



Olam International Limited

9M FY2005 Results Announcement Presentation



The Brand Behind The Brands



This presentation should be read in conjunction with Olam International Limited's Third Quarter, FY2005 (Q3 FY2005) and Nine Months FY2005 (9M FY2005) Financial Results for the period ended 31st March 2005 statement lodged on MASNET on 11th May 2005.



Cautionary note on forward-looking statements

This presentation may contain statements regarding the business of Olam International Limited and its subsidiaries ('Group') that are of a forward looking nature and are therefore based on management's assumptions about future developments.

Such forward looking statements are intended to be identified by words such as 'believe', 'estimate', 'intend', 'may', 'will', 'expect', and 'project' and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors.

Potential risks and uncertainties includes such factors as general economic conditions, foreign exchange fluctuations, interest rate changes, commodity price fluctuations and regulatory developments. Such factors that may affect Olam's future financial results are detailed in our listing prospectus, listed in this presentation, or discussed in today's press release and in the management discussion and analysis section of the company's 3Q FY2005 & 9M FY2005 report and filings with SGX. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward looking statements.



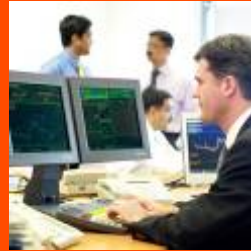
Introduction



We are a leading, global, integrated supply chain manager of agricultural products & food ingredients

