Olam International Limited
Second Quarter & First Half FY2009 Results Briefing

12th February 2009 | Singapore

This presentation should be read in conjunction with Olam International Limited's Financial Statements for the Second Quarter (Q2 FY2009) and Half Year (H1 FY2009) ended 31 December 2008 lodged on SGXNET on 12th February 2009.

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 Second Quarter & First Half FY2009 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: H1 FY2009 - Consolidated P&L Analysis
- Results: H1 FY2009 - Segmental Analysis
- Results: H1 FY2009 - Balance Sheet Analysis
- Summary & Guidance
- Q&A

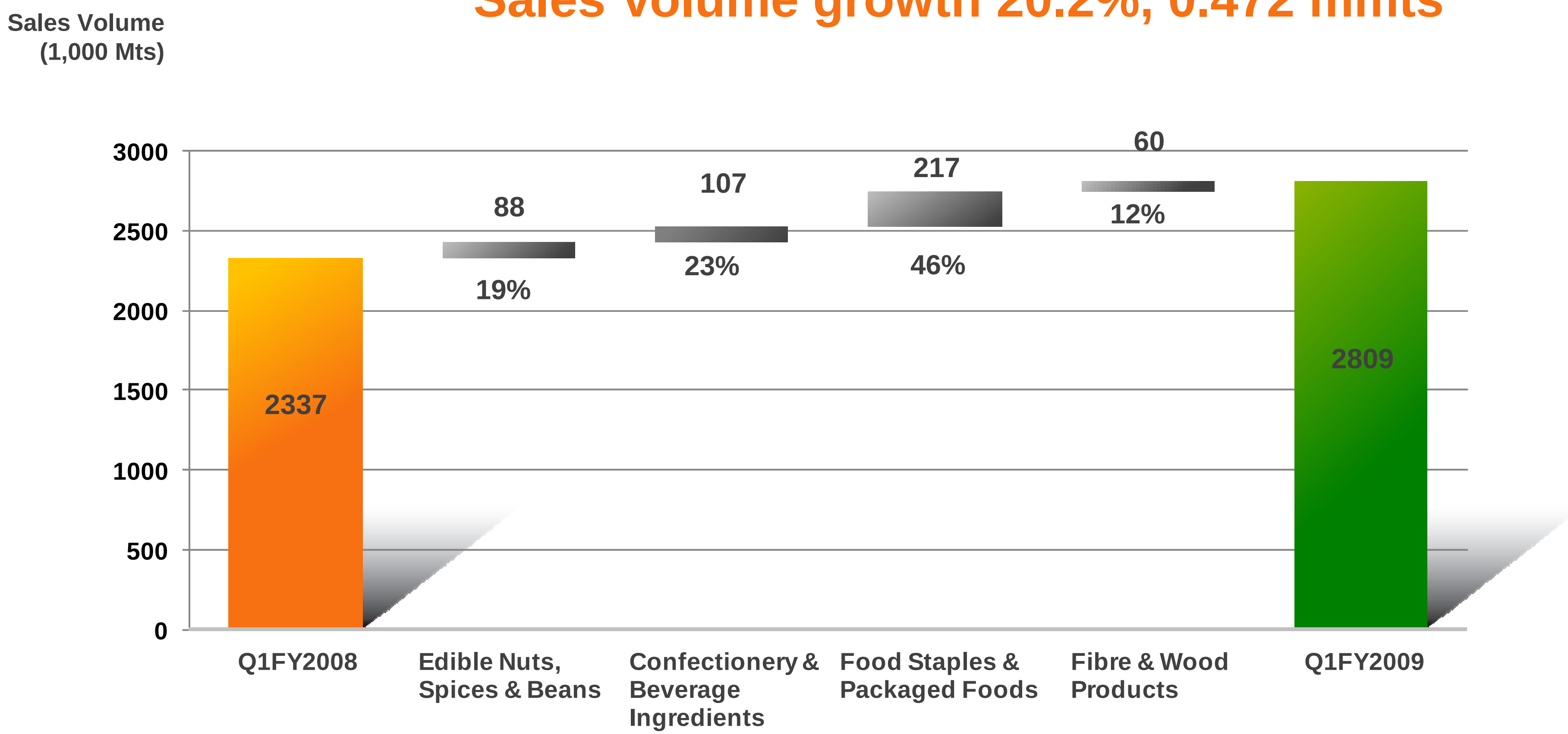
Results: H1 FY2009
Consolidated P&L Analysis

Consolidated P&L Analysis: **H1 FY2009**

- **Sales Volume: 2.809 million metric tons**
  - Volume grew by 0.472 million metric tons
  - **20.2% growth** over H1 FY2008
  - Volume **growth across all 4 segments**

