Singapore's Olam Group set to sell 44.58% of its stake in Olam Agri to SALIC for $1.7B

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The Singapore headquartered Olam Group, an international agribusiness company providing food ingredients, has sold a 44.58% stake in Olam Agri to Saudi Agriculture & Livestock Investment Company ("SALIC") for approximately US$1.78 billion, resulting in an implied equity valuation of US$4.00 billion for Olam Agri.Â The Olam Group will sell its remaining 19.99% stake in Olam Agri to SALIC after three years1 from the completion of the above mentioned sale at the Closing Valuation2 plus 6% IRR.

As a result, SALIC is going to acquire a 44.58% stake in Olam Agri Holdings for approximately US$1.78 billion (S$2.35 billion). Consequently, SALIC will own an 80.01% controlling stake in Olam Agri Holdings once Tranche 1 is completed.

Upon the completion of the sale of Tranche 1, Olam Group Limited (â??OGLâ??) will have an option to sell its remaining 19.99% stake in Olam Agri to SALIC (â??Tranche 2â??) at the Closing Valuation2 plus 6% IRR on the third anniversary of the completion of Tranche 1.

Upon completion of the sale of Tranche 1, OGL will realize an estimated gain on disposal of US$1.84 billion (S$2.43 billion3), which will be added to OGL's equity reserves. OGL would generate estimated gross cash proceeds of US$2.58 billion (S$3.41 billion3) by selling Tranche 1 and 2.

OGLâ??s Co-Founder and Group CEO, Sunny Verghese said: â??Since SALICâ??s investment in Olam Agri in 2022, our partnership with SALIC has unveiled new avenues of growth. With its strategic mandate as a global agrifoods investor and related complementary strengths, SALIC and Olam Agri share the same vision and focus on sustainable sourcing and commitment to meet the rising demand for food, feed and fiber. Importantly, this transaction is transformative for Olam Agri.

â??The sale of Olam Agri to SALIC marks another key milestone in Olamâ??s Re-organisation journey announced in January 2020. With this transaction, we can now focus our attention on seeking strategic options to unlock value for the Remaining Olam Group businesses and **ofi**, including the pursuit of an **ofi**IPO.â?•

Group CEO of SALIC, Sulaiman AlRumaih said, â??The full acquisition agreement of Olam Agri aligns with SALICâ??s strategic objectives of diversifying sources of essential commodities, strengthening supply chain integration, and enhancing logistical efficiency across its local and international investments. Furthermore, this acquisition underscores SALIC's ambition to secure a key position in the global grains sector.â?•

â??Olam Agri, a global player in trading essential commodities, aligns with SALIC's strategic investment approach, which prioritises high-potential companies addressing future food security needs through innovation and integrated supply chains both locally and globally. We are confident that this partnership will contribute to achieving national and global objectives while continually enhancing production efficiency for the benefit of all stakeholders.â?•