Olam

Full Year 2017 Results Briefing

February 27, 2018









Presenters



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Co-Founder
and Group CEO



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Executive Director
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President
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Notice

This presentation should be read in conjunction with Olam International Limited's Financial Statements for the Fourth Quarter ("Q4 2017") and 12 Months ended December 31, 2017 ("2017") and Management Discussion and Analysis lodged on SGXNet on February 27, 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 Fourth Quarter and 12 Months ended December 31, 2017 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

- 2017 highlights
- Segmental and value chain review
- Strategic Plan update
- Key takeaways





2017 highlights





2017 results
At a glance

Volume
22.5 M MT
+56.3%

EBITDA
S$1,328 M
+10.4%

PATMI
S$581 M
+65.3%

Operational PATMI
S$432 M
+18.6%

Free Cash Flow
Positive FCFE
S$1,020 M

Gearing
from 1.99 X to
1.46 X

2017 highlights

Strong financial performance

- Volume, Revenue, EBITDA, PATMI, Operational PATMI growth
- Improved returns
  - EBITDA/IC of 8.2% (2016: 7.7%)
  - ROE of 9.0% (2016: 6.1%)
- Record positive FCFF and FCFE

Improved dividends

- Board of Directors recommends final dividend of 4.0 cents per share
- Higher total dividend of 7.5 cents per share for 2017 (2016: 6.0 cents)

Enlarged share capital and stronger balance sheet

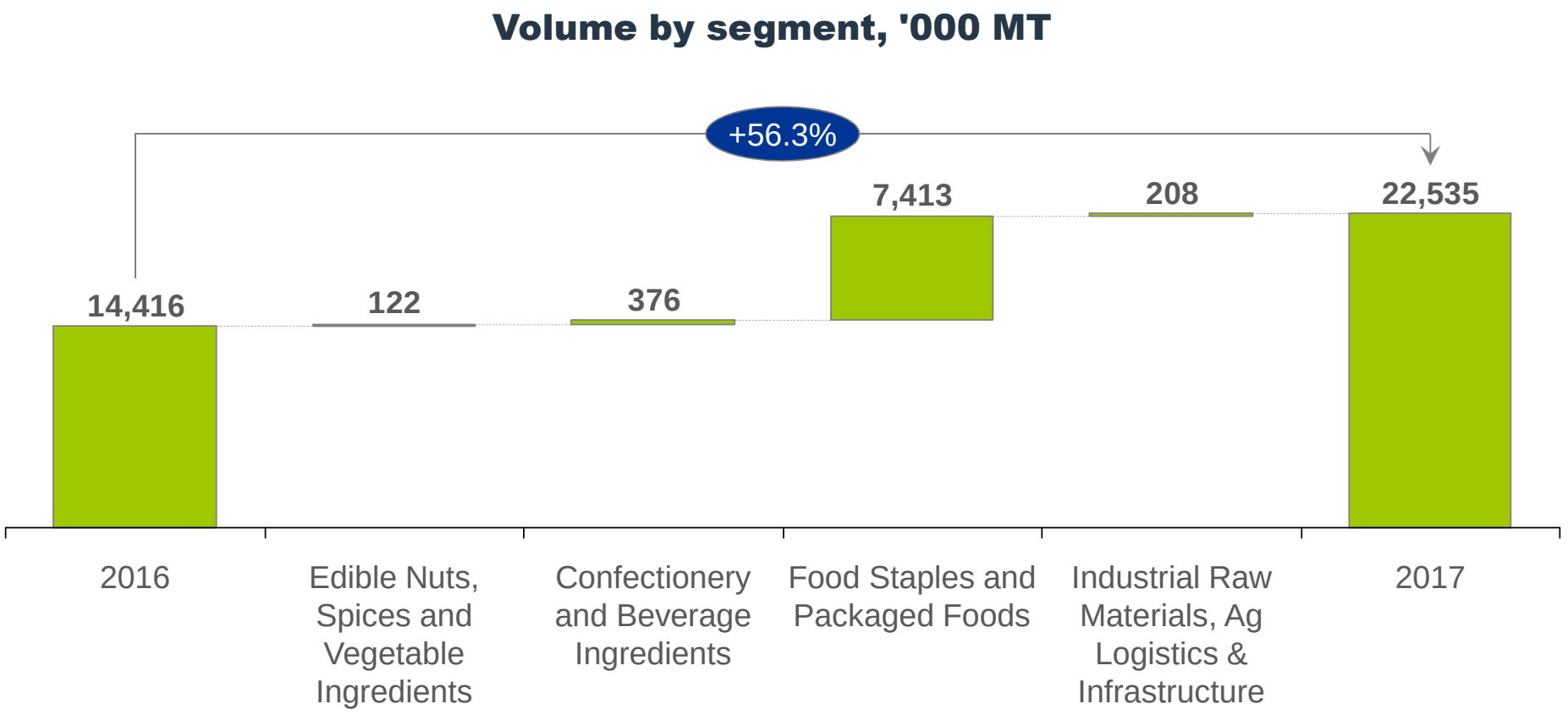
- Share capital up approx. S$585.5 million from warrants exercise
- Higher retained earnings
- Improved gearing of 1.46X (2016: 1.99X)

Continued to execute on 2016-2018 Strategic Plan

- Delivered profit growth, improved returns and positive free cash flow
- Pursuing growth in prioritised platforms
- Turning around underperforming assets and ensuring gestating assets reach full potential

Volume growth from all segments

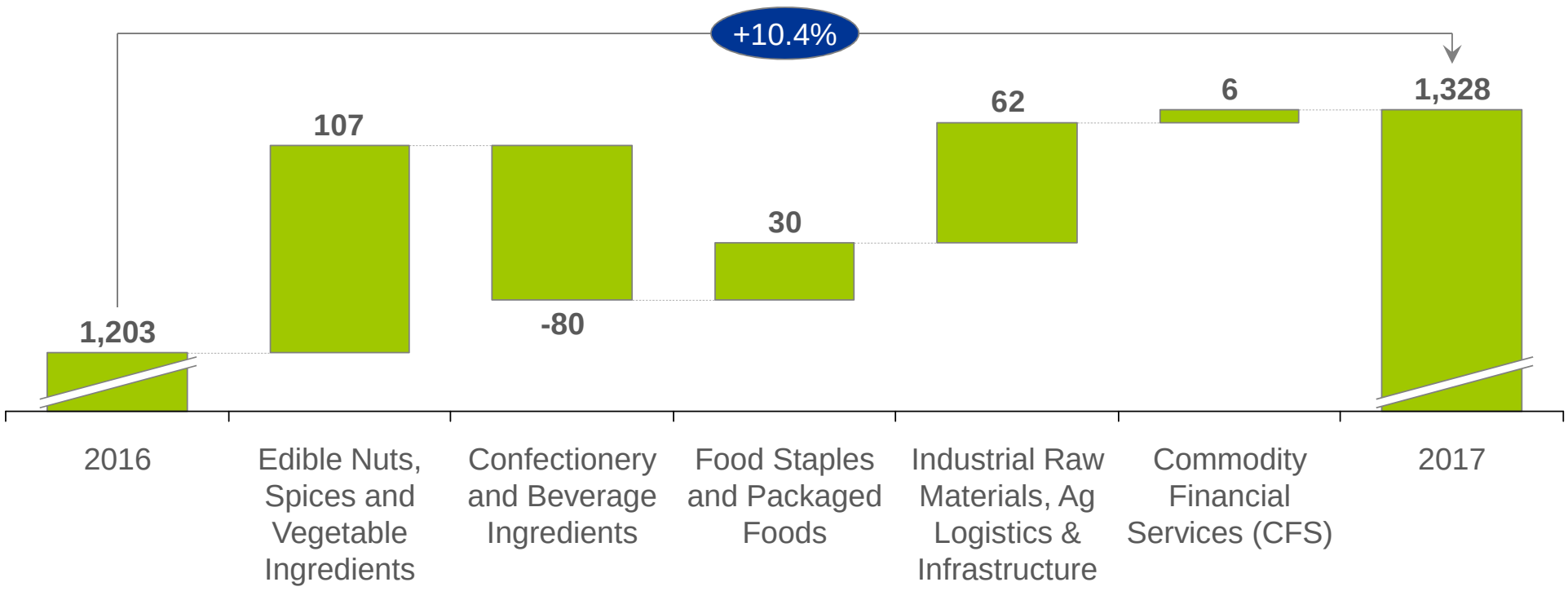
Led by volumes in Food Staples & Packaged Foods



