



NEWS RELEASE

Q2 FY2014 RESULTS: IMPROVED OPERATING PERFORMANCE AND SIGNIFICANT PROGRESS ON STRATEGY IMPLEMENTATION

Cash release of S\$445.0 million by FY2014 from 10 announced strategic initiatives

- Q2 EBITDA up 0.9% to S\$315.9 million and H1 FY2014 EBITDA increased by 5.4% to S\$564.8 million, on account of improved margins and operating efficiencies
- PATMI for Q2 lower by 12.5% to S\$134.9 million; Operational PATMI, which excludes exceptional items, declined 5.2% on higher taxes and depreciation and amortisation charges
- For H1 FY2014, PATMI declined 8.5% to S\$180.5 million; Operational PATMI declined by 2.6% to S\$174.6 million
- Significant improvement in all cash flow metrics due to higher operating cash flow, lower capital expenditure, better working capital utilisation and the execution of strategic initiatives
- Five completed strategic initiatives have released cash of S\$134.1 million, generated a P&L gain of S\$36.1 million and added S\$14.2 million to capital reserves. The other five initiatives, which are expected to be completed within FY2014, are likely to release further cash of approximately S\$312.4 million, generate a P&L gain of approximately S\$39.8 million and add approximately S\$2.3 million to capital reserves

Consolidated Financial Results ended 31 Dec 2013	Q2 FY2014	Q2 FY2013	% Change	H1 FY2014	H1 FY2013	% Change
Sales Volume ('000 MT)	3,692.4	4,091.8	(9.8)	7,361.1	7,772.4	(5.3)
Sales Revenue (S\$ million)	4,506.7	4,900.4	(8.0)	8,827.8	9,589.5	(7.9)
EBITDA (S\$ million)	315.9	313.0	0.9	564.8	535.7	5.4
PAT (S\$ million)	130.2	151.3	(13.9)	173.5	193.1	(10.2)
PATMI (S\$ million)	134.9	154.1	(12.5)	180.5	197.3	(8.5)
Operational PATMI (S\$ million)	129.0	136.0	(5.2)	174.6	179.2	(2.6)

Singapore, February 14, 2014 – Olam International Limited (“Olam”, “the Group” or “the Company”), a leading agri-business operating across the value chain in 65 countries, today reported its Q2 FY2014 and H1 FY2014 results with significant progress on the implementation of its strategic plan.



For the six months ended December 31, 2013 ("H1 FY2014"), Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA"), Olam's key metric for operating performance, improved 5.4% to S\$564.8 million from the same period last year, reflecting margin expansion and improved operating efficiencies. The Group reported an 8.5% reduction in Profit After Tax and Minority Interests ("PATMI") to S\$180.5 million, while Operational PATMI, which excludes exceptional items, declined 2.6% to S\$174.6 million. Sales volumes were down 5.3% in H1 FY2014 as compared to H1 FY2013, which had shown a record 71.9% growth over the prior period (H1 FY2012). These results include an overall reduction in the fair value of biological assets by S\$44.2 million, from a net gain of S\$32.2 million in H1 FY2013 to a net loss of S\$12.0 million in H1 FY2014. The decline in Operational PATMI was primarily driven by higher depreciation and amortisation expenses at S\$110.6 million compared to S\$83.9 million in H1 FY2013 and an increase in tax expenses to S\$27.4 million as compared to S\$18.0 million (excluding exceptional items) for the prior corresponding period.

For the three months ended December 31, 2013 ("Q2 FY2014"), EBITDA was up 0.9% to S\$315.9 million. PATMI was down 12.5% to S\$134.9 million. Excluding exceptional items, Operational PATMI for Q2 FY2014 declined 5.2% to S\$129.0 million. These results include an overall reduction in the fair value of biological assets by S\$37.5 million, from a net gain of S\$22.1 million in Q2 FY2013 to a net loss of S\$15.4 million in Q2 FY2014. The decline in Operational PATMI was primarily driven by higher depreciation and amortisation expenses at S\$49.8 million compared to S\$40.0 million in Q2 FY2013 and an increase in tax expenses to S\$19.6 million as compared to S\$11.9 million (excluding exceptional items) for the prior corresponding period.

The Group showed significant improvements on its free cash flow generation with increase in net operating cash flows to S\$582.3 million (H1 FY2013: S\$511.1 million), reduction in fixed capital investments to S\$262.4 million (H1 FY2013: S\$469.6 million), lower increase in working capital to S\$574.9 million (H1 FY2013: S\$816.2 million) and continued execution of its strategic initiatives to unlock value and release cash.

Net gearing was 2.06 times at H1 FY2014, which was lower than the 2.21 times gearing at H1 FY2013.

Olam's Group Managing Director and CEO, Sunny Verghese said: "We are pleased with the progress made in the first half of FY2014, both in terms of operating performance as well as execution against our four strategic priorities and six key pathways identified in our strategic plan. This is reflected in the EBITDA growth and improved cash flow generation for the period.

"We will continue to work on all these pathways to achieve our twin goals of pursuing profitable growth and generating positive free cash flow on a sustained basis."



Strategic Plan Update

Olam has announced 10 strategic initiatives, of which five were completed as at end-H1 FY2014. These five completed initiatives have released cash of S\$134.1 million, generated a P&L gain of S\$36.1 million and added S\$14.2 million to capital reserves. Out of these amounts, S\$47.8 million of cash, S\$5.9 million in P&L gains and S\$14.2 million addition to capital reserves from two of the five completed initiatives were recognised in H1 FY2014.

The remaining five initiatives, which are expected to be completed in H2 FY2014, are likely to release further cash of approximately S\$312.4 million, generate a P&L gain of approximately S\$39.8 million and add approximately S\$2.3 million to capital reserves. (A summary of the initiatives are described on pages 5 to 7 of the Management Discussion and Analysis.)

