



**IOI GROUP**

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**EXTRAORDINARY GENERAL MEETING  
PROPOSED DISPOSAL**

Principal Adviser



4 December 2017

# Details of the Proposed Disposal

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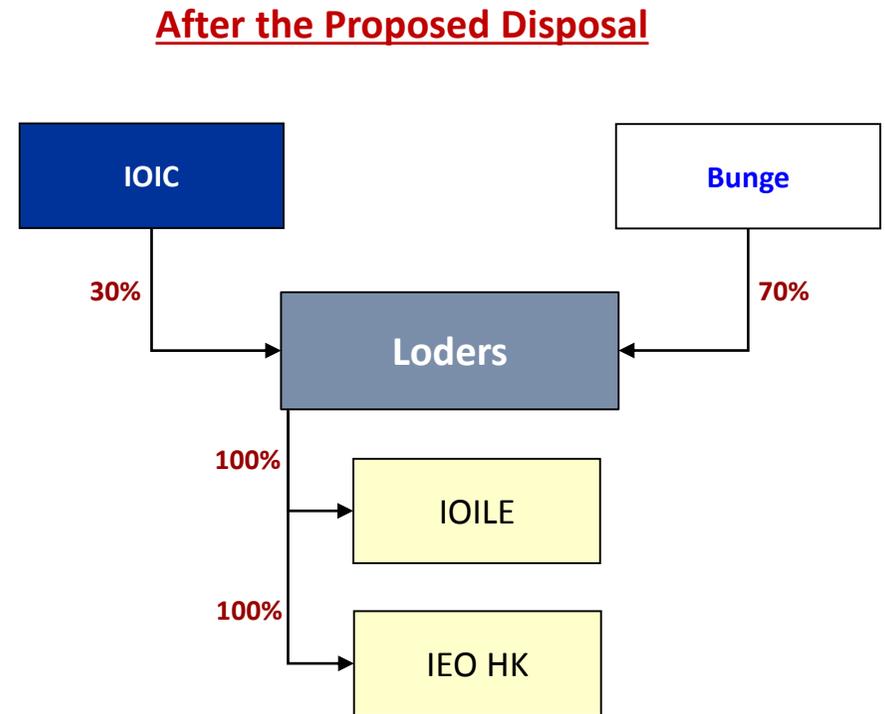
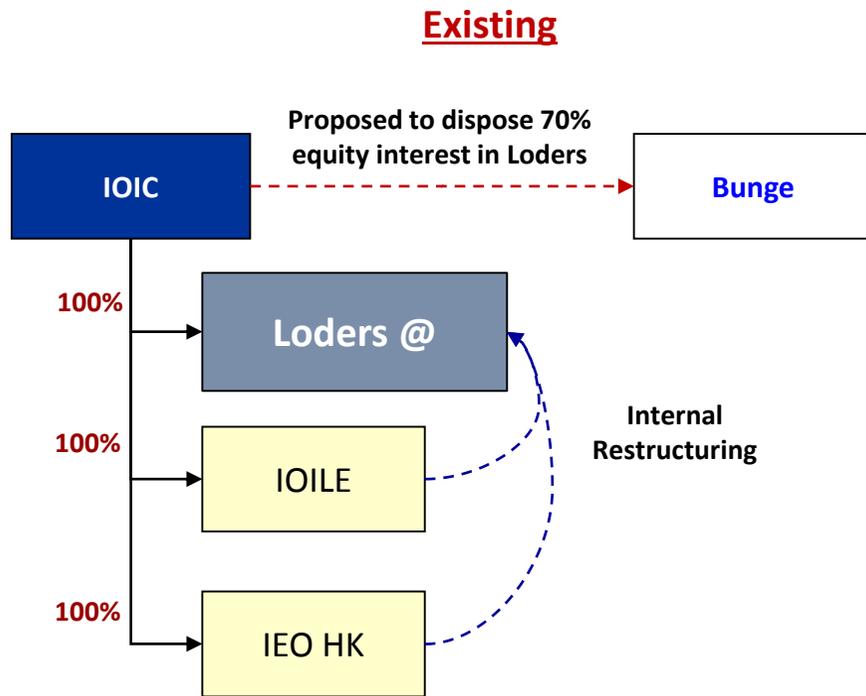
## Proposed Disposal

- IOI Corporation Berhad (“**IOIC**”) is proposing to dispose 70.0% of IOIC’s equity interest held in Loders Croklaan Group B.V. (after completion of an internal restructuring) (“**Loders**”) to Koninklijke Bunge B.V. (“**KBBV**”) for a disposal consideration of **USD595.0 million plus EUR297.0 million, subject to adjustments (“Disposal Consideration”)**.
- Loders is principally involved in the manufacturing of specialty oils and fats.
- KBBV is a wholly-owned subsidiary of Bunge Limited (“**Bunge**”), a company listed on New York Stock Exchange and a leading global agribusiness and food company operating in over 40 countries.