EBITDA grew 10.4%

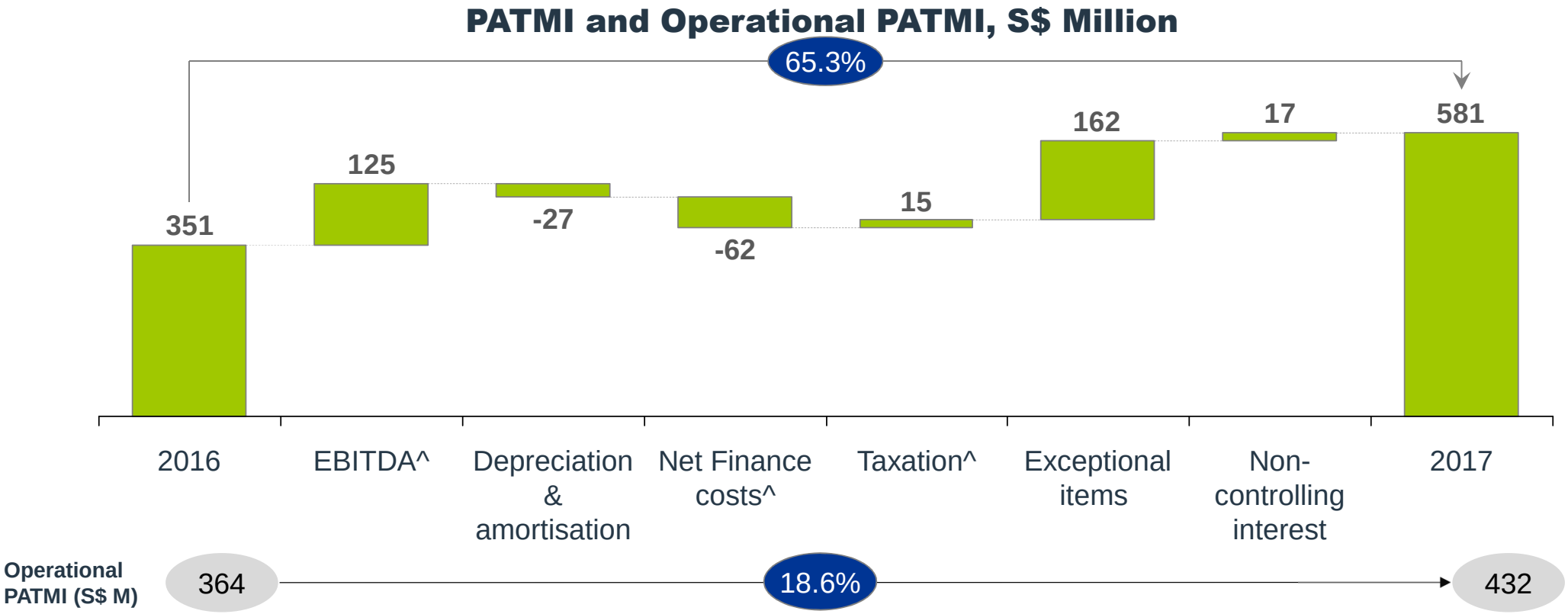
With growth from most segments

EBITDA by segment, S$ million



PATMI grew 65.3%

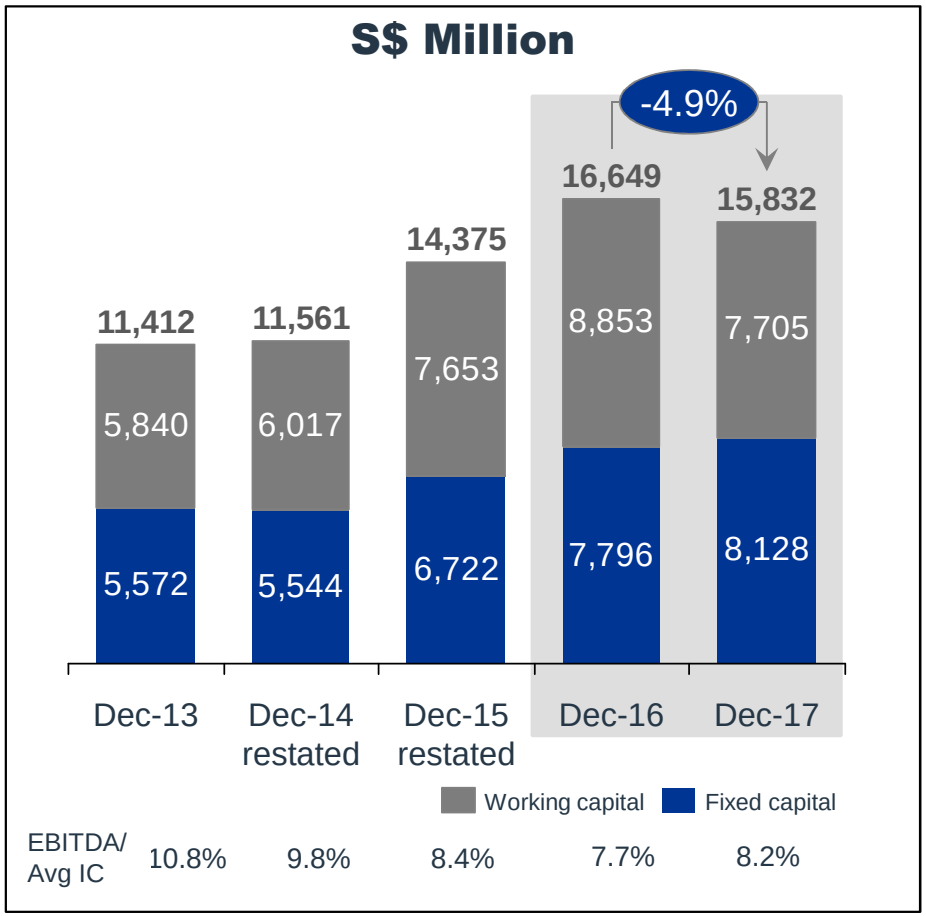
Operational PATMI grew 18.6%



^ Excludes exceptional items

4.9% reduction in invested capital

13.0% reduction in working capital

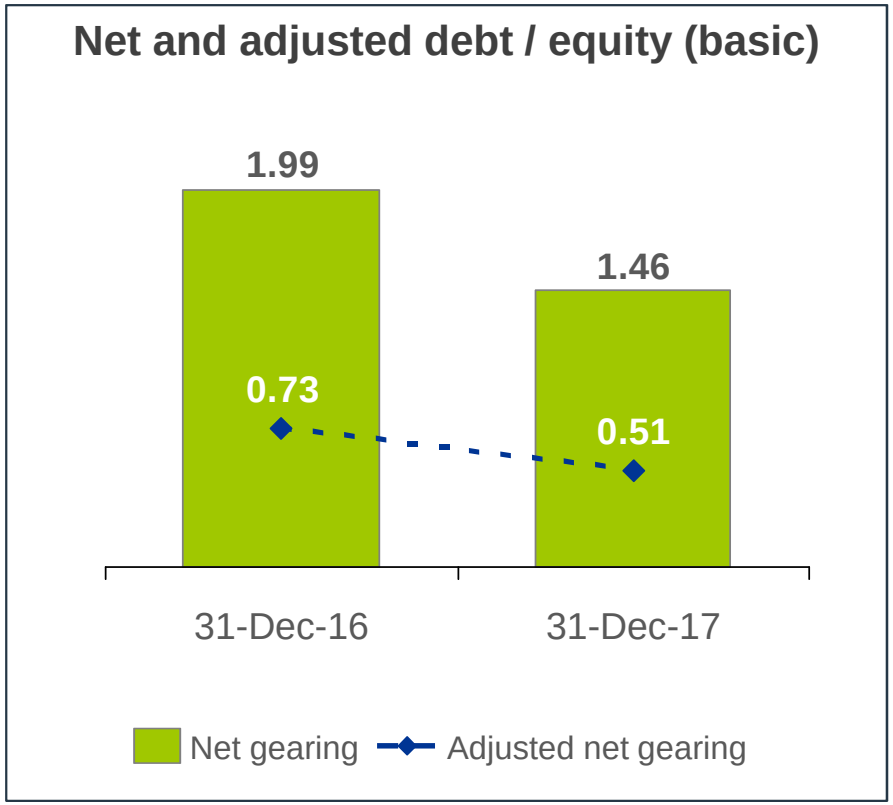


- **Fixed Capital up with continued committed investments in upstream and midstream assets, partly offset by capital release from sale of edible nuts farmland assets in the US and repayment of shareholder loan by GSEZ**

- **Working Capital lower by 13.0% despite the year-on-year volume (+56.3%) and revenue increase (+27.6%)**

