Kernel Holding S.A.

FY2019 results and company presentation  September 2019
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## Content

1. FY2019 results and FY2020 outlook
2. Kernel today
3. Balanced growth strategy
4. Financials

Appendices
1.1 FY2019 highlights

- **Revenue** at US$ 4.0bn, up 66% y-o-y driven by stronger sales of grain and sunflower oil and Avre (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.

<table>
<thead>
<tr>
<th><strong>US$ million except EPS</strong></th>
<th>FY2018</th>
<th>FY2019</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income statement highlights</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,403</td>
<td>3,992</td>
<td>66%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>223</td>
<td>346</td>
<td>55%</td>
</tr>
<tr>
<td>Net profit attributable to equity holders</td>
<td>52</td>
<td>189</td>
<td>3.6x</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>9.3%</td>
<td>8.7%</td>
<td>(0.6pp)</td>
</tr>
<tr>
<td>Net margin</td>
<td>2.2%</td>
<td>4.7%</td>
<td>2.6pp</td>
</tr>
<tr>
<td>EPS</td>
<td>0.64</td>
<td>2.31</td>
<td>3.6x</td>
</tr>
</tbody>
</table>

| **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.

<table>
<thead>
<tr>
<th><strong>Credit metrics</strong></th>
<th>30 June 2018</th>
<th>30 June 2019</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US$ million, except ratios</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term debt</td>
<td>246</td>
<td>203</td>
<td>(17%)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>498</td>
<td>560</td>
<td>12%</td>
</tr>
<tr>
<td>Obligations under finance lease</td>
<td>11</td>
<td>8</td>
<td>(30%)</td>
</tr>
<tr>
<td><strong>Debt liabilities</strong></td>
<td>754</td>
<td>770</td>
<td>2%</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>132</td>
<td>77</td>
<td>(42%)</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>622</td>
<td>694</td>
<td>11%</td>
</tr>
<tr>
<td>Readily marketable inventories</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which sunflower oil and meal</td>
<td>325</td>
<td>293</td>
<td>(10%)</td>
</tr>
<tr>
<td>Sunflower seeds</td>
<td>218</td>
<td>125</td>
<td>(43%)</td>
</tr>
<tr>
<td>Grains and other RMs</td>
<td>58</td>
<td>104</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Adjusted net debt</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,171</td>
<td>1,351</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Net debt / EBITDA</td>
<td>2.8x</td>
<td>2.0x</td>
<td>(0.3x)</td>
</tr>
<tr>
<td>Adjusted net debt / EBITDA</td>
<td>1.3x</td>
<td>1.2x</td>
<td>(0.1x)</td>
</tr>
<tr>
<td>EBITDA / Interest</td>
<td>3.4x</td>
<td>4.2x</td>
<td>0.2x</td>
</tr>
</tbody>
</table>

**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**
  - 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)

<table>
<thead>
<tr>
<th></th>
<th>Revenue, US$ m</th>
<th>EBITDA, US$ m</th>
<th>Volume, k t (^1)</th>
<th>EBITDA margin, US$ / t (^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2018  FY2019</td>
<td>y-o-y</td>
<td>FY2018  FY2019</td>
<td>y-o-y</td>
</tr>
<tr>
<td>Oilseed Processing</td>
<td>1,393</td>
<td>1,493</td>
<td>7%</td>
<td>1,413</td>
</tr>
<tr>
<td>Infrastructure and Trading</td>
<td>1,025</td>
<td>3,140</td>
<td>3.1x</td>
<td>101</td>
</tr>
<tr>
<td>Farming</td>
<td>470</td>
<td>602</td>
<td>28%</td>
<td>89</td>
</tr>
<tr>
<td>Unallocated corporate expenses</td>
<td>(486)</td>
<td>(1,243)</td>
<td>2.6x</td>
<td>(44)</td>
</tr>
<tr>
<td>Total</td>
<td>2,403</td>
<td>3,992</td>
<td>1.7x</td>
<td>223</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th></th>
<th>Revenue, US$ m</th>
<th>EBITDA, US$ m</th>
<th>Volume, k t (^3)</th>
<th>EBITDA margin, US$ / t (^4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2018  FY2019</td>
<td>y-o-y</td>
<td>FY2018  FY2019</td>
<td>y-o-y</td>
</tr>
<tr>
<td>Sunflower oil sold in bulk</td>
<td>1,264</td>
<td>1,353</td>
<td>7.1%</td>
<td>63</td>
</tr>
<tr>
<td>Bottled sunflower oil</td>
<td>130</td>
<td>140</td>
<td>7.9%</td>
<td>13</td>
</tr>
<tr>
<td>Sunflower oil division</td>
<td>1,393</td>
<td>1,493</td>
<td>7.2%</td>
<td>77</td>
</tr>
<tr>
<td>Grain trading</td>
<td>951</td>
<td>3,077</td>
<td>3.2x</td>
<td>17</td>
</tr>
<tr>
<td>Export terminals (Ukraine)</td>
<td>53</td>
<td>49</td>
<td>(7.1%)</td>
<td>39</td>
</tr>
<tr>
<td>Silo services</td>
<td>72</td>
<td>71</td>
<td>(2.3%)</td>
<td>44</td>
</tr>
<tr>
<td>Grain &amp; infrastructure division</td>
<td>1,077</td>
<td>3,197</td>
<td>3.0x</td>
<td>101</td>
</tr>
<tr>
<td>Farming division</td>
<td>470</td>
<td>602</td>
<td>28%</td>
<td>89</td>
</tr>
<tr>
<td>Unallocated corporate expenses</td>
<td>(538)</td>
<td>(1,300)</td>
<td>2.4x</td>
<td>(44)</td>
</tr>
<tr>
<td>Total</td>
<td>2,403</td>
<td>3,992</td>
<td>1.7x</td>
<td>223</td>
</tr>
</tbody>
</table>

