



**Full Year 2018
Results Briefing
February 28, 2019**



Presenters



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Notice

This presentation should be read in conjunction with Olam International Limited's Financial Statements for the Fourth Quarter ("Q4 2018") and Full Year ended December 31, 2018 ("2018") and Management Discussion and Analysis lodged on SGXNET on February 28, 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, listed in this presentation, or discussed in today's news release and in the Management Discussion and Analysis section of the Company's Fourth Quarter and Full Year ended December 31, 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

- **2018 highlights**
- **Segmental and value chain review**
- **Key takeaways**





2018 highlights



2018 results

At a glance

Volume

32.9 M MT
+45.9%

EBITDA

S\$1,236 M
-6.9%

PATMI

S\$348 M
-40.1%

Operational PATMI

S\$347 M
-19.7%

Free Cash Flow





FCFE
+S\$1,066 M

Gearing

from 1.46x to
1.32x

2018 highlights

Results below expectations amid tougher market conditions

- 
-  Continued top line growth in volume, revenue
 -  Strong, positive FCFF and FCFE
 -  Maintained EBITDA/IC at 8.1% (2017: 8.2%)



Dividends maintained



- Board of Directors recommends final dividend of 4.0 cents per share
- Total dividend of 7.5 cents per share for 2018 (2017: 7.5 cents)

Stronger balance sheet



-  Reduced net debt by S\$813.7 million
-  Reduced gearing to 1.32x (2017: 1.46x)

Refreshed 2019-2024 Strategic Plan to capitalise on key consumer trends

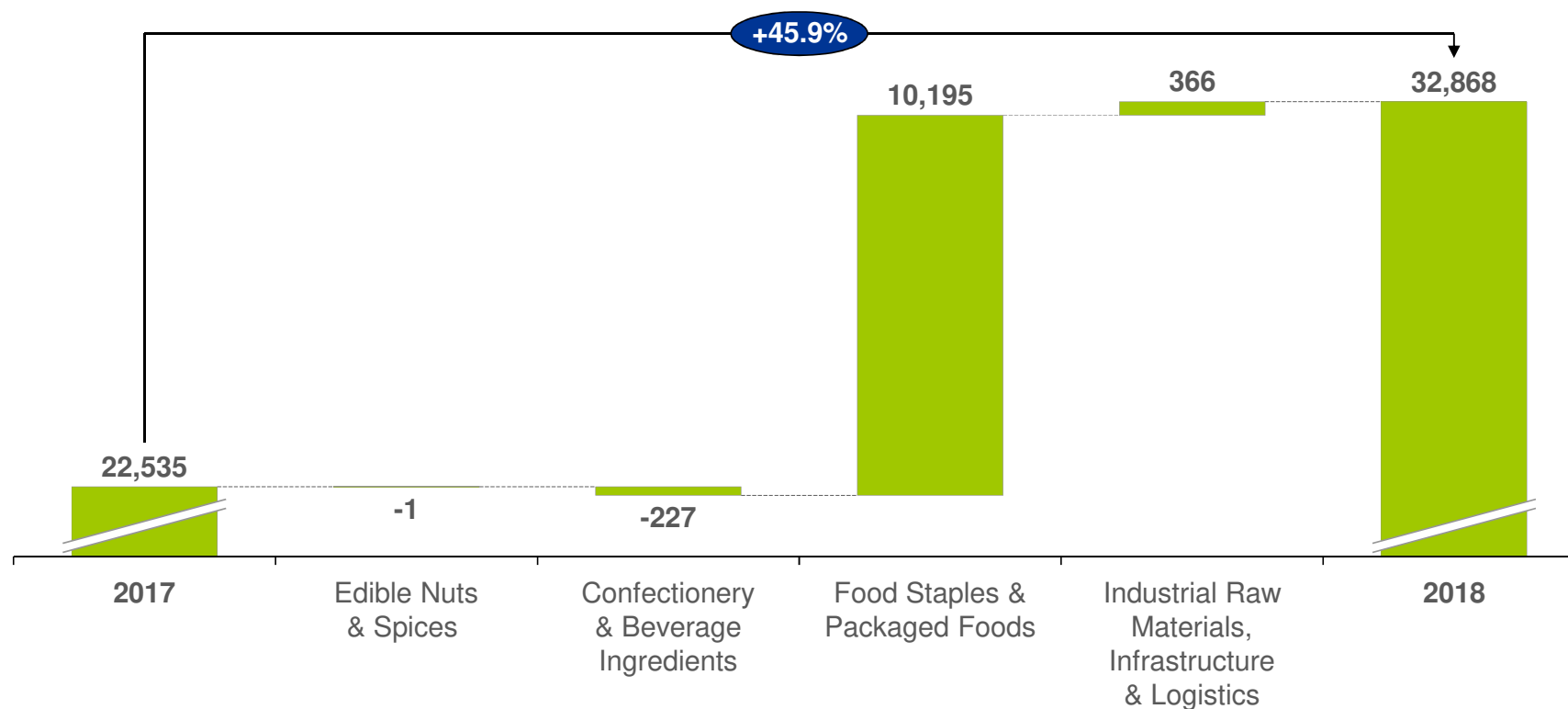


- Strengthen, streamline and focus the portfolio
- Drive margin improvement
- Generate additional revenue streams by offering differentiated products/services
- Explore partnerships and investments in new engines for growth

