Olam International Limited

Full Year 2016 Results Briefing
February 28, 2017

Presenters

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Notice

This presentation should be read in conjunction with Olam International Limited's Financial Results statement for the Fourth Quarter and 12 Months ended December 31, 2016 ("12M 2016" or "2016"), and Management Discussion and Analysis lodged on SGXNET on February 28, 2017.

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 Fourth Quarter and 12 Months ended December 31, 2016 results report and filings on SGXNET. 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.

Agenda

- 2016 highlights
- Financial and operating performance
  - Segmental analysis
  - Value chain analysis
- Key takeaways

2016 highlights

2016 highlights

- **Stronger financial position in 2016**
  - PATMI at S$351.3 million on improved operational performance and lower exceptional losses compared to 2015
  - Operational PATMI grew 23.1% to S$363.8 million
  - Reduced effective cost of borrowing through optimised debt tenure mix and cost
  - Substantially higher net operating cash flow of S$1.0 billion (2015: S$154.9 million)
  - FCFF improved by S$1.6 billion; negative S$418.1 million (2015: -S$2.1 billion)

2016 highlights (cont'd)

- **Continued to execute on 2016-2018 Strategic Plan**
  - Organic and inorganic growth initiatives across prioritised platforms and Africa: Grains & Animal Feed, Edible Nuts, Coffee, Edible Oils (Palm) and Rubber

- **Improved shareholder returns**
  - Board of Directors recommends final dividend of 3.0 cents per share for 2016
  - Total dividend of 6.0 cents per share for 2016 (18M FY2015: 6.0 cents)
  - Share buybacks of S$94.4 million in 2016

Financial and operating performance

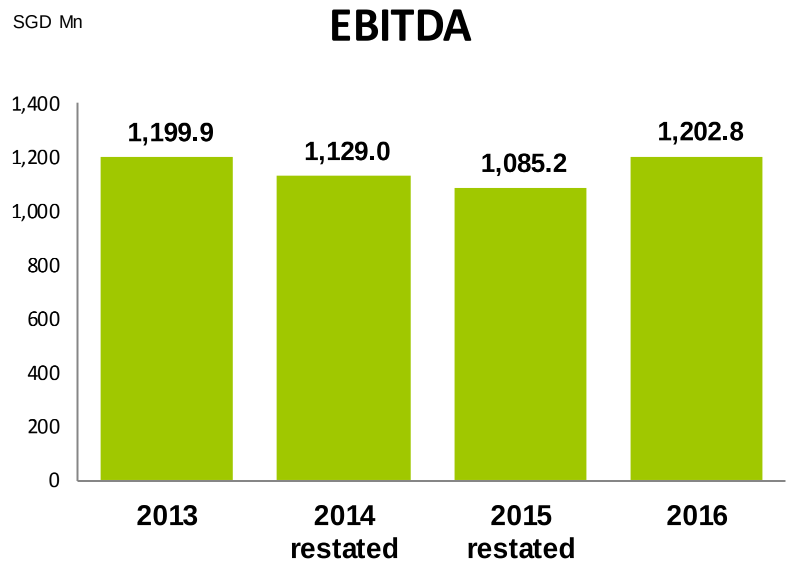
P&L Analysis

SGD Mn

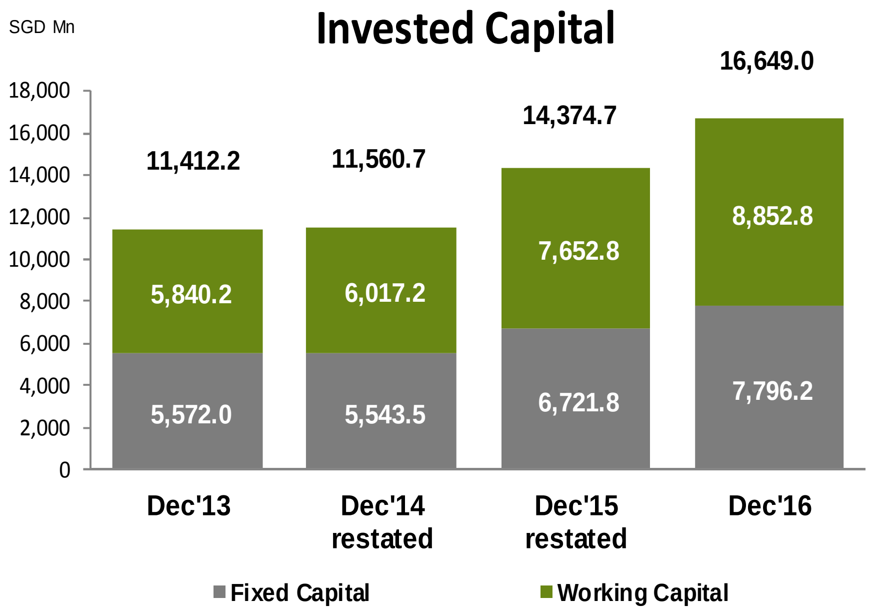
	12M 2016	12M 2015 Restated	% Change
Volume ('000 MT)	14,415.8	12,506.7	15.3
Revenue	20,587.0	19,052.6	8.1
Net gain/(loss) in fair value of biological assets	14.1	(51.9)	n.m.
EBITDA	**1,202.8**	**1,085.2**	**10.8**
Depreciation & Amortisation	(353.5)	(266.6)	32.6
Net Finance costs	(403.5)	(448.9)	(10.1)
Taxation	(94.3)	(89.3)	5.6
Exceptional items	(12.5)	(397.0)	n.m.
PAT	339.1	(116.6)	n.m.
PATMI	**351.3**	**(114.9)**	**n.m.**
Operational PATMI	**363.8**	**295.6**	**23.1**

