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O32.SI - Q3 2017 Olam International Ltd Earnings Presentation

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## CORPORATE PARTICIPANTS

**Hung Hoeng Chow** *Olam International Limited - General Manager of IR*

**Neelamani Muthukumar** *Olam International Limited - President and Group CFO*

**Sunny George Verghese** *Olam International Limited - Co-Founder, Group CEO and Executive Director*

## CONFERENCE CALL PARTICIPANTS

**David Lyons**

## PRESENTATION

**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Welcome once again, all of you, to attending our results briefing for the third quarter and 9 months ended 30th September, 2017. I'm proud to be here to introduce the panel of speakers here.

Our Group CEO, Sunny Verghese; and on his left is N. Muthukumar, Group CFO. Unfortunately, Shekhar has to take some urgent personal travel, and he's unfortunately not able to join us for this briefing.

Going on to the highlights for today's briefing. We are going through the financials as well as the segmental review and the key takeaways for today's briefing. Without any further delay, shall I invite Muthu to take the stage to present to you the financials. Thank you.

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**Neelamani Muthukumar** - *Olam International Limited - President and Group CFO*

Good morning, ladies and gentlemen. Welcome once again to our 9 months 2017 financial results presentation. Let me start off with -- here made some changes to the presentation format and hope you all like it, and we would welcome your feedback later to our Investor Relations team and your communications team.

Our 9 months has been a very strong performance. We have grown volumes at 44%, revenue at 31.5%. More importantly, our EBITDA grew 18.9% to SGD1.015 billion. A first for Olam, first time we have reached SGD1 billion of EBITDA in first 9 months. Our PATMI grew 26.7% to SGD316 million, and more importantly, our operational PATMI, the key metric that we track and report, is up 23.1% to SGD322 million.

As I was mentioning, growth of 44% on volume on 9 months compared with the previous 9 months, primarily growth across all segments. Edible Nuts and Spices, Vegetable Ingredients segment grew 9%; Confectionery & Beverage Ingredients segment grew 17%; Food Staples & Packaged Foods business grew 61%, up 4 million tonnes primarily due to grains and edible oil trading volumes up; and Industrial Raw Materials, and Ag Logistics & Infrastructure segment grew a healthy 19%, backed up by higher sales throughput by -- in Cotton. Overall, leading up to 14.7 million tonnes.

EBITDA grew 18.9% to SGD1.015 billion, up from SGD854 million, strongly backed up by a stellar performance by the Edible Nuts and Spices & Vegetable Ingredients platform. Confectionery & Beverage marginally down by SGD17 million to \$249 million. Food Staples & Packaged Foods business again, all around good performance barring Packaged Foods business, and I will talk about it during the segmental review. Industrial Raw Materials and Ag Logistics & Infrastructure segment grew by SGD22 million. CFS had a limited trading opportunity in Q3, which was tracking positive territory in the first half, was down by SGD4 million, overall, leading up to a \$1.015 billion of EBITDA.

PATMI grew 26.7%, up from SGD249 million to SGD316 million. More importantly, you can see that our operational PATMI grew from SGD261 million to SGD322 million, a healthy 23% growth on a 9-month basis. Also on -- in terms of quarterly performance, our EBITDA grew by 18% from SGD205 million to SGD243 million, and our operational PATMI went up to SGD24 million as compared to SGD20.5 million. So seasonally, our Q3 is a very light quarter. But overall, on a 9-month basis, our trajectory has been good and strong.



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A point to notice, our investment capital overall at the portfolio level at SGD15.9 billion grew 7.4% on a year-on-year basis but almost down by SGD750 million from where we ended up last year in December 2016. This in spite of a 44% volume growth and a 32% revenue growth. And that is because of clearly working capital optimisation initiatives that we had taken up during the year as well as supported by some low prices across several commodities that we operate on and also due to the seasonality where September is our leanest quarter for us in our business.

The net gearing went down to 1.82x compared to 1.87x this time last year and definitely down from 1.99x when ended up last year in December 2016 and adjusted for readily marketable inventories and secured receivables, our adjusted gearing is at 0.8% and -- 0.8x. And more importantly, as you all have noticed, additional warrants have been exercised post-September 2017 and have been converted to equity, increasing our equity by USD 311 million compare roughly SGD 410 million, and that will continue to strengthen our equity base as when we report our Q4 financial results as well. And this also includes SGD350 million of perpetual securities that we issued during the quarter after retiring [SGD238 million] (corrected by company after the call) of old perpetuals that we had issued earlier.

