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## NEWS RELEASE

### OLAM INTERNATIONAL REPORTS S\$261.4M IN PROFIT AFTER TAX AND MINORITY INTEREST FOR 9M FY2012

- Excluding exceptional items, 9M FY2012 Profit After Tax and Minority Interest declined 1.9% from particularly strong results in the prior year;
- Food category continues to report strong Volume and Margin growth. Overall results impacted by the Industrial Raw Materials segment due to exceptional events in the Cotton market.

#### 9M FY2012: Financial Highlights

- Sales Volume of 7.2 million tons, up 17.2%
- Sales Revenue of S\$11.95 billion, up 6.3%
- Net Contribution (NC) of S\$941.7 million, up 15.4%, with NC/ton at S\$130
- Net Profit After Tax and Minority Interest (PATMI), excluding exceptional items, at S\$261.4 million, declined 1.9%
- Food category Sales Volume up 20.6%, NC up 30.9% and NC per ton up 8.5%

Consolidated Financial Results Ended March 31	9 Months (9M)			Quarter 3 (Q3)		
	FY2012	FY2011	Change (%)	FY2012	FY2011	Change (%)
Sales Volume ('000 metric tons)	7,218.9	6,158.3	17.2	2,696.4	2,253.5	19.7
Sales Revenue (S\$ billion)	11.95	11.24	6.3	4.23	4.74	(10.8)
NC (S\$ million)	941.7	815.8	15.4	334.6	306.4	9.2
<b>PAT (S\$ million)</b>	<b>289.0</b>	<b>301.7</b>	<b>(4.2)</b>	<b>102.3</b>	<b>126.2</b>	<b>(19.0)</b>
<b>PATMI (S\$ million)</b>	<b>261.4</b>	<b>302.4</b>	<b>(13.6)</b>	<b>98.7</b>	<b>127.3</b>	<b>(22.5)</b>
Exceptional Items	-	35.8	-	-	2.2	-
<b>PAT (Excluding Exceptional Items) (S\$ million)</b>	<b>289.0</b>	<b>265.9</b>	<b>8.7</b>	<b>102.3</b>	<b>124.0</b>	<b>(17.5)</b>
<b>PATMI (Excluding Exceptional Items) (S\$ million)</b>	<b>261.4</b>	<b>266.6</b>	<b>(1.9)</b>	<b>98.7</b>	<b>125.1</b>	<b>(21.1)</b>
Earnings Per Share (cents)	10.64*	14.34*	(25.8)	3.97**	5.98**	(33.6)



*\* Based on weighted average number of shares of 2,442,323,758 for 9M FY2012 (compared to weighted average number of shares of 2,109,291,944 for 9M FY2011).*

*\*\* Based on weighted average number of shares of 2,442,409,869 for Q3 FY2012 (compared to weighted average number of shares of 2,129,112,659 for Q3 FY2011).*

Singapore, May 15, 2012 – Olam International Limited (“Olam” or “the Group”), a leading global, integrated supply chain manager and processor of agricultural products and food ingredients, today reported Profit After Tax of S\$289.0 million for the nine months ended March 31, 2012 (“9M FY2012”) compared to S\$301.7 million a year ago (“9M FY2011”). Profit After Tax and Minority Interest (PATMI) was S\$261.4 million for 9M FY2012 compared to S\$302.4 million in 9M FY2011. PATMI declined 13.6% as compared to the prior period, mainly due to exceptional items recorded in 9M FY2011. PATMI excluding exceptional items declined by 1.9% as compared to the prior period.

Olam’s Group CEO, Sunny Verghese commented: “While many of our businesses continued to perform well, we are not entirely immune to the difficulties being experienced in many global markets. This is reflected in the results of some of our operating businesses which are more sensitive to these external events. As a result, the Group’s 9M FY2012 performance has been a tale of two parts. The first part reflects the performance of the Food category which comprises three out of our five reporting segments and accounts for 78.4% of revenue. This category reported strong growth in both volumes and margins for the period. Sales Volume increased by 20.6% and NC increased by 30.9% in 9M FY2012 compared to 9M FY2011. NC per ton increased by 8.5% from S\$128 in 9M FY2011 to S\$139 in 9M FY2012.”

“The second part reflects the performance of the Non-food category – the Industrial Raw Materials (IRM) and the Commodity Financial Services (CFS) segments. The IRM segment continued to be impacted during the third quarter of FY2012 (“Q3 FY2012”), following on its weak performance in the first half of this year (“H1 FY2012”), primarily as a result of the exceptional events that occurred in the Cotton markets during H1 FY2012. The CFS segment found very few arbitrage and relative value trading opportunities during this period and was therefore in a risk-off mode for much of this period, resulting in a smaller contribution. It should be noted that the prior year reflected very strong growth in positive operating results across all segments, particularly the Industrial Raw Materials segment. This year we have consolidated and improved on these gains in many areas despite the performance in IRM and CFS segments. The events relating to the IRM and CFS segments are seen as cyclical rather than structural in nature. We therefore remain positive about the long term earnings potential in these segments and for the Group as a whole.”



## Group Financial Review

During 9M FY2012, Sales Volume grew 17.2% to 7.2 million metric tons while Sales Revenue increased 6.3% to S\$11.95 billion. NC grew 15.4% to S\$941.7 million as Sales Volume rose. NC per ton was marginally lower at S\$130 compared to S\$132 a year ago, dragged down by the lower NC from the Non-food category.

Sales Volume in Q3 FY2012 increased 19.7% to 2.7 million metric tons. Sales Revenue declined 10.8% during the period as a result of lower commodity prices across most products. NC growth was 9.2%, moderated by the lower contribution from the Non-food category during the quarter. For the same reason per ton margin fell from S\$136 to S\$124.

