



Management
Discussion
and Analysis
August 13, 2021

Group Results for the Half Year
ended June 30, 2021

Cocoa farming,
Indonesia
Olam Food Ingredients

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the First-Half ended June 30, 2021 (“H1 2021”)¹

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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 First-Half ended June 30, 2021” lodged on SGXNET on August 13, 2021.

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¹ H1 2020 financial results for the operating groups have been re-stated to reflect intra-group adjustments.

Re-organisation of Olam: Progress Update

In January 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 on a sustainable basis (the “Re-org Announcement”).

Subsequent to the Re-org Announcement, the Company had in February 2021 and in its 2020 Annual Report provided shareholders with an update on the Re-organisation progress, including the carve-out and separation of OFI and OGA which is estimated to be completed by the end of 2021, the preparation of OFI for listing by H1 2022 and the intention for it to 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, and similar strategic options being explored to maximise the value of OGA within the Group.

The carve-out and separation of OFI and OGA is progressing as planned and on track for completion by the end of 2021.

On course to list OFI in H1 2022 concurrently in London and Singapore

OFI is on course for public listing in H1 2022 and will be seeking a primary listing on the premium segment of the London Stock Exchange and concurrently a secondary listing in Singapore. The concurrent listings will give OFI access to London’s large and diverse investor base with its deep and liquid capital markets and strong understanding of and research coverage of the food and beverage sector, while retaining our strong Singapore shareholder base and further tapping into the growing investor appetite in Asia.

OGA evaluating various strategies to maximise long term value

In parallel, in relation to OGA, Olam is in the process of evaluating various strategies to maximise its long-term growth potential and value enhancement within the Group, including a potential IPO and concurrent demerger from the Group by H1 2023.

H1 2021 Key Highlights

Financial Highlights

Consolidated Olam Group

S\$ million	H1 2021	H1 2020	% Change
Volume ('000 MT)	22,367.4	20,058.4	11.5
Revenue	22,833.4	17,080.5	33.7
EBITDA [^]	935.5	696.3	34.4
EBIT [^]	641.6	423.7	51.4
PAT	382.7	295.4	29.5
PATMI	421.5	332.7	26.7
Operational PATMI[^]	436.6	202.1	116.0

[^]Excluding exceptional items

Performance by Operating Group²

S\$ million	Sales Volume ('000 MT)				EBIT (S\$ million)			
	H1 2021	% Share	H1 2020	% Change	H1 2021	% Share	H1 2020	% Change
Olam Group	22,367.4	100.0%	20,058.4	11.5%	641.6	100.0%	423.7	51.4%
- OFI	1,893.0	8.5%	1,750.3	8.2%	316.3	49.3%	257.4	22.9%
- OGA	20,106.7	89.9%	17,840.1	12.7%	407.5	63.5%	256.4	58.9%
- OIL	367.7	1.6%	468.0	-21.4%	(82.2)	-12.8%	(90.1)	8.8%

- **Group Profit After Tax and Minority Interests (PATMI) grew by 26.7% to S\$421.5 million** from S\$332.7 million in H1 2020 on strong operating profit growth and lower net finance costs in H1 2021.
- Excluding non-recurring exceptional items, **Group Operational PATMI** more than doubled to **S\$436.6 million** in H1 2021, a **growth of 116.0%** (H1 2020: S\$202.1 million).
- **H1 2021 recorded net exceptional losses of S\$15.1 million** mainly due to one-off exit and closure costs of de-prioritised assets and cost incurred for the acquisition of Olde Thompson, offset in part by a gain from a partial stake sale of Indonesian cocoa plantation PT Sumber Daya Wahana ("PT SDW"). The previous first-half had recorded net exceptional gains of S\$130.6 million mainly on the divestment of our entire stake in Far East Agri (Indonesian sugar refinery) and the recognition of gains following our partial stake sale and the investment by A.P. Moller Capital into our infrastructure and logistics business ARISE Ports & Logistics ("ARISE P&L").

² H1 2020 financial results for the operating groups have been re-stated to reflect intra-group adjustments.

- **Group Sales Volume grew 11.5% to 22.4 million metric tonnes (MT).** Both OFI and OGA contributed to the strong growth in volumes. OGA's share of Group volume was 89.9% while OFI and OIL accounted for 8.5% and 1.6% respectively.
- **Group Earnings Before Interest and Tax (EBIT) jumped by 51.4% to S\$641.6 million.** OFI's share of Group EBIT was 49.3% with OGA at 63.5%, and OIL at negative 12.8%.
- **OFI delivered strong H1 2021 results, reporting an EBIT growth of 22.9% at S\$316.3 million** (H1 2020: S\$257.4 million) with both its segments contributing to this growth. **OGA reported a record EBIT growth of 58.9% to S\$407.5 million** with increased contributions from all its segments. **OIL's losses narrowed** from S\$90.1 million to **S\$82.2 million** in H1 2021.
- **Free Cash Flow to Equity (FCFE) was negative at S\$398.3 million** in H1 2021 (H1 2020: S\$826.9 million) mainly due to the significant increase in capital expenditure (Capex) arising from major acquisitions completed in H1 2021. Gross Capex amounted to S\$1.5 billion mainly from the acquisition of Olde Thompson ("OT") (H1 2020: S\$315.5 million).
- **Net gearing** as at June 30, 2021 increased to **1.60 times** compared to a year ago but lower than six months ago (December 31, 2020: 1.72 times; June 30, 2020: 1.29 times) with adjusted gearing net of readily marketable inventories (RMI) and secured receivables at 0.56 times (December 31, 2020: 0.63 times; June 30, 2020: 0.34 times).
- The Board of Directors has declared an **interim dividend of 4.0 cents per share** (H1 2020: 3.5 cents).

Strategic Investments

The Company has completed the following strategic investments³:

- Acquisition of US-based dehydrated onion ingredients business in January 2021 (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;
- Acquisition of US-based green chilli pepper business from Mizkan America, Inc., for US\$108.5 million in February 2021;

³ All transactions were completed as of August 13, 2021 unless otherwise stated.

- Formation of a 50:50 joint venture with Mondēlez International, Inc. to develop a sustainable commercial cocoa farm in Indonesia through the subscription of 50.0% interest in AztecAgri B.V. for an aggregate consideration of US\$10.8 million;
- Acquisition of OT, a leading US private label spices and seasonings manufacturer, at an enterprise value of US\$950.0 million. Building on the two recent acquisitions in the North American spices sector, OT is a transformative acquisition for OFI's Spices business, enabling further expansion of its private label offerings across the portfolio, and accelerates its growth strategy of delivering sustainable, natural, value-added food ingredients and solutions;
- Announcement of an investment into a greenfield soluble coffee manufacturing facility in Brazil due for completion in H1 2023;
- Setting up of a greenfield dairy processing plant in New Zealand to meet the strong and growing demand from our global customers for customised, high quality dairy products from the country. The project is in the early stages and is due for completion in H1 2023;
- Awarded the bid to acquire one of the two flour milling companies offered for privatisation in Saudi Arabia by the National Centre for Privatization and the Saudi Grains Organization following the joint bid made by the Company and its Consortium partners National Agricultural Development Company, Al Rajhi International for Investment Company, Abdul Aziz Al Ajlani Sons Co. for Commercial and Real Estate Investment. The Company will participate in this joint venture as a technical partner with a minority stake in the transaction.

2021 Rights Issue

On June 22, 2021, the Company announced a renounceable, fully underwritten S\$601.7 million rights issue ("Rights Issue") to position for future growth. Proceeds from the three-for-20 Rights Issue at S\$1.25 per rights share will be primarily used to partially repay the debt used to fund the acquisition of OT. The Rights Issue will also strengthen Olam's balance sheet, enhance its credit profile and provide financial flexibility to capture future growth in line with its Strategic Plan.

