



The Brand Behind The Brands

Olam International Limited

9M FY2008 Results Briefing

15th May 2008

Singapore





This presentation should be read in conjunction with Olam International Limited's Third Quarter, FY2008 (Q3 FY2008) and Nine Months FY2008 (9M FY2008) Financial Results for the period ended 31st March 2008 statement lodged on SGXNET on 15th May 2008.



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.

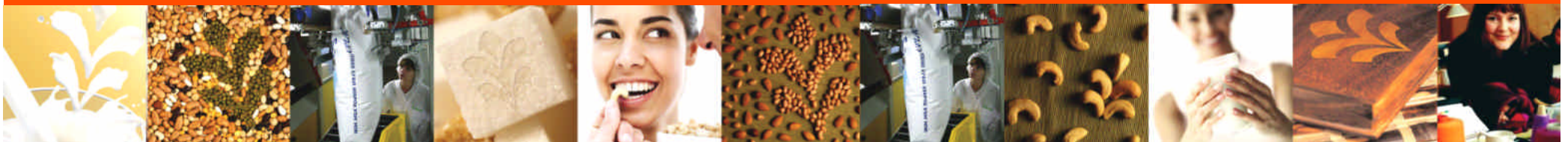
Such forward looking statements are intended to be identified by words such as 'believe', 'estimate', 'intend', 'may', 'will', 'expect', and 'project' and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties because they relate to future 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 9M 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.

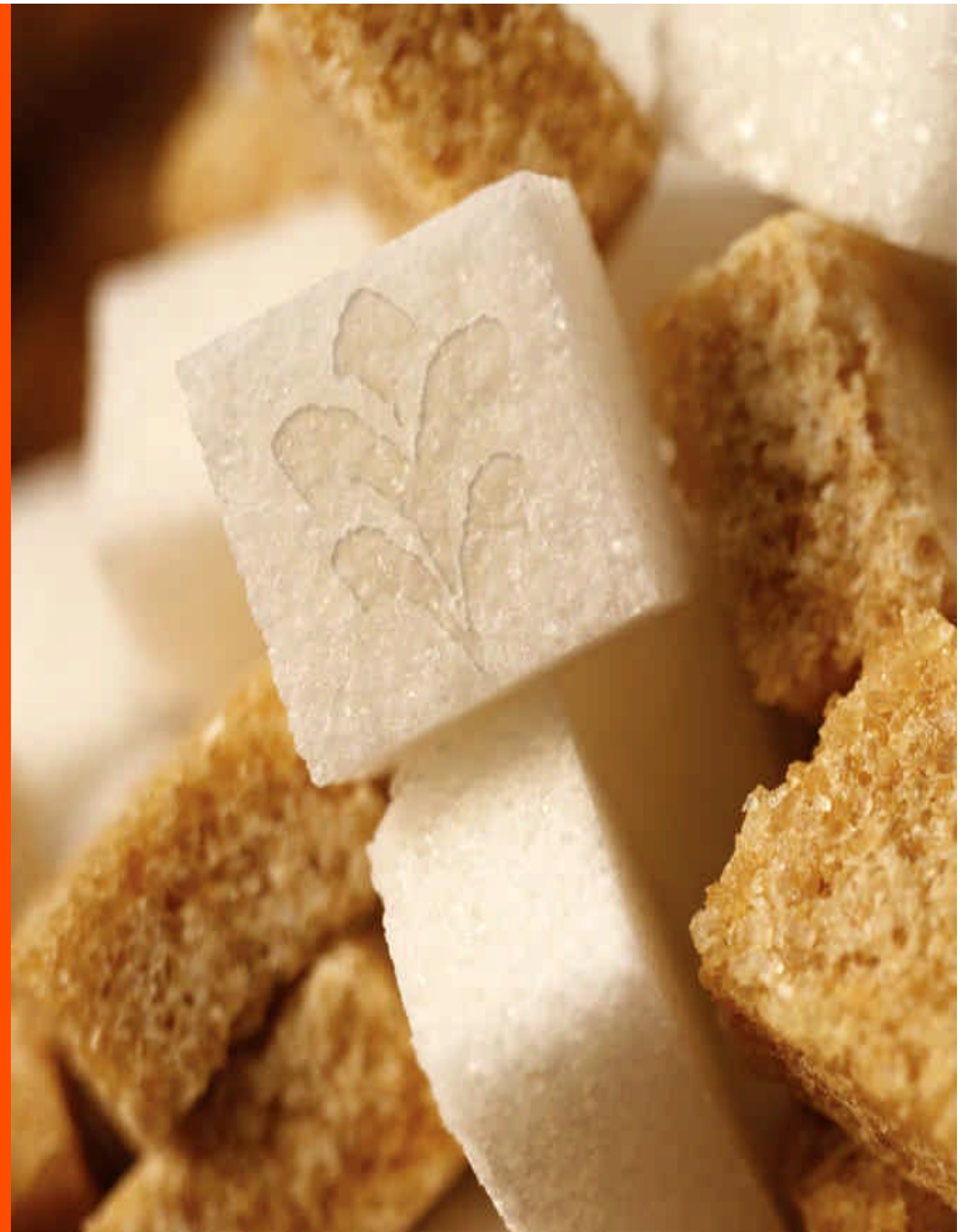


Results Presentation: Outline

- ❖ Results: 9M FY2008 - Consolidated P&L Analysis
- ❖ Results: 9M FY2008 - Segmental Analysis
- ❖ Results: 9M FY2008 - Balance Sheet Analysis
- ❖ Key Issues & Summary
- ❖ Q&A



Results:
9M FY2008
Consolidated P&L Analysis



Background to the results

❖ **Acquisitions consolidated in 9MFY2008**

- ❖ Universal Blanchers (UB)
 - ❖ Queensland Cotton Holdings (QCH)
 - ❖ Naarden Agro Products BV (NAP)
 - ❖ PT Dharmapala Usaha Sukses (DUS)
 - ❖ Key Food Ingredients (KFI)
- ❖ The consolidated results of 9M FY2008 not strictly comparable to 9M FY2007



Snapshot of Results: 9M FY2008

Description	9MFY2008			9MFY2007	% Increase Total	% Increase Existing business
	Existing Business	New Business	Total	Total		
Volume (metric tons)	3,465,337	288,783	3,754,121	2,976,672	26.1%	16.4%
Revenue (S\$'000)	5,126,510	603,160	5,729,670	3,947,425	45.1%	29.9%
Net Contribution (S\$'000)	297,792	51,990	349,782	231,610	51.0%	28.6%
SG & A	177,854	53,165	231,019	143,887	60.6%	23.61%
PAT	105,800	(2,980)	102,820	78,512	31.0%	34.8%