Integrated from farm gate to factory gate

Origin
Farmer



Destination
Customer

Sourcing
Origination

Inland
Logistics &
Warehousing

Primary
Processing

Shipping
& Marine
Logistics

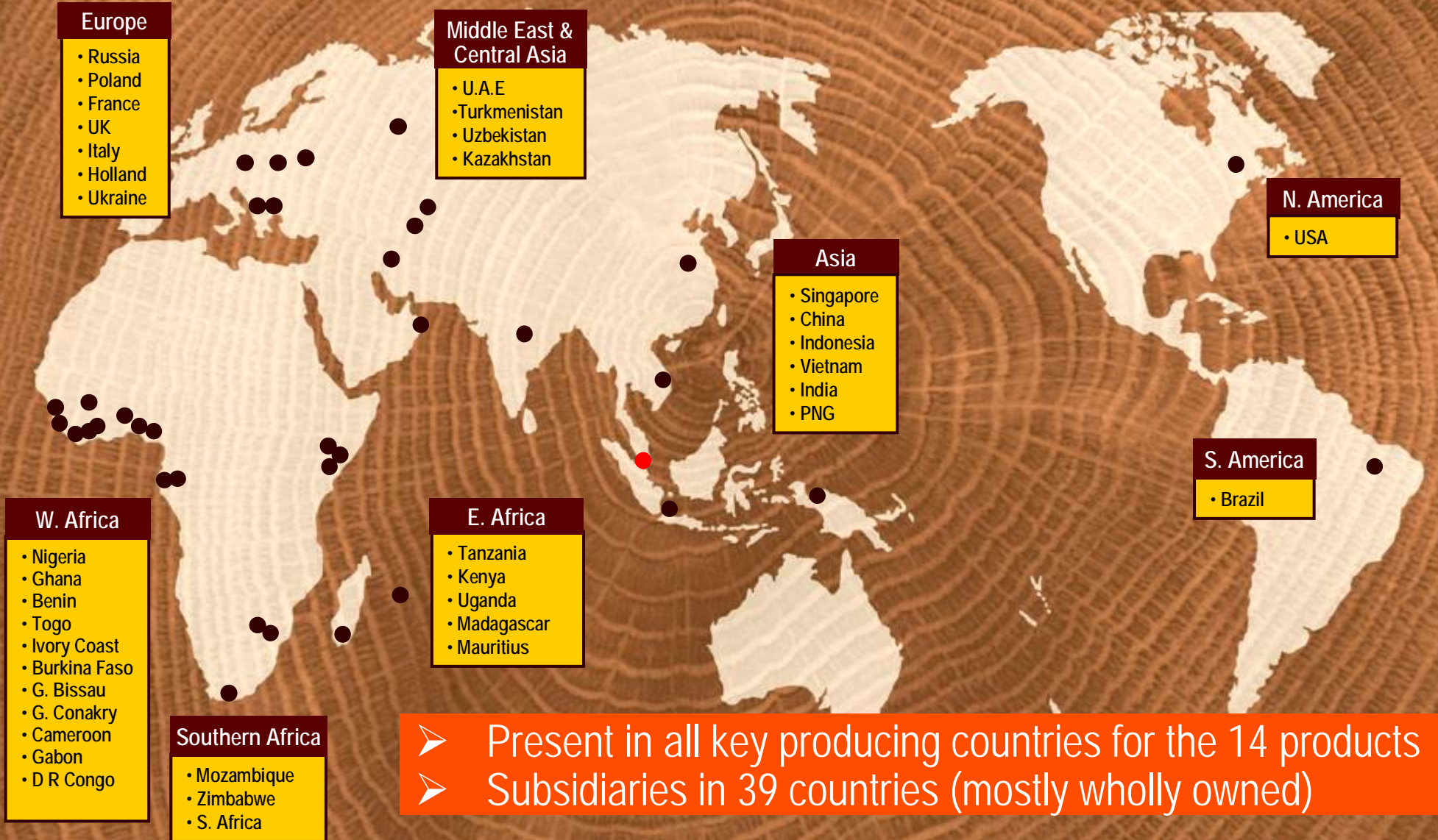
Marketing

Distribution

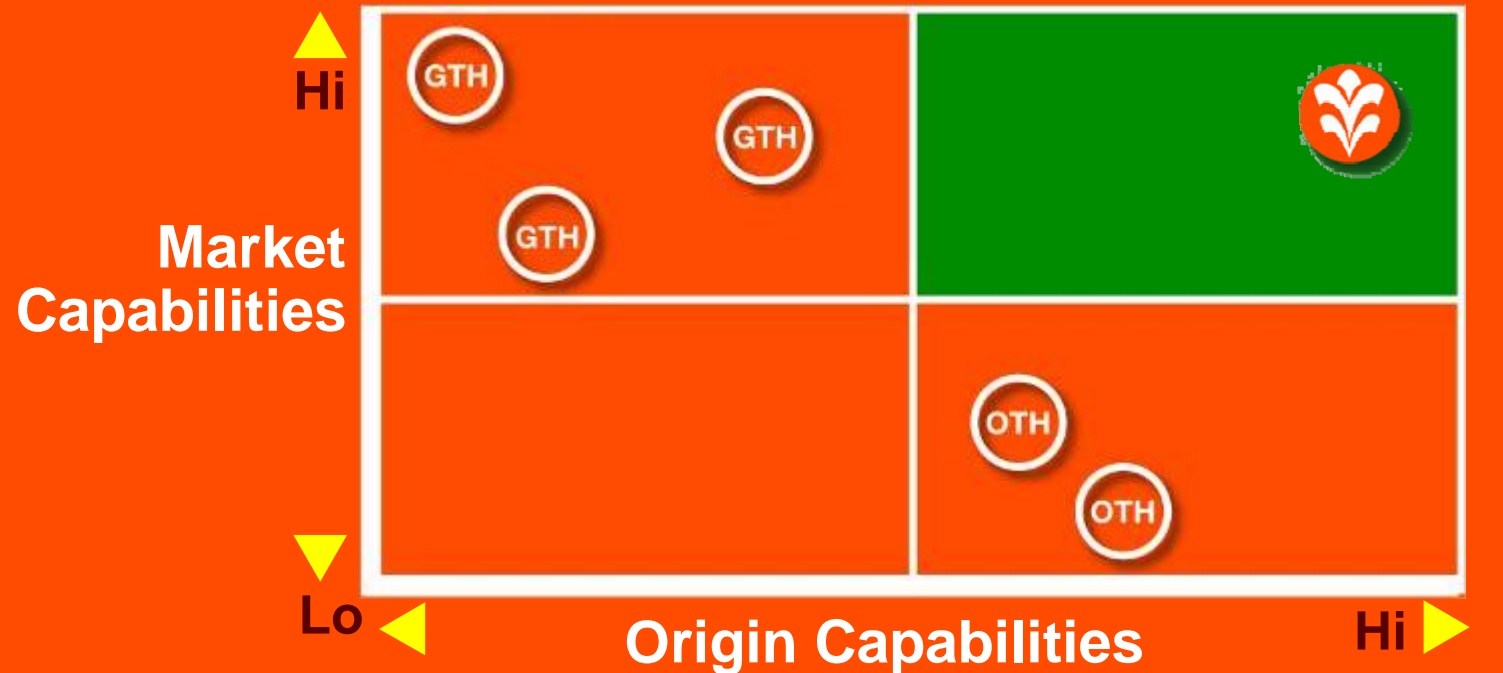
Managing risk at every stage

end-to-end supply chain capability

Linking key producing countries (origins), processing centres & markets



Unique Competitive Position



 Global Trade House

 Origin Trade House

- ❖ Combining origination, market and risk management capabilities concurrently

Background to analysing our results



Background to analysing our results: Structure

- ❖ Contribution Analysis
 - Gross Contribution (GC)
 - Net Contribution (NC)
- ❖ Underlying Volumes



Background to analysing our results: **Contribution Analysis**

Profitability Analysis:

- ➔ **Sales Revenue**
Less: Cost of goods sold
Shipping & Logistics
Commission & Claims
- ➔ **Gross Contribution (GC)**
Less: Net Interest expense
- ➔ **Net Contribution (NC)**
Less: SG&A
- ➔ **Profit Before Tax (PBT)**
Less: Tax
- ➔ **Net Profit After Tax (NPAT)**



Background to analysing our results: **Volumes**

- **Volume is more or less within our control and is a function of the reach of our supply chain infrastructure in both origins & markets.**
- **Net Contribution / ton x Volume = Total Net Contribution**
- **Margin or NC enhancement achieved through providing value added services including VMI, customised grades and qualities, organic certification, FTP certification, risk management solutions, etc.**



4 Reporting Segments

Product segments

Products

1.

Edible Nuts, Spices & Beans



- Cashew nuts
- Other edible nuts
- Sesame
- Spices
- Beans



2.

Confectionery & Beverage Ingredients



- Cocoa
- Coffee
- Sheanuts



3.

Food Staples & Packaged Foods



- Rice
- Sugar
- Dairy products
- Packaged foods



4.

Fibre & Wood Products



- Cotton
- Wood products



Results: 9M FY2005
Consolidated P&L



Key Highlights: 9M FY2005

- ❖ We continue to concurrently meet all 3 criteria for profitable growth:
 - Top line growth (9M FY2005 sales turnover of S\$2.56 billion, up 46% from 9M FY2004).
 - Bottom line growth (9M FY2005 of S\$48.1 million, up 36% from 9M FY2004).
 - Earning more than one's cost of capital.
- ❖ Well diversified and balanced portfolio: Broad based performance from all 4 business segments; similarly well diversified sourcing contributions from origin countries and revenue contributions from markets.
- ❖ Continuing to execute exceedingly well on organic growth initiatives in adjacent opportunities giving us good visibility on full year earnings prospects and beyond.
- ❖ Post listing, total shareholder funds grew by 143% as at 31st March 2005 to S\$461.38 million as against S\$189.86 million as at 30th June 2004.



