



Olam International Limited

Investment in a Green Field
Integrated Soluble Coffee Manufacturing
in Vietnam

9 October 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') 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. 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.

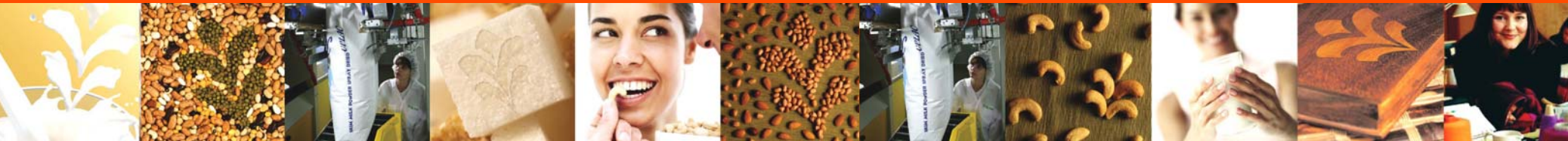
Speakers

Sunny Verghese Group Managing Director & CEO

Vivek Verma Managing Director, Coffee & Dairy Products

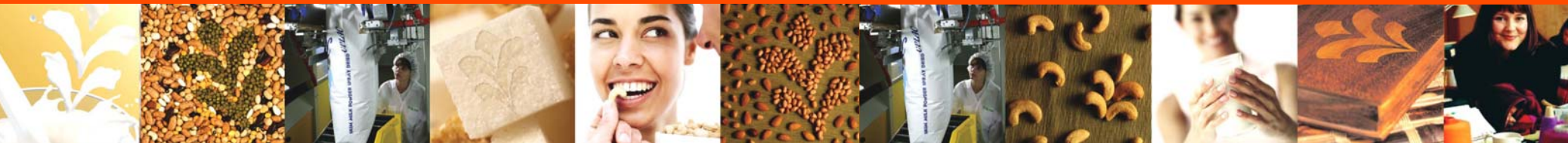
Arun Sharma General Manager, Soluble Coffee

Celso Sgarbi General Manager, Technical, Soluble Coffee



Presentation Outline

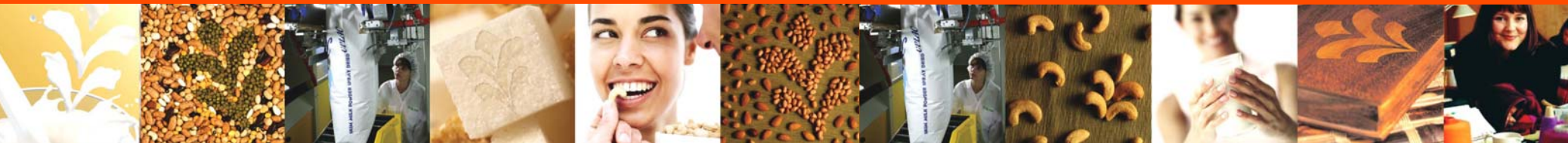
- ❖ Transaction Overview
- ❖ Investment Rationale
- ❖ Market Overview
- ❖ Financial Impact
- ❖ Summary



Investment Highlights

Project	<ul style="list-style-type: none">▪ Green field project to set up a 6,500 MT p.a. soluble coffee manufacturing facility in Vietnam producing spray-dried coffee powder, freeze-dried coffee granules and coffee extracts
Capital Expenditure	<ul style="list-style-type: none">▪ Investment value of US\$45m, mainly in:<ul style="list-style-type: none">▪ Plant and machinery▪ Processing technologies▪ Building and land
Production Capacity	<ul style="list-style-type: none">▪ Phase 1 (Q1FY2009): 3,700 MT p.a.▪ Phase 2 (FY2011): 6,500 MT p.a.
Financing	<ul style="list-style-type: none">▪ Fully funded through Internal accruals and borrowings.

❖ **Project is expected to be earnings accretive from FY2011**



Investment Rationale

Expansion into soluble coffee is in line with our global coffee strategy

Build a configuration of soluble coffee manufacturing facilities over the next 2 three-year planning cycles

Origins

Vietnam
Cote d'Ivoire

- Soluble coffee processing assets in large Robustas producing countries with a comparative cost advantage

Origins & Destinations

Brazil
India

- Soluble coffee processing assets in countries which are both large producers and consumers

Destinations

Russia

- Soluble coffee processing assets in large soluble coffee consuming markets

Investment Rationale (cont'd)

