# Olam International Limited

## Management Discussion and Analysis

Results for the Quarter and Six Months ended December 31, 2014

TRANSCENDING BOUNDARIES 25 YEARS

*This MD&A should be read and understood only in conjunction with the full text of Olam International Limited's Financial Statements for the Quarter and Six Months ended December 31, 2014 lodged on SGXNET on February 13, 2015.*

# MANAGEMENT DISCUSSION AND ANALYSIS

**Results for the Quarter and Six Months ended December 31, 2014 ("Q4 2014" and "H2 2014" respectively)**

## Contents

## Key Highlights

### Financial Performance

- **Olam achieved steady and improved underlying performance** in most platforms in H2 2014. This period was also characterised by a net adverse impact from **unprecedented currency devaluation** across many markets.

- **Reported Profit After Taxes and Minority Interests ("PATMI") declined 9.7% to S$163.0 million** for H2 2014 (H2 2013: S$180.5 million). Reported PATMI includes net exceptional gains of S$25.7 million for H2 2014 (H2 2013: S$5.9 million).

- **Sales volume declined by 11.6%** as compared to H2 2013 with continued growth in prioritised platforms offset by reduced volume from lower margin businesses that were discontinued or restructured in line with our strategic plan objectives.

- **Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) declined by 11.0% to S$502.6 million** in H2 2014 compared to S$564.8 million in H2 2013 with steady underlying growth from most platforms, which was offset by underperformance in hazelnuts, Dairy farming in Uruguay and the net adverse impact of currency devaluation. The period saw **severe and concurrent currency devaluation** against the US dollar across major markets including Russia, Nigeria, Brazil and Australia and to a lesser extent in Turkey, Mozambique and Indonesia. The estimated net negative impact on EBITDA was approximately **S$30.0 million, mainly due to the sharp devaluation of local currencies which particularly affected our import and domestic businesses**.

- These results included a **net loss of S$27.9 million** for H2 2014 on the **fair valuation of biological assets** compared to a **net loss of S$12.0 million** in H2 2013.

- **Net finance costs** continued to trend lower at **S$228.9 million** in H2 2014 compared to **S$259.3 million** in H2 2013 due to various initiatives undertaken to optimise debt tenors and cost of borrowing.

- **Depreciation and amortisation** was marginally **lower at S$104.9 million** in H2 2014 **compared to S$110.6 million** in H2 2013 due to fixed asset divestments.

- **Tax expenses** (excluding tax on exceptional items) for H2 2014 were **higher at S$32.0 million** as compared to **S$27.4 million** for the prior corresponding period due to changes in the geographical mix of profits as compared to the prior period.

- As a result of the above, **Operational PATMI** (after excluding exceptional items) **declined by 21.4% to S$137.3 million** (H2 2013: S$174.6 million).

- We have **moderated the pace of new investments** and incurred gross **cash capital expenditure (Capex) of S$197.0 million** in H2 2014 as compared to S$325.1 million in H2 2013. Net of disposals, we incurred cash capex of **S$43.8 million** in H2 2014 as against S$262.4 million in H2 2013.

- We generated **positive free cash flow to firm** during the current period from a combination of lower working capital requirements, reduced pace of new investments and release of cash from our strategic plan initiatives. We also reduced the net interest expense that contributed towards **improved free cash flow to equity**.

- **Net gearing of 1.85 times** at December 31, 2014 **was significantly lower than 2.06 times** as at December 31, 2013, and in line with our FY2016 objective of operating at or below 2.0 times.

- Subsequent to the strategic plan announcement in April 2013, we have completed 20 **strategic initiatives** to-date which have **released cash of S$962.2 million**, generated a **P&L gain of S$124.7 million** and added **S$151.0 million directly to our capital reserves**.

**M&A**

- On October 29, 2014, the Company announced that it had acquired a 20.0% shareholding in ProClass Pty Ltd, the largest independent cotton testing and classing house in Australia.

- On December 5, 2014, the Company announced that it had signed a purchase agreement to **acquire a 100.0% interest in leading US peanut sheller, McCleskey Mills**, Inc. ("MMI"). The acquisition was completed in January 2015 at a final consideration of US$175.0 million.

- On December 16, 2014, the Company announced that that it had agreed to **acquire the global cocoa business of Archer Daniels Midland Company ("ADM Cocoa")** at an enterprise value on a cash and debt free basis of **US$1.3 billion**, comprising fixed assets of US$550.0 million and working capital of US$750.0 million, subject to closing adjustments. The transaction is expected to close by June 2015.

- Post December 2014, the Company announced the **sale of its Australian wool business**, Western Wool Marketing to Quality Wool of Australia.

- Post December 2014, the Company announced **the completion of the sale of a 25.0% stake in its Packaged Foods business to Sanyo Foods Co. Ltd**. ("Sanyo Foods"). The Company received cash proceeds of US$167.5 million and has added US$79.6 million to its capital reserves. Following the completion of the sale, Olam owns 75.0% of Caraway Pte Ltd., the holding company for all of the Company's Packaged Foods businesses with the balance 25.0% owned by Sanyo Foods.

**Financing**

- On November 19, 2014, the Company announced that it had **secured revolving credit and term loan facilities aggregating US$2,475.0 million.** The facilities comprised of 3 equal tranches of US$825 million each – a 364-day revolving credit facility, a 2-year revolving credit facility and a 3-year term loan.

- On December 12, 2014, the Company announced that it had secured a **5-year term loan of A$350.0 million** for its Australian subsidiaries Olam Orchards Australia Pty Ltd and Olam Australia Pty Ltd.

- Post December 2014, the Company announced the issuance of **US$50.0 million 5 year Senior Notes** due 2020 in a private placement to an institutional investor at a fixed coupon of 4.00%.

- Post December 2014, the Company announced that it had exercised its option to **redeem all of the outstanding US$750.0 million 6.75% bonds** due 2018 at a redemption price of 103.375% of the principal amount.

**Others**

- Further to the payment of the first and final dividend at S$0.05 per 1 ordinary share and a special silver jubilee dividend at S$0.025 per 1 ordinary share in respect of the financial year ended 30 June 2014, the Company announced the issuance of 12,333,258 additional warrants, on the basis of 31 additional warrants for every 1,000 warrants held by the warrant holders. Consequently, there were 410,159,418 outstanding warrants as of December 31, 2014 at an adjusted exercise price of US$1.21 per share.

- The Company announced a **fiscal year-end change from June 30 to December 31**. The change will enable the Company to align its fiscal year to comply with the group consolidation and reporting requirements of its majority shareholder. With this change, the Company's current fiscal year, which began on July 1, 2014 will end on December 31, 2015. Thereafter, the Company will follow a January to December fiscal year.

