



News Release

Singapore, November 13, 2019

Olam International Q3 2019 PATMI at S\$20.4 million

- Excluding exceptional losses and impact of SFRS(I) 16, Q3 PATMI would have been at S\$27.0 million with 30.4% growth over prior year

HIGHLIGHTS

- Steady operating performance with Q3 2019 and 9M 2019 EBITDA up 25.2% and 16.9% to S\$286.9 million and S\$1.1 billion respectively, driven by higher contribution from the Food Category¹
- Q3 2019 and 9M 2019 PATMI lower by 1.5% and 8.0% at S\$20.4 million and S\$250.7 million respectively
- Excluding exceptional losses and the impact of SFRS(I) 16², Q3 2019 PATMI would have increased by 30.4% to S\$27.0 million and 9M 2019 PATMI by 4.9% to S\$288.0 million
- Improved, positive Free Cash Flow to Equity (FCFE) of S\$767.0 million for 9M 2019 (9M 2018: S\$602.4 million)
- Steady net gearing of 1.37x (9M 2018: 1.38x)

S\$ million	9M 2019	9M 2018	% Change	Q3 2019	Q3 2018	% Change
Volume ('000 MT)	29,036.9	23,256.7	24.9	9,936.7	9,650.1	3.0
Revenue	24,255.2	22,018.6	10.2	8,311.3	8,294.0	0.2
EBITDA	1,058.4	905.1	16.9	286.9	229.1	25.2
PAT	216.6	251.1	(13.7)	8.9	14.7	(39.2)
PATMI	250.7	272.6	(8.0)	20.4	20.7	(1.5)
Operational PATMI	268.5	274.7	(2.3)	20.5	20.7	(1.0)

¹ Food Category comprises Edible Nuts and Spices, Confectionery and Beverage Ingredients and Food Staples and Packaged Foods segments

² Olam has adopted new accounting standard SFRS(I) 16 with effect from January 1, 2019. The “right-of-use assets” and “lease liabilities” that were recognised on January 1, 2019 in the balance sheet increased EBITDA by S\$25.1 million, but also raised depreciation and amortisation and net finance charges by S\$24.1 million and S\$7.7 million respectively in Q3 2019. For 9M 2019, the adoption of SFRS (I) increased EBITDA by S\$74.6 million but raised depreciation and amortisation and net finance charges by S\$71.5 million and S\$22.7 million respectively. The net impact on PATMI and Operational PATMI was negative S\$6.5 million for Q3 2019 and negative S\$19.5 million for 9M 2019.

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MANAGEMENT COMMENTS

Co-Founder & Group CEO Sunny Verghese said:

“In Q3 2019 we delivered another steady set of operational results with all Food Category segments performing better than last year amid continued market volatility.

“As we celebrate our 30th anniversary, from a strategic standpoint, we are building on our strong foundations from a leading food and agri-business to a more value-added ingredients business. By leveraging sustainability and digital as key enablers, we will help customers meet key consumer trends shaping our sector, thereby creating profitable and sustainable value for all stakeholders.”

Executive Director and Group COO, A. Shekhar said:

“We maintained a robust balance sheet in 9M 2019, optimising working capital to deliver stronger free cash flows. Our disciplined efforts in proactively managing our capital structure position us well for the rest of 2019 as we approach the peak procurement season for several of our leading commodities and for high-growth strategic investments.

“We further reinforced our core purpose of ‘Re-imagining Global Agriculture and Food Systems’, with an innovative US\$525 million sustainability loan tied to achieving specific key performance indicators that are aligned with our three purpose outcomes of Prosperous Farmers and Food Systems, Thriving Communities, and Regeneration of the Living World.”

FINANCIAL RESULTS

Q3 2019

- EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) grew by 25.2% to S\$286.9 million (Q3 2018: S\$229.1 million) primarily on higher contribution from the Food Category.
- PATMI (Profit After Tax and Minority Interest) declined 1.5% year-on-year (YoY) to S\$20.4 million (Q3 2018: S\$20.7 million) as EBITDA growth was offset by higher net finance costs, depreciation and amortisation arising from the adoption of SFRS(I) 16. Excluding the impact of SFRS(I) 16, PATMI would have been 30.0% higher at S\$26.9 million.

