

Olam International Limited

9M 2016 Results Briefing
November 14, 2016

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 Results statement for the Third Quarter and Nine Months ended September 30, 2016, and Management Discussion and Analysis lodged on SGXNET on November 14, 2016.

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 press release and in the Management Discussion and Analysis section of the Company's Third Quarter and Nine Months ended September 30, 2016 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 2016 highlights
- Financial performance
- Key takeaways

9M 2016 highlights



9M 2016 highlights

- **PATMI grew 61.2% on lower exceptional losses**
  - **S$249.1 million** vs S$154.6 million in 9M 2015
  - S$12.3 million exceptional charge in 9M 2016 vs S$101.0 million charge in 9M 2015, incurred on buyback of high priced bonds to reduce interest costs

- **Operational PATMI increased 2.3%**
  - **S$261.4 million** vs S$255.6 million in 9M 2015
  - Strong growth from Confectionery & Beverage Ingredients and Food Staples & Packaged Foods segments

- **Continued to optimise tenure, mix and cost of debt**
  - Reduced net finance costs from S$327.6 million in 9M 2015 to **S$291.6 million in 9M 2016**, despite higher invested capital
  - Issued US$500.0 million Perpetual Capital Securities
  - Completed US$2.0 billion debt refinancing programme post Q3 2016

9M 2016 highlights (cont'd)

- **Balance sheet and cash flow**
  - Net gearing of **1.87 times as at Sep 30, 2016** (Sep 30, 2015: 1.43x); in line with target of around 2.0 times
  - **Positive net operating cash flow of S$812.6 million** in 9M 2016; however increased net Capex of S$901.3 million resulted in **negative FCFF of S$150.5 million in 9M 2016** (9M 2015: S$5.7 million)

- **Continued to invest in prioritised platforms**
  - US$150.0 million investment in animal feed, poultry breeding farms and hatchery in Nigeria
  - Acquisition of Brooks Peanut Company for US$100.0 million (post working capital adjustments on closing)
  - Acquisition of East African coffee specialist Schluter for US$7.5 million

- **JV with Mitsubishi Corporation in Japan commenced operations on October 1, 2016**