*"Our overall performance was adversely impacted by the unprecedented concurrent currency devaluation against the US dollar across many of our key markets. However, we are pleased with the disciplined execution against our strategic plan objectives. We are equally excited by the growth opportunities presented by the transformational acquisitions announced recently in two of our prioritised platforms – McCleskey Mills, Inc. in Edible Nuts and the global cocoa business of Archer Daniels Midland Company.*

*"We continue to stay focused on executing our strategic plan while navigating carefully through the current macro-economic uncertainty and currency volatility, which we expect will continue through 2015." - Sunny Verghese, Co-Founder, Group Managing Director and CEO*

*“The H2 2014 results show steady and improved underlying performance across most of our businesses with the exception of hazelnuts in Turkey, the negative impact of which is now contained and behind us; and Dairy farming in Uruguay, which is likely to underperform in 2015 as well. We have also made significant progress in our debt optimisation efforts, which will reduce our cost of borrowing on an ongoing basis.” - A. Shekhar, Executive Director of Finance and Business Development*

## Strategic Plan Update

1. **Recalibrate the pace of investments**
   We have **moderated the pace of new investments** and incurred gross **Capex of S$197.0 million** in H2 2014 **as compared to S$325.1 million** in H2 2013. This is a **39.4% reduction in Capex** spend over the corresponding prior period.

2. **Optimise balance sheet**
   **Several initiatives have been undertaken towards optimising working capital utilisation** across the supply chain, including a reduction in inventory levels, receivable factoring, securing higher supplier credit and prioritisation of higher margin transactions within each business unit.

   In addition, **various initiatives to optimise the balance sheet and improve returns have also been completed**. These include the sale-and-leaseback of dairy farming land in Uruguay, almond plantation assets in the US and Australia, the repurchase of long term unsecured bonds of **US$30.0 million** issued by NZ Farming Systems Uruguay Limited ("NZFSU") and the repurchase of 7.0% **perpetual capital securities** and 6.0% **fixed rate notes** due 2022 **aggregating S$54.2 million**.

3. **Pursue opportunities for unlocking intrinsic value**
   We have **completed several initiatives**, including the sale of our basmati rice mill in India, the sale of a 25.5% interest in our instant noodles business in Nigeria to Sanyo Foods of Japan, the sale of Dirranbandi and Collymongle cotton gins in Australia, the sale of a 50.0% stake in our Grains origination operation – Olam Lansing Canada, the sale of 9.8% equity stake in our Dairy processing operation – Open Country Dairy (OCD), New Zealand, the sale of 20.0% stake in the SEZ to the Republic of Gabon, the sale of 80.0% stake in our Australian grains business to Mitsubishi Corporation, sale of equity in our upstream Palm and Rubber joint ventures in Gabon to the Republic of Gabon and the sale of 25.0% stake in our Packaged Foods business to Sanyo Foods.

4. **Optimise shape of portfolio and reduce complexity**
   In addition to the **partial divestment of our Wood Products business in Gabon**, we sold our **Timber subsidiary** Compagnie Forestière des Abeilles SA ("CFA") in Gabon for **US$6.0 million**. We also **exited from the Rice distribution business** in Côte d'Ivoire, announced the **sale of our Australian wool business** and closed a **vegetable dehydrates facility in the US**.

   These transactions will help bring a sharper focus to the business and are expected to reduce operating costs going forward.

**In summary, initiatives already completed** have **released cash of S$962.2 million,** generated a **P&L gain of S$124.7 million** and added **S$151.0 million to** our **capital reserves:**

SGD Mn

| Summary of Completed Strategic Plan Initiatives | Number of Initiatives | P & L impact | Addition to capital reserves | Cash flow impact |
|---|---|---|---|---|
| **Closed in 2012** | **1** | **17.4** | | **68.6** |
| **Closed in 2013** | **4** | **18.2** | **14.2** | **65.5** |
| Sale and Leaseback of Almond Plantation Assets, Australia | | 65.4 | | 233.2 |
| Divestment of Olam Lansing JV, Canada | | | | 6.8 |
| Sale of Timber Assets, Gabon | | (14.6) | | 22.8 |
| Repurchase of Bonds and Perpetual Securities | | 1.0 | 2.3 | |
| Sale of 9.8% stake in OCDL, New Zealand | | (0.6) | | 35.1 |
| Australian Grains JV with Mitsubishi Corporation | | 28.8 | | 79.8 |
| Sale of Timber Subsidiary in Gabon | | (22.6) | | 7.5 |
| Sale of Collymongle Cotton Gin, Australia | | 6.0 | | 9.9 |
| Sale of 20% stake in SEZ to RoG, Gabon | | | | 74.8 |
| Sale of Dairy Processing Plant, Cote d'Ivoire | | 12.9 | | 32.1 |
| Sale of 10%/20% stake in Palm/Rubber to RoG, Gabon | | | 31.0 | 39.3 |
| Sale and Leaseback of Dairy Farm Land, Uruguay | | 20.0 | | 69.1 |
| Sale of Australian Wool Business | | (2.6) | | |
| Closure of SVI dehydrates facility, US | | (4.6) | | |
| **Closed in 2014** | **14** | **89.1** | **33.3** | **610.3** |
| Sale of 25% stake in Packaged Foods BU to Sanyo Foods | | | 103.5 | 217.8 |
| **Closed in 2015** | **1** | | **103.5** | **217.8** |
| **Total** | **20** | **124.7** | **151.0** | **962.2** |

Note 1: Cash proceeds for some 2014 initiatives will be received in 2015.

Note 2: Figures in the table above may change to reflect the closing balance sheet position and exchange rates on the date of completion.

## Summary of Financial and Operating Results

### Profit and Loss Statement

| | H2 2014 | H2 2013 | % Change | Q4 2014 | Q4 2013 | % Change |
|---|---|---|---|---|---|---|
| Volume ('000 MT) | 6,505.5 | 7,361.1 | (11.6) | 3,371.4 | 3,692.4 | (8.7) |
| Revenue | 9,178.0 | 8,827.8 | 4.0 | 4,879.4 | 4,506.7 | 8.3 |
| **EBITDA** | **502.6** | **564.8** | **(11.0)** | **283.2** | **315.9** | **(10.3)** |
| PAT | 162.5 | 173.5 | (6.3) | 120.6 | 130.2 | (7.4) |
| **PATMI** | **163.0** | **180.5** | **(9.7)** | **118.7** | **134.9** | **(12.0)** |
| **Operational PATMI** | **137.3** | **174.6** | **(21.4)** | **105.1** | **129.0** | **(18.5)** |

Volume declined 11.6% as steady underlying growth in most prioritised platforms was offset by reduced volume from lower margin or discontinued businesses (such as Wood Products, Grains trading and cashew processing), which was in line with our strategic plan objectives. Despite lower volumes, overall revenues increased by 4.0% due to a sharp increase in prices of some commodities, such as almonds, hazelnuts, cocoa and coffee as compared to the prior corresponding period.

