

Olam International Limited

25th Annual General Meeting

Singapore | May 20, 2020



Sharpening
Focus

Accelerating
sustainable growth

Cautionary note

on forward-looking statements

This presentation may contain statements regarding the business of Olam International Limited and its subsidiaries ('Group') that are of a forward-looking nature and are therefore based on management's assumptions about future developments.

Such forward looking statements are intended to be identified by words such as 'believe', 'estimate', 'intend', 'may', 'will', 'expect', and 'project' and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors.

Potential risks and uncertainties includes such factors as general economic conditions, foreign exchange fluctuations, interest rate changes, commodity price fluctuations and regulatory developments. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward-looking statements.



Agenda

- **Financial Performance: 2019 and Q1 2020 highlights**
- **COVID-19 Impact & our Response**
- **Re-organisation Plan**



2019 results

At a glance



Volume

39.8 M MT
+20.9%

EBITDA

S\$1,552 M
+25.6%

PATMI

S\$564 M
+62.2%

Operational PATMI

S\$498 M
+43.7%

Free Cash Flow

+FCFE
S\$135 M

Gearing

from 1.32x to
1.38x

2019 results

Highlights



Successfully executed first year of 2019-2024 Strategic Plan



- ↑ Strong top line and bottom line growth in Sales Volume, EBITDA & Operational PATMI
- ↑ Positive FCFF and FCFE
- ↑ Improved EBITDA/IC at 10.2% (2018: 8.1%)
- ↑ ROE at 9.1% (2018: 5.3%)

Higher Dividend



- Board of Directors recommends final dividend of 4.5 cents per share
- Including interim dividend, total dividend of 8.0 cents per share for 2019 (2018: 7.5 cents)

Maintained strong balance sheet



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

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

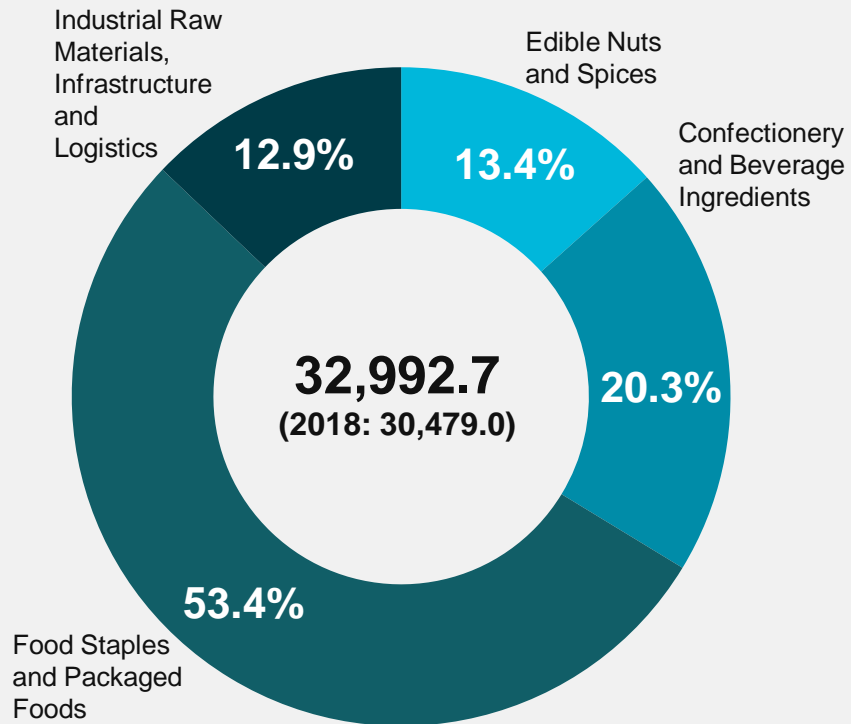


- Simplify portfolio: Create 2 distinct operating groups: Olam Food Ingredient (OFI) & Olam Global Agri (OGA). OIL to provide stewardship and act as an accelerator for building future growth engines**
- Sharpen focus: Enhance performance & attract talent**
- Attract additional investors**
- Accelerate profitable growth: Raise new growth capital via potential carve-out / IPO**