Sales Volume Growth: Segmental Contribution

Sales Volume growth 20.2%, 0.472 mmts



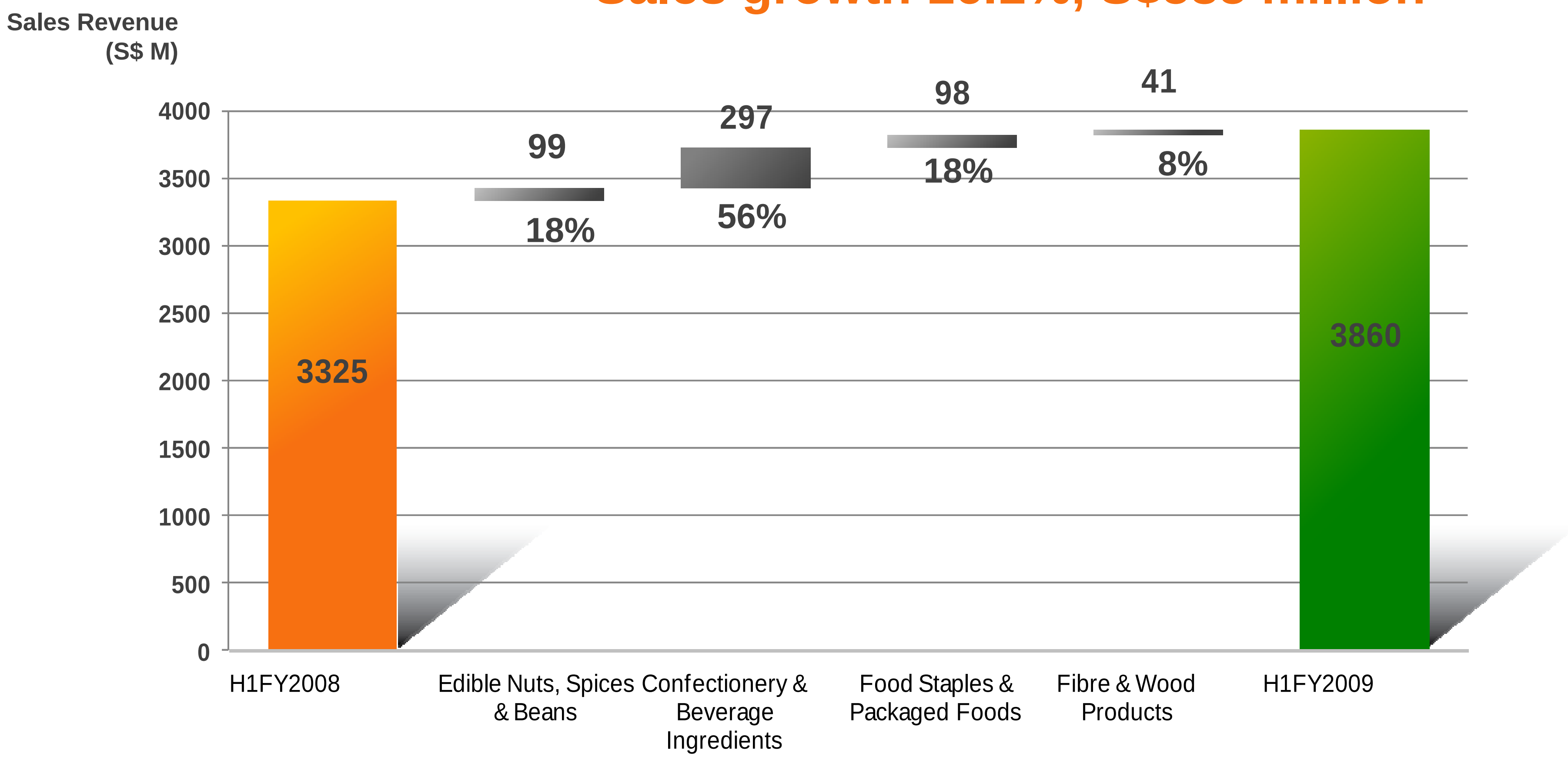
Growth Over H1FY2008: 29% 24% 20% 12%

Consolidated P&L Analysis: H1 FY2009

- **Total Sales Revenue: S$3,860 million**
  - **16.1% growth** over H1 FY2008
  - Revenue **growth across all 4 segments**
  - Revenue growth mainly on account of volume growth.

