Management Discussion and Analysis

August 13, 2020

Results for Half-Year ended June 30, 2020

Cocoa product application, Olam Cocoa factory, Singapore

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Half-Year ended June 30, 2020 ("H1 2020")

Contents

This Management Discussion and Analysis (MD&A) should be read and understood only in conjunction with the full text of Olam International Limited's Financial Statements for the Half-Year ended June 30, 2020 lodged on SGXNET on August 13, 2020.

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Context and Background

Re-organisation of Olam

Building on the 2019-2024 Strategic Plan launched in January, Olam Group ("the Group") announced a Re-organisation Plan in January 2020 to unlock and further maximise the Group's long-term value. The Plan entails the re-organisation of Olam's diverse business portfolio into **two new coherent operating groups;** Olam Food Ingredients ("**OFI**") and Olam Global Agri ("**OGA**") – that are well-positioned for further profitable growth in line with key consumer trends and market opportunities. Both of the new operating groups will be held by the parent company Olam International Limited ("**OIL**").

OFI: Comprising Cocoa, Coffee, Nuts, Spices and Dairy, OFI offers sustainable, natural, value-added food products and ingredients so that consumers can enjoy the healthy and indulgent products they love. OFI has built a unique global value chain presence including its own farms, farm-gate origination, manufacturing facilities and innovation centres. It partners with customers, leveraging its complementary and differentiated portfolio of "on-trend" food products, to co-create solutions that anticipate and meet changing consumer preferences as demand increases for healthier food that is traceable and sustainable.

OGA: Comprising Grains, Animal Feed & Proteins, Edible Oils, Rice, Cotton and Commodity Financial Services, OGA is a market leading and differentiated global food, feed, and fibre agri-business focused on emerging markets, especially Asia and Africa, to meet the rising demand and shift to protein-based diets in these countries. It has built proprietary & differentiated operating capabilities including significant strengths in farming, global origination, processing, trading, logistics (inland and marine), distribution, risk management, and a deep understanding via its on-the-ground presence of these origins and markets over the last 30 years.

OIL: As the parent company of OFI and OGA, Olam International ("OIL") provides stewardship to the operating groups and ensures continuity of the "Olam Way", including the Group's unique entrepreneurial culture. It implements cross-cutting initiatives, such as AtSource; drives key enablers such as sustainability and digital transformation; and offers shared services to optimise synergies across its operating groups.

It is also responsible for the divestment of non-core assets and businesses identified in the 2019-2024 Strategic Plan and redeploying the capital released. In addition, it will focus on developing our three gestating businesses – Olam Palm Gabon ("OPG"), Packaged Foods and the Infrastructure and Logistics business (organised under the "ARISE" platform) to full potential. OIL will also incubate new engines (Engine 2) for future growth and is currently working on a 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 controlled environmental / protected farming venture.

By simplifying the portfolio and organising across two distinct and coherent groups, each with a clear vision for profitable growth, the Re-organisation sharpens Olam's focus and provides opportunities to capitalise on key market trends, while continuing to leverage the benefits of the Olam Group. This will enable Olam to explore and develop pathways for eventual carve-out and IPOs of the two new operating entities in a sequential manner and thereby attract additional investors who are aligned with the vision of these two new entities in order to maximise the long-term value of our business.

Re-organisation Plan: Progress Update

During H1 2020, the Group initiated the re-organisation process, including the appointment of senior management and executive teams for the respective operating groups.

To execute the Re-organisation Plan, the Group established 12 dedicated work streams to deliver four key outputs: Value Creation Plan (Full Potential Plan), Operating and Organisational Model Design, Cost and Capital Efficiency Transformation Plan, and a Functional Separation Plan. These workstreams are working collaboratively to achieve the value creation thesis in the Re-organisation Plan and ensure successful separation.

A joint Project Management Office was set up with external advisors to coordinate the programme, with the Strategic Management Office primarily overseeing the Value Creation work streams, and the Operational Management Office overseeing the Functional work streams and overall project governance.

In the current design phase of the reorganisation, we are focused on the following key priorities for the rest of the year:

- Setting bold ambitions for all the operating groups (OFI, OGA & OIL) and designing each group's full potential strategy, with the right capabilities to deliver these ambitions
- Aligning on a target operating model to deliver the full potential plan of each of the groups and the Group as a whole
- Accelerating current progress on cost transformation through organisational restructuring and optimisation on manufacturing, procurement, logistics, overheads and funding costs

The current OFI businesses are built on a strong foundation of an established and global customer franchise, a uniquely differentiated, sustainable and traceable origination network, which is well integrated with its global manufacturing and distribution supply chains. Building from this strong platform, we aim to drive significant growth and future value by further pivoting the OFI business into a higher margin, higher return value-added food ingredients and solutions business. To achieve this, the OFI leadership team has developed a clear point of view of the food ingredients opportunity and how it can transform itself to capitalise on the changing consumer trends and catalyse its capacity to serve its current and future customers in a uniquely differentiated manner. OFI is in the process of developing a credible and comprehensive plan that will drive this fundamental transformation.

For OGA, it will focus on continuing to build a market leading and differentiated global food feed and fibre agri-business with a particular focus on emerging 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. 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.

Changes to the Segmental Reporting Structure and Key Performance Metrics

For the very first time, starting with the H1 2020 results, the Group has changed its segmental reporting structure to align with the Re-organisation into its new operating groups. We will also be reporting our results going forward basis the new segments for each of the new operating groups. We will also be reporting new key performance metrics that are relevant to the new operating groups and segments consistent with the new equity story of the new operating groups and new segments. The chart below provides an overview of the new operating groups, the new segments within each operating group, and key financial metrics both at the segmental level and the operating group level.

Operating Groups	Segments	Key Performance Metrics
Olam Food Ingredients (OFI)	**1) Ingredient Sourcing & Supply Chain** **2) Value-added Food Ingredients & Solutions**	**Segment-level** Volume, Revenue, EBIT, EBIT Margin, Invested Capital (IC), EBIT / IC **+** **Operating Group-level *** ROIC, ROE, FCF from Operations
Olam Global Agri (OGA)	**1) Food & Feed: Origination & Merchandising** **2) Food & Feed: Processing & Value-added** **3) Fibre & Ag Services**	**Segment-level** Volume, EBIT, EBIT/MT, Invested Capital (IC), EBIT / IC **+** **Operating Group-level *** ROIC, ROE, FCF from Operations
Olam International (OIL)	**1) De-prioritised/Exiting Assets** **2) Gestating Businesses** **3) Incubating Businesses**	**Segment-level** Revenue, EBIT, Invested Capital (IC), EBIT/IC **+** **Operating Group-level *** ROIC, ROE, FCF from Operations
Consolidated Olam Group		Volume, Revenue, EBIT, Invested Capital (IC), EBIT/IC, ROIC, ROE, FCF from Operations

** To be reported post potential carve-out*

As we move to the new reporting structure and new segmentals with the aim to provide investors and analysts with comparative historical financials for the prior three years, the Group segmental results and consolidated financials for the periods from financial year 2017 to 2019, as well as the H1 2019 and H1 2020 comparison are provided in Annex 2 on page 26-28. We believe that this revised financial reporting structure and segmentals, key financial metrics, and medium-term range guidance that we will be provide in the future across key parameters will promote a better understanding of our new operating groups and Olam as a whole.

Covid-19 Impact and Outlook

Olam continues to play an important role in providing essential food staples, food ingredients, feed and fibre to customers around the world in a safe, responsible and sustainable way. Whilst maintaining business continuity and strictly adhering to local regulations in all our operations, our primary focus has been to ensure employee health and food safety.

In many of our locations around the world, Olam has been deemed to be providing a valuable and essential service and as a result, we were able to operate most of our global facilities at or near capacity in H1 2020. We were largely able to use our global sourcing reach and local operational and supply chain capabilities to ensure that we continued to serve our customers and minimise disruptions to their supply chains during these unprecedented times.

The impact on demand from Covid-19 varied across products. We experienced lower demand in some of our non-food categories like Cotton and in food products with significant out-of-home consumption like Edible Oils, Cocoa and Coffee. We also saw overall lower demand in Almonds and Dairy due to the lockdowns in China and India in H1 2020 although there had been signs of some demand pick-up towards the end of the period. Demand for most food staples was generally resilient and spiked in some cases due to the pantry restocking effect both at the household and retail level.

With 80-85% of the Group's revenues in the food category where demand is less sensitive to recession or economic downcycles, the Group believes that it will be able to better navigate the demand led uncertainties around Covid-19. However, the impact of Covid-19 on H2 2020 remains uncertain with a range of outcomes that could impact demand and supply conditions across different geographies, businesses and financial markets.

