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# EDITED TRANSCRIPT

Olam International Ltd Strategic Partnership with Saudi  
Agricultural and Livestock Investment Co Presentation

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### PRESENTATION

#### **Chow Hung Hoeng** *Olam Group Limited - General Manager of IR*

Ladies and gentlemen, good morning to all who have tuned into our management briefing on the strategic partnership with the Saudi Agricultural and Livestock Investment Company, SALIC, through the sale of a substantial minority stake in Olam Agri for USD \$1.24 billion. I'm Hung Hoeng of Olam's Investor Relations. Today, I'm joined by our senior management team, Olam Group Limited Co-Founder and Group CEO, Sunny Verghese; and Group CFO, N. Muthukumar. We're very pleased to be here to tell you more about this significant milestone that we have achieved in our reorganization journey, which started 2 years back.

Before we kick off to the presentation in earnest, I would like to draw your attention to the cautionary statement that's put up in the presentation on forward-looking statements as well as the terms and conditions stated in all the presentation and announcements.

I'll now hand over to Sunny to brief you on the highlights of this partnership and transaction. Thank you, Sunny.

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#### **Sunny George Verghese** *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri*

Thank you. Thank you, Hung Hoeng. So we are delighted to announce today a strategic partnership with the Saudi Agriculture and Livestock Company, SALIC, through the sale of a substantial minority stake for all -- in Olam Agri to SALIC.

I will cover this presentation in 4 parts. We will do a very brief reintroduction of Olam Agri, which is 1 of the 3 operating groups that have been set up as a result of Olam's reorganization plan that we announced in early 2020. And we will then focus on the transaction overview in terms of the transaction structure. We'll then move on to explaining the strategic rationale of why we have done this. And then we'll also provide an overview of our partner, SALIC. And then finally, we will end by summarizing the key takeaways from this transaction.

So Olam Agri, as I mentioned, is 1 of the 3 new operating groups created by the reorganization of Olam. And it's a market-leading and differentiated food, feed and fiber global agri-business focused on high growth in consumption markets, mainly emerging markets. Our purpose in Olam Agri is to transform food, feed and fiber systems for a more sustainable and food secure future for all. That's our purpose.

And we make 3 promises to our stakeholders. Our first promise is that we will be a trusted partner that creates real value for our customers, and we will enable farming communities that we work with to prosper sustainably is our second promise. And finally, we will strive for a more food secure world. These are the 3 promises that we make to our key stakeholders.

If you look at the scope and scale of the Olam Agri business now, we operate in a little over 30 countries. We employ about 9,100 people. We have more than 50 processing plants; Tier 1 processing and manufacturing facilities. And in the year ended 2021, we handled about 41 million tonnes of various agriculture raw materials and commodities that we deal in, recording a revenue of SGD \$31.3 billion, which is approximately USD \$23 billion. We delivered an EBITDA of SGD \$930 million, which is about USD \$692 million, and we delivered operating profit EBIT of SGD \$753 million, which is roughly USD \$560 million.

We are now being seen in the industry as one of the fastest-growing companies. And if you look at the EBITDA growth over the last 4 years, we have grown EBITDA at a compounded 43% over the last 4 years. And we have grown operating profit at a compounded 43% over the last 4 years. We also, by the virtue of our differentiation, have very high capital efficiency with the EBIT to invested capital of 16% and EBITDA to invested capital of almost 18%.

Our return on equity for 2021 was 65% and our average return on equity for the last 4 years has been 37%. These are right at the top end

## MARCH 25, 2022 / 3:30AM GMT, Olam International Ltd Strategic Partnership with Saudi Agricultural and Livestock Investment Co Presentation

of the returns and capital efficiencies in this sector.

Now coming on to this transaction, the Saudi Agricultural Livestock Investment Company, SALIC, which is a wholly-owned subsidiary of the public investment fund, PIF, of the Kingdom of Saudi Arabia will be investing USD \$1.24 billion, which is roughly SGD \$1.68 billion, for an estimated 35.4% stake in Olam Agri.

