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EDITED TRANSCRIPT

Q3 2018 Olam International Ltd Earnings Presentation

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PRESENTATION

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

Thank you for your attention. At this moment, I would like to introduce our senior management team who is with us today. Sitting on my extreme left at the table is our Executive Director and Group COO, A. Shekhar; on his right is President and Group CFO, N. Muthukumar. Our cofounder and CEO, Sunny Verghese, is unfortunately absent today. He sends his apologies as he is currently on his way to attend the 10th anniversary event of the IDH taking place in the Netherlands.

But of course, you have the people who are closest to the results that you can hear the results from and someone who's closest to the ground that you can hear updates on the operations.

So before you hear them out, I'd just like to show you the cautionary note statements, and it's in your handouts. I'll take it as read.

So please join me to welcome Muthu to present our third quarter 9 months results.

Neelamani Muthukumar ***Olam International Limited - President & Group CFO***

Good morning, ladies and gentlemen. Welcome, once again, to the Q3 2018 Olam International financial results. So it's a relatively and a seasonally very light and lean quarter, which is probably reflected with the lighter presence in the audience as well. So to put things in perspective, it is a quarter with an operational PATMI of between SGD 20 million and SGD 25 million. We have SGD 21 million as compared to SGD 24 million that we had this time last year.

The focus is obviously on a cumulative performance for the 9 months ended September 2018. The volume was up 58% to 23 million tonnes, up from 14.7 million tonnes, with revenue also growing up from SGD 19 billion to SGD 22.3 billion.

EBITDA down 11% to SGD 905 million as compared to SGD 1.015 billion this time last year, and I will take you through the reasons for that. Operational PATMI, which is a key metric that we follow and report, stood at SGD 275 million as compared to SGD 322 million 9 months 2017. More importantly, the free cash flow has been a whopping SGD 602 million positive for the cumulative 9 months. As had reported in -- during the first half results, we were tracking well to become free cash flow positive. We were negative SGD 400 million in the first quarter and then cumulatively, we were negative SGD 167 million. And happy to report that we are now at SGD 602 million of positive free cash flow, obviously, supported by the seasonally light quarter and also low commodity prices across our portfolio. Gearing, hence, with a significant reduction in lower net debt, stood at 1.38x as compared to 1.82x this time last year.

Bulk of the volume growth had come from the Grains trading platform which is part of the Food Staples & Packaged Foods segment. Even the IRM had a marginal growth of volumes, primarily due to Wood, Rubber and Fertilizer platforms having higher volumes. In terms of volumes in Confectionery & Beverage, we had higher Cocoa bean sales last year because of the excess inventory that we were carrying post acquisition of the ADM Cocoa business, which is not there this year and that had resulted in lower volumes in the Confectionery & Beverage segment.

EBITDA was at -- stood at SGD 905 million and the lower contribution was primarily in Edible Nuts and SVI segment, Food Staples & Packaged Foods segment and the CFS segment. While I will talk about the Edible Nuts and the Food Staples segment later in the presentation, the lower performance from Commodity Financial Services was largely due to the funds business having an underperformance due to -- particularly due to the trade tariff issues that is happening between U.S. and China and that has resulted in

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some of the views going against us.

PATMI stood at SGD 273 million. More importantly, operational PATMI stood at SGD 275 million as compared to SGD 322 million. Particularly, I want to call out the net finance costs we have, which was at SGD 310 million as compared to SGD 373 million in September 2017, this in spite of increasing interest rates. This is due to significantly lower net debt, down by SGD 1.3 billion on a comparative basis. Also supported by some interest finance income that we had in few of the geographies. There were no exceptional items during this quarter.

Overall, at the portfolio level, the invested capital was down 5%, in spite of a significant increase in volumes of 58% and an increase in revenue of 16%, and that can be seen in the lower working capital that is here compared to this time last year.

Net gearing, as I had highlighted earlier, stood at 1.38x as compared to 1.82x in September 2017. Particularly if you look at adjusted for RMI and secured receivables, our net gearing adjusted for RMI and secured stood at 0.43x as against 0.8x in September 2017. This were on account of lower working capital due to optimization initiative that we had taken, particularly in Cocoa, Coffee, Cotton and also reduction in the tomato paste inventory during the year. However, also supported by lower commodity prices, particularly in Coffee.

We also had lower gross CapEx of SGD 510 million cumulatively for 9 months. And adjusting for the divestments that we had made, our net CapEx for the 9 months stood at SGD 143 million, and that had helped.

