

News Release

Singapore, February 26, 2021

Olam reports robust 2020 performance amid the pandemic, with 36.0% growth in Operational PATMI to S\$677.8 million

Strong operating performance by new Operating Groups

- H2 2020 Operational PATMI up 90.1% to S\$475.7 million
- Lower reported PATMI in H2 2020 (-S\$87.0 million) and 2020 (S\$245.7 million) from prudent one-off impairment mainly from Olam Palm Gabon (OPG)
- Strong operating performance growth of 43.3% for OFI in H2 2020 after Covid-19 impact in H1 2020
- Strong operating performance growth of 40.3% for OGA in 2020
- Significant progress on Re-organisation Plan with planned IPO of OFI by H1 2022 and de-merger from Olam Group in conjunction with the IPO; Pursuing similar strategic options for OGA in parallel
- Board of Directors recommends a final dividend of 4.0 cents per share; total dividend for 2020 would be 7.5 cents per share (2019: 8.0 cents)

H2 2020 Financial Highlights

Revenue + 9.9% YoY	EBIT + 20.6% YoY	PATMI n.m.	Op PATMI + 90.1% YoY
18.7	645.8	(87.0)	475.7
Bn (S\$)	Mn (S\$)	Mn (S\$)	Mn (S\$)

2020 Financial Highlights

Revenue + 8.6% YoY	EBIT + 1.2% YoY	PATMI - 22.3% YoY	Op PATMI + 36.0% YoY	FCFE -727.1	Gearing +0.22
35.8	1.1	245.7	677.8	(592.2)	1.72
Bn (S\$)	Bn (S\$)	Mn (S\$)	Mn (S\$)	Mn (S\$)	times

Management Comments on Consolidated Olam Group Performance and Outlook

Olam Co-Founder and Group CEO, Sunny Verghese said: “We delivered strong growth in Operational PATMI of 36.0% to S\$677.8 million for 2020, reflecting the strength of our operating groups and their constituent businesses. We delivered this strong set of results

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while achieving significant progress in our transformative Re-organisation Plan and we are excited about the sustained value creation potential arising from this re-organisation.

“Our success is underpinned by a radically different sustainability offering, enabled by technology that has strengthened our strategic partnerships with our customers. This performance is also a result of the skill and resourcefulness of our team to capture market opportunities, strong risk management discipline and demonstrated operational capability.

“We are particularly pleased to have successfully navigated through Covid-19 thus far by focusing on the safety and well-being of our employees, ensuring food safety to our customers, robust business continuity plans in each of our sites and locations, managing through demand, supply and financial shocks, and partnering with our communities to support them with Covid-19 assistance and resilience measures.

“We are seeing market conditions and sentiments 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.”

Olam Group CFO, N Muthukumar said: *“Our balance sheet remains strong despite higher working capital due to recent acquisitions and organic growth, and some disruptions caused by the pandemic. Over the year, we have proactively diversified our funding sources, including Singapore’s first Singapore Overnight Rate Average (SORA)-pegged club loan, Asia ex-Japan’s first issuance of sustainability-linked senior notes to Development Bank of Japan and refinancing and upsizing a multi-tranche RCF.*

“As we enter the second year of our Re-organisation Plan, we will execute a cost transformation and capital efficiency programme for each new operating group to serve their respective needs, drive profitable growth and improve our returns.”

Olam Group Financial Performance

Global food and agri-business, Olam Group, today reported strong results for H2 2020 and 2020, with solid progress on its Re-organisation Plan, announced in January 2020.

H2 2020

- Revenue increased 9.9% year-on year (YoY).
- Operational PATMI grew 90.1% to S\$475.7 million. However, due to one-off exceptional items, reported PATMI was negative at S\$87.0 million.

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- EBIT increased 20.6% to S\$645.8 million with both OFI and OGA contributing to the growth.

