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## NEWS RELEASE

### OLAM INTERNATIONAL REPORTS 38.5% GROWTH IN Q3 FY2008 NET PROFITS

#### Q3 FY2008: Financial Highlights

- Sales Revenue up 52.2% to S\$2.4 billion
- Sales Volumes up 22.1% to 1.42 million tonnes with growth from all four segments.
- Gross Contribution (GC) up 33.0% to S\$194.5 million.
- Net Contribution (NC) up 44.1% to S\$144.2 million, with NC/tonne up 18.6% to S\$102.
- 56% of NC growth on account of volume growth, and 44% from margin improvements.
- NC growth in existing businesses at 25.7% contributing to 58.2% of Group NC growth.
- Results of 5 newly acquired businesses – Queensland Cotton (QCH), Universal Blanchers (UB), Naarden, Key Foods and PT DUS – accounted for 7.9% of the growth in Sales Volume and contributed S\$18.4 million or 41.8% of total growth in NC.
- Net Profit After Tax up 38.5% to S\$55.9 million, and EPS up 37.7% to 3.58 cents.

Consolidated Financial Results Ended December 31, 2007	Quarter 3 (Q3)			Nine Months (9M)		
	FY2008	FY2007	Change (%)	FY2008	FY2007	Change (%)
Sales Volume (metric tonnes)	1,416,814	1,160,254	22.1	3,754,121	2,976,672	26.1
Sales Revenue (S\$million)	2,404.7	1,579.9	52.2	5,729.7	3,947.4	45.1
Gross Contribution (GC) (S\$million)	194.5	146.3	33.0	500.4	343.7	45.6
Net Contribution (NC) (S\$million)	144.2	100.0	44.1	349.8	231.6	51.0
Net Profit After Tax (S\$million)	55.9	40.3	38.5	102.8	78.5	31.0
Earnings Per Share (cents)	3.58*	2.60	37.7	6.61**	5.05	30.9



*\* Based on weighted average number of shares of 1,555,848,650 for Q3 FY2008 (compared to weighted average number of shares of 1,554,584,400 for Q3 FY2007).*

*\*\* Based on weighted average number of shares of 1,555,758,698 for 9M FY2008 (compared to weighted average number of shares of 1,554,584,400 for 9M FY2007).*

Singapore, May 15, 2008 – Olam International Limited (“Olam” or “the Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today reported a year-on-year 38.5% growth in Net Profit After Tax to S\$55.9 million for the third quarter ended March 31, 2008 (“Q3 FY2008”).

The aggregate Net Profit After Tax for the cumulative nine months of the financial year (“9M FY2008”) rose 31.0% to S\$102.8 million over the previous corresponding period.

Said Olam’s Group CFO, Krishnan Ravikumar: “The third quarter is typically the strongest due to the seasonality of our business given that most of the harvesting happens between October and March. While headline Sales Revenue grew at 52.2% mainly due to volume growth as well as a significant increase in the underlying prices of commodities, we believe that it is the growth in NC which is a more accurate measure of our operating performance.

“We have achieved a strong NC growth of 44.1% and 51.0% during the quarter and cumulatively over the nine months inspite of unprecedented levels of market volatility we experienced during this period. These have been achieved on account of sustained high growth rate of our existing businesses and the value and earnings-accretive acquisitions we made. Organic NC growth for the quarter and nine months was a creditable 25.7% and 28.6% respectively,” he added.

Olam’s Group Managing Director and CEO, Sunny Verghese concurred: “Our ability to reliably and consistently grow our earnings despite market volatility is a testimony to the resilience and effectiveness of our business model. This enables us to provide better predictability and also have better visibility of our earnings. Our financial resource position has also been considerably strengthened through higher earnings and an enlarged equity base post our very successful equity raising through a preferential offering under very tough capital market conditions, reflecting the confidence of our investors in our prospects.”



## Group Financial Review

During Q3 FY2008, Sales Revenue surged 52.2% to S\$2.4 billion mainly driven by higher underlying commodity prices and a Sales Volume growth of 22.1% to 1.41 million metric tonnes. The top line growth came from all four business segments.