And as you all know, we had converted our warrants into equity late last year, between December and early this year, some part in January. That had also resulted in reducing our gearing.

Free cash flow stood at SGD 769 million for the quarter. I'd probably talk about it more on a cumulative basis of SGD 602 million, which I had highlighted earlier. This was primarily due to lower working capital, lower gross CapEx as well as reduced interest costs.

We have ample liquidity available, a whopping SGD 18 billion of liquidity, if you have to take into consideration the SGD 2.5 billion of cash, SGD 4.4 billion of readily marketable inventories, about SGD 2 billion of secured receivables and more importantly, unutilized bank lines of around SGD 9.5 billion. Even looking at a very comfortable headroom of SGD 6.5 billion or a gross debt level of SGD 11.8 billion.

So moving on to segmental review. So I had talked about relatively lower contribution from Edible Nuts and SVI segment. These were primarily due to 3 reasons: in Edible Nuts, we had a lower contribution from Almonds due to relatively lower prices and lower yields impacted by frost and some pest attack in our Australia orchards. I had called out Argentina peanuts last -- in the first half presentation, where in we talked about the drought during the growing season and the harvest and the floods during the harvest season had resulted in a very low yield of roughly 1.7 tonnes per hectare for the peanuts in Argentina. That had resulted in a loss and that has continued to impact us in the third quarter and that'll go into fourth quarter as well. The second reason was in terms of Spices and Vegetable Ingredients segment. Tomatoes continued to underperform. But during the year, we had taken a lot of restructuring initiatives, all have gone as per plan. We have been able to sell all our carry-forward inventories from 2017 and that had also positively impacted our overall working capital position, and the business is now geared and poised to go into a positive EBITDA territory in the coming year. All other businesses in spices, the U.S. dehydrated business, the tropical spices business in Vietnam, India, China, all performed well.

In the Confectionery & Beverage Ingredients segment, it is -- the trend is similar as we had talked about in the first 2 quarters. Cocoa continues to perform very well strongly, especially the trading, supply chain and processing business, and has been having a fantastic year and looks to end the year very strong year as well. Coffee, on the other hand, which was impacted by very low prices and also backwardation in the derivative markets, especially for Robusta, continued to have impacted by that up to September. So it has been a very tough 15 months for the Coffee business, especially the green coffee and the plantation business. The Soluble Coffee business has been steady and has been delivering as per plan. The Brazil elections, which have recently concluded, has a positive impact, with real also bouncing back and becoming -- appreciating against the U.S. dollar. And with the main coffee season coming in, starting from October, November, we expect some positive tailwind for the green coffee business. And we hope that the Coffee business will come back to its normal stable performance from 2019 onwards.

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I would like to call on a significant reduction, however, in the working capital of this segment. You can see that from a SGD 4.5 billion of working capital, which was there in Cocoa and Coffee in September 2017, that has come down to just under SGD 3 billion. A lot of optimization initiatives were taken by both the businesses starting from the second half of last year, and they have continued the good work in the current year as well. But obviously, supported by some lower prices in Coffee.

In Food Staples & Packaged Foods segment, the Grains business continued to deliver a steady performance. We had -- sugar had a slightly lower contribution due to the 50% of our sugar -- Indonesian sugar refining business that we had sold late last year. So we have our share of contribution only 50% in this year as compared to last year. In terms of the Dairy, the supply chain business, our Russian Upstream dairy business, both did very well. But as I had talked about in the earlier quarter, our Upstream dairy business in Uruguay, the NZFSU business had been adversely impacted by the drought, which resulted in we having to import feed for the cows and that had an impact on our performance. Rice also had a relatively lower contribution as we had stayed away from doing our normal rice indenting business in the hinterland of Western Africa due to less favorable trading conditions. However, Packaged Foods business had performed very creditably. The Ghana biscuits business has continued its strong run. The culinary business, both in Ghana and Nigeria, continues to perform well. OK Foods and Ranona, the dairy business which came into commercial production after the fire we had in 2017, both have turned positive and look set to be performing strongly in the coming years as well.

