

Half-Year 2022 Results Briefing

August 12, 2022



Notice



This presentation should be read in conjunction with Olam Group Limited's Financial Statements and Management Discussion and Analysis for the Half-Year ended June 30, 2022 ("H1 2022") lodged on SGXNET on August 12, 2022.

Cautionary note on forward-looking statements



This presentation and announcement entitled “Half-Year 2022 Results Briefing” may contain statements regarding the business of Olam Group Limited and its subsidiaries (“the 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 Group’s future financial results are detailed in our circulars, information memorandums, information contained in this presentation, or discussed in today’s news releases and in the Management Discussion and Analysis section of the Company’s and the Group’s Half-Year ended June 30, 2022 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.

Presenters



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Olam Group Limited



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CEO, ofi

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H1 2022 Group financial highlights



Group H1 2022 results: At a glance



Volume & Revenue	22.5 M MT +0.5%	S\$28.4 B +24.6%	Operational PATMI	S\$472.5 M +8.2%
EBIT	S\$802.1 M +25.0%		Free Cash Flow	+S\$864.0 M S\$466M
PATMI	S\$429.1 M +1.8%		Gearing	From 1.60x to 1.73x

Group H1 2022 financial highlights



Strong EBIT growth and improved Operational PATMI

- EBIT grew 25.0% with very strong contribution by Olam Agri which grew its EBIT by 49.4%
- **ofi** delivered EBIT of S\$265.0 million despite surging inflationary costs and higher depreciation and amortisation from recent acquisitions
- Operational PATMI up 8.2% to S\$472.5 million despite higher interest costs and tax provisions



Disciplined capital management

- Strong cash generation with FCFF and FCFE of S\$719.7 million and S\$465.7 million respectively
- Robust cash position of S\$6.4 billion, ample liquidity of S\$24.3 billion and diversified pools of capital
- Working capital cycle time maintained despite impact from higher commodity prices and working capital needs
- Stable gearing at 1.73x (Dec-21: 1.72x) ; adjusted gearing net of RMI and secured receivables at 0.66x



Interim dividend

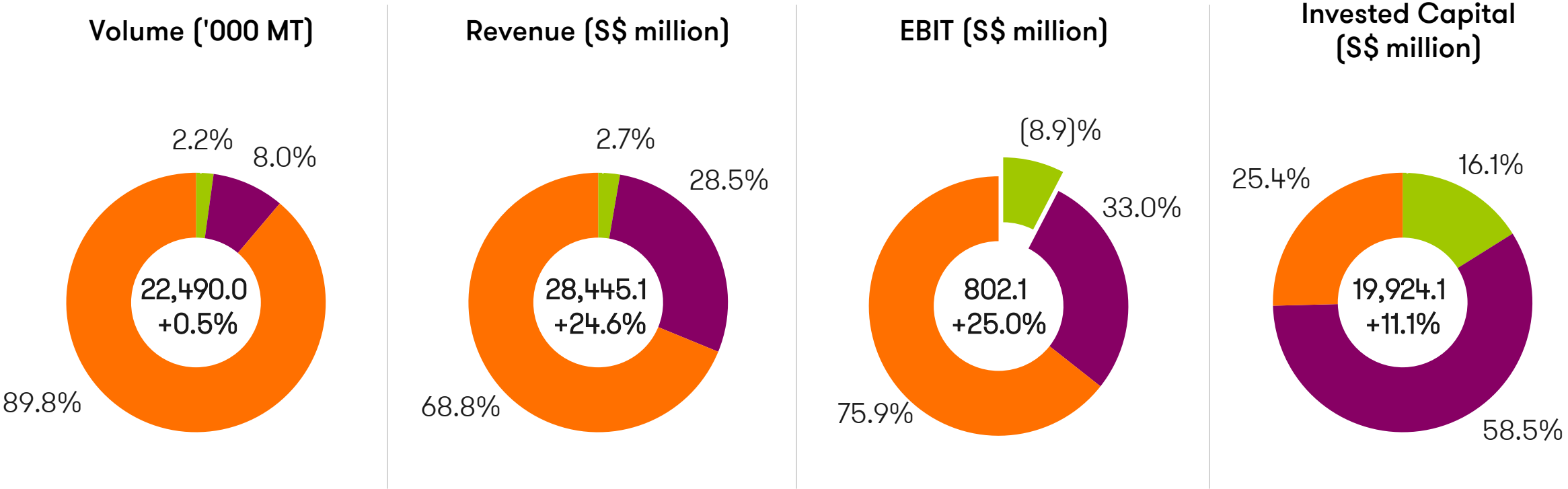
- Board of Directors declares interim dividend of 4.0 cents per share (H1 2021: 4.0 cents per share)

Consolidated results by operating group



H1 2022 at a glance

ofi Olam Agri Remaining Olam Group

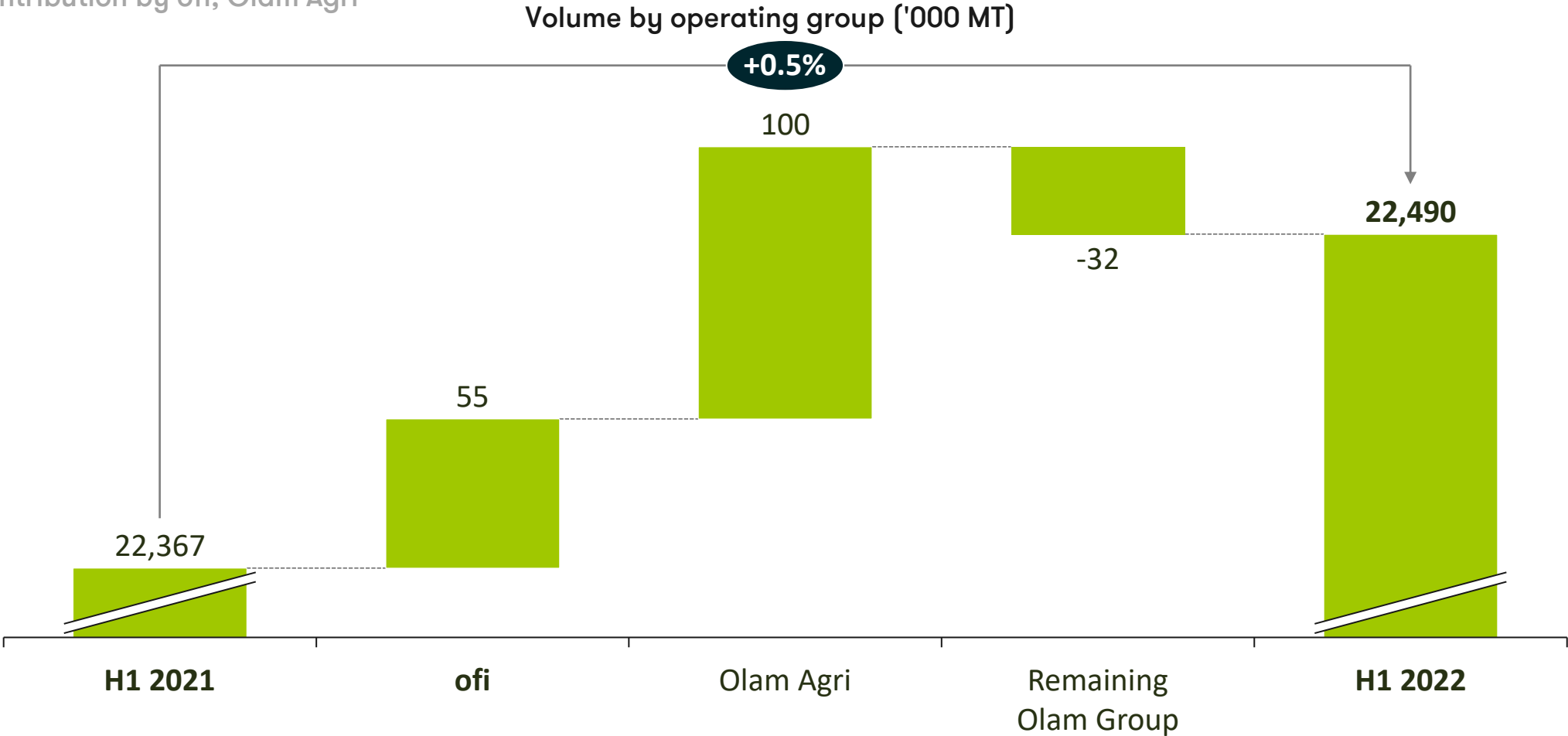


Note: Post H1 2021, certain businesses were transferred between operating groups. The Coffee plantation business was transferred from Olam Global Holdco ("OGH") of Remaining Olam Group to ofi (as part of Global Sourcing) and ofi's Russian operations (primarily comprising the Rusmolco dairy farming operations, also a part of Global Sourcing) were transferred from ofi to OGH. The results for ofi and Remaining Olam Group for H1 2022 and H1 2021 are presented after incorporating these changes

