Olam

H1 2018 Results Briefing

August 14, 2018









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 for the Second Quarter ("Q2 2018") and Six Months ended June 30, 2018 ("H1 2018") and Management Discussion and Analysis lodged on SGXNet on August 14, 2018.

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, listed in this presentation, or discussed in today's news release and in the Management Discussion and Analysis section of the Company's Second Quarter and Six Months ended June 30, 2018 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

- H1 2018 highlights
- Segmental review
- Key takeaways





H1 2018 highlights





H1 2018 results

At a glance

Volume

13.6 M MT

+52.2%

EBITDA

S$676 M

-12.5%

PATMI

S$252 M

-13.6%

Operational PATMI

S$254 M

-14.7%

Free Cash Flow

FCFE

-S$167 M

Gearing

from 1.97 X to

1.46 X

H1 2018 highlights

Satisfactory performance in H1 2018



- Results compared against strong H1 2017 performance
- Improved, positive Free Cash Flow to Equity of S$242.1 million in Q2 2018

Interim dividends maintained



- Board of Directors declares interim dividend of 3.5 cents per share (H1 2017: 3.5 cents)

Stronger balance sheet



- Share capital up S$71.8 million from warrants exercise in H1 2018
- Positive impact from optimisation initiatives
- Improved gearing of 1.46X (H1 2017: 1.97X)

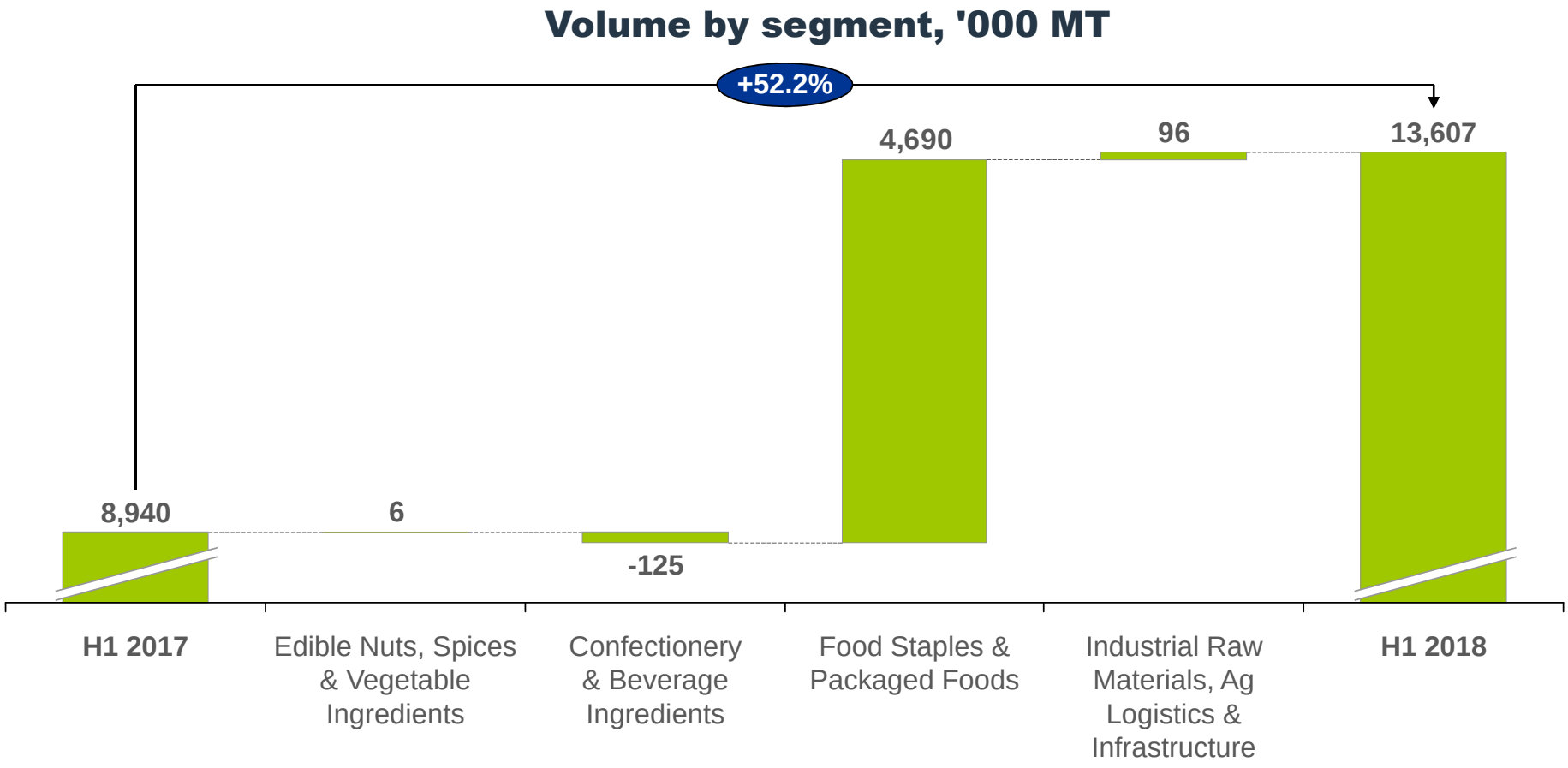
Continue to execute on 2016-2018 Strategic Plan in H2 2018



