Management Discussion and Analysis

November 13, 2019

Results for the period ended September 30, 2019

Olam Cashew processing, Vietnam

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Third Quarter ("Q3 2019") and Nine Months ended September 30, 2019 ("9M 2019")

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 Third Quarter and Nine Months ended September 30, 2019 lodged on SGXNET on November 13, 2019.

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Key Highlights

Financial Performance

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
Net loss in fair value of biological assets	(5.2)	(9.6)	(46.0)	(1.2)	0.2	n.m.
EBITDA	**1,058.4**	**905.1**	**16.9**	**286.9**	**229.1**	**25.2**
Depreciation & Amortisation	(378.0)	(290.7)	30.0	(128.5)	(102.0)	25.9
Net Finance costs	(412.6)	(310.5)	32.9	(147.7)	(108.8)	35.8
Taxation	(33.4)	(50.7)	(34.1)	(1.7)	(3.6)	(52.8)
Exceptional items	(17.8)	(2.1)	n.m.	(0.1)	-	n.m.
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)**

- **Profit After Tax and Minority Interests (PATMI) declined 8.0% to S$250.7 million in 9M 2019** from S$272.6 million in 9M 2018 as EBITDA growth was offset by higher net finance costs, depreciation and amortisation charges and exceptional losses. Excluding the impact of SFRS(I) 16 (see additional notes on page 4), PATMI would have marginally declined by 0.9% to S$270.2 million.

- **Operational PATMI** (PATMI excluding exceptional items) **was marginally lower by 2.3% at S$268.5 million** compared with S$274.7 million in 9M 2018 due to higher net finance costs and depreciation. Excluding the impact of SFRS(I) 16, Operational PATMI would have been grown by 4.9% to S$288.0 million.

- **Sales volume rose by 24.9% in 9M 2019** mainly on account of the increase in Grains trading volumes.

- **EBITDA grew by 16.9% to S$1,058.4 million in 9M 2019** (9M 2018: S$905.1 million) mainly due to improved EBITDA from all segments except Industrial Raw Materials, Infrastructure and Logistics. The adoption of SFRS(I) 16 from January 1, 2019 had a positive impact of S$74.6 million during the period.

- **Depreciation and amortisation charges were higher by 30.0 % at S$378.0 million** (9M 2018: S$290.7 million) mainly due to a S$71.5 million increase from a larger fixed capital base due to right-of-use assets following the adoption of SFRS(I) 16 from January 1, 2019.

- **Net finance costs increased by 32.9 % to S$412.6 million** (9M 2018: S$310.5 million) due to the impact of higher interest rates and the increase in finance charges of S$22.7 million arising from the adoption of SFRS(I) 16 from January 1, 2019. The increase was partly offset by higher finance income.

- **Gross Capex of S$515.2 million** (9M 2018: S$507.9 million) was incurred during 9M 2019 for investments, including the acquisition of 85.0% in BT Cocoa, as well as ongoing Capex commitments during this period. **Net Capex after disposals and divestments was S$499.6 million** in 9M 2019 compared with S$143.5 million in 9M 2018.

- **Free Cash Flow to Equity (FCFE) increased** from S$602.4 million in 9M 2018 **to S$767.0 million in 9M 2019**.

- **Net gearing as at September 30, 2019 remained steady at 1.37 times** (September 30, 2018: 1.38 times). **Excluding the impact of SFRS(I) 16, net gearing would have been at 1.28 times.**

Adoption of SFRS(I) 16

SFRS(I) 16 is effective from January 1, 2019, and the Group has adopted modified retrospective approach which does not require any restatement of prior period financial statements.

Adoption of this new standard has resulted in most leases being recognised on balance sheet, with exemption of short-term and low value assets' leases. Under this new standard, at the commencement of a lease, a "right-of-use asset" and a "lease liability" for lease payments are recognised on the balance sheet. Total borrowings or net debt will increase to the extent of the lease liability. This new standard also requires separate recognition of finance charge on the lease liability and depreciation on the right-of-use asset in the profit and loss account.

As at January 1, 2019, the adoption of SFRS(I) 16 resulted in the following key effects to the balance sheet of the Group:

S$ million	1-Jan-19
Assets	
Property, plant and equipment	(76.8)
Right-of-use assets	706.8
Other current assets	(24.2)
Total Assets	**605.8**
Liabilities	
Lease liabilities	699.9
Finance lease liabilities	(94.1)
Total Liabilities	**605.8**

The right-of-use assets and lease liabilities that were recognised on January 1, 2019 resulted in an increase in EBITDA by S$74.6 million in 9M 2019. This also raised depreciation and finance charges by S$71.5 million and S$22.7 million respectively in 9M 2019. PATMI and Operational PATMI were lower by S$19.5 million during this period. The Profit and Loss items with and without the impact of SFRS(I) 16 are summarised in the table that follows:

S$ million	9M 2019			Q3 2019		
Profit & Loss Statement	**Reported**	**SFRS(I) 16 Impact**	**Excluding SFRS(I) 16**	**Reported**	**SFRS(I) 16 Impact**	**Excluding SFRS(I) 16**
EBITDA	**1,058.4**	**74.6**	**983.8**	**286.9**	**25.1**	**261.8**
Depreciation & Amortisation	(378.0)	(71.5)	(306.5)	(128.5)	**(24.1)**	(104.4)
Net Finance costs	(412.6)	(22.7)	(389.9)	(147.7)	**(7.7)**	(140.0)
PATMI	**250.7**	**(19.5)**	**270.2**	**20.4**	**(6.5)**	**26.9**
Operational PATMI	**268.5**	**(19.5)**	**288.0**	**20.5**	**(6.5)**	**27.0**

Financing

- In April 2019, Olam and its wholly owned subsidiary, Olam Treasury (OTPL) secured the world's first "Digital Loan", a three-year digital-linked revolving credit facility (RCF) aggregating US$350.0 million. The pricing of the facility is linked to Olam's digital maturity score, which is determined by the Boston Consulting Group using their proprietary "Digital Acceleration Index" methodology that assesses Olam across four digital building blocks: (1) business strategy driven by digital; (2) digitising the core; (3) new digital growth; and (4) enablers. Olam and the participating banks have agreed on annual improvement targets over the course of the RCF which, if achieved, would trigger a reduction in the interest rate.

- In May 2019, Olam's wholly-owned subsidiary Olam Americas Inc. successfully priced a US$120.0 million issuance of five-year fixed rate notes via a private placement to nine investors at a fixed coupon of 3.89% for five years.

