



The Brand Behind The Brands

Olam International Limited

First Quarter FY2008 Results Briefing

14th November 2007

Singapore





This presentation should be read in conjunction with Olam International Limited's First Quarter, FY2008 (Q1 FY2008) Financial Results Statement for the period ended 30th September 2007 lodged on SGXNET on 14th November 2007



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 First Quarter FY2008 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 FY2008 - Consolidated P&L Analysis
- ❖ Results: Q1 FY2008 - Segmental P&L Analysis
- ❖ Results: Q1 FY2008 - Balance Sheet Analysis
- ❖ M&A Update
- ❖ Outlook & prospects
- ❖ Q&A



Results:

Q1 FY2008

Consolidated P&L Analysis



Background to Q1 FY2008 results: Consolidation of Completed Acquisitions

Acquisition	Investment (US\$ million)	Olam's Stake	Status/Date of Completion	Incorporated in Q1FY08 Results
JV with Chinatex	13.5	35 %	Dec 2007	No
QCH	136.3	100%	Completed	Yes
Universal Blanchers	73.1	100%	Completed	Yes
Open Country Cheese	18.0	19.9%	Completed	No
Key Foods	18.5	100%	Completed	No
Naarden Agro	3.8	100%	Completed	Yes
PT DUS	14.0	100%	Dec 2007	No
Total	277.2			



Background to Q1 FY2008 results: Consolidation of Completed Acquisitions

❖ **Acquisitions consolidated in Q1FY2008**

❖ Universal Blanchers (UB)

❖ Queensland Cotton Holdings (QCH)

❖ Naarden Agro Products BV

❖ The consolidated results of Q1FY2008 not strictly comparable to Q1FY2007



Snapshot of Results: Q1 FY2008

Description	Q1FY2008			Q1FY2007	% Inc	Share of existing business
	Existing Business	New Business	Total	Total		
Volume (metric tons)	778,075	138,355	916,430	672,861	36.2%	43.2%
Revenue (S\$'000)	1,152,927	223,793	1,376,720	903,764	52.3%	52.7%
Net Contribution (S\$'000)	76,448	12,122	88,570	49,968	77.3%	68.6%
SG & A	60,986	17,192	78,178	40,930	91.0%	53.8%
PAT	11,262	(2,048)	9,214	8,068	14.2%	



Consolidated P&L Analysis: Q1FY2008

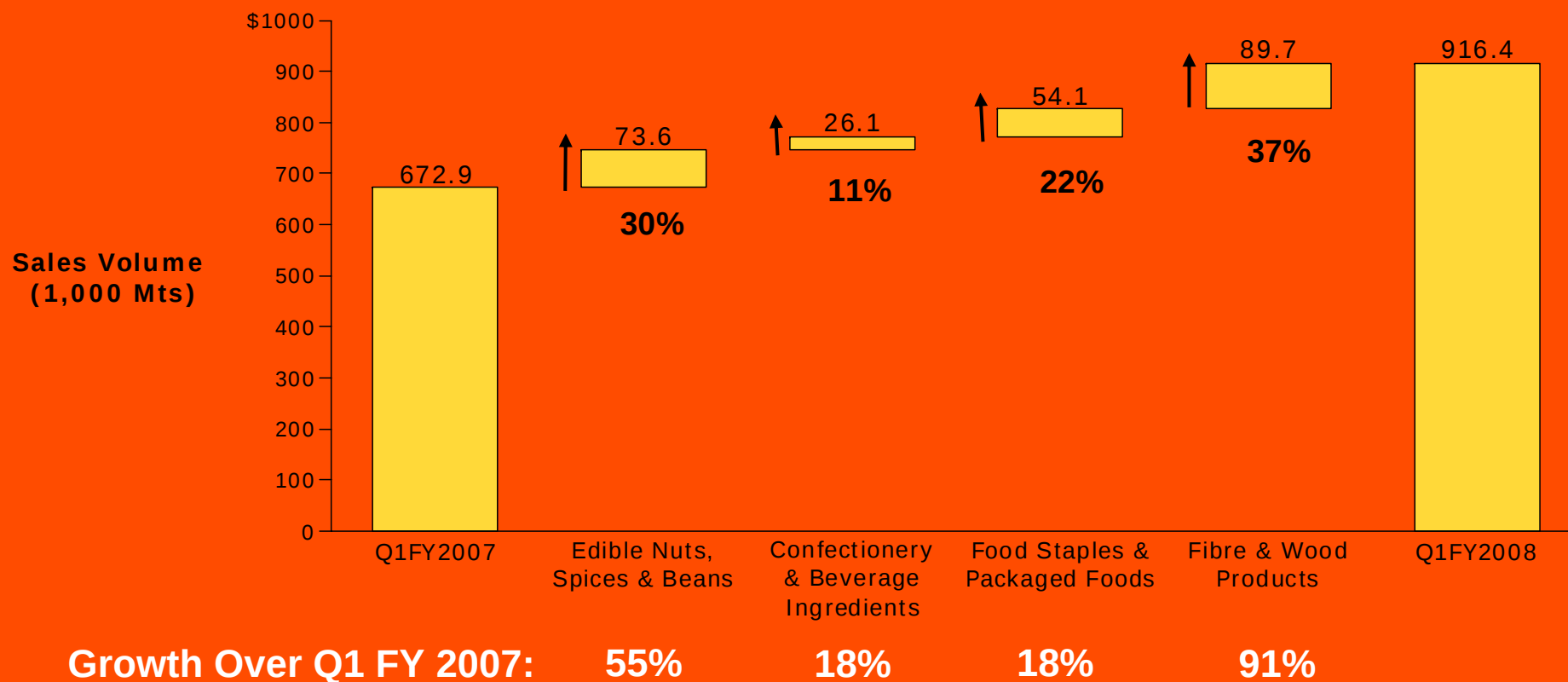
❖ **Sales Volume: 0.916 million metric tons**

