Management Discussion and Analysis

February 26, 2021

Results for the Year ended December 31, 2020

Dairy farming, Russia

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Second-Half ("H2 2020") and Full Year ended December 31, 2020 ("2020")

Contents

This Management Discussion and Analysis (MD&A) should be read and understood only in conjunction with the full text of Olam International Limited's Financial Statements for the Second-Half and Full Year ended December 31, 2020 and its announcement entitled "Re-organisation of Olam: Unlocking Long Term Value" lodged on SGXNET on February 26, 2021.

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Re-organisation of Olam: Progress Update

On January 20, 2020 Olam International Limited ("**Olam**" or the "**Company**", and together with its subsidiaries, the "**Olam Group**") announced a re-organisation of its business to create two new coherent operating groups, Olam Food Ingredients ("**OFI**") and Olam Global Agri ("**OGA**"), that are well-positioned for further growth in line with key customer trends and market opportunities with the aim of unlocking long-term shareholder value (the "Re-org Announcement").

Subsequent to the Re-org Announcement, the Company has provided shareholders with periodic progress updates on the re-organisation progress, including the appointment of senior management and executive teams for the respective operating groups, creation of a dedicated Programme Office and workstreams to oversee the re-organisation progress, changes to the segmental reporting structure and key performance metrics to align with the re-organisation into its new operating groups.

The Re-org Announcement disclosed the Company's plan to explore options to maximise Olam's long-term shareholder value via potential carve-out and capital raising options, including potential initial public offerings ("**IPO**") of OFI and OGA on a sequential basis. The Company has made material progress towards the carve-out and separation of OFI and OGA which is estimated to be completed by the end of 2021.

Following a thorough review and evaluation of the options to maximise Olam's long-term shareholder value, the Company has appointed joint financial advisers and legal advisers to assist in preparing OFI for listing by H1 2022. As part of the re-organisation, the Olam Group is also evaluating a scheme of arrangement which would see Olam's listing on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") move to a new holding company. It is intended that OFI will be demerged from the Olam Group by way of a distribution in specie of shares in OFI to Olam shareholders at the point of demerger in conjunction with the IPO.

In parallel, the Company continues to explore similar strategic options for maximising the value of OGA within the Olam Group.

The Company wishes to highlight that any such listing, scheme and demerger, including the timing, terms and other details thereof, are subject to all requisite approvals and clearances from the regulatory authorities, relevant approvals of shareholders of the Company, the approval of the Singapore courts, and prevailing market conditions.

The Board of Directors of the Company (the "Board") may also decide not to proceed with the scheme, listing and/or demerger, even if the said approvals and clearances have been obtained, if the Board deems it not in the interests of the Company and its shareholders to do so, having regard to the prevailing circumstances and relevant factors at the material time. Accordingly, shareholders of the Company should note that there is no certainty or assurance that such scheme, listing and/or demerger will finally occur or in the form as described in this announcement.

As the re-organisation progresses, the Company will provide updates to shareholders and stakeholders on the process, listing venue and related developments, and will seek the requisite approvals and clearances from shareholders and the relevant authorities, at the appropriate times, in accordance with applicable laws and regulations and the listing rules of the SGX-ST and other relevant regulators, as applicable.

2020 Key Highlights

2020 Financial Highlights[1]

Consolidated Olam Group

S$ million	2020	2019 Restated	% Change	H2 2020	H2 2019 Restated	% Change
Volume ('000 MT)	44,409.7	39,751.8	11.7	24,351.3	20,651.6	17.9
Revenue	35,820.0	32,992.7	8.6	18,739.5	17,048.8	9.9
EBIT^	1,069.5	1,057.3	1.2	645.8	535.3	20.6
PAT	178.2	277.1	(35.7)	(117.2)	69.4	n.m.
PATMI	**245.7**	**316.1**	**(22.3)**	**(87.0)**	**85.8**	**n.m.**
Operational PATMI^	**677.8**	**498.2**	**36.0**	**475.7**	**250.2**	**90.1**

^Excluding exceptional items

Performance by Operating Group

	Sales Volume ('000 MT)				EBIT (S$ million)			
S$ million	**2020**	**% Share**	**2019 Restated**	**% Change**	**2020**	**% Share**	**2019 Restated**	**% Change**
Olam Group	**44,409.7**	**100.0%**	**39,751.8**	**11.7%**	**1,069.5**	**100.0%**	**1,057.3**	**1.2%**
- OFI	3,786.6	8.5%	3,812.2	-0.7%	771.1	72.1%	793.6	-2.8%
- OGA	39,355.6	88.6%	34,367.7	14.5%	462.4	43.2%	329.5	40.3%
- OIL	1,267.5	2.9%	1,571.9	-19.4%	(164.0)	-15.3%	(65.8)	-149.2%

- **Group Operational PATMI grew by a strong 36.0% to S$677.8 million** in 2020 (2019: S$498.2 million).

- **Profit After Tax and Minority Interests (PATMI) declined by 22.3% to S$245.7 million** in 2020 from S$316.1 million in 2019 primarily due to net exceptional losses recorded for the year.

- **Net exceptional losses amounted to S$432.1 million** mainly due to the one-off, non-cash and non-recurring impairment of S$483.9 million on our investment in Olam Palm Gabon ("OPG"), partly offset by gains from divestments of de-prioritised assets.

- **Group Sales Volume grew 11.7% to 44.4 million metric tonnes** with most of the increase coming from OGA. OGA has the largest share of Group volume at 88.6% while OFI and OIL accounted for 8.5% and 2.9% respectively.

- **Group Earnings Before Interest and Tax (EBIT)** held steady for the year with **marginal increase at S$1.1 billion**. OFI's share of Group EBIT was 72.1% with OGA at 43.2%, and OIL at negative 15.3%. OGA reported a robust EBIT growth of 40.3% to S$462.4 million on higher contribution from the Food & Feed segments. OFI's results were resilient reporting an EBIT of S$771.1 million (2019: S$793.6 million), with most businesses

[1] The 2020 results are compared against restated financials for 2019. The restatement was due to a change in the IFRS16 accounting standard which was implemented with retrospective effect.

performing better than the prior period. In line with expectations, it reported a strong H2 2020 EBIT growth of 43.3% year-on-year.

The Covid-19 pandemic adversely impacted margins in the Cocoa processing, Australian Almond orchards, Cotton and Edible Oil businesses.

- **Free Cash Flow to Equity (FCFE**) was **negative at S$592.2 million** in 2020 (2019: S$134.9 million) on increased deployment of working capital due to higher volumes as well as higher commodity prices.

- **Net gearing** as at December 31, 2020 increased to **1.72 times** compared to a year ago (December 31, 2019: 1.50 times) with adjusted gearing net of readily marketable inventories (RMI) and secured receivables at 0.63 times (December 31, 2019: 0.38 times).

- The Board of Directors has proposed a **final dividend of 4.0 cents per share.** If approved, total dividend for 2020 including paid interim dividend would be 7.5 cents per share**.** (2019: 8.0 cents).

Change in Accounting Standard IFRS 16

SFRS(I) 16 on lease accounting has been in effect from January 1, 2019, and the Group had adopted the same in its financial statements for 2019.

Adoption of this standard had resulted in most leases being recognised on the balance sheet, as a "right-of-use asset" which represented the right to use the underlying leased asset and a "lease liability" representing an obligation to make lease payments. However, where lease payments were entirely variable, the standard did not require the recognition of a right-of-use asset and lease liability. The audited financial statements of the Group up to December 31, 2019 had been prepared in compliance with this standard which was effective at that time.

However, in June 2020, IFRIC Committee, which is the IFRS Interpretations Committee of the International Accounting Standards Board clarified that the principles and requirements in IFRS 16 provide an adequate basis for an entity to account for sale and leaseback ("SLB") transactions involving variable lease payments that do not depend on an index or a rate. This means the gain on an SLB transaction should be deferred to the extent of right-of-use retained by the seller-lessee.

Further, the Committee mentioned that IFRS 16 does not prescribe a method to determine the proportion of right retained. The seller-lessee could determine the proportion by comparing, for example, (a) the present value of expected payments for the lease (including those that are variable), with (b) the fair value of the Property, Plant and Equipment at the date of the transaction.

In September 2020, the IASB released a staff paper wherein it discussed that proposed amendment would: (a) specify how a seller-lessee applies the subsequent measurement requirements in paragraphs 36–38 of IFRS 16 to the lease liability that arises in an SLB transaction; and (b) provide an example illustrating how a seller-lessee accounts for an SLB transaction with variable lease payments, both at the date of the transaction and subsequently throughout the lease term. IASB is expected to issue a formal clarification or amendment soon on this matter, which will provide clarity on the measurement and subsequent accounting. As of end-December 2020, there was no further communication from IASB in this regard.

In 2019, the Group had completed two sale transactions with Tiered Revenue Sharing Arrangements ("TRSA") where the lease payments were based entirely on a percentage of the seller-lessee's revenue generated using the leased assets and considered as variable lease payments: (i) sale of the onion and garlic processing facility in Gilroy, California ("RE Assets"), and (ii) sale of permanent water rights in Australia. In accordance with SFRS(I) 16, no right-of-use assets or lease liabilities were recognised.

Consequent to the clarification issued by the Committee, there is now a change in accounting policy for Olam, which has been applied retrospectively by re-stating the 2019 financial statements – the earliest prior period presented comparatives – in accordance with IAS 8 along with relevant disclosures. Annex 2 shows the impact on the changes of IFRS 16 on 2019 and 2020 Profit & Loss statement and balance sheet.

Further, as the Group had announced the termination of its tiered revenue sharing arrangement for the RE Assets in May 2020, these RE assets have been transferred back to the Group in H2 2020.

It should be noted that IASB has yet to issue a formal clarification or amendment on this matter, and there could be further changes depending on their final decision.

Strategic Investments and Divestments of De-prioritised Assets

The Company completed the following strategic investments and divestments of de-prioritised assets[2]:

Strategic investments

- Acquisition of US-based dehydrated onion ingredients business in January 2021 (formerly Cascade Specialties) which diversifies Spices' growing regions in the US, expands its manufacturing capabilities and deepens its supply of organic onion products so as to meet rising demand for dehydrated onions that has grown significantly this year;

[2] All transactions were completed in 2020 unless otherwise indicated.

- Acquisition of US-based green chile pepper business of major maker of condiments and sauces, Mizkan America, Inc., for US$108.5 million in February 2021;
- Setting up of a greenfield soluble coffee manufacturing facility in Brazil, due for completion in H2 2022;
- Setting up of a greenfield dairy processing plant in New Zealand, due for completion in H2 2022;
- Acquisition of a 51.0% interest in Togo's state-owned cotton company Nouvelle Société Cotonnière du Togo ("NSCT") for a total consideration of EUR34.4 million including net working capital; and
- Strategic partnership with Jess Smith & Sons on joint origination, storage and marketing of US Pima cotton to enhance our grower footprint in the US and deliver traceable cotton and customised solutions.