In terms of Industrial Raw Materials, Ag Logistics & Infrastructure segment, Cotton, which is the big business here in this segment, continues to perform credibly. There was a marginal lower contribution. We would probably attribute it to more timing issues. But overall, on a year-on-year basis, we expect Cotton to perform as per plan and as compared to last year. However, Wood Products has performed better during this year, supported by better prices in European markets for the FSC-certified wood that we process and sell from our Republic of Congo forestry concession facility. Gabon SEZ, with the full year operations of the ports, both the general cargo port as well as the mineral ports for the full year operations had provided us additional contribution as compared to last year. Rubber, our midstream assets in Ivory Coast, has -- had improved performance as we had better throughput during the year.

Working capital marginally increased from SGD 671 million to SGD 712 million, primarily due to higher Cotton and Wood Products prices.

So as I had talked about in the beginning of the presentation, this seasonally a very light and lean quarter. And obviously, my presentation today has been a relatively light and lean presentation. But that doesn't take away the solidness of our strategy, the underlying assets that we have cumulatively assembled, and we are looking poised to perform as per the strategic plan of the rest of the fourth quarter. And we had a steady financial performance in the 9 months, particularly if you have to look at against a very strong performance this time last year. Very heartening to see a stronger balance sheet, further reduced net debt, improved gearing and a positive impact from our optimization initiatives on working capital, resulting in a very strong free -- positive free cash flow to equity of SGD 602 million. And we hope to end the year also with a positive free cash flow to equity by December 2018.

Thanks to all of you. We had, in late September, concluded a USD 1.425 billion multi-tranche revolving credit facility. And we thank all bankers who are present here and as well as who are hearing us through the webcast. Your continued support is valuable to us. Thank you for your contribution. Thank you.

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

Thank you, Muthu, for the presentation. We'll move on to Q&A.

QUESTIONS AND ANSWERS

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

Can you please pick up the microphone from one of my colleagues here on the side, and state your name and where you come from. Yes, Mervin, DBS?

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Mervin Song ***DBS Bank Ltd., Research Division - Assistant VP***

This is a more strategic question. I guess we're coming in towards the end of 2018, your previous strategic plan. Maybe you can touch on which parts you thought you done well and which ones you've kind of missed in terms of targets? And any indications in terms of your next strategic plan, what you plan to focus on?

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

Yes, Mervin, thanks. Since you've been following us for a long time, you know that we do our annual strategic planning in 2, 3-year cycles. As so the cycle for '16 to '18, which was our last cycle, is ending in this December. And we are in the process of doing the next 3-year cycles or the next 2, 3-year cycles along with our annual budgets for 2019. So at this part of time, it's probably premature to talk about what that plan might bring. From our perspective, it is going to be supporting what has already been put into place. So there is a -- there was a change in strategy 8 or 9 years ago, moving upstream and midstream. A lot of assets have been built or bought during this period, and we are in the process of integrating them, assimilating them and they've built us very strong competitive positions in many platforms. So that process will continue, and I don't think there'll be new products or new countries. It'll be solidifying the already strong position we have, investing more behind things that are working and things where we have a very winnability or proven winnability. There are parts of the business that are also not working and have not worked which we have called out in various points of time. And some of those we have already divested. And some probably are in the process of restructuring and potentially, we'll decide what are the best value optimization for ourselves as the rightful owners or otherwise. And at appropriate points of time, if we change our mind about owning these assets, we will probably find the right home for them. So that is going to be an ongoing dynamic process. So there is going to be no big announcement or there's going to be no big change. I think we are very comfortable with the trajectory that we have established, and we'll stay focused on that. We think there are some strong trends in the market which support a lot of the strategic initiatives that we had chosen. We're also solidifying our position on the sustainability areas, AtSource that was initiated last year, digitization initiatives, all of which can help us leapfrog and transform our business and do much better in our markets. So that's really the direction. Nothing very different from what you heard in the past.

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

Is there a next question? If there isn't, there's a question online, which is somewhat related to Mervin's question. But not really on the new strategic plan but on how Olam is on track to reach these goals for the '16 to '18 strategic plan? Can you comment on that, Shekhar?

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

Yes, the -- I mean, like, I probably already answered that, that in overall direction, we feel quite positive about what we've achieved during this last plan. It has been a very volatile period on -- for most commodities, and actually across the industry, there have been lots of -- there's probably more bad news than good news. So it has been a tough time for the entire larger agri industry. And so we have also seen some upswings and downswings in some of the businesses. But in our prioritized platforms across all the 6 platforms that we identified, we feel very comfortable that notwithstanding some of the ups and downs in cyclical aspects that have hit us, or probably like Muthu was talking about Coffee this year have hit us this year. We feel that these businesses and platforms are extremely well positioned. They're in a much better place, more solid position, competitively -- better positioned competitively. And so we feel quite good about the performance of the '16 to '18, despite very challenging marketing conditions, despite very challenging industry-wide performance. So yes, at this point in time, things could always be better, but we feel quite good about where we are today.