- 36.2% growth over Q1 FY2007
- Volume growth across all four segments



Sales Volume Growth: Segmental Contribution

Sales Volume growth 36.2%, 243,570 mts



Consolidated P&L analysis: Q1 FY2008

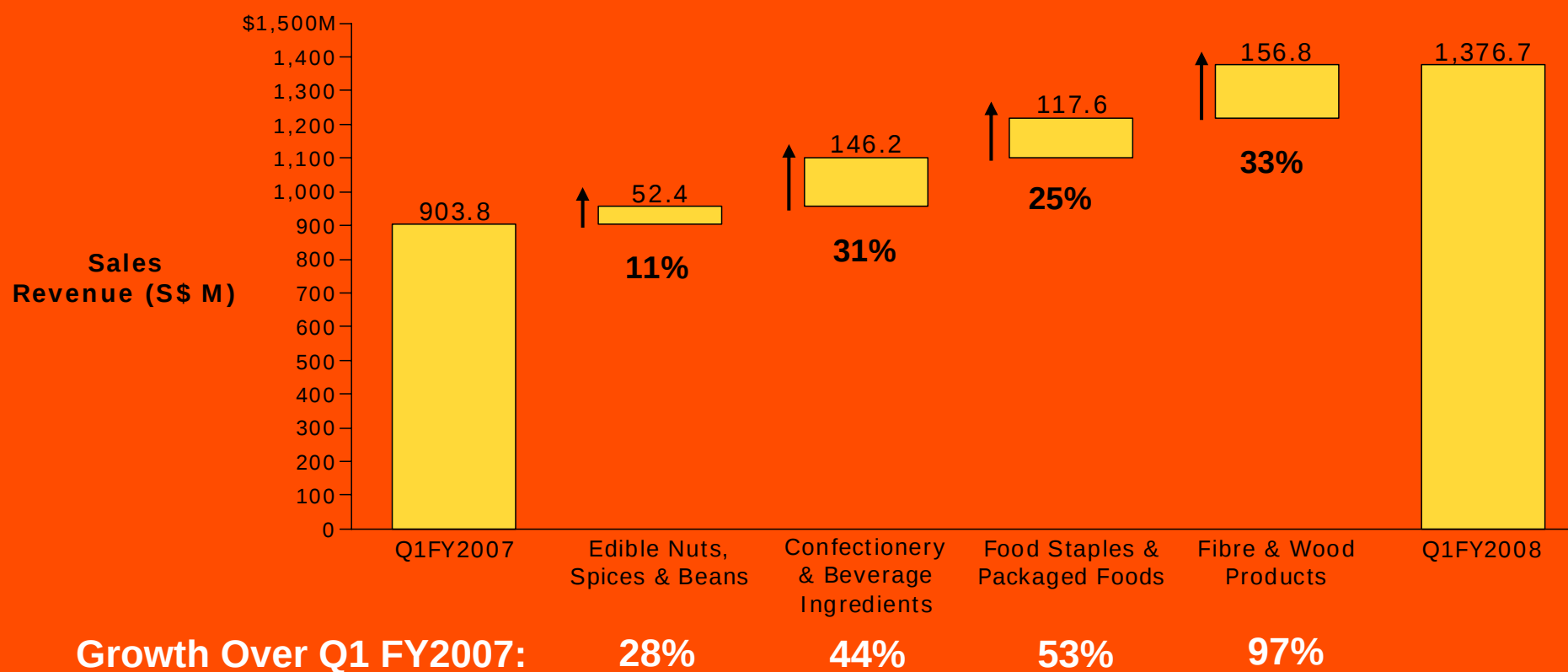
❖ **Total Revenue: S\$1,376.7 million**

- 52.3% growth over Q1 FY2007
- Revenue growth across all four segments



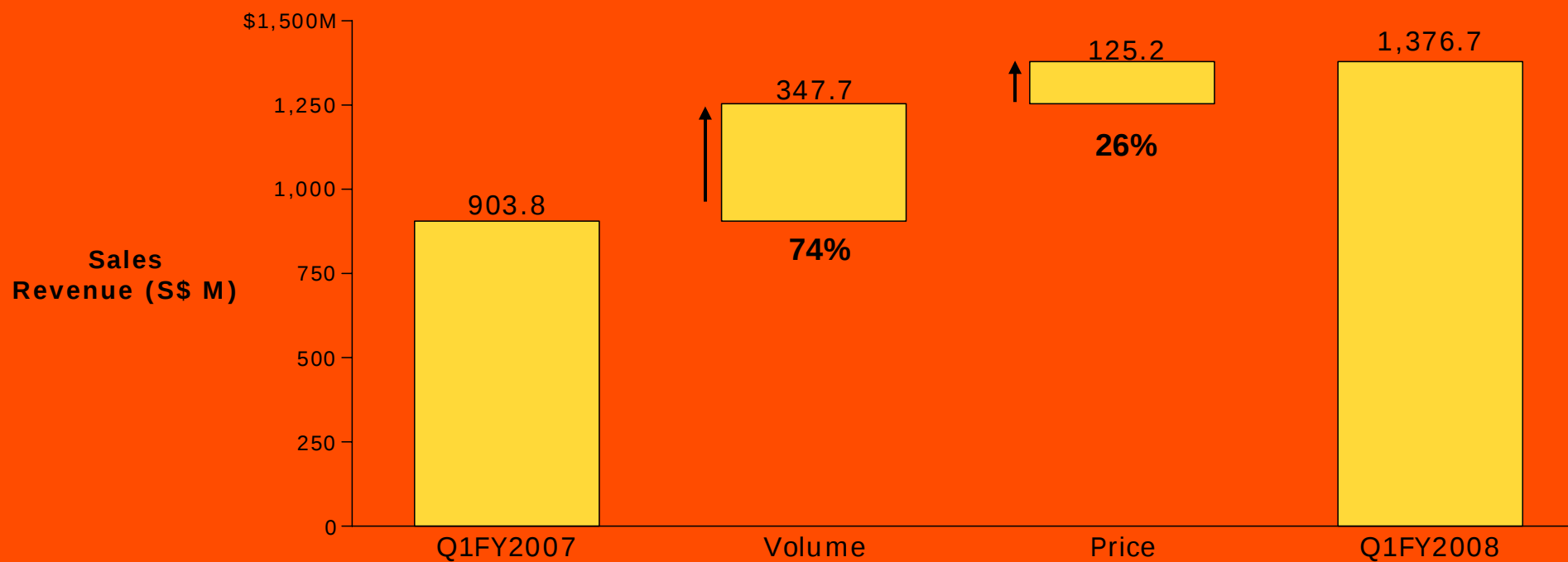
Sales Revenue Growth: Segmental Contribution

