

KERNEL

Kernel Holding S.A.

Q3 FY2020 results and company presentation

May 2020



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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.

“LTM” and “Last twelve months” throughout this presentation means the period of April 2019 – March 2020, inclusively.

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2. Kernel today

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1.1 Q3 FY2020 highlights

- **Revenue** ↑ 30% y-o-y to US\$ 1,047m on the back of strong Avere physical sales of edible oils purchased from 3rd-parties in the reporting period
- **EBITDA** ↑ 88% y-o-y to US\$ 104m (or US\$ 95m ex IFRS16)
 - **Oilseed Processing** EBITDA of US\$ 26m (↓ 15% y-o-y): mostly due to weaker margin as a result of the sharp decline in global sunflower oil prices in Q3 FY2020;
 - **Infrastructure and Trading** EBITDA of US\$ 65m (↑ 3.6x y-o-y) driven by stronger segment volumes (grain export from Ukraine and terminal transshipment volumes), higher savings from railcars operations, and substantial trading business contribution.
 - **Farming** EBITDA of US\$ 25m, ↑ 42% y-o-y (or US\$ 17m ex IFRS16).
- **Net loss attributable to shareholders** of US\$ 25m, mainly due to one-off non-operating loss recognized as a result of divestment of our 50% stake in Taman deep water grain export terminal.
- **Net debt** of US\$ 1,334m (↓ 19% from 31 Dec 2019) following the release of the working capital, reduction of lease liabilities due to UAH appreciation, and obtaining proceeds from the Taman transaction.
- **Readily marketable inventories** ("RMI") seasonally reduced by 29% in Q3 FY2020, to US\$ 671 million as of 31 March 2020.
- **Net debt adjusted for RMI** as of 31 March 2020 reduced by 6% from 31 December 2019 level.
- Consequently, Kernel **leverage** as of 31 March 2020 reduced to 3.5x Net-debt-to-EBITDA, with EBITDA-to-Interest at 2.9x.

| US\$ m except EPS | Q3 FY19 | Q3 FY20 | y-o-y | 9M FY19 | 9M FY20 | y-o-y |
|---|---------|---------|-------|---------|---------|---------|
| Income statement highlights | | | | | | |
| Revenue | 803 | 1,047 | 30% | 3,058 | 2,909 | (5%) |
| EBITDA ¹ | 55 | 104 | 88% | 285 | 320 | 12% |
| Net profit attributable to equity holders | 26 | (25) | n/a | 190 | 76 | (60%) |
| EBITDA margin | 6.9% | 9.9% | 3.0pp | 9.3% | 11.0% | 1.7pp |
| Net margin | 3.2% | (2.4%) | n/a | 6.2% | 2.6% | (3.6pp) |
| EPS ² , US\$ | 0.32 | (0.30) | n/a | 2.32 | 0.91 | (68%) |

| | | | | | | |
|---|-------|------|-------|-------|-------|-------|
| Cash flow highlights | | | | | | |
| Operating profit before working capital changes | 111 | 110 | (0%) | 281 | 257 | (8%) |
| Change in working capital | 154 | 181 | 18% | (116) | (355) | +3.1x |
| Finance costs paid, net | (21) | (30) | 45% | (62) | (75) | 22% |
| Income tax paid | (0) | (1) | +6.6x | (2) | (6) | +2.5x |
| Net cash generated by operating activities | 243 | 260 | 7% | 100 | (180) | n/a |
| Net cash used in investing activities | (159) | 17 | n/a | (281) | (165) | (41%) |

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\$ m, except ratios | 31 Mar 2019 | 30 Dec 2019 | 31 Mar 2020 | q-o-q | y-o-y | |
| Short-term debt | 350 | 457 | 286 | (18%) | (37%) | |
| Long-term debt | 52 | 147 | 160 | +3.1x | 9% | |
| Lease liabilities | 8 | 322 | 276 | +33x | (14%) | |
| Eurobonds | 496 | 793 | 793 | 60% | 0% | |
| Debt liabilities | 906 | 1,718 | 1,516 | 67% | (12%) | |
| Cash and cash equivalents | 126 | 74 | 181 | 44% | 2.4x | |
| Net debt | 780 | 1,644 | 1,334 | 71% | (19%) | |
| Readily marketable inventories ³ | 513 | 940 | 671 | 31% | (29%) | |
| of which edible oil and meal | 143 | 146 | 182 | 27% | 25% | |
| Sunflower seeds | 168 | 417 | 299 | 78% | (28%) | |
| Grains and other RMIs | 202 | 377 | 189 | (6%) | (50%) | |
| Adjusted net debt | 268 | 704 | 664 | +2.5x | (6%) | |
| Shareholders' equity | 1,296 | 1,501 | 1,419 | 9% | (5%) | |
| Net debt / EBITDA ⁴ | 2.5x | 5.0x | 3.5x | +1.0x | -1.4x | |
| Adjusted net debt / EBITDA ⁴ | 0.9x | 2.1x | 1.7x | +0.9x | -0.4x | |
| EBITDA / Interest ⁵ | 4.0x | 3.0x | 2.9x | -1.1x | -0.1x | |

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 Segments results and harvest update

Segments results

| | Revenue, US\$ m | | | EBITDA, US\$ m | | | Volume, k t ¹ | | | EBITDA margin, US\$ / t ² | | |
|-----------------------------------|-----------------|--------------|------------|----------------|------------|------------|--------------------------|-------|-------|--------------------------------------|------|-------|
| | Q3 | Q3 | Y-o-Y | Q3 | Q3 | Y-o-Y | Q3 | Q3 | Y-o-Y | Q3 | Q3 | Y-o-Y |
| | FY19 | FY20 | | FY19 | FY20 | | FY19 | FY20 | | FY19 | FY20 | |
| Oilseed Processing | 365 | 375 | 3% | 31 | 26 | (15%) | 390 | 381 | (2%) | 79 | 68 | (14%) |
| Infrastructure and Trading | 629 | 892 | 42% | 18 | 65 | +3.6x | 1,527 | 2,155 | 41% | 12 | 30 | +2.5x |
| Farming | 157 | 172 | 10% | 18 | 25 | 42% | | | | | | |
| Unallocated corporate expenses | | | | (11) | (12) | 7% | | | | | | |
| Reconciliation | (348) | (392) | 13% | | | | | | | | | |
| Total | 803 | 1,047 | 30% | 55 | 104 | 88% | | | | | | |

| | Revenue, US\$ m | | | EBITDA, US\$ m | | | Volume, k t ¹ | | | EBITDA margin, US\$ / t ² | | |
|-----------------------------------|-----------------|--------------|-------------|----------------|------------|------------|--------------------------|-------|-------|--------------------------------------|------|-------|
| | 9M | 9M | Y-o-Y | 9M | 9M | Y-o-Y | 9M | 9M | Y-o-Y | 9M | 9M | Y-o-Y |
| | FY19 | FY20 | | FY19 | FY20 | | FY19 | FY20 | | FY19 | FY20 | |
| Oilseed Processing | 1,102 | 1,037 | (6%) | 86 | 88 | 1% | 1,174 | 1,029 | (12%) | 74 | 85 | 16% |
| Infrastructure and Trading | 2,370 | 2,449 | 3% | 97 | 161 | 66% | 4,656 | 6,038 | 30% | 21 | 27 | 28% |
| Farming | 481 | 494 | 3% | 132 | 102 | (23%) | | | | | | |
| Unallocated corporate expenses | | | | (30) | (31) | 1% | | | | | | |
| Reconciliation | (896) | (1,070) | 20% | | | | | | | | | |
| Total | 3,058 | 2,909 | (5%) | 285 | 320 | 12% | | | | | | |

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;

Harvest update

| | Acreage thousand hectares | | | Net yield tons / ha ¹ | | | Harvest size thousand tons | | |
|--------------------|------------------------------|------------|-------------|-------------------------------------|--------|-------|-------------------------------|--------------|-------------|
| | FY2019 | FY2020 | Y-o-Y | FY2019 | FY2020 | Y-o-Y | FY2019 | FY2020 | Y-o-Y |
| | | | | | | | | | |
| Corn | 224 | 231 | 3% | 9.9 | 8.5 | (14%) | 2,227 | 1,976 | (11%) |
| Sunflower | 135 | 137 | 2% | 3.2 | 3.5 | 9% | 426 | 472 | 11% |
| Wheat | 100 | 97 | (3%) | 5.1 | 5.9 | 15% | 509 | 569 | 12% |
| Soybean | 36 | 24 | (33%) | 3.0 | 2.5 | (15%) | 108 | 61 | (43%) |
| Other ² | 34 | 23 | (32%) | | | | | | |
| Total | 529 | 513 | (3%) | | | | 3,269 | 3,079 | (6%) |

Note 1. 1 ton per hectare equals 15.9 bushels per acre for corn and 14.9 bushels per acre for wheat and soybean

Note 2 Includes pea, rapeseed, barley, forage crops and other minor crops, as well as land left fallow for crop rotation purposes.

Differences are possible due to rounding

- Record ever net yields for wheat (5.9 t/ha, ↑ 15% y-o-y) and sunflower (3.5 t/ha, ↑ 9% y-o-y)
- Normalization of corn yields to 8.5 t/ha (↓ 14% y-o-y).

Oilseed Processing segment

- EBITDA margin** ↓ 14% y-o-y to US\$ 68 per ton of oil sold, following the sharp decline in sunflower oil prices.
- Kernel **edible oil sales** volumes amounted to 381k t in Q3 FY2020, marginally unchanged y-o-y, and slightly below the production volumes.
- As a result, segment **EBITDA** reduced by 15% y-o-y, to US\$ 26 million.

