

# WILMAR INTERNATIONAL LIMITED

## 3Q2016 Results Highlights

Nov 10, 2016



**wilmar**  
We Invest • You Harvest

# IMPORTANT NOTICE

*Information in this presentation may contain projections and forward looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected.*

*This presentation does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer to purchase or subscribe for, any shares nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.*

# Content

- |          |  |
|----------|--|
| <b>1</b> | 3Q2016 Financial Performance – Key Takeaways |
| <b>2</b> | Business Outlook                             |
| <b>3</b> | Appendix                                     |

# 3Q2016 Financial Performance – Key Takeaways



# Earnings Highlights

	3Q16 (US\$m)	vs 3Q15* △	9M16 (US\$m)	vs 9M15* △
Revenue	11,084	4%	29,454	0%
EBITDA	799	39%	1,399	-6%
Net profit	392	47%	411	-41%
Core profit after tax	385	10%	387	-51%
Earnings per share in US cents (fully diluted)	6.2	48%	6.5	-40%

*\* Prior period figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

# Earnings Highlights – Segment Results (PBT US\$m)

	3Q16	3Q15*	Δ	9M16	9M15*	Δ
Tropical Oils (Plantation, Manufacturing & Merchandising)	169.3	93.7	81%	505.0	396.6	27%
Oilseeds and Grains (Manufacturing & Consumer Products)	248.1	243.6	2%	73.2	525.6	-86%
Sugar (Milling, Merchandising, Refining & Consumer Products)	86.4	108.7	-21%	(10.5)	3.2	<i>n.m.</i>
Others	35.1	(56.2)	<i>n.m.</i>	67.8	(2.3)	<i>n.m.</i>
Joint Ventures & Associates	28.6	14.5	97%	73.3	43.2	70%
Unallocated expenses	(0.5)	(1.9)	-74%	(6.7)	(5.7)	18%
<b>Profit Before Tax</b>	<b>567.0</b>	<b>402.4</b>	<b>41%</b>	<b>702.1</b>	<b>960.6</b>	<b>-27%</b>

\* Prior period figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

# Cash Flow Highlights

US\$ million	9M16	9M15	FY15
Operating cash flow before working capital changes	1,303	1,499	2,042
Net cash flow from operating activities	1,248	2,889	2,232
Less : Investment in subsidiaries, joint ventures and associates	(48)	(489)	(511)
Capital expenditure	(571)	(659)	(865)
Net (decrease)/increase from bank borrowings*	(676)	387	(2,783)
Decrease/(increase) in other deposits and financial products with financial institutions	1,409	(938)	1,254
Dividends	(371)	(381)	(381)
Share buy-back	(9)	(137)	(149)
Others	(622)	(116)	528
<b>Net cash flow</b>	<b>360</b>	<b>556</b>	<b>(675)</b>
<b>Free cash flow</b>	<b>910</b>	<b>1,911</b>	<b>1,067</b>

\* Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities.

# Gearing

US\$ million	As at Sep 30, 2016	As at Dec 31, 2015 <sup>(1)</sup>
Debt/Equity (x)	0.79	0.82
- Net Debt *	11,308	11,817
- Shareholders' funds	14,302	14,407
Adjusted Debt/Equity (x)	0.39	0.41
- Liquid working capital **	5,665	5,932
- Adjusted Net Debt	5,643	5,884
Net debt/EBITDA (x) ***	5.63	5.64

\* Net Debt = Total borrowings – Cash and bank balances – Other deposits with financial institutions.

\*\* Liquid working capital = Inventories (excl. consumables) + Trade receivables – Current liabilities (excl. borrowings)

\*\*\* EBITDA for 30 Sep 16 is based on LTM performance.

(1) Prior period figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

- Net debt to equity ratio decreased to 0.79x compared to 0.82x as at Dec 31, 2015.
- Adjusted debt to equity ratio decreased to 0.39x from 0.41x.



# Business Outlook

- The recovery in the Group's third quarter results was driven by good performances in both the Oilseeds and Grains as well as Tropical Oils segments.
- Looking ahead, the Group will continue to execute on its stated growth strategy, with emphasis on its downstream businesses and focusing on high growth markets in Asia and Africa.
- Barring any unforeseen circumstances, the Group's performance for the rest of the year is expected to be satisfactory.

