



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



# Olam International Limited

## Fourth Quarter & Full Year FY2006 Results Briefing

28<sup>th</sup> August 2006

Singapore





*This presentation should be read in conjunction with Olam International Limited's Fourth Quarter, FY2006 (Q4 FY2006) and Full Year FY2006 Financial Results Statement for the period ended 30<sup>th</sup> June 2006 lodged on SGXNET on 28<sup>th</sup> August 2006.*





## 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 Fourth Quarter and Full Year 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

- ❖ Market Review & Analysis
- ❖ Results: FY2006 - Consolidated P&L Analysis
- ❖ Results: FY2006 - Segmental Analysis
- ❖ Results: FY2006 - Balance Sheet Analysis
- ❖ M&A Update
- ❖ Shareholding Structure
- ❖ Outlook & prospects
- ❖ Q&A



# Market: Review & Analysis



# Trading Conditions: Performance of Commodity Indices

|                       | 1 Jul 2005 | 30 Jun 2006 | % Change     |
|-----------------------|------------|-------------|--------------|
| GSCI (softs)          | 574.13     | 590.42      | 2.84         |
| Reuters CRB (softs)   | 354.44     | 468.69      | 32.23        |
| RICI (softs)          | 1,026      | 1,019       | (0.70)       |
| DOW JONES-AIG (softs) | 71.13      | 72.11       | 1.38         |
| <b>OLAM'S BASKET</b>  |            |             | <b>14.86</b> |

**Farm commodity prices today are at its lowest relative to energy prices in the last 200 years.**

*Source: Bloomberg, Company (Olam)*





## Olam's Basket: (Volume weighted)

|                                | 1 Jul 2005 | 30 June 2006 | % Change |
|--------------------------------|------------|--------------|----------|
| <b>Rice</b> (US\$/ton)         | 285.0      | 312.0        | 9.47     |
| <b>Sugar</b> (US\$/ton)        | 267.6      | 461.4        | 72.42    |
| <b>Cocoa</b> (US\$/ton)        | 853.0      | 959          | 12.43    |
| <b>Coffee</b> (US\$/ton)       | 1,239.0    | 1,258        | 1.53     |
| <b>Cotton</b> (US\$/lb)        | 54.47      | 51.95        | (4.63)   |
| <b>Cashew Kernel</b> (US\$/lb) | 2.40       | 2.05         | (14.58)  |
| <b>Sesame</b> (US\$/ton)       | 679.0      | 738.5        | 8.76     |
| <b>Timber</b> (US\$/cbm)       | 485.0      | 570.0        | 17.53    |
| <b>Olam Basket Avg</b>         |            |              | 14.86%   |

Source: Company (Olam)

Results:  
Full Year FY2006  
Consolidated P&L Analysis



# Consolidated P&L Analysis: FY2006

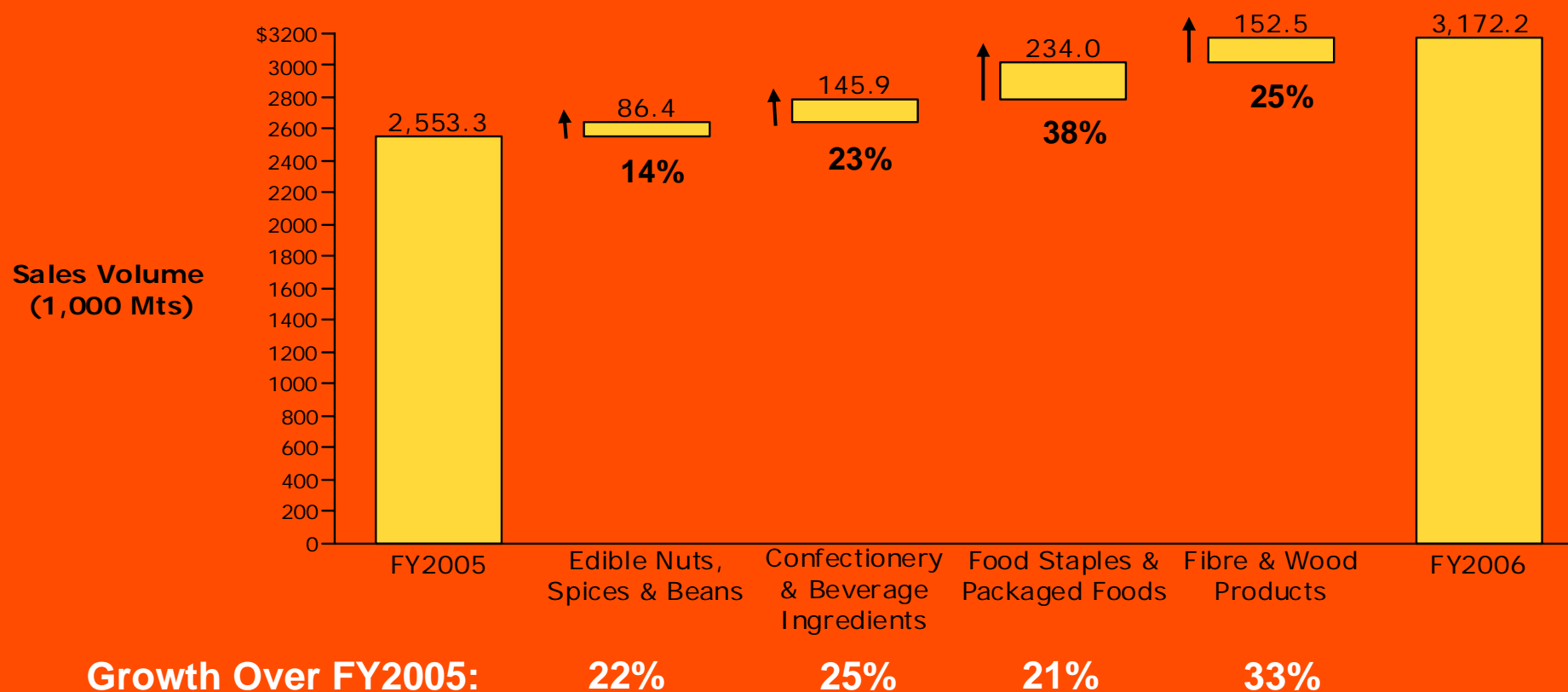
🌿 **Sales Volume: 3.172 million metric tons**