GC and NC during the quarter rose 33.0% and 44.1% to S\$194.5 million and S\$144.2 million respectively. All four segments contributed to the growth in both GC and NC. 58.2% of the growth in NC came from existing businesses and the balance 41.8% from acquired new businesses. Margin-enhancing growth initiatives and the earnings-accretive acquisitions spurred growth in NC per tonne from S\$86 to S\$102.

On a cumulative basis, Sales Revenue also grew by 45.1% to S\$5.73 billion on the back of higher commodity prices and a 26.1% growth in Sales Volume to 2.34 million tonnes. Existing businesses accounted for 62.9% of the growth in volume while acquisitions accounted for the balance 37.1%.

GC and NC for the nine months were up 45.6% and 51.0% respectively supported by growth from all four segments. 56.0% of the growth in NC came from existing businesses and while the remaining 44.0% was fueled by acquisitions. NC per tonne went up from S\$78 to S\$93.

## Segmental Review

Edible Nuts, Spices & Beans	Quarter 3 (Q3)			Nine Months (9M)		
	FY2008	FY2007	Change (%)	FY2008	FY2007	Change (%)
Sales Volume (metric tonnes)	195,233	161,968	20.5	501,278	387,741	29.3
Sales Revenue (S\$million)	332.9	193.2	72.3	759.4	528.3	43.8
Net Contribution (S\$million)	36.1	19.4	86.2	69.7	38.8	79.5
Net Contribution Per Tonne (S\$)	185	120	54.2	139	100	39.0



In Q3 FY2008, the **Edible Nuts, Spices & Beans** segment recorded a growth in Sales Volume of 20.5% and a significant NC growth of 86.2%.

There was broad-based contribution by all major products in this segment in both top line growth and NC growth during this quarter. Sesame turned in a strong performance which saw its volumes grow by more than 50% on the back of expanding sourcing operations in India, East and West Africa and a stronger demand from China. UB and Key Foods, the two acquisitions consolidated under this segment, also supported the growth in the Peanuts and Spices businesses respectively. Operating performance from Cashew improved from the previous quarter although this was partially offset by higher processing costs in Brazil due to the appreciation of the Brazilian Real.

On a cumulative nine-month basis, Sales Volume and NC grew by 29.3% and 79.5% respectively over the previous corresponding period.

Confectionery & Beverage Ingredients	Quarter 3 (Q3)			Nine Months (9M)		
	FY2008	FY2007	Change (%)	FY2008	FY2007	Change (%)
Sales Volume (metric tonnes)	352,012	296,326	18.8	800,122	680,769	17.5
Sales Revenue (S\$million)	1,317.7	830.8	58.6	2,465.4	1,723.3	43.1
Net Contribution (S\$million)	38.7	34.4	12.6	101.3	82.1	23.4
Net Contribution Per Tonne (S\$)	110	116	(5.2)	127	121	5.0

The **Confectionery & Beverage Ingredients** segment delivered a healthy Sales Volume growth of 18.8% in Q3 FY2008. NC grew at a slower pace of 12.6% as Coffee and Cocoa, the two main products under this segment, experienced backwardation markets throughout the quarter, putting margins under pressure. For the cumulative nine months, the segment performed well overall with Sales Volume and NC growing at 17.5% and 23.4% respectively in spite of the persistent market volatility during this period.



Food Staples & Packaged Foods	Quarter 3 (Q3)			Nine Months (9M)		
	FY2008	FY2007	Change (%)	FY2008	FY2007	Change (%)
Sales Volume (metric tonnes)	565,042	440,937	28.1	1,642,960	1,364,653	20.4
Sales Revenue (S\$million)	418.0	260.9	60.2	1,430.0	969.9	47.4
Net Contribution (S\$million)	26.7	13.7	95.6	86.9	47.3	83.9
Net Contribution Per Tonne (S\$)	47	31	51.6	53	35	51.4

Sales Volume for the **Food Staples & Packaged Foods** segment increased 28.1% while NC nearly doubled to S\$26.7 million in Q3 FY2008.

