



The Brand Behind The Brands

Team Introduction

- ❖ **Sunny Verghese**
Group Managing Director & CEO (Executive Director)
- ❖ **K. Ravikumar**
Chief Financial Officer
- ❖ **S. Suresh**
General Manager (Corporate Affairs & Investor Relations)



Olam International Limited

FY2006

Q1 FY2006 Results Briefing

14th November 2005





This presentation should be read in conjunction with Olam International Limited's First Quarter, FY2006 (Q1 FY2006) Financial Results for the period ended 30th September 2005 statement lodged on SGXNET on 14th November 2005.



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 1Q FY2006 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.



Results Presentation: Outline

- ❖ Results: Q1 FY2006 - Consolidated P&L Analysis
- ❖ Results: Q1 FY2006 - Segmental Analysis
- ❖ Results: Q1 FY2006 - Balance Sheet Analysis
- ❖ Strategy Update
- ❖ Outlook & prospects
- ❖ Q&A



Results:
Q1 FY2006
Consolidated P&L Analysis



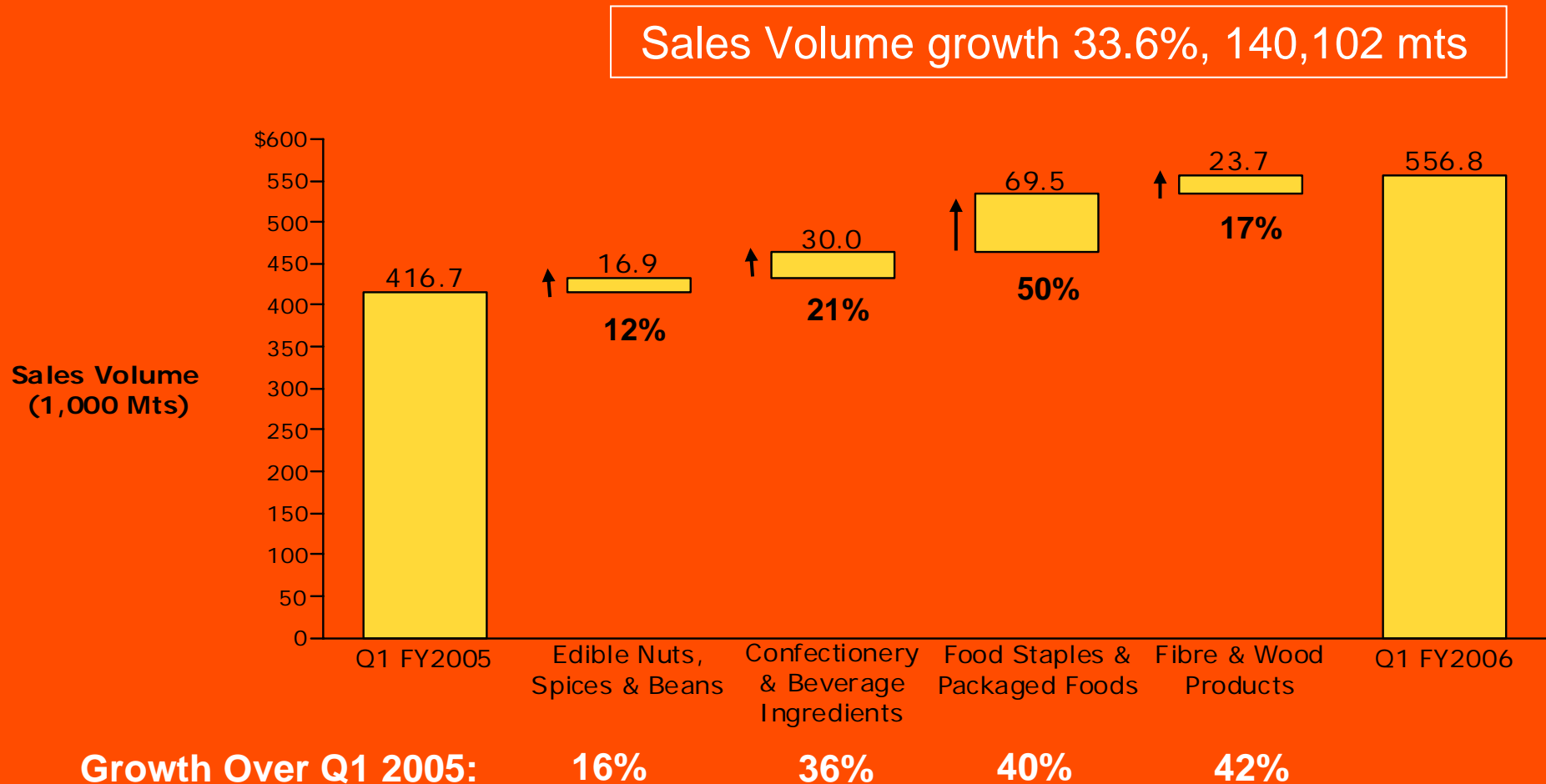
Consolidated P&L Analysis: Q1 FY2006

❖ **Sales Volume: 0.557 million metric tons**

- 33.6% growth over Q1 FY2005
- Volume growth across all 4 segments



Sales Volume Growth: Segmental Contribution



Consolidated P&L analysis: Q1 FY2006

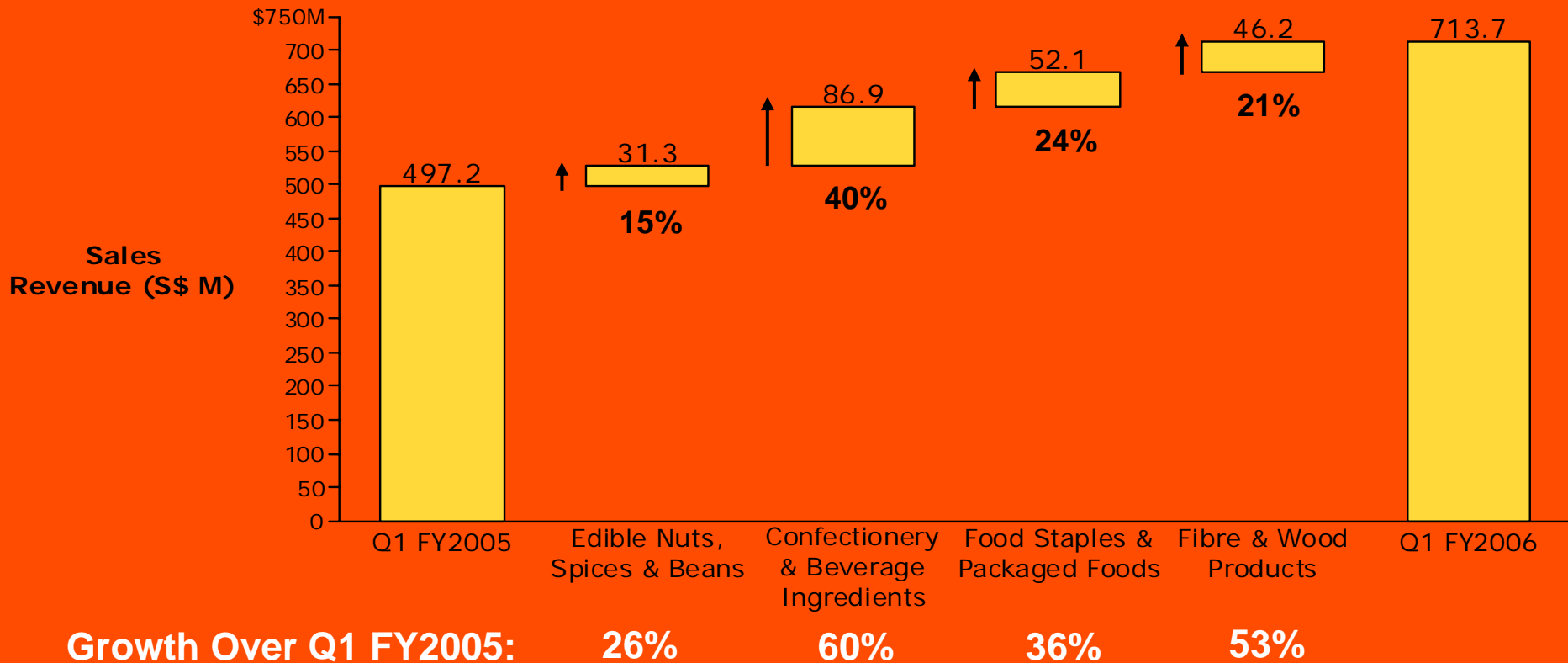
✿ **Total Revenue: S\$713.7 million**

- 43.5% growth over Q1 FY2005
- Revenue growth across all 4 segments



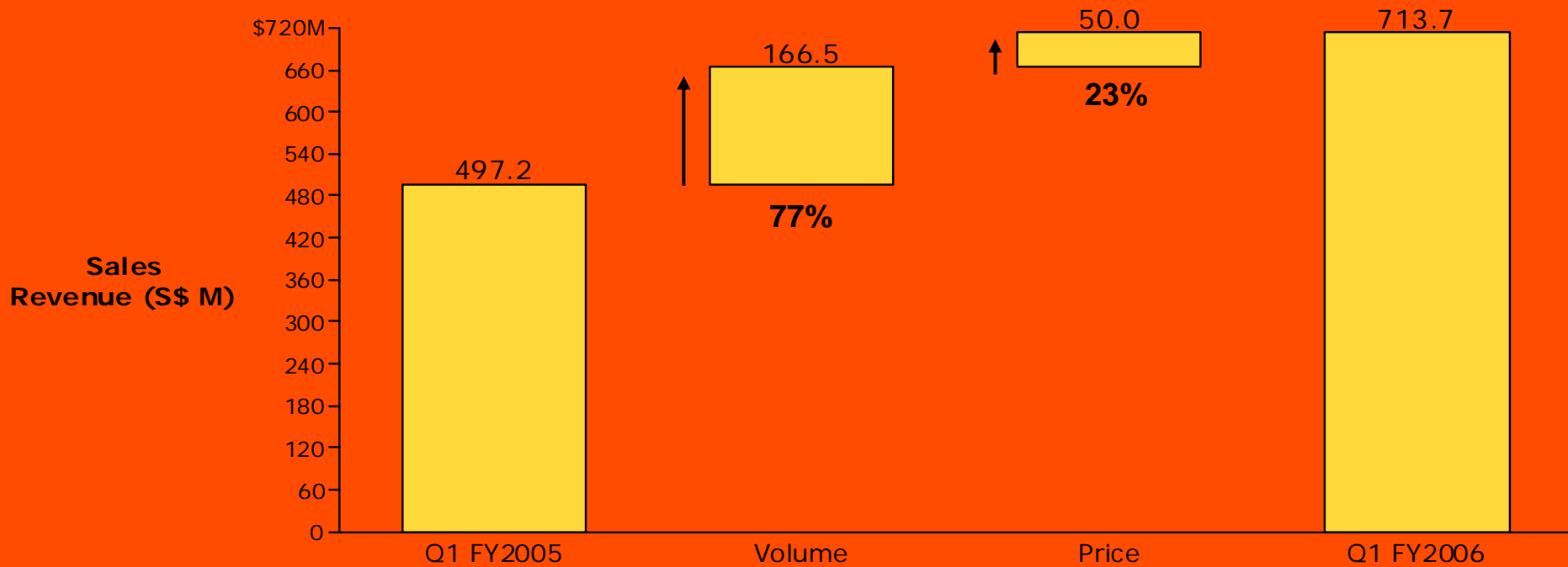
Sales Revenue Growth: Segmental Contribution

Sales growth 43.5%, S\$216.5 million



Sales Revenue Growth: Sources

Sales growth 43.5%, S\$216.5 million



Consolidated P&L Analysis: Q1 FY2006

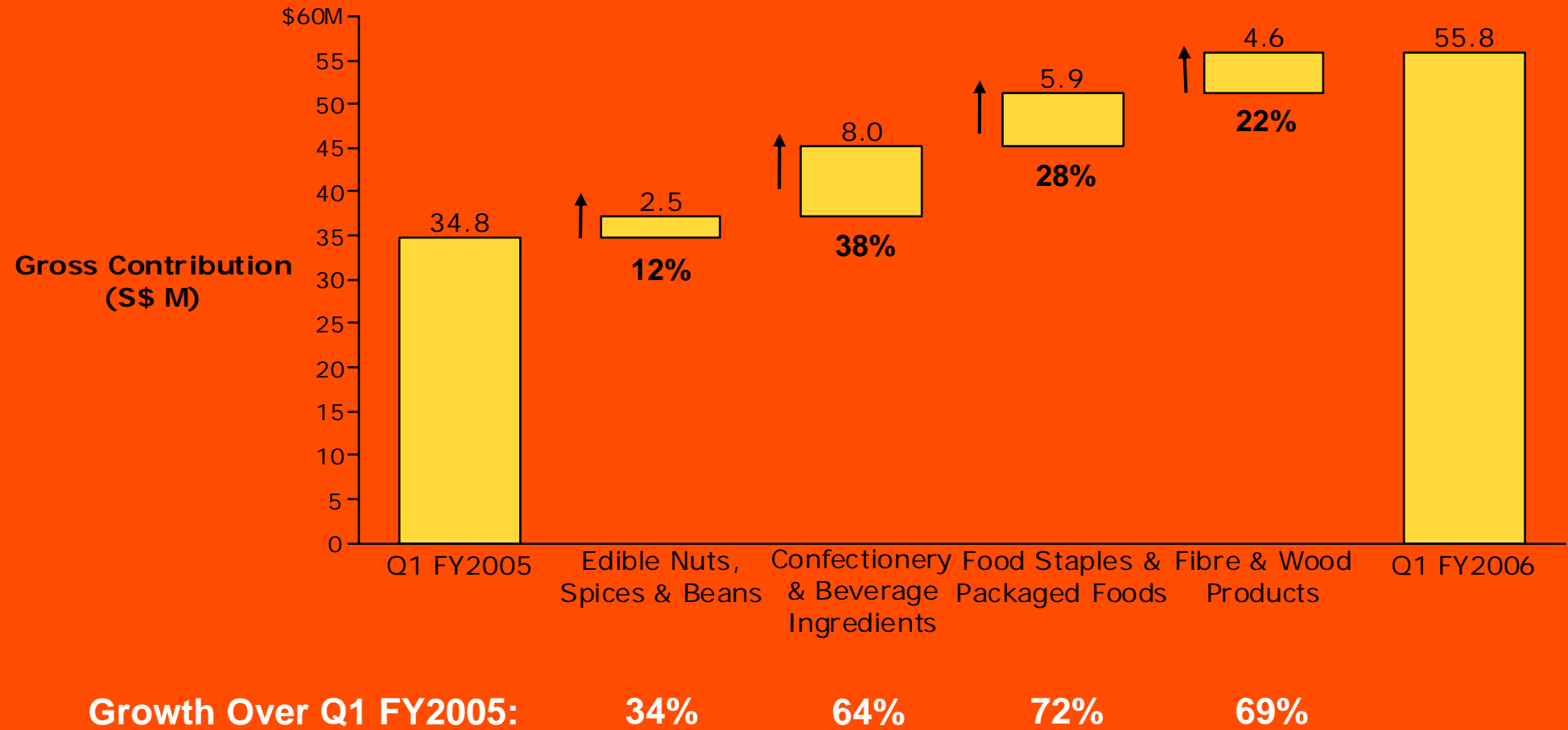
✿ **Gross Contribution (GC) : S\$55.8 million**