On July 22, 2021, the Company announced that the Rights Issue obtained an acceptance and excess application rate of 118.3%. A total of 481,364,524 new shares ("Rights Shares") at the price of S\$1.25 each were issued, raising gross proceeds of S\$601.7 million. The Rights Shares began trading in the Singapore Exchange Securities Trading Limited from July 28, 2021.

Business Prospects and Outlook

Despite the on-going Covid-19 pandemic, we have observed a discernible pick-up in demand in H1 2021 due to China's rapid recovery and the snap back from the worst impact of Covid-19 induced decline in growth in 2020 in the major economies, including the US, EU, UK, China and Japan. Substantive fiscal support from governments and monetary easing by central banks, have also contributed to the improving consumer sentiment and increasing consumption expenditure trends seen in H1 2021. However, the pace of economic recovery across the world is uneven and certain regions, including South Asia and Southeast Asia are facing economic challenges arising from a renewed upsurge in Covid-19 cases.

Notwithstanding the differential impact of Covid-19 globally, 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 is deemed to be providing a valuable and essential service. As a result, we have been able to operate most of our global facilities at or near full capacity since 2020. We continue to leverage our global sourcing reach and local operational, and supply chain capabilities to ensure that we are able to serve our customers and minimise disruptions to their supply chains.

There has been an increase in food service sector demand as economies open up across the globe, as well as shifting consumer patterns such as placing greater emphasis on quality of food products that are safe, natural, healthy and sustainable. The Group's 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.

OFI, whose strategy is to be a global leader in providing sustainable, natural, value-added food and beverage ingredients and solutions, is expected to benefit from these trends. For example, its Spices business continues to enjoy greater demand for healthy, natural, organic, clean-label spices and ethnic, savoury flavours. The operating group expects to see a similar pick-up in demand for its Cocoa, Coffee, Nuts and Dairy ingredients and solutions as economies open up further in H2 2021. It is also expected to realise incremental earnings contribution from recently acquired businesses in the US, particularly OT.

OGA continues to benefit from key secular trends underpinning the food and agricultural sector: growing food security agenda, rising protein consumption, emerging markets food staples, fibre and industrial demand growth, rising technology adoption and sustainability focus. OGA is expected to deliver all-round strong performance in 2021. Both the food and feed segments are expected to show positive growth over 2020 on growing trade volumes, resumption of out-of-home consumption and improved capacity utilisation of its wheat mills in Africa. The non-food segment, which now includes Cotton, Wood forestry products and Rubber processing and

supply chain, is also expected to show strong growth against 2020 as it experiences a recovery in demand across these products with increased capacity utilisation of textile mills and stronger industrial growth.

Although OIL is expected to record lower revenues post the divestments and closures of de-prioritised businesses and assets, both the De-prioritised/Exiting Assets and Gestating Assets are expected to continue to register lower losses this year compared to the prior year.

As the Group continues to execute the Re-organisation Plan, it is likely to incur certain one-off and non-recurring expenses during H2 2021.

Overall, barring unforeseen circumstances such as further upsurge in Covid-19 cases and consequent hard lockdowns across the world, the economic outlook and prospects for the Group for the rest of 2021 remain positive, with the industry poised for recovery in 2021, 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 market uncertainties in 2021.

Summary of Financial and Operating Results

Profit and Loss Analysis

S\$ million	H1 2021	H1 2020	% Change
Volume ('000 MT)	22,367.4	20,058.4	11.5
Revenue	22,833.4	17,080.5	33.7
Other income [^]	32.6	23.8	37.0
Cost of sales [^]	(21,131.9)	(15,504.9)	36.3
Selling, general and administrative expenses	(802.0)	(704.0)	13.9
Other operating expenses	4.0	(210.9)	n.m.
Net (loss)/gain in fair value of biological assets	(6.3)	3.8	n.m.
Share of results from joint ventures and associates	5.7	8.0	(29.1)
EBITDA[^]	935.5	696.3	34.4
Depreciation & amortisation	(293.9)	(272.6)	7.8
EBIT[^]	641.6	423.7	51.4
EBIT %	2.8%	2.5%	
Exceptional items	(15.1)	130.6	n.m.
Net Finance costs	(197.2)	(230.2)	(14.3)
PBT	429.3	324.1	32.5
Taxation	(46.6)	(28.7)	62.2
PAT	382.7	295.4	29.5
PAT %	1.7%	1.7%	
Non-controlling interests	(38.8)	(37.3)	4.1
PATMI	421.5	332.7	26.7
PATMI %	1.8%	1.9%	
Operational PATMI[^]	436.6	202.1	116.0
Operational PATMI %	1.9%	1.2%	

[^]Excluding exceptional items

Sales Volume

Sales volume grew by 11.5% to 22.4 million MT (H1 2020: 20.1 million MT) as both OFI and OGA contributed to the growth during H1 2021.

Revenue

Revenue rose by 33.7% to reach S\$22.8 billion (H1 2020: S\$17.1 billion) due to volume growth as well as higher prices across most products and commodities, including grains, rice and cotton, in H1 2021.

Other Income

Other income was higher at S\$32.6 million (H1 2020: S\$23.8 million).

Cost of Sales

The change in cost of sales normally follows the corresponding change in revenue for a given period net of any impact from fair value changes due to foreign exchange movements. In H1 2021, cost of sales increased by 36.3%, which is largely in tandem with the growth in revenue, but marginally higher due to the impact of net foreign exchange.

Selling, General & Administrative Expenses

Selling, General & Administrative Expenses rose by 13.9 % or S\$98.0 million to S\$802.0 million in H1 2021 (H1 2020: S\$704.0 million). The increase was a result of acquisitions and organic growth initiatives, including corporate growth initiatives, such as digitalisation, co-manufacturing, food service, e-commerce and sustainability-based solutions, as well as costs relating to the Re-organisation and separation activities.

Other Operating Expenses

Other Operating Expenses amounted to a net gain of S\$4.0 million, arising from unrealised foreign exchange gains in H1 2021. This contrasts with H1 2020 when there were significant unrealised foreign exchange losses on the devaluation of emerging market currencies against the US dollar. Unrealised foreign exchange movements generally have a compensating effect in Cost of Sales, which increased by 36.3% in H1 2021, compared with revenue growth at 33.7%.

Net Changes in Fair Value of Biological Assets

There was a net loss on the fair value of biological assets of S\$6.3 million in H1 2021 against a net gain of S\$3.8 million in H1 2020. This was due to a reduction in the fair valuation of our dairy farms in Russia on changes in the overall profile of the herd.

Share of Results from Joint Ventures and Associates

Joint ventures and associates included Long Son, Guzman Coffee & Nuts, MC Agri Alliance (MCAA – our joint venture with Mitsubishi Corporation), ARISE P&L, ARISE IIP and ARISE IS. The share of results from joint ventures and associates declined from S\$8.0 million in H1 2020 to S\$5.7 million in H1 2021 mainly due to the absence of earnings from Far East Agri and Open Country Dairy which were divested, as well as the reduction in interest in ARISE P&L. The decline was partly offset by improved contribution from MCAA.

Depreciation and Amortisation

Depreciation and amortisation expenses increased 7.8 % to S\$293.9 million in H1 2021 (H1 2020: S\$272.6 million) as a result of acquisitions and organic Capex.

EBIT

EBIT grew by 51.4% to S\$641.6 million (H1 2020: S\$423.7 million) with improvement in contribution from all operating groups. OFI reported strong growth of 22.9% to S\$316.3 million (H1 2020: S\$257.4 million) and OGA of 58.9% to S\$407.5 million (H1 2020: S\$256.4 million) respectively. OIL's losses narrowed to S\$82.2 million.

Finance Costs

In spite of higher gross debt, net finance costs fell by 14.3% to S\$197.2 million (H1 2020: S\$230.2 million) on reduced interest rates. The interest cost savings was partly offset by lower finance income in H1 2021.