EBITDA for H2 2014 declined by 11.0% to S$502.6 million. While there was EBITDA growth across most of our prioritised platforms, including Edible Nuts, Cocoa, Coffee, Spices & Vegetable Ingredients in the US and wheat milling, it was offset by lower trading volumes and margins from discontinued operations, underperformance in hazelnuts and Dairy farming in Uruguay and the net adverse impact of currency devaluation. The severe and concurrent currency devaluation against the US dollar, particularly in our domestic and import businesses had an estimated net adverse impact of approximately S$30.0 million on EBITDA.

These results included a net loss of S$27.9 million on the fair valuation of biological assets compared to a net loss of S$12.0 million in H2 2013.

Reported PATMI for H2 2014 declined by 9.7% and Operational PATMI (excluding exceptional items) declined by 21.4% over the prior corresponding period primarily due to lower EBITDA and higher tax which was partly offset by lower finance costs and depreciation and amortisation expenses.

## Balance Sheet Analysis

SGD Mn

| | 31-Dec-14 | 30-Jun-14 | Change vs Jun 14 | 31-Dec-13 | Change vs Dec 13 |
|---|---|---|---|---|---|
| **Uses of Capital** | | | | | |
| Fixed Capital | 6,056.3 | 6,143.9 | (87.6) | 5,730.4 | 325.9 |
| Working Capital | 6,259.4 | 5,956.0 | 303.4 | 6,231.4 | 28.0 |
| Cash | 1,845.8 | 1,590.1 | 255.7 | 1,236.0 | 609.8 |
| Others | (27.1) | (127.7) | 100.6 | (183.0) | 155.9 |
| **Total** | **14,134.4** | **13,562.3** | **572.1** | **13,014.8** | **1,119.6** |
| **Sources of Capital** | | | | | |
| Equity & Reserves | 4,320.1 | 4,260.4 | 59.7 | 3,829.2 | 490.9 |
| Non-controlling interests | 126.3 | 22.1 | 104.2 | 141.9 | (15.6) |
| Short term debt | 2,623.7 | 4,503.8 | (1,880.1) | 3,167.9 | (544.2) |
| Long term debt | 7,217.0 | 4,836.2 | 2,380.8 | 5,945.3 | 1,271.7 |
| Fair value reserve | (152.7) | (60.2) | (92.5) | (69.5) | (83.2) |
| **Total** | **14,134.4** | **13,562.3** | **572.1** | **13,014.8** | **1,119.6** |

Our total assets of S$14.1 billion comprised S$1.8 billion of cash, S$6.3 billion of working capital and S$6.1 billion of long term fixed assets. These were funded by S$4.3 billion of equity, S$2.6 billion of short term debt and S$7.2 billion of long term debt.

The cross-currency effect of translating financial statements from the local operating currency to the functional currency (US dollar) and then to the reporting currency (Singapore dollar) had some impact on the balance sheet and reserves.

Overall fixed capital decreased by S$87.6 million compared to end-June 2014 from a combination of lower net Capex, impact of divestments and a reduction in the fair value of our long term investment in PureCircle Limited. When compared to end-December 2013, the fixed capital increased as the impact of divestments and lower Capex was offset by an increase in long term investment from the revaluation of our stake in PureCircle Limited, higher biological assets, and an increase in investments in jointly controlled entities and associates from the deconsolidation of the SEZ investment.

There was an increase in working capital vis-à-vis end-June 2014 due to a combination of increased procurement as we entered our peak procurement season and from the translational impact of currency devaluation. However, working capital was only marginally higher when compared to end-December 2013 due to better cycle time management, particularly of receivables, which offset some of the price-led working capital increases across the portfolio.

The decrease in the short term debt was a result of the refinancing of the US$2,220.0 million 364-day revolving credit facility. This was replaced by a combination of short and long term financing, including the 3-tranche US$2,475.0 million facility, the 5 year AUD350.0 million facility and 2 medium term notes of S$400.0 million and US$300.0 million, which led to an increase in long-term debt as compared to end-June 2014.

## Cash Flow Analysis

| Cash Flow Summary | H2 2014 | H2 2013 | Y-o-Y |
|---|---|---|---|
| Operating Cash flow (before Interest & Tax) | 555.1 | 582.3 | (27.2) |
| Changes in Working Capital | (396.6) | (574.9) | 178.3 |
| **Cash flow generated from operations** | **158.5** | **7.4** | **151.1** |
| Tax paid | (39.1) | (27.2) | (11.9) |
| Capex / Investments | (43.8) | (262.4) | 218.6 |
| **Free cash flow to firm (FCFF)** | **75.6** | **(282.2)** | **357.8** |
| Net interest paid | (186.9) | (251.3) | 64.4 |
| **Free cash flow to equity (FCFE)** | **(111.3)** | **(533.5)** | **422.2** |

We generated positive free cash flow to firm of S$75.6 million during the current period due to lower working capital requirements, reduced pace of new investments and release of cash from our strategic plan initiatives as compared to the prior corresponding period. We also reduced the net interest expense that contributed towards improved free cash flow to equity.

## Detailed Financial Analysis

SGD Mn

| | H2 2014 | H2 2013 | % Change | Q4 2014 | Q4 2013 | % Change |
|---|---|---|---|---|---|---|
| **Volume ('000 MT)** | **6,505.5** | **7,361.1** | **(11.6)** | **3,371.4** | **3,692.4** | **(8.7)** |
| **Revenue** | **9,178.0** | **8,827.8** | **4.0** | **4,879.4** | **4,506.7** | **8.3** |
| Other Income (excl. exceptional items) | 20.5 | 15.1 | 35.9 | 14.9 | 13.9 | 7.3 |
| Cost of sales | (8,052.3) | (7,892.5) | 2.0 | (4,188.7) | (4,005.6) | 4.6 |
| Overhead expenses | (413.9) | (358.9) | 15.3 | (220.9) | (187.8) | 17.6 |
| Other operating expenses | (198.8) | (19.7) | 909.1 | (184.6) | 0.4 | n.m. |
| Net changes in fair value of biological assets | (27.9) | (12.0) | 132.5 | (12.0) | (15.4) | (22.1) |
| Share of results from jointly controlled entities and associates | (3.0) | 5.1 | n.m. | (4.9) | 3.6 | n.m. |
| **EBITDA** | **502.6** | **564.8** | **(11.0)** | **283.2** | **315.9** | **(10.3)** |
| EBITDA % | 5.5% | 6.4% | | 5.8% | 7.0% | |
| Depreciation & Amortisation | (104.9) | (110.6) | (5.2) | (45.2) | (49.8) | (9.3) |
| EBIT | 397.7 | 454.2 | (12.4) | 238.0 | 266.1 | (10.6) |
| Exceptional items | 25.7 | 5.9 | n.m. | 13.6 | 5.9 | n.m. |
| Net Finance costs | (228.9) | (259.3) | (11.7) | (104.8) | (122.2) | (14.2) |
| PBT | 194.5 | 200.9 | (3.2) | 146.7 | 149.8 | (2.1) |
| Taxation | (32.0) | (27.4) | 17.0 | (26.2) | (19.6) | 33.6 |
| **PAT** | **162.5** | **173.5** | **(6.3)** | **120.6** | **130.2** | **(7.4)** |
| PAT % | 1.8% | 2.0% | | 2.5% | 2.9% | |
| Non-controlling interests | (0.5) | (7.0) | (92.4) | 1.8 | (4.6) | n.m. |
| **PATMI** | **163.0** | **180.5** | **(9.7)** | **118.7** | **134.9** | **(12.0)** |
| PATMI % | 1.8% | 2.0% | | 2.4% | 3.0% | |
| **Operational PATMI** | **137.3** | **174.6** | **(21.4)** | **105.1** | **129.0** | **(18.5)** |
| Operational PATMI % | 1.5% | 2.0% | | 2.2% | 2.9% | |

***Other Income***

Other income (excluding exceptional items) increased by S$5.4 million due to higher commissions and claims income recorded during the current period.