Consolidated P&L Analysis: 9M FY2008

❖ **Sales Volume: 3.754 million metric tons**

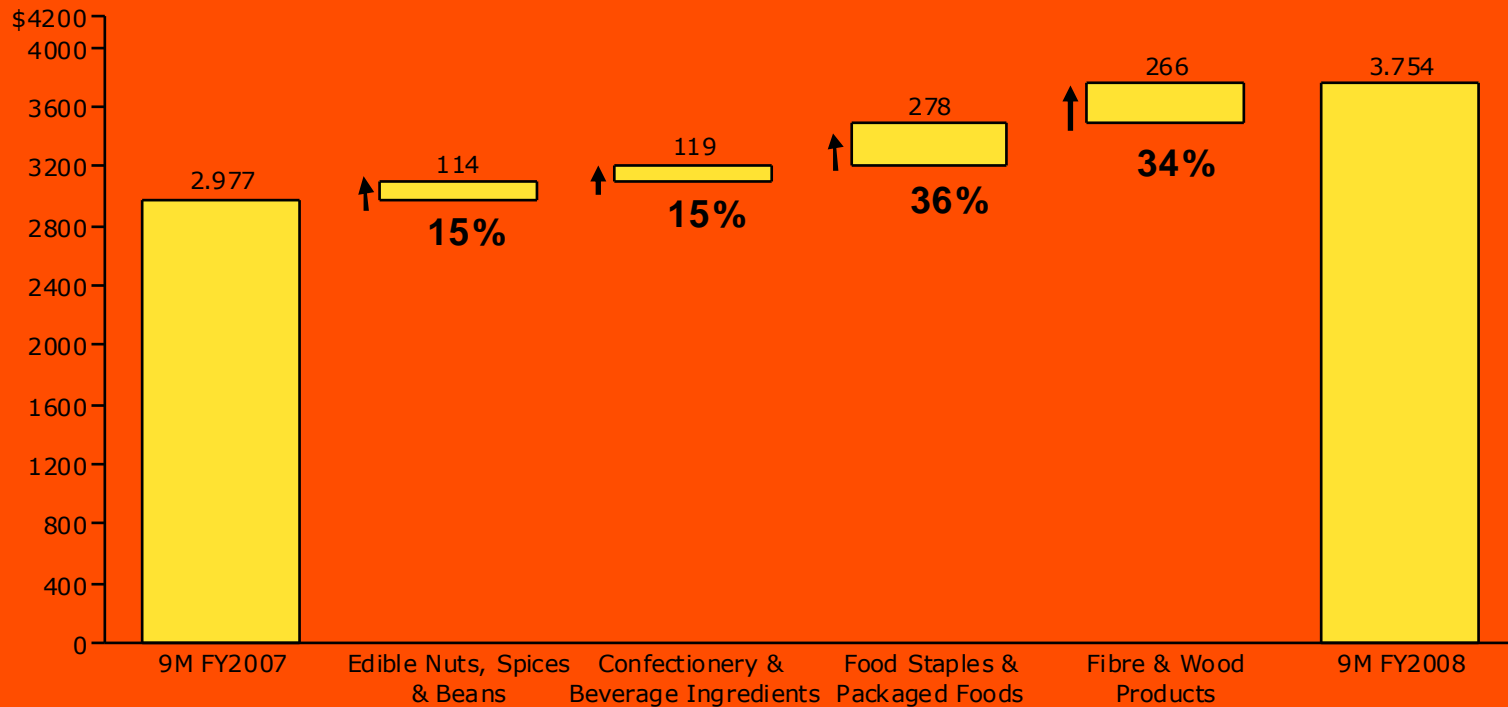
- 26.1% growth over 9M FY2007
- Volume growth across all 4 segments



Sales Volume Growth: Segmental Contribution

Sales Volume
(1,000 Mts)

Sales Volume growth 26.1%, 777,449 mts



Growth Over 9M FY2007:

29%

18%

20%

49%

Consolidated P&L analysis: 9M FY2008

❖ **Total Revenue: S\$5,730 million**

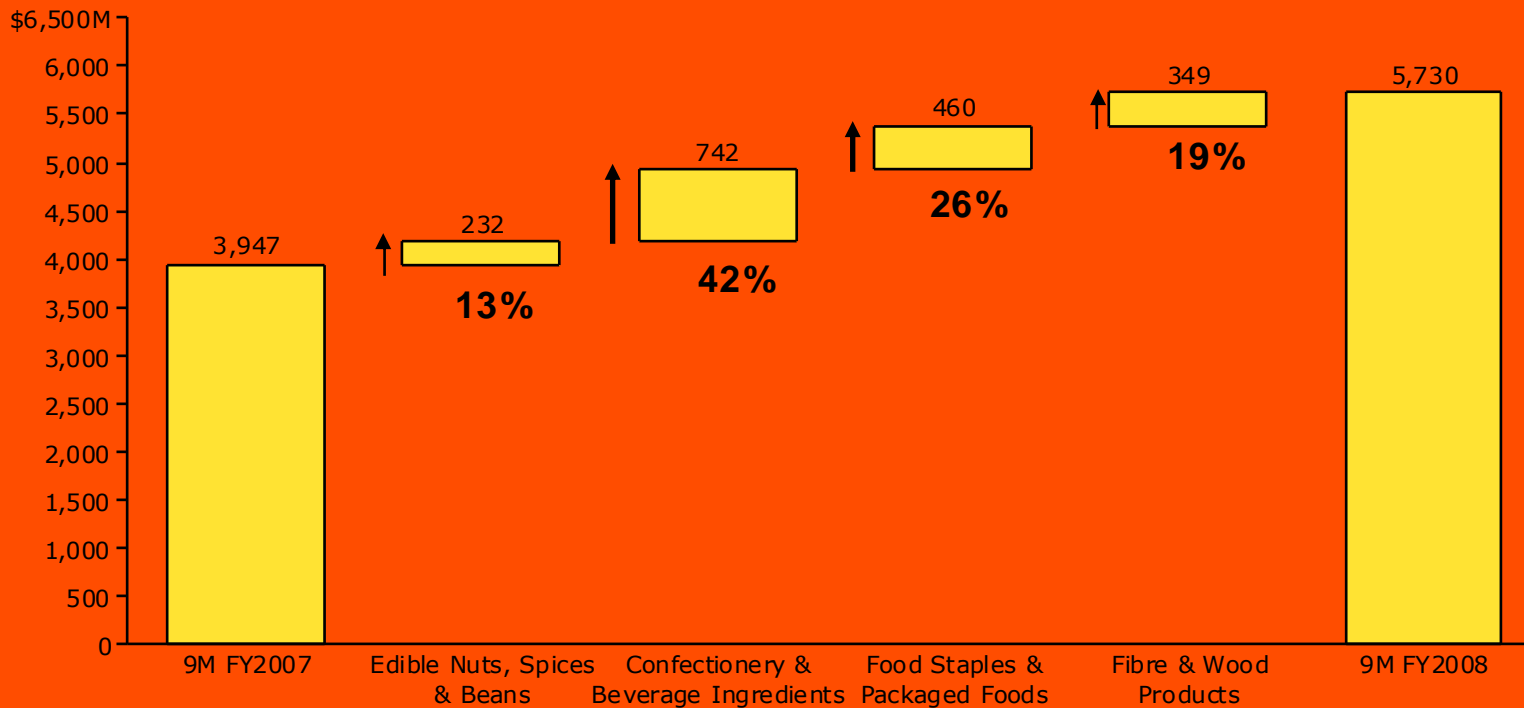
- 45.1% growth over 9M FY2007
- Revenue growth across all 4 segments



Sales Revenue Growth: Segmental Contribution

Sales Revenue (S\$ M)

Sales growth 45.1%, S\$1,783 million



Growth Over 9M FY2007:

44%

43%

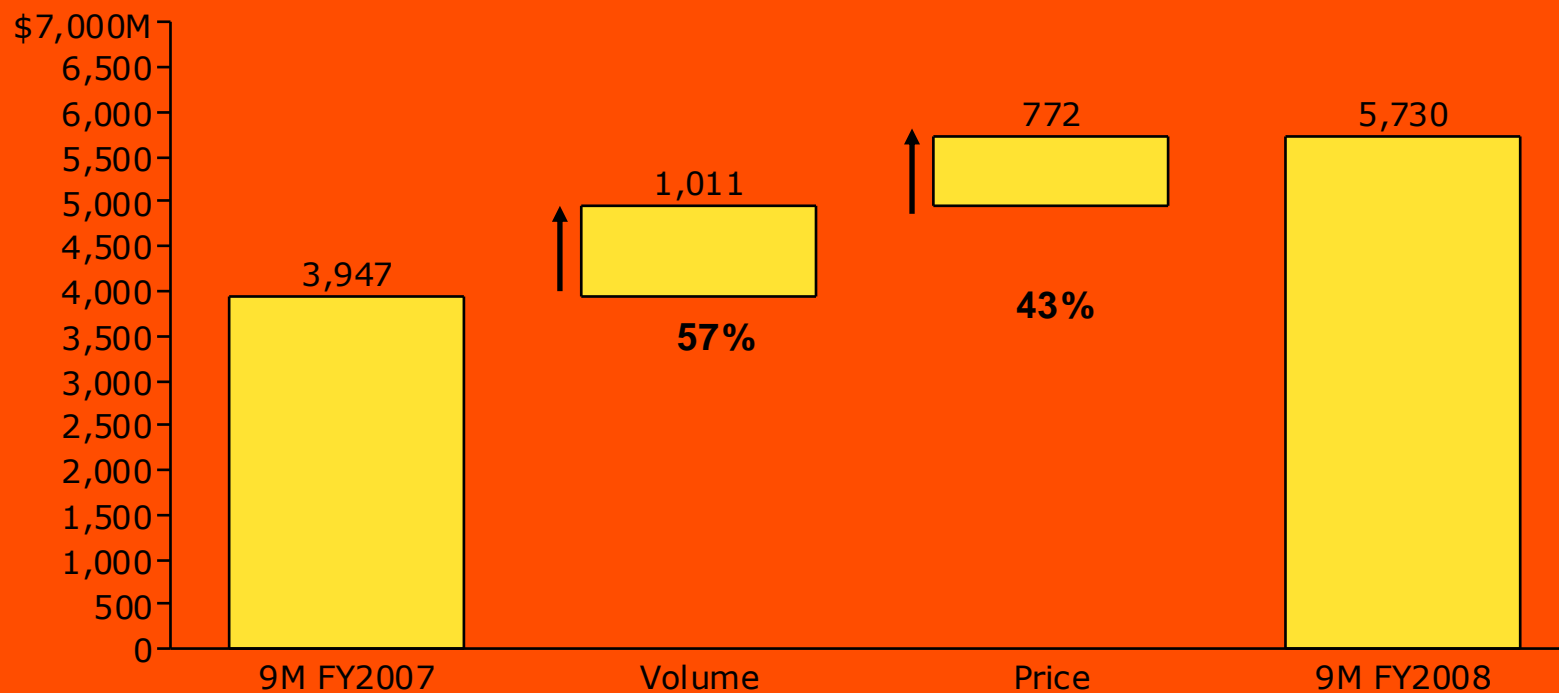
47%

48%

Sales Revenue Growth: Sources

Sales growth 45.1%, S\$1,783 million

Sales Revenue (S\$ M)



