Olam

9M 2019
Results Briefing
November 13, 2019









Presenters



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Co-Founder
and Group CEO



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Notice

This presentation should be read in conjunction with Olam International Limited's Financial Statements and Management Discussion and Analysis for the Third Quarter ("Q3 2019") and Nine Months ended September 30, 2019 ("9M 2019") lodged on SGXNET on November 13, 2019.

Cautionary note
on forward-looking statements

This presentation may contain statements regarding the business of Olam International Limited and its subsidiaries ('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 release and in the Management Discussion and Analysis section of the Company's Third Quarter and Nine Months ended September 30, 2019 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.





Agenda

- 9M 2019 highlights
- Segmental review
- Strategic Plan progress
- Key takeaways





9M 2019 highlights





9M 2019 results

At a glance

Volume
29.0 M MT
+24.9%

EBITDA
S$1,058 M
+16.9%

PATMI
S$251 M
-8.0%

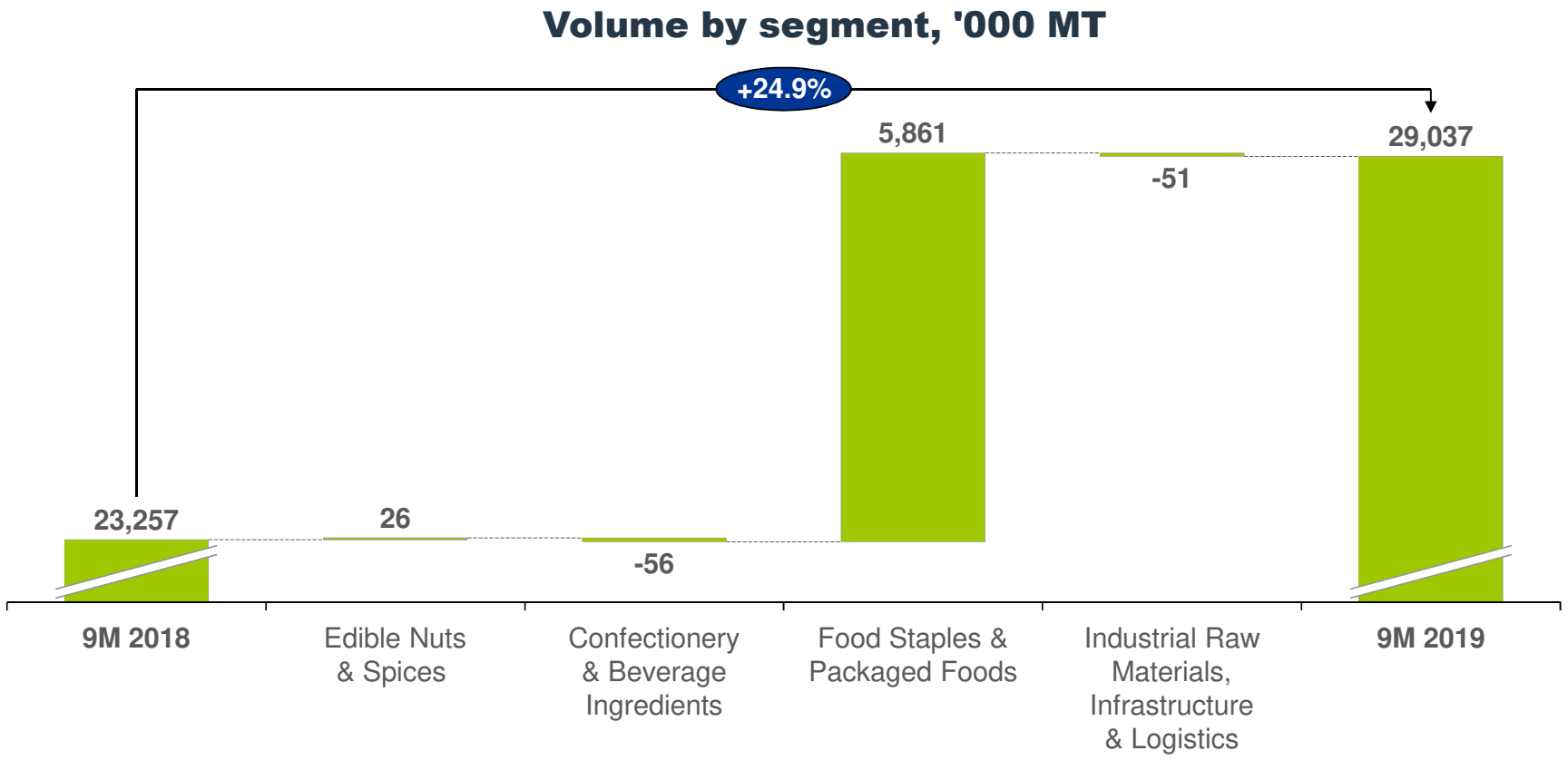
Operational PATMI
S$269 M
-2.3%

Free Cash Flow
+FCFE
S$767 M

Gearing
from 1.38x to
1.37x

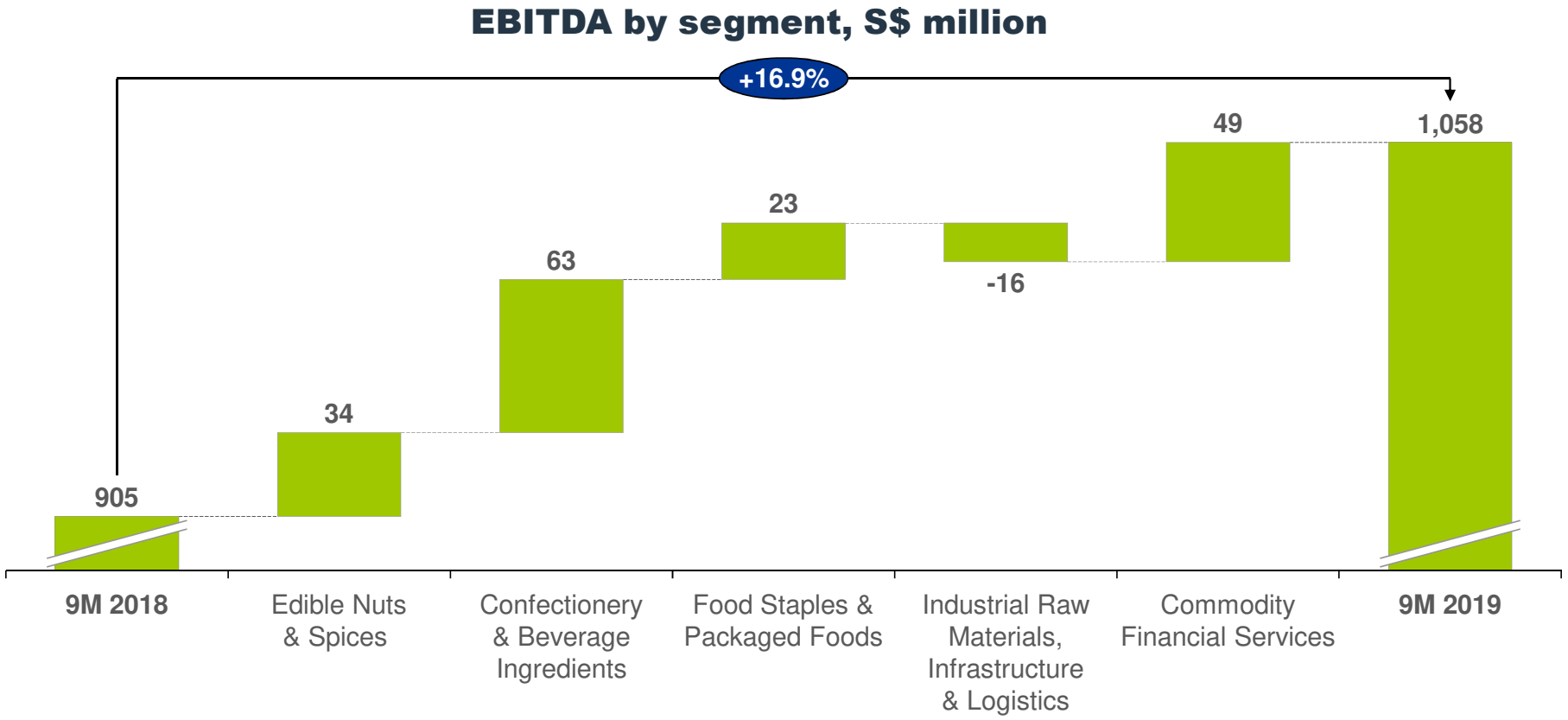
Volume grew 24.9%

Led by Food Staples & Packaged Foods (Grains)



EBITDA grew 16.9%

Growth in all segments except Industrial Raw Materials, Infrastructure and Logistics

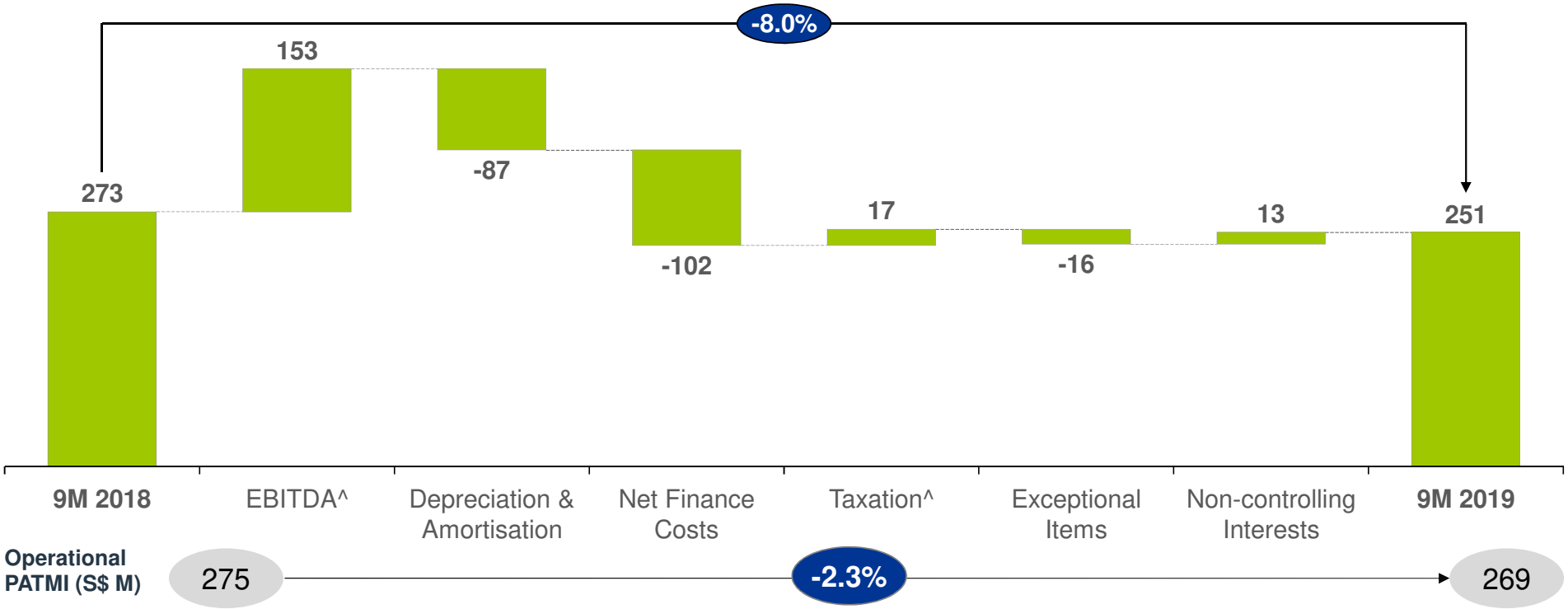


Note: The adoption of SFRS(I) 16 resulted in an increase in EBITDA by S$74.6 million.

