



Olam and Mitsubishi Corporation to establish a long term strategic partnership

28 August 2015 | Singapore



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.

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Sunny Verghese
Co-Founder, Group MD & CEO



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Executive Director, Finance & Business Development



Transaction Overview

Shareholding Structure

Mitsubishi Corporation: Living Essentials Group

Strategic Rationale



Overview of the Subscription Agreement

- ❖ **Olam** announces a strategic partnership with **Mitsubishi Corporation** (“MC”) with the issuance of ~**332.73 million new shares** to MC at **S\$2.75 per share**.
- ❖ This represents ~**12.0%** of the enlarged issued and paid-up share capital (excluding treasury shares) of Olam immediately following the issuance of such New Shares
- ❖ Olam to **raise S\$915.0 million** of new **growth capital** for the company
- ❖ **Temasek** to **remain Olam’s major shareholder** with a **controlling 51.4% stake** post transaction
- ❖ **Subject to SGX-ST approval of listing of new shares**
- ❖ Likely **completion by end September, 2015**



Long Term Strategic Partnership

- ✿ The transaction sets a **strong platform** for a **long term strategic partnership** between **Olam** and **MC**, with several **mutually beneficial collaboration opportunities**
- ✿ **MC** will nominate up to **two members** to the **Olam Board** and will also have **managers** join **Olam's Global Management Team** which will help them **contribute** to and **catalyze** the **Company's growth potential**
- ✿ **Establishment** of a proposed **Joint Venture in Japan**, which will act as an importer and marketer of agreed list of products from Olam into Japan, **leveraging MC's strong distribution and retail presence** and **Olam's deep origination expertise and integrated upstream and midstream participation** in these select products
- ✿ MC and Olam will also **explore future strategic collaboration opportunities & monitor progress** of various **identified initiatives**



Valuation

- ✿ The **Issue Price** of **S\$2.75 per share** represents a **29.3%** premium to 12-month VWAP. The **price** was **determined** through a **competitive bidding process**
- ✿ **Values** the **company** at a **market cap** of **S\$7.63 billion** (post money)
- ✿ **Illuminates** and **unlocks** part of the company's **intrinsic value**
- ✿ **Re-affirms** Company's **growth potential** and **prospects**



Transaction Overview

Shareholding Structure

Mitsubishi Corporation: Living Essentials Group

Strategic Rationale



Shareholding Structure: Pre & Post Transactions



MC has informed the Company that in a separate and independent transaction, it **will also acquire ~222.0 million secondary shares** from the **Kewalram Chanrai Group (“KC”)**, representing **~8.0%** of the enlarged issued and paid-up share capital (excluding treasury shares) of Olam immediately following the issuance of new shares. The pre & post transaction shareholding structure of the Company is given below:

Shareholder	Current Shareholding (million shares)	% Shareholding	Post Transactions Shareholding (million shares)	% Shareholding
Temasek	1,425.14	58.39	1,425.14	51.39
KC Group	355.46	14.56	133.50	4.81
Management (ExCo)	176.22	7.22	176.22	6.35
Others	483.90	19.83	483.90	17.45
MC	-	-	554.69	20.00
Total	2,440.72	100.00	2,773.45	100.00



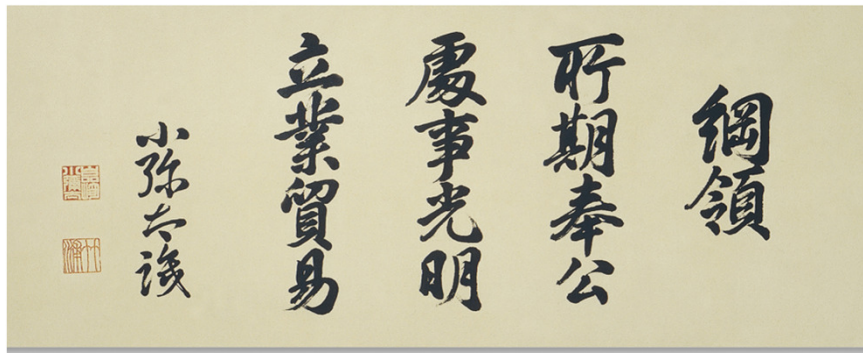
Transaction Overview

Shareholding Structure

Mitsubishi Corporation: Living Essentials Group

Strategic Rationale





- Formulated in 1934 as the action guidelines of Mitsubishi Trading Company (Mitsubishi Shoji Kaisha)
- Based on the teachings of Koyata Iwasaki, the fourth president of Mitsubishi.

