

KERNEL

Kernel Holding S.A.

FY2017 results and company presentation

23 October 2017



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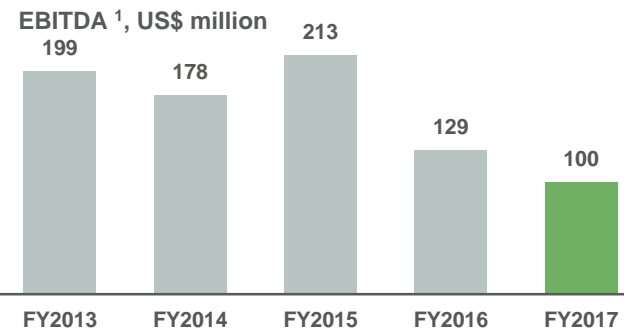
1. KERNEL TODAY



1.1 Kernel today

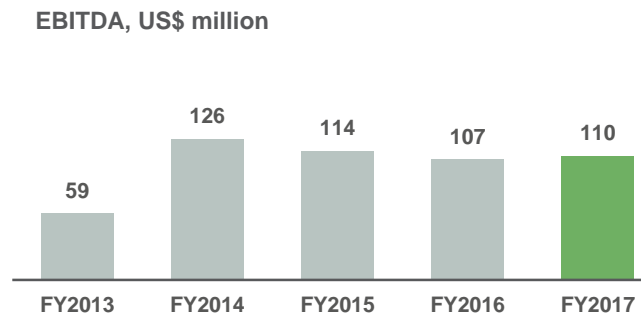
Sunflower oil segment

- #1 sunflower oil exporter in the world
- #1 sunflower oil producer in Ukraine
- #1 bottled sunflower oil producer and marketer in Ukraine
- 9 plants located across the sunflower seed belt in Ukraine
- 3.5 million tons annual sunflower seed crushing capacity



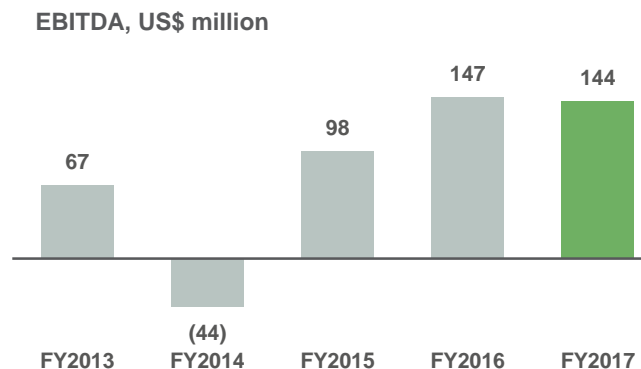
Grain and infrastructure segment

- Leading grain originator and marketer in Ukraine with nearly 10% of country's total grain export
- Two export terminals in Ukraine and one in Russia (50/50 JV with Glencore) with total annual capacity to transship of 6.5 million tons of soft commodities
- #1 private inland grain silo network in Ukraine with 2.8 million tons of storage capacity



Farming segment

- #1 crop producer in Ukraine operating 600,000 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 sunflower oil segments, earning incremental profits



Key financials, US\$ million¹

	FY2014	FY2015	FY2016	FY2017
Revenue	2,393	2,330	1,989	2,169
EBITDA	223	397	346	319
Net profit/(loss) ²	(98)	107	225	176
EBITDA margin	9.3%	17.0%	17.4%	14.7%
Net margin	(4.1%)	4.6%	11.3%	8.1%
EPS, US\$	(1.23)	1.34	2.83	2.19

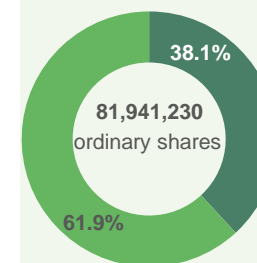
1. Except ratios and EPS

2. Net profit/(loss) attributable to equity holders of Kernel Holding S.A.

Stock information

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

Shareholder structure



- Namsen LTD / Andrey Verevskyy
- Other

Top other shareholders	Share, %
TFI PZU SA ⁽¹⁾	9.9%
Nationale-Nederlanden OFE ⁽²⁾	4.9%
Cascade Investment Fund	4.9%
Aviva Plc	3.7%
Capital Group	3.2%
AXA OFE	2.5%
Dimensional Funds Advisors	2.1%
NN Investment Partners	1.7%
Aegon PTE	1.4%
Vanguard Group	1.3%
Other	26.3%

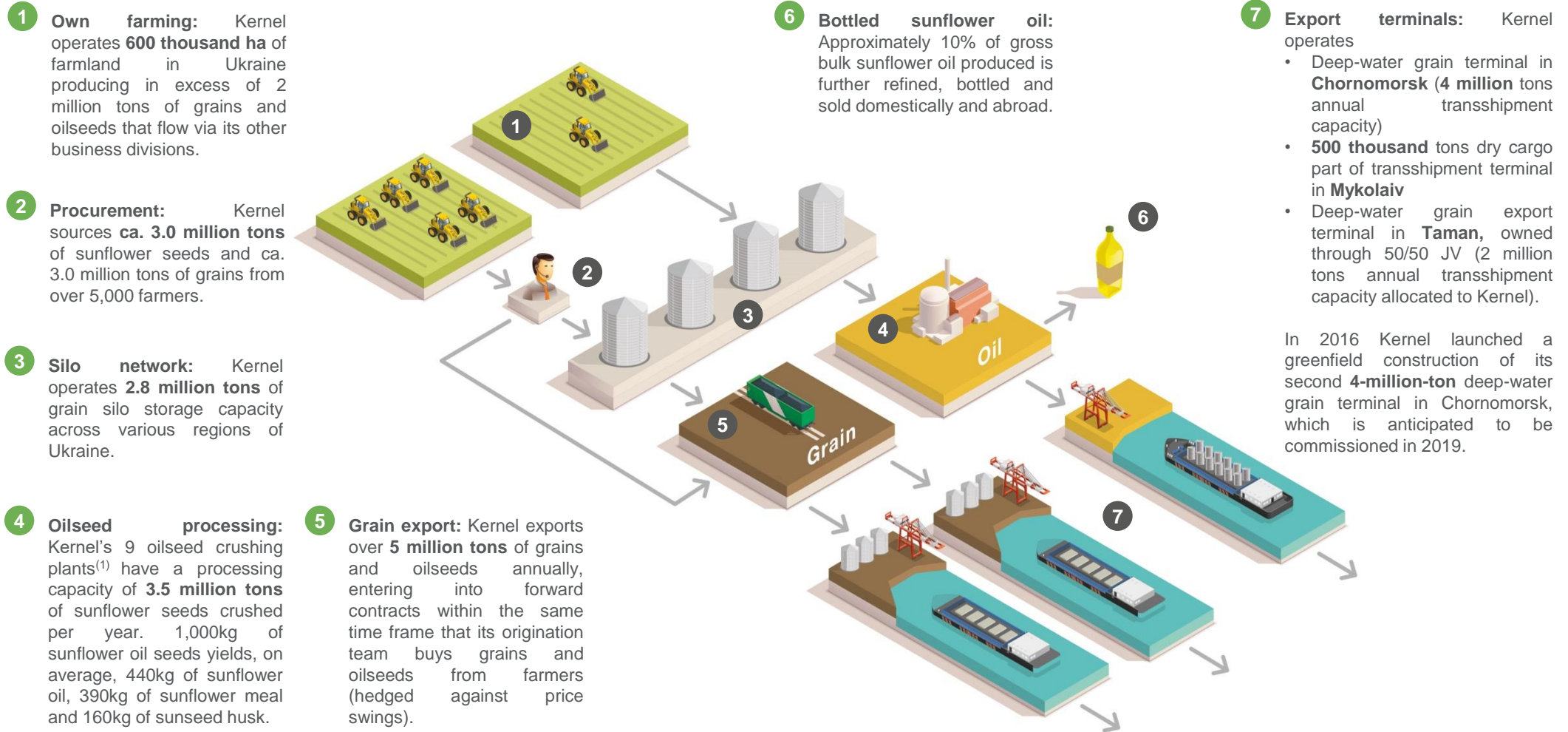
(1) As per notification received on 23 Jan 2017