Consolidated P&L Analysis: 9M FY2008

✿ **Gross Contribution (GC) : S\$500 million**

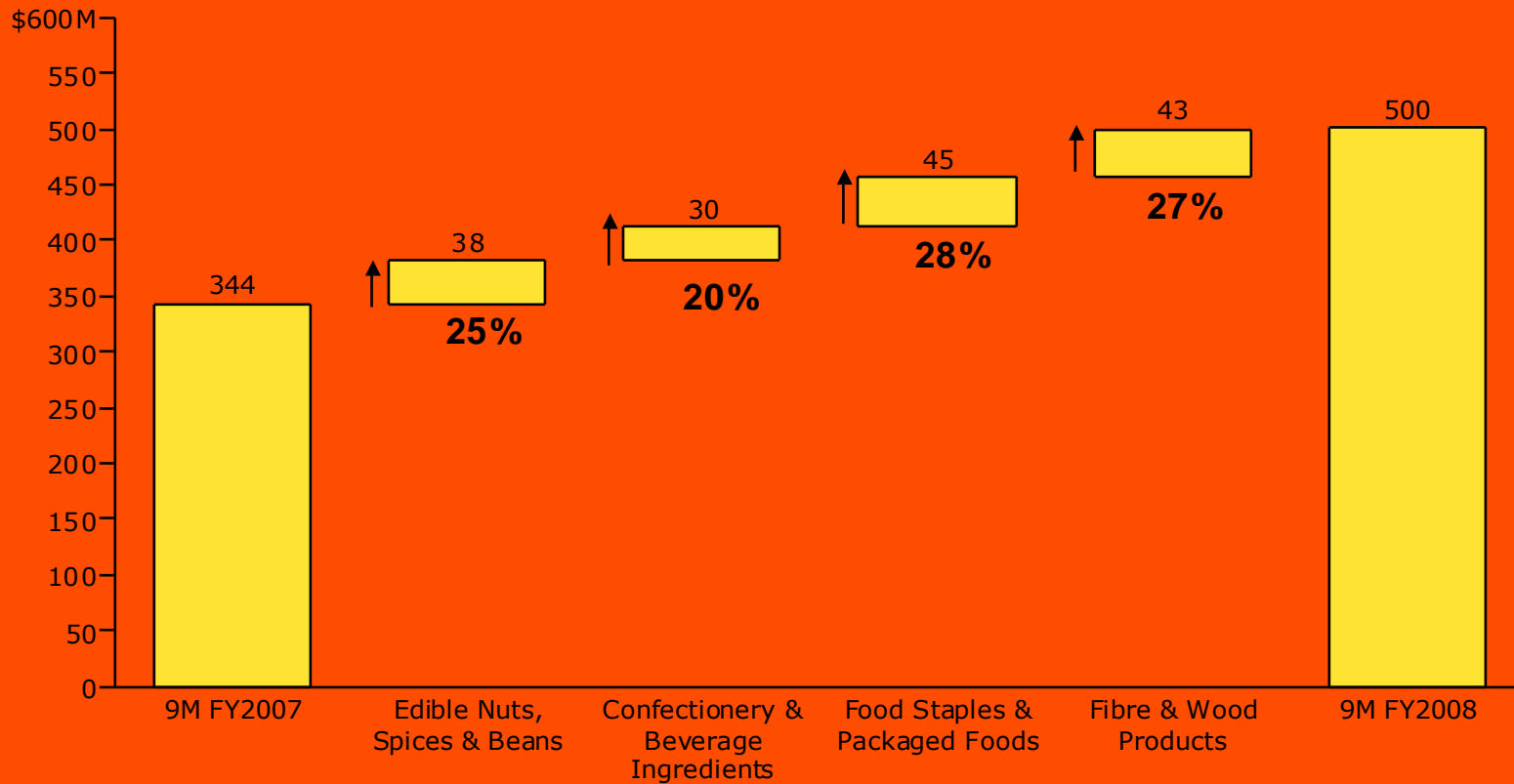
- 45.6% growth over 9M FY2007
- GC growth across all segments



Gross Contribution Growth: Segmental Share

GC growth 45.6%, S\$156 million

Gross Contribution (S\$ M)



Growth Over 9M FY2007:

71%

24%

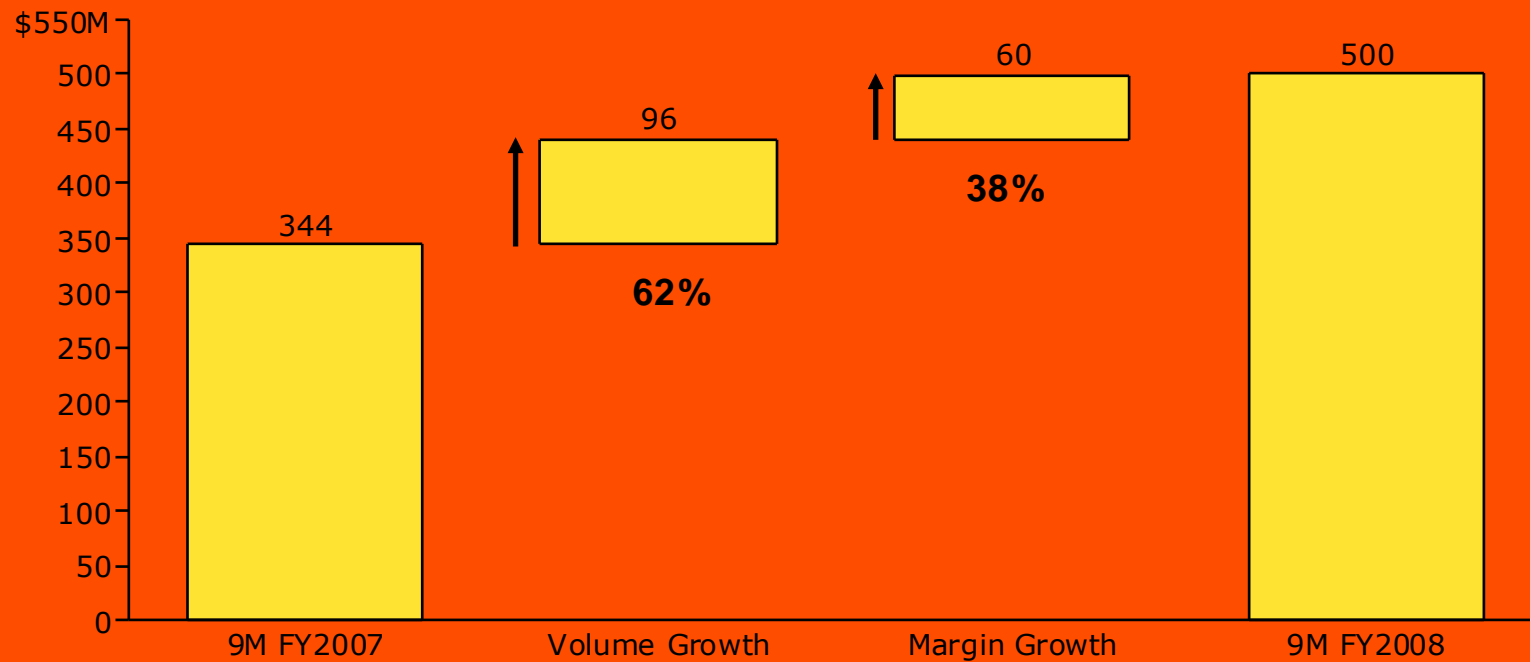
61%

48%

Gross Contribution Growth: Segmental Share

GC growth 45.6%, S\$156 million

Gross Contribution (S\$ M)



