



H1 2019
Results Briefing
August 14, 2019



Presenters



Sunny Verghese
Co-Founder
and Group CEO



A. Shekhar
Executive Director
and Group COO



N. Muthukumar
Group CFO

Notice

This presentation should be read in conjunction with Olam International Limited's Financial Statements and Management Discussion and Analysis for the Second Quarter ("Q2 2019") and Six Months ended June 30, 2019 ("H1 2019") lodged on SGXNET on August 14, 2019.

Cautionary note on forward-looking statements

This presentation may contain statements regarding the business of Olam International Limited and its subsidiaries ('Group') that are of a forward-looking nature and are therefore based on management's assumptions about future developments.

Such forward looking statements are intended to be identified by words such as 'believe', 'estimate', 'intend', 'may', 'will', 'expect', and 'project', and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors.

Potential risks and uncertainties includes such factors as general economic conditions, foreign exchange fluctuations, interest rate changes, commodity price fluctuations and regulatory developments. Such factors that may affect Olam's future financial results are detailed in our listing prospectus, offering circulars, information memorandums, information listed in this presentation, or discussed in today's news release and in the Management Discussion and Analysis section of the Company's Second Quarter and Six Months ended June 30, 2019 results report and filings on SGXNET. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward-looking statements.



Agenda

- **H1 2019 highlights**
- **Segmental review**
- **Strategic Plan progress**
- **Key takeaways**





H1 2019 highlights



H1 2019 results

At a glance



Volume

19.1 M MT
+40.4%

EBITDA

S\$772 M
+14.1%

PATMI

S\$230 M
-8.5%

Operational PATMI

S\$248 M
-2.4%

Free Cash Flow


+FCFE
S\$864 M

Gearing

from 1.46x to
1.28x

H1 2019 highlights

Steady results amid global uncertainties affecting market conditions

- 
- ↑ Continued top line growth in volume, revenue
 - ↑ Steady growth in EBITDA
 - ↑ Strong, positive FCFE

Interim dividends maintained



Board of Directors declares interim dividend of 3.5 cents per share (H1 2018: 3.5 cents)

Stronger balance sheet



- ↓ Reduced net debt by S\$1.4 billion
- ↓ Further reduced gearing to 1.28x (H1 2018: 1.46x)

Executing 2019-2024 Strategic Plan to capitalise on key consumer trends

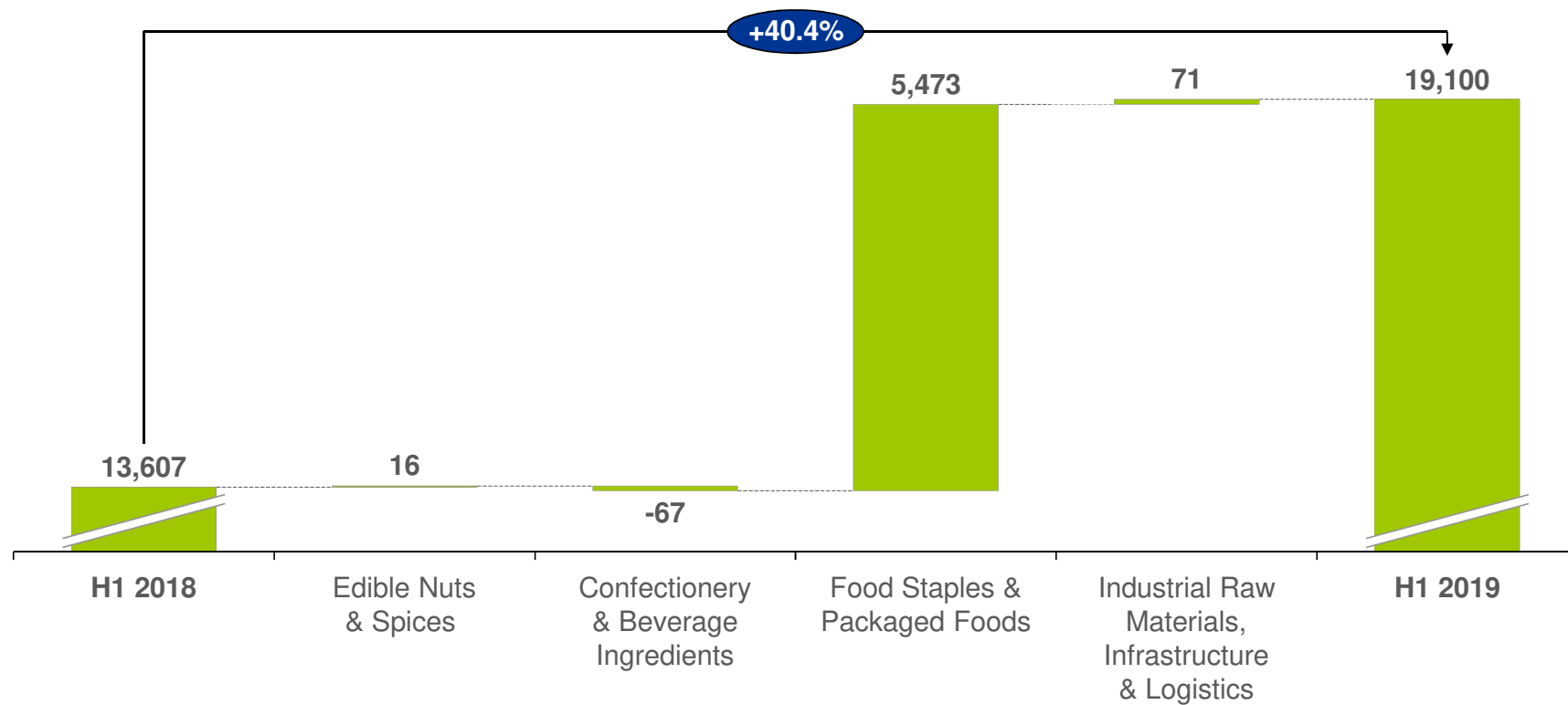


- Strengthen, streamline and focus the portfolio
- Drive margin improvement
- Generate additional revenue streams by offering differentiated products/services
- Explore partnerships and investments in new engines for growth