- 24.2% growth over FY2005
- Volume growth across all 4 segments



# Sales Volume Growth: Segmental Contribution

Sales Volume growth 24.2%, 618,858 mts





# Consolidated P&L analysis: FY2006

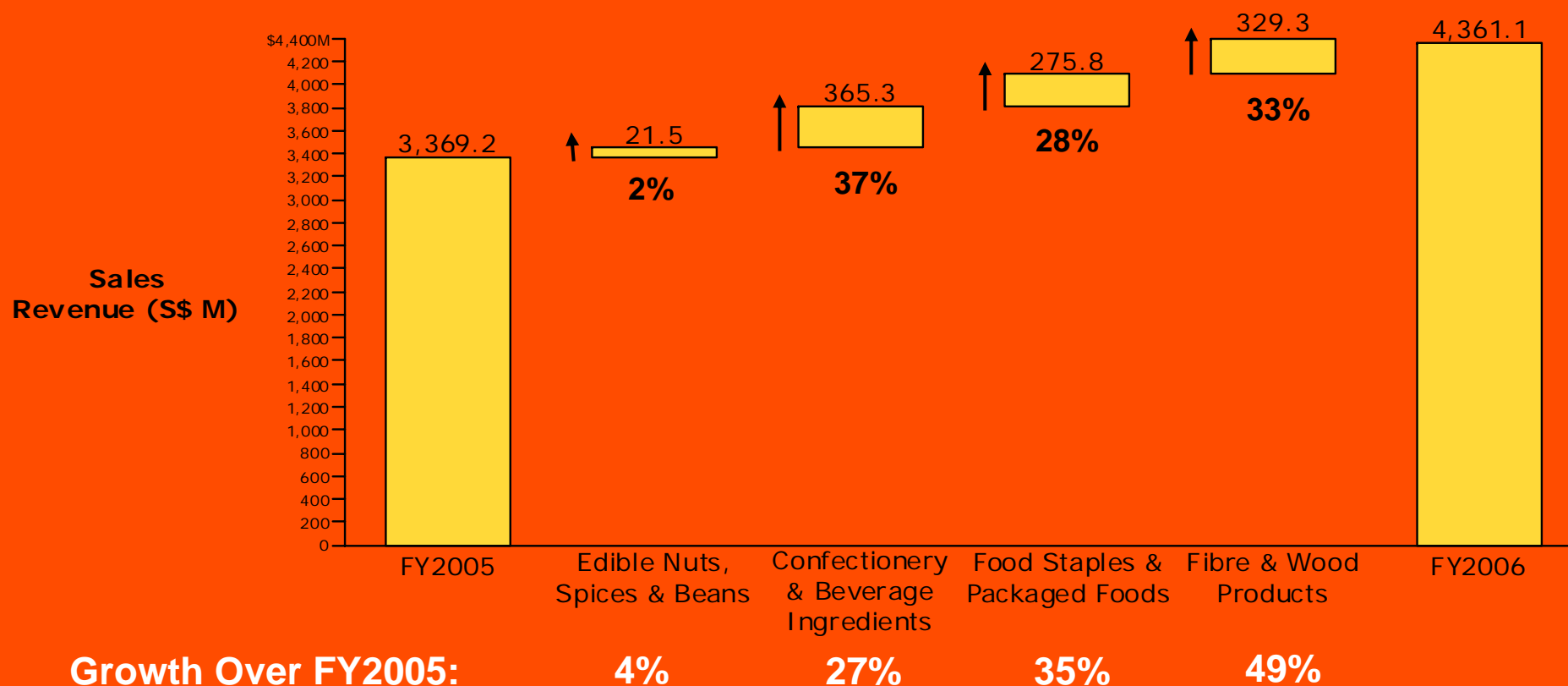
✿ **Total Revenue: S\$4,361.1 million**

- 29.4% growth over FY2005



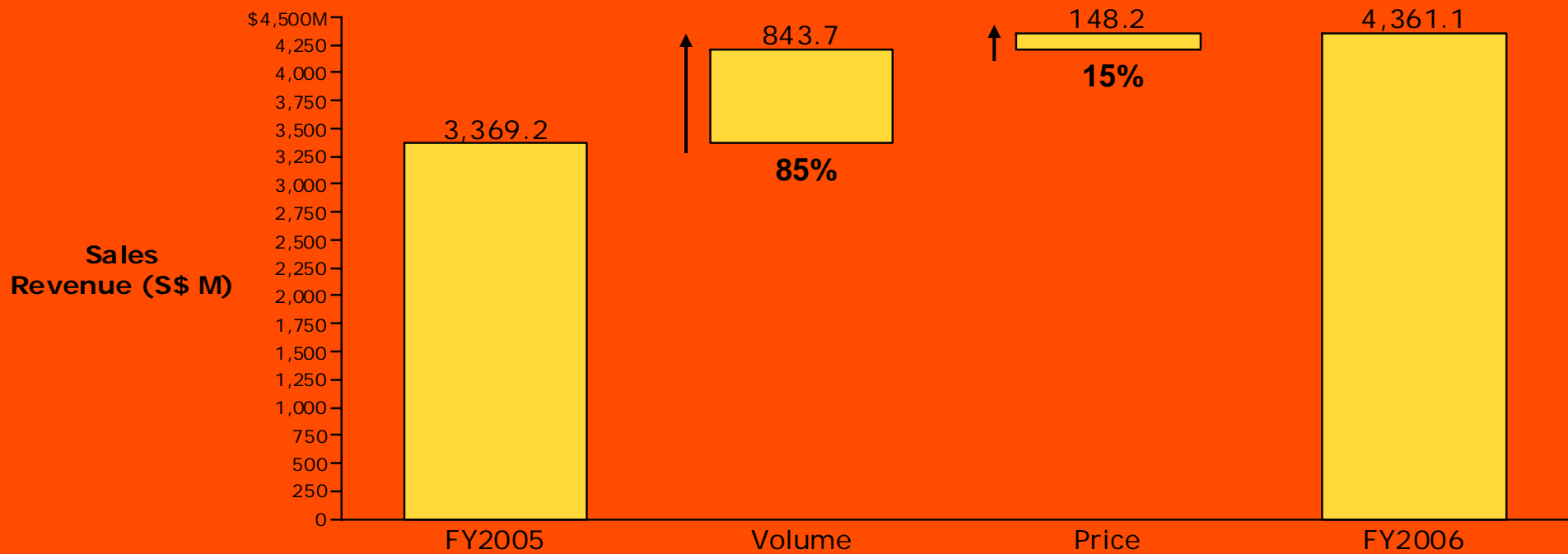
# Sales Revenue Growth: Segmental Contribution