- 60.3% growth over Q1 FY2005
- GC growth across all segments



Gross Contribution Growth: Segmental Share

GC growth 60.3%, S\$21.0 million



Interest Costs

Total increase in interest costs 10.697 million or 142.1%.

	Q1 FY2005 (S\$'000)	Q1 FY2006 (S\$'000)	Increase (S\$'000)	% Increase
Interest Expenses	7,528	18,225	10,697	142.1%
Average Investment	853,705	1,450,979	597,274	69.9%
Interest Rate	3.53%	5.02%	1.49%	42.2%
Interest variance due to interest rate increase				5,431
Interest variance due to working capital increase				5,266
Total Net Increase in Interest				10,697



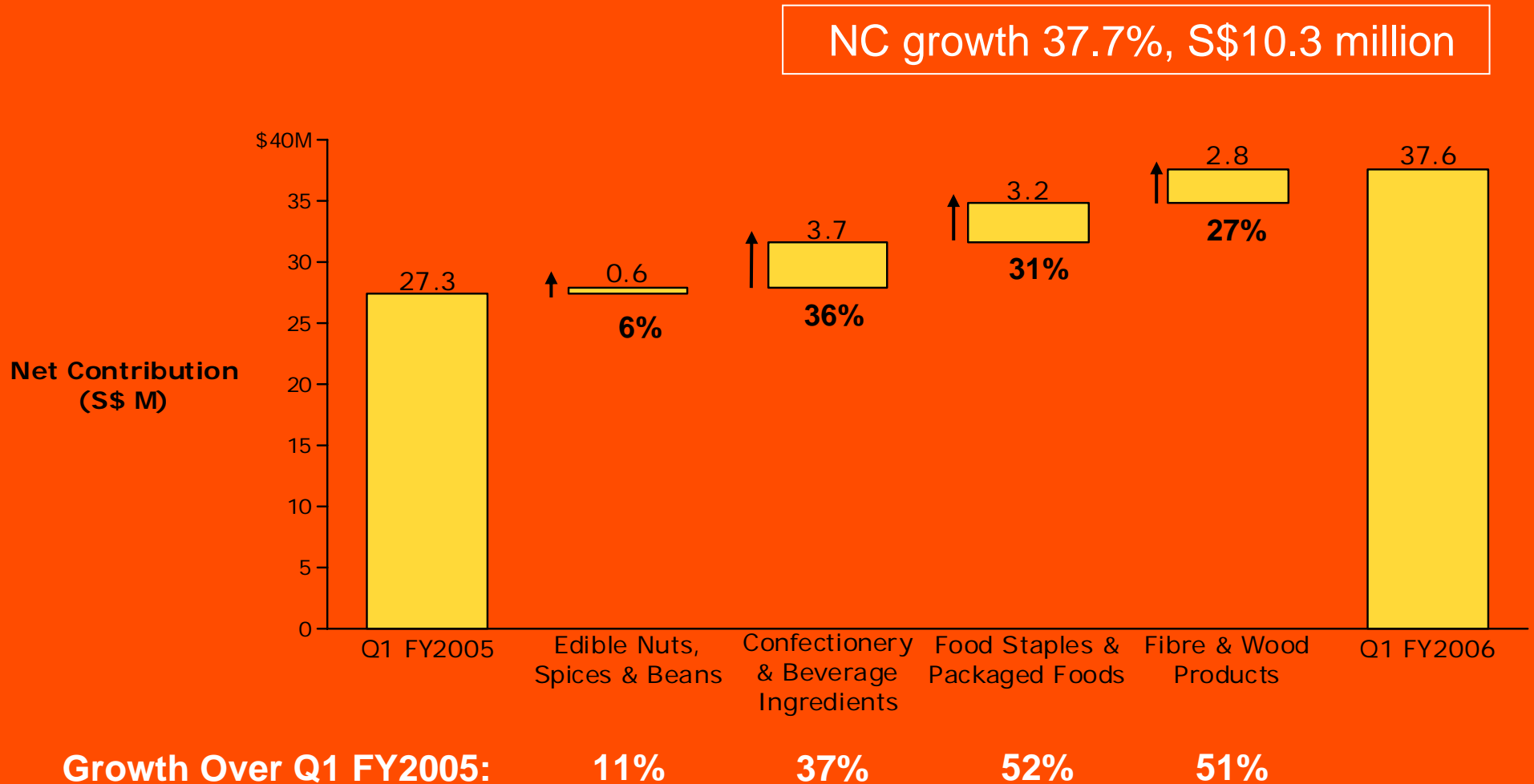
Consolidated P&L Analysis: Q1 FY2006

❖ **Net Contribution (NC) : S\$37.6 million**

- 37.7% growth over Q1 FY2005
- NC growth across all segments

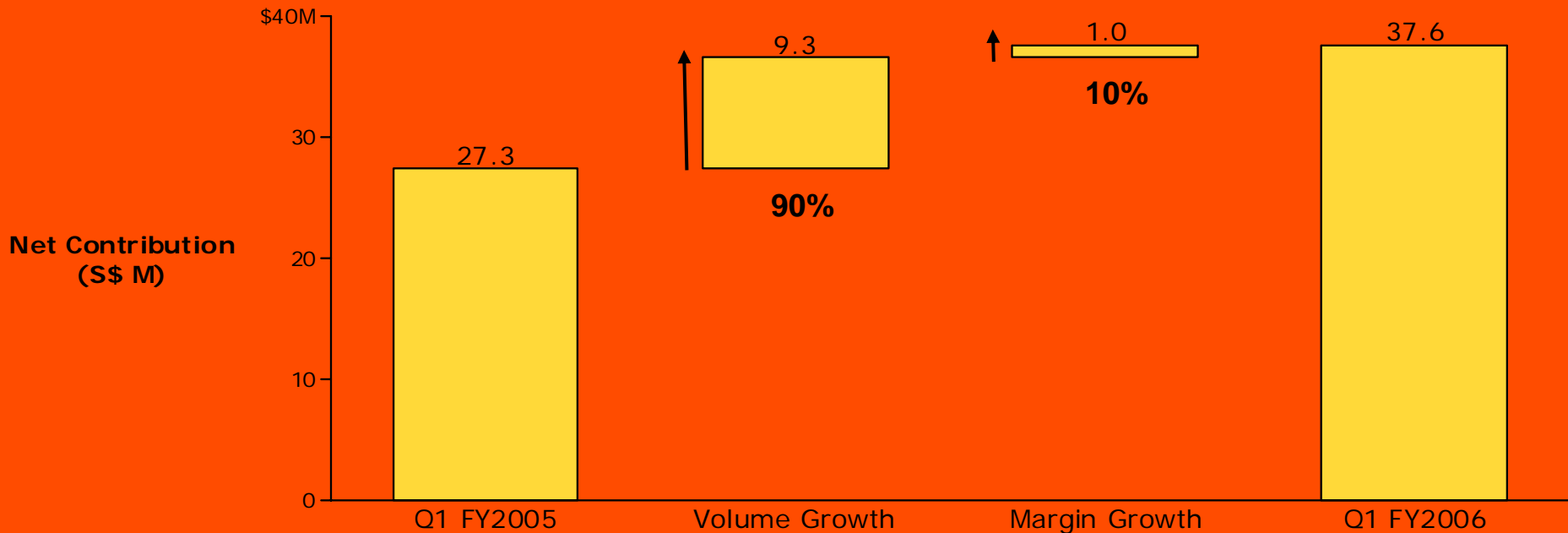


Net Contribution Growth: Segmental Share



Net Contribution Growth: Sources

NC growth 37.7%, S\$10.3 million



Consolidated P&L Analysis: Q1 FY2006

- ❖ **SG&A** increased by 31.3% to S\$30.3 million in Q1 FY2006.

	Q1 FY2006	Q1 FY2005	Change
SG&A (S\$ million)	30.3	23.0	31.3%
SG&A / Sales ratio	4.24	4.63	8.5%

- ❖ Extracting operating leverage through better overhead productivity.

Consolidated P&L Analysis: Q1 FY2006

❖ **Net Profit After Tax (NPAT): S\$6.54 million**

- 75.4% growth over Q1 FY2005

❖ **Earnings per Share (EPS)**

- 23.8% growth over Q1 FY2005
- 0.42 cent/share Q1 FY2006 vs 0.34 cent/share Q1 FY2005 (based on weighted average no. of shares)



Results: Q1 FY2006

Segmental Analysis



