

# Olam International Limited



**Re-imagining Olam:**

Unlocking long-term value and driving sustainable growth

**26<sup>th</sup> Annual General Meeting | April 23, 2021 | Singapore**





## 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.





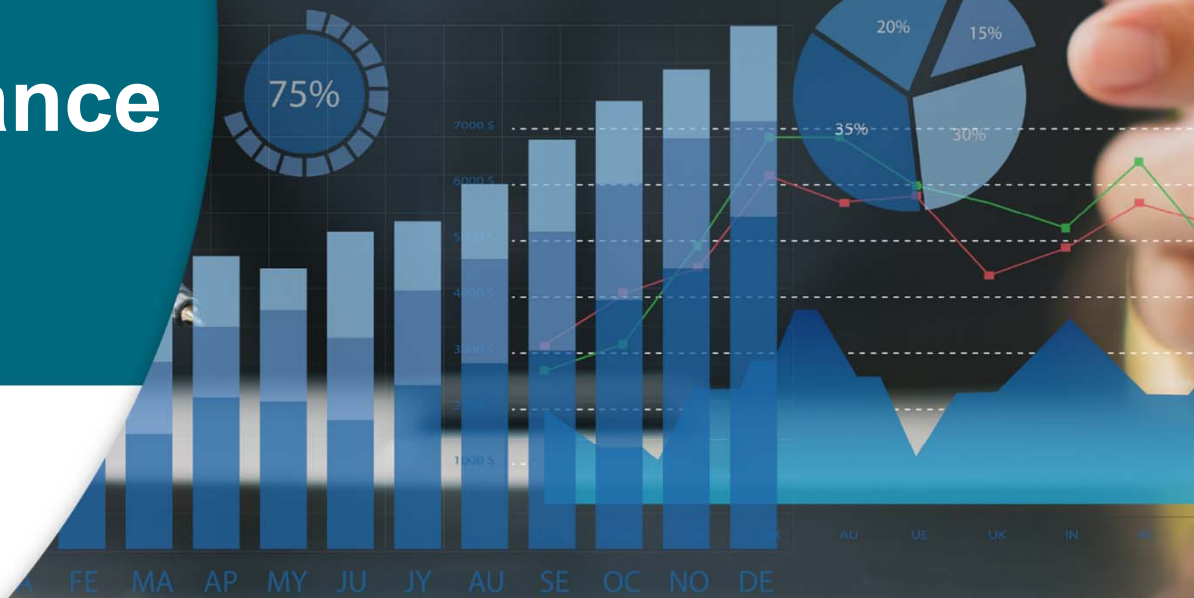
## Agenda

- **2020 Financial Performance**
- **Re-organisation Plan: Progress update**





# 2020 Financial performance





# Group 2020 Results: Summary

## VOLUME & REVENUE

**44.4 M MT**      **S\$35.8 B**  
**+11.7%**    **+8.6%**

## EBIT

**S\$1,070 M**  
**+1.2%**

## PATMI

**S\$246 M**  
**-22.3%**

## Operational PATMI

**S\$678 M**  
**+36.0%**

## Free Cash Flow

**FCFE**  
**-\$592 M**

## Gearing

**1.72x**

Note: Comparison is made against 2019 financial results which have been restated due to change in accounting policy on account of changes in SFRS(I) 16.



## Group 2020 financial highlights



### Strong results amid Covid-19 challenges

- ↑ **36.0% growth in Operational PATMI in 2020 to S\$677.8 million**
- ↑ **90.1% growth in Operational PATMI in H2 2020 to S\$475.7 million**
- ↑ **330 basis points improvement in Operational ROE in 2020 to 11.2% (2019: 7.9%)**



### Healthy balance sheet amid rising prices

- **Strong cash position of S\$3.1 billion as at end-2020**
- **Ample available liquidity of S\$17.3 billion as at end-Dec 2020**
- **Gearing at 1.72x below target of 2.0x; adjusted gearing net of RMI and secured receivables at 0.63x**
- **Continued to access diversified pools of capital during the year**

