

KERNEL

Kernel Holding S.A.

FY2019 results and company presentation

September 2019



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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Content

1. FY2019 results and FY2020 outlook

2. Kernel today

3. Balanced growth strategy

4. Financials

Appendices



Farming cluster “Druzhba-Nova” (Northern Ukraine)
184 thousand hectares of leasehold farmland under operations

1.1 FY2019 highlights

- **Revenue** at US\$ 4.0bn, up 66% y-o-y driven by stronger sales of grain and sunflower oil and Avere operations.
- **EBITDA** at US\$ 346m, 55% up y-o-y:
 - **Oilseeds Processing** EBITDA at US\$ 109m (up 42% y-o-y) driven by stronger sales volumes and recovery in margins;
 - **Infrastructure and Trading** EBITDA at US\$ 106m, up 5% y-o-y on stronger volumes across all business lines and contribution from railcars operations;
 - **Farming** EBITDA at US\$ 182m (2.0x growth y-o-y) driven by crop yields recovery and proper price hedging policy applied.
- **Net profit attributable to shareholders** at US\$ 189m in FY2019 (vs. US\$ 52m in FY2018).
- **Net cash inflow from operating activities** at US\$ 199m (up 2.4x y-o-y).
- 11% **net debt** increase over FY2019 to US\$ 694m driven by CapEx program.
- **Net-debt-to-EBITDA** at 2.0x as of 30 June 2019 (measured on 12 months trailing basis) vs. 2.8x a year ago. **EBITDA-to-interest ratio** improved to 4.2x as of 30 June 2019 (measured on 12 months trailing basis) vs. 3.4x a year ago.

US\$ million except EPS	FY2018	FY2019	y-o-y
Income statement highlights			
Revenue	2,403	3,992	66%
EBITDA ¹	223	346	55%
Net profit attributable to equity holders	52	189	3.6x
EBITDA margin	9.3%	8.7%	(0.6pp)
Net margin	2.2%	4.7%	2.6pp
EPS ² , US\$	0.64	2.31	3.6x

Cash flow highlights

Operating profit before working capital changes	183	368	2.0x
Change in working capital	(31)	(94)	3.0x
Finance costs paid, net	(64)	(72)	12%
Income tax paid	(5)	(3)	(36%)
Net cash generated by operating activities	82	199	2.4x
Net cash used in investing activities	(156)	(241)	55.1%

Financial year ends 30 June

Note 1 Hereinafter, EBITDA is calculated as the sum of the profit from operating activities plus amortization and depreciation.

Note 2 EPS is measured in US Dollars per share based on 81.9 million shares for FY2019 and FY2018.

Credit metrics

US\$ million, except ratios	30 June 2018	30 June 2019	y-o-y
Short-term debt	246	203	(17%)
Long-term debt	498	560	12%
Obligations under finance lease	11	8	(30%)
Debt liabilities	754	770	2%
Cash and cash equivalents	132	77	(42%)
Net debt	622	694	11%
Readily marketable inventories ³	325	293	(10%)
of which sunflower oil and meal	218	125	(43%)
Sunflower seeds	58	104	80%
Grains and other RMIs	50	65	31%
Adjusted net debt	297	400	35%
Shareholders' equity	1,171	1,351	15%
Net debt / EBITDA ⁴	2.8x	2.0x	(0.3x)
Adjusted net debt / EBITDA ⁴	1.3x	1.2x	(0.1x)
EBITDA / Interest ⁵	3.4x	4.2x	0.2x

Note 3 Commodity-type inventories that could easily be converted into cash.

Note 4 Calculated based on 12-month trailing EBITDA.

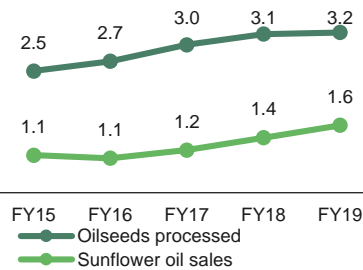
Note 5 Calculated based on 12-month trailing EBITDA and net finance costs.

1.2 Segment results

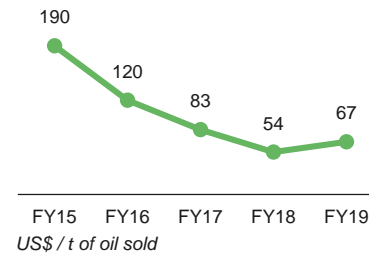
Oilseed Processing



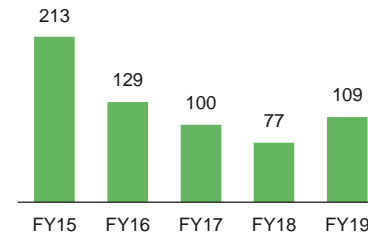
Segment volumes, m tons



EBITDA margin

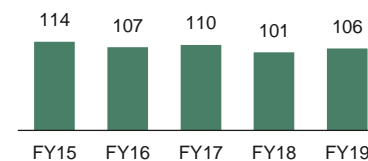
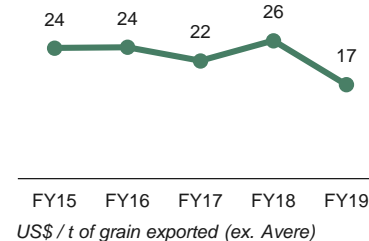
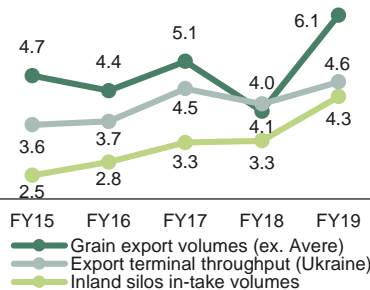


EBITDA, US\$ m



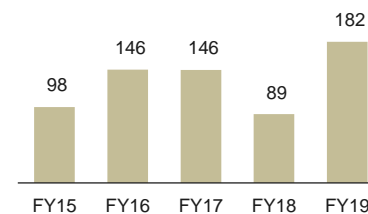
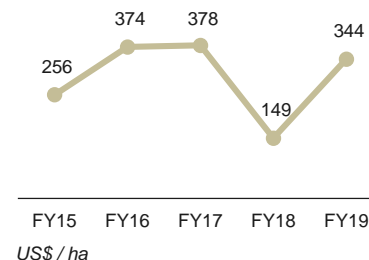
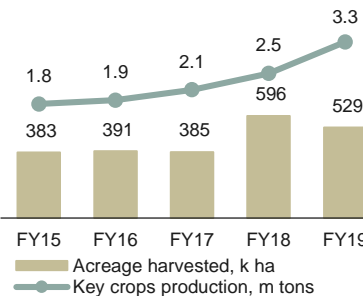
- Highest ever processing and sales volumes;
- EBITDA margin recovery:
 - 15.2m t harvest of sunflower seeds in Ukraine (up 13% y-o-y) pushed margin up but...
 - ...subdued global sunflower oil prices prevented margin from further increase.

Infrastructure & Trading



- #1 grain exporter from Ukraine, driven by:
 - Record crop yields of our farming segment;
 - Highest ever 3.5m t volumes procured from 3rd-party farmers;
 - Full capacity utilization of our infrastructure;
 - Usage of a 3rd-party export terminal.
- US\$ 17 per ton EBITDA margin on grain exported, diluted by increasing share of low-margin trading operations and Avere negative result.

Farming



- Divestment of suboptimal plots decreased the farmland acreage,
- The largest crop of 3.3m t was harvested driven by record yields for late crops supported by:
 - Favorable weather conditions;
 - Quick and successful integration of farming business acquired in 2017; and
 - Continued productivity gains.
- Effective hedging strategy and strong crop yields resulted in EBITDA margin growth to US\$ 344 per hectare, up 2.3x y-o-y.

1.3 Segment results FY2019 – transition to three segments disclosure

Segments results (new presentation layout)

	Revenue, US\$ m			EBITDA, US\$ m			Volume, k t ¹			EBITDA margin, US\$ / t ²		
	FY2018	FY2019	y-o-y	FY2018	FY2019	y-o-y	FY2018	FY2019	y-o-y	FY2018	FY2019	y-o-y
Oilseed Processing	1,393	1,493	7%	77	109	43%	1,413	1,619	15%	54.3	67.3	24%
Infrastructure and Trading	1,025	3,140	3.1x	101	106	4.9%	3,953	6,094	54%	25.5	17.4	(32%)
Farming	470	602	28%	89	182	2.0x	2,594	3,294	27%	148.9	343.7	2.3x
Unallocated corporate expenses				(44)	(51)	17%						
Reconciliation	(486)	(1,243)	2.6x									
Total	2,403	3,992	1.7x	223	346	55%						

Note 1 Physical grain volumes exported from Ukraine for Infrastructure and Trading

Note 2 US\$ per ton of oil sold for Oilseeds Processing; US\$ per ton of grain exported (ex. Avere volumes) for Infrastructure & Trading; US\$ per hectare for Farming.

