Olam International Limited
H2 2014 Results Briefing

13 February 2015 I Singapore

TRANSCENDING BOUNDARIES
25 YEARS

Notice

This presentation should be read in conjunction with Olam International Limited's Quarter and Six Months ended 31 December 2014 (Q4 2014 & H2 2014 respectively) Financial Results statement and Management's Discussion and Analysis lodged on SGXNET on 13 February 2015

Cautionary note on forward looking statements

This presentation may contain statements regarding the business of Olam International Limited and its subsidiaries ('Group') that are of a forward looking nature and are therefore based on management's assumptions about future developments.

Such forward looking statements are intended to be identified by words such as 'believe', 'estimate', 'intend', 'may', 'will', 'expect', and 'project' and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors.

Potential risks and uncertainties includes such factors as general economic conditions, foreign exchange fluctuations, interest rate changes, commodity price fluctuations and regulatory developments. Such factors that may affect Olam's future financial results are detailed in our listing prospectus, listed in this presentation, or discussed in today's press release and in the management discussion and analysis section of the company's Quarter and Six Months Ended 31 December 2014 results report and filings with SGX. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward looking statements.

Agenda

- Highlights – H2 2014
- Financial Performance
- Key Takeaways

Highlights – H2 2014

Olam's palm nursery in Gabon

Highlights – H2 2014

- **Steady underlying performance across most platforms, adversely impacted by unprecedented currency devaluation**
  - **Steady EBITDA growth** from most platforms, with challenges in hazelnuts and Dairy farming in Uruguay, which was highlighted previously
  - **Estimated net adverse impact of ~S$30.0 mn** due to the **severe and concurrent currency devaluation**, particularly in our imports and domestic distribution businesses
  - **Reported PATMI** declined 9.7% to S$163.0 mn for H2 2014 (H2 2013: S$180.5 mn). Operational PATMI at S$137.3 mn (H2 2013: S$174.6 mn)
- **Continued progress in strategic plan execution**
  - **20 completed initiatives** to-date have released **cash of S$962.2 mn** (against 2016 target of S$1.5 bn), generated a **P&L gain of S$124.7 mn** and added **S$151.0 mn directly to our capital reserves**
  - **39% reduction in cash capex**: S$197.0 mn in H2 2014 (H2 2013: S$325.1 mn)
- **Backing growth in prioritised platforms**
  - Acquired **McCleskey Mills Inc**, a leading US peanut sheller, at an **EV of US$175.0 mn**
  - Announced the acquisition of the **global cocoa business of ADM at an EV of US$1.3 billion**

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Highlights – H2 2014

Balance sheet and Cash Flow

- Generated **positive free cash flow to firm of S$75.6 mn** (H2 2013: negative S$282.2 mn); **FCFF improved** by **S$357.8 mn** and **FCFE improved** by **S$422.2 mn** against H2 2013
- **Net gearing of 1.85x** at December 31, 2014 was **significantly lower than 2.06x** as at December 31, 2013 and **in line with our 2016 objective** of operating at or below 2.0x

Financing

- Achieved a **reduction in net finance** costs: S$228.9 mn in H2 2014 (H2 2013: S$259.3 mn)
- **Secured US$2,475.0 mn** of committed short and medium term bank facilities **and A$350.0 mn** of long term loan; Issued **5 year US$50.0 mn notes** via private placement at a **fixed coupon of 4.00%**
- Exercised the **call option** on all of the outstanding **US$750.0 mn 6.75% bonds** due 2018

Change in financial year

- **Fiscal year-end changed from June 30 to December 31** to comply with the group consolidation and reporting requirements of its majority shareholder
- The fiscal year for the transition period will be from July 1, 2014 to December 31, 2015

