Olam

Q1 2019 Results Briefing

May 14, 2019









Presenters



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Co-Founder
and Group CEO



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and Group COO



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Notice

This presentation should be read in conjunction with Olam International Limited's Financial Statements and Management Discussion and Analysis for the First Quarter ended March 31, 2019 ("Q1 2019") lodged on SGXNET on May 14, 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, offering circulars, information memorandums, information 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, 2019 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 2019 highlights
- Segmental review
- Strategic Plan progress
- Key takeaways





Q1 2019 highlights





Q1 2019 results

At a glance

Volume
8.5 M MT
+21.5%

EBITDA
S$420 M
+14.2%

PATMI
S$169 M
+6.9%

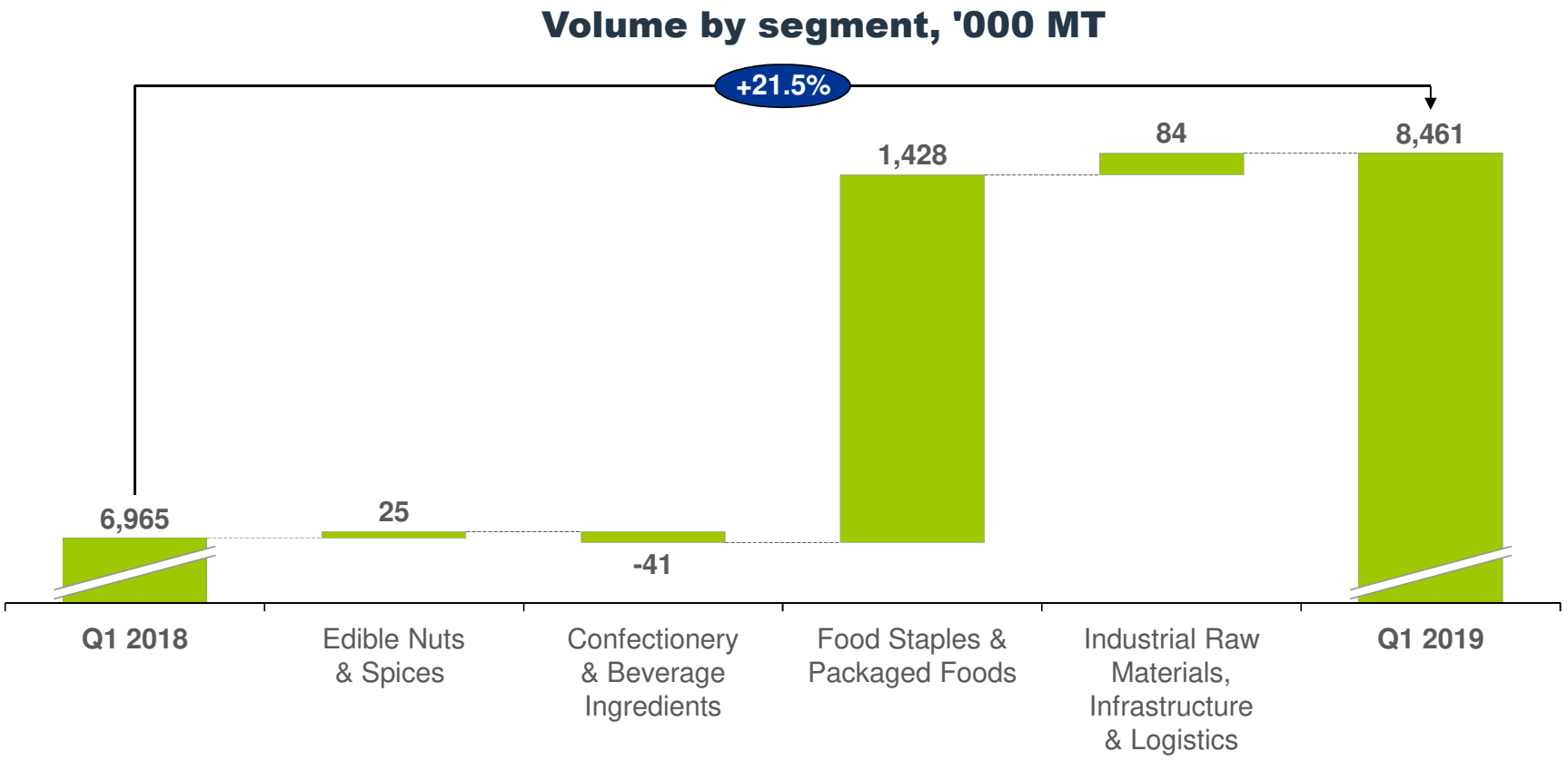
Operational PATMI
S$181 M
+11.3%

Free Cash Flow
+FCFE
S$313 M

Gearing
from 1.49x to
1.35x

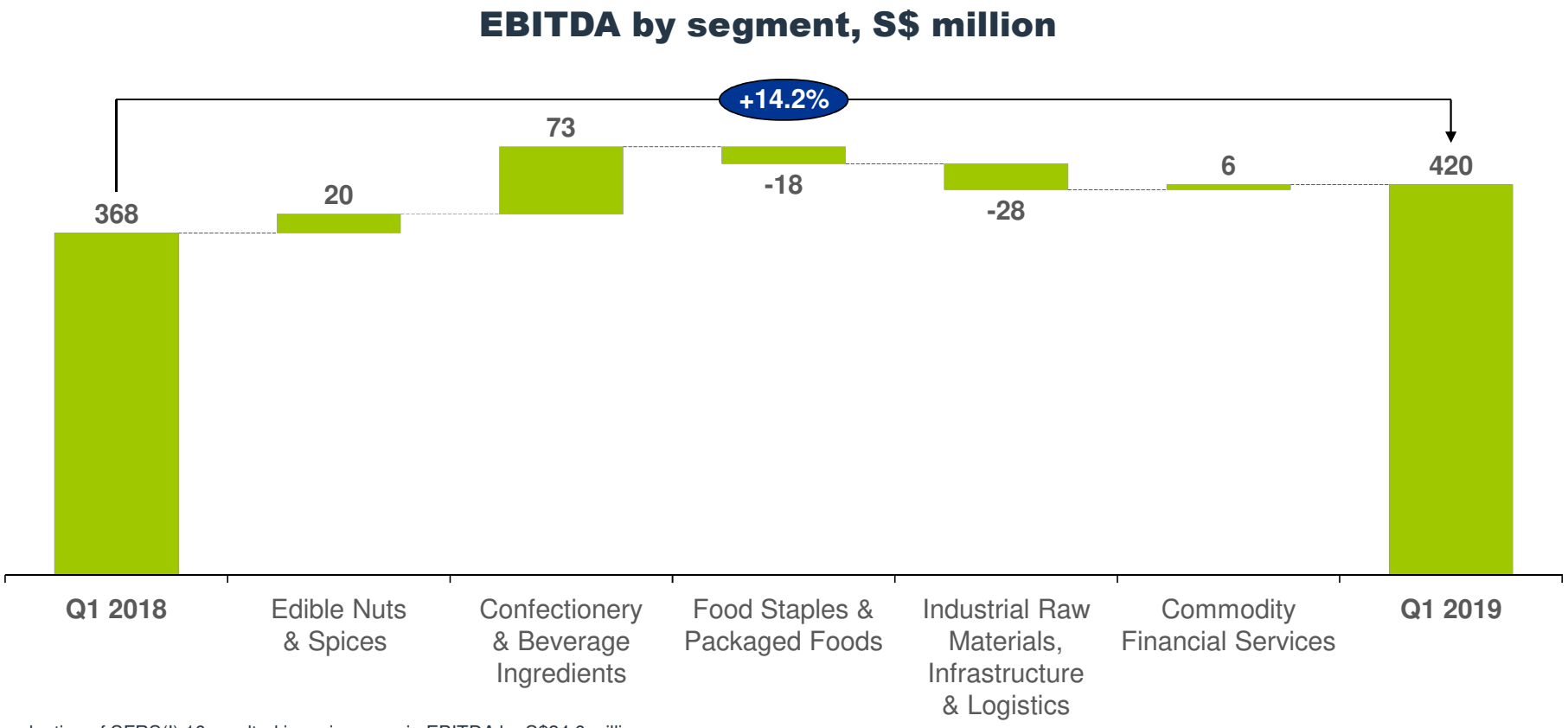
Volume grew 21.5%

Led by Food Staples & Packaged Foods (Grains)



