



**Olam International Limited**  
 9 Temasek Boulevard  
 #11-02 Suntec Tower Two  
 Singapore 038989  
 telephone 65 63394100  
 facsimile 65 63399755  
 Website [www.olamonline.com](http://www.olamonline.com)  
 Regn no. 199504676-H

## NEWS RELEASE

### OLAM INTERNATIONAL REPORTS S\$403.8M IN PROFIT AFTER TAX (PAT) AND S\$370.9M IN PROFIT AFTER TAX AND MINORITY INTEREST (PATMI) FOR FY2012

- Excluding exceptional items<sup>#</sup>, FY2012 PATMI declined 4.6% from particularly strong results in the prior year;
- Food category continues to report strong volume and margin growth; overall results impacted by the Industrial Raw Materials segment due to outlier events in the cotton market;
- Board of Directors recommends final dividend of 4.0 cents per share for FY2012.

#### FY2012: Financial Highlights

- Sales Volume of 10.7 million tons, up 26.3%
- Sales Revenue of S\$17.09 billion, up 8.2%
- Net Contribution (NC) of S\$1,381.8 million, up 13.0%, with NC/ton at S\$129
- PATMI excluding exceptional items<sup>#</sup>, at S\$355.5 million, a decline of 4.6%
- Food category Sales Volume up 31.5%, NC up 31.6%
- Net Asset Value<sup>^</sup> per share up from S\$1.15 in FY2011 to S\$1.45 in FY2012
- Improved liquidity position, with adjusted net gearing of 0.37x in FY2012 from 0.54x in FY2011
- Strengthened balance sheet, with equity<sup>^</sup> increase from S\$2,568.1 million in FY2011 to S\$3,530.8 million in FY2012

Consolidated Financial Results Ended June 30	Full Year			Quarter 4		
	FY2012	FY2011	Change	FY2012	FY2011	Change
Sales Volume (metric tons)	10,674,581	8,451,585	26.3%	3,455,661	2,293,275	50.7%
Sales Revenue (S\$ billion)	17.1	15.8	8.2%	5.1	4.6	12.7%
NC (S\$ million)	1,381.8	1,222.8	13.0%	440.1	407.1	8.1%
<b>PAT (S\$ million)</b>	403.8	444.6	-9.2%	114.8	142.9	-19.7%
Exceptional Items <sup>#</sup> (S\$ million)	15.4	57.1	n.m.	15.4	21.2	n.m.
<b>PAT (Excluding Exceptional Items<sup>#</sup>) (S\$ million)</b>	388.4	387.5	0.2%	99.4	121.7	-18.3%
<b>PATMI (S\$ million)</b>	370.9	429.8	-13.7%	109.5	127.4	-14.1%
<b>PATMI (Excluding Exceptional Items<sup>#</sup>) (S\$ million)</b>	355.5	372.8	-4.6%	94.1	106.2	-11.4%
EPS (cents/share)	15.0*	20.3*	-26.2%	4.3**	5.9**	-27.3%

<sup>#</sup> Negative goodwill on acquisitions (net of transaction costs) and non-operational fair value gains on biological assets

<sup>^</sup> Before fair value adjustment reserves

\* Based on weighted average number of shares of 2,436,958,798 for FY2012 (compared to weighted average number of shares of 2,120,460,030 for FY2011)



*\*\*Based on weighted average number of shares of 2,436,074,814 for Q4 FY2012 (compared to weighted average number of shares of 2,153,964,290 for Q4 FY2011)*

Singapore, August 28, 2012 – Olam International Limited (“Olam” or “the Group”), a leading global, integrated supply chain manager and processor of agricultural products and food ingredients, today reported Profit After Tax and Minority Interest (PATMI) of S\$370.9 million for FY2012 compared to S\$429.8 million in FY2011. PATMI excluding exceptional items declined by 4.6% as compared to the prior period.

Olam’s Group CEO, Sunny Verghese commented: “Our FY2012 Full Year Results, while marginally lower than last year, demonstrate the resilience of Olam’s business model and an ability to deliver across volatile commodity and economic cycles. Despite a tail event in the Cotton platform and recessionary conditions in the Industrial Raw Materials (IRM) segment, our well balanced portfolio, combined with our risk management systems, have enabled us to navigate the challenges posed by these tough trading conditions relatively well.

