of which: readily marketable inventories</i>	29	38	139	91	143	141	336	157	243	140	184	354	325	416
Biological assets	3	10	42	19	26	96	153	247	183	147	190	256	289	154
Other current assets	-	-	-	-	-	-	-	23	12	2	4	21	87	84
Intangible assets and goodwill	10	28	103	81	118	152	228	321	233	172	159	219	208	207
Net property, plant & equipment	72	128	232	222	379	503	728	763	643	535	539	570	588	599
Other non-current assets	5	3	43	19	29	109	41	187	170	100	91	100	210	215
Total assets	156	275	756	700	1,125	1,573	2,116	2,362	1,919	1,466	1,509	2,009	2,211	2,345
Trade accounts payable	1	6	6	8	11	27	25	47	33	27	42	53	74	156
Advances from customers & other current liabilities	5	9	22	26	131	102	155	202	80	63	77	89	105	104
Interest-bearing debt	93	157	256	295	345	422	693	725	743	463	339	655	751	794
Short-term debt	29	44	127	160	210	266	266	450	483	367	254	152	246	288
Long-term debt	54	102	98	133	135	156	427	276	260	95	84	8	11	11
Corporate bonds issued	10	10	31	2	-	-	-	-	-	-	-	494	495	495
Other liabilities	9	18	32	14	32	24	33	35	32	21	55	56	104	105
Total liabilities	108	190	315	342	520	575	906	1,009	888	575	512	851	1,033	1,159
Total equity	48	85	440	357	605	997	1,211	1,352	1,031	891	997	1,158	1,178	1,186
<i>Debt / equity ratio</i>	2.0x	1.8x	0.6x	0.8x	0.6x	0.4x	0.6x	0.5x	0.7x	0.5x	0.3x	0.6x	0.6x	0.7x
<i>Debt / assets ratio</i>	60%	57%	34%	42%	31%	27%	33%	31%	39%	32%	22%	33%	34%	34%
Liquidity position and credit metrics														
Gross interest-bearing debt	94	158	259	300	350	428	698	734	749	469	343	657	754	798
Cash	6	25	89	129	59	116	83	79	65	129	60	143	132	112
Net interest-bearing debt	88	133	170	170	291	312	616	655	684	339	283	514	622	686
Readily marketable inventories	29	38	139	91	143	141	336	157	243	140	184	354	325	416
Adjusted net financial debt	58	95	32	79	148	170	280	498	441	199	99	160	297	270
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	1.6x	2.8x	2.5x
Adjusted net debt / EBITDA	3.4x	2.0x	0.3x	0.4x	0.8x	0.5x	0.9x	1.7x	2.0x	0.5x	0.3x	0.5x	1.3x	1.0x
EBITDA / Interest	1.8x	2.5x	4.4x	5.9x	8.3x	7.3x	5.1x	3.8x	3.1x	5.8x	6.1x	5.1x	3.4x	4.0x

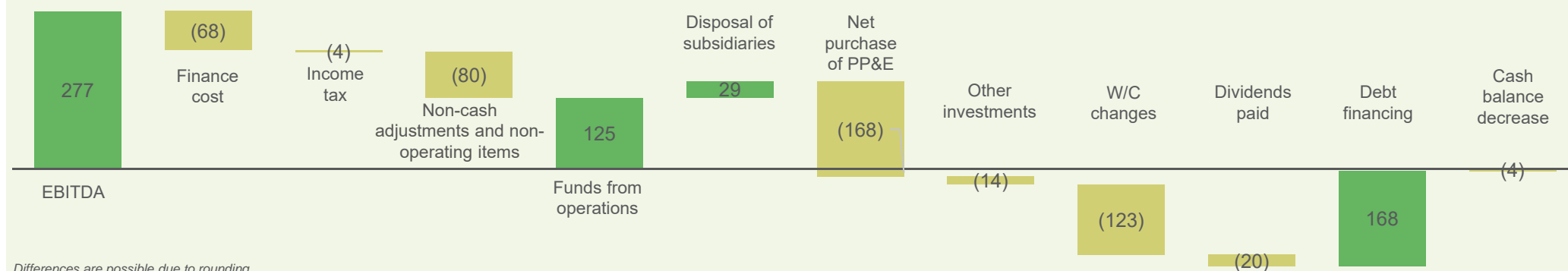
Note: financial year ends 30 June.

