



**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 DOUBLES NET PROFIT TO S\$205.3M IN 9M FY2009

- Net profit grew 21.4% to S\$124.8 million, excluding gains from buy-back of convertible bonds amounting to S\$80.5 million.

#### 9M FY2009: Financial Highlights

- Sales Volumes up 14.8% to 4.31 million tonnes (or 16.6% to 4.38 million tonnes including share of associates' volumes)
- Net Contribution (NC) up 12.2% to S\$392.4 million
- Except for the Fibre & Wood Products segment, the other three Food related segments grew volume by 20.2% (including Olam's share of associates' volumes) and grew NC 21.9%.
- Net Profit After Tax up 99.8% to S\$205.3 million. Net profit After Tax grew 21.4% to S\$124.8 million, excluding gains from buy-back of convertible bonds of S\$80.5 million.
- EPS up 85.6% to 11.99 cents

Consolidated Financial Results Ended March 31, 2009	9 Months (9M)			Quarter 3 (Q3)		
	FY2009	FY2008	Change (%)	FY2009	FY2008	Change (%)
Sales Volume (metric tonnes)	4,309,863	3,754,121	14.8	1,500,407	1,416,814	5.9
Sales Revenue (S\$million)	6,149.0	5,729.7	7.3	2,289.4	2,404.7	(4.8)
Gross Contribution (GC) (S\$million)	573.1	500.4	14.5	195.3	194.5	0.4
Net Contribution (NC) (S\$million)	392.4	349.8	12.2	133.0	144.2	(7.7)
Net Profit After Tax(S\$million)	205.3	102.8	99.8	87.0	55.9	55.8
Earnings Per Share (cents)	11.99	6.46*	85.6	5.08	3.50**	72.6



*\* Based on weighted average number of shares of 1,713,297,963 for 9M FY2009 (compared to weighted average number of shares of 1,592,079,912 for 9M FY2008).*

*\*\* Based on weighted average number of shares of 1,713,212,824 for Q3 FY2009 (compared to weighted average number of shares of 1,591,688,945 for Q3 FY2008).*

Singapore, May 14, 2009 – Olam International Limited (“Olam” or “the Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today reported a 55.8% increase in Net Profit After Tax to S\$87.0 million for the third quarter ended March 31, 2009 (“Q3 FY2009”).

Total Net Profit After Tax for the aggregate nine months of the financial year (“9M FY2009”) almost doubled to S\$205.3 million from S\$102.8 million for the corresponding period in FY2008.

Olam’s Group Managing Director and CEO, Sunny Verghese remarked: “Our strong results in 9M FY2009, despite significantly weaker global economic conditions and associated capital market challenges, demonstrate the resilience of the company’s portfolio with 82.4% of our revenues coming from the three segments in the food ingredients space where demand is relatively more recession resilient. Our growth in the food ingredients segments (Edible Nuts, Spices & Beans, Confectionery & Beverage Ingredients and Food Staples and Packaged Foods segments) continued to be robust with an aggregate volume growth of 18.5% (or 20.2% including Olam’s volume share of associates) and NC growth of 21.9% on a year-to-date basis. We were also able to grow margin per tonne in all these three segments. The Fibre and Wood Products segment however faced a sharp contraction in demand during this period due to the global recession. We remain focused on managing both the opportunities and the risks in the current economic environment as we execute our long term strategy.”

Said Olam’s Group CFO, Krishnan Ravikumar: “While net profits for the cumulative nine months of the financial year were helped by gains from the buy-back of convertible bonds, operating results were strong in spite of challenging market conditions during this period. We achieved an overall volume growth of 14.8% (16.6% including share of associates’ volumes) and NC growth of 12.2%, and grew net profits by 21.4% excluding the one-off gains.”



