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PRESENTATION

Aditya Renjen - *Olam International Ltd - General Manager IR*

Good evening, ladies and gentlemen, and welcome to Olam International's fourth quarter and full-year results briefing for the year ended June 30, 2013. Let me start this evening by introducing the team from Olam. To my right is Sunny Verghese, Group Managing Director and CEO; to his right is Shekhar, Executive Director Finance and Business Development; and to the far right is Muthukumar, Senior Vice President and Head of Corporate Affairs. I am Aditya from the Investor Relations team.

We'll start off this evening with a presentation on the operational and financial highlights by Shekhar. After this we will open the floor for questions. So thank you and over to you, Shekhar.

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

Hi and good evening, ladies and gentlemen, and thank you for taking the time to come to our FY '13 full year results announcement. It's just three months ago that we met for our Q2 which was followed by our -- which was just after our strategy review presentation. And it somehow seems that the world was quite a different place in the last three months. Starting from the Fed comments which adds a lot of volatility to both the bond and equity markets, currencies etc., there has also been what was perceived to be a slowdown in emerging markets has now become a sell-down in the emerging markets. And in the most recent weeks there is the Middle East crisis and we don't know how that's going to pan out. So in the last three months, starting somewhere in May, we have seen a lot of volatility across impacting equity markets, impacting bond markets, impacting currency markets and quite volatile in quite a major form and fashion. And obviously all of this has had impact on the commodity markets.

And if we look at how it has impacted our own agri commodity business, there has been mixed to negative news coming from various quarters in terms of both commodity price volatility, outright price volatility, quite a lot of volatile spreads. And major -- various industry participants have been impacted somewhat differently, depending on their participation in various geographies, in various product segments based on their business model and competitive position in various businesses that they participate in.

So most certainly Olam has also been impacted and we live in the same world so we've got to react to the same stimulus that's happening around us. For Q4 there have been both -- luckily both positive as well as negative impacts. But more importantly I think it's been a sobering end for FY '13 and cautionary undertone to FY '14 as we start this new financial year.

Now when I -- when we just step back and look at the whole year FY '13 and it's really been a transitionary year for us. The three, four years prior to this have been a period of very, very explosive growth, a lot of investments both organic and inorganic. And coming off the strategic plan that we announced at the end of April we are really looking forward to the next three years of -- more focused on not just profitable growth but also on accelerating our cash flow generation, looking at extracting full value for investments already made, reducing the pace of investments going forward and really extracting and optimizing the best use of all the capital that we employ, whether it's working capital, fixed capital, overhead capital or risk capital.

So as we take you through this results briefing, we hope that we can provide this -- we can reflect the transition that we're hoping to make from FY '13 into FY '14 towards delivering on the strategic plan objectives that we have laid out to you clearly. And I hope we can, despite the macroeconomic uncertainty, leave you with some confidence that we have what it takes to deliver on these plans.

Beyond the usual disclaimers, let me go straight to the consolidated P&L. And if you look at the overall operating parameters which usually drive the business for us, we have had a significant volume growth of almost 50% -- but we have talked about this in the quarters preceding this -- which a lot of it has been because of the change in product mix, with some of the bulk commodities and grains etc having a high volume growth last year.

When you look at the sales value that shows the fact that it's only about 22% shows both that the product mix is different as well as the fact that we have had low commodity prices for most of our commodities during the course of the last year.

The three parameters that we would like to focus on; net contribution has grown 17%, EBITDA, that we'll talk a lot about because we called out that with our changed focus on cash generation this is a parameter that we'd like to really focus on going forward, and the profit before tax, which was 17%, 18% and 13.4% growth over last year.

We've had a big change in the tax number which has resulted in the profit after tax having a slight dip of [2%] (corrected by company after the call) compared to the previous year. And the tax is really -- the change in tax is on three counts.

The first is we have higher profit from a lot of the higher tax jurisdictions. And over the last four, five years we have invested a lot in some of the higher tax jurisdictions and a lot of the business has come from there. So the good news is that we've made -- a lot of those investments are working and making profits but the bad news is that there's a higher tax incidence.

The second part is that last year and especially in quarter four of last year -- and when we look at providing tax for the first three quarters we are making a provision on the basis of an anticipated tax, and it's really in the quarter four where across the 65 jurisdictions, across various tax calendars and across various tax rates we come up to a final tax computation along with the auditors to decide on our final tax. So the last year in FY '12, Q4 was a net tax credit. And in Q4 of FY '13 there is a larger tax adjustment in terms of what we had provided for in the first three quarters. So you see a big swing both because of where the profits have accrued this year in terms of jurisdiction as well as because, in comparison to last year and especially to last year Q4 there has been a much higher tax.

The last part is something that we had highlighted even in Q3. We had a big one-off gain on the sale and lease-back of our almond orchards which was obviously taxed at the rate in US, as well as the sale of the basmati mill. Both of these combined together had a tax -- out of this SGD105m for this year [SGD12.8m] (corrected by company after the call) is on account of these two which are one-off in nature. But even net of that one-off, the tax is much higher for the current year.

So on an overall basis, while we've had a good improvement in the operating metrics, of net contribution, EBITDA as well as PBT of 13.5% (sic -- see presentation "13.4%"), the profit after tax number is a small dip compared to the previous year. And minority interest has almost been similar and the PATMI is therefore coming out at roughly about 2.2% lower than last year at SGD363m.

On the exceptional items we have a separate break-up -- breakdown of this in the annexures provided to you, but effectively the exceptional items the big things to call out there are again the gain from the sale and lease back of almond, the sale of the basmati rice mill, the gain on the bonds, NZFSU bonds that we bought back, which we had talked about previously, as well as one-off, one-time write-off that we've taken because of calling off the projects, the sugar projects in Brazil and Nigeria, again which was discussed in the previous quarter.

So net of these exceptional items, the operating profit for the period is around SGD350m which is pretty much around where we were last year.

So that's the consolidated summary. And moving on to the segmental analysis, now this time we are going to present, and going into the future, the segmental analysis showing both the EBITDA generation as well as the invested capital change. Which is, when we discussed with all of you in the past, really to get clarity on how each segment is performing, we want to see a direct correlation between the cash flows being generated and EBITDA being a proxy for the cash flow metrics and the actual invested capital, both fixed capital and working capital that's going into each segment.

So the segmental analysis that we presented for the last three years in the strategic plan -- after the strategic review, we are now updating for the FY '13 numbers so that you can see the track record over the last four years. I will focus on talking a little bit more about the FY '13 performance, but there is a last four year number for you to look at the overall trend.