CORPORATE RESPONSIBILITY TO SOCIETY

“Shoki Hoko”

Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

INTEGRITY AND FAIRNESS

“Shoji Komei”

Maintain principles of transparency and openness, conducting business with integrity and fairness.

GLOBAL UNDERSTANDING THROUGH BUSINESS

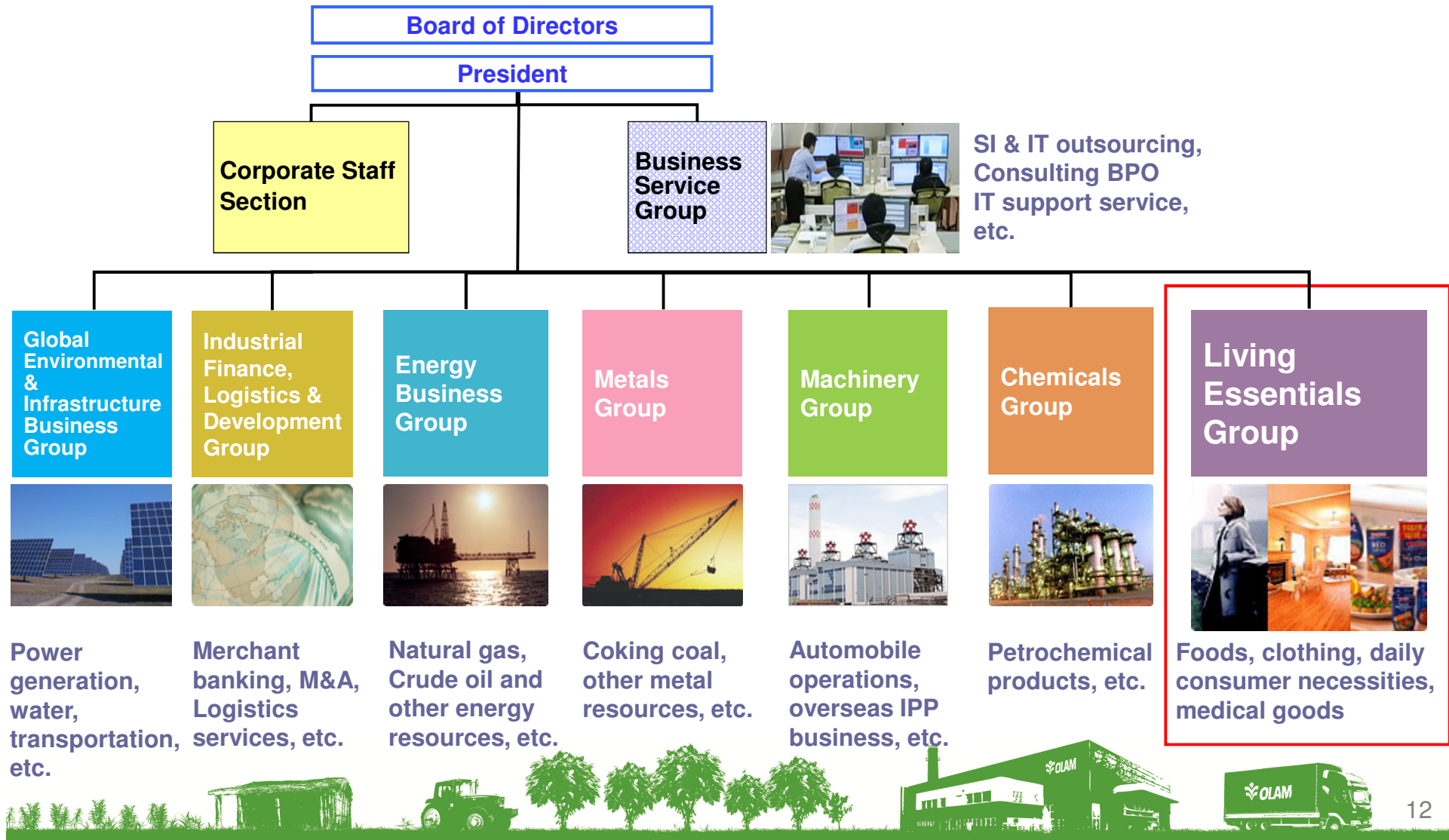
“Ritsugyo Boeki”

Expand business, based on an all-encompassing global perspective.



