



Building Relevant Scale

Delivering the Olam Strategy

Fourth Quarter and Full Year FY2012 Results Briefing
28th August 2012 Singapore

Notice

This presentation should be read in conjunction with Olam International Limited's Fourth Quarter and Full Year (FY2012) Financial Results for the period ended 30 June 2012 statement lodged on SGXNET on 28 August 2012.

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 Fourth Quarter and Full Year FY2012 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

 Results Overview

 Strategy Recap




 Taking Stock

 Looking Forward

FY 2012 Results Briefing: Agenda



Full Year FY2012 Results

-  Consolidated P&L Analysis
-  Segmental Analysis
-  Balance Sheet Analysis



Consolidated P&L Analysis

Summary


(in S\$ million)	FY2012	FY2011	% Change
Sales Volume (MMT)	10.675	8.452	26.3
Sales Value	17,093.8	15,803.4	8.2
Net Contribution (NC)	1,381.8	1,222.8	13.0
NC/ton	129	145	(10.5)
Reported Profit For the Period	403.8	444.6	(9.2)
(-) Exceptional Items	15.4	57.1	n.m.
(-) Non-controlling interests	32.9	14.7	123.8
Operational Profit for the Period	355.5	372.8	(4.6)

Commodity Prices: Olam Basket

Published Indices	01-Jul-11	30-Jun-12	% increase
S & P GS Agriculture	746.0	732.7	-1.8%
CRB CMDT Index	548.0	475.6	-13.2%
CRY Index	336.7	284.2	-15.6%
Olam Basket			-15.5%
Olam Basket			
Rice	519.0	616.0	18.7%
Sugar	701.7	571.3	-18.6%
Cocoa	1,992.0	1,574.0	-21.0%
Coffee	2,472.0	2,134.0	-13.7%
Cotton	121.8	71.6	-41.2%
Cashew Kernel	4.6	3.5	-23.1%
Sesame	1,273.0	1,309.4	2.9%
Timber	760.0	700.0	-7.9%
Pepper	6,150.0	6,650.0	8.1%
Wheat	612.3	757.3	23.7%
Milk Powder	3,950.0	2,850.0	-27.8%
Peanuts	2,175.0	2,125.0	-2.3%
Olam Basket wtd. Avg			-15.5%

Sales Volume

 **Sales Volume: 10.675 million metric tons**

 Volume grew by 2.223 million metric tons

 26.3% growth over FY2011

 Volume growth across all 4 segments

Sales Volume - Segmental

Segments	FY2012 (MT/'000)	FY2011 (MT/'000)	% Change
Edible Nuts, Spices & Beans	1,570	1,274	23.2
Confectionery & Beverage Ingredients	1,609	1,484	8.4
Food Staples & Packaged Foods	5,845	4,102	42.5
Food Category Total	9,024	6,860	31.5
Industrial Raw Materials	1,651	1,591	3.7
Consolidated Total	10,675	8,452	26.3

Net Contribution



Net Contribution (NC): S\$ 1381.8 million



13% growth over FY2011. Food Category's NC increased by 31.6%

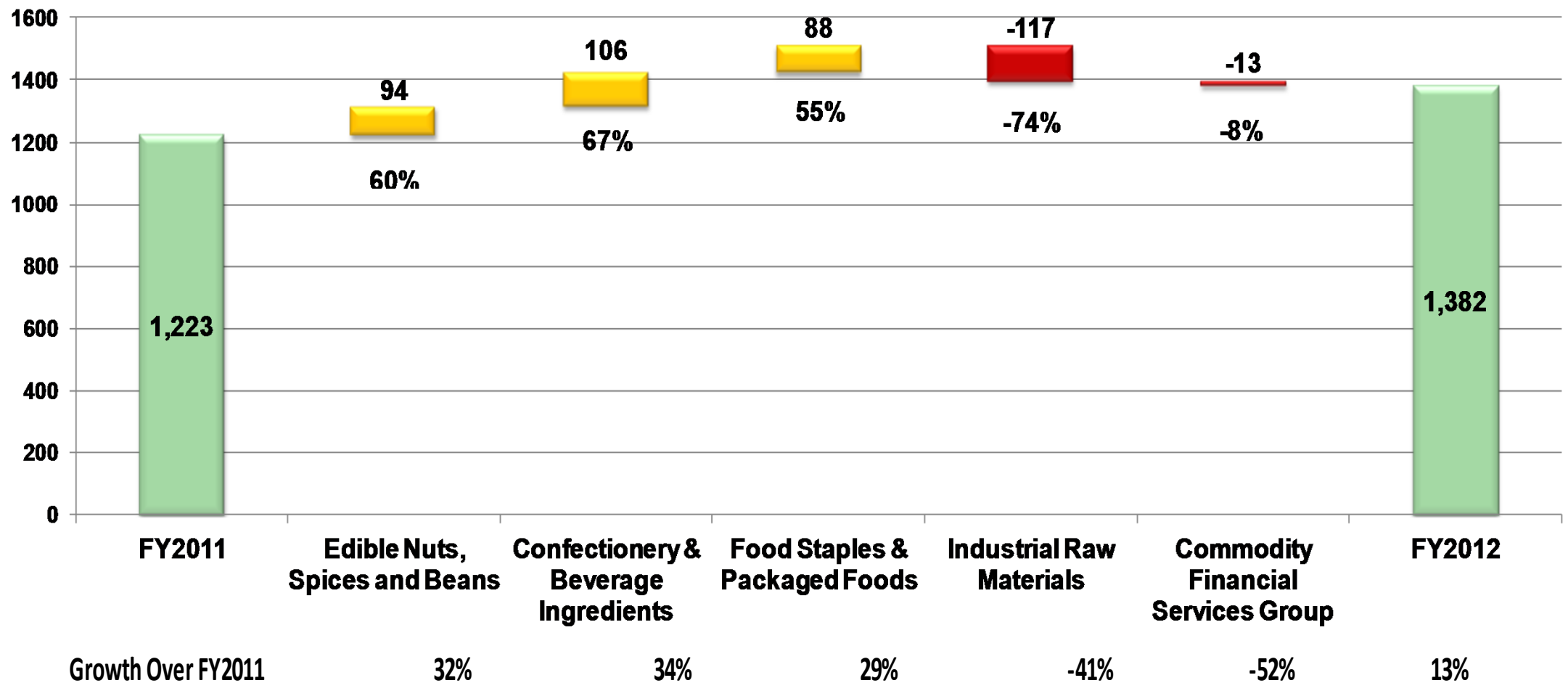


NC per ton decreased from S\$145/ton in FY2011 to S\$129/ton in FY2012

Net Contribution Growth: Segmental Share

Net Contribution
(S\$ M)

In S\$M, as of Jun 2012



Overhead Expenses

 **Overhead Expenses increased by 22.5%
to S\$859 million in FY2012**

	FY2012	FY2011	Change
Overhead Expenses(S\$m)	859.0	701.1	22.5%
Overhead/ Sales Ratio	5.0%	4.5%	-

Key Earnings Metrics

Reported Profit for the Period: S\$403.8 m

- 9.2% decline over FY2011

Operational Profit for the Period: S\$355.5 m

- 4.6% decline over FY2011

Reported Earnings per Share (EPS)

- 14.96 cents/share in FY2012 vs 20.27 cents/share in FY2011

Operational Earnings per Share (EPS)

- 14.33 cents/share in FY2012 vs 17.58 cents/share in FY2011

Net Asset Value (NAV before fair value adjustment)

- 144.56 cents/share in FY2012 vs 114.88 cents/share in FY2011

Key Return Metrics



ROE (BOP_E)

- **14.2% in FY2012** vs 21.3% in FY2011
- **Equity Spread ($ROE - K_E$) 4.2%**



ROIC (Average)

- **10.7% in FY2011** vs 14.3% in FY2011
- **Capital Spread ($ROIC - WACC$) 3.5%**



Segmental Analysis

Segmental Analysis: Summary

Olam Consolidated

- Turnover **S\$17094 m**
- Volume **10.675 mmts**
- NC **S\$1381.8 m**
- NPAT **S\$403.8 m**

Edible Nuts, Spices & Beans

- Turnover **S\$2563 m**
- Volume **1.57 mmts**
- NC **S\$390.8 m**

- NC Share **28.3%**



Confectionery & Beverage Ingredients

- Turnover **S\$5902 m**
- Volume **1.609 mmts**
- NC **S\$420.8 m**

- NC Share **30.4%**



Food Staples & Packaged Foods

- Turnover **S\$4586 m**
- Volume **5.845 mmts**
- NC **S\$390.9 m**

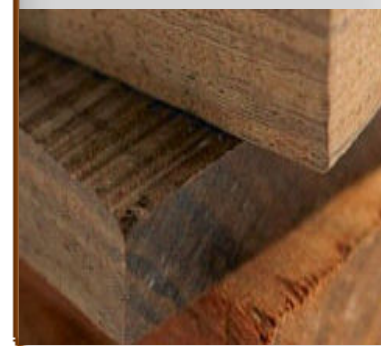
- NC Share **28.3%**



Industrial Raw Materials

- Turnover **S\$4041 m**
- Volume **1.651 mmts**
- NC **S\$167.2 m**

- NC Share **12.1%**



Commodity Financial Services Group

- Turnover **S\$2 m**
- NC **S\$12.1 m**

- NC Share **0.9%**



Net Contribution & NC/ MT Growth: Segmental

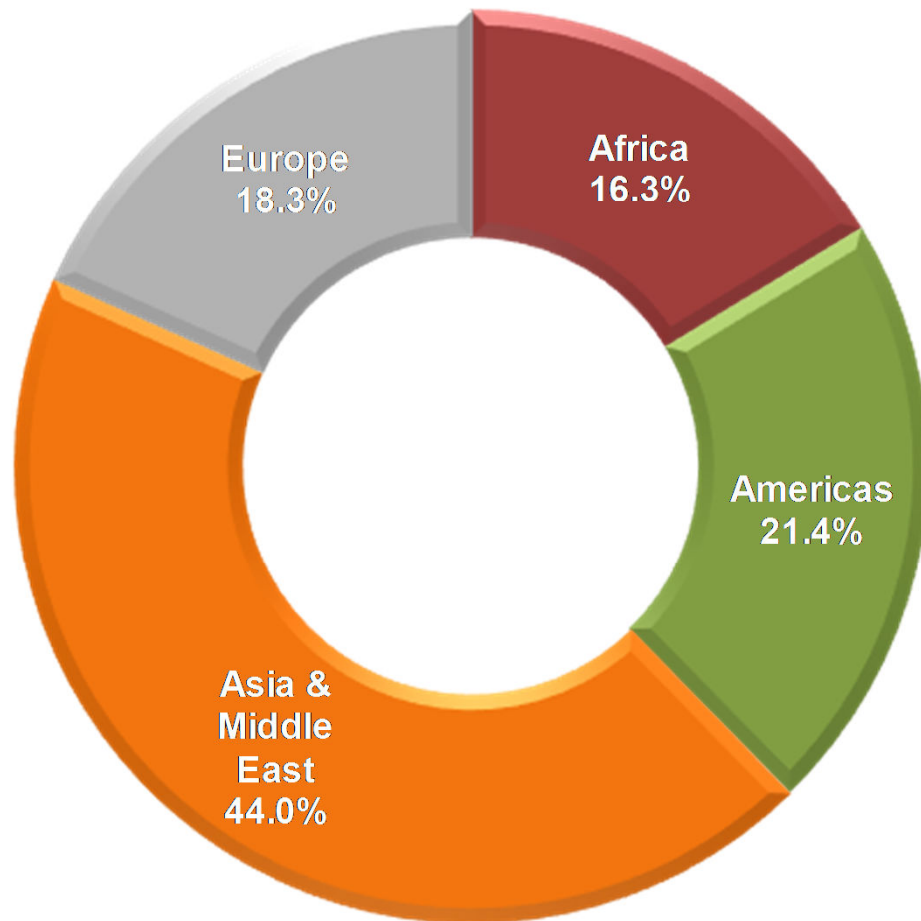
Segments	Net Contribution		
	FY2012	FY2011	% change
	S\$million	S\$million	
Edible Nuts, Spices & Beans	390.9	296.6	31.8
<i>NC/MT (S\$ / ton)</i>	<i>248.9</i>	<i>232.7</i>	<i>7.0</i>
Confectionery & Beverage Ingredients	420.8	314.4	33.8
<i>NC/MT (S\$ / ton)</i>	<i>261.5</i>	<i>211.8</i>	<i>23.5</i>
Food Staples & Packaged Foods	390.9	302.5	29.2
<i>NC/MT (S\$ / ton)</i>	<i>66.8</i>	<i>73.7</i>	<i>-9.4</i>
Food Category Total	1,202.6	913.6	31.6
<i>NC/MT (S\$ / ton)</i>	<i>133.2</i>	<i>133.1</i>	<i>0.1</i>
Industrial Raw Materials	167.2	283.9	(41.1)
<i>NC/MT (S\$ / ton)</i>	<i>101.2</i>	<i>178.3</i>	<i>(43.2)</i>
Commodity Financial Services	12.1	25.4	(52.5)
Consolidated Total	1,381.8	1,222.8	13.0
<i>NC/MT (S\$ / ton)</i>	<i>129.4</i>	<i>144.6</i>	<i>(10.5)</i>

