

Olam Food Ingredients Acquisition of Olde Thompson

Media / Analysts Briefing

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Presenters



A. Shekhar

Chief Executive Officer



Rishi Kalra

Chief Financial Officer

Table of Contents

- 1. Transaction Overview**
2. Olde Thompson Overview
3. Investment Rationale
4. Key Takeaways





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Ingredients**

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since 1944

Transaction Overview

- OFI to acquire a **leading US private label (“PL”) spices & seasonings manufacturer Olde Thompson (“OT”)** at an Enterprise Value of **US\$950 million¹**
- Aligns with OFI’s vision and accelerates its growth strategy of **delivering sustainable, natural, value-added food and beverage ingredients and solutions**
- **Transformative** for OFI’s **spices business** – an **attractive and growing** part of its portfolio; and **expands its PL capabilities** across the OFI portfolio
- Valued at **~11.5x EV/EBITDA²**, or **~8.5x EV/EBITDA²** including expected synergies
- Expected to be **earnings and margin accretive** from the first-year onwards
- **Completion targeted in Q2 2021**, subject to customary closing conditions

(1) Subject to net working capital adjustment at closing

(2) EV/EBITDA multiple is Enterprise Value on diligence adjusted 2020 Earnings Before Interest, Tax, Depreciation and Amortisation

Table of Contents

1. Transaction Overview
- 2. Olde Thompson Overview**
3. Investment Rationale
4. Key Takeaways



Olde Thompson



Olde Thompson : A strong growth platform

A leading player

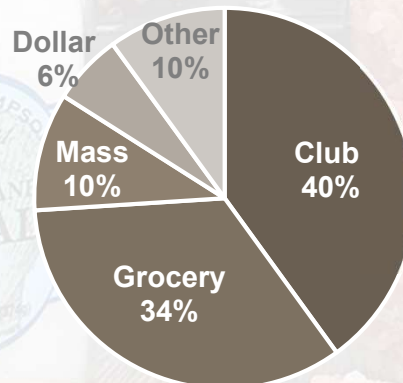
Spices & seasonings in US PL market

2020 US PL Market Share²



Blue-chip retail customers

Diverse & tenured mix across Club, Mass, Grocery, Discount, & Dollar Store channels



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Including  ¹

Full Solutions Provider

Formulation, blending & packaging capabilities including plastic & glass bottles, tins, pouches, sachets, etc.



Bi-coastal manufacturing

Highly automated plants & national distribution serving the entire US market



• Manufacturing Facilities

(1) Acquired by OT in 2020
(2) Source: IRI industry data and OFI estimates

Table of Contents

1. Transaction Overview
2. Olde Thompson Overview
- 3. Investment Rationale**
4. Key Takeaways



Investment rationale – aligned with OFI's vision

- 1** Accelerates OFI's growth strategy and strengthens its competitive position in a **Core Product, Category & Channel**; at the centre of **evolving consumer trends**
 - Delivering **bold, authentic, natural taste & flavours** to meet rising consumer demand
 - Combination will significantly enhance OFI's **end-to-end sustainable, traceable and innovative spice solutions** for its retail customers
 - Creates a **substantive growth platform** for OFI to further **expand its PL offering** across its other **products & categories**
- 2** Opportunity to acquire a leading PL spices & seasonings supplier in the US operating in a **high growth category**, with **strong relationships** across many major US retailers
- 3** **Attractive cost & revenue synergy potential** – within spices and across PL for other OFI products & categories
- 4** Expected to drive **significant earnings and margin growth** for OFI from first-year onwards
- 5** **Experienced & motivated management team** - bringing domain experts in the retail space who can accelerate our growth plans in spices and other products in the US



Trends – Right for the consumer, producer & planet

Sustainable & Traceable

Delivering end-to-end supply chain provenance & traceability, and addressing social equity and environmental concerns

Health & Wellness

Natural ingredients delivering health & wellness benefits consumers want

Consumption Behaviour

Multi-channel capabilities (across global CPG¹ brands, private label, foodservice and e-commerce) driven by out-of-home / snacking / platforms / social media

Taste & Flavours

Tasty and flavourful ingredients catering to changing culinary requirements / ethnic tastes



¹ CPG = Consumer Packaged Goods

Accelerates OFI's growth strategy



We deliver **value-added solutions** to each of our customers through...