Segments results (old presentation layout)

	Revenue, US\$ m			EBITDA, US\$ m			Volume, k t ³			EBITDA margin, US\$ / t ⁴		
	FY2018	FY2019	y-o-y	FY2018	FY2019	y-o-y	FY2018	FY2019	y-o-y	FY2018	FY2019	y-o-y
Sunflower oil sold in bulk	1,264	1,353	7.1%	63	93	47%	1,301	1,496	15%	48.7	62.2	28%
Bottled sunflower oil	130	140	7.9%	13	16	19%	119	131	10%	112.6	121.6	8%
Sunflower oil division	1,393	1,493	7.2%	77	109	42%						
Grain trading	951	3,077	3.2x	17	31	80%	4,646	10,444	2.2x	3.8	3.0	(20%)
Export terminals (Ukraine)	53	49	(7.1%)	39	36	(7.9%)	4,112	4,606	12%	9.5	7.8	(18%)
Silo services	72	71	(2.3%)	44	38	(13%)	3,292	4,276	30%	13.4	9.0	(33%)
Grain & infrastructure division	1,077	3,197	3.0x	101	106	4.9%						
Farming division	470	602	28%	89	182	2.0x	2,594	3,294	27%	148.9	343.7	2.3x
Unallocated corporate expenses				(44)	(51)	17%						
Reconciliation	(538)	(1,300)	2.4x	-	-							
Total	2,403	3,992	1.7x	223	346	55%						

Note 3 Million liters for bottled sunflower oil; grain trading volumes include physical trading volumes reported by Avere, a subsidiary of Kernel involved in physical and proprietary trading.

Note 4 US\$ per thousand of liters for bottled sunflower oil; US\$ per hectare for farming.

Differences are possible due to rounding.

- Since FY2019 company moved to three segment disclosure replacing initial six segment disclosure:

- **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.
- For transparency and facilitation purposes, we continued to report six segments in MD&A section throughout FY2019.

1.4 Recent transactions highlights

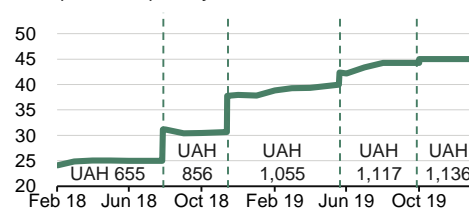


Acquisitions

Acquisition of 100% interest in RTK-Ukraine (Feb 2019)

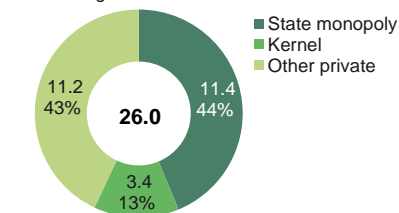
- **Assets acquired:** 2,949 grain railcars (#1 private fleet of grain hopper wagons in Ukraine).
- **Consideration:** US\$ 65m
 - US\$ 49m paid at completion, the remaining to be paid upon the achievement of certain conditions.
- **Rationale:**
 - Estimated EBITDA contribution of up to US\$ 35m in FY2020;
 - Natural hedge against ever rising logistic costs;
 - Assurance for smooth and efficient flow of grains from inland silos to the ports as Company's export volumes increase following the commissioning of TransGrainTerminal in the port of Chornomorsk.
- 13% Kernel market share (2,949 acquired and 500 own new grain railcars).

State monopoly grain railcars rental rates
US\$ per railcar per day



Source Ukrainian Railways, Kernel calculation.

Grain railcars market structure
thousand grain railcars



Source Ukrainian Railways, September 2019.



Acquisition of 5.85% interest in ViOil (Feb 2019)

- Kernel acquired 5.85% interest in ViOil Holding Ltd and entered into a customary shareholder agreement in relation to ViOil with other shareholders of ViOil.
- **ViOil assets:** two multi-seed oil-extraction plants with annual crushing capacity of 1.1 million tons of sunflower seeds and a network of silos in Western Ukraine.
- **Rationale:** initial step towards a possible future consolidation of major Western Ukraine competitor in crushing business.

Debt raising



**US\$ 250
million**

Loan from European Investment Bank (Dec 2018)

- **US\$ 250m** project financing from the EIB
- The funds will be used to finance the construction of:
 - Greenfield oil-extraction plant in Western Ukraine;
 - Co-generation heat and power plants;
 - Inland grain storage facilities;
 - Grain export terminal in the port of Chornomorsk;
- Flexibility to draw tranches in line with the CapEx needs.
- 10-year maturity with a 2 year grace period



**US\$ 56
million**

Financing arranged by EBRD (Feb 2019)

- **US\$ 56m** financing facility (US\$ 48m loan from EBRD and US\$ 8m loan from Clean Technology Fund);
- The funds will be used to finance the construction of biomass co-generation heat and power plants integrated into existing crushing facilities of Kernel ;
- 8-year maturity with 2-year grace period.

The start of long-term cooperation with reputable international financial institutions demonstrates Kernel transparency and high standards of corporate governance.

1.5 Outlook for FY2020

Oilseed Processing



- FY2020 sunflower seed acreage remained relatively the same as y-o-y as temporary weakness in global sunflower oil prices observed throughout FY2019 discouraged farmers to further increase planting areas;
- The most recent field data make us expect sunflower seed harvest in Ukraine at **15.2 million tons in FY2020**, flat y-o-y, securing strong supply of seeds in the market;
- Competitive landscape is not expected to change. Low margin environment prohibits further investments in the sector keeping the aggregate oilseed processing capacities at **18.5 million tons** in Ukraine;
- Global sunflower oil prices recovered at the beginning of the FY2020 season, creating a momentum for the improvement of crushing margins;
- We expect over US\$ 6m EBITDA contribution from cogeneration heat and power plants to be commissioned in FY2020.

Infrastructure & Trading



- Grain harvest in Ukraine is envisaged to reach 75 million tons compared to 70 million tons last year, assuring robust supply of feedstock;
- We expect to originate over 11 million tons of grain and oilseed in FY2020, up 20% y-o-y-y (including crops harvested by our farming business) and export over **8 million tons of grain and oilseeds** from Ukraine in FY2020 as a result of:
 - **Commissioning** of our brand-new **TransGrainTerminal** in the port of Chornomorsk with aggregate 4 million tons of annual transshipment capacity, with over 7 million tons of grains throughput targeted in FY2020 by TransBulkTerminal and TransGrainTerminal facilities;
 - Commissioning of two **new silos** and upgrade of several other silos, completed at the end of FY2019;
 - **Full-season use of grain railcar fleet** acquired in February 2019. We expect to transport 6.7 million tons of cargo (grains, oilseeds, sunflower meal) in FY2020 by our wagons.
- Profitability-wise, we expect **flat margins** in grain export operations and infrastructure businesses.

Farming



- **Farming** segment, is expected to face headwinds in FY2020 as
 - normalization of crop yields combined with nearly 7% cost base inflation and further drop in global soft commodity prices should take their toll;
 - another distinctive element of this season is that we remain naturally long now which shall add both upside and downside risk to our Farming segment earnings potential this season.

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Export terminal in the Chornomorsk Port
4.8 million tons annual transshipment capacity

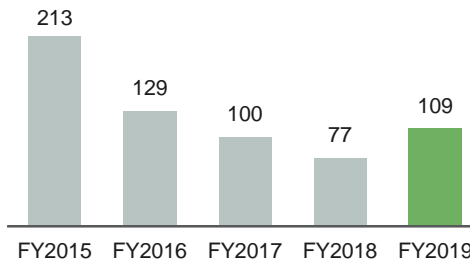
2.1 Kernel today

Oilseed Processing segment

- **#1** sunflower oil producer (8% of global production) and exporter (15% of global export) 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 processing capacity
- Export-oriented business model with limited reliance on local economy



EBITDA ¹, US\$ million



Key financials		FY2015	FY2016	FY2017	FY2018	FY2019
Revenue	US\$ m	2,330	1,989	2,169	2,403	3,992
EBITDA	US\$ m	397	346	319	223	346
Net profit ¹	US\$ m	107	225	176	52	189
EBITDA margin	%	17.0%	17.4%	14.7%	9.3%	8.7%
Net margin	%	4.6%	11.3%	8.1%	2.2%	4.7%
EPS	US\$	1.34	2.83	2.19	0.64	2.31

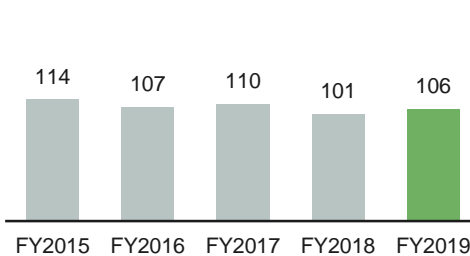
1. Net profit attributable to equity holders of Kernel Holding S.A.