- In July 2019, Olam's wholly owned subsidiary, Olam Holdings B.V. secured an RCF aggregating US$375.0 million. The facility has a 364-day tenor with an option to extend for a further 364 days.

- In September 2019, Olam and OTPL secured an RCF of US$525.0 million, consisting of three tranches – a one-year RCF of US$315.0 million, a two-year RCF of US$105.0 million and a three-year RCF of US$105.0 million. The interest margin of the RCF is linked to meeting sustainability Key Performance Indicators (KPIs) which are aligned with the Company's three purpose outcomes of Prosperous Farmers and Food Systems, Thriving Communities, and Regeneration of the Living World. The KPIs will be tracked and reported by Olam's Corporate Responsibility & Sustainability team and independently assessed by Ernst & Young based on agreed-upon procedures approved by the banks.

- In October 2019, Olam and OTPL secured a multi-tranche RCF aggregating US$1,525.0 million, consisting of a 364-day RCF of US$610.0 million, a two-year RCF of US$457.5 million and a three-year RCF of US$457.5 million for refinancing of existing loans.

Strategic Plan Update

On January 25, 2019, we announced our 2019-2024 Strategic Plan that capitalises on key trends shaping the sector. Driven by consumers and advances in technology, these trends include increasing demand for healthier foods, traceable and sustainable sourcing, e-commerce and the rise of "purpose" brands. Olam plans to invest US$3.5 billion (including maintenance Capex) to strengthen businesses with high growth potential, while releasing US$1.6 billion by responsibly divesting certain businesses and assets lying outside the strategic priorities over the course of this plan. Read the Annexure "Business Model and Strategy" for more details.

Further to the announcement of our new Strategic Plan, we have appointed Credit Suisse (Singapore) Limited and Rothschild & Co Singapore Limited as Joint Financial Advisors to explore various options to maximise long term value for shareholders. This exercise is expected to be completed by the end of 2019.

During 9M 2019, the Company closed the Sugar, Rubber and Fertiliser trading desks, the Fundamental Fund and the Wood Products business in Latin America. It also completed the following transactions:

- Indirect wholly-owned subsidiary Queensland Cotton Corporation Pty Ltd (QCC) disposed of its entire 51.0% shareholding in Collymongle Ginning Pty Ltd, a company incorporated in Australia, to PJ & PM Harris Pty Ltd (Harris) following an exercise of option, for a total cash consideration of A$4.08 million. (QCC had in 2014 sold 49.0% stake in CGPL to Harris, reducing its shareholding from 100.0% to 51.0%.)

- Wholly owned subsidiary Olam Argentina S.A. disposed of its entire 100.0% equity interest in Olam Alimentos S.A., which was incorporated in Argentina with principal activity in peanut shelling and blanching, to Adecoagro, for a cash consideration of US$10.0 million. This is in line with the new Strategic Plan of divesting select businesses and redeploying capital into proven businesses which have performed consistently and have market leading positions, such as the peanut shelling, blanching and ingredients business in the U.S.

All the above divestments reduced invested capital by US$153.6 million in 9M 2019.

- Olam acquired 85.0% equity interest in YTS Holdings Pte Ltd, which owns 100.0% of Indonesia’s largest cocoa processor PT Bumitangerang Mesindotama (BT Cocoa), from its founding members, Piter Jasman and family, for a total cash consideration of US$90.0 million. The transaction is part of the new Strategic Plan to grow its cocoa ingredients business by expanding its platform in Asia and enhancing its product offering in the region.

- Olam completed the acquisition of 60.0% interest in Cotonchad SN, the state-owned company with exclusive rights to procure, process and sell Chadian cotton and by-products, for US$16.0 million.

- Olam, through wholly owned subsidiary Outspan Cyprus Limited, acquired the remaining minority shareholding of 6.98% in Milky Projects Limited, which directly holds equity in Russian Dairy Company (“Rusmolco”), from its founding shareholder. Following the acquisition, Rusmolco becomes a wholly-owned subsidiary of Olam.

In April 2019, Olam made a binding offer to acquire 100.0% of Dangote Flour Mills (DFM), a leading flour and pasta manufacturer in Nigeria, for an enterprise value of NGN 130.0 billion (approximately US$361.0 million). The acquisition of DFM supports the strategy of the Grain and Animal Feed business to expand its wheat milling capacity in high-growth markets, such as Nigeria. Olam and DFM combined would provide enhanced manufacturing capacity and create synergies with the Group’s existing business. Post the adjustment for the net working capital and net debt of DFM as at 31 March 2019, Olam submitted a revised consideration of NGN 120.0 billion (approximately US$331.4 million) for the offer on August 5, 2019. The transaction was completed on October 31, 2019 following the approval by the shareholders of DFM for the Scheme of Arrangement to acquire DFM as well as the relevant regulatory approvals.

In October 2019, Olam announced that it will acquire a 100.0% interest in leading Californian almond processor and ingredient manufacturer Hughson Nut Inc (HNI) and associated real estate assets from APB Partners, LLC (APB) at a total enterprise value of US$54.0 million. The acquisition of HNI is consistent with Olam’s Strategic Plan to offer differentiated solutions, such as ingredients and product innovation, and to target new customer segments in co-manufacturing, food service and e-commerce. The extensive processing capabilities of HNI will enable Olam to offer a fully integrated solution across the almond value chain from the U.S., including processed whole nuts and value-added ingredients, complementing similar capabilities in Australia and Vietnam. The transaction is expected to be completed by end-November 2019.

In addition to the update provided above, the Company is currently engaged in multiple discussions 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, timing and the range of financial impact (viz. one-off exit costs, gains/losses on sale and/or potential impairment of these assets/businesses) is uncertain and subject to multiple factors outside the Company's control. The Company will make appropriate disclosures as and when there are material developments in this regard.

Outlook and Prospects

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 is executing 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.