Mitsubishi Corporation (MC): Living Essentials Group

 **The Living Essentials Group** is one of **8 business groups** within **Mitsubishi Corporation**, and covers “**Consumer-related businesses**”



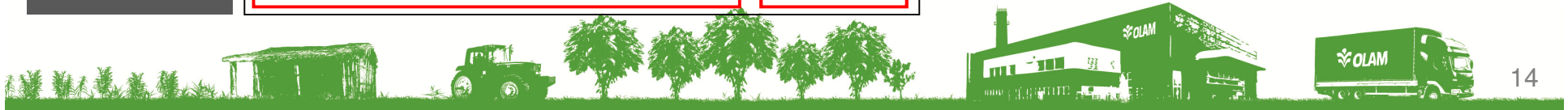
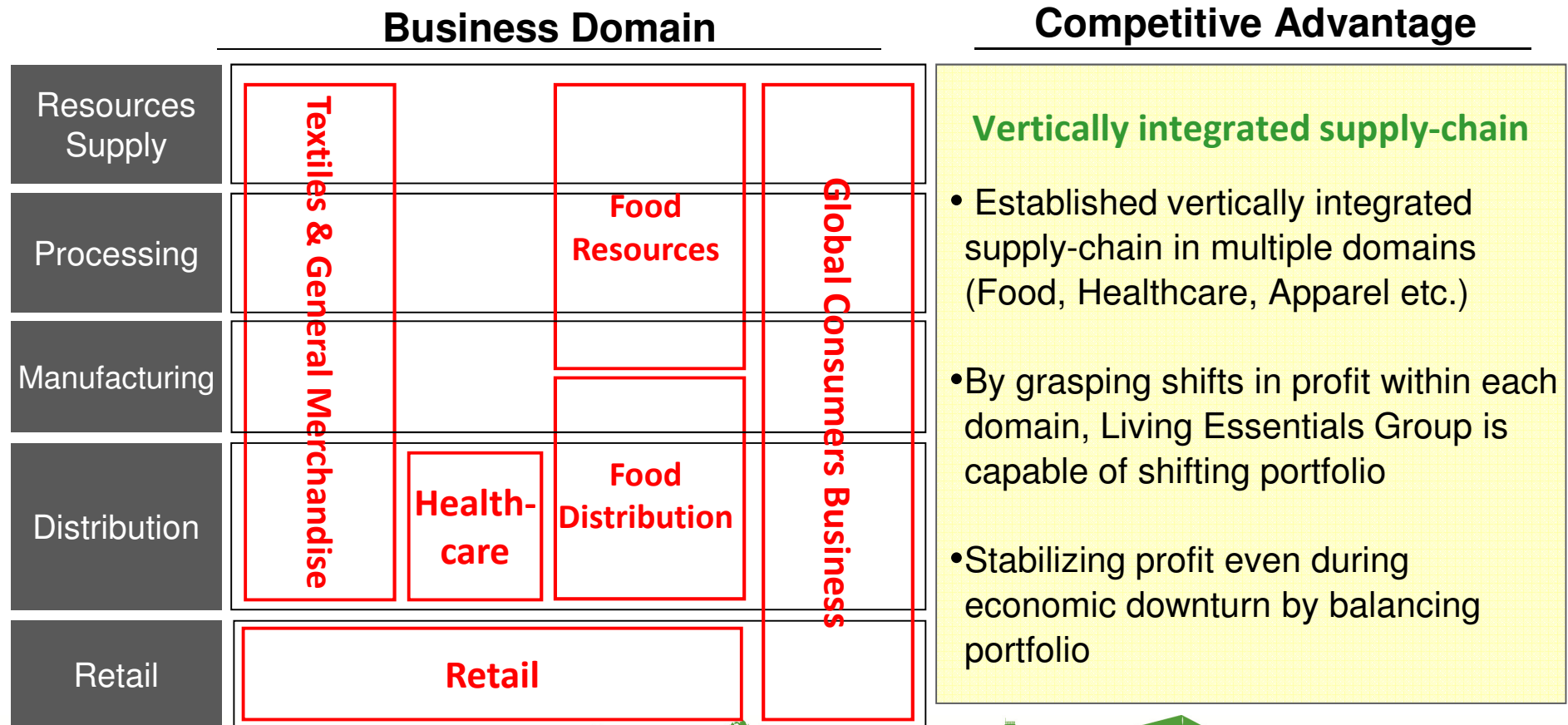
- ✿ **The Living Essentials Group offers daily necessities such as Food, Clothing and Healthcare products to Consumers**
- ✿ **The Group is responsive to changes in economic conditions and industrial structure to achieve Sustainable Growth**



