

The background of the slide is a collage of four images: a blue tractor in a field, yellow-wrapped concrete pipes, a person smelling coffee beans, and a burlap sack of almonds.

## 21<sup>st</sup> Annual General Meeting

Olam International Limited  
25<sup>th</sup> April 2016 | Singapore

# Cautionary note on forward-looking statements

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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. 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.

# Presentation Outline

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**1** **Strategy & Performance Review (18M, Jul 2014 - Dec 2015)**

**2** **Strategic Plan (FY2016 - FY2018)**

**3** **The Olam Way**

# Strategy & Performance Review: Key Highlights

- 1** **Strengthened and re-aligned our shareholder base**
- 2** **Continued to invest in our Strategic Priorities**
- 3** **Continued to grow talent and capabilities**
- 4** **Delivered strong Operational Performance**
- 5** **Executed Initiatives to unlock value and release cash**



1

# Strengthened & re-aligned our shareholder base



14 Mar 2014

**Temasek-led group offers \$2.1 billion for remaining Olam shares**






27 Aug 2015

**Mitsubishi Corp. to Take Strategic Stake in Olam International**

Subscription agreement part of \$1.1 billion transaction

## Implications

-  **Stronger balance sheet:**  
Raised S\$915M of new equity growth capital which provides us the financial capacity to achieve our growth ambitions
-  **Secured long term shareholders:**  
Nearly 90% of the company is now held by long term shareholders which is more aligned to the long term tenor of our strategy.
-  **Strategic synergies:**  
Extract strategic and operational synergies with Mitsubishi Corporation, leveraging our capabilities and footprint (cross-selling, joint ventures, expertise, financing etc.)

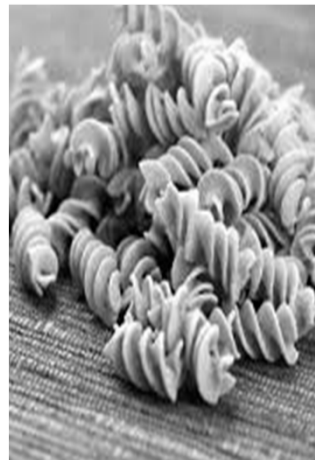
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## Continued to invest in our Strategic Priorities



- Acquired ADM **cocoa processing** business for US\$1.2B
- Olam has become a **leading global integrated cocoa player**



- Acquired Amber Foods Ltd, leading **wheat miller** and manufacturer, for US\$275M
- Olam has become the **second largest wheat miller** by volume and leading pasta player in Nigeria



- Acquired McCleskey Mills, third-largest US **peanut sheller**, for US\$176M
- Extended value chain participation to **direct procurement and shelling** in cost-advantageous US market



- More than **doubled coffee plantation acreage**
- Increased **almond acreage by 35%**
- More than **doubled rubber and palm acreage**

3



## Continued to grow talent & capabilities: Upstream

**Building  
our Team**  
(79 managerial FTEs)



**Investing  
in Research**



**Global scientific innovation prize**

**Codifying  
knowledge and  
leveraging CoP\***

### Upstream CoP



\* COP = Communities of Practice

## Continued to grow talent & capabilities: Trading

**Building**  
our Team  
(127 traders)



**Codifying**  
knowledge and  
leveraging CoP\*



**Trading CoP**

**Enhancing**  
our systems and  
processes



**Enhanced risk  
management  
systems**



**Aligned KPIs  
and incentive  
structures**

\* COP = Communities of Practice

3



## Continued to grow talent & capabilities

### Enhanced Governance Model

#### Board Renewal

- Implemented renewal plan, ensuring continuity & change

#### Enhanced ExCo

- Develops strategy, makes investment choices & enhances org. effectiveness

#### Launched OpCo

- Delivery of Annual Operating Plans & building new capabilities through CoP's

#### Expanded ManCom

- Creates alignment on Strategy & Vision, institutionalises the Olam Culture & 'Olam Way', enhances engagement

### Capability Building through CoP's

Upstream

Trading

Customer Engagement

Owners' Mindset

### Other Highlights

#### Formalised 'Olam Way'

- Outlines our purpose & vision, our spirit and culture, what we stand for & what we do

