Olam International Limited

H1 2015 Results Briefing

14 August 2015 I Singapore

TRANSCENDING BOUNDARIES 25 YEARS

Notice

This presentation should be read in conjunction with Olam International Limited's Quarter and 12 Months ended 30 June 2015 (Q2 2015 & 12M FY2015 respectively) Financial Results statement and Management's Discussion and Analysis lodged on SGXNET on 14 August 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 12 Months Ended 30 June 2015 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.

Change in Fiscal Year

The Company had announced a fiscal year-end change from June 30 to December 31

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

The numbers presented and analysed in this presentation are for the half year ended June 30, 2015 on the new fiscal year basis (January 1, 2015 to December 31, 2015) referred to as "H1 2015" and are compared to the prior corresponding half year ended 30 June 2014 ("H1 2014")

Agenda

- Highlights – H1 2015
- Financial Performance
- Key Takeaways

Highlights – H1 2015

Highlights – H1 2015

- **P&L highlights**
  - **Strong underlying performance with Operational PATMI up 48.3% to S$223.7 mn**
  - **EBITDA growth of 1.9% to S$615.2 mn** with continued growth across most platforms, offset by a few underperforming profit centres
  - **Reported PATMI** was lower by 70.6% to S$126.0 mn on account of exceptional items (as highlighted in Q1 2015)
    - Net exceptional loss in H1 2015 of S$97.7 mn (bond buyback) vis-à-vis a net exceptional gain of S$277.2 mn in H1 2014 (PureCircle revaluation and sale and leaseback of Australian Almond assets)
- **Balance sheet and cash flow**
  - Generated **positive free cash flow to firm of S$135.0 mn** (H1 2014: S$253.5 mn)
  - **Net gearing of 1.82x** at June 30, 2015 **in line with our 2016 objective** of operating at or below 2.0x

Highlights – H1 2015

- **Financing**
  - Continued **reduction in net finance** costs (excluding charge on bond buyback): S$224.3 mn in H1 2015 (H1 2014: S$245.6 mn)
    - The savings in interest cost were partly offset by higher cost local currency loans that helped mitigate the impact of currency devaluation
  - **One time charge of S$98.4 mn** on buy back of **6.75% bonds** due 2018. We expect **interest savings of ~S$55.0 mn to S$60.0 mn** per annum for the three years based on the remaining life of the bonds

- **Progress on strategic initiatives**
  - Completed the integration of **McCleskey Mills Inc. (MMI)**
  - Completion of **ADM Cocoa** acquisition currently expected in **Q4 2015**

- **Interim dividend**
  - The Board of Directors is pleased to announce an interim (one-tier tax exempt) dividend of **2.5 cents per share**

