Olam International Limited
Second Quarter & First Half FY2009 Results Briefing

12th February 2009 | Singapore

This presentation should be read in conjunction with Olam International Limited's Financial Statements for the Second Quarter (Q2 FY2009) and Half Year (H1 FY2009) ended 31 December 2008 lodged on SGXNET on 12th February 2009.

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 press release and in the management discussion and analysis section of the company's Second Quarter & First Half FY2009 results report and filings with SGX. 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.

Results Presentation : Outline

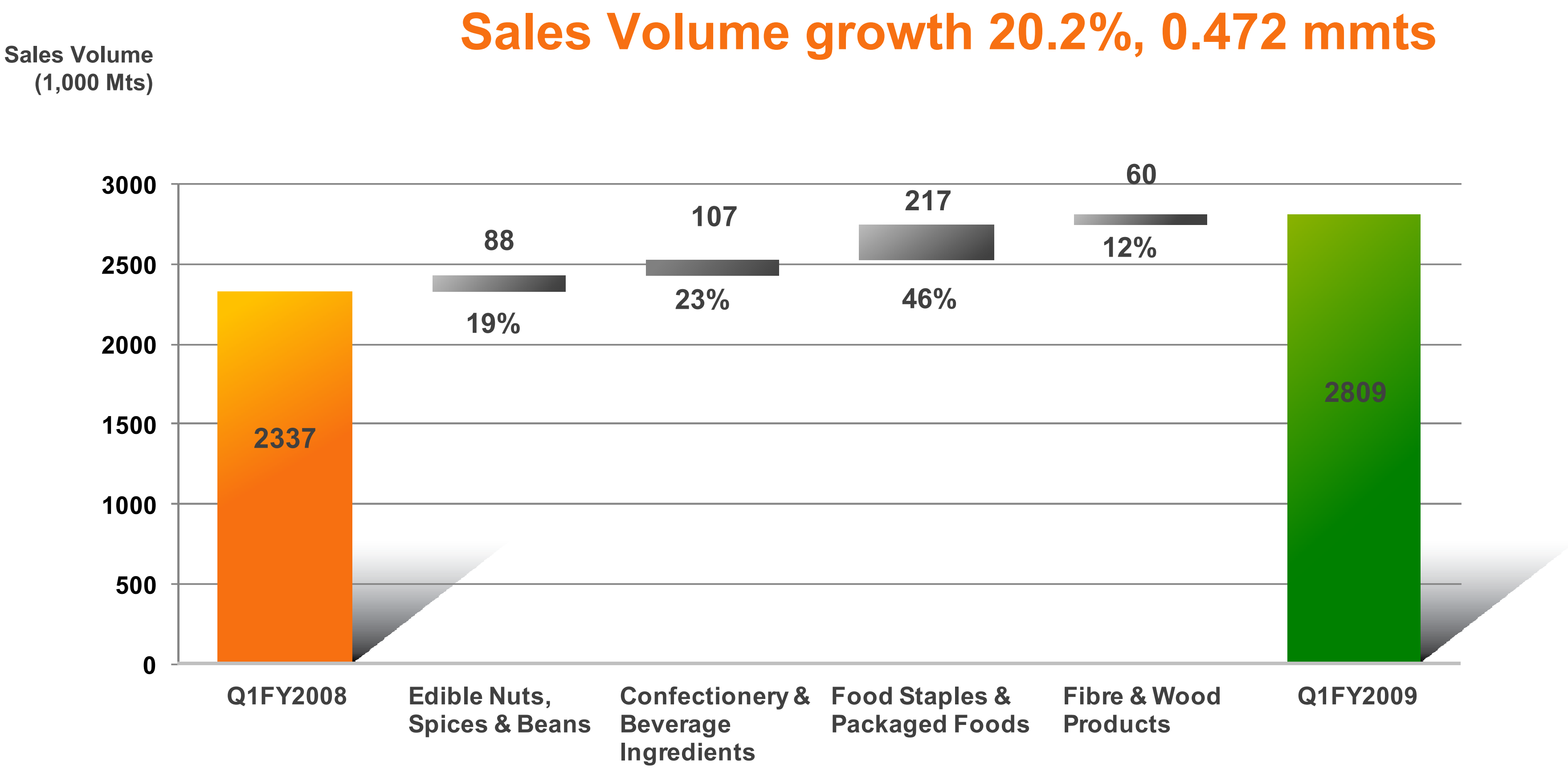
- Results: H1 FY2009 - Consolidated P&L Analysis
- Results: H1 FY2009 - Segmental Analysis
- Results: H1 FY2009 - Balance Sheet Analysis
- Summary & Guidance
- Q&A