One-step adjacency move up coffee value chain

- ❖ As the world's largest supplier of Robusta coffee, Olam enjoys significant sourcing and cost advantages due to extensive Robusta presence in all major coffee producing countries in Asia and Africa (cost-sharing)
- ❖ Some of our current green coffee customers are soluble coffee companies without soluble coffee production facilities (customer-sharing)
- ❖ Olam currently processes raw coffee into green coffee in various upcountry locations in Vietnam (channels-sharing)
- ❖ Synergy with our Packaged Foods business which is expected to require higher volume of spray-dried coffee powder for its 3-in-1 coffee brands in Russia, CIS and Africa
- ❖ 25% market share in lower grade Robustas provides Olam the edge in competitive sourcing and therefore margin protection, especially in spray-dried soluble coffee

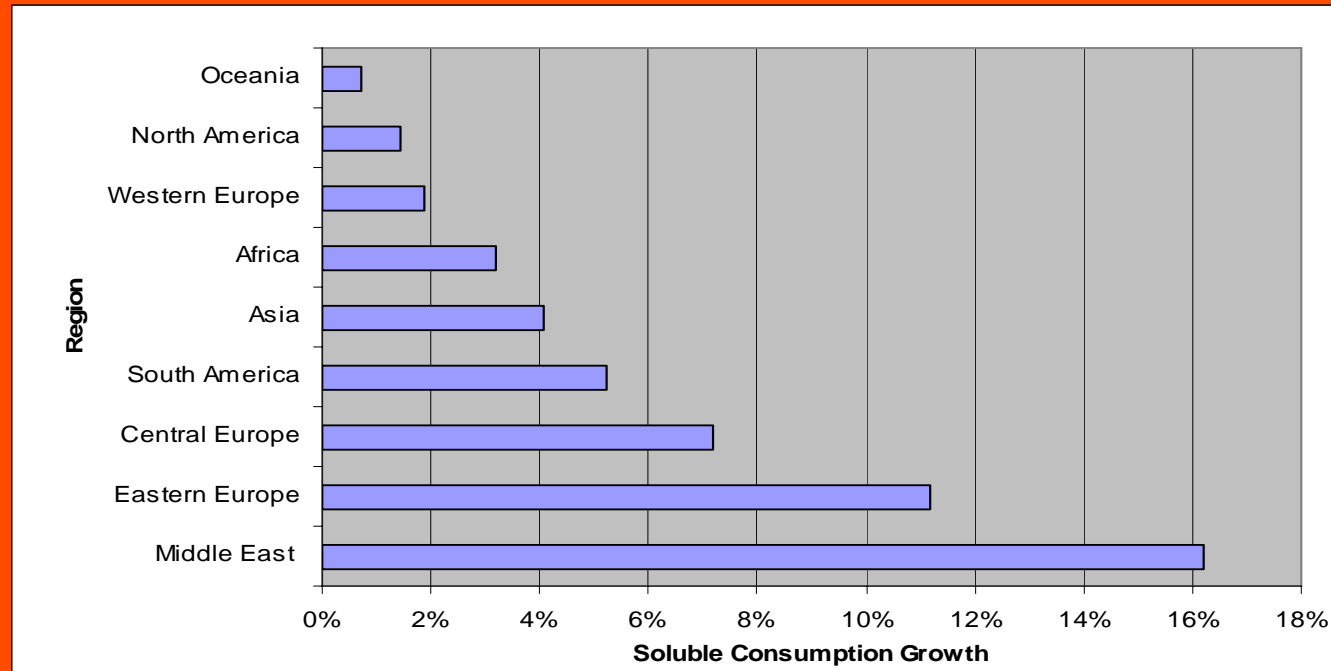
Investment Rationale (cont'd)

Advantages of Vietnam

- ❖ **World's largest producer of Robusta coffee, the main ingredient in soluble coffee**
- ❖ **Allows imports of green coffee beans from other origins for further processing**
- ❖ **Most cost-competitive manufacturing location in terms of manpower, fuel, electricity and water compared to other plants in India, Brazil, Malaysia and Indonesia**
- ❖ **Enjoys proximity to fast growing markets in Southeast Asia and East Asia (Japan & South Korea) without freight disadvantages in other export hubs**

Soluble Coffee Market

- ✦ Global soluble coffee consumption in 2005 was approx. 530,000 MT valued at US\$3.65b
- ✦ Target market is independent segment where soluble coffee is sold as bulk to non-branded and private label segment, and therefore minimal risk of channel conflict
- ✦ Independent segment accounts for 30% of total global soluble coffee market estimated at 160,000 MT valued at US\$1.38b
- ✦ Over the last 5 years, demand has grown at 4% p.a. with the strongest growth in the emerging markets of Central/ Eastern Europe, Middle East, South America and Asia