Volume grew 40.4%

Led by Food Staples & Packaged Foods (Grains)

Volume by segment, '000 MT

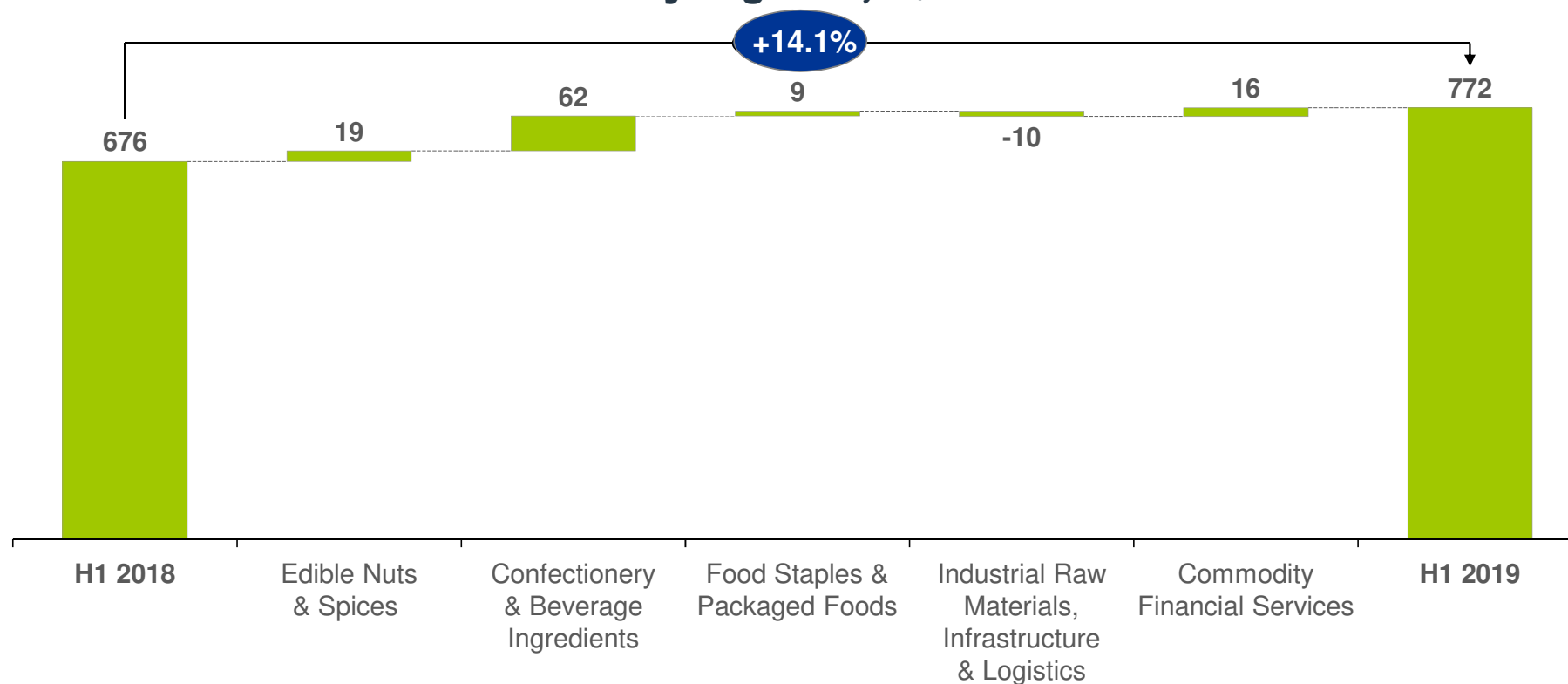


EBITDA up 14.1%

Growth in all segments except Industrial Raw Materials, Infrastructure and Logistics