Sales revenue growth 29.4%, S\$991.9 million



# Sales Revenue Growth: Sources

Sales revenue growth 29.4%, S\$991.9 million



# Consolidated P&L Analysis: FY2006

❖ **Gross Contribution (GC) : S\$343.1 million**

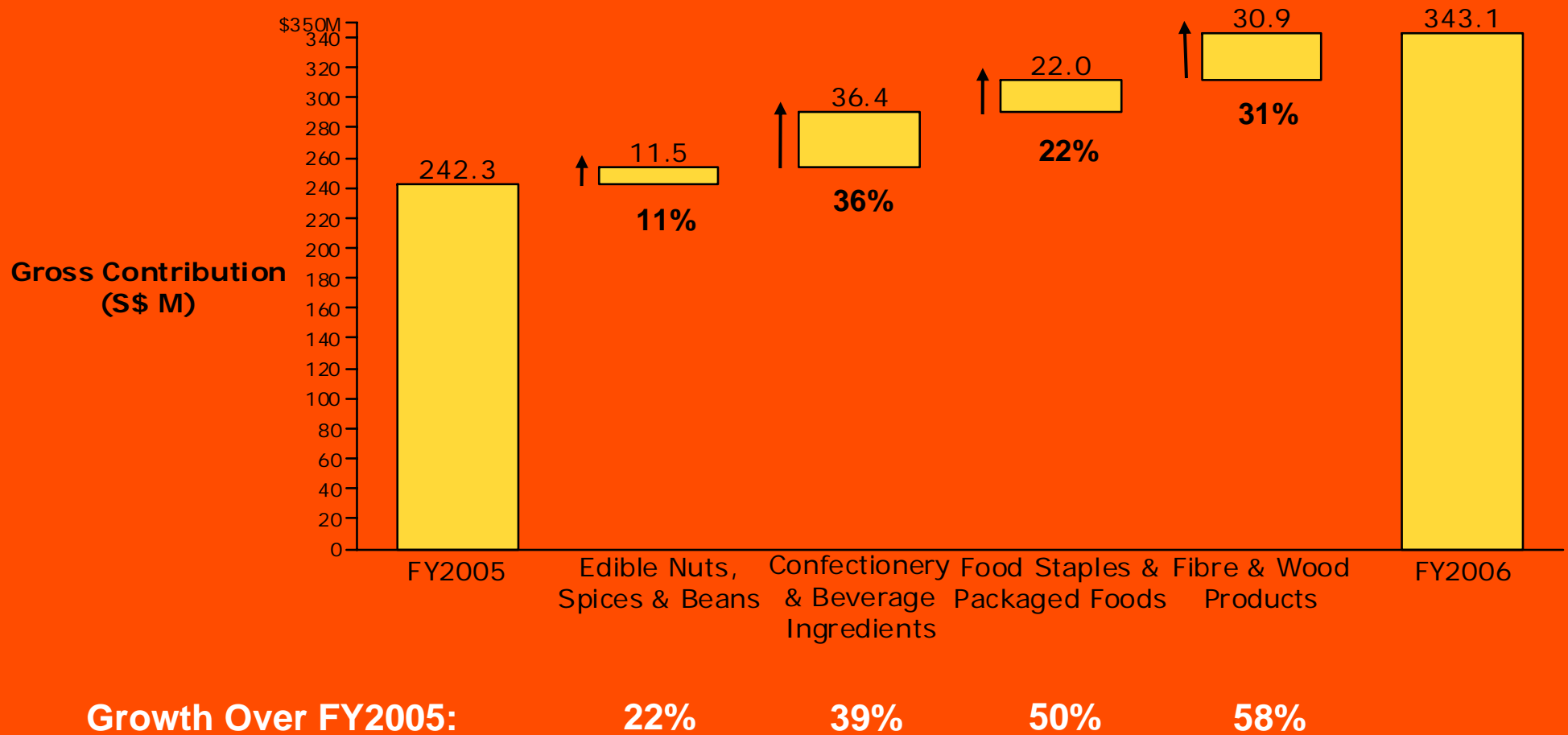
- 41.6% growth over FY2005
- GC growth across all segments





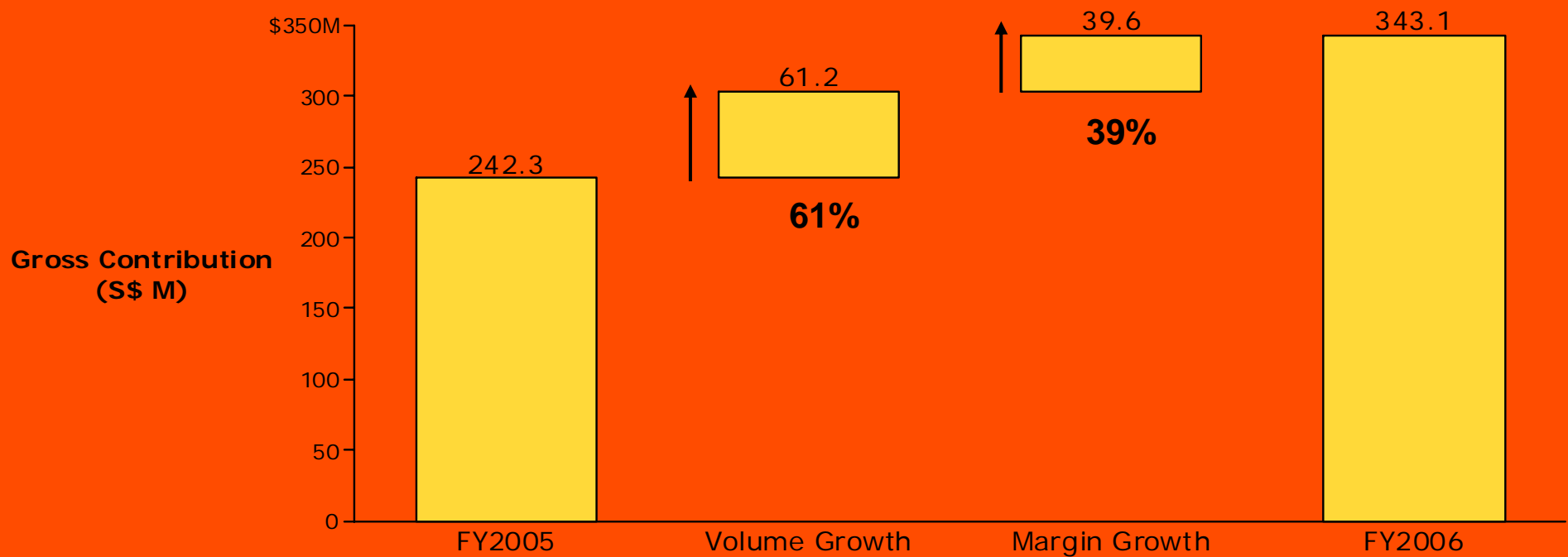
# Gross Contribution Growth: Segmental Share

GC growth 41.6%, S\$100.8 million



# Gross Contribution Growth: Sources

GC growth 41.6%, S\$100.8 million



# Interest Costs

✿ **Total increase in interest costs S\$34.3 million or 69.5%.**

|   | FY2006<br>(S\$'000) | FY2005<br>(S\$'000) | Increase<br>(S\$'000) | % Increase |
|---|---------------------|---------------------|-----------------------|------------|
| Interest Expenses                                 | 83,623              | 49,345              | 34,278                | 69.5%      |
| Sales   | 4,361,102           | 3,369,237           | 991,865               | 29.4%      |
| Interest Rate                                     | 5.42%               | 4.58%               | 0.84%                 | 18.3%      |
| Interest variance due to interest rate increase   |                     |                     |                       | 12,937     |
| Interest variance due to working capital increase |                     |                     |                       | 21,341     |
| Total Net Increase in Interest                    |                     |                     |                       | 34,278     |