(2) As per notification received on 18 Oct 2017

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

Source: Bloomberg, Kernel, FactSet and Stooq.pl as of November 2016

1.2 What we do

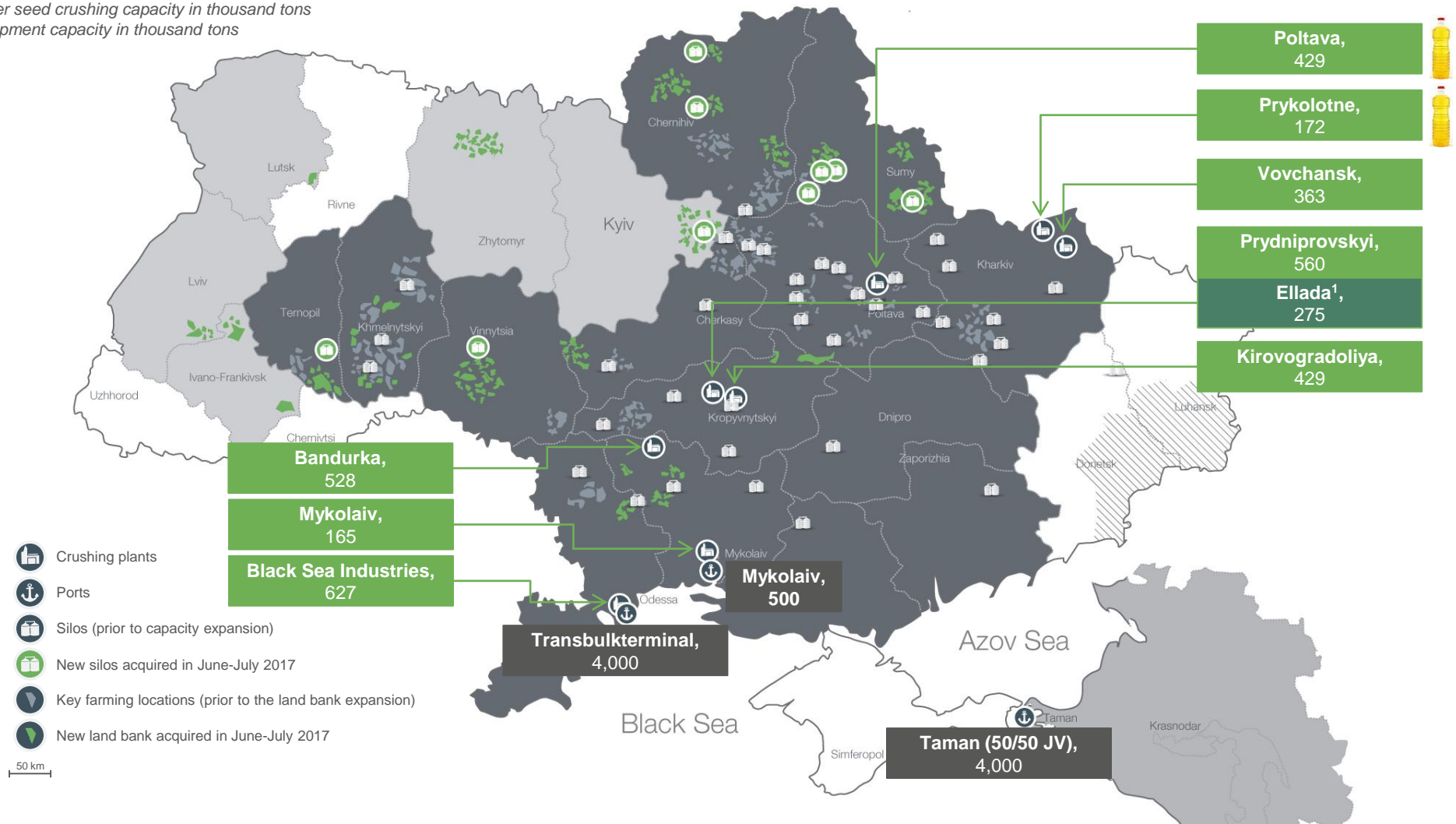


Kernel operates an integrated, simple and resilient business model

Note 1 Including one plant operated under tolling agreement (275 thousand tons of sunflower seed annual crushing capacity)

1.3 Unique and well-invested asset base

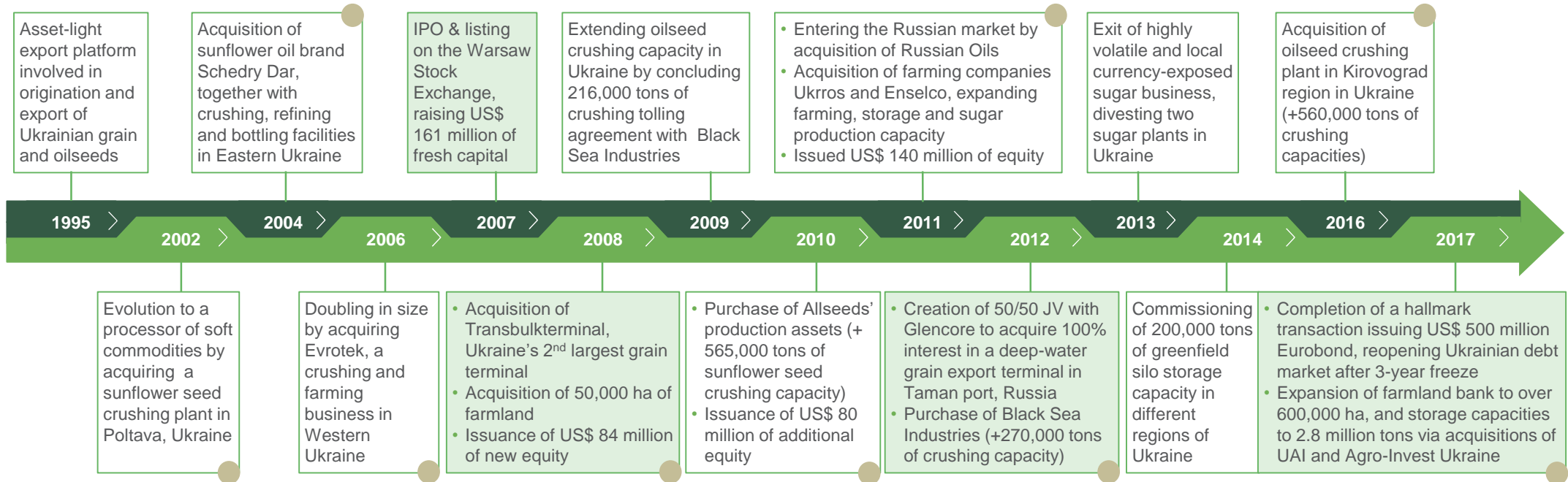
Sunflower seed crushing capacity in thousand tons
 Transshipment capacity in thousand tons



Diversified and strategically located asset base provides significant competitive advantages

Note 1 Operated under tolling agreement

1.4 Kernel's key milestones



● Asset growth through M&A

Unparalleled track record of continuous development and growth

1.5 Low risk platform

- Kernel has significantly deleveraged its balance sheet over recent years and has a current leverage of net debt / EBITDA of 1.6x (as of 30 June 2017)
- During the Ukrainian economy's challenging years, Kernel has successfully relied on pre-export facilities to finance c. 70% of its working capital requirements during its peak periods
- Kernel's export-oriented business model, with a captive origination infrastructure and prudent risk management, limits its exposure to domestic markets and commodity price fluctuations
- Kernel has a well-invested and diversified asset base across Ukraine with strategic access to export routes which represents high barriers to entry
- Kernel's business model enables transferability of c. 95% of its EBITDA to off-shore level, keeping business immune to restrictive capital controls in Ukraine
- Eurobond issue in January 2017 was rated B+ by Fitch and B by S&P, two and one notches above Ukrainian sovereign, respectively, which is an unprecedented achievement for Ukrainian issuers

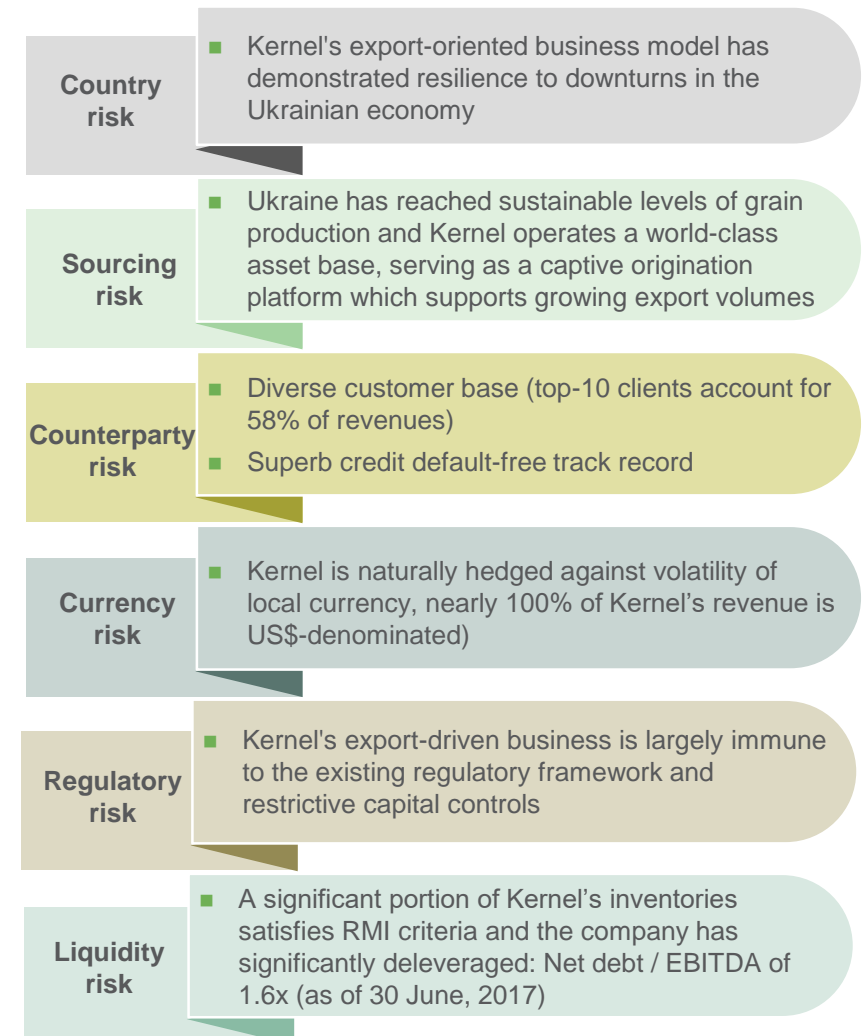
Leading credit rating position in Ukraine

- The highest credit rating in Ukraine, 2 (Fitch) and 1 (S&P) notches above the Sovereign, resilient to sovereign stress

Credit ratings	S&P Global	Fitch Ratings	MOODY'S
Kernel	B St	B+ St	n / r
MHP	B St	B	Caa2 St
Ukraine	B- St	B- St	Caa2 Pos
Ferrexpo	B- St	B- St	Caa2 St
Metinvest	n / r	B St	Caa2 St