Summary of Financial and Operating Results

Profit and Loss Analysis

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**
Other income^	26.6	20.5	29.8	6.3	7.8	(19.2)
Cost of sales	(22,103.1)	(20,006.9)	10.5	(7,623.2)	(7,713.0)	(1.2)
Selling, general and administrative expenses^	(963.1)	(941.8)	2.3	(295.1)	(301.2)	(2.0)
Other operating expenses	(190.7)	(208.9)	(8.7)	(126.8)	(64.6)	96.3
Net loss in fair value of biological assets	(5.2)	(9.6)	(46.0)	(1.2)	0.2	n.m.
Share of results from jointly controlled entities and associates	38.7	33.2	16.6	15.6	5.9	163.2
EBITDA^	**1,058.4**	**905.1**	**16.9**	**286.9**	**229.1**	**25.2**
EBITDA %	4.4%	4.1%		3.5%	2.8%	
Depreciation & amortisation	(378.0)	(290.7)	30.0	(128.5)	(102.0)	25.9
EBIT^	**680.4**	**614.4**	**10.7**	**158.4**	**127.1**	**24.6**
Exceptional items	(17.8)	(2.1)	n.m.	(0.1)	-	n.m.
Net Finance costs	(412.6)	(310.5)	32.9	(147.7)	(108.8)	35.8
PBT^	**250.0**	**301.8**	**(17.2)**	**10.6**	**18.3**	**(42.1)**
Taxation^	(33.4)	(50.7)	(34.1)	(1.7)	(3.6)	(52.8)
PAT	**216.6**	**251.1**	**(13.7)**	**8.9**	**14.7**	**(39.2)**
PAT %	0.9%	1.1%		0.1%	0.2%	
Non-controlling interests	(34.1)	(21.5)	58.4	(11.5)	(6.0)	90.3
PATMI	**250.7**	**272.6**	**(8.0)**	**20.4**	**20.7**	**(1.5)**
PATMI %	1.0%	1.2%		0.2%	0.3%	
Operational PATMI	**268.5**	**274.7**	**(2.3)**	**20.5**	**20.7**	**(1.0)**
Operational PATMI %	1.1%	1.2%		0.2%	0.3%	

^Excluding exceptional items

Sales Volume

Sales volume grew 24.9% mainly due to higher trading volumes in Grains during 9M 2019.

Revenue

Revenue growth on the other hand was lower at 10.2%, as the increased trading volumes from Grains have a lower selling price than that of other products in the portfolio.

Other Income

Other income was higher at S$26.6 million (9M 2018: S$20.5 million).

Cost of Sales

The change in cost of sales normally follows the corresponding change in revenue for a given period. In 9M 2019, cost of sales increased by 10.5%, largely in tandem with the growth in revenue.

Selling, General & Administrative Expenses

Selling, General & Administrative Expenses increased by 2.3% to S$963.1 million in 9M 2019 (9M 2018: S$941.8 million) on account of investments in new corporate growth initiatives, such as digitalisation, co-manufacturing for food service, e-commerce and sustainability-based solutions, including AtSource.

Other Operating Expenses

Other operating expenses decreased from S$208.9 million in 9M 2018 to S$190.7 million in 9M 2019 due to lower unrealised foreign exchange losses recorded on the devaluation of local currencies against the US dollar compared to the prior corresponding period.

Net Changes in Fair Value of Biological Assets

Net loss from fair valuation of upstream dairy assets in Uruguay and Russia declined from S$9.6 million in 9M 2018 to S$5.2 million in 9M 2019.

Share of Results from Jointly Controlled Entities and Associates

Jointly controlled entities and associates include PT DUS, Long Son, Guzman Coffee & Nuts, MC Agri Alliance (MCAA), GSEZ and Open Country Dairy. The share of results from jointly controlled entities and associates rose from S$33.2 million in 9M 2018 to S$38.7 million in 9M 2019 mainly due to higher contribution from GSEZ and MCAA.

EBITDA

EBITDA grew 16.9% to S$1,058.4 million in 9M 2019 mainly due to improved performance from all segments except Industrial Raw Materials, Infrastructure and Logistics. The adoption of SFRS(I) 16 from January 1, 2019 had a positive impact of S$74.6 million.

Depreciation and Amortisation

Depreciation and amortisation expenses increased 30.0% to S$378.0 million (9M 2018: S$290.7 million) mainly due to the S$71.5 million increase from a larger fixed capital base on right-of-use assets following the adoption of SFRS(I) 16 from January 1, 2019.

Finance Costs

Net finance costs increased by 32.9 % to S$412.6 million (9M 2018: S$310.5 million) due to the impact of higher interest rates and the increase in finance charges of S$22.7 million arising from the adoption of SFRS(I) 16 from January 1, 2019. The increase was partly offset by higher finance income.

Taxation

Tax expenses were reduced from S$50.7 million in the prior nine months to S$33.4 million in 9M 2019 primarily due to the change in the earnings composition in terms of business mix and geographical distribution.

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$34.1 million in 9M 2019 (9M 2018: -S$21.5 million). This was a result of higher period costs incurred by OPG and ORG on partially yielding plantations.

Exceptional Items

The 9M 2019 results included a net exceptional loss of S$17.8 million (9M 2018: -S$2.1 million) from one-off costs incurred after the closure of the Sugar, Rubber and Fertiliser trading desks, Fundamental Fund, Wood Products business in Latin America, as well as the sale of the peanut shelling and farming business in Argentina and the remaining stake in Collymongle gin in Australia.

S$ million	**9M 2019**	**9M 2018**	**Q3 2019**	**Q3 2018**
Profit on sale of land in US	-	13.8	-	0.1
Profit on sale of Subsidiary	0.6	5.9	-	0.1
Sale of Café Enrista brand	-	2.7	-	-
Loss on sale of JV/Associate	(1.1)	(24.5)	-	(0.2)
Exit/Closure costs	(17.3)	-	(0.1)	-
Exceptional Items	**(17.8)**	**(2.1)**	**(0.1)**	**0.0**

PATMI

PATMI declined by 8.0% to S$250.7 million in 9M 2019 compared with S$272.6 million in 9M 2018 mainly due to higher net finance costs, depreciation and amortisation charges and exceptional losses, which offset the growth in EBITDA. The result includes a net negative impact of S$19.5 million on the adoption of SFRS(I) 16.

Operational PATMI

Operational PATMI (PATMI excluding exceptional items) was marginally lower by 2.3% at S$268.5 million in 9M 2019 (9M 2018: S$274.7 million), which includes the net negative impact of S$19.5 million on the adoption of SFRS(I) 16.