Financial Performance


Onion harvesting in USA

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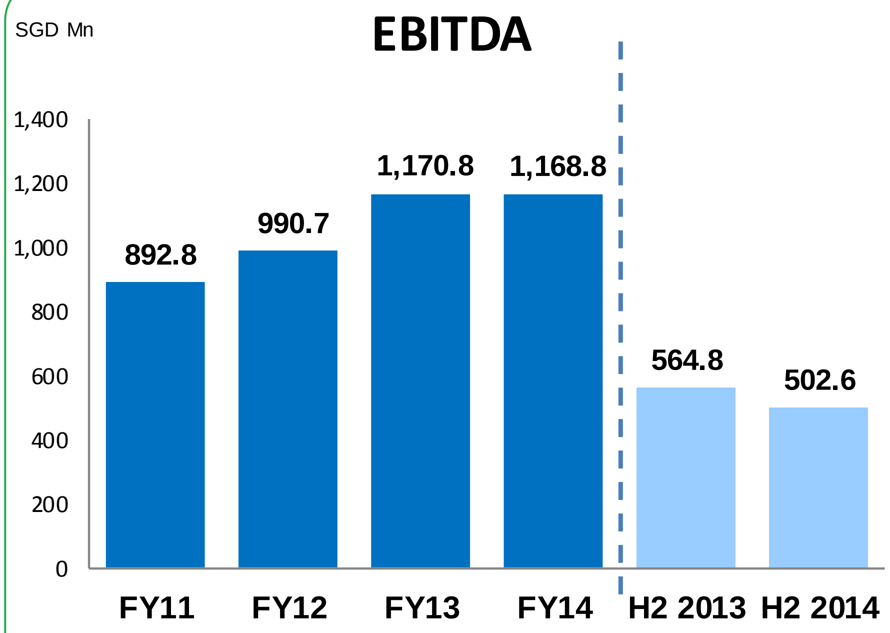
P&L Analysis

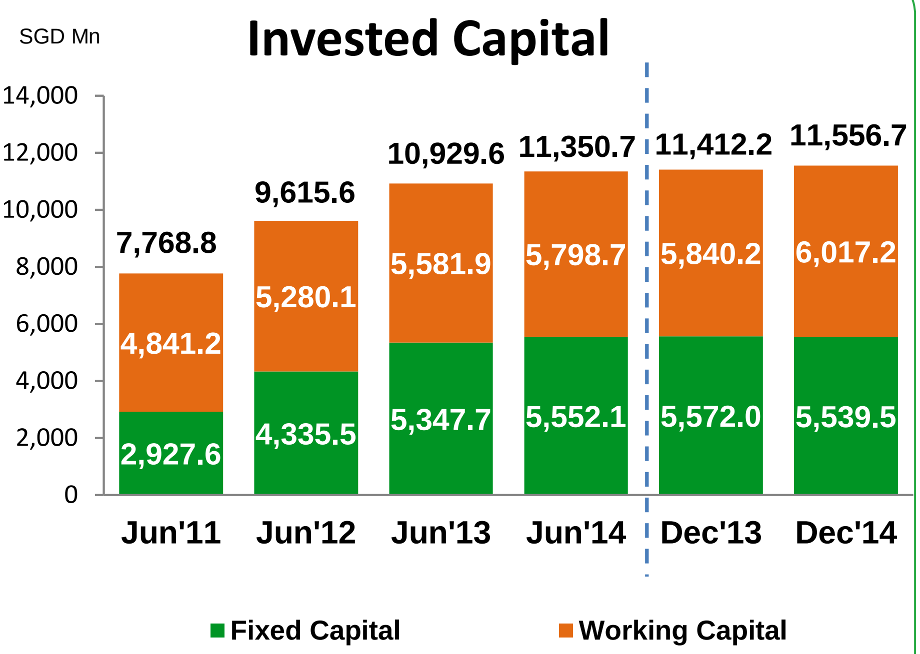
SGD Mn

	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
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)**

- Decline in **overall sales volume** mainly due to discontinued / restructured lower margin businesses
- **Steady underlying growth** in prioritised platforms, offset by underperformance in hazelnuts , Dairy farming in Uruguay and the unprecedented currency devaluation particularly on our imports and domestic distribution businesses **(estimated net adverse impact of ~S$30.0 mn on EBITDA)**
- H2 2014 recorded a **net operational loss** on **fair valuation of biological assets** of **S$27.9 mn** compared to a **loss of S$12.0 mn** in H2 2013
- Net finance costs, Depreciation & Amortisation were lower than H2 2014
- Reported **PATMI** and **Operational PATMI** were lower by 9.7% and 21.4% respectively

