



NEWS RELEASE

PATMI UP 67.8% TO S\$608.5 MILLION FOR FY2014

S\$603.9 million in cash released from completion of 14 strategic initiatives of 17 announced

- PATMI for Q4 FY2014 was down 43.9% to S\$31.8 million due to exceptional items. Excluding these, Operational PATMI grew 1.5% to S\$48.5 million
- FY2014 PATMI grew 67.8% to S\$608.5 million compared to S\$362.6 million in FY2013. Excluding exceptional items, Operational PATMI declined 6.7% to S\$325.4 million in FY2014 compared to S\$348.6 million in FY2013
- Operational PATMI for FY2014 included bio losses of S\$3.7 million compared to a bio gain of S\$92.5 million in FY2013
- EBITDA for FY2014 was maintained despite lower volumes
- Significant improvement in trajectory of free cash flow generation driven by higher operating cash flow, lower capital expenditure and cash released from execution of strategic initiatives in spite of sharp increase in some commodity prices in H2 FY2014
- Net gearing improved to 1.82 times as at June 30, 2014
- Board recommends a final ordinary dividend of 5.0 cents per share and an additional special Silver Jubilee dividend of 2.5 cents per share

Consolidated Financial Results ended 30 June	Q4 FY2014	Q4 FY2013	% Change	FY2014	FY2013	% Change
Sales Volume ('000 MT)	3,498.3	4,298.5	(18.6)	14,877.3	15,953.5	(6.7)
Sales Revenue (S\$ million)	5,757.7	6,495.0	(11.4)	19,421.8	20,801.8	(6.6)
EBITDA (S\$ million)	268.7	294.8	(8.8)	1,168.8	1,170.8	(0.2)
PAT (S\$ million)	74.8	83.1	(10.0)	641.3	391.5	63.8
PATMI (S\$ million)	31.8	56.8	(43.9)	608.5	362.6	67.8
Operational PATMI (S\$ million)	48.5	47.8	1.5	325.4	348.6	(6.7)

Singapore, August 29, 2014 – Olam International Limited (“Olam”, “the Group” or “the Company”), today reported its FY2014 results which reflected significant progress in the implementation of its strategic plan.



For the three months ended June 30, 2014 ("Q4 FY2014"), Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") were down 8.8% to S\$268.7 million. Profit After Tax and Minority Interest (PATMI) was down 43.9% to S\$31.8 million due to exceptional losses of S\$16.7 million recorded in Q4 FY2014 compared to exceptional gains of S\$9.0 million in Q4 FY2013. Excluding exceptional items, Operational PATMI for Q4 FY2014 increased 1.5% to S\$48.5 million. These results include an overall reduction in the net gain from the fair valuation of biological assets by S\$25.5 million, from S\$42.6 million in Q4 FY2013 to S\$17.1 million in Q4 FY2014.

For the full year ended June 30, 2014 ("FY2014"), EBITDA was maintained at S\$1,168.8 million in spite of lower volumes, reflecting margin expansion, particularly from the midstream segment. The volume decline of 6.7% was against a high base of FY2013, which saw an exceptional 49.5% growth over FY2012, as well as a result of targeted volume reduction in lower margin businesses as outlined in the strategic plan. Reported PATMI was up 67.8% to S\$608.5 million on account of exceptional gains recorded during the period arising from the successful execution of various initiatives in the strategic plan. Operational PATMI declined by 6.7% on higher depreciation and amortisation charges. These numbers include a net loss of S\$3.7 million for FY2014 on the fair valuation of biological assets compared to a net gain of S\$92.5 million in FY2013.

Olam reported significant improvement in the trajectory of cash flow generation with Free Cash Flow to Firm ("FCFF") and Free Cash Flow to Equity improving by S\$327.0 million and S\$295.8 million respectively as compared to FY2013. FCFF for FY2014 was marginally negative at S\$28.7 million compared to negative S\$355.7 million in FY2013. This was driven by higher cash flows from operations of S\$1,175.5 million (FY2013: S\$1,073.8 million) and reduction in net capital expenditure (including release of cash from strategic plan initiatives) to S\$206.0 million (FY2013: S\$1,050.6 million). Olam also achieved a reduction in working capital in three key segments. However, a sharp increase in commodity prices in H2 FY2014, particularly in Coffee and Cocoa in the Confectionery & Beverage ingredients segment, led to an overall increase in working capital as compared to the corresponding prior period.

Net gearing at the end of FY2014 was lower at 1.82 times compared to 1.93 times at the end of FY2013, and is well below the FY2016 target of 2.0 times.

Olam's Group Managing Director and CEO, Sunny Verghese said: "We are pleased with the progress made in this first full year of our revised strategic plan. Disciplined execution on various strategic initiatives has helped to release cash and unlock intrinsic value across projects and platforms that we have built over the years.



“We will stay focused on our twin objectives of pursuing profitable growth and accelerating free cash flow generation, while investing in selective growth opportunities that can enhance shareholder value over time. In this context, Temasek’s recent investment to become the new majority shareholder in Olam will provide a strong base for a more resilient future for the Company.”