So when we look at the EBITDA numbers, in FY '13 we have almost generated an incremental EBITDA of SGD180m absolute, so going up from [SGD991m] (corrected by company after the call) to roughly about SGD1,170m which is a fairly significant increase in absolute EBITDA. And that's the first thing that we want to call out.

In terms of invested capital, starting first with the fixed capital, we have been growing roughly about SGD800m to SGD1b in fixed capital, both organic and inorganic investment. And even in the last year we have sustained the same. We have announced that over the next three years this pace will be rapidly coming off, but for the last year that incremental investment of SGD900m, almost SGD1b is there.

And working capital has remained more or less -- has not seen that kind of an increase, I guess both because while there has been a significant increase in volume of almost 50%, the working capital absolute number has not grown by the same. It's a mixture of both working capital efficiency in terms of how we have focused on the assets turn; it's a mixture of lower prices as well as portfolio mix. So, all that has contributed to the fact that despite a very chunky increase in volume, we've not had a similar increase in working capital.

On a overall basis we have roughly SGD11b of invested capital split almost now equally between fixed capital and working capital. So the nature of our balance sheet in terms of invested capital has also changed between the time when we were almost less than -- and prior to FY '09, this was even a much smaller percentage. Over the -- now we're almost 50/50 invested between fixed capital and working capital, albeit at low commodity prices at this stage.

On an overall basis we therefore are almost more or less flat on an EBITDA by IC level at [11.4%] (corrected by company after the call). So we're quite pleased with the fact that there is -- a lot of the investments made over the last three, four years a lot of them are already yielding results. And some of the more recent investments hopefully will also have a similar trajectory in terms of EBITDA generation.

Moving on to the individual segments, Edible Nuts, Spices & Beans had a lot of investment, prior to FY '09 also. So they, from a fixed capital investment a chunky part of the investment was done before '09. And over the last three years also they've had quite a lot of investments going in. This particular year in FY '13 the incremental fixed capital is pretty minimal, just in the Australian almond orchards and a little bit in the cashew mechanization project. And so you don't see a big chunk of increase in fixed capital during the course of the year, but there is a large chunk of increase in working capital. High almond prices contributing to some high dehydrate prices or very firm dehydrate prices and towards the second half higher tomato prices all of it has contributed quite a lot of increase in working capital so which has gone up by almost SGD0.5b.

But the EBITDA has moved up quite smartly. So if you take a four-year scenario, the EBITDAs have grown much higher than the pace of invested capital increase, 30% CAGR over the last four years. And even in the FY '13 there has been quite a significant growth in EBITDAs, a lot of it coming from very strong performances from the -- on the nut side, from almonds and hazelnuts and across the board in onion, garlic, capsicum and vegetables. And all of them have shown a good earnings trajectory for the last year and over the last few years.

There has been a drag in this segment because of tomato processing, and we discussed that even in the Investor Day. Hopefully a lot of those issues that plagued the tomato business are behind us and we look forward to a better FY '14. But for FY '13 certainly it has been a drag, although a lesser drag than what it was in FY '12. And there is also -- again we had called this out in the Investor Day -- steep fall in peanut prices which has impacted the upstream peanut farming business in Argentina. Rest of the peanut business did well but the upstream business which is more prone to impacts of prices had some drag in FY '13 and potentially likely going into FY '14. So that's the first segment.

If we look at the Confectionery & Beverage Ingredients segment, these are two very solid businesses for us, both cocoa and coffee. And predominantly even now being led a lot -- more working capital intensive businesses. But over the last couple of years there has been quite some investments and almost roughly about SGD200m to SGD300m has been spent over the last couple of years in upstream coffee plantations, Laos, Tanzania, Zambia, Ethiopia and Brazil. And on the midstream side, both in expansion of capacity in Vietnam, soluble coffee, as well as the recent acquisition that we did in the last year of Seda Solubles in Spain as well as, on the cocoa side, a large plant that we're setting up for cocoa processing in Cote d'Ivoire.

So a lot of the investments that have happened are obviously not yielding, as we talk, and are yielding very less compared to their full potential. So while a significant increase in fixed capital has happened over the last couple of years, it's still got to be seen in the EBITDA numbers.

The other thing to call out on the capital side is coffee especially has had very low coffee prices for a significant part of last year and certainly in the second half and continues to be quite low. So the current working capital which has almost remained flat over the last three years is not reflective of historical pricing. Even cocoa has been lower, although cocoa prices have become quite firm over the last few weeks or month, but there is certainly an incremental invested capital increase that is potentially likely if the prices do move up.

Coming to the EBITDA, the EBITDA has shown a very smart increase of almost 22% over CAGR over the last four years. There has been a fall in FY '13 but that was more because of exceptional year in FY '12 which we had talked about both in Q4 of last year as well as through the course of this year.

It's been a good performance by both cocoa as well as coffee, but probably in comparison with the exceptional performance that happened in FY '12, the absolute EBITDA is lower. But on an EBITDA by IC basis it's still a very good 13.5% in terms of EBITDA by IC returns.

The Food Staples & Packaged Foods business is obviously a segment wherein a lot has happened and is happening. From an investment perspective, almost SGD1.5b has been spent in fixed capital over the last three years. Not much of working capital but that's possibly -- it shows a lower number because of lower prices as much as actual volume. But there's been a huge fixed capital increase. Out of what has been spent and what is performing, I would like to call out sugar refining in Indonesia, which has had a very, very good year last year, certainly rice which has again -- which is the supply chain part of rice business has again had a very good year. And wheat milling across both Nigeria and Ghana are again some of the very good performers in this segment for last year.

There are sizeable investments in dairy upstream and midstream, in farm upstream and midstream as well as Packaged Foods which are partially yielding and are in different stages of evolution. Some of the more recent investments in the last few years have been in these product segments and they are yet to get to their full potential.

So on an overall basis we've seen a very good increase in EBITDA, absolute EBITDA of almost SGD140m. And also an increase in the EBITDA by IC percentage, but this is a business in which -- this is a segment in which there has been a lot of investments in the recent past and we expect a lot of the growth coming out of this segment in the coming years.

Lastly the Industrial Raw Materials segment, again this has had volatile performance over the last three years. And we've discussed this quite a bit, especially for cotton. So as far as the cotton business is concerned, that's seen some recovery in volumes, but towards the second half and certainly in the last quarter the margins have been under extreme pressure. The spreads have been very volatile. They've moved from -- in the last two months itself they moved from a carry to a backwardation and hence the margins and illiquidity in the market has been -- the volatility in the market has been quite enhanced. So while it had a good recovery in terms of volumes in the first half or first nine months also, we had reasonable margins, not as per the past but good margins, but the last quarter has not been very good from a margin viewpoint.