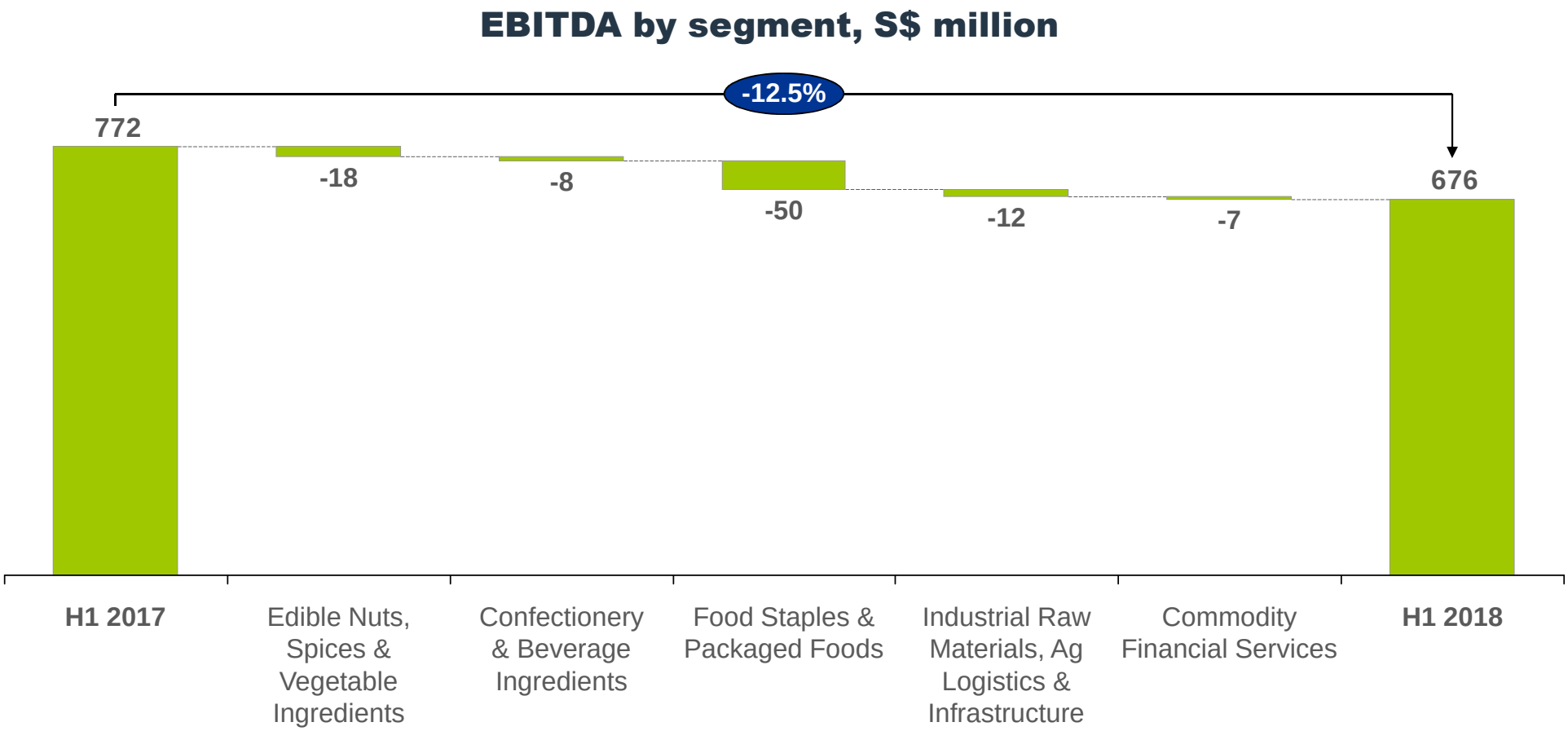
- Deliver profit growth, improved returns and positive free cash flow
- Pursue growth in prioritised platforms
- Turn around underperforming assets and ensure gestating assets reach full potential

