Olam Food Ingredients Acquisition of Olde Thompson

Media / Analysts Briefing

29th April 2021 | Singapore



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Presenters



A. Shekhar

Chief Executive Officer



Rishi Kalra

Chief Financial Officer

Olam Food Ingredients

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2. Olde Thompson Overview
3. Investment Rationale
4. Key Takeaways



Olam Food Ingredients

Transaction Overview

- OFI to acquire a **leading US private label ("PL") spices & seasonings** manufacturer **Olde Thompson ("OT")** at an Enterprise Value of **US$950 million**[1]
- Aligns with OFI's vision and accelerates its growth strategy of **delivering sustainable, natural, value-added food and beverage ingredients and solutions**
- **Transformative** for OFI's **spices business –** an **attractive and growing** part of its portfolio; and **expands its PL capabilities** across the OFI portfolio
- Valued at ~**11.5x EV/EBITDA**[2], or ~**8.5x EV/EBITDA**[2] including expected synergies
- Expected to be **earnings and margin accretive** from the first-year onwards
- **Completion targeted in Q2 2021**, subject to customary closing conditions

(1) Subject to net working capital adjustment at closing

(2) EV/EBITDA multiple is Enterprise Value on diligence adjusted 2020 Earnings Before Interest, Tax, Depreciation and Amortisation

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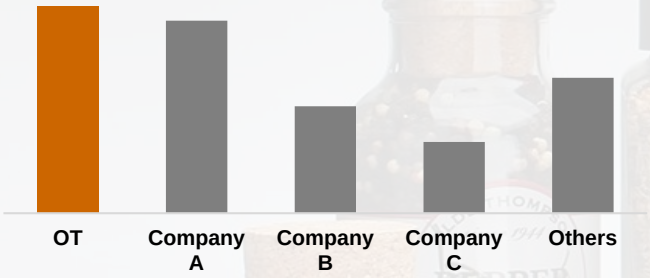
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Olde Thompson : A strong growth platform

A leading player

Spices & seasonings in US PL market

2020 US PL Market Share[2]



OLDE THOMPSON
since 1944

Including Gel Spice Company [1]

Full Solutions Provider

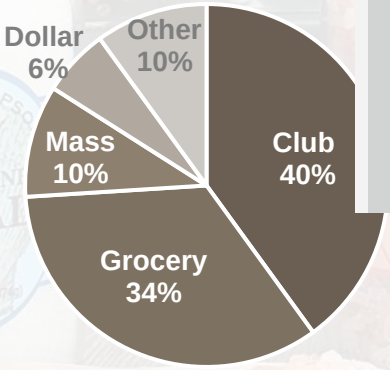
Formulation, blending & packaging capabilities including plastic & glass bottles, tins, pouches, sachets, etc.





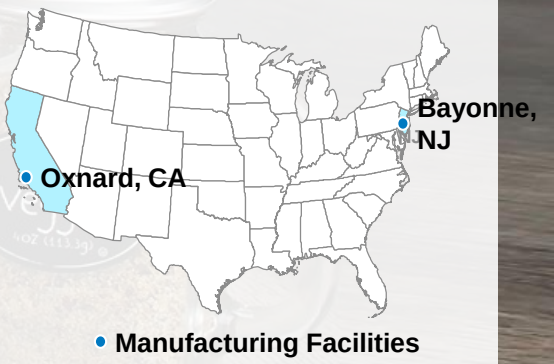
Blue-chip retail customers

Diverse & tenured mix across Club, Mass, Grocery, Discount, & Dollar Store channels



Bi-coastal manufacturing

Highly automated plants & national distribution serving the entire US market



(1) Acquired by OT in 2020
(2) Source: IRi industry data and OFI estimates

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Investment rationale – aligned with OFI's vision

1. Accelerates OFI's growth strategy and strengthens its competitive position in a **Core Product, Category & Channel;** at the centre of **evolving consumer trends**
   - Delivering **bold**, **authentic**, **natural taste & flavours** to meet rising consumer demand
   - Combination will significantly enhance OFI's **end-to-end sustainable, traceable and innovative spice solutions** for its retail customers
   - Creates a **substantive growth platform** for OFI to further **expand its PL offering** across its other **products & categories**
2. Opportunity to acquire a leading PL spices & seasonings supplier in the US operating in a **high growth category**, with **strong relationships** across many major US retailers
3. **Attractive cost & revenue synergy potential –** within spices and across PL for other OFI products & categories
4. Expected to drive **significant earnings and margin growth** for OFI from first-year onwards
5. **Experienced & motivated management team -** bringing domain experts in the retail space who can accelerate our growth plans in spices and other products in the US



