



**Olam to acquire 100% equity interest
of Usina Acucareira Passos (UAP)
S.A.**

**Analyst Conference Call
29 May 2012**

Cautionary note on forward-looking statements

This presentation may contain statements regarding the business of Olam International Limited ('Olam') 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. 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.

Presentation outline

- ❖ **Transaction Overview**
- ❖ Investment Rationale & Strategic Fit
- ❖ Financial Impact
- ❖ Q&A

Transaction Overview

The Transaction

- ❖ Olam signed an agreement on May 28, 2012 to acquire 100% equity interests of Usina Acucareira Passos S.A. (“UAP”), a Brazilian sugarcane miller and processor for BRL 255 Mn* (US\$ 128.8Mn)

Investment Highlights

- ❖ UAP is located in the city of Passos (Minas Gerais state) which is the second largest in cane cultivation after Sao Paulo state and accounts for ~10% of Brazil's cane production
- ❖ Agro-climatic conditions in Passos are comparable to those in Ribeirao Preto (the prime cane producing region)
- ❖ The mill is favorably located with no competing mill in an 80km radius and is just 480kms from the export port of Santos
- ❖ The existing cane crushing capacity is 1.75 Mn MT per annum. Post acquisition, Olam will invest an incremental US\$ 111.5Mn over 5 years for renovation and to expand capacity to 3 Mn MT per annum
- ❖ The total investment in the project (acquisition + expansion) represents an effective EV/MT of ~US\$80 for the transaction
- ❖ The business will be earnings accretive from the 2nd year and is expected to deliver an equity IRR in excess of 20%

* Subject to closing conditions

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Investment is aligned to our 2009 strategic plan

Our governing objective is to maximise long term intrinsic value for our continuing shareholders

Pursue 3 key drivers: 1) Open up Capital Spreads (ROE-KE, ROIC-WACC); 2) Increase the Rate of Profitable Growth; and 3) Sustain duration of growth

Vision

To be the leading global supply chain manager and processor of agri-commodities by:

- Serving growers and customers globally
- Pursuing select scalable & attractive niches in upstream (plantations/farming) and mid-stream (value added processing)
- Capitalising on our emerging markets expertise

Goals

- Increase **Intrinsic Value by 3-4x** over the next two 3-year cycles. **NPAT target US\$450* million by FY2015**
- Pursue profitable growth & improve margin structure (**NPAT margin \geq 4% by 2015**) by selective participation in attractive value chain adjacencies (upstream & mid-stream)
- Maintain financial and strategic flexibility for a wide range of economic scenarios (developing minimalist, balanced & unconstrained plans)
- Be widely recognised as a responsible and sustainable value creator

Strategic thrusts

Invest to achieve integrated value chain leadership

Cocoa, Coffee, Edible Nuts, Spices & Vegetable Ingredients, Natural Fibres

Selectively expand into attractive value chain adjacencies

Grains, ~~Sugar~~, Rice, Dairy, Palm & Rubber

Optimise and extract full value from core

Sesame & Wood Products

Build on latent assets

Packaged Foods Business (PFB) in W. Africa, Commodity Financial Services (CFS), Agri-Inputs (fertiliser)

Downsize/exit/prune unattractive activities

Select product origins and profit centres, eg. Pulses

Enablers

Excellence in execution

- Institutionalise Program Management capabilities
- Acquire capabilities in upstream plantation/ farm management & midstream VA processing
- Complexity management
- Scalable IT, Risk, Control & Compliance systems

M&A effectiveness

- Actively build M&A pipeline and develop prioritisation
- Deepen due diligence capabilities
- Institutionalise best-in-class integration practices

Capital efficacy

- Strengthen capital structure and build financial flexibility
- Continuously improve overhead and capital productivity