This investment, therefore, implies an equity valuation for 100% of Olam Agri at USD \$3.5 billion or SGD \$4.75 billion, subject to closing balance sheet adjustments. We believe that this valuation is reasonable and fair. And post the transaction, Olam Group Limited would remain the majority shareholder of Olam Agri with a shareholding of 64.6%. So Olam Group Limited will have 64.6% of Olam Agri going forward after this transaction is complete, and SALIC will have 35.4%.

The net proceeds from this transaction, the net cash proceeds from this transaction will be used to repay the debt at Olam Group level and thereby degear the Olam Group balance sheet substantially and right size its balance sheet. This is, therefore, a secondary sale, and the money that we are raising, the USD \$1.24 billion or the SGD \$1.68 billion, will not be coming into Olam Agri, but will be going into the Olam Group to degear and right size the balance sheet of the Olam Group.

In addition to this, Olam Agri and SALIC has also entered into a strategic supply and cooperation agreement, which we'll talk about a little bit more later on in this presentation. There are 3 closing conditions. One is the completion of the transaction is subject to shareholder approval at an EGM that will be convened for this purpose. And also, it includes customary regulatory approvals.

As far as the first closing condition is concerned, our major shareholder, Temasek, which currently owns [51.1%] (corrected by the company after the call), has given an irrevocable letter of undertaking to work in favor of this transaction. And the third condition that will have to be met is the completion of the reorganization that is underway. And subject to these closing conditions, we expect this transaction to complete by the end of this year. Typically, it takes 4 to 6 months for an operation of this kind in terms of the global footprint to get all the regulatory approvals in any jurisdiction. But therefore, conservatively, we expect that we will be able to complete this transaction by the end of 2022.

I want to move on to the next part of the strategic rationale on why we entered into this partnership with SALIC. So this substantial minority stake sale via secondary share placement in Olam Agri is a key milestone in Olam's reorganization plan. The reorganized plan, as you know, involved taking the diverse portfolio of OLAM and splitting the Olam Group into 3 new operating groups, Olam Food Ingredients Limited, which is a company that we intend to list and demerge and spin-off in a concurrent listing primarily in the London stock market, LSE, as well as a concurrent listing in Singapore, dual listing in Singapore.

We made an announcement yesterday that given the developments as a result and the consequences of the Ukraine-Russia conflict, the capital markets have become unsettled and we don't think it would be appropriate to go ahead with our plan to list the company under these circumstances as anticipated or planned in Q2, but we are fully prepared and ready to do this IPO, and we will pursue the IPO option based on prevailing market condition as soon as markets stabilize.

The -- from that broader reorganization plan, this is one of the milestones in the reorganization plan, where we had said in our scheme documentation that shareholders approved that we have pursuing 2 strategic options for Olam Agri. One was to sell a substantial minority stake to a strategic investor via a secondary sale placement, and we said we had started a limited bidding process in confidentially limited bidding process. And today's announcement is the outcome of that process where SALIC has decided to take a 35.4% stake in Olam Agri and become a strategic partner with Olam Agri.

So if you look at what this does for us and the outcomes it generates for Olam Agri, first, is it illuminates the hidden value of the Olam Agri business in the portfolio and it also unlocks value for Olam shareholders, thereby completing one of the key milestones of the Olam reorganization plan.

Secondly, it crystallizes a benchmark valuation for Olam Agri prior to a potential or eventual IPO and demerger of the Olam Agri business, and it also creates a strong shareholder base, which will be Temasek, SALIC, Mitsubishi, the KC Group; the original family

## MARCH 25, 2022 / 3:30AM GMT, Olam International Ltd Strategic Partnership with Saudi Agricultural and Livestock Investment Co Presentation

sponsors of this business. So a very strong long-term shareholder base that will support a potentially successful down-the-road IPO and demerger of this business.

Third outcome it generates is it raises significant net cash proceeds that will be used to pay down our debt and degear the Olam Group balance sheet and right size its capital structure.

And finally, it will generate significant synergies based on our complementary strengths with SALIC, and we will talk about that a little bit more in detail later on in this presentation. So the partnership synergies that it will unlock is the fourth most significant outcome as a result of this transaction, and that is why we have done this.