Sales Revenue Growth: Segmental Contribution

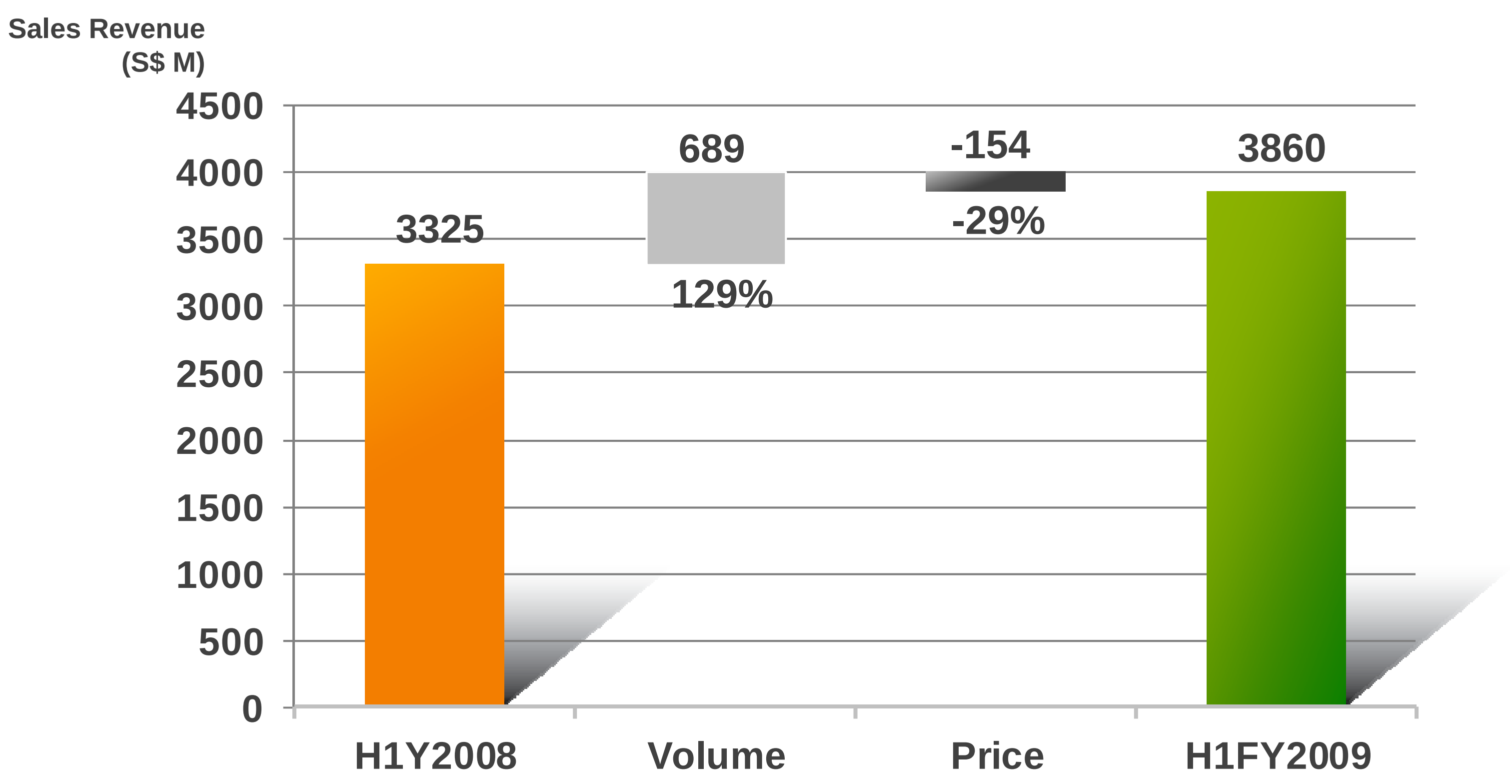
Sales growth 16.1%, S$535 million



Growth Over H1FY2008: 23% 26% 10% 6%

Sales Revenue Growth: **Sources**

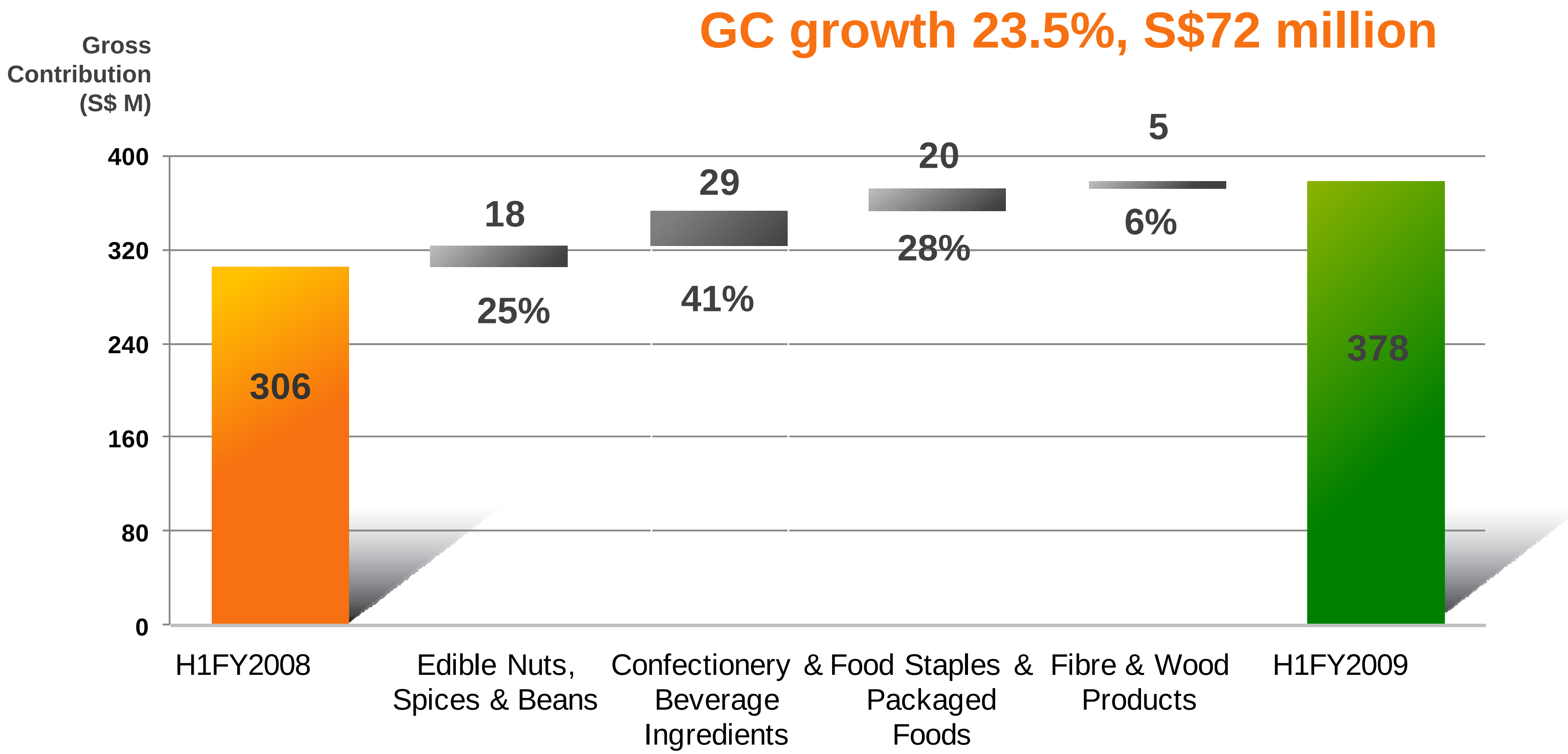
Sales growth 16.1%, S$535 million



Consolidated P&L Analysis: H1 FY2009

- **Gross Contribution (GC): S$378 million**
  - **23.5% growth** over H1FY2008
  - GC **growth across all segments**
  - GC per ton **improved to S$135/ton** from **S$131/ton** in H1 FY2008

Gross Contribution Growth: Segmental Share



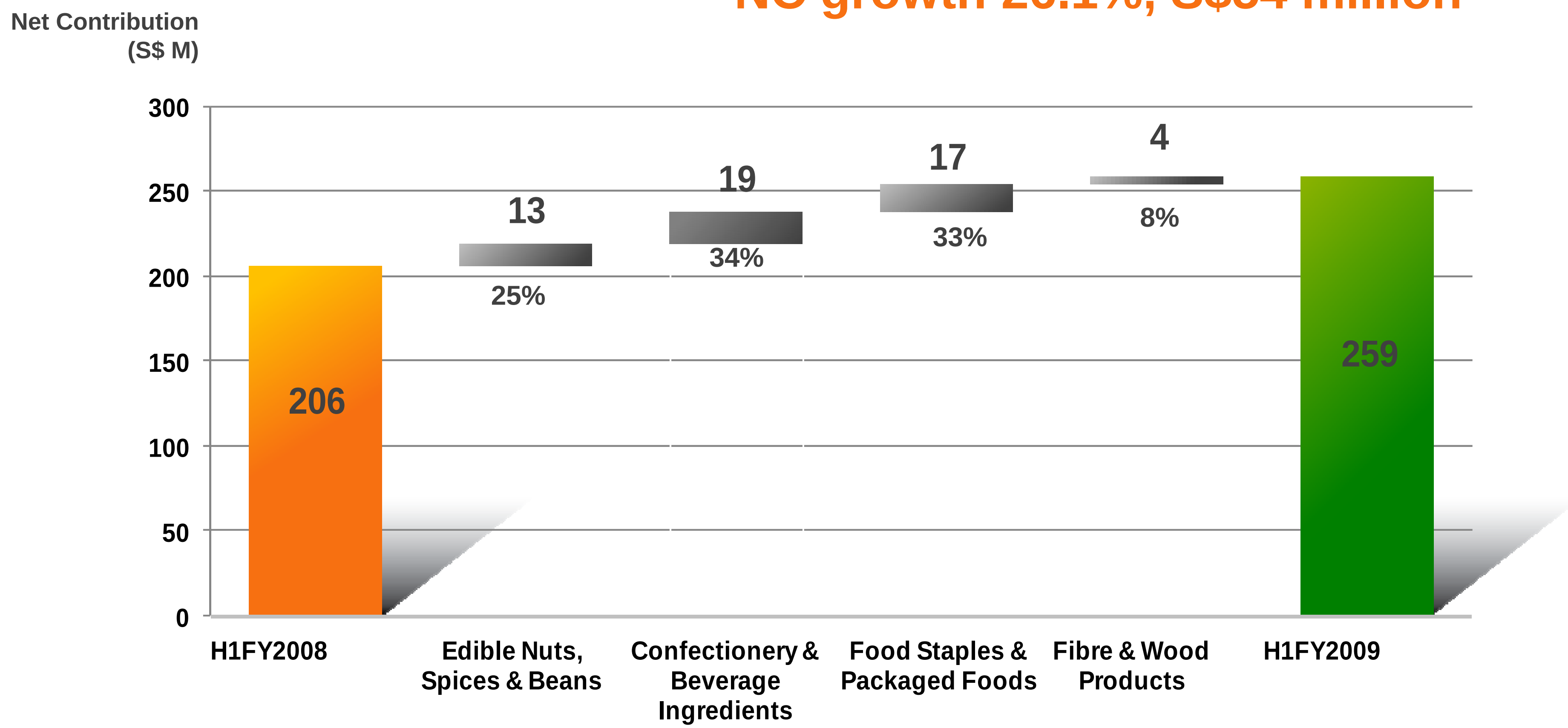
Growth Over Q1FY2008: 36% 30% 25% 6%

Consolidated P&L Analysis: H1 FY2009

- **Net Contribution (NC): S$259 million**
  - **26.1% growth** over H1 FY2008
  - NC **growth across all segments**
  - NC per ton **grew from S$88/ton** in H1 FY2008 to **S$92/ton** in H1 FY2009

