Olam

Q1 2018 Results Briefing

May 14, 2018









Presenters



Sunny Verghese
Co-Founder
and Group CEO



A. Shekhar
Executive Director
and Group COO



N. Muthukumar
President
and Group CFO

Notice

This presentation should be read in conjunction with Olam International Limited's Financial Statements for the First Quarter ("Q1 2018") ended March 31, 2018 ("Q1 2018") and Management Discussion and Analysis lodged on SGXNet on May 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 First Quarter ended March 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

- Q1 2018 highlights
- Segmental review
- Key takeaways





Q1 2018 highlights





Q1 2018 results
At a glance

Volume
7.0 M MT
+56.1%

EBITDA
S$368 M
-7.7%

PATMI
S$158 M
+9.8%

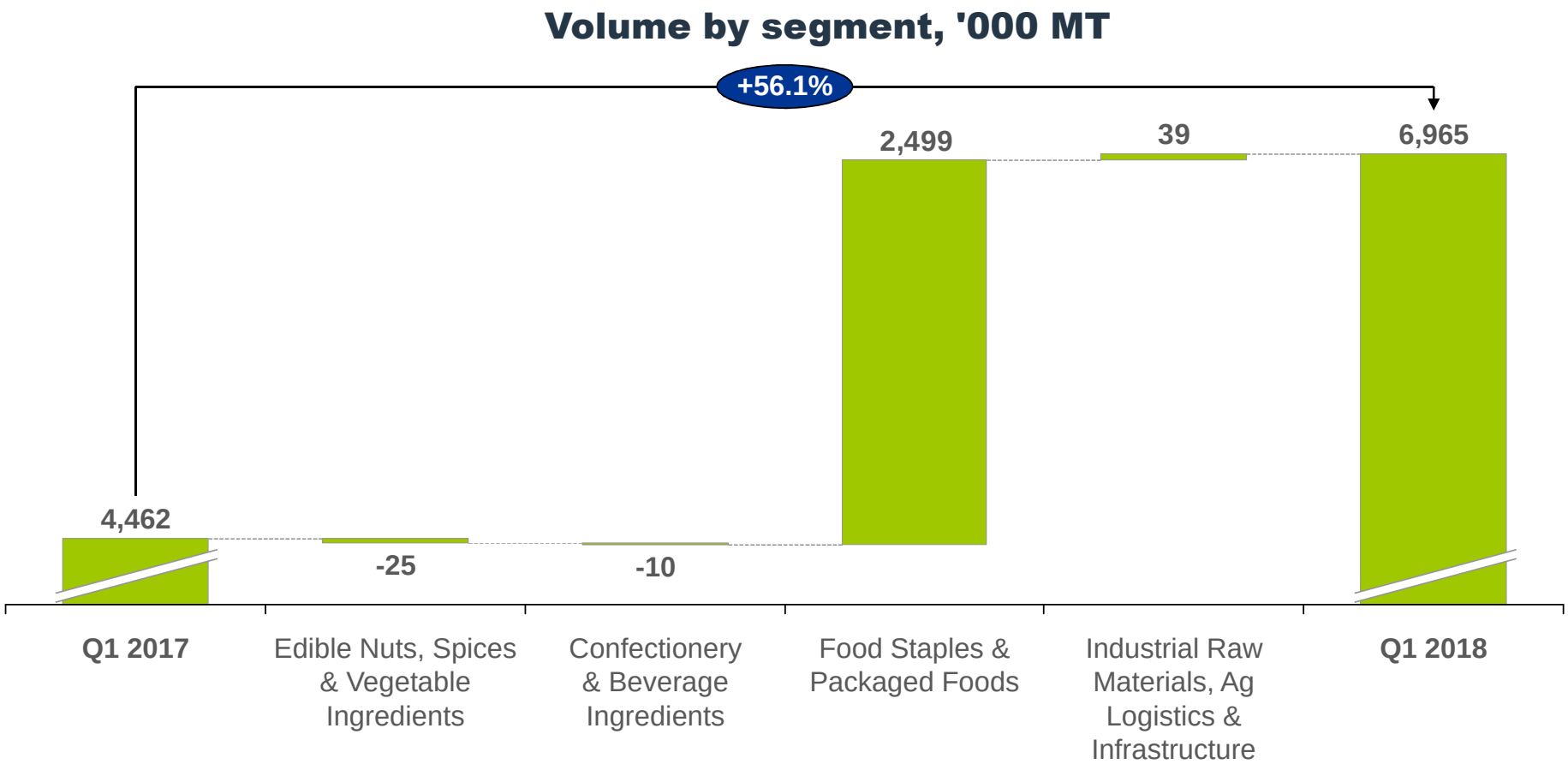
Operational PATMI
S$163 M
+13.0%

Free Cash Flow
FCFE
-S$409 M

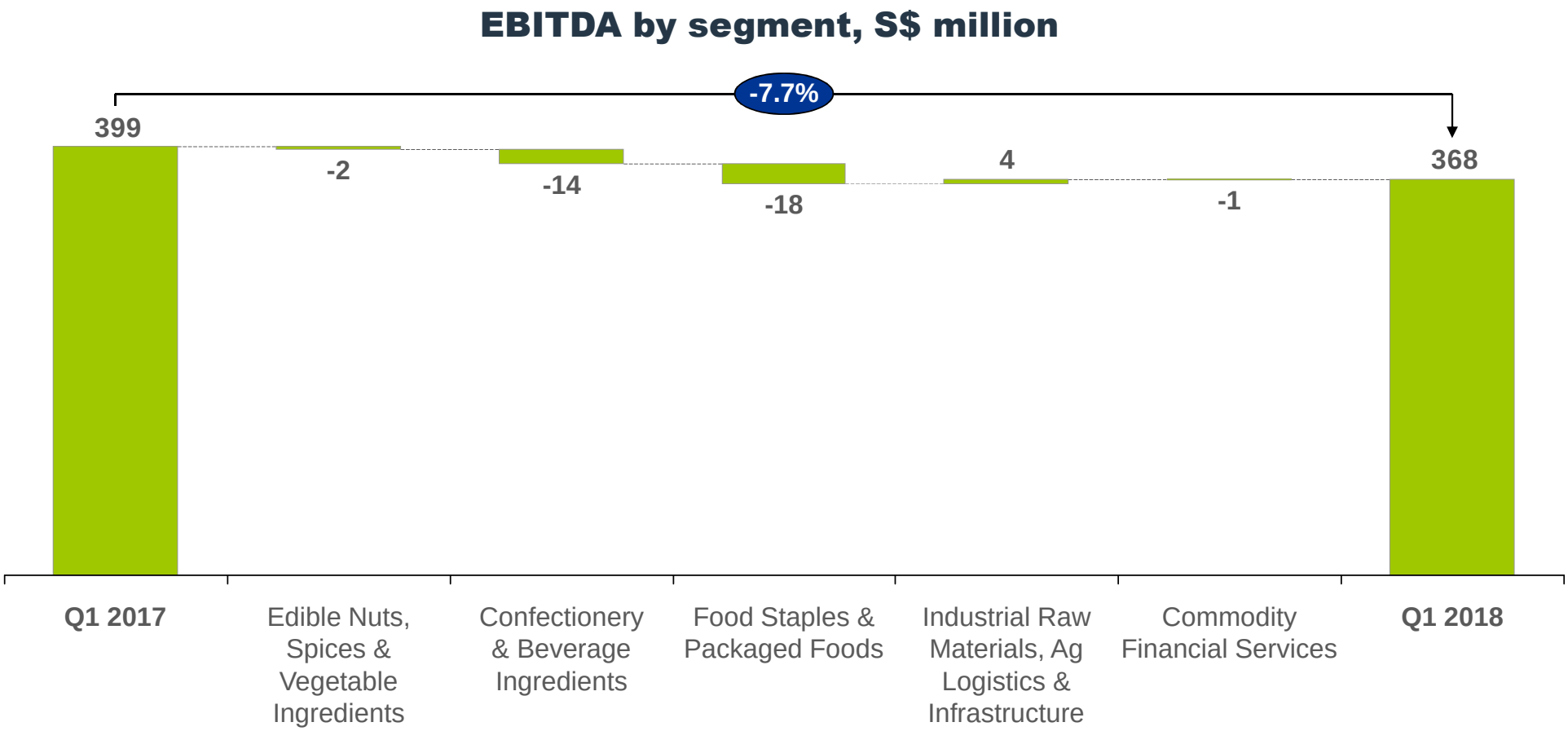
Gearing
from 1.98 X to
1.49 X

Volume grew 56.1%

Led by Food Staples & Packaged Foods



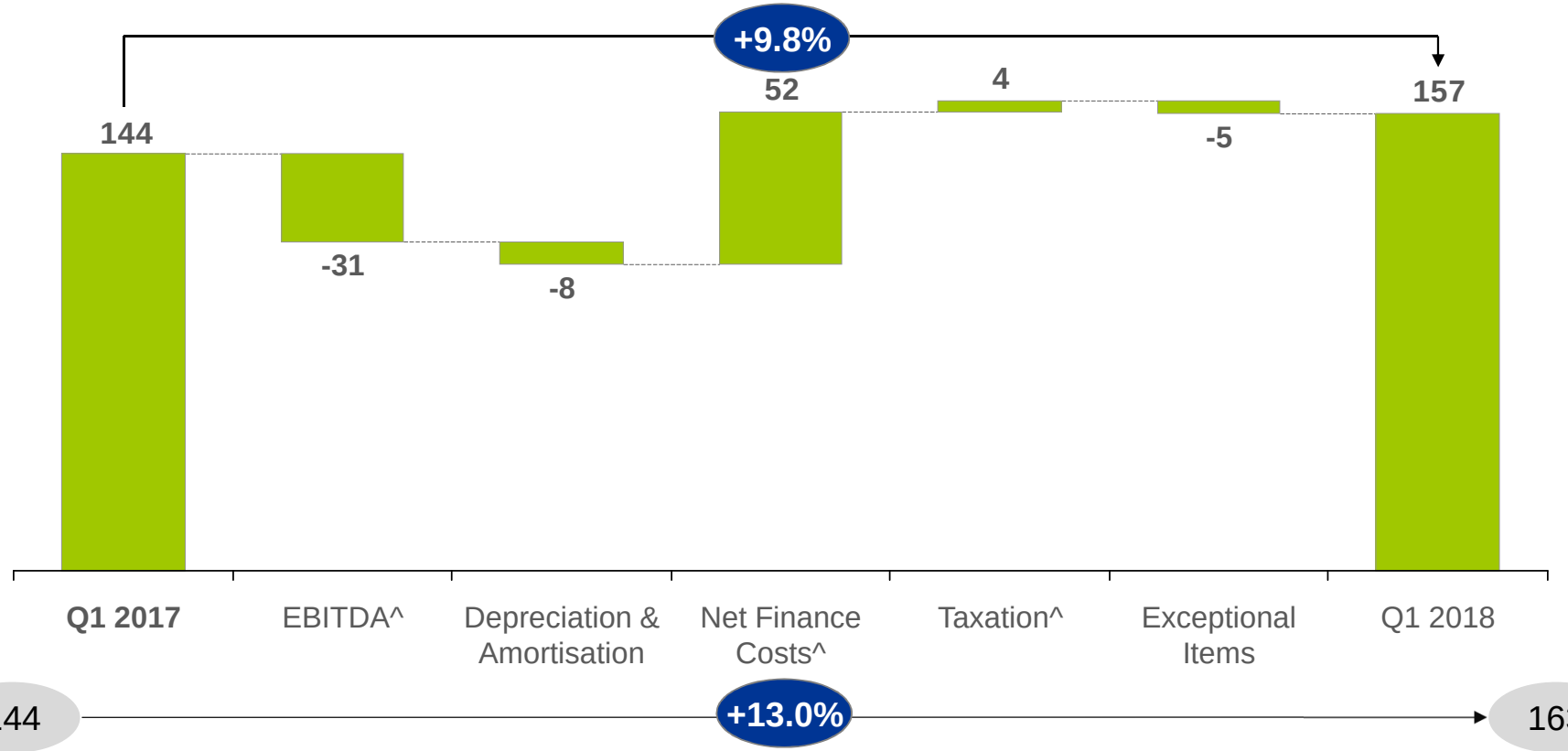
EBITDA declined 7.7% vs a strong Q1 2017



