



## News Release

Singapore, November 15, 2017

### Olam International reports 17.5% PATMI growth in Q3 2017 on strong volumes

#### HIGHLIGHTS

- Significantly improved financial and operating performance:
  - Q3 2017: PATMI up 17.5% to S\$24.1 million; Operational PATMI up 17.1% to S\$24.0 million on strong volume growth and improved operational performance across most segments
  - 9M 2017: PATMI up 26.7% to S\$315.6 million; Operational PATMI up 23.1% to S\$321.8 million
- Delivered strong free cash flow in 9M 2017:
  - Free Cash Flow to Firm: S\$1.1 billion; Free Cash Flow to Equity: S\$713.2 million
- Strengthened balance sheet (Sep 30, 2017: 1.82x; Dec 31, 2016: 1.99x) and liquidity position to pursue profitable growth

S\$ million	9M 2017	9M 2016	% Change	Q3 2017	Q3 2016	% Change
Volume ('000 MT)	14,738.6	10,205.5	44.4	5,798.8	3,757.9	54.3
Revenue	19,037.3	14,480.7	31.5	6,712.6	4,738.0	41.7
<b>EBITDA</b>	<b>1,015.1</b>	<b>853.9</b>	<b>18.9</b>	<b>243.0</b>	<b>205.5</b>	<b>18.2</b>
PAT	295.5	236.0	25.2	25.4	15.0	68.8
PATMI	315.6	249.1	26.7	24.1	20.5	17.5
<b>Operational PATMI</b>	<b>321.8</b>	<b>261.4</b>	<b>23.1</b>	<b>24.0</b>	<b>20.5</b>	<b>17.1</b>

#### MANAGEMENT COMMENTS

**Co-Founder & Group CEO Sunny Verghese** said:

“These results show we are delivering consistently strong operating and financial performance, with our Q3 results building on the positive trend of our first half. Execution of our strategy has significantly improved earnings growth and generated strong free cash flow.

“This performance is clear evidence that our strategy is working. We believe we have struck the right balance between driving for growth while managing risk and cash flow. We have focused on a number of key elements to achieve these results – selective growth in

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prioritised platforms, turnarounds in underperforming areas and nurturing gestating assets to reach full potential, bearing in mind our priorities to achieve improved returns and positive free cash flow. And importantly, we have achieved this while keeping sustainability at the core of everything we do.

“While we are very encouraged by our good performance to date, we are cautious about near-term market uncertainties in some agri-commodities which may impact us. However, overall, we are confident of our ability to generate long-term value for our stakeholders.”

**Executive Director and Group COO, A. Shekhar** said:

“Broad-based performance contributed to the strong results led by Edible Nuts, Grains and Animal Feed, Dairy, Cotton, and Ag Logistics & Infrastructure.

“We have significantly improved overall free cash flow by growing operating cash flows, reducing Capex spending and undertaking other working capital optimisation initiatives. We were also aided to some extent by lower commodity prices.

“On debt funding, we have further diversified our sources of financing through maiden issuances of Samurai loan and European syndication in Q3 2017. Our balance sheet has been further strengthened through the exercise of warrants by warrant holders, increasing our equity capital by US\$321.8 million<sup>1</sup> this year. The remaining warrants, which are in the money if exercised before the expiry date (January 29, 2018), will result in an additional equity infusion of US\$164.9 million.”

## **FINANCIAL RESULTS**

### **Q3 2017**

- PATMI (Profit After Tax and Minority Interest) increased 17.5% YoY (year-on-year) to S\$24.1 million (Q3 2016: S\$20.5 million) on strong volume growth and improved operational performance across most business segments.
- Operational PATMI, which excludes exceptional items, grew 17.1% YoY to S\$24.0 million (Q3 2016: S\$20.5 million).
- EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) grew 18.2% to S\$243.0 million (Q3 2016: S\$205.5 million) on growth in the Edible Nuts, Spices &

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<sup>1</sup> As of November 6, 2017

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Vegetable Ingredients, Food Staples & Packaged Foods and Industrial Raw Materials, Ag Logistics & Infrastructure segments.