Sales volume up 0.5%



Positive contribution by ofi, Olam Agri



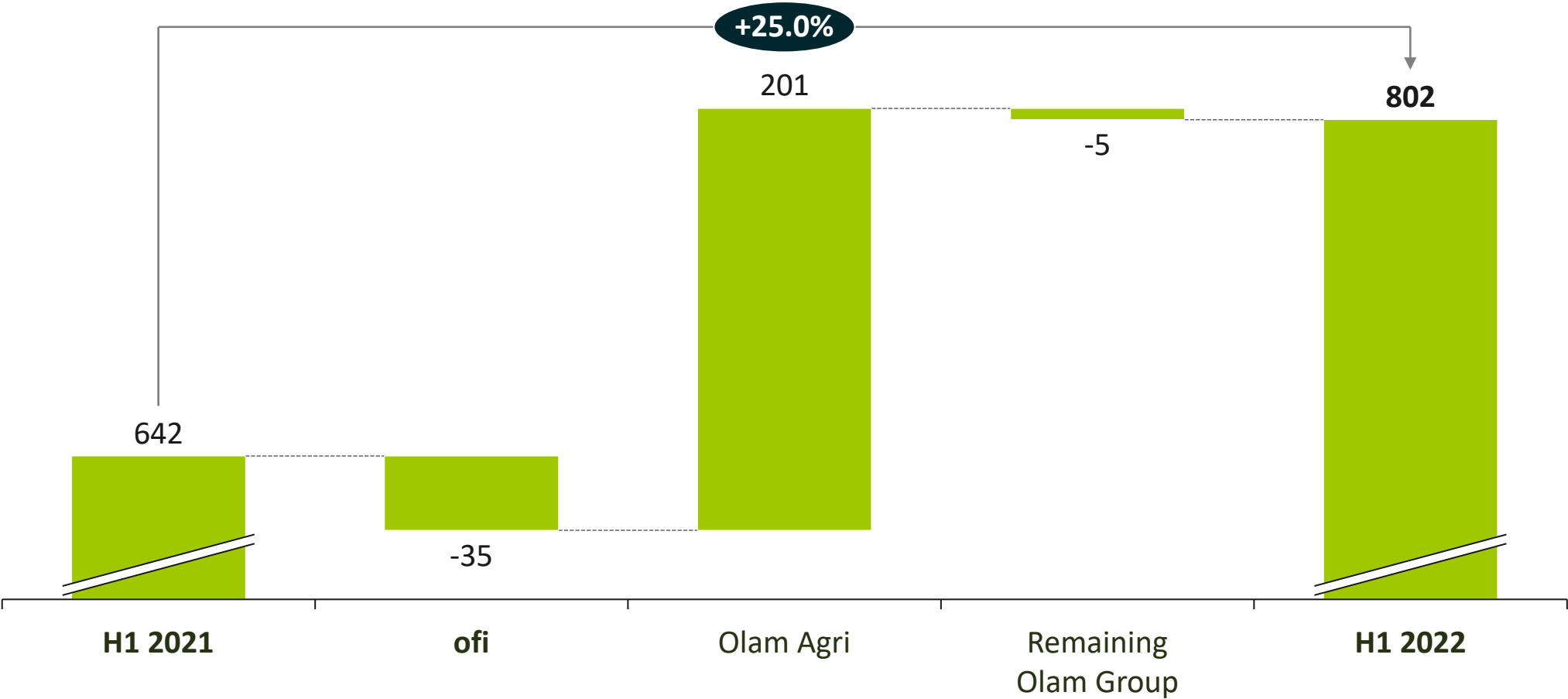
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EBIT increased by 25.0% to S\$802 million



Strong contribution from Olam Agri

EBIT by operating group (S\$ million)



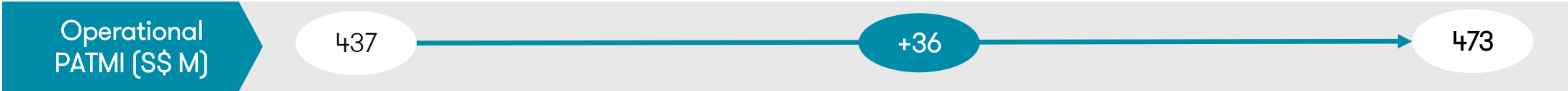
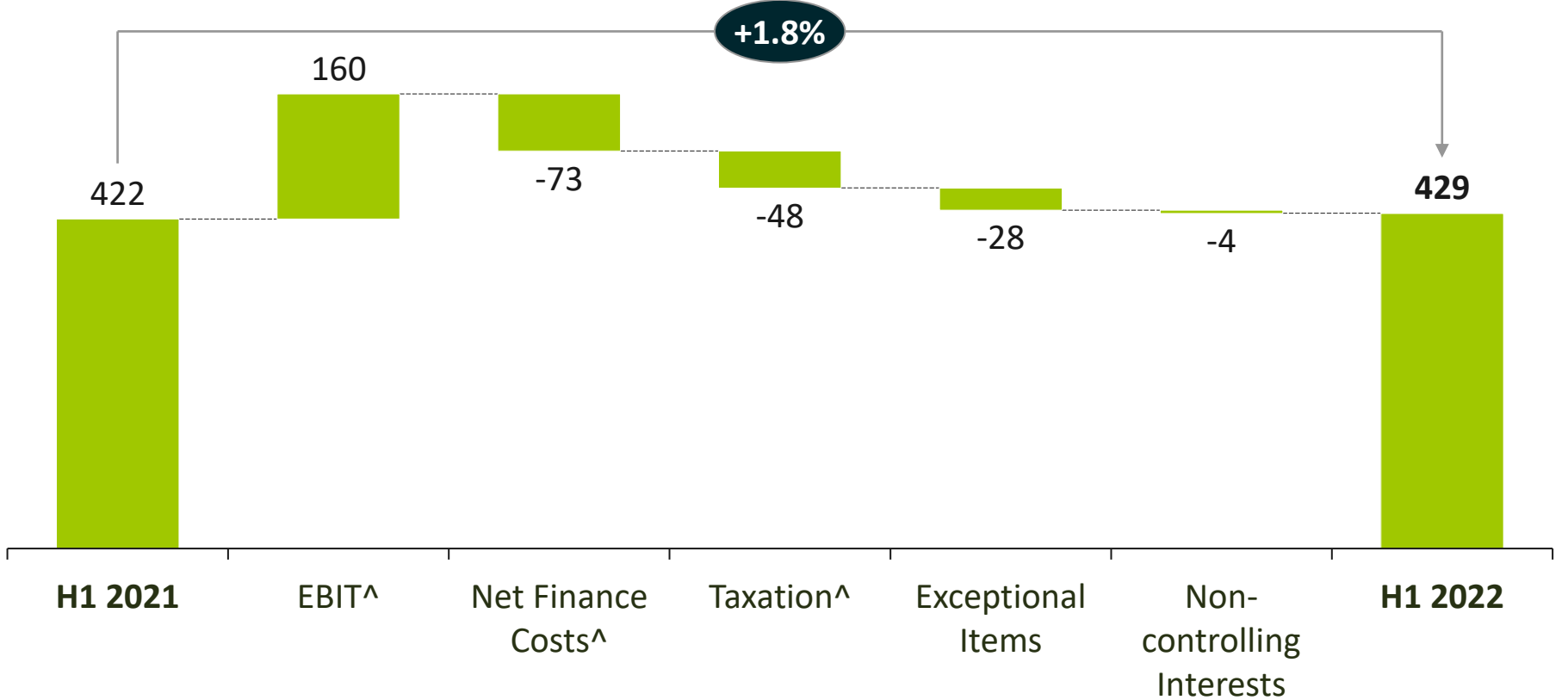
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Operational PATMI up 8.2% to S\$473 million



Reported PATMI up 1.8% to S\$429 million

PATMI and Operational PATMI (S\$ million)