***Cost of Sales***

The change in cost of sales normally follows the corresponding change in revenue for the period. While cost of sales for H2 2014 was higher than H2 2013, the rate of increase was lower than that in revenue as the increase was partly offset by a favourable impact of currency devaluation in our export-oriented locations, such as Brazil, Australia, Turkey, Mozambique and Indonesia. However, margins in our import and domestic businesses were adversely impacted and this will persist until local selling prices adjust to the revised currency levels.

***Overhead Expenses***

Overhead expenses grew by 15.3% to S$413.9 million in H2 2014 from S$358.9 million in H2 2013 due to higher lease costs from the sale-and-leaseback of our Australian almond orchards as well as higher employee costs during Q4 2014.

***Other Operating Expenses***

Other operating expenses increased by S$179.1 million, primarily on account of higher unrealised foreign exchange losses during the current period. A large proportion of these losses had a corresponding favourable impact in the cost of sales for our export oriented businesses, but had an adverse impact on margins in our import and domestic businesses.

***Net Changes in Fair Value of Biological Assets***

There was a reduction in fair value of biological assets of S$15.9 million from a loss of S$12.0 million in H2 2013 to a loss of S$27.9 million in H2 2014. The reduction was primarily a result of a lower net fair value of our Australian almond plantation assets as most of the estates achieved peak maturity, which was partly offset by higher net fair value gains from our upstream Dairy operations in Rusmolco.

***Share of Results from Jointly Controlled Entities and Associates***

Share of results from jointly controlled entities and associates declined from a gain of S$5.1 million in H2 2013 to a loss of S$3.0 million in H2 2014, mainly due to reduced contribution from SIFCA on lower palm and rubber prices, partly offset by a higher contribution from OCDL and the SEZ business.

***Depreciation and Amortisation***

Depreciation and amortisation declined from S$110.6 million in H2 2013 to S$104.9 million in H2 2014 due to a lower fixed asset base as a result of divestments.

***Finance Costs***

Net finance costs declined from S$259.3 million in H2 2013 to S$228.9 million in H2 2014 due to a reduction in the overall cost of borrowing arising from the repayment of higher cost loans in the prior year.

### *Taxation*

Tax charge on the base business was higher at S$32.0 million in H2 2014 compared to S$27.4 for H2 2013 due to a change in the geographical mix of business towards higher tax jurisdictions.

### *Non-controlling Interest*

Non-controlling interest primarily comprised the minority share of results from Invenio Holdings (Commodity Financial Services), Rusmolco, Olam Palm Gabon, Olam Rubber Gabon and the Sanyo Foods (noodles) joint venture. H2 2014 recorded a smaller loss of S$0.5 million, compared to a loss of S$7.0 million in H2 2013 driven by better performance in Rusmolco.

### *Exceptional Items*

H2 2014 results included a net exceptional gain of S$25.7 million as against S$5.9 million in H2 2013 as shown below:

SGD Mn

| | H2 2014 | H2 2013 | Q4 2014 | Q4 2013 |
|---|---|---|---|---|
| Sale of Dairy Processing Plant, Cote d'Ivoire | 12.9 | | 0.8 | |
| Sale of Dirranbandi Cotton Gin, Australia | - | 5.9 | | 5.9 |
| Sale and Leaseback of Dairy Farm Land, Uruguay | 20.0 | | 20.0 | |
| Closure of SVI dehydrates facility, US | (4.6) | | (4.6) | |
| Sale of Australian Wool Business | (2.6) | | (2.6) | |
| **Exceptional Items** | **25.7** | **5.9** | **13.6** | **5.9** |

## Balance Sheet Analysis

### *Working Capital*

SGD Mn

| | 31-Dec-14 | 30-Jun-14 | Change vs Jun 14 | 31-Dec-13 | Change vs Dec 13 |
|---|---|---|---|---|---|
| Stock | 4,988.3 | 4,685.7 | 302.6 | 4,467.1 | 521.2 |
| Advance to suppliers | 664.4 | 706.7 | (42.3) | 593.0 | 71.4 |
| Receivables | 1,373.7 | 1,613.2 | (239.5) | 2,239.9 | (866.2) |
| Trade creditors | (1,373.2) | (1,587.6) | 214.4 | (1,494.3) | 121.1 |
| Others | 606.2 | 538.0 | 68.2 | 425.7 | 180.5 |
| **Working Capital** | **6,259.4** | **5,956.0** | **303.4** | **6,231.4** | **28.0** |

*Others: Includes other current assets, changes to margin accounts with brokers and other current liabilities*

The overall working capital increased by S$303.4 million compared to end-June 2014, primarily due to increased inventory as we enter the peak procurement season and from the translational impact of currency devaluation. However, the working capital was only marginally higher as compared to end-December 2013 due to a significant reduction in receivables.

# of days

| | 31-Dec-14 | 30-Jun-14 | Change vs Jun 14 | 31-Dec-13 | Change vs Dec 13 |
|---|---|---|---|---|---|
| Stock | 110 | 98 | 12 | 103 | 7 |
| Advance to suppliers | 14 | 14 | 0 | 13 | 1 |
| Receivables | 27 | 30 | (3) | 46 | (19) |
| Trade creditors | (30) | (33) | 3 | (34) | 4 |
| **Total cash cycle** | **121** | **109** | **12** | **128** | **(7)** |

Our overall working capital cycle increased from 109 days as on June 30, 2014 to 121 days as on December 31, 2014 due to higher stock holding days as we entered into our procurement season. When compared to December 31, 2013, there was an improvement in cycle time due to better receivable management.