Divestments of de-prioritised assets

- Sale of our remaining 50.0% stake in Indonesian sugar joint venture, Far East to Mitr Phol for US$82.5 million with additional US$2.5 million contingent on satisfaction of certain terms within three years;
- Partial stake sale of ARISE P&L to A.P. Moller Capital, which resulted in a cash release of US$31.0 million;
- Disposal of one of our two sugar mills in India, in line with its strategic decision to exit the sugar business;
- Sale of Coffee plantations in Brazil to a third party in January 2021; and
- Sale of our entire 15.19% stake in Open Country Dairy ("OCD") to Talley Group Limited ("Talley's") for approximately NZ$80.9 million through Talley's takeover offer in February 2021.

Covid-19 Impact and Outlook

Despite challenging conditions for many key markets across the world, there has been a pick-up in volume and demand due to China's rapid recovery and many Asian countries which have been easing lockdown measures. Substantive fiscal support from governments and monetary easing by central banks have contributed to the improving sentiment.

The pandemic has driven higher demand for at-home food consumption globally and accelerated shifting consumer patterns such as placing greater emphasis on quality of food products that are both safe and healthy. Customers have had to adapt quickly to these rapidly changing trends, and are on the lookout to partner innovative, purpose-driven producers and suppliers who have the global resources and networks to help them navigate the immediate and longer-term challenges in the food and agri-supply chain.

Olam continues to play an important role in providing essential food staples, food ingredients, feed and fibre to customers around the world in a safe, responsible and sustainable way. Whilst maintaining business continuity and strictly adhering to local regulations in all our operations, our primary focus has been to ensure employee health and food safety.

In many of our locations around the world, Olam has been deemed to be providing a valuable and essential service. As a result, we were able to operate most of our global facilities at or near capacity throughout 2020. We were largely able to use our global sourcing reach and local operational and supply chain capabilities to ensure that we continued to serve our customers and minimise disruptions to their supply chains during these unprecedented times.

The impact on demand from Covid-19 varied across products. Demand for most food staples was generally resilient and spiked in some cases due to the pantry restocking effect both at the household and retail level. We experienced lower demand in some of our non-food categories like Cotton and in food products with significant out-of-home consumption like Edible Oils, Cocoa and Coffee. We also saw overall lower demand in Almonds and Dairy during the country lockdowns in Asia although there was some demand pick-up in H2 2020.

While the short term impact of Covid-19 will continue, the industry is poised for strong recovery in the year ahead. Barring unforeseen circumstances such as continued lockdowns across the world, the outlook remains positive, aided by growing demand and tight commodity supplies.

With 80-85% of the Group's revenues in the food category where demand is less sensitive to recession or economic downcycles, the Group believes that it will be able to better navigate the demand led uncertainties around Covid-19. The Group has been and will remain proactive in controlling costs and conserving cash to mitigate against potential adverse impact from the Covid-19 crisis. It continues to monitor and assess this impact on a dynamic basis and will provide updates as material developments and impacts arise.

Market conditions and sentiments are beginning to improve as economies snap back from the worst impacts of Covid-19 in 2020 and we expect this favourable market environment to continue to improve in 2021.

Summary of Financial and Operating Results

Profit and Loss Analysis

S$ million	2020	2019 Restated	% Change	H2 2020	H2 2019 Restated	% Change
Volume ('000 MT)	**44,409.7**	**39,751.8**	**11.7**	**24,351.3**	**20,651.6**	**17.9**
Revenue	**35,820.0**	**32,992.7**	**8.6**	**18,739.5**	**17,048.8**	**9.9**
Other income^	61.2	56.4	8.5	37.4	36.1	3.6
Cost of sales^	(32,586.3)	(29,985.1)	8.7	(17,081.4)	(15,505.2)	10.2
Selling, general and administrative expenses^	(1,583.9)	(1,455.2)	8.8	(879.9)	(787.2)	11.8
Other operating expenses	(38.7)	(142.5)	(72.9)	172.2	(78.6)	n.m.
Net (loss)/gain in fair value of biological assets^	(60.3)	19.0	n.m.	(64.1)	23.0	n.m.
Share of results from joint ventures and associates^	18.8	67.8	(72.3)	10.8	44.7	(75.8)
EBITDA^	**1,630.8**	**1,553.1**	**5.0**	**934.5**	**781.6**	**19.6**
Depreciation & amortisation^	(561.3)	(495.8)	13.2	(288.7)	(246.3)	17.2
EBIT^	**1,069.5**	**1,057.3**	**1.2**	**645.8**	**535.3**	**20.6**
EBIT %	3.0%	3.2%		3.4%	3.1%	
Exceptional items	(432.1)	(182.1)	n.m.	(562.7)	(164.4)	n.m.
Net Finance costs^	(415.7)	(539.6)	(23.0)	(185.5)	(274.7)	(32.5)
PBT	**221.7**	**335.6**	**(33.9)**	**(102.4)**	**96.2**	**n.m.**
Taxation^	(43.5)	(58.5)	(25.6)	(14.8)	(26.8)	(44.8)
PAT	**178.2**	**277.1**	**(35.7)**	**(117.2)**	**69.4**	**n.m.**
PAT %	0.5%	0.8%		-0.6%	0.4%	
Non-controlling interests	(67.5)	(39.0)	73.1	(30.2)	(16.4)	84.1
PATMI	**245.7**	**316.1**	**(22.3)**	**(87.0)**	**85.8**	**n.m.**
PATMI %	0.7%	1.0%		-0.5%	0.5%	
Operational PATMI^	**677.8**	**498.2**	**36.0**	**475.7**	**250.2**	**90.1**
Operational PATMI %	1.9%	1.5%		2.5%	1.5%	

^Excluding exceptional items

Sales Volume

Sales volume grew 11.7% mainly due to higher sales volume from OGA's Food & Feed - Origination & Merchandising segment during 2020.

Revenue

Revenue grew by 8.6% to reach S$35.8 billion (2019: S$33.0 billion) on account of higher sales volume in 2020, partly offset by a change in product mix.

Other Income

Other income was marginally higher at S$61.2 million (2019: S$56.4 million).

Cost of Sales

The change in cost of sales normally follows the corresponding change in revenue for a given period. In 2020, cost of sales increased by 8.7% in line with the growth in revenue.

Selling, General & Administrative Expenses

Selling, General & Administrative Expenses increased by a modest 8.8% or S$128.7 million to S$1.6 billion in 2020 (2019: S$1.5 billion) despite acquisitions and investments in new corporate growth initiatives, such as digitalisation, co-manufacturing, food service, e-commerce and sustainability-based solutions. Part of the increase was offset by the reduction in travel and conveyance expenses arising from Covid-19 restrictions during the year.

Other Operating Expenses

Other operating expenses fell from S$142.5 million in 2019 to S$38.7 million in 2020 as we recorded lower net unrealised foreign exchange losses on the devaluation of certain local currencies against the US dollar compared to the prior year. The unrealised foreign exchange movement would be largely offset in the Cost of Sales.

Net Changes in Fair Value of Biological Assets

Net changes in the fair value of biological assets amounted to a loss of S$60.3 million in 2020 as against with a net gain of S$19.0 million in 2019. This was due to a year-on-year reduction at our upstream almond orchards in Australia, partially offset by gains at dairy farms in Russia.

Share of Results from Joint Ventures and Associates

Joint ventures and associates included Long Son, Guzman Coffee & Nuts, MC Agri Alliance (MCAA), ARISE P&L, ARISE IIP, ARISE IS and OCD. The share of results from joint ventures and associates declined from S$67.8 million in 2019 to S$18.8 million in 2020 mainly due to reduced shareholding in and earnings from the ARISE associates, and lower contribution from MCAA, Long Son and PT DUS, which ceased to be a jointly controlled entity post the divestment in March 2020.

Depreciation and Amortisation

Depreciation and amortisation expenses increased 13.2% to S$561.3 million (2019: S$495.8 million) as a result of acquisitions and capital expenditures resulting in a larger fixed asset base in 2020.

EBIT

EBIT held steady with marginal growth at S$1.1 billion in 2020 as the growth in contribution from OGA was offset by reduced contribution from OIL.

Finance Costs

In spite of higher gross debt, net finance costs fell by 23.0% to S$415.7 million (2019: S$539.6 million) due to the lower benchmark interest rates and increased finance income for 2020.

Taxation

Tax expenses were lower at S$43.5 million in 2020 (2019: S$58.5 million) due to changes in earnings composition in terms of business mix and geographical distribution.

Non-controlling Interest

Non-controlling interest, which comprises mainly the minority share of results from OPG, Olam Rubber Gabon ("ORG"), Caraway (Packaged Foods) and Cotontchad, was negative S$67.5 million in 2020 (2019: -S$39.0 million) primarily on lower contribution from OPG.

Exceptional Items

Net exceptional items amounted to a loss of S$432.1 million (2019: -S$182.1 million). The net losses came mainly from the impairment on OPG and one-off exit and closure costs of de-prioritised assets.

Following a periodic review of the carrying values of certain assets of the Group, the Group has recorded a one-off, non-cash and non-recurring impairment arising from a reduction in the recoverable value of the Company's investment in OPG amounting to approximately US$350 million in H2 2020 and 2020. This impairment was determined by the investments/assets' recoverable value being the higher of the value in use and fair value less costs of disposal. In calculating the recoverable value of OPG, the valuation model considered certain assumptions including revenues, earnings before interest, tax, depreciation and amortisation ("EBITDA"), long term crude palm oil price, yields, on-going plantation costs, discount rate and fair value of recent market transactions.

Gabon has been experiencing moisture deficit in the recent past due to both lower rainfall as well as unfavourable rainfall distribution with prolonged dry spells during the June to September period. In order to mitigate this moisture deficit risk, the Company had intended to invest in a large drip irrigation project in 2019 but due to the impact of Covid-19, the implementation of the drip irrigation project was delayed by 12-18 months with a potential adverse impact on yields and returns.

The revised cost and capital structure of OPG following this impairment will provide the project a better cost base going forward as the Group continues to operate OPG as a positive example of environmentally and socially responsible palm production, including being fully RSPO certified.

The impairment was partly compensated by gains from divestments, namely the sale of our remaining stake in Far East Agri, the partial stake sale of ARISE P&L and the disposal of the sugar mill in India, which took place in H2 2020.