## **Group Financial Review**

Olam reports its results across four business segments. The company has delivered strong performance in three out of the four segments in 9M FY2009. These segments namely, the Edible Nuts, Spices & Beans segment (comprising six agri-commodities), the Confectionery & Beverage Ingredients segment (comprising three agri-commodities) and the Food Staples & Packaged Food segments (comprising seven agri-commodities) are all food raw materials and ingredients. The demand for these three segments, which accounted for 82.4% of revenue in 9M FY2009, held up well confirming the view that demand for these 16 products is relatively more recession resilient. Sales Volume for these three segments grew by 18.5% (or 20.2% with Olam's share of volume in associate companies) in 9M FY2009 compared to 9M FY2008. The combined NC for the segments grew by 21.9% compared to the same period in FY2008. The strong showing by the segments, despite the global recession and tough trading conditions, played a major role in the company's strong performance in 9M FY2009.

On the other hand, the four agri-commodities in the Fibre and Wood Product segment namely, Cotton, Wool, Rubber and Wood Products accounting for 17.6% of our revenue in 9M FY2009 faced sharp contraction in 9M FY2009 on account of the global economic slowdown. This segment is therefore more recession sensitive. In addition, the margins in this segment came under pressure due to lack of pricing power (in a low demand situation), distress sales by some exiting players at lower margins, and the company's decision to forego business from some of the riskier counterparties. As a result, volume for this segment in 9M FY2009 only grew by 1.2% while the NC per tonne contracted from S\$113 to S\$95 resulting in a contraction in the overall NC by 15.2% compared to 9M FY2008. Olam believes, however, this to be a cyclical event and has used this opportunity to gain market share and further consolidate its competitive position in the segment.



## Segmental Review

Edible Nuts, Spices & Beans	9 Months (9M)			Quarter 3 (Q3)		
	FY2009	FY2008	Change (%)	FY2009	FY2008	Change (%)
Sales Volume (metric tonnes)	617,742	501,278	23.2	223,623	195,233	14.5
Sales Revenue (S\$million)	802.6	759.4	5.7	277.6	332.9	(16.6)
Net Contribution (S\$million)	87.0	69.7	24.9	40.2	36.1	11.4
Net Contribution Per Tonne (S\$)	141	139	1.4	180	185	(2.7)

During the quarter, the **Edible Nuts, Spices & Beans** segment grew Sales Volume by 14.5% and NC by 11.4%. The segment showed strong growth cumulatively as it grew Sales Volume by 23.2% and NC by 24.9% over the previous corresponding nine months. Olam's increased participation in the value chain for Cashews, Peanuts, Spices and Sesame helped maintain its margin per tonne during this period.

Confectionery & Beverage Ingredients	9 Months (9M)			Quarter 3 (Q3)		
	FY2009	FY2008	Change (%)	FY2009	FY2008	Change (%)
Sales Volume (metric tonnes)	965,375	800,122	20.7	409,828	352,012	16.4
Sales Revenue (S\$million)	2,584.9	2,465.4	4.8	1,139.9	1,317.7	(13.5)
Net Contribution (S\$million)	123.5	101.3	21.9	42.0	38.7	8.5
Net Contribution Per Tonne (S\$)	128	127	1.0	103	110	(6.4)

The **Confectionery & Beverage Ingredients** segment achieved a strong volume growth of 16.4% and NC growth of 8.5% in Q3 FY2009. For the cumulative nine months, the segment recorded Sales Volume and NC growth of 20.7% and 21.9% respectively even as significant destocking of Cocoa by cocoa grinders and chocolate manufacturers took place amid a short crop situation in a key producing origin, Cote d'Ivoire. As a result, Cocoa saw lower volumes in Q3 FY2009, but given the short crop, the market is expected to restock depleted inventory



levels. Coffee continued to register growth in volumes with significant market share gains in Brazil, Colombia, Indonesia and India.