PATMI grew 9.8%

Operational PATMI grew 13.0%

PATMI and Operational PATMI, S$ million



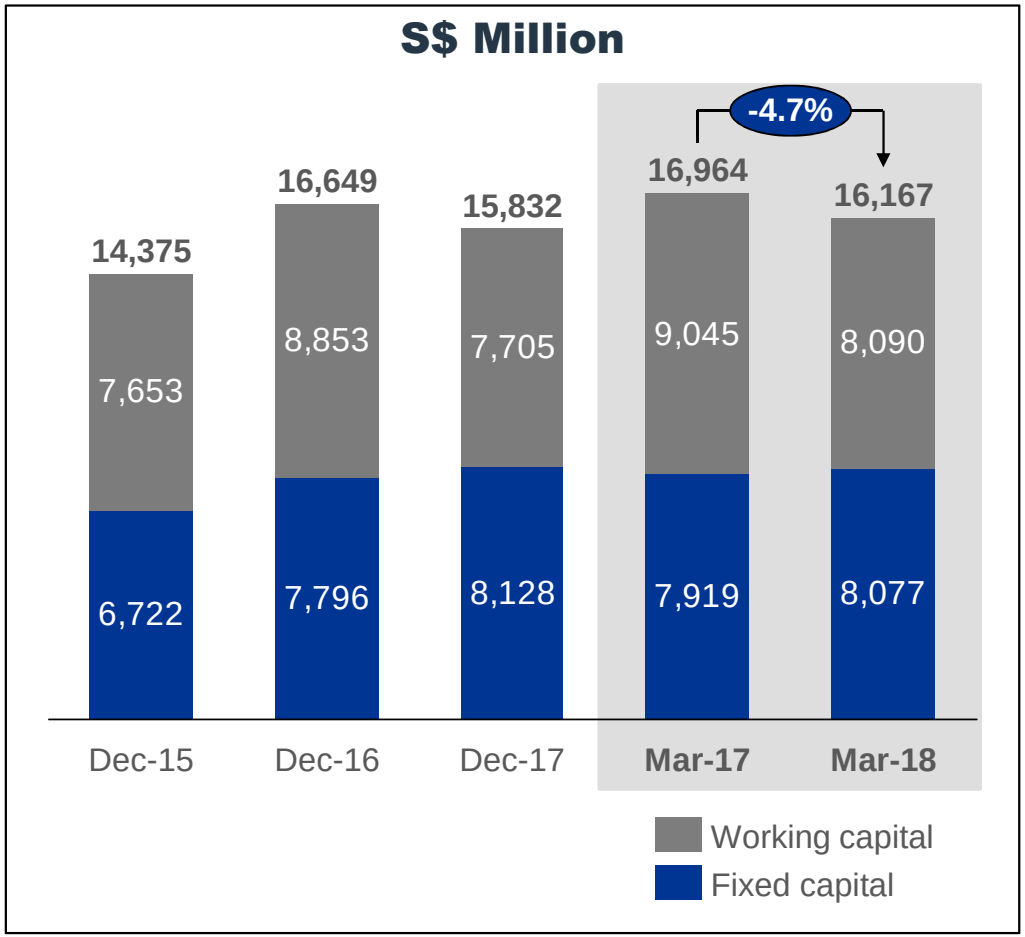
Operational PATMI (S$ M)

144 → +13.0% → 163

^ Excludes exceptional items

4.7% reduction in invested capital

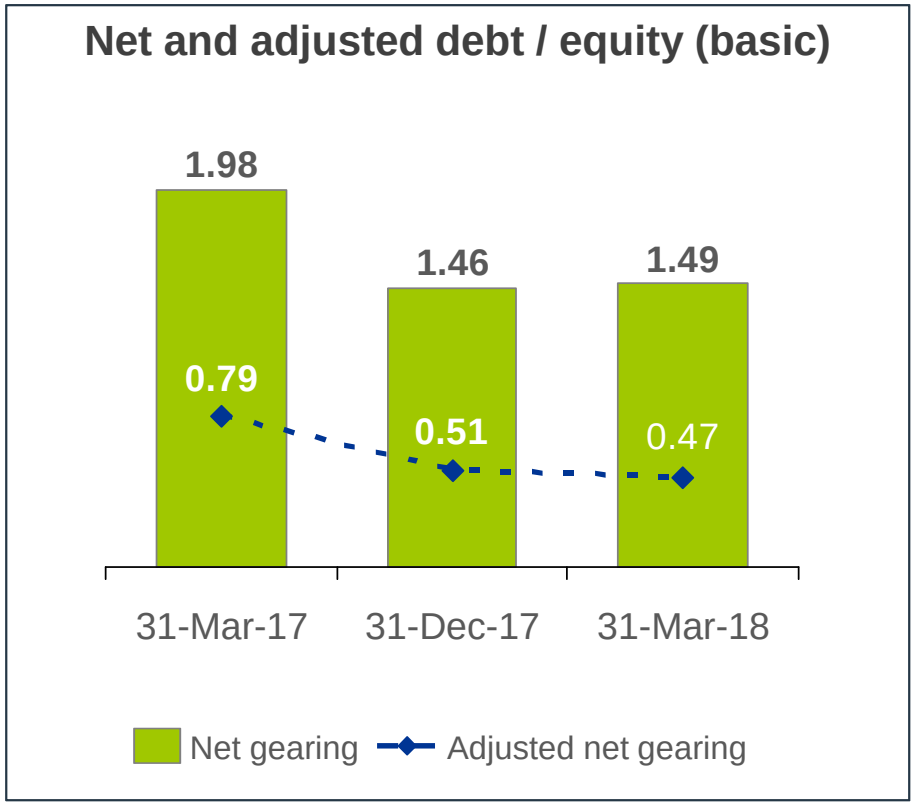
10.6% reduction in working capital year-on-year



- **Fixed Capital up with continued committed investments in upstream and midstream assets, partly offset by completion of planned divestments**
- **Working Capital lower by 10.6% despite the year-on-year volume (+56.1%) and revenue increase (+8.5%)**

Invested Capital excludes:
(a) Gabon Fertiliser Project (31 Mar 2018: S$251.0 million; 31 Mar 2017: S$223.3 million;); and
(b) Long-term Investments (31 Mar 2018: S$206.0 million; 31 Mar 2017: S$172.7 million)