- Volume up 15.3% with growth from most segments
- EBITDA grew 10.8% with strong growth from Confectionery & Beverage Ingredients and Food Staples & Packaged Foods partly offset by lower contribution from the other three segments
- Lower net finance costs but higher depreciation and amortisation
- PATMI at S$351.3 million on improved operational performance and lower exceptional losses compared to 2015; Operational PATMI up 23.1%

EBITDA and Invested Capital



EBITDA /Avg IC	10.8%	9.8%	8.4%	7.7%

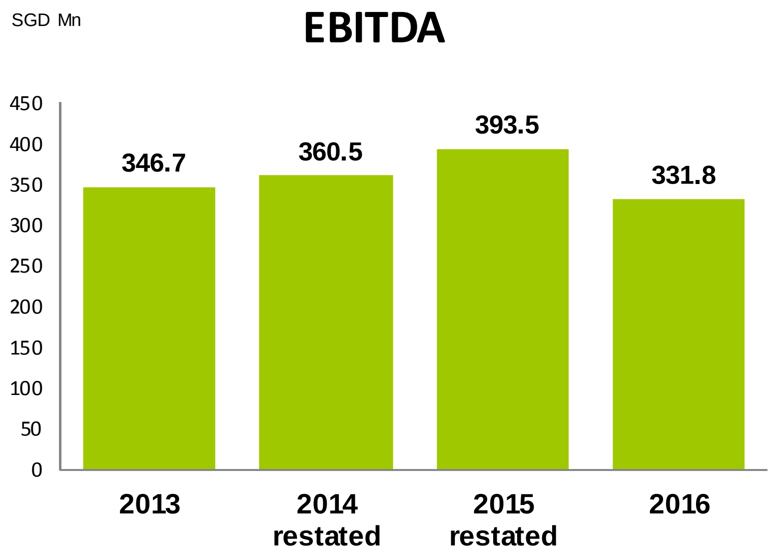


- Compared to end-Dec 2015:
  - Increase in Fixed Capital from acquisition of wheat milling and peanut shelling assets, as well as continued investments in upstream and midstream assets
  - Increase in Working Capital from higher volumes (both organic and post acquisitions) and higher commodity prices, including coffee, cocoa and cotton

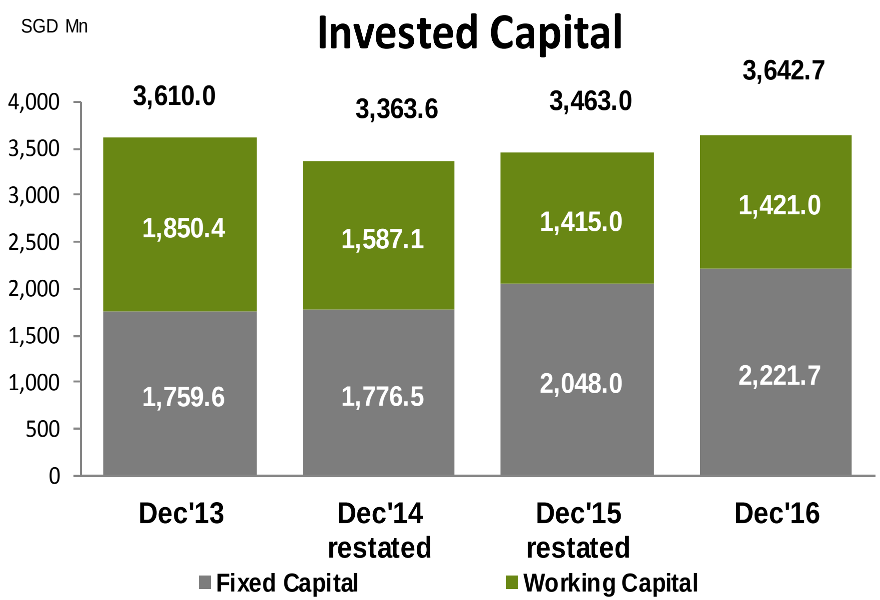
Invested Capital excludes
(a) Gabon Fertiliser Project (31 Dec 2016: S$ S$224.8 million ; 31 Dec 2015: S$209.8 million,); and
(b) Long-term Investments (31 Dec 2016: S$ S$148.4 million ; 31 Dec 2015: S$269.2 million)