Sales revenue growth 52.3%, S\$ 472.9 million



Sales Revenue Growth: Sources

Sales revenue growth 52.3%, S\$ 472.9 million



Consolidated P&L Analysis: Q1 FY2008

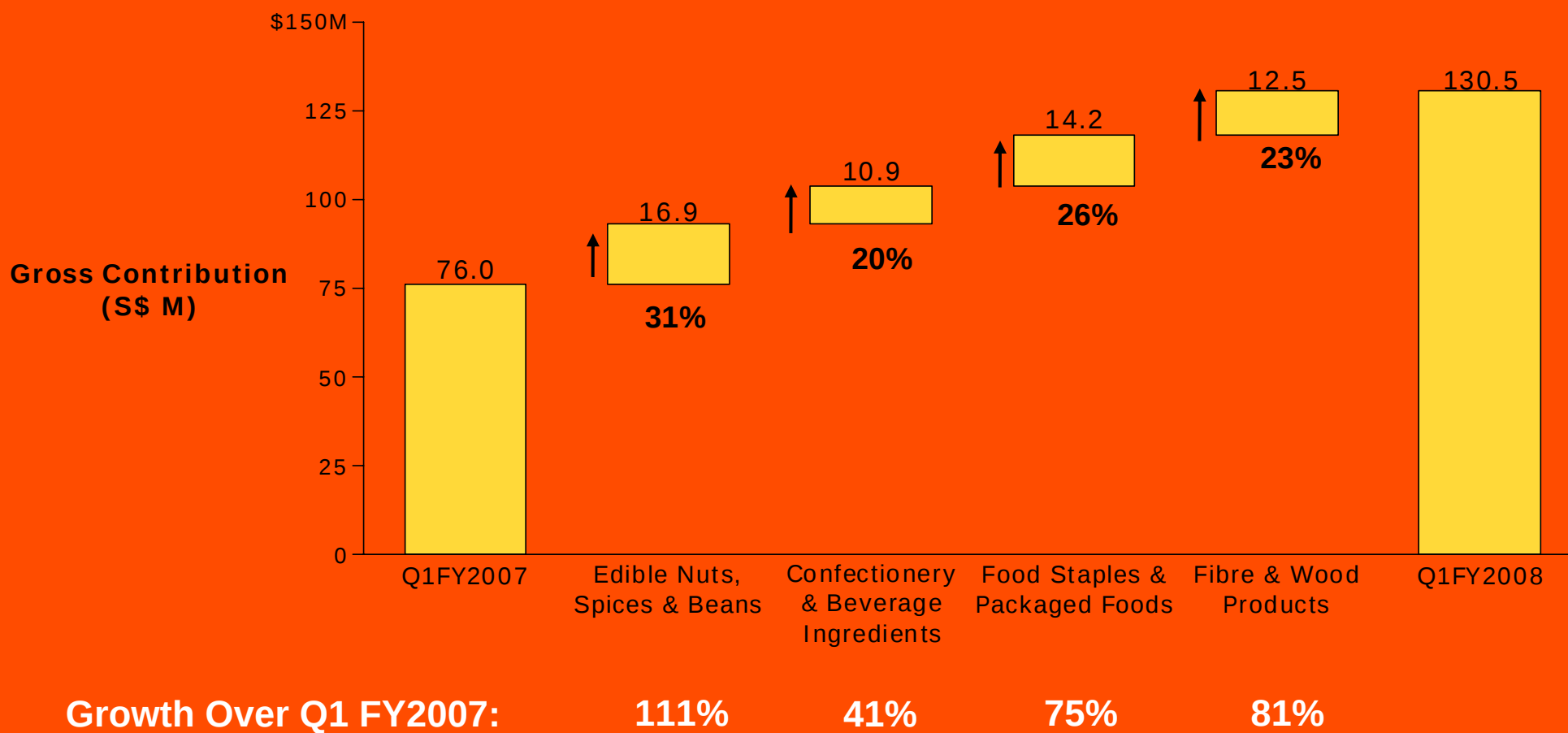
✿ **Gross Contribution (GC) : S\$130.5 million**