Net Contribution Growth: Segmental Share

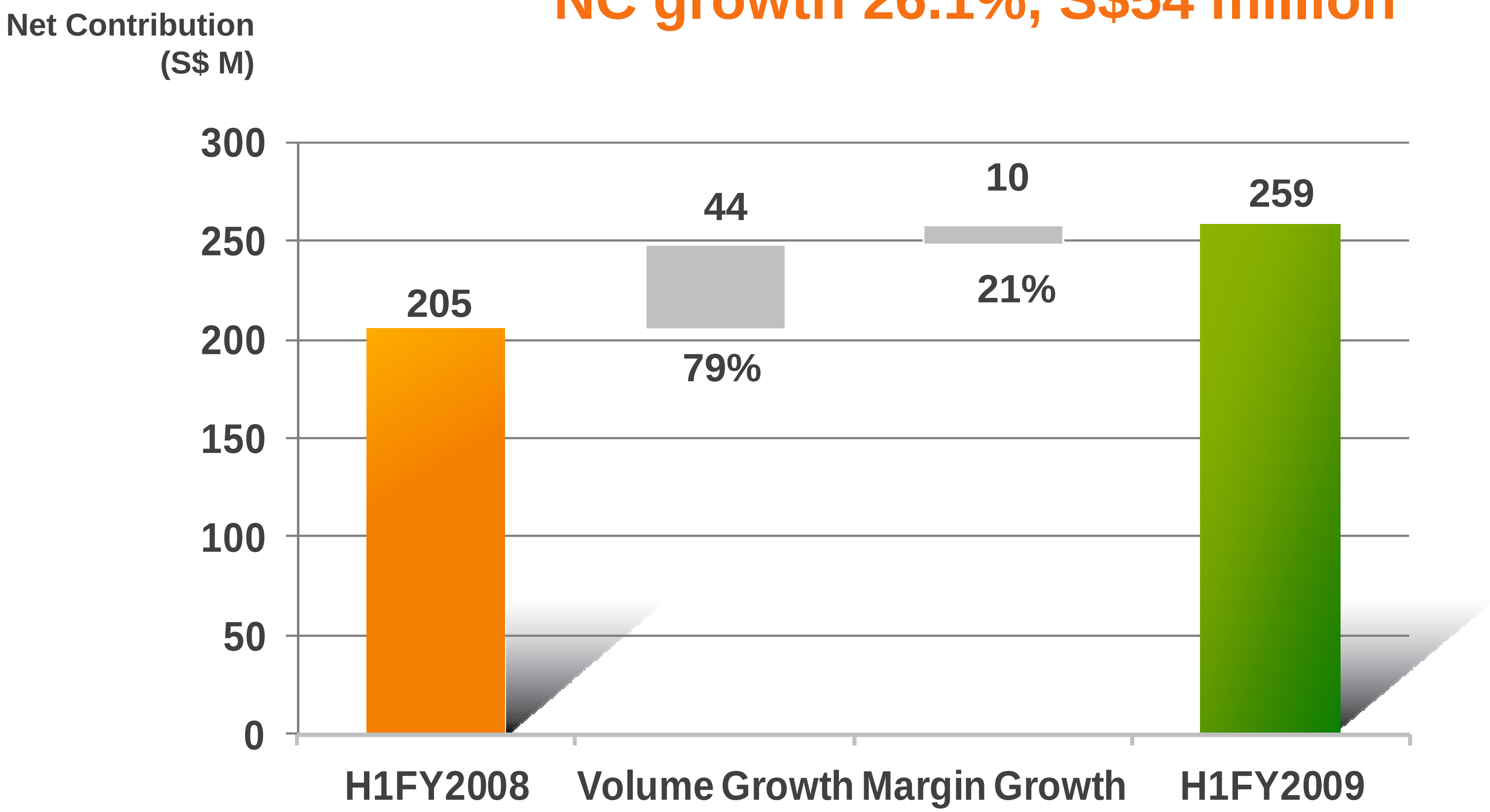
NC growth 26.1%, S$54 million



Growth Over Q1FY2008: 39% 30% 29% 8%

Net Contribution Growth: Sources

NC growth 26.1%, S$54 million



Gain on Buy-back of Convertible Bonds

- During Q2 FY2009, the Company repurchased Convertible Bonds of aggregate principal amount of **US$123.6 million** for **US$80.5 million**.
- The repurchase of the bonds was funded by a new 3 year term loan facility.
- The **gain** on the buy-back after considering transactional expenses is **S$55.9 million (non taxable).**
- **Saved future coupon payments** and accretion on the bonds repurchased of approximately **US$14.31 million (S$21.5 million).**

Buy-back of Convertible Bonds

- The convertible bonds buyback met the following objectives:
  - To prudently and actively manage our balance sheet
  - To take advantage of the profitable opportunity offered by the market in buying back the CBs;
  - To improve gearing through (a) booking the profits from the buyback (S$55.9 m), & (b) reducing debt (US$137 m).
  - To reduce the potential re-financing obligations on the put date (July 2011) by up to US$137 million;
  - To provide liquidity to bondholders and stability to our bond prices.

Impact of FRS 102

- The following two employee Share Schemes come 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:

	Prior Period S$'000	H1 FY2009 S$'000	Carried Forward S$'000	Total S$'000
ESSS	2,457	-	-	2,457
ESOS	11,632	2,357	3,825	17,814
Total	**14,089**	**2,357**	**3,825**	**20,271**

Consolidated P&L Analysis: H1 FY2009

- **SG&A** increased by 25.6% to S$191.6 million in H1 FY2009

	H1FY2009	H1FY2008	Change
SG&A (S$ million)	191.6	152.4	25.6%
SG&A/Sales Ratio	4.96	4.59	(0.37)

On an annualized basis, we do not expect any overruns on SG&A which will be within our full year budgets.

Consolidated P&L Analysis: H1 FY2009

- **Net Profit After Tax (NPAT): S$118.3 million**
  - **152.1% growth** over H1 FY2008
- **Net Profit After Tax (NPAT) excluding gain on buyback of Convertible Bonds: S$62.4 million**
  - **32.9% growth** over H1 FY2008
- **Earnings per Share (EPS)**
  - **126.6% growth** over H1 FY2008
  - **6.91 cent/share** H1 FY2009 vs **3.03 cent/share** H1 FY2008 (based on weighted average no. of shares)

Results: Q1FY2009
Segmental Analysis

Segmental Analysis H1 FY2009: Summary

Olam Consolidated

- Turnover S$3,859 million
- Volume 2.809 mmts
- NC S$259 m
- NPAT *S$118.3 m*

Edible Nuts, Spices & Beans

- Turnover $525 m
- Volume 0.394 mmts
- NC $47 m

- NC Share *18.0%*

Confectionery & Beverage Ingredients

- Turnover $1,445 m
- Volume 0.556 mmts
- NC $81 m

- NC Share *31.4%*

Food Staples & Packaged Foods

- Turnover $1,110 m
- Volume 1.295 mmts
- NC $78 m

- NC Share *30.0%*

Fibre& Wood Products

- Turnover $780 m
- Volume 0.565 mmts
- NC $53 m

- NC Share *20.6%*

Segmental Analysis:
Edible Nuts, Spices & Beans

Description	H1 FY2009		H1 FY2008		% Change
	Amount	S$/Ton	Amount	S$/Ton	
Volume (metric tons)	394,119		306,045		⬆ 28.8
Revenue (S$'000)	525,001	1,332	426,549	1,394	⬆ 23.1
Net Contribution (S$'000)	46,816	119	33,588	110	⬆ 39.4

Segmental Analysis :
Confectionery & Beverage Ingredients

Description	H1 FY2009		H1 FY2008		% Change
	Amount	S$/Ton	Amount	S$/Ton	
Volume (metric tons)	555,547		448,110		⬆ 24.0
Revenue (S$'000)	1,444,983	2,601	1,147,608	2,561	⬆ 25.9
Net Contribution (S$'000)	81,476	147	62,602	140	⬆ 30.1

Segmental Analysis:
Food & Staples & Packaged Foods

Description	H1 FY2009		H1 FY2008		% Change
	Amount	S$/Ton	Amount	S$/Ton	
Volume (metric tons)	1,294,889		1,077,918		⬆ 20.1
Revenue (S$'000)	1,109,640	857	1,011,959	939	⬆ 9.7
Net Contribution (S$'000)	77,760	60	60,197	56	⬆ 29.2

Segmental Analysis:
Fibre & Wood products

Description	H1 FY2009		H1 FY2008		% Change
	Amount	S$/Ton	Amount	S$/Ton	
Volume (metric tons)	564,901		505,234		↑ 11.8
Revenue (S$'000)	780,030	1,381	738,856	1,462	↑ 5.6
Net Contribution (S$'000)	53,326	94	49,238	98	↓ 8.3

Acquisitions: De Francesco & Sons Inc.

