



Half Year 2021 Results Briefing

August 13, 2021

Notice



This presentation should be read in conjunction with Olam International Limited's Financial Statements and Management Discussion and Analysis for the Half Year ended June 30, 2021 ("H1 2021") lodged on SGXNET on August 13, 2021.

Cautionary note

on forward-looking statements

- This presentation and announcement entitled “Half Year 2021 Results” may contain statements regarding the business of Olam International Limited and its subsidiaries (the ‘Group’) that are of a forward-looking nature and are therefore based on management’s assumptions about future developments.
- Such forward looking statements are intended to be identified by words such as ‘believe’, ‘estimate’, ‘intend’, ‘may’, ‘will’, ‘expect’, and ‘project’, and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors.
- Potential risks and uncertainties includes such factors as general economic conditions, foreign exchange fluctuations, interest rate changes, commodity price fluctuations and regulatory developments. Such factors that may affect Olam’s future financial results are detailed in our listing prospectus, offering circulars, information memorandums, information listed in this presentation, or discussed in today’s news releases and in the Management Discussion and Analysis section of the Company’s and the Group’s Half Year ended June 30, 2021 results report and filings on SGXNET. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward-looking statements.

Presenters



Sunny Verghese
Co-Founder and Group CEO



A. Shekhar
*Executive Director
CEO, OFI*



N. Muthukumar
Group CFO

AGENDA



Half Year 2021 Group financial highlights



Segmental performance by operating groups

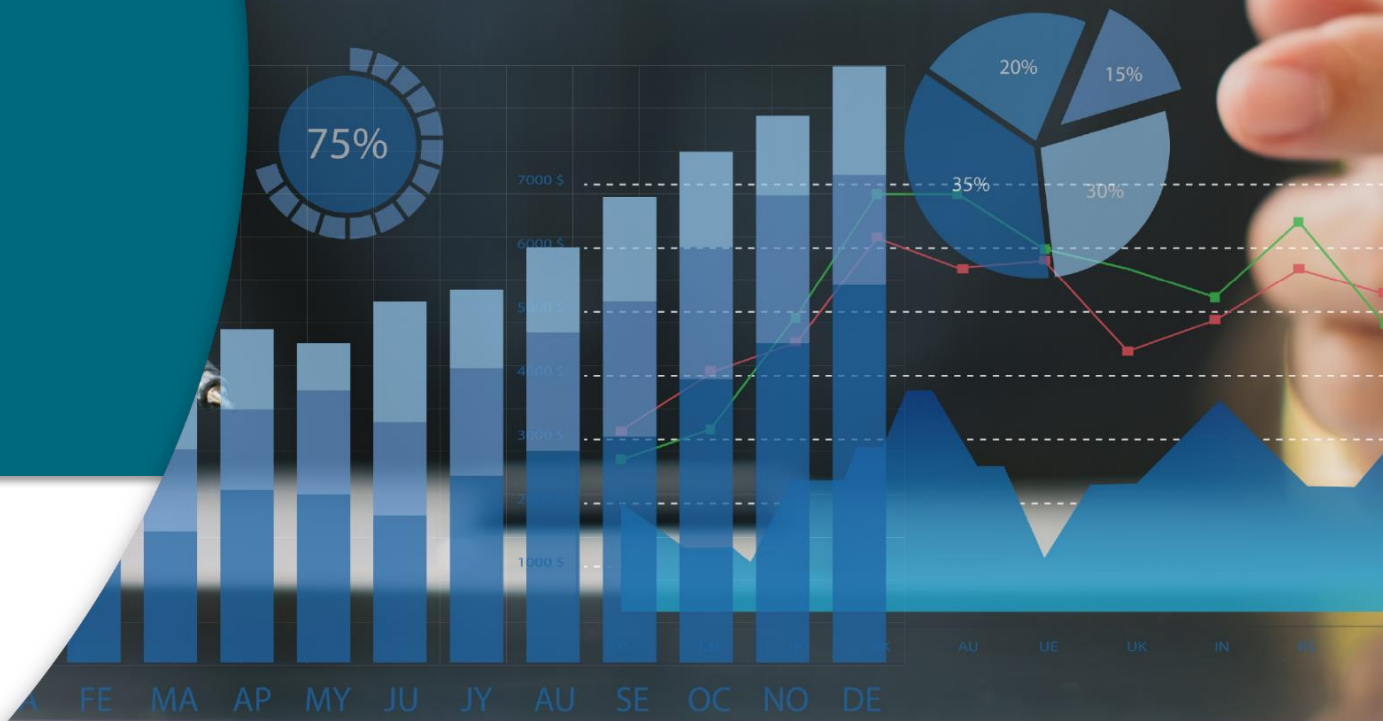


Business prospects and outlook



In summary

H1 2021 Group financial highlights



Group H1 2021 results

At a glance

VOLUME & REVENUE

22.4 M MT **S\$22.8 B**
+11.5% **+33.7%**

EBIT

S\$642 M
+51.4%

PATMI

S\$422 M
+26.7%

Operational PATMI

S\$437 M
+116.0%

Free Cash Flow

FCFE
-\$398 M

Gearing

from 1.29x to
1.60x

Group H1 2021 financial highlights



Record H1 Operational PATMI since inception

- ↑ 26.7% growth in PATMI in H1 2021 to S\$421.5 million
- ↑ Operational PATMI in H1 2021 more than doubled to S\$436.6 million, a 116.0% growth over H1 2020
- ↑ Both OFI and OGA reported strong growth in EBIT of 22.9% and 58.9% respectively, riding on structural demand growth and recovery from Covid-19



Robust balance sheet despite rising prices

- Strong cash position of S\$3.5 billion with ample liquidity of S\$18.6 billion as at end-H1 2021
- Gearing at 1.60x below target of 2.0x; adjusted gearing net of RMI and secured receivables at 0.56x
- Continued to access diversified pools of capital for refinancing during the year
- Further strengthened by the recently completed Rights Issue

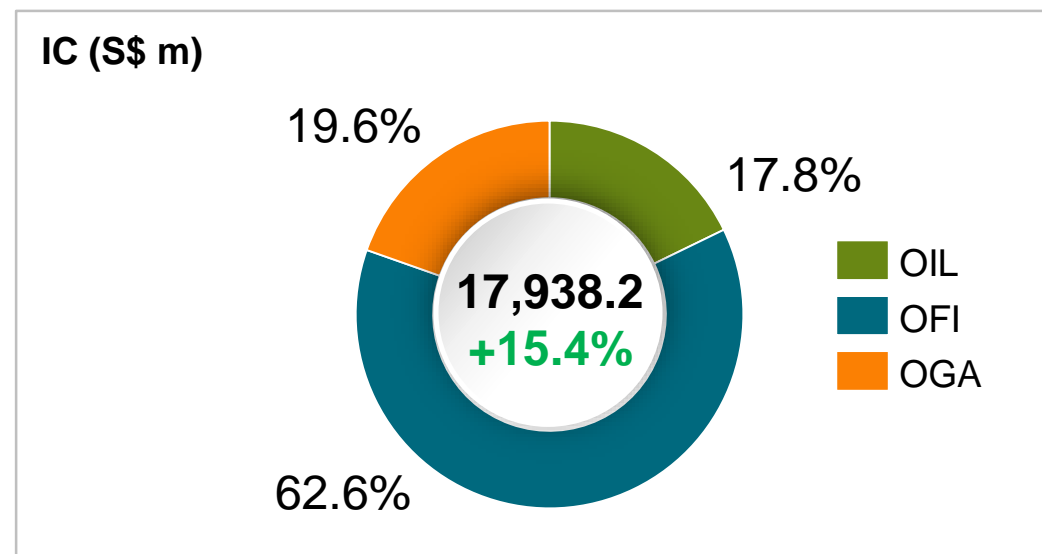
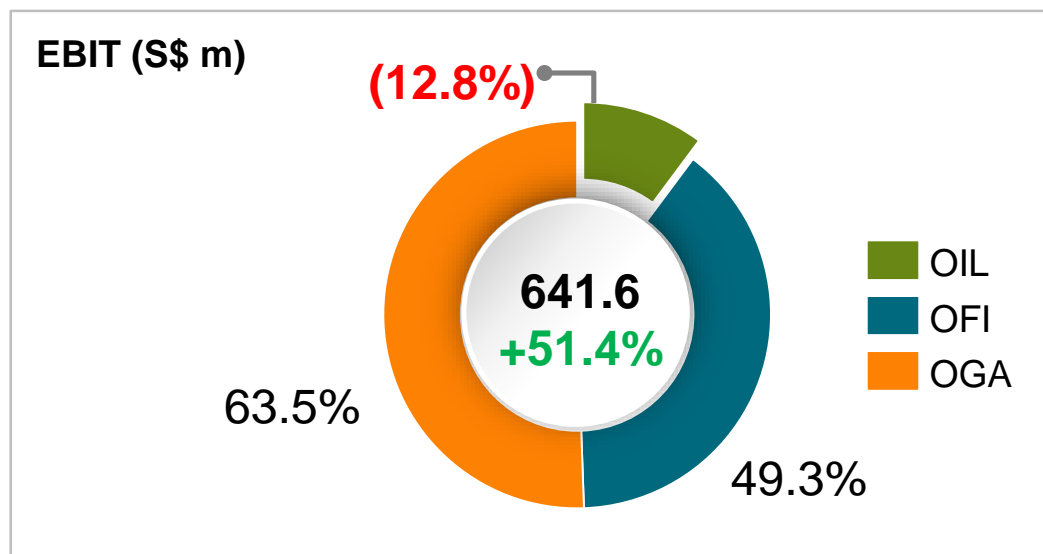
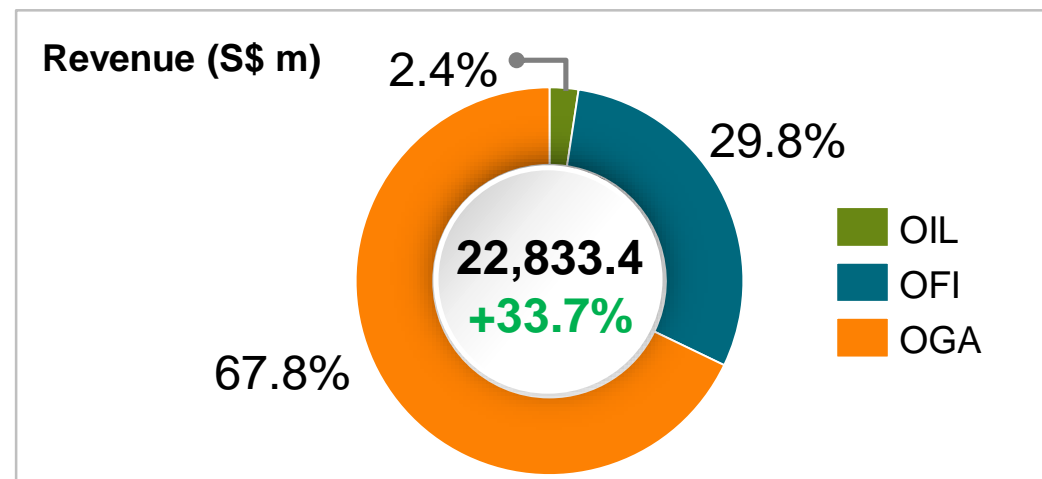
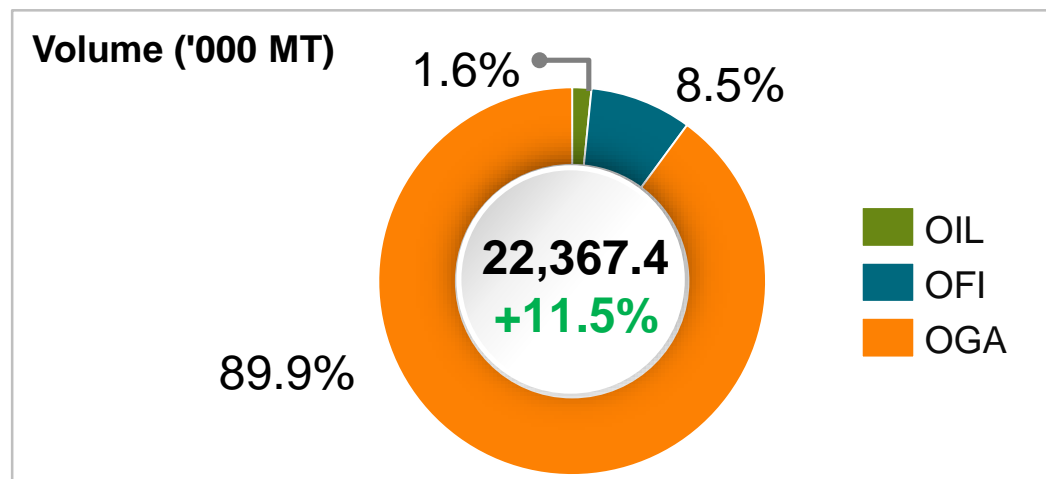