The Group has been proactive in controlling costs and conserving cash to mitigate against potential adverse impact from the Covid-19 crisis. It will continue to monitor and assess this impact on a more dynamic basis rather than on a fixed planning cycle basis and provide updates as material developments arise.

H1 2020 Financial Highlights: Olam Group

S$ million	H1 2020	H1 2019	% Change
Volume ('000 MT)	20,058.4	19,100.2	5.0
Revenue	17,080.5	15,943.9	7.1
EBIT^	423.7	522.0	(18.8)
PAT	295.4	207.7	42.2
PATMI	**332.7**	**230.3**	**44.4**
Operational PATMI	**202.1**	**248.0**	**(18.5)**

^Excluding exceptional items

H1 2020 Financial Highlights: New Operating Groups

	Sales Volume ('000MT)				EBIT (S$ million)			
	H1 2020	% Share	H1 2019	% Change	H1 2020	% Share	H1 2019	% Change
Olam Group	**20,058.4**	**100.0%**	**19,100.2**	**5.0%**	**423.7**	**100.0%**	**522.0**	**-18.8%**
- OFI	1,816.7	9.1%	1,749.2	3.9%	263.1	62.1%	439.1	-40.1%
- OGA	17,607.3	87.8%	16,531.6	6.5%	228.9	54.0%	147.3	55.4%
- OIL	634.4	3.1%	819.4	-22.6%	(68.3)	-16.1%	(64.4)	-6.1%

- **Group Profit After Tax and Minority Interests (PATMI) grew by 44.4% to S$332.7 million** in H1 2020 from S$230.3 million in H1 2019 driven by net exceptional gains.

- **Net exceptional gains for H1 2020** amounted to **S$130.6 million.** This was a result of one-off gains mainly from divestments as the Group continued to execute on its Strategic Plan by divesting its de-priortised assets and through partial sales of stakes in some of its joint ventures and associates.

- **Group Operational PATMI** (PATMI excluding exceptional items) **declined by 18.5% to S$202.1 million** in H1 2020 (H1 2019: S$248.0 million) as **Group Earnings Before Interest and Tax (EBIT)** decreased 18.8% due to lower contribution from OFI during this period.

- **Group Sales Volume grew 5.0% to 20.1 million metric tonnes** with most of the increase coming from OGA. OGA has the largest share of Group volume at 87.8% while OFI and OIL accounted for 9.1% and 3.1% respectively.

- **Group EBIT declined by 18.8% to S$423.7 million** in H1 2020 as OFI reported lower EBIT due to reduced contribution from the Almonds, Hazelnuts and cocoa processing businesses. OGA reported a strong EBIT growth of 55.4% to S$228.9 million on higher contribution from the Food & Feed - Processing & Value-added segment. In H1 2020, OFI's share of Group EBIT was 62.1% with OGA at 54.0%, while OIL contributed -16.1%.

- **Free Cash Flow to Equity (FCFE**) was positive at **S$826.9 million** in H1 2020 (H1 2019: S$864.2 million) as the Group maintained a sharp focus and discipline of its investing cash flows.

- **Net gearing** as at June 30, 2020 was held steady at **1.29 times** as a year ago (June 30, 2019: 1.28 times, with adjusted gearing net of RMI and secured receivables 0.34 times).

- The Group continued to strengthen its balance sheet and secure the necessary credit lines to finance its operations. It further enhanced its liquidity position as at June 30, 2020 with **cash and cash equivalents of S$5.9 billion** (June 30, 2019: S$3.7 billion).

- The Board of Directors has declared an **interim dividend of 3.5 cents per share** (H1 2019: 3.5 cents).

Summary of Financial and Operating Results

Profit and Loss Analysis

S$ million	H1 2020	H1 2019	% Change
Volume ('000 MT)	**20,058.4**	**19,100.2**	**5.0**
Revenue	**17,080.5**	**15,943.9**	**7.1**
Other income^	23.8	20.3	17.2
Cost of sales^	(15,504.9)	(14,479.9)	7.1
Selling, general and administrative expenses^	(704.0)	(668.0)	5.4
Other operating expenses	(210.9)	(63.9)	230.0
Net gain/(loss) in fair value of biological assets	3.8	(4.0)	n.m.
Share of results from joint ventures and associates^	8.0	23.1	(65.4)
EBITDA^	**696.3**	**771.5**	**(9.7)**
EBITDA %	4.1%	4.8%	
Depreciation & amortisation	(272.6)	(249.5)	9.3
EBIT^	**423.7**	**522.0**	**(18.8)**
Exceptional items	130.6	(17.7)	n.m.
Net Finance costs	(230.2)	(264.9)	(13.1)
PBT	**324.1**	**239.4**	**35.4**
Taxation	(28.7)	(31.7)	(9.4)
PAT	**295.4**	**207.7**	**42.2**
PAT %	1.7%	1.3%	
Non-controlling interests	(37.3)	(22.6)	64.7
PATMI	**332.7**	**230.3**	**44.4**
PATMI %	1.9%	1.4%	
Operational PATMI	**202.1**	**248.0**	**(18.5)**
Operational PATMI %	1.2%	1.6%	

^Excluding exceptional items

Sales Volume

Sales volume grew 5.0% mainly due to higher sales volume from Olam Global Agri's Grains trading volume during H1 2020.

Revenue

Revenue grew by 7.1% mainly on higher sales volume in H1 2020.

Other Income

Other income was marginally higher at S$23.8 million (H1 2019: S$20.3 million).

Cost of Sales

The change in cost of sales normally follows the corresponding change in revenue for a given period. In H1 2020, cost of sales increased by 7.1% in line with the growth in revenue.

Selling, General & Administrative Expenses

Selling, General & Administrative Expenses increased by a modest 5.4% or S$36.0 million to S$704.0 million in H1 2020 (H1 2019: S$668.0 million) despite acquisitions made in H2 2019 and investments in new corporate growth initiatives, such as digitalisation, co-manufacturing, food service, e-commerce and sustainability-based solutions, as the increase was partly offset by the reduction in travel and conveyance expenses arising from Covid-19 restrictions.

Other Operating Expenses

Other operating expenses rose from S$63.9 million in H1 2019 to S$210.9 million in H1 2020 as we recorded overall higher unrealised foreign exchange losses on the devaluation of local currencies, namely the Brazilian real, Zambian kwacha, Colombian peso, Mexican peso, Nigerian Naira and Ghanaian cedis, against the US dollar compared to the prior corresponding period. This impact would however have an opposite effect on Cost of Sales.

Net Changes in Fair Value of Biological Assets

Net changes in the fair value of biological assets amounted to a gain of S$3.8 million in H1 2020 compared with a net loss of S$4.0 million in H1 2019. This was largely due to the herd expansion in the upstream dairy farms in Russia.

Share of Results from Joint Ventures and Associates

Joint ventures and associates include Long Son, Guzman Coffee & Nuts, MC Agri Alliance (MCAA), ARISE P&L, ARISE IIP, ARISE IS and Open Country Dairy ("OCD"). The share of results from joint ventures and associates declined from S$23.1 million in H1 2019 to S$8.0 million in H1 2020 mainly due to the reduced share of earnings from the ARISE associates, and lower contribution from MCAA, Long Son, OCD and PT DUS which ceased to be a jointly controlled entity post the divestment in March 2020.

Depreciation and Amortisation

Depreciation and amortisation expenses increased 9.3% to S$272.6 million (H1 2019: S$249.5 million) as a result of a larger fixed asset base in H1 2020.

EBIT

EBIT declined by 18.8% to S$423.7 million in H1 2020 mainly due to a reduction in contribution from Olam Food Ingredients.

Finance Costs

Net finance costs fell by 13.1% to S$230.2 million (H1 2019: S$264.9 million) due to the lower benchmark interest rates in spite of higher debt. The decrease was partly offset by lower finance income during the half-year.

Taxation

Tax expenses were lower at S$28.7 million in H1 2020 (H1 2019: S$31.7 million) as pre-tax income included non-taxable exceptional income.

Non-controlling Interest

Non-controlling interest, which comprises mainly the minority share of results from Olam Palm Gabon ("OPG"), Olam Rubber Gabon ("ORG") and Caraway (Packaged Foods), was a negative S$37.3 million in H1 2020 (H1 2019: -S$22.6 million). This was due to higher period costs incurred by OPG on increased acreage of partially yielding plantations, as well as lower contribution by the Packaged Foods business.

Exceptional Items

The H1 2020 results included a net exceptional gain of S$130.6 million while H1 2019 results had a net exceptional loss of S$17.7 million. The gain was mainly from divestments, namely the sale of our remaining 50.0% stake in Far East Agri (sugar refining operation in Indonesia which was sold to Mitr Phol) and a partial stake sale of ARISE P&L (to A.P. Moller Capital), offset partially by one-off exit and closure costs of other de-prioritised assets.

