OLAM

The Brand Behind The Brands

Team Introduction

- **Sunny Verghese**
  Group Managing Director & CEO (Executive Director)
- **K. Ravikumar**
  Chief Financial Officer
- **S. Suresh**
  General Manager (Corporate Affairs & Investor Relations)

Olam International Limited

FY2005

Full Year (FY2005) Results Briefing

29th August 2005

This presentation should be read in conjunction with Olam International Limited's Fourth Quarter, FY2005 (Q4 FY2005) and Full Year, FY2005 Financial Results for the period ended 30th June 2005 statement lodged on MASNET on 29th August 2005.

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 4Q FY2005 & Full Year FY2005 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: FY2005 - Consolidated P&L Analysis
- Results: FY2005 - Segmental Analysis
- Results: FY2005 - Balance Sheet Analysis
- Strategy Update
- Outlook & prospects
- Q&A

Results:

Full Year FY2005

Consolidated P&L analysis

Consolidated P&L Analysis: **market conditions**

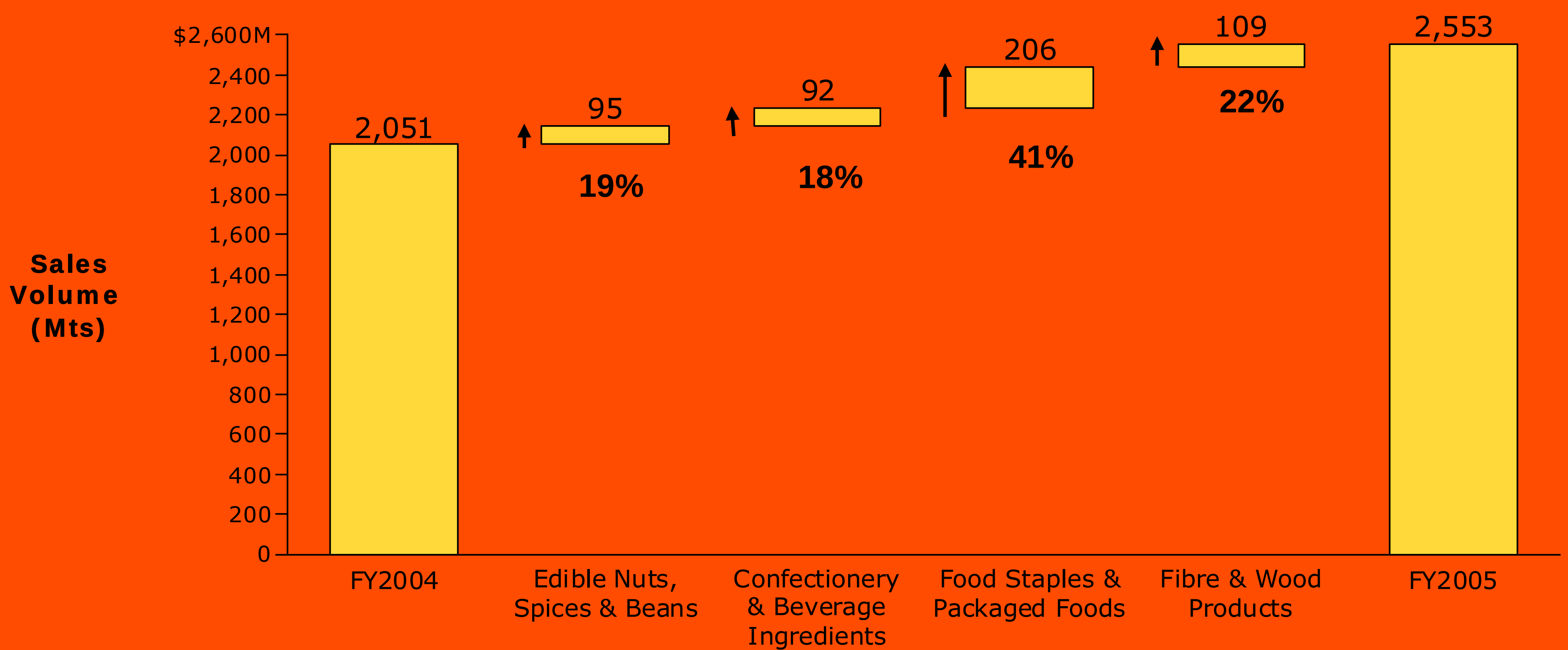
Commodity Index	30th June 2005	1st July 2004	Return (%)
GSCI	574.13	656.6	(12.6%)
CRB Index	294.15	291.19	1.0%
Olam Basket (Volume rated)	-	-	15.42%

Consolidated P&L Analysis: **FY2005**

- **Sales Volume: 2.553 million metric tons**
  - 24.4% growth over FY2004
  - Volume growth across all 4 segments

Sales Volume Growth: **Segmental Contribution**

Sales Volume growth 24.4%, 501,000 mts



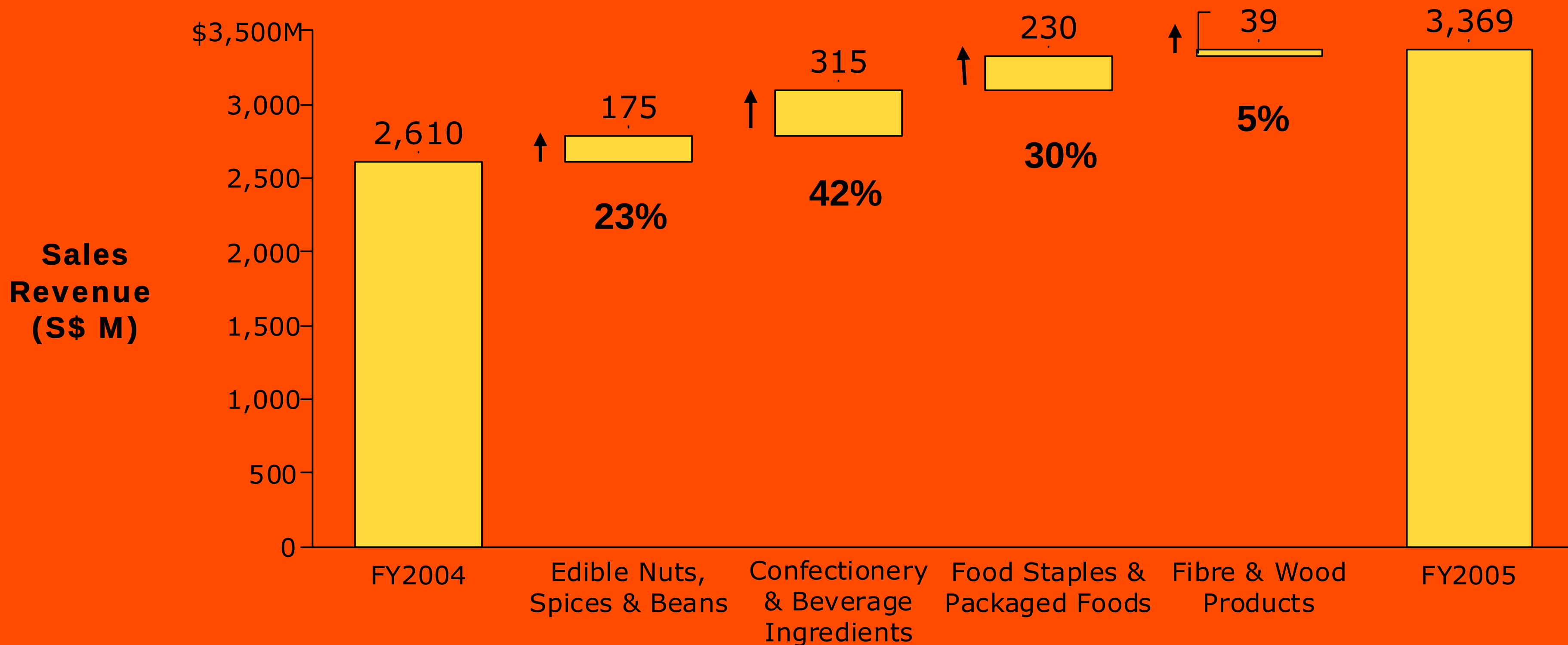
Growth Over FY2004: **32%** **18%** **23%** **30%**

Consolidated P&L analysis: **FY2005**

- **Total Revenue: S$3.369 billion**
  - 29.1% growth over FY2004
  - Revenue growth across all 4 segments

