



# Olam International Limited

## 100% Acquisition of Naarden Agro Products B.V.

12 September 2007

Singapore



The Brand Behind The Brands

# Forward looking statements

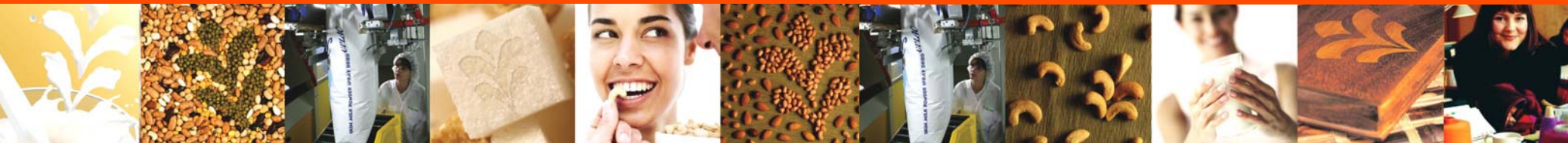
*This presentation may contain statements regarding the business of Olam International Limited ('Olam') and its subsidiaries ('Group'), Naarden Agro Products B.V that are of a forward looking nature and are therefore based on management's assumptions about future developments.*

*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 and Naarden Agro Products B.V. ('Naarden'). 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.*

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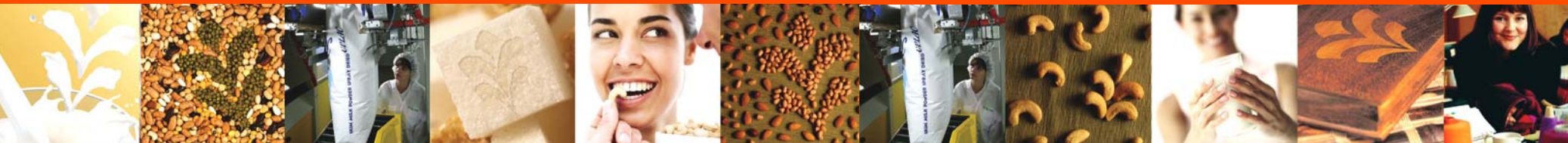
# Presentation Outline

- ❖ Transaction Overview
- ❖ Target Overview
- ❖ Investment Rationale - Strategic Fit
- ❖ Synergy and Financial Impact
- ❖ Summary



# Transaction Overview

<b>Transaction</b>	<ul style="list-style-type: none"><li>▪ Acquisition of 100% of the equity capital of Naarden Agro Products B.V., an established marketer of Industrial caseins, caseinates and milk derivatives</li><li>▪ Intrinsic Value/Investment Value far exceeds threshold of 1.35x</li></ul>
<b>Consideration</b>	<ul style="list-style-type: none"><li>▪ Equity consideration of approximately EUR3.3 million</li><li>▪ In addition, negotiations are underway to acquire their processing facility in Poland, Fleur Company Ltd</li></ul>
<b>Financing</b>	<ul style="list-style-type: none"><li>▪ All cash transaction to be funded from internal accruals and borrowings</li></ul>
<b>Closing</b>	<ul style="list-style-type: none"><li>▪ Transaction expected to close in 30 days</li></ul>



# Overview of Naarden Agro Products B.V

- ❖ Set up in 1993 in Holland by 2 individuals, Mr. Guus Overmans and Mr. Zbigniew Kosmala
- ❖ Company is currently owned 50% each by Beheermaatschappij A.V.M. Overmans B.V. (promoted by Mr. Guus Overmans) and Apollo Group N.V
- ❖ Primarily engaged in the sourcing and marketing of Industrial grade Casein - established global player with over 10% global market share
- ❖ Sourcing carried out through trade houses from key origins like Ukraine, Belarus, India, Russia and China
- ❖ Sells directly (80%) and through agents (20%) to a diversified and long standing set of MNC customers in Europe, Asia and the Americas
- ❖ Generated Revenues of around US\$27 million in 2006



# Global Casein Industry

- ❖ Casein is the “main” protein found in milk – contains 21 amino acids
- ❖ Two types of Casein: **Edible** and **Industrial**
- ❖ Naarden specialises in **Technical Casein** (Industrial Casein)
- ❖ Casein – key segment statistics

<b>Global Production</b>	364,000 MT valued at US\$4.48 billion
<b>Edible Grade</b>	319,000 MT valued at US\$3.99 billion
<b>Technical Casein</b>	45,000 MT (Naarden’s focus) valued at US\$0.5 billion
<b>Key Origins of Industrial Casein</b>	Ukraine, Belarus, India, Russia and China
<b>Key Markets</b>	USA, European Union
<b>Applications</b>	Glue, self-adhesive labeling, Leveling, Finishing, Emulsions, Coating etc in various industries including Paper, Wood and Paint



# Consistent with our Dairy Strategy

- ❖ Key tenets of Olam's Dairy Strategy
  - ❖ Maintain a presence in all major origins and participate in key trade flows
  - ❖ Establish a leading position in sourcing from highly fragmented but low production cost origins like Ukraine, Belarus, Argentina, China and India
  - ❖ Backward integrate into processing in high growth, globally cost competitive origins like New Zealand, Australia, Argentina and Ukraine
  - ❖ Build a leadership position in niche segments / markets
    - ❖ **Entry into the Casein segment**
    - ❖ Consumer packs in Africa

# Naarden offers a vantage entry point into this segment

- ❖ Organic entry poses some significant challenges
  - ❖ Extensive technical and product knowledge
  - ❖ Presence of established players and
  - ❖ Existence of long standing customer relationships
- ❖ Naarden offers a secure and strong entry point into this niche segment
  - ❖ **Leading market position** – over 10% global market share
  - ❖ **Top notch industry professionals** with extensive technical and product knowledge
  - ❖ **Long standing relationships** with a large number of multinational clients across the globe
  - ❖ Significant scalability can double volumes by unlocking working capital and raw material sourcing constraints



# Acquisition is in line with our inorganic growth strategy

This  
Transaction

## Strategic Objectives

- Accelerated entry into identified new product adjacency ✓
- Accelerated access into a new geography
- Reduce timing to impact for a new value chain expansion initiative
- Overcome industry barriers ✓
- Maintain industry attractiveness
- Taking advantage of favourably priced targets with high overlap with Olam ✓

## Policy Framework

- String of Pearls approach ✓
- Size of deals:
  - Sweet spot: 5-10% of market cap ✓
  - Maximum size: 10% of market cap
  - Aggregate deal size p.a: 15% of market cap
- Make acquisitions throughout the economic cycle - do not time ✓
- Do deals to either acquire a controlling stake or management control ✓
- Do not enter into opportunities purely based on P/E arbitrage ✓

# Multiple areas of synergy have been identified

- ❖ Origination advantages
  - ❖ More cost effective sourcing, given Olam's established presence in all key casein producing countries
  - ❖ Elimination of agency commissions
- ❖ Scale expansion
  - ❖ Ready availability of working capital to enable Naarden to satisfy demand that it is unable to cater to currently
- ❖ Platform for a potential entry into the larger edible casein segment



# Financial impact

(MTs)	FY2008	FY2009	FY2010
Volume	4,378	6,455	8,000

(US\$ mil)	FY2008	FY2009	FY2010
Revenues	31.7	47.1	58.4
EBITDA	3.1	5.2	6.5
EBITDA Margin (%)	9.8	11.0	11.1



Thank You

Q&A