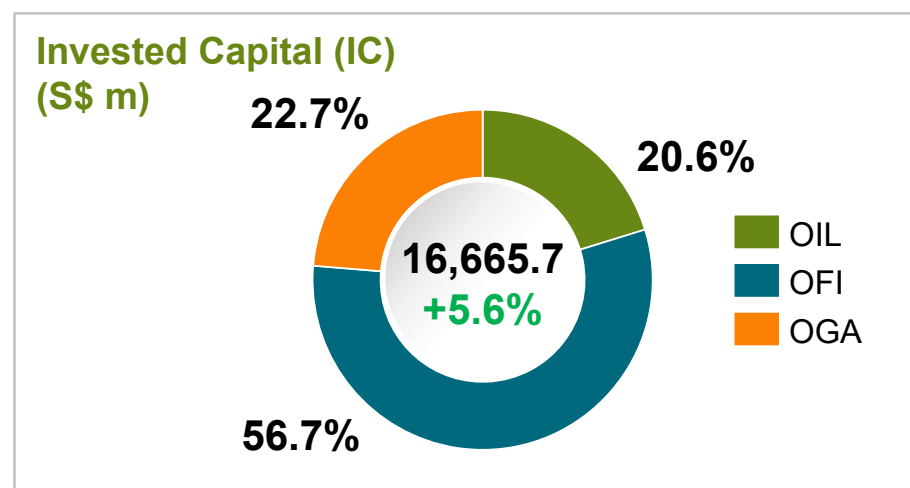
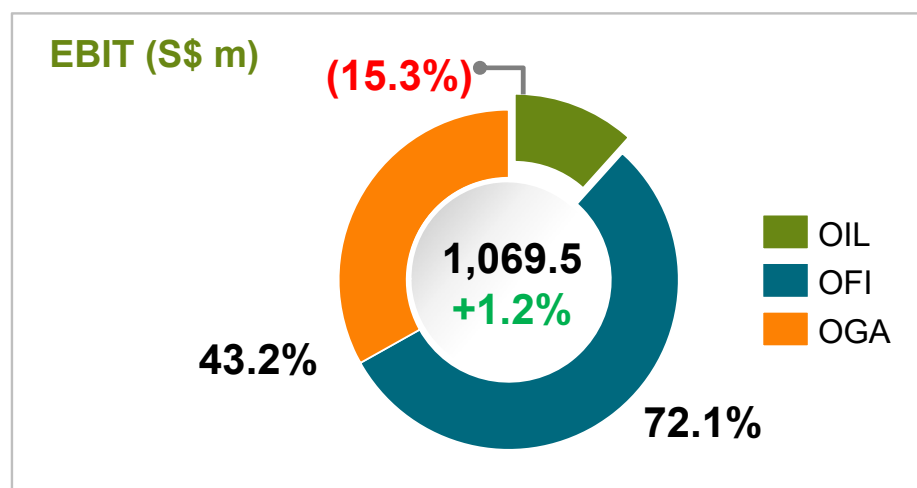
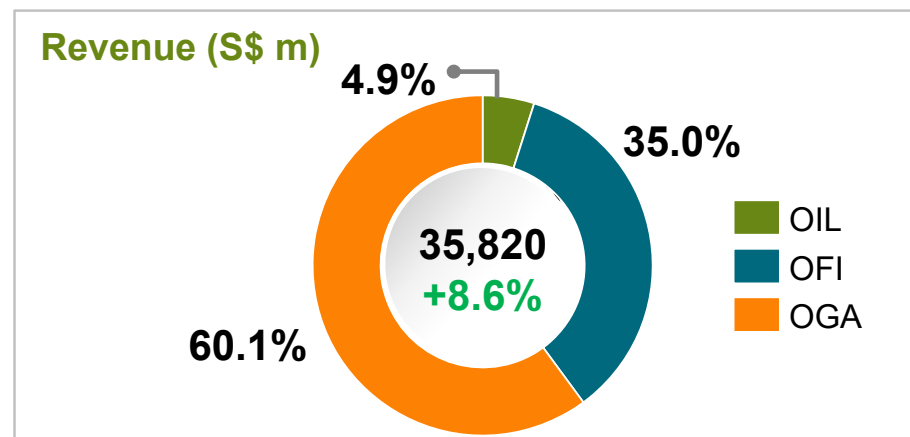
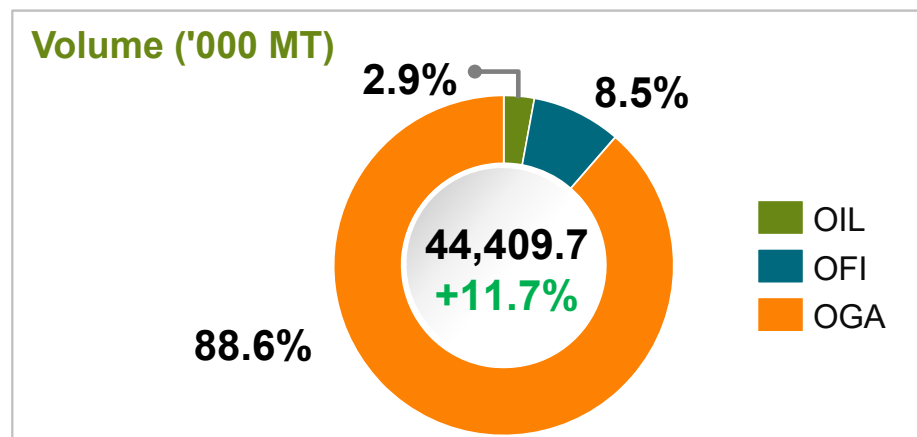


### Final Dividend

- Board of Directors recommends **final dividend of 4.0 cents** per share, taking **total dividend to 7.5 cents** per share (2019: 8.0 cents)