S$ million	2020	2019 Restated	H2 2020	H2 2019 Restated
Profit on sale of partial stake in ARISE associates	121.0	40.4	(2.0)	40.4
Profit on sale of Far East Agri (PT DUS)	49.1	-	(0.7)	-
Profit on sale of Sugar plant in India	1.5	-	1.5	-
Exit/Closure costs	(119.0)	(315.8)	(77.6)	(298.6)
OPG Impairment	(483.9)	-	(483.9)	-
Sale of permanent water rights, Australia	-	69.3	-	69.3
Sale and tiered revenue sharing arrangements, US	-	16.6	-	16.6
Negative goodwill arising on acquisition	-	7.9	-	7.9
Profit on sale of subsidiary (Alimentos)	-	0.6	-	-
Loss on sale of stake in Mungindi gin, Australia	(0.8)	-	-	-
Loss on sale of Collymongle gin, Australia	-	(1.1)	-	-
Exceptional Items	**(432.1)**	**(182.1)**	**(562.7)**	**(164.4)**

PATMI

Due to higher net exceptional losses compared with 2019, PATMI declined by 22.3% to S$245.7 million (2019: S$316.1 million) in 2020.

Operational PATMI

Excluding the exceptional items in both years, Operational PATMI grew by a strong 36.0% to S$677.8 million in 2020 (2019: S$498.2 million).

Balance Sheet Analysis

S$ million	31-Dec 2020	31-Dec-2019 Restated	Change vs Dec 19
Uses of Capital			
Fixed Capital	8,309.9	8,616.0	(306.1)
Right-of-use assets	712.2	719.3	(7.1)
Working Capital	7,455.7	6,627.8	827.9
Cash	3,115.9	3,179.6	(63.7)
Others	601.7	229.8	371.9
Total	**20,195.4**	**19,372.5**	**822.9**
Sources of Capital			
Equity & Reserves	6,425.4	6,589.3	(163.9)
Non-controlling interests	73.5	108.1	(34.6)
Short term debt	6,466.5	6,675.5	(209.0)
Long term debt	6,780.9	5,403.4	1,377.5
Short term lease liabilities	96.5	118.5	(22.0)
Long term lease liabilities	815.5	881.8	(66.3)
Fair value reserve	(462.9)	(404.1)	(58.8)
Total	**20,195.4**	**19,372.5**	**822.9**

"Others" are deferred tax assets and liabilities, other non-current assets and liabilities, non-current assets held for sale, derivative financial instruments (assets and liabilities) and provision for taxation.

The Group's total assets[3] as at December 31, 2020 were S$20.2 billion, comprising S$8.3 billion of fixed capital, S$712.2 million of right-of-use assets, S$7.5 billion of working capital and S$3.1 billion of cash.

The total assets were funded by S$6.4 billion of equity, S$6.5 billion of short term debt, S$6.8 billion of long term debt, as well as short term and long term lease liabilities of S$96.5 million and S$815.5 million respectively.

Compared with December 31, 2019, the overall balance sheet as at December 31, 2020 increased by S$822.9 million mainly on the rise in working capital. The increase was driven by both acquisitions and organic volume growth, higher prices across multiple commodities, as well as the impact of Covid-19 on some commodities and regions, resulting in increased cycle time due to shipment delays and reduction in supplier credit. Cash position remained stable at S$3.1 billion to meet ongoing business requirements.

[3] Total assets are net of trade payables and accruals, derivative financial instruments (current liabilities), provision for taxation, other current liabilities and non-current liabilities, and deferred tax liabilities.

Long Term Investment

In July 2020, the cash acquisition of the entire issued and to be issued share capital of PureCircle Limited ("PureCircle") by Ingredion SRSS Holdings Limited ("Ingredion SRSS"), a wholly-owned subsidiary of Ingredion Inc., by means of a scheme of arrangement was completed. PureCircle was delisted from the London Stock Exchange and became a wholly owned subsidiary of Ingredion SRSS. The Group received a total consideration of approximately £4.1 million in cash and was issued 26,408,751 ordinary shares, representing an interest of 5.9% in Ingredion SRSS and long term investment value of S$24.3 million as of December 31, 2020 (December 19, 2019: S$71.5).

Working Capital

S$ million	31-Dec 2020	31-Dec-2019 Restated	Change vs Dec 19
Stock	7,380.6	7,211.5	169.1
Advance to suppliers	621.9	563.5	58.4
Receivables	1,910.4	2,316.5	(406.1)
Trade creditors	(3,070.1)	(3,983.5)	913.4
Others	612.9	519.8	93.1
Working Capital	**7,455.7**	**6,627.8**	**827.9**

"Others" include other current assets, changes to margin accounts with brokers and other current liabilities.

Compared with December 31, 2019, working capital as of December 31, 2020 increased by S$827.9 million for the reasons given above. Despite higher working capital, stock, advance to suppliers and receivables days remained stable as we tightened working capital norms amid volatile market conditions due to the pandemic. Working capital cycle grew from 70 days as at December 31, 2019 to 73 days as at December 31, 2020 mainly because of reduced trade creditors as a result of reduced supplier credit across various products due to Covid-19.

Days	31-Dec 2020	31-Dec-2019 Restated	Change vs Dec 19
Stock	82	87	(5)
Advance to suppliers	6	6	-
Receivables	19	25	(6)
Trade creditors	(34)	(48)	14
Total cash cycle	**73**	**70**	**3**

Debt, Liquidity and Gearing

S$ million	31-Dec 2020	31-Dec-2019 Restated	Change vs Dec 19
Gross debt	14,159.4	13,079.2	1,080.2
Less: Cash	3,115.9	3,179.6	(63.7)
Net debt	11,043.5	9,899.6	1,143.9
Less: Readily marketable inventory (RMI)	5,849.6	5,733.1	116.5
Less: Secured receivables	1,138.5	1,672.1	(533.6)
Adjusted net debt	4,055.4	2,494.4	1,561.0
Equity (before FV adj reserves)	6,425.4	6,589.3	(163.9)
Net debt / Equity (Basic)	**1.72**	**1.50**	**0.22**
Net debt / Equity (Adjusted)	**0.63**	**0.38**	**0.25**

Compared with December 31, 2019, net debt grew by S$1.1 billion on higher working capital deployed. This caused net gearing to increase from 1.50 times to 1.72 times.

Of the S$7.4 billion inventory position, approximately 79.3% or S$5.8 billion were RMI that were liquid, hedged and/or sold forward, operating as near-cash assets on our balance sheet. In addition, approximately 59.6% of the S$1.9 billion in trade receivables were secured. Typically, at any given point, about 75-85% of inventory is hedged and/or sold forward and 60-70% of receivables are supported by letters of credit or documents through banks. Adjusting for RMI and secured receivables, our net gearing would be 0.63 times, reflecting the true indebtedness of our Company.

Financing

We maintained sufficient liquidity to meet our working capital and capital expenditure requirements, with a total of S$17.3 billion in available liquidity as at December 31, 2020, including unutilised bank lines of S$7.2 billion.

2020 was an active year when the Company secured several revolving credit facilities (RCF) and bank loans, and issued bonds for refinancing, working capital and capital expenditure (Capex) requirements. Notable issuances included the following:

- Refinanced and upsized flagship multi-tranche RCF by US$300 million to US$1,975.0 million with four new banks joining the fore.

- S$500.0 million of senior notes due 2026 at a fixed coupon of 4.0%, marking Olam's return to the public capital markets since 2017 and lowest ever coupon for a SGD benchmark issuance by the Company.

- Singapore's first Singapore Overnight Rate Average (SORA)-pegged club loan of S$200.0 million. The one-year committed RCF is coupled with a cross-currency swap, giving Olam the option to enter into a SORA cross-currency swap at the start of each interest period.

- Landmark private placement of ¥7.0 billion (approximately US$67.0 million) 5-year sustainability-linked senior notes to Development Bank of Japan ("DBJ"). A first in Asia ex-Japan, the notes were issued at a fixed coupon of 2.05% and features a tiered, one-time step-down adjustment to the coupon based upon the achievement of agreed Sustainability Performance Targets that are aligned with Olam's Purpose outcomes of Prosperous Farmers and Food Systems; Thriving Communities; and Regeneration of the Living World.

Details of the financing secured in 2020 are summarised in the table below:

Date	Description	Tenor
April 29	US$176.0 million loan from IFC and JICA	
	- US$120.0 million	5-year due 2025
	- US$56.0 million	7-year due 2027
June 18	US$250.0 million Sustainability- linked RCF	5-year due 2024
	- US$50.0 million	1-year due 2021
	- US$100.0 million	2-year due 2022
	- US$100.0 million	3-year due 2023
July 1	US$375.0 million RCF	1-year due 2021
July 13	US$50.0 million fixed rate notes at 3.27%	5-year due 2025
August 17	¥38.85 billion (US$370 million) upsized Samurai Loan	
	- ¥27.6 billion	3-year due 2023
	- ¥11.25 billion	5-year due 2025
August 18	US$200.0 million loan from EBRD	3.58-year due 2024
August 25	S$500.0 million fixed rate notes at 4.0%	5.5-year due 2026
September 25	S$200.0 million SORA-pegged loan	1-year due 2021
October 10	US$1,975.0 million upsized RCF	
	- US$790.0 million	1-year due 2021
	- US$790.0 million	2-year due 2022
	- US$395.0 million	3-year due 2023
December 9	US$93.75 million loan from ADB	3-year due 2023
December 11	¥7.0 billion (US$67.0 million) Sustainability-linked fixed rate notes to DBJ at 2.05%	5-year due 2025

Post 2020, in January 2021, the Company issued a benchmark S$250.0 million of subordinated perpetual securities which bears a distribution rate of 5.375% for 5.5 years, before it is reset and subject to a step-up margin at the end of this period and on each date falling every five years thereafter, with an option to redeem in whole on each distribution payment date.

On the back of reverse investor interest, the Company reopened its 4.0% fixed rate senior notes due 2026 and priced an additional S$100.0 million via a private placement, upsizing the total bond size to a benchmark quantum of S$600.0 million.

Cash Flow Analysis

S$ million	2020	2019 Restated	YoY
Operating Cash flow (before Interest & Tax)	1,697.3	1,455.8	241.5
Changes in Working Capital	(1,160.9)	(95.6)	(1,065.3)
Net Operating Cash Flow	**536.4**	**1,360.2**	**(823.8)**
Tax paid	(177.8)	(106.8)	(71.0)
Capex/ Investments	(513.8)	(562.7)	48.9
Free cash flow to firm (FCFF)	**(155.2)**	**690.7**	**(845.9)**
Net interest paid	(437.0)	(555.8)	118.8
Free cash flow to equity (FCFE)	**(592.2)**	**134.9**	**(727.1)**

Operating cash flow for 2020 improved by S$241.5 million to S$1.7 billion. However, net operating cash flow for 2020 declined by S$823.8 million to S$536.4 million compared with S$1.4 billion in the preceding year owing to the S$1.1 billion increase in working capital deployed during the year.

