

## News Release

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Singapore, March 25, 2022

### **Olam Group announces strategic partnership with SALIC through the sale of a substantial minority stake in Olam Agri for US\$1.24 billion**

- The Saudi Agricultural and Livestock Investment Company (“**SALIC**”), a wholly owned subsidiary of Public Investment Fund of the Kingdom of Saudi Arabia (KSA) to invest US\$1.24 billion for an estimated 35.4% stake in Olam Agri
- Implied 100% equity valuation of US\$3.5 billion of Olam Agri subject to closing adjustments
- In-line with its Re-organisation, this transformative deal illuminates and unlocks value in Olam Agri and crystallises a benchmark valuation ahead of a potential future IPO and demerger
- Proceeds from the transaction would go towards right-sizing Olam Group’s capital structure and reducing its leverage, while capitalising on partnership synergies to support growth
- Olam Group Limited to remain majority shareholder of Olam Agri with an estimated 64.6% interest

#### **Management Comments: OGL and SALIC**

**OGL’s Co-Founder and Group CEO, Sunny Verghese said:** “Olam’s partnership with SALIC, a strategic, global investor, will position us for even stronger growth as we realise synergies across our complementary strengths. SALIC’s investment into Olam Agri attests to its consistently strong financial performance and robust growth outlook, following a record year in 2021. It marks yet another key milestone in Olam’s Re-organisation journey; together with the ongoing IPO plans of **ofi**, this secondary placement for Olam Agri would lead to an immediate unlocking of value for our shareholders, set a benchmark valuation for the future IPO and demerger of Olam Agri, and right-size our balance sheet and reduce gearing at the Group level.”

**SALIC’s Group CEO, Sulaiman AIRumaih said:** “SALIC’s investment in Olam Agri is aligned with its strategy and the Kingdom of Saudi Arabia’s Vision 2030 objective for food security. SALIC’s key strategic objective is to contribute to global and domestic food security through long-term strategic investments in the local and international markets.

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*“Olam has demonstrated continuous financial growth as well as increasing global food security contribution with a strong presence in grains and diversified products. Our partnership with Olam will expand SALIC’s international footprint and increase access to strategic commodities. SALIC will leverage its international investments and local portfolio companies to strengthen its position across the agri-food value chain as a global food security player.”*

### **Overview of Transaction**

Olam Group Limited (“**OGL**”, the “**Company**”, or together with its subsidiaries, “the **OG Group**”) today announced that its wholly-owned subsidiary, Olam Holdings Pte. Ltd. has entered into definitive agreement for a strategic partnership with the Saudi Agriculture and Livestock Investment Company (“**SALIC**”) with the sale of an estimated 35.4% substantial minority stake in Olam Agri Holdings Pte. Ltd. (“**Olam Agri**”) to SALIC for a consideration of US\$1.24 billion (S\$1.7 billion).

Olam Agri is one of the three operating groups formed in early 2020 following the announcement of the Re-organisation of the Group to unlock and maximise its long-term value. Led by its purpose, 'Transform food, feed, and fibre for a more sustainable future', Olam Agri is a market leading agribusiness, focused on high-growth consumption markets with deep understanding of market needs, a global origination, trading and marketing footprint, with best in class logistics, processing and risk management capabilities. It transforms food, feed, and fibre to create value for its customers, enables farming communities to prosper sustainably and strives for a more food secure future. In 2021, Olam Agri had a record year, generating volumes in excess of 40 million metric tonnes, revenues of S\$31.3 billion and Earnings Before Interest and Tax of S\$752.9 million.

The transaction values Olam Agri at an equity valuation of US\$3.5 billion (S\$4.7 billion) subject to closing balance sheet adjustments.

The net proceeds from the transaction would be used to repay debt at the OG Group level, thereby right-sizing its capital structure and reducing leverage.

Post the transaction, OGL would remain the majority shareholder of Olam Agri with an estimated 64.6% shareholding, with SALIC holding an estimated 35.4%.

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### **Strategic Rationale**

The transaction announced is transformative for OGL and fully aligned with its ongoing Re-organisation Plan. It delivers four outcomes:

**(i) Illuminates and unlocks value for our shareholders, thereby completing one of the key milestones of the Re-organisation Exercise**

Equity valuation of Olam Agri equates to approximately 69% of OGL's market capitalisation<sup>1</sup>.