Segmental analysis

Edible Nuts, Spices & Vegetable Ingredients

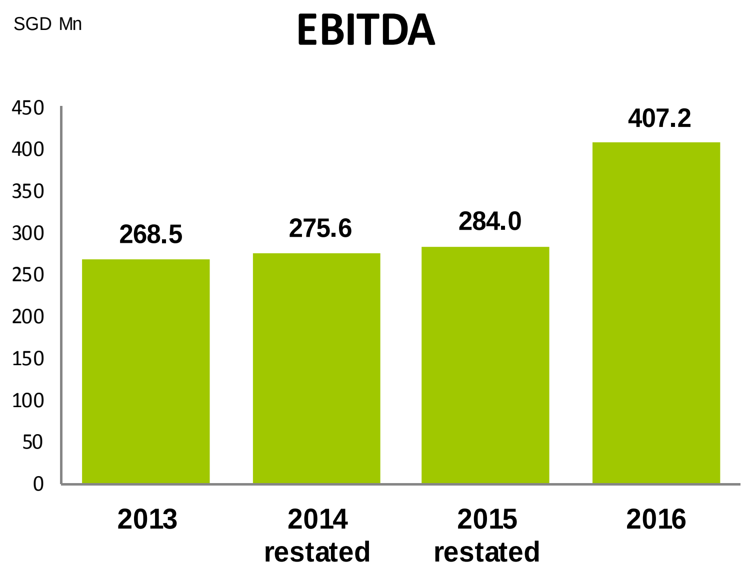


EBITDA /Avg IC	10.4%	10.3%	11.5%	9.3%

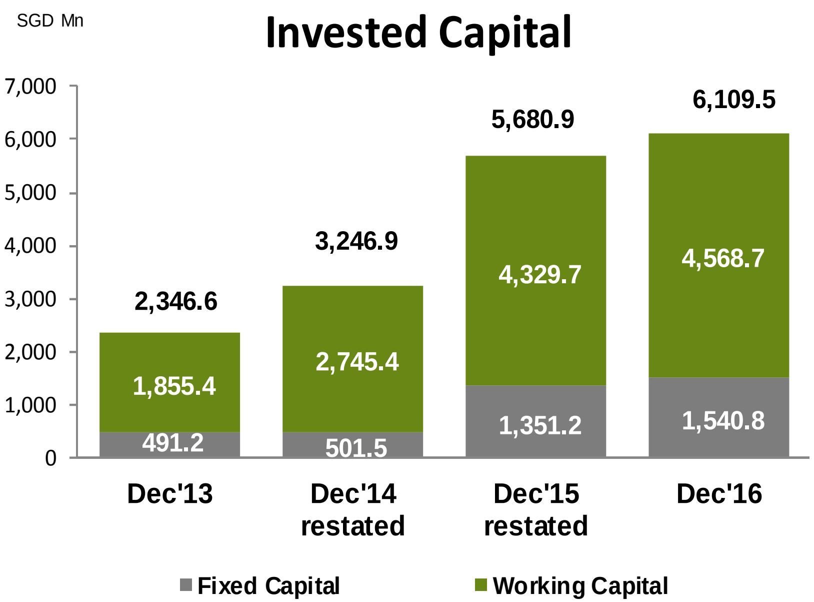


- EBITDA declined 15.7% mainly due to lower contribution from the almond and tomato processing businesses; all other businesses performed better than 2015.
- Compared to end-Dec 2015, Invested Capital increased by S$179.5 million with most of it from Fixed Capital due to acquisition of peanut shelling assets; Working Capital rose slightly with higher peanut and tomato inventory.

