

News Release

Singapore, August 14, 2019

Olam International Q2 2019 PATMI at S\$61.5 million Maintains interim dividend at 3.5 cents per share

HIGHLIGHTS

- Steady operating performance with Q2 2019 and H1 2019 EBITDA growth of 14.1% to S\$351.2 million and S\$771.5 million respectively
- Q2 2019 and H1 2019 PATMI were lower by 34.5% and 8.5% to S\$61.5 million and S\$230.3 million respectively
- Excluding exceptional losses and impact of SFRS(I) 16¹, Q2 2019 and H1 2019 PATMI would be higher at S\$73.6 million and S\$261.0 million respectively
- Strong, positive Free Cash Flow to Equity (FCFE) of S\$864.2 million for H1 2019
- Further improvement in net gearing to 1.28x (from H1 2018: 1.46x)
- Board of Directors declares interim dividend of 3.5 cents per share for H1 2019 (H1 2018: 3.5 cents)

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
EBITDA	771.5	676.0	14.1	351.2	307.9	14.1
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)

¹ 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\$24.9 million, but also raised depreciation and amortisation and net finance charges by S\$23.8 million and S\$7.5 million respectively in Q2 2019. For H1 2019, the adoption of SFRS (I) increased EBITDA by S\$49.5 million but raised depreciation and amortisation and net finance charges by S\$47.4 million and S\$15.0 million respectively. The net impact on PATMI and Operational PATMI was negative S\$6.6 million for Q2 2019 and negative S\$13.0 million for H1 2019.

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MANAGEMENT COMMENTS

Co-Founder and Group CEO Sunny Verghese said:

“We delivered a steady set of results amid growing political and macroeconomic uncertainties affecting most of our markets. We are pleased with the EBITDA growth during the first half of 2019, which reflects the effectiveness of our differentiated and defensible strategy.

“We are making good progress in executing our new Strategic Plan. We are investing in several new initiatives to offer differentiated solutions to our existing customers as well as develop new customer segments and channels. We also stay focused on streamlining our portfolio by recycling capital and focusing on high-growth businesses.”

Executive Director and Group COO, A. Shekhar said:

“We further strengthened our balance sheet during the first half of the year, with improved gearing and free cash flows.

“We are well positioned for the second half of the year as we approach the peak of the procurement season for several of our commodities, with likely increases in working capital deployment. We will also stay focused on the divestment of the identified non-core assets as we complete our planned fixed capital investments, including the proposed acquisition of Dangote Flour Mills during this period.”

FINANCIAL RESULTS

Q2 2019

- EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) grew by 14.1% to S\$351.2 million (Q2 2018: S\$307.9 million) due to higher contribution from all segments except Edible Nuts and Spices, and Confectionery and Beverage Ingredients.
- PATMI (Profit After Tax and Minority Interest) declined 34.5% year-on-year (YoY) to S\$61.5 million (Q2 2018: S\$94.0 million) on higher depreciation and amortisation, net finance costs and exceptional losses. Excluding exceptional losses and the impact of SFRS(I) 16, PATMI would have been higher at S\$73.6 million.

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H1 2019

- EBITDA grew 14.1% to S\$771.5 million (H1 2018: S\$676.0 million) on higher contribution from all segments except Industrial Raw Materials, Infrastructure and Logistics.
- PATMI decreased 8.5% YoY to S\$230.3 million (H1 2018: S\$251.9 million) as EBITDA growth was offset by higher depreciation and amortisation, net finance costs and exceptional losses. Excluding exceptional losses and the impact of SFRS(I) 16, PATMI would have been higher at S\$261.0 million.
- Operational PATMI, which excludes exceptional items, was slightly lower YoY at S\$248.0 million (H1 2018: S\$254.0 million). Excluding the impact of SFRS(I) 16, Operational PATMI would have increased by 2.8% to S\$261.0 million.

Cash flow and gearing

- Generated positive Free Cash Flow to Equity of S\$864.2 million (H1 2018: -\$167.0 million) on significantly lower deployment of working capital
- Net gearing as at June 30, 2019 further improved to 1.28 times (H1 2018: 1.46x) on lower net debt arising from the reduction in working capital.

H1 2019 SEGMENTAL PERFORMANCE

Edible Nuts and Spices

- Revenue declined 1.0% to S\$2.0 billion on lower peanut prices.
- EBITDA was 8.0% higher at S\$255.6 million on improved contribution from Cashew, Almonds, Hazelnuts and Spices businesses, offset by lower contribution from Peanuts.

Confectionery and Beverage Ingredients

- Revenue declined 9.5% to S\$3.2 billion on lower coffee prices and reduced sales volumes.
- EBITDA rose 34.7% to S\$240.2 million due to improved margins in the Cocoa business in both supply chain and processing operations. Despite the continued downcycle in coffee, the Coffee business performed better versus H1 2018.

Food Staples and Packaged Foods

- Revenue rose 38.0% to S\$8.2 billion mainly driven by growth in Grains trading volumes.

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- EBITDA grew 5.2% to S\$176.0 million, mainly due to improved contribution from Grains, Dairy and Edible Oil supply chain businesses and Packaged Foods, partly offset by reduced contribution from Rice and Sugar.

Industrial Raw Materials, Infrastructure and Logistics

- Revenue increased 14.9% to S\$2.5 billion on higher sales volumes for Cotton and Rubber.
- EBITDA declined 10.2% to S\$84.5 million on lower contribution from Cotton and closure of the Rubber and Fertiliser trading desks, which offset growth in Wood Products.

Commodity Financial Services

- The segment reported EBITDA of S\$15.2 million, reversing a S\$0.4 million loss in H1 2018.

OUTLOOK

Even as political and economic uncertainties are likely to affect global trading conditions in 2019, 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.

Notes to Editors

1. This release should be read and understood only in conjunction with the full text of Olam International Limited's Second Quarter and Six Months 2019 Financial Statements and Management Discussion and Analysis lodged on SGXNET on August 14, 2019.
2. Olam will host a webcast on August 14, 2019, at 10.30 am 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.



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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.

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