



## News Release

Singapore, February 28, 2020

### Olam International reports 62.2% higher PATMI at S\$564.1 million for 2019

- Board recommends final dividend of 4.5 cents per share

#### **HIGHLIGHTS**

- Strong operating performance with Q4 2019 and 2019 EBITDA up 49.2% and 25.6% to S\$493.3 million and S\$1.6 billion respectively, mainly driven by higher contribution from Cocoa, Grains and Animal Feed businesses
- Q4 2019 and 2019 PATMI up 316.2% and 62.2% respectively on higher EBITDA and net exceptional gains, to S\$313.4 million and S\$564.1 million respectively
- Without exceptional gains and impact of SFRS(I) 16<sup>1</sup>, Q4 2019 PATMI would have increased more than three-fold to S\$236.2 million and 2019 PATMI by 51.2% to S\$524.2 million.
- Positive Free Cash Flow to Equity of S\$134.6 million in 2019 (2018: S\$1.1 billion)
- Net gearing of 1.38x versus 1.32x in 2018
- Board recommends final dividend of 4.5 cents per share; total dividend for 2019 would be 8.0 cents per share (2018: 7.5 cents)

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
EBITDA	1,551.7	1,235.8	25.6	493.3	330.7	49.2
PAT	525.1	323.1	62.5	308.5	72.2	327.6
<b>PATMI</b>	<b>564.1</b>	<b>347.8</b>	<b>62.2</b>	<b>313.4</b>	<b>75.3</b>	<b>316.2</b>
<b>Operational PATMI</b>	<b>498.2</b>	<b>346.6</b>	<b>43.7</b>	<b>229.7</b>	<b>72.0</b>	<b>219.0</b>

<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\$99.3 million, but also raised depreciation and amortisation and net finance charges by S\$95.1 million and S\$30.2 million respectively in 2019. The net impact on PATMI and Operational PATMI was negative S\$26.0 million during this period.

## News Release

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Singapore, February 28, 2020

### **MANAGEMENT COMMENTS**

#### **Olam's Co-Founder and Group CEO, Sunny Verghese said:**

“We are pleased to have successfully completed the first year of our 2019-2024 Strategic Plan with all-round improved operational performance, execution of strategic initiatives and release of cash from targeted divestments. Building on our new Strategic Plan, we recently announced our plan to re-organise Olam into two new coherent operating groups – Olam Food Ingredients (OFI) and Olam Global Agri (OGA) to unlock and maximise the Company's long-term value. Olam International, as the parent company of OFI and OGA, will play a key role in unlocking the full value of the Olam Group by providing stewardship to the new operating groups and building future growth engines.

“Even as we continue to monitor and mitigate the impact from the COVID-19 outbreak, we are confident that we have strong foundations in place to weather any short-term volatility and accelerate profitable growth in line with key consumer trends and market opportunities.”

#### **Olam's Group CFO, N. Muthukumar said:**

“Our proactive management of our capital structure continued to pay off, as we maintained a strong balance sheet and continued to deliver positive free cash flows despite investing S\$1.1 billion of capex to execute our new Strategic Plan. We also continued to diversify our funding sources in 2019 through a mix of traditional and innovative channels, including the world's first Digital Loan and a second sustainability-linked loan. Our commitment to sustainable financing gives us a clear advantage, builds resilience and enables us to catalyse positive change in our sector.”

### **FINANCIAL RESULTS**

#### **Q4 2019**

- EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) grew by 49.2% to S\$493.3 million (Q4 2018: S\$330.7 million) primarily on higher contribution from the Confectionery and Beverage Ingredients, Food Staples and Packaged Foods, and Industrial Raw Materials, Infrastructure and Logistics segments.

## News Release

---

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- PATMI (Profit After Tax and Minority Interest) surged 316.2% year-on-year (YoY) to S\$313.4 million (Q4 2018: S\$75.3 million) on the stronger EBITDA performance as well as net exceptional gains of S\$83.7 million. Excluding the impact of SFRS(I) 16, PATMI would have been higher at S\$319.9 million.
- Operational PATMI, which excludes exceptional items, was 219.0% higher YoY at S\$229.7 million (Q4 2018: S\$72.0 million). Excluding the impact of SFRS(I) 16, Operational PATMI would have higher at S\$236.2 million.