Interim dividend

- Board of Directors declares interim dividend of 4.0 cents per share (H1 2020: 3.5 cents per share)

Consolidated results by operating groups

H1 2021 at a glance

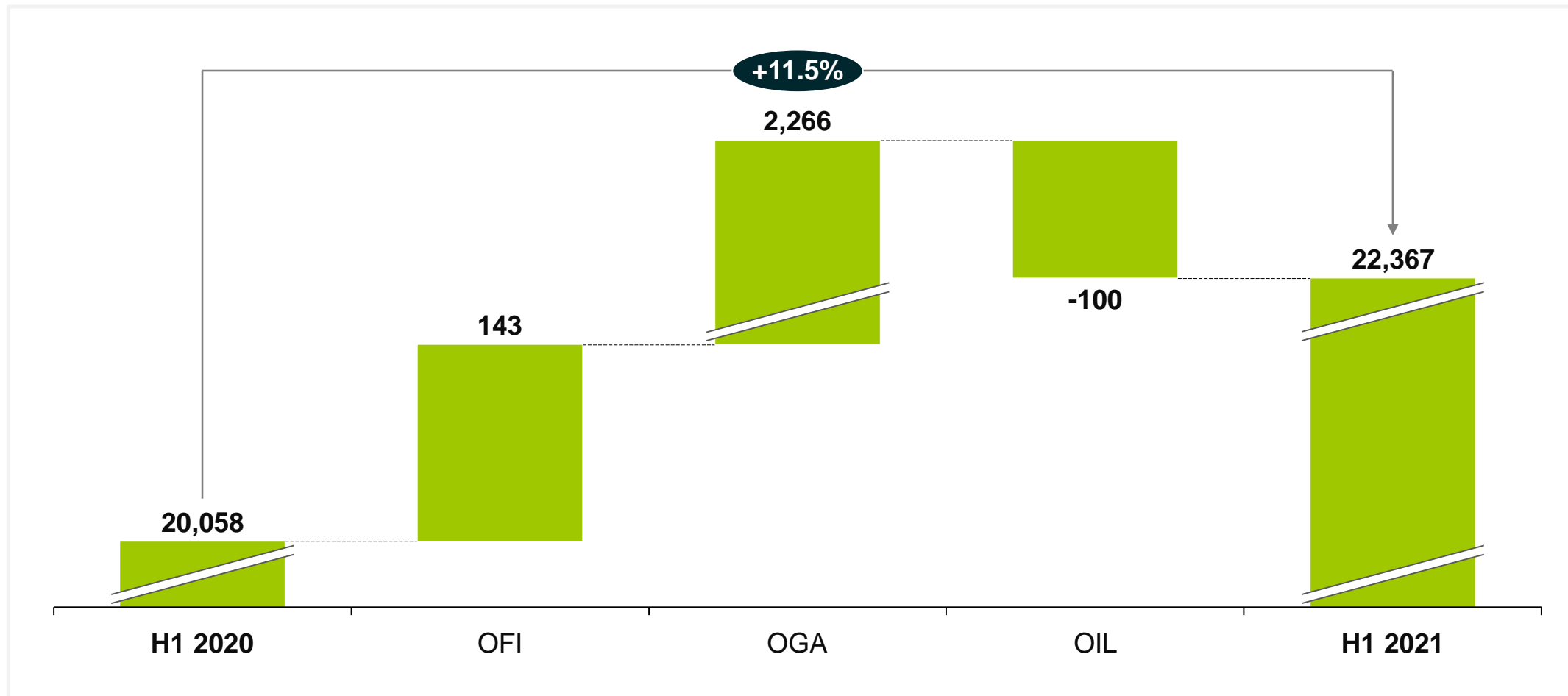


Note: H1 2020 financial results for the operating groups have been re-stated to reflect intra-group adjustments.

Volume grew 11.5%

Contributed by both OFI and OGA

Volume by Operating Groups, '000 MT

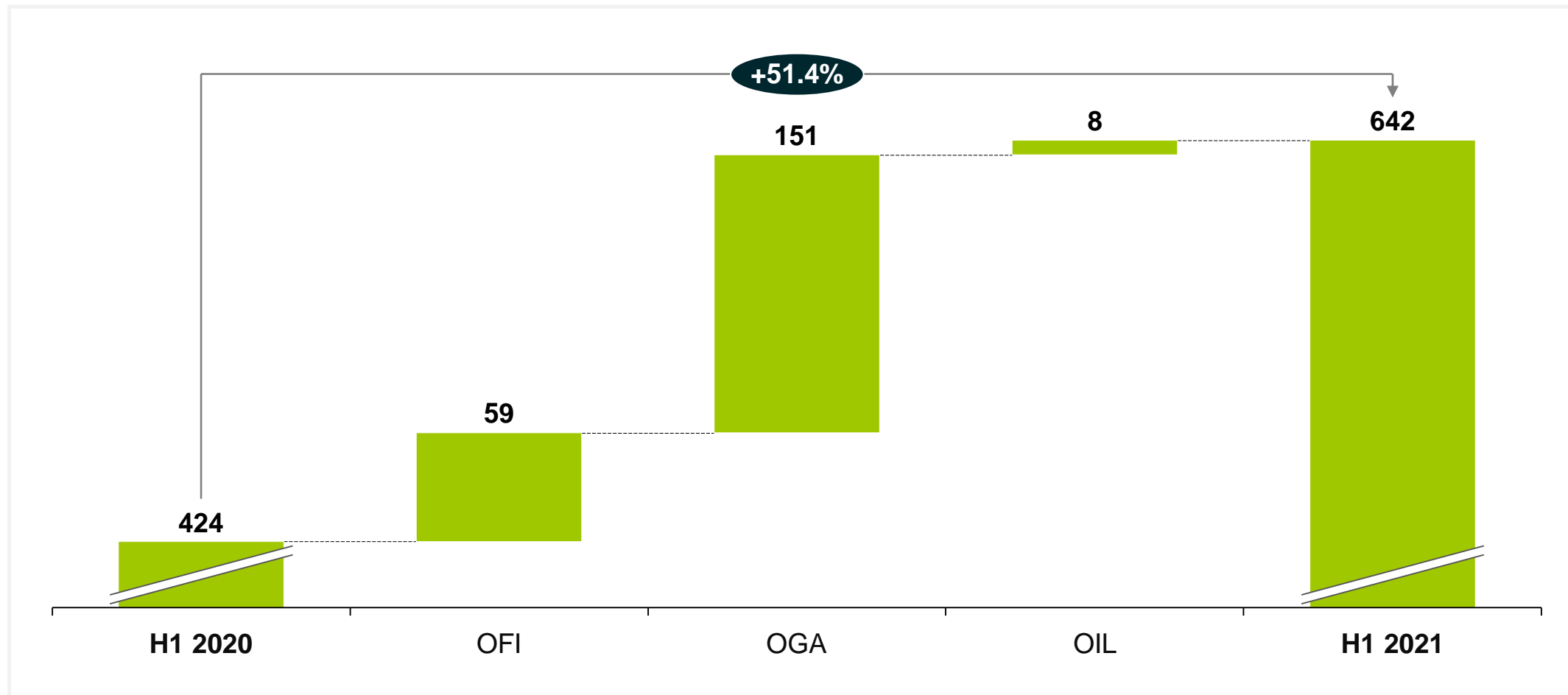


Note: H1 2020 financial results for the operating groups have been re-stated to reflect intra-group adjustments.

EBIT up 51.4% at S\$642 million

Strong contribution from OFI and OGA

EBIT by operating group, S\$ million

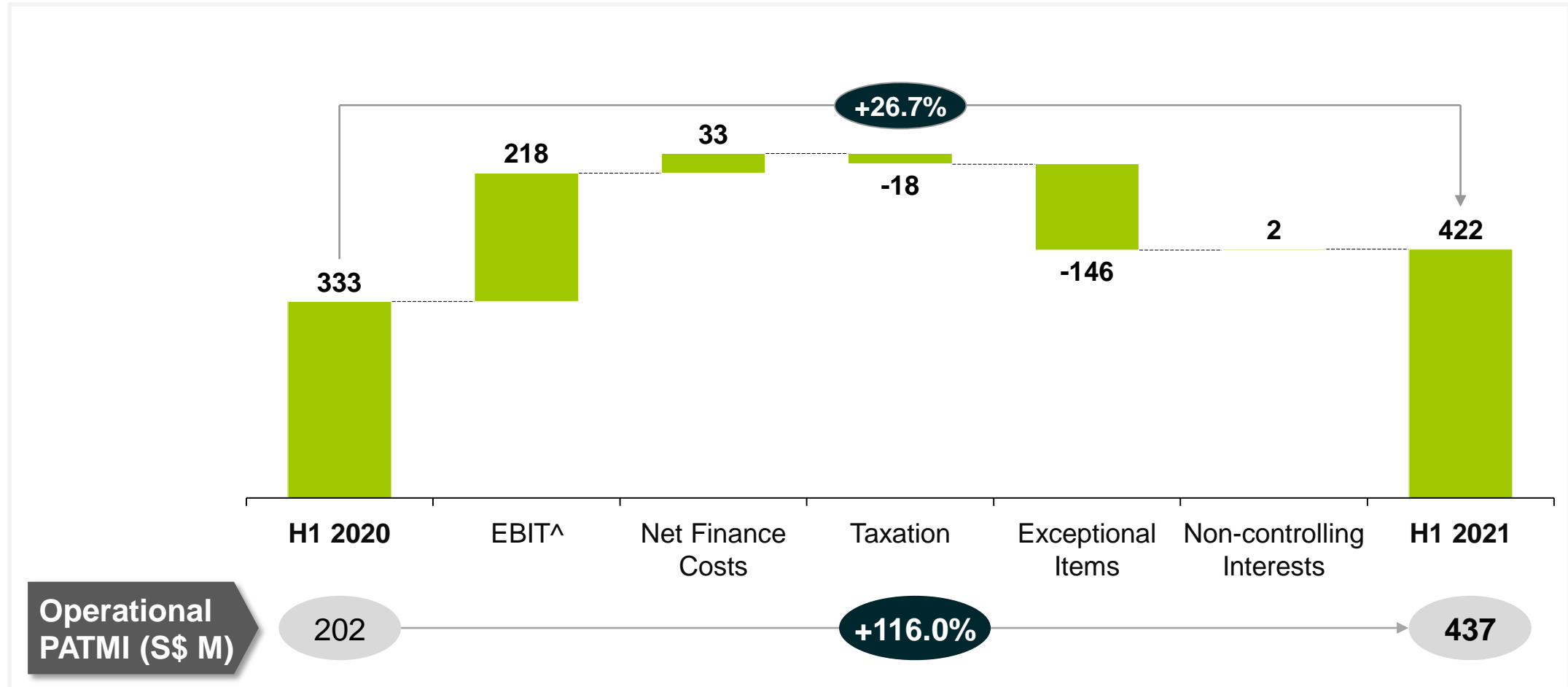


Note: H1 2020 financial results for the operating groups have been re-stated to reflect intra-group adjustments.