Infrastructure and Trading segment

- **#1** grain exporter from Ukraine with 12% of country's total grain exports in FY2019
- Export terminal in Ukraine with 4.8 million tons annual grain transshipment capacity
 - Similar facility in Russia (50/50 JV with Glencore)
- **#1** private inland grain silo network in Ukraine with **2.5** million tons of storage capacity
- **#1** private grain railcars fleet in Ukraine (3.4k hoppers)



EBITDA, US\$ million

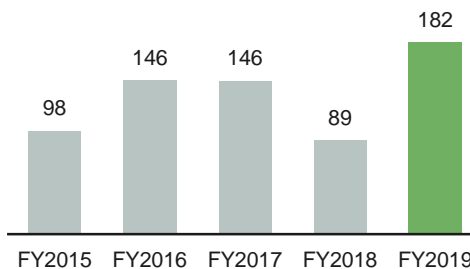


Farming segment

- **#1** crop producer in Ukraine operating 530 thousand 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 grain and infrastructure and oilseed processing segments, earning incremental profits



EBITDA, US\$ million



Key financials

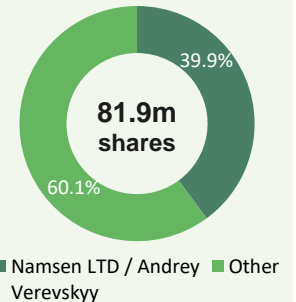
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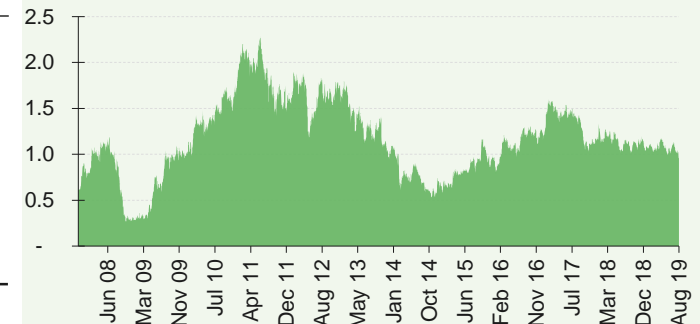
Stock information