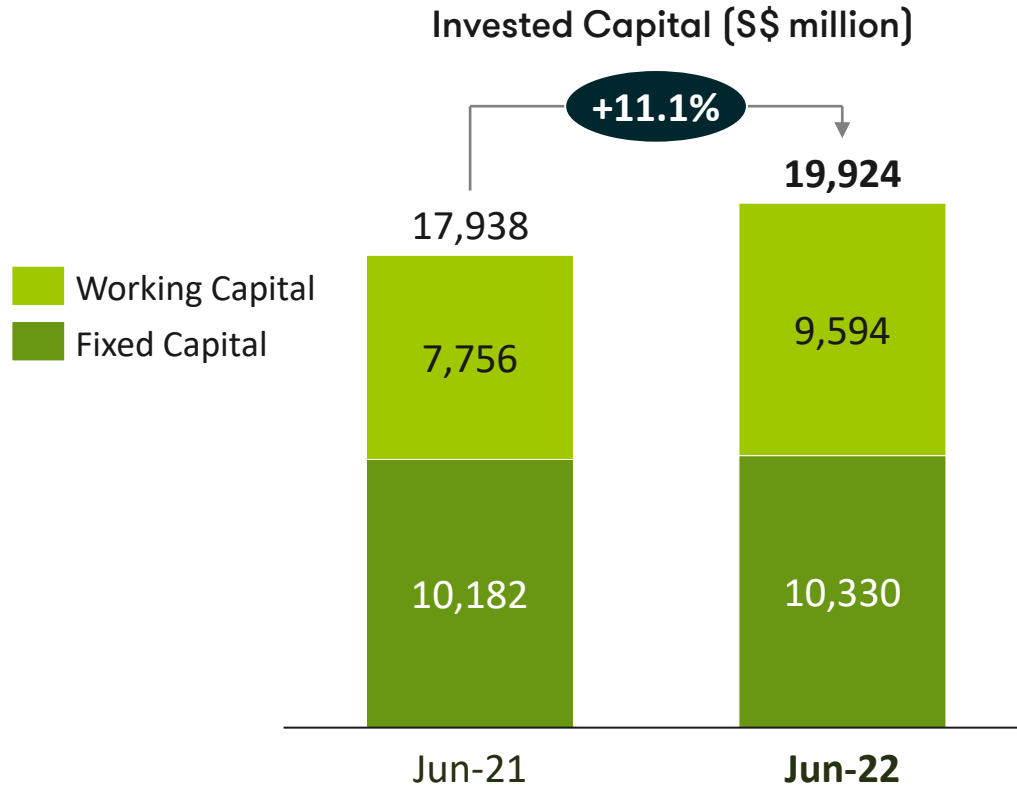


^ Excludes exceptional items

11.1% increase in invested capital¹

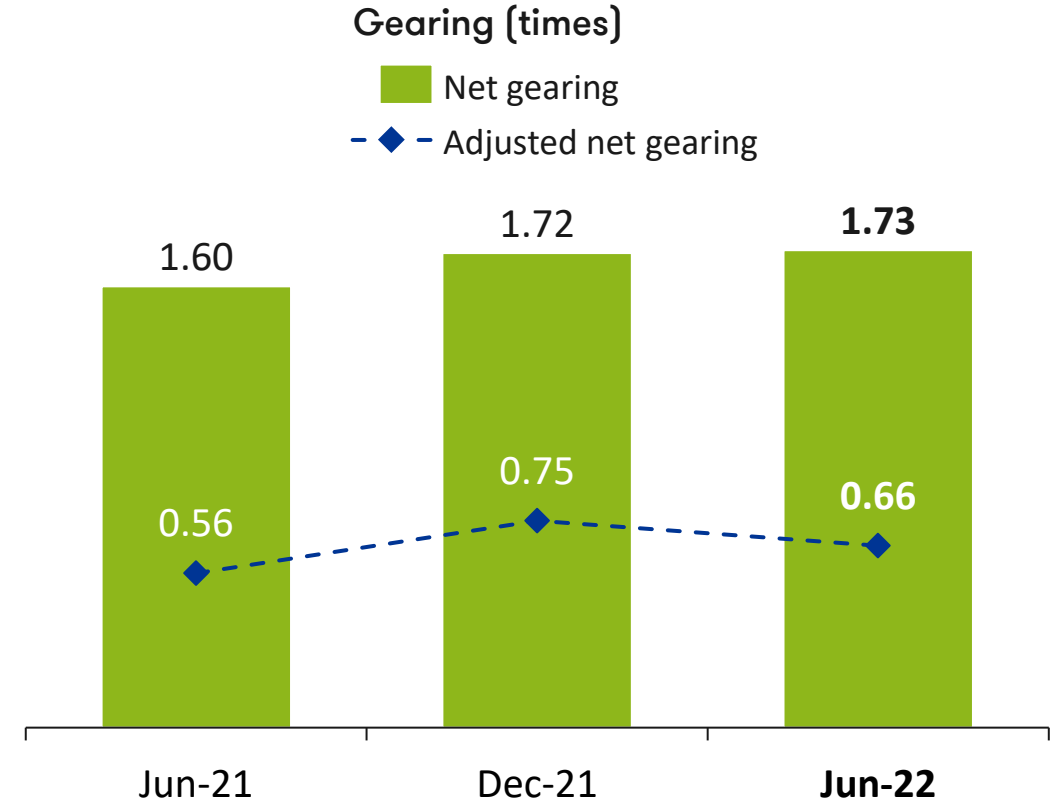


Driven by working capital investments



Invested capital increase mainly caused by higher working capital investments due to higher commodity prices compared with H1 2021

¹Invested Capital excludes Gabon Fertiliser Project (30-Jun-2022: S\$242.1 million; 30-Jun-21: S\$262.4 million) and Long-term Investment (30-Jun-2022: Nil; 30-Jun-2021: S\$26.4 million).



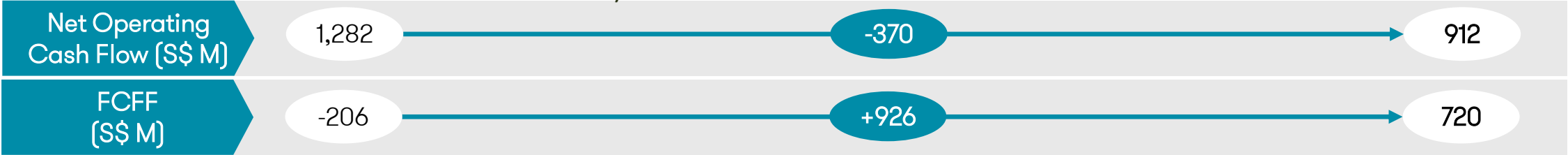
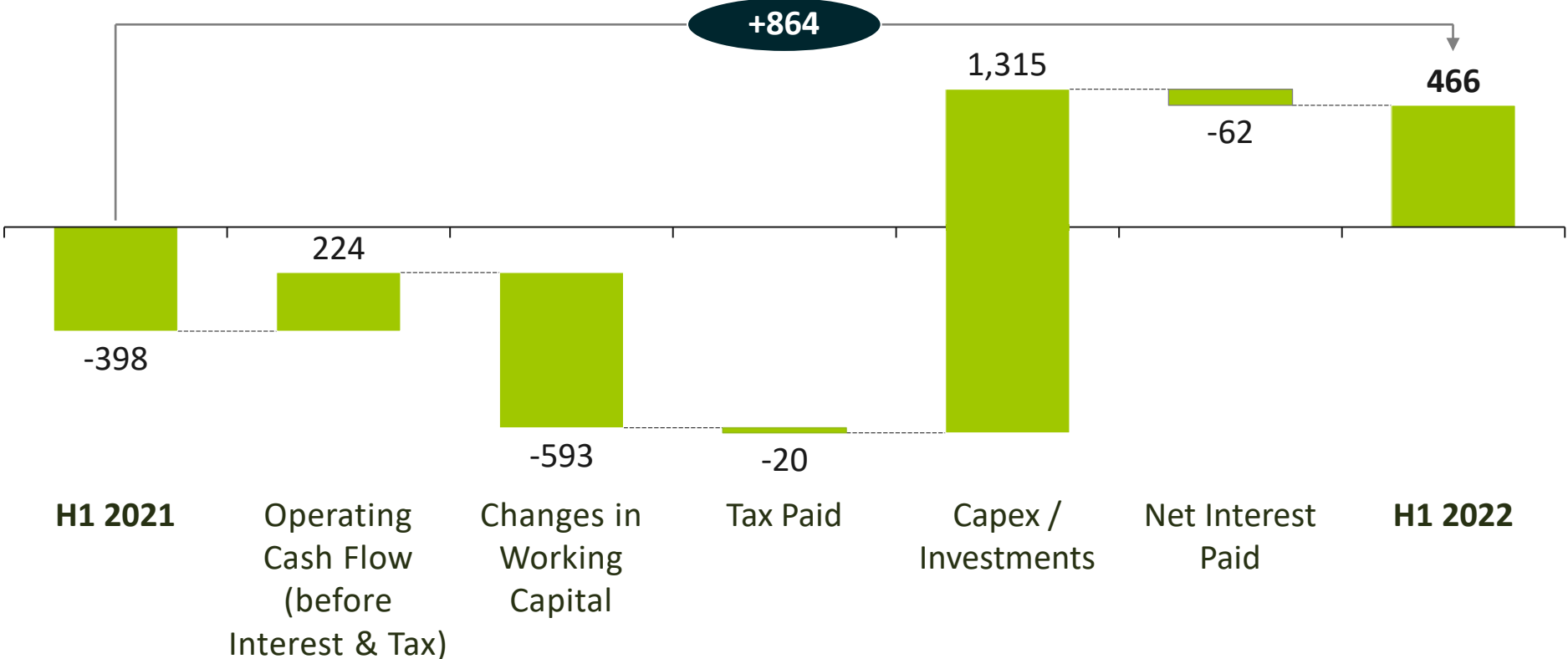
Net gearing held steady as working capital requirements eased and moderated the impact on net debt

Positive free cash flow to equity at S\$466 million

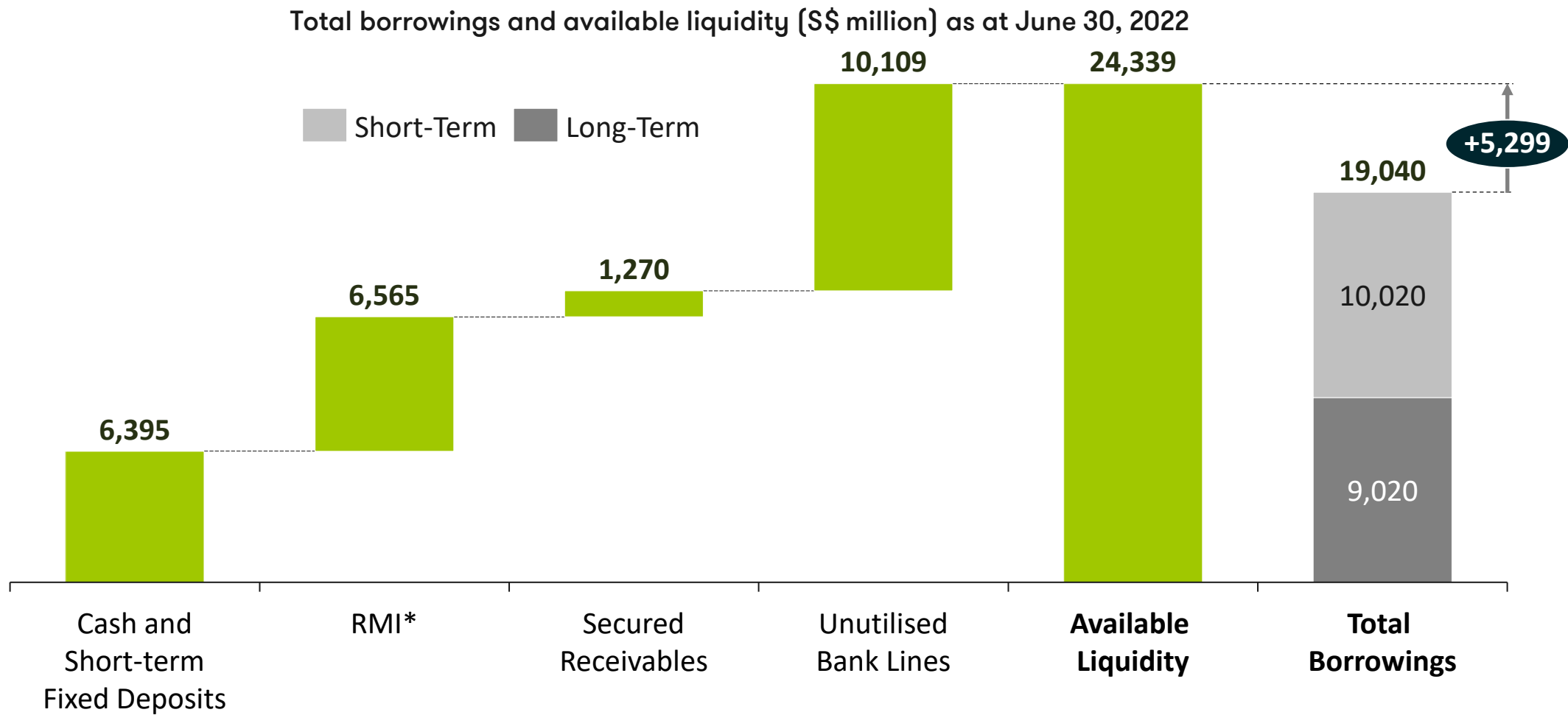


Significantly lower gross Capex and cash from divestments led to positive FCFE

Free Cash Flow to Equity (FCFE) (S\$ million)