# Results by Operating Group

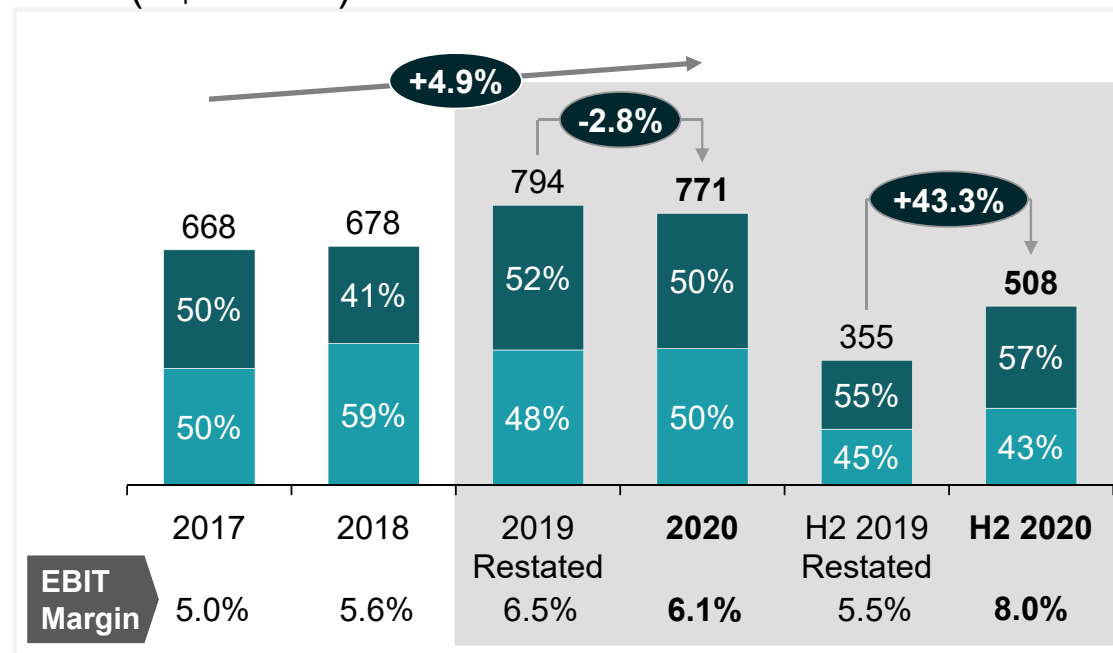




# Olam Food Ingredients (OFI)

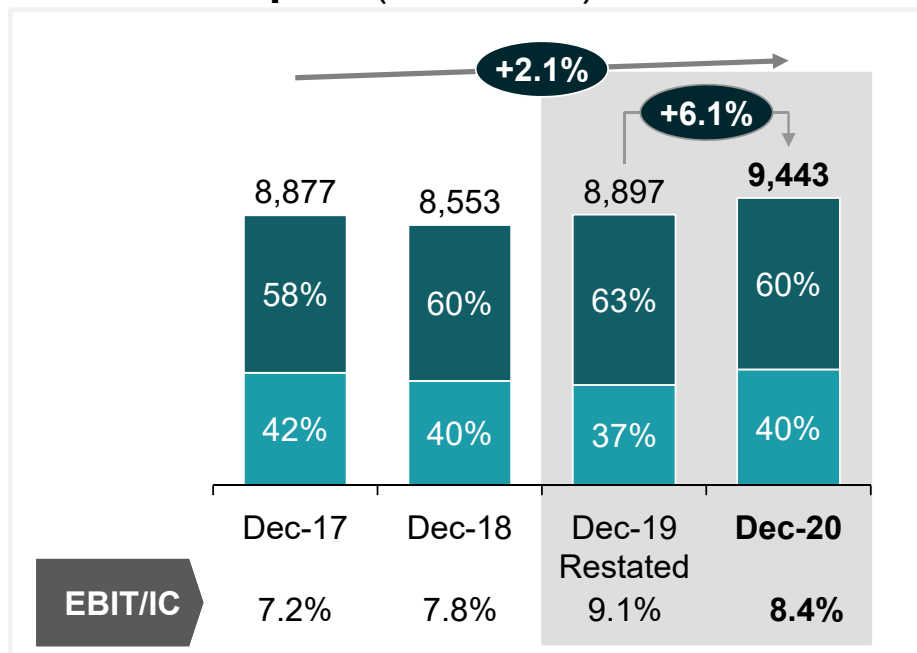


## EBIT (S\$ Million)



- OFI registered a strong EBIT growth of 43.3% in H2 2020 with both Ingredient Sourcing & Supply Chain and Value-added Food Ingredients & Solutions segments achieving better earnings, leading to EBIT margin growing from 5.5% to 8.0% for the period.
- Although EBIT for 2020 was lower YOY because of the Covid-19 impact in H1 2020 on Cocoa processing and the Australian Almond business, the results represent a strong, resilient performance considering 2019 was an exceptional year for Cocoa.
- All other businesses like Coffee, Dairy, Spices and other Nuts delivered better earnings than the prior year.

## Invested Capital (S\$ Million)



- IC increased by S\$546.4 million due to higher commodity price led working capital increases, particularly in H2 2020.

■ Ingredient Sourcing & Supply Chain  
■ Value-added Food Ingredients & Solutions