Financial Performance

Onion harvesting in USA

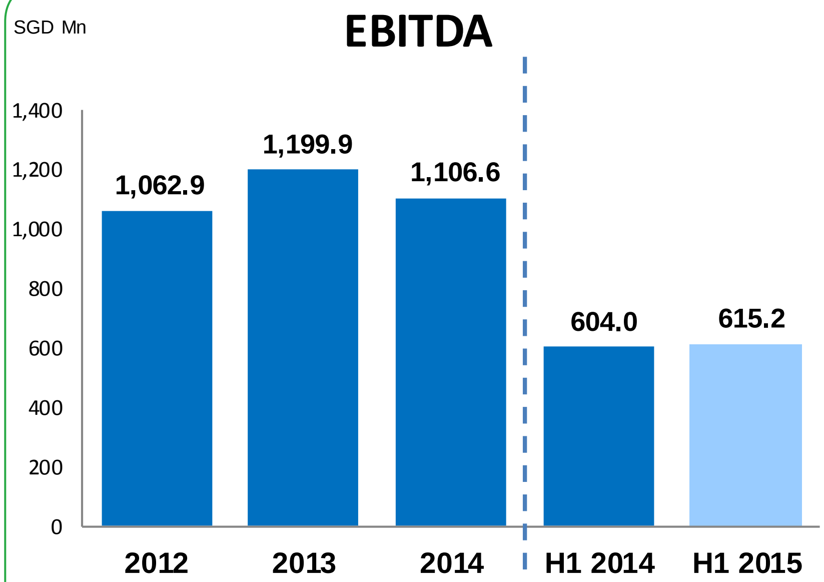
P&L Analysis

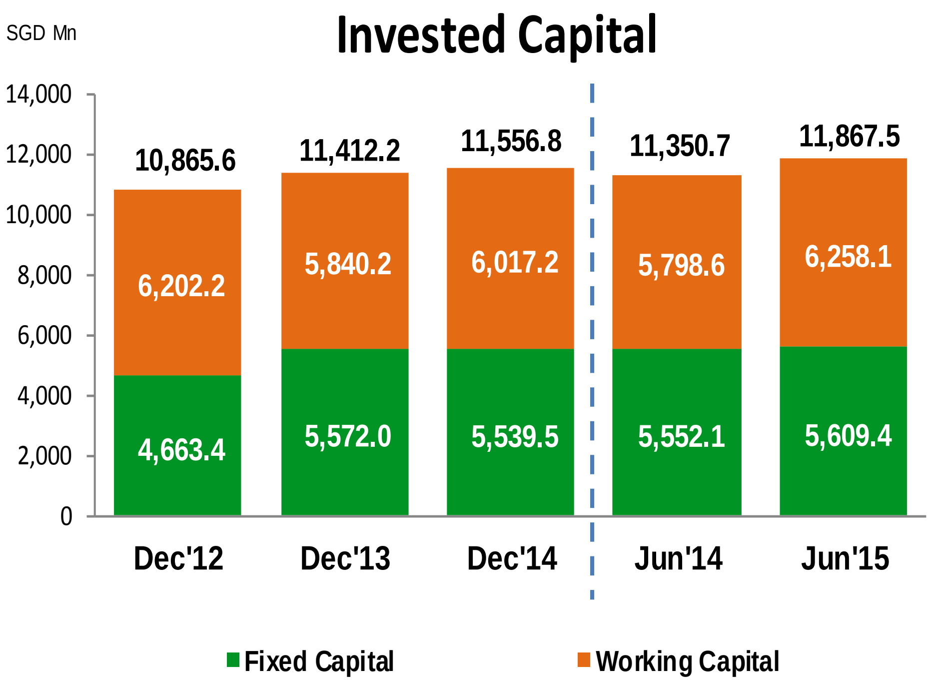
SGD Mn

	H1 2015	H1 2014	% Change	Q2 2015	Q2 2014	% Change
Volume ('000 MT)	5,586.7	7,516.3	(25.7)	2,903.8	3,498.3	(17.0)
Revenue	9,132.7	10,594.0	(13.8)	4,811.6	5,757.7	(16.4)
EBITDA	**615.2**	**604.0**	**1.9**	**285.1**	**268.7**	**6.1**
PAT	118.4	467.8	(74.7)	90.8	74.8	21.3
PATMI	**126.0**	**428.0**	**(70.6)**	**94.7**	**31.8**	**197.6**
Operational PATMI	**223.7**	**150.8**	**48.3**	**95.2**	**48.5**	**96.3**

- **Operational PATMI** up 48.3% while Reported **PATMI** declined by 70.6% due to exceptional items
- Decline in **overall sales volume** mainly due to discontinued / restructured lower margin businesses
- **EBITDA growth** of 1.9% to S$615.2 mn for H1 2015
- H1 2015 recorded a **net operational loss** on **fair valuation of biological assets** of **S$33.9 mn** compared to a **net gain of S$8.4 mn** in H1 2014
- **Lower Net finance costs** and **Minority interest** with slightly higher **Taxation and Depreciation & Amortisation** as compared to H1 2014