- In December 2008, Olam acquired an onion and vegetable dehydration facility from De Francesco & Sons and related parties in Firebaugh, California.
- We have already built a strong presence in the US market through our previous acquisition of Key Foods Ingredients (KFI), and through acquisition of the De Francesco assets, we see significant potential to build on the KFI franchise and extract substantial synergies in sales and marketing, quality assurance, distribution and logistics, and warehousing.
- This acquisition is in line with our strategy to be a quality ingredient supplier of value added spices and dehydrates to our global customers in the food industry. The market size of the spice dehydrates business alone is estimated at US$1.5 billion growing at 6% to 7% annually.

Acquisitions: De Francesco & Sons Inc.

- Our vision is to be an integrated player across the spice ingredients category and to build a global leadership position by:
  - Vertically and horizontally integrated, offering cross-selling opportunities and a diversified basket of products from wholes to grinds, dehydrates and blends across various spices/vegetables.
  - Focused on quality of final product resulting in high value, differentiated products offered to discerning customers in US and Europe.
  - Most competitive cost producer having manufacturing facilities based in Qingdao, China (KFI) and Firebaugh, US (where labour is non-unionised) located close to farms/supplier base.
- **EBIDTA margins are expected to be 20% with a net profit margin of between 10% to 12 % in this operation.**

Acquisitions: Industrias Martin Cubero (IMC)

- Acquired Argentina-based, integrated peanut facility IMC for US$7 million in February 2009.
- IMC peanut facility is an integrated unit for processing groundnuts with ability to handle cleaning, drying, storage, shelling and blanching of peanuts. IMC has an excellent reputation for producing high quality peanuts.
- This asset will help us leverage our peanut farming competencies in Argentina and global market leadership position to support our peanut growth plans.
- Our strategy is to build a fully integrated operation from contract farming of peanuts to processing them in Argentina, and supplying this to our key customers in Europe and Asia.
- This transaction has presented us with an opportunity to expand and integrate our peanut supply chain operations with high quality, state-of-the-art shelling and blanching facility.

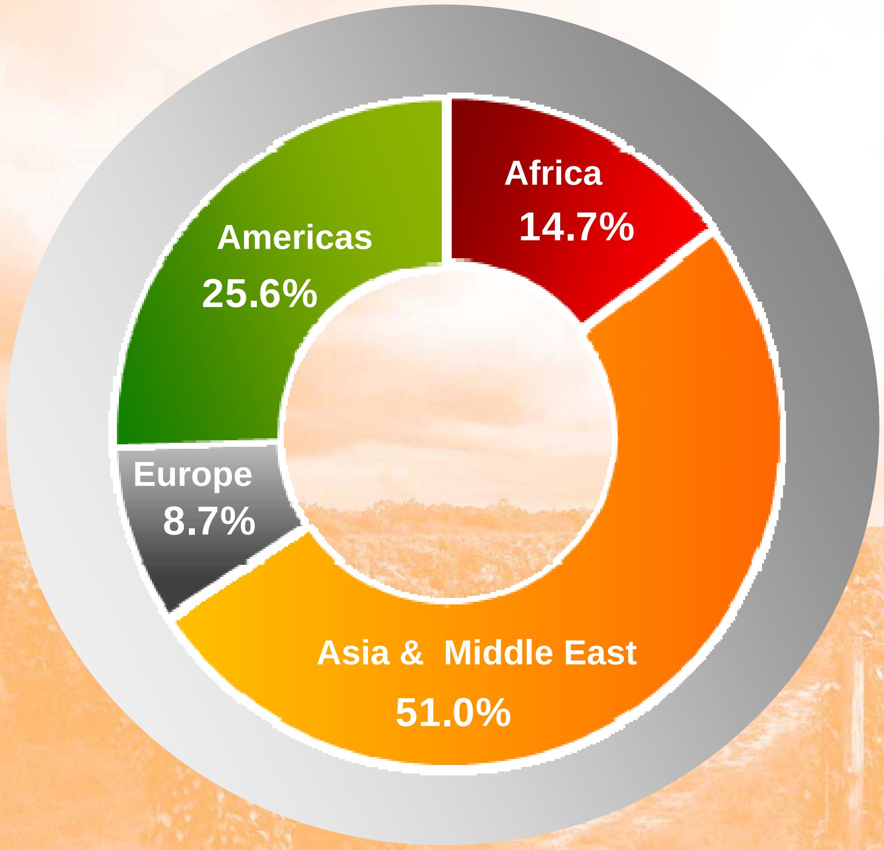
Acquisitions: Industrias Martin Cubero (IMC)

- Argentina is world's second largest exporter of peanuts after China, accounting for 25% of kernel trade:
- Expected to gain higher share in world trade as local consumption in Asian origins like China and India increases
- Possesses significant comparative advantage in producing peanuts due to low farming cost, favourable climate and modern farming practices backed by government's support for research on peanut farming

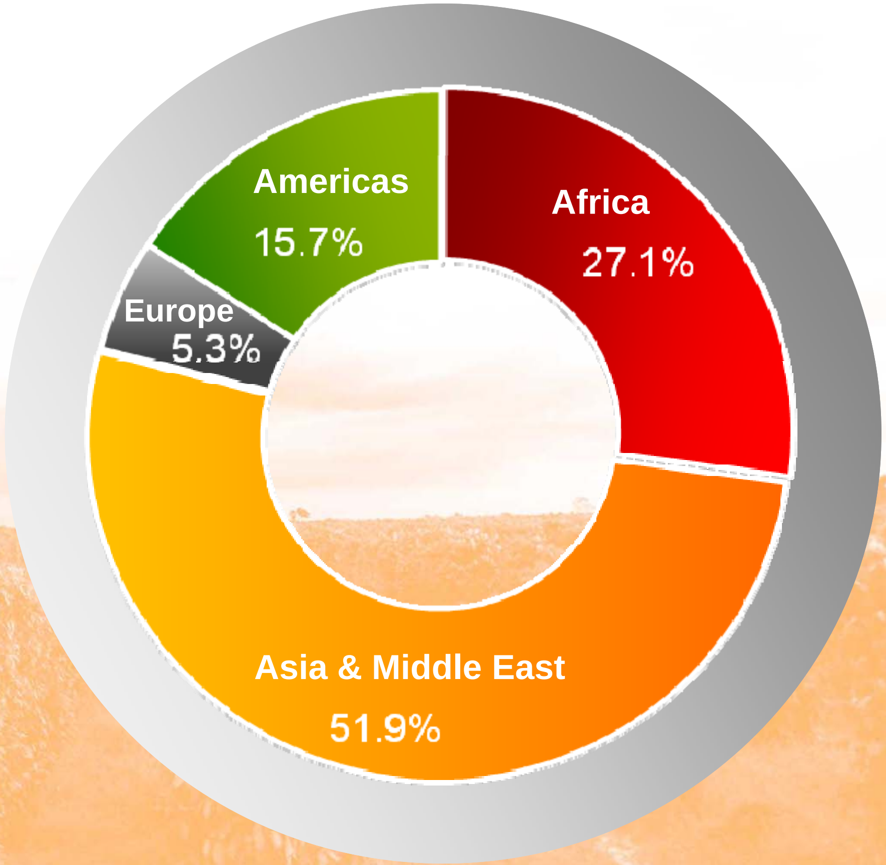
Acquisitions: Industrias Martin Cubero (IMC)