Volume grew 52.2%

Led by Food Staples & Packaged Foods

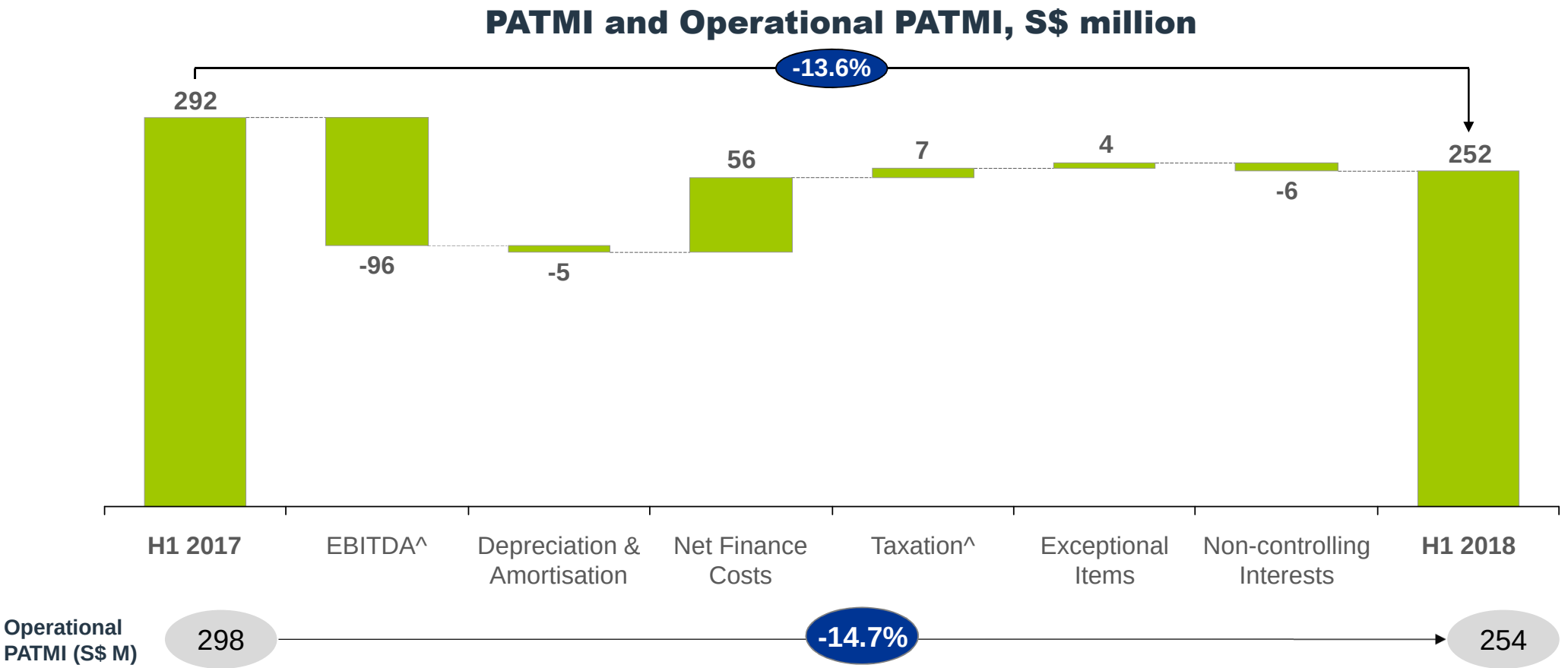


EBITDA declined 12.5% vs strong H1 2017



PATMI declined 13.6% vs strong H1 2017

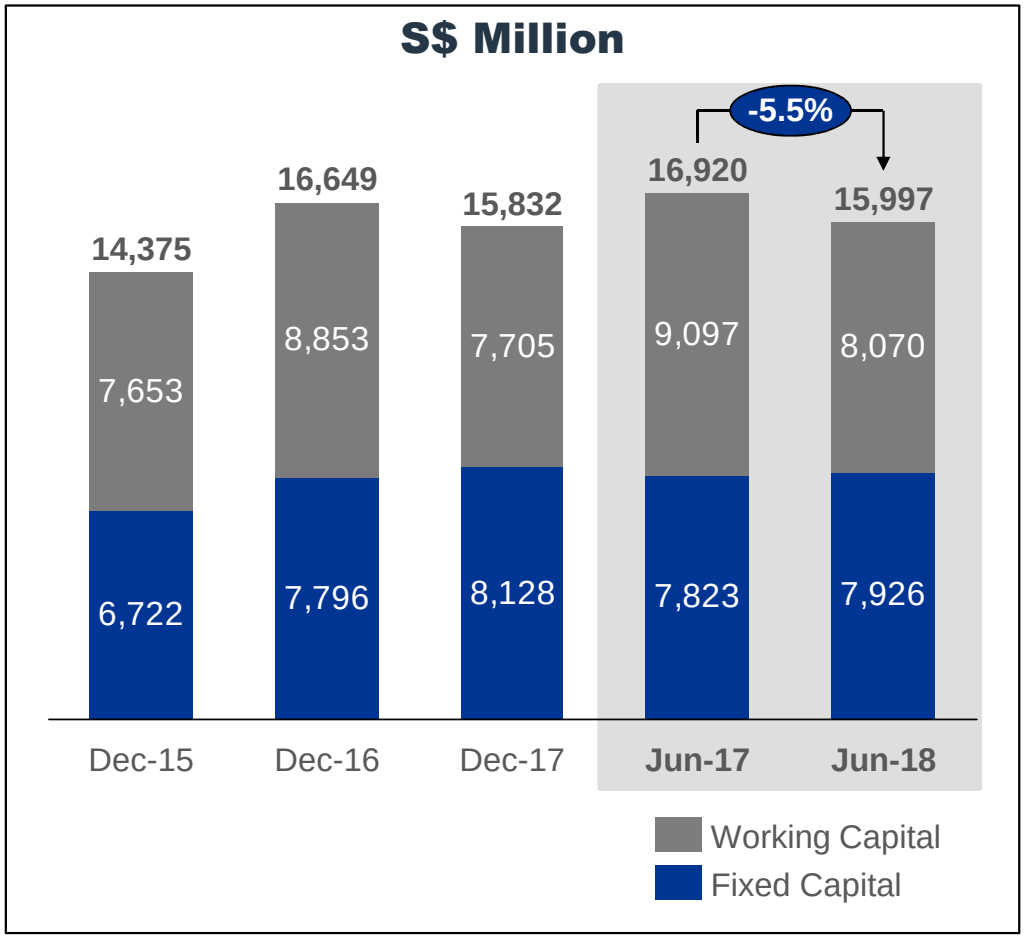
Operational PATMI down 14.7%



^ Excludes exceptional items

5.5% reduction in invested capital

11.3% reduction in working capital year-on-year

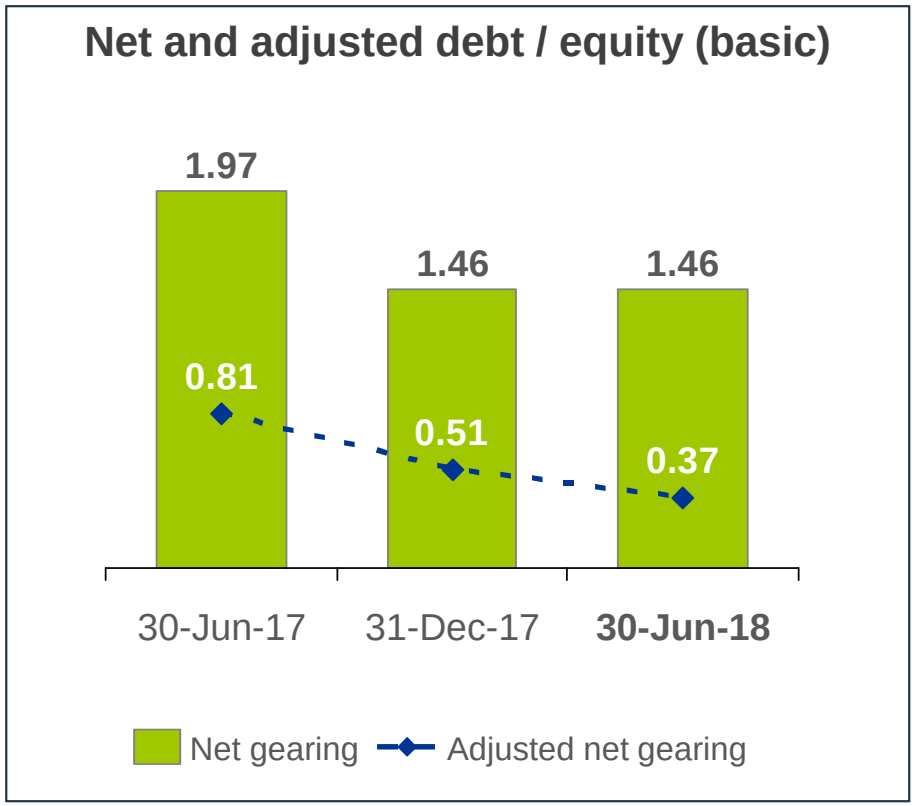


- **Fixed Capital up marginally with continued committed investments in upstream and midstream assets, partly offset by completion of planned divestments**

- **Working Capital reduction of 11.3% despite the year-on-year volume (+52.2%) and revenue increase (+11.4%)**