EBITDA up 14.2%

Led by Edible Nuts, Cocoa

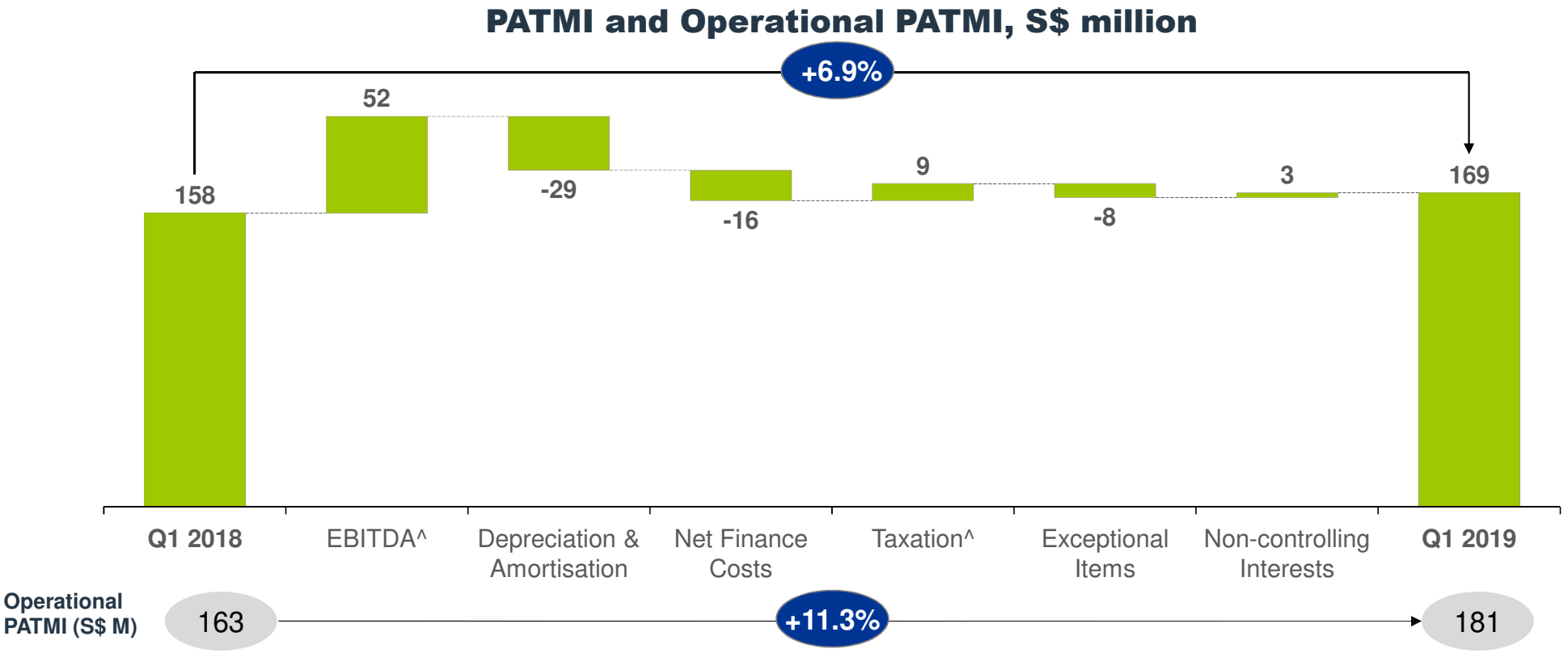


Note: The adoption of SFRS(I) 16 resulted in an increase in EBITDA by S$24.6 million.

PATMI up 6.9%

Higher EBITDA offset higher depreciation and finance charges

Operational PATMI up 11.3%

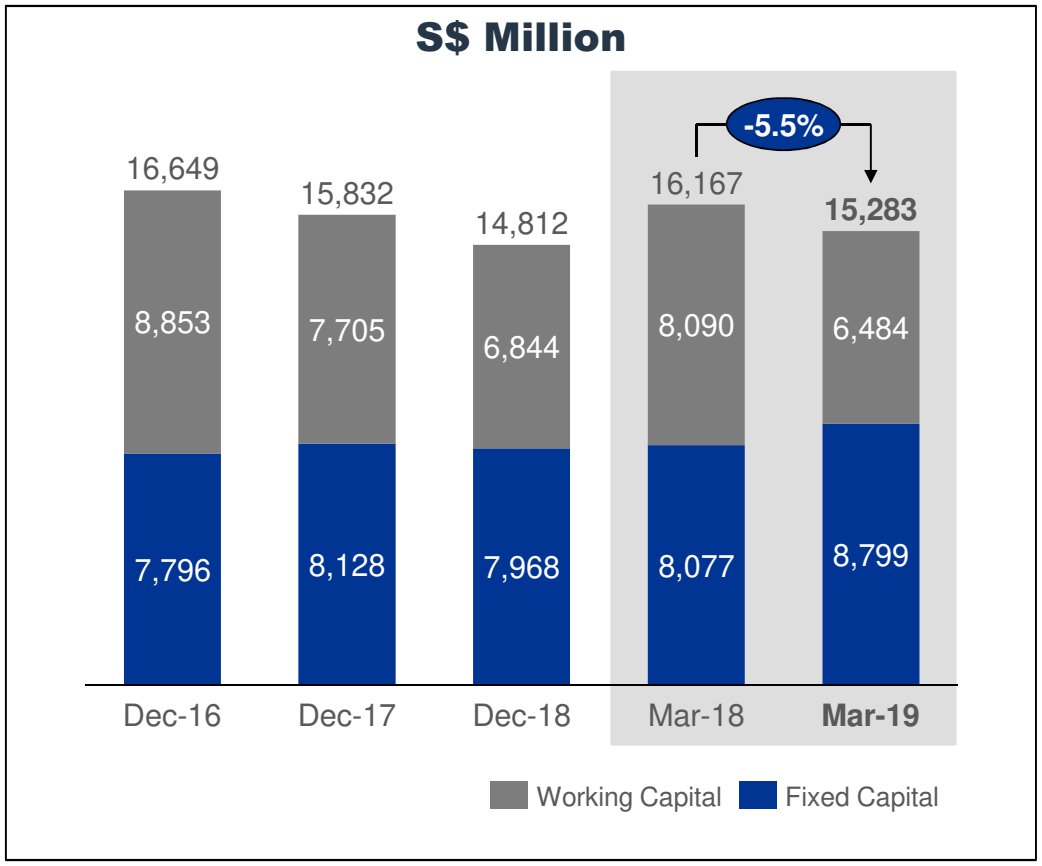


Note: The adoption of SFRS(I) 16 resulted in an increase in EBITDA by S$24.6 million. It also increased depreciation and finance charges by S$23.6 million and S$7.5 million respectively in Q1 2019.