Sales Revenue Growth: **Segmental Contribution**

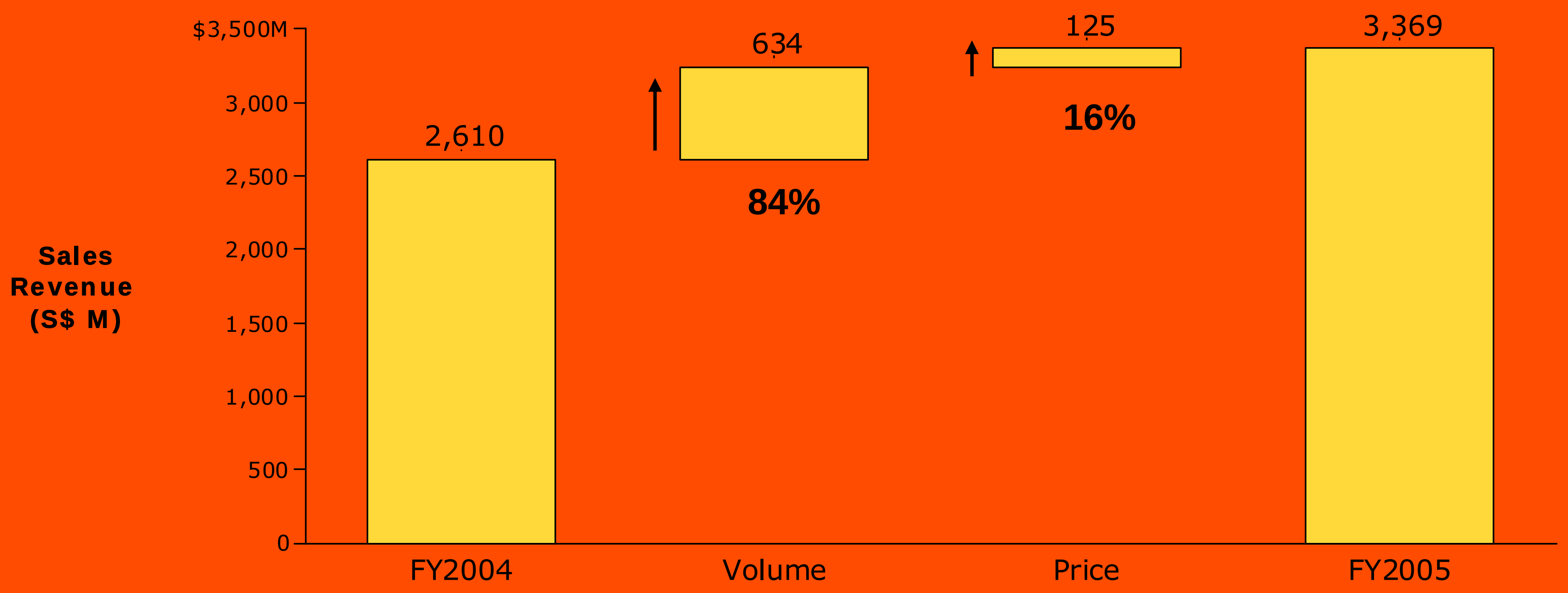
Sales growth 29.1%, S$759 million



Growth Over FY2004: **45%** **31%** **42%** **6%**

Sales Revenue Growth: **Sources**

Sales growth 29.1%, S$759 million

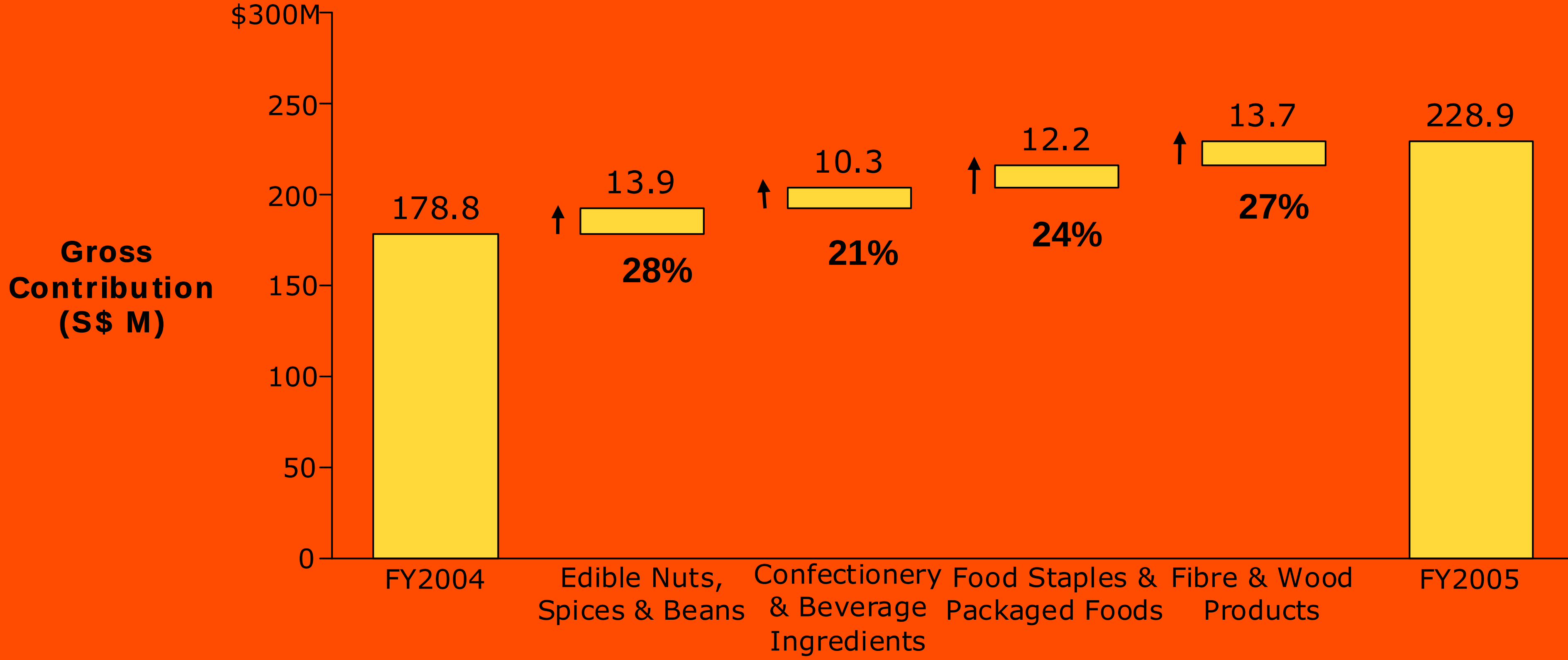


Consolidated P&L Analysis: **FY2005**

- **Gross Contribution (GC) : S$229 million**
  - 28% growth over FY2004
  - GC growth across all segments

Gross Contribution Growth: **Segmental Share**

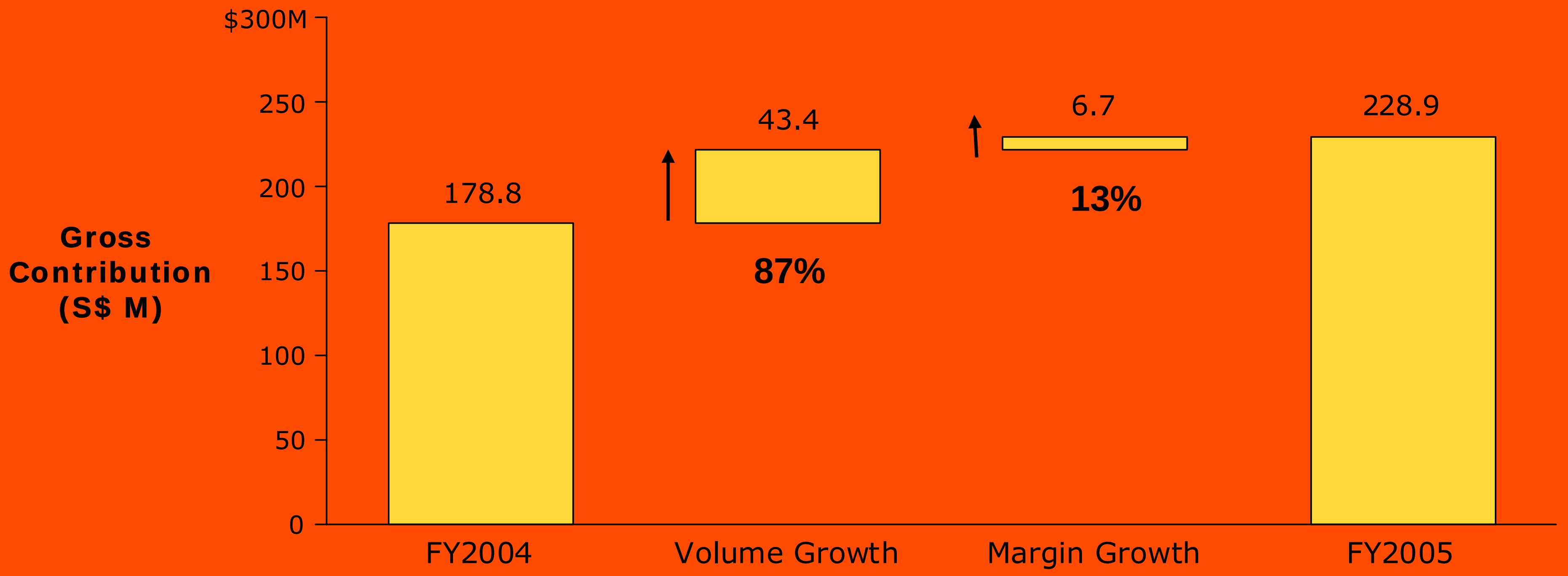
GC growth 28%, S$50.1 million



Growth Over FY2004: **41%** **13%** **40%** **36%**

Gross Contribution Growth: **Sources**

GC growth 28%, S$50.1 million

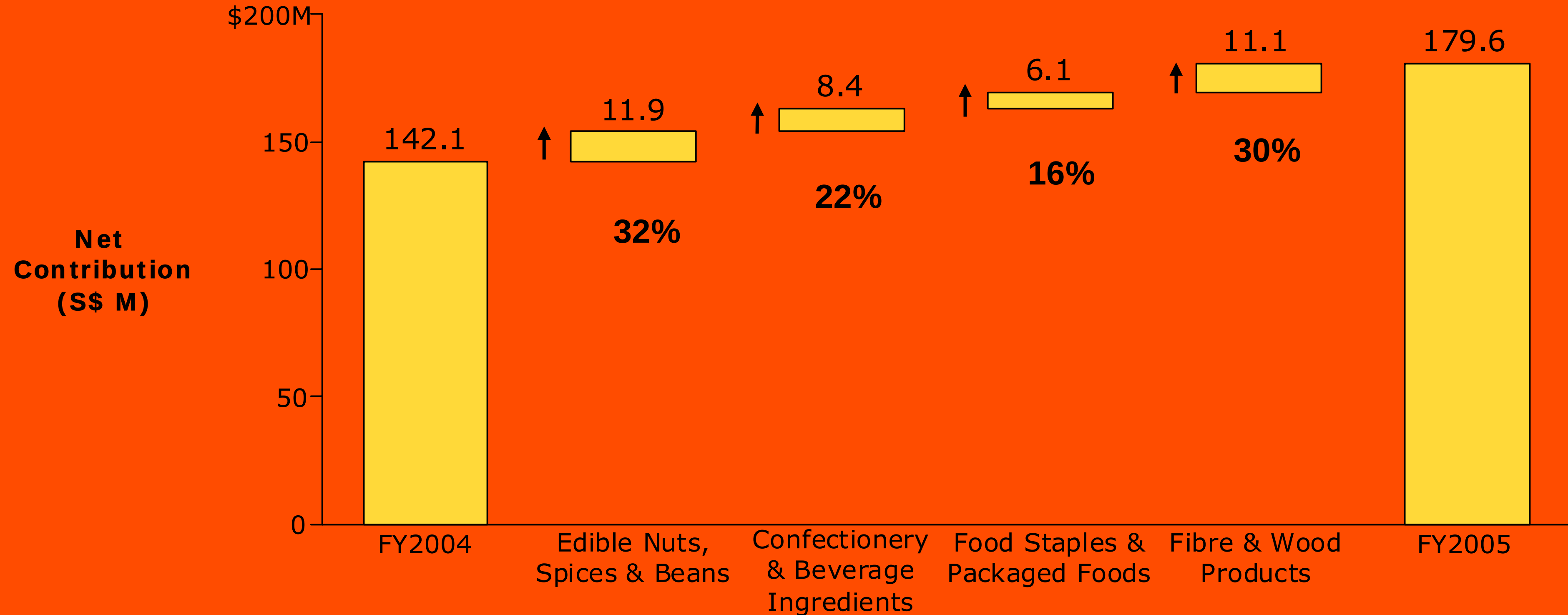


Consolidated P&L Analysis: **FY2005**

- **Net Contribution (NC) : S$179.6 million**
  - 26.4% growth over FY2004
  - NC growth across all segments