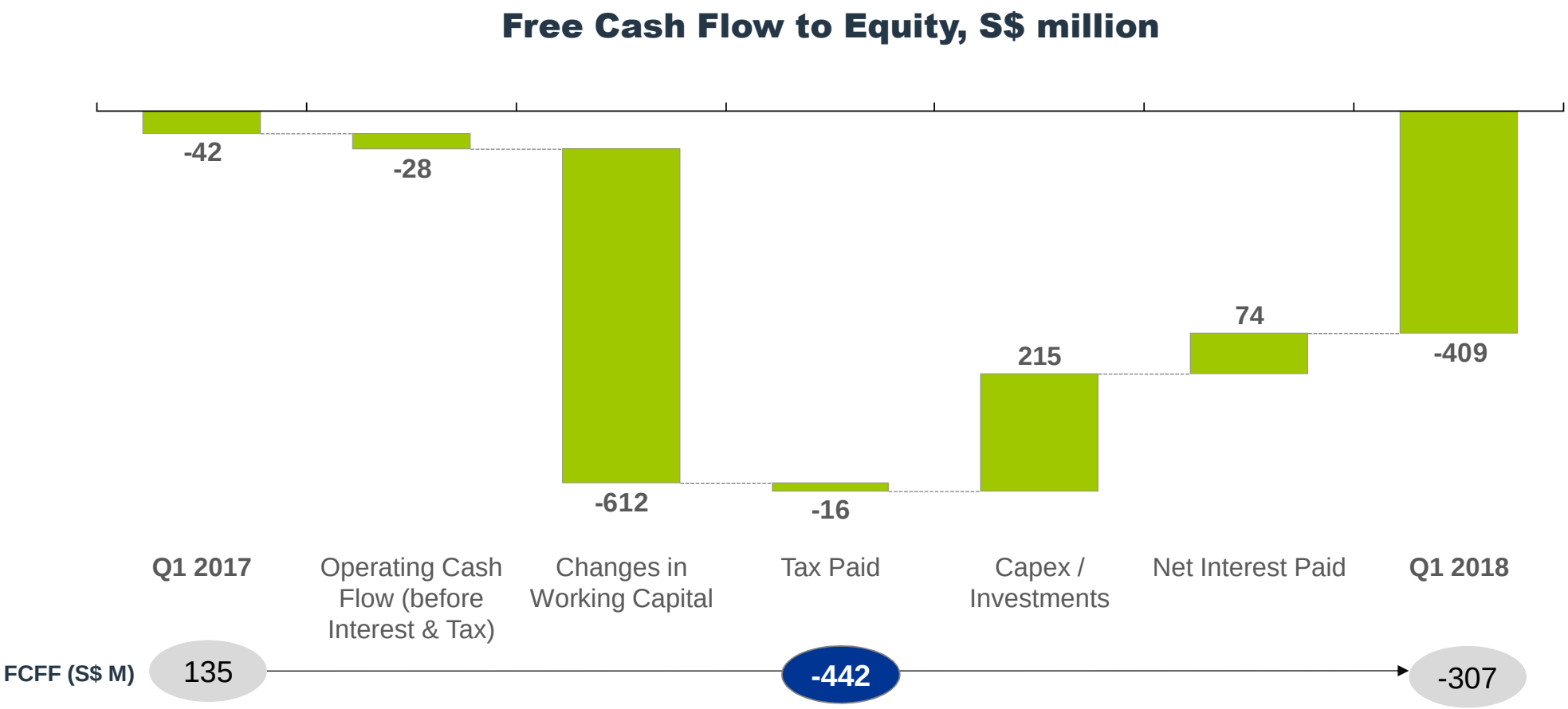
Net gearing reduced to 1.49X



- 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 in Q1 2018 added S$71.8 million to equity

