



Formation of 50:50 Joint Venture for Investments in Palm Oil and Rubber Assets in Africa

Presentation to Analysts and Media

16 November 2007
Singapore



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Such forward looking statements are intended to be identified by words such as 'believe', 'estimate', 'intend', 'may', 'will', 'expect', and 'project' and similar expressions as they relate to the Wilmar Group or Olam Group. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors.

Potential risks and uncertainties includes such factors as general economic conditions, foreign exchange fluctuations, interest rate changes, commodity price fluctuations and regulatory developments. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward looking statements.

Presentation Panel

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Presentation Outline

❖ **Wilmar-Olam JV ('Nauvu') Overview**

❖ **Transaction Overview**

❖ **About SIFCA Group**

❖ **Transaction Rationale**

❖ **Financial Parameters**

❖ **Summary**

❖ **Q & A**

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- ❖ **Financial Parameters**
- ❖ **Summary**
- ❖ **Q & A**

Nauvu Investments (Wilmar-Olam JV): Rationale

- ❖ JV combines the plantation management (upstream) and manufacturing (midstream) capabilities of Wilmar in the edible oil supply chain with Olam's skills in downstream management, including distribution, its country, market and credit risk management skills and its deep market insight and contextual knowledge of Africa.
- ❖ Olam and Wilmar plan to undertake further investments in integrated plantations and agri processing operations in Africa through this JV.



Nauvu Investments : Combining Strengths

The Wilmar Advantage	The Olam Advantage
<ul style="list-style-type: none">▪ Asia's leading agribusiness group.▪ World's largest integrated processor of palm oils.▪ Leading consumer pack edible oils producer and refiner in China.▪ One of the leading cooking oil brands in the Indian market and one of the largest edible oil refiner in India.▪ The largest palm bio diesel manufacturer in the world.▪ Enjoys scale, integration and logistical advantages, which form the basis for strong operational synergies and cost efficiencies	<ul style="list-style-type: none">❖ Strong origination and distribution capability: Upcountry procurement infrastructure in more than 40 origin countries, including deep presence in 18 countries in West, East and South Africa.❖ Strong risk management systems and controls: Ability to track, measure and manage risks across supply chain from farm gate to factory gate in emerging markets using innovative IT systems and field operating systems.❖ Organisational advantage: Global assignee strength of 400 managers who carry Olam's DNA and can be deployed in new businesses and markets. These managers have deep contextual experience in Africa.

Nauvu Investments: Why Africa?

Both Wilmar and Olam strongly believe that Africa is the next frontier for agricultural production as it offers exciting prospects for setting up plantations and integrated agri-business operations. We therefore would like to be ahead of the curve by taking an early leadership position in plantation development in Africa. This is because:

- ❖ There is abundant suitable land available in Africa for plantation development (palm oil, natural rubber, amongst others) compared to Asia.
- ❖ Plantation land acquisition cost is lower today than in Asia.
- ❖ Cost of plantation development in Africa is comparable to that in Asia.

Nauvu Investments: Why Africa? (Con't)

- ❖ **Plantation labour cost in Africa is cheaper than in emerging Asia.**
- ❖ **Natural rubber yields in Africa are much higher than in Asia while oil palm yields are lower.**
- ❖ **Natural rubber exports from Africa to Europe enjoy concessionary tariffs and import duties.**
- ❖ **Lower palm oil yields in Africa are compensated by high domestic palm oil prices due to the freight differential in importing palm oil from Asia and the high import tariffs and duties imposed on edible oil imports in most African countries in the region.**
- ❖ **In several African countries, corporate tax on plantation profits is significantly lower, including tax holidays, compared to Asia.**

Nauvu Investments: Scope

- ❖ **JV Partners** : 50% owned by Wilmar and 50% by Olam
- ❖ **JV name** : 'Nauvu' pronounced as 'Na-wu'
- ❖ **Head-quarters** : Singapore
- ❖ **Business scope** : Plantations and related processing, manufacturing and marketing / distribution in Africa
- ❖ **Board** : 4 member board (2 each from Wilmar & Olam)
- ❖ **Management** : Team strength and composition to be finalised in due course
- ❖ **Financing** : Capital investments to be funded/supported in proportion to shareholding
- ❖ **Others** : Each partner shall have a Right of First Refusal

Transaction Overview: Nauvu's 1st Initiative (3 investments)

