



## NEWS RELEASE

### **PATMI UP 265.1% TO S\$396.1 MILLION FOR Q3 FY2014 AND 88.6% TO S\$576.7 MILLION FOR 9M FY2014**

***S\$550.4 million in cash to be released by the end of FY2014 from 12 announced initiatives***

- PATMI for Q3 FY2014 higher by 265.1% at S\$396.1 million and for 9M FY2014 up 88.6% to S\$576.7 million, including exceptional gains of S\$293.9 million and S\$299.8 million, respectively.
- Nine completed and three strategic initiatives under execution will release S\$550.4 million in cash, generate a P&L gain of S\$108.5 million and add S\$34.8 million to capital reserves by year-end.
- Improvement in cash generation from higher operating cash flow, lower capital expenditure and the execution of strategic initiatives, but partially offset by significantly higher prices across multiple commodities.

<b>Consolidated Financial Results ended 31 Mar 2014</b>	<b>Q3 FY2014</b>	<b>Q3 FY2013</b>	<b>% Change</b>	<b>9M FY2014</b>	<b>9M FY2013</b>	<b>% Change</b>
Sales Volume ('000 MT)	4,018.0	3,882.6	3.5	11,379.1	11,655.0	(2.4)
Sales Revenue (S\$ million)	4,836.4	4,717.3	2.5	13,664.1	14,306.8	(4.5)
<b>EBITDA (S\$ million)</b>	<b>335.3</b>	<b>340.3</b>	<b>(1.5)</b>	<b>900.1</b>	<b>876.0</b>	<b>2.7</b>
PAT (S\$ million)	392.9	115.3	240.9	566.4	308.4	83.7
<b>PATMI (S\$ million)</b>	<b>396.1</b>	<b>108.5</b>	<b>265.1</b>	<b>576.7</b>	<b>305.8</b>	<b>88.6</b>
<b>Operational PATMI (S\$ million)</b>	<b>102.2</b>	<b>121.5</b>	<b>(15.9)</b>	<b>276.9</b>	<b>300.7</b>	<b>(7.9)</b>

Singapore, May 15, 2014 – Olam International Limited (“Olam”, “the Group” or “the Company”), a leading agri-business operating across the value chain in 65 countries, today reported its Q3 FY2014 and 9M FY2014 results with continued progress on the implementation of its strategic plan.

For the nine months ended March 31, 2014 (“9M FY2014”), Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) improved 2.7% to S\$900.1 million from the same period last year, reflecting margin expansion and improved operating efficiencies.

The Group reported an 88.6% growth in Profit After Tax and Minority Interests (“PATMI”) to S\$576.7 million. The results included an exceptional fair value gain of S\$271.0 million from the revaluation of its holding in PureCircle Limited which was recorded in Q3 FY2014. Operational PATMI, which excludes exceptional items, declined 7.9% to S\$276.9 million.



The decline in Operational PATMI was primarily driven by higher depreciation and amortisation expenses at S\$168.1 million compared to S\$123.3 million in 9M FY2013 and an increase in tax expenses to S\$65.0 million as compared to S\$44.7 million (excluding exceptional items) for the same period last year. These results include an overall reduction in the fair value of biological assets by S\$70.7 million, from a net gain of S\$50.0 million in 9M FY2013 to a net loss of S\$20.7 million in 9M FY2014.

Sales volumes were down 2.4% in 9M FY2014 as compared to 9M FY2013, which had shown a record 61.5% growth over the prior period (9M FY2012).

For the three months ended March 31, 2014 ("Q3 FY2014"), EBITDA was down 1.5% to S\$335.3 million. PATMI was up 265.1% to S\$396.1 million. Excluding exceptional items, Operational PATMI for Q3 FY2014 declined 15.9% to S\$102.2 million. The decline in Operational PATMI was primarily driven by higher depreciation and amortisation expenses at S\$57.5 million compared to S\$39.4 million in Q3 FY2013 and an increase in tax expenses to S\$37.6 million as compared to S\$26.8 million for the prior corresponding period. These results include an overall reduction in the fair value of biological assets by S\$26.4 million, from a net gain of S\$17.7 million in Q3 FY2013 to a net loss of S\$8.7 million in Q3 FY2014.