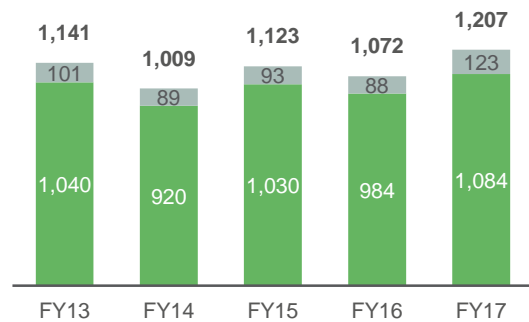
Source: Bloomberg

Key credit risks and mitigating factors

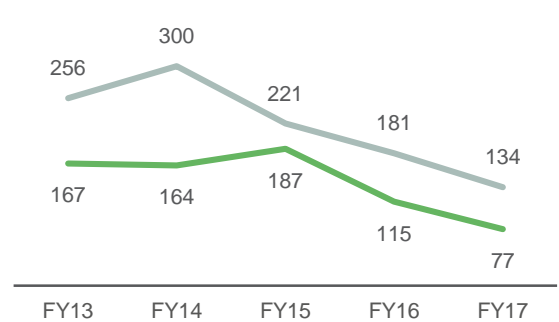


1.6 Sunflower oil segment

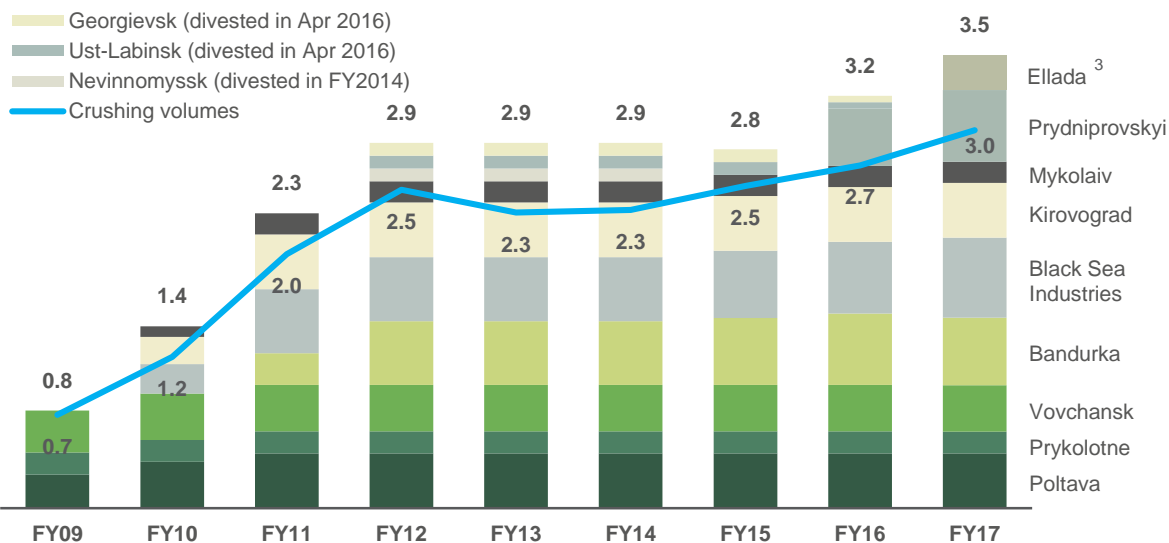
Sunflower oil sales
thousand tons



EBITDA margins
US\$ / ton of sunflower oil sold



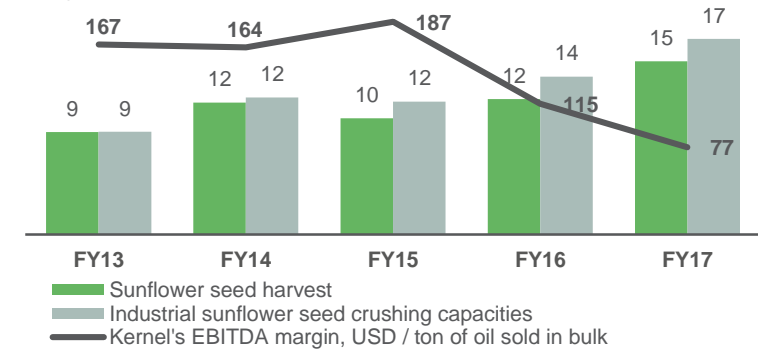
Kernel oilseed crushing capacity, million tons per year



Note 1 One ton of sunflower oil is equivalent to 1.065 thousand liters of sunflower oil

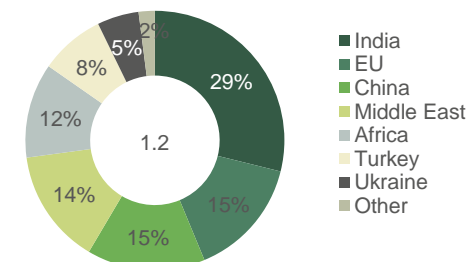
- Widening S&D gap keeps crushing margins under pressure, opening doors for market consolidation and streamlining of demand
- Focus on capacity utilization. With 3 million tons of sunflower seeds crushed in FY2017, Kernel operated at nearly full capacity utilization², well above Ukrainian average
- Kernel exported a record high volume of sunflower oil in bulk in FY2017, up 10% y-o-y
- **Overall, sunflower oil business contributed EBITDA of US\$ 100m in FY2017, 23% less than a year ago**

Supply & demand for sunflower seeds in Ukraine, million ton



Source National Academy of Agricultural Sciences of Ukraine, USDA, Kernel

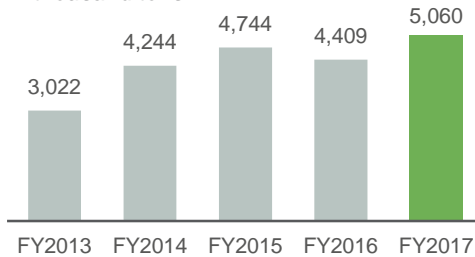
Sunflower oil key sales markets in FY2017, million tons



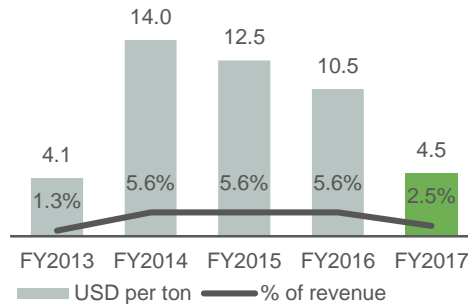
Note 2 Mykolaiv crushing plant has been rented out to 3rd party since August 2016
Note 3 Operated under tolling agreement

1.7 Grain and infrastructure segment

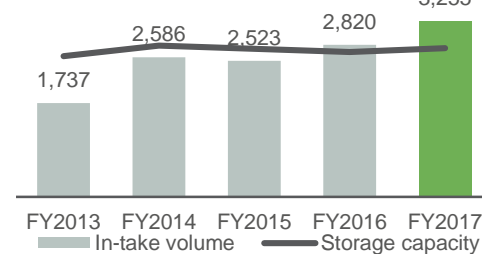
Grain exports,
thousand tons



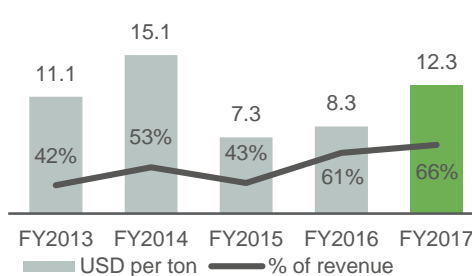
Grain segment's EBITDA margin



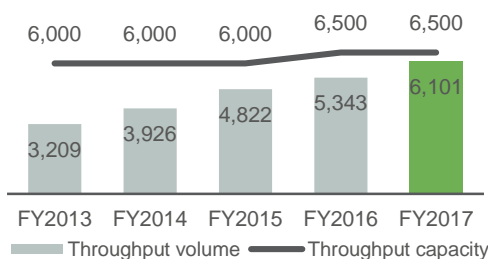
Grain in-take by inland silos,
thousand tons



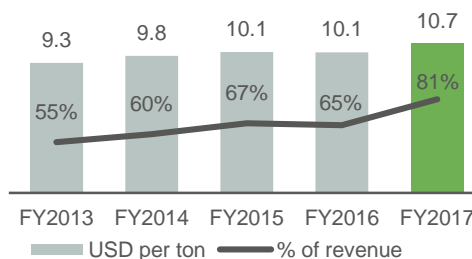
Silo services EBITDA margin



Export terminals throughput 1,
thousand tons



Export terminal EBITDA 2



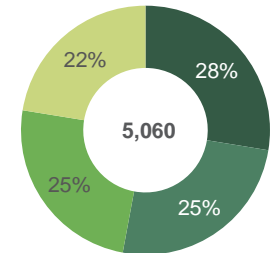
Note 1 Including Taman

Note 2 Taman is not included as its operating results are accounted below Kernel's operating profit

Grain:

- A record Ukrainian harvest, along with strong in-house production, translated into a historical high grain export **volumes** in FY2017
- Margins** declined due to intensified competition as farmers remained slow sellers in low price environment

Key export markets in FY2017



■ Africa ■ Middle East ■ EU ■ Asia

Silo services:

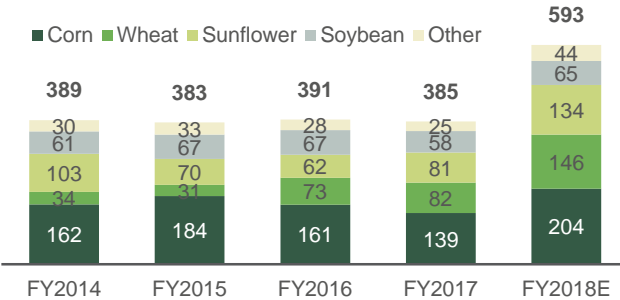
- Solid crop production and above-average rainfalls during the harvesting campaign kept demand for grain drying and storage services high, resulting in a record in-take volumes at our silos in FY2017, amplified by operational optimization with a turnover increase above 1.0x storage capacity
- Strong demand for drying services, which is a the key profit driver, fueled silo services profitability

Export terminals:

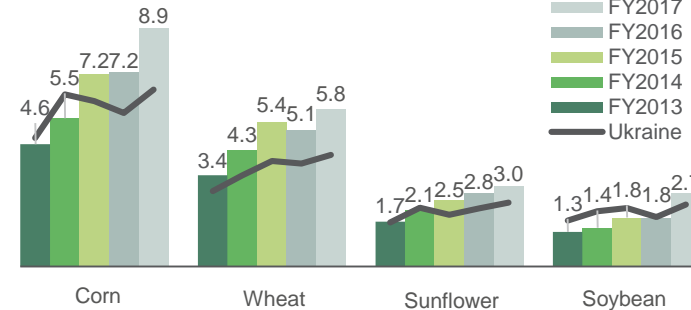
- Robust grain supply in the region and debottlenecking of our existing deep-water transshipment facilities supported a record high grain & oilseed transshipment **volumes** in our export terminals FY2017
- Margins** stay stable, which is natural for capital-intensive infrastructure assets
- Overall, grain and infrastructure business contributed US\$ 110 million of EBITDA in FY2017, up 3% y-o-y**