Invested Capital excludes:
(a) Gabon Fertiliser Project (30 Jun 2018: S$248.1 million; 30 Jun 2017: S$237.1 million;); and
(b) Long-term Investments (30 Jun 2018: S$214.1 million; 30 Jun 2017: S$220.4 million)

Net gearing reduced to 1.46X



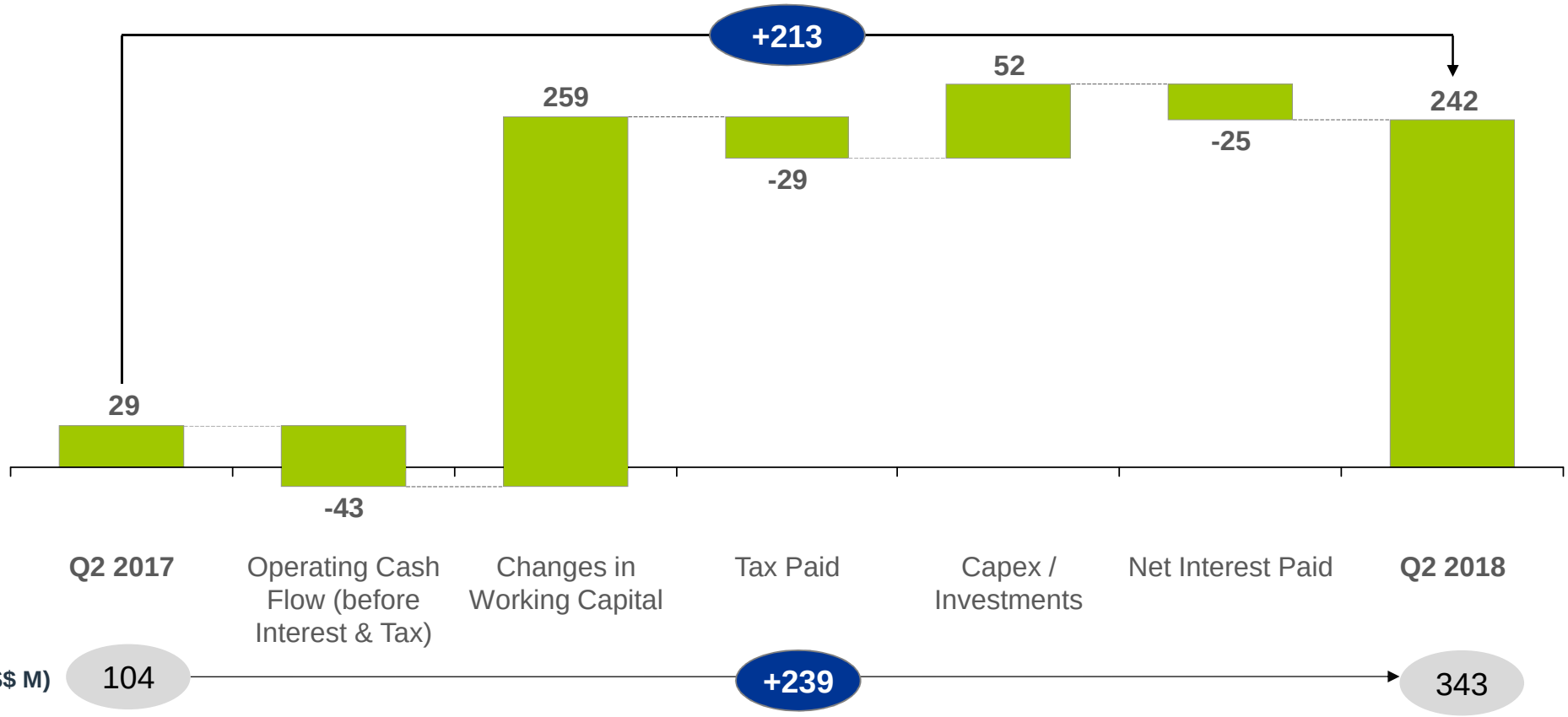
- **Reduced net debt due to:**
  - **Lower working capital on optimisation initiatives, also supported by lower commodity prices**
  - **Lower gross Capex**
  - **Cash release from divestments**
  - **Conversion of warrants into equity**

- **Exercise of warrants added S$71.8 million to equity in H1 2018**

Free cash flow

Improved, positive FCFE in Q2 2018 on lower working capital usage and lower Capex