So to give a little bit more color on each of these major outcomes, it illuminates, as I said, the hidden value of Olam Agri in the portfolio. As of yesterday's close, Olam's market capitalization was roughly SGD \$6.8 billion, which is about a little over USD \$5 billion. This sale of 35.4% stake at a valuation -- equity valuation of USD \$3.5 billion or SGD \$4.7 billion, firstly is 70% of the total market capitalization of the Olam Group as of close of business yesterday. So obviously, that means the rest of the Olam Group is only being valued today at the balance, 30%, which is the OFI business, which we expect will be a significant business, and the remaining part of the Olam Group, as you know, at the end of 2021, the remaining part of the Olam Group had nearly SGD \$2.4 billion of assets in the remaining part of the Olam Group.

So if Olam Agri is now valued at USD \$3.5 billion or SGD \$4.74 billion, that is almost 70% of what the market is ascribing today as the Olam Group valuation. And therefore, this unlocks significant value for our shareholders.

Secondly, based on the carrying value and the book value of Olam Agri, this transaction will result in a capital gain of roughly SGD \$1.19 billion, which will go straight into the equity capital reserves of the Olam -- of Olam Group Limited. So that shows the significant value that is being unlocked for our shareholders as a result.

The second is that, as I said, it crystallizes a benchmark valuation for future potential IPO. So if this is a private equity valuation, typically private equity valuations would be at a discount to the IPO valuation. So it sets a floor and a benchmark for a potential IPO valuation benchmark and potentially a demerger of Olam Agri concurrently at that stage. And it also creates a very long -- very strong and long-term shareholder base. So Temasek, SALIC, Mitsubishi, family sponsors, management, ownership, all of this put together puts us in a very good shape and allows us to be poised for a successful future. The partners all share our vision and our purpose and is fully aligned to what we plan to do with the Olam Agri business.

Secondly, this business has got leading-edge ESG and sustainability credentials. And thirdly, we have a global perspective and footprint and reach. And with the SALIC partnership because they have also invested, as you will see down the presentation, both internationally and domestically, the combined footprint that we have in terms of a global presence, as well as in a domestic presence, would be a significant catalyst for future profitable growth.

The third point, as I mentioned, is that it will allow us to substantially reduce degearing and debt and leverage and right size the capital structure of the Olam Group Limited. So on a pro forma basis, the Olam Group Limited at the end of 2021 had a net debt to equity of gearing of 1.72x and on an adjusted basis, 0.75x. As a result of this transaction, the net debt to equity will go down by about 26% from 1.72x to 1.28x. And on an adjusted basis, it will go down 44% from 0.75x to 0.44x. That is significant.

And going on to the fourth outcome, it generates synergies and catalyzes access to new markets for Olam Agri. And therefore, catalyzes Olam Agri's growth as a result of the strategic supply and cooperation agreement, SSCA, that we have entered into with SALIC.

As you know, Saudi Arabia has a population of 34.8 million people and the population is growing at between 1.6% to 1.8% compounded each year. Saudi Arabia imports roughly 20 million tonnes of major food staples and 27 million tonnes of all food staples and agricultural products put together. They import this today from more than 157 countries. 75% of their food requirements are imported. For example, they import 7 million tonnes of feed barley, 3 million tonnes of corn, 2.8 million tonnes of wheat, about 1.2 million tonnes of rice, 0.7 million tonnes of soybean and about 600,000 tonnes of edible oil. And we believe that we deal in many of the products that Saudi

## MARCH 25, 2022 / 3:30AM GMT, Olam International Ltd Strategic Partnership with Saudi Agricultural and Livestock Investment Co Presentation

Arabia is interested in. And as they pursue their Vision 2030, which is to become more food secure and reduce their dependence on imports, we think we have a significant role to play in partnering with SALIC to achieve and further that objective.

We also believe that it will allow us and catalyze profitable growth for Olam Agri. So one, the joint Olam Agri and SALIC teams will evaluate potential upstream and downstream investments to increase the direct market access to the key commodities that KSA wants. And this would be investments that we can do jointly both internationally as well as domestically in the Kingdom of Saudi Arabia.