Volume grew 45.9%

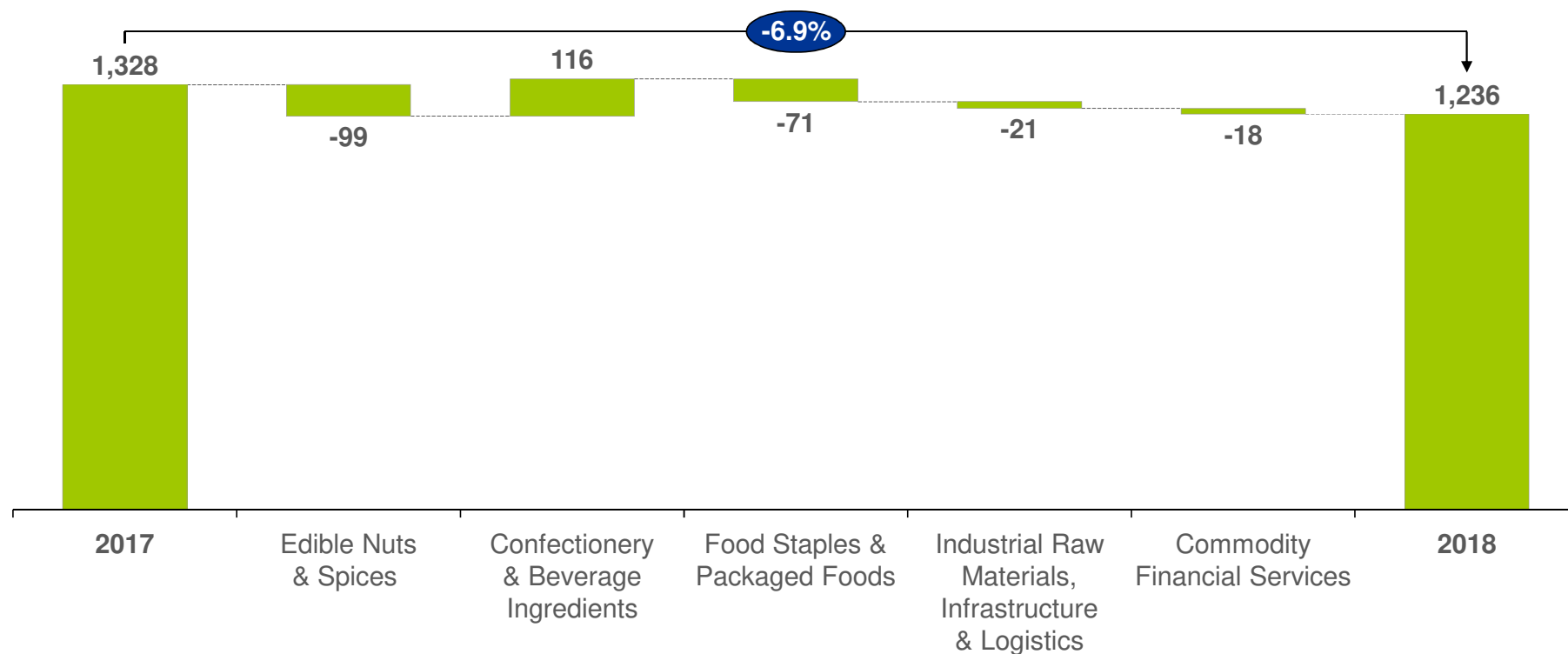
Led by Food Staples & Packaged Foods

Volume by segment, '000 MT



EBITDA declined 6.9% vs strong 2017

EBITDA by segment, S\$ million

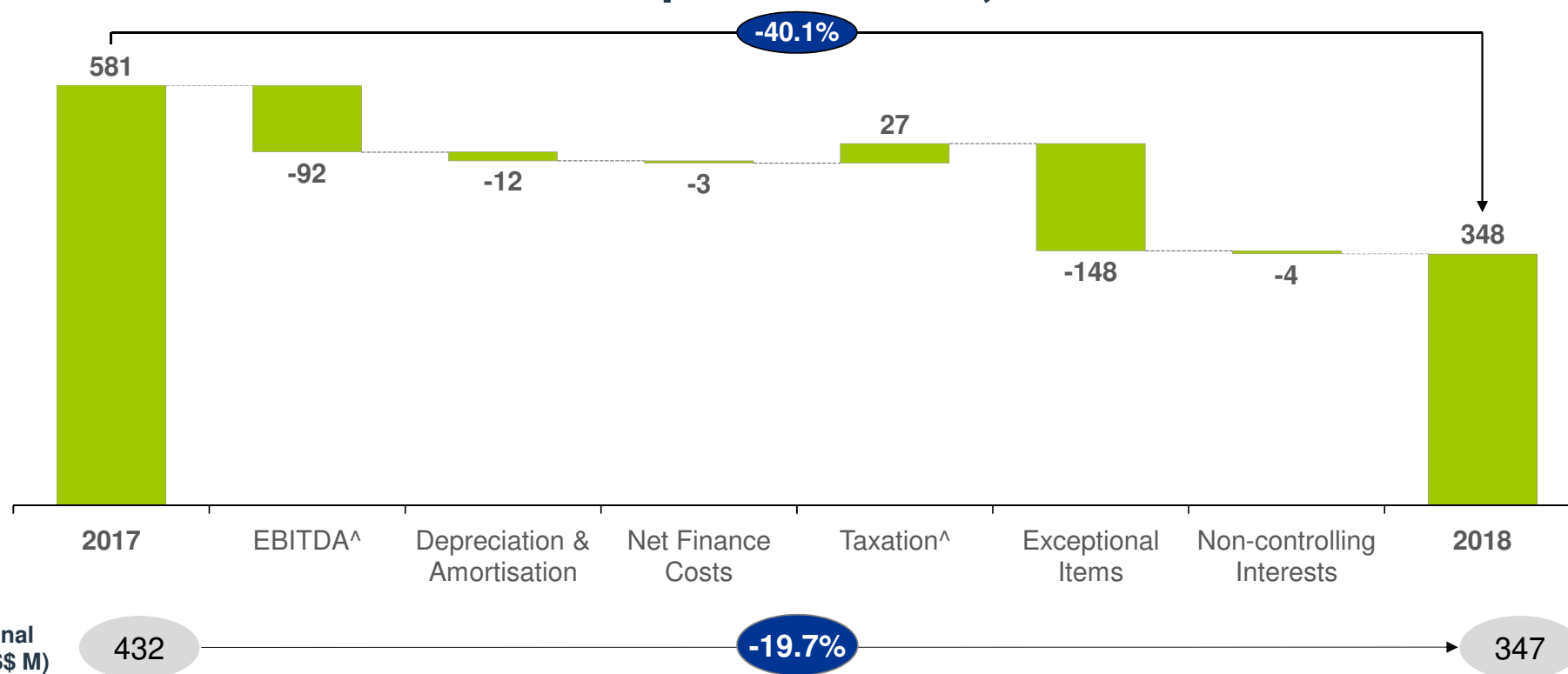


PATMI declined 40.1% on exceptional items recorded in 2017

Operational PATMI down 19.7%



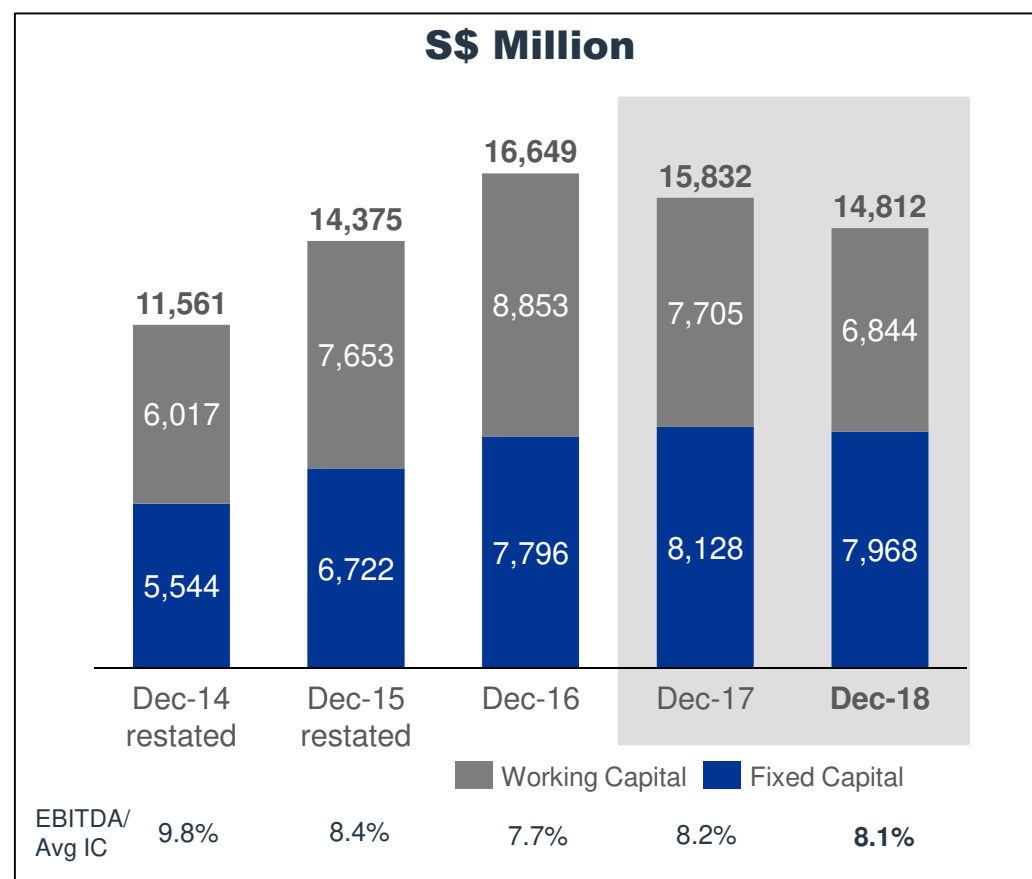
PATMI and Operational PATMI, S\$ million



[^] Excludes exceptional items

6.4% reduction in invested capital

11.2% reduction in working capital year-on-year

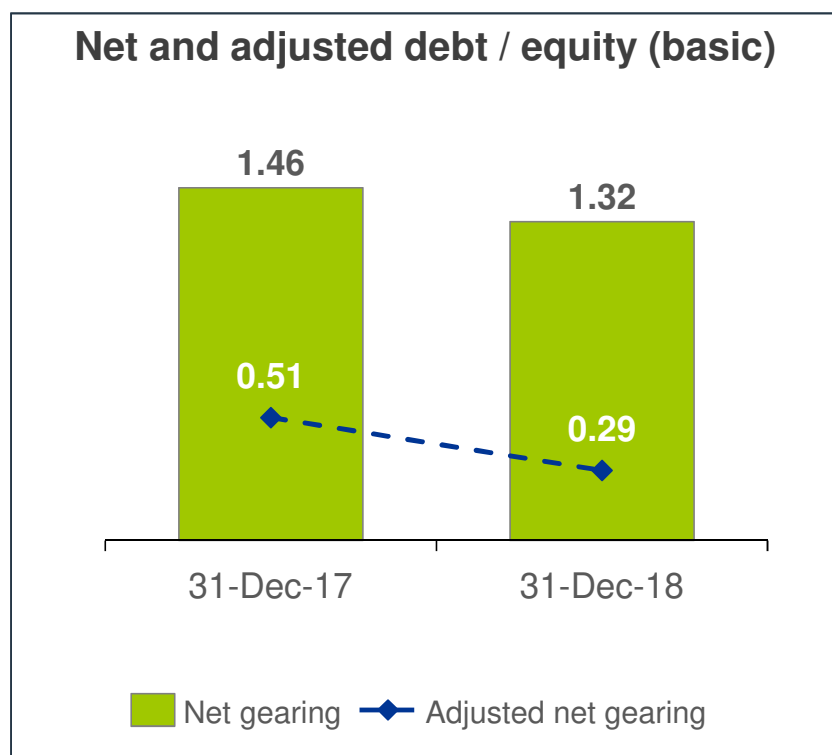


- Reduced Fixed Capital with disciplined and targeted Capex, while executing planned divestments
- Working Capital reduction of 11.2% despite the year-on-year volume (+45.9%) and revenue increase (+16.0%)

