Q1 FY2014 Results Briefing

14 November 2013 I Singapore

Notice

This presentation should be read in conjunction with Olam International Limited's First Quarter FY 2014 Financial Results statement and Management Discussion and Analysis for the period ended 30 September 2013 lodged on SGXNET on 14 November 2013.

Cautionary note on forward-looking statements

This presentation may contain statements regarding the business of Olam International Limited 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. Such factors that may affect Olam’s future financial results are detailed in our listing prospectus, listed in this presentation, or discussed in today’s press release and in the management discussion and analysis section of the company’s First Quarter FY2014 results report and filings with SGX. 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.

Agenda

- Highlights
- Progress on Strategy Execution
- Consolidated Financial Performance
- Summary

Highlights

Highlights

- **Delivering** against our twin objectives of pursuing **profitable growth** and accelerating **free cash flow** generation
  - **EBITDA up 11.7%** to S$248.9 million; **PATMI up 5.7%** to S$45.6 million, as compared to Q1 FY2013
  - **FCFF** for the quarter, showed **significant improvement** to **S$46.0 million** from **S$(706.8) million** in the prior year
- **Improved operating efficiency** reflected in slow down of overhead growth due to sustained cost management initiatives
- **Reduced pace of Capex** – 24.5% lower than prior period
- **Net gearing** at 1.93x (below our 2.0x ceiling)
- **Announced sale-and-leaseback** of our Australian **Almond assets** and sale of Dirranbandi **Cotton gin** for **A$220.0 million**

Progress on Strategy Execution

Strategy: Four Priorities, Six Pathways

The Strategy Review had established 4 priorities:

1. Accelerate free cash flow generation
2. Reduce gearing
3. Reduce complexity
4. Facilitate better under-standing of Olam's business

... and 6 pathways to realise these 4 priorities:

1. Recalibrate pace of investments
2. Optimise Balance Sheet
3. Pursue opportunities for unlocking Intrinsic Value
4. Optimise shape of portfolio and reduce complexity
5. Improve operating efficiencies
6. Enhance stakeholder communication

Tracking well against our **Four Priorities**

1 Accelerate free cash flow generation

- Significant **improvement in free cash flow to firm** in Q1 FY2014

2 Reduce gearing

- **Gearing maintained** at 1.93x, below our 2.0x ceiling for the plan period

3 Reduce complexity

- **Restructured 4 business platforms** and **27 profit centers**

4 Facilitate better under-standing of Olam's business

- **Several measures taken** to enhance stakeholder communication

*Announced initiatives are expected to generate a **capital gain of ~S$96.9 million** and release cash of **~S$368.6 million***

Steady progress made on each of the six pathways

1 Recalibrate pace of investments

- **Capex scaled back 24.5%** from S$211.2 Mn in Q1 FY13 to S$159.5 Mn in Q1 FY14

2 Optimise Balance Sheet

- Announced **A$200.0 Mn sale and leaseback** of Australian almond assets
- Completed **US$55.0 Mn** sale and leaseback of **US almond assets** in the prior year

3 Pursue opportunities for unlocking Intrinsic Value

- Sale of **Basmati rice mill** (India) for **US$14.5 Mn and cotton gin** (Australia) for **A$20.0 Mn**
- **S$25.1 Mn cash** proceeds from the **JV** with **Sanyo Foods**

4 Optimise shape of portfolio and reduce complexity

- **Restructured 4 BU's - Wood Products, Dairy, Sugar** and **CFS** businesses
- **Closed down 27** profit centres

5 Improve operating efficiencies

- **Sustained cost management initiatives** helped in reducing pace of overhead growth to 2.8% (after consolidation of acquired entities post prior period)

6 Enhance stakeholder communication

- Grains and Packaged Foods **Investor Day**
- **Field visit to** Nigeria and Gabon
- Changes made to **reporting templates**

Sale and Leaseback of Almond Orchards

- **Sale consideration of A$200.0 million –** reduction in debt and contribution to free cash flow generation upon completion
- **One-time Net post tax gain of ~A$45.0 million** – Reiterates the value of these assets that we acquired at competitive valuations and more importantly nurtured back to good health from their distressed state at acquisition
- **Continued rights over the productive economics of the crop -** will maintain our **profit stream from these orchards** to their full maturity
- **Significant improvement** to our **Return on Invested Capital**
- **Endorsement by high quality investor group –** who believe in the **long term potential** of these assets and **our capability to mange them sustainably** over their investment time horizon
- We will **continue to invest and grow our commitments** to the processing farming and harvesting infrastructure and **retain the Permanent Water Rights**

Consolidated Financial Analysis

Margin expansion drove **EBITDA** growth

SGD Mn

	Q1 FY2014	Q1 FY2013	% Change
Volume ('000 MT)	3,668.7	3,680.6	(0.3)
Revenue	4,321.0	4,689.1	(7.9)
EBITDA	**248.9**	**222.7**	**11.7**
PAT	43.2	41.8	3.4
PATMI	**45.6**	**43.2**	**5.7**

- **Volumes maintained** compared to a high growth Q1 FY2013
- **Lower revenues** due to soft commodity prices
- **Continued EBITDA & PATMI growth** as investments mature

