



Olam International Limited

Q1 2017 Results Briefing
May 15, 2017



Presenters



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Notice

This presentation should be read in conjunction with Olam International Limited's Financial Statements for the First Quarter ended March 31, 2017 ("Q1 2017") and Management Discussion and Analysis lodged on SGXNET on May 15, 2017.

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 news release and in the Management Discussion and Analysis section of the Company's First Quarter ended March 31, 2017 results report and filings on SGXNET. 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.

Agenda


- Q1 2017 highlights
- Financial and operating performance
 - Segmental analysis
 - Balance sheet and cash flow
- Key takeaways



Q1 2017
highlights

Q1 2017 highlights

- PATMI grew 26.6% to S\$143.9 million
- Strong underlying growth with Operational PATMI up 14.1% despite higher depreciation and amortisation, and finance costs
- EBITDA grew 19.8% to S\$398.6 million
- Positive Free Cash Flow to Firm (FCFF) at S\$134.9 million
- Continued to execute 2016-2018 Strategic Plan based on committed Capex

A close-up photograph of a person's hand holding a single white onion. The background is a blurred field of many more onions, suggesting a harvest scene. The lighting is natural, highlighting the texture of the onion's skin.

Financial and operating
performance

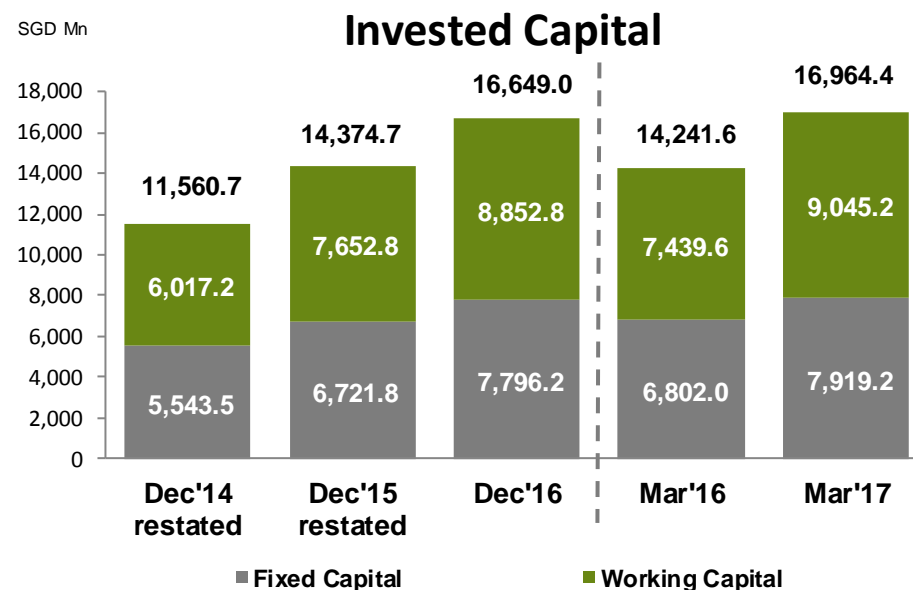
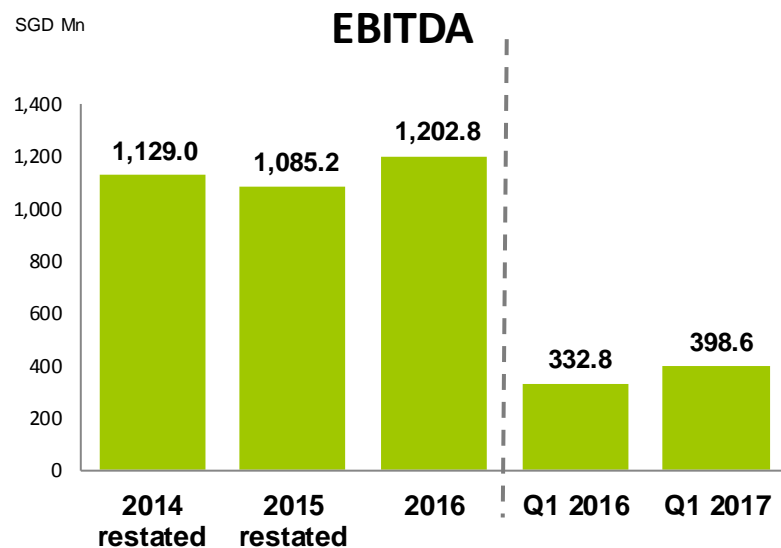
P&L Analysis

