



Investor Day – Packaged Foods

30 September 2013 | Singapore



Presenters

- Ramanarayanan Mahadevan, President & Global Head
- Girish Nair, Senior Vice President, Marketing
- Kamesh Ellajosyula, Vice President, Manufacturing, Quality & Innovation

Agenda

- Packaged Foods – An Overview
- Africa Opportunity
- Category Overview
- Sales & Distribution
- Marketing & Consumer Insight
- Manufacturing, Innovation & Quality
- Summary
- Q&A

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Building a Consumer Facing Business

7 Markets

- ✿ **Only Africa**
- ✿ **Current play in the Sub-Saharan region:** Nigeria, Ghana, Mali, Burkina Faso, Niger, Togo, Benin

8 Categories

- ✿ **Culinary:** Tomato Paste, MSG Seasonings, Milk Powder
- ✿ **Snacking/ Impulse:** Biscuits, Candies
- ✿ **Beverages:** Juice, Dairy Beverages
- ✿ **Instant Noodles**

Market Position

- ✿ **Top 2 player in 4 categories**
- ✿ **Topline of US\$350 M**
- ✿ Total revenue growth rate: **79% CAGR***
- ✿ Organic revenue growth rate: **36% CAGR***

* FY2011-2013

Our Aspiration

To achieve leadership position (Top 2) in all our chosen categories and markets by FY2016

To be the favourite snacks, drinks and culinary ingredients provider to the African consumer through brands and products that matter to them

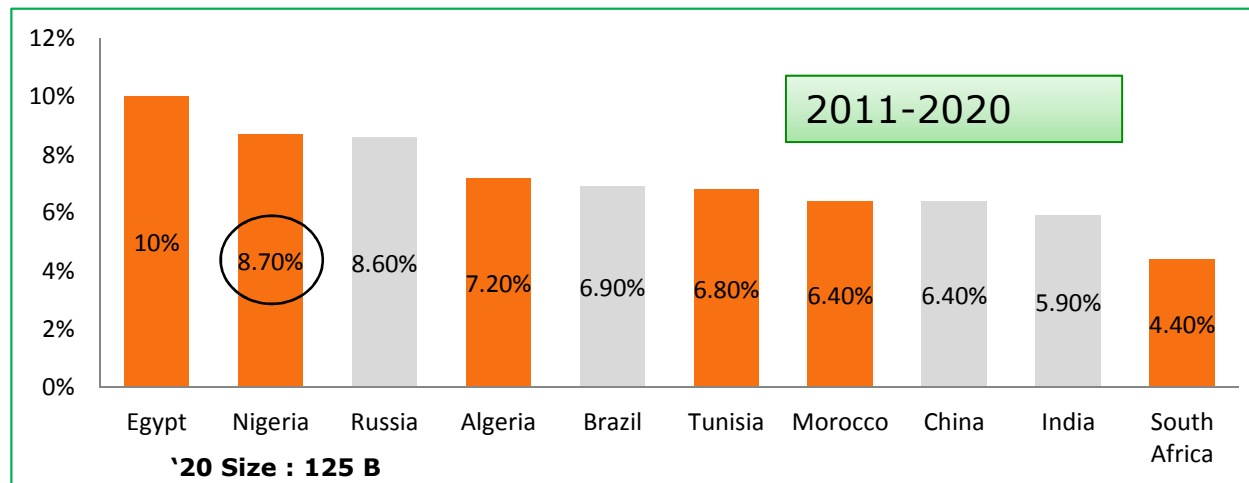
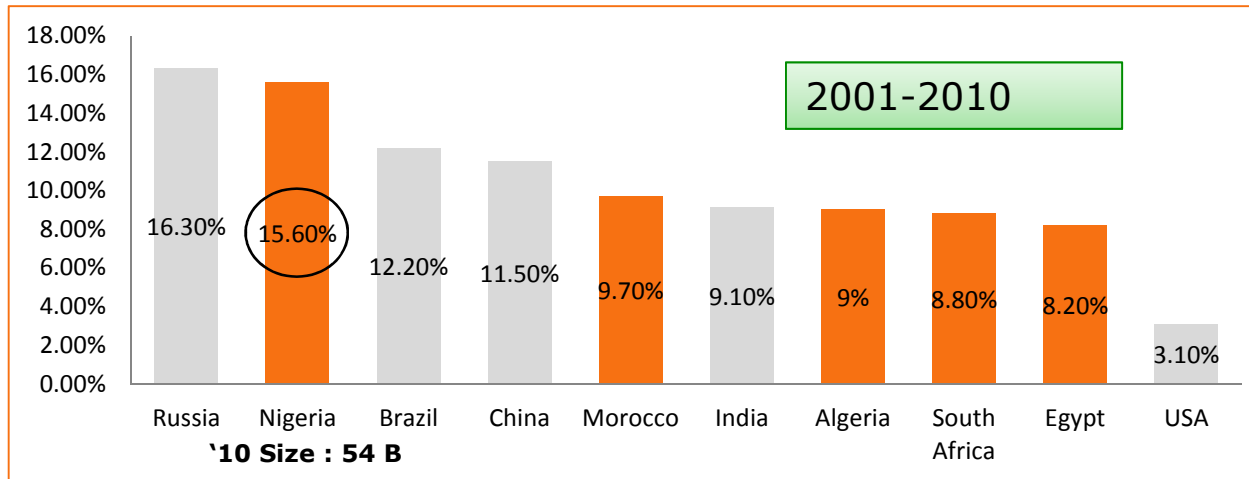
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West Africa – Olam’s “Home Turf” + Huge opportunity

