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O32.SI - Q1 2016 Olam International Limited Earnings Presentation

EVENT DATE/TIME: MAY 13, 2016 / 2:30AM GMT

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PRESENTATION

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Good morning, ladies and gentlemen. A very warm welcome to all of you to attend our results briefing for the quarter ended March 31, 2016.

As always, it's my pleasure to be here to introduce the team and myself to all of you, prior to the starting of this briefing. I'm Hung Hoeng from investor relations, and I'm pleased to present our senior management to you for the presentation today, starting with our Co-Founder and Group CEO, Sunny Verghese, seated on the extreme right at the table. On his right is our Group COO, A. Shekhar, and on his right is our President and Group CFO, N. Muthukumar. They will all be available to answer your questions after the briefing.

This is a cautionary note on forward-looking statements. I will take it that you have read it.

As before Muthu will kick off the presentation on the financial highlights for the quarter, as well as the financial performance and segmental analysis, balance sheet and cash flow, and will end off the presentation with the key takeaways before the Q&A.

So, without any further ado, I will invite him to the rostrum to present. Thank you.

N. Muthukumar - *Olam International Limited - President & Group CFO*

Thank you, Hung Hoeng. Good morning, ladies and gentlemen. A warm welcome once again to all of you to come to our Q1 2016 results announcement.

I am pleased to announce a very steady operating performance for the Group at the portfolio level in this first quarter 2016. Our PATMI grew 212% on a reported basis, primarily on account of lower exceptional loss, which was there at SGD97m when we bought some high priced bonds last year.

We had a very steady operational PATMI, at SGD126m, marginally down 5.5%, primarily due to higher depreciation and amortization due to the consolidation of our ADM cocoa processing assets that we bought late in the last year.

We are continuing to focus on our prioritized platform and grow. We have completely consolidated the McCleskey Mills business, peanut business, in the US, along with the ADM cocoa processing assets in the first quarter. We have successfully completed the BUA's wheat milling and pasta manufacturing assets in Nigeria, and I am pleased to inform you that the integration has happened faster than expected. And we have also announced a $150m investment in the animal feeds and a hatchery business in Nigeria, which is expected to go on-stream in the next 24 to 36 months.

So, broadly, we have had a very steady operating performance in the first quarter.

As we had talked about in the last quarter, we continue to optimize our debt tenure and costs of borrowing, and which has very clearly resulted in a 19% saving year on year at SGD99m of net finance cost, as compared to SGD123m the last year.

We continued and completed the repurchase of our convertible bonds of 6%, and that was -- which we started in the last quarter of the previous year and which we successfully completed this year, and that has resulted in an exceptional charge of SGD12m during this first quarter.

We continued to balance our debt portfolio, and we announced a $300m five-year coupon at 4.5%. And we also announced a $650m RCF to take care of our repayment obligations, and we announced a deal of five-year term loan from IFC to take care of our CapEx initiatives.

Our net gearing is at 1.97 times, continues to be on target at 2 times or below, despite the acquisition of the BUA's wheat milling and pasta manufacturing assets in the first quarter, as well as higher inventory levels that we are carrying, especially after the acquisition of both the wheat milling assets and the cocoa processing assets.

We have generated positive net cash flow of SGD309m, while FCFF remains negative at SGD156m. That is primarily due to the acquisition of wheat milling assets in Nigeria of SGD311m.

I'm pleased to announce that the strategic partnership with Mitsubishi continues to grow, and we have announced a 30/70 joint venture with Mitsubishi Corporation in Japan. This will primarily focus on import and distribution of certain select commodities, like cocoa, sesame, edible nuts, spices, tomato products, in the Japanese market, and we expect that these operations will commence by early October 2016.

As you'll have all seen in the results, we have restated our prior year financial statements, which includes balance sheet, cash flow and P&L, due to the amendments to SFRS 16, which is a property, plant and equipment standard, and SFRS 41, which a biological assets standard, which has been mandated to be adopted effective January 1, 2016.

We have also chosen to early adopt SFRS 109. Primarily, it has a better fit for and reflects our business model, as compared to the erstwhile SFRS 39, which had some onerous documentation requirements for us to prove hedge effectiveness in some of our derivative commodities.

Let me quickly move on to the second section, which is on the financial performance. On the P&L analysis, I'm pleased to inform that we had a strong volume growth of 10% year on year and corresponding 10% revenue growth year on year at the portfolio level.

