Olam International Limited

Acquisition of 100% of PT Dharmapala Usaha Sukses (PT DUS)

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Singapore

Forward looking statements

This presentation may contain statements regarding the business of Olam International Limited ('Olam') and its subsidiaries ('Group') and PT Dharmapala Usaha Sukses ('PT DUS') 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 PT DUS. 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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Speakers

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Presentation Outline

- **Transaction Overview**
- **Investment Rationale**
  - **Strategic Fit**
  - **Post Investment Plans & Financial Impact**
- **Summary**

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Transaction Overview

Transaction	▪ Acquisition of 100% of the equity capital of PT DUS.

Consideration	▪ Transaction valued at US$12.6 million at the Enterprise level.
	    ▪ Consideration of US$ 5 million to be paid for purchase of the entire equity capital and settlement of outstanding shareholder loan.
	    ▪ Balance consideration to be utilised for settlement of outstanding Bank debt.
	▪ Capital expenditure for renovation and further scale enhancement estimated at US$12 million.

Financing	▪ All cash transaction. ▪ Fully funded through Internal accruals and borrowings.
Closing	▪ Transaction expected to close in 60 days.

- **Acquisition will be profitable and earnings accretive from FY2008**

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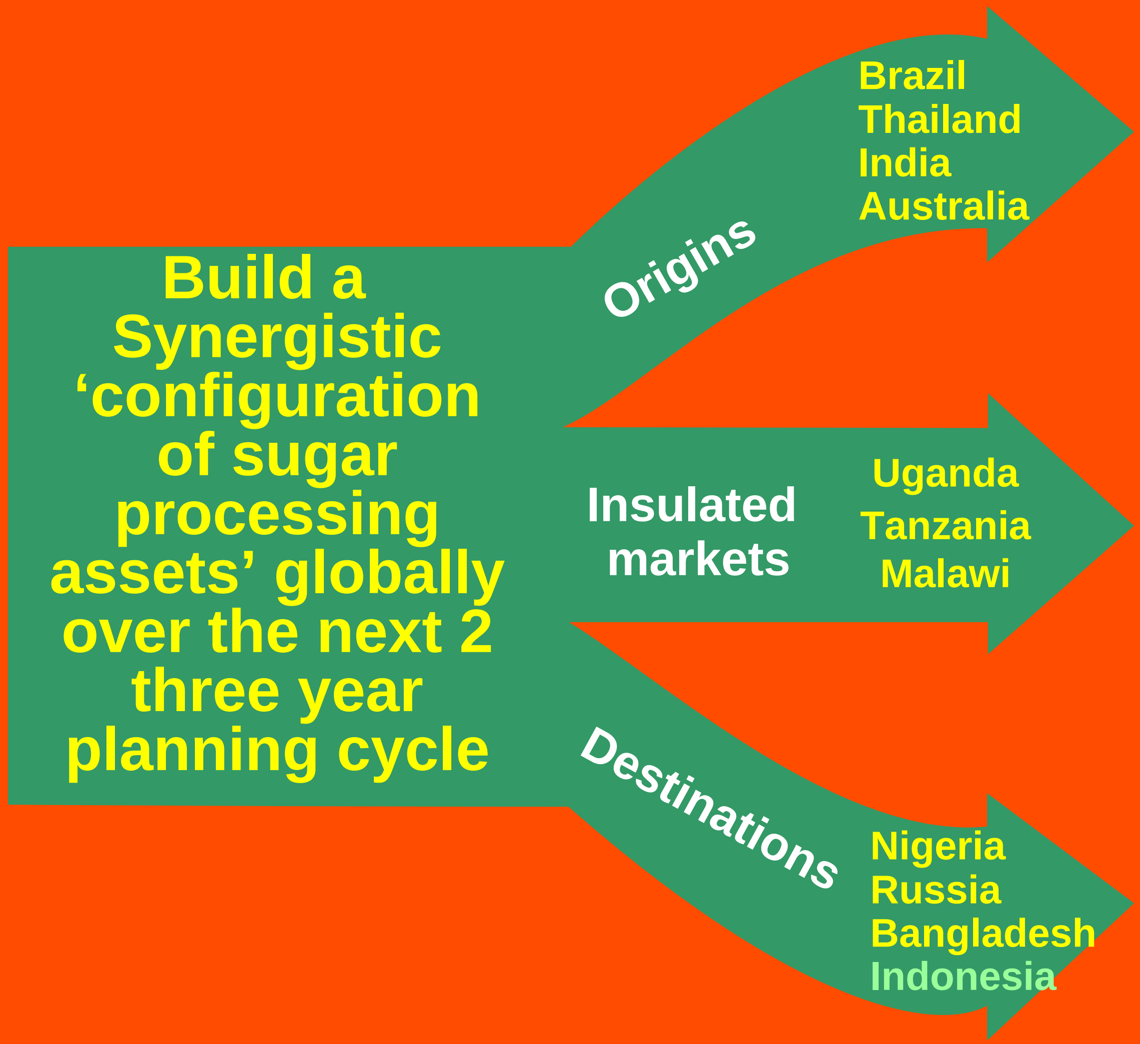
Acquisition is in line with our global sugar strategy