Results: H1 FY2009
Consolidated P&L Analysis

Consolidated P&L Analysis: H1 FY2009

- **Sales Volume: 2.809 million metric tons**
  - Volume grew by 0.472 million metric tons
  - **20.2% growth** over H1 FY2008
  - Volume **growth across all 4 segments**

Sales Volume Growth: Segmental Contribution



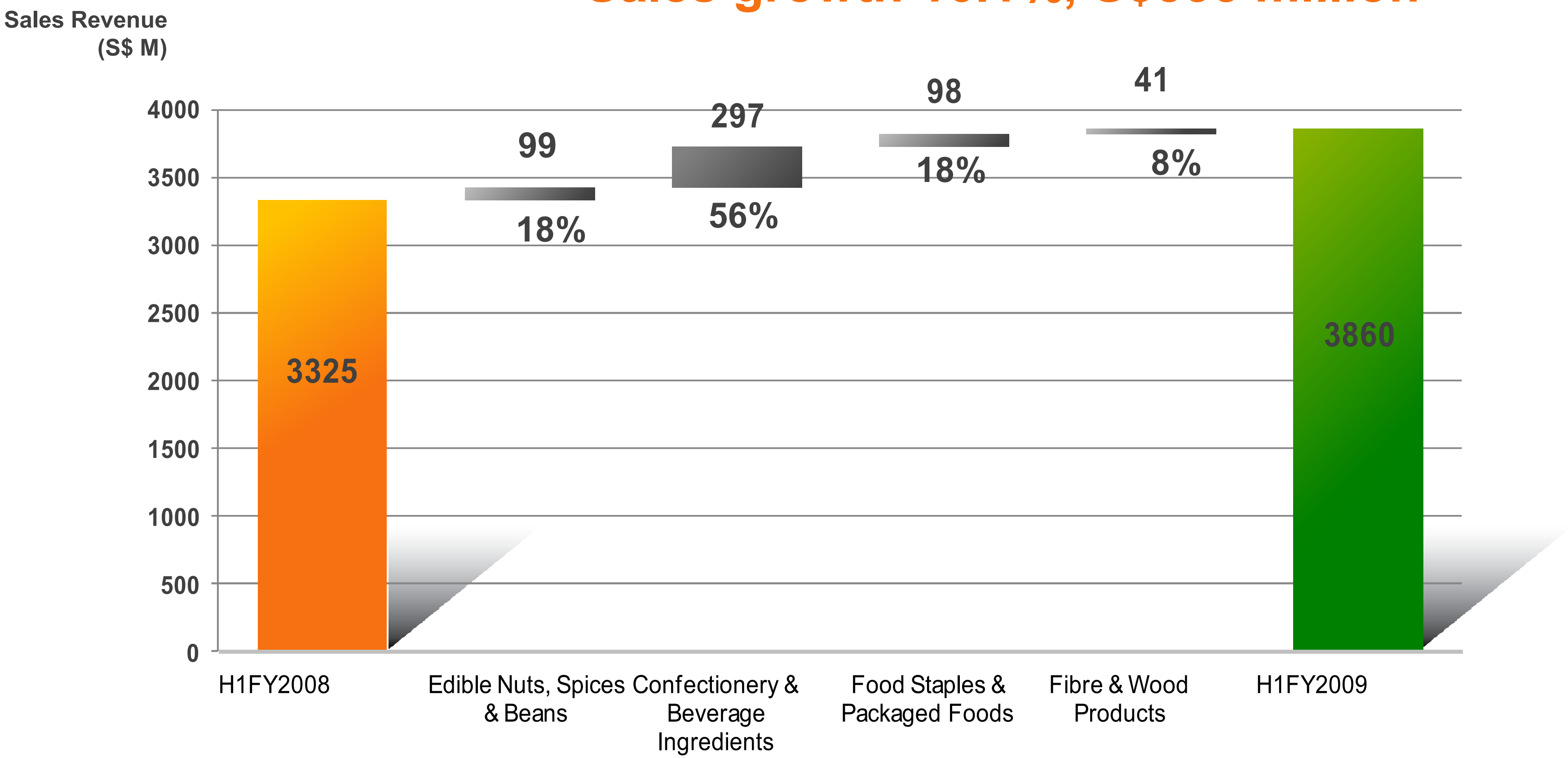
Growth Over H1FY2008: 29% 24% 20% 12%

Consolidated P&L Analysis: H1 FY2009

- **Total Sales Revenue: S$3,860 million**
  - **16.1% growth** over H1 FY2008
  - Revenue **growth across all 4 segments**
  - Revenue growth mainly on account of volume growth.

