

Olam International significantly improves PATMI to S\$351.3 million for 2016

- PATMI for 12M 2016 and Q4 2016 up significantly on improved operational performance and lower exceptional losses to S\$351.3 million (12M 2015: -S\$114.9 million) and S\$102.2 million (Q4 2015: -S\$269.4 million) respectively
- 12M 2016 Operational PATMI (excluding exceptional items) up 23.1% to S\$363.8 million; Q4 2016 Operational PATMI more than doubled to S\$102.3 million
- EBITDA in 12M 2016 and Q4 2016 up 10.8% and 34.4% to S\$1.2 billion and S\$349.0 million respectively, lifted by strong growth from Confectionery & Beverage Ingredients and Food Staples & Packaged Foods segments
- Net operating cash flow improved by S\$860.9 million to S\$1.0 billion (12M 2015: S\$154.9 million); FCFF improved by S\$1.6 billion (12M 2016: -S\$418.1 million; 12M 2015: -S\$2.1 billion)
- Board recommends a final dividend of 3.0 cents per share, taking total dividend to 6.0 cents per share for 12M 2016 (18M FY2015¹: 6.0 cents)

Consolidated Financial Results for the period ended December 31 (S\$ million)	12M 2016	12M 2015 Restated ²	% Change	Q4 2016	Q4 2015 Restated ¹	% Change
Volume ('000 MT)	14,415.8	12,506.7	15.3	4,210.4	3,692.4	14.0
Revenue	20,587.0	19,052.6	8.1	6,106.3	5,448.4	12.1
EBITDA	1,202.8	1,085.2	10.8	349.0	259.7	34.4
PAT	339.1	(116.6)	n.m.	103.1	(257.0)	n.m.
PATMI	351.3	(114.9)	n.m.	102.2	(269.4)	n.m.
Operational PATMI	363.8	295.6	23.1	102.3	40.1	155.1

¹ The Company's financial year has been changed to start on January 1 and end on December 31 with effect from 2016. The prior financial year 2015 was an 18-month financial period from July 1, 2014 to December 31, 2015.

² Prior period financial statements have been restated due to changes to accounting standards pertaining to Agriculture (SFRS 41) and Property, Plant and Equipment (SFRS 16) that came into effect from January 1, 2016. Please refer to the Management Discussion and Analysis report for more information.



Singapore, February 28, 2017 – Olam International Limited (Olam, the Group, or the Company) today reported financial results for the quarter (Q4 2016) and 12 months (12M 2016) ended December 31, 2016.

For Q4 2016, Olam recorded a Profit After Tax and Minority Interests (PATMI) of S\$102.2 million, compared to a loss of S\$269.4 million in the same period last year on improved operational performance and lower exceptional losses.

Operational PATMI, which excludes exceptional items, more than doubled to S\$102.3 million. Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) increased by 34.4% to S\$349.0 million on the back of a strong performance from Confectionery & Beverage Ingredients and Food Staples & Packaged Foods, which offset declines in other business segments.

Net finance costs came down from S\$121.3 million to S\$112.0 million on continued initiatives to optimise loan tenures and reduce borrowing costs. This helped to partly offset the increase in depreciation and amortisation on account of the acquisition of the Cocoa processing, wheat milling and peanut shelling assets.

Sales volumes grew 14.0% on volume growth recorded by the Food Staples & Packaged Foods and Industrial Raw Materials, Ag Logistics & Infrastructure³ segments. Revenues were up by 12.1% to S\$6.1 billion.

For 12M 2016, Olam recorded PATMI of S\$351.3 million compared to a loss of S\$114.9 million in the previous year on improved operational performance and lower impact from exceptional losses. Operational PATMI was up 23.1% at S\$363.8 million.

EBITDA grew 10.8% year-on-year to S\$1.2 billion, driven by growth in Confectionery & Beverage Ingredients and Food Staples & Packaged Foods, which offset lower contribution from other segments.

Despite a higher asset base, net finance costs fell from S\$448.9 million in 12M 2015 to S\$403.5 million in 12M 2016 as a result of the initiatives undertaken to optimise loan tenures and reduce cost of borrowings. The reduction partly offset the rise in depreciation and amortisation charges during the year.

³ Industrial Raw Materials segment has been renamed to Industrial Raw Materials, Ag Logistics & Infrastructure to reflect the principal activities of the Gabon Special Economic Zone within the segment.



Sales volumes increased 15.3% as most segments registered higher volumes. Revenues grew 8.1% year-on-year on higher volumes, with lower prices of some commodities offsetting price increases in others.

Olam recorded substantially higher net operating cash flows of S\$1.0 billion for 12M 2016 compared to S\$154.9 million a year ago. As a result of the higher operating cash flows, as well as lower net capital expenditure, Free Cash Flow to Firm (FCFF) improved by S\$1.6 billion to negative S\$418.1 million for 12M 2016.

Net gearing as at December 31, 2016 was 1.99 times compared to 1.96 times as at December 31, 2015.

The Board of Directors has recommended a final ordinary dividend of 3.0 cents per share, bringing total dividends to 6.0 cents per share for 12M 2016. This compares to total dividend of 6.0 cents for the previous financial year of 18 months.

Olam's Co-Founder and Group CEO Sunny Verghese said: "I am pleased to report a strong set of results for 2016, despite a challenging operating environment and uncertainties in the global commodity markets.

"We made steady progress in 2016 by executing on our refreshed Strategic Plan going into 2018 through targeted organic and inorganic investments in our prioritised platforms.

"We have also improved shareholder returns through share buybacks and enhanced dividend distribution in 2016. Looking ahead, we will continue to pursue our governing objective of maximising long-term intrinsic value for our continuing shareholders."