Free cash flow

Negative FCFE due to higher working capital usage in Q1 2018



Available liquidity

Sufficient to cover all repayment and Capex obligations

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



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





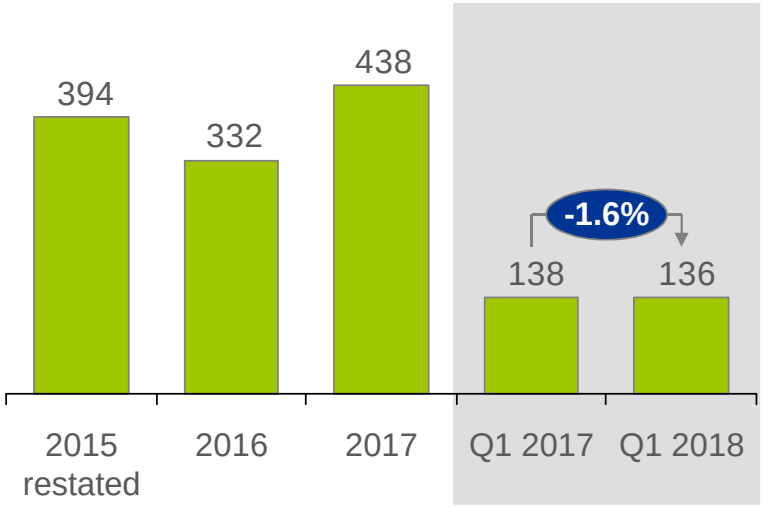
Segmental review





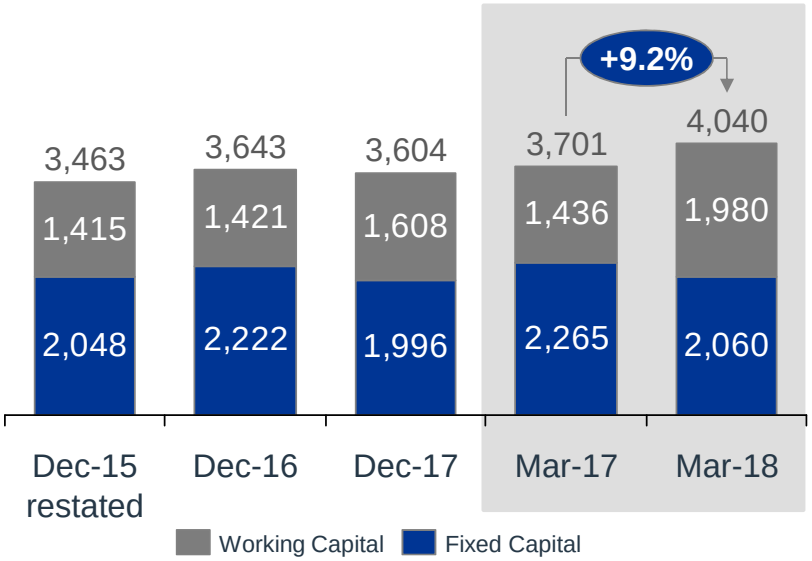
Edible Nuts, Spices & Vegetable Ingredients

EBITDA, S$ Million



- Overall EBITDA down marginally compared with a strong Q1 2017, which saw higher almond volume and prices and market conditions favouring cashew
- Steady EBITDA from Spices & Vegetable Ingredients (SVI) as dehydrates and spices did well while tomato processing continued to underperform

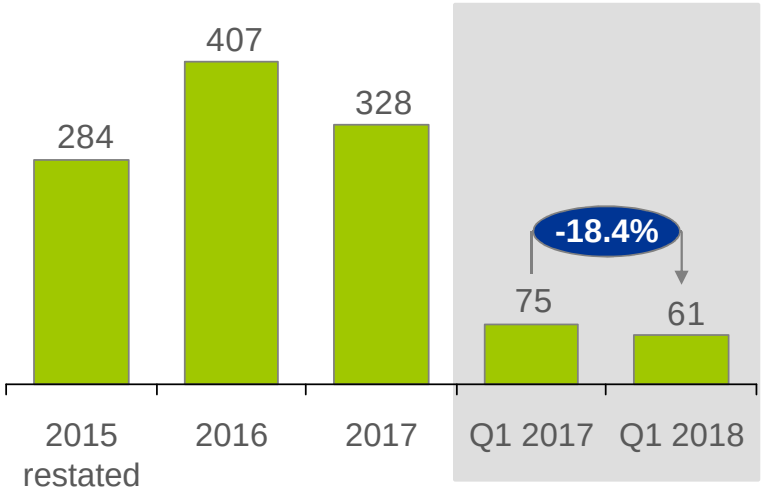
Invested capital, S$ Million



- Working Capital increased with higher inventory levels in almond and cashew
- 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