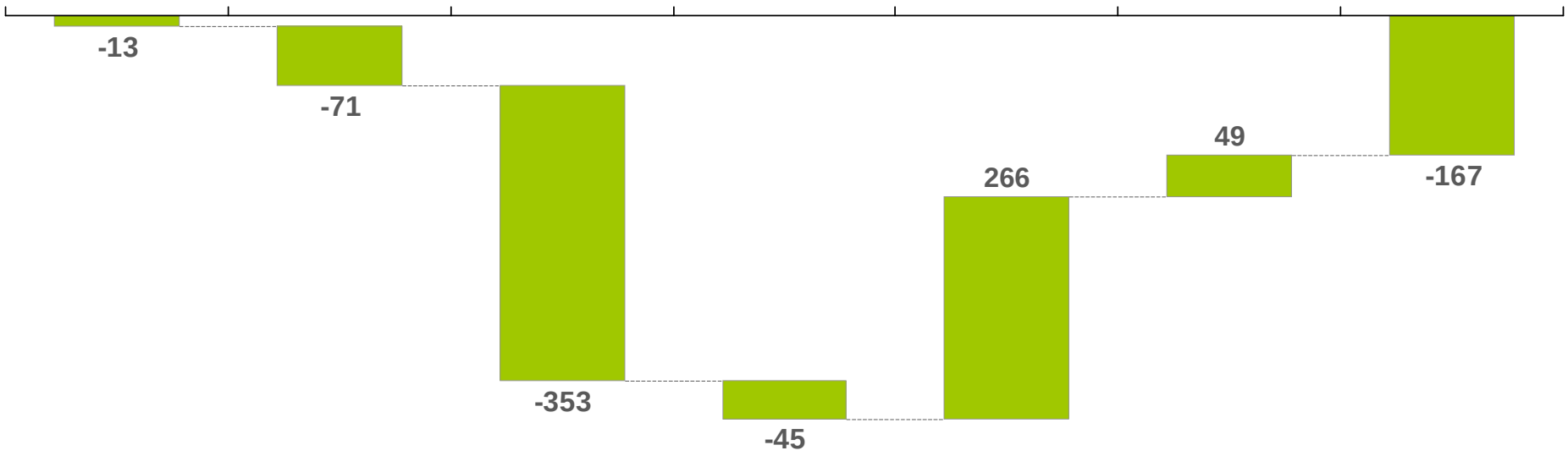
Free Cash Flow to Equity, S$ million



Free cash flow

Negative FCFE in H1 2018 due to higher working capital usage in Q1 2018

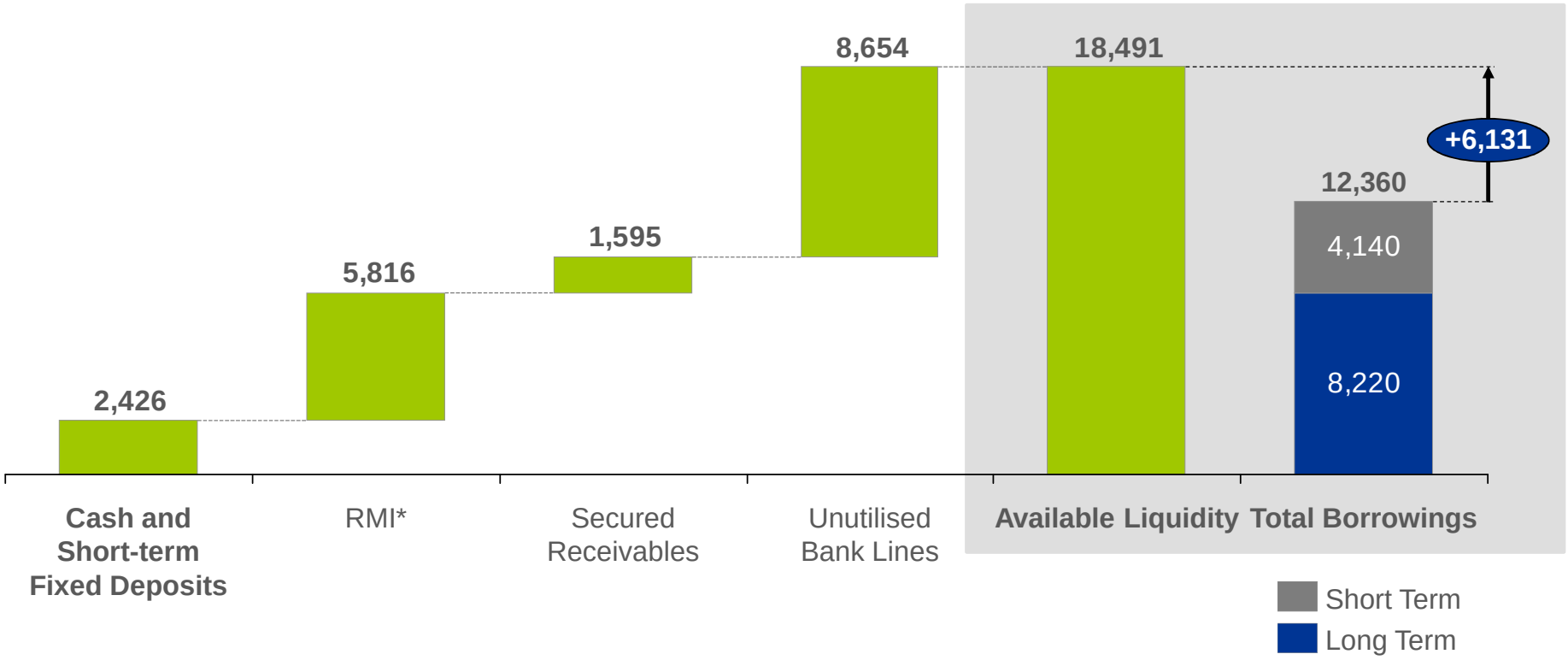
Free Cash Flow to Equity, S$ million



Available liquidity

Sufficient to cover all repayment and Capex obligations

Total borrowings and available liquidity, S$ Million as at June 30, 2018



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





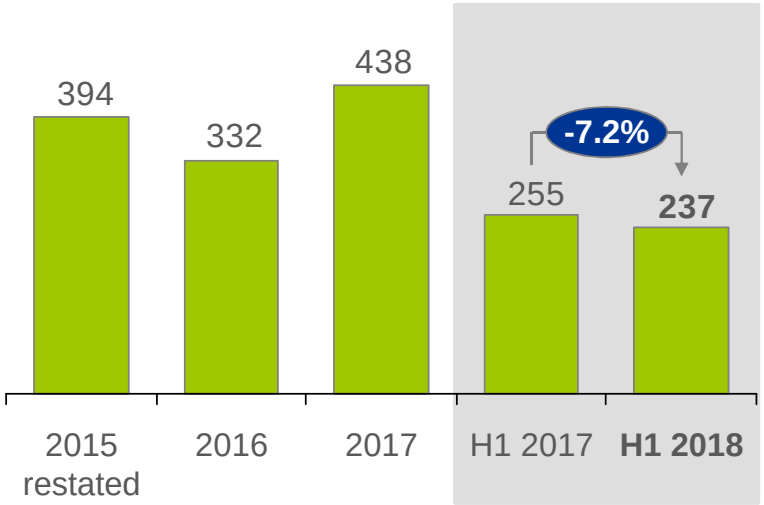
Segmental review





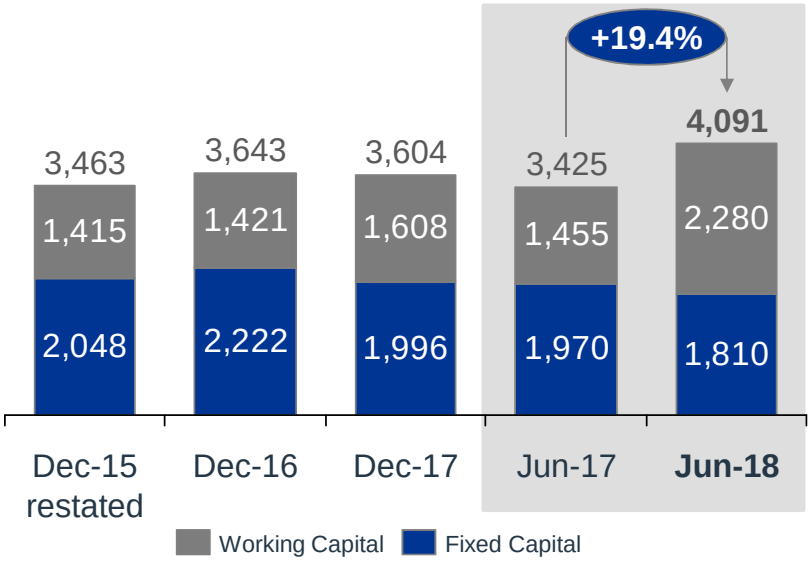
Edible Nuts, Spices & Vegetable Ingredients

EBITDA, S$ Million



- Overall EBITDA down compared with a strong H1 2017; Edible Nuts had a lower EBITDA in H1 2018 as improved contribution from cashew, almonds and hazelnuts was offset by peanut farming in Argentina