Confectionery & Beverage Ingredients

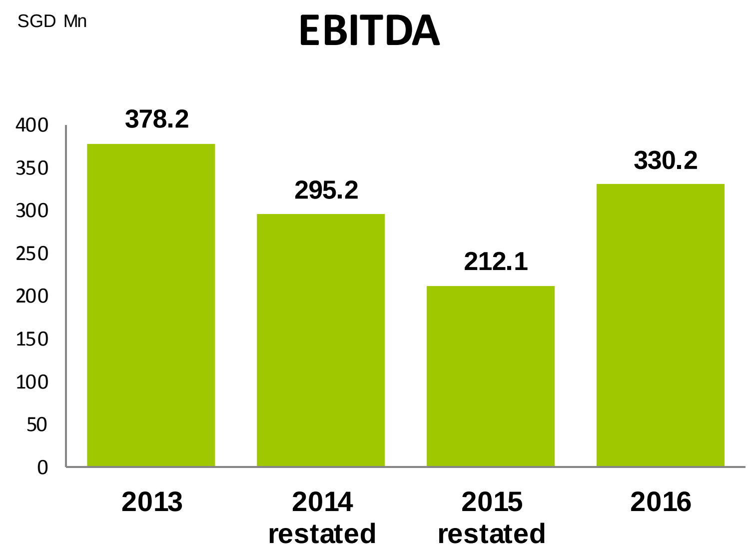


EBITDA /Avg IC	12.6%	9.9%	6.4%	6.9%

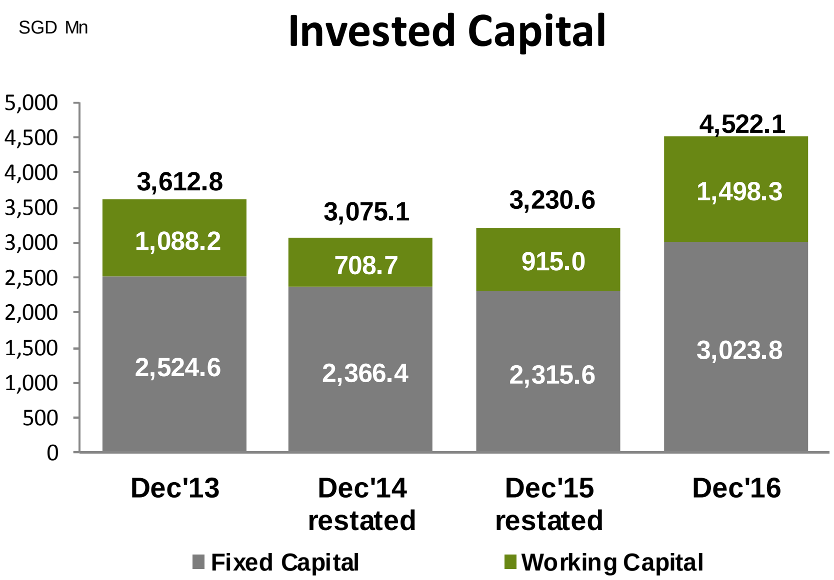


- EBITDA rose 43.4% with stronger contribution from both Cocoa and Coffee.
- Cocoa's results were due to contribution from the acquired Cocoa Processing assets, which performed better than expected, although some of it was offset by lower contribution from supply chain business; Coffee performed well across its supply chain and midstream businesses.
- Invested Capital increased by S$428.6 million as compared to end-Dec 2015 driven by higher working capital from higher coffee and cocoa prices. Fixed capital also increased due to continued investments in coffee plantations and expansion of soluble coffee in Vietnam and Spain.

Food Staples & Packaged Foods

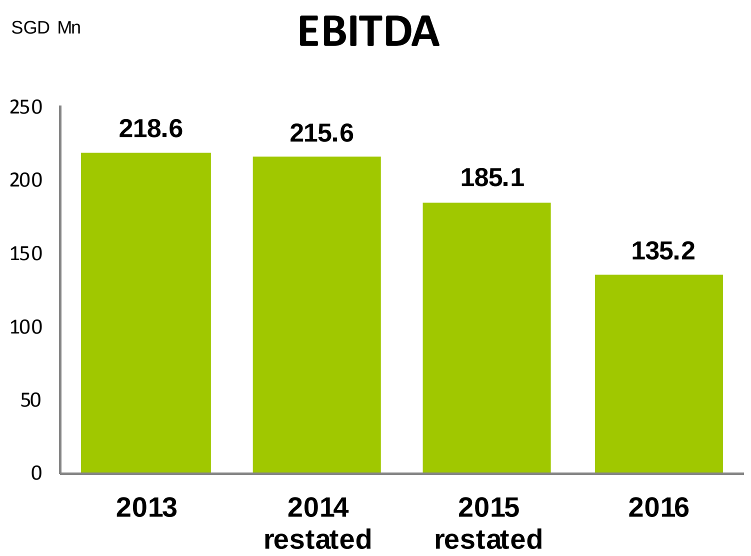


EBITDA /Avg IC	10.4%	8.8%	6.7%	8.8%

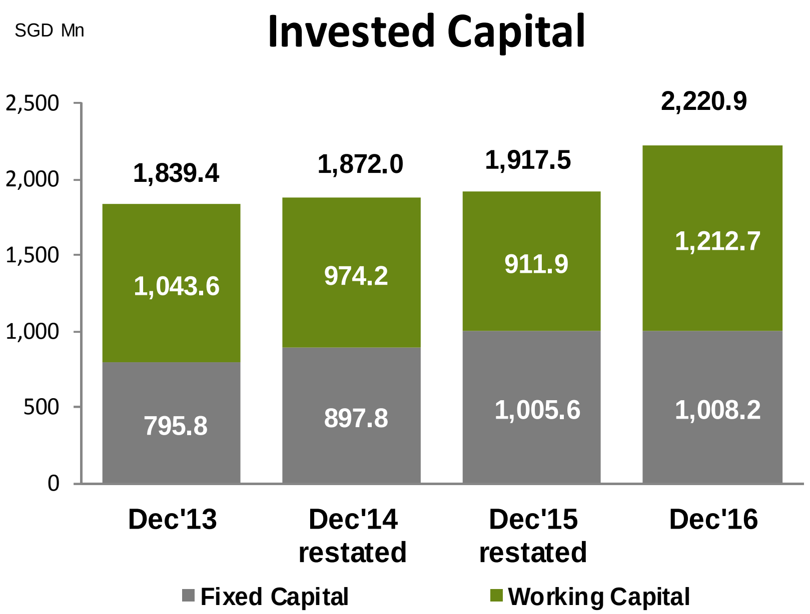


- EBITDA jumped 55.7% with all platforms performing better than 2015.
- Strong performance from Grains milling and origination, Rice, Sugar and Dairy supply chain
- Improved performance from Palm, Dairy upstream and Packaged Foods
- Invested Capital increased by S$1.3 billion as compared to end-Dec 2015. Fixed Capital was up mainly due to acquisition of wheat milling assets and Capex in animal feed, wheat milling and Palm plantations. Working Capital also went up primarily in Grains and Sugar.