Taxation

Tax expenses were higher by 62.2 % at S\$46.6 million in H1 2021 (H1 2020: S\$28.7 million) on higher pre-tax income as well as changes in its 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), BT Cocoa, Cotontchad and Nouvelle Société Cotonnière du Togo (“NSCT”), was mostly flat at negative S\$38.8 million in H1 2021 (H1 2020: -S\$37.3 million).

Exceptional Items

Net exceptional items amounted to a loss of S\$15.1 million in H1 2021 (H1 2020: S\$130.6 million) mainly due to one-off exit and closure costs of de-prioritised assets and cost incurred for the acquisition of Olde Thompson, offset in part by a gain from a partial stake sale in PT SDW. H1 2020 had recorded net exceptional gains of S\$130.6 million mainly on the divestment of our entire stake in Far East Agri, which owns the Indonesian sugar refinery PT DUS, and the recognition of gains following our partial stake sale and the investment by A.P. Moller Capital into ARISE P&L.

S\$ million	H1 2021	H1 2020
Profit on sale of partial stake in ARISE P&L	-	123.1
Profit on sale of Far East Agri (PT DUS)	-	49.9
Acquisition related cost (Olde Thompson)	(6.2)	-
Profit on sale of partial stake in Subsidiary (PT SDW)	5.0	-
Exit/Closure costs	(13.9)	(41.5)
Loss on sale of stake in Mungindi gin, Australia	-	(0.9)
Exceptional Items	(15.1)	130.6

PATMI

PATMI improved by 26.7% to S\$421.5 million (H1 2020: S\$332.7 million) on strong EBIT growth and reduced net finance costs in H1 2021.

Operational PATMI

Operational PATMI, which excludes the exceptional items in both years, more than doubled to S\$436.6 million, a growth of 116.0% in H1 2021 (H1 2020: S\$202.1 million).

Balance Sheet Analysis

S\$ million	30-Jun-2021	31-Dec-2020	Change vs Dec 20	30-Jun-2020	Change vs Jun 20
Uses of Capital					
Fixed Capital	9,724.1	8,309.9	1,414.2	8,730.9	993.2
Right-of-use assets	746.7	712.2	34.5	578.0	168.7
Working Capital	7,319.9	7,455.7	(135.8)	6,419.4	900.5
Cash	3,542.3	3,115.9	426.4	5,920.0	(2,377.7)
Others	502.0	601.7	(99.7)	175.9	326.1
Total	21,835.0	20,195.4	1,639.6	21,824.2	10.8
Sources of Capital					
Equity & Reserves	7,193.8	6,425.4	768.4	7,095.1	98.7
Non-controlling interests	42.0	73.5	(31.5)	72.4	(30.4)
Short term debt	6,623.5	6,466.5	157.0	9,040.7	(2,417.2)
Long term debt	7,485.1	6,780.9	704.2	5,522.1	1,963.0
Short term lease liabilities	121.2	96.5	24.7	86.4	34.8
Long term lease liabilities	819.6	815.5	4.1	434.6	385.0
Fair value reserve	(450.2)	(462.9)	12.7	(427.1)	(23.1)
Total	21,835.0	20,195.4	1,639.6	21,824.2	10.8

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

The Group's total assets⁴ as at June 30, 2021 were S\$21.8 billion, comprising S\$9.7 billion of fixed capital, S\$ 746.7 million of right-of-use assets, S\$7.3 billion of working capital and S\$3.5 billion of cash.

The total assets were funded by S\$7.2 billion of equity, S\$6.6 billion of short term debt, S\$7.5 billion of long term debt, as well as short term and long term lease liabilities of S\$121.2 million and S\$819.6 million respectively.

Compared with December 31, 2020, the overall balance sheet as at June 30, 2021 grew by S\$1.6 billion mainly due to the increase in fixed capital of S\$1.4 billion. The increase was driven by the acquisitions of the US-based dehydrated onion ingredients business and chilli pepper business, as well as of Olde Thompson during H1 2021. The fixed capital base also increased on organic growth Capex across prioritised businesses. Cash position was higher at S\$3.5 billion to meet ongoing business requirements and manage near-term repayment obligations on borrowings.

Compared to a year ago, the balance sheet as at June 30, 2021 was overall unchanged, as the reduction in cash to a normalised level was offset by the increase in both fixed and working capital. Fixed capital increased on account of the acquisitions and organic growth initiatives described above. Working capital grew as our volumes and commodity prices increased over the last 12 months.

⁴ 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.

Working Capital

S\$ million	30-Jun-2021	31-Dec-2020	Change vs Dec 20	30-Jun-2020	Change vs Jun 20
Stock	8,046.2	7,380.6	665.6	6,760.9	1,285.3
Advance to suppliers	642.4	621.9	20.5	509.5	132.9
Receivables	3,303.8	1,910.4	1,393.4	2,120.3	1,183.5
Trade creditors	(5,750.8)	(3,070.1)	(2,680.7)	(3,711.7)	(2,039.1)
Others	1,078.3	612.9	465.4	740.4	337.9
Working Capital	7,319.9	7,455.7	(135.8)	6,419.4	900.5

Others" include other current assets, non-current assets held for sale, changes to margin accounts with brokers and other current liabilities.

Compared with December 31, 2020, working capital as of June 30, 2021 came down by S\$135.8 million. Despite increased levels in stock, advance to suppliers and receivables for reasons mentioned above, the growth in supplier credit arising from higher bulk trading volumes in Grains, Rice and Edible Oils helped to reduce the overall working capital substantially, resulting in a shorter working capital cycle of 51 days compared with 73 days as at December 31, 2020.

However, when compared with June 30, 2020, working capital grew by S\$900.5 million on higher volumes and increased commodity prices. Nevertheless, we managed to reduce working capital cycle from 63 days as at June 30, 2020 to 51 days as at June 30, 2021 due to lower inventory days.

Days	30-Jun-2021	31-Dec-2020	Change vs Dec 20	30-Jun-2020	Change vs Jun 20
Stock	69	82	(13)	79	(10)
Advance to suppliers	5	6	(1)	5	-
Receivables	26	19	7	22	4
Trade creditors	(49)	(34)	(15)	(43)	(6)
Total cash cycle	51	73	(22)	63	(12)

Debt, Liquidity and Gearing

S\$ million	30-Jun-2021	31-Dec-2020	Change vs Dec 20	30-Jun-2020	Change vs Jun 20
Gross debt	15,049.4	14,159.4	890.0	15,083.8	(34.4)
Less: Cash	3,542.3	3,115.9	426.4	5,920.0	(2,377.7)
Net debt	11,507.1	11,043.5	463.6	9,163.8	2,343.3
Less: Readily marketable inventory (RMI)	5,547.0	5,849.6	(302.6)	5,367.8	179.2
Less: Secured receivables	1,910.1	1,138.5	771.6	1,357.5	552.6
Adjusted net debt	4,050.0	4,055.4	(5.4)	2,438.5	1,611.5
Equity (before FV adj reserves)	7,193.8	6,425.4	768.4	7,095.1	98.7
Net debt / Equity (Basic)	1.60	1.72	(0.12)	1.29	0.31
Net debt / Equity (without SFRS(I) 16)	1.47	1.58	(0.11)	1.22	0.25
Net debt / Equity (Adjusted)	0.56	0.63	(0.07)	0.34	0.22

Compared with December 31, 2020, while net debt grew by S\$463.6 million to finance acquisitions and organic Capex, equity also increased by S\$768.4 million on higher retained earnings as well as the issue of S\$400.0 million in perpetual securities during H1 2021. As a result, net gearing came down from 1.72 times to 1.60 times.