Historical EBITDA and Invested Capital





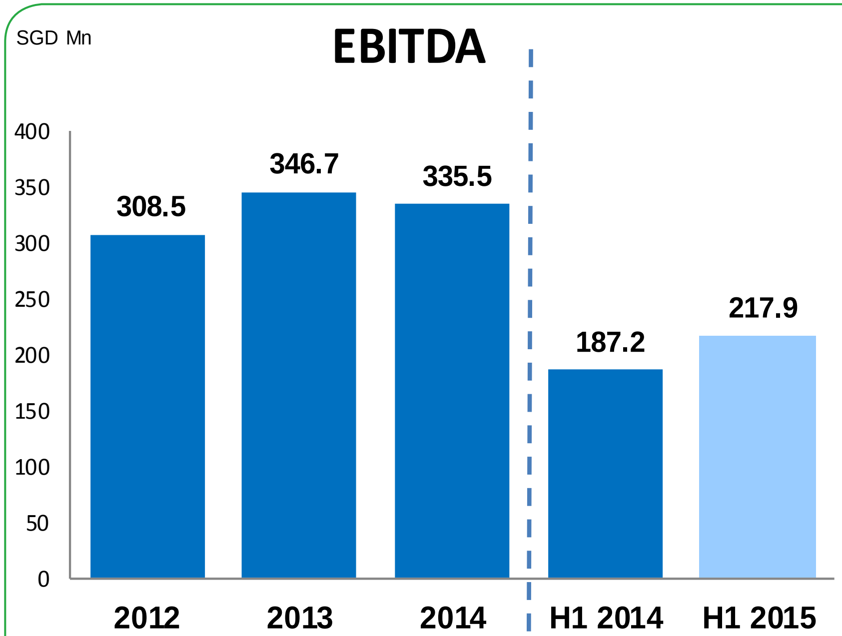
- As compared to Jun 14: Increase in **fixed capital** from the acquisition of MMI and increase in **working capital** due to increased cycle time
- As compared to Dec 14: Marginal increase in fixed and working capital

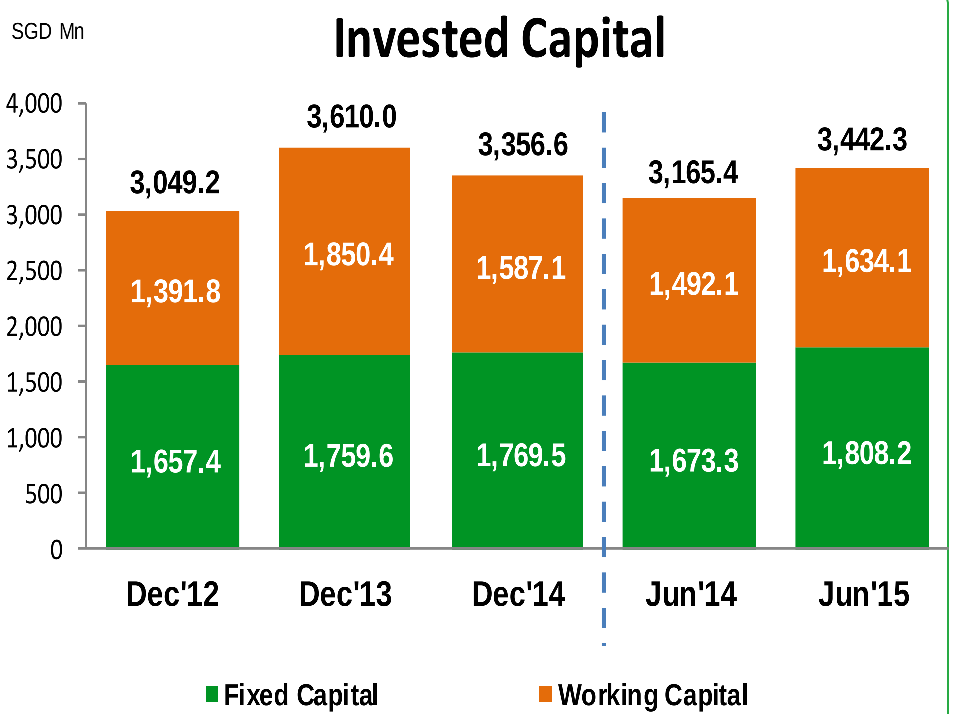
IC excludes
(a) Gabon Fertiliser Project (30-Jun-15: S$180.5 million, 31-Dec-14: S$182.4 million, 30-Jun-14: S$184.1 million), and
(b) Long Term Investment (30-Jun-15: S$270.8 million, 31-Dec-14: S$334.4 million, 30-Jun-14: S$407.7 million)