Segmental Analysis: Value Chain

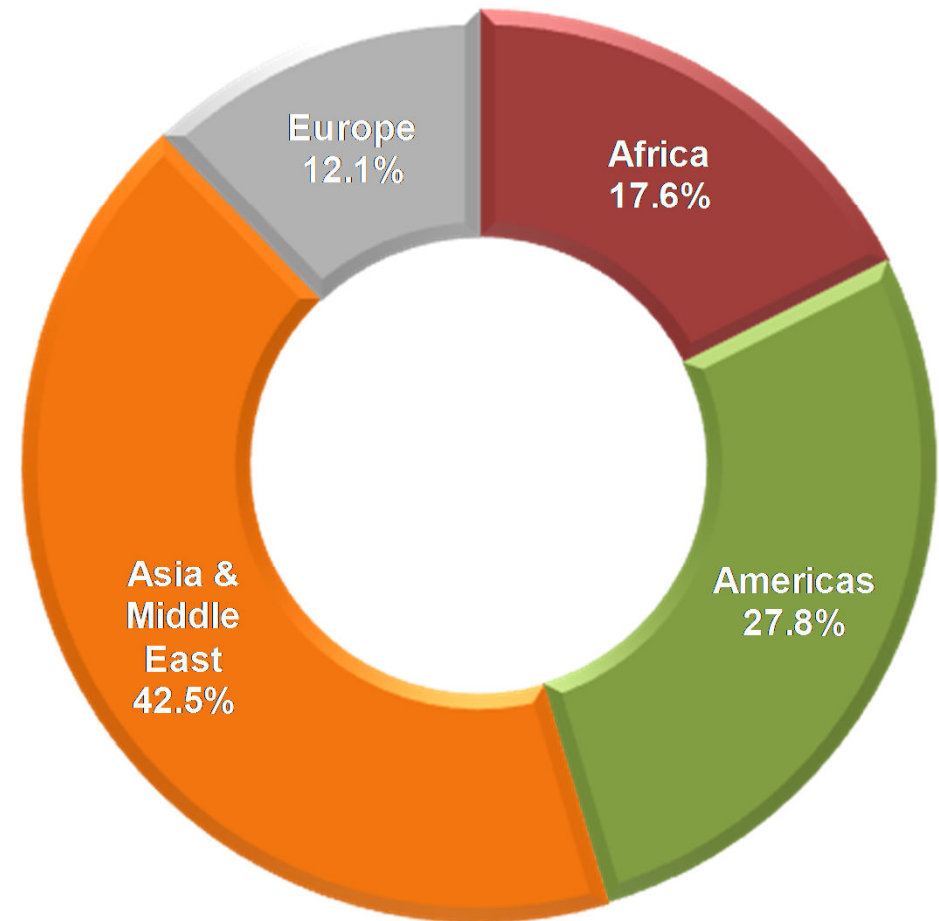
Value Chain Initiatives	Sales Revenue (in S\$ m)		Growth %	Net Contribution (in S\$ m)		Growth %	EBITDA (in S\$ m)		Growth %
	Jun-12	Jun-11		Jun-12	Jun-11		Jun-12	Jun-11	
Supply Chain & VAS	14,825	13,853	7.0%	956	864	10.7%	614	572	7.2%
Margin (%)				6.5%	6.2%		4.1%	4.1%	
Margin Per Ton				105	121		67	80	
% Share	86.7%	87.7%		69.2%	70.7%		64.1%	66.3%	
Upstream	376	306	23.0%	192	170	12.7%	174	154	12.8%
Margin (%)				51.0%	55.7%		46.3%	50.5%	
Margin Per Ton				662	633		600	573	
% Share	2.2%	1.9%		13.9%	13.9%		18.2%	17.9%	
Midstream & Downstream	1,892	1,645	15.0%	234	189	23.8%	170	136	24.8%
Margin (%)				12.3%	11.5%		9.0%	8.3%	
Margin Per Ton				187	176		137	127	
% Share	11.1%	10.4%		16.9%	15.4%		17.8%	15.8%	
Total	17,094	15,803	8.2%	1,382	1,223	13.0%	958	863	11.0%
Margin (%)				8.1%	7.7%		5.6%	5.5%	
Margin Per Ton				129	145		90	102	

