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Olam

BUSINESS PERFORMANCE UPDATE

Singapore, June 22, 2021 – Olam International Limited (the "Company" or "OIL", together with its subsidiaries, the "Group") refers to its announcement on the proposed renounceable underwritten rights issue (the "Rights Issue") issued today (the "Rights Issue Announcement"). Unless otherwise defined, capitalised terms in this announcement shall have the same meaning as the terms defined in the Rights Issue Announcement. In the interest of providing relevant and timely information to Shareholders in the context of the Rights Issue, the Company wishes to provide a brief business update and outlook, including a summary of the Group's unaudited results for the quarter ended March 31, 2021 ("Q1 2021") and a discussion of the Company's operating environment during the period from April 1, 2021 up till the date of this announcement, as set out below:

Summary unaudited results for Q1 2021

S$ million	Q1 2021	Q1 2020	% Change
Volume ('000 MT)	8,560.7	8,360.0	2.4
Revenue	8,795.6	7,684.0	14.5
EBIT^	254.5	260.2	(2.2)
PAT	137.8	166.4	(17.2)
PATMI	**155.6**	**179.1**	**(13.1)**
Operational PATMI^	**157.0**	**135.9**	**15.5**

^Excluding exceptional items

Group Operational PATMI (Profit After Tax and Minority Interest excluding exceptional items) grew by 15.5% to S$157.0 million in Q1 2021 (Q1 2020: S$135.9 million).

Group PATMI declined by 13.1% to S$155.6 million (Q1 2020: S$179.1 million) mainly due to the absence of net exceptional gains in Q1 2021 as compared to the previous corresponding period. The previous first quarter had recorded net exceptional gains of S$43.2 million arising from the divestment of our entire stake in Far East Agri (Indonesian sugar refinery) and partial stake sales in the ARISE infrastructure and logistics businesses.

Group Sales Volume rose by 2.4% to 8.6 million metric tonnes with growth coming from operating groups, Olam Food Ingredients ("OFI") and Olam Global Agri ("OGA"). Due to higher commodity prices and higher average selling prices, Group revenue increased by 14.5% to S$8.8 billion (Q1 2020: S$7.7 billion).

Group EBIT declined by 2.2% to S$254.5 million in Q1 2021 (Q1 2020: S$260.2 million) as improved business performance was offset by higher depreciation and amortisation charges.

OFI had a modest decline in EBIT on account of continued headwinds around the Cocoa processing business in Europe and the upstream Almonds business since last year. All other OFI businesses had a good start to the year.

OGA's EBIT remained stable as the improved performance in Rice, Cotton and Edible Oils was offset by a relatively lower performance in our Grains platform, compared to an exceptionally strong performance in Q1 2020.

OIL ended the quarter with a significantly lower EBIT loss as its De-prioritised/Exiting Assets and Gestating Assets narrowed their losses from the prior year.

Gearing and liquidity

As at March 31, 2021, the Group had cash and cash equivalents of S$3.8 billion (March 31, 2020: S$4.5 billion; December 31, 2020: S$3.1 billion) and total available liquidity of S$18.2 billion, including S$6.0 billion of unutilised credit facilities and S$8.4 billion of Readily Marketable Inventories ("RMI") and secured receivables.

Net gearing as at March 31, 2021 stood at 1.72 times (March 31, 2020: 1.53 times; December 31, 2020: 1.72 times), with adjusted gearing net of RMI and secured receivables at 0.50 times (March 31, 2020: 0.35 times; December 31, 2020: 0.63 times).

Operating conditions and business outlook for H1 2021

Despite the on-going Covid-19 pandemic, we have observed a discernible pick-up in demand in Q1 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, Japan, and Southeast Asia. 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 Q1 2021. However, the pace of economic recovery across the world is uneven and certain regions, including South 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 a greater demand for at-home food consumption globally and 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 both safe and healthy. 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

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 has benefited from the pantry restocking effects both at the household and retail level with the onset of the Covid-19 pandemic, and continues to enjoy greater demand for at-home cooking and for healthy, natural, organic, clean-label spices and ethnic, savoury flavours.

Demand for cocoa and coffee, especially in the out-of-home consumption segment, is returning as major economies in Europe and the Americas have reopened gradually and are on their way to fuller economic recovery. The Group's Coffee business has been navigating price volatility as well as supply chain disruptions very well, expanding market share, including its share in the speciality coffee markets with improved margins, giving it a very positive start to the year.

The Group's Cocoa processing business, particularly in Europe, continues to face sluggish demand in the aftermath of the Covid-19 pandemic, signalling a slower start to the year for the overall Cocoa business when compared to the same period last year.

Demand for Almonds and Dairy which came down in H1 2020 caused by country lockdowns in Asia has bounced back since H2 2020. The Group's Dairy business is expected to continue to deliver strong performance across the upstream and supply chain parts of the business, despite no contribution from Open Country Dairy as we divested our remaining stake in this business.

Our Nuts business, especially Cashew, Hazelnuts and Almonds ingredients, has started the year on a favourable note. The Group's upstream Almonds business, despite strong global consumption, continues to face margin pressures arising from low almond prices that persisted from last year.

OFI is expected to benefit with incremental earnings contribution from the newly acquired businesses in the US. In Q1 2021, OFI completed the acquisitions of a US-based chilli pepper business and the dehydrated onion ingredients business, Cascade Specialties. In May 2021, it completed the acquisition of leading US private label spices and seasonings manufacturer Olde Thompson ("OT") at an enterprise value of US$950 million and will consolidate OT's results from thereon. All these three transactions are expected to be earnings accretive in 2021.

OGA

OGA is expected to deliver strong performance growth in H1 2021. Both the food and feed segments are expected to show positive growth against H1 2020. The non-food segment, particularly Cotton, is experiencing an even stronger recovery in demand compared to H1 2020 as capacity utilisation of textile mills in the major textile producing centres, such as China, the Indian sub-continent, Vietnam and Indonesia, improves amid higher cotton prices. The Group's Cotton business has also started to consolidate the results of Nouvelle Société Cotonnière du Togo which it acquired in November 2020.

The Group's trade in grains between South America and China continues to grow, while the wheat milling and animal feed business in Africa is expected to perform better on improved capacity utilisation in H1 2021. The Group's Rice business is also expected to do well on the back of the growing demand and consolidation of the rice industry in Africa and our growing market share in the downstream branded distribution business. Edible Oils, which was significantly impacted by the reduction in out-of-home consumption, fall in prices and counterparty defaults last year, is seeing a recovery amid strong market demand growth accompanied by supply disruptions in Asia.

OIL

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.

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 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.

Notes: Key Definitions

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

Revenue: Sale of goods and services

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

EBIT: Earnings Before Interest and Tax, excludes Exceptional Items

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.

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

Operational PATMI: PATMI excluding Exceptional Items

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

About Olam International Limited ("Olam")

Olam 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 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 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.

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