Industrial Raw Materials
Ag Logistics & Infrastructure



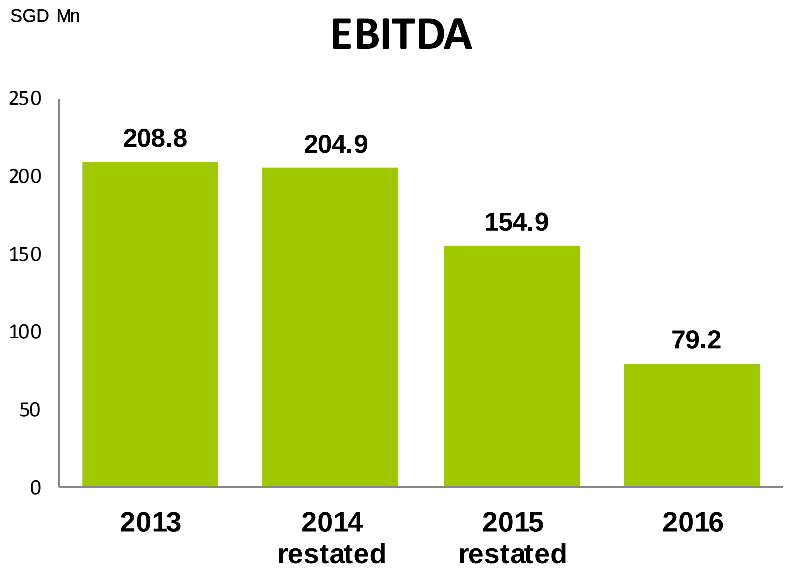
EBITDA /Avg IC	10.8%	11.6%	9.8%	6.2%



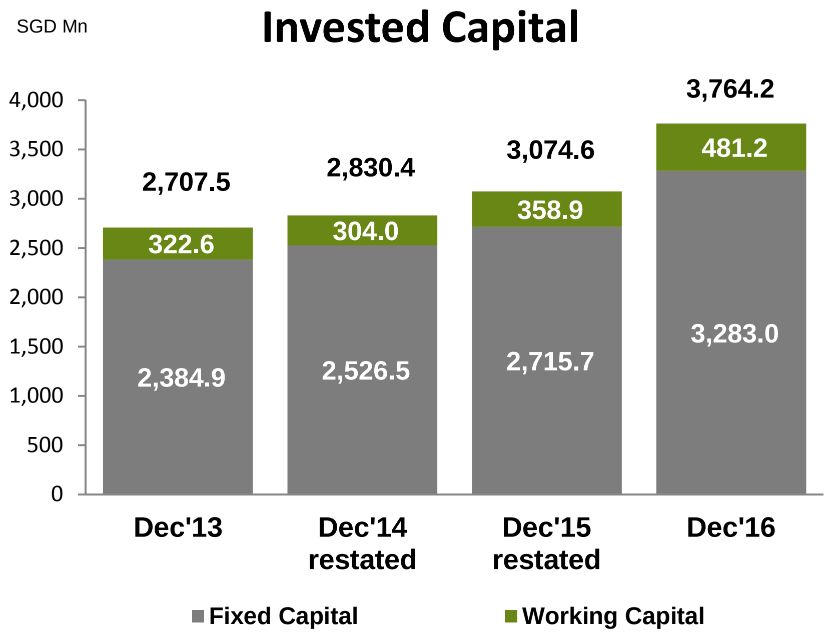
- EBITDA declined 27.0% as a result of lower contribution from Cotton and Wood Products, partly compensated by higher contribution from GSEZ
- Invested Capital was up by S$303.3 million as compared to end-Dec 2015 due to increase in Working Capital caused by higher cotton volumes and prices. Fixed Capital was flat as the reduction in investment in GSEZ offset the increase in Rubber plantations in Gabon.