# OFI: On track to deliver sustained growth

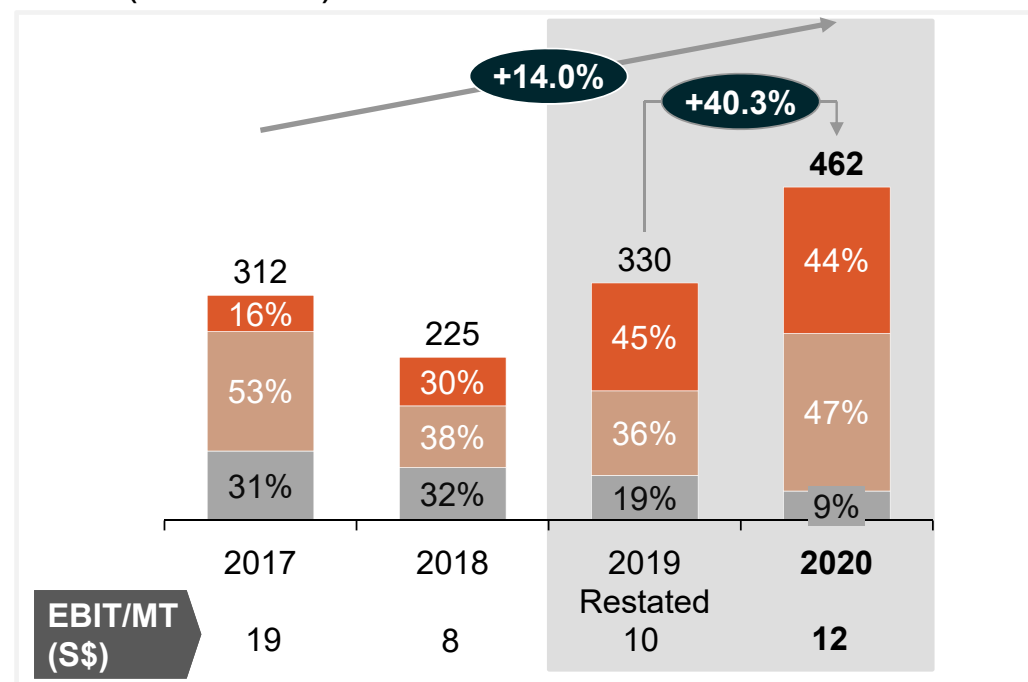
- **Resilient all-round performance** despite the pandemic with strong earnings growth in H2 2020
- **Increased customer focus** by working closely with them to manage supply chain challenges, co-create innovative and sustainable solutions, and growing our customer base with sales and channel expansion
- Continuing to **invest behind our strategy in innovation and go-to-market capabilities to transform OFI** from a niche food raw materials supplier and processor **into a food ingredients and solutions business with total investment commitments of around US\$400 million:**
  - Acquisition of US-based green chile pepper and dehydrated onion ingredients businesses
  - Greenfield investments in Soluble Coffee facility in Brazil and Dairy processing plant in New Zealand, both to be completed by H2 2022
- Building on key enablers in **Sustainability** (e.g. Coffee LENS, Cocoa Compass), **Digital & Innovation**
- **Operational Excellence**, and **Cost & Capital** discipline
- **New talent accretion - focus on on new capabilities and diversity to build bench strength**



# Olam Global Agri (OGA)

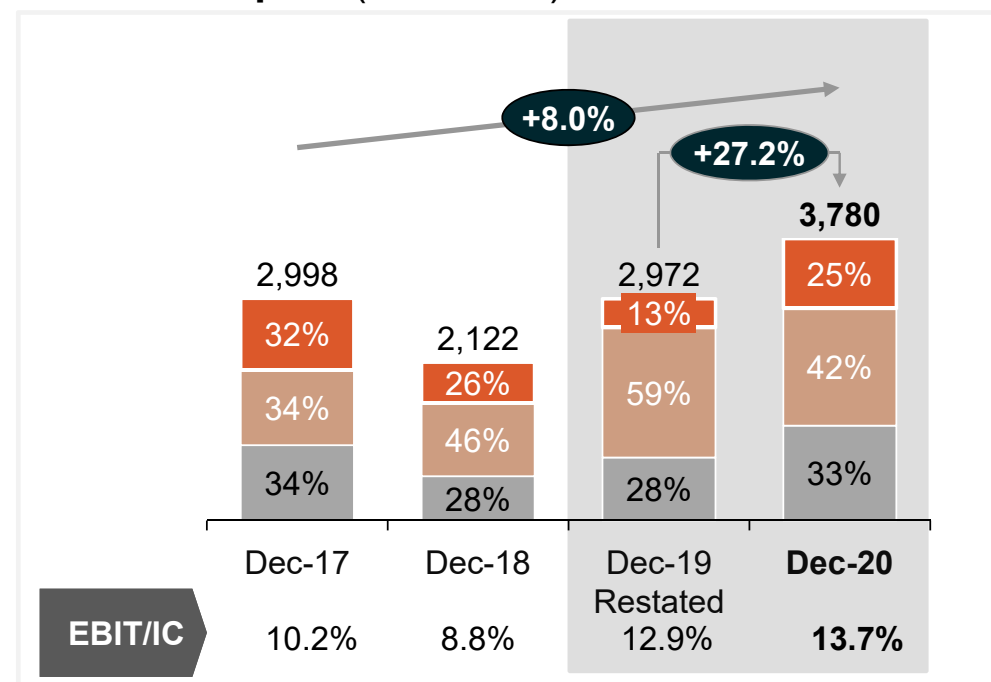


## EBIT (S\$ Million)



- EBIT grew by a robust 40.3% with higher contribution from the Food & Feed segments, both from the Origination & Merchandising and Processing & Value-added segments, particularly from Grains, Animal Feed and Rice.
- Improved performance from CFS also contributed to the overall OGA EBIT.