Invested Capital excludes:
(a) Gabon Fertiliser Project (31 Dec 2017: S$248.0 million; 31 Dec 2016: S$224.8 million); and
(b) Long-term Investments (31 Dec 2017: S$257.5 million; 31 Dec 2016: S$148.4 million)

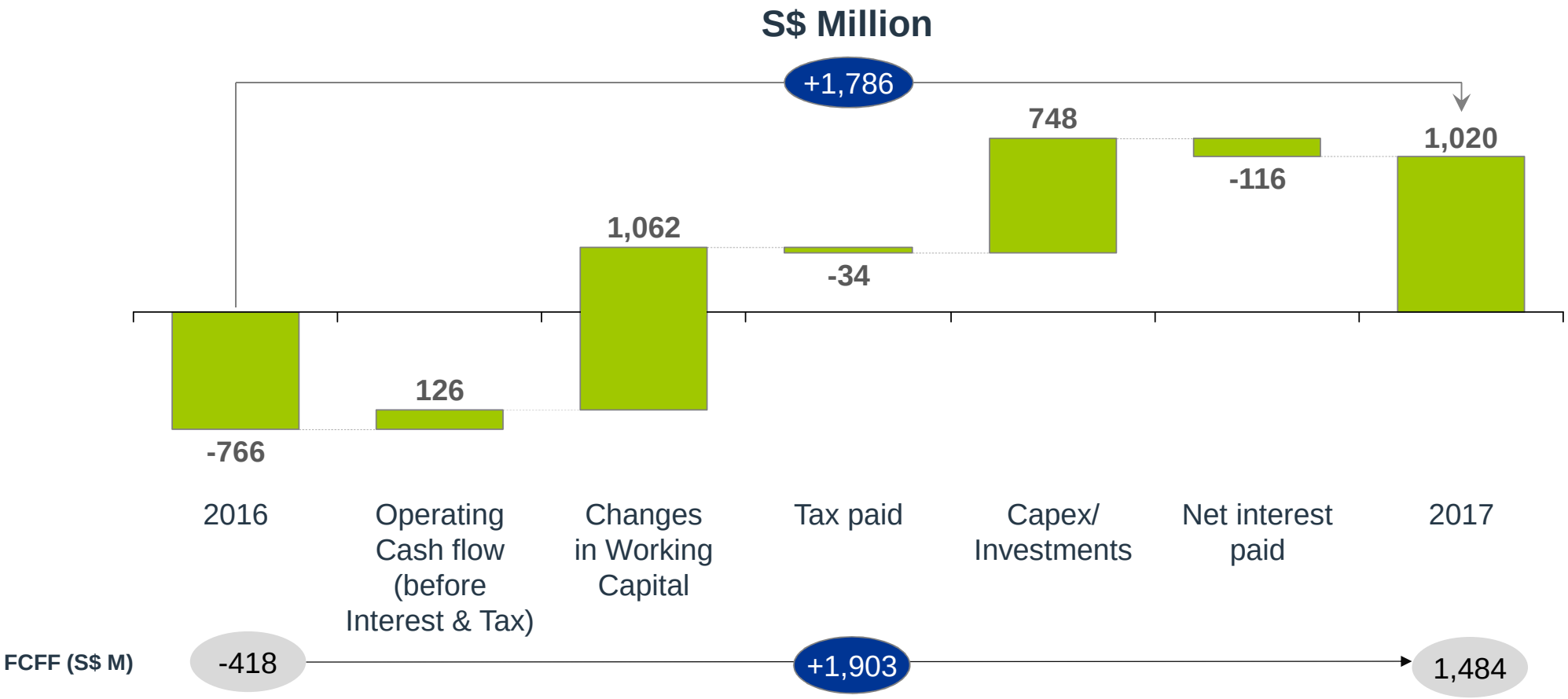
Net gearing reduced to 1.46X



- Reduction due to lower net debt caused by:
  - Lower working capital aided by lower commodity prices
  - Lower gross Capex
  - Cash release from divestments
  - Conversion of warrants into equity
- Between Jan 1 and warrants expiry on Jan 29, 2018, additional warrants have been exercised and converted into shares, increasing equity by US$50.9 million