EBITDA was marginally down 2.9% at SGD332m, primarily due to higher costs due to the acquisition of the cocoa processing and the wheat milling assets, both of ADM (referring to ADM's cocoa processing business) and the Nigerian assets that we acquired in the first quarter, which is evident from the depreciation, which is up by 38% at SGD80m compared to SGD58m in the last year first quarter.

As I highlighted earlier, the net finance cost is down by 19% at SGD99m as compared to SGD120m, which is partially offset by the taxation, which remained steady at SGD31m.

So, overall, at the reported PATMI level we are at SGD113m as compared to SGD36m in the first quarter last year, and the operational PATMI marginally down at 5.5%, pegged at SGD126m compared to the SDG133m of prior year.

Moving on to the operating performance on the EBITDA and the invested capital, at the portfolio level we were at SGD332m as compared to SGD342m. Please note that these numbers are restated due to the amendments in SFRS 16 and 41, which has a marginal impact on the prior year EBITDA, and that has resulted in a 2.9% decline in overall EBITDA. But three of the four business segments have registered strong volume growth, revenue growth and operating performance growth, only being offset by the edible nuts and spices and vegetable ingredient segment, and marginally by the CFS segment as well.

The working capital and fixed capital have increased due to the acquisition of the cocoa processing and the wheat milling assets, and also carrying higher inventory levels because of these two acquisitions in the first quarter.

On the segmental analysis, let me take you through the edible nuts and spices and vegetable ingredients business. Most of the edible nuts businesses, which is cashews, sesame, spices and vegetable ingredients, have registered steady performance and they have done well. Only the almond business was offset by lower almond prices.

Let me again reiterate here, the almond business is still extremely profitable. As you all know, almond prices were at extraordinarily high levels last year, well above $9 per kilo, but today it is hovering between $5.50 to $6.50 per kilo. And that's the primary reason why we see that on a comparative basis, the almond business has registered a decline in EBITDA levels, but still very, very profitable.

The SVI business, the spices and vegetable ingredients and the US business has done very well. Only the tomato processing business has experienced some headwinds in terms of lower prices, and hence lower margins, but nothing for us to really worry about at this stage.

Overall, the invested capital declined by SGD204m, primarily due to lower almond prices and reduction in the hazelnut prices as well.

On the confectionery and beverage segment, this segment has two businesses, coffee and cocoa. The coffee business, both in the supply chain business and the soluble coffee business, has performed very well. And in the cocoa business, including the ADM cocoa's processing assets, has done on plan, on expected levels, while we are still carrying some higher inventory levels in the Q1. But that was offset by an underperformance in the cocoa supply chain business, primarily due to the volatility in prices in the first quarter.

As you all know, the invested capital on a year-on-year basis is up by SGD2.5b, primarily due to the acquisition of the ADM cocoa processing assets.

Moving on to the food staples and packaged food business, this business has got a few commodities and always it has been a mixed bag performance. In the last year we had underperformance in the dairy upstream business in Uruguay, the palm refining business in Mozambique and the packaged food branding business in Western Africa, impacted by the devaluation of currency, especially in Nigeria last year.

We continue to see some negative EBITDA on the dairy upstream business, but I'm pleased to announce that this particular segment has performed very well as compared to the last year, with most of the businesses on dairy, rice and palm supply chain business doing well. Wheat milling business in West Africa, including the acquired business in Nigeria, have all done very well, in spite of lack of availability of foreign currency in Nigeria.

Packaged foods business and sugar business have been more or less in line with what we did last year, first quarter. Rusmolco business, which is both the dairy upstream as well as the agri-business, has done well, partially supported by higher prices because of the continued international ban on import of dairy products into Russia.

The dairy farming business, post restructuring in the last quarter of the prior year, is now doing very well. All the operating parameters are better than budget. However, all of these -- and the cost position has been better, but partly offset by continued lower prices of milk as we go along.

So we are closely watching the dairy milk -- dairy prices during the year, and that will have an impact on the financial performance of the dairy upstream business. Otherwise, the operating parameters all are doing better than budget.

The invested capital increased by SGD177m, primarily due to the acquisition of the wheat milling assets in Nigeria.