Financial performance

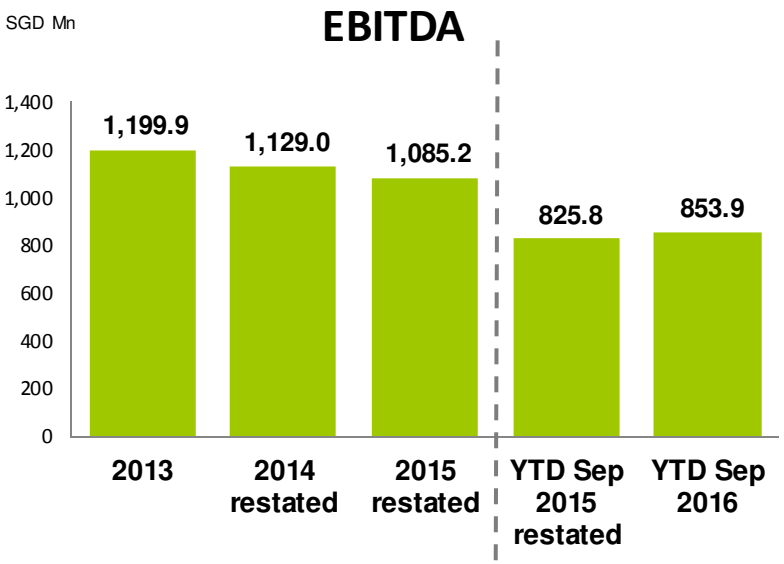
P&L Analysis

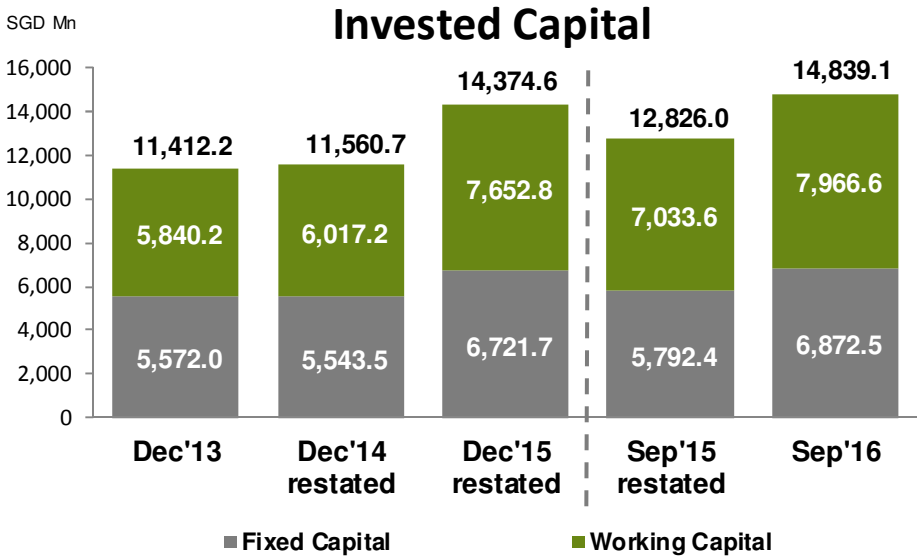
SGD Mn

	9M 2016	9M 2015 Restated	% Change
Volume ('000 MT)	10,205.5	8,814.3	15.8
Revenue	14,480.7	13,604.2	6.4
Net loss in fair value of biological assets	(3.7)	(15.6)	(76.4)
EBITDA	**853.9**	**825.8**	**3.4**
Depreciation & Amortisation	(246.8)	(182.3)	35.4
Net Finance costs	(291.6)	(327.6)	(11.0)
Taxation	(67.2)	(74.4)	(9.6)
Exceptional items	(12.3)	(101.0)	n.m.
PAT	236.0	140.5	68.1
PATMI	**249.1**	**154.6**	**61.2**
Operational PATMI	**261.4**	**255.6**	**2.3**

- Volume up 15.8% with growth from all segments
- EBITDA grew 3.4% with strong growth from Confectionery & Beverage Ingredients and Food Staples & Packaged Foods segments partly offset by lower contribution from the other three segments
- Lower net finance costs and tax, higher depreciation and amortisation
- PATMI up 61.2% on lower exceptional losses; Operational PATMI up 2.3%

EBITDA and Invested Capital





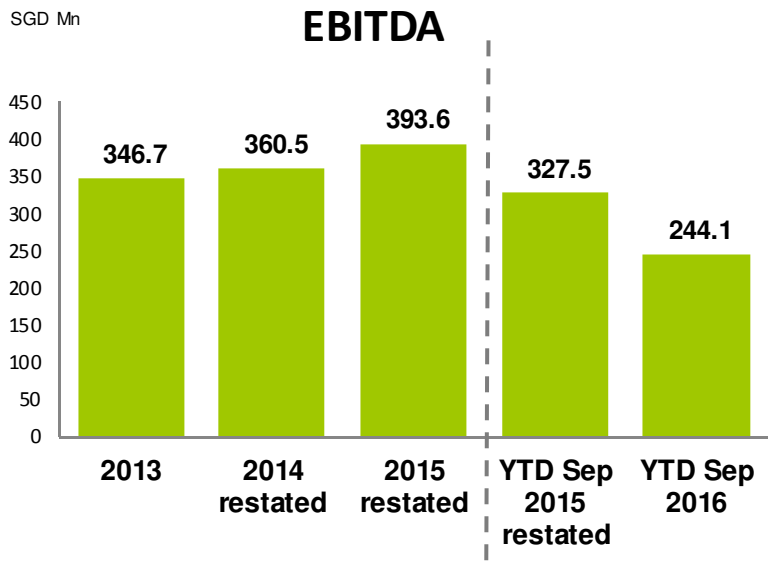
- Compared to end-Sep 2015:
  - Increase in Fixed Capital from acquisition of Cocoa Processing, wheat milling assets and Brooks, as well as continued investments in upstream and midstream assets
  - Increase in Working Capital from higher volumes post these acquisitions, higher Cocoa inventory levels as well as higher cocoa and coffee prices