“From a strategic perspective, we continue to make substantial progress towards our goal of achieving US\$1 billion in after-tax profits by FY2016. In the first three years of our plan implementation we have already invested S\$3.3 billion in the execution of our organic and in-organic growth initiatives, and have committed a further S\$1.7 billion to complete the funding of these initiatives. Several of these investments are already earnings and cash-flow accretive and their contribution can be seen in the sustained NC and NC/ton growth across all our reporting segments driven primarily by upstream and midstream initiatives. The overall NC for the Company grew at a 31.5% CAGR, from S\$607.3 million in FY2009 to S\$1,381.8 in FY2012. Similarly, EBITDA grew at CAGR 30.6% from S\$430.3 in FY2009 to S\$957.8 in FY2012.

“The front-loaded nature of our investment programme and some gestating investments could result in near term pressure on returns (ROE). However the initiatives already executed and committed are expected to drive between 65% and 70% of our FY2016 PAT target and will help us deliver the targeted returns as well.”

### **Group Financial Review**

During FY2012, Sales Volume grew 26.3% to 10.7 million metric tons while Sales Revenue increased 8.2% to S\$17.09 billion. Overall NC grew 13.0% to S\$1,381.8 million. While Sales Volume rose, NC per ton was lower at S\$129 compared to S\$145 in FY2011, impacted primarily by lower NC from the Non-food category.



Sales Volume in Q4 FY2012 increased 50.7% to 3.5 million metric tons. Sales Revenue growth was lower at 12.8% during the period as a result of lower commodity prices across most products. NC growth was 8.1%, moderated by the lower contribution from the Non-food category during the quarter and the high base of the previous year. For the same reason, NC per ton margin declined to S\$127 from S\$178.

Olam's Executive Director – Finance and Business Development, Shekhar Ananthraman explained the results: "The food-related business segments continued their solid trajectory of growth from the last two years and accounted for 76.4% of Group revenue and 87.0% of NC. Sales Volume increased by 31.5% and NC increased by 31.6% compared to FY2011.

"The Non-food categories consisting of IRM and the Commodity Financial Services (CFS) segments, however, registered a decline in NC due to unfavourable market conditions and some outlier events experienced during FY2012. The management team has navigated well through these exceptionally volatile market conditions, which adversely impacted most industry participants. In the CFS segment, we started participating more actively in relative value and arbitrage trading opportunities in Q4 FY2012, which helped register the best quarterly performance in FY2012 for this segment. We continue to make strong progress in implementing our strategic plan and remain confident about the fundamentals of our industry and prospects for our business" he added.

### Segmental Review

Edible Nuts, Spices & Beans	Full Year			Quarter 4		
	FY2012	FY2011	Change	FY2012	FY2011	Change
Sales Volume (metric tons)	1,570,197	1,274,241	23.2%	535,813	369,803	44.9%
Sales Revenue (S\$m)	2,562.76	2,183.16	17.4%	847.93	496.47	70.8%
NC (S\$m)	390.9	296.6	31.8%	126.8	103.8	22.2%
NC Per Ton (S\$)	249	233	7.0%	237	281	-15.7%

The **Edible Nuts, Spices & Beans** segment grew Sales Volume by 23.2% and NC by 31.8% during FY2012. In Q4 FY2012, Sales Volume increased 44.9% and NC rose 22.2%. Both the Edible Nuts and the Spices & Vegetable Ingredients businesses performed well during the year, supported by increases in almond production from Australia and the US, above plan performance of US and Argentinean Peanut operations, the introduction of Hazelnuts into the portfolio (with the acquisition of Progida Group in Turkey) and the expansion of the spices business with the acquisition of Vallabhdas Kanji Limited in India. The tomato business in the



USA had a poor Q4 to end FY2012 below plan. Necessary steps have been taken to adjust the inventory position and deliver in line with the strategic plan from FY2013 onwards.

Confectionery & Beverage Ingredients	Full Year			Quarter 4		
	FY2012	FY2011	Change	FY2012	FY2011	Change
Sales Volume (metric tons)	1,608,561	1,483,994	8.4%	342,029	328,474	4.1%
Sales Revenue (S\$m)	5,902.20	6,361.46	-7.2%	1,305.07	1,632.31	-20.0%
NC (S\$m)	420.8	314.4	33.8%	148.3	103.9	42.8%
NC Per Ton (S\$)	262	212	23.5%	434	316	37.1%

The **Confectionery & Beverage Ingredients** segment continued to register strong NC growth. The Cocoa business had another good year, despite very lacklustre market conditions and the uncertainty created due to changes in the regulatory framework in Ivory Coast. The integration of Macao Commodities (Spain) and Britannia Foods (UK) provided additional sources of value and increased Olam's presence and reach in the value-added Cocoa Fats and Ingredients business. The Coffee business performed well with market share gains in most origins, including the new Arabica operations in Mexico and Guatemala. Olam harvested the first Coffee crop from the Laos plantations during the year and executed well on new East African upstream initiatives.

