



**Olam International Limited**  
9 Temasek Boulevard  
#11-02 Suntec Tower Two  
Singapore 038989  
telephone 65 63394100  
facsimile 65 63399755  
website [www.olamonline.com](http://www.olamonline.com)  
Regn. No. 199504676-H

## **NEWS RELEASE**

### **OLAM INTERNATIONAL TO ACQUIRE 100% OF THE WORLD'S LARGEST INDEPENDENT US-BASED PEANUT BLANCHER AND INGREDIENT PROCESSOR, UNIVERSAL BLANCHERS**

*Singapore, April 22, 2007* – Olam International Limited (“Olam”), a leading global integrated supply chain manager of agricultural products and food ingredients, today announced that it will acquire 100 per cent of the world’s largest independent peanut blancher and ingredient processor, Universal Blanchers LLC (“UB”) for a total cash consideration of US\$77 million as enterprise value (estimated net equity value of US\$72.3 million). This acquisition will enable Olam to expand into peanut blanching and ingredient manufacturing in the United States of America (US).

UB, a Georgia-based food ingredient company, is a market leader in outsourced peanut blanching, roasting and bulk manufacturing of peanut butter and paste in the US, focusing on meeting the requirements of the snack and confectionery industry.

Today, UB has a 79 per cent market share in independent blanching, 65 per cent in independent roasting and 41 per cent share in independent peanut butter manufactured in bulk as an ingredient in the US. Its dominant market position is built on strong customer relationships and superior product quality as a result of investments in processing technology and know-how, and a strong and experienced management team. Its proprietary production processes and software are its key source of competitive advantage.

Major customers include large shellers such as Birdsong and Golden Peanut, as well as branded food manufacturers such as Hersheys, Mars, Kraft Foods, General Mills, Kelloggs, Nestle and J B Sanfilippo. UB owns and manages five modern efficient plants located in Blakely, Sylvester (Georgia), Dublin (Texas,) and Edenton (North Carolina), within the three major peanut growing regions in the US.

In 2006, UB generated revenues totalling US\$72.5 million, an EBITDA of US\$11.0 million and a profit before tax of US\$7.5 million.

Olam's Group Managing Director and CEO Sunny Verghese said: "We are excited about the growth prospects and potential synergies Universal Blanchers brings to Olam, particularly in our expansion plans into the ingredients segment for our edible nuts business.

"USA is the world's third largest producer and domestic consumer of peanuts after China and India. We want to participate in this large origin across the value added segments of the peanut supply chain.

"The acquisition is an all-cash transaction and will be funded by a combination of borrowings and internal accruals. The transaction is both earnings and value accretive from the first year."

Chief Executive of UB, Michael Fisher, concurred: "We are equally excited about Universal Blanchers's next phase of growth and its expansion into a larger edible nuts business. Olam has a dominant market share in the world cashew trade. By combining Universal's processing solutions in ingredient manufacturing with Olam's strengths in origination and marketing of cashews and other edible nuts, we can offer our customers greater value in terms of global sourcing, product range, quality and customisation."

Robert Feerick, Chairman of Horizon Partners, a private investment company which acquired UB in 1999 and is currently the largest shareholder in UB, explained the sale: "The combination of Universal Blanchers and Olam's peanut operations will allow us to better serve customers globally. Olam's broader nut product offerings, worldwide sourcing capabilities, and complementary customers will allow Universal to accelerate its sales growth in the future."

## **Olam's Investment Rationale**

Olam has direct sourcing and processing operations in the world's two largest peanut producing countries, namely China and Argentina. It is also present in all other key origins, including South Africa, Brazil and India, with the exception of US. The US is the world's third largest peanut origin, producing close to 2 million metric tonnes of peanuts per year, of which approximately 10 per cent is exported to world markets.

Olam's Executive Director and Senior Managing Director responsible for the edible nuts business, Shekhar Anantharaman, said: "The acquisition of UB plugs the missing piece in Olam's strategy within the peanuts and the overall edible nuts segment.

"Consequent to this acquisition, we will be present in all major production areas, and most of the major consumption markets that account for more than 80 per cent of world peanuts trade flow.

"Olam's acquisition of UB also accelerates its entry into the US toll blanching and ingredient manufacturing business, which would otherwise require a longer gestation period to build scale and customer franchise."

"The move is also consistent with Olam's edible nuts business strategy and will help accelerate our growth plans to provide a comprehensive range of nuts and nuts ingredients to our customers globally."

## **Strategic Fit**

*UB provides an attractive and growing market for Olam*

Peanuts consumption had witnessed a growth rate of 6.2 per cent between 1999 and 2006 on a compounded basis. Demand for peanuts by snack foods and confectionery manufacturers is expected to continue to grow largely due to the development of new peanut products, driven by the combination of perceived health benefits and the favourable cost of peanuts relative to other nuts.

