



# Rebalancing Profitable Growth and Cash Flow

**Full Year FY2013 Results Briefing**

29 August 2013

Singapore



**This presentation should be read in conjunction with Olam International Limited's Fourth Quarter and Full Year (FY2013) Financial Results statement for the period ended 30 June 2013 lodged on SGXNET on 29 August 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 Fourth Quarter and Full Year FY2013 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.

# FY2013 Results Briefing: Agenda

## Full Year FY2013 Results

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



# Consolidated P&L



# P&L Summary

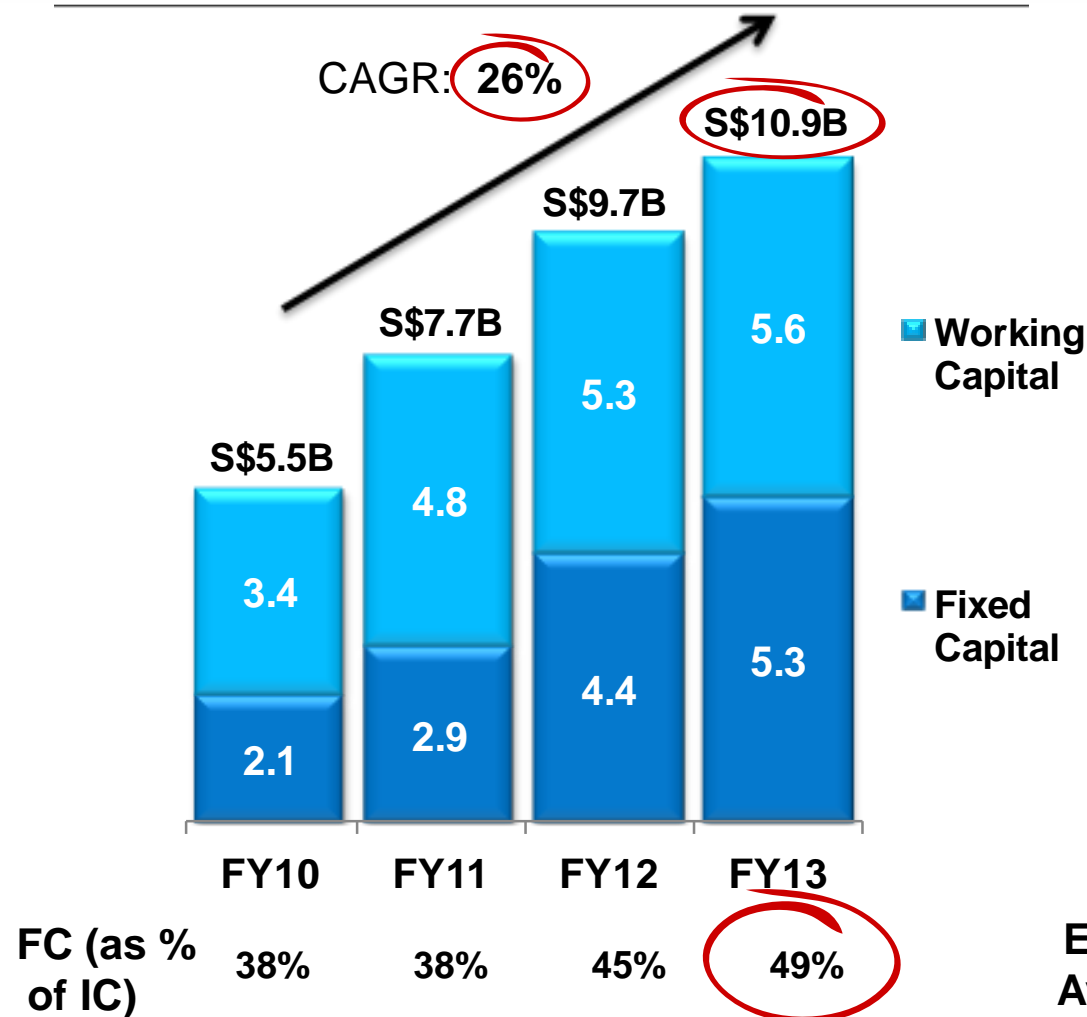
(in S\$ million)	FY2013	FY2012	% Change
Sales Volume (MMT)	15.953	10.675	49.5
Sales Value	20,801.8	17,093.8	21.7
Net Contribution (NC)	1,615.8	1,381.8	16.9
<b>EBITDA</b>	<b>1,170.8</b>	<b>990.7</b>	<b>18.2</b>
<b>Profit before Tax</b>	<b>496.7</b>	<b>437.9</b>	<b>13.4</b>
(-) Tax	105.1	34.1	208.4
<b>Profit for the Period</b>	<b>391.5</b>	<b>403.8</b>	<b>(3.0)</b>
(-) Minority Interest	28.9	32.9	(12.2)
<b>Profit After Tax and Minority Interest (PATMI)</b>	<b>362.6</b>	<b>370.9</b>	<b>(2.2)</b>
(-) Net Exceptional Items	14.0	15.4	n.m.
<b>Operational Profit for the Period</b>	<b>348.6</b>	<b>355.5</b>	<b>(2.0)</b>



# Segmental Analysis

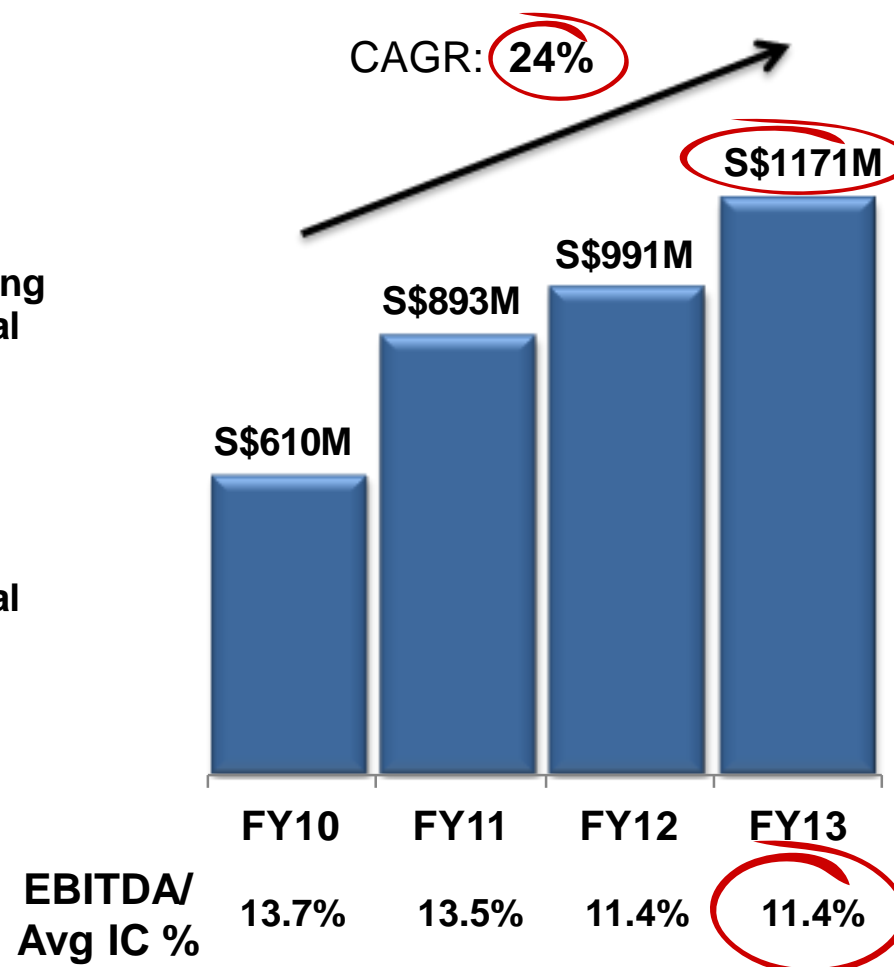
# FY 2013: Strong EBITDA growth with moderate growth in IC

## INVESTED CAPITAL (END OF YEAR)



IC excludes Gabon Fertiliser Project (S\$106.0 m in FY13 and S\$59.9 m in FY12)

## EBITDA



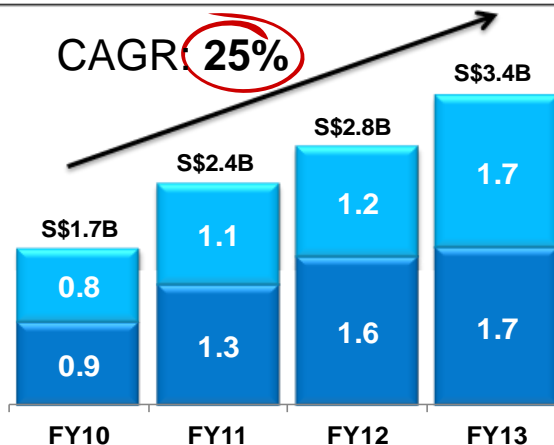
EBITDA includes Non-controlling interests and excludes exceptional items



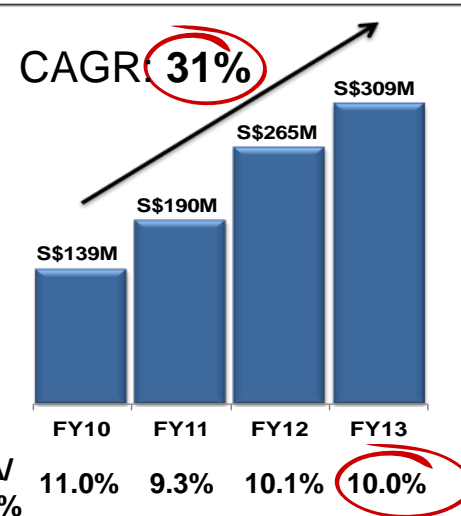
# Segmental EBITDA & IC

## Edible Nuts, Spices & Beans

### INVESTED CAPITAL

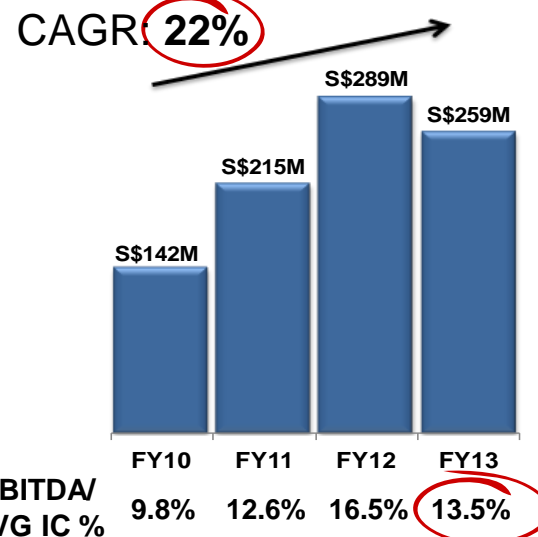
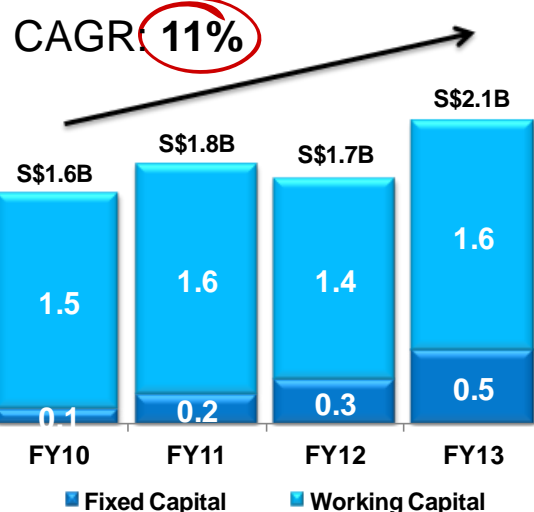


