

# **Olam International Limited**

Second Quarter and First Half FY2011 Results Briefing

14<sup>th</sup> February 2011 | Singapore

## **DELIVERING OUR STRATEGY**



# Notice

**This presentation should be read in conjunction with Olam International Limited's Second Quarter (Q2 FY 2011) and Half Year (H1 FY 2011) Financial Results for the period ended 31 December 2010 statement lodged on SGXNET on 14th February 2011.**

# 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 FY2011 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.

# H1 FY2011 Results Briefing: Agenda

## H1 FY2011 Results:

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

# H1 FY2011 Results: **Consolidated P&L Analysis**



# H1 FY2011 Results: **Summary**

(in S\$ million)	H1 FY2011	H1 FY2010	% Change
Sales Volume (MMT)	3.905	3.377	15.6
Sales Value	6,476.7	4,609.7	40.5
Net Contribution (NC)	512.5	361.1	41.9
NC/ton	131	107	22.7
Profit After Tax (Excluding exceptional gain)	141.9	86.8	63.5
Exceptional Gain	33.6	91.1	-
Profit After Tax (Including exceptional gain)	175.5	177.9	-1.3

# H1 FY2011 Results: **Sales Volume**



## **Sales Volume: 3.905 million metric tons**

- ✦ **Volume grew by 0.528 million metric tons**
- ✦ **15.6% growth over H1 FY2010**
- ✦ **Volume growth across all 4 segments**

# H1 FY2011 Results: **Sales Volume**

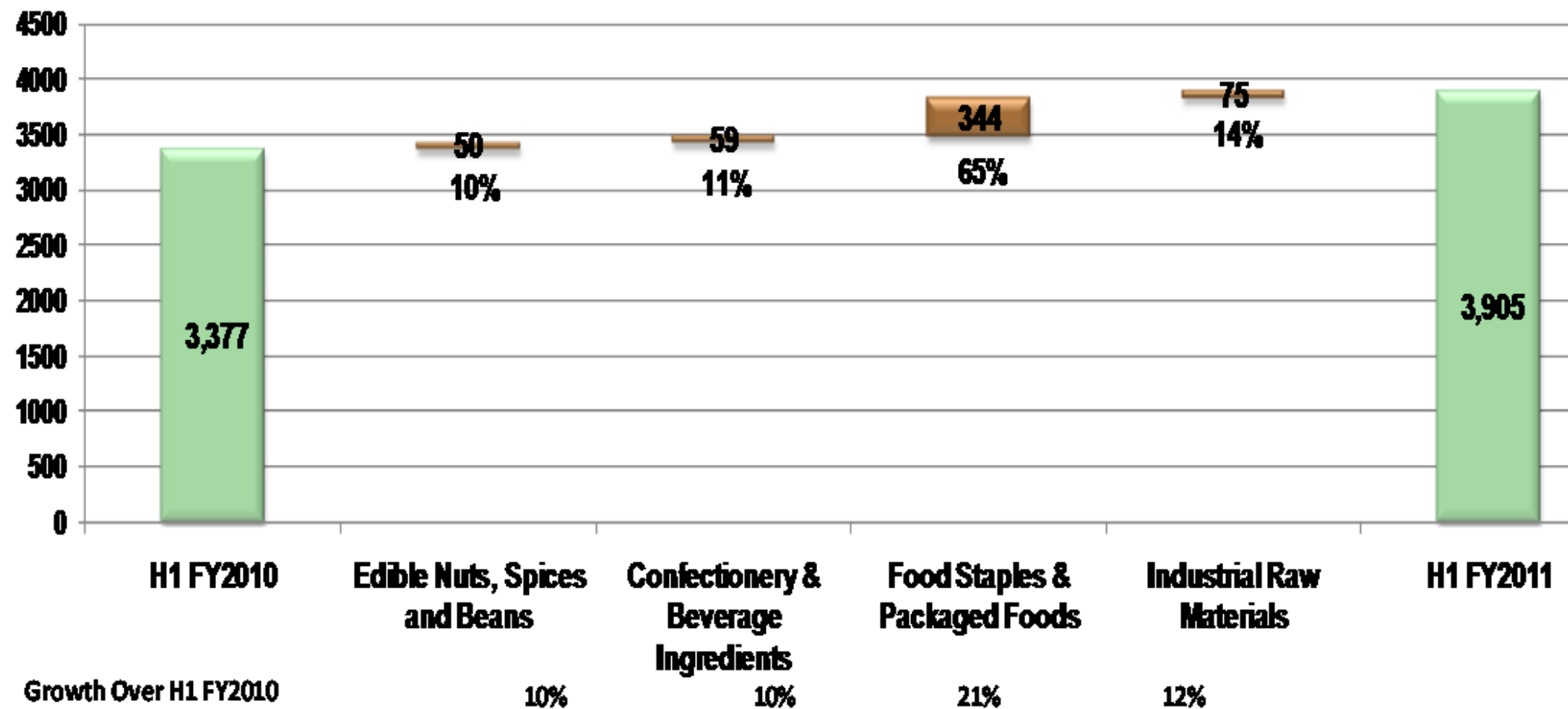
	H1 FY2011 (MT/'000)	H1 FY2010 (MT/'000)	% Change
Edible Nuts, Spices & Beans	561	511	9.7
Confectionery & Beverages Ingredients	646	587	10
Food Staples & Packaged Foods	1,990	1,645	20.9
<b>Total Food Category</b>	<b>3,196</b>	<b>2,743</b>	<b>16.5</b>
Industrial Raw Materials	709	633	11.9
<b>Consolidated Total</b>	<b>3,905</b>	<b>3,377</b>	<b>15.6</b>



# Sales Volume Growth: Segmental Contribution

Sales Volume  
(1,000 Mts)

Sales Volume growth 15.6%, 0.528 mmts



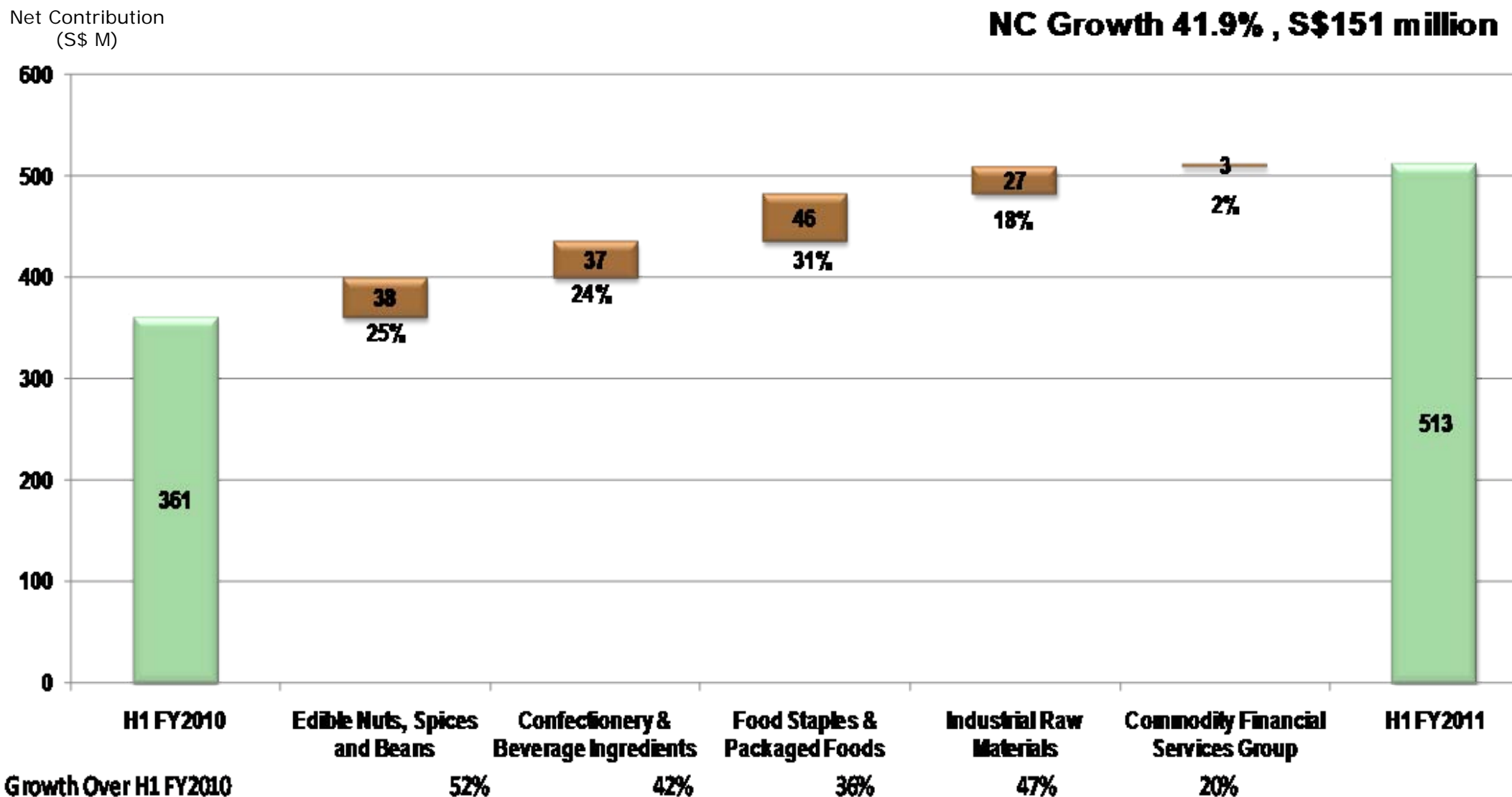
# H1 FY2011 Results: **Net Contribution**



## **Net Contribution (NC): S\$ 512.5 million**

- ✿ 41.9% growth over H1 FY2010
- ✿ NC growth across all 5 segments
- ✿ NC per ton increased from S\$106.9/ton in H1 FY2010 to S\$131.2/ton in H1 FY2011

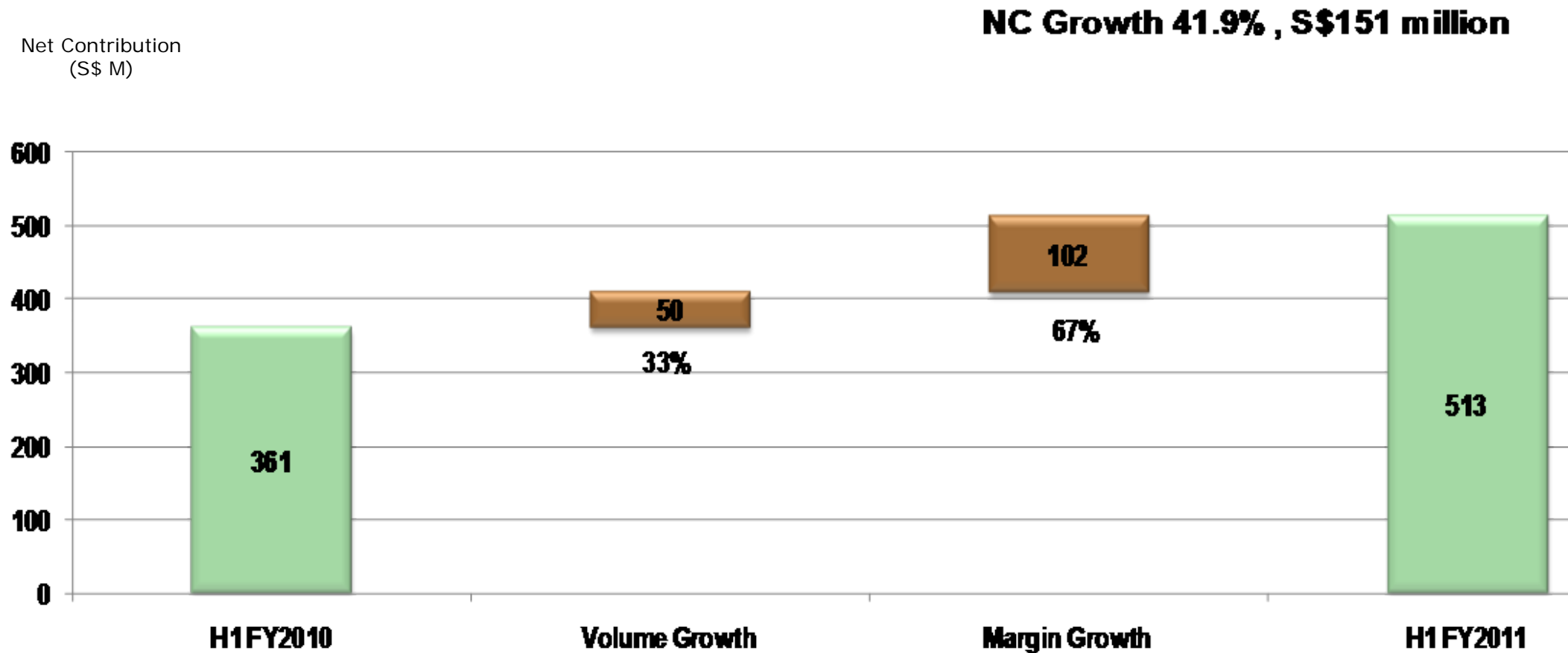
# Net Contribution **Growth: Segmental Share**



