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.
## Content

1. Q3 FY2020 results and outlook
2. Kernel today
3. Balanced growth strategy
4. Financials
Appendices
1.1 Q3 FY2020 highlights

- **Revenue** ↑ 30% y-o-y to US$ 1,047m on the back of strong Avvee 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)
  - **Oliseed 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 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.

<table>
<thead>
<tr>
<th>US$ m except EPS</th>
<th>Q3 FY19</th>
<th>Q3 FY20</th>
<th>y-o-y</th>
<th>9M FY19</th>
<th>9M FY20</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income statement highlights</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>803</td>
<td>1,047</td>
<td>30%</td>
<td>3,058</td>
<td>2,909</td>
<td>5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>55</td>
<td>104</td>
<td>88%</td>
<td>285</td>
<td>320</td>
<td>12%</td>
</tr>
<tr>
<td>Net profit attributable to equity holders</td>
<td>26 (25)</td>
<td></td>
<td></td>
<td>190</td>
<td>76</td>
<td>(60%)</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>6.9%</td>
<td>9.9%</td>
<td>3.0pp</td>
<td>9.3%</td>
<td>11.0%</td>
<td>1.7pp</td>
</tr>
<tr>
<td>Net margin</td>
<td>3.2%</td>
<td>(2.4%)</td>
<td>n/a</td>
<td>6.2%</td>
<td>2.6%</td>
<td>(3.6pp)</td>
</tr>
<tr>
<td>EPS ², US$</td>
<td>0.32</td>
<td>(0.30)</td>
<td>n/a</td>
<td>2.32</td>
<td>0.91</td>
<td>(68%)</td>
</tr>
<tr>
<td><strong>Cash flow highlights</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit before working capital changes</td>
<td>111</td>
<td>110</td>
<td>0%</td>
<td>281</td>
<td>257</td>
<td>8%</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>154</td>
<td>181</td>
<td>18%</td>
<td>(118)</td>
<td>(355)</td>
<td>(3.1x)</td>
</tr>
<tr>
<td>Finance costs paid, net</td>
<td>(21)</td>
<td>(30)</td>
<td>45%</td>
<td>(62)</td>
<td>(75)</td>
<td>22%</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(0)</td>
<td>(1)</td>
<td>+6.6x</td>
<td>(2)</td>
<td>(6)</td>
<td>+2.5x</td>
</tr>
<tr>
<td>Net cash generated by operating activities</td>
<td>243</td>
<td>260</td>
<td>7%</td>
<td>100</td>
<td>180</td>
<td>n/a</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(159)</td>
<td>17</td>
<td>n/a</td>
<td>(281)</td>
<td>(165)</td>
<td>(41%)</td>
</tr>
</tbody>
</table>

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>Credit metrics</th>
<th>US$ m, except ratios</th>
<th>31 Mar 2019</th>
<th>30 Dec 2019</th>
<th>31 Mar 2020</th>
<th>q-o-q</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term debt</td>
<td>350</td>
<td>457</td>
<td>285</td>
<td>(18%)</td>
<td>(37%)</td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>52</td>
<td>147</td>
<td>160</td>
<td>+3.1x</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>8</td>
<td>322</td>
<td>276</td>
<td>+33x</td>
<td>(14%)</td>
<td></td>
</tr>
<tr>
<td>Eurobonds</td>
<td>496</td>
<td>793</td>
<td>793</td>
<td>60%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Debt liabilities</td>
<td>906</td>
<td>1,718</td>
<td>1,516</td>
<td>67%</td>
<td>(12%)</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>126</td>
<td>74</td>
<td>181</td>
<td>44%</td>
<td>2.4x</td>
<td></td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>780</td>
<td>1,644</td>
<td>1,334</td>
<td>77%</td>
<td>(19%)</td>
<td></td>
</tr>
<tr>
<td>Readily marketable inventories ³</td>
<td>513</td>
<td>940</td>
<td>671</td>
<td>31%</td>
<td>(29%)</td>
<td></td>
</tr>
<tr>
<td>of which edible oil and meal</td>
<td>143</td>
<td>146</td>
<td>182</td>
<td>27%</td>
<td>(25%)</td>
<td></td>
</tr>
<tr>
<td>Sunflower seeds</td>
<td>168</td>
<td>417</td>
<td>299</td>
<td>78%</td>
<td>(28%)</td>
<td></td>
</tr>
<tr>
<td>Grains and other RMI</td>
<td>202</td>
<td>377</td>
<td>189</td>
<td>6%</td>
<td>(50%)</td>
<td></td>
</tr>
<tr>
<td>Adjusted net debt</td>
<td>268</td>
<td>704</td>
<td>664</td>
<td>+2.5x</td>
<td>(6%)</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1,296</td>
<td>1,501</td>
<td>1,419</td>
<td>9%</td>
<td>(5%)</td>
<td></td>
</tr>
<tr>
<td>Net debt / EBITDA ⁴</td>
<td>2.5x</td>
<td>5.0x</td>
<td>3.5x</td>
<td>+1.0x</td>
<td>-1.4x</td>
<td></td>
</tr>
<tr>
<td>Adjusted net debt / EBITDA ⁴</td>
<td>0.9x</td>
<td>2.1x</td>
<td>1.7x</td>
<td>+0.9x</td>
<td>-0.4x</td>
<td></td>
</tr>
<tr>
<td>EBITDA / Interest ⁵</td>
<td>4.0x</td>
<td>3.0x</td>
<td>2.9x</td>
<td>-1.1x</td>
<td>-0.1x</td>
<td></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 Segments results and harvest update