We believe there will also be significant mid-term to long-term operational benefits, for example, much greater visibility on commodity flows globally by combining both these companies' strengths and footprint. In proprietary market intelligence advantage, proprietary market intelligence as a result of our combined flows. And also, for example, significant freight synergies as we combine freighting capabilities to deal with the requirements of our customers.

And thirdly, it will allow us the opportunity to access not just the Saudi Arabian market, but the entire Gulf Cooperation Council region markets, which are fast-growing food markets of the future.

I will now give a brief overview of SALIC. As I mentioned, SALIC was established in 2009 as a Saudi joint stock company, wholly owned by the Public Investment Fund, PIF, which is one of the largest sovereign wealth funds in the world. And SALIC's mandate is achieve food security for the Kingdom of Saudi Arabia, investing in both domestic and international opportunities. And there is a Vision 2030, where they need to achieve some of these strategic goals that they set out for themselves.

These are the 12 strategic commodities that the Kingdom of Saudi Arabia has prioritized as strategic for their domestic needs and food security objective, which includes wheat, barley, rice, corn; all of which we participate in. It includes red meat, poultry and aquaculture and fishery, eating soybean and edible oil, which we participate in, and it includes dairy products, which the Olam Group participate in, not so much Olam Agri because dairy is now part of OFI, but we can provide the support that they need for sourcing their dairy product requirements as well.

SALIC has made many investments since 2012 when they started investing. So they are 100% owners of Continental Farmers Group in Australia, which is a grain producer and also a supply chain company dealing with procurement, storage and shipment, apart from farming. They invested in Daawat, which is a leading rice company in India, particularly a market leader in Basmati rice, which is the rice that is preferred in the Kingdom of Saudi Arabia. They've invested in Minerva Foods, which is a beef manufacturer and processor in Brazil and the leading exporter in Brazil. They have built a terminal, G3 in Vancouver, in Canada, to handle grains, exports from that region, which includes wheat and corn and soybean and chickpeas, et cetera. They have invested in Merredin Farms in Australia, which is, again, a farming company. And they've also invested separately in Minerva Foods in Australia, which is a beef production company and beef byproducts production company. They have one of the largest dairy farming operations in Saudi Arabia through their investment in Almarai. They are a 20% shareholder of Nadec, which is the national agricultural development company in Saudi Arabia. Alasmak is a JV where they are involved in fisheries, production, both shrimp aquaculture and fish aquaculture, and they are also recently established a JV with Bahri and SALIC to set up a large storage and logistics facilities for handling grains in the Kingdom of Saudi Arabia. So they have invested both in Saudi Arabia to develop the agri-supply chain and also globally, to secure strategic food supplies.

The Continental Farmers Group, I think I probably misspoke, the Continental Farmers Group is their farming operations in Russia, where they farm 195,000 hectares, growing corn and wheat and other agricultural crops, including sunflower, in the Western part of Ukraine -- in many provinces in the western part of Ukraine.

So I would like to then summarize it with the key takeaways once more and then open it up for Q&A. So this strategic partnership that we have announced today completes one of the key milestones in the reorganization of the Olam Group that we had announced in early 2020, and it's a very important milestone. It -- and we have today also concurrently made an announcement on the progress update of that reorganization plan. And we have provided an update saying that we have completed the scheme, and the scheme has become effective, OIL has become OGL.

Secondly, we are now announcing today the SALIC's strategic partnership and their investments. So that was another update on how

## MARCH 25, 2022 / 3:30AM GMT, Olam International Ltd Strategic Partnership with Saudi Agricultural and Livestock Investment Co Presentation

Project Manna and reorganization is progressing.

Third, we referred to the announcement that we made of not being able under the current market -- not preferring under the current market circumstances to do the OFI IPO in Q2 as earlier planned or anticipated.

Secondly, this transaction illuminates the hidden value of Olam Agri in the overall Olam portfolio, and unlocks substantial value for the Olam Group shareholders, as I outlined.

Thirdly, it crystallizes a benchmark valuation and creates a strong shareholder base for a potential future successful IPO and demerger of Olam Agri.

Fourthly, it raises significant net cash proceeds to right size the capital structure and reduce the leverage of the Olam Group.