Strong liquidity position



* RMI: Readily marketable inventories that are liquid, hedged and/or sold forward

2

Segmental performance by operating group





H1 2022 results

ofi



ofi in numbers



Cocoa



Coffee



Nuts



Spices



Dairy

14.2 
Billion revenue (\$\$)

1,145 
Million EBITDA (\$\$)

821 
Million EBIT (\$\$)

110+ 
Manufacturing facilities

49 
Countries

22,000+
employees 

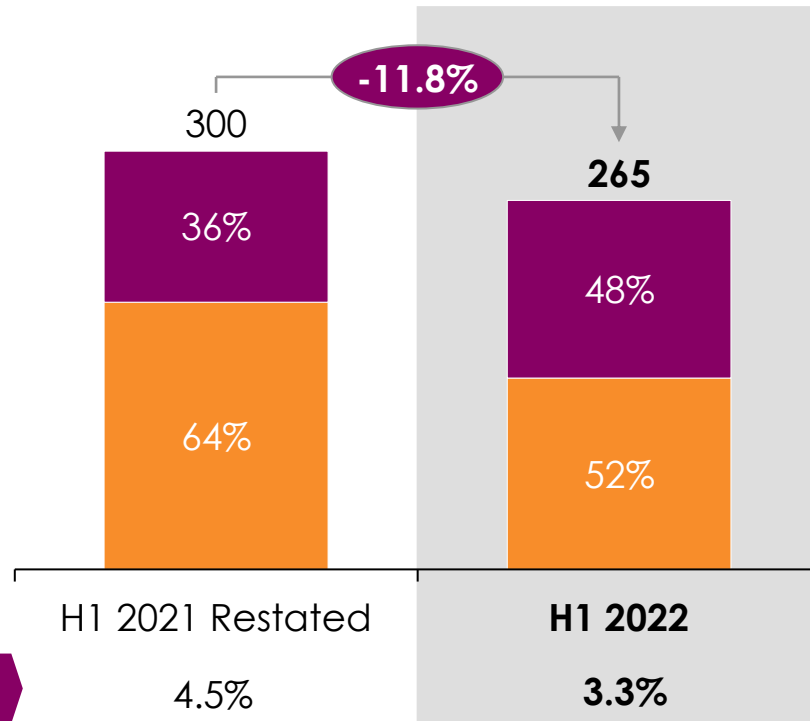
11,000+
customers 

Note: Data restated to reflect transfer of **ofi**'s Russian operations (primarily comprising the Rusmolco dairy farming operations, a part of Global Sourcing) from **ofi** to OGH. In addition, the Coffee plantation business was transferred from OGH to **ofi** (as part of Global Sourcing). All numbers are for full year 2021.

ofi H1 2022 results

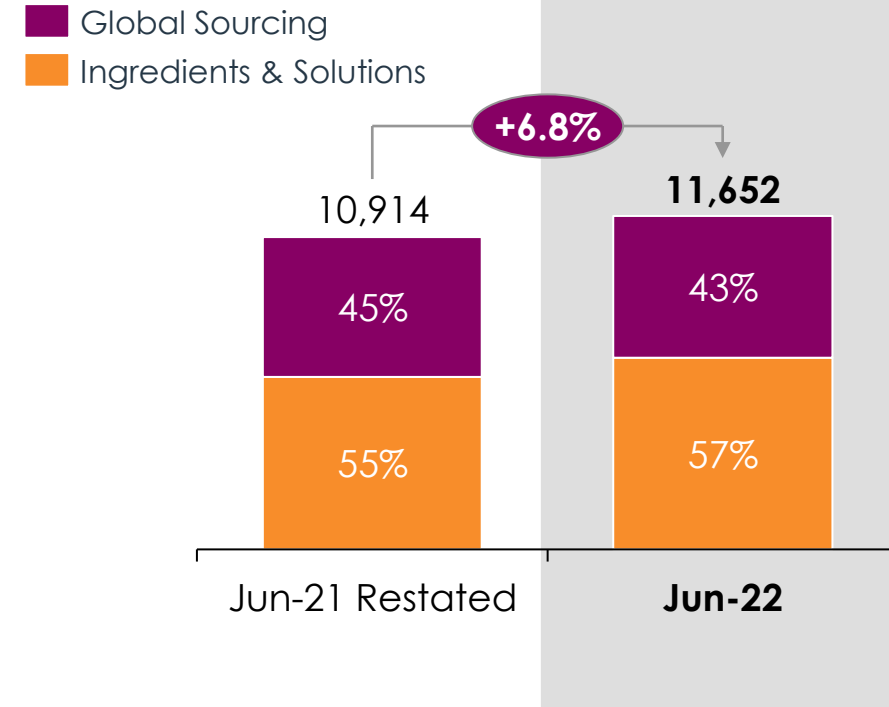


S\$ Million EBIT



- **ofi's** EBIT decline of 11.8% is set against a very strong prior period.
- It reflects the rapid and unexpected surge in input costs in the current year, as well as increased depreciation and amortisation from recent acquisitions.
- Pricing changes incorporating revised costs, already underway, flowing through with some lag

S\$ Million Invested Capital

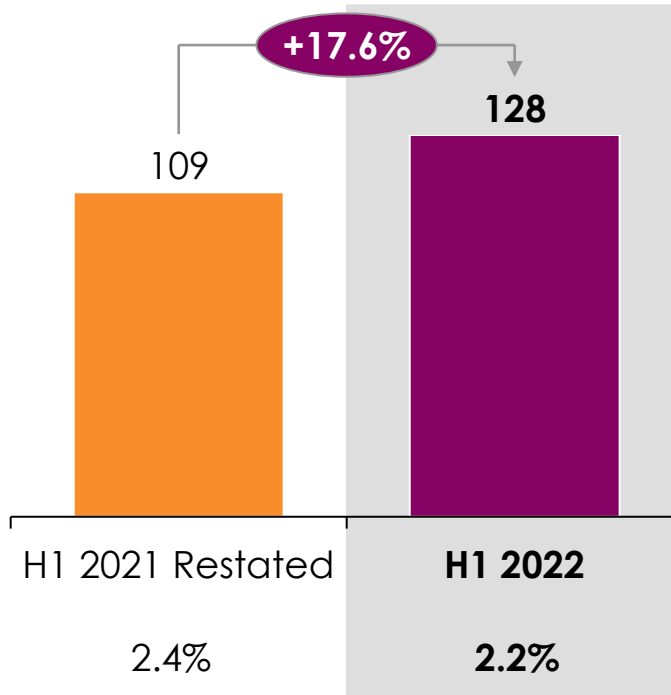


- IC increased 6.8%, reflecting ongoing investments into new capabilities and greenfield ingredient manufacturing facilities.
- Working capital also reflects higher input prices.

ofi: Global Sourcing



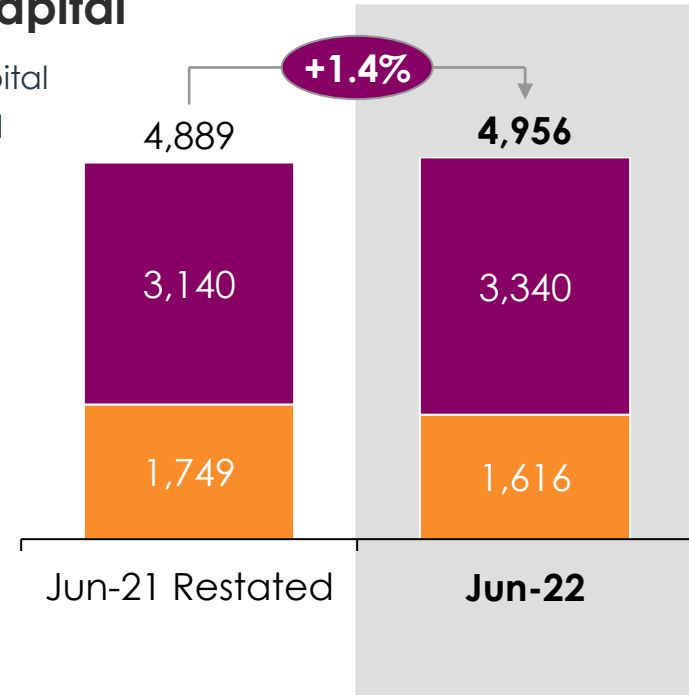
S\$ Million
EBIT



- Strong EBIT growth of 17.6% was driven by performances from Dairy and Coffee.
- All the businesses successfully navigated the significant volatility in input raw material pricing and other costs.

S\$ Million
Invested Capital

Working Capital
Fixed Capital



- IC remained broadly flat with strong operational and working capital focus despite higher raw material prices.