2019 results

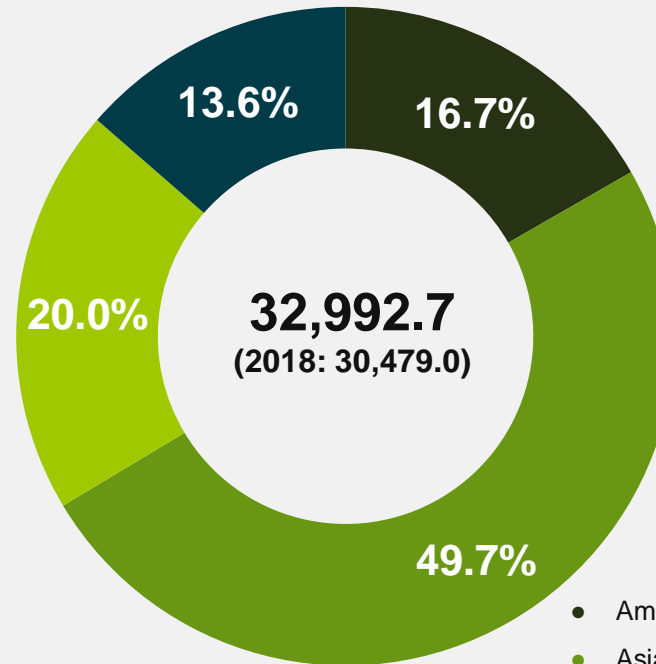
Diversified across products and regions

2019 Sales Revenue By Segment
(S\$ MILLION)



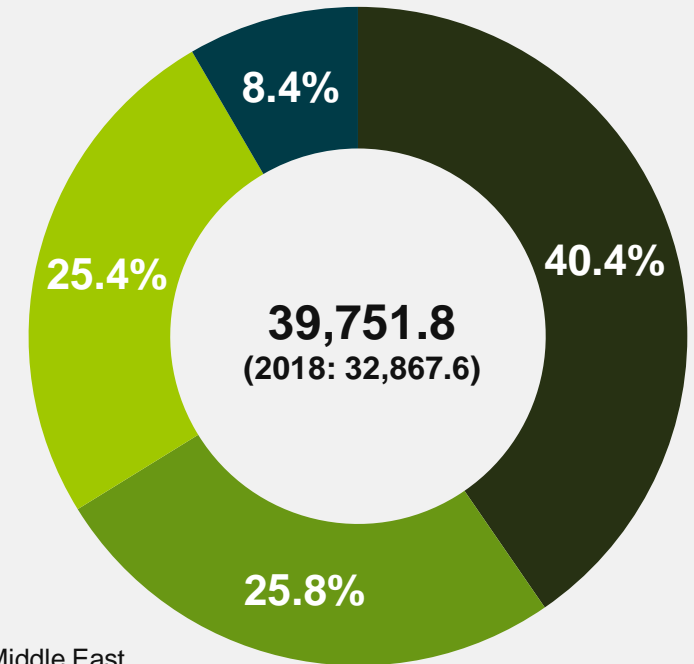
>80% of portfolio is food and food related