Invested Capital excludes:

(a) Gabon Fertiliser Project (31 Dec 2018: S\$245.4 million; 31 Dec 2017: S\$248.0 million); and
 (b) Long-term Investments (31 Dec 2018: S\$135.8 million; 31 Dec 2017: S\$257.5 million)

Net gearing reduced to 1.32X

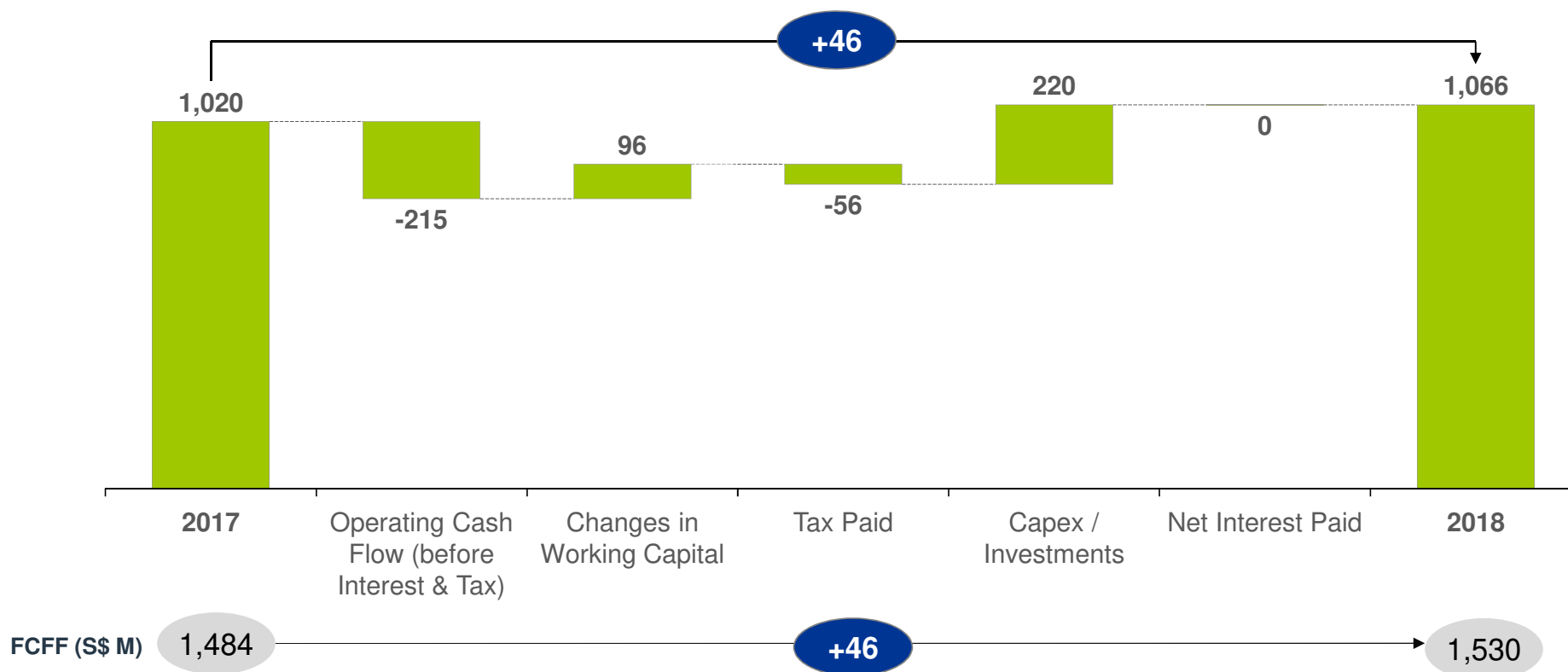


- **Reduced net debt due to:**
 - **Lower working capital due to optimisation initiatives, change in product mix and improved access to supplier credit**
 - **Lower gross Capex**
 - **Cash release from divestments**

Free cash flow

Strong, positive FCFE in 2018 on reduced Capex, working capital

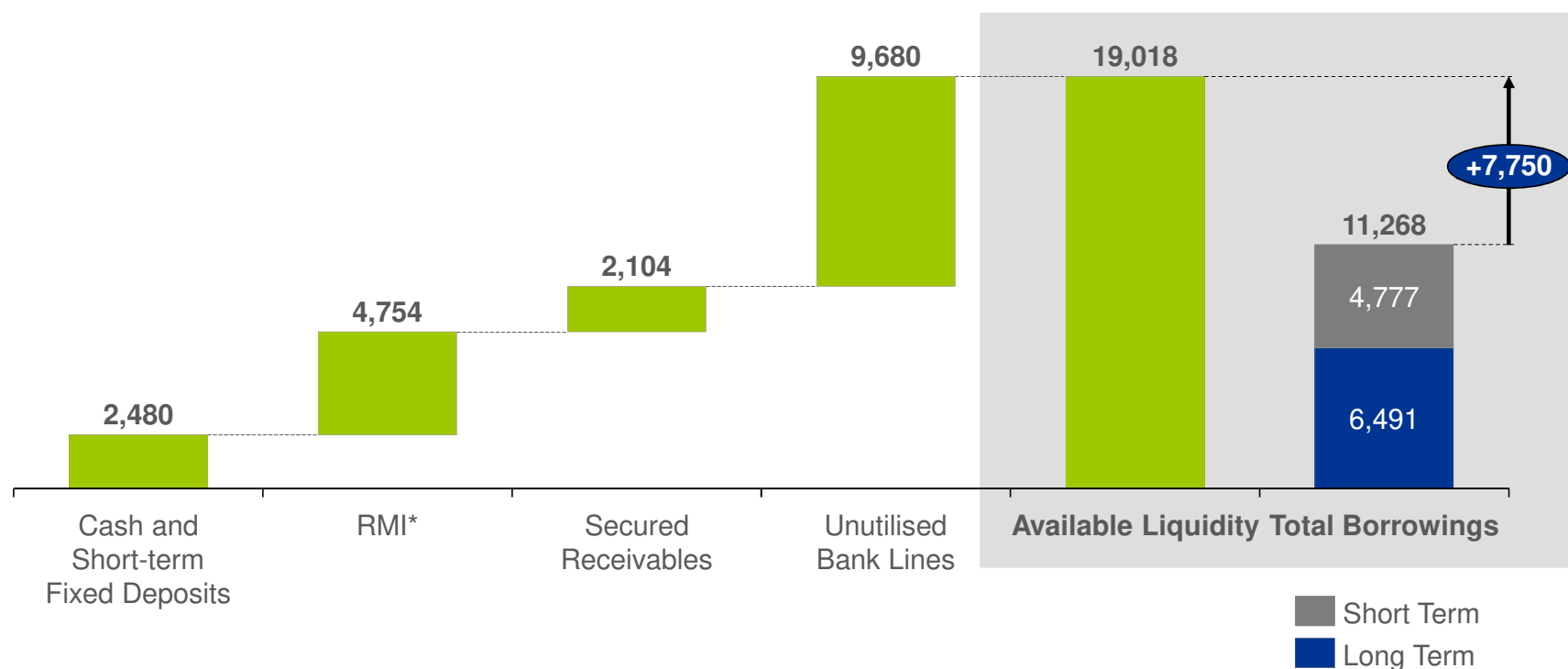
Free Cash Flow to Equity, S\$ million



Available liquidity

Sufficient to cover all repayment and Capex obligations

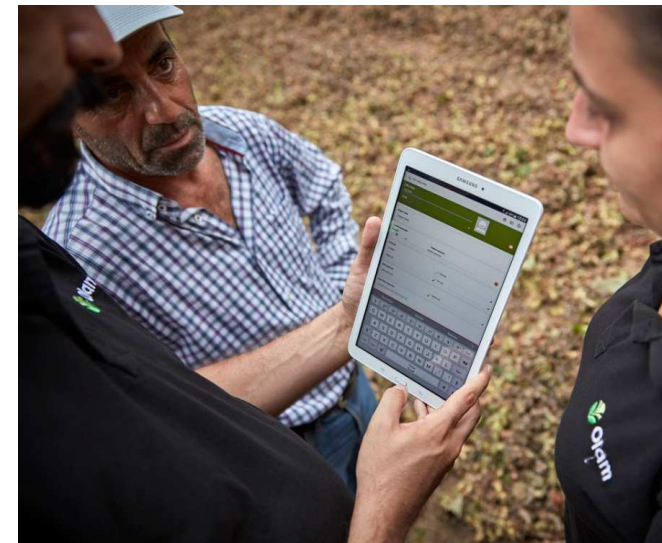
Total borrowings and available liquidity, S\$ Million as at December 31, 2018



