



**Full Year 2019
Results Briefing
February 28, 2020**



Presenters



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Co-Founder
Group CEO



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CEO, Olam Food Ingredients



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Notice

This presentation should be read in conjunction with Olam International Limited's Financial Statements and Management Discussion and Analysis for the Fourth Quarter ("Q4 2019") and Full Year ended December 31, 2019 ("2019") lodged on SGXNET on February 28, 2020.

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 Fourth Quarter and Full Year ended December 31, 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

- **2019 highlights**
- **Segmental review**
- **2019-2024 Strategic Plan progress**
- **Outlook and key takeaways**





2019 highlights



2019 results

At a glance



Volume

39.8 M MT
+20.9%

EBITDA

S\$1,552 M
+25.6%

PATMI

S\$564 M
+62.2%

Operational PATMI

S\$498 M
+43.7%

Free Cash Flow


+FCFE
S\$135 M

Gearing

from 1.32x to
1.38x

2019 highlights

Successfully executed first year of 2019-2024 Strategic Plan

- 
- ↑ Strong top line and bottom line growth in volume, EBITDA, Operational PATMI
 - ↑ Positive FCFF and FCFE
 - ↑ Improved EBITDA/IC at 10.2% (2018: 8.1%)

Higher Dividend



Board of Directors recommends final dividend of 4.5 cents per share

Including interim dividend, total dividend of 8.0 cents per share for 2019 (2018: 7.5 cents)

Maintained strong balance sheet



- ↓ Reduced cycle time despite higher net debt
- ↓ Gearing at 1.38x (2018: 1.32x) well under target of 2.0x

Building on Strategic Plan: Re-organisation of Olam to unlock value



Simplify portfolio: 2 distinct operating groups. OIL to provide stewardship and act as an accelerator for building future growth engines

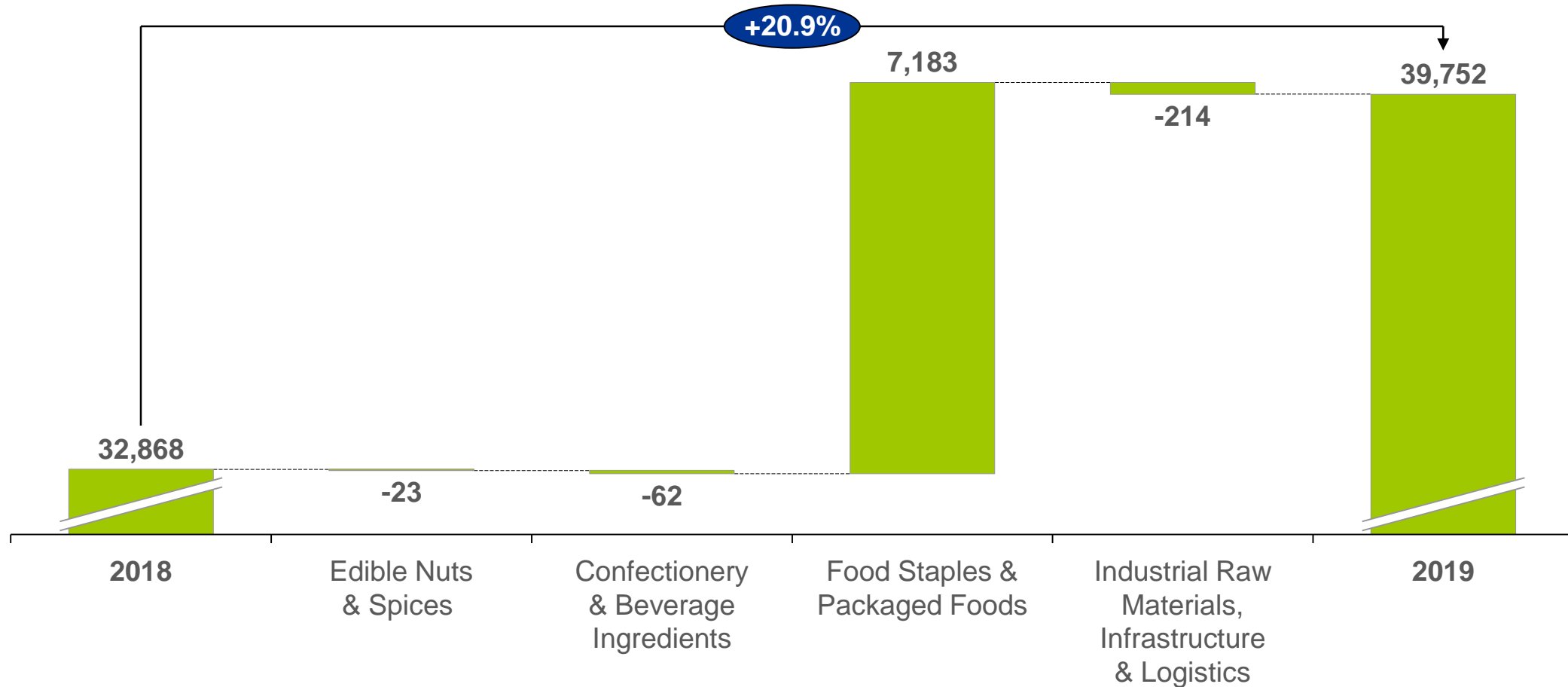
Sharpen focus: Enhance performance and attract talent
Attract additional investors

Accelerate profitable growth: Raise new growth capital via potential carve-out / IPO

Volume grew 20.9%

Led by Food Staples & Packaged Foods (Grains)