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

Shareholder structure

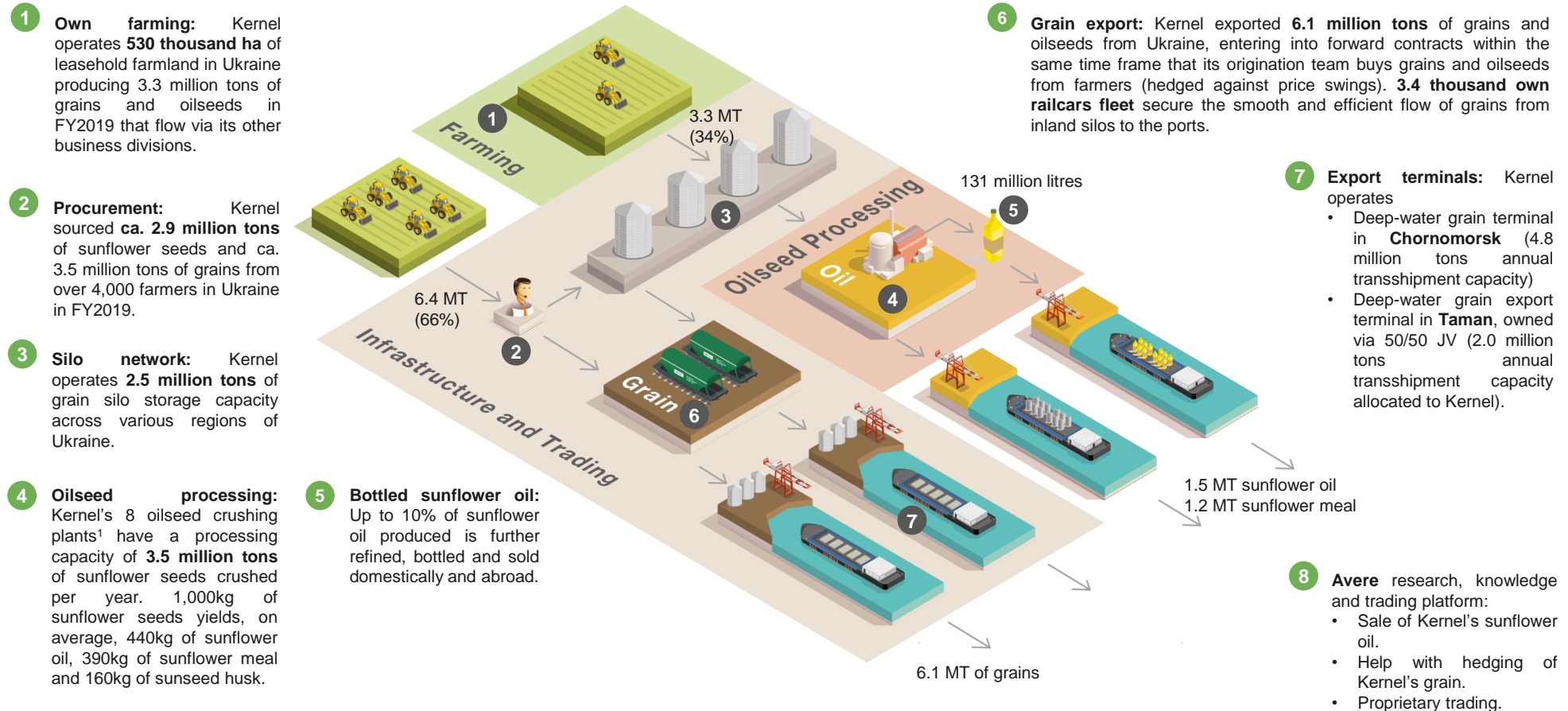


Market capitalization, US\$ bn



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

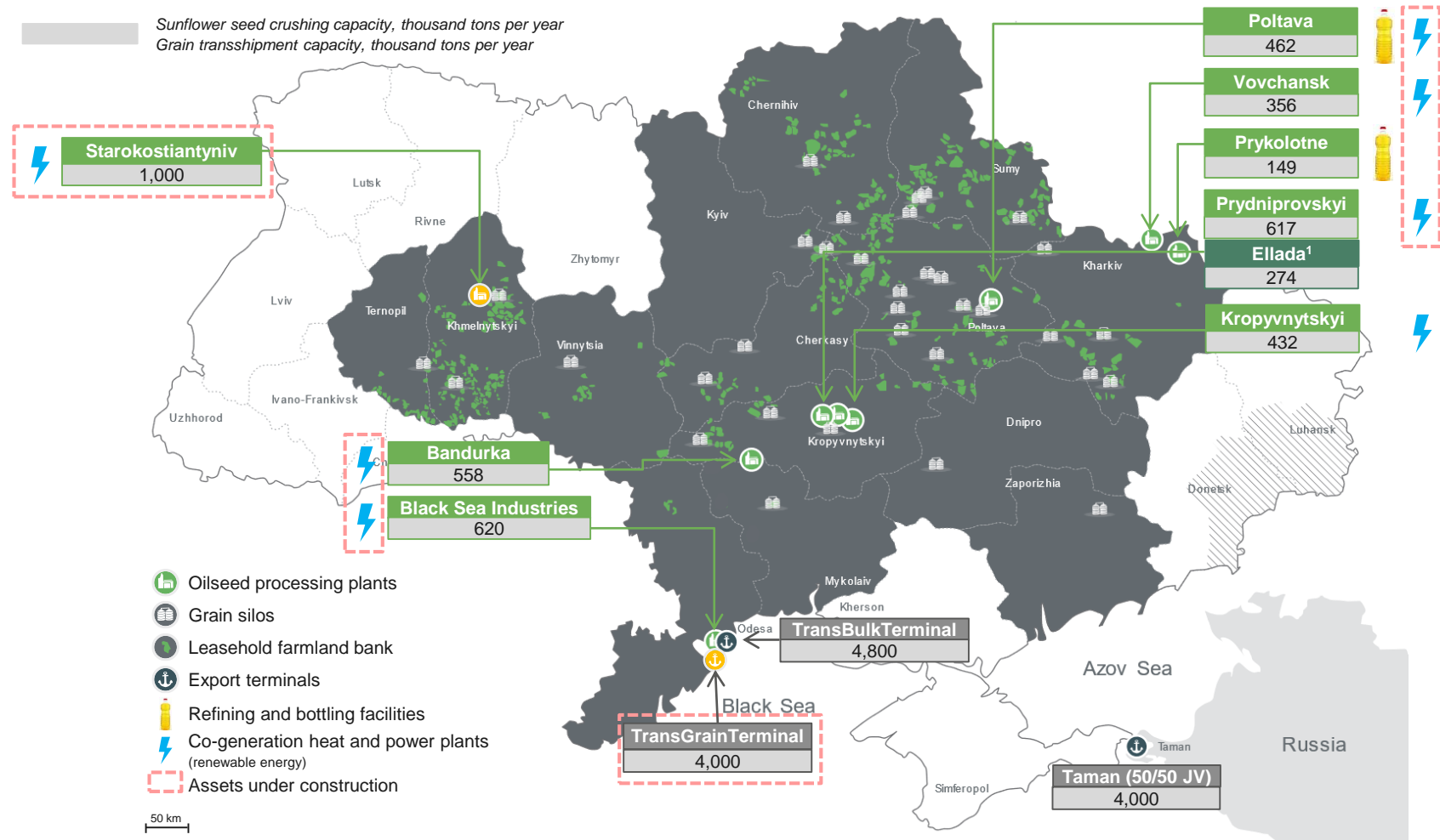
2.2 What we do



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

Note 1 Including one plant operated under tolling agreement (274 thousand tons of sunflower seed annual crushing capacity).

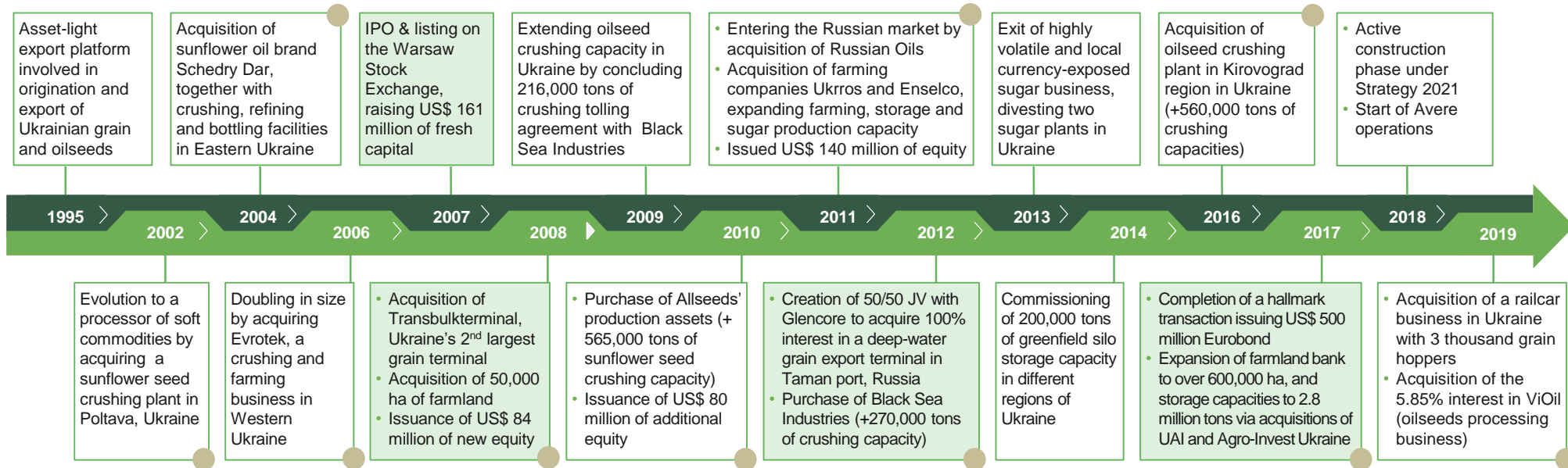
2.3 Efficient and well-invested asset base



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

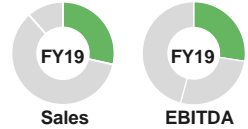
Note 1 Operated under tolling agreement

2.4 Kernel's key milestones

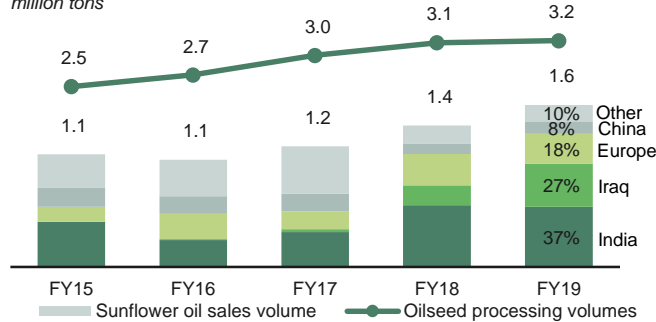


Unparalleled track record of continuous development

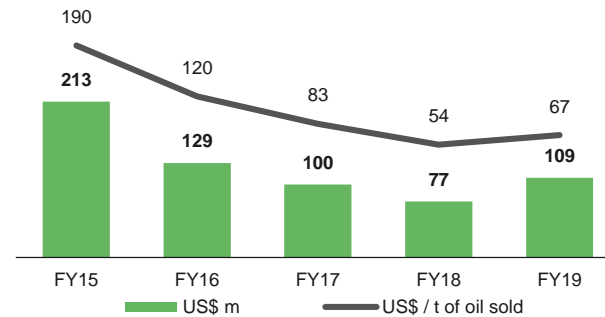
2.5 Oilseed Processing segment



Sunflower oil sales
million tons



EBITDA and EBITDA margin



- Margin recovered to US\$ 67 per ton, as:
 - Strong 15.2m t sunflower seeds harvest in Ukraine reduced the gap between installed crushing capacities and seeds supply in Ukraine, but...
 - ... Subdued global sunflower oil prices kept margins under pressure
- Consequently, segment EBITDA increased 43% y-o-y, to US\$ 109m
- Margin is expected to improve driven by strong supply of sunflower seeds and recovery in global sunflower oil prices
- Additionally, over US\$ 6m EBITDA contribution is expected from our co-generation heat and power plants to be commissioned in FY2020

Key market factors

determining segment performance

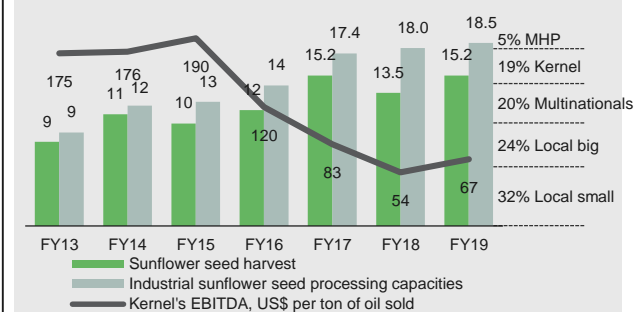
Sunflower oil price

US\$ per ton of unrefined oil sold in bulk, FOB-Chornomorsk



- determines the combined profitability of farmers and sunflower seed processors in Ukraine.

Supply & demand for sunflower seeds in Ukraine

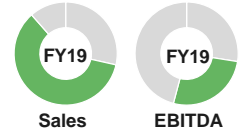


Source: USDA, Kernel's estimates

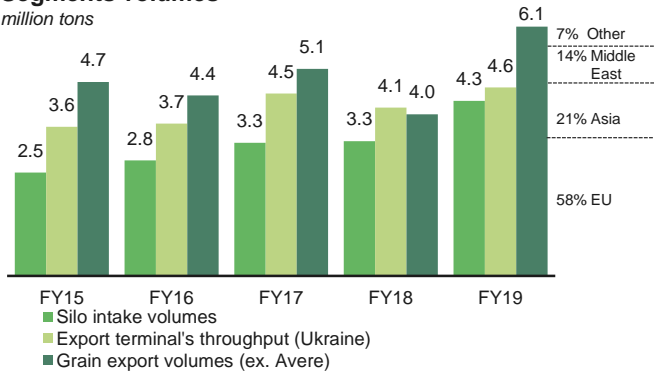
- defined allocation of profit between farmers and oilseed processors.