PATMI declined 8.0%

Excluding impact of SFRS(I) 16, PATMI would have declined marginally by 0.9% to S$270 million; Operational PATMI up 4.9% at S$288 million

PATMI and Operational PATMI, S$ million

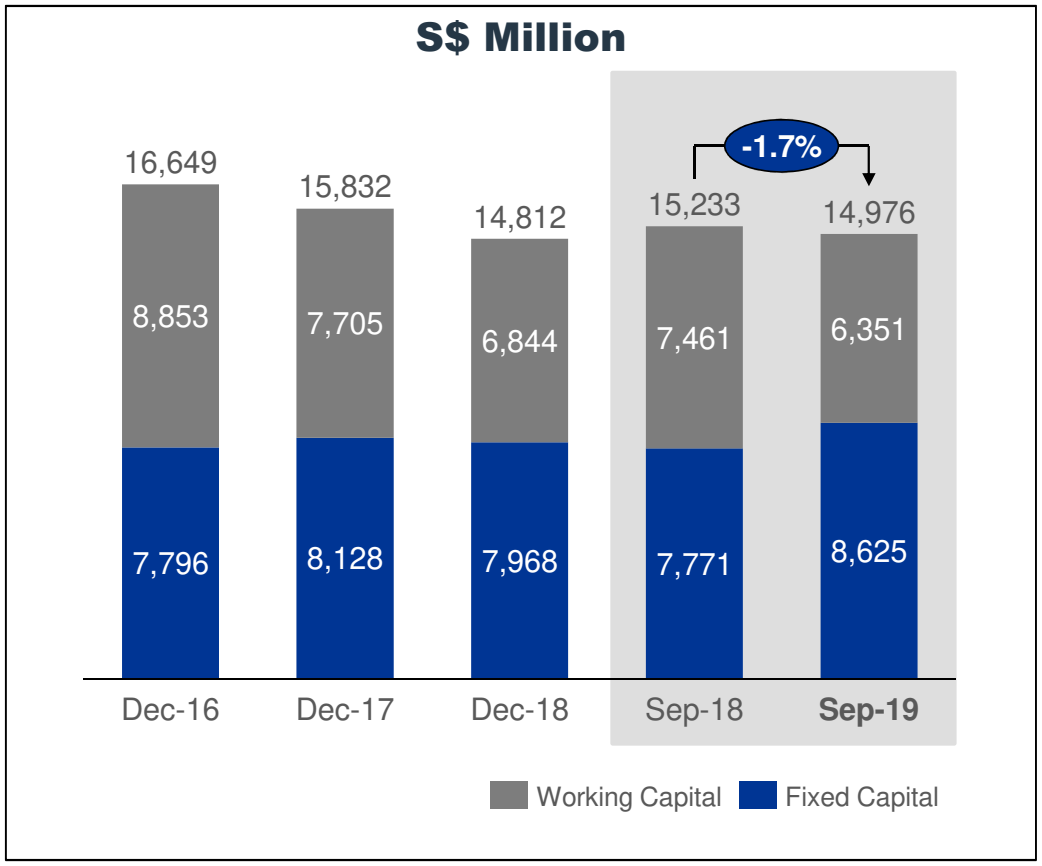


Note: The adoption of SFRS(I) 16 resulted in an increase in EBITDA by S$74.6 million. It also increased depreciation and net finance costs by S$71.5 million and S$22.7 million respectively in 9M 2019, resulting in net negative impact of S$19.5 million on PATMI.