SEZ continues to deliver quite strongly in this segment and it has certainly propped up the fortunes of this segment. And this is the fourth year in running that it has performed well.

We have made a good start to both rubber and fertilizer trading which has added a lot of volume to this segment, but it's early days; this is the first year of rubber and fertilizer trading.

And the wood products business again has been quite restructured to now focus on just tropical hardwoods out of Congo and the teak business. And really it's a [twin horse] and the rest of the businesses have been shut down considering the fact that there seems to be a prolonged recession in the marketplace for this segment.

So, on an overall basis it is a recovery year for this segment. EBITDAs have gone up but nowhere close to what they have achieved and delivered in the past. And they are at a EBITDA by IC percentage of roughly 10%.

So that is a quick look at it from a segmental perspective. Looking at the value chain which is -- so the core engine of Olam in the supply chain, the core supply chain is still performing very well and even in the current year has had a good growth in EBITDA. It's still showing an EBITDA by IC percentage of almost 15%, albeit aided by -- and this is a working capital -- part of the working capital intensive part and hence the lower prices have certainly helped. But even at between 13% to 15% this would be a very, very profitable -- and this is the engine of growth from a value chain perspective. Across these various segments the supply chain part has been doing very well, has done in the last few years and certainly even in FY '13 has kept up that performance.

Moving to upstream and midstream where bulk of the fixed capital investments have happened, and if you look at the upstream side, the significant investments have been in coffee, dairy, farm and rubber in the recent past, out of which farm and rubber are not yielding at all. The investment that we've made in Gabon in both farm and rubber which has been quite significant in the last year or the last 18 months is not yielding any EBITDAs at all at this point of time. The coffee investments are also only partially yielding and have a way to go, whereas the almond plantations are nearing maturity and have had a good performance.

So in the upstream EBITDA growth you have contributions from almond plantations, dairy upstream and coffee, apart from the annual crops of peanuts and vegetables, etc. There has been, obviously that we have talked about in the past, underperformance on the dairy upstream side, both in Uruguay and Russia compared to what we had planned. They were supposed to be not reaching full potential in any case in FY '13 but they have been lower than what we had planned, and Argentina peanut that I talked to you about a short while ago.

So despite this increase in EBITDA, there is clearly some weighing down because of dairy and Argentina peanut. As well as SIFCA, while it has been profitable, because of the low prices both in parm and rubber, SIFCA has delivered a lower result for us than in the past. So again we have to account for -- in this, while there has been a very good growth between FY '12 and FY '13, almost SGD200m of EBITDA has come from the upstream side, it is weighed down a bit due to the underperformance on these three areas.

On a overall basis therefore the EBITDA by IC remains flat or slightly up at 8.3%.

On the midstream side we have had a fairly significant absolute EBITDA. Obviously the gestation in upstream versus midstream is different, upstream taking much longer time to start delivering. On the midstream side we've had strong performance from the older investments in nuts, SVI, wheat milling, SEZ, sugar refinery in Indonesia, etc. And they have been very strong performances which have lifted the EBITDA by almost SGD80m odd during the course of last year.

We have partially yielding investments in dairy, PFB, parm, soluble coffee etc. Again tracking well on the midstream side in all these four products, but still way to go for them to deliver on their full potential. And we have three underperforming assets which again I guess we have discussed in the past, OTP, Gabon timber and sugar milling in India which are a bit of a drag in the midstream segment.

And PureCircle where it is still not contributing to earnings but is on a very different trajectory as far as our investment from a share price perspective is concerned. As some of you might have followed, there has been a lot of new product launches with stevia and the business and the outlook for the business is looking very positive going forward, reflected in the share price which has gone up quite a bit over the last six to eight months or through the course of the last year. And while -- so therefore it's still not contributing to our earnings while we have our investment in this year, we feel quite positive about how the business is performing.

And then there are new investments in grain milling in West Africa and cocoa processing in Ivory Coast, etc. which are not yielding at all.

So net of this, very good growth in EBITDA, but fairly large chunk of investments that have happened, even last year, which are yet to yield. And therefore on an overall basis marginally up on EBITDA by IC but still a way to go.

So putting this together in the form that we had presented in the strategic plan, we have, we believe, a lot of room to go to upstream but this will take us two to three years to get to this full potential or, in some cases, in the case of parm and rubber it might be even after our strategic plan period. So we feel that the full potential is 15% to 18% whereas we are at about 8% today. And over the next two, three years we expect a lot of these partially-contributing businesses' investments to start contributing whereas some will probably still remain gestating until FY15.

The supply chain is fully contributing and, as we have already talked about, this is doing well and we hope the growth will continue here.

And on the midstream side there is less of gestation. It's mostly partially contributing and/or fully contributing and we expect that we should hit the expected returns in EBITDA by IC during the course of the plan period. And that is a chunky SGD3.5b of investment. We expect us to improve our return during the course of the plan period.

So on a overall basis there is significant potential for us to harness with investments already made, and so therefore the focus for the next three years is really to extract full value for these investments and that's really what we're focused on at a business level.

Moving on to the balance sheet, the slide that you've seen, we've already talked about the fact that roughly SGD12.5b overall balance sheet is almost equally split between fixed and working capital. The nature of our short term and long term debt has changed. We have about roughly two-thirds now in terms of medium to long-term debt and equity of SGD3.8b.

If you look at -- we are just this time also providing, on a year-on-year basis, where the investments went. You got a brief glimpse in terms of each of the segments, but we've tried to break up here on exactly what is the increase in fixed capital and which particular assets it's gone into during the course of the year. All of these have been discussed in the past, so I'm not going to spend too much time here.

Clearly on the working capital side there's been a lot of focus in terms of improving working capital, both in terms of improving asset turn, which is usual operational stuff, but also focused on areas where working capital is not generating us the return that we want. It might be generating a positive NC but not generating the return that we want. And in looking at an optimum utilization of invested capital we have had a lot of focus in reducing working capital in areas which are not yielding us full potential even though they might be generating some profitable NC.

So if you look at the stock days has come down quite sharply. Advances to suppliers has gone up a bit, debtors have gone up a bit but offsetting that there is a lot of trade creditors. And a lot of our businesses, in the bulk businesses, the grains, the rice, the sugar, etc., we've shifted a lot to using suppliers credit. And this is something that we will see growing further in the coming years.