Operational PATMI more than doubled to S\$437 million **Olam**

Reported PATMI up 26.7% on strong EBIT growth, lower net finance costs

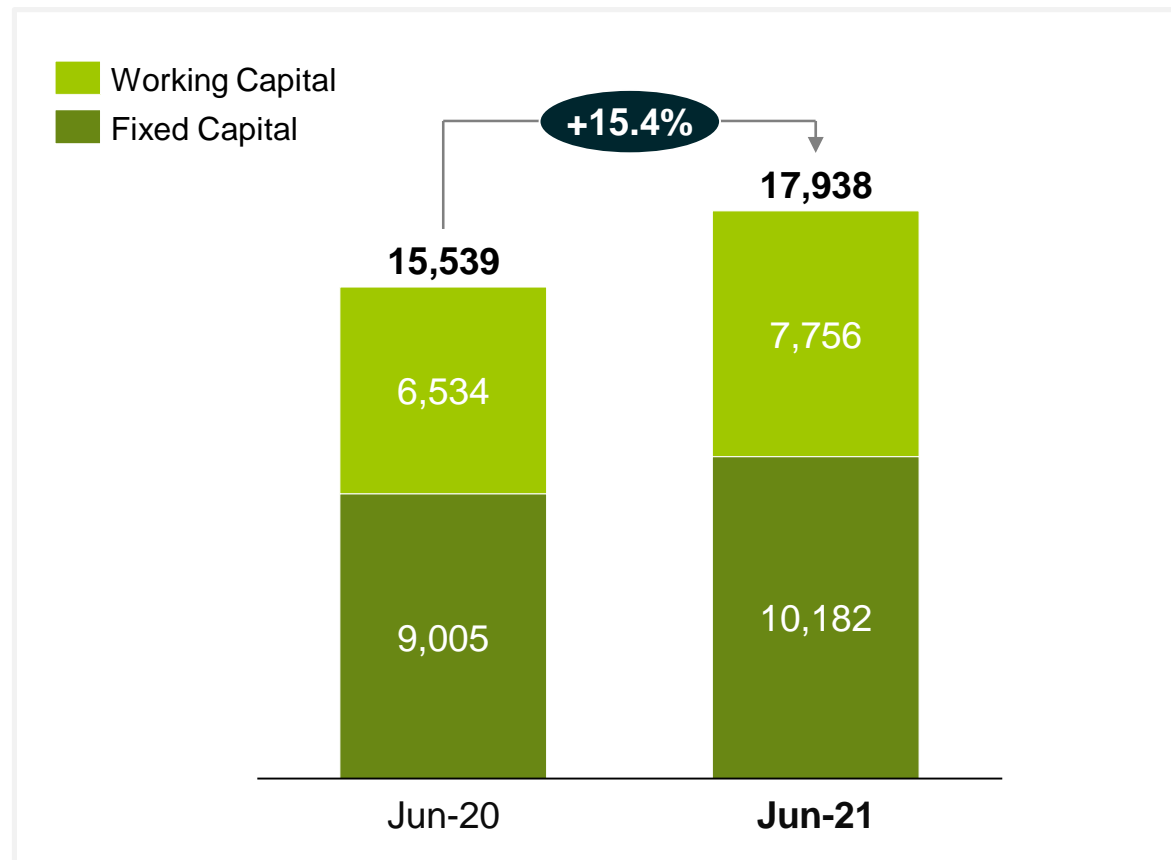
PATMI and Operational PATMI, S\$ million



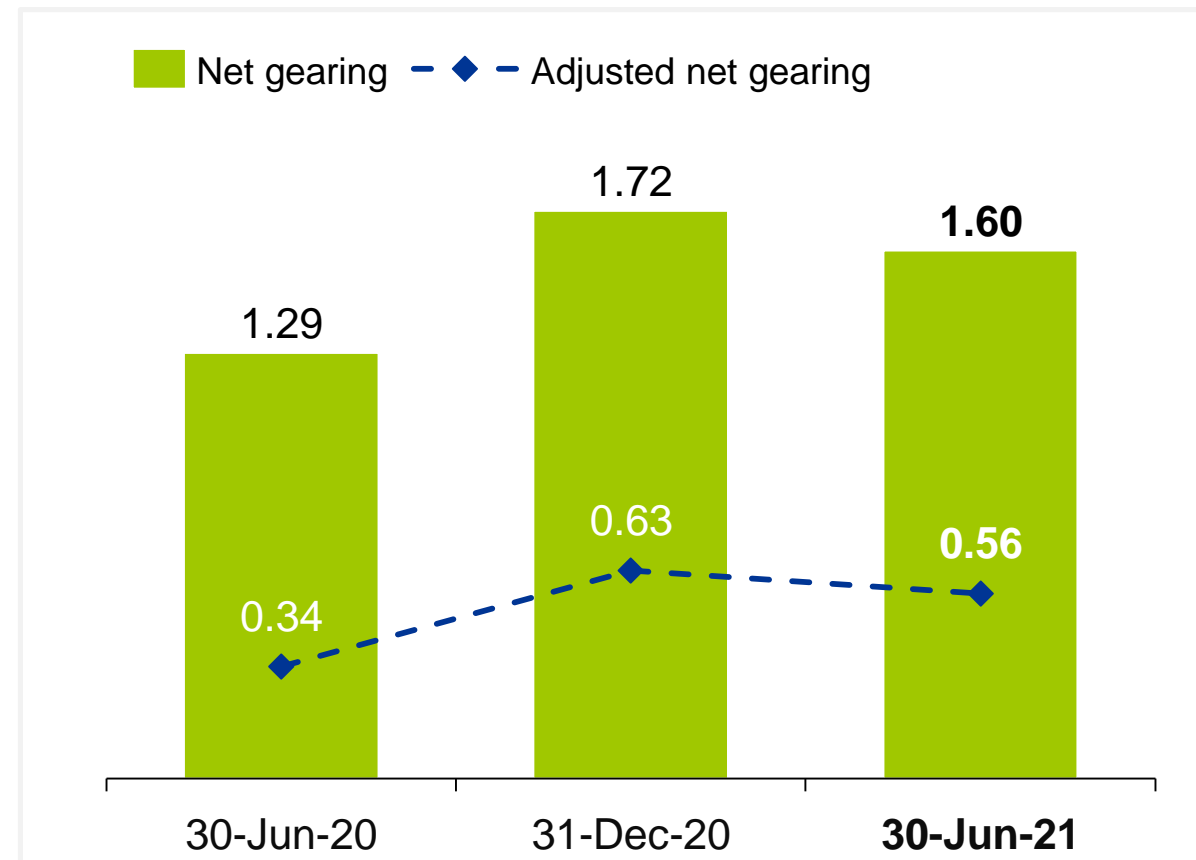
[^] Excludes exceptional items

15.4% increase in invested capital

Driven by Capex growth and working capital increase



- Fixed capital increased S\$1.2 billion mainly driven by acquisitions of the US-based dehydrated onion ingredients business, chilli pepper business, and Olde Thompson as well as organic growth Capex during H1 2021.
- Working capital grew as volumes and commodity prices increased over the past 12 months.



- Net gearing increased with higher net debt from a year ago; remains under 2.0x, with sufficient headroom for growth

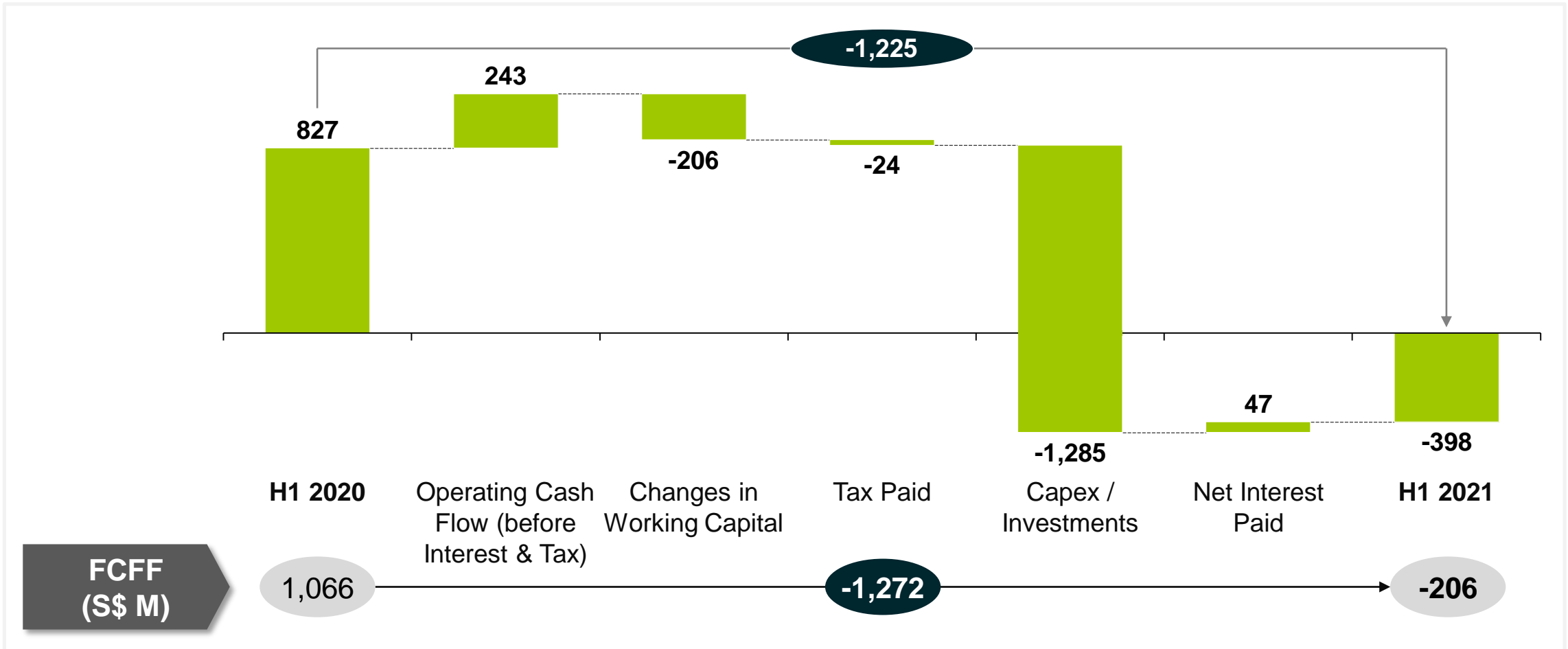
Invested Capital excludes:

- a) Gabon Fertiliser Project (30 Jun 2021: S\$262.4 million; 30 Jun 2020: S\$252.3 million);
- b) Long-term Investment (30 Jun 2021: S\$26.4 million; 30 Jun 2020: S\$52.1 million)

Free cash flow

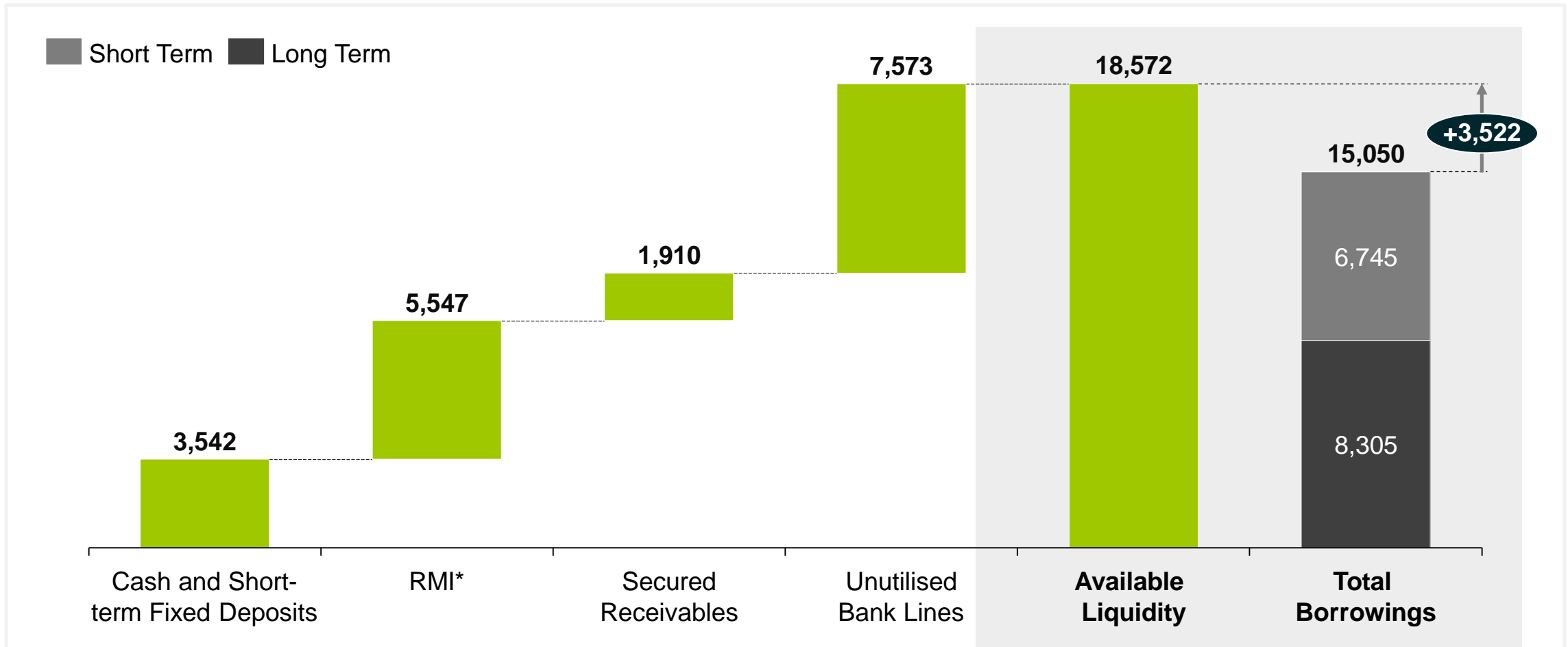
Negative FCFE due to significant rise in gross Capex

Free Cash Flow to Equity, S\$ million



Ample liquidity

Total borrowings and available liquidity, S\$ Million as at June 30, 2021



* RMI: Readily marketable inventories that are liquid, hedged and/or sold forward



Segmental performance by operating group

OFI – Snapshot



Note: For the year ended December 31, 2020. All metrics exclude the impact of the Olde Thompson acquisition which was completed on May 17, 2021.