^ Excludes exceptional items

1.7% reduction in invested capital

14.9% reduction in working capital year-on-year

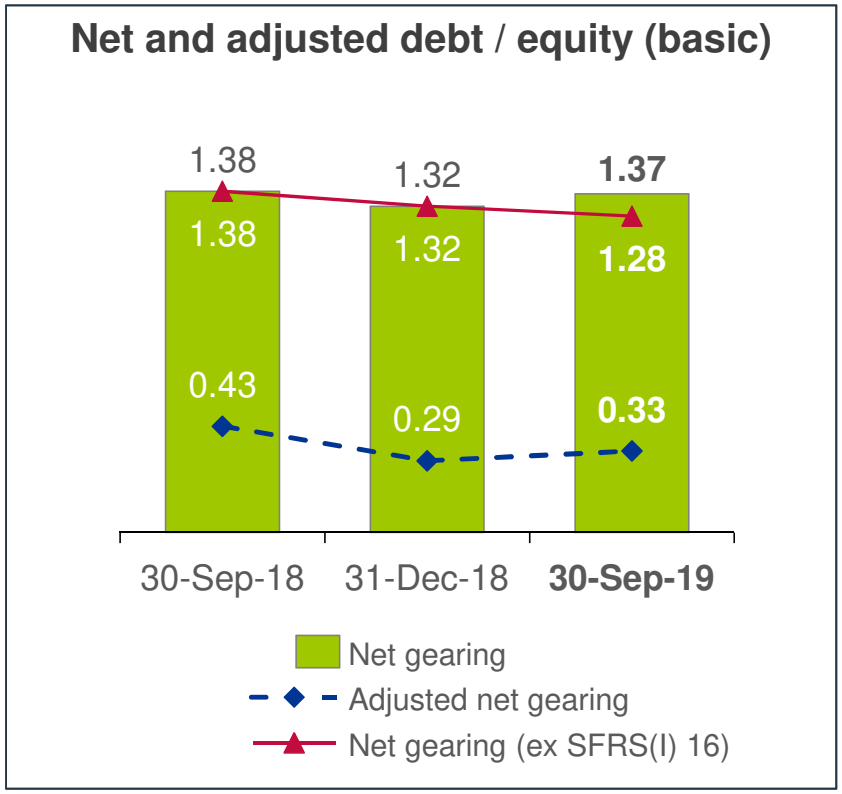


- **Fixed Capital increased on adoption of SFRS(I) 16 with addition of right-of-use assets and investments in line with Strategic Plan**
- **Continued optimisation led to reduction in Working Capital by 14.9% despite the year-on-year volume (+24.9%) and revenue increase (+10.2%)**

Invested Capital excludes:
(a) Gabon Fertiliser Project (30 Sep 2019: S$239.1 million; 30 Sep 2018: S$247.9 million;); and
(b) Long-term Investments (30 Sep 2019: S$101.7 million; 30 Sep 2018: S$205.7 million)

Net gearing at 1.37x

Excluding impact of SFRS(I) 16, net gearing improved to 1.28x

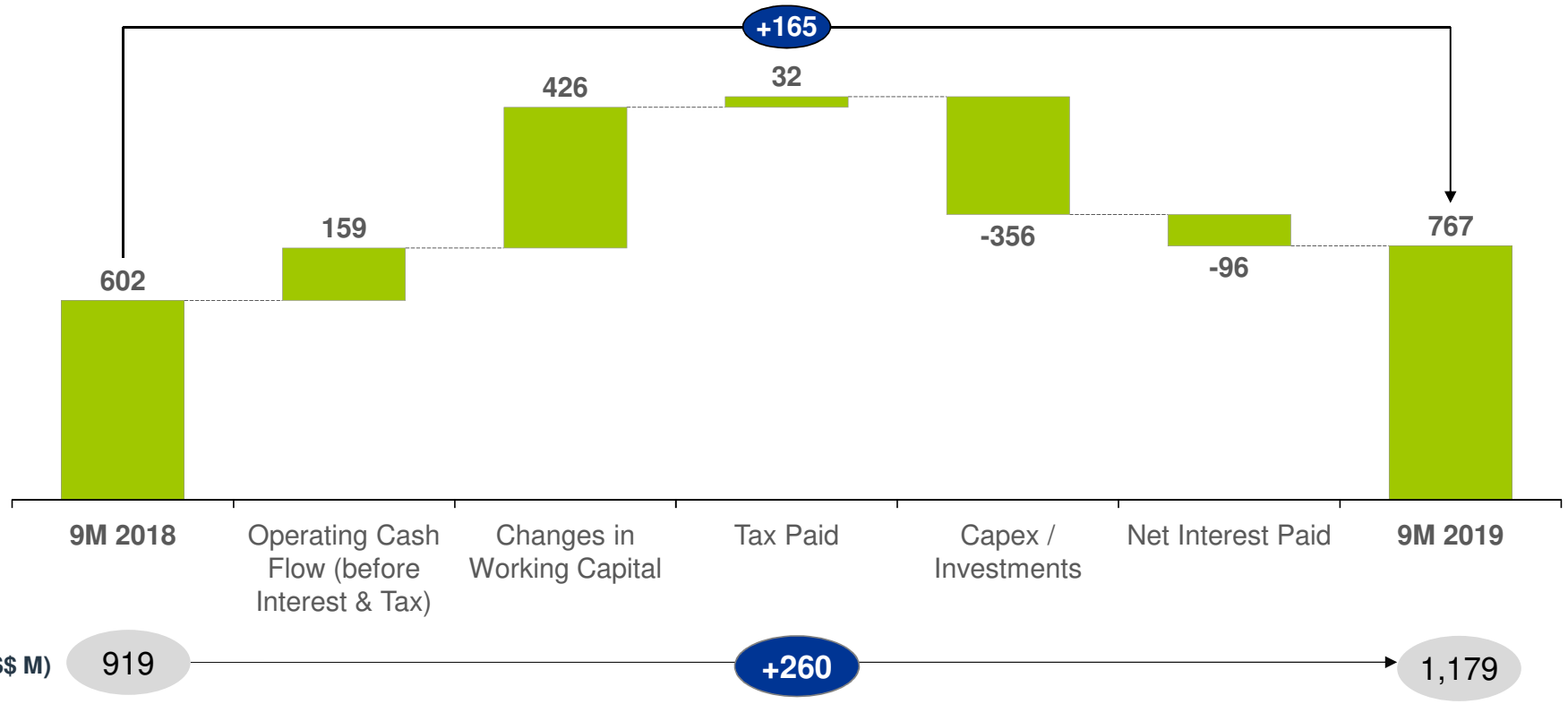


- **Reduced net debt:**
  - **Despite impact of application of SFRS(I) 16 – net increase of S$556 million in lease liabilities**
  - **Supported by lower working capital due to change in product mix and improved access to supplier credit**

Free cash flow

Improved, positive FCFE in 9M 2019 on higher operating cash, reduced working capital