## Invested Capital (S\$ Million)



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

Food & Feed - Origination & Merchandising Food & Feed - Processing & Value-added Fibre & Ag Services



# OGA: Strong execution of its Strategic Plan

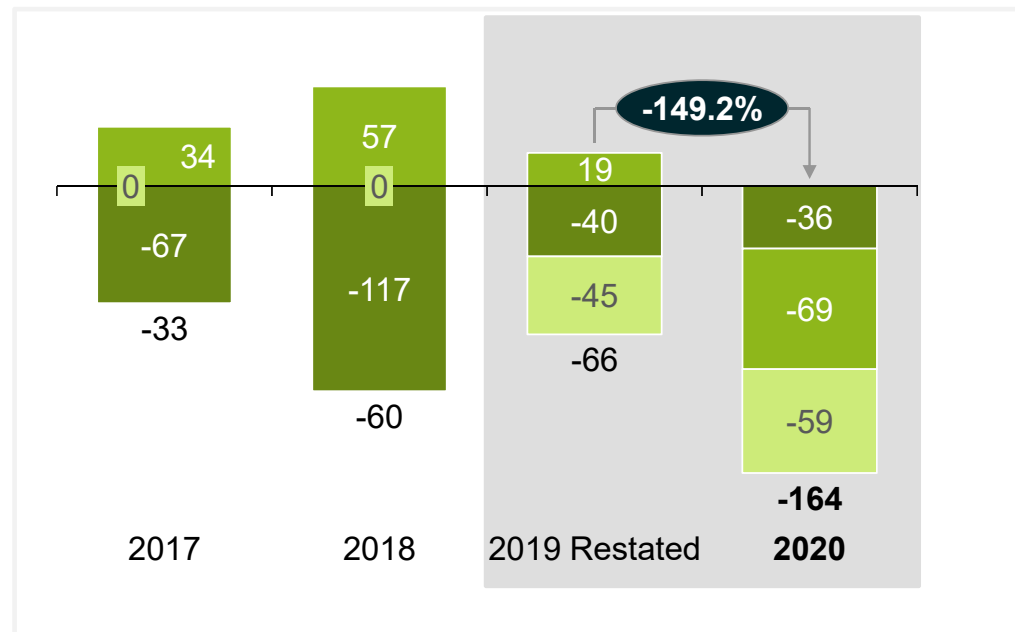
- Continued to benefit from key secular trends: growing **food security agenda**, rising **protein consumption**, **emerging markets food staples & fibre demand growth**, rising **tech adoption** and **sustainability focus**
- **Diversified** our business in emerging markets by **enhancing presence in Asia**
- **Invested in priority assets and businesses with high returns:**
  - Increased investments in **higher value B2C** downstream products (eg. pasta, semolina, branded fortified Rice, etc.)
  - Continued to focus on businesses where we have **proven track record in greenfield and brownfield projects execution** and bringing them into scale with high operating efficiencies
  - Expanded **Integrated Ginning** operations in **Africa** through acquisitions in Chad & Togo
- Continued to deepen our strengths and capabilities in **Origination & Merchandising, Processing, Freight** and **Risk Management**
- Developed **asset management capabilities** in Commodity Financial Services



# Olam International (OIL)

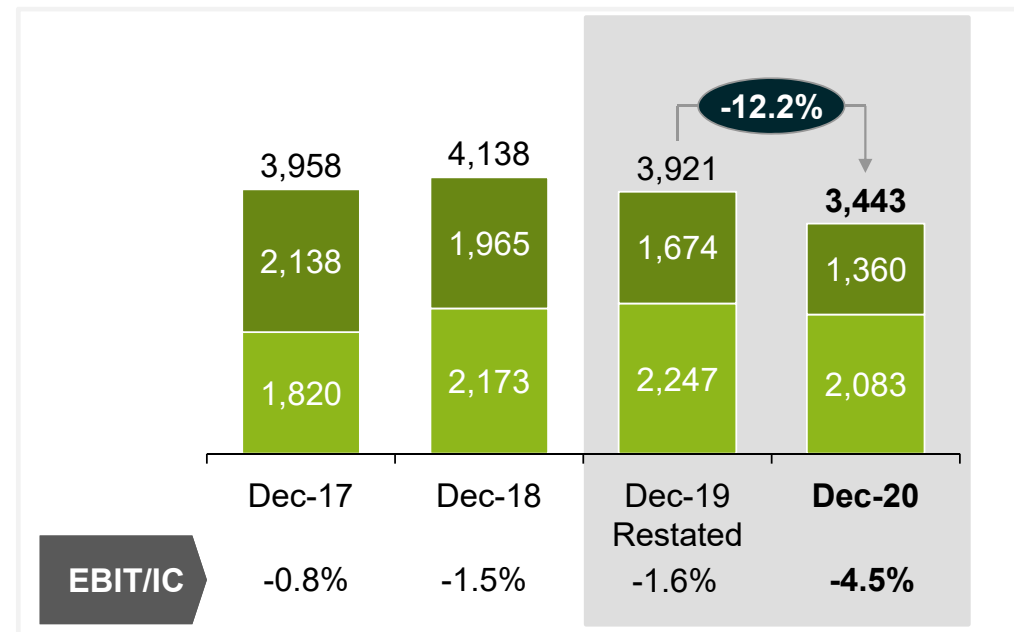


## EBIT (S\$ Million)



- EBIT losses in OIL of S\$164.0 million were a result of divestments and closures as well as the lower performance of the three Gestating Businesses, all of which were impacted by Covid-19.
- De-prioritised/Exiting Assets: Fully divested sugar refinery in Indonesia, shut down OTP, restructured NZFSU, sold Mungindi gin in Australia and sugar mill in India
- Incubating Businesses: Making good progress in the six Engine 2 growth initiatives.