# Consolidated P&L Analysis: **FY2006**

✿ **Net Contribution (NC) : S\$259.4 million**

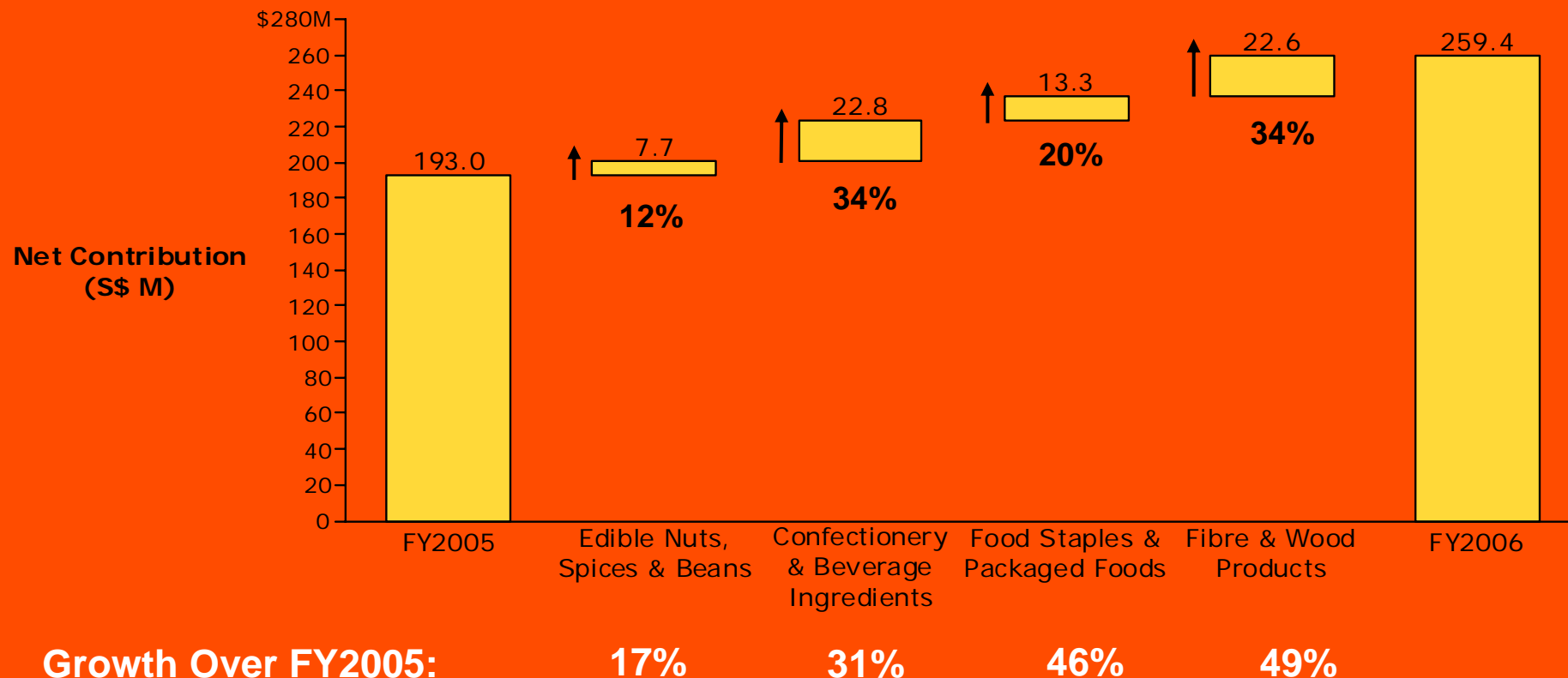
- 34.4% growth over FY2005
- NC growth across all segments





# Net Contribution Growth: Segmental Share

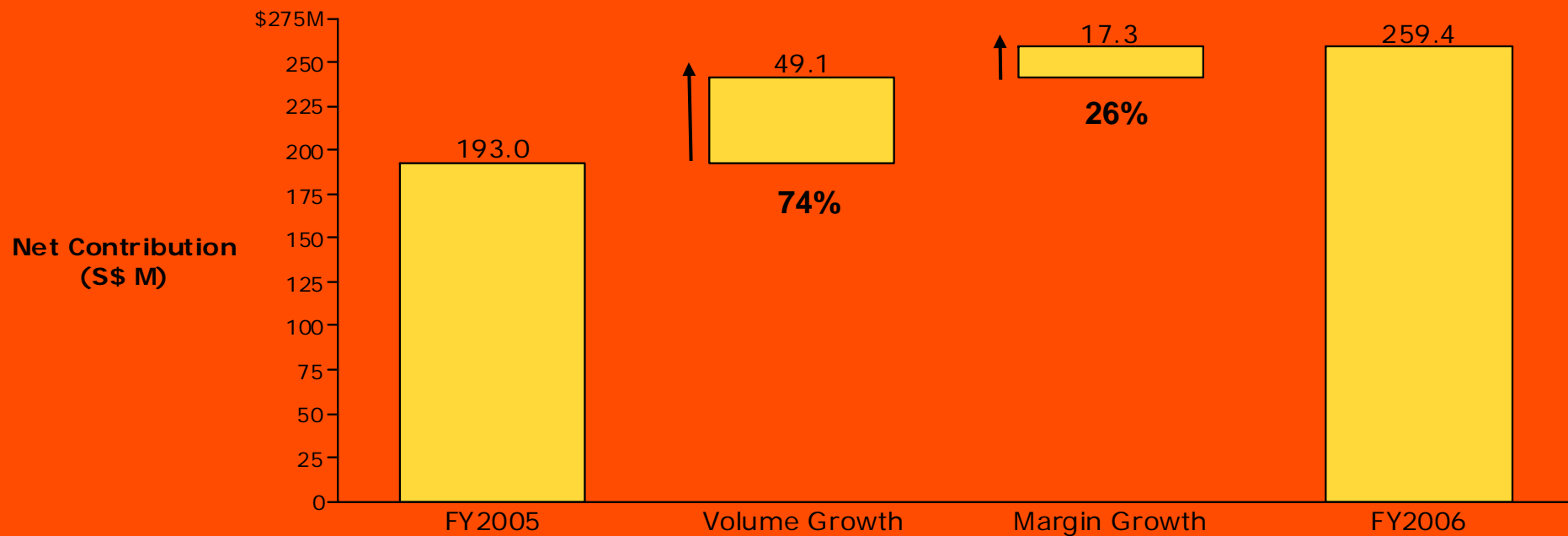
NC growth 34.4%, S\$66.5 million



- ❖ Net Contribution Margin **5.95%** in FY2006 vs **5.73%** in FY2005
- ❖ Net Contribution per ton **S\$82/ton** in FY2006 vs **S\$76/ton** in FY2005

# Net Contribution Growth: Sources

NC growth 34.4%, S\$66.5 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 | FY2006 | Balance C/F | Total  |
|---------|-----------------------|--------|-------------|--------|
| E S S S | 931                   | 982    | 544         | 2,457  |
| E S O S | 184                   | 737    | 9,883       | 10,805 |
| Total   | 1,115                 | 1,719  | 10,427      | 13,262 |

## Consolidated P&L Analysis: **FY2006**

- ❖ **SG&A** increased by 36.5% to S\$162.7 million in FY2006.

|                    | FY2006 | FY2005 | Change  |
|--------------------|--------|--------|---------|
| SG&A (S\$ million) | 162.7  | 119.2  | (36.5%) |
| SG&A / Sales ratio | 3.73   | 3.54   |         |

- ❖ Accelerated investment/ramping up in key geographies - South America, U.S., China, Brazil, India, Russia, Nigeria and Cote d'Ivoire.