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).**

**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**

- **Loan from European Investment Bank (Dec 2018)**
  - **US$ 250 million**
  - 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

- **Financing arranged by EBRD (Feb 2019)**
  - **US$ 56 million**
  - The start of long-term cooperation with reputable international financial institutions demonstrates Kernel transparency and high standards of corporate governance.

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**State monopoly grain railcars rental rates**

<table>
<thead>
<tr>
<th>UAH</th>
<th>Feb 18</th>
<th>Jun 18</th>
<th>Oct 18</th>
<th>Feb 19</th>
<th>Jun 19</th>
<th>Oct 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>UAH 655</td>
<td>856</td>
<td>1,055</td>
<td>1,117</td>
<td>1,136</td>
<td></td>
</tr>
</tbody>
</table>

**Grain railcars market structure**

- Thousand grain railcars

- **Ukrainian Railways, September 2019.**

- **Source**

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**Company presentation September 2019**

**www.kernel.ua**
1.5 Outlook for FY2020

- 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.

- 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** 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.
Content

1. FY2019 results and FY2020 outlook

2. Kernel today

3. Balanced growth strategy

4. Financials

Appendices
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

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)

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

Note: 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

1. **Own farming:** Kernel operates 530 thousand ha of leasehold farmland in Ukraine producing 3.3 million tons of grains and oilseeds in FY2019 that flow via its other business divisions.

2. **Procurement:** Kernel sourced ca. 2.9 million tons of sunflower seeds and ca. 3.5 million tons of grains from over 4,000 farmers in Ukraine in FY2019.

3. **Silo network:** Kernel operates 2.5 million tons of grain silo storage capacity across various regions of Ukraine.

4. **Oilseed processing:** Kernel’s 8 oilseed crushing plants have a processing capacity of 3.5 million tons of sunflower seeds crushed per year. 1,000kg of sunflower seeds yields, on average, 440kg of sunflower oil, 390kg of sunflower meal and 160kg of sunseed husk.

5. **Bottled sunflower oil:** Up to 10% of sunflower oil produced is further refined, bottled and sold domestically and abroad.

6. **Grain export:** Kernel exported 6.1 million tons of grains and oilseeds from Ukraine, entering into forward contracts within the same timeframe that its origination team buys grains and oilseeds from farmers (hedged against price swings). 3.4 thousand **own railcars fleet** secure the smooth and efficient flow of grains from inland silos to the ports.

7. **Export terminals:** Kernel operates
   - Deep-water grain terminal in Chornomorsk (4.8 million tons annual transshipment capacity)
   - Deep-water grain export terminal in Taman, owned via 50/50 JV (2.0 million tons annual transshipment capacity allocated to Kernel).

8. **Avere research, knowledge and trading platform:**
   - Sale of Kernel’s sunflower oil.
   - Help with hedging of Kernel’s grain.
   - Proprietary trading.

