News Release

Olam International reports 20.0% growth in PATMI for Q2 2016

- Q2 2016 PATMI up 20.0% year-on-year to S$114.9 million on improved operational performance in the Food category; Operational PATMI grew 19.2% year-on-year to S$114.8 million
- H1 2016 PATMI up 73.0% at S$228.6 million on lower exceptional losses from bond buybacks; Operational PATMI up 4.9% at S$241.0 million
- EBITDA in Q2 2016 and H1 2016 up 8.1% and 2.1% to S$315.6 million and S$648.4 million respectively mainly on growth from Confectionery & Beverage Ingredients and Food Staples & Packaged Foods segments
- Generated higher Free Cash Flow to Firm of S$191.2 million in H1 2016.
- Board declares interim dividend of 3.0 cents per share

Consolidated Financial Results for the period ended June 30 (S$ million)	H1 2016	H1 2015 Restated[1]	% Change	Q2 2016	Q2 2015 Restated[1]	% Change
Volume ('000 MT)	6,447.5	5,586.6	15.4	3,482.0	2,903.8	19.9
Revenue	9,742.8	9,132.7	6.7	4,981.3	4,811.6	3.5
EBITDA	**648.4**	**634.7**	**2.1**	**315.6**	**291.9**	**8.1**
PAT	220.9	124.5	77.5	111.5	91.8	21.4
PATMI	228.6	132.1	73.0	114.9	95.8	20.0
Operational PATMI	**241.0**	**229.8**	**4.9**	**114.8**	**96.3**	**19.2**

Singapore, August 12, 2016 – Olam International Limited (Olam, the Group or the Company) today reported stronger year-on-year earnings for the quarter (Q2 2016) and six months (H1 2016) ended June 30, 2016.

For Q2 2016, Olam reported 20.0% increase in Profit After Tax and Minority Interest (PATMI) year-on-year to S$114.9 million, on improved operational performance in the overall Food Category. Operational PATMI, which excludes exceptional items, grew 19.2% year-on-year to S$114.8 million.

[1] *Prior period financial statements have been restated due to changes to accounting standards pertaining to Agriculture (SFRS 41) and Property, Plant and Equipment (SFRS 16) that came into effect from January 1, 2016. Please refer to the Management Discussion and Analysis report for more information.*

The Group's Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) grew by 8.1% to S$315.6 million mainly on the back of strong performance from Confectionery & Beverage Ingredients and Food Staples & Packaged Foods, which offset declines from the Edible Nuts, Spices & Vegetable Ingredients and Industrial Raw Materials segments.

Contributing to a stronger bottom line were lower finance costs which came down from S$101.1 million to S$91.7 million due to the various initiatives to optimise loan tenures and reduce cost of borrowings. This helped to offset the increase in depreciation and amortisation primarily arising from the acquisition of Cocoa processing assets from ADM and wheat milling assets in Nigeria.

Sales volumes were up 19.9% as all segments except Edible Nuts, Spices & Vegetable Ingredients showed growth. However, revenues rose by a modest 3.5% due to lower prices of certain commodities within the Group's portfolio.

For H1 2016, Olam achieved a 73.0% increase in PATMI to S$228.6 million due to lower exceptional losses from buying back higher priced bonds in both periods (H1 2016: S$12.4 million; H1 2015: S$97.7 million). Operational PATMI was up 4.9% at S$241.0 million.

EBITDA grew 2.1% year-on-year to S$648.4 million driven by growth from the Confectionery & Beverage Ingredients and Food Staples & Packaged Foods segments, which offset lower contribution from other segments.

Despite higher overall debt, net finance costs declined from S$224.3 million in H1 2015 to S$191.1 million in H1 2016 as a result of the initiatives to optimise loan tenures and reduce cost of borrowings.

Sales volumes increased 15.4% as all segments except Edible Nuts, Spices & Vegetable Ingredients registered higher volumes. Revenues grew 6.7% year-on-year as lower prices of some commodities offset the impact of higher volumes.