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

There's a question on the segments or rather the businesses that have not performed so well in the past 9 months. What is your plan to contain these businesses, the CFS business, the Coffee and the peanuts business?

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

If you look at the -- each of this is a slightly different set of situations. The Coffee business, we solidly believe in it, we have an extremely sound position. Last 15 months have been very tough for Coffee, the entire industry, it's nothing very Olam specific. We think it is cyclical. And if you actually look at what's been happening over the last probably 4 to 6 weeks, the market's already turning. So market was -- so last year second half, we had very short crops. The market was in a supply deficit. However, the market kept going down because of strong funds action in the markets, which was kind of not supported by supply-demand fundamentals. The market went into a backwardation, and that hurts an origin player like us and that's hurt all the other participants as well. But if you see what's happened in

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the last 6 weeks, both the -- post the Brazilian election, which caused some amount of uncertainty in September and October. But after that the markets have revived. Coffee had dropped down to below $1 and has now picked up. We still think there are very good crops which is good for us. With our strong origination presence, we think that'll be very good for Olam Coffee. And we think with the market getting back into carry, both in Arabica and Robustas, that can only be positive for the entire business. I think this is not something which only hit supply chain players like us, it hit all the participants in the business. So I guess that the market getting back to normalcy will only help. So the Coffee business, what has happened in the last quarter or last second half of last year and through this year is already turning, as we speak, in Q4, and we feel quite comfortable there going forward. So we're not really talking about any changes there. As far as the peanut business is concerned, again, that was really a big chunk, almost predominantly was from what happened in Argentina. And it was a -- we had drought at the start of the year, which hurt crop. And then whatever yields that we were expecting out of the farm, which was already very low, we had massive rains during harvesting which delayed. So we were harvesting up to July what should have been completed in April, May. So we had both short crop, we have been down on our yields. We had roughly about 25,000 hectares planted. So we took a knock on the yield as well as on quality. And that has hurt us and that's probably the biggest thing. We will see how things pan out in Argentina. There's also been all the other macro stuff in Argentina in terms of what has happened to the peso, et cetera. So we are looking at it carefully to see what needs to be done. But this has been a real strong, one-off event, weather gods and you can't fight them. So that's really the impact. A little bit of impact on Edible Nuts which has been there, which has been more because of almond prices, but Almonds is a very profitable business for us, despite -- even at these prices, it's been very profitable. So we're really not bothered. Those would be -- we have made lots of money in Almonds. So it's a little bit more price sensitive. So that's on the Almond side. The last part, CFS. Yes, CFS is a funds business. And we have -- obviously, we had relative value positions in the market. It has been hit by all the uncertainties because of tariff wars. And it's been a market which has, between March when it started and September, it has moved up and down every which way. And so therefore, we have taken some knocks on that. The positions have been wound down, so therefore they'll be no further damage on those positions, but that loss is realized and that's crystallized in the quarter. So those are the 3 areas, each of this slightly different situations. But nothing which is structural, nothing which we feel is something that we have not already resolved or put behind us. And looking forward, if you look at all the positives that have happened during this period in terms of Nuts business, Cocoa business. The Cocoa business has dramatically transformed, fully integrated now the large acquisition. And across the Grains business and the milling business, which has fully integrated to BUA acquisition. So there's a lot of positives that have happened in this period. Unfortunately, the 2 or 3 issues that happened hurt us for the 9-month period. But a lot of it is behind us and we are looking forward. Still cautious because there is a lot of volatility in the market. But feeling quite positive about how the year-end trajectory is going to be, and look forward to 2019 and beyond.

David Leong ***ANZ Bank***

David Leong from ANZ. I think no question on palm oil price today. But if I can ask 2 questions. One, Muthu you used to share about the assets under gestation. Is there something that is still tracking and move forward to elaborate a bit on? That's the first question, and how you're tracking on it? Second question is actually on Sugar. I'd like to get your views on -- Sugar seems to have shown a way of light in some -- what we see in the market. But do you see that as more of a -- the demand story, whether it will pick up? And what's you feel around it -- that segment?