Gross Capex was lower by 29.3% at S$753.5 million in 2020 compared with the previous year (2019: S$1,065.6 million). Net Capex after disposals and divestments came to S$513.8 million in 2020 (2019: S$562.7 million). As net operating cash flow was substantially lower than 2019, Free Cash Flow to Firm (FCFF) became negative at S$155.2 million as against positive S$690.7 million in 2019. FCFE was also negative at S$592.2 million (2019: S$134.9 million).

Segmental Review and Analysis

2020

Segment	Sales Volume ('000 MT)		Revenue		EBIT		Invested Capital (IC)		EBIT/IC	
S$ million	**2020**	**2019 Restated**	**2020**	**2019 Restated**	**2020**	**2019 Restated**	**31-Dec 2020**	**31-Dec-2019 Restated**	**31-Dec 2020**	**31-Dec-2019 Restated**
OFI	**3,786.6**	**3,812.2**	**12,546.7**	**12,144.8**	**771.1**	**793.6**	**9,442.9**	**8,896.5**	**8.4%**	**9.1%**
Ingredient Sourcing & Supply Chain*	3,524.1	3,669.7	10,015.6	9,733.1	383.8	410.1	5,636.8	5,601.1	6.8%	7.6%
Value-added Food Ingredients & Solutions*	1,025.6	930.2	5,299.3	4,854.5	387.3	383.5	3,806.1	3,295.4	10.9%	11.4%
OGA	**39,355.6**	**34,367.7**	**21,515.9**	**18,850.3**	**462.4**	**329.5**	**3,779.6**	**2,971.5**	**13.7%**	**12.9%**
Food & Feed - Origination & Merchandising	33,739.4	29,743.5	15,410.3	13,530.6	203.1	149.6	936.1	385.3	30.7%	32.1%
Food & Feed - Processing & Value-added	4,023.2	3,060.0	2,754.8	1,793.8	218.4	117.3	1,573.1	1,741.9	13.2%	8.6%
Fibre & Ag Services	1,593.0	1,564.2	3,350.8	3,525.9	40.9	62.6	1,270.4	844.3	3.9%	8.7%
OIL	**1,267.5**	**1,571.9**	**1,757.4**	**1,997.6**	**(164.0)**	**(65.8)**	**3,443.2**	**3,921.3**	**-4.5%**	**-1.6%**
De-prioritised/Exiting Assets	916.2	1,328.4	1,185.1	1,543.0	(35.7)	(40.2)	1,360.2	1,674.1	-2.4%	-2.2%
Gestating Businesses	351.3	243.5	572.3	454.6	(69.0)	19.0	2,083.0	2,247.2	-3.2%	0.9%
Incubating Businesses (including corporate adjustments)	0.0	0.0	0.0	0.0	(59.3)	(44.6)	0.0	0.0	n.m.	n.m.
Total	**44,409.7**	**39,751.8**	**35,820.0**	**32,992.7**	**1,069.5**	**1,057.3**	**16,665.7**	**15,789.3**	**6.6%**	**6.9%**

*Includes inter-segmental sales volume and revenue

Notes:

IC excludes:
(a) Gabon Fertiliser Project (31-Dec-20: S$262.6 million; Restated 31-Dec-19: S$240.7 million), and
(b) Long Term Investment (31-Dec-20: S$24.3 million; Restated 31-Dec-19: S$71.5 million)

H2 2020

Segment	Sales Volume ('000 MT)		Revenue		EBIT		Invested Capital (IC)	
S$ million	**H2 2020**	**H2 2019 Restated**	**H2 2020**	**H2 2019 Restated**	**H2 2020**	**H2 2019 Restated**	**31-Dec 2020**	**31-Dec-2019 Restated**
OFI	**1,969.9**	**2,063.0**	**6,373.4**	**6,472.5**	**508.0**	**354.5**	**9,442.9**	**8,896.5**
Ingredient Sourcing & Supply Chain*	1,743.7	1,896.8	4,769.0	4,861.8	289.5	195.4	5,636.8	5,601.1
Value-added Food Ingredients & Solutions*	556.0	489.4	2,780.0	2,642.7	218.5	159.1	3,806.1	3,295.4
OGA	**21,748.3**	**17,836.1**	**11,458.0**	**9,572.8**	**233.5**	**182.2**	**3,779.6**	**2,971.5**
Food & Feed - Origination & Merchandising	18,708.3	15,435.8	8,409.7	7,179.3	108.9	70.5	936.1	385.3
Food & Feed - Processing & Value-added	2,333.4	1,736.3	1,629.3	973.9	122.6	92.5	1,573.1	1,741.9
Fibre & Ag Services	706.6	664.0	1,419.0	1,419.6	2.0	19.2	1,270.4	844.3
OIL	**633.1**	**752.5**	**908.1**	**1,003.5**	**(95.7)**	**(1.4)**	**3,443.2**	**3,921.3**
De-prioritised/Exiting Assets	426.8	623.7	577.1	757.2	(23.8)	8.7	1,360.2	1,674.1
Gestating Businesses	206.3	128.8	331.0	246.3	(39.5)	15.4	2,083.0	2,247.2
Incubating Businesses (including corporate adjustments)	-	0.0	-	-	(32.4)	(25.5)	-	0.0
Total	**24,351.3**	**20,651.6**	**18,739.5**	**17,048.8**	**645.8**	**535.3**	**16,665.7**	**15,789.3**

*****Includes inter-segmental sales volume and revenue

Notes:

IC excludes:
(a) Gabon Fertiliser Project (31-Dec-20: S$262.6 million; Restated 31-Dec-19: S$240.7 million), and
(b) Long Term Investment (31-Dec-20: S$24.3 million; Restated 31-Dec-19: S$71.5 million)

Overview of New Operating Groups: OFI, OGA and OIL

Sales Volume

In 2020, OGA accounted for the largest share of the Group's sales volume at 88.6% (2019: 86.5%) while OFI and OIL accounted for 8.5% (2019: 9.5%) and 2.9% (2019: 4.0%) respectively.

Revenue

In 2020, OGA's share of Group revenue was the largest at 60.1% (2019: 57.1%) while OFI and OIL accounted for the balance at 35.0% (2019: 36.8%) and 4.9% (2019: 6.1%) respectively.

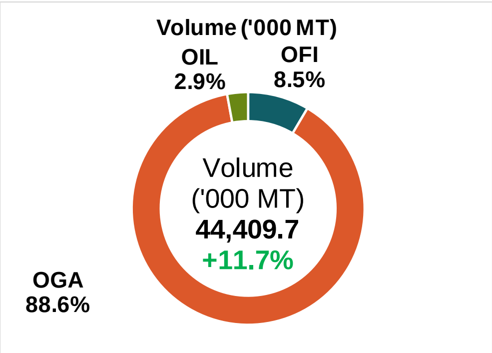
EBIT

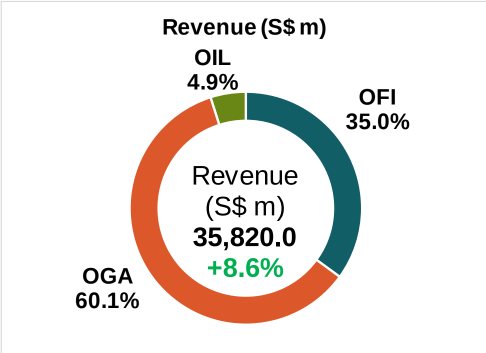
In 2020, OFI's EBIT accounted for 72.1% (2019: 75.0%) of Group EBIT with OGA making up 43.2% (2019: 31.2%). OIL's share was a negative 15.3% (2019: -6.2%) due to the nature of its role of carrying de-prioritised, gestating and incubating businesses and assets.

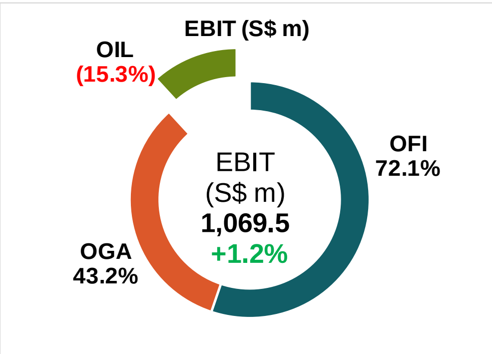
Invested Capital

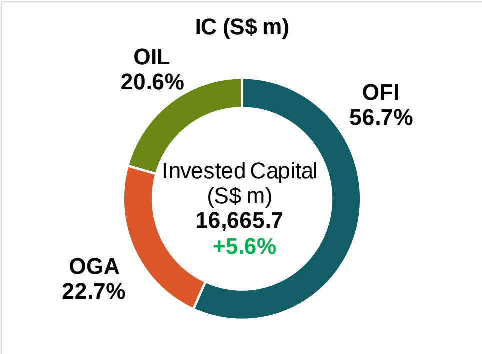
For 2020, OFI's share of Invested Capital was 56.7% (2019: 56.4%) while OGA's share was 22.7% (2019: 18.8%). OIL accounted for the balance of 20.6% (2019: 24.8%).

<u>Overview of OFI, OGA and OIL in 2020</u>

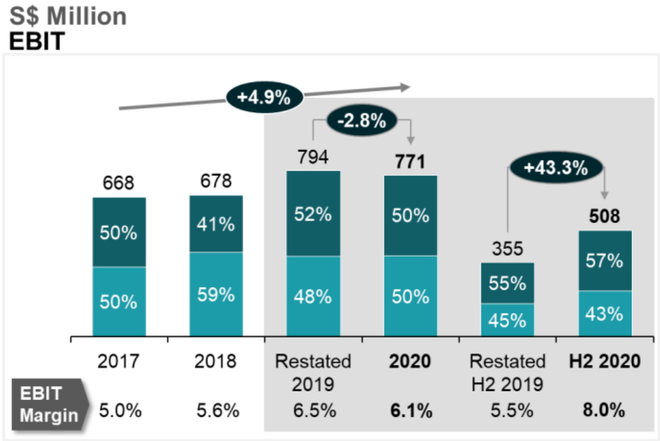


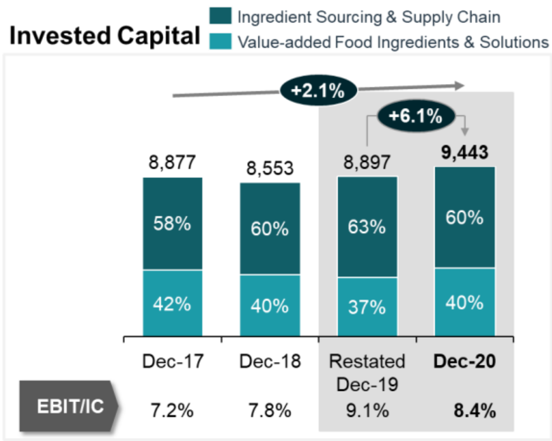






OFI: Operating Group Level Highlights





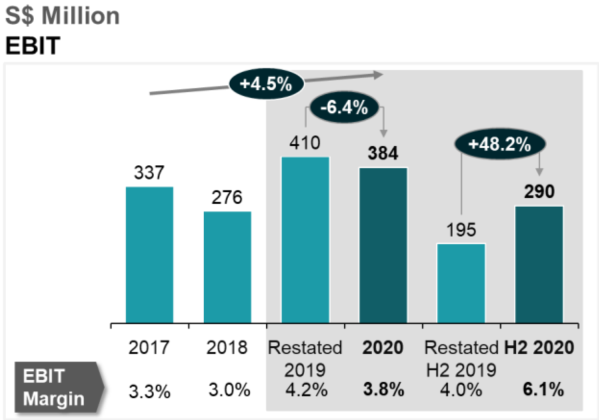
Sales volume in OFI was relatively stable as the increase in volume from Value-added Food Ingredients & Solutions segment made up for the reduction in volume from Ingredient Sourcing & Supply Chain. Revenues rose 3.3% mainly due to the rise in sales volume in the Value-added Food Ingredients & Solutions segment and its associated higher average selling prices.