# Net Contribution Growth: Segmental Share

	Net Contribution		
	H1 FY2011 S\$million	H1 FY2010 S\$million	% change
<b>Edible Nuts, Spices &amp; Beans</b>	111.8	73.6	52.0
NC/MT	199	144	38.6
<b>Confectionery &amp; Beverages Ingredients</b>	123.2	86.6	42.2
NC/MT	191	148	29.3
<b>Food Staples &amp; Packaged Foods</b>	175.1	128.6	36.1
NC/MT	88	78	12.5
<b>Food Category Total</b>	<b>410.1</b>	<b>288.8</b>	<b>42.0</b>
NC/MT	128	105	22.0
<b>Industrial Raw Materials</b>	86.2	58.7	46.8
NC/MT	122	93	31.1
<b>Commodity Financial Services Group</b>	16.2	13.6	19.7
<b>Consolidated Total</b>	<b>512.5</b>	<b>361.1</b>	<b>41.9</b>
NC/MT	131	107	22.7

# Net Contribution **Growth: Sources**



# Share Options Expensing (**FRS 102**)

- ✿ The impact of FRS 102 (Share Options expensing) on the Financial Statements is as follows:

	H1 FY2011 S\$'000	H1 FY2010 S\$'000
ESOS	14,565	5,418

# H1 FY2011 Results: **Overhead Expenses**



**Overheads Expenses increased by 31.3% to S\$314 million in H1 FY2011**

	H1 FY2011	H1 FY2010	Change
Overheads Expenses(S\$m)	314.0	239.2	31.3%
Overheads/Sales Ratio	4.8%	5.2%	-0.3%

# H1 FY2011 Results: **Key Metrics**

 **Operational Net Profit After Tax (Excluding Exceptional Gain): S\$141.9 m**

- **63.5% growth over H1 FY2010**

 **Reported Net Profit After Tax (Including Exceptional Gain): S\$175.5 m**

- **1.3% decline over H1 FY2010**

 **Operational Earnings per Share (EPS)**

- **6.75 cents/share in H1 FY2011 vs 4.35 cents/share in H1 FY2010**
- **55.1% growth over H1 FY2010**

 **Reported Earnings per Share (EPS)**

- **8.35 cents/share in H1 FY2011 vs 8.92 cents/share in H1 FY2010**
- **6.3% decline over H1 FY2010**

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

- **101.54 cents/share in H1 FY2011 vs 99.98 cents/share in H1 FY2010**



# H1 FY2011 Results: **Segmental Analysis**



# Segmental Analysis H1 FY2011: **Summary**

## Olam Consolidated

- Turnover **S\$6477 million**
- Volume **3.905 mmts**
- NC **S\$512.5 m**
- NPAT **S\$175.5 m**

### Edible Nuts, Spices & Beans

- Turnover **S\$ 1015 m**
- Volume **0.561 mmts**
- NC **S\$111.8 m**

• NC Share **22%**



### Confectionery & Beverage Ingredients

- Turnover **S\$2420 m**
- Volume **0.646 mmts**
- NC **S\$123.2 m**

• NC Share **24%**



### Food Staples & Packaged Foods

- Turnover **S\$1623 m**
- Volume **1.99 mmts**
- NC **S\$175.1 m**

• NC Share **34%**



### Industrial Raw Materials

- Turnover **S\$1419 m**
- Volume **0.709 mmts**
- NC **S\$86.2 m**

• NC Share **17%**



### Commodity Financial Services Group

- NC **S\$16.2 m**

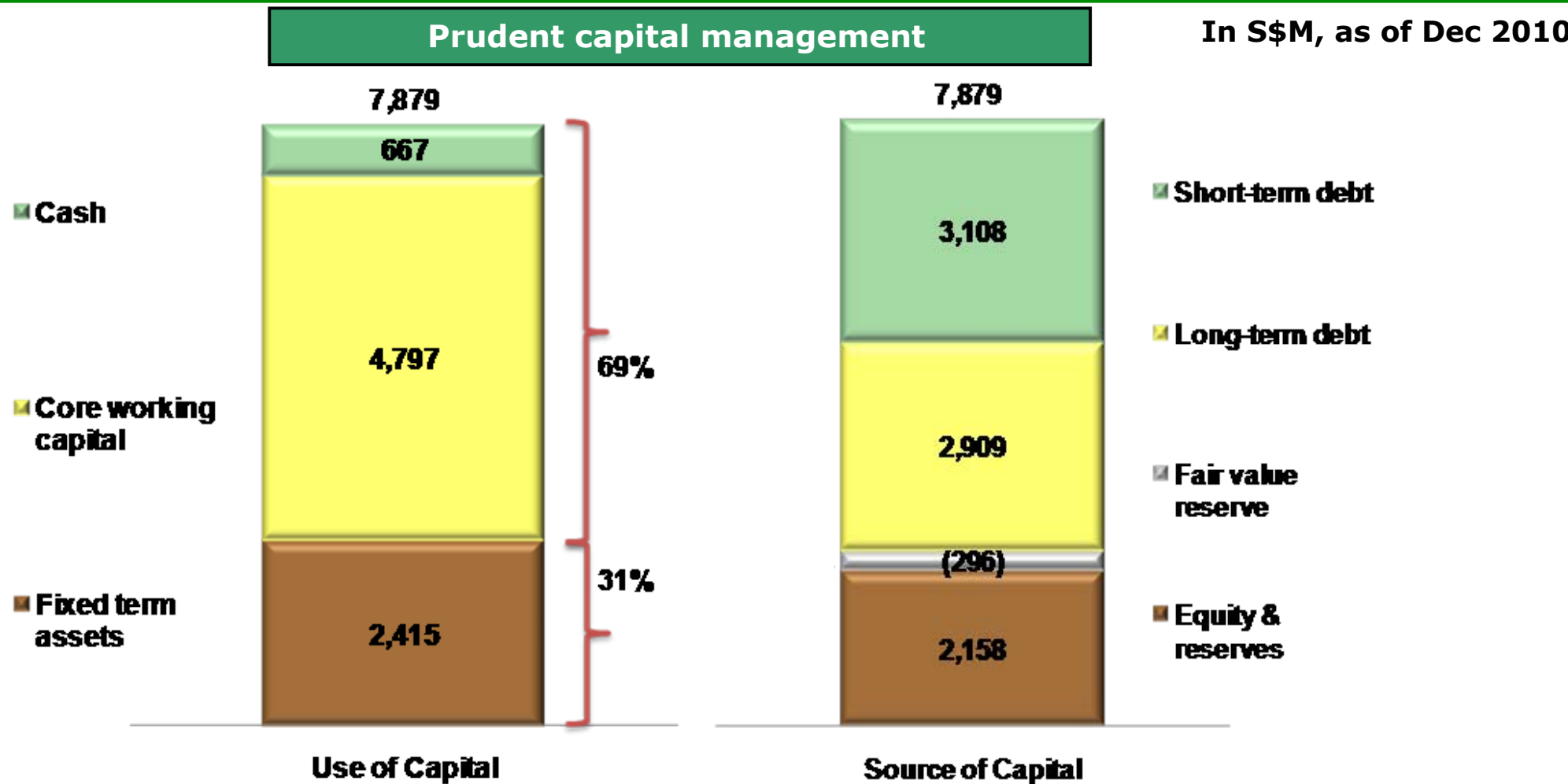
• NC Share **3%**



# H1 FY2011 Results: **Balance Sheet Analysis**



# Balance Sheet Analysis: **Summary**



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



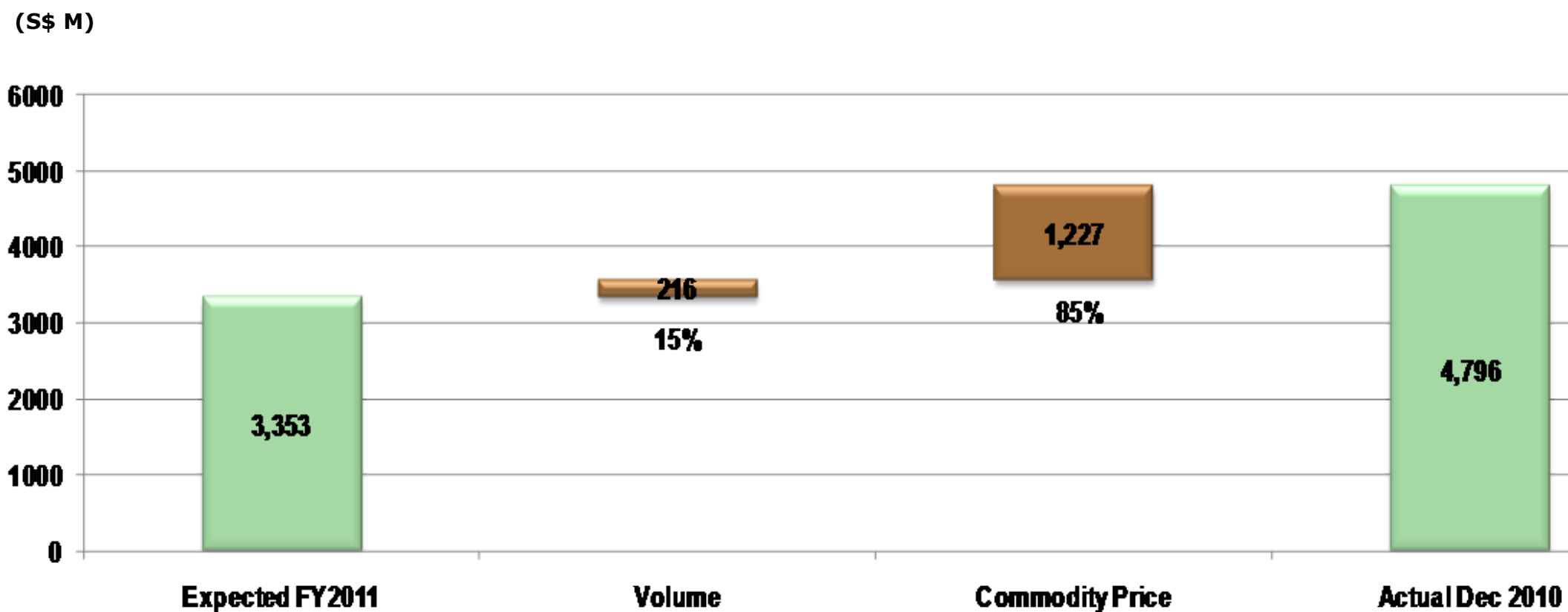
# Commodity Prices: **Olam Basket**

Published Indices	1-Jul-10	10-Feb-11	% increase
S & P GS Agriculture	509.0	902.2	77.2%
CRB CMDT Index	420.3	564.9	34.4%
CRY Index	250.6	340.0	35.7%
Olam Basket			44.4%
Olam Basket			
Rice	478.0	534.0	11.7%
Sugar	468.6	773.0	65.0%
Cocoa	2,408.0	2,176.0	-9.6%
Coffee	1,766.0	2,259.0	27.9%
Cotton	80.0	185.0	131.2%
Cashew Kernel	2.9	3.7	27.6%
Sesame	1,240.0	1,350.0	8.9%
Timber	725.0	740.0	2.1%
Pepper	3,750.0	4,500.0	20.0%
Wheat	499.8	894.5	79.0%
Milk Powder	3,400.0	4,087.0	20.2%
Peanuts	1220.0	1550.0	27.0%
<b>Olam Basket wtd. Avg</b>			<b>44.4%</b>

