

KERNEL HOLDING S.A.

OPERATIONS UPDATE FOR THE THREE MONTHS ENDED 30 JUNE 2019

Segment volumes <i>metric tons</i>	Q4 FY2018	Q4 FY2019	y-o-y	FY2018	FY2019	y-o-y
Oilseeds processed	833,998	896,225	7%	3,135,730	3,163,524	1%
Sunflower oil sales ^{1,2}	416,942	445,294	7%	1,413,341	1,619,222	15%
Trading volumes	1,572,925	2,472,047	57%	4,646,421	10,444,494	2.2x
- Ukraine	1,031,911	1,437,628	39%	3,847,760	6,093,540	58%
- Russia ³	-	-	-	105,676	-	n/m
- Other ^{2,4}	541,014	1,034,419	1.9x	692,985	4,350,954	6.3x
Export terminal's throughput	1,611,717	1,299,512	(19%)	6,064,727	6,012,989	(1%)
- Ukraine	1,145,116	1,196,369	4%	4,112,067	4,606,351	12%
- Russia	466,601	103,143	(78%)	1,952,660	1,406,638	(28%)
Grain and oilseeds received in inland silos	52,191	80,550	54%	3,291,599	4,275,990	30%

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

Note 2 Includes 372,587 tons of sunflower oil produced by Kernel plants and sold through Avere in Q4 FY2019 (969,620 tons for 12M FY2019).

Note 3 Absence of grain export operations in Russia in FY2019 due to the assignment of Kernel's transshipment quota on Taman grain export terminal to a third party.

Note 4 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:

- Company's oil extraction plants **processed** 896 thousand tons of **oilseeds** in Q4 FY2019, up 7% y-o-y, including 884 thousand tons of sunflower seeds and 12 thousand tons of soybeans. Overall, Kernel processed 3.2 million tons of oilseeds in FY2019, marginally up by 1% y-o-y and slightly above the initial guidance of 3.1 million tons.
- Sunflower oil sales volumes** in Q4 FY2019 totaled at 445 thousand tons, a 7% increase y-o-y. On the annual basis, Kernel sold the record 1.6 million tons of sunflower oil in FY2019, a 15% increase y-o-y. Sales of bottled sunflower oil amounted to 33 million liters in Q4 FY2019, flat y-o-y, and 131 million liters for the whole FY2019, up 10% y-o-y.
- Grain export volumes from Ukraine** in April-June 2019 surged by 39% y-o-y, to 1.4 million tons, of which 0.95 million tons was grain originated from external suppliers, and the remaining was produced by company's farming division. As a result, Kernel exported a record high 6.1 million tons in FY2019, up 58% y-o-y, well above the initial guidance of 5.4 million tons.
- Avere physical trading volumes** exceeded 1.0 million tons in Q4 FY2019, including 373 thousand tons of sunflower oil produced by Kernel oil-extraction plants and equally included into "Sunflower oil sales" volumes, while full year physical trading volumes of Avere totaled nearly 4.4 million tons, including 970 thousand tons of Kernel produced sunflower oil.
- With the other quarter of strong performance, Kernel's **export terminal in Ukraine** transshipped 1.2 million tons of grain, meal and vegetable oil in Q4 FY2019, up 4% y-o-y, resulting in the highest ever annual throughput volumes of 4.6 million tons for FY2019, a 12% increase y-o-y.
- Kernel's **silos intake volumes** in FY2019 increased 30% y-o-y, to a record 4.3 million tons.

For further information, please contact:

Michael Iavorskyi, IR Manager
+38 044 461 88 01, ext. 72-75
ir@kernel.ua

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