Note 1 Operated under tolling agreement

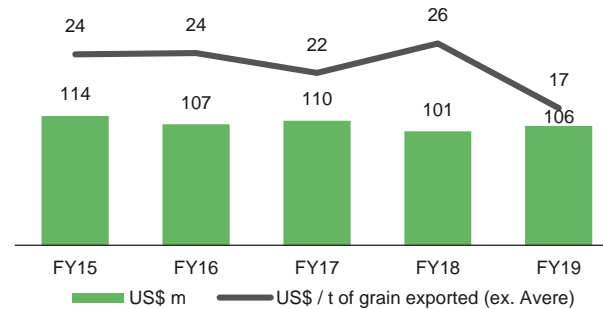
2.6 Infrastructure and Trading segment



Segments volumes
million tons



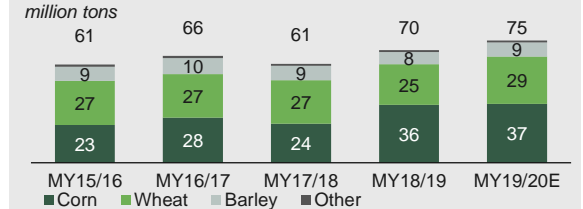
EBITDA and EBITDA margin



Key market factors

determining segment performance

Grain production in Ukraine

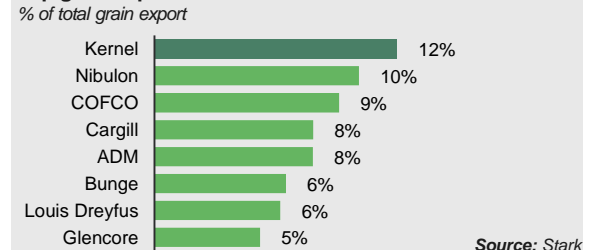


- Important for high capacity utilization of grain export infrastructure in Ukraine

Source: USDA

Competition among grain traders in Ukraine

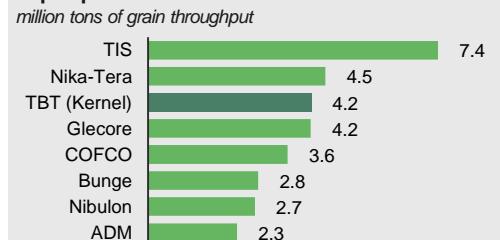
Top grain exporters from Ukraine in FY2019



Source: Stark

Competition among grain infrastructure assets

Top export terminals in Ukraine in FY2019



Source: Stark

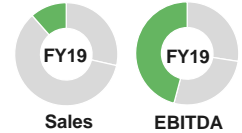
- Record volumes in all business lines:
 - 6.1m t of grain exported (#1 in Ukraine);
 - 4.6m t transshipped through our terminals in Ukraine;
 - 4.3m t of intake by our silo network.
- These achievements were driven by:
 - Record crop yields of our farming segment in FY2019;
 - Full capacity utilization of our infrastructure;
 - Usage of a 3rd-party export terminal.

- EBITDA margin per ton of grain exported through our value chain reduced to US\$ 17, diluted by increasing scale of our low-margin trading operations and Avere negative performance, while keeping contribution from our high-margin infrastructure businesses limited.
- As a result, total segment EBITDA in FY2019 added US\$ 5m as compared to the previous year, to US\$ 106m

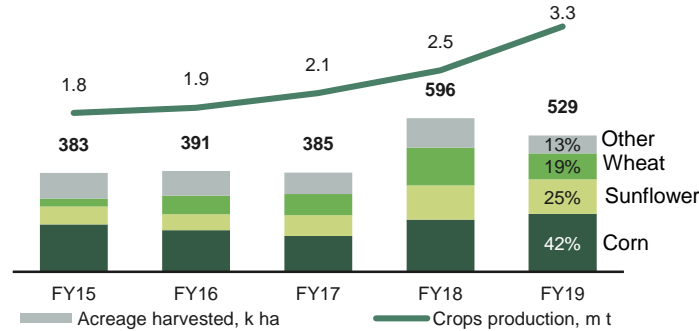
- We expect flat margins y-o-y in grain export operations and infrastructure businesses.

- Target to originate over 11m t of grain and oilseeds in Ukraine in FY2020, up 20% y-o-y (including the crop of our farming business), and export over 8m t of grain :
 - Commissioning of our brand-new TransGrainTerminal in the port of Chornomorsk with 4m t annual throughput capacity;
 - Commissioning of two new silos and upgrade of several other silos, completed at the of FY2019;
 - Full-season use of grain railcar fleet acquired in February 2019, with 6.7m t expected cargo by our fleet in FY2020.

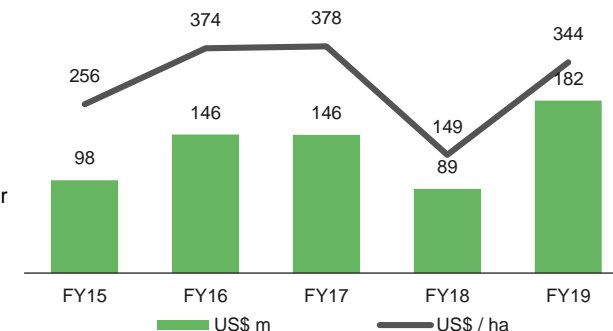
2.7 Farming segment



Kernel's key crop production



EBITDA and EBITDA margin



- Strong US\$ 344 per ha EBITDA margin as
 - Record crop yields
 - Effective hedging strategy applied to secure crop sales at price peaks
- The record US\$ 182m segment EBITDA generated

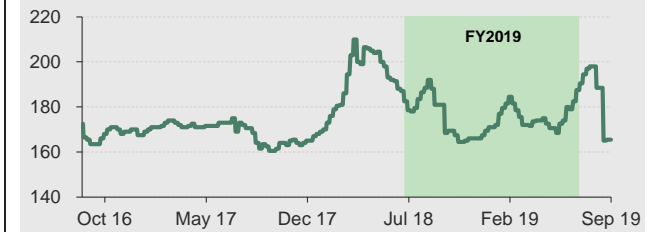
- Farming segment to face headwinds in FY2020 as normalization of crop yields combined with nearly 7% cost base inflation and further drop in global soft commodity prices should take their toll;
- As of September, we remain naturally long with both upside and downside risks embedded.

Key market factors

determining segment performance

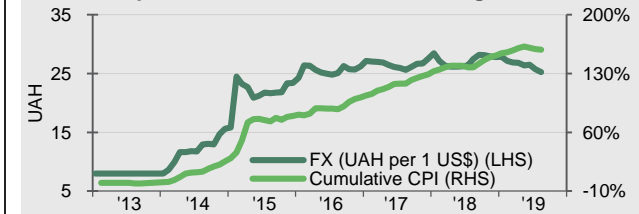
Ukraine corn price, FOB-Black Sea

US\$ per ton



- Being in naturally long position, performance of our farming business strongly depends on global prices

Consumer price index and UAH/US\$ exchange rate



- Substantial part of segment costs (salary, land lease, logistics etc.) is linked to UAH → exposure to inflation and FX risks

Other factors:

- Weather in Ukraine
- Energy costs (fertilizers, fuel)

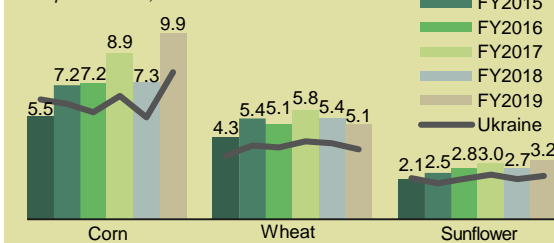
The record 3.3m t harvest driven by historical high crop yields:

- Favorable weather conditions;
- Quick and successful integration of farming business acquired in 2017;
- Constant operations productivity improvements

- Acreage harvested to reduce to 513k ha as we divested remotely located and inefficient farmland
- Stronger outlook for wheat and sunflower crop yields but decline of corn yields is expected on less supportive weather.

