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NEWS RELEASE

OLAM STRATEGY REVIEW: RE-BALANCING PROFITABLE GROWTH AND CASH FLOW

Highlights of Strategy Review

- Re-balanced approach to growth and cash flow generation
- Continue to achieve industry leading growth rates in a sustainable manner
- Pursue four additional strategic priorities:
 - Accelerate free cash flow generation
 - Reduce gearing
 - Reduce complexity
 - Promote better understanding of Olam's business
- Reaffirm core business strategy of a well-diversified and selectively integrated agri sector portfolio

Goals for the period FY2014-FY2016

- Extract full value from existing investments
- Become free cash flow positive from FY2014 and sustain it going forward
- Reduce capital expenditure (capex) by around S\$1 billion compared to previous plan
- Release cash of around S\$1.5 billion through various balance sheet optimisation pathways and by unlocking intrinsic value from existing assets and businesses
- Realise overhead savings (including manufacturing overheads) of between S\$80 and S\$100 million annually by improving operating efficiencies by FY2016
- Reduce gearing ceiling from <2.5x to <2.0x by FY2016

Summary

Olam believes that successful execution of the FY2014-FY2016 Strategic Plan will considerably strengthen the Company and will result in continued growth in profits, a stronger balance sheet, improved operating performance, sustained positive free cash flows and promote a better understanding of Olam's business by its key stakeholders.



Singapore, April 25, 2013 - Olam International Limited (“Olam” or “the Company”), today announced the outcome of its annual strategy review and Strategic Plan for the three-year period FY2014-FY2016.

The 2013 strategy review was an intensive process that was based on a clear understanding of the evolving market context and its resulting impact on the Company’s strategic options and performance targets. This review was particularly broad in its considerations as the Company actively consulted and considered feedback from both internal and external sources and various stakeholders. This process also reviewed past strategies and their impact, including the previous 2009 plan that was updated in 2011.

The review established that while the Company is in a strong position to leverage positive global trends in the agri sector, it would benefit from re-balancing its growth objectives with an increased focus on accelerating the generation of positive free cash flow. It also reaffirmed the value of the Company’s strategy of building a core global supply chain business, while selectively integrating into high-value upstream and mid/downstream segments.

Olam’s CEO Sunny Verghese said: “The strategy going forward aims to deliver the twin objectives of continued growth in profits, as well as accelerated free cash flow generation from the core business. The results of the 2013 strategic review reinforce our belief in the attractive prospects of the agri-commodity sector, and in the long-term value of Olam’s differentiated business model and strategy.

“The Board and the management team are confident that this strategy will generate significant value for the Company and its continuing stakeholders.”

Four key priorities established

As part of the FY2014-2016 Strategic Plan, the Company has established four key priorities:

- 1) Accelerate free cash flow generation**
- 2) Reduce gearing**
- 3) Reduce complexity**
- 4) Promote better understanding of Olam’s business**

Six pathways developed to realise these four priorities

The Company has identified six specific pathways to achieve these priorities. It will:



1. Recalibrate pace of investments

The 2009 and 2011 Strategic Plans involved front-loading investments in the earlier part of the plan cycle and reducing capital investments towards the later years of FY2015 and FY2016.

The Company will now take steps to re-balance investments between long-gestation projects and faster high-yielding projects in the FY2014-FY2016 period while continuing to extract full value from existing investments. **By doing so, it will reduce capex by more than S\$1 billion to between S\$1.2 billion and S\$1.6 billion from the earlier capex plan of S\$2.2 billion to S\$2.6 billion over the same period.**

2. Optimise balance sheet

During the first three years (FY2010-FY2012) of the 2009 strategic plan, the Company has made multiple investments in select higher return upstream and midstream projects. Olam now intends to monetise some of these to reduce its fixed asset intensity, generate positive cash flows, improve returns, while still capturing the economic value generated by these assets. The Company has already established proof of concept with its successful sale-and-lease-back of its US almond orchards, which provides an effective template to execute similar structures for other related assets.