# Commodity Prices: **Olam Basket**

Published Indices	1-Jan-10	10-Feb-11	% increase
S & P GS Agriculture	615.5	902.2	46.6%
CRB CMDT Index	421.1	564.9	34.1%
CRY Index	283.4	340.0	20.0%
Olam Basket			56.1%
Olam Basket			
Rice	590.0	534.0	-9.5%
Sugar	688.7	773.0	12.2%
Cocoa	2,271.0	2,176.0	-4.2%
Coffee	1,332.0	2,259.0	69.6%
Cotton	76.6	185.0	141.5%
Cashew Kernel	2.9	3.7	29.8%
Sesame	1,410.0	1,350.0	-4.3%
Timber	695.0	740.0	6.5%
Pepper	2,850.0	4,500.0	57.9%
Wheat	555.0	894.5	61.2%
Milk Powder	3,450.0	4,087.0	18.5%
Peanuts	1,330.0	1,550.0	16.5%
<b>Olam Basket wtd. Avg</b>			<b>56.1%</b>

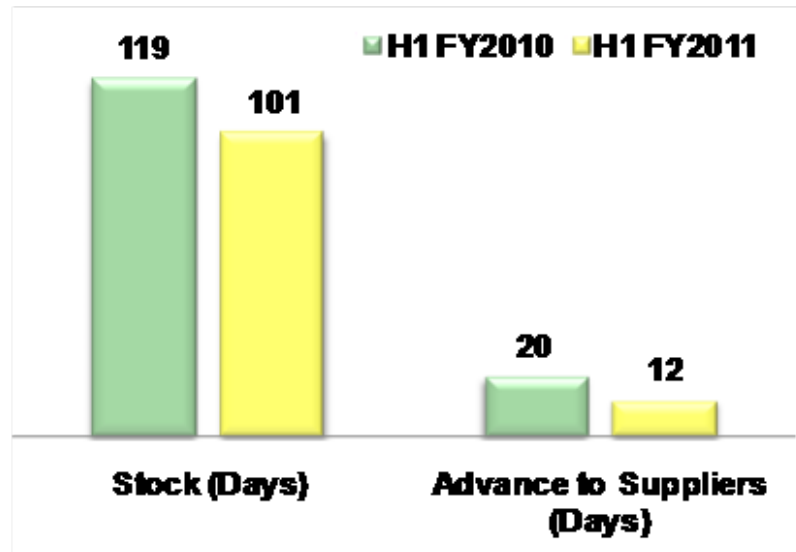
# Core Working Capital: **Analysis**



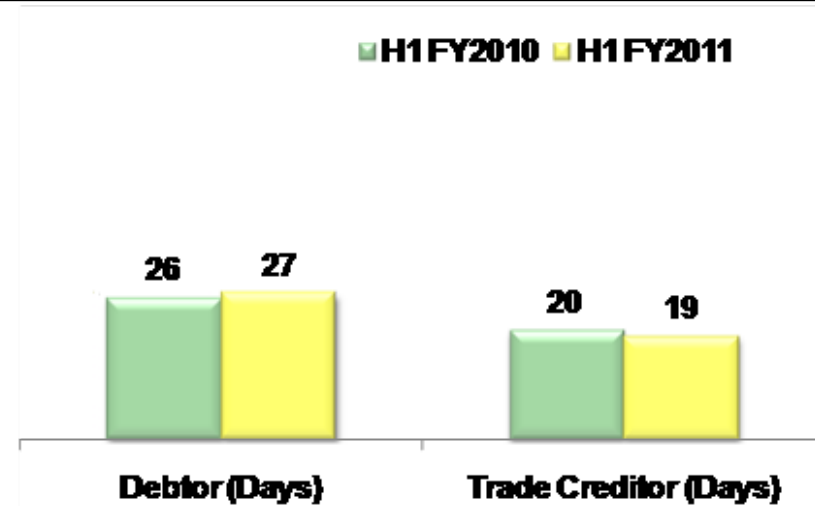
# Improved **working capital efficiency**:

Reducing working capital cycle time mitigates sharp rise in commodity prices

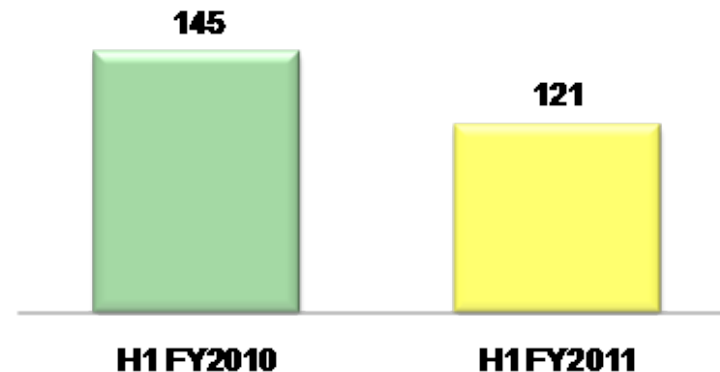
## Stock (days) and advance to suppliers (days)



## Debtor (days) and trade creditor (days)



## Cash-to-cash cycle (days)





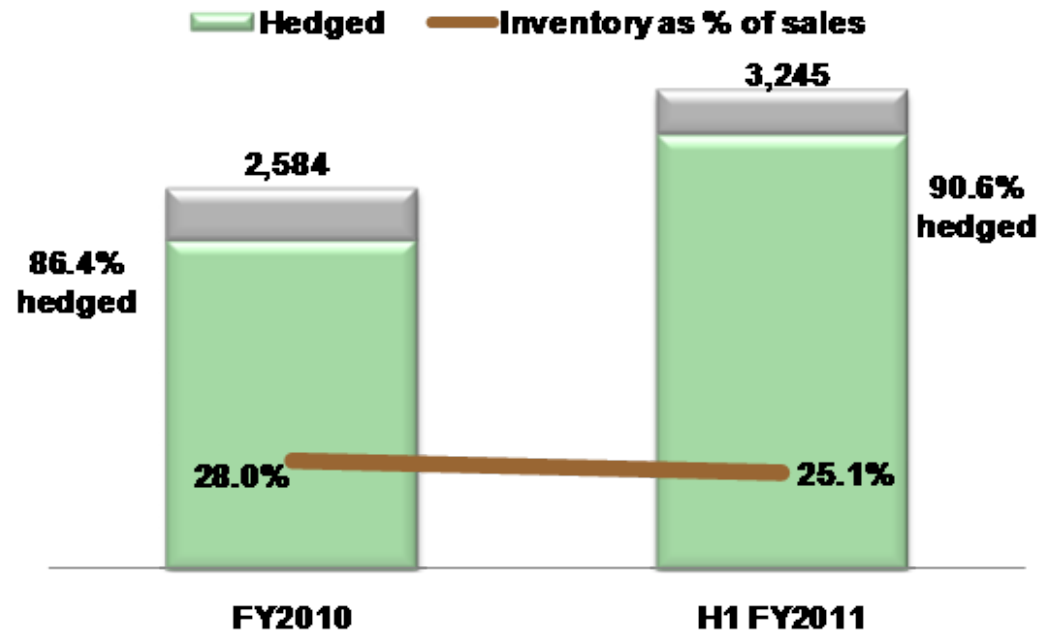
# Balance Sheet Analysis: **Inventories**

(in S\$ million)	H1 FY2011	FY2010	Increase / Decrease
Edible Nuts, Spices & Beans	811.6	565.2	246.4
Confectionery & Beverage Ingredients	1,110.2	951.3	158.9
Food Staples & Packaged Foods	687.9	614.7	73.2
Industrial Raw Materials	635.5	452.9	182.6
<b>Total</b>	<b>3,245.2</b>	<b>2,584.1</b>	<b>661.1</b>

**90.6% of inventories sold forward or hedged**

# Increase in working capital due to business growth and sharply higher commodity price increases

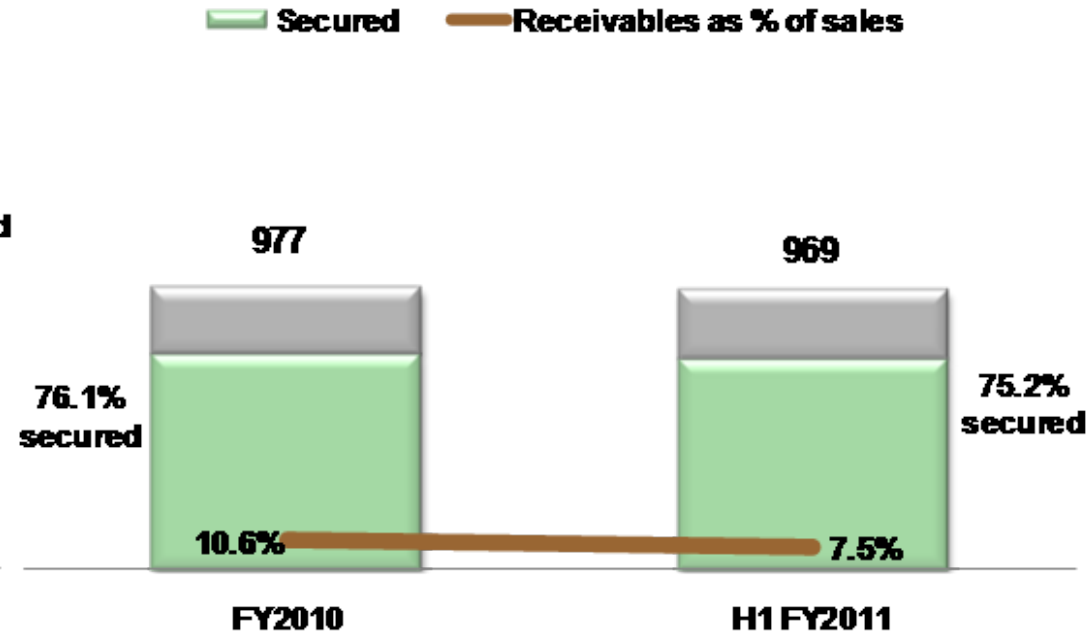
## Inventory (\$\$ mm)