SGD Mn

| | Q1 2017 | Q1 2016 | % Change |
|--|--------------|--------------|-------------|
| Volume ('000 MT) | 4,461.7 | 2,965.5 | 50.5 |
| Revenue | 5,804.2 | 4,761.4 | 21.9 |
| Net gain/(loss) in fair value of biological assets | (2.0) | (5.3) | (62.3) |
| EBITDA | 398.6 | 332.8 | 19.8 |
| Depreciation & Amortisation | (88.6) | (80.5) | 10.1 |
| Net Finance costs | (139.6) | (99.4) | 40.4 |
| Taxation | (34.0) | (31.0) | 9.7 |
| Exceptional items | 0.0 | (12.5) | n.m. |
| PAT | 136.5 | 109.4 | 24.7 |
| PATMI | 143.9 | 113.6 | 26.6 |
| Operational PATMI | 143.9 | 126.1 | 14.1 |

- Volume growth mainly due to opportunistic trading volumes in Grains
- Improved EBITDA growth from Edible Nuts, Spices & Vegetable Ingredients, Food Staples & Packaged Foods, and CFS segments compensated for lower contribution from Confectionery & Beverage Ingredients and Industrial Raw Materials, Ag Logistics & Infrastructure segments
- Higher depreciation and amortisation charges due to enlarged fixed asset base
- Increased net finance costs due to 1) larger invested capital base; 2) increase in benchmark interest rates; 3) increase in higher-cost local borrowing in select geographies

EBITDA and Invested Capital



- Compared to end-Mar 2016:

- Increase in Fixed Capital from acquisition of peanut shelling assets, as well as continued committed investments in upstream and midstream assets
- Increase in Working Capital from higher volumes and prices, including cashew, almonds, coffee and cotton

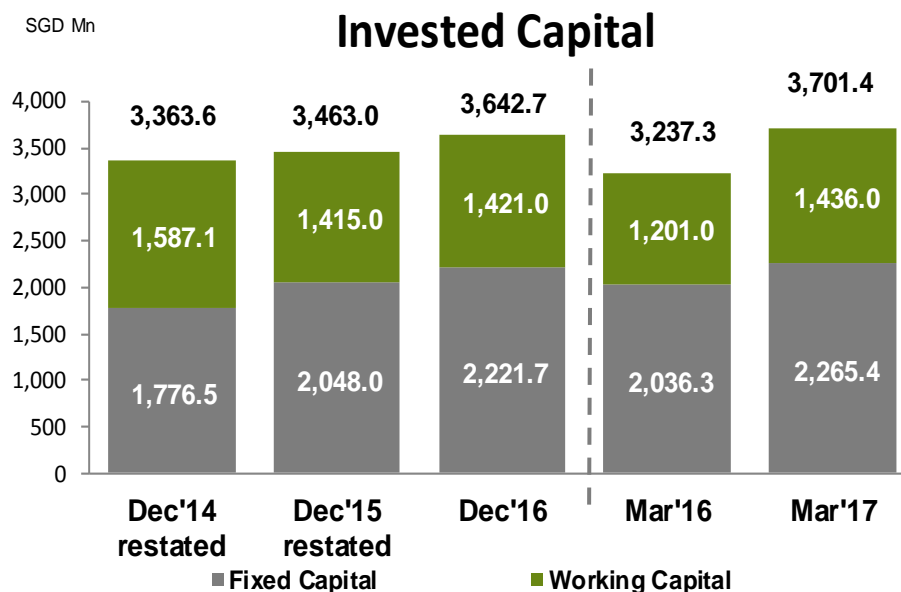
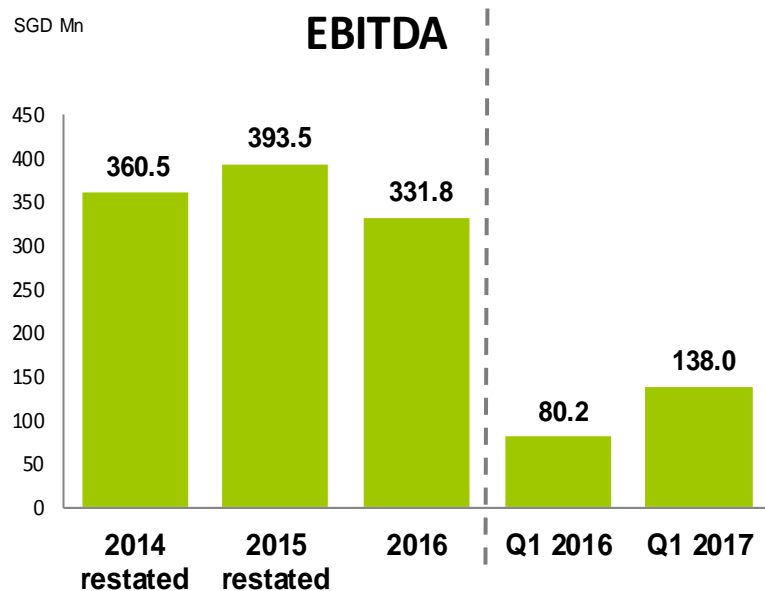
Invested Capital excludes

