



NEWS RELEASE

OLAM REPORTS Q3 2015 PATMI OF S\$31.0 MILLION

Raised growth capital of S\$915.0 million from Mitsubishi Corporation

- Operational PATMI (excluding exceptional items) in Q3 2015 and 9M 2015 increased 6.2% and 41.0% to S\$34.2 million and S\$258.0 million respectively
- PATMI in Q3 2015* and 9M 2015* down 30.0% and 66.8% year-on-year to S\$31.0 million and S\$157.0 million respectively primarily on account of exceptional items
- All segments reported steady growth in Q3 2015 except Food Staples & Packaged Foods, which led to an overall 11.3% year-on-year decline in EBITDA. EBITDA for 9M 2015 down slightly by 1.6%
- Continued to generate positive Free Cash Flow to Firm for 9M 2015
- Net gearing reduced to 1.43 times
- Successfully completed acquisition of ADM's cocoa business; Olam Cocoa is now a top 3 integrated supplier of cocoa beans and products globally

Consolidated Financial Results for the period ended September 30 (S\$ million)	9M 2015	9M 2014	% Change	Q3 2015	Q3 2014	% Change
Volume ('000 MT)	8,814.3	10,650.5	(17.2)	3,227.7	3,134.2	3.0
Revenue	13,604.2	14,892.7	(8.7)	4,471.5	4,298.6	4.0
EBITDA	809.8	823.4	(1.6)	194.6	219.4	(11.3)
PAT	142.9	509.7	(72.0)	24.5	41.9	(41.6)
PATMI	157.0	472.3	(66.8)	31.0	44.3	(30.0)
Operational PATMI	258.0	183.0	41.0	34.2	32.2	6.2

Singapore, November 13, 2015 – Olam International Limited (“Olam”, “the Group” or “the Company”) today reported its results for the quarter (“Q3 2015”) and nine months ended September 30, 2015 (“9M 2015”)*.

* The Company has changed its fiscal year-end from June 30 to December 31. The quarters and nine months ended September 30, 2015 and September 30, 2014 are now referred to Q3 2015, 9M 2015, Q3 2014 and 9M 2014 respectively. See additional explanation in the “Notes to the Editor”.



For Q3 2015, Operational Profit After Tax and Minority Interest (“Operational PATMI”), which excludes exceptional items, increased 6.2% year-on-year (“YoY”) to S\$34.2 million. Reported PATMI declined 30.0% to S\$31.0 million from S\$44.3 million in the previous corresponding period due to exceptional items recorded during the two periods. In Q3 2014, Olam recorded a net exceptional gain of S\$12.1 million while in Q3 2015, it recorded a net exceptional loss of S\$3.2 million.

Sales volumes and revenues were up 3.0% and 4.0% respectively as Olam continued to grow in its prioritised platforms.

All segments registered growth except Food Staples & Packaged Foods, which faced lower volumes, prices and the continued underperformance of its upstream Dairy operations, leading to a 11.3% decline in overall Earnings Before Interest, Tax, Depreciation, and Amortisation (“EBITDA”) to S\$194.6 million.

For 9M 2015, Olam achieved strong underlying growth as Operational PATMI increased by 41.0% YOY to S\$258.0 million. Reported PATMI declined 66.8% to S\$157.0 million largely due to exceptional items recorded during the two periods. In 9M 2015, Olam booked a net exceptional loss of S\$101.0 million as against net exceptional gains of S\$289.3 million in 9M 2014.

Sales volumes and revenue were lower by 17.2% and 8.7% respectively than a year ago as Olam continued to execute on its business strategy to grow in prioritised platforms while reducing volumes or exiting from lower-margin businesses.

EBITDA declined by 1.6% YoY to S\$809.8 million mainly as a result of the decline in contribution from the Food Staples & Packaged Foods segment.

The 9M 2015 results included a higher net loss of S\$31.5 million on the fair valuation of biological assets compared to a net loss of S\$7.5 million in the prior corresponding period.

The Group continued to execute its debt optimisation initiatives, with net financing costs down from S\$369.7 million in 9M 2014 to S\$327.6 million in 9M 2015.