Infrastructure and Trading segment

- EBITDA** of the segment reached US\$ 65m (30 US\$/ton EBITDA margin), 3.6x growth y-o-y, driven by
 - Another strong quarter of Avere (US\$ 11m EBITDA)
 - Healthy performance of infrastructure businesses
 - Strong margin generated on grain originated in Ukraine

Farming segment

- EBITDA** amounted to US\$ 25m (or US\$ 17 million if excluding IFRS 16 impact).

Segment volumes

| thousand metric tons | Q3 | Q3 | Y-o-Y | 9M | 9M | Y-o-Y |
|---|-------|-------|-------|-------|-------|-------|
| | FY19 | FY20 | | FY19 | FY20 | |
| Oilseeds processed | 908 | 941 | 4% | 2,267 | 2,520 | 11% |
| Sunflower oil sales ¹ | 390 | 381 | (2%) | 1,174 | 1,029 | (12%) |
| Grain and oilseeds received in inland silos | 355 | 125 | (65%) | 4,195 | 4,120 | (2%) |
| Export terminal throughput (Ukraine) | 1,171 | 1,938 | 66% | 3,410 | 4,825 | 41% |
| Grain export from Ukraine ² | 1,527 | 2,155 | 41% | 4,656 | 6,038 | 30% |

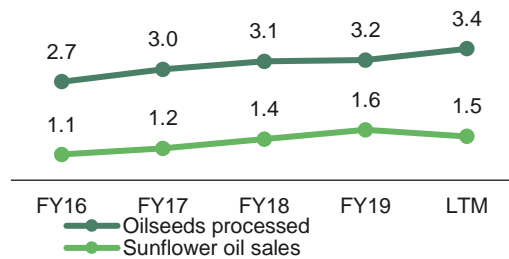
Note 1 Includes sales of sunflower oil in bulk and bottled sunflower oil.

Note 2 Excluding physical trading volumes reported by Avere, a subsidiary of Kernel involved in physical and proprietary trading.

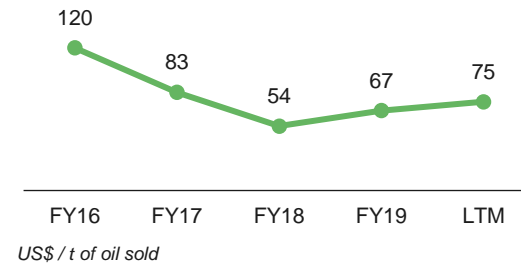
1.3 Segment results

Segment volumes, m tons

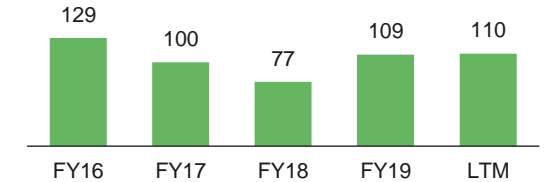
Oilseed Processing



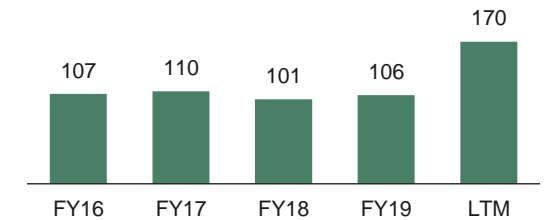
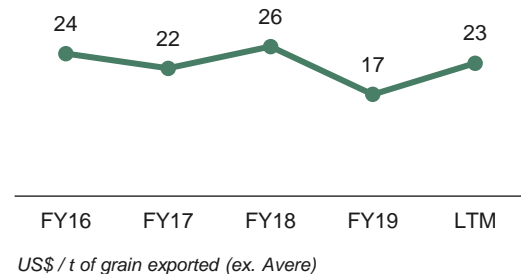
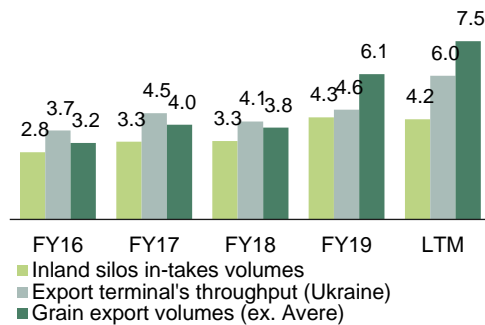
EBITDA margin



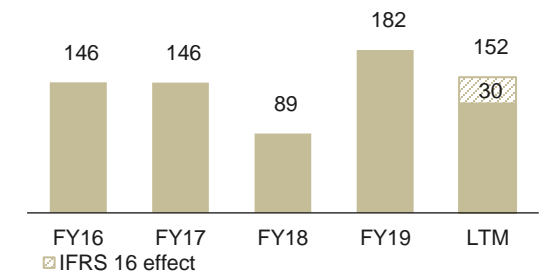
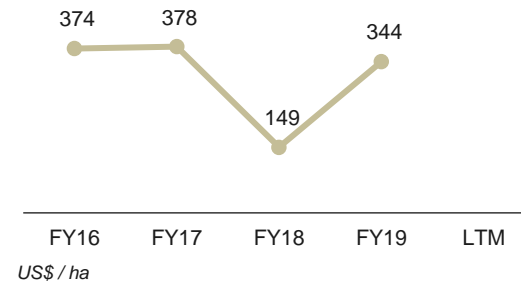
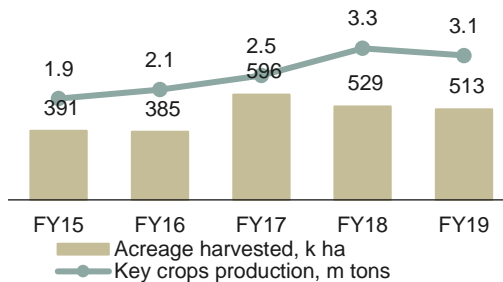
EBITDA, US\$m



Infrastructure & Trading



Farming



1.4 IFRS 16 impact ¹

- Starting from Q1 FY2020, Kernel introduced IFRS 16 Leases with application of retrospective approach and did not restate comparatives, as permitted under the transitional provisions of the standard. Given that company leases all the farmlands under operations, introduction of IFRS 16 had significant impact on Company's financials. As a result of IFRS 16 implementation:
 - Company recognized US\$ 316 million right-of-use assets (of which US\$ 311 million rights to lease land) and US\$ 276 million corresponding lease liabilities as of 31 March 2020.
 - Rental payments disappeared and were replaced by amortization of right-of-use assets and finance expenses attached to lease liabilities. This effect will not be fully observable during first quarters after IFRS 16 implementation, as company will be expensing rental payments which have occurred before IFRS 16 introduction.

Effect on Statement of Profit or Loss

| In US\$ million | 9M FY2019 | 9M FY2020 | | |
|---|--------------|---------------------|-------------------|-----------------|
| | | prior to IFRS 16 | IFRS 16 effect | with IFRS 16 |
| Revenues | 3,058 | 2,909 | - | 2,909 |
| Revaluation of biological assets | 8 | (8) | 11 | 2 |
| Cost of sales | (2,765) | (2,645) | 6 | (2,640) |
| of which depreciation & amortization | 57 | (62) | (13) | (75) |
| Rental payments | 58 | (63) | 19 | (45) |
| Gross profit | 300 | 255 | 16 | 272 |
| Other operating income | (3) | 49 | - | 49 |
| General and administrative expenses | (68) | (80) | (0) | (80) |
| Operating profit | 229 | 225 | 16 | 241 |
| Finance costs | (61) | (68) | (41) | (109) |
| Other non-operating items | 23 | (53) | 0 | (53) |
| Profit before income tax | 192 | 103 | (24) | 79 |
| Income tax | (9) | 4 | - | 4 |
| Net profit | 183 | 107 | (24) | 83 |
| Net profit attributable to shareholders | 190 | 107 | (24) | 76 |
| Depreciation and amortization | (56) | (65) | (13) | (79) |
| EBITDA | 285 | 290 | 30 | 320 |

Effect on Statement of Financial Position

| In US\$ million | 30 June 2019 | 31 March 2020 | | |
|---|-----------------|---------------------|-------------------|-----------------|
| | | prior to IFRS 16 | IFRS 16 effect | with IFRS 16 |
| Current assets | 1,256 | 1,807 | (18) | 1,788 |
| Non-current assets | 1,207 | 1,285 | 274 | 1,558 |
| of which right-of-use assets | - | - | 316 | 316 |
| other non-current assets | 1,207 | 1,285 | (42) | 1,243 |
| Total assets | 2,464 | 3,092 | 255 | 3,347 |
| Current liabilities | 480 | 682 | 44 | 726 |
| of which current portion of lease liabilities | - | - | 60 | 60 |
| other current liabilities | 480 | 682 | (16) | 666 |
| Non-current liabilities | 638 | 983 | 211 | 1,195 |
| of which lease liabilities | - | - | 216 | 216 |
| other non-current liabilities | 638 | 983 | (5) | 979 |
| Equity | 1,346 | 1,426 | 0 | 1,426 |
| Total liabilities and equity | 2,464 | 3,092 | 255 | 3,347 |

Note 1 Based on management accounts, subject to auditors' review and approval

1.5 Outlook for FY2020

Oilseed Processing



- Full-year **EBITDA margin** to average near **US\$ 85 per ton of oil sold**
 - Strong supply of seeds on the market backed by **16.2m tons harvest of sunflower seeds** in the current season, ↑ 7% y-o-y;
 - Supportive global sunflower oil pricing environment in the first half of the season;
- 3.4 million tons expected crushing volumes for the whole FY2020; accumulation of a sizable stock to secure solid processing volumes in Q1 FY2021.