Financial Highlights: 9M FY2005

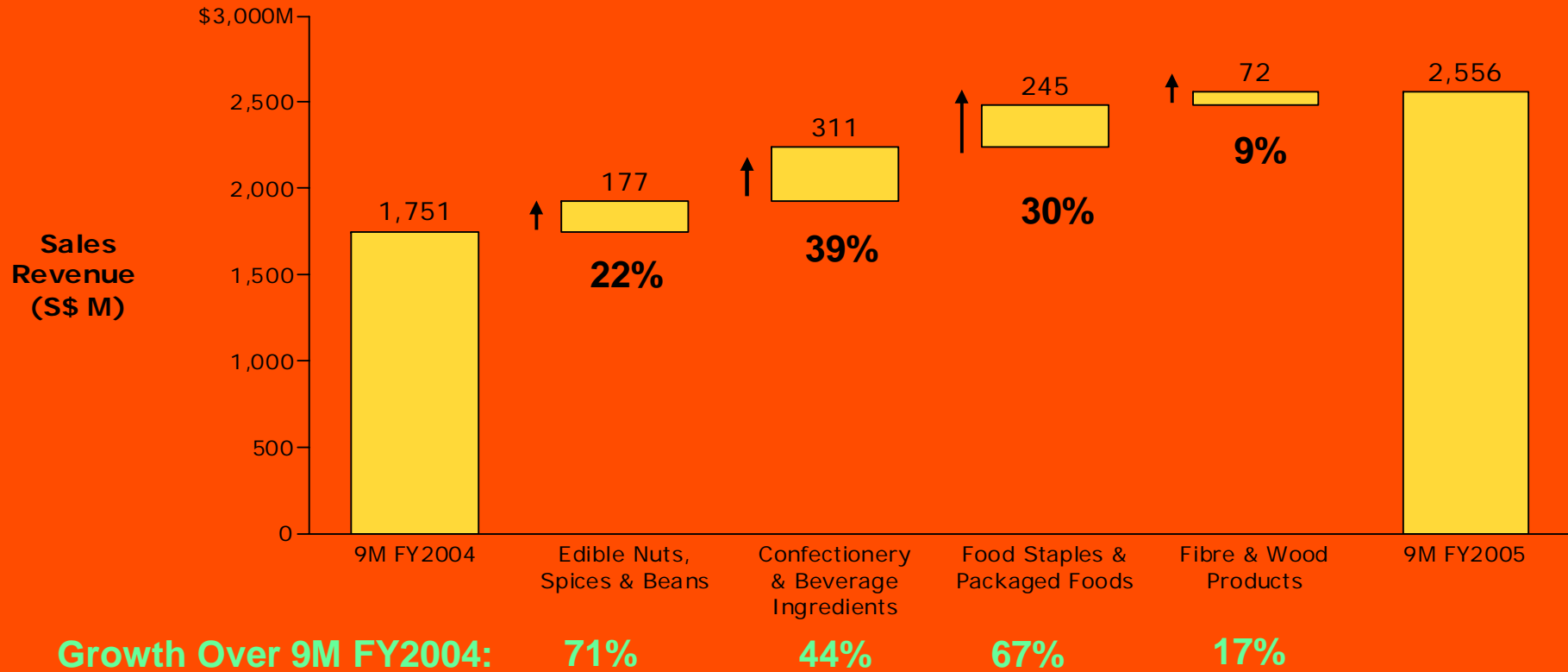
❖ **Total Revenue: S\$2.56 billion**

- 46% growth over 9M FY2004
- Revenue growth across all 4 segments



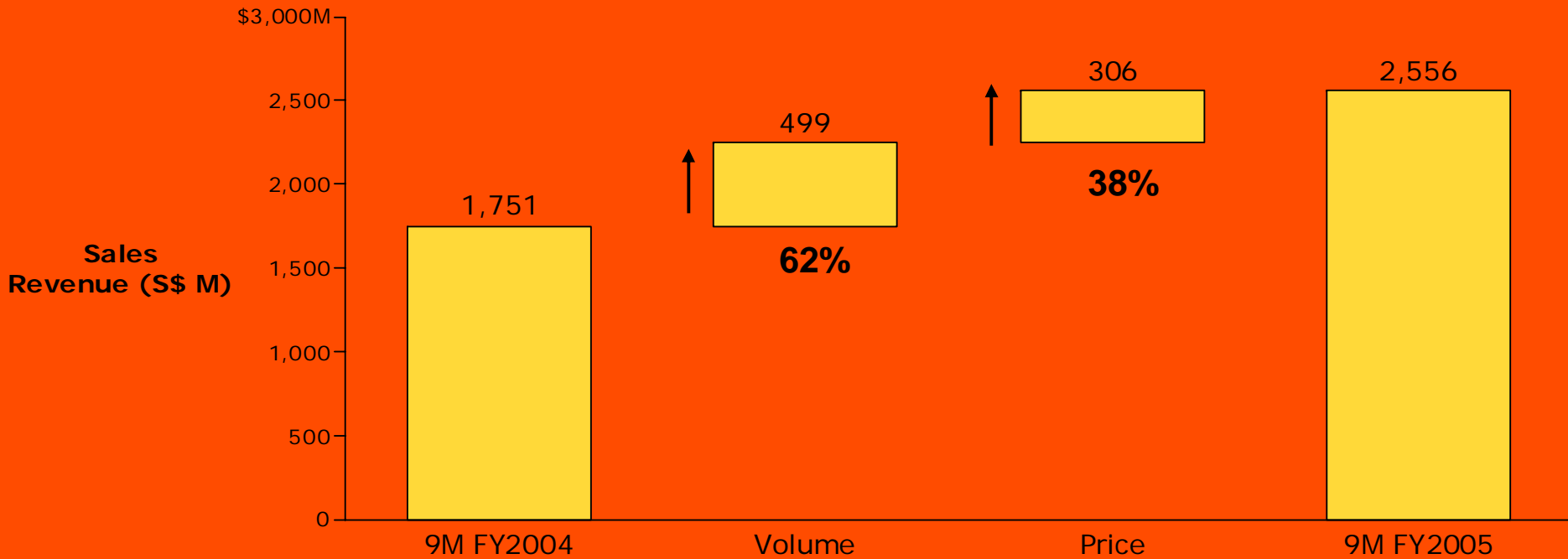
Sales revenue growth: Segmental Contribution