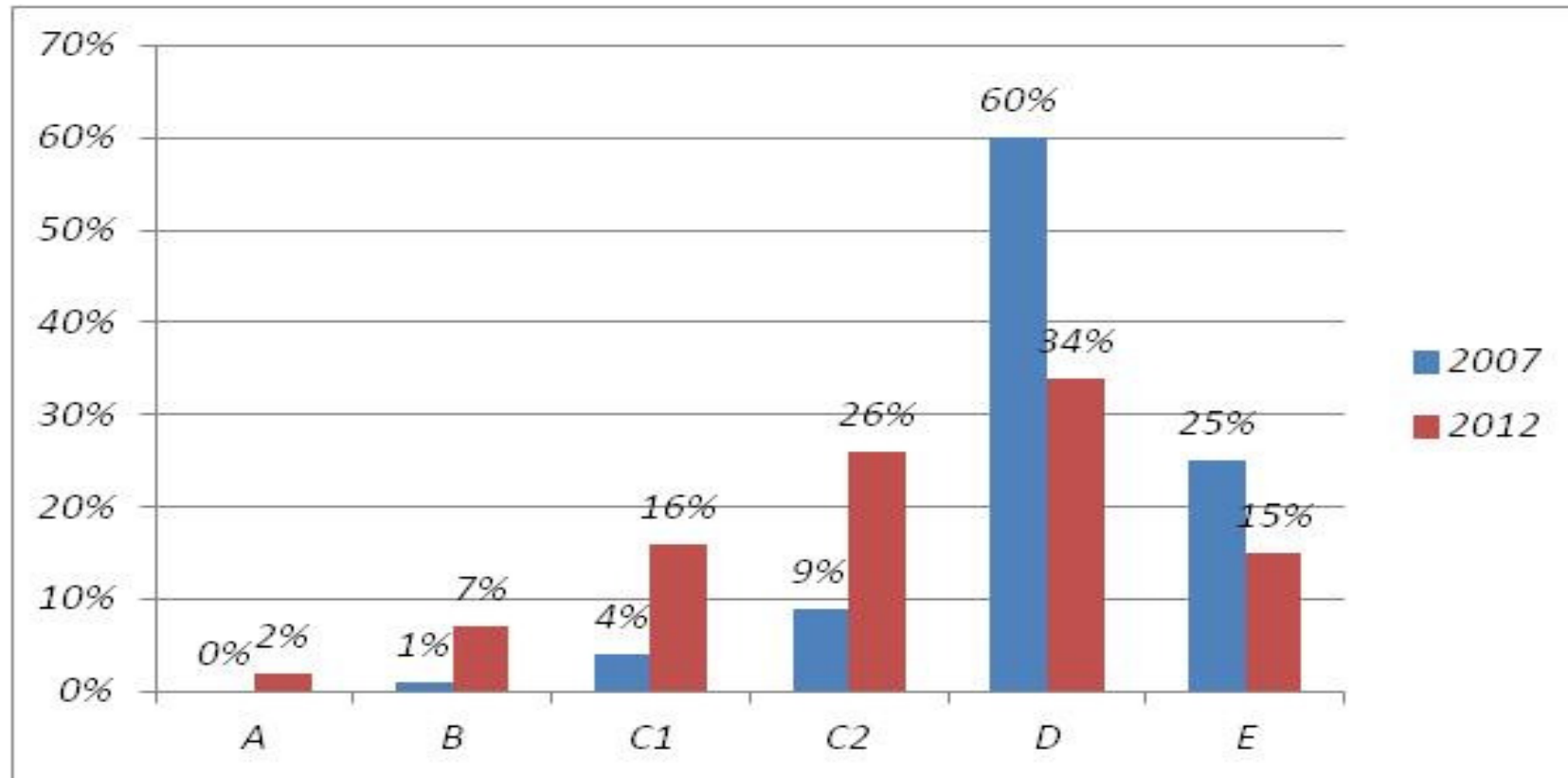
- ❖ **24 years in Africa:** Olam has significant local context and distribution infrastructure across West Africa
- ❖ **Africa’s Growth:** Highest population, consumption and GDP growth for next 2 decades
- ❖ **Changing demographic profile:** Increasing urbanisation and greater discretionary spending 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

Highest demand growth for consumer facing products



Source: Euromonitor (Includes Food, Non Food and Beverages)

And a growing middle class!



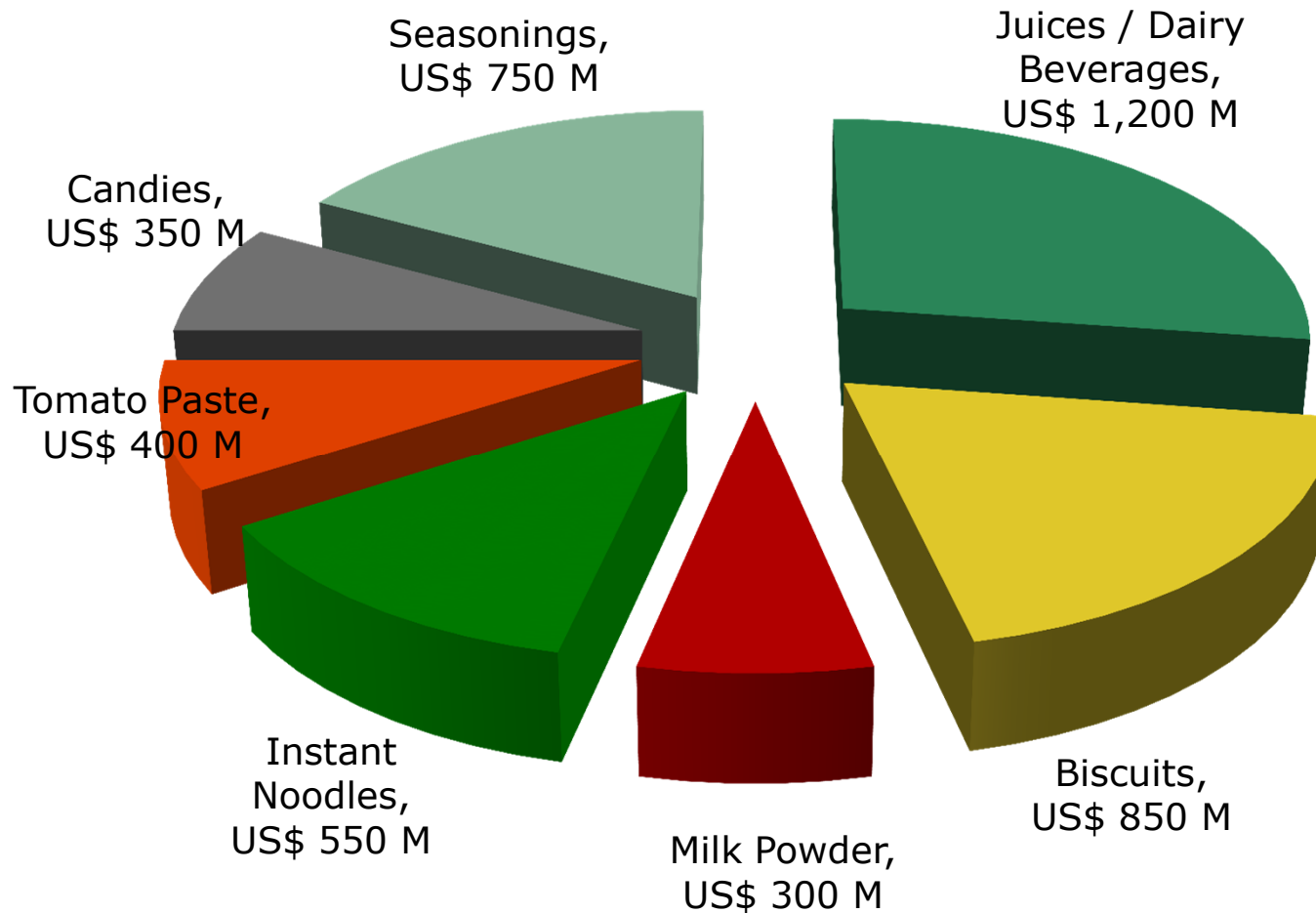
Growing middle class is the engine of growth for value added packaged food products

Source: MPS All Media & Products Survey

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Sizeable market of US\$4.4b in chosen categories



Individual categories growing between 6% and 12% CAGR

Among Top 2 in 4 categories!