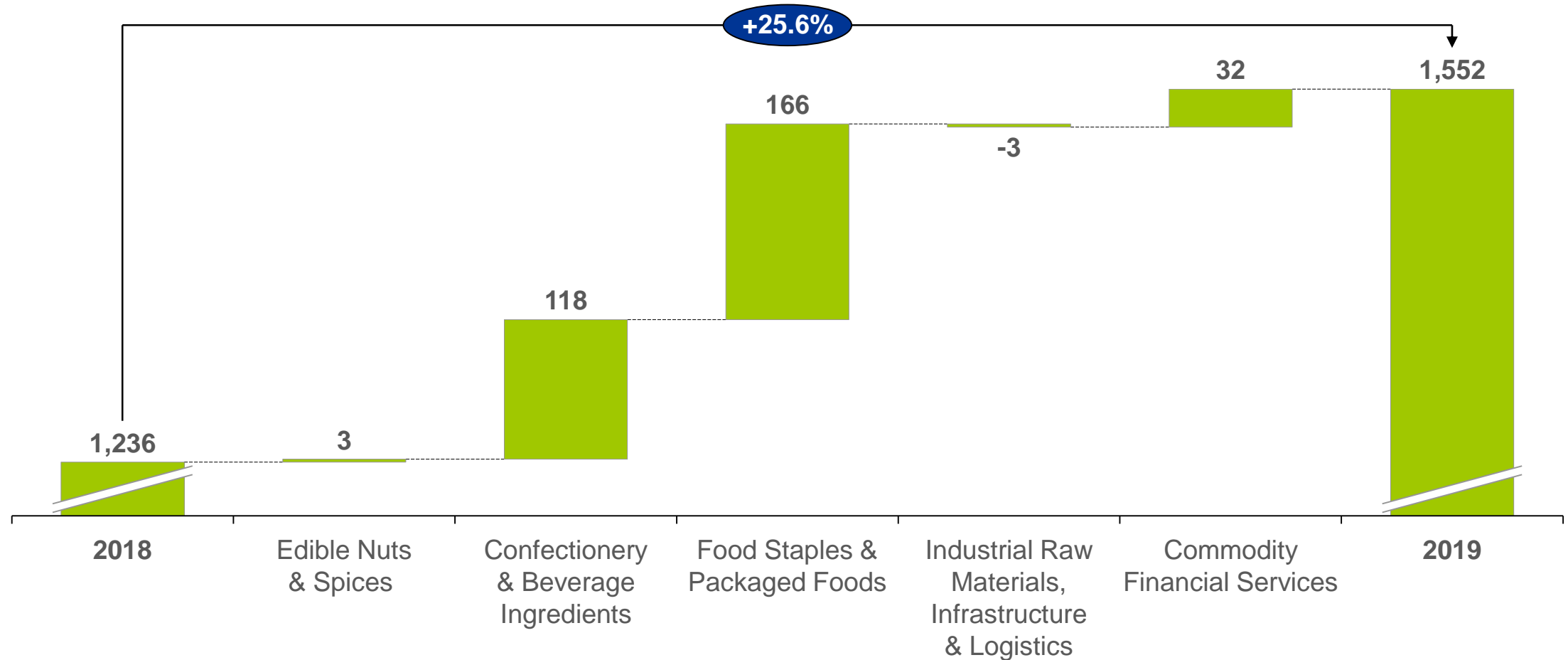
Volume by segment, '000 MT



EBITDA grew 25.6%

Led by strong growth in Food Staples & Packaged Foods and Confectionery & Beverage Ingredients

EBITDA by segment, S\$ million

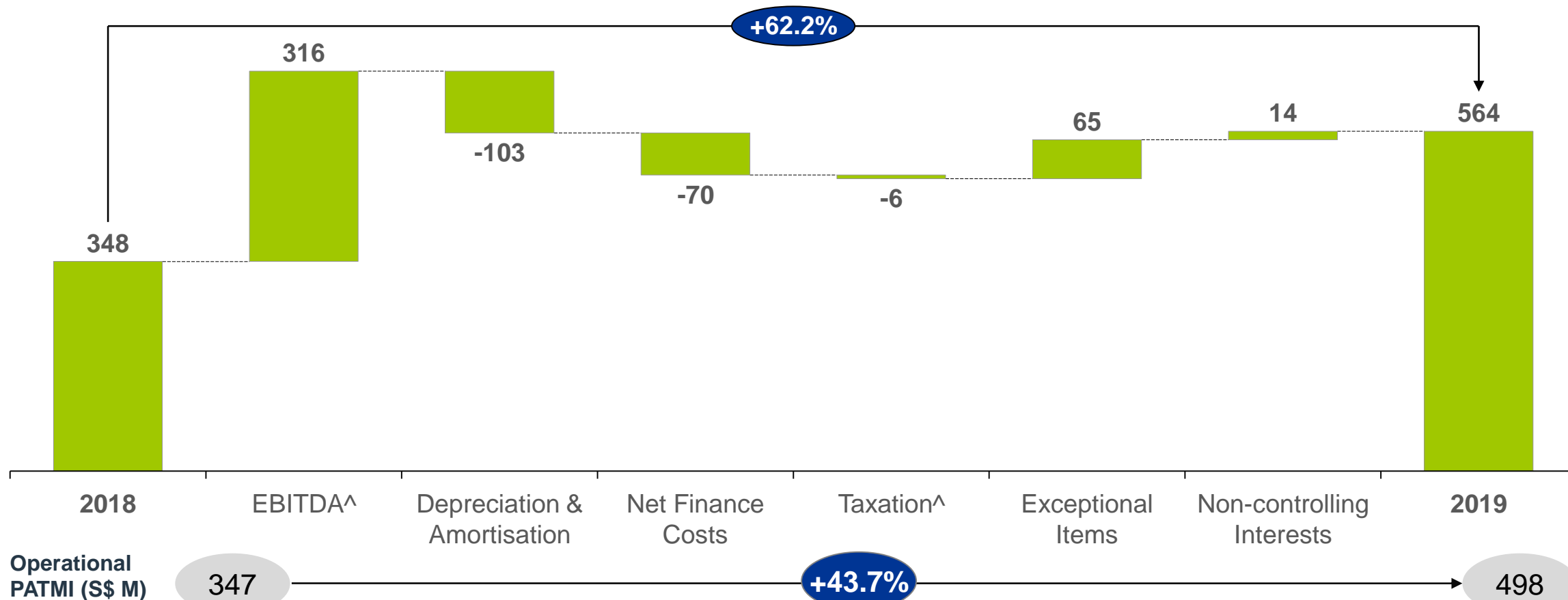


Note: The adoption of SFRS(I) 16 resulted in an increase in EBITDA by S\$99.3 million.

PATMI grew 62.2%

Excluding impact of SFRS(I) 16, PATMI would have increased by 69.7% to S\$590 million; Operational PATMI would be up 51.2% at S\$524 million

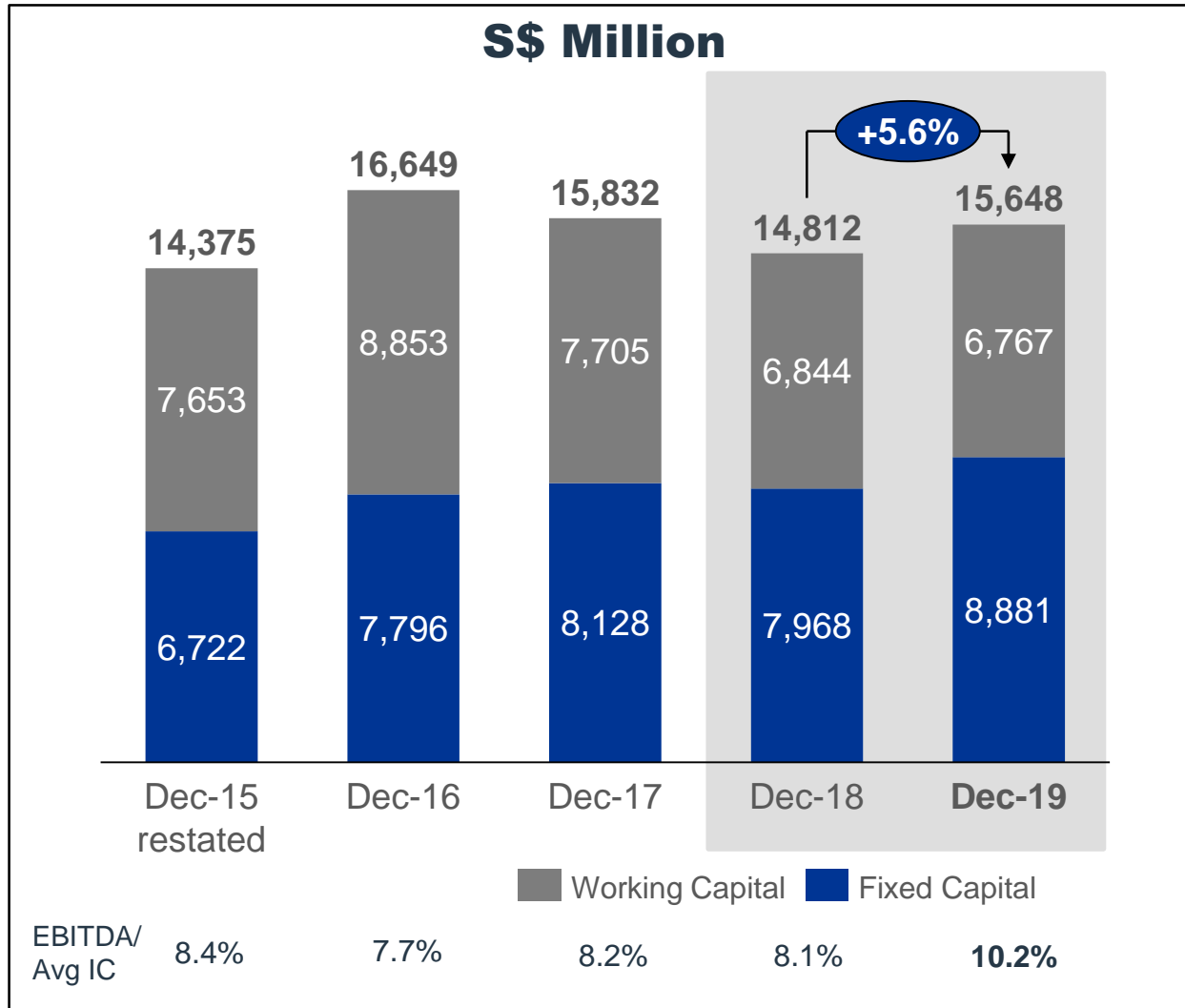
PATMI and Operational PATMI, S\$ million