Sales Revenue Growth: Segmental Contribution

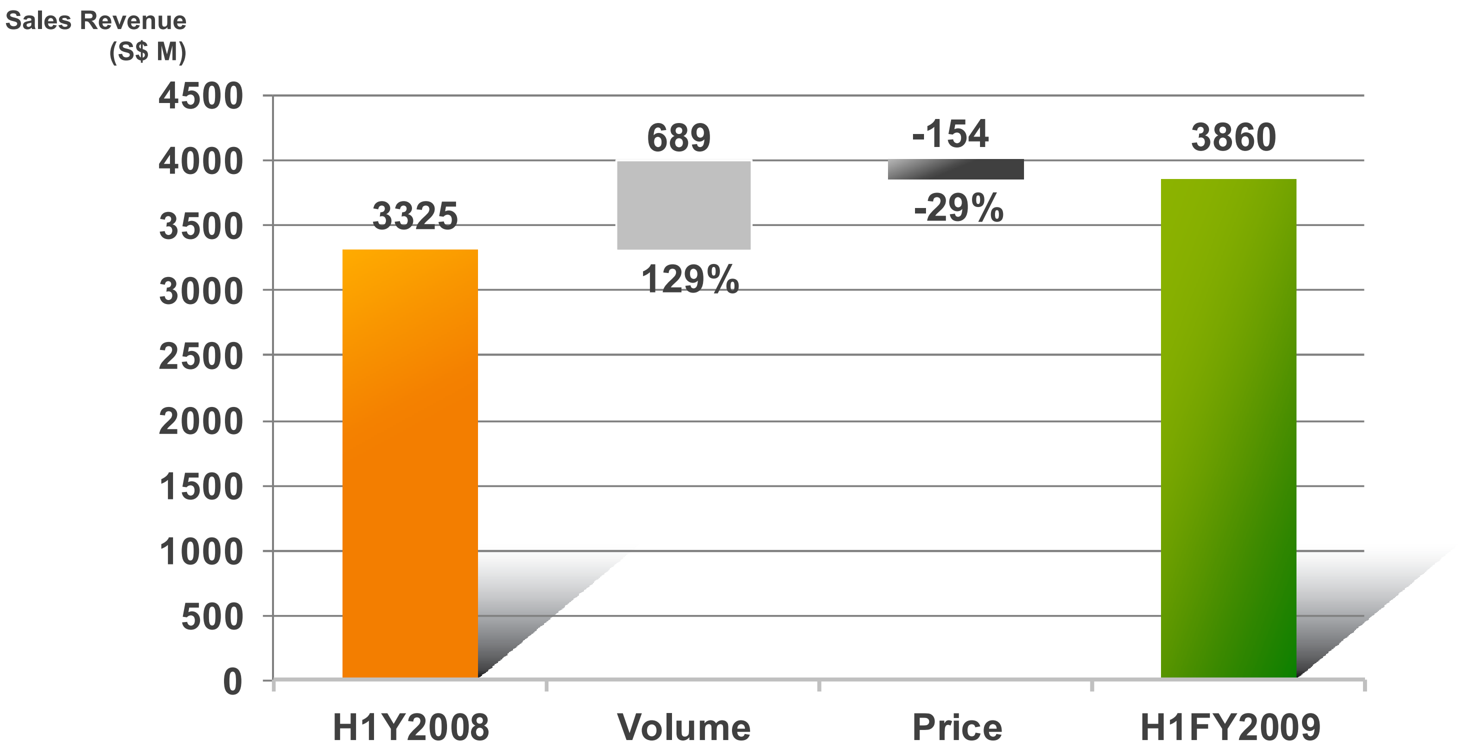
Sales growth 16.1%, S$535 million



Growth Over H1FY2008: 23% 26% 10% 6%

Sales Revenue Growth: **Sources**

Sales growth 16.1%, S$535 million