2019 Sales Revenue By Region
(S\$ MILLION)



Diversified across markets

2019 Sourcing Volume By Region
(‘000 METRIC TONNES)

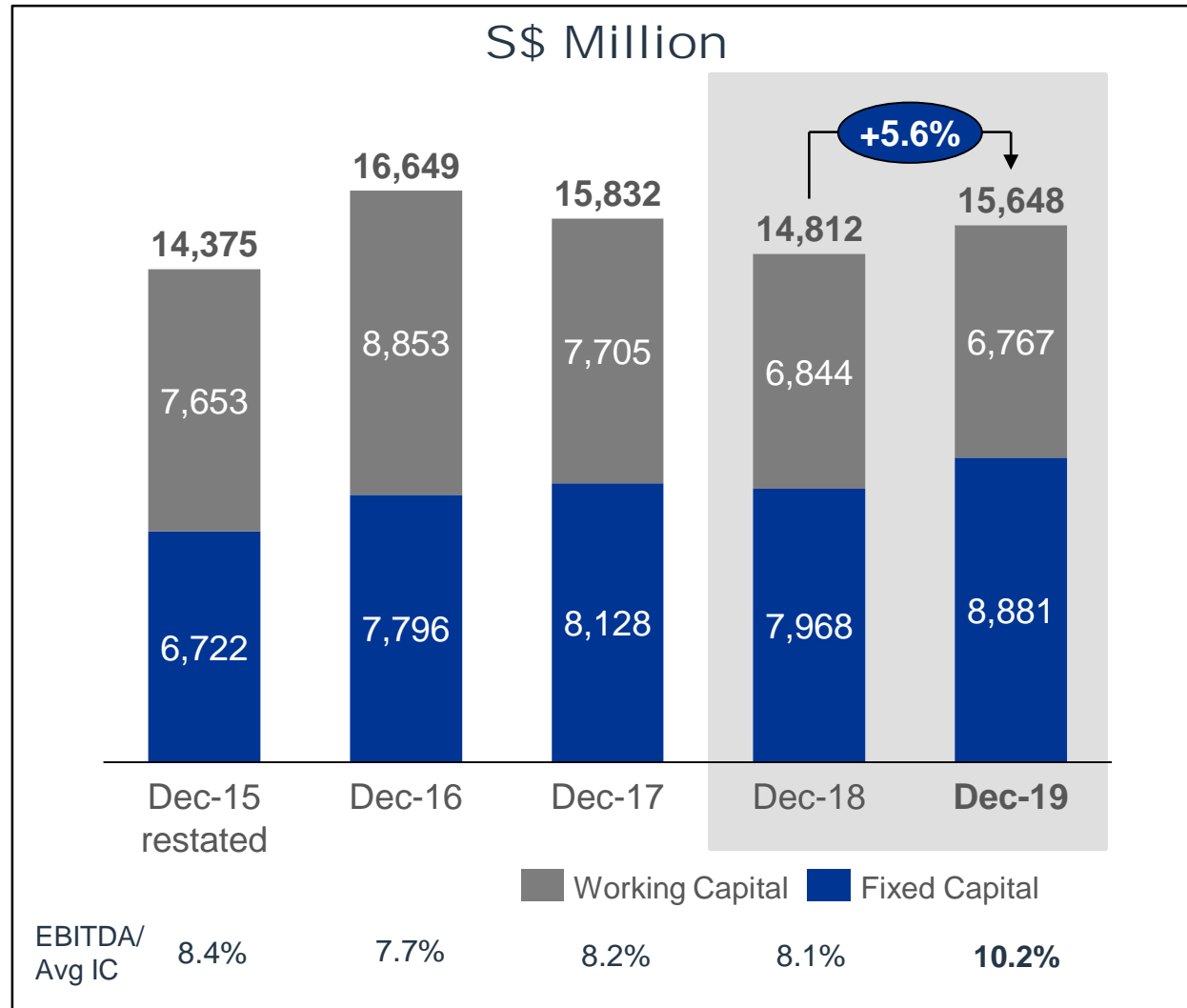


Diversified across markets

- Americas
- Asia, Australia, Middle East
- Europe
- Africa

2019 results

5.6% increase in invested capital



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

Invested Capital excludes:

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

Q1 2020 results

At a glance



Volume

8.4 M MT
-1.2%

EBITDA

S\$391 M
-7.0%

PATMI

S\$179.1 M
+6.1%

**Operational
PATMI**

S\$136 M
-24.9%

**Cash and cash
equivalents**

S\$4.5 B
+S\$2.0 B

Gearing

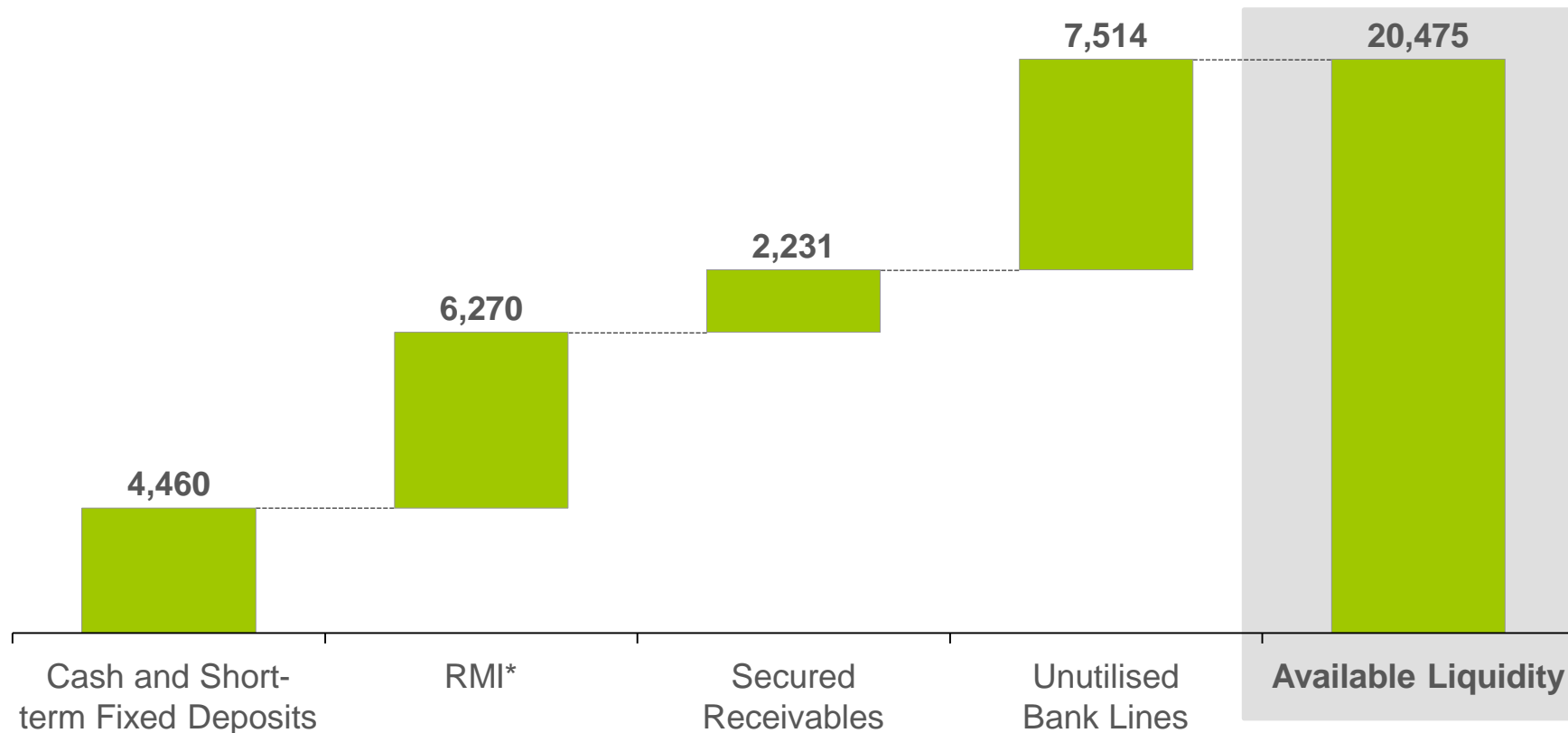
from 1.35x to
1.53x

Q1 2020 results

Ample liquidity



Total available liquidity, S\$ Million as at March 31, 2020



Post Q1 2020, we secured multi-tranche financing facilities aggregating US\$176.0 million from IFC and JICA. The facility consists of two tranches – a 5-year term loan of US\$120.0 million and a 7-year term loan of US\$56.0 million.

