

Agricultural Development Strategy & Fertilizer Business Plan in Africa

*By **Olam International Ltd**
Singapore*

Creating value is our business

Olam International Ltd - Leading Global Supply Chain Manager and Processor of Agricultural Raw Materials and Food Ingredients

Integrated from Farm to Factory gate



End-to-End Supply Chain Capability

- **20 Products**
- **64 countries**
- **11000 customers**
- **1.5 Mn Farmers/Growers**

Some Quick Facts: *Olam International Ltd*

- Founded in 1989 in Nigeria as single product sourcing Company
- 2010 Revenue – S\$10.4 BN
- Headquarter in Singapore and Listed in Singapore Stock Exchange (SGX-ST)
- 558 members Strong Team of Global Managers and 14600 Employees
- Recognized by Hewitt, RBL and Fortune among Top 25 Global Cos for Leaders
- Listed in Forbes Asia's FAB-50 List for 2nd year in a row



Sales CAGR 53% and PAT CAGR 48% over the last 18 years
Transitioned from a trader to an Integrated Supply Chain Manager

Our Core Business: Leadership in Agri Complex

- **Sourcing/Origination:** Farm Gate Sourcing Model, Built a Valuable Franchise of Over 200,000 Grower and Supplier relationships
- **Primary Processing:** Converting Agri-Raw Materials into Intermediate Products
- **Logistics:** Inland and Marine
- **Risk Management:** Capturing, Measuring and Managing Risk at Transactional Level
- **Trading/Marketing:** Providing Customized Marketing Solutions to over 11,000 Customers Globally



Brand Behind Brands



Our Products: Building Leading Global Position



Edible Nuts, Spices & Beans

Cashew, Peanuts, Other Edible Nuts, Sesame, Spices, Beans

Largest supplier of Cashew and Sesame and one of top 3 global suppliers of Peanuts



Confectionery & Beverage Ingredients

Cocoa, Coffee, Sheanuts

Largest supplier of Cocoa & Robusta Coffee worldwide



Food Staples & Packaged Foods

Dairy Products, Packaged Foods, Rice, Wheat, Barley, Canola, Palm, Sugar

One of the top 3 global Rice suppliers



Fibre & Wood Products

Cotton, Wool, Wood Products

One of the top 3 global suppliers of Cotton and a leading supplier of teak from Africa

Olam's Presence in Africa



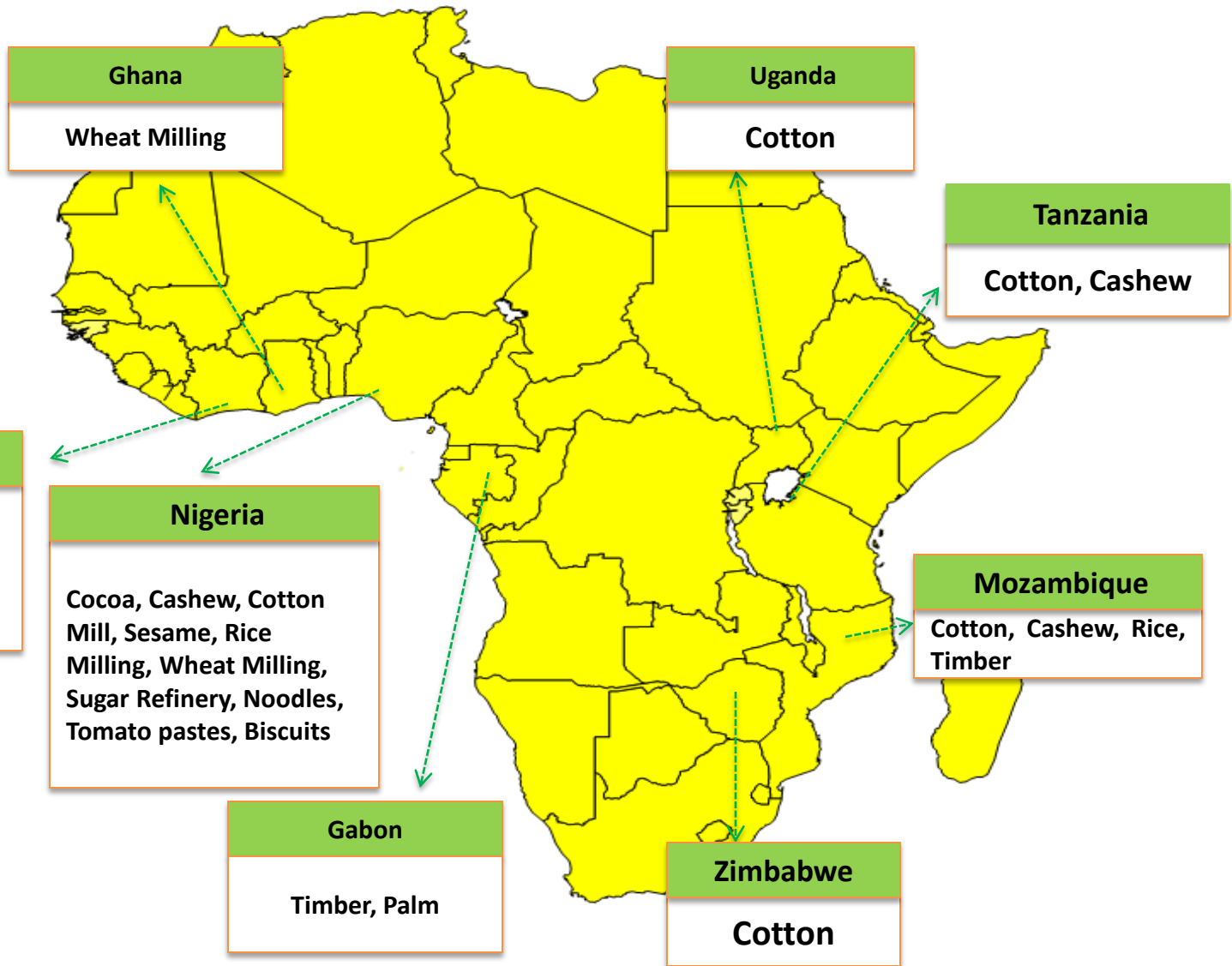
- Our Journey Began in Africa in 1989 with operation in Nigeria
- We are present in 29 countries in Africa- contributing more than 16% of our business revenue and volume
- We are present in sourcing and processing of Agricultural raw materials and food ingredients
- We are also present in Distribution of food staples and packaged foods
- Developed direct relationship with more than 1.1 Mn farmers/growers