On an overall cash to cash cycle basis we have had a good improvement. And although it is albeit a year-end, but even on a comparative basis '12 to '13, at the end of '12 we were carrying a lot of stocks in cotton, a lot of stocks in rice etc that we've talked about. There's been quite a lot of inventory movement. And we've reduced our overall cash cycle because of that. And this highlights that; both in Food Staples & Packaged Foods as well as in Industrial Raw Materials there has been a significant reduction in inventory, year-end inventory.

So looking at the borrowing mix, again this is a chart that you've seen in the past and I'm not going to talk -- spend much time. But if you look back at the year and see the changes that have happened towards the end of the year in terms of bond market, interest rate regime and interest rate uncertainty going forward, what we did in terms of raising almost 2.6b of medium-term to long-term funding towards the first half of the year is, I think, looks an even better decision. And today we are happy to have this security as part of our overall debt portfolio.

We have announced between -- yesterday, two new issuances, post June 30 but as I thought since we are meeting today it's useful to highlight these two. We are very pleased with both these. The first one is a five-year term loan of $120m supporting five projects in Nigeria and India from IFC. So the process of re-engagement with IFC and a few other DFIs started about 18 months ago. And we felt that -- for our kind of spreads, for our kind of impacts on being able to work with local suppliers, and with the DFIs' focus and our spread and our kind of business model, we felt that this was a natural partnership that we should harness.

It was also a pool of capital which was more long term and hence we have started talking to IFC and a lot of other DFIs. And this is the first output of the re-engagement. Obviously over the last seven, eight months this had gone into a little bit of a hibernation, but we are very pleased to say that IFC has not only re-engaged -- IFC was a shareholder in Olam earlier. And we are very pleased to say that we cleared their very, very strong due diligence process. And in our books this is just the start of a journey wherein we believe that this relationship can be grown further.

I must mention that this is at a cost of borrowing which is much lower than the current yields for five-year that are trading today in the debt capital or in the other bank -- in the bank markets. So we're very pleased with this outcome.

We also announced a pre -- upsizing of our US syndication, which was at $350m and due for repayment this year. We have upsized that to $400m with participation from eight banks, all eight banks being long-term supporters of Olam. And the fact that all of them have come in -- and the terms of this facility are better than what the previous facility was. So again both these coming at this stage with the current macroeconomic uncertainties, almost $0.5b, and does not increase debt but is the replacement of current debt, we are very pleased with the outcome. It's also a good, very good stamp of the credit quality that these institutions believe about Olam and enables us to ensure that going forward we can start tapping both the bank and the bond market as appropriate, depending on market conditions.

The overall liquidity profile if anything has improved even better than over the last three months. We have more cash of almost SGD1.6b cash and stocks and near-cash items, our inventory as well as the secured receivables and a much higher component of unutilized bank line; all of it contributing to almost SGD12.5b of liquidity.

And like I mentioned, while we have raised incremental debt and we have -- it's not changing our gearing. Our gearing is still below the norm of 2 times that we have kept. And on an adjusted basis, after adjusting for RMI and secured receivables it's at 0.55 which is something that we are very comfortable with.

This is really the -- a new slide and I want to spend a few minutes on this. We had highlighted that as part of our strategic plan there is going to be focus on accelerating cash flow generation. And we thought that from now we will spend some time on what exactly has happened. There's a lot of question marks that we are burning up cash. Yes, we are because of a high investment pace, but at an operating cash flow level before interest and tax, this is our five-year history. And even in the last year almost SGD1.1b of cash has been generated by the businesses. We talked about the EBITDA number. And net of the non-cash EBITDA, we've got operating cash flows of almost SGD1.1b. And it has grown from something like SGD330m just five years ago, before our investment pace increased.

Even net of changes to working capital, which is not entirely in our control and is market price dependent somewhat, the net operating cash flow is a positive [SGD735m] (corrected by company after the call) almost and again a trajectory that has been improving over the last five years and not just for this year.

Possibly where the cash burn, if anything, has happened is in the increased fixed capital investments. And over the last three years we have spending almost SGD1b. We highlighted this in FY09 before we started this process and I had said that this incremental -- this pace of investment is going to be return dilutive in the near term, is going to be cash dilutive in the near term. And I talked about generating -- getting free cash flow positive only by FY15. So this was a planned and well-announced step.

But we believe that based on the operating cash flows that we are generating, based on our view on what is the changes to working capital that will happen next year and based on the revised pace of investment that we have highlighted for the next three years, we should be free cash flow positive in FY14 as we have signaled.

Obviously a lot depends on what happens between now and the end of FY14 but we feel quite confident that we will be able to achieve what we have promised.

We have also talked about one more element which we track internally, which is the changes to RMI and receivables. This has to an extent offset any major changes to working capital on account of prices. So if prices come down we may have a negative or a reduction in working capital, not because we did anything special but just because prices came down. But then we should always have a reduction in our RMI in terms of our [sole] stock as well as our secured receivables by the same token.

So we believe that the right way to look at cash flow would be an adjusted cash flow net of RMI. But obviously our focus would be to ensure that we are good in all these four rows and not just focused on one. But this we believe will give us a good view on how we are looking at becoming cash flow positive and our last five year trends which gives you confidence as to whether we'll be able to achieve that or not.

So three months ago we announced a comprehensive strategic review and had announced four outcomes and six pathways that we want to focus on. Obviously it's just three months down the road and we have a full three years ahead to deliver this. But it's important for you to have a look at the things that we are doing to change the pace of investment -- to recalibrate the pace of investment and that's the path that we have really embarked upon. And that's something that is very clearly understand by every BU. Every BU has recalibrated their plan to ensure that the pace of investments comes down over the next three years and they are focused on extracting full value for what they have already invested there.

There are lot of optimization of balance sheets. We have done a few in FY13. But there are more things to do here, both in terms of optimization of balance sheet as well as unlocking intrinsic value of some of the assets and the portfolio of businesses that we have built.

We are also looking at a variety of operating efficiencies and a lot of focus in this year's budget in FY14 on overheads, on reducing working capital and a lot of the operating efficiencies we hope which will show up in the numbers going forward quarter after quarter. Early days. This is the simple and non-sexy stuff of focusing on business, ensuring that we remain focused on extracting full value for all the capital that we are using up.

And finally, on enhanced stakeholder communication. We have started that process again through investor days in the end of June and we're going to follow that up with that both investor days in other segments as well as field visits to some of our major locations over the coming year.

So in summary and the key takeaways, this has taken a little longer than I anticipated. But since we were wanting to focus this entire presentation on what we talked about in the strategic plan and the new focus in the strategic plan, it's different from the slides that you have seen in the past. So I've spent a little bit more time than I wanted.