**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

- Asset-light export platform involved in origination and export of Ukrainian grain and oilseeds
- Acquisition of sunflower oil brand Schedry Dar, together with crushing, refining and bottling facilities in Eastern Ukraine
- IPO & listing on the Warsaw Stock Exchange, raising US$ 161 million of fresh capital
- Extending oilseed crushing capacity in Ukraine by concluding 216,000 tons of crushing tolling agreement with Black Sea Industries
- Entering the Russian market by acquisition of Russian Oils
- Acquisition of farming companies Ukrosp and Enselco, expanding farming, storage and sugar production capacity
- Issued US$ 140 million of equity
- Exit of highly volatile and local currency-exposed sugar business, divesting two sugar plants in Ukraine
- Acquisition of oilseed crushing plant in Kirovograd region in Ukraine (+560,000 tons of crushing capacities)
- Active construction phase under Strategy 2021
- Start of Avere operations


- Evolution to a processor of soft commodities by acquiring a sunflower seed crushing plant in Poltava, Ukraine
- Doubling in size by acquiring Evrotek, a crushing and farming business in Western Ukraine
- Acquisition of Transbulkterminal, Ukraine’s 2nd largest grain terminal
- Acquisition of 50,000 ha of farmland
- Issuance of US$ 84 million of new equity
- Purchase of Allseeds’ production assets (+565,000 tons of sunflower seed crushing capacity)
- Issuance of US$ 80 million of additional equity
- Creation of 50/50 JV with Glencore to acquire 100% interest in a deep-water grain export terminal in Taman port, Russia
- Purchase of Black Sea Industries (+270,000 tons of crushing capacity)
- Commissioning of 200,000 tons of greenfield silo storage capacity in different regions of Ukraine
- Completion of a hallmark transaction issuing US$ 500 million Eurobond
- Expansion of farmland bank to over 600,000 ha, and storage capacities to 2.8 million tons via acquisitions of UAI and Agro-Invest Ukraine
- Acquisition of a railcar business in Ukraine with 3 thousand grain hoppers
- Acquisition of the 5.85% interest in ViOil (oilseeds processing business)

Unparalleled track record of continuous development

Asset growth through M&A
2.5 Oilseed Processing segment

- The record 3.2m t of sunflower seeds processed in FY2019
- The record 1.6m t sales of sunflower oil in FY2019

- Strong 15.2m t harvest of sunflower seeds expected in Ukraine (flat y-o-y) with country crushing capacities remaining unchanged → we plan to process 3.3m t of sunflower seeds

- 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

Note 1 Operated under tolling agreement

FY2019 results and FY2020 outlook

Financials

Key market factors determining segment performance

Sunflower oil price

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

Supply & demand for sunflower seeds in Ukraine

million tons

Source: USDA, Kernel’s estimates

defined allocation of profit between farmers and oilseed processors.
2.6 Infrastructure and Trading segment

**Segments volumes (million tons)**
- **FY15**
  - Silo intake volumes: 2.5
  - Export terminal's throughput (Ukraine): 3.6
  - Grain export volumes (ex. Avere): 4.7
- **FY16**
  - Silo intake volumes: 3.7
  - Export terminal's throughput (Ukraine): 4.4
  - Grain export volumes (ex. Avere): 4.2
- **FY17**
  - Silo intake volumes: 4.5
  - Export terminal's throughput (Ukraine): 4.1
  - Grain export volumes (ex. Avere): 4.6
- **FY18**
  - Silo intake volumes: 4.1
  - Export terminal's throughput (Ukraine): 4.0
  - Grain export volumes (ex. Avere): 4.3
- **FY19**
  - Silo intake volumes: 5.1
  - Export terminal's throughput (Ukraine): 4.9
  - Grain export volumes (ex. Avere): 6.1

**EBITDA and EBITDA margin**
- **FY15**
  - EBITDA: 114
  - EBITDA margin: 24
- **FY16**
  - EBITDA: 107
  - EBITDA margin: 24
- **FY17**
  - EBITDA: 110
  - EBITDA margin: 22
- **FY18**
  - EBITDA: 101
  - EBITDA margin: 26
- **FY19**
  - EBITDA: 106
  - EBITDA margin: 17

**EBITDA margin per ton of grain exported**
- reduced to US$ 17, diluted by increasing scale of our low-margin trading operations and Avere negative performance.
- As a result, total segment EBITDA in FY2019 added US$ 5m as compared to the previous year, to US$ 106m.