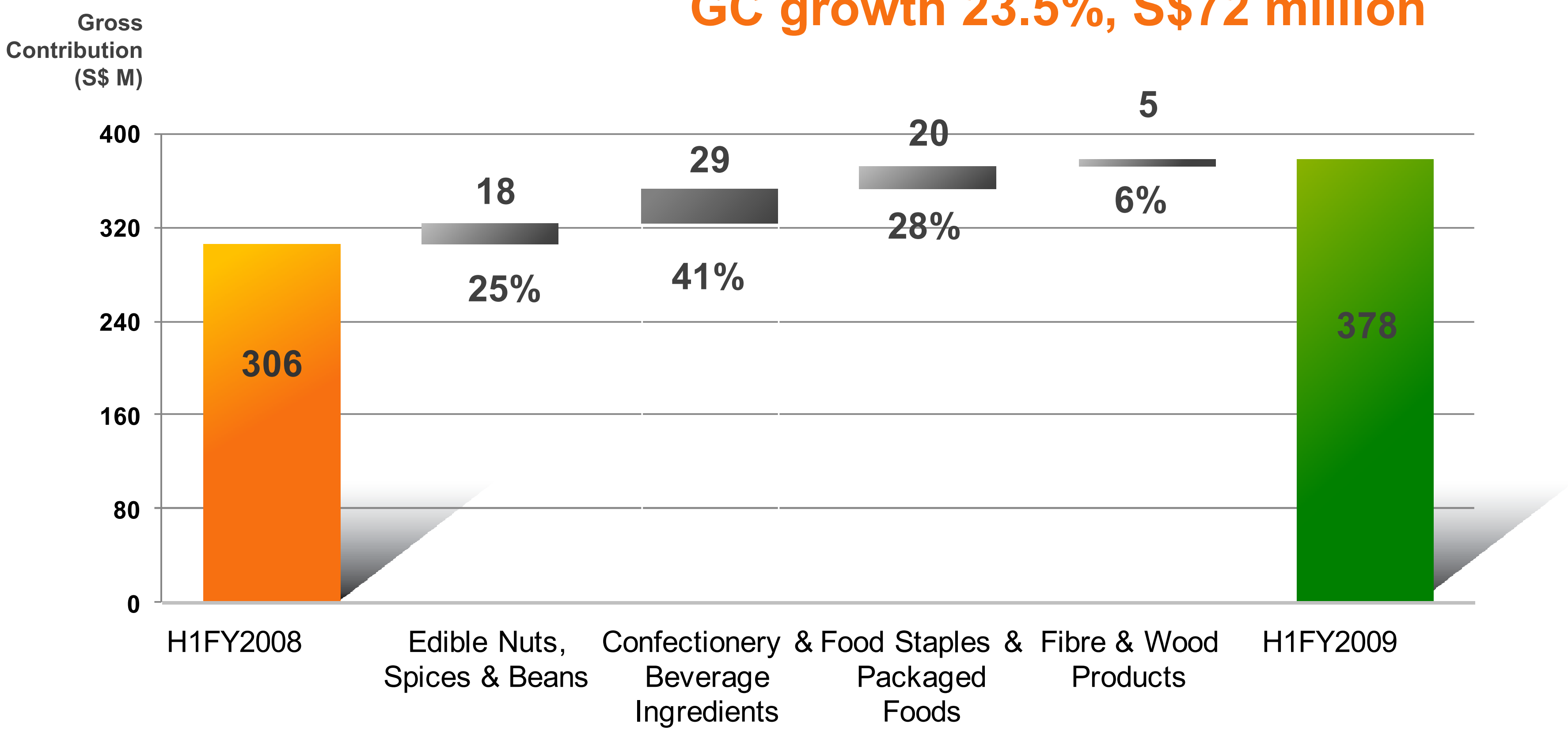


Consolidated P&L Analysis: H1 FY2009

- **Gross Contribution (GC): S$378 million**
  - **23.5% growth** over H1FY2008
  - GC **growth across all segments**
  - GC per ton **improved to S$135/ton** from **S$131/ton** in H1 FY2008

