



News Release

Singapore, August 11, 2023

Olam Group reports Operational PATMI of S\$184.0 million for H1 2023

Aims to list Olam Agri by H1 2024, and list ofi on a sequential basis thereafter

Olam Group:

- Lower H1 2023 PATMI of S\$47.9 million driven by a one-off exceptional loss on lower almond yields in Australia, and sharply higher interest costs as previously announced

Olam Agri:

- Strong H1 2023 performance in line with historical phasing of earnings between H1 and H2 but weaker and more normalised against an exceptionally strong performance in H1 2022
- Significant growth in EBIT for the Food & Feed - Processing & Value-added segment on resilient demand in key markets, compensating for the lower year-on-year contributions from Food & Feed - Origination & Merchandising and Fibre, Agri-industrials & Ag Services segments
- The Group is targeting the Olam Agri IPO by H1 2024, subject to all requisite approvals and prevailing market conditions

ofi:

- Good H1 2023 EBIT performance, excluding the exceptional one-off loss from lower almond yields, led by Ingredients & Solutions as contract re-pricing continues to flow through with anticipated time lag
- Proposed listing on premium segment in London, with a concurrent listing in Singapore, expected to take place after Olam Agri IPO on a sequential basis

Remaining Olam Group:

- Continued benefits from restructuring; significantly lower losses from a year ago

Interim Dividend:

- Board declares interim dividend of 3.0 cents per share

H1 2023 Group Financial Highlights

Revenue - 13.2% YoY	EBIT + 1.1% YoY	PATMI - 88.8% YoY	Op PATMI - 61.6% YoY	FCFE - S\$949.4 Mn	Gearing from 1.73 times
24.7 Bn (S\$)	819.6 Mn (S\$)	47.9 Mn (S\$)	184.0 Mn (S\$)	-483.7 Mn (S\$)	1.74 times

Management Comments on Consolidated Olam Group Performance and Outlook

Olam Group Co-Founder and CEO, Sunny Verghese, said: “The focused and differentiated strategies of our operating groups will continue to allow us to capture opportunities across the food, feed and ingredients space.

“Olam Agri continues to target a first-of-its kind dual-listing in Singapore and Saudi Arabia by H1 2024, subject to receiving all requisite approvals and prevailing market conditions. **ofi**, which will list in London and Singapore, will follow suit on a sequential basis based on prevailing market conditions. Concurrently, we are reconfiguring our portfolio for the Remaining Olam Group while investing and developing our future growth engines.

“Each of our three operating groups offers a unique value proposition for investors and our stakeholders while retaining the Olam DNA.”

Olam Group CFO, N Muthukumar, said: “We have been budgeting for higher interest costs and optimising cost structures overall. We are however not immune to near-term impact from rapid benchmark interest rate hikes affecting companies globally. Some of the higher interest costs will be recovered through an increase in selling prices as we reprice our contracts, putting us in a better position for the second-half.”

Olam Group Financial Performance

Olam Group today reported H1 2023 performance amid a macroeconomic and geopolitical environment that remains challenging.

H1 2023

- Revenue decreased 13.2% to S\$24.7 billion on reduced sales volumes coupled with lower commodity prices across several products in its portfolio.
- EBIT increased 1.1% to S\$819.6 million on **ofi**'s improved performance. Remaining Olam Group reduced losses significantly, which offset a lower EBIT from Olam Agri. Olam Agri contributed 68.2% of the Group's total EBIT, while **ofi** and Remaining Olam Group contributed 33.8% and -2.0% respectively.

- PATMI declined 88.8% year-on-year (YoY) to S\$47.9 million. This was mainly on the net exceptional loss of S\$136.1 million¹, significantly higher interest costs of S\$245.9 million and as well as reduced contribution from Olam Agri following the sale of the 35.4% stake in Olam Agri.
- Excluding non-recurring exceptional items, underlying net profit or Operational PATMI decreased by 61.6% to S\$184.0 million.
- Free Cash Flow to Equity (FCFE) was negative S\$483.7 million (H1 2022: S\$465.7 million) on higher working capital, net interest costs and capital expenditure.
- Net gearing edged up slightly to 1.74 times (June 30, 2022: 1.73 times).