It reported positive Free Cash Flow to Firm (“FCFF”) of S\$5.8 million in 9M 2015 even as it invested S\$234.7 million in capital expenditure for the acquisition of McCleskey Mills (“MMI” which was not part of the strategic plan) and deployed higher working capital.

Net gearing as at September 30, 2015 was 1.43 times, significantly lower than the 1.85 times as at end-December 2014, and well in line with the 2016 target of 2.0 times or lower.



Strategic Partnership with MC

Olam raised approximately S\$915.0 million by issuing 332.73 million new ordinary shares to MC at S\$2.75 per new share, representing approximately 12.0% of the Company's enlarged and paid-up share capital (excluding treasury shares) upon completion.

The transaction sets the platform for a long term strategic partnership between Olam and MC that leverages the strengths of both companies to increase their participation in the Japan market and collaborate in mutually beneficial business opportunities.

MC, in a separate and independent transaction, also acquired 222.0 million shares from the Kewalram Chanrai Group, representing approximately 8.0% of the enlarged and paid-up share capital (excluding treasury shares) of the Company immediately after the new shares issuance.

With these two transactions, MC is now Olam's second largest shareholder with a 20.0% stake in the Company. Temasek Holdings remains Olam's majority shareholder with a 51.4% stake.

Completion of the Acquisition of ADM's Cocoa Business

On October 16, 2015, the Company announced the completion of its acquisition of ADM's cocoa business at an enterprise value of US\$1,204.0 million. Post acquisition, Olam Cocoa is now amongst the top three integrated global suppliers of cocoa beans and products. The closing value, estimated at US\$550.0 million in fixed assets and US\$654.0 million in working capital, is subject to the final purchase price adjustment post-closing.

Olam's Co-Founder, Group Managing Director and CEO, Sunny Verghese said: "We are pleased to have taken significant steps this quarter toward realising our long term strategy.

"The addition of Mitsubishi Corporation as a new long term strategic shareholder places us in a much stronger position to undertake further growth opportunities in our prioritised platforms. Further, the acquisition of ADM Cocoa makes us one of the top three integrated cocoa beans and products suppliers in the world, effectively transforming our competitive position in the industry."

Segmental Review

Olam's Executive Director of Finance and Business Development, A. Shekhar said: "We are pleased with the continued improvement in operational performance across most of our business segments while we work on restructuring the upstream Dairy operations in Uruguay.



“Our sustained focus on capital management has helped reduce gearing and borrowing costs. We remain on track to achieve our strategic plan objectives of profitable growth and free cash flow generation by 2016.”

Q3 2015

Segment	Sales Volume		Revenue		EBITDA	
	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
Edible Nuts, Spices and Vegetable Ingredients	331.2	454.5	1,140.9	837.0	81.4	77.8
Confectionery and Beverage Ingredients	326.0	306.6	1,361.3	1,216.1	54.8	53.8
Food Staples and Packaged Foods	2,223.7	1,972.1	1,352.1	1,402.2	31.1	68.9
Food Category	2,880.9	2,733.2	3,854.3	3,455.3	167.3	200.5
Industrial Raw Materials (IRM)	346.8	401.0	616.8	843.3	16.1	15.4
Commodity Financial Services (CFS)	N.A.	N.A.	0.3	0.0	11.2	3.4
Non-Food Category	346.8	401.0	617.1	843.3	27.3	18.8
Total	3,227.7	3,134.2	4,471.5	4,298.6	194.6	219.4

Volume in '000 metric tonnes; Revenue & EBITDA in S\$ million

9M 2015

Segment	Sales Volume		Revenue		EBITDA	
	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014
Edible Nuts, Spices and Vegetable Ingredients	1,085.5	1,287.4	3,106.7	2,683.5	299.3	265.0
Confectionery and Beverage Ingredients	1,216.4	1,066.7	4,903.1	4,228.4	197.9	185.1
Food Staples and Packaged Foods	5,481.4	6,995.5	3,647.7	5,294.7	164.0	224.9
Food Category	7,783.3	9,349.6	11,657.5	12,206.6	661.2	675.0
Industrial Raw Materials (IRM)	1,031.0	1,300.9	1,946.5	2,686.1	129.6	160.7
Commodity Financial Services (CFS)	N.A.	N.A.	0.3	(0.1)	19.1	(12.3)
Non-Food Category	1,031.0	1,300.9	1,946.8	2,686.0	148.7	148.4
Total	8,814.3	10,650.5	13,604.2	14,892.7	809.8	823.4