- IMC's integrated processing capacity and close proximity to farmlands provides us the following strategic advantages:
  - Ability to lease more farmlands for contract farming
  - Lower production cost: transport cost is minimised
  - Superior franchise in processing Hi-Oleic peanuts sought after by roasters for its longer shelf life
- IMC is expected to lift Olam Argentina into the top 4 peanut exporters' league with market share of 8-10% by Year 3.
- **EBIDTA margins are expected to be 18% with a net profit margin of 10% at IMC.**

Well Diversified Sourcing: Origins

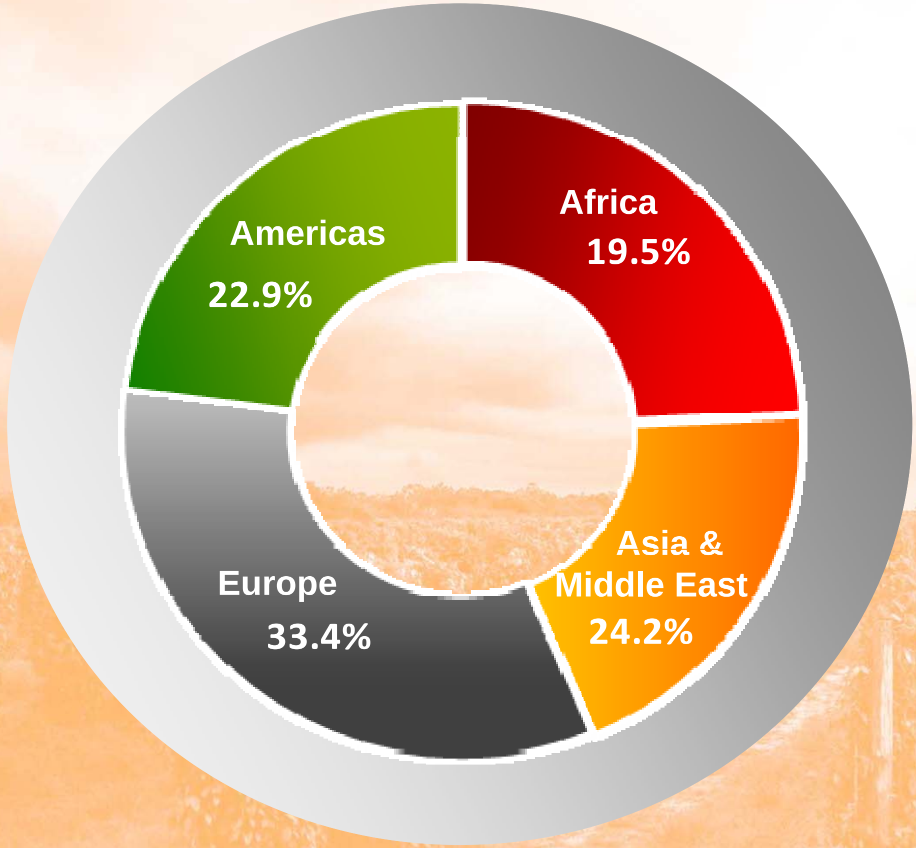


Sourcing Volume
H1 FY2009

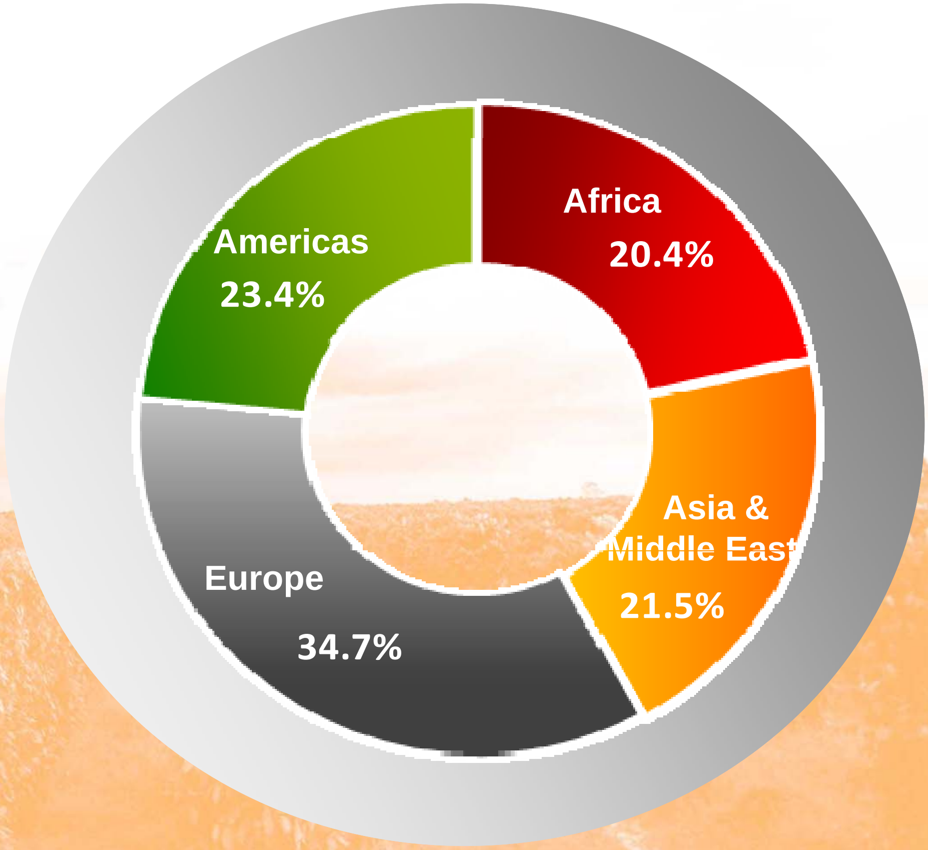


Sourcing Volume
H1 FY2008

Well Diversified Sales: Markets



Sales Turnover
H1 FY2009



Sales Turnover
H1 FY2008

Well Diversified: Customers

Segment	Top 5 Customer Share of Total Sales
Edible Nuts, Spices & Beans	1.6%
Confectionery & Beverage Ingredients	11.7%
Food Staples & Packaged Foods	1.7%
Fibre & Wood Products	1.1%