**Target to originated 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.

**Top export terminals in Ukraine**
- **FY19:**
  - TIS: 7.4
  - Nika-Tera: 4.5
  - TBT (Kernel): 4.5
  - Glecore: 4.2
  - COFCO: 3.6
  - Bunge: 2.8
  - Nibulon: 2.7
  - ADM: 2.3
- **FY20: estimated**

**Top grain exporters from Ukraine in FY2019 (million tons)**
- **Kernel**: 23
- **Nibulon**: 27
- **COFCO**: 27
- **Cargill**: 24
- **ADM**: 24
- **Bunge**: 25
- **Louis Dreyfus**: 36
- **Glencore**: 37
- **Source: USDA**

**Grain production in Ukraine (million tons)**
- **FY15-19**
  - MY15/16: 23
  - MY16/17: 28
  - MY17/18: 24
  - MY18/19: 27
  - MY19/20E: 29

**Important for high capacity utilization of grain export infrastructure in Ukraine**
- **Source: USDA**

**Top grain exporters from Ukraine in FY2019 (% of total grain export)**
- **Kernel**: 12%
- **Nibulon**: 10%
- **COFCO**: 9%
- **Cargill**: 8%
- **ADM**: 8%
- **Bunge**: 6%
- **Louis Dreyfus**: 6%
- **Glencore**: 5%
- **Source: Stark**

**Key market factors determining segment performance**
- 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.
2.7 Farming segment

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.

Key market factors determining segment performance
- Being in naturally long position, performance of our farming business strongly depends on global prices
- 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)
## 2.8 Credit highlights

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

<table>
<thead>
<tr>
<th>Amount outstanding</th>
<th>Interest rate</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eurobonds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>496.1</td>
<td>8.75%</td>
<td>Jan 2022</td>
</tr>
<tr>
<td><strong>EBRD / CTF</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>62.1 / 250 limit</td>
<td>Libor + 1.44% + CoF</td>
<td>Dec 2028</td>
</tr>
<tr>
<td>- / 56 limit</td>
<td>Libor + 4.5% / 1%</td>
<td>Feb 2027</td>
</tr>
<tr>
<td><strong>Oil PXF</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32.9 / 390 limit</td>
<td>Libor + 4.2%</td>
<td>Aug 2021</td>
</tr>
<tr>
<td>15.0 / 300 limit*</td>
<td>Libor + 4%</td>
<td>June 2021</td>
</tr>
<tr>
<td>Other bank debt, obligations under finance lease and accrued interest</td>
<td>164.2</td>
<td>Mostly short-term debt</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>770.3</td>
<td></td>
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</table>

### Kernel-2022 Eurobonds mid-YTM

<table>
<thead>
<tr>
<th>Date</th>
<th>YTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-17</td>
<td>12%</td>
</tr>
<tr>
<td>Jan-18</td>
<td>10.6%</td>
</tr>
<tr>
<td>Jul-17</td>
<td>8.5%</td>
</tr>
<tr>
<td>Jul-18</td>
<td>8%</td>
</tr>
<tr>
<td>Jul-19</td>
<td>6%</td>
</tr>
<tr>
<td>Jan-19</td>
<td>4%</td>
</tr>
<tr>
<td>Jul-19</td>
<td>2%</td>
</tr>
<tr>
<td>Jan-19</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Credit ratings

<table>
<thead>
<tr>
<th>Rating / Outlook</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch Ratings</td>
<td></td>
</tr>
<tr>
<td>B+ / Stable</td>
<td>12 Oct 2018</td>
</tr>
<tr>
<td>S&amp;P Global Ratings</td>
<td>12 Feb 2017</td>
</tr>
<tr>
<td>B / Stable</td>
<td>31 Oct 2018</td>
</tr>
<tr>
<td>B / Stable</td>
<td>20 Feb 2017</td>
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</table>

### Working capital* and debt position

<table>
<thead>
<tr>
<th>FY</th>
<th>Working Capital</th>
<th>Net Debt</th>
<th>Readily marketable inventories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>FY2015</td>
<td>FY2016</td>
<td>FY2017</td>
</tr>
<tr>
<td>Q2</td>
<td>FY2018</td>
<td>FY2018</td>
<td>FY2019</td>
</tr>
</tbody>
</table>

### 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.

*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).*
Content

1. FY2019 results and FY2020 outlook
2. Kernel today
3. Balanced growth strategy
4. Financials

Appendices
# 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.