Segmental Analysis

Wheat milling in Ghana

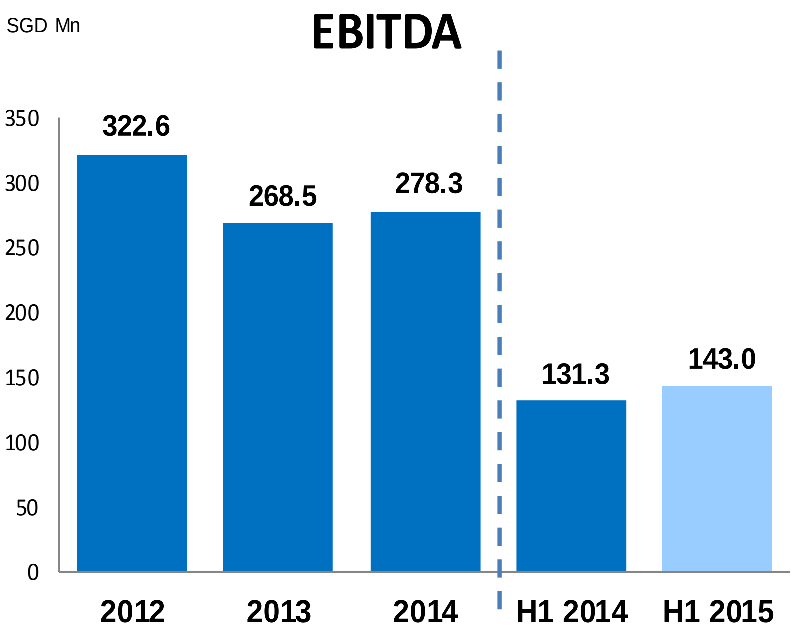
Edible Nuts, Spices & Vegetable Ingredients

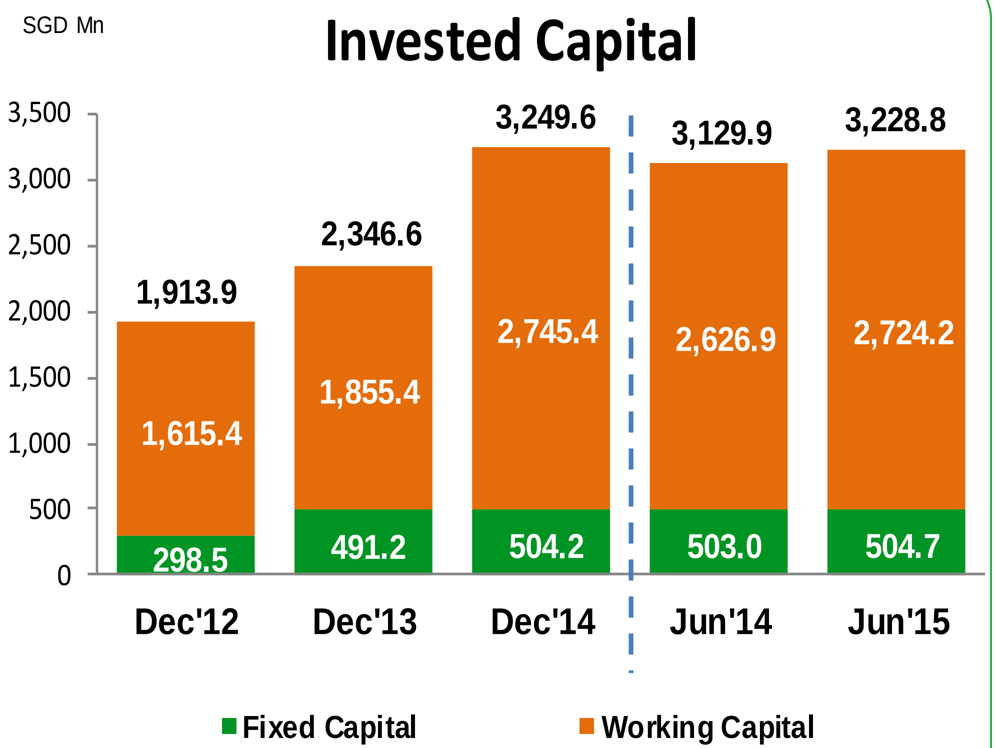




- The almonds business **continued its strong performance**, aided by record prices & A$ depreciation. The US SVI business performed well. MMI contributed incremental EBITDA, offset by underperformance in the Argentinean Peanut business due to lower peanut prices and the adverse impact of currency
- **Invested capital increased** by S$276.9 mn as compared to end-June 2014 due to the acquisition of MMI, investment in increased acreage of almond and pistachio plantations in the US and higher inventories of almonds and hazelnuts due to increased prices