Interest Costs

❖ **Total increase in interest costs S\$38.5 million or 34.4%.**

	9M FY2008 (S\$'000)	9M FY2007 (S\$'000)	Increase (S\$'000)	% Increase
Interest Expenses	150,592	112,042	38,550	34.4%
Sales	5,729,670	3,947,425	1,782,245	45.1%
Interest Rate	7.23%	7.20%	0.03%	0.4%
Interest variance due to interest rate increase			(S\$'000)	514
Interest variance due to working capital increase			(S\$'000)	38,036
Total Net Increase in Interest			(S\$'000)	38,550

Consolidated P&L Analysis: 9M FY2008

❖ **Net Contribution (NC) : S\$350 million**

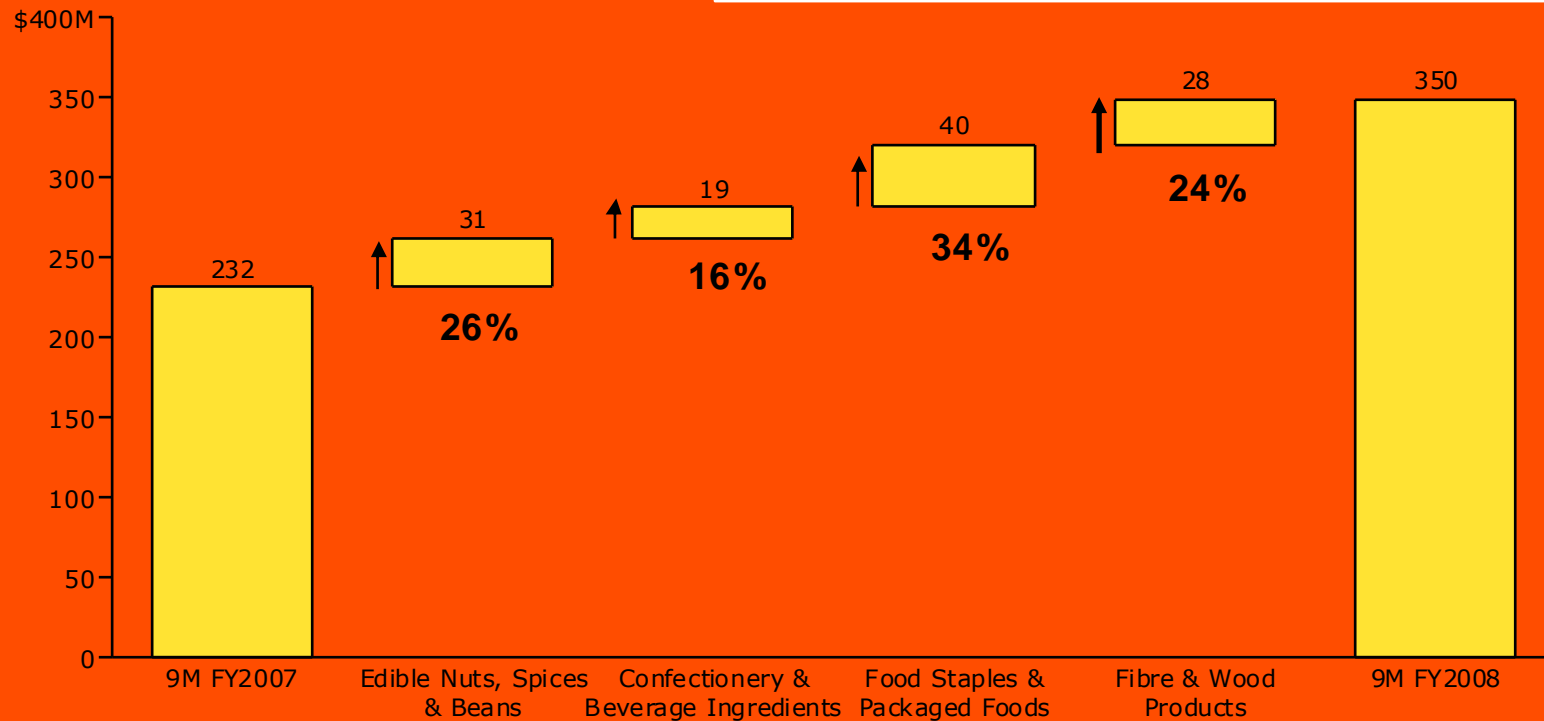
- 51.0% growth over 9M FY2007
- NC growth across all segments



Net Contribution Growth: Segmental Share

Net Contribution (S\$ M)

NC growth 51.0%, S\$118 million



Growth Over 9M FY2007:

80%

23%

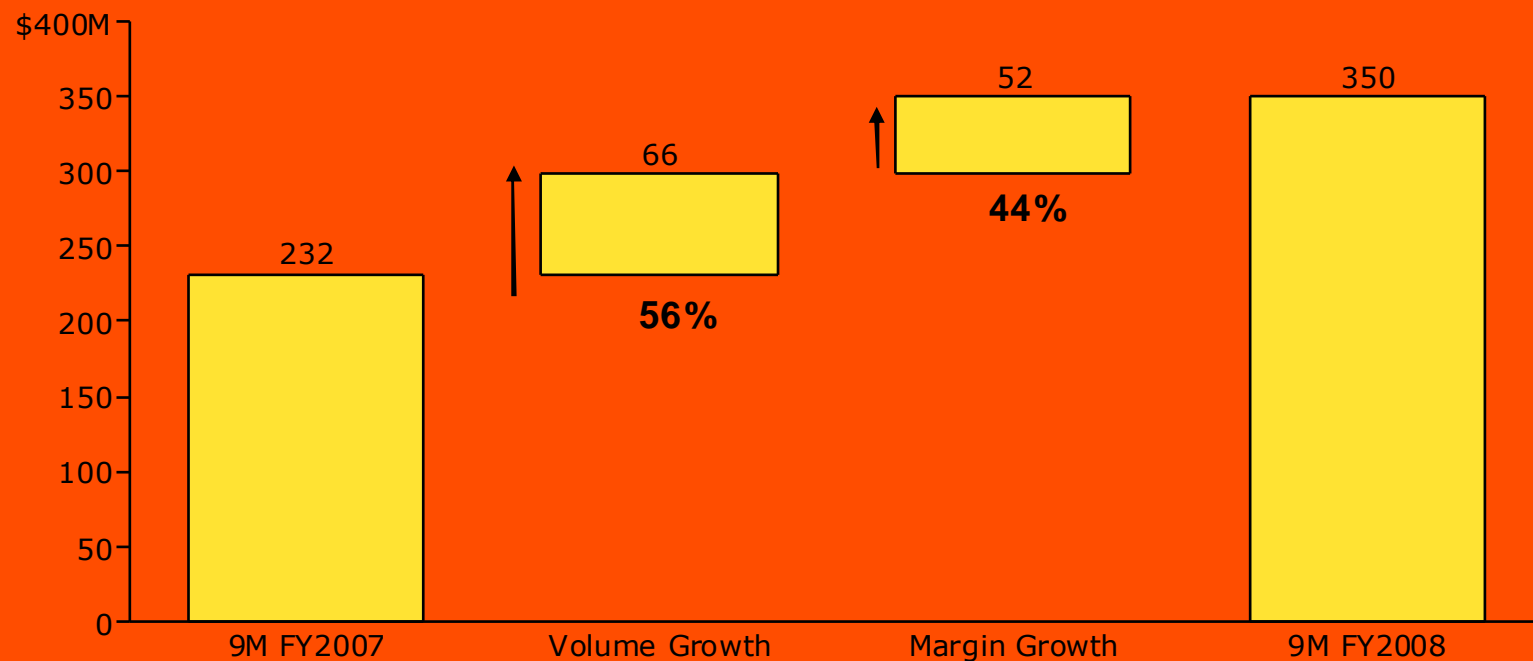
84%

45%

Net Contribution Growth: Sources

NC growth 51.0%, S\$118 million

Net Contribution (S\$ M)



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	9M FY2008 S\$'000	Carried Forward S\$'000	Total S\$'000
E S S S	2,378	79	-	2,457
E S O S	6,128	3,880	6,184	16,192
Total	8,506	3,959	6,184	18,649

Consolidated P&L Analysis: 9M FY2008

- ❖ **SG&A** increased by 60.6% to S\$231.0 million in 9M FY2008.