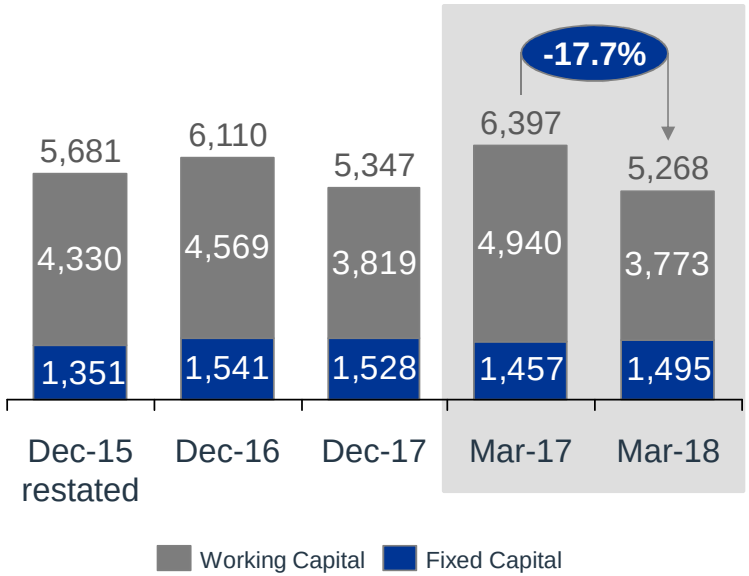
Confectionery & Beverage Ingredients

EBITDA, S$ Million



- EBITDA declined due to significantly lower Coffee contribution compared with Q1 2017 when it had an excellent start; it continued to be adversely impacted by tough market conditions amid short crop across major origins
- Cocoa processing continued to perform well; supply chain and trading also performed better than last year when it had faced difficult trading conditions

Invested capital, S$ Million

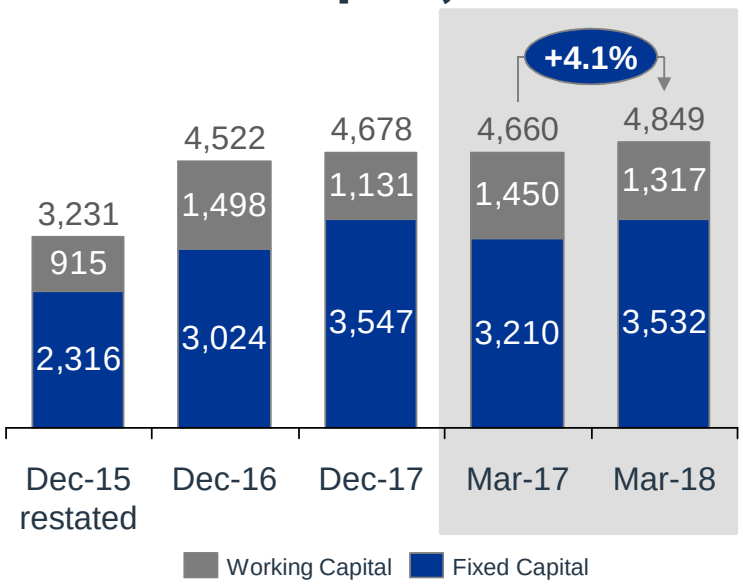


- Significant reduction in Working Capital due to optimisation initiatives and lower prices

Food Staples & Packaged Foods



- Reduction in EBITDA when compared to a very strong Q1 2017
- Mixed performance from platforms: Rice and Dairy were steady; Packaged Foods started road to recovery; Edible Oils had lower contribution, and wheat milling and Sugar faced margin headwinds



- Lower Working Capital on account of optimisation initiatives and lower prices
- Higher Fixed Capital due to construction of animal feed mills in Nigeria and continued investment in palm plantations in Gabon

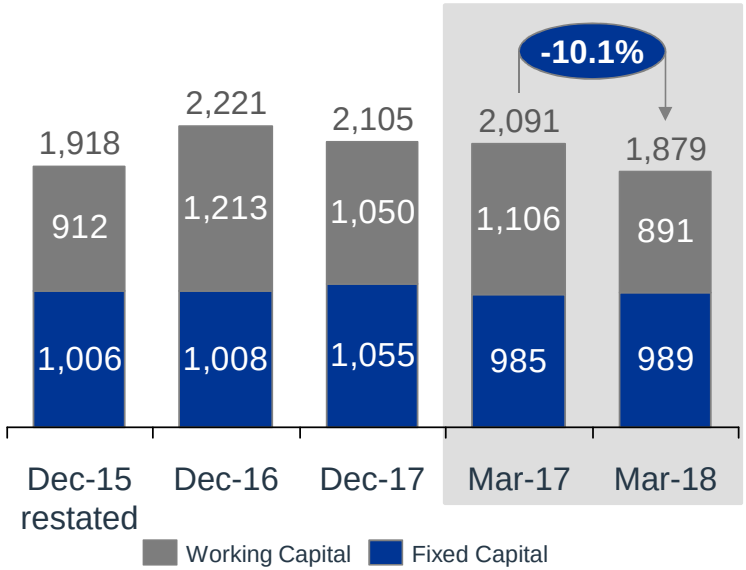
Industrial Raw Materials, Ag Logistics & Infrastructure