Note: The adoption of SFRS(I) 16 resulted in an increase in EBITDA by S\$99.3 million. It also increased depreciation and net finance costs by S\$95.1 million and S\$30.2 million respectively in 2019, resulting in net negative impact of S\$26.0 million on PATMI and Operational PATMI.

^ Excludes exceptional items

5.6% increase in invested capital



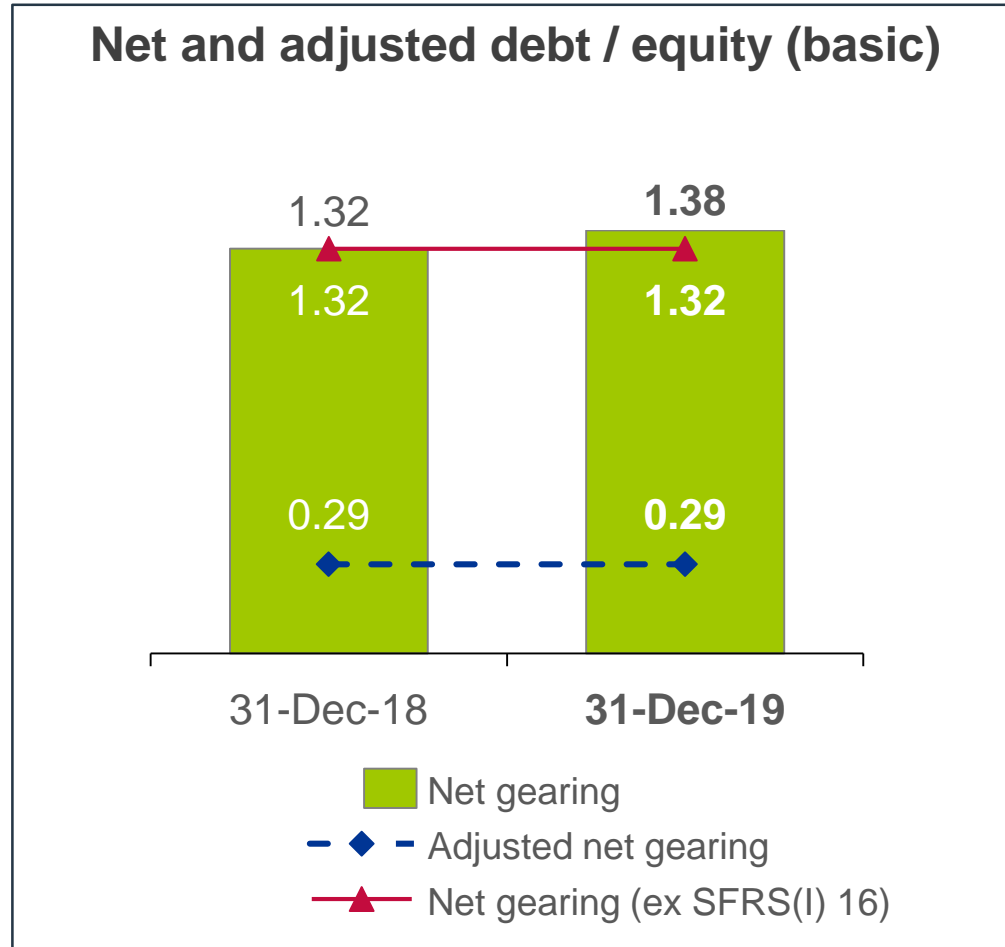
- Net Fixed Capital increased by S\$913 million, with S\$577 million increase on account of adoption of SFRS(I) 16 and addition of right-of-use assets; with the balance on account of investments and divestments in line with Strategic Plan
- Small reduction in overall Working capital by S\$77 million, despite overall volume increase

Invested Capital excludes:

- (a) Gabon Fertiliser Project (31 Dec 2019 S\$240.7 million; 31 Dec 2018: S\$245.4 million); and
- (b) Long-term Investments (31 Dec 2019: S\$71.5 million; 31 Dec 2018: S\$135.8 million)