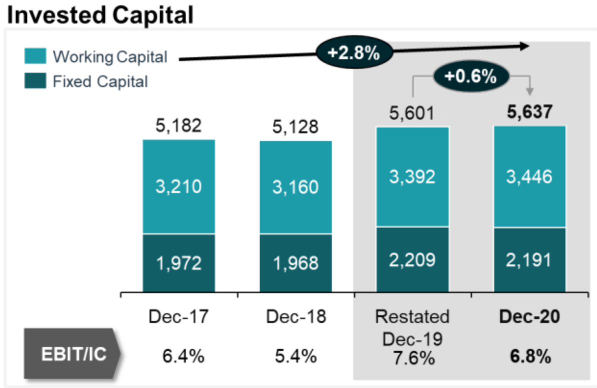
OFI registered a strong EBIT growth of 43.3% in H2 2020, in line with our expected correction of the half yearly earnings skew seen in 2019. Both the Ingredient Sourcing & Supply Chain and Value-added Food Ingredients & Solutions segments achieved better earnings in H2 2020, leading to an improvement in OFI's EBIT margin from 5.5% to 8.0% for the period.

Therefore, although OFI's overall EBIT for 2020 was lower by S$22.5 million year-on-year because of the Covid-19 impact in H1 2020 on Cocoa processing and the Australian Almond business, its 2020 results represent a strong, resilient performance considering 2019 was an exceptional year when the Cocoa business had a stellar performance. All other businesses like Coffee, Dairy, Spices and other Nuts delivered better earnings than the prior year.

Overall invested capital increased by S$546.4 million due to higher commodity price led working capital increases, particularly in H2 2020. As a result, EBIT on average invested capital (EBIT/IC) declined from 9.1% in 2019 to 8.4% in 2020.

OFI Segmental Level Highlights: 1) Ingredient Sourcing & Supply Chain



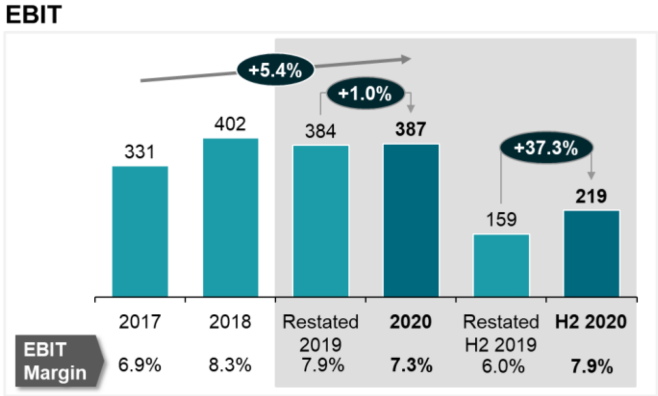


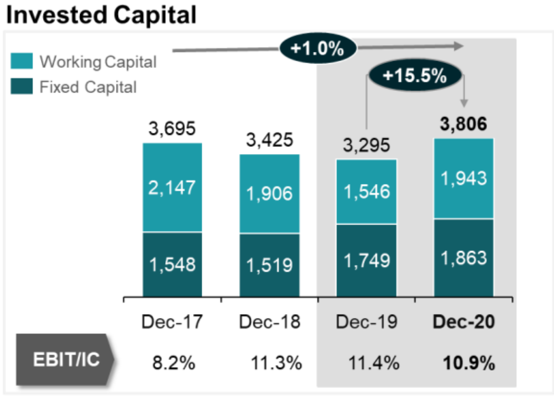
Ingredient Sourcing & Supply Chain reported a dip in sales volumes for 2020 compared with 2019 mainly on reduced Nuts and Dairy supply chain volumes. Revenues were up 2.9% on higher Cocoa and Coffee sales as their prices trended higher during the year.

During H2 2020, the segment registered a strong EBIT growth of 48.2% with significant increase from the Coffee supply chain, a healthy growth from the Nuts business and the expansion in upstream Dairy farming as a third dairy farm was commissioned in Russia. The segment showed an overall EBIT decline of 6.4% in 2020 mainly caused by the lower contribution in H1 2020 due to the impact on Almonds orchards in Australia from weaker almond prices, demand contraction across China and India on Covid-19 lockdowns and increased temporary water cost that in turn affected the 2020 crop. Conversely, the Almond operations in the US did better for the full year as did the Coffee and Dairy supply chain and Dairy farming.

The segment ended the year with a modest increase in invested capital of S$35.7 million mainly from the impact of SFRS (I) 16 on the Almond business and expansion of Dairy farming in Russia. Working capital closed marginally higher than 2019 as the impact from higher cocoa and coffee prices was offset by the reduction in coffee inventory. EBIT/IC for the year stood at 6.8% compared with 7.6% in 2019.

OFI Segmental Level Highlights: 2) Value-added Food Ingredients & Solutions



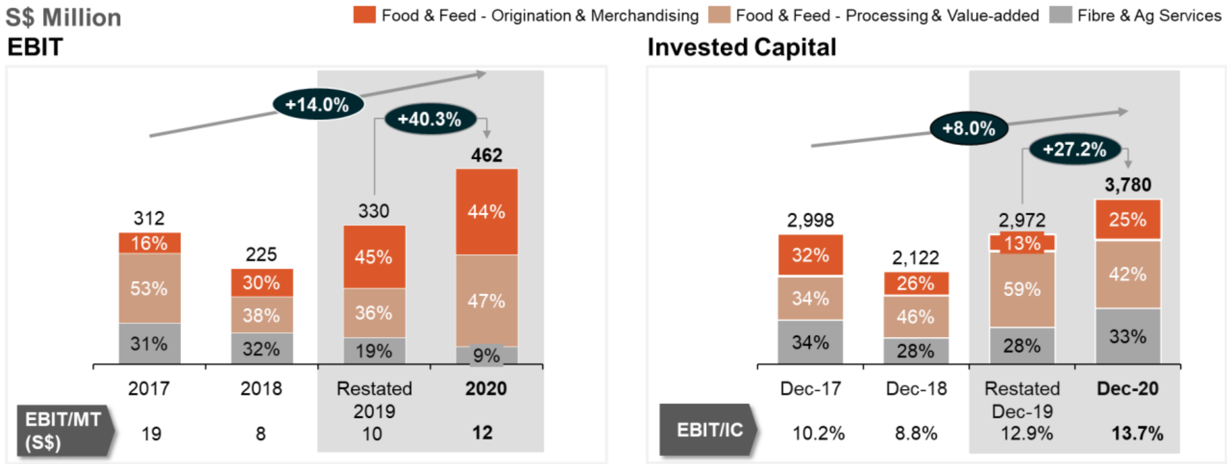


The Value-added Food Ingredients & Solutions segment reported a healthy 10.3% growth in volumes in 2020. The segment had a full year consolidation of the results of Hughson Nut Inc ("HNI") which was acquired in late 2019. The Spices business and new sales channels in co-manufacturing, food service and e-commerce also contributed to higher volumes. Revenues grew 9.2% on increased volumes and higher prices across the portfolio.

Helped by a robust H2 2020 growth of 37.3% year-on-year, the EBIT performance in this segment remained strong in 2020, reporting a growth even when compared against the prior year which had a strong performance, particularly in Cocoa processing. The Cocoa processing business, affected by the pandemic in 2020, experienced demand contraction, delayed pulls by customers, and higher costs on account of slowdowns at some processing facilities. However, there was improved EBIT from Almond processing due to HNI, Peanuts and Spices processing in the US, as well as Dairy processing in Malaysia. The Hazelnuts business also recovered from its lows in 2019.

Invested capital increased by S$510.7 million on both higher fixed and working capital. Fixed capital grew with increased ingredients co-processing capacity in Vietnam. The Cocoa and Dairy processing capacity in Cote d'Ivoire and Malaysia also expanded in the respective countries during the year. Working capital increased on higher cocoa ingredients prices and inventory levels. As a result, EBIT/IC edged down from 11.4% in 2019 to 10.9% in 2020.

OGA: Operating Group Level Highlights

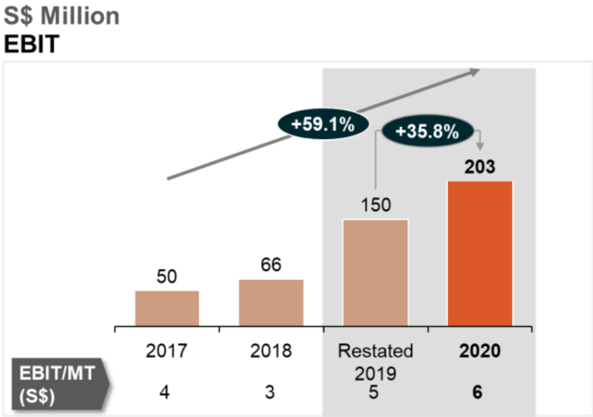


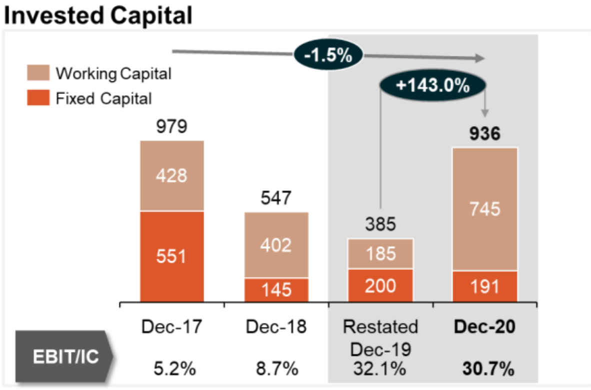
OGA continued on its strong growth trajectory in H2 2020, reporting an overall 14.5% growth in volumes for 2020. The Food & Feed segments enjoyed strong volume growth. Revenues were higher by 14.1% on account of volume growth as well as higher prices in food staples, including Grains, Rice and Edible Oils.