	9M FY2008	9M FY2007	Change
SG&A (S\$ million)	231.0	143.9	60.6%
SG&A / Sales ratio	4.03%	3.65%	0.38



Consolidated P&L Analysis: 9M FY2008

❖ **Net Profit After Tax (NPAT): S\$102.8 million**

- 31.0% growth over 9M FY2007

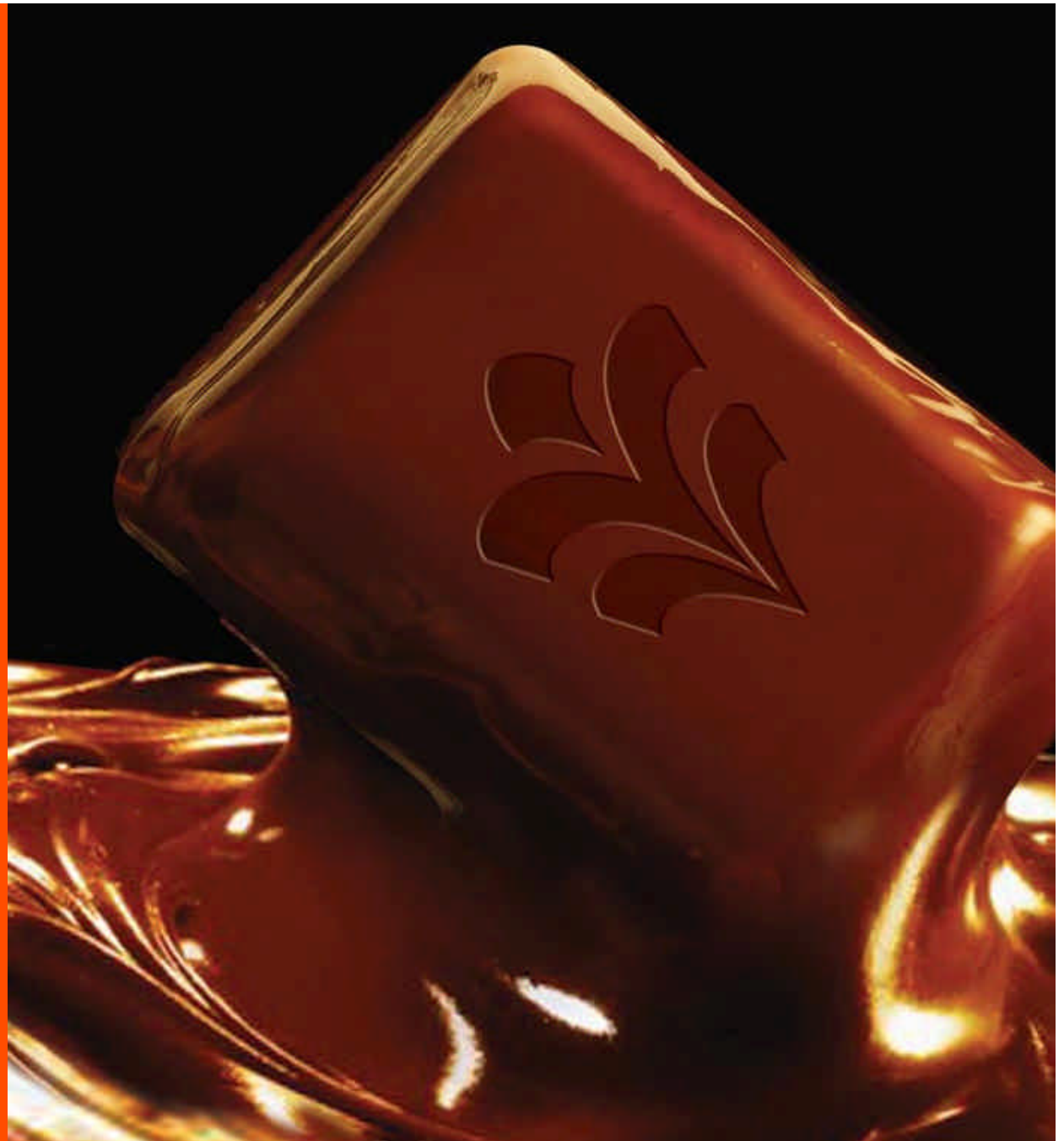
❖ **Earnings per Share (EPS)**

- 30.9% growth over 9M FY2007
- 6.46 cent/share 9M FY2008 vs 4.94 cent/share 9M FY2007 (based on weighted average no. of shares)



Results: 9M FY2008

Segmental Analysis



Segmental Analysis 9M FY2008: Summary

Olam Consolidated

- Turnover **S\$5,730 million**
- Volume **3.754 mmts**
- NC **S\$350 m**
- NPAT **S\$102.8 m**

Edible Nuts, Spices & Beans

- Turnover **\$760 m**
- Volume **0.501 mmts**
- NC **\$70 m**

• NC Share **19.9%**



Confectionery & Beverage Ingredients

- Turnover **\$2,465 m**
- Volume **0.800 mmts**
- NC **\$101 m**

• NC Share **29.0%**



Food Staples & Packaged Foods

- Turnover **\$1,430 m**
- Volume **1.643 mmts**
- NC **\$87 m**

• NC Share **24.9%**



Fibre & Wood Products

- Turnover **\$1,075 m**
- Volume **0.810 mmt**
- NC **\$92 m**

• NC Share **26.2%**



Segmental Analysis: Edible Nuts, Spices & Beans

Description	9M FY2008		9M FY2007		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	501,278		387,741		↑ 29.3
Revenue (S\$'000)	759,450	1,515	528,294	1,362	↑ 43.8
Net Contribution (S\$'000)	69,668	139	38,812	100	↑ 79.5



Segmental Analysis: Confectionery & Beverage Ingredients

Description	9M FY2008		9M FY2007		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	800,122		680,769		↑ 17.5
Revenue (S\$'000)	2,465,355	3,081	1,723,291	2,531	↑ 43.1
Net Contribution (S\$'000)	101,309	127	82,082	121	↑ 23.4



Segmental Analysis: Food Staples & Packaged Foods

Description	9M FY2008		9M FY2007		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	1,642,960		1,364,653		↑ 20.4
Revenue (S\$'000)	1,429,980	870	969,912	711	↑ 47.4
Net Contribution (S\$'000)	86,947	53	47,270	35	↑ 83.9



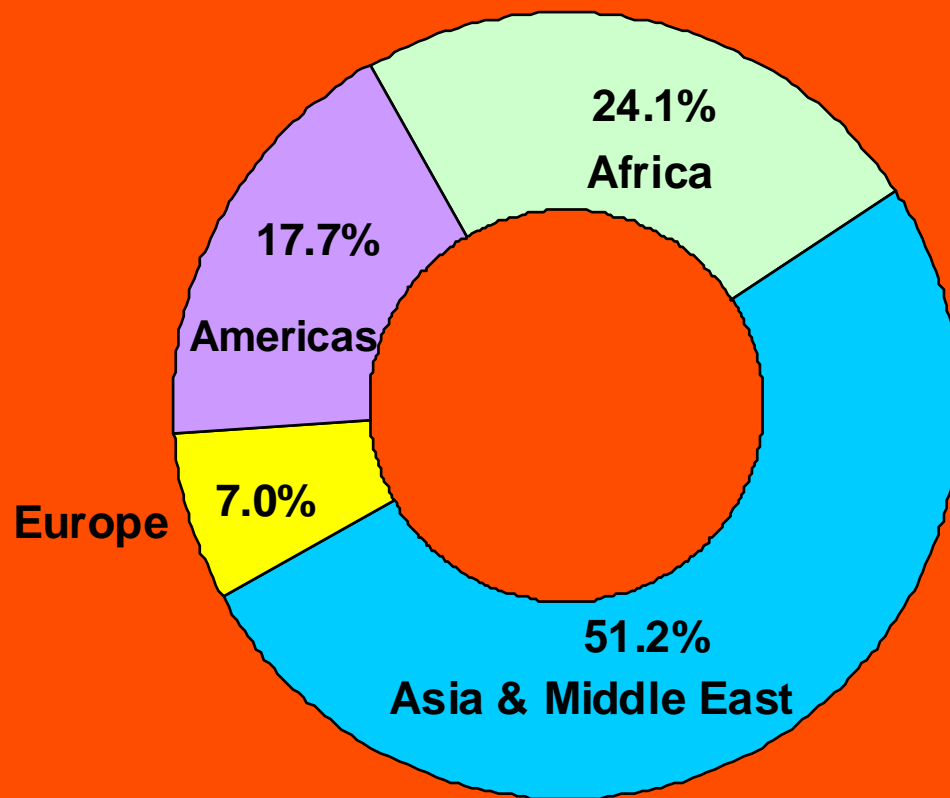
Segmental Analysis: Fibre & Wood products