Well Diversified Sourcing: Origins

**Sourcing Volume
FY2012**

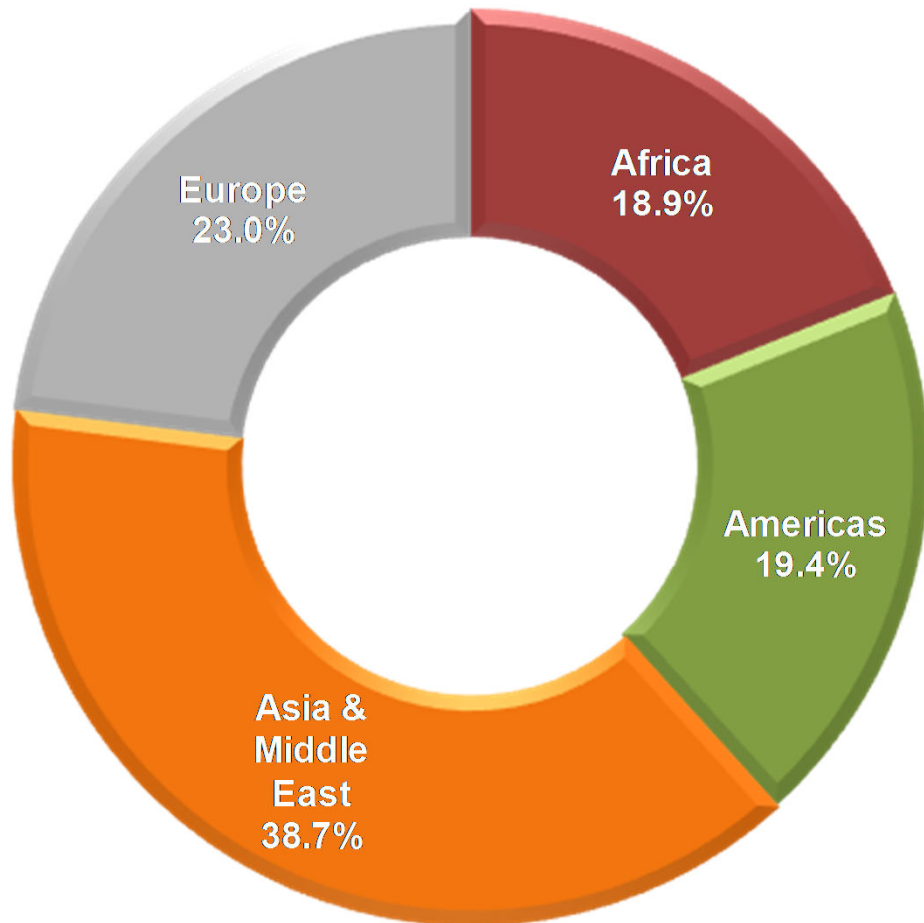


**Sourcing Volume
FY2011**

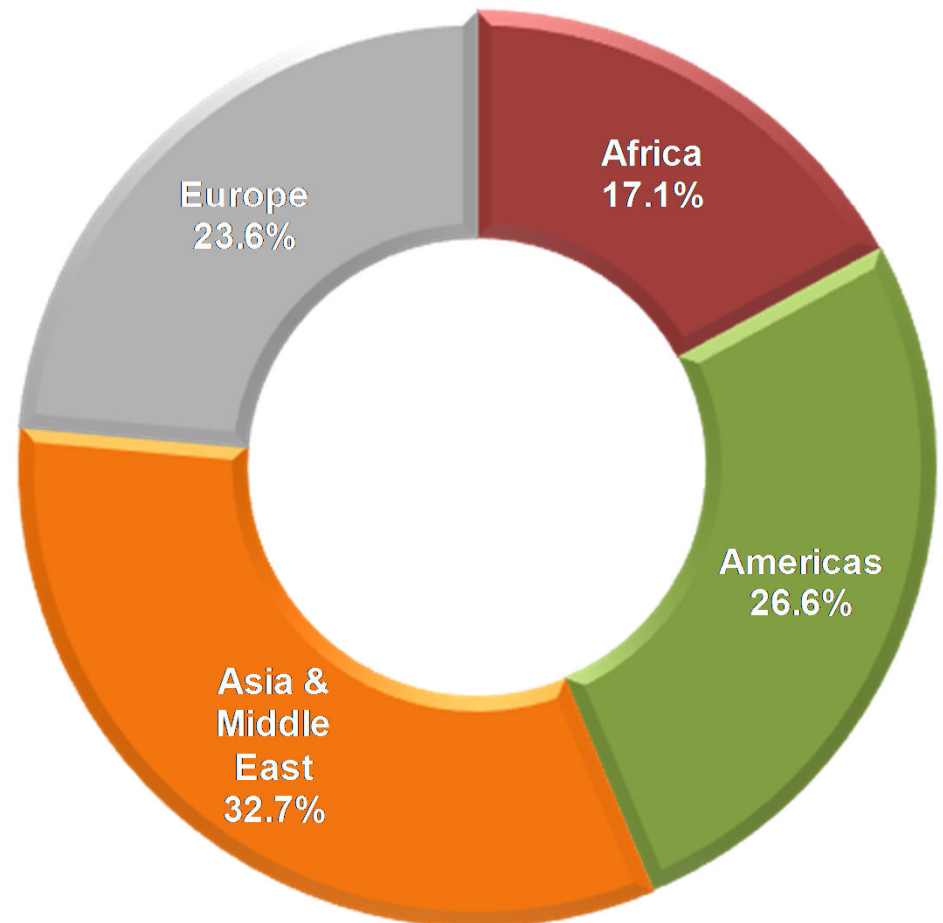


Well Diversified Sales: Markets

**Sales Turnover
FY2012**



**Sales Turnover
FY2011**

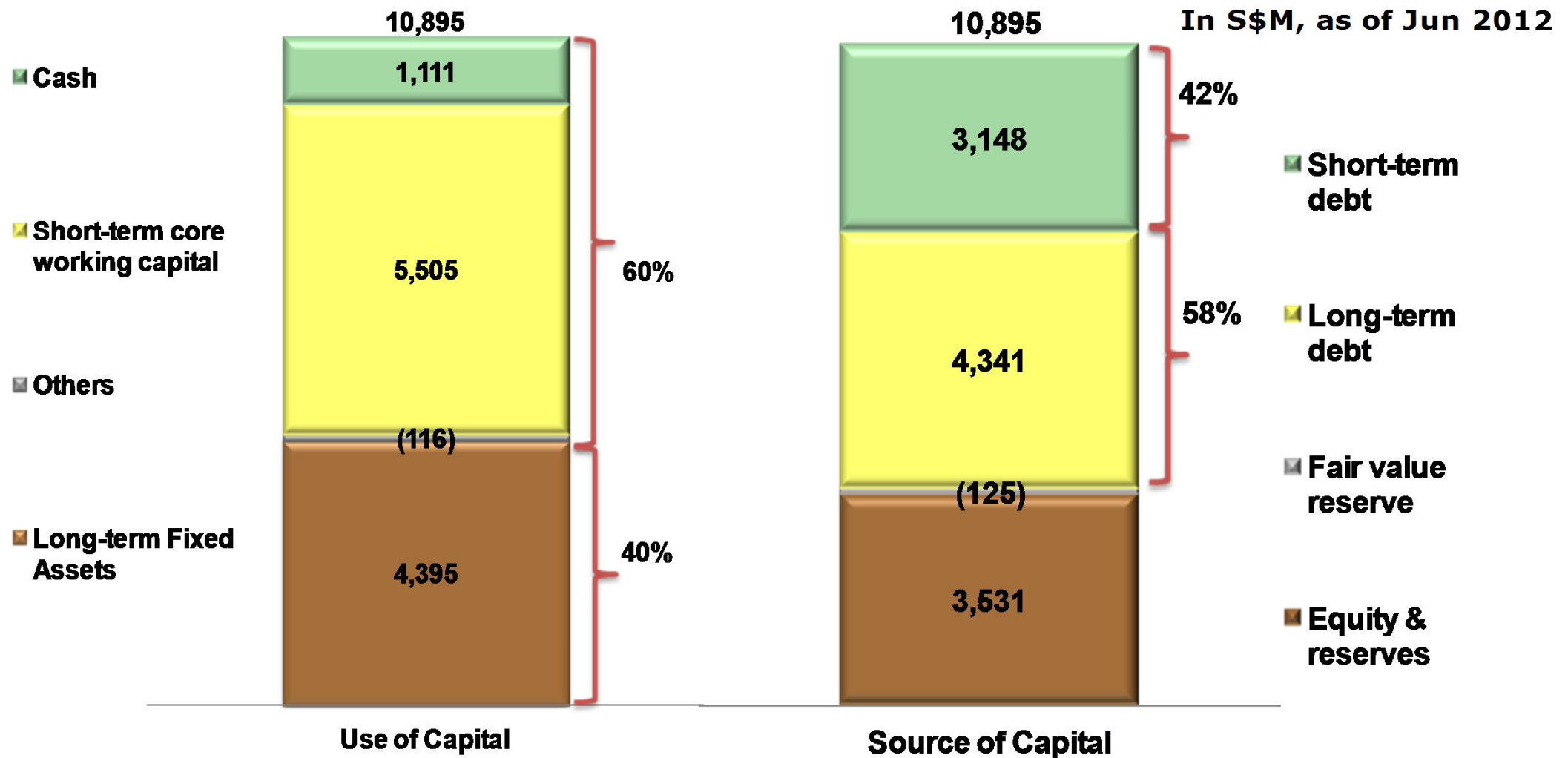




Balance Sheet Analysis

Balance Sheet Summary:

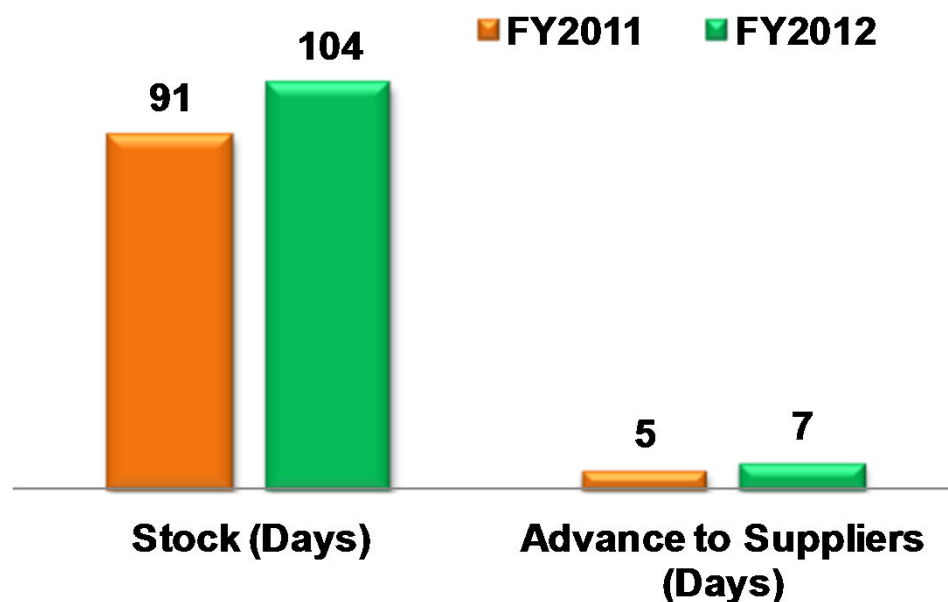
Strong and resilient Balance Sheet



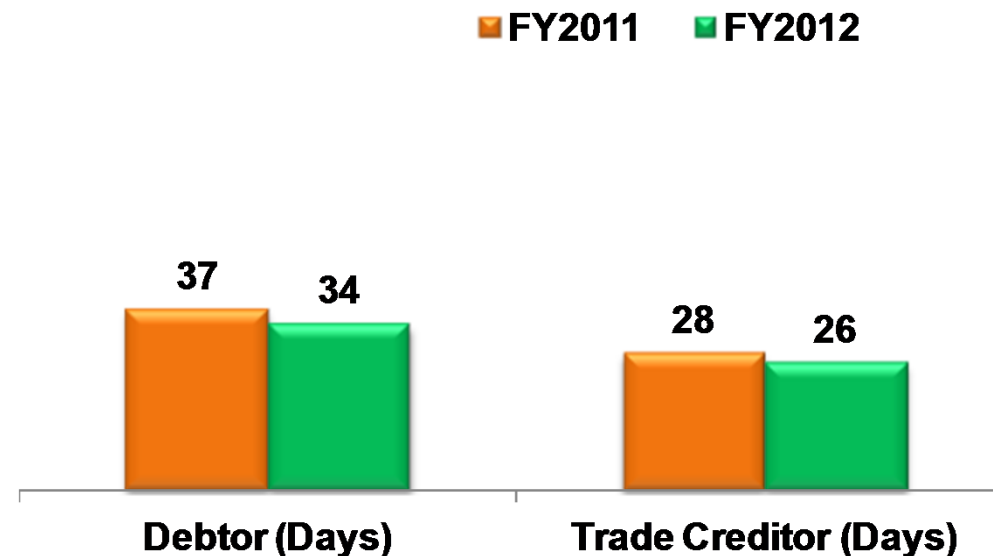
- Investment in fixed term assets funded through permanent capital
- Investment in working capital funded through a combination of long term and short-term debt

Working capital Analysis

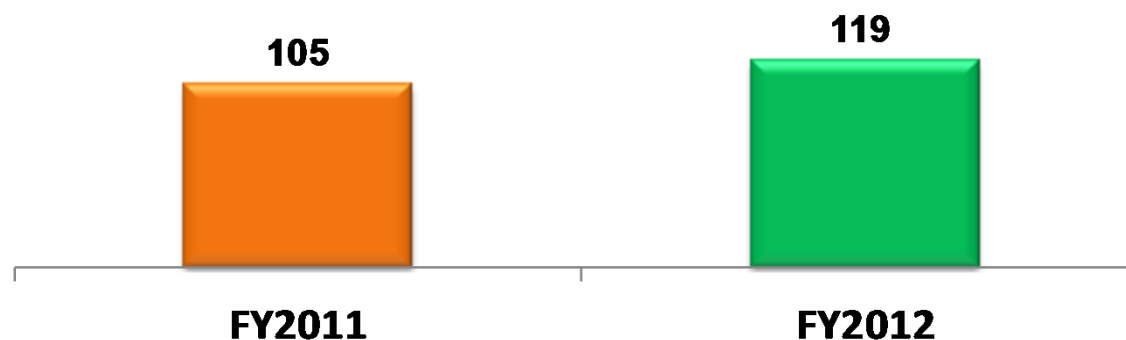
Stock (days) and Advance to Suppliers (days)



Debtor (days) and Trade Creditor (days)



Cash-to-cash cycle (days)