Our FCFE improved by a remarkable SGD1.2 billion, up from a negative SGD466 million last year this time to SGD713 million positive. A first again for Olam. And our FCFE grew -- increased from minus SGD151 million this time last year to more than SGD1.1 billion in Q3 2017.

You can see that the growth has come from several initiatives. So operating cash flow has contributed SGD143 million to this increasing free cash flow. Changes in working capital of SGD891 million, primarily driven by working capital optimisation initiatives that we had embarked on, supported by low prices across several commodities as I had alluded earlier and also due to seasonality. Going ahead in Q4 and Q1, which are historically our high procurement quarters, we expect utilisation of working capital to go up due to season -- but, however, due to reduced CapEx as well as our continued focus on working capital productivity, we are confident that we will end the year with a positive FCFE.

Available liquidity sufficient to cover all repayment and CapEx obligations. As you can see, we have SGD16 billion of available liquidity with a healthy SGD3.8 billion of headroom, well ahead of taking care of our gross debt of SGD12.2 billion after short-term liabilities, SGD4.3 billion, and long-term loans are SGD7.9 billion. I would like to particularly call out 2 facilities that we got in this quarter. One is the first European revolving credit facility of USD1 billion that we set up this time as well as a USD222 million equivalent of Samurai loan that we also -- a first for Olam again in Q3 2017, and thanks to many of the bankers who are here, thank you for your continued support.

Moving on to the segmental review. As I had talked about, Edible Nuts, Spices & Vegetable Ingredients had a stellar performance, up 38.9% on EBITDA to SGD339 million as compared to SGD244 million this time last year. All-around performance in Edible Nuts segment backed up by almonds, peanuts, cashew and sesame. However, Olam Tomato Processors continue to underperform as we had talked about in Q1 and Q2 due to market conditions, and we are looking at taking several steps to restructure this business, and we'll update you when we meet again for the Q4 result. However, the rest of the SVI platform in the U.S., in Vietnam and in China and Egypt continue to do well. Invested capital primarily reduced due to reduced working capital across Edible Nuts and tomato platforms.

In Confectionery & Beverage Ingredients, they were marginally down by SGD17 million down 6.5% to SGD249 million. Cocoa contribution -- the business -- distribution business both in trading and supply chain continue to face some headwinds but heartening to know that the processing business continues to do well, backed by high combo ratios.

Coffee business, which had a very strong first half, had to face some difficult trading conditions in Q3 due to bearish Robusta prices and that we expect to continue in the Q4 as well. The higher fixed capital on the IC side you can see is primarily due to committed CapEx that we had done on continued expansion of our soluble coffee facilities and in coffee plantations in Laos, Zambia, Tanzania and in Brazil. However, significant efforts made by the operating teams both in Coffee and Cocoa had resulted in lower working capital, supported by some lower Cocoa and Coffee prices as well. This in spite of a 17% increase in volumes, supported both in Cocoa and Coffee platforms.

Moving on to Food Staples & Packaged Foods business. Here, again, as I had talked about a 61% growth in volumes, primarily backed by trading volumes growth in grains as well as in edible oils; a 29% growth in EBITDA, up to SGD291 million from SGD226 million this time last year; again, Grains and Animal Feed business has done well. Animal Feed and hatchery plant, which we are commissioned in Nigeria, has got off to a strong start. Our wheat milling operations across West Africa is doing very well. The grains trading platform, which had a volume of 2 million tonnes last



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year, is poised to end this year above the 10 million tonnes of trading volumes, and that is contributing to the overall increasing volumes at the portfolio level.

Dairy platform. Both the trading as well as the upstream dairy in Russia is doing very well. The NZFSU upstream Dairy operations in Uruguay continues to track the key operational metrics. While it is still in negative territory, we expect this to move more into positive EBITDA next year, and it is on plan.

Rice business is steady and sugar refining business in Indonesia continues to do very well. The only issue in this segment is Packaged Foods that we highlighted to you earlier due to difficult trading conditions in Nigeria. However, bulk of it, we believe, is behind us. The Nigerian naira currency is pretty stable. The newly commissioned Ranona plant is off to a good start. There is considerable excitement in the Nigerian markets on the products that we have launched. Our biscuit factory, including the second line that we commissioned this year in Ghana, is up to capacity. And we expect the PFB business to grow from here on.