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Trends – Right for the consumer, producer & planet

Sustainable & Traceable

Delivering end-to-end supply chain provenance & traceability, and addressing social equity and environmental concerns

Health & Wellness

Natural ingredients delivering health & wellness benefits consumers want

Consumption Behaviour

Multi-channel capabilities (across global CPG[1] brands, private label, foodservice and e-commerce) driven by out-of-home / snacking / platforms / social media

Taste & Flavours

Tasty and flavourful ingredients catering to changing culinary requirements / ethnic tastes

1 CPG = Consumer Packaged Goods

Accelerates OFI's growth strategy



We deliver **value-added solutions to each of our customers through**…

- **Differentiated sustainability & traceability impact solutions** (via AtSource)
- **Supply chain and risk management led solutions**
- Combining **innovative plant science** and **product development** led **application solutions**
- **Channel specific solutions (e.g. PL, Food Service)**

Combination of **OFI's 'back-end' strengths in global origination & innovation across the value chain**, and **Olde Thompson's 'front-end' capabilities to provide retail spice solutions** will offer **differentiated value to our customers**

OT is at the heart of evolving consumer trends and OFI's growth strategy

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US spices & seasonings industry overview

Favourable trends & growing market

Key trends

- Increased preference for **bold**, **authentic**, **natural taste** & **flavours**
- Consumer awareness for products with **health benefits** (Reducing sodium intake, increasing usage of turmeric, garlic etc.)
- Rise in demand for **ethnic food**

Unique characteristics

- Fragmentation of the spices supply chain
- Non-discretionary nature of spices consumption
- Relative price inelasticity compared with other food categories

US$5.4B US spices market size (2020)[1]

~4% US spices market growth (2015-2019 CAGR)[1]

~15% US spices PL category growth (2015-2019 CAGR)[1]

~26% US PL penetration rate (vs. Western Europe @ >40%)[2]

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(1) *IRi industry data; OFI estimates*
(2) *IRi sell through sales & OT management estimates for untracked channel sell through sales. Western Europe penetration as per Nielsen*

OFI+OT provides unique end-to-end customer offering in spices

'Farm" → *"Fork"*

OFI spices

'Back-end' strengths in global origination, sustainable supply chain, and innovation across the value chain

- **Diverse portfolio of more than 20 product lines** – global supplier of onion, garlic, chilli, pepper, tropical spices, purees & parsley
- **Sourcing from 12 origins** – extensive presence across most growing regions
- **75 years of proprietary seed research and plant breeding**
- **Manufacturing in 5 countries** – Robust origin processing facilities providing unparalleled traceability
- **Global sales reach** to more than **70 countries**

- **Complementary** product portfolio
- **Strong 15+ years partnership** – OFI is currently the largest supplier to OT

Olde Thompson

"Front-end' capabilities to provide retail spice solutions

- **Leading US PL player**
- **Blue-chip retail customers**
- **Bi-coastal manufacturing**
- Solutions in **blending, product formulation** and **packaging**

…delivered by an industry-leading management team

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Attractive cost & revenue synergy potential:
OFI+OT combination can drive significant integration to better serve customers



Leverage OFI spices' strength in **raw material procurement**



Optimise **packaging**, **distribution** & **logistics**



Value-added & innovative solutions

- **Sustainable & traceable** offerings
- **Processing/blends/ seasonings** solutions



Cross-sell opportunities

- Existing OFI **spice products** to OT customers & vice versa (incl. E-commerce)
- **Other OFI products** to OT customers & vice versa

Potential **EBITDA synergies** of **US$25-30 million**

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Financial impact



…and continued growth in the large & attractive US PL spices and other categories

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(1) *Diligence adjusted*

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Key Takeaways

- **Aligned with OFI's vision** and **accelerates its growth strategy**
- **Significantly improves OFI's competitive position** in a Core Product (**spices**), Category (**culinary**) & Channel (**PL**)
- **Opportunity** to acquire a **leading player** in a **high growth category** with **strong customer relationships**
- Attractive **cost & revenue synergy** potential
- Expected to drive **significant earnings and margin growth** for OFI from first-year onwards
- Adds an **experienced & motivated management** team to OFI's talent pool





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