Compared with June 30, 2020, the S\$2.3 billion increase in net debt over the past year driven by the rise in both fixed and working capital needs and the impairment on our investment in OPG taken in H2 2020 caused net gearing to increase from 1.29 times to 1.60 times.

Of the S\$8.0 billion inventory position, approximately 68.9% or S\$5.5 billion were RMI that were liquid, hedged and/or sold forward, operating as near-cash assets on our balance sheet. In addition, approximately 57.8% of the S\$3.3 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 as at June 30, 2021 would be 0.56 times, reflecting the true indebtedness of our Company.

Financing

We maintained sufficient liquidity to support our working capital and Capex requirements, with a total of S\$18.6 billion in available liquidity as at June 30, 2021, including unutilised bank lines of S\$7.6 billion.

During H1 2021, the Company continued to refinance its borrowing facilities by securing the following revolving credit facilities (RCF) and bank loans, and issuing perpetual securities:

- 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. The Company further issued an additional S\$100.0 million and S\$50.0 million separately to form a single series, aggregating S\$400.0 million of perpetuals.
- Additional S\$100.0 million 4.0% fixed rate senior notes due 2026 via a private placement on the existing consolidated S\$500.0 million issued in August and September 2020.
- US\$100.0 million 5-year notes due 2026 via a private placement under Olam's US\$5.0 billion Euro Medium Term Note Programme at a fixed coupon of 3.25% payable semi-annually in arrears.

- Unique two-tier AtSource-linked sustainability financing facility aggregating US\$1,450 million and consisting of a multi-year RCF of US\$950 million and a three-year term loan facility of US\$500 million. The RCF is further split into three tranches – a one-year tranche of US\$190 million, a two-year tranche of US\$380 million and a three-year tranche of US\$380 million. Proceeds from this Facility will be used to procure various agricultural raw materials under the Company's proprietary AtSource digital sustainability platform.
- A two-year committed loan facility aggregating US\$1.0 billion to finance the acquisition of OT, which will be partially repaid with proceeds from the Rights Issue.

Post H1 2021, wholly owned subsidiary Olam Holdings successfully completed the annual refinancing of its European RCF aggregating US\$375 million. The Company also exercised its option to fully redeem and cancel its US\$500.0 million perpetual securities which were issued in July 2016, and completed the Rights Issue in July 2021.

Cash Flow Analysis

S\$ million	H1 2021	H1 2020	YoY
Operating Cash flow (before Interest & Tax)	926.8	683.9	242.9
Changes in Working Capital	355.0	560.6	(205.6)
Net Operating Cash Flow	1,281.8	1,244.5	37.3
Tax paid	(94.5)	(70.3)	(24.2)
Capex/ Investments	(1,393.3)	(107.8)	(1,285.5)
Free cash flow to firm (FCFF)	(206.0)	1,066.4	(1,272.4)
Net interest paid	(192.3)	(239.5)	47.2
Free cash flow to equity (FCFE)	(398.3)	826.9	(1,225.2)

Operating cash flow for H1 2021 improved by S\$242.9 million to S\$926.8 million, resulting in higher net operating cash flow. Gross Capex was significantly higher at S\$1.5 billion due to the acquisitions completed during H1 2021 (H1 2020: S\$315.5 million). Net Capex after disposals and divestments came to S\$1.4 billion in H1 2021 (H1 2020: S\$107.8 million). Free Cash Flow to Firm (FCFF) became negative at S\$206.0 million as against positive S\$1.1 billion in H1 2020. Net of interest, FCFE ended negative at S\$398.3 million (H1 2020: S\$826.9 million).

Segmental Review and Analysis⁵

H1 2021

Segment	Sales Volume ('000 MT)		Revenue		EBIT		Invested Capital (IC)	
	H1 2021	H1 2020 Restated	H1 2021	H1 2020 Restated	H1 2021	H1 2020 Restated	30-Jun-2021	30-Jun-2020 Restated
S\$ million								
OFI	1,893.0	1,750.3	6,791.3	6,032.0	316.3	257.4	11,228.6	8,655.6
Global Sourcing	1,580.0	1,716.2	4,696.0	5,113.7	124.6	87.8	5,191.2	4,865.3
Ingredients & Solutions	612.7	467.4	3,189.3	2,510.9	191.7	169.6	6,037.4	3,790.3
Inter-segmental sales	(299.7)	(433.3)	(1,094.0)	(1,592.6)	-	-	-	-
OGA	20,106.7	17,840.1	15,491.1	10,454.0	407.5	256.4	3,523.9	2,984.1
Food & Feed - Origination & Merchandising	16,653.4	14,968.4	10,930.8	6,929.9	145.3	89.8	283.2	264.7
Food & Feed - Processing & Value-added	2,266.6	1,814.3	1,883.4	1,325.5	130.0	114.5	1,697.6	1,872.6
Fibre, Industrial & Ag Services	1,186.7	1,057.4	2,676.9	2,198.6	132.2	52.1	1,543.1	846.8
OIL	367.7	468.0	551.0	594.5	(82.2)	(90.1)	3,185.7	3,899.2
De-prioritised/Exiting Assets	116.0	324.2	185.0	355.0	(12.8)	(35.8)	1,056.7	1,262.5
Gestating Businesses	242.5	143.8	361.7	239.5	(31.6)	(27.4)	2,125.9	2,634.7
Incubating Businesses (including corporate adjustments)	9.2	0.0	4.3	0.0	(37.8)	(26.9)	3.1	2.0
Total	22,367.4	20,058.4	22,833.4	17,080.5	641.6	423.7	17,938.2	15,538.9

Notes:

IC excludes:

- (a) Gabon Fertiliser Project (30-Jun-21: S\$262.4 million; 30-Jun-20: S\$252.3 million), and
 (b) Long Term Investment (30-Jun-21: S\$26.4 million; 30-Jun-20: S\$52.1 million)

⁵ H1 2020 financial results for the operating groups have been re-stated to reflect intra-group adjustments.

Overview of New Operating Groups: OFI, OGA and OIL

Sales Volume

In H1 2021, OGA accounted for the largest share of the Group's sales volume at 89.9% while OFI and OIL accounted for 8.5% and 1.6% respectively.

Revenue

In H1 2021, OGA's share of Group revenue was 67.8% while OFI and OIL accounted for the balance at 29.8% and 2.4% respectively.