Net Contribution Growth: **Segmental Share**

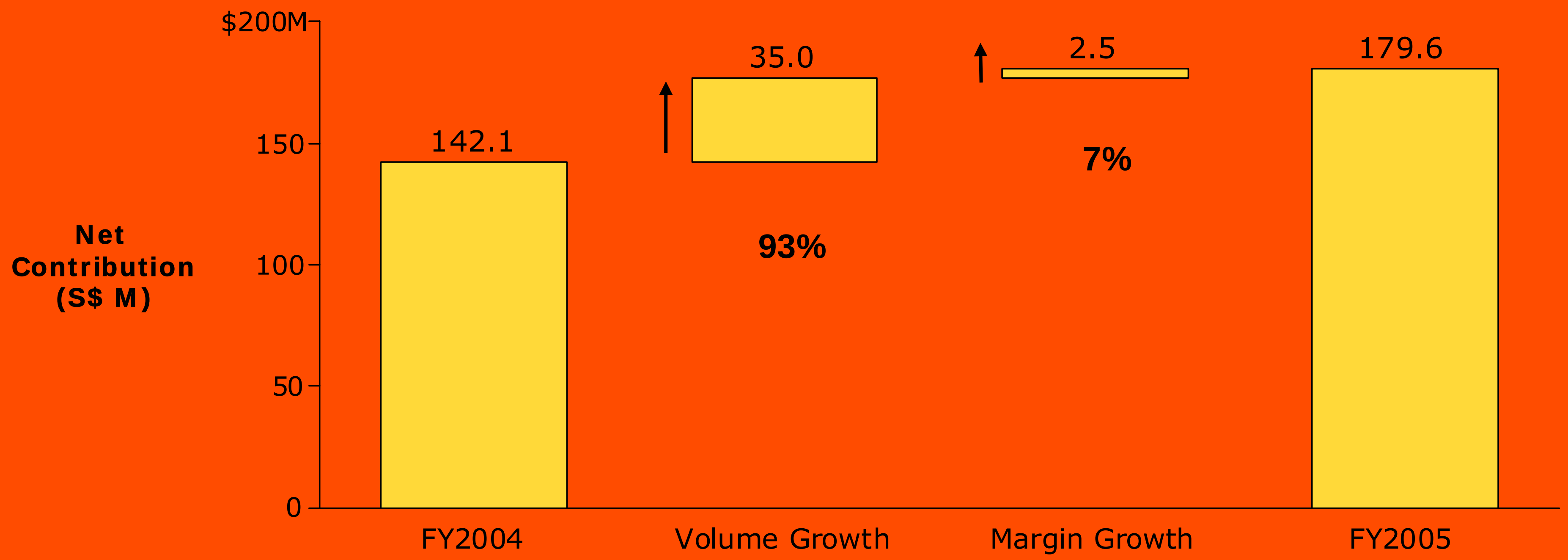
NC growth 26.4%, S$37.5 million



Growth Over FY2004: **41%** **14%** **29%** **33%**

Net Contribution Growth: **Sources**

NC growth 26.4%, S$37.5 million



Consolidated P&L Analysis: **FY2005**

- **SG&A** increased by 18.4% to S$104.7 million in FY 2005.

	FY 2005	FY 2004	Change
SG&A (S$ million)	**104.7**	**88.4**	**18.4%**
SG&A / Sales ratio	**3.11**	**3.39**	**8.3%**

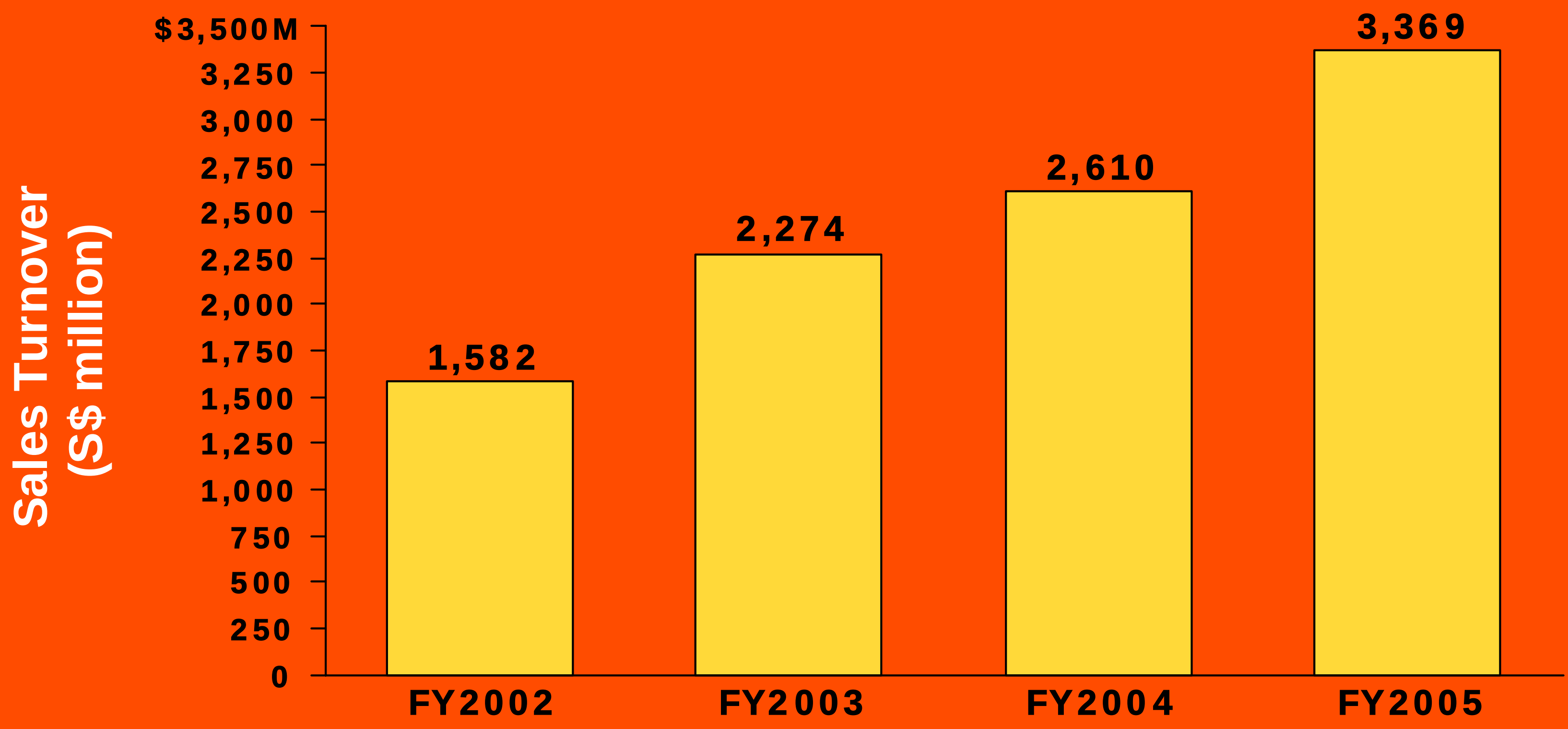
- Extracting operating leverage through better overhead productivity.

Consolidated P&L Analysis: **FY2005**

- **Net Profit After Tax (NPAT): S$67.03 million**
  - 39.4% growth over FY2004
  - NPAT margin improved from 1.84% in FY2004 to 1.99% in FY2005.

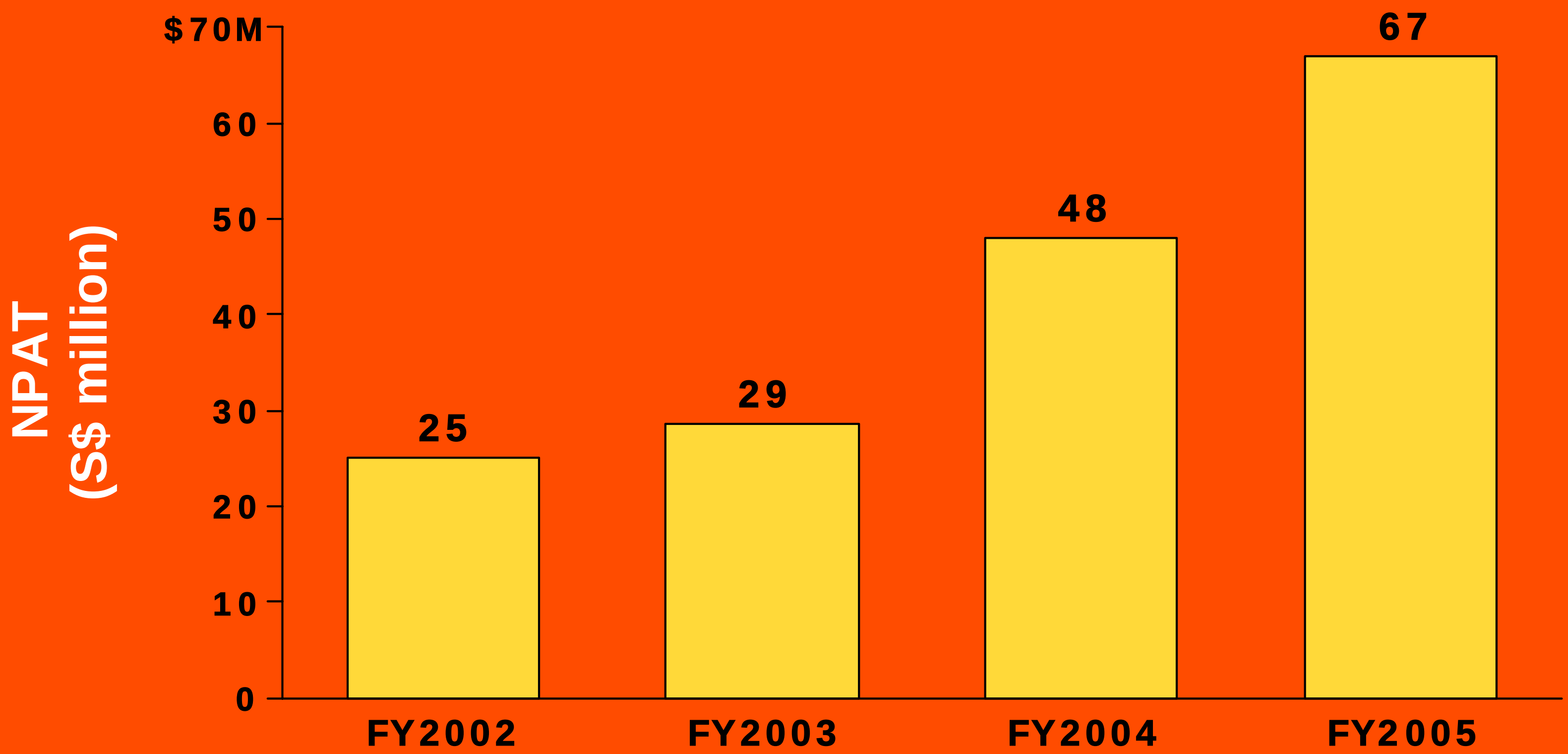
Historical Trendline Growth: **Sales Revenues**

Sales CAGR (FY2002-05) = 29%



Historical Trendline Growth: **NPAT**

NPAT CAGR (FY2002-05) = 39%



Dividends

- We are recommending a dividend payout ratio of 50% of FY2005 Net Profit After Tax (NPAT) in the form of:

Ordinary Dividend	**25% of NPAT**	**1.08 cents/share**
Special Dividend	**25% of NPAT**	**1.08 cents/share**
Total		**2.16 cents/share**

- Dividend yield is 1.93% based on closing share price on 26th August 2005 of $1.12 cents/share.
- Proposed dividend payout ratio of 50% higher than our normal dividend payout policy of 25% of NPAT due to a) strong performance, and b) re-gearing of our balance sheet to achieve a more efficient capital structure.