## Invested Capital (S\$ Million)



- IC came down by S\$478.1 million mainly on the OPG impairment, as well as other divestments and closures.

- De-prioritised/Exiting Assets
- Gestating Businesses
- Incubating Businesses (including corp adjustments)



# OIL: Incubate platforms for future growth (Engine 2)



## Criteria for selecting Engine 2 ventures

- ① Aligned to our purpose: *'Re-imagining Global Agriculture & Food Systems'*
- ② Leveraging Olam's core strengths & unique assets
- ③ Strategic & Financial value to Olam
- ④ Disruptive idea
- ⑤ **Material & Scalable opportunity** – large enough opportunities that can become new engines of growth for Olam in 6 years (two 3-year planning cycles).
- ⑥ **Smart investing (digital & sustainability)** rather than asset-heavy capital led models

## Six Engine 2 initiatives being studied/explored





# Living Our Purpose: ‘Re-imagining Global Agriculture & Food Systems’

## Prosperous Farmers and Food Systems



Re-designing farming and food value chains so that all players profit fairly from their work

- 773,000**  
smallholders receiving sustainability support (19% women; 40% in flagship AtSource Plus and Infinity programmes)
- 348,000**  
farmers trained on Good Agricultural Practices
- 3.9 million**  
crop seedlings distributed
- 57,000**  
people trained on income generating activities (non-Olam crop)

## Thriving Communities



Re-vitalising rural communities so that the people who produce food can live well

- 995,000**  
people reached with Olam Healthy Living Campaign
- 78 billion**  
servings of fortified foods produced (up 58%)
- 62,000**  
people trained on literacy and numeracy
- 129,500**  
farmers trained on gender and women’s rights

## Re-generation of the Living World



Re-generating nature, to restore the balance between agriculture and ecosystems in living landscapes

- 590,000**  
forest tree seedlings distributed
- 179,000**  
farmers trained on conservation
- ~33%**  
reduction in GHG intensity for Olam processing operations
- ~13%**  
reduction in GHG intensity for third-party supply chain





# Re-organisation Plan: Progress update



# Re-organisation Plan



## ‘What’

To explore strategic options that would **unlock** and **illuminate the current value in the business** and develop new strategic pathways to **create further long term value on a sustained basis**

## ‘How’

By **re-organising, simplifying** and **focusing** our current diverse portfolio of businesses into **two new coherent operating groups: Olam Food Ingredients (OFI) & Olam Global Agri (OGA)** comprising businesses that are more similar in nature, linked by an underlying logic and **aligned to key consumer food and agri-business trends respectively**. Each with a **compelling vision, a distinct equity story** and a clear **game plan** for **profitable growth**





# Re-organisation Plan

## OIL

Olam  
International  
Limited

Provide **active stewardship** to OFI & OGA until carve-out, IPO & demerger, **responsibly divest non-core businesses & assets** earmarked for exit, **nurture & partially/fully monetise gestating businesses & incubate new platforms of growth** (Engine 2)

### Segments

- De-prioritised/Exiting Assets: 4 BUs & 20 related assets
- Gestating Businesses: Packaged Foods (Caraway), Olam Palm Gabon (OPG), Infrastructure & Logistics (ARISE platform)
- Incubating Businesses: Engine 2 initiatives

## OFI

Olam  
Food  
Ingredients

An attractive play for the growing demand for **natural, plant based, on trend, sustainably sourced & fully traceable food ingredients and solutions** so consumers can enjoy the healthy & indulgent products they love

### Comprises

Cocoa, Coffee, Nuts, Spices and Dairy

### Segments

- Ingredient Sourcing & Supply Chain
- Value-added Food Ingredients & Solutions

## OGA

Olam  
Global  
Agri

A market leading & differentiated **global food, feed & fibre agri-business** focused on **high growth emerging markets** delivering **superior returns**. OGA is aligned to the key trends of **meeting the rising demand for food staples & fibre** in high growth markets as well as the **shift to protein based diets** in these regions.

### Comprises

Grains and Animal Feed & Protein, Edible Oils, Rice, Cotton & CFS

### Segments

- Food & Feed Origination & Merchandising
- Food & Feed Processing & Value-added
- Fibre & Ag Services

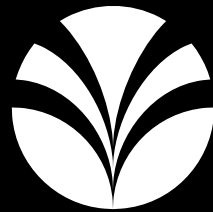




**A global leader offering sustainable, natural, on-trend, value-added food & beverage ingredients, so consumers can enjoy the healthy and indulgent products they love**







**Olam  
Food  
Ingredients**

**Cocoa**

**Coffee**

**Nuts**

**Spices**

**Dairy**



**12.5**

S\$ billion in revenue  
(2020)



**777**

S\$ million EBIT  
(2020)