- **Most of Olam's inventories are liquid and readily marketable:**

- Ability to hedge price risk
- Physically deliverable to clients

## Receivables (\$\$ mm)

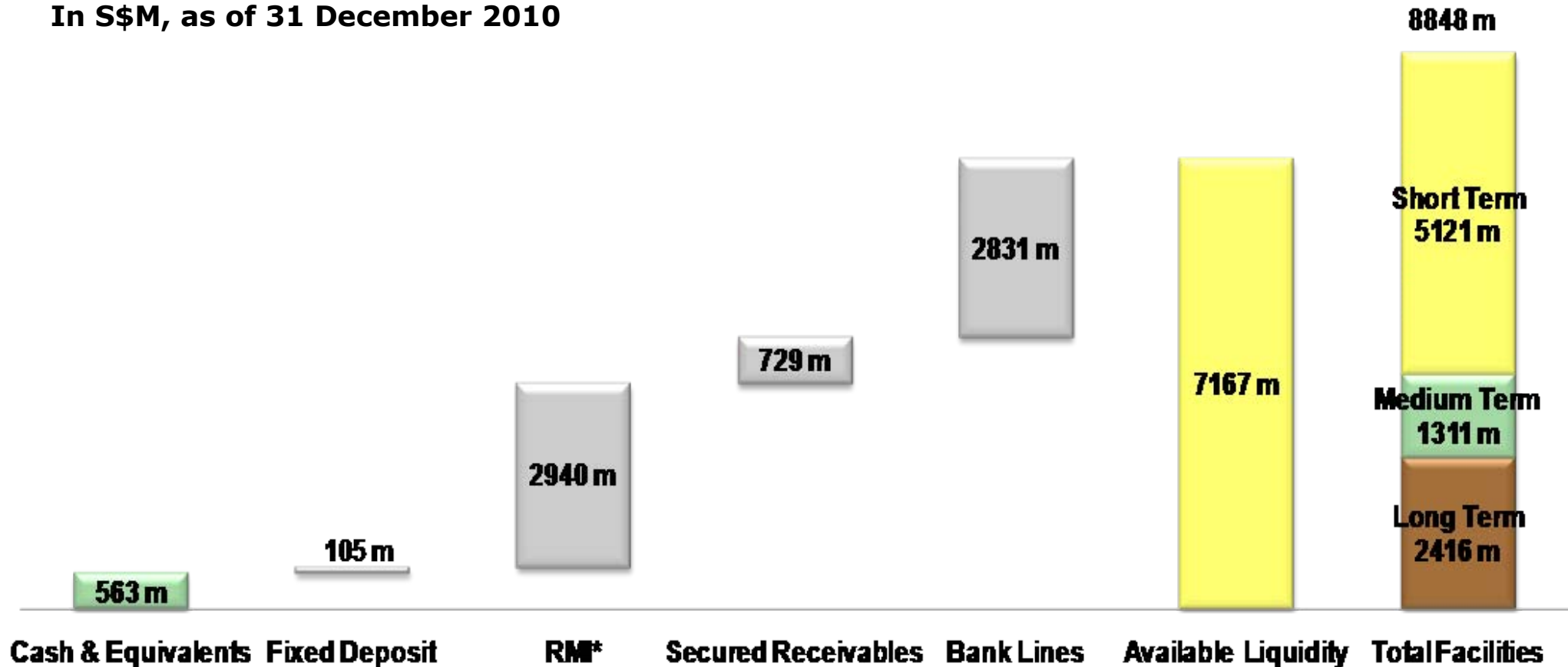


- **Most of Olam's receivables are secured:**

- Backed by lines of credit or document of title
- Diversified list of customers

# Conservative financial profile with **strong liquidity** and **credit availability**

In S\$M, as of 31 December 2010



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

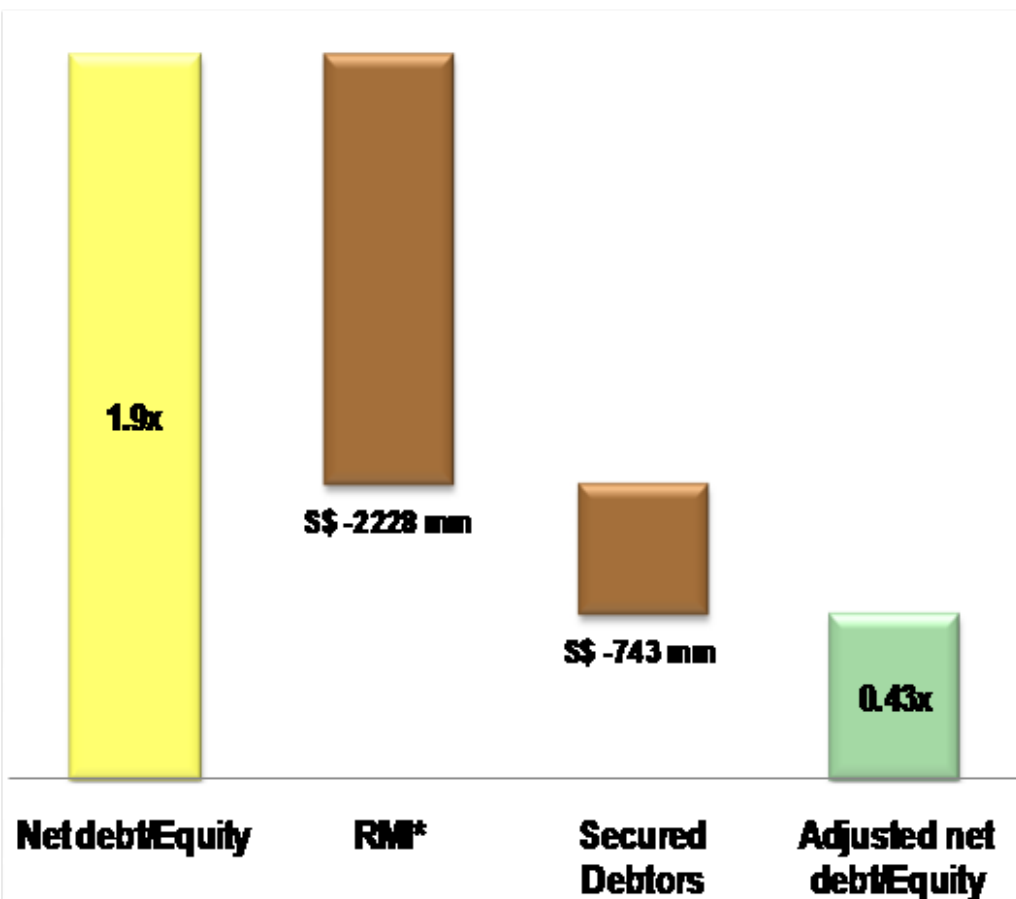
**Olam has practiced prudent capital management to achieve sustainable growth**

# Balance sheet Analysis: **Gearing**

	H1 FY2011	FY2010	Change
<b>Leverage (x)</b>			
Gross Debt to Equity (x)	2.79	2.23	0.56x
Net Debt to Equity (x)	2.48	1.90	0.58x
Adjusted Net Debt to Equity (x)	0.78	0.43	0.35x
<b>Liquidity</b>			
Cash to Sales (%)	5.15%	6.42%	-0.01%
Cash & Cash Equivalents	666.7	671.5	-4.9 m
Margin Deposit	596.2	152.8	443.4 m

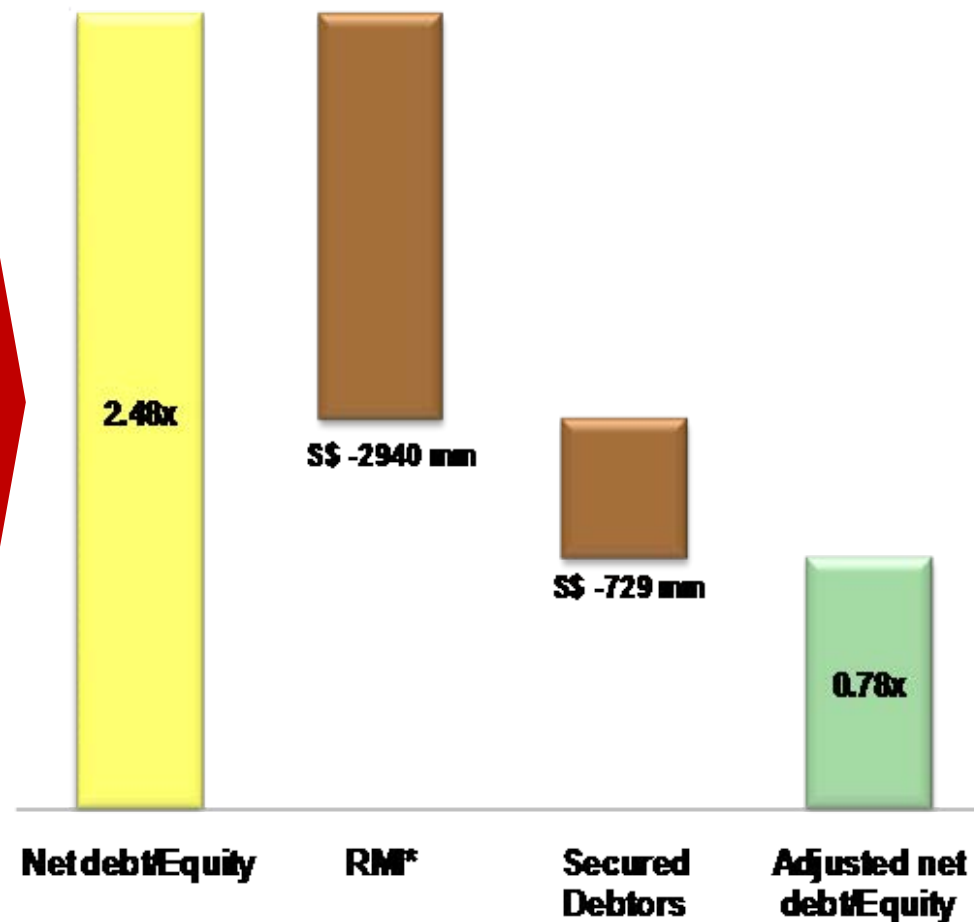
# Adjusted Net Gearing

Net debt/Equity as of  
June 30, 2010 (x)



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

Net debt/Equity as of  
December 31, 2010 (x)



# Summary

- ✿ We continue to execute very strongly on our strategy. Operational Profits growth of 63.5% in H1 FY2011 is a clear evidence of our success in execution.
- ✿ Events such as the political uncertainty in Cote d'Ivoire and floods in Queensland, Australia are unlikely to have any material impact on our operations.
- ✿ Working capital usage has been high in Q2 FY2011 (being the peak procurement period) mainly as a result of high commodity prices. The working capital usage has been efficient with cycle time coming down to 121 days (from 145 days). The high working capital is expected to roll off in H2 FY2011.
- ✿ We are tracking ahead of the plans and currently feel positive about our prospects for the remainder of FY2011

