

Olam International reports 28.5% PATMI growth for Q2 2017

- Q2 2017 PATMI up 28.5% year-on-year to S\$147.7 million with growth from all four key segments especially the Food category; Operational PATMI up 34.1% to S\$154.0 million
- H1 2017 PATMI up 27.5% to S\$291.5 million; Operational PATMI up 23.6% to S\$297.8 million
- EBITDA in Q2 2017 and H1 2017 up 18.4% and 19.1% to S\$373.7 million and S\$772.3 million respectively on growth across most business segments
- Generated higher positive Free Cash Flow to Firm of S\$239.4 million in H1 2017
- Board declares interim dividend of 3.5 cents per share

Co-Founder & Group CEO Sunny Verghese said: “Our strong Q2 performance on top of a solid Q1 has delivered significantly improved first-half results. Our Food Category segments in particular lifted overall performance in Q2.

“This reflects the continued execution of our strategic plan and our disciplined focus on capital management. We are confident that our business model will remain resilient and our balanced approach to pursuing current and future growth will serve us well.”

Consolidated Financial Results for the period ended June 30 (S\$ million)	H1 2017	H1 2016	% Change	Q2 2017	Q2 2016	% Change
Volume ('000 MT)	8,939.8	6,447.5	38.7	4,478.1	3,482.0	28.6
Revenue	12,324.7	9,742.8	26.5	6,520.5	4,981.3	30.9
EBITDA	772.3	648.4	19.1	373.7	315.6	18.4
PAT	270.1	220.9	22.3	133.6	111.5	19.8
PATMI	291.5	228.6	27.5	147.7	114.9	28.5
Operational PATMI	297.8	241.0	23.6	154.0	114.8	34.1

Singapore, August 14, 2017 – Olam International Limited (Olam, the Group or the Company) today reported higher earnings for the quarter (Q2 2017) and six months ended June 30, 2017 (H1 2017).

For Q2 2017, Profit After Tax and Minority Interest (PATMI) increased 28.5% year-on-year to S\$147.7 million on improved operational performance across all four key segments, especially in the Food Category. Operational PATMI, which excludes exceptional items, grew 34.1% year-on-year to S\$154.0 million.



The Group's Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) grew by 18.4% to S\$373.7 million on stronger performance by four of its five business segments, particularly the Food Category. Edible Nuts, Spices & Vegetable Ingredients, Confectionery & Beverage Ingredients, Food Staples & Packaged Foods as well as the Industrial Raw Materials, Ag Logistics & Infrastructure segment¹ all did better than a year ago.

Sales volumes were up 28.6% as most segments registered higher volumes. Revenue grew 30.9% primarily on the higher volumes.

For H1 2017, Olam achieved a 27.5% increase in PATMI to S\$291.5 million as improved operational performance offset higher depreciation and amortisation expenses and finance costs, which resulted from strategic acquisitions and capital investments made in 2016. Operational PATMI was up 23.6% at S\$297.8 million.

EBITDA registered 19.1% growth to S\$772.3 million, as growth from the Edible Nuts, Spices & Vegetable Ingredients, Food Staples & Packaged Foods, Commodity Financial Services and Industrial Raw Materials, Ag Logistics & Infrastructure segments offset lower contribution from Confectionery & Beverage Ingredients.

Sales volumes increased 38.7% with growth from all segments, led by enhanced trading volumes in Grains and Edible Oils. Revenue grew by 26.5% on the higher volumes.

Olam generated higher positive Free Cash Flow to Firm of S\$239.4 million in H1 2017 on lower net capital expenditure compared to a year ago (H1 2016: S\$191.2 million).

Net gearing as at June 30, 2017 remained steady at 1.97 times.

The Board of Directors has declared an interim (one-tier tax exempt) ordinary dividend of 3.5 cents per share (H1 2016: 3.0 cents).

Segmental Review

Olam's Executive Director and Group COO, A. Shekhar said: "Despite difficult trading conditions in the agri-complex, we achieved strong EBITDA and PATMI growth in Q2 2017. We also delivered higher Free Cash Flow to Firm in H1 2017.

¹ *The 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 (GSEZ) within the segment.*

“Our solid performance overall is a result of our strategy to invest selectively in prioritised platforms, maintain a strong cash flow focus and address areas of underperformance decisively.”