Category	Position
 Biscuits	★ 2
 Candies	★ 2
 Tomato Paste	★ 2
 MSG Seasoning	★ 1
 Noodles	3
 Milk Powder	5
 Juices	NA 
 Dairy Drinks	NA 

 First year of operations

Category Overview: Culinary

Industry	<ul style="list-style-type: none">Consolidated categoriesMost players are local
Target Market	<ul style="list-style-type: none">Highly penetrated categories with consumption across socio-economic classes
Distribution	<ul style="list-style-type: none">Wholesale contributes to over 90% of salesDirect redistribution is limited to few players
Innovation	<ul style="list-style-type: none">Traditional use of products. Less responsive to innovationPractically no innovation over decades
Brand Building	<ul style="list-style-type: none">Minimal brand building investments with the exception of 1 or 2 playersSustained brand building required to make an impact

Category Overview: Impulse / Snacking

Industry

- ✿ Biscuits dominated by local players and is fragmented
- ✿ Candies is consolidated with 4 players at 85% market

Target Market

- ✿ Penetration high at low end. Medium to High end segments are underserved

Distribution

- ✿ Redistribution key to drive availability & visibility
- ✿ Very limited investment in redistribution by players

Innovation

- ✿ Impulse categories are driven by variety and innovation
- ✿ Current players not servicing this need well

Brand Building

- ✿ Very little investment. Past investments only in mints (46% of candy market)

Category Overview: Beverages – Juices & Dairy Beverages

Industry	<ul style="list-style-type: none">Top 3 players in each category add to 65% of market
Target Market	<ul style="list-style-type: none">Moderate penetration levelsUrban centric consumption
Distribution	<ul style="list-style-type: none">Active redistribution in urban centres
Innovation	<ul style="list-style-type: none">Responsive to meaningful innovation and segmentationLow to moderate levels of innovation currently
Brand Building	<ul style="list-style-type: none">Moderate levels of investment in brand building

Category Overview: Instant Noodles

Industry

- Indomie is the category creator in Nigeria and enjoys dominant position

Target Market

- Highly penetrated category across socio-economic classes
- Per capita consumption rivals many Southeast Asian countries

Distribution

- One of the highest redistribution reach among all categories

Innovation

- Low innovation in the market in the last several years
- Market would be responsive to meaningful innovation and variety

Brand Building

- Highly invested category, led by Indomie

Overview of Key Strategy components

	Key Drivers	Strategy
Target Segments	<ul style="list-style-type: none">Size at the Bottom of PyramidGrowing mid segments	<ul style="list-style-type: none">Build scale at BOPInnovative offerings for mid/high segments
Distribution	<ul style="list-style-type: none">Highly penetrated categoriesDepth & width across channels	<ul style="list-style-type: none">Drive weighted reach across channelsControl through direct reach
Innovation	<ul style="list-style-type: none">Low levels of innovationInnovation proven to expand categories	<ul style="list-style-type: none">Build capability to drive Consumer insight and Innovation
Brand Building	<ul style="list-style-type: none">Low to medium levels of brand investmentsInvested categories show strong growth	<ul style="list-style-type: none">Harmonise through select power brandsInvest when costs are low

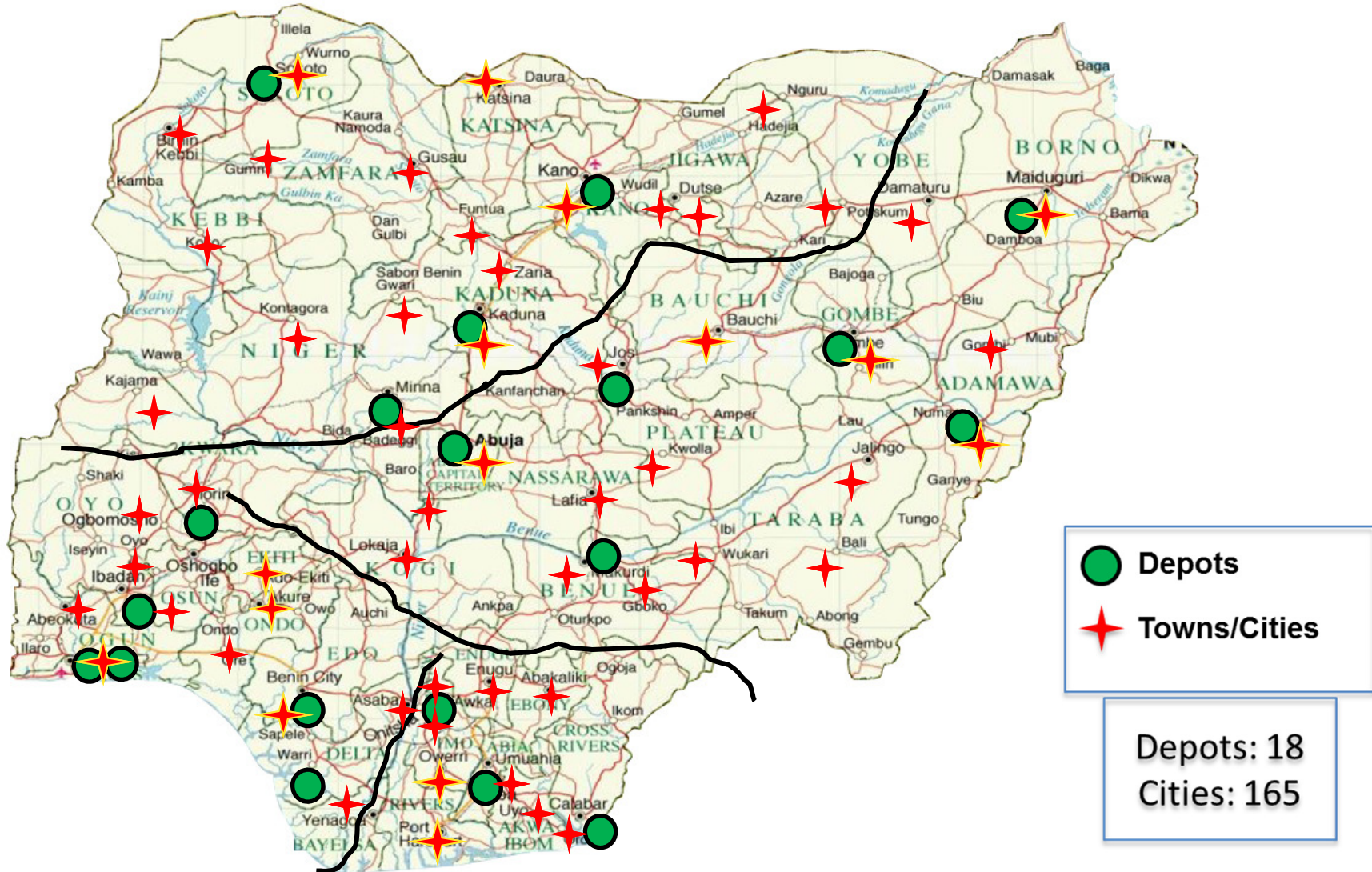
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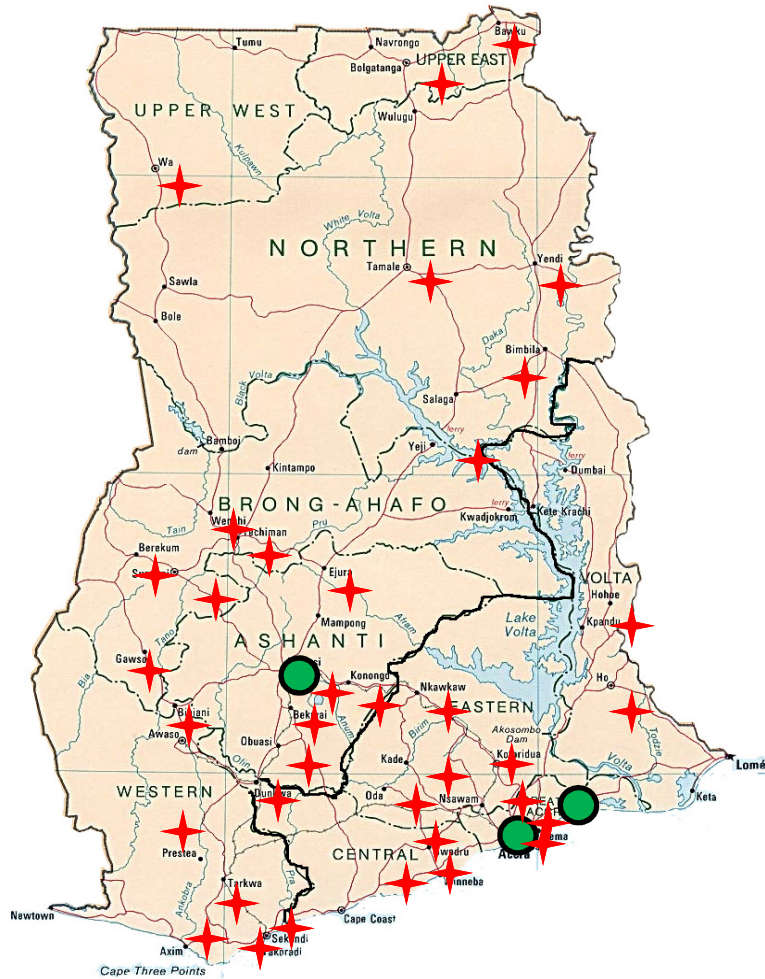
Distribution in West Africa