- 71.7% growth over Q1 FY2007
- GC growth across all four segments



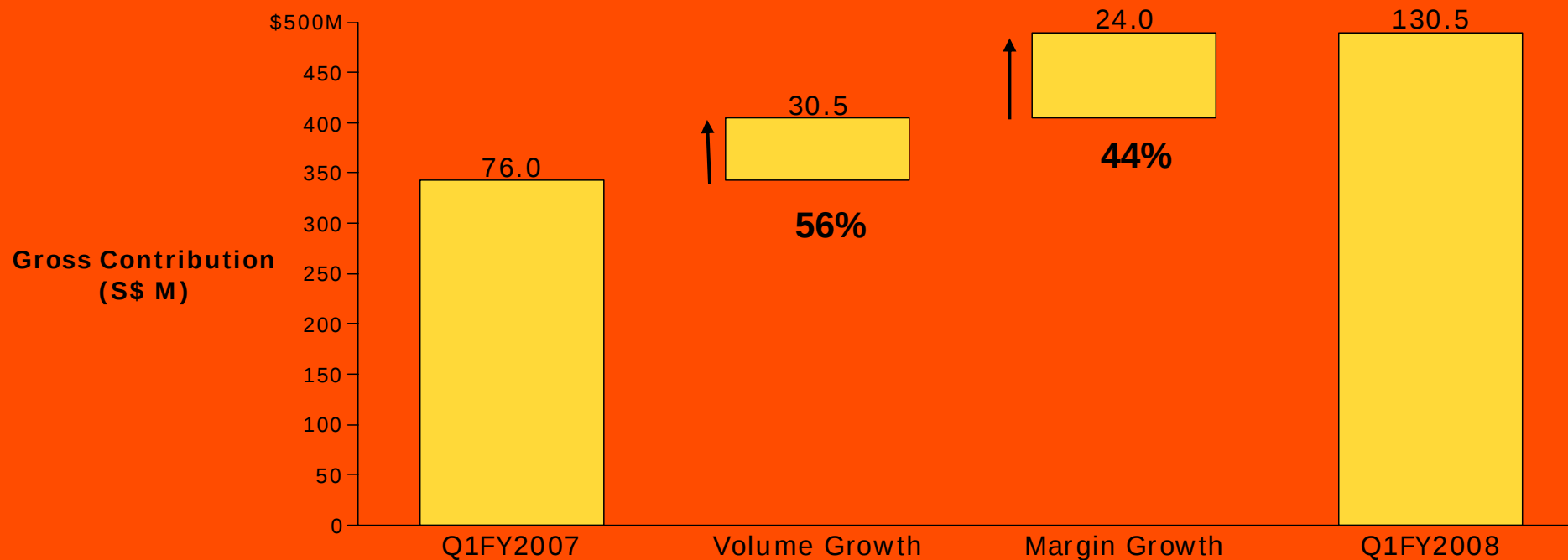
Gross Contribution Growth: Segmental Share

GC growth 71.7%, S\$54.5 million



Gross Contribution Growth: Sources

GC growth 71.7%, S\$54.5 million



Interest Costs

✿ **Total increase in interest costs S\$15.9 million or 61.2%.**

	Q1 FY2008 (S\$'000)	Q1 FY2007 (S\$'000)	Increase (S\$'000)	% Increase
Interest Expenses	41,908	26,004	15,904	61.2%
Sales	1,376,720	903,764	472,956	52.3%
Interest Rate	7.31%	7.01%	0.30%	4.3%
Interest variance due to interest rate increase				1,746
Interest variance due to working capital increase				14,158
Total Net Increase in Interest				15,904



Consolidated P&L Analysis: Q1 FY2008

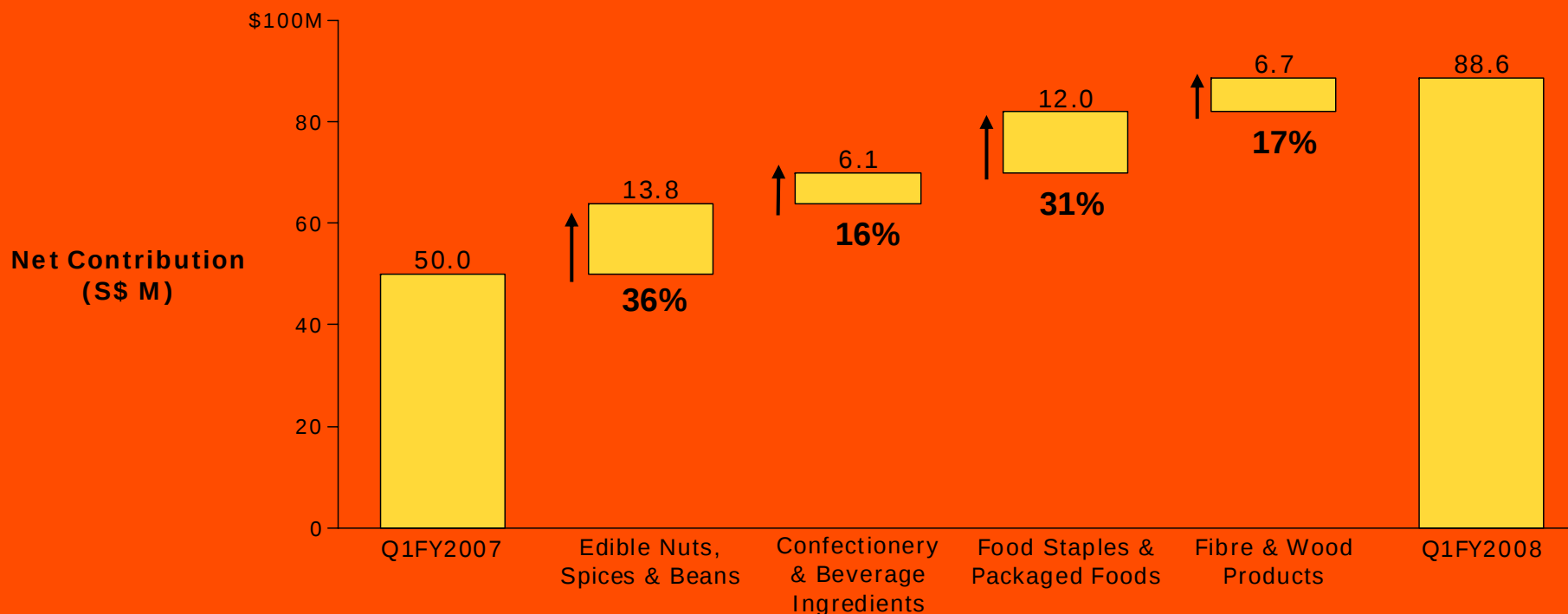
❖ **Net Contribution (NC) : S\$88.6 million**