<b>Food Staples &amp; Packaged Foods</b>	<b>9 Months (9M)</b>			<b>Quarter 3 (Q3)</b>		
	<b>FY2009</b>	<b>FY2008</b>	<b>Change (%)</b>	<b>FY2009</b>	<b>FY2008</b>	<b>Change (%)</b>
<i>Sales Volume (metric tonnes)</i>	1,907,354	1,642,960	16.1	612,465	565,042	8.4
Sales Revenue (\$million)	1,679.8	1,430.0	17.5	570.2	418.0	36.4
Net Contribution (\$million)	104.0	86.9	19.6	26.2	26.7	(1.9)
Net Contribution Per Tonne (\$)	55	53	3.8	43	47	(8.5)

Sales Volume for the **Food Staples & Packaged Foods** segment increased 8.4% while NC fell marginally by 1.9% in Q3 FY2008. On a year-to-date basis, the segment delivered a healthy Sales Volume growth of 16.1% with NC increasing 19.6%. The improvement was partly due to contribution from new products Wheat and Barley, which offset the impact from Dairy Products where volumes were under pressure with significant demand contraction in the key destination markets of China and Russia since Q2 FY2009.

<b>Fibre &amp; Wood Products</b>	<b>9 Months (9M)</b>			<b>Quarter 3 (Q3)</b>		
	<b>FY2009</b>	<b>FY2008</b>	<b>Change (%)</b>	<b>FY2009</b>	<b>FY2008</b>	<b>Change (%)</b>
<i>Sales Volume (metric tonnes)</i>	819,392	809,761	1.2	254,491	304,527	(16.4)
Sales Revenue (\$million)	1,081.7	1,074.9	0.6	301.7	336.0	(10.2)
Net Contribution (\$million)	77.9	91.9	(15.2)	24.6	42.6	(42.3)
Net Contribution Per Tonne (\$)	95	113	(15.9)	97	140	(30.7)

The **Fibre & Wood Products** segment continued to face a challenging environment due to reduced demand for these industrial products globally. The global textile sector to which Olam supplies Cotton and Wool witnessed a period of rapid destocking which is now abating. Margins were under pressure due to the absence of pricing power in a weak demand situation, distress



sales by some of the exiting players and the company's cautious move to avoid sales to riskier counterparties. This impacted both our Cotton volume and margins during 9M FY2009. Similarly, the construction and furniture industry, which are the end markets for Wood Products, remained depressed, which impacted both volumes and margins. Sales Volume and NC declined 16.4% and 42.3% respectively in Q3 FY2009. In spite of these difficult market conditions throughout the nine-month period, the segment recorded a small improvement of 1.2% in Sales Volume given Olam's strong Cotton franchise in Australia, US, East Africa and CIS and its entry into the Wool business in Australia.

### **Outlook and Prospects**

Difficult market conditions arising from weak market sentiments, destocking and depressed demand for industrial raw materials (Cotton, Wool, Wood Products and Rubber) and to a lesser extent in Cocoa and Dairy Products are expected to persist through the rest of FY2009 although recent signs show this trend to be easing. Olam remains focussed on managing both the opportunities and the risks in the current economic environment as it executes its long term strategy.

. . . . .

### **Note:**

*This release should be read and understood only in conjunction with the full text of Olam International Limited's Q3 FY2009 and 9M FY2009 Financial Statements lodged on SGXNET on May 14, 2009.*

**About Olam International Limited**

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 20 products with a direct presence in 60 countries and supplying them to over 6,500 customers. 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, peanuts, sesame, rice, cotton and wood products. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.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
<b>For Olam</b>		
CONTACT	:	Mr Vasanth Subramanian, Senior Vice President (Investor Relations) Ms Chow Hung Hoeng, Manager (Investor Relations)
DURING OFFICE HOURS	:	+65 6508-9632 / 6317-9471 (Office)
AFTER OFFICE HOURS	:	+65 9785-2593 / 9834-6335 (Mobile)
EMAIL	:	vasanth_s@olamnet.com / chow.hunghoeng@olamnet.com
<b>For CDRi.MAGE</b>		
CONTACT	:	Ms Dolores Phua / Ms Carol Wee
DURING OFFICE HOURS	:	+65 6534-5122 (Office)
AFTER OFFICE HOURS	:	+65 9750-8237 / 9730-5754 (Mobile)
EMAIL	:	dolores.phua@citigatedrimage.com / carol.wee@citigatedrimage.com

---