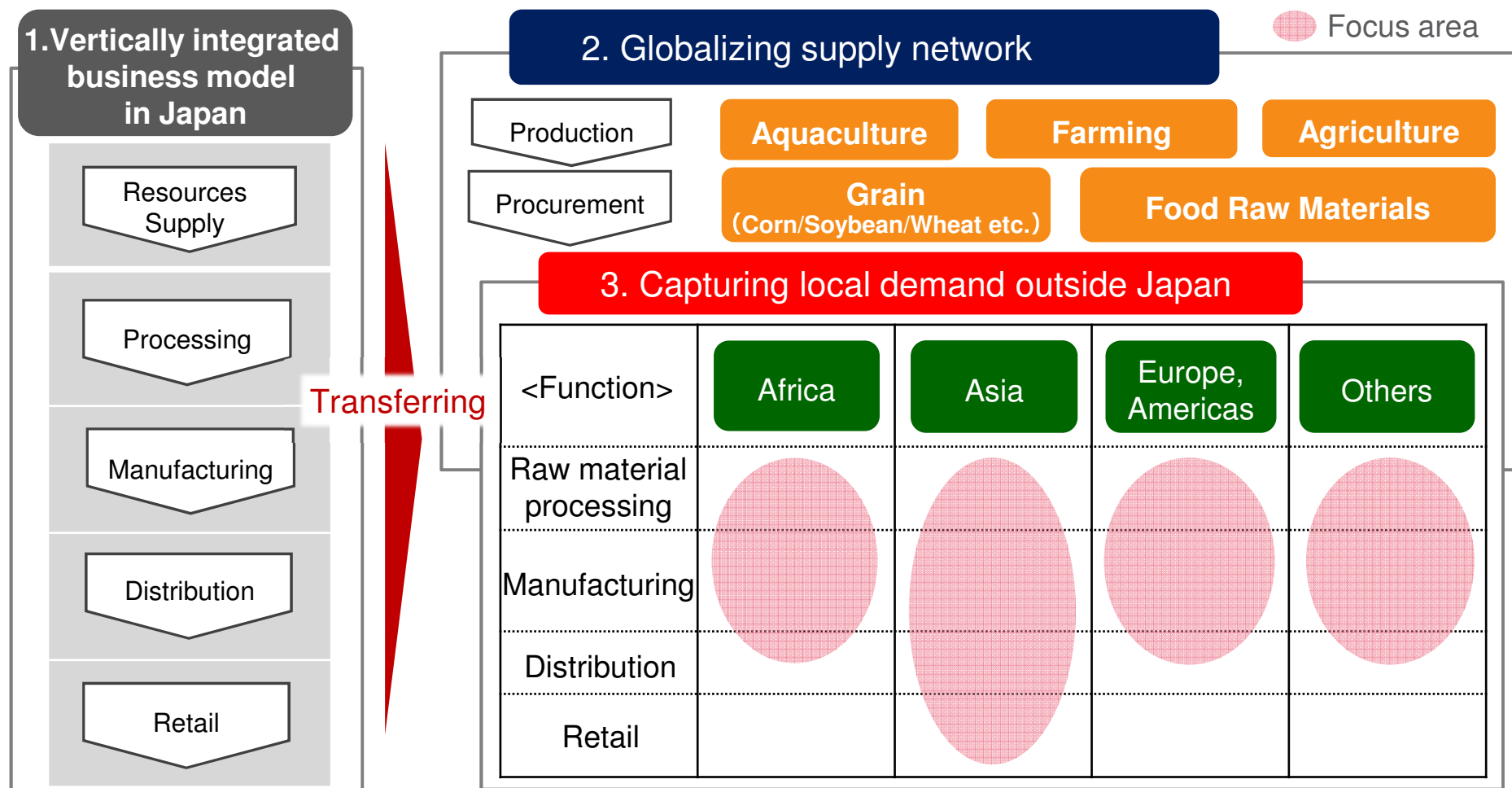
Living Essentials Group: Business Model



- ❖ **Integrate supply chain**, practice hands-on management in all domains
- ❖ By covering industry **from upstream to downstream**, Living Essentials Group is capable of **flexibly shifting portfolio** within each domain



- Achieve sustainable growth by “Globalizing supply network”, and “Capturing local demand outside Japan”



Living Essentials Group organised into four divisions

1

Global Consumer Business Division



- ❖ Planning, execution, and promotion of new businesses in emerging markets
- ❖ Developing food business in the UK and other European markets

2

Retail Division



- ❖ Handling food, clothing, furniture and interior furnishings, daily goods and others
- ❖ Development and distribution of various consumer sales materials and services
- ❖ Marketing business, point-based loyalty programs and payment settlement-related service businesses