## Imperatives
- Financial stability / Strong balance sheet
- Integrity
- Professional team of leaders

## Strategic pillars
- Geographic focus
- Strong asset base
- Operational discipline

## Targets
- Consolidate the oilseed crushing industry
- Double grain exports from FY2016 levels
- Achieve sustainable cost leadership in crop production

## Ultimate goal
- Maximize shareholders’ value

---

### Sunflower oil
- Construction of 1-million-ton per year greenfield crushing plant in western Ukraine
- Substantial upgrade of the remaining crushing plants to drive efficiency
- Start of full-speed construction phase of our processing plant in western Ukraine and cogeneration 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

---

In FY2019, we:
- Generated the record EBITDA
- Kernel sets the standard for highly productive crop growing operations in Ukraine

---

[Kernel website](www.kernel.ua)
3.2 Strategy 2021 serves as a solid basis for future growth across all business segments

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>I</strong> Leasehold farmland bank expansion (+ 200k ha)</td>
<td></td>
<td>152</td>
<td>47</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>198</td>
<td>✔️</td>
<td>Farming</td>
</tr>
<tr>
<td>Construction of greenfield oilseed processing plant in Western Ukraine with co-generation heat and power unit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Annual sunflower seed processing capacity: 1 million tons</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Expected commissioning date: January-March 2021</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>II</strong> Construction of co-generation heat and power units (renewable energy) on 6 our plants throughout (FY2019-2020)</td>
<td></td>
<td>0</td>
<td>12</td>
<td>30</td>
<td>90</td>
<td>18</td>
<td>-</td>
<td>150</td>
<td>♦️</td>
<td>Oilseed Processing</td>
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<tr>
<td>Construction of new grain export terminal in the port of Chornomorsk</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>• Annual throughput capacity: 4 million tons of grain</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Commissioning in FY2020</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IV</strong> Grain railcars investments (500 brand-new + 2,949 used)</td>
<td></td>
<td>1</td>
<td>3</td>
<td>46</td>
<td>58</td>
<td>19</td>
<td>-</td>
<td>127</td>
<td>✔️</td>
<td>Infrastructure and Trading</td>
</tr>
<tr>
<td><strong>VI</strong> Construction and upgrade of silo facilities (FY2019-2020)</td>
<td></td>
<td>-</td>
<td>19</td>
<td>36</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>65</td>
<td>✔️</td>
<td>Infrastructure and Trading</td>
</tr>
<tr>
<td>Total key expansion investments</td>
<td></td>
<td>153</td>
<td>149</td>
<td>187</td>
<td>232</td>
<td>89</td>
<td>-</td>
<td>810</td>
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<tr>
<td>Maintenance and other CapEx</td>
<td></td>
<td>35</td>
<td>62</td>
<td>65</td>
<td>68</td>
<td>64</td>
<td>65</td>
<td></td>
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<tr>
<td>Total investments</td>
<td></td>
<td>188</td>
<td>211</td>
<td>251</td>
<td>300</td>
<td>153</td>
<td>65</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