Olam
Food
Ingredients

Key Highlights

Leading **on-trend, natural, plant-based ingredients** portfolio;

Serving **large, attractive and growing key end-use categories**;

Differentiated end-to-end sustainability & traceability impact;

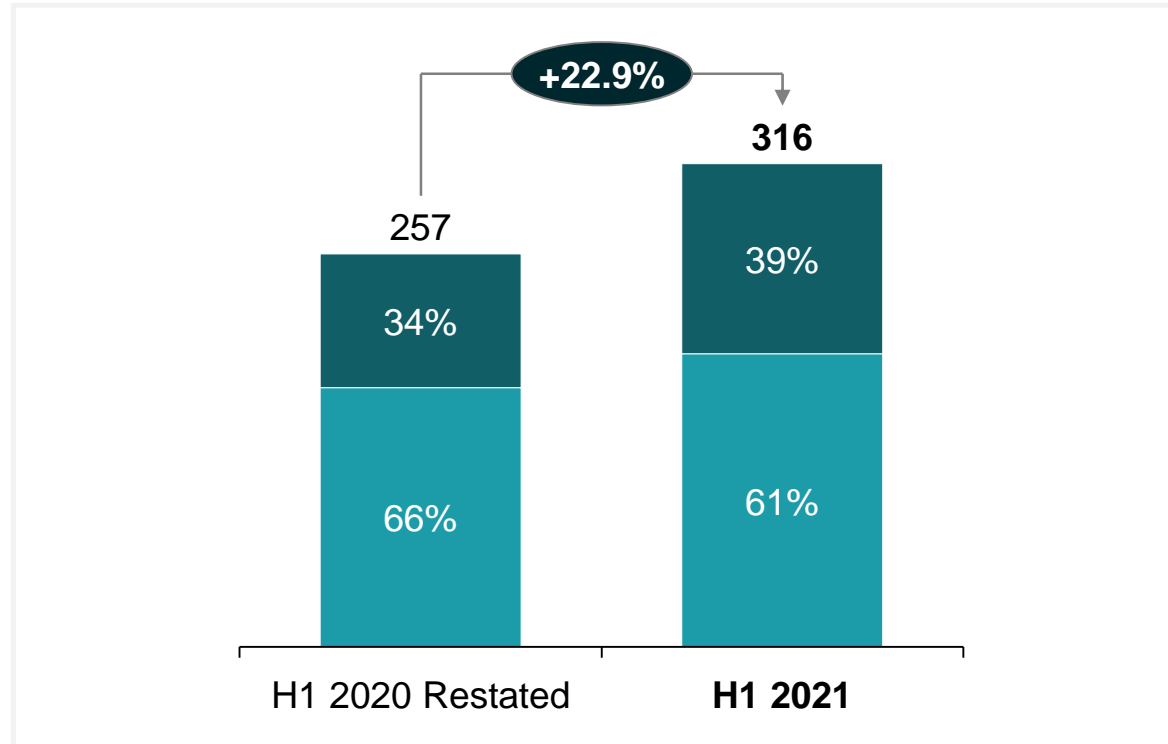
Trusted partner to a **global and diversified blue-chip customer base**;

Large, global and inspired talent pool

Olam Food Ingredients (OFI)



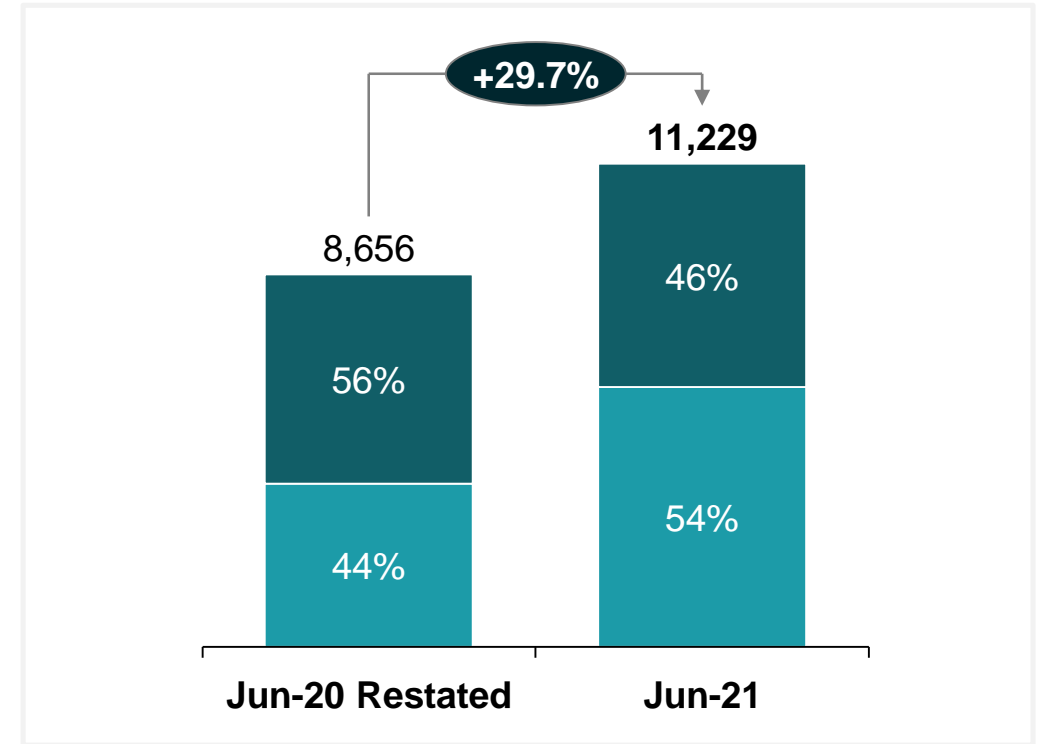
S\$ Million
EBIT



- OFI posted strong EBIT growth of 22.9% in H1 2021, demonstrating a strong recovery from the impact that Covid-19 had on some of its businesses in H1 2020.
- Both the Global Sourcing segment and the Ingredients & Solutions segment performed well during this period.

Invested Capital

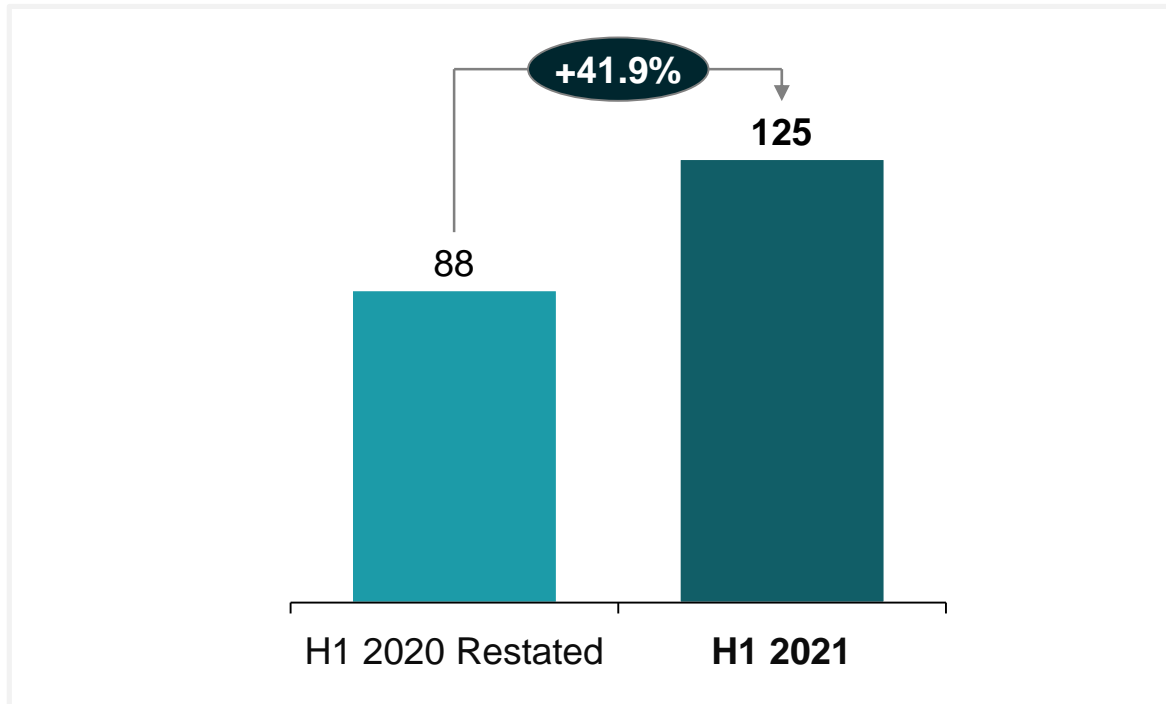
Global Sourcing
Ingredients & Solutions



- IC increased by 29.7% as most of the increase came from the Ingredients & Solutions segment due to investments and recent acquisitions in the US, including OT.

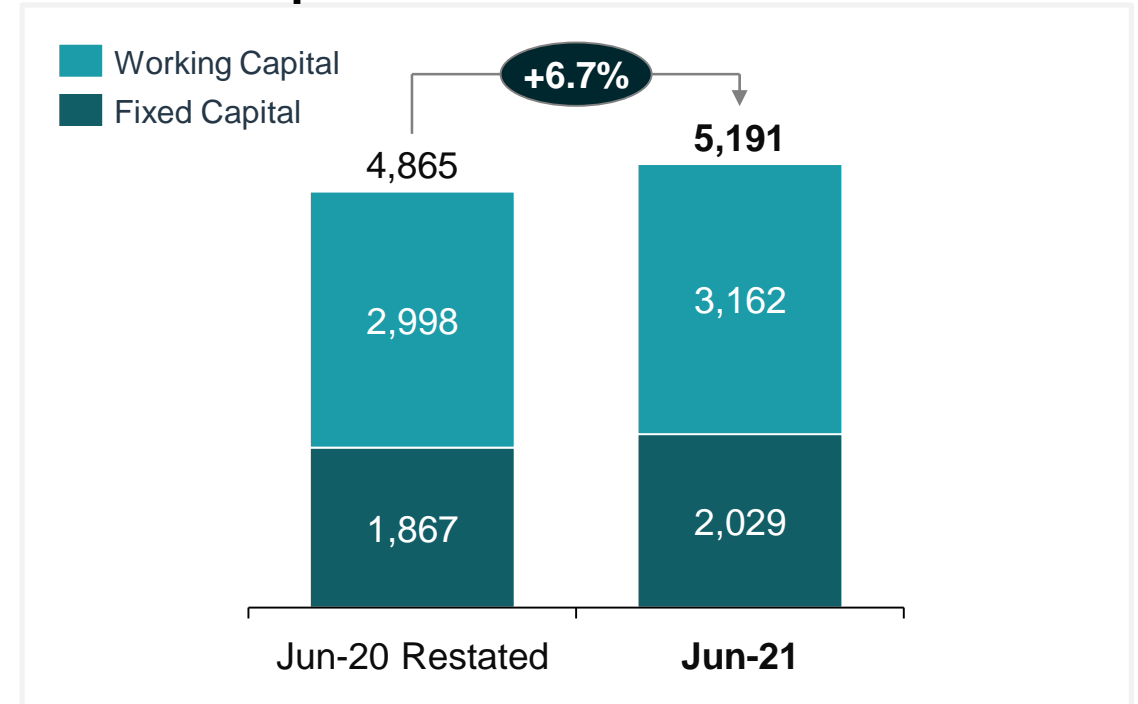
OFI: Global Sourcing

S\$ Million
EBIT



- Strong EBIT growth of 41.9% on the back of improved margins across most of the sourcing and upstream businesses in the segment, some of which was severely impacted due to Covid-19 in H1 2020.
- Growth led by outstanding performance in Coffee origination, which also navigated significant price volatility and supply chain disruptions; its focus on expanding market share in the sustainable, certified and speciality coffee markets helped deliver improved margins.
- Excluding Almonds, the rest of the Nuts business fared well, particularly Cashew; upstream Dairy in Russia delivered both volume and margin growth.