Results: FY2005

Segmental Analysis

Segmental Analysis FY2005: **Summary**

Olam Consolidated

• Turnover	S$3.37 billion
• Volume	2.55 mts
• NC	S$179.6 m
• NPAT	S$67.02 m

Edible Nuts, Spices & Beans

• Turnover	$566.8m
• Volume	0.396mmts
• NC	$40.9 m

• NC Share **22.8%**

Confectionery & Beverage Ingredients

• Turnover	$1345.9m
• Volume	0.588mmts
• NC	$66.9 m

• NC Share **37.3%**

Food Staples & Packaged Foods

• Turnover	$782.7m
• Volume	1.102mmts
• NC	$27.4 m

• NC Share **15.2%**

Fibre & Wood Products

• Turnover	$673.8m
• Volume	0.468m
• NC	$44.4 m

• NC Share **24.7%**

Segmental Analysis: **Edible Nuts, Spices & Beans**

	FY2005		FY2004		
Description	**Amount**	**S$/Ton**	**Amount**	**S$/Ton**	**% change**
Volume (metric tons)	395,601		300,262		↑ 31.8%
Revenue (S$'000)	566,795	1,433	391,837	1,305	↑ 44.7%
Net Contribution (S$'000)	40,931	103	29,038	97	↑ 41.0%

- 78% of NC growth was derived from Volume Expansion
- 22% of NC growth was derived from Margin Improvement initiatives

Segmental Analysis: **Confectionary & Beverage Ingredients**

	FY2005		FY2004		
Description	**Amount**	**S$/Ton**	**Amount**	**S$/Ton**	**% change**
Volume (metric tons)	588,280		496,631		↑ 18.5%
Revenue (S$'000)	1,345,915	2,288	1,031,216	2,076	↑ 30.5%
Net Contribution (S$'000)	66,887	114	58,450	118	↑ 14.4%

- 128% of NC growth was derived from Volume Expansion
- -28% of NC growth was derived from Margin Improvement initiatives

Segmental Analysis: **Food Staples & Packaged Foods**

	FY2005		FY2004		
Description	**Amount**	**S$/Ton**	**Amount**	**S$/Ton**	**% change**
Volume (metric tons)	1,101,701		896,217		↑ 22.9%
Revenue (S$'000)	782,692	710	552,911	617	↑ 41.6%
Net Contribution (S$'000)	27,389	25	21,317	24	↑ 28.5%

- 80% of NC growth was derived from Volume Expansion
- 20% of NC growth was derived from Margin Improvement initiatives.

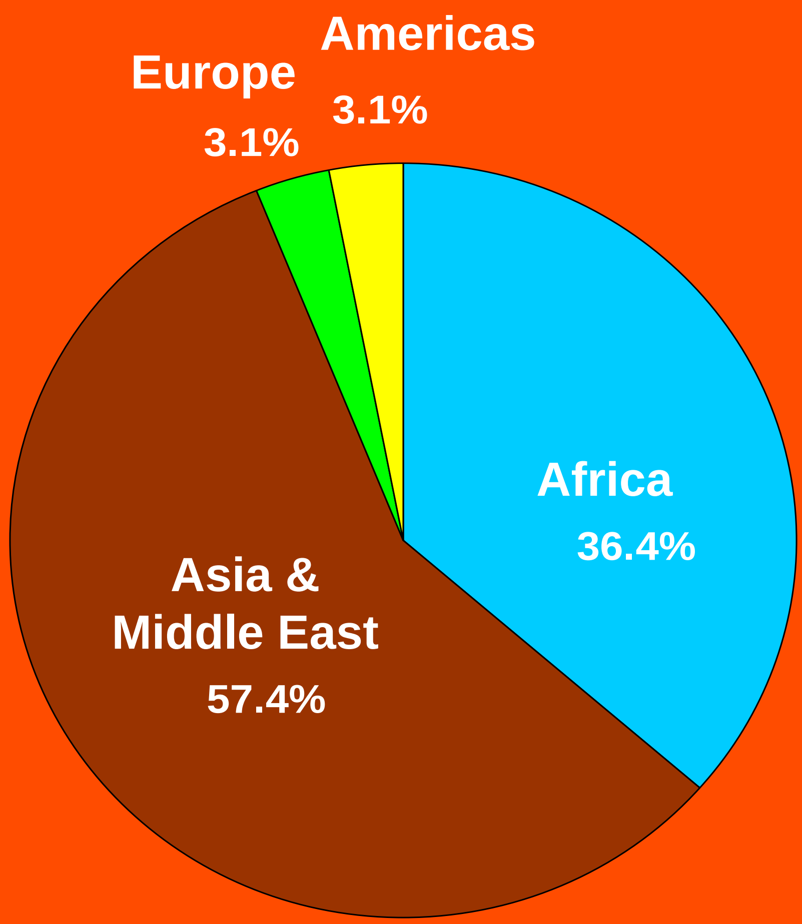
Segmental Analysis: **Fibre & Wood products**

	2005		2004		
Description	**Amount**	**S$/Ton**	**Amount**	**S$/Ton**	**% change**
Volume	467,743		358,843		30.3%
Turnover	673,835	1,441	634,385	1,768	6.2%
Net Contribution	44,390	95	33,264	93	33.4%

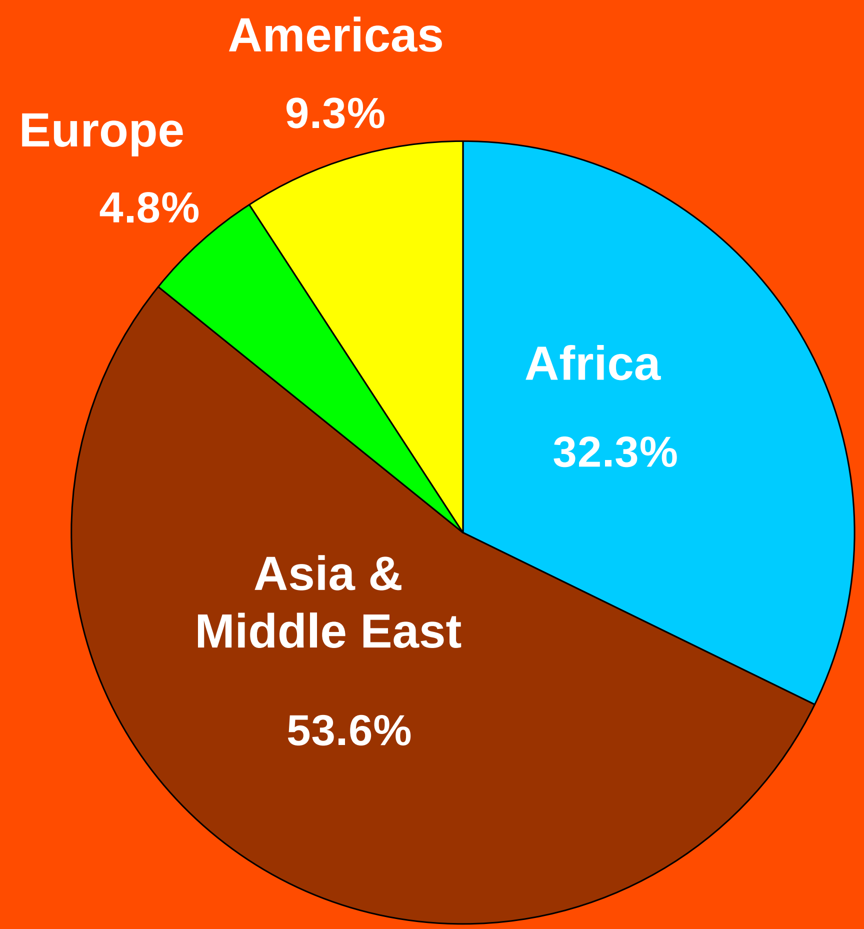
- 91% of NC growth was derived from Volume Expansion
- 9% of NC growth was derived from Margin Improvement initiatives