***Debt, Liquidity and Gearing***

SGD Mn

| | 31-Dec-14 | 30-Jun-14 | Change vs Jun 14 | 31-Dec-13 | Change vs Dec 13 |
|---|---|---|---|---|---|
| Gross debt | 9,840.7 | 9,339.9 | 500.8 | 9,113.3 | 727.4 |
| Less: Cash | 1,845.8 | 1,590.1 | 255.7 | 1,236.0 | 609.8 |
| Net debt | 7,994.9 | 7,749.8 | 245.1 | 7,877.3 | 117.6 |
| Less: Readily marketable inventory | 3,947.9 | 3,809.5 | 138.4 | 3,636.2 | 311.7 |
| Less: Secured receivables | 1,030.4 | 1,243.8 | (213.4) | 1,729.2 | (698.8) |
| Adjusted net debt | 3,016.6 | 2,696.5 | 320.1 | 2,511.9 | 504.7 |
| Equity (before FV adj reserves) | 4,320.1 | 4,260.4 | 59.7 | 3,829.2 | 490.9 |
| **Net debt / Equity (Basic)** | **1.85** | **1.82** | **0.03** | **2.06** | **(0.21)** |
| **Net debt / Equity (Adjusted)** | **0.70** | **0.63** | **0.07** | **0.66** | **0.04** |

Note: 79.1% of inventories were liquid, hedged and/or sold forward

Net debt increased by S$245.1 million in line with an increase in working capital. Net gearing of 1.85 times as at December 31, 2014 was marginally higher than the 1.82 times as at June 30, 2014 but in line with our FY2016 objective of operating at or below 2.0 times. When compared to the gearing of 2.06 times as at December 31, 2013, there was a significant reduction resulting from a combination of higher equity and cash balances.

Of the S$5.0 billion inventory position, approximately 79.1%, or S$3.9 billion were readily marketable inventories (RMI) that were liquid, hedged and/or sold forward, operating as near-cash assets on our balance sheet. In addition, of the S$1.4 billion in trade receivables, approximately 75.0% were secured. Typically, at any given point, about 80-90% of inventory is hedged and/or sold forward and 60-70% of receivables are supported by letters of credit or documents through banks. Adjusting for RMI and secured receivables, our net gearing would be 0.70 times, reflecting the true indebtedness of our Company.

We maintained sufficient liquidity to meet our working capital and capital expenditure requirements, with a total of S$13.4 billion in available liquidity as on December 31, 2014, including unutilised bank lines of S$6.6 billion.

## Segmental Review and Analysis

Cumulative

SGD Mn

| | Sales Volume ('000 MT) | | Revenue | | EBITDA | | Invested Capital (IC) | | |
|---|---|---|---|---|---|---|---|---|---|
| | H2 2014 | H2 2013 | H2 2014 | H2 2013 | H2 2014 | H2 2013 | 31-Dec-14 | 30-Jun-14 | 31-Dec-13 |
| Edible Nuts, Spices and Vegetable Ingredients | 694.3 | 737.4 | 1,845.8 | 1,605.5 | 148.3 | 175.5 | 3,356.6 | 3,165.4 | 3,610.0 |
| Confectionery and Beverage Ingredients | 677.0 | 681.7 | 2,709.6 | 2,036.5 | 147.0 | 144.1 | 3,249.6 | 3,129.9 | 2,346.6 |
| Food Staples and Packaged Foods | 4,332.9 | 5,163.0 | 3,294.8 | 3,373.1 | 139.1 | 183.5 | 3,075.4 | 3,111.1 | 3,612.8 |
| **Food Category** | **5,704.2** | **6,582.1** | **7,850.2** | **7,015.1** | **434.4** | **503.1** | **9,681.6** | **9,406.4** | **9,569.4** |
| Industrial Raw Materials (IRM) | 801.3 | 779.0 | 1,327.7 | 1,812.0 | 70.3 | 70.2 | 1,872.0 | 1,940.9 | 1,839.4 |
| Commodity Financial Services (CFS) | N.A. | N.A. | 0.0 | 0.7 | (2.2) | (8.5) | 3.2 | 3.4 | 3.4 |
| **Non-Food Category** | **801.3** | **779.0** | **1,327.7** | **1,812.7** | **68.1** | **61.7** | **1,875.2** | **1,944.3** | **1,842.8** |
| **Total** | **6,505.5** | **7,361.1** | **9,178.0** | **8,827.8** | **502.6** | **564.8** | **11,556.8** | **11,350.7** | **11,412.2** |

For the Quarter

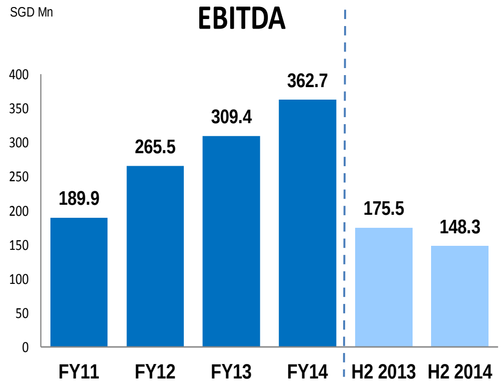
SGD Mn

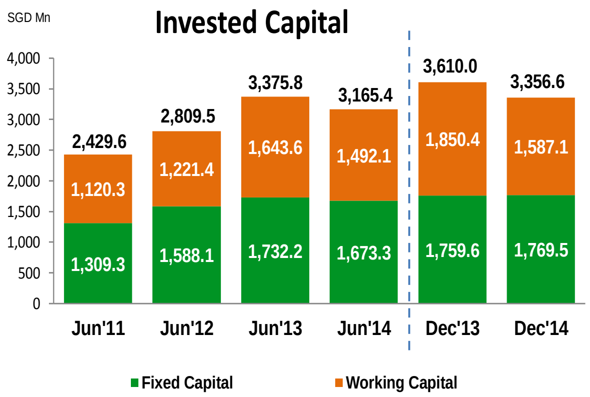
| Segment | Sales Volume ('000 MT) | | Revenue | | EBITDA | | Invested Capital (IC) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Q4 2014 | Q4 2013 | Q4 2014 | Q4 2013 | Q4 2014 | Q4 2013 | 31-Dec-14 | 30-Jun-14 | 31-Dec-13 |
| Edible Nuts, Spices and Vegetable Ingredients | 239.8 | 281.1 | 1,008.8 | 845.1 | 70.5 | 76.0 | 3,356.6 | 3,165.4 | 3,610.0 |
| Confectionery and Beverage Ingredients | 370.4 | 366.8 | 1,493.4 | 1,115.1 | 93.2 | 90.6 | 3,249.6 | 3,129.9 | 2,346.6 |
| Food Staples and Packaged Foods | 2,360.9 | 2,636.0 | 1,892.6 | 1,662.1 | 70.3 | 96.1 | 3,075.4 | 3,111.1 | 3,612.8 |
| **Food Category** | **2,971.1** | **3,283.9** | **4,394.8** | **3,622.3** | **234.0** | **262.7** | **9,681.6** | **9,406.4** | **9,569.4** |
| Industrial Raw Materials (IRM) | 400.3 | 408.5 | 484.5 | 884.1 | 54.9 | 53.4 | 1,872.0 | 1,940.9 | 1,839.4 |
| Commodity Financial Services (CFS) | N.A. | N.A. | 0.0 | 0.3 | (5.6) | (0.2) | 3.2 | 3.4 | 3.4 |
| **Non-Food Category** | **400.3** | **408.5** | **484.5** | **884.4** | **49.3** | **53.2** | **1,875.2** | **1,944.3** | **1,842.8** |
| **Total** | **3,371.4** | **3,692.4** | **4,879.4** | **4,506.7** | **283.2** | **315.9** | **11,556.8** | **11,350.7** | **11,412.2** |

Note: IC excludes (a) Gabon Fertiliser Project (31-Dec-14: S$182.4 million, 30-Jun-14: S$184.1 million, 31-Dec-13: S$158.4 million) and (b) Long Term Investment (31-Dec-14: S$334.4 million, 30-Jun-14: S$407.7 million)

### *Edible Nuts, Spices & Vegetable Ingredients*

The Edible Nuts, Spices & Vegetable Ingredients segment registered a year-on-year volume decline of 5.8%, revenue growth of 15.0% and EBITDA decline of 15.5% in H2 2014.