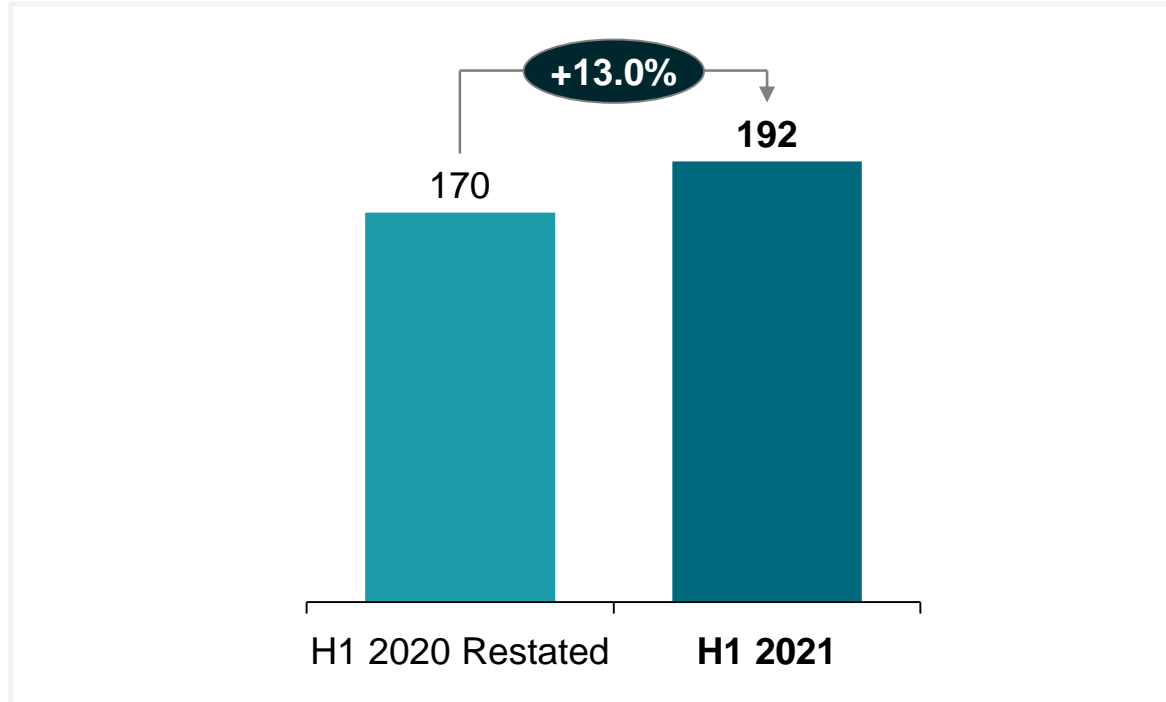
Invested Capital



- IC increased during H1 2021 on account of higher inventory levels due to early arrivals of crops like Cashew and Coffee, and higher raw material prices.
- Fixed capital also increased due to infrastructure improvements for its upstream operations in Australia, US and Russia.

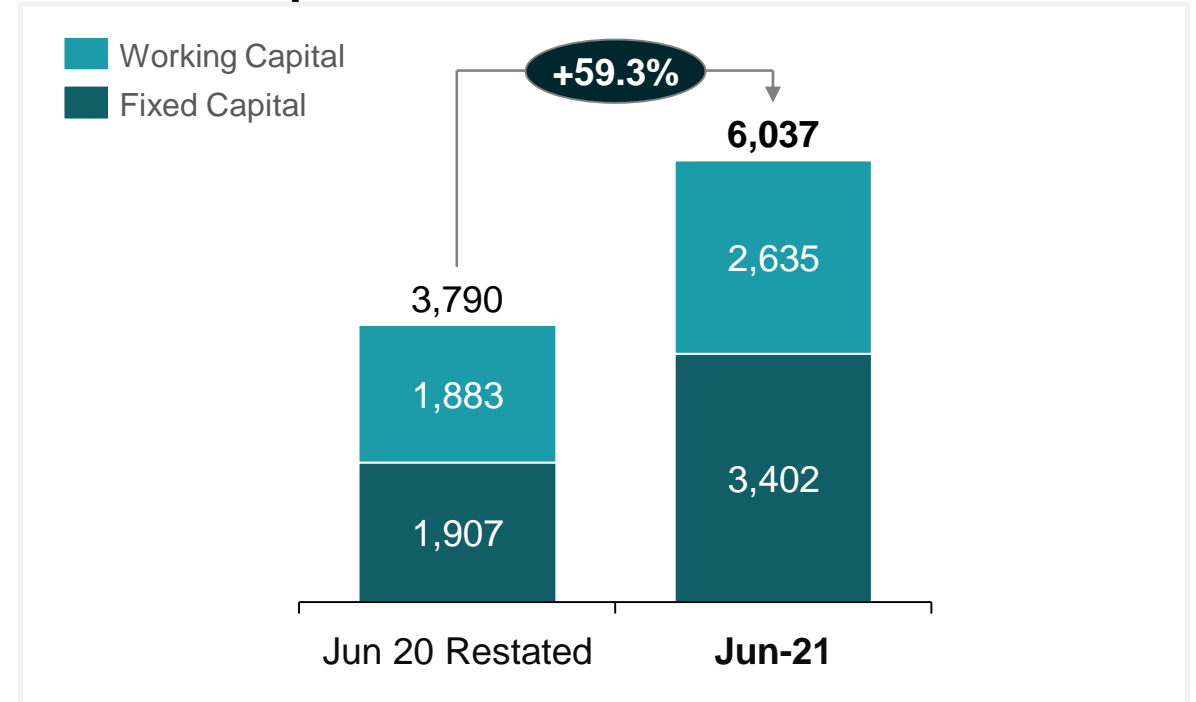
OFI: Ingredients & Solutions

S\$ Million
EBIT



- EBIT increased by 13.0% in H1 2021: Soluble Coffee and hazelnut business which were adversely impacted by Covid-19 in H1 2020 recovered well.
- Cocoa processing margins in Europe remained subdued, but saw both consumption and margins picking up towards the end of H1 2021 as economies reopened.
- Spices in the US, after a year of strong growth in 2020 on pantry restocking effects, normalised in H1 2021; some incremental costs of integrating new acquisitions, whilst their earnings potential not fully reflected in the results.

Invested Capital



- IC increased significantly by S\$2.2 billion: Fixed capital grew with the acquisitions in the US, as well as organic initiatives, such as the expansion of Cocoa processing and co-manufacturing facilities in Cote d'Ivoire and Vietnam respectively.
- Working capital also grew on acquisitions as well as higher inventory levels in Cocoa products and Soluble Coffee, which was partly price led.

OFI to seek primary listing on London and concurrent listing in Singapore in H1 2022

- OFI is on track for an IPO in H1 2022
- Concurrent demerger from Olam Group in conjunction with IPO
- Concurrent listings will give OFI access to London's large and diverse investor base, with its deep and liquid capital markets and strong understanding of and research coverage of the food and beverage sector, while retaining our strong Singapore shareholder base and further tapping into the growing investor appetite in Asia
- OFI delivered strong performance in the first six months of 2021, providing good momentum going into 2022
- OFI continues to accelerate its growth strategy and completed transformational acquisitions during the period

OGA today



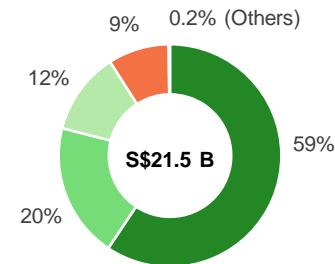
OGA is a global market leading and differentiated food and agri business, **focused on high growth emerging markets with high returns**

OGA at a glance

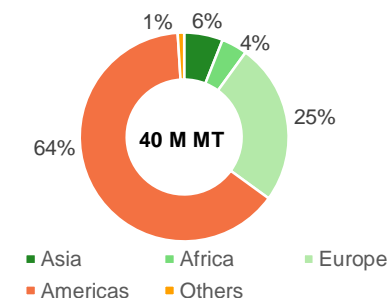
- OGA is a market-leading and differentiated global food and agri-platform, with leading positions in emerging markets
- OGA's **differentiated business model** focusing on **essential food and agri products** with selective **downstream integration** into consumer markets has helped deliver **industry-leading growth and returns**:
 - \$21.5 billion** in revenues in 2020
 - Industry-leading EBIT CAGR** of 44.4% from 2018-2020
 - Industry-leading EBIT/IC** of 13.7% respectively in 2020
- Handling nearly **40 million MT** of volume in 2020, OGA has a true **global merchandising reach** that provides **in-depth market insights**, coupled with **leadership in key physical trade flows**

Key statistics¹

2020 Revenue



2020 Sourcing Volume²



Active in over **30 countries**

Focused on **high-growth emerging markets**

40 M MT in 2020 volume handled

50+ manufacturing and processing facilities

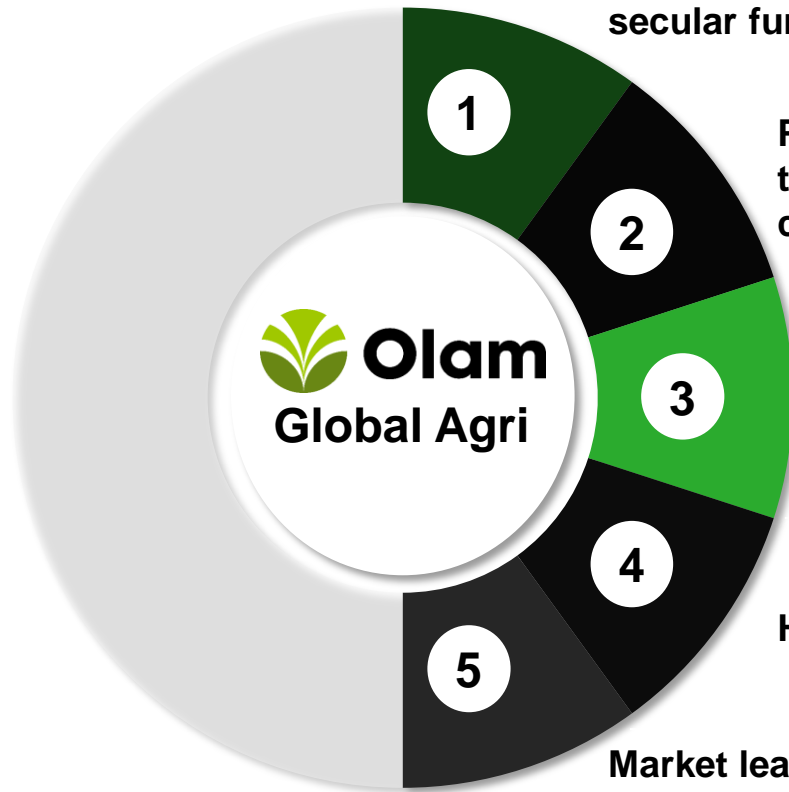
\$598 M 2020 EBITDA

\$462 M 2020 EBIT

44.4% EBIT CAGR from 2018-2020

13.7% 2020 EBIT/Invested capital

OGA – Key highlights



Strategically positioned in the attractive food and agri sector supported by strong secular fundamentals, with a clear focus on high-growth emerging consumption markets

Participation in key elements of the global agri market and targeted sub-markets through a differentiated model including selective integration across the value chain with strong operating capabilities

Clear growth pathways to significantly grow earnings on a sustainable basis over the medium/long term by increasing share of value-added products and expanding geographic footprint

Helmed by a highly experienced, capable and engaged management team

Market leading sustainability track record putting OGA at the forefront of meeting the key sustainability objectives of being livelihood positive, nature positive and climate positive across our businesses