S$ million	**H1 2020**	**H1 2019**
Profit on sale of partial stake in ARISE P&L	123.1	-
Profit on sale of Far East Agri (PT DUS)	49.9	-
Loss on sale of stake in Mungindi gin, Australia	(0.9)	-
Loss on sale of Collymongle gin, Australia	-	(1.1)
Profit on sale of subsidiary (Alimentos)	-	0.6
Exit/Closure costs	(41.5)	(17.2)
Exceptional Items	**130.6**	**(17.7)**

PATMI

As a result of the net exceptional gain, PATMI grew by 44.4% to S$332.7 million in H1 2020 compared with S$230.3 million in H1 2019.

Operational PATMI

Excluding exceptional items, Operational PATMI was lower by 18.5% at S$202.1 million in H1 2020 (H1 2019: S$248.0 million).

Balance Sheet Analysis

S$ million	30-Jun-2020	31-Dec-2019	Change vs Dec 19	30-Jun-2019	Change vs Jun 19
Uses of Capital					
Fixed Capital	8,730.9	8,616.0	114.9	8,337.8	393.1
Right-of-use assets	578.0	577.6	0.4	656.4	(78.4)
Working Capital	6,419.4	6,627.8	(208.4)	5,757.2	662.2
Cash	5,920.0	3,179.6	2,740.4	3,697.2	2,222.8
Others	175.9	135.1	40.8	280.9	(105.0)
Total	**21,824.2**	**19,136.1**	**2,688.1**	**18,729.5**	**3,094.7**
Sources of Capital					
Equity & Reserves	7,095.1	6,836.1	259.0	6,703.7	391.4
Non-controlling interests	72.4	108.1	(35.7)	126.7	(54.3)
Short term debt	9,040.7	6,675.5	2,365.2	5,043.8	3,996.9
Long term debt	5,522.1	5,403.4	118.7	6,565.9	(1,043.8)
Short term lease liabilities	86.4	82.0	4.4	81.5	4.9
Long term lease liabilities	434.6	435.1	(0.5)	581.4	(146.8)
Fair value reserve	(427.1)	(404.1)	(23.0)	(373.5)	(53.6)
Total	**21,824.2**	**19,136.1**	**2,688.1**	**18,729.5**	**3,094.7**

"Others" are deferred tax assets and liabilities, other non-current assets and liabilities, derivative financial instruments (assets and liabilities) and provision for taxation.

The Group's total assets[1] as at June 30, 2020 were S$21.8 billion, comprising S$8.7 billion of fixed capital, S$578.0 million of right-of-use assets, S$6.4 billion of working capital and S$5.9 billion of cash.

The total assets were funded by S$7.1 billion of equity, S$9.0 billion of short term debt, S$5.5 billion of long term debt, as well as short term and long term lease liabilities of S$86.4 million and S$434.6 million respectively.

Compared with December 31, 2019, the overall balance sheet as at June 30, 2020 increased by S$2.7 billion mainly on account of the increase in cash position, which was significantly higher at S$5.9 billion not only to meet ongoing business requirements and manage near-term repayment obligations on borrowings, but also as a precautionary step due to the current Covid-19 crisis situation. Compared to a year ago, the overall balance sheet as at June 30, 2020 grew by S$3.1 billion on similar account.

1 Total assets are net of trade payables and accruals, derivative financial instruments (current liabilities), provision for taxation, other current liabilities and non-current liabilities, and deferred tax liabilities.

Long Term Investment

On April 9, 2020, PureCircle Limited ("PureCircle") and Ingredion Incorporated ("Ingredion") announced a recommended cash acquisition of the entire issued and to be issued share capital of PureCircle by Ingredion SRSS Holdings Limited ("Ingredion SRSS"), a wholly-owned subsidiary of Ingredion, by means of a scheme of arrangement. The long term investment of S$52.1 million as of June 30, 2020 comprising 30,544,609 shares in the company was valued at its last traded price of £0.995, after which shares were suspended on July 1, 2020.

On July 27, 2020, the Group announced that the acquisition has been completed and PureCircle was delisted from the London Stock Exchange and became a wholly owned subsidiary of Ingredion SRSS. It received a total consideration of approximately £4.1 million in cash and was issued 26,408,751 ordinary shares representing an interest of 5.9% in Ingredion SRSS.

Working Capital

S$ million	30-Jun-2020	31-Dec-2019	Change vs Dec 19	30-Jun-2019	Change vs Jun 19
Stock	6,760.9	7,211.5	(450.6)	6,682.4	78.5
Advance to suppliers	509.5	563.5	(54.0)	875.3	(365.8)
Receivables	2,120.3	2,316.5	(196.2)	2,009.3	111.0
Trade creditors	(3,711.7)	(3,983.5)	271.8	(4,465.2)	753.5
Others	740.4	519.8	220.6	655.4	85.0
Working Capital	**6,419.4**	**6,627.8**	**(208.4)**	**5,757.2**	**662.2**

"Others" include other current assets, changes to margin accounts with brokers and other current liabilities.

Compared with December 31, 2019 when procurement season was at its peak, working capital as of June 30, 2020 came off by S$208.4 million. Working capital cycle improved from 70 days as at December 31, 2019 to 63 days as at June 30, 2020 as we continued to optimise working capital by tightening working capital norms during H1 2020 amid volatile market conditions on account of the Covid-19 pandemic.

Compared with the same time last year, working capital as of June 30, 2020 rose by S$662.2 million mainly due to reduced trade creditors in H1 2020 due to lower bulk trading volumes in Rice and Edible Oils, partly offset by lower advances to suppliers. Cycle time however was largely similar as working capital was optimised during the period.

Days	30-Jun-2020	31-Dec-2019	Change vs Dec 19	30-Jun-2019	Change vs Jun 19
Stock	79	87	(8)	84	(5)
Advance to suppliers	5	6	(1)	11	(6)
Receivables	22	25	(3)	22	-
Trade creditors	(43)	(48)	5	(56)	13
Total cash cycle	**63**	**70**	**(7)**	**61**	**2**

Debt, Liquidity and Gearing

S$ million	30-Jun-2020	31-Dec-2019	Change vs Dec 19	30-Jun-2019	Change vs Jun 19
Gross debt	15,083.8	12,596.0	2,487.8	12,272.6	2,811.2
Less: Cash	5,920.0	3,179.6	2,740.4	3,697.2	2,222.8
Net debt	9,163.8	9,416.4	(252.6)	8,575.4	588.4
Less: Readily marketable inventory	5,367.8	5,733.1	(365.3)	5,037.9	329.9
Less: Secured receivables	1,357.5	1,672.1	(314.6)	1,762.8	(405.3)
Adjusted net debt	2,438.5	2,011.2	427.3	1,774.7	663.8
Equity (before FV adj reserves)	7,095.1	6,836.1	259.0	6,703.7	391.4
Net debt / Equity (Basic)	**1.29**	**1.38**	**(0.09)**	**1.28**	**0.01**
Net debt / Equity (Adjusted)	**0.34**	**0.29**	**0.05**	**0.26**	**0.08**

Compared with December 31, 2019, net debt decreased by S$252.6 million on lower working capital deployed. This resulted in a reduced net gearing of 1.29 times as against 1.38 times.

Against June 30, 2019, although net debt as at June 30, 2020 was higher by S$588.4 million given the increase in working capital over the past year, net gearing held steady at 1.29 times as equity also increased.

Of the S$6.8 billion inventory position, approximately 79.4% or S$5.4 billion were readily marketable inventories (RMI) that were liquid, hedged and/or sold forward, operating as near-cash assets on our balance sheet. In addition, approximately 64.0% of the S$2.1 billion in trade receivables were secured. Typically, at any given point, about 75-85% of inventory is hedged and/or sold forward and 60-70% of receivables are supported by letters of credit or documents through banks. Adjusting for RMI and secured receivables, our net gearing would be 0.34 times, reflecting the true indebtedness of our Company.

We maintained sufficient liquidity to meet our working capital and capital expenditure requirements, with a total of S$19.9 billion in available liquidity as at June 30, 2020, including unutilised bank lines of S$7.2 billion.

In April 2020, the Company and its wholly owned subsidiary, Olam Treasury Pte. Ltd. (“OTPL”), secured multi-tranche financing facilities aggregating US$176.0 million from the International Finance Corporation (“IFC”) and Japan International Cooperation Agency (“JICA”). The facility consists of two tranches – a 5-year term loan of US$120.0 million and a 7-year term loan of US$56.0 million.

In June 2020, Olam and OTPL secured a revolving sustainability-linked credit facility aggregating US$250.0 million that is linked to meeting key sustainability performance indicators (“KPI”). The facility consists of three tranches – a 1-year revolving sustainability-linked credit facility (“SRCF”) of US$50.0 million, a 2-year SRCF of US$100.0 million and a 3-year SRCF of US$100.0 million – with interest margin linked to the achievement of the KPI improvement targets and could be lower than comparable conventional loans, if those targets are met.