H1 2023 Performance by Operating Group

ofi²

ofi is a global leader in ingredients at the forefront of food and beverage consumer trends offering sustainable, natural and plant-based ingredients and solutions for large, attractive and high growth end-use categories.

Revenue - 5.1% YoY	EBIT +3.4% YoY
7.7 Bn (S\$)	277.2 Mn (S\$)

- Revenue was lower by 5.1% to S\$7.7 billion due to lower volumes, partly offset by pricing growth in Ingredients & Solutions.
- EBIT grew 3.4% year-on-year to S\$277.2 million led by Ingredients & Solutions as management actions to restore margins started to take effect with the anticipated time lag.

CEO of ofi, A. Shekhar said:

“We are pleased with our underlying first-half performance, which demonstrates accelerated recovery in our Ingredients & Solutions segment as management actions taken last year flow through within the anticipated time lag. Energy, logistics and packaging costs have moderated and stabilised, and supply chain bottlenecks have eased. That said, the market environment continued to be challenging, as customers right-sized inventory levels in the first-half, China’s economic re-opening has been more muted than many expected, and end-consumer demand is beginning to show some level of reduction in developed markets.”

¹ The S\$136.1 million net exceptional loss in H1 2023 arose mainly from the one-off, non-recurring charge equivalent to the US\$83.1 million (S\$111.3 million) impact from the unprecedented and materially lower crop yield in **ofi**’s almond orchards in Australia, as announced on July 26, 2023.

² Consisting of the Cocoa, Coffee, Dairy, Nuts and Spices businesses, **ofi** is made up of two segments – Global Sourcing and Ingredients & Solutions.

*“Our underlying performance is stated before the exceptional impact of **ofi**’s Australian Almond orchards, which saw an unprecedented, materially lower crop yield. This was evident across the entire almond industry in Australia for the 2022/23 growing season, reflecting lower bee activity during pollination and unseasonal cold, wet conditions through the growing and pre-harvest periods. Our crop experts and agronomists concur with external analysis that the 2023 crop was an aberration and the orchards are expected to see yields return to their normal levels from 2024 and beyond.*

“We continue to execute on our strategic priorities and ongoing investments in Ingredients & Solutions. This includes imminent openings of our greenfield soluble coffee processing factory in Brazil, Dairy processing facility in New Zealand and the European customer solutions centre in Amsterdam. We also recently opened a joint venture private label nuts facility in China. Each of these investments delivers on our strategy to grow our Ingredients & Solutions business, delivering exciting and value-added opportunities for our customers, supported by our integrated supply chain that can offer supply security for sustainable and traceable products.”

Olam Agri³

Olam Agri is a market leading, differentiated food, feed and fibre agri-business with a global origination footprint, processing capabilities and deep understanding of market needs built over 33 years. Focused on transforming food, feed and fibre for a more sustainable future, it aims at creating value for customers, enable farming communities to prosper sustainably and strive for a food-secure future.

Revenue - 16.7% YoY	EBIT -9.0% YoY
16.3 Bn (S\$)	559.1 Mn (S\$)

- Olam Agri demonstrated resilient performance in H1 2023, with exceptional performance and growth in the Food & Feed - Processing & Value-added segment on the back of resilient consumer demand and successful adjustment of prices to accommodate increased production and raw material costs.
- Revenue decreased 16.7% to S\$16.3 billion from reduced sales volumes and a normalisation of commodity prices from the highs in H1 2022.

³ Consisting of Grains & Oilseeds, Freight, Integrated Feed & Protein, Edible Oils, Rice, Specialty Grains & Seeds, Cotton, Rubber, Wood Products and Funds Management. Olam Agri has three segments – Food & Feed - Origination & Merchandising; Food & Feed - Processing & Value-added; and Fibre, Agri-industrials & Ag Services.

- EBIT was 9.0% lower at S\$559.1 million, with strong growth and contribution from the Food & Feed - Processing & Value-Added segment offsetting lower operating profits in the Food & Feed - Origination & Merchandising and Fibre, Agri-industrials & Ag Services segments.

Mr Verghese, who is also CEO of Olam Agri, said: “Olam Agri delivered a strong performance in H1 2023 in line with historical phasing of earnings between the first-half and the second-half. It was however lower than H1 2022, which was an exceptionally strong first-half.