And finally, it delivers significant synergies based on our complementary strengths between the 2 partners, and strengthens access to the Kingdom of Saudi Arabia market and more broadly, the Middle Eastern region, including the Gulf Cooperation Council with strategic partnerships -- with this strategic partnership with SALIC.

Thank you for your patience, and we're happy to take your questions.

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**Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

Thank you, Sunny, for the presentation. We'll now open up the time for Q&A. Operator, can you please open up the conference line for those who are waiting on the line for questions?

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### QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions)

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**Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

While we wait for question to come on the conference line, I would like to take some questions that have come through the webcast. Can you talk about the long-term plans for the Olam Group Limited if we assume that the OFI GL gets listed and demerged from the group, as well as the potential additional sale of the 10% stake in Olam Agri?

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**Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

Can you repeat the question now?

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**Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

The question is on the long term -- the medium- to long-term plan for Olam Group Limited, assuming the demerger of OFI GL, after the IPO of OFI, as well as the additional potential 10% stake [sale] (added by the company after the call) in Olam Agri.

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**Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

Yes. As I mentioned, the reorganization plan envisages some key milestones. The first is the separation, carve-out and splitting of the Olam Group into these 3 new operating groups. As far as OFI is concerned, as we have said, we are pursuing an IPO of OFI at the -- as soon as the market conditions and prevailing market conditions would allow us to go ahead with that IPO. We are fully ready. We are fully prepared to launch that IPO.

And at that IPO time, we will also fully demerge OFI, and OFI will become a spun off independent company. As far as Olam Agri is concerned, we have now entered into this strategic partnership, and we have done a placement of a substantial minority stake in Olam Agri by bringing in SALIC for a 35.4% stake in Olam Agri and raising USD \$1.24 billion in terms of net proceeds that will go to degear Olam Group Limited's balance sheet.

## MARCH 25, 2022 / 3:30AM GMT, Olam International Ltd Strategic Partnership with Saudi Agricultural and Livestock Investment Co Presentation

The further stage contemplated for Olam Agri, as I mentioned, will be that we will start planning for an eventual IPO and demerger of Olam Agri. As I said, this deal is expected to complete sometime towards the end of the year. And at that point in time, SALIC will become a shareholder and will be on our board. And then the 2 partners, along with the existing shareholders and the board will start planning after SALIC gets comfortable and understands our business, et cetera, to eventually do an IPO of Olam Agri and like OFI, do a demerger of Olam Agri at that time.

What is then left is the remaining part of the Olam Group, which includes 3 component parts. The first is Olam Global Holdings, OGH, that is warehousing the 7 remaining assets that have been deprioritized and marked for exit. We started with a list of 28. We now have 7 assets left. And that it also warehouses and gestates. The gestating assets, and we have 3 major assets, ARISE, the Infrastructure & Logistics business, which has 3 verticals underneath it. 2 out of those 3 verticals, ARISE Integrated Industrial Platform and ARISE Infrastructure Services. We have sold our entire remaining stake there. And we are going to, at completion, receive USD \$189 million from the sale of our remaining ownership in these 2 verticals under ARISE.

What is then left for us in the Infrastructure & Logistics ARISE business is the port and logistics business, which we are also planning to divest fully for -- in near future.

The second asset is Olam Palm Gabon. And the third asset under the gestating asset is our African consumer business called Caraway, which is a package foods business, and we will be looking to bring in strategic partners and partially monetize as we gestate these businesses.

The second component part of [OGH] (corrected by the company after the call) that is remaining is OlamVentures, which is really our sustainability and digital start-ups. We are again looking for strategic partnerships -- to take that engine to businesses to full potential. And we will be pursuing those arrangements in sequence.

And then the final -- third component of Olam Group, remaining part of Olam Group is Olam Technology and Business Services; OTBS. As you know, that will provide IT and IT-related services, including cyber information, security services, shared services, IT services, digital services. Firstly, to the 3 new operating groups, but based on that captive load, will be encouraged to develop a third-party business as well.

So there also, we will be looking for strategic partners to help us to take the OTBS business also to full potential. So all of this will be followed in terms of some sequence, some of this, we are pursuing many of this concurrently, and these are the various milestones to complete this entire reorganization plan exercise that we announced in January of 2020.