Well Diversified Sourcing: **Origins**

Sourcing Volume FY2004

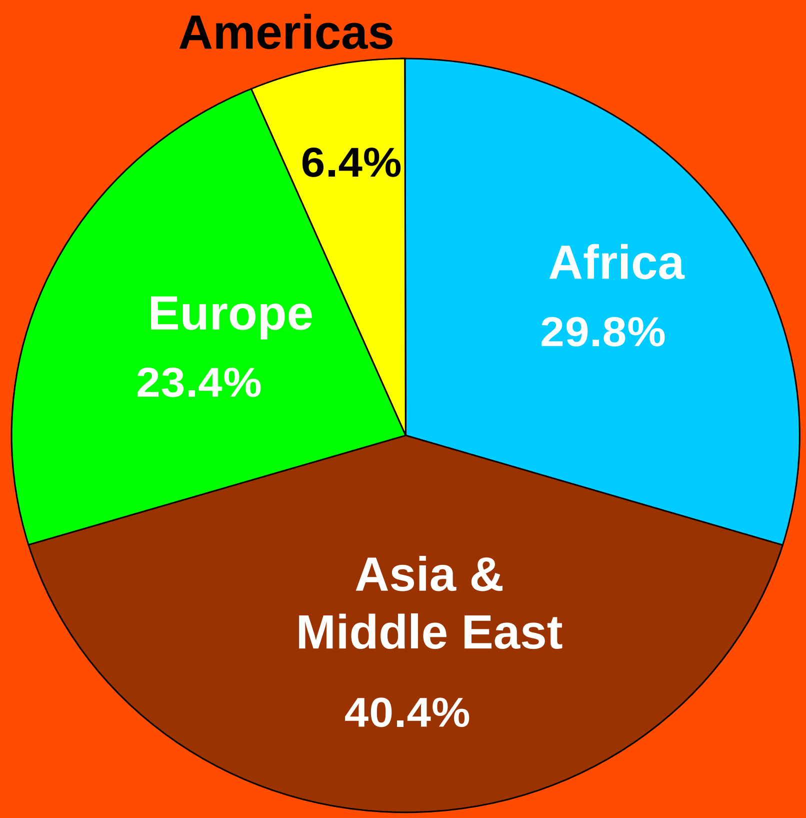


Sourcing Volume FY2005

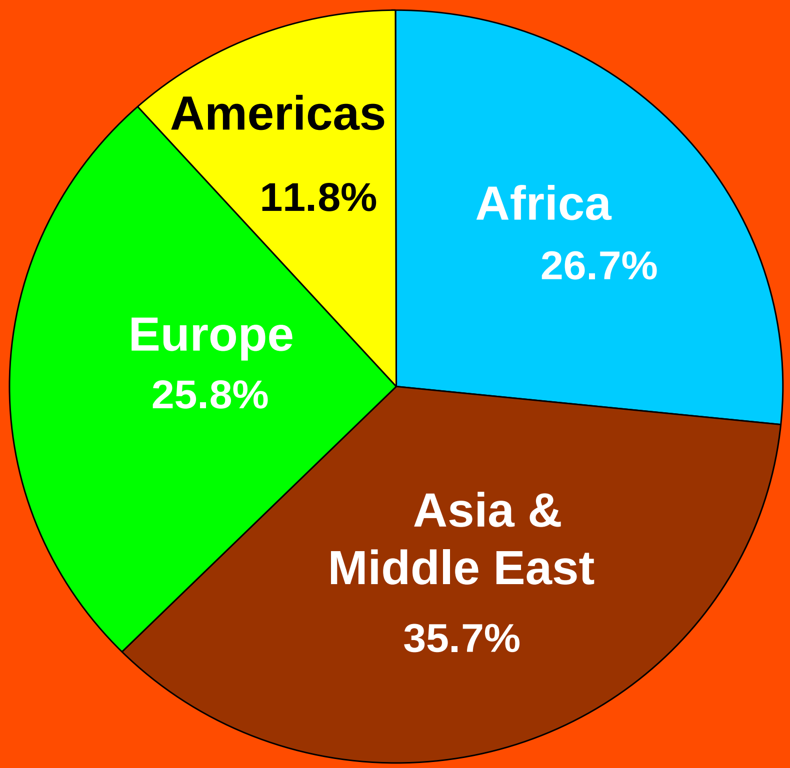


Well Diversified Sales: **Markets**

Sales Turnover FY2004



Sales Turnover FY2005



Well diversified: **Customers**

Segment	Top 5 Customer Share of Total Sales
Edible Nuts, Spices & Beans	2.6%
Confectionery & Beverage Ingredients	11.4%
Food Staples & Packaged Foods	3.0%
Fibre & Wood Products	2.3%

- **Grew customer base by 11% in existing and new markets**
- **No customer accounts for more than 5% of our sales**
- **Top 25 customers account for 28.9% of our sales**

Results: FY2005

Balance Sheet Analysis

Balance Sheet Analysis: **Summary**

(figures in S$'000)	30 Jun 2005	30 Jun 2004	% Change
Fixed Assets & Investments	39,116	21,195	84.8%
Current Assets			
Debtors	649,179	464,944	39.6%
Stocks	1,019,025	478,058	113.2%
Cash & Cash Equivalents	165,367	100,372	64.8%
Other Current Assets	268,177	177,150	51.4%
Total Assets	**2,140,914**	**1,241,719**	**72.4%**
Trade Creditors	175,026	154,976	12.9%
Borrowings	1,450,747	849,706	70.7%
Other Liabilities	18,416	47,174	(61.0%)
Net Assets	**496,725**	**189,863**	**161.6%**
Equity & Reserves	496,725	189,863	161.6%

Balance Sheet Analysis: **Ratios**

	30 Jun 2005	30 Jun 2004	Change
Current Asset Ratios			
Debtors (days)	70	65	(5)
Stock (days)	119	72	(47)
Advance to Suppliers (days)	11	14	3
Trade Creditors (days)	20	23	(3)
Current Ratio (x)	1.28	1.20	

Balance Sheet Analysis: **Debtors**

- 69.8% of Debtors secured by Letter of Credit / Docs of Title.
- Debtor quality good

Period	Percentage of Debtors*		
	< 30 days	30 to 90 days	> 90 days
FY 2005	**89.7%**	**6.0%**	**4.3%**
FY 2004	**77.6%**	**9.1%**	**13.3%**

* Company

Balance Sheet Analysis: **Stock**

(in S$ Millions)	**FY2005**	**FY2004**	**Increase**
Edible Nuts, Spices & Beans	137.2	83.8	53.4
Confectionery & Beverage Ingredients	531.9	259.1	272.8
Food Staples & Packaged Foods	294.4	110.7	183.7
Fibre & Wood Products	55.5	24.5	31.0
Total	**1,019.0**	**478.1**	**540.9**

- 87.5% of stocks sold forward or hedged
- 29.4% (S$159.2 m) of the inventory value increase is due to increase in prices of the underlying products
- 70.6 % of stock value increase due to increase in volume

Balance Sheet Analysis: **Stock**

Stocks increases mainly in two segments

- **Food staples & Packaged Foods**
  - Imports of rice into Nigeria for our Rice Milling operations
  - Higher quantity imported in some major markets in Africa to take advantage of changes in the import duty structure
- **Confectionary & Beverage Ingredients**
  - Higher coffee Arabica stocks at the year end due to the start of Coffee operations in Brazil
  - Higher stocks for cocoa & coffee for meeting VMI arrangements with key customers

Balance Sheet Analysis: **Fixed Assets**

Fixed assets

- Investment in fixed assets amounted to S$25.9 million in FY2005 as compared to S$9.9 million in FY2004. The major investments were in:
  - Purchase of Cashew Processing Facility in Brazil
  - Setting up Rice Milling Facility in Nigeria
  - Expansion of Cashew processing facility in Vietnam
  - Setting up of Coffee processing facility in India and Uganda
  - Enhancing procurement and logistics infrastructure in Ghana, Gabon and other origins

Balance Sheet Analysis: **Cash & Borrowings**

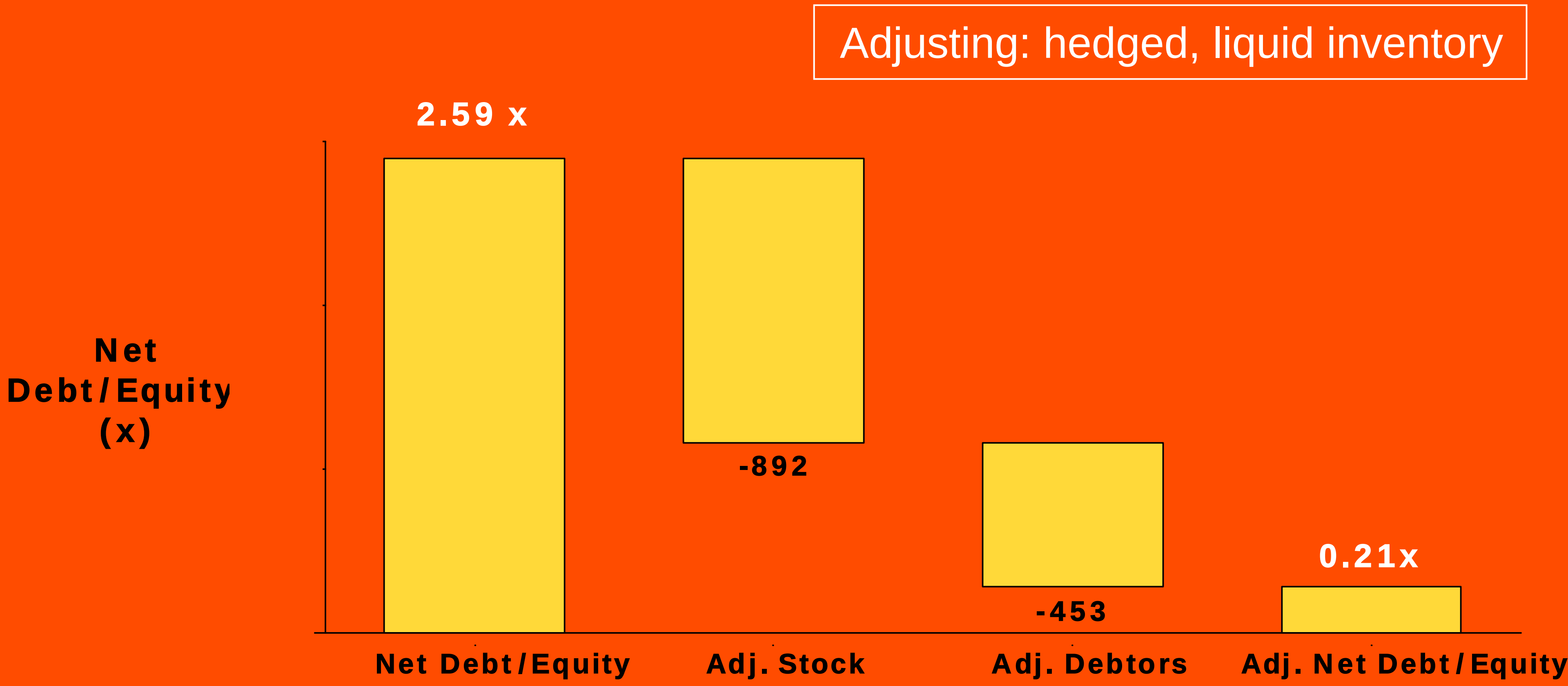
- **Cash and Fixed Deposits** increased by 64.8% to S$165.4 million
- **Borrowings**:
  - Increase of 70.7% over previous year
  - Only 55.1% of out total credit facilities used

(in S$ million)	30 Jun 2005	% Share
Short Term Banking Facilities	1,234.6	46.9%
Committed Banking Facilities	456.3	17.3%
Islamic Financing	141.0	5.4%
MTN	800.0	30.4%
Total	**2,631.9**	**100.0%**

Balance Sheet Analysis: **Gearing**

	30 Jun 2005	30 Jun 2004	Change
Leverage (x)			
Gross Debt to Equity (x)	2.92	4.40	1.48
Net Debt to Equity (x)	2.59	3.95	1.36
Interest Coverage (x)	2.71	2.78	(0.07)
Liquidity			
Cash to Sales (%)	4.91	3.85	1.06
Cash & Cash Equivalents	165.4 m	100.4 m	65.0 m