- 77.3% growth over Q1 FY2007
- NC growth across all four segments



Net Contribution Growth: Segmental Share

NC growth 77.3%, S\$38.6 million



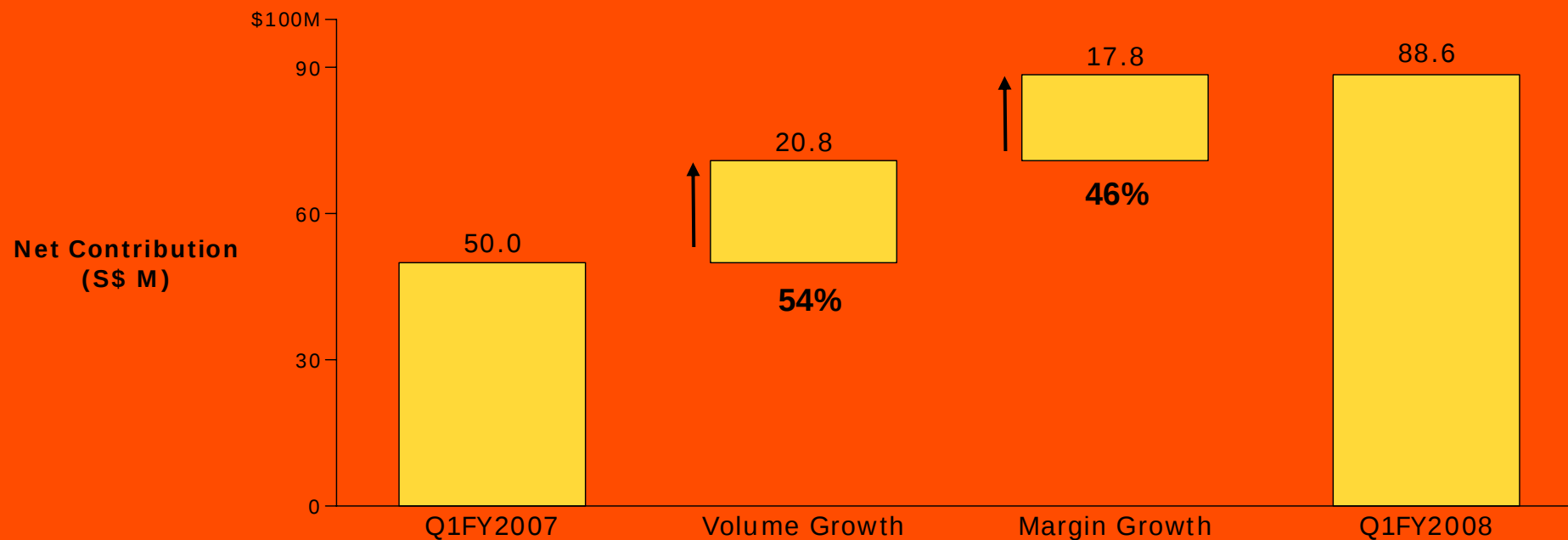
Growth Over Q1 FY2007: 142% 36% 100% 59%

❖ Net Contribution Margin 6.43% in Q1FY2008 vs 5.53% in Q1FY2007

❖ Net Contribution per ton S\$97/ton in Q1FY2008 vs S\$74/ton in Q1FY2007

Net Contribution Growth: Sources

NC growth 77.3%, S\$38.6 million



Impact of FRS 102

- ❖ The following two Schemes under the ambit of FRS 102:
 - Employee Share Subscription Scheme (ESSS)
 - Employee Share Options Scheme (ESOS)
- ❖ The impact of FRS 102 on the Financial Statements is as follows:

S\$'000	Prior Year Adjustment	Q1FY2008	Balance C/F	Total
E S S S	2,300	71	86	2,457
E S O S	6,128	781	4,181	11,090
TOTAL	8,428	852	4,267	13,547

Consolidated P&L Analysis: Q1FY2008

❖ **SG&A** increased by 91.0% to S\$78.2 million

	Q1FY2008	Q1FY2007	Change
SG&A (S\$ million)	78.2	40.9	(91.0%)
SG&A / Sales ratio	5.68%	4.53%	

SG&A increase mainly on account of consolidation of acquisitions



Consolidated P&L Analysis: Q1FY2008

❖ **Net Profit After Tax (NPAT): S\$9.2 million**

- 14.2% growth over Q1FY2007

❖ **Earnings per Share (EPS)**

- 0.59 cents/share in Q1FY2008 vs 0.52 cents/share in Q1FY2007 (based on weighted average no. of shares)



Results: Q1FY2008

Segmental P&L Analysis



Segmental Analysis Q1FY2008: Summary

Olam Consolidated

- Turnover **S\$1,376 million**
- Volume **0.916 mmts**
- NC **S\$88.6 m**
- NPAT **S\$9.2 m**

Edible Nuts, Spices & Beans

- Turnover **\$236.8 m**
- Volume **0.208mmts**
- NC **\$23.6 m**

• NC Share **26.6%**



Confectionery & Beverage Ingredients

- Turnover **\$481.0 m**
- Volume **0.172mmts**
- NC **\$23.0 m**

• NC Share **25.9%**



Food Staples & Packaged Foods

- Turnover **\$341.3 m**
- Volume **0.347mmts**
- NC **\$24.1 m**

• NC Share **27.2%**



Fibre & Wood Products

- Turnover **\$317.6 m**
- Volume **0.189mmts**
- NC **\$17.9 m**

• NC Share **20.3%**



Segmental Analysis: Edible Nuts, Spices & Beans

Description	Q1FY2008		Q1FY2007		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	208,268		134,640		↑ 54.7%
Revenue (S\$'000)	236,828	1,137	184,448	1,370	↑ 28.4%
Net Contribution (S\$'000)	23,574*	113	9,747	72	↑ 141.8%

* NC contribution from UB of S\$ 8.8 million

Segmental Analysis: Confectionery & Beverage Ingredients

Description	Q1FY2008		Q1FY2007		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	172,510		146,374		▲ 17.9%
Revenue (S\$'000)	481,011	2,788	334,842	2,288	▲ 43.7%
Net Contribution (S\$'000)	22,964	133	16,894	115	▲ 35.9%

Segmental Analysis: Food Staples & Packaged Foods

Description	Q1FY2008		Q1FY2007		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	346,976		292,869		↑ 18.5%
Revenue (S\$'000)	341,329	984	223,686	764	↑ 52.6%
Net Contribution (S\$'000)	24,113*	69	12,073	41	↑ 99.7%

