



## News Release

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### **Olam to acquire wheat milling and pasta manufacturing assets of BUA Group in Nigeria for US\$275m**

#### **Transaction to double Olam's wheat milling capacity and make it a leading pasta player in Nigeria**

**Singapore, January 11, 2016** – Olam International Limited (“Olam” or “the Company”) today announced that it has acquired Amber Foods Limited, which through its 100% owned subsidiary Quintessential Foods Nigeria Limited owns the wheat milling and pasta manufacturing assets of the BUA Group in Nigeria, for a total enterprise value of US\$275.0 million.

The BUA Group, a diversified foods and infrastructure business group in Nigeria, is among the top five wheat millers in the country with wheat milling and pasta manufacturing capacities of 3,760 and 700 metric tonnes per day (TPD) respectively.

The assets to be acquired include two wheat mills and a pasta manufacturing facility in Lagos, a non-operating mill in Kano in the North of Nigeria, and a wheat mill and a pasta manufacturing plant under construction in Port Harcourt in the Southeast of Nigeria.

The acquisition will strengthen Olam's position as the number two wheat miller by sales volume and make it a leading pasta player in Nigeria. Olam's total wheat milling capacity in the country will increase from its current 2,380 TPD to 6,140 TPD once the facilities in Port Harcourt are completed in June 2016. Olam's total wheat milling capacity in Sub-Saharan Africa will double to reach approximately 7,640 TPD.

Said Managing Director & CEO of Olam Grains, K C Suresh: “Nigeria is a high growth milling market with volumes expected to reach five million metric tonnes in 2020 as population growth and urbanisation increase the demand for wheat-based products. The size of the Nigerian flour market is in excess of US\$2.0 billion, growing at 3.5% per year while the pasta market is growing at the rate of 8.0% per year.

“We are very pleased to acquire these strategically located, port-based assets as undeveloped land at Nigerian ports is increasingly difficult to access. They are highly complementary to our existing asset base in Lagos and Warri, and will not only strengthen our current market position and deliver multiple synergies but also enable us to access the high growth areas in the North and Southeast of Nigeria.”

Olam has identified Grains as one of the six prioritised platforms for investment and accelerated growth. The wheat milling operations in Sub-Saharan Africa has been a growth engine for the platform since 2010 when it acquired Crown Flour Mills (CFM) in Nigeria. Since then, Olam has expanded its capacity at CFM in 2013 and set up milling operations in Ghana, Senegal and Cameroon.

Country Head of Olam Nigeria, Mukul Mathur, said: "We are confident about the growth prospects in Nigeria, so expanding our participation here is a logical step to capitalise on the opportunity. Our value-added export business in the country puts us in a strong position to manage the forex availability."

Managing Director of CFM, Anurag Shukla, added: "This acquisition further increases Olam's ability to provide low cost food staples to the Nigerian population that have been manufactured in-country. Wheat-based products, such as pasta, have grown in popularity among Nigerians due to changing tastes, the gradual rise of convenience and, for many, as an affordable option to meet carbohydrate requirements."

To be funded through a combination of debt and internal accruals, the acquisition is expected to be earnings accretive from the first year after consolidation. Olam expects the acquired business to generate an EBITDA to Invested Capital return of 13-16% when it reaches steady-state in 2018. A part of the purchase consideration will be paid upon commissioning of the facilities in Port Harcourt.

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## **About Olam International Limited**

Olam International is a leading agri-business operating across the value chain in 70 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](http://www.olamgroup.com). Olam is located at 9 Temasek Boulevard #11-02 Suntec Tower Two Singapore 038989, Telephone: +65 63394100, Facsimile: +65 63399755.