1. FY2019 results and FY2020 outlook
2. Kernel today
3. Balanced growth strategy
4. Financials

Appendices
## 4.1 Consolidated statement of profit or loss

### US$ million, except ratios and EPS

<table>
<thead>
<tr>
<th>Financials</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>215</td>
<td>350</td>
<td>663</td>
<td>1,047</td>
<td>1,020</td>
<td>1,899</td>
<td>2,072</td>
<td>2,797</td>
<td>2,393</td>
<td>2,330</td>
<td>1,989</td>
<td>2,169</td>
<td>2,403</td>
<td>3,992</td>
</tr>
<tr>
<td>Net IAS 41 gain / (loss)</td>
<td>-1%</td>
<td>-2%</td>
<td>-3%</td>
<td>-15%</td>
<td>-65</td>
<td>-1,882</td>
<td>-15%</td>
<td>7%</td>
<td>2,009</td>
<td>-2</td>
<td>1,707</td>
<td>(107)</td>
<td>(2,009)</td>
<td>(1,882)</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(194)</td>
<td>(306)</td>
<td>(557)</td>
<td>(874)</td>
<td>(844)</td>
<td>(1,610)</td>
<td>(1,814)</td>
<td>(2,599)</td>
<td>(2,231)</td>
<td>(1,707)</td>
<td>(1,882)</td>
<td>(2,261)</td>
<td>(3,654)</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>21%</td>
<td>44%</td>
<td>106%</td>
<td>174%</td>
<td>177%</td>
<td>289%</td>
<td>258%</td>
<td>213%</td>
<td>145%</td>
<td>314%</td>
<td>302%</td>
<td>284%</td>
<td>160%</td>
<td>348%</td>
</tr>
<tr>
<td>Other operating income</td>
<td>6%</td>
<td>8%</td>
<td>25%</td>
<td>17%</td>
<td>18%</td>
<td>26%</td>
<td>66%</td>
<td>67%</td>
<td>60%</td>
<td>83%</td>
<td>41%</td>
<td>59%</td>
<td>28%</td>
<td></td>
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<tr>
<td>G&amp;A expenses</td>
<td>(11)</td>
<td>(13)</td>
<td>(20)</td>
<td>(24)</td>
<td>(27)</td>
<td>(38)</td>
<td>(67)</td>
<td>(78)</td>
<td>(77)</td>
<td>(68)</td>
<td>(59)</td>
<td>(60)</td>
<td>(80)</td>
<td>(107)</td>
</tr>
<tr>
<td>Profit from operating activities</td>
<td>12%</td>
<td>39%</td>
<td>112%</td>
<td>167%</td>
<td>167%</td>
<td>277%</td>
<td>257%</td>
<td>201%</td>
<td>129%</td>
<td>328%</td>
<td>287%</td>
<td>265%</td>
<td>140%</td>
<td>269%</td>
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<tr>
<td>Financial costs, net</td>
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<td>(19)</td>
<td>(28)</td>
<td>(32)</td>
<td>(43)</td>
<td>(42)</td>
<td>(63)</td>
<td>(75)</td>
<td>(72)</td>
<td>(69)</td>
<td>(57)</td>
<td>(62)</td>
<td>(65)</td>
<td>(82)</td>
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<td>FX gain/(loss), net</td>
<td>(1)</td>
<td>(1)</td>
<td>3%</td>
<td>(3)</td>
<td>11%</td>
<td>2%</td>
<td>5%</td>
<td>3%</td>
<td>(99)</td>
<td>(153)</td>
<td>30%</td>
<td>3%</td>
<td>5%</td>
<td>13%</td>
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<td>Other non-operating items</td>
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<td>(2)</td>
<td>5%</td>
<td>(4)</td>
<td>(4)</td>
<td>(28)</td>
<td>(3)</td>
<td>(8)</td>
<td>(48)</td>
<td>(5)</td>
<td>(13)</td>
<td>(3)</td>
<td>(30)</td>
<td>(10)</td>
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<tr>
<td>Income tax</td>
<td>0%</td>
<td>2%</td>
<td>9%</td>
<td>5%</td>
<td>0%</td>
<td>18%</td>
<td>9%</td>
<td>6%</td>
<td>(11)</td>
<td>(0)</td>
<td>(4)</td>
<td>(19)</td>
<td>6%</td>
<td>(12)</td>
</tr>
<tr>
<td>Net profit from continuing operations</td>
<td>0%</td>
<td>19%</td>
<td>82%</td>
<td>132%</td>
<td>152%</td>
<td>226%</td>
<td>206%</td>
<td>115%</td>
<td>(102)</td>
<td>101%</td>
<td>244%</td>
<td>179%</td>
<td>56%</td>
<td>178%</td>
</tr>
<tr>
<td>Profit / (loss) from discontinued operations</td>
<td>-%</td>
<td>5%</td>
<td>(10)</td>
<td>6%</td>
<td>(5)</td>
<td>(17)</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
</tr>
<tr>
<td>Net profit</td>
<td>0%</td>
<td>19%</td>
<td>82%</td>
<td>132%</td>
<td>152%</td>
<td>226%</td>
<td>211%</td>
<td>105%</td>
<td>(107)</td>
<td>96%</td>
<td>227%</td>
<td>179%</td>
<td>56%</td>
<td>178%</td>
</tr>
<tr>
<td>Net profit attributable to shareholders</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
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<td>-%</td>
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<td>-%</td>
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<td>-%</td>
</tr>
</tbody>
</table>

### EPS, US$

<table>
<thead>
<tr>
<th></th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS, US$</td>
<td>-%</td>
<td>2.1%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>3.0%</td>
<td>2.6%</td>
<td>1.4%</td>
<td>1.2%</td>
<td>1.3%</td>
<td>2.8%</td>
<td>2.2%</td>
<td>0.6%</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>ROE1</td>
<td>37%</td>
<td>36%</td>
<td>36%</td>
<td>32%</td>
<td>29%</td>
<td>19%</td>
<td>9%</td>
<td>8%</td>
<td>10%</td>
<td>24%</td>
<td>16%</td>
<td>5%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>ROIC2</td>
<td>21%</td>
<td>25%</td>
<td>26%</td>
<td>22%</td>
<td>23%</td>
<td>17%</td>
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<td>15%</td>
<td>10%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Net Income / Invested Capital</td>
<td>14%</td>
<td>36%</td>
<td>21%</td>
<td>23%</td>
<td>24%</td>
<td>15%</td>
<td>6%</td>
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### EBITDA, incl.