- **Differentiated sustainability & traceability impact solutions** (via AtSource)
- **Supply chain and risk management led solutions**
- **Combining innovative plant science and product development led application solutions**
- **Channel specific solutions** (e.g. PL, Food Service)

Combination of **OFI's 'back-end' strengths** in global origination & innovation across the value chain, and **Olde Thompson's 'front-end' capabilities** to provide retail spice solutions will offer **differentiated value** to our customers

OT is at the heart of evolving consumer trends and OFI's growth strategy

US spices & seasonings industry overview

Favourable trends & growing market

Key trends



Increased preference for **bold, authentic, natural taste & flavours**



Consumer awareness for products with **health benefits** (Reducing sodium intake, increasing usage of turmeric, garlic etc.)



Rise in demand for **ethnic food**

Unique characteristics



Fragmentation of the spices supply chain



Non-discretionary nature of spices consumption



Relative price inelasticity compared with other food categories

US\$5.4B US spices market size (2020)¹

~4% US spices market growth (2015-2019 CAGR)¹

~15% US spices PL category growth (2015-2019 CAGR)¹

~26% US PL penetration rate (vs. Western Europe @ >40%)²

OFI+OT provides unique end-to-end customer offering in spices

“Farm”

“Fork”

OFI spices

‘Back-end’ strengths in global origination, sustainable supply chain, and innovation across the value chain

- **Diverse portfolio of more than 20 product lines**
— global supplier of onion, garlic, chilli, pepper, tropical spices, purees & parsley
- **Sourcing from 12 origins** — extensive presence across most growing regions
- **75 years of proprietary seed research and plant breeding**
- **Manufacturing in 5 countries** — Robust origin processing facilities providing unparalleled traceability
- **Global sales reach to more than 70 countries**



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- **Complementary product portfolio**
- **Strong 15+ years partnership** — OFI is currently the largest supplier to OT

Olde Thompson

“Front-end’ capabilities to provide retail spice solutions

- **Leading US PL player**
- **Blue-chip retail customers**
- **Bi-coastal manufacturing**
- **Solutions in blending, product formulation and packaging**

...delivered by an industry-leading management team

Attractive cost & revenue synergy potential: OFI+OT combination can drive significant integration to better serve customers



Leverage OFI spices' strength
in **raw material procurement**



Optimise **packaging, distribution & logistics**



Value-added & innovative solutions

- **Sustainable & traceable offerings**
- **Processing/blends/seasonings solutions**



Cross-sell opportunities

- Existing OFI **spice products** to OT customers & vice versa (incl. E-commerce)
- **Other OFI products** to OT customers & vice versa



Potential **EBITDA synergies** of **US\$25-30 million**

Financial impact

On top of OFI's current base...

~US\$770m

EBITDA for OFI 2020

...OT is expected to add significant earnings from the first-year onwards...

~US\$80m

EBITDA for OT 2020¹

...with potential for further cost & revenue synergies...

~US\$25-30m

Potential EBITDA synergies

...and continued growth in the large & attractive US PL spices and other categories



Table of Contents

1. Transaction Overview
2. Olde Thompson Overview
3. Investment Rationale
- 4. Key Takeaways**



Key Takeaways

- **Aligned with OFI's vision and accelerates its growth strategy**
- **Significantly improves OFI's competitive position in a Core Product (spices), Category (culinary) & Channel (PL)**
- **Opportunity to acquire a leading player in a high growth category with strong customer relationships**
- **Attractive cost & revenue synergy potential**
- **Expected to drive significant earnings and margin growth for OFI from first-year onwards**
- **Adds an experienced & motivated management team to OFI's talent pool**



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OFI Experience

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