- Highly fragmented retail
- Modern trade is very small, albeit enjoying high growth rates
- Wholesale channel contributes to over 90% of retail reach and sales for the industry in most categories
- Growing investment in direct retail reach capability by select few players – to enhance control and facilitate innovation in products

Distribution reach in Nigeria



Distribution reach in Ghana



● Depots
★ Towns/Cities

Depots: 3
Towns: 45

Overall Distribution Reach

Weighted reach



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

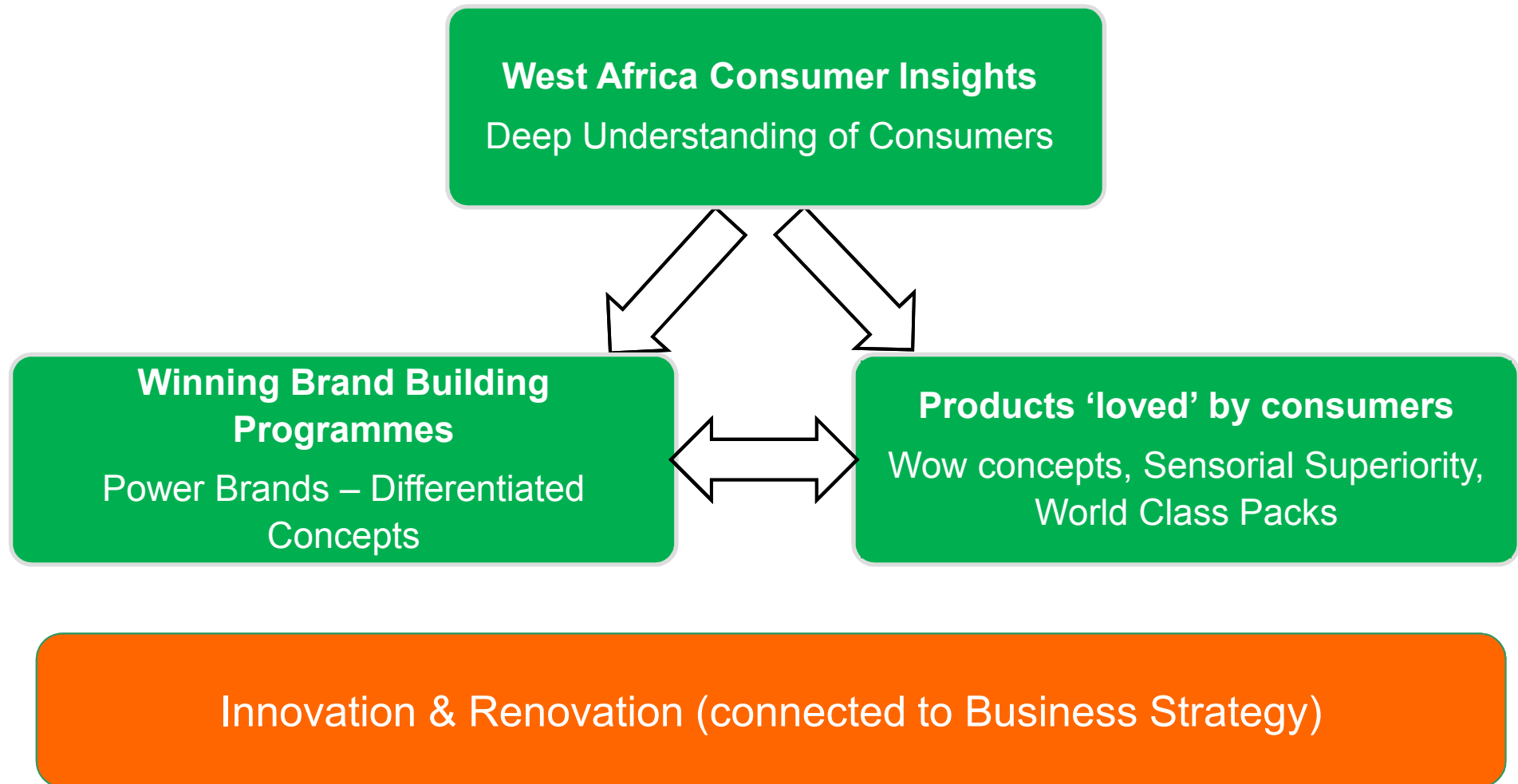
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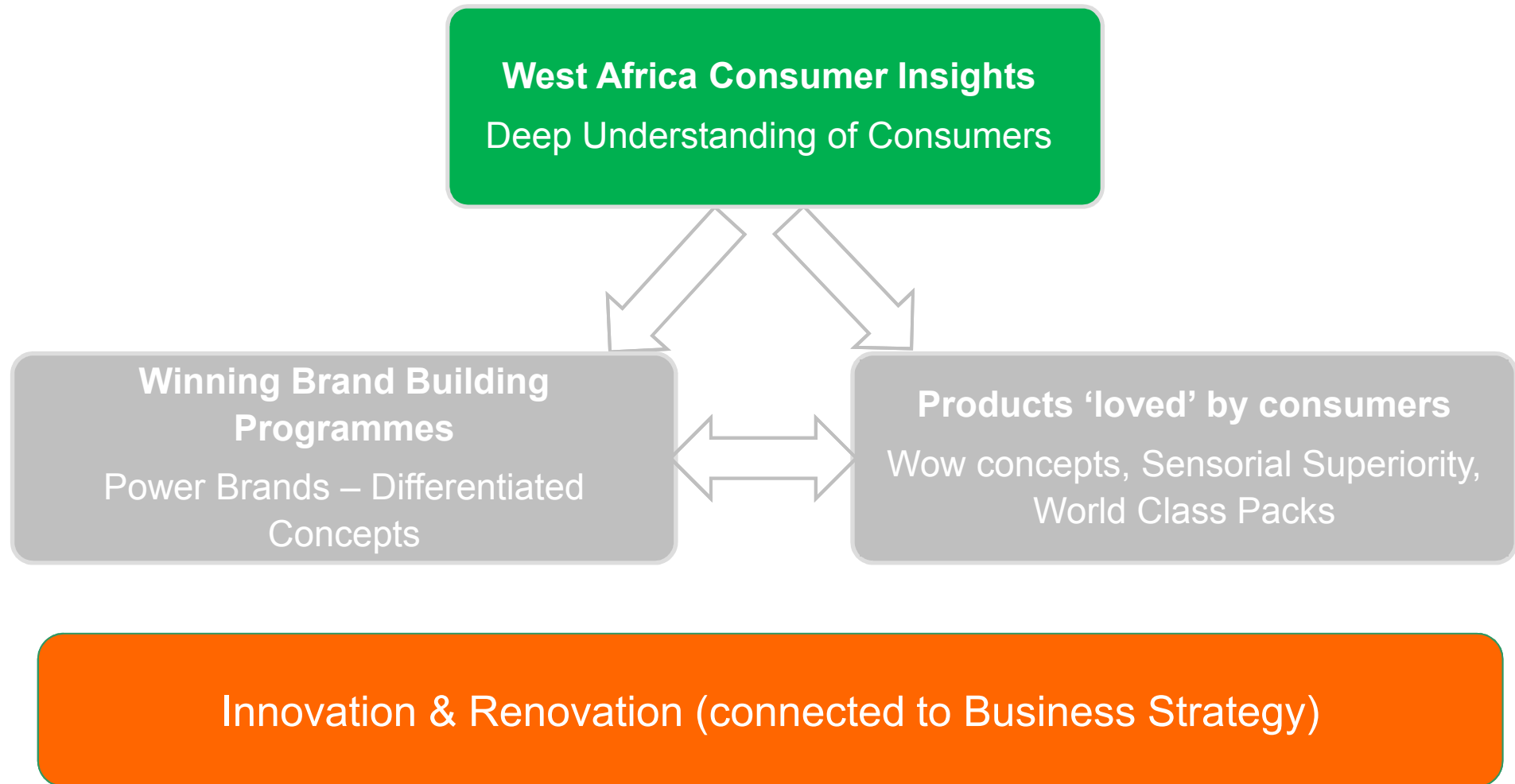
Marketing, Consumer Insight & Innovation