Sales growth 46%, S\$805 million



Sales revenue growth: Sources

Sales growth 46%, S\$805 million



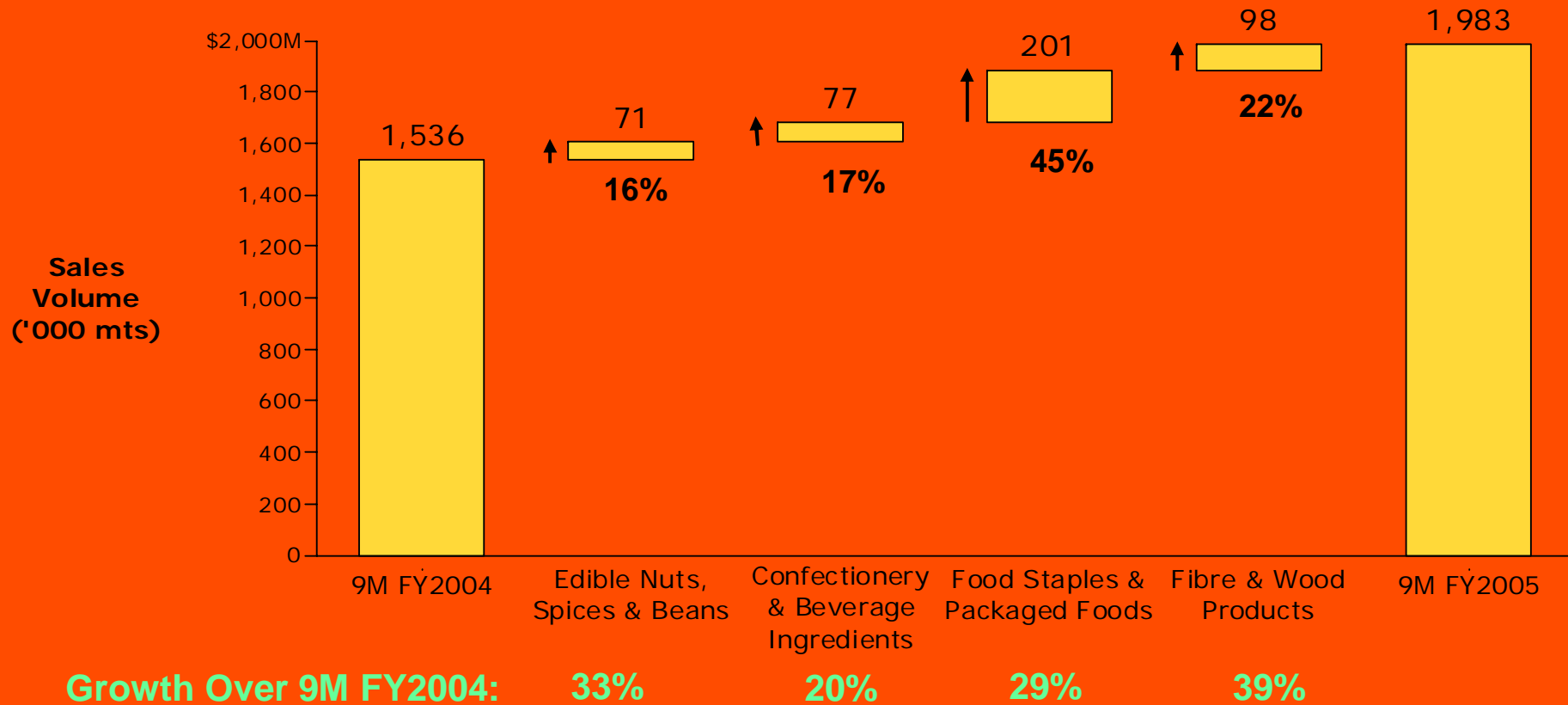
Financial Highlights: 9M FY2005

- ❖ **Sales Volume: 1.98 million metric tons**
 - 29% growth over 9M FY2004
 - Volume growth across all 4 segments