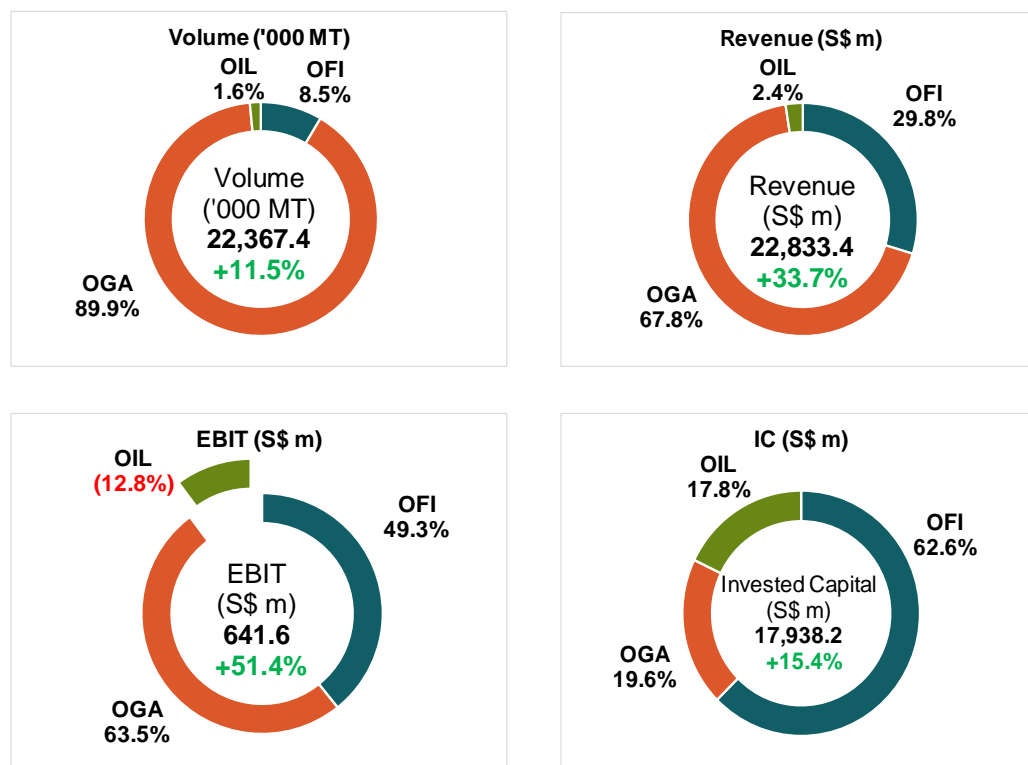
EBIT

In H1 2021, OFI's EBIT accounted for 49.3% of Group EBIT with OGA making up 63.5%. OIL's share was a negative 12.8% due to the nature of its role of carrying de-prioritised, gestating and incubating businesses and assets.

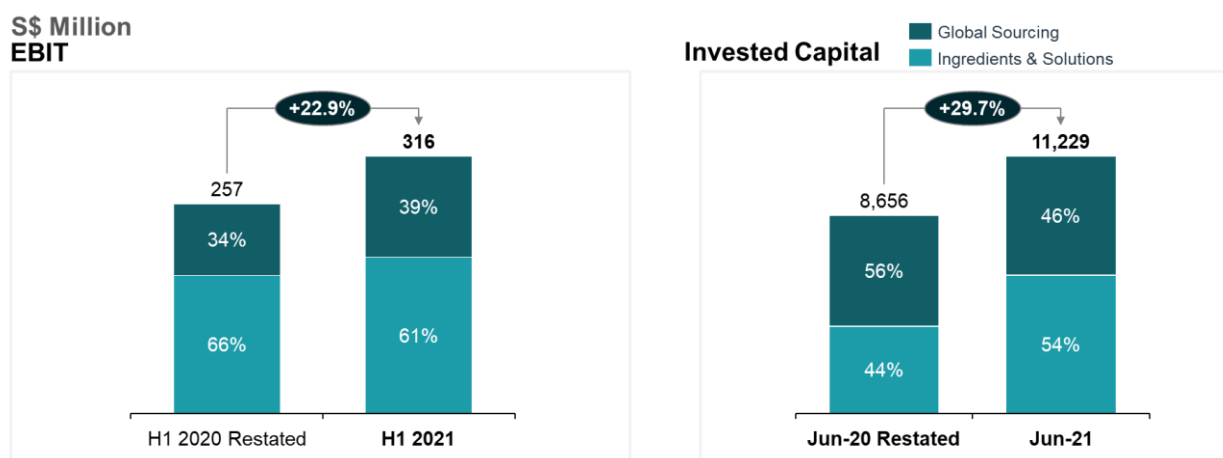
Invested Capital

For H1 2021, OFI's share of Invested Capital was 62.6% while OGA's share was 19.6%. OIL accounted for the balance of 17.8%.

Overview of OFI, OGA and OIL in H1 2021



OFI: Operating Group Level Highlights⁶



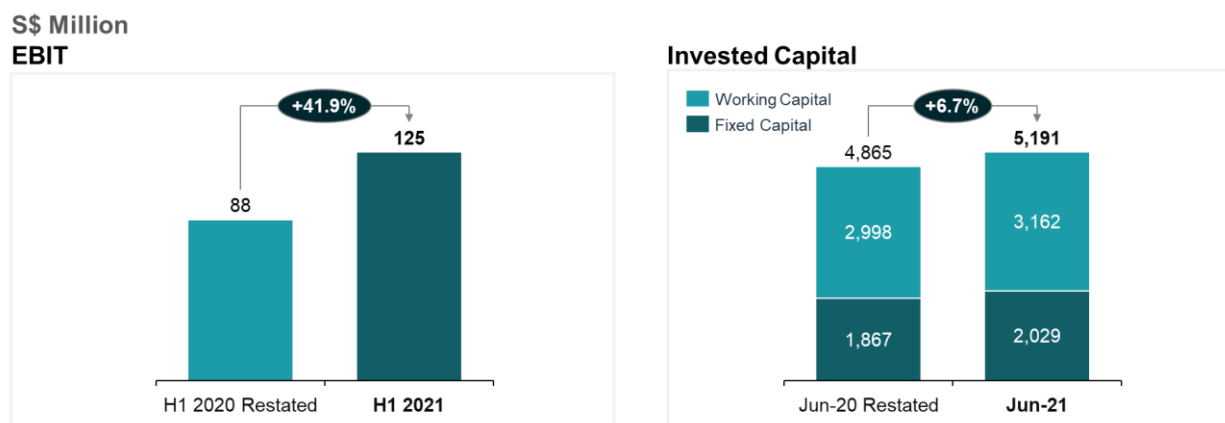
Sales volume in OFI was up 8.2% with strong growth coming from the Ingredients & Solutions segment, which compensated for the reduction in volumes from the Global Sourcing segment. Similarly, revenues rose 12.6% to S\$6.8 billion mainly due to the rise in sales revenues from Ingredients & Solutions which made up for the reduction in revenue from Global Sourcing.

OFI posted strong EBIT growth of 22.9% to S\$316.3 million year-on-year, demonstrating a strong recovery from the impact that Covid-19 had on some of its businesses in H1 2020. Both the Global Sourcing segment and the Ingredients & Solutions segment performed well during this period.

The current period under review saw invested capital increase by 29.7% or S\$2.6 billion. Most of the increase came from the Ingredients & Solutions segment due to investments and recent acquisitions in the US, including OT.

⁶ OFI's segments Ingredient Sourcing & Supply chain has been renamed as Global Sourcing and Value-added Ingredients & Solutions to Ingredients & Solutions.

OFI Segmental Level Highlights: 1) Global Sourcing



Global Sourcing reported a 7.9% decline in sales volumes for H1 2021 compared with H1 2020 mainly on reduced Cocoa volumes relative to a stronger H1 2020 Cocoa volumes, especially in Cocoa bean origination. Revenues were correspondingly lower by 8.2%.

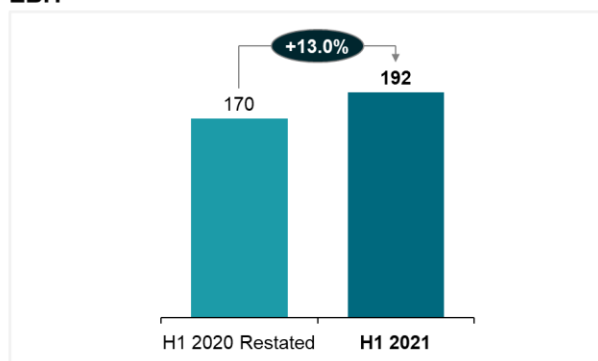
Notwithstanding the above, the segment registered a strong EBIT growth of 41.9% to S\$124.6 million, on the back of improved margins across most of the sourcing and upstream businesses in the segment, some of which was severely impacted due to Covid-19 in H1 2020. It was led by a good performance in the Coffee origination business, which also navigated significant price volatility and supply chain disruptions during this period. The focus on expanding market share in the sustainable, certified and speciality coffee markets helped deliver improved margins. Other businesses which were impacted by Covid-19 in H1 2020, such as the Dairy supply chain, recovered and posted good growth during this first-half.