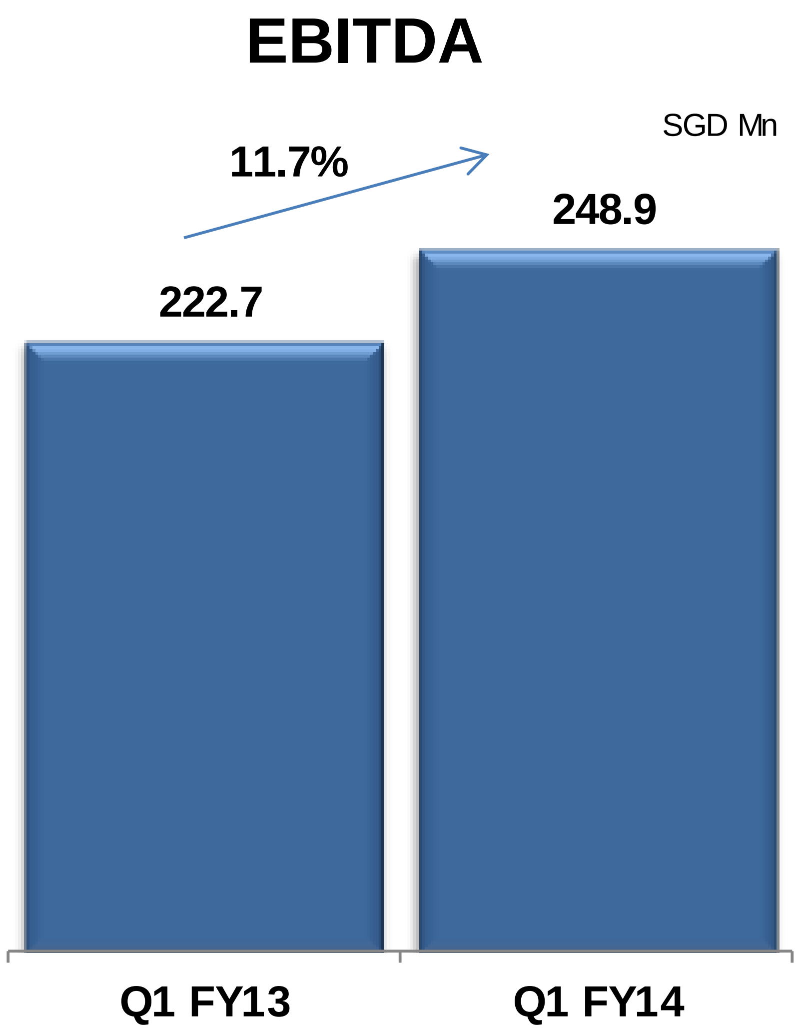
P&L Analysis

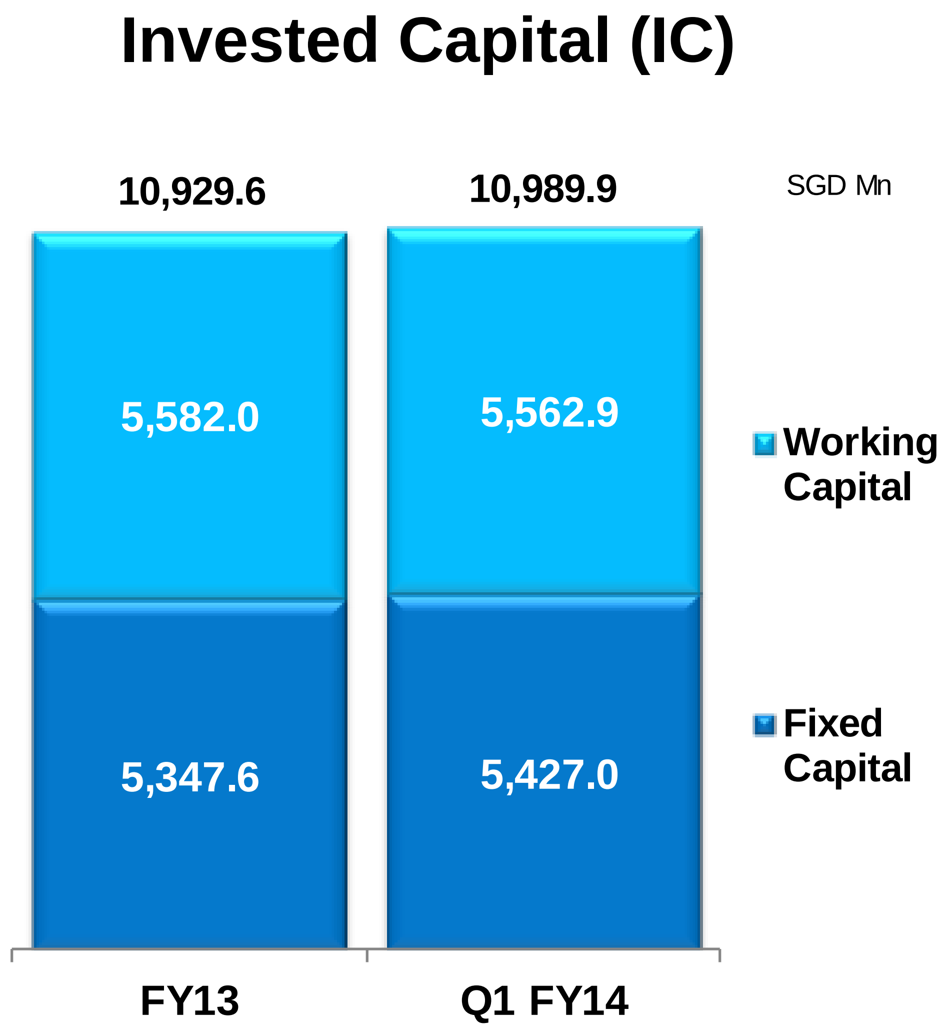
SGD Mn

	Q1 FY2014	Q1 FY2013	% Change
Volume ('000 MT)	**3,668.7**	**3,680.6**	**(0.3)**
Revenue	**4,321.0**	**4,689.1**	**(7.9)**
Other Income	1.2	5.0	(77.1)
Cost of sales	(3,886.9)	(4,301.0)	(9.6)
Overhead expenses	(171.1)	(166.4)	2.8
Other operating expenses	(20.0)	(16.4)	22.0
Net gain from changes in fair value of biological assets	3.3	10.1	(67.1)
Share of results from jointly controlled entities and associates	1.4	2.3	(38.1)
EBITDA	**248.9**	**222.7**	**11.7**
Depreciation & Amortisation	(60.8)	(43.9)	38.6
EBIT	188.1	178.8	5.2
Net Finance costs	(137.1)	(131.0)	4.7
PBT	51.0	47.8	6.6
Taxation	(7.8)	(6.0)	28.9
PAT	**43.2**	**41.8**	**3.4**
PATMI	**45.6**	**43.2**	**5.7**