The Group continued to deliver improved free cash flow generation compared to the prior period, with higher operating cash flows of S\$875.5 million (9M FY2013: S\$820.7 million), a reduction in net fixed capital investments to S\$168.0 million (9M FY2013: S\$665.2 million) and the continued execution of strategic plan initiatives to unlock value and release cash. This was partially offset by an increase in working capital of S\$1,376.5 million (9M FY2013: S\$999.6 million) due to market-led price increases in certain commodities.

Net gearing was 2.03 times at March 31, 2014, which was lower than the 2.20 times gearing at March 31, 2013 and the 2.06 times as at the end of the previous quarter.

**Olam's Group Managing Director and CEO, Sunny Verghese** said: "The twin goals of profitable growth and generating positive free cash flow continued to be the focus of our actions during this period. We are ahead of target in executing our strategic plan initiatives to release cash and optimise our balance sheet. We have achieved a good balance between investing selectively for future growth while continuing to extract value from investments already made."

### **Strategic Plan Update**

Olam has announced 12 strategic initiatives, of which nine have been completed by Q3 FY2014. These nine completed initiatives have released cash of S\$395.8 million, generated a P&L gain of S\$85.7 million and added S\$16.5 million to capital reserves. Six out of the nine initiatives contributed S\$309.5 million of cash, S\$55.5 million in P&L gains and S\$16.5 million addition to capital reserves, which were recognised in 9M FY2014 results.



The remaining three initiatives, which are expected to be completed in Q4 FY2014, are likely to release further cash of approximately S\$154.6 million, generate a P&L gain of approximately S\$22.8 million and add approximately S\$18.2 million to capital reserves. (A summary of the initiatives and details about the strategic plan can be found in the Management Discussion and Analysis statement.)

## Segmental Review

### Quarter 3

Segment	Sales Volume		Revenue		EBITDA	
	Q3 FY2014	Q3 FY2013	Q3 FY2014	Q3 FY2013	Q3 FY2014	Q3 FY2013
Edible Nuts, Spices and Vegetable Ingredients	283.6	363.4	773.4	705.0	84.7	66.3
Confectionery and Beverage Ingredients	464.6	489.4	1,526.1	1,342.0	77.2	70.8
Food Staples and Packaged Foods	2,860.9	2,628.8	1,828.1	1,687.2	122.0	166.1
<b>Food Category</b>	<b>3,609.1</b>	<b>3,481.6</b>	<b>4,127.6</b>	<b>3,734.2</b>	<b>283.9</b>	<b>303.2</b>
Industrial Raw Materials (IRM)	408.9	401.0	708.5	982.8	55.7	40.3
Commodity Financial Services (CFS)	N.A.	N.A.	0.3	0.3	(4.3)	(3.2)
<b>Non-Food Category</b>	<b>408.9</b>	<b>401.0</b>	<b>708.8</b>	<b>983.1</b>	<b>51.4</b>	<b>37.1</b>
<b>Total</b>	<b>4,018.0</b>	<b>3,882.6</b>	<b>4,836.4</b>	<b>4,717.3</b>	<b>335.3</b>	<b>340.3</b>

Volume in '000 metric tonnes; Revenue & EBITDA in S\$ million

### Cumulative 9M

	Sales Volume		Revenue		EBITDA	
	9M FY2014	9M FY2013	9M FY2014	9M FY2013	9M FY2014	9M FY2013
Edible Nuts, Spices and Vegetable Ingredients	1,021.0	1,084.2	2,378.9	2,050.6	260.2	204.5
Confectionery and Beverage Ingredients	1,146.2	1,190.8	3,562.6	3,683.8	221.3	205.6
Food Staples and Packaged Foods	8,024.0	8,094.6	5,201.0	5,374.9	305.7	386.8
<b>Food Category</b>	<b>10,191.2</b>	<b>10,369.6</b>	<b>11,142.5</b>	<b>11,109.3</b>	<b>787.2</b>	<b>796.9</b>
Industrial Raw Materials (IRM)	1,187.9	1,285.4	2,520.5	3,196.4	125.9	99.0
Commodity Financial Services (CFS)	N.A.	N.A.	1.1	1.1	(13.0)	(19.9)
<b>Non-Food Category</b>	<b>1,187.9</b>	<b>1,285.4</b>	<b>2,521.6</b>	<b>3,197.5</b>	<b>112.9</b>	<b>79.1</b>
<b>Total</b>	<b>11,379.1</b>	<b>11,655.0</b>	<b>13,664.1</b>	<b>14,306.8</b>	<b>900.1</b>	<b>876.0</b>