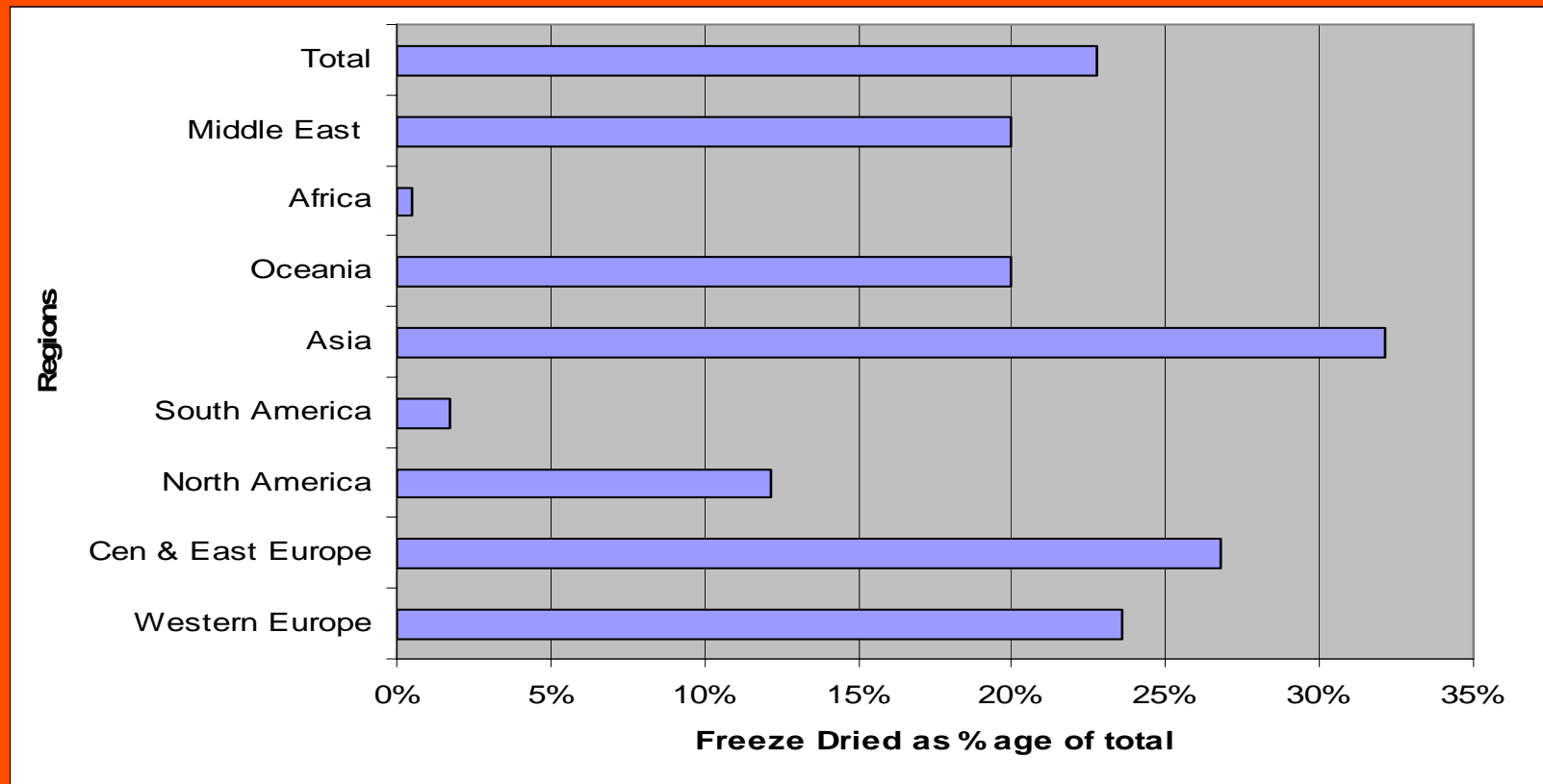


Global Soluble Consumption Growth by Region (2001 – 2005)

Source:
LMC
International,
UK

Soluble Coffee Market (cont'd)

- ❖ Spray-dried accounts for 77% of total global soluble coffee consumption
- ❖ Freeze-dried demand has been growing quickly with significant market share in Asia (mainly Japan and South Korea), Western, Central and Eastern Europe