Infrastructure & Trading



- **Up to 8m t grain export from Ukraine** in FY2020, **up to 7m t export terminals throughput volumes**
 - Another record grain harvest in Ukraine in FY2020 (73m t crop size of three key grains, ↑ 8% y-o-y) → good utilization of grain export infrastructure and healthy infrastructure margins.
- Segment is expected to be the largest contributor to Group's EBITDA in FY2020 on the back of:
 - commissioning of new export terminal scheduled for 2020;
 - growing grain export volumes from Ukraine; and
 - strong contribution from grain railcars business.

Farming



- Expected full-year **EBITDA** at US\$ 100m (net of IFRS 16 effect and assuming zero IAS 41 impact)
 - **Softer corn yield** (from 9.9 t/ha in FY2019 to 8.5 t/ha in FY2020)
 - **Lower grain prices**
 - **Growing production costs**



Content

1. Q3 FY2020 results and outlook

2. Kernel today

3. Balanced growth strategy

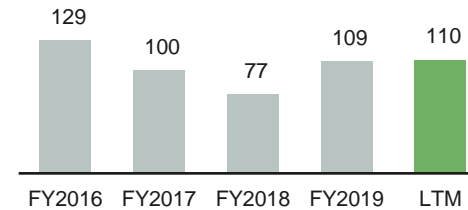
4. Financials

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

EBITDA ¹, US\$ million

| Key financials | | FY2016 | FY2017 | FY2018 | FY2019 | LTM |
|-------------------------|--------|--------|--------|--------|--------|-------|
| Revenue | US\$ m | 1,989 | 2,169 | 2,403 | 3,992 | 3,844 |
| EBITDA | US\$ m | 346 | 319 | 223 | 346 | 380 |
| Net profit ¹ | US\$ m | 225 | 176 | 52 | 189 | 75 |
| EBITDA margin | % | 17.4% | 14.7% | 9.3% | 8.7% | 9.9% |
| Net margin | % | 11.3% | 8.1% | 2.2% | 4.7% | 2.0% |
| EPS | US\$ | 2.8 | 2.2 | 0.6 | 2.3 | 0.9 |

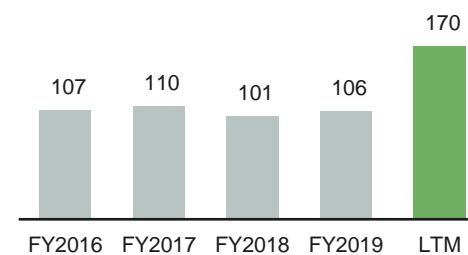
1. Net profit attributable to equity holders of Kernel Holding S.A.

Infrastructure and Trading segment

- **#1** grain exporter from Ukraine with 13% of country's total grain exports in 9M FY2019
- **2** export terminals in Ukraine with 8.8 million tons combined annual grain transshipment capacity
- **#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

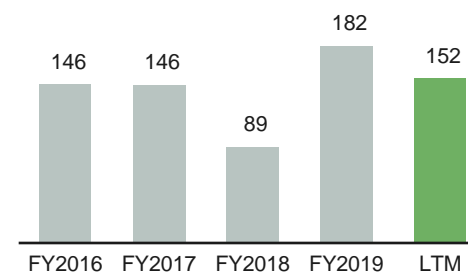


Farming segment

- **#1** crop producer in Ukraine operating 517 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 **Infrastructure and Trading** and **Oilseed Processing** segments, earning incremental profits

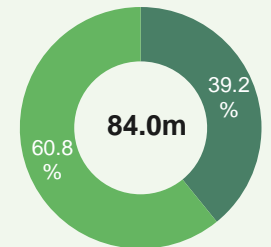


EBITDA, US\$ million



| Stock information | |
|----------------------|-----------------------|
| Exchange | Warsaw Stock Exchange |
| Stock quote currency | PLN |
| Issued shares | 84,031,230 |
| Bloomberg ticker | KER PW |
| Reuters ticker | KERN.WA |
| ISIN code | LU0327357389 |