Deal Description

Wilmar-Olam JV to invest in

- ❖ 25% strategic stake in **SIFCA Group**.
- ❖ 50.5% stake in SIFCA's and Unilever's edible oil business in Cote d' Ivoire, post their merger into a single company (**Newco**)
- ❖ 16.65% strategic stake in **Palm-CI**, the palm oil plantation company and primary CPO supplier to Newco, after Unilever CI has transferred all of its shares in Palm-CI and PHCI to SIFCA

JV's effective stake in Palm Plantation and CPO Refining

Business Segment	Direct Stake in subsidiaries	Indirect Stake through SIFCA Holdings	Total Effective Stake
Palm-CI	16.65	12.79	29.44
Newco	50.5	12.37	62.87

Transaction Overview: Nauvu's 1st Initiative (3 investments)

Indicative
Investment
Value

Investment (in US\$m)	Wilmar	Olam	Nauvu
1. SIFCA Group (*)	66.00	66.00	132
2. Newco	22.50	22.5	45
3. Palm-CI	15.85	15.85	31.7
Total	104.35	104.35	208.70

❖ Out of this, approximately US\$5.9 million is on a contingent, deferred earn out basis

Exchange rate assumption: 1 Euro = 1.465 USD

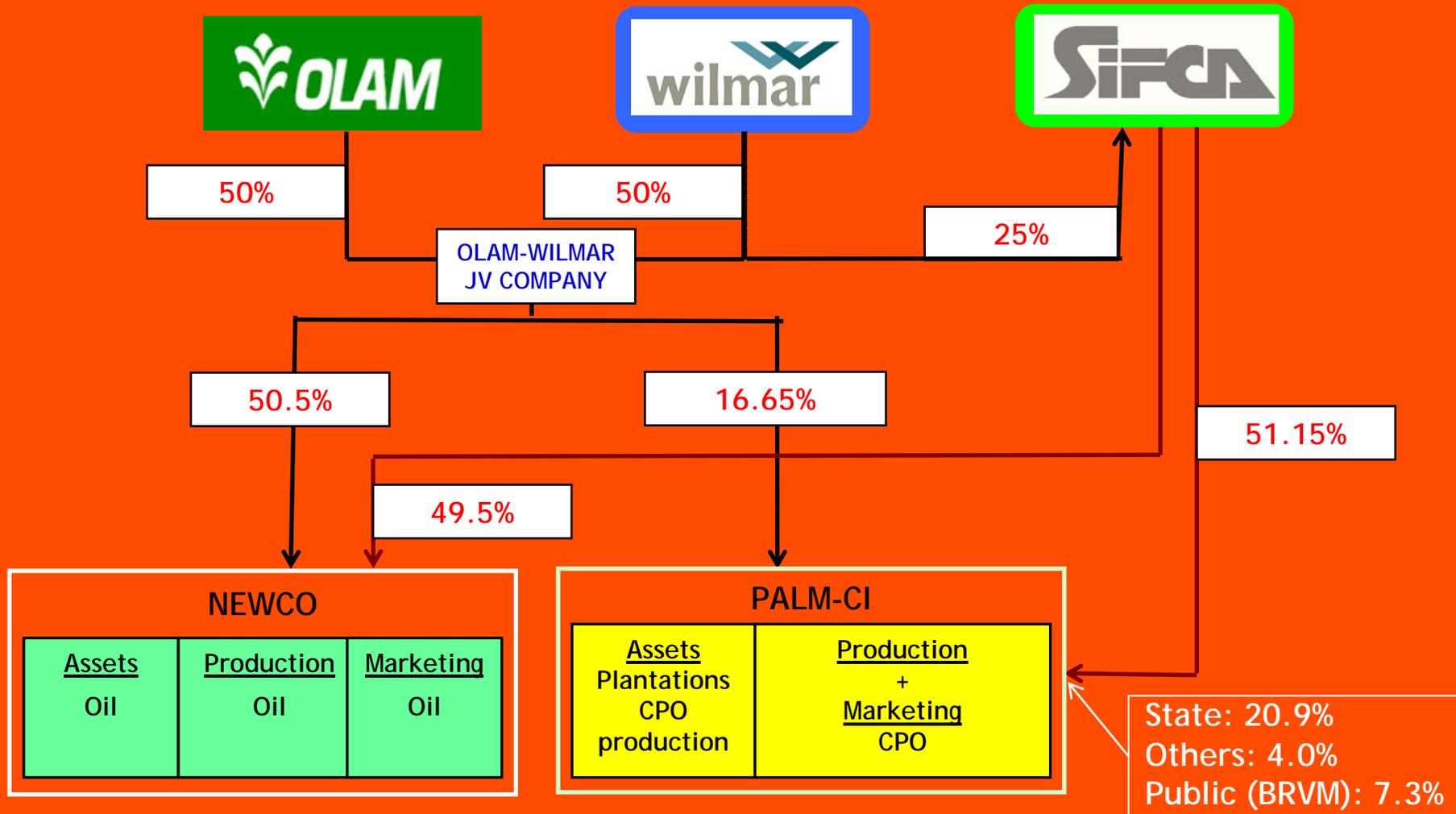