**100+**

Manufacturing  
facilities



**~50**

Countries



**15,700+**

Employees



**8,350**

Customers



# OFI: Key highlights

**Leading on-trend, natural, plant-based ingredients portfolio**

**Serving large, attractive and growing key end-use categories**

**Differentiated end-to-end sustainability & traceability impact**

**Trusted partner to a global and diversified blue-chip customer base**

**Large, global and inspired talent pool**





# OGA: Market leading & differentiated food, feed & fibre agri-business



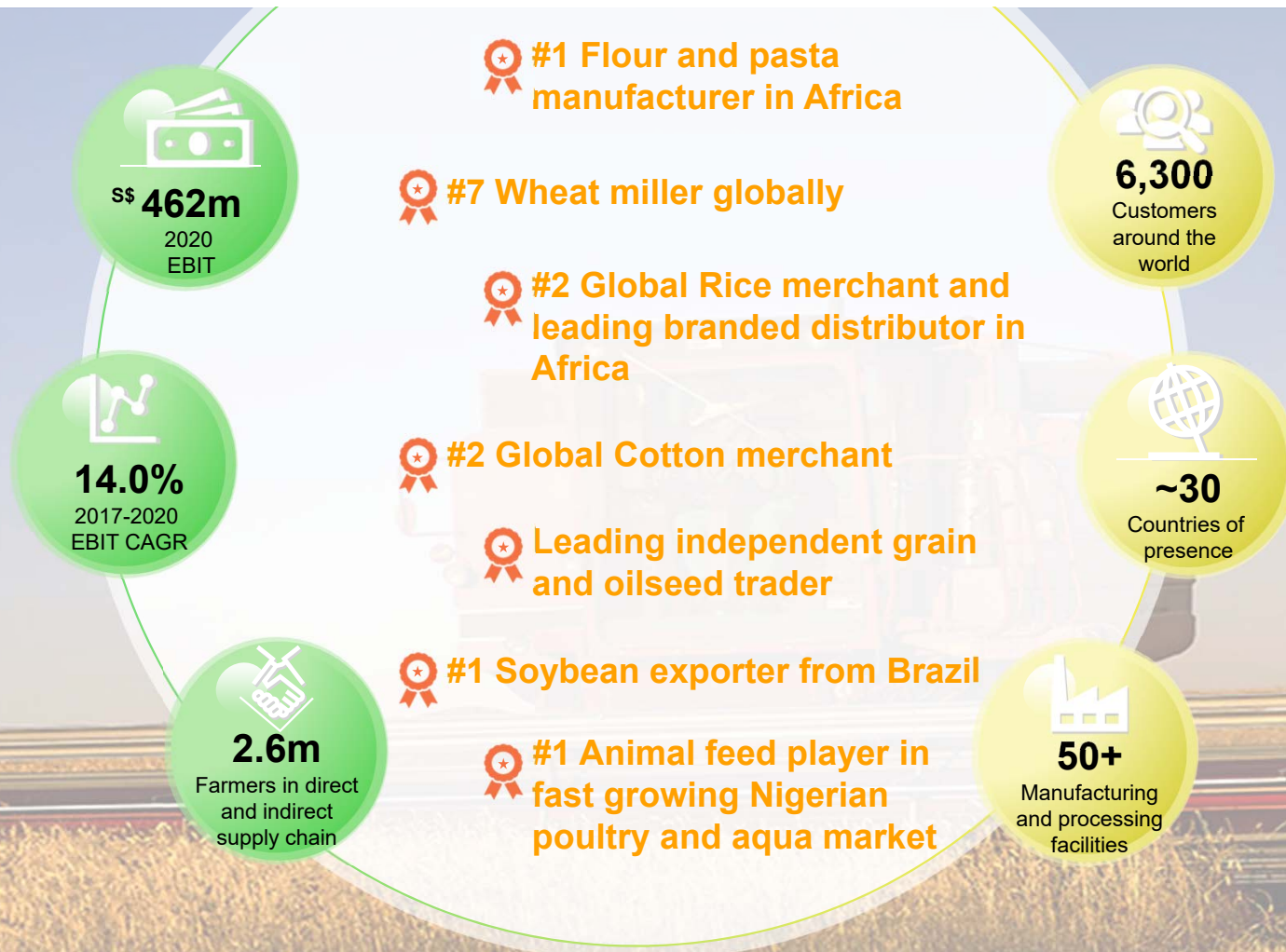
*A market leading & differentiated global food, feed & fibre agribusiness focused on high growth emerging markets delivering superior returns.*

*OGA is aligned to the key trends of **meeting the rising demand for food staples & fibre** in high growth markets as well as the **shift to protein based diets** in these regions.*