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



COVID-19 Impact
&
Our Response



Covid-19 : Potential Impacts

- **Demand side:** Potential demand destruction and consequent volume volatility; commodity price volatility and consequent pressure on margins; increased risk of counterparty defaults
- **Supply side:** Potential forced factory closures as a result of containment measures; disruption to raw material supplies; restrictions in movement of labour and labour availability; cross border movement restrictions for goods; ports lockdowns
- **Financial markets:** Liquidity crunch, higher spreads and liquidity premiums with consequent increase in cost of borrowings; currency devaluation against USD with consequent margin reduction; recent corporate defaults / liquidations, particularly in Asia, leading to increased caution in the banking sector

Covid-19: Demand side impacts

- **Food service demand declining:** Steep decline in dine-in & out of home consumption; demand for delivery spiked but not enough to make up for decline in dine-in
- **Grocery retail demand growing:** Packaged foods/grocery retail growing strongly; online groceries growing even faster; essentials and staples (e.g. rice, instant coffee, frozen meats, canned soups) growing faster; consumers are shifting towards well-recognised brands
- **Agri-supply prioritised:** Countries are prioritising agri supply but labour participation/availability is impacted/limited; Increased restriction in international movement of food staples as producing countries prioritise domestic stockpiles
- **For Olam, impact on demand varied across products:**
 - We experienced lower demand in some **non-food categories** like Cotton and in food products with significant out-of-home consumption like Edible Oils and Coffee.
 - We also saw lower demand in **Almonds & Dairy** due to the lockdown in China in Q1 2020.
 - 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.

Covid-19: Our response

5 priorities



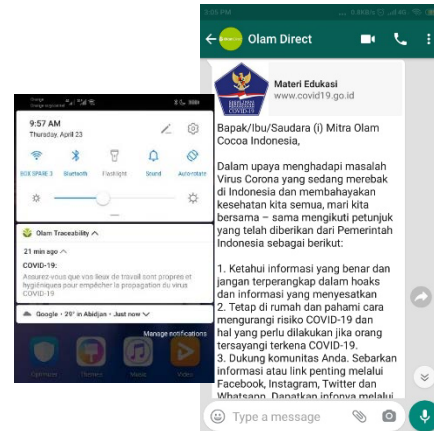
- ① **Primary focus** has been to **ensure health and safety** of our **employees & food safety** of our **customers**
- ② **Business Continuity Plans activated in all key countries** & sites in Africa, Americas and Asia; includes guidelines on how to approach lifting of lockdowns and shelter in place policies for all offices, manufacturing facilities and plantations globally
- ③ To **mitigate impact** on **demand, supply** and **financial markets**, we are already executing several **“handbrake” levers** across the company:
 - **Reduce SG&A expenses**
 - **Reduce working capital** by improving cycle times & reducing inventories
 - **Reduce capital expenditure**
- ④ A **tiered mitigation plan in place** to pull additional **“handbrake” levers** in the event of a second wave. We have also **drawn up a plan for more significant mitigating measures (“break glass” levers)** should situation further deteriorate
- ⑤ Concurrently, **we are supporting our stakeholders, particularly farmers and communities in vulnerable countries**, and **preparing for evolving our business model in a post COVID-19 world** in consultation with supply chain partners

Supporting farmers, communities & ecosystems

Olam has already committed to providing humanitarian aid of US\$5 million

Supporting **public-awareness campaigns** and installing additional sanitation facilities:

- Health updates and advice issued via our **digital platforms** OFIS and Olam-Direct to reach ~20,000 cocoa & coffee farmers in Indonesia; AgriCentral for 1.2 million farming families in India; Digital Supplier Engagement apps for 1,400 cooperatives and licensed buying agents in Côte d'Ivoire.



- 35 handwashing pumps** manufactured by SECO in Côte d'Ivoire, as part of a donation of medical and sanitation supplies worth US\$18,000, to local authorities in the Tchologo region.

Provided **Medical relief efforts** worth over US\$600,000 to national health authorities and hospitals; Distribution of **food supplies** to rural communities and frontline workers



- US\$100,000 of medical equipment** and essential food supplies donated to state governments in Nigeria



- Olam Grains teamed up with prominent bakeries in Ghana to provide US\$8,500 worth of freshly baked bread to frontline health workers and hospital patients

- Distribution of **2 months' supply** of food essentials and cleaning materials to **Orphanage and Children's Hospital** in Senegal.



- Construction of **quarantine hospital** by CIB in DRC – part of a 300 million CFA (US\$495k) commitment to support COVID relief efforts.