Net gearing at 1.38x

Excluding impact of SFRS(I) 16, net gearing unchanged at 1.32x

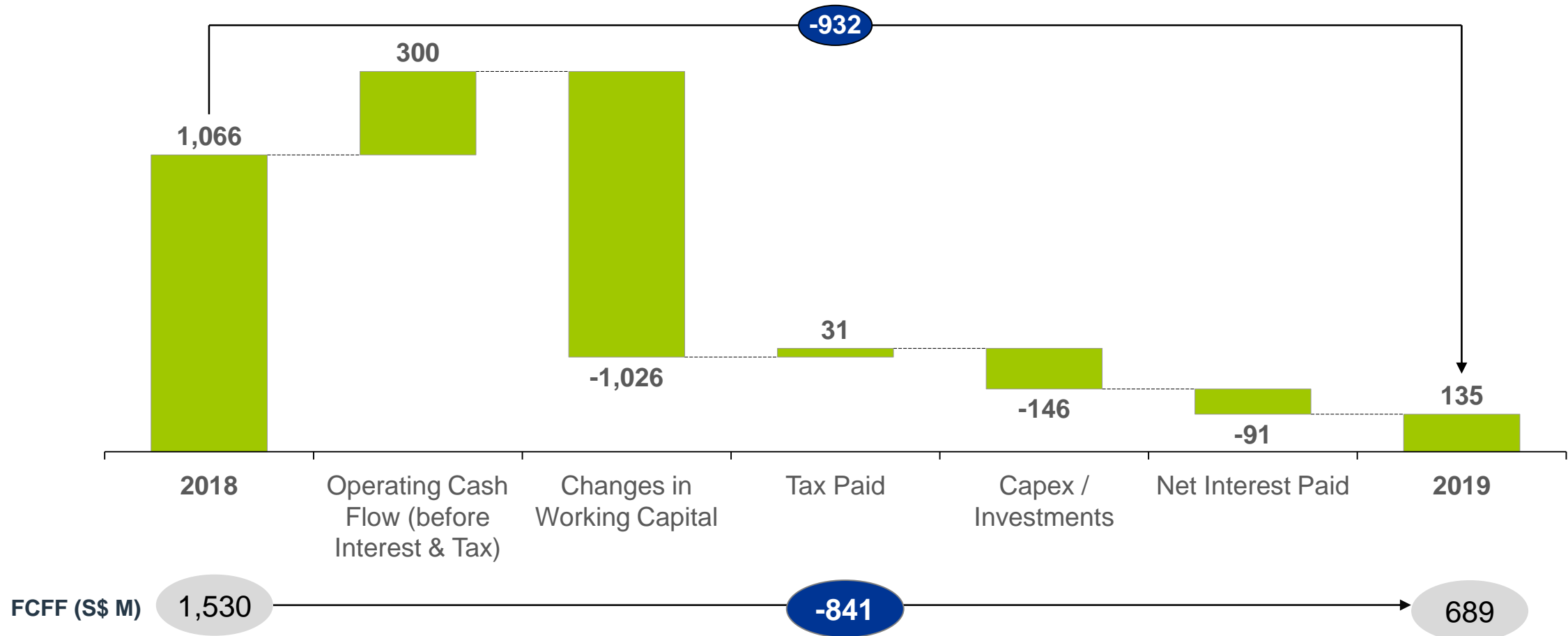


- Higher gearing due to increase in net debt:
 - Impact of application of SFRS(I) 16 – net increase of S\$423 million in lease liabilities
 - Increased Fixed Capital due to planned investments and divestments

Free cash flow

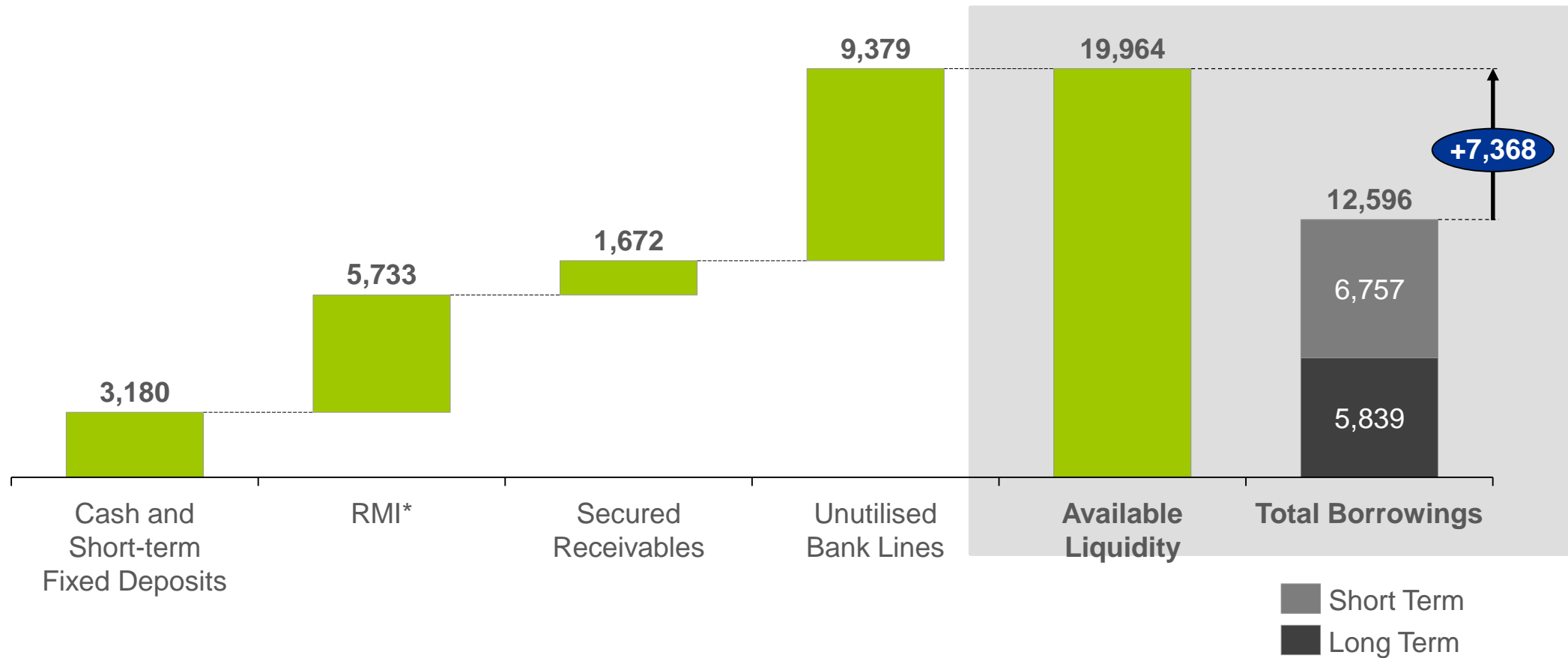
Positive but reduced FCFE: Higher operating cash offset by increased working capital