Shareholder structure



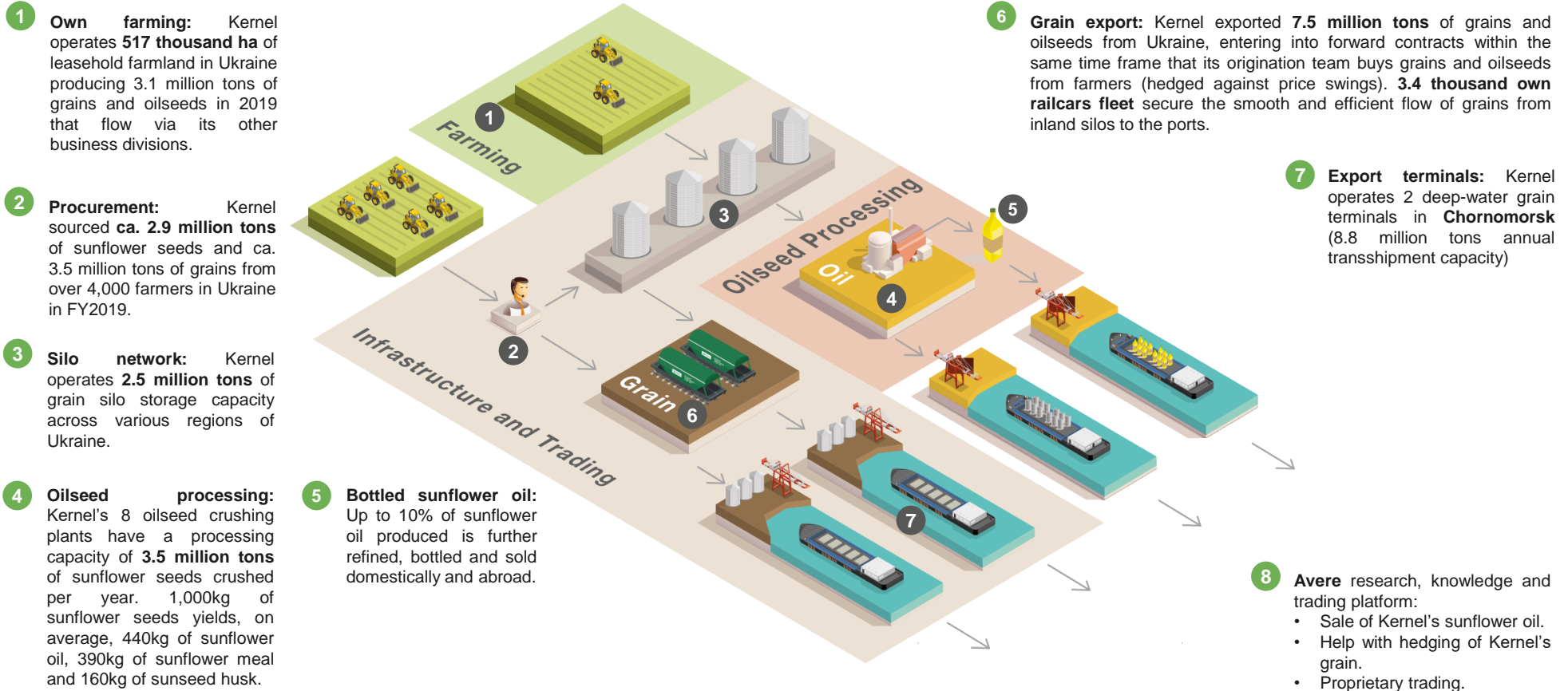
■ Namsen LTD / Andrii Verevskyi ■ Other

Market capitalization, US\$ bn



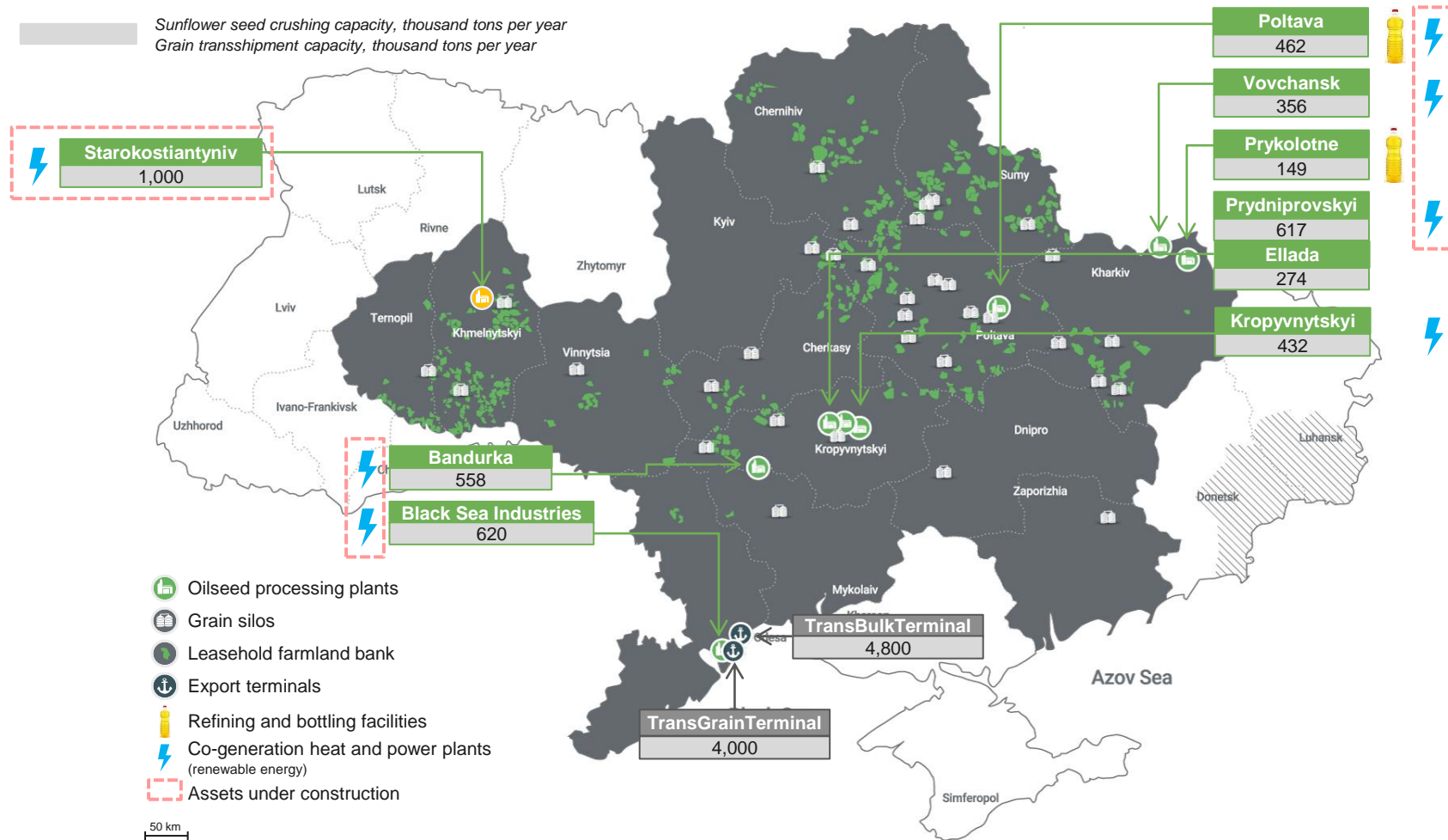
Note 1 Hereinafter, segment EBITDA is presented prior to certain unallocated G&A costs and net of discontinued operations and assets held for sale

2.2 What we do



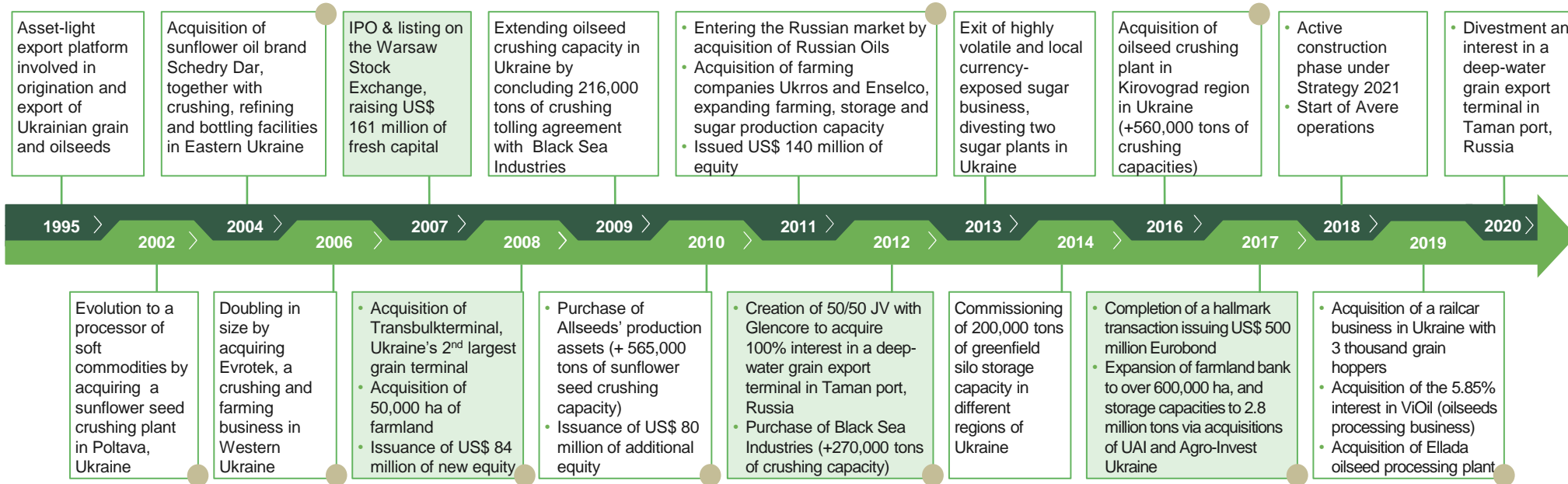
Kernel bridges Ukrainian farmers with the global marketplace using its efficient, scalable and integrated resources and processes

2.3 Efficient and well-invested asset base



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

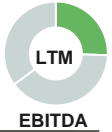
2.4 Kernel's key milestones



● Asset growth through M&A

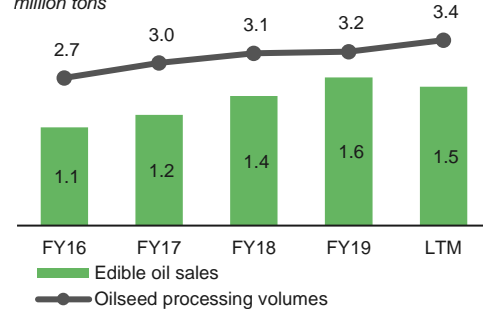
Unparalleled track record of continuous development

2.5 Oilseed Processing segment



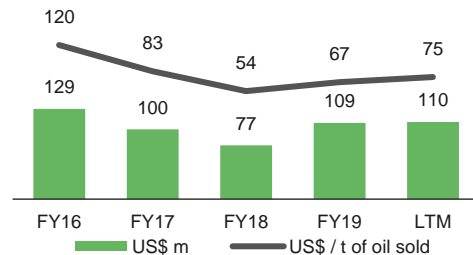
Segment performance

Segment volumes million tons



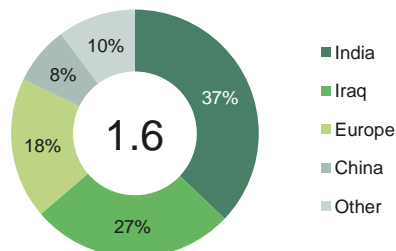
- Record oilseed processing volumes: 3.4m t on the LTM basis (vs 3.5m t oilseed processing capacities) → 98% capacity utilization level;

EBITDA and EBITDA margin



- EBITDA margin demonstrates recovery to 75 US\$/ton of oil on LTM basis

Sunflower oil sales markets in FY2019 million tons



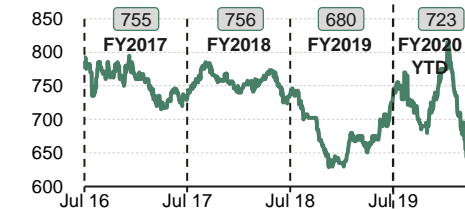
- Asia and Middle-East are key sunflower oil sales markets.

Profitability drivers and FY2020 outlook

1

Sunflower oil price

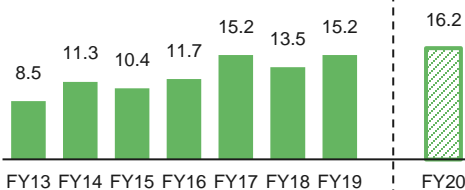
US\$ per ton of unrefined oil sold in bulk, FOB-Chornomorsk



- Average sunflower oil prices at the 9m of FY2020 are 6% higher y-o-y.

2

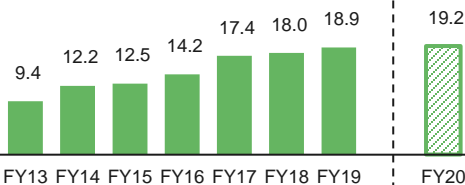
Ukraine sunflower seed harvest million tons



- New record sunflower seed harvest (↑ 7% y-o-y) to improve crushing margins and secure strong crushing volumes in FY2020

3

Industrial crushing capacities million tons



- Processing capacity has slightly increased
- We re-estimated capacities for FY19-20 considering actual processing volumes of existing players

Source: Bloomberg, USDA, Kernel's estimates

4

Sales volumes marginally flat

5

Contribution from new business (renewable energy)

FY2020 margin growth to US\$ 85 per ton of oil sold

Expected FY2020 EBITDA of US\$ 2m

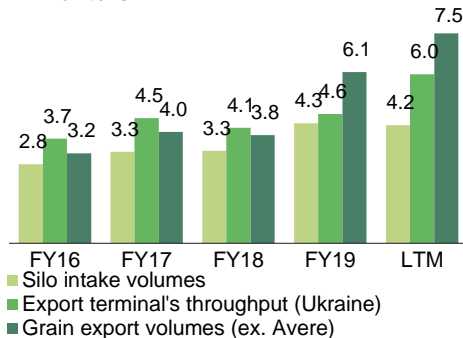
FY2020 EBITDA contribution + ~20% y-o-y

2.6 Infrastructure and Trading segment



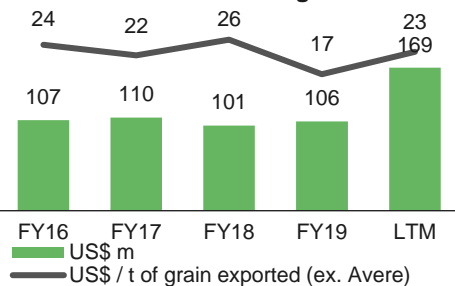
Segment performance

Segments volumes million tons



- Highest ever 7.5m t of grain exported from Ukraine on the LTM basis
- Highest ever export terminal's throughput volumes on the LTM basis

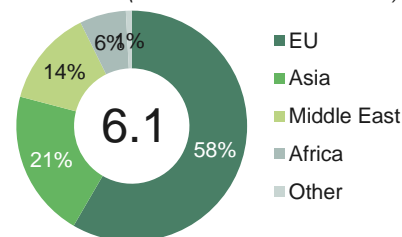
EBITDA and EBITDA margin



- **Segment's EBITDA** on the LTM basis demonstrated solid performance with flat margins, increased volumes, substantial savings on own railcars fleet and contribution from trading operations.
- Segment is expected to be the largest contributor to Group's EBITDA in FY2020 owing to:
 - commissioning of new grain export terminal scheduled for 2020;
 - growing grain export volumes; and
 - strong contribution of grain railcars business.