2020

- Revenue increased 8.6% YoY. OGA contributed 60.1% of total Group revenue, OFI 35.0%, and OIL 4.9% respectively.
- Operational PATMI grew 36.0% to S\$677.8 million. However, due to net exceptional items, reported PATMI was down 22.3% to S\$245.7 million
- Exceptional items include the one-off and non-cash impairment charge of S\$483.9 million on our investment in OPG; partly offset by gains from divestments of de-prioritised assets.
- EBIT increased 1.2% to S\$1.1 billion as the growth in contribution from OGA was offset by reduced contribution from OIL: OFI's results were resilient and contributed to 72.1% of total Group EBIT, OGA contributed 43.2% share, and OIL -15.3%.
- FCFE negative at S\$592.2 million on increased deployment of working capital due to higher volumes as well as higher commodity prices
- Net gearing increased to 1.72 times with an adjusted gearing of 0.63 times net of readily marketable inventory and secured receivables.

2020 Performance by Operating Group

Olam Food Ingredients (OFI)¹

A global leader offering sustainable, natural, value-added food ingredients, so consumers can enjoy the healthy and indulgent products they love.

Revenue
+ 3.3% YoY

12.5
Bn (S\$)

EBIT
- 2.8 % YoY

771.1
Mn (S\$)

- Revenue was up 3.3% to S\$12.5 billion, mainly driven by volume growth as well as higher average selling prices in the Value-added Food Ingredients & Solutions segment.
- EBIT growth was strong at 43.3% in H2 2020. Although EBIT for 2020 was down 2.8% to S\$771.1 million because of the Covid-19 impact in H1 2020 on Cocoa processing and the Australian Almond business, the overall results represent a strong, resilient

¹ Consisting of the Cocoa, Coffee, Nuts, Spices and Dairy businesses, OFI is made up of two segments – Ingredient Sourcing & Supply Chain, and Value-added Food Ingredients & Solutions.

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performance in 2020 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.

Olam Group Executive Director and CEO of OFI¹, A. Shekhar said: “2020 was an exciting first year for OFI. We bounced back from the impact of Covid-19 in the first half, to deliver very strong earnings growth in second half. Our resilient all-round performance despite the pandemic is very encouraging and the positive trajectory of growth in the second half of the year gives us every reason to be optimistic about 2021 and beyond.

“We are thankful for the strong support from our customers with whom we worked very closely to manage the many supply chain challenges during the year, as well as co-creating innovative and sustainable solutions that enable them to tap into ever-evolving consumer preferences.

“We are making disciplined and deliberate investments to back our refreshed strategy as demonstrated by the recent acquisition of the US-based chile pepper business, as well substantive greenfield commitments behind a soluble coffee manufacturing plant in Brazil and a Dairy processing plant in New Zealand. These will position us for delivering sustained growth as we look to carve out OFI and plan for an IPO and concurrent de-merger in the first half of 2022.”

Olam Global Agri (OGA)²

OGA is a market leading and differentiated global food, feed and fibre agri-business with a proven track record delivering high returns focused on high-growth emerging markets.

Revenue
+ 14.1% YoY

21.5
Bn (S\$)

EBIT
+ 40.3% YoY

462.4
Mn (S\$)

- Strong operating performance with revenue up 14.1% to S\$21.5 billion, mainly driven by higher volumes as well as higher prices in food staples, including Grains, Rice and Edible Oils.

² Consisting of the Grains and Animal Feed & Protein, Edible Oils, Rice, Cotton and Commodity Financial Services businesses, OGA has three segments – Food & Feed - Origination & Merchandising; Food & Feed - Processing & Value-added; and Fibre & Ag Services.

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- EBIT was up 40.3% at S\$462.4 million on higher contribution from the Food & Feed segments, both its Origination & Merchandising as well as Processing & Value-added segments, particularly in the Grains origination & merchandising, Grains milling, Animal Feed and Rice distribution in Africa, as the Covid-19 outbreak stimulated rising pantry restocking effects and drove greater demand for these food staples.
- Commodity Financial Services business also contributed to OGA's improved performance in 2020.

Olam International Limited (OIL)³

As parent company of OFI and OGA, OIL plays a key role to unlock the full value of the Olam Group by providing active stewardship to the new operating groups, responsibly divesting the de-prioritised businesses and assets, nurturing gestating businesses to full potential, incubating new engines for future growth, developing key cross cutting initiatives, and providing shared services to the new operating groups.