Record FCFE in 2017

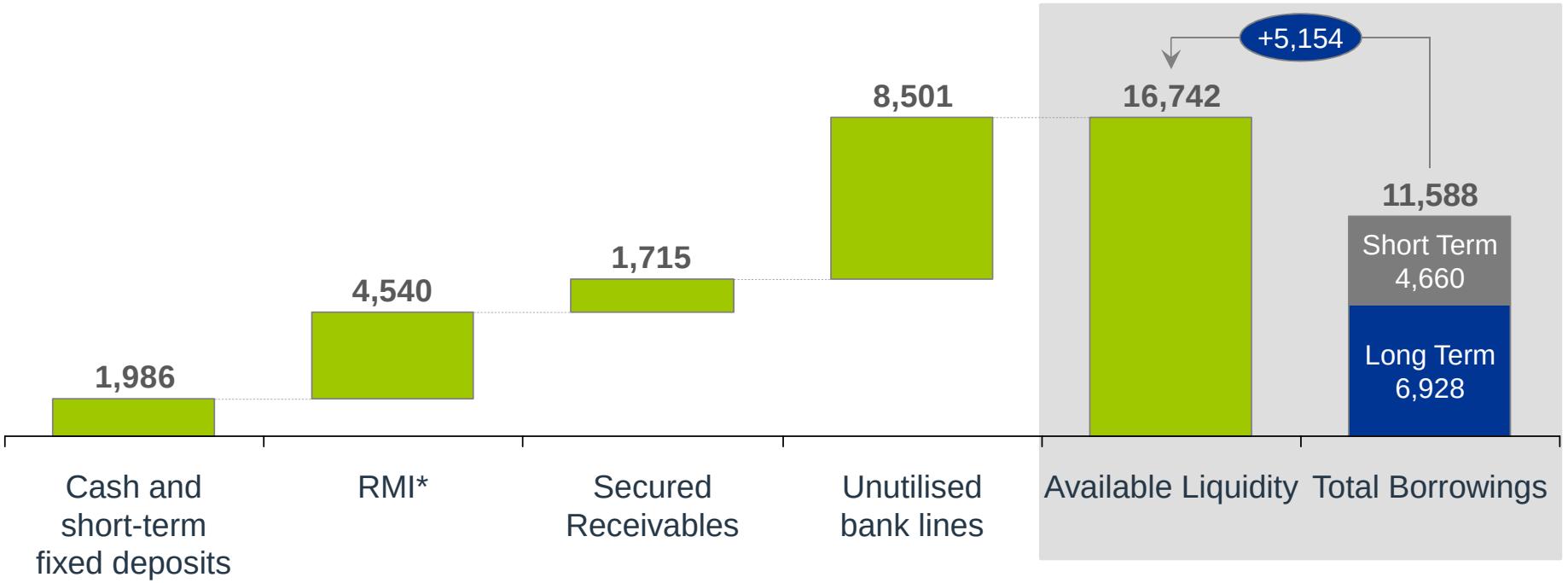
Improved by S$1.8 B



Available liquidity

Sufficient to cover all repayment and capex obligations

Total borrowings and available liquidity, S$ Million as at December 31, 2017



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





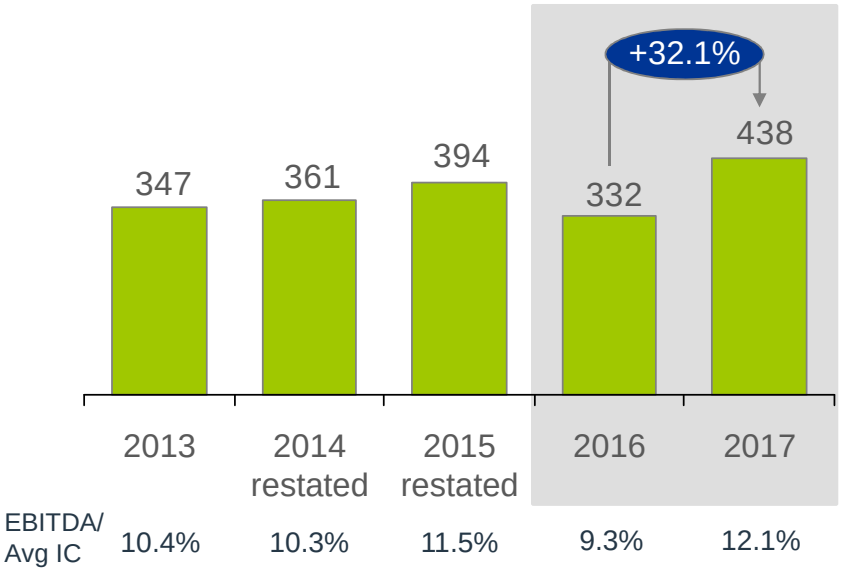
Segmental review





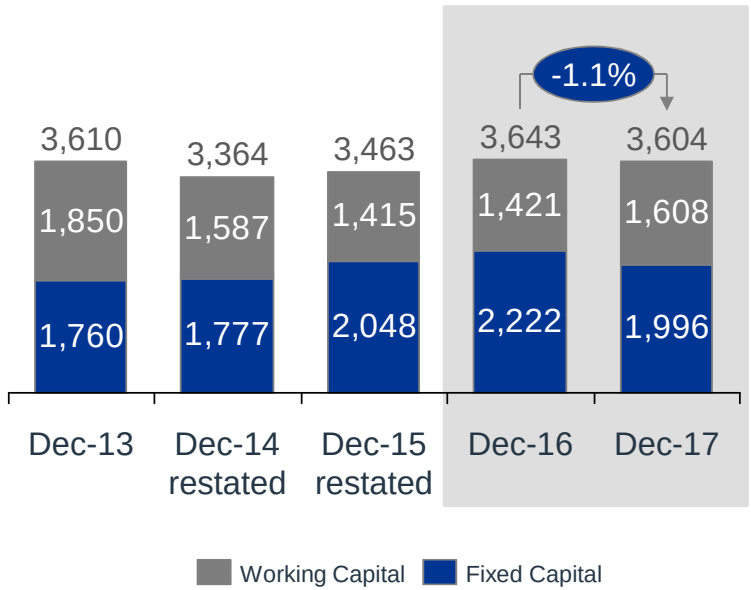
Edible Nuts, Spices & Vegetable Ingredients

EBITDA, S$ Million



- EBITDA up as Edible Nuts performed strongly as compared with 2016 when it was impacted by depressed almond prices
- Restructuring measures underway in Olam Tomato Processors to address cost and product mix issues