^ Excludes exceptional items

5.5% reduction in invested capital

19.8% reduction in working capital year-on-year

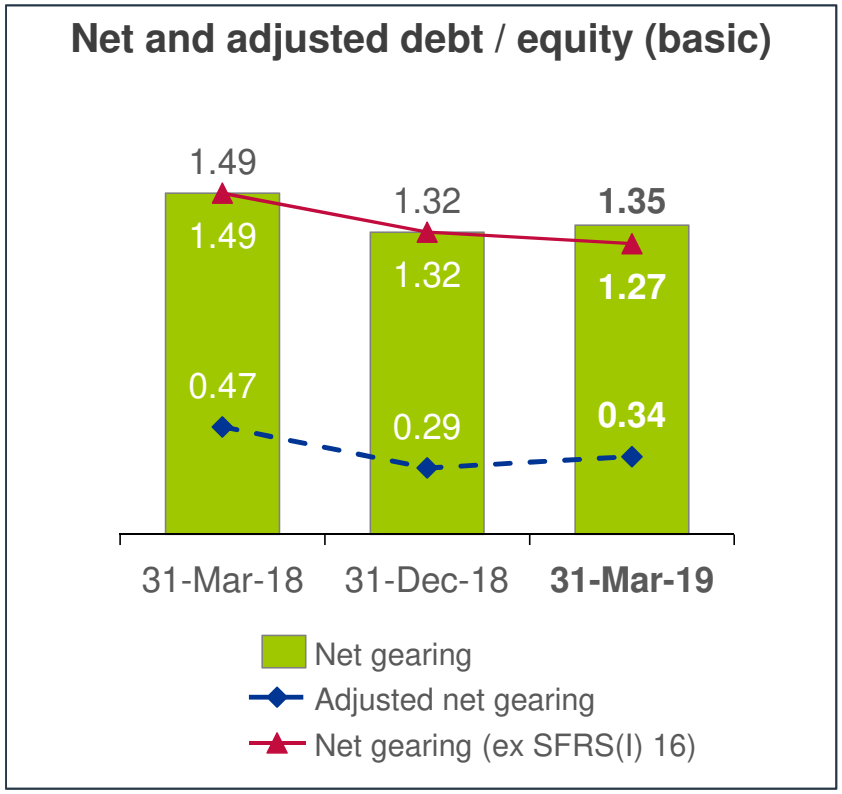


- **Fixed Capital increased only because of the adoption of SFRS(I) 16 with addition of right-of-use assets**
- **Working Capital down 19.8% despite the year-on-year volume (+21.5%) and revenue increase (+16.7%)**

Invested Capital excludes:
(a) Gabon Fertiliser Project (31 Mar 2019: S$239.4 million; 31 Mar 2018: S$251.0 million;); and
(b) Long-term Investments (31 Mar 2019: S$133.3 million; 31 Mar 2018: S$206.6 million)

Net gearing at 1.35x

Excluding impact of SFRS(I) 16, net gearing improved to 1.27x

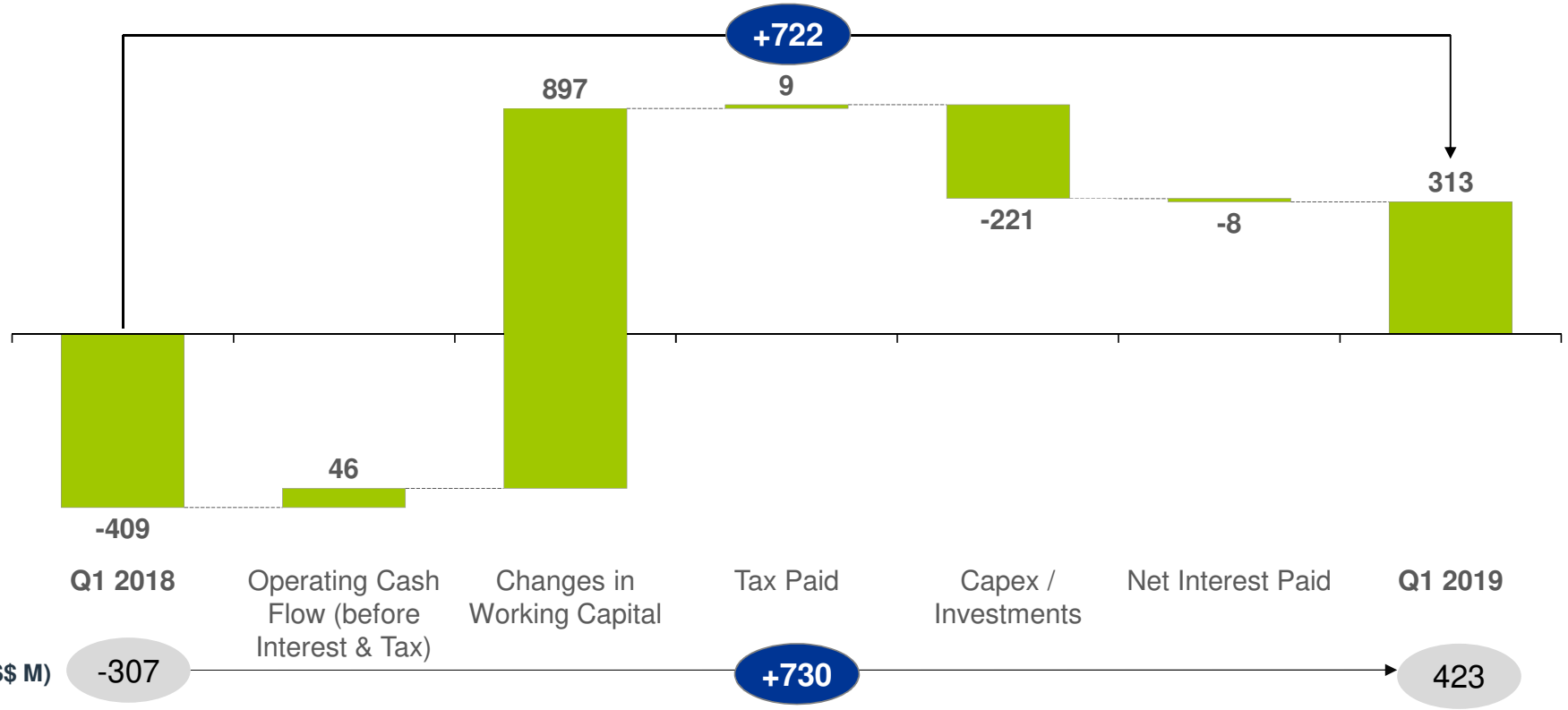


- Higher net debt due to:
  - Application of SFRS(I) 16 – net increase of S$615 million in lease liabilities
  - Compensated by lower working capital due to change in product mix and improved access to supplier credit