* NC contribution from Naarden of S\$ 0.7 million

Segmental Analysis: Fibre & Wood products

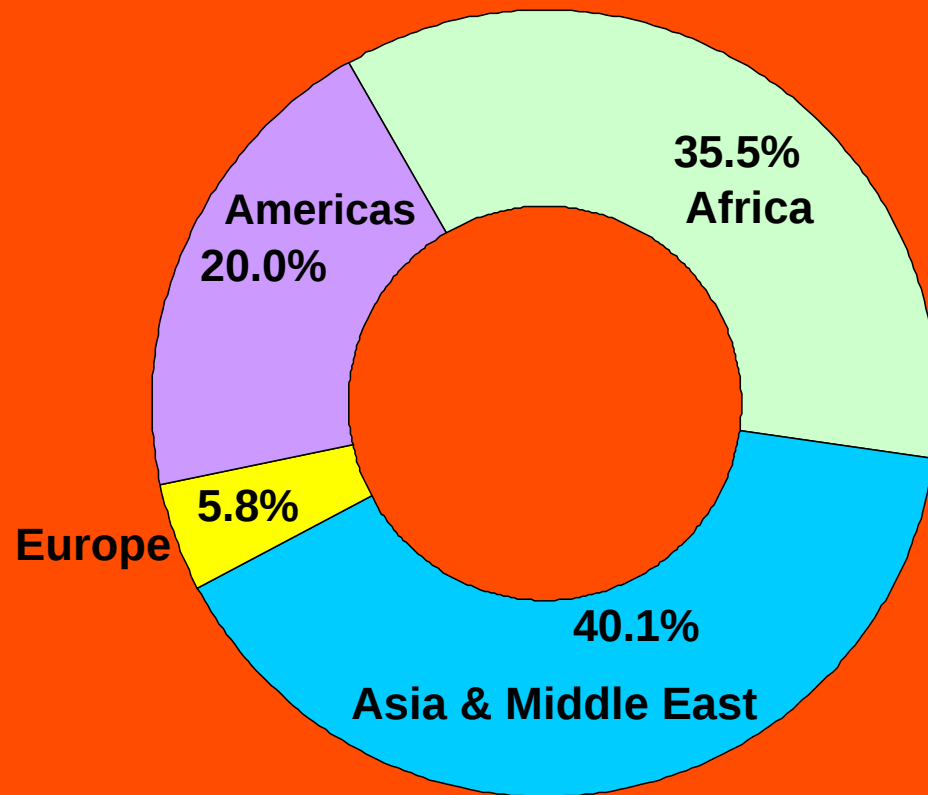
Description	Q1FY2008		Q1FY2007		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume	188,676		98,978		↑ 90.6%
Turnover	317,552	1,683	160,788	1,624	↑ 97.5%
Net Contribution	17,919*	95**	11,254	114	↑ 59.2%

* NC contribution from QCH of S\$ 1.9 million

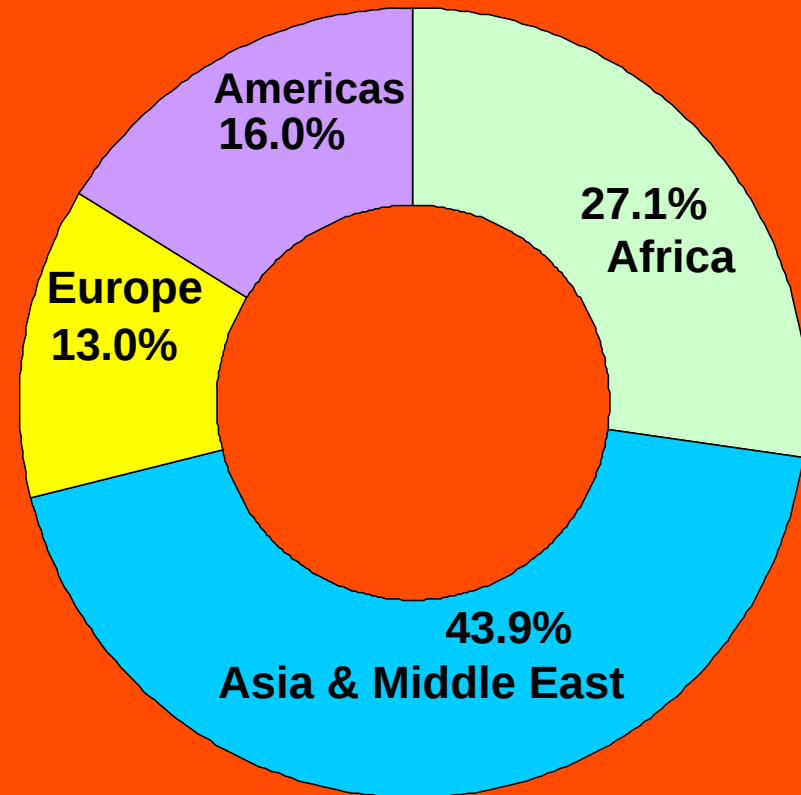
** NC per ton of existing business of S\$154 per ton as compared to S\$ 114 in Q1FY2007