But this is a transition year for us. It's a transition year from a very high pace of investment, a lot of variety of investments to really looking at, focusing on profitable growth and extracting full value from those investments and really focusing on accelerated cash flow generation. And hopefully, during the next three years of this plan and certainly in the coming quarters for the current financial year, you will see the specific milestones that we are achieving and the progress that we are making in all these indicators.

We are fairly well equipped from a balance sheet perspective, liquidity perspective, gearing perspective as well as the ability to access multiple pools of debt based on what we have done in the last six months, even in this current macroeconomic climate. And that also gives us quite a lot of confidence that it can only improve with all the other balance sheet optimization that we are planning to do.

And we'll certainly ensure that our stakeholder communication is focused on simplifying our communication and focused on furthering the understanding of the business which is the two things that we have pointed out and committed to.

So thanks for being patiently with us through a fairly tough FY13. We believe that we are fairly well positioned to deliver on the strategic plan and hope to provide those inputs to you in the coming quarters. Thank you and we'll take your questions.

QUESTIONS AND ANSWERS

Aditya Renjen - *Olam International Ltd - General Manager IR*

Thank you. We're open for questions now. If you have a question, please raise your hand and the microphone will be brought to you.

Abhijit Attavar - *Jefferies - Analyst*

I was -- I just wanted to have a question on the employee expense for the fourth quarter. It's SGD136m for the fourth quarter as against SGD180m for the full year in the corresponding period. So it clearly looks like there were -- the incentive payments might have been lower than what we had budgeted for. So the question is is there any change in the way you're structuring incentives. Previously you used to do it on net [inaudible]. Is there any change in that formula? And is this kind of a sustainable (technical difficulty).

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

So one component of the difference on a quarter-on-quarter basis which we have talked about in Q4 of last year was that we had made a few chunky acquisitions, OK Food (inaudible), which were consolidated in Q4. So while the acquisitions concluded in the first part, January and February and March in that period, so we had two quarters of overheads that were consolidated in Q4. So the Q4 number was much higher on a comparative basis.

If you look at our last three quarters of employee expenses that we highlight and put that in comparison with the Q4 FY13 you will find a more kind of a smoother trajectory. And that really is what we think will be the overheads going forward. This is notwithstanding any of the changes we are making in terms of shutting down sales profit centers and some of the overhead leverage that we are looking to achieve over the next -- and we have talked about that in terms of reducing our operating leverage or extracting more operating leverage and reducing our overheads in the next few years.

So notwithstanding that I think the last four quarters and the trajectory on that last four quarters is more reflective of what we feel will be there in the coming years. And it's not -- at this point in time, incentive provisions would probably be lower compared to the previous year. But that's not the big change in that number. We didn't pay that much of incentives overall, so that certainly is not the difference in the number.

Unidentified Audience Member

Just a follow-up question on the way you presented your free cash flow chart. You're looking at operating cash flow before interest and tax. Is that the way you are looking to talk about free cash flow from here on? And then you gave the guidance of being free cash flow positive by FY14. Is that the way you are looking at it because there's SGD600m of interest and tax which will be taken out of that?

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

That's right. But that's the operating cash flow and we have to really focus on the operating cash flow. Hopefully both on interest and taxes we will -- those are in some ways fixed expenses. Obviously it will depend on what kind of balance sheet optimization we do. But in terms of free cash flow and operating free cash flow net of changes to working capital and what we can control, that's really the way we are looking at it.

Unidentified Audience Member

And your guidance for FY14 was based upon that kind of number.

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

That's right.

Unidentified Audience Member

Last question, a bookkeeping question. What's the level of Level 3 derivatives on the books now (technical difficulty)?

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

That number will be finally provided in the Annual Report. But it is likely to be significantly lower than last year. The Level 3 is likely to be significantly lower than last year because a lot of the fair value metrics have moved to Level 2.

Unidentified Audience Member

Hi, (inaudible) from Reuters. Can you give some details about your cocoa business? How big is it now and what are your plans for your cocoa segment? And to be more specific, ADM is planning to sell their cocoa business. So will you be interested in that?

Sunny Verghese - *Olam International Ltd - CEO*

So the cocoa business is an important business in our portfolio. And as Shekhar described the Confectionery and Beverage Ingredient segment, you've seen the results of that segment over the last four years, it includes cocoa and coffee. And from that you can notice that it's a very important business for us.

Our strengths are today basically in origination sourcing, trading, risk management and offering value-added solutions and services to our customers. We were not very big in the midstream processing side. As you know we've announced that we are launching a processing facility in Cote d'Ivoire which will be commissioned hopefully sometime by December of this year. That's a 60,000 tonne greenfield organic processing facility that we're putting up. We also have a processing investment in Nigeria which we're expanding. So it is an important business and we'll continue to invest.

When we announced our strategy recalibration exercise in April of this year, we indicated to you that in terms of looking at our portfolio we have categorized the portfolio into four broad categories. One is the category where we said we want to invest and grow. Within that category we had identified five platforms where we want to invest and grow. One of those five platforms was cocoa. So cocoa, coffee, edible nuts, spices and vegetable ingredients and grains, which we will invest and grow.

And there's another category where we said we will grow with partners and that includes the PFB business, the palm business and the rubber business. There are two businesses where we said we'll deconsolidate and bring our investment below 50% and have joint control and that is the fertilizer business and the rubber business. And then we said that there are two businesses that we wanted to optimize. And there we had the cotton business, the sugar business and the rice business in that category. So the cocoa business is a business where we will invest and grow.

Now you were referring to ADM. We do not as you know, as a policy comment on any market rumors. So I cannot at this point in time give you any further clarity on that question. Thank you.

Ying-Jian Chan - *JP Morgan - Analyst*

Hi, I'm YJ from JP Morgan. Just one question on the tax. Even if you strip out the one-off tax (technical difficulty) from the sale of these assets, I think your effective tax rate will still be as high as about 18% or thereabouts which will be higher than what we used to see. Would you have a new guidance for what we should be expecting going forward?

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

I wouldn't like to give a number guidance. But I just want to say that we operate in 65 countries and with multiple tax rates. So it's very hard to predict exactly what will be the effective tax rate on a consolidated basis. We think at 18% last year, like I mentioned that we have a much higher profit in the higher tax jurisdiction that is at the high end. But if you compare it to the previous year where net of the tax credit we have been probably more at about 14.5%, 15%.

So we think that this year's tax is kind of much higher. But it will be very tough for us to predict the specific number or a range which we can provide.

Sunny Verghese - *Olam International Ltd - CEO*

So the guidance of 12% to 15% and being somewhere in that range is probably the best we can do in terms of the tax.