- Excluding tomato processing, SVI reported steady EBITDA as dehydrates and spices had a good start in H1 2018

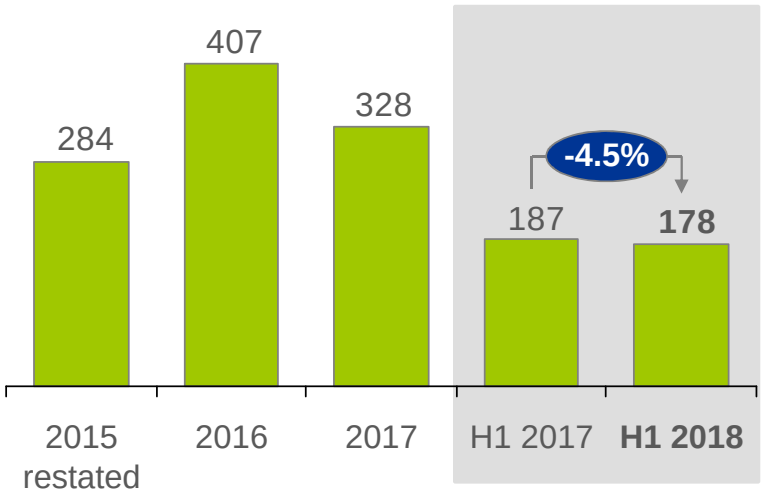
Invested capital, S$ Million



- Working Capital increased with higher inventory levels in almond, cashew and dehydrates
- Lower Fixed Capital following sale of edible nuts farmland assets and SVI asset in the US, partly offset by investment in cashew processor Long Son in Vietnam

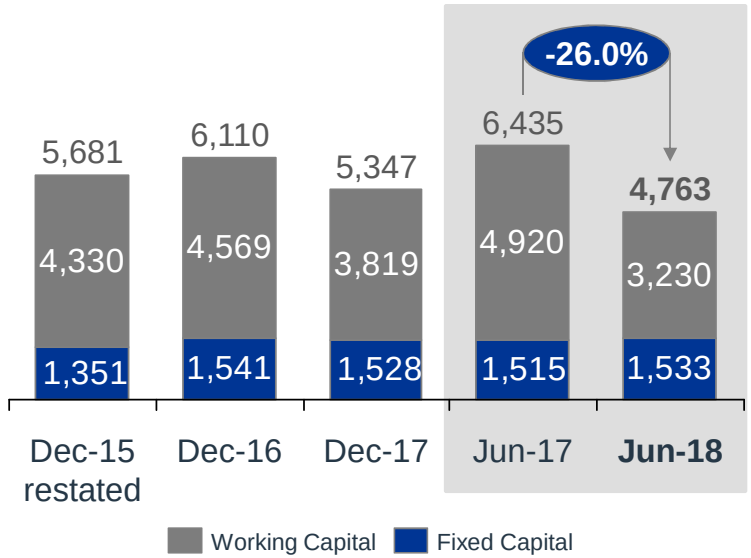
Confectionery & Beverage Ingredients

EBITDA, S$ Million



- EBITDA declined due to significantly lower Coffee contribution as it continued to be adversely impacted by tough market conditions
- Both Cocoa supply chain and processing performed very well year-on-year