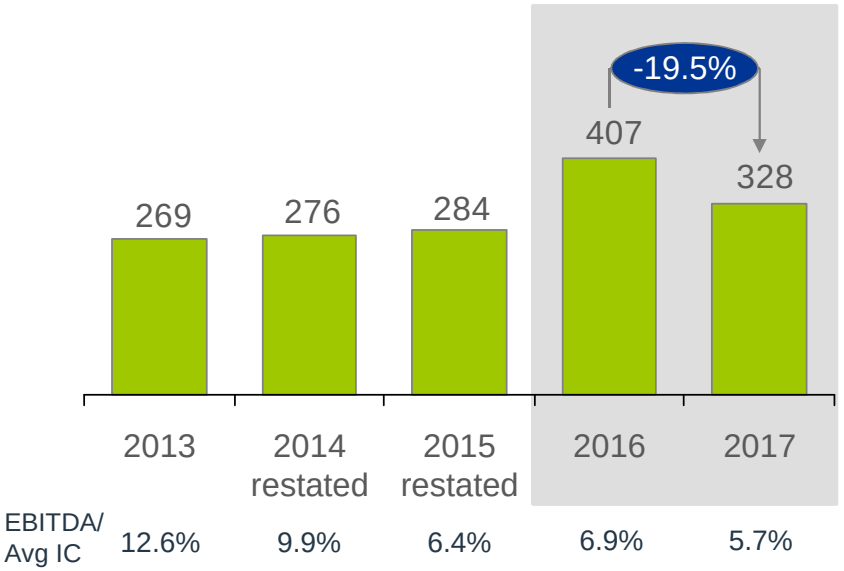
Invested capital, S$ Million



- Working Capital increased with higher almond and cashew prices
- Lower Fixed Capital following sale of edible nuts farmland assets in the US

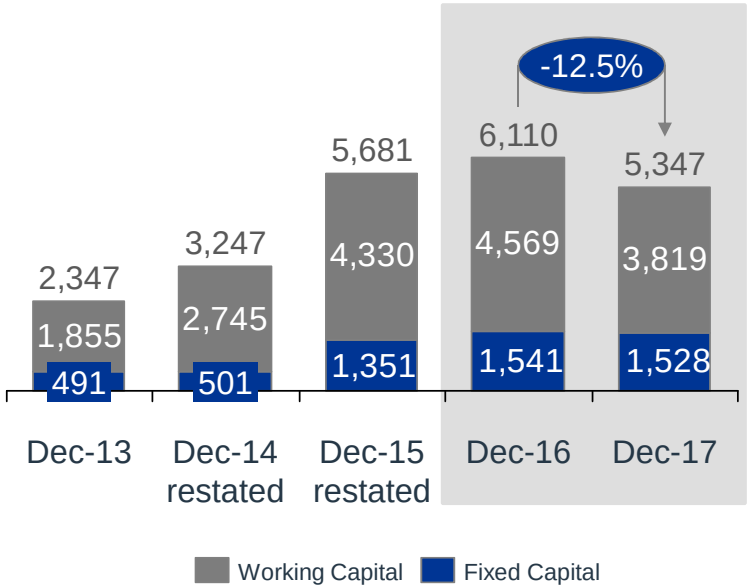
Confectionery & Beverage Ingredients

EBITDA, S$ Million



- EBITDA declined due to significantly lower Coffee contribution which was adversely affected by tough market conditions and short crop across major origins
- Cocoa processing did well throughout the year; supply chain and products trading businesses saw margins stabilise in Q4 2017

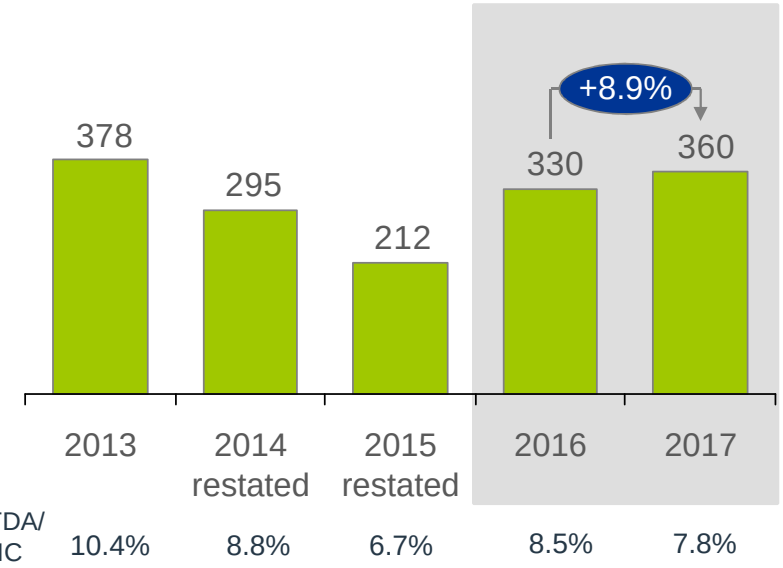
Invested capital, S$ Million



- Working Capital reduced on account of optimisation initiatives and lower cocoa and coffee prices

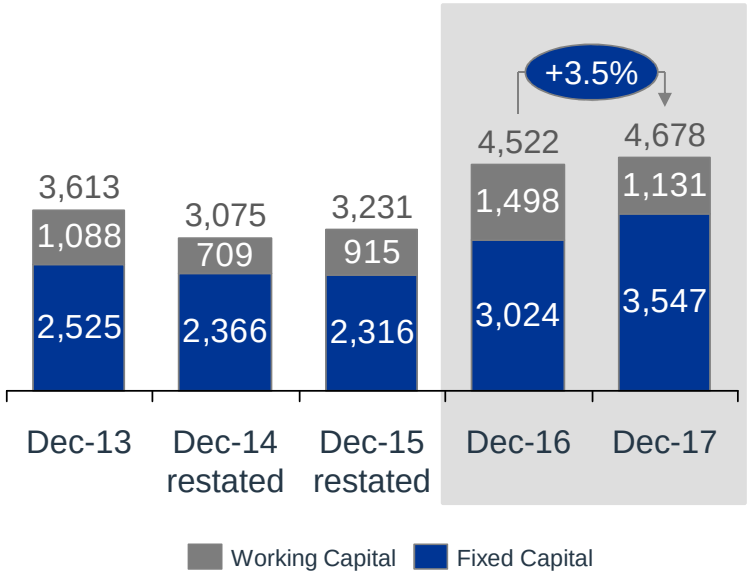
Food Staples & Packaged Foods

EBITDA, S$ Million



- Improved EBITDA driven by grains milling, animal feed, Rice and Dairy, partly offset by lower contribution from Edible Oils, Sugar and Packaged Foods