People & Values

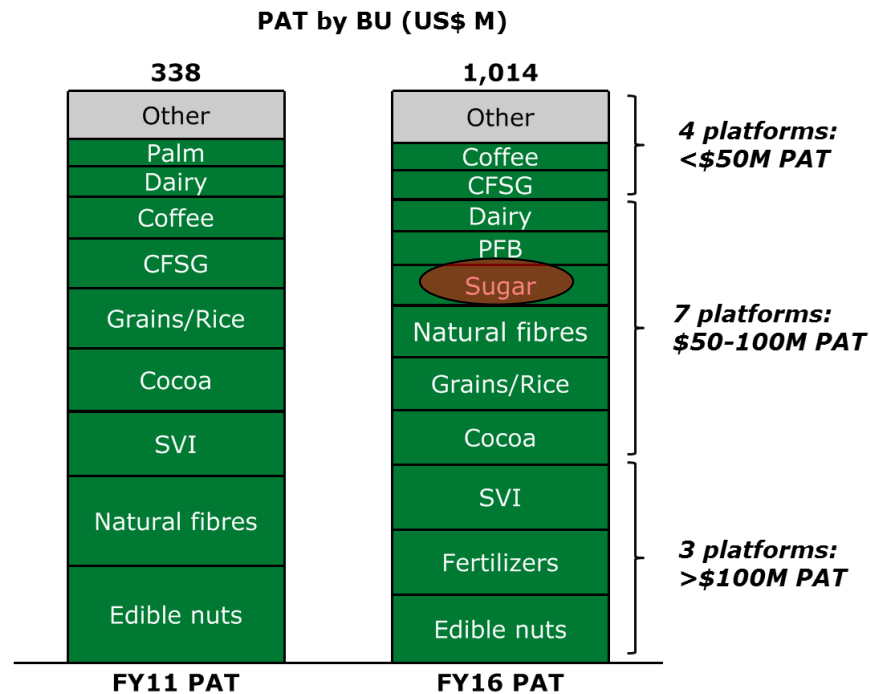
- Continue to grow global talent pool
- Deepen entrepreneurial culture
- Continue to embed stretch and ambition
- Create ownership culture
- Build empowered teams

* Target subsequently raised to US\$ 1 billion by FY2016

The Sugar/Sweetener platform is a key part of Olam's strategic plan

Olam's Sugar Strategy

To achieve regional leadership in the sugar industry by investing in milling assets in large sugarcane producing countries with a comparative cost advantage and/or large protected markets as well as Refining assets in large deficit-prone consuming countries



Why UAP?

- ❖ **High Yield potential**
 - ❖ 9 km from the town of Passos in the State of Minas Gerais, the second largest cane producing state with ~10% share of Brazil's cane production
 - ❖ Favourable agro-climatic conditions similar to those of the prime cane producing region of Ribeirao Preto that can support cane yields in the range of 85-95 MT / hectare
- ❖ **Locational advantage**
 - ❖ Situated ~480 kms from the sugar port of Santos
 - ❖ Close to several large cities thus providing an opportunity to target the domestic market
- ❖ **Low competitive intensity**
 - ❖ No competing mill in an 80km radius

Why UAP?

❖ **Reliability of cane supply**

- ❖ 75% of cane comes from committed/leased farms managed by UAP ensuring reliability of cane supply
- ❖ A 50km radius catchment area has the potential to support incremental cane cultivation

❖ **Product versatility**

- ❖ The facility is capable of producing VHP, white sugar, ethanol and molasses which provides flexibility to maximize returns depending on market conditions

❖ **Management accretive**

- ❖ Experienced team at UAP will benefit Olam to acquire strong operational capabilities in the local context across both the agricultural and industrial segments

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Financial Impact

- ❖ Olam's investment of BRL 255Mn (US\$128.8Mn) to be funded from internal accruals and borrowings
- ❖ Incremental refurbishment and expansion capex of US\$111.5Mn to be spent over the next 5 years
- ❖ Transaction done at EV/MT of ~US\$80/MT (post expansion). This compares well with recent acquisitions done at US\$110-128 / MT and estimated greenfield costs of ~US\$ 125-150/MT
- ❖ Expected to deliver steady state EBITDA margins in excess of 30% and an equity IRR in excess of 20%
- ❖ Transaction is expected to be earnings accretive from the second year.

Thank You!