Volume in '000 metric tonnes; Revenue & EBITDA in S\$ million



The **Edible Nuts, Spices & Vegetable Ingredients** segment registered a year-on-year volume decline of 5.8%, revenue growth of 16.0% and EBITDA growth of 27.2% in 9M FY2014. Strong growth in EBITDA from the almond and dehydrated onions businesses was partially offset by lower contribution from the cashew business. The tomato processing and Peanuts businesses continued to improve, delivering better performance year-on-year.

The **Confectionery & Beverage Ingredients** segment recorded a marginal decline in volume of 3.7%, and a revenue decline of 3.3%. Segment EBITDA grew by 7.6%, led by improving coffee supply chain margins, aided by favourable trading conditions and continued strong performance from the cocoa business.

**Food Staples & Packaged Foods** segment volumes were stable with a marginal decline of 0.9% compared to a strong prior period. Segment revenues declined by 3.2%, mainly due to lower Rice and Grain prices compared to 9M FY2013. EBITDA declined by 21.0% due to (a) lower trading margins in Grains and Rice, (b) adverse impact due to the devaluation of the local currency in Ghana, and (c) continuing underperformance in the upstream Dairy business, particularly in Rusmolco (Russia).

In the **Industrial Raw Materials** segment, volumes decreased 7.6% due to lower volumes in the Cotton, Wood Products and Fertiliser businesses, while turnover declined by 21.1%. Despite lower volumes, EBITDA increased by 27.2%, primarily on account of better Cotton margins as compared to 9M FY2013.

**Commodity Financial Services** narrowed its EBITDA loss by S\$6.9 million to S\$13.0 million in 9M FY2014 versus the corresponding period last year.

**Olam's Executive Director of Finance and Business Development, A. Shekhar** said: "All of our segments, with the exception of Food Staples & Packaged Foods, performed strongly for the period despite the challenging industry environment. Our strategy to expand selectively into the upstream and midstream segments has delivered improved margins, which contributed to our EBITDA growth despite lower volumes and turnover overall.

"We continued to make good progress in generating higher cash flows from operations and the execution of our strategic plan initiatives. Despite a significantly higher commodity price environment across several products in our portfolio, we recorded an overall improvement in cash flow generation over the prior year."

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**Notes to the Editor:**

*This release should be read and understood only in conjunction with the full text of Olam International Limited's Q3 FY2014 Financial Statements and Management Discussion and Analysis lodged on SGXNET on May 15, 2014.*

*The year-to-date figures are a better reflection of the Group's performance as it experiences seasonality in earnings from quarter to quarter due to its participation in upstream, midstream and supply chain management of agricultural commodities across the Northern and Southern hemispheres.*

*Q3 is generally the period when Olam experiences the highest gearing as it is typically the peak procurement season for most origin countries.*

**About Olam International Limited:**

*Olam International is a leading agri-business operating across the value chain in 65 countries, supplying various products across 16 platforms to over 13,600 customers worldwide. From a direct sourcing and processing presence in most major producing countries, Olam has built a global leadership position in many of its businesses. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 50 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index. Olam is the only Singapore firm to be named in the 2009, 2010 and 2012 Forbes Asia Fabulous 50, an annual list of 50 big-cap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com). Olam is located at 9 Temasek Boulevard #11-02 Suntec Tower Two Singapore 038989, Telephone: +65 63394100, Facsimile: +65 63399755.*

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