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## **NEWS RELEASE**

### **OLAM INTERNATIONAL TO ACQUIRE BRITANNIA FOOD INGREDIENTS AND BRITANNIA STORAGE AND DISTRIBUTION FOR AN ENTERPRISE VALUE OF £33.5M**

*Singapore, January 31, 2011* – Olam International Limited (“Olam” or “the Company”), a leading global, integrated supply chain manager and processor of agricultural products and food ingredients, today announced that it plans to acquire 100% of equity interests in Britannia Food Ingredients Holdings Limited (“BFI”) and Britannia Storage and Distribution Limited (“BSD”) for a combined enterprise value of £33.5 million (approximately US\$50 million).

Olam will initially acquire 85% of equity capital in BFI and 100% of BSD, and then acquire the remaining 15% interest in BFI within the next three years at a pre-agreed valuation.

#### **About BFI**

Established in 1996 in Goole, Yorkshire England, BFI is one of the leading independent suppliers of speciality fats to the confectionery and snack food industries in the UK. Their product categories include Cocoa Butter, Cocoa Butter Equivalents, Filling Fats, Reduced Saturate Frying Oils and Dairy Butter Oil. BFI is an accredited ingredient supplier to the leading confectionery and food majors with an operating history of 15 years. It is recognised for its brand of R&D, innovation, quality and service.

The transaction involves the acquisition of BFI’s key assets and processing capabilities, which comprise melting plants, blending and refining facilities with a total capacity of 70,000 metric tonnes per annum. The plant also has warehousing, tank storage, modern packing, R&D and analytical laboratories. The BFI facilities are located on a 7-acre plot of land that provides significant scope for expansion.



In addition, BFI possesses significant expertise in developing innovative product formulations in conjunction with their customers, who have enabled them to build a strong brand and franchise in the industry.

### **About BSD**

BSD is a logistics service provider to the confectionery fats industry based in Goole and Ipswich. It manages warehousing facilities, tank storage and operates its own trucking services. This provides a vital link to ensure timely and cost competitive delivery of oils and fats from the ports of Felixstowe and Liverpool to BFI and other customers.

Olam's Managing Director and Global Head for Cocoa, Gerry Manley commented: "This investment represents a further step towards integrating our business as a leading supplier of high quality cocoa ingredients and confectionery fats to the chocolate industry. BFI offers us the ability to supply refined liquid deodorised cocoa butter and other speciality fats. We will be in a position to provide a fully traceable integrated supply chain of cocoa products from bean sourcing, processing and final delivery to our customers."

Philip Nash, Managing Director of BFI, said: "It is my belief that the coming together of Olam and Britannia Food Ingredients will offer customers many exciting prospects for the future with each business complementing the other to present an integrated supplier to the confectionery industry."

### **Investment Rationale and Strategic Fit**

The acquisition of BFI signifies the continuous execution of Olam's global cocoa strategy to integrate its supply chain into value-added midstream processing, including intermediate cocoa ingredients and serve the growing requirements of the global chocolate industry.



Olam is one of the largest block butter supply chain managers from independent factories in Africa, Asia and South America. BFI will significantly improve Olam's position in the cocoa ingredients space with its strong presence in the speciality fats business and direct customer access.

Olam will provide BFI with marketing, hedging and ratio management expertise, market information and analysis as well as risk management solutions to customers.

The combination of Olam as an origin cocoa bean supplier processor, and BFI as a recognised, independent supplier with an accredited factory, will be well positioned in the market to meet the requirements of their combined customer base.

The transaction also offers customer sharing and product development synergies with Olam's Sheanut, Edible nuts, Palm and Dairy businesses. This vertical integration will offer BFI, which procures sheanuts for cocoa butter equivalents, palm fractions for numerous confectionery fat applications and dairy products for its butter oil business, the ability to access Olam's position in the supply of these products and further Product development and application.

### **Financial Impact**

The acquisition would be funded through internal accruals. The acquisition will be both value and earnings accretive from the first full year after consolidation. BFI grossed a turnover of £119 million in FY2010 and is expected to deliver revenues of £150 million, equity IRR of approximately 39% and steady state ROE of around 34%.

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**Note:**

*This release should be read and understood only in conjunction with the Olam International Limited's presentation slides on the same subject lodged on SGXNET on January 31, 2011.*



### **About Olam International Limited**

*Olam International is a leading global integrated supply chain manager and processor of agricultural products and food ingredients, sourcing 20 products with a direct presence in 64 countries and supplying them to over 11,100 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, 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 capitalization and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index. Olam is the only Singapore firm to be named in the 2009 and 2010 Forbes Asia Fabulous 50, an annual list of 50 big-cap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*

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