



**Olam International Limited**  
9 Temasek Boulevard  
#11-02 Suntec Tower Two  
Singapore 038989  
telephone 65 63394100  
facsimile 65 63399755  
Website [www.olamonline.com](http://www.olamonline.com)  
Regn no. 199504676-H

## **NEWS RELEASE**

### **OLAM INTERNATIONAL ACQUIRES KAYASS ENTERPRISES' DAIRY PRODUCTS AND BEVERAGES BUSINESS IN NIGERIA FOR US\$66.5M**

*Singapore, June 7, 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 100% equity interest in Kayass Enterprises S.A. (“Kayass”) for a price consideration of approximately US\$66.5 million (subject to working capital adjustments at completion).

#### **About Kayass Enterprises**

Kayass’ principal business interest is in the manufacturing and marketing of branded dairy products and beverages in Nigeria. The company owns several brands, including the key brand “Blue Boat”, which has been traditionally a strong brand in the packaged milk powder category in Nigeria, and it has recently launched beverage brands “Nature’s Fresh” and “Yo-Jus”.

Kayass operates two plants in Lagos – a new dairy products and beverages manufacturing plant established in 2009 to European standards and a milk powder packaging facility.

#### **Investment Rationale**

Olam’s 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 selected categories are Tomato Paste, Pasta, Noodles, Seasonings, Biscuits, Candy, Dairy and Beverages, while the targeted markets are Nigeria, Ghana, Cote d'Ivoire, Mali, Burkina Faso, Togo and Niger in West Africa. 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 both organically and inorganically in many of the selected categories, including Tomato Paste, Pasta, Noodles, Seasonings, Biscuits and Candy across each target market.

With a market size of approximately US\$1.2 billion, Dairy and Beverages are amongst the largest packaged foods categories in Nigeria with attractive margins. An acquisition of an existing player with modern, high quality manufacturing asset in these categories would accelerate Olam's entry into this space and reduce time to market so as to capitalise on Nigeria's fast growing consumer market. Expansion via organic means would be path dependent and would take at least two years to build similar processing capabilities and brand equity, as well as achieve product stability and consumer acceptance.

### **Strategic Fit**

Kayass, with its principal focus on dairy products and beverages in Nigeria, fits well into Olam's Packaged Foods strategy. The company has been an important customer of Olam for the past six years. In addition to offering a strong geographic and product category fit, Kayass provides Olam with opportunities to realise back-end supply chain synergies in the sourcing of key raw materials, logistics, distribution and marketing.

Olam's Senior Vice President and Head of Packaged Foods, M Ramanarayanan said: "This acquisition is an attractive proposition for our Packaged Foods business to enter and scale up in another large and attractive packaged foods category in Nigeria. Just as we have been successful in building market leading position in other categories against established market players, we hope to replicate our success with Kayass. We believe that Olam, combined with the assets and capabilities of Kayass, will be



competitive in offering differentiated products based on our best practices in manufacturing, global sourcing, product development and innovation, branding and marketing.”

### **Financial Impact**

The acquisition of Kayass, will be funded through internal accruals and borrowings and is expected to be earnings accretive from FY2014.

Olam expects to deliver 20% in EBITDA margin by FY2016 and generate an Equity IRR of 35% 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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ISSUED ON BEHALF OF : Olam International Limited  
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd  
1 Raffles Place  
#26-02 OUB Centre  
Singapore 048616

#### **For Olam**

CONTACT : Mr Aditya Renjen - GM, Investor Relations  
Ms Chow Hung Hoeng - Associate GM, Investor Relations  
DURING OFFICE HOURS : +65 66031104 / 63179471 (Office)  
AFTER OFFICE HOURS : +65 96570339 / 98346335 (Mobile)  
EMAIL : Aditya.Renjen@olamnet.com  
chow.hunghoeng@olamnet.com

#### **For CDRi.MAGE**

CONTACT : Ms Dolores Phua / Ms Pearl Lam  
DURING OFFICE HOURS : +65 65345122 (Office)  
AFTER OFFICE HOURS : +65 97508237 / 97813518 (Mobile)  
EMAIL : dolores.phua@citigatedrimage.com /  
pearl.lam@citigatedrimage.com

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