1.8 Farming segment

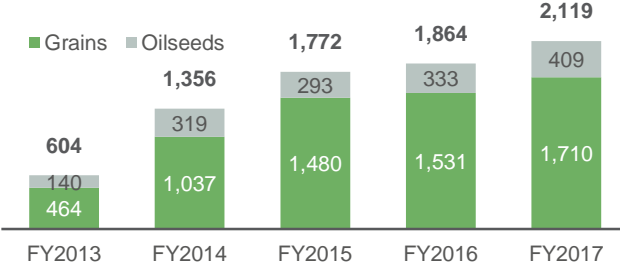
Acreage harvested by crop, thousand ha



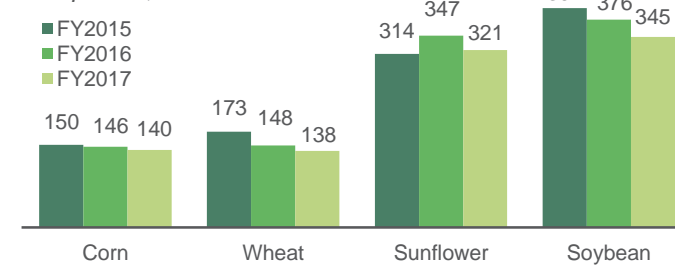
Crop yields, tons per ha, net



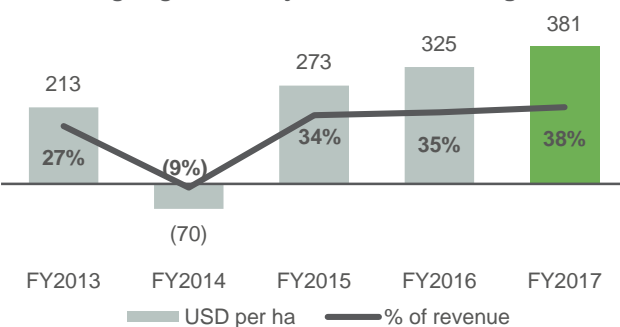
Kernel's crop production, thousand tons



Kernel's farm-gate prices, US\$ per ton, excl. VAT



Farming segment's adjusted EBITDA margin¹



- Consistent application of modern farming technologies, along with the favorable weather conditions, led to the record crop yields achieved in FY2017, consistently higher than Ukrainian averages
- Declining soft commodity prices were offset by reduced field costs as devaluation of local currency and energy cost deflation contributed to a record high EBITDA per hectare in FY2017
- Squeezing crushing margins kept sunflower seed as the most profitable crop in the production mix
- Acquisition of Ukrainian Agrarian Investments and Agro-Invest Ukraine in summer 2017 expanded the leasehold farmland bank by more than 200,000 hectares
- Overall, farming division contributed US\$ 144 million EBITDA in FY2017, down mere 2% y-o-y**
 - At the same time, our adjusted EBITDA (net of IAS41 effect) grew by 16% y-o-y

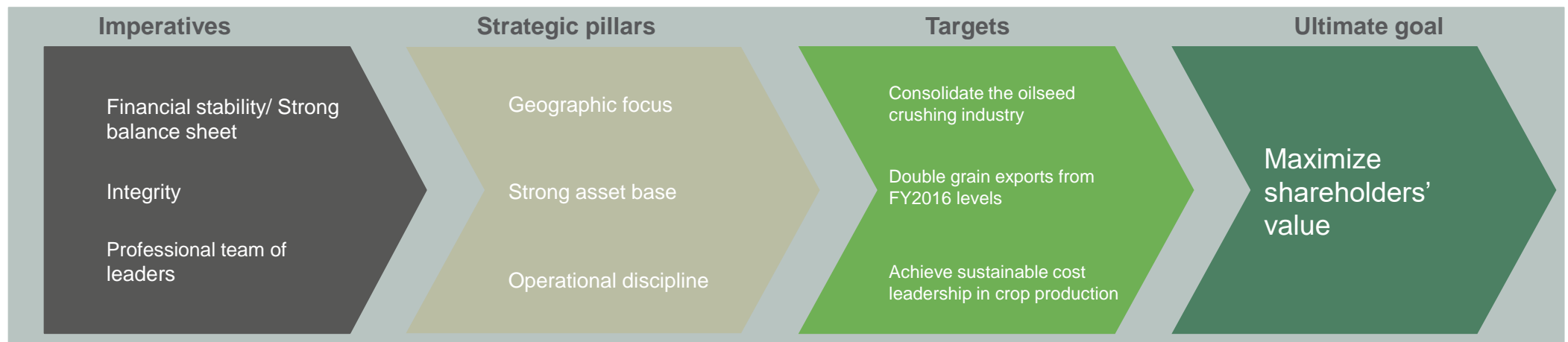
Note 1 Farming segment EBITDA net of IAS41, divided by the acreage harvested

2. Kernel 2021: a road to US\$ 500 million EBITDA



2.1 Kernel's mid-term strategy

We aim to profitably double export volumes by FY2021, providing unique complex solutions to our clients (customers and suppliers), with balanced development of our business segments resulting from an 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

Key deliverables in 2017

- Design and preparation works on greenfield crushing plant in Western Ukraine
- Ongoing M&A dialogue with local producer

Mid-term targets in detail

- Construction of 1-million-ton per year greenfield crushing plant in Western Ukraine
- Alternatively, acquisition of 1.0-1.5 million tons of additional crushing capacities in Western Ukraine



Grain and infrastructure

- Active construction phase on our 2nd 4-million-ton deep-water grain transshipment terminal in Chornomorsk
- Launched Avere – a knowledge and research platform to effectively hedge the expected increase of Kernel's exports to 12 million tons a year

- Double grain exports in FY2021 through greenfield construction of up to 4.0 million tons deep-water transshipment facility in Ukraine
- Expand and streamline silo network to serve growing in-house production and export volumes

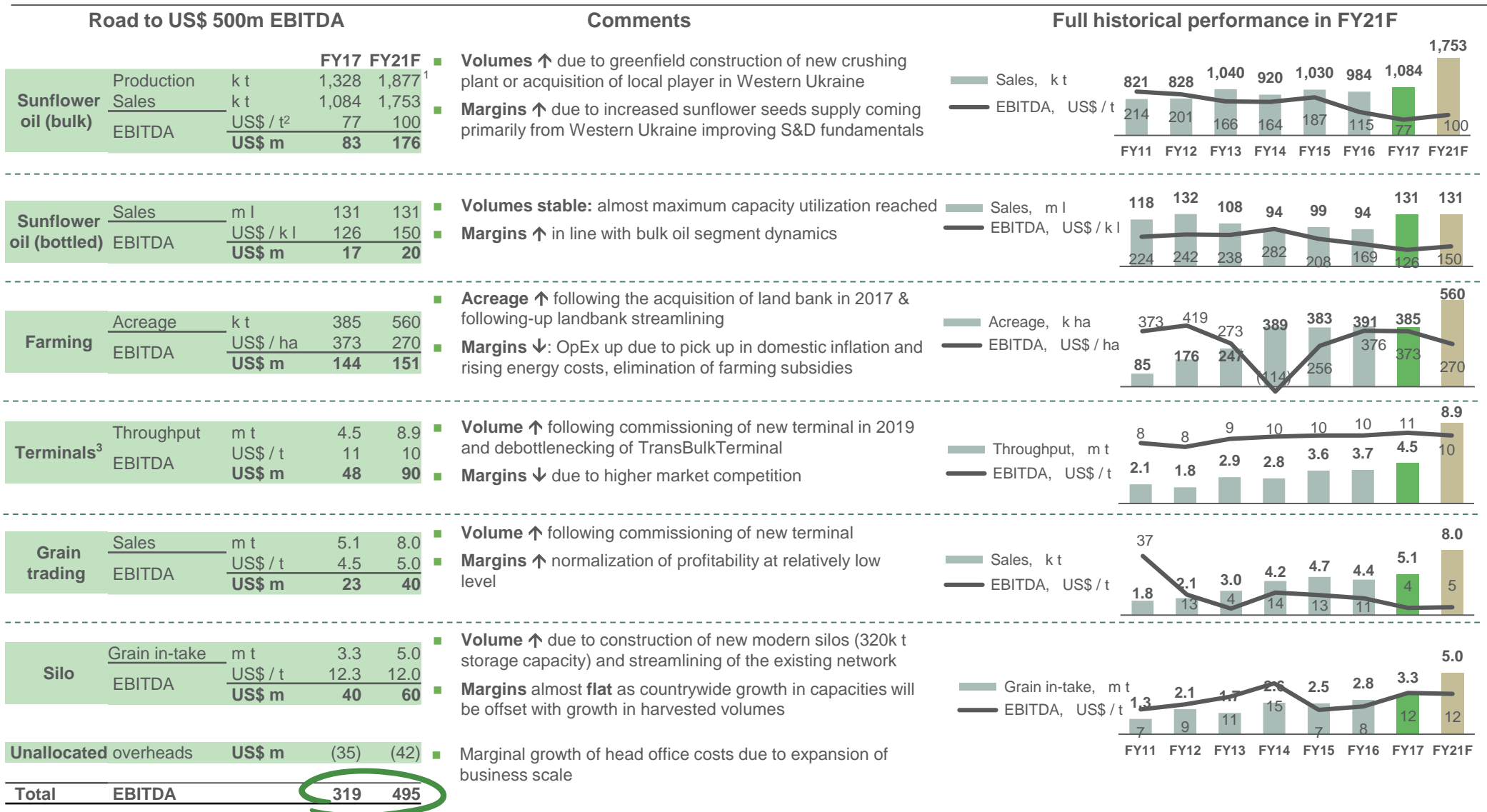


Farming

- Acquisition of Ukrainian Agrarian Investments and AgroInvestUkraine expanded leasehold farmland bank by 200,000 hectares

- Achieve sustainable low-cost crop production through investments in technology
- Smooth integration of recently acquired assets to uplift the operational efficiency and productivity levels to Kernel's high standard