Olam also reported higher Free Cash Flow to Firm of S$191.2 million in H1 2016 (H1 2015: S$135.0 million) as increased operating cash flows and lower working capital offset the increase in taxes and net capital expenditure.

Net gearing as at June 30, 2016 was 1.98 times, up marginally from 1.96 times in end-2015 and in line with the 2016 target of 2.0 times or lower.

The Board of Directors has declared an interim (one-tier tax exempt) ordinary dividend of 3.0 cents per share.

M&A and strategic plan update

Under the 2013 strategic plan, Olam has completed 22 initiatives, which released cash of S$1.2 billion, generated a P&L gain of S$150.3 million and added S$154.6 million to capital reserves.

In Q2 2016, the Group announced the following investments, mainly in its prioritised platforms:

- US$150.0 million investment to set up two state-of-the-art animal feed mills, poultry breeding farms and a hatchery in Nigeria
- Acquisition of the remaining 50.0% in Acacia Investments (palm refining assets in Mozambique) for US$24.0 million
- Acquisition of 100.0% of Brooks Peanut Company for US$85.0 million

Post Q2 2016, its 60.0% owned joint venture Olam Palm Gabon acquired palm and palm oil assets from SIAT Gabon for US$24.6 million.

The Group also expects its 30:70 joint venture with strategic partner Mitsubishi Corporation, MC Agri Alliance, to commence operations by October 1 this year. The joint venture will import and distribute coffee, cocoa, sesame, edible nuts, spices, vegetable ingredients and tomato products for the Japanese market.

Olam's Co-Founder & Group CEO Sunny Verghese said: "Our strong operational and financial performance amid ongoing global macroeconomic volatility validates our differentiated strategy.

"We look forward to generating value from our recent initiatives, including the flour and pasta manufacturing facilities in Nigeria, our enlarged peanut shelling business in the US as well as our JV in Japan with strategic partner Mitsubishi Corporation. Our uniquely shaped portfolio and strong pipeline of gestating assets will contribute to earnings going forward."

Segmental Review

Olam's Executive Director and Group COO, A. Shekhar said: "We are pleased with the steady EBITDA growth across most of our businesses as our diversified portfolio and targeted investments in prioritised platforms performed well despite challenging industry and financial market conditions. We are also benefitting from our debt optimisation initiatives. All these measures taken together will continue to drive profitable growth."

Q2 2016

Segment	Sales Volume		Revenue		EBITDA	
	Q2 2016	Q2 2015 Restated	Q2 2016	Q2 2015 Restated	Q2 2016	Q2 2015 Restated
Edible Nuts, Spices & Vegetable Ingredients	431.6	519.6	1,004.5	1,090.0	99.0	127.3
Confectionery & Beverage Ingredients	450.3	410.7	1,806.6	1,831.0	92.3	59.8
Food Staples & Packaged Foods	2,110.2	1,599.9	1,383.6	1,156.6	79.9	52.8
Food Category	**2,992.1**	**2,530.2**	**4,194.7**	**4,077.6**	**271.2**	**239.9**
Industrial Raw Materials	490.0	373.6	786.6	734.0	40.0	55.0
Commodity Financial Services	N.A.	N.A.	-	-	4.4	(3.1)
Non-Food Category	**490.0**	**373.6**	**786.6**	**734.0**	**44.4**	**51.9**
Total	**3,482.0**	**2,903.8**	**4,981.3**	**4,811.6**	**315.6**	**291.9**