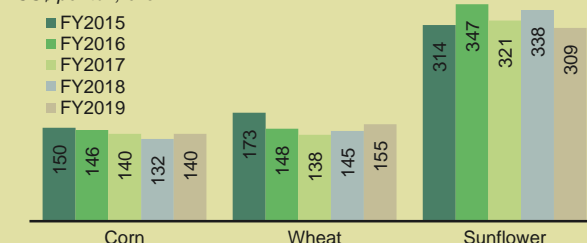
Kernel crop yields

tons per hectare, net




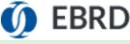
Kernel's farm-gate prices

US\$ per ton, excl. VAT



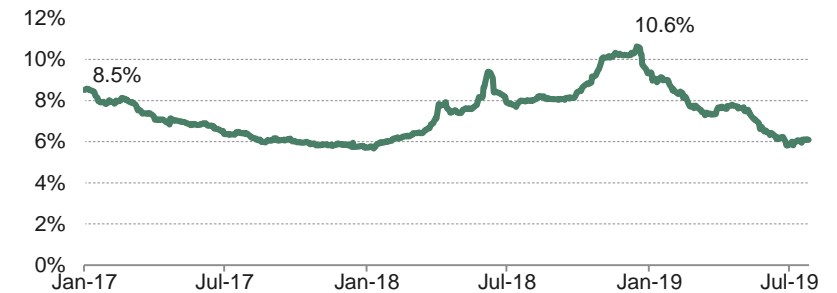
2.8 Credit highlights

Credit portfolio as of 30 June 2019, US\$ m

	Amount outstanding as of 30 June 2019	Interest rate	Maturity
Eurobonds	496.1	8.75%	Jan 2022
 European Investment Bank	62.1 / 250 limit	Libor + 1.44% + CoF	Dec 2028
 EBRD / CTF	- / 56 limit	Libor + 4.5% / 1%	Feb 2027
Oil PXF	32.9 / 390 limit ¹	Libor + 4.2% Libor + 3.95%	Aug 2021
Grain PXF	15.0 / 300 limit ¹	Libor + 4%	June 2021
Other bank debt, obligations under finance lease and accrued interest	164.2		Mostly short-term debt
Total	770.3		

Note 1 In September 2019, the Oil PXF limit was extended to US\$ 390m from US\$ 290m as of 30 June 2019, and Grain PXF was extended to US\$ 300m from US\$ 100m as of 30 June 2019.

Kernel-2022 Eurobonds mid-YTM



Credit ratings

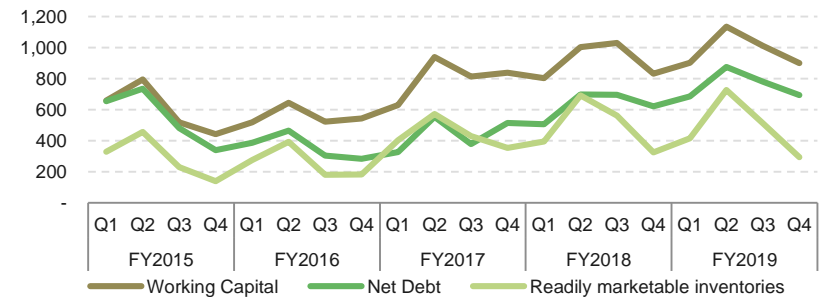
FitchRatings

S&P Global Ratings

Rating / Outlook	Date
B+ / Stable	12 Oct 2018
B+ / Stable	12 Feb 2017
B / Stable	31 Oct 2018
B / Stable	20 Feb 2017

Working capital¹ and debt position

US\$ m



Note 1 Defined as current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excluding short-term borrowings, current portion of long-term borrowings, current portion of obligations under finance lease and interest on bonds issued)

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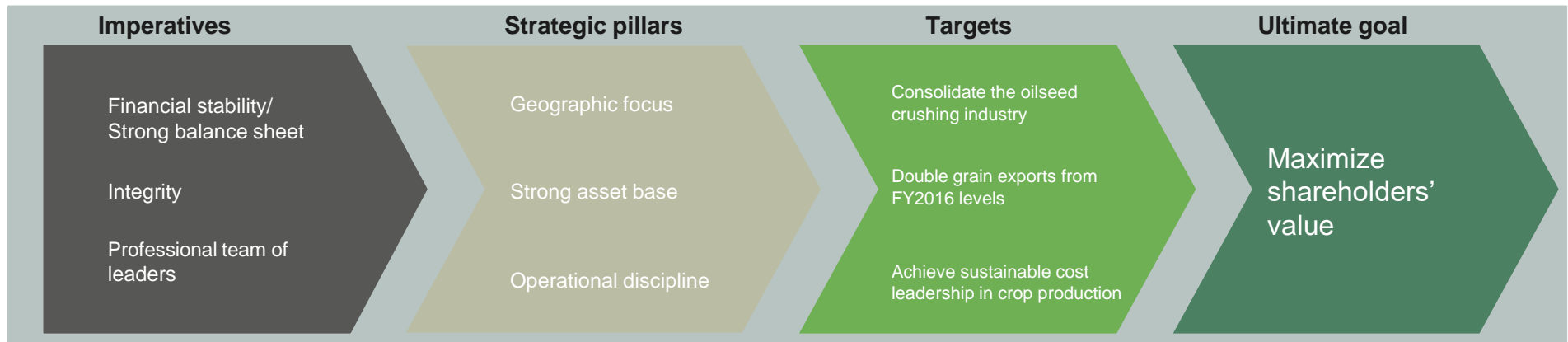
Appendices



Silo in Balyn, Khmelnytskyi region
One-time storage capacity: 142 thousand tons of grain

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 FY2019

- Start of full-speed construction phase of our processing plant in western Ukraine and co-generation heat and power units adjacent to our crushing plants
- Acquisition of 5.85% interest in ViOil (one of the largest independent local sunflower oil producers)



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

- Commissioned 1st stage (grain intake and storage capacities) of our new TransGrainTerminal, a 4-million-ton deep-water grain transshipment facility in Chornomorsk port
- Commissioned two silos and upgraded two other silos
- Became #1 private grain railcar fleet in Ukraine following the acquisition of RTK-Ukraine LLC, investing US\$ 65m and reducing risks for Strategy 2021 execution
- Became #1 grain exporter from Ukraine with the record 6.1m t shipped in FY2019 (+58% y-o-y)









Farming

- Achieve sustainable cost-efficient crop production via investment in technology
- Smooth integration of recently acquired assets to lift operational efficiency and productivity levels to Kernel's high standard

- Generated the record EBITDA
- Kernel sets the standard for highly productive crop growing operations in Ukraine

3.2 Strategy 2021 serves as a solid basis for future growth across all business segments

Strategy 2021 investments pipeline overview:

Strategy 2021 investments pipeline overview:									Status	Segment
US\$ million		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	Total	(as of Sep 2019)	
I	Leasehold farmland bank expansion (+ 200k ha)	152	47	-	-	-	-	198		Farming
II	Construction of greenfield oilseed processing plant in Western Ukraine with co-generation heat and power unit	-	52	10	66	52	-	180		Oilseed Processing
	■ Annual sunflower seed processing capacity: 1 million tons									
	■ Expected commissioning date: January-March 2021									
III	Construction of co-generation heat and power units (renewable energy) on 6 our plants throughout (FY2019-2020)	0	12	30	90	18	-	150		Oilseed Processing
IV	Construction of new grain export terminal in the port of Chornomorsk	1	3	46	58	19	-	127		Infrastructure and Trading
	■ Annual throughput capacity: 4 million tons of grain									
	■ Commissioning in FY2020									
V	Grain railcars investments (500 brand-new + 2,949 used)	-	16	65	9	-	-	90		Infrastructure and Trading
VI	Construction and upgrade of silo facilities (FY2019-2020)	-	19	36	10	-	-	65		Infrastructure and Trading
Total key expansion investments		153	149	187	232	89	-	810		
Maintenance and other CapEx		35	62	65	68	64	65			
Total investments		188	211	251	300	153	65			

- The major portion of FY2020-FY2021 investments will be financed by debt attracted from international financial institutions (European Investment Bank and EBRD)