- **Other Income declined** due to lower commissions and claims income
- **Reduction in the rate of overhead expense growth** as we extract operating leverage
- **Biogains reduced**; expect FY2014 biogains to be lower than FY2013
- **Associates' contribution declined** as CPO and Rubber prices fell
- **Higher depreciation** charge as fixed capital increased by S$1.1 bn compared to Q1 FY2013
- **Higher Q1 FY2014 tax charge**, but FY2014 effective tax rate expected to be lower than FY2013

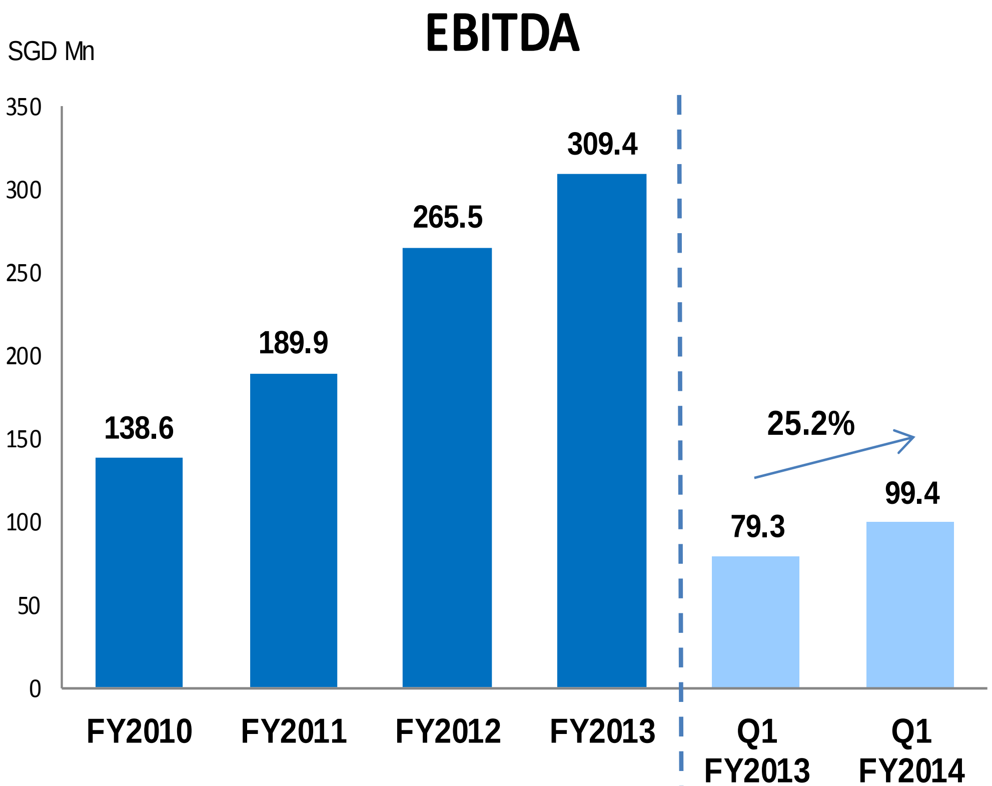
Continued **EBITDA growth** from investments already made

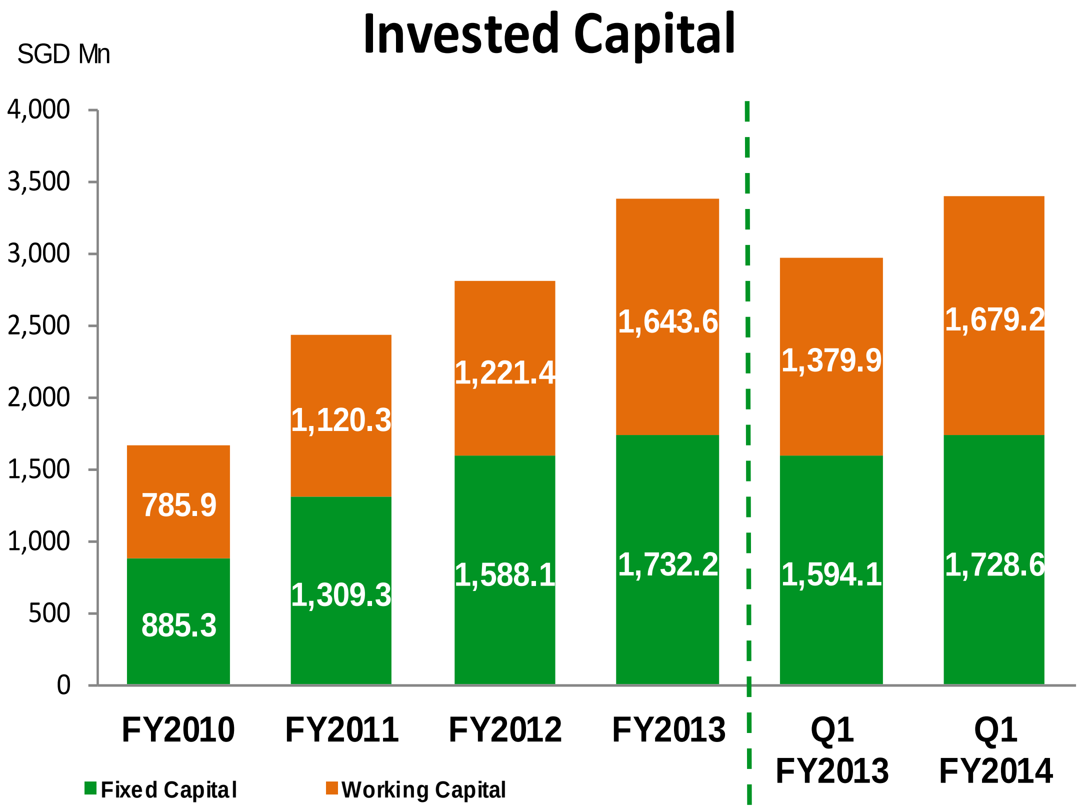




Q1 FY2014 IC excludes Gabon Fertiliser Project fixed capital of S$141.2 million (FY2013: S$106.0 million)