# Appendix



# Business Segment results:

## Tropical Oils (Plantation, Manufacturing and Merchandising)

	3Q16	3Q15*	Δ	9M16	9M15*	Δ
Revenue (US\$ million)	4,379.1	4,148.9	6%	12,053.3	12,007.9	0%
➤ Plantation	18.6	13.4	39%	42.7	43.2	-1%
➤ Manufacturing	4,360.5	4,135.5	5%	12,010.6	11,964.7	0%
Sales volume ('000 MT)	5,919	6,373	-7%	17,257	17,539	-2%
➤ Manufacturing						
Profit before tax (US\$ million)	169.3	93.7	81%	505.0	396.6	27%

\* Prior period figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

- PBT improvement in 3Q16 was due to good performance in downstream businesses although plantation performance was affected by lower production volume.
- Plantation production yield, affected by El Nino, declined 14% to 4.7 MT per hectare in 3Q16 and declined 17% to 12.9 MT per hectare in 9M16.
- FFB production decreased 18% to 0.9m MT in 3Q16 and decreased 20% to 2.6m MT in 9M16.

# Business Segment results:

## Tropical Oils (Plantation, Manufacturing and Merchandising)

	3Q16	3Q15	Δ	9M16	9M15	Δ
Planted area (ha)	240,371	238,385	1%	240,371	238,385	1%
Mature area harvested (ha)	208,537	209,608	-1%	208,537	209,608	-1%
FFB production (MT)	924,912	1,129,946	-18%	2,610,484	3,245,696	-20%
FFB Yield (MT/ha)	4.7	5.4	-14%	12.9	15.5	-17%
<b>Mill Production</b>						
➤ Crude Palm Oil (MT)	461,696	564,653	-18%	1,194,478	1,472,196	-19%
➤ Palm Kernel (MT)	114,635	134,471	-15%	289,826	347,791	-17%
<b>Extraction Rate</b>						
➤ Crude Palm Oil	19.6%	20.5%	-4%	20.0%	20.5%	-2%
➤ Palm Kernel	4.9%	4.9%	0%	4.9%	4.8%	0%
<b>New Planting (ha)</b>	352	693		1,188	2,173	

## Business Segment results: Oilseeds and Grains (Manufacturing and Consumer Products)

	3Q16	3Q15	Δ	9M16	9M15	Δ
Revenue (US\$ million)	4,739.6	4,853.0	-2%	13,195.8	13,519.0	-2%
➤ <i>Manufacturing</i>	3,112.6	3,192.2	-2%	8,350.1	8,677.9	-4%
➤ <i>Consumer Products</i>	1,627.0	1,660.8	-2%	4,845.7	4,841.1	0%
Sales volume ('000 MT)	7,902	8,008	-1%	22,044	21,281	4%
➤ <i>Manufacturing</i>	6,518	6,635	-2%	17,923	17,377	3%
➤ <i>Consumer Products</i>	1,384	1,373	1%	4,121	3,904	6%
Profit before tax (US\$ million)	248.1	243.6	2%	73.2	525.6	-86%

- The segment recorded strong profit in 3Q2016 from both Consumer Products and Oilseed crushing businesses.
- Sales volume for the segment decreased marginally in 3Q16. For 9M2016, sales volume increased on the back of stronger demand during the first quarter of the year.

# Business Segment results:

## Sugar (Milling, Merchandising, Refining and Consumer Products)

	3Q16	3Q15	Δ	9M16	9M15	Δ
Revenue (US\$ million)	1,744.8	1,382.2	26%	3,553.4	2,980.0	19%
➤ <i>Milling</i>	413.7	470.1	-12%	501.9	569.5	-12%
➤ <i>Merchandising, Refining &amp; Consumer Products</i>	1,331.1	912.1	46%	3,051.5	2,410.5	27%
Sales volume ('000 MT)	4,097	4,688	-13%	8,536	8,794	-3%
➤ <i>Milling</i>	1,213	1,940	-37%	1,489	2,294	-35%
➤ <i>Merchandising, Refining &amp; Consumer Products</i>	2,884	2,748	5%	7,047	6,500	8%
Profit/(Loss) before tax (US\$ million)	86.4	108.7	-21%	(10.5)	3.2	<i>n.m.</i>
Operating Statistics:						
➤ <i>Commercial Cane Sugar (%)</i>	12.9	14.3	-10%	12.9	14.1	-9%
➤ <i>Cane Crushed (m MT)</i>	7.6	10.0	-24%	8.3	11.2	-26%

- Lower profits in 3Q16 owing to continued disruptions in harvesting due to the wet weather in Australia, and weaker performance by the merchandising business. Together with the weak performance in 1H16, the segment recorded a loss before tax for 9M16.
- Surge in sugar prices led overall revenue to increase in 3Q16 and 9M16.
- Sales volume decreased in 3Q16 and 9M16 due to lower cane crushing activities from the unfavourable weather.