Free Cash Flow to Equity, S\$ million



Ample liquidity

Total borrowings and available liquidity, S\$ Million as at December 31, 2019



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

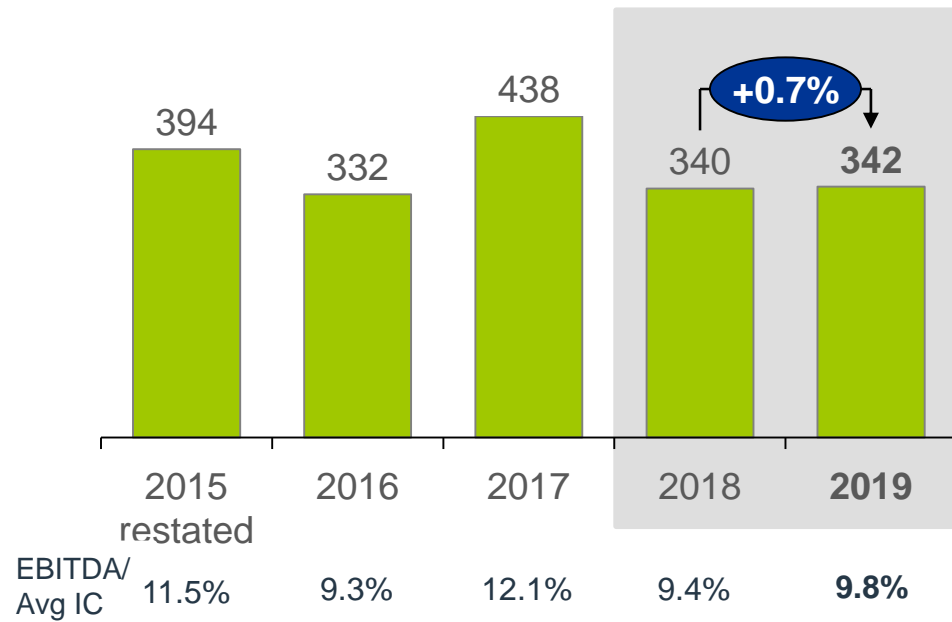


Segmental review



Edible Nuts and Spices

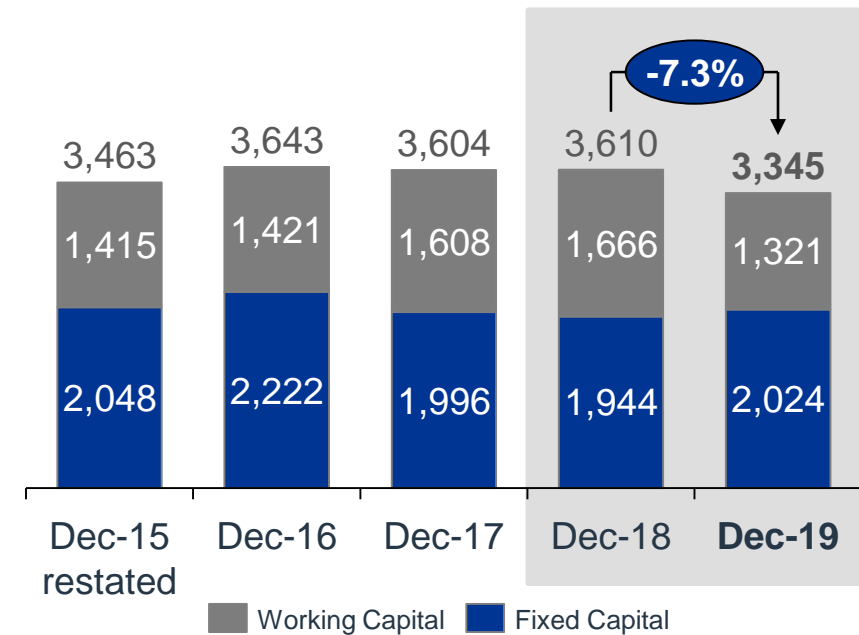
EBITDA, \$\$ Million



- Marginal rise in EBITDA – Edible Nuts did well with improved performance in cashew, while almonds, peanut shelling and hazelnut businesses performed less favourably
- Spices had a lower EBITDA due to reduced contribution from onion and garlic; Decision taken to close industrial tomato and canning operations and review options to divest the assets in H2 2020

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

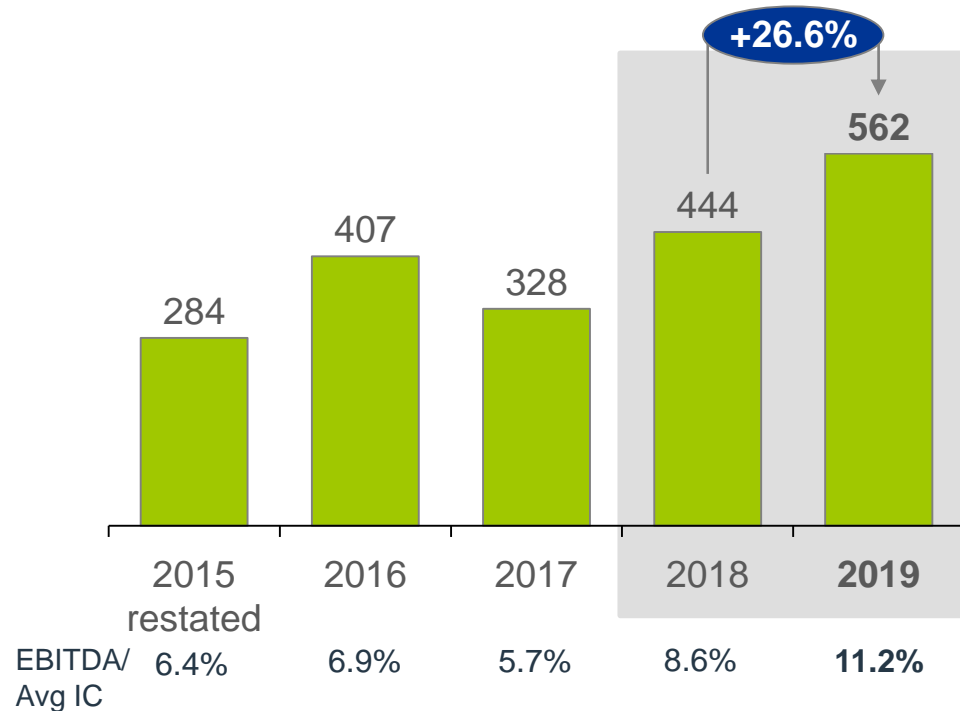
Invested capital, \$\$ Million



- Working Capital was lower on reduced inventory value in tomatoes and other spices
- Fixed Capital increased on adoption of SFRS(I) 16 and acquisition of HNI, which were partly offset by the sale of permanent water rights in Australia and some of the real estate assets of the Spices business in California

Confectionery and Beverage Ingredients

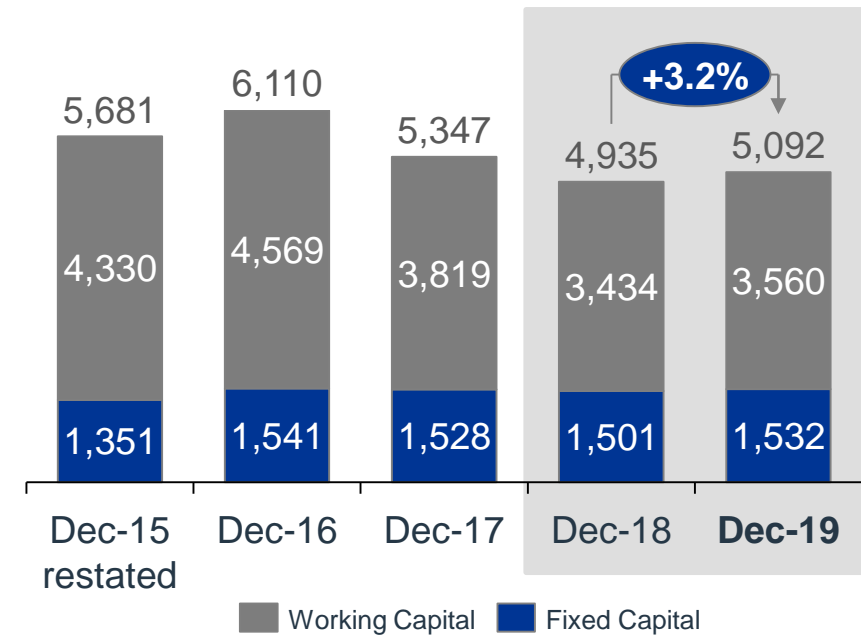
EBITDA, S\$ Million



- Strong growth in EBITDA – Cocoa had a stellar performance in supply chain and processing with improved margins
- Coffee EBITDA improved as coffee supply chain did better than the prior period and soluble coffee continued its steady performance trajectory. Plantations, which were lower on account of low prices, took a one-off impairment in 2019