The upstream Almonds business in Australia remained sluggish through most of H1 2021 as well, with some correction in prices in the recent past on the back of continuing demand and emerging supply concerns due to the drought in California. Excluding Almonds, the rest of the Nuts business fared well, particularly Cashew which had an exceptional performance. The upstream Dairy farming operations in Russia delivered both volume and margin growth in this period, with significantly improved operational parameters after commissioning its third farm in H2 2020.

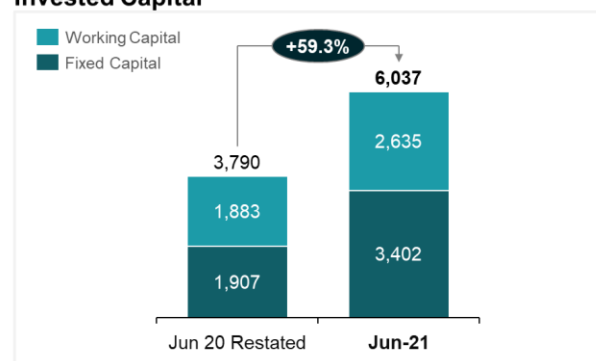
Invested capital increased by S\$325.9 million during H1 2021 on account of higher inventory levels due to early arrivals of crops like Cashew and Coffee, and higher raw material prices. Fixed capital also increased due to infrastructure improvements for its upstream operations in Australia, US and Russia.

OFI Segmental Level Highlights: 2) Ingredients & Solutions

S\$ Million
EBIT



Invested Capital



The Ingredients & Solutions segment reported a strong 31.1% growth in volumes in H1 2021. Both Cocoa processing and Soluble Coffee rebounded from the effects of Covid-19 in H1 2020 with improved volumes and revenues. The recent investments and acquisitions in the segment as well as increased volumes from new sales and innovation efforts contributed to the growth. As a consequence, revenues also grew 27.0% during this period.

EBIT increased by 13.0% to S\$191.7 million in H1 2021. Some of the businesses whose margins were adversely impacted by Covid-19 in H1 2020 recovered well, especially Soluble Coffee and the hazelnut business.

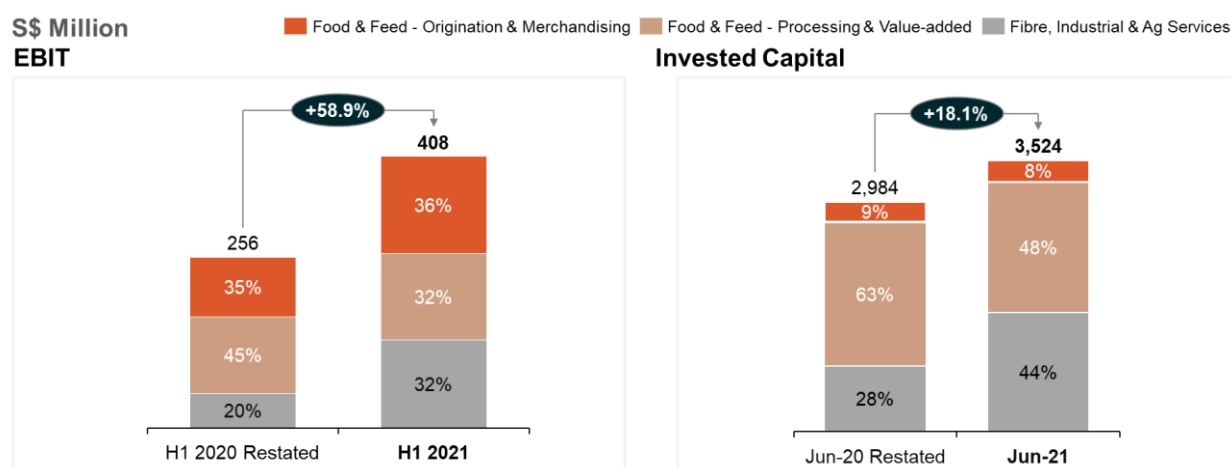
The margins in the Cocoa processing business in Europe, remained subdued during most of H1 2021, but saw both consumption and margins picking up towards the end of this period as economies reopened.

The Spices business in the US, after a year of strong growth in 2020 on pantry restocking effects, normalised in H1 2021. There were some incremental costs of integrating the new acquisitions during this period, whilst the earnings of these new businesses were not fully reflected in H1 2021 results.

Many of the manufacturing businesses in this segment also witnessed significant additional costs and delays due to reduced container availability, especially for their shipments from Asia into Europe and US.

Invested capital increased significantly by S\$2.2 billion on higher fixed and working capital. Fixed capital grew with the acquisitions in the US, as well as organic initiatives, such as the expansion of Cocoa processing and co-manufacturing facilities in Cote d'Ivoire and Vietnam respectively. Working capital also grew on acquisitions as well as higher inventory levels in Cocoa products and Soluble Coffee, which was partly price led.

OGA: Operating Group Level Highlights



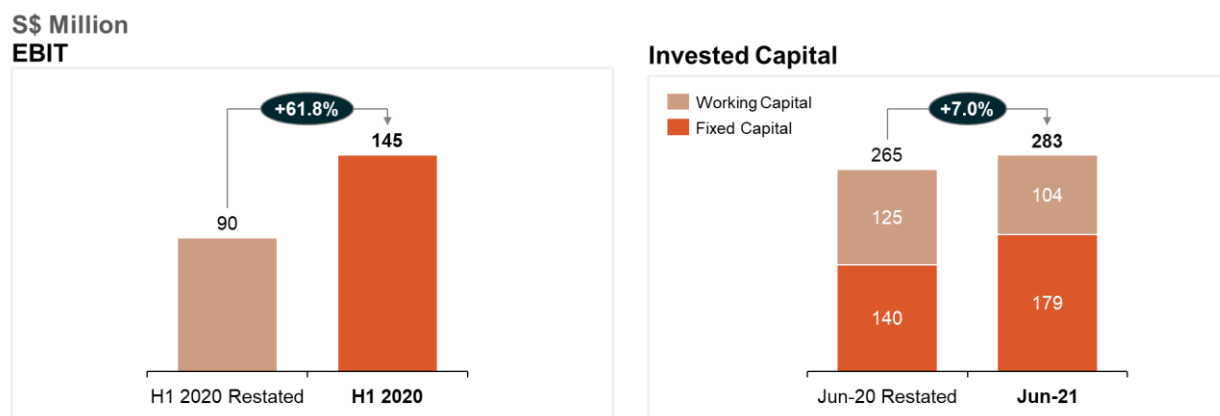
H1 2021 was a period when OGA not only continued on its strong growth path for its Food & Feed segments, but also one that saw its non-food segment, now known as Fibre, Industrial & Ag Services, bounce back from the adverse impacts from Covid-19 in 2020 to deliver record results.

OGA grew sales volume by 12.7% and revenues by 48.2% to reach S\$15.5 billion in H1 2021. Notably, all businesses under OGA contributed to this growth.

Grains, Integrated Feed & Proteins was a consistent performer during the first-half as milling margins improved with higher capacity utilisation. The Rice business reported an all-round, strong performance across its farming, milling, origination and merchandising, and distribution activities, which continued to benefit from our sourcing capabilities, strong demand, market share gains from the exit of certain market participants and the resulting market consolidation in Africa since the second half of last year. The Fibre, Industrial & Ag Services segment turned the corner in H1 2021 on strong recovery in cotton demand as capacity utilisation of textile mills in the major textile producing centres, such as China, the Indian sub-continent, Vietnam and Indonesia, significantly improved. Edible Oils, which was significantly impacted by the reduction in out-of-home consumption, fall in prices and counterparty defaults last year, experienced a recovery amid strong market demand growth in key markets.

EBIT surged by 58.9% to S\$407.5 million with higher contribution from all segments, including an exceptional performance by the Fibre, Industrial & Ag Services during this first-half. OGA's overall EBIT per tonne rose from S\$14 in H1 2020 to S\$20 in H1 2021.

