

KERNEL HOLDING S.A.

OPERATIONS UPDATE FOR THE THREE MONTHS ENDED 31 MARCH 2019

Segment volumes <i>metric tons</i>	Q3 FY2018	Q3 FY2019	y-o-y	9M FY2018	9M FY2019	y-o-y
Oilseeds processed	848,861	908,161	7.0%	2,301,732	2,267,299	(1.5%)
Sunflower oil sales ^{1,2}	278,381	389,602	40.0%	996,399	1,173,928	17.8%
Trading volumes	1,087,631	2,116,476	94.6%	3,073,496	7,972,447	2.6x
- Ukraine	935,660	1,527,352	63.2%	2,815,849	4,655,912	65.3%
- Russia	-	-	n/m	105,676	-	(100.0%)
- Other ^{2,3}	151,971	589,124	3.9x	151,971	3,316,535	21.8x
Export terminal's throughput	1,514,982	1,406,589	(7.2%)	4,453,010	4,713,477	5.8%
- Ukraine	1,004,645	1,170,622	16.5%	2,966,951	3,409,982	14.9%
- Russia	510,337	235,967	(53.8%)	1,486,059	1,303,495	(12.3%)
Grain and oilseeds received in inland silos	168,530	355,089	2.1x	3,239,408	4,195,440	29.5%

Note 1 Includes sales of sunflower oil in bulk and bottled sunflower oil.

Note 2 Includes 315,813 tons of sunflower oil produced by Kernel plants and sold through Avere in Q3 FY2019 (597,033 tons for 9M FY2019).

Note 3 Physical trading volumes reported by Avere, a subsidiary of Kernel involved in physical and proprietary trading.

Preliminary figures; financial year ends 30 June.

Differences are possible due to rounding.

Key highlights:

- Kernel oil-extraction plants **processed** 908 thousand tons of **sunflower seeds** in Q3 FY2019, a 7% increase y-o-y, operating at full capacity and delivering the largest ever volumes for the third quarter of the company's financial year. We reiterate our guidance to process 3.1 million tons of sunflower seeds for the whole FY2019.
- Volumes of **sunflower oil sold** in Q3 FY2019 amounted to 390 thousand tons, up 40% y-o-y given the low last year's comparison base. Sales of bottled sunflower oil reached strong 34 million liters in January-March 2019, up 31% y-o-y.
- Progressing on our target to export 6.0-6.2 million tons of grain from Ukraine in the current season, **Kernel delivered 1.5 million tons of grain to export markets** in Q3 FY2019, up 63% y-o-y, a half of which were produced by company's farming division, and another half originated from third-party farmers.
- Avere physical trading volumes** amounted to 589 thousand tons in Q3 FY2019. This comprises 316 thousand tons of sunflower oil produced by Kernel oil-extraction plants and equally included into "Sunflower oil sales" volumes.
- Supported with a record harvest in Ukraine, infrastructure business is on its way to deliver the best annual operating result ever: **silو intake volumes** reached 4.2 million tons YTD, 29% up y-o-y, and 9 months **export terminals throughput volumes** in Ukraine exceeded 3.4 million tons, up 15% y-o-y, with record monthly grain transshipment volumes reported in March 2019.

Condensed Consolidated Interim Financial Statements for the three months ended 31 March 2019 will be published before market opening on 27 May 2019.

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