2.2 Road to US\$ 500m EBITDA by 2021 (1/2)

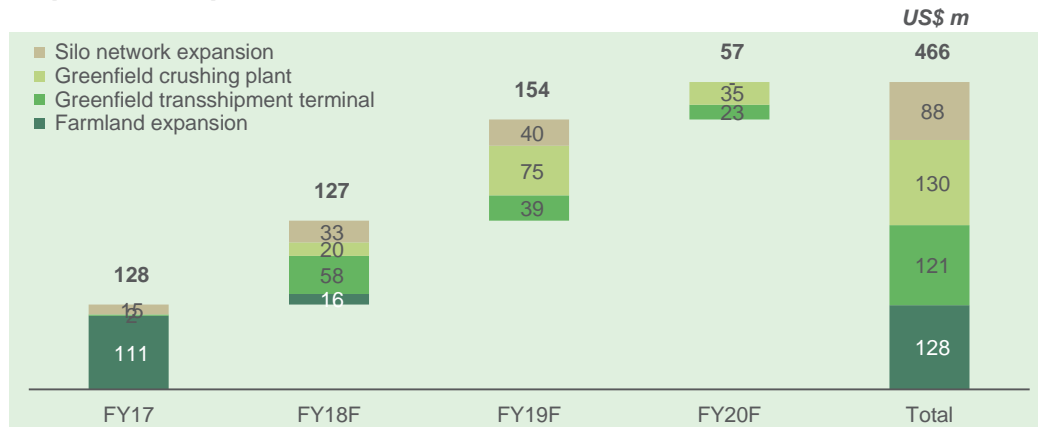


Conservative assumptions underpin US\$ 500m EBITDA target in FY2021

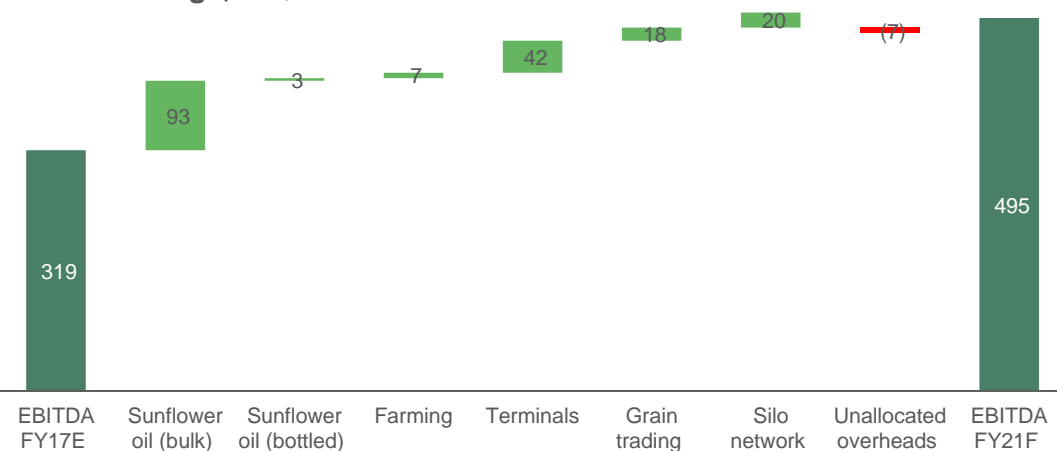
Note 1 Bulk oil inventory level normalization Note 2 Per ton of bulk oil
Note 3 Excluding Taman

2.2 Road to US\$ 500m EBITDA by 2021 (2/2)

Expansion CapEx



EBITDA bridge, US\$ m



Note EBITDA differences with data from slide 5 are possible due to rounding

- In October 2016 Kernel declared an extensive US\$ 500m investment program to support Strategy 2021, reinforced with long-term capital via issuance of debut US\$ 500m Eurobond in January 2017

Expansion CapEx in detail:

- ✓ US\$ 121m investment into 4-million-tons per year deep-water **grain transshipment terminal** in Chornomorsk. Commission due in 2019.
- ✓ US\$ 166m deployed into **land bank and silo network expansion** in summer 2017 (+200k ha of land, +370k t of grain storages)
- ✓ US\$ 50m investment into **expansion and streamlining of silo network** to serve growing needs of farming and grain export divisions
- ✓ US\$ 130m greenfield **construction of 1-million-ton per year crushing plant** in Western Ukraine; land plot secured, ongoing design & preparatory works. Commission due in 2020
 - **Alternative option:** acquisition of **local sunflower oil producer** in Western Ukraine
- **Successful execution of Strategy 2021 shall transform Kernel into US\$ 500m EBITDA business under conservative assumption**
 - Sunflower oil segment with US\$ 96m of incremental EBITDA shall be a major earnings contributor (both due to capacity expansion and slight crushing margins recovery)
 - Commissioning of new grain transshipment terminal to add US\$ 42m EBITDA in transshipment and US\$ 16m EBITDA in grain export business
 - Incremental EBITDA contribution from the newly acquired leasehold land bank shall be offset by market-wide field cost inflation and global weakness of soft commodity prices
 - Marginal contribution from silo division following capacity extension and streamlining of existing network

2.3 Sunflower oil

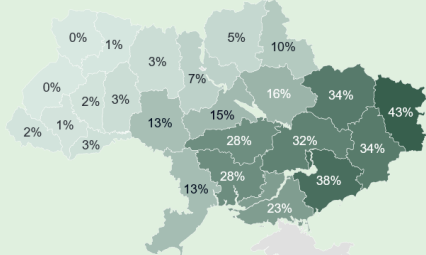
Strong case for the construction of greenfield crushing plant in Western Ukraine

- Extremely high crushing margins over the past 5-6 years drove substantial investment into the sector and resulted in overcapacity, pushing the margins to historically low level.
- We expect the gradual recovery and stabilization of margins at around US\$ 100 per ton of oil within next few seasons, following the rationalization of demand along with the supply growth, primarily from Western Ukraine

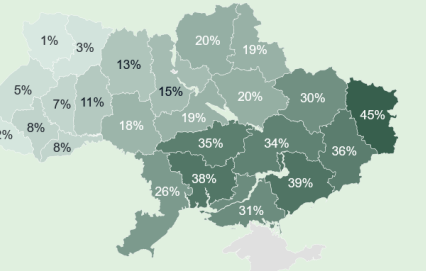
Western Ukraine has the capabilities to increase sunflower seed production by nearly 2 million tons over the next few years

- Ideal weather conditions for sunflower seeds production → yields above Ukrainian average, higher oil content
- Historically long transportation leg to the area of installed crushing capacity prohibited mass production of sunflower seeds in Western Ukraine
- Falling crushing margins along with sunflower seed record profitability enables longer transportation distances, incentivizing oilseed production in Western Ukraine

% of harvested areas under sunflower in MY2010/11



% of harvested areas under sunflower in MY2016/17



West	MY15	MY17	MY21E
Acreage under sunflower, %	3.8%	7.7%	14%
Yield, t/ha	2.3	2.7	3.0
Production, k t	394	963	2,367
Surplus (shortage), k t	190	629	2,033

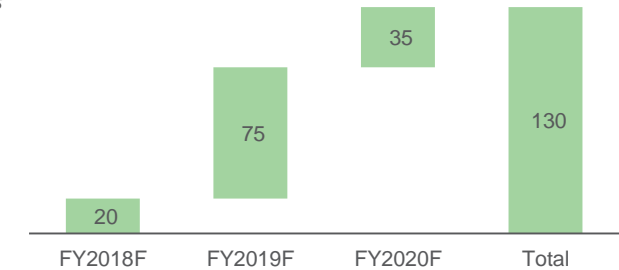
Center	MY15	MY17	MY21E
Acreage under sunflower, %	15%	18%	20%
Yield, t/ha	2.6	2.7	2.9
Production, k t	2,765	3,699	4,685
Surplus (shortage), k t	552	729	1,716

South-East	MY15	MY17	MY21E
Acreage under sunflower, %	30%	33%	31%
Yield, t/ha	1.8	2.1	2.3
Production, k t	6,975	8,965	8,643
Surplus (shortage), k t	(2,227)	(4,925)	(5,247)

- Lack of established players in Western Ukraine → low level of competition for sunflower seeds → higher margins
- Long distance to sunflower seed deficit area is a natural cushion to protect margins
- Kernel aims to enter Western Ukraine regions via greenfield construction of 1-million-ton per year crushing plant or, as an alternative, through the acquisition of local producer in the region

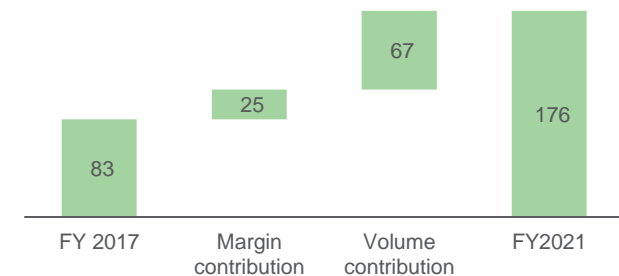
Timeline for capital deployment

US\$ millions



EBITDA bridge (sunflower oil sold in bulk)

US\$ millions



Underlying assumptions

US\$ millions

		FY15	FY16	FY17	FY21F
Crushing volumes (initial)	k t	2,523	2,685	2,959	3,335
Crushing volumes (additional)	k t				931
Oil yield	%	44%	44%	45%	44%
Sunflower oil production	k t	1,110	1,181	1,328	1,877
Sunflower oil sales in bulk (initial)	k t	1,030	984	1,084	1,344
Sunflower oil sales in bulk (additional)	k t				409
EBITDA	US\$ / t	187	115	77	100
EBITDA	US\$ m	193	113	83	176

Summary:

- Investments: **US\$ 130 million**
- Incremental working capital: **US\$ 80 million**
- Target EBITDA contribution: **US\$ 41 million**

2.4 Grain and infrastructure

Construction of TransGrainTerminal and new silos

TransGrainTerminal highlights

- Construction started in 2017
- Commissioning date: autumn 2019
- Transshipment capacity: 4m t per annum

Grain silos construction highlights

- Construction of new silos with 320k t storage capacity to support growth in grain export volumes

