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## PRESS RELEASE

### OLAM DELIVERS RECORD FINANCIAL PERFORMANCE FOR FY2005 WITH NET PROFITS GROWING BY 39% TO S\$67 MILLION

- Strong earnings was driven by revenue & volume growth and improving margins across all four product segments
- Proposes final and special dividends

Year-end June (S\$ million)	FY2005	FY2004	Change YoY
Revenue	3,382.4	2,622.4	29%
Profit from Operating Activities	126.4	97.3	30%
Profit before Tax	74.9	53.7	40%
Net Profit after Tax	67.0	48.1	39%

#### Key Financial Highlights:

- *Sales volume grew by 24% to 2.6 million metric tons*
- *Sales revenue increased by 29% to S\$3.4 billion*
- *Gross Contribution grew by 28% to S\$229.0 million*
- *Net Contribution increased by 26% to S\$179.6 million*
- *EPS rose from 4.52 cents to 5.19 cents*
- *Proposes a final dividend payout ratio of 25% and a special dividend payout ratio of 25% of Group Net Profit After Tax*

**Singapore, August 29, 2005** – Olam International Limited (“Olam” or “the Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients today announced a sterling set of results for its financial year ended June 30, 2005 (“FY2005”).

Said Mr. Sunny Verghese, Olam's Group Managing Director and CEO, "We have had an exceptional year with broad based growth across all our business segments. We are benefiting from strong execution of our clearly identified growth initiatives. Our strong earnings growth reflects our unique competitive position, proven organic growth model, one that is strategically focused on expanding through adjacencies. Our listing in February this year, together with the recent successful financing transactions, has favorably positioned us to continue to find sustained growth and create value for our shareholders".

The Group raised US\$200 million of 3 year money through a Transferable Loan Facility (TLF) and Floating Rate Notes (FRN) arranged by Standard Chartered Bank on August 25, 2005. Earlier in July this year, Olam completed a US\$85 million Islamic Trade Financing facility to fund its operations. The net proceeds from this additional funding will be used for the purpose of refinancing existing borrowings and to support the enhanced working capital requirements of the Group.

## **Financial Review**

Total revenue for FY2005 grew by 29% to S\$3.4 billion on the back of a 24% increase in total sales volume to 2.6 million metric tons compared to FY2004. Growth in revenues and volumes have come from a combination of pursuing profitable organic growth by expanding into adjacent business opportunities which share customers, channels, costs and capabilities with its existing businesses in terms of new products (example, expanding into almonds & hazelnuts in the Edible Nuts segment, expanding into Arabica coffees in the Confectionery and Beverage Ingredient segment) and geographic expansion initiatives (example, China, Brazil, Argentina and Russia).

Said Mr. Sunny Verghese, "Edible Nuts, Spices & Beans segment grew by 32%, Confectionery & Beverage Ingredients by 18%, Food Staples & Packaged Foods by 23%, and Fibre & Wood Products by 30%. Given a market growth rate of 2% for the portfolio, growing at a rate of more than 10 times the market growth rate reflects our strong competitive position in the industry."

## Review by Product Segment

Product Segment	Sales Revenue (S\$m)		Gross Contribution (S\$m)		Net Contribution (S\$m)	
	FY05	FY04	FY05	FY04	FY05	FY04
Edible Nuts, Spices & Beans	566.8	391.8	47.9	33.9	40.9	29.0
Confectionery & Beverage	1,345.9	1,031.2	86.9	76.6	66.9	58.5
Food Staples & Packaged Foods	782.7	552.9	42.4	30.2	27.4	21.3
Fibre & Wood Products	673.8	634.4	51.8	38.1	44.4	33.2
<b>Total Sales of Goods</b>	<b>3,369.2</b>	<b>2,610.3</b>	<b>229.0</b>	<b>178.8</b>	<b>179.6</b>	<b>142.1</b>

All four product segments registered an increase in Gross Contribution (“GC”) and Net Contribution (“NC”). Overall, GC improved by 28% to S\$229.0 million and Net Contribution (“NC”) grew 26% to S\$179.6 million. On a per ton basis, GC increased to S\$90 for the portfolio in FY2005 compared to S\$87 in FY2004. NC per ton rose from S\$69 in FY2004 to S\$70 in FY2005 for the portfolio. While overall NC growth was mainly attributed to volume increases, 7% of NC growth was derived from margin improvements.

### Edible Nuts, Spices & Beans

The Group recorded a strong volume growth of 32% for this segment in FY2005 compared to FY2004. The key contributor to this robust performance was cashew with expansion of processing capacities in Brazil and Tanzania to 40,000 and 12,000 tons per annum respectively. In addition, the Group has set up new cashew processing plants in Nigeria, Ivory Coast and Mozambique during the year with plans to expand capacity further in these origins in the current financial year (FY2006).

### Confectionery and Beverage Ingredients

During the year, the Group made significant improvement in its marketing capacity and reach which resulted in volume and net contribution growth of 19% and 14% respectively. Both Coffee and Cocoa continue to drive strong growth in this segment.