Overall, the invested capital here has been a substantial increase, up from SGD3.5 billion to SGD5 billion overall. The higher fixed capital is due to the construction of animal feed and hatchery business in Nigeria; the expansion of wheat milling facilities, both in Nigeria and Ghana; as well as our continued investment in our upstream palm plantation in Gabon. Working capital. In spite of a 61% increase in volumes, we have been managing to keep it fairly stable due to several optimisation initiatives that we have embarked on.

Under Industrial Raw Materials and Ag Logistics & Infrastructure segment, the overall volumes grew by 19% as we had talked about, backed by higher sales throughput in Cotton. Cotton had a good year, especially the U.S. Cotton, which is coming into procurement in Q4. It has got a bumper crop. We believe that the Cotton crop will be up to 21 million bales as compared to 14 million bales of last year, and we also believe that we will participate in that bumper crop, and we'll be able to procure higher volumes. However, we are confident that, in spite of having higher volumes, we'll be able to manage working capital productivity equally well.

The EBITDA grew 19% primarily due to Cotton having better sales realization as well as the Ag Logistics & Infrastructure business in Gabon, especially the new port business and the Nkok SEZ business has contributed significantly in this segment. The higher fixed capital is continuing from the committed capital investments in upstream rubber plantation in Gabon as well as our integrated Cotton operations, ginning operations in Côte d'Ivoire. Working capital, as I had talked about, is down significantly due to better sales throughput in Cotton. Wood Products continues to face some headwinds due to weak market conditions for teak in India.

So overall, as part of the key takeaways, I would say we have significantly improved financial and operating performance. We have delivered a strong free cash flow, up to SGD713 million of FCFE, more than SGD1.1 billion of FCFF, first for Olam. We have strengthened our balance sheet significantly. Our liquidity position is very comfortable. We have SGD16 billion of liquidity, SGD3.8 billion of headroom, and we are remaining focused on addressing our underperforming businesses, whether it is the tomato business, whether it is the turning around business of the Packaged Foods in Nigeria, or our NZFSU upstream Dairy operations in Uruguay. And we are also very keenly focused our attention on ensuring some of our gestating assets in palm plantation, rubber plantation coming to full potential. Thank you.

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**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Thank you, Muthu, for a very detailed presentation. We now move on to question and answers. Is there someone who'd like to ask the first question from the floor?

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## QUESTIONS AND ANSWERS

**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Yes, please, gentleman in front. Please wait for the mic to be brought to you. Please let us know which firm you represent. Thank you.

**David Lyons**

(inaudible) David Lyons from BNZ. Just a question maybe a lot of us bankers are interested as well. Are you on track for external rating if anything? Or any plans for the...

**Sunny George Verghese** - *Olam International Limited - Co-Founder, Group CEO and Executive Director*

No, we have no immediate plans to be rated. We're happy the way we are at this point in time. But as you can see, both the credit metrics as well as the liquidity profile continues to improve based on various things that have happened. One on the equity side because we have been profitable, and the retained earnings are growing the equity base. Secondly because of the continued capital conversion, which is the warrants that is outstanding. We have received substantial additional equity. There is still many more warrants that need to be converted. The expiry of these warrants is in January 2018, so we will expect further accretion to equity capital, including the fourth quarter earnings and retained earnings. So overall from an equity standpoint, there'll be considerable difference in our equity base compared to the prior year. In terms of -- on the investments, we have reduced our fixed asset investments, as you can see in the first 9 months by almost SGD230-odd million. We've improved our reduced working capital usage by about SGD891 million. We've had more operating cash flows. So all that is improving our gearing profile. As you can see from the gearing numbers that Muthu just presented, our net debt equity has come down from 1.99 to [1.82] (corrected by company after the call). That does not include the impact of the warrants that were exercised post the third quarter. So with the warrants now being exercised and the additional equity coming in, it would have a 20 basis points reduction in our leverage. So we're very comfortable with where we are. And we don't see -- and we don't have any immediate plans to rate the company.

**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Thank you. Can I have another question? If not, I would like to take some from the webcast.