Q2 2017

Segment	Sales Volume		Revenue		EBITDA	
	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016
Edible Nuts, Spices & Vegetable Ingredients	398.3	431.6	1,142.9	1,004.5	117.0	99.0
Confectionery & Beverage Ingredients	552.7	450.3	2,241.0	1,806.6	111.6	92.3
Food Staples & Packaged Foods	2,981.7	2,110.2	1,971.5	1,383.6	99.4	79.9
Food Category	3,932.7	2,992.1	5,355.4	4,194.7	328.0	271.2
Industrial Raw Materials, Ag Logistics & Infrastructure	545.4	490.0	1,165.1	786.6	44.3	40.0
Commodity Financial Services	N.A.	N.A.	0.0	0.0	1.2	4.4
Non-Food Category	545.4	490.0	1,165.1	786.6	45.5	44.4
Total	4,478.1	3,482.0	6,520.5	4,981.3	373.7	315.6

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

H1 2017

Segment	Sales Volume		Revenue		EBITDA	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Edible Nuts, Spices & Vegetable Ingredients	768.5	731.9	2,054.2	1,771.4	255.1	179.2
Confectionery & Beverage Ingredients	1,058.9	983.4	4,330.3	4,057.3	186.7	197.5
Food Staples & Packaged Foods	6,128.3	3,902.5	3,947.2	2,585.0	217.7	165.6
Food Category	7,955.7	5,617.8	10,331.8	8,413.7	659.5	542.3
Industrial Raw Materials, Ag Logistics & Infrastructure	984.1	829.7	1,992.9	1,329.1	106.5	105.2
Commodity Financial Services	N.A.	N.A.	0.0	0.0	6.3	0.9
Non-Food Category	984.1	829.7	1,992.9	1,329.1	112.8	106.1
Total	8,939.8	6,447.5	12,324.7	9,742.8	772.3	648.4

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



Revenue for the **Edible Nuts, Spices & Vegetable Ingredients** segment grew 16.0% in H1 2017, mainly on higher volumes and higher prices of cashew and peanuts compared to H1 2016. EBITDA grew 42.4%, primarily due to improved earnings from cashews, peanuts, almonds and sesame.

The **Confectionery & Beverage Ingredients** segment recorded a 6.7% increase in revenue on higher overall volumes and higher coffee prices, which was offset by lower cocoa prices in H1 2017. EBITDA declined by 5.5% as higher earnings from the Coffee platform was offset by lower contribution from the Cocoa platform, which experienced headwinds and margin pressure in its supply chain and trading business.

The **Food Staples & Packaged Foods** segment registered a 52.7% increase in revenue mainly on higher trading volumes, especially in Grains and Edible Oils in H1 2017. EBITDA grew 31.5% as most platforms within the segment showed improved performance. Grains was a key growth driver as its origination and trading business, as well as its wheat milling operations in West Africa, continued to perform well.

Revenue for the **Industrial Raw Materials, Ag Logistics & Infrastructure** segment was up 49.9% on higher Cotton volumes in H1 2017. EBITDA edged up 1.2% as improved performance from GSEZ offset underperformance from Wood Products, while Cotton remained steady.

Commodity Financial Services also contributed to EBITDA growth with S\$6.3 million in H1 2017 compared to S\$0.9 million a year ago.

Outlook and Prospects

While expecting macro-economic uncertainties to continue through the year, Olam believes its diversified and well-balanced portfolio provides a resilient platform to navigate the challenges in both the global economy and commodity markets. Olam will continue to execute on its strategic plan and pursue growth in its prioritised platforms. It remains focused on turning around underperforming businesses, ensuring gestating businesses reach full potential and delivering positive free cash flow.

Issued on behalf of Olam International Limited by: WATATAWA Consulting, 77 Robinson Road, Robinson 77 #33-00, Singapore 068896



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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 Second Quarter and First Half 2017 Financial Statements and Management Discussion and Analysis lodged on SGXNET on August 14, 2017.
2. Olam will host a webcast on August 14, 2017, at 10.30 am SGT to discuss the financial results and provide a company update. To access the webcast or download the presentation materials, go to <http://olamgroup.com/resources/#Webcasts>.

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 23,000 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 30 largest primary listed companies in Singapore in terms of market capitalisation. In 2016, Fortune magazine 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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