Transaction Overview: Nauvu's First Initiative (3 investments)

Financing	Acquisition to be funded through borrowings and internal accruals.
Pre-agreed conditions	<p>Newco shall purchase entire CPO production of Palm-CI at price linked to the CIF Rotterdam price less freight differential.</p> <p>Newco shall sell its Stearin production to Unilever-CI for a long term off take agreement based on a cost-linked pricing model.</p> <p>Wilmar-Olam JV and SIFCA not to enter the soap business in ECOWAS* and Unilever-CI not to enter the edible oil business in ECOWAS (excepting Ghana).</p>
Timing	<p>Transaction closure expected in approx 5-6 months.</p> <p>Closure is subject to completion of satisfactory due-diligence, formation of Newco, Unilever-CI's sale of its stake in Palm-CI/PHCI, binding documentation and regulatory approvals.</p>

* ECOWAS is a regional group of 15 West African states.

Transaction Structure



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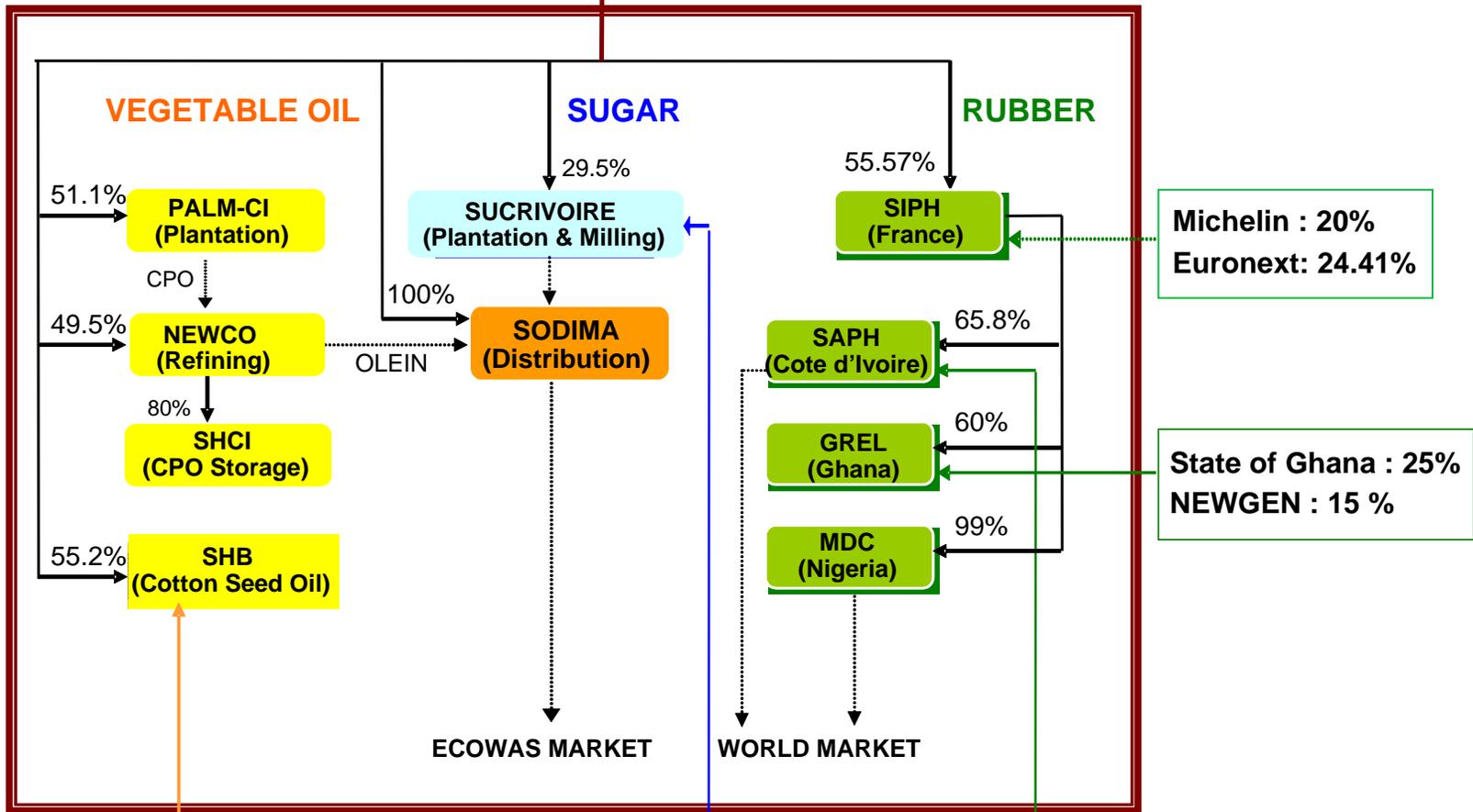
About SIFCA Group