Aditya Renjen - *Olam International Ltd - General Manager IR*

A question from Bloomberg. What's the status of the Gabon fertilizer project and any update on talks with partners?

Sunny Verghese - *Olam International Ltd - CEO*

So we, both in April when we did our strategy review announcement as well as in May when we did our third quarter briefing, we gave you a status update on the fertilizer project. The only progress from then has been, one, that on the dredging and land preparation that work is complete in terms of the dredging being completed. The land filling is also now 100% completed. Right now we are compacting that land so that we can make it ready for -- the site ready for further civil works to be initiated or commenced. That is about 60% of the way through by the middle or third week of September. The land preparation and the site preparation will be completed. So that's one update.

The second with regard to partners for that project we have been -- as we mentioned during April as well as in May -- actively talking to potential investors who could come in because we announced that as far as the fertilizer business is concerned we want to deconsolidate that business, which means we want to bring our equity investment from the current 80% -- the government owns 20% -- to below 50%. And we want effectively joint control so that we meet all the necessary conditions of deconsolidating that business.

We are making good progress, but as you can understand in all of this it takes time to complete that exercise. So we're making good progress. Various stages of due diligence is currently being undertaken by potential investors. We cannot give you a precise timeline as to when we would have them on board. So that is as far as the potential investors are concerned.

With regard to TCL, we continue to talk to them and they're still part of the potential investors who could be in the project. But we have clearly now expanded our search for potential investors beyond TCL and there are a couple of consortiums that are looking at joining the project. They are in various stages of due diligence and we hope we will be able to bring in those partners to meet our (inaudible) of deconsolidating that business.

Unidentified Audience Member

Hi, (technical difficulty). A couple of questions on the outlook. Can you give us a sense of your guidance for the next maybe six months in view of the slowing down of China, the emerging Asian currency (inaudible)? Do you see the business going forward maybe in the next few quarters to be particularly (inaudible).

Sunny Verghese - *Olam International Ltd - CEO*

So the first policy or principle is we don't give quarterly or even annual guidance. So we won't give you a specific guidance about the next quarter or the next two quarters as you are indicating. But we can give you a sense of how the current macroeconomic developments could potentially impact our business.

So one clearly, the trend is the emerging markets are out of favor and as a result there's a lot of money that's moving out of the emerging markets in terms of both FII hot money as well as FDI money in the case of which is coming into the emerging markets, that flow being reversed and money going back to so-called safe havens, back to the US in particular. This clearly has an impact on the currencies of the emerging markets.

So Olam is principally an exporting operation in most producing countries that we are present in. Our business has got an export arm and it has got an import arm. The export arm is by far significantly bigger than our import and distribution business in these producing countries. So devaluing currencies in the producing countries that we are present in where we are sourcing, originating and exporting we'll stand to benefit from devaluing currencies in the emerging markets.

However, since we have assets in these countries, fixed assets in these countries, those fixed assets at the quarter end or the period end will have to be revalued vis-a-vis our reporting currency which is today in Sing dollars. So if the Sing dollar or the US dollar strengthens against the local currencies where our assets are there, we will have translational losses or impact on translational losses. It does not go into our P&L but goes into our equity and reduces our equity.

So I think on currency devaluation in these countries we have a positive effect in terms of in the producing and exporting countries where we expect to benefit from devaluing currencies and we will have a translational impact which is negative because we'll have to restate our assets, fixed assets in those countries at the period end.

With regard to interest rates, as Shekhar had shown you in the slide that he presented, almost 67% of our funding now is medium and long-term funding in terms of actual utilization. And therefore to the extent that medium and long-term funding our interest rates are fixed and therefore our exposure will be on the floating interest rates on the balance short term capital that we use mainly for working capital purposes. Since most of the interest incurred there is a pass through, volatile interest rates at least in the short term and next couple of years, given our debt mix and where we have fixed our interest rates, etc. we shouldn't have a big impact in the near term.

The third possible issue would be we now believe that there's a three speed world like IMF, Christine Lagarde articulated. There's a low speed world which is mainly Europe and so far Japan. We will see whether Japan moves from the low speed world to the medium speed world. And then there is a medium speed world which as you know is the recovering US economy and then there is a high speed world which is the emerging markets. And in all of the high speed world, the rate of growth is slowing down, including China and India, China at 7% or 6.5%, India at 5%. They're really slowing down. But they're still much higher than the trajectory of the medium world countries particularly the US where growth is reviving but not reaching what analysts call the safe velocity to really absorb all the unemployment that they have.

So within that context our businesses will have varying impacts. The industrial raw material segment within this scenario will continue to face headwinds because that business demand is indirectly related to how global economies are doing and it's quite recession-sensitive. So overall slower global growth will impact the IRM segment.

The final impact that we would like to probably highlight is the fact that declining commodity prices and if you see our portfolio today across the 16 platforms there are only four platforms where commodity prices are elevated and our near-term forecast is for elevated commodity prices. But the bulk of our portfolio is seeing declining commodity prices. That should result in lower working capital requirements if that trend will actually continue, which we believe will continue probably for most of next year.

Aditya Renjen - *Olam International Ltd - General Manager IR*

The question is how much of your undrawn banking facilities are committed and uncommitted.

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

Most of the undrawn lines would be short term bilateral in nature and by very nature they are revolver kind of lines. So they are not committed. Probably about 12% to 15% of that would be committed revolvers of one year or so and the others would be mostly uncommitted.

Unidentified Audience Member

You mentioned earlier that (technical difficulty) of (technical difficulty) countries has an impact (technical difficulty). And I think (technical difficulty).

Sunny Verghese - *Olam International Ltd - CEO*

As Shekhar mentioned in the presentation we are working very hard to execute on the two of those six strategies that we have outlined. Reducing CapEx is straightforward. That is within our control and we said we want to reduce CapEx by SGD1b, for the next few years. So that is well on track in terms of the new plans that we have developed on a BU-wide basis that we will reduce CapEx of SGD1b (inaudible).

The second part of what we said was balance sheet optimization where we had three pathways that we had identified. One was sale and leaseback of plantation assets in select countries and select plantation assets that we have. We are making good progress there and these are long term projects. They don't happen in three months and six months time. But we are quite pleased with the current progress that we are making in finding suitable investors to sell and lease back select plantation assets in different parts that we are present in.

The second was asset securitization of our midstream processing facilities particularly the Tier 1 large manufacturing facilities that we have. There the progress so far is still a bit slower than in the first phase which was the sale and lease back of plantation assets. But we are putting in place structures to see whether we can collectively do asset securitization and release cash in some of our Tier 1 large manufacturing facilities.