Source: Consolidated audited financial accounts for 12 months, periods ending 30 June 2006 to 2018

4.3 Cash flow statement

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	LTM
EBITDA	17	46	123	190	190	310	319	288	223	397	346	319	223	277
Finance cost paid	(9)	(18)	(28)	(32)	(23)	(36)	(67)	(76)	(72)	(68)	(58)	(35)	(64)	(68)
Income tax paid	(0)	(1)	(3)	(2)	(1)	(3)	(7)	(43)	(40)	(13)	(3)	(6)	(5)	(4)
Non-cash adjustments and non-operating items	(0)	(1)	7	(32)	12	(36)	(27)	1	(41)	(70)	(18)	5	(40)	(80)
Funds from operations	7	26	99	124	179	235	218	169	70	245	268	283	113	125
Change in working capital	(36)	(15)	(210)	(25)	(97)	(180)	(242)	135	(1)	147	(136)	(206)	(31)	(123)
Acquisition of subsidiaries and JVs, net	-	(60)	(97)	(5)	(70)	(11)	(136)	(152)	(41)	2	(36)	(146)	(22)	29
Net purchase of PP&E	(6)	2	(24)	(89)	(56)	(48)	(93)	(91)	(42)	(23)	(30)	(40)	(140)	(168)
Other investments	1	0	(49)	(1)	1	(66)	(0)	(23)	(1)	(4)	6	(37)	6	(14)
Free cash flow	(34)	(46)	(281)	4	(44)	(71)	(253)	38	(14)	369	71	(146)	(74)	(151)
Debt financing	32	62	81	36	(77)	(18)	220	(45)	7	(289)	(115)	178	98	168
Equity financing	(1)	3	235	-	81	141	5	(2)	-	(1)	-	15	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(20)	(20)	(20)	(20)	(20)
Financing cash flow	31	64	315	36	4	124	225	(48)	7	(310)	(134)	173	77	147
Cash at the year end	6	25	59	98	58	110	83	73	65	124	60	87	90	95
Cash conversion cycle	n/a	71	91	89	126	95	124	94	90	71	66	88	69	84
Payment period, days	n/a	(5)	(4)	(3)	(5)	(5)	(6)	(6)	(7)	(6)	(8)	(10)	(8)	(15)
Inventories processing, days	n/a	49	67	61	64	42	67	53	53	46	42	62	48	67
Receivables collection, days	n/a	10	16	14	18	17	23	19	19	12	12	14	12	19
VAT receivables, days	n/a	17	13	17	50	41	40	28	26	18	20	22	18	14

Sources and uses of cash in Oct'17-Sep'18 (LTM), US\$ million



IR contact and investor calendar

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Investor calendar

- | | |
|--|-------------------------|
| ▪ Q1 FY2019 Financial Report | 29 November 2018 |
| ▪ Annual general shareholders' meeting | 10 December 2018 |
| ▪ Q2 FY2019 Operations Update | 21 January 2019 |
| ▪ H1 FY2019 Financial Report | 28 February 2019 |
| ▪ Q3 FY2019 Operations Update | 19 April 2019 |
| ▪ Q3 FY2019 Financial Report | 27 May 2019 |
| ▪ Q4 FY2019 Operations Update | 17 July 2019 |
| ▪ FY2019 Financial Report | 23 October 2019 |

APPENDICES



A1. Key highlights

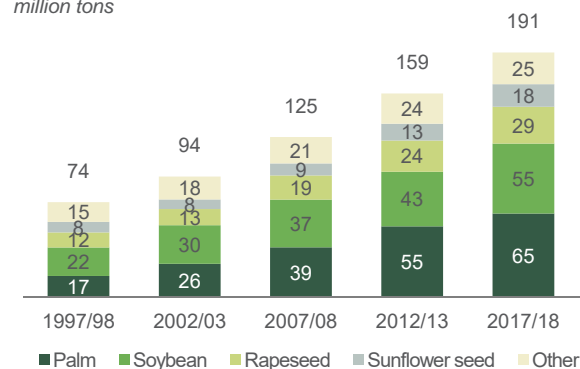
- Kernel operates in globally competitive growing Ukrainian agri sector
- Integrated, resilient and simple business model built around scale & global reach
- Leader across all market segments supported by unparalleled world-class asset base with high barriers to entry
- Top standard of corporate governance
- Solid financial performance and position
- Clear 2021 strategy reinforced with unmatched track record
- Reversion of low commodity cycle and forthcoming farmland market reform in Ukraine are free options imbedded into Kernel's business model