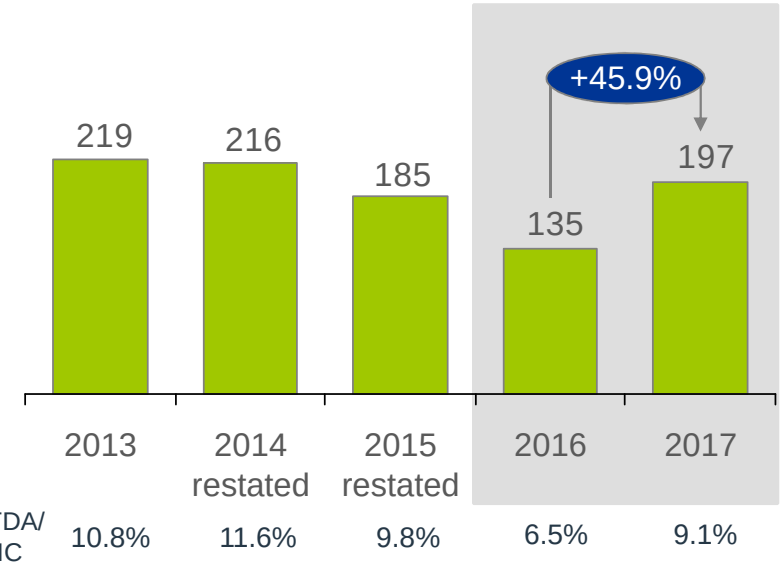
Invested capital, S$ Million



- Working Capital lower on account of optimisation initiatives and lower commodity prices
- Higher Fixed Capital due to construction of animal feed mills and hatchery in Nigeria, expansion of wheat milling capacity and continued investments in upstream palm in Gabon

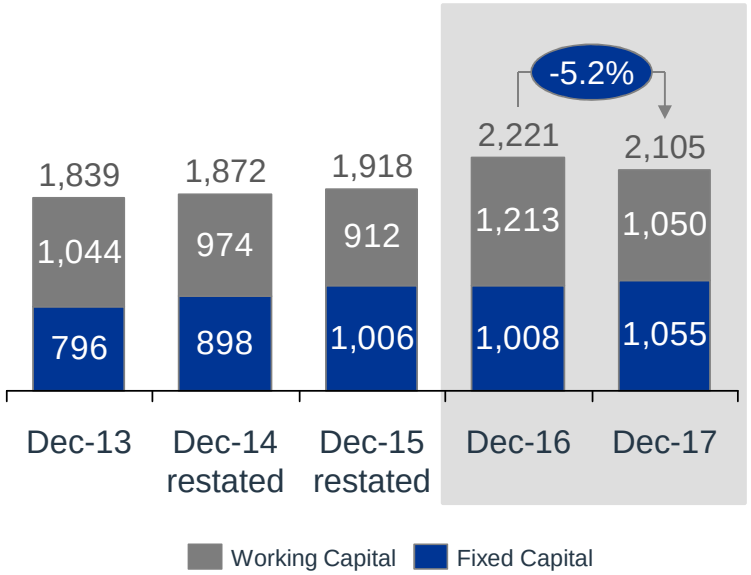
Industrial Raw Materials, Ag Logistics & Infrastructure

EBITDA, S$ Million



- Improved EBITDA due to Cotton and GSEZ post commissioning of new ports and partial sale of port concession rights in Gabon, offset by lower contribution from Wood Products

Invested capital, S$ Million



- Working Capital reduced due to inventory optimisation initiatives
- Higher Fixed Capital arising from continued investments in upstream Rubber in Gabon and integrated ginning operations in Cote d'Ivoire





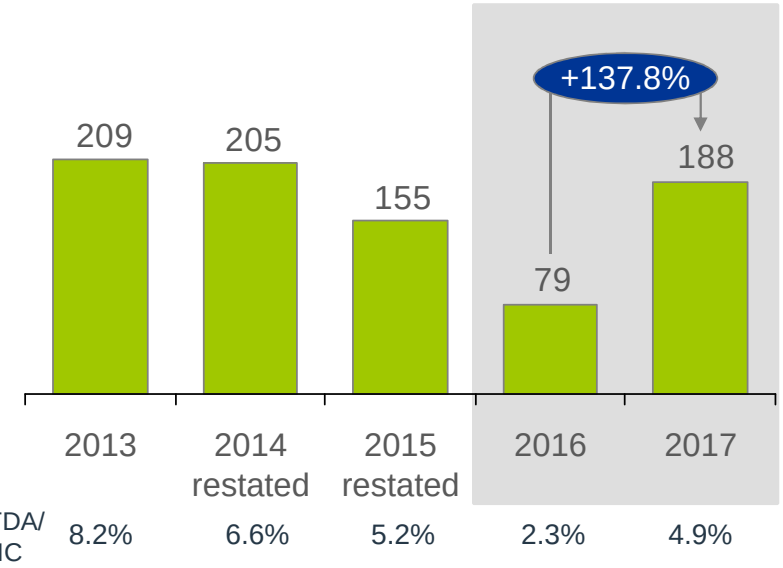
Value chain review





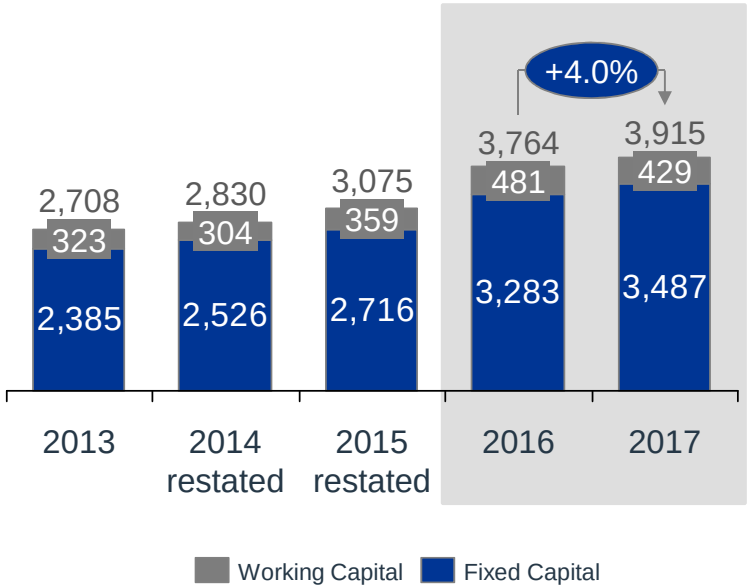
Upstream

EBITDA, S$ Million



- EBITDA up on stronger contribution from almonds, better yields in Dairy and Grains farming in Russia, and Rice farming in Nigeria

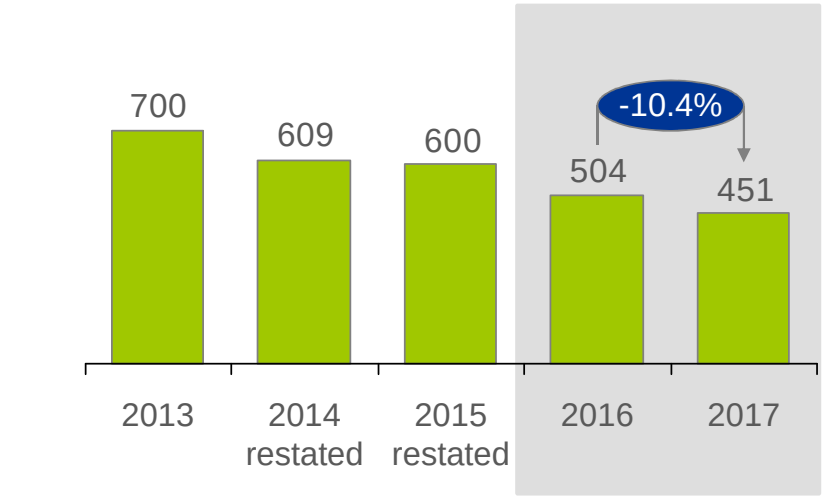
Invested capital, S$ Million



- Optimisation initiatives helped reduce Working Capital
- Higher Fixed Capital as continued investments in palm and Rubber plantations were partly offset by sale of edible nuts farmland assets in the US