EBIT grew by a robust 40.3% with higher contribution from both the Food & Feed segments in the Origination & Merchandising and Processing & Value-added segments. Its per tonne margin was up from S$10 in 2019 to S$12 in 2020.

Overall invested capital increased by S$808.1 million due to volume growth and higher commodity prices in the Food & Feed – Origination & Merchandising segment, as well as longer cycle times in the Cotton business due to Covid-19 and its new investments.

OGA Segmental Level Highlights: 1) Food & Feed - Origination & Merchandising





The Food & Feed - Origination & Merchandising segment of OGA achieved a 13.4% growth in sales volume, which accounted for the bulk of the increase in Group volumes in 2020. This came on the back of our higher Grains and Rice volumes during the period, which benefited from the strong trade flows in grains between South America and China and the growing demand for rice in major markets along with the consolidation of the rice industry in Africa.

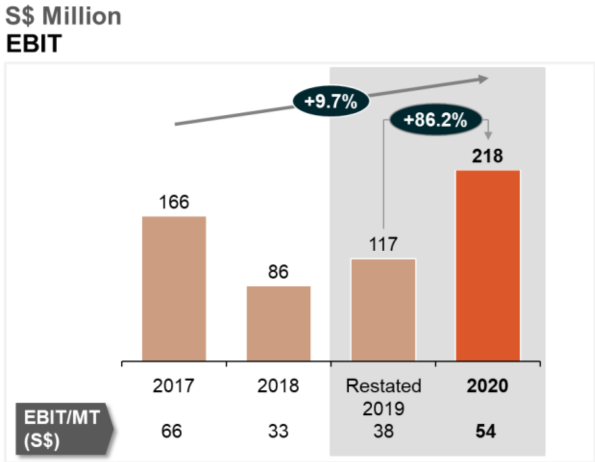
Revenues were up 13.9% on sales volume growth as well as higher rice prices and the segment recorded a healthy EBIT growth of 35.8% with per tonne margin rising from S$5 to S$6. Strong origination & merchandising volumes in soybean, wheat and corn between Brazil, Black Sea and Asia, particularly China, combined with disciplined risk management and good freight management resulted in significant growth in both top line (volumes and revenue) and operating profits (EBIT) compared with the prior year.

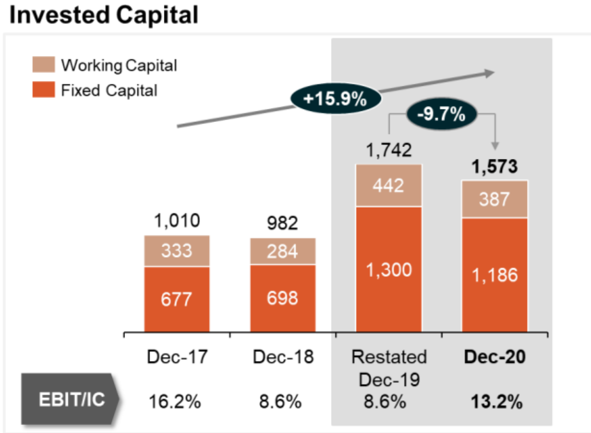
Rice origination & merchandising volumes and margins were up, resulting in significant improvement in EBIT over 2019. We were favourably positioned for the surge in rice exports from India amid the supply squeeze in the key producing countries in Asia. Rice farming and milling in Nigeria did very well with a good wet harvest, coupled with improved milling efficiency and strong local demand as borders were closed for most part of the year.

Contribution from Edible Oils trading declined due to the sharp fall in out-of-home edible oil consumption in Asia due to Covid-19 lockdowns and restrictions as well as the Indian ban on refined palm olein imports, although some of this impact was offset by an improvement in domestic trading within China and South Africa.

Invested capital increased by S$550.8 million in 2020. While fixed capital was down slightly, working capital rose substantially on higher volumes. Hence, EBIT/IC for the year was 30.7%, a decrease from 32.1% in 2019.

OGA Segmental Level Highlights: 2) Food & Feed - Processing & Value-added





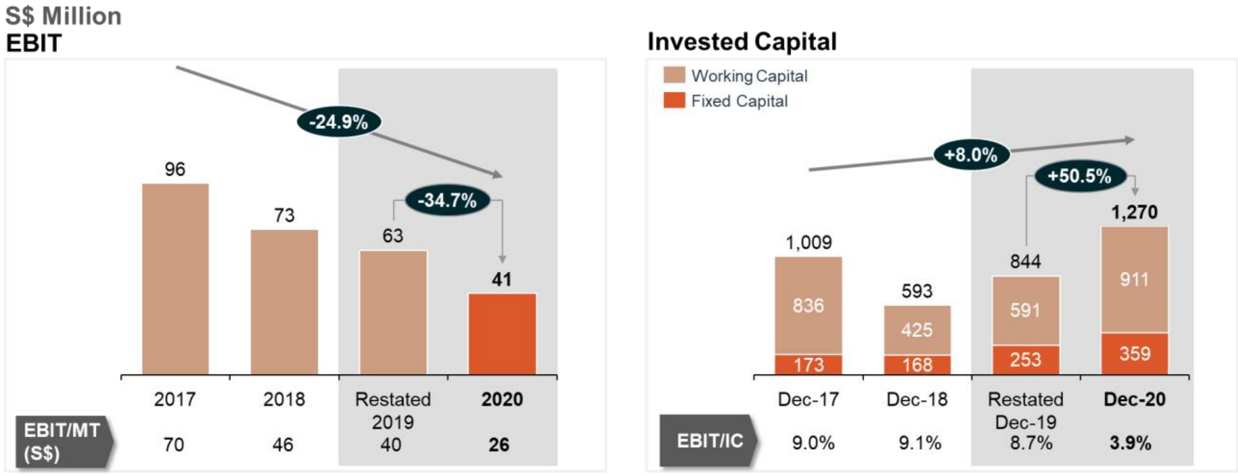
The Food & Feed - Processing & Value-added segment posted a strong 31.5% increase in sales volume mainly in Grains milling and premium Rice distribution in Africa during 2020. The Covid-19 outbreak in the region had led to rising pantry restocking effects and drove greater demand for these food staples. Revenues surged by 53.6% on volume growth and higher selling prices.

EBIT nearly doubled on stronger than expected growth in Grains milling post the acquisition of Dangote Flour Mills ("DFM") in Nigeria, as well as in our wheat milling operations in Cameroon, Senegal and Ghana, resulting in improved milling margins. The Animal Feed & Protein business' sales and margins also improved from the prior year. Strong milling and animal feed margins raised margin per tonne from S$38 in 2019 to S$54 in 2020.

Our branded and packed Rice distribution business had a stellar, all-round performance across markets in Africa, backed by our sourcing capabilities and strong demand as well as the rationalisation/consolidation in the number of market participants during the year.

Invested capital decreased by S$168.8 million in 2020 as working capital declined with tighter inventory and receivable days. EBIT/IC for the segment jumped from 8.6% in 2019 to 13.2% in 2020.

OGA Segmental Level Highlights: 3) Fibre & Ag Services



Sales volume at OGA's Fibre & Ag Services segment was up marginally by 1.8% in 2020. However, revenues fell by 5.0% on lower cotton prices.

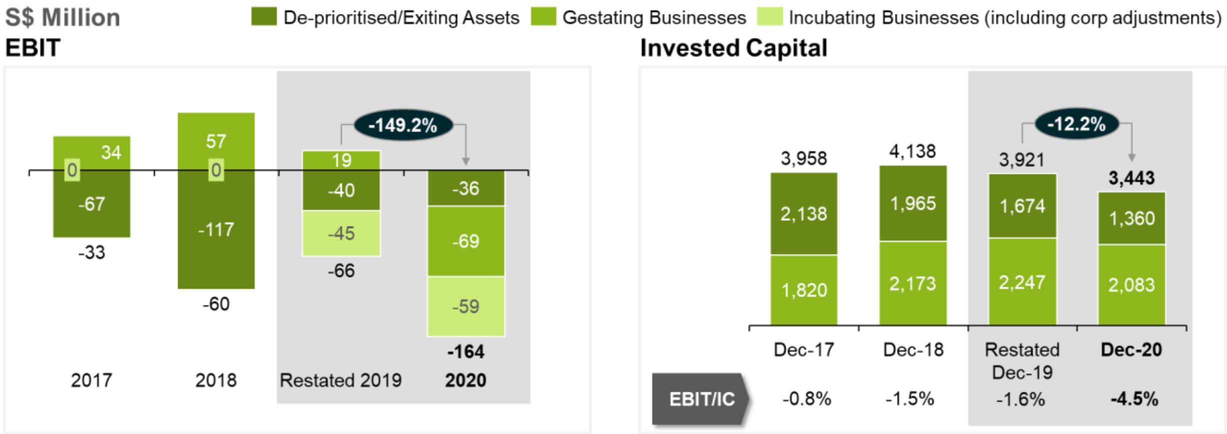
The segment registered a 34.7% reduction in EBIT as a result of a significant contraction and downturn in textile mills capacity utilisation due to Covid-19 impact and the resultant lockdown measures in the major textile producing centres, including China, Indonesia, Vietnam, India, Pakistan and Bangladesh. This also resulted in delays in shipments leading to longer inventory carrying periods across most of our Cotton origins. Australia experienced drought conditions which affected its cotton production and in turn impacted our ginning income for the year. The underperformance in Cotton was partly offset by improved contribution from the Commodity Financial Services business as it implemented new asset management strategies to navigate through market volatilities in H2 2020. EBIT per tonne declined from S$40 in 2019 to S$26 in 2020.

Invested capital increased by S$426.1 million in 2020 mainly due to working capital rising on higher cotton stock levels and expansion of integrated ginning in Cotontchad. Fixed capital also contributed to the rise in invested capital following our new investments in Cotton in Togo and the strategic partnership with Jess Smith & Sons.

OIL: Operating Group Level Highlights

In 2020, OIL recorded lower revenues with the closure of the Sugar, Rubber and Fertiliser trading desks, the Fundamental Fund business, Wood Products business in Latin America and Olam Tomato Processors in California. These were all de-prioritised assets earmarked for exit in the 2019-2024 Strategic Plan. EBIT losses grew to S$164.0 million as OIL was also dragged down by the performance of the three Gestating Businesses, all of which were impacted by Covid-19.

Overall invested capital came down by S$478.1 million mainly on the OPG impairment, as well as other divestments and closures.