Two questions. The first is can you please explain what is the nature of the net gain on fair value changes in the 9-month 2017's other operating -- sorry, other comprehensive income? It was SGD313 million in this period compared to SGD67 million in the previous corresponding period. That's the first question. The second question is with regards to the drop in working capital for Industrial Raw Materials and the Ag Logistics & Infrastructure segment, driven by Cotton. Is this going to be an ongoing thing? Meaning a structural decision to reduce Cotton exposure? Maybe the first question I will request Muthu to take the first question and the second question for Sunny.

**Neelamani Muthukumar** - *Olam International Limited - President and Group CFO*

Thank you, Hung Hoeng. So on the other comprehensive income, which is there in the SGXNET, so we're talking about the net gain on fair value changes during the period of SGD313 million. As you know, most of our derivative traded products are fair value, not to market, to the period-end derivative markets. And when these are -- these inventories and contracts, which are then converted to sales, actual sales in there for physically shipped during the period, and these are then flown into from the fair value -- from the mark-to-market to actuals, and that gets flown into this particular line item called net gain on fair value changes during the period.

**Sunny George Verghese** - *Olam International Limited - Co-Founder, Group CEO and Executive Director*

On the working capital reduction in the IRM segment and particularly on Cotton, which was highlighted by this question, we have now a capital productivity task force in the company whose focus is to try and improve capital productivity, both on working capital as well as fixed capital. Fixed capital, as all of you know, is something that is a little bit more difficult to change, but you can make sure that the investments that you made in long-term assets are generating as per plan and as per the investment thesis, and that is what you can do as far as productivity is concerned. So the focus of the capital productivity task force is really on working capital. And within working capital, it is really on inventory, which is the largest chunk of the working capital and then on receivables as well. And also seeing whether we can get more suppliers credit that will obviously reduce the total working capital that we need to put in place. So every business across the company has been focusing on improving working capital



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productivity, and Cotton is a good example of setting the pace and tone in how they could address these various current assets, which is really cash that the whole -- the inventories of the whole -- and through other ways of receivables factoring as well to reduce the overall working capital employed. We've also been aided by fairly stable Cotton prices. Cotton prices have not come off significantly this year compared to the prior year, but stable Cotton prices mean that for the same volume, if you have improved their working capital efficiencies and cycle time and productivity, then you will have overall much lower working capital. So we hope that going forward, our working capital efficiency will continue to improve, and that will be very important for us to achieve our free cash flow targets as well as our gearing and capital structure targets.

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### **Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Thank you, Sunny. Switching to the forward-looking outlook for the Olam International. The question is can you please elaborate on which Agri commodities you are cautious about as mentioned in your statement in the press release?

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### **Sunny George Verghese** - *Olam International Limited - Co-Founder, Group CEO and Executive Director*

Yes. I think we have some headwinds in the Confectionery & Beverage Ingredients segment, and there, particularly in Coffee and then in Cocoa. And we expect the fourth quarter will be equally challenging. As you saw from Muthu's presentation, first half 2017 for Coffee was quite strong. Third quarter was weak. We expect fourth quarter to remain weak for this business. As far as Cocoa is concerned, Muthu explained that, of the various SBUs within the Cocoa business, we've had very strong outperformance in the processing business, including the acquired ADM assets, but we've had some headwinds in our supply chain and trading business. And particularly in terms of liquidity on cocoa cake. So when you process cocoa beans, you will get cocoa butter, liquor and you will get solids, which is cocoa cake. The liquidity for cocoa cake has been quite challenging in the first 9 months. We expect that to continue into the fourth quarter. And what we are trying to do to address that issue is to increase our cake milling capacity to convert the cake into powder. And once it's converted into powder, you can liquidate it far more easily. And therefore, we have now -- bringing in 2 facilities onstream in the U.S., and we're starting to expand our powder milling capacity in Singapore for the Asian markets. So this combination of 3 investments that we are making will help us substantially increase the cake milling capacity that'll allow us to convert more of the cake, which is little more illiquid than powder, which is more liquid. So specifically, I think these 2 businesses will have some headwinds into the fourth quarter as well, and that is what we were referring to.

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### **Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

And a related question in those frequently asked questions, what is your outlook for Cocoa prices next year and as well as for Coffee prices? Sunny?