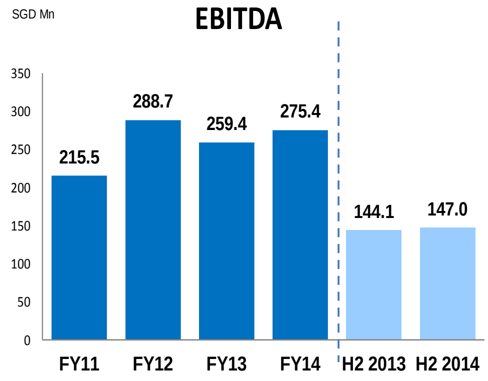

The decline in volume was primarily on account of lower cashew volumes from the partial discontinuation of operations at our mechanical cashew processing facility in Nigeria, as well as lower tomato paste volumes as compared to the prior corresponding period during which slow-moving inventories were liquidated. Segment revenues were higher due to elevated prices across almonds, hazelnuts, tomatoes, dehydrated vegetables and pepper.

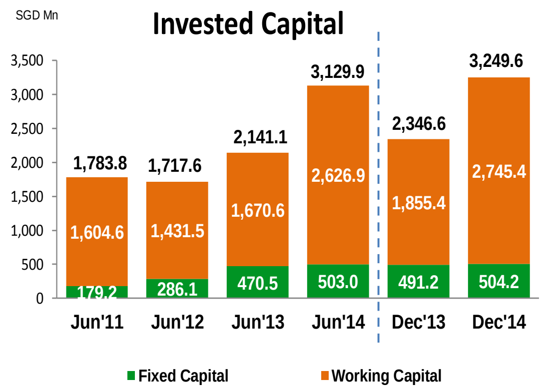
The almonds business continued its strong performance, aided by higher prices. The US spices and vegetables business and the peanuts business also performed well. However, segment EBITDA was impacted by lower contribution from the Nigeria cashew processing business and the challenges in the hazelnut business as highlighted in the prior quarter.

Invested capital in the segment increased by S$191.2 million as compared to end-June 2014 due to an increase in almond and hazelnut inventories, carried at higher prices and a higher biological asset value of our almond plantation assets in Australia. There was a significant invested capital reduction of S$253.4 million vis-à-vis end-December 2013 due to the sale-and-leaseback of our Australian almond assets, lower inventories of tomato paste and cashews as well as a reduction in receivables.

### *Confectionery & Beverage Ingredients*

Despite flat volumes in the Confectionery & Beverage Ingredients segment, revenue increased by 33.1% due to an increase in coffee and cocoa prices compared to the prior corresponding period. Segment EBITDA grew marginally by 2.0% with both Coffee and Cocoa divisions performing well. Both businesses are well positioned for the peak season in the coming quarters.

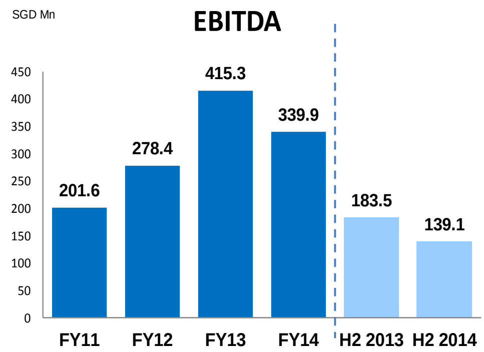


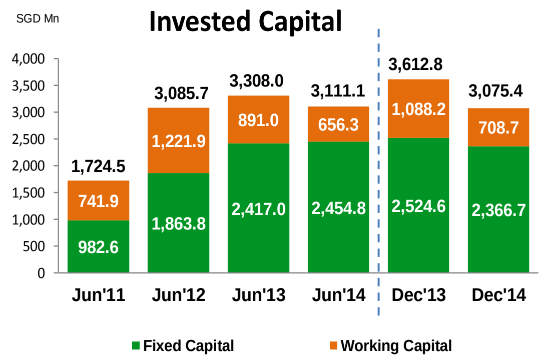




Invested capital in the segment increased by S$119.7 million as compared to end-June 2014, due to higher inventory levels. When compared to end-December 2013, invested capital increased by S$903.0 million due to price-led working capital increases in both cocoa and coffee.

### *Food Staples & Packaged Foods*

Food Staples & Packaged Foods segment volumes declined by 16.1% while revenues decreased by 2.3% primarily due to discontinued operations in Australia and South Africa.



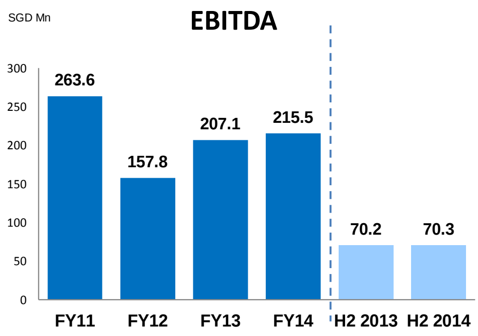



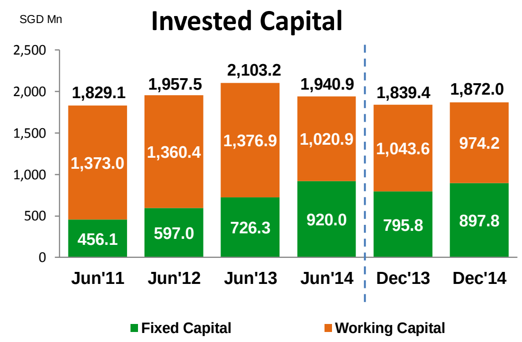

Wheat milling in Africa, Grains exports from Russia, Sugar and the Rice distribution businesses performed well. Overall EBITDA for the segment declined by 24.2% due to lower sales volumes, continued underperformance of Dairy farming operations in Uruguay and the impact of currency devaluation, particularly in the import and domestic businesses in Nigeria and Russia.

