

## News Release

Singapore, August 13, 2020

### Olam reports resilient performance in H1 2020, with 44.4% growth in PATMI amid Covid-19

- Reports against new operating groups<sup>1</sup> (OFI, OGA & OIL) for the first time
- Strong execution of Strategic Plan (2019-24) and on track to deliver Re-organisation Plan (announced in January 2020)
- Sharp focus on safety of our teams, maintaining business continuity, serving our customers reliably and helping our communities
- Board of Directors declares interim dividend of 3.5 cents per share, unchanged from H1 2019.

Revenue + 7.1% YoY	EBIT - 18.8% YoY	PATMI + 44.4% YoY	Op PATMI - 18.5% YoY	FCFE	Gearing
<b>17.1</b>	<b>423.7</b>	<b>332.7</b>	<b>202.1</b>	<b>826.9</b>	<b>1.29</b>
Bn (S\$)	Mn (S\$)	Mn (S\$)	Mn (S\$)	Mn (S\$)	times

#### **Management Comments on Consolidated Olam Group Performance and Outlook**

**Olam Co-Founder and Group CEO, Sunny Verghese said:** “Following the Covid-19 pandemic, we are focused on delivering three key priorities in 2020: i) successfully navigate through the Covid-19 pandemic and emerge stronger; ii) execute our Strategic Plan (2019-24) and deliver our strategic and financial goals for 2020 and beyond; and iii) deliver on our Re-organisation Plan that we announced in January this year. I am pleased that we have done very well against all three objectives and are seeing growing benefits flow to both our financial performance and our competitive position. Our resilient performance amid Covid-19 is a testament to the strength of our diversified portfolio, our differentiated strategy, our committed, dedicated teams, and the unique Olam spirit and culture.

“We have moved with speed and focused intent through the Covid-19 crisis to protect the safety of our people, maintain the continuity of our operations, keep our supply chains open, serve our customers’ needs reliably, maintain our financial strength and help the communities where we operate in. All of these actions have helped us to continue to transform and improve our Company and has helped us to live up to our Purpose of ‘Re-imagining Global Agriculture and Food Systems’.

<sup>1</sup> Please refer to the Notes to the Editor for Group and operating groups structure and financials.

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*“While the year ahead will remain challenging and uncertain with a range of outcomes that could impact demand and supply conditions across geographies, businesses and financial markets, we remain confident in the strength of our business model to emerge stronger from this crisis.”*

**Olam Group CFO, N Muthukumar said:** *“We continue to strengthen our balance sheet and maintain our financial strength through the crisis. In H1 2020, we concluded a series of new financing transactions, including an **IFC/JICA loan, sustainability loan, samurai loan** and refinanced a **European RCF**, all of which provided access to a diversified pool of capital to fund our operations and growth. We are pleased with the confidence shown by our banking partners and other debt providers in supporting these initiatives.*

*“The successful execution of our strategy, our discipline in proactively controlling costs, conserving cash and managing our capital structure has helped us generate strong cash flows in H1 2020 (FCFE of S\$826.9 million). We have also successfully completed the re-organisation of Olam into the three operating groups (OFI, OGA & OIL) and have reported the H1 results across the new operating groups and in the new segments for these groups. We are now working on determining the appropriate capital structure to serve the needs of our new operating groups and develop and execute a cost transformation and capital efficiency programme, which will drive profitable growth and further improve our returns going forward.”*

### **Olam Group Financial Performance<sup>2</sup>**

Global food and agri-business, Olam Group, today reported strong results for H1 2020 and good progress on its Strategic Plan (2019-2024) and Re-organisation Plan announced in January 2020.

Olam Group is also reporting against its newly formed operating groups for the first time, namely Olam Food Ingredients (OFI), Olam Global Agri (OGA) and Olam International Limited (OIL).