- **With 80-85% of our revenues in the food category where demand is less sensitive to recession or economic downcycles, we believe we will be able to better navigate the demand led uncertainties around COVID-19.**
- **However, the impact of COVID-19 on Q2 2020 and the rest of the year remains very uncertain** with a wide range of outcomes that could impact demand and supply conditions across different geographies, businesses and financial markets.
- **We have been proactive in controlling costs and conserving cash to mitigate against potential adverse impact** from the COVID-19 crisis. We stand ready to pull additional levers if situation worsens.
- We will **continue to monitor and assess this impact on a more dynamic basis** rather than on a fixed planning cycle basis and provide an assessment along with unaudited financial statements for the first-half ending June 30, 2020 or earlier, if material developments arise.



Re-organisation Plan



Re-organisation Plan

Reshaping our business



Olam's current strong foundation
(built over 30 years)

Strategic Plan
(2019-2024)

Re-organisation Plan
(January 2020 onwards)

Olam announced its new **Strategic Plan** for the period **2019-2024** in January 2019.

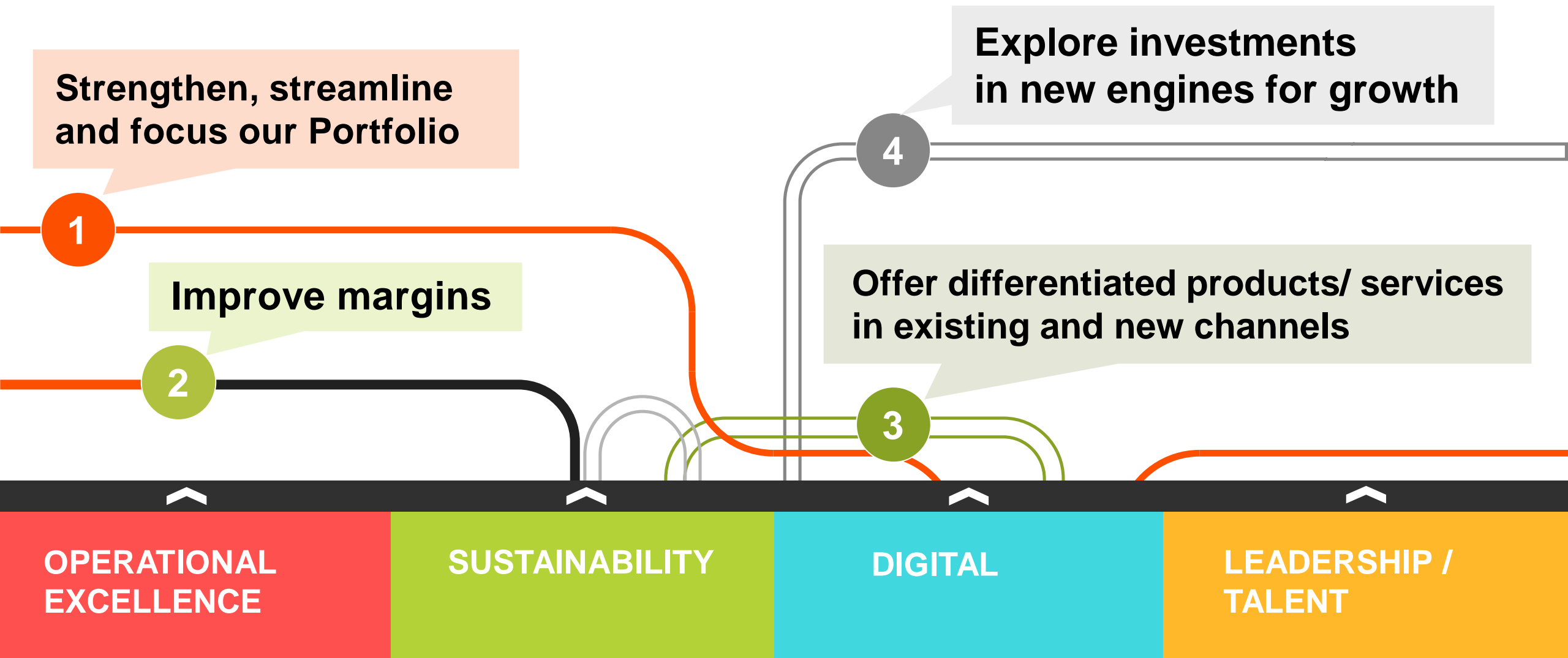
Since then, the Company decided to explore options that would **unlock further value** over and above our Strategic Plan on a sustained basis by **Re-organising** our portfolio.