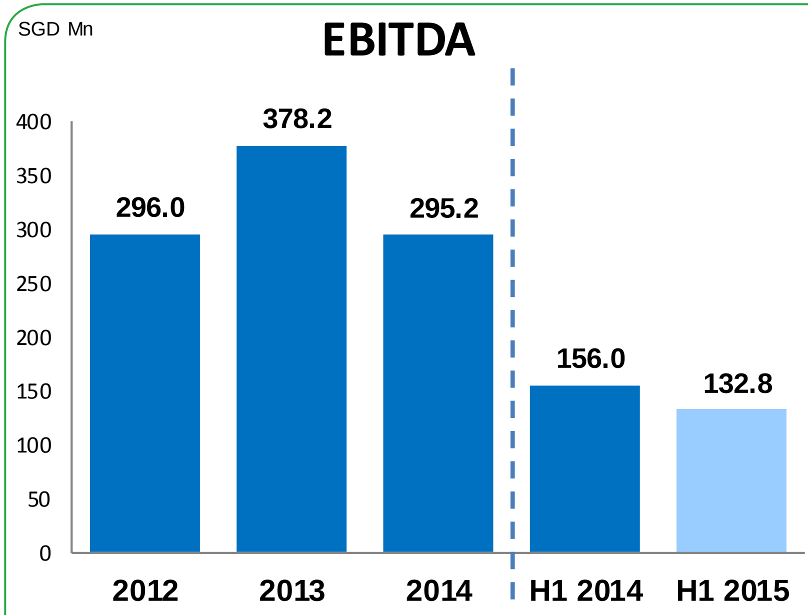
Confectionery & Beverage Ingredients

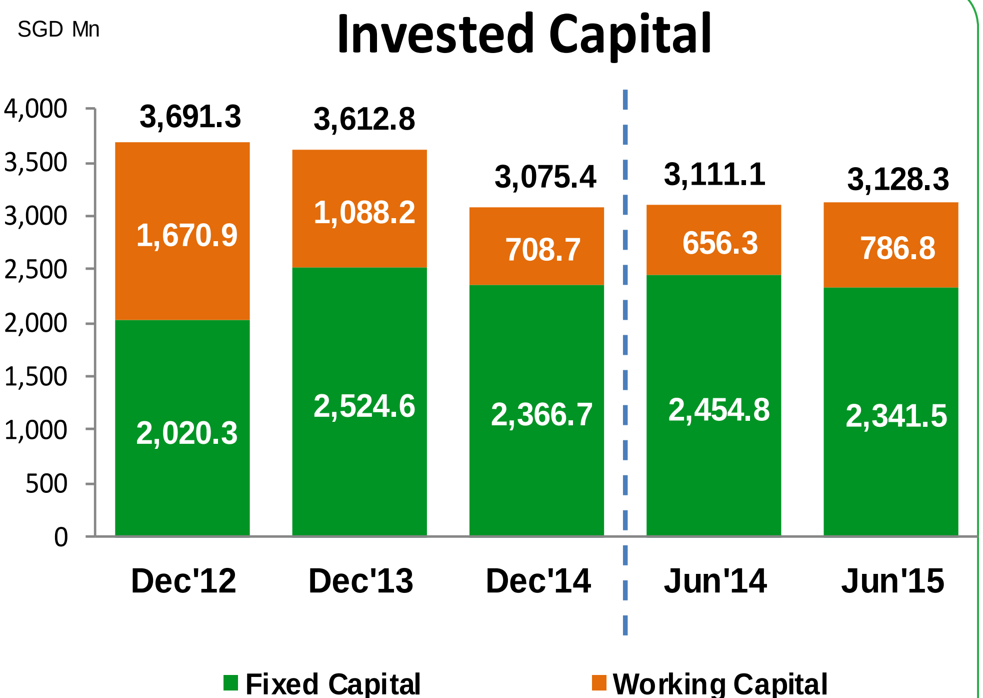




- **EBITDA growth of 8.9%** with good contributions from both Coffee and Cocoa platforms
- **Invested capital** in the segment increased by S$98.9 mn as compared to end-June 2014 mainly due to an **increase in Cocoa inventory levels** which were carried at higher average prices