Gross Contribution Growth: Segmental Share

GC growth 23.5%, S$72 million

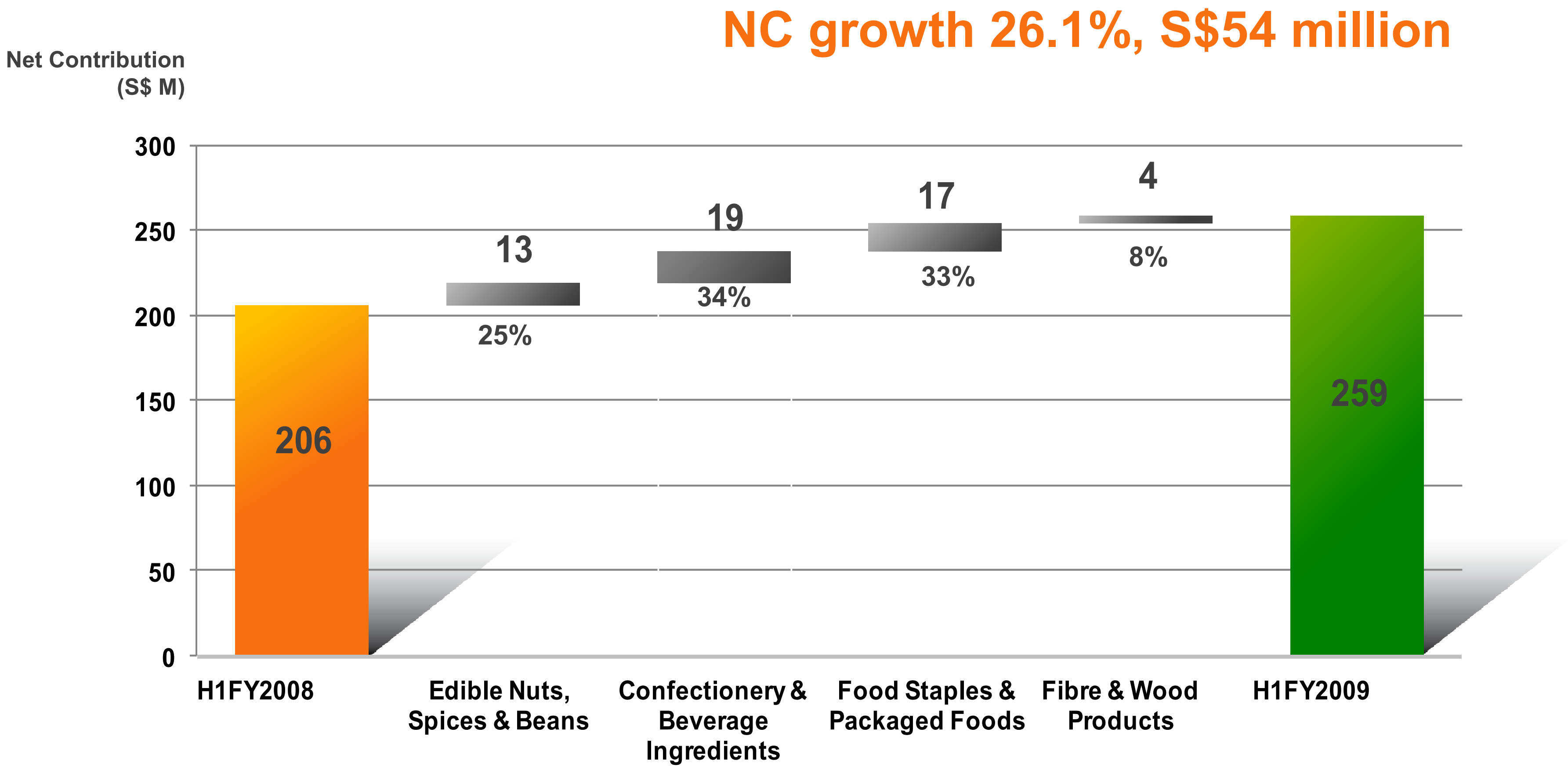


Growth Over Q1FY2008: 36% 30% 25% 6%

Consolidated P&L Analysis: H1 FY2009

- **Net Contribution (NC): S$259 million**