Living Essentials Group organised into four divisions

3

Living Essential Products Division



Engages in the processing, supply and distribution of a variety products and services that include processed foods, frozen and chilled foods, confectionery, liquor, pet foods, paper products, packaging materials, raw materials for paper, tires, apparel, footwear, and households goods



Engages in various healthcare related businesses such as outsourcing services for hospitals, import and sale of medical equipment, and nursing care equipment rental

4

Living Essential Resources Division



Developing a business platform to provide stable supplies to customers in Japan and overseas by handling a range of materials including grains, rice, fresh produce, oils and fats, marine products, sweeteners and starches, feed, meats, beverages ingredients, dairy products, housing and construction materials, and carrying out operations extending from production and procurement to manufacturing and processing



Transaction Overview

Key Transaction Parameters

Mitsubishi Corporation: Living Essentials Group

Strategic Rationale



Strategic Rationale



Long term strategic partnership is based on a:

- ✿ **Shared view of the long term attractiveness of the food & agri sector;**
- ✿ **Strategy of selectively integrating across the value chain;**
- ✿ **Focused approach on building long term intrinsic value for all stakeholders**

For Olam

- 1** Raises growth capital enabling Olam to **pursue selective growth** in value accretive investment opportunities
- 2** Partnering with a **strong and reputed industry player**
- 3** **Expands Olam's access** into the **Japanese** market through the **proposed Japan JV**
- 4** Establishes a **platform** for **collaboration** across multiple geographies and products

For MC

- ✿ **Strategic stake in a global, diversified, high growth agri business company**
- ✿ Gain **exposure to multiple emerging, high growth markets** - key focus area of the company
- ✿ **Expand MC's access** into overseas market **to expand its production, processing, and manufacturing business**



1

Enables Olam to pursue **selective growth** through **value accretive investment** opportunities

- ❖ Pursue **value accretive investment opportunities** presented by the current macro-economic uncertainty and depressed commodity market conditions for the near term
- ❖ **Strong current growth pipeline** - **fewer, bigger investments** that 'move the needle' in **prioritised platforms**
- ❖ **Establish a strong base** for **continued growth** beyond the **next three year** strategic plan period



2

Partnering with a strong and reputed Industry participant

- ❖ **MC** is a **global integrated business enterprise** with over **200 offices** and subsidiaries in approximately **90 countries**
- ❖ **Clear vision** of the long term value drivers and growth potential of the Agri industry and **goal** of creating long term intrinsic value for its stakeholders
- ❖ Strategic Direction of “**Doubling earnings in non-resources sector by 2020**” (vs FY 2013), and **building a food resource network** around the world
- ❖ Revenues of US\$63.0 billion and Net Income of US\$3.3 billion, with total assets of US\$140.0 billion. **Living Essentials Segment** constitutes ~**30.0%** of group’s **net income** utilising ~**18.0% of total assets**
- ❖ **History of business relationship** with Olam



3

Expands Olam's access and presence **in Japan** to extract full value from its portfolio

- ✿ **Combining upstream and procurement strengths of Olam** with the **downstream presence and network of MC** in Japan
- ✿ **Establish** a new proposed **JV in Japan**
- ✿ JV to act as an **importer and marketer of agreed list of products into Japan** for **both parties**
- ✿ **Arms-length pricing mechanism** between the JV and either party



4

Builds a platform for collaboration across geographies & products

- ✦ **Builds further** on a **strong** and **existing business relationship** (long term trading partners in multiple commodities, Australia Grains JV etc.)
- ✦ **Complementary geographic footprint and product mix**
 - ✦ **Select examples:** Grains; Sesame, Cocoa, Edible Nuts, Spices & Veg ingredients, Coffee, and Cotton businesses;
 - ✦ **Sharing best practices** in **midstream/ upstream**
- ✦ **Ability to leverage** each other's origination and destination networks to mutual benefit
- ✦ **Provides access to Olam** for expanding its product, geography and value chain footprint



4

Builds a platform for collaboration across geographies & products

Examples:

- ❖ **Leveraging** common **sourcing** and **destination** networks in various geographies
- ❖ **Exchange** of **farming best practices**
- ❖ **Leveraging Japanese technology** and best practices to **improve efficiencies** across **Olam's midstream assets**
- ❖ **Leverage** complementary **manufacturing footprint** and **distribution / retail presence**
- ❖ Potential **access** to **Olam's distribution presence in Africa** for select **MC products**





Thank You