Segmental Analysis Q1 FY2006: Summary

Olam Consolidated

- Turnover **S\$713.7 million**
- Volume **0.557 mmts**
- NC **S\$37.6 m**
- NPAT **S\$6.54 m**

Edible Nuts, Spices & Beans

- Turnover **\$151.7 m**
- Volume **0.120mmts**
- NC **\$6.27 m**

• NC Share **16.7%**



Confectionery & Beverage Ingredients

- Turnover **\$231.3 m**
- Volume **0.114mmts**
- NC **\$13.75 m**

• NC Share **36.7%**



Food Staples & Packaged Foods

- Turnover **\$196.6 m**
- Volume **0.243mmts**
- NC **\$9.32 m**

• NC Share **24.8%**



Fibre & Wood Products

- Turnover **\$134.1 m**
- Volume **0.080mmt**
- NC **\$8.19 m**

• NC Share **21.8%**



Segmental Analysis: Edible Nuts, Spices & Beans

Description	Q1 FY2006		Q1 FY2005		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	120,607		103,735		↑ 16.3%
Revenue (S\$'000)	151,679	1,258	120,387	1,161	↑ 26.0%
Net Contribution (S\$'000)	6,270	52	5,639	54	↑ 11.2%



Segmental Analysis: Confectionary & Beverage Ingredients

Description	Q1 FY2006		Q1 FY2005		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	113,662		83,681		↑ 35.8%
Revenue (S\$'000)	231,291	2,035	144,447	1,726	↑ 60.1%
Net Contribution (S\$'000)	13,750	121	10,059	120	↑ 36.7%



Segmental Analysis: Food Staples & Packaged Foods

Description	Q1 FY2006		Q1 FY2005		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	242,609		173,112		↑ 40.1%
Revenue (S\$'000)	196,619	810	144,492	835	↑ 36.1%
Net Contribution (S\$'000)	9,320	38	6,123	35	↑ 52.2%



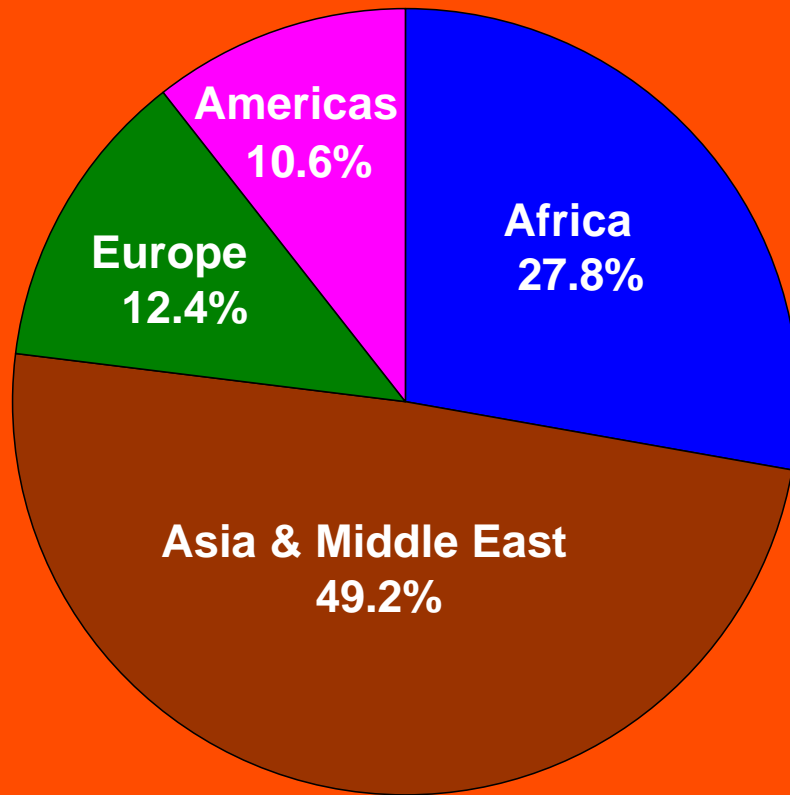
Segmental Analysis: Fibre & Wood products