#### Launched 'Aspire'

- Focuses on improving future performance and keeps the employee as the key focus

#### Olam Brand Refresh



- A plant growing out of nutritious soil, held in a circle representing the world

## Delivered strong Operational Performance

	18M FY15	12M 2015	12M 2014	12M % Change
Revenue	28,230.6	19,052.6	19,772.0	(3.6)
<b>EBITDA</b>	<b>1,625.4</b>	<b>1,122.8</b>	<b>1,106.6</b>	<b>1.5</b>
Depreciation & Amortisation	(342.0)	(237.1)	(209.8)	13.0
Net Finance costs	(677.8)	(448.9)	(474.5)	(5.4)
Taxation	(137.9)	(105.9)	(94.9)	11.6
Exceptional items	(371.3)	(397.0)	302.9	n.m.
PBT	234.4	39.8	725.1	(94.5)
PAT	96.5	(66.0)	630.3	n.m.
PATMI	98.7	(64.3)	591.0	n.m.
<b>Operational PATMI</b>	<b>483.5</b>	<b>346.2</b>	<b>288.1</b>	<b>20.1</b>



## Delivered strong Operational Performance

-  **Strong growth in Operational PATMI; up 20.1% to S\$346.2 million** (12M 2014: S\$288.1 million)
-  **Reported PATMI** recorded a loss of S\$64.3 million on account of exceptional items (S\$397.0 million net loss in 12M 2015 vs S\$302.9 million net gain in 12M 2014)

Details of exceptional items	12M 2015	Q4 2015
Fair Valuation of investment in PureCircle Limited	(192.6)	(192.6)
Buyback of high cost debt	(126.5)	(24.6)
NZFSU Dairy restructuring & herd revaluation gain/loss, Uruguay	(76.9)	(76.9)
ADM Cocoa acquisition expenses	(34.1)	(34.1)
Sale and Leaseback of Palm Plantations, Gabon	33.6	33.6
Others	(0.44)	(1.50)
<b>Exceptional items</b>	<b>(397.0)</b>	<b>(296.1)</b>

## 4 Delivered strong Operational Performance: (Change in basis of presentation of PureCircle Limited)



- 🌱 PureCircle was classified as an **“available-for-sale”** asset in **Q1 2014**
- 🌱 **All fair value changes** on the PCL investment between March 18, 2014 and September 30, 2015 were **recorded under Other Comprehensive Income (“OCI”)** at each reporting period based on the **prevailing share price of PCL**
- 🌱 In view of the **significant and prolonged decline** in the share price of PCL over this period and **in accordance with SFRS 39**, the Company decided to report the non-cash fair value change of **S\$192.6 million previously recorded in OCI to the profit and loss statement** in Q4 2015
- 🌱 However, there is **no impact on the Company’s total equity (including reserves) or cash flow position** as a result of this change
- 🌱 The Company **continues to believe in the long term strategy, competitive position and growth prospects of PCL**, notwithstanding the current market price of PCL shares

## Executed Initiatives to unlock value & release cash

### Capex Recalibration

- 🌱 Focused Capex on **strengthening leadership** in strong BUs
- 🌱 Net **Capex investment** of **S\$2.1B** (including ADM, MMI acquisitions)

### Balance Sheet Optimisation

- 🌱 **Land asset sale and leaseback** in Uruguay, US, Australia and Gabon to **reduce fixed capital** and **generate cash** (S\$488M)
- 🌱 **Repurchased US\$1.25B** of **high priced bonds**, saving on interest costs

### Unlocking Value

- 🌱 **Sold partial stakes and monetized value** in different BUs (S\$592M):
  - Sold **25% stake** in **PFB** to Sanyo
  - Sold **80% stake** in **Australia grains** to Mitsubishi
  - Sold down **20% stake** in **GSEZ** to RoG
  - Sold **20% stake** in **ORG**, **10% stake** in **OPG** to RoG
  - Sold **2 cotton gins** and **wool business** in Australia