Well Diversified Sourcing: Origins

Sourcing Volume Q1FY2008

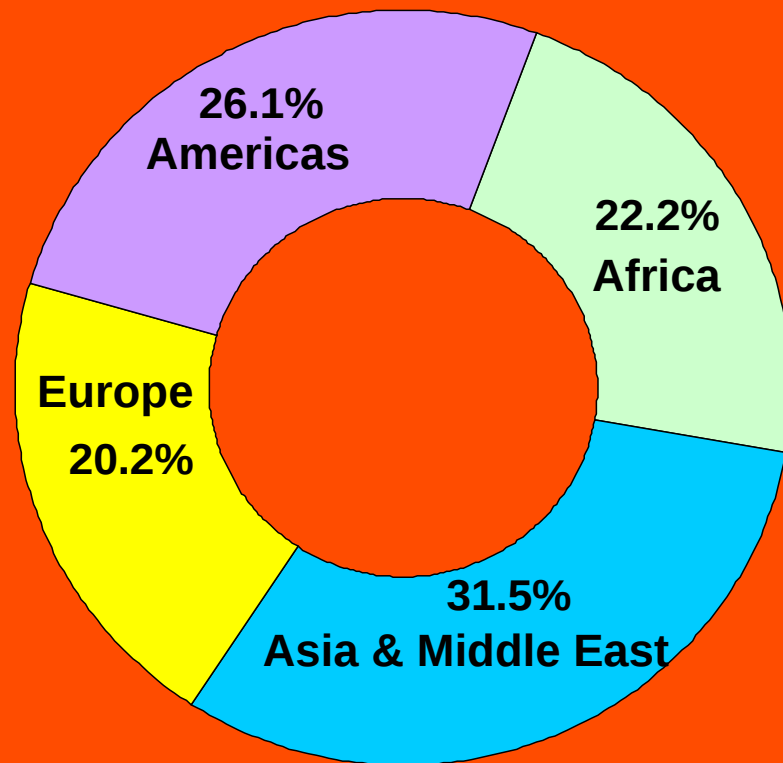


Sourcing Volume Q1FY2007

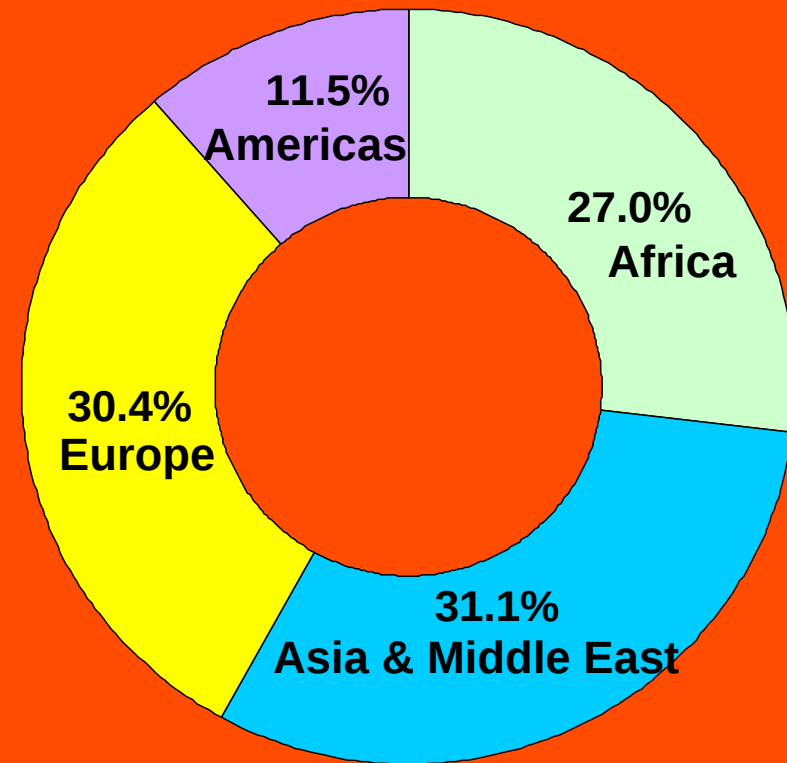


Well Diversified Sales: Markets

Sales Turnover Q1FY2008



Sales Turnover Q1FY2007



Well diversified: **Customers**

Segment	Top 5 Customer Share of Total Sales
Edible Nuts, Spices & Beans	1.9%
Confectionery & Beverage Ingredients	7.1%
Food Staples & Packaged Foods	4.6%
Fibre & Wood Products	1.4%



Results: Q1FY2008

Balance Sheet Analysis



Balance Sheet Analysis: Summary

(Figures in S\$'000)	30 Sep 2007	30 Jun 2007	% Change
Goodwill and Intangibles	109,778	96,203	14.1%
Fixed Assets & Investments	421,720	212,390	98.6%
Current Assets			
Debtors	388,561	514,760	(24.5%)
Stocks	1,355,039	1,163,203	16.5%
Cash & Cash Equivalents	232,678	237,608	(2.1%)
Advances to Suppliers	301,300	255,706	17.8%
Fair Value of Derivatives	488,695	388,032	25.9%
Margin Account Balances	180,929	79,595	127.3%
Other Current Assets	298,757	230,095	29.8%
Total Assets	3,777,457	3,177,592	18.9%
Trade Creditors	302,145	255,522	18.2%
Borrowings	2,315,103	1,919,886	20.6%
Fair Value of Derivatives	559,965	488,630	14.6%
Other Liabilities	113,609	80,805	40.6%
Net Assets	486,635	432,749	12.5%
Minority Interest	21	27	(23.6%)
Equity & Reserves	486,614	432,722	12.5%

Fixed Assets and Investments

(in S\$ million)	Q1FY2008	FY2007	Increase
Fixed Assets	391.2	129.3	↑ 261.9
Investments	30.5	83.0	↓ 52.5
Total	421.7	212.3	209.3

Increase in fixed assets mainly on account of consolidation of the acquisitions



Balance Sheet Analysis: **Ratios**

	30 Sep 2007	30 Jun 2007	Change
Current Asset Ratios			
Debtors (days)	26	34	8
Stock (days)	99	85	(14)
Advance to Suppliers (days)	22	19	(3)
Trade Creditors (days)	22	19	3
Current Ratio (x)	1.39	1.57	

Balance Sheet Analysis: Debtors

- 67.4% of Debtors secured by Letter of Credit / Docs of Title.
- Debtor quality good. No additional provisions created over June 2007.



Balance Sheet Analysis: **Stock**

(in S\$ Millions)	Sep 2007	Jun 2007	Increase
Edible Nuts, Spices & Beans	130.4	182.2	(28.4%)
Confectionery & Beverage Ingredients	630.5	586.3	7.5%
Food Staples & Packaged Foods	362.5	296.0	20.5%
Fibre & Wood Products	231.6	98.7	134.6%
Total	1355.0	1,163.2	16.5%

- 81.8% of stocks sold forward or hedged.
- S\$74.8m increase in inventory was on account on volume increases while S\$117.0m was account of price increases.