EBITDA, S$ Million



- Improved EBITDA due to Cotton and GSEZ performance; Wood Products was steady

Invested capital, S$ Million



- Working Capital decreased with optimisation initiatives in Cotton





Key takeaways





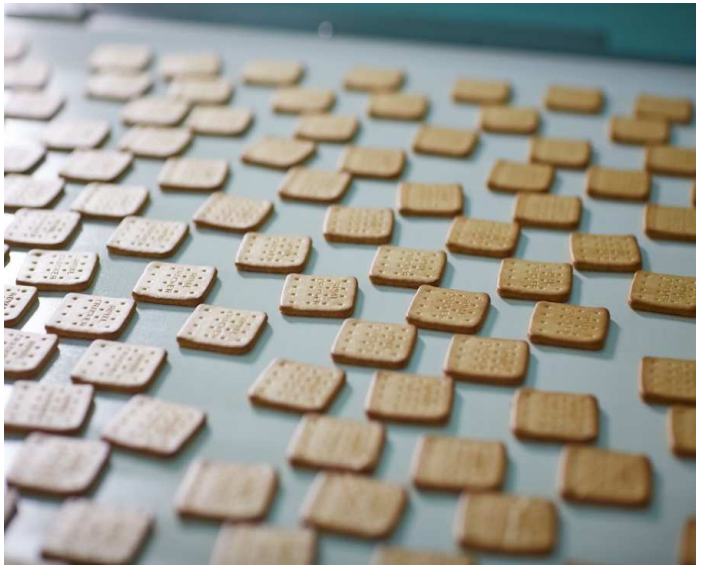
Key takeaways

- **Steady financial performance versus strong Q1 2017: PATMI and Operational PATMI up 9.8% and 13.0% respectively in Q1 2018**
- **Enlarged share capital and stronger balance sheet**
- **Continue to execute on 2016-2018 Strategic Plan in 2018 by pursuing growth in prioritised platforms, turning around underperforming assets and nurturing gestating assets to start contributing**





Appendix





P&L statement

S$ million	Q1 2018	Q1 2017	% Change
Volume ('000 MT)	6,965.2	4,461.7	56.1
Revenue	6,295.4	5,804.2	8.5
Net gain/(loss) in fair value of biological assets	(4.1)	(2.0)	106.8
EBITDA	**368.1**	**398.6**	**(7.7)**
Depreciation & Amortisation	(95.7)	(88.6)	8.0
Net Finance costs	(87.4)	(139.6)	(37.4)
Taxation	(30.0)	(34.0)	(11.8)
Exceptional items	(4.7)	-	n.m.
PAT	150.4	136.5	10.2
PATMI	**157.9**	**143.9**	**9.8**
Operational PATMI	**162.6**	**143.9**	**13.0**

Exceptional items

S$ million	Q1 2018	Q1 2017
Sale of SVI asset (land) in US	13.6	-
Sale of PT ACE	5.7	-
Sale of 50% stake in Nauvu	(24.0)	-
Exceptional Items	**(4.7)**	**-**

Balance sheet

S$ million	31-Mar-18	31-Dec-17	Change vs Dec 17	31-Mar-17	Change vs Mar 17
Uses of Capital					
Fixed Capital	8,534.6	8,633.2	(98.6)	8,315.2	219.4
Working Capital	7,926.5	7,280.3	646.2	8,559.0	(632.5)
Cash	1,863.5	1,986.4	(122.9)	2,643.7	(780.2)
Others	210.1	309.0	(98.9)	336.0	(125.9)
Total	**18,534.7**	**18,208.9**	**325.8**	**19,853.9**	**(1,319.2)**
Sources of Capital					
Equity & Reserves	6,706.9	6,574.4	132.5	5,796.6	910.3
Non-controlling interests	168.3	177.4	(9.1)	222.4	(54.1)
Short term debt	4,175.4	4,660.2	(484.8)	5,612.2	(1,436.8)
Long term debt	7,671.2	6,927.7	743.5	8,505.3	(834.1)
Fair value reserve	(187.1)	(130.8)	(56.3)	(282.6)	95.5
Total	**18,534.7**	**18,208.9**	**325.8**	**19,853.9**	**(1,319.2)**

Cash flow statement

S$ million	Q1 2018	Q1 2017	YoY
Operating Cash flow (before Interest & Tax)	373.8	401.8	(28.0)
Changes in Working Capital	(687.0)	(74.7)	(612.3)
Net Operating Cash Flow	**(313.1)**	327.1	(640.2)
Net interest paid	(102.4)	(176.4)	74.0
Tax paid	(23.2)	(7.0)	(16.2)
Cash from divestments	251.1	33.3	217.8
Free cash flow before capex/ investments	**(187.6)**	177.0	(364.6)
Capex/ Investments	(221.6)	(218.5)	(3.1)
Free cash flow to equity (FCFE)	**(409.2)**	(41.5)	(367.7)

Q1 2018 Results Briefing
olamgroup.com/investor-relations/
ir@olamnet.com