Balance Sheet: **Analysis of Gearing**



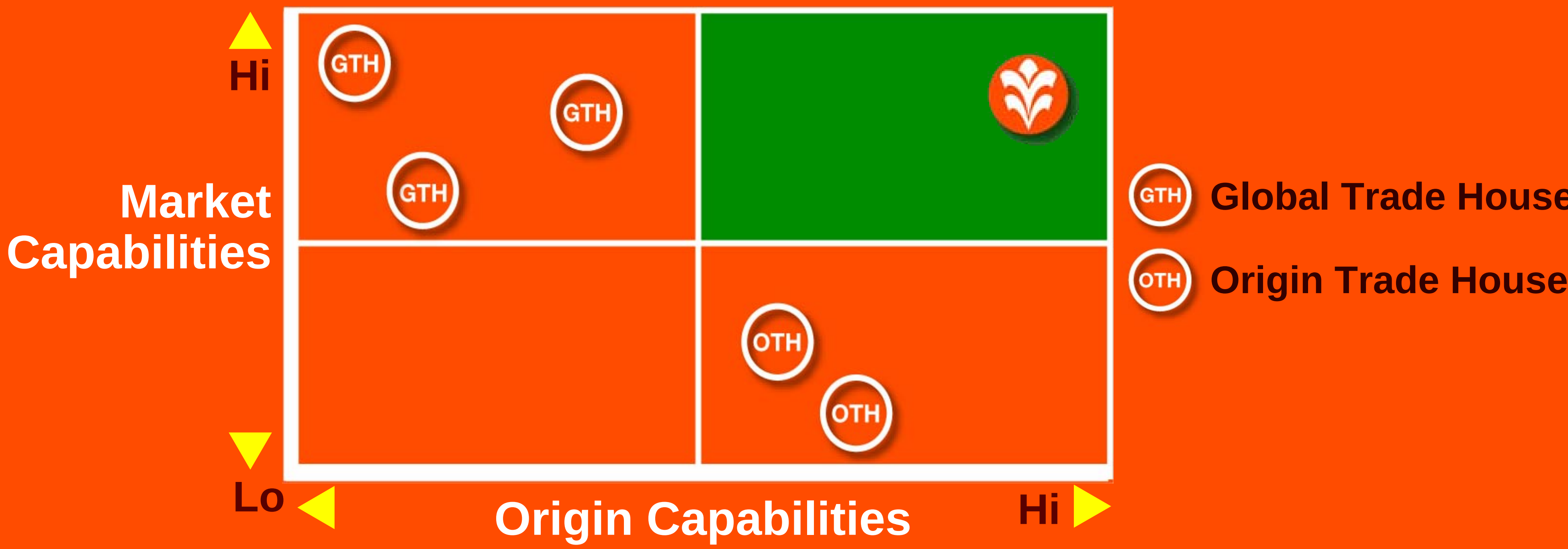
Balance Sheet Analysis: **Cash Flows**

S$ Millions	FY 2005	FY 2004
Operating profit before reinvestment in Working Capital	131.7	95.3
Net Cash used in operations	(713.6)	(188.3)
Cash used in operations after adjustment for hedged inventory	(59.6)	11.0
Net cash used in Investment Activity	(26.6)	(8.7)
Cash from operating activities (NPAT + Depreciation and amortization)	74.6	52.8
Net Change in Fixed Assets	(26.6)	(8.7)
Cash generated from operations	48.0	44.1

Strategy Update

Deepening Unique Competitive Position

Extending Competitive Advantage Period



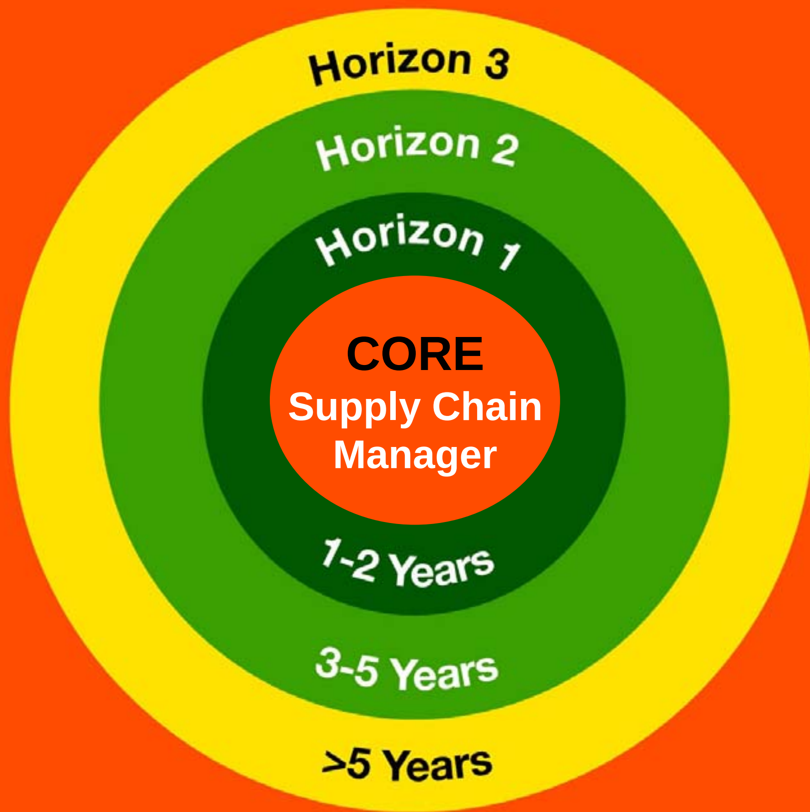
- Combining origin & destination market capabilities