Overall invested capital went up by S\$539.8 million primarily on the increase in invested capital in the Fibre, Industrial & Ag Services segment due to both higher volumes and prices during H1 2021.

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


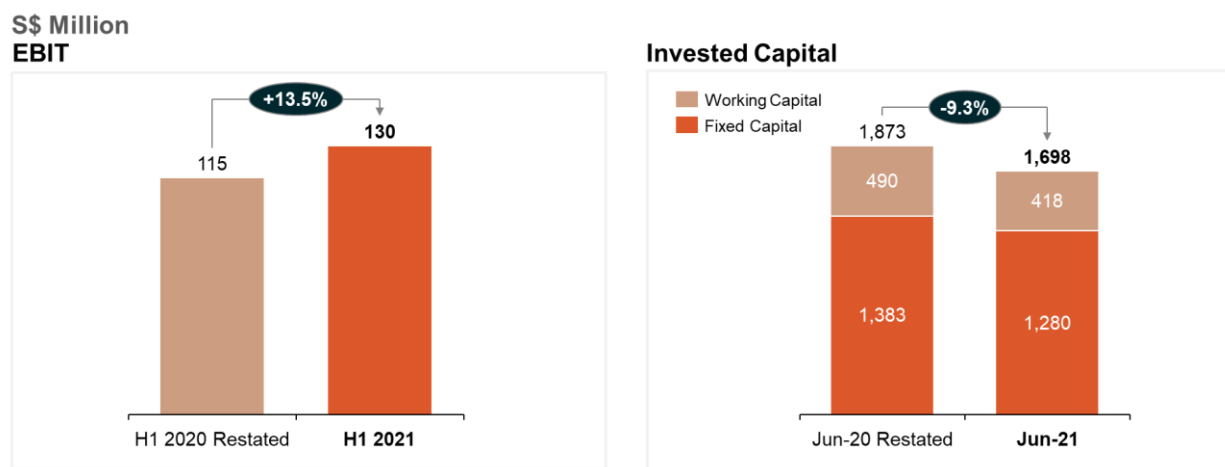
The Food & Feed - Origination & Merchandising segment of OGA posted an 11.3% growth in sales volume. Rice and Grains volumes led the growth as these businesses were boosted by the growing demand for food staples in major markets along with the consolidation of the rice industry in Africa, and the strong trade flows in grains between South America and China.

Revenues were up 57.7% on sales volume growth as well as higher rice and grains prices. EBIT corresponded with a 61.8% increase to S\$145.3 million, raising margin per tonne from S\$6 in H1 2020 to S\$9 in H1 2021. Larger Grains origination & merchandising volumes in corn and wheat between Brazil and the Black Sea into Asia and Middle-East, combined with a strong customer relationships, disciplined risk management and good freight management led to its improved performance in both top line and EBIT compared with the prior year.

The surge in rice exports from India amid the supply squeeze in the key producing countries in Asia in the second half of 2020 positioned us well for entering new markets, including North Africa and the Middle-East during H1 2021 where there was a strong pick up in demand. Overall, our margins for Rice were up, resulting in a significant improvement in EBIT over H1 2020.

Edible Oils trading also contributed to the growth in EBIT as out-of-home consumption of edible oils resumed in Asia and Africa with Covid-19 lockdowns and restrictions gradually lifted. The Indian ban on refined palm olein imports was also lifted in June 2021 and is expected to restore volumes in the country as it begins to recover from the worst impact of the pandemic.

Invested capital increased by S\$18.5 million in H1 2021 as fixed capital increased with the recognition of right-of-use assets on freight vessels. Working capital eased as the rise in sales volumes and prices was offset by tighter working capital norms and higher supplier credit during this period.

OGA Segmental Level Highlights: 2) Food & Feed - Processing & Value-added⁷


The Food & Feed - Processing & Value-added segment delivered a strong 24.9% increase in sales volume that was mainly driven by Grains, Integrated Feed & Proteins manufacturing, Edible Oils processing and Rice distribution during H1 2021. Revenues surged by 42.1% on volume and market share growth. Demand for these food staples remained strong with the pantry restocking effects still playing out as Covid-19 continues its spread in the region.

EBIT increased by 13.5% to S\$130.0 million. Grains' Wheat Milling & Pasta manufacturing and the Integrated Feed & Proteins business continued to perform well during this first-half as capacity utilisation peaked across these operations. The full positive impact from the acquisition of Dangote Flour Mills in Nigeria had led to very high efficiency levels in Wheat Milling & Pasta manufacturing while the Integrated Feed & Proteins side saw higher volumes and margins for its poultry and fish feed manufacturing.

Our branded and premium Rice distribution business continued to enjoy all-round performance across markets in Africa, particularly in Ghana, Cameroon and Mozambique where we have built our own distribution networks along with a strong brand franchise. Amid growing local demand, our integrated Rice farming and milling in Nigeria fared well.

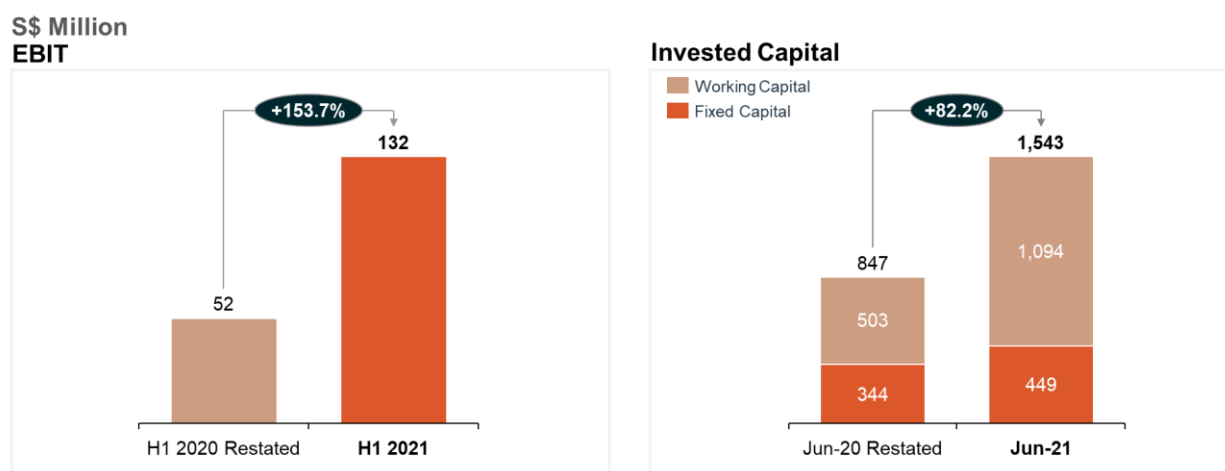
Meanwhile, despite the ban on the import of CPO into Nigeria, our Edible Oil processing business was able to source CPO locally within the country for processing and distribution to meet local needs as consumption resumed.

The strong performance by Grains, Integrated Feed & Proteins, Rice and Edible Oils was however partly offset by the underperformance of the sesame business, resulting in a decline in margin per tonne from S\$63 in H1 2020 to S\$57 in H1 2021.

⁷ The segment now includes specialty grains and seeds, such as sesame, chia seeds and quinoa, which were previously under OFI.

Invested capital decreased by S\$175.0 million in H1 2021 as working capital declined with tighter norms during this period.

OGA Segmental Level Highlights: 3) Fibre, Industrial & Ag Services⁸



Sales volume at OGA's Fibre, Industrial & Ag Services segment grew by 12.2% in H1 2021 on higher Cotton volumes as a result of strategic investments made during 2019 and 2020. Revenues were also up by 21.8% on both volume growth and higher prices across most products.