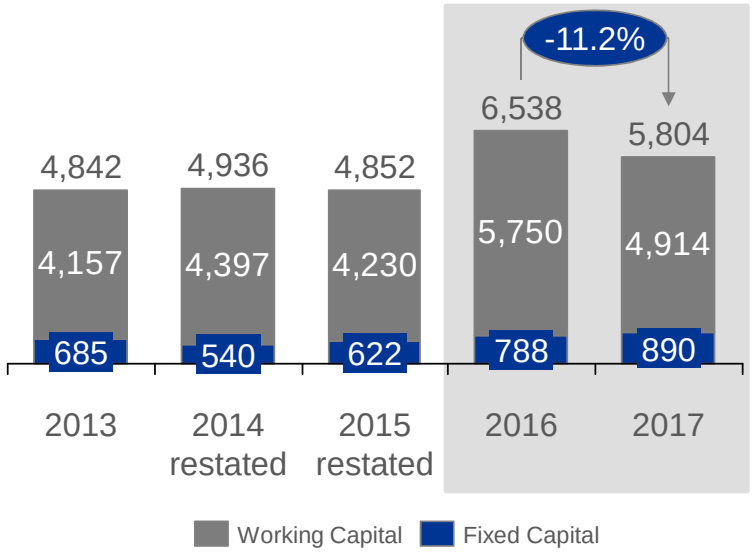
Supply chain

EBITDA, S$ Million



- EBITDA declined due to lower contribution from Coffee supply chain, Cocoa bean trading and Sugar trading

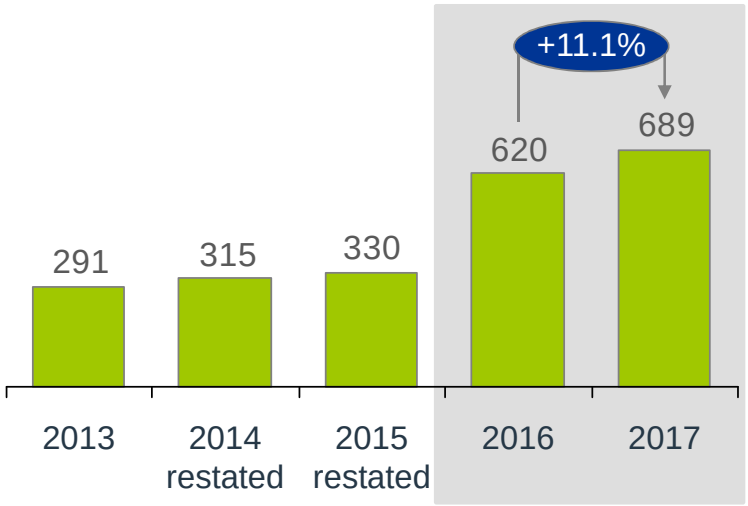
Invested capital, S$ Million



- Working Capital came down due to positive impact from optimisation initiatives and lower prices

Mid/Downstream

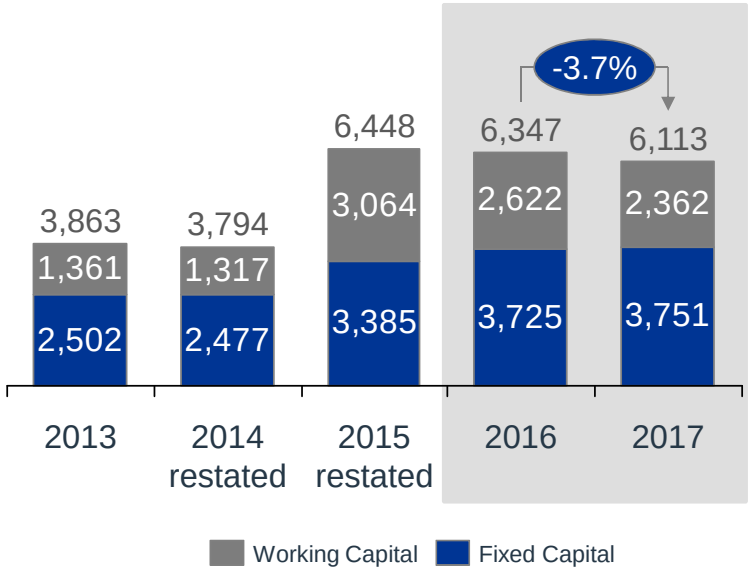
EBITDA, S$ Million



	2013	2014 restated	2015 restated	2016	2017
EBITDA/ Avg IC	8.2%	8.2%	6.5%	9.7%	11.1%

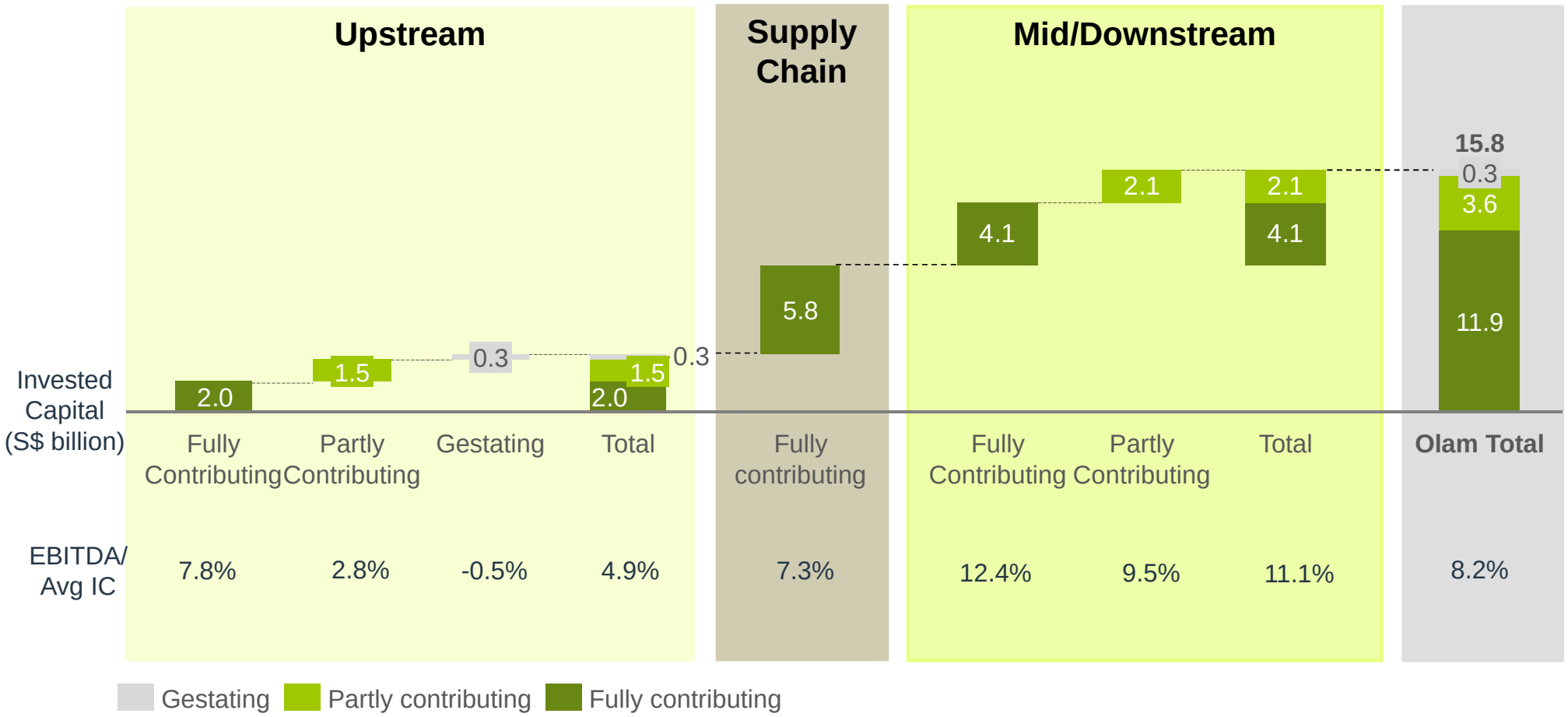
- Improved EBITDA as a result of higher contribution from wheat milling in West Africa, peanut processing in the US (full-year consolidation of results from Brooks) and GSEZ
- This was partly offset by weaker contribution from tomato processing and Packaged Foods in Nigeria