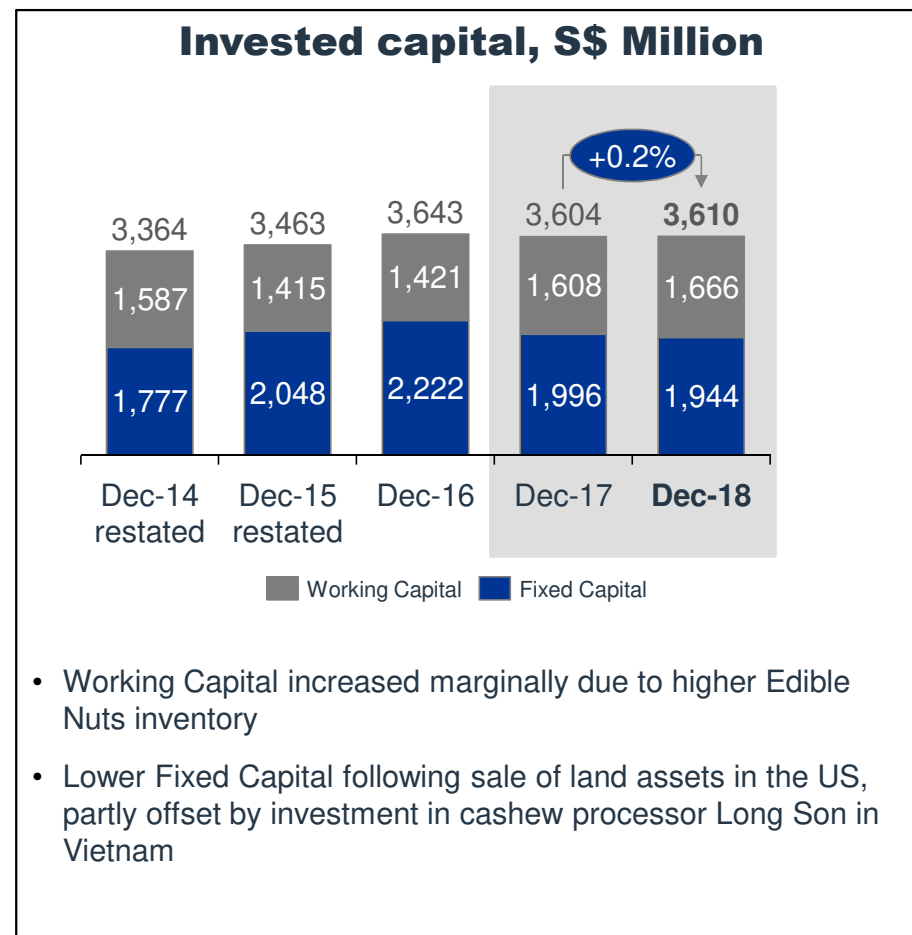
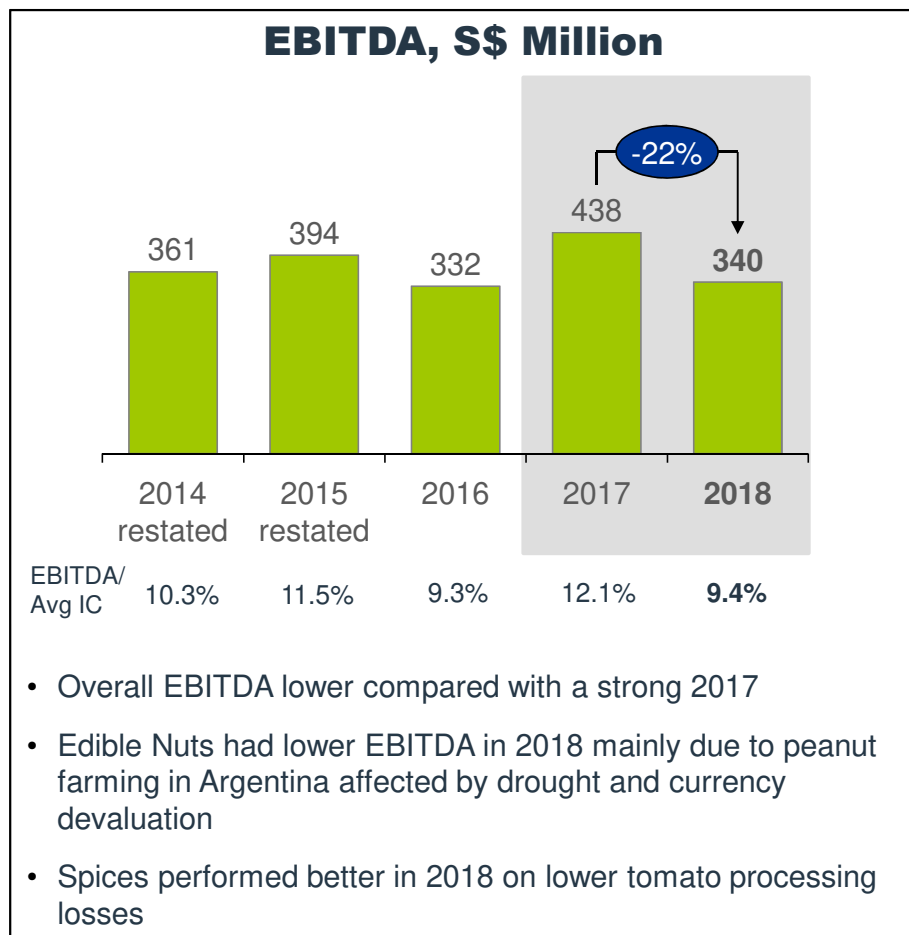
* RMI: inventories that are liquid, hedged and/or sold forward



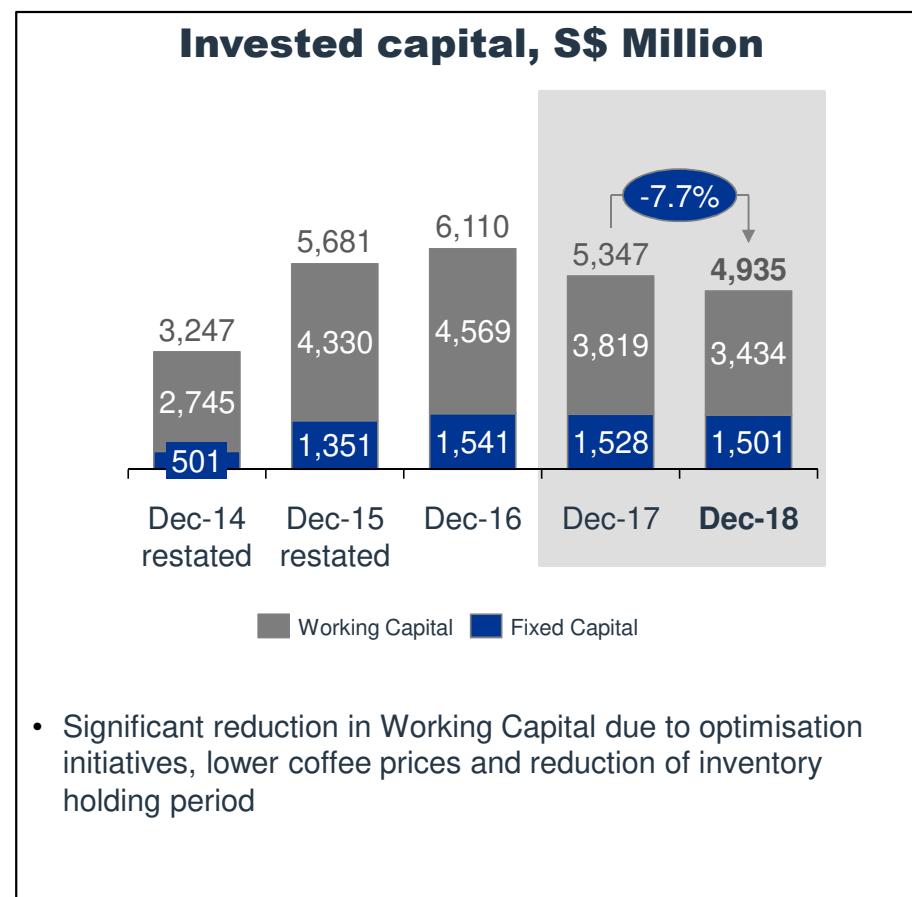
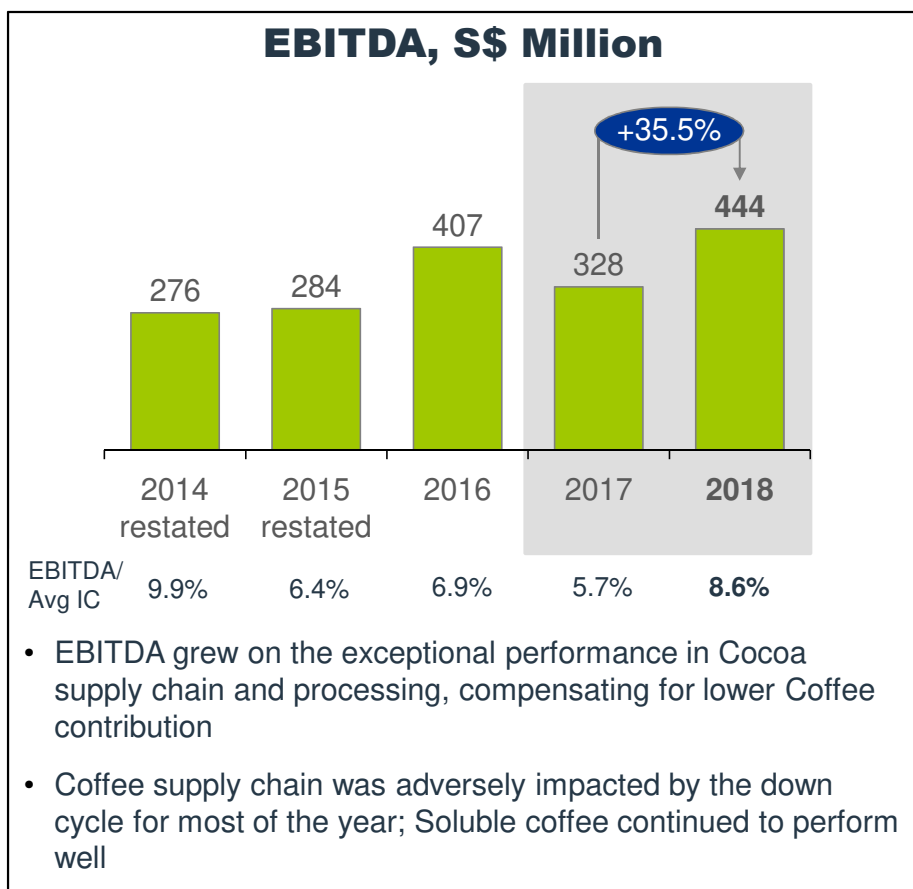
**Segmental
review**