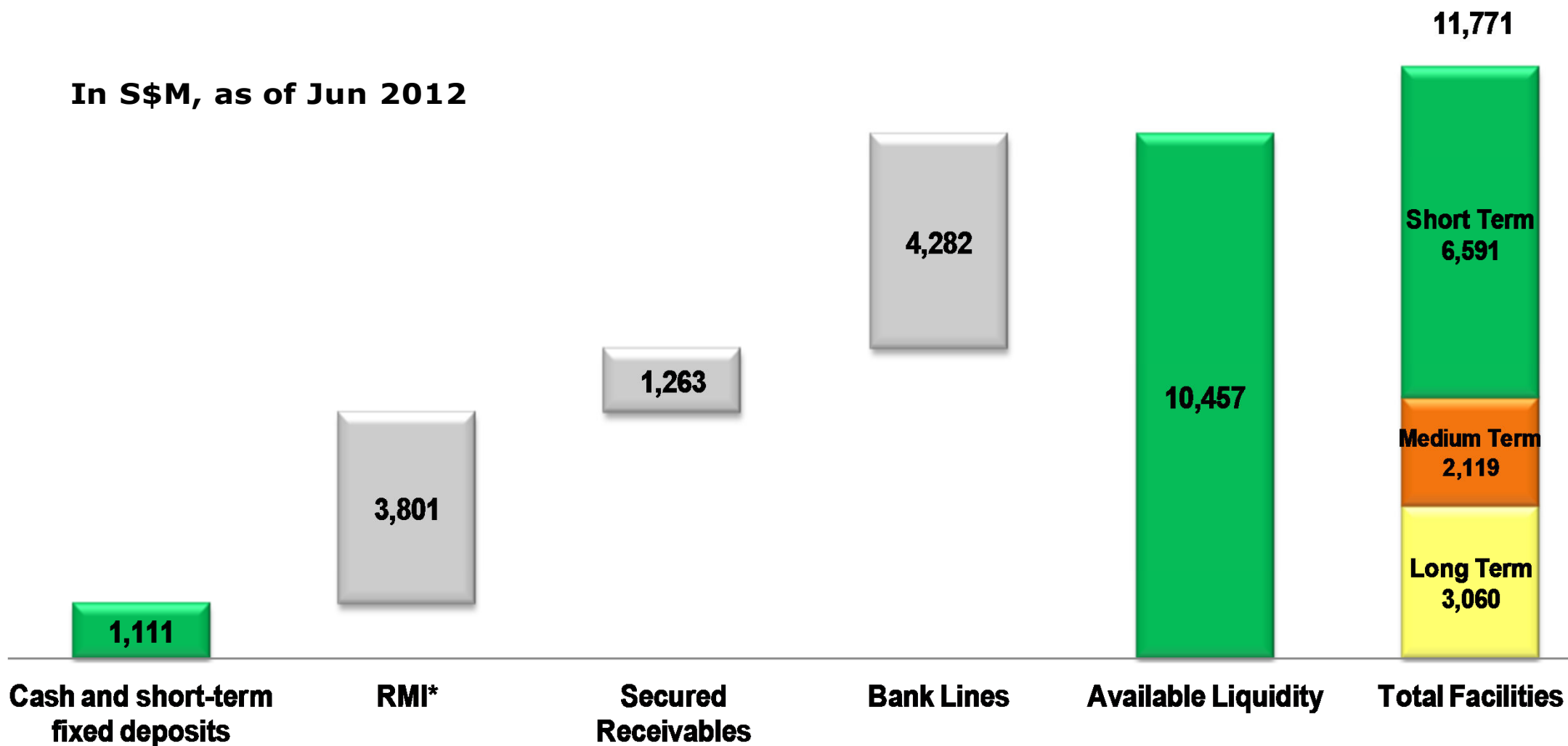
Inventory Analysis

(in S\$ million)	FY2012	FY2011	Increase / Decrease
Edible Nuts, Spices & Beans	1,085	950	135
Confectionery & Beverage Ingredients	1,079	1,119	(40)
Food Staples & Packaged Foods	1,223	792	431
Industrial Raw Materials	1,023	724	299
Total	4,410	3,584	826

86.2% of inventories sold forward or hedged

Strong liquidity profile

In S\$M, as of Jun 2012



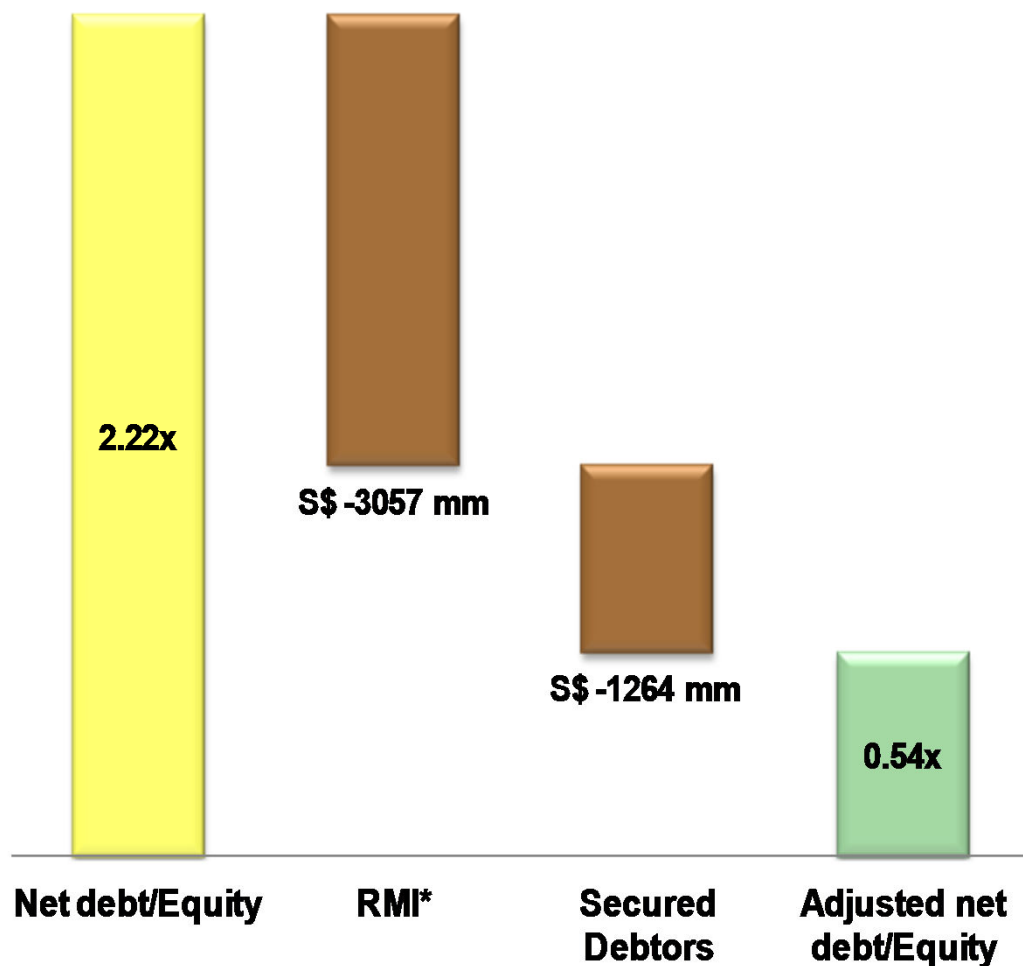
*RMI: inventories that are liquid, hedged, or sold forward

Balance sheet Analysis: Gearing

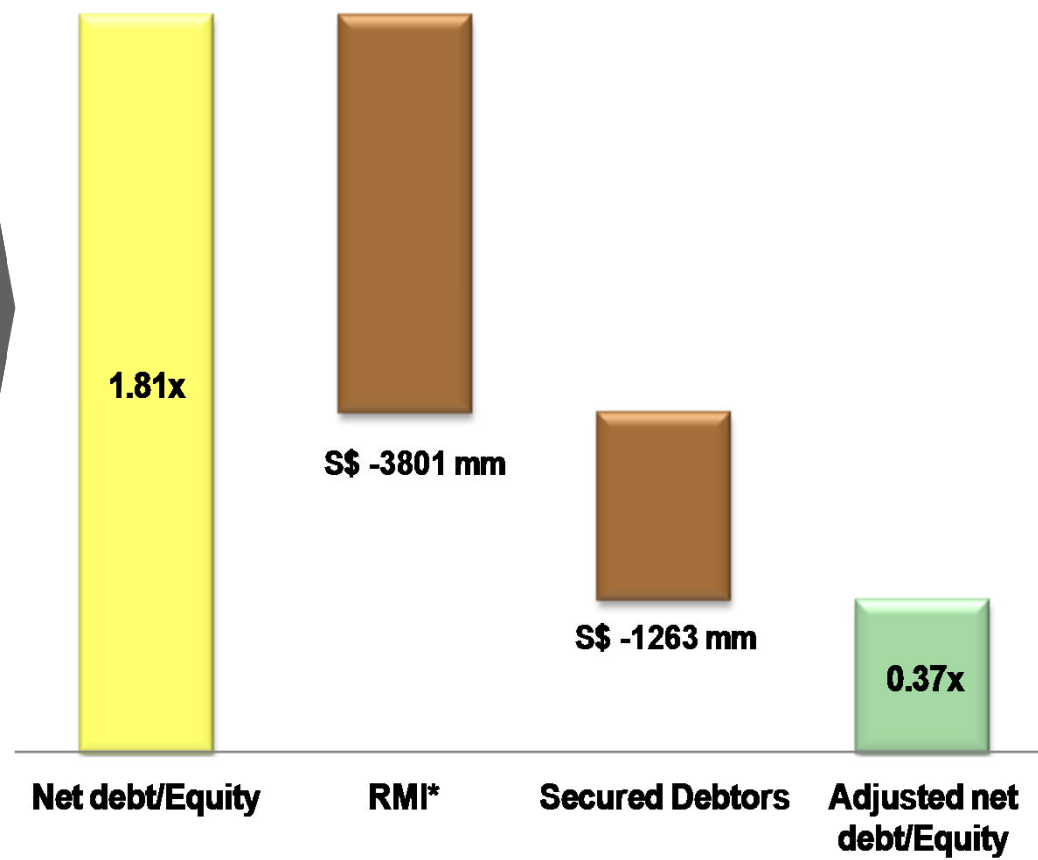
	FY2012	FY2011	Change
Leverage (x)			
Gross Debt to Equity	2.12	2.56	(0.44)
Net Debt to Equity	1.81	2.22	(0.41)
Adjusted Net Debt to Equity	0.37	0.54	(0.17)
Liquidity			
Cash to Sales (%)	6.50%	5.54%	-
Cash & short-term fixed deposits (S\$ m)	1,110.9	872.2	238.6
Margin Deposit (S\$ m)	(140.6)	457.1	(597.7)

Adjusted Net Gearing

**Net debt/Equity as of
June 30, 2011 (x)**



**Net debt/Equity as of
June 30, 2012 (x)**



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

Summary: Full Year FY2012

- ✿ **Volume grew by 26.3% to 10.675 million MT**
- ✿ **Net Contribution grew by 13.0% to S\$ 1,381.8 million. Food Category's NC increased by 31.5%**
- ✿ **Reported Profit for the period** (including exceptional items and minority interest) declined by 9.2% to **S\$ 403.8 million**
- ✿ **Operational Profit for the period** (excluding exceptional items and minority interest) declined by 4.6% to **S\$ 355.5 million**
- ✿ **Strong liquidity profile and a resilient balance sheet**

Agenda

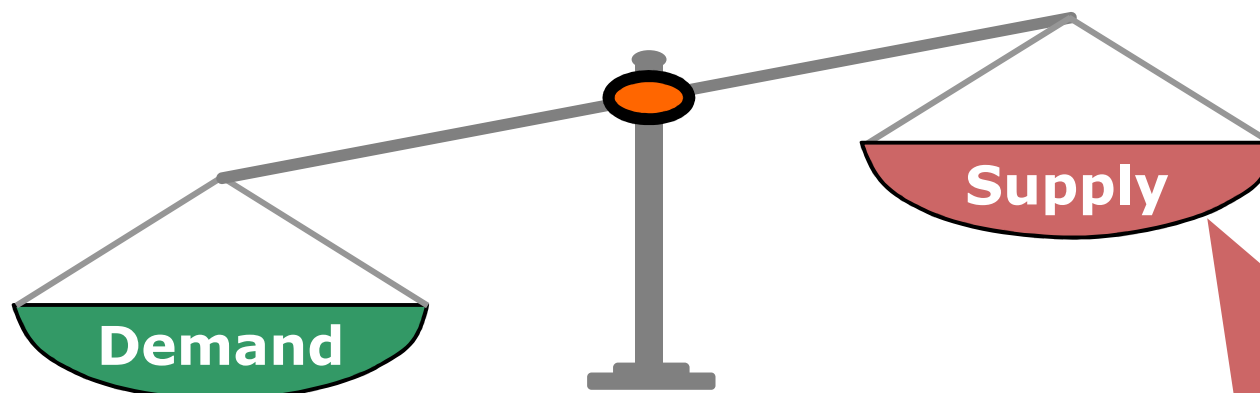
🌿 Results Overview

🌿 Strategy Recap

🌿 Taking Stock

🌿 Looking Forward

Agri-Complex continues to **remain attractive**



- Growing population
- Increasing food consumption per capita with rising income
- Dietary shift to protein and fat rich diets
- Rapid urbanisation resulting in higher per capita consumption
- Growing use of biofuel