EBITDA by segment, S\$ million



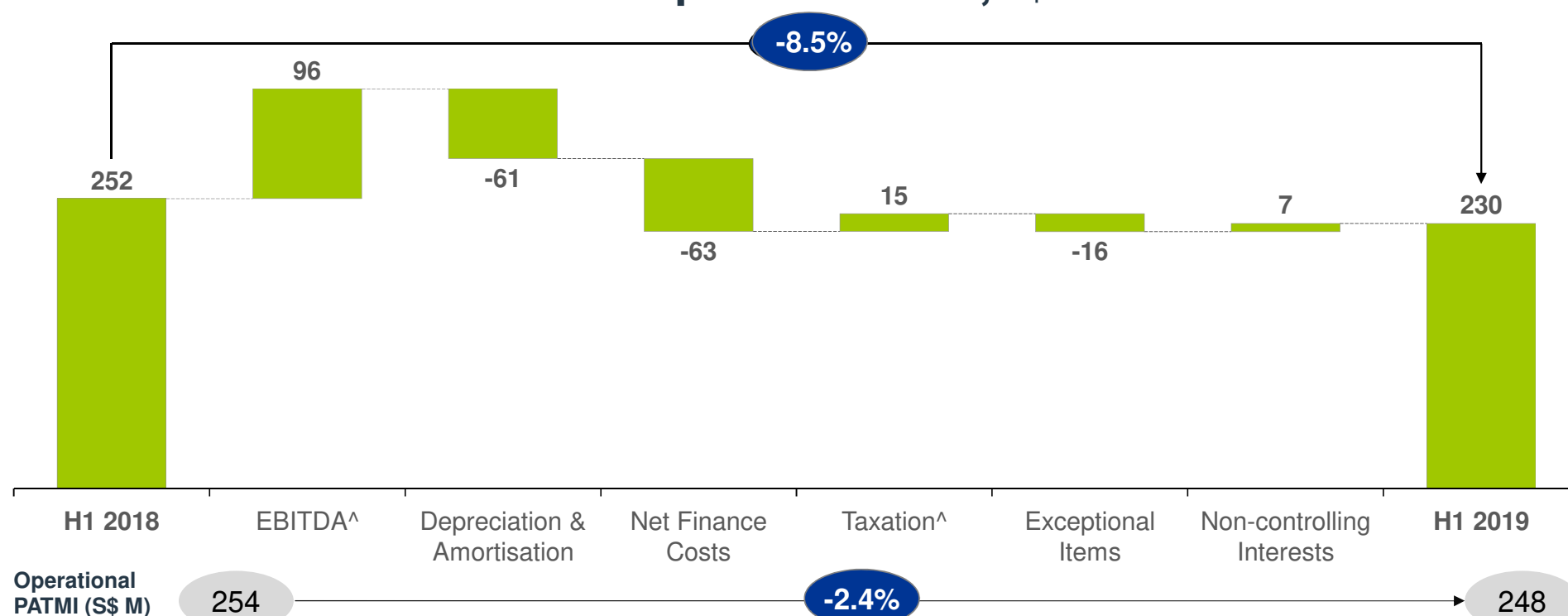
Note: The adoption of SFRS(I) 16 resulted in an increase in EBITDA by S\$49.5 million.

PATMI down 8.5%



Excluding impact of SFRS(I) 16, PATMI would have declined 3.4% to S\$243 million and Operational PATMI up 2.8% at S\$261 million

PATMI and Operational PATMI, S\$ million

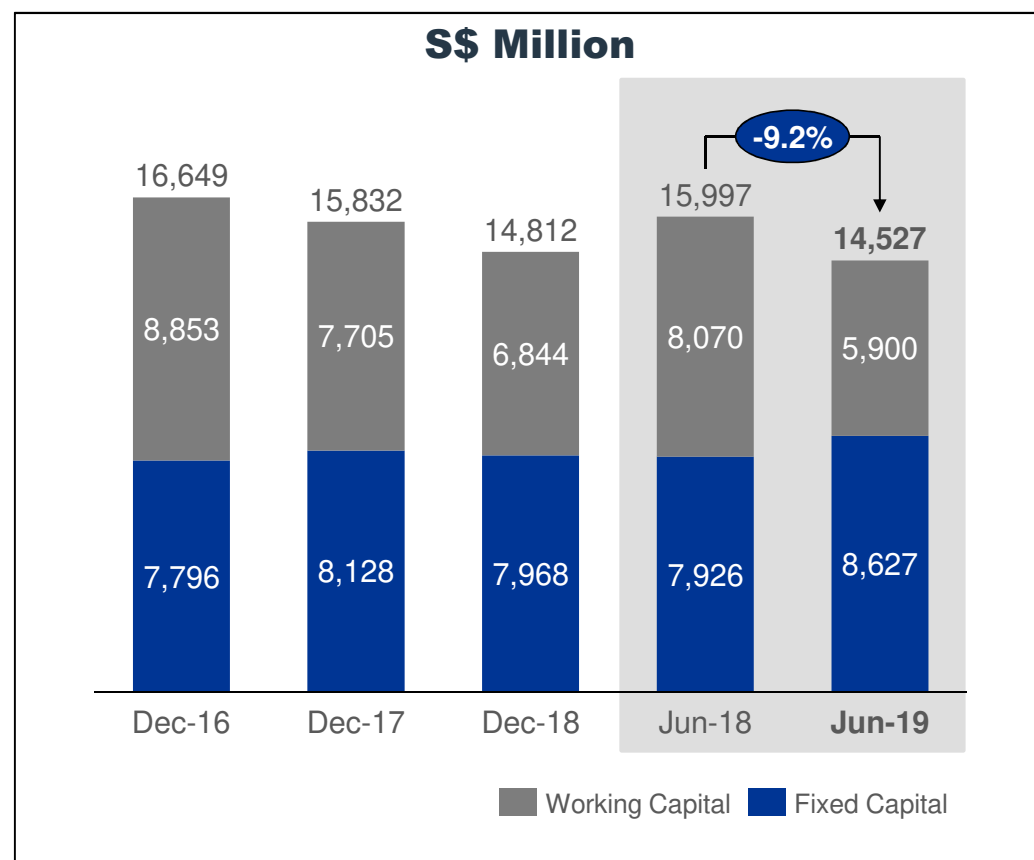


Note: The adoption of SFRS(I) 16 resulted in an increase in EBITDA by S\$49.5 million. It also increased depreciation and net finance costs by S\$47.4 million and S\$15.0 million respectively in H1 2019, resulting in net negative impact of S\$13.0 million on PATMI.