With UB, Olam will also be well-positioned to benefit from any potential changes to the US Farm Bill in the future, which may result in US importing peanuts from more competitive origins, such as Brazil and Argentina, where Olam has a growing presence. If such an eventuality were to materialise, Olam will be uniquely positioned to meet customer demand with peanuts sourced and supplied from its various non US origins.

*UB fits well into Olam's edible nuts expansion plan*

UB gives Olam a strong strategic entry point into the peanuts ingredients space, which would lead to substantial synergies for the overall edible nuts business. Its dominant market position, superior processing know-how and strong customer franchise adds significant value to Olam's existing edible nuts customer base and offers many cross-selling opportunities. UB shares some customers with Olam and this combination will allow Olam to service these customers' peanuts needs from other origins as well as assist in meeting their requirements for other edible nuts.

Olam today is a global leader in the supply of cashews and is ranked amongst the top five global suppliers of peanuts. It has also expanded its edible nuts portfolio to include almonds and hazelnuts and has further plans to grow into pecans, macadamias, pine nuts and walnuts in the future. Since the US is a significant producer of many of these nuts, the acquisition of UB offers Olam a strong platform to enter these segments.

UB fits strategically into Olam's edible nuts expansion plan as it could potentially process other edible nuts into ingredients for the same customers to whom it has been supplying peanut ingredients.

*UB offers Olam opportunity to capitalise on the growing outsourcing trend in the US*

While UB's market share is significant in the outsourced peanut ingredient market, it is still small in the overall market because many food manufacturers process peanuts internally. Olam and UB believe that these food manufacturers would increasingly outsource their operations to independent peanut processors in order to concentrate on developing their core competencies in marketing and brand building. UB has grown its market share at the expense of other independent processors as well as from continued outsourcing by food manufacturers. Given its proven

capability in supplying high quality peanut products, UB is therefore well positioned to capitalise on the growing outsourcing trend.

*UB's management bench strength fits well into Olam's strategic focus on building global leadership positions*

UB has a strong and experienced management team. Since 2002, the team has raised UB's operating efficiency levels, upgraded its product mix, built strong customer relationships and improved the company's financial performance. Like Olam managers, many UB managers are shareholders of the company and have grown and built their careers with the company.

Olam believes that the UB managers, with their deep knowledge of the peanut business, will add significant bandwidth to Olam's talent pool and will continue to grow in their careers under Olam's aegis.

**Note:**

*This press release should be read and understood only in conjunction with the full text of Olam International Limited's announcement on this same transaction lodged on the SGXNET on April 22, 2007.*

**About Olam International**

*Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 14 products with a direct presence in over 52 countries and supplying them to over 3,800 customers in more than 55 destination markets. With direct sourcing and processing in most major producing countries for its various products, Olam has built a global leadership position in many of its businesses, including cocoa, coffee, cashew, sesame, rice, cotton and teak wood.*

*Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, it currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is now a component stock in the benchmark Straits Times Index (STI). More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*

### **About Universal Blanchers**

*Founded in 1978, Universal Blanchers is a food ingredient company focusing on supplying ingredients and processing solutions to the peanut industry. It is the largest independent peanut blancher in the world and is a leader in the US in outsourced blanching, roasting and bulk peanut butter and paste for the confectionery and snacks foods markets.*

*Headquartered in Georgia, Universal Blanchers was purchased by the current owners in October 1999, and since that time, the business has grown to include five peanut processing plants with key facilities in every major US peanut growing region. More can be found at [www.universalblanchers.com](http://www.universalblanchers.com).*

---

ISSUED ON BEHALF OF : Olam International Limited  
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd  
1 Raffles Place  
#26-02 OUB Centre  
SINGAPORE 048616

#### **For Olam**

CONTACT : Mr. S. Suresh, GM (Head, Corporate Affairs) /  
Ms Chow Hung Hoeng, Manager (Investor Relations)  
DURING OFFICE HOURS : + 65 6317-9552 / 6317-9471 (Office)  
AFTER OFFICE HOURS : + 65 9634-1372 / 9834-6335 (Mobile)  
EMAIL : [suresh@olamnet.com/](mailto:suresh@olamnet.com)  
[chow.hunghoeng@olamnet.com](mailto:chow.hunghoeng@olamnet.com)

#### **For CDRi.MAGE**

CONTACT : Ms Dolores Phua / Mr Kevin Lim  
DURING OFFICE HOURS : + 65 6534-5122 / 6530 7139 (Office)  
AFTER OFFICE HOURS : + 65 9750-8237 / 9154 3765 (Mobile)  
EMAIL : [dolores.phua@citigatedrimage.com](mailto:dolores.phua@citigatedrimage.com) /  
[Kevin.Lim@citigatedrimage.com](mailto:Kevin.Lim@citigatedrimage.com)

---