Results: Q1 FY2009
Balance Sheet Analysis

Balance Sheet Analysis: Summary

(Figures in S$'000)	H1 FY2009	FY2008	% Change
Goodwill and Intangibles	131,018	130,259	0.6
Fixed Assets & Investments	697,615	429,459	62.4
Other Non-Current Assets	56,624	61,117	(7.4)
Current Assets			
Debtors	481,191	724,352	(33.6)
Stocks	1,662,417	1,790,236	(7.1)
Cash & Cash Equivalents	467,632	339,124	37.9
Advances to Suppliers	290,379	380,047	(23.6)
Fair Value of Derivatives	565,384	837,557	(32.5)
Margin Account Balances	145,144	254,273	(42.9)
Other Current Assets	383,941	292,819	31.1
Total Assets	**4,881,345**	**5,239,243**	
Total Assets excluding hedging assets	**4,315,961**	**4,401,686**	
Trade Creditors	501,204	519,853	(3.6)
Borrowings	2,765,119	2,984,564	(7.4)
Fair Value of Derivatives	568,928	1,015,796	(44.0)
Other Liabilities	91,682	80,616	13.7
Net Assets	**954,412**	**638,414**	
Equity & Reserves (after fair value adj)	954,412	638,414	49.5
Equity & Reserves (before fair value adj)	1,045,023	964,292	8.4

Long Term Capital / Fixed Investments

(in S$ million)	H1 FY2009	FY2008	Increase
Fixed Assets	359.6	403.4	↓ 43.8
Long Term Capital / Investments	338.0	26.0	↑ 211.9
Goodwill & Intangibles	131.0	130.2	↑ 0.8
Total	**828.6**	**559.7**	↑ **252.9**
Fixed Investments/ Total Assets Ratio	19.2%	12.7%	

Long Term Capital / Investments

(in S$ million)	H1 FY2009	FY2008	Increase
Interest in jointly controlled entities	237.8	1.6	236.2
Investment in associates	100.2	-	100.2
Long term investments	-	24.4	24.4
Total	**338.0**	**26.0**	**312.0**

Balance Sheet Analysis: Ratios

	H1FY2009	June 2008	Change	H1 FY2008
Debtors (days)	23	33	(10)	21
Stock (days)	87	88	(1)	75
Advance to Suppliers (days)	15	19	(4)	22
Trade Creditors (days)	(25)	(26)	1	(20)
Cash to cash cycle	100	114	(14)	98
Current Ratio (x)	1.48	1.26	0.22	1.49

Clear focus on managing receivables and advances has resulted in improvement of overall cycle time

Balance Sheet Analysis: Debtors

- 74.3% of Debtors secured by Letter of Credit / Documents of title compared to previous corresponding quarter of 77.4%.

- No additional provision has been made for debtors.

Credit and Counterparty Risks

- Effective risk management framework to manage credit and counterparty risk exposure:
  - No further significant defaults
  - Cash deposit taken at the time of contract to minimise default risk

Balance Sheet Analysis: Stock

(in S$ million)	H1 FY2009	FY 2008	Increase / (Decrease)
Edible Nuts, Spices & Beans	241.0	275.9	(34.9)
Confectionery & Beverage Ingredients	758.5	774.1	(15.6)
Food Staples & Packaged Foods	376.7	410.3	(33.6)
Fibre & Wood Products	286.2	329.9	(43.7)
Total	1,662.4	1,790.2	(127.8)

86.4% of stocks sold forward or hedged as compared to 83.7% in H1 FY2008.

Balance Sheet Analysis: Stock

	Amount	%
Total Hedged Position	816.7	49.1
Total Sold Forward	619.5	37.3
Sub-Total	**1,436.2**	**86.4**
Total Unsold Forward	226.2	13.6
Total	**1,662.4**	100.0

Balance Sheet Analysis: Stock

(VaR based on 1-day, 95%) (as at 31 Dec 2008)

Category	VaR (in US$ million)
Futures Traded Products	2.41
Non Futures Traded Products	2.25
Total Portfolio	**4.66**

Balance Sheet Analysis: Cash & Borrowings

- Only **50.0%** of our total credit facilities were used as of 31 December 2008.

(in US$ million)	H1 FY2009	FY2008	Increase/ (Decrease)	% Increase/ (Decrease)
Short Term Banking Facilities	2,838	2,604	234	9.0
MTN / Medium Term Loan	335	310	25	8.1
Long Term Loan	671	795	(124)	(15.6)
Total in US$	3,844	3,709	135	3.6
Total in S$	5,531	5,291	240	

Bank Facilities & Utilisation

	Amount	% Share	Limits	% Utilised
Short Term Facilities	1,551.2	56.1	4,083.8	38.0
Long Term Facilities	1,213.9	43.9	1,447.7	83.8
Total Borrowings	2,765.1	100.0	5,531.5	50.0

Bank Facilities

- Overall increase in banking facilities by **3.6%** in H1 FY2009
- Added **US$112.2 million** of term facilities in Dec 2008 and Jan 2009:
  - **3-year** loan of **US$75 million** for CB buy-back
  - **8.5 year** export credit facility of **US$33 million**
  - **3-year** loan in the US of **US$4.2 million** for financing the dehydrate facility acquisition
- Cost of borrowings:
  - LIBOR and banks' cost of funds have converged