- ❖ The largest private Ivorian agro-industrial group with current interests spread across Palm, Natural Rubber, Sugar and Cotton Seed Oil businesses
 - Largest player in the West African rubber and palm industry
 - Second largest player in the Ivorian sugar sector
 - Financials by main operating entities:

(US\$m) Euro = 1.46 USD	Revenues	NPAT
Rubber	205	49.5
Palm-CI	120	3.0
Cosmivoire	124	5.8
Sucrivoire	55	22

Note:

SIFCA Holding's share of SIFCA Group's Turnover and NPAT was US\$365 million and US\$35 million respectively in FY2006.



Michelin : 20%
Euronext: 24.41%

State of Ghana : 25%
NEWGEN : 15 %

CAURIS Invest: 2.3%
Private Benin : 4.93%
BOA Bénin : 3.58%
ICA Group: 35%

State of Côte d'Ivoire : 45%
Harel Group: 25.5%

AFD : 2%
Michelin : 9.9%
BNI : 8.6%
Abidjan Stock Exchange: 13.8%

SIFCA Palm Oil

Palm Plantation & CPO Production (PALMCI & PHCI)

- ❖ CPO contributes to 80% of vegetable oil turnover while the rest comes from Cotton Seed Oil (6,000 MT/year)
- ❖ Palm-CI is a dominant leader in plantations and CPO production with approx. 80% of the total palm oil share in Cote d'Ivoire and 75% share in the UEMOA block
- ❖ Palm-CI controls approx. 36,000 ha. of palm plantations and 9 processing plants which process approx. 1m tonnes of Fresh Fruit Bunches (FFBs) annually
- ❖ Palm-CI produces between 200,000-230,000 MT of CPO annually

CPO Refining (NEWCO)

- ❖ Newco is Cote d'Ivoire's dominant palm refiner with more than 80% market share and with a 30% market share within UEMOA
- ❖ Newco is expected to refine 300,000 tonnes of CPO and produce 250,000 tonnes of Olein and 50,000 tonnes of Stearin annually

* UEMOA is an economic union of 8 West African nations including Cote d'Ivoire.

SIFCA Rubber and Sugar

SIFCA Rubber (SIPH)

- ❖ Largest rubber plantation owner and producer in West Africa.
- ❖ Sizeable presence in Nigeria, Ivory Coast and Ghana.
- ❖ Operates through a 55.57% owned Euronext NYSE listed subsidiary **SIPH** with Michelin also owning 20%.
- ❖ Owns 50,000 ha. of plantations land with 76% planted.
- ❖ Produced and exported 110,000 MT of rubber in 2007 season.
- ❖ Turnover of EUR146m and a net income of EUR34m* in FY2006.

SIFCA Sugar (SUCRIVOIRE)

- ❖ Integrated player with sugarcane plantation, milling and distribution operations.
- ❖ Owns and manages 10,000 hectare of plantations in Cote d'Ivoire and produces 70,000 MT of sugar per annum.
- ❖ Recorded a turnover of EUR39m and a net income of EUR15m* in FY2006.