- Decline in agricultural productivity
- Declining arable land
- Urbanisation impact
- Water constraints
- Carbon constraints
- Impact of climate change
- Environmental constraints
- Logistics and storage chokes

🌱 **Agri-commodity demand-supply imbalances** expected to widen going forward

Corporate strategy was announced in July 2009 to quadruple our intrinsic value by 2015

Our governing objective is to maximise long term intrinsic value for our continuing shareholders

Pursue 3 key drivers: 1) Open up Capital Spreads (ROE-KE, ROIC-WACC); 2) Increase the Rate of Profitable Growth; and 3) Sustain duration of growth

Vision

To be the leading global supply chain manager and processor of agri-commodities by:

- Serving growers and customers globally
- Pursuing select scalable & attractive niches in upstream (plantations/farming) and mid-stream (value added processing)
- Capitalising on our emerging markets expertise

Goals

- Increase **Intrinsic Value by 3-4x** over the next two 3-year cycles. **NPAT target US\$450 million by FY2015**
- Pursue profitable growth & improve margin structure (**NPAT margin $\geq 4\%$ by 2015**) by selective participation in attractive value chain adjacencies (upstream & mid-stream)
- Maintain financial and strategic flexibility for a wide range of economic scenarios (developing minimalist, balanced & unconstrained plans)
- Be widely recognised as a responsible and sustainable value creator

Strategic thrusts

Invest to achieve integrated value chain leadership

Cocoa, Coffee, Edible Nuts, Spices & Vegetable Ingredients, Natural Fibres

Selectively expand into attractive value chain adjacencies

Grains, Sugar, Rice, Dairy, Palm & Rubber

Optimise and extract full value from core

Sesame & Wood Products

Build on latent assets

Packaged Foods Business (PFB) in W. Africa, Commodity Financial Services (CFS), Agri-Inputs (fertiliser)

Downsize/exit/prune unattractive activities

Select product origins and profit centres, eg. Pulses

Enablers

Excellence in execution

- Institutionalise Program Management capabilities
- Acquire capabilities in upstream plantation/farm management & midstream VA processing
- Complexity management
- Scalable IT, Risk, Control & Compliance systems

M&A effectiveness

- Actively build M&A pipeline and develop prioritisation
- Deepen due diligence capabilities
- Institutionalise best-in-class integration practices

Capital efficacy

- Strengthen capital structure and build financial flexibility
- Continuously improve overhead and capital productivity

People & Values

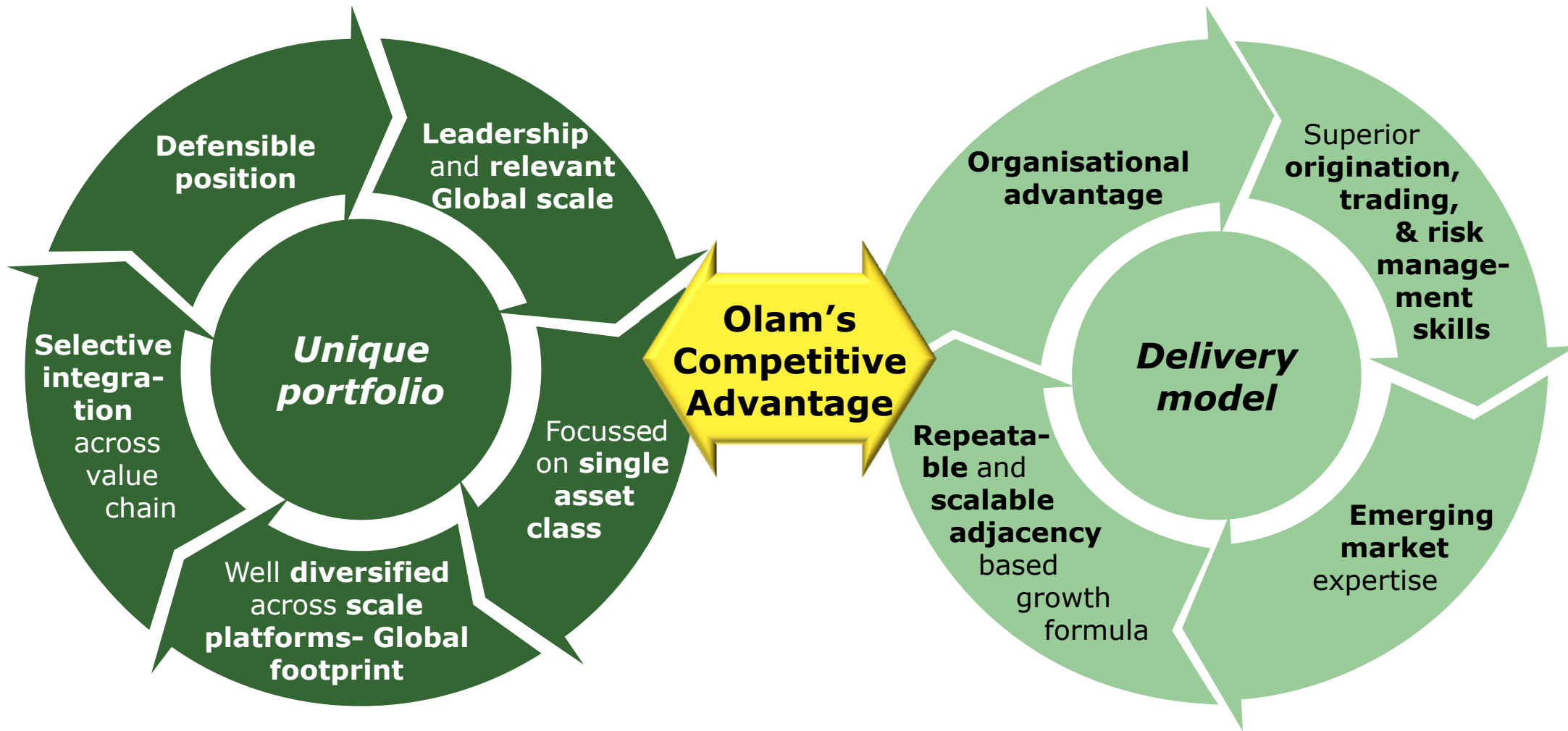
- Continue to grow global talent pool
- Deepen entrepreneurial culture
- Continue to embed stretch and ambition
- Create ownership culture
- Build empowered teams

Revised aspirations: **US\$1B PAT by 2016**



- **US\$1B in PAT by 2016**
 - **Relevant scale amongst peers**
 - **ROE > 25%**
 - **PAT margin >4%**
 - **EPS Growth >20% CAGR**
- **No further equity dilution planned for target earnings**

Olam's competitive advantage : A unique and well differentiated portfolio and a proven delivery model



Agenda

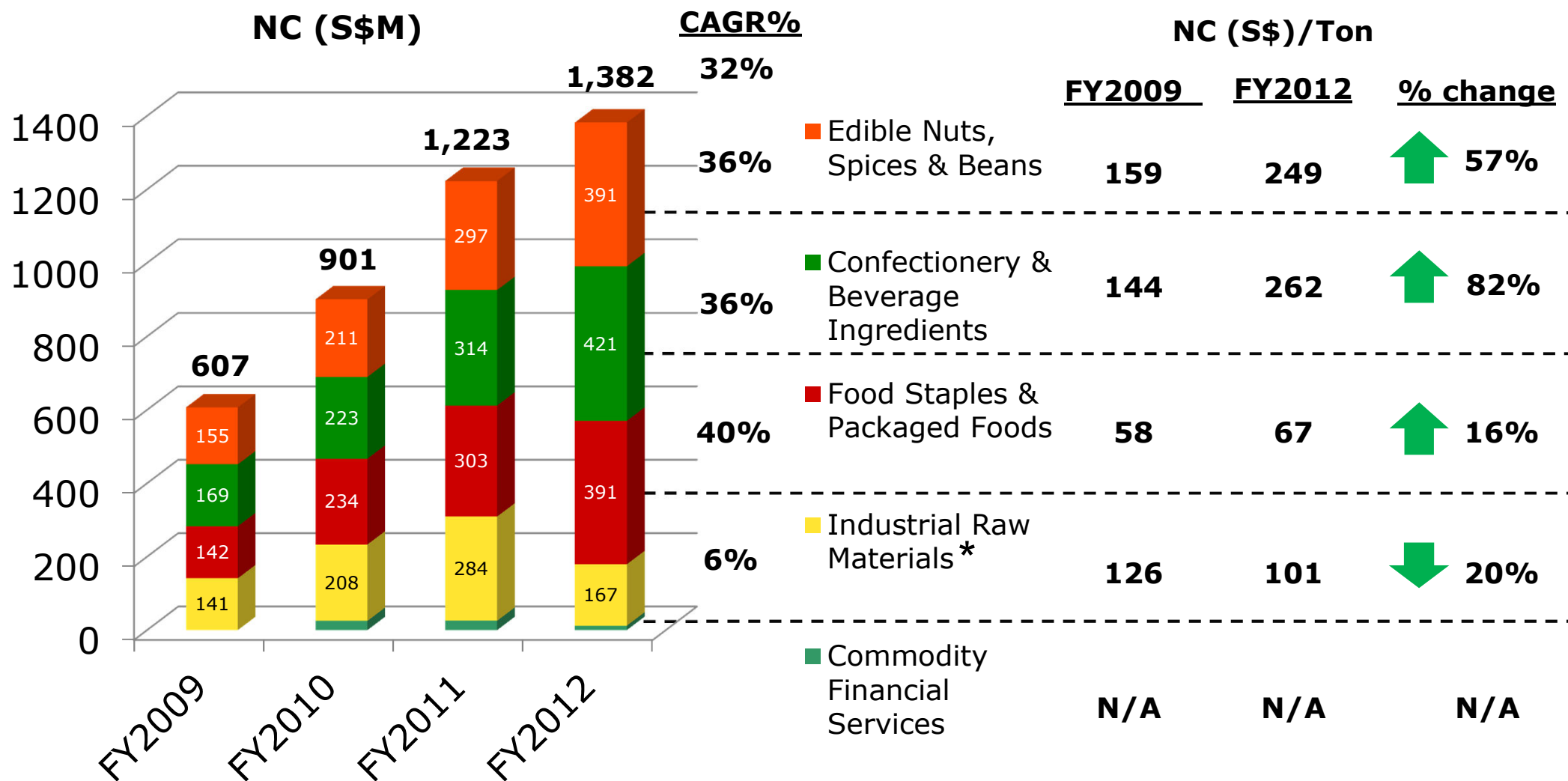
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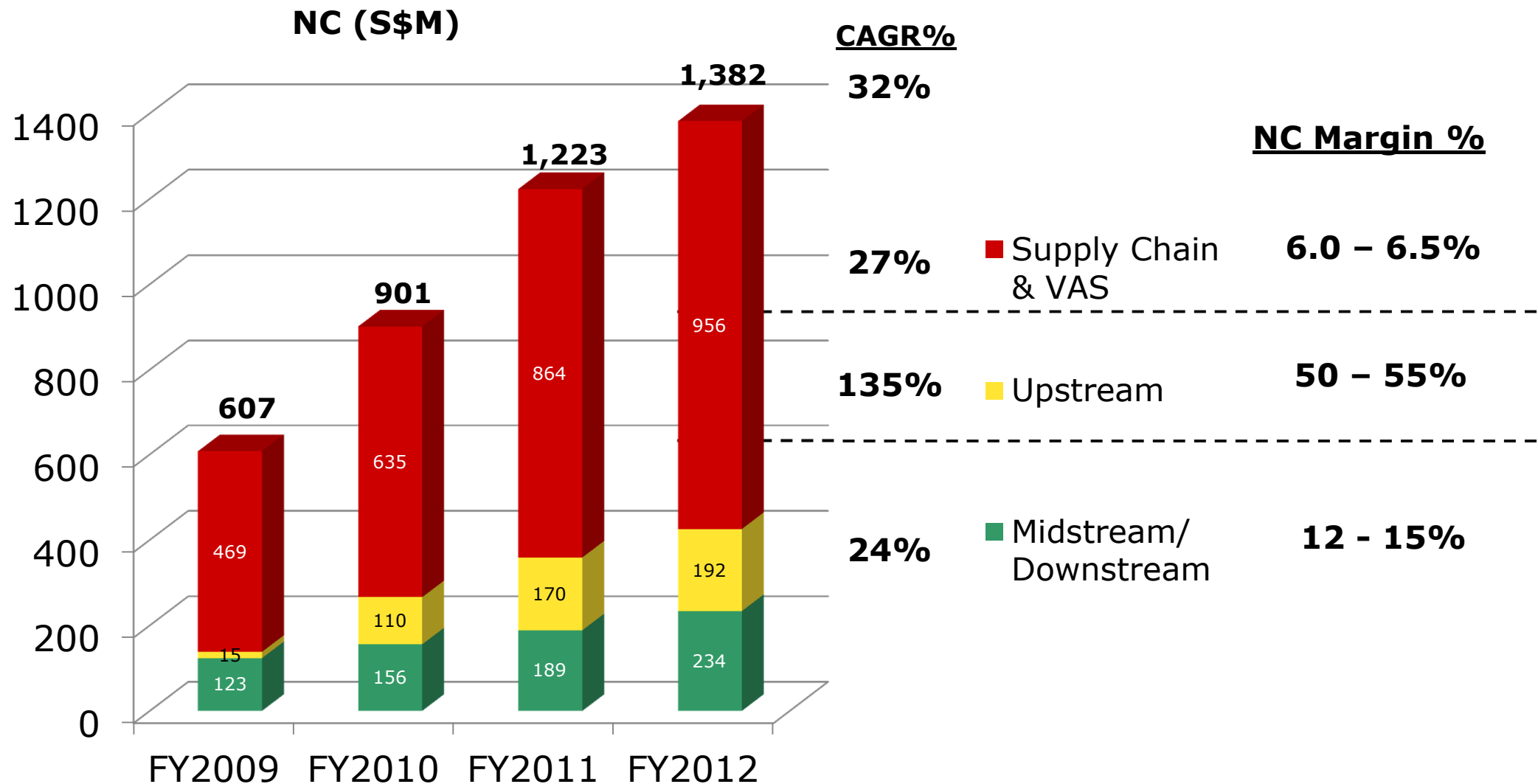
🌿 Looking Forward

