



Current report no 05/2019

dated 18 February 2019

ACQUISITION OF A RAILCAR BUSINESS IN UKRAINE

Kernel Holding S.A. (herein “**the Company**”) is pleased to announce that the investment fund owned by the Company acquired 100% interest in Rail Transit Kargo Ukraine LLC (herein “RTK-Ukraine”) for the enterprise value of US\$ 64 million. Adjusted for working capital and net debt, Company paid US\$ 49 million in cash at completion while the remaining balance shall be released upon the achievement of certain conditions.

RTK-Ukraine is the owner of 2,949 grain railcars accounting for nearly 15% of the market and making it the second largest grain hopper wagon fleet operator in the country after the state monopoly Ukrainian Railways. The acquisition shall not only contribute an estimated incremental EBITDA of up to US\$ 20 million annually and protect the Company against ever rising logistic costs, but it shall also procure the smooth and efficient flow of grains from inland silos to the ports as Company’s export volumes increase following the commissioning of TransGrainTerminal in the port of Chornomorsk.

Legal grounds: Art. 56.1.1 of the Act of 29 July 2005 on public offerings, conditions governing the introduction of financial instruments to the organised trading system, and public companies.

Signatures of individuals authorized to represent the Company:

Anastasiia Usachova

Yuriy Kovalchuk