

News Release

Singapore, August 12, 2022

Olam delivers Operational PATMI¹ of S\$472.5 million, 8.2% growth

- **Board declares interim dividend of 4.0 cents per share**

Olam Agri:

- Sustained strong growth in Olam Agri, main driver for overall Group performance
- Strong broad-based top-line, margin and bottom-line growth across all segments with 26.2% revenue, 49.4% operating profit (EBIT), 48.7% margin (EBIT per tonne) growth year-on-year
- Crystallised value through 35.4% private placement with strategic investor SALIC², raising US\$1.24 billion and valuing Olam Agri at a US\$3.5 billion equity valuation
- Transaction with SALIC is expected to complete by end-2022, which will catalyse further growth

ofi:

- Steady H1 2022 performance amidst challenging macro environment and cost pressures with improved momentum going into H2 2022
- EBIT decreased 11.8% against a very strong comparative prior period, impacted by increased depreciation and amortisation from new investments and inflationary pressures, especially the sudden surge in energy costs.
- Well-positioned for 2022 as the revised sales pricing and margin recovery gathers pace in H2 2022
- Remain committed and fully prepared to pursue an IPO and demerger pending favourable market conditions, with a primary listing on the premium segment of LSE and a concurrent listing in Singapore

Remaining Olam Group:

- Continued progress in divesting de-prioritised assets and monetising gestating assets
- Exploring strategic options for Olam Ventures and Olam Technology and Business Services (OTBS)

H1 2022 Financial Highlights

Revenue + 24.6% YoY	EBIT + 25.0% YoY	PATMI 1.8% YoY	Op PATMI + 8.2% YoY	FCFE +864.0 Mn	Gearing from 1.60x
28.4	802.1	429.1	472.5	465.7	1.73
Bn (S\$)	Mn (S\$)	Mn (S\$)	Mn (S\$)	Mn (S\$)	times

¹ Profit After Tax and Minority Interest

² Saudi Agricultural and Livestock Investment Company

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Management Comments on Consolidated Olam Group Performance and Outlook

Olam Co-Founder and Group CEO, Sunny Verghese, said: “Our strong operating performance in H1 2022 in a highly volatile geopolitical and macroeconomic environment continues to validate our strategy and the effectiveness of our Re-organisation.

“We remain committed and fully prepared to pursue an **o**fi IPO and demerger pending favourable market conditions, with a primary listing on the premium segment of LSE and a concurrent listing in Singapore. Our strategic partnership with SALIC expected to close by the end of the year will further catalyse Olam Agri’s growth. We are exploring a sale of additional 10% stake in Olam Agri to potential investors and/or prepare Olam Agri for an IPO and demerger based on market conditions.”

Olam Group CFO, N Muthukumar, said: “We are pleased with the strong free cash flow generation of S\$465.7 million in H1 2022 along with a healthy cash position of S\$6.4 billion as well as ample available liquidity, including unutilised credit lines, readily marketable inventories and secured receivables of S\$24.3 billion. Our discipline in managing our working capital needs amid rising commodity prices has enabled us to remain resilient.

“Our Re-organisation is progressing as planned with the completion of the debt restructuring of all three operating groups. Olam Agri’s recent US\$200.0 million loan from the International Finance Corporation is a timely partnership to immediately address in alleviating food security concerns in emerging markets in Africa and Asia.”

Olam Group Financial Performance

Olam Group, a global food and agri-business, today reported robust EBIT growth for H1 2022 as it continues the Re-organisation of its businesses.

H1 2022

- PATMI was marginally up by 1.8% to S\$429.1 million as strong EBIT growth was partly offset by higher finance costs amid a high interest rate environment, taxes and higher one-off exceptional charges related to the Re-organisation
- Excluding exceptional items, Operational PATMI was up 8.2% to S\$472.5 million
- Revenue increased 24.6% year-on-year on higher prices across many products and commodities in H1 2022.

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- EBIT grew 25.0% to S\$802.1 million mainly due to the strong earnings contribution from Olam Agri where it contributed 75.9% of total Group EBIT, **ofi** contributed 33.0% and the Remaining Olam Group -8.9%.
- Free Cash Flow to Equity swung back to positive at S\$465.7 million (H1 2021: -S\$398.3 million) on strong operating profits and much lower capital expenditure.
- Net gearing was at 1.73 times (H1 2021: 1.60 times; H2 2021: 1.72 times).