“In particular, we significantly grew earnings in our Food & Feed - Processing & Value-added segment, where we have resilient demand for our products in key markets, accompanied by better margins. We saw healthy, broad-based growth and successfully adjusted prices to accommodate higher raw material and production costs. We will continue to focus our investments to capture opportunities in the higher-growth and higher-margin processing and value-added segment.

“The growing importance of key global agri-business trends relating to food security concerns and our position as a differentiated and market leading global food, feed and fibre agri-business underpin our confidence in continuing to pursue an IPO. This will position the business for further expansion into higher-margin, value-added businesses, with new adjacencies and opportunities in destination markets, including the Middle East.”

Remaining Olam Group

The Remaining Olam Group comprises Nupo Ventures (formerly Olam Ventures), which incubates new platforms to drive future growth, Mindsprint (formerly Olam Technology and Business Services), which offers shared services, digital solutions and technology services, and Olam Global Holdco, which houses de-prioritised assets earmarked for exit as well as gestating assets.

<p>Revenue</p> <p>- 10.4% YoY</p> <p>695.4</p> <p>Mn (S\$)</p>	<p>EBIT</p> <p>+ 76.8% YOY</p> <p>-16.7</p> <p>Mn (S\$)</p>
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- In spite of higher volumes, revenue was down 10.4% on lower sales from de-prioritised assets and gestating businesses.
- However, it significantly narrowed EBIT losses to S\$16.7 million from a loss of S\$72.0 million in H1 2022, led by growth in Olam Palm Gabon and dairy farming in Russia.

Outlook and Prospects

ofi is leveraging recent investments to further grow its innovation pipeline and deliver expanded capacity in Ingredients & Solutions in H2 2023. The new greenfield plants being commissioned in H2 2023 will further expand its capacity in three important value-added areas. Customers continue to value the surety of supply, traceability and sustainability impacts offered by **ofi**, and the integrated customer focus strategy is further building on these long-term relationships. Customers appear to be largely through the de-stocking headwinds seen in H1 2023, though there is increased caution on end-user demand that has been building in the past few months.

Olam Agri's results were in line with the average historical phasing of its earnings between H1 and H2 for 2019-2021 with H1 2022 being an exceptionally strong performance. The Strategic Supply and Cooperation agreement with SALIC is expected to catalyse its growth in the Gulf region.

The Group expects to continue to incur expenses associated with the execution of the Re-organisation Plan in H2 2023. Notwithstanding this one-off impact, the continuing impact from higher interest rates, and enhanced global macro risks, the Group continues to be cautiously optimistic about its prospects for 2023.

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Notes to Editors

This release should be read and understood only in conjunction with the full text of Olam Group Limited's Financial Statements, Management Discussion and Analysis and presentation for the Half-Year ended June 30, 2023. A live webcast of the results briefing will be available at 6.00 pm SGT with replay at olamgroup.com.

H1 2023 Financials for Olam Group Consolidated and Operating Groups

	Revenue (S\$ million)		EBIT (S\$ million)	
	H1 2023	YoY %	H1 2023	YoY %
Olam Group	24,685.1	(13.2)	819.6	1.1
- ofi	7,702.3	(5.1)	277.2	3.4
- Olam Agri	16,287.4	(16.7)	559.1	(9.0)
- Remaining Olam Group	695.4	(10.4)	(16.7)	76.8

About Olam Group

Olam Group is a leading food and agri-business supplying food, ingredients, feed and fibre to 20,200 customers worldwide. Our value chain spans over 60 countries and includes farming, processing and distribution operations, as well as a global network of farmers.

Through our purpose to 'Re-imagine Global Agriculture and Food Systems', Olam Group aims to address the many challenges involved in meeting the needs of a growing global population, while achieving positive impact for farming communities, our planet and all our stakeholders.

Headquartered and listed in Singapore, Olam Group currently ranks among the top 30 largest primary listed companies in terms of market capitalisation on SGX-ST.

Since June 2020, Olam Group has been included in the FTSE4Good Index Series, a global sustainable investment index series developed by FTSE Russell, following a rigorous assessment of Olam's supply chain activities, impact on the environment and governance transparency. The FTSE4Good Index Series identifies companies that demonstrate strong Environmental, Social and Governance (ESG) practices and is used by a variety of market participants to create and assess responsible investment funds.

More information on Olam can be found at www.olamgroup.com. Follow @olam:



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