

Olam International Limited

FY2011 First Quarter Results Briefing

11th November 2010 | Singapore

DELIVERING OUR STRATEGY



Notice

This presentation should be read in conjunction with Olam International Limited's First Quarter, Q1FY2011 Financial Results for the period ended 30th September 2010 statement lodged on SGXNET on 11th November 2010.

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 First Quarter FY2011 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.

Q1FY2011 Results Briefing: Agenda

Q1FY2011 Results:

-  **Consolidated P&L Analysis**
-  **Segmental Analysis**
-  **Balance Sheet Analysis**

Q1FY2011 Results: Consolidated P&L Analysis



Q1FY2011 Results: Summary

(in S\$ million)	Q1FY2011	Q1FY2010	% Increase
Sales Volume (MMT)	1.582	1.307	21.1
Sales Value	2,451.1	1,876.7	30.6
Net Contribution (NC)	202.9	144.5	40.5
NC/ton	128	111	17.0
Profit Before Tax (PBT)	35.6	21.4	66.9
Profit After Tax (PAT)	29.7	19.0	56.0

Q1FY2011 Results: Sales Volume

Sales Volume: 1.582 million metric tons

 Volume grew by 0.276 million metric tons

 21.1% growth over Q1FY2010

 Volume growth across all 4 segments

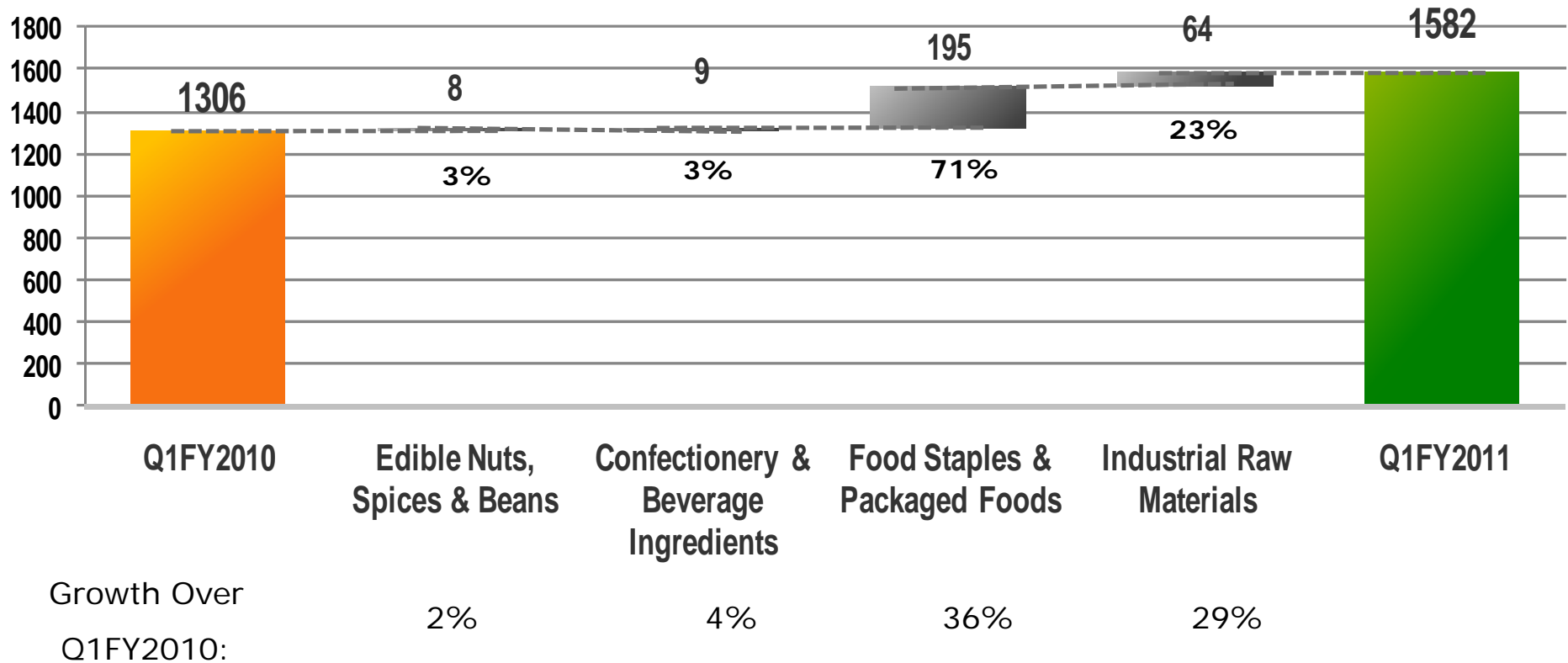
Q1FY2011 Results: Sales Volume

	Q1FY2011 (MT/'000)	Q1FY2010 (MT/'000)	% Change
Edible Nuts, Spices & Beans	328	320	2.4
Confectionery & Beverages Ingredients	232	223	3.8
Food Staples & Packaged Foods	735	539	36.2
Total Food Category	1,294	1,083	19.5
Industrial Raw Materials	288	224	28.7
Consolidated Total	1,582	1,306	21.1

Sales Volume Growth: Segmental Contribution




Sales Volume growth 21.1%, 0.276 mmts

Sales Volume
(1,000 Mts)



