



Olam-Sanyo Foods Strategic Alliance

Analysts/Media Conference Call

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Presenters

- A. Shekhar, Executive Director, Finance & Business Development, Olam International
- Ramanarayanan Mahadevan, President & Global Head, Packaged Foods, Olam International

Agenda

- Olam-Sanyo Foods Strategic Alliance Overview
- Profile of Sanyo Foods
- Olam Packaged Foods: Creating and Unlocking Value
- Growth Opportunities and Strategy
- Summary

Olam-Sanyo Foods Strategic Alliance

Transaction Overview

- ❖ Sanyo Foods to acquire 25.0% equity stake in Packaged Foods business from Olam for US\$187.5M; Olam holds 75% stake and management control in the business
- ❖ Initial enterprise valuation (EV) of US\$750.0M at 100% implying about 2.1x FY13 sales and 2.0x FY13 book value
- ❖ Includes an incentive structure to increase EV up to US\$850.0M upon achievement of specific performance milestones in FY15 (implied multiple on sales of 2.4x and book value of 2.3x)

Rationale

- ❖ Leverages expertise of a strategic partner to accelerate growth and enlarge pie
- ❖ Partial monetisation and generation of cash flow to support investments in Packaged Foods and other platforms
- ❖ Illuminates hidden value in Olam's portfolio and establishes valuation benchmark for this business

Financial Impact

- ❖ Based on initial EV, gross cash inflow of US\$187.5M; net cash inflow (less US\$20.0M paid for 25.5% in noodles business) of US\$167.5M; addition to reserves of US\$80.8M (after adjustment of FY14 gain on noodles transaction)
- ❖ Based on EV of US\$850.0M, gross cash inflow of US\$212.5M; net cash inflow (less US\$20.0M paid for 25.5% in noodles business) of US\$192.5M; addition to reserves of US\$105.8M (after adjustment of FY14 gain on noodles transaction)
- ❖ Transaction expected to be closed in Q2 FY2015 (subject to definitive documentation and closing conditions)

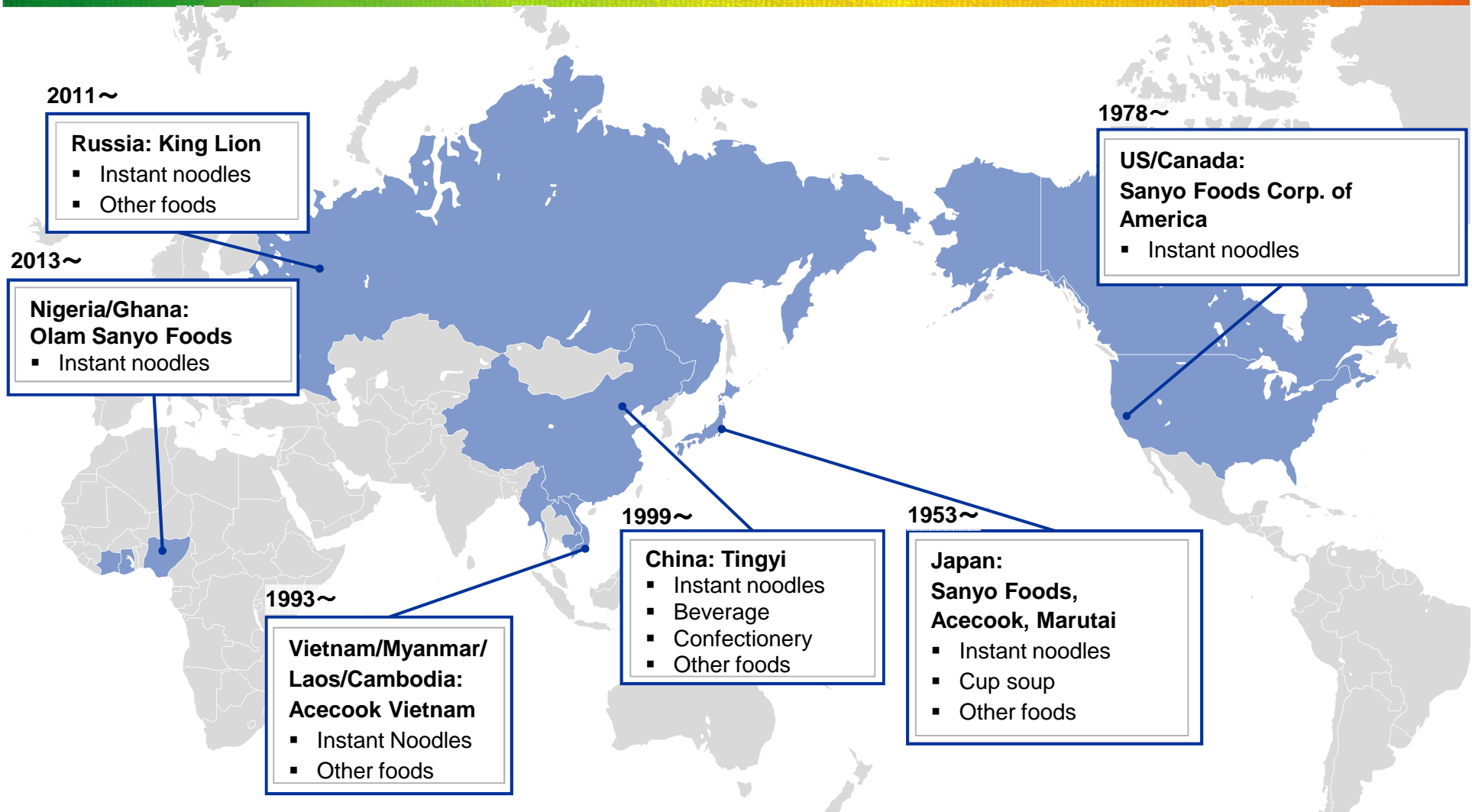
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Sanyo Foods : Leader in Packaged Foods