Neelamani Muthukumar ***Olam International Limited - President & Group CFO***

So I will answer the first question and leave it -- the second for Shekhar to respond. So in terms of our assets that are gestating, it's primarily in the plantation side. So our palm plantations in Gabon and our Rubber plantations in Gabon; some of our Coffee plantations in Laos, Tanzania, Brazil and Zambia; and also our Animal Feeds and Protein business, which is there in Nigeria, which was commissioned late last year; and the day-old chicken processing facility, which was commissioned early this year. So those are particularly and mainly the gestating assets which are not coming to full contribution, which will come into contribution, for example, the palm we expect from 2019 onwards -- reasonable contribution from the palm plantation. However, Rubber, as you know, starts yielding from the seventh year, so that's some time away in terms of 2021 and beyond. However, Coffee plantations are also -- will come into contributing meaningfully from -- late 2019, early 2020 onwards. Animal Feed and Processing business is more a midstream business, it's not an upstream business. And hence, we expect a full contribution coming into from 2019.

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

Yes. On the Sugar market, we are a relatively small player, so there are much bigger players for you to ask that question to. But from our perspective, we have a very niche business in Indonesia, which we feel very good about. We have niche trading operations in destination

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markets, which we, again, feel quite good about. The overall markets, obviously, have gone through fairly troubled times for the last probably 4 or 5 years, the -- which has had a slow bleed on prices and industry profitability. Probably that's -- we are -- probably behind us and maybe people are looking forward to more positive times. The Brazil elections and sorting out of the real is, again, another impact on the sugar prices. Energy prices, which picked up of course, they've again retraced backed in the last few days, again, have some impact on positive implications for sugar. So overall, yes, I think it's seen such a protracted period of low profitability that it had to come out of it. And I would say, hopefully, it will. But for us, it is a relatively niche play and a very small play, and we stay focused on -- within that -- those boundaries.

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

There are many online questions on only one subject, which is the U.S.-China trade wars. They'd like to know what is the impact on our businesses, especially in the Edible Nuts segment as well as other products that we may be present in the U.S. and exporting?

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

So the only way I can answer it if I check my tweets. But beyond that, I think, I am -- I will have a view as good or as bad as anyone of us and what we're reading in the media or social media. So it is an uncertain period and I don't think anybody can call it. I think many people have tried to call it. There are some obvious impact of that in products like soybean and Cotton, which are well documented, well understood. So at our level, it has caused a very strong short-term uncertainty during this whole year. And that's probably likely to stay. There is a meeting ahead between Trump and Jinping, and we'll see how that goes. But I'm hoping that, like I've mentioned previously, finally, economics trumps politics, but we'll see how that goes. But from our perspective, I think -- and the way most people in the industry are looking at it is that the supply chains will adjust. So if there is a tariff between a U.S. product and China, Brazil soybeans are going into China and therefore, finally, U.S. will go and replace Brazilian soybeans in some other markets and it'll kind of adjust itself. We're seeing that in cotton, we're seeing that in almonds. wherein there's more Australia, there is a specific question on nuts, so we are selling more Australian almonds into China that we ever did. So that -- so there are those short term, seems like finally, unless overall demand dramatically changes, the supply will readjust. In the annual crops, it'll adjust faster. Because next year, Brazilians are planting soyas. There'll likely be a record planting, depending on whether we'll see what the yields are. And U.S. farmers are not likely to plant soya. So the annual crops to supply response will be fairly immediate in the next 6 months that'll sort itself out. And finally, I don't think this tariff, in the long run, will help anybody. It's right now a negotiation between 2 superpowers. They'll figure it out. But I think we are being cautious, not having running large positions. So this is not a time for trying to second-guess the market. So we'll stay cautious, we'll stay focused on there. And our diversified origination platform enables us to participate from different places. So we don't see us really taking any major impact. We have had some opportunities that we've participated in, so it's been, if anything, only positive to us, except the part that I talked about, which was on the funds business, which was a position that we had to close out.

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

There's one question online that's important for many of us, including the lenders, our lenders who are here. What is the outlook on finance cost for the remaining of 2018 and beyond? What is our target of financing working capital using long-term debt as interest rates rise?