In **May 2019**, the **Company appointed 2 independent Financial Advisors (FAs)** – **Credit Suisse** and **Rothschild & Co.** to conduct this exercise.

Building in part on the FAs' recommendation, Olam has decided to **Re-organise its portfolio** of businesses to create **two new coherent operating groups: Olam Food Ingredient (OFI)** and **Olam Global Agri (OGA)**

Strategic Plan 2019-24

4 goals, 4 pathways and 4 enablers



2019-2024 Strategic Plan progress

Pathway 1 : Streamline, focus and strengthen portfolio



Divesting deprioritised businesses & related assets, and recycling capital

In addition to the FY19 divestments (US\$573m): US\$109m released from the sale of balance 50% stake in PT DUS, and dilution of stake in ARISE P&L through APMC sale

US\$682m

of Invested Capital released in FY19 & Q1 FY20
(41% of US\$1.6b targeted over the FY19-24 period)

Investing further in prioritised businesses

In addition to the FY19 investments (US\$935m): expansion of spices grinding business in Vietnam, plant efficiency increase in Almond Australia operation, OPG, etc. made in Q1 2020

US\$1,025m

of investments (organic & inorganic in FY19 & Q1 FY20 vs US\$3.5b planned over the FY19-24 period)

29% of the planned investment over the Plan period invested by Q1 2020

2019-2024 Strategic Plan Progress

Pathway 2 : Improve margins through cost & capital productivity

a) Cost efficiency

~US\$90m

of cost reduction & productivity improvement

b) Capital productivity

US\$1.0b less invested capital than Strategic Plan in FY19

US\$1.2b less invested capital than Strategic Plan in FY20

99 days

Cycle Time

1.53x

Gearing

2019-2024 Strategic Plan Progress

Pathway 3a : Value-added offerings



AtSource Re-imagined by Olam

Expanded AtSource+

16 **30**
Products Origins

141 **200k+**
customers farmers

The most complete & comprehensive sustainable sourcing platform in the B2B marketplace

Risk Management Solutions

89 Embed % at
new clients acquired* **15%**
up from 11%
Y-o-Y

Value-added Services

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

Innovation : Further pivot to Ingredients

- Capability building – Business wise innovation function, processes, portfolio strengthening
- Multiple new products developed and strong pipeline of initiatives in place
- Partner with customers – Mondelez, Nestle, Costco, Aldi, McCormicks, General Mills
- Adding innovation talent and experts

2019-2024 Strategic Plan Progress

Pathway 3b: Expand into new customer segments and channels

Private Label / Contract Manufacturing and Food Service Solutions

11 Large private label customers

13 Large private label customers in pipeline

~US\$75m Incremental revenues in Q1 FY20

E-Commerce

963

New customers

US\$67m

of Revenue

2019-2024 Strategic Plan Progress

Pathway 4: Exploring 5 new engines for growth (Engine 2)



Criteria for Engine 2 initiatives:

- **Aligned to our purpose** – addressing agri & food-industry disruptions
- **Material opportunity** – large enough opportunities that can become new engines of growth for Olam in the 6 year planning cycle time-frame
- **Counterpoint to the core business** – higher margin, lower volatility / cyclicity, lower capital intensity
- **Leveraging Olam's core strengths & unique assets** (including **digital & sustainability advantage**)
- **Smart investing** rather than asset-heavy capital led models

Beyond Strategic Plan

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



Olam International (OIL)

1) Stewardship

- **Holding company** for OFI & OGA
- **Parenting advantage** (ensure continuity of the "Olam Way", execute cross-cutting initiatives across the Olam Group)
- **Provide shared services** to OFI & OGA to optimise synergies

2) Accelerator

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



Olam Food Ingredients (OFI)

- Industry-leading businesses offering sustainable, natural, value-added food ingredients which are "on-trend"
- Comprises 5 BUs: Cocoa, Coffee, Edible Nuts, Spices & Dairy



