

KERNEL HOLDING S.A.

OPERATIONS UPDATE FOR THREE MONTHS ENDED 30 JUNE 2014

Production, sales and throughput:

Volume and tonnage	Q4 FY2014 ⁽¹⁾	Q4 FY2013 ⁽²⁾	yoy
Grain sales, tons	713,897	790,874	(9.7%)
Bulk oil sales, tons	298,335	290,270	2.8%
Bottled oil sales, '000 liters	19,006	24,030	(20.9%)
Sunflower seed crush, tons	668,018	417,239	60.1%
Export terminals throughput, tons ⁽³⁾	841,205	619,808	35.7%

(1) Three months ended 30 June 2014.

(2) Three months ended 30 June 2013.

(3) Including 174,625 tons transhipped through Taman port in Q4 FY2014 and 63,804 tons in Q3 FY2013, which represents 50% of the total throughput volume of the Taman facility (Kernel Holding S.A. owns 50% of Taman grain transshipment facility).

Key highlights:

- Strong sunflower seed crush volumes of 668.0 thousand tons in Q4 FY2014, up 60.1% yoy, reflect better utilization following the strong sunflower seed harvest in 2013.
- Sunflower oil sales in bulk are marginally up by 2.8% yoy to 298.3 thousand tons in Q4 FY2014 with a material yoy increase in contracted volumes for the upcoming first quarter.
- Grain sales down 9.7% yoy to 713.9 thousand tons in Q4 FY2014 owing to shift in seasonality, while full year volumes up 40.5% yoy to 4.2 million tons in FY2014.
- Export terminals throughput up 35.7% yoy to 841.2 thousand tons in Q4 FY2014, with growth stemming from a higher share of export volumes going through Kernel-owned terminals.
- Since the severe political crisis in Ukraine that began in November 2013, the Company to date has been operating in the normal course of business.

Legislative:

- The European Council approved a proposal to remove import duties on Ukrainian exports to the EU for a certain group of goods, effective since the end of April 2014. Among those goods exported by Kernel, the EU has cut the import duty on unrefined sunflower oil to 0% from 2.9% and on refined sunflower oil (bottled or sold in bulk) to 0% from 6.1%. The proposed changes also stipulate that the EU has established new zero-duty import quotas for grain originating from Ukraine at 1.2 million tons (total for wheat and barley).

Selected average commodity prices, USD/t	Q4 FY2014 ⁽¹⁾	Q4 FY2013 ⁽²⁾	yoy
Sunflower oil, Ukraine FOB, Black Sea	879	1,127	(22.0%)
Wheat, Ukraine FOB, Black Sea	284	305	(7.1%)
Corn, Ukraine FOB, Black Sea	244	275	(11.1%)
Barley, Ukraine FOB, Black Sea	235	293	(19.9%)

(1) Three months ended 30 June 2014.

(2) Three months ended 30 June 2013.

Source: APK-Inform. The prices are indicative and could differ from those realized by Kernel.

Consolidated Financial Statements for the 12 months ended 30 June 2014 will be published after the market close on 31 October 2014.

Appendix 1 – FY2014 vs. FY2013

Volume and tonnage	FY2014⁽¹⁾	FY2013⁽²⁾	yoy
Grain sales, tons	4,244,679	3,021,704	40.5%
Bulk oil sales, tons	920,289	1,040,332	(11.5%)
Bottled oil sales, '000 liters	94,364	108,227	(12.8%)
Sunflower seed crush, tons	2,335,231	2,314,789	0.9%
Export terminals throughput, tons ⁽³⁾	3,926,355	3,209,167	22.3%
Inland silos grain and oilseeds throughput, tons	2,584,285	1,736,625	48.8%

(1) 12 months ended 30 June 2014.

(2) 12 months ended 30 June 2013.

(3) Including 1,144,717 tons transhipped through Taman port in FY2014 and 298,802 tons in FY2013, which represents 50% of the total throughput volume of the Taman facility (Kernel Holding S.A. owns 50% of Taman grain transshipment facility).

Selected average commodity prices, USD/t	FY2014⁽¹⁾	FY2013⁽²⁾	yoy
Sunflower oil, Ukraine FOB, Black Sea	898	1,156	(22.3%)
Wheat, Ukraine FOB, Black Sea	275	322	(14.6%)
Corn, Ukraine FOB, Black Sea	218	289	(24.7%)
Barley, Ukraine FOB, Black Sea	241	304	(20.9%)

(1) 12 months ended 30 June 2014.

(2) 12 months ended 30 June 2013.

Source: APK-Inform. The prices are indicative and could differ from those realized by Kernel.

Appendix 2 – Q4 FY2014 vs. Q3 FY2014

Volume and tonnage	Q4 FY2014⁽¹⁾	Q3 FY2014⁽²⁾	qoq
Grain sales, tons	713,897	1,310,816	(45.5%)
Bulk oil sales, tons	298,335	264,497	12.8%
Bottled oil sales, '000 liters	19,006	22,582	(15.8%)
Sunflower seed crush, tons	668,018	708,877	(5.8%)
Export terminals throughput, tons ⁽³⁾	841,205	1,038,469	(19.0%)

(1) Three months ended 30 June 2014.

(2) Three months ended 31 March 2014.

(3) Including 174,625 tons transhipped through Taman port in Q4 FY2014 and 221,096 tons in Q3 FY2014, which represents 50% of the total throughput volume of the Taman facility (Kernel Holding S.A. owns 50% of the Taman grain transshipment facility).

Selected average commodity prices, USD/t	Q4 FY2014⁽¹⁾	Q3 FY2014⁽²⁾	qoq
Sunflower oil, Ukraine FOB, Black Sea	879	866	1.5%
Wheat, Ukraine FOB, Black Sea	284	284	(0.2%)
Corn, Ukraine FOB, Black Sea	244	224	8.9%
Barley, Ukraine FOB, Black Sea	235	239	(1.8%)

(1) Three months ended 30 June 2014.

(2) Three months ended 31 March 2014.

Source: APK-Inform. The prices are indicative and could differ from those realized by Kernel.

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