And the third part of the balance sheet optimization was to release working capital through improving working capital efficiency and that is also, as Shekhar has already pointed out we have achieved some success there even within the FY13 results that you've seen. But we hope to make more progress in working capital optimization in FY14.

Then the third category of releasing cash for us was the SGD1b that we have targeted to release from monetization of some of the assets that we have and we have identified four pathways where we will -- how we will do that. One was strategic alliances and joint ventures in select businesses and the example of selling 25% to Sanyo fits into that pathway. So we are again making good progress in the platform that we had identified to you during the strategy review announcement in that regard. So we're making good progress there.

The second pathway was to look at selective equity carve out of select platforms. That is a nine to 12 months affair because we have to restructure those businesses into one coherent legal holding structure and make it ready for that carve out. So we have again initiated work on that, but it's a more longer term project in terms of when you can see the final end result from exploring equity carve out.

The third pathway we had identified there was deconsolidation. The fertilizer business I already described to you where we are on that.

So overall as Shekhar mentioned we are making good progress, but these are by nature of their activity long-term projects. But we are managing that on a very project-intensive basis. So we would hope that we will be able to meet our target of through balance sheet optimization releasing SGD0.5b of cash and through monetization of the intrinsic value that we have already got in the various assets that we have built and assembled another SGD1b. So SGD1.5b in total and it might be SGD400m in the first bucket and SGD1.1b in the second bucket. But together we hope to release SGD1.5b in cash. And then we'll reduce SGD1b of CapEx expenditure.

So that is the big part of the strategy review exercise in terms of balancing profitable growth along with accelerating free cash flow generation.

Patrick Yau - *Citi - Analyst*

(technical difficulty). If I look at slide 20 where you shared the loan facility from the IFC, could you share in terms of the work that the IFC did in actually verifying or studying those five assets that you have now financed for a tune of SGD120m. What sort of work was done?

Sunny Verghese - *Olam International Ltd - CEO*

How much time do you have?

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

It's fairly rigorous the IFC's process of doing this. They have environmental, social, financial and they go through multiple teams which have visited all the five assets that they are financing through this loan facility. They have spent prior to -- this should have been closed somewhere in the first quarter of this year. Prior to that, they spent almost about nine months on this project. And then subsequent to the event that took place in the end of last year there was a small gap and after that they have again taken three four months.

And then there is the process of disclosure by which their findings they put on their website and anybody can comment on them. So there is a 60 day process that went through. So after their due diligence and internal approvals and interviews they put up the disclosure. And at the end of that there is the Board approval. In this particular case because they were also re-engaging with us, there was even greater focus on them to ensure and because of the event they also spent a little bit more extra time. So, on an overall basis this has taken more than a year of diligence from their side with everything from financials to social, to meeting suppliers, customers (technical difficulty).

Conrad Werner - *Macquarie - Analyst*

Hi, it's Conrad from Macquarie. The first question on SEZ. The contribution in the fourth quarter was big and is it safe to say that accounted for the bulk of your minority interest? And what is the nature there? Is it still just land sales that you're undertaking there and how much of that is left to do?

And the second question on Gabon. You said you're still talking to Tata I guess. What does that mean? I mean has the relationship kind of weakened? Since the last update in April, May it sounded like they were still kind of a bit more committed I guess just reading between the lines.

And then the last question is on the slide that shows the EBITDA to average IC across upstream supply chain and mid and downstream. For the fully contributing part of upstream there's a 1% EBITDA margin. Why is that 1% and then the partially contributing is 11%? Thanks.

Sunny Verghese - *Olam International Ltd - CEO*

I'll take the second and third question and ask Shekhar to talk about the SEZ and probably Muthu can add some color to that. So your second question was about the relationship with Tata Chemicals Ltd. So the relationship still is very strong. And their contribution to what has happened in the project so far has been quite significant and very important for us to have completed the FEED process, the front end engineering design process, etc. But we had some closing conditions to meet and we haven't as yet met those conditions.

And since it has taken us a long time we are discussing with them about their future role and participation. And in order to absolutely make sure that we can get the necessary core investors to allow us to fulfill our objective of deconsolidating this business, as we mentioned to you in April and we mentioned to you in May we have expanded our search for potential new investors and we are making good progress there.

So whatever is the outcome with Tata finally, we will part on very amicable terms because they have played their part in the project so far, although there has been no investment from their side beyond the manpower and the project teams that have been working on helping us develop the

FEED and everything else. So there has been no monetary investment, but there has been a significant investment in time and commitment and that will obviously be valued in terms of determining their final equity or otherwise in our business.

So the relationship is good but we are expanding our search to look at them and other investors. And we will let you know as anything announceable is there in that context.

On the third question which was about the upstream and why the fully contributing businesses have a low EBITDA to average invested capital of 1% is because that significantly comprises of mainly four investments, two of which account for the bulk of the SGD400m that is invested there. One is SIFCA, our investment in SIFCA and as Shekhar mentioned, SIFCA's contribution in this financial year due to low parm and other prices has been lower than in the prior year. And that was a technical issue, not a structural issue. But that is a chunk of the investment in that category.

And the second is the Argentinean peanut farming where because of drought conditions in Argentina this year, yields fell from 2.7 tonnes, 2.8 tonnes to about 2.2 tonnes. So that investment also underperformed.

There are two other investments in that category which are very small and doesn't move the needle and is therefore not a major part of the explanation as to why the fully contributing investment in the upstream only generated 1% while the partially contributing are generating 11%.

Shekhar, can you kindly (inaudible).

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

Just one more point on the upstream. So these investments were fully contributing and contributed fairly handsomely in FY12. So it is because of specific market-related or cyclical issues they are lower this year.

On the SEZ you're right about the fact that a big chunk of IRM is SEZ, but it's not the only one. In terms of an overall year-on-year performance FY12 to FY13 SEZ has probably performed almost equally. But there was a chunky land sale which happened in Q4 and because of the nature of the businesses is such that when you're selling the plots that happens at a certain point of time. So this happened to be in Q4, so there was a big chunk in Q4. But on an overall year-on-year basis, it's almost the same.

In terms of -- with what we have sold till FY13 we are almost 85%, 88% sold out of the Phase 1A and Phase 1B that we have developed. So we just have about 10% to 12% of what we have already developed yet to be sold in FY14 and beyond. But there is a service income for one piece plots and the buyers of these plots set up there. There is ongoing service income in terms of infrastructure facilities on power, water, etc. that we will provide which will give us a service income on an ongoing basis. So the SEZ income going forward will include what more we have to sell as well as service income which will kick in once these facilities get set up.