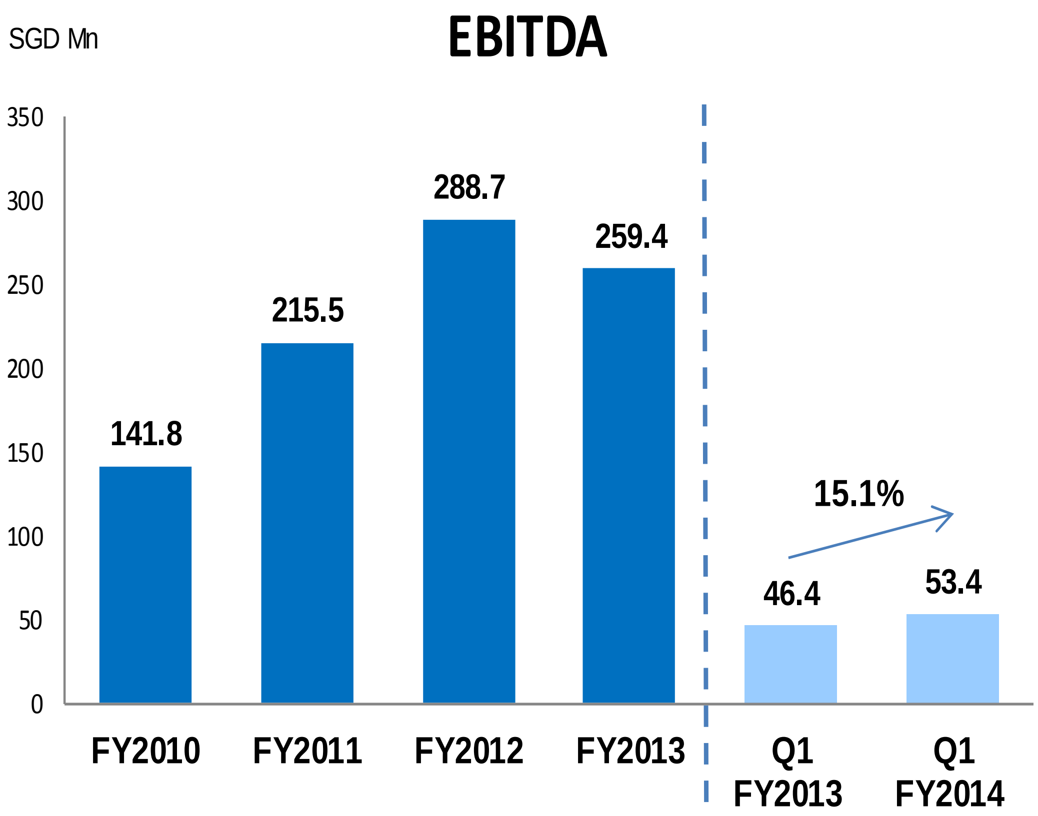
Edible Nuts, Spices & Vegetable Ingredients

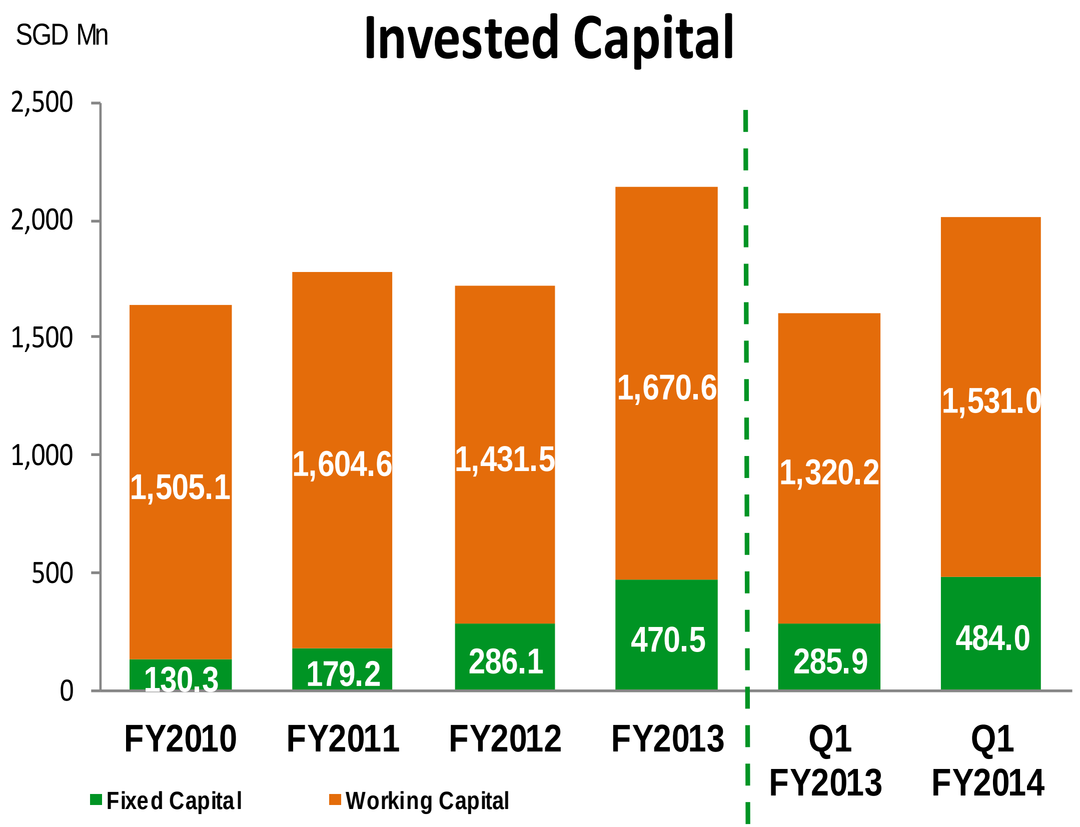




- **Almonds** outperformed on the back of higher volumes and prices and we saw a recovery in our **Tomato** business as inventories normalised and the market oversupply corrected
- Good start to the **Hazelnut** (Turkey) and **Vegetable Ingredients** (US) procurement seasons
- **Invested capital** largely **unchanged** from FY2013