[^] Excludes exceptional items

9.2% reduction in invested capital

26.9% reduction in working capital year-on-year



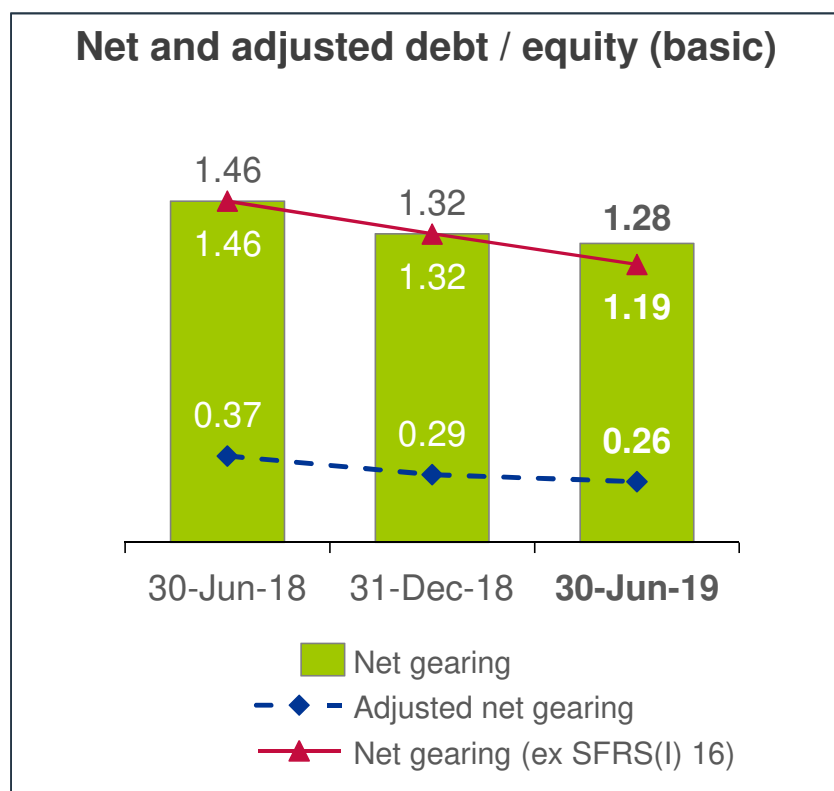
- Fixed Capital increased on adoption of SFRS(I) 16 with addition of right-of-use assets and investments in line with Strategic Plan
- Continued optimisation led to reduction in Working Capital by 26.9% despite the year-on-year volume (+40.4%) and revenue increase (+16.2%)

Invested Capital excludes:

(a) Gabon Fertiliser Project (30 Jun 2019: S\$243.4 million; 30 Jun 2018: S\$248.1 million); and
 (b) Long-term Investments (30 Jun 2019: S\$123.8 million; 30 Jun 2018: S\$214.1 million)

Net gearing at 1.28x

Excluding impact of SFRS(I) 16, net gearing improved to 1.19x



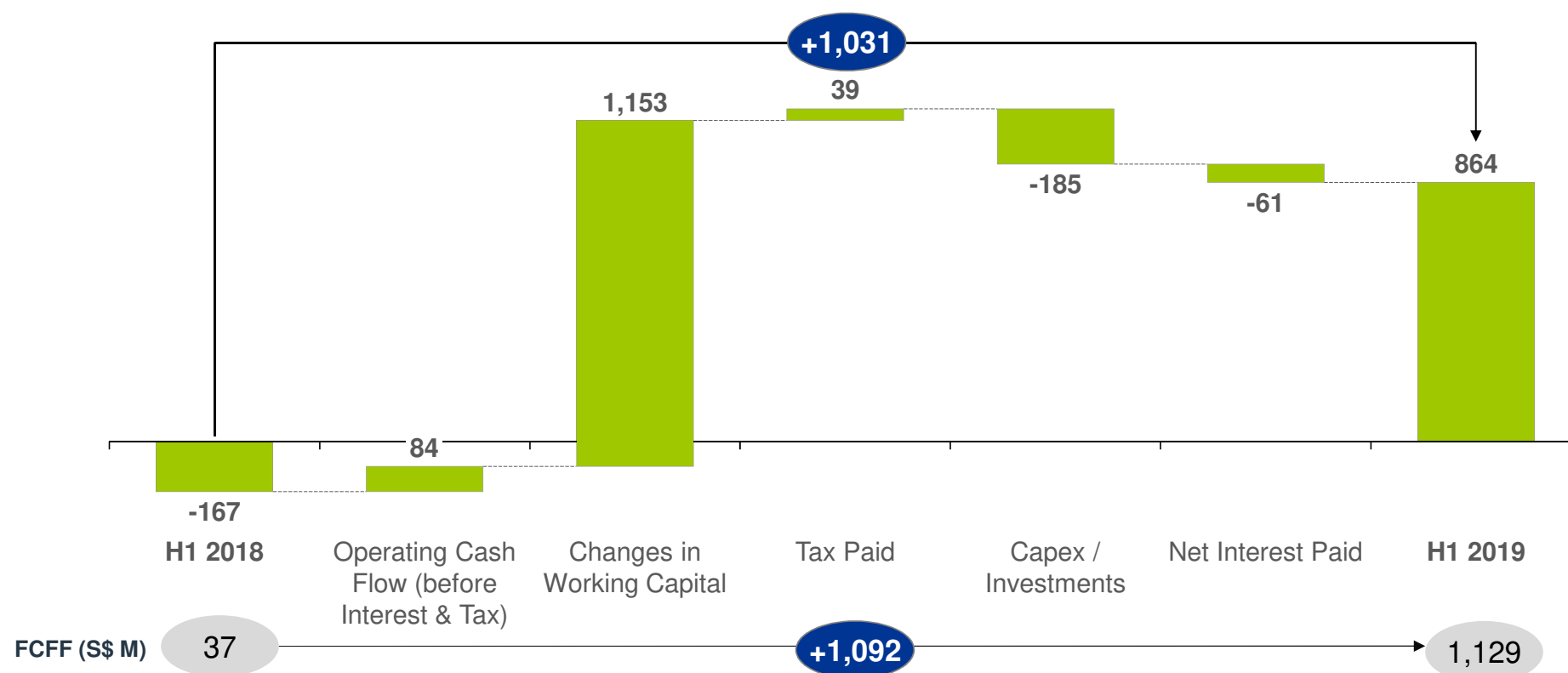
- Reduced net debt:
 - Despite impact of application of SFRS(I) 16 – net increase of S\$574.4 million in lease liabilities
 - Supported by lower working capital due to change in product mix and improved access to supplier credit