#### Segments results

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

#### 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).

#### Harvest update

<table>
<thead>
<tr>
<th>Acreage</th>
<th>Net yield</th>
<th>Harvest size</th>
</tr>
</thead>
<tbody>
<tr>
<td>thousand hectares</td>
<td>tons / ha</td>
<td>thousand tons</td>
</tr>
<tr>
<td>FY2019</td>
<td>FY2020</td>
<td>y-o-y</td>
</tr>
<tr>
<td>Corn</td>
<td>224</td>
<td>231 3%</td>
</tr>
<tr>
<td>Sunflower</td>
<td>135</td>
<td>137 2%</td>
</tr>
<tr>
<td>Wheat</td>
<td>100</td>
<td>97 3%</td>
</tr>
<tr>
<td>Soybean</td>
<td>36</td>
<td>24 (33%)</td>
</tr>
<tr>
<td>Other 2</td>
<td>34</td>
<td>23 (32%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>529</td>
<td>513 (3%)</td>
</tr>
</tbody>
</table>

**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 peas, rapeseed, barley, forage crops and other minor crops, as well as land left fallow for crop rotation purposes.

- 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)

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1.3 Segment results

### Segment volumes, m tons

**Oilseed Processing**
- FY16: 2.7
- FY17: 3.0
- FY18: 3.1
- FY19: 3.2
- LTM: 3.4

**Infrastructure & Trading**
- FY16: 2.8
- FY17: 3.2
- FY18: 3.3
- FY19: 3.4
- LTM: 3.5

### EBITDA margin

**FY16**
- Oilseeds processed: 120
- Sunflower oil sales: 83
- Grain export volumes (ex. Avere): 54

**FY17**
- Oilseeds processed: 83
- Sunflower oil sales: 54
- Grain export volumes (ex. Avere): 46

**FY18**
- Oilseeds processed: 67
- Sunflower oil sales: 67
- Grain export volumes (ex. Avere): 58

**FY19**
- Oilseeds processed: 75
- Sunflower oil sales: 75
- Grain export volumes (ex. Avere): 59

**LTM**
- Oilseeds processed: 75
- Sunflower oil sales: 75
- Grain export volumes (ex. Avere): 80

### EBITDA, US$ m

**FY16**
- Oilseeds processed: 129
- Sunflower oil sales: 100
- Grain export volumes (ex. Avere): 77

**FY17**
- Oilseeds processed: 100
- Sunflower oil sales: 77
- Grain export volumes (ex. Avere): 109

**FY18**
- Oilseeds processed: 77
- Sunflower oil sales: 109
- Grain export volumes (ex. Avere): 110

**FY19**
- Oilseeds processed: 109
- Sunflower oil sales: 110
- Grain export volumes (ex. Avere): 110

**LTM**
- Oilseeds processed: 110
- Sunflower oil sales: 110
- Grain export volumes (ex. Avere): 110

**US$ / t of oil sold**

**FY16**
- Oilseeds processed: 24
- Sunflower oil sales: 22
- Grain export volumes (ex. Avere): 26

**FY17**
- Oilseeds processed: 22
- Sunflower oil sales: 22
- Grain export volumes (ex. Avere): 17

**FY18**
- Oilseeds processed: 24
- Sunflower oil sales: 23
- Grain export volumes (ex. Avere): 23

**FY19**
- Oilseeds processed: 23
- Sunflower oil sales: 23
- Grain export volumes (ex. Avere): 23

**LTM**
- Oilseeds processed: 23
- Sunflower oil sales: 23
- Grain export volumes (ex. Avere): 23

**US$ / t of grain exported (ex. Avere)**

**FY16**
- Oilseeds processed: 120
- Sunflower oil sales: 83
- Grain export volumes (ex. Avere): 54

**FY17**
- Oilseeds processed: 83
- Sunflower oil sales: 54
- Grain export volumes (ex. Avere): 46

**FY18**
- Oilseeds processed: 67
- Sunflower oil sales: 67
- Grain export volumes (ex. Avere): 58

**FY19**
- Oilseeds processed: 75
- Sunflower oil sales: 75
- Grain export volumes (ex. Avere): 75