- Low clutter in Products, Brands & Media
- Local players invest very little on Consumer Insight and Innovation
- Our entire ecosystem of Marketing, Consumer Research and Innovation is dedicated to African consumers
- No other multinational has such exclusive focus on the African consumer as we do

Our Marketing Framework



Our Marketing Framework



Winning through insights!

“We want to have a lot more fun with our stick-sweets”



with its two unique flavours
makes your fun double-double



“Sugar is not good for us. Wish we have tasty, natural products with less sugar ”



with ‘real’ honey for those health
conscious consumers

Winning through insights!

“Wish there was something more in the biscuits, like providing needed nutrition & energy to the kids”



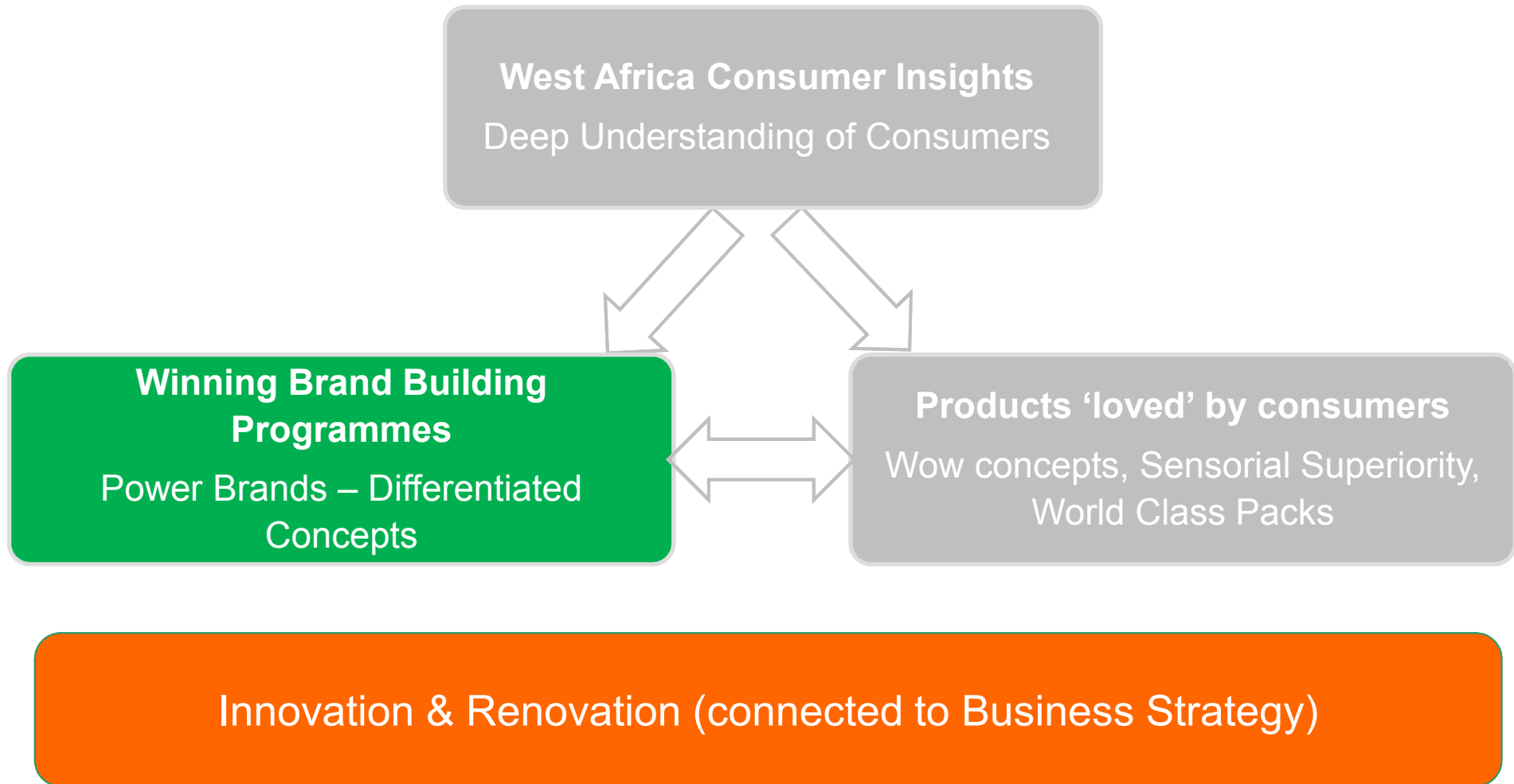
make kids energetic and also have sharper minds