Free cash flow

Strong, positive FCFE in H1 2019 on improved operating cash, reduced working capital



Free Cash Flow to Equity, S\$ million

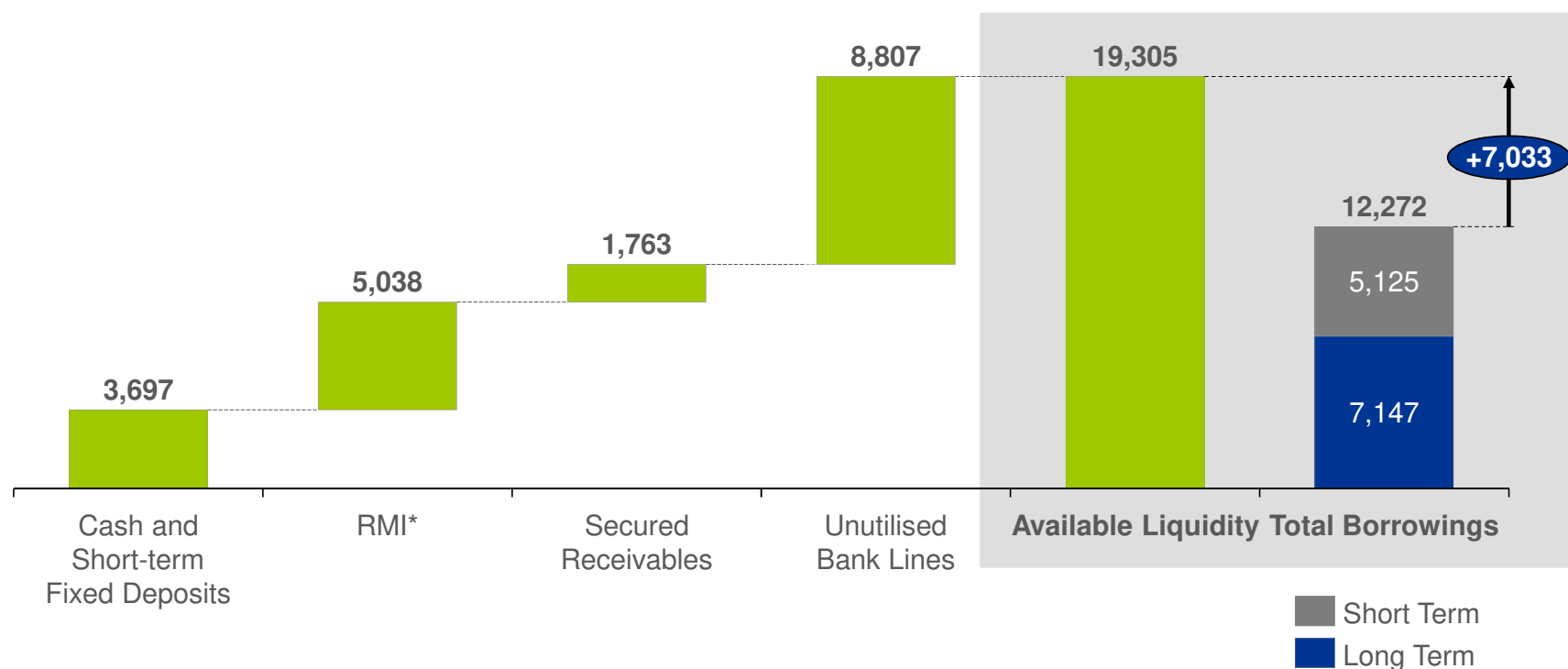


Available liquidity

Sufficient to cover all repayment and Capex obligations



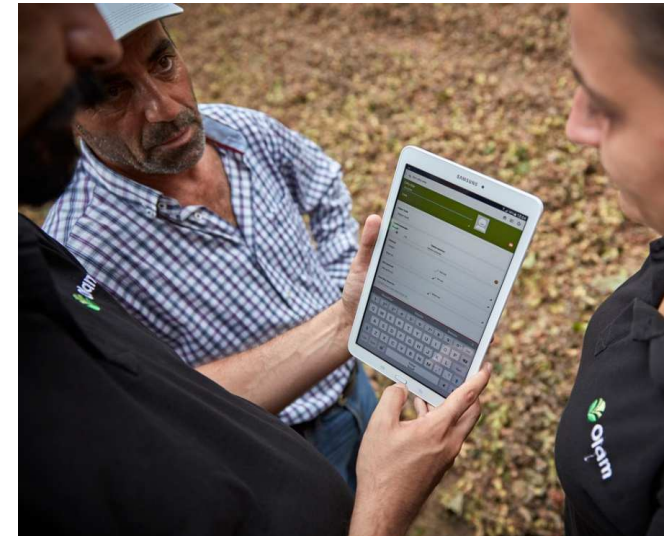
Total borrowings and available liquidity, S\$ Million as at June 30, 2019