# Non-Operating Items

US\$ million	3Q16	3Q15*	9M16	9M15*
<b>Profit before tax – reported</b>	<b>567.0</b>	<b>402.4</b>	<b>702.1</b>	<b>960.6</b>
Foreign exchange (loss) arising from intercompany loans to subsidiaries	(6.2)	(13.9)	(2.3)	(33.0)
Net gain/(loss) from investment securities – HFT	18.6	(61.8)	43.5	(50.2)
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(5.9)	(5.6)	(17.0)	(17.0)
Others	0.9	2.4	4.4	3.8
Non-operating items gain /(loss) (pre-tax impact)	7.4	(78.9)	28.6	(96.4)
<b>Profit before tax - excl non-operating items</b>	<b>559.6</b>	<b>481.3</b>	<b>673.5</b>	<b>1,057.0</b>
<b>Net profit – reported</b>	<b>392.2</b>	<b>267.6</b>	<b>411.5</b>	<b>692.8</b>
Non-operating items gain/(loss) (post-tax impact)	7.3	(83.1)	24.4	(97.1)
<b>Net profit - excl non-operating items</b>	<b>384.9</b>	<b>350.7</b>	<b>387.1</b>	<b>789.9</b>

\* Prior period figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

# Cash Flow

US\$ million	9M16	9M15	FY15
Operating cash flow before working capital changes	1,303	1,499	2,042
Net cash flow from operating activities	1,248	2,889	2,232
Less : Investment in subsidiaries, joint ventures and associates	(48)	(489)	(511)
Capital expenditure	(571)	(659)	(865)
Net (decrease)/increase from bank borrowings*	(676)	387	(2,783)
Decrease/(increase) in other deposits and financial products with financial institutions	1,409	(938)	1,254
Dividends	(371)	(381)	(381)
Share buy-back	(9)	(137)	(149)
Others	(622)	(116)	528
<b>Net cash flow</b>	<b>360</b>	<b>556</b>	<b>(675)</b>
<b>Free cash flow</b>	<b>910</b>	<b>1,911</b>	<b>1,067</b>
Turnover days			
- Inventories	66	64	65
- Trade Receivables	33	34	34
- Trade Payables	13	15	14

\* Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities.

- Inventories declined 6% to US\$6.0b compared to 31 Dec 2015 reflecting the seasonality trend, particularly in China. Due to higher stockholdings during the period, average turnover days increased to 66 days.
- Trade receivables increased marginally by US\$90.4m to US\$3.8b. Average turnover days remained comparable at 33 days.
- Trade payables increased by US\$203.5m to US\$1.4b but average turnover days reduced to 13 days from timing of purchases.



# Funding and Liquidity

US\$ million	As at Sep 30, 2016		Balance
	Available	Utilised	
Credit facilities :			
Committed	10,518	7,575	2,943
Trade finance	20,869	8,030	12,839
Short term	1,164	321	843
<b>Total credit facilities</b>	<b>32,551</b>	<b>15,926</b>	<b>16,625</b>

- 50% of utilised facilities were trade financing lines, backed by inventories and receivables.
- 49% of total facilities were utilised as at September 30, 2016.

# Key Indicators

	As at Sep 30, 2016	As at Dec 31, 2015 <sup>(a)</sup>
Return on Average Equity* #	5.1%	7.0%
Return on Average Capital Employed** #	3.3%	3.9%
Return on Invested Capital*** #	4.0%	4.6%
in US cents		
EPS (fully diluted)	6.5	16.0
NTA per share	157.0	158.8
NAV per share	226.3	228.0
in Singapore cents		
Dividends (interim & final)	2.5 <sup>(b)</sup>	8.0

(a) Prior period figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants  
(b) Only interim dividends

\* Return on Average Equity = Net profit ÷ Average equity

\*\* Return on Average Capital Employed = EBIT × (1 – tax rate) ÷ (Average equity + Average minority interest + Average net debt)

\*\*\* Return on Invested Capital = Net Operating Profit After Tax ÷ (Average long term assets excl intangibles + Average net working capital excl cash and borrowings)

# Sep 30, 2016 returns based on LTM performances