In the industrial raw materials segment, the big business is primarily cotton. It has registered both revenue growth as well as -- it has registered volume growth, but lower revenue growth because of lower prices in cotton and wood products. But the EBITDA grew by 11.5%, primarily the two major businesses in this segment, cotton and wood products, doing better than last year, first quarter.

The invested capital came down by SGD153m compared to March 2015 of last year, due to reduced prices in cotton, but which was partly offset by our continued investment in the upstream rubber business in Gabon. As you all know, the rubber business -- the rubber plantation business will probably contribute to the bottom line in the financial performance of the Company maybe three to four years down the line.

Let me move on to the balance sheet and cash flow. So we have been more or less steady compared to the December situation in terms of our balance sheet position. We have continued to reduce our cost of borrowing. And by completing the buyback of the convertible bonds, 6% convertible bonds, which are due for maturity in October 2016, we replaced some of our high priced -- cost bonds with the issuance of new medium-term notes at 4.5% during this quarter.

And we also have continued to tap on other sources of borrowing, especially the $175m five-year term loan we got from IFC. And we are working closely with other DFIs to tap this particular segment, to diversify our debt portfolio.

On the free cash flow, traditionally, we used to provide you a simplistic table and we continue to focus on the free cash flow to the firm, as a company, and we had announced that we will target positive free cash flow to the firm by end of 2016. So, what I wanted to do here is to probably take you through a trend analysis on what the free cash flow before CapEx and investments has been in the last four years. And it'll be very evident for you that we have been continuing to be positive on the free cash flow prior to CapEx and investments.

And that's something we wanted to really highlight, with the exception of 2015, as you may see that that is a SGD201m negative free cash flow. That was primarily due to higher working capital. You can see that the changes in working capital was SGD995m as at end of 2015, but that was because of we carried higher working capital post acquisition of the ADM cocoa assets in the last quarter of prior year.

But barring that, you can see we have made steadily positive free cash flow prior to CapEx and investment since 2012, and we continue to do so even in the end of Q1 2016. And that is evident that some of this free cash flow that we are generating, positive free cash flow, is what we are using also for funding our CapEx and investments.

Contrary to -- some of you may believe that we are increasing debt to fund our growth, but we wanted to really here demonstrate that our business is generating free cash flow, positive free cash flow, which is also funding our growth in terms of CapEx and investments.

Gearing largely remains in line with our target of 2 times or below. We are at 1.97 compared to 1.96 end of December. However, it's higher than 1.83 times which was there in the last year, first quarter. But again, you should see that the average debt has increased by more than -- invested capital has increased by more than SGD2.5b on a comparative basis.

We continue to have very strong liquidity positions. The cash which was there at more than SGD2b end of December has come down to SGD1.6b, which is what we believe is the steady state cash that we will retain as a group.

The readily marketable inventories have gone up to SGD5b, primarily because of higher inventories that we are carrying because of the cocoa processing assets and the wheat milling assets acquisition that has resulted in higher utilization of working capital in the first quarter.

Secured receivables continued to be steady at SGD1.1b, and we have close to SGD6b of unutilized bank lines, resulting in ample available liquidity of SGD13.7b.

We have also optimized our debt portfolio. Today we are at 55%, 45% between the long-term and short-term borrowing mix, and that we believe is something appropriate and that we would like to maintain, considering the current macroeconomic uncertainty and related economic trends.

So, in summary, a very consistent operating performance, despite challenging market conditions. Again, a demonstration of our uniquely shaped and diversified portfolio. We continue to invest in prioritized platforms, both in cocoa and grains platforms. We have a strong balance sheet and very strong liquidity position to support our growth plans.

We are pursuing our ongoing debt optimization efforts, and that is evident from the three deals that we announced in the first quarter. And we'll continue to work on some more of these to both change our debt mix as well as the tenure.

We are very strongly executing on our strategy, and we will continue to pursue some of those initiatives which will unlock value and release cash for us in 2016. And, overall, we remain on track to pursue our strategic plan and objectives, both in terms of profitable growth and cash flow generation.

Thank you.

QUESTIONS AND ANSWERS

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Thank you, Muthu. We can now go into questions and answers. Is there anyone who'd like to ask first question? Yes, Press Trust?

Gurdip Singh - *Press Trust of India - Journalist*

Good morning. Thanks for the time here. Gurdip Singh from PTI. You gave a very positive outlook for commodities, long-term outlook for the commodities. Could you elaborate on that and give some numbers, like how agricultural markets like oil countries like India would benefit from that?