Food Staples & Packaged Foods	Full Year			Quarter 4		
	FY2012	FY2011	Change	FY2012	FY2011	Change
Sales Volume (metric tons)	5,844,984	4,101,979	42.5%	2,069,121	1,121,742	84.5%
Sales Revenue (S\$m)	4,586.44	3,466.62	32.3%	1,533.04	1,112.45	37.8%
NC (S\$m)	390.9	302.5	29.2%	85.2	63.3	34.7%
NC Per Ton (S\$)	67	74	-9.4%	41	56	-27.0%

The **Food Staples & Packaged Foods** segment's Sales Volume and NC rose 42.5% and 29.2% respectively in FY2012. Q4 FY2012 recorded Sales Volume and NC growth at 84.5% and 34.7% respectively. The rapidly expanding Grains business drove the strong volume and NC growth in the segment. The Dairy and Sugar businesses faced difficult market conditions due to unfavourable trading and adverse weather conditions. The Packaged Foods business gained further momentum with several acquisitions during the year contributing to the expansion of Olam's product offering and distribution reach in West Africa.



Industrial Raw Materials	Full Year			Quarter 4		
	FY2012	FY2011	Change	FY2012	FY2011	Change
Sales Volume (metric tons)	1,650,839	1,591,371	3.7%	508,699	473,256	7.5%
Sales Revenue (S\$m)	4,040.81	3,790.02	6.6%	1,459.60	1,322.27	10.4%
NC (S\$m)	167.2	283.9	-41.1%	68.5	131.8	-48.0%
NC Per Ton (S\$)	101	178	-43.2%	135	278	-51.6%

The **Industrial Raw Materials** segment recorded modest Sales Volume growth and a decline in NC and NC per ton in FY2012. In Q4 FY2012, volumes increased by 7.5% and NC fell by 48.0%. Margin per ton was reduced by 51.6% to S\$135. The Cotton business, particularly the Australian, Brazilian and the US origination and marketing operations, was impacted by extreme market volatility (both price and basis), consequent demand illiquidity, declining volumes from growers and enhanced customer counterparty risk in some Asian markets. Demand in the Wood Products business continued to decline due to rapid devaluation of the Indian Rupee and slowing infrastructure demand from China. However, demand for higher end certified timber from Europe supported growth in the tropical timber business. The Wool, Rubber and the Special Economic Zone businesses in this segment also did well during FY2012.

The **Commodity Financial Services** segment made a relatively smaller contribution at the NC level of S\$12.1 million for FY2012, as compared to S\$25.4 million in FY2011, with much of the FY2012 contribution coming in Q4 FY2012.

### Outlook and Prospects

The cyclical events experienced over the past year in the IRM and CFS segments could have some continuing impact in FY2013. However, Olam remains positive about the long-term fundamentals of the industry, as well as the overall business model and will continue to execute on the strategy to grow long term intrinsic value across all existing business segments.

### Note:

*This release should be read and understood only in conjunction with the full text of Olam International Limited's FY2012 and Q4 FY2012 Financial Statements lodged on SGXNET on Aug 28, 2012.*



### **About Olam International Limited**

*Olam International is a leading global integrated supply chain manager and processor of agricultural products and food ingredients, supplying various products across 16 platforms to over 12,300 customers worldwide. From a direct presence in more than 65 countries with sourcing and processing in most major producing countries, Olam has built a global leadership position in many of its businesses, including Cashew, Spices & Dehydrates, Cocoa, Coffee, Rice, Cotton and Wood Products. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index. Olam is the only Singapore firm to be named in the 2009 and 2010 Forbes Asia Fabulous 50, an annual list of 50 big-cap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*

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ISSUED ON BEHALF OF : Olam International Limited  
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd  
1 Raffles Place  
#26-02 OUB Centre  
Singapore 048616

#### **For Olam**

CONTACT : Mr Aditya Renjen - General Manager, Investor Relations  
Ms Chow Hung Hoeng - Associate GM, Investor Relations  
DURING OFFICE HOURS : + 65 66031104 / 63179471 (Office)  
AFTER OFFICE HOURS : + 65 96570339 / 98346335 (Mobile)  
EMAIL : Aditya.Renjen@olamnet.com  
chow.hunghoeng@olamnet.com

#### **For CDRI.MAGE**

CONTACT : Ms Dolores Phua / Ms Pearl Lam  
DURING OFFICE HOURS : +65 65345122 (Office)  
AFTER OFFICE HOURS : +65 97508237 / 9781 3518 (Mobile)  
EMAIL : dolores.phua@citigatedrimage.com /  
pearl.lam@citigatedrimage.com

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