## Internal Restructuring

- Prior to the completion of the Proposed Disposal, IOIC is required to complete an internal restructuring, which involves:-
  - Loders’ acquisition of all of IOIC’s equity interest in IOI Lipid Enzymtec Sdn Bhd (“**IOILE**”) and IOI Edible Oils (HK) Limited (“**IEO HK**”); and
  - the dissolution or share transfer of IOI Loders Croklaan SC B.V. and Soyuz Loders Croklaan Corporation LLC, both of which are currently dormant, out of the Loders Group.
- For avoidance of doubt, Loders Group (excluding IOI Loders Croklaan SC B.V. and Soyuz Loders Croklaan Corporation LLC) and IOILE / IEO HK are referred to as “**Target Companies**”.

# Overview of Proposed Disposal



@ IOI Loders Croklaan SC B.V. and Soyuz Loders Croklaan Corporation LLC would be dissolved or disposed from the Loders Group

# Information on Bunge

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## Key Information

- Listed on the New York Stock Exchange.
- Market capitalisation of USD9,161 million with market price of USD65.15 per Bunge share as at 16 November 2017.
- It recorded a revenue of USD42,679 million, gross profit of USD2,410 million, net profit attributable to Bunge of USD745 million, and net assets of USD7,343 million for FYE 31 December 2016.

## Operations

- Bunge is a global agribusiness and food company with integrated operations that stretch from the farm field to consumer foods.
- Bunge operates through, inter-alia, the following segments:

Business Segments	Details
Agribusiness	Integrated, global business involved in the purchase, storage, transport, processing and sale of agricultural commodities and commodity products.
<u>Food and Ingredients</u> Edible Oil Products and Milling Products	Produce and sell edible oil based products, including vegetable oils, shortenings, margarines and mayonnaise and milled grain products such as wheat flours, bakery mixes, corn-based products and rice.

## Rationale of the Proposed Disposal

### Strategic Business Collaboration with Bunge

Allows IOIC to enter into a strategic business collaboration with Bunge and leverage on the size of Bunge's operations, established business network and expertise to:-

- build Loders into a leading global agri-food company;
- expand Loders' processing plant footprints to regions such as South America and South Asia and offer more varied product offerings, including seed oil-based products; and
- jointly pursue other future investments opportunities to grow and expand Loders' businesses.

### Unlock the Value of Investments in Target Companies

Allows IOIC to partially unlock the value / monetise its investment in Loders at an attractive consideration.

### Enhance Financial Flexibility and Shareholders' Value

Provides financial flexibility to the Group to undertake potential future investments, pare down the borrowings of the Group, and enhance shareholders' value (including a cash dividend)

Post-Proposed Disposal, IOIC will remain a vital partner in supporting Loders' growth through IOIC continuing to be a major supplier of palm oil and palm products to Loders.

**IOIC's continued equity interest and involvement in Loders and the expected growth in Loders in the future will support IOIC's business focus of being a leading integrated and sustainable palm oil player with global presence in both specialty fats and oleochemical segments.**

## Basis and justification of arriving at the disposal consideration

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- The Disposal Consideration was arrived on a “willing-buyer-willing-seller basis” after taking into consideration :-
  - the **EV / EBITDA multiple of approximately 13x** based on the total proforma audited EBITDA of the Target Companies for FYE 30 June 2016 of approximately EUR89.7 million; and
  - the adjustments, which are intended for the Proposed Disposal to be undertaken on a **cash free and debt free basis**, as well as with a **normalised working capital** necessary for the operations of the Target Companies in their ordinary course of business.

## Comparable companies

- For information purposes, the EV / EBITDA of the listed agribusiness companies set out below with market capitalisation of above RM1.0 billion that are involved in, *inter-alia*, oils and fat businesses are as follow:-

Company	Country in which the company is listed	EV / EBITDA
Wilmar International Limited	Singapore	12.55
AAK AB	Sweden	14.49
Fuji Oil Holdings Inc	Japan	10.51
Mewah International Inc	Singapore	6.72
		<b>High 14.49</b>
		<b>Low 6.72</b>
		<b>Average 11.07</b>

- The implied **EV / EBITDA of the Proposed Disposal of approximately 13x** is within the range of that of comparable companies and higher than the average EV / EBITDA of 11.07x.