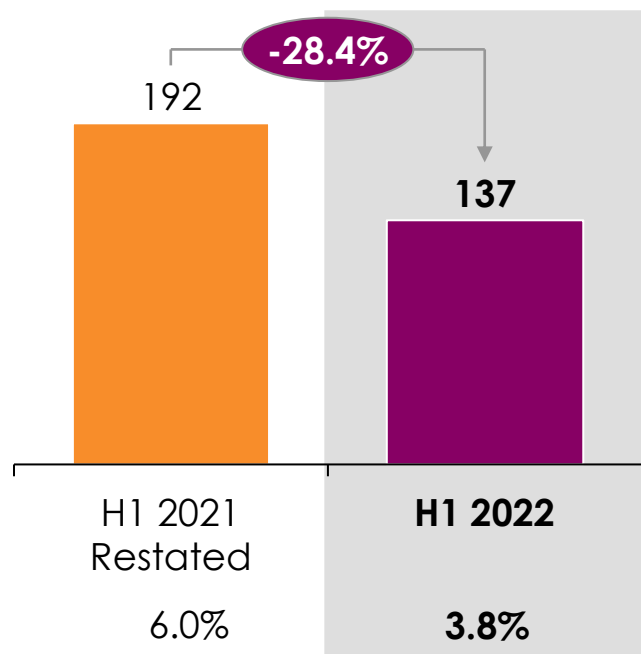
Note: The Coffee plantation business was transferred from OGH to **ofi** (as part of Global Sourcing) and **ofi**'s Russian operations (primarily comprising the Rusmolco dairy farming operations, also a part of Global Sourcing) were transferred from **ofi** to OGH. The **ofi** results for H1 2022 and H1 2021 are presented after incorporating these changes.

ofi: Ingredients & Solutions



\$\$ Million

EBIT

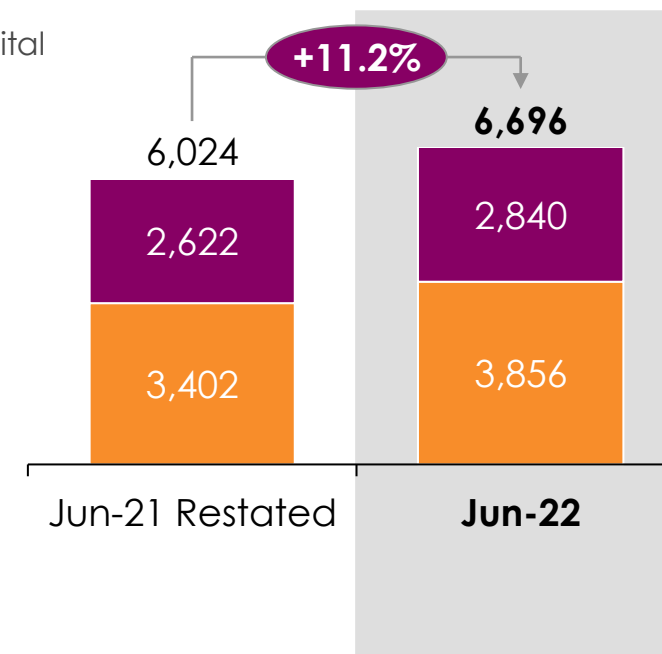


EBIT margin

- EBIT decreased 28.4% driven by the adverse impact of input costs, particularly the sharp and unexpected rise in energy costs in this period; Pricing changes already underway, which are flowing through with some lag.
- The EBIT drop in H1 2022, also reflects the increased and full depreciation & amortisation costs on account of recent acquisitions which were not in the comparative period.
- Well positioned for 2022 and beyond as the revised pricing and margin recovery gathers pace in H2 2022.

Invested Capital

Working Capital
Fixed Capital



- IC increased 11.2%, driven by higher fixed capital in ongoing greenfield investments as well as from recent acquisitions.
- Increased raw material input prices also led to an increased in the carrying value of inventory within working capital.

ofi: Growth framework



Organic Growth – Growing & extending the core

Extract **full value** from current investments

Increase **share of value** with **targeted strategic customers**

Focus on **cost competitiveness**

Expand **innovation & sustainability** solutions

Accelerated M&A opportunities in higher value **products, categories, and channels...**

- **Channel expansion:** private label, foodservice, e-commerce
- **Product extensions:** Eg: nut ingredients, spice blends, etc
- **Category solutions:** beverages, bakery & confectionery, snacks, culinary

Inorganic Growth – Disciplined Buying



Contribution to medium-term
Volume growth:
Low to Mid-single digit



Contribution to medium-term
EBIT growth:
High-single digit

Recent acquisitions of Club Coffee and Marsch in line with growth strategy

¹: adjusted for one-off non-recurring items



H1 2022 results



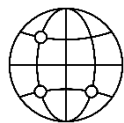
Olam Agri in numbers



3 Segments

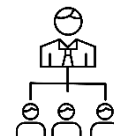
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Food & Feed
- Origination
& Merchandising



30

countries



9,100+

employees



S\$31.3b

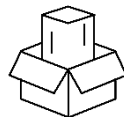
revenue

2

Food & Feed -
Processing & Value-added



41m



tonnes in volume
handled

50+



Manufacturing &
processing facilities

15.9%

EBIT/IC



3

Fibre, Agri-
Industrials &
Ag Services



S\$930m

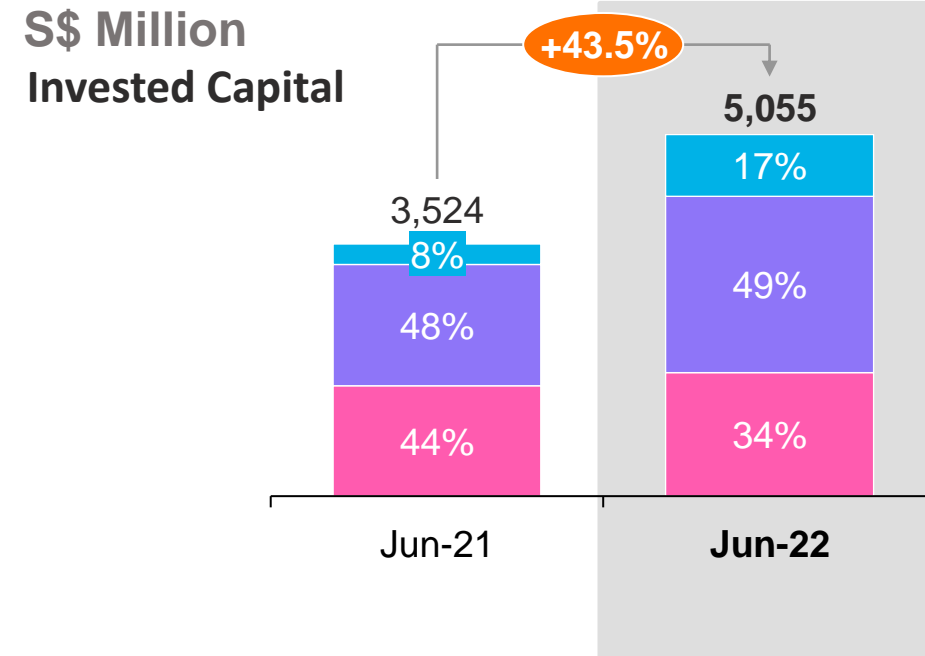
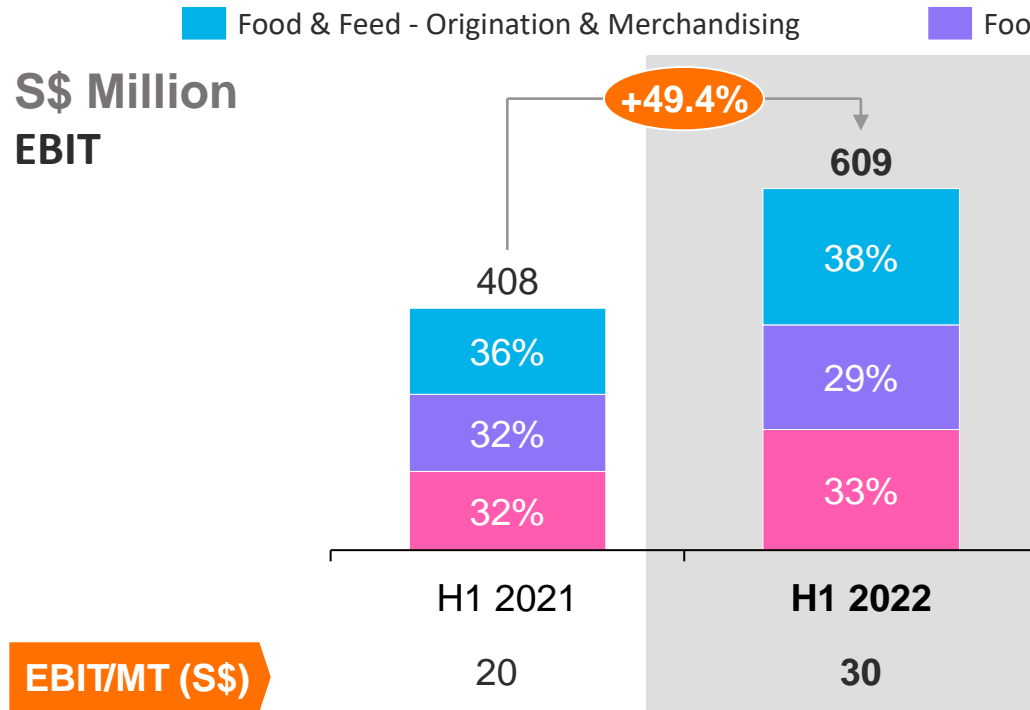
EBITDA 2018-2021 CAGR: 42.5%

S\$753m

EBIT 2018-2021 CAGR: 46.7%

Note: All Numbers are for full year 2021.

Olam Agri H1 2022 results

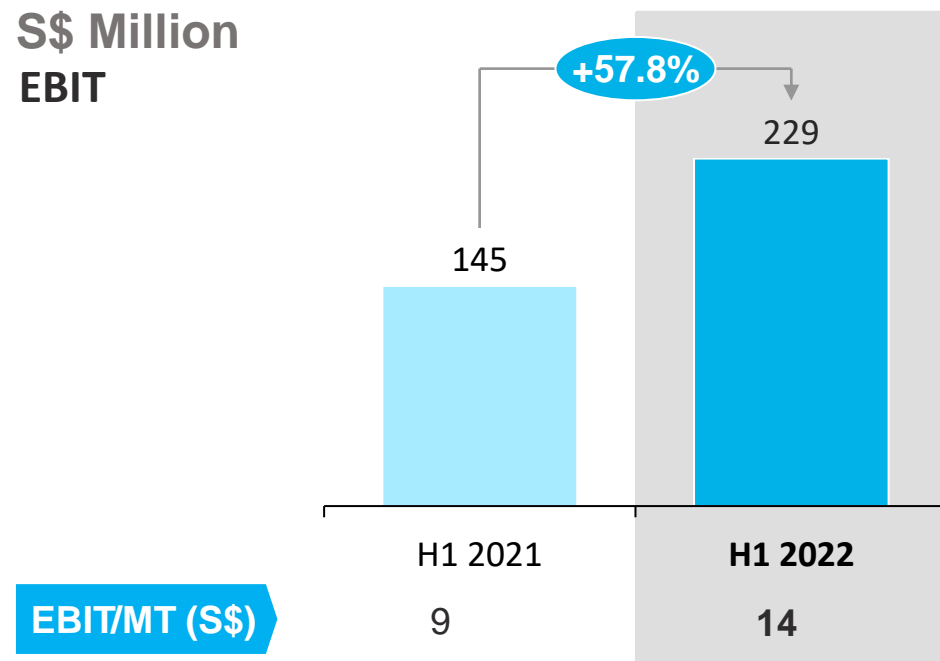


- Strong EBIT contribution by all three segments with strong margin growth from S\$20 to S\$30 in EBIT per tonne
- Grains & Oilseeds, Integrated Feed & Proteins business grew substantially on higher contribution from the freight business, wheat and pasta, Edible Oils and Rice which benefited from the burgeoning export trade out of India into Middle East, Africa.
- Cotton had an exceptional strong H1 2022 despite cotton price volatility and supply chain disruptions; Wood Products saw strong demand from Europe; Rubber had a steady performance.