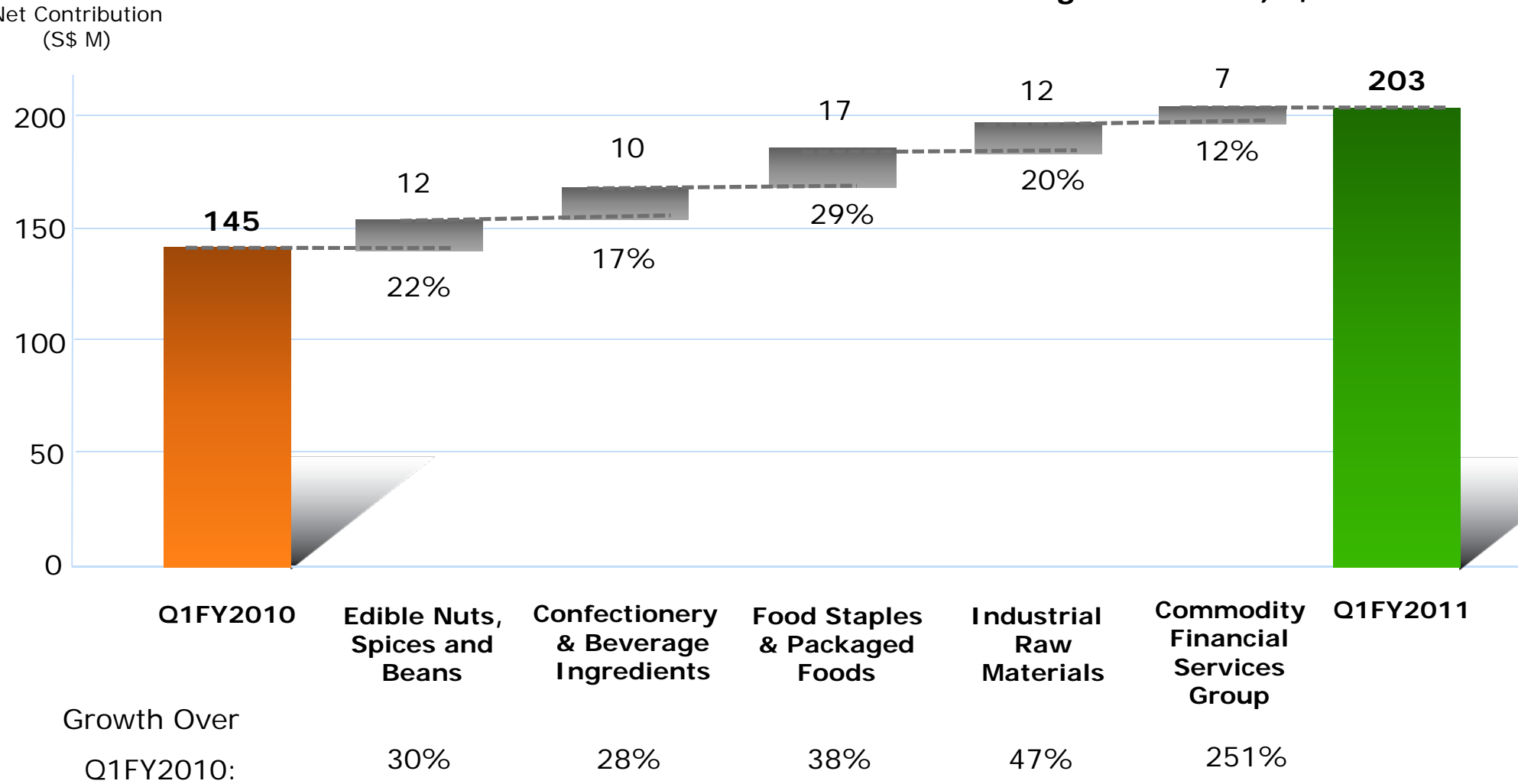
Q1FY2011 Results: Net Contribution

Net Contribution (NC): S\$202.9 million

-  40.5% growth over Q1FY2010
-  NC growth across all 5 segments
-  NC per ton increased from \$111/ton in Q1FY2010 to S\$128/ton in Q1FY2011