Description	Q1 FY2006		Q1 FY2005		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume	79,916		56,165		↑ 42.3%
Turnover	134,130	1,678	87,906	1,565	↑ 52.6%
Net Contribution	8,191	102	5,438	97	↑ 50.6%

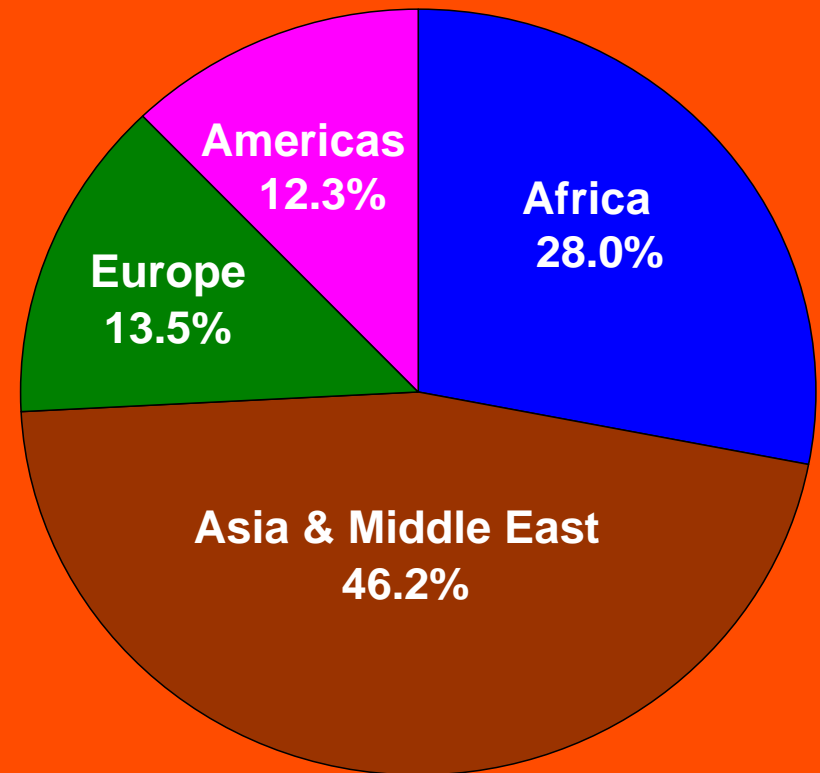


Well Diversified Sourcing: Origins

Sourcing Volume Q1 FY2006

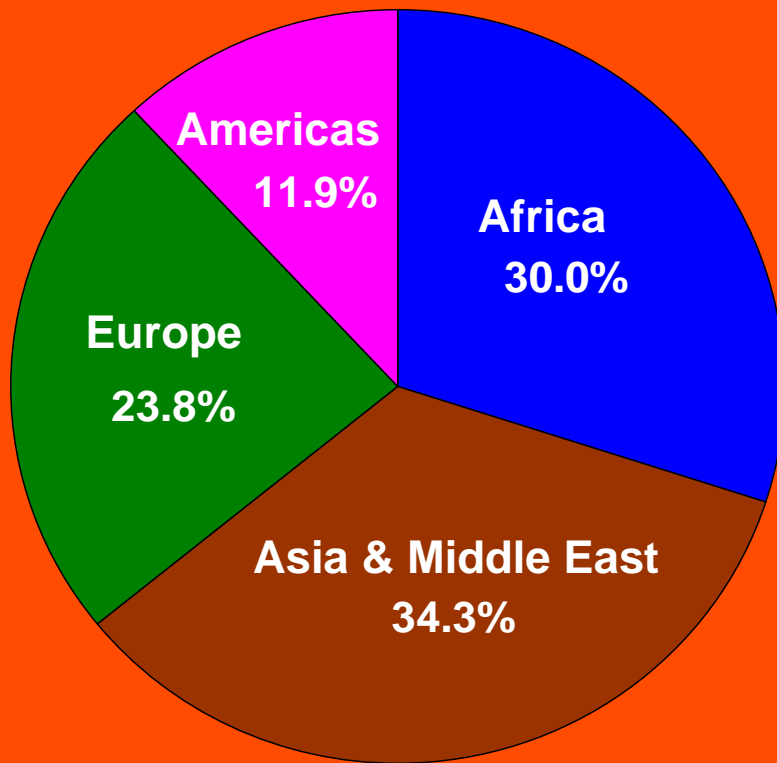


Sourcing Volume Q1 FY2005

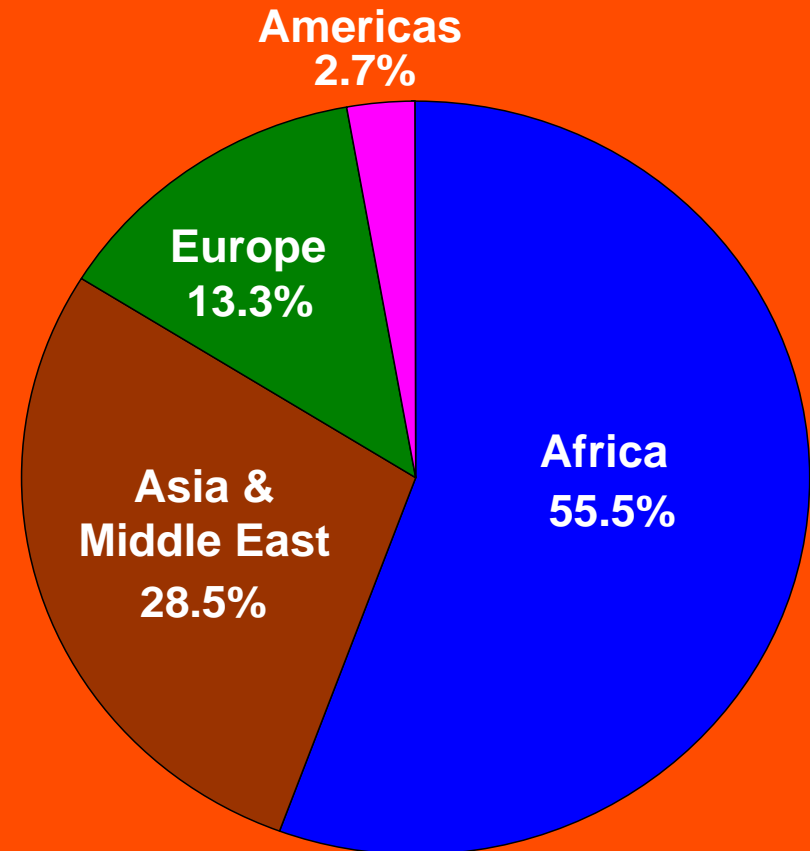


Well Diversified Sales: Markets

Sales Turnover Q1 FY2006



Sales Turnover Q1 FY2005



Well diversified: **Customers**

Segment	Top 5 Customer Share of Total Sales
Edible Nuts, Spices & Beans	4.4%
Confectionery & Beverage Ingredients	10.2%
Food Staples & Packaged Foods	4.2%
Fibre & Wood Products	2.7%

✿ No customer accounts for more than 5% of our sales.