# Illustration of adjustments and the indicative Disposal Consideration

The indicative Disposal Consideration (after adjustments) is RM3.9 billion

Disposal Consideration (' mil)		RM' mil
USD	595.0	2,519.5
EUR	297.0	1,480.0
Less: Adjustments (EUR) based on the financial statements of the Target Companies for the FYE 30 June 2017	(9.3)	(46.3)
<b>Adjustments</b>		<b>3,953.2</b>

	Adjustments items	
+ / -	70.0% of the excess / (deficit) of the Net Working Capital	Being current assets minus current liabilities.
+	70.0% of the Cash	Adjustments required as parties agreed for net debt / cash position.
-	70.0% of the outstanding Debt	
-	Outstanding Financial Debt	
-	Transaction Expenses	
-	70.0% of the Ghana Shea Plant Adjustments	Being remaining expenditures required for the commissioning of the plants on Closing Date.
-	70.0% of the Xiamen Plant Adjustments	
+ / -	70.0% of the absolute value of the Derivative Adjustment Amount	Being adjustments to account for mark to market position of Loders' raw material and derivative contracts.
+ / -	70.0% of the Open Commercial Book Adjustment Amount	

## Estimated gain to IOIC

- Based on the indicative Disposal Consideration of RM3.9 billion, IOIC is expected to record a **gain of RM2.3 billion**.

		RM' mil
Indicative Disposal Consideration	<b>A</b>	3,953.2
NA of the Target Companies as at 30 June 2017		2,143.9
Add: Capitalisation of inter-company advances		1,128.2
Reserves		86.9
	<b>B</b>	<b>3,359.0</b>
70.0% of net carrying value of the Target Companies	<b>C = 70.0% of B</b>	2,351.3
Gain on disposal of 70.0% stake in the Target Companies	<b>D = A - C</b>	1,601.9
Gain on re-measurement of remaining 30.0% stake in the Target Companies		686.6
<b>Total gain to IOIC</b>		<b>2,288.5</b>

## Utilisation of proceeds

Details of utilisation	%	RM' mil	Estimated utilisation timeframe from closing date
Future investments #	25.0	988.0	Within 24 months
Dividend to shareholders *	20.0	790.6	Within 12 months
Repayment of borrowings ^	50.0	1,976.6	Within 24 months
General working capital	4.75	188.0	Within 24 months
Estimated expenses of the Proposed Disposal	0.25	10.0	Immediate
<b>Total</b>	<b>100.0</b>	<b>3,953.2</b>	

- # *The earmarking of the proceeds will provide the Group with readily available funds to capitalize on future investment opportunities (in both upstream and downstream business) as and when they arise.*
- \* *Represents a dividend yield of approximately 2.8% based on the share price of RM4.44 as at 16 November 2017.*
- ^ *Expected to contribute to an indicative interest savings of RM57 million per annum based on the Group's effective interest rate of 2.90% for FYE 30 June 2017.*

## Effects of the Proposed Disposal

- No effects on the share capital and substantial shareholders' shareholdings in IOIC.

- NA and gearing**

	Audited FYE 30 June 2017 RM' mil	Adjustments for subsequent events up to 25 October 2017 RM' mil	After the Proposed Disposal RM' mil
NA	7,457.4	7,166.4	<b>8,741.2</b>
NA per share (RM)	1.19	1.14	<b>1.39</b>
Net borrowings	5,821.7	6,143.4	<b>3,339.4</b>
Gearing (times)	0.78	0.86	<b>0.38</b>

- Earnings**

- Post-Proposed Disposal, IOIC will cease to consolidate the earnings of Loders. Nonetheless, it will still recognise 30% as share of associate results.

### Illustration of FY17 earnings excluding Loders

	Audited FYE 30 June 2017	After the Proposed Disposal (excluding gain on disposal)
PAT (RM' mil)	743.2	697.5
No. of shares in issue ('mil)	6,283.9	6,283.9
EPS (RM)	0.12	0.11

## Approvals required

	Approvals required	Status
1.	Shareholders of IOIC	Subject matter of today's EGM
2.	Relevant authorities / parties which form part of the conditions precedent of the SPA	On-going

\* **Barring any unforeseen circumstances and subject to the requisite approvals stated above, the Proposed Disposal is expected to be completed in the middle of calendar year 2018.**

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**END OF PRESENTATION  
THANK YOU**