- IC increased 43.5% as working capital needs grew on account of higher prices in cotton, grains and oilseeds.

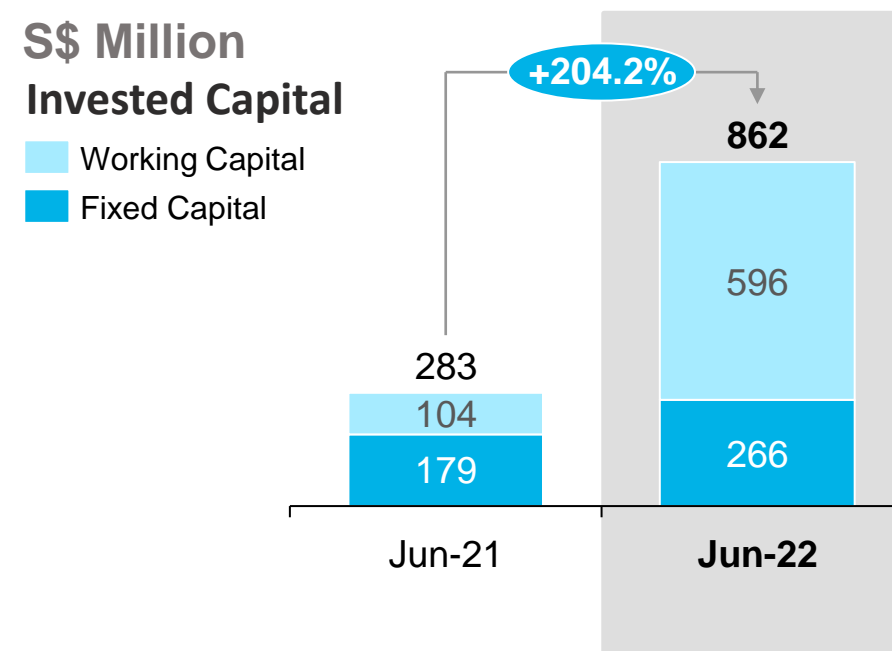
Olam Agri: Food & Feed - Origination & Merchandising Olam Agri

S\$ Million
EBIT



- Grains exports out of Russia and Ukraine were significantly lower during this period due to Russia-Ukraine war, but were compensated by higher sales volumes out of other origins within our global origination network to meet the surge in demand.
- Our ability to manage supply chain disruptions and increased market and operational risks, strong customer relationships and good freight management capabilities on an expanded fleet size helped lift EBIT by 57.8%.
- Rice was well-positioned for the record volumes in exports from India, and demand from new markets in Middle East, Africa continued to rise; Edible Oils demand and sales remained buoyant despite elevated prices.

S\$ Million
Invested Capital

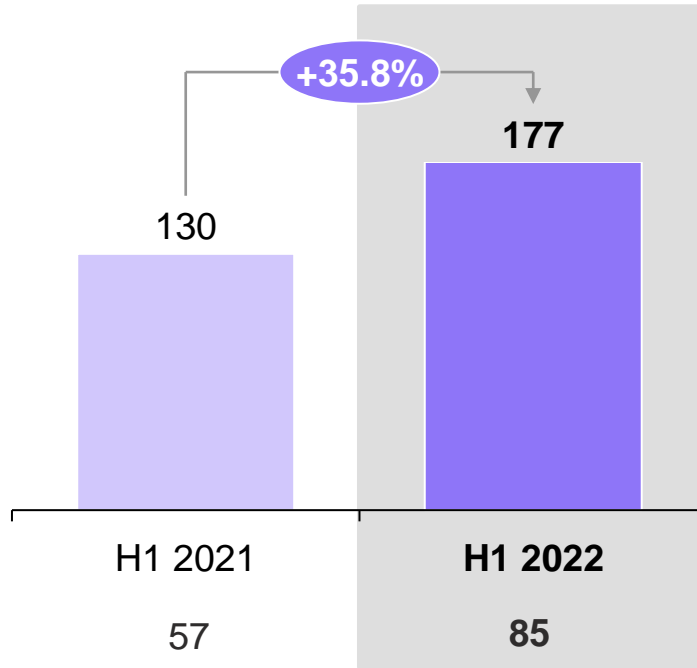


- Fixed capital increased due to the recognition of right-of-use assets on freight vessels.
- Significant increase in working capital on the steep rise in grains and oilseeds prices, which hit all-time due to a supply crunch arising from the Russia-Ukraine war and continuing supply chain disruptions

Olam Agri: Food & Feed – Processing & Value-added

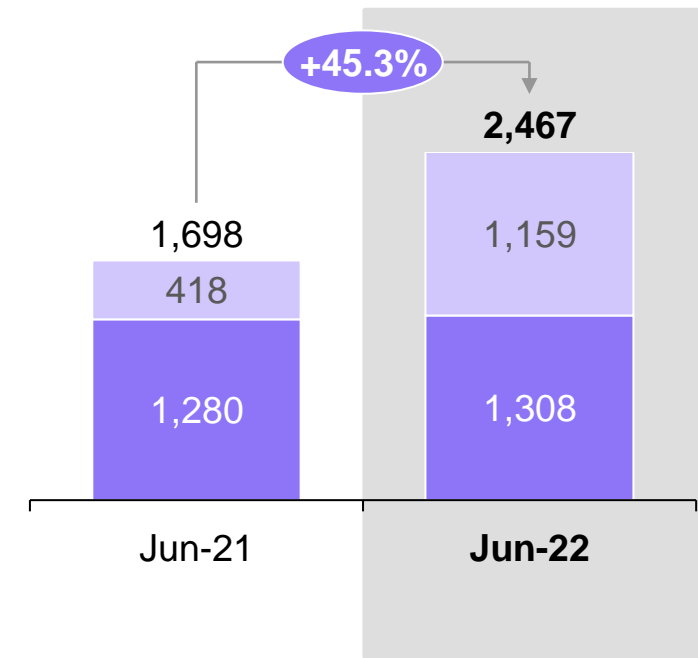


S\$ Million
EBIT



S\$ Million
Invested Capital

Working Capital
Fixed Capital



Strong EBIT growth of 35.8% despite escalating grains prices as Olam Agri was able to control its feedstock and processing costs through effective market risk management and local procurement of raw materials; Wheat and pasta continued to optimise capacity utilisation and improve revenues mix by selling more B2C products.



Integrated Feed & Proteins was resilient despite adverse impact of the avian influenza as it was compensated by healthy growth in fish feed.



Rice contribution was lower against a strong H1 2021 due to the impact of severe cedi depreciation on demand and margins in Ghana.

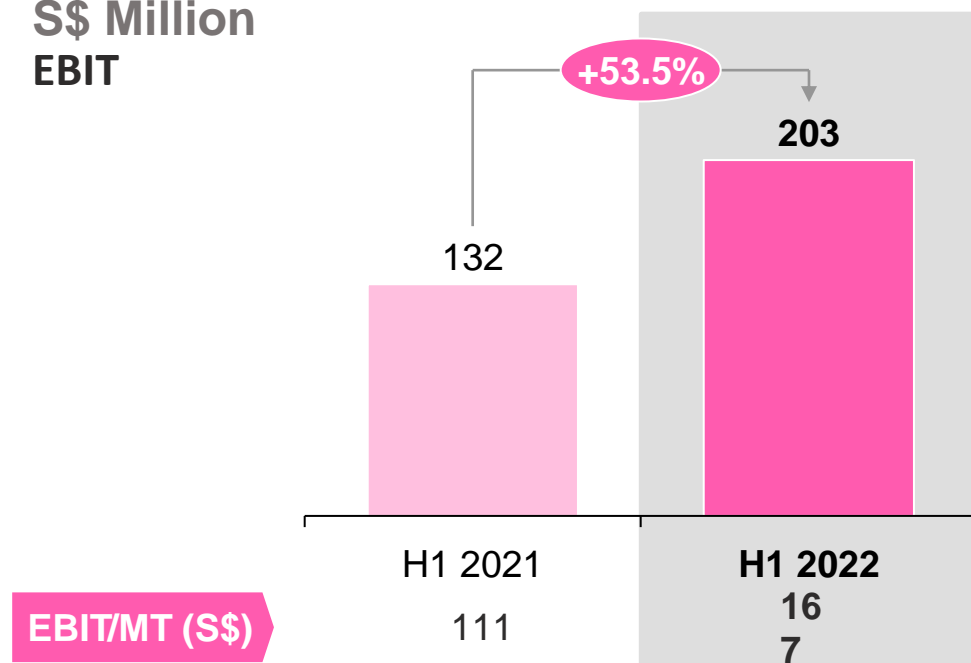


IC was up 45.3% as working capital increased due to higher commodity prices.