**(ii) Crystallises a benchmark valuation for Olam Agri today, and creates a strong shareholder base for a potential future listing and demerger of Olam Agri**

The transaction implies an equity valuation of US\$3.5 billion for Olam Agri. SALIC through this partnership and investment underscores and validates Olam Agri's future prospects.

**(iii) Raises significant net cash proceeds to repay debt at the OG Group level and right-size the capital structure of OG Group, thereby strengthening its balance sheet, improving credit profile and enhancing financial flexibility to capture future growth opportunities**

Net gearing for OG Group on a proforma basis would reduce from 1.72 to 1.28 times, assuming the transaction was completed on December 31, 2021. Post the transaction, OG Group with its 64.6% stake in Olam Agri would realise net capital gains of S\$1.19 billion which will accrete to the equity reserves of OG Group.

**(iv) Generates synergies and catalyses access to new markets for Olam Agri through a long-term Strategic Supply and Cooperation Agreement with SALIC**

Olam Agri and SALIC have agreed to enter into a Strategic Supply & Cooperation Agreement ("**SSCA**") which would enable SALIC to help the Kingdom of Saudi Arabia to further progress their food security agenda, whilst enabling Olam Agri to gain significant access to the large and high-growth Middle East market.

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<sup>1</sup> Market capitalisation of Olam Group Limited as of March 24, 2022 was S\$6.8 billion.

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Completion of the transaction is conditional upon, inter alia, approval by OGL's shareholders and other customary closing conditions, including regulatory approvals. Subject to the conditions set out in the undertakings, OGL's majority shareholder Temasek has provided an irrevocable undertaking to vote in favour of the transaction. Subject to these conditions being fulfilled, the transaction is expected to complete by end-2022.

Rothschild & Co Singapore Limited and Credit Suisse (Singapore) Limited are the financial advisers to the Company on this transaction.

Goldman Sachs Saudi Arabia is the exclusive financial adviser to SALIC on this transaction.

### Notes to Editors

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1. This release should be read and understood only in conjunction with the full text of Olam Group Limited's announcement on the same subject lodged with SGXNET on March 25, 2022.
2. Olam Group will host a webcast on this corporate development on March 25, 2022 at 11.30 am SGT.

### About Saudi Agricultural and Livestock Investment Company (SALIC)

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The Saudi Agricultural and Livestock Investment Company was established in 2009 as a Saudi joint-stock company wholly owned by the Public Investment Fund ("PIF"). SALIC aims to achieve food security for the Kingdom of Saudi Arabia through investments in both domestic and international opportunities. To ensure long-term food security, SALIC has identified key food commodities to be of strategic importance in addition to being the most important staple foods in the Kingdom of Saudi Arabia.

### About Olam Agri

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Olam Agri is a market leading, differentiated food, feed and fibre agri-business with a global origination footprint, processing capabilities and deep understanding of market needs built over 33 years. With a strong presence in high-growth emerging markets and products across grains & oilseeds, animal feed & protein, rice, edible oils, specialty grains & seeds, cotton, wood products, rubber and commodity financial services, Olam Agri is at the heart of global food and agri-trade flows with more than 40 million MT in volume traded. Focused on transforming food, feed and fibre for a more sustainable future, it aims at creating value for customers, enable farming communities to prosper sustainably and strive for a food-secure future. Olam Agri is a fully owned subsidiary of Olam Group.

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### About Olam Group

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Olam Group is a leading food and agri-business supplying food, ingredients, feed and fibre to 20,900 customers worldwide. Our value chain spans over 60 countries and includes farming, processing and distribution operations, as well as a sourcing network of an estimated 5.0 million farmers.

Through our purpose to 'Re-imagine Global Agriculture and Food Systems', Olam Group 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 Group currently ranks among the top 30 largest primary listed companies in terms of market capitalisation on SGX-ST.

Since June 2020, Olam Group has been included in the FTSE4Good Index Series, a global sustainable investment index series developed by FTSE Russell, following a rigorous assessment of its 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.

To subscribe to the Olam Group Newsroom please visit [www.olamgroup.com](http://www.olamgroup.com) (privacy statement here). If you do not wish to receive information from Olam Group, please contact [media@olamnet.com](mailto:media@olamnet.com).

More information on Olam can be found at [www.olamgroup.com](http://www.olamgroup.com). Follow @olam:



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