“Our market shares in Coffee have gone up in all origins with volumes in Vietnam and Indonesia growing by 60% and 38% respectively compared to FY2004. This has

been made possible by opening up a marketing office in the US which resulted in far better demand visibility from our key customers. We have also made a successful entry into the Middle East market,” added Mr. Ravikumar, CFO of Olam.

The Group’s first step in Arabica origination, through the setting up of new operations in Brazil, has exceeded expectations in its first year of operations. The Group’s learning curve in customizing Arabica coffees to specific customer requirements has been extremely rapid.

Olam Cocoa today is the largest bean supplier in Asia as well as the largest shipper of cocoa beans to the US. During the year, the Group has invested in a Joint Venture with Macao, a cocoa cake grinder in Spain with a capital investment of Euro 0.6 million. It has also established a cocoa operation in the US during the year and expanded its Cocoa processing operations in Nigeria.

### **Food Staples and Packaged Foods Business**

The volume and net contribution in the Food Staples and Packaged Food Business grew by 23% and 29% respectively in FY2005 compared to FY2004. The Parboiled Rice business has successfully changed its business model in Nigeria (the world’s largest parboiled rice market) from an Indent model to a full fledged Distribution model. The Group has invested significantly in building a nation wide distribution system in the country and has since commissioned two rice milling facilities in Nigeria. The Group has the intention to set up its own warehousing facility to capture additional value in the supply chain.

Sugar has had a good year with strong performances from Indonesia, Brazil and Ghana. During the year, the Group has successfully set up origination operations in one of the largest exporting markets, Brazil. It has also completed a feasibility study for setting up a sugar refinery in one of the larger refined sugar markets.

In the Dairy Products business, volumes have grown by 109% over FY2004. The Group has broadened its origination operations to include Poland, India, Argentina, Western Europe, Ukraine, Australia and New Zealand. It has made marketing

inroads into the Middle East and China and has also launched a consumer pack under the brand name 'Pearl' in several markets in North, West and East Africa.

In the packaged foods business, the Group has broadened the product portfolio to include branded edible nuts. Initial trials of 3-in-1 coffees in Africa, particularly in South Africa and Nigeria were carried out and currently the Group is evaluating the possibility of adding other SKUs (Stock Keeping Units) / product categories to gain better distribution traction.

### **Fibre and Wood Products**

The volume and net contribution in the Fibre and Wood Products Business grew by 30% and 34% respectively in FY2005 compared to FY2004. Timber recorded a volume growth of 34% over FY2004. The Group has expanded its processing initiatives by increasing the sawn timber volumes to 16,000 cbm in FY2005. The Group has completed a feasibility study to set up saw milling operations in Gabon and Nigeria and commenced feasibility studies to set up saw milling operations in Mozambique and Tanzania. The timber business has also made significant inroads in marketing into Europe through its Marketing Office in Rotterdam and into China by setting up marketing operations there.

Cotton grew its volumes by 27% over FY2004. Olam's cotton origination operations in the US have been a major success. The Group has emerged as the largest shipper of West African Cotton in the current cropping year. It has completed feasibility studies to set up cotton ginning operations in Uganda and Zimbabwe.

Part of the contributing factors for this improving return is structural in nature, resulting from the Group's focus in providing value added services, including Vendor Managed Inventory Services ("VMI"), Organic Certification, Fair Trade Produce Certification ("FTP"), Customized grades and quality and risk management solutions to its customers. The Group has also successfully extracted operating leverage through better overhead capital productivity (SG&A / Sales ratio has come down from 3.4% in FY2004 to 3.1% in FY2005).

Net Profit after Tax for FY2005 registered a 39% increase to S\$67.0 million in FY2005. Earnings Per Share was 5.19 cents and Net Asset Value per share was 31.95 cents as at June 30, 2005.

In the light of the strong financial performance for FY2005, the Board of Olam recommends a combined tax exempt dividend of 2.16 cents per share, comprising of a first and final dividend of 1.08 cents per share and an additional special dividend of 1.08 cents per share. This represents a dividend payout ratio of 50% of our Group's Net Profit After Tax.

### **Prospects for FY2006**

The Group has good momentum going into FY2006 and it continues to execute well on its strategic plans and identified organic growth initiatives in the different businesses. Barring any unforeseen circumstances, the Group is confident of its prospects going forward into FY2006 and beyond.

In addition to the organic growth strategies that the Group has used to grow its business in the past, Olam will also now consider growing on an inorganic basis as an integral part of its strategic plan. The Group has developed a disciplined M&A framework and policy in this regard.

### **Note:**

This release should be read and understood only in conjunction with the full text of Olam International Limited's FY 2005 Financial Statement lodged on SGXNET on August 29, 2005.

## **About Olam International Limited**

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 14 products directly from more than 39 origin countries and supplying them to over 3,000 customers in more than 50 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, sheanuts, sesame, rice and teak wood.

Olam was ranked 9<sup>th</sup> in the Singapore International 100, a ranking of Singapore's top 100 exporters. It is ranked among the top five companies with regard to overseas revenues for the markets of India, Europe and America region.

Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, it currently ranks among the 50 largest listed companies in Singapore in terms of market capitalization.

DBS Bank Ltd and CLSA Asia-Pacific Markets are the Joint Global Co-ordinators, Joint Lead Managers and Joint Bookrunners for Olam's IPO.

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