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- Operational PATMI, which excludes exceptional items, was 1.0% lower YoY at S\$20.5 million (Q3 2018: S\$20.7 million). Excluding the impact of SFRS(I) 16, Operational PATMI would have been 30.4% higher at S\$27.0 million.

9M 2019

- EBITDA grew 16.9% to S\$1.1 billion (9M 2018: S\$905.1 million) on higher contribution from the Food Category and Commodity Financial Services.
- PATMI declined 8.0% YoY to S\$250.7 million (9M 2018: S\$272.6 million) as EBITDA growth was offset by higher net finance costs, depreciation and amortisation, and exceptional losses. Excluding the impact of SFRS(I) 16, PATMI would have been marginally lower YoY at S\$270.2 million.
- Operational PATMI was lower by 2.3% YoY at S\$268.5 million (9M 2018: S\$274.7 million). Excluding the impact of SFRS(I) 16, Operational PATMI would have increased by 4.9% to S\$288.0 million.

Cash flow and gearing

- Generated improved Free Cash Flow to Equity of S\$767.0 million (9M 2018: S\$602.4 million) on higher operating cash flow and lower deployment of working capital.
- Net gearing as at September 30, 2019 remained steady at 1.37 times (9M 2018: 1.38 times) on lower net debt arising from the reduction in working capital.

9M 2019 SEGMENTAL PERFORMANCE

Edible Nuts and Spices

- Revenue increased 2.6% to S\$3.2 billion on growth in both Edible Nuts and Spices businesses.
- EBITDA was 12.4% higher at S\$311.3 million on improved contribution from almonds and Spices offset by lower contribution from peanut and hazelnut businesses.

Confectionery and Beverage Ingredients

- Revenue declined 7.3% to S\$4.8 billion on lower coffee prices and lower Cocoa volumes.
- EBITDA rose 22.6% to S\$341.8 million with continued improvement in margins in the Cocoa business for both supply chain and processing operations.

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Food Staples and Packaged Foods

- Revenue rose 23.8% to S\$12.7 billion mainly driven by growth in Grains trading volumes.
- EBITDA grew 9.3% to S\$271.8 million, led mainly by the Grains and Animal Feed business and improved contribution from Packaged Foods and the Edible Oil supply businesses, partly offset by reduced contribution from Rice and Sugar.

Industrial Raw Materials, Infrastructure and Logistics

- Revenue was up 2.7% to S\$3.5 billion mainly due to higher Cotton sales volumes.
- EBITDA declined 12.0% to S\$116.5 million on lower contribution from Cotton, which offset improved contribution from GSEZ and Wood Products.

Commodity Financial Services

- The segment reported an EBITDA of S\$17.0 million, reversing a S\$31.9 million loss in 9M 2018.

OUTLOOK

Even as political and economic uncertainties continue to affect global trading conditions for the rest of the year, Olam believes its diversified and well-balanced portfolio provides a resilient platform to navigate the challenges in both the global economy and commodity markets.

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

Olam is continually reviewing options for divesting and/or restructuring various assets and businesses in line with the Strategic Plan, some of which may be concluded in this financial year. The outcome and financial impact of such decisions (viz. one-off exit costs, gains/losses on sale and/or potential impairment of these assets/businesses) remains uncertain at this stage and are subject to multiple factors outside its control. Olam will make appropriate disclosures as and when there are material developments in this regard.

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Notes to Editors

1. This release should be read and understood only in conjunction with the full text of Olam International Limited's Third Quarter and Nine Months 2019 Financial Statements and Management Discussion and Analysis lodged on SGXNET on November 13, 2019.
2. Olam will host a webcast on November 13, 2019, at 6.00 pm SGT to discuss the financial results and provide a company update. To access the webcast or download the presentation materials, go to <https://olamgroup.com>.
3. Edible Nuts and Spices has been renamed from Edible Nuts, Spices and Vegetable Ingredients while Industrial Raw Materials, Infrastructure and Logistics was previously Industrial Raw Materials, Ag Logistics and Infrastructure.

About Olam International Limited

Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 19,800 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 4.8 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. Follow @olam:



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