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

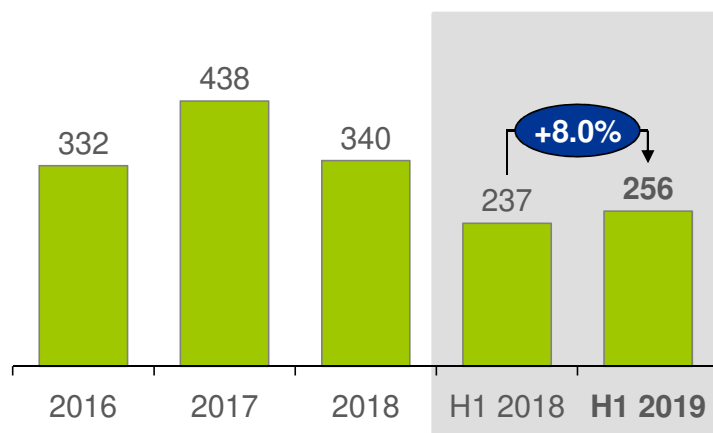


Segmental review



Edible Nuts and Spices

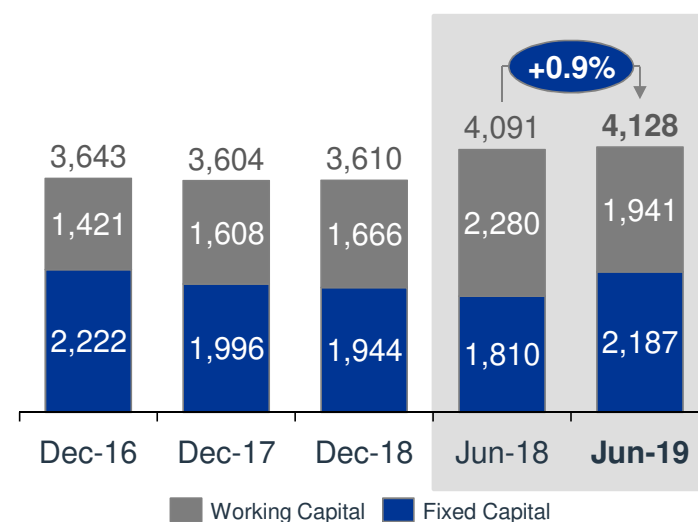
EBITDA, S\$ Million



- Improved EBITDA due to better contribution from Cashew, Almonds, Hazelnuts and Spices
- Peanut business was impacted with cessation of peanut processing and farming in Argentina and reduced shelling volumes and margins in the US amid an oversupplied market

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16.

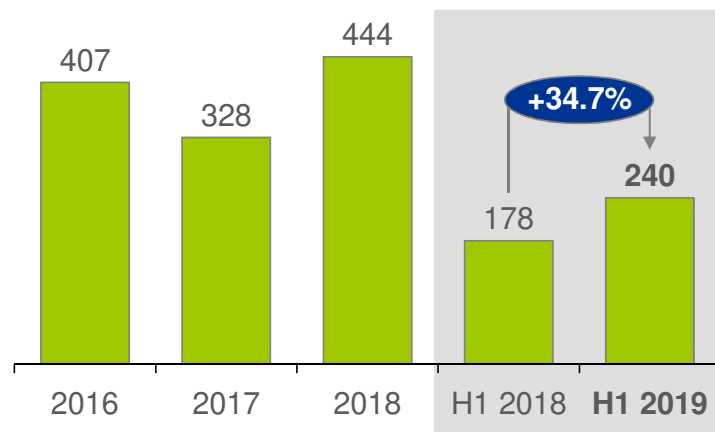
Invested capital, S\$ Million



- Working Capital reduced on lower inventory, particularly in Spices and Almonds
- Fixed Capital increased on account of SFRS(I) 16 impact

Confectionery and Beverage Ingredients

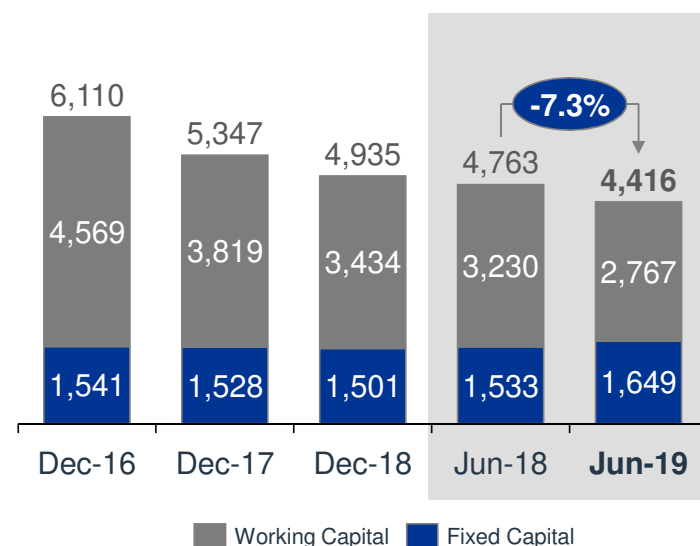
EBITDA, S\$ Million



- Strong growth in EBITDA as Cocoa sustained growth momentum with improved margins in both supply chain and processing
- Coffee had higher contribution despite continued downcycle

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16.