- Milling assets in large producing countries with a comparative cost advantage
- Milling assets in regulated, structurally inefficient markets which offer potential for extracting high economic rents
- Refining assets in large deficit-prone, consuming countries with a favorable regulatory regime

Indonesia: Large sugar market with a growing deficit

Production (mil tons)	
2005/06:	**2.50**
2004/05:	**2.40**
2003/04	**2.15**
Consumption (mil tons)	
2005/06:	**4.28**
2004/05:	**4.06**
2003/04	**3.85**
Deficit (mil tons)	
2005/06:	**1.78**
2004/05:	**1.34**
2003/04	**1.30**
Raw sugar imports by refiners (mil tons)	
2006:	**1.01**
2005:	**0.68**
2004:	**0.48**

Source:
F.O. Licht – Production & Consumption data
Internal – Import data

- **Indonesia is South East Asia's largest and one of world's ten largest sugar consumers, with an annual consumption estimated at over 4 million tons**
- **Rising affluence and growing population driving robust demand growth - CAGR of around 5.4% over the last 3 years**
- **Supply side inefficiencies continue to limit production growth**
- **Resultant deficit of approximately 1.75 million tons makes Indonesia Asia's largest and one of the world's five largest net-importers of sugar**
- **Trends indicate a steady increase in the proportion of refined sugar in the overall consumption basket**

Industry dynamics offer efficient players scope to earn good returns

- Domestic prices are determined primarily by local factors
  - Low crop yields imply that farmer support prices need to be remunerative enough to maintain sugarcane's relative attractiveness
  - This dynamic is accentuated by the relatively less efficient processing sector
- Trade regulations and procedures provide support to the local industry
  - Local refining industry enjoys a time-bound, preferential import duty regime
  - Timing and quantum of imports are regulated through short term licenses
  - Scale constraints mean that the SME sector is willing to pay premiums to local refiners for ensuring reliable supply of quality sugar

Acquisition of an existing refinery offers an accelerated access to this sizeable profit pool

- Olam already participates in the import trade flows into Indonesia
  - Requisite knowledge and experience base to enhance participation to a more meaningful level established
- Forward integration into Milling and Refining offer opportunities to expand value chain participation in this attractive market
- Refining offers a speedy and less complicated mode of enhancing participation
  - Simpler operating environment - lower technical complexity & absence of farmer interaction
- Acquisition of an existing refinery offers an accelerated entry into this ‘closed club’
  - Regulatory barriers and long equipment lead times - deterrents for greenfield investments
  - Our acquisition cost for PT. DUS compares favorably with those for a greenfield set up

PT DUS offers a strategic entry point

- One of Indonesia's five standalone sugar refiners
- Has a rated capacity to process 650 tons of raw sugar per day
- Located inside the port complex in Cilacap, Central Java
  - Provides cost and logistics advantages for imports of raw sugar and feedstock (coal)
  - Enjoys superior access to markets in Central and East Java (only refiner in this region)
- Commenced commercial production in April 2006
- Has operated at low levels of utilisation (100-200 tons per day) due primarily to
  - Technical constraints
  - Lack of operational knowledge &
  - Shortage of working capital
- Low utilisation has led to losses since commercial production

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	✓

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Clear plans to expand capacity and improve efficiency

- Twin focus: Enhancing scale and Improving cost efficiency.
- Immediate scale enhancement to 250-300 tons per day through balancing and de-bottlenecking initiatives.
- Further scale enhancement to 600-650 tons per day over 12 months. through renovation and refurbishment.
- Economies of scale driven cost improvements to be supplemented by switching to coal as feedstock (marine fuel oil used currently).
- Capital investment for the above initiatives estimated at US$12 million.
- Mr. Anton Budidjaja, current Chairman, proposed to be retained as Advisor to the Board of PT DUS.

Financial impact

- Plant expected to stabilise and operate at full capacity in FY2009.
- Plant to process 200,000 tons of raw sugar per annum at full capacity.
- Sales Turnover would vary with the refined sugar price levels, which are expected to move in tandem with the steady increase in consumption and is estimated to range from US$90-100 million per year.
- NPAT forecast to grow from about US$1 million in FY2008 to US$4-5 million in steady state.

Financial impact

Volume (MTs)	FY2008	FY2009 & Beyond (steady-state)
Raw sugar processed	45-50,000	200,000

(US$m)	FY2008	FY2009 & Beyond (steady-state)
Revenues	22-25	90-100
NPAT	~1	4-5
NPAT Margin (%)	4-4.5%	4-5.5%

Thank You

Q&A