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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	FY19
Revenue	215	350	663	1,047	1,020	1,899	2,072	2,797	2,393	2,330	1,989	2,169	2,403	3,992
Net IAS 41 gain / (loss)	-	-	-	-	-	-	-	15	(17)	(7)	20	(3)	19	9
Cost of sales	(194)	(306)	(557)	(874)	(844)	(1,610)	(1,814)	(2,599)	(2,231)	(2,009)	(1,707)	(1,882)	(2,261)	(3,654)
Gross profit	21	44	106	174	177	289	258	213	145	314	302	284	160	348
Other operating income	1	8	25	17	18	26	66	67	60	83	45	41	59	28
G&A expenses	(11)	(13)	(20)	(24)	(27)	(38)	(67)	(78)	(77)	(68)	(59)	(60)	(80)	(107)
Profit from operating activities	12	39	112	167	167	277	257	201	129	328	287	265	140	269
Financial costs, net	(9)	(19)	(28)	(32)	(23)	(42)	(63)	(75)	(72)	(69)	(57)	(62)	(65)	(82)
FX gain(loss), net	(1)	(1)	3	(3)	11	2	5	3	(99)	(153)	30	(3)	5	13
Other non-operating items	(2)	(2)	5	(4)	(4)	(28)	(3)	(8)	(48)	(5)	(13)	(3)	(30)	(10)
Income tax	0	2	(9)	5	0	18	9	(6)	(11)	(0)	(4)	(19)	6	(12)
Net profit from continuing operations	0	19	82	132	152	226	206	115	(102)	101	244	179	56	178
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	178
Net profit/(loss) attributable to shareholders	1	20	83	136	152	226	207	112	(98)	107	225	176	52	189
<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	2.3
<i>ROE¹</i>		37%	36%	36%	32%	29%	19%	9%	(8%)	11%	24%	16%	5%	16%
<i>ROIC²</i>		21%	25%	26%	22%	23%	17%	9%	(1%)	11%	21%	15%	10%	13%
<i>Net Income / Invested Capital</i>		14%	36%	21%	23%	24%	15%	6%	(5%)	6%	17%	13%	4%	9%
EBITDA, incl.	17	46	123	190	190	310	319	288	223	397	346	319	223	346
Oilseeds Processing	-	-	81	89	101	202	198	199	178	213	129	100	77	109
Infrastructure and Trading	-	-	40	112	80	94	59	59	126	114	107	110	101	106
Farming	-	-	20	7	23	32	74	67	(44)	98	146	146	89	182
Unallocated expenses and other	-	-	(18)	(18)	(14)	(18)	(12)	(38)	(36)	(29)	(36)	(36)	(44)	(51)
<i>Gross margin</i>	<i>10%</i>	<i>13%</i>	<i>16%</i>	<i>17%</i>	<i>17%</i>	<i>15%</i>	<i>12%</i>	<i>8%</i>	<i>6%</i>	<i>13%</i>	<i>15%</i>	<i>13%</i>	<i>7%</i>	<i>9%</i>
<i>EBITDA margin</i>	<i>8%</i>	<i>13%</i>	<i>19%</i>	<i>18%</i>	<i>19%</i>	<i>16%</i>	<i>15%</i>	<i>10%</i>	<i>9%</i>	<i>17%</i>	<i>17%</i>	<i>15%</i>	<i>9%</i>	<i>9%</i>
<i>Net margin</i>	<i>1%</i>	<i>6%</i>	<i>13%</i>	<i>13%</i>	<i>15%</i>	<i>12%</i>	<i>10%</i>	<i>4%</i>	<i>(4%)</i>	<i>5%</i>	<i>11%</i>	<i>8%</i>	<i>2%</i>	<i>5%</i>

- **Change in accounting policy** relating to the classification of distribution expenses charged to its customers starting from 1 July 2018: carriage and freight, storage and dispatch costs and other distribution expenses have been previously presented cumulative as distribution costs, but starting from 1 July 2018 Group decided to present distribution costs within Cost of sales. For the purposes of this presentation, the distribution costs are included in Cost of sales retrospectively.

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

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Cash & cash equivalents	6	25	89	129	59	116	83	79	65	129	60	143	132	77
Net trade accounts receivable	9	10	49	32	65	112	146	151	100	56	75	87	92	183
Prepayments to suppliers & other current assets	7	9	30	26	94	81	90	110	57	61	53	83	113	130
Prepaid taxes	9	22	23	73	206	221	236	210	156	105	138	143	122	127
Inventory	32	40	145	99	148	184	410	270	300	159	200	387	368	358
<i>of which: readily marketable inventories</i>	29	38	139	91	143	141	336	157	243	140	184	354	325	293
Biological assets	3	10	42	19	26	96	153	247	183	147	190	256	289	309
Other current assets	-	-	-	-	-	-	-	23	12	2	4	21	87	73
Intangible assets and goodwill	10	28	103	81	118	152	228	321	233	172.0	159	219	208	223
Net property, plant & equipment	72	128	232	222	379	503	728	763	643	535	539	570	588	765
Other non-current assets	5	3	43	19	29	109	41	187	170	99.9	91	100	210	220
Total assets	156	275	756	700	1,125	1,573	2,116	2,362	1,919	1,466	1,509	2,009	2,211	2,464
Trade accounts payable	1	6	6	8	11	27	25	47	33	27	42	53	74	136
Advances from customers & other current liabilities	5	9	22	26	131	102	155	202	80	63	77	89	105	105
Interest-bearing debt	93	157	256	295	345	422	693	725	743	463	339	655	751	768
Short-term debt	29	44	127	160	210	266	266	450	483	367	254	152	246	203
Long-term debt	54	102	98	133	135	156	427	276	260	95	84	8	11	69
Corporate bonds issued	10	10	31	2	-	-	-	-	-	-	-	494	495	496
Other liabilities	9	18	32	14	32	24	33	35	32	21	55	56	104	109
Total liabilities	108	190	315	342	520	575	906	1,009	888	575	512	851	1,033	1,118
Total equity	48	85	440	357	605	997	1,211	1,352	1,031	891	997	1,158	1,178	1,346
<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	0.6x
<i>Debt / assets ratio</i>	60%	57%	34%	42%	31%	27%	33%	31%	39%	32%	22%	33%	34%	31%

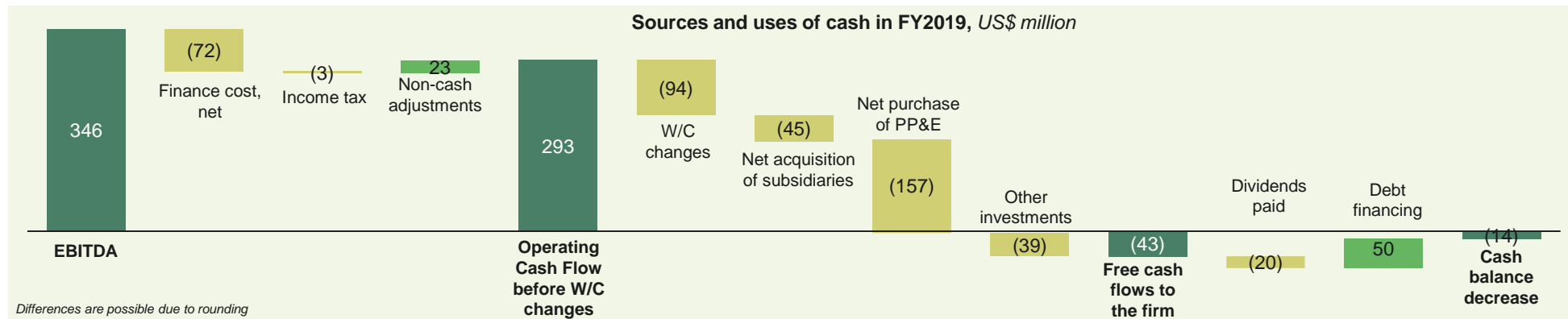
Liquidity position and credit metrics

Debt liabilities	94	158	259	300	350	428	698	734	749	469	343	657	754	770
Cash	6	25	89	129	59	116	83	79	65	129	60	143	132	77
Net debt	88	133	170	170	291	312	616	655	684	339	283	514	622	694
Readily marketable inventories	29	38	139	91	143	141	336	157	243	140	184	354	325	293
Adjusted net debt	58	95	32	79	148	170	280	498	441	199	99	160	297	400
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	2.0x
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	1.2x
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	4.2x

Note: financial year ends 30 June.

4.3 Cash flow statement

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
EBITDA	17	46	123	190	190	310	319	288	223	397	346	319	223	346
Finance cost paid	(9)	(18)	(28)	(32)	(23)	(36)	(67)	(76)	(72)	(68)	(58)	(35)	(64)	(72)
Income tax paid	(0)	(1)	(3)	(2)	(1)	(3)	(7)	(43)	(40)	(13)	(3)	(6)	(5)	(3)
Non-cash adjustments and non-operating items	(0)	(1)	7	(32)	12	(36)	(27)	1	(41)	(70)	(18)	5	(40)	23
Operating Cash Flow before Working Capital changes	7	26	99	124	179	235	218	169	70	245	268	283	113	293
Change in working capital	(36)	(15)	(210)	(25)	(97)	(180)	(242)	135	(1)	147	(136)	(206)	(31)	(94)
Acquisition of subsidiaries and JVs, net	-	(60)	(97)	(5)	(70)	(11)	(136)	(152)	(41)	2	(36)	(146)	(22)	(45)
Net purchase of PP&E	(6)	2	(24)	(89)	(56)	(48)	(93)	(91)	(42)	(23)	(30)	(40)	(140)	(157)
Other investments	1	0	(49)	(1)	1	(66)	(0)	(23)	(1)	(4)	6	(37)	6	(39)
Free cash flow to the Firm	(34)	(46)	(281)	4	(44)	(71)	(253)	38	(14)	369	71	(146)	(74)	(43)
Debt financing	32	62	81	36	(77)	(18)	220	(45)	7	(289)	(115)	178	98	50
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	30
Cash at the year end	6	25	59	98	58	110	83	73	65	124	60	87	90	76
Cash conversion cycle	n/a	66	86	79	117	91	117	90	85	67	63	84	83	49
Payment period, days	n/a	(4)	(4)	(3)	(4)	(4)	(5)	(5)	(7)	(6)	(7)	(9)	(10)	(10)
Inventories processing, days	n/a	43	61	51	53	38	60	48	47	42	38	57	61	36
Receivables collection, days	n/a	10	16	14	18	17	23	19	19	12	12	14	14	13
VAT receivables, days	n/a	17	13	17	50	41	40	28	26	18	20	22	19	11



