

## Singapore's Olam Group to divest majority stake in Olam Agri to SALIC

25 February 2025 | News

**This strategic divestment follows SALIC's earlier acquisition of a 35.43 per cent stake in Olam Agri in December 2022, valued at \$3.50 billion**



**This strategic divestment follows SALIC's earlier acquisition of a 35.43 per cent stake in Olam Agri in December 2022, valued at \$3.50 billion**

Singapore-based Olam Group Limited (OGL) has announced its decision to sell a controlling 80.01 per cent stake in Olam Agri Holdings to Saudi Agriculture & Livestock Investment Company (SALIC) in a transformative deal valued at approximately \$1.78 billion. The transaction reflects an implied 100 per cent equity valuation of \$4.00 billion for Olam Agri and positions SALIC as the majority stakeholder.

The agreement will take place in two phases. In the first phase (Tranche 1), SALIC will acquire a 44.58 per cent stake for \$1.78 billion. Upon completion of this phase, Olam Group's ownership in Olam Agri will reduce to 19.99 per cent, while SALIC secures a controlling interest.

In the second phase (Tranche 2), scheduled three years after the completion of Tranche 1, Olam Group has the option to sell its remaining 19.99 per cent stake to SALIC at the closing valuation, plus a 6 per cent internal rate of return (IRR). Concurrently, SALIC holds the right to acquire the remaining shares within the same period.

This strategic divestment follows SALIC's earlier acquisition of a 35.43 per cent stake in Olam Agri in December 2022, valued at \$3.50 billion. The current deal represents a 14 per cent premium over that valuation and a price-to-book value multiple of 3.47x based on Olam Agri's book value of \$1.15 billion as of December 31, 2023.

Olam Group expects to realise a substantial gain of \$1.84 billion from the completion of Tranche 1, boosting its equity reserves. The total gross cash proceeds from both tranches are projected to reach \$2.58 billion.

The company has indicated that proceeds from the sale may be allocated toward debt repayment, optimising capital structures, and potentially offering a one-time special dividend distribution.

As Olam Group retains a 100 per cent interest in its ofi division and other businesses under the Remaining Olam Group, it is now exploring strategic options to unlock further value, including a potential IPO for ofi.