# Consolidated P&L Analysis: **FY2006**

## ❖ **Net Profit After Tax (NPAT): S\$87.2 million**

- 32.3% growth over FY2005

## ❖ **Earnings per Share (EPS)**

- **9.8% growth in EPS on the basis of:**

5.61 cents/share in FY2006 vs 5.11 cents/share in FY2005 (based on weighted average no. of shares)

- **32.3% growth in EPS on the basis of:**

5.61 cents/share based on no. of shares as at 30<sup>th</sup> June 2006 compared to 4.24 cents/share based on no. of shares as at 30<sup>th</sup> June 2005.

# Results: FY2006

## Segmental Analysis



# Segmental Analysis FY2006: Summary

## Olam Consolidated

- Turnover **S\$4,361.1 million**
- Volume **3.172 mmts**
- NC **S\$259.4 m**
- NPAT **S\$87.2 m**

### Edible Nuts, Spices & Beans

- Turnover **\$588.3 m**
- Volume **0.482mmts**
- NC **\$52.9 m**

• NC Share **20.4%**



### Confectionery & Beverage Ingredients

- Turnover **\$1,711.3 m**
- Volume **0.734mmts**
- NC **\$95.7 m**

• NC Share **36.9%**



### Food Staples & Packaged Foods

- Turnover **\$1,058.4 m**
- Volume **1.336mmts**
- NC **\$42.1 m**

• NC Share **16.2%**



### Fibre & Wood Products

- Turnover **\$1,003.1 m**
- Volume **0.620mmts**
- NC **\$68.7 m**

• NC Share **26.5%**



## Segmental Analysis: Edible Nuts, Spices & Beans

| Description                   | FY2006  |         | FY2005  |         | % Change |
|-------------------------------|---------|---------|---------|---------|----------|
|                               | Amount  | S\$/Ton | Amount  | S\$/Ton |          |
| Volume<br>(metric tons)       | 481,978 |         | 395,601 |         | ↑ 21.8%  |
| Revenue<br>(S\$'000)          | 588,253 | 1,220   | 566,795 | 1,433   | ↑ 3.8%   |
| Net Contribution<br>(S\$'000) | 52,917  | 110     | 45,237  | 114     | ↑ 17.0%  |



# Growth in Volumes: **Edible Nuts, Spices & Beans**

✿ Volume increased by 22% over FY2005 (86,000 mt)

✿ **Growth contributed by**

- Cashew Ivory Coast, India, Nigeria, Vietnam and Brazil
  - Sesame\* **Sudan, Ethiopia** and Tanzania
  - Spices India and Indonesia
  - Pulses/Other Argentina, India and South Africa
- Edible Nuts\*\*

\* ***New sourcing operations out of India***

\*\* ***New sourcing operations out of South Africa***

| ✿ | Market Share | FY2006 | FY2005 |
|---|--------------|--------|--------|
| ■ | Cashew       | 13.5%  | 11.7%  |
| ■ | Sesame       | 9.4%   | 7.7%   |
| ■ | Spices       | 4.0%   | 3.0%   |



## Key Growth Initiatives : **Edible Nuts, Spices & Beans**

| Description      | FY2006 |         | FY2005 |         | Increase | % Change |
|------------------|--------|---------|--------|---------|----------|----------|
|                  | Amount | S\$/Ton | Amount | S\$/Ton |          |          |
| Net Contribution | 52,917 | 110     | 45,237 | 114     | 7,680    | 21.8%    |

### ✿ **Margin Improvement**

- 25,000 tons capacity for origin processing, increased by 5-fold over last year (Tanzania, Mozambique, Nigeria and Ivory Coast)

### ✿ **Value Chain**

- Expanded cashew processing facility in Vietnam
- Leased processing facility for peanuts in Argentina
- Set up a new processing facility for peanuts in China
- Steam sterilization unit for spices in Vietnam

### ✿ **Value Added Services**

- Organic cashew from Brazil

### ✿ **Marketing**

- Set up new office for Sesame in Middle East and China
- Expansion of marketing office for Spices in Rotterdam

## Segmental Analysis: Confectionary & Beverage Ingredients

| Description                   | FY2006    |         | FY2005    |         | % Change |
|-------------------------------|-----------|---------|-----------|---------|----------|
|                               | Amount    | S\$/Ton | Amount    | S\$/Ton |          |
| Volume<br>(metric tons)       | 734,226   |         | 588,280   |         | ↑ 24.8%  |
| Revenue<br>(S\$'000)          | 1,711,255 | 2,331   | 1,345,915 | 2,288   | ↑ 27.1%  |
| Net Contribution<br>(S\$'000) | 95,683    | 130     | 72,906    | 124     | ↑ 31.2%  |



# Growth in Volumes: Confectionary & Beverage Ingredients

✿ Volume increased by 25% over FY2005 (146,000 mt)

✿ Growth contributed by

- Coffee\*\* Brazil, Vietnam, Ivory Coast, Uganda and Indonesia
- Cocoa Ghana, Ivory Coast and Indonesia

*\*\* new sourcing operations for Arabica set up in Peru and Honduras*

| ✿ Market Share | FY2006 | FY2005 |
|----------------|--------|--------|
| ■ Coffee       | 4.0%   | 3.0%   |
| ■ Cocoa        | 14%    | 11.0%  |



## Key Growth Initiatives : Confectionary & Beverage Ingredients

| Description      | FY2006 |         | FY2005 |         | Increase | % Change |
|------------------|--------|---------|--------|---------|----------|----------|
|                  | Amount | S\$/Ton | Amount | S\$/Ton |          |          |
| Net Contribution | 95,683 | 130     | 72,905 | 124     | 22,778   | 31.0%    |

### ✿ Margin Improvement

- Expanded VMI services in both Cocoa and Coffee covering key customers Nestle, Petra, Blommer and Mars
- Cocoa processing in Nigeria

### ✿ Value Chain

- a modern Cocoa processing facility in Ivory Coast
- a processing facility for Arabica in Brazil
- a wet processing facility for Arabica in Vietnam

### ✿ Value Added Services

- Supply of organic cocoa from Tanzania
- Supply of sustainable cocoa from Indonesia and Ivory Coast

### ✿ Marketing

- Strengthen marketing for Coffee in Middle East, North Africa and Eastern Europe
- Strengthen marketing in U.S. for cocoa products and beans

# Segmental Analysis: Food Staples & Packaged Foods

| Description                   | FY2006    |         | FY2005    |         | % Change |
|-------------------------------|-----------|---------|-----------|---------|----------|
|                               | Amount    | S\$/Ton | Amount    | S\$/Ton |          |
| Volume<br>(metric tons)       | 1,335,691 |         | 1,101,701 |         | ↑ 21.2%  |
| Revenue<br>(S\$'000)          | 1,058,441 | 792     | 782,692   | 710     | ↑ 35.2%  |
| Net Contribution<br>(S\$'000) | 42,137    | 32      | 28,804    | 26      | ↑ 46.3%  |





# Growth in Volumes: Food Staples & Packaged Foods

✿ Volume increased by 21% over FY2005 (234,000 mt)