### EBITDA



- **Strong earnings growth** as investments in Almonds, Hazelnuts and Dehydrated Veg deliver
- Some drag from **Tomato processing** and **upstream Peanuts** in FY 2013

## Confectionery & Beverage Ingredients

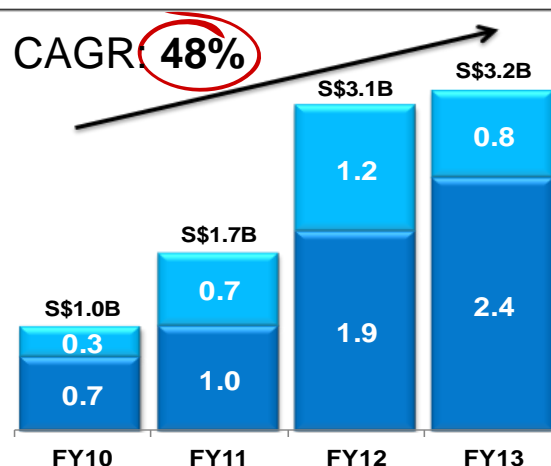


- Investments in **upstream** coffee plantations and **midstream** soluble coffee & cocoa processing yet to yield
- EBITDA **margins normalize** in FY13
- Continuing **low prices**

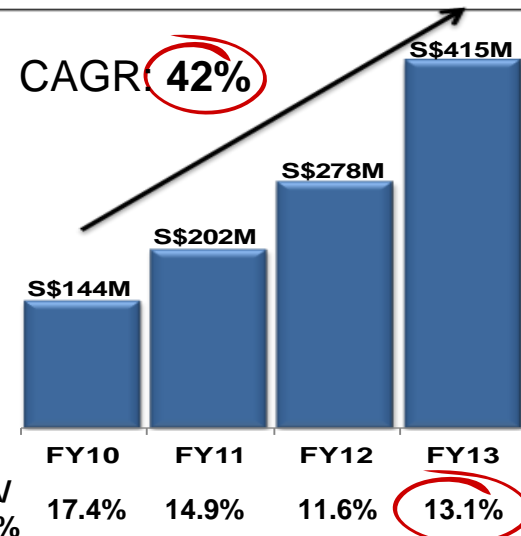
# Segmental EBITDA & IC

## Food Staples & Packaged Foods

### INVESTED CAPITAL

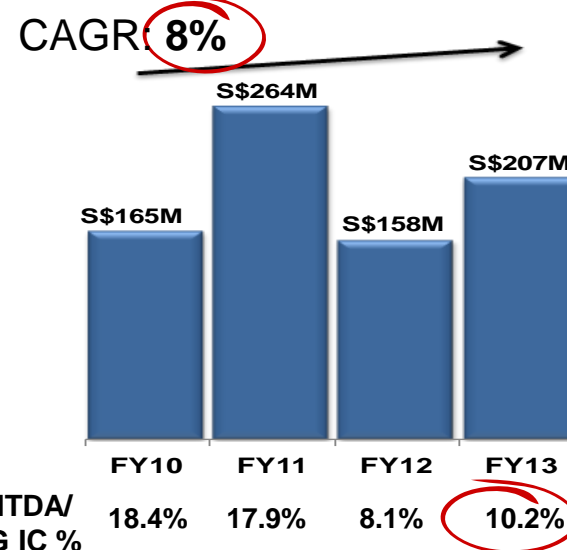
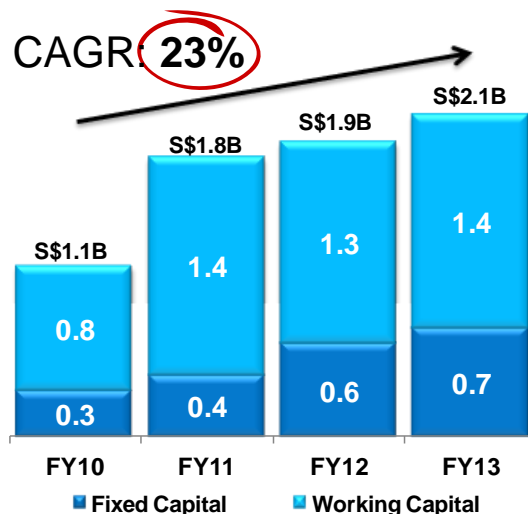


### EBITDA



- **Strong performance** from Sugar refining, Rice, Wheat Milling
- **Sizable investments** in Dairy, Palm and Packaged Food not yet contributing fully

## Industrial Raw Materials

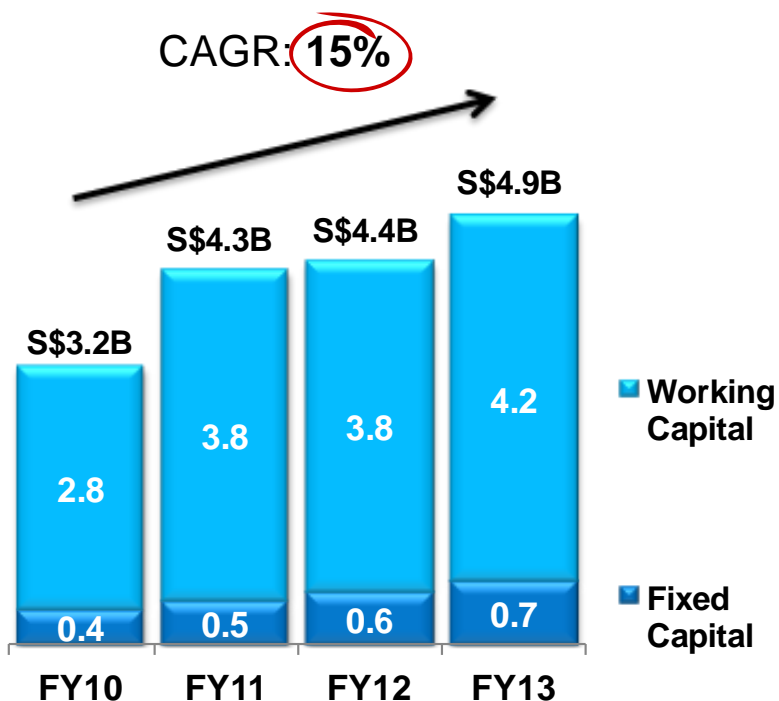


- Some **recovery in cotton volumes**, but margins under pressure
- SEZ continues to deliver
- Good start to **Rubber and Fertilizer trading**
- Wood products BU **restructured**

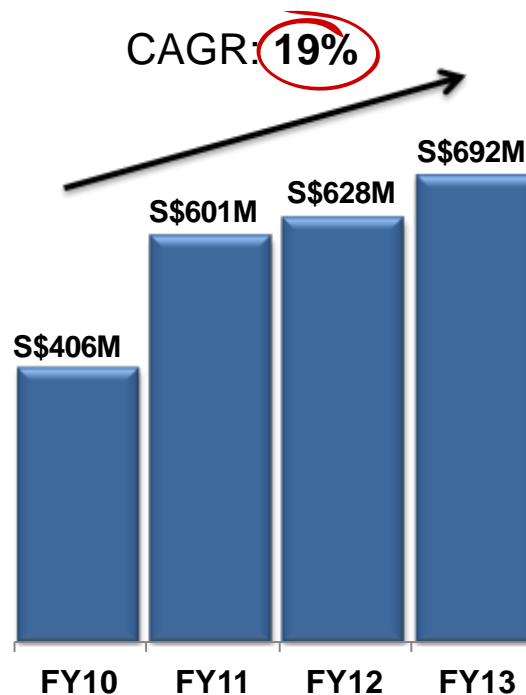
# Value Chain EBITDA & IC

## Supply Chain

### INVESTED CAPITAL (END OF YEAR)



### EBITDA



EBITDA/  
AVG IC %

13.6% 16.0% 14.4% **14.9%**

- Strong **EBITDA growth** with **stable returns**

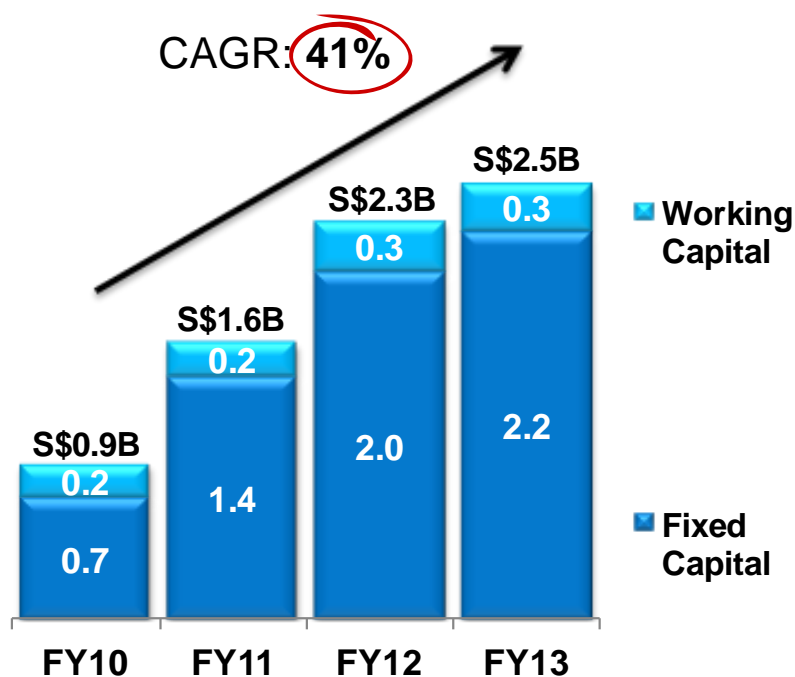
- **Low market prices** contributed to **lower average IC** in FY 12 and FY 13