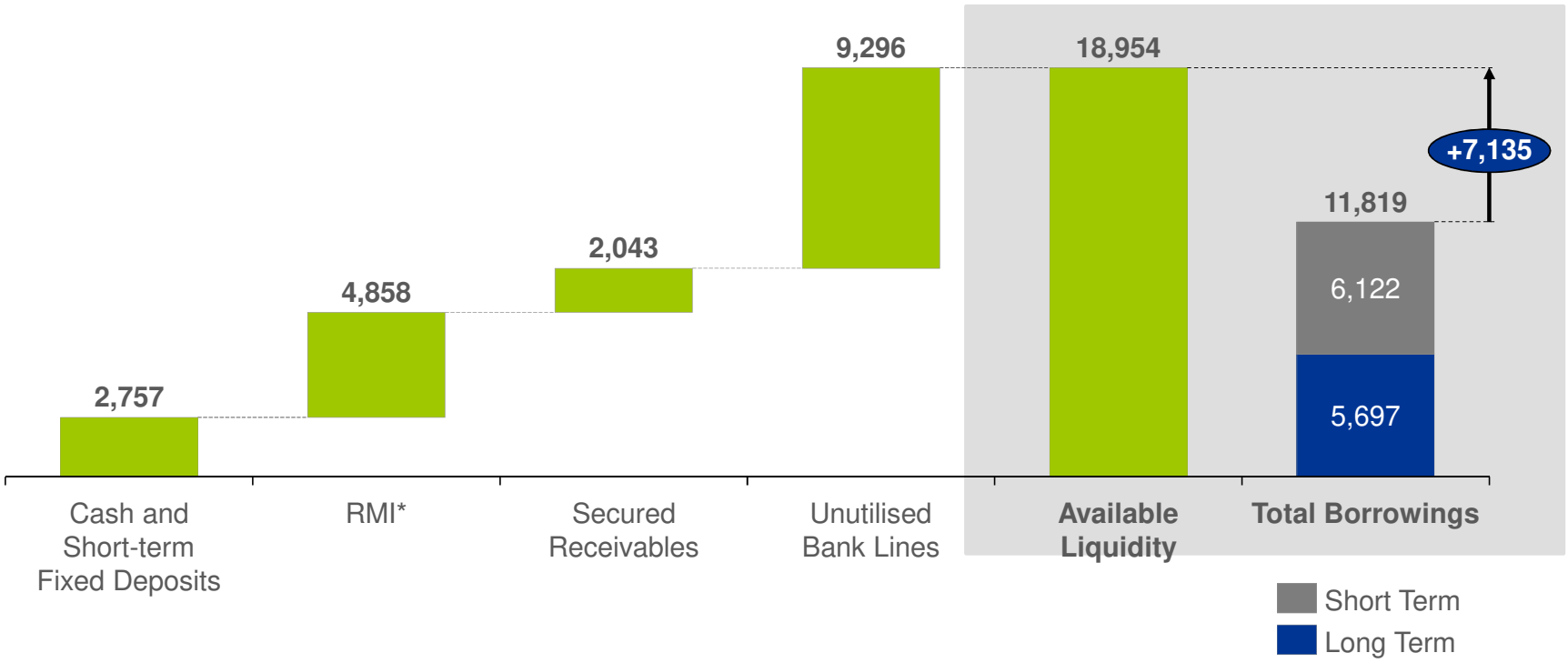
Free Cash Flow to Equity, S$ million



Available liquidity

Sufficient to cover all repayment and Capex obligations

Total borrowings and available liquidity, S$ Million as at September 30, 2019



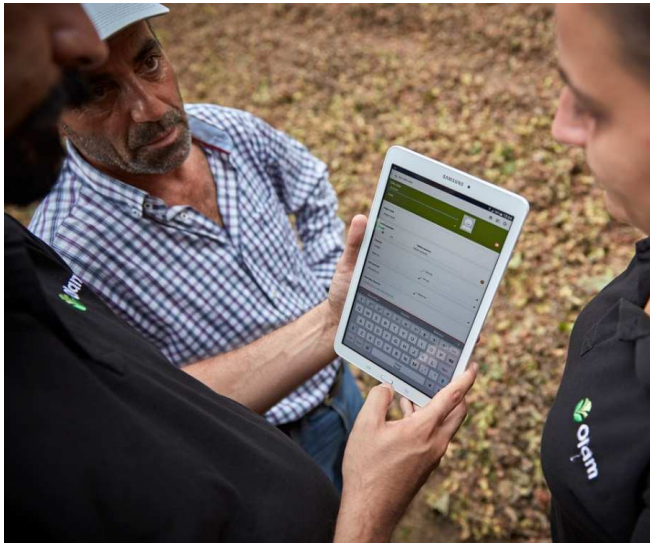
* RMI: inventories that are liquid, hedged and/or sold forward