OIL Segmental Level Highlights: 1) De-prioritised/Exiting Assets

In 2020, we divested our balance 50.0% stake in Indonesian sugar refinery Far East Agri, shut down Olam Tomato Processors in California and restructured NZFSU's dairy farming operations in Uruguay and completed the sale of the Mungindi gin in Australia and sugar mill in India.

OIL Segmental Level Highlights: 2) Gestating Businesses

Gestating Businesses collectively reported a loss of S$69.0 million in 2020 (2019: S$19.0 million). OPG continued to see its partially yielding acreage increase, resulting in higher period costs for 2020. Despite Covid-19 lockdowns adversely impacting demand in out-of-home consumption and severe inflationary pressures due to the devaluation of the local currency in Nigeria and Ghana, Packaged Foods reported overall better revenues both in local currency and in dollars for the year, albeit with a lower EBIT than 2019. Its volumes bounced back in H2 2020 with improved market shares in key categories such as snacks and culinary in both countries. The share of results from our Infrastructure & Logistics platform (ARISE) declined on reduced shareholding in the ARISE associated companies and lower earnings due to subdued industrial activities across the Covid-19 affected ports and logistics sectors in Africa.

Invested Capital in Gestating Businesses came down by S$164.2 million on the OPG impairment, which was partially offset by the developmental expenditure in its plantations.

OIL Segmental Level Highlights: 3) Incubating Businesses

We continued to make steady progress in the six Engine 2 growth initiatives that we are incubating, including a digital farmer services platform “Jiva”, a B2C “Adva” and a B2B “GreenPass” sustainability lifestyle environmental foot printing and solutions app, carbon trading and sustainable landscapes investment platform, the “Re” B2C purpose brands business, and the digital sustainability platform.

Annexures

Annexure 1: SGXNET Financial Statements and MD&A Reconciliation

The table below summarises the differences between the financial statements on SGXNET and MD&A due to adjustments for exceptional items.

S$ million	2020	2019 Restated	H2 2020	H2 2019 Restated
Other Income^	61.2	56.4	37.4	36.1
Other Income	136.2	188.4	36.2	167.5
Less: Exceptional items	75.0	132.0	(1.2)	131.4
Cost of sales^	(32,586.3)	(29,985.1)	(17,081.4)	(15,505.2)
Cost of sales	(32,663.1)	(30,053.7)	(17,116.8)	(15,573.8)
Less: Exceptional items	(76.8)	(68.6)	(35.4)	(68.6)
Selling, general and administrative expenses^	(1,583.9)	(1,455.2)	(879.9)	(787.2)
Other operating expenses^	(38.7)	(142.5)	172.2	(78.6)
Other expenses	(2,147.5)	(1,822.6)	(1,231.7)	(1,072.4)
Less: Exceptional items	(524.9)	(224.9)	(524.0)	(206.6)
Net gain in fair value of biological assets^	(60.3)	19.0	(64.1)	23.0
Net gain in fair value of biological assets	(60.3)	1.8	(64.1)	5.8
Less: Exceptional items	-	(17.2)	-	(17.2)
Share of results from joint ventures and associates^	18.8	67.8	10.8	44.7
Share of results from joint ventures and associates	113.9	67.8	9.2	44.7
Less: Exceptional items	95.1	-	(1.6)	-
Depreciation & amortisation^	(561.3)	(495.8)	(288.7)	(246.3)
Depreciation & amortisation	(561.3)	(500.6)	(288.7)	(251.1)
Less: Exceptional items	-	(4.8)	-	(4.8)
Net Finance costs^	(415.7)	(539.6)	(185.5)	(274.7)
Finance income	102.8	88.6	45.0	24.8
Finance costs	(518.5)	(629.4)	(230.5)	(300.7)
Less: Exceptional items	-	(1.2)	-	(1.2)
Taxation^	(43.5)	(58.5)	(14.8)	(26.8)
Income tax expense	(44.0)	(55.9)	(15.3)	(24.2)
Less: Exceptional items	(0.5)	2.6	(0.5)	2.6

^ as stated in MD&A

Annex 2: Impact of Changes in Accounting Standard IFRS 16

Profit & Loss Statement

S$ million

Profit & Loss Statement	2019 (As previously reported)	Effect of Change	2019 (Restated)	H2 2019 (As previously reported)	Effect of Change	H2 2019 (Restated)
Cost of Sales	(29,986.5)	1.4	(29,985.1)	(15,506.6)	1.4	(15,505.2)
EBITDA	**1,551.7**	**1.4**	**1,553.1**	**780.2**	**1.4**	**781.6**
Depreciation & Amortisation	(495.5)	(0.3)	(495.8)	(246.0)	(0.3)	(246.3)
EBIT	**1,056.2**	**1.1**	**1,057.3**	**534.2**	**1.1**	**535.3**
Exceptional items	65.9	(248.0)	(182.1)	83.6	(248.0)	(164.4)
Net Finance costs	(538.5)	(1.1)	(539.6)	(273.6)	(1.1)	(274.7)
PATMI	**564.1**	**(248.0)**	**316.1**	**333.8**	**(248.0)**	**85.8**
Operational PATMI	**498.2**	**0.0**	**498.2**	**250.2**	**0.0**	**250.2**

Balance Sheet

S$ million	31-12-2019 (As previously reported)	Effect of Change	31-12-2019 (Restated)
Uses of Capital			
Right-of-use assets	577.6	141.7	719.3
Others	135.1	94.7	229.8
Total	**19,136.1**	**236.4**	**19,372.5**
Sources of Capital			
Equity & Reserves	6,836.1	(246.8)	6,589.3
Short term lease liabilities	82.0	36.5	118.5
Long term lease liabilities	435.1	446.7	881.8
Total	**19,136.1**	**236.4**	**19,372.5**

Gearing

S$ million	31-12-2019 (As previously reported)	Effect of Change	31-12-2019 (Restated)
Gross debt	12,596.0	483.2	13,079.2
Less: Cash	3,179.6	-	3,179.6
Net debt	9,416.4	483.2	9,899.6
Less: Readily marketable inventory	5,733.1	-	5,733.1
Less: Secured receivables	1,672.1	-	1,672.1
Adjusted net debt	2,011.2	483.2	2,494.4
Equity (before FV adj reserves)	6,836.1	(246.8)	6,589.3
Net debt / Equity (Basic)	**1.38**		**1.50**
Net debt / Equity (Adjusted)	**0.29**		**0.38**

Annex 3: New Reporting Segments, Performance Metrics and Olam Group Segmentals and Consolidated Financials (2017-2020)[4]

Operating groups	Segments	Key performance metrics	
Olam Food Ingredients (OFI)	1) Ingredient Sourcing & Supply Chain 2) Value-added Food Ingredients & Solutions	**Segment-level** Volume, Revenue, EBIT, EBIT Margin, Invested Capital (IC), EBIT/IC	**Operating Group-level** * ROIC, ROE, FCF from Operations
Olam Global Agri (OGA)	1) Food & Feed - Origination & Merchandising 2) Food & Feed - Processing & Value-added 3) Fibre & Ag Services	**Segment-level** Volume, EBIT, EBIT per MT, Invested Capital (IC), EBIT/IC	**Operating Group-level** * ROIC, ROE, FCF from Operations
Olam International (OIL)	1) De-prioritised/Exiting Assets 2) Gestating Businesses 3) Incubating Businesses (including corporate adjustments)	**Segment-level** Revenue, EBIT, Invested Capital (IC), EBIT/IC	**Operating Group-level** * ROIC, ROE, FCF from Operations
Consolidated Olam Group		Volume, Revenue, EBIT, Invested Capital (IC), EBIT/IC, ROIC, ROE, FCF from Operations	

** To be reported post carve-out*

'000 MT / S$ m

Olam Food Ingredients (OFI)	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	4,003.0	3,791.0	3,812.2	3,786.6	2,063.0	1,969.9
Revenue	13,277.0	12,068.3	12,144.8	12,546.7	6,472.5	6,373.4
EBIT	667.8	677.9	793.6	771.1	354.5	508.0
EBIT Margin	5.0%	5.6%	6.5%	6.1%	5.5%	8.0%
Fixed Capital	3,520.2	3,486.4	3,958.3	4,054.0	3,958.3	4,054.0
Working Capital	5,356.5	5,066.3	4,938.2	5,388.9	4,938.2	5,388.9
Invested Capital	8,876.7	8,552.7	8,896.5	9,442.9	8,896.5	9,442.9
EBIT/IC	7.2%	7.8%	9.1%	8.4%	-	-

OFI - Ingredient Sourcing & Supply Chain	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume*	3,662.0	3,523.1	3,669.7	3,524.1	1,896.8	1,743.7
Revenue*	10,103.4	9,209.4	9,733.1	10,015.6	4,861.8	4,769.0
EBIT	336.6	276.2	410.1	383.8	195.4	289.5
EBIT Margin	3.3%	3.0%	4.2%	3.8%	4.0%	6.1%
Fixed Capital	1,972.6	1,967.9	2,208.8	2,190.9	2,208.8	2,190.9
Working Capital	3,209.5	3,160.2	3,392.3	3,445.9	3,392.3	3,445.9
Invested Capital	5,182.1	5,128.1	5,601.1	5,636.8	5,601.1	5,636.8
EBIT/IC	6.4%	5.4%	7.6%	6.8%	-	-

*Includes inter-segmental sales volume and revenue

OFI - Value-added Food Ingredients & Solutions	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume*	902.7	920.9	930.2	1,025.6	489.4	556.0
Revenue*	4,793.1	4,811.0	4,854.5	5,299.3	2,642.7	2,780.0
EBIT	331.2	401.7	383.5	387.3	159.1	218.5
EBIT Margin	6.9%	8.3%	7.9%	7.3%	6.0%	7.9%
Fixed Capital	1,547.6	1,518.5	1,749.5	1,863.1	1,749.5	1,863.1
Working Capital	2,147.0	1,906.1	1,545.9	1,943.0	1,545.9	1,943.0
Invested Capital	3,694.6	3,424.6	3,295.4	3,806.1	3,295.4	3,806.1
EBIT/IC	8.2%	11.3%	11.4%	10.9%	-	-

*Includes inter-segmental sales volume and revenue

[4] The excel spreadsheet of the Olam Group segmentals and consolidated financials (2017-2020) can be downloaded from https://www.olamgroup.com/investors/company-information/financials-dashboard.html

'000 MT / S$ m

Olam Global Agri (OGA)	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	16,035.5	26,615.1	34,367.7	39,355.6	17,836.1	21,748.3
Revenue	10,457.5	15,995.5	18,850.3	21,515.9	9,572.8	11,458.0
EBIT	312.4	225.4	329.5	462.4	182.2	233.5
EBIT/MT	19	8	10	12	10	11
Fixed Capital	1,401.6	1,010.5	1,753.2	1,735.7	1,753.2	1,735.7
Working Capital	1,596.3	1,111.3	1,218.3	2,043.9	1,218.3	2,043.9
Invested Capital	2,997.9	2,121.8	2,971.5	3,779.6	2,971.5	3,779.6
EBIT/IC	10.2%	8.8%	12.9%	13.7%	-	-