Key export markets in FY2019

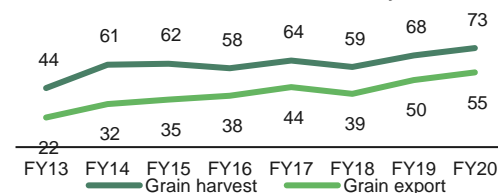
million tons (excl. Avere traded volumes)



Profitability drivers and FY2020 outlook

1 Grain supply in Ukraine

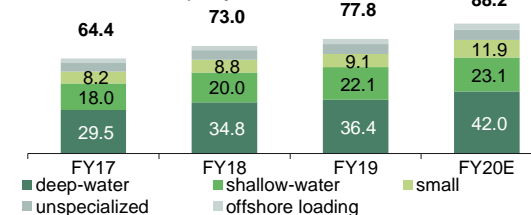
million tons of corn + wheat + barley



- Record supply of key grains (corn, wheat and barley) in Ukraine in FY2020 → we plan to export the highest ever grain volumes

2 Demand: grain export terminals transshipment capacity

million tons per year

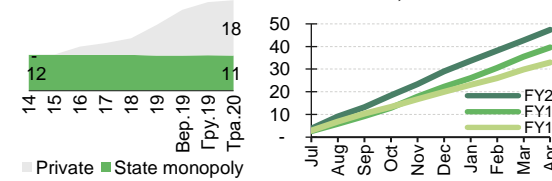


- Export terminal capacities increase in FY2020 mostly driven by Kernel's new export terminal launch in the port of Chornomorsk

3 Grain logistics improvement in Ukraine

of grain railcars
thousand units

Pace of grain export
million tons, cumulative



- Improved logistics enhances speed of grain export from Ukraine.

4 Growing volumes

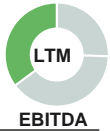
5 New business added (grain railcars)

- Margin-wise
- Volume-wise

→ Flat FY2020 margins

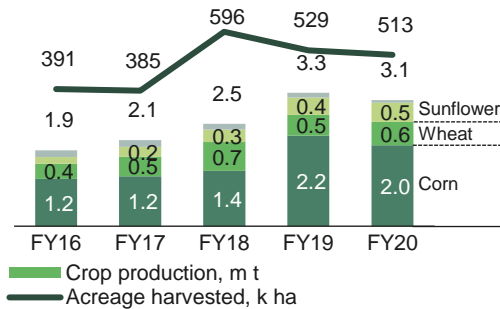
FY2020 EBITDA growth of more than 60% y-o-y

2.7 Farming segment

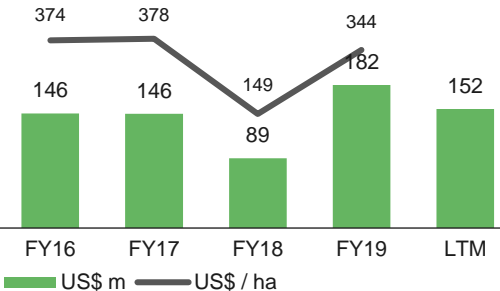


Segment performance

Kernel's key crop production



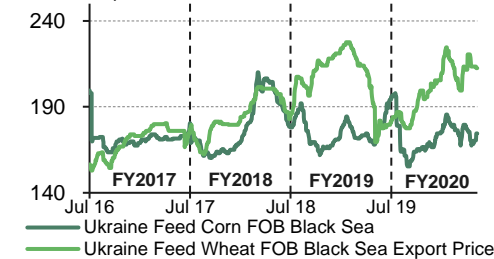
EBITDA and EBITDA margin



- 513k ha harvested in FY2020, reaching record ever net yields for wheat (5.9 t/ha, up 15% y-o-y) and sunflower (3.5 t/ha, up 9% y-o-y), while facing normalization of corn yields to 8.5 t/ha (down 14% y-o-y).
- Segment **EBITDA** on LTM basis amounted to US\$ 152m
- Group successfully completed spring sowing campaign, with 257k ha under corn and 149k ha under sunflower.
- As of May 2020, spring crops (corn and sunflower) are generally in good conditions. At the same time, winter wheat yield potential was undermined by lack of rains in April and frosts in April-May.

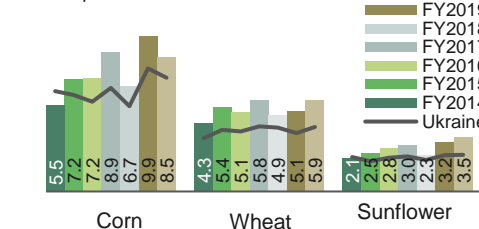
Profitability drivers and FY2020 outlook

1 Ukraine corn and wheat prices, US\$ per ton, FOB-Black Sea



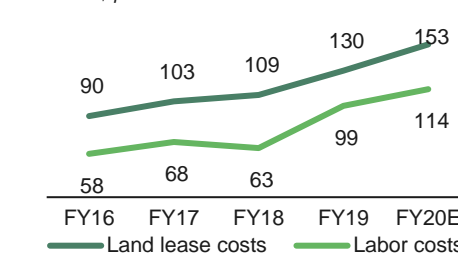
- Albeit recent recovery, average prices in FY2020 are lower than in FY2019

2 Crop yields t per ha



- Negative impact of normalization of corn yields in FY2020 outweigh positive effect from record ever wheat and sunflower yields

3 Farming costs US\$ per ha





- Growing production costs further inflated by local currency appreciation

Negative FY2020 outlook on profitability

US\$ 100m expected FY2020 EBITDA contribution (net of IFRS 16 and revaluation of biological assets)

2.8 Credit highlights



Credit portfolio as of 31 March 2020, US\$ m

| | Amount outstanding | Undrawn facilities | Interest rate | Maturity |
|---|-----------------------|-----------------------|------------------------------|------------------------|
| Eurobond 2022 | 497.1 | | 8.75% | Jan 2022 |
| Eurobond 2024 | 296.1 | | 6.50% | Oct 2024 |
|  European Investment Bank | 121.7 | 128.3 | Libor + 1.44% + CoF | Dec 2029 |
|  EBRD / CTF | 39.2 | 16.8 | Libor + 4.5% Libor + 1.0% | May 2027 |
| Oil PXF | 17.4 | 370.0 | Libor + 3.95% | Aug 2022 |
| Grain PXF | 24.4 | 227.2 | Libor + 3.9% | June 2022 |
| Lease liabilities (IFRS 16) | 276.0 | | | |
| Other bank debt and accrued interest | 243.5 | 267.2 | | Mostly short-term debt |
| Total | 1,515.5 | 1,009.5 | | |

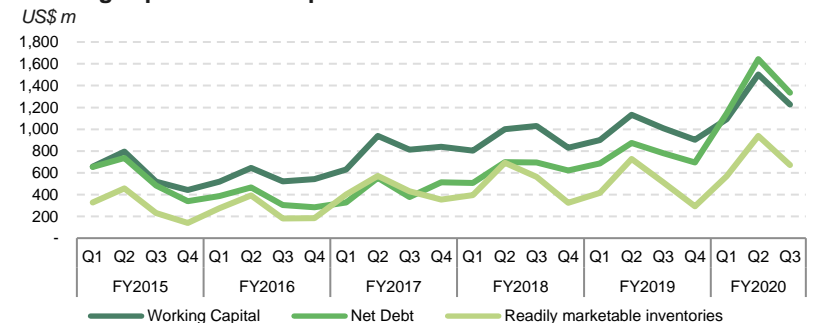
Kernel Eurobonds mid-YTM



Credit ratings

| | Rating / Outlook | Date |
|--|------------------|-------------|
|  FitchRatings | BB- / Stable | 30 Sep 2019 |
| | B+ / Stable | 12 Oct 2018 |
| | B+ / Stable | 12 Feb 2017 |
| | B / Stable | 17 Apr 2020 |
| | B / Stable | 30 Sep 2019 |
|  S&P Global Ratings | B / Stable | 31 Oct 2018 |
| | B / Stable | 20 Feb 2017 |
| | B / Stable | 20 Feb 2017 |