Strong execution driving sustained NC and NC per ton growth across all segments

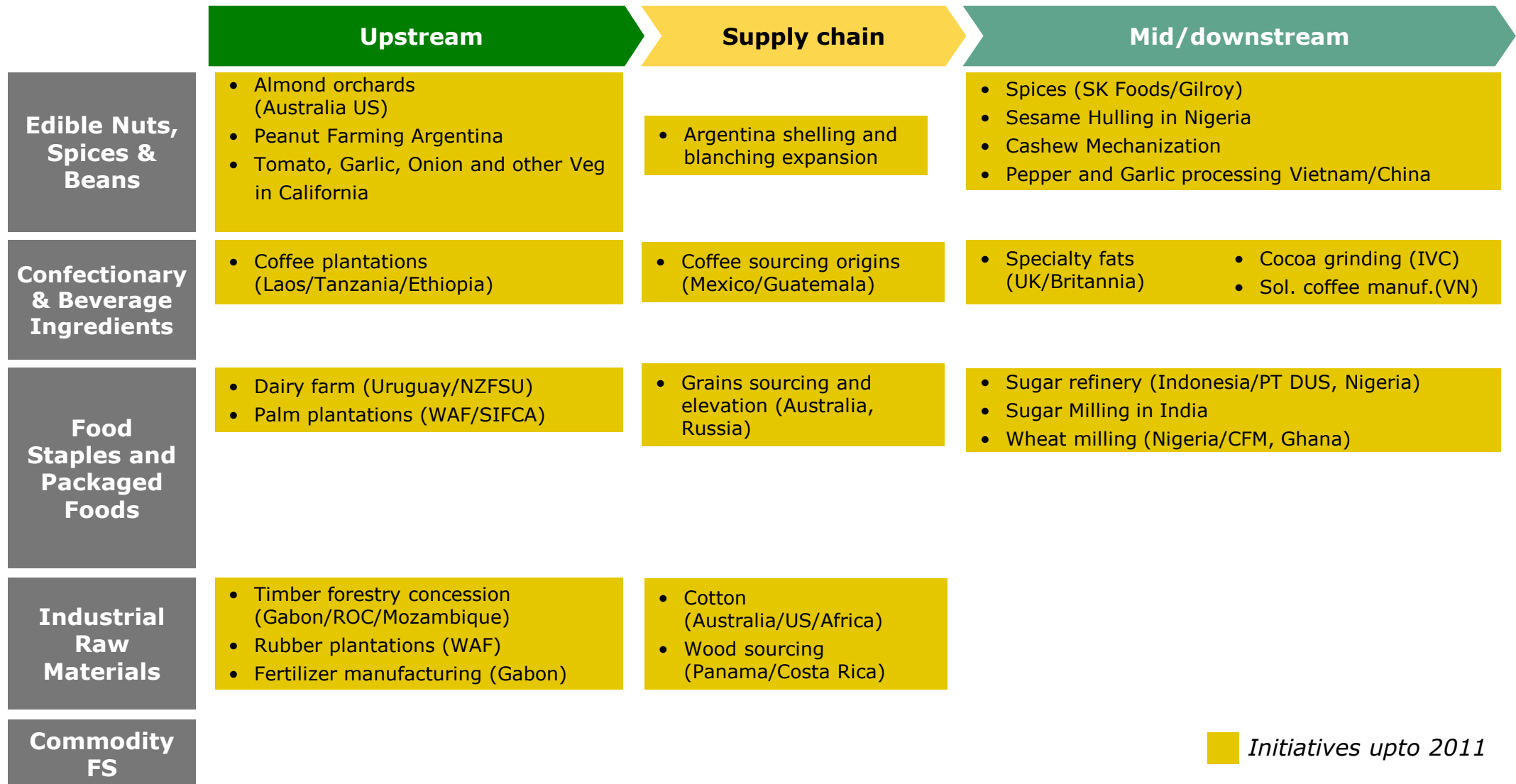


* If IRM repeated its 2011 performance, Segment NC CAGR = 26%, NC/Ton = S\$178 (41% growth over FY09)

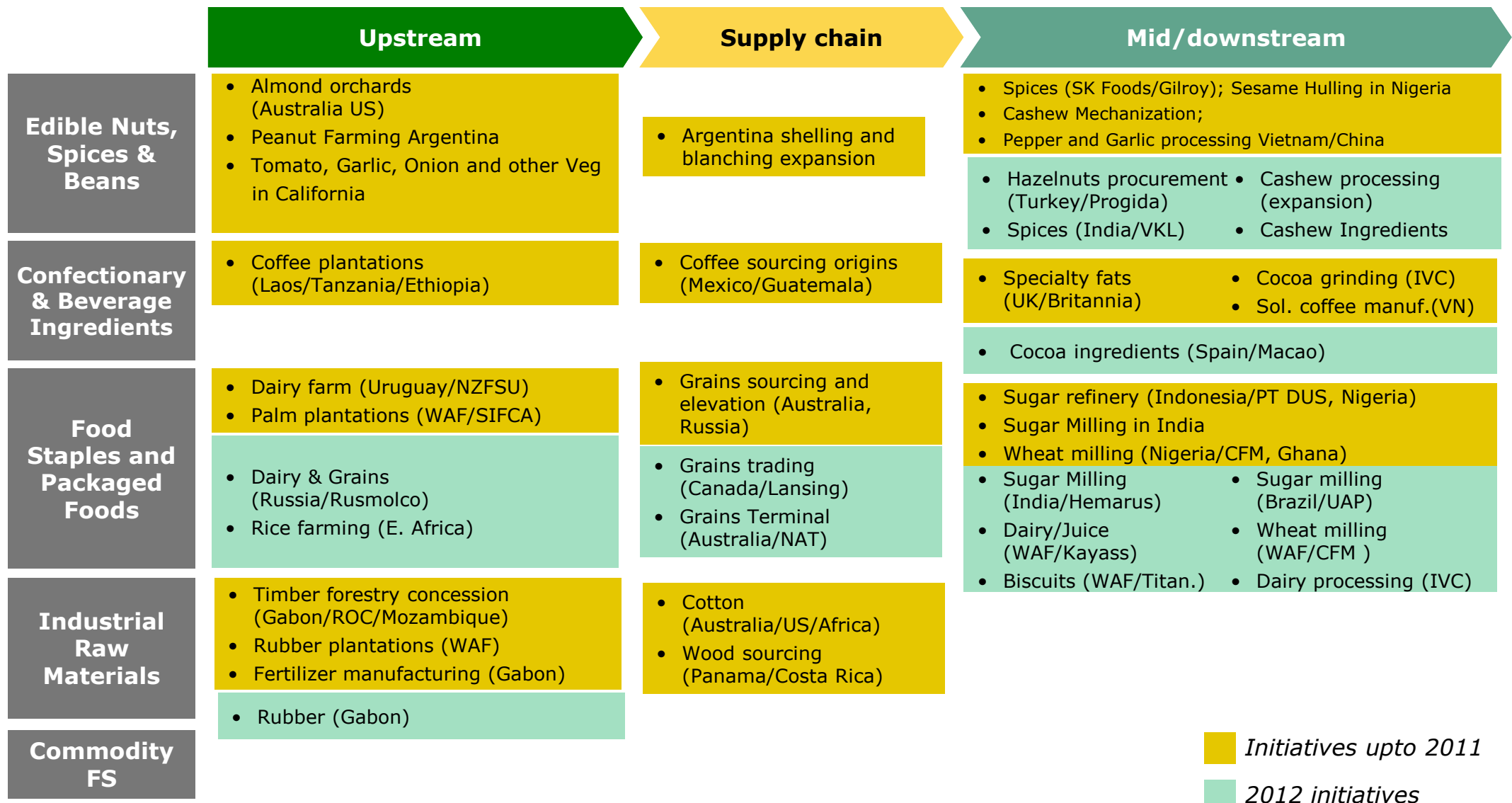
Similar trajectory in performance across the value chain