IR contact and investor calendar

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3 Tarasa Shevchenka Lane,

Kyiv Ukraine, 01001

Investor calendar

- | | |
|--|------------------|
| ▪ Q1 FY2020 Operations Update | 22 October 2019 |
| ▪ Q1 FY2020 Financial Report | 27 November 2019 |
| ▪ Annual general shareholders' meeting | 10 December 2019 |
| ▪ Q2 FY2020 Operations Update | 21 January 2020 |
| ▪ H1 FY2020 Financial Report | 28 February 2020 |
| ▪ Q3 FY2020 Operations Update | 20 April 2020 |
| ▪ Q3 FY2020 Financial Report | 29 May 2020 |
| ▪ Q4 FY2020 Operations Update | 20 July 2020 |
| ▪ FY2020 Financial Report | 30 October 2020 |

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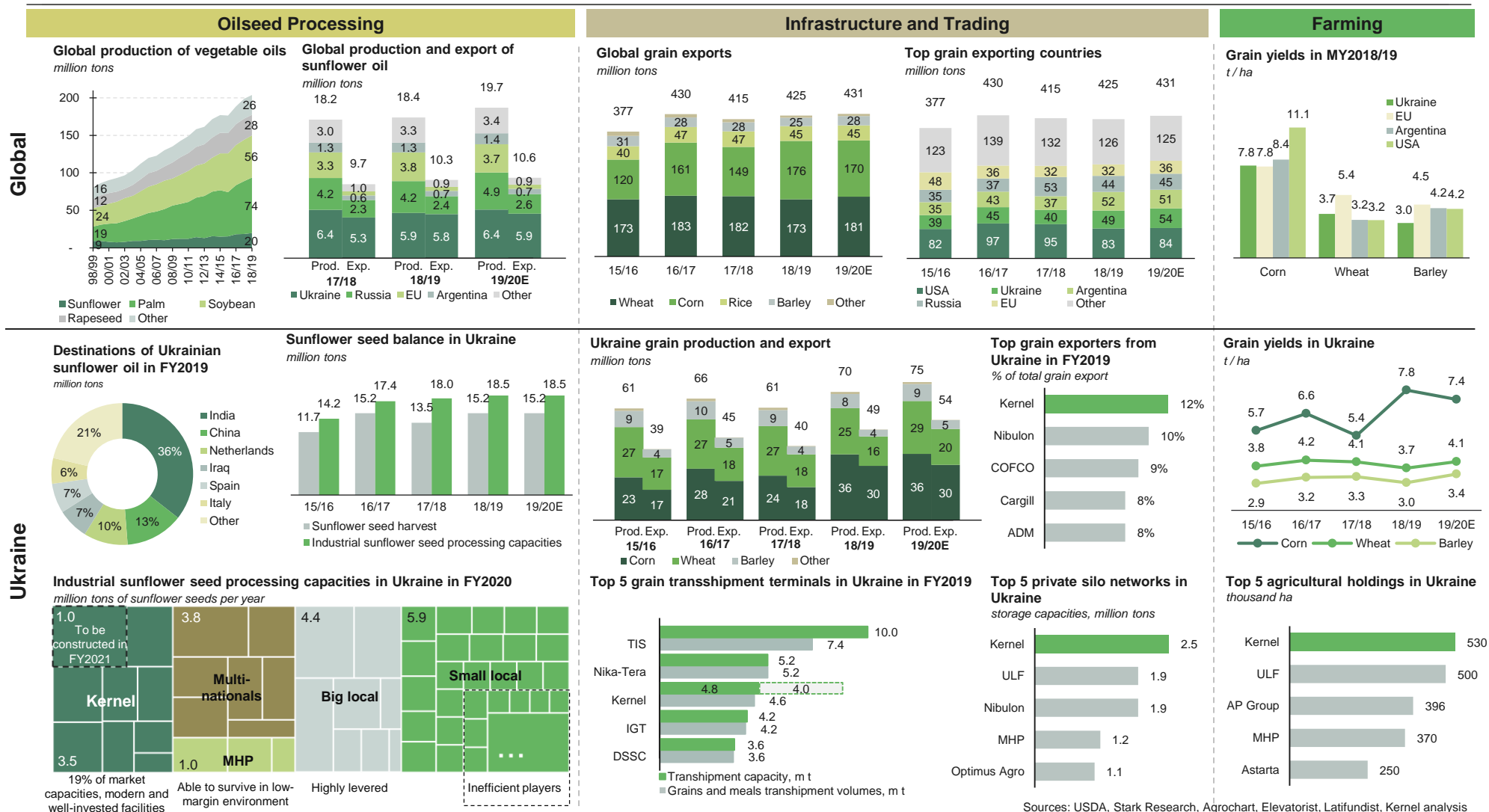


Poltava sunflower oil refining and bottling facility
558 thousand tons per year processing capacity

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 price cycle and forthcoming farmland market reform in Ukraine are free options imbedded into Kernel's business model

A2. Markets and business environment



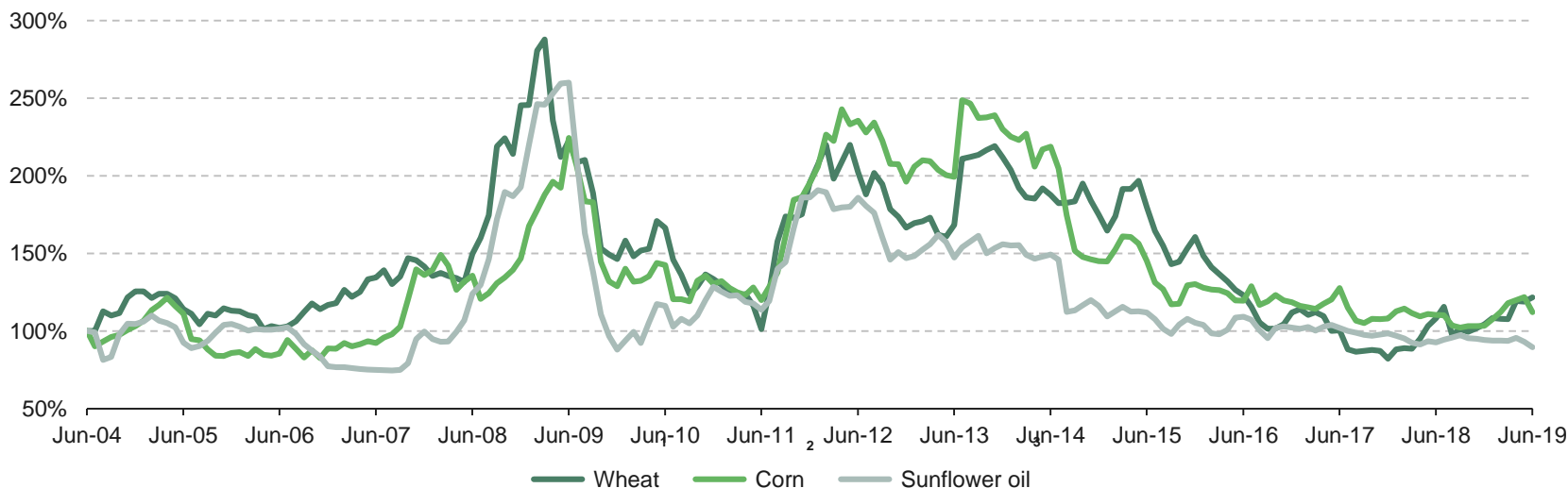
Sources: USDA, Stark Research, Agrochart, Elevatorist, Latifundist, Kernel analysis

A3. Markets and business environment

Low cycle of soft commodity prices

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

30 June 2004 = 100%



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**

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

A4. Environmental, social and corporate governance (ESG)

Kernel's global goal in the field of sustainable development and social responsibility is the development of society through the voluntary contribution of business to the social, economic and environmental spheres related to the activities and achievement of the company's strategic goals.