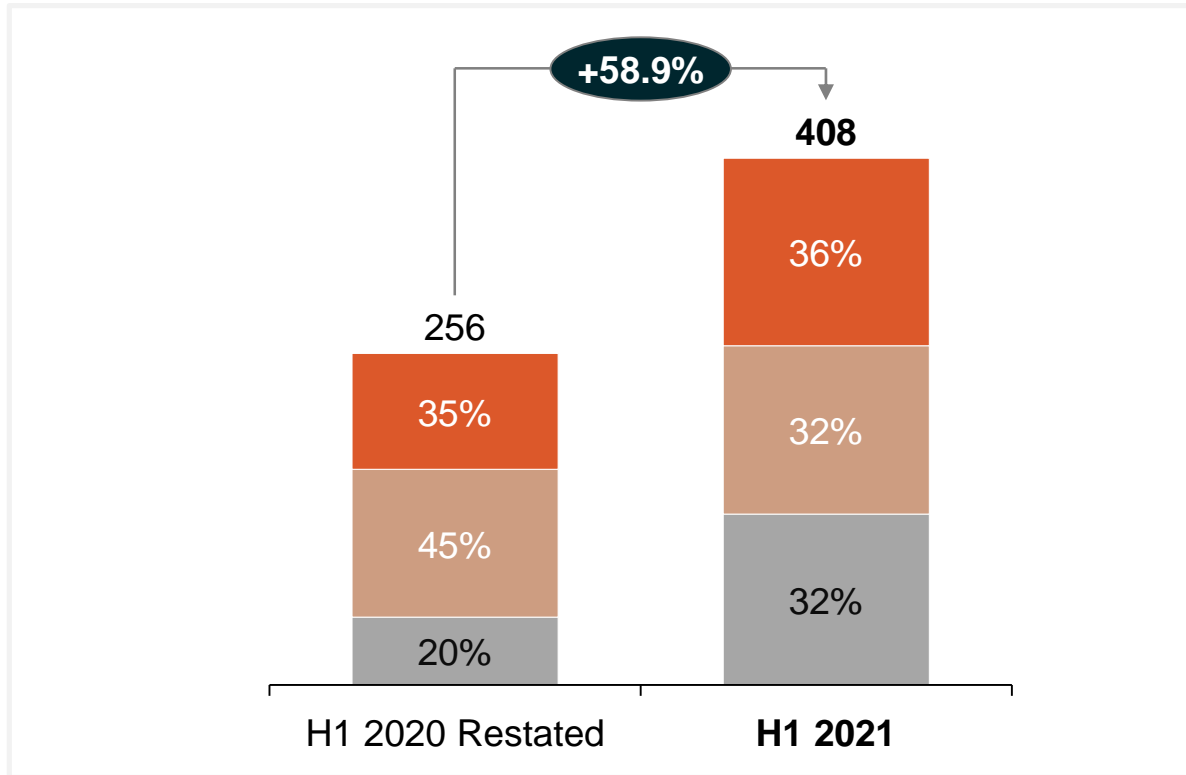
OGA's differentiated asset-light model and focus on high-growth emerging markets has led to an industry leading growth and return profile.

Olam Global Agri (OGA)



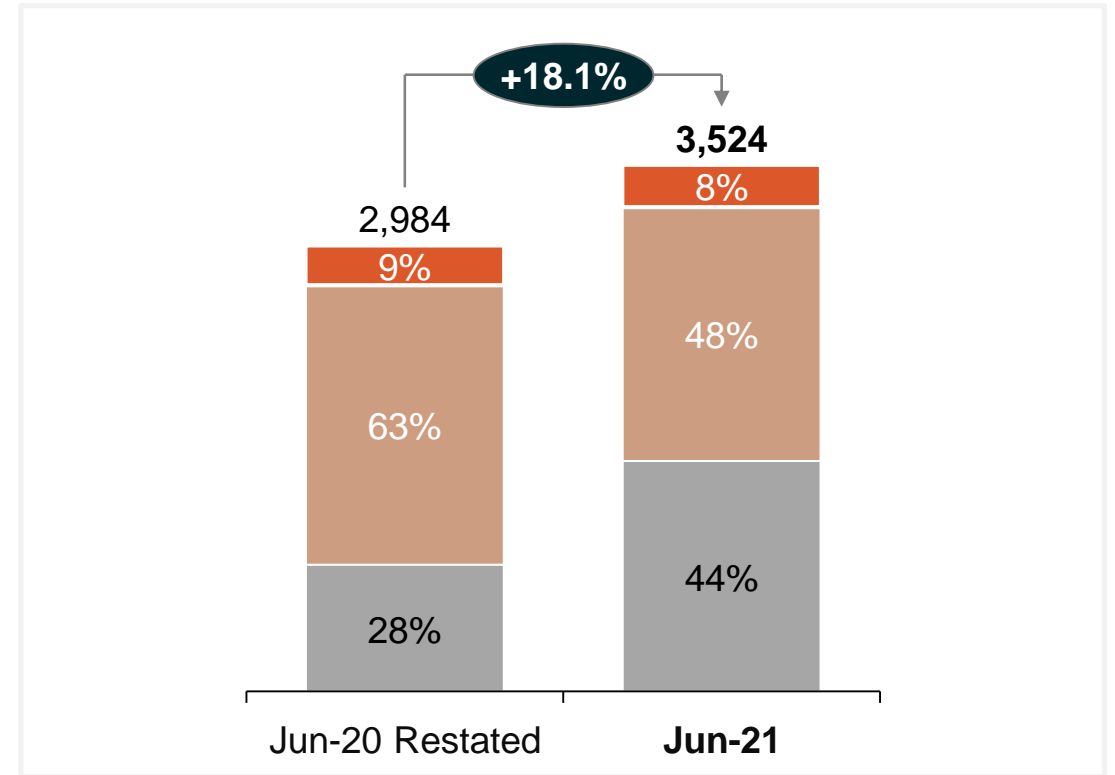
S\$ Million
EBIT

■ Food & Feed - Origination & Merchandising
 ■ Food & Feed - Processing & Value-added
 ■ Fibre, Industrial & Ag Services



- EBIT surged by 58.9% to S\$407.5 million with higher contribution from all segments, including an exceptional performance by Fibre, Industrial & Ag Services in H1 2021.
- Grains, Animal Feed & Proteins a consistent performer as milling margins improved with higher capacity utilisation; Rice business had all-round, strong performance across its farming, milling, origination and merchandising, and distribution activities.

Invested Capital



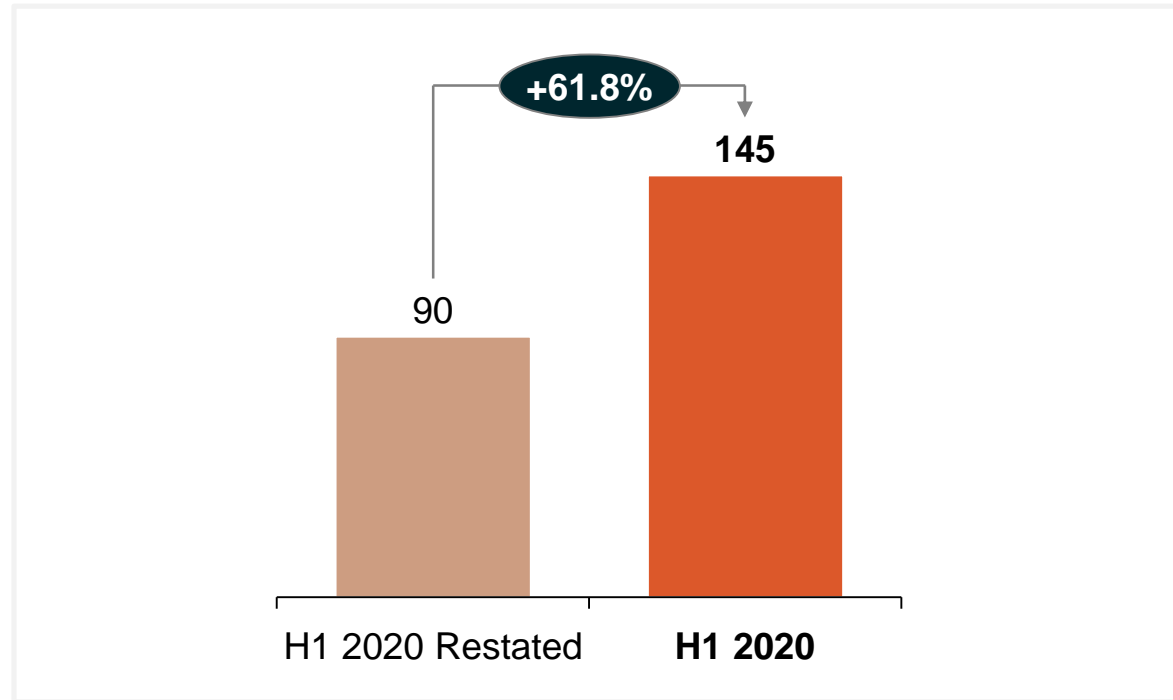
- IC went up by S\$539.8 million primarily on the increase in IC in Fibre, Industrial & Ag Services segment due to both higher volumes and prices.

Note: The Fibre & Ag Services segment has been renamed as Fibre, Industrial & Ag Services to include Rubber processing and supply chain, and Wood Products forestry concessions, which were previously classified under OIL's De-prioritised/Exiting Assets segment.

OGA: Food & Feed - Origination & Merchandising

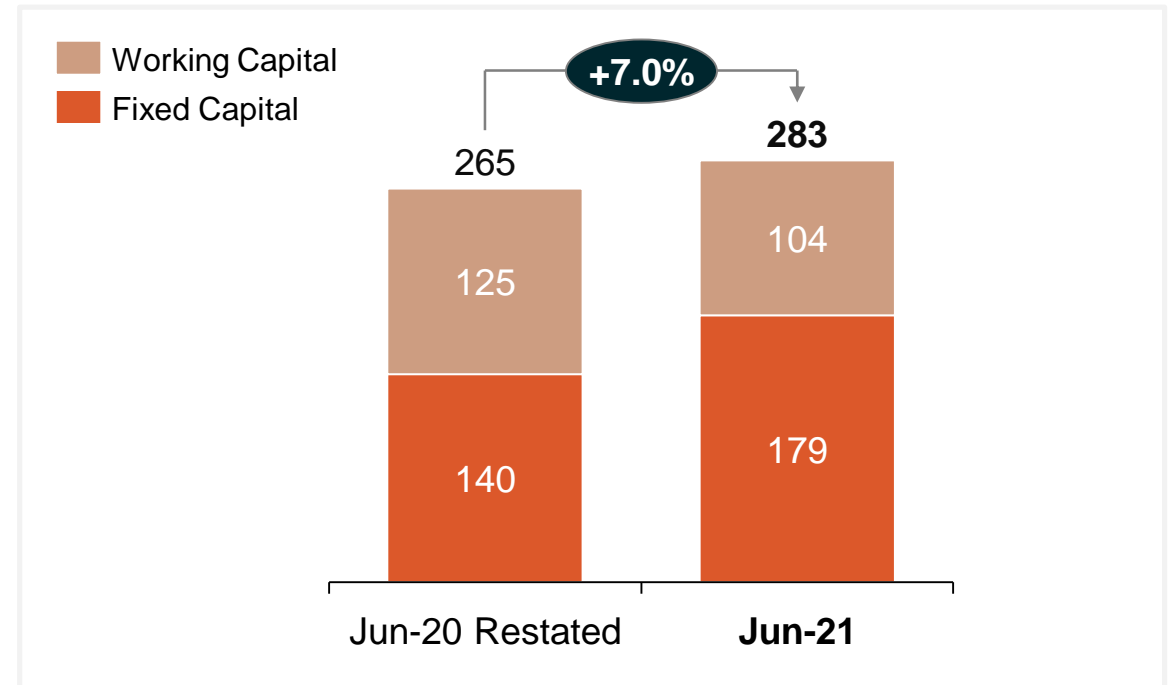


S\$ Million
EBIT



- EBIT up 61.8% in H1 2021: Rice and Grains led the growth in this segment, boosted by the growing demand for food staples in major markets along with the consolidation of the rice industry in Africa, and the strong trade flows in grains between South America and China.
- Edible Oils trading also contributed to the growth in EBIT as out-of-home consumption resumed in Asia and Africa with Covid-19 lockdowns and restrictions gradually lifted.