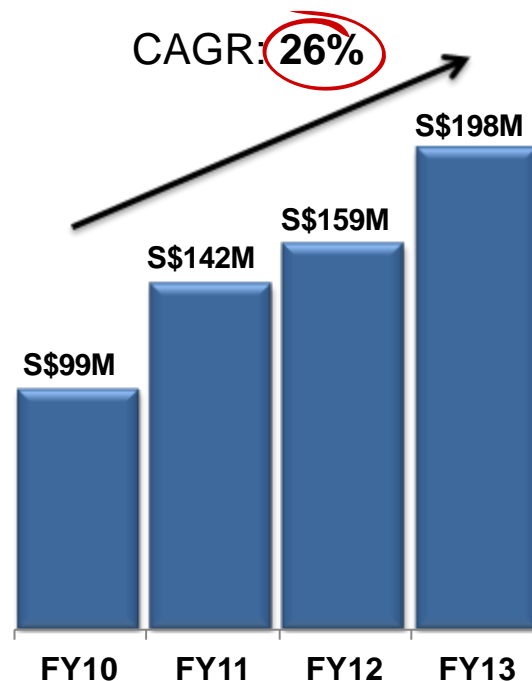
# Value Chain EBITDA & IC

## Upstream

### INVESTED CAPITAL (END OF YEAR)



### EBITDA



EBITDA/  
AVG IC %

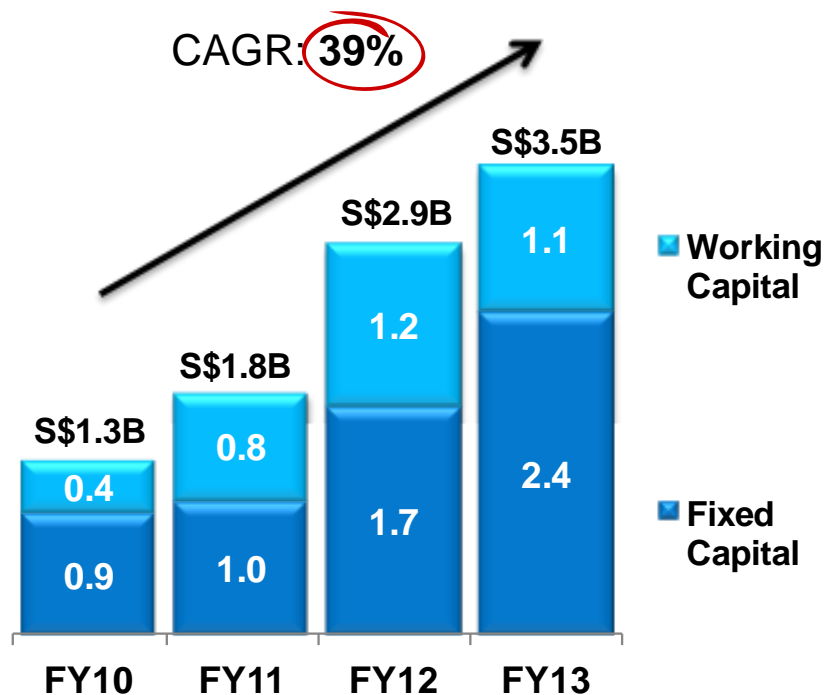
16.9% 11.1% 8.0% 8.3%

- **Significant investments in Coffee, Dairy, Palm and Rubber**
- **Gestating** Investments - **Palm, Rubber** are not yielding at all; **Coffee** partially yielding and **Almond Plantations** are near maturity
- **Underperformance in Dairy (Uruguay & Russia) and Argentina Peanuts in FY2013**
- **SIFCA** while profitable was below previous years

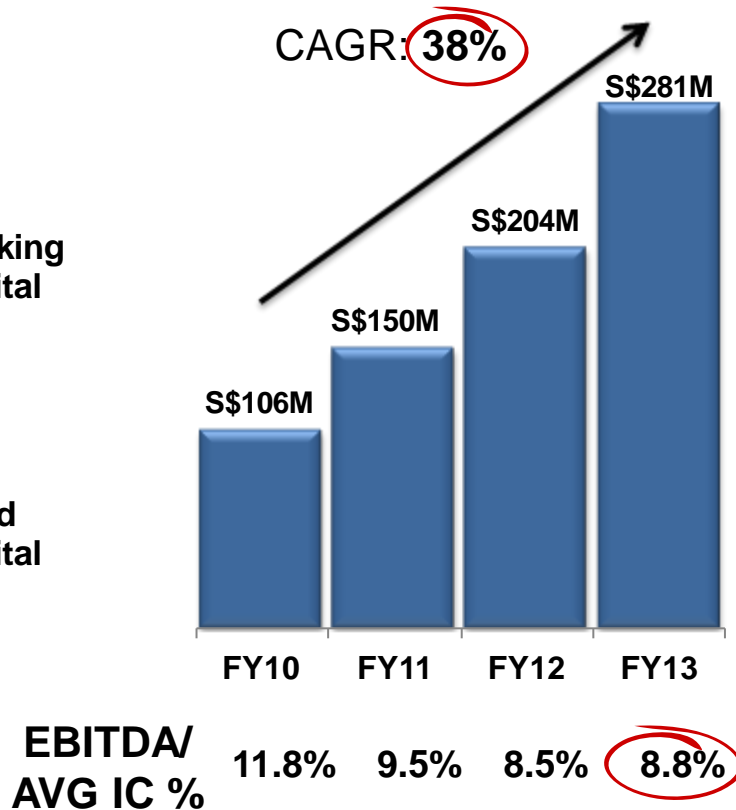
# Value Chain EBITDA & IC

## Mid/Downstream

### INVESTED CAPITAL (END OF YEAR)



### EBITDA



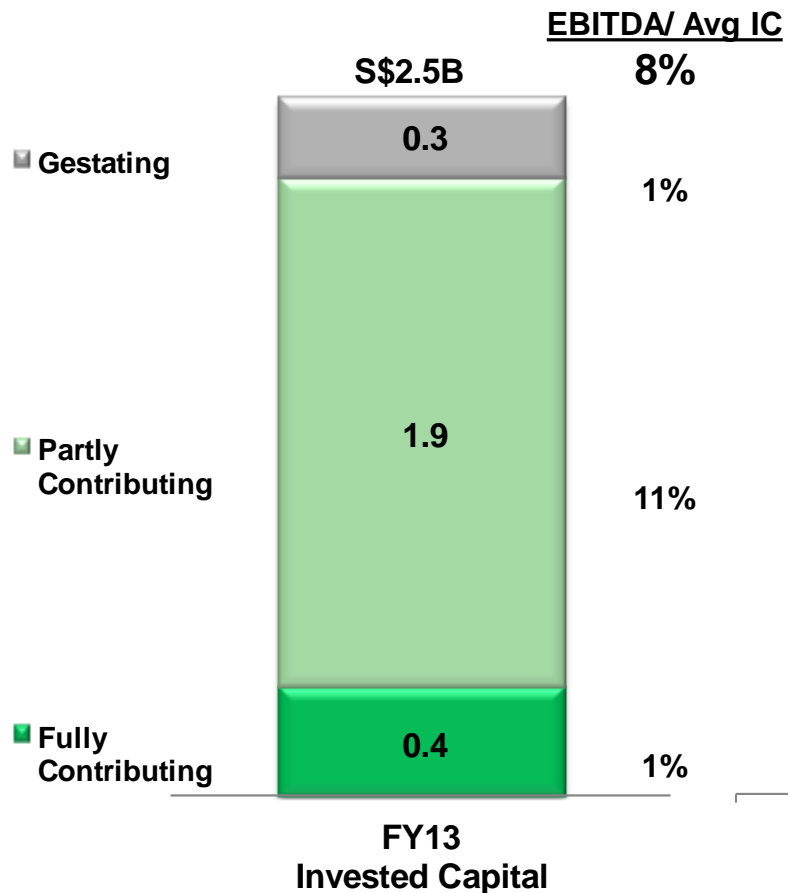
EBITDA/  
AVG IC %

11.8% 9.5% 8.5% 8.8%

- **Strong performance** from midstream investments in E Nuts, SVI, Wheat milling, SEZ, Sugar refinery (Indo) etc.
- **Partially yielding Investments** in Dairy, PFB, Palm, Soluble Coffee etc,
- **Underperforming assets** – OTP, Gabon timber, and Sugar milling (India).
- **PureCircle** – still not contributing to earnings
- **New investments** – Grains, Cocoa

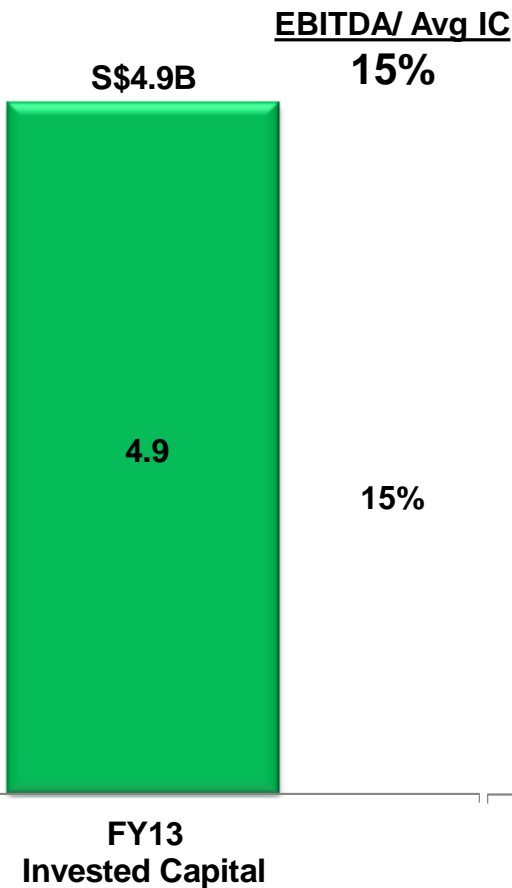
# Significant upside potential from Upstream & Mid/Downstream as the assets start yielding fully

## Upstream



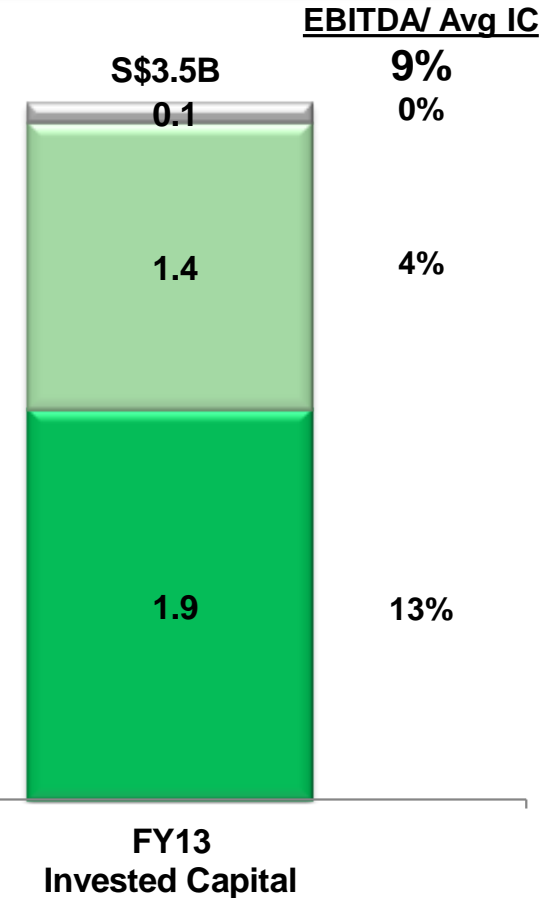
**Expected EBITDA/IC  
in plan period: 15-18%**