Second question is I know you have some interests in India. You can't be that much ignoring that market. Can you give me an update on that, please? Thank you.

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

Yes. In terms of prospects for the agri commodity sector, you are referring to more long-term prospects. We have been maintaining for a while that the long-term secular trends in terms of supply and demand leads us to believe that there'll be a growing imbalance between supply and demand for agricultural raw materials, both --

From the demand side, I think the drivers are all well known and well signposted: growing populations; per capita incomes rising, therefore calorie consumption growing; change in dietary habits from carbohydrate cereal based diet to a protein and fat based diet; the increasing impact of urbanization, which leads to increased per capita calorie consumption; the growing diversion of food and feed raw materials into biofuel demand, are all the drivers on the demand side.

On the supply side, we have reducing arable land. We have reducing productivity growth rates, agricultural productivity growth rates. We have major water constraints. We have the significant impact of climate change. We had more than 1,000 extreme weather episodes in 2015 alone. We have logistics and infrastructure bottlenecks, leading to a high degree of food based, both post-harvest and at the table.

And as a combination of all of this, we expect long-term demand/supply to show a growing imbalance.

Near term, the agriculture complex is a mixed bag, mostly ample supplies and therefore declining prices across the grains complex, across the dairy complex, but we have some parts of the complex which have a supply/demand imbalance. That includes commodities like cocoa which is trading at a historical high and sugar which is now showing some revival and coffee prices which are also moving up.

So the story is it's not a homogenous asset class, as we have maintained in the past. We need to understand each commodity product market specifically. We are still friendly to palm prices, because of the impact that El Nino has had on production both in Malaysia and Indonesia and the result of the other competing oil seed crops and the situation and the decline in soybean crops in Argentina and Brazil as a result of the wet weather there. That balance sheet has come down about 7.5m tonnes. So, on the palm and the edible oils sector, one is relatively more friendly at this point in time.

So it is not a uniform forecast for the near term. There are differences in different categories within the agricultural commodity asset class that shows that some are poised to have firmer prices over the next 6 to 12 months. Several of them are likely to remain bearish for the short term, 6 to 12 months.

The second part of your question is on India. I think our presence and investments in India are quite well known. We are a significant player in the edible nuts business. We are amongst the largest cashew processors and exporters out of India. We are also a large importer of other edible nuts for distribution in India, as it is a growing edible nut consumption market. We are an important player in the spices business in India. We acquired a Company called VKL Spices and we are investing in building the franchise.

We are a significant player in the cotton business and we participate in all the trade flows, both in terms of imports when India imports cotton, when India exports cotton, local trading of cotton. So cotton is a big business for us. We are very active also in the grains business.

So the investments in India will continue. And we are very significant in the coffee business as well. So, all of these businesses are doing well for us. We will continue to invest in those businesses. But we are unlikely to get into farming and plantations in India, as a result of the Indian land use laws does not allow foreign companies to invest and take majority stakes in plantation companies. And the structure of the Indian farming industry is very fragmented, smallholder farmers. There is very little scope apart from tea and to a little extent coffee to get into organized large-scale plantations.

So we are unlikely to go upstream in India. But in the midstream and in the supply chain, we will continue to invest and grow our footprint in India.

Gurdip Singh - *Press Trust of India - Journalist*

Sir, could you give me a number on that investment (multiple speakers)?

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Can you please speak into the mic, please? Please repeat the question.

Gurdip Singh - *Press Trust of India - Journalist*

Yes. I'm sorry. Follow-up. Just could you give me a number what you have already invested and what more can be expected (inaudible)?

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

I can't off the top of my head remember the numbers, but we'll give you the numbers. We'll send you the numbers. Thank you.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Do you have a question? Can you please take the mic from the usher?

Samar Niazi - *Platts - Journalist*

I'm Samar Niazi from Platts. I wanted to ask you a couple of questions, actually. One, about the corn stocks in China, so China has really large corn stocks and they need to get rid of them. Where do you see corn prices and corn flows going in the world -- on a worldwide basis, considering that China's going to destock? And maybe also a comment on what destocking in China generally is going to look like and what kind of impact it's going to have on the rest of the world.