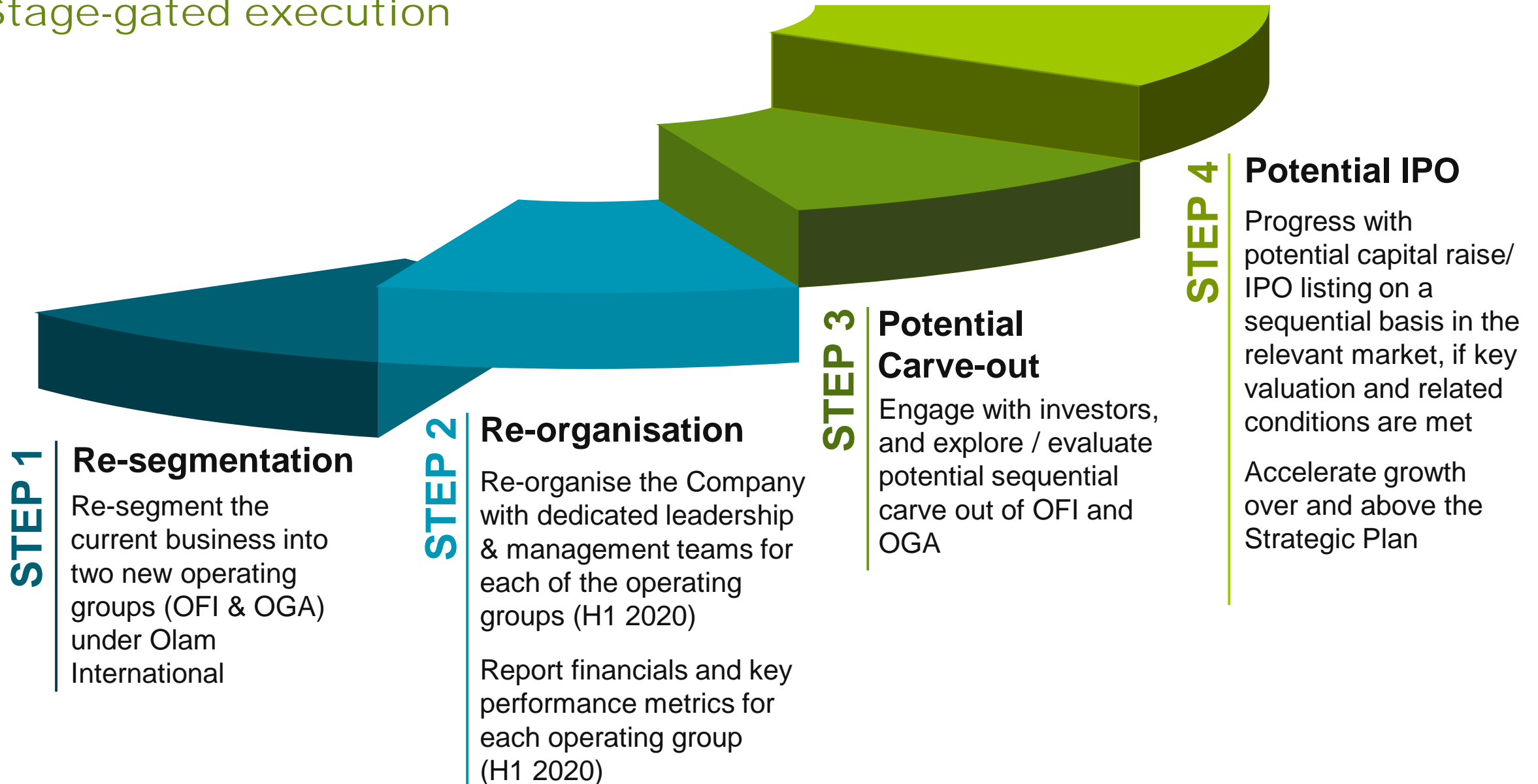
Olam Global Agri (OGA)

- Differentiated global agri- business with unique focus on high-growth emerging markets
- Comprises 5 BUs: Grains and Animal Feed & Protein, Edible Oils, Rice, Cotton, Commodity Financial Services



Re-organisation Plan

Stage-gated execution





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