Overall invested capital decreased by S$35.7 million vis-à-vis end-June 2014, which was primarily due to a reduction in fixed assets from the sale of the Dairy processing plant in Cote d'Ivoire and the sale-and-leaseback of Dairy farm land in Uruguay. This reduction was partly offset by an increase in working capital in the Rice distribution business. The invested capital when compared to end-December 2013 reduced by S$537.4 million due to a reduction in fixed and working capital from strategic plan initiatives including the sale of our Australian Grains business, sale of our dairy processing plant in Cote d'Ivoire, sale-and-leaseback of Dairy farm land in Uruguay and a reduction in Grains trading volumes.

### *Industrial Raw Materials*

The Industrial Raw Materials volumes were higher by 2.9% due to increased volumes from Cotton and Fertiliser trading during the current period, while segment revenue declined by 26.7% due to lower Rubber and Cotton prices as well as a change in product mix.




Segment EBITDA was flat as a lower contribution from SIFCA in Rubber was offset by a higher contribution from Cotton, the SEZ business and the restructured Wood Products business as compared to the prior corresponding period.

Overall invested capital declined by S$68.9 million compared to end-June 2014, driven by lower working capital in the Cotton and Wood Products businesses as well as lower segment fixed capital due to depreciation. The invested capital increased marginally by S$32.6 million from end-December 2013 due to an increase in fixed investments in Rubber plantations and the SEZ business, partly offset by a reduction in working capital.

### *Commodity Financial Services*

The CFS business registered an EBITDA loss of S$2.2 million in H2 2014 versus a loss of S$8.5 million in H2 2013.

## Other Developments

### Debt optimisation

We continued to actively monitor and re-balance our debt portfolio during H2 2014 across the bank and debt capital markets.

In July 2014, we announced the issuance of S$400.0 million 5 year notes due 2019 at a fixed coupon of 4.25% and US$300.0 million of 5.5 year Senior Notes due 2020 at a coupon of 4.50%. We also concluded a private placement of US$50.0 million 5 year Senior Notes due 2020 at a fixed coupon of 4.00% in January 2015.

In November 2014, we secured revolving and term loan facilities aggregating US$2,475.0 million and used these proceeds to repay the US$2,220.0 million 364-day revolving credit facility. We also secured a 5 year term loan of A$350.0 million for our Australian subsidiaries in December 2014.

In January 2015 we exercised our option to redeem all of the outstanding US$750.0 million 6.75% bonds due 2018 at a redemption price of 103.375% of the principal amount. Although this is expected to result in a one-time charge in the quarter ending March 2015, it will reduce our overall cost of borrowing going forward.

### Acquisition of McCleskey Mills, Inc.

On December 5, 2014, we signed a purchase agreement to acquire a 100.0% interest in MMI. The acquisition is consistent with our strategy to selectively invest in prioritised platforms, which include Edible Nuts. It extends our participation in the US peanut value chain as MMI links its own procurement and origination (supply chain) infrastructure with our midstream processing capabilities.

The acquisition was completed in January 2015 at a final enterprise value of US$175.0 million. It is expected to be earnings and returns accretive in the first year after consolidation.

### Acquisition of the global cocoa business of Archer Daniels Midland Company

On December 16, 2014, we signed a purchase agreement to acquire ADM Cocoa at an enterprise value on a cash and debt free basis of US$1.3 billion, comprising fixed assets of US$550.0 million and working capital of US$750.0 million, subject to closing adjustments.

The ADM Cocoa business comprises cocoa processing assets made up of 8 factories with total capacity of 600,000 MT, 10 warehouses, 2 usines, 4 innovation centres, the iconic deZaan® brand and its 2,150 plus customer franchise, and a marketing network across 16 countries.

Over 1,500 ADM Cocoa employees including 30 R&D professionals will join the combined cocoa entity as part of the transaction.

The proposed acquisition is expected to enhance value for all of our stakeholders as it can transform our cocoa business into:

- A market leading global integrated player with an origination footprint in all key producing origins, including Brazil; and
- One of the world's top three cocoa processors. The combined capacity will be approximately 700,000 MT as 8 midstream processing facilities from ADM Cocoa in the Netherlands, Germany, Brazil, Singapore, Ghana, Côte d'Ivoire and Canada are added to Olam Cocoa's existing midstream processing portfolio.

The purchase consideration of US$1.3 billion will be financed through a combination of cash and existing debt facilities.

The run-rate synergy potential is expected to range between US$35.0 million and US$40.0 million across cost and revenue synergies which are expected to be achieved within two years from closing. We are likely to incur one-off integration costs of approximately US$17.0 million in the first two years after the close of the transaction. In addition, we expect to incur one-off transaction costs of approximately US$12.0 million in FY2015.

The transaction is expected to be earnings and returns accretive, as well as free cash flow positive in the first full year post closing (FY2016). At steady-state in FY2018, Olam expects to achieve between US$180.0 million and US$200.0 million in EBITDA from this transaction and deliver a net income growth and EPS growth (assuming no dilution) for the group of between 25.0% and 30.0% compared to FY2014. The expected EBITDA/IC for the group will be within our target midstream value chain returns of 13.0-16.0%.

The transaction is subject to conditions including the necessary regulatory approvals and clearances and customary closing conditions and is expected to close by June 2015.

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## Annexure: Business Description

## Business Model and Strategy

Olam's business is built on a strong foundation as a fully integrated supply chain manager and processor of agricultural products and food ingredients, with operations across 16 platforms in 65 countries. As a supply chain manager, Olam is engaged in the sourcing of a wide range of agricultural commodities from the producing countries and the processing, warehousing, transporting, shipping, distributing and marketing of these products right up to the factory gate of our customers in the destination markets. We also manage risk at each stage of the supply chain. From our inception in 1989, we have evolved from a single country, single product trader to a multi-country, multi-product supply chain manager.

In that process of evolution and development, the Olam business model has grown both in depth as well as breadth, pursuing selected value chain adjacencies which both complement and enhance our core supply chain model.

**Business model evolution**

The evolution of our business model over recent years has led us to develop new competencies as we pursued our strategic goals, including the capabilities to identify, execute and integrate attractive acquisition opportunities in selected countries. These initiatives are carefully selected to be within or adjacent to our core value chain activities. Successfully completed transactions have addressed opportunities in the upstream (plantation and farming), midstream (manufacturing/ processing) and downstream parts of the value chain.

Building on existing and new capabilities, we have expanded upstream selectively into plantation ownership and management (perennial crops), farming (annual crops), dairy farming and forest concessions management. These opportunities, both organic and inorganic, have been pursued in countries that have a comparative advantage to produce these commodities relatively better and at relatively lower costs on a sustainable basis.

**Selective investments across the value chain**

Pursuit of this strategy has led us to invest selectively in almond orchards in Australia and US, peanut farming in Argentina, Coffee plantation in Laos, Ethiopia, Tanzania, Zambia and Brazil, Rice farming in Nigeria, Palm and Rubber plantations in Africa, Dairy farming in Uruguay and Russia, and the development of tropical hard wood forest concessions in the Republic of Congo (ROC).