### 2019

- EBITDA grew 25.6% to S\$1.6 billion (2018: S\$1.2 billion) on higher contribution from all segments except Industrial Raw Materials, Infrastructure and Logistics. Most of the increase came from Confectionery and Beverage Ingredients, and Food Staples and Packaged Foods, notably Cocoa and Grains and Animal Feed businesses.
- PATMI increased 62.2% YoY to S\$564.1 million (2018: S\$347.8 million) on higher EBITDA and one-off exceptional gains. Excluding the impact of SFRS(I) 16, PATMI would have been higher at S\$590.1 million.
- Operational PATMI was higher by 43.7% YoY at S\$498.2 million (2018: S\$346.6 million). Excluding the impact of SFRS(I) 16, Operational PATMI would have been higher at S\$524.2 million.

### Cash flow and gearing

- Positive Free Cash Flow to Equity at S\$134.6 million (2018: S\$1.1 billion) with improved operating cash flow offset by higher deployment of working capital amid peak procurement season for several of its leading products.
- Net gearing as at December 31, 2019 was slightly higher at 1.38 times (2018: 1.32 times) due to increased net debt on the adoption of SFRS(I) 16 and higher working capital.

### **2019 SEGMENTAL PERFORMANCE**

#### **Edible Nuts and Spices**

- Revenue increased 2.9% to S\$4.4 billion mainly due to due to improved sales realisation for Edible Nuts.
- EBITDA was 0.7% higher at S\$342.4 million – While Edible Nuts did better in 2019 on improved performance from cashew, Spices had a lower EBITDA on reduced contribution from onion and garlic.

## News Release

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### **Confectionery and Beverage Ingredients**

- Revenue declined by 6.2% to S\$6.7 billion on lower Cocoa volumes and lower coffee prices.
- EBITDA grew by a strong 26.6% to S\$562.1 million with stellar performance and improved margins for the Cocoa business in both supply chain and processing operations. Coffee EBITDA also improved.

### **Food Staples and Packaged Foods**

- Revenue rose by 21.5% to S\$17.6 billion, mainly driven by the growth in Grains trading volumes and sales from Packaged Foods.
- EBITDA grew by a robust 57.4% to S\$454.6 million, led mainly by Grains and Animal Feed and improved contribution from Packaged Foods, Dairy and Edible Oil supply chain businesses.

### **Industrial Raw Materials, Infrastructure and Logistics**

- Revenue decreased by 6.3% to S\$4.2 billion mainly due to lower sales volume and lower cotton prices.
- EBITDA declined by 1.5% to S\$173.6 million on lower contribution from Cotton, which was partly offset by improved contribution from Infrastructure and Logistics, and Wood Products.

### **Commodity Financial Services**

- The segment reported an EBITDA of S\$19.0 million, reversing a S\$13.1 million loss in 2018.

## **CESSATION OF QUARTERLY REPORTING**

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

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### **OUTLOOK**

Olam is monitoring the COVID-19 outbreak closely and adhering to guidelines from all relevant international organisations and national authorities in affected areas. The Company's business continuity plans are currently in effect in response to the outbreak. While it does not have a material exposure to China, the spread of COVID-19 may impact and delay exports out of China, and extended delays may result in a disruption to supply. The Company is currently evaluating the potential impact this may have on supply chains in China and globally. As a global agri-business with presence across multiple origins for its products, Olam is working with customers on contingency planning to minimise disruptions to their supply. The Company will continue to monitor developments and impacts on supply chains, and take proactive measures to support market needs while protecting public health.

While the evolving COVID-19 situation as well as continuing political and economic uncertainties may affect global operating conditions in 2020, prices across a broad range of commodities have fallen post the outbreak of COVID-19, including grains, cotton, coffee, almonds, pepper and dairy, with heightened volatility in these prices and potential for increased counterparty risks from customers in China, as well as disruptions in many commodity supply chains originating from China.

Even as Olam moves ahead with the re-organisation, it continues 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 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 Fourth Quarter and Full Year ended December 31, 2019 Financial Statements and Management Discussion and Analysis lodged on SGXNET on February 28, 2020.
2. Olam will host a webcast on February 28, 2020, at 10.00 am SGT to discuss the financial results and provide a company update. To access the webcast or download the presentation materials, go to [www.olamgroup.com](http://www.olamgroup.com).

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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.

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



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