**LTM**
- Oilseeds processed: 75
- Sunflower oil sales: 75
- Grain export volumes (ex. Avere): 75

**US$ / ha**

**FY16**
- Acreage harvested: 1.9
- Key crops production: 391

**FY17**
- Acreage harvested: 2.1
- Key crops production: 385

**FY18**
- Acreage harvested: 2.5
- Key crops production: 596

**FY19**
- Acreage harvested: 3.3
- Key crops production: 529

**LTM**
- Acreage harvested: 3.1
- Key crops production: 513

**FY16**
- Acreage harvested: 1.9
- Key crops production: 391

**FY17**
- Acreage harvested: 2.1
- Key crops production: 385

**FY18**
- Acreage harvested: 2.5
- Key crops production: 596

**FY19**
- Acreage harvested: 3.3
- Key crops production: 529

**LTM**
- Acreage harvested: 3.1
- Key crops production: 513

**IFRS 16 effect**

**FY16**
- Oilseeds processed: 146
- Sunflower oil sales: 146
- Grain export volumes (ex. Avere): 89

**FY17**
- Oilseeds processed: 146
- Sunflower oil sales: 146
- Grain export volumes (ex. Avere): 89

**FY18**
- Oilseeds processed: 182
- Sunflower oil sales: 182
- Grain export volumes (ex. Avere): 109

**FY19**
- Oilseeds processed: 152
- Sunflower oil sales: 152
- Grain export volumes (ex. Avere): 110

**LTM**
- Oilseeds processed: 152
- Sunflower oil sales: 152
- Grain export volumes (ex. Avere): 152
1.4 IFRS 16 impact

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>prior to</td>
<td>IFRS 16</td>
<td>with IFRS</td>
<td>prior to</td>
</tr>
<tr>
<td>Revenues</td>
<td>3,058</td>
<td>2,909</td>
<td>2,909</td>
<td>1,256</td>
</tr>
<tr>
<td>Revaluation of biological assets</td>
<td>8</td>
<td>(8)</td>
<td>11</td>
<td>1,207</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(2,765)</td>
<td>(2,645)</td>
<td>6 (2,640)</td>
<td>(2,640)</td>
</tr>
<tr>
<td>of which depreciation &amp; amortization</td>
<td>57</td>
<td>(62)</td>
<td>(13) (75)</td>
<td>1,207</td>
</tr>
<tr>
<td>Rental payments</td>
<td>58</td>
<td>(63)</td>
<td>19 (45)</td>
<td>1,207</td>
</tr>
<tr>
<td>Gross profit</td>
<td>300</td>
<td>255</td>
<td>16 272</td>
<td>2,464</td>
</tr>
<tr>
<td>Other operating income</td>
<td>(3)</td>
<td>49</td>
<td>- 49</td>
<td>(3)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(68)</td>
<td>(80) (0) (80)</td>
<td>(68)</td>
<td>480 682 (16) 666</td>
</tr>
<tr>
<td>Operating profit</td>
<td>229</td>
<td>225</td>
<td>16 241</td>
<td>2,464</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(61)</td>
<td>(68) (41) (109)</td>
<td>(61)</td>
<td>480 682 (16) 666</td>
</tr>
<tr>
<td>Other non-operating items</td>
<td>23</td>
<td>53</td>
<td>0 (53)</td>
<td>638</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>192</td>
<td>163</td>
<td>(24) 79</td>
<td>638</td>
</tr>
<tr>
<td>Income tax</td>
<td>(9)</td>
<td>4</td>
<td>- 4</td>
<td>638</td>
</tr>
<tr>
<td>Net profit</td>
<td>183</td>
<td>107</td>
<td>(24) 83</td>
<td>1,346</td>
</tr>
<tr>
<td>Net profit attributable to shareholders</td>
<td>190</td>
<td>107</td>
<td>(24) 76</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(56)</td>
<td>(65) (13) (79)</td>
<td>(56)</td>
<td>285 30 320</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>290</td>
<td>30 320</td>
<td></td>
</tr>
</tbody>
</table>

Note 1 Based on management accounts, subject to auditors’ review and approval
1.5 Outlook for FY2020

- 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.