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<td>Oilseeds Processing</td>
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<tr>
<td>Infrastructure and Trading</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
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<td>-%</td>
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<td>-%</td>
<td>-%</td>
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<td>-%</td>
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<td>-%</td>
<td>-%</td>
<td>-%</td>
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<td>-%</td>
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### Gross margin

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<td>12%</td>
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<td>15%</td>
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<td>9%</td>
<td>17%</td>
<td>17%</td>
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### Change in accounting policy

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

<table>
<thead>
<tr>
<th></th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
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<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
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<td>0.6x</td>
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<td>0.6x</td>
<td>0.5x</td>
<td>0.7x</td>
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<td>33%</td>
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#### Liquidity position and credit metrics

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<th>FY17</th>
<th>FY18</th>
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<td>129</td>
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<td>Readily marketable inventories</td>
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<td>141</td>
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<td>140</td>
<td>184</td>
<td>354</td>
<td>325</td>
<td>293</td>
</tr>
<tr>
<td><strong>Adjusted net debt</strong></td>
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<td>95</td>
<td>96</td>
<td>124</td>
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<td>99</td>
<td>160</td>
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<td>400</td>
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<td><strong>Net debt / EBITDA</strong></td>
<td>5.2x</td>
<td>2.9x</td>
<td>1.4x</td>
<td>0.9x</td>
<td>1.5x</td>
<td>1.0x</td>
<td>1.9x</td>
<td>2.3x</td>
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<tr>
<td><strong>Adjusted net debt / EBITDA</strong></td>
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<td>2.0x</td>
<td>0.3x</td>
<td>0.4x</td>
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<td>0.5x</td>
<td>0.9x</td>
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Note: financial year ends 30 June.
### 4.3 Cash flow statement

#### US$ million

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<th>FY09</th>
<th>FY10</th>
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<th>FY12</th>
<th>FY13</th>
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<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
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<td>(13)</td>
<td>(3)</td>
<td>(6)</td>
<td>(5)</td>
<td>(3)</td>
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<td>245</td>
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<td>113</td>
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<td>147</td>
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<td>(94)</td>
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<td>Acquisition of subsidiaries and JVs, net</td>
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<td>(5)</td>
<td>(70)</td>
<td>(11)</td>
<td>(136)</td>
<td>(152)</td>
<td>(41)</td>
<td>2</td>
<td>(36)</td>
<td>(146)</td>
<td>(22)</td>
<td>(45)</td>
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<td>(6)</td>
<td>2</td>
<td>(24)</td>
<td>(89)</td>
<td>(56)</td>
<td>(48)</td>
<td>(93)</td>
<td>(91)</td>
<td>(42)</td>
<td>(23)</td>
<td>(30)</td>
<td>(40)</td>
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<td>(0)</td>
<td>(23)</td>
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<td>(4)</td>
<td>6</td>
<td>(37)</td>
<td>6</td>
<td>(39)</td>
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<td>(46)</td>
<td>(281)</td>
<td>4</td>
<td>(44)</td>
<td>(71)</td>
<td>(253)</td>
<td>38</td>
<td>(14)</td>
<td>369</td>
<td>71</td>
<td>(146)</td>
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<td>Debt financing</td>
<td>32</td>
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<td>81</td>
<td>36</td>
<td>(77)</td>
<td>(18)</td>
<td>220</td>
<td>(45)</td>
<td>7</td>
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<td>141</td>
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<td>(310)</td>
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<td>Inventories processing, days</td>
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<td>Receivables collection, days</td>
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<td>VAT receivables, days</td>
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<td>40</td>
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<td>18</td>
<td>20</td>
<td>22</td>
<td>19</td>
<td>11</td>
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</tbody>
</table>

#### Sources and uses of cash in FY2019, US$ million

- **EBITDA**: 346
- **Finance cost, net**: (72)
- **Income tax**: (3)
- **Non-cash adjustments**: 23
- **Net purchase of PP&E**: (45)
- **Net acquisition of subsidiaries**: (157)
- **Operating Cash Flow before W/C changes**: 293
- **W/C changes**: (94)
- **Other investments**: (39)
- **Dividends paid**: (43)
- **Debt financing**: 50
- **Cash flow to the firm**: (20)
- **Cash balance decrease**: (14)

**Notes**
- Differences are possible due to rounding.
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
- 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
- Q4 FY2020 Operations Update 20 July 2020
Content

1. FY2019 results and FY2020 outlook
2. Kernel today
3. Balanced growth strategy
4. Financials

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 price cycle and forthcoming farmland market reform in Ukraine are free options imbedded into Kernel’s business model
A2. Markets and business environment

Global production of vegetable oils

- Sunflower
- Palm
- Rapeseed
- Other

Other

- Analysis
- Production (Prod.)
- Ukraine
- Exports (Exp.)
- Research
- EU
- USDA
- Infrastructure and Trading
- Inefficient players

