

SGX Announcement

Singapore, 23 December 2020

PROFIT GUIDANCE FOR THE SECOND HALF AND FULL YEAR ENDING 31 DECEMBER 2020

Olam International Limited (“Olam” or the “Company”, together with its subsidiaries, the “Group”) wishes to provide the following update and profit guidance for the Group’s unaudited consolidated financial results for the second half ending 31 December 2020 (“H2 2020”) and the full year ending 31 December 2020 (“FY2020”).

Following a periodic review of the carrying values of certain assets of the Group, the Group will record a one-off, non-cash and non-recurring impairment arising from a reduction in the recoverable value of the Company’s investment in Olam Palm Gabon (“OPG”) amounting to approximately US\$350 million in its financial statements for H2 2020 and FY2020. This impairment was determined by the investments/assets’ recoverable value being the higher of the value in use and fair value less costs of disposal. In calculating the recoverable value of OPG, the valuation model considered certain assumptions including revenues, earnings before interest, tax, depreciation and amortisation (“EBITDA”), long term crude palm oil price, yields, on-going plantation costs, discount rate and fair value of recent market transactions.

Gabon has been experiencing moisture deficit in the recent past due to both lower rainfall as well as unfavourable rainfall distribution with prolonged dry spells during the June to September period. In order to mitigate this moisture deficit risk, the Company had decided to invest in a large drip irrigation project in 2019. However, due to the impact of Covid-19, the implementation of the drip irrigation project has been delayed by 12-18 months with a potential adverse impact on yields and returns.

The revised cost and capital structure of OPG following this impairment will provide the project a better cost base going forward as the Group continues to operate OPG as a positive example of environmentally and socially responsible palm production, including being fully RSPO certified.

Arising from this one-off, non-recurring and non-cash impairment on OPG, the Group will report a loss in H2 2020. Notwithstanding the impact of this impairment, the Company expects its FY2020 net profit to remain positive, underpinned by strong growth in operating performance across the rest of the portfolio.

The Group is in the process of finalising its unaudited consolidated financial results for H2 2020 and FY2020 which will take into account the impairment assessment mentioned above, while it continues to review and assess the carrying value of its assets.

The H2 2020 and FY2020 unaudited financial statements of the Company and its subsidiaries will be announced on 26 February 2021. In the meantime, shareholders of the Company should keep this disclosure in mind when dealing in the shares or other securities of the Company.

About Olam International Limited

Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 25,200 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 million farmers.

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

About Olam Palm Gabon (OPG)

Olam Palm Gabon (OPG) is a greenfield palm oil plantation that was set up as a joint venture with the Republic of Gabon (RoG) in 2011. Planting commenced in 2012 and was completed in 2017. OPG has a total concession area of 202,560 hectares (Ha), of which 63,322 hectares has been planted, with 99,000 Ha of High Conservation Value (HCV) areas being permanently protected. The plantations have been developed in line with the RSPO Principles and Criteria; three have achieved RSPO certification and it is on track to have all plantations RSPO certified by 2021. It has two CPO mills with a total capacity of 135 MT of FFB / hour and two PKO mills with a total capacity of 5 MT / hour. A third CPO mill (90 MT / hour) and a third PKO mill (3 MT / hour) are currently under development. OPG also has a refinery that makes branded packed oil (sold under the market leading brand, Cuisin'Or). The plantation is still not fully mature and is currently gestating.

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More information on Olam can be found at www.olamgroup.com. Follow @olam:



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