Invested capital, S$ Million



- Working Capital reduction caused by positive optimisation impact on Cocoa and lower prices

Gestation mix







Strategic Plan update





Turning around underperforming assets

- Dairy farming in Uruguay continued to report improved financial and operating results
- Rice farming in Nigeria completed its restructuring and started to report better results from H2 2017
- Restructuring underway in Olam Tomato Processors to address cost structures and product mix issues
- Packaged Foods restarted production of beverages in Q3 2017; strategy refresh to address issues such as product differentiation, branding, distribution and cost undertaken during the year

Pursuing growth in prioritised platforms

- Edible Nuts: Increasing almond, pistachio and walnut acreage
- Spices & Vegetable Ingredients: Upstream pepper farming in Vietnam and Brazil
- Coffee: Plantations in Laos, Zambia, Tanzania and Brazil
- Cocoa: Powder facility in the US
- Grains & Animal Feed: Wheat milling in Ghana, Nigeria; animal feed mills and hatchery, Nigeria
- Cotton: Integrated ginning in Africa





Key takeaways





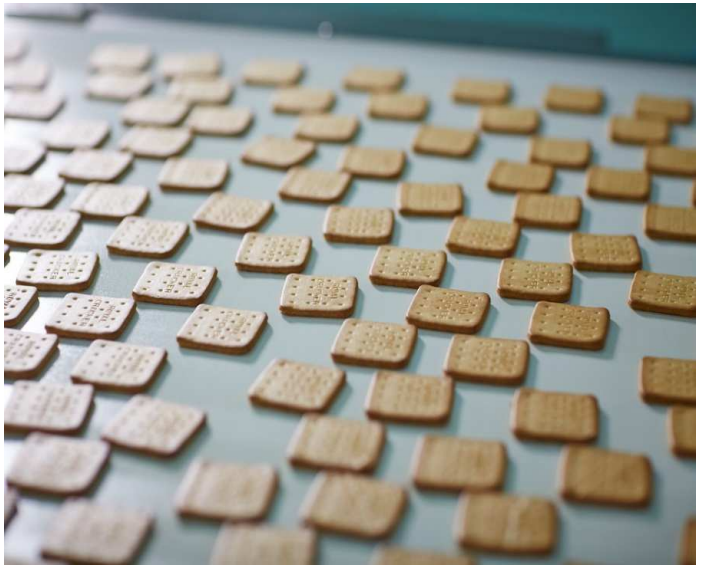
Key takeaways

- **Strong financial performance in 2017 across all key metrics – Volume, EBITDA, PATMI, Operational PATMI, FCFE, gearing**
- **Enlarged share capital and stronger balance sheet**
- **Continued to execute on 2016-2018 Strategic Plan by pursuing growth in prioritised platforms and turning around underperforming assets**
- **Higher total dividends at 7.5 cents per share for 2017 (2016: 6.0 cents)**





Appendix





P&L statement

S$ million	**2017**	2016	% Change
Volume ('000 MT)	22,534.6	14,415.8	56.3
Revenue	26,272.5	20,587.0	27.6
Net gain/(loss) in fair value of biological assets	(15.3)	14.1	n.m.
EBITDA^	**1,327.9**	**1,202.8**	**10.4**
Depreciation & amortisation	(380.7)	(353.5)	7.7
Net Finance costs^	(465.6)	(403.5)	15.4
Taxation^	(79.2)	(94.3)	(16.0)
Exceptional items	149.2	(12.5)	n.m.
PAT	551.6	339.1	62.7
PATMI	**580.7**	**351.3**	**65.3**
Operational PATMI	**431.5**	**363.8**	**18.6**

Balance sheet

S$ million	**31-Dec-17**	31-Dec-16	Change
Uses of Capital			
Fixed Capital	8,633.2	8,169.5	463.7
Working Capital	7,280.3	8,517.7	(1,237.4)
Cash	1,986.4	2,144.0	(157.6)
Others	309.0	473.5	(164.5)
Total	**18,208.9**	**19,304.7**	**(1,095.8)**
Sources of Capital			
Equity & Reserves	6,574.4	5,797.1	777.3
Non-controlling interests	177.4	235.9	(58.5)
Short term debt	4,660.2	5,983.0	(1,322.8)
Long term debt	6,927.7	7,687.5	(759.8)
Fair value reserve	(130.8)	(398.8)	268.0
Total	**18,208.9**	**19,304.7**	**(1,095.8)**

Cash flow statement

S$ million	2017	2016	YoY	2015 Restated	2014 Restated
Operating Cash flow (before Interest & Tax)	1,369.2	1,243.5	125.7	1,127.2	1,148.3
Changes in Working Capital	834.7	(227.7)	1,062.4	(995.9)	(766.2)
Net Operating Cash Flow	**2,203.9**	1,015.8	1,188.1	131.3	382.1
Net interest paid	(464.0)	(347.7)	(116.3)	(478.4)	(411.5)
Tax paid	(82.1)	(48.4)	(33.7)	(127.8)	(65.6)
Cash from divestments	333.2	32.0	301.2	249.8	468.4
Free cash flow before capex/ investments	**1,991.0**	651.7	1,339.3	(225.1)	373.4
Capex/ Investments	(970.6)	(1,417.5)	446.9	(2,339.4)	(455.7)
Free cash flow to equity (FCFE)	**1,020.4**	(765.8)	1,786.2	(2,564.5)	(82.3)

2017 Results Briefing
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