Balance Sheet Analysis[1]

S$ million	30-Sep-2019	31-Dec-2018	Change vs Dec 18	30-Sep-2018	Change vs Sep 18
Uses of Capital					
Fixed Capital	8,326.5	8,349.3	(22.8)	8,223.3	103.2
Right-of-use assets	639.3	-	639.3	-	639.3
Working Capital	5,900.4	6,376.4	(476.0)	6,718.9	(818.5)
Cash	2,757.4	2,480.4	277.0	2,599.0	158.4
Others	539.1	526.2	12.9	753.4	(214.3)
Total	**18,162.7**	**17,732.3**	**430.4**	**18,294.6**	**(131.9)**
Sources of Capital					
Equity & Reserves	6,637.6	6,652.9	(15.3)	6,691.7	(54.1)
Non-controlling interests	117.0	138.7	(21.7)	150.2	(33.2)
Short term debt	6,042.2	4,766.4	1,275.8	4,716.7	1,325.5
Long term debt	5,130.0	6,407.7	(1,277.7)	6,995.0	(1,865.0)
Short term lease liabilities	80.1	10.7	69.4	10.0	70.1
Long term lease liabilities	566.7	83.4	483.3	80.5	486.2
Fair value reserve	(410.9)	(327.5)	(83.4)	(349.5)	(61.4)
Total	**18,162.7**	**17,732.3**	**430.4**	**18,294.6**	**(131.9)**

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

The Group's total assets[2] as at September 30, 2019 were S$18.2 billion, comprising S$8.3 billion of fixed capital, S$639.3 million of right-of-use assets[3], S$5.9 billion of working capital and S$2.8 billion of cash. The right-of-use assets were largely made up of land and building assets as plant and machinery was a small component.

The total assets were funded by S$6.6 billion of equity, S$6.0 billion of short term debt, S$5.1 billion of long term debt, as well as short term and long term lease liabilities of S$80.1 million and S$566.7 million respectively, which came about with the adoption of SFRS(I) 16.

Compared with December 31, 2018, the overall balance sheet as at September 30, 2019 increased by S$430.4 million mainly on account of the adoption of SFRS(I) 16 and the increase in cash position.

However, compared with September 30, 2018, the overall balance sheet shrank by S$131.9 million as the significant decline in working capital offset the increase in fixed assets caused by the addition of the right-of-use assets.

[1] The Company's balance sheet includes reserves created on account of the restructuring of the US business earlier held by Queensland Cotton Australia, which have been reversed at the Group level (to be read in conjunction with Page 3 of SGXNET Financial Statements for 9M 2019).

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

[3] Please refer to page 15 of the SGXNET Financial Statements for further explanation.

Long Term Investment

The long term investment of S$101.7 million relates to our 30,544,609 shares in PureCircle Limited, valued at £1.96 each as at September 30, 2019. In October 2019, PureCircle announced that it has postponed the release of its full year audited results and suspended the listing of its shares, pending the publication of the full year results. The full announcement can be found at https://purecircle.com/regulatory-news.

Working Capital

S$ million	30-Sep-2019	31-Dec-2018	Change vs Dec 18	30-Sep-2018	Change vs Sep 18
Stock	6,375.8	6,468.2	(92.4)	5,708.8	667.0
Advance to suppliers	775.0	805.5	(30.5)	867.4	(92.4)
Receivables	2,343.3	2,435.2	(91.9)	2,383.3	(40.0)
Trade creditors	(3,946.9)	(3,633.9)	(313.0)	(2,559.6)	(1,387.3)
Others	353.2	301.4	51.8	319.0	34.2
Working Capital	**5,900.4**	**6,376.4**	**(476.0)**	**6,718.9**	**(818.5)**

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

Compared with December 31, 2018, working capital decreased by S$476.0 million with the change in product mix towards bulk trading volumes, improved access to supplier credit and the reduction in stock and receivables. This led to a reduction in overall working capital cycle from 76 days as at December 31, 2018 to 65 days as at September 30, 2019.

Against September 30, 2018, working capital was reduced by S$818.5 million with improved supplier terms on enhanced bulk volumes, causing overall working capital cycle to shorten from 83 to 65 days.

Days	30-Sep-2019	31-Dec-2018	Change vs Dec 18	30-Sep-2018	Change vs Sep 18
Stock	78	84	(6)	77	1
Advance to suppliers	9	10	(1)	11	(2)
Receivables	26	29	(3)	29	(3)
Trade creditors	(48)	(47)	(1)	(34)	(14)
Total cash cycle	**65**	**76**	**(11)**	**83**	**(18)**

Debt, Liquidity and Gearing

S$ million	30-Sep-2019	31-Dec-2018	Change vs Dec 18	30-Sep-2018	Change vs Sep 18
Gross debt	11,819.0	11,268.2	550.8	11,802.1	16.9
Less: Cash	2,757.4	2,480.4	277.0	2,599.0	158.4
Net debt	9,061.6	8,787.8	273.8	9,203.1	(141.5)
Less: Readily marketable inventory	4,858.3	4,754.1	104.2	4,378.6	479.7
Less: Secured receivables	2,043.2	2,103.5	(60.3)	1,927.2	116.0
Adjusted net debt	2,160.1	1,930.2	229.9	2,897.3	(737.2)
Equity (before FV adj reserves)	6,637.6	6,652.9	(15.3)	6,691.7	(54.1)
Net debt / Equity (Basic)	**1.37**	**1.32**	**0.05**	**1.38**	**(0.01)**
Net debt / Equity (without SFRS(I) 16)	**1.28**	**1.32**	**(0.04)**	**1.38**	**(0.10)**
Net debt / Equity (Adjusted)	**0.33**	**0.29**	**0.04**	**0.43**	**(0.10)**

Compared with December 31, 2018, net debt increased by S$273.8 million on the adoption of SFRS(I) 16. This resulted in a higher net gearing of 1.37 times as against 1.32 times as at December 31, 2018. However, without the impact of SFRS(I) 16 on liabilities, our net gearing would have been lower at 1.28 times.

Compared with September 30, 2018, despite the increase of S$556.3 million of lease liabilities on the adoption of SFRS(I) 16, net debt as at September 30, 2019 was lower by S$141.5 million on reduced working capital. Net gearing remained steady at 1.37 times.

Of the S$6.4 billion inventory position, approximately 76.2% or S$4.9 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 87.2% of the S$2.3 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 0.33 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$18.9 billion in available liquidity as at September 30, 2019, including unutilised bank lines of S$9.3 billion.