Balance Sheet Analysis: **Cash & Borrowings**

✿ **Cash and Fixed Deposits** decreased by 2.1% to S\$232.7 million.

✿ **Borrowings:**

✿ Only 54.5% of our total credit facilities were used as of 30 Sept 2007

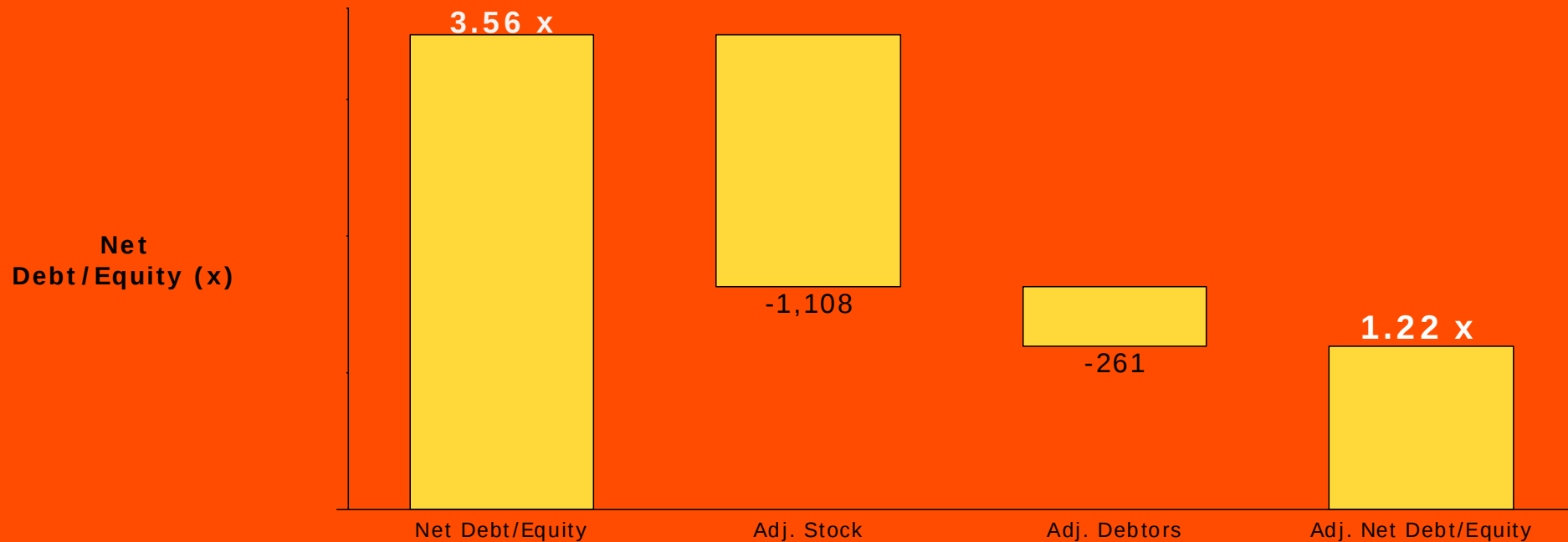
(in S\$ million)	30 Jun 2007	% Share
Short Term Banking Facilities	2,225	52 %
Committed Banking Facilities	610	14 %
MTN / Medium Term Loan	918	22 %
Long Term Loan	493	12 %
Total	4,246	100.0%

Balance Sheet Analysis: Gearing

	30 Sep 2007			30 June 2007	
Leverage (x)	Before Intangibles and Fair Value Adj. Reserve	After Intangibles and before Fair Value Adj. Reserve	After Intangibles and Fair Value Adj. Reserve	After Intangibles and before Fair Value Adj. Reserve	After Intangibles and Fair Value Adj. Reserve
Gross Debt to Equity (x)	3.31	3.96	4.81	3.94	5.71
Net Debt to Equity (x)	2.98	3.56	4.33	3.45	5.00
Interest Coverage (x)	1.25			1.91	
Liquidity					
Cash to Sales (%)	4.23			4.36	
Cash & Cash Equivalents	232.7 m			237.6 m	

Balance Sheet: Analysis of Gearing

Adjusting: hedged, liquid inventory



Impact of FRS 39

- ✿ Impact on P&L is reduction in profits of S\$1.5 million. The loss in QCH on account of transitional adjustment due to adopting hedge accounting is S\$ 4.6 million.
- ✿ Reduction in equity as of 30 Sep 2007 is S\$108.4 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.
- ✿ We do not expect any adverse impact of these measurements to the results of the Company.

PPA exercise on acquisitions

- ❖ Under FRS 103, we are required to perform “Purchase Price Allocation” (PPA) exercise within 12 months of the completion of the acquisition.
- ❖ We are in the process of carrying out a detailed PPA exercise for QCH & Naarden
- ❖ The value of intangible and goodwill reflected in the balance sheet may undergo some changes when this exercise is completed

Outlook & Prospects



Outlook & Prospects:

- ✿ We are continuing to execute well on our strategic plans and identified growth initiatives in the different businesses.
- ✿ Barring any unforeseen circumstances, we continue to be positive on the overall business outlook as we head into Q2 FY2008 and for the rest of FY2008.
- ✿ The company has in the recent past announced a number of acquisitions and joint ventures. The completion of these transactions are subject to certain closing conditions/ approvals from relevant authorities and the outcome is uncertain till these conditions/approval are met/granted.
- ✿ Some of these acquisitions and investment opportunities may materialise over the next 12 months. We will announce such transactions as and when they materialise.
- ✿ Please refer particularly to the description of the seasonality of our business under the section “Background to analysing our Financial Statements” on page 11 of SGXNET announcement of this quarter results.

Key Investment Merits

- ❖ Strong financial track record
- ❖ Proven growth model (both organic, and now inorganic)
- ❖ 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