- Revenue increased 7.1% YoY. OGA contributed 58.9% of total Group revenue, OFI 36.1%, and OIL 5.0% respectively.
- PATMI grew 44.4% YoY due to a net exceptional gain of S\$130.6 million from the divestments of the remaining 50.0% stake in Far East Agri and the partial stake sale of ARISE P&L, offset partially by one-off exit and closure costs of other de-prioritised assets that were divested or shut down.

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- EBIT was down 18.8% YoY due to lower contribution from OFI which in turn was due to lower contribution from Almonds, Hazelnuts and Cocoa processing: OFI contributed to 62.1% of total Group EBIT, OGA 54.0%, and OIL -16.1% respectively.
- Strong cash flow generation with FCFE of S\$826.9 million as the Group maintained strong discipline of its cash flows.
- Net gearing was steady at 1.29 times despite higher net debt with an adjusted gearing of 0.34 times net of readily marketable inventory and secured receivables.
- The Board of Directors has declared an interim dividend of 3.5 cents per share (H1 2019: 3.5 cents).

### **Performance by new Operating Groups**

For the first time, the Group is reporting against its new operating groups. Each of the new operating groups is currently engaged in developing a Full Potential Strategic Plan along with a cost and capital transformation plan that will allow the Group to unlock and maximise long term value.

### **Olam Food Ingredients (OFI)<sup>3</sup>**

A global leader offering sustainable, natural, value-added food ingredients, so consumers can enjoy the healthy and indulgent products they love.

<b>Revenue</b> + 8.8% YoY	<b>EBIT</b> - 40.1 % YoY
<b>6.2</b> Bn (S\$)	<b>263.1</b> Mn (S\$)

- Strong top-line growth with revenue up 8.8% to S\$6.2 billion, mainly driven by volume growth as well as higher average selling prices. EBIT was down 40.1% to S\$263.1 million, against a strong H1 2019 performance, on reduced contribution from Almonds, Hazelnuts and Cocoa processing businesses which were impacted by adverse prices and margin pressures resulting from COVID-19.

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<sup>3</sup> Consisting of the Cocoa, Coffee, Nuts, Spices and Dairy businesses, OFI is made up of two segments – Ingredient Sourcing & Supply Chain, and Value-added Food Ingredients & Solutions.

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### Olam Global Agri (OGA)<sup>4</sup>

OGA is a market leading and differentiated global food, feed and fibre agri business with a particular focus in high-growth emerging markets with proven expertise, processing capabilities and a global origination footprint.

<b>Revenue</b> + 8.4% YoY <hr/> <b>10.1</b> Bn (S\$)	<b>EBIT</b> + 55.4% YoY <hr/> <b>228.9</b> Mn (S\$)
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- Strong operating performance with revenue up 8.4% to S\$10.1 billion, mainly driven by higher volumes as well as higher prices in food staples including Grains, Rice and Edible Oils. EBIT was up 55.4% at S\$228.9 million as strong performance in Grains origination and merchandising, Grains milling, Animal Feed production and Rice distribution offset by lower contribution from Rice, Edible Oils and Cotton origination and merchandising.

### Olam International Limited (OIL)<sup>5</sup>

As parent company of OFI and OGA, OIL plays a key role to unlock the full value of the Olam Group by providing active stewardship to the new operating groups, responsibly divesting the de-prioritised businesses and assets, nurturing gestating businesses to full potential, incubating new engines for future growth, developing key cross cutting initiatives, and providing shared services to the new operating groups.

<b>Revenue</b> - 14.6% YoY <hr/> <b>0.85</b> Bn (S\$)	<b>EBIT</b> - 6.1% YoY <hr/> <b>(68.3)</b> Mn (S\$)
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- Lower revenue of 14.6% to S\$849.3 million with the closure of the Sugar, Rubber and Fertiliser trading desks, the Fundamental Fund and the Wood Products business in Latin America. EBIT was lower by 6.1% with a loss of S\$68.3 million due to the Gestating Businesses (Olam Palm Gabon, Packaged Foods Business, and the ARISE Infrastructure & Logistics business) which were impacted by COVID-19.