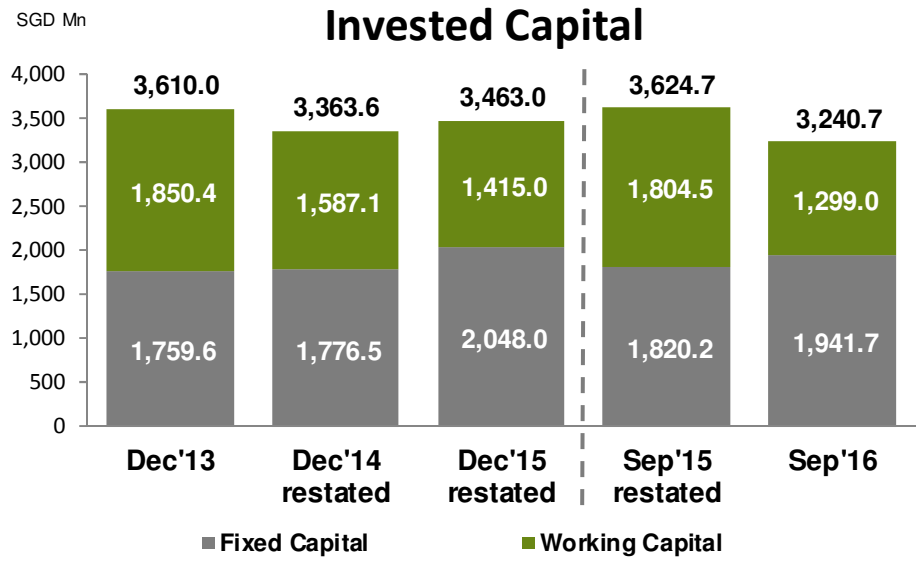
Invested Capital excludes
(a) Gabon Fertiliser Project (30 Sep 2016: S$221.1 million; 31 Dec 2015: S$209.8 million, 30 Sep 2015: S$195.1 million); and
(b) Long-term Investments (30 Sep 2016: S$161.3 million; 31 Dec 2015: S$269.2 million, 30 Sep 2015: S$291.0 million)



Segmental analysis

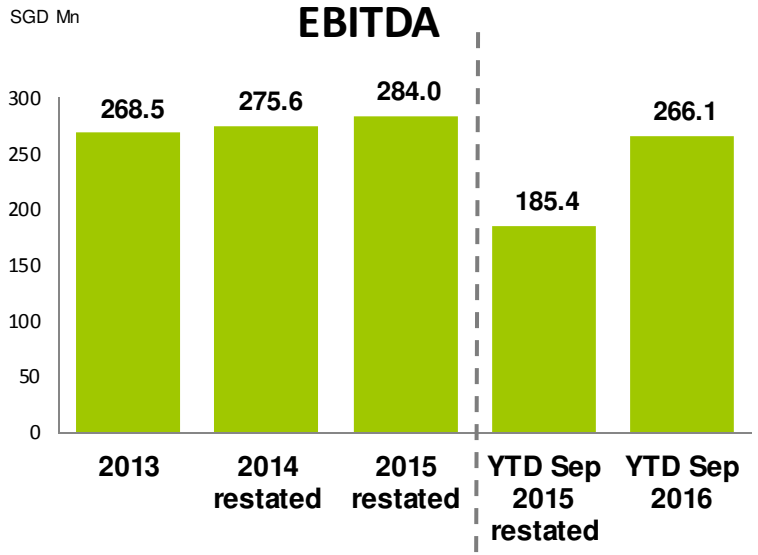
Edible Nuts, Spices & Vegetable Ingredients