Results: Q1 FY2006

Balance Sheet Analysis



Balance Sheet Analysis: Summary

(Figures in S\$'000)	30 Sep 2005	30 Jun 2005	% Change
Fixed Assets & Investments	43,884	40,649	8.0%
Current Assets			
Debtors	406,535	649,179	(37.4)%
Stocks	1,033,600	1,019,025	1.4%
Cash & Cash Equivalents	214,019	165,367	29.4%
Other Current Assets	525,181	266,693	96.9%
Total Assets	2,223,218	2,140,914	3.8%
Trade Creditors	92,316	175,026	(47.3)%
Borrowings	1,451,212	1,450,747	0.0%
Other Liabilities	155,740	18,416	745.7%
Net Assets	523,950	496,725	5.5%
Equity & Reserves	523,950	496,725	5.5%

Balance Sheet Analysis: Ratios

	30 Sep 2005	30 Jun 2005	Change
Current Asset Ratios			
Debtors (days)	51	70	19
Stock (days)	141	119	(22)
Advance to Suppliers (days)	26	11	(15)
Trade Creditors (days)	13	20	(7)
Current Ratio (x)	1.62	1.28	

Balance Sheet Analysis: Debtors

- 63.1% of Debtors secured by Letter of Credit / Docs of Title.
- Debtor quality good. No additional provisions created over June 2005



Balance Sheet Analysis: **Stock**

(in S\$ Millions)	Sep 2005	Jun 2005	Increase
Edible Nuts, Spices & Beans	130.5	148.7	(18.2)
Confectionery & Beverage Ingredients	534.8	510.6	24.2
Food Staples & Packaged Foods	291.4	304.2	(12.8)
Fibre & Wood Products	76.9	55.5	21.4
Total	1,033.6	1,019.0	14.6

- 86.2% of stocks sold forward or hedged
- 67.8% (S\$9.9 m) of the inventory value increase is due to increase in prices of the underlying products
- 32.2 % of stock value increase due to increase in volume

Balance Sheet Analysis: **Fixed Assets**

Fixed assets

- Investment in fixed assets amounted to S\$5.7 million in Q1 FY2006 as compared to S\$2.2 million in Q1 FY2005. The increases was mainly on account of Capital Work-in-Progress as the work on various warehousing and logistics infrastructure is under way

Balance Sheet Analysis: **Cash & Borrowings**

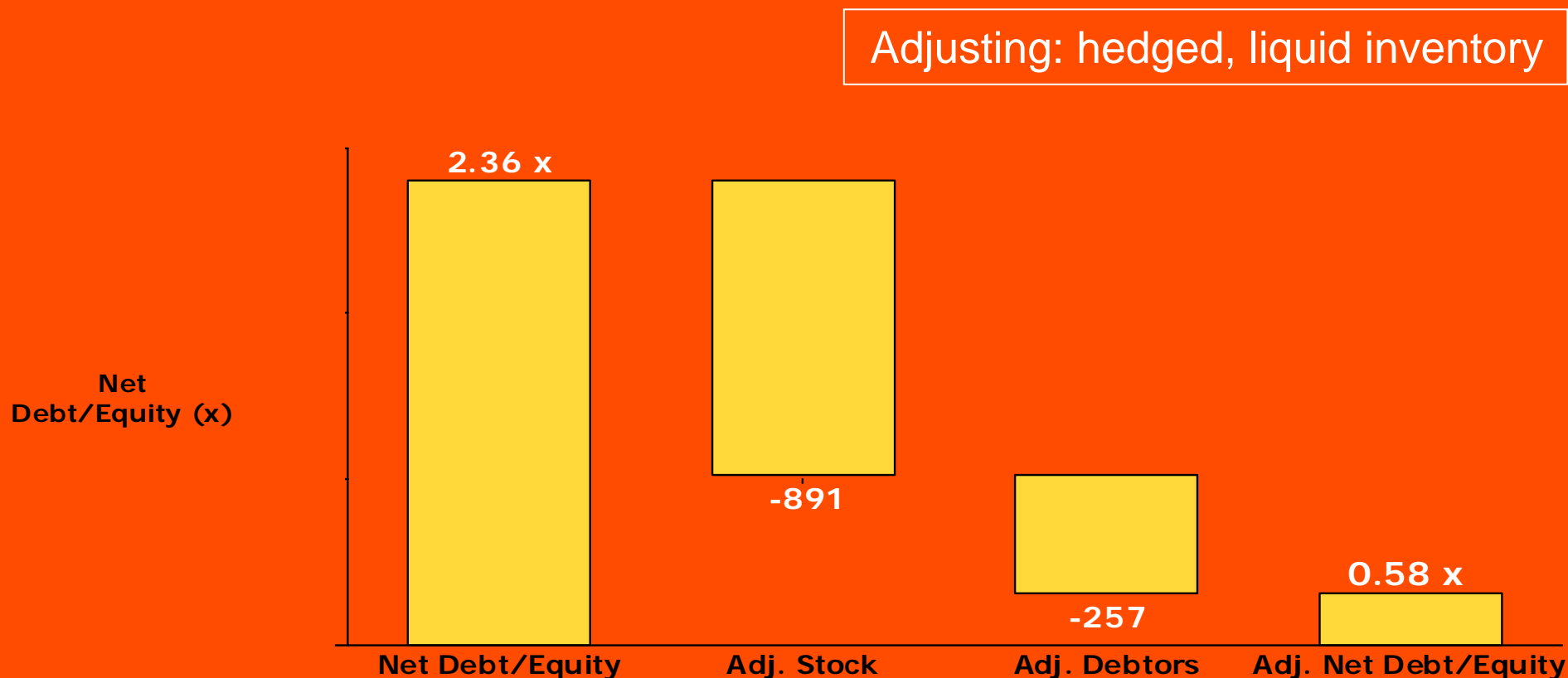
- ❖ **Cash and Fixed Deposits** increased by 29.4% to S\$214.0 million
- ❖ **Borrowings:**
 - ❖ Only 50.7% of our total credit facilities were used as of 30th Sept.

(in S\$ million)	30 Sep 2005	% Share
Short Term Banking Facilities	1,359.1	45.6%
Committed Banking Facilities	526.8	19.1%
Islamic Financing	149.3	5.4%
MTN	800.0	29.0%
Long Term Loan	26.3	0.90%
Total	2,861.5	100.0%

Balance Sheet Analysis: **Gearing**

	30 Sep 2005	30 Jun 2005	Change
Leverage (x)			
Gross Debt to Equity (x)	2.77	2.92	0.15
Net Debt to Equity (x)	2.36	2.59	0.23
Interest Coverage (x)	1.40	2.52	(1.12)
Liquidity			
Cash to Sales (%)	4.64	3.08	1.52
Cash & Cash Equivalents	214.0 m	165.4 m	48.6 m

Balance Sheet: Analysis of Gearing



Impact of FRS 39

❖ **Transitional adjustments as of 1st July 2005**

- Reduction in equity S\$29.6 million

❖ **Adjustment to equity as of 30 September 2005**

- Increase in equity S\$53.4 million

❖ As a result of the above adjustments, the net increase in equity as of 30 Sep 2005 is S\$23.8 million.