<sup>4</sup> Consisting of the Grains and Animal Feed & Protein, Edible Oils, Rice, Cotton and Commodity Financial Services businesses, OGA has three segments – Food & Feed - Origination & Merchandising; Food & Feed - Processing & Value-added; and Fibre & Ag Services.

<sup>5</sup> Parent company holding OFI and OGA, and consists of De-prioritised/Exiting Assets, Gestating Businesses (Olam Palm Gabon, Packaged Foods, Infrastructure and Logistics business), and Incubating Businesses (Engine 2 growth platforms) segments. OIL financials are standalone financials and do not include the consolidation of OFI and OGA.

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### **Management Comments on Operating Groups**

**Olam Group Executive Director and CEO of OFI<sup>1</sup>, A. Shekhar said:** “When we announced the re-organisation in January, little did we know that the creation of OFI would coincide with one of the worst pandemics that the world has ever seen. The H1 2020 results have been adversely impacted by the impact of Covid-19 on some of our businesses, whilst the drop from the prior period is also due to the sharp earnings skew in H1 2019 within the Nuts and Spices businesses. We expect H2 2020 performance to consequently recover and show better results as compared to both H2 2019 and H1 2020.

“The past 6 months show the inherent strengths of the underlying businesses in the portfolio, the resilience and adaptability of our global supply chains and the sheer irrepressible spirit of our teams across the world. We have been closely engaged with our customers and going the extra mile to meet their changing requirements in these unprecedented times. We are also getting numerous opportunities to collaborate with them and develop innovative solutions to tap into the new consumer trends that are already emerging from this crisis. I am now even more upbeat about the significant value that OFI can create for our customers – and all other stakeholders, through the unique configuration of assets that we have built and the new capabilities that we are in the process of building.”

**Mr. Verghese, who is also CEO of OGA and OIL said:** “For OGA, we are focused on building a market leading and differentiated global food, feed and fibre agri-business with a particular focus on emerging markets. We expect to see strong profitable growth from the investments made in the recent past in the underlying businesses in OGA, while continuing to selectively invest in targeted growth initiatives in its priority platforms and markets. Compared to most of our peers, OGA has a superior growth and return profile with significantly less asset intensity and an advantaged cost and competitive position.