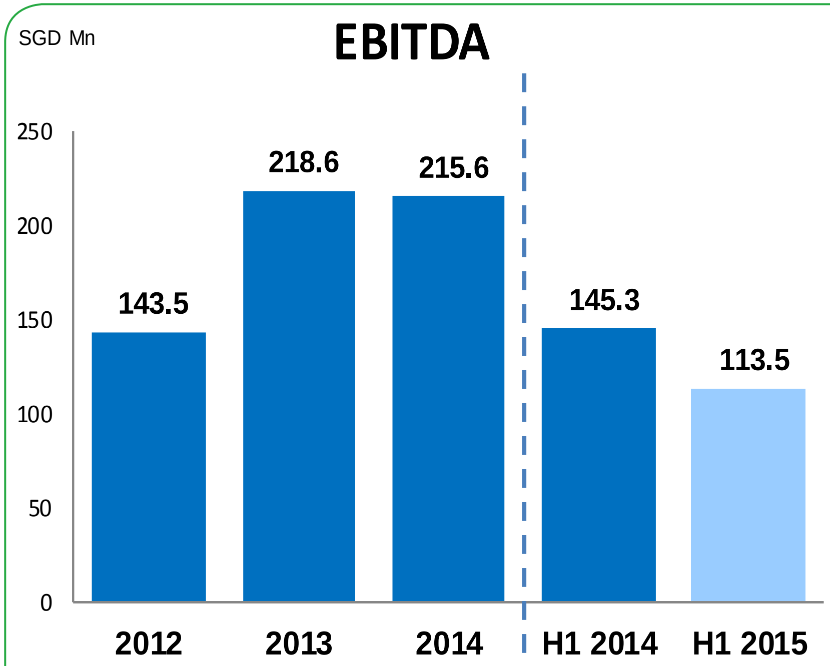
Food Staples & Packaged Foods

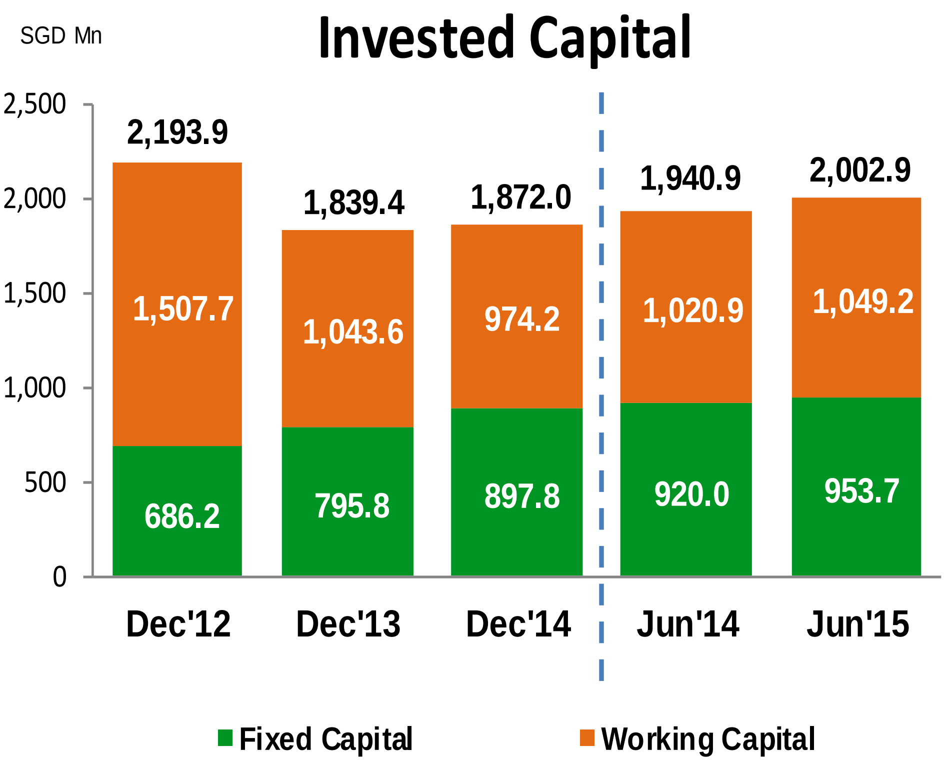




- **West African Grains** milling, **Sugar trading** and **Rice distribution** businesses performed well
- Segment EBITDA declined by 14.9% due to reduced volumes from discontinued operations, continued underperformance of Dairy farming operations in Uruguay, lower contribution from SIFCA due to lower palm prices and the impact of currency devaluation on PFB in Nigeria and Palm refining in Mozambique
- With continued underperformance in Uruguay Dairy farming operations, this business will be restructured and the planned processing investment will be deferred. These actions are likely to result in a one-time restructuring cost in H2 2015
- **Invested capital increased** marginally up by S$17.2 mn vis-à-vis end-June 2014, with an **increase in working capital** largely offset by 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

Industrial Raw Materials





- The Cotton and Wood Products businesses recorded a growth in EBITDA
- Overall segment EBITDA declined by 21.9% due to a reduced contribution from the SEZ business as compared to the prior corresponding period
- **Invested capital increased** marginally by S$62.0 mn compared to end-June 2014

Cash Flow, Gearing & Liquidity

Irrigation at our farms in Zambia

Continued free cash flow generation

SGD Mn

Cash Flow Summary	H1 2015	H1 2014	Y-o-Y
Operating Cash flow (before Interest & Tax)	654.5	593.2	61.3
Changes in Working Capital	(275.0)	(369.6)	94.6
Net Operating Cash Flow	**379.5**	**223.6**	**155.9**
Tax paid	(35.9)	(26.5)	(9.4)
Capex/ Investments	(208.5)	56.4	(264.9)
Free cash flow to firm (FCFF)	**135.0**	**253.5**	**(118.4)**
Net interest paid	(250.1)	(224.6)	(25.5)
Free cash flow to equity (FCFE)	**(115.1)**	**28.9**	**(144.0)**

- Generated **positive FCFF** in H1 2015 from a combination of **higher operating cash, divestment cash flows** and **lower working capital** deployed, which was offset by the **investment in MMI**