And we have the option to develop Phase 2 for which there is an availability of land if we decide to do so. This can be an ongoing build and sell business also.

Vincent Fernando - *Religare - Analyst*

Hi, Vincent Fernando, Religare. A quick question on the Latin American coffee business. You say it was impacted by the coffee rust disease. I -- perhaps I read in a few places that when this rust disease takes effect, it will take a few years for it to resolve. Should we expect this to underperform over, let's say a year or two years? And also is that Latin American coffee business generating a negative net contribution right now? Thank you.

Sunny Verghese - *Olam International Ltd - CEO*

So firstly, let me answer the last part of your question. It's not generating a negative net contribution; it's a positive net contribution. But on the La Roya disease, you are absolutely right. It takes a few years to fully recover from a significant outbreak of that disease. So we have seen that example in Colombia where the crop took about three, four years to revive back to its normal yield.

So last year Colombia I think produced about 9.7m bags which is 2m bags more than the prior year. And next year it will produce about 10m plus bags. And therefore Colombian production is now coming back to its prior normal levels. It has taken three to four years for it to fully recover from La Roya and for the plants to start yielding its normal potential. So I think in the rest of Central and Latin America where the disease has now just become manifest this year, the year that's just passed, we expect it will take some time for the crop to revive back to the normal levels. It could be two three years at least for the crop to go back to normal levels.

But as a result, I think the business going forward, we have diversified across all of that region. So there are eight probably big producers of mild or washed Arabica. We are in almost every one of those countries and we see some interesting opportunities for us with the development going forward in the Arabica business. Volumes will be low, but we would hope that margins will be better for the people who have got farm gate sourcing and processing right up country. And we have a good network there and we hope to take some advantage of that.

There was a third part to your question?

Vincent Fernando - *Religare - Analyst*

No, I guess that's --

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

Probably just adding one more thing in terms of overall coffee volumes, this region will contribute today probably between 15% and 18%. So the coffee business while it will get impacted for that part of the volume, our ability to kind of make up for that volume in all the other origins that we have (inaudible) both for Robusta as well as Arabica, on an overall basis we think there will be an impact. But we will hopefully make up for that in terms of either making up in volumes as well as margins (inaudible).

Sunny Verghese - *Olam International Ltd - CEO*

Like just as in the cocoa business, coffee is a very important business (technical difficulty). And our strategy is probably (technical difficulty) involved in coffee plantations especially in Laos and in Zambia and in Tanzania and Ethiopia. And we are involved in soluble coffee manufacturing in Spain and in Vietnam. And we probably have one of the widest footprints in Robusta growing regions and Arabica growing regions. So a good trading and management team, good sourcing and origination capabilities. So we have a fairly well diversified coffee portfolio with multiple earning streams. So despite La Roya I think the business will do well.

But what Shekhar has pointed out is useful to register that volumes in coffee could be lower because the volumes will be affected in these South American countries.

Vincent Fernando - *Religare - Analyst*

I guess I asked the question (technical difficulty). It seems like there's an impact given that the volume (technical difficulty). But if it's not generating a negative contribution what (inaudible).

Sunny Verghese - *Olam International Ltd - CEO*

There is -- one of the eight countries has been making a negative net contribution. But the other seven and the segment as a whole, the [miles] as a whole is generating a positive net contribution.

Vincent Fernando - *Religare - Analyst*

Thank you.

Anubhav Gupta - *UBS - Analyst*

Anubhav from UBS. My first question is on your average cost of debt. I mean where does it currently sort of stand now and has there been any change over the last two months?

And secondly on your strategy review, I understand that commodities prices tend to be very volatile and they've actually been quite low. So would you consider making a change, maybe not qualitatively, but in terms of the deadlines that you mentioned and the magnitude of the change (technical difficulty) that you had mentioned?

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

As far as the cost of debt is concerned there's not much change because nothing really has changed on the last three months specifically. So it's pretty much equal to what it was earlier. Some changes to the portfolio is only on the short end. Otherwise most of the (technical difficulty). I didn't get your second question fully in terms of --

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Anubhav Gupta - *UBS - Analyst*

In terms of the commodity prices have fallen so would you consider making any changes say, sort of pushing back the target that you have of free cash flow positive from '14 onwards? I mean not changing the target per se but changing sort of the timeline that we should expect?

Sunny Verghese - *Olam International Ltd - CEO*

At this point we're not changing the guidance. And we hope to be free cash flow positive by the end of this year.

Anubhav Gupta - *UBS - Analyst*

And one last one. May I ask --

Sunny Verghese - *Olam International Ltd - CEO*

Just to add to what Shekhar said on the debt so he mentioned that the two new facilities that we have just concluded since last week, the IFC -- this week, the IFC facility and the renewal of the US syndication $400m, both debts are at better terms than we had in the past. And the IFC is better than our current five year money that we are borrowing.

Anubhav Gupta - *UBS - Analyst*

One last one on the jurisdictions, would you mention by like specific geographies have contributed because you said that these are like higher tax jurisdictions. So is it like one or two primary countries which are contributing to the higher tax or is it more sort of across the board?

Sunny Verghese - *Olam International Ltd - CEO*

In the MASNET you will see the countries. We have mentioned there I think (multiple speakers), four or five countries. And a lot of them are where we have expanded our investments over the last few years, in the recent past, in the last few years.

Anubhav Gupta - *UBS - Analyst*

Thanks.

Unidentified Audience Member

According to your debt schedule, part of the debt was actually due. Could you please give some more color about your debt schedule and how will you pay for your debt in the next six to nine months going forward?

Anantharaman Shekhar - *Olam International Ltd - Executive Director Finance & Business Development*

The bulk of what we need to -- when we had discussed this also in the last couple of quarters ago, we had said that even if we do not refinance any of the debt repayments that are due, we still don't need to raise incremental debt. The fact of the matter is that we have already refinanced more than probably 60% of what we need to pay up in the course of this financial year or the coming financial year FY14.

So on an overall basis, the total debt repayment, short and medium term which is there is around $750m and we have already refinanced roughly $500m out of that. US syndication loan was almost half of that debt which has now already been refinanced and upsized. So we don't need to raise any new debt to repay any of our obligations. We have enough unused debt limits right now.

We have cash in excess of SGD1.6b. So with this cash and what we have already put in place in terms of refinancing, we are more than comfortable in repaying any part of our debt as well as take care of any growth requirement that we have.

Aditya Renjen - *Olam International Ltd - General Manager IR*

Okay, if there are no further questions, this concludes the briefing session and thank you so much for your time. Good evening.

Sunny Verghese - *Olam International Ltd - CEO*

Thank you.