## Supply Chain



**Expected EBITDA/IC  
in plan period: 10-13%**

## Mid/Downstream



**Expected EBITDA/IC  
in plan period: 13-16%**

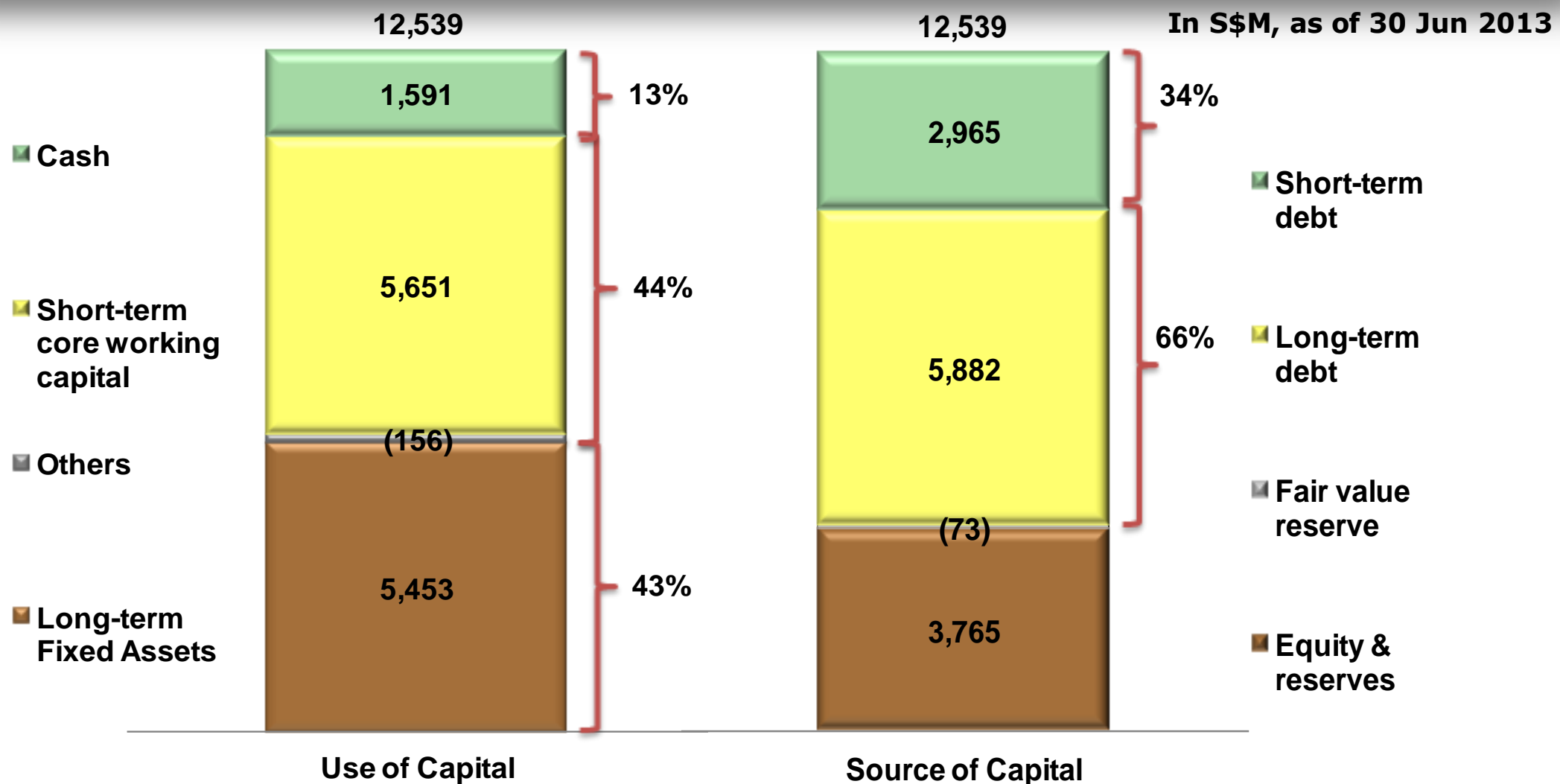




# Balance Sheet Analysis

# Balance Sheet Summary:

## Strong and resilient Balance Sheet



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

# Segmental Fixed Capital

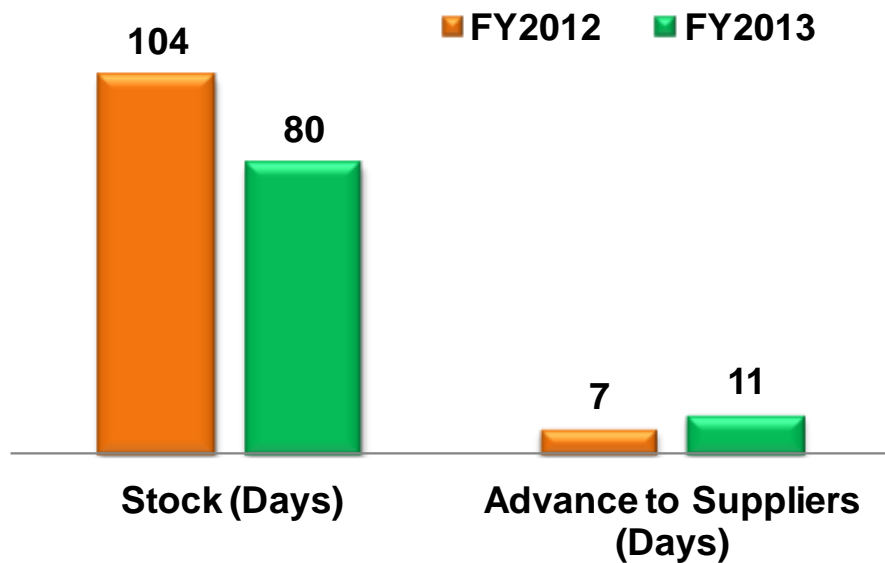
(in S\$ million)	FY2013	FY2012	Significant investments
Edible Nuts, Spices & Beans	1,731	1,588	Dehydro foods (Egypt), Almond processing (Australia)
Confectionery & Beverage Ingredients	471	286	Seda Solubles (Spain), NCCL (Zambia), Cocoa processing (IVC), Soluble coffee (Vietnam)
Food Staples & Packaged Foods	2,417	1,864	Kayass (W.Africa), Acacia (E.Africa), Palm plantations (Gabon), Palm refinery (Moz), Dairy (Russia & Uruguay), Wheat milling (West Africa)
Industrial Raw Materials*	728	597	Rubber and SEZ (Gabon)
<b>Total</b>	<b>5,346</b>	<b>4,335</b>	

\*Excluding Gabon Fertiliser Project

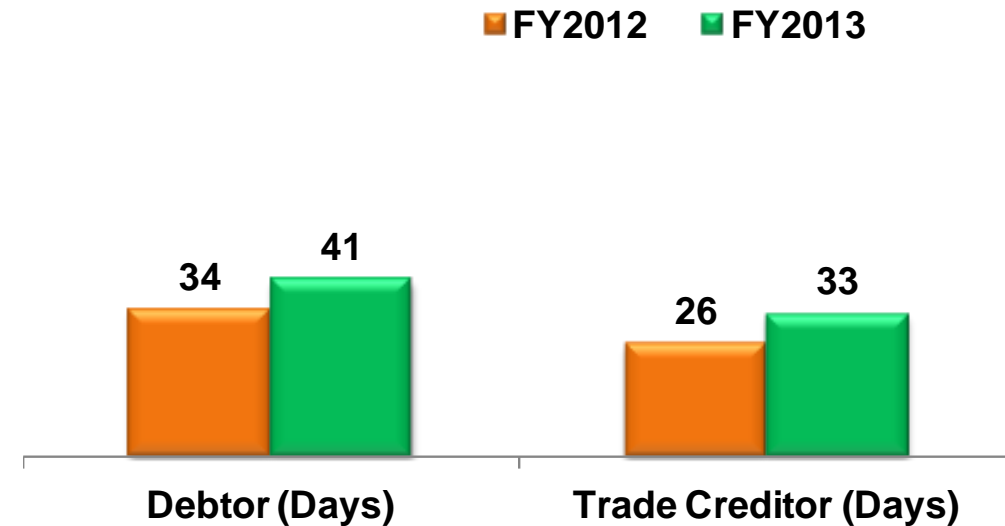


# Working Capital Analysis

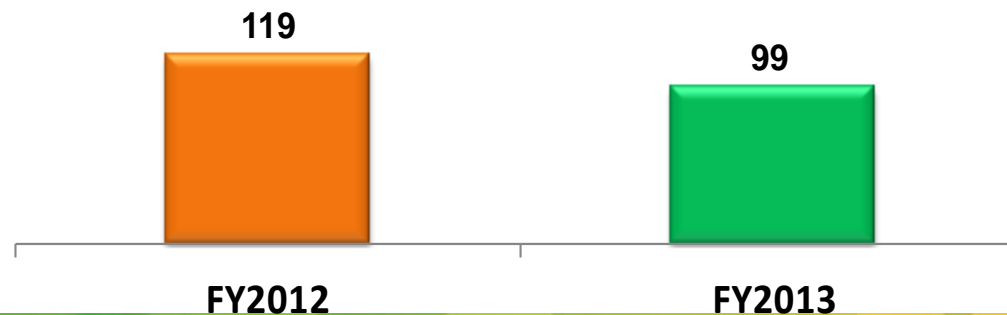
## Stock (days) and Advance to Suppliers (days)



## Debtor (days) and Trade Creditor (days)



## Cash-to-cash cycle (days)



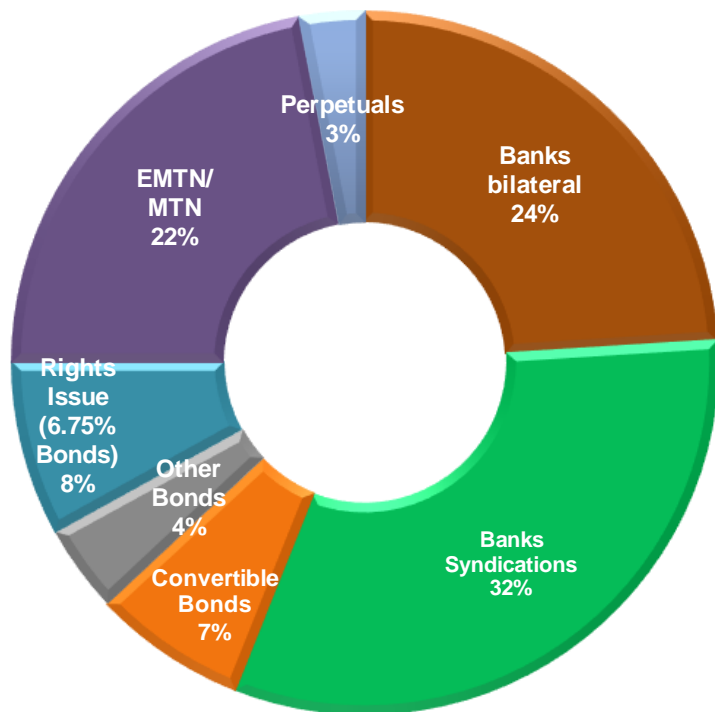
# Inventory Analysis

(in S\$ million)	FY2013	FY2012	Inc/ (Dec) vs FY2012
Edible Nuts, Spices & Beans	1,327	1,085	242
Confectionery & Beverage Ingredients	1,145	1,079	66
Food Staples & Packaged Foods	998	1,223	(225)
Industrial Raw Materials	684	1,023	(339)
<b>Total</b>	<b>4,154</b>	<b>4,410</b>	<b>(256)</b>