### Change Portfolio Shape

- 🌱 **Reduced portfolio complexity** by:
  - **Restructured the wood products** business & divested Gabon wood products assets
  - **Restructured the rice** business & exited distribution in Cote D'Ivoire
  - **Restructured the Sugar** business
  - **Rationalised manufacturing** footprint in SVI USA

**Released cash of S\$1.15B, realized capital gain of S\$305M (since 2013)**

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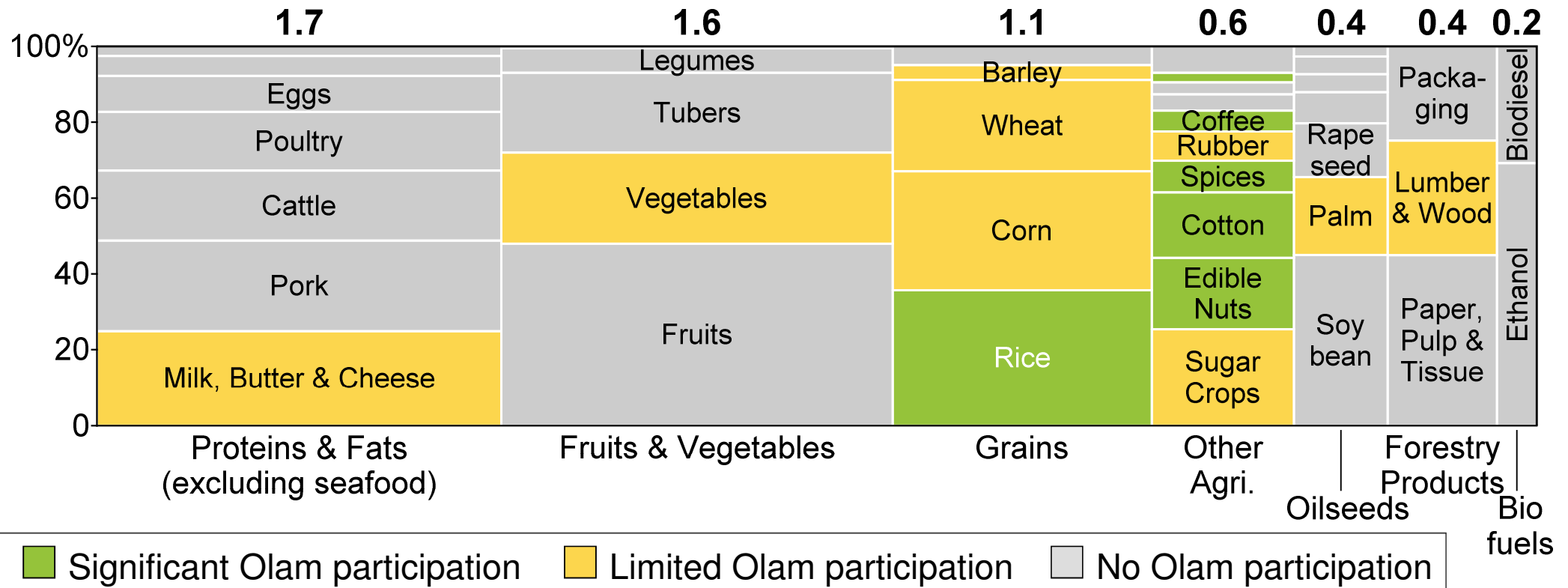
# Large and diversified agri-complex where we have a unique participation



## Olam participating in ~26% of ~US\$5.9T agri-industry

Global agricultural production value (US\$ T)

Total = US\$5.9T



# No major shifts in key agri-trends since the last plan

## Demand Factors



**Growing population** driving demand growth



**Increased calorie consumption** driven by income growth & urbanisation



Changing **dietary habits** and evolving **consumer preference**



**Biofuels** increasing competition for resources



Growing importance of **sustainability** to stakeholders



Increased interest in agri from **financial investor** as well as increasing importance in **geopolitics**