# **DELIVERING OUR STRATEGY**

14<sup>th</sup> February 2011 | Singapore

# Objectives for today

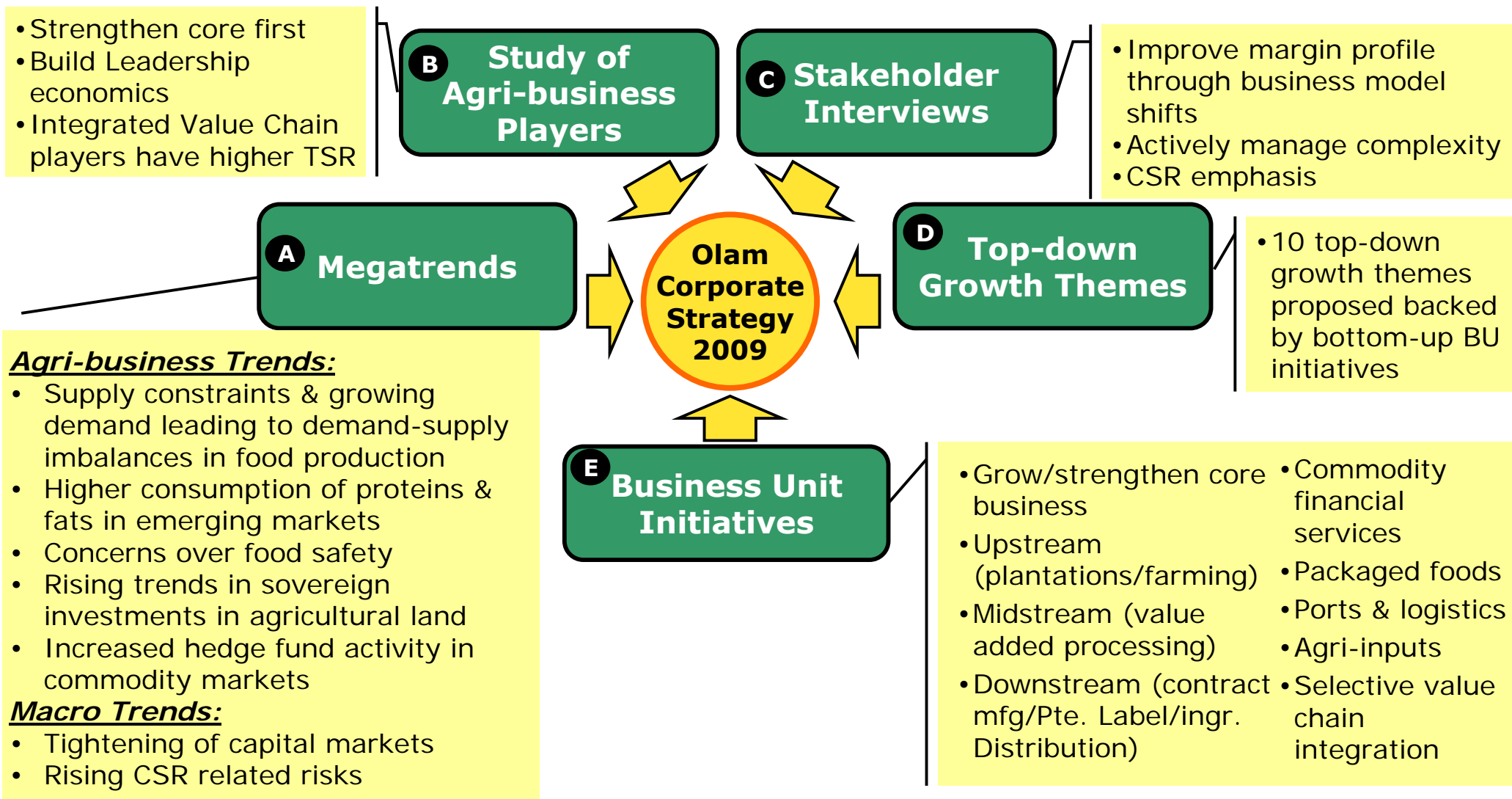
**Recap Strategy**

**Review Execution of Strategy**

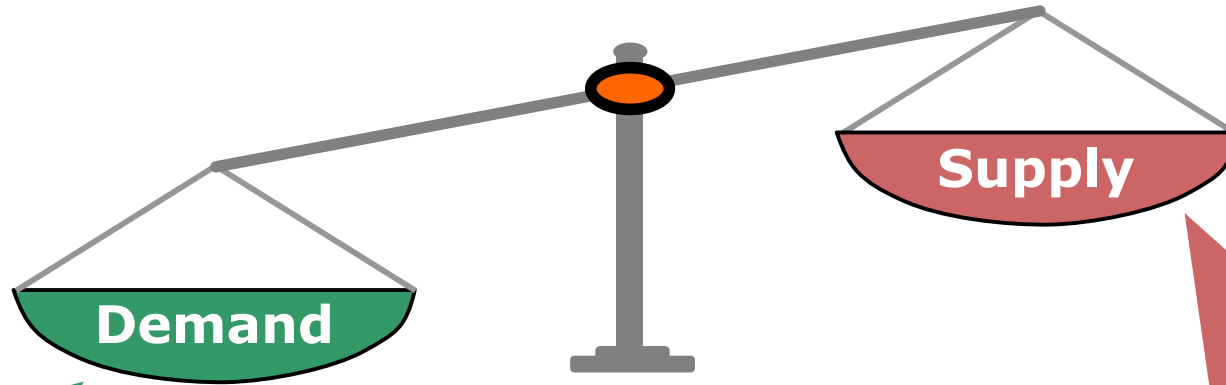
**Results & Impacts achieved**



# As part of our **Corporate Strategy** development exercise in **2009**, we conducted a **comprehensive** review of **key industry trends to identify profitable new growth ideas...**



# **A Agri-commodity demand-supply imbalances** expected to widen going forward



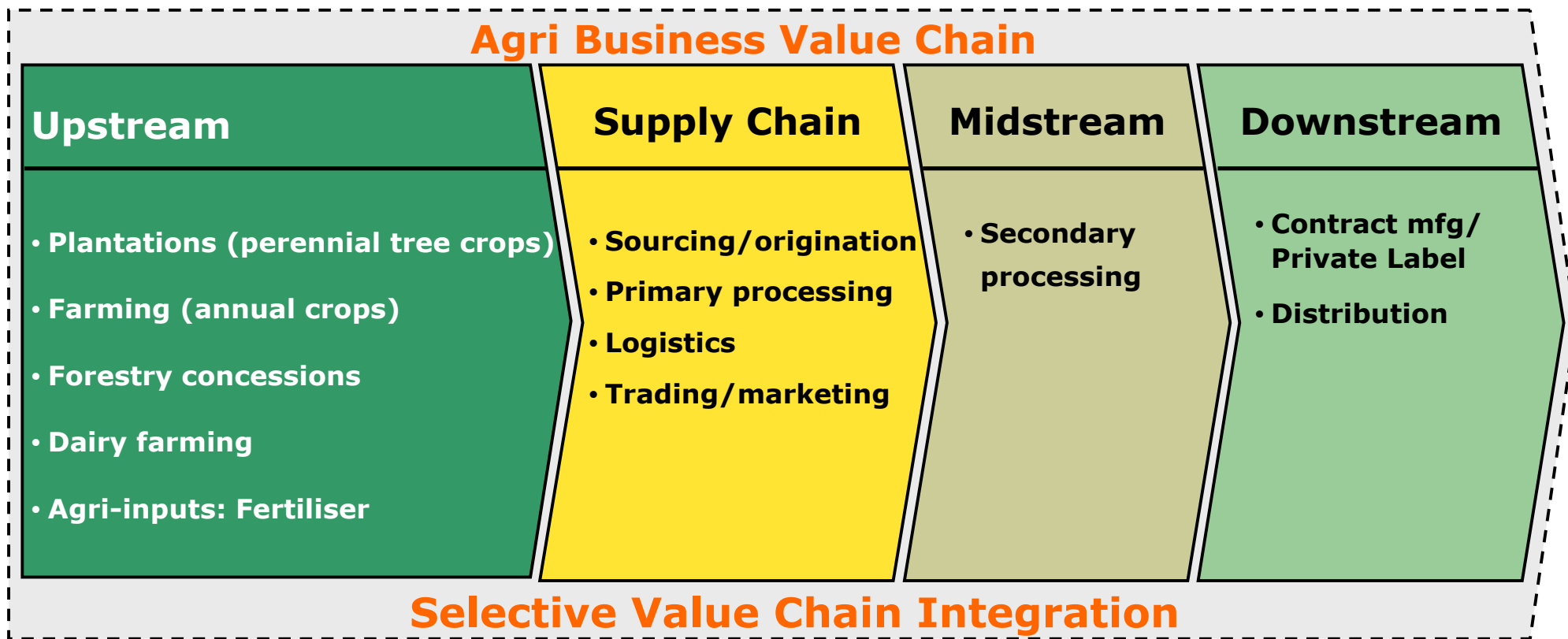
- Growing population
- Increasing food consumption per capita with rising income
- Dietary shift to protein and fat rich diets
- Growing use of biofuel

## ***Demand drivers***

- Declining arable land
- Urbanisation impact
- Water constraints
- Impact of climate change
- Environmental constraints
- Logistics and storage chokes

## ***Supply constraints***

**A** We analysed the distribution of the **profit pool** with the objective of **selectively integrating** into **higher margin value chain segments** to **enhance** our **portfolio**



- What is the **distribution of the profit pool** within the various segments of the value chain? What is the **size of the prize in each part/segment**?
- What is our **winnability**? Can we **acquire or build competencies** required to **win** in the more **attractive parts of the value chain**?

# Based on this analysis, we developed our new **6-year corporate strategy (FY10-15)** to **increase margins & grow intrinsic value**

**Our governing objective is to maximise long term intrinsic value for our continuing shareholders**

**Pursue 3 key drivers: 1) Open up Capital Spreads (ROE-KE, ROIC-WACC); 2) Increase the Rate of Profitable Growth; and 3) Sustain duration of growth**

Vision

**To be the leading global supply chain manager and processor of agri-commodities by:**

- Serving growers and customers globally
- Pursuing select scalable & attractive niches in upstream (plantations/farming) and mid-stream (value added processing)
- Capitalising on our emerging markets expertise

Goals

- Increase **Intrinsic Value by 3-4x** over the next two 3-year cycles
- Pursue profitable growth & improve margin structure (**NPAT margin  $\geq 4\%$  by 2015**) by selective participation in attractive value chain adjacencies (upstream & mid-stream)
- Maintain financial and strategic flexibility for a wide range of economic scenarios (developing minimalist, balanced & unconstrained plans)
- Be widely recognised as a responsible and sustainable value creator

Strategic thrusts

**Invest to achieve integrated value chain leadership**

Coffee, Edible Nuts, West Africa Palm

**Selectively expand into attractive value chain adjacencies**

Cocoa, Sugar, Rice, Dairy, Spices & Dehydrates, Grains & Rubber

**Optimise and extract full value from core**

Cotton, Sesame, Pulses, Timber

**Build on latent assets**

Packaged Foods Business (PFB) in W. Africa, Commodity Financial Services (CFS), Agri-Inputs (fertiliser)

**Downsize/exit/prune unattractive activities**

Select product origins and profit centres

Enablers

**Excellence in execution**

- Institutionalise Program Management capabilities
- Acquire capabilities in upstream plantation/ farm management & midstream VA processing
- Complexity management
- Scalable IT, Risk, Control & Compliance systems

**M&A effectiveness**

- Actively build M&A pipeline and develop prioritisation
- Deepen due diligence capabilities
- Institutionalise best-in-class integration practices

**Capital efficacy**

- Strengthen capital structure and build financial flexibility
- Continuously improve overhead and capital productivity

**People & Values**

- Continue to grow global talent pool
- Deepen entrepreneurial culture
- Continue to embed stretch and ambition
- Create ownership culture
- Build empowered teams

Even as recent as FY2005, we **remained an asset light supply chain manager focused** on a single commodity asset class (**agri complex**)

**FY2005**

		Upstream (farming, plantations)	Supply Chain/ VA Services	Midstream (VA processing)	Downstream
Integrated value chain global leadership	Cashew		L		
	Peanuts				
	Almonds				
	Coffee		L		
	Palm <sup>1</sup>				
Selective value chain expansion	Rubber				
	Dairy				
	Spices & Dehydrates				
	Grains <sup>2</sup>				
	Sugar				
	Cocoa				
	Rice		L		
Core optimisation	Cotton/Wool				
	Sesame		L		
	Pulses				
	Timber				
Latent assets	CFS <sup>3</sup>				
	Packaged Foods				
	Agri inputs/Fertiliser				
L					

**~13 products across 40 countries by 2005**

**L** **Follower** **Minor** **Inorganic**  
Leader (Top 3) (#4,5) Below #5



1 In West Africa  
2 Africa  
3 Commodity Financial Services

VAS = Value Added Services

Based on this, we have now developed a more **integrated**, **well diversified**, **uniquely shaped portfolio** still **focused** on a single commodity asset class (**agri complex**)

**FY2010**

		Upstream (farming, plantations)	Supply Chain/ VA Services	Midstream (VA processing)	Downstream
Integrated value chain global leadership	Cashew		L	L	
	Peanuts		L	L	
	Almonds	L			
	Coffee		L		
	Palm <sup>1</sup>	L	L	L	L
Selective value chain expansion	Rubber <sup>1</sup>	L	L	L	
	Dairy				
	Spices & Dehydrates		L	L	
	Grains <sup>2</sup>				
	Sugar				
	Cocoa		L		
	Rice		L		
Core optimisation	Cotton/Wool		L		
	Sesame		L		
	Pulses		Exited	Exited	
	Timber				
Latent assets	CFS <sup>3</sup>				
	Packaged Foods				
	Agri inputs/Fertiliser				