- (a) Gabon Fertiliser Project (31-Mar-17: S\$223.3 million, 31-Dec-16: S\$ 224.8 million, 31-Mar-16: S\$ 211.6 million), and
- (b) Long Term Investment (31-Mar-17: S\$ 172.7 million, 31-Dec-16: S\$ 148.4 million, 31-Mar-16: S\$ 236.4 million)

Segmental
analysis

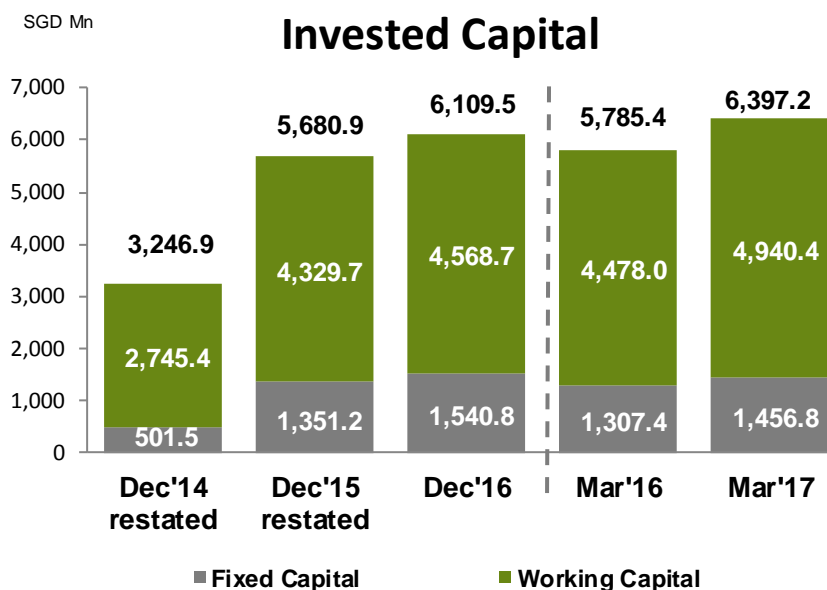
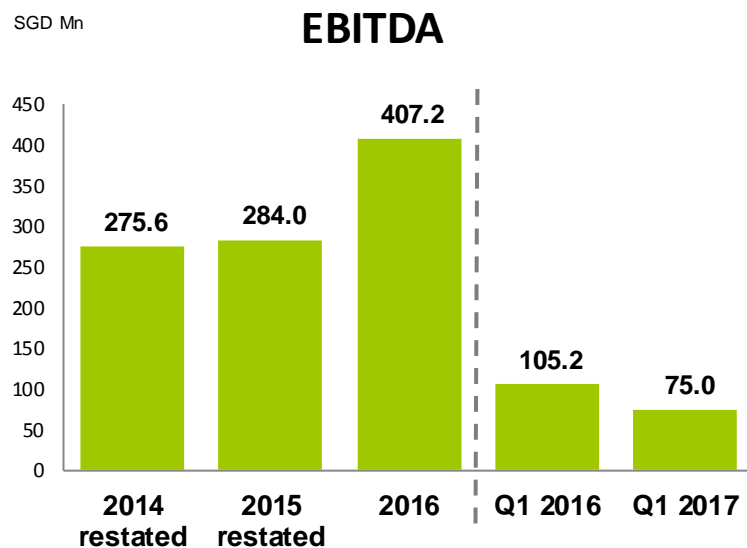