De Rica is perceived to be ‘Reddest’ of all Tomato Paste brands



makes the colour of the dishes so good that it livens up my family

Our Marketing Framework



Our Power Brands are driven by our brand building programmes...

Impulse & Snacking



Juices & Dairy Beverages



Culinary

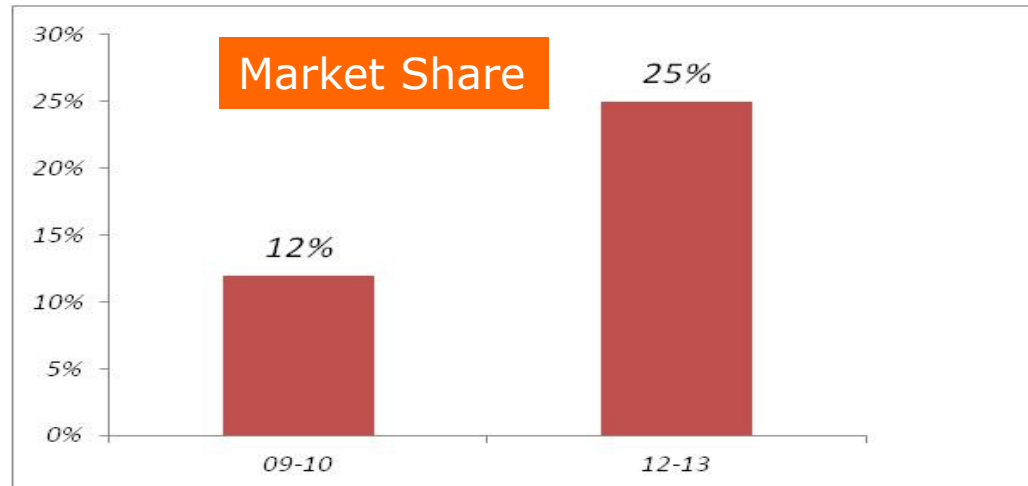


Noodles



Our 'Brand Building Programmes' have been successful...

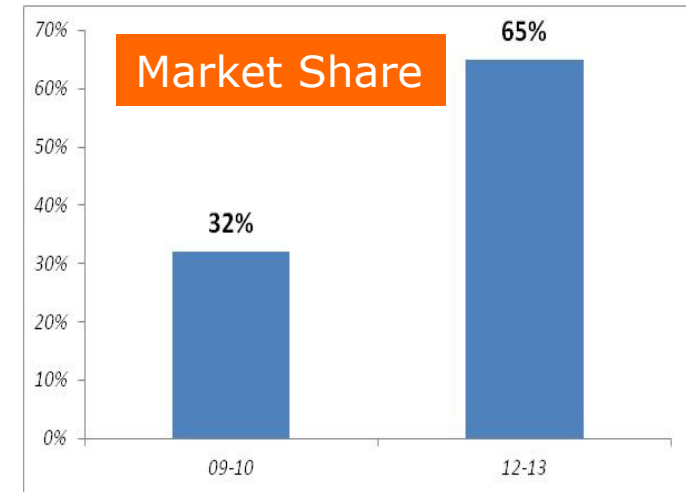
Tomato Paste - Nigeria



09-10	10-11	11-12	12-13
90%	92%	95%	104%

11-12	12-13
105%	110%

Vedan - Nigeria



RPI – Tasty Tom

RPI – De Rica

Sustained Brand Building along with Distribution initiatives have helped:

- Market Share increase propelled by volumes
- RPI (Relative Price Index) increases

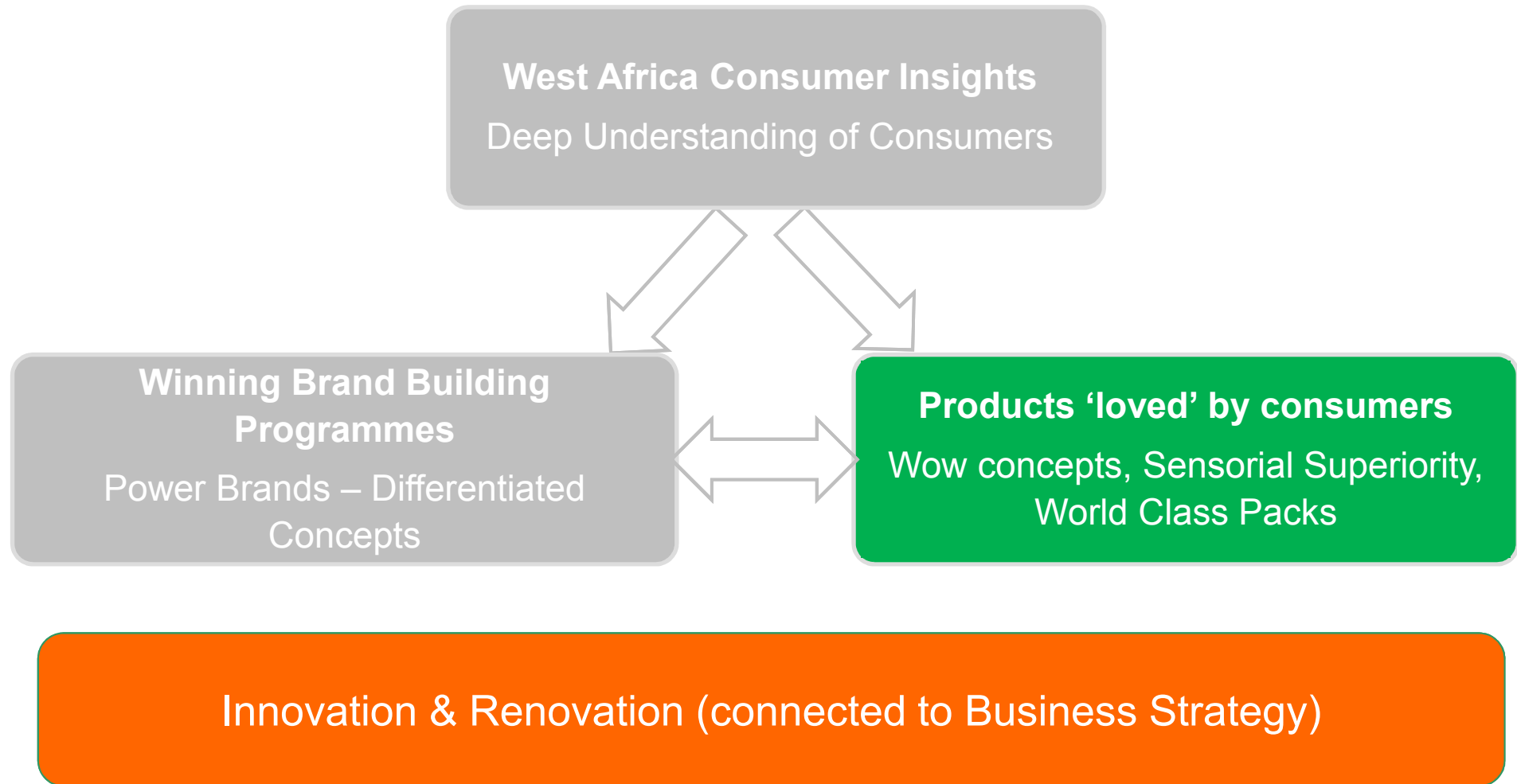
Innovative Activation as a Brand Building tool