Sales Volume growth: Segmental Contribution

Sales Volume growth 29%, 447 million mts



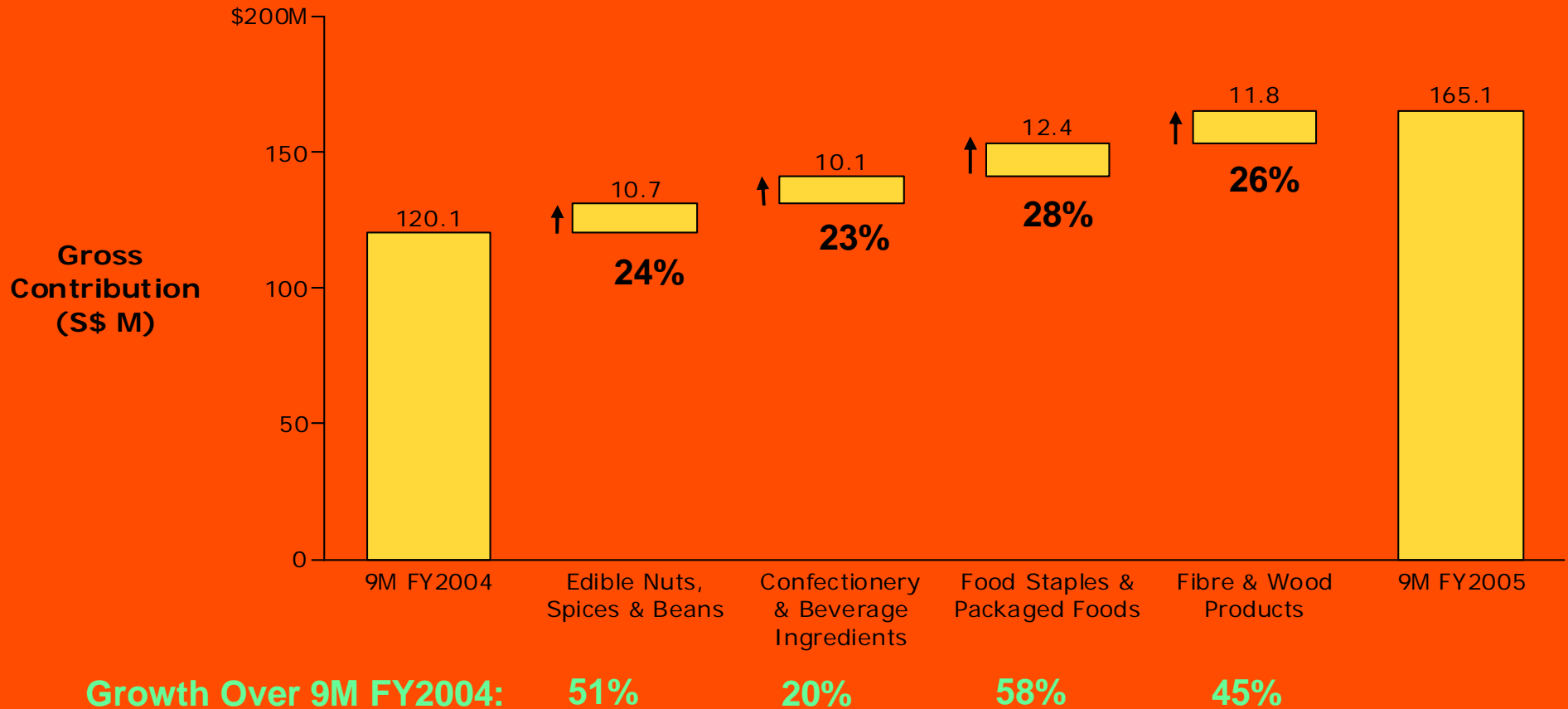
Financial Highlights: 9M FY2005

- ❖ **Gross Contribution (GC): S\$165 million**
 - 38% growth over 9M FY2004
 - GC growth across all segments



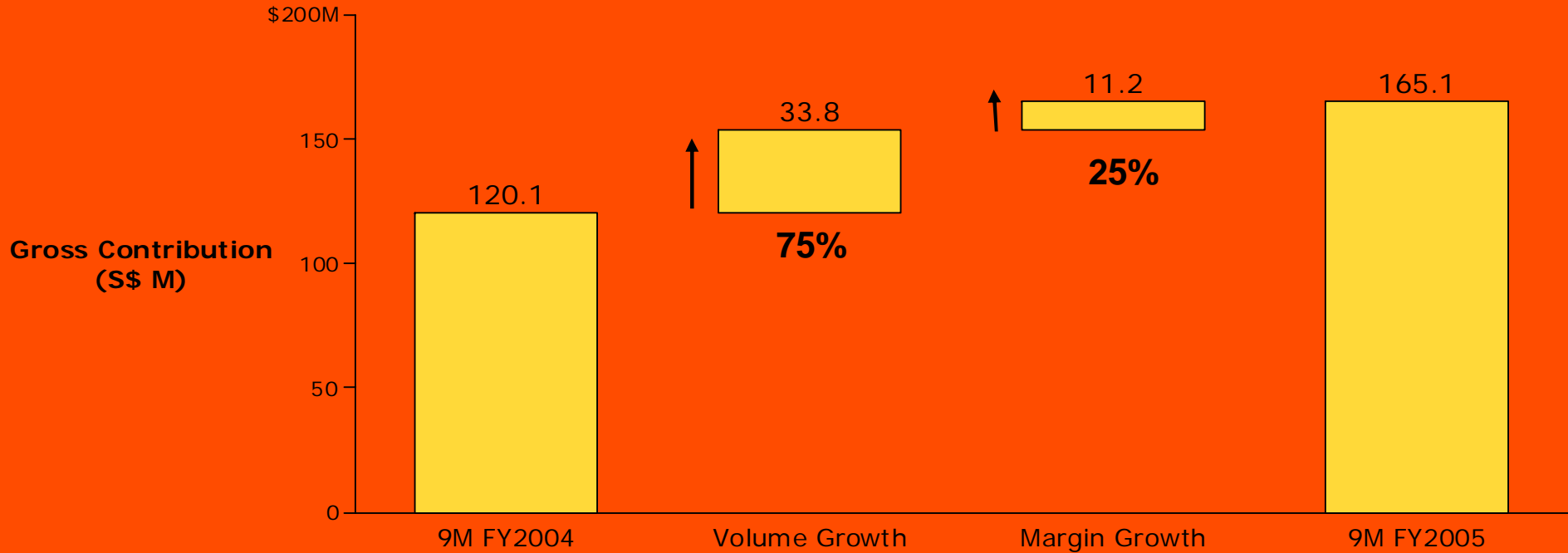
Gross Contribution growth: Segmental Share