Reduced gearing, remains in line with 2016 objective

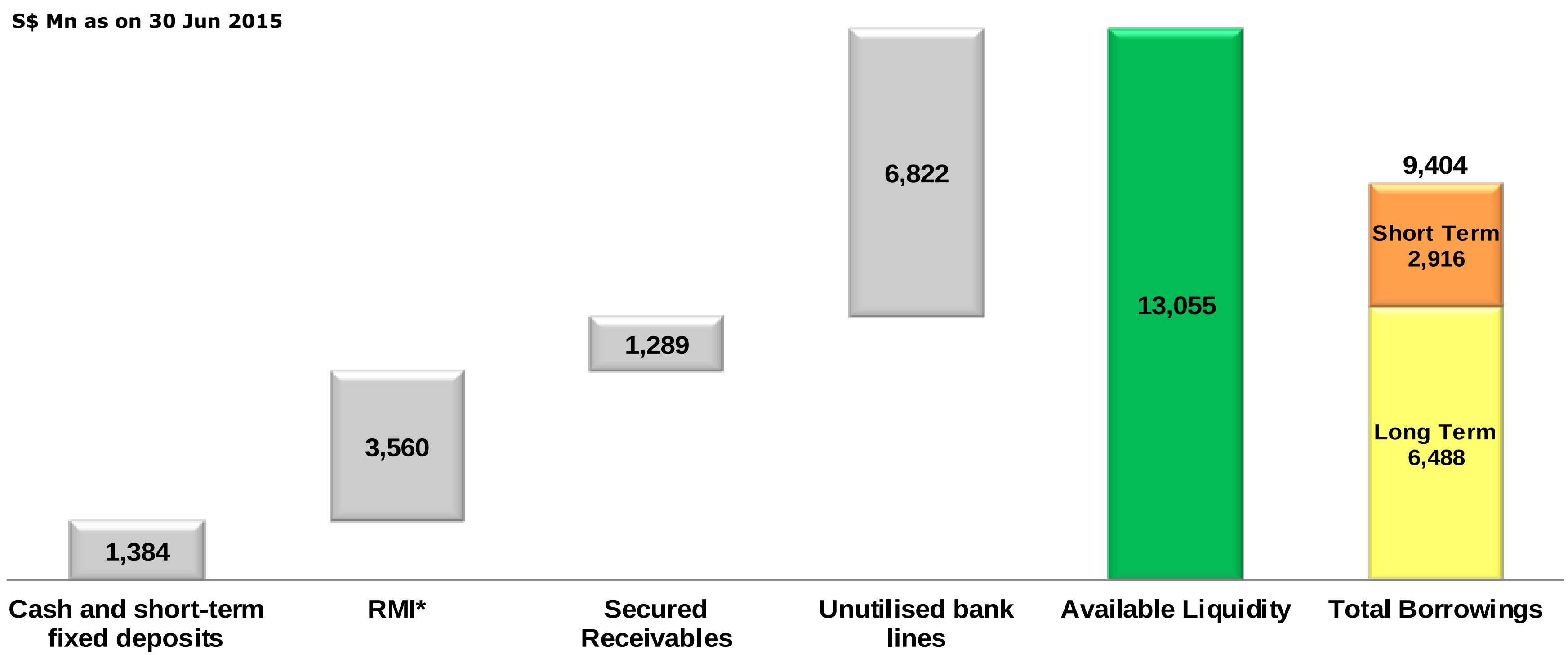
SGD Mn

	30-Jun-15	31-Dec-14	Change vs Dec 14	30-Jun-14	Change vs Jun 14
Gross debt	9,403.5	9,840.7	(437.2)	9,339.9	63.6
Less: Cash	1,383.6	1,845.8	(462.2)	1,590.1	(206.5)
Net debt	8,019.9	7,994.9	25.0	7,749.8	270.1
Less: Readily marketable inventory	3,560.4	3,947.9	(387.5)	3,809.5	(249.1)
Less: Secured receivables	1,288.8	1,030.4	258.4	1,243.8	45.0
Adjusted net debt	3,170.7	3,016.6	154.1	2,696.5	474.2
Equity (before FV adj reserves)	4,413.5	4,320.1	93.4	4,260.4	153.1
Net debt / Equity (Basic)	**1.82**	**1.85**	**(0.03)**	**1.82**	**-**
Net debt / Equity (Adjusted)	**0.72**	**0.70**	**0.02**	**0.63**	**0.09**

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

- Reduction in gearing vs December 2014 and constant vs June 2014
- Gearing remains **within** our **2016 objective** of at or below **2.0x**

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
- Continue to **optimise debt tenor and cos**t

Key Takeaways

Coffee harvesting in Brazil

Key Takeaways

- **Strong underlying operating performance** with most platforms at or better than plans
- Focus remains on **operational execution** and **fixing some of the underperforming profit centres**
- **Optimising our debt portfolio –** cost and tenor mix
- **Backing growth** in our **prioritised platforms**
- **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		13.2		32.7
Sale of 10%/20% stake in Palm/Rubber to RoG, Gabon			31.5	40.0
Sale and Leaseback of Dairy Farm Land, Uruguay		20.4		70.4
Sale of Australian Wool Business		(2.7)		
Closure of SVI dehydrates facility, US		(4.7)		
Closed in 2014	**14**	**89.6**	**33.8**	**612.9**
Sale of 25% stake in Packaged Foods BU to Sanyo Foods			106.2	219.1
Closed in 2015	**1**		**106.2**	**219.1**
Total	**20**	**125.2**	**154.2**	**966.1**