Net Contribution Growth: Segmental Share

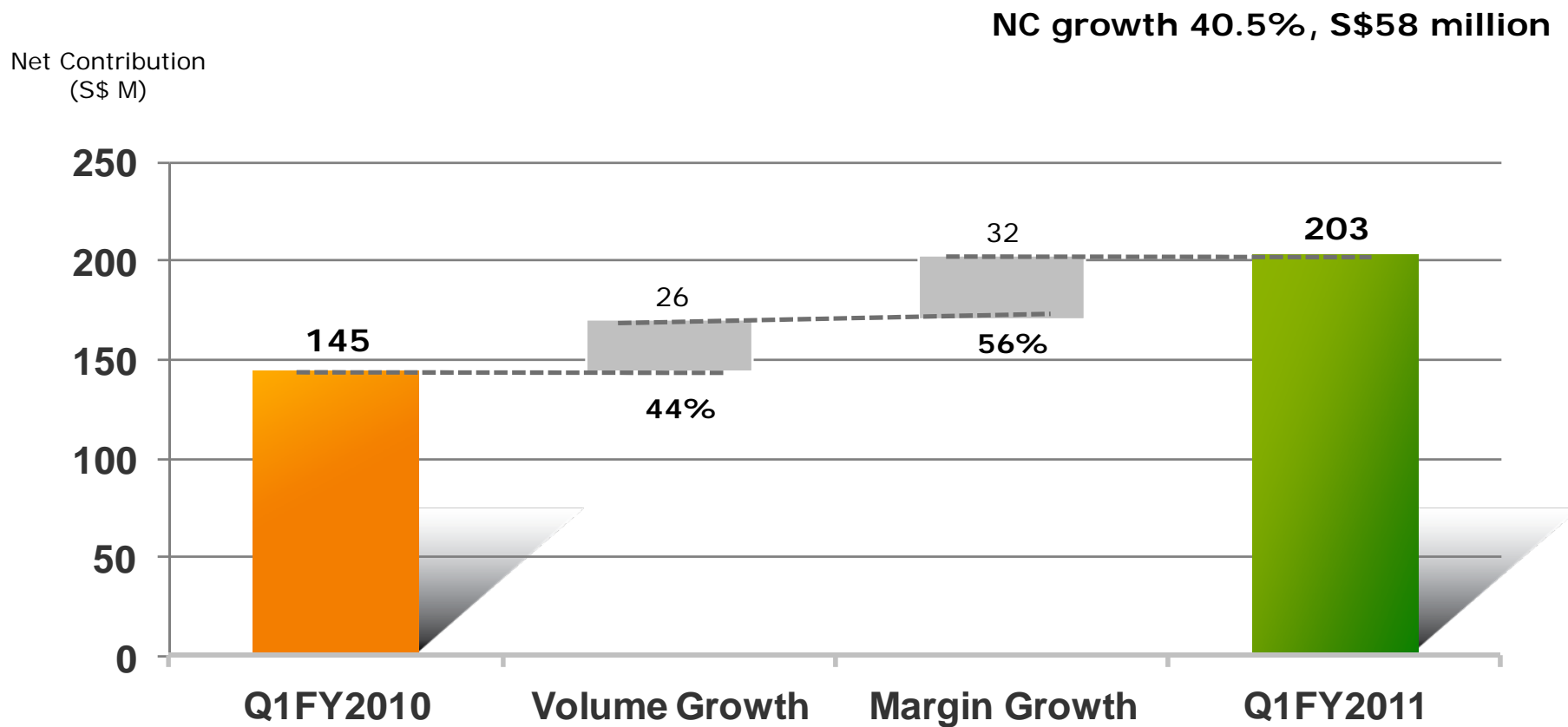
NC growth 40.5%, S\$58 million



Net Contribution Growth: Segmental Share

	Net Contribution			Net Contribution / MT		
	Q1FY2011 S\$million	Q1FY2010 S\$million	% change	Q1FY2011 S\$	Q1FY2010 S\$	% change
Edible Nuts, Spices & Beans	55.2	42.6	29.6	168	133	26.5
Confectionery & Beverages Ingredients	44.1	34.5	27.9	191	155	23.2
Food Staples & Packaged Foods	62.5	45.2	38.1	85	84	1.4
Food Category Total	161.8	122.3	32.3	125	113	10.7
Industrial Raw Materials	36.7	25.0	46.9	128	112	14.2
Commodity Financial Services Group	4.4	(2.8)	251.3	-	-	-
Consolidated Total	202.9	144.5	40.5	128	111	16.0

Net Contribution Growth: Sources



Impact of FRS 102

- 🌿 The impact of FRS 102 on the Financial Statements is as follows:

	Q1FY2011 S\$'000	Cumulative S\$'000	Future Charge S\$'000	Total S\$'000
ESOS	8,480	28,301	43,324	80,105

Q1FY2011 Results: Overhead Expenses



Overheads Expenses increased by 31.3% to S\$147.1 million in Q1FY2011

	Q1FY2011	Q1FY2010	Change
Overheads Expenses (S\$m)	147.1	112.0	31.3%
Overheads/Sales Ratio	6.0%	6.0%	-

Q1FY2011 Results: Key Metrics

Net Profit After Tax: S\$29.7 m

- **56.0% growth** over Q1FY2010

Earnings per Share (EPS)

- **1.44 cents/share** Q1FY2011 vs **0.96 cents/share** Q1FY2010 (based on weighted average no. of shares)
- **50.2% growth** over Q1FY2010

Net Asset Value (NAV before fair value adjustment)

- **98.74 cents/share** Q1FY2011 vs **99.98 cents/share** Q1FY2010

Q1FY2011 Results: Segmental Analysis



Segmental Analysis Q1FY2011: Summary

Olam Consolidated

- Turnover **S\$2,451 million**
- Volume **1.582 mmts**
- NC **S\$202.9 m**
- NPAT **S\$29.7 m**

Edible Nuts, Spices & Beans

- Turnover **\$425 m**
- Volume **0.328 mmts**
- NC **\$55.2 m**
- NC Share **27%**



Confectionery & Beverage Ingredients

- Turnover **\$733 m**
- Volume **0.232 mts**
- NC **\$44.1 m**
- NC Share **22%**



Food Staples & Packaged Foods

- Turnover **\$721 m**
- Volume **0.735 mmts**
- NC **\$62.5 m**
- NC Share **31%**



Industrial Raw Materials

- Turnover **\$572 m**
- Volume **0.288 mmts**
- NC **\$36.7 m**
- NC Share **18%**