Working capital¹ and debt position



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



KERNEL

Content

1. Q3 FY2020 results and outlook

2. Kernel today

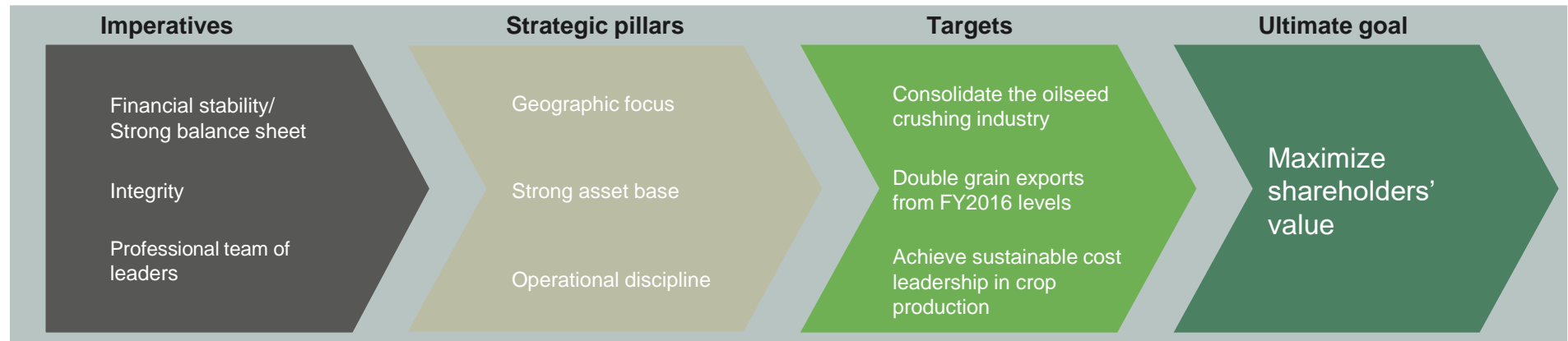
3. Balanced growth strategy

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.



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

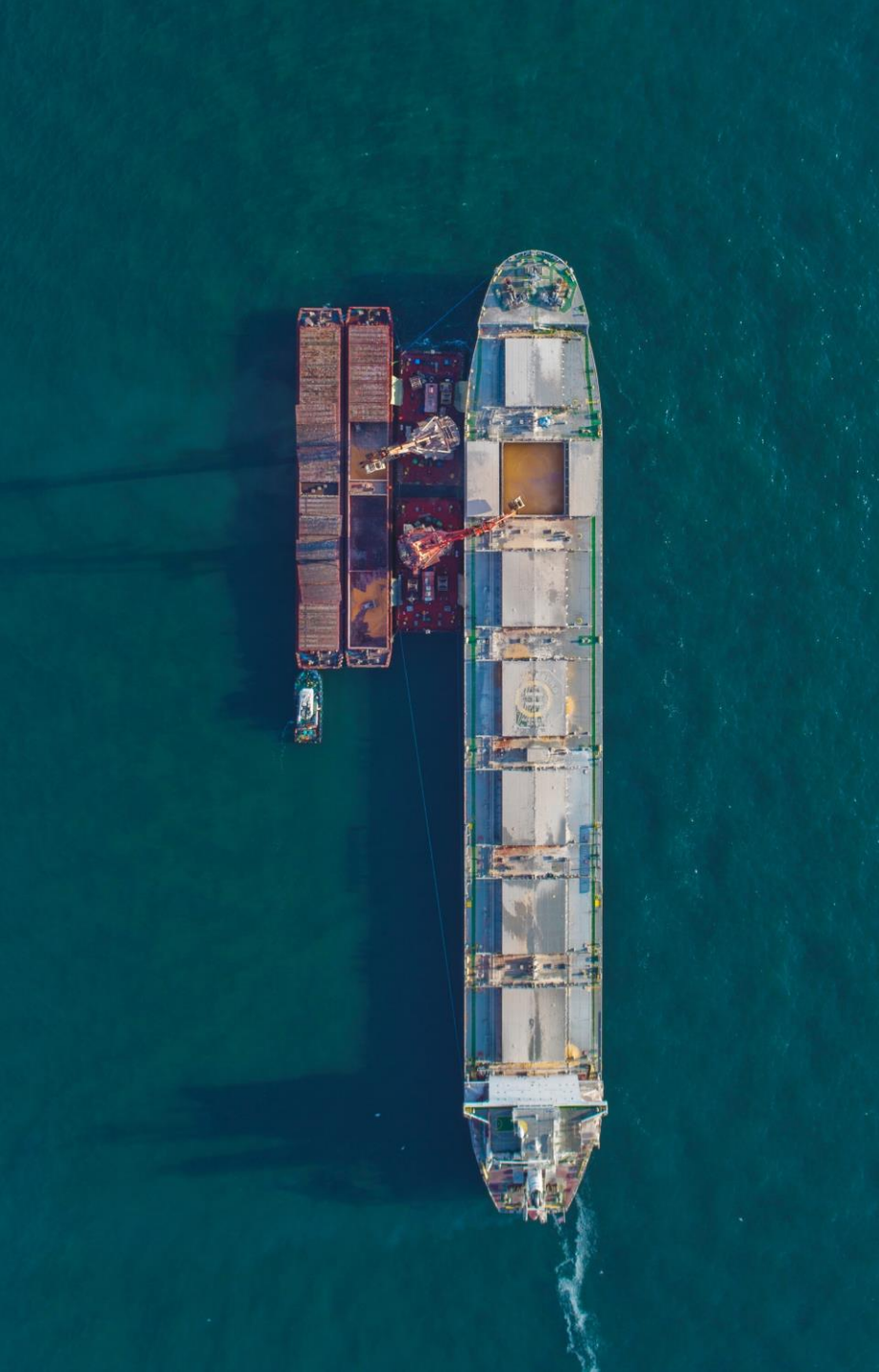
- Generated the record EBITDA
- Kernel sets the standard for highly productive crop growing operations in Ukraine

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

Strategy 2021 investments pipeline overview:

| US\$ million | | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | Total | Status (as of May 2020) | Segment |
|--|---|------------|------------|------------|------------|------------|-----------|------------|----------------------------|----------------------------|
| 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 ■ Annual sunflower seed processing capacity: 1 million tons | - | 52 | 10 | 47 | 64 | 6 | 180 | 🟢 | Oilseed Processing |
| III | Construction of co-generation heat and power units (renewable energy) on 6 our plants throughout (FY2019-2020) | 0 | 12 | 30 | 79 | 48 | - | 169 | 🟢 | Oilseed Processing |
| IV | Construction of new grain export terminal in the port of Chornomorsk ■ Annual throughput capacity: 4 million tons of grain ■ Commissioned in FY2020 ■ Intake capacity expansion in FY2021 | 1 | 3 | 46 | 52 | 35 | - | 137 | 🟢 | Infrastructure and Trading |
| V | Grain railcars investments (500 brand-new + 2,949 used) | - | 16 | 65 | 8 | - | - | 89 | ✓ | Infrastructure and Trading |
| VI | Construction and upgrade of silo facilities (FY2019-2020) | - | 19 | 36 | 8 | 2 | - | 65 | ✓ | Infrastructure and Trading |
| VII | Acquisition of assets of Ellada oilseed processing plant | 24 | | | 21 | | | 45 | ✓ | Oilseed Processing |
| Total key expansion investments | | 176 | 149 | 187 | 215 | 149 | 6 | 881 | | |
| Maintenance and other CapEx | | 35 | 62 | 65 | 73 | 86 | 60 | | | |
| Total investments | | 211 | 211 | 251 | 288 | 234 | 66 | | | |

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



Content

1. Q3 FY2020 results and outlook

2. Kernel today

3. Balanced growth strategy

4. Financials

Appendices

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 | LTM |
|--|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 215 | 350 | 663 | 1,047 | 1,020 | 1,899 | 2,072 | 2,797 | 2,393 | 2,330 | 1,989 | 2,169 | 2,403 | 3,992 | 3,844 |
| Net IAS 41 gain / (loss) | - | - | - | - | - | - | - | 15 | (17) | (7) | 20 | (3) | 19 | 9 | 3 |
| 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) | (3,528) |
| Gross profit | 21 | 44 | 106 | 174 | 177 | 289 | 258 | 213 | 145 | 314 | 302 | 284 | 160 | 348 | 319 |
| Other operating income | 1 | 8 | 25 | 17 | 18 | 26 | 66 | 67 | 60 | 83 | 45 | 41 | 59 | 28 | 80 |
| G&A expenses | (11) | (13) | (20) | (24) | (27) | (38) | (67) | (78) | (77) | (68) | (59) | (60) | (80) | (107) | (119) |
| Profit from operating activities | 12 | 39 | 112 | 167 | 167 | 277 | 257 | 201 | 129 | 328 | 287 | 265 | 140 | 269 | 281 |
| Financial costs, net | (9) | (19) | (28) | (32) | (23) | (42) | (63) | (75) | (72) | (69) | (57) | (62) | (65) | (82) | (131) |
| FX gain(loss), net | (1) | (1) | 3 | (3) | 11 | 2 | 5 | 3 | (99) | (153) | 30 | (3) | 5 | 13 | (9) |
| Other non-operating items | (2) | (2) | 5 | (4) | (4) | (28) | (3) | (8) | (48) | (5) | (13) | (3) | (30) | (9) | (64) |
| Income tax | 0 | 2 | (9) | 5 | 0 | 18 | 9 | (6) | (11) | (0) | (4) | (19) | 6 | (12) | 1 |
| Net profit from continuing operations | 0 | 19 | 82 | 132 | 152 | 226 | 206 | 115 | (102) | 101 | 244 | 179 | 56 | 179 | 78 |
| 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 | 179 | 78 |
| Net profit/(loss) attributable to shareholders | 1 | 20 | 83 | 136 | 152 | 226 | 207 | 112 | (98) | 107 | 225 | 176 | 52 | 189 | 75 |
| <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 | 0.9 |
| <i>ROE¹</i> | | 37% | 36% | 36% | 32% | 29% | 19% | 9% | (8%) | 11% | 24% | 16% | 5% | 15% | 6% |
| <i>ROIC²</i> | | 21% | 25% | 26% | 22% | 23% | 17% | 9% | (1%) | 11% | 21% | 15% | 10% | 13% | 8% |
| <i>Net Income / Invested Capital</i> | | 14% | 36% | 21% | 23% | 24% | 15% | 6% | (5%) | 6% | 17% | 13% | 4% | 9% | 3% |
| EBITDA, incl. | 17 | 46 | 123 | 190 | 190 | 310 | 319 | 288 | 223 | 397 | 346 | 319 | 223 | 346 | 380 |
| Oilseeds Processing | - | - | 81 | 89 | 101 | 202 | 198 | 199 | 178 | 213 | 129 | 100 | 77 | 109 | 110 |
| Infrastructure and Trading | - | - | 40 | 112 | 80 | 94 | 59 | 59 | 126 | 114 | 107 | 110 | 101 | 106 | 170 |
| Farming | - | - | 20 | 7 | 23 | 32 | 74 | 67 | (44) | 98 | 146 | 146 | 89 | 182 | 152 |
| Unallocated expenses and other | - | - | (18) | (18) | (14) | (18) | (12) | (38) | (36) | (29) | (36) | (36) | (44) | (51) | (52) |
| <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>8%</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>10%</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> | <i>2%</i> |