Post H1 2020, wholly owned subsidiary Olam Holdings B.V. completed the re-financing of its revolving credit facility aggregating US$375.0 million. OTPL secured a medium-term samurai loan facility of JPY 25.0 billion that consists of two tranches – a 3-year tranche of JPY 18.75 billion, and a 5-year tranche of JPY 6.25 billion – in the Japanese market. Wholly owned subsidiary Olam Americas Inc. also successfully priced a US$50.0 million issuance of 5-year fixed rate notes via a private placement at a fixed coupon of 3.27%.

Cash Flow Analysis

S$ million	H1 2020	H1 2019	YoY
Operating Cash flow (before Interest & Tax)	683.9	770.0	(86.1)
Changes in Working Capital	560.6	765.3	(204.7)
Net Operating Cash Flow	**1,244.5**	**1,535.3**	**(290.8)**
Tax paid	(70.3)	(51.8)	(18.5)
Capex/ Investments	(107.8)	(355.0)	247.2
Free cash flow to firm (FCFF)	**1,066.4**	**1,128.5**	**(62.1)**
Net interest paid	(239.5)	(264.3)	24.8
Free cash flow to equity (FCFE)	**826.9**	**864.2**	**(37.3)**

Net operating cash flow for H1 2020 declined by S$290.8 million to S$1.2 billion from a year ago as there was lower working capital reduction compared with H1 2019. Gross Capex of S$315.5 million (H1 2019: S$365.7 million) was incurred during H1 2020 for ongoing Capex commitments. Net Capex after disposals and divestments was S$107.8 million in H1 2020 (H1 2019: S$355.0 million). Free Cash Flow to Firm (FCFF) was S$1,066.4 million (H1 2019: S$1,128.5 million) while FCFE was almost similar to that achieved in H1 2019 at S$826.9 million.

Change in Accounting Standard IFRS 16

SFRS(I) 16 on lease accounting has been in effect from January 1, 2019, and the Group had adopted the same in its financial statements for 2019 and H1 2020.

Adoption of this standard had resulted in most leases being recognised on the balance sheet, as a “right-of-use asset” which represented the right to use the underlying leased asset and a “lease liability” representing an obligation to make lease payments. However, where lease payments were entirely variable, the standard did not require the recognition of a right-of-use asset and lease liability. The audited financial statements of the Group up to December 31, 2019 had been prepared in compliance with this standard which was effective at that time.

However, in June 2020, the IFRS Interpretations Committee (IFRIC Committee) decided that in the case of sale and lease back transactions with variable lease payments, any gain on sale of the asset would need to be split between (i) the right-of-use assets retained by seller, and (ii) the right-of-use assets transferred to buyer and accordingly recorded on the balance sheet, even if the lease payment was entirely variable and depended on future production economics, future commodity prices and future revenues. This change would need to be applied retrospectively, with re-statement of earliest prior period financial statements as necessary.

In 2019, the Group had entered into two sale transactions with tiered revenue sharing arrangements (variable lease payments): (i) sale of the onion and garlic processing facility in Gilroy, California (“RE Assets”), and (ii) sale of permanent water rights in Australia. In accordance with SFRS(I) 16, no right of use assets or lease liabilities were recognised. The decision by IFRIC would now require a change to the Group’s accounting policy relating to such transactions and would impact its financial statements for 2019, 2020 and beyond. Further, on May 4, 2020, the Group had announced the termination of its tiered revenue sharing arrangement for the RE Assets. The IFRIC decision would also affect the carrying value of these RE assets to be recognised when these are transferred back to the Group.

In applying any new interpretation issued by IFRIC Committee, reasonable time is allowed for companies to fully determine the impact of the change. Further, the standard does not prescribe a method to compute the value of right of use assets retained based on the variable lease payments or a method to determine the proportion of the gain on sale of asset to be recorded on the balance sheet.

Consequently, the Group is currently making an assessment to determine the value of right of use assets retained, that could include performing an independent fair value exercise, after estimating future production economics, future commodity prices and future revenues which forms the basis of the variable lease payments. Therefore, the Group would record the impact of this change in its financial statements for the second half and full year ending December 31, 2020, after completing this assessment and due review by its auditors.

Segmental Review and Analysis

For H1 2020

Segment	Sales Volume ('000 MT)		Revenue		EBIT		Invested Capital (IC)	
S$ million	**H1 2020**	**H1 2019**	**H1 2020**	**H1 2019**	**H1 2020**	**H1 2019**	**30-Jun-20**	**30-Jun-19**
OFI	**1,816.7**	**1,749.2**	**6,173.3**	**5,672.3**	**263.1**	**439.1**	**8,876.0**	**8,499.0**
Ingredient Sourcing & Supply Chain*	1,780.4	1,772.9	5,246.6	4,871.3	94.3	214.7	5,070.2	5,145.1
Value-added Food Ingredients & Solutions*	469.6	440.8	2,519.3	2,211.8	168.8	224.4	3,805.8	3,353.9
OGA	**17,607.3**	**16,531.6**	**10,057.9**	**9,277.5**	**228.9**	**147.3**	**2,618.1**	**1,597.6**
Food & Feed - Origination & Merchandising	15,031.1	14,307.7	7,000.6	6,351.3	94.2	79.1	354.7	88.3
Food & Feed - Processing & Value-added	1,689.8	1,323.7	1,125.5	819.9	95.8	24.8	1,613.8	1,059.6
Fibre & Ag Services	886.4	900.2	1,931.8	2,106.3	38.9	43.4	649.6	449.7
OIL	**634.4**	**819.4**	**849.3**	**994.1**	**(68.3)**	**(64.4)**	**4,044.8**	**4,430.3**
De-prioritised/Exiting Assets	489.4	704.7	608.0	785.8	(11.9)	(48.9)	1,458.1	2,101.0
Gestating Businesses	145.0	114.7	241.3	208.3	(29.5)	3.6	2,584.7	2,329.3
Incubating Businesses	-	-	-	-	(26.9)	(19.1)	2.0	-
Total	**20,058.4**	**19,100.2**	**17,080.5**	**15,943.9**	**423.7**	**522.0**	**15,538.9**	**14,526.9**

*****Includes inter-segmental sales volume and revenue

Notes:

IC excludes:
(a) Gabon Fertiliser Project (30-Jun-20: S$252.3 million; 30-Jun-19: S$243.4 million), and
(b) Long Term Investment (30-Jun-20: S$52.1 million; 30-Jun-19: S$123.8 million)

Overview of New Operating Groups: OFI, OGA and OIL

Sales Volume

In H1 2020, OGA accounted for the largest share of the Group's sales volume at 87.8% (H1 2019: 86.5%) while OFI and OIL accounted for 9.1% (H1 2019: 9.2%) and 3.1% (H1 2019: 4.3%) respectively.

Revenue

In H1 2020, OGA's share of Group revenue was the largest at 58.9% (H1 2019: 58.2%) while OFI and OIL accounted for the balance at 36.1% (H1 2019: 35.6%) and 5.0% (H1 2019: 6.2%) respectively.

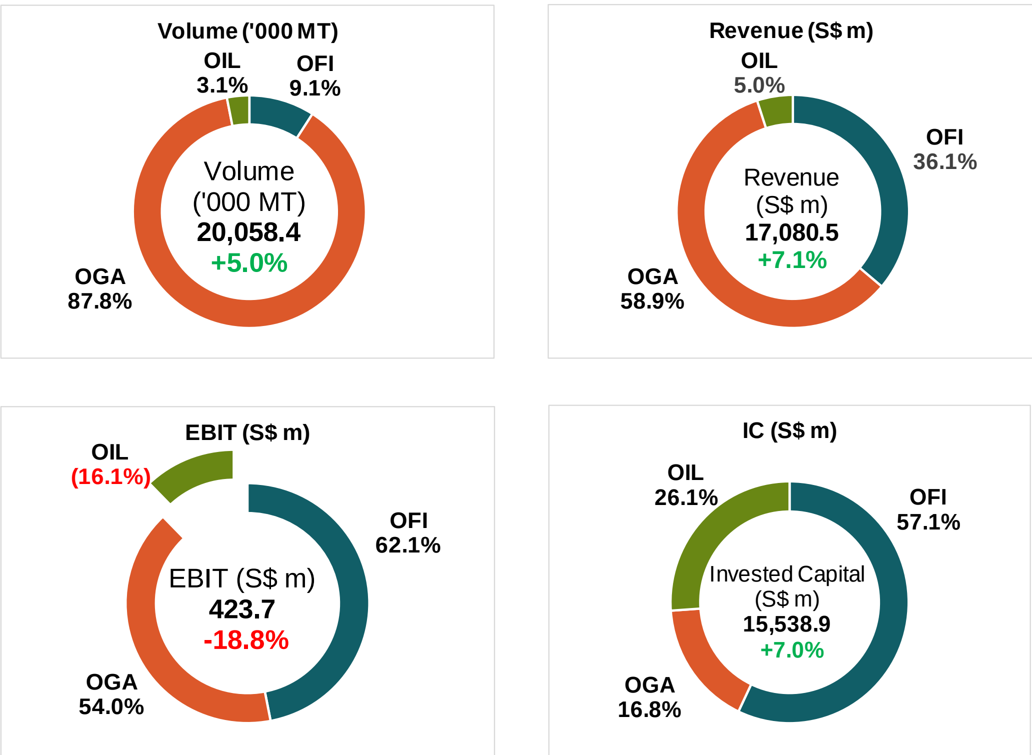
EBIT

In H1 2020, OFI's EBIT accounted for 62.1% (H1 2019: 84.1%) of Group EBIT with the OGA making up 54.0% (H1 2019: 28.2%). OIL's share was a negative 16.1% (H1 2019: -12.3%) due to the nature of its role of carrying de-prioritised, gestating and incubating assets.