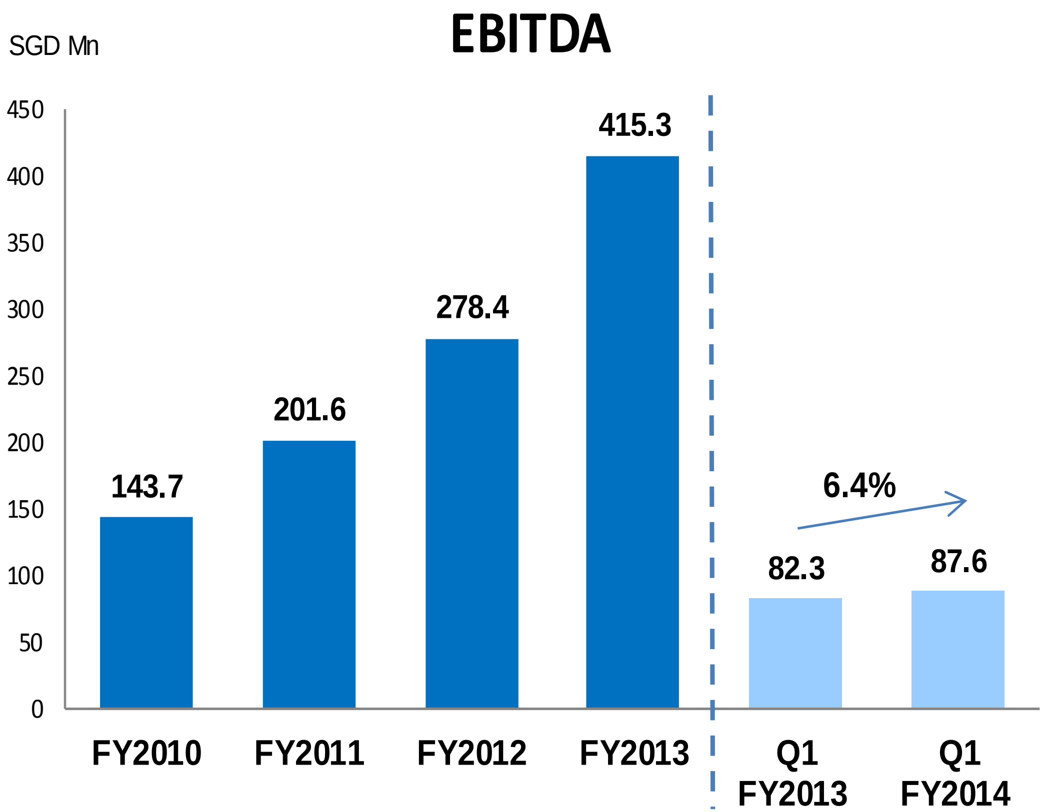
Confectionery & Beverage Ingredients

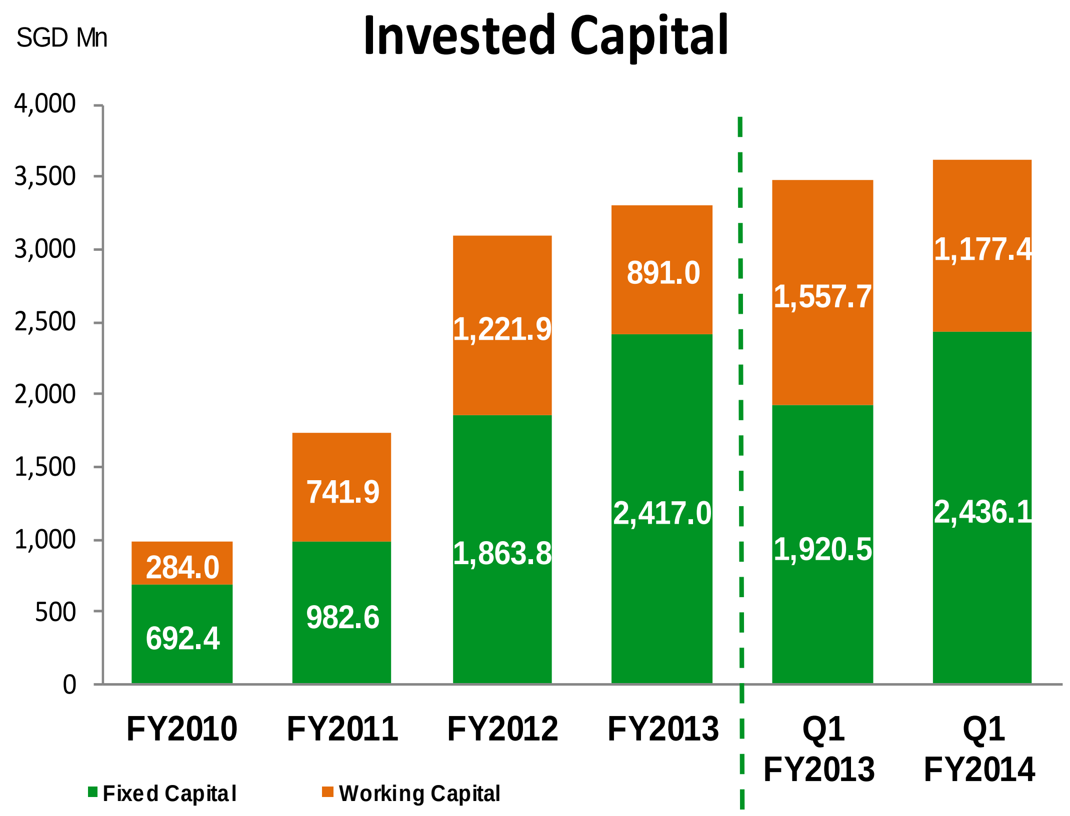




- **EBITDA** grew as upstream and midstream businesses contributed
- Good start to the **Cocoa** season, but weaker **Coffee** prices could entail margin pressures
- **Invested capital** reduced due to **softer Coffee** prices