Value chain analysis

Upstream

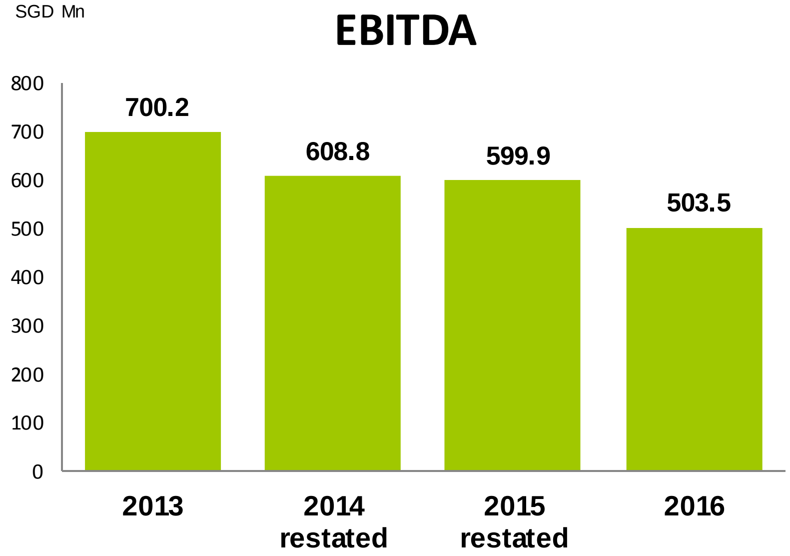


EBITDA /Avg IC 8.2% 6.6% 5.2% 2.3%

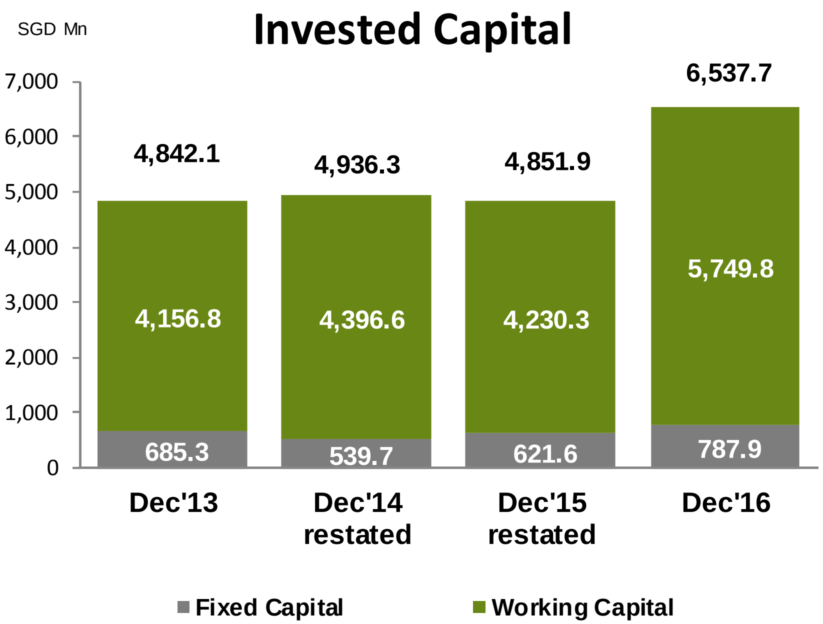


- **EBITDA** decline due to reduced contribution from almond plantations in Australia and the US, partly compensated by improved performance from NZFSU
- **Invested capital** increased by S$689.6 million due to fixed capital increasing on account of almond, coffee, palm and rubber plantations

Supply chain

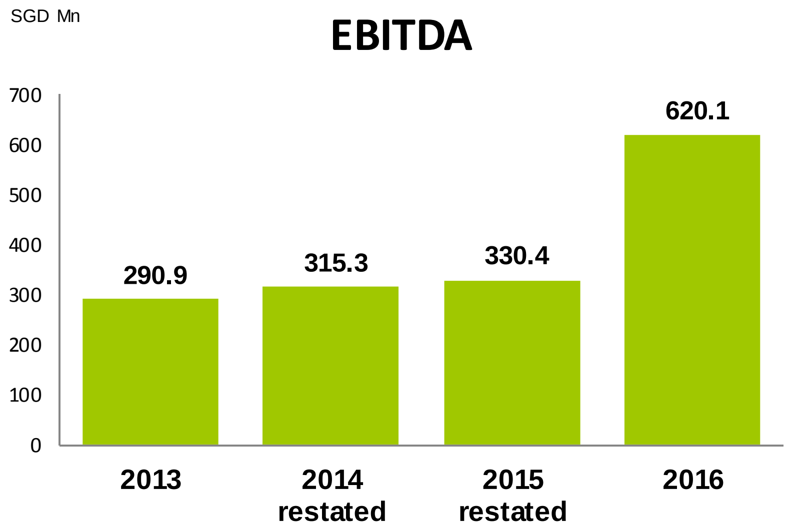


EBITDA /Avg IC	13.9%	12.5%	12.3%	8.8%

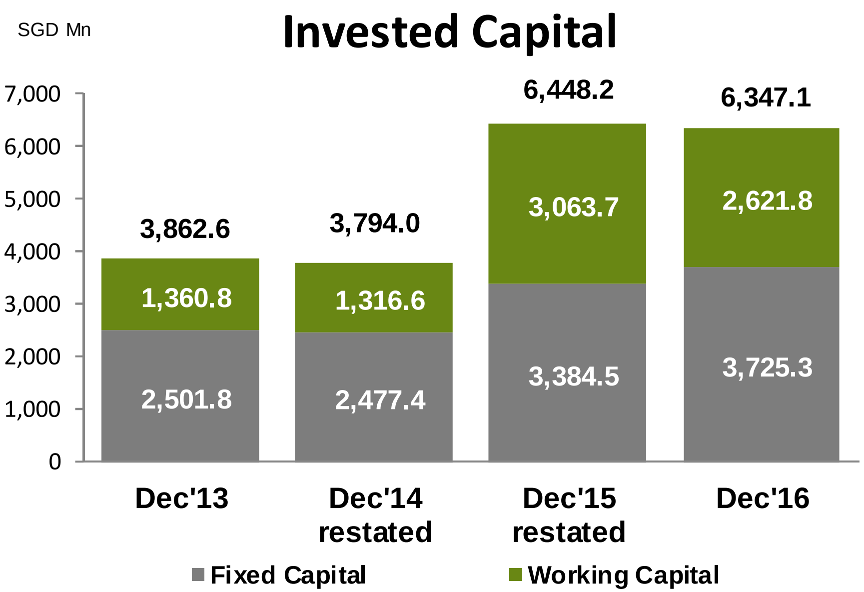


- **EBITDA** down due to lower contribution from Cotton, CFS and Cocoa supply chain due to shift in bean volumes to captive processing
- **Invested capital** in the segment increased by S$1.7 billion due to higher working capital in Coffee, Cotton and Cocoa beans carried as feedstock for processing