Free cash flow

Strong, positive FCFE in Q1 2019 on improved operating cash, reduced working capital

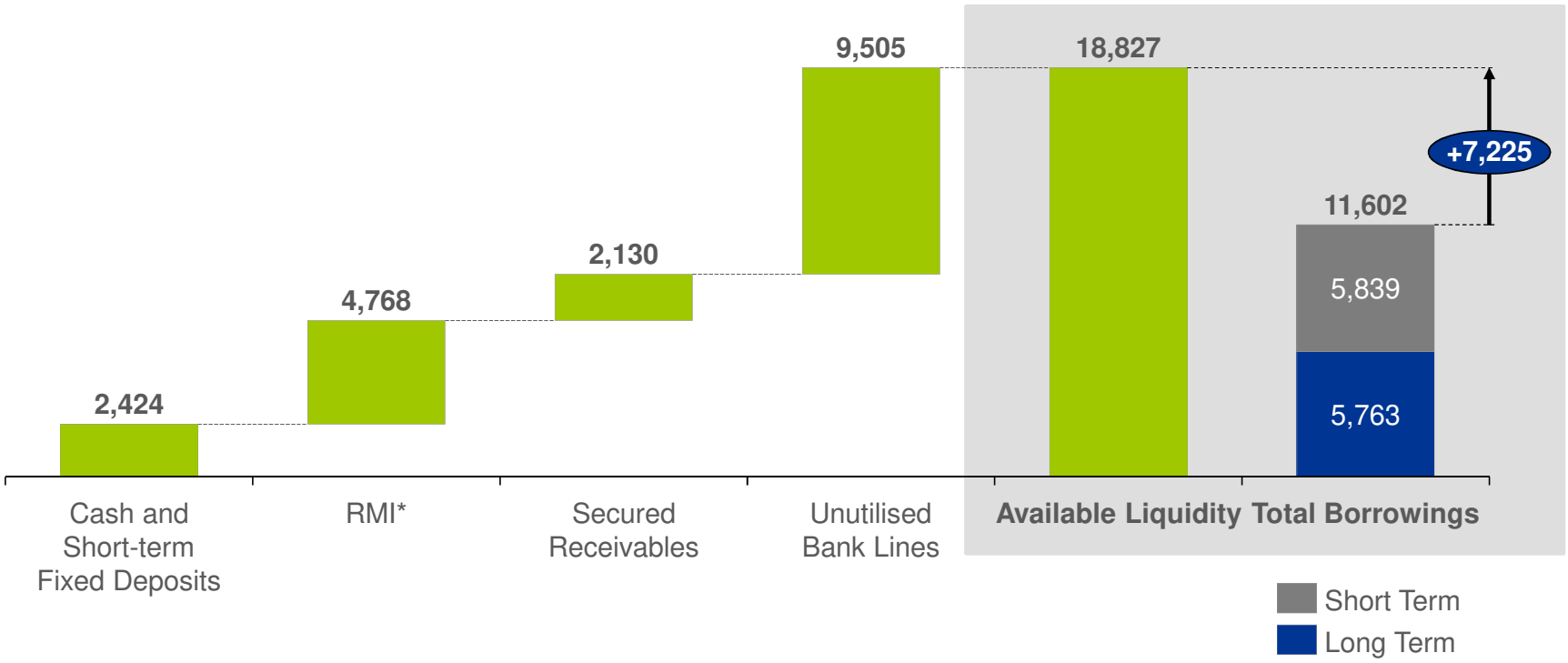
Free Cash Flow to Equity, S$ million



Available liquidity

Sufficient to cover all repayment and Capex obligations

Total borrowings and available liquidity, S$ Million as at March 31, 2019



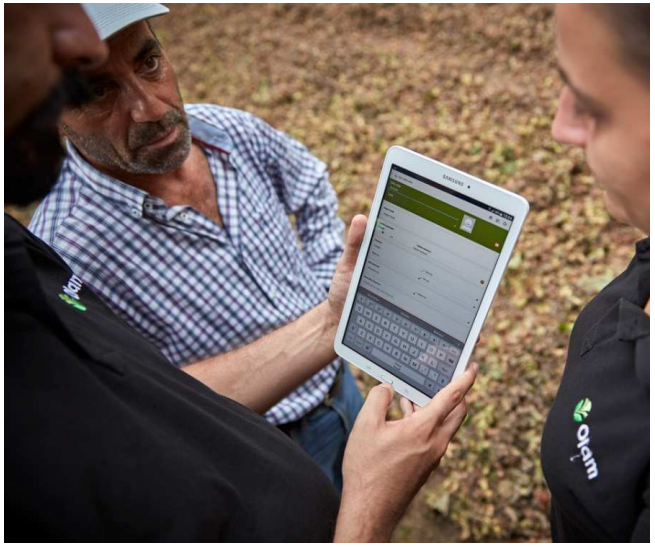
* RMI: inventories that are liquid, hedged and/or sold forward