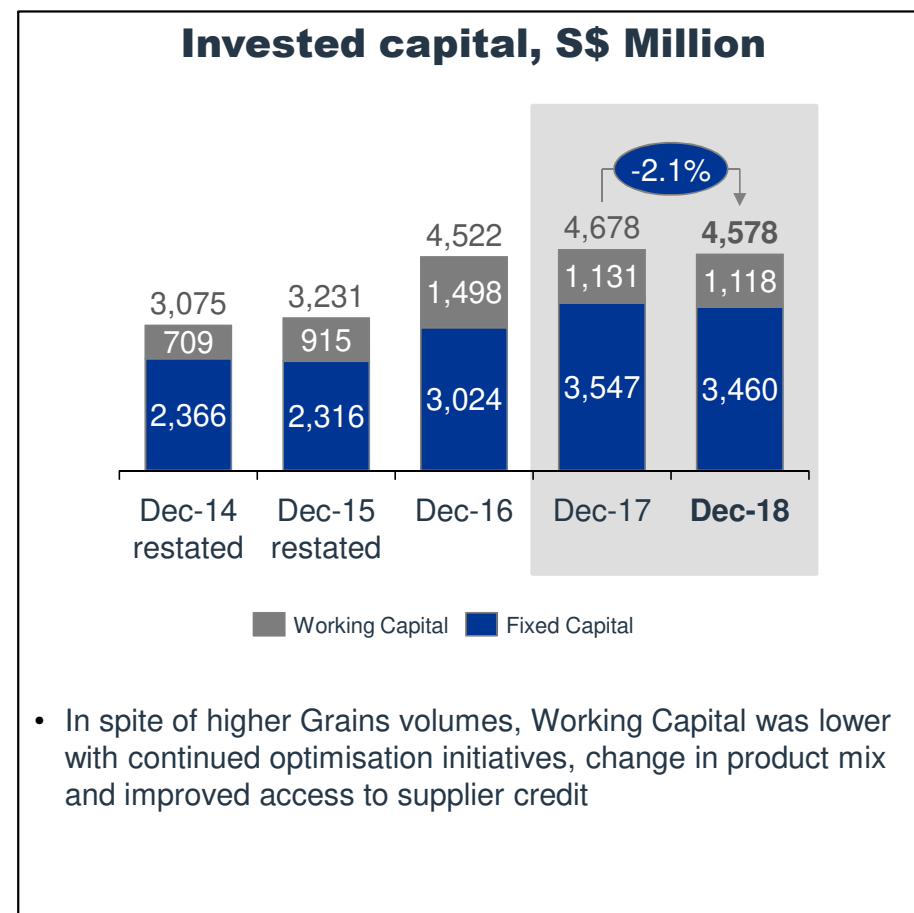
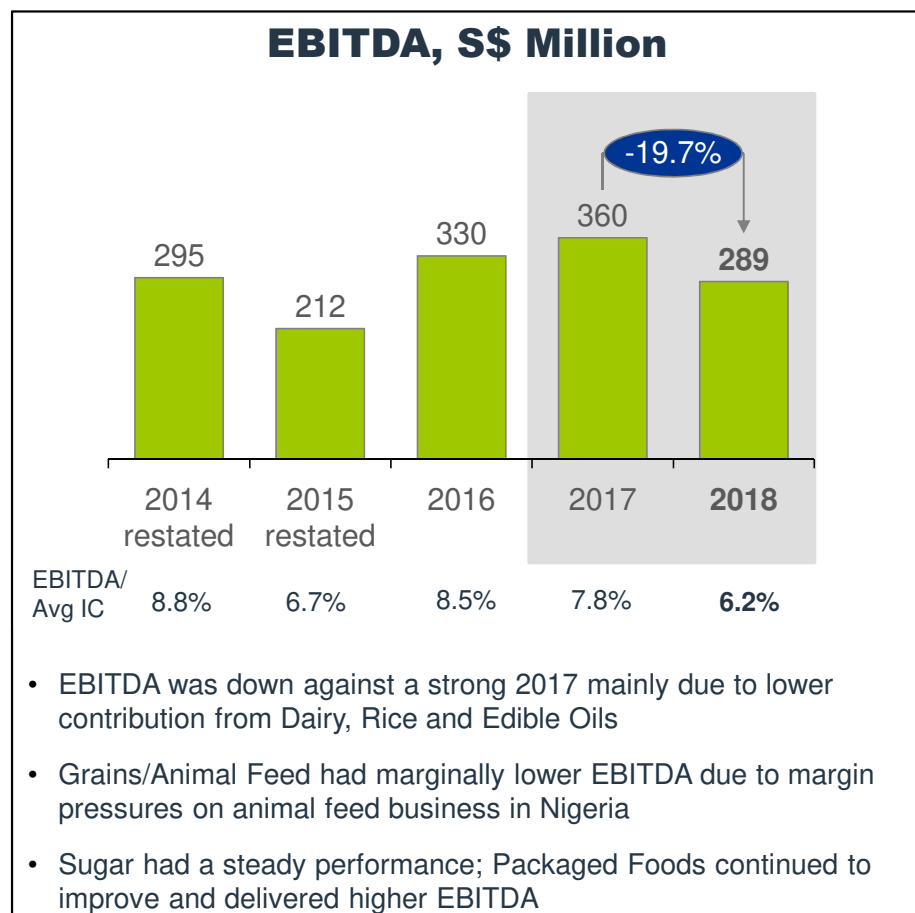
Edible Nuts and Spices



