



News Release

Singapore, February 28, 2019

Olam International reports 2018 PATMI of S\$347.8 million Recommends final dividend of 4.0 cents per share

HIGHLIGHTS

- Lower year-on-year performance against a strong base in 2017:
 - Q4 2018: PATMI down 71.6% to S\$75.3 million due to a large exceptional gain of S\$155.4 million recorded in Q4 2017; Operational PATMI down 34.4% to S\$72.0 million
 - 2018: PATMI down 40.1% to S\$347.8 million due to the large exceptional gain of S\$149.2 million in 2017; Operational PATMI down 19.7% to S\$346.6 million
- Strong, positive free cash flow in 2018 higher than prior year:
 - Free Cash Flow to Firm: S\$1.53 billion; Free Cash Flow to Equity: S\$1.1 billion
- Improved net gearing of 1.32x versus 1.46x in 2017
- Board recommends final dividend of 4.0 cents per share, maintains total dividend at 7.5 cents per share for 2018 (2017: 7.5 cents)

S\$ million	2018	2017	% Change	Q4 2018	Q4 2017	% Change
Volume ('000 MT)	32,867.6	22,534.6	45.9	9,610.9	7,796.0	23.3
Revenue	30,479.0	26,272.5	16.0	8,460.4	7,235.2	16.9
EBITDA	1,235.8	1,327.9	(6.9)	330.7	312.8	5.7
PAT	323.1	551.6	(41.4)	72.2	256.1	(71.8)
PATMI	347.8	580.7	(40.1)	75.3	265.1	(71.6)
Operational PATMI	346.6	431.5	(19.7)	72.0	109.7	(34.4)

MANAGEMENT COMMENTS

Co-Founder & Group CEO Sunny Verghese said:

“Compared with a strong performance in the previous year, our 2018 performance has been below our expectations amid tougher than anticipated market conditions, particularly in the second half of the year.

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“Looking ahead, we are focused on executing on our Strategic Plan for 2019-2024 by investing in high-growth businesses in our portfolio where we have clear winnability. This will help us capitalise on key consumer trends, enabling us to achieve sustainable and profitable growth.”

Executive Director and Group COO, A. Shekhar said:

“We have grown our volumes and revenues, whilst managing our balance sheet very prudently. Our continued working capital optimisation initiatives, disciplined and targeted capital expenditure, while executing on planned divestments, have enabled us to deliver significant free cash flow to equity of S\$1.1 billion and reduce gearing to 1.32 times.”

FINANCIAL RESULTS

Q4 2018

- EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) was up 5.7% at S\$330.7 million (Q4 2017: S\$312.8 million) on improved performance from Cocoa, Packaged Foods and Wood Products.
- PATMI (Profit After Tax and Minority Interest) declined 71.6% YoY to S\$75.3 million (Q4 2017: S\$265.1 million) due to a large exceptional gain of S\$155.4 million recorded in Q4 2017.
- Operational PATMI, which excludes exceptional items, was lower by 34.4% year-on-year (YoY) to S\$72.0 million (Q4 2017: S\$109.7 million) as improved performance from Cocoa, Packaged Foods and Wood Products was offset by lower contribution from Peanuts, Coffee, Rice and Dairy businesses.

2018

- EBITDA was lower by 6.9% at S\$1.2 billion (2017: S\$1.3 billion) as improved performance from Cocoa, Packaged Foods and Wood Products was offset by lower contribution from Peanuts, Coffee, Rice and Dairy businesses.
- PATMI decreased 40.1% YoY to S\$347.8 million (2017: S\$580.7 million) due to the large exceptional gain of S\$149.2 million recorded in 2017.
- As a result of the above, Operational PATMI declined 19.7% to S\$346.6 million (2017: S\$431.5 million).



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Cash flow and gearing

- Strong, positive Free Cash Flow to Firm (FCFF) of S\$1.53 billion for 2018 (2017: S\$1.48 billion) and Free Cash Flow to Equity of S\$1.1 billion (2017: S\$1.0 billion) on working capital improvement and reduced net capital expenditure.
- Net gearing as at December 31, 2018 was lower at 1.32 times compared with 1.46 times a year ago due to lower net debt.

2018 SEGMENTAL PERFORMANCE

Edible Nuts and Spices

- Revenue reduced 4.0% to S\$4.3 billion, mainly due to lower prices across multiple products in the segment.
- EBITDA fell 22.5% to S\$339.9 million against a particularly strong 2017, primarily on lower contribution from the peanut business.

Confectionery and Beverage Ingredients

- Revenue decreased 12.4% to S\$7.1 billion primarily on account of historically low coffee prices.
- EBITDA rose 35.5% to S\$444.0 million as the Cocoa business performed exceptionally well in both supply chain and processing operations, offsetting the weaker results from Coffee

Food Staples and Packaged Foods

- Revenue rose 48.5% to S\$14.5 billion mainly on higher trading volumes in Grains.
- EBITDA was lower by 19.7% to S\$288.8 million, compared with a strong 2017 performance as Packaged Foods' improved performance was offset by reduced contribution from the Dairy, Rice, Edible Oils and Animal Feed businesses.

Industrial Raw Materials, Infrastructure and Logistics

- Revenue was up 16.9% to S\$4.5 billion on higher volumes from all businesses.
- EBITDA fell 10.7% to S\$176.2 million on lower contribution from GSEZ, offsetting growth from Wood Products and Rubber.

Commodity Financial Services

- The segment reported an EBITDA loss of S\$13.1 million in 2018 compared with EBITDA of S\$4.8 million in 2017. This was largely due to losses from the Fundamental Fund business, which was closed in Q4 2018.



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OUTLOOK

While political and economic uncertainties are expected to continue, 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 execute on the four strategic pathways for growth as set out in the 2019-2024 Strategic Plan. It will strengthen, streamline and focus its business portfolio, drive margin improvement by enhancing cost and capital efficiency, generate additional revenue streams by offering differentiated products and services, and explore partnerships and investments in select new engines for growth.

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 2018 Financial Statements and Management Discussion and Analysis lodged on SGXNET on February 28, 2019.
2. Olam will host a webcast on February 28, 2019, 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 <https://www.olamgroup.com>.
3. Edible Nuts and Spices has been renamed from Edible Nuts, Spices and Vegetable Ingredients while Industrial Raw Materials, Infrastructure and Logistics was previously Industrial Raw Materials, Ag Logistics and Infrastructure.

About Olam International Limited

Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to over 22,000 customers worldwide. Our value chain spans over 60 countries and includes farming, processing and distribution operations, as well as a sourcing network of 4.7 million farmers.

Through our purpose to 'Re-imagine Global Agriculture and Food Systems', Olam aims to address the many challenges involved in meeting the needs of a growing global population, while achieving positive impact for farming communities, our planet and all our stakeholders.

Headquartered and listed in Singapore, Olam currently ranks among the top 30 largest primary listed companies in terms of market capitalisation on SGX-ST.

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



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