Demand for Rice in West Africa remained strong inspite of high prices arising from export restrictions or bans from exporting countries like India, Vietnam, China and Pakistan. Olam's extensive distribution network for Rice and the temporary reduction of import duties by importing countries in West Africa to mitigate the impact of sharp increases in prices helped volumes grow by 53% compared to the previous corresponding quarter. Sales volume from Dairy Products rose 34.5% even though prices corrected in Q3 FY2008 from its highs in prior quarters. Contribution from the Sugar business improved as the recently acquired sugar refinery PT DUS started production during this quarter while the Packaged Foods distribution franchise continued to make good progress particularly in West Africa.

Overall, in 9M FY2008, the segment achieved a 20.4% growth in Sales Volume as well as an 83.9% increase in NC as compared to 9M FY2007.



Fibre & Wood Products	Quarter 3 (Q3)			Nine Months (9M)		
	FY2008	FY2007	Change (%)	FY2008	FY2007	Change (%)
Sales Volume (metric tonnes)	304,527	261,023	16.7	809,761	543,509	49.0
Sales Revenue (S\$million)	336.0	295.1	13.9	1,074.9	725.9	48.1
Net Contribution (S\$million)	42.6	32.6	30.7	91.9	63.4	44.8
Net Contribution Per Tonne (S\$)	140	125	12.0	113	117	(3.4)

The **Fibre & Wood Products** segment recorded a 16.7% growth in Sales Volume and 30.7% improvement in NC in Q3 FY2008. For 9M FY2008, Sales Volume and NC increased 49.0% and 44.8% respectively.

The existing Cotton business combined with QCH's operations underpinned the growth in Sales Volume for the segment. As anticipated, there was a reduction in NC per tonne from S\$117 to S\$113 in 9M FY2008 due to the consolidated losses from QCH. However, as QCH's operating performance improved in Q3 FY2008, the expected full year loss has been revised from S\$16-19 million (A\$12-14 million) to approximately S\$13-14 million.

Wood Products continued to perform well on both volumes and margins by enhancing its value chain activities, from participation in forestry operations, primary and secondary processing of logs into wood products for the construction and furniture manufacturing industries in China, Vietnam, India and Europe.

### Balance Sheet Update

As of March 31, 2008, Olam's nominal net debt to equity ratio stood at 4.82 times. Upon adjusting for liquid, hedged or pre-sold inventories and receivables which had been secured by letters of credit or documents through banks, the net debt to equity ratio fell to 1.51 times.



On March 28, 2008, Olam launched a non-renounceable, non-transferable Preferential Offering to raise S\$307 million. The Offering was oversubscribed 1.2 times. Acceptances received from eligible shareholders amounted to 92% of the new shares available for subscription.

For illustrative purposes only, assuming this equity raising exercise was completed by March 31, 2008, Olam's equity base (before fair value adjustment reserve) would have increased from S\$605.97 million as of March 31, 2008 to S\$909.97 million as of March 31, 2008, a 50% increase. Olam's net debt to equity ratio would have been at 3.01 times on a nominal basis or 0.94 times on an adjusted basis.

This improved financial position materially enhances Olam's debt capacity and provides significant headroom to support its growth initiatives, capital investments and M&As over the next few years.

## **Prospects**

The Group continues to execute well on its strategic growth plan by expanding existing businesses and starting up or acquiring new adjacent businesses, which are expected to contribute further to Olam's sustained growth and profitability for the rest of the financial year and beyond.

### **Note:**

*This release should be read and understood only in conjunction with the full text of Olam International Limited's Q3 FY2008 Financial Statements lodged on SGXNET on May 15, 2008.*



### **About Olam International Limited**

*Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 14 products with a direct presence in 56 countries and supplying them to over 4,000 customers in more than 60 destination markets. With direct sourcing and processing in most major producing countries for its various products, Olam has built a global leadership position in many of its businesses, including cocoa, coffee, cashew, sesame, rice, cotton and teak wood. 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 and the DAXglobal Agribusiness Index. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*

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