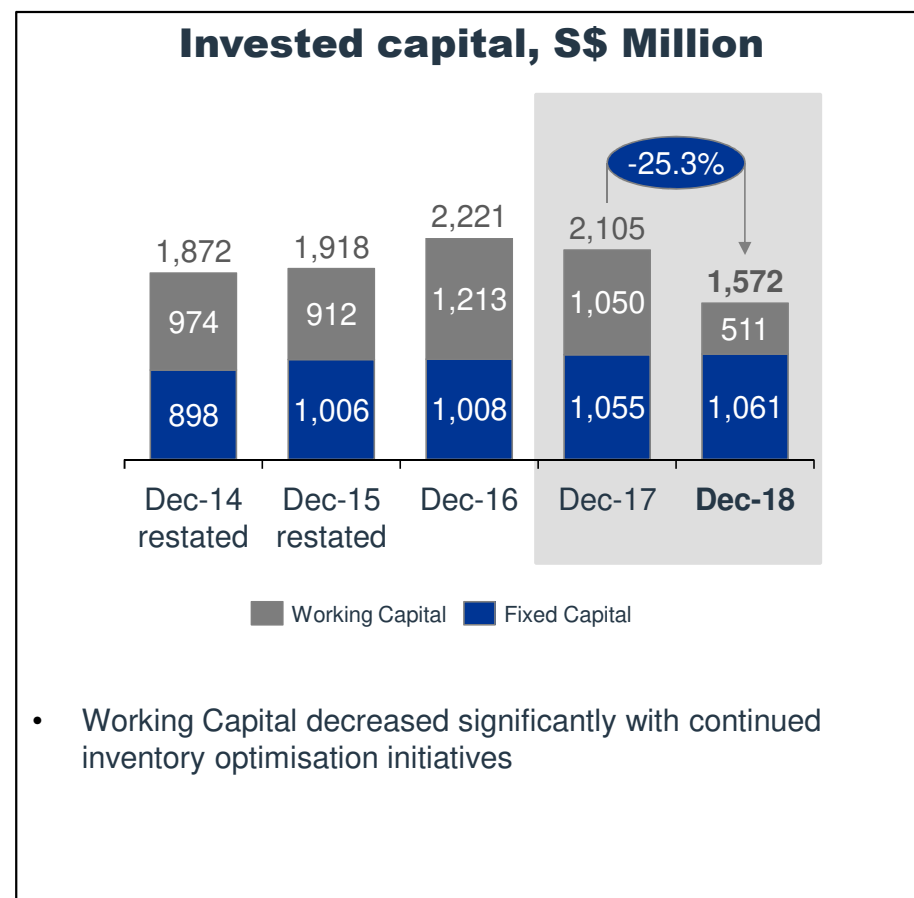
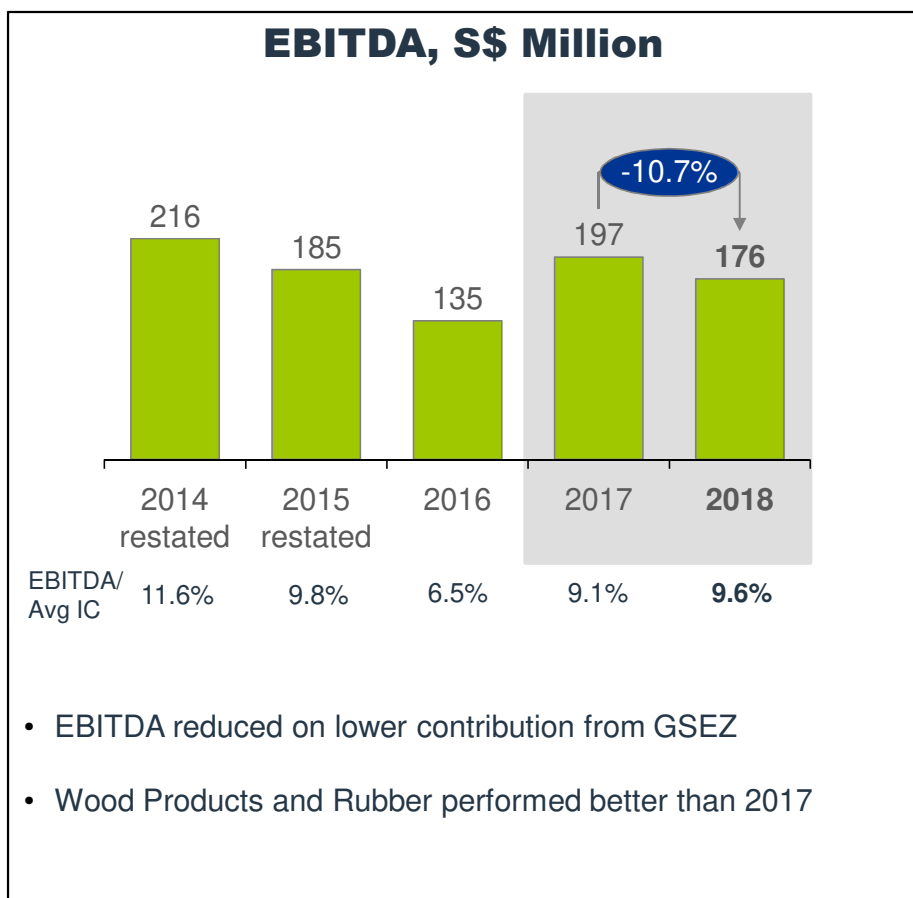
Confectionery and Beverage Ingredients