Strategic Plan Update

Since the strategic plan released in April 2013, Olam announced 17 initiatives, of which three were completed in FY2013 and 11 in FY2014. These 14 completed initiatives had released cash of S\$603.9 million, generated a P&L gain of S\$94.0 million and added S\$16.5 million directly to capital reserves. Three remaining initiatives, including the recently announced sale of 25.0% equity interest in the Packaged Foods business unit to Sanyo Foods, are expected to be completed within FY2015. These are likely to release further cash of approximately S\$313.1 million, generate a P&L gain of approximately S\$22.4 million and add approximately S\$118.8 million directly 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 4

Segment	Sales Volume		Revenue		EBITDA	
	Q4 FY2014	Q4 FY2013	Q4 FY2014	Q4 FY2013	Q4 FY2014	Q4 FY2013
Edible Nuts, Spices & Vegetable Ingredients	549.3	556.9	1,073.1	1,154.5	102.5	104.9
Confectionery & Beverage Ingredients	295.5	421.7	1,486.2	1,589.5	54.1	53.7
Food Staples & Packaged Foods	2,162.5	2,659.0	2,064.4	2,346.0	34.0	28.5
Food Category	3,007.3	3,637.6	4,623.7	5,090.0	190.6	187.1
Industrial Raw Materials (IRM)	491.0	660.9	1,134.3	1,404.7	89.6	108.1
Commodity Financial Services (CFS)	N.A.	N.A.	(0.4)	0.4	(11.4)	(0.4)
Non-Food Category	491.0	660.9	1,133.9	1,405.1	78.2	107.7
Total	3,498.3	4,298.5	5,757.7	6,495.0	268.7	294.8

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

Cumulative FY

	Sales Volume		Revenue		EBITDA	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Edible Nuts, Spices & Vegetable Ingredients	1,570.3	1,641.1	3,452.0	3,205.1	362.7	309.4
Confectionery & Beverage Ingredients	1,441.7	1,612.4	5,048.8	5,273.2	275.4	259.4
Food Staples & Packaged Foods	10,186.5	10,753.6	7,265.4	7,720.9	339.9	415.3
Food Category	13,198.5	14,007.1	15,766.2	16,199.2	978.0	984.1
Industrial Raw Materials (IRM)	1,678.9	1,946.3	3,654.8	4,601.1	215.5	207.1
Commodity Financial Services (CFS)	N.A.	N.A.	0.7	1.4	(24.6)	(20.4)
Non-Food Category	1,678.9	1,946.3	3,655.5	4,602.5	190.9	186.7
Total	14,877.3	15,953.5	19,421.8	20,801.8	1,168.8	1,170.8

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 4.3%, revenue growth of 7.7% and EBITDA growth of 17.2% in FY2014. The decline in volume was mostly on lower Cashew volumes while the EBITDA growth was on strong performance from the upstream Almond, US Peanut and dehydrated onion and garlic businesses within the segment.

The **Confectionery & Beverage Ingredients** segment recorded a decline in volume of 10.6% and revenue of 4.3%. Despite lower volumes, EBITDA grew 6.2%, driven by favourable trading conditions in Coffee and higher contribution from the midstream processing assets, including soluble Coffee in Vietnam and Spain and the newly commissioned Cocoa processing facility in Côte d'Ivoire.

Food Staples & Packaged Foods volumes and revenues declined by 5.3% and 5.9% respectively due to lower Grains and Rice volumes and prices. EBITDA declined by 18.2% due to lower contribution from Grains and Rice, impact of the devaluation of the Ghanaian Cedi on Packaged Foods, Grains and Rice, lower contribution from SIFCA in Palm and continued underperformance in the upstream Dairy operations in Uruguay and Russia.

The **Industrial Raw Materials** segment saw lower volumes in Wood Products and Fertiliser, leading to a decline of 13.7%, while turnover declined by 20.6%. Despite an adverse impact of lower volumes and backwardation in cotton futures in Q4 FY2014, overall EBITDA increased by 4.1%, supported by a higher contribution from the SEZ.

Commodity Financial Services registered an EBITDA loss of S\$24.6 million in FY2014 versus a loss of S\$20.4 million in FY2013.



Olam's Executive Director of Finance and Business Development, A. Shekhar said: "We have made substantial progress in our efforts to improve cash flow generation by releasing cash from various strategic initiatives and moderating the pace of new investments. We made deliberate choices to reduce volumes and exit lower margin businesses, while maintaining our overall EBITDA.

"We are particularly pleased with the performance of our upstream and midstream investments given that more than half of them are currently gestating and are expected to make a larger contribution in the future."

Dividend

The Board of Directors recommends an ordinary dividend of 5.0 cents per share for the year (FY2013: 4.0 cents per share). In celebration of Olam's 25th anniversary, the Board is pleased to recommend an additional special Silver Jubilee dividend of 2.5 cents per share.

Outlook and Prospects

The long-term trends in the agri-commodity sector remain attractive, and Olam is well-positioned to benefit from this as a core global supply chain business with selective integration into higher value upstream and mid/downstream segments. Olam believes its diversified portfolio with leadership positions in many segments provides a resilient platform to navigate uncertainties in global markets.

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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 Q4 FY2014 and FY2014 Financial Statements and Management Discussion and Analysis lodged on SGXNET on August 29, 2014.

The strategic plan for the period FY2014-2016 announced after Olam's strategy review in 2013 is premised on "rebalancing profitable growth and cash flow" with the view of generating positive Free Cash Flow to Firm (FCFF) by the end of FY2014, assuming constant prices, and sustaining it going forward.

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.



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 13,800 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.olanonline.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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