



## News Release

Singapore, February 27, 2018

**Olam International grows Q4 2017 PATMI by 159.3%, full year PATMI 65.3%  
Recommends final dividend of 4.0 cents per share**

### **HIGHLIGHTS**

- Strong financial and operating performance:
  - Q4 2017: PATMI up 159.3% to S\$265.1 million; Operational PATMI up 7.2% to S\$109.7 million
  - 2017: PATMI up 65.3% to S\$580.7 million; Operational PATMI up 18.6% to S\$431.5 million
- Record positive free cash flow in 2017:
  - Free Cash Flow to Firm: S\$1.5 billion; Free Cash Flow to Equity: S\$1.0 billion
- Significant improvement in net gearing (Dec 31, 2017: 1.46x, 31 Dec 2016: 1.99x)
- Board recommends final dividend of 4.0 cents per share for total of 7.5 cents in dividend per share for 2017 (2016: 6.0 cents)

| S\$ million              | 2017           | 2016           | % Change    | Q4 2017      | Q4 2016      | % Change      |
|--------------------------|----------------|----------------|-------------|--------------|--------------|---------------|
| Volume ('000 MT)         | 22,534.6       | 14,415.8       | 56.3        | 7,796.0      | 4,210.4      | 85.2          |
| Revenue                  | 26,272.5       | 20,587.0       | 27.6        | 7,235.2      | 6,106.3      | 18.5          |
| <b>EBITDA</b>            | <b>1,327.9</b> | <b>1,202.8</b> | <b>10.4</b> | <b>312.8</b> | <b>349.0</b> | <b>(10.4)</b> |
| PAT                      | 551.6          | 339.1          | 62.7        | 256.1        | 103.1        | 148.4         |
| PATMI                    | 580.7          | 351.3          | 65.3        | 265.1        | 102.2        | 159.3         |
| <b>Operational PATMI</b> | <b>431.5</b>   | <b>363.8</b>   | <b>18.6</b> | <b>109.7</b> | <b>102.3</b> | <b>7.2</b>    |

### **MANAGEMENT COMMENTS**

**Co-Founder & Group CEO Sunny Verghese** said:

“We successfully delivered on our key priorities for 2017 as part of our 2016-2018 Strategic Plan, closing the year with a strong set of results. Our earnings for the year grew significantly and our returns also improved. We generated record cash flows and further strengthened our balance sheet by reducing our gearing.

## News Release

---

**Singapore, February 27, 2018**

“These results were achieved on a combination of pursuing growth in prioritised platforms, working to turn around underperforming businesses and nurturing gestating assets.

“As such, I am pleased to share that the Board of Directors has recommended a final dividend of 4.0 cents per share adding to the interim dividend declared in Q2 2017, for a total dividend of 7.5 cents per share in 2017.

“While we may not be immune to near-term uncertainties for some agri-commodities, we believe we can continue to generate long-term, sustainable value for our stakeholders. This will involve not only executing on our Strategic Plan but crucially pursuing value in an environmentally and socially responsible way.”

**Executive Director and Group COO, A. Shekhar** said:

“Most of our business segments delivered strong performance during the year, with Edible Nuts, Cotton, Ag Logistics and Infrastructure being stand-out performers. This, together with our focus on divesting non-core assets, lowering capital expenditures and optimising our working capital enabled us to deliver strong cash flows.

“Extracting cost and capital efficiencies will be a continuing focus, while we pursue profitable growth.

“We further diversified our funding sources while bringing down our net debt. As a result of the recent warrant conversion, we boosted our equity position, giving us additional headroom for growth.”

## **FINANCIAL RESULTS**

### **Q4 2017**

- PATMI (Profit After Tax and Minority Interest) increased 159.3% YoY (year-on-year) to S\$265.1 million (Q4 2016: S\$102.2 million) on one-off gains from strategic divestments of the sugar refining business in Indonesia and edible nuts farmland assets in the US, lower depreciation and amortisation, and net finance charges
- Operational PATMI, which excludes exceptional items, grew 7.2% YoY to S\$109.7 million (Q4 2016: S\$102.3 million).

## News Release

---

**Singapore, February 27, 2018**

- EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) was down by 10.4% at S\$312.8 million (Q4 2016: S\$349.0 million) as improved contribution from Edible Nuts, Spices & Vegetable Ingredients, Industrial Raw Materials, Ag Logistics & Infrastructure and Commodity Financial Services were offset by weaker contribution from the Confectionery & Beverage Ingredients and Food Staples & Packaged Foods segments.