❖ FRS 39 allows for hedge accounting to be applied when strict effectiveness criteria are met.

❖ We have assessed the effectiveness of our hedging instruments and have concluded that the majority of the derivatives qualifies for hedge accounting. Hence, adjustment due to adoption of FRS 39 has mainly flown to equity.

Impact of FRS 102

- ❖ Options that have been issued under the company's ESOP scheme has been valued at S\$174,528.
- ❖ Since the impact to the previous year is not material, we have not restated the opening balances.
- ❖ Impact taken in this quarter amounts to S\$56,000.

Strategy Update



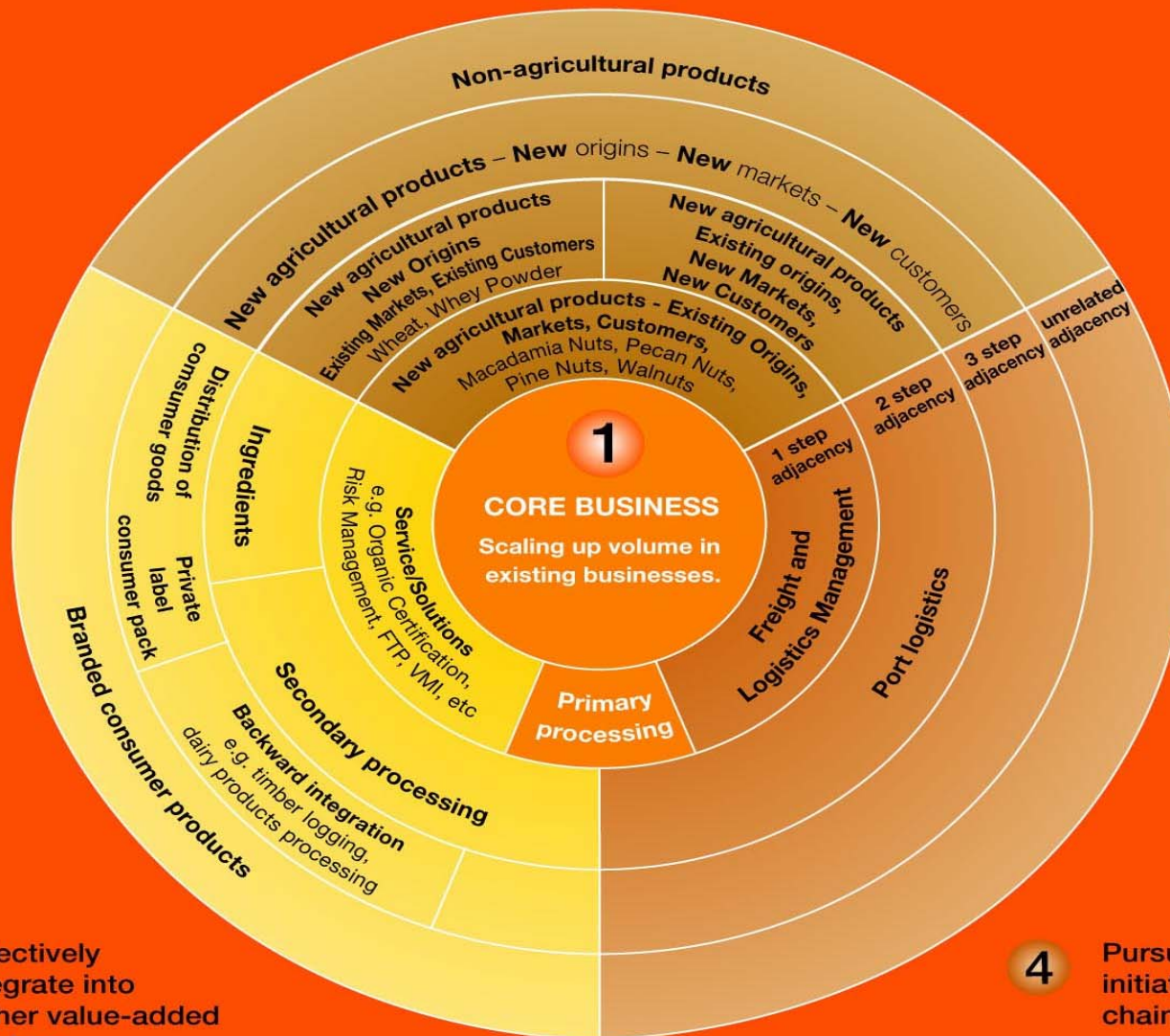
Organic Growth: 4 pathways

3

Selectively enter attractive related new product adjacencies

Adjacencies are assessed based on

- Cost sharing
- Customer sharing
- Channel sharing
- Capability sharing
- Competitor acid test



2

Selectively integrate into higher value-added services

4

Pursue cross product initiatives in existing supply chain across products

1. Growing Volumes in Existing Products:

1.	Existing Origins	Existing Markets	Existing Customers
2.	Existing Origins	Existing Markets	New Customers
3.	Existing Origins	New Markets	New Customers
4.	New Origins	Existing Markets	Existing Customers
5.	New Origins	Existing Markets	New Customers
6.	New Origins	New Markets	New Customers



New Product Adjacencies:

Our Past

- Cashew (1989)
- Sheanuts (1991)
- Cocoa, Rubber (1992)
- Cotton (1993)
- Rice, Robusta Coffee (1994)
- Sesame, Sugar, Timber (1995)
- **Exited Rubber (1996)**
- Spices (2002)
- Peanuts, Pulses & Beans (2003)
- Cocoa Products (2003)
- Arabica Coffee (2004)
- Almonds & Hazelnuts (2005)

CORE

Supply Chain Management of
Agricultural Raw Materials

Our Future (2006 - 2011)