GC growth 38%, S\$45 million



Gross Contribution growth: Sources

GC growth 37%, S\$45 million



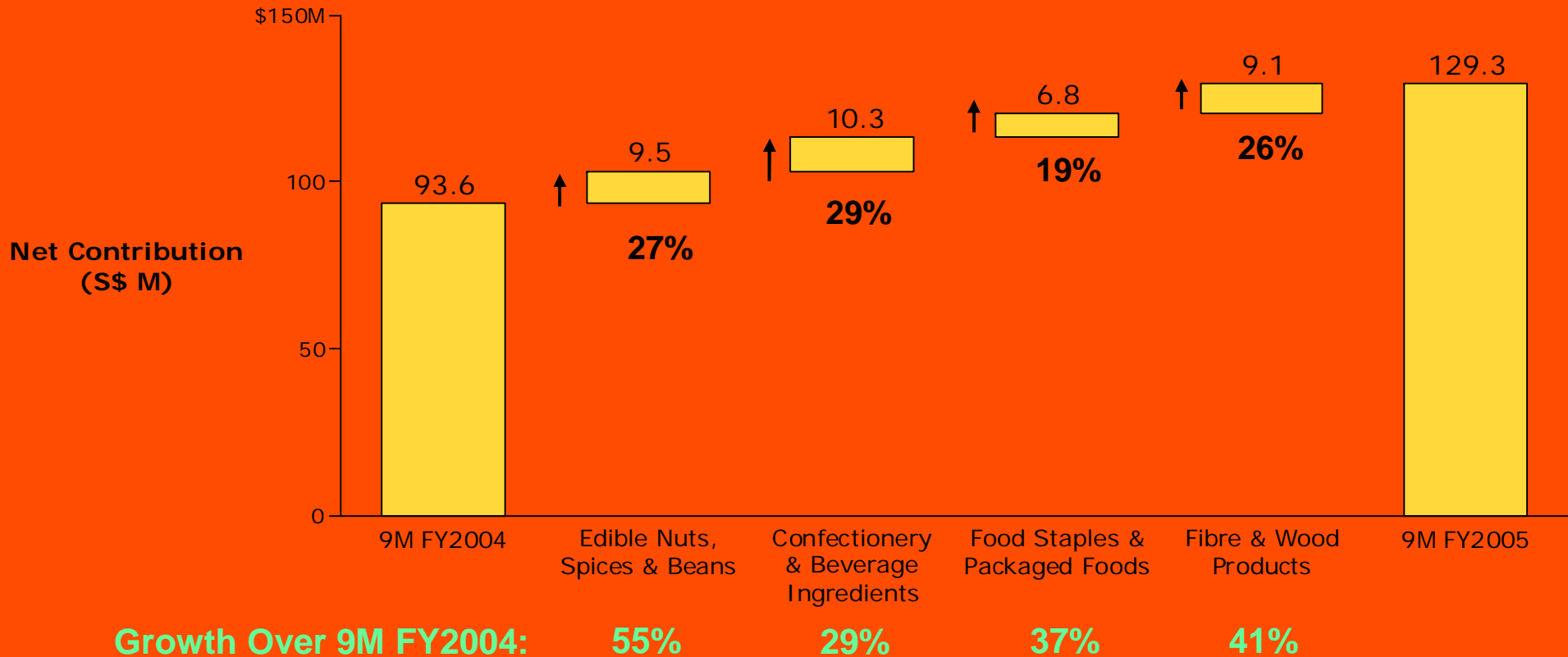
Financial Highlights: 9M FY2005

- ❖ **Net Contribution (NC): S\$129.3 million**
 - 38% growth over 9M FY2004
 - NC growth across all segments
 - NC per ton growth across all segments