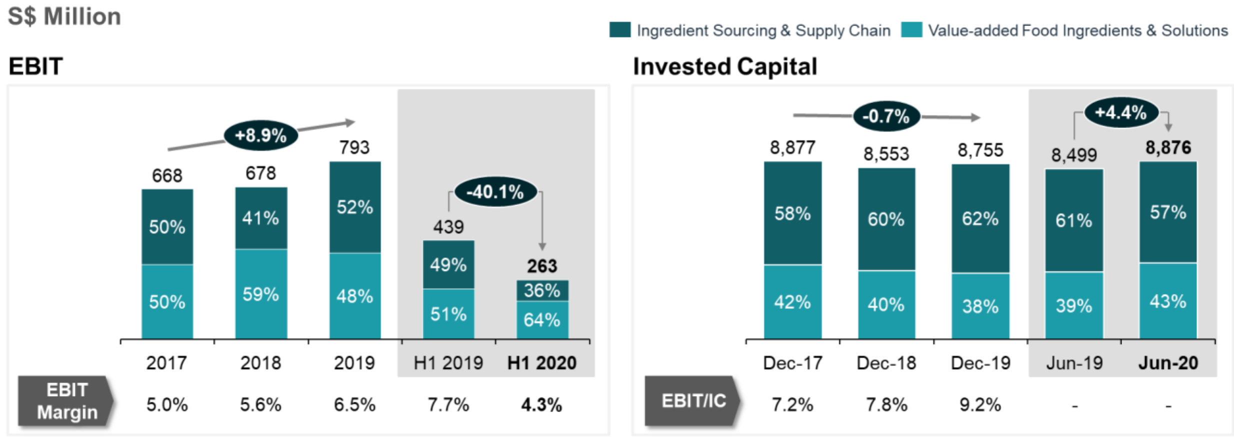
Invested Capital

For H1 2020, OFI's share of Group Invested Capital was 57.1% (H1 2019: 58.5%) while OGA's share was 16.8% (H1 2019: 11.0%). OIL accounted for the balance of 26.1% (H1 2019: 30.5%).

Overview of OFI, OGA and OIL in H1 2020



OFI: Operating Group Level Highlights



OFI grew its sales volume by 3.9% in H1 2020 with growth mainly coming from the Value-added Food Ingredients & Solutions segment. Its revenues rose 8.8% on account of volume growth as well as higher average selling prices. The performance in 2019 was particularly skewed towards H1 2019 with strong performances within the Nuts and Spices businesses as compared to the usual seasonality, against which OFI reported a 40.1% lower EBIT in H1 2020. We expect H2 2020 to consequently recover and show better results as compared to both H2 2019 and H1 2020. Apart from this anticipated correction of the half yearly earnings skew in 2019, the Almonds, Hazelnuts and the Cocoa processing businesses were also adversely impacted on account of adverse prices and margin pressures resulting from Covid-19 during this period.

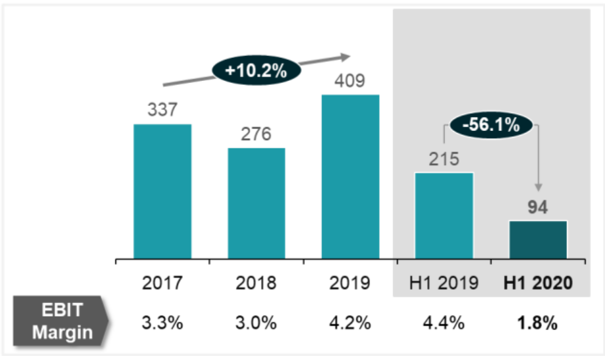
The EBIT drop in the Ingredient Sourcing & Supply Chain segment was more significant due to the fall in Almond prices between H1 2019 and H1 2020 on account of the Covid-19 impact, as well as higher water prices for the 2020 crop in Australia. The EBIT for the Value-added Food Ingredients & Solutions segment was down on account of lower demand and delayed pulls against existing sales contracts in some businesses, as well as associated costs of slowdown and/or closure of certain manufacturing facilities due to the Covid-19 related lockdowns.

Overall invested capital grew by S$377.0 million on higher investments in Value-added Food Ingredients & Solutions.

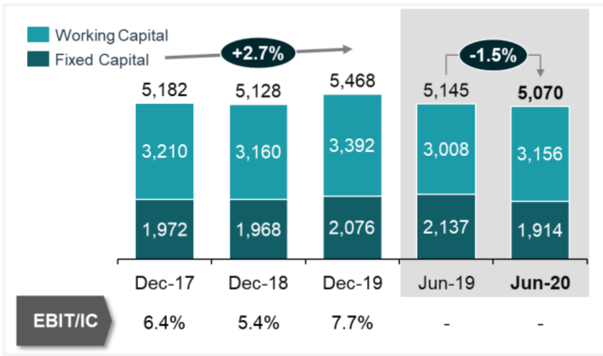
OFI Segmental Level Highlights: 1) Ingredient Sourcing & Supply Chain

S$ Million

EBIT



Invested Capital



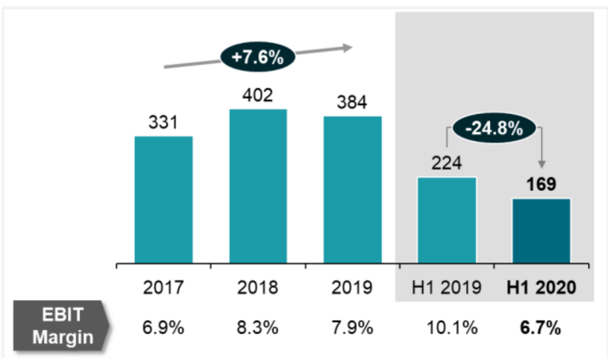
Ingredient Sourcing & Supply Chain reported similar volumes as in H1 2019. Revenues were up 7.7% on higher cocoa prices during H1 2020. Compared with a stronger performance in H1 2019, EBIT declined 56.1% largely due to lower contribution from the Almonds upstream operations in H1 2020, which were impacted by lower almond prices that fell almost 30% between H1 2019 and H1 2020. The Australian operations were also affected by increase in temporary water cost which impacted the 2020 crop. The water prices have now adjusted back to normal levels for the new water year.

Invested Capital was marginally lower as fixed capital decreased with the sale of permanent water rights for Almonds in Australia, partly offset by an increase in working capital due to higher inventories of cocoa, coffee beans and almonds.