Volume in '000 metric tonnes; Revenue & EBITDA in S\$ million

The **Edible Nuts, Spices & Vegetable Ingredients** segment registered a 15.8% YoY growth in revenue in 9M 2015 on elevated prices for almonds and cashews despite a 15.7% decline in volumes. EBITDA grew 12.9% as the almonds business continued its strong performance. The hazelnut, cashew and the US Spices & Vegetable Ingredients businesses



also did well. MMI contributed to the growth in EBITDA post its consolidation although this was partially offset by the underperformance of the Argentinean Peanuts business.

The **Confectionery & Beverage Ingredients** segment recorded a 14.0% increase in volumes in 9M 2015, driven by increased Cocoa and Coffee sales. Segment revenues grew 16.0% as a result of the higher volumes as well as higher cocoa prices compared to 9M 2014. EBITDA grew by 6.9% with increased contribution from both the Cocoa and Coffee platforms during the period.

Food Staples & Packaged Foods volumes fell 21.6% mainly due to lower traded volumes in Grains, Sugar and Rice. Revenue fell by 31.1% as a result of the lower volumes, as well as lower prices of all the commodities in this segment. EBITDA declined by 27.1% due to reduced volumes, continued underperformance of the Dairy farming operations in Uruguay and the adverse impact of currency devaluation on the Palm refining operations in Mozambique and the Packaged Foods business.

As highlighted in Q2 2015, the Dairy farming operation in Uruguay will be restructured on account of its continued underperformance. The restructuring is likely to result in a one-time cost in Q4 2015.

The **Industrial Raw Materials** segment recorded a 20.7% drop in volumes due to lower Fertiliser trading, Cotton and Wood Products volumes. This led to a decline in revenues by 27.5%. Although the Cotton and Wood Products businesses recorded growth in EBITDA, overall EBITDA declined by 19.4% due to lower contribution from the SEZ business compared to the previous corresponding period.

Commodity Financial Services registered an improved EBITDA of S\$19.1 million in 9M 2015 versus a loss of S\$12.3 million a year ago.

Outlook and Prospects

The long-term trends in the agri-commodity sector remain attractive, and Olam is well-positioned to benefit from this as a core global supply chain business with selective integration into higher value upstream and mid/downstream segments. Olam believes its diversified portfolio with leadership positions in many segments provides a resilient platform to navigate uncertainties in global markets.

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Notes to the Editor:

1. 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. The quarters and nine months ended September 30, 2015 and September 30, 2014 are therefore referred to as Q3 2015, 9M 2015, Q3 2014 and 9M 2014 respectively. To allow a like-for-like period comparison, you can find pro-forma financial information in line with the new fiscal year for the financial years ended December 31, 2014, 2013 and 2012 on our website at www.olamgroup.com.
2. This release should be read and understood only in conjunction with the full text of Olam International Limited's Q3 2015 Financial Statements and Management Discussion and Analysis lodged on SGXNET on November 13, 2015.
3. The strategic plan announced after Olam's strategy review in April 2013 is premised on "rebalancing profitable growth and cash flow" with the view of generating and sustaining positive Free Cash Flow to Firm (FCFF) assuming constant prices.

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About Olam International Limited:

Olam International is a leading agri-business operating across the value chain in 65 countries, supplying various products across 16 platforms to over 13,800 customers worldwide. From a direct sourcing and processing presence in most major producing countries, Olam has built a global leadership position in many of its businesses. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 50 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the S&P Agribusiness Index and the DAXglobal Agribusiness Index. Olam is the only Singapore firm to be named in the 2009, 2010 and 2012 Forbes Asia Fabulous 50, an annual list of 50 big-cap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune. More information on Olam can be found at www.olamgroup.com. Olam is located at 9 Temasek Boulevard #11-02 Suntec Tower Two Singapore 038989, Telephone: +65 63394100, Facsimile: +65 63399755.