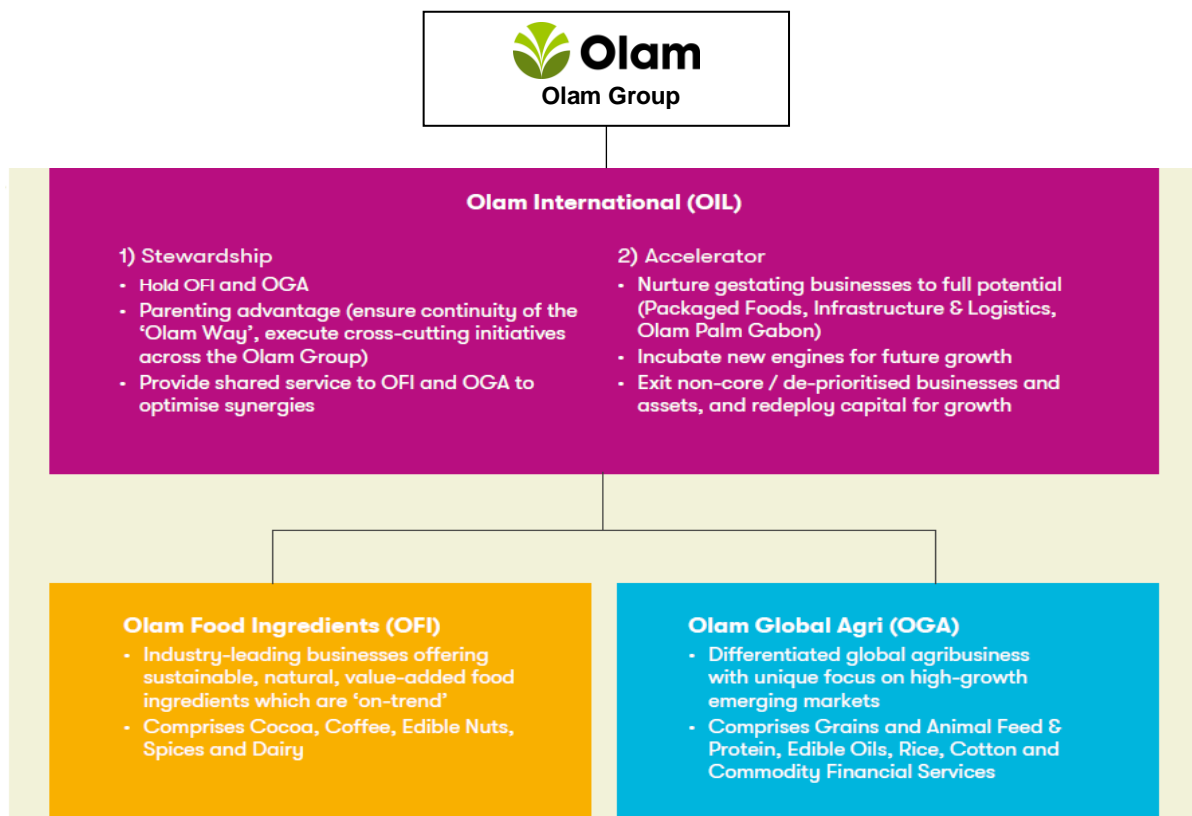
“At OIL, we are making progress despite Covid-19 headwinds in responsibly divesting our non-core assets and businesses that were deprioritised in the 2019-2024 Strategic Plan. In addition, OIL is developing our three Gestating Businesses - Olam Palm Gabon, Packaged Foods business and the Infrastructure and Logistics business (organised under the “ARISE” platform) to full potential. We are also pleased to report good traction on the new Engine 2 growth initiatives including its digital farmer services platform to empower and transform smallholder farmers, a sustainability lifestyle environmental foot printing and solutions app, a sustainable landscape and carbon trading investment platform, a B2C purpose brands business, and its controlled environment / protected farming venture.”

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### Notes to Editors

**Re-organisation of Olam:** Olam Group has been re-organised into operating groups Olam Food Ingredients (“OFI”) and Olam Global Agri (“OGA”) with the Company Olam International (“OIL”) as parent holding the two groups. OFI is a global leader offering sustainable, natural, value-added food ingredients, so consumers can enjoy the healthy and indulgent products they love. OGA is a market leading and differentiated global food, feed and fibre agri-business with a particular focus in high-growth emerging markets with proven expertise, processing capabilities and a global origination footprint. As parent company of OFI and OGA, OIL plays a key role to unlock the full value of the Olam Group by providing active stewardship to the new operating groups, responsibly divesting the de-prioritised businesses and assets, nurturing gestating businesses to full potential, incubating new engines for future growth, deploying key cross cutting initiatives across the operating groups, and providing shared services to the new operating groups.



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### H1 2020 vs H1 2019 Financials for Olam Group Consolidated and its Operating Groups

	Revenue		EBIT	
	H1 2020 (S\$m)	YoY %	H1 2020 (S\$m)	YoY %
<b>Olam Group</b>	<b>17,080.5</b>	<b>7.1</b>	<b>423.7</b>	<b>(18.8)</b>
<b>OFI</b>	6,173.3	8.8	263.1	(40.1)
<b>OGA</b>	10,057.9	8.4	228.9	55.4
<b>OIL</b>	849.3	(14.6)	(68.3)	(6.1)

#### About Olam International

Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 25,200 customers worldwide. Our value chain spans over 60 countries and includes farming, processing and distribution operations, as well as a sourcing network of an estimated 5.0 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](http://www.olamgroup.com). Follow @olam:



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