### **9M 2017**

- PATMI increased 26.7% YoY to S\$315.6 million (9M 2016: S\$249.1 million) as improved operational performance offset higher depreciation and amortisation expenses and finance costs from strategic acquisitions and investments.
- Operational PATMI grew 23.1% at S\$321.8 million (9M 2016: S\$261.4 million).
- EBITDA registered 18.9% growth to S\$1.0 billion (9M 2016: S\$853.9 million).

### **Cash flow, financing, balance sheet, and returns to shareholders**

- Generated strong positive Free Cash Flow to Firm (FCFF) of S\$1.1 billion for 9M 2017 (9M 2016: -S\$150.5 million) and Free Cash Flow to Equity (FCFE) of S\$713.2 million (9M 2016: -S\$466.2 million) on improved net operating cash flows and lower capital expenditure.
- Net gearing as at September 30, 2017 was lower at 1.82 times compared to 1.99 times as at December 31, 2016.

### **9M 2017 SEGMENTAL PERFORMANCE**

#### **Edible Nuts, Spices & Vegetable Ingredients**

- Revenue grew 19.4% to S\$3.3 billion, mainly on higher volumes from spices and sesame and higher almond and cashew prices compared with 9M 2016.
- EBITDA grew 38.9% to S\$339.1 million as stronger contribution from almond, cashew, peanuts and sesame offset lower contribution from tomato processing.

#### **Confectionery & Beverage Ingredients**

- Revenue increased 12.4% to S\$6.2 billion on higher volumes overall, offset by lower coffee and cocoa prices.
- EBITDA declined 6.5% to S\$248.8 million. Higher earnings from Coffee was offset by lower contribution from Cocoa, which continued to experience headwinds and margin pressures for both the cocoa bean and products trading business, even as its processing business performed well.

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### **Food Staples & Packaged Foods**

- Revenue increased 56.0% to S\$6.4 billion mainly on higher trading volumes in Grains and Edible Oils.
- EBITDA grew 29.1% to S\$291.2 million, driven by better results from wheat milling, Dairy, Sugar refining and early trading results from its new animal feed and protein businesses.

### **Industrial Raw Materials, Ag Logistics & Infrastructure**

- Revenue was up 49.1% to S\$3.2 billion on higher Cotton volumes and prices.
- EBITDA improved 18.9% to S\$139.1 million with higher contribution from Cotton and Ag Logistics and Infrastructure, compensating for the underperformance in Wood Products.

### **Commodity Financial Services**

- The segment saw a S\$3.1 million loss in EBITDA due to limited trading opportunities during Q3 2017.

## **OUTLOOK**

While expecting macro-economic uncertainties to continue through the year, Olam believes its diversified and well-balanced portfolio provides a resilient platform to navigate the challenges in both the global economy and commodity markets.

Olam will continue to execute on its strategic plan and pursue growth in its prioritised platforms. It remains focused on turning around underperforming businesses, ensuring gestating businesses reach full potential and delivering positive free cash flow.

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Issued on behalf of Olam International Limited by: WATATAWA Consulting, 77 Robinson Road, Robinson 77 #33-00, Singapore 068896

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### Notes to Editors

1. This release should be read and understood only in conjunction with the full text of Olam International Limited's Third Quarter and Nine Months 2017 Financial Statements and Management Discussion and Analysis lodged on SGXNET on November 15, 2017.
2. Olam will host a webcast on November 15, 2017, at 10.30 am SGT to discuss the financial results and provide a company update. To access the webcast or download the presentation materials, go to <http://olamgroup.com/resources/#Webcasts>.

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### About Olam International Limited

Olam International is a leading agri-business operating across the value chain in 70 countries, supplying various products across 18 platforms to 23,000 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 30 largest primary listed companies in Singapore in terms of market capitalisation. In 2016, Fortune magazine recognised Olam at #23 in its 'Change the World' list.

More information on Olam can be found at [www.olamgroup.com](http://www.olamgroup.com).

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