Food Staples and Packaged Foods



Industrial Raw Materials, Infrastructure and Olam Logistics



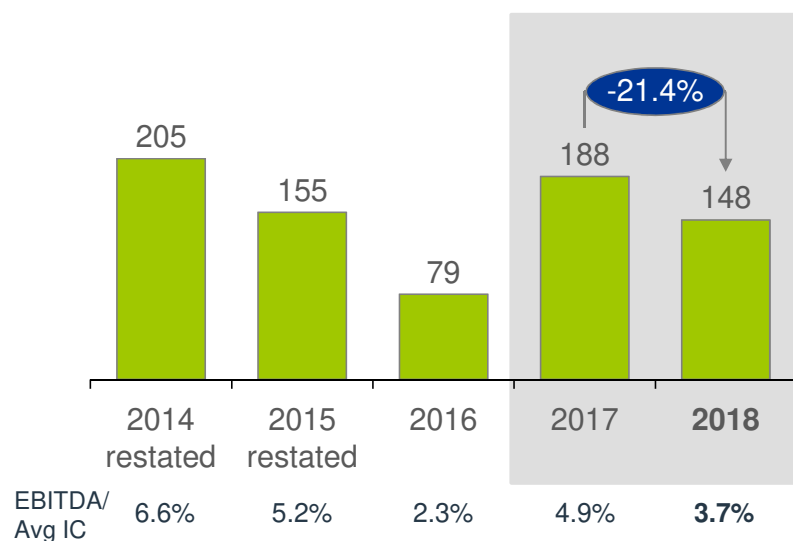


Value chain review



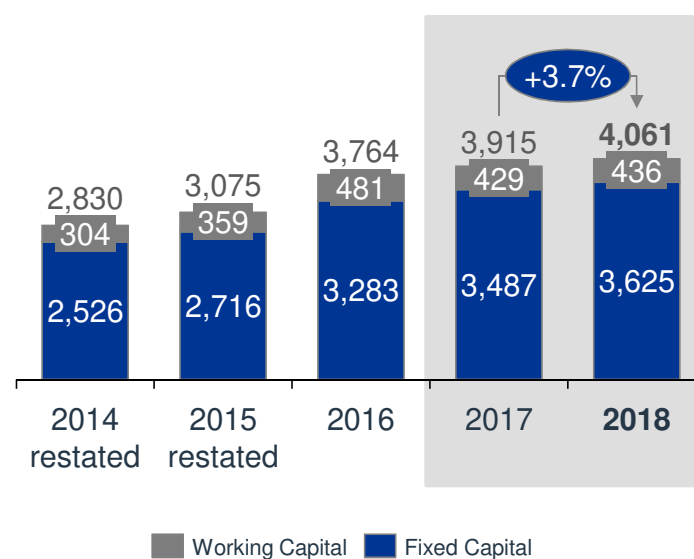
Upstream

EBITDA, S\$ Million



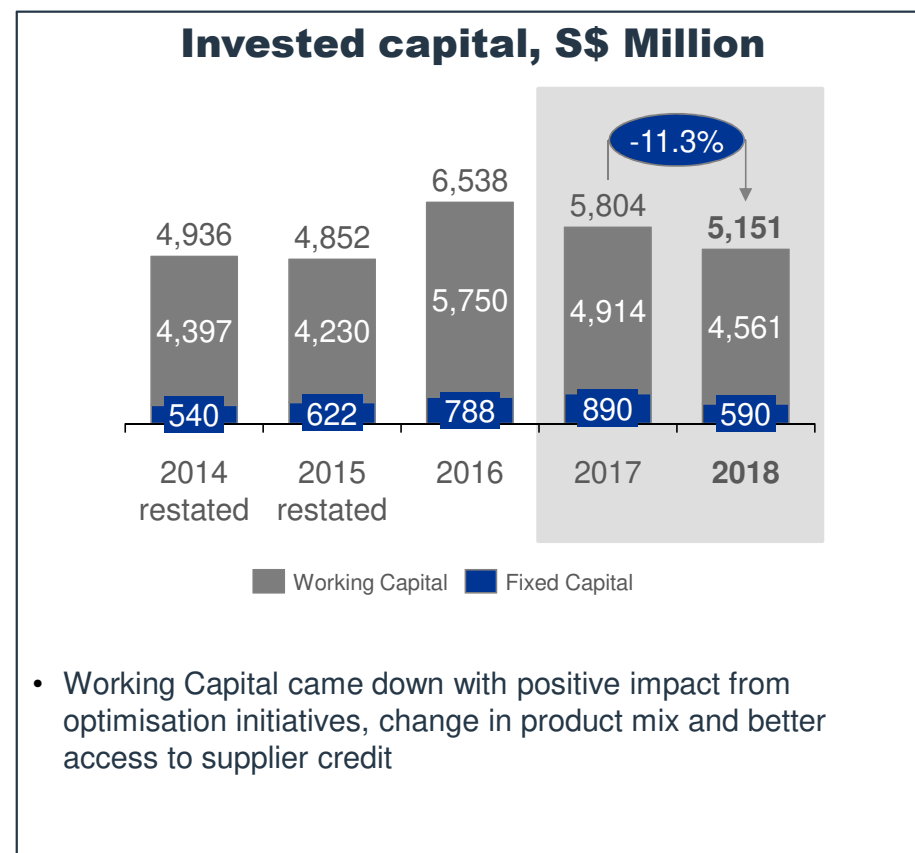
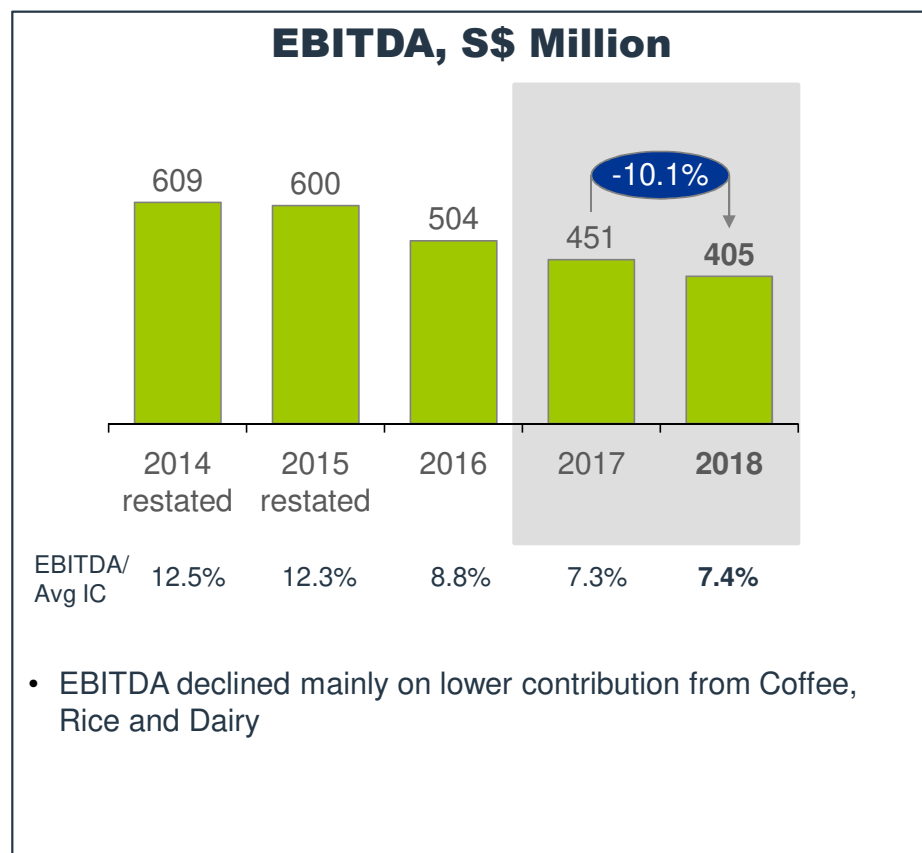
- EBITDA declined mainly on lower contribution from peanut farming in Argentina, Dairy farming in Uruguay and Olam Palm Gabon (OPG), partly offset by better performance in Wood Products from its forestry concessions in Republic of Congo

Invested capital, S\$ Million

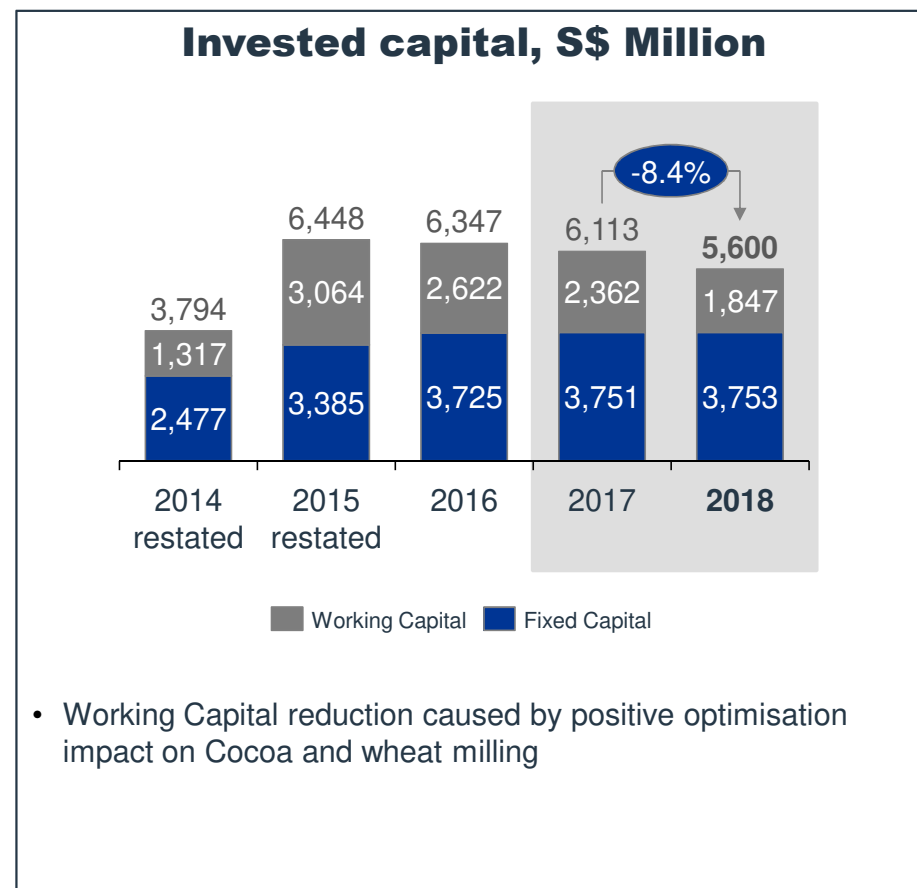
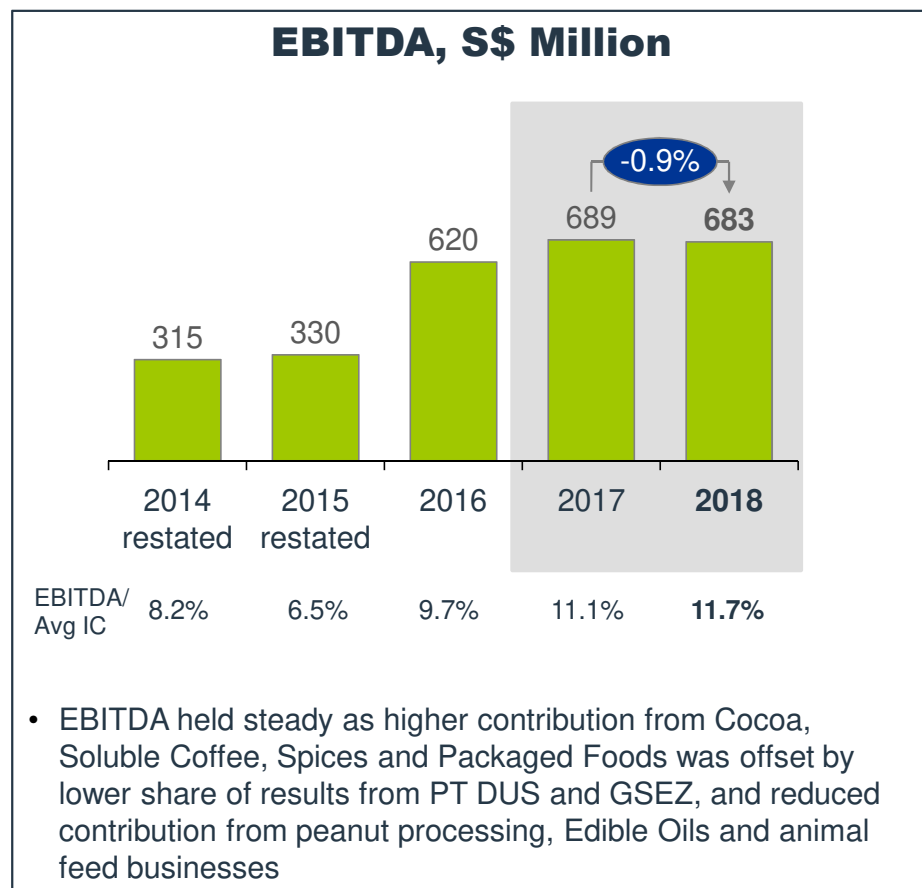