Similarly, in the midstream part of the value chain, we have pursued initiatives in value-added processing and manufacturing activities, such as peanut shelling in the US, mechanical processing of cashews in Côte d'Ivoire, hazelnut processing in Turkey, spice grinding in Vietnam, soluble Coffee manufacturing in Vietnam and Spain, Cocoa processing in Côte d'Ivoire, and Nigeria and wheat milling in Nigeria, Senegal and Ghana. We recently signed an agreement to acquire the global cocoa processing business of ADM, which would transform our cocoa platform in a market leading global player in the cocoa sector.

Downstream progress has been reflected in the initiatives completed in Packaged Foods distribution in West Africa and the successful development of our own consumer brands in the food category, which capitalise on our intimate knowledge of African markets, operations, brands, and consumers. This downstream activity also builds on capabilities in the management of food supply chains and on the common distribution pipeline that we have built for related commodity products (including Rice, Sugar, wheat and Dairy products) in West Africa.  Initiatives in this segment include biscuits and candy manufacturing and downstream distribution in Nigeria and Ghana, juice and dairy beverages in Nigeria, instant noodles, seasonings, tomato paste distribution in Nigeria and selective West African markets.

In addition, Olam has diversified into three adjacent businesses which build on latent assets and capabilities developed over the last 25 years – the Commodity Financial Services business (CFS), the development of a Special Economic Zone (SEZ) and fertiliser manufacturing in Gabon.

**A responsible approach to business**

Corporate responsibility and sustainability have always been an essential part of our way of doing business around the world. In addition to our longstanding adherence to documented standards, we have also recently established an Olam Livelihood Charter, and continue to work both on our own and with selected expert partners to advance our objectives in this area.

**A unique and entrepreneurial culture**

One of the major factors that sets Olam apart is our unique culture: we think and act as owner-managers, focused both on the realisation of short-term results and the creation of long-term value for our stakeholders. A fully aligned organisational structure, culture and long-term compensation system support these objectives.

## Business Segmentation and Reporting

We organise Olam's operations into five business segments and three value chain segments for reporting purposes. The distribution of the 16 platforms across the business segments and the activities across the value chain segments are given below:

| 5 Business Segments | 16 Platforms |
|---|---|
| **Edible Nuts, Spices & Vegetable Ingredients (formerly known as Edible Nuts, Spices & Beans)** | 1) Edible Nuts (cashew, peanuts, almonds, hazelnuts and sesame)<br>2) Spices & Vegetable Ingredients (including onion, garlic, and tomato) |
| **Confectionery & Beverage Ingredients** | 3) Cocoa<br>4) Coffee |
| **Food Staples & Packaged Foods** | 5) Rice<br>6) Sugar and Natural Sweeteners<br>7) Grains (including wheat, corn and barley)<br>8) Palm<br>9) Dairy<br>10) Packaged Foods |
| **Industrial Raw Materials (IRM)** | 11) Natural Fibres (cotton)<br>12) Wood Products<br>13) Rubber<br>14) Fertiliser supply chain<br>15) Special Economic Zone (SEZ) |
| **Commodity Financial Services (CFS)** | 16) Commodity Financial Services (Market-making, risk management solutions and commodity funds management) |

| 3 Value Chain Segments | Value Chain Activity |
|---|---|
| **Supply Chain (including value added services)** | Includes all activities connected with origination, sourcing, primary processing, logistics, trading, marketing (including VAS) and risk management of agricultural products and the CFS business |
| **Upstream** | Includes all activities relating to farming (annual row crops), plantations (perennial tree crops), Dairy farming and forest concessions |
| **Midstream & Downstream** | Includes all activities relating to secondary processing, contract manufacturing, branded distribution, private label activities and SEZ |

The production of agricultural products is seasonal in nature. The seasonality of the products in our global portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October and March. Countries in the southern hemisphere have harvesting seasons between April and September. It is also not unusual to experience both delays, as well as early starts, to the harvesting seasons in these countries in a particular year, based on weather patterns. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmers' selling decisions; these are mainly a function of the farmers' view on prices and inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our earnings tend to be relatively higher in the first half of the year (January to June) compared to the second half of the year (July to December). Based on this seasonality, we have observed the distribution of our earnings in prior periods follow the schedule below:

| Q1<br>Jan - March | Q2<br>Apr – June | **1st Half<br>Jan – June** | Q3<br>July - Sept | Q4<br>Oct - Dec | **2nd Half<br>July – Dec** |
|---|---|---|---|---|---|
| 35 – 40% | 25 – 30% | **60 – 70%** | 5 – 10% | 25 – 30% | **30 – 40%** |

## Key Definitions

The definitions for the financial terms used in the MD&A are as follows:

**Sales Volume:** There are no associated volumes for CFS and SEZ platforms

**Revenue**: Sale of goods and services

**Other Income**: Includes sale of scrap materials, commissions and claims income and fair value gain on investments held for trading. Negative goodwill, gain on sale of assets and other non-recurring, exceptional items which were presented as a part of Other Income are now classified as Exceptional Items

**Cost of Sales**: Cost of goods sold, shipping and logistics, commissions and claims expenses and the net measurement of derivative assets

**Overhead Expenses**: Employee benefit costs, manufacturing overheads, travel expenses and other direct expenses

**Other Operating Expenses**: Unrealised foreign exchange gain/loss and other expenses

**Net changes in fair value of biological assets:** Includes only operational changes in the fair value of biological assets. Non-operational changes (arising due to changes in the fair value model) which were formerly presented under this line item are now classified as Exceptional Items

**Exceptional Items**: One-off, non-recurring items, including negative goodwill and related transaction costs, gain/loss on sale of assets/business, gain/loss on buyback of bonds, impairment loss, non-operational gain/loss from changes in fair value of biological assets, finance charges on pre-payment of loans and non-recurring business restructuring expenses. Tax expenses associated with these items are also presented as Exceptional Items. These items were earlier presented under Other Income, Cost of Sales, Overhead Expenses, Other Operating Expenses lines, Finance costs and Taxation.

**Operational PATMI**: Profit After Tax and Minority Interest (PATMI) excluding exceptional items

**EBITDA**: Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) which includes minority interest and excludes exceptional items

**Invested Capital (IC)**: Excludes cash and bank balances, deferred tax assets, fixed deposits, other current/non-current assets (other than option premiums payable/receivable) and fair value of derivative assets on bonds.

**EBITDA/IC**: EBITDA on average invested capital based on beginning and end-of-period invested capital

**Net Gearing**: Ratio of Net Debt (gross debt less cash) to Equity (before fair value adjustment reserves)

**Free Cash Flow to Firm (FCFF)**: Operating cash flow less changes in working capital, cash taxes, capital expenditures and investments

**Free Cash Flow to Equity (FCFE)**: FCFF less net interest paid

**Note:** Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.