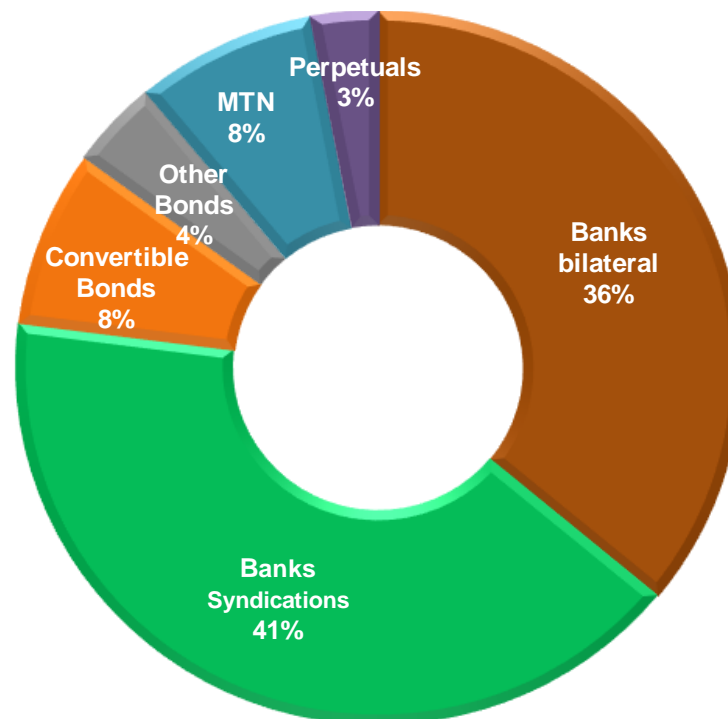
**81.2% of inventories liquid, sold forward or hedged**

# Well diversified sources of funds

**Borrowing Mix as of 30 June 2013**



**Borrowing Mix as of 30 June 2012**



## Issuances from 1 July 2012 to 30 June 2013

- 1 year S\$250 million 2.5% fixed rate notes due 2013
- 5 year US\$500 million 5.75% fixed rate notes due 2017
- 7 year S\$350 million 5.80% fixed rate notes due 2019
- 10 year S\$500 million 6.00% fixed rate notes due 2022
- Rights issue of 5 year US\$750 million 6.75% bonds due 2018 at 95% of their principal amount

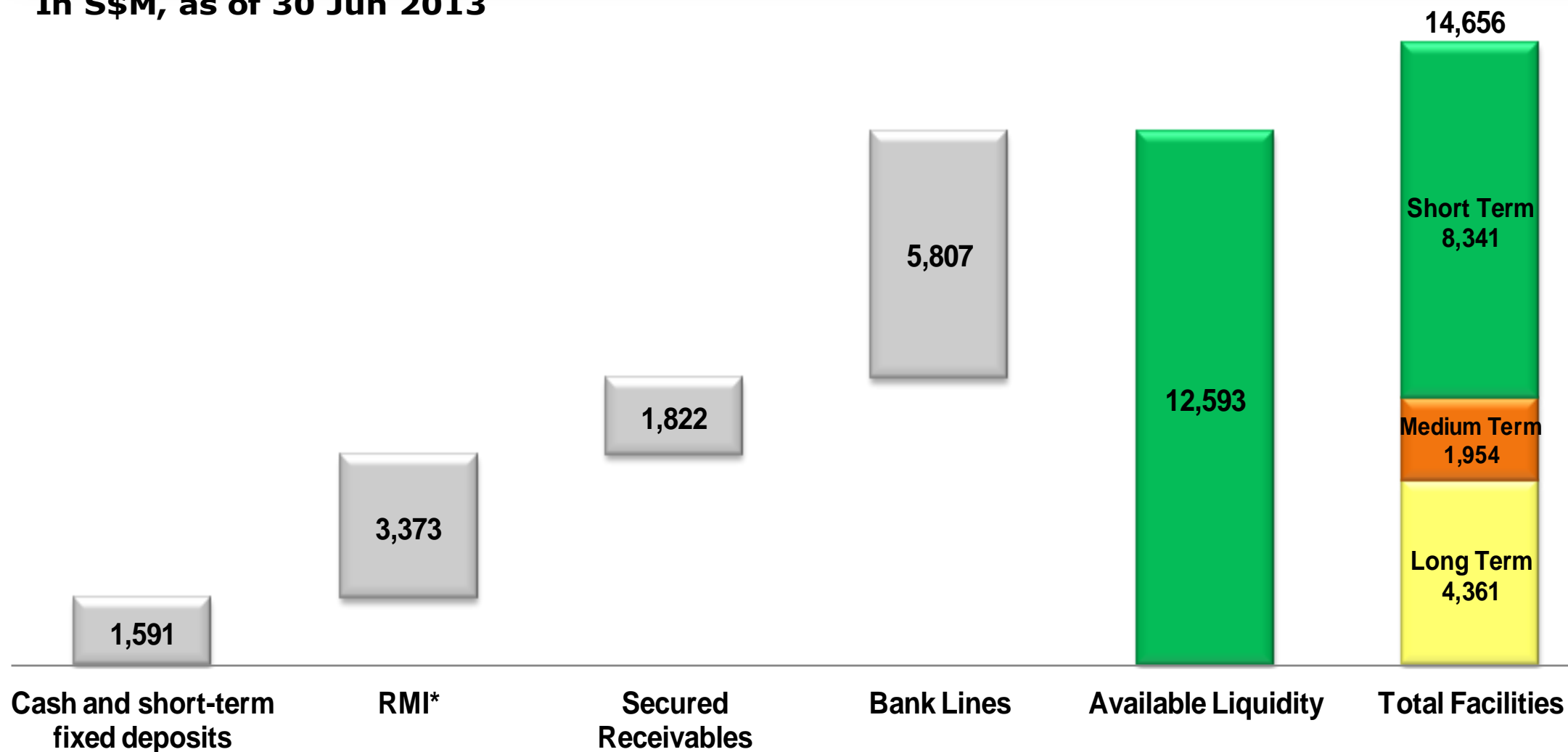
## New Issuances post 30 June 2013

- 5 year Term Loan of US\$120 million by IFC
- 3 year Revolving Credit Facility of US\$400 million for Olam Holdings Partnership (USA)