Historical EBITDA and Invested Capital





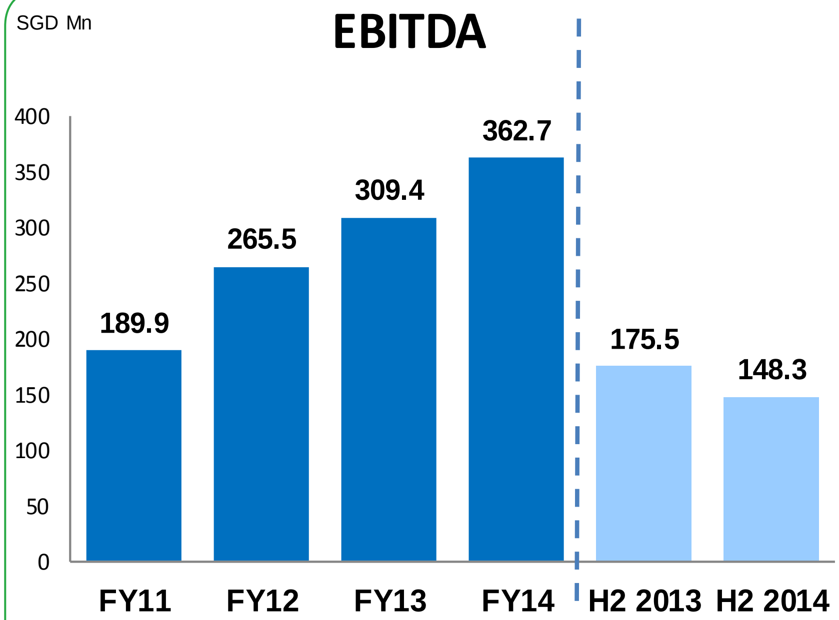
- Decline in **Fixed capital** as a result of lower capex and divestments
- Marginal increase in **working capital** with higher prices in some commodities offset by better cycle time management, especially on receivables

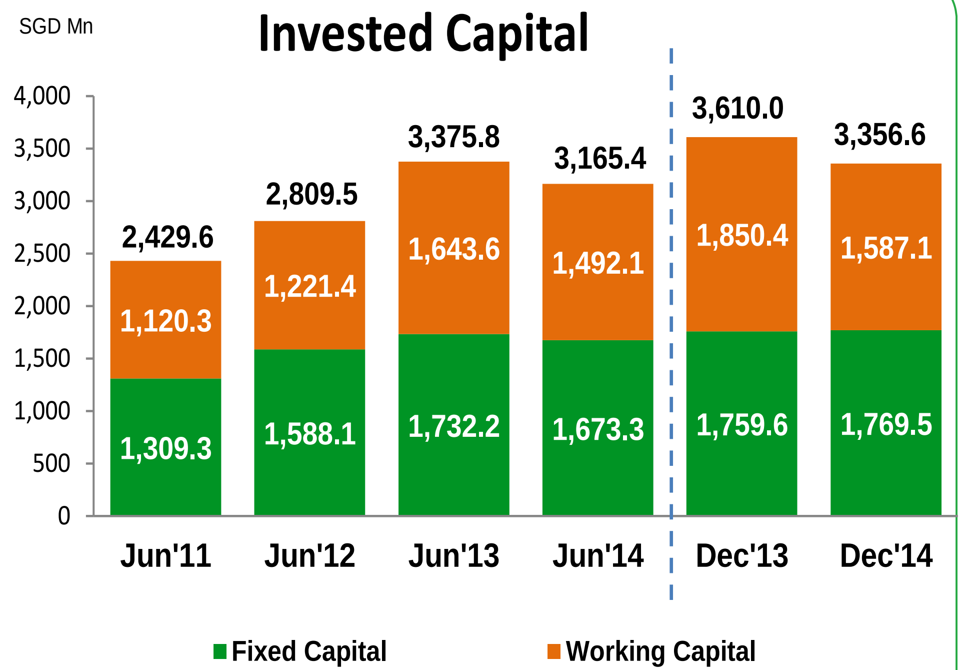
IC excludes (a) Gabon Fertiliser Project (31-Dec-14: S$182.4 million, 30-Jun-14: S$184.1 million, 31-Dec-13: S$158.4 million) and (b) Long Term Investment (31-Dec-14: S$334.4 million, 30-Jun-14: S$407.7 million)