~20 products across 60 countries today

9 BU's Upstream

17 BU's in the Supply Chain with Leadership in 10 BU's

14 BU's Midstream

3 BU's Downstream

L Leader (Top 3)  
 Follower (#4,5)  
 Minor Below #5  
 Inorganic

We intend to continue developing a **more integrated, well diversified, uniquely shaped portfolio** still **focused** on a single commodity asset class (**agri complex**)

# FY2015

FY2015		Upstream (farming, plantations)	Supply Chain/ VA Services	Midstream (VA processing)	Downstream
Integrated value chain global leadership	Cashew		L	L	
	Peanuts		L	L	
	Almonds	L	L	L	
	Coffee		L		
	Palm <sup>1</sup>	L	L	L	L
Selective value chain expansion	Rubber <sup>1</sup>	L	L	L	
	Dairy				
	Spices & Dehydrates		L	L	
	Grains <sup>2</sup>			L	
	Sugar				
	Cocoa		L		
	Rice		L		
Core optimisation	Cotton/Wool		L		
	Sesame		L		
	<del>Pulses</del>				
	Timber		L		
Latent assets	CFS <sup>3</sup>				
	Packaged Foods				
	Agri inputs/Fertiliser				
<div> <div>L</div> <div></div> <div></div> <div></div> </div> <div> Leader (Top 3) Follower (#4,5) Minor Below #5 Inorganic </div>		<div> <div>13 BU's Upstream</div> <div>17 BU's in the Supply Chain with Leadership in 10 BU's</div> <div>16 BU's Midstream</div> <div>8 BU's Downstream</div> </div>			

# We have the **core elements to win** in our industry

- ① **Differentiated strategy** ('out-originating', 'customised solutions & services', 'selective value chain integration') generating **above market growth rates** & **excess returns**, building **intrinsic value**
- ② **Diversified** (yet strongly knit/related) **business portfolios**
- ③ **Strong risk management capabilities** as a **growth enabler**
- ④ **Strong, flexible financial position**
- ⑤ Exceptional **decision support infrastructure** (research)
- ⑥ Superior **trading capabilities** across our products
- ⑦ Combine **organic** and **inorganic** initiatives to drive growth
- ⑧ Deep, culturally **diverse**, and **cross-functional talent** base
- ⑨ Build **sustainability** as a competitive advantage
- ⑩ Build **relationships** with **governments** & **public intermediaries**





In 2009, we set ourselves a **goal** of increasing our **intrinsic value** between **3x - 4x** by **FY2015**

## **Key Point-of-Arrival Target in FY2015**

- **grow intrinsic value 3 to 4x**
- **step order change in Margin Profile: NPAT margin from 2 to 4%**
- **equity spread 10% (ROE 20%; Ke 10%; ROE-Ke  $\geq$  10%)**
- **total capital spread 5% (ROIC 12%; WACC 7%; ROIC-WACC  $\geq$  5%)**
- **stable & diversified portfolio across products, countries, value chain**

# Objectives for today

**Recap Strategy**



























**Review Execution of Strategy**

**Results & Impacts achieved**

# ~80% of initiatives identified in the 2009 Corporate Plan are either **executed** or underway

"On plan" <i>"New initiatives"</i>		Invest to achieve integrated value chain leadership	Selectively expand into attractive value chain adjacencies	Optimise and extract full value from core	Build on latent assets
"On strategy"	Executed & Contributing	<ul style="list-style-type: none"> <li>Almonds: Orchards &amp; processing, Australia</li> <li>Almonds Orchards USA</li> <li>Ingredients Mfg (roast ready &amp; ingredients quality) in Vietnam &amp; US</li> <li>Expand peanut farming in Argentina</li> <li>Acquisition of a Coffee Processing &amp; Export Operation in Mexico</li> </ul>	<ul style="list-style-type: none"> <li>Spices &amp; Dehydrates:                             <ul style="list-style-type: none"> <li>Tomato Paste Mfg, US</li> <li><i>- Gilroy Foods, US</i></li> </ul> </li> <li>Grains: Wheat milling (CFM), Nigeria</li> <li>Sugar: Refining, Indonesia</li> <li>Rice Logistics &amp; Rice Bulk Shipment, Thailand</li> <li><i>Cocoa: Acquisition of Britannia Foods</i></li> </ul>	<ul style="list-style-type: none"> <li>Cotton:                             <ul style="list-style-type: none"> <li>SECO IVC</li> <li>Mozambique Ginning</li> </ul> </li> <li><i>Timber: Blixen ROC &amp; Gabon</i></li> </ul>	<ul style="list-style-type: none"> <li>CFS: Relative Value Fund launched</li> <li>Scaling up market making and volatility arbitrage trading</li> <li>Fertilizer Manufacturing Gabon</li> </ul>
	Executed & Gestating	<ul style="list-style-type: none"> <li>Cashew: Mechanical Processing, IVC &amp; Nig</li> <li>Coffee:                             <ul style="list-style-type: none"> <li>Plantations, Laos</li> <li><i>- Plantations Ethiopia</i></li> <li>Soluble Coffee Mfg, Vietnam</li> </ul> </li> <li>Palm: Plantations, crushing, refining, Gabon</li> </ul>	<ul style="list-style-type: none"> <li>Spices &amp; Dehydrates:                             <ul style="list-style-type: none"> <li>Expandg Canning Line</li> </ul> </li> <li>Dairy: SCM/Mfg, IVC</li> <li>Grains: Greenfield wheat milling, Ghana</li> <li><i>Dairy:                             <ul style="list-style-type: none"> <li>Farming, Uruguay</li> <li>Mfg of fat filled Milk Powder plant, M'sia</li> </ul> </i></li> <li><i>Cocoa: Processing, IVC &amp; Nigeria</i></li> <li>Sugar Refining, Nigeria</li> </ul>	<div>Exited Pulses and select profit centers</div>	<ul style="list-style-type: none"> <li>PFB: Tomato Paste sachet mfg, Nigeria</li> </ul>
	Under Evaluation	<ul style="list-style-type: none"> <li>Adjacent edible nuts growth opportunities (Pecans, Walnuts, Hazels &amp; Pistachios)</li> </ul>	<ul style="list-style-type: none"> <li>Sugar:                             <ul style="list-style-type: none"> <li>Milling, India &amp; Brazil</li> <li><i>- Milling, Indonesia</i></li> <li><i>- Milling, Vietnam</i></li> </ul> </li> <li><i>Wheat Milling, Cameroon &amp; DRC</i></li> <li><i>Rubber Plantations: Cambodia &amp; Gabon</i></li> </ul>	<ul style="list-style-type: none"> <li>Cotton:                             <ul style="list-style-type: none"> <li>Warehouse, US</li> <li>Ginning, Mali</li> <li>Expand Ginning Zimbabwe</li> </ul> </li> <li>Timber:                             <ul style="list-style-type: none"> <li>Timber Logs, Africa</li> <li>Timber concession, Africa</li> <li><i>- Teak Plantation concessions, South/ Central America</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>PFB Pasta &amp; Biscuit Manufacturing</li> <li>CFS: Fund Management Options</li> </ul>
"Off strategy"	No "Off Strategy" initiatives				

# Significant acquisitions and investments made across the value chain

		FY2007	FY2008	FY2009	FY2010	FY2011
Foods	Edible Nuts, Spices & Beans				 	
	Confectionery & Beverage Ingredients					  
	Food Staples & Packaged Foods		 	 	  	   
Industrials	Industrial Raw Materials		 			
Others	Fertilizers					

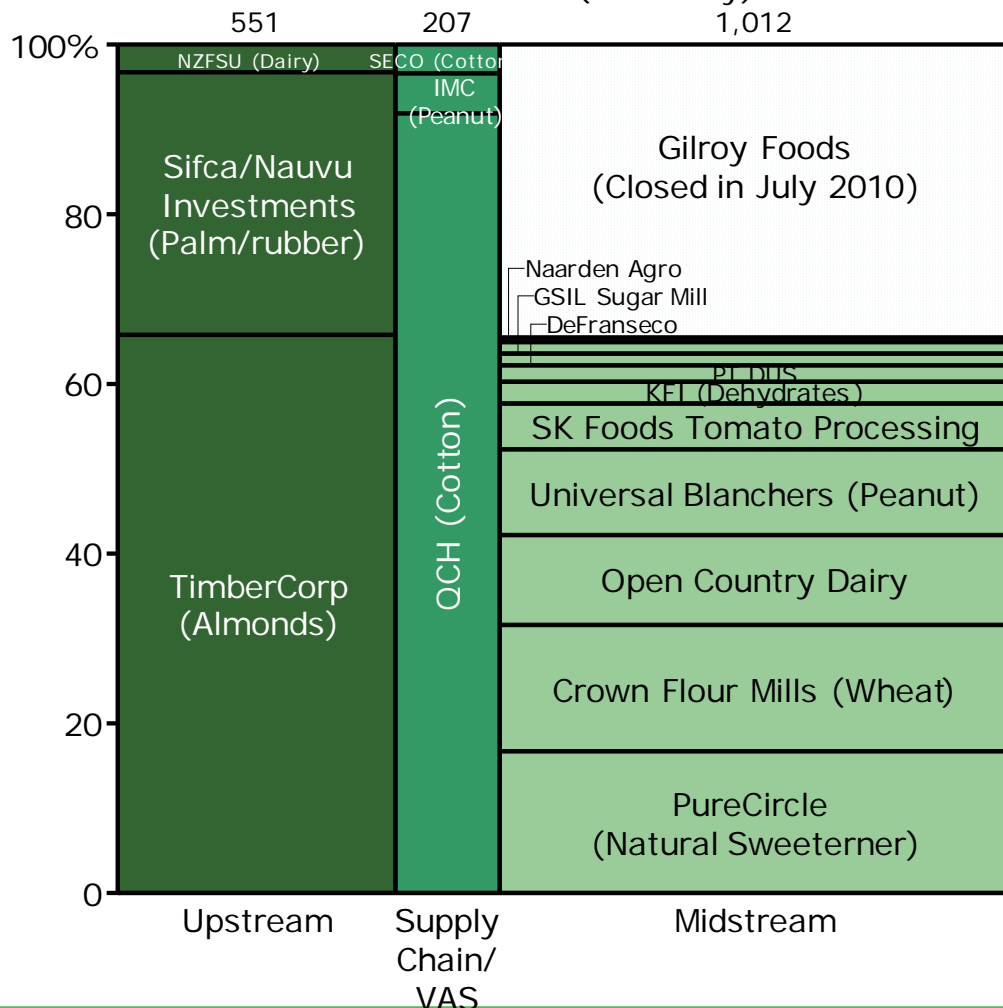
3 Supply Chain/VAS
 7 Upstream
 17 Midstream
 4 Equity stake investments

# Strong acquisitions & investments track record: on strategy and delivering healthy returns

Olam acquisitions and investments  
2007-2010 (S\$ M)