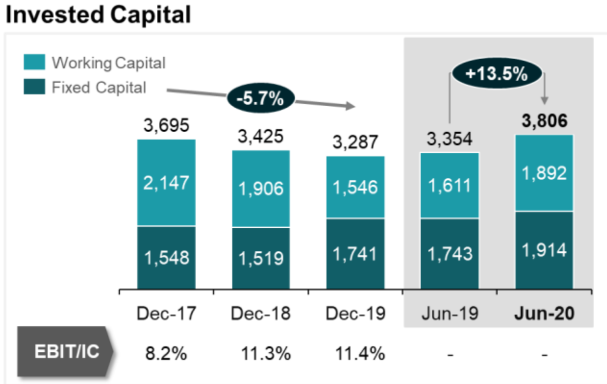
OFI Segmental Level Highlights: 2) Value-added Food Ingredients & Solutions

S$ Million

EBIT



Invested Capital

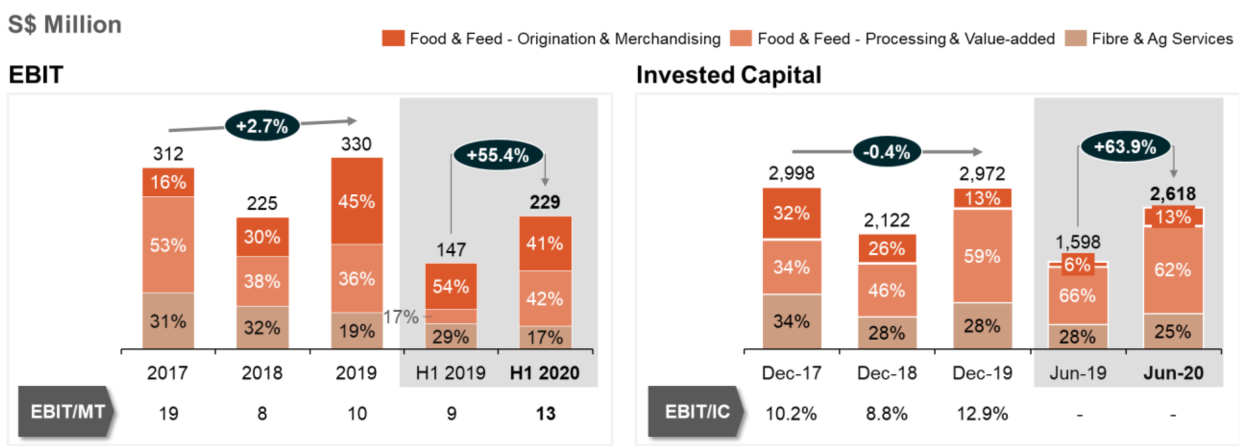


The Value-added Food Ingredients & Solutions segment reported a 6.5% growth in volumes in H1 2020. The increase came from Hughson Nut Inc ("HNI") which was acquired in 2019, as well as from new channels in co-manufacturing, food service and e-commerce. Revenues grew 13.9% on increased volumes and higher cocoa and dairy product prices.

EBIT however declined by 24.8% due to demand contraction, delayed pulls by customers, and/or higher costs on account of slowdown or shutdowns at some manufacturing facilities due to Covid-19. The Hazelnuts, Cocoa Processing and Soluble Coffee saw an adverse impact on their margins in H1 2020 as compared to the prior corresponding period. This was partly compensated by improved EBIT from Almond, Peanuts and Spices processing in the US, as well as Dairy processing in Malaysia.

Invested capital increased by S$451.9 million on both fixed and working capital. The former grew with the acquisition of HNI and investments to expand the Spices grinding factory in Vietnam and Dairy processing capacity in Malaysia. Working capital increased as a result of delayed shipments, leading to a build-up of inventory.

OGA: Operating Group Level Highlights

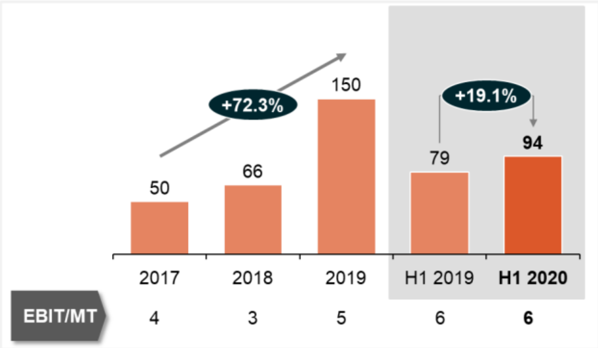


OGA reported a 6.5% growth in volumes as the Food & Feed segments registered volume growth, partly offset by reduction from the Fibre & Ag Services segment due to Covid-19 impact in H1 2020. Revenues were higher by 8.4% on account of volume growth as well as higher prices in food staples, including Grains, Rice and Edible Oils. EBIT grew by a robust 55.4% on higher contribution from the Food & Feed segments, particularly the Food & Feed - Processing & Value-added segment. Its per tonne margin was up from S$9 in H1 2019 to S$13 in H1 2020. Overall invested capital was up by just over S$1.0 billion with the largest increase seen in the Food & Feed - Processing & Value-added segment.

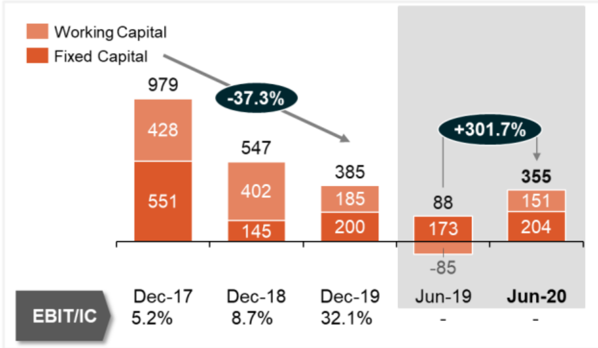
OGA Segmental Level Highlights: 1) Food & Feed - Origination & Merchandising

S$ Million

EBIT



Invested Capital



The Food & Feed - Origination & Merchandising segment of OGA achieved 5.1% growth in sales volume, which accounted for the bulk of the increase in Group volumes in H1 2020. This came on the back of higher Grains origination and merchandising volume during the period. Revenues were up 10.2% on sales volume growth as well as higher grain prices.

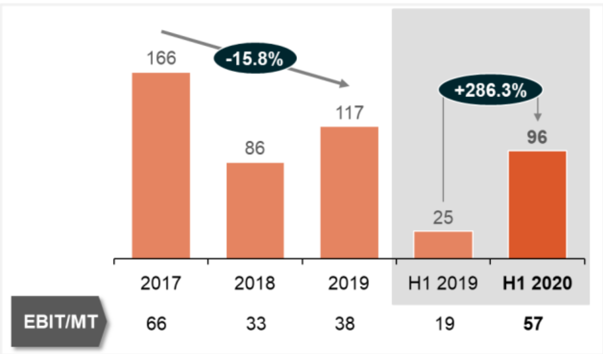
The segment recorded a healthy EBIT growth of 19.1%, mainly due to improved contribution from Grains origination and merchandising, with per tonne margin unchanged at S$6. Rice trading's contribution was lower than that in H1 2019 owing to the ban on rice imports into Cote d'Ivoire, which was lifted towards the end of H1 2020. Contribution from Edible Oils trading declined as counterparty performance was impacted by the fall in edible oils prices.

Invested capital increased by S$266.4 million with higher fixed capital due to the ongoing Capex commitments. Working capital was up due to a reduction in trade creditors arising from a change in business mix that saw lower Rice and Edible Oils bulk trading volumes.

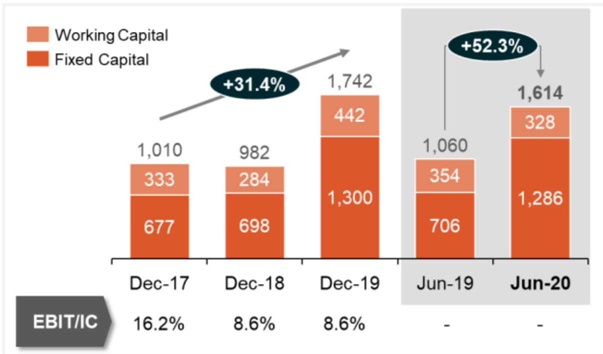
OGA Segmental Level Highlights: 2) Food & Feed - Processing & Value-added

S$ Million

EBIT



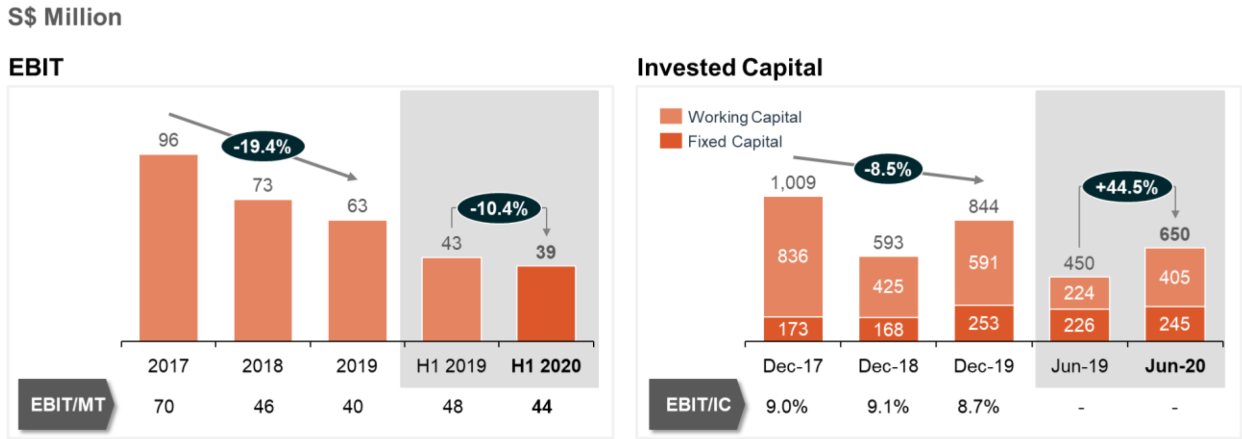
Invested Capital



The Food & Feed - Processing & Value-added segment posted a strong 27.7% increase in sales volume mainly in Grains milling and premium Rice distribution volumes in Africa during H1 2020. The Covid-19 outbreak in the region had led to significant pantry restocking leading to greater demand for these food staples. Revenues grew 37.3% on volume growth and higher selling prices. EBIT was up nearly four-fold on strong improvement in Grains milling post the acquisition of Dangote Flour Mills ("DFM"), as well as in Animal Feed production and branded, packed Rice distribution in Africa. Strong milling margins and improved animal feed margins raised margin per tonne from S$19 in H1 2019 to S$57 in H1 2020.