Invested Capital

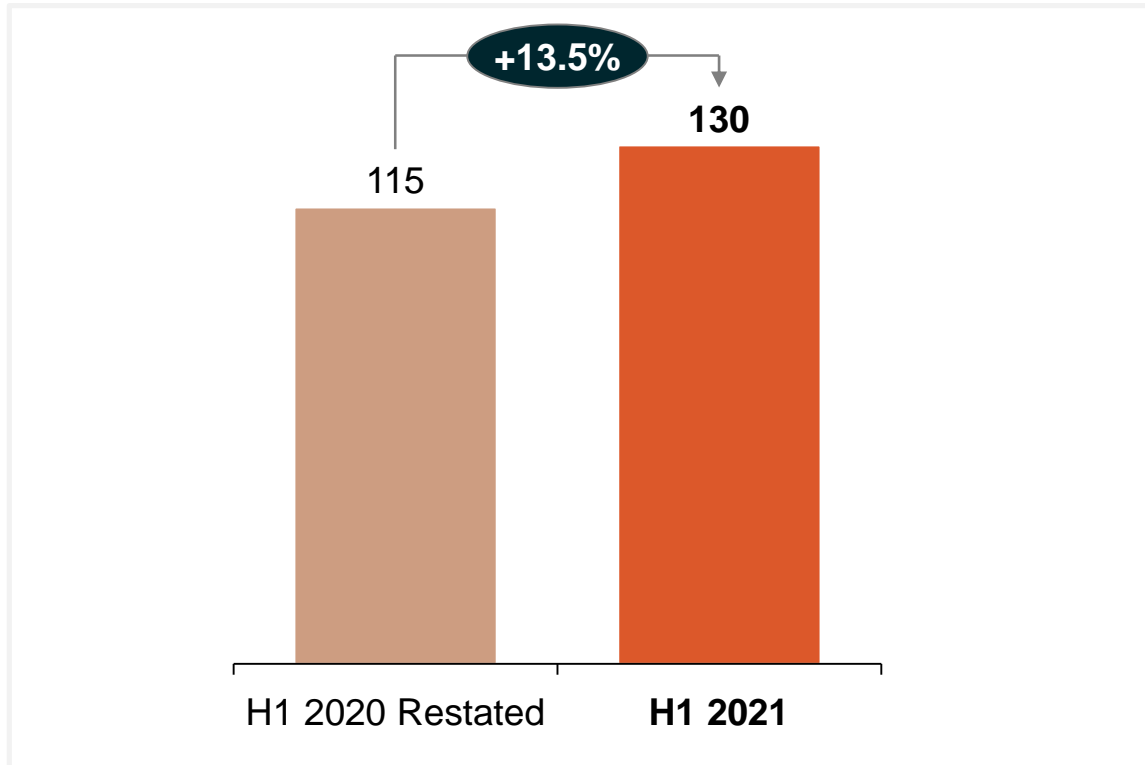


- IC increased S\$18.5 million in H1 2021: Fixed capital increased with the recognition of right-of-use assets on freight vessels; working capital eased as the rise in sales volumes and prices was offset by tighter working capital norms and higher supplier credit.

OGA: Food & Feed - Processing & Value-added

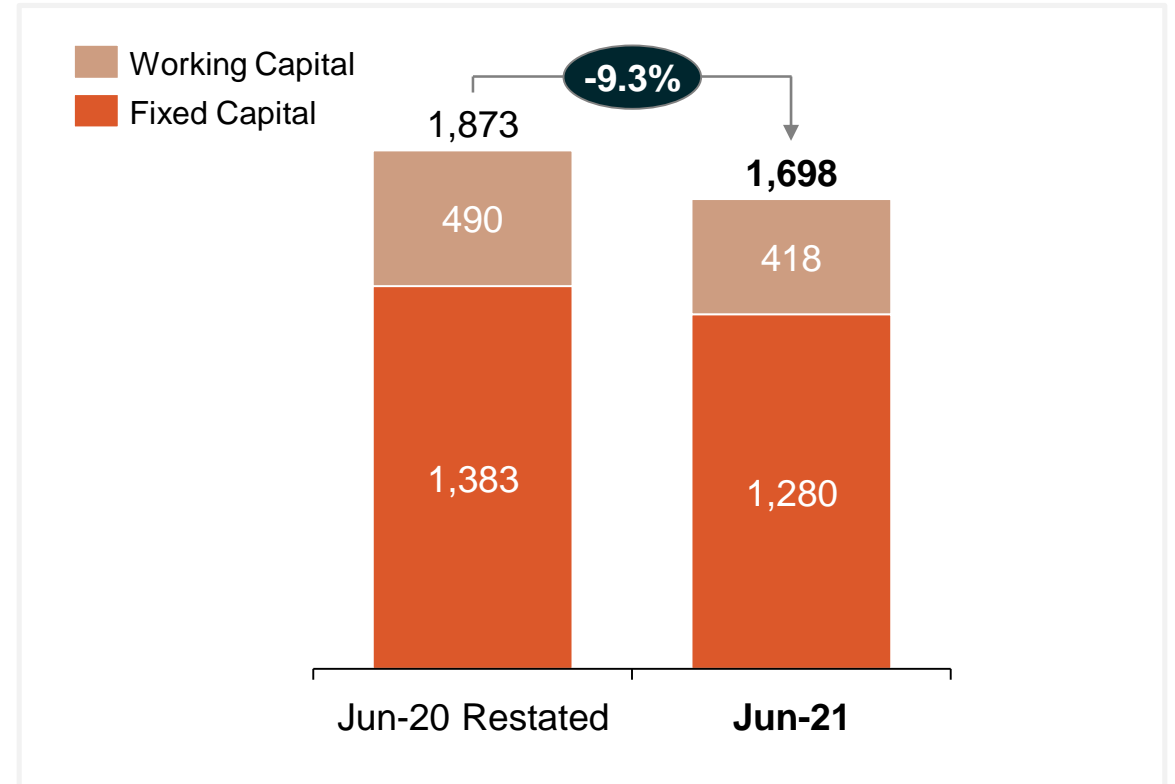


S\$ Million
EBIT



- EBIT increased 13.5%: Wheat Milling & Pasta and Integrated Feed & Protein continued to perform well as capacity utilisation peaked; Branded, premium Rice distribution enjoyed all-round performance, particularly in Ghana, Cameroon and Mozambique; Edible Oil was able to source CPO locally, process and distribute to meet local needs despite ban of import of CPO.
- Growth was partly offset by the sesame business which underperformed against a better H1 2020.

Invested Capital



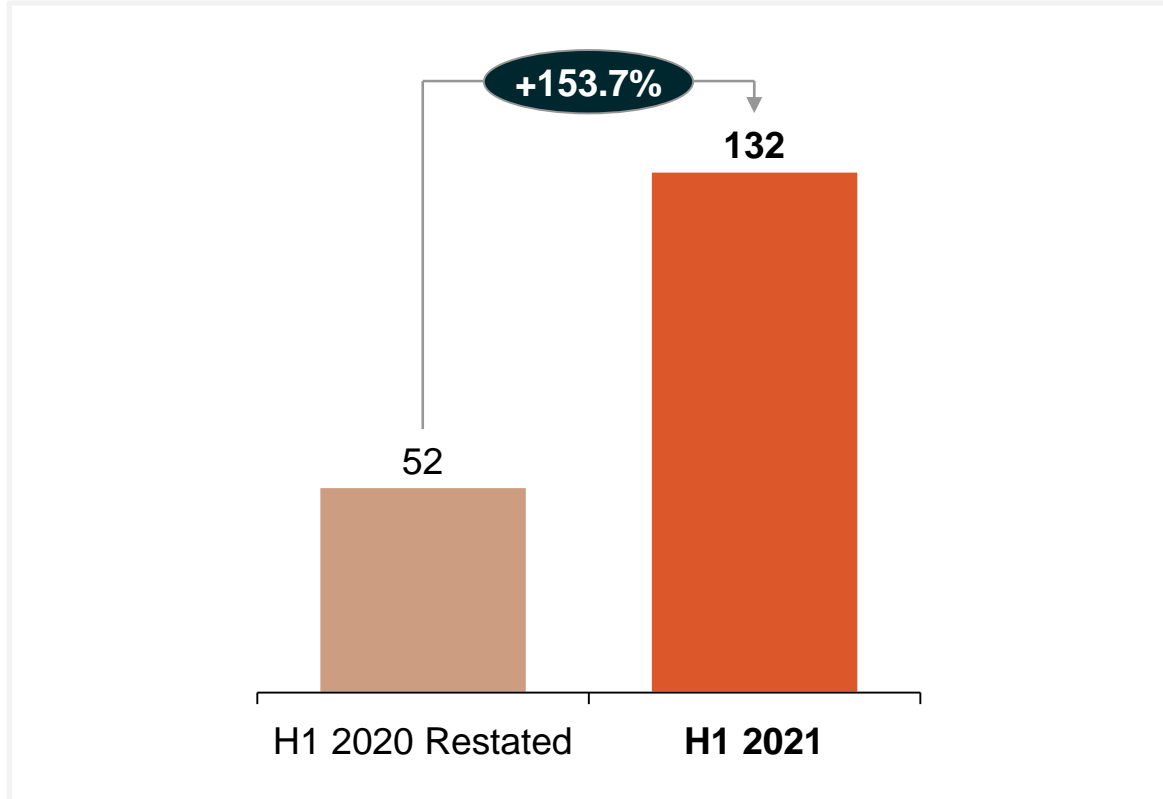
- IC decreased by S\$175.0 million in H1 2021 as working capital declined with tighter norms.

Note: The segment now includes specialty grains and seeds, such as sesame, chia seeds and quinoa, which were previously under OFI.

OGA: Fibre, Industrial & Ag Services

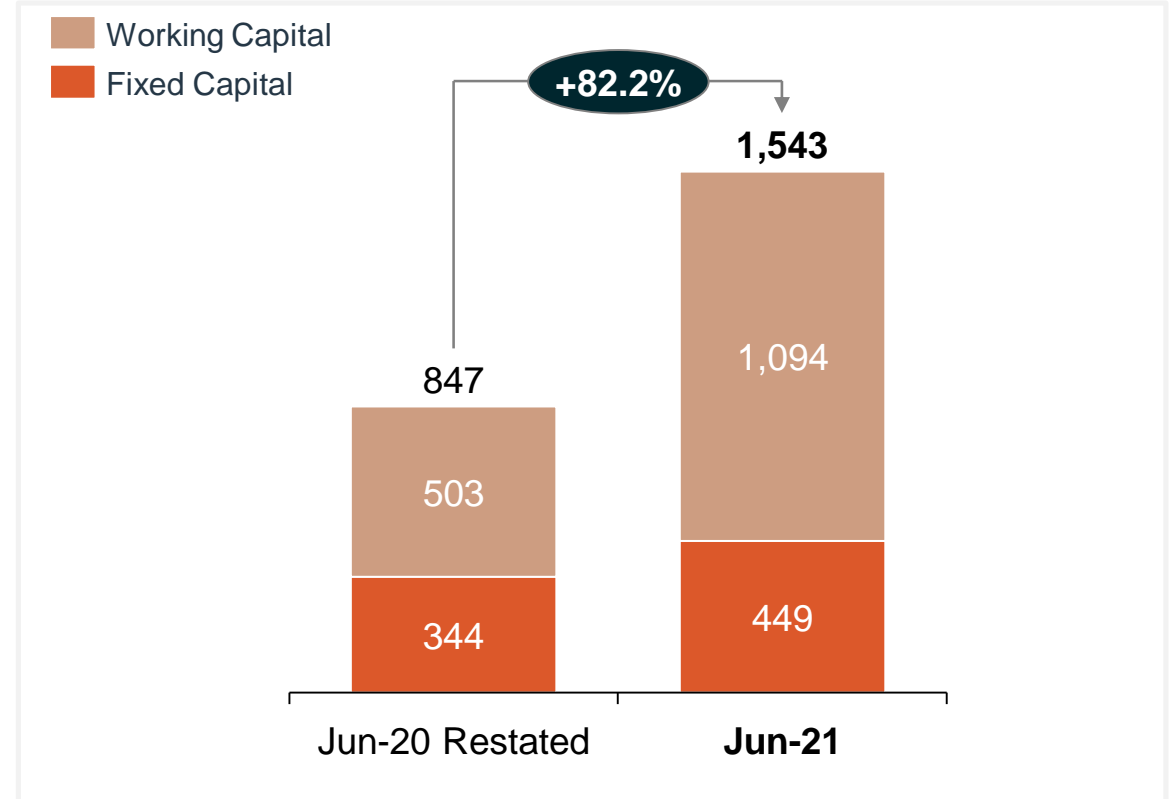


S\$ Million
EBIT



- Significant jump in EBIT by 153.7%: Cotton experienced a strong recovery in demand as capacity utilisation of textile mills in the major textile producing centres recovered to normal levels in H1 2021; higher ginning income from a better crop in Australia; strong contribution from integrated ginning operations in Cote d'Ivoire, Chad, and NSCT.
- Rubber processing and supply chain in Cote d'Ivoire, Wood forestry concessions and saw milling in ROC and Commodity Financial Services' funds management business all fared better than H1 2020.

Invested Capital



- IC increased by S\$696.3 million in H1 2021, mainly due to working capital rising as a result of volume growth and sharply higher prices.
- Fixed capital also increased due to the acquisitions made in H2 2020, including NSCT, and expansion in cotton farming in Australia.