Our Organic Growth Strategy: **Scalability & Replicability**

Growth Adjacency Criteria

- Customer Sharing
- Channel Sharing
- Cost Sharing
- Capability Sharing

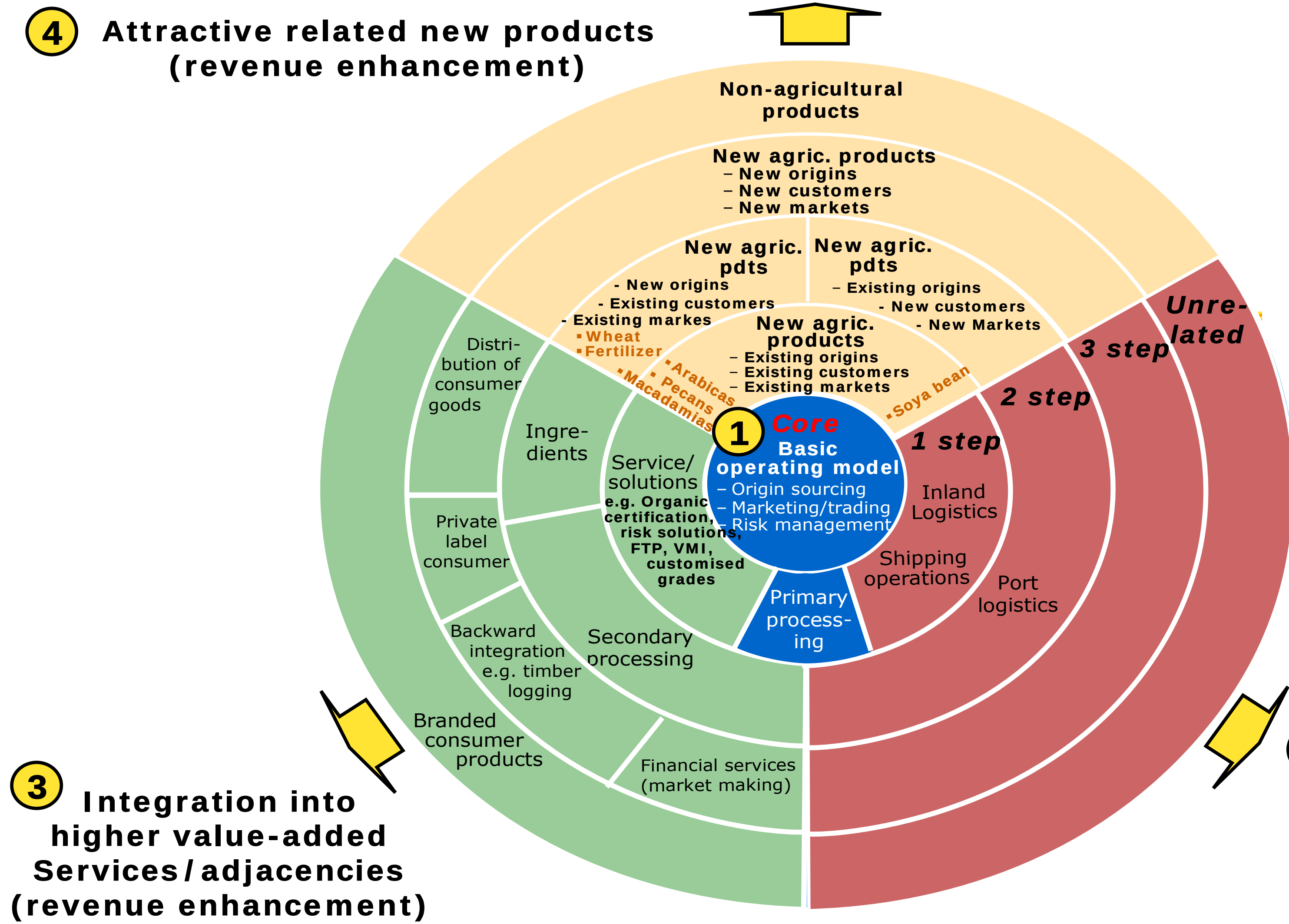
Planning for Multiple Time Horizons



Growth Adjacency Vectors

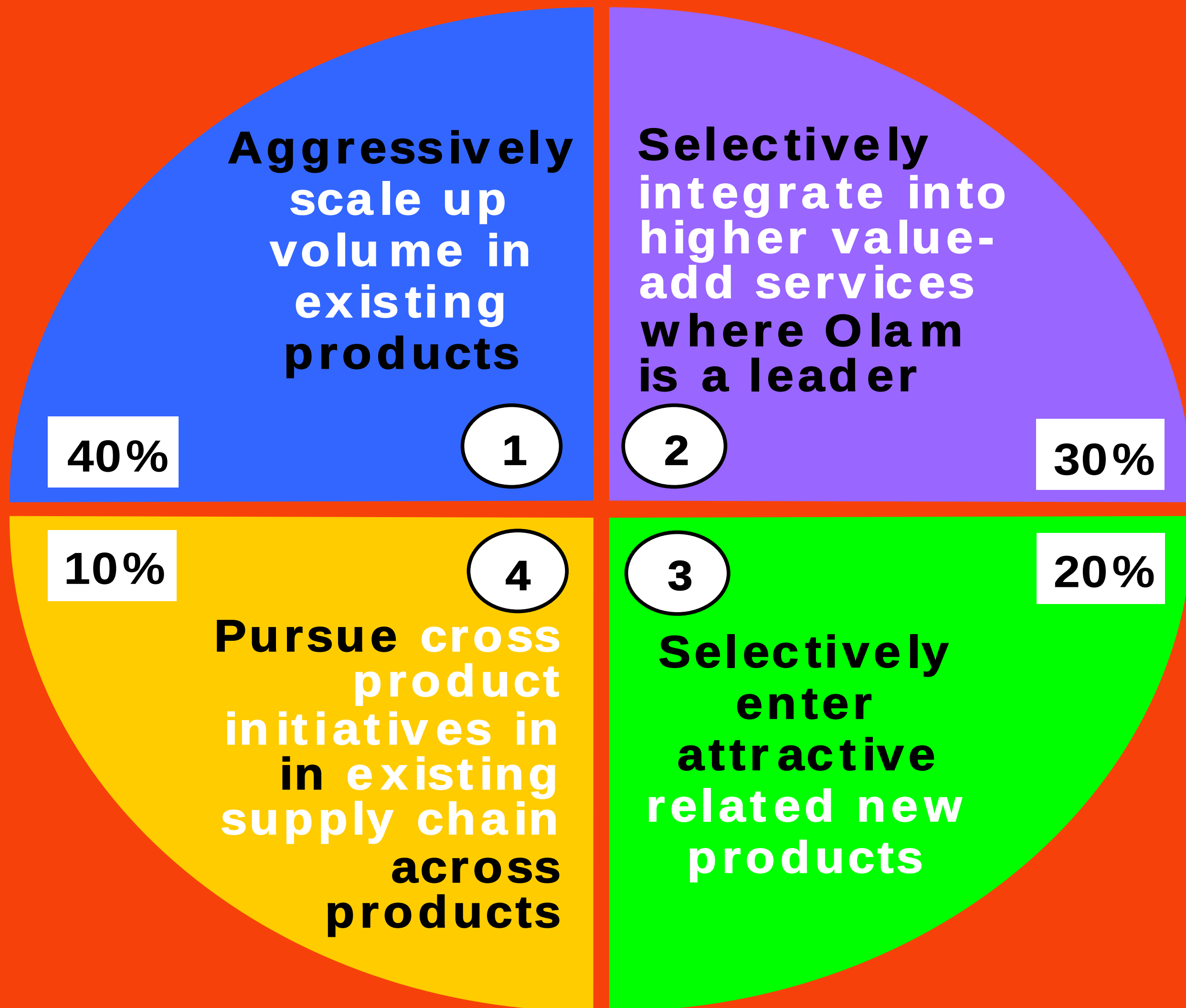
- Product Adjacency
- Geography Adjacency
- Value Chain Adjacency

We have identified 4 main pathways for growth centered around our Core



Adjacencies are assessed based on
- Cost sharing
- Customer sharing
- Channel sharing
- Capability sharing
- Competitor acid test

Organic growth Strategy: 4 Key Strategic Pathways to Grow Profits (2005-2011)



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Capital Expenditure Plans:

- We plan to invest S$200 million in capital expenditure over 40 projects over the next 6 years. These projects will be evaluated on 2 dimensions

Financial attractiveness

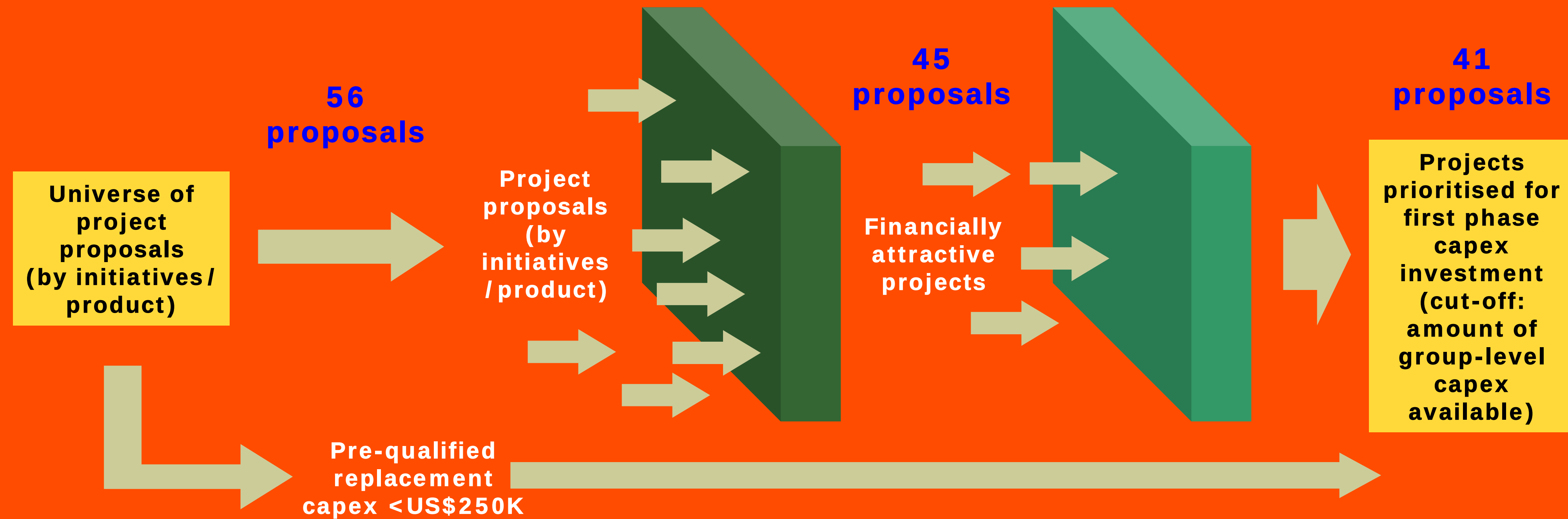
Weighted average of:

- Net present value
  (threshold is positive NPV)
- Internal rate of return
  (threshold is 6% spread over WACC)
- Payback period

Strategic attractiveness

- Strategic necessity
- Olam winnability
  - Proximity to the core
  - Olam's competitiveness
  - Execution risk
- Asset risk
  - Investment size
  - Geographic concentration
  - Product priority/Concentration

Capital Expenditure Screening



	Pre-qualifer	1st screen	2nd screen
Description:	• To pre-qualify replacement capex for 'business as usual'	• To pass through financially-attractive projects through to 2nd screen	• To identify priority projects and determine sequencing of investments
Criteria:	• <US$150K per project approval delegated to business unit • >US$150K projects must be put through screen • Aggregate limit US$300K	**Weighted average of:** • Positive NPV (@ country-specific cost of equity) • Payback period (<4 yrs) • IRR (>20%)	• Financial attractiveness (PAT/investment used as proxy) • Strategic assessment: – Strategic necessity – Olam winnability – Asset risk

2nd screen: Strategic assessment

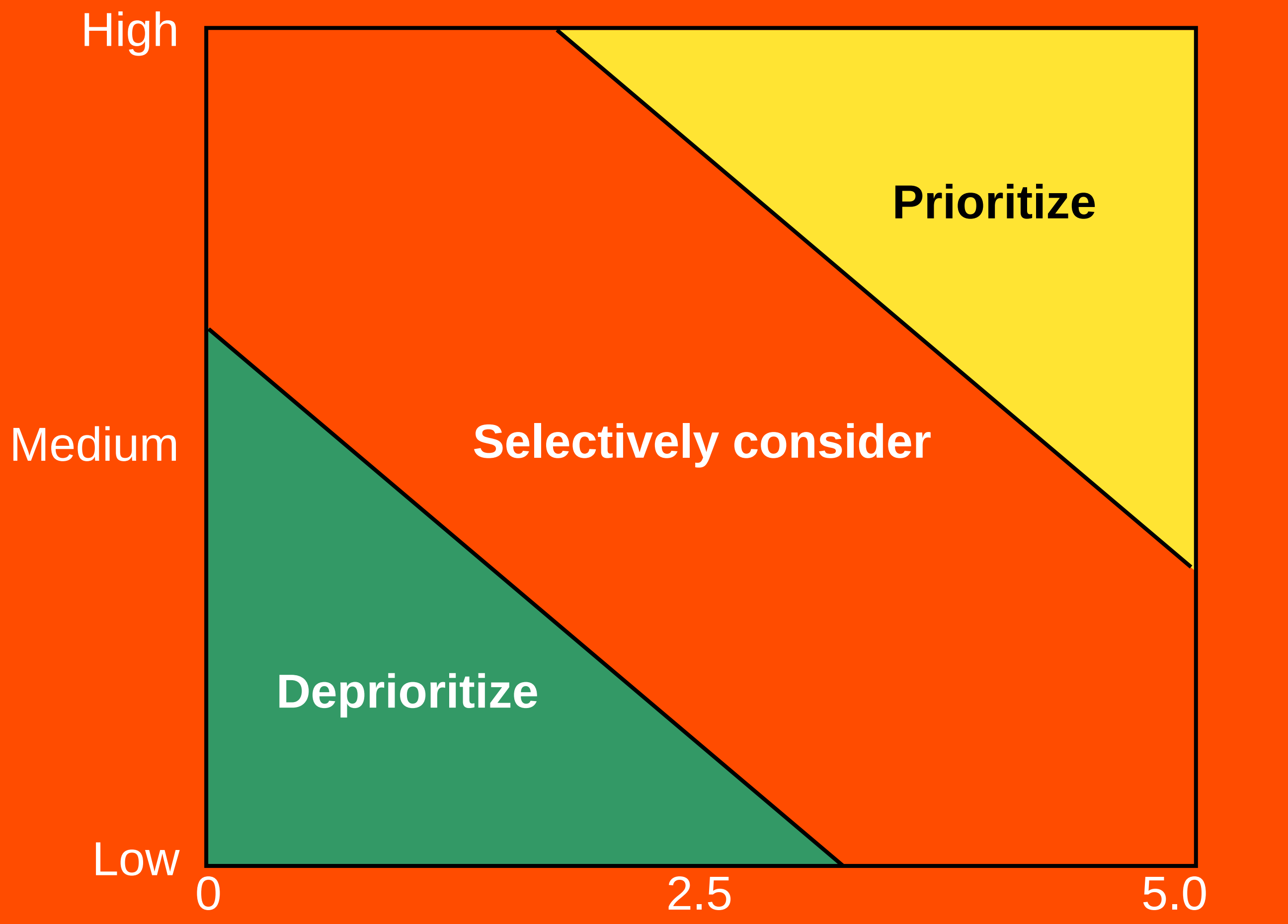
2) Strategic assessment

Criterion	1	2	3	4	5	Score		Weighting
a) Strategic necessity	Not critical to participate or possible to outsource at low risk to existing business		Participation can potentially improve current business but able to maintain current business without entering		Critical 'strategic choke point'; participation essential to sustain existing business		X	33%
b) Olam winnability								
i) Proximity to the core	≥3-step	3-step	2-step	1-step	Core		X	11.1%
ii) Olam's competitiveness	Very low		Jury is out		Leadership likelihood		X	11.1%
iii) Execution risk	Low confidence to execute		Able to acquire competencies		High confidence to execute		X	11.1%
c) Asset risk								
i) Size	>$10M	>$5M -≤10M	>$1M- ≤5M	>$300K- ≤$1M	≤$300K		X	11.1%
ii) Geographical concentration	Group 1	Group 2	Group 3	Group 4	Group 5		X	11.1%
iii) Product concentration	<5% of 2005 PAT - Spices - Peanuts/Almonds - Sugar	5-7.5% of 2005 PAT - Sesame	7.5-10% of 2005 PAT - Cashew	10-15% of 2005 PAT - Cotton - Timber - Rice	>15% of 2005 PAT - Cocoa		X	11.1%
								100%