H1 2022 Performance by Operating Group³

ofi⁴

ofi is a global leader in ingredients at the forefront of food and beverage consumer trends offering sustainable, natural and plant-based ingredients and solutions and serving large, attractive and high growth end-use categories.

Revenue + 22.1% YoY <hr/> 8.1 Bn (S\$)	EBIT - 11.8% YoY <hr/> 265.0 Mn (S\$)
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- Revenue increased 22.1% to S\$8.1 billion on the back of higher sales volume of 3.1% and higher sales prices across both Ingredients & Solutions and Global Sourcing.
- EBIT decreased 11.8% to S\$265.0 million against the very strong comparative period. This was after absorbing the inflationary pressures especially the sudden surge in energy costs, as well as additional depreciation and amortisation due to various acquisitions concluded last year.

³ Post H1 2021, certain businesses were transferred between operating groups. The Coffee plantation business was transferred from Remaining Olam Group to **ofi** (as part of Global Sourcing) and **ofi**'s Russian operations (primarily comprising the Rusmolco dairy farming operations, also a part of Global Sourcing) were transferred from **ofi** to Remaining Olam Group.

⁴ Consisting of the Cocoa, Coffee, Dairy, Nuts and Spices businesses, **ofi** is made up of two segments – Global Sourcing and Ingredients & Solutions.

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CEO of ofi, A. Shekhar said:

“We are pleased with the steady first-half performance, which must be seen in the context of a very strong H1 2021 and which is after absorbing the sudden surge in input costs and increased depreciation. We are encouraged by the broad-based support from our customers for appropriate revisions in pricing against these cost increases, which is a further validation of their confidence in our ability to deliver surety of supply and cost competitiveness even in this challenging environment. It also demonstrates the strength of the integrated platforms and the resilience of the portfolio.

“We continue to make disciplined investments across our portfolio and have recently acquired two businesses to support our private label thrust: Club Coffee - one of Canada’s largest roasters and packaging solutions providers to the ‘At Home’ segment; and Märsch - one of Europe’s leading private label nuts manufacturers. Our on-trend ingredients portfolio, the integrated global network, and ability to service large, attractive and growing end-use categories, makes us a compelling investment case for anyone looking to tap into growing global demand for food & beverages that are healthy, tasty and sustainable.”

Olam Agri⁵

Olam Agri is a market leading and differentiated food, feed, and fibre global agri-business focused on high-growth emerging end-consumption markets to meet the rising demand for food staples, agri-industrials raw materials and the shift to protein-based diets in these countries.

Revenue + 26.2% YoY	EBIT + 49.4% YoY
19.6 Bn (S\$)	608.8 Mn (S\$)

- Olam Agri delivered yet another strong first-half in 2022 with broad-based growth, along with top-line, bottom-line and margin growth in all segments.
- Revenue grew 26.2% to S\$19.6 billion, with all three segments contributing to growth.
- EBIT rose by 49.4% to S\$608.8 million and margin per tonne grew 48.7% as all segments grew strongly.

⁵ Consisting of Grains & Oilseeds, Integrated Feed & Proteins, Edible Oils, Rice, Specialty Grains & Seeds, Cotton, Rubber, Wood Products and Commodity Financial Services businesses. Olam Agri has three segments – Food & Feed - Origination & Merchandising; Food & Feed - Processing & Value-added; and Fibre, Agri-industrials & Ag Services.

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Mr Verghese, who is CEO of Olam Agri, said: “Olam Agri has maintained its outstanding growth track record of delivering operating earnings (EBIT) CAGR⁶ of 46.7% between 2018 and 2021 with yet another strong performance in H1 2022 as the business continued to capture opportunities from favourable structural growth trends while skilfully navigating supply chain risks and disruptions first from the pandemic and then from the Russian-Ukraine war.

“All three Olam Agri segments – both the Food & Feed segments as well as the Fibre, Agri-industrials & Ag Services segment – grew top-line, bottom-line and margins substantially and was the main contributor to the Group’s first-half performance. Olam Agri is poised to build on its track record by taking advantage of the rising demand for food staples and agri-industrials raw materials as well as the shift to protein-based diets in high-growth emerging end-consumption markets.

“Its Strategic Supply and Cooperation agreement with its strategic partner SALIC will also catalyse its growth in the Gulf region.

“The reopening of the Ukraine grains shipment corridor is expected to gradually ease future shipments of essential food staples and grains from Ukraine and Russia to improve the current global food security crisis and restore global trade flows.”