Cash Flow Analysis

S$ million	9M 2019	9M 2018	YoY
Operating Cash flow (before Interest & Tax)	1,074.4	915.5	158.9
Changes in Working Capital	696.2	270.7	425.5
Net Operating Cash Flow	**1,770.6**	**1,186.2**	**584.4**
Tax paid	(92.3)	(124.2)	31.9
Capex/ Investments	(499.6)	(143.5)	(356.1)
Free cash flow to firm (FCFF)	**1,178.7**	**918.5**	**260.2**
Net interest paid	(411.7)	(316.1)	(95.6)
Free cash flow to equity (FCFE)	**767.0**	**602.4**	**164.6**

Net operating cash flow for 9M 2019 increased significantly by S$584.4 million to S$1.8 billion due to improved operating cash flow and lower deployment of working capital during 9M 2019. Net of Capex and divestments, Free Cash Flow to Firm (FCFF) and FCFE improved to S$1.2 billion (9M 2018: S$918.5 million) and S$767.0 million (9M 2018: S$602.4 million) respectively.

We expect significant investments to be undertaken in Q4 2019, including our acquisition of DFM and Hughson Nut, and more working capital to be deployed as we approach the peak of the procurement season for several of our leading commodities, such as Cocoa and Coffee.

Segmental Review and Analysis

For Q3 2019

Segment	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		
S$ million	**Q3 2019**	**Q3 2018**	**Q3 2019**	**Q3 2018**	**Q3 2019**	**Q3 2018**	**30-Sep-2019**	**31-Dec-2018**	**30-Sep-2018**
Edible Nuts and Spices	442.1	432.4	1,199.5	1,095.2	55.7	40.3	4,069.4	3,609.9	3,768.3
Confectionery and Beverage Ingredients	397.4	386.4	1,626.3	1,667.3	101.6	100.6	4,828.6	4,935.1	4,477.6
Food Staples and Packaged Foods	8,635.4	8,248.3	4,484.9	4,300.0	95.8	81.4	4,457.0	4,577.9	5,044.1
Food Category	**9,474.9**	**9,067.1**	**7,310.7**	**7,062.5**	**253.1**	**222.3**	**13,355.0**	**13,122.9**	**13,290.0**
Industrial Raw Materials, Infrastructure and Logistics	461.8	583.0	1,000.6	1,231.5	32.0	38.3	1,526.9	1,571.7	1,736.2
Commodity Financial Services (CFS)	N.A.	N.A.	-	-	1.8	(31.5)	93.8	117.6	206.4
Non-Food Category	**461.8**	**583.0**	**1,000.6**	**1,231.5**	**33.8**	**6.8**	**1,620.7**	**1,689.3**	**1,942.6**
Total	**9,936.7**	**9,650.1**	**8,311.3**	**8,294.0**	**286.9**	**229.1**	**14,975.7**	**14,812.2**	**15,232.6**

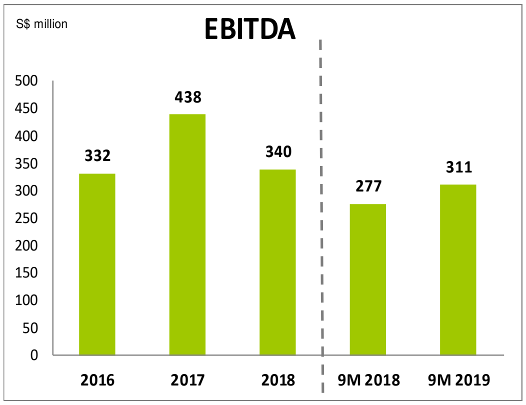
Notes:
IC excludes:
(a) Gabon Fertiliser Project (30-Sep-19: S$239.1 million, 31-Dec-18: S$245.4 million, 30-Sep-18: S$247.9 million), and
(b) Long Term Investment (30-Sep-19: S$101.7 million, 31-Dec-18: S$135.8 million, 30-Sep-18: S$205.7 million)

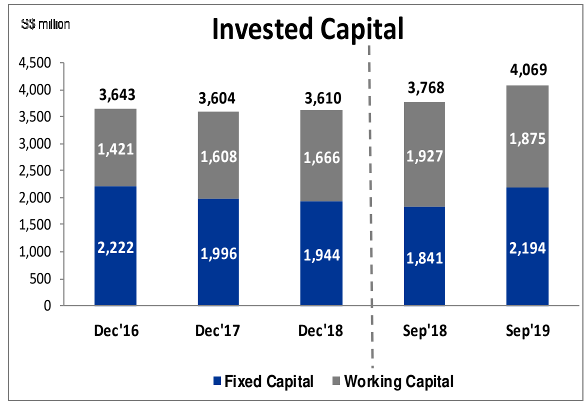
For 9M 2019

Segment	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		
S$ million	**9M 2019**	**9M 2018**	**9M 2019**	**9M 2018**	**9M 2019**	**9M 2018**	**30-Sep-2019**	**31-Dec-2018**	**30-Sep-2018**
Edible Nuts and Spices	1,232.6	1,206.7	3,236.1	3,153.1	311.3	277.0	4,069.4	3,609.9	3,768.3
Confectionery and Beverage Ingredients	1,264.5	1,320.1	4,841.8	5,222.0	341.8	278.9	4,828.6	4,935.1	4,477.6
Food Staples and Packaged Foods	24,927.0	19,066.5	12,689.9	10,247.1	271.8	248.7	4,457.0	4,577.9	5,044.1
Food Category	**27,424.1**	**21,593.3**	**20,767.8**	**18,622.2**	**924.9**	**804.6**	**13,355.0**	**13,122.9**	**13,290.0**
Industrial Raw Materials, Infrastructure and Logistics	1,612.8	1,663.4	3,487.4	3,396.4	116.5	132.4	1,526.9	1,571.7	1,736.2
Commodity Financial Services (CFS)	N.A.	N.A.	-	-	17.0	(31.9)	93.8	117.6	206.4
Non-Food Category	**1,612.8**	**1,663.4**	**3,487.4**	**3,396.4**	**133.5**	**100.5**	**1,620.7**	**1,689.3**	**1,942.6**
Total	**29,036.9**	**23,256.7**	**24,255.2**	**22,018.6**	**1,058.4**	**905.1**	**14,975.7**	**14,812.2**	**15,232.6**

Notes:
IC excludes:
(a) Gabon Fertiliser Project (30-Sep-19: S$239.1 million, 31-Dec-18: S$245.4 million, 30-Sep-18: S$247.9 million), and
(b) Long Term Investment (30-Sep-19: S$101.7 million, 31-Dec-18: S$135.8 million, 30-Sep-18: S$205.7 million)

Edible Nuts and Spices[4]





The Edible Nuts and Spices segment reported a 2.1% growth in sales volumes and a 2.6% increase in revenues in 9M 2019, supported by growth in both Edible Nuts and Spices.