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### **Sunny George Verghese** - *Olam International Limited - Co-Founder, Group CEO and Executive Director*

Sure. So as far as Cocoa's concerned, as most of you know, we've had a strong surplus year after several years of shortfall between supply and demand. So this year for the 2016/'17 crop, we estimate that there'll be excess supply over demand of about 364,000 tonnes, and that is bearish for Cocoa prices. However, on the demand side, Cocoa grinds have grown by about 5% this year, which is significantly above trend line. And that has meant that, although there was a big surplus, this pickup in grind growth has, to some extent, compensated and addressed for that. But we are still in an oversupply situation. We also see fairly significant spec net short position in the cocoa market, which is also putting a lid on prices. And going forward into next year, we expect the supply/demand scenario to come in to more balance. We still expect a small surplus but a very modest surplus for 2018 crop, which will start -- which has already started. So October -- September is Cocoa season, so the main crop has already started, based on our proprietary research, et cetera, we believe that the 2017/'18 crop will also be a modest surplus. On the demand side in cocoa, we expect to see fairly strong growth and slightly above trend line compared to what grind growth has been in the past. We see combined ratios are holding up because there was a lot of stock drawdown in products over the course of the last 18 months because people of -- anticipating lower prices and operated more hand to mouth there is sufficient bean inventory cover by the processors. So manufacturers, their cover has gone to 10.5 months, which is historically some of the highest covers that we have seen. But the market is vulnerable to short covering, given the number of short positions that there are in the market, and that is something that the market will be looking out for. But overall, cocoa prices are likely to be flat to bearish from there. It is most of what I explained to you in our belief already in the prices and, therefore, while you'll see some volatility,



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if you see in the whole of this year, cocoa prices, both in London and New York, have traded in a fairly small range compared to, say, the prior year. As far as Coffee is concerned, it's a little bit more complicated. We have seen and that again is -- it's not a single market. It's a Robusta market there is the Arabica market. We expect 2 years of consecutive massive surpluses -- massive shortfalls in the Robusta market, so '16/'17, we expect a deficit of -- not surplus -- deficit of 4 million bags, '17/'18, we expect another deficit of 4 million bags so 2 years in a row we have built up cumulative deficits of 8 million bags, and that should reflect in much higher fair values for coffee. The market is not reflecting that as you can see in the market today. Robusta prices have come off almost \$200. But you can see that the market has gone into a deep inverse situation, and the inverse has grown from \$15 when we last met here to now \$75 and the inverse in backwardation is continuing to grow. And differentials are tightening. As we see in Indonesia, for example, there's a significant short crop. Indonesian differentials are extremely tight. But across the board in many of the Robusta origins, we see very tightening differentials. Vietnam, which is the world's largest Robusta producer, because of rains, the harvest has been delayed, and that is also firming up differential prices. So this is a fairly untenable situation where you have an inverse market, where you have tightening differentials but you have terminal prices coming down. There's a fairly significant recalled high short position in the Coffee market, and therefore there could be a potential flareup in prices when short covering led rally is highly likely event. So on the Robusta market, we are fairly friendly to that market, given all these technical and fundamental factors that I just mentioned to you. On the Arabica market, we are more medium term. We think there'll be a price correction upwards but once the very large estimated '18/'19 Arabica crop in Brazil comes to pass, which will be a record high crop, we expect that will have a bearish impact on prices. The anticipation of that very high crop is already in the price today. So we expect some short-term rally in Arabica coffee prices. But medium term, long term, we are bearish on Arabica prices and quite friendly to Robusta prices. Was it these 2 products?

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**Neelamani Muthukumar** - *Olam International Limited - President and Group CFO*

Yes.

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**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

There's a question on weather -- weather impact from a possible La Niña happening in the next few months. What is the impact on commodities as well as on Olam specifically?