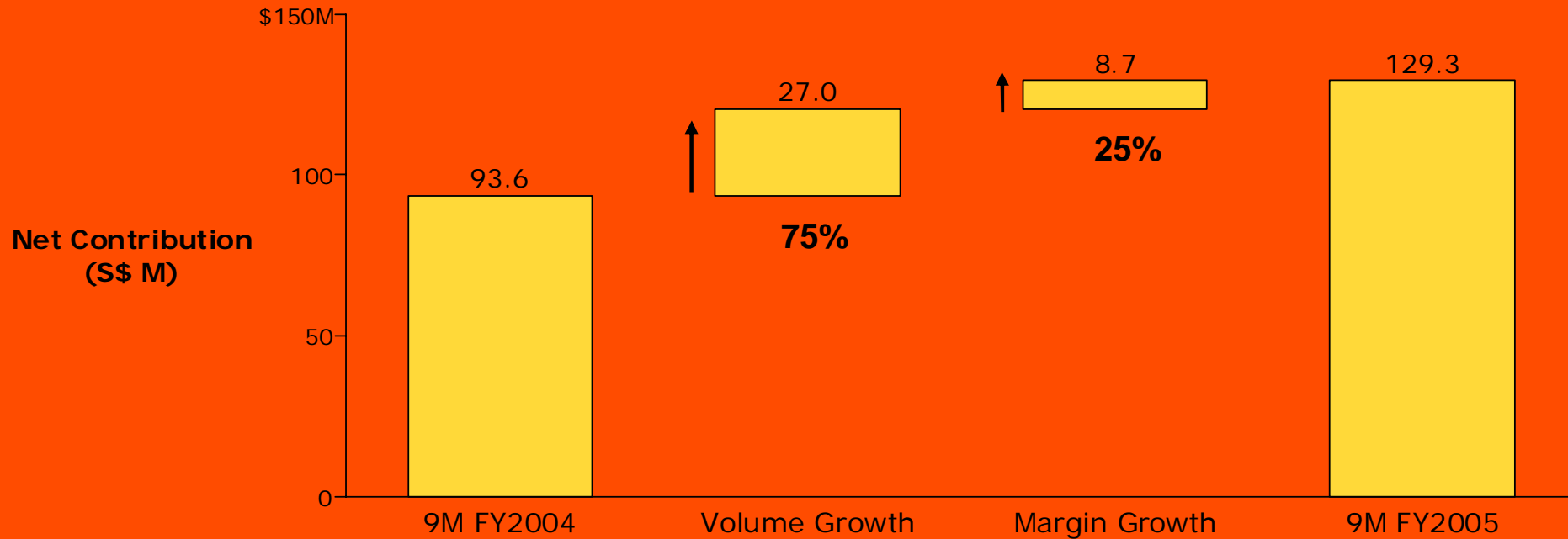
Net Contribution growth: Segmental Share

NC growth 38%, S\$35.7 million



Net Contribution growth: Sources

NC growth 38%, S\$35.7 million



Financial Highlights: 9M FY2005

- ❖ **Net Profit After Tax (NPAT): S\$48.1 million**
 - 36% growth over 9M FY2004



Results: 9M FY2005

Segmental P&L



Segmental Analysis 9M FY2005: Summary

Olam Consolidated

- Turnover **S\$2.56 billion**
- Volume **1.98m mts**
- NC **S\$129.3 m**
- NC Share **100%**

Edible Nuts, Spices & Beans

- Turnover **\$427.5m**
- Volume **0.283mmts**
- NC **\$26.7m**
- NC Share **20.6%**



Confectionery & Beverage Ingredients

- Turnover **\$1021.9m**
- Volume **0.458mmts**
- NC **\$46.0**
- NC Share **35.6%**



Food Staples & Packaged Foods

- Turnover **\$609.5**
- Volume **0.892mmts**
- NC **\$25.2**
- NC Share **19.5%**



Fibre & Wood Products

- Turnover **\$497.3**
- Volume **0.350m**
- NC **\$31.4**
- NC Share **24.3%**



Segmental analysis: Edible Nuts, Spices & Beans

	9M FY2005		9M FY2004		
Description	Amount	S\$/Ton	Amount	S\$/Ton	% change
Volume (metric tons)	282,772		212,188		↑ 33.3%
Revenue (S\$'000)	427,483	1,512	250,677	1,181	↑ 70.5%
Net Contribution (S\$'000)	26,659	94	17,152	81	↑ 55.4%

- 60% of NC growth was derived from Volume Expansion
- 40% of NC growth was derived from Margin Improvement initiatives.



Segmental analysis: Confectionary & Beverage Ingredients

Description	9M FY2005		9M FY2004		% change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	457,956		380,468		↑ 20.4%
Revenue (S\$'000)	1,021,893	2,231	710,372	1,867	↑ 43.9%
Net Contribution (S\$'000)	46,065	101	35,810	94	↑ 28.6%

- 71% of NC growth was derived from Volume Expansion
- 29% of NC growth was derived from Margin Improvement initiatives.



Segmental analysis: Food Staples & Packaged Foods

Description	9M FY2005		9M FY2004		% change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	891,826		690,591		↑ 29.1%
Revenue (S\$'000)	609,476	683	364,073	527	↑ 67.4%
Net Contribution (S\$'000)	25,152	28	18,309	27	↑ 37.4%

- 78% of NC growth was derived from Volume Expansion
- 22% of NC growth was derived from Margin Improvement initiatives.



Segmental analysis: Fibre & Wood products

	9M FY2005		9M FY2004		
Description	Amount	S\$/Ton	Amount	S\$/Ton	% change
Volume	350,107		252,419		↑ 38.7%
Turnover	497,299	1,420	425,553	1,686	↑ 16.9%
Net Contribution	31,471	90	22,351	89	↑ 40.8%

- 95% of NC growth was derived from Volume Expansion
- 5% of NC growth was derived from Margin Improvement initiatives.