Remaining Olam Group

The Remaining Olam Group is responsible for the divestment of non-core assets and businesses (“De-prioritised/Exiting Assets”), nurturing and partially or fully monetising three gestating businesses Olam Palm Gabon, Packaged Foods, and ARISE Ports & Logistics (“Gestating businesses”) and developing Rusmolco, the Russian dairy farming business (“Continuing Business”). It is also responsible for incubating new sustainability and digital platforms for growth (Olam Ventures) and providing IT, digital and shared services to the operating groups as well as to third parties (OTBS).

Revenue

+ 11.4% YoY

776.1

Mn (S\$)

EBIT

-8.1% YoY

(71.8)

Mn (S\$)

⁶ Compound Annual Growth Rate

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- Revenue was up 11.4%, supported by higher prices that helped to offset lower volumes post divestments and closures of de-prioritised assets.
- EBIT losses increased to S\$71.8 million (H1 2021: -\$66.4 million) mainly due to the increase in losses from Continuing/Gestating Businesses.

Outlook and Prospects

The significant demand growth rate and pick-up seen in H2 2021 has slowed down in H1 2022 after the geopolitical crisis, accompanied by the hard pandemic lockdowns in China.

ofi continues to make targeted investments across its portfolio to support its private label thrust and is well-positioned for 2022 as the revised sales pricing and margin recovery gathers pace in H2 2022.

Riding on its strong growth and outperformance in H1 2022, Olam Agri expects to deliver a better year-on-year performance for 2022 while navigating the heightened geopolitical and macroeconomic risks.

In light of the current high commodity price and rising interest rates environment, the Group will continue to focus on managing its working capital in a disciplined manner.

The Group expects to incur additional one-off and non-recurring expenses associated with the Re-organisation Plan in H2 2022 although these expenses for the full year are expected to be lower than the total recorded for 2021.

Overall, given the H1 2022 results and barring any unforeseen circumstances or unfavourable geopolitical, macroeconomic and pandemic developments, the Group is cautiously optimistic about its prospects for the rest of 2022, even as the industry continues to see strong underlying demand amid tight supplies.

Notes to Editors

Re-organisation of Olam

Olam Group has been re-organised into new operating groups **ofi**, Olam Agri and the Remaining Olam Group.

ofi is a global leader in ingredients at the forefront of food and beverage consumer trends offering sustainable, natural and plant-based ingredients and solutions and serving large, attractive and high growth end-use categories.

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Olam Agri is a market leading and differentiated food, feed, and fibre global agri-business focused on high-growth emerging end-consumption markets to meet the rising demand for food staples, agri-industrials raw materials and the shift to protein-based diets in these countries.

The Remaining Olam Group is responsible for the divestment of non-core assets and businesses and the development of Rusmolco and our gestating businesses Olam Palm Gabon, Packaged Foods, and ARISE Ports & Logistics. It is also responsible for incubating new sustainability and digital platforms for growth (Olam Ventures) and providing shared services to the operating groups as well as building technology and business solutions to third party services (Olam Technology and Business Services).

H1 2022 Financials for Olam Group Consolidated and Operating Groups

	Revenue (S\$ million)		EBIT (S\$ million)	
	H1 2022	YoY %	H1 2022	YoY %
Olam Group	28,445.1	24.6	802.1	25.0
- ofi	8,112.7	22.1	265.0	(11.8)
- Olam Agri	19,556.3	26.2	608.8	49.4
- Remaining Olam Group	776.1	11.4	(71.8)	(8.1)

About Olam Group

Olam Group is a leading food and agri-business supplying food, ingredients, feed and fibre to 20,900 customers worldwide. Our value chain spans over 60 countries and includes farming, processing and distribution operations, as well as a global network of farmers.

Through our purpose to 'Re-imagine Global Agriculture and Food Systems', Olam Group aims to address the many challenges involved in meeting the needs of a growing global population, while achieving positive impact for farming communities, our planet and all our stakeholders.

Headquartered and listed in Singapore, Olam Group currently ranks among the top 30 largest primary listed companies in terms of market capitalisation on SGX-ST.

Since June 2020, Olam Group has been included in the FTSE4Good Index Series, a global sustainable investment index series developed by FTSE Russell, following a rigorous assessment of Olam's supply chain activities, impact on the environment and governance transparency. The FTSE4Good Index Series identifies companies that demonstrate strong Environmental, Social and Governance (ESG) practices and is used by a variety of market participants to create and assess responsible investment funds.

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