What We Do In Africa:

- **Sourcing of Agricultural Products:** Cotton, Cocoa, Coffee, Cashew, Edible Nuts
- **Cultivation of Agricultural Crops:** Rice Farming, Cotton Farming
- **Processing Of Agricultural products:** Cashew, Cotton, Cocoa, Rice, Wheat, Sugar, Palm, Sesame
- **Plantation:** Palm and Rubber
- **Development of Tropical forest Concession and Timber processing**
- **Processing of Packaged Foods:** Biscuit, Noodles, Tomato paste
- **Distribution of Package Foods**
- **Distribution of Food Staples:** Rice



Olam Processing Plants in Africa



Our Major Activities in African Agriculture:

- ***Cocoa Processing*** in Nigeria and Ivory Coast
- ***Cashew Processing*** in Nigeria, Ivory Coast, Tanzania and Mozambique
- ***Cotton Processing*** in Nigeria, Ivory Coast, Tanzania, Mozambique, Uganda and Zimbabwe
- ***Sesame Processing*** in Nigeria
- ***Wheat Milling*** in Nigeria and Ghana
- ***Rice Milling*** in Nigeria
- ***Rice Farming*** in Nigeria and Mozambique
- ***Palm Plantation*** in Ivory Coast and Gabon
- ***Rubber Plantation*** in West Africa



Our Commitment To Africa:

- **Improving Rural Livelihoods:** To move Farmers from Subsistence based Agriculture to Commercial viability through services, support and market
- **Pre Financing:** We are one of the largest providers of pre finance to small scale farming sector in Africa
- **Traceability:** We leverage our supply chain network and certification program to meet growing demand of traceability of Food ingredients/raw materials
- **Environment:** We have committed resources to understand Environmental impact through energy, carbon and freshwater footprint analysis
- **Biodiversity:** We encourage diversification of unproductive farms and the development of degraded land
- **Food Security:** We strive to contribute to food security in local production, imports and development of cash crops
- **Social welfare:** We actively participate to provide support for healthcare, disease awareness, education and gender equality
- **Partnership:** We have developed multiple partnerships with Govts, Internationally and nationally reputable organizations for community development

Fertilizer Business Strategy of OLAM International Ltd

Why Fertilizers for Olam?

Fertilizer - a Key Lever to address Demand-Supply Imbalance

- **Agri demand-Supply Imbalance expected** due to limited new arable land and growing demand
- **Fertilizer - Key Yield lever** in increasing supply of agri products

Linkages with Olam's Traditional Core

- We have strong **1.5M grower relationships**
- We already provide **Crop Inputs and Services to growers**
- We have **strong presence in Critical End Markets** – Africa, Latin America, USA and India

Large, highly value accretive opportunity

- Access to low cost feedstock in Africa resulting in **Top Decile Cost Position** and **high margin of safety**
- **Logistics Advantage** due to strategic location

Our Fertilizer Investments: Based on Set of Guiding Principles

Fertilizer, a key lever to address demand-supply imbalance

Related to Olam's Core

Large, highly value accretive opportunity

Fertilizers - An Attractive market but Olam's participation subject to satisfying evaluation criteria