The second is palm oil. Now, palm oil is going through a very high price phase and -- because of El Nino and there's La Nina expected. What do you think is going to happen to palm prices this year, end of this year?

And secondly, are you expanding in Africa? Is there a palm footprint growing in Africa or will it remain centered around Indonesia and Malaysia?

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

Yes. So the first part of the question, we believe that corn is a burdensome balance sheet and therefore we are neutral to bearish on prices on corn. But it's also whether market really depends on what the weather and how weather will progress in the main producing regions, and also in the main exporting countries. So what is the weather likely to be in Ukraine and Russia? What is the weather likely to be in the main producing countries, whether it's US, Brazil, and even to a smaller extent Argentina?

The Chinese government has signaled a desire to destock across all commodities, whether it's cotton, whether it's corn. And I think most of that anticipated destocking and the likely route that they will follow to destock is pretty much speculated on and priced into the market. So I don't think that in itself will be a big trigger to changing the price direction.

But if weather progresses as is expected, so if you saw the last USDA reports, the planting acreage for the US corn has really come out at the higher end of the estimates. We feel that corn will lose some acreage to soybean, because the estimate for soybean acreage in the US came out at the lower end of the consensus estimates. So we think there will be some gain of acreage from soybean from the last announced acreage numbers.

But overall, even if that shift happens from corn to soybean, we still feel, fundamentally the corn balance sheet is quite burdensome. So unless there is a weather related issue, and as you alluded to there's going to be a 75% probability that there will be a fairly severe La Nina, and that can have an impact on these markets. And that we need to wait and see.

We don't see, in the second part of your question, the same impact of La Nina on palm oil prices. I think all the El Nino impacts have already been now crystallized. So that is not now going to be a surprise. We see a drop in production in Indonesia of close to 2m tonnes as a result of El Nino of the 15 crops -- of the 16 crops. And we also see a drop in Malaysia of about 1.2m tonnes. So the impact of El Nino on palm production has been crystallized.

The impact of La Nina which is likely to happen in the prior cycles -- when we've had a severe El Nino, it has almost always been followed by a bad La Nina as well. But the impact of La Nina on palm oil production is going to be a much smaller impact than the impact we have already seen of El Nino on palm prices.

We are, however, fairly friendly to palm prices, based on what is likely to happen to diversion of palm oil to biofuel production in Indonesia and also possibly in Malaysia as well. And with what we see on the global soybean and other competing edible crops -- this last month, as you saw, we had a period when soybean and palm prices were at parity, and that shows the tightness in the edible oils market.

So near term we are friendly to edible oil prices and to the palm complex in general. But most of the fundamental news is already priced in and it's in the price at this point in time.

On the last part of your question, whether we intend to develop and invest in palm in Africa, absolutely. So, as all of you know, we have well progressed on completing phase one of our investments in Gabon. Phase one was to develop a 50,000 hectare palm plantation. We have already

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now planted about 36,000 hectares out of the 50,000. And by the end of this year, we are likely to plant the balance 15,000, although the scheduled completion for planting of the first 50,000 hectares is middle of June 2017, but we are likely to do it earlier than that. That's a $500m investment for us.

The second project that we announced is a 70,000 hectare project Graine, which is an outgrower program where we own 49% and the government of Gabon owns 51%. That project is also well underway.

We also have a fractional interest along with a JV with Wilmar, a 50/50 JV with Wilmar called Nauvu, which has invested in a company called Sifca in Africa, which is the largest palm oil company in Cote d'Ivoire. It grows about 36,000 hectares of own farming and about 110,000 hectares of outgrower program. And that company is also invested in palm in Liberia, and then that company also has investments in rubber in Cote d'Ivoire, in Ghana, in Nigeria and in Liberia. So our second investment is -- in palm in Africa is through this company.

We continue to develop our supply chain and trading and midstream capabilities in the palm business, so we've now got two refining facilities in Mozambique, one in Maputo and the other in Beira in the north. And we will continue to build the midstream footprint in select regions in Africa where we believe there are excess returns.

On the trading side, we are building out our trading team, so we have now established a Rotterdam trading office. We have grown our trading teams in Singapore for the rest of the world. So we are systematically investing in developing the palm business into an important business for Olam.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Thank you. Since we are on the subject on weather and prices, I'd like to take this question that just came online. Can you elaborate whether Olam benefited from higher commodity prices in quarter one? Were prices higher due to El Nino?

