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## **NEWS RELEASE**

### **OLAM INTERNATIONAL ACQUIRES LEADING NIGERIAN BISCUITS AND CANDY MAKER FOR US\$167M**

*Singapore, February 9, 2012* – Olam International Limited (“Olam”), a leading global, integrated supply chain manager and processor of agricultural products and food ingredients, announced today that it has acquired a leading Nigerian biscuits and candy maker through the acquisition of 100% equity interest in Titanium Holding Company SA and its subsidiaries for a price consideration of US\$167 million (subject to working capital adjustments at completion).

#### **About Titanium Holding**

Titanium Holding owns Nigeria’s second largest biscuits and candy franchise with a turnover of approximately US\$162 million in 2011. Started in 1995, the company today has achieved leading market shares of 18% and 28% in biscuits and sugar candy under the “OK” brand umbrella. Both categories are enjoying market growth rates of 10-12% and 12-15% respectively, enabling the business to deliver a CAGR of 26% in revenues over the past five years.

The company owns and manages three biscuit and candy factories with modern production lines fitted with raw materials management and packaging systems, and a logistics infrastructure, which includes a fleet of trucks and other warehousing and distribution assets in Nigeria.

The company has over 1,700 employees, including a 60-strong management team in Nigeria, who will be part of Olam’s global employee strength post completion.



## **Investment Rationale**

As outlined in its revised corporate strategy in 2011, Olam's Packaged Foods business, one of its 'latent assets', is expected to grow and contribute at least US\$100 million to Olam's profits by FY2016. Its Packaged Foods strategy is based on leveraging its strong African footprint, local context and insight, back-end synergies across raw material sourcing, processing, logistics, warehousing and existing distribution infrastructure to benefit from the growth opportunity offered by the rapidly growing population, changing demographics and consumption habits of African consumers.

Over the past five years, Olam has developed an effective retail sales and distribution structure, and executed a differentiated product development and marketing strategy in selected categories and markets. The choice of markets and strategies has been based on category size and growth rates, margin attractiveness, synergies with Olam's core portfolio and capability sharing across the chosen categories. Today, Olam has established regional brand and market leadership positions in multiple consumer categories such as Tomato Paste, Pasta, Noodles and Seasonings, across targeted markets in West Africa, which include Nigeria, Ghana, Cote d'Ivoire, Mali, Burkina Faso, Togo and Niger.

Biscuits and candy are large and fast growing categories in Nigeria, which is the second largest market in Africa in packaged foods consumption. As these segments are fairly consolidated within Nigeria, an acquisition of a leading player would a market leadership position without creating excess capacity or competition.

## **Strategic Fit**

The acquired business with its brand equity, management bench strength and operating assets, is a good strategic fit to the Packaged Foods business in Nigeria. Its leading position and scale in these categories offers significant sales and distribution synergies with Olam's current portfolio of categories and provides a platform through which Olam could further develop efficiencies in manufacturing, product innovation and branding, which are the critical success factors for achieving higher market shares and profit margins.



Olam also expects to leverage their manufacturing infrastructure in Nigeria to establish a biscuits and candy export hub into other West African markets to achieve greater economies of scale.

In addition, the business provides Olam with opportunities to realise back-end supply chain synergies in the sourcing of key raw materials, logistics and warehousing infrastructure, and better utilisation of excess capacity in the company's truck fleet to transport its full complement of products.

Olam's Senior Vice President and Head of Packaged Foods, M Ramanarayanan said: "This acquisition presents a unique opportunity for our Packaged Foods business to scale up and move immediately into a leadership position in two attractive packaged foods categories in the largest consumer market in West Africa. The transaction is also immediately management, earnings and cash flow accretive.

"We believe the combined capabilities of Olam and OK Foods will offer a differentiated approach to addressing the needs of the market by putting together the best practices in manufacturing, product development and innovation, branding and marketing, with deep local insight into the business," he added.

### **Financial Impact**

Funded through internal accruals and borrowings, the acquisition is immediately earnings and cash flow accretive to Olam.

Olam expects to deliver 17-18% in EBITDA margin and generate in excess of 29% Equity IRR on this investment.

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### **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 65 countries and supplying them to over 11,600 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 capitalisation 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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