Edible Nuts, Spices & Vegetable Ingredients



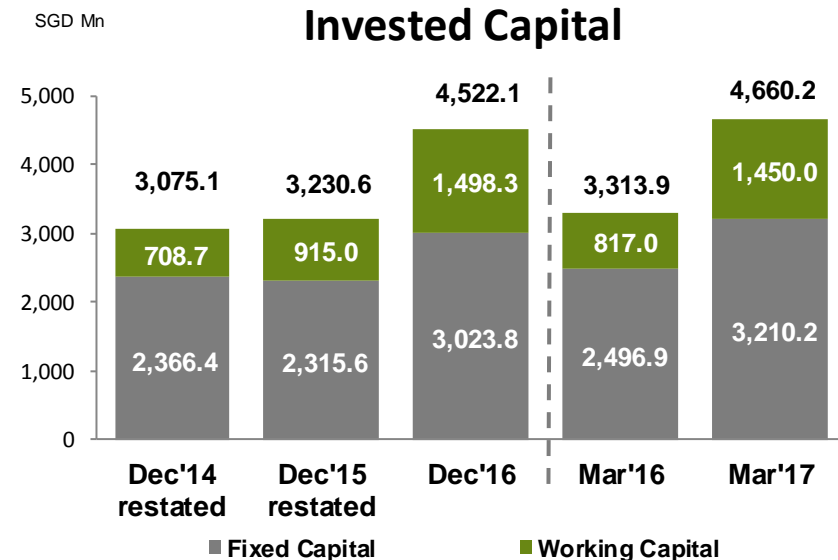
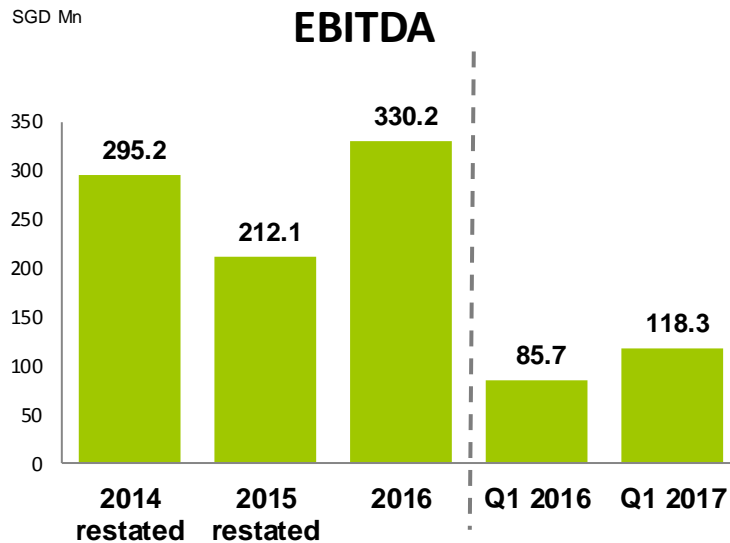
- EBITDA up 72.1% mainly due to higher Edible Nuts' contribution, primarily from peanut, cashew and almond businesses; steady contribution from Spices & Vegetable Ingredients, excluding tomato processing, which continued to underperform
- Compared to end-Mar 2016, Invested Capital increased by S\$464.1 million; Working Capital rose with higher volumes and higher cashew and almond prices; Fixed Capital up mainly due to acquisition of peanut shelling assets