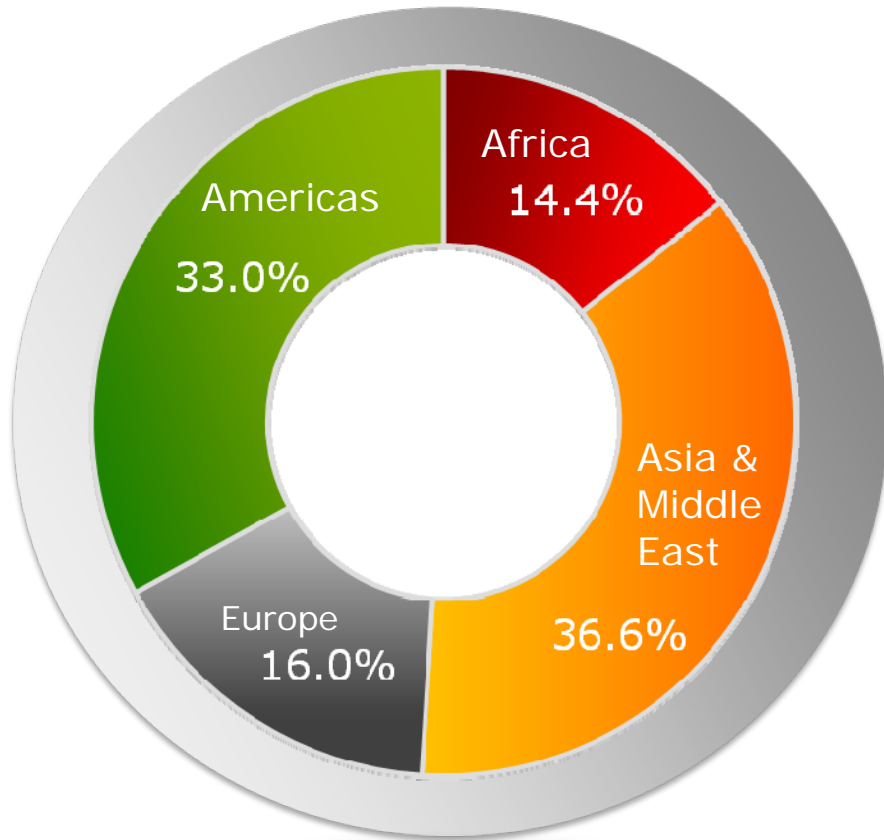


Commodity Financial Services Group

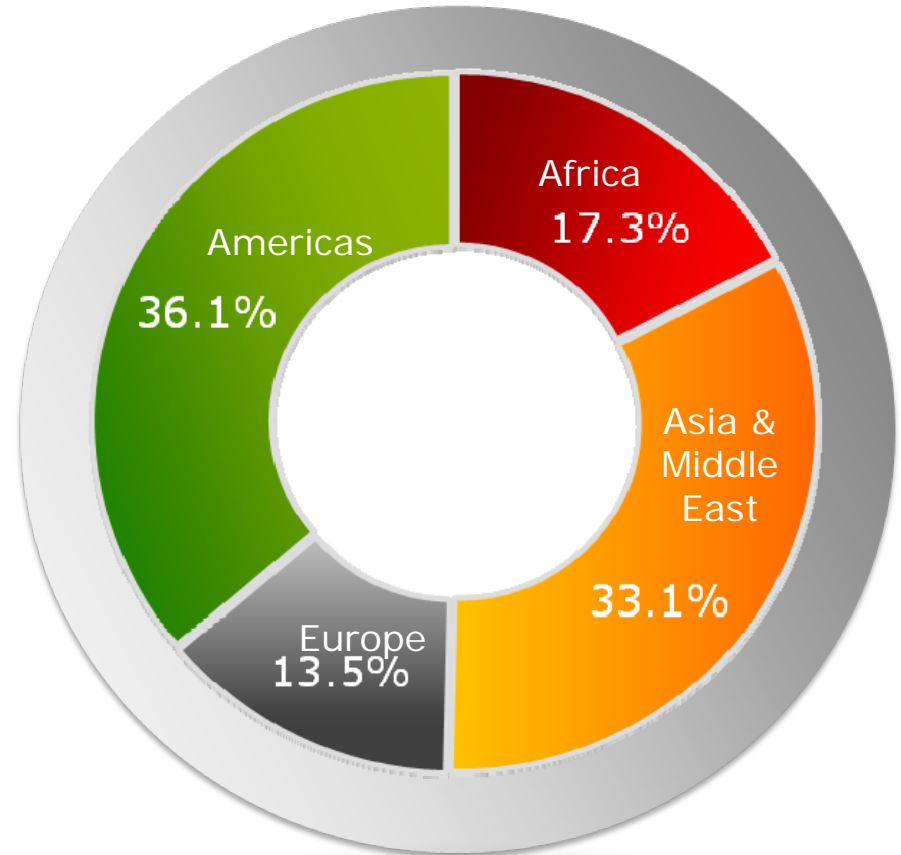
- NC **\$4.4 m**
- NC Share **2%**



Well Diversified Sourcing: Origins

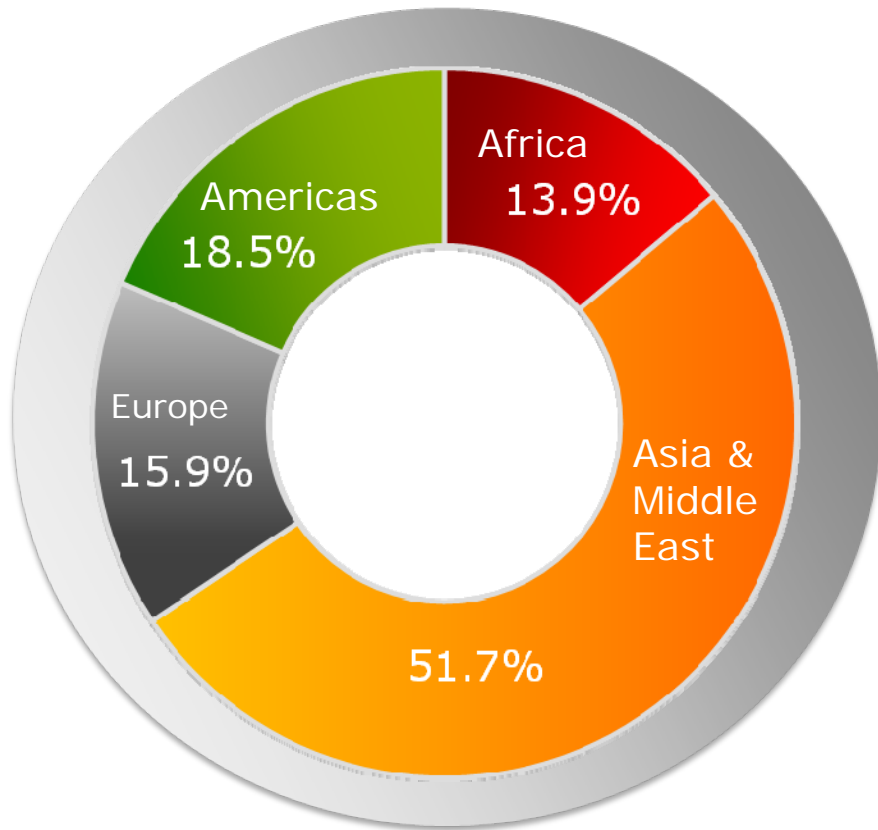


**Sourcing Volume
Q1FY2011**

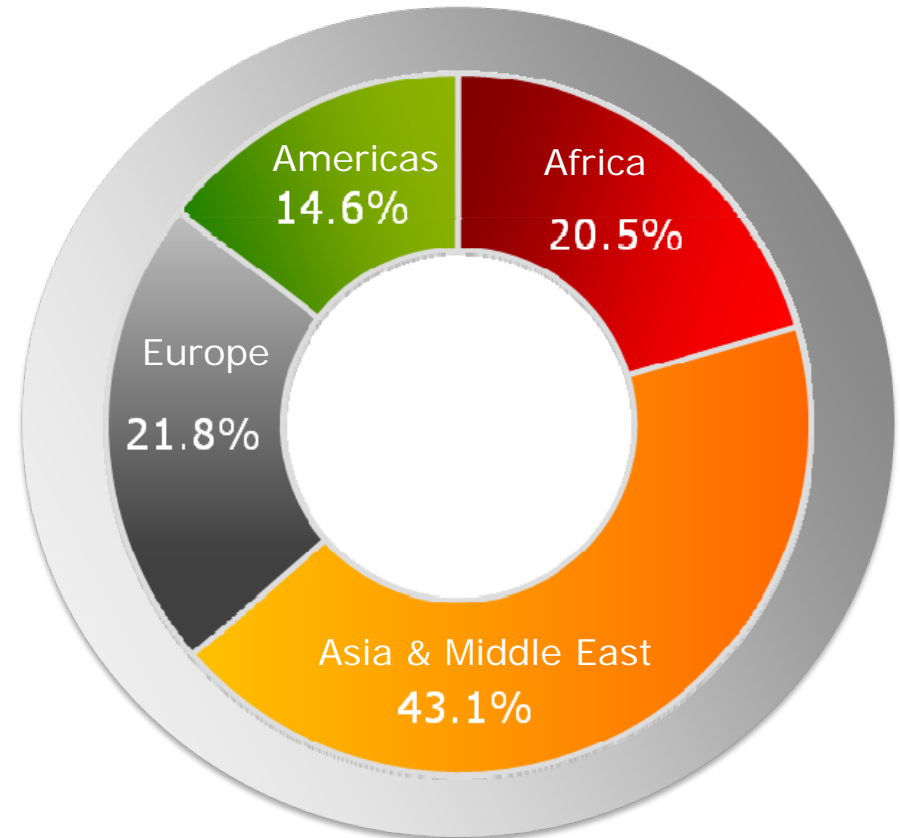


**Sourcing Volume
Q1FY2010**