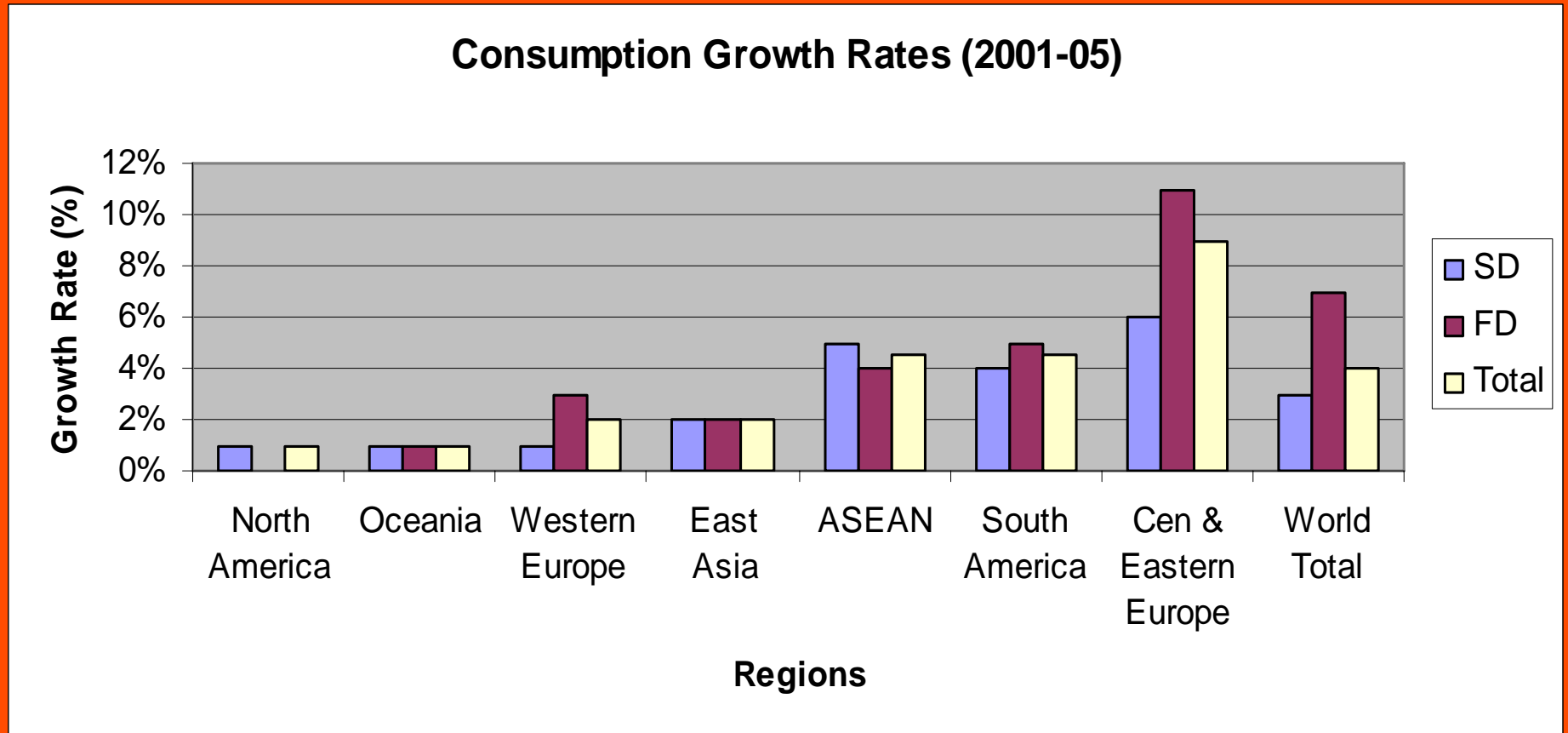
Freeze Dried Soluble Consumption as % of total Soluble Consumption (2005)

Source:

LMC International, UK

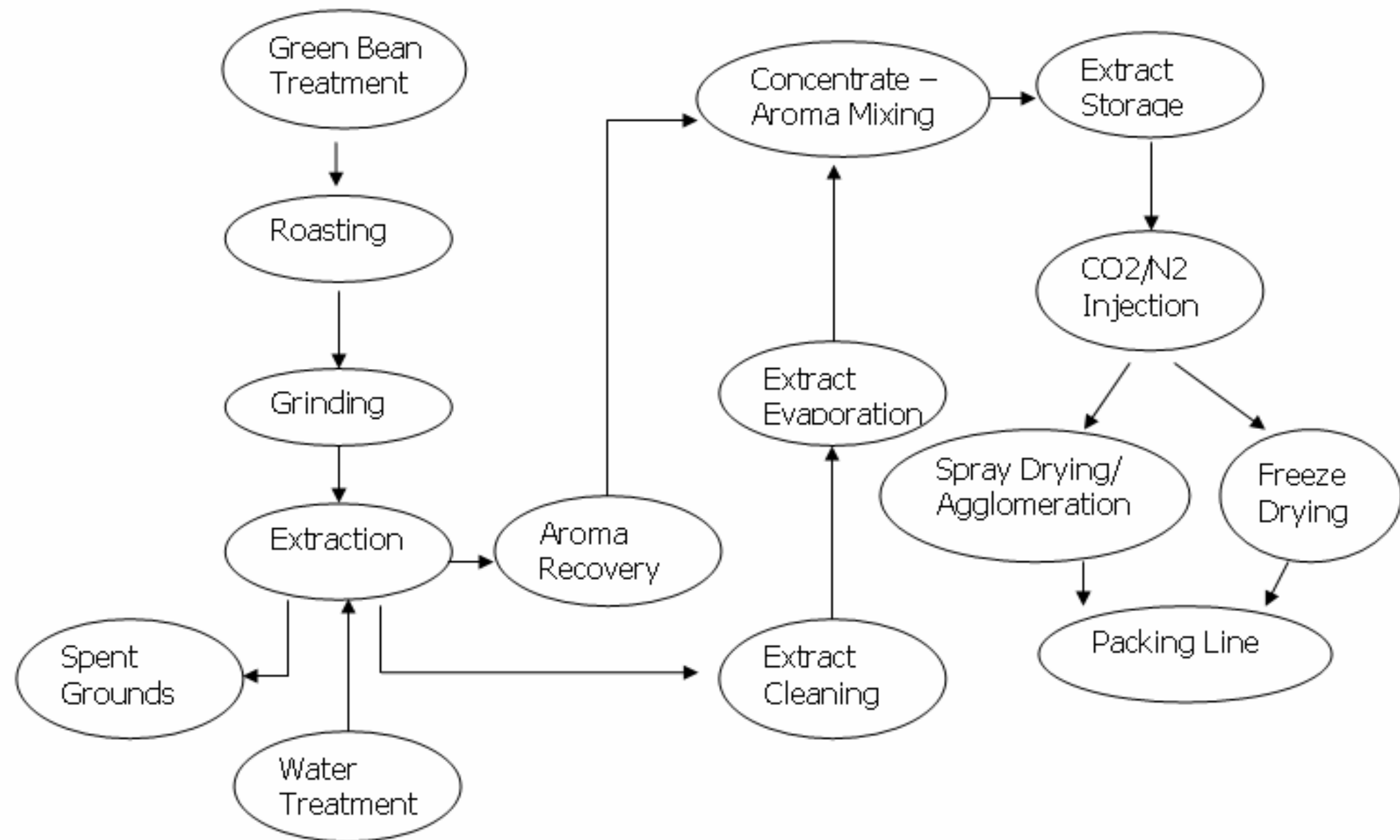
Soluble Coffee Market (cont'd)

- ❖ Freeze-dried demand has been growing at 7% p.a. over last 5 years, double the rate of growth in spray-dried



Source:
LMC International, UK

Soluble Coffee Production



Financial Impact

- ❖ Plant to process at **3,700 MT p.a. in Phase 1 (Q1FY2009)**
- ❖ Plant to process at **6,500 MT p.a. in Phase 2 (FY2011)**
 - ❖ **Approx. 45% of spray-dried coffee**
 - ❖ **Approx. 35% of freeze-dried**
 - ❖ **Approx. 20% of extracts**
- ❖ **Estimated Sales Prices per MT:**
 - ❖ **Spray-dried : US\$5,400**
 - ❖ **Freeze-dried : US\$9,000**
 - ❖ **Extracts: US\$10,000**
- ❖ **NPAT forecast to grow to US\$5-6 million in steady state**
- ❖ **Project IRR is 21% and NPV is US\$42m**



Financial Impact (cont'd)

Volume (MT)	FY2009	FY2012	FY2013 & Beyond (steady-state)
Soluble Coffee produced	3,700	6,500	6,500

(US\$m)	FY2009	FY2012	FY2013 & Beyond (steady-state)
Revenues	10	38	44
EBITDA	2	10	13
EBITDA Margin (%)	20	26	29
NPAT	(4)	3.5	5-6
NPAT Margin (%)	-	9	11-13



Thank You

Q&A