Confectionery & Beverage Ingredients



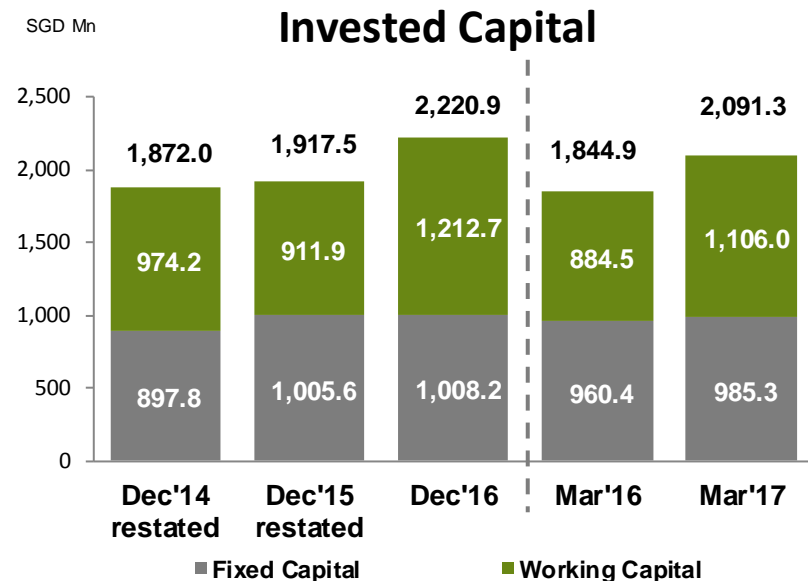
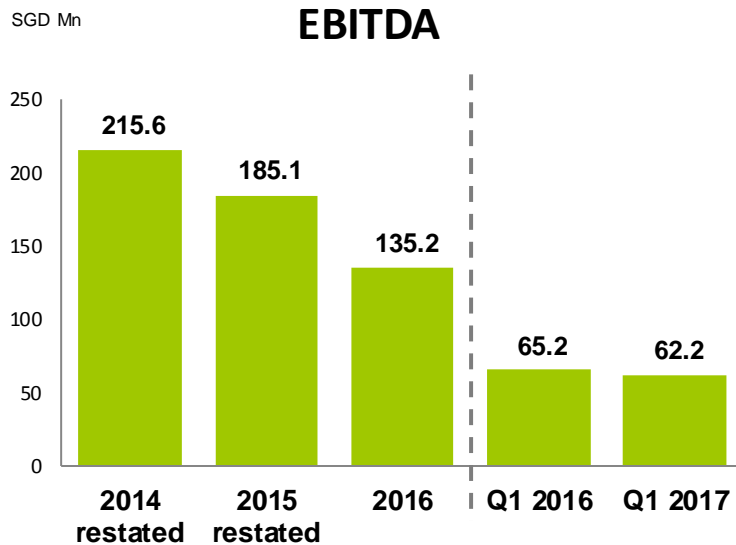
- EBITDA down 28.7% due to lower contribution from Cocoa as a result of lower volumes and pressure on supply chain margins caused by sharp market movements
- Coffee achieved higher EBITDA from both green coffee and soluble coffee businesses
- Invested Capital increased by S\$611.8 million as compared with end-Mar 2016, driven by higher Working Capital from higher Coffee volume and prices; Fixed Capital also increased with continued investments in coffee plantations and expansion of soluble coffee capacity in Vietnam and Spain

Food Staples & Packaged Foods



- EBITDA up 38.0% with all platforms performing better than Q1 2016
- Key contributor to growth was Grains in both origination and milling; continued improved performance from Dairy upstream in Uruguay and Packaged Foods
- Invested Capital increased by S\$1.3 billion as compared with end-Mar 2016; higher Grains volumes and dairy prices drove up Working Capital; Fixed Capital up mainly due to construction of animal feed mills, wheat milling capacity expansion in Ghana and continued investments in upstream Palm in Gabon

Industrial Raw Materials Ag Logistics & Infrastructure



- EBITDA declined 4.6% as a result of lower contribution from Wood Products due to continued sluggish demand in India, partly offset by higher contribution from Cotton
- Invested Capital up by S\$246.4 million as compared with end-Mar 2016; Working Capital increased with higher volumes and prices of Cotton; Fixed Capital up with continued investments in upstream Rubber plantations in Gabon