Prioritisation of Capital Expenditure Initiatives

Financial attractiveness

- NPV
- IRR
- Payback



Strategic assessment

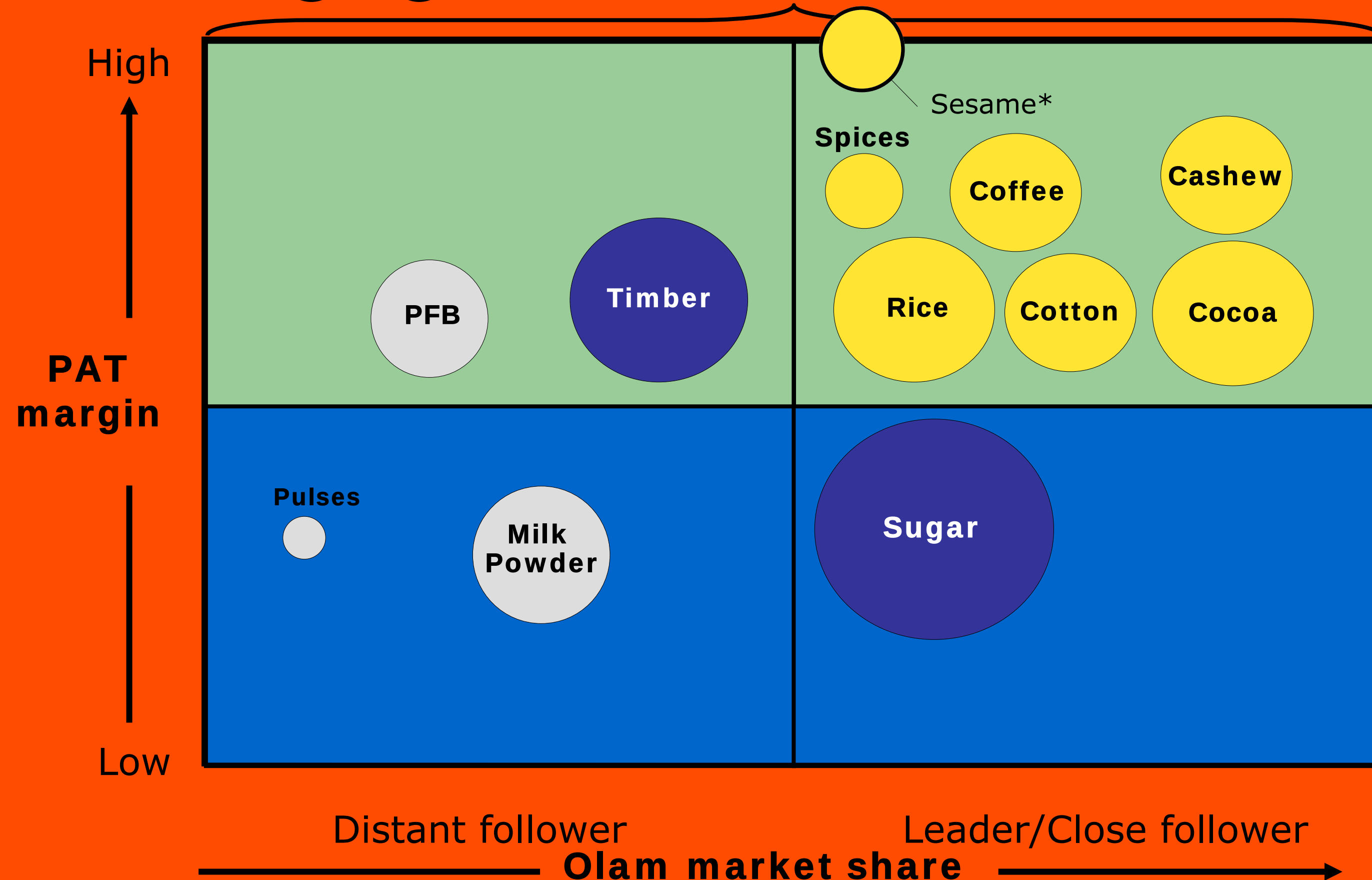
- Strategic necessity
- Olam winnabilty
- Asset risk

Olam: Organic Growth Strategy - significant headroom

4 New products

1. Pecans
2. Macadamia
3. Pinenuts
4. Walnut
5. Soyabean
6. Whey powder
7. Wheat
8. Pulses & Beans
9. PFB

1 & 3 Core and backward/forward integration



- Shipping operations
- Port & Inland logistics
- Solutions and services

2 Cross Product Opportunities

Growth Strategy

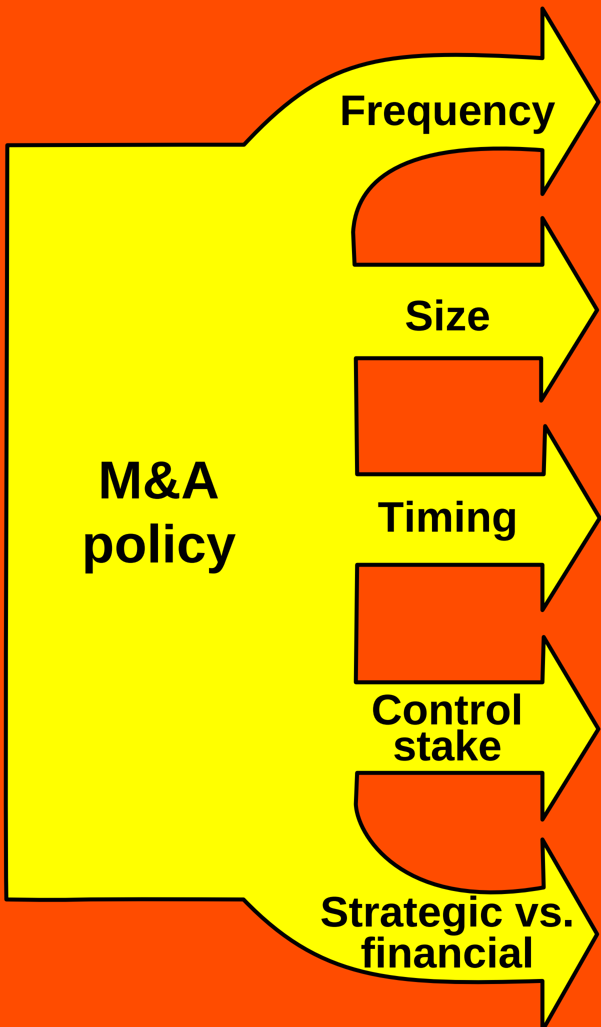
- **Past: only organic growth**
- **Future: Combining organic and inorganic growth**
- **Why inorganic growth?**
  - Organic growth rate will slow at the end of the current strategic planning period (2011) as we will build leadership position in most of our businesses with high absolute market share
  - Accumulation of both financial and managerial resources to support additional growth opportunities available
  - M&A capability takes several years to develop and we would like to start now to build this capability
  - Key competitors of Olam have successfully used acquisitions as a growth engine.

Growth Strategy: Inorganic Growth

When should Olam consider M&A?

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

Olam: M&A framework & policy



M&A Policy

- Olam should seek to build its M&A expertise over a multi-year period through a series of small deals (string of pearls)

- Sweet spot deals: 5%-10% of market cap
- Maximum deal size: 10% of market cap
- Maximum deal value per annum: 15% of Olam market capitalisation

- Olam should make acquisitions throughout economic cycles and not try to time the market

- Olam should only seek to do deals where it is possible to acquire a controlling stake or management control

- Olam should not enter into deals purely based on 'P/E arbitrage' opportunities

Building M&A capabilities

Build a standing deal team

- **Build a core M&A team**
- **Same** core team gets involved in **all deals**
- Team is long on **transactional experience**
- **Dedicate** 100% when deal activity and complexity are high
- Nurture **continuity** of core deal team

Commit line expertise

- Involve product line staff **early on**, in all parts of the deal process
- Get the **same** product line staff involved in **due diligence and integration**
- Hold the product line staff accountable for long-term results
  - Require them to **approve** deals and **commit to** realizing the target synergies

Institutionalize deal-making process

- Set clear **M&A policy** and target assessment criteria
- **Codify** and **document** M&A policy and target assessment criteria into a playbook
- **Institutionalize** the deal-making process
- Absorb knowledge gained from each deal through **post mortems**

Kill the deal fever

- Set a **walk-away price**
- **Delineate**:
  - Who recommends
  - Who provide input
  - Who decides
- Insist on **high-level approval**
  - Board approval for big deals or deals outside the core
- Use **incentive system** to drive the “right” deals, not any deals

Investment Appraisal Framework

1	**Valuation (standalone)**	• How much is the target worth as it stands? • What is the full potential the target can reach by itself?
2	**Valuation (synergy)**	• What revenue, cost and operational synergies can Olam realise through the acquisition of the target and vice-versa? • What is the likelihood (realization probability) of capturing each synergy area? • What is the synergy to standalone ratio? - What is the incremental value being created by Olam (is 1+1 > 2?)?
3	**Business Fit**	• How related is the target to Olam's core? • Does the target have an acceptable asset intensity for Olam?
4	**Strategic importance**	• Does the target significantly improve Olam's competitive positioning? • Is the target likely to give Olam control over strategic chokepoints? • Can the transaction overcome barriers to entry in a key industry? • Will Olam acquire new capabilities as a result of the transaction?

Investment Appraisal Framework

5	**Deal complexity**	• Are there any target specific issues that make executing the deal difficult, e.g. target's current ownership structure etc.? • Is the target a potential chapter 11 or in default?
6	**Key risks**	• Is the business volatile and are earnings expected to fluctuate/diminish? • Does the deal entail taking on a significant asset risk? • Are there regulatory/political issues that may affect the target? • How critical/difficult is it to retain top management post acquisition? • What should the story be articulated to the investor community, and what are the likely questions they may have?

Key Investment Merits

- Strong financial track record
- Proven growth model
- Unique competitive position
- Well-diversified across businesses, geographies & customers
- Risk management is a core competence
- High governance standards & world class investors
- Strong Management
- Strong prospects & high growth potential

Thank You