A2. Markets and business environment

Sunflower oil

Global consumption of vegetable oils

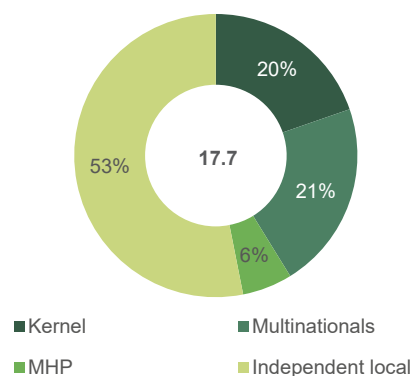
million tons



Source: USDA

Sunflower seed industrial crushing capacity in Ukraine (2018)

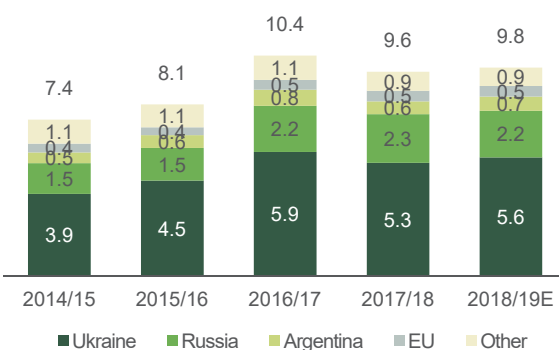
million tons



Source: National Academy of Agricultural Sciences of Ukraine, Kernel's estimates

Global sunflower oil exports

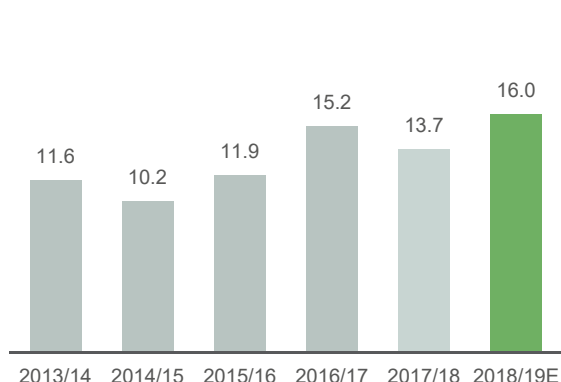
million tons



Source: USDA

Sunflower seed harvest in Ukraine

million tons



Source: USDA, Kernel's estimates

Global edible oils market trends

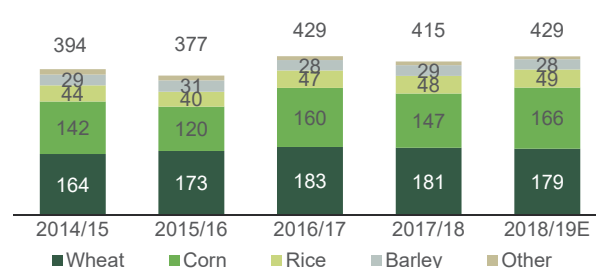
- Consumption of edible oils increased by 4.0% y-o-y in marketing year 2017/18, versus 3.3% growth a year ago, reaching 191 million tons. It is spurred by strong demand coming from Asia, driven by income and population growth and rapidly expanding food processing industries. Production of vegetable oils exceeded 197 million tons, resulting in a downward pressure on vegetable oil prices.
- The sunflower oil category remained one of the fastest growing segments of the international vegetable oil market, adding 6.4% y-o-y in global consumption, driven by strong demand from India and China.
- The share of sunflower oil in total vegetable oil global consumption stood at 9.2%, the same as a year ago. Production of sunflower oil increased by 0.1% y-o-y, to 18.2 million tons, exceeding consumption by 0.6 million tons.
- Ukraine remained the largest producer and exporter of sunflower oil in the world, delivering to export markets 5.3 million tons in 2017/18 season.
- A USA-China trade war created opportunities for other countries in supplies of soybean meal and its substitutes (including sunflower meal) to China.