- One of the largest instant noodle players in the world
- Sanyo Foods Group is present in Japan, China, Vietnam, Nigeria, Russia, and the USA
- Sanyo Foods Japan has recorded 25% market share in pouched instant noodles in Japan
- Significant experience and expertise in the packaged food businesses in emerging markets, having jointly built leadership positions in markets such as China and Vietnam
- Demonstrated long-term approach to investments and partnerships: significant investor in Tingyi (China) for 15 years and in Acecook (Japan and Vietnam) for 33 years
 - Instant noodle market share of 56% in China and 70% in Vietnam
- Sanyo Foods' existing JVs are market leaders in categories such as instant noodles, ready-to-drink teas, bottled water and juices

Sanyo Foods Global Network through Business Partnerships



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West Africa : Olam's "Home Turf" and Large Growing Opportunity

- ❖ **25 years in Africa:** Olam has significant local context and distribution infrastructure across West Africa
- ❖ **Africa's Growth:** Highest population, consumption and GDP growth for next 2 decades
- ❖ **Changing demographic profile:** Increasing urbanisation and greater discretionary spending are main growth drivers
- ❖ **Opportunity to shape:** Evolving consumer tastes and preferences allow opportunity for early entrants to shape industry development
- ❖ **Erect entry barriers:** Followers attempting to enter 4 to 5 years from now will face entry barriers and find it expensive to gain share

Olam Packaged Foods Evolution

FY2005 – 2009 Phase I Setting Up

Started coffee 3-in-1 (Enrista) in South Africa

Started tomato paste in Nigeria, Ghana, Mali, Burkina Faso, Niger, Togo and Benin

Started seasonings distribution and local packaging in Nigeria

FY2010 – 2013 Phase II Scaling Up

Assumed management of CFM noodle operation

Set up of tomato sachet plant in Nigeria

Acquisition of De Rica brand (Tomato Paste)

Expanded into biscuits and tomato paste in Ghana through brownfield investments

Acquisition of OK Foods (Biscuits & Candies)

Acquisition of Kayass (Juices & Dairy beverages)

FY2014 – Phase III Growing with Strategic Partners

Sanyo Foods invests US\$20.0M into noodles JV, valuing the noodles business at US\$78.4M

Sanyo Foods to take 25.0% equity stake in Packaged Foods, valuing the business at US\$750-850M or 2.0–2.3x FY2013 invested capital

Olam Packaged Foods Today: Among Top 2 in 4 categories

Category	Position
 Biscuits	★ 2
 Candies	★ 1
 Tomato Paste	★ 2
 Seasonings	★ 1
 Noodles	3 / 4
 Milk Powder	6
 Juices	NA [★]
 Dairy Drinks	NA [★]

Marketing value to our business

★ Gestating

Leadership through Key Portfolio of Brands

Impulse & Snacking



Juices & Dairy Beverages



Culinary



Noodles



Leadership through Deep Distribution Reach

Weighted reach



Direct distribution reach : 55,000 outlets growing at 30% p.a

* Olam estimate

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Driving Growth in Partnership with Sanyo Foods

Attractive Opportunity

- ❖ Current market size of US\$4.4 billion in existing categories growing at between 6% and 12% p.a
- ❖ Aspirational consumers moving up the chain
- ❖ Relatively lower levels of clutter in products, brands and media
- ❖ Early entrants can erect entry barriers

Our Strategy

- ❖ Build a world class packaged foods business in Africa – 100% focus on African consumers and markets
- ❖ Leverage Sanyo Foods' skills and expertise in technology and in building leadership businesses in high-growth emerging markets to accelerate growth and explore new opportunities
- ❖ Build distinctive configuration of assets and capabilities: Go-to-Market, Marketing & Consumer insight, Local Manufacturing, Quality Focus and R&D

Building a Strong market position

- ❖ Top 2 player in 4 of 9 categories
- ❖ Achieving high growth rates in market shares across categories
- ❖ Target to achieve leadership position (top 2) in all 9 categories and markets by FY2016
- ❖ Target to be the favourite snacks, drinks and culinary ingredients provider to the African consumer through brands and products that matter to them

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Summary

- Continued execution of 2013 Strategic Plan
- Releases **cash of US\$167.5m** and records **addition to reserves of US\$80.8m** (after adjusting for noodle transaction gain recorded in FY14); Potential incremental **cash and addition to reserves upside of US\$25.0m**
- Accelerate growth of Packaged Foods to full potential through strategic alliance with long-term investor Sanyo Foods
- Establishes benchmark valuation of US\$750.0M–US\$850.0M for a high-growth business platform in Olam's portfolio
- Olam retains 75.0% ownership and management control to grow Packaged Foods to market leadership position



Thank You