Focused approach with significant investments made to back our strategic plan



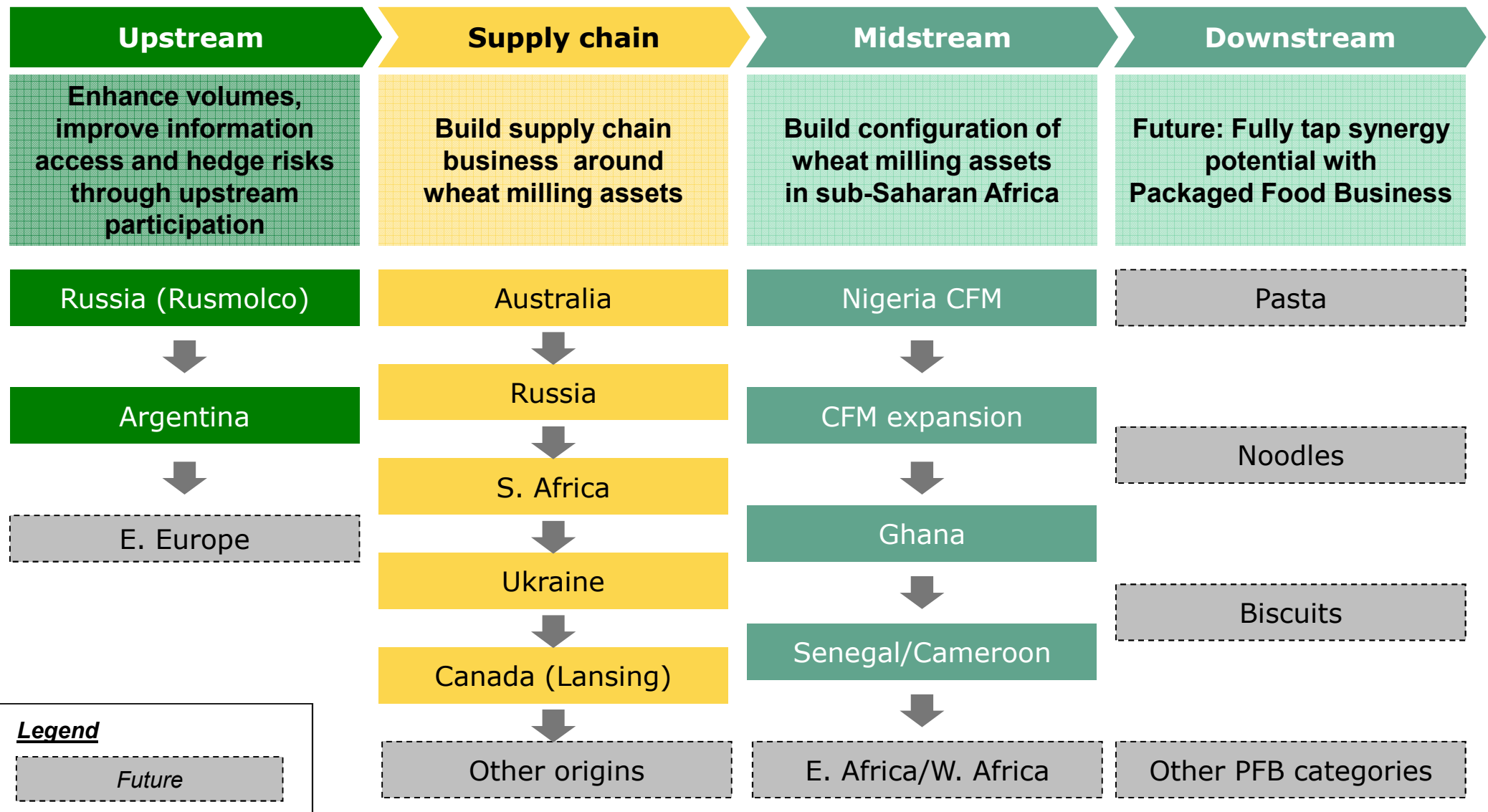
The momentum has continued in 2012



 Initiatives upto 2011

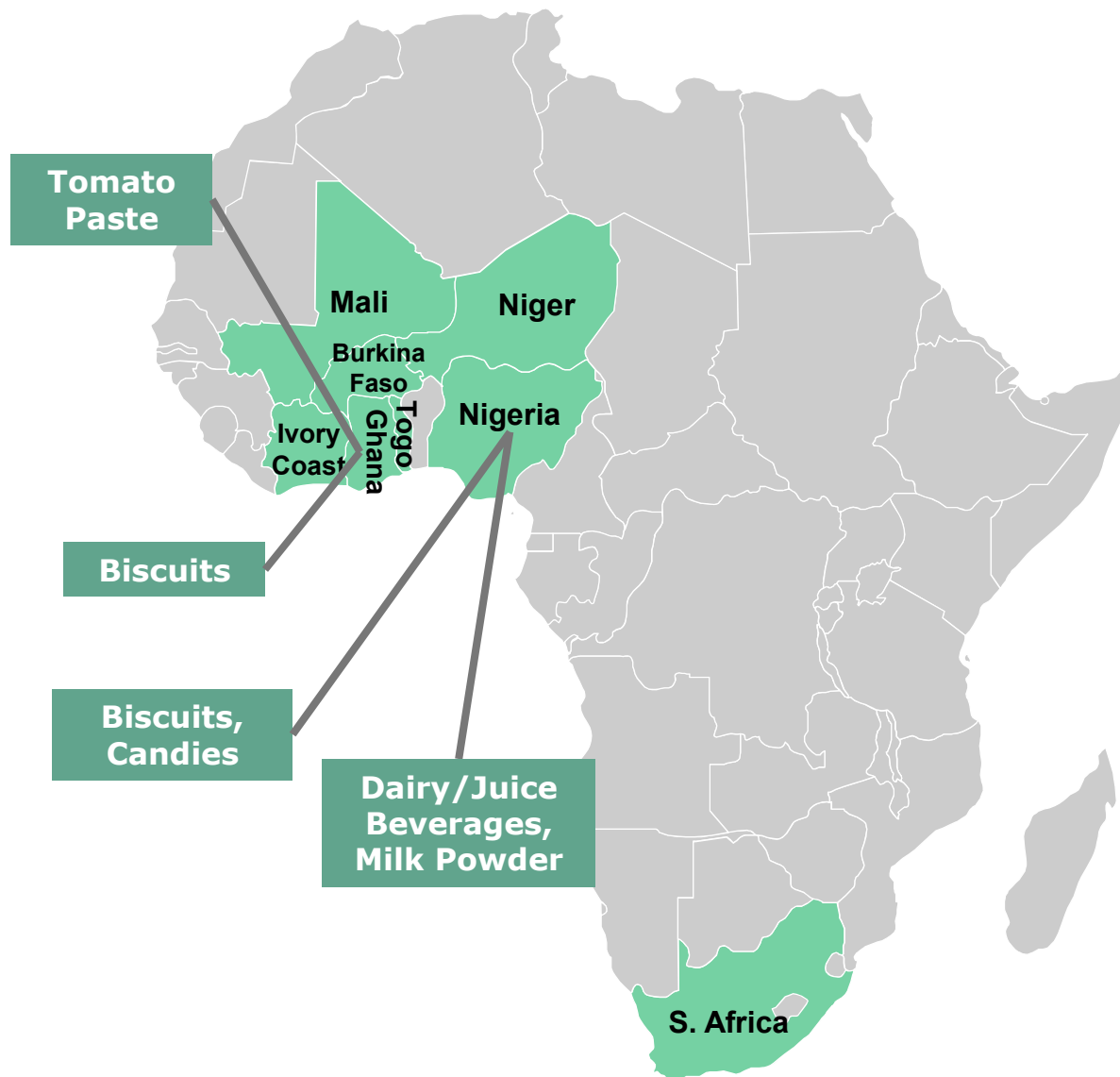
 2012 initiatives

Strong strategic coherence within each BU : eg. **Grains**



Synergies across BU's : **Packaged Foods**

(eg. of a Latent asset and new growth engine in Africa)



- **Packaged Foods - New growth engine for Olam in Africa**
- **Synergies within FS&PF segment with Grains and Dairy**

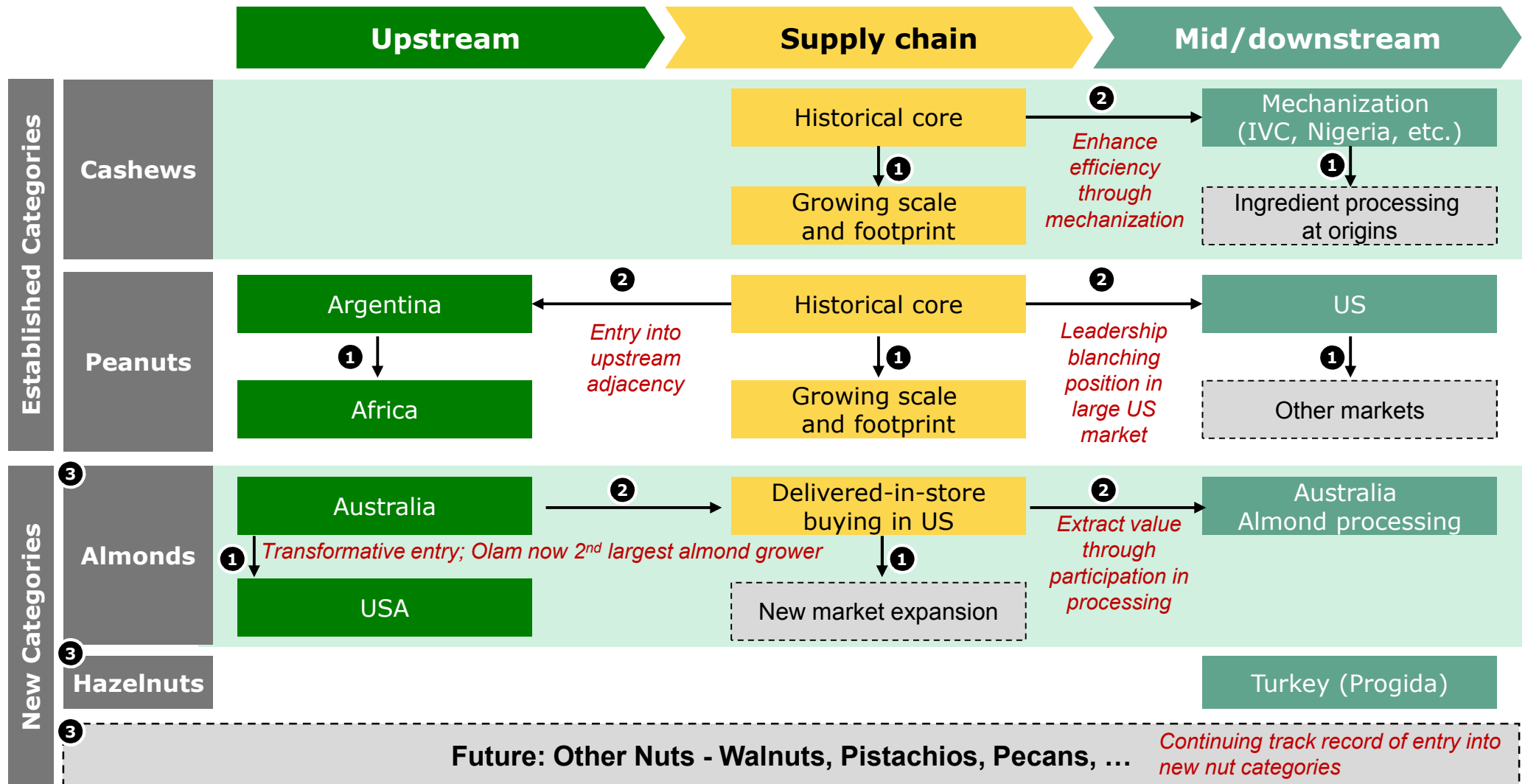
- **Focus on: Nigeria, Ghana, S. Africa, Cote d'Ivoire, MBTN**
 - Attractive markets; fast growing and urbanizing
 - Favorable competitive landscape; early entrant advantages still available
 - Olam has differentiated knowledge and back-end presence