- Other
- Stark
- EU
- Farming
- Argentina

- US
- A2. Markets and business environment

Destinations of Ukrainian sunflower oil in FY2019

- India
- China
- Netherlands
- Iraq
- Spain
- Italy
- Other

- 21%
- 6%
- 7%
- 7%
- 10%
- 13%

Sunflower seed balance in Ukraine

- Sunflower seed harvest
- Industrial sunflower seed processing capacities

- Ukraine
- Russia
- EU
- Argentina
- Other

- 14.2
- 17.4
- 13.5
- 15.2
- 15.2

Ukraine grain production and export

- Sunflower
- Corn
- Rice
- Barley
- Other

- 15/16
- 16/17
- 17/18
- 18/19
- 19/20E

- 61
- 66
- 61
- 70
- 75

Top 5 grain exporting countries

- Ukraine
- EU
- Argentina
- Russia
- Other

- 377
- 430
- 415
- 425
- 431

Top 5 agricultural holding in Ukraine

- Optimus Agro
- Nika-Tera
- MHP
- IGT
- DSSC

- 3.0
- 5.2
- 3.6
- 4.2
- 2.4

- 2.5
- 1.9
- 1.9
- 1.2
- 1.1

Grain yields in FY2019

- 5.7
- 6.6
- 7.8
- 7.4

Grain yields in Ukraine

- 3.9
- 4.2
- 4.1
- 3.7
- 4.1

Top 5 grain transshipment terminals in Ukraine

- Kernel
- Nibulon
- COFCO
- Cargill
- ADM

- 19/20E

- 82
- 83
- 84
- 7.4
- 3.7
- 4.2
- 4.1
- 3.0
- 4.2
- 4.1

Industrial sunflower seed processing capacities in Ukraine in FY2020

- 1.0
- 3.8
- 4.4
- 5.9

- 1.0
- 3.5
- 1.0

- MHP

- 19% of market capacities, modern and well-invested facilities

- Able to survive in low-margin environment

- Highly leveraged

- Inefficient players

- Source: USDA, Stark Research, Agrochart, Elevatorist, Latifundist, Kernel analysis

Company presentation  September 2019

www.kernel.ua
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

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.

Goals

- Maximization of energy efficiency, minimization of adverse environmental impact, greenhouse gas reduction, processing and minimization of waste, preservation of the property of the earth to self-restoration.
- Environmental protection and preservation of land resources.
- Responsible rational use of resources and production
- Renewable energy project to reduce GHG emission

Principles & Initiatives

- Developing people's potential, ensuring safety and health security, creating conditions for self-realization and professional development of employees, contributing to the solution of important social issues and the development of communities in the presence regions
- Good neighborliness, improvement of life quality and well-being of the population and social support in the presence regions of the Company
- Competitive remuneration
- Ensuring safe and decent working conditions, the priority of preserving the life and health in relation to the results of production activities
- Numerous training and education programs for all our business units and professions.

Governance

- The Company constantly strives to maintain a high level of gender, education, age, and professional experience diversity within its governing bodies, understanding the vital role of the diversity in maximizing shareholders' value.
- 3 Independent directors
- Compliance with international standards, Compliance Code, internal Kernel Policies
- Zero tolerance to fraud and corruption
- Responsible leadership and ethical practices
- Effective and experienced management team
- Transparent disclosure and reporting

Environmental

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<th>Total energy consumption</th>
<th>thousand gigajoules</th>
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<td>FY2015</td>
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<td>FY2017</td>
<td>6,499</td>
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<td>FY2018</td>
<td>6,977</td>
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<tr>
<td>FY2019</td>
<td>6,857</td>
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<table>
<thead>
<tr>
<th>Rate of recordable work-related injuries</th>
<th>accidents / million worked hours</th>
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<tr>
<td>FY2015</td>
<td>0.66</td>
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<td>FY2016</td>
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<td>FY2018</td>
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<tr>
<td>FY2019</td>
<td>0.60</td>
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<table>
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<tr>
<th>Total direct (Scope 1) GHG emission</th>
<th>thousand tons of CO₂ equivalent</th>
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<td>FY2015</td>
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<tr>
<td>FY2016</td>
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<tr>
<td>FY2017</td>
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<td>FY2018</td>
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Social

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<td>FY2019</td>
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Governance structure

Composition of the Board of Directors

- Gender: 53% Male, 47% Female
- Age: 63% 30-40, 25% 40-50, 12% >50
- Tenure: 50% >5y, 25% 5-10y, 25% >10y