Neelamani Muthukumar ***Olam International Limited - President & Group CFO***

So obviously, interest rates are on the rise and that is something which we can't control and we have to ensure that we manage it optimally. So we are -- constantly look at our debt portfolio and how do we ensure that we have fixed rate, long-term debt as well as short-term debt. And we have, as a policy, look at some part of the fixed rate, long-term debt also funding working capital to ensure there are no -- to take care of any short-term shocks that can potentially happen. As you would have seen in my presentation, we have significant unutilized bank facilities, which provides us an ability to reshape our finance portfolio as we want and reacting to or proactively looking at the rising interest rate situation. Also a bulk part of our business, the core business is still supply chain. And as you know, these interest costs typically can be passed on as part of our revenue. While most of it cannot be, but a major part of the interest cost that we have on our working capital can be potentially passed on to our -- as part of our revenue. So it is not going to be something which will impact us negatively in a higher interest rate environment going forward.

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Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

I'll only just add that the view of rising interest rates is not new, it's been there for the last probably couple of years. And we've already built up the long-term fixed rate to short-term ratios. If anything, we are right now because of lower commodity prices with working capital down, we have probably got more long-term debt than we would ideally like. So it's not about just taking more long-term debt because interest rates are going up, it has to be aligned with our fixed assets and working capital requirement. And today, I think we've got a good balance, if anything, it is more geared and more conservatively geared towards the -- to the long term.

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

There is a question on the sustainability linked club loan. You're coming to the end of the 1-year mark of the sustainability club loan. How are you performing on the metrics? And are you confident that you might be able to secure lower interest rates?

Neelamani Muthukumar ***Olam International Limited - President & Group CFO***

So the sustainability linked -- the loan for the initiative that we took is actually -- the review is in March. So we have -- still a few months away from that. But having said that, we are confident that we are able to meet that over 50 metrics that we had committed to maintain or better and which will come for a review. And at this stage, we are quite confident that we will be in the minimum meeting, if not bettering in all of these agreed metrics.

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

For all that effort, we wish we could get a greater discount on our interest. But we will stay with what we've got now.

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

Okay. We switch gear to Cocoa. On Cocoa, you are doing well. Are you going to pursue more acquisitions such as the processors in the U.S?

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

Yes. That's been a question that's been asked of us. So I think we've got a very solid Cocoa portfolio. We have -- after the ADM acquisition, last 3 years, we've been spending -- spent on really consolidating, integrating that. Today, we think we have a extremely good processing footprint, very solid powder franchise and products franchise. We are running at very good capacity utilizations. And we have very strong origination, which we started with -- in any case with a very sound sustainability footprint. So we think we have a very good franchise, we see a lot of growth in powder markets, especially in Asia. So we will probably look at expanding capacity, et cetera, to -- in specific pockets. At this point in time, there is no plans for North America for expanding our capacity in North America. There's a lot of plants and a lot of business and lot of growth in North America that we are seeing. But we got enough capacity, we have set up a new powder milling unit there already. So that's coming up to full capacity. So we have enough capacity in North America right now on our own.

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

Last question, but not the least. And finally the question has come on palm oil. So we've said in the past that we like to take that questions offline, but since it's towards the end of the session, Shekhar, would you like to comment?

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

If it's on predicting the prices of palm oil, I won't.

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

Yes, it is.

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

Yes. So again, it's a bit like sugar. So we are present in palm oil, but our predominant focus on palm oil is in our plantations in Gabon and our redistribution milling midstream operations in Africa. We obviously follow the palm oil market. It's been a tough market for everybody this whole year. You've seen prices drop from $650 to now $500. And there are lots of noise in the market today because of the ban on new plantations in Indonesia, the ban on biodiesel in Europe, India, import duty is going up, so -- and of course, the tariff

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wars. So I don't think anybody really has a real view on which way the prices will go. Everybody's hoping that this price fall is kind of -- we have reached the down, and it'll probably be supported here. But there's good crops supporting it from Indonesia at least. So I won't like to even hazard a guess on where it will go, but I know as much as anybody else does in this room, that it has been -- it is going to remain volatile. And it's going to be a lot dependent on what happens on the trade wars, but also what happens to the other oil seeds market primarily. So yes.

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

Right. Those were the last questions. If there are no more questions from the floor, we would like to bring the session to a close. We thank you for your questions. We thank you for your participation. We hope to see you in February.

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

Thanks a lot.

Neelamani Muthukumar ***Olam International Limited - President & Group CFO***

Thank you.

Shekhar Anantharaman ***Olam International Limited - Group COO & Executive Director***

Thanks for joining us.

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