- 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.

- 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
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 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)

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 $ million

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>129</td>
<td>100</td>
<td>77</td>
<td>109</td>
<td>110</td>
</tr>
<tr>
<td>FY2017</td>
<td>107</td>
<td>110</td>
<td>101</td>
<td>106</td>
<td>170</td>
</tr>
<tr>
<td>FY2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key financials

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue US$ m</th>
<th>EBITDA US$ m</th>
<th>Net profit US$ m</th>
<th>EBITDA margin %</th>
<th>Net margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>1,989</td>
<td>346</td>
<td>225</td>
<td>17.4%</td>
<td>11.3%</td>
</tr>
<tr>
<td>FY2017</td>
<td>2,169</td>
<td>319</td>
<td>176</td>
<td>14.7%</td>
<td>8.1%</td>
</tr>
<tr>
<td>FY2018</td>
<td>2,403</td>
<td>223</td>
<td>52</td>
<td>9.3%</td>
<td>2.2%</td>
</tr>
<tr>
<td>FY2019</td>
<td>3,992</td>
<td>346</td>
<td>189</td>
<td>8.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>LTM</td>
<td>3,844</td>
<td>380</td>
<td></td>
<td>9.9%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Notes:
1. EBITDA is presented prior to certain unallocated G&A costs and net of discontinued operations and assets held for sale.
2. Net profit attributable to equity holders of Kernel Holding S.A.
2.2 What we do

1 Own farming: Kernel operates 517 thousand ha of leasehold farmland in Ukraine producing 3.1 million tons of grains and oilseeds in 2019 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. 1,000 kg of sunflower seeds yields, on average, 440 kg of sunflower oil, 390 kg of sunflower meal and 160 kg 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 7.5 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 2 deep-water grain terminals in Chornomorsk (8.8 million tons annual transshipment capacity)

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.
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-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 Ukros 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
- Divestment an interest in a deep-water grain export terminal in Taman port, Russia

- 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 VOIl (oilseeds processing business)
- Acquisition of Ellada oilseed processing plant

Asset growth through M&A

Unparalleled track record of continuous development
2.5 Oilseed Processing segment

**Segment performance**

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

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

**Profitability drivers and FY2020 outlook**

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

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

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

- **Sales volumes marginally flat**

- **Contribution from new business (renewable energy)**

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

---

**Segment volumes**

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edible oil sales</td>
<td>1.1</td>
<td>1.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.5</td>
</tr>
<tr>
<td>Oilseed processing volumes</td>
<td>2.7</td>
<td>3.0</td>
<td>3.1</td>
<td>3.2</td>
<td>3.4</td>
</tr>
</tbody>
</table>

**EBITDA and EBITDA margin**

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ m</td>
<td>120</td>
<td>83</td>
<td>54</td>
<td>67</td>
<td>75</td>
</tr>
<tr>
<td>US$/t of oil sold</td>
<td>129</td>
<td>100</td>
<td>77</td>
<td>109</td>
<td>110</td>
</tr>
</tbody>
</table>

**Sunflower oil sales markets in FY2019**

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

**Source:** Bloomberg, USDA, Kernel's estimates

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**Company presentation May 2020**
2.6 Infrastructure and Trading segment

**Segments volumes**
- 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.

**Profitability drivers and FY2020 outlook**
- Record supply of key grains (corn, wheat and barley) in Ukraine in FY2020 → we plan to export the highest ever grain volumes
- Export terminal capacities increase in FY2020 mostly driven by Kernel’s new export terminal launch in the port of Chornomorsk
- Improved logistics enhances speed of grain export from Ukraine.

**Key export markets in FY2019**
- EU: 6.1
- Asia: 0%
- Middle East: 21%
- Africa: 58%
- Other: 14%

**FY2020 EBITDA growth of more than 60% y-o-y**
2.7 Farming segment

Segment performance

Kernel's key crop production

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop production, m t</td>
<td>1.9</td>
<td>2.1</td>
<td>2.5</td>
<td>3.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Acreage harvested, k ha</td>
<td>0.4</td>
<td>0.5</td>
<td>0.7</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Sunflower EBITDA</td>
<td>391</td>
<td>385</td>
<td>596</td>
<td>529</td>
<td>513</td>
</tr>
<tr>
<td>Wheat EBITDA</td>
<td>1.2</td>
<td>1.2</td>
<td>1.4</td>
<td>2.2</td>
<td>2.0</td>
</tr>
</tbody>
</table>