Well Diversified Sales: Markets



**Sales Turnover
Q1FY2011**



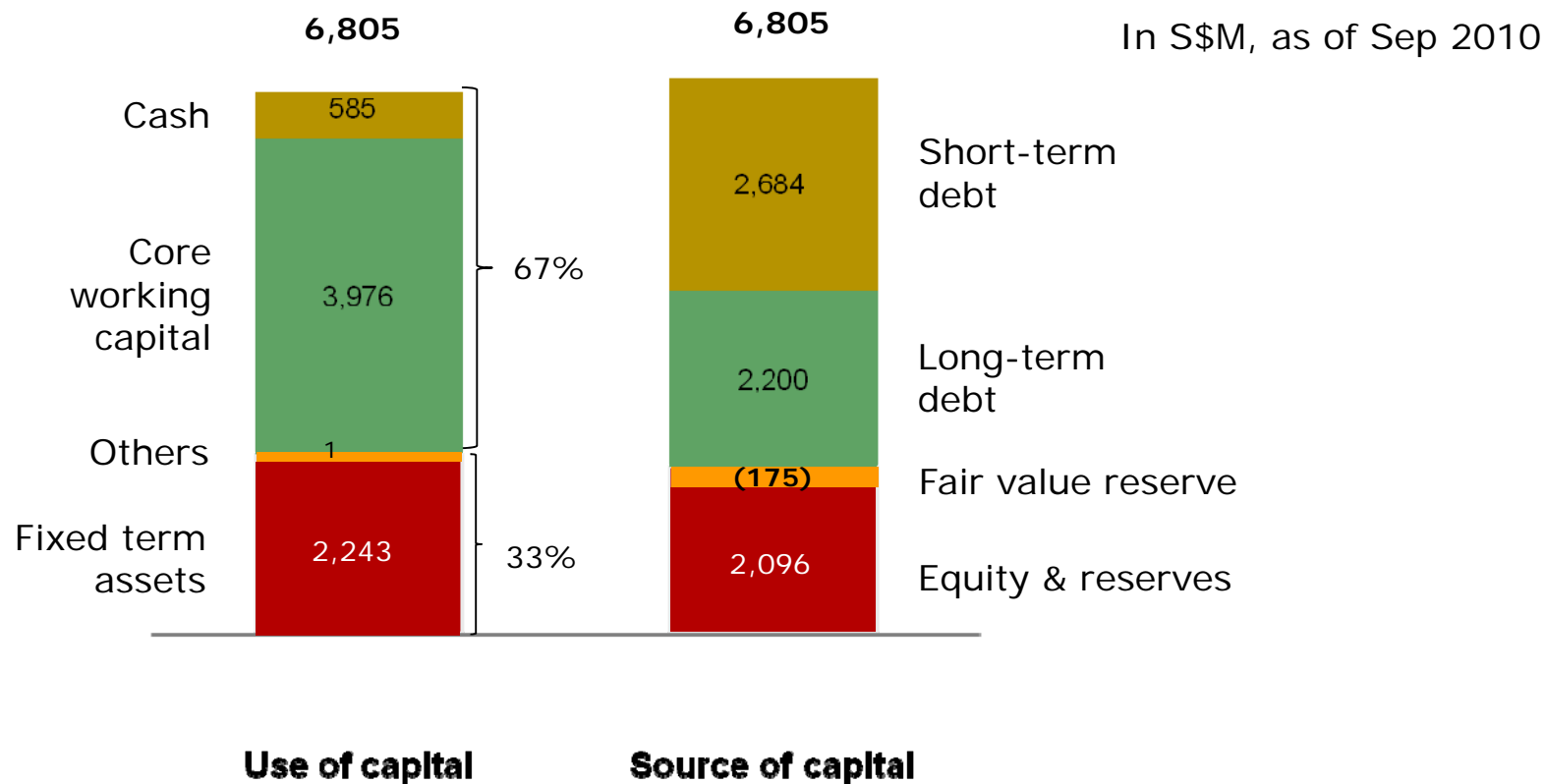
**Sales Turnover
Q1FY2010**

Q1FY2011 Results: Balance Sheet Analysis



Balance Sheet Analysis: Summary

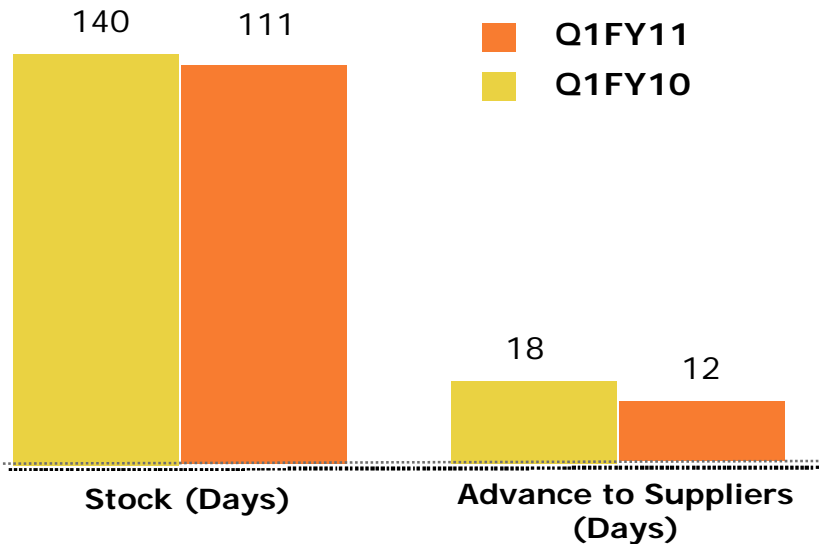
Prudent capital management



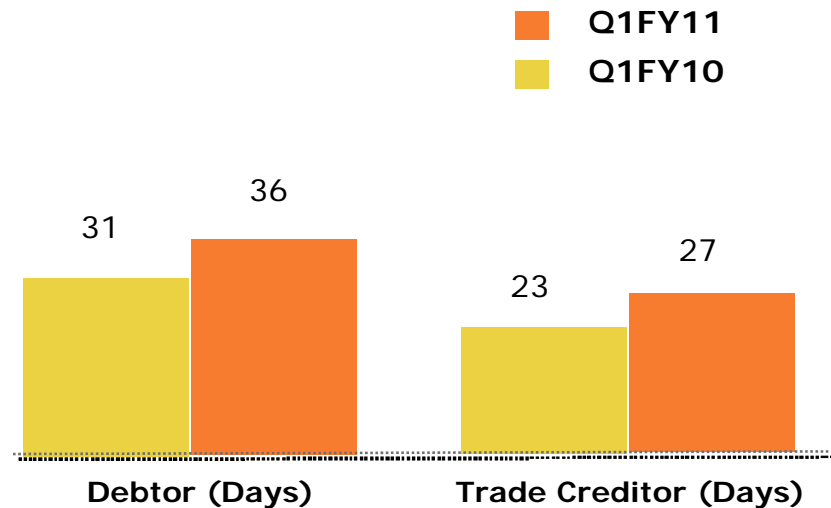
- Investment in fixed term assets funded through permanent capital
- Investment in working capital funded through a combination of long term and short-term debt

Sound working capital metrics

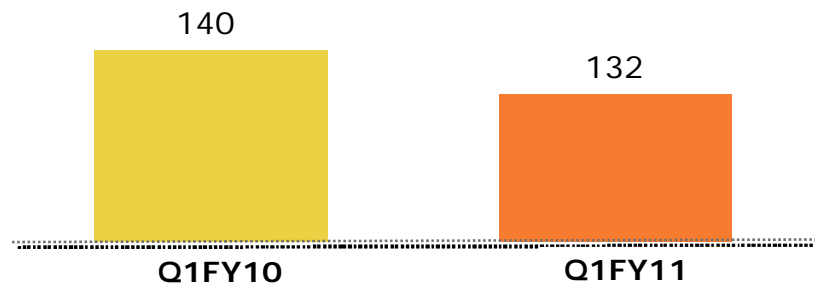
Stock (days) and advance to suppliers (days)



Debtor (days) and trade creditor (days)



Cash-to-cash cycle (days)