Mid/Downstream



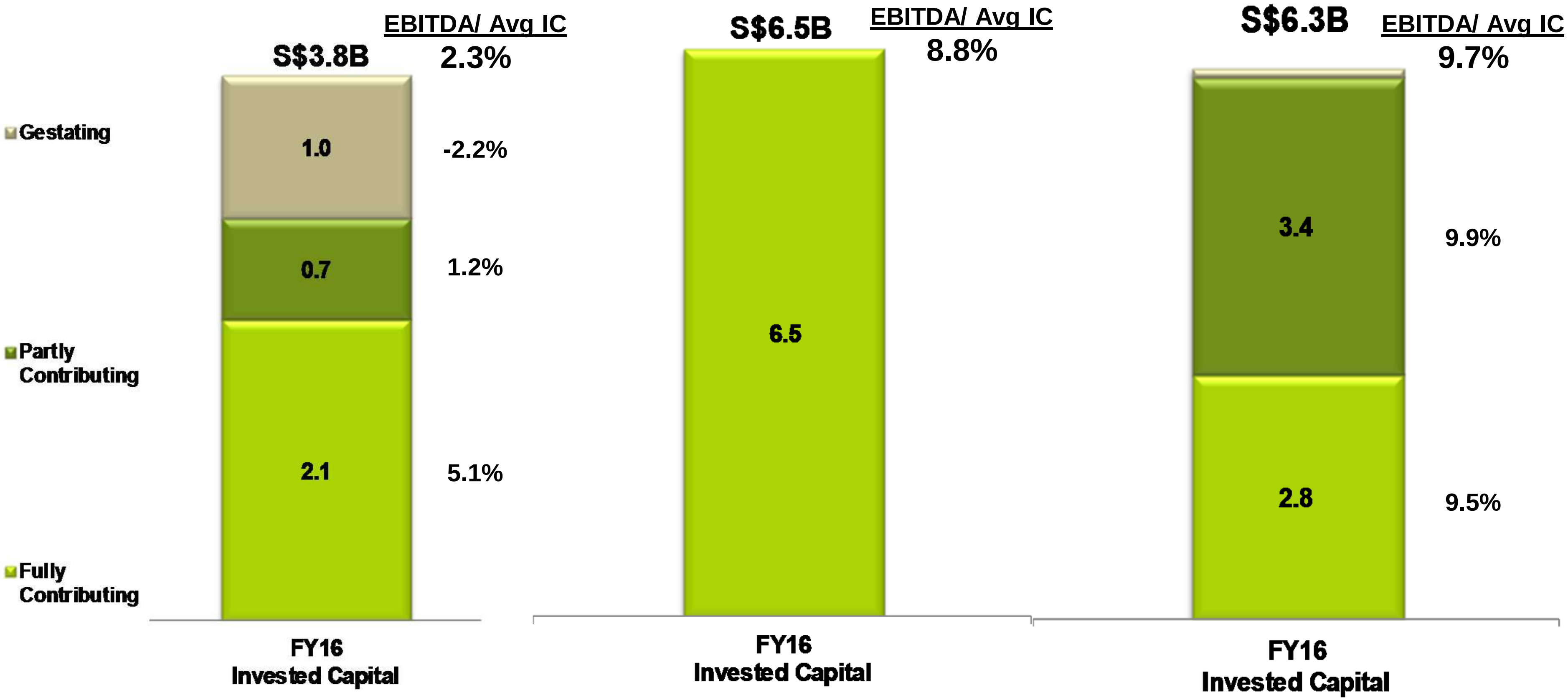
EBITDA /Avg IC	8.2%	8.2%	6.5%	9.7%



- Strong growth in **EBITDA** from Cocoa processing, wheat milling, soluble Coffee, Peanut shelling, Sugar and Palm refining
- **Invested capital** decreased by S$101.0 million on account of increased fixed capital investments offset by lower working capital

Gestation mix

Upstream | **Supply Chain** | **Mid/Downstream**



Expected EBITDA/IC at steady state: 15-18%

Expected EBITDA/IC at steady state: 10-13%

Expected EBITDA/IC at steady state: 13-16%

Balance sheet and cash flow

Balance sheet

Optimising tenure and borrowing mix

SGD Mn

	31-Dec-16	31-Dec-15 Restated	Change vs Dec 15
Uses of Capital			
Fixed Capital	8,169.5	7,340.5	829.0
Working Capital	8,517.7	8,295.6	222.1
Cash	2,144.0	2,143.2	0.8
Others	473.5	(165.7)	639.2
Total	**19,304.7**	**17,613.6**	**1,691.1**
Sources of Capital			
Equity & Reserves	5,797.1	5,187.0	610.1
Non-controlling interests	235.9	240.6	(4.7)
Short term debt	5,983.0	5,512.2	470.8
Long term debt	7,687.5	6,781.7	905.8
Fair value reserve	(398.8)	(107.9)	(290.9)
Total	**19,304.7**	**17,613.6**	**1,691.1**

- Completed major debt refinancing programmes:
  - US$650.0 million RCF comprising 1-year and 2-year facilities
  - US$500.0 million Perpetual Capital Securities bearing a distribution rate of 5.35%
  - US$2.0 billion RCF, consisting of 1-year US$400.0 million, 2-year US$800.0 million and 3-year US$800.0 million

Cash flow analysis

SGD Mn

Cash Flow Summary	12M 2016	12M 2015 Restated	12M YOY	2014	2013
Operating Cash flow (before Interest & Tax)	1,243.5	1,150.8	92.7	1,148.3	1,144.9
Changes in Working Capital	(227.7)	(995.9)	768.2	(766.2)	(98.2)
Net Operating Cash Flow	**1,015.8**	**154.9**	**860.9**	**382.1**	**1,046.7**
Net interest paid	(347.7)	(478.4)	130.7	(411.5)	(485.0)
Tax paid	(48.4)	(127.8)	79.4	(65.6)	(64.3)
Cash from divestments	32.0	249.8	(217.8)	468.4	95.6
Free cash flow before capex/ investments	**651.7**	**(201.5)**	**853.2**	**373.4**	**593.1**
Capex/ Investments	(1,417.5)	(2,339.4)	921.9	(455.7)	(913.2)
Free cash flow to equity (FCFE)	**(765.8)**	**(2,540.9)**	**1,775.1**	**(82.3)**	**(320.1)**