✿ Growth contributed by

- Rice Burkina, Algeria, Poland, Liberia, Mali, Ghana, Madagascar and Ivory Coast
- Sugar Poland, India, Brazil, Swaziland and Malawi
- Dairy Products Ukraine, Russia, Poland, Argentina, India and West Europe

| ✿ | Market Share   | FY2006 | FY2005 |
|---|----------------|--------|--------|
| ■ | Rice           | 6.8%   | 6.3%   |
| ■ | Sugar          | 1.0%   | 0.8%   |
| ■ | Dairy Products | 1.4%   | 0.7%   |

## Key Growth Initiatives : Food Staples & Packaged Foods

| Description      | FY2006 |         | FY2005 |         | Increase | % Change |
|------------------|--------|---------|--------|---------|----------|----------|
|                  | Amount | S\$/Ton | Amount | S\$/Ton |          |          |
| Net Contribution | 42,136 | 32      | 28,804 | 26      | 13,333   | 46.0%    |

### ✿ Margin Improvement

- Rice milling operations in Nigeria
- Premium segment rice in West Africa
- Supply halal certified sugar from Poland
- Favourable product mix

### ✿ Value Chain

- Direct mill sourcing of sugar from Brazil and Poland
- Ran an outgrower programme for rice farming in Nigeria
- Expanded the PFB portfolio – Ponchos and Tasty Tom
- Set up processing plants for PFB in Russia and Nigeria

### ✿ Marketing

- New markets for rice in Liberia, Algeria, Burkina Faso, Mali and Togo
- Launch of Pearl brand milk powder in Congo and Ivory Coast
- Expanded distribution network for PFB in Russia and Africa
- Expanded marketing base for Sugar in Middle East

## Segmental Analysis: Fibre & Wood products

| Description      | FY2006    |         | FY2005  |         | % Change |
|------------------|-----------|---------|---------|---------|----------|
|                  | Amount    | S\$/Ton | Amount  | S\$/Ton |          |
| Volume           | 620,289   |         | 467,743 |         | ↑ 32.6%  |
| Turnover         | 1,003,153 | 1,617   | 673,835 | 1,441   | ↑ 48.9%  |
| Net Contribution | 68,704    | 111     | 46,024  | 98      | ↑ 49.3%  |



## Growth in Volumes: Fibre & Wood products

- ✦ Volume increased by 33% over FY2005 (153,000 mt)
- ✦ Growth contributed by
  - Cotton India, Sudan, Tanzania, West Africa and U.S.A.
  - Timber Guinea, Gabon, Brazil and Ghana

| ✦ | Market Share | FY2006 | FY2005 |
|---|--------------|--------|--------|
| ■ | Cotton       | 4.2%   | 2.7%   |
| ■ | Timber       | 2.2%   | 2.0%   |



## Key Growth Initiatives: **Fibre & Wood products**

| Description      | FY2006 |         | FY2005 |         | Increase | % Change |
|------------------|--------|---------|--------|---------|----------|----------|
|                  | Amount | S\$/Ton | Amount | S\$/Ton |          |          |
| Net Contribution | 68,704 | 111     | 46,024 | 98      | 22,680   | 49.0%    |

### ✿ **Margin Improvement**

- Cotton ginning in Tanzania and Nigeria
- Timber processing operations in Gabon and Brazil
- Achieved economies of scale in freight for timber

### ✿ **Value Chain**

- Set up ginning for Cotton in Uganda and Zimbabwe
- Exploring supply of organic cotton from East Africa

### ✿ **Value Added Services**

- Supply of certified teak from Ghana

### ✿ **Marketing**

- Own marketing offices for Cotton in Turkey and China
- Distribution network for timber in Vietnam and China



Results: FY2006

## Balance Sheet Analysis



## Balance Sheet Analysis: Summary

| (Figures in S\$'000)       | 30 Jun 2006      | 30 Jun 2005      | % Change      |
|----------------------------|------------------|------------------|---------------|
| Fixed Assets & Investments | 74,712           | 40,649           | 83.8%         |
| <b>Current Assets</b>      |                  |                  |               |
| Debtors                    | 426,778          | 649,179          | (34.3%)       |
| Stocks                     | 1,013,905        | 1,019,025        | (0.5%)        |
| Cash & Cash Equivalents    | 296,241          | 165,367          | 79.1%         |
| Other Current Assets       | 527,018          | 268,220          | 96.5%         |
| <b>Total Assets</b>        | <b>2,338,654</b> | <b>2,142,440</b> | <b>9.2%</b>   |
| Trade Creditors            | 134,874          | 175,026          | (22.9%)       |
| Borrowings                 | 1,476,832        | 1,450,747        | 1.8%          |
| Other Liabilities          | 238,908          | 18,416           | 1197.3%       |
| <b>Net Assets</b>          | <b>488,040</b>   | <b>498,251</b>   | <b>(2.0%)</b> |
| Equity & Reserves          | 488,040          | 498,251          | (2.0%)        |

## Balance Sheet Analysis: Ratios

|                                    | 30 Jun 2006 | 30 Jun 2005 | Change     |
|------------------------------------|-------------|-------------|------------|
| <b>Current Asset Ratios</b>        |             |             |            |
| <b>Debtors (days)</b>              | <b>36</b>   | <b>70</b>   | <b>34</b>  |
| <b>Stock (days)</b>                | <b>92</b>   | <b>119</b>  | <b>27</b>  |
| <b>Advance to Suppliers (days)</b> | <b>15</b>   | <b>11</b>   | <b>(4)</b> |
| <b>Trade Creditors (days)</b>      | <b>12</b>   | <b>20</b>   | <b>(8)</b> |
| <b>Current Ratio (x)</b>           | <b>1.50</b> | <b>1.28</b> |            |

## Balance Sheet Analysis: Debtors

- 67% of Debtors secured by Letter of Credit / Docs of Title.
- Debtor quality good – Additional provision made for \$ 1.5 m

| Period  | Percentage of Debtors* |               |           |
|---------|------------------------|---------------|-----------|
|         | < 30 days              | 30 to 90 days | > 90 days |
| FY 2006 | 83.4%                  | 7.4%          | 9.1%**    |
| FY 2005 | 89.7%                  | 6.0%          | 4.3%      |

\* Company

\*\* Most of the > 90 days debtors secured by stocks

## Balance Sheet Analysis: **Stock**

| (in S\$ Millions)                    | Jun 2006       | Jun 2005       | Increase      |
|--------------------------------------|----------------|----------------|---------------|
| Edible Nuts, Spices & Beans          | 151.6          | 148.7          | 1.9%          |
| Confectionery & Beverage Ingredients | 510.0          | 510.6          | (0.1%)        |
| Food Staples & Packaged Foods        | 274.4          | 304.2          | (9.8%)        |
| Fibre & Wood Products                | 77.9           | 55.5           | 40.4%         |
| <b>Total</b>                         | <b>1,013.9</b> | <b>1,019.0</b> | <b>(0.5%)</b> |

- 81.8% of stocks sold forward or hedged.



# Balance Sheet Analysis: **Fixed Assets**

## ❖ **Fixed assets**

- Investment in fixed assets amounted to S\$48.4 million in FY2006 as compared to S\$25.9 million in FY2005.
- Investments in fixed assets grew 83.8% to S\$74.7 million as at end Q4 FY2006 compared to S\$40.6 million as at the end of 30th June 2005.





