



## News Release

Singapore, November 14, 2018

### Olam International reports Q3 2018 PATMI of S\$20.7 million

#### HIGHLIGHTS

- Q3 2018 PATMI down 14.2% to S\$20.7 million and 9M 2018 PATMI down 13.6% to S\$272.6 million on tough trading conditions in Coffee, and lower performance from peanut business and Commodity Financial Services (CFS)
- Q3 2018 Operational PATMI down 13.8% to S\$20.7 million; 9M 2018 Operational PATMI down 14.6% to S\$274.7 million
- Significant improvement in net gearing (Sep 30, 2018: 1.38x; Sep 30, 2017: 1.82x)
- Strong, positive free cash flow:
  - Free cash flow to equity (FCFE) for Q3 2018 improved to S\$769.4 million (Q3 2017: S\$726.0 million)
  - FCFE for 9M 2018 was S\$602.4 million (9M 2017: S\$713.2 million)

S\$ million	9M 2018	9M 2017	% Change	Q3 2018	Q3 2017	% Change
Volume ('000 MT)	23,256.7	14,738.6	57.8	9,650.1	5,798.8	66.4
Revenue	22,018.6	19,037.3	15.7	8,294.0	6,712.6	23.6
EBITDA	905.1	1,015.1	(10.8)	229.1	243.0	(5.7)
PAT	251.1	295.5	(15.0)	14.7	25.4	(42.3)
<b>PATMI</b>	<b>272.6</b>	<b>315.6</b>	<b>(13.6)</b>	<b>20.7</b>	<b>24.1</b>	<b>(14.2)</b>
<b>Operational PATMI</b>	<b>274.7</b>	<b>321.8</b>	<b>(14.6)</b>	<b>20.7</b>	<b>24.0</b>	<b>(13.8)</b>

#### MANAGEMENT COMMENTS

**Co-Founder & Group CEO, Sunny Verghese** said:

“Our Q3 is a seasonally lower quarter which was further impacted by ongoing tough trading conditions in Coffee, lower performance from the peanut business and the Commodity Financial Services business.

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“We further refined our portfolio and made targeted investments during the year, including into digital initiatives and sustainability solutions, that will position us to capture future growth.”

**Executive Director and Group COO, A. Shekhar** said:

“Our proactive efforts to strengthen our financial position and capital structure have supported our performance. We reduced our gearing and overall net debt with lower finance costs despite higher interest rates, while continuing to diversify our funding sources. Our focus on capital productivity has resulted in delivering S\$602.4 million in Free Cash Flow to Equity for 9M 2018.”

### **FINANCIAL RESULTS**

#### **Q3 2018**

- PATMI (Profit After Tax and Minority Interest) down 14.2% year-on-year (YoY) to S\$20.7 million (Q3 2017: S\$24.1 million) against a strong Q3 2017, mainly due to lower contribution from Coffee, Peanuts and CFS.
- Operational PATMI, which excludes exceptional items, declined 13.8% YoY to S\$20.7 million (Q3 2017: S\$24.0 million).
- EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) was down 5.7% at S\$229.1 million (Q3 2017: S\$243.0 million).

#### **9M 2018**

- PATMI declined 13.6% YoY to S\$272.6 million (9M 2017: S\$315.6 million) against a strong 9M 2017, mainly due to the tough trading conditions in Coffee and lower contribution from Peanuts and CFS.
- Operational PATMI was lower by 14.6% YoY at S\$274.7 million (9M 2017: S\$321.8 million).
- EBITDA was down 10.8% at S\$905.1 million (9M 2017: S\$1.0 billion).

#### **Cash flow and gearing**

- Net gearing as at September 30, 2018 was significantly lower at 1.38 times (September 30, 2017: 1.82 times), as net debt came down by S\$1.3 billion with the reduction in working capital, lower gross capital expenditure, cash from divestments and the conversion of warrants into equity.



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- FCFE for Q3 2018 improved to S\$769.4 million (Q3 2017: S\$726.0 million) while FCFE for 9M 2018 was S\$602.4 million versus S\$713.2 million in the prior period.

### **9M 2018 SEGMENTAL PERFORMANCE**

#### **Edible Nuts, Spices & Vegetable Ingredients (SVI)**

- Revenue declined by 4.2% to S\$3.2 billion due to lower peanut sales.
- EBITDA fell by 18.3% to S\$277.0 million, when compared with strong performance in 9M 2017. The results in 9M 2018 were impacted by the peanut businesses in Argentina and the US, which offset the improved performance by SVI, excluding tomato processing.

#### **Confectionery & Beverage Ingredients**

- Revenue decreased 15.4% to S\$5.2 billion on lower volumes and lower coffee prices.
- EBITDA improved 12.1% to S\$278.9 million as strong performance in the Cocoa supply chain and processing compensated for weaker results from Coffee, which continued to face difficult market conditions.

#### **Food Staples & Packaged Foods**

- Revenue was up 60.9% to S\$10.2 billion on significant volume growth driven by higher Grains trading volumes.
- EBITDA declined 14.6% to S\$248.7 million against a very strong 9M 2017 on lower contribution from Edible Oils, Sugar and Dairy, which offset the improved results from Grains and Packaged Foods.

#### **Industrial Raw Materials, Ag Logistics & Infrastructure**

- Revenue grew 6.0% to S\$3.4 billion on higher Wood Products sales and prices in the Republic of Congo with improved demand from European markets.
- EBITDA fell 4.8% to S\$132.4 million on relatively lower contribution from Cotton, which offset growth from GSEZ, Wood Products and Rubber.

#### **Commodity Financial Services**

- CFS reported higher EBITDA losses of S\$31.9 million (9M 2017: -\$3.1 million) mainly due to losses from the Funds business.



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### **OUTLOOK**

While global markets are experiencing heightened political and economic uncertainties, Olam believes its diversified and well-balanced portfolio provides a resilient platform to navigate the challenges in both the global economy and commodity markets. Olam will continue to execute on its 2016-2018 Strategic Plan for the rest of 2018 and focus on growing its prioritised platforms, turning around underperforming businesses, ensuring gestating businesses reach full potential and delivering positive free cash flow.

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Issued on behalf of Olam International Limited by: WATATAWA Consulting, 77 Robinson Road, Robinson 77 #33-00, Singapore 068896

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### **Notes to Editors**

1. This release should be read and understood in conjunction with the full text of Olam International Limited's Third Quarter and Nine Months 2018 Financial Statements and Management Discussion and Analysis lodged on SGXNET on November 14, 2018.
  2. Olam will host a webcast on November 14, 2018, at 10.30 am SGT to discuss the financial results and provide a company update. To access the webcast or download the presentation materials, go to <https://www.olamgroup.com/investors.html>.
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### **About Olam International Limited**

Olam International is a leading agri-business operating across the value chain in 66 countries, supplying various products across 18 platforms to 22,000 customers worldwide. From a direct sourcing and processing presence in most major producing countries, Olam has built a global leadership position in many of its businesses. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 30 largest primary listed companies in Singapore in terms of market capitalisation. In 2016, Fortune magazine recognised Olam at #23 in its 'Change the World' list.

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

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