OGA - Food & Feed - Origination & Merchandising	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	12,157.7	22,458.6	29,743.5	33,739.4	15,435.8	18,708.3
Revenue	5,579.2	10,705.2	13,530.6	15,410.3	7,179.3	8,409.7
EBIT	50.4	66.4	149.6	203.1	70.5	108.9
EBIT/MT	4	3	5	6	5	6
Fixed Capital	551.5	145.4	200.4	190.6	200.4	190.6
Working Capital	427.6	401.8	184.9	745.5	184.9	745.5
Invested Capital	979.1	547.2	385.3	936.1	385.3	936.1
EBIT/IC	5.2%	8.7%	32.1%	30.7%	-	-

OGA - Food & Feed - Processing & Value-added	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	2,499.0	2,570.3	3,060.0	4,023.2	1,736.3	2,333.4
Revenue	1,706.3	1,599.6	1,793.8	2,754.8	973.9	1,629.3
EBIT	165.6	85.8	117.3	218.4	92.5	122.6
EBIT/MT	66	33	38	54	53	53
Fixed Capital	676.9	697.6	1,299.7	1,186.2	1,299.7	1,186.2
Working Capital	332.6	284.3	442.2	386.9	442.2	386.9
Invested Capital	1,009.5	981.9	1,741.9	1,573.1	1,741.9	1,573.1
EBIT/IC	16.2%	8.6%	8.6%	13.2%	-	-

OGA - Fibre & Ag Services	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	1,378.8	1,586.2	1,564.2	1,593.0	664.0	706.6
Revenue	3,172.0	3,690.7	3,525.9	3,350.8	1,419.6	1,419.0
EBIT	96.4	73.2	62.6	40.9	19.2	2.0
EBIT/MT	70	46	40	26	29	3
Fixed Capital	173.2	167.5	253.1	358.9	253.1	358.9
Working Capital	836.1	425.2	591.2	911.5	591.2	911.5
Invested Capital	1,009.3	592.7	844.3	1,270.4	844.3	1,270.4
EBIT/IC	9.0%	9.1%	8.7%	3.9%	-	-

'000 MT / S$ m

Olam International Limited (OIL)	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	2,496.1	2,461.5	1,571.9	1,267.5	752.5	633.1
Revenue	2,538.0	2,415.2	1,997.6	1,757.4	1,003.5	908.1
EBIT	(33.0)	(60.3)	(65.8)	(164.0)	(1.4)	(95.7)
Fixed Capital	3,205.7	3,471.2	3,311.3	2,945.4	3,311.3	2,945.4
Working Capital	752.1	666.5	610.0	497.8	610.0	497.8
Invested Capital	3,957.8	4,137.7	3,921.3	3,443.2	3,921.3	3,443.2
EBIT/IC	-0.8%	-1.5%	-1.6%	-4.5%	-	-

OIL - De-prioritised/Exiting Assets	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	2,306.9	2,242.2	1,328.4	916.2	623.7	426.8
Revenue	2,187.2	2,005.1	1,543.0	1,185.1	757.2	577.1
EBIT	(66.9)	(117.3)	(40.2)	(35.7)	8.7	(23.8)
Fixed Capital	1,503.1	1,434.3	1,175.2	1,024.0	1,175.2	1,024.0
Working Capital	634.7	530.7	498.9	336.2	498.9	336.2
Invested Capital	2,137.8	1,965.0	1,674.1	1,360.2	1,674.1	1,360.2
EBIT/IC	-3.0%	-5.7%	-2.2%	-2.4%	-	-

OIL - Gestating Businesses	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	189.2	219.3	243.5	351.3	128.8	206.3
Revenue	350.8	410.1	454.6	572.3	246.3	331.0
EBIT	33.9	57.0	19.0	(69.0)	15.4	(39.5)
Fixed Capital	1,702.6	2,036.9	2,136.1	1,921.4	2,136.1	1,921.4
Working Capital	117.4	135.8	111.1	161.6	111.1	161.6
Invested Capital	1,820.0	2,172.7	2,247.2	2,083.0	2,247.2	2,083.0
EBIT/IC	2.1%	2.9%	0.9%	-3.2%	-	-

OIL - Incubating Businesses (including corporate adjustments)	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	-	-	-	-	-	-
Revenue	-	-	-	-	-	-
EBIT	-	-	(44.6)	(59.3)	(25.5)	(32.4)
Fixed Capital	-	-	-	-	-	-
Working Capital	-	-	-	-	-	-
Invested Capital	-	-	-	-	-	-
EBIT/IC	n.m.	n.m.	n.m.	n.m.	-	-

'000 MT / S$ m

Olam Group Consolidated	2017	2018	2019 Restated	2020	H2 2019 Restated	H2 2020
Volume	22,534.6	32,867.6	39,751.8	44,409.7	20,651.6	24,351.3
Revenue	26,272.5	30,479.0	32,992.7	35,820.0	17,048.8	18,739.5
EBIT	947.2	843.0	1,057.3	1,069.5	535.3	645.8
EBIT/MT	42	26	27	24	26	27
EBIT Margin	3.6%	2.8%	3.2%	3.0%	3.1%	3.4%
Fixed Capital	8,127.5	7,968.1	9,022.8	8,735.1	9,022.8	8,735.1
Working Capital	7,704.9	6,844.1	6,766.5	7,930.6	6,766.5	7,930.6
Invested Capital	15,832.4	14,812.2	15,789.3	16,665.7	15,789.3	16,665.7
EBIT/IC	5.8%	5.5%	6.9%	6.6%	-	-
ROIC	5.4%	4.5%	4.9%	3.7%	-	-
Return on Beginning-of-period Equity	10.8%	5.3%	4.7%	3.4%	-	-
Free cash flow before capex/ investments	1,991.0	1,919.1	1,200.5	161.3	-	-

Invested Capital excludes:						
1. Gabon Fertiliser Project	248.0	245.4	240.7	262.6	240.7	262.6
2. Long Term Investment	257.5	135.8	71.5	24.3	71.5	24.3

Annex 4: Descriptions of Operating Groups

OFI: Comprising Cocoa, Coffee, Nuts, Spices and Dairy, OFI offers sustainable, natural, value-added food products and ingredients so that consumers can enjoy the healthy and indulgent products they love. OFI has built a unique global value chain presence including its own farms, farm-gate origination, manufacturing facilities and innovation centres. It partners with customers, leveraging its complementary and differentiated portfolio of “on-trend” food products, to co-create solutions that anticipate and meet changing consumer preferences as demand increases for healthier food that is traceable and sustainable.

OGA: Comprising Grains, Animal Feed & Proteins, Edible Oils, Rice, Cotton and Commodity Financial Services, OGA is a market leading and differentiated global food, feed, and fibre agri-business focused on emerging markets, especially Asia and Africa, to meet the rising demand and shift to protein-based diets in these countries. It has built proprietary and differentiated operating capabilities including significant strengths in farming, global origination, processing, trading, logistics (inland and marine), distribution, risk management, and a deep understanding via its on-the-ground presence of these origins and markets over the last 30 years.

OIL: As the parent company of OFI and OGA, Olam International (“OIL”) provides stewardship to the operating groups and ensures continuity of the “Olam Way”, including the Group’s unique entrepreneurial culture. It implements cross-cutting initiatives, such as AtSource; drives key enablers such as sustainability and digital transformation; and offers shared services to optimise synergies across its operating groups.

OIL is also responsible for the divestment of non-core assets and businesses identified in the 2019-2024 Strategic Plan and redeploying the capital released. In addition, it will focus on developing our three gestating businesses – Olam Palm Gabon (“OPG”), Packaged Foods and the Infrastructure and Logistics business (organised under the “ARISE” platform) to full potential. OIL is also responsible for incubating new platforms for growth (Engine 2). Currently it is working on six Engine 2 initiatives, including a digital farmer services platform “Jiva”, a B2C “Adva” and a B2B “GreenPass” sustainability lifestyle environmental foot printing and solutions app, a carbon trading and sustainable landscapes and investment platform, the “Re-” B2C purpose brands business, and the digital sustainability platform.

Annex 5: Key Definitions

Sales Volume: Sale of goods in metric tonne (MT) equivalent. There are no associated volumes for CFS and Infrastructure and Logistics businesses.

Revenue: Sale of goods and services

Other Income: Includes sale of scrap materials, commissions and claims income and fair value gain on investments held for trading. Negative goodwill, gain on sale of assets and other non-recurring, exceptional items which are part of Other Income in the Profit & Loss statement on SGXNet are classified as Exceptional Items in the MD&A.

Cost of Sales: Cost of goods sold, shipping and logistics, commissions and claims expenses and the net measurement of derivative assets

Overhead (Selling, General & Administrative) Expenses: Employee benefit costs, manufacturing overheads, travel expenses and other direct expenses

Other Operating Expenses: Unrealised foreign exchange gain/loss and other expenses

Net changes in fair value of biological assets: Records changes in the fair value of agricultural produce growing on bearer plants and livestock

Exceptional Items: One-off, non-recurring items, including negative goodwill and related transaction costs, gain/loss on sale of assets/business, gain/loss on buyback of bonds, impairment loss, finance charges on pre-payment of loans and non-recurring business restructuring expenses. Tax expenses associated with these items are also presented as Exceptional Items.

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation, excludes Exceptional Items

EBIT: Earnings Before Interest and Tax, excludes Exceptional Items

PATMI: Net Profit After Tax (PAT) less minority interest

Operational PATMI: PATMI excluding Exceptional Items

Total Assets: Total assets are net of trade payables and accruals, derivative financial instruments (current liabilities), provision for taxation, other current liabilities and non-current liabilities, and deferred tax liabilities.

Invested Capital (IC): Excludes cash and bank balances, deferred tax assets, fixed deposits, other current/non-current assets (other than option premiums payable/receivable) and fair value of derivative assets on bonds

EBIT/IC: EBIT on average invested capital based on beginning and end-of-period invested capital

Net Gearing: Ratio of Net Debt (gross debt less cash) to Equity (before fair value adjustment reserves)

Net Gearing (adjusted): Net gearing adjusted for readily marketable inventories that are liquid, hedged and/or sold forward, operating as near-cash assets on the balance sheet, and secured receivables are supported by letters of credit or documents through banks

Free Cash Flow to Firm (FCFF): Operating cash flow less changes in working capital, cash taxes, capital expenditures and investments

Free Cash Flow to Equity (FCFE): FCFF less net interest paid

Note: *Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*