Underlying assumptions

Grain transshipment		FY14	FY15	FY16	FY17	FY21F
Throughput (initial) ¹	k t	2,782	3,648	3,724	4,456	4,900
Throughput (TGT)	k t					4,000
EBITDA	US\$ / t	10	10	10	11	10
EBITDA	US\$ m	27	37	37	48	90

Grain trading

Volumes (initial)	k t	4,244	4,744	4,409	5,060	4,000
Volumes (TGT)	k t					4,000
EBITDA	US\$ / t	14.0	12.5	10.5	4.5	5.0
EBITDA	US\$ m	59	59	46	23	40

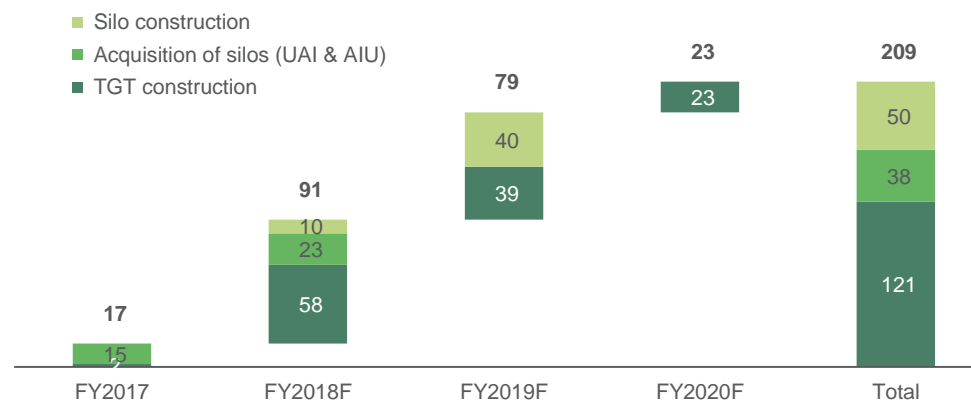
Silo services

Volumes (initial)	k t	2,586	2,523	2,820	3,257	4,360
Volumes (new)	k t					640
EBITDA	US\$ / t	15.1	7.3	8.3	12.3	12.0
EBITDA	US\$ m	39	18	23	40	60

Total EBITDA	US\$ m	126	114	107	110	190
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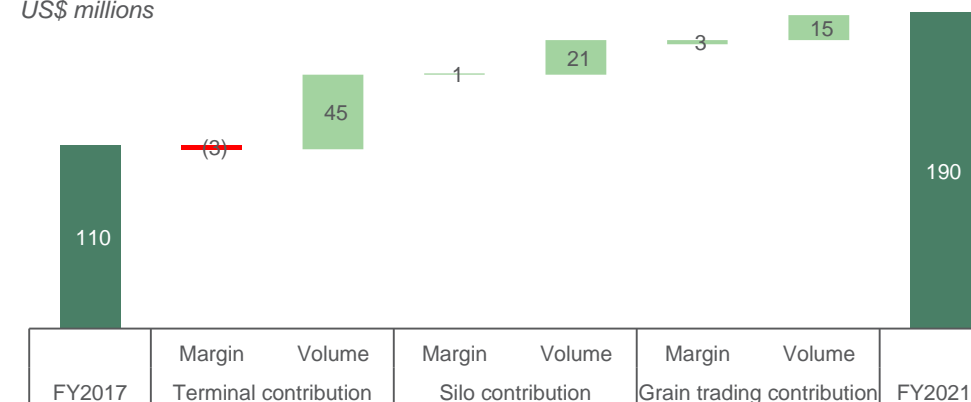
Timeline for capital deployment

US\$ millions



EBITDA contributions

US\$ millions



Summary:

- Investments: **US\$ 209 million**
- Incremental working capital: **US\$ 30 million**
- Target EBITDA contribution: **US\$ 80 million**

Note 1 Excluding Taman

2.5 Farming

Integration of acquired leasehold land bank to uplift productivity to Kernel's standard

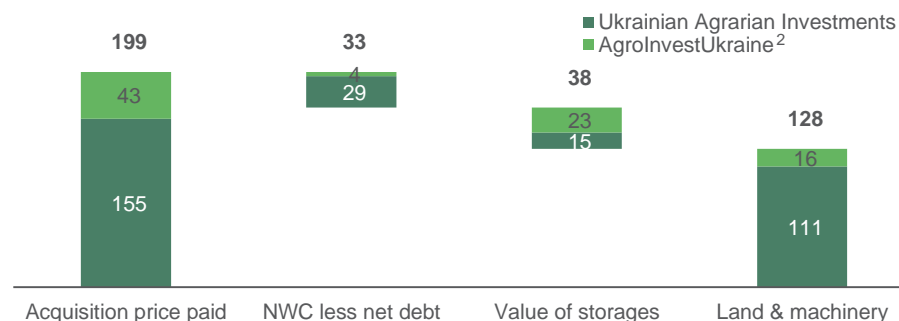
- US\$ 128 million (adjusted for storage capacity and net working capital) has been invested into leasehold farm landbank expansion, increasing the acreage under management to 600,000 hectares
- Following the disposal of suboptimal acreage, Kernel shall operate 550,000 hectares
- Currently management focus is on the smooth integration of newly acquired businesses and uplifting the productivity to Kernel's standard
- We envisage the reduction of margins in farming business due to accelerating inflation of field costs, cancellation of VAT subsidies and prolonged weakness of global soft commodity prices

Underlying assumptions

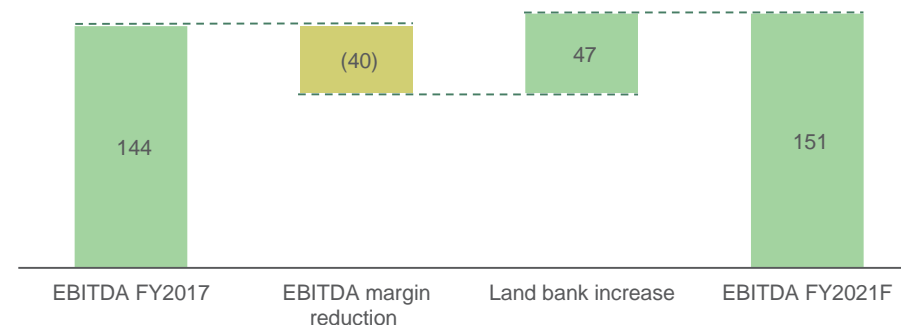
		FY14	FY15	FY16	FY17	FY21F
Acreage harvested	k ha	389	383	391	385	560¹
	Corn t / ha	5.5	7.2	7.2	8.9	8.5
	Wheat t / ha	4.3	5.4	5.1	5.8	5.4
Net crop yields	Sunflower t / ha	2.1	2.5	2.8	3.0	2.9
	Soybean t / ha	1.4	1.8	1.8	2.7	2.4
	Rapeseed t / ha	2.5	-	4.4	3.0	3.2
EBITDA	US\$ m	(44)	98	147	144	151
EBITDA	US\$ / ha	n/m	256	376	373	270

Note 1 After land bank streamlining flowing recent acquisitions
Note 2 Preliminary figures

Expansion CapEx US\$ millions



EBITDA contributions US\$ millions



Summary:

- Investments: **US\$ 128 million**
- Incremental working capital: **US\$ 100 million**
- Target EBITDA contribution: **US\$ 47 million**

3. FINANCIALS AND OUTLOOK



3.1 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
Revenue	215	350	663	1,047	1,020	1,899	2,072	2,797	2,393	2,330	1,989	2,169
Net IAS 41 gain / (loss)	-	-	-	-	-	-	-	15	(17)	(7)	20	(3)
Cost of sales	(173)	(267)	(505)	(730)	(709)	(1,440)	(1,614)	(2,361)	(1,968)	(1,810)	(1,548)	(1,723)
Gross profit	42	83	159	317	311	460	457	451	408	512	460	443
Other operating income	1	8	25	17	18	26	66	67	60	83	45	41
Distribution costs	(20)	(39)	(52)	(143)	(134)	(170)	(199)	(238)	(263)	(199)	(158)	(159)
G&A expenses	(11)	(13)	(20)	(24)	(27)	(38)	(67)	(78)	(77)	(68)	(59)	(60)
EBIT	12	39	112	167	167	277	257	201	129	328	287	265
Financial costs, net	(9)	(19)	(28)	(32)	(23)	(42)	(63)	(75)	(72)	(69)	(57)	(62)
FX gain(loss), net	(1)	(1)	3	(3)	11	2	5	3	(99)	(153)	30	(3)
Other non-operating items	(2)	(2)	5	(4)	(4)	(28)	(3)	(8)	(48)	(5)	(13)	(3)
Income tax	0	2	(9)	5	0	18	9	(6)	(11)	(0)	(4)	(19)
Net profit from continuing operations	0	19	82	132	152	226	206	115	(102)	101	244	179
Profit / (loss) from discontinued operations	-	-	-	-	-	-	5	(10)	(6)	(5)	(17)	-
Net profit	0	19	82	132	152	226	211	105	(107)	96	227	179
Net profit attributable to shareholders	1	20	83	136	152	226	207	112	(98)	107	225	176
<i>EPS, US\$</i>		-	2.1	2.0	2.2	3.0	2.6	1.4	(1.2)	1.3	2.8	2.2
<i>ROE¹</i>		37%	36%	36%	32%	29%	19%	9%	(8%)	11%	24%	16%
<i>ROIC²</i>		21%	25%	26%	22%	23%	17%	9%	(1%)	11%	21%	15%
<i>Net Income / Invested Capital</i>		14%	36%	21%	23%	24%	15%	6%	-5%	6%	17%	13%
EBITDA, incl.	17	46	123	190	190	310	319	288	223	397	346	319
Sunflower oil	-	-	81	89	101	202	198	199	178	213	129	100
Grain and infrastructure	-	-	40	112	80	94	59	59	126	114	107	110
Farming	-	-	20	7	23	32	74	67	(44)	98	146	144
Unallocated expenses and other	-	-	(18)	(18)	(14)	(18)	(12)	(38)	(36)	(29)	(36)	(35)
<i>Gross margin</i>	19%	24%	24%	30%	30%	24%	22%	16%	17%	22%	23%	20%
<i>EBITDA margin</i>	8%	13%	19%	18%	19%	16%	15%	10%	9%	17%	17%	15%
<i>Net margin</i>	0.6%	5.6%	12.6%	12.9%	14.9%	11.9%	10.0%	4.0%	(4.1%)	4.6%	11.3%	8.1%