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 | 31 Mar 20 |
|---|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash & cash equivalents | 6 | 25 | 89 | 129 | 59 | 116 | 83 | 79 | 65 | 129 | 60 | 143 | 132 | 77 | 181 |
| Net trade accounts receivable | 9 | 10 | 49 | 32 | 65 | 112 | 146 | 151 | 100 | 56 | 75 | 87 | 92 | 183 | 234 |
| Prepayments to suppliers & other current assets | 7 | 9 | 30 | 26 | 94 | 81 | 90 | 110 | 57 | 61 | 53 | 83 | 113 | 130 | 124 |
| Prepaid taxes | 9 | 22 | 23 | 73 | 206 | 221 | 236 | 210 | 156 | 105 | 138 | 143 | 122 | 127 | 175 |
| Inventory | 32 | 40 | 145 | 99 | 148 | 184 | 410 | 270 | 300 | 159 | 200 | 387 | 368 | 358 | 857 |
| <i>of which: readily marketable inventories</i> | 29 | 38 | 139 | 91 | 143 | 141 | 336 | 157 | 243 | 140 | 184 | 354 | 325 | 293 | 671 |
| Biological assets | 3 | 10 | 42 | 19 | 26 | 96 | 153 | 247 | 183 | 147 | 190 | 256 | 289 | 309 | 49 |
| Other current assets | - | - | - | - | - | - | - | 23 | 12 | 2 | 4 | 21 | 87 | 73 | 169 |
| Intangible assets and goodwill | 10 | 28 | 103 | 81 | 118 | 152 | 228 | 321 | 233 | 172 | 159 | 219 | 208 | 223 | 191 |
| Net property, plant & equipment | 72 | 128 | 232 | 222 | 379 | 503 | 728 | 763 | 643 | 535 | 539 | 570 | 588 | 765 | 946 |
| Right-of-use assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 316 |
| Other non-current assets | 5 | 3 | 43 | 19 | 29 | 109 | 41 | 187 | 170 | 100 | 91 | 100 | 210 | 220 | 106 |
| 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 | 3,347 |
| Trade accounts payable | 1 | 6 | 6 | 8 | 11 | 27 | 25 | 47 | 33 | 27 | 42 | 53 | 74 | 136 | 151 |
| Advances from customers & other current liabilities | 5 | 9 | 22 | 26 | 131 | 102 | 155 | 202 | 80 | 63 | 77 | 89 | 105 | 105 | 183 |
| Debt liabilities | 93 | 157 | 256 | 295 | 345 | 422 | 693 | 725 | 743 | 463 | 339 | 655 | 751 | 768 | 1,516 |
| Short-term debt | 29 | 44 | 127 | 160 | 210 | 266 | 266 | 450 | 483 | 367 | 254 | 152 | 246 | 203 | 286 |
| Long-term debt | 54 | 102 | 98 | 133 | 135 | 156 | 427 | 276 | 260 | 95 | 84 | 8 | 11 | 69 | 160 |
| Corporate bonds issued | 10 | 10 | 31 | 2 | - | - | - | - | - | - | - | 494 | 495 | 496 | 793 |
| Lease liabilities | 5 | 3 | 7 | 11 | 8 | 3 | 13 | 19 | 12 | 6 | 2 | 3 | 8 | 5 | 276 |
| Other liabilities | 9 | 18 | 32 | 14 | 32 | 24 | 33 | 35 | 32 | 21 | 55 | 56 | 104 | 109 | 71 |
| Total liabilities | 108 | 190 | 315 | 342 | 520 | 575 | 906 | 1,009 | 888 | 575 | 512 | 851 | 1,033 | 1,118 | 1,921 |
| Total equity | 48 | 85 | 440 | 357 | 605 | 997 | 1,211 | 1,352 | 1,031 | 891 | 997 | 1,158 | 1,178 | 1,346 | 1,426 |
| <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 | 1.1x |
| <i>Debt / assets ratio</i> | 60% | 57% | 34% | 42% | 31% | 27% | 33% | 31% | 39% | 32% | 22% | 33% | 34% | 31% | 45% |

Liquidity position and credit metrics

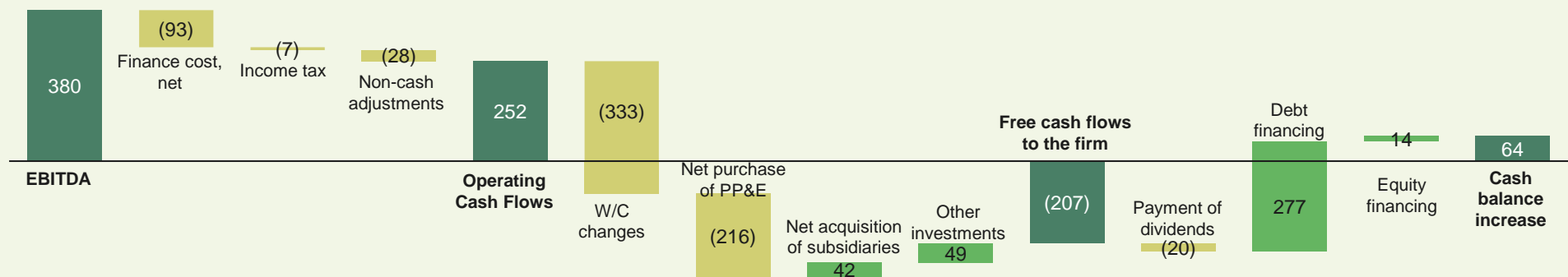
| | | | | | | | | | | | | | | | |
|--------------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Debt liabilities | 94 | 158 | 259 | 300 | 350 | 428 | 698 | 734 | 749 | 469 | 343 | 657 | 754 | 770 | 1,516 |
| Cash | 6 | 25 | 89 | 129 | 59 | 116 | 83 | 79 | 65 | 129 | 60 | 143 | 132 | 77 | 181 |
| Net debt | 88 | 133 | 170 | 170 | 291 | 312 | 616 | 655 | 684 | 339 | 283 | 514 | 622 | 694 | 1,334 |
| Readily marketable inventories | 29 | 38 | 139 | 91 | 143 | 141 | 336 | 157 | 243 | 140 | 184 | 354 | 325 | 293 | 671 |
| Adjusted net debt | 58 | 95 | 32 | 79 | 148 | 170 | 280 | 498 | 441 | 199 | 99 | 160 | 297 | 400 | 664 |
| 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 | 3.5x |
| Adjusted net debt / EBITDA | 3.4x | 2.0x | 0.3x | 0.4x | 0.8x | 0.5x | 0.9x | 1.7x | 2.0x | 0.5x | 0.3x | 0.5x | 1.3x | 1.2x | 1.7x |
| 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 | 2.9x |