## Segmental Review

Edible Nuts, Spices & Beans	9 Months (9M)			Quarter 3 (Q3)		
	FY2012	FY2011	Change (%)	FY2012	FY2011	Change (%)
Sales Volume ('000 metric tons)	1,034.4	904.4	14.4	393.7	343.7	14.5
Sales Revenue (S\$ million)	1,714.8	1,686.7	1.7	571.3	671.9	(15.0)
NC (S\$ million)	264.1	192.8	37.0	111.7	81.0	37.9
NC Per Ton (S\$)	255	213	19.8	284	236	20.3

The **Edible Nuts, Spices & Beans** segment grew Sales Volume by 14.4% and NC by 37.0% during 9M FY2012. In Q3 FY2012, Sales Volume increased 14.5% and NC rose 37.9%. Per ton margin growth was strong during the quarter and nine months, contributed in part by expansion in peanut farming in Argentina and integration of VKL into the Spices & Vegetable Ingredients business.



Confectionery & Beverage Ingredients	9 Months (9M)			Quarter 3 (Q3)		
	FY2012	FY2011	Change (%)	FY2012	FY2011	Change (%)
Sales Volume (metric tons)	1,266.5	1,155.5	9.6	536.7	509.8	5.3
Sales Revenue (S\$ million)	4,597.1	4,729.1	(2.8)	1,716.4	2,308.8	(25.7)
NC (S\$ million)	272.4	210.5	29.4	109.1	87.3	25.0
NC Per Ton (S\$)	215	182	18.1	203	171	18.7

The **Confectionery & Beverage Ingredients** segment registered creditable volume growth and strong NC growth even as prices of Cocoa and Coffee fell during the period under review. Both Cocoa and Coffee businesses performed well during 9M FY2012 and Q3 FY2012. The Government of Cote d'Ivoire has introduced significant changes which affect the Cocoa sector in the country. The Company continues to participate actively in Cote d'Ivoire under the revised Cocoa regime and has re-oriented its resources and capabilities to remain effective under the changed circumstances. The integration of Britannia Foods and consolidation of Solimar Foods provided additional sources of value. The Coffee business continued to grow with market share gains in most Robusta and Arabica origins and new Arabica origins in Mexico and Guatemala contributing during the period.

Food Staples & Packaged Foods	9 Months (9M)			Quarter 3 (Q3)		
	FY2012	FY2011	Change (%)	FY2012	FY2011	Change (%)
Sales Volume ('000 metric tons)	3,775.9	2,980.2	26.7	1,385.4	990.7	39.8
Sales Revenue (S\$ million)	3,053.4	2,354.2	29.7	1,090.9	729.5	49.5
NC (S\$ million)	305.7	240.0	27.4	80.2	68.1	17.7
NC Per Ton (S\$)	81	81	-	58	69	(15.9)

Sales Volume and NC for the **Food Staples & Packaged Foods** segment rose 26.7% and 27.4% respectively in 9M FY2012. Q3 FY2012 recorded Sales Volume and NC growth at 39.8% and 17.7% respectively. The strong volume growth was led by Rice and Grains as these businesses focused on market share growth in Africa. Dairy and Sugar continued to face headwinds and challenging trading conditions during this period.



Industrial Raw Materials	9 Months (9M)			Quarter 3 (Q3)		
	FY2012	FY2011	Change (%)	FY2012	FY2011	Change (%)
Sales Volume ('000metric tons)	1,142.1	1,118.1	2.1	380.6	409.2	(7.0)
Sales Revenue (S\$ million)	2,581.2	2,467.8	4.6	852.3	1,033.5	(17.5)
NC (S\$ million)	98.6	151.3	(34.8)	33.2	65.1	(49.1)
NC Per Ton (S\$)	86	135	(36.2)	87	159	(45.3)

The **Industrial Raw Materials** segment recorded flat Sales Volume growth and a decline in NC and NC per ton of 34.8% and 36.2% respectively in 9M FY2012. In Q3 FY2012, volumes fell by 7.0% and NC by 49.1%. Margin per ton was reduced by 45.3% to S\$87. This result was mainly due to the underperformance of Cotton and Wood Products BUs. As explained in the H1 FY2012 review, due to exceptional events in the Cotton market in the second half of 2011, the Australian and US Cotton origination and marketing operations faced significant basis erosion with continued severe illiquidity in the markets during this period. Counterparty risks in certain markets also increased during Q3 FY2012. The Cotton team did very well in managing the risks arising out of these exceptional market events, as well as minimising the adverse financial impact. Wood Products BU was impacted by weaker demand and margin pressures in India, China and Europe. The rest of the businesses within this segment – Wool, Rubber and the Special Economic Zone project – performed favourably during 9M FY2012.

The **Commodity Financial Services (CFS)** registered NC of S\$0.8 million in 9M FY2012 compared to S\$21.1 million in 9M FY2011. The segment contributed S\$0.4 million in NC in Q3 FY2012 as against S\$4.9 million in the previous corresponding period. This was mainly due to the lack of relative value and arbitrage trading opportunities, resulting in the business adopting a risk-off mode during this period.



## **Outlook and Prospects**

The cyclical events in the Industrial Raw Materials and CFS segments are expected to continue to pose a drag to Olam's Q4 and full year earnings in FY2012. However, structurally, the Group remains positive about the long term fundamentals of the businesses and the growing earnings power of our company as it continues to prioritise capital projects, execute on strategy and pursue growth in intrinsic shareholder value.

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### **Note:**

*This release should be read and understood only in conjunction with the full text of Olam International Limited's 9M FY2012 and Q3 FY2012 Financial Statements lodged on SGXNET on May 15, 2012.*



### **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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