  - **26.1% growth** over H1 FY2008
  - NC **growth across all segments**
  - NC per ton **grew from S$88/ton** in H1 FY2008 to **S$92/ton** in H1 FY2009

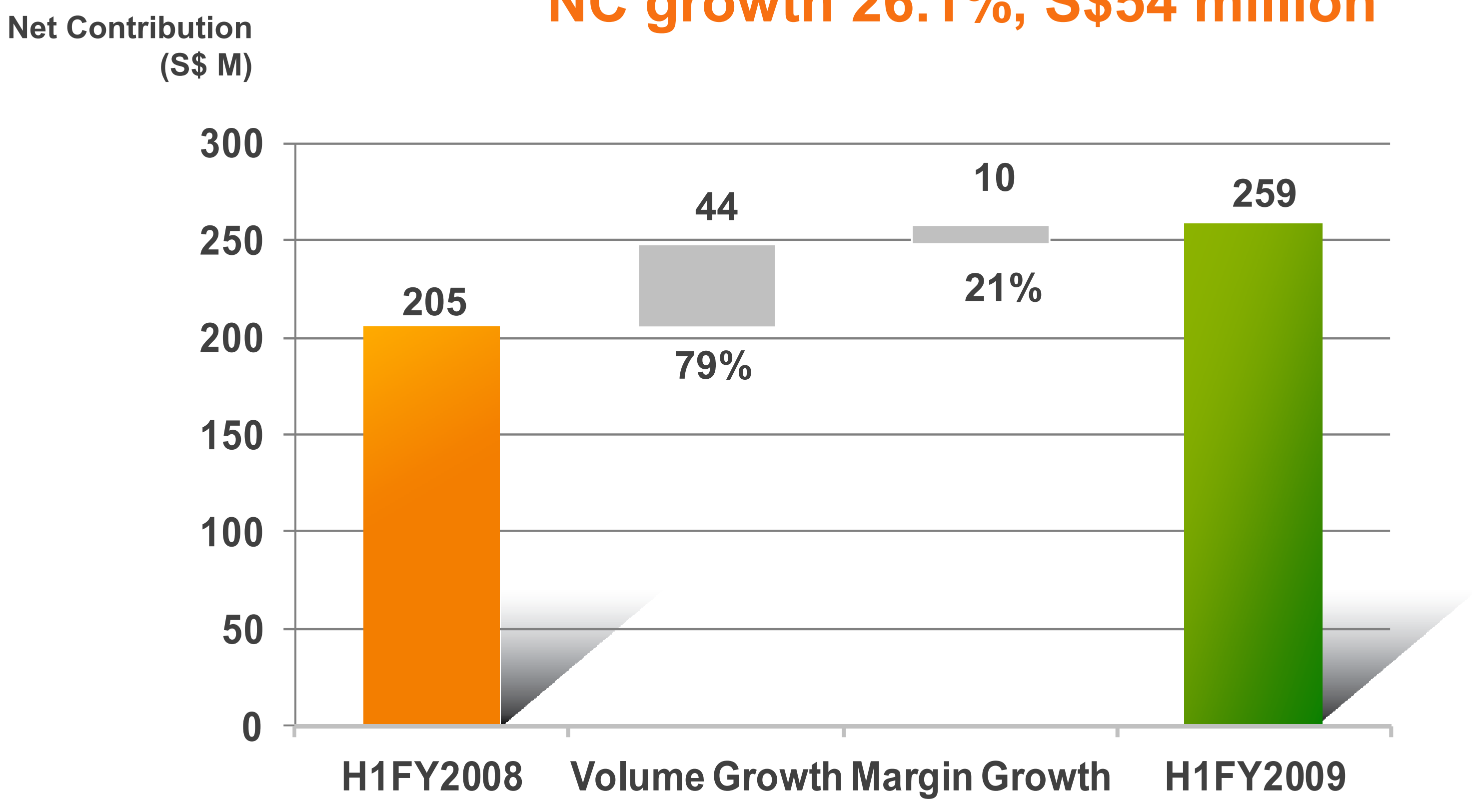
Net Contribution Growth: Segmental Share