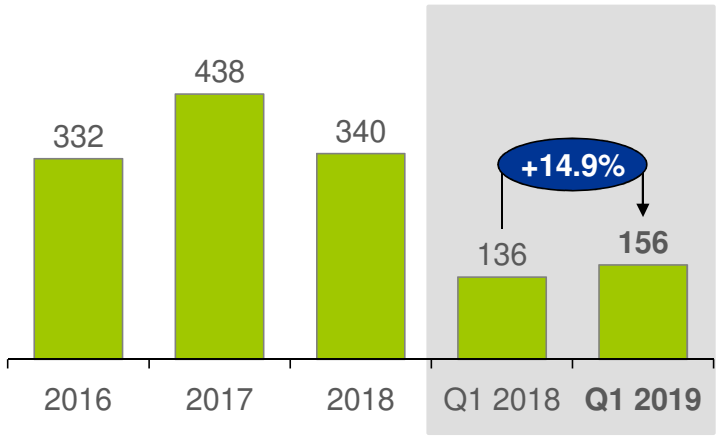
Segmental review





Edible Nuts and Spices

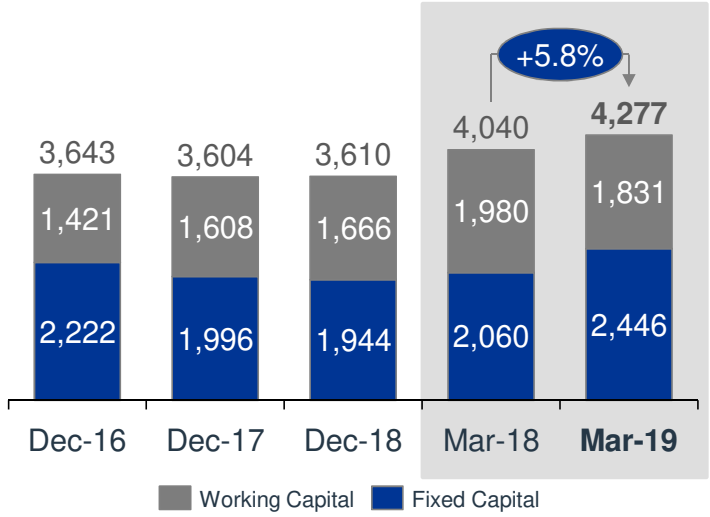
EBITDA, S$ Million



- Improved EBITDA due to better contribution from Cashew, Almonds, Hazels and Spices
- Peanut business was impacted with cessation of peanut processing and farming in Argentina and reduced shelling volumes and margins in the US amid an oversupplied market

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16. 2019.

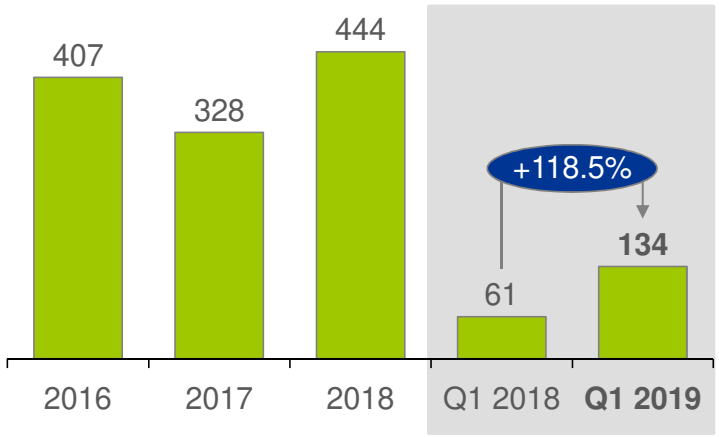
Invested capital, S$ Million



- Working Capital came down on lower cashew and almond prices
- Fixed Capital increased on account of SFRS(I) 16 impact

Confectionery and Beverage Ingredients

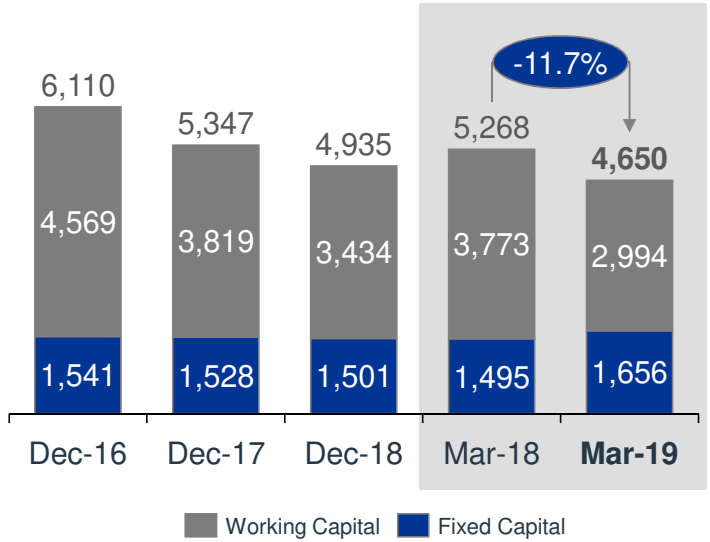
EBITDA, S$ Million



- EBITDA grew on exceptional performance in Cocoa as margins improved in both supply chain and processing
- Coffee had marginally higher contribution despite continued downcycle

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16. 2019.