## Balance Sheet Analysis: **Cash & Borrowings**

- ❖ **Cash and Fixed Deposits** increased by 79.1% to S\$296.2 million
- ❖ **Borrowings:**
  - ❖ Only 48.0% of our total credit facilities were used as of 30 June.

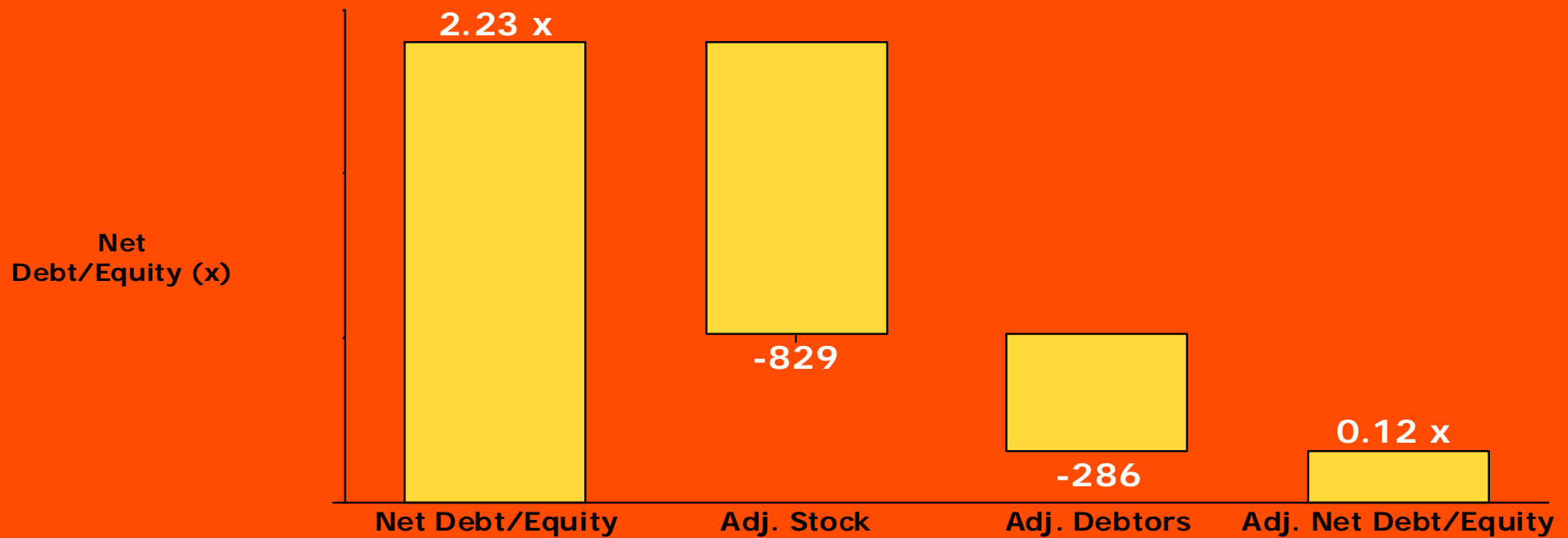
| (in S\$ million)              | 30 Jun 2006    | % Share       |
|-------------------------------|----------------|---------------|
| Short Term Banking Facilities | 1,532.2        | 49.8%         |
| Committed Banking Facilities  | 237.9          | 7.7%          |
| Islamic Financing             | 134.8          | 4.4%          |
| MTN / Medium Term Loan        | 669.3          | 21.8%         |
| Long Term Loan                | 500.0          | 16.3%         |
| <b>Total</b>                  | <b>3,074.2</b> | <b>100.0%</b> |

# Balance Sheet Analysis: Gearing

|                          | 30 Jun 2006                    |                               | 30 Jun 2005 | Change                                   |
|--------------------------|--------------------------------|-------------------------------|-------------|--|
| Leverage (x)             | Before Fair Value Adj. Reserve | After Fair Value Adj. Reserve |             | Vis-à-vis before Fair Value Adj. Reserve |
| Gross Debt to Equity (x) | 2.79                           | 3.03                          | 2.91        | (0.12)                                   |
| Net Debt to Equity (x)   | 2.23                           | 2.42                          | 2.58        | (0.35)                                   |
| Interest Coverage (x)    | 2.29                           |                               | 2.54        | (0.25)                                   |
| Liquidity                |                                |                               |             |  |
| Cash to Sales (%)        | 6.79                           |                               | 3.08        | 3.71                                     |
| Cash & Cash Equivalents  | 296.2 m                        |                               | 165.4 m     | 130.8 m                                  |

# Balance Sheet: Analysis of Gearing

Adjusting: hedged, liquid inventory



## Impact of FRS 39

- ✿ Impact on P&L is increase in profits of S\$0.17 million.
- ✿ Reduction in equity as of 30 June 2006 is S\$42.0 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.

## Balance Sheet Analysis: **Cash Flows**

| S\$ Millions  | FY 2006 | FY 2005 |
|---|---------|---------|
| Operating profit before reinvestment in Working Capital | 193.4   | 131.7   |
| Net Cash used in operations                             | 214.0   | (713.6) |
| Net Cash used in Investment Activity                    | (48.3)  | (26.6)  |

|   |        |        |
|---|--------|--------|
|   |        |        |
| Cash from operating activities (NPAT + Depreciation and amortization) | 101.1  | 74.6   |
| Cash used in Investment Activities                                    | (48.3) | (26.6) |
| Cash generated from operations  | 52.8   | 48.0   |

# ROE :

| ROE           | FY 2006<br>Pre-FRS39 | FY 2006<br>Post-FRS39 | FY 2005 |
|---------------|----------------------|-----------------------|---------|
| ROE (BOP)     | 17.5%                | 17.5%                 | 34.7%   |
| ROE (Average) | 17.0%                | 17.7%                 | 19.2%   |
| ROE (EOP)     | 16.5%                | 17.9%                 | 13.2%   |
| Ke            | 9%                   | 9%                    | 9%      |
| Equity Spread | 8%                   | 8.7%                  | 10.2%   |





## Other Ratios :

|                       | FY 2006 | FY 2005 |
|-----------------------|---------|---------|
| <b>ROIC</b>           | 9.41%   | 6.14%   |
| <b>WACC</b>           | 5.91%   | 5.34%   |
| <b>Capital Spread</b> | 3.50%   | 0.80%   |



# Dividend:

| Name of Dividend               | FY2006               |                     |       | FY2005               |                     |       |
|--------------------------------|----------------------|---------------------|-------|----------------------|---------------------|-------|
| Dividend<br>(cents per share)  | Ordinary<br>Dividend | Special<br>Dividend | Total | Ordinary<br>Dividend | Special<br>Dividend | Total |
|                                | 1.50                 | 1.50                | 3.00  | 1.08                 | 1.08                | 2.16  |
| Total Dividend                 | S\$46.6 m            |                     |       | S\$33.6 m            |                     |       |
| Dividend Payout<br>Ratio (PAT) | 53.45%               |                     |       | 50.00%               |                     |       |



## Impact on Growth:

❖  $ROE = PM \times AT \times FL$

❖  $16.5\% = 2.0\% \times 2.55 \times 3.23$

❖ Sustainable growth rate (SGR) =  $\Delta$  Equity

❖  $SGR \text{ (growth)} = ROE \times DRR \text{ (16.5\%} \times 46.6\% = 7.7\%)$

❖ Target Growth = 20 %

❖ Target ROE =  $2.25\% \times 2.50 \times 4.5^* = 25\%$

*\* FL of 4.5 corresponds to 3.5x Debt / Equity*



# M&A Update



# M&A Update:

✿ Have recently announced 2 small but earnings and value accretive transactions:

1. Acquisition of Taloca's (a subsidiary of Kraft Food International) Coffee processing facilities in Colombia.
2. Acquisition of a Peanuts shelling and processing unit from Senwes in South Africa.