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

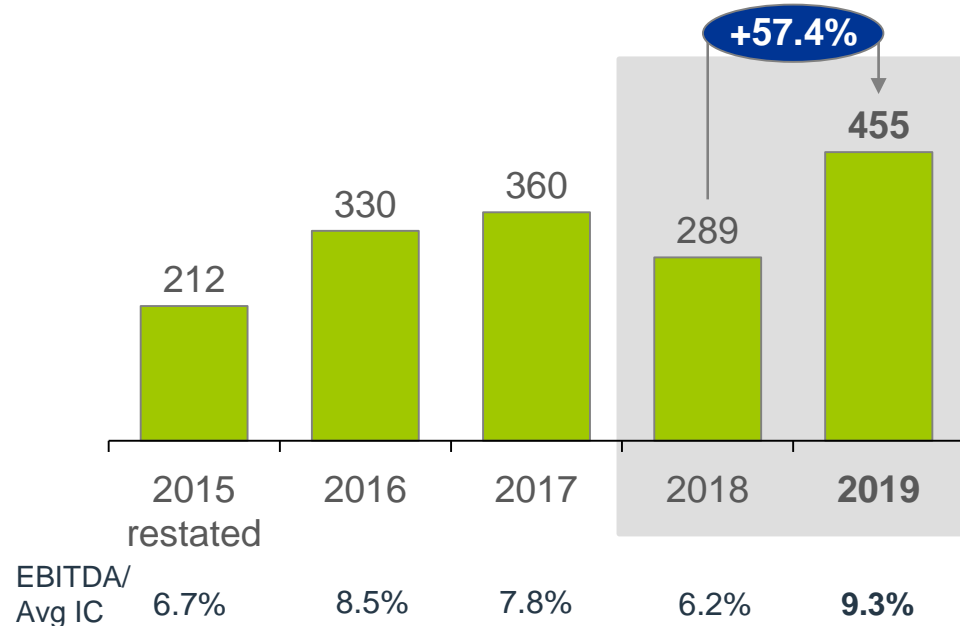
Invested capital, S\$ Million



- Increase in Working Capital due to higher Cocoa and Coffee inventory
- Fixed Capital higher on acquisition of BT Cocoa and impact from SFRS(I) 16 adoption

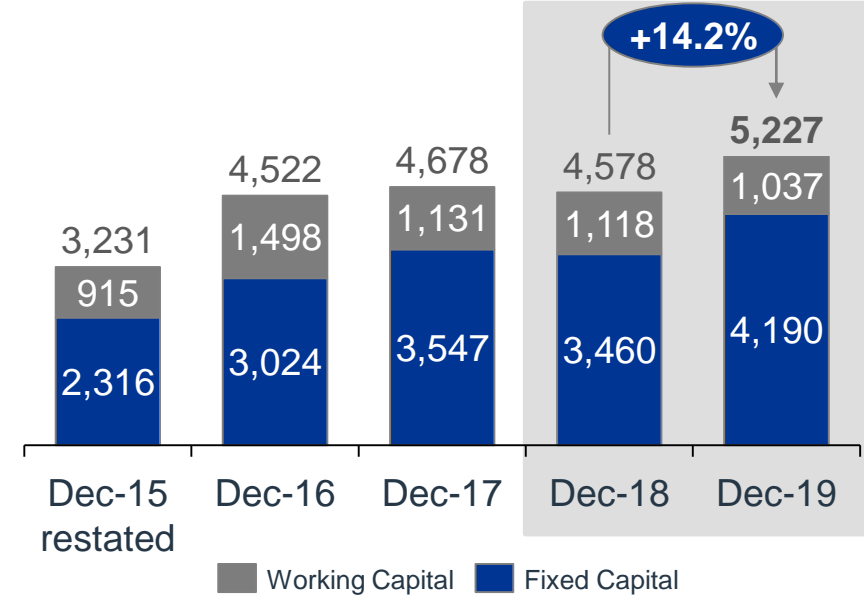
Food Staples and Packaged Foods

EBITDA, \$\$ Million



- Strong EBITDA growth driven by Grains & Animal Feed, with improved performance from Packaged Foods, Dairy and Edible Oil supply chain trading businesses
- Edible Oils refining was impacted by tropical cyclone in Mozambique; Dairy farming in Uruguay continued to experience difficult operating conditions – Both operations took one-off impairment and restructuring charges in 2019

Invested capital, \$\$ Million

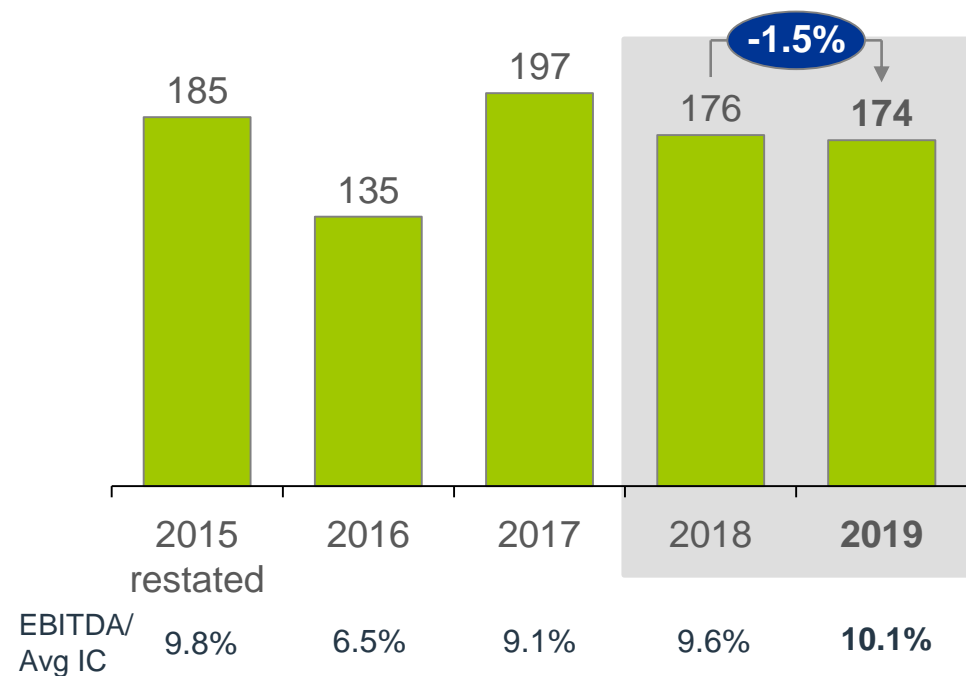


- Working Capital lower on closure of Sugar trading desk and availability of supplier credit for bulk commodities
- Fixed Capital increased on acquisition of Dangote Flour Mills, continued investments by OPG and Rusmolco, and impact from SFRS(I) 16 adoption