## Supply Factors



Growing scarcity of **arable land**



Slowing rate of **agricultural productivity improvement**



**Impact of climate change**



**Water scarcity**



**Logistical inefficiencies** and **storage bottlenecks**



# Industry landscape: **Key implications**



- 🌱 Overall, **agri is a slow but steady growth sector**
- 🌱 Larger players are growing because of **globalisation and consolidation** of supply chains






- 🌱 **No major shifts in the macro agri-trends** over the past 3 years, though some trends are accelerating (e.g., sustainability)



- 🌱 Africa remains an **attractive opportunity** for us – the market has **strong underlying demand growth** and also an **important supply source for our commodities**

## Our Strategy: Context & Background (1/2)

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-  We transitioned from being a **pure supply chain manager** (asset light) to a **selectively integrated player** (asset medium), to access **more attractive profit pools** and **improve overall portfolio returns**.
-  Many of our **investments** were made at **attractive valuations** (post GFC).
-  As anticipated, this has led to **increased fixed capital intensity, negative free cash flows and lower ROEs in the near term**.

## Our Strategy: Context & Background (2/2)

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- 🌱 In six short years, we have built a **differentiated and uniquely shaped portfolio** in terms of products, geographic participation and selective value chain integration.
- 🌱 We have also built a **strong and experienced team** with a proven track record, a strong entrepreneurial culture and distinctive capabilities.
- 🌱 We are now **well positioned to grow and deliver strong returns.**