Description	9M FY2008		9M FY2007		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume	809,761		534,509		▲ 49.0
Turnover	1,074,885	1,327	725,928	1,336	▲ 48.1
Net Contribution	91,858	113	63,446	117	▲ 44.8

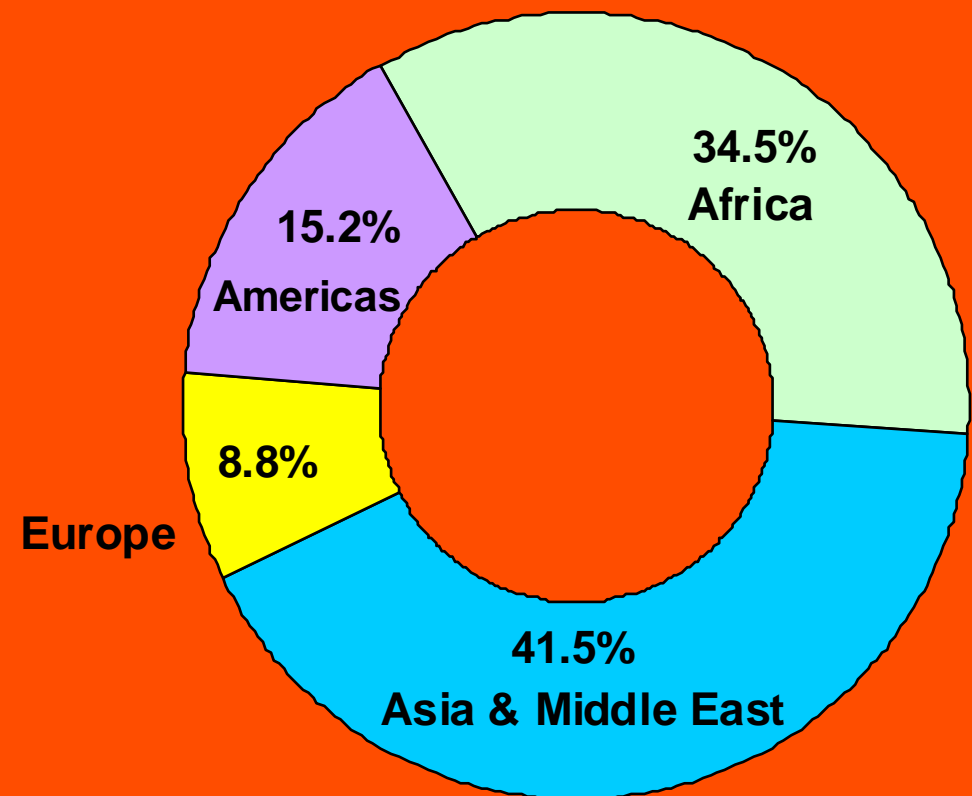
QCH full year loss expected to be S\$13-S\$14 million as against guidance of S\$16-S\$19 million given earlier.