Total = S\$ 1,771M

Total  
(ex. Gilroy) = S\$ 1,422M

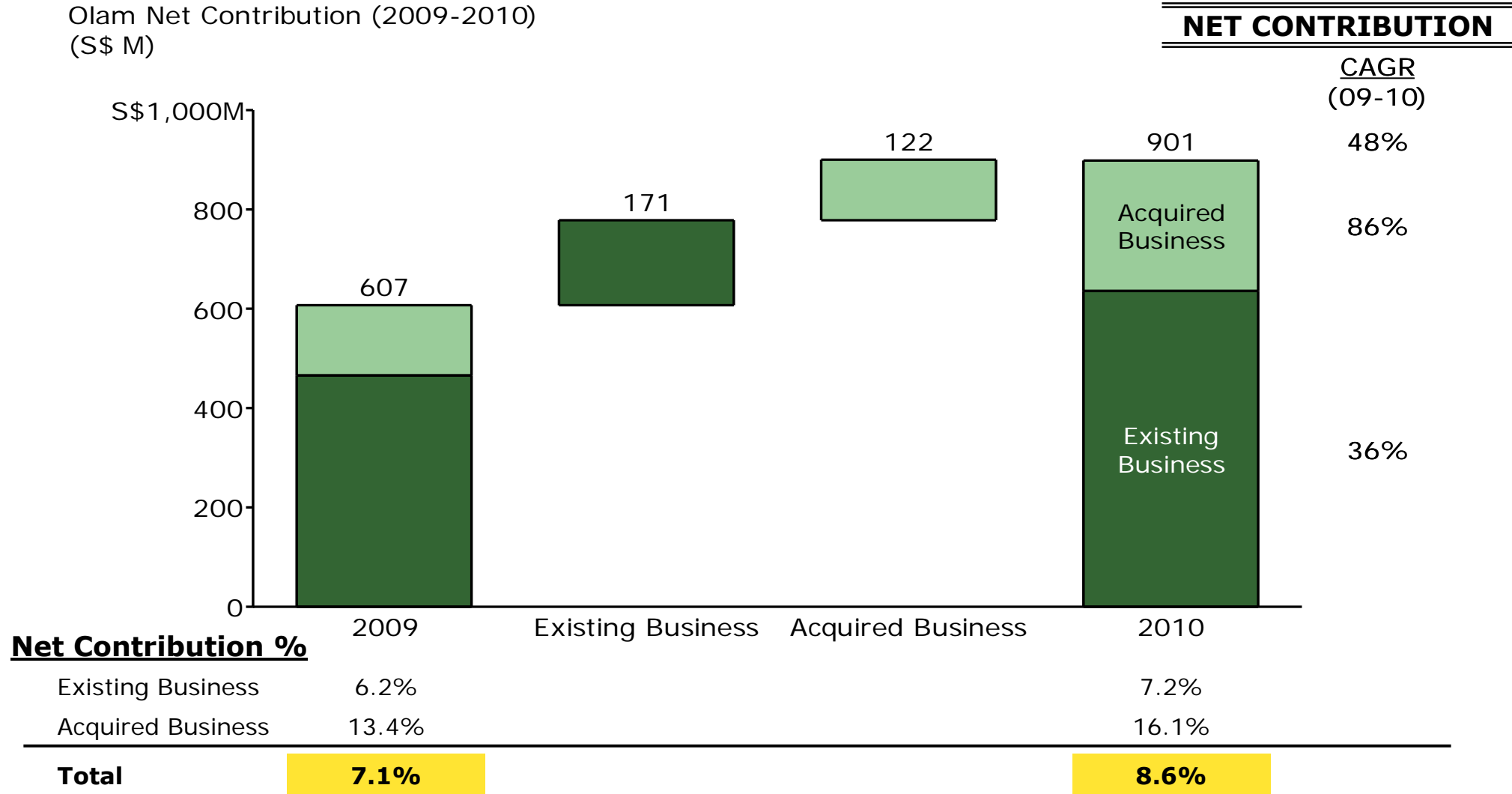


- **17 deals** completed
- **~S\$1.4B\*** in total **investments**
- **~S\$280M\* Net Contribution accretion** achieved in FY2010
- **25% ROE** on acquisitions
- **14% ROIC** on acquisitions

Note: \*Excludes Gilroy Foods  
(Acquisition completed in July 2010)



























# Organic and inorganic growth both contributing to our improved profitability

Olam Net Contribution (2009-2010)  
(S\$ M)



# Most of our **acquisitions/investments** are in **line/exceed Investment Thesis** (1/3)



















**SELECTED DEALS**

Investment	Investment amount (S\$ M)	Stake %	Value chain	Earnings accretion	Management retention	Platform for growth	Value unlocked
<b>TimberCorp</b>	363	100	Upstream				
<b>SIFCA (Nauvu Investment)</b>	171	50	Upstream		N/A		
<b>NZFSU</b>	109	78	Upstream				
<b>QCH</b>	191	100	Supply Chain/VAS				
<b>Gilroy Foods</b>	350	100	Midstream				
<b>PureCircle</b>	169	20	Midstream		N/A		
<b>Crown Flour Mills</b>	151	99.5	Midstream				



# Most of our **acquisitions/investments** are in **line/exceed Investment Thesis** (2/3)

**SELECTED DEALS**

Investment	Investment amount (\$ M)	Stake %	Value chain	Earnings accretion	Management retention	Platform for growth	Value unlocked
<b>Open Country Dairy</b>	108	24.99	Midstream		N/A		
<b>Universal Blanchers</b>	102	100	Midstream				
<b>SK Foods</b>	55	100	Midstream				
<b>KFI</b>	26	100	Midstream				
<b>De Francesco</b>	14	100	Midstream				
<b>PT DUS</b>	20	100	Midstream				
<b>SECO</b>	7	100	Supply Chain		N/A		





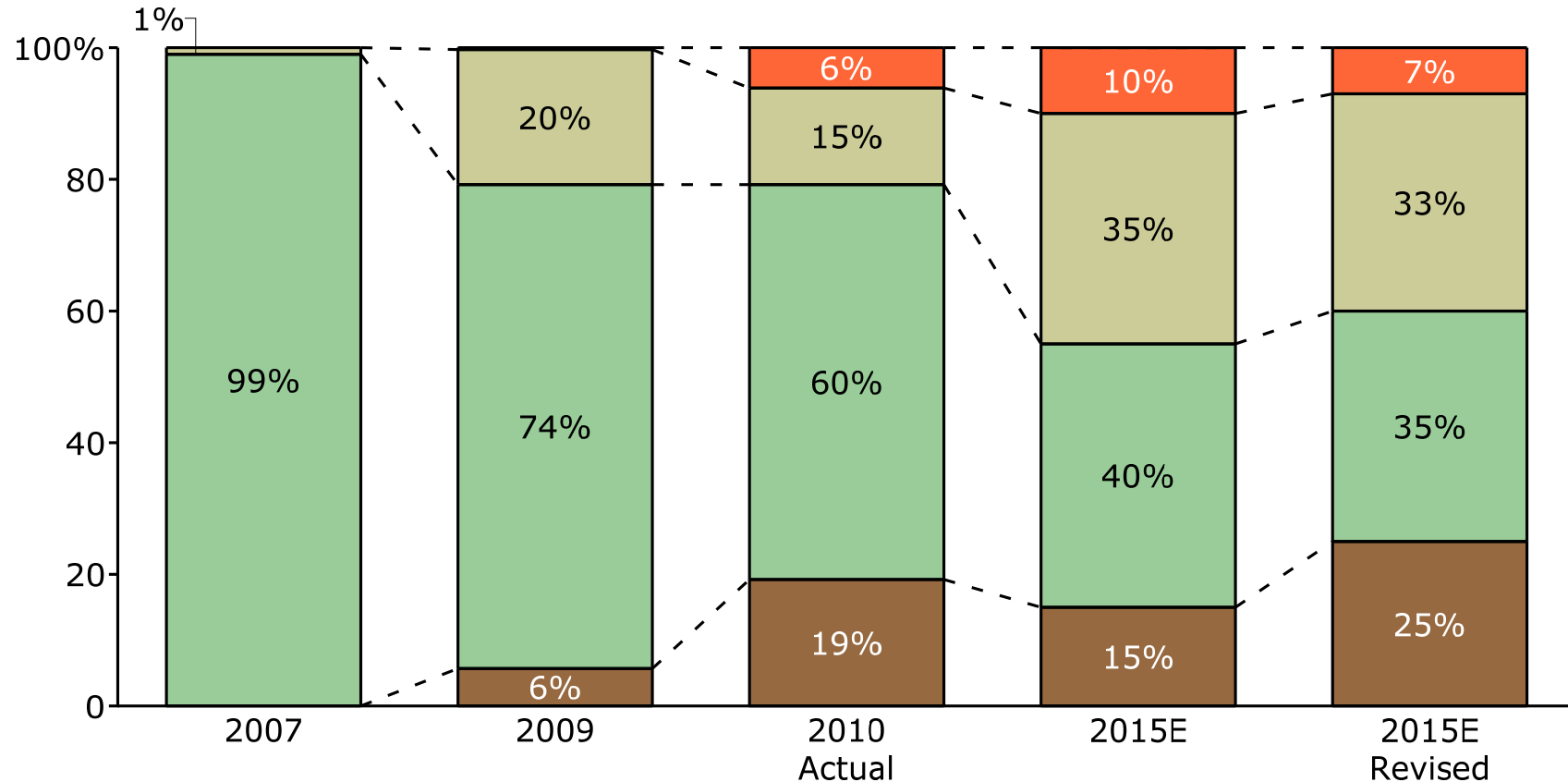
# Most of our **acquisitions/investments** are **in line/exceed Investment Thesis** (3/3)

**SELECTED DEALS**

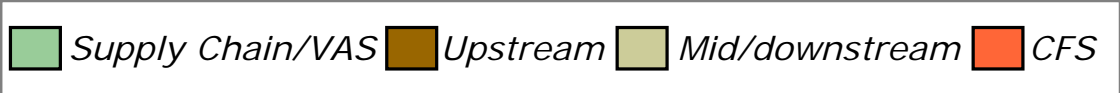
Investment	Investment amount (S\$ M)	Stake %	Value chain	Earnings accretion	Management retention	Platform for growth	Value unlocked
<b>tt Timber</b>	52	100	Upstream				<b>Transaction Just Completed</b>
<b>Britannia Food Ingredients</b>	53	100	Midstream				<b>Transaction Just Completed</b>

# Initiatives will expand our **value chain participation, improve margins & build a uniquely shaped & diversified portfolio**

Olam EBT breakdown by value chain



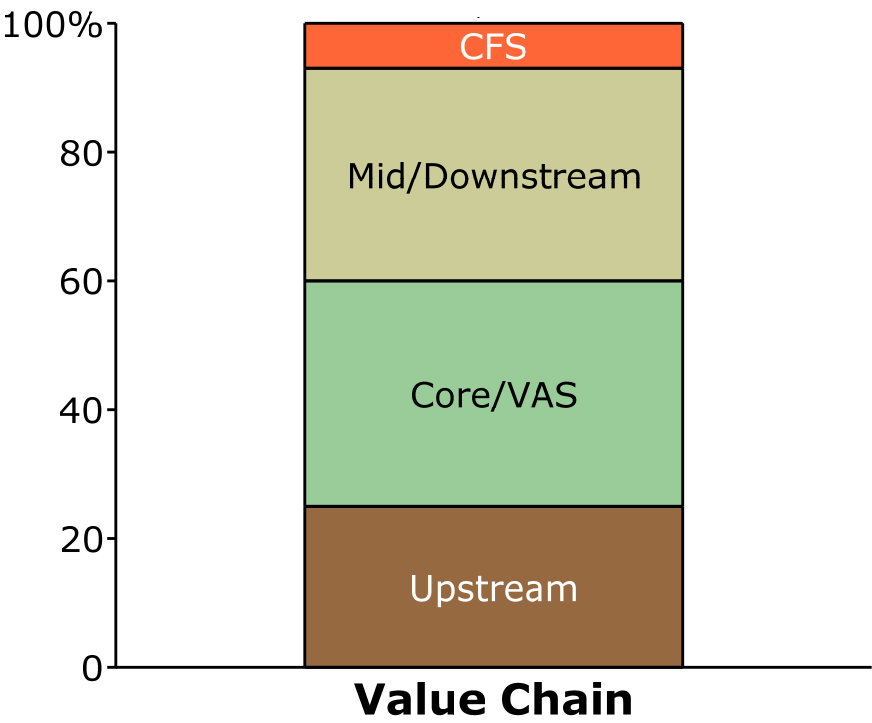
- **Significant inroads** made in **selectively integrating** into **more profitable parts** of the value chain