Industrial Raw Materials, Infrastructure and Logistics

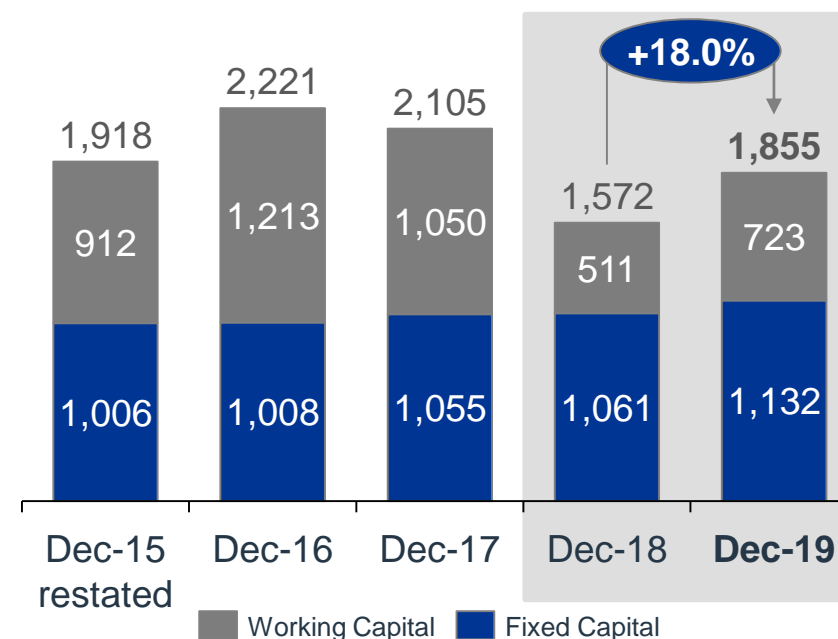


EBITDA, \$\$ Million



- EBITDA declined marginally on reduced contribution from Cotton due to sharp fall in cotton prices and adverse trading conditions
- This was offset by improved performance in the Infrastructure & Logistics and Wood Products businesses

Invested capital, \$\$ Million



- Working Capital was higher due to closing inventory for Cotton
- Fixed Capital increased due to investment in Cotontchad, continued investments in Olam Rubber Gabon and impact from adoption of SFRS(I) 16



2019-2024 Strategic Plan progress



Pathway 1 & 2

01 Streamline, Focus & Strengthen our portfolio

Divesting deprioritised businesses & related assets, and recycling capital

Examples : Sales of permanent water rights (Australia), Sales of US onion & garlic real estate assets, Exit of Argentina Peanuts business, Closure of trading desks of Sugar / Rubber / Fertiliser

S\$488 M

of cash released
(vs US\$1.6b targeted over 2019-2024)

Investing further in prioritised businesses

Dangote Flour Mills (Nigeria)
BT Cocoa (Indonesia)
Hughson Nut Inc (USA)
Cotonchad (Tchad)

S\$1,066 M

of capital investments (organic & inorganic) (vs. US\$3.5b targeted over the 2019-24 period)

02 Improve margins through

a) Cost efficiency

~US\$70 M

of cost reduction & productivity improvement

b) Capital productivity

S\$135 M

FCFE 2019

70 days

Cycle Time (vs. 76 days in 2018)

1.38x

Gearing as of end-Dec 2019

Pathway 3a

3a Value-added offerings

AtSource 
Re-imagined by Olam

Expanded AtSource+

13 **30**
Products Origins

125 **200k+**
customers farmers

Risk Management Solutions

46 Embed % at
new clients 16%
acquired up from 10%
in FY18

Value-added Services

- **All certifications** (Rainforest Alliance, Utz) & **customised grades**
- **Extensive organic range to meet rising demands across portfolio** : Coffee, Almond, Hazelnut, Sesame, Tahini products, Dried Onion & Garlic, Chili, Turmeric, Cumin, Cinnamon, Black pepper

Innovation : Further pivot to Ingredients

- Launched **multiple value-added ingredients** & provided **unique solutions** leveraging our **14 innovation centres** (e.g. “True Dark” cocoa powder, nut paste, soluble coffee, private label)
- **Building capabilities** for our new strategic initiatives

Pathway 3b

3b Pursue growth by serving new customer segments & channels

Private Label / Contract Manufacturing Food Service Solutions

5 New large private label customers **8-10** Large private label customers in pipeline

~US\$75m Incremental revenues

E-Commerce

460+ New customers **~US\$30m** of Revenue

04 3 new engines for growth being explored (Engine 2)



B2C Initiative

Farmer Services Platform

Controlled Environment Agriculture

2019-2024 Strategic Plan

Completed acquisitions



- 100% of U.S. almond processor and ingredients company Hughson Nut and related assets for US\$54 million
- 100% of Dangote Flour Mills in Nigeria for NGN120 billion (~US\$331 million)
- 85% of BT Cocoa in Indonesia for US\$90 million
- 60% of Cotonchad in TChad for US\$16 million



2019-2024 Strategic Plan

Divestments



- Disposed 100% interest in peanut shelling in Argentina and exited peanut farming
- Exited Sugar, Rubber and Fertiliser trading, Fundamental Fund and Wood Products in Latin America, and sold remaining 51% interest in Collymongle ginning in Australia
- Sold real estate assets of onion and garlic processing facility in Gilroy, California
- Sold permanent water rights in Australia
- Divested 10.0% stake in ARISE IIP
- All the above divestments have **released cash of S\$488.1 million, reduced invested capital by S\$437.6 million and resulted in S\$373.7 million in one-off post tax gains** in 2019
- Post a review of some of the other de-prioritised assets which were identified in the Strategic Plan including NZFSU (Uruguay), Olam Tomato Processors (USA), Coffee plantations (Zambia, Brazil, Tanzania and Laos) and Edible Oils processing (Mozambique) we recognised one-off exit costs, losses on disposal/sale and/or impairment on these assets of S\$300.0 million in Q4 2019

Beyond Strategic Plan:

Re-organising Olam's business to unlock long term value



Olam International (OIL)

1) Stewardship

- Hold OFI & OGA
- Parenting advantage (ensure continuity of the “Olam Way”, execute cross-cutting initiatives across the Olam Group)
- Provide shared service to OFI & OGA to optimise synergies

2) Accelerator

- Nurture gestating businesses to full potential (Packaged Foods Business, Infrastructure & Logistics, Olam Palm Gabon)
- Incubate new engines for future growth
- Exit non-core / de-prioritised businesses & assets, and redeploy capital for growth



Olam Food Ingredients (OFI)

- Industry-leading businesses offering sustainable, natural, value-added food ingredients which are “on-trend”
- Comprises Cocoa, Coffee, Edible Nuts, Spices & Dairy



Olam Global Agri (OGA)

- Differentiated global agri-business with unique focus on high-growth emerging markets
- Comprises Grains & Animal Feed, Edible Oils, Rice, Cotton, Commodity Financial Services





Outlook and Key takeaways



Outlook

COVID-19 outbreak:

- Heightened volatility in commodity prices; potential for increased counterparty risks in China and risk of disruptions in global supply chains
- To maintain the safety and integrity of our people and operations, we will closely monitor this evolving situation and adhere to guidelines from all relevant international organisations and national authorities and continue to implement our business continuity plans

Cessation of quarterly reporting:

- Following the amendments to the Singapore Exchange Securities Trading Limited Listing Rules (Mainboard) which are effective from February 7, 2020, we will no longer be required to release financial statements on a quarterly basis. We will now report financial results on a half-yearly basis
- We will continue to provide relevant disclosures of the Company's strategy, operating and financial conditions as appropriate

Key takeaways

Successfully executed key initiatives in the first year of the Strategic Plan with strong momentum being carried forward:

- Well-positioned to execute on Strategic Plan and undertake further strategic investments to capitalise on key consumer growth trends
- Remain focused on divesting and/or restructuring de-prioritised assets and businesses which have been identified in the Strategic Plan