EBITDA and EBITDA margin

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ m</td>
<td>374</td>
<td>378</td>
<td>344</td>
<td>152</td>
<td>152</td>
</tr>
<tr>
<td>US$ / ha</td>
<td>146</td>
<td>146</td>
<td>149</td>
<td>152</td>
<td>152</td>
</tr>
</tbody>
</table>

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)

- 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.
2.8 Credit highlights

Credit portfolio as of 31 March 2020, US$ m

<table>
<thead>
<tr>
<th></th>
<th>Amount outstanding</th>
<th>Undrawn facilities</th>
<th>Interest rate</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eurobond 2022</td>
<td>497.1</td>
<td></td>
<td>8.75%</td>
<td>Jan 2022</td>
</tr>
<tr>
<td>Eurobond 2024</td>
<td>296.1</td>
<td></td>
<td>6.50%</td>
<td>Oct 2024</td>
</tr>
<tr>
<td>EBRD / CTF</td>
<td>121.7</td>
<td>128.3</td>
<td>Libor + 1.44% + CoF</td>
<td>Dec 2029</td>
</tr>
<tr>
<td>Oil PXF</td>
<td>39.2</td>
<td>16.8</td>
<td>Libor + 4.5%</td>
<td>May 2027</td>
</tr>
<tr>
<td>Grain PXF</td>
<td>17.4</td>
<td>370.0</td>
<td>Libor + 3.95%</td>
<td>Aug 2022</td>
</tr>
<tr>
<td>Lease liabilities (IFRS 16)</td>
<td>276.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other bank debt and accrued interest</td>
<td>243.5</td>
<td>267.2</td>
<td>Mostly short-term debt</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,515.5</td>
<td>1,009.5</td>
<td></td>
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</table>

Working capital1 and debt position

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>0</td>
<td>234.5</td>
<td>319.4</td>
<td>303.3</td>
<td>343.5</td>
<td>417.8</td>
</tr>
<tr>
<td>Net Debt</td>
<td>39.2</td>
<td>267.2</td>
<td>370.0</td>
<td>370.0</td>
<td>370.0</td>
<td>370.0</td>
</tr>
<tr>
<td>Readily marketable inventories</td>
<td>400.0</td>
<td>400.0</td>
<td>400.0</td>
<td>400.0</td>
<td>400.0</td>
<td>400.0</td>
</tr>
</tbody>
</table>

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.
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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.

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

<table>
<thead>
<tr>
<th>Imperatives</th>
<th>Strategic pillars</th>
<th>Targets</th>
<th>Ultimate goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunflower oil</td>
<td><strong>Geographic focus</strong></td>
<td>Consolidate the oilseed crushing industry</td>
<td>Maximize shareholders’ value</td>
</tr>
<tr>
<td></td>
<td><strong>Strong asset base</strong></td>
<td>Double grain exports from FY2016 levels</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Operational discipline</strong></td>
<td>Achieve sustainable cost leadership in crop production</td>
<td></td>
</tr>
</tbody>
</table>

### 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
- 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)
- 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 private grain exporter from Ukraine with the record 6.1m t shipped in FY2019 (+58% y-o-y)

### Key deliverables in FY2019
- 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:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I  Leasehold farmland bank expansion (+ 200k ha)</td>
<td>152</td>
<td>47</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>198</td>
</tr>
<tr>
<td>Construction of greenfield <strong>oilseed processing plant</strong> in Western Ukraine with co-generation heat and power unit</td>
<td>-</td>
<td>52</td>
<td>10</td>
<td>47</td>
<td>64</td>
<td>6</td>
<td>180</td>
</tr>
<tr>
<td>II  Construction of <strong>co-generation heat and power units (renewable energy)</strong> on 6 our plants throughout (FY2019-2020)</td>
<td>0</td>
<td>12</td>
<td>30</td>
<td>79</td>
<td>48</td>
<td>-</td>
<td>169</td>
</tr>
<tr>
<td>III Construction of <strong>new grain export terminal</strong> in the port of Chornomorsk</td>
<td>1</td>
<td>3</td>
<td>46</td>
<td>52</td>
<td>35</td>
<td>-</td>
<td>137</td>
</tr>
<tr>
<td>Annual throughput capacity: 4 million tons of grain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioned in FY2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intake capacity expansion in FY2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV Grain railcars investments (500 brand-new + 2,949 used)</td>
<td>-</td>
<td>16</td>
<td>65</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>89</td>
</tr>
<tr>
<td>Construction and upgrade of silo facilities (FY2019-2020)</td>
<td>-</td>
<td>19</td>
<td>36</td>
<td>8</td>
<td>2</td>
<td>-</td>
<td>65</td>
</tr>
<tr>
<td>V    Acquisition of assets of <strong>Ellada oilseed processing plant</strong></td>
<td>24</td>
<td>21</td>
<td>21</td>
<td>21</td>
<td>149</td>
<td>6</td>
<td>45</td>
</tr>
<tr>
<td>VII  Total key expansion investments</td>
<td>176</td>
<td>149</td>
<td>187</td>
<td>215</td>
<td>149</td>
<td>6</td>
<td>881</td>
</tr>
<tr>
<td>Maintenance and other CapEx</td>
<td>35</td>
<td>62</td>
<td>65</td>
<td>73</td>
<td>86</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Total investments</td>
<td>211</td>
<td>211</td>
<td>251</td>
<td>288</td>
<td>234</td>
<td>66</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)
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### 4.1 Consolidated statement of profit or loss