Volume in '000 metric tonnes; Revenue & EBITDA in S$ million

H1 2016

Segment	Sales Volume		Revenue		EBITDA	
	H1 2016	H1 2015 Restated	H1 2016	H1 2015 Restated	H1 2016	H1 2015 Restated
Edible Nuts, Spices & Vegetable Ingredients	731.9	754.3	1,771.4	1,965.8	179.2	237.2
Confectionery & Beverage Ingredients	983.4	890.3	4,057.3	3,541.7	197.5	143.2
Food Staples & Packaged Foods	3,902.5	3,257.8	2,585.0	2,295.6	165.6	132.8
Food Category	**5,617.8**	**4,902.4**	**8,413.7**	**7,803.1**	**542.3**	**513.2**
Industrial Raw Materials	829.7	684.2	1,329.1	1,329.6	105.2	113.5
Commodity Financial Services	N.A.	N.A.	-	-	0.9	8.0
Non-Food Category	**829.7**	**684.2**	**1,329.1**	**1,329.6**	**106.1**	**121.5**
Total	**6,447.5**	**5,586.6**	**9,742.8**	**9,132.7**	**648.4**	**634.7**

Volume in '000 metric tonnes; Revenue & EBITDA in S$ million

The **Edible Nuts, Spices & Vegetable Ingredients** segment saw volumes decrease by 3.0% year-on-year in H1 2016 on lower volumes of tomato paste. Revenue declined 9.9% on the lower volumes as well as lower prices for almonds and tomato paste. EBITDA declined by 24.5% due to lower contribution from the almonds and tomato paste processing businesses, even though other businesses including cashew, peanut, sesame, hazelnut and US dehydrated vegetables performed better than in H1 2015.

The **Confectionery & Beverage Ingredients** segment recorded a 10.5% increase in volumes primarily on the consolidation of results for the acquired Cocoa processing assets although part of the growth was offset by lower supply chain volumes due to the weather impact on cocoa bean supply. Revenues grew 14.6% on the back of higher Cocoa sales volumes and cocoa prices, offset to some degree by lower coffee prices. EBITDA increased 37.9% as both the Cocoa and Coffee platforms registered better year-on-year performance, on consolidation of the acquired Cocoa processing assets as well as strong sales volumes and margins for Coffee.

Food Staples & Packaged Foods volumes were 19.8% higher mainly because of higher wheat milling volumes following the acquisition of BUA Group's wheat milling assets in Nigeria as well as higher volumes from Grains' origination and export operations in the Black Sea region. As a result of the higher volumes, revenue increased 12.6% even as rice, palm and dairy prices declined during the period. EBITDA growth was a strong 24.7% due to improved performance across most platforms, except Packaged Foods, whose performance was affected by continued currency volatility and disruption of its dairy and beverage juice production after a plant fire in in Nigeria.

The **Industrial Raw Materials** segment recorded a 21.3% growth in volumes on higher Cotton volumes in H1 2016. However, segment revenues were flat on lower cotton prices. EBITDA declined by 7.3% as a result of lower margins in the Cotton business compared to the previous corresponding period.

Commodity Financial Services booked an EBITDA of S$0.9 million compared to S$8.0 million in H1 2015.

Outlook and Prospects

The long-term trends in the agri-commodity sector remain attractive, and Olam is well positioned to benefit from this as a core global supply chain business with selective integration into higher value upstream and mid/downstream segments. Olam believes its diversified and well-balanced portfolio with leadership positions in many segments provides a resilient platform to navigate current uncertainties in global markets.

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Notes to Editors

1. With effect from January 1, 2016, SFRS 16 and 41 have been amended and now require biological assets that meet the definition of a "bearer plant" to be accounted for as Property, Plant and Equipment in accordance with SFRS 16. For more details, please refer to this quarter's Management Discussion and Analysis report.

2. This release should be read and understood only in conjunction with the full text of Olam International Limited's Second Quarter and Half-Year 2016 Financial Statements and Management Discussion and Analysis lodged on SGX-NET on August 12, 2016.

About Olam International Limited

Olam International is a leading agri-business operating across the value chain in 70 countries, supplying various products across 16 platforms to over 16,200 customers worldwide. From a direct sourcing and processing presence in most major producing countries, Olam has built a global leadership position in many of its businesses. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 50 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the S&P Agribusiness Index and the DAXglobal Agribusiness Index. It is 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.olamgroup.com.

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