Well Diversified Sourcing: Origins

Sourcing Volume 9M FY2008

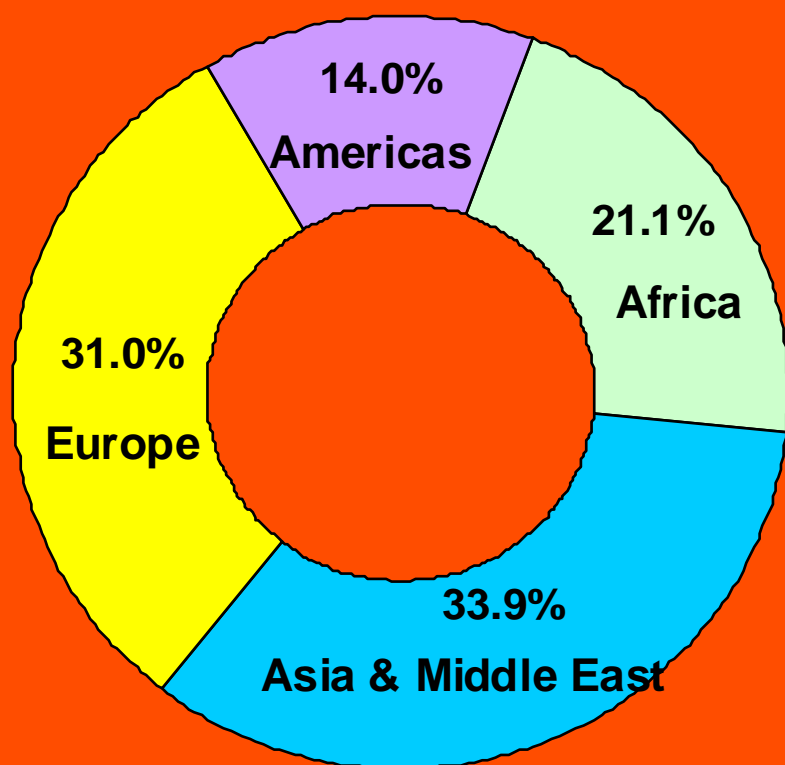


Sourcing Volume 9M FY2007

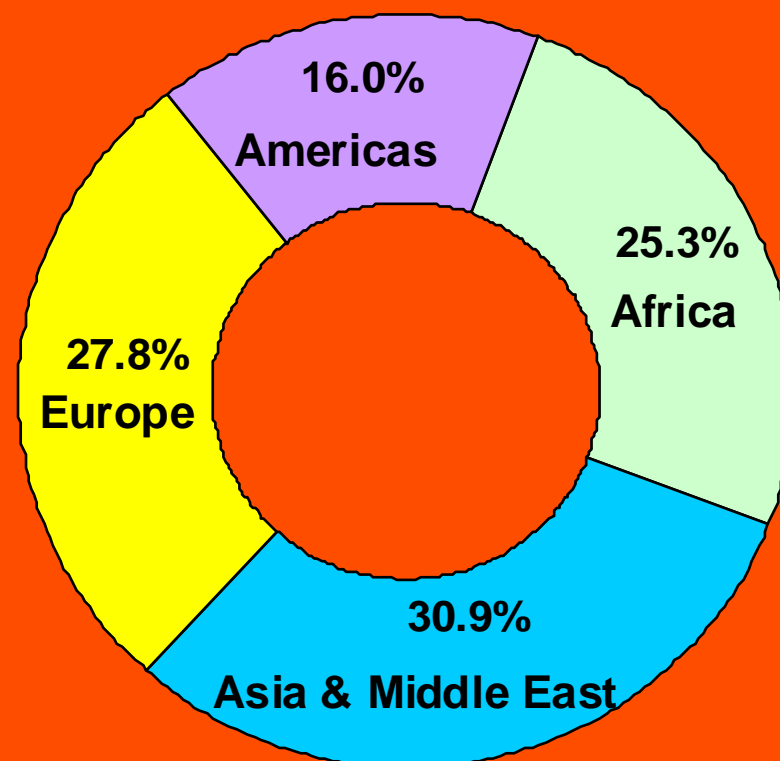


Well Diversified Sales: Markets

Sales Turnover 9M FY2008



Sales Turnover 9M FY2007



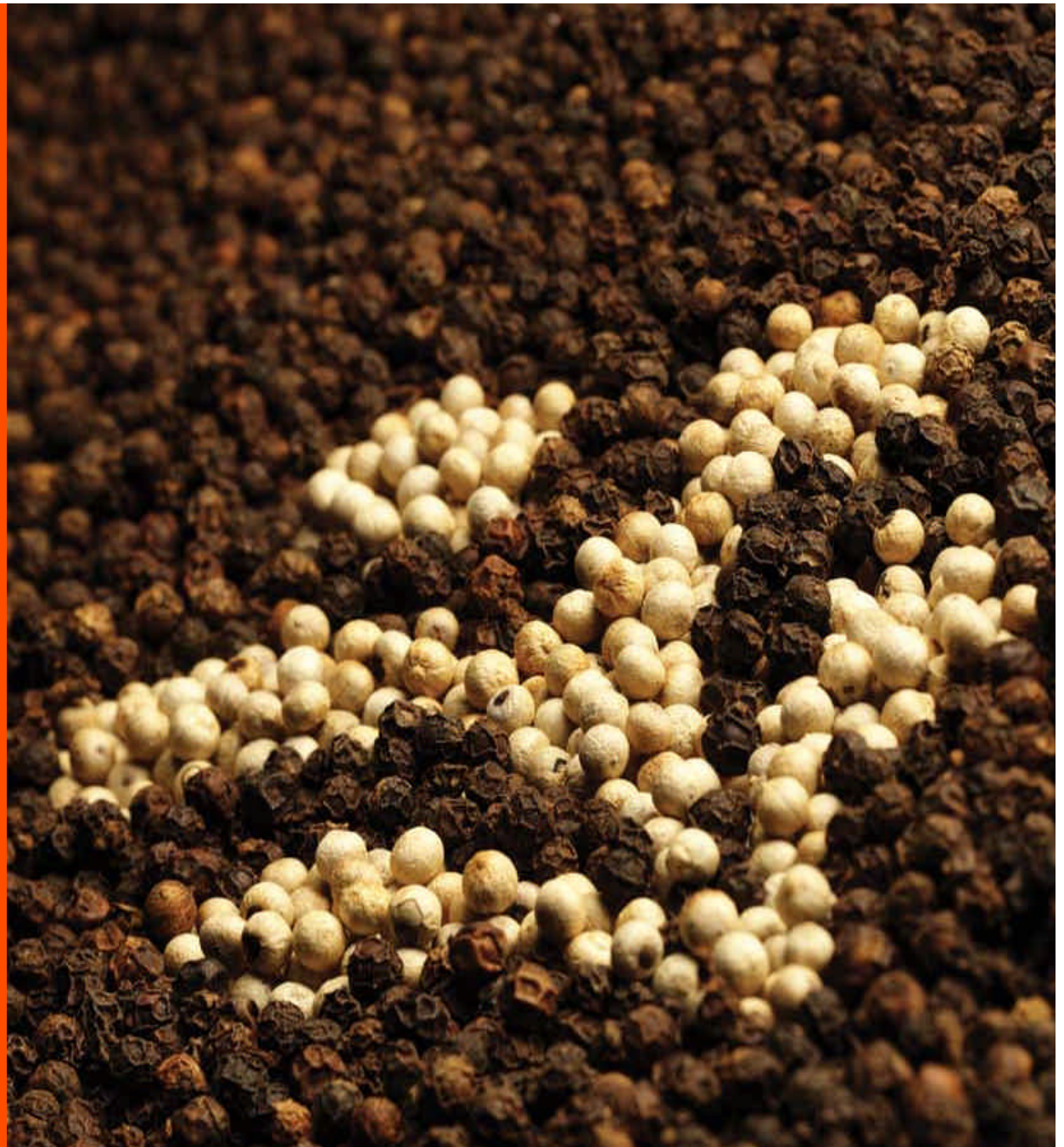
Well diversified: **Customers**

Segment	Top 5 Customer Share of Total Sales
Edible Nuts, Spices & Beans	2.7%
Confectionery & Beverage Ingredients	13.1%
Food Staples & Packaged Foods	3.15%
Fibre & Wood Products	1.25%



Results: 9M FY2008

Balance Sheet Analysis



Balance Sheet Analysis: Summary

(Figures in S\$'000)	9M FY2008	FY 2007	% Change
Goodwill and Intangibles	100,197	96,203	4.1%
Fixed Assets & Investments	437,609	212,381	106.0%
Other Non-Current Assets	26,905	20,551	30.9%
Current Assets			
Debtors	362,378	508,193	(28.7%)
Stocks	1,621,639	1,163,203	39.4%
Cash & Cash Equivalents	212,230	237,607	(10.7%)
Advances to Suppliers	418,808	255,706	63.8%
Fair Value of Derivatives	785,051	388,032	102.3%
Margin Account Balances	265,137	86,162	207.7%
Other Current Assets	472,229	212,877	121.8%
Total Assets	4,702,183	3,180,915	
Trade Creditors	452,446	255,522	77.0%
Borrowings	2,652,054	1,919,886	38.1%
Fair Value of Derivatives	799,290	488,630	63.5%
Other Liabilities	322,869	84,128	283.8%
Net Assets	475,524	432,749	9.9%
Minority Interest	6	27	(77.8%)
Equity & Reserves	475,518	432,722	9.9%

Equity & Reserves

- ❖ On 28th March 2008, Company announced an equity fund raising exercise by way of a non-renounceable, non-transferable preferential offering of 155.6 million New Shares at a price of S\$1.97 per share to raise S\$307 million of new equity.
- ❖ The Preferential Offering was made on the basis of 1 New Share for every 10 Shares held by eligible shareholders of the Company whose names are on the shareholder register of Olam as at the Books Closure Date on 8th April 2008.
- ❖ The company is pleased to announce that there was strong support for this transaction and valid acceptances and excess applications for a total of 184.8 million New Shares were received (or approximately 1.2 times of the total number of New Shares that were available under the Preferential Offering).



Fixed Assets and Investments

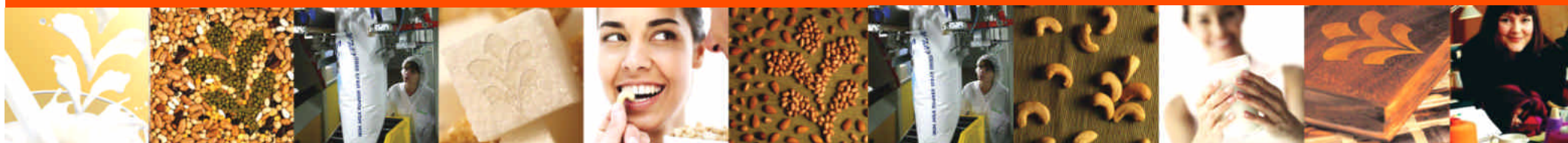
(in S\$ million)	9M FY2008	FY2007	Increase
Fixed Assets	410.0	129.4	↑ 280.6
Investments	27.6	83.0	↓ 55.4
Total	437.6	212.4	↑ 225.2

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



Balance Sheet Analysis: Ratios

	9M FY2008	FY2007	Change
Debtors (days)	17	34	(17)
Stock (days)	85	85	-
Advance to Suppliers (days)	22	19	3
Trade Creditors (days)	24	19	5
Current Ratio (x)	1.34	1.49	(0.15)



Balance Sheet Analysis: Debtors

- 76.9% of Debtors secured by Letter of Credit / Documents of Title.
- Debtor quality good. No additional provisions created over June 2007



Balance Sheet Analysis: **Stock**

(in S\$ million)	9M FY2008	FY2007	Increase / Decrease
Edible Nuts, Spices & Beans	185.1	182.2	2.9
Confectionery & Beverage Ingredients	836.3	586.3	250.0
Food Staples & Packaged Foods	343.8	296.0	47.8
Fibre & Wood Products	256.4	98.7	157.7
Total	1,621.6	1,163.2	458.4

✿ 86.3% of stocks sold forward or hedged



Balance Sheet Analysis: Cash & Borrowings

➤ Liquidity

	9M FY2008	FY 2007
Cash to Sales (%)	2.78	4.36
Cash & Cash Equivalents	212.2 m	237.6 m
Interest Coverage (x)	1.79	1.91

✿ Borrowings:

- ✿ Only 56.5% of our total credit facilities were used as of 31st March.

(in S\$ million)	9M FY2008	% Share
Short Term Banking Facilities	2,752	59%
Committed Banking Facilities	612	13%
MTN / Medium Term Loan	641	14%
Long Term Loan	684	14%
Total	4,689	100%