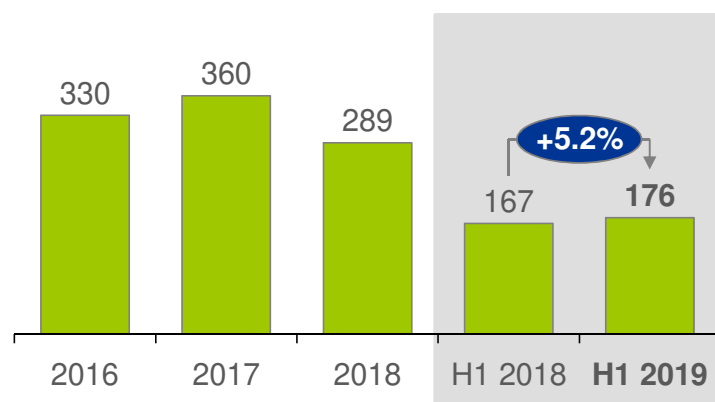
Invested capital, S\$ Million



- Significant reduction in Working Capital due to lower coffee prices and improved inventory management in Cocoa and Coffee
- Fixed Capital higher on acquisition of BT Cocoa and impact from SFRS(I) 16 adoption

Food Staples and Packaged Foods

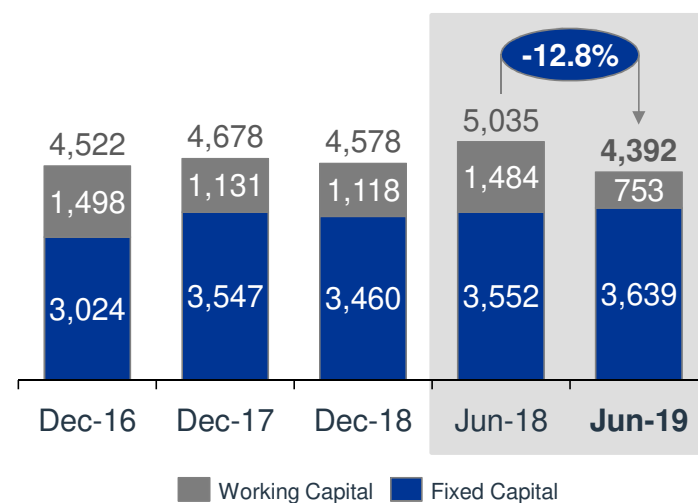
EBITDA, S\$ Million



- EBITDA growth from improved contribution from Grains, Dairy and Edible Oils supply chain and Packaged Foods, partly offset by reduction in Rice and Sugar
- Rice had reduced merchandising volumes into Africa; Sugar closed its trading desk

Note: EBITDA includes positive impact from the adoption of SFRS(I) 16.

Invested capital, S\$ Million

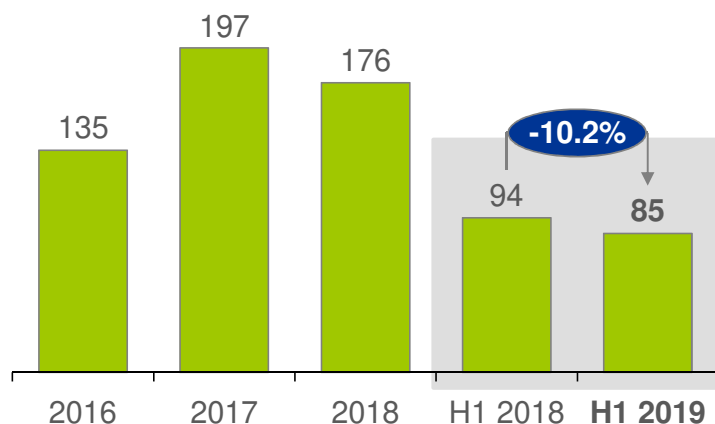


- Lower Working Capital utilisation with closure of Sugar trading desk and availability of supplier credit for bulk commodities
- Fixed Capital increased on continued investments in Olam Palm Gabon

Industrial Raw Materials, Infrastructure and Logistics

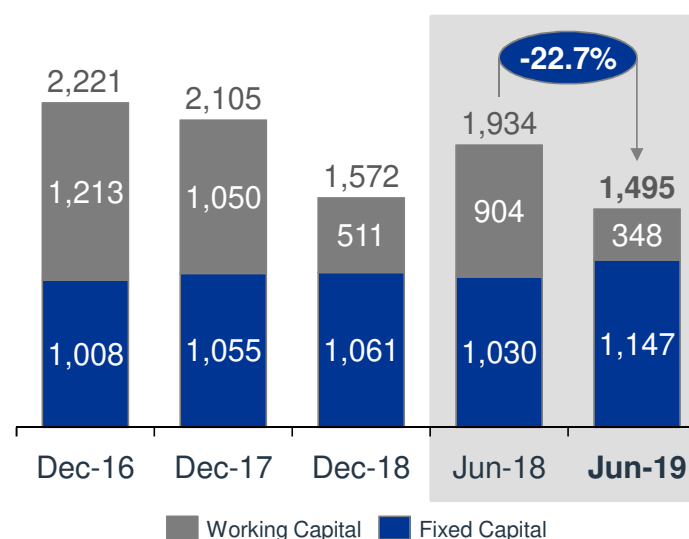


EBITDA, S\$ Million



- EBITDA declined due to reduced contribution from Cotton and closure of Rubber and Fertiliser trading desks
- Wood Products performed better in H1 2019; Rubber and GSEZ contribution remained steady

Invested capital, S\$ Million



- Working Capital reduced significantly on lower inventory levels and increased access to supplier credit for Cotton
- Fixed Capital increased due to investment in Cotontchad and impact from adoption of SFRS(I) 16



Strategic Plan progress



2019-2024 Strategic Plan

Progress



Olam International Limited Results for 6 Months ended June 30, 2019 | August 14, 2019

Investments

- Completed acquisition of Cotonchad in TChad for US\$16 million
- Completed acquisition of 85% of BT Cocoa in Indonesia for US\$90 million
- Proposed acquisition of Dangote Flour Mills in Nigeria for NGN120 billion (~US\$331 million)
- Completed acquisition of 100% in Rusmolco