# Our Strategy: What is our 'Core'?

## Distinctive Capabilities

## SC\*/Midstream

**Strong sourcing & origination capability**



**Strong customer relationships**



**Trading & Supply-Demand analysis capability**



**Processing / Manufacturing capability**



**Logistics (Inland & Marine) skills**



**Robust risk management capability**



**Cost management and operational excellence**



**Unparalleled Africa experience & market access**



**Unique culture with emphasis on entrepreneurship**



\*SC: Supply Chain

# Our Strategy: How are we differentiated?



**Focus on niche commodities & niche businesses with leadership**



**Adopt defensible niche strategies in mainstream commodities**



**Unique Africa footprint and operating capabilities**



**Out-origin our competition - buying at the farm-gate**



**Provide value added solutions and services to customers**



**Uniquely shaped portfolio - selective & diversified upstream participation**



**Organisational Advantage**

## Strategic Plan FY2016-18: Guiding principles for capital allocation and determining portfolio shape

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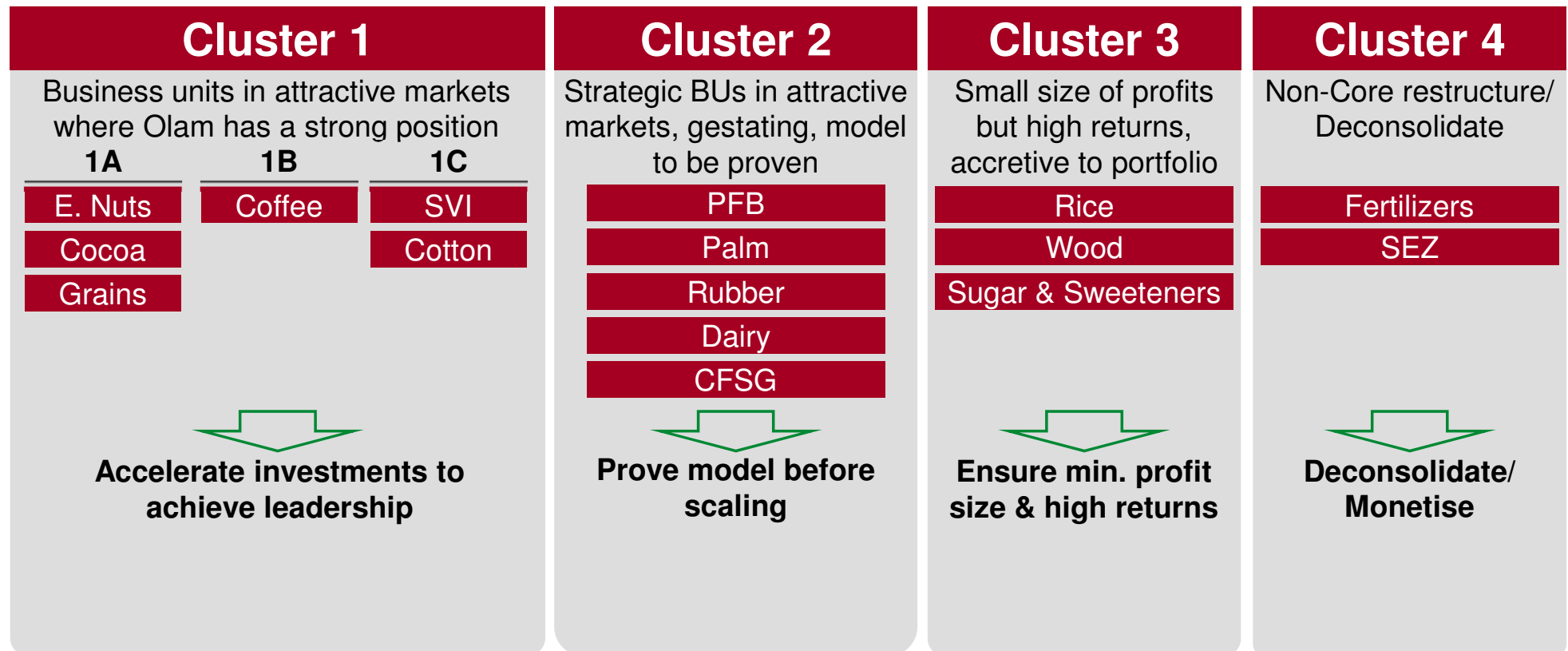
- 🌱 **Address areas where performance has not met expectations**
  - 🌱 **Double down on strong BUs** to strengthen leadership
  - 🌱 **Focus new investments** on areas **where** we have the **highest winnability** and **returns**
  - 🌱 **Streamline** our **portfolio** and **release cash** from **divestments**
  - 🌱 **Find the right balance** between **contributing** and **gestating** businesses
  - 🌱 **Assess and manage portfolio risks**
-



# Strategic Plan FY2016-18: Portfolio organised into 4 clusters



Each 'cluster' of BUs has **different** strategic imperatives



# Strategic Plan FY2016-18: Portfolio organised into 4 clusters



Each 'cluster' of BUs has **different** strategic imperatives

**C1 Accelerate investments to achieve leadership**



**C2 Prove model before scaling**



**C3 Ensure minimum profit size & high returns**



**C5 Prioritise Africa**



**C4 Deconsolidate/ Monetize**

# Cluster 1:

## Accelerate investments to achieve leadership



### Edible Nuts: Extend Leadership Across Edible Nuts Categories



- ✔ Grow Almond acreage (w/ low capital intensity)
- ✔ Expand Peanuts US & Cashew mid-stream
- ✔ Enter pistachios, walnuts
- ✔ Explore other nuts upstream (pecans)

### Cocoa: Be the Leading Confectionary Ingredients Supplier



- ✔ Build leading, globally integrated cocoa business leveraging ADM acquisition – combining breadth, depth and scalability across value chain
- ✔ Set up Indonesia processing

### Grains: Deepen Existing Niche Positions & Expand into Animal Feed



- ✔ Grow origination & trading in Black Sea, ME & Africa
- ✔ Expand milling in Africa (e.g., Nigeria M&A)
- ✔ Enter Animal Feed in Nigeria

### Coffee: Be the Leading Coffee Ingredients Supplier



- ✔ Successfully execute integrated value chain strategy
- ✔ Selectively expand upstream and midstream
- ✔ Optimise working capital

### Cotton: Consolidate Position in Trading



- ✔ Continue to strengthen trading capabilities with focused investments (Africa integrated ginning, US trading, China marketing, India trading Brazil trading & contract farming)

### SVI: Maintain US Leadership & Selectively Expand Footprint



- ✔ Scale up dehydrated business
- ✔ Expand spices & blends value-added processing & pepper plantation
- ✔ Improve Tomato paste