### **2017**

- PATMI increased 65.3% YoY to S\$580.7 million (2016: S\$351.3 million) on one-off gains from divestments, improved operational performance and lower taxes, offset by higher depreciation and amortisation expenses and finance costs.
- Operational PATMI grew 18.6% to S\$431.5 million (2016: S\$363.8 million).
- EBITDA improved by 10.4% to S\$1.3 billion (2016: S\$1.2 billion) with growth across most segments.

### **Cash flow and gearing**

- Generated record positive Free Cash Flow to Firm (FCFF) of S\$1.5 billion for 2017 (2016: -S\$418.1 million) and Free Cash Flow to Equity of S\$1.0 billion (2016: -S\$765.8 million) on increased operating cash flows, significant reduction in working capital and gross capital expenditure, and divestments.
- Net gearing as at December 31, 2017 was lower at 1.46 times compared to 1.99 times as at December 31, 2016 due to lower net debt arising from the reduction in working capital, lower gross capital expenditure, divestments and the conversion of warrants.

### **2017 SEGMENTAL PERFORMANCE**

#### **Edible Nuts, Spices & Vegetable Ingredients**

- Revenue grew 12.8% to S\$4.5 billion, mainly on higher volumes in Edible Nuts and spices along with higher almond and cashew prices compared with 2016.
- EBITDA grew 32.1% to S\$438.4 million on stronger contribution from the Edible Nuts platform.

#### **Confectionery & Beverage Ingredients**

- Revenue increased 5.5% to S\$8.1 billion on higher volumes, offset by lower coffee and cocoa prices.

## News Release

---

**Singapore, February 27, 2018**

- EBITDA declined 19.5% to S\$327.7 million due to significantly lower contribution from Coffee, which was adversely impacted by tougher market conditions and short crops in the second half of 2017.

### **Food Staples & Packaged Foods**

- Revenue increased 59.8% to S\$9.8 billion mainly on higher trading volumes in Grains, Edible Oils, Rice and Dairy.
- EBITDA grew 8.9% to S\$359.7 million, driven by better results from grains milling, animal feed, Rice and Dairy, which offset lower contribution from Edible Oils, Sugar and Packaged Foods.

### **Industrial Raw Materials, Ag Logistics & Infrastructure**

- Revenue was up 39.2% to S\$3.9 billion on higher Cotton volumes.
- EBITDA improved 45.9% to S\$197.3 million on higher contribution from Cotton and GSEZ following the latter's commissioning of new ports and partial sale of port concession rights in Q4 2017, which compensated for the lower contribution from Wood Products.

### **Commodity Financial Services**

- The segment reported an EBITDA of S\$4.8 million in 2017 compared to a loss of S\$1.6 million in 2016. This came largely from the funds business and Trade & Structured Finance, which generates incremental yield by utilising Olam's underlying agri-business trade flows.

## **OUTLOOK**

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 while putting sustainability at the heart of its business. It remains focused on turning around underperforming businesses, ensuring gestating businesses reach full potential and delivering positive free cash flow.



## News Release

---

**Singapore, February 27, 2018**

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

**For further information, please contact:**

Olam Investor Relations

Aditya Renjen, Vice President, +65 66031104, +65 96570339, [aditya.renjen@olamnet.com](mailto:aditya.renjen@olamnet.com)

Chow Hung Hoeng, General Manager, +65 63179471, +65 98346335,  
[chow.hunghoeng@olamnet.com](mailto:chow.hunghoeng@olamnet.com)

WATATAWA Consulting

Simon Pangrazio, Managing Partner, +65 90603513, [spangrazio@we-watatawa.com](mailto:spangrazio@we-watatawa.com)

Josephine Chew, Managing Director, +65 90610353, [jchew@we-watatawa.com](mailto:jchew@we-watatawa.com)

## 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 2017 Financial Statements and Management Discussion and Analysis lodged on SGXNET on February 27, 2018.
2. Olam will host a webcast on February 27, 2018, 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](http://www.olamgroup.com).

Olam is located at 7 Straits View, Marina One East Tower #20-01, Singapore 018936.  
Telephone: +65 63394100, Facsimile: +65 63399755.