# Strong liquidity profile

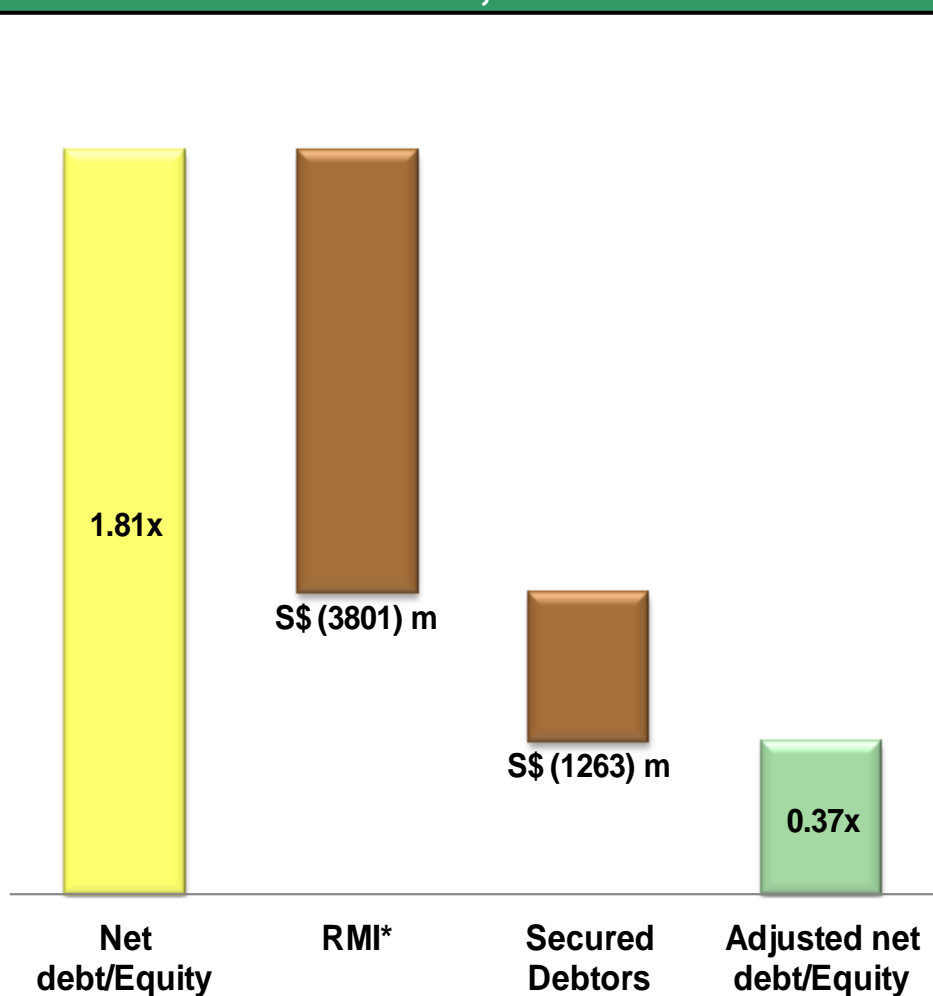
In S\$M, as of 30 Jun 2013



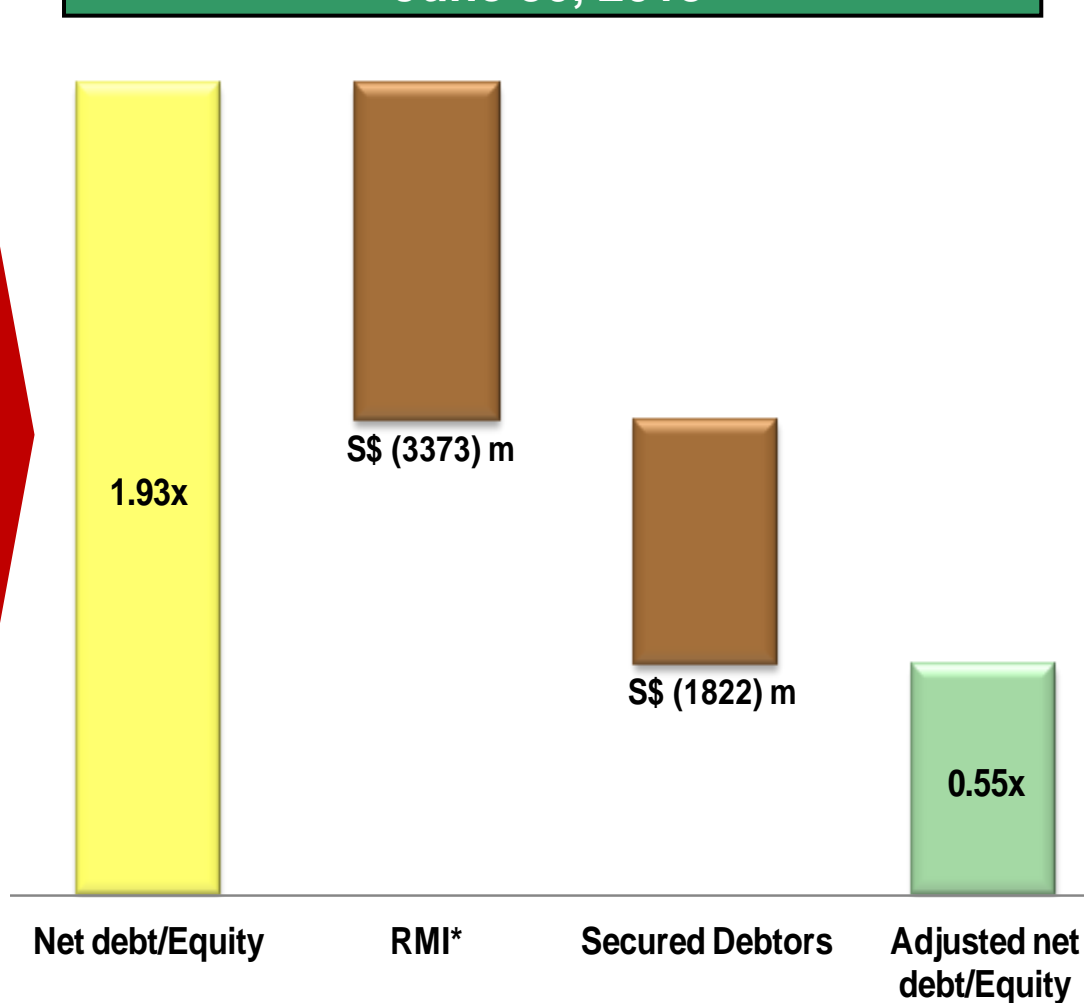
\*RMI: inventories that are liquid, hedged or sold forward

# Adjusted Net Gearing

Net debt/ Equity as of  
June 30, 2012



Net debt/ Equity as of  
June 30, 2013



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

# Improving Operating cash flows

					S\$ m
Annual Cash Flow Summary	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Operating Cashflow (before Interest & Tax)	1,074	894	811	461	331
Changes in Working Capital	(339)	(307)	(2,095)	(1,099)	297
<b>Net Operating Cashflow</b>	<b>735</b>	<b>587</b>	<b>(1,284)</b>	<b>(638)</b>	<b>628</b>
Capex/ Investments	(1,051)	(1,248)	(901)	(821)	(544)
<b>Free cashflow (before RMI)</b>	<b>(316)</b>	<b>(661)</b>	<b>(2,185)</b>	<b>(1,459)</b>	<b>84</b>
Adjustment for changes in RMI/ Receivables	131	743	1,359	813	118
<b>Adjusted Free Cashflow (after RMI)</b>	<b>(185)</b>	<b>82</b>	<b>(826)</b>	<b>(646)</b>	<b>202</b>



# Recap of our Strategic Review

**The Strategy Review had established 4 priorities:**

**1**

**Accelerate free cash flow generation**

**2**

**Reduce gearing**

**3**

**Reduce complexity**

**4**

**Facilitate better understanding of Olam business**

**... and 6 pathways to realize these 4 priorities:**

**1**

**Recalibrate pace of investments**

**2**

**Optimize Balance Sheet**

**3**

**Pursue opportunities for unlocking Intrinsic Value**

**4**

**Optimize shape of portfolio and reduce complexity**

**5**

**Improve operating efficiencies**

**6**

**Enhance stakeholder communication**

# Key Takeaways

- ❖ **A transition year**, since we are just three months into our strategic plan implementation
- ❖ Our results for FY2013 underlines our ability to deliver **resilient operating performance** across most of our businesses despite the tough market conditions
- ❖ **Progress being made** on the strategic plan priorities and pathways identified
- ❖ The **balance sheet remains strong** with **adequate liquidity**. **Gearing is within targeted levels** and our **ability to tap both bank loan and debt capital markets** appropriately, demonstrates the **credit quality** and **continued support** from our lenders and bondholders
- ❖ **Enhanced stakeholder communication** with the launch of our **inaugural Investor day in June** with more such events being planned for FY 2014. Continued focus on **simplifying our communication** and **furthering the understanding** of our business model.
- ❖ Focus remains on execution against our plans, extracting **full value from our existing investments**, **reducing pace of new investments** and **optimizing our balance sheet** – to deliver both **Profitable Growth** and **free cash flow generation**





Thank You



# FY2013 Results Briefing



# FY2013 Results Briefing: Annexure

- ✿ Consolidated P&L Analysis
- ✿ Segmental Analysis Backup



# Consolidated P&L Analysis




# Breakdown of Exceptional Items

(in S\$ million)	FY2013	FY2012
<b>Other Income:</b>		
- Gain on sale of assets	36.3	-
- Gain on buyback of NZFSU bonds	6.0	-
- Negative goodwill	-	3.2
<b>Gain/ (loss) on Biological Assets:</b>		
- Non-operational gain on biological assets	3.8	12.8
<b>Other Operating Expenses:</b>		
- Terminated Projects	(19.2)	-
- Acquisition Expenses	-	(0.6)
<b>Tax:</b>		
- Tax on sale of assets	(12.8)	-
<b>Net Exceptional Items</b>	<b>14.0</b>	<b>15.4</b>

# Sales and Net Contribution

## **Sales Volume: 15.953 million metric tons**

 Volume grew by 5.279 million metric tons


 49.5% growth over FY2012

## **Sales Value: S\$20.8 billion**

 Revenue grew by S\$3.71 billion

 21.7% growth over FY2012

## **Net Contribution (NC): S\$ 1615.8 million**

 16.9% growth over FY2012. Food Category's NC increased by 14.6%

# Key Earnings Metrics

## **PATMI: S\$362.6 m**

- 2.2% decline over FY2012

## **PATMI (excluding exceptional items): S\$348.6 m**

- 2% decline over FY2012

## **Earnings per Share (EPS)**

- 4% decline over FY2012
- 14.36 cents/share in FY2013 vs 14.96 cents/share in FY2012

## **Net Asset Value (NAV before fair value adjustment)**

- 154.15 cents/share in FY2013 vs 144.56 cents/share in FY2012



# Key Return Metrics

## **ROE (PATMI\*/ BOP<sub>E</sub>)**

- **9.7% in FY2013** vs 14.2% in FY2012

## **ROIC (NOPAT/ Average IC)**

- **7.2% in FY2013** vs 8.5% in FY2012

## **EBITDA/ Average IC**

- **11.4% in FY2013** (same as FY2012)

\*Excluding accrued distribution on capital securities

# Overhead Expenses

 **Overhead Expenses increased by 12.1%  
to S\$962.7 million in FY2013**

	FY2013	FY2012	Change
Overhead Expenses(S\$m)	962.7	859.0	12.1%
Employee Benefit expenses	466.2	426.2	9.4%
Depreciation	175.9	128.7	36.7%
Other operating expenses	320.6*	304.1	11.7%
Overhead/ Sales Ratio (%)	4.6%	5.0%	-0.4%

\* Excludes 'one-off' expenses of S\$ 19.2 million incurred on termination of projects.



# Segmental Analysis



# Segmental Analysis: Summary

## Olam Consolidated

- Turnover **S\$20802 m**
- Volume **15.953 mmts**
- NC **S\$1615.8 m**
- PATMI **S\$362.6 m**

### Edible Nuts, Spices & Beans

- Turnover **S\$3205 m**
- Volume **1.641 mmts**
- NC **S\$418.7 m**

- NC Share **25.9%**



### Confectionery & Beverage Ingredients

- Turnover **S\$5273 m**
- Volume **1.612 mmts**
- NC **S\$370.7 m**

- NC Share **22.9%**



### Food Staples & Packaged Foods

- Turnover **S\$7721 m**
- Volume **10.754 mmts**
- NC **S\$589.3 m**

- NC Share **36.5%**



### Industrial Raw Materials

- Turnover **S\$4601 m**
- Volume **1.946 mmts**
- NC **S\$246.3 m**

- NC Share **15.2%**



### Commodity Financial Services Group

- Turnover **S\$1.4 m**
- NC **S\$ (9.2) m**

- NC Share **-0.5%**



# Sales Volume - Segmental

Segments	FY2013 (’000 MT)	FY2012 (’000 MT)	% Change
Edible Nuts, Spices & Beans	1,641	1,570	4.5
Confectionery & Beverage Ingredients	1,612	1,609	0.2
Food Staples & Packaged Foods	10,754	5,845	84.0
<b>Food Category Total</b>	<b>14,007</b>	<b>9,024</b>	<b>55.2</b>
Industrial Raw Materials	1,946	1,651	17.9
<b>Consolidated Total</b>	<b>15,953</b>	<b>10,675</b>	<b>49.5</b>