Invested capital rose significantly by S$554.2 million on higher fixed capital mainly due to the acquisition of DFM. Despite higher sales volumes, working capital remained flat due to tighter inventory and receivable norms amid the Covid-19 outbreak that had impacted the industry.

OGA Segmental Level Highlights: 3) Fibre & Ag Services



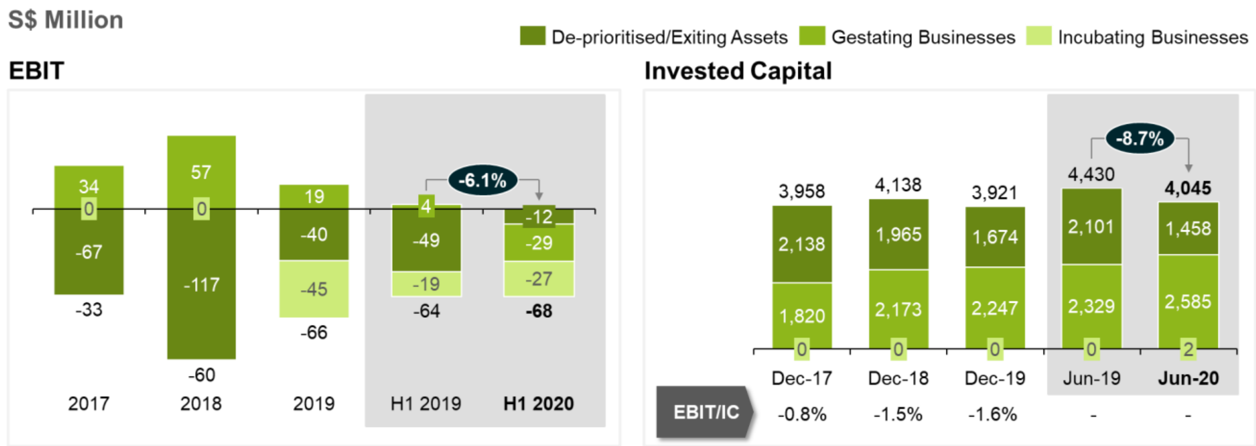
Sales volume at OGA's Fibre & Ag Services segment declined by 1.5% in H1 2020 mainly on account of lower traded volumes of African and Australian cotton. Revenues also fell by 8.3% on lower cotton prices. The segment registered a 10.4% reduction in EBIT as a result of delays in shipments and counterparty defaults, particularly in the trading of African cotton, as well as lower contribution from the Quantitative Fund. EBIT per tonne was marginally down from S$48 in H1 2019 to S$44 in H1 2020.

Invested capital was higher by S$199.9 million primarily on higher working capital, while fixed capital rose marginally with the investment in Cotontchad. Working capital increased on inputs for integrated ginning in Cotontchad as well as on the shipment delays out of Africa.

OIL: Operating Group Level Highlights

In H1 2020, OIL recorded lower revenues with the closure of the Sugar, Rubber and Fertiliser trading desks, the Fundamental Fund and the Wood Products business in Latin America. These were all de-prioritised assets earmarked for exit during the 2019-2024 Strategic Plan period. EBIT losses amounted to S$68.3 million, dragged down by the performance of the three Gestating Businesses, all of which were impacted by Covid-19.

Overall invested capital came down by S$385.5 million on both divestments as well as the impairments taken on the de-prioritised assets in the latter half of 2019.



OIL Segmental Level Highlights: 1) De-prioritised/Exiting Assets

In H1 2020, we divested our balance 50.0% stake in Indonesian sugar refinery Far East Agri, shut down Olam Tomato Processors in California and restructured NZFSU dairy farming operations in Uruguay and completed the sale of the Mungindi gin in Australia.

OIL Segmental Level Highlights: 2) Gestating Businesses

OPG (Palm Plantation in Gabon) saw its partially yielding acreage increase, resulting in higher period costs for H1 2020. Packaged Foods was affected by the reduced discretionary spent on its some of its snacking categories in Nigeria and Ghana as well as reduced demand from out-of-home consumption segment as a result of the Covid-19 outbreak. In addition, the depreciation of the local currencies naira and cedi impacted the business. The share of results from our Infrastructure & Logistics platform (ARISE) also came down with reduced interests in the ARISE associated companies. In addition, we recorded a net exceptional gain in H1 2020 on the sale of the partial stake and re-organisation of our ports and logistics vertical of the ARISE platform.

Invested Capital in Gestating Businesses increased as we complete the developmental expenditure in building out OPG.

OIL Segmental Level Highlights: 3) Incubating Businesses

We are making good progress in the five new Engine 2 growth initiatives that we are incubating including a digital farmer services platform, a sustainability lifestyle environmental foot printing and solutions app, a sustainable landscape and carbon trading investment platform, a B2C purpose brands business, and controlled environmental / protected farming venture.

Annexures

Annexure 1: SGXNET Financial Statements and MD&A Reconciliation

The table below summarises the differences between the financial statements on SGXNET and MD&A due to adjustments for exceptional items.

S$ million	H1 2020	H1 2019
Other Income^	23.8	20.3
Other Income	100.1	20.9
Less: Exceptional items	76.3	0.6
Cost of sales^	(15,504.9)	(14,479.9)
Cost of sales	(15,546.4)	(14,479.9)
Less: Exceptional items	(41.5)	-
Selling, general and administrative expenses^	(704.0)	(668.0)
Other operating expenses^	(210.9)	(63.9)
Other expenses	(915.8)	(750.2)
Less: Exceptional items	(0.9)	(18.3)
Share of results from joint ventures and associates^	8.0	23.1
Share of results from joint ventures and associates	104.7	23.1
Less: Exceptional items	96.7	-

^ as stated in MD&A

Annex 2: Olam Group Segmentals and Consolidated Financials (2017-H1 2020)[2]

'000 MT / S$ m

Olam Food Ingredients (OFI)	2017	2018	2019	H1 2019	H1 2020
Volume	4,003.0	3,791.0	3,812.2	1,749.2	1,816.7
Revenue	13,277.0	12,068.3	12,144.8	5,672.3	6,173.3
EBIT	667.8	677.9	792.5	439.1	263.1
EBIT Margin	5.0%	5.6%	6.5%	7.7%	4.3%
Fixed Capital	3,520.2	3,486.4	3,816.6	3,880.3	3,827.9
Working Capital	5,356.5	5,066.3	4,938.2	4,618.7	5,048.1
Invested Capital	8,876.7	8,552.7	8,754.8	8,499.0	8,876.0
EBIT/IC	7.2%	7.8%	9.2%	-	-

OFI - Ingredient Sourcing & Supply Chain	2017	2018	2019	H1 2019	H1 2020
Volume*	3,662.0	3,523.1	3,669.7	1,772.9	1,780.4
Revenue*	10,103.4	9,209.4	9,733.1	4,871.3	5,246.6
EBIT	336.6	276.2	409.0	214.7	94.3
EBIT Margin	3.3%	3.0%	4.2%	4.4%	1.8%
Fixed Capital	1,972.6	1,967.9	2,075.9	2,137.4	1,913.8
Working Capital	3,209.5	3,160.2	3,392.3	3,007.7	3,156.4
Invested Capital	5,182.1	5,128.1	5,468.2	5,145.1	5,070.2
EBIT/IC	6.4%	5.4%	7.7%	-	-

*Includes inter-segmental sales volume and revenue

OFI - Value-added Food Ingredients & Solutions	2017	2018	2019	H1 2019	H1 2020
Volume*	902.7	920.9	930.2	440.8	469.6
Revenue*	4,793.1	4,811.0	4,854.5	2,211.8	2,519.3
EBIT	331.2	401.7	383.5	224.4	168.8
EBIT Margin	6.9%	8.3%	7.9%	10.1%	6.7%
Fixed Capital	1,547.6	1,518.5	1,740.7	1,742.9	1,914.1
Working Capital	2,147.0	1,906.1	1,545.9	1,611.0	1,891.7
Invested Capital	3,694.6	3,424.6	3,286.6	3,353.9	3,805.8
EBIT/IC	8.2%	11.3%	11.4%	-	-