Balance sheet and
cash flow

Balance sheet

SGD Mn

| | 31-Mar-17 | 31-Mar-16 | Change vs Mar 16 | 31-Mar-2016 (assuming PPA exercise completed) | Change vs Mar 16 (assuming PPA exercise completed) |
|---------------------------|-----------------|-----------------|------------------|---|--|
| Uses of Capital | | | | | |
| Fixed Capital | 8,315.2 | 6,680.0 | 1,635.2 | 7,345.8 | 969.4 |
| Working Capital | 8,559.0 | 8,397.7 | 161.3 | 8,376.2 | 182.8 |
| Cash | 2,643.7 | 1,600.5 | 1,043.2 | 1,600.5 | 1,043.2 |
| Others | 336.0 | 580.8 | (244.8) | (63.5) | 399.5 |
| Total | 19,853.9 | 17,259.0 | 2,594.9 | 17,259.0 | 2,594.9 |
| Sources of Capital | | | | | |
| Equity & Reserves | 5,796.6 | 5,275.5 | 521.1 | 5,275.5 | 521.1 |
| Non-controlling interests | 222.4 | 231.2 | (8.8) | 231.2 | (8.8) |
| Short term debt | 5,612.2 | 5,564.6 | 47.6 | 5,564.6 | 47.6 |
| Long term debt | 8,505.3 | 6,412.7 | 2,092.6 | 6,412.7 | 2,092.6 |
| Fair value reserve | (282.6) | (225.0) | (57.6) | (225.0) | (57.6) |
| Total | 19,853.9 | 17,259.0 | 2,594.9 | 17,259.0 | 2,594.9 |

- Compared with end-March 2016 on a Purchase Price Allocation (PPA) adjusted basis for acquisitions made during 2015 and 2016, the net increase in Fixed Capital and Working Capital would be S\$969.4 million and S\$182.8 million respectively

Balance sheet

Optimising tenure and borrowing mix

Initiated debt refinancing programmes in Q1 2017:

- Outstanding 7.0% Perpetual Capital Securities unchanged at S\$235.8 million as of end-Mar 2017 post call-back on Mar 1-7; to redeem all outstanding Securities as at Sep 1, 2017
- Issued US\$300.0 million 5 year 10 month senior notes due 2023 at 99.37 of principal and fixed coupon of 4.375%
- Issued ¥5.7 billion (approx. US\$50.0 million) senior notes due 2022 at 98.0% of principal and fixed yen coupon of 0.47%

Cash flow analysis

SGD Mn

| Cash Flow Summary | Q1 2017 | Q1 2016 | 3M YOY | 2016 |
|---|----------------|----------------|---------------|----------------|
| Operating Cash flow (before Interest & Tax) | 401.8 | 345.4 | 56.4 | 1,243.5 |
| Changes in Working Capital | (74.7) | (35.5) | (39.2) | (227.7) |
| Net Operating Cash Flow | 327.1 | 309.9 | 17.2 | 1,015.8 |
| Net interest paid | (176.4) | (127.8) | (48.6) | (347.7) |
| Tax paid | (7.0) | (21.6) | 14.6 | (48.4) |
| Cash from divestments | 33.3 | 6.8 | 26.5 | 32.0 |
| Free cash flow before capex/ investments | 177.0 | 167.3 | 9.7 | 651.7 |
| Capex/ Investments | (218.5) | (451.1) | 232.6 | (1,417.5) |
| Free cash flow to equity (FCFE) | (41.5) | (283.8) | 242.3 | (765.8) |

- Higher net operating cash flow in Q1 2017
- Generated improved Free Cash Flow before Capex and investments in Q1 2017 compared to Q1 2016
- FCFE improved by S\$242.3 million in Q1 2017 although still negative with continuing Capex commitments