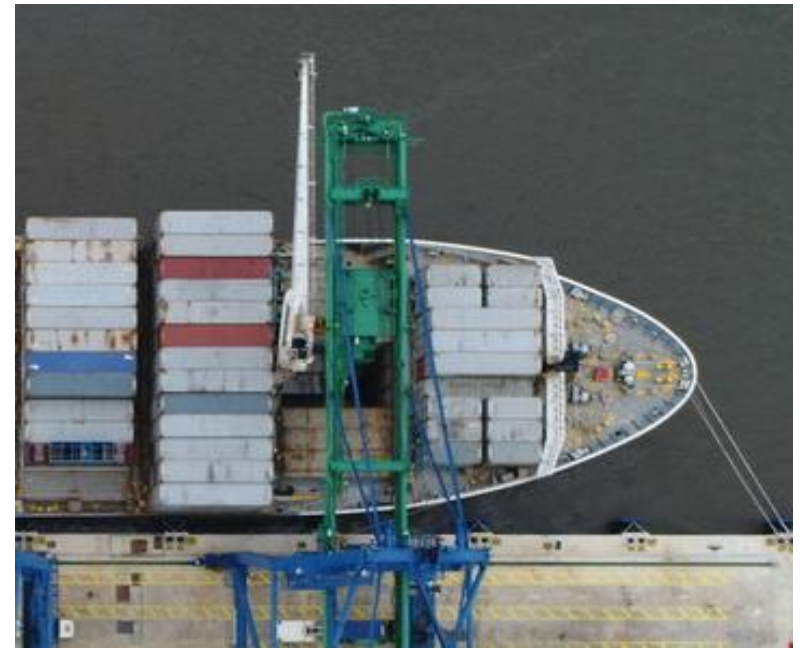
Significantly improved financial performance in 2019:

- Strong top line and bottom line growth – in volume, EBITDA and Operational PATMI
- Maintained strong balance sheet and gearing at 1.38x; positive FCFE

Key takeaways

Re-organisation

- Re-organising our current business into OFI & OGA simplifies the portfolio, sharpens focus, allows investors to participate in two distinct themes via potential carve-outs or IPOs and accelerates profitable growth
- Olam International will hold the two new operating groups, provide parenting advantage, enable synergies, develop gestating businesses to full potential, incubate new engines for future growth, and release capital from divestments
- As the re-organisation progresses, we will provide periodic updates to stakeholders on the process and related developments, and will report financials and key performance metrics for each operating group from H1 2020



Appendix



P&L statement

S\$ million	2019	2018	% Change	Q4 2019	Q4 2018	% Change
Volume ('000 MT)	39,751.8	32,867.6	20.9	10,714.9	9,610.9	11.5
Revenue	32,992.7	30,479.0	8.2	8,737.5	8,460.4	3.3
Net gain in fair value of biological assets^	19.0	61.3	(69.0)	24.2	70.9	(65.9)
EBITDA^	1,551.7	1,235.8	25.6	493.3	330.7	49.2
Depreciation & amortisation^	(495.5)	(392.8)	26.1	(117.5)	(102.1)	15.1
Net Finance costs	(538.5)	(468.8)	14.9	(125.9)	(158.3)	(20.5)
Taxation^	(58.5)	(52.3)	11.9	(25.1)	(1.6)	n.m.
Exceptional items	65.9	1.2	n.m.	83.7	3.3	n.m.
PAT	525.1	323.1	62.5	308.5	72.2	327.6
PATMI	564.1	347.8	62.2	313.4	75.3	316.2
Operational PATMI	498.2	346.6	43.7	229.7	72.0	219.0

^ Excluding exceptional items

P&L statement

Impact of SFRS(I) 16

S\$ million		2019		Q4 2019		
Profit & Loss Statement	Reported	SFRS(I) 16 Impact	Excluding SFRS(I) 16	Reported	SFRS(I) 16 Impact	Excluding SFRS(I) 16
EBITDA	1,551.7	99.3	1,452.4	493.3	24.7	468.6
Depreciation & Amortisation	(495.5)	(95.1)	(400.4)	(117.5)	(23.6)	(93.9)
Net Finance costs	(538.5)	(30.2)	(508.3)	(125.9)	(7.5)	(118.4)
PATMI	564.1	(26.0)	590.1	313.4	(6.5)	319.9
Operational PATMI	498.2	(26.0)	524.2	229.7	(6.5)	236.2

Exceptional items

S\$ million	2019	2018	Q4 2019	Q4 2018
Sale of permanent water rights, Australia	232.0	-	232.0	-
Sale and tiered revenue sharing arrangements, US	101.9	-	101.9	-
Sale of 10% stake in ARISE IZ to AFC	40.4	-	40.4	-
Negative goodwill arising on acquisition	7.9	-	7.9	-
Impairments/Exit/Closure costs	(315.8)	-	(298.5)	-
Profit on sale of land in US	-	18.6	-	4.8
Profit on sale of Subsidiary	0.6	5.8	-	(0.1)
Sale of Café Enrista brand	-	2.7	-	-
Loss on sale of JV/Associate	(1.1)	(25.9)	-	(1.4)
Exceptional Items	65.9	1.2	83.7	3.3

Balance sheet

S\$ million	31-Dec 2019	31-Dec-2018	Change vs Dec 18
Uses of Capital			
Fixed Capital	8,616.0	8,349.3	266.7
Right-of-use assets	577.6	-	577.6
Working Capital	6,627.8	6,376.4	251.4
Cash	3,179.6	2,480.4	699.2
Others	135.1	526.2	(391.1)
Total	19,136.1	17,732.3	1,403.8
Sources of Capital			
Equity & Reserves	6,836.1	6,652.9	183.2
Non-controlling interests	108.1	138.7	(30.6)
Short term debt	6,675.5	4,766.4	1,909.1
Long term debt	5,403.4	6,407.7	(1,004.3)
Short term lease liabilities	82.0	10.7	71.3
Long term lease liabilities	435.1	83.4	351.7
Fair value reserve	(404.1)	(327.5)	(76.6)
Total	19,136.1	17,732.3	1,403.8

Cash flow statement

S\$ million	2019	2018	Change	Q4 2019	Q4 2018	Change
Operating Cash flow (before Interest & Tax)	1,454.4	1,154.7	299.7	380.0	239.2	140.8
Changes in Working Capital	(95.6)	930.6	(1,026.2)	(791.8)	660.0	(1,451.8)
Net Operating Cash Flow	1,358.8	2,085.3	(726.5)	(411.8)	899.2	(1,311.0)
Net interest paid	(554.7)	(464.1)	(90.6)	(143.0)	(148.0)	5.0
Tax paid	(106.8)	(137.9)	31.1	(14.5)	(13.7)	(0.8)
Cash from divestments	502.9	435.8	67.1	491.9	71.4	420.5
Free cash flow before capex/ investments	1,200.2	1,919.1	(718.9)	(77.4)	808.9	(886.3)
Capex/ Investments	(1,065.6)	(852.8)	(212.8)	(555.0)	(344.9)	(210.1)
Free cash flow to equity (FCFE)	134.6	1,066.3	(931.7)	(632.4)	464.0	(1,096.4)



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