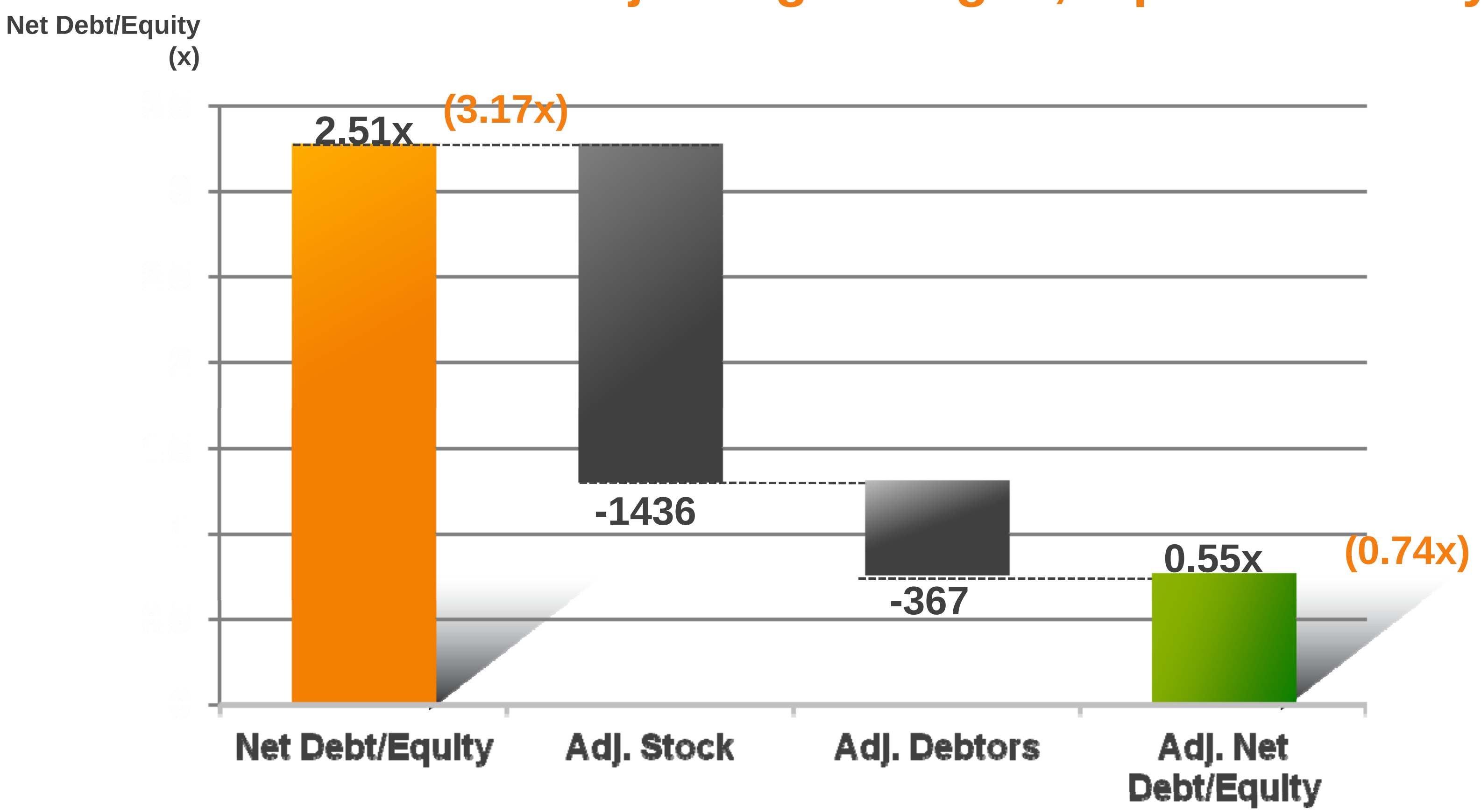
Balance Sheet Analysis: **Gearing**

	H1 FY2009		FY 2008		Change
Leverage (x)	**Before Fair Value Adj. Reserve**	**After Fair Value Adj. Reserve**	**Before Fair Value Adj. Reserve**	**After Fair Value Adj. Reserve**	**Vis-à-vis before Fair Value Adj. Reserve**
Gross Debt to Equity (x)	3.03	3.36	3.58	5.87	(0.53)
Net Debt to Equity (x)	2.51	2.79	3.17	5.21	(0.66)
Liquidity					
Cash to Sales (%)	6.06		4.18		1.88
Cash & Cash Equivalents	467.6 m		339.1 m		128.5
Margin Deposit with Brokers	145.1		254.2 m		(109.1)

- **Net Debt: Equity before adjusting goodwill, intangibles and FRS is 2.20.**

Balance Sheet: Analysis of Gearing

Adjusting : hedged, liquid inventory



Impact of FRS 39

- Impact on P&L – profit of S$8.7 million.
- Reduction in equity as of 31 December 2008 is S$90.6 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.

Summary

- Strong **top line** (volume) and **bottom line** (PAT) growth at **20.2%** and **32.9%** (excluding gain on Convertible Bonds) respectively for H1 FY2009.
- **Gain** from CB buy-back of **S$55.9 million**.
- **EPS** grown to **6.91 cents** from 3.03 cents (**126.6% growth**).
- Total **equity** grown to **S$1,045 million.**
- Strong **cashflow** from operations of **S$627.1 million**.

Guidance: FY2009

- 80% to 85% of our portfolio is in the food ingredients category which is relatively less recession sensitive and demand for these products is holding up.
- The balance 15% to 20% of our portfolio is in the industrial raw materials category and is expected to face more headwinds and suffer decline in consumption as economic conditions worsen.
- Given the nature of our participation as a supply chain manager, our diversification across 20 agricultural products, 60 countries, 200,000 suppliers, 6,500 customers, our selective integration across the supply chain and our risk management capabilities, we are better positioned to weather this storm.
- Our medium term guidance for the next 3 years was to grow volume (top line) between 16% to 20% CAGR and bottom line earnings between 25% to 30% CAGR.

In FY2009, we expect to grow top line volume & bottom line earnings at the lower end of this guidance range.

Delivering the Olam Model

THE OLAM MODEL

The Olam model, the way we do business, has helped us achieve consistent business results over the last 19 years across commodity cycles and economic cycles. This has also stood us in good stead in the current economic slowdown. The Olam model is centered around these 10 building blocks.

MAXIMISE

fundamental intrinsic shareholder value over time for our continuing shareholders

Building long term intrinsic shareholder value

DRIVERS

Our Governing Objective/Core Purpose/Mission
"To maximise intrinsic shareholder value over time for our continuing shareholders"

- Open up the Equity Spread (ROE-K_E)
- Increase the Rate of Profitable growth
- Sustain this growth over a period of time

ACTUAL RESULTS

Last two 3 year cycles (ROE – K_E)

FY03	FY04	FY05
20.1	21.2	9.5
FY06	FY07	FY08
7.0	11.6	19.7

Last two 3 year cycles Top line & Bottom line Growth

FY03-FY08 Volume Growth	19.1%
FY03-FY08 Turnover Growth	29.0%
FY03-FY08 NPAT Growth	42.3%

Last 18 years

Turnover growth last 18 years	52.8%
NPAT growth last 18 years	47.9%

TARGETED RESULTS

Next two 3 year cycles

	(ROE – K_E)
FY09-FY11	20% - 9% = 11%
FY12-FY14	25% - 9% = 16%

Next two 3 year cycles Top line & Bottom line Growth

FY09-FY14	CAGR
Volume Growth	16-20%
FY09-FY14	CAGR
NPAT Growth	25-30%

Perpetuity Growth

	CAGR
Industry Growth Rate	3-4%

THE OLAM MODEL

FOCUSED

on a single commodity asset class: **agricultural complex** helping build **market leading positions**

DIVERSIFIED

broadly across **20 agri-commodities**, 60 countries, 200,000 suppliers and 6,500 customers leading to **consistency in earnings**

SUPPLY CHAIN MANAGER

not a positional / directional / proprietary trader leading to **stability in earnings**

MAXIMISE

fundamental intrinsic shareholder value over time for our continuing shareholders

THE OLAM MODEL

DIFFERENTIATED

through out-origining our competitors and providing differentiated marketing solutions and services helping us grow at **above market growth rates**

RAISING CAPITAL

to support growth. We raised S$307 million of equity capital, S$425 million of CB and **grew total credit facilities by 34% in FY2008** under challenging credit and capital market conditions. Added US$112.2 million of term facilities in Dec 2008 and Jan 2009.

MAXIMISE

fundamental intrinsic shareholder value over time for our continuing shareholders

ADJACENCY BASED ORGANIC GROWTH

proven growth model of exploiting **adjacent opportunities** that share suppliers, customers, channels, costs and capabilities with existing businesses providing us **good growth visibility**

DISCIPLINED INORGANIC GROWTH

securing **excess returns** through acquiring earnings and value accretive businesses offering clear strategic fit to our core business and helping **accelerate profitable growth**

THE OLAM MODEL

REPLICATING THE OLAM DNA

grew our global assignee talent pool to 400 managers providing us **significant bandwidth** to execute our growth plans

GOVERNANCE & TRANSPARENCY

Strong shareholder base, effective board and board processes and strong executive leadership to help **win stakeholder trust**

MAXIMISE

fundamental intrinsic shareholder value over time for our continuing shareholders

SCALABLE SYSTEMS

institutionalising risk, IT, operating and control systems that help us achieve **reliable and effective execution**

Thank You