Olam Agri: Fibre, Agri-industrials & Ag Services

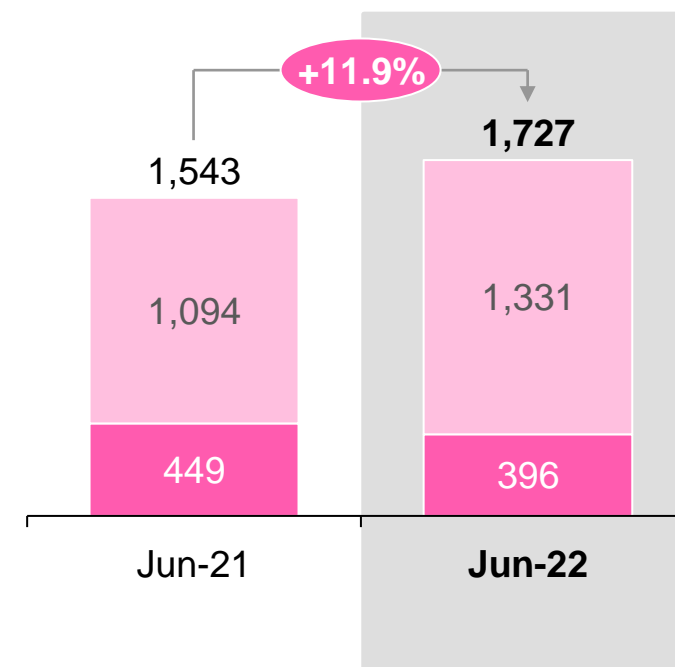


S\$ Million
EBIT



S\$ Million
Invested Capital

Working Capital
Fixed Capital



Solid EBIT performance: Cotton led the pack with strong report card on its diversified model as US domestic operation, mills (ex-China) demand grew, higher income from ginning in Australia, integrated ginning in West Africa, and improved cotton yields in Australia, Brazil.

Forestry and saw milling in Congo achieved better results riding on the housing and construction boom in Europe; Rubber processing in Cote d'Ivoire continued to do well on broad-based growth in demand across Asia, Europe and Americas.

Commodity Financial Services reported strong growth in the quantitative fund management business

IC was higher by 11.9% mainly due to the rise in working capital on increased cotton prices and inventory levels.

Olam Agri key takeaways



Strategically positioned as a **food security play in the growing and attractive food & agri sector** supported by strong secular fundamentals, with a **clear focus on high-growth emerging consumption markets**



Participation in key parts of the global agri market and targeted sub-markets as a relatively **asset-light, independent trader** with a **differentiated model including selective integration across the value chain** with strong operating capabilities



Clear pathways to **significantly grow earnings on a sustainable basis over the medium/long-term** by increasing share of value-added products and expanding geographic footprint



Helmed by a **highly experienced, capable and engaged management team**



Market leading sustainability track record aligned to its key sustainability objectives of being **climate positive, nature positive and livelihood positive** across its businesses

Olam Agri's differentiated asset-light model and focus on high-growth emerging markets has led to industry leading growth and return profile.



Remaining Olam Group H1 2022 Results

Remaining Olam Group



Remaining Olam Group

Olam Global Holdco (OGH)

holds 5 de-prioritised assets earmarked for exit, 3 gestating businesses and 1 continuing business, and will responsibly divest non-core assets, nurture and monetise gestating assets

- In H1 2022, we divested our entire stakes in ARISE IIP and ARISE IS and investment in Ingredion SRSS (PureCircle)
- To divest remaining 5 assets by end-2024
- To explore strategic options to partially or fully monetise OPG, Packaged Foods and ARISE Ports & Logistics
- Consistent with one of the key objectives of our Purpose to strive for food security for all, combined with our duty of care to our employees, herd population, customers and farmers, OGH will continue to operate Russian dairy farming operations (Rusmolco)

Olam Ventures

acts as a foundry to build new sustainability and digital platforms for growth (Engine 2 initiatives); strategic partnership being explored to take it to full potential

Olam Technology and Business Services (OTBS)

- Provides IT, digital and shared services to the operating groups, including ofi and Olam Agri through long-term service agreements
- Develop IT and digital services for third-parties
- Will explore strategic partnerships to take this business to full potential



1

Disruptive idea

2 & 3

Built on the twin engines of **Digitalisation and Sustainability**

Leveraging Olam's core strengths & unique assets

4

Strategic & Financial value to Olam

5

Material & Scalable opportunity – large enough opportunities that can become new engines of growth for Olam in 6 years (two 3-year planning cycles)

6

Smart investing (digital & sustainability) rather than asset-heavy capital led models

Criteria for selecting Engine 2 ventures

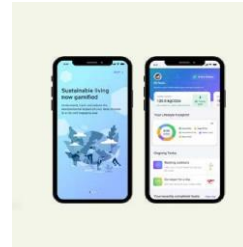
Currently six Engine 2 initiatives being developed



Farmer Services Platform: Jiva



Sustainability Lifestyles (Adva (B2C)), Smart carbon management Terrascope (B2B, formerly "GreenPass") platforms



Carbon Trading & Sustainable Landscapes Investment Platform

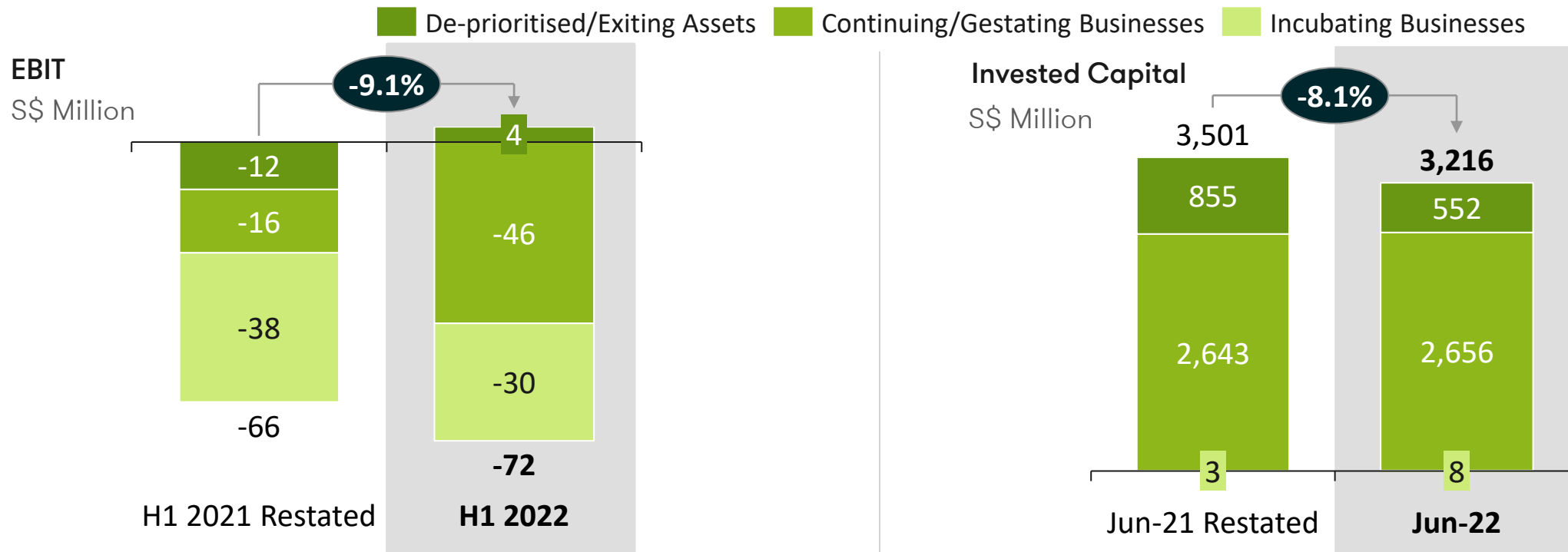


Purpose Brands Re- (B2C)



Food & Agri Sector Digital Sustainability platform

Remaining Olam Group



- EBIT losses increased to S\$71.8 million in H1 2022 due to higher losses from Continuing/Gestating Businesses with Rusmolco being adversely impacted by the higher fair value losses on biological assets as a consequence of the appreciation of the Russian ruble.
- OPG benefited from higher sales, increased palm oil prices and improved production yields.

- IC decreased by 8.1% primarily on divestments, closures and the related restructuring in the Continuing/Gestating Businesses.

Note: off's Russian operations (primarily comprising the Rusmolco dairy farming operations, also a part of Global Sourcing) were transferred from off to OGH (to be part of Continuing/Gestating Businesses). Results of the Remaining Olam Group for H1 2022 and H1 2021 are presented after incorporating these changes. Results of Continuing/Gestating Businesses also include those of shared services provided by OTBS.

3

Business outlook and prospects



Business outlook and prospects



1

The significant demand growth rate and pick-up seen in H2 2021 has slowed down in H1 2022 after the geopolitical crisis, accompanied by the hard pandemic lockdowns in China.

2

ofi anticipates improved margins and EBIT in H2 2022 as revised pass-through pricing arrangements gain pace, especially in Ingredients & Solutions.

Olam Agri expects to deliver better year on-year performance for 2022, riding on its strong growth and outperformance in H1 2022 while navigating the heightened geopolitical and macroeconomic risks.

3

In light of the current high commodity price and rising interest rate environment, the Group will continue to focus on managing its working capital in a disciplined manner.

4

The Group expects to incur additional one-off and non-recurring expenses associated with the Re-organisation Plan in H2 2022 although these expenses for full year are expected to be lower than the total recorded for 2021.

5

Overall, given the H1 2022 results and barring any unforeseen circumstances or unfavourable geopolitical, macroeconomic and pandemic developments, the Group is cautiously optimistic about its prospects for the rest of 2022, even as the industry continues to see strong underlying demand amid tight supplies.

