



## News Release

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Singapore, May 14, 2019

### Olam International Q1 2019 PATMI up 6.9% at S\$168.8 million

#### **HIGHLIGHTS**

- EBITDA grew 14.2% to S\$420.3 million on increased contribution from Edible Nuts and Cocoa
- PATMI up 6.9% at S\$168.8 million as higher operating performance (EBITDA) was partly offset by increased depreciation and finance costs
- Positive Free Cash Flow to Equity of S\$313.0 million
- Improved net gearing to 1.35x from 1.49x a year ago

S\$ million	Q1 2019	Q1 2018	% Change
Volume ('000 MT)	8,460.6	6,965.2	21.5
Revenue	7,347.9	6,295.4	16.7
EBITDA	420.3	368.1	14.2
PAT	158.8	150.4	5.6
<b>PATMI</b>	<b>168.8</b>	<b>157.9</b>	<b>6.9</b>
<b>Operational PATMI</b>	<b>181.0</b>	<b>162.6</b>	<b>11.3</b>

#### **MANAGEMENT COMMENTS**

##### **Co-Founder & Group CEO Sunny Verghese said:**

“We delivered improved financial performance in Q1 2019, with a 14.2% growth in EBITDA and a 11.3% growth in Operational PATMI compared with Q1 2018. Our diversified portfolio enabled us to better navigate continuing volatile macro and industry headwinds.

“We have started well in executing the four key pathways of our 2019-2024 Strategic Plan, which focus on strengthening our high-growth businesses and getting closer to customers based on changing consumer preferences. Our recent acquisition of BT Cocoa in Indonesia and proposed acquisition of Dangote Flour Mills in Nigeria are examples of us investing further in our leading businesses.



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“We have also successfully exited our Sugar trading business, the Fundamental Fund business, our Wood Products business in Latin America, and our Peanut farming and processing operations in Argentina in Q1 2019 as planned.”

**Executive Director and Group COO, A. Shekhar said:**

“We have maintained a disciplined approach to managing our balance sheet, even as we continue to invest in growth. Our targeted capital expenditure and divestments enabled us to deliver positive Free Cash Flow to Equity of S\$313.0 million, while improving gearing to 1.35 times.

“As part of Re-imagining Global Agriculture and Food Systems, we are pleased to pioneer the world’s first ‘Digital Loan’ of US\$350.0 million, following on from our launch of Asia’s first sustainability-linked club loan last year.”

## **FINANCIAL RESULTS<sup>1</sup>**

### **Q1 2019**

- EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) grew by 14.2% to S\$420.3 million (Q1 2018: S\$368.1 million) due to higher contribution from Edible Nuts and Cocoa, which offset lower contributions from Peanuts, Rice and Sugar.
- PATMI (Profit After Tax and Minority Interest) increased 6.9% year-on-year (YoY) to S\$168.8 million (Q1 2018: S\$157.9 million) as improved operating performance was partly offset by higher depreciation and finance costs.
- Operational PATMI, which excludes exceptional items, was 11.3% higher YoY at S\$181.0 million (Q1 2018: S\$162.6 million).

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<sup>1</sup> 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\$24.6 million, but also raised depreciation and finance charges by S\$23.6 million and S\$7.5 million respectively in Q1 2019. The net impact on PATMI and Operational PATMI was a negative S\$6.4 million for the quarter.



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### Cash flow and gearing

- Generated positive Free Cash Flow to Equity of S\$313.0 million (Q1 2018: -S\$409.2 million) on improved operating cash flow and lower working capital.
- Net gearing as at March 31, 2019 improved to 1.35 times (Q1 2018: 1.49x) on lower net debt arising from a reduction in working capital.

### Q1 2019 SEGMENTAL PERFORMANCE

#### Edible Nuts and Spices

- Revenue increased 10.0% to S\$962.1 million as sales volumes improved.
- EBITDA was 14.9% higher at S\$156.0 million on improved contribution from Cashew, Almonds, Hazels and Spices businesses, offset by lower contribution from Peanuts.

#### Confectionery and Beverage Ingredients

- Revenue declined 9.4% to S\$1.7 billion on lower cocoa and coffee prices in addition to reduced Coffee volumes.
- EBITDA rose 118.5% to S\$133.7 million due to improved margins in the Cocoa business in both supply chain and processing operations. Despite the continued downcycle in coffee, the business performed marginally better in Q1 2019.

#### Food Staples and Packaged Foods

- Revenue rose 32.5% to S\$3.5 billion mainly driven by the growth in Grains trading.
- EBITDA was lower by 18.0% at S\$82.3 million, mainly due to reduced contribution from Sugar and Rice.

#### Industrial Raw Materials, Infrastructure and Logistics

- Revenue was up 31.0% to S\$1.2 billion on higher sales volumes for Cotton and Rubber.
- EBITDA fell 42.2% to S\$38.1 million on lower contribution from Cotton and Infrastructure & Logistics, which offset growth from Wood Products.

#### Commodity Financial Services

- The segment reported an EBITDA of S\$10.2 million in Q1 2019, compared to S\$4.5 million in Q1 2018.
- This was on improved performance in the Quantitative Fund.



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### **OUTLOOK**

Even as political and economic uncertainties continue into 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 will continue 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 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 First Quarter 2019 Financial Statements and Management Discussion and Analysis lodged on SGXNET on May 14, 2019.
2. Olam will host a webcast on May 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.

### **About Olam International Limited**

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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.



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More information on Olam can be found at [www.olamgroup.com](http://www.olamgroup.com).

Olam is located at 7 Straits View, Marina One East Tower #20-01, Singapore 018936.  
Telephone: +65 63394100, Facsimile: +65 63399755.

Issued on behalf of Olam International Limited by:

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WATATAWA Consulting, 77 Robinson Road, Robinson 77 #33-00, Singapore 068896

### Contacts for Olam Investor Relations

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Aditya Renjen  
Senior Vice President  
[aditya.renjen@olamnet.com](mailto:aditya.renjen@olamnet.com)  
+65 66031104, 96570339

Chow Hung Hoeng  
General Manager  
[chow.hunghoeng@olamnet.com](mailto:chow.hunghoeng@olamnet.com)  
+65 63179471, 98346335

### Contacts for WATATAWA Consulting

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Josephine Chew  
Managing Director  
[jchew@we-watatawa.com](mailto:jchew@we-watatawa.com)  
+65 90610353