Balance Sheet Analysis: Inventories

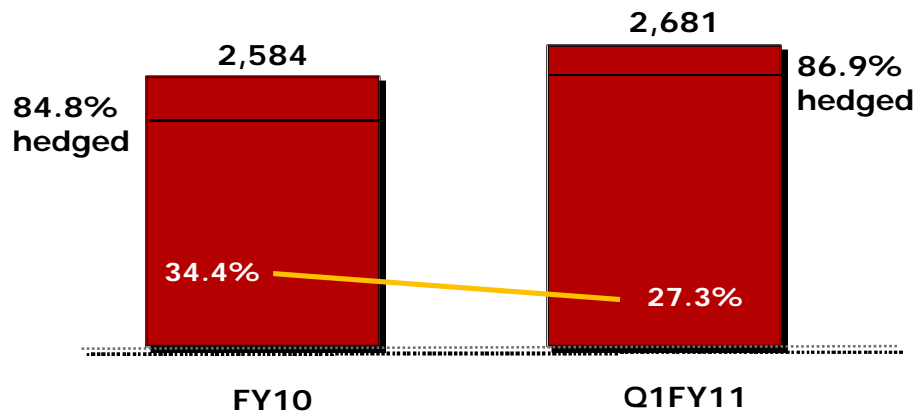
(in S\$ million)	Q1FY2011	FY2010	Increase / Decrease
Edible Nuts, Spices & Beans	917.5	565.2	352.3
Confectionery & Beverage Ingredients	990.5	951.3	39.2
Food Staples & Packaged Foods	557.1	614.7	(57.5)
Industrial Raw Materials	215.6	452.9	(237.3)
Total	2,680.7	2,584.0	96.7

86.9% of inventories sold forward or hedged

Increase in working capital due to strong business growth and commodity price increases

Inventory

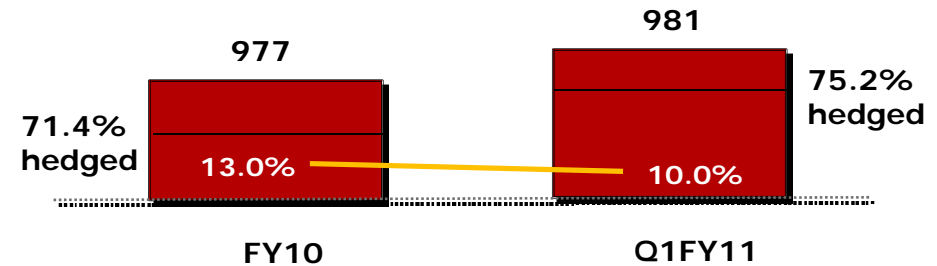
- Inventory (\$mm)
- Inventory as % of Sales



- Most of Olam's inventories are liquid and readily marketable:
 - Ability to hedge price risk
 - Physically deliverable to clients

Receivables

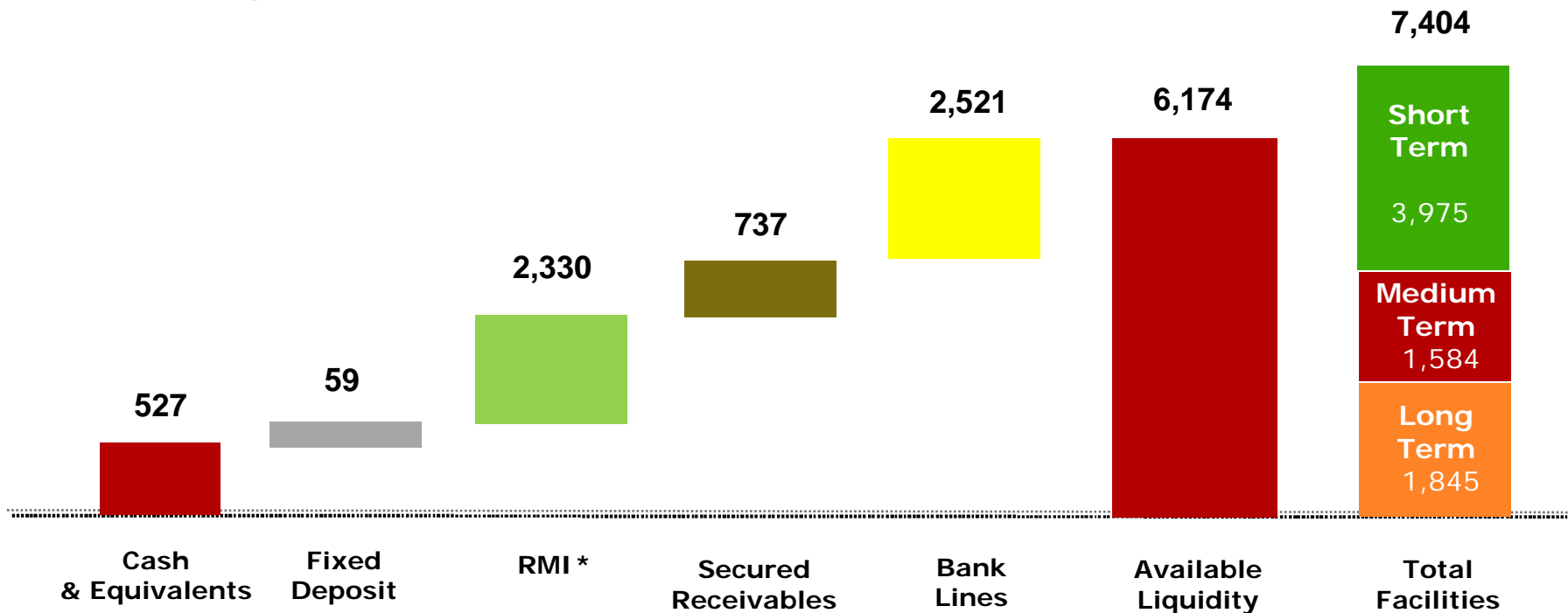
- Receivables (\$mm)
- Receivables as % of Sales