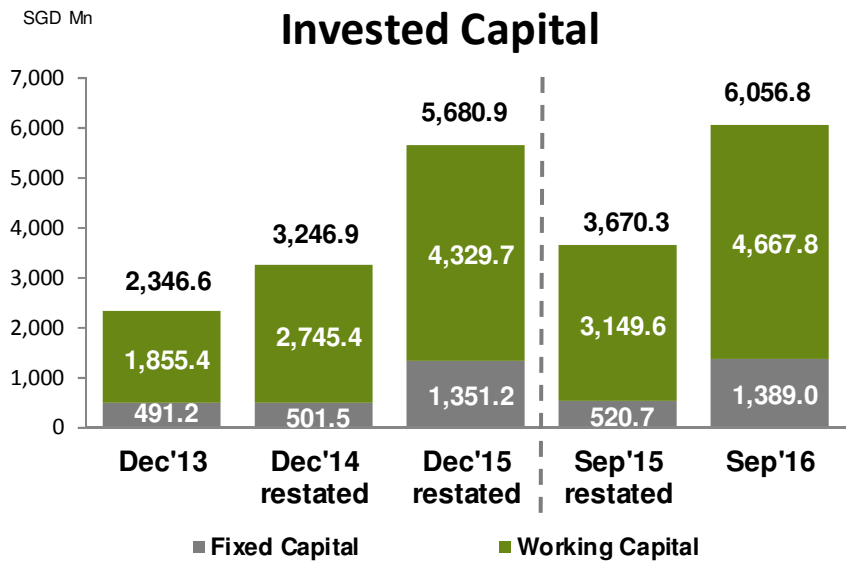




- EBITDA declined 25.5% mainly due to lower contribution from the almond and tomato processing businesses; other businesses performed better than 9M 2015
- Compared to end-Sep 2015, Invested Capital declined by S$384.0 million due to lower working capital as a result of lower almond and tomato paste prices, offsetting increase in Fixed Capital from acquisition of Brooks

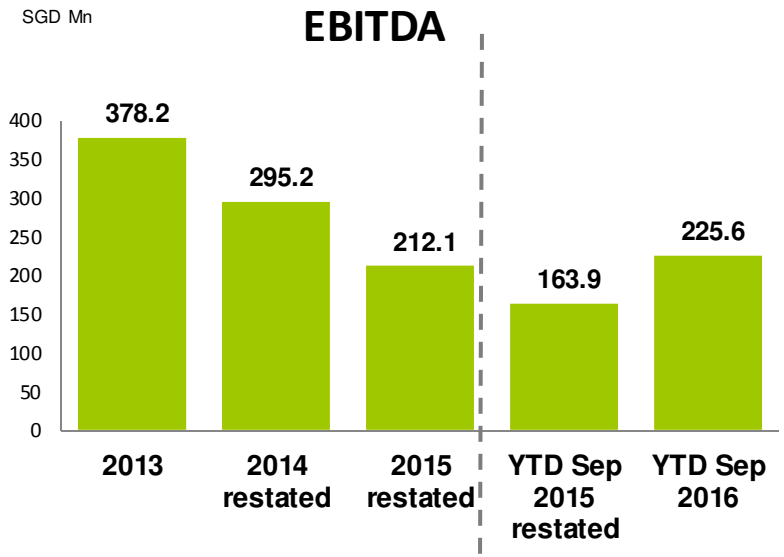
Confectionery & Beverage Ingredients

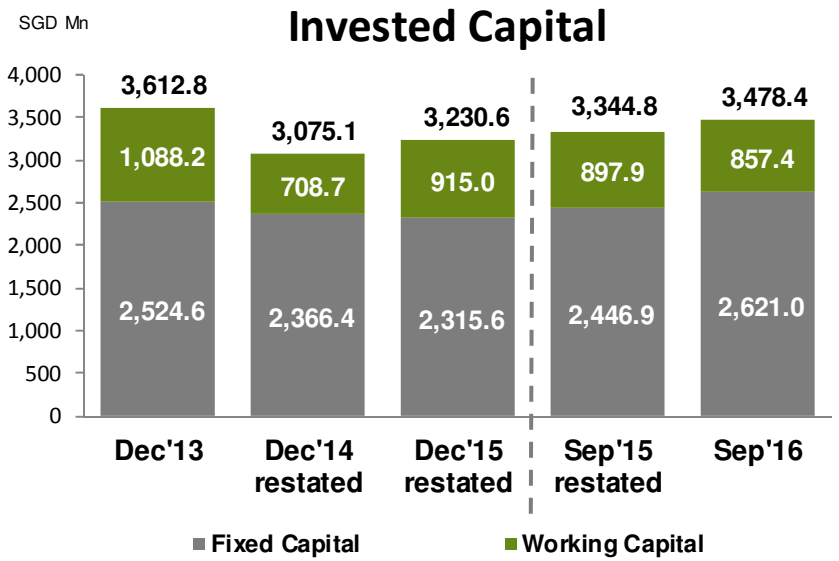




- EBITDA rose 43.5% with stronger contribution from both Cocoa and Coffee
- Cocoa's results were due to contribution from the acquired Cocoa Processing assets, which performed better than expected, although some of it was offset by lower contribution from supply chain business; Coffee performed well due to better results from both the green and soluble coffee businesses
- Invested Capital increased by S$2,386.5 million as compared to end-Sep 2015 primarily due to acquisition of Cocoa Processing assets, continued investments in coffee plantations and expansion of soluble coffee in Vietnam, higher Cocoa inventory and higher prices of cocoa and coffee