Segmental Review

Olam's Executive Director of Finance and Business Development, A. Shekhar said: "The performance during the first half was a mix of strong performance from Edible Nuts, Spices & Vegetable Ingredients, Wheat milling, Sugar refining, Dairy and Cocoa supply chain businesses, which was offset by below par performance in the upstream Dairy and Wood Products businesses.

"We are encouraged by the overall performance in this first year following the announcement of our revised strategic plan. The ability to grow our EBITDA by 5.4% on lower volumes is reflective of our focus on margin improvements from existing investments and extracting operating efficiencies across the business. This demonstrates the competitive position built across several of our platforms and gives us further confidence that we will meet our growth targets for FY2014 and beyond."



Quarter 2

Segment	Sales Volume		Revenue		EBITDA	
	Q2 FY2014	Q2 FY2013	Q2 FY2014	Q2 FY2013	Q2 FY2014	Q2 FY2013
Edible Nuts, Spices and Vegetable Ingredients	281.1	300.9	845.1	760.2	76.0	58.9
Confectionery and Beverage Ingredients	366.8	391.6	1,115.1	1,079.7	90.6	88.4
Food Staples and Packaged Foods	2,636.0	2,868.5	1,662.1	1,773.1	96.1	138.3
Food Category	3,283.9	3,561.0	3,622.3	3,613.0	262.7	285.6
Industrial Raw Materials (IRM)	408.5	530.8	884.1	1,287.0	53.4	46.1
Commodity Financial Services (CFS)	N.A.	N.A.	0.3	0.4	(0.2)	(18.7)
Non-Food Category	408.5	530.8	884.4	1,287.4	53.2	27.4
Total	3,692.4	4,091.8	4,506.7	4,900.4	315.9	313.0

Volume in '000 metric tonnes; Revenue & EBITDA in S\$ million

Cumulative H1

	Sales Volume		Revenue		EBITDA	
	H1 FY2014	H1 FY2013	H1 FY2014	H1 FY2013	H1 FY2014	H1 FY2013
Edible Nuts, Spices and Vegetable Ingredients	737.4	720.8	1,605.5	1,345.6	175.5	138.2
Confectionery and Beverage Ingredients	681.7	701.3	2,036.5	2,341.7	144.1	134.9
Food Staples and Packaged Foods	5,163.0	5,465.9	3,373.1	3,687.9	183.5	220.6
Food Category	6,582.1	6,888.0	7,015.1	7,375.2	503.1	493.7
Industrial Raw Materials (IRM)	779.0	884.4	1,812.0	2,213.6	70.2	58.8
Commodity Financial Services (CFS)	N.A.	N.A.	0.7	0.7	(8.5)	(16.8)
Non-Food Category	779.0	884.4	1,812.7	2,214.3	61.7	42.0
Total	7,361.1	7,772.4	8,827.8	9,589.5	564.8	535.7

Volume in '000 metric tonnes; Revenue & EBITDA in S\$ million

The **Edible Nuts, Spices & Vegetable Ingredients** segment registered a year-on-year volume growth of 2.3% and EBITDA growth of 27.0% in H1 FY2014. The almond and dehydrated onion businesses were the key contributors, with the US tomato processing business also seeing a turnaround. The US vegetable ingredients business also performed well during the period. Businesses in the segment which underperformed were the upstream peanut business in Argentina and the mechanical cashew processing operations in Nigeria.



The **Confectionery & Beverage Ingredients** segment saw a marginal decline in volume of 2.8% and a 13.0% decline in revenues because of a steep decline in coffee prices. EBITDA grew 6.8%, led by higher contribution from the Cocoa supply chain and the midstream soluble coffee business.

Sales volume for **Food Staples & Packaged Foods** fell by 5.5% and revenues declined by 8.5% mainly due to lower volumes and prices for its Grains and Rice businesses after an exceptionally strong H1 FY2013. EBITDA declined by 16.8% due to a combination of lower Grains and Rice volumes, lower Rice margins and continued operational challenges in the upstream Dairy business.

The **Industrial Raw Materials** segment saw volumes drop 11.9% while turnover declined by 18.1%. EBITDA increased 19.4% mainly on the back of better Cotton volumes and margins than a year ago. While the Cotton business registered good growth, the restructuring of the Wood Products business and reduced participation in Fertiliser tenders impacted overall growth in the segment.

Commodity Financial Services narrowed its EBITDA loss to S\$8.5 million in H1 FY2014 from a S\$16.8 million loss in H1 FY2013.

Outlook and Prospects

Mr. Verghese said: "I believe we are on track to generate earnings growth and achieve positive free cash flow to firm for the full year FY2014. We will continue to stay focused on executing our three year strategic plan."

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Notes to the Editor:

This release should be read and understood only in conjunction with the full text of Olam International Limited's Q2 FY2014 Financial Statements and Management Discussion and Analysis lodged on SGXNET on February 14, 2014.

The year-to-date figures are a better reflection of the Group's performance as it experiences seasonality in earnings from quarter to quarter due to its participation in upstream, midstream and supply chain management of agricultural commodities across the Northern and Southern hemispheres.



About Olam International Limited:

Olam International is a leading agri-business operating across the value chain in 65 countries, supplying various products across 16 platforms to over 13,600 customers worldwide. From a direct sourcing and processing presence in most major producing countries, Olam has built a global leadership position in many of its businesses. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 50 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. Olam is located at 9 Temasek Boulevard #11-02 Suntec Tower Two Singapore 038989, Telephone: +65 63394100, Facsimile: +65 63399755.

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