Revenue

- 12.0% YoY

1.8

Bn (S\$)

EBIT

- 149.2% YoY

(164.0)

Mn (S\$)

- Lower revenue of 12.0% to S\$1.8 billion with the closure of the Sugar, Rubber and Fertiliser trading desks, the Fundamental Fund, Wood Products business in Latin America and Olam Tomato Processors in California.
- EBIT was lower by 149.2% with a loss of S\$164.0 million due to the closure of these businesses and the impact of Covid-19 on the three Gestating Businesses (OPG, Packaged Foods and the ARISE Infrastructure & Logistics business).

Mr Verghese, who is also CEO of OGA and OIL said: *"Thanks to the pantry restocking effect for food staples during the pandemic and the increased demand for safe and healthy food, earnings for OGA were boosted with strong performances from Grains, Animal Feed and the Rice businesses, which benefited from the surge in premium rice demand in Africa. These in tandem with our focus on operational efficiency and strong risk management discipline helped OGA maintain the consistent growth trajectory in its performance over the last few years."*

³ Parent company holding OFI and OGA, and consists of De-prioritised/Exiting Assets, Gestating Businesses (Olam Palm Gabon, Packaged Foods, Infrastructure and Logistics business), and Incubating Businesses (Engine 2 growth platforms) segments. OIL financials are standalone financials and do not include the consolidation of OFI and OGA.

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“As we continue to diversify our global food, feed and fibre business in emerging markets, we will also progress on our plans to invest in priority assets. We continue to explore the most appropriate avenues to maximise OGA’s value within the Group as we proceed with the carve-out of OGA.”

Notes to Editors

1. This release should be read and understood only in conjunction with the full text of Olam International Limited’s Second Half and Full Year ended December 31, 2020 Financial Statements and Management Discussion and Analysis, its announcement and news release entitled “Re-organisation of Olam: Unlocking Long Term Value” and “Significant progress in Re-Organisation Plan to unlock long-term shareholder value” lodged respectively on SGXNET on February 26, 2021.
2. Olam will host a webcast on February 26, 2021, at 10.30 am SGT to discuss the financial results and provide a company update. To access the webcast or download the presentation materials, go to www.olamgroup.com.
3. **Re-organisation of Olam:** Olam Group has been re-organised into two new operating groups Olam Food Ingredients (“OFI”) and Olam Global Agri (“OGA”) with the Company Olam International (“OIL”) as parent holding the two groups. OFI is a global leader offering sustainable, natural, value-added food ingredients, so consumers can enjoy the healthy and indulgent products they love. OGA is a market leading and differentiated global food, feed and fibre agri-business with a particular focus in high-growth emerging markets with proven expertise, processing capabilities and a global origination footprint. As parent company of OFI and OGA, OIL plays a key role to unlock the full value of the Olam Group by providing active stewardship to the new operating groups, responsibly divesting the de-prioritised businesses and assets, nurturing gestating businesses to full potential, incubating new engines for future growth, developing key cross cutting initiatives, and providing shared services to the new operating groups.
4. **H2 2020 and 2020 Financials for Olam Group Consolidated and Operating Groups**

	Revenue (S\$ million)		EBIT (S\$ million)		Revenue (S\$ million)		EBIT (S\$ million)	
	2020	YoY %	2020	YoY %	H2 2020	YoY %	H2 2020	YoY %
Olam Group	35,820.0	8.6	1,069.5	1.2	18,739.5	9.9	645.8	20.6
OFI	12,546.7	3.3	771.1	(2.8)	6,373.4	(1.5)	508.0	43.3
OGA	21,515.9	14.1	462.4	40.3	11,458.0	19.7	233.5	28.2
OIL	1,757.4	(12.0)	(164.0)	(149.2)	908.1	(9.5)	(95.7)	6,735.7

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About Olam International

Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 17,300 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 5.0 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.

Since June 2020, Olam International has been included in the FTSE4Good Index Series, a global sustainable investment index series developed by FTSE Russell, following a rigorous assessment of Olam's supply chain activities, impact on the environment and governance transparency. The FTSE4Good Index Series identifies companies that demonstrate strong Environmental, Social and Governance (ESG) practices and is used by a variety of market participants to create and assess responsible investment funds.

More information on Olam can be found at www.olamgroup.com. Follow @olam:



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