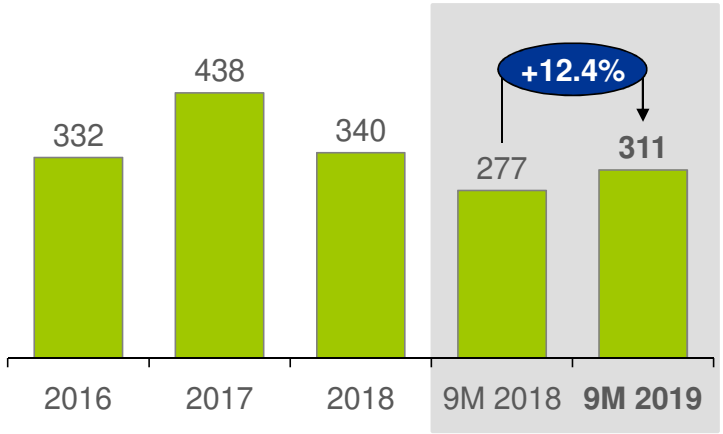
Segmental review





Edible Nuts and Spices

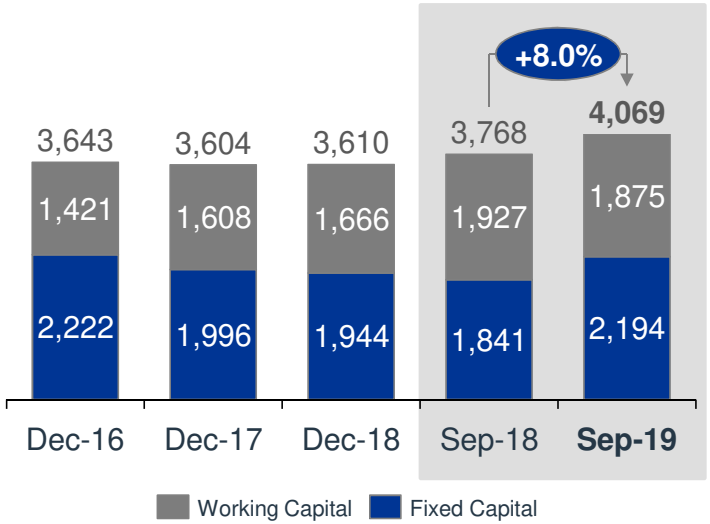
EBITDA, S$ Million



- Higher EBITDA due to better contribution from Almonds, Spices
- Peanut business impacted by cessation of operations in Argentina and reduced shelling volumes and margins in U.S.; Hazelnut business impacted by tight trading conditions in Turkey which are expected to continue into Q4 2019 and beyond
- Spices business to cease industrial tomato and canning operations and review options to divest the assets and business by H1 2020

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16.

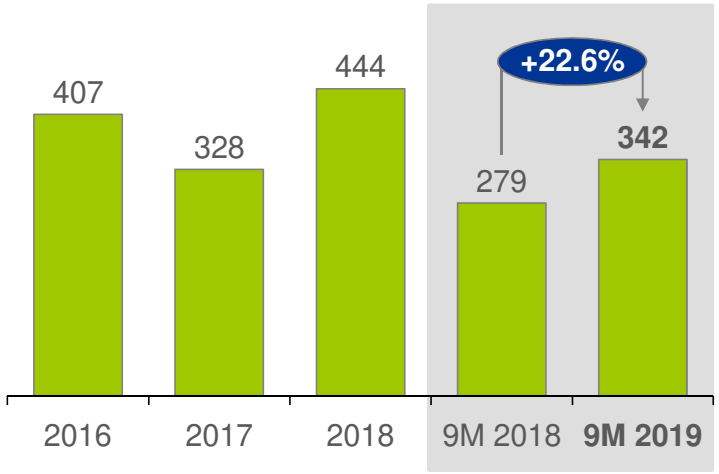
Invested capital, S$ Million



- Working Capital reduced with lower peanut prices
- Fixed Capital increased on account of SFRS(I) 16 impact

Confectionery and Beverage Ingredients

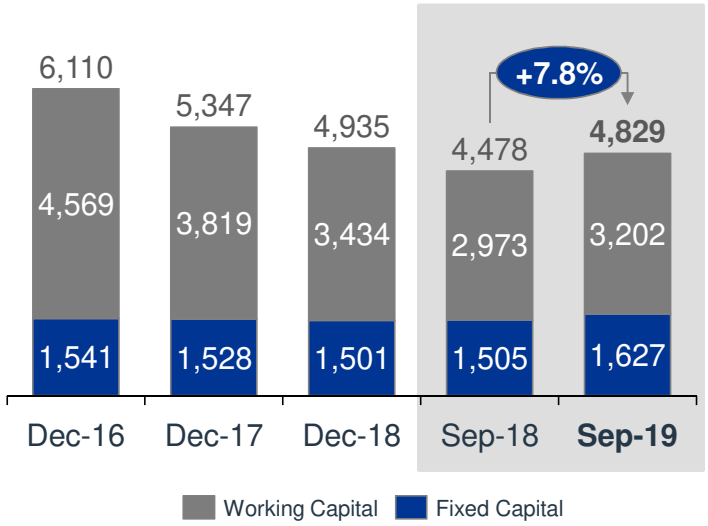
EBITDA, S$ Million



- Strong growth in EBITDA as Cocoa continued stellar performance in supply chain and processing with improved margins
- Green coffee volumes and margins improved yoy; soluble coffee continued to perform well; plantations performance impacted by persistent low prices

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16.

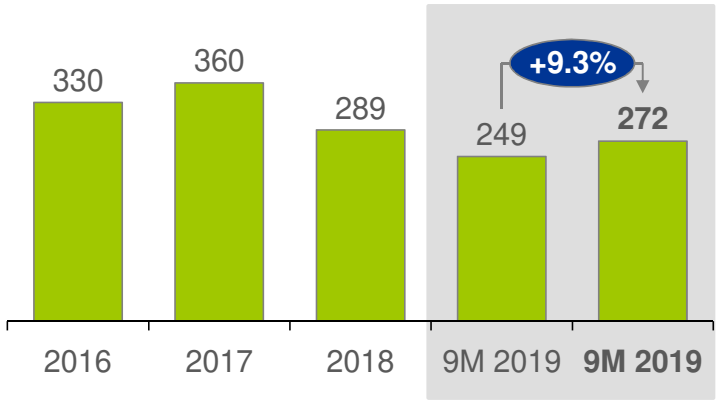
Invested capital, S$ Million



- Increase in Working Capital due to higher Cocoa inventory
- Fixed Capital higher on acquisition of BT Cocoa and impact from SFRS(I) 16 adoption