Segmental Analysis

Wheat milling in Ghana

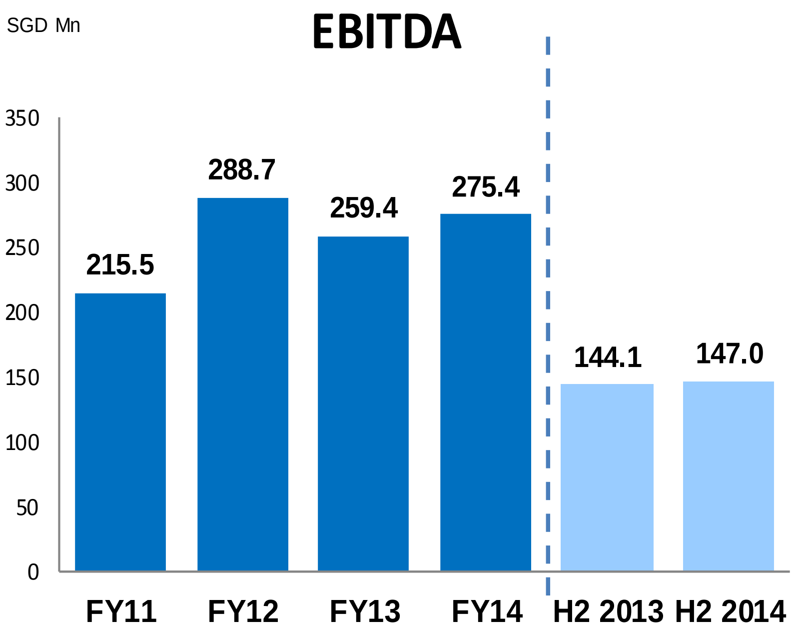
Edible Nuts, Spices & Vegetable Ingredients

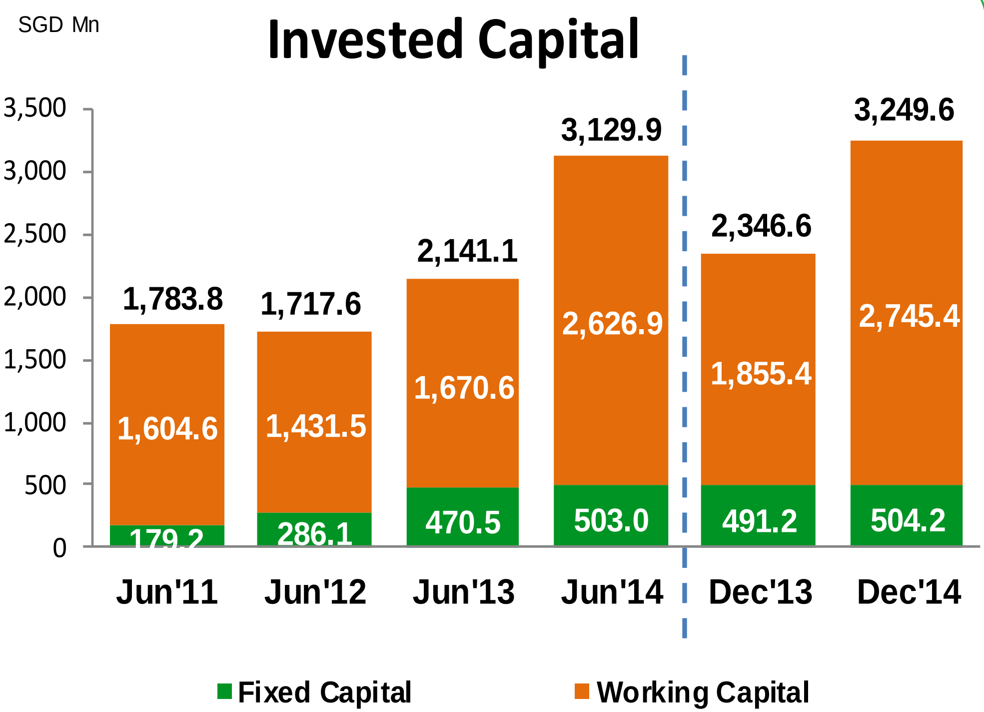




- The **almonds business had a strong performance**, aided by higher prices. **US Spices & Vegetables Ingredients business and the peanuts business** also performed well.
- Segment EBITDA impacted by **lower contribution from the Nigeria cashew processing business** & the **hazelnut business** which was highlighted in the prior quarter
- **Significant reduction in invested capital** due to **sale-and-leaseback** of Australian almond assets, **lower inventories** of **tomato paste and cashews** as well as a **reduction in receivables**