*Includes inter-segmental sales volume and revenue

[2] The excel spreadsheet of the Olam Group segmentals and consolidated financials (2017-H1 2020) can be downloaded from https://www.olamgroup.com/investors/company-information/financials-dashboard.html

Olam Global Agri (OGA)	2017	2018	2019	H1 2019	H1 2020
Volume	16,035.5	26,615.1	34,367.7	16,531.6	17,607.3
Revenue	10,457.5	15,995.5	18,850.3	9,277.5	10,057.9
EBIT	312.4	225.4	329.5	147.3	228.9
EBIT/MT	19	8	10	9	13
Fixed Capital	1,401.6	1,010.5	1,753.2	1,104.4	1,734.8
Working Capital	1,596.3	1,111.3	1,218.3	493.2	883.3
Invested Capital	2,997.9	2,121.8	2,971.5	1,597.6	2,618.1
EBIT/IC	10.2%	8.8%	12.9%	-	-

OGA - Food & Feed - Origination & Merchandising	2017	2018	2019	H1 2019	H1 2020
Volume	12,157.7	22,458.6	29,743.5	14,307.7	15,031.1
Revenue	5,579.2	10,705.2	13,530.6	6,351.3	7,000.6
EBIT	50.4	66.4	149.6	79.1	94.2
EBIT/MT	4	3	5	6	6
Fixed Capital	551.5	145.4	200.4	173.3	204.2
Working Capital	427.6	401.8	184.9	(85.0)	150.5
Invested Capital	979.1	547.2	385.3	88.3	354.7
EBIT/IC	5.2%	8.7%	32.1%	-	-

OGA - Food & Feed - Processing & Value-added	2017	2018	2019	H1 2019	H1 2020
Volume	2,499.0	2,570.3	3,060.0	1,323.7	1,689.8
Revenue	1,706.3	1,599.6	1,793.8	819.9	1,125.5
EBIT	165.6	85.8	117.3	24.8	95.8
EBIT/MT	66	33	38	19	57
Fixed Capital	676.9	697.6	1,299.7	705.5	1,286.3
Working Capital	332.6	284.3	442.2	354.1	327.5
Invested Capital	1,009.5	981.9	1,741.9	1,059.6	1,613.8
EBIT/IC	16.2%	8.6%	8.6%	-	-

OGA - Fibre & Ag Services	2017	2018	2019	H1 2019	H1 2020
Volume	1,378.8	1,586.2	1,564.2	900.2	886.4
Revenue	3,172.0	3,690.7	3,525.9	2,106.3	1,931.8
EBIT	96.4	73.2	62.6	43.4	38.9
EBIT/MT	70	46	40	48	44
Fixed Capital	173.2	167.5	253.1	225.6	244.3
Working Capital	836.1	425.2	591.2	224.1	405.3
Invested Capital	1,009.3	592.7	844.3	449.7	649.6
EBIT/IC	9.0%	9.1%	8.7%	-	-

Olam International Limited (OIL)	2017	2018	2019	H1 2019	H1 2020
Volume	2,496.1	2,461.5	1,571.9	819.4	634.4
Revenue	2,538.0	2,415.2	1,997.6	994.1	849.3
EBIT	(33.0)	(60.3)	(65.8)	(64.4)	(68.3)
Fixed Capital	3,205.7	3,471.2	3,311.3	3,642.3	3,441.9
Working Capital	752.1	666.5	610.0	788.0	602.9
Invested Capital	3,957.8	4,137.7	3,921.3	4,430.3	4,044.8
EBIT/IC	-0.8%	-1.5%	-1.6%	-	-

OIL - De-prioritised/Exiting Assets	2017	2018	2019	H1 2019	H1 2020
Volume	2,306.9	2,242.2	1,328.4	704.7	489.4
Revenue	2,187.2	2,005.1	1,543.0	785.8	608.0
EBIT	(66.9)	(117.3)	(40.2)	(48.9)	(11.9)
Fixed Capital	1,503.1	1,434.3	1,175.2	1,520.1	1,109.0
Working Capital	634.7	530.7	498.9	580.9	349.1
Invested Capital	2,137.8	1,965.0	1,674.1	2,101.0	1,458.1
EBIT/IC	-3.0%	-5.7%	-2.2%	-	-

OIL - Gestating Businesses	2017	2018	2019	H1 2019	H1 2020
Volume	189.2	219.3	243.5	114.7	145.0
Revenue	350.8	410.1	454.6	208.3	241.3
EBIT	33.9	57.0	19.0	3.6	(29.5)
Fixed Capital	1,702.6	2,036.9	2,136.1	2,122.2	2,330.9
Working Capital	117.4	135.8	111.1	207.1	253.8
Invested Capital	1,820.0	2,172.7	2,247.2	2,329.3	2,584.7
EBIT/IC	2.1%	2.9%	0.9%	-	-

OIL - Incubating Businesses	2017	2018	2019	H1 2019	H1 2020
Volume	-	-	-	-	-
Revenue	-	-	-	-	-
EBIT	-	-	(44.6)	(19.1)	(26.9)
Fixed Capital	-	-	-	-	2.0
Working Capital	-	-	-	-	-
Invested Capital	-	-	-	-	2.0
EBIT/IC	n.m.	n.m.	n.m.	-	-

Olam Group Consolidated	2017	2018	2019	H1 2019	H1 2020
Volume	22,534.6	32,867.6	39,751.8	19,100.2	20,058.4
Revenue	26,272.5	30,479.0	32,992.7	15,943.9	17,080.5
EBIT	947.2	843.0	1,056.2	522.0	423.7
Fixed Capital	8,127.5	7,968.1	8,881.1	8,627.0	9,004.6
Working Capital	7,704.9	6,844.1	6,766.5	5,899.9	6,534.3
Invested Capital	15,832.4	14,812.2	15,647.6	14,526.9	15,538.9
EBIT/IC	5.8%	5.5%	6.9%	-	-

Invested Capital excludes:					
1. Gabon Fertiliser Project	248.0	245.4	240.7	243.4	252.3
2. Long Term Investment	257.5	135.8	71.5	123.8	52.1

Annex 3: Key Definitions

Sales Volume: Sale of goods in metric tonne (MT) equivalent. There are no associated volumes for CFS and Infrastructure and Logistics businesses.

Revenue: Sale of goods and services

Other Income: Includes sale of scrap materials, commissions and claims income and fair value gain on investments held for trading. Negative goodwill, gain on sale of assets and other non-recurring, exceptional items which are part of Other Income in the Profit & Loss statement on SGXNet are classified as Exceptional Items in the MD&A.

Cost of Sales: Cost of goods sold, shipping and logistics, commissions and claims expenses and the net measurement of derivative assets

Overhead (Selling, General & Administrative) Expenses: Employee benefit costs, manufacturing overheads, travel expenses and other direct expenses

Other Operating Expenses: Unrealised foreign exchange gain/loss and other expenses

Net changes in fair value of biological assets: Records changes in the fair value of agricultural produce growing on bearer plants and livestock

Exceptional Items: One-off, non-recurring items, including negative goodwill and related transaction costs, gain/loss on sale of assets/business, gain/loss on buyback of bonds, impairment loss, finance charges on pre-payment of loans and non-recurring business restructuring expenses. Tax expenses associated with these items are also presented as Exceptional Items.

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation, excludes Exceptional Items

EBIT: Earnings Before Interest and Tax, excludes Exceptional Items

PATMI: Net Profit After Tax (PAT) less minority interest

Operational PATMI: PATMI excluding Exceptional Items

Total Assets: Total assets are net of trade payables and accruals, derivative financial instruments (current liabilities), provision for taxation, other current liabilities and non-current liabilities, and deferred tax liabilities.

Invested Capital (IC): Excludes cash and bank balances, deferred tax assets, fixed deposits, other current/non-current assets (other than option premiums payable/receivable) and fair value of derivative assets on bonds

EBIT/IC: EBIT on average invested capital based on beginning and end-of-period invested capital

Net Gearing: Ratio of Net Debt (gross debt less cash) to Equity (before fair value adjustment reserves)

Net Gearing (adjusted): Net gearing adjusted for readily marketable inventories that are liquid, hedged and/or sold forward, operating as near-cash assets on the balance sheet, and secured receivables are supported by letters of credit or documents through banks

Free Cash Flow to Firm (FCFF): Operating cash flow less changes in working capital, cash taxes, capital expenditures and investments

Free Cash Flow to Equity (FCFE): FCFF less net interest paid

Note: *Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*