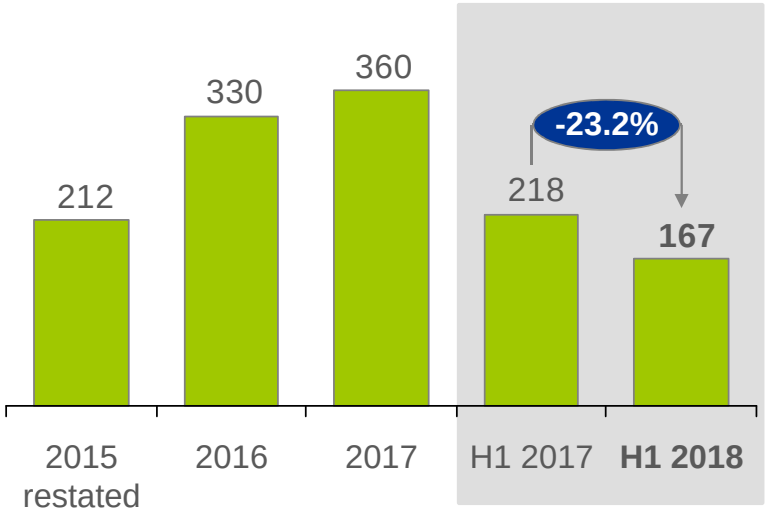
Invested capital, S$ Million



- Significant reduction in Working Capital due to optimisation initiatives, lower coffee prices and reduction of inventory
- Marginally higher Fixed Capital due to expansion in soluble coffee capacity in Vietnam and Spain

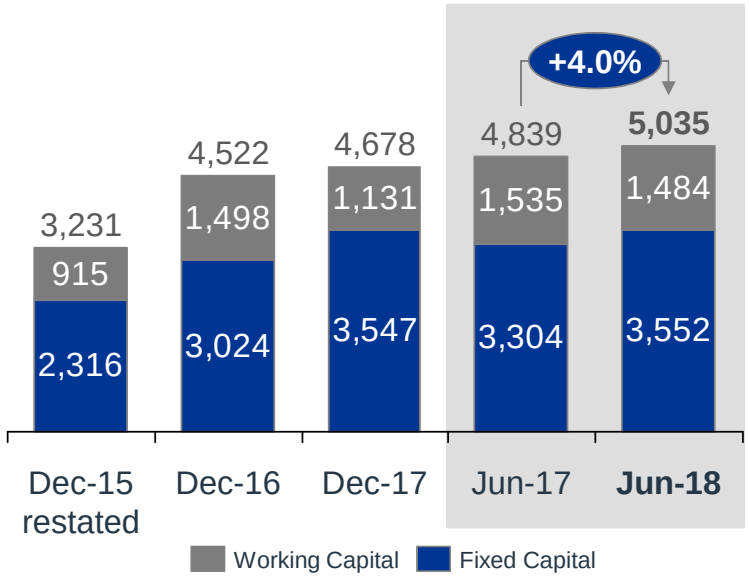
Food Staples & Packaged Foods

EBITDA, S$ Million



- EBITDA was down compared to a very strong H1 2017 with Edible Oils underperforming due to volatile market conditions, OPG period costs and lower palm income from Nauvu post sale of the joint venture
- Sugar, like wheat milling, faced some margin pressures and lower income due to sale of 50% stake in PT DUS; Rice and Dairy held steady while Packaged Foods did better

Invested capital, S$ Million



- Lower Working Capital deployed as optimisation improved capital efficiency
- Higher Fixed Capital due to construction of animal feed mills in Nigeria and continued investment in palm plantations in Gabon

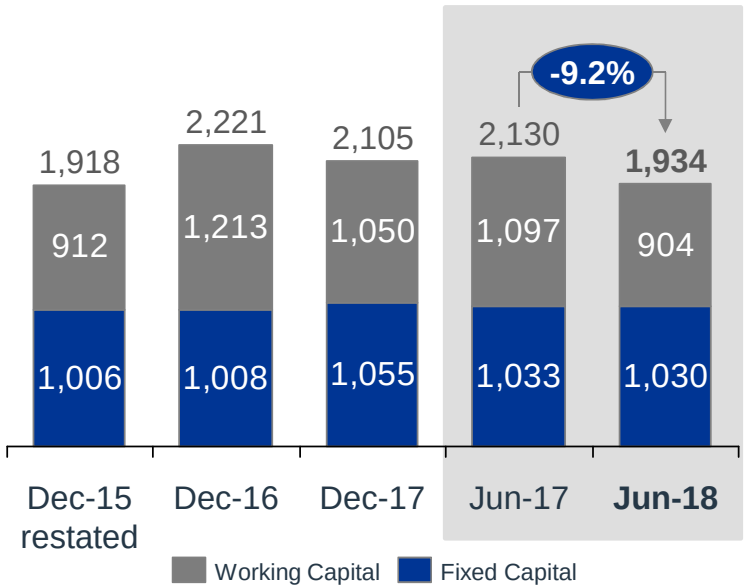
Industrial Raw Materials, Ag Logistics & Infrastructure

EBITDA, S$ Million



- Lower EBITDA due to reduced contribution from GSEZ and Nauvu (for rubber)
- Wood Products did well, while Cotton remained steady

Invested capital, S$ Million



- Working Capital decreased due to positive impact of optimisation initiatives in Cotton