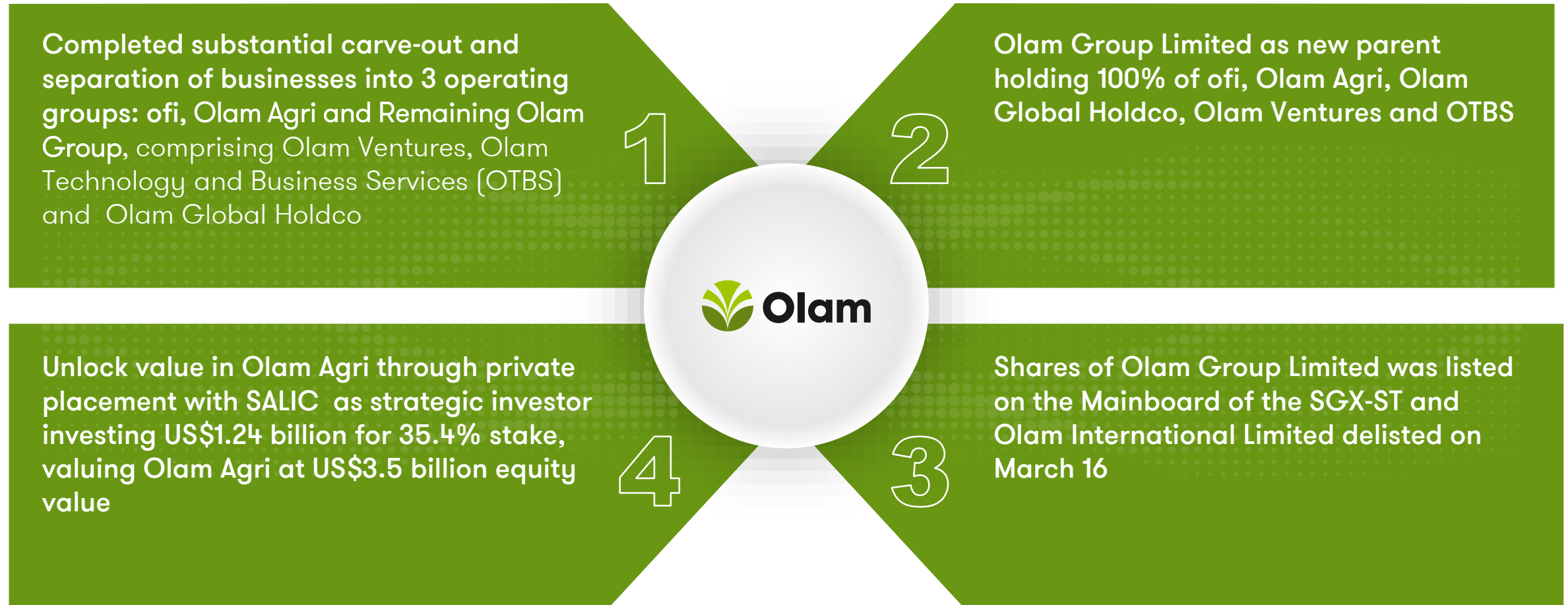
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Re-organisation of Olam

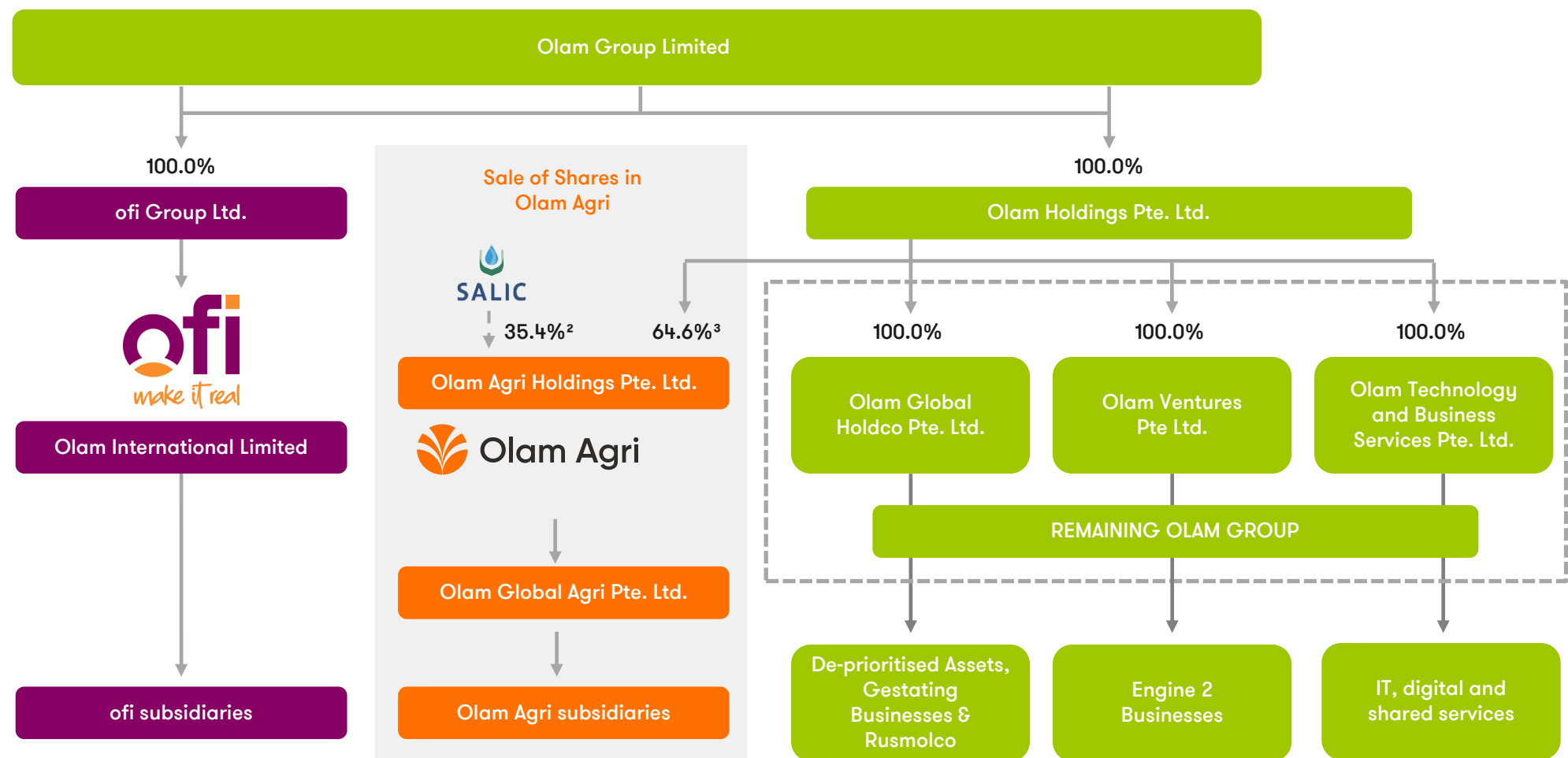
Progress
Update



Re-organisation of Olam: H1 2022 update



Re-organisation of Olam: New Group structure¹



¹Assuming completion of substantial minority stake sale of 35.4% in Olam Agri to SALIC

²Subject to closing account conditions

³Subject to closing account conditions & including OHPL subsidiaries

Re-organisation of Olam: Next steps



Remain committed and fully prepared to pursue an IPO and demerger pending favourable market conditions, with a primary listing on the premium segment of LSE and a concurrent listing in Singapore¹



Complete the transaction with SALIC by end-2022, obtaining all regulatory approvals and securing financial closure

Explore sale of additional 10% stake to potential investors and/or prepare Olam Agri for an IPO and demerger based on market conditions



Continue to responsibly divest de-prioritised assets marked for exit and partially/fully monetise gestating assets to reduce leverage

Evaluate various strategic options for Olam Ventures and Olam Technology and Business Services

¹Subject to final decision by Olam Group board and regulatory approvals, among others. Shareholders should note that there is no certainty or assurance that the listing and demerger of ofi will take place.

5

Key takeaways



Key takeaways



1

Re-organisation has led to **sharper focus for the Group and improved financial performance** with EBIT and Operational PATMI rising 25.0% and 8.2% to S\$802.1 million and S\$472.5 million respectively in H1 2022.

2

Significant progress in executing Re-organisation Plan: Unlocked value in Olam Agri by crystallising its benchmark equity valuation at US\$3.5 billion by sale of substantial minority stake to SALIC. This would also help to reduce Group leverage and right-size Remaining Olam Group's balance sheet.

3

Group remains positive on its growth prospects based on the sharper focus on each operating group and their long-term growth strategies. Given that **more than 80% of Group revenues is in food staples and food ingredients**, the businesses are more recession-proof.

Appendix

P&L statement



S\$ million	H1 2022	H1 2021	% Change
Volume ('000 MT)	22,490.0	22,367.4	0.5
Revenue^	28,445.1	22,833.4	24.6
EBITDA^	1,148.0	935.5	22.7
EBIT^	802.1	641.6	25.0
PAT	394.4	382.7	3.1
PATMI	429.1	421.5	1.8
Operational PATMI^	472.5	436.6	8.2

^ Excluding exceptional items

Exceptional items



S\$ million	H1 2022	H1 2021
Acquisition related cost (Olde Thompson)	-	(6.2)
Net monetary gain arising from hyperinflationary economies	5.9	-
Profit on sale of stake in subsidiary, net	-	5.0
Share-based expenses on accelerated vesting of employee share award	(25.6)	-
Re-organisation cost	(23.7)	-
Exit/Closure costs	-	(13.9)
Exceptional items	(43.4)	(15.1)

Balance sheet



Uses of Capital	S\$ million	Jun-2022	Jun-2021	Change
	Fixed Capital	9,689.3	9,724.1	(34.8)
	Right-of-use assets	882.5	746.7	135.8
	Working Capital	7,791.8	7,319.9	471.9
	Cash	6,395.3	3,542.3	2,853.0
	Others	1,525.9	502.0	1,023.9
	Total	26,284.8	21,835.0	4,449.8
Sources of Capital	Equity & Reserves	7,296.2	7,193.8	102.4
	Non-controlling interests	(3.4)	42.0	(45.4)
	Short-term debt	9,844.4	6,623.5	3,220.9
	Long-term debt	8,134.9	7,485.1	649.8
	Short-term lease liabilities	175.6	121.2	54.4
	Long-term lease liabilities	885.5	819.6	65.9
	Fair value reserve	(48.4)	(450.2)	401.8
	Total	26,284.8	21,835.0	4,449.8

Cash flow statement



S\$ million	H1 2022	H1 2021	Change
Operating Cash flow (before Interest & Tax)	1,150.7	926.8	223.9
Changes in Working Capital	(238.4)	355.0	(593.4)
Net Operating Cash Flow	912.3	1,281.8	(369.5)
Net interest paid	(254.0)	(192.3)	(61.7)
Tax paid	(114.2)	(94.5)	(19.7)
Cash from divestments	301.4	138.9	162.5
Free cash flow before Capex/investments	845.5	1,133.9	(288.4)
Capex/Investments	(379.8)	(1,532.2)	1,152.4
Free cash flow to equity (FCFE)	465.7	(398.3)	864.0



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