Balance Sheet Analysis: Gearing

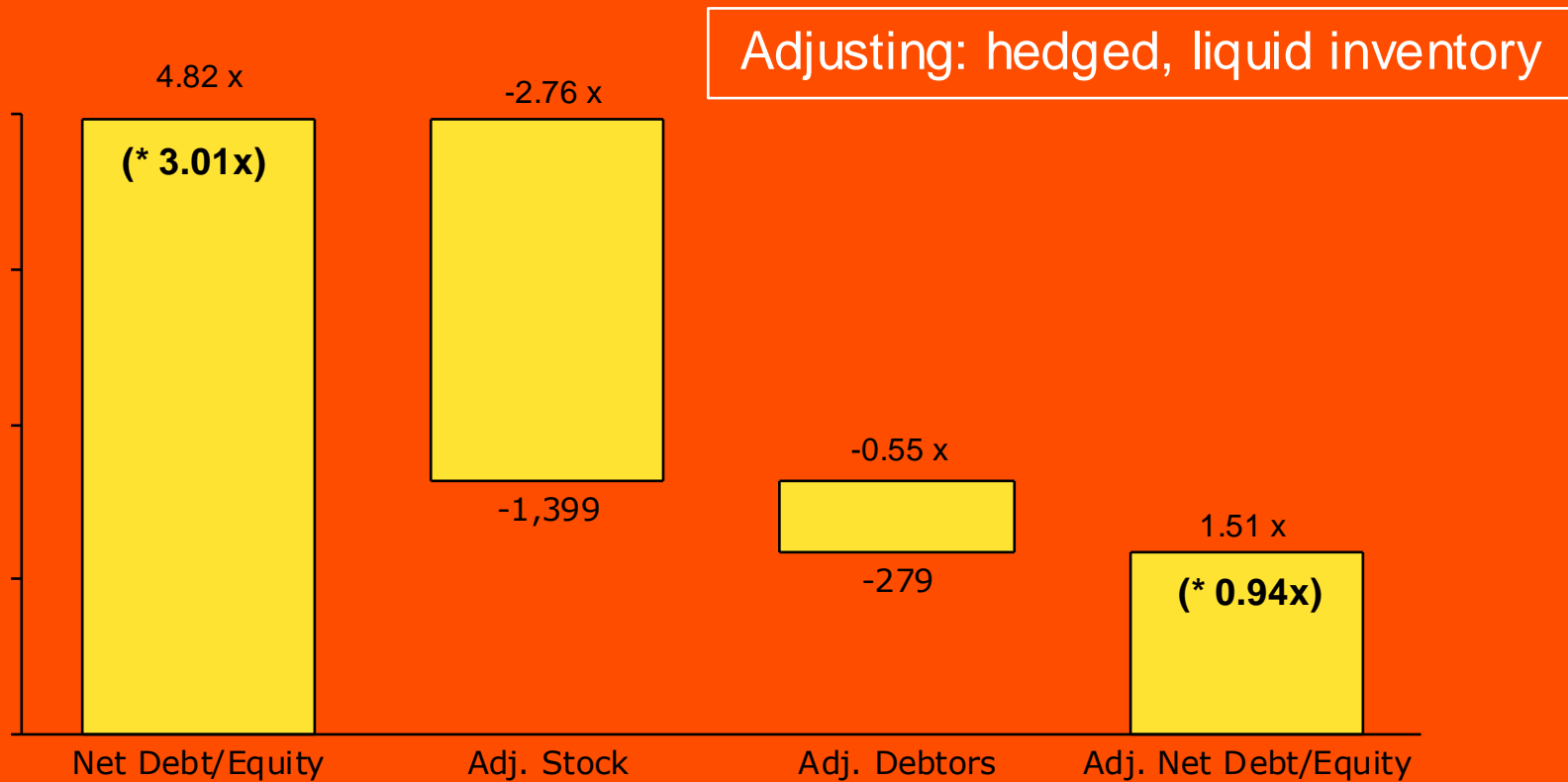
	9M FY2008			FY 2007	
Leverage (x)	Before Intangibles and Fair Value Adj. Reserve	After Intangibles and before Fair Value Adj. Reserve	After Intangibles and Fair Value Adj. Reserve	After Intangibles and before Fair Value Adj. Reserve	After Intangibles and Fair Value Adj. Reserve
Gross Debt to Equity (x)	4.38	5.24	7.07	3.94	5.71
Net Debt to Equity (x)	4.03	4.82	6.50	3.45	5.00

Post New Equity

	9M FY2008			FY 2007	
Gross Debt to Equity (x)	2.91	3.28	3.90	3.94	5.71
Net Debt to Equity (x)	2.68	3.01	3.59	3.45	5.00
Adjusted Debt to Equity	0.94			0.83	

Balance Sheet: Analysis of Gearing

Net
Debt/Equity (x)

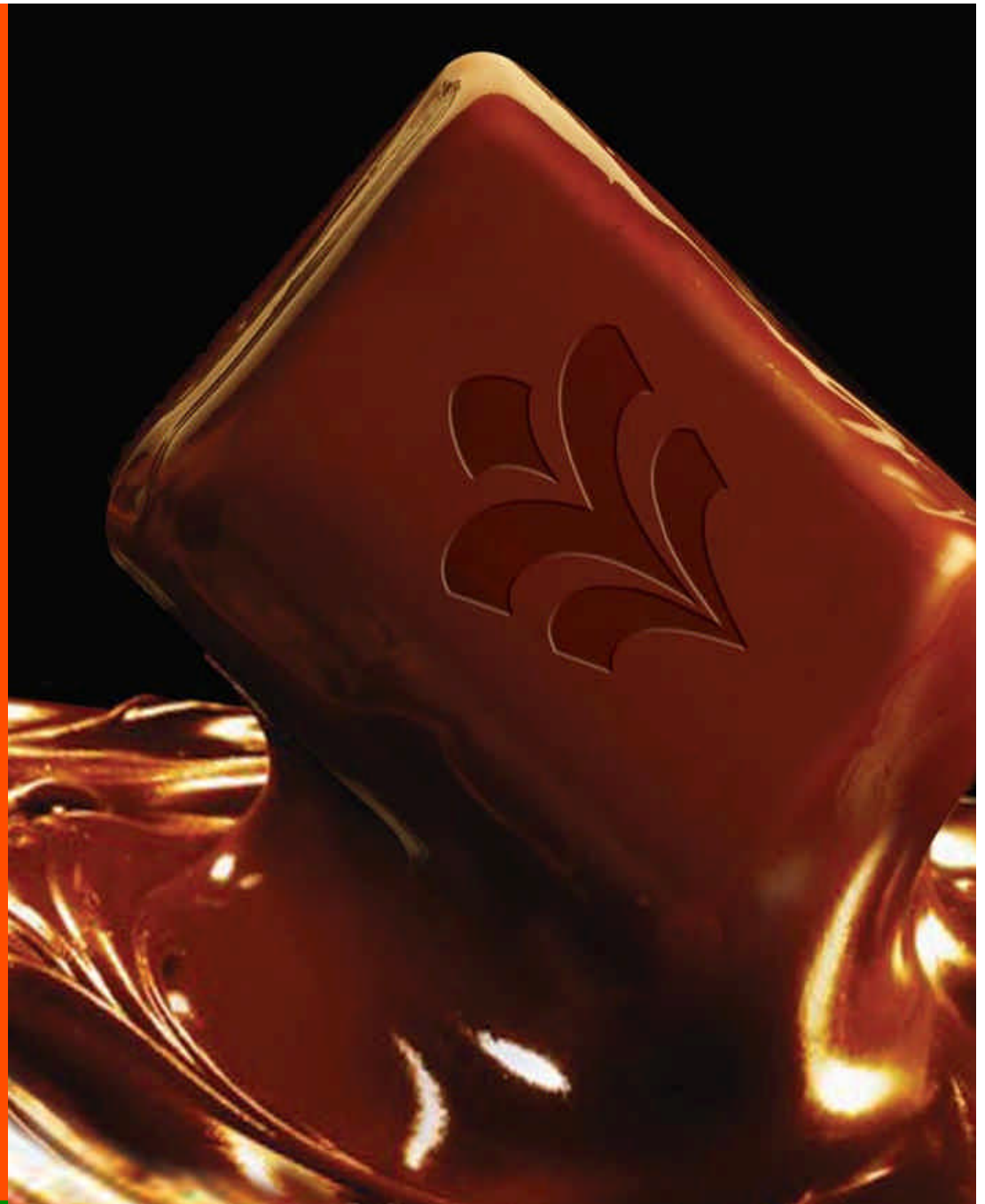


* Post Equity raising

Impact of FRS 39

- ✿ Impact on P&L is reduction in profits of S\$2.4 million.
- ✿ Reduction in equity as of 31 March 2008 is S\$130.4 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.

Key Issues & Summary



Summary

- ❖ Strong top line (volume) and bottom line (PAT) growth at 26.1% and 31.0% respectively for 9M FY2008.
- ❖ Broad-based performance from all segments. High earnings quality (predictability and visibility of earnings) not dependent on commodity prices.
- ❖ Organic growth continues to be very strong while inorganic growth likely to materially improve earnings from FY2009 onwards.
- ❖ Successful completion of equity capital raising, demonstrating strong shareholder support.
- ❖ Improving competitive position across businesses.
- ❖ Growing global assignee talent pool increasing our bandwidth to execute our organic and inorganic growth plans.

Key Issues

- ❖ Food price inflation
 - ❖ Impact on Olam
 - ❖ Impact of rice export restrictions on our volume growth plans
 - ❖ Are export restrictions likely to be imposed on other products and its impact on Olam?
- ❖ Increasing asset intensity and its effects on returns
- ❖ QCH prospects
- ❖ M&A prospects and update



Thank You