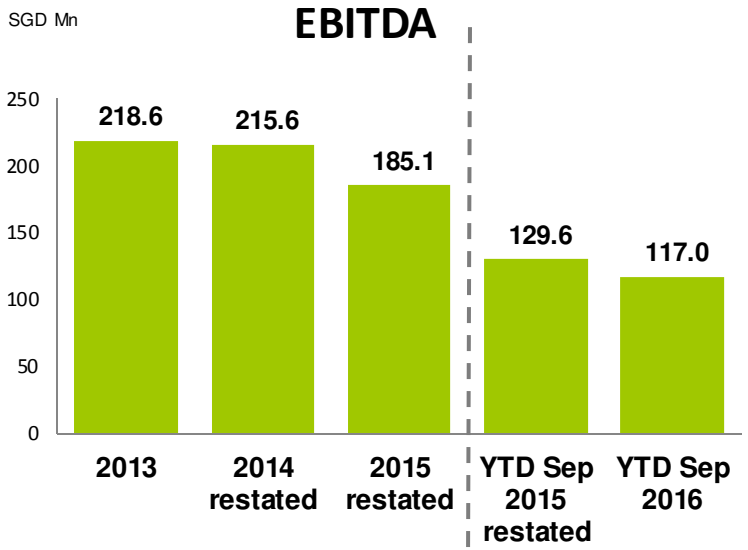
Food Staples & Packaged Foods

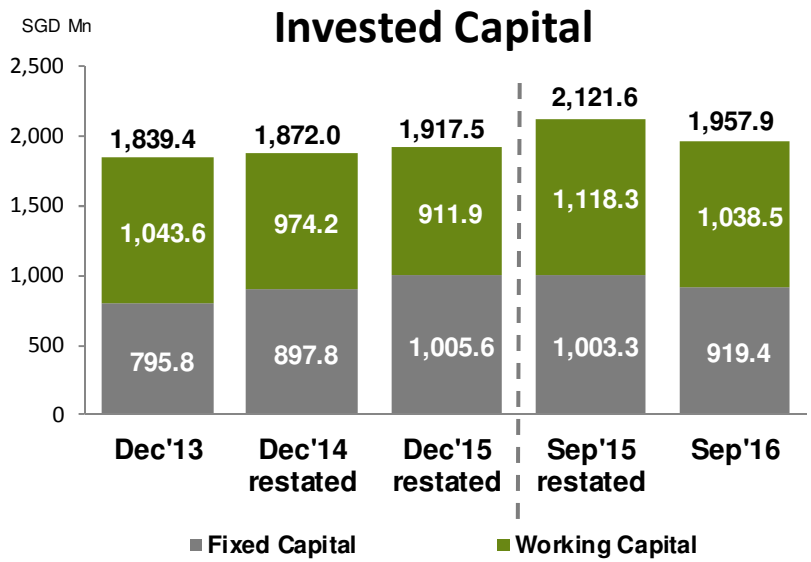




- EBITDA grew 37.6% with most platforms improving over 9M 2015; Packaged Foods underperformed due to continued currency volatility and disruption of its dairy and juices factory after a plant fire in Nigeria
- Invested Capital increased by S$133.6 million as compared to end-Sep 2015. Fixed Capital was up due to acquisition of wheat milling assets in Nigeria, continued investments in Palm plantations in Gabon and expansion of wheat milling in Ghana; Working Capital increased with higher Grains volumes post the acquisition in Nigeria

Industrial Raw Materials





- EBITDA declined 9.7% as a result of lower margins from Cotton offsetting better performance from SEZ in Gabon
- Invested Capital was down by S$163.7 million as compared to end-Sep 2015 due to reduction in Working Capital in Cotton and Fixed Capital in Gabon SEZ, which offset increase in Fixed Capital for Rubber plantations in Gabon