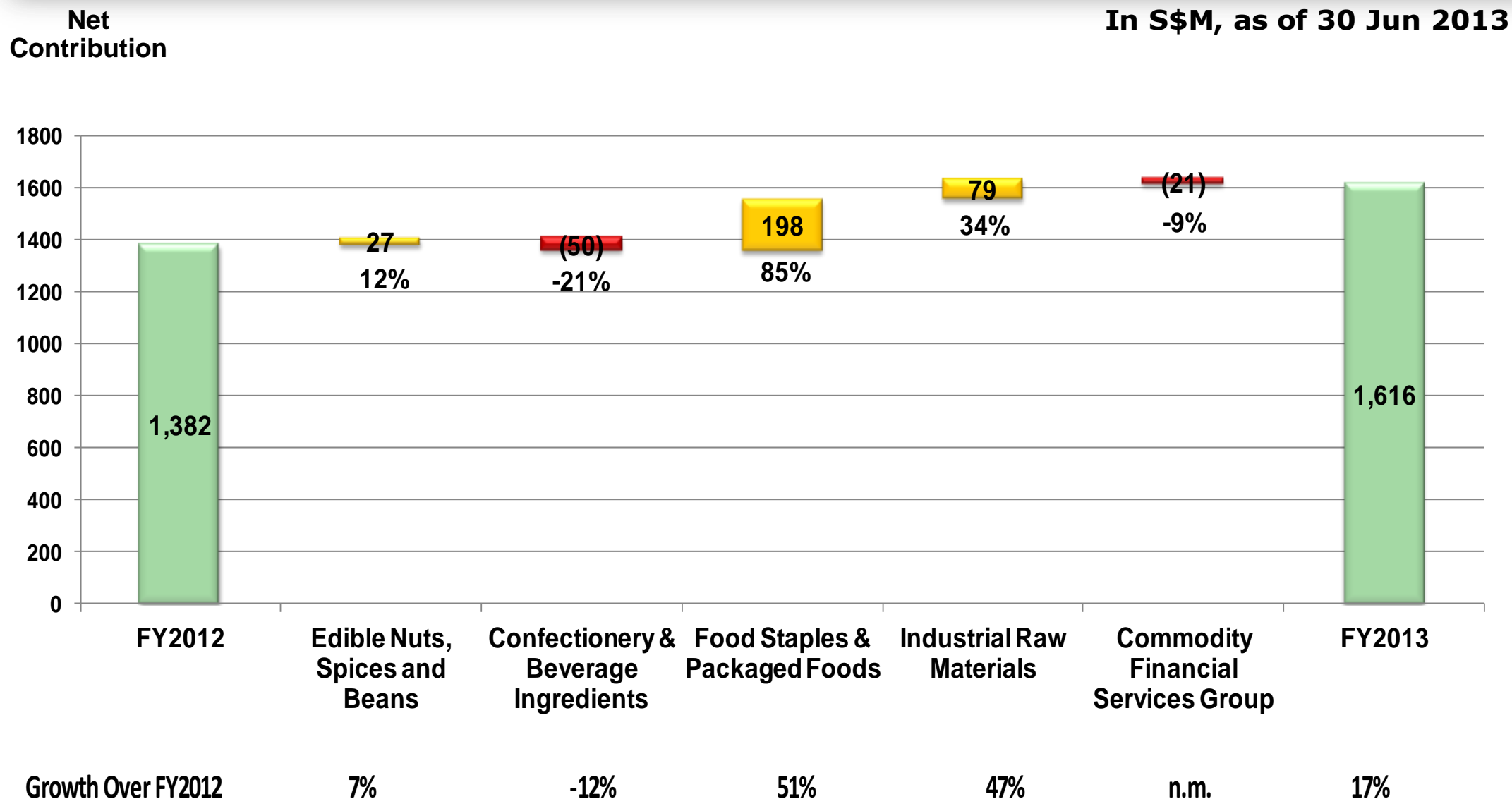


# Net Contribution & NC/ MT Growth: Segmental

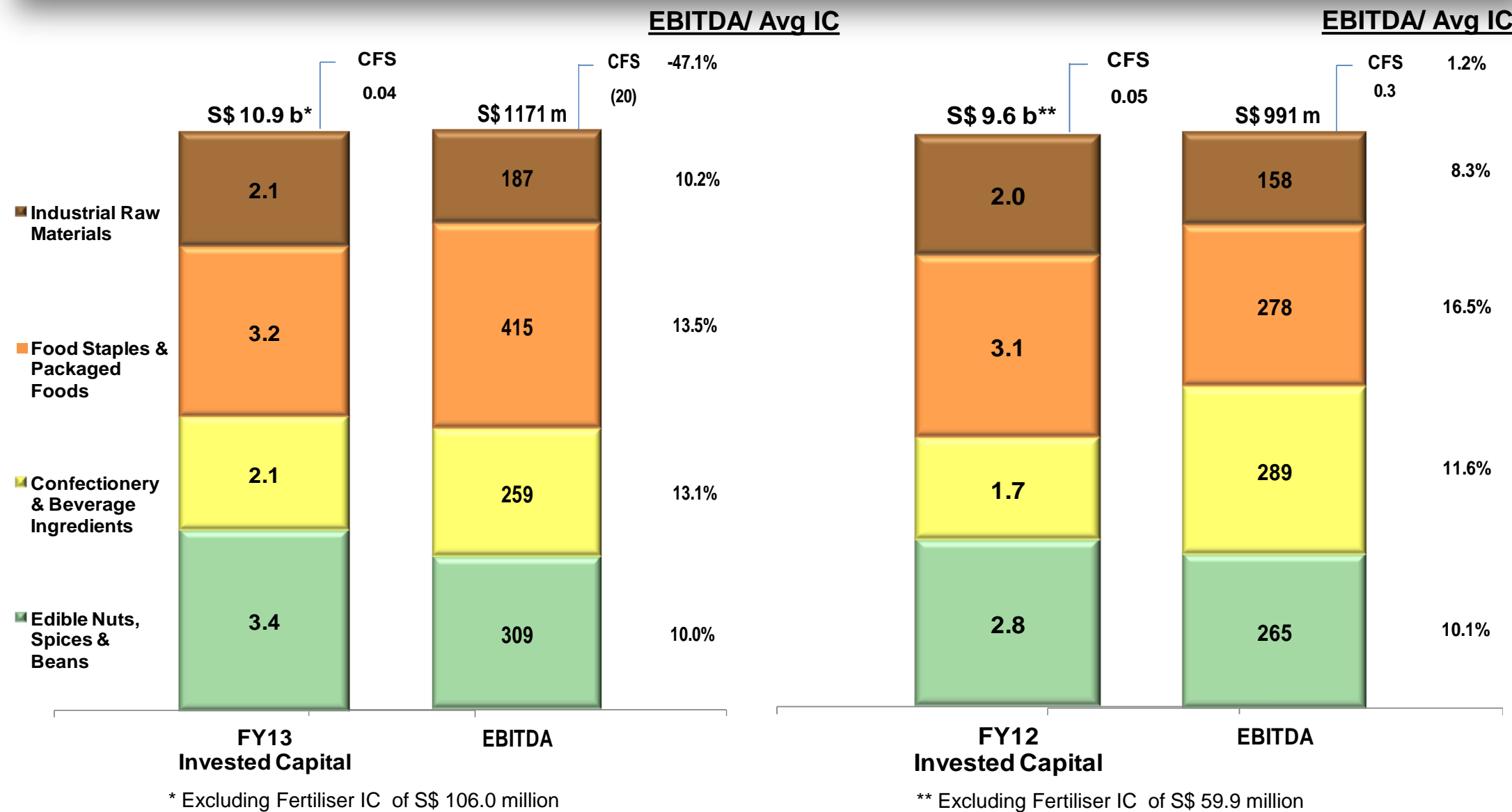
Segments	Net Contribution		
	FY2013	FY2012	% change
	S\$million	S\$million	
<b>Edible Nuts, Spices &amp; Beans</b>	<b>418.7</b>	<b>390.9</b>	<b>7.1</b>
<i>NC/MT (S\$ / ton)</i>	<i>255.1</i>	<i>248.9</i>	<i>2.5</i>
<b>Confectionery &amp; Beverage Ingredients</b>	<b>370.7</b>	<b>420.8</b>	<b>-11.9</b>
<i>NC/MT (S\$ / ton)</i>	<i>229.9</i>	<i>261.5</i>	<i>-12.1</i>
<b>Food Staples &amp; Packaged Foods</b>	<b>589.3</b>	<b>390.9</b>	<b>50.8</b>
<i>NC/MT (S\$ / ton)</i>	<i>54.8</i>	<i>66.8</i>	<i>(18.0)</i>
<b>Food Category Total</b>	<b>1,378.7</b>	<b>1,202.6</b>	<b>14.6</b>
<i>NC/MT (S\$ / ton)</i>	<i>98.4</i>	<i>133.2</i>	<i>(26.1)</i>
<b>Industrial Raw Materials</b>	<b>246.3</b>	<b>167.2</b>	<b>47.3</b>
<i>NC/MT (S\$ / ton)</i>	<i>126.5</i>	<i>101.2</i>	<i>25.0</i>
<b>Commodity Financial Services</b>	<b>(9.2)</b>	<b>12.1</b>	<b>n.m.</b>
<b>Consolidated Total</b>	<b>1,615.8</b>	<b>1,381.8</b>	<b>16.9</b>
<i>NC/MT (S\$ / ton)</i>	<i>101.2</i>	<i>129.4</i>	<i>(21.8)</i>



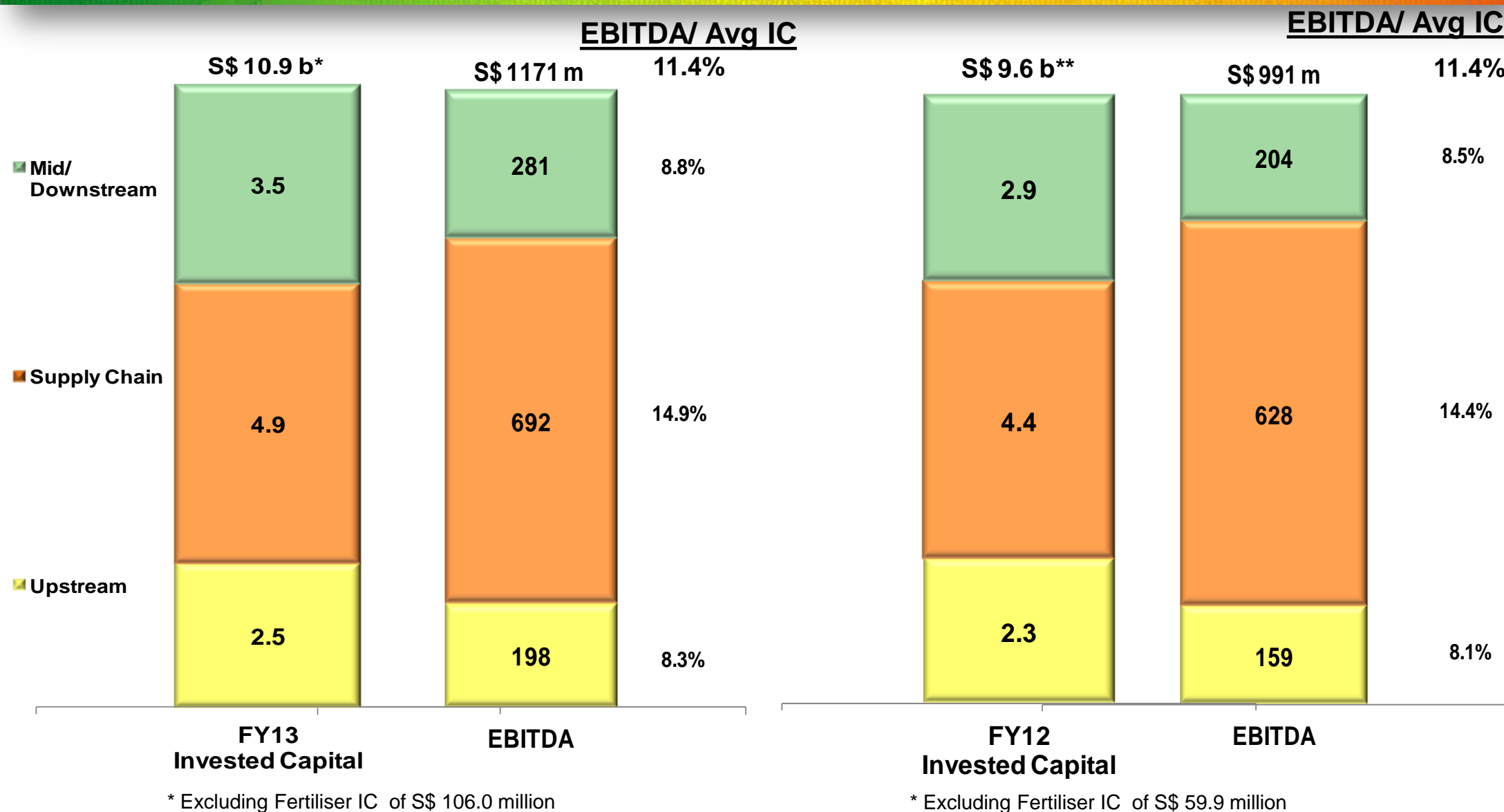
# Net Contribution Growth: Segmental Share