<table>
<thead>
<tr>
<th>US$ million, except ratios and EPS</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>
<th>LTM</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>
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<td>(36)</td>
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- Net profit attributable to shareholders divided by average equity attributable to shareholders over the period
- 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

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<tr>
<th>US$ million</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>
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<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
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### Liquidity position and credit metrics

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<th>FY09</th>
<th>FY10</th>
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<td>297</td>
<td>400</td>
</tr>
<tr>
<td>Net debt / EBITDA</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>
<td>3.1x</td>
<td>0.9x</td>
<td>0.8x</td>
<td>1.6x</td>
<td>2.8x</td>
<td>2.0x</td>
</tr>
<tr>
<td>Adjusted net debt / EBITDA</td>
<td>3.4x</td>
<td>2.0x</td>
<td>0.3x</td>
<td>0.4x</td>
<td>0.8x</td>
<td>0.5x</td>
<td>0.5x</td>
<td>1.7x</td>
<td>2.0x</td>
<td>0.5x</td>
<td>0.3x</td>
<td>1.3x</td>
<td>1.2x</td>
<td>1.7x</td>
</tr>
<tr>
<td>EBITDA / Interest</td>
<td>1.8x</td>
<td>2.5x</td>
<td>4.4x</td>
<td>5.9x</td>
<td>8.3x</td>
<td>7.3x</td>
<td>5.1x</td>
<td>3.8x</td>
<td>3.1x</td>
<td>5.8x</td>
<td>6.1x</td>
<td>5.1x</td>
<td>3.4x</td>
<td>4.2x</td>
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Note: Financial year ends 30 June.
4.3 Cash flow statement