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### **Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

Thank you, Sunny. There is a follow up question, what would be the timeline target for, the 2 potential IPOs of OFI and Olam Agri?

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### **Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

OFI, we've already made an announcement yesterday, as we said that we are fully prepared and fully ready and fully intend to pursue the OFI based on prevailing market conditions. As you all know, OFI IPO would be a fairly substantial IPO, and we would like to do it at the right time. We are fully prepared and ready. Our plan originally that we anticipated and envisaged was Q2. As you all know, there are really no IPOs that have been done in March in the London market as a result of this crisis. So everybody is waiting and watching. And we are also waiting and watching and closely monitoring the developments there. But as a company, we are fully prepared and ready and continue to be ready to pursue the OFI IPO at the first available opportunity based on prevailing market conditions.

As far as the OG -- Olam Agri IPO and demerger is concerned, we will have to wait for some time because this deal will only be completed by the end of this year. The new shareholders will have to join us, and they will have to get to understand the business and feel comfortable with the business. And then we will pursue an IPO. So that could potentially take around 2 years before we can effectively launch that IPO.

## MARCH 25, 2022 / 3:30AM GMT, Olam International Ltd Strategic Partnership with Saudi Agricultural and Livestock Investment Co Presentation

As far as the OGH is concerned for the deprioritized assets and the gestating assets that is underway, many teams are working on the different deprioritized assets year mark for exit. The team is working on strategic partnerships in the gestating businesses by bringing in investors at an appropriate level in these businesses. And similarly for OlamVentures, we are looking for strategic partners to take that business to full potential and those discussions are underway.

And similarly, for the Olam Technology and Business Service Solutions, we are doing the same in terms of identifying the right strategic partners that will allow us to take that business to full potential. It is very difficult to say the timing on when each of this will complete. But we would think that in the next 2 years, much of this plan would be fully executed in all these different component steps.

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### **Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

Now coming back to the transaction in question today. There's a question on valuations. What would be the P/E valuation of this Olam Agri sale to SALIC? And what were the valuation benchmarks that you have considered?

The third question is, can you discuss the EPS dilution to Olam Group as a result of this transaction?

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### **Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

So the first thing in terms of valuation benchmarks, you can look at an EV EBITDA valuation benchmark. The average for the peer group that are listed, the listed global agribusiness companies in terms of EV EBITDA today on the basis of FY '22 EBITDA, the mean is about 7.7x. Our valuation based on FY '22 EBITDA will translate to roughly 9.3x EV EBITDA.

In terms of price earnings ratio, this valuation will translate to 11.4x price earnings ratio on '22 earnings. The mean for the industry is 8.3x currently as far as the mean P/E are for the listed agribusiness companies are concerned.

In terms of the dilution that is spelled out in the announcement today. But what is relevant is not so much the EPS change because of this transaction, it will be that you have to see the value of Olam Agri because this reorganization exercise at Olam, the objective is not just to maximize value of any one operating group, but for the existing shareholders who own 100% today of OFI, 100% of Olam Agri and 100% of the remaining Olam Group, including OGH, Olam Ventures and OTBS. Our shareholders are interested in the overall value of Olam Group Limited, which is the shareholding that they have today. So they are today invest -- shareholders of Olam Group Limited, and they need for us to deliver the combined valuation of these 3 operating groups and maximize the combined valuation of these 3 operating groups, which is what I mentioned about the Olam Agri business is today being valued on the basis of this transaction at SGD \$4.75 billion against an overall market cap of Olam of SGD \$6.8 billion, which is 70% of the total combined market capitalization. And therefore, you have to do your analysis and work on what will be the valuation of OFI and the remaining part of the Olam Group to understand the value that there is in Olam Group as a whole.

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### **Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

Muthu, there's a question for you. We understand that the net proceeds will be used by Olam Group for repayment of existing debt, but how much of the debt will be allocated to repay debt that has been allocated to Olam Agri and to OFI?

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### **Neelamani Muthukumar *Olam Group Limited - MD & Group CFO***

So good morning, all. First, again, take an opportunity to thank everybody for being here in this session today. Delighted about the transaction that has fructified and have been able to announce it this morning. As far as the transaction structure is concerned, as Sunny had outlined, this is primarily to right size the balance sheet of Olam Group and also accordingly, degear the balance sheet of Olam Group. So as such, these proceeds will go and set off at the group level and will not impact either OFI or Olam Agri.