Opportunity assessment guiding principles

Strong ability to win on industry success factors

- Ability to build long term sustainable competitive advantage

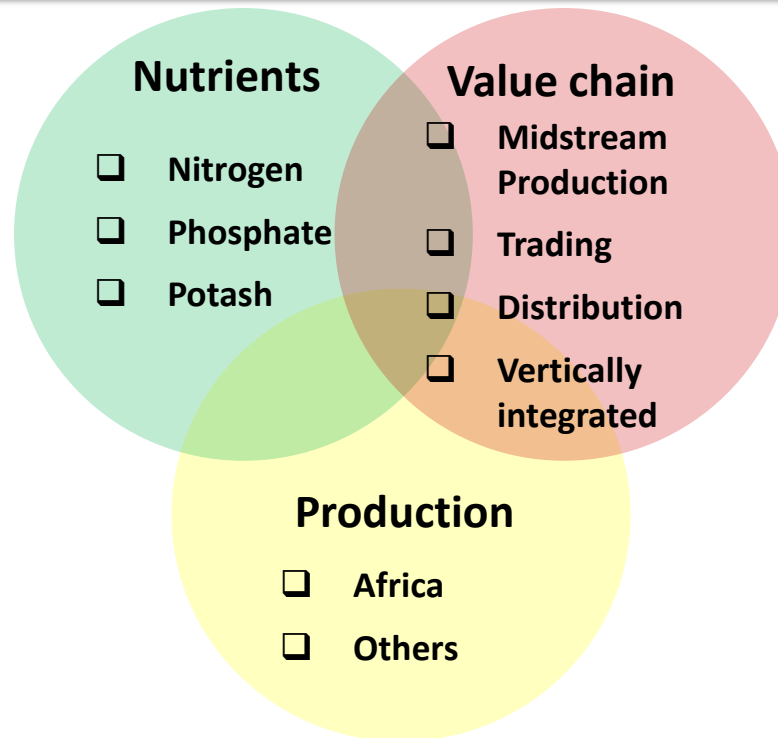
Clear potential for excess returns

- Excess Return Opportunity
- Quantum of absolute returns

Risks are sufficiently mitigated

- Execution and project risks are clearly manageable

Our Fertilizer Investments Plan:



Urea

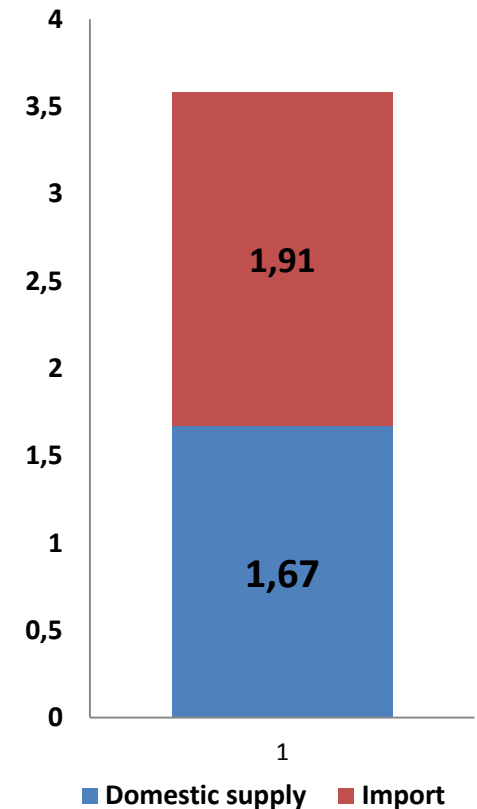
Phosphate
Mining and Processing

NPK Fertilizer
Manufacturing

Potash
Mining & Processing

Our Fertilizer Investments: Why Africa?

- **Availability of Raw Materials** – Natural Gas and Phosphates
- **Strategic Location**- Easy access to Americas and Asia –
• Key Consuming Markets
- **Increasing Domestic Consumption**- Urea consumption growing @3.7%
- **Import of Urea for Domestic market** whereas North Africa is the Export Hub of Americas and Europe
- **Absence of Large Scale Ammonia Urea plant** in Sub Saharan/Sothern Africa
- **Africa Agri crop productivity** – key issue to supply food and Fiber
- **Increasing Agriculture in Africa**- Will significantly increase in next 5 years
- **Nitrogen** – Key Driver for increasing of Agri Crops
- **Our strong understanding and commitment to Africa**



**Africa Total Urea Consumption 2009-
3.58 MMT**

Current Investment: Gabon Urea Project

Opportunity Description

- Greenfield Port-based Integrated Ammonia-Urea Fertilizer complex in Gabon
- Installed Capacity of 1.3 MMT Granular Urea per Annum
- Proposed investment of US\$1.3 Bn
- Government of Gabon participated as partner with Olam
- Long term Definitive Gas Contract already signed sufficient for project life

Business Model

- First Integrated Large scale Ammonia – Urea Plant in Sub Saharan/Southern Africa
- Plant to be operational by 2Q 2014
- Full capacity of 1.3M MT of Urea p.a., or 2,200 MT of ammonia and 3,850MT of urea per day
- Target markets: Africa as Large Domestic Market
Brazil and the USA for Exports

Four Key Success Factors: Advantage Africa

1

Access to low-cost inputs
(Reduce total production cost)

2

Economies of scale
(Large scale operation reduces per unit cost)

3

Proximity to end-markets
(Lower freight costs)

4

Ease of market access in end-markets (Higher throughput)

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Olam- Africa Partnership : Time Tested - Demonstrated



Thank You !

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