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NEWS RELEASE

OLAM INTERNATIONAL ACQUIRES NORTHERN COFFEE CORPORATION IN ZAMBIA FOR US\$6.15M

Singapore, September 18, 2012 – Olam International Limited (“Olam”), a leading global, integrated supply chain manager and processor of agricultural products and food ingredients, announced today that it has acquired 100% equity interest in Northern Coffee Corporation Ltd (“NCCL”), the largest coffee estate in Zambia, for approximately US\$6.15 million through a bidding process organised by the Zambia Development Authority (“ZDA”).

A further US\$40 million will be committed as capital expenditure and pre-operative expenditure to fully develop 2,000 hectares of Arabica coffee plantation over the next five years. The estate is expected to yield approximately 4,500 metric tonnes of Arabica coffee beans by FY2021 at steady-state. The first 300 hectares are expected to be planted in FY2013.

About NCCL

NCCL was formed in March 2011 to take over the assets of Kasama Coffee Company, which had been in receivership since 2008. ZDA and the indebted banks had been shareholders of NCCL until this acquisition.

NCCL’s assets consist of five estates on 5,866 hectares of land in the Northern Province of Zambia. Approximately 1,580 hectares on three of these estates were previously cultivated for coffee production with dams, canals and reservoirs for irrigation.

The assets also include dry and wet processing facilities, warehouses, drip irrigation, employee housing and recreational centre, as well as a research centre.



Investment Rationale and Strategic Fit

Olam's Coffee strategy is based on optimising the core supply chain operation of procuring, processing and marketing of green coffee beans from major producing countries and integrating selectively in the value chain by investing in upstream plantation assets and midstream soluble coffee manufacturing in locations which have a competitive advantage in production costs.

For upstream expansion, Olam targets to invest in coffee plantations in countries where cost of production is below that of the world's marginal cost producer of coffee (Brazil which sets the floor for coffee market price) so that these plantations are profitable even in a low price environment.

To date, Olam has invested in greenfield Arabica coffee plantations in Laos, Ethiopia and Tanzania, where cost of production is well under Brazil's. It continues to seek similar investment opportunities across regions to diversify its upstream presence.

Zambia offers a similar cost of production as Laos, Ethiopia and Tanzania and has emerged as an attractive origin for coffee given the expectation of its quality premium in the international market.

Being the largest coffee estate in Zambia, NCCL offers the largest contiguous landbank with suitable soil fertility, altitude, topography and adequate rainfall for growing coffee in the country.

Olam plans to develop a larger area in addition to the 1,580 hectares which were previously cultivated to bring a total of 2,000 hectares into coffee production. This will translate into an output of approximately 4,500 metric tonnes of Arabica coffee per annum at full yield.



Olam’s Managing Director and Global Head of Coffee, Vivek Verma said: “Our successful bid to acquire Northern Coffee Corporation marks another milestone in executing our upstream strategy for Coffee. Our selected investments in upstream as well as in processing (soluble coffee) coupled with our strong and growing supply chain business give us a uniquely balanced portfolio. With this portfolio and configuration of assets integrated selectively across the value chain, we are well-positioned for continued sustainable growth with consistent earnings in all price scenarios.”

Environmental Impact

All due processes have been followed to ensure legal tenure and right to operate on the land. In keeping with Olam’s land management strategy, the land has been granted on a long-term lease basis.

Olam will undertake an environmental survey and social mapping of the three coffee estates and the surrounding area.

As Olam moves to develop new coffee estates within the leased land area, full environmental and social impact assessments will be undertaken.

Financial Impact

The acquisition of NCCL and additional US\$40 million expenditure will be funded through internal accruals and borrowings. The investment is expected to be earnings accretive from FY2016.

Olam expects to deliver EBITDA margin in excess of 50% by FY2021 and generate an Equity IRR of 28% on this investment.

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About Olam International Limited

Olam International is a leading global integrated supply chain manager and processor of agricultural products and food ingredients, supplying various products across 16 platforms to over 12,300 customers worldwide. From a direct presence in more than 65 countries with sourcing and processing in most major producing countries, Olam has built a global leadership position in many of its businesses, including Cashew, Spices & Dehydrates, Cocoa, Coffee, Rice, Cotton and Wood Products. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index. Olam is the only Singapore firm to be named in the 2009 and 2010 Forbes Asia Fabulous 50, an annual list of 50 big-cap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune. More information on Olam can be found at www.olamonline.com.

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