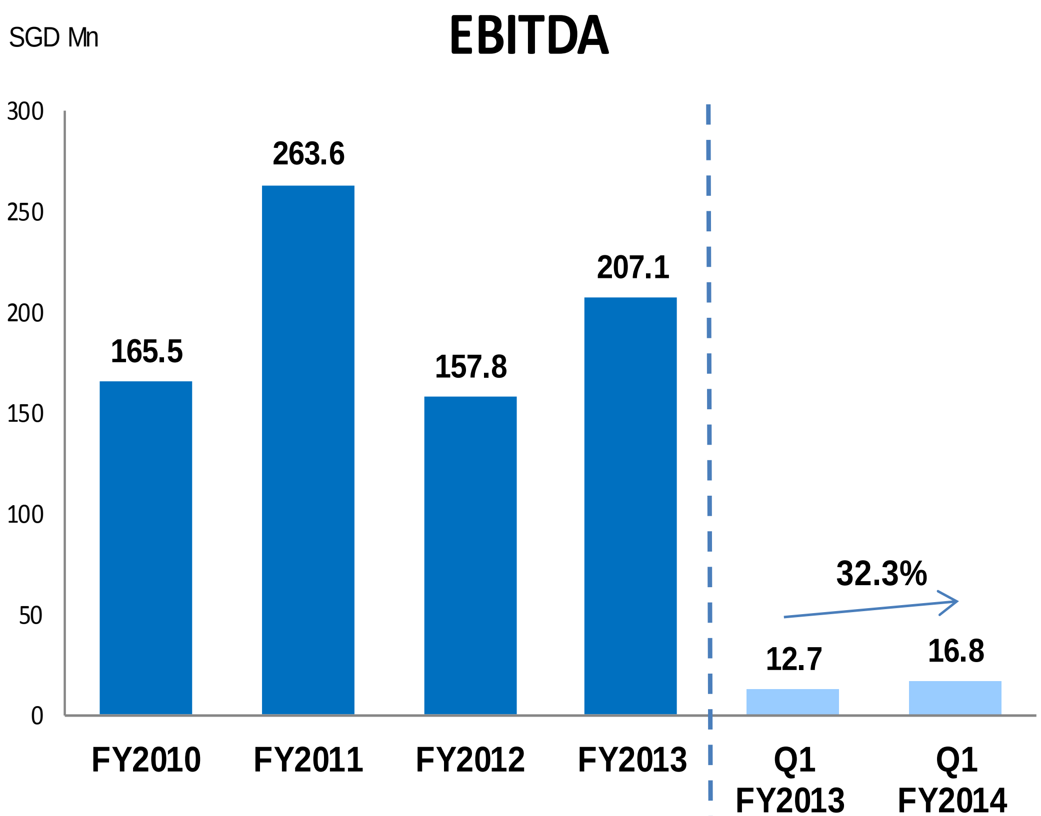
Food Staples & Packaged Foods

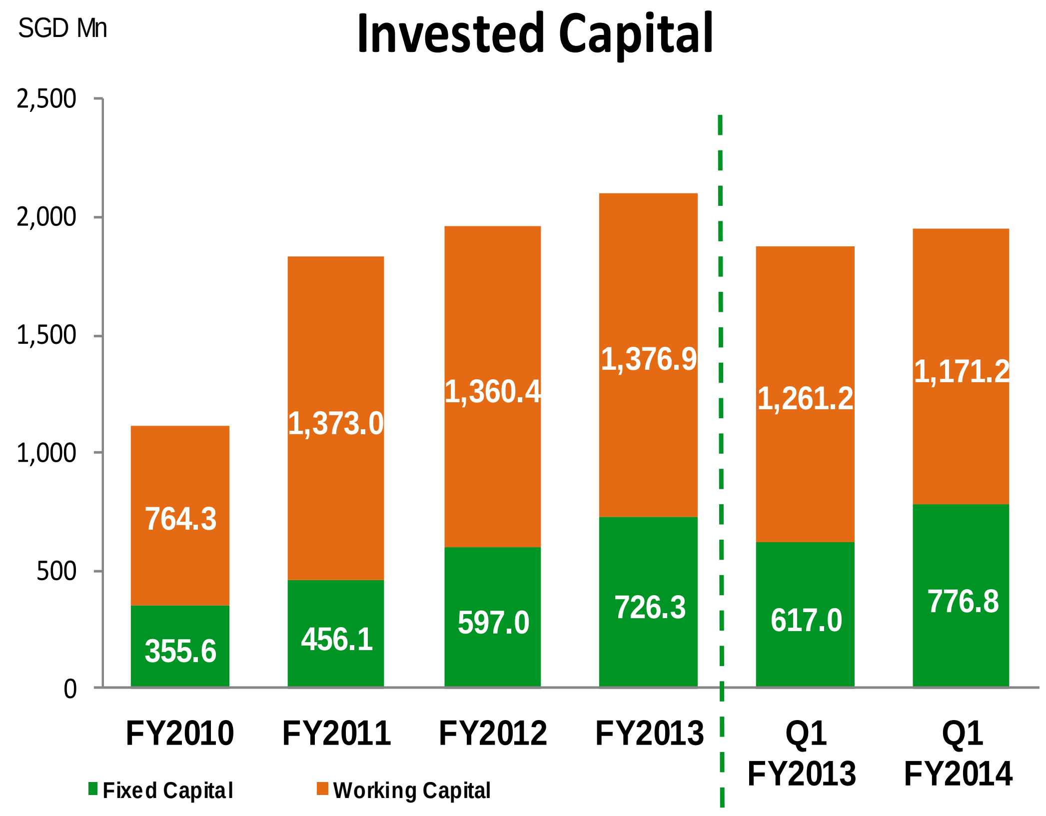




- **EBITDA** growth was driven by African **wheat milling**, **Packaged Foods** and Indonesian **Sugar refining**. Partly offset by lower **Rice** margins
- **Upstream Dairy** benefitted from higher prices, but met with operational challenges
- **Invested capital** increased as we built inventories of **Grains** in the black sea region, **Packaged Foods** in Ghana & Nigeria, **Rice** in Nigeria and **Dairy** supply chain