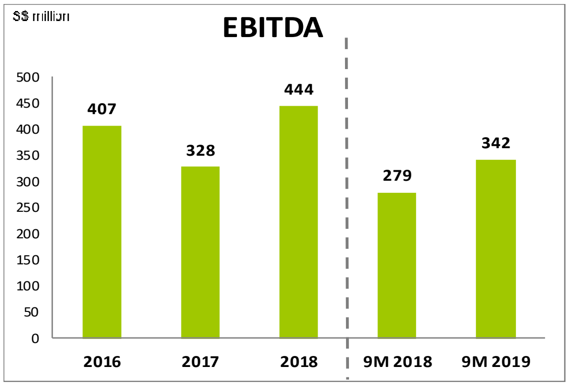
EBITDA rose 12.4% on improved contribution from almonds and Spices, which included a positive impact from the adoption of SFRS(I) 16. This was partly offset by lower contribution from the peanut business due to the cessation of peanut farming and shelling operations in Argentina as well as lower shelling volumes and reduced margins amid an oversupplied market in the U.S. The hazelnut business also reported lower EBITDA for 9M 2019 given the tight and adverse trading conditions in Turkey which are expected to continue into Q4 2019 and beyond.

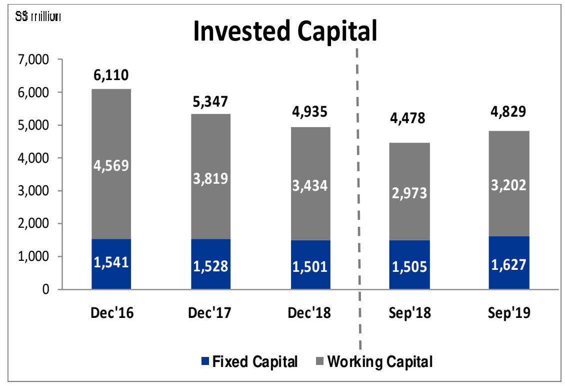
Although the overall Spices portfolio did better in 9M 2019, the tomato processing operations in the U.S. has been facing further cost pressures amid a shorter crop this year and a highly competitive marketplace. The Group has decided to cease its industrial tomato and canning operations at the end of crop year 2019 and will steadily ramp down operations as shipments are executed by the middle of 2020, in both its Lemoore and Williams facilities. The Group is also reviewing various options to divest the individual assets and/or business by that time.

Invested capital in the segment increased by S$301.1 million compared with September 30, 2018. Fixed capital increased on account of the adoption of SFRS(I) 16 with the addition of right-of-use assets to the segment. This was partly offset by a reduction in working capital due to reduced peanut prices.

4 Renamed from Edible Nuts, Spices and Vegetable Ingredients; Spices and Vegetable Ingredients has been renamed Spices.

Confectionery and Beverage Ingredients





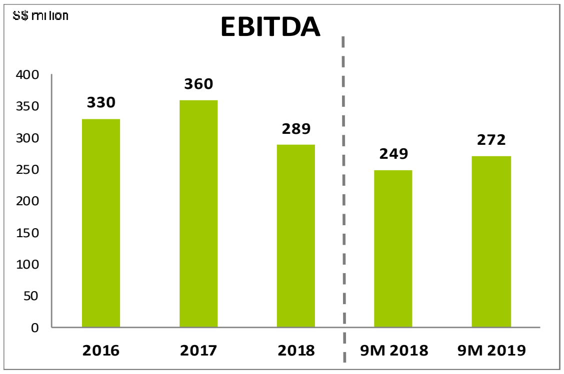
Sales volume in the Confectionery and Beverage Ingredients segment declined 4.2% on reduced Cocoa volumes, partially offset by higher Coffee volumes.

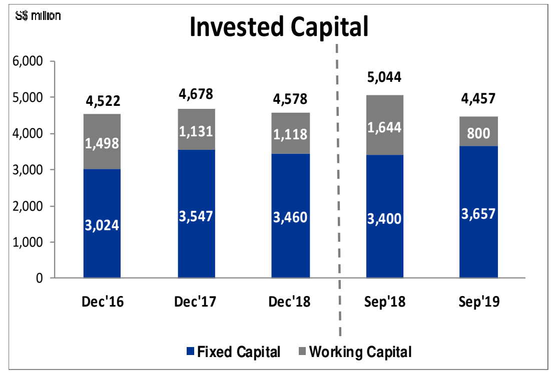
The segment also recorded a reduction in revenues of 7.3% as a result of the above as well as lower coffee prices.

Notwithstanding lower volumes and revenues, EBITDA rose by a strong 22.6% during 9M 2019, which included the positive impact from the adoption of SFRS(I) 16. The Cocoa business continued its stellar performance in both supply chain trading and processing operations with improved margins. Although the volumes and margins in the green coffee supply chain business remained lower than expectations, they improved year-on-year. The soluble coffee business continued to perform very well, whilst the persistent low prices hurt the Coffee plantations, which performed worse than the prior corresponding period.

Invested capital in this segment was higher by S$351.0 million from a year ago. Fixed capital increased with the acquisition of BT Cocoa and the addition of right-of-use assets on the adoption of SFRS(I) 16. Working capital also increased on higher Cocoa inventory.

Food Staples and Packaged Foods





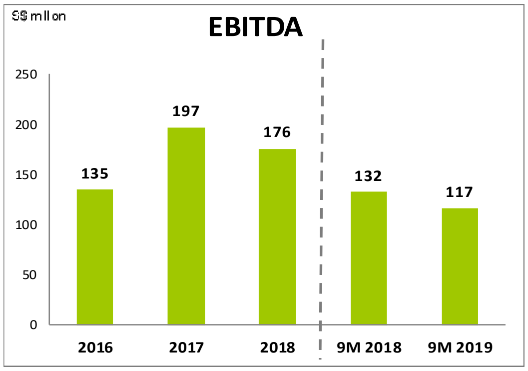
Food Staples and Packaged Foods segment recorded a strong volume and revenue growth of 30.7% and 23.8% respectively in 9M 2019, primarily driven by the growth in Grains trading volumes.