Segmental Review

Olam's Executive Director and Group COO, A. Shekhar said: "Strong growth from the Confectionery & Beverage Ingredients and Food Staples & Packaged Foods segments demonstrates that our strategy of accelerating investments and addressing specific areas of underperformance to strengthen our leadership positions in these segments is working.

"We reduced our interest costs despite a higher asset base and will continue to optimise our capital structure even as we focus on growth and ensure that our gestating assets reach their full potential."

Q4 2016

Segment	Sales Volume		Revenue		EBITDA	
	Q4 2016	Q4 2015 Restated	Q4 2016	Q4 2015 Restated	Q4 2016	Q4 2015 Restated
Edible Nuts, Spices & Vegetable Ingredients	421.1	463.7	1,224.1	1,120.6	87.6	66.1
Confectionery & Beverage Ingredients	379.5	473.2	2,217.8	1,956.6	141.2	98.5
Food Staples & Packaged Foods	3,035.1	2,423.5	2,028.2	1,743.5	104.6	48.2
Food Category	3,835.7	3,360.4	5,470.1	4,820.7	333.4	212.8
Industrial Raw Materials, Ag Logistics & Infrastructure	374.6	332.1	636.1	628.1	18.1	55.4
Commodity Financial Services	N.A.	N.A.	0.0	(0.3)	(2.6)	(8.5)
Non-Food Category	374.6	332.1	636.1	627.8	15.5	46.9
Total	4,210.4	3,692.4	6,106.3	5,448.4	349.0	259.7

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

12M 2016

Segment	Sales Volume		Revenue		EBITDA	
	12M 2016	12M 2015 Restated	12M 2016	12M 2015 Restated	12M 2016	12M 2015 Restated
Edible Nuts, Spices & Vegetable Ingredients	1,569.7	1,549.2	3,981.1	4,227.2	331.8	393.5
Confectionery & Beverage Ingredients	1,687.5	1,689.5	7,711.0	6,859.6	407.2	284.0
Food Staples & Packaged Foods	9,496.1	7,904.9	6,110.8	5,391.2	330.2	212.1
Food Category	12,753.3	11,143.6	17,802.9	16,478.0	1,069.2	889.6
Industrial Raw Materials Ag Logistics & Infrastructure	1,662.5	1,363.1	2,784.1	2,574.6	135.2	185.1
Commodity Financial Services	N.A.	N.A.	-	-	(1.6)	10.6
Non-Food Category	1,662.5	1,363.1	2,784.1	2,574.6	133.6	195.7
Total	14,415.8	12,506.7	20,587.0	19,052.6	1,202.8	1,085.2

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

Sales volumes for the **Edible Nuts, Spices & Vegetable Ingredients** segment increased by 1.3% in 12M 2016, on higher volumes for cashews and peanuts – boosted by the consolidation of results from the newly acquired peanut shelling assets – but offset by reduced tomato paste volumes. However, revenue decreased by 5.8% mainly on account of



lower almond and tomato paste prices. EBITDA was 15.7% lower on reduced contribution from the almond and tomato processing businesses. All other businesses in the segment performed better than in 12M 2015.

Confectionery & Beverage Ingredients recorded flat volumes for 12M 2016. Coffee volumes were up and Cocoa processing volumes were higher on consolidation of the acquired Cocoa Processing assets, while Cocoa supply chain volumes were down as most of these became captive feedstock for processing. Revenue grew 12.4% on the back of higher sales volumes of value-added cocoa products and higher prices and volumes of Coffee. EBITDA grew by 43.4% as both Cocoa and Coffee had stronger contributions. Cocoa's increase in EBITDA was due to the consolidation of the results of the acquired Cocoa Processing assets, which performed better than expectations due to improved product ratios. However, these results were offset by a lower contribution from the supply chain business.

Food Staples & Packaged Foods volumes increased 20.1% in 12M 2016 largely because of higher wheat milling volumes in West Africa following the acquisition of wheat milling assets in Nigeria, as well as higher volumes from Grains origination, Rice, Sugar and Dairy supply chain. Revenue grew 13.3% on the increased volumes and higher dairy, rice and sugar prices. EBITDA grew by 55.7% due to improved performance across all platforms. The dairy farming operations in Uruguay which underperformed in 12M 2015 produced better results in 12M 2016.

The **Industrial Raw Materials Ag Logistics & Infrastructure** segment reported a 22.0% growth in volumes due to Cotton in 12M 2016. Revenues rose 8.1% as lower sales for Wood Products offset revenue growth from other platforms. Despite higher contribution from GSEZ, EBITDA declined by 27.0% due to margin pressures in Cotton and Wood Products.

Commodity Financial Services booked an EBITDA loss of S\$1.6 million in 12M 2016 compared to a gain of S\$10.6 million in 12M 2015.

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 and well-balanced portfolio with leadership positions in many segments provides a resilient platform to navigate current uncertainties in global commodity markets, and continues to execute on its 2016-2018 strategic plan to invest in prioritised platforms.



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Notes to Editors

1. This release should be read and understood only in conjunction with the full text of Olam International Limited's Fourth Quarter and 12 Months 2016 Financial Statements and Management Discussion and Analysis lodged on SGX-NET on February 28, 2017.
2. With effect from January 1, 2016, SFRS 16 and 41 have been amended and now require biological assets that meet the definition of a "bearer plant" to be accounted for as Property, Plant and Equipment in accordance with SFRS 16. For more details, please refer to the Management Discussion and Analysis report.

About Olam International Limited

Olam International is a leading agri-business operating across the value chain in 70 countries, supplying various products across 18 platforms to over 22,900 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. In 2016 Fortune recognised Olam at #23 in its 'Change the World' list.

More information on Olam can be found at www.olamgroup.com.

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