Key takeaways





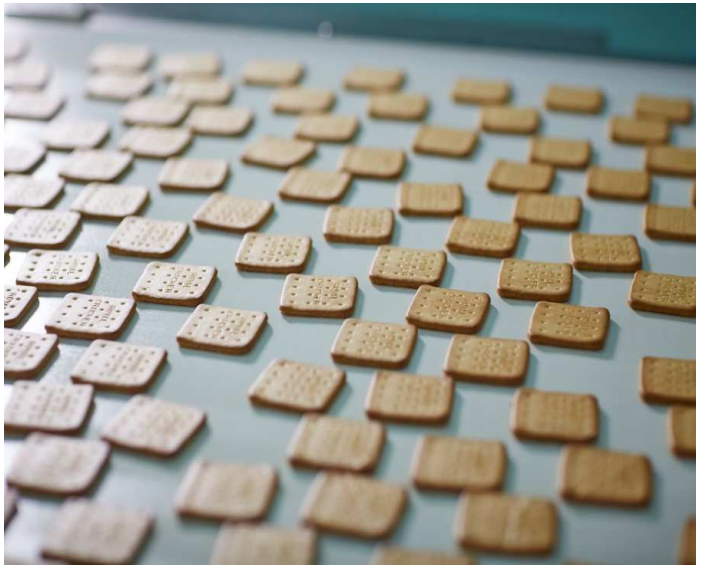
Key takeaways

- **Financial performance in H1 2018 was satisfactory as compared with a strong H1 2017**
- **Strong balance sheet with improved gearing and positive impact from optimisation initiatives, resulting in improved and positive FCFE in Q2 2018**
- **Continue to execute on 2016-2018 Strategic Plan in H2 2018 by pursuing growth in prioritised platforms, turning around underperforming assets and nurturing gestating assets to start contributing**





Appendix





P&L statement

S$ million	H1 2018	H1 2017	% Change	Q2 2018	Q2 2017	% Change
Volume ('000 MT)	13,606.6	8,939.8	52.2	6,641.4	4,478.1	48.3
Revenue	13,724.6	12,324.7	11.4	7,429.2	6,520.5	13.9
Net gain/(loss) in fair value of biological assets	(9.8)	(1.6)	503.5	(5.7)	0.4	n.m.
EBITDA	**676.0**	**772.3**	**(12.5)**	**307.9**	**373.7**	**(17.6)**
Depreciation & Amortisation	(188.7)	(183.7)	2.7	(93.0)	(95.1)	(2.2)
Net Finance costs	(201.7)	(258.0)	(21.8)	(114.4)	(118.4)	(3.4)
Taxation	(47.1)	(54.1)	(12.9)	(17.1)	(20.2)	(15.3)
Exceptional items	(2.1)	(6.3)	(66.7)	2.6	(6.3)	n.m.
PAT	236.4	270.1	(12.5)	86.0	133.6	(35.7)
PATMI	**251.9**	**291.5**	**(13.6)**	**94.0**	**147.7**	**(36.4)**
Operational PATMI	**254.0**	**297.8**	**(14.7)**	**91.4**	**154.0**	**(40.6)**

Exceptional items

S$ million	H1 2018	H1 2017	Q2 2018	Q2 2017
Sale of SVI asset (land) in US	13.7	-	0.1	-
Sale of PT ACE	5.7	-	0.1	-
Sale of Café Enrista brand	2.6	-	2.6	
SVI Wage agreement settlement	-	(6.3)	-	(6.3)
Sale of 50% stake in Nauvu	(24.1)	-	(0.2)	-
Exceptional Items	**(2.1)**	**(6.3)**	**2.6**	**(6.3)**

Balance sheet

S$ million	30-Jun-18	31-Dec-17	Change	30-Jun-17	Change vs Jun 17
Uses of Capital					
Fixed Capital	8,388.5	8,633.2	(244.7)	8,280.6	107.9
Working Capital	7,646.4	7,280.3	366.1	8,851.8	(1,205.4)
Cash	2,426.3	1,986.4	439.9	2,038.0	388.3
Others	559.9	309.0	250.9	226.9	333.0
Total	**19,021.1**	**18,208.9**	**812.2**	**19,397.3**	**(376.2)**
Sources of Capital					
Equity & Reserves	6,801.1	6,574.4	226.7	5,856.5	944.6
Non-controlling interests	163.2	177.4	(14.2)	211.2	(48.0)
Short term debt	4,140.3	4,660.2	(519.9)	5,686.5	(1,546.2)
Long term debt	8,219.9	6,927.7	1,292.2	7,883.3	336.6
Fair value reserve	(303.4)	(130.8)	(172.6)	(240.2)	(63.2)
Total	**19,021.1**	**18,208.9**	**812.2**	**19,397.3**	**(376.2)**

Cash flow statement

S$ million	**H1 2018**	H1 2017	Change	**Q2 2018**	Q2 2017	Change
Operating Cash flow (before Interest & Tax)	685.7	756.3	(70.6)	311.9	354.5	(42.6)
Changes in Working Capital	(388.1)	(35.1)	(353.0)	298.9	39.6	259.3
Net Operating Cash Flow	**297.6**	721.2	(423.6)	**610.8**	394.1	216.7
Net interest paid	(203.6)	(252.2)	48.6	(101.2)	(75.8)	(25.4)
Tax paid	(90.5)	(45.1)	(45.4)	(67.4)	(38.0)	(29.4)
Cash from divestments	268.9	42.6	226.3	17.7	9.3	8.4
Free cash flow before capex/ investments	**272.4**	466.5	(194.1)	**459.9**	289.6	170.3
Capex/ Investments	(439.4)	(479.3)	39.9	(217.8)	(260.9)	43.1
Free cash flow to equity (FCFE)	**(167.0)**	(12.8)	(154.2)	**242.1**	28.7	213.4

H1 2018 Results Briefing
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