Industrial Raw Materials





- **EBITDA** grew as **Cotton** business delivered higher margins and volumes
- Achieved reduction in **Wood Products** overheads
- **Working capital** decreased as **Cotton** inventories reduced. **Fixed capital** investments made in **Gabon** and **Republic of Congo**

Q1 FY2014 IC excludes Gabon Fertiliser Project fixed capital of S$141.2 million (FY2013: S$106.0 million)

Improvement in cash flow generation

SGD Mn

Annual Cash Flow Summary	Q1 FY2014	Q1 FY2013	FY2013	Y-o-Y
Operating Cash flow (before Interest & Tax)	252.8	208.9	1,073.8	43.9
Changes in Working Capital	(44.5)	(702.9)	(339.5)	658.4
Tax paid	(2.8)	(1.6)	(39.5)	(1.2)
Net Operating Cash flow	**205.5**	**(495.6)**	**694.8**	**701.1**
Capex / Investments	(159.5)	(211.2)	(1,050.6)	51.7
Free cash flow to firm (FCFF)	**46.0**	**(706.8)**	**(355.8)**	**752.8**
Net interest paid	(163.2)	(137.5)	(444.6)	(25.7)
Free cash flow to equity (FCFE)	**(117.2)**	**(844.3)**	**(800.4)**	**727.1**

- **Improvement in cash flow** driven by higher cash EBITDA, lower working capital requirement and a reduced pace of Capex
- Remain on track to generate **positive FCFF for FY2014**

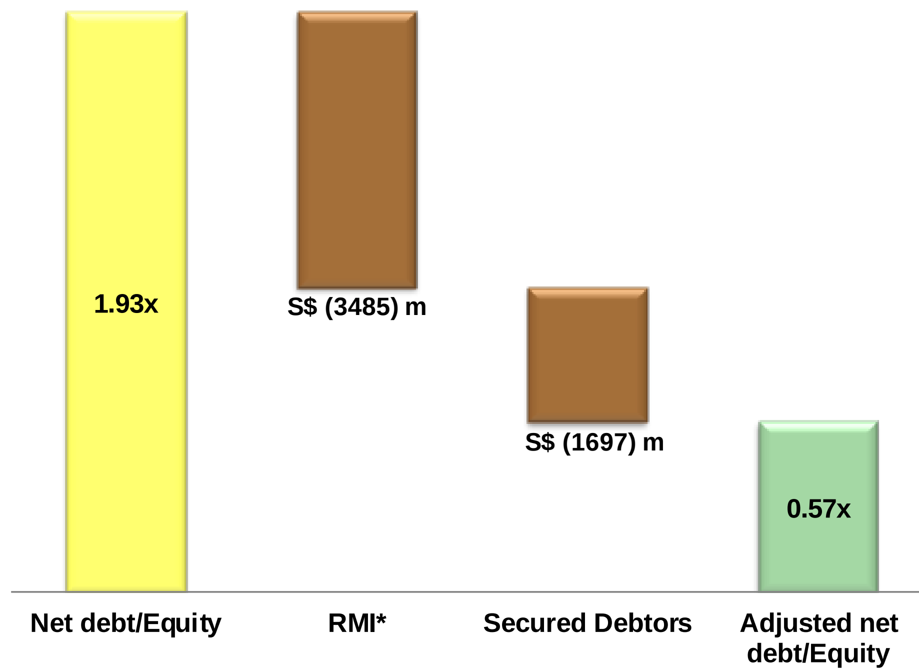
Strong and resilient balance sheet

SGD Mn

	Q1 FY2014	FY2013	Change
Gross debt	8,528.4	8,848.2	(319.8)
Less: Cash	1,190.8	1,591.0	(400.2)
Net debt	7,337.6	7,257.2	80.4
Less : Readily marketable inventories (RMI)	3,485.2	3,373.3	111.9
Less : Secured receivables	1,697.3	1,822.4	(125.1)
Adjusted net debt	2,155.1	2,061.5	93.6
Equity (before FV adj reserves)	3,798.9	3,765.0	33.9
Net debt / Equity (Basic)	**1.93**	**1.93**	**-**
Net debt / Equity (Adjusted)	**0.57**	**0.55**	**0.02**

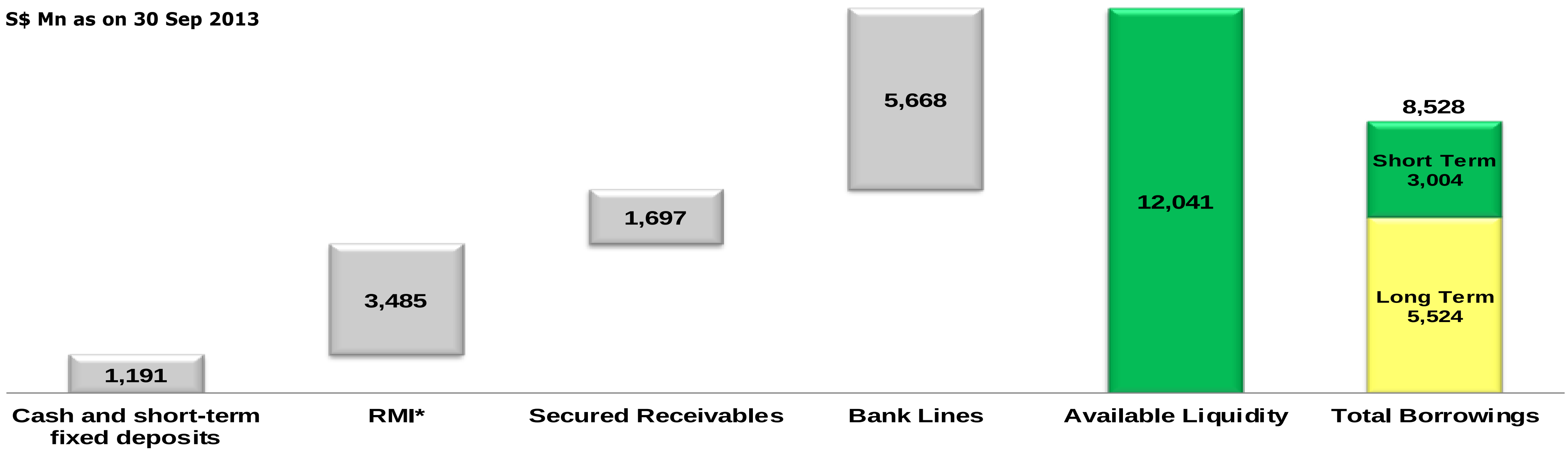
***RMI: inventories that are liquid, hedged and/or sold forward**