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 attributable to shareholders

3.2 Balance sheet

Balance sheet highlights

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Cash & cash equivalents	6	25	89	129	59	116	83	79	65	129	60	143
Net trade accounts receivable	9	10	49	32	65	112	146	151	100	56	75	87
Prepayments to suppliers & other current assets	7	9	30	26	94	81	90	110	57	61	53	83
Prepaid taxes	9	22	23	73	206	221	236	210	156	105	138	143
Inventory	32	40	145	99	148	184	410	270	300	159	200	387
<i>of which: readily marketable inventories</i>	29	38	139	91	143	141	336	157	243	140	184	354
Biological assets	3	10	42	19	26	96	153	247	183	147	190	256
Other current assets	-	-	-	-	-	-	-	23	12	2	4	21
Intangible assets and goodwill	10	28	103	81	118	152	228	321	233	172	159	219
Net property, plant & equipment	72	128	232	222	379	503	728	763	643	535	539	570
Other non-current assets	5	3	43	19	29	109	41	187	170	100	91	100
Total assets	156	275	756	700	1,125	1,573	2,116	2,362	1,919	1,466	1,509	2,009
Trade accounts payable	1	6	6	8	11	27	25	47	33	27	42	53
Advances from customers & other current liabilities	5	9	22	26	131	102	155	202	80	63	77	89
Interest-bearing debt	93	157	256	295	345	422	693	725	743	463	339	637
Short-term debt	29	44	127	160	210	266	266	450	483	367	254	134
Long-term debt	54	102	98	133	135	156	427	276	260	95	84	8
Corporate bonds issued	10	10	31	2	-	-	-	-	-	-	-	494
Other liabilities	9	18	32	14	32	24	33	35	32	21	55	73
Total liabilities	108	190	315	342	520	575	906	1,009	888	575	512	851
Total equity	48	85	440	357	605	997	1,211	1,352	1,031	891	997	1,158
<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	0.5x
<i>Debt / assets ratio</i>	60%	57%	34%	42%	31%	27%	33%	31%	39%	32%	22%	32%

Liquidity position and credit metrics

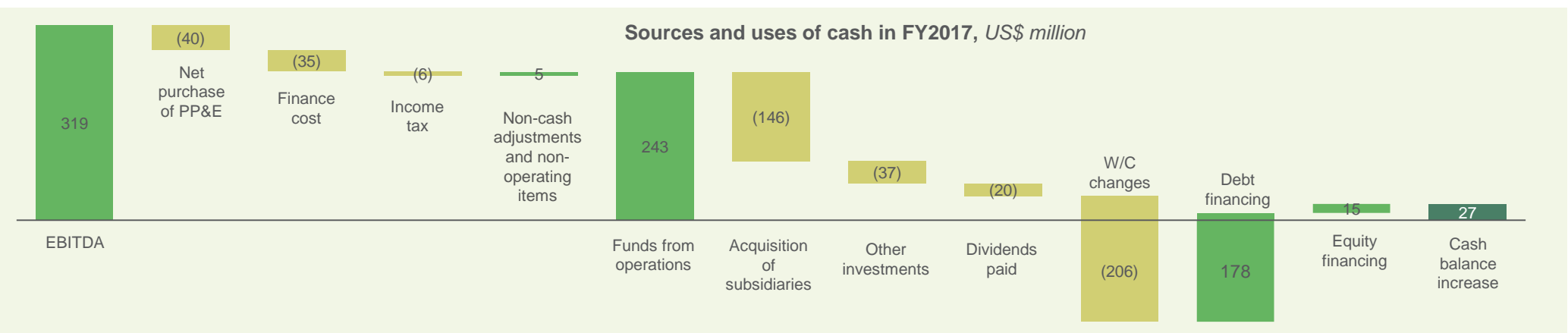
Gross interest-bearing debt	94	158	259	300	350	428	698	734	749	469	343	639
Cash	6	25	89	129	59	116	83	79	65	129	60	143
Net interest-bearing debt	88	133	170	170	291	312	616	655	684	339	283	496
Readily marketable inventories ⁽⁴⁾	29	38	139	91	143	141	336	157	243	140	184	354
Adjusted net financial debt	58	95	32	79	148	170	280	498	441	199	99	142
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
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	0.4x
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

Note: financial year ends 30 June.

Source: Consolidated audited financial accounts for 12 months, periods ending 30 June 2006 to 2016

3.3 Cash flow statement

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
EBITDA	17	46	123	190	190	310	319	288	223	397	346	319
Net purchase of PP&E	(6)	2	(24)	(89)	(56)	(48)	(93)	(91)	(42)	(23)	(30)	(40)
Finance cost paid	(9)	(18)	(28)	(32)	(23)	(36)	(67)	(76)	(72)	(68)	(58)	(35)
Income tax paid	(0)	(1)	(3)	(2)	(1)	(3)	(7)	(43)	(40)	(13)	(3)	(6)
Non-cash adjustments and non-operating items	(0)	(1)	7	(32)	12	(36)	(27)	1	(41)	(70)	(18)	5
Funds from operations	1	28	75	35	123	187	125	78	28	223	237	243
Change in working capital	(36)	(15)	(210)	(25)	(97)	(180)	(242)	135	(1)	147	(136)	(206)
Acquisition of subsidiaries and JVs, net	-	(60)	(97)	(5)	(70)	(11)	(136)	(152)	(41)	2	(36)	(146)
Other investments	1	0	(49)	(1)	1	(66)	(0)	(23)	(1)	(4)	6	(37)
Dividends paid	-	-	-	-	-	-	-	-	-	(20)	(20)	(20)
Free cash flow	(34)	(46)	(281)	4	(44)	(71)	(253)	38	(14)	349	51	(166)
Financing	31	64	315	36	4	124	225	(48)	7	(290)	(115)	193
Debt	32	62	81	36	(77)	(18)	220	(45)	7	(289)	(115)	178
Equity	(1)	3	235	-	81	141	5	(2)	-	(1)	-	15
Cash EoP	6	25	59	98	58	110	83	73	65	124	60	87
Cash conversion cycle	n/a	71	91	89	126	95	124	94	90	71	66	88
Payment period, days	n/a	(5)	(4)	(3)	(5)	(5)	(6)	(6)	(7)	(6)	(8)	(10)
Inventories processing, days	n/a	49	67	61	64	42	67	53	53	46	42	62
Receivables collection, days	n/a	10	16	14	18	17	23	19	19	12	12	14
VAT receivables, days	n/a	17	13	17	50	41	40	28	26	18	20	22



3.4 Outlook for FY2018

- We broadly assume weak business conditions to prevail in FY2018 keeping financial performance under pressure.
- Ukrainian farmers are expected to deliver close to 13.0 million tons of sunflower seeds as unfavorable weather in central and southeastern Ukraine adversely impacted crop yields, reducing the total sunflower seed supply by more than one million tons compared to last season. Despite the lower harvest, we aim to crush 3.2 million tons of sunflower seeds in FY2018 to maximize capacity utilization, which together with the sizable brought-forward stock shall translate into record high export volumes of bulk sunflower oil. Obviously, we maintain a cautious outlook for crushing margins in FY2018.
- Our grain and infrastructure division is projected to operate at full capacity, mirroring both operational and financial performance of FY2017.
- We also anticipate the decline of earnings in the farming division. Five consecutive years of falling global soft commodity prices, declining crop yields due to a hot summer in central Ukraine, where we have a substantial farmland bank, and accelerated local cost inflation following devaluation of domestic currency in previous periods will take its toll, squeezing profitability from farming operations. Moreover, the ongoing integration of recently acquired farming businesses will require at least one season to bring the productivity levels to Kernel's standard, further diluting the operational performance of the division in FY2018.

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Investor calendar

- Q1 FY2018 Financial Report **27 November 2017**
- Annual general shareholders' meeting **11 December 2017**
- Q2 FY2018 Operations Update **20 January 2018**
- H1 FY2018 Financial Report **28 February 2018**
- Q3 FY2018 Operations Update **18 April 2018**
- Q3 FY2018 Financial Report **25 May 2018**
- Q4 FY2018 Operations Update **17 July 2018**
- FY2018 Financial Report **22 October 2018**

APPENDICES



A1. Key highlights

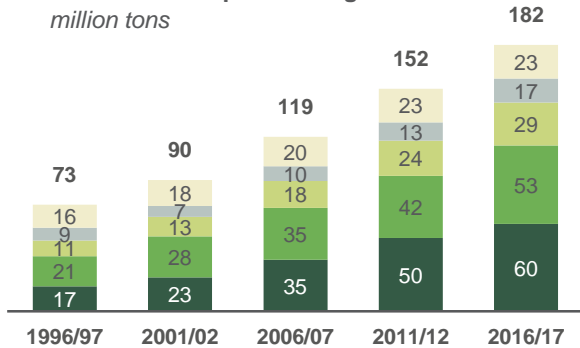
- Kernel operates in globally competitive growing Ukrainian agri sector
- Integrated, resilient and simple business model built around scale & global reach
- Leader across all market segments supported by unparalleled world-class asset base with high barriers to entry
- Top standard of corporate governance
- Solid financial performance and position
- Clear 2021 strategy reinforced with unmatched track record
- Financial performance target of US\$ 500m EBITDA in FY2021 is based on conservative assumptions and investments under management control
- Reversion of low commodity cycle and farmland market reform in Ukraine are free options imbedded into Kernel's business model