Growth Over Q1FY2008: 39% 30% 29% 8%

Net Contribution Growth: Sources

NC growth 26.1%, S$54 million



Gain on Buy-back of Convertible Bonds

- During Q2 FY2009, the Company repurchased Convertible Bonds of aggregate principal amount of **US$123.6 million** for **US$80.5 million**.
- The repurchase of the bonds was funded by a new 3 year term loan facility.
- The **gain** on the buy-back after considering transactional expenses is **S$55.9 million (non taxable).**
- **Saved future coupon payments** and accretion on the bonds repurchased of approximately **US$14.31 million (S$21.5 million).**

Buy-back of Convertible Bonds

- The convertible bonds buyback met the following objectives:
  - To prudently and actively manage our balance sheet
  - To take advantage of the profitable opportunity offered by the market in buying back the CBs;
  - To improve gearing through (a) booking the profits from the buyback (S$55.9 m), & (b) reducing debt (US$137 m).
  - To reduce the potential re-financing obligations on the put date (July 2011) by up to US$137 million;
  - To provide liquidity to bondholders and stability to our bond prices.

Impact of FRS 102

- The following two employee Share Schemes come under the ambit of FRS 102:
  - Employee Share Subscription Scheme (ESSS)
  - Employee Share Options Scheme (ESOS)
- The impact of FRS 102 on the Financial Statements is as follows:

	Prior Period S$'000	H1 FY2009 S$'000	Carried Forward S$'000	Total S$'000
ESSS	2,457	-	-	2,457
ESOS	11,632	2,357	3,825	17,814
Total	**14,089**	**2,357**	**3,825**	**20,271**

Consolidated P&L Analysis: H1 FY2009

- **SG&A** increased by 25.6% to S$191.6 million in H1 FY2009

	H1FY2009	H1FY2008	Change
SG&A (S$ million)	191.6	152.4	25.6%
SG&A/Sales Ratio	4.96	4.59	(0.37)

On an annualized basis, we do not expect any overruns on SG&A which will be within our full year budgets.

Consolidated P&L Analysis: H1 FY2009

- **Net Profit After Tax (NPAT): S$118.3 million**
  - **152.1% growth** over H1 FY2008
- **Net Profit After Tax (NPAT) excluding gain on buyback of Convertible Bonds: S$62.4 million**
  - **32.9% growth** over H1 FY2008
- **Earnings per Share (EPS)**
  - **126.6% growth** over H1 FY2008
  - **6.91 cent/share** H1 FY2009 vs **3.03 cent/share** H1 FY2008 (based on weighted average no. of shares)

Results: Q1FY2009
Segmental Analysis

Segmental Analysis H1 FY2009: Summary

Olam Consolidated

- Turnover S$3,859 million
- Volume 2.809 mmts
- NC S$259 m
- NPAT *S$118.3 m*

Edible Nuts, Spices & Beans

- Turnover $525 m
- Volume 0.394 mmts
- NC $47 m

- NC Share *18.0%*

Confectionery & Beverage Ingredients

- Turnover $1,445 m
- Volume 0.556 mmts
- NC $81 m

- NC Share *31.4%*

Food Staples & Packaged Foods

- Turnover $1,110 m
- Volume 1.295 mmts
- NC $78 m

- NC Share *30.0%*

Fibre& Wood Products

- Turnover $780 m
- Volume 0.565 mmts
- NC $53 m

- NC Share *20.6%*

Segmental Analysis:
Edible Nuts, Spices & Beans

Description	H1 FY2009		H1 FY2008		% Change
	Amount	S$/Ton	Amount	S$/Ton	
Volume (metric tons)	394,119		306,045		↑ 28.8
Revenue (S$'000)	525,001	1,332	426,549	1,394	↑ 23.1
Net Contribution (S$'000)	46,816	119	33,588	110	↑ 39.4