The segment registered a significant jump in EBIT by 153.7% to S\$132.2 million. Our Cotton business experienced a strong recovery in demand from Covid-19 impacts even as cotton prices escalated during H1 2021. The capacity utilisation of textile mills in the major textile producing centres, including China, the Indian sub-continent, Vietnam and Indonesia, which contracted due to the Covid-19 lockdown measures last year, recovered to normal levels in H1 2021. Australia's cotton production, which was affected by the drought in 2020, also normalised during the first-half, leading to higher ginning income compared with H1 2020. Its results were further enhanced by a strong contribution from the integrated ginning operations in Cote d'Ivoire, Chad, and NSCT, which it started consolidating since late 2020.

The Rubber processing business in Cote d'Ivoire also benefited from improved volumes and margins supported by strong rebound in prices during this period. Our sustainable forestry concessions and saw milling operations in the Republic of Congo fared better than H1 2020 as the demand for sustainable forestry products by the construction sector in developed markets saw a strong recovery during this period, particularly in Europe where government spending had increased significantly for rebuilding economies that were battered by the Covid-19 pandemic.

⁸ Fibre & Ag Services has been renamed as Fibre, Industrial & Ag Services to include the Wood Products sustainable forestry concessions and saw milling operations in the Republic of Congo and the Rubber processing in Cote d'Ivoire and related supply chain operations.

Commodity Financial Services' funds management business also delivered a creditable performance in H1 2021 after successfully navigating the global uncertainties in the macro, commodity and equity markets.

All of the above helped lift EBIT per tonne from S\$49 in H1 2020 to S\$111 in H1 2021.

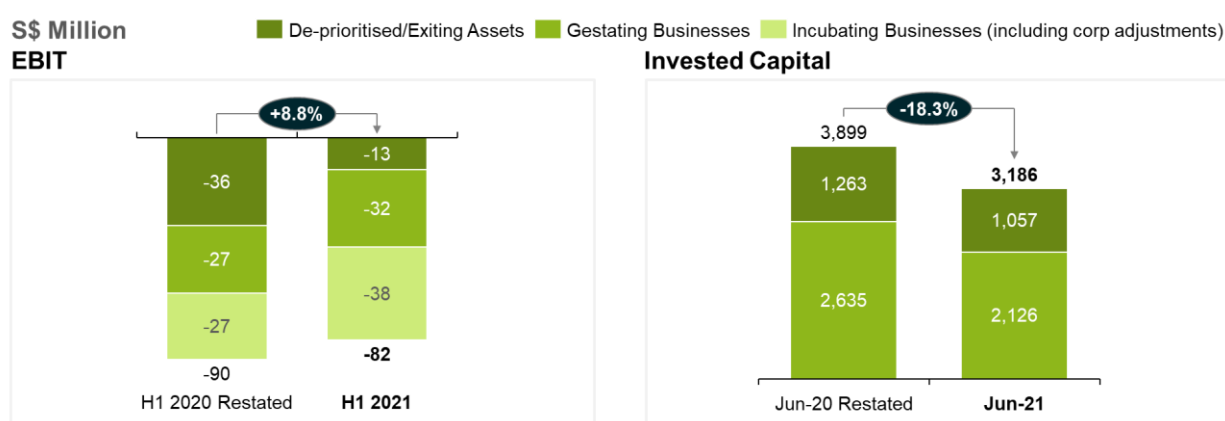
Invested capital increased by S\$696.3 million in H1 2021. This was mainly due to working capital rising as a result of volume growth and sharply higher prices during the period. Fixed capital also increased due to the acquisitions made in H2 2020, including NSCT, and expansion in cotton farming in Australia.

OIL: Operating Group Level Highlights

OIL continued to see its top line decline as sales volumes dropped by 21.4% in H1 2021 post the divestments and closures of de-prioritised assets, including the shutdown of Olam Tomato Processors (“OTP”) in the US, the exit from sugar refining in Indonesia and the disposal of one of our two sugar mills in India in 2020. Revenues also declined, posting a 7.3% reduction to S\$551.0 million for the period.

However, OIL ended the first-half with lower losses at S\$82.2 million (H1 2020: -S\$90.1 million). Although the De-prioritised/Exiting Assets were able to reduce its losses from S\$35.8 million to S\$12.8 million in H1 2021, these were offset by higher losses incurred by the Gestating Assets and Incubating Businesses.

Invested capital decreased by S\$713.5 million primarily on divestments and the closure of Olam Tomato Processors (“OTP”), as well as the impairment on our investment in OPG in H2 2020, which was partly replaced by developmental expenditure in the plantations.



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

The reduction in losses reported for the De-prioritised/Exiting Assets was primarily due to lower losses from NZFSU, the Coffee plantations and the beverages business in Nigeria, and the absence of losses from OTP after it was shut down in 2020.

Approximately S\$205.8 million in invested capital were reduced by the end of H1 2021. The relevant property, plant and equipment in OTP amounting to S\$38.8 million has been classified as non-current assets held for sale and is expected to be disposed of by the end of 2021.

OIL Segmental Level Highlights: 2) Gestating Businesses

Both OPG and Packaged Foods achieved better performance in H1 2021. OPG saw its production yields improve year-on-year due to various ongoing initiatives along with matured acreage increase, and better margins were realised due to the increase in CPO prices. Packaged Foods reported higher volumes, revenues and margins. Most of its product categories improved their market shares across both Nigeria and Ghana.

The ARISE infrastructure and logistics businesses, however, continued to be affected by the Covid-19 restrictions and the associated economic impact on the region's ports, logistics and industrial sectors. The ARISE group's airport, general cargo and mineral cargo operations have therefore been operating below capacity since the onset of the pandemic, resulting in the overall weaker performance by the segment.

Invested Capital in Gestating Businesses came down by S\$508.8 million mainly due to the OPG impairment taken in H2 2020.

OIL Segmental Level Highlights: 3) Incubating Businesses

We continued to invest and make steady progress in incubating the six Engine 2 growth initiatives, including a digital farmer services platform "Jiva", a B2C "Adva" and a B2B "GreenPass", a sustainability lifestyle environmental foot printing and solutions app and a smart carbon management platform respectively, a 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	H1 2021	H1 2020
Other Income[^]	32.6	23.8
Other Income	37.6	100.1
Less: Exceptional items	5.0	76.3
Cost of sales[^]	(21,131.9)	(15,504.9)
Cost of sales	(21,145.8)	(15,546.4)
Less: Exceptional items	(13.9)	(41.5)
Selling, general and administrative expenses[^]	(802.0)	(704.0)
Other operating expenses[^]	4.0	(210.9)
Other expenses	(804.2)	(915.8)
Less: Exceptional items	(6.2)	(0.9)
Share of results from joint ventures and associates[^]	5.7	8.0
Share of results from joint ventures and associates	5.7	104.7
Less: Exceptional items	-	96.7

[^] as stated in MD&A

Annex 2: Description of Operating Groups

OFI: Comprising industry-leading Cocoa, Coffee, Nuts, Spices and Dairy businesses, OFI is a global leader offering sustainable, natural, value-added food ingredients so consumers can enjoy the healthy and indulgent products they love. OFI has built a unique and complementary portfolio across the full ingredients value chain, including its own farms, farm-gate origination, manufacturing facilities and innovation centres. It partners with customers, leveraging its 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, Integrated Feed & Proteins, Edible Oils, Rice, Cotton, other agri-products and Commodity Financial Services, OGA is a market leading and differentiated food, feed, and fibre global 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 holding company of OFI and OGA, Olam International (“OIL”) provides interim stewardship to the operating groups until carve-out, IPO and demergers are completed, while ensuring the 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 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) while exploring opportunities to partially or fully monetise these investments over time. 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 investment platform, the “Re~” B2C purpose brands business, and an externalised digital sustainability project built from its proprietary AtSource platform.

Annex 3: 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.