- Fixed Capital higher on continued investments in OPG

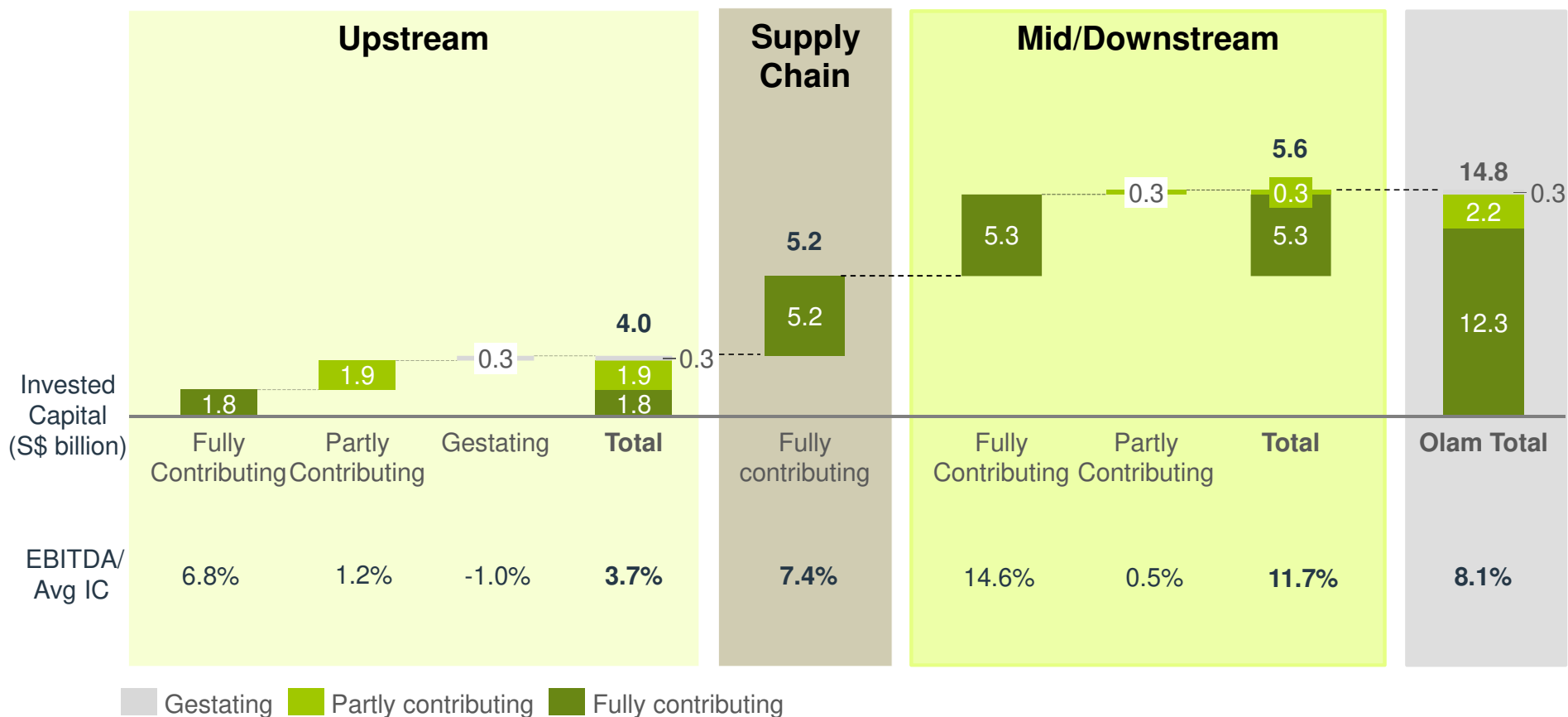
Supply chain



Mid/Downstream



Gestation mix



2019-2024 Strategic Plan

Why

Our Governing Objective

To maximise long-term intrinsic value for our continuing shareholders

Our Vision

To be the most differentiated and valuable global food and agri-business (by 2040)

Our Purpose

Re-imagining Global Agriculture & Food Systems

What: Our Goals

ROE * ≥ 12%	EBITDA/IC ** ≥ 13%	FCFE *** (+)	D/E **** < 2.0
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Where to Play

- ✓ **12** strong business platforms with **leading positions** in **attractive market segments** including global food ingredients, global agri-businesses, Africa food, and Africa Infra & logistics, etc
- ✓ Balanced capital allocation with selective integration in the value chain. Special thrust on **midstream & added value ingredients** (~50% of our IC allocated to midstream/ingredients in 2024 from the current 39%)
- ✓ Global presence & leadership to **serve global customers**

How to win

Leadership & Talent



Operational Excellence



1
Strengthen, Streamline & focus our portfolio

2
Improve margins

3
Offer differentiated products/services in existing & new channels

4
Explore investments in new engines for growth



Digital



Sustainability

Note: * ROE target ≥12% from 2021 ** EBITDA/Invested Capital (working capital + fixed capital); >13% from 2021 *** FCFE positive each year from year 2 (FY2020 onwards) **** Net Debt / Equity; < 2.0 throughout plan period

Olam International Limited Results for the Full Year ended December 31, 2018 | February 28, 2019



Key takeaways



Key takeaways

- **Results below expectations amid tougher market conditions**
- **Continued top line growth, stronger balance sheet to support further growth**
- **Strong, positive FCFE of S\$1.1 billion**
- **Improved net gearing of 1.32x**
- **Maintained total dividends at 7.5 cents per share for 2018**
- **Refreshed 2019-2024 Strategic Plan to capitalise on key consumer growth trends and achieve sustainable and profitable growth**



Appendix



P&L statement

S\$ million	2018	2017	% Change	Q4 2018	Q4 2017
Volume ('000 MT)	32,867.6	22,534.6	45.9	9,610.9	7,796.0
Revenue	30,479.0	26,272.5	16.0	8,460.4	7,235.2
Net gain/(loss) in fair value of biological assets	61.3	(15.3)	n.m.	70.9	(14.2)
EBITDA	1,235.8	1,327.9	(6.9)	330.7	312.8
Depreciation & Amortisation	(392.8)	(380.7)	3.2	(102.1)	(93.6)
Net Finance costs	(468.8)	(465.6)	0.7	(158.3)	(92.1)
Taxation	(52.3)	(79.2)	(34.0)	(1.6)	(26.3)
Exceptional items	1.2	149.2	(99.2)	3.3	155.4
PAT	323.1	551.6	(41.4)	72.2	256.1
PATMI	347.8	580.7	(40.1)	75.3	265.1
Operational PATMI	346.6	431.5	(19.7)	72.0	109.7

^ Excluding exceptional items

Exceptional items

S\$ million	2018	2017	Q4 2018	Q4 2017
Sale of lands in US	18.6	34.2	4.8	34.2
Sale of PT ACE	5.8	-	(0.1)	-
Sale of Café Enrista brand	2.7	-	-	-
Sale of 50% stake in Nauvu	(24.6)	-	(0.1)	-
Profit on sale of 50% stake in FEA	-	121.2	-	121.2
SVI Wage agreement settlement	-	(6.2)	-	-
Loss on sale of stake in JV/associate	(1.3)	-	(1.3)	-
Exceptional Items	1.2	149.2	3.3	155.4

Balance sheet

S\$ million	31-Dec-18	31-Dec-17	Change
Uses of Capital			
Fixed Capital	8,349.3	8,633.2	(283.9)
Working Capital	6,376.4	7,280.3	(903.9)
Cash	2,480.4	1,986.4	494.0
Others	526.2	309.0	217.2
Total	17,732.3	18,208.9	(476.6)
Sources of Capital			
Equity & Reserves	6,652.9	6,574.4	78.5
Non-controlling interests	138.7	177.4	(38.7)
Short term debt	4,777.1	4,660.2	116.9
Long term debt	6,491.1	6,927.7	(436.6)
Fair value reserve	(327.5)	(130.8)	(196.7)
Total	17,732.3	18,208.9	(476.6)

Cash flow statement

S\$ million	2018	2017	Change	Q4 2018	Q4 2017	Change
Operating Cash flow (before Interest & Tax)	1,154.7	1,369.2	(214.5)	239.2	361.5	(122.3)
Changes in Working Capital	930.6	834.7	95.9	660.0	(3.4)	663.4
Net Operating Cash Flow	2,085.3	2,203.9	(118.6)	899.2	358.1	541.1
Net interest paid	(464.1)	(464.0)	(0.1)	(148.0)	(67.8)	(80.2)
Tax paid	(137.9)	(82.1)	(55.8)	(13.7)	(12.6)	(1.1)
Cash from divestments	435.8	333.2	102.6	71.4	351.2	(279.8)
Free cash flow before capex/ investments	1,919.1	1,991.0	(71.9)	808.9	628.9	180.0
Capex/ Investments	(852.8)	(970.6)	117.8	(344.9)	(321.7)	(23.2)
Free cash flow to equity (FCFE)	1,066.3	1,020.4	45.9	464.0	307.2	156.8



2018 Results Briefing
olamgroup.com/investors.html
ir@olamnet.com