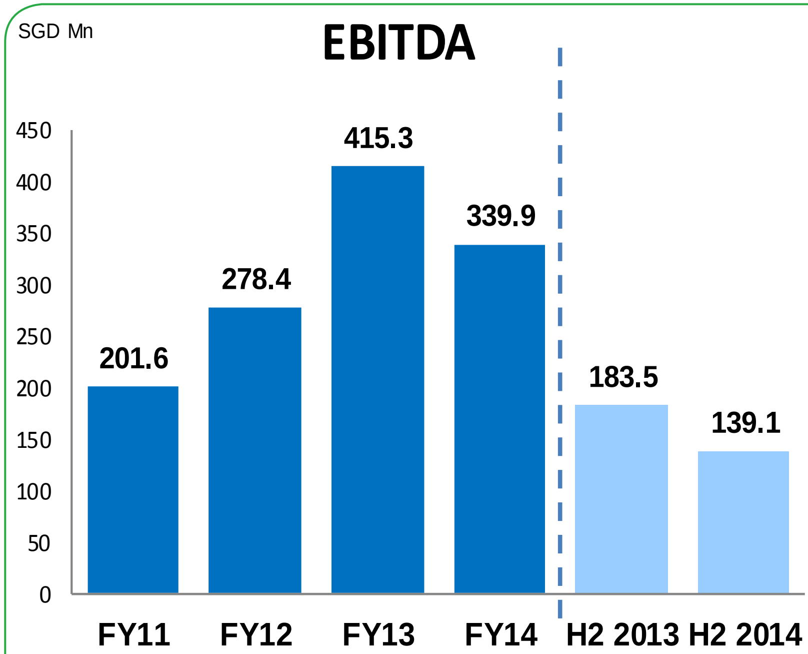
Confectionery & Beverage Ingredients

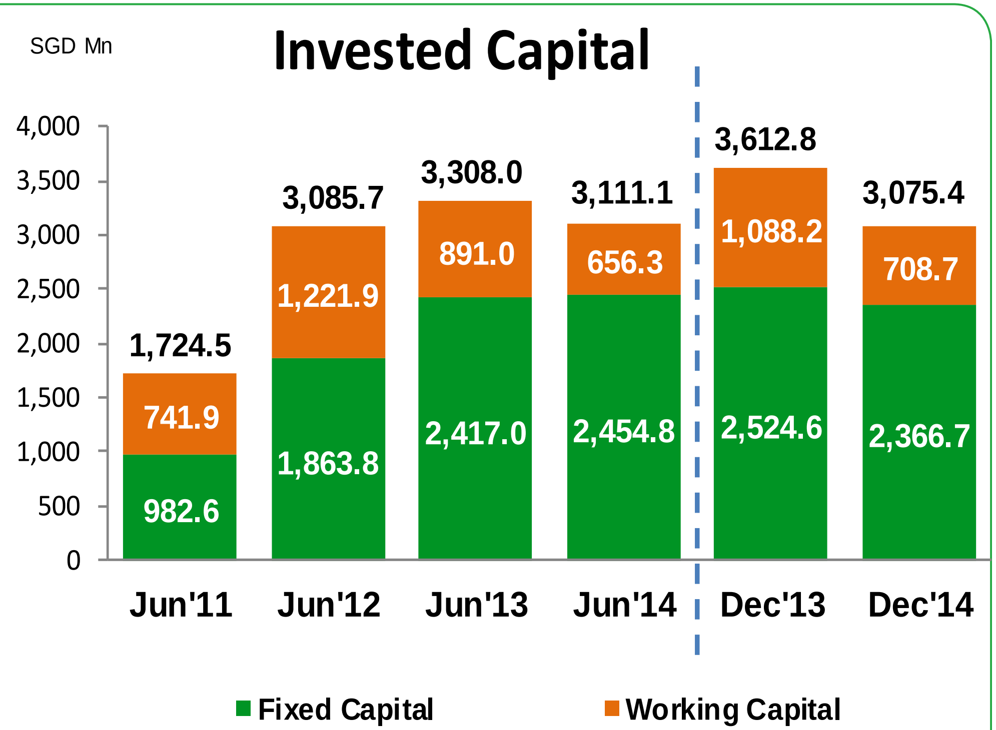




- **EBITDA growth of 2.0%** with both Coffee and Cocoa divisions performing well. Both businesses were **well positioned** for the peak season in the coming quarters
- **Significantly higher invested capital** due to an **increase in working capital** from higher cocoa and coffee prices