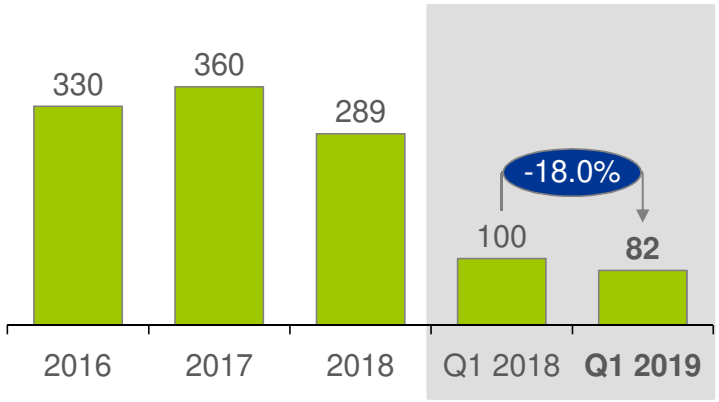
Invested capital, S$ Million



- Significant reduction in Working Capital due to lower cocoa and coffee prices and improved inventory management
- Fixed Capital up on acquisition of BT Cocoa and impact from SFRS(I) 16 adoption

Food Staples and Packaged Foods

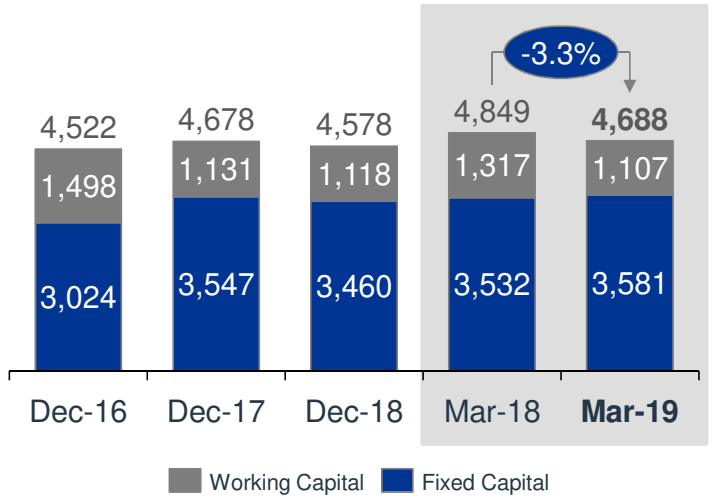
EBITDA, S$ Million



- Lower EBITDA due to reduced contribution from Sugar and Rice; Sugar closed its trading desk while Rice had reduced merchandising volumes into Africa
- Dairy trading and upstream farming in Russia did well while Uruguay farming continued to face headwinds from drought
- Edible Oils trading performed well and compensated for cyclone impact on Mozambique refinery

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16. 2019.

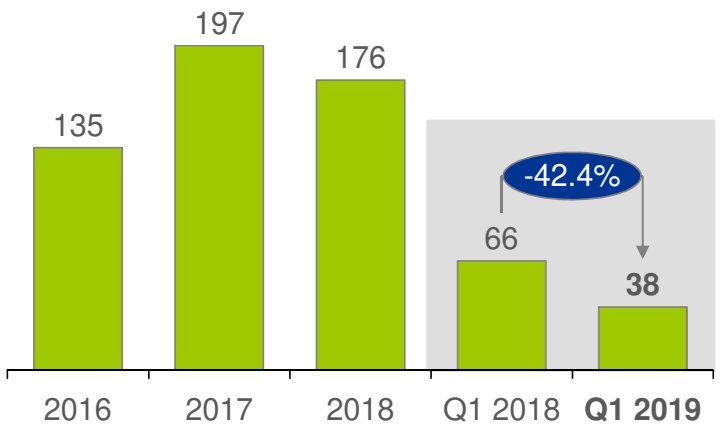
Invested capital, S$ Million



- Lower Working Capital utilisation with closure of Sugar trading operations

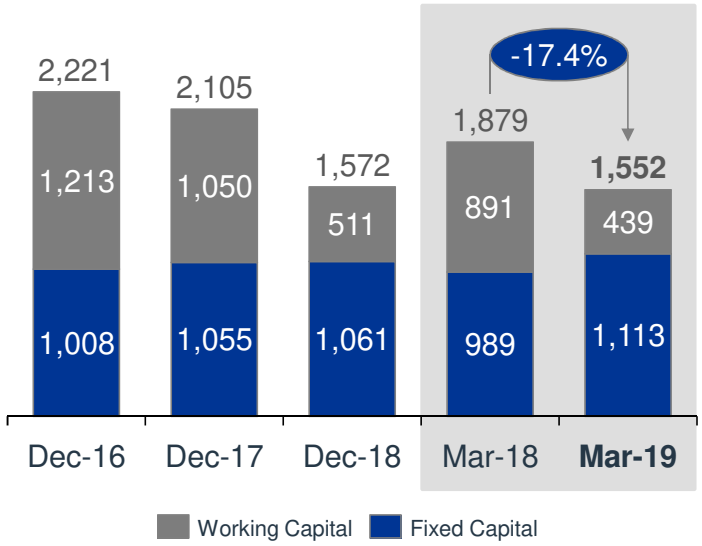
Industrial Raw Materials, Infrastructure and Logistics