Balance sheet and cash flow



Balance sheet

Optimising tenure and borrowing mix

SGD Mn

	30-Sep-16	31-Dec-15 Restated	Change vs Dec 15	30-Sep-15 Restated	Change vs Sep 15
Uses of Capital					
Fixed Capital	6,660.8	6,674.7	(13.9)	6,276.4	384.4
Working Capital	8,334.2	8,317.2	17.0	7,240.7	1,093.5
Cash	2,223.1	2,143.2	79.9	1,276.0	947.1
Others	805.6	478.4	327.2	(162.9)	968.5
Total	**18,023.7**	**17,613.5**	**410.2**	**14,630.2**	**3,393.5**
Sources of Capital					
Equity & Reserves	5,513.8	5,187.0	326.8	5,511.2	2.6
Non-controlling interests	223.9	240.6	(16.7)	232.2	(8.3)
Short term debt	6,330.3	5,512.2	818.1	2,398.0	3,932.3
Long term debt	6,230.5	6,781.7	(551.2)	6,777.7	(547.2)
Fair value reserve	(274.8)	(107.9)	(166.9)	(288.9)	14.1
Total	**18,023.7**	**17,613.5**	**410.2**	**14,630.2**	**3,393.5**

- Issued US$500.0 million Perpetual Capital Securities bearing a distribution rate of 5.35%
- Tap of US$150.0 million under 4.50% fixed rate notes due 2021 at 101.651% of principal
- Completed US$2.0 billion debt refinancing programme in Oct 2016, consisting of 364-day RCF of US$400.0 million, 2-year RCF of US$800.0 million and 3-year RCF of US$800.0 million

Cash flow analysis

SGD Mn

Cash Flow Summary	9M 2016	9M 2015 Restated	9M YOY	2015	2014	2013	2012
Operating Cash flow (before Interest & Tax)	865.1	849.7	15.4	1,150.8	1,148.3	1,144.9	969.3
Changes in Working Capital	(52.5)	(527.4)	474.9	(995.9)	(766.2)	(98.2)	(55.0)
Net interest paid	(315.7)	(362.2)	46.5	(478.4)	(411.5)	(485.0)	(434.6)
Tax paid	(61.8)	(53.1)	(8.7)	(127.8)	(65.6)	(64.3)	(44.1)
Cash from divestments	66.1	241.2	(175.1)	249.8	468.4	95.6	90.4
Free cash flow before capex/ investments	**501.2**	**148.2**	**353.0**	**(201.5)**	**373.4**	**593.1**	**525.9**
Capex/ Investments	(967.4)	(504.7)	(462.7)	(2,339.4)	(455.7)	(913.2)	(1,553.3)
Free cash flow to equity (FCFE)	**(466.2)**	**(356.5)**	**(109.7)**	**(2,540.9)**	**(82.3)**	**(320.1)**	**(1,027.4)**

- Generated improved Free Cash Flow before Capex and investments in 9M 2016
- FCFE remained negative as Capex and investments increased

Gearing remains in line with 2016 objective

SGD Mn

	30-Sep-16	31-Dec-15 Restated	Change vs Dec 15	30-Sep-15 Restated	Change vs Sep 15
Gross debt	12,560.8	12,293.9	266.9	9,175.7	3,385.1
Less: Cash	2,223.1	2,143.2	79.9	1,276.0	947.1
Net debt	10,337.7	10,150.7	187.0	7,899.7	2,438.0
Less: Readily marketable inventory	4,680.7	5,232.9	(552.2)	3,854.1	826.6
Less: Secured receivables	1,322.4	1,155.8	166.6	1,525.3	(202.9)
Adjusted net debt	4,334.6	3,762.0	572.6	2,520.3	1,814.3
Equity (before FV adj reserves)	5,513.8	5,187.0	326.8	5,511.2	2.6
Net debt / Equity (Basic)	**1.87**	**1.96**	**(0.09)**	**1.43**	**0.44**
Net debt / Equity (Adjusted)	**0.79**	**0.73**	**0.06**	**0.46**	**0.33**

- Net debt increased by S$187.0 million compared to end-Dec 2015
- Net gearing at 1.87 times, in line with our target of around 2.0 times

Liquidity position



- Available liquidity sufficient to cover all repayment and Capex obligations
- Continue to optimise debt tenure and cost and rebalance borrowing mix of long and short term debt to match Fixed and Working Capital needs

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



Key takeaways

Key takeaways

- Cocoa Processing business on track to meet targets for 2016
- Improved earnings contribution from Food Staples & Packaged Foods compared to a year ago
- Debt optimisation initiatives have resulted in lower finance costs
- Strong balance sheet and liquidity position
- Executing on Strategic Plan 2016-2021 to invest in prioritised platforms

Q3 2016 Results Briefing
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