- Novelty: Instant cash & 350,000 wins
- Doubled our sales during the CP – Market Share increased to 38%
- Promo Film Distinctive – Idea of showing 'actual winners' got in a lot of credibility



Our Marketing Framework



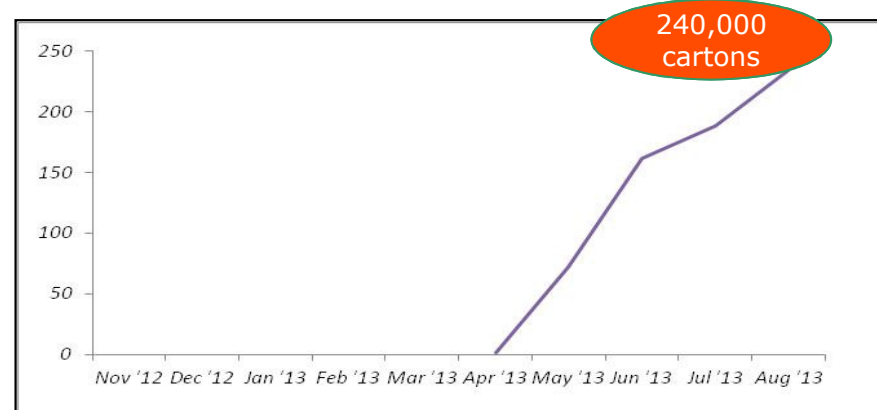
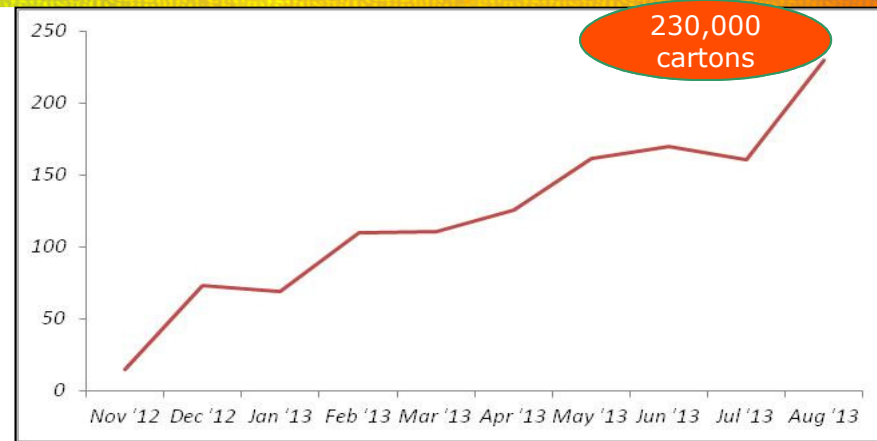
Our Mini Meal Replacements are “Loved” by consumers



Eat Picnic. Keep Going.



The Star Among Biscuits



Picnic & Starlight are among the top selling brands in their respective price points

- Sensorial Superiority
- Outstanding Packaging

Packaging transformation – Contemporary and appealing

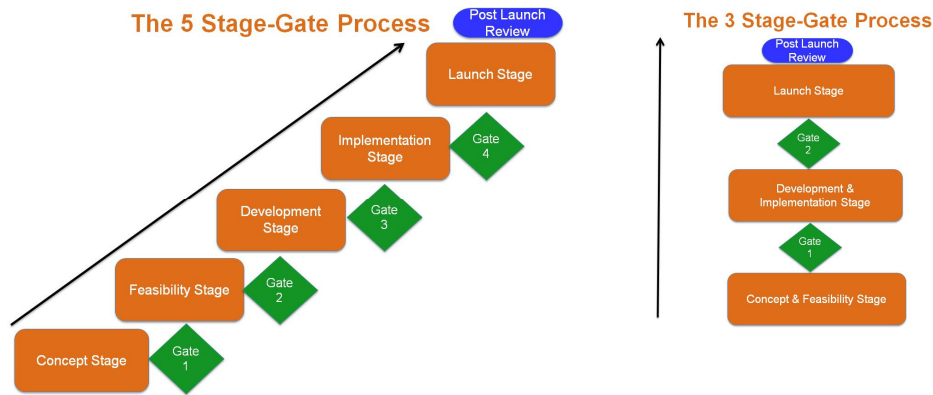
Previous



Redesigned



Backed by World Class Processes



- Standard World Class Process adapted to West Africa
- Consumer validated at every stage

NPD Stage-Gate Process

Programme	Station	Prog TRP	Prog CTRP	Duration	Prog Day	Prog Time	Spots	Unit Rate (Rial/Sec)	Gross Total	Volume Disc	Agremt Disc	Net Unit Rate	Total rate card value	Total negotiated value	September				
															2	9	16	23	30
TV3																			
TV3 Evening News (A+)	TV3	13.4	54.81	30 secs	Mon-Fri	7:00pm - 8:00pm	58	1,810.00	93,380.00	50%	0%	805.00	93,380.00	46,690.00	2	2	2	2	
Music Music	TV3	3.4	51.07	30 secs	Sat	8:30pm - 9:30pm	105	621.00	65,415.00	50%	0%	310.50	65,415.00	32,707.50	2	2	2	2	
George Bar	TV3	12.8	51.07	30 secs	Thu	8:30pm - 9:30pm	45	621.00	28,035.00	50%	0%	310.50	28,035.00	14,017.50					
SPONSORSHIP																			
Checker Trololol	TV3	22.5	17.76	30 secs	Tue	8:00pm - 9:30pm	50	4,000.00	200,000.00	50%	0%	2,000.00	200,000.00	100,000.00	2	2	2	2	
Benefits																			
Pre Promos	TV3	22.5	3.11		Tue	8:00pm - 9:30pm	105	70.00	11,550.00	100%	0%	0.00	11,550.00	-	5	5	5	5	
Opening and Closing Remarks	TV3	22.5	18.80		Tue	8:00pm - 9:30pm	35	421.00	15,035.00	100%	0%	0.00	15,035.00	-	1	1	1	1	
Product Display	TV3	22.5	103.30		Tue	8:00pm - 9:30pm	35	3,060.00	99,000.00	100%	0%	0.00	99,000.00	-	1	1	1	1	
Chama's Most Beautiful (A+)	TV3	10.5	63.33	30 secs	Sun	8:00pm - 9:00pm	24	1,550.00	38,540.00	50%	0%	805.00	38,540.00	19,270.00	2	2	2	2	