EBITDA, S$ Million



- EBITDA declined due to reduced contribution from Cotton and Infrastructure & Logistics
- Wood Products performed better in Q1 2019

Invested capital, S$ Million



- Working Capital decreased significantly on reduced inventory levels and increased payables in Cotton
- Fixed Capital increased on impact from application of SFRS(I) 16





Strategic Plan progress





2019-2024 Strategic Plan

Progress





Investments

- Completed acquisition of Cotonchad in TChad for US$16 million
- Completed acquisition of 85% of BT Cocoa in Indonesia for US$90 million
- Proposed acquisition of Dangote Flour Mills in Nigeria for NGN130 billion (~US$361 million)

Divestments

- Disposed 100% interest in peanut shelling in Argentina and exited peanut farming
- Sold remaining 51% interest in Collymongle ginning in Australia
- Exited Sugar trading, Fundamental Fund and Wood Products in Latin America
- All the above divestments have reduced invested capital of US$77.6 million in Q1 2019





Key takeaways





Key takeaways

- Good start to 2019 with Operational PATMI up 11.3%, EBITDA up 14.2% and strong positive cash flow generation of S$313 million
- Focused execution of 2019-2024 Strategic Plan to capitalise on key consumer growth trends and achieve sustainable and profitable growth
- Strengthened balance sheet further
- Appointed Credit Suisse (Singapore) Limited and Rothschild & Co Singapore Limited as Joint Financial Advisors to explore various options to further maximise long term value for shareholders





Appendix





P&L statement

S$ million	**Q1 2019**	Q1 2018	% Change
Volume ('000 MT)	8,460.6	6,965.2	21.5
Revenue	7,347.9	6,295.4	16.7
Net loss in fair value of biological assets	(1.0)	(4.1)	(74.7)
EBITDA^	**420.3**	**368.1**	**14.2**
Depreciation & amortisation	(124.7)	(95.7)	30.3
Net Finance costs	(103.7)	(87.4)	18.7
Taxation^	(20.9)	(30.0)	(30.3)
Exceptional items	(12.2)	(4.7)	n.m.
PAT	158.8	150.4	5.6
PATMI	**168.8**	**157.9**	**6.9**
Operational PATMI	**181.0**	**162.6**	**11.3**

^ Excluding exceptional items

P&L statement

Impact of SFRS(I) 16

S$ million Profit & Loss Statement	Q1 2019 Reported	Q1 2019 SFRS(I) 16 Impact	Q1 2019 Excluding SFRS(I) 16
EBITDA	**420.3**	**24.6**	**395.7**
Depreciation & Amortisation	(124.7)	(23.6)	(101.1)
Net Finance costs	(103.7)	(7.5)	(96.2)
PATMI	**168.8**	**(6.4)**	**175.2**
Operational PATMI	**181.0**	**(6.4)**	**187.4**

Exceptional items

S$ million	Q1 2019	Q1 2018
Profit on sale of land in US	-	13.6
Profit on sale of Subsidiary	0.6	5.7
Exit/Closure costs	(11.7)	-
Loss on sale of JV/Associate	(1.1)	(24.0)
Exceptional Items	**(12.2)**	**(4.7)**

Balance sheet

S$ million	**31-Mar-19**	31-Dec-18	Change vs Dec 18	31-Mar-18	Change vs Mar 18
Uses of Capital					
Fixed Capital	8,478.2	8,349.3	128.9	8,534.6	(56.4)
Right-of-use assets	693.0	-	693.0	-	693.0
Working Capital	6,136.4	6,376.4	(240.0)	7,926.5	(1,790.1)
Cash	2,424.0	2,480.4	(56.4)	1,863.5	560.5
Others	437.1	526.2	(89.1)	210.1	227.0
Total	**18,168.7**	**17,732.3**	**436.4**	**18,534.7**	**(366.0)**
Sources of Capital					
Equity & Reserves	6,777.9	6,652.9	125.0	6,706.9	71.0
Non-controlling interests	154.5	138.7	15.8	168.3	(13.8)
Short term debt	5,768.1	4,766.4	1,001.7	4,157.9	1,610.2
Long term debt	5,137.7	6,407.7	(1,270.0)	7,607.8	(2,470.1)
Short term lease liabilities	70.8	10.7	60.1	17.5	53.3
Long term lease liabilities	625.1	83.4	541.7	63.4	561.7
Fair value reserve	(365.4)	(327.5)	(37.9)	(187.1)	(178.3)
Total	**18,168.7**	**17,732.3**	**436.4**	**18,534.7**	**(366.0)**

Cash flow statement

S$ million	Q1 2019	Q1 2018	YoY
Operating Cash flow (before Interest & Tax)	419.4	373.8	45.6
Changes in Working Capital	209.8	(687.0)	896.8
Net Operating Cash Flow	**629.2**	(313.1)	942.4
Net interest paid	(110.3)	(102.4)	(7.9)
Tax paid	(14.2)	(23.2)	9.0
Cash from divestments	9.1	251.1	(242.0)
Free cash flow before capex/ investments	**513.8**	(187.6)	701.5
Capex/ Investments	(200.8)	(221.6)	20.8
Free cash flow to equity (FCFE)	**313.0**	(409.2)	722.2



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olamgroup.com/investors.html
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