# Invested Capital (IC) and EBITDA by product segment



# Invested Capital (IC) and EBITDA by value chain





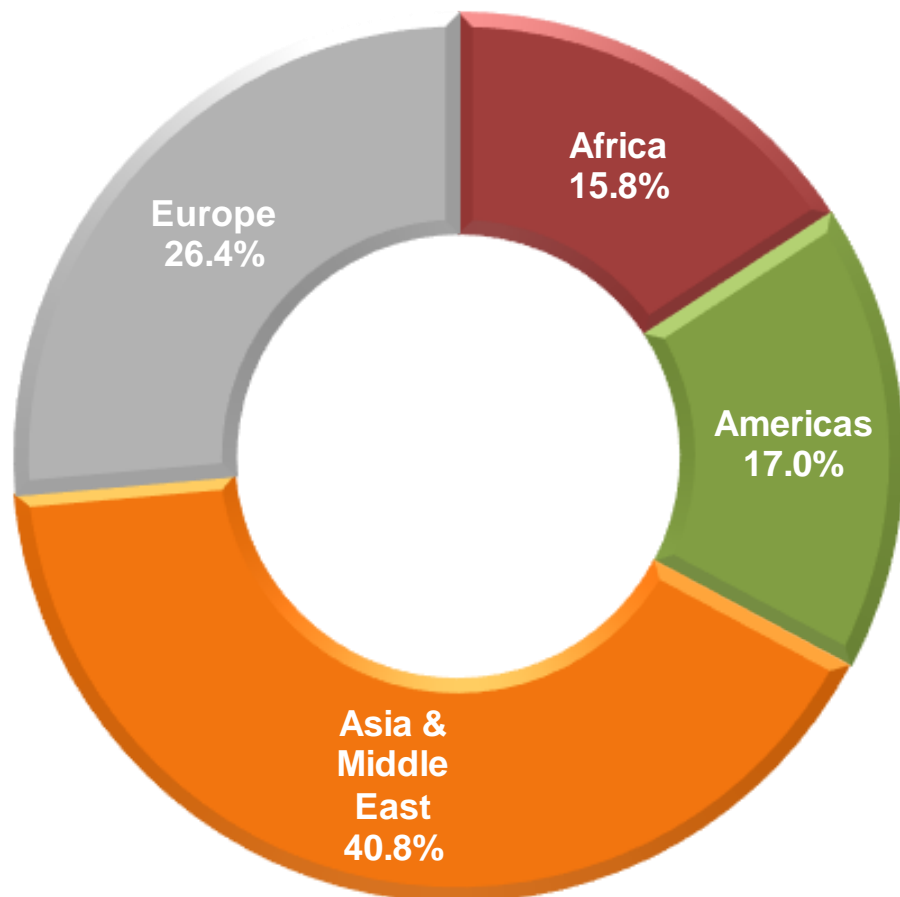
# Segmental Analysis: Value Chain

Value Chain Initiatives	Sales Revenue (in S\$ m)		Growth %	Net Contribution (in S\$ m)		Growth %	EBITDA (in S\$ m)		Growth %
	30 June 2013	30 June 2012		30 June 2013	30 June 2012		30 June 2013	30 June 2012^	
Supply Chain & VAS	17,077	14,825	15.2%	992	956	3.7%	692	628	10.2%
Margin (%)				5.8%	6.5%		4.1%	4.2%	
Margin Per Ton				71	105		49	69	
% Share	82.1%	86.7%		61.4%	69.2%		59.1%	63.4%	
Upstream	619	376	64.7%	274	192	42.6%	198	159	24.2%
Margin (%)				44.2%	51.0%		32.0%	42.4%	
Margin Per Ton				743	662		538	550	
% Share	3.0%	2.2%		16.9%	13.9%		16.9%	16.1%	
Midstream & Downstream	3,105	1,892	64.1%	350	234	50.0%	281	204	38.0%
Margin (%)				11.3%	12.3%		9.0%	10.8%	
Margin Per Ton				221	187		177	163	
% Share	14.9%	11.1%		21.7%	16.9%		24.0%	20.6%	
Total	20,802	17,094	21.7%	1,616	1,382	16.9%	1,171	991	18.2%
Margin (%)				7.8%	8.1%		5.6%	5.8%	
Margin Per Ton				101	129		73	93	

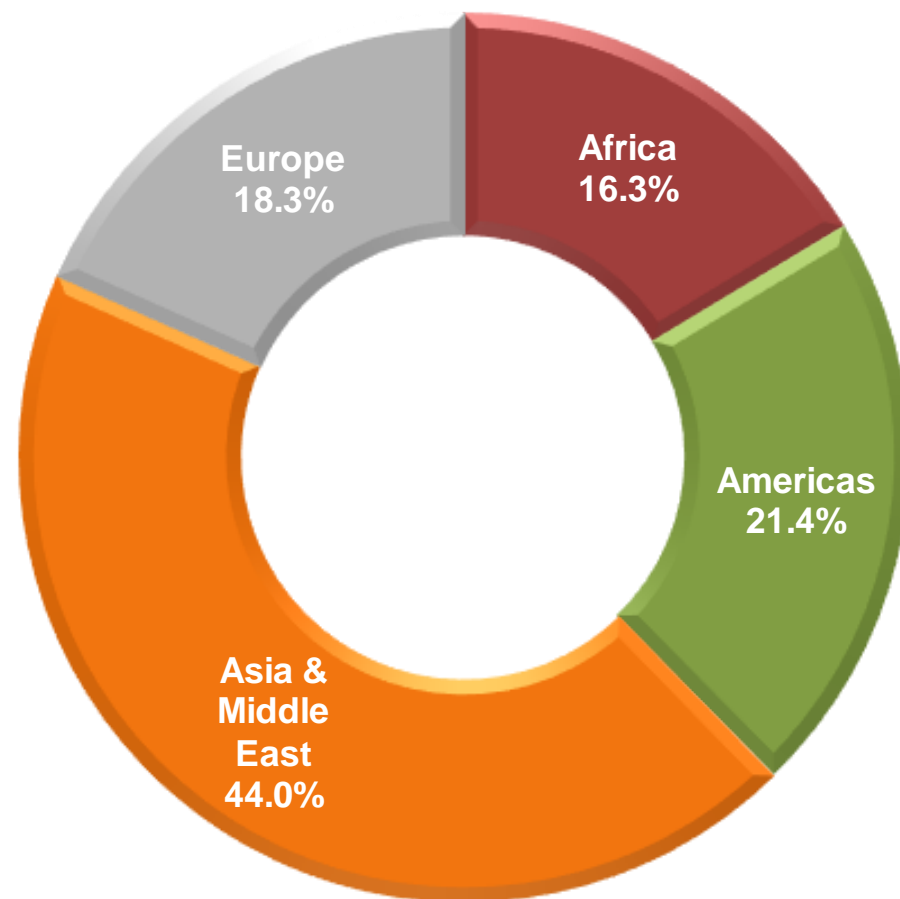
^ FY2012 EBITDA figures have been restated to include Non-controlling interests of S\$ 32.9 million

# Well Diversified Sourcing: Origins

**Sourcing Volume  
FY2013**

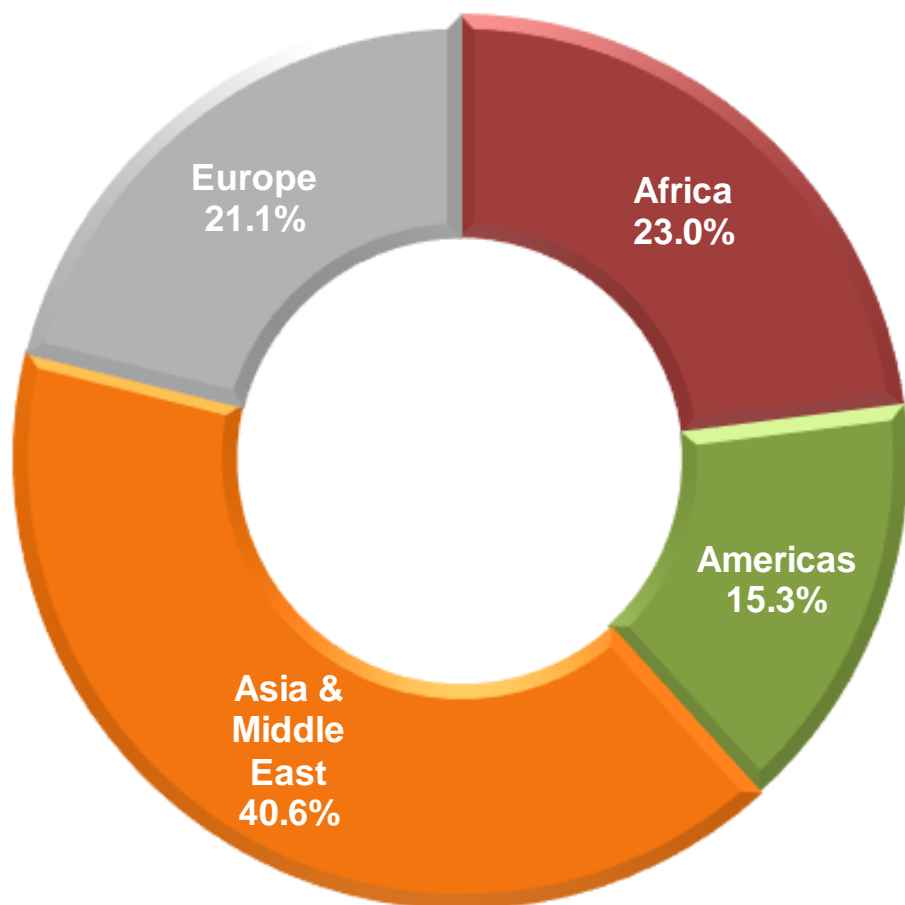


**Sourcing Volume  
FY2012**



# Well Diversified Sales: Markets

**Sales Turnover  
FY2013**



**Sales Turnover  
FY2012**