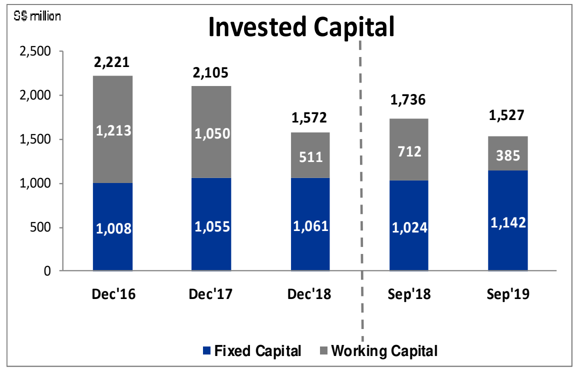
EBITDA grew by 9.3% led mainly by the Grains and Animal Feed business and improved contribution from Packaged Foods and Edible Oil supply chain businesses, as well as the positive impact from the adoption of SFRS(I) 16 from 9M 2019.

The Rice business continued to underperform on lower merchandising volumes into Africa while the Sugar business closed its trading desk in Q1 2019. Although Rusmolco, our upstream dairy farming in Russia, performed well, farming operations in Uruguay continued to experience very difficult operating conditions due to the adverse weather, lower milk production and higher feed costs. The Edible Oils supply chain trading businesses did well during 9M 2019, while its refining and distribution operations in Mozambique were impacted by the tropical cyclone earlier this year, with volumes and margins still under pressure. Low palm oil prices and lower than anticipated yields also adversely impacted the performance in OPG for the partially yielding hectares.

Invested capital was reduced by S$587.1 million compared with September 30, 2018 mainly due to the optimisation efforts in the deployment of working capital. Fixed capital increased on continued investments in OPG, addition of right-of-use assets on the adoption of SFRS(I) 16, and expansionary efforts by Rusmolco during 9M 2019. Working capital trended down significantly on the closure of the Sugar trading desk and as supplier credit for the bulk commodity volumes became more accessible.

Industrial Raw Materials, Infrastructure and Logistics[5]





Sales volumes in the Industrial Raw Materials, Infrastructure and Logistics segment declined by 3.0% due to closure of the Fertiliser desk and the Latin American Wood Products business, which was partially offset by increased Cotton volumes.

Revenues however were higher by 2.7% in 9M 2019 due to higher Cotton sales volumes.

EBITDA declined 12.0% as Cotton posted lower contribution due to a sharp fall in cotton prices and tight adverse trading conditions. This was partly offset by improved contribution from GSEZ and the overall Wood Products business despite the closure of its Latin American operations.

Compared with September 30, 2018, invested capital decreased by S$209.3 million. Although fixed capital rose with the investment in Cotontchad, continued investments in ORG and the addition of right-of-use assets, working capital was reduced significantly as a result of lower cotton prices and reduced volumes following the closure of the deprioritised businesses.

Commodity Financial Services

Commodity Financial Services posted an EBITDA of S$17.0 million in 9M 2019 (9M 2018: -S$31.9 million). This was mainly due to the absence of losses post the closure of the Fundamental Fund and better performance in the Quantitative Fund.

Compared with September 30, 2018, invested capital decreased by S$112.6 million with the closure of the Fundamental Fund in Q1 2019.

5 Renamed from Industrial Raw Materials, Ag Logistics and Infrastructure

Annexure

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	9M 2019	9M 2018	Q3 2019	Q3 2018
Other Income^	26.6	20.5	6.3	7.8
Other Income	27.2	46.6	6.3	8.0
Less: Exceptional items	0.6	26.1	-	0.2
Overhead expenses^	(963.1)	(941.8)	(295.1)	(301.2)
Other operating expenses^	(190.7)	(208.9)	(126.8)	(64.6)
Other expenses	(1,172.2)	(1,175.2)	(422.0)	(366.0)
Less: Exceptional items	(18.4)	(24.5)	(0.1)	(0.2)
Taxation^	(33.4)	(50.7)	(1.7)	(3.6)
Income tax expense	(33.4)	(54.4)	(1.7)	(3.6)
Less: Exceptional items	-	(3.7)	-	-

^ as stated in MD&A

Business Model and Strategy

Olam's business is built on a strong foundation as a fully integrated supply chain manager and processor of agricultural products and food ingredients, with operations across 16 businesses in over 60 countries. As a supply chain manager, Olam is engaged in the sourcing of a wide range of agricultural commodities from the producing countries and the processing, warehousing, transporting, shipping, distributing and marketing of these products right up to the factory gate of our customers in the destination markets. We also manage risk at each stage of the supply chain. From our inception in 1989, we have evolved from a single country, single product trader to a multi-country, multi-product supply chain manager.

In that process of evolution and development, the Olam business model had grown both in depth as well as breadth, pursuing selected value chain adjacencies which both complement and enhance our core supply chain model. We have developed new competencies as we pursued our strategic goals, including the capabilities to identify, execute and integrate attractive acquisition opportunities in selected countries. These initiatives are carefully selected to be within or adjacent to our core value chain activities. Successfully completed transactions have addressed opportunities in the upstream (plantation and farming), midstream (manufacturing/ processing) and downstream parts of the value chain.

Building on existing and new capabilities, we have expanded upstream selectively into plantation ownership and management (perennial crops), farming (annual crops), Dairy farming and forest concessions management. These opportunities, both organic and inorganic, have been pursued in countries that have a comparative advantage to produce these commodities relatively better and at relatively lower costs on a sustainable basis.

Selective investments across the value chain

Pursuit of this strategy has led us to invest selectively in almond orchards in Australia and US, pistachio and walnut orchards in the US, pepper plantations in Vietnam and Brazil, Coffee plantations in Laos, Tanzania, Zambia and Brazil, Cocoa plantation in Indonesia, Rice farming in Nigeria, Palm and Rubber plantations in Gabon, Dairy farming in Uruguay and Russia, and the development of tropical hard wood forest concessions in the Republic of Congo (ROC).

Similarly, in the midstream part of the value chain, we have pursued initiatives in value-added processing and manufacturing activities, such as peanut shelling in the US, mechanical processing of cashews in Côte d'Ivoire, hazelnut processing in Turkey and Georgia, spice grinding in Vietnam, soluble Coffee manufacturing in Vietnam and Spain, Cocoa processing in Côte d'Ivoire, Germany, Netherlands, Indonesia, Singapore, Ghana and Nigeria, and wheat milling in Nigeria, Ghana, Senegal and Cameroon.