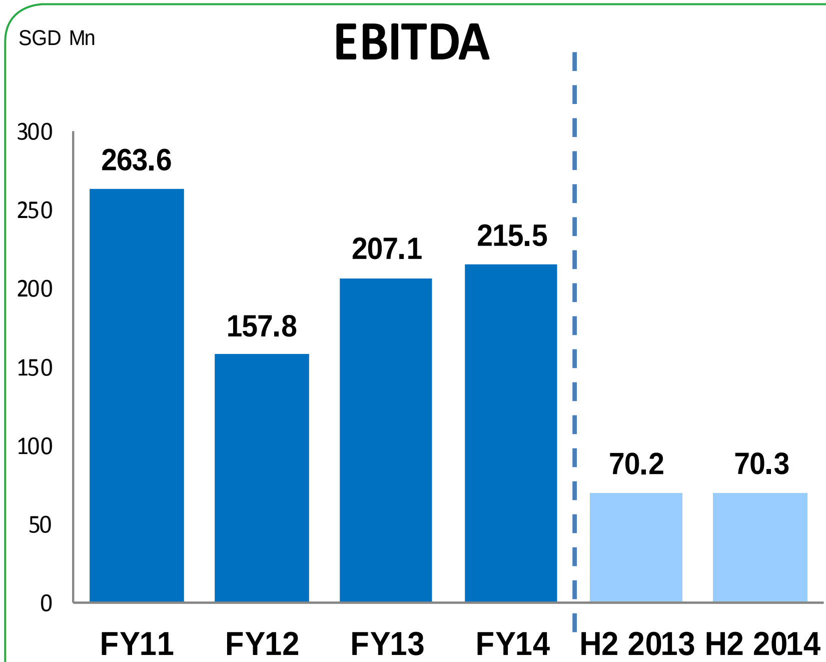
Food Staples & Packaged Foods

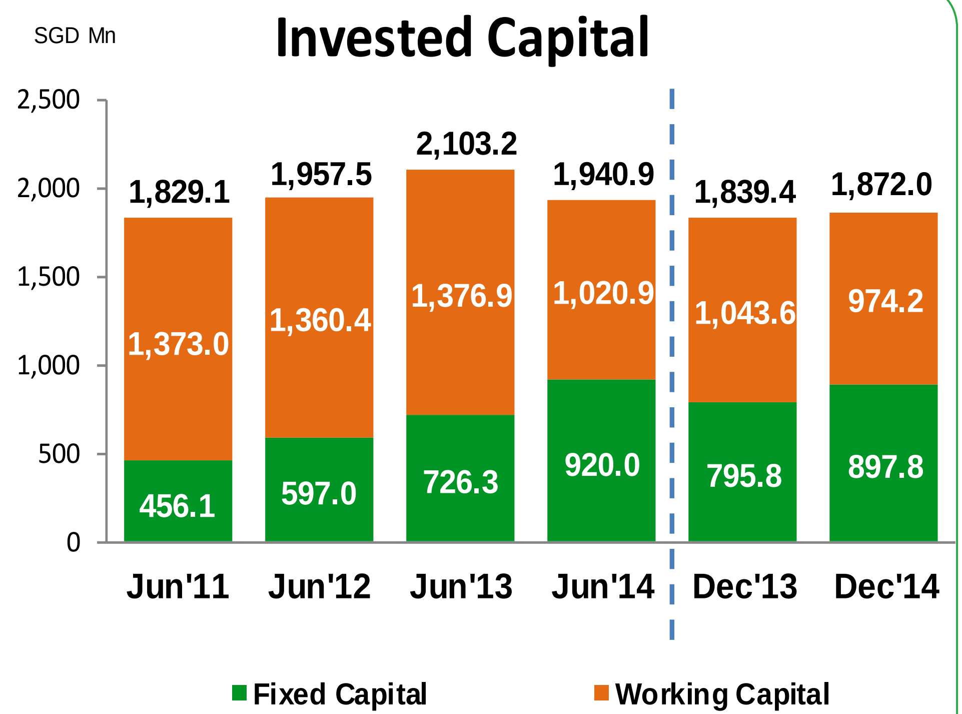




- **Wheat milling** in Africa, **Grains** exports from Russia, **Sugar trading** and **Rice** distribution businesses performed well
- EBITDA declined due to **lower sales volumes**, underperformance in **Dairy farming** in Uruguay and adverse impact of **currency devaluation** in import and domestic businesses, particularly in **Nigeria and Russia**
- **Significant invested capital reduction** 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





- 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
- **Invested capital increased marginally** due to an increase in fixed investments in Rubber plantations and the SEZ business, partly offset by a reduction in working capital

Balance Sheet and Cash Flow

Irrigation at our farms in Zambia

Significant improvement in cash flow

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**

- Generated **positive FCFF** in H2 2014 due to **lower working capital requirements**, **reduced pace of new investments** and **release of cash** from our strategic plan initiatives
- Reduction in **net interest expense** contributed towards improved FCFE