* Net income is before adjusting for minority interest

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Palm Oil: Market Opportunity

YE September	World	West Africa
Production (mil tons)		
2006:	36.1	1.68
2005:	33.4	1.69
2004:	29.9	1.66
3-year CAGR (%)	9.9	0.6
Consumption (mil tons)		
2006:	35.3	2.15
2005:	32.7	2.18
2004:	29.3	2.04
3-year CAGR (%)	9.8	2.7
Supply-Demand Surplus/Deficit (mil tons)		
2006:	0.8	(0.47)
2005:	0.7	(0.49)
2004:	0.6	(0.38)

Source: Oil World; USDA

- ❖ Palm oil occupies the top slot in global production (25%), global trade (>50% share) and consumption (25%) share within the Vegetable oils complex.
- ❖ Growth in consumption of palm oil will continue to remain robust and will outpace the growth in other competing vegetable oils. The growth will be driven by:
 - ❖ Rising disposable incomes and growing demand from China, the largest consumer and India.
 - ❖ Increased usage of Palm Oil to produce biofuels, a new source of demand widely supported by governmental mandates in several countries to increase biofuel usage.
- ❖ Demand growth continues to outstrip supply growth, thus maintaining a tight demand-supply situation.

Transaction Rationale

Entry into Palm Oil in Africa

- ❖ Africa is the next frontier for plantation development particularly for oil palm and rubber, and Nauvu wants to be in the forefront of this development.
- ❖ Sizeable addressable market in West Africa where Palm Oil is largest consumed vegetable oil at 1.5m MT and estimated at US\$750-900m. 1.3m MT are met by local production while 200-300K are imported into West Africa and we are in a position to participate in both domestic and international trade.
- ❖ Good growth potential in West Africa given current low levels of per capita consumption.
- ❖ West Africa palm oil sector enjoys tariff protection
- ❖ Cote d'Ivoire produces 300K MT of CPO of which 2/3 is consumed domestically and 1/3 exported to the rest of West Africa.
- ❖ This investment paves the way for entry into next Palm Oil geography - Nigeria, largest producer (800K MT) and consumer in Africa.

Palm Oil in Africa: Critical Success Factors

- ❖ **Nauvu believes that an integrated operation from plantation and processing to refining and retail packaging are key ingredients to a successful palm oil business**
- ❖ **Nauvu's investment in an integrated palm oil business combines the complementary strengths of the 3 partners:**
 - ❖ **Wilmar, being the world's largest integrated palm oil player with presence across the entire value chain from plantation management, palm milling, crushing and refining expertise to trading and distribution skills, brings the requisite plantation management and processing expertise.**
 - ❖ **Wilmar is also present in the largest producing countries (Indonesia and Malaysia) and the largest consuming markets (China, India and Europe) providing it good quality market intelligence.**
 - ❖ **Olam has extensive presence, strong contextual knowledge and competencies in both origination and distribution in Africa.**
 - ❖ **Olam has significant management bandwidth, risk management systems, IT systems and field operating systems to manage country, market and credit risks successfully in Africa.**
 - ❖ **As a leading player in Cote d'Ivoire in both CPO and refined palm products, SIFCA, Palm-CI and Newco bring critical plantation and processing assets, leading brands, strong entry barriers and high potential for scaling up operations to meet rising demand.**

Palm Oil in Africa: Critical Success Factors

- ❖ Transaction enables Nauvu to:
 - Achieve leadership position in geographical niches in Palm Oil in partnership with the best in the world.
 - Enjoy synergies from Wilmar's plantation and edible oil manufacturing expertise, an enhanced distribution network that combines the strengths of the edible oils retail brands of SIFCA and Unilever-CI with Olam's distribution franchise and risk management expertise.



SIFCA: Integrated Palm Oil Supply Chain

Other Farmers



Palm-Cl processes
1m MT FFBs
into 200,000-
230,000 MT of CPO

Palm
Plantations

CPO

Newco
refines
300,000 MT
of CPO to
produce
Olein
and Stearin

Olein
250,000 MT

Olein is sold
in branded
retail packs

Retail Brands

Land Bank :
36,000 ha cultivated
of which 28,275 ha is mature
Harvests 337,006 MT FFBs

Stearin
50,000 MT

Stearin is sold to
Unilever-Cl on the
basis of a long term
offtake arrangement

Other CPO Suppliers

Natural Rubber: Market Opportunity

Natural Rubber	World	Africa
Production (mil tonnes)		
2006:	9.68	0.42
2005:	8.89	0.41
2004:	8.64	
3-year CAGR:	5.86	
Consumption (mil tonnes)		
2006:	9.22	0.12
2005:	9.08	0.12
2004:	8.58	
3-year CAGR:	3.66	
Supply-Demand Surplus/Deficit (mil tonnes)		
2006:	0.46	0.24
2005:	(0.19)	0.29
2004:	0.06	

- ❖ Total rubber consumption over the past 10 years has been growing at a 3.2% CAGR, slightly higher than total production at a 3.0% CAGR.
- ❖ Rubber consumption growth is primarily driven by rise in GDP/capita in growing economies like China and India.
- ❖ A steady rise in Natural Rubber prices over the last five years mainly due to strong growth in demand globally.
- ❖ Natural rubber price has increased by more than 4 times in the past 8 years, driven by a growing demand and also the rise in mineral crude oil prices.