Segmental Analysis :
Confectionery & Beverage Ingredients

Description	H1 FY2009		H1 FY2008		% Change
	Amount	S$/Ton	Amount	S$/Ton	
Volume (metric tons)	555,547		448,110		↑ 24.0
Revenue (S$'000)	1,444,983	2,601	1,147,608	2,561	↑ 25.9
Net Contribution (S$'000)	81,476	147	62,602	140	↑ 30.1

Segmental Analysis:
Food & Staples & Packaged Foods

Description	H1 FY2009		H1 FY2008		% Change
	Amount	S$/Ton	Amount	S$/Ton	
Volume (metric tons)	1,294,889		1,077,918		⬆ 20.1
Revenue (S$'000)	1,109,640	857	1,011,959	939	⬆ 9.7
Net Contribution (S$'000)	77,760	60	60,197	56	⬆ 29.2

Segmental Analysis:
Fibre & Wood products

Description	H1 FY2009		H1 FY2008		% Change
	Amount	S$/Ton	Amount	S$/Ton	
Volume (metric tons)	564,901		505,234		↑ 11.8
Revenue (S$'000)	780,030	1,381	738,856	1,462	↑ 5.6
Net Contribution (S$'000)	53,326	94	49,238	98	↓ 8.3

Acquisitions: De Francesco & Sons Inc.

- In December 2008, Olam acquired an onion and vegetable dehydration facility from De Francesco & Sons and related parties in Firebaugh, California.
- We have already built a strong presence in the US market through our previous acquisition of Key Foods Ingredients (KFI), and through acquisition of the De Francesco assets, we see significant potential to build on the KFI franchise and extract substantial synergies in sales and marketing, quality assurance, distribution and logistics, and warehousing.
- This acquisition is in line with our strategy to be a quality ingredient supplier of value added spices and dehydrates to our global customers in the food industry. The market size of the spice dehydrates business alone is estimated at US$1.5 billion growing at 6% to 7% annually.

Acquisitions: De Francesco & Sons Inc.

- Our vision is to be an integrated player across the spice ingredients category and to build a global leadership position by:
  - Vertically and horizontally integrated, offering cross-selling opportunities and a diversified basket of products from wholes to grinds, dehydrates and blends across various spices/vegetables.
  - Focused on quality of final product resulting in high value, differentiated products offered to discerning customers in US and Europe.
  - Most competitive cost producer having manufacturing facilities based in Qingdao, China (KFI) and Firebaugh, US (where labour is non-unionised) located close to farms/supplier base.
- **EBIDTA margins are expected to be 20% with a net profit margin of between 10% to 12 % in this operation.**

Acquisitions: Industrias Martin Cubero (IMC)

- Acquired Argentina-based, integrated peanut facility IMC for US$7 million in February 2009.
- IMC peanut facility is an integrated unit for processing groundnuts with ability to handle cleaning, drying, storage, shelling and blanching of peanuts. IMC has an excellent reputation for producing high quality peanuts.
- This asset will help us leverage our peanut farming competencies in Argentina and global market leadership position to support our peanut growth plans.
- Our strategy is to build a fully integrated operation from contract farming of peanuts to processing them in Argentina, and supplying this to our key customers in Europe and Asia.
- This transaction has presented us with an opportunity to expand and integrate our peanut supply chain operations with high quality, state-of-the-art shelling and blanching facility.

Acquisitions: Industrias Martin Cubero (IMC)

- Argentina is world's second largest exporter of peanuts after China, accounting for 25% of kernel trade:
- Expected to gain higher share in world trade as local consumption in Asian origins like China and India increases
- Possesses significant comparative advantage in producing peanuts due to low farming cost, favourable climate and modern farming practices backed by government's support for research on peanut farming