Food Staples and Packaged Foods

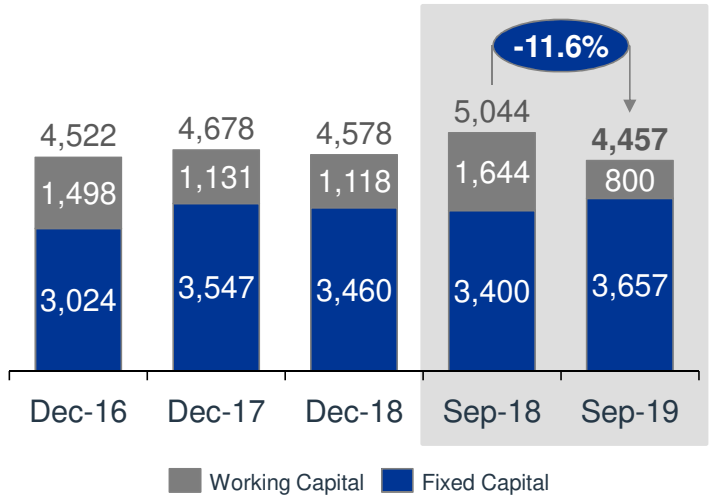
EBITDA, S$ Million



- EBITDA growth from improved contribution from Grains, Packaged Foods and Edible Oil supply chain, partly offset by reduction in Rice and Sugar
- Edible Oils refining and distribution was impacted by tropical cyclone in Mozambique; low palm oil prices and lower than anticipated yields adversely impacted Olam Palm Gabon (OPG)
- Rusmolco fared well but dairy farming in Uruguay continued to experience very difficult operating conditions

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16.

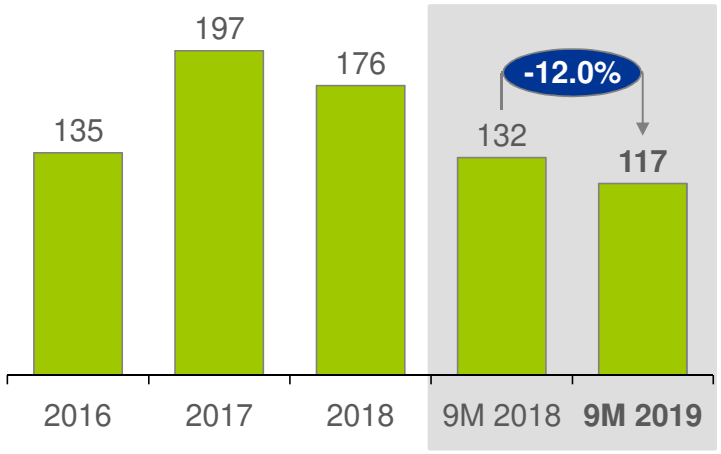
Invested capital, S$ Million



- Working Capital lower on closure of Sugar trading desk and availability of supplier credit for bulk commodities
- Fixed Capital increased on continued investments by OPG and Rusmolco, impact from SFRS(I) 16 adoption

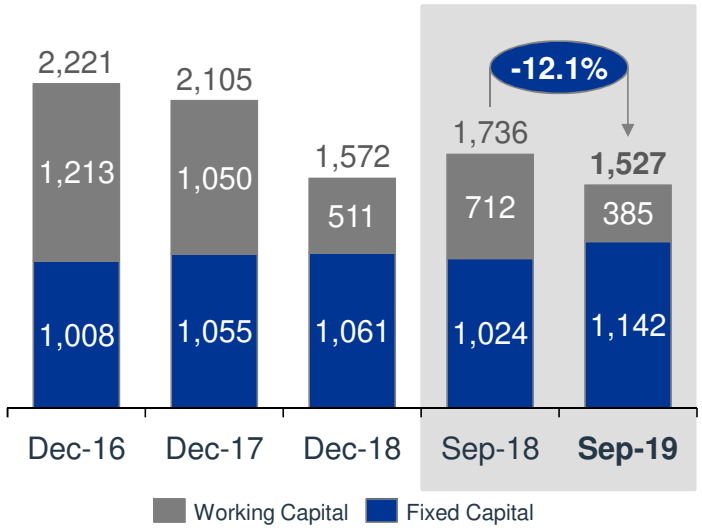
Industrial Raw Materials, Infrastructure and Logistics

EBITDA, S$ Million



- EBITDA declined on reduced contribution from Cotton due to sharp fall in cotton prices and tight trading conditions
- This was offset partly by improved Wood Products, GSEZ performance

Invested capital, S$ Million



- Working Capital reduced significantly on lower cotton prices and reduced volumes following closure of deprioritised businesses
- Fixed Capital increased due to investment in Cotontchad, continued investments in Olam Rubber Gabon and impact from adoption of SFRS(I) 16





Strategic Plan progress





2019-2024 Strategic Plan

Investments

- Acquisition of U.S. almond processor and ingredients company Hughson Nut and related assets for US$54 million; to be completed by end-Nov 2019
- Completed acquisition of Dangote Flour Mills in Nigeria for NGN120 billion (~US$331 million)
- Completed acquisition of 100% in Rusmolco
- Completed acquisition of 85% of BT Cocoa in Indonesia for US$90 million
- Completed acquisition of Cotonchad in TChad for US$16 million







2019-2024 Strategic Plan

Divestments

- Disposed 100% interest in peanut shelling in Argentina and exited peanut farming
- Sold remaining 51% interest in Collymongle ginning in Australia
- Exited Sugar, Rubber and Fertiliser trading, Fundamental Fund and Wood Products in Latin America
- All the above divestments have reduced invested capital by US$153.6 million in 9M 2019
- Continually reviewing options for divesting and/or restructuring various assets and businesses in line with the Strategic Plan, some of which may be concluded in this financial year. The outcome, timing and the range of financial impact (viz. one-off exit costs, gains/losses on sale and/or potential impairment of these assets/businesses) is uncertain and subject to multiple factors outside our control. We will make appropriate disclosures as and when there are material developments in this regard.