- Standard Planning Process followed elsewhere in the world
- Validated by our proprietary research
- Ensures 'Bang for the buck'

Media Habits		PROJECT CONTEXT - GLOVIA	
(A) MEDIA HABITS / SOCIAL ISSUES		REMARKS/DIFFERENCES	
<p>AGENCY: American Top Media Creative Media Full Line Sports Sports</p> <p>1. Forecast TV Programs: Obsidian (M-Fri) The One Show The One Show The One Show The One Show The One Show The One Show</p> <p>AGENCY: American Top Media Creative Media Full Line Sports Sports</p> <p>2. Forecast TV Programs: Obsidian (M-Fri) The One Show The One Show The One Show The One Show The One Show The One Show</p> <p>REMARKS: American Top Media Creative Media Full Line Sports Sports</p> <p>AGENCY: American Top Media Creative Media Full Line Sports Sports</p> <p>REMARKS: American Top Media Creative Media Full Line Sports Sports</p>	<p>AGENCY: American Top Media Creative Media Full Line Sports Sports</p> <p>1. Forecast TV Programs: Obsidian (M-Fri) The One Show The One Show The One Show The One Show The One Show The One Show</p> <p>AGENCY: American Top Media Creative Media Full Line Sports Sports</p> <p>2. Forecast TV Programs: Obsidian (M-Fri) The One Show The One Show The One Show The One Show The One Show The One Show</p> <p>REMARKS: American Top Media Creative Media Full Line Sports Sports</p> <p>AGENCY: American Top Media Creative Media Full Line Sports Sports</p> <p>REMARKS: American Top Media Creative Media Full Line Sports Sports</p>		

And a network of competent partners



...including World Class Designers



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Manufacturing in West Africa

- 85% of our products sold are locally manufactured or packaged (less than 20%, 2 years back)
- Local production has led to key benefits
 - Improved margins
 - Rapid time-to-market
 - More responsive to changes in consumer needs

Significant Manufacturing Presence in Nigeria and Ghana



Tomato Paste, Tema



Confectionery, Lagos



Tomato Paste, Lagos



Dairy & Juice Drinks, Lagos



Noodles, Lagos



Biscuits, Tema

- 10 manufacturing facilities in Nigeria and Ghana produce more than 170 SKUs
- 2 Greenfield; 8 Acquired

Modernisation of acquired plants

Before



After



- Modernisation to meet international GMP standards and improve quality, reliability and efficiency
- Improved industrial safety – Lost time incidents per month in most acquired plants reduced by half

Adding Value through Global Best Practices

- **Reduce waste:** Reduce PM waste by min. of 30% and RM waste by min. 20% in Biscuits. Similarly reductions achieved in Sweets and Noodles.
- **Overall Equipment Effectiveness (OEE)** improvements between 10% and 22% across plants
- **Gas based power generation:** Reduced energy cost by \$5 Million annually across plants

Strong Focus on Quality & Food Safety



Tomato Paste Lab, Tema

Biscuits Lab, Lagos

Sweets Lab, Lagos

Our rigorous focus on quality & food safety is a differentiating factor compared to most other food manufacturers in West Africa

- 8 laboratories in our plants in West Africa, 5 set up in the last 15 months
- 2 central laboratories in Singapore and Bangalore
- 8 approved global testing agencies to support special needs



Food R&D centre dedicated to Africa centric innovation



- Central R& D centre at Bangalore to support innovation and quality assurance
- Category specialists of 15 to 25 years of research experience in their respective product category
- Supported by specialist agencies in packaging development and food safety

*Noodles technology expertise from Sanyo Foods, Japan, through our new JV

Select Innovative products from the R&D center

Fiber Honey – Formulated to provide fiber health benefits with natural honey and low fat to deliver a delicious and wholesome product enjoying high acceptance in Nigeria



Double Pop – Unique double headed depositor (first ever in Africa) engineered to deliver a double headed pop with flavor combinations that thrill a child



Chicken noodle variant - Understood nuances of seasoning preferences of Yorubas to create a consumer loved product

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Summary

Attractive Opportunity

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

Our Strategy

- ❖ Building a world class packaged foods business in Africa – 100% focus on African consumers and markets
- ❖ 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 8 categories
- ❖ Organic topline growth of 36% CAGR
- ❖ Achieving high growth rates in market shares across categories

Thank You



Annexure: Speakers Profile

Ramanarayanan Mahadevan



Ramanarayanan Mahadevan is the President & Global Head of Packaged Foods business based out of Singapore.

Ram started his career in India in front line sales roles. He joined Olam in 1996 as a Branch Coordinator. His subsequent responsibilities included handling sourcing and distribution of various commodities in Tanzania as Country Manager. Ram conceived and set up the Packaged Foods business in 2004. He led and built this business to where it is today for Olam.

Ram holds a Bachelor in Chemical Engineering from the National Institute of Technology, Trichy, India and a Master in Business Administration from the Indian School of Business, Hyderabad, India.

Annexure: Speakers Profile



Girish Nair

Girish Nair is Senior Vice President of Marketing, West Africa of the Packaged Foods business. He is based out of Lagos, Nigeria.

Girish joined Olam in December 2009 and set up the marketing function in Packaged Foods. He previously worked for Dabur India Limited in marketing and sales roles. Prior to Dabur, Girish has worked in FMCG companies in India, including Britannia Industries Limited, Heinz India Limited and Wipro Consumer Products where he handled various marketing roles.

Girish earned his Bachelor of Technology degree from the Indian Institute of Technology, Chennai and his Master degree in Business Management from the Indian Institute of Management, Bangalore.

Annexure: Speakers Profile



Kamesh Ellajosyula

Kamesh Ellajosyula is Vice President of Manufacturing, Quality & Innovation for the Packaged Foods business.

Kamesh joined Olam in 2010 and has led the setting up of the manufacturing network for Packaged Foods. Kamesh last worked in technology roles in Frito Lay. Prior assignments include leadership roles in food safety, quality, procurement, international R&D, new product development at Rich Products Corporation.

Kamesh received a Master in Food Technology from the Pennsylvania State University and a Master in Business Administration from the State University of New York.