A2. Markets and business environment

Infrastructure and Trading

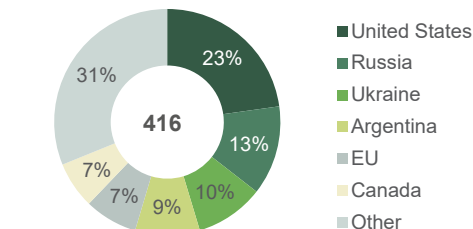
Global grain exports

million tons



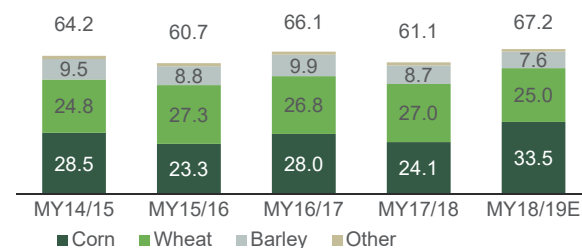
Top grain exporting countries

million tons



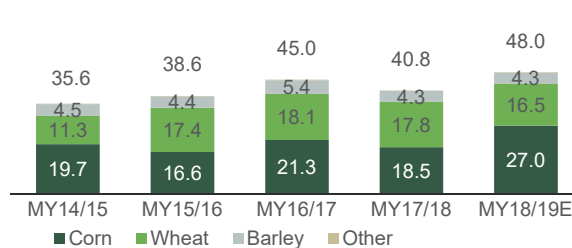
Grain production in Ukraine

million tons



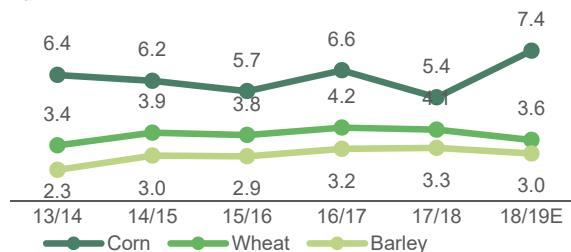
Grain export in Ukraine

million tons



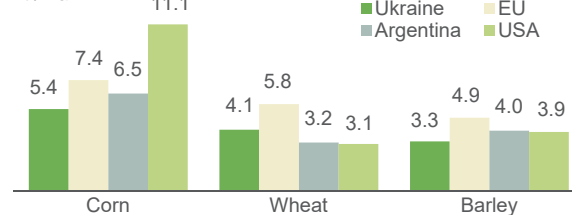
Grain yields in Ukraine

t / ha



Grain yields in MY2017/18

t / ha



- Being the 3rd largest grain exporter in the world, Ukraine still has a significant potential to increase grain production by applying more efficient crop production techniques and reaching higher yields, which are currently 20-40% lower than those of developed producers
- With stable domestic consumption, productivity gains shall directly translate into export volumes growth

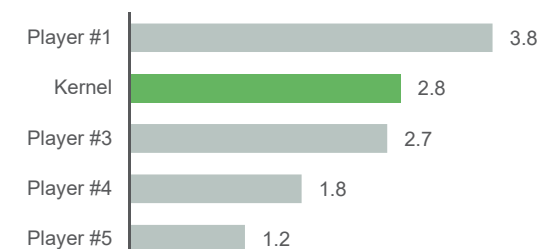
Top 5 grain exporters from Ukraine

2014/15	2015/16	2016/17	2017/18
Nibulon	SFGCU	Nibulon	Nibulon
SFGCU	Kernel	Kernel	Kernel
Kernel	Nibulon	SFGCU	ADM
Louis Dreyfus	Cargill	ADM	Bunge
Cofco	ULF	Cargill	Louis Dreyfus

Source: Stark Research, Kernel vessel lineup

Top 5 silo networks in Ukraine

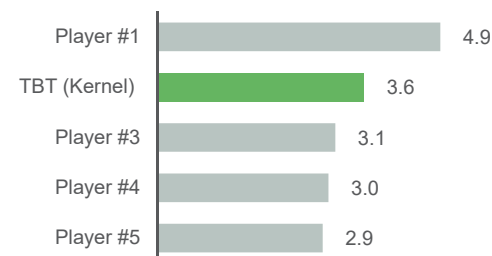
Storage capacities, million tons



Source: Elevatorist

Top 5 grain transshipment terminals in Ukraine

Grains and meals transshipment volumes in 2017/18, million tons



Source: Stark Research, Kernel

- Having leading positions in grain trading and infrastructure segments, Kernel is **the best positioned platform in Ukraine** to benefit from future growth of export volumes from Ukraine.

A2. Markets and business environment

Low cycle of soft commodity prices

Index of soft commodity prices, US\$-inflation adjusted



Note

1. **Wheat:** No.1 Hard Red Winter, ordinary protein, FOB Gulf of Mexico, US\$ per metric ton
2. **Corn:** U.S. No. 2 Yellow, FOB Gulf of Mexico, U.S. price, US\$ per metric ton
3. **Sunflower oil:** crude, bid, FOB Black Sea, Ukraine, US\$ per metric ton

Source: USDA, APK-inform

- Soft commodity **prices** (inflation adjusted) continue to be **depressed for the 5th consecutive year**
- **Slight signs of soft commodity prices rebound** observed during last several months

Kernel, with >30% of its EBITDA being generated by the farming (upstream) business, is best positioned to benefit from the global recovery of soft commodity prices