Source: International Rubber Study Group

Transaction Rationale

Entry into Rubber in Africa	<ul style="list-style-type: none">❖ Participate in an attractive and growing rubber industry which is structurally poised to remain attractive in the medium to long term.❖ Niche opportunity to participate in Rubber and be a focused player, building leadership positions in an origin of strength - Africa.❖ Opportunity to be an integrated rubber player in plantations and production.
Entry into Plantations in Africa	<ul style="list-style-type: none">❖ Both Palm Oil and Rubber businesses require an integrated operation to achieve market leadership and sustainable profitability.❖ Disproportionate profits likely to be appropriated by ownership of plantation assets.❖ Acquisition cost of land in Africa lower than in Malaysia and Indonesia.❖ Yield differentials for Rubber in Africa higher than in Southeast Asia.❖ Both businesses are labour intensive and cost of production is lower in Africa than Southeast Asia.❖ Africa has a natural comparative advantage to produce Rubber.

Rubber and Sugar: Critical Success Factors

- ❖ As largest rubber plantation owner and producer in West Africa, SIFCA has a significant presence in Nigeria, Cote d'Ivoire and Ghana, all which are Olam's key origins.
- ❖ Partnership with a large, market dominant player like SIFCA allows Nauvu to achieve leadership positions in geographical niches in Rubber.
- ❖ Investment in SIFCA Sugar allows the JV to participate in the domestic Sugar trade with an integrated operation with milling assets.
- ❖ Strengthens Nauvu's overall market position in West Africa by achieving leadership positions across multiple commodities - Palm Oil, Rubber and Sugar by partnering SIFCA, one of the largest and leading business groups in this region

SIFCA: Integrated Rubber & Sugar Supply Chain

**Rubber
Plantations**

Rubber

Exports 110,000 MT

**Land Bank : 50,000 ha
of which 38,000 ha Planted**

**Sugar
Plantations**

Milling

**Produces
70,000 MT p.a.**

Distribution

Land Bank : 10,000 ha

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Financial Impact

Through Olam or Wilmar's interest in SIFCA				
(US\$m)	Steady-state Revenues	Steady-state NPAT	Olam/Wilmar's Stake each	Olam/Wilmar's Share of NPAT each
SIFCA Group	745	63	12.5%	7.9
Through Olam or Wilmar's direct stakes in Palm-CI and Newco				
Newco	300	30	25.25%	7.6
Palm-CI *	165	15	8.3%	1.3
TOTAL SHARE OF PROFITS FOR EACH JV PARTNER				16.8

* Palm-CI's near-term earnings are expected to be between US\$40m and US\$50m due to high CPO prices.

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Summary

- ❖ Wilmar and Olam announce formation of **Nauvu, a 50:50 joint venture**, for **investments in Palm Oil and Rubber Assets in Africa**, the next frontier for integrated plantation development and agri businesses.
- ❖ Nauvu brings together **Wilmar - Asia's leading and one of the world's largest agri-business groups** and **Olam - a global leader in supply chain management for agricultural commodities**, with an established track record in Africa.
- ❖ Nauvu to kick start operations with **three related investments in leading palm and rubber businesses in West Africa**.
 - ❖ Euro 90 million investment for a 25% stake in SIFCA Group
 - ❖ Euro 21.65 million investment for a 16.65% stake in Palm-CI (SIFCA subsidiary)
 - ❖ US\$ 45 million investment for a 50.5% stake in Newco (SIFCA subsidiary)
- ❖ Investment expected to generate earnings of US\$34 million for Nauvu on a steady state basis with near term earnings accretion being higher.
- ❖ Transaction expected to close in 5-6 months.
- ❖ Transaction is subject to completion of **satisfactory due-diligence**, **formation of Newco**, **Unilever-CI's sale of its stake in Palm-CI/PHCI**, **binding documentation and regulatory approvals**.

Q & A