Downstream progress has been reflected in the initiatives completed in Packaged Foods distribution in West Africa and the successful development of our own consumer brands in the food category, which capitalise on our intimate knowledge of African markets, operations, brands, and consumers. This downstream activity also builds on capabilities in the management of food supply chains and on the common distribution pipeline that we have built for related commodity products (including Rice, wheat and Dairy) in West Africa.

In addition, Olam has diversified into other related businesses which build on its latent assets and capabilities developed over the last 30 years – the Commodity Financial Services business (CFS) and the development of infrastructure and logistics in Africa.

Evolution of Olam's Business Model: Olam 2.0

Olam now has an extensive upstream farming and plantation footprint and our midstream manufacturing footprint has grown 10-fold since we began on the journey to integrate our value chain participation into upstream and midstream expansion. We are recognised as being leaders in sustainability, and our farmer/supplier and customer networks/engagement have given us a global edge in many of our products. All these initiatives and changes combined had resulted in Olam 1.0 – The Olam Way that forms the basis for the way we lead, organise, compete, grow and succeed in the marketplace – evolving into Olam 2.0.

We have identified six key priorities in Olam 2.0 that will help us stay ahead and make Olam future ready:

1. Focus on drivers of long-term value;
2. Put sustainability at the heart of our business;
3. Build operational excellence as a core competency;
4. Lead industry's digital disruption and transformation;
5. Enhance our culture, values and spirit;
6. Realign and renew our organisation to execute our strategy.

2019-2024 Strategic Plan

The 2019-2024 Strategic Plan aims to capitalise on key trends shaping the sector. Driven by consumers and advances in technology, these trends include increasing demand for healthier foods, traceable and sustainable sourcing, e-commerce and the rise of "purpose" brands. This new strategy builds on the current business model which has yielded strong results and growth across Olam's diversified portfolio. It sets out four pathways for growth:

1. Strengthen, streamline and focus the business portfolio with a planned investment of US$3.5 billion (including US$1 billion maintenance capex) in 12 prioritised high potential growth businesses[6] and releasing US$1.6 billion from de-prioritising and divesting four businesses – Sugar, Rubber, Wood Products, Fertiliser – and other assets that no longer fit with Olam's strategic priorities. The divestments will be completed in a responsible and orderly manner during this plan period.

2. Drive margin improvement by enhancing cost and capital efficiency.

3. Generate additional revenue streams by offering differentiated products/services such as AtSource, risk management solutions, value-added services, ingredients and product innovation; and from both existing and new channels such as co-manufacturing, the food service sector and e-commerce for small and medium sized customers.

4. Explore partnerships and investments in new engines for growth by assessing opportunities to deliver to the consumers and farmers of tomorrow.

Olam has identified four enablers to execute these strategic pathways:

[6] Edible Nuts, Cocoa, Grains & Animal Feed, Coffee, Cotton, Spices, Edible Oils, Infrastructure and Logistics, Dairy, Rice, Packaged Foods and Commodity Financial Services

1. Achieve operational excellence through tracking metrics that matter, digital dashboards and performance scorecards, execution discipline and continuous improvement.
2. Continue to keep sustainability at the heart of the business and re-generate food and farming landscapes while capitalising on changing consumer preferences (‘right-for-me’, ‘right-for-the-planet’, ‘right-for-the-producer’).

3. Lead the industry’s digital transformation and disruption by identifying, validating and deploying initiatives to capture and create value.

4. Attract, retain and inspire top talent by embedding Olam’s Purpose and investing in people development programmes.

Business Segmentation and Reporting

We organise Olam’s operations into five business segments and three value chain segments for reporting purposes. The distribution of the 16 businesses across the business segments and the activities across the value chain segments are given below:

5 Business Segments	16 Businesses[7]	
Edible Nuts and Spices (formerly Edible Nuts, Spices and Vegetable Ingredients)	1)	Edible Nuts (cashew, peanuts, almonds, hazelnuts, pistachios, walnuts, sesame, quinoa, chia seeds and beans)
	2)	Spices (formerly Spices and Vegetable Ingredients. These include pepper, onion, garlic, capsicums and tomato)
Confectionery and Beverage Ingredients	3)	Cocoa
	4)	Coffee
Food Staples and Packaged Foods	5)	Rice
	6)	Sugar and Sweeteners
	7)	Grains and Animal Feed
	8)	Edible Oils
	9)	Dairy
	10)	Packaged Foods
Industrial Raw Materials, Infrastructure and Logistics (formerly Industrial Raw Materials, Ag Logistics and Infrastructure)	11)	Cotton
	12)	Wood Products
	13)	Rubber
	14)	Fertiliser
	15)	Infrastructure and Logistics (including Gabon Special Economic Zone or GSEZ)
Commodity Financial Services (CFS)	16)	Funds Management

[7] Risk Management Solutions and Trade and Structured Finance, which were previously two separate businesses under Commodity Financial Services, have been reclassified as embedded services for the businesses. Market-making and volatility trading activities were discontinued in 2018.

3 Value Chain Segments	Value Chain Activity
Upstream	Includes all activities relating to farming (annual row crops), plantations (perennial tree crops), Dairy farming and forest concessions
Supply Chain	Includes all activities connected with origination, sourcing, primary processing, logistics, trading, marketing (including value-added services) and risk management of agricultural products and the CFS segment
Midstream & Downstream	Includes all activities relating to secondary processing, contract manufacturing, branded distribution, private label activities and Ag logistics and Infrastructure

The production of agricultural products is seasonal in nature. The seasonality of the products in our global portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October and March. Countries in the southern hemisphere have harvesting seasons between April and September.

It is also not unusual to experience both delays, as well as early starts, to the harvesting seasons in these countries in a particular year, based on weather patterns. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmers' selling decisions; these are mainly a function of the farmers' view on prices and inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our EBITDA tend to be relatively higher in the first half of the year (January to June) compared to the second half of the year (July to December).

Based on this seasonality, we have observed the distribution of our EBITDA in prior periods to follow the schedule below, which can change subject to many factors, such as crop seasonality and actual sales and shipments:

Q1 Jan-March	Q2 Apr-June	**First Half Jan-June**	Q3 Jul-Sep	Q4 Oct-Dec	**Second Half Jul-Dec**
30 – 35%	25 – 30%	**55 – 65%**	15 – 20%	20 – 25%	**35 – 45%**

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 (EBITDA) which includes minority interest and 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 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

EBITDA/IC: EBITDA 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.*