Key takeaways





Key takeaways

- Continued top line growth; steady EBITDA growth in 9M 2019
- Improved, positive free cash flow generation of S$767 million
- Maintained strong balance sheet and gearing at 1.37x; well-positioned to undertake significant Capex for strategic investments and higher working capital deployment in Q4 2019
- Continue to execute on refreshed Strategic Plan to capitalise on key consumer growth trends and achieve sustainable, profitable growth
- Focus on divesting and/or restructuring assets and businesses which have been identified in the Strategic Plan
- Project underway to explore various options to maximise long term value for shareholders and on track for completion by end-2019





Appendix





P&L statement

S$ million	9M 2019	9M 2018	% Change	Q3 2019	Q3 2018	% Change
Volume ('000 MT)	29,036.9	23,256.7	24.9	9,936.7	9,650.1	3.0
Revenue	24,255.2	22,018.6	10.2	8,311.3	8,294.0	0.2
Net loss in fair value of biological assets	(5.2)	(9.6)	(46.0)	(1.2)	0.2	n.m.
EBITDA^	**1,058.4**	**905.1**	**16.9**	**286.9**	**229.1**	**25.2**
Depreciation & amortisation	(378.0)	(290.7)	30.0	(128.5)	(102.0)	25.9
Net Finance costs	(412.6)	(310.5)	32.9	(147.7)	(108.8)	35.8
Taxation^	(33.4)	(50.7)	(34.1)	(1.7)	(3.6)	(52.8)
Exceptional items	(17.8)	(2.1)	n.m.	(0.1)	-	n.m.
PAT	216.6	251.1	(13.7)	8.9	14.7	(39.2)
PATMI	**250.7**	**272.6**	**(8.0)**	**20.4**	**20.7**	**(1.5)**
Operational PATMI	**268.5**	**274.7**	**(2.3)**	**20.5**	**20.7**	**(1.0)**

^ Excluding exceptional items

P&L statement
Impact of SFRS(I) 16

S$ million	9M 2019			Q3 2019		
Profit & Loss Statement	**Reported**	**SFRS(I) 16 Impact**	**Excluding SFRS(I) 16**	**Reported**	**SFRS(I) 16 Impact**	**Excluding SFRS(I) 16**
EBITDA	**1,058.4**	**74.6**	**983.8**	**286.9**	**25.1**	**261.8**
Depreciation & Amortisation	(378.0)	(71.5)	(306.5)	(128.5)	**(24.1)**	(104.4)
Net Finance costs	(412.6)	(22.7)	(389.9)	(147.7)	**(7.7)**	(140.0)
PATMI	**250.7**	**(19.5)**	**270.2**	**20.4**	**(6.5)**	**26.9**
Operational PATMI	**268.5**	**(19.5)**	**288.0**	**20.5**	**(6.5)**	**27.0**

Exceptional items

S$ million	9M 2019	9M 2018	Q3 2019	Q3 2018
Profit on sale of land in US	-	13.8	-	0.1
Profit on sale of Subsidiary	0.6	5.9	-	0.1
Sale of Café Enrista brand	-	2.7	-	-
Loss on sale of JV/Associate	(1.1)	(24.5)	-	(0.2)
Exit/Closure costs	(17.3)	-	(0.1)	-
Exceptional Items	**(17.8)**	**(2.1)**	**(0.1)**	**0.0**

Balance sheet

S$ million	**30-Sep-2019**	31-Dec-2018	Change vs Dec 18	30-Sep-2018	Change vs Sep 18
Uses of Capital					
Fixed Capital	8,326.5	8,349.3	(22.8)	8,223.3	103.2
Right-of-use assets	639.3	-	639.3	-	639.3
Working Capital	5,900.4	6,376.4	(476.0)	6,718.9	(818.5)
Cash	2,757.4	2,480.4	277.0	2,599.0	158.4
Others	539.1	526.2	12.9	753.4	(214.3)
Total	**18,162.7**	**17,732.3**	**430.4**	**18,294.6**	**(131.9)**
Sources of Capital					
Equity & Reserves	6,637.6	6,652.9	(15.3)	6,691.7	(54.1)
Non-controlling interests	117.0	138.7	(21.7)	150.2	(33.2)
Short term debt	6,042.2	4,766.4	1,275.8	4,716.7	1,325.5
Long term debt	5,130.0	6,407.7	(1,277.7)	6,995.0	(1,865.0)
Short term lease liabilities	80.1	10.7	69.4	10.0	70.1
Long term lease liabilities	566.7	83.4	483.3	80.5	486.2
Fair value reserve	(410.9)	(327.5)	(83.4)	(349.5)	(61.4)
Total	**18,162.7**	**17,732.3**	**430.4**	**18,294.6**	**(131.9)**

Cash flow statement

S$ million	**9M 2019**	9M 2018	Change	**Q3 2019**	Q3 2018	Change
Operating Cash flow (before Interest & Tax)	1,074.4	915.5	158.9	304.4	229.8	74.6
Changes in Working Capital	696.2	270.7	425.5	(69.0)	658.7	(727.7)
Net Operating Cash Flow	**1,770.6**	1,186.2	584.4	**235.4**	888.5	(653.1)
Net interest paid	(411.7)	(316.1)	(95.6)	(147.4)	(112.5)	(34.9)
Tax paid	(92.3)	(124.2)	31.9	(40.5)	(33.7)	(6.8)
Cash from divestments	15.6	364.4	(348.8)	5.5	171.6	(166.1)
Free cash flow before capex/ investments	**1,282.2**	1,110.3	171.9	**53.0**	913.9	(860.9)
Capex/ Investments	(515.2)	(507.9)	(7.3)	(150.1)	(144.5)	(5.6)
Free cash flow to equity (FCFE)	**767.0**	602.4	164.6	**(97.1)**	769.4	(866.5)



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