

Kernel publishes Q1 FY2016 financial report

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“Revenue decreased 35% y-o-y to USD 377.7 million in Q1 FY2016, as sales volumes declined 22-24% y-o-y and international agricultural prices were lower than a year ago.”

KYIV, Nov 25, 2015 (UBO) — Kernel, Ukraine’s largest publicly held agricultural producer and trader, today announced its financial results for the first quarter of fiscal year 2106.

The main elements of the company announcement appear below: Kernel Holding S.A. informs that the Condensed Consolidated Interim Financial Statements for 3 months ended 30 September 2015 are published and available on the Company’s web-site. Management will hold a conference call today at the following times: 16.00 (Kyiv) 15.00 (CET) 14.00 (UK) 09.00 (EST) DIAL IN DETAILS International +44 203 043 2440 UK 0808 238 1774 US 1 877 887 4163 Poland +48 222 953 528 PIN Code 358838# Accompanying presentation is available on the Company’s website at the following link: <http://www.kernel.ua/media/uploads/li ... Q1FY2016 Presentation.pdf>

Key Q1 FY2016 Highlights: Revenue decreased 35% y-o-y to USD 377.7 million in Q1 FY2016, as sales volumes declined 22-24% y-o-y and international agricultural prices were lower than a year ago. EBITDA was USD 55.1 million in Q1 FY2016, down 32% y-o-y, as a result of lower sales volumes, normalization of the crush margin, and a higher contribution from the farming division. Net profit came to USD 23.9 million in Q1 FY2016, up 2% y-o-y, as financial costs fell significantly and our foreign exchange loss was almost 4x lower y-o-y because of a lower devaluation pace. Sunflower oil performance was above expectations, though both sales and margins declined from the abnormally high levels of a year ago. The availability of sunflower seed on the market during this quarter was low because of the end of the marketing season (September-August) and a lower harvest last year in Ukraine. As a result, production and sales volumes decreased, though the commencement of rapeseed crushing partially offset the decline. Consequently, the sunflower oil business’s EBITDA was USD 25.9 million in Q1 FY2016, down 42% y-o-y. Full year oilseed crush is expected to be 2.7 million tons in FY2016, up from 2.5 million tons a year ago. The grain segment’s export volumes went down 24% y-o-y to 0.9 million tons in Q1 FY2016 as the weak global price environment dampened farmers’ selling activity in Ukraine. The grain and infrastructure segments’ margins were comparable to last year’s numbers, resulting in a total EBITDA contribution of USD 21.0 million in Q1 FY2016, down 28% y-o-y. The farming segment’s EBITDA was up 49% y-o-y to USD 16.0 million. FY2016 corn and soybean yields are comparable to the previous year’s levels despite Ukraine’s average trend of a double-digit decline because of the drought in August. The sunflower seed yield is up 8% y-o-y. Overall, further improvements in farming technology and execution improved our premium to Ukraine’s average. Net debt decreased to USD 386.8 million as of 30 September 2015 vs. USD 653.9 million a year ago, as we used strong cash flow generation in the course of FY2015 to strengthen our balance sheet. The recording of the conference call will be available for seven days.

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