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 | LTM |
|---|-------------|-------------|--------------|------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|--------------|-------------|-------------|--------------|
| EBITDA | 17 | 46 | 123 | 190 | 190 | 310 | 319 | 288 | 223 | 397 | 346 | 319 | 223 | 346 | 380 |
| Finance cost paid | (9) | (18) | (28) | (32) | (23) | (36) | (67) | (76) | (72) | (68) | (58) | (35) | (64) | (72) | (93) |
| Income tax paid | (0) | (1) | (3) | (2) | (1) | (3) | (7) | (43) | (40) | (13) | (3) | (6) | (5) | (3) | (7) |
| Non-cash adjustments and non-operating items | (0) | (1) | 7 | (32) | 12 | (36) | (27) | 1 | (41) | (70) | (18) | 5 | (40) | 23 | (28) |
| Operating Cash Flow before Working Capital changes | 7 | 26 | 99 | 124 | 179 | 235 | 218 | 169 | 70 | 245 | 268 | 283 | 113 | 293 | 252 |
| Change in working capital | (36) | (15) | (210) | (25) | (97) | (180) | (242) | 135 | (1) | 147 | (136) | (206) | (31) | (94) | (333) |
| Acquisition of subsidiaries and JVs, net | - | (60) | (97) | (5) | (70) | (11) | (136) | (152) | (41) | 2 | (30) | (141) | (24) | (41) | 42 |
| Net purchase of PP&E | (6) | 2 | (24) | (89) | (56) | (48) | (93) | (91) | (42) | (23) | (30) | (40) | (140) | (157) | (216) |
| Other investments | 1 | 0 | (49) | (1) | 1 | (66) | (0) | (23) | (1) | (4) | (1) | (42) | 8 | (43) | 49 |
| Free cash flow to the Firm | (34) | (46) | (281) | 4 | (44) | (71) | (253) | 38 | (14) | 369 | 71 | (146) | (74) | (43) | (207) |
| Debt financing | 32 | 62 | 81 | 36 | (77) | (18) | 220 | (45) | 7 | (289) | (115) | 178 | 98 | 50 | 277 |
| Equity financing | (1) | 3 | 235 | - | 81 | 141 | 5 | (2) | - | (1) | - | 15 | - | - | 14 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (20) | (20) | (20) | (20) | (20) | (20) |
| Financing cash flow | 31 | 64 | 315 | 36 | 4 | 124 | 225 | (48) | 7 | (310) | (134) | 173 | 77 | 30 | 270 |
| Cash at the year end | 6 | 25 | 59 | 98 | 58 | 110 | 83 | 73 | 65 | 124 | 60 | 87 | 90 | 76 | 179 |
| Cash conversion cycle | n/a | 66 | 86 | 79 | 117 | 91 | 117 | 90 | 85 | 67 | 63 | 84 | 83 | 49 | 99 |
| Payment period, days | n/a | (4) | (4) | (3) | (4) | (4) | (5) | (5) | (7) | (6) | (7) | (9) | (10) | (10) | (15) |
| Inventories processing, days | n/a | 43 | 61 | 51 | 53 | 38 | 60 | 48 | 47 | 42 | 38 | 57 | 61 | 36 | 80 |
| Receivables collection, days | n/a | 10 | 16 | 14 | 18 | 17 | 23 | 19 | 19 | 12 | 12 | 14 | 14 | 13 | 21 |
| VAT receivables, days | n/a | 17 | 13 | 17 | 50 | 41 | 40 | 28 | 26 | 18 | 20 | 22 | 19 | 11 | 13 |

Sources and uses of cash in Apr'19-Mar'20 (LTM), US\$ million



Differences are possible due to rounding

IR contact and investor calendar

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Investor calendar

- Q4 FY2020 Operations Update
- FY2020 Financial Report

20 July 2020

30 October 2020



Content

1. Q3 FY2020 results and outlook

2. Kernel today

3. Balanced growth strategy

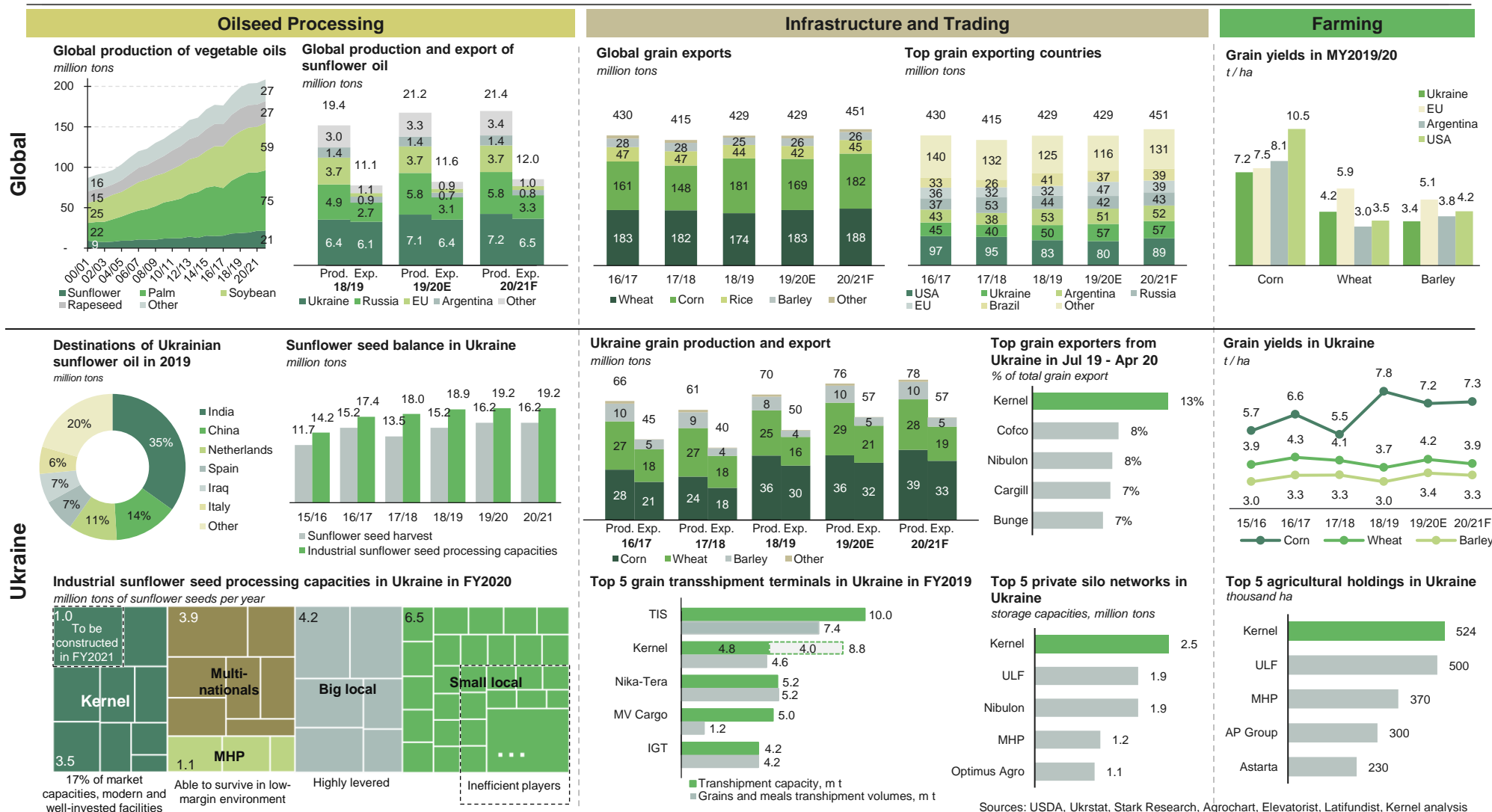
4. Financials

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 ESG
- Solid financial performance and position
- Clear Strategy 2021 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



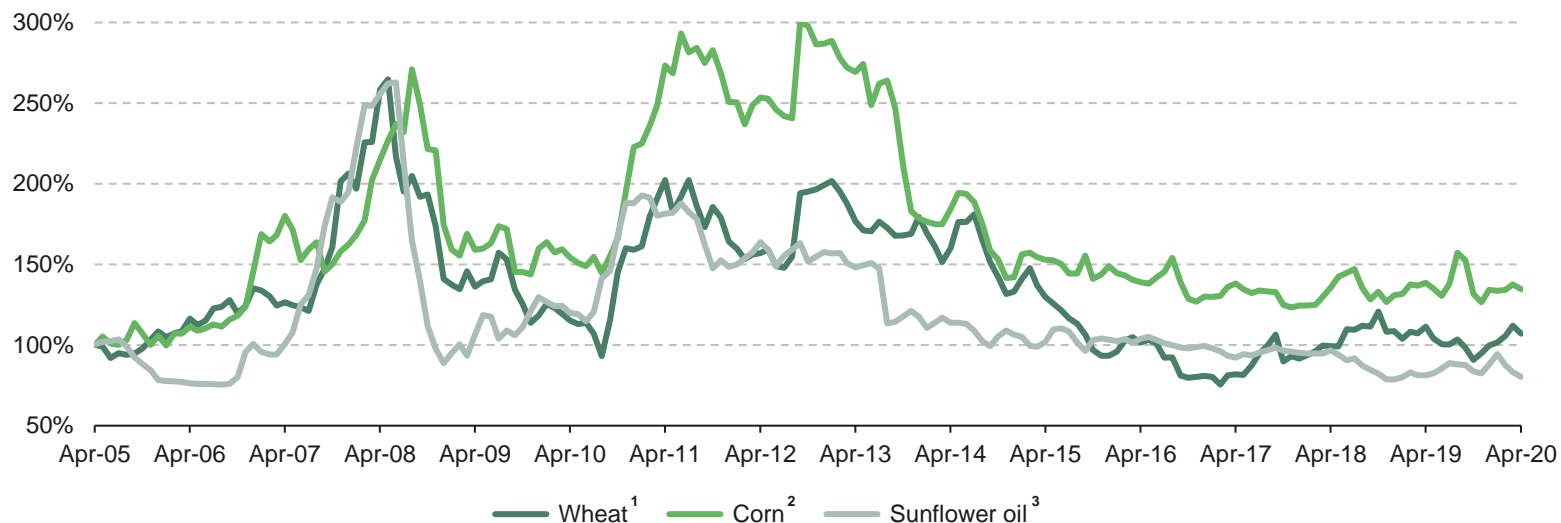
Sources: USDA, Ukrstat, Stark Research, Agrochart, Elevatorist, Latifundist, Kernel analysis

A3. Markets and business environment

Low cycle of soft commodity prices

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

30 April 2005 = 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.