- Most of Olam's receivables are secured:
 - Backed by lines of credit or document of title
 - Diversified list of customers

Conservative financial profile with strong liquidity and credit availability

In S\$M, as of 30 September 2010



*RMI: inventories that are liquid, hedged, or sold forward

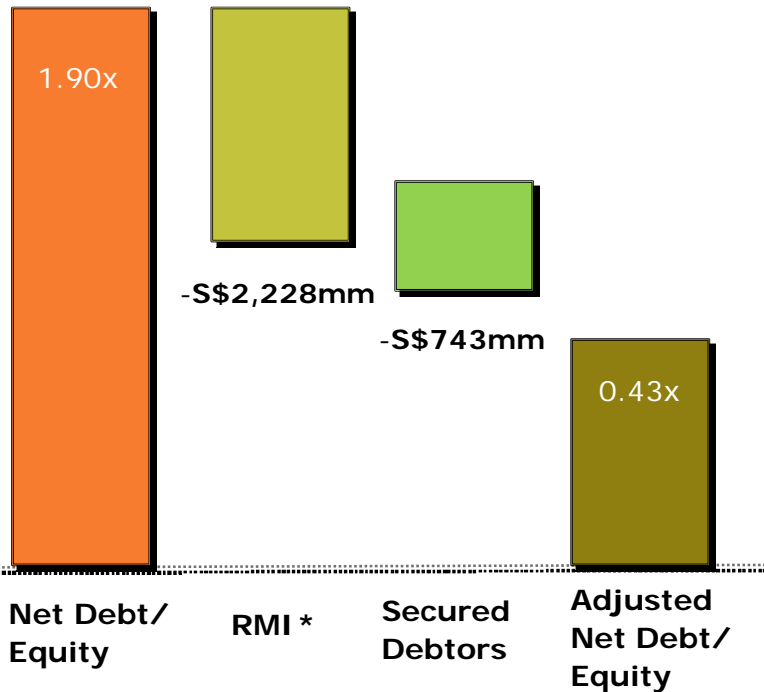
Olam has practiced prudent capital management to achieve sustainable growth

Balance sheet Analysis: Gearing

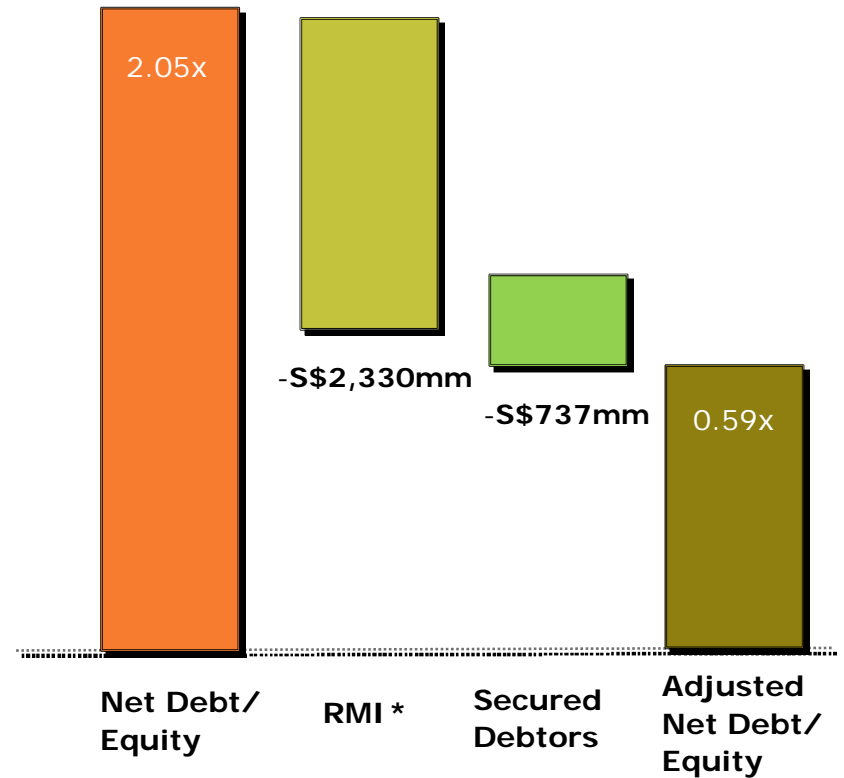
	Q1FY2011	FY2010	Change
Leverage (x)			
Gross Debt to Equity (x)	2.33	2.23	0.10x
Net Debt to Equity (x)	2.05	1.90	0.15x
Liquidity			
Cash to Sales (%)	5.97	6.42	-0.45%
Cash & Cash Equivalents	584.9 m	671.5 m	-86.6 m
Margin Deposit with Brokers	139.3 m	152.8 m	-13.5 m

Conservative capital structure & financial policies

Net debt/Equity as of June 30, 2010 (x)



Net debt/Equity as of September 30, 2010 (x)



Note: Equity is before fair value adjustment reserves
 *RMI: inventories that are liquid, hedged, or sold forward

Summary

- ❖ We continued to strengthen our balance sheet to support our future growth plans by successfully launching a debut unrated 10 year bond issue for US\$250 million as well as a 3 year syndicated bank loan facility for US\$350 million in the US.
- ❖ We are executing well against our key strategic initiatives and the results of these initiatives have met or exceeded our initial expectations.
- ❖ The first quarter results provide continuing evidence to both the effectiveness and successful implementation of our corporate strategy as announced in 2009.

Thank You