# Cluster 2: Prove model before scaling



## **Palm & Rubber:**

Leverage Africa as a Globally Competitive Supply Source



- 🌱 Successfully execute Palm and Rubber upstream plantation and selective mid-stream investments in Africa
- 🌱 Explore palm expansion in Indonesia

## **PFB:**

Participate in African Consumer Story



- 🌱 Double down on Nigeria & Ghana; build leadership and drive profitability

## **Dairy:**

Improve Performance to Extract Full Value from Existing Investments



- 🌱 Improve performance for Uruguay/Russia farming operations
- 🌱 Grow supply chain & midstream profitability

## **CFSG:**

Leverage Existing Capabilities to Scale & Build Strong Business



- 🌱 Leverage market intelligence, risk arbitrage skills to grow RMS & third party funds businesses

# Cluster 3:

## Ensure minimum profit size and high returns



### Rice



- 🌱 Deepen position in Middle East & Africa
- 🌱 Selectively expand sourcing in SE Asia
- 🌱 Turn around Nigeria farming
- 🌱 Explore Americas and China trading

### Wood



- 🌱 Low investment Latam model
- 🌱 Grow in RoC and Myanmar
- 🌱 Continue to run optimised model with low overheads & low capital intensity model in other markets

### Sugar



- 🌱 Maintain asset light supply chain model & trading focus
- 🌱 Evaluate sugar cane farming and milling backward integration in Indonesia

# Cluster 5:

## Prioritise Africa, focus as a separate vertical



### Leverage Africa as a Globally Competitive Supply Source



- 🌿 **Palm & Rubber:** Successfully execute Palm & Rubber upstream plantation expansion and selective midstream investments
- 🌿 **E. Nuts, Cocoa, Coffee, Cotton, SVI:** Continue to expand most attractive Africa-based sourcing & midstream processing

### Supply Food Staples & Ingredients into Africa



- 🌿 **Grains:** Expand milling in Nigeria (M&A) and other African countries; enter Animal Feed
- 🌿 **Rice:** Maintain position in Africa
- 🌿 **Dairy & Sugar** distribution

### Participate in African Consumer Story



- 🌿 **PFB:** Double down on Nigeria, Ghana & other parts of West Africa and to drive profitability

### Invest in Africa Agri Logistics Infrastructure



- 🌿 **African agri infra-structure** (warehouses, silos, ports)



## Four new competencies are critical to **delivering** our Vision

### New competencies



**World's  
Best  
Planter**



**Superior  
Trading  
Capabilities**



**Capital  
Structure  
Innovation**



**Project  
Mgmt.  
Excellence**

### Existing competencies

**Origination,  
trading,  
processing  
& logistics**

**Growth  
enabling  
skills**  
(HR, M&A,  
Risk)

**Privileged  
assets &  
networks**  
(4M farmers &  
140 processing  
facilities)

**Effective  
stakeholder  
management**

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# Our **Goals** and **Objectives**



**Our Governing Objective**

**Why are we in business?**



**Our Vision**

**What is our aspiration?**



**Our Purpose**

**How do we do business?**

# Our **Governing Objective**: Why are we in **business**?

To **maximise long term intrinsic value**  
for our **continuing shareholders**

## **Three key drivers**

**Open up capital spread**

**Increase the rate of profitable growth**

**Increase duration of growth**



# Our **Vision**: What is our **Aspiration**?

To be the **most differentiated** and **valuable global agri-business** by **2040**


First  
**differentiate**  
**before** you  
**scale**

Aim to **grow**  
**TSR** by **10%**  
**CAGR** over the  
**next 24 years**



# Our **Purpose**: How do we do business?

 Our **purpose** is to **grow responsibly**

 We **ensure profitable growth** is **achieved** in an **ethical, socially responsibly** and **environmentally sustainable manner**

 This is **integral** to our **business model** and **woven into everything we do**



# Our **Soul** and **Spirit**



**Our Shared Values**

What are our desirable modes of conduct?



**Our Spirit**

What do we stand for?

Our spirit is to be an insurgent in our industry.  
We are not afraid to disrupt the status quo.  
We are pioneers, inventing and innovating to create solutions for our suppliers and customers