Divestments

- Disposed 100% interest in peanut shelling in Argentina and exited peanut farming
- Sold remaining 51% interest in Collymongle ginning in Australia
- Exited Sugar, Rubber and Fertiliser trading, Fundamental Fund and Wood Products in Latin America
- All the above divestments have reduced invested capital by US\$123.2 million in H1 2019



Key takeaways



Key takeaways

- **Continued top line growth; steady EBITDA growth in H1 2019**
- **Strong positive cash flow generation of S\$864 million; interim dividends maintained**
- **Stronger balance sheet; reduced gearing at 1.28x**
- **Expect significant Capex investments and higher working capital deployment in H2 2019**
- **Executing 2019-2024 Strategic Plan to capitalise on key consumer growth trends and achieve sustainable, profitable growth**
- **Project underway to explore various options to maximise long term value for shareholders and on track for completion by end-2019**



Appendix



P&L statement

S\$ million	H1 2019	H1 2018	% Change	Q2 2019	Q2 2018	% Change
Volume ('000 MT)	19,100.2	13,606.6	40.4	10,639.6	6,641.4	60.2
Revenue	15,943.9	13,724.6	16.2	8,596.0	7,429.2	15.7
Net loss in fair value of biological assets	(4.0)	(9.8)	(59.3)	(3.0)	(5.7)	(48.2)
EBITDA^	771.5	676.0	14.1	351.2	307.9	14.1
Depreciation & amortisation	(249.5)	(188.7)	32.2	(124.8)	(93.0)	34.2
Net Finance costs	(264.9)	(201.7)	31.3	(161.2)	(114.4)	40.9
Taxation^	(31.7)	(47.1)	(32.7)	(10.8)	(17.1)	(36.8)
Exceptional items	(17.7)	(2.1)	742.9	(5.5)	2.6	n.m.
PAT	207.7	236.4	(12.1)	48.9	86.0	(43.2)
PATMI	230.3	251.9	(8.5)	61.5	94.0	(34.5)
Operational PATMI	248.0	254.0	(2.4)	67.0	91.4	(26.7)

^ Excluding exceptional items

P&L statement

Impact of SFRS(I) 16

S\$ million		H1 2019		Q2 2019		
Profit & Loss Statement	Reported	SFRS(I) 16 Impact	Excluding SFRS(I) 16	Reported	SFRS(I) 16 Impact	Excluding SFRS(I) 16
EBITDA	771.5	49.5	722.0	351.2	24.9	326.3
Depreciation & Amortisation	(249.5)	(47.4)	(202.1)	(124.8)	(23.8)	(101.0)
Net Finance costs	(264.9)	(15.0)	(249.9)	(161.2)	(7.5)	(153.7)
PATMI	230.3	(13.0)	243.3	61.5	(6.6)	68.1
Operational PATMI	248.0	(13.0)	261.0	67.0	(6.6)	73.6

Exceptional items

S\$ million	H1 2019	H1 2018	Q2 2019	Q2 2018
Profit on sale of land in US	-	13.7	-	0.1
Profit on sale of Subsidiary	0.6	5.7	-	0.1
Sale of Café Enrasta brand	-	2.6	-	2.6
Loss on sale of JV/Associate	(1.1)	(24.1)	-	(0.2)
Exit/Closure costs	(17.2)	-	(5.5)	-
Exceptional Items	(17.7)	(2.1)	(5.5)	2.6

Balance sheet

S\$ million	30-Jun-2019	31-Dec-2018	Change vs Dec 18	30-Jun-2018	Change vs Jun 18
Uses of Capital					
Fixed Capital	8,337.8	8,349.3	(11.5)	8,388.5	(50.7)
Right-of-use assets	656.4	-	656.4	-	656.4
Working Capital	5,757.2	6,376.4	(619.2)	7,646.4	(1,889.2)
Cash	3,697.2	2,480.4	1,216.8	2,426.3	1,270.9
Others	280.9	526.2	(245.3)	559.9	(279.0)
Total	18,729.5	17,732.3	997.2	19,021.1	(291.6)
Sources of Capital					
Equity & Reserves	6,703.7	6,652.9	50.8	6,801.1	(97.4)
Non-controlling interests	126.7	138.7	(12.0)	163.2	(36.5)
Short term debt	5,043.8	4,766.4	277.4	4,130.3	913.5
Long term debt	6,565.9	6,407.7	158.2	8,141.4	(1,575.5)
Short term lease liabilities	81.5	10.7	70.8	10.0	71.5
Long term lease liabilities	581.4	83.4	498.0	78.5	502.9
Fair value reserve	(373.5)	(327.5)	(46.0)	(303.4)	(70.1)
Total	18,729.5	17,732.3	997.2	19,021.1	(291.6)

Cash flow statement

S\$ million	H1 2019	H1 2018	Change	Q2 2019	Q2 2018	Change
Operating Cash flow (before Interest & Tax)	770.0	685.7	84.3	350.6	311.9	38.7
Changes in Working Capital	765.3	(388.1)	1,153.4	555.5	298.9	256.6
Net Operating Cash Flow	1,535.3	297.6	1,237.7	906.1	610.8	295.3
Net interest paid	(264.3)	(203.6)	(60.7)	(154.0)	(101.2)	(52.8)
Tax paid	(51.8)	(90.5)	38.7	(37.6)	(67.4)	29.8
Cash from divestments	10.7	268.9	(258.2)	1.7	17.7	(16.0)
Free cash flow before capex/ investments	1,229.9	272.4	957.5	716.2	459.9	256.3
Capex/ Investments	(365.7)	(439.4)	73.7	(165.0)	(217.8)	52.8
Free cash flow to equity (FCFE)	864.2	(167.0)	1,031.2	551.2	242.1	309.1



H1 2019 Results Briefing
olamgroup.com/investors.html
ir@olamnet.com