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

So I think it is important to understand that Olam's business has got three elements. There is an upstream plantations and farming element. On the upstream portion of our investments, we will be subject to commodity prices. Those of you who have been following us since our IPO or since we started our business know that till 2010 we were essentially a supply chain manager and we were not invested upstream, and therefore commodity prices on its own didn't mean much to us.

But in the upstream piece of our business, we will be subject to commodity prices. So that is why when Muthu was explaining quarter-one results, he said almonds, because almond prices have come down, we have had a negative impact on our quarter-one results in almonds from historical high prices last year which we benefited from to a significantly lower price in the first quarter of this year, where we've had a negative impact.

But when we go upstream in investment plantations, one of the guiding principles that we follow in making those commitments or determinations is that we only invest where we believe that we have a cost structure below the marginal cost producers' cost of production. So at one point in time, almond prices towards the beginning of this year fell to about $5.35 per kilo. Right now, it is at about $6.50. Last year, it was at about $9.

But even at $5.35 we were profitable, which means the assets that we have invested in California and in Australia in almond plantations, our cost of production is so low because we invested at a stage when our capital costs for acquiring those plantation assets were so low that even in a very deep down cycle like we've just experienced in the first quarter of this year, we are significantly profitable. We are not spectacularly profitable, like we will be when the prices are very high.

And the second part of our strategy is we don't invest only in one crop upstream in plantations. We have invested in 21 different crops, both broad acre annual crops and perennial tree crops, across the northern and southern hemisphere in 26 different countries. So from an agricultural weather and risk standpoint, we are quite well hedged. So that part of our business will be impacted by commodity prices.

The supply chain business is agnostic to commodity prices. It doesn't matter to us if commodity prices are high or low. If commodity prices are low, we have less working capital invested, but our margins really don't dramatically change in a broad range of prices on the supply chain side of the business. It's a more fee income kind of business there.

On our midstream business, margins could be partially impacted, particularly in the non-futures traded commodities. If raw material prices go up, your midstream margins typically come down. And when your raw material prices go down in the non-futures traded commodities where you can't really hedge it, your margins can be relatively better. But it is a partial impact, not a full impact.

So if you look at the first quarter, lower commodity prices in almonds has had a negative impact on our results.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

A follow-up question on this is what is your outlook for cocoa supply and prices, taking into account El Nino effects.

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

Those of you who have been following the statements that we have put out, we had gone public with our supply/demand analysis for cocoa. We continue to remain very friendly to the cocoa market, largely on account of the fact that the severe El Nino followed by the Harmattan has devastated the mid-crops in Africa, in Cote d'Ivoire and in Ghana, and also significantly impacted the crops in Indonesia, in Brazil and in Ecuador.

As a result, we see total cocoa production decline globally by roughly 9% and we expect a deficit of 308,000 tonnes between supply and demand. That makes it the worst deficit over the last 30 years. So this weather phenomenon is the worst over the last 33 years. The deficit is the worst over the last 30 years. We see stock consumption ratios coming below 30%; 29.7% is our estimate based on the current demand.

But beyond the statistical deficit of 308,000 tonnes between supply and demand, we see the quality of the cocoa, because of the weather stress, has significantly been worse and poorer than in the past. So we see much, much poorer bean counts. So main crop bean count, we are seeing 140 bean count in Cote d'Ivoire, which is unprecedented. As a result of that quality, we see very high FFA. So for the processor, the cocoa processor, this means much lower fat availability. And therefore the usable cocoa deficit we think will be much higher than that, at least another 100,000 tonnes.

So the real effective deficit of usable cocoa you would see imported at more than 400,000 tonnes, and that is quite a severe thing. And we have obviously been, through our part counting, etc., been tracking this very closely for a long period of time, and we are well positioned to manage this eventuality as it crystallizes. And we will see the impact of the availability of good quality cocoa being felt more and more as we progress during the year, so we think this impact will be at its worst in the third quarter of this financial year.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Any other questions from the floor? Do you have a question? Please, can you hand the mic over to -- thank you.

Samar Niazi - *Platts - Journalist*

Another one about palm. What do you think is going to be the impact of the biofuels mandates? Europe is staying steady on its mandates, but Indonesia's got one and they are saying that it has pushed up the prices by at least $100 per metric ton. So do you see -- what kind of impact do you see as a diversion from food to biodiesel mandates?