# OGA at a Glance



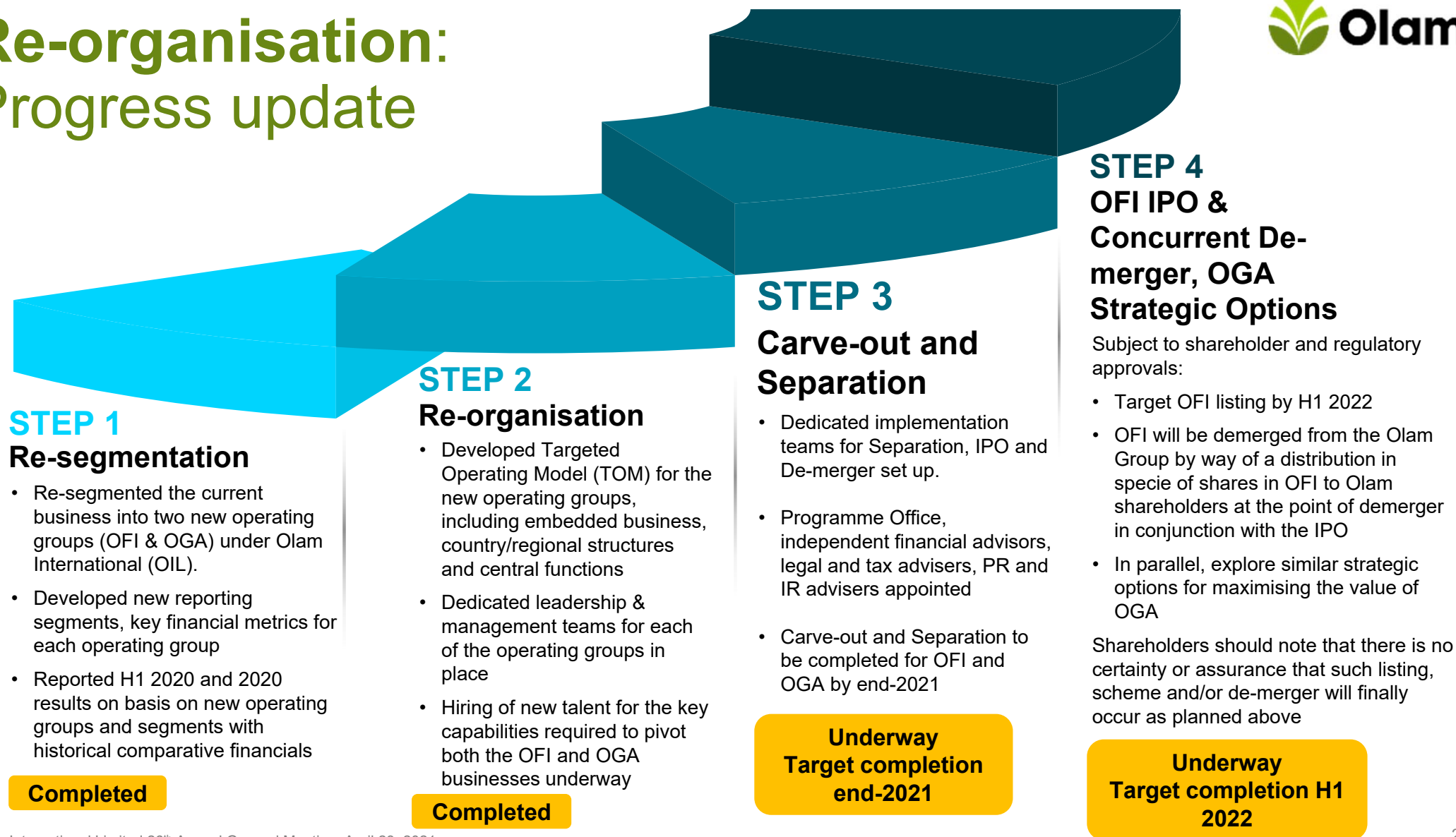


# OGA: Key highlights

- 
- 1** Strategically positioned in the attractive Food & Agriculture sector supported by strong secular fundamentals, with a clear focus on high-growth emerging consumption markets
  - 2** Differentiated business model, selectively integrated in the value chain
  - 3** Delivered industry leading growth and returns due to operating capabilities and strategic value chain positioning
  - 4** Clear strategic vision to significantly grow earnings on a sustained basis over the long term, expanding geographic footprint and share of value-added
  - 5** Well-seasoned management team with deep experience in risk management, processing and supply chain management
  - 6** Market leading sustainability track record generates social impact for stakeholders and earns the licence to operate in emerging markets



# Re-organisation: Progress update





# In summary



01

## Resilient performance despite Covid-19

- Strong **36.0% growth** in **Operational PATMI** and **Operational ROE** at **11.2%** in 2020
- **Market conditions** and **sentiments** are **beginning to improve** from the worst impacts of Covid-19 in 2020; we **expect favourable market environment to continue to improve** in **2021**. **OFI** and **OGA** **expected to benefit** from improving economic conditions in **2021**

02

## Significant progress on executing Re-organisation Plan

- **Carve-out** and **separation** underway for **OFI** and **OGA**, **to be completed** by **end-2021**
- **OFI IPO** by **H1 2022**; **OFI** will be **demerged** from Olam Group in conjunction with the IPO
- In parallel **exploring similar strategic options** for **OGA**

03

## Continue to live our Purpose

- In June 2020, **Olam** has been **included** in the **FTSE4Good Index Series**
- Our **unique sustainability insights platform**, **AtSource**, won the **Reuters Events Responsible Business Awards 2020**
- In **Oxfam's second agri-business scorecard** published in March 2021, we had **improved our scores** in **each of the 5 areas of assessment** & was the **only company** that **exceeded the 50% average score** in each of the 5 criteria and was the **leader in 3 of the 5 categories**.





# olam

Olam 26<sup>th</sup> Annual General Meeting Presentation  
[olamgroup.com/investors.html](http://olamgroup.com/investors.html)  
[ir@olamnet.com](mailto:ir@olamnet.com)