- **Strategic acquisitions:**
 - Cherie Noodles
 - Kayass
 - Titanium
 - United Biscuits
 - Trusty Foods

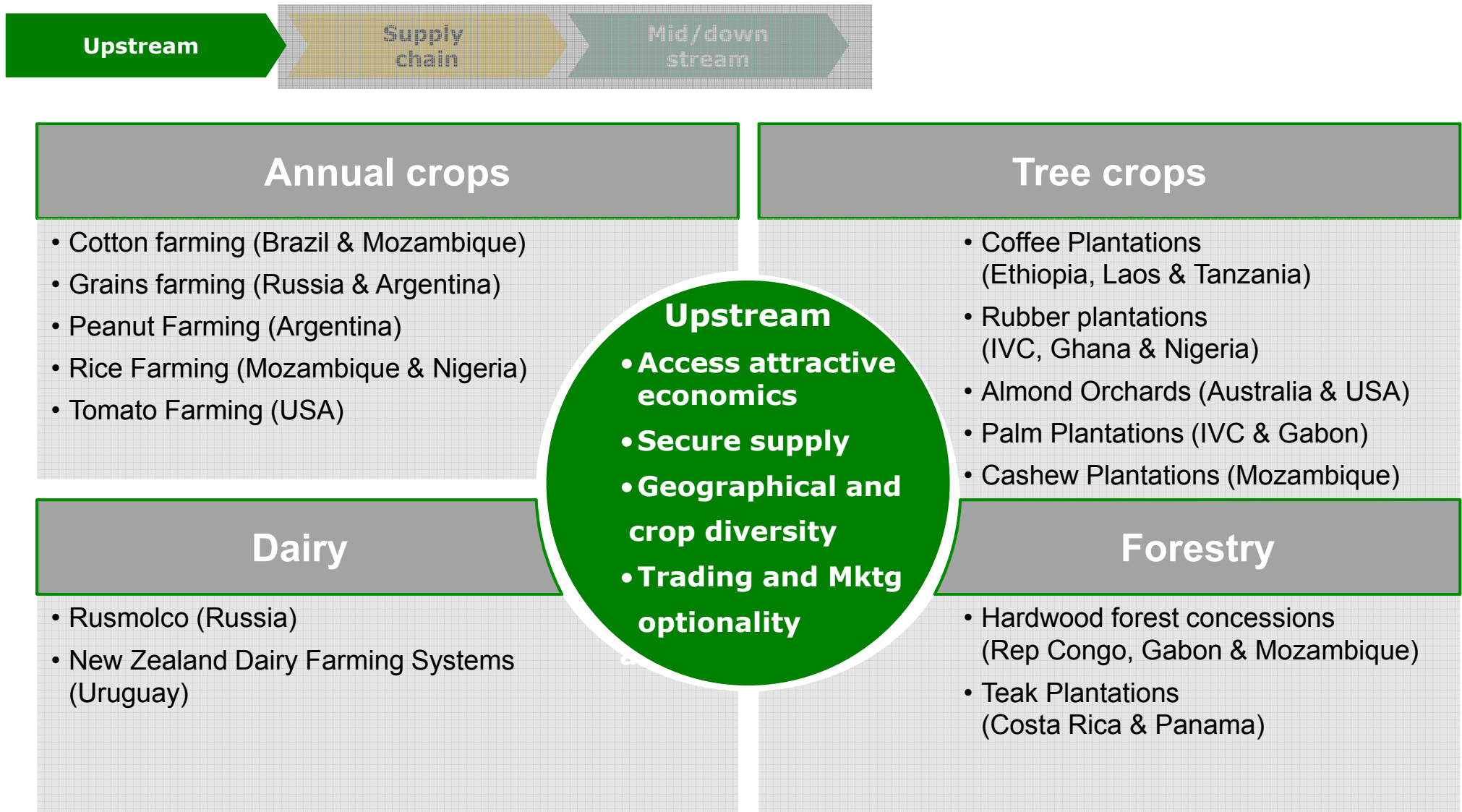
Today, Olam has significant presence across Packaged Food categories in key West African markets

Integrated Value Chain and global Leadership Strategy in action: **Edible Nuts**

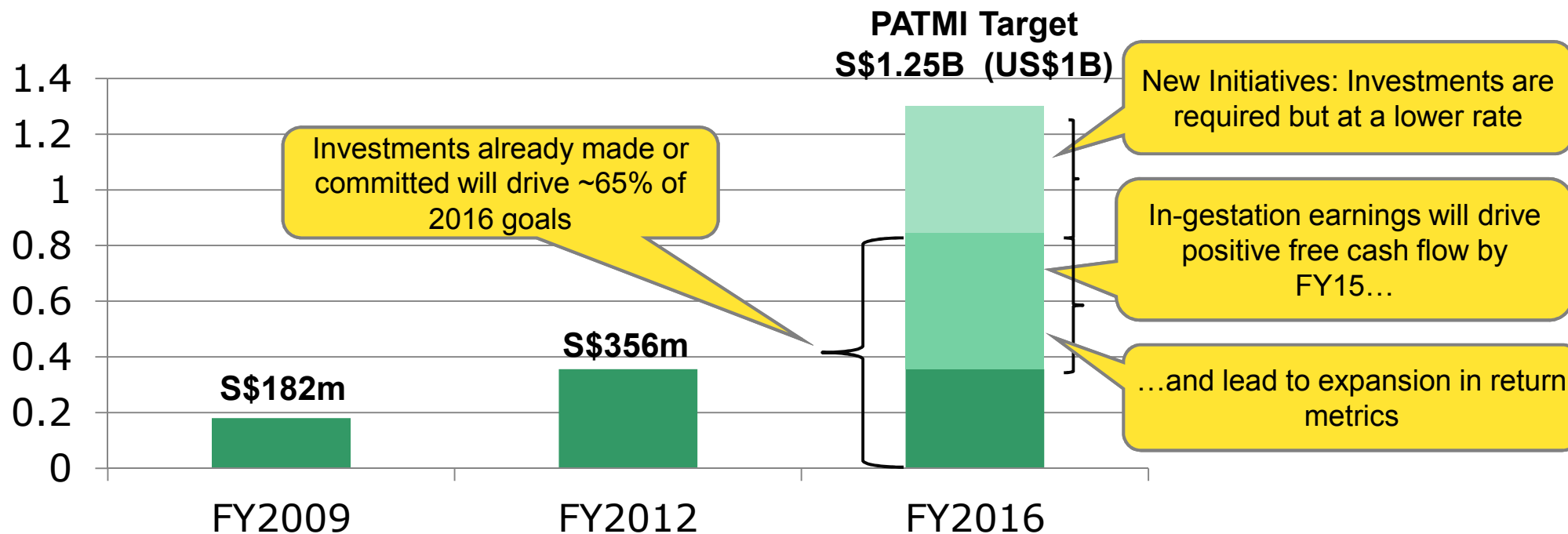
Legend: ① Deepening ② Integrating across value chain ③ Entering Adjacencies Future



Upstream Strategy in action: Measured build-out of a unique, diversified and differentiated footprint



Investments already committed expected to drive ~65-70% of FY16 US\$ 1 billion PAT target



PAT & Capex outlay (S\$m)	FY 2009	FY 2010	FY 2011	FY 2012
Operational PATMI	182	272	373	356
Cumulative Capex Investments made	1,062	2,053	2,928	4,395
Further Capex committed	-	-		1,730
Total Capital Committed				6,125

Agenda

❖ Results Overview

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❖ Looking Forward

Near term volatility and uncertainty likely to continue...

	Issue	Impact
Demand led pressures on growth plans	<ul style="list-style-type: none">• Global political and economic uncertainty likely to persist• Debt crisis in Europe, rising risk of US double-dip, slowdown in Asia and other EM's	<ul style="list-style-type: none">• Olam's recession-resistant food businesses (85% volume share) helped mitigate the impact• Industrial Segment might see slower recovery due to continued customer pessimism, slowing EM growth
Industry wide impact on margins and profits	<ul style="list-style-type: none">• Most majors in the global Agri-industry have been impacted by the prevailing market conditions	<ul style="list-style-type: none">• Olam has fared relatively well on the back of a differentiated business model, diversified product portfolio, and good risk management• Near term market and industry dynamics could have a drag

Olam is well positioned to respond to potential short term volatility within specific segments

Increasing supply disruptions

- El Nino pattern forming; some impact expected in H2 CY2012
- Increasing incidence of droughts, floods leading to supply disruptions
- Higher commodity prices can be expected as a result

Inflation, food security fears could affect trade policy

- Export bans, differential taxes & tariffs could create short term distortions in margins and impede free flow of trade

Issue

Impact

- Olam mitigates supply risk by diversified origination and upstream presence in multiple products and growing regions
- Potential yield risks and consequent volatility in upstream earnings
- Higher working capital due to price spikes
- Direct participation in major consumption and producing countries
- On-ground presence enables quick reaction to policy changes

Strong balance sheet in place to handle potential macro economic shocks – and still back strategy

**Liquidity/
credit fears
continue
and could
worsen**

Issue

- Risk of tightening credit markets and reduced liquidity

Impact

- Post GFC, Olam has significantly increased equity [FY08: S\$638Mn; FY12: S\$3,406Mn]
- Diversified funding across debt markets: by deepening strategic banking ties & tapping non-banking sources including bonds, medium term notes, peremptuals, Islamic financing etc.
- Increasing share of medium and long term facilities to match longer gestation investments
- Sufficient headroom in credit lines to counter spikes in commodity prices
- Low leverage levels, compared to past and significantly below bank covenants
- Need to monitor debt capital market liquidity proactively

In summary...

- ❖ Overall, **Agri-industry prospects** remain **very attractive**, while there might be some **uncertainty and volatility in the near term**
- ❖ Our **core** business continues to show **robust growth**, especially in the **food segments**
- ❖ A **large number of initiatives** undertaken in the last three years are **already earnings accretive**, while some are still under implementation and/or gestating
- ❖ We've **front loaded our investments** to back our FY 16 plan and tried to take **advantage of the uncertain macro economic climate** to **add valuable assets and capabilities across the value chain**, and **build relevant size and competitive position** in each of our platforms.
- ❖ Priority is now on **focused execution** and **extracting full value** for investments **already made or committed**, which should get us to **65-70% of our FY 16 plan**.
- ❖ We have built a **strong balance sheet** to support both current and future investments envisaged in our strategic plan, **without raising fresh equity**.
- ❖ We expect to stay **on course to achieve our FY 16 plan** and drive **positive cash flow from FY 15**

Thank You