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### **Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

We want to see the questions?

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### **Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

Next question is, would there be any change in the dividend payout after the sale of this significant minority stake as well as the demerger -- potential demerger of OFI and Olam Agri?



## MARCH 25, 2022 / 3:30AM GMT, Olam International Ltd Strategic Partnership with Saudi Agricultural and Livestock Investment Co Presentation

### **Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

No, we do not expect any special dividend to be paid out as a result of this. As Muthu has just mentioned and I stated as well that the entire proceeds from the sale -- secondary sale will go to reduce the debt of Olam Group, not of Olam Agri or OFI, but of Olam Group, and therefore strengthen the balance sheet of the Olam Group. And therefore, there will be no special dividend paid out from the sale.

We also mentioned that Olam Group will see a SGD \$1.19 billion of capital gain that are going to Olam Group's reserves as well, which is the other factor that we need to keep in mind. So there will be no special dividends envisaged as a result of either the potential OFI IPO or the current Olam Agri, a secondary sale of shares because the objective of what we want to do with the net cash proceeds from the sale is clearly to pay down Olam Group Limited debt, and degear the Olam Group Limited balance sheet, and right size its capital structure.

### **Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

The next question is on the supply agreement and cooperation agreement. Will Olam Agri be investing into other 6 strategic commodities, as outlined by SALIC, that Olam Agri does currently have exposure in? Is the SSCA more strictly in relation to the current 6 commodities that Olam Agri has exposure?

### **Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

So the second part of the question first. The SSCA will include all the commodities that Olam is currently dealing in, but will also allow us the scope to get into the other commodities that SALIC is interested. So that is a decision that we will have to take as part of our strategic planning process. We have our current strategic plan, which will end in 2025. And that does not envisage significant additional investment in entering into new products. But after SALIC comes in, and potentially based on the timing of our IPO, et cetera, we have under the strategic supply and cooperation agreement the flexibility and the freedom to move into the other products and categories that SALIC might be interested in, both for its domestic market as well as for its international food security agenda.

### **Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

We have a question on the arrangement of the board membership of Olam Agri. Sunny, would you like to comment on that?

### **Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

We envisage a 7-member board to start with. 4 members of the board will be nominated by the 64.6% current Olam Group shareholders. And there will be 2 board members from SALIC. And as we have said in the announcement, our objective was to raise USD \$1.5 billion overall -- USD [\$1.59 billion] (corrected by the company after the call). So we will continue to look for an additional investor or investors who will bring in that balance amount. And that last board seat will be reserved for that potential new investor. And when we do our EGM, we will be asking for shareholder approval to go up to that limit in addition to the USD \$1.24 billion that we have raised to go up to that USD [\$1.59 billion limit] (corrected by the company after the call). So that will be the structure of the board, a 7-member board with 4 from Olam Group nominations and 2 from SALIC and reserving 1 board seat for the additional investor or investors who might come down the road.

### **Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

I'll take a pause from the questions on the webcast. I would like to go back to the operator to open up the conference line for any questions that have come in.

### **Operator**

(Operator Instructions)

### **Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

Operator if there's no one on the line at the moment, I would like to switch back to the webcast. [There is a] (added by the company after the call) question on IPO valuations. Would there be any relationships between how the transaction of the substantial minority stake in Olam Agri against the IPO of OFI? Will there be any relationship between the 2?

## MARCH 25, 2022 / 3:30AM GMT, Olam International Ltd Strategic Partnership with Saudi Agricultural and Livestock Investment Co Presentation

**Sunny George Verghese *Olam Group Limited - Co-Founder, Group CEO & Executive Director, CEO of Olam Global Agri***

No relationships, absolutely. We don't expect any relationship between the 2.

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**Chow Hung Hoeng *Olam Group Limited - General Manager of IR***

All right. I think that completes most of the questions that have come through the webcast. Operator, if there's no one on the line, I would like to bring this briefing to a close and thank everybody for your participation, given the short notice. Thank you.

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**Operator**

Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.

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