## M&A Update:

- ❖ Olam uses M&A as a tool to support its strategy and is not a strategy in itself.
- ❖ Each business has developed 2 three-year strategic plans with specific/actionable growth initiatives.
- ❖ Based on these strategic plans, a master list of potential targets in each business that is aligned to this strategy has been developed.
- ❖ A shortlist of 60 active targets across the 14 businesses are now under evaluation. These targets are aligned directly to the businesses' strategy.



## M&A Update:

- ❖ These targets have been chosen to complement our distinctive capabilities.
- ❖ We have strengthened our core Deal Team to include 2 more senior professionals with 1 based in the U.S. to take the team strength to 3.
- ❖ We intend to be deliberate and patient in finding value accretive targets that are directly aligned to our strategy and look to do only 2 or 3 transactions each year during the first 3-year plan.

# Shareholding Structure



# Tracking Shareholder Changes

|    | Shareholder                       | July 2006 shareholding |                |
|----|-----------------------------------|------------------------|----------------|
|    |                                   | Shares ('000)          | % O/S          |
| 1. | Main Sponsor<br>(KC Group)        | 513,135                | 33.01%         |
| 2. | Management Team                   | 258,042                | 16.60%         |
| 3. | Co-Sponsors<br>(AIF Capital, IFC) | 197,455                | 12.70%         |
| 4. | Institutional Investors           | 564,350                | 36.30%         |
| 5. | Retail / Individuals              | 21,609                 | 1.39%          |
|    | <b>Total Shareholding</b>         | <b>1,554,584</b>       | <b>100.00%</b> |

## World Class Investors

### Top 20 Institutional Shareholders (by Parent Company)

| Rank | Institution                      |
|------|----------------------------------|
| 1    | UBS Group                        |
| 2    | Newton Asset Management          |
| 3    | Capital Group                    |
| 4    | T. Rowe Price                    |
| 5    | Jardine Fleming Asset Management |
| 6    | Penta Investment Advisors        |
| 7    | Credit Suisse Group              |
| 8    | JP Morgan Asset Management       |
| 9    | Barclays Global Investors        |
| 10   | F&C Asset Management             |

# World Class Investors

## Top 20 Institutional Shareholders (by Parent Company)

| Rank | Institution                  |
|------|------------------------------|
| 11   | Arisaig Partners             |
| 12   | Abu Dhabi Investment Company |
| 13   | Fidelity                     |
| 14   | Clay Finlay                  |
| 15   | DnB NOR Asset Management     |
| 16   | Castalia Partners            |
| 17   | HSBC Group                   |
| 18   | Sumitomo Trust               |
| 19   | Lion Capital                 |
| 20   | TIAA CREF                    |



# Outlook & Prospects





# Outlook & Prospects:

- ❖ Barring any unforeseen circumstances, we continue to be positive on the overall business outlook as we head into Q1 FY2007 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 particularly to the description of the seasonality of our business under the section “Background to analysing our Financial Statements” on page 10 of SGXNET announcement of this quarter results.



# Key Investment Merits:

## Strong Financial Track Record

|                                    | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 | CAGR (%)     |
|------------------------------------|--------|--------|--------|--------|--------|--------------|
| <b>Sales Revenue (S\$'million)</b> | 1,582  | 2,274  | 2,610  | 3,369  | 4,361  | <b>28.9%</b> |
| <b>NPAT (S\$'million)</b>          | 25.0   | 28.7   | 48.1   | 65.9   | 87.2   | <b>36.7%</b> |
| <b>ROE (BoPE)</b>                  | 49.2   | 39.6   | 40.7   | 34.7   | 17.6   |              |



# Key Investment Merits: Well Diversified Across Products

## Olam Consolidated

- Turnover **S\$4,361.1 million**
- Volume **3.172 mmts**
- NC **S\$259.4 m**
- NPAT **S\$87.2 m**

### Edible Nuts, Spices & Beans

- Turnover **\$588.3 m**
- Volume **0.482mmts**
- NC **\$52.9 m**

• NC Share **20.4%**



### Confectionery & Beverage Ingredients

- Turnover **\$1,711.3 m**
- Volume **0.734mmts**
- NC **\$95.7 m**

• NC Share **36.9%**



### Food Staples & Packaged Foods

- Turnover **\$1,058.4 m**
- Volume **1.336mmts**
- NC **\$42.1 m**

• NC Share **16.2%**



### Fibre & Wood Products

- Turnover **\$1,003.1 m**
- Volume **0.620mmts**
- NC **\$68.7 m**

• NC Share **26.5%**



## Key Investment Merits:

Well diversified: **Customers**

| Segment                              | Top 5 Customer Share of Total Sales |
|--------------------------------------|-------------------------------------|
| Edible Nuts, Spices & Beans          | 2.5%                                |
| Confectionery & Beverage Ingredients | 13.7%                               |
| Food Staples & Packaged Foods        | 1.8%                                |
| Fibre & Wood Products                | 3.4%                                |

- ❖ Total number of customers grew by 16% over FY2005 to 3,828 customers
- ❖ New customers contributed to 13% of total revenue last year

# Key Investment Merits:

## Risk Management as a Core Competence

|                       | FY2005<br>(US\$'m) | FY2006<br>(US\$'m) | Change<br>US\$'m) | % Change    |
|-----------------------|--------------------|--------------------|-------------------|-------------|
| <b>VaR</b>            | <b>15.3</b>        | <b>16.2</b>        | <b>0.9</b>        | <b>5.9%</b> |
| <b>VaR/Equity (%)</b> | <b>5.20%</b>       | <b>4.87%</b>       |                   |             |

- ❖ Sales volume growth of 24.2% in FY2006 vs FY2005 but VaR growth of 5.9%.





# Key Investment Merits:

## High Governance Standards

- ❖ High quality Board
- ❖ Balanced perspective from all shareholder groups  
(Main Sponsor, Co-sponsors, Management, Independents)
- ❖ Board committees





# Key Investment Merits:

## Strong Management

### ✿ Global Assignee Talent Pool (GATP)

| FY2005 | FY2006 | Change | % Change |
|--------|--------|--------|----------|
| 168    | 250    | 82     | 60%      |

### ✿ Attrition 5.6% amongst the lowest in the industry

# Key Investment Merits:

## Strong Prospects & High Growth Potential

- ❖ On track to meet long term goal of doubling intrinsic shareholder value (Proxy: doubling after tax earnings) every 3 years across the next 2 three-year strategic planning cycles i.e. the next six years (FY2007 to FY2012)



# 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