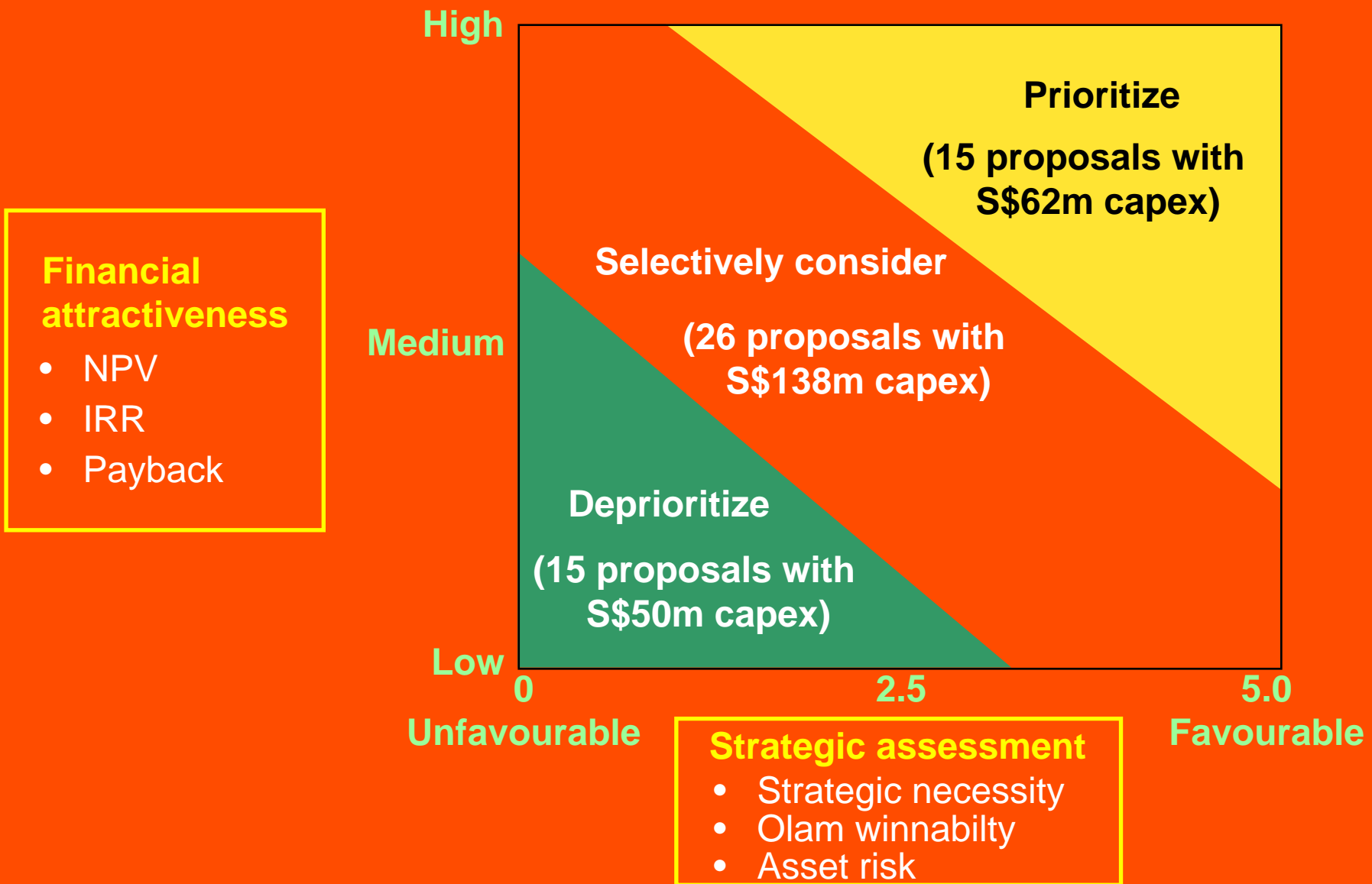
- Whey Powder
- Pecan Nuts
- Macadamia Nuts
- Pine Nuts
- Walnuts
- Wheat
- Soyabean

New Geographic Adjacencies : 2006-2011 (shortlist)

S. America	Asia	Africa	Australasia	Europe/ Middle East
1. Colombia 2. Costa Rica 3. Ecuador 4. El Salvador 5. Guatemala 6. Honduras 7. Mexico 8. Nicaragua 9. Peru 10. Venezuela	11. Bangladesh	12. Angola 13. Congo 14. Ethiopia 15. Sudan	16. Australia	17. Turkey



Prioritisation of Capital Expenditure Initiatives



Capital Expenditure Plans

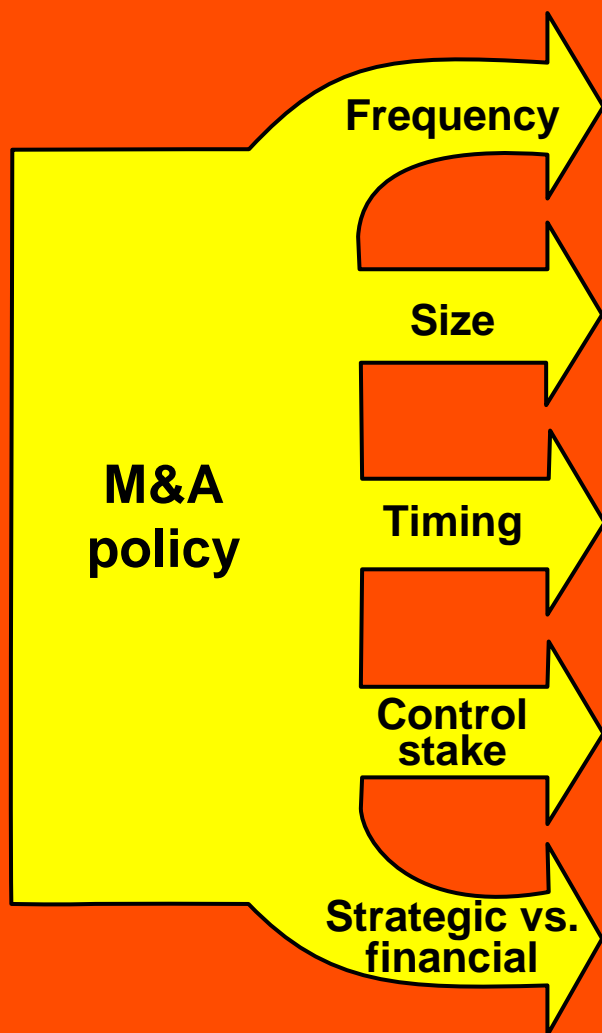
- ✿ 9 investment proposals across 7 countries amounting to S\$33.3 million have been approved by the Board.

Description	Amount (S\$ million)
Processing	S\$14.4
Logistics	S\$18.9
Total	S\$33.3

Growth Strategy: Organic + Inorganic



Olam: M&A framework & policy



M&A Policy

- Olam should seek to build its M&A expertise over a multi-year period through a series of small deals (string of pearls)
- Sweet spot deals: **5%-10%** of market cap
- Maximum deal size: **10%** of market cap
- Maximum deal value per annum: **15%** of Olam market capitalisation
- Olam should make acquisitions throughout economic cycles and not try to time the market
- Olam should only seek to do deals where it is possible to acquire a controlling stake or management control
- Olam should not enter into deals purely based on 'P/E arbitrage' opportunities

M&A Update:

- ✿ Currently evaluating several potential transactions. These evaluations are still in the early stages. It is difficult to predict timing in these transactions.



Outlook & Prospects



Outlook & Prospects:

- ❖ Barring any unforeseen circumstances, we continue to be positive on the overall business outlook and the Company's prospects as we head into the 2nd quarter of FY2006 and beyond.
- ❖ The various initiatives that we are executing on to broaden and deepen our business franchise should continue to yield results in the form of both increased volumes and enhanced margins.
- ❖ Please refer to the description of the seasonality of our business under the section "Background to analysing our Financial Statements" in our Q1 FY2006 SGXNET filing in this regard.



Key Investment Merits

- ❖ Strong financial track record
- ❖ Proven growth model
- ❖ Unique competitive position
- ❖ Well-diversified across businesses, geographies & customers
- ❖ Risk management is a core competence
- ❖ High governance standards & world class investors
- ❖ Strong Management
- ❖ Strong prospects & high growth potential



Thank You