A2. Markets and business environment

Sunflower oil

Global consumption of vegetable oils

million tons

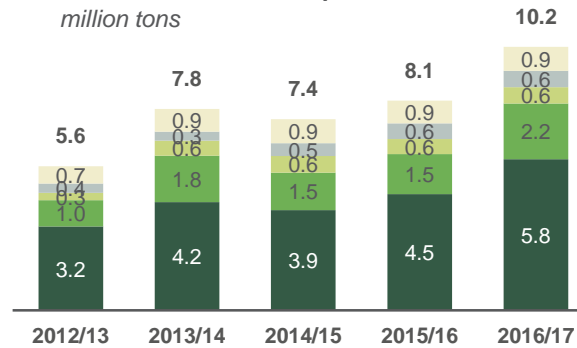


Legend: Palm, Soybean, Rapeseed, Sunflower seed, Other

Source: USDA

Global sunflower oil exports

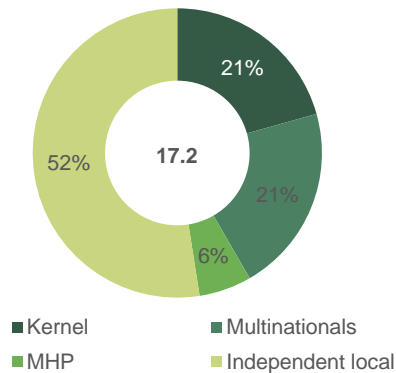
million tons



Legend: Ukraine, Russia, Turkey, Argentina, Other

Source: USDA

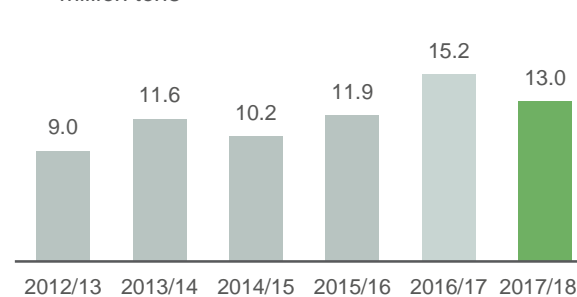
Sunflower seed industrial crushing capacity in Ukraine (2017), million tons



Source: National Academy of Agricultural Sciences of Ukraine, Kernel's estimates

Sunflower seed harvest in Ukraine

million tons



Source: USDA for historical data, forecast as per Kernel's estimates

Global edible oils market trends

- Following the global demographic trends, world consumption of vegetable oils achieved healthy 2.5% y-o-y growth in 2016/17 marketing season to 182 million tons. Sunflower oil was the fastest growing market segment, adding up 9.0% y-o-y and reaching a record 16.5 million tons worldwide, thanks to changes in dietary patterns in India, EU and Northern Africa. As a result, share of sunflower oil in global consumption of vegetable oils increased to 9.1% in 2016/17 from 8.5% year ago
- Global production of vegetable oil increased 5.3% y-o-y to 186 million tons, and sunflower oil segment demonstrated 18.2% y-o-y growth to record high 18.2 million tons, mainly due to the record harvest of sunflower seeds in Ukraine and Russia, which both account for 58% of global sunflower seeds production. As a result, sunflower oil market felt the largest relative misbalance, which put a downward pressure on prices, with Black Sea's sunflower oil FOB prices descending from US\$800 to US\$720 per ton during 2016/17 marketing year.
- Ukraine remained the largest supplier of sunflower oil globally and exported to international markets 5.8 million tons of sunflower oil, or 57% of total international export.

Sunflower seed processing in Ukraine

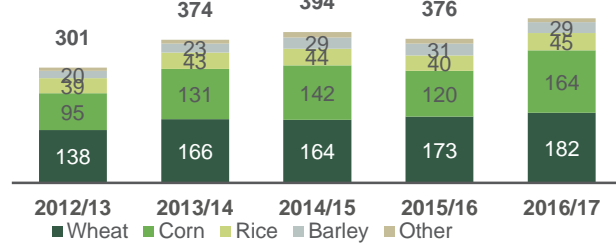
- In the 2016/17 marketing season, farmers in Ukraine produced a record harvest of sunflower seeds, due to both the largest ever harvested areas and unprecedented yields supported by favorable weather conditions.
- With negligible amounts of export and import and virtually unchanged stocks, 96% of the harvested seed was crushed domestically to produce 6.4 million tons of sunflower oil, of which 5.8 million tons were exported.
- Effective crushing capacities continued to increase due to commissioning of brand new crushing facilities and modernization of existing capacities (done both by foreign and local players) and a return to the market of producers who were not operating during previous seasons. On top of that, small producers became more active due to better access to working capital financing, thus increasing demand for sunflower seed. As a result, the gap between supply (sunflower seed harvested) and demand (crushing capacity) widened, shifting the bargaining power to farmers, depressing margins for processors and resulting in underutilization of crushing capacities.

A2. Markets and business environment

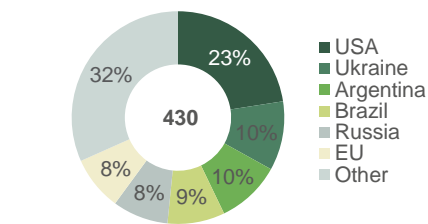
Grain and infrastructure

Global trends

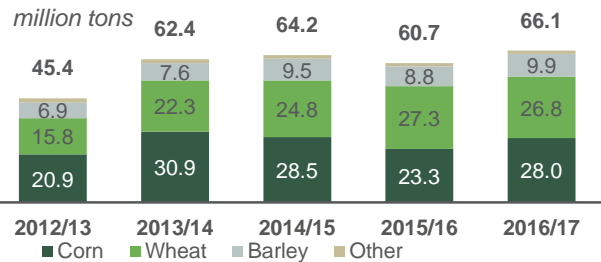
Global grain exports
million tons



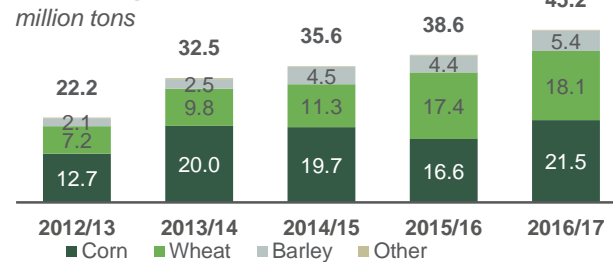
Top grain exporting countries
million tons



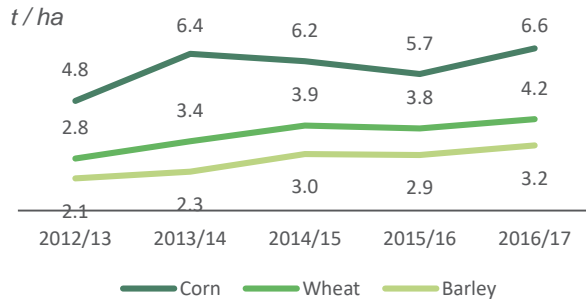
Grain production in Ukraine
million tons



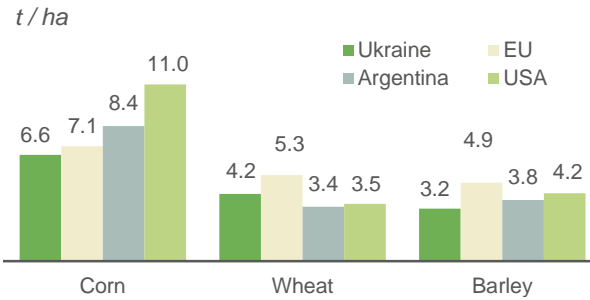
Ukrainian grain export
million tons



Grain yields in Ukraine
t/ha



Grain yields in MY2016/17
t/ha



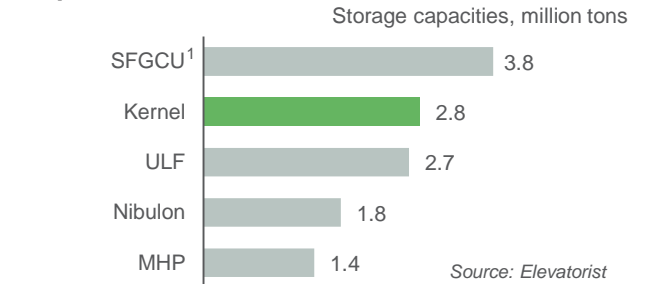
- Being the 2nd largest grain exporter in the world, Ukraine still has a significant potential to increase grain production by applying more efficient crop production techniques and reaching higher yields, which are currently 20-40% lower than those of developed producers
- With stable domestic consumption, productivity gains shall directly translate into export volumes growth

Top 5 grain exporters from Ukraine

2013/14	2014/15	2015/16	2016/17
Nibulon	Nibulon	SFGCU	Nibulon
Louis Dreyfus	SFGCU	Kernel	Kernel
A. Toepfer	Kernel	Nibulon	SFGCU
Kernel	Louis Dreyfus	Cargill	ADM
SFGCU	Cofco	ULF	Cargill

Source: Agrochart, Ukrainian Agrarian Confederation, Kernel

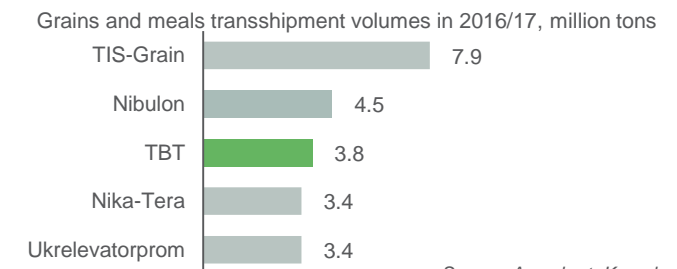
Top 5 silo networks in Ukraine



Source: Elevatorist

(1) State Food and Grain Company of Ukraine

Top 5 grain transshipment terminals in Ukraine



Source: Agrochart, Kernel

- Having leading positions in grain trading and infrastructure segments, Kernel is **the best positioned platform in Ukraine** to benefit from future growth of export volumes from Ukraine.

A2. Markets and business environment

Low cycle of soft commodity prices

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



Note

1. **Corn:** U.S. No. 2 Yellow, FOB Gulf of Mexico, U.S. price, US\$ per metric ton
2. **Wheat:** No.1 Hard Red Winter, ordinary protein, FOB Gulf of Mexico, 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**
- **Price recovery will have a direct positive impact on profitability**

Kernel, with >40% of its EBITDA being generated by the farming (upstream) business, is best positioned to benefit from the global recovery of soft commodity prices