<table>
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<tr>
<th>US$ million</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>
<th>LTM</th>
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</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>17</td>
<td>46</td>
<td>123</td>
<td>190</td>
<td>190</td>
<td>310</td>
<td>319</td>
<td>288</td>
<td>223</td>
<td>397</td>
<td>346</td>
<td>319</td>
<td>223</td>
<td>346</td>
<td>380</td>
</tr>
<tr>
<td>Finance cost paid</td>
<td>(9)</td>
<td>(18)</td>
<td>(28)</td>
<td>(32)</td>
<td>(23)</td>
<td>(36)</td>
<td>(67)</td>
<td>(76)</td>
<td>(72)</td>
<td>(68)</td>
<td>(58)</td>
<td>(35)</td>
<td>(64)</td>
<td>(72)</td>
<td>(93)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(0)</td>
<td>(1)</td>
<td>(3)</td>
<td>(2)</td>
<td>(1)</td>
<td>(3)</td>
<td>(7)</td>
<td>(43)</td>
<td>(40)</td>
<td>(13)</td>
<td>(3)</td>
<td>(6)</td>
<td>(5)</td>
<td>(3)</td>
<td>(7)</td>
</tr>
<tr>
<td>Non-cash adjustments and non-operating items</td>
<td>(0)</td>
<td>(1)</td>
<td>(7)</td>
<td>(32)</td>
<td>(12)</td>
<td>(36)</td>
<td>(27)</td>
<td>(1)</td>
<td>(41)</td>
<td>(70)</td>
<td>(18)</td>
<td>(5)</td>
<td>(40)</td>
<td>(23)</td>
<td>(28)</td>
</tr>
<tr>
<td><strong>Operating Cash Flow before Working Capital changes</strong></td>
<td>7</td>
<td>26</td>
<td>99</td>
<td>124</td>
<td>179</td>
<td>235</td>
<td>218</td>
<td>169</td>
<td>70</td>
<td>245</td>
<td>268</td>
<td>283</td>
<td>113</td>
<td>293</td>
<td>252</td>
</tr>
<tr>
<td>Acquisition of subsidiaries and JVs, net</td>
<td>-</td>
<td>(60)</td>
<td>(97)</td>
<td>(5)</td>
<td>(70)</td>
<td>(11)</td>
<td>(136)</td>
<td>(152)</td>
<td>(41)</td>
<td>(2)</td>
<td>(30)</td>
<td>(141)</td>
<td>(24)</td>
<td>(41)</td>
<td>(42)</td>
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<tr>
<td>Net purchase of PP&amp;E</td>
<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>
<td>(140)</td>
<td>(157)</td>
<td>(216)</td>
</tr>
<tr>
<td>Other investments</td>
<td>1</td>
<td>0</td>
<td>(49)</td>
<td>1</td>
<td>(66)</td>
<td>(0)</td>
<td>(23)</td>
<td>(1)</td>
<td>(4)</td>
<td>(1)</td>
<td>(42)</td>
<td>(8)</td>
<td>(43)</td>
<td>(49)</td>
<td></td>
</tr>
<tr>
<td><strong>Free cash flow to the Firm</strong></td>
<td>(34)</td>
<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></td>
<td>71</td>
<td>(146)</td>
<td>(74)</td>
<td>(43)</td>
</tr>
<tr>
<td>Debt financing</td>
<td>32</td>
<td>62</td>
<td>81</td>
<td>36</td>
<td>(77)</td>
<td>(18)</td>
<td>(220)</td>
<td>(48)</td>
<td>7</td>
<td>(289)</td>
<td></td>
<td>178</td>
<td>98</td>
<td>50</td>
<td>277</td>
</tr>
<tr>
<td>Equity financing</td>
<td>(1)</td>
<td>3</td>
<td>235</td>
<td>-</td>
<td>81</td>
<td>141</td>
<td>5</td>
<td>(2)</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>15</td>
<td>-</td>
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<td>14</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(20)</td>
<td>(20)</td>
<td>(20)</td>
<td>(20)</td>
</tr>
<tr>
<td><strong>Financing cash flow</strong></td>
<td>31</td>
<td>64</td>
<td>315</td>
<td>36</td>
<td>4</td>
<td>124</td>
<td>225</td>
<td>(48)</td>
<td>7</td>
<td>(310)</td>
<td>(134)</td>
<td>173</td>
<td>77</td>
<td>30</td>
<td>270</td>
</tr>
<tr>
<td>Cash at the year end</td>
<td>6</td>
<td>25</td>
<td>59</td>
<td>98</td>
<td>58</td>
<td>110</td>
<td>83</td>
<td>73</td>
<td>65</td>
<td>124</td>
<td>60</td>
<td>87</td>
<td>90</td>
<td>76</td>
<td>179</td>
</tr>
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</table>

**Cash conversion cycle**

<table>
<thead>
<tr>
<th>Payment period, days</th>
<th>n/a</th>
<th>66</th>
<th>86</th>
<th>79</th>
<th>117</th>
<th>91</th>
<th>117</th>
<th>90</th>
<th>85</th>
<th>67</th>
<th>63</th>
<th>84</th>
<th>83</th>
<th>49</th>
<th>99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories processing, days</td>
<td>n/a</td>
<td>(4)</td>
<td>(4)</td>
<td>(3)</td>
<td>(4)</td>
<td>(4)</td>
<td>(5)</td>
<td>(5)</td>
<td>(7)</td>
<td>(6)</td>
<td>(7)</td>
<td>(9)</td>
<td>(10)</td>
<td>(10)</td>
<td>(15)</td>
</tr>
<tr>
<td>Receivables collection, days</td>
<td>n/a</td>
<td>43</td>
<td>61</td>
<td>51</td>
<td>53</td>
<td>38</td>
<td>60</td>
<td>48</td>
<td>47</td>
<td>42</td>
<td>38</td>
<td>57</td>
<td>61</td>
<td>36</td>
<td>80</td>
</tr>
<tr>
<td>VAT receivables, days</td>
<td>n/a</td>
<td>10</td>
<td>16</td>
<td>14</td>
<td>18</td>
<td>17</td>
<td>23</td>
<td>19</td>
<td>19</td>
<td>12</td>
<td>12</td>
<td>14</td>
<td>14</td>
<td>13</td>
<td>21</td>
</tr>
</tbody>
</table>