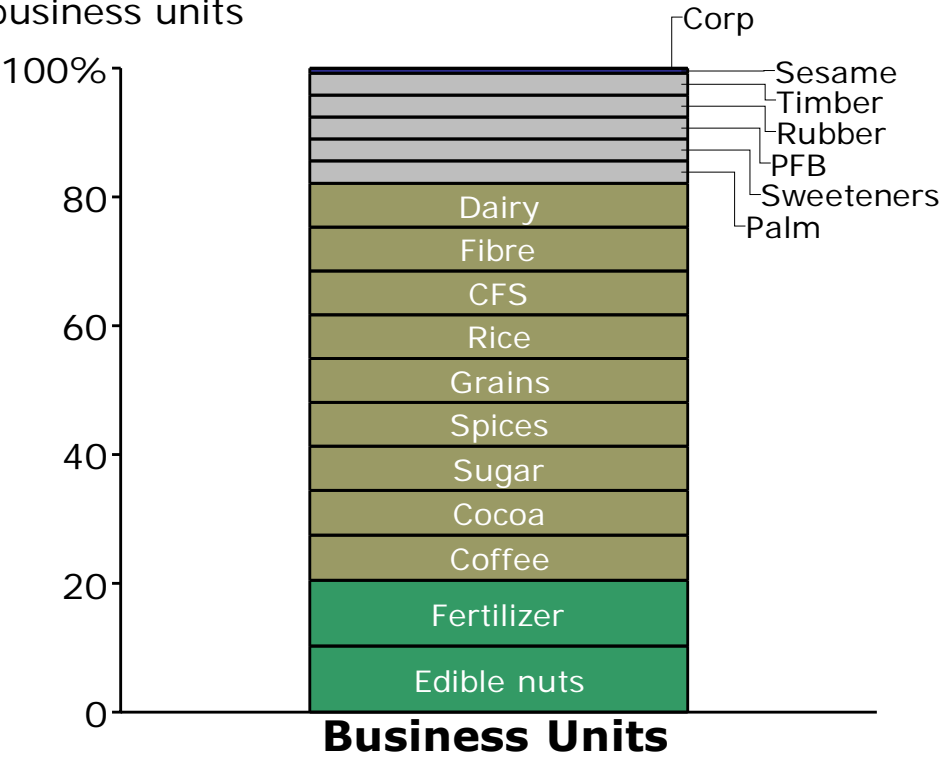
\*without associates

Each **business unit & value chain segment** will contribute towards our original **goal** of **increasing intrinsic value 3x – 4x** by **FY2015**

2015 PBTI breakdown by value chain



2015 PBTI breakdown by business units



Source: Company internal data

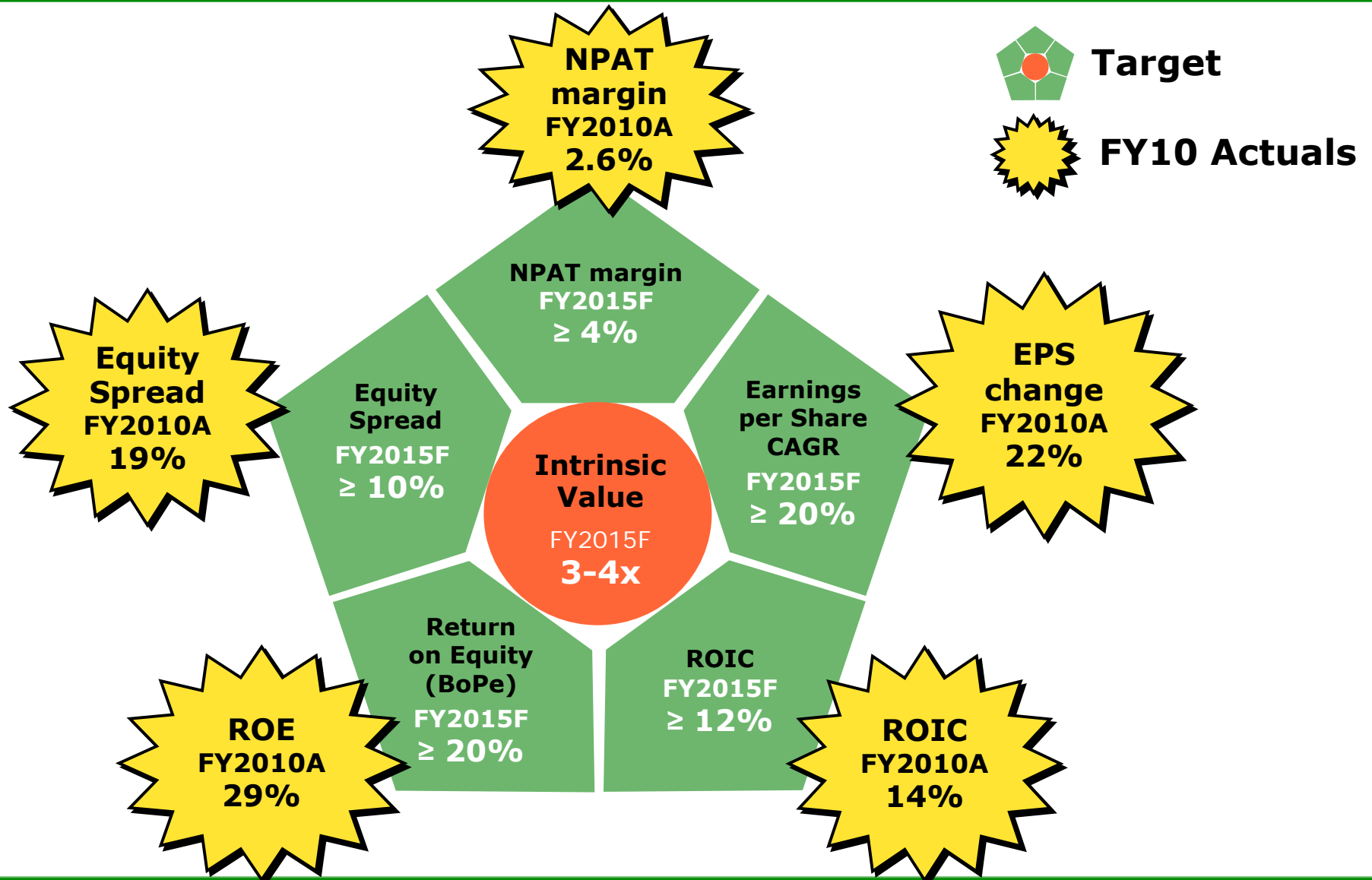
# Objectives for today

**Recap Strategy**

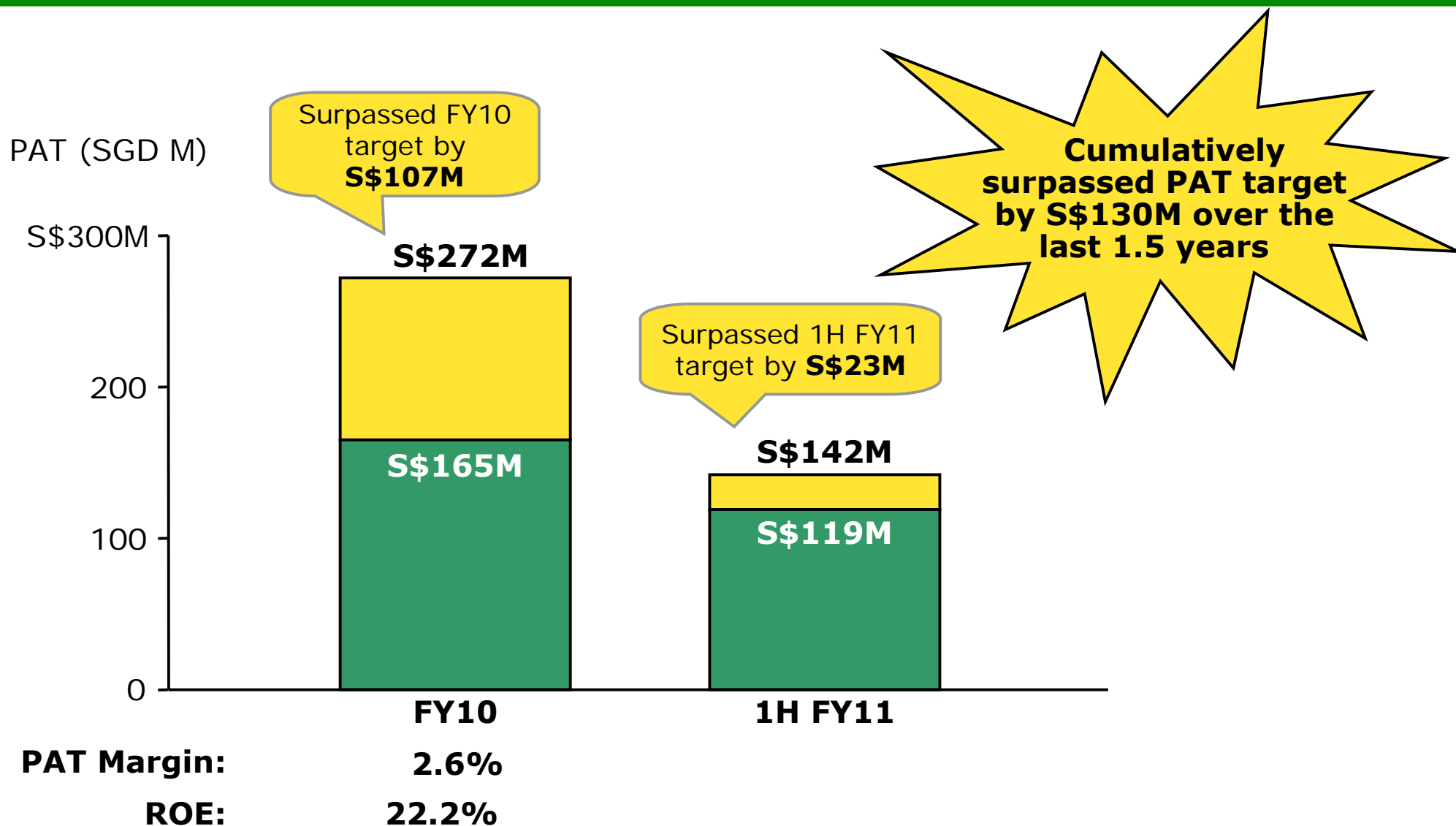
**Review Execution of Strategy**

**Results & Impacts achieved**

# Early results (FY2010) have exceeded expectations with strong trajectory towards achieving 2015 targets



# We have materially **exceeded our targets** in **FY2010** and **1H FY2011** (first 2 years of the Strategic Plan)



# Summary

## Strategic Plan implementation: Status Update

- **In 21 years**, we have grown from a **single product exporter** to a **global agri-business leader**
  - Continued strong trajectory (**30% topline** and **38% PAT CAGR** in last **5 years**)
- In 2009, we had set ourselves a target of **doubling after tax margins** and **growing intrinsic value 3x - 4x** over the next **two 3 year cycles (FY10-15)**
- We have **executed very well** against our **strategic thrusts** across BUs
- **Early results have exceeded expectations** in the **first 2 years** (FY10 & 1HFY11)

## Resetting our aspirations

- We will continue on our path of developing a **well diversified, uniquely shaped portfolio** focused on a **single commodity asset class (agri complex)**
- Given the early momentum and better line of sight and, we are accelerating our investments to achieve a **revised target** of **4x - 5x growth in intrinsic value** by **FY2015** against the erstwhile target of 3x - 4x.
- **Aspiration is a stretch, but achievable** backed by specific initiatives and strategies for each existing and new BUs
  - Existing BUs need to grow **topline at 15%** and **PAT at 26% - 30% CAGR**

## Our priority focus areas

- Our strategy is **well defined** and **sufficiently differentiated** and will continue to be based on **four key strategic thrusts**:
  - ① Continue to '**out origin**' our **competition** and **offer value added customised marketing solutions & services** to our customers.
  - ② Deepen our **upstream** and **midstream capabilities**
  - ③ Enhance **participation in critical assets** to create competitive advantage
  - ④ **Manage our costs** to achieve scale benefits

# Thank You