OGA evaluating various strategies to maximise long-term value

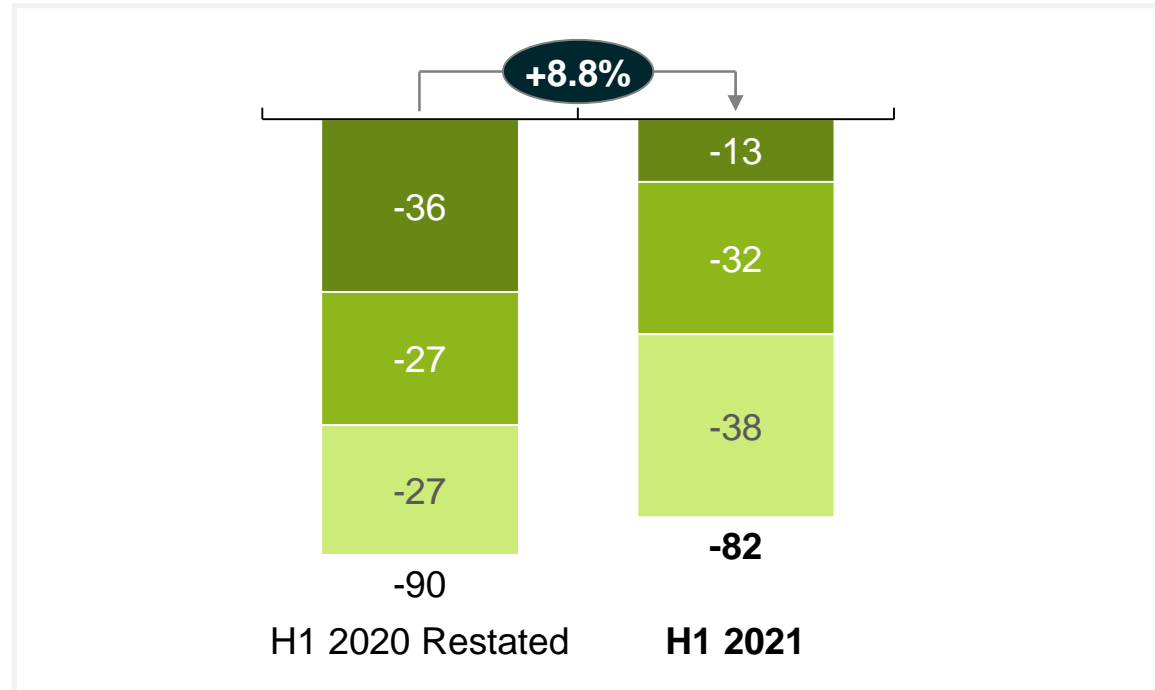
- Carve-out and separation of OGA from Olam Group on track for end-2021
- OGA in the process of evaluating various strategies to maximise its long-term growth potential and value enhancement within the Group, including potential IPO and concurrent demerger from the Group
- OGA delivered another record set of results across all its segments as it continues to take advantage of key secular trends underpinning the food and agricultural sector
- These trends, together with a differentiated business model, leading sustainability credentials, strong risk and operational management capabilities, will continue to drive OGA's continued success

Olam International (OIL)



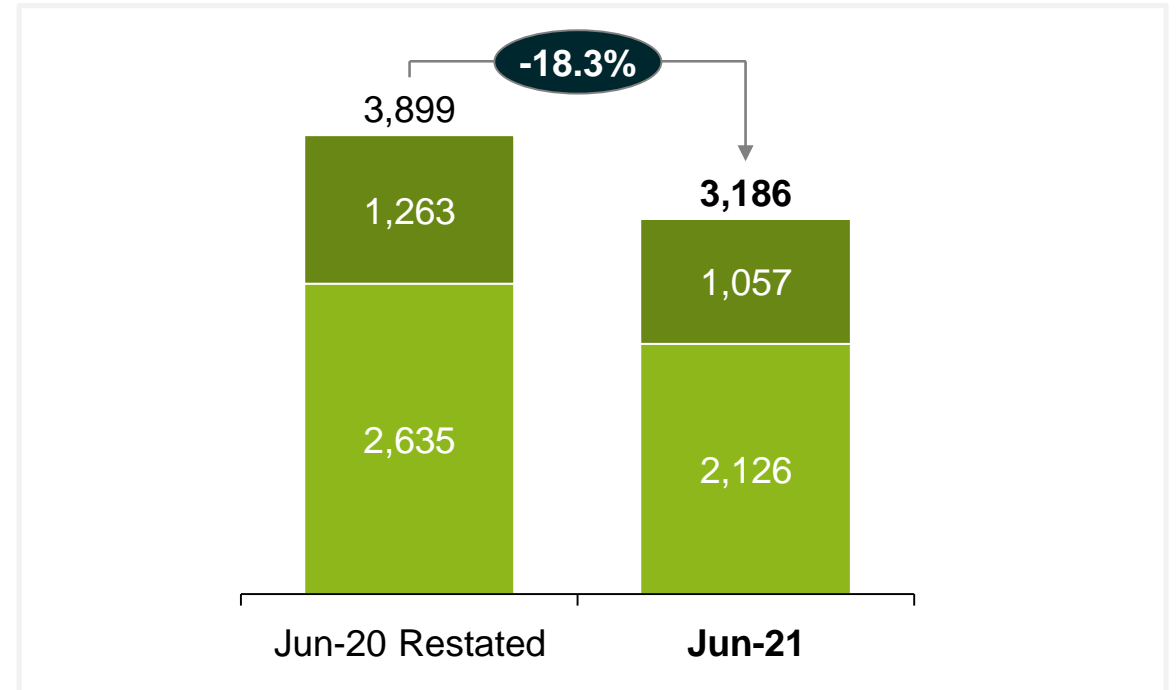
S\$ Million
EBIT

■ De-prioritised/Exiting Assets ■ Gestating Businesses ■ Incubating Businesses (including corp adjustments)



- Lower EBIT losses of S\$82.2 million in H1 2021: De-prioritised/Exiting Assets reduced losses from S\$35.8 million to S\$12.8 million due to lower losses from NZFSU, Coffee plantations and beverages business in Nigeria, and the absence of losses from OTP after it was shut down in 2020.
- However, these were offset by higher losses incurred by Gestating Assets, mainly due to impact of Covid-19 on ARISE's infrastructure and Logistics business in Africa, and Incubating Businesses

Invested Capital



- IC decreased by S\$713.5 million primarily on divestments and the closure of OTP, as well as the impairment on our investment in OPG in H2 2020, which was partly replaced by developmental expenditure in the plantations.

OIL: Incubate platforms for future growth (Engine 2) Olam

Criteria for selecting Engine 2 ventures

- ① Aligned to our purpose: *'Re-imagining Global Agriculture & Food Systems'*
- ② Leveraging Olam's core strengths & unique assets
- ③ Strategic & Financial value to Olam
- ④ Disruptive idea
- ⑤ **Material & Scalable opportunity** – large enough opportunities that can become new engines of growth for Olam in 6 years (two 3-year planning cycles).
- ⑥ **Smart investing (digital & sustainability)** rather than asset-heavy capital led models

Six Engine 2 initiatives being studied/explored



Business prospects and outlook



Business prospects and outlook



- Despite the on-going Covid-19 pandemic, we have observed a discernible pick-up in demand in H1 2021 due to China's rapid recovery and the snap back from the worst impact of Covid-19 induced decline in growth in 2020 in the major economies, including the US, EU, UK, China and Japan.
- Substantive fiscal support from governments and monetary easing by central banks, have also contributed to the improving consumer sentiment and increasing consumption expenditure trends seen in H1 2021. However, the pace of economic recovery across the world is uneven and certain regions, including South Asia and Southeast Asia are facing economic challenges arising from a renewed upsurge in Covid-19 cases.
- Notwithstanding the differential impact of Covid-19 globally, Olam continues to play an important role in providing essential food staples, food ingredients, feed and fibre to customers around the world in a safe, responsible and sustainable way.
- As we continue to execute the Re-organisation Plan, the Group is likely to incur certain one-off and non-recurring expenses during H2 2021.
- Barring unforeseen circumstances such as further upsurge in Covid-19 cases and consequent hard lockdowns across the world, the economic outlook and prospects for the Group remain positive, with the industry poised for recovery in 2021, aided by growing demand and tight commodity supplies.

01

Record H1 Operational PATMI since inception

- More than doubled Operational PATMI in H1 2021 to S\$437 million, a 116.0% growth with contribution from all operating groups
- Record EBIT growth by OFI (22.9%) and OGA (58.9%)

Re-organisation Plan is making progress

- OFI to seek primary listing in London and concurrent listing in Singapore
- Concurrent listings will give OFI access to London's large, diverse investor and capital base, strong liquidity and broad, deep coverage of the food and beverage sector, tapping into our strong Singapore shareholder base and access to growth in Asia.
- We are evaluating various strategies to maximise OGA's long term growth potential and value enhancement within the Group as it continues with its plan for carve-out, potential IPO and demerger by H1 2023

02

03

Bouncing back from the pandemic

Economic outlook and prospects of the Group remain positive, with the industry continuing its recovery in H2 2021 and benefiting from tailwind of favourable macro conditions following snap back from the worse impacts of Covid-19.



Appendix

P&L statement



| \$ million | H1 2021 | H1 2020 | % Change |
|---|--------------|--------------|--------------|
| Volume ('000 MT) | 22,367.4 | 20,058.4 | 11.5 |
| Revenue | 22,833.4 | 17,080.5 | 33.7 |
| Net (loss)/gain in fair value of biological assets [^] | (6.3) | 3.8 | n.m. |
| Depreciation & Amortisation [^] | (293.9) | (272.6) | 7.8 |
| EBIT[^] | 641.6 | 423.7 | 51.4 |
| Net Finance costs [^] | (197.2) | (230.2) | (14.3) |
| Taxation [^] | (46.6) | (28.7) | 62.2 |
| Exceptional items | (15.1) | 130.6 | n.m. |
| PAT | 382.7 | 295.4 | 29.5 |
| PATMI | 421.5 | 332.7 | 26.7 |
| Operational PATMI[^] | 436.6 | 202.1 | 116.0 |

[^] Excluding exceptional items

Exceptional items

| S\$ million | H1 2021 | H1 2020 |
|--|----------------|----------------|
| Profit on sale of partial stake in ARISE P&L | - | 123.1 |
| Profit on sale of Far East Agri (PT DUS) | - | 49.9 |
| Acquisition related cost (Olde Thompson) | (6.2) | - |
| Profit on sale of partial stake in subsidiary PT SDW | 5.0 | - |
| Exit/Closure costs | (13.9) | (41.5) |
| Loss on sale of Collymongle gin, Australia | - | (0.9) |
| Exceptional Items | (15.1) | 130.6 |

Balance sheet



| | \$ million | H1 2021 | H1 2020 | Change |
|--------------------|------------------------------|-----------------|-----------------|-----------------|
| Uses of Capital | Fixed Capital | 9,724.1 | 8,309.9 | 1,414.2 |
| | Right-of-use assets | 746.7 | 712.2 | 34.5 |
| | Working Capital | 7,319.9 | 7,455.7 | (135.8) |
| | Cash | 3,542.3 | 3,115.9 | 426.4 |
| | Others | 502.0 | 601.7 | (99.7) |
| | Total | | 21,835.0 | 20,195.4 |
| Sources of Capital | Equity & Reserves | 7,193.8 | 6,425.4 | 768.4 |
| | Non-controlling interests | 42.0 | 73.5 | (31.5) |
| | Short term debt | 6,623.5 | 6,466.5 | 157.0 |
| | Long term debt | 7,485.1 | 6,780.9 | 704.2 |
| | Short term lease liabilities | 121.2 | 96.5 | 24.7 |
| | Long term lease liabilities | 819.6 | 815.5 | 4.1 |
| | Fair value reserve | (450.2) | (462.9) | 12.7 |
| Total | | 21,835.0 | 20,195.4 | 1,639.6 |

Cash flow statement



| S\$ million | H1 2021 | H1 2020 | Change |
|--|----------------|----------------|------------------|
| Operating Cash flow (before Interest & Tax) | 926.8 | 683.9 | 242.9 |
| Changes in Working Capital | 355.0 | 560.6 | (205.6) |
| Net Operating Cash Flow | 1,281.8 | 1,244.5 | 37.3 |
| Net interest paid | (192.3) | (239.5) | 47.2 |
| Tax paid | (94.5) | (70.3) | (24.2) |
| Cash from divestments | 138.9 | 207.7 | (68.8) |
| Free cash flow before Capex/investments | 1,133.9 | 1,142.4 | (8.5) |
| Capex/Investments | (1,532.2) | (315.5) | (1,216.7) |
| Free cash flow to equity (FCFE) | (398.3) | 826.9 | (1,225.2) |



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