Net debt/ Equity as of 30 September 2013



- **Gross debt reduced** as we repaid/retired debt out of cash balances
- **Net debt increased marginally** by S$80.4 million
- Adjusted gearing at 0.57x provides **ample debt capacity**

Ample liquidity to meet all outstanding borrowings

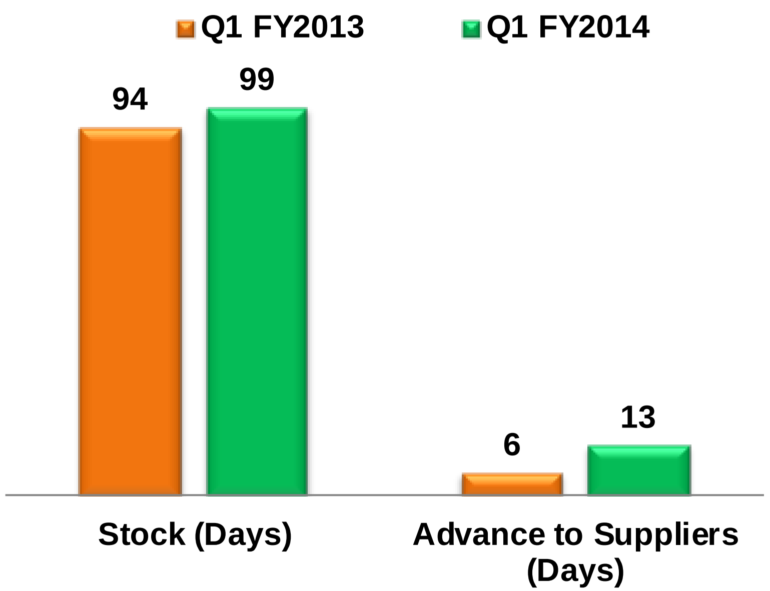


*RMI: inventories that are liquid, hedged and/or sold forward

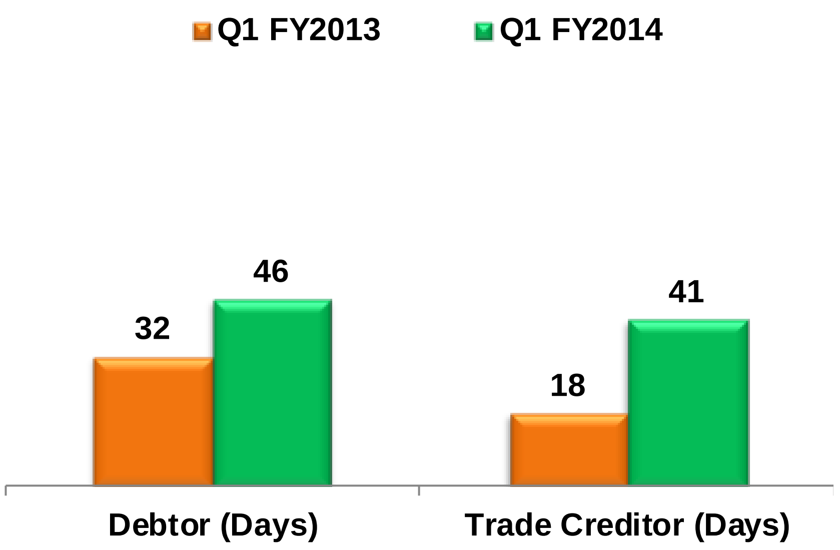
- **Available liquidity sufficient** to cover all ST repayments and Capex projections
- **Borrowing mix remains well diversified** across sources and tenors
- **New Issuances** during Q1 FY2014
  - 5 year Term Loan of **US$120 million** from IFC
  - 3 year Revolving Credit Facility of **US$400 million** for Olam Holdings Partnership (USA)

Marginal change in cash cycle

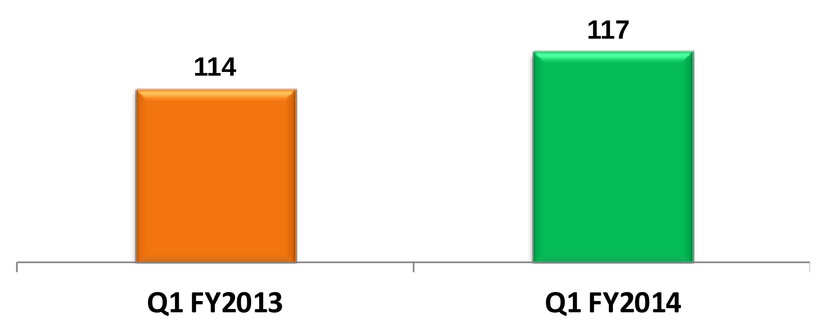
Stock (days) and Advance to Suppliers (days)



Debtor (days) and Trade Creditor (days)



Cash-to-cash cycle (days)



- The overall **cash cycle increased marginally** by 3 days on higher stock days
- **Higher receivables** offset by **higher creditors**

Summary

Key Takeaways

- **Steady start to FY2014** as we delivered on our twin objectives of pursuing **profitable growth** and accelerating **free cash generation**
- **Good progress made** on all 4 strategic plan priorities and 6 pathways identified. Various initiatives still underway
- **Strong balance sheet, improved liquidity position**, **Gearing** remained constant and **within targeted levels** and we continued to **broad-base our borrowing** facilities
- **Enhanced stakeholder communication** with the continuation of **Investor day program** and **Field visits**. Introduced **changes to our reporting formats** to sharpen focus and communication on key metrics
- **Focus remains on execution against our plans -** extracting full value from our existing investments, reducing pace of new investments improving operating efficiencies and optimizing our balance sheet

Thank You