Gearing

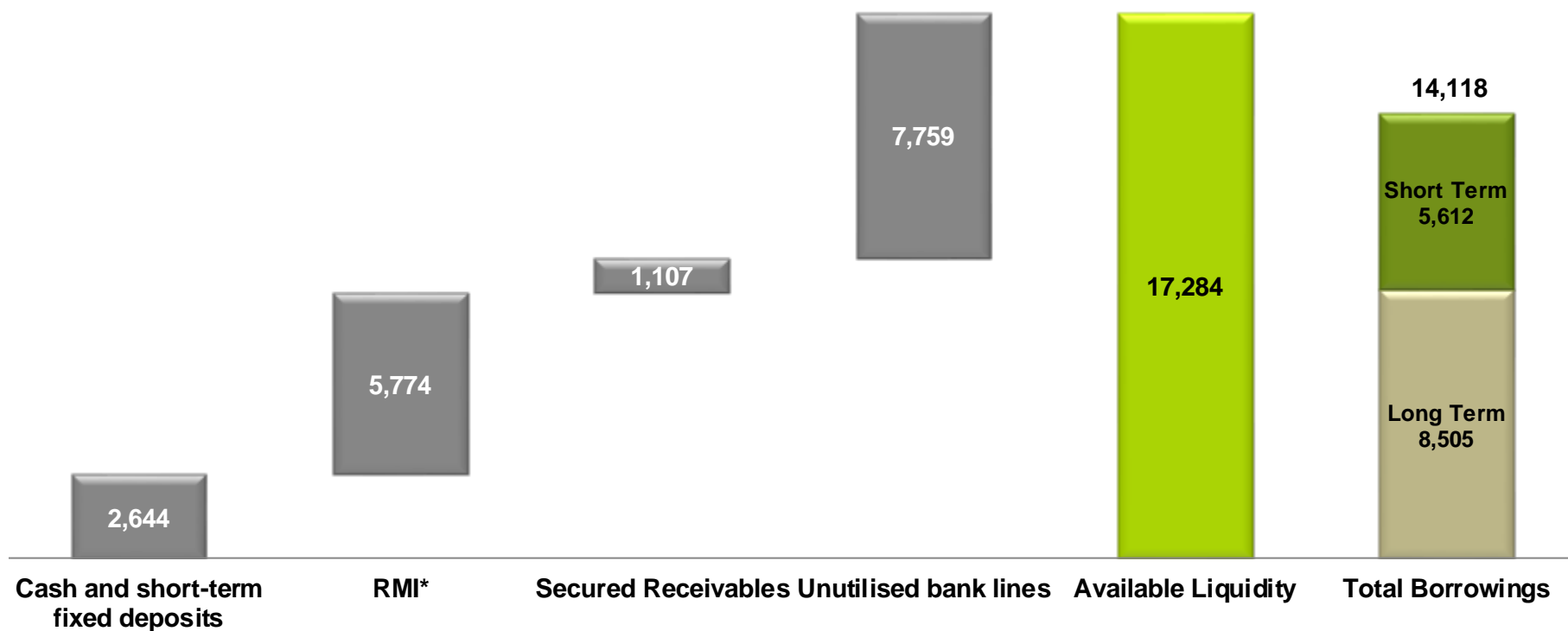
SGD Mn

| | 31-Mar-17 | 31-Dec-16 | Change vs Dec 16 | 31-Mar-16 | Change vs Mar 16 |
|---------------------------------------|-------------|-------------|---------------------|-------------|---------------------|
| Gross debt | 14,117.5 | 13,670.5 | 447.0 | 11,977.4 | 2,140.1 |
| Less: Cash | 2,643.7 | 2,144.0 | 499.7 | 1,600.5 | 1,043.2 |
| Net debt | 11,473.8 | 11,526.5 | (52.7) | 10,376.9 | 1,096.9 |
| Less: Readily marketable inventory | 5,773.6 | 5,909.2 | (135.6) | 5,097.8 | 675.8 |
| Less: Secured receivables | 1,107.0 | 1,381.4 | (274.4) | 1,102.4 | 4.6 |
| Adjusted net debt | 4,593.2 | 4,235.9 | 357.3 | 4,176.7 | 416.5 |
| Equity (before FV adj reserves) | 5,796.6 | 5,797.1 | (0.5) | 5,275.5 | 521.1 |
| Net debt / Equity (Basic) | 1.98 | 1.99 | (0.01) | 1.97 | 0.01 |
| Net debt / Equity (Adjusted) | 0.79 | 0.73 | 0.06 | 0.79 | 0.00 |

- Despite higher gross debt, net debt reduced by S\$52.7 million compared to end-Dec 2016 due to higher cash balances
- Net gearing at 1.98 times, similar to gearing levels as at end-Dec 2016 and end-Mar 2016

Liquidity position

S\$ million as at Mar 31, 2017



- Available liquidity sufficient to cover all repayment and Capex obligations



Key
takeaways

Key takeaways

- Improved operational performance in Q1 2017 led by Edible Nuts, Spices & Vegetable Ingredients and Food Staples & Packaged Foods segments
- Continue to focus on turning around underperforming businesses, ensuring gestating businesses reach full potential and sustaining positive free cash flow
- Executing on 2016-2018 Strategic Plan and pursue growth in prioritised clusters based on committed Capex