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**Sunny George Verghese** - *Olam International Limited - Co-Founder, Group CEO and Executive Director*

Yes. Obviously commodities get impacted by weather events, and we saw the impact of the 2015 El Niño. And I think there's a mild La Niña developing. It depends on the strength of the La Niña, and that will have differing impacts in different parts of the world and, therefore, on different commodities. We will expect more wetter Southeast Asian weather consequence if there's a La Niña, but we'll expect concurrently fairly dry conditions in Brazil. So if you take Coffee, that will be bearish for Coffee because Brazil is the world's largest producer of coffee. If there's a very severe La Niña even, we'll expect drier conditions as far as Brazil is concerned. You can see in the South American planting season, the planting has been delayed, and soyabean, for example, largely an account of drier conditions that existed this year. We don't see a major impact at this point in time because our view still based on all the lead indicators that we have seen is fairly mild El Niño or pack -- best to moderate -- sorry, a mild La Niña or at best, a moderate La Niña. If that changes, of course, we will be changing our opinion on the potential impact of this event. But you can see that in Palm, both Malaysia and Indonesia are benefiting from this and production is increasing and stocks are going up. Malaysia has now got ending stocks of 2.2 million tonnes, which has breached the 2 million tonne threshold -- critical threshold. Indonesia is seeing a 3 million tonne ending stock right now. So between Malaysia and Indonesia, it's about 5.2 million tonnes already. We expect that stock position to grow to about 6.3 million tonnes by end of December 2018. So I think the difficulties in production that Malaysia and Indonesia faced post the 2015 El Niño to some extent is now being -- recovery is happening in the production. And that means excess supply, and that can, therefore, in the -- our 12-, 15-month time frame will be bearish for Palm prices. But again in the near term, we believe that there's some upside to Palm prices. In the 12-, 15-month time frame, we expect Palm prices to be quite bearish.



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**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Muthu, there's a question for you on cash conversion cycle. Having reduced to 106 days in this current period, do you see this as a reflection of our change in business model towards more downstream operations? Can you comment on that?

**Neelamani Muthukumar** - *Olam International Limited - President and Group CFO*

Okay. So first, the reduction to the cash conversion cycle of 106 days is mainly due to reduction in holding of inventory. And that is -- I had explained earlier, is due to some working capital and optimisation initiatives that we have, as a company, we have taken up. Second, it's due to lower commodity prices across all the -- across the portfolio for us. And the third it is also the season. It's a leaner season for us in September. So all of these 3 have contributed to lower inventory days DIO of 98, which has led to an overall decrease in cash conversion cycle of 106. However, if you can compare it to September 2016, we were at 147 days. So from that perspective, we believe that the various initiative that we have taken in terms of our working capital optimisation initiative is paying off. But this is not a consequence of any change in business model or any change in product mix or the business mix. It is sheer efficiency, supported by some lower prices across the commodities that we operate in.

**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Another question for you, Muthu. Can you explain the tax credit in this current third quarter?

**Neelamani Muthukumar** - *Olam International Limited - President and Group CFO*

So historically, we always do provisioning for taxation. This is the earnings mix that we come from across several geographies that we operate in. And depending on the earnings mix that we see, we continue to dynamically make adequate provision. So at this point of time, we see that our [ETR] is, from the 9-month basis, is somewhere around 15% at the portfolio level. And based on that assessment, because of the earnings mix distribution to lower-tax countries, we have provided lower in Q3. However, we will wait and watch how it will pan out in Q4. And this is a dynamic exercise that we do on a quarterly basis.

**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Thank you. Any questions from the floor? Yes? There's -- can you wait for the microphone to be brought to you?

**Unidentified Analyst**

Liz from [Working Hill]. Now I just wonder if all -- assuming all the warrants are exercised because they expire early next year, what would be the increase in your capital there?

**Sunny George Verghese** - *Olam International Limited - Co-Founder, Group CEO and Executive Director*

So the total warrants outstanding is in U.S. dollars. The warrants is in U.S. dollars. So that is USD 500 million. So depending on the exchange rate, that can range from anywhere around SGD 680-odd million when all of the warrants are converted. So some of it, as you know, has already been converted. Some will convert before January 28. So if it all converts, based on the exchange rate, USD 500 million we will get whatever the exchange rate is, somewhere around SGD 670 million, SGD 680 million of equity will come into the balance sheet.



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**Hung Hoeng Chow** - *Olam International Limited - General Manager of IR*

Do we have another question? If no questions on the pipeline, we'd like to bring this briefing to a close. We thank you for your participation and your attendance today. Before we see you again in 3 months' time, please continue to stay here and join us for the break. It's just behind us at the Wisdom Lounge. The doors will be open -- the doors behind you will be opened so that you can enter the lounge easily from here. Thank you.

**Sunny George Verghese** - *Olam International Limited - Co-Founder, Group CEO and Executive Director*

Thank you all very much.

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