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

I think the Indonesian biodiesel mandate, the whole issue was how the government is going to fund that mandate, and with the 50 dollar tax that they levied last year they've collected enough to fund their quotas that they expected to have this year for biofuel production. So we need to really see whether the Indonesian government is going to be able to execute and implement on that. If it does at full potential, that will mean 4m tonnes of CPO being diverted to biofuel production.

This year, we expect that to be under 2m tonnes. So that will have an impact, and that's already factored in the market. So, really, as long as the government is using that levy to make sure that the biofuel production happens, then I think the withdrawal of CPO for biofuel purposes is quite clear, what it will be.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Thank you. There is a question online. What is your first-year target for turnover and profits and sales volume for the JV with Mitsubishi Corp?

A. Shekhar - *Olam International Limited - Executive Director & Group COO*

The JV with Mitsubishi is likely to commence only from October, so for this year it will be a slow start. But it's a long-term partnership in the product segments we've highlighted, but in cocoa, coffee, nuts, spices, sesame seed, etc, we see a lot of potential to develop in the Japanese market. We have already got a good presence in all these products in the Japanese market, but with Mitsubishi's partnership and what we can do there and their access to those markets, we'd expect that to grow.

So I don't have a number for this year, because it is likely to be very small because we're going to start the partnership effectively only from October.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Yes. Reuters.

Aradhana Aravindan - *Reuters - Journalist*

Hi. Aradhana from Reuters. One confirmation on the cocoa deficit that you forecast of 400,000 -- of more than 400,000. That is for 2016? What time period is this for?

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

This is the 2015/2016 crop. And to just put that on record, our deficit numbers are 308,000, and for usable cocoa it is more like 400,000.

Aradhana Aravindan - *Reuters - Journalist*

Okay. And the next question was the cotton prices. What has been the impact of the fall in cotton prices on Olam? And what is your outlook for cotton prices, as well as the future impact?

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

Cotton has got a very burdensome balance sheet, and therefore we are unlikely to see a very significant rally in cotton prices unless there's a major weather related disruption in the key producing regions. So cotton made a bid to breach the $0.65 level a couple of times in the last eight weeks, but failed to do so and is now back to $0.60/$0.61 levels. And I think it'll trade in this narrow range, unless there is a new trigger in terms of a fairly significant weather related phenomenon in the main growing regions.

We have a very burdensome global balance sheet. Most of that burdensome balance sheet is in China. The Chinese government has already started auctioning their buffer stocks. That has already been putting a cap on prices as well. But that is a phenomenon that is now fully factored into prices in the market.

We need to see what happens -- and cotton has also lost some share to manmade fibers in the recent past. So with the oil prices collapsing, polyester and rayon and viscose fibers, competing alternative fibers, prices have come off. And therefore cotton has been relatively more expensive than the manmade fibers, and therefore cotton usage, they have lost a couple of percentage points to manmade fibers so that has also kept cotton prices low.

So for the immediate future, we think prices will trade in this range, $0.60 to $0.65 level. $0.60 to $0.65, that's the range that it has been trading now, yes.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Continuing on the interest in cocoa, there is a question here. How have you positioned for the reduction in cocoa later in the year? Have you built up stocks in preparation?

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

If I answer the question, I'll have to shoot him. So we won't answer that question, but we are well positioned for this, yes.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Are there any questions? There are none. Thank you very much for your attendance. Sorry. Please.

Aradhana Aravindan - *Reuters - Journalist*

I also wanted to check what has been the impact of the price of rice on Olam. And are you seeing a lot of dire supply in some of the markets like Vietnam and Thailand, which have been much talked about?

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

We are seeing the balance sheet tighten up in rice, largely on account of El Nino and the decline in production in Thailand and Vietnam and to some extent in India as well. So the stock -- the carryover stock is now at a level where prices will be supported at this level, so slightly friendly to future rice prices, near-term rice prices. But most of that is already in the price.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

We are good? Thank you. We will follow up later.

Sunny Verghese - *Olam International Limited - Co-Founder & Group CEO*

Thank you.

A. Shekhar - *Olam International Limited - Executive Director & Group COO*

Thanks very much.

Hung Hoeng Chow - *Olam International Limited - General Manager, Investor Relations*

Thank you for your participation. Thank you. Bye-bye.