In addition, Olam will scale down operations in select sub-scale profit centres and countries and release working capital from these businesses that can be deployed in other parts of our business to improve working capital efficiency.

Together, these actions are expected to release cash of approximately S\$500 million over the plan period.

3. Pursue opportunities for unlocking intrinsic value

Olam has built several valuable businesses such as the Packaged Foods, Palm and Rubber businesses where there is significant potential to release cash and unlock value, and to enable the business to grow to its full potential. This will be achieved through selective joint ventures, strategic alliances, equity carve-outs and de-consolidations. In addition, Olam will continue to review its portfolio and divest any non-core assets, as it did recently with the sale of its Basmati rice milling facility in India.

Through these measures, the Company is targeting to release around S\$1 billion in cash by FY2016.



4. Reshape portfolio and reduce complexity

In this Strategic Plan, Olam will continue to invest for growth in select business platforms including Edible Nuts, Spices & Vegetable Ingredients, Cocoa, Coffee and Grains, while it seeks to prioritise cash flow generation in certain other platforms like Natural Fibres and Rice. The plan also envisages that the Company will seek to grow certain platforms through alliances with strategic partners including Packaged Foods, Palm, Rubber, Fertilisers and Special Economic Zone (SEZ). In the Wood and Dairy businesses, the Company will right-size these through a targeted restructuring of select aspects of these two platforms. In this plan, Olam also intends to grow the Sugar business in a more asset light manner.

The re-focused priorities for each business platform in the FY2014-FY2016 period are expected to deliver an optimal mix of growth and cash generation, reduce overall portfolio complexity and enhance the intrinsic value of the overall portfolio.

5. Improve operating efficiencies

As part of its 2009 and 2011 strategic growth plans, Olam invested significantly in people, processes and capabilities which resulted in an increase in the fixed cost base of the Company ahead of returns on its investments. The Company continues to view these investments as critical for the long-term sustained growth of the Company.

Under the FY2014-FY2016 Strategic Plan, the Company will extract operating leverage arising from economies of scale over the plan period. In addition, the plan envisages specific steps to reduce existing overhead costs, such as seeking efficiencies through offshore shared services. It will also streamline and extract greater leverage from manufacturing overheads. **This is expected to provide annual cost-savings of between S\$80 million and S\$100 by FY2016.**

6. Enhance stakeholder communication

The Company has always been committed to the highest standards of corporate disclosure and transparency. It will now enhance its efforts by: i) **supplementing existing disclosure with additional details on investment performance**; ii) **setting up a calendar of field visits to various Olam operations globally**; iii) **organising Analyst and Investor Days for platform-wise presentations**; and iv) **evaluating the structure and content of its results announcements for easier interpretation and analysis.**



Olam's Non-Executive Chairman R. Jayachandran said: "Olam's core strategy and the re-balanced performance priorities will allow Olam to achieve sustainable, profitable and responsible growth to the end of this cycle and beyond. The strategy to FY2016 is driven by the continuing opportunity to profit from strong leadership positions in an attractive and growing market while ensuring we invest at an appropriate pace.

"We will continue to ensure that our stakeholders and the broader market are kept informed of our progress through regular communications with regard to our investment performance."

Olam's FY2014-FY2016 Strategic Plan is based on current market and economic conditions and the Company will continue to update its plans to optimise growth opportunities in the future. The Board will monitor the Company's current investments and performance and seek to identify opportunities at the Group, platform or project level in order to maximise shareholder value.

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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, supplying various products across 16 platforms to over 12,300 customers worldwide. From a direct presence in more than 65 countries with sourcing and processing in most major producing countries, Olam has built a global leadership position in many of its businesses, including Cashew, Spices & Vegetable Ingredients, Cocoa, Coffee, 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, 2010 and 2012 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.



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