Results: 9M FY2005

Balance Sheet

Balance Sheet: Summary

(figures in S\$'000)	31 Mar 2005	30 Jun 2004	% Change
Fixed Assets	31,888	21,269	49.9%
Current Assets			
Debtors	572,784	464,944	23.2%
Stocks	722,343	473,063	52.7%
Cash & Cash Equivalents	106,059	100,372	5.7%
Other Current Assets	299,174	182,071	64.3%
Total Assets	1,732,248	1,241,719	39.5%
Trade Creditors	98,107	154,976	(36.7%)
Borrowings	1,159,402	849,706	36.4%
Other Liabilities	13,355	47,174	(71.7)%
Net Assets	461,384	189,863	143.0%
Equity & Reserves	461,384	189,863	143.0%

Balance Sheet: Ratios

	31 Mar 2005	30 Jun 2004	31 Mar 2004
Current Asset Ratios			
Debtors (days)	61	64	50
Stock (days)	81	71	82
Advance to Suppliers (days)	19	10	29
Trade Creditors (days)	11	23	10
Leverage (x)			
Gross Debt to Equity (x)	2.5	4.4	4.8
Net Debt to Equity (x)	2.3	3.9	4.6
Interest Coverage (x)	2.56	2.35	2.38
Liquidity			
Cash to Sales (%)	3.1	3.8	3.4
Cash & Cash Equivalents	106.0 m	100.4 m	60.0 m

Balance Sheet

Fixed assets

- Investment in Fixed assets amounted to S\$14.2 million in 9M FY2005 as compared to S\$5.3 million in 9M FY2004. The major investments were in:
 - Purchase of Cashew Processing Facility in Brazil
 - Setting up Rice Milling Facility in Nigeria
 - Enhancing procurement and logistics infrastructure in various origins

Equity & Reserves:

- Increased by 143% mainly on account of a successful IPO as under:

IPO size & Gross Proceeds	431.25m shares	S\$267.4 m
Vendor sale of shares	62.81m shares	S\$38.9 m
IPO expenses		S\$10.6 m
Net proceeds raised		S\$217.9 m



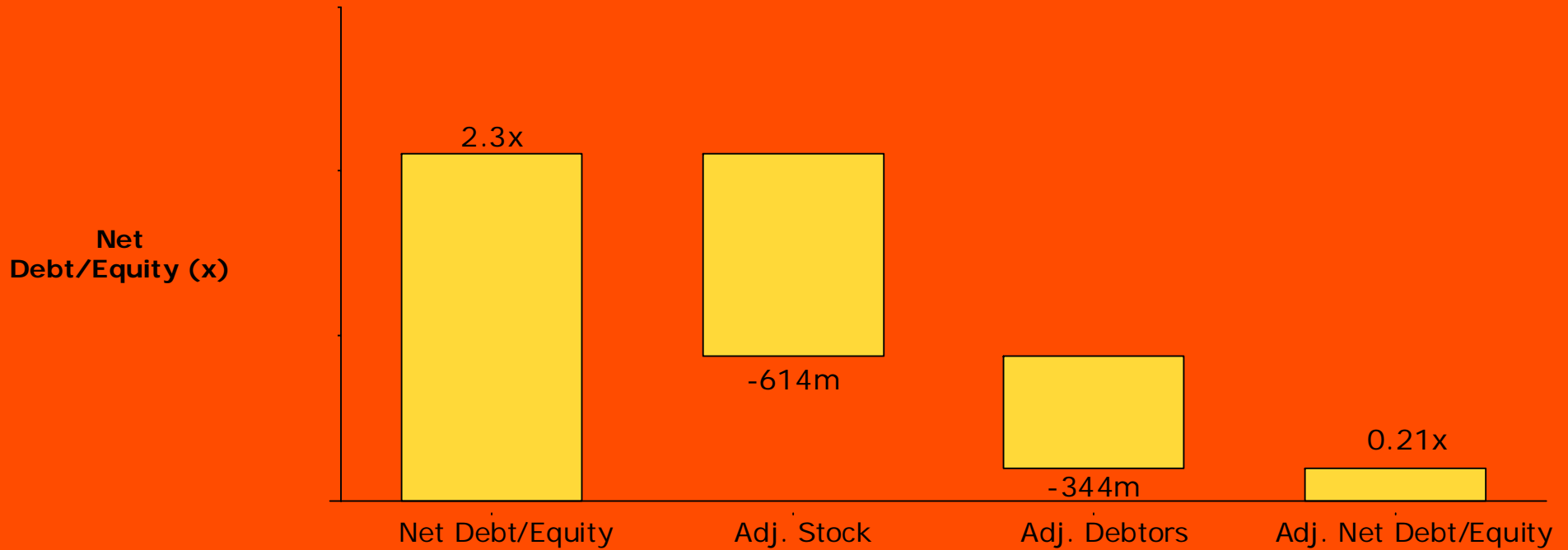
Balance Sheet

- ❖ **Working capital:** 81.6% funding highly liquid stocks & debtors
 - 85% of stocks sold forward or hedged
 - Debtors no. of days up from 50 days in March 2004 to 61 days in March 2005 due to increased sales in this quarter. No additional bad debt provision for debtors.
 - Stock no. of days marginally down to 81 days in March 2005 from 82 days in March 2004.
 - Advance to suppliers no. of days down to 19 days in March 2005 from 29 days in March 2004 due to faster delivery of stocks by the suppliers.



Analysis of Gearing:

Adjusting: hedged, liquid inventory



Outlook & Prospects



Outlook & Prospects

- ❖ Initiatives to broaden and deepen our business franchise are in place and are expected to generate sustained growth via rising volumes and enhanced margins going forward
- ❖ Contributing factors to the strong 9M FY2005 performance include factors that are structural in nature, including growing volumes, better scale economies & the margin enhancement initiatives yielding results. These positive structural trends remain intact. We therefore continue to be optimistic on the overall business outlook as we head into 4Q FY2005 and beyond.
- ❖ Therefore, we believe, that we will do better this year (FY2005) compared to last year (FY2004), and are confident about our full year FY2005 prospects.



Dividends

- ❖ We are targeting a dividend payout ratio of no less than 25% of NPAT for FY2005.

Note:

Barring any unforeseen circumstances and assuming that there are no material adverse developments before the end of the Financial Year, and based on the final recommendation of the Board.



Thank You