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

- **EBITDA**: 380
- **Operating Cash Flows**: 252
- **Net purchase of PP&E**: (216)
- **Net acquisition of subsidiaries**: 42
- **Other investments**: 49
- **Free cash flows to the firm**: (207)
- **Payment of dividends**: (20)
- **Debt financing**: 277
- **Equity financing**: 14
- **Cash balance increase**: 64

Differences are possible due to rounding.
IR contact and investor calendar

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Investor Relations Manager
ir@kernel.ua
Tel.: +38 (044) 461 88 01, ex. 7275
3 Tarasa Shevchenka Lane,
Kyiv Ukraine, 01001

Investor calendar
- Q4 FY2020 Operations Update 20 July 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

**Oilseed Processing**

Global production of vegetable oils in million tons:
- Sunflower: 27.0, 27.0, 27.0
- Rapeseed: 25.0, 25.0, 25.0
- Other: 22.0, 22.0, 22.0
- Soybean: 19.4, 19.4, 19.4

Global production and export of sunflower oil in million tons:
- Ukraine: 3.0, 3.0, 3.0
- Russia: 3.4, 3.4, 3.4
- EU: 3.7, 3.7, 3.7
- Argentina: 4.9, 4.9, 4.9

**Infrastructure and Trading**

Global grain exports in million tons:
- Wheat: 430, 430, 430
- Corn: 415, 415, 415
- Soybean: 429, 429, 429
- Barley: 451, 451, 451

**Farming**

Grain yields in Ukraine (t/ha):
- Wheat: 7.2, 7.8, 5.9
- Corn: 5.1, 3.8, 4.2
- Barley: 2.5, 3.8, 4.2

Top grain exporting countries:
- Ukraine: 13%
- EU: 13%
- Argentina: 9%
- USA: 8%

Top grain exporters from Ukraine in Jul 19 - Apr 20:
- Cargill: 7%
- Nibulon: 7%
- Optimus Agro: 7%

Top 5 agricultural holdings in Ukraine (thousand ha):
- Kernel: 524
- MHP: 370
- Nibulon: 300
- ULF: 230
- Astarta: 17

**Destinations of Ukrainian sunflower oil in 2019**

- India: 35%
- China: 6%
- Netherlands: 6%
- Spain: 7%
- Italy: 7%
- Other: 14%

**Ukraine**

Industrial sunflower seed processing capacities in Ukraine in FY2020 (in 1,000 t):
- Kernel: 3.2
- MHP: 1.1
- Multi-nationals: 4.2
- Big local: 6.5
- Small local: 2.1

To be constructed in FY2021: 2.3

Able to survive in low-margin environment: Highly levered: 17%

Inefficient players: 1.1

**Grain yields in MY2019/20**

- USA: 8.8
- Argentina: 8.8
- EU: 7.8
- Ukraine: 7.3

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%

- **Wheat**: No.1 Hard Red Winter, ordinary protein, FOB Gulf of Mexico, US$ per metric ton
- **Corn**: U.S. No. 2 Yellow, FOB Gulf of Mexico, U.S. price, US$ per metric ton
- **Sunflower oil**: crude, bid, FOB Black Sea, Ukraine, US$ per metric ton

**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.

### Environmental

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.

### Social

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.

---

**Goals**

- Environmental protection and preservation of land resources.
- Responsible rational use of resources and production.
- Renewable energy project to reduce GHG emission.

---

**Principles & Initiatives**

- Environmental protection and preservation of land resources.
- Responsible rational use of resources and production.
- Renewable energy project to reduce GHG emission.

---

**FY2019 results**

- **Total energy consumption**
  - thousand gigajoules
  - FY2015: 6,000
  - FY2016: 5,095
  - FY2017: 6,499
  - FY2018: 6,977
  - FY2019: 6,857

- **Rate of recordable work-related injuries**
  - accidents / million worked hours
  - FY2015: 0.66
  - FY2016: 0.53
  - FY2017: 0.45
  - FY2018: 0.55
  - FY2019: 0.60

- **Total direct (Scope 1) GHG emission**
  - thousand tons of CO₂ equivalent
  - FY2015: 236
  - FY2016: 198
  - FY2017: 232
  - FY2018: 260
  - FY2019: 234

- **Total social spending**
  - US$ thousand
  - FY2015: 1,191
  - FY2016: 1,668
  - FY2017: 2,616
  - FY2018: 2,440
  - FY2019: 2,300

---

**Composition of the Board of Directors**

- **Gender**
  - 53% Male
  - 38% Female

- **Age**
  - 30-40: 13%
  - 40-50: 50%
  - >50: 25%
  - Total: 100%

- **Tenure**
  - >5y: 13%
  - 5-10y: 25%
  - >10y: 25%
  - Total: 100%