- Significantly higher net operating cash flow in 2016
- Generated improved Free Cash Flow before Capex and investments in 2016 compared to 2015
- FCFE improved by S$1.8 billion in 2016 but remained negative with continued Capex investments

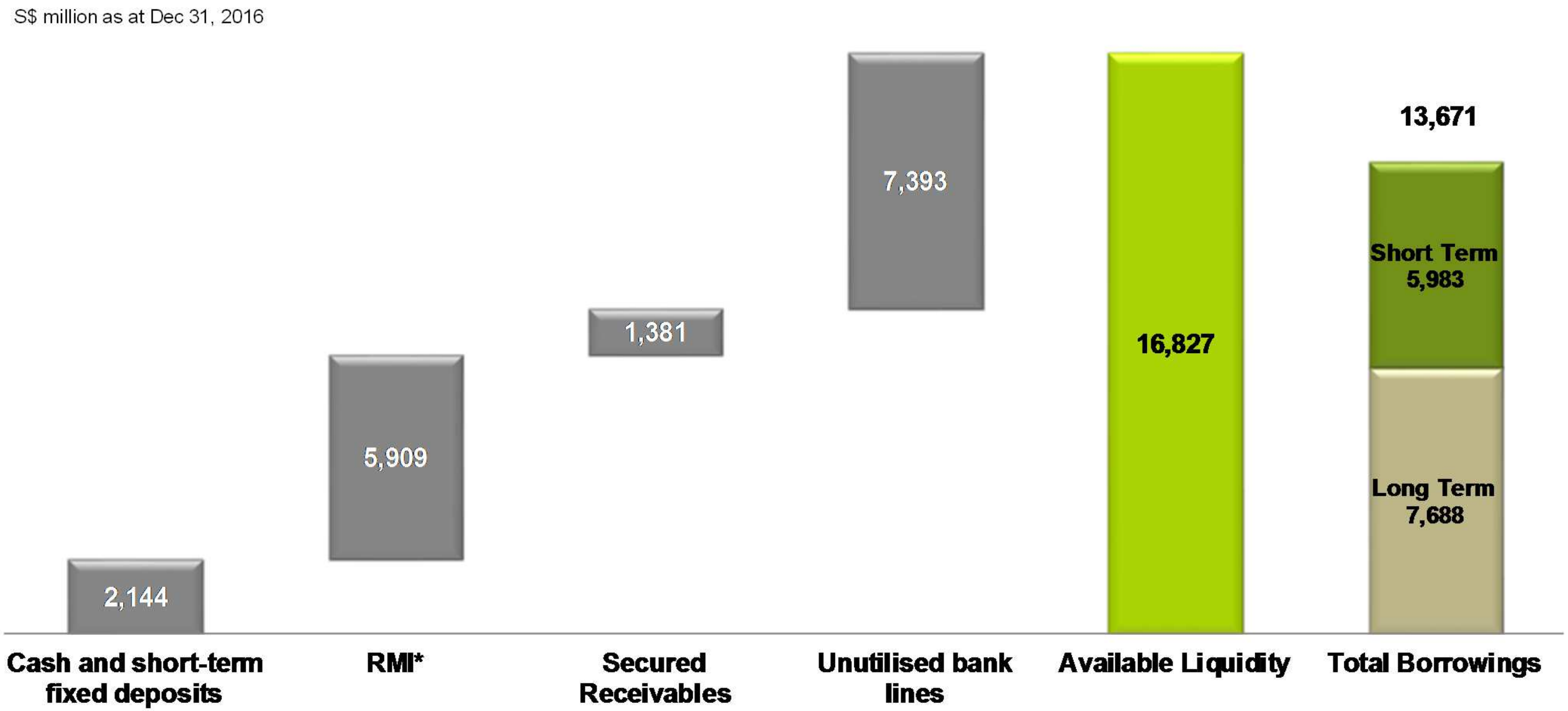
Gearing

SGD Mn

	31-Dec-16	31-Dec-15 Restated	Change vs Dec 15
Gross debt	13,670.5	12,293.9	1,376.6
Less: Cash	2,144.0	2,143.2	0.8
Net debt	11,526.5	10,150.7	1,375.8
Less: Readily marketable inventory	5,909.2	5,232.9	676.3
Less: Secured receivables	1,381.4	1,155.8	225.6
Adjusted net debt	4,235.9	3,762.0	473.9
Equity (before FV adj reserves)	5,797.1	5,187.0	610.1
Net debt / Equity (Basic)	**1.99**	**1.96**	**0.03**
Net debt / Equity (Adjusted)	**0.73**	**0.73**	**-**

- Net debt increased by S$1.4 billion compared to end-Dec 2015
- Net gearing at 1.99 times

Liquidity position



- Available liquidity sufficient to cover all repayment and Capex obligations
- Continue to optimise debt tenure and cost and rebalance borrowing mix of long and short term debt to match Fixed and Working Capital needs

*RMI: inventories that are liquid, hedged and/or sold forward

Key takeaways

Key takeaways

- Improved operational performance in 2016 with strong growth from Confectionery & Beverage Ingredients and Food Staples & Packaged Foods compared to 2015
- Continue to focus on turning around underperforming businesses and ensuring gestating businesses reach full potential
- Debt optimisation initiatives have successfully reduced interest costs despite higher asset base
- Executing on 2016-2018 Strategic Plan to invest in prioritised platforms

Q4 2016 Results Briefing
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