Reduced gearing, remains in line with FY2016 objective

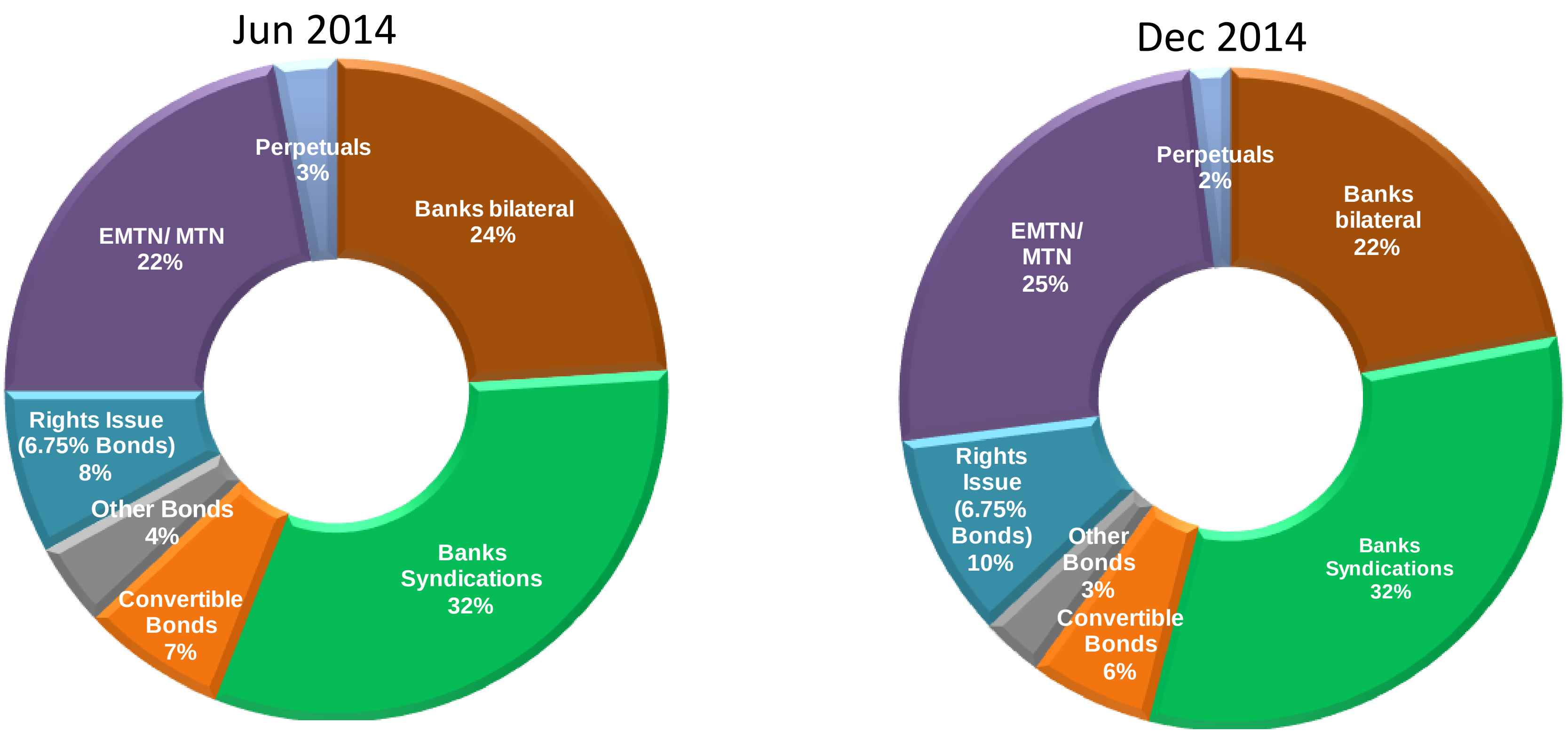
SGD Mn

	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**

***RMI: inventories that are liquid, hedged and/or sold forward**

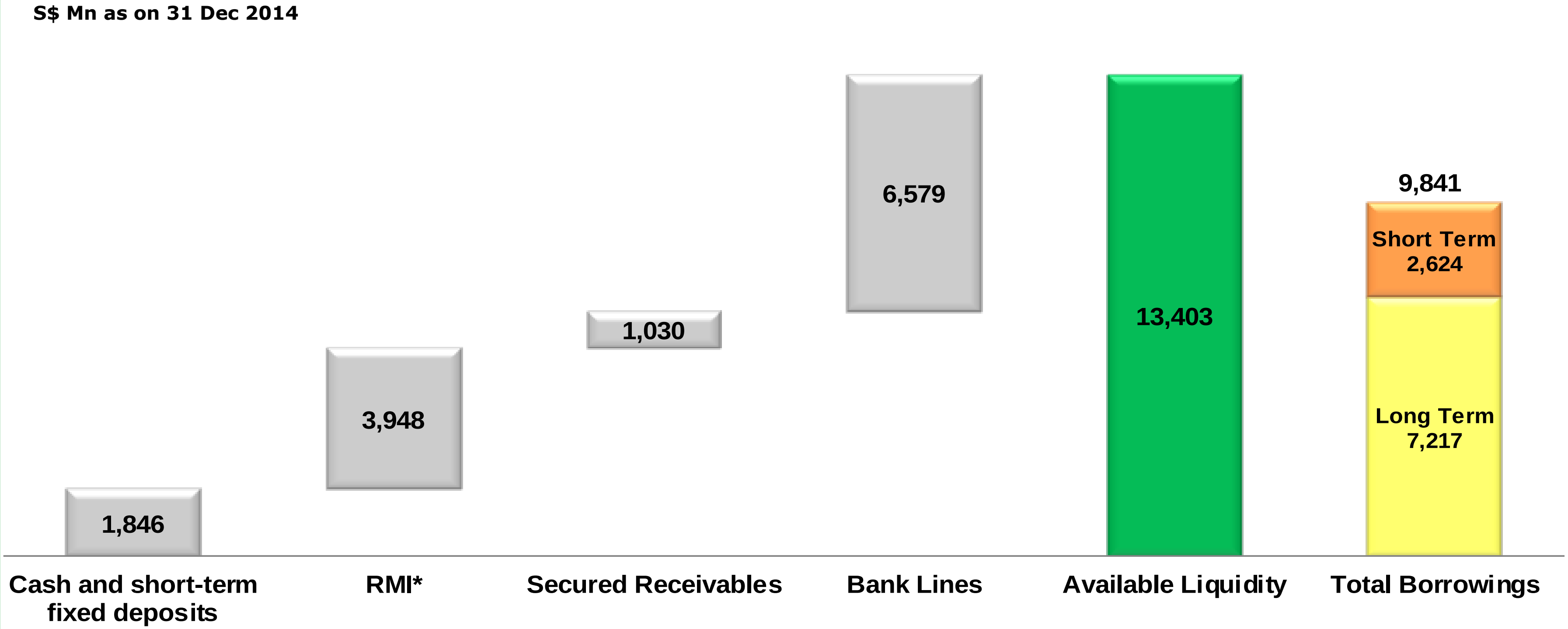
- Significant reduction in gearing vs Dec 2013 from a combination of higher equity and cash balances
- Gearing remains **within** our **FY2016 objective** of at or below **2.0x**

Debt Mix



- Secured US$2,475.0 mn revolving credit and term loan facilities (US$825.0 mn each of 364-day RCF, 2 year RCF & 3-year term loan); utilised proceeds to re-finance the US$2,220 mn RCF secured in May 2014
- Secured 5-year term loan of A$350.0 mn
- Post December, issued US$50.0 mn 5 year notes via private placement to an institutional investor at a fixed coupon of 4.00%
- Post December 2014, exercised the option to redeem the US$750.0 mn 6.75% bonds in full

Ample liquidity



*RMI: inventories that are liquid, hedged and/or sold forward

- **Available liquidity sufficient** to cover all repayment and Capex obligations
- **Borrowing mix** currently weighted towards medium and long term

Key Takeaways

Coffee harvesting in Brazil

Key Takeaways

- **Steady and improved underlying performance** across most of our businesses, excluding dairy farming in Uruguay and hazelnuts
- **Severe and concurrent currency devaluation** across markets has impacted results adversely
- **Continued progress** on strategic plan execution with **S$962.2 mn** of cash released
- **Reduction in financing cost** via active **restructuring and rebalancing** of the **debt portfolio**
- **Backing growth with selective investments** in prioritised platforms – Edible Nuts (MMI) and Cocoa (ADM Cocoa)
- Focus remains on **executing strategic plan initiatives,** optimising balance sheet & debt portfolio, backing growth in our prioritised platforms while **navigating carefully** through the **current macro-economic uncertainty** and **currency volatility**

Thank You

Update on strategic plan execution

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**