

WILMAR INTERNATIONAL LIMITED

4Q2016 Results Briefing

Feb 20, 2017



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Content

- | | |
|----------|--|
| 1 | 4Q2016 Financial Performance – Key Takeaways |
| 2 | Business Outlook |
| 3 | Appendix |

4Q2016 Financial Performance – Key Takeaways



Earnings Highlights

	4Q16 (US\$m)	vs 4Q15* △	FY16 (US\$m)	vs FY15* △
Revenue	11,947	27%	41,402	7%
EBITDA	846	38%	2,244	7%
Net profit	561	70%	972	-5%
Core profit after tax	590	70%	977	-14%
Earnings per share in US cents (fully diluted)	8.9	71%	15.4	-4%
Dividends per share In Singapore cents	4.0	-27%	6.5	-19%

* 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)

	4Q16	4Q15*	Δ	FY16	FY15*	Δ
Tropical Oils (Plantation, Manufacturing & Merchandising)	184.3	94.8	94%	689.2	491.5	40%
Oilseeds and Grains (Manufacturing & Consumer Products)	177.9	164.2	8%	251.1	689.8	-64%
Sugar (Milling, Merchandising, Refining & Consumer Products)	135.9	81.1	68%	125.3	84.3	49%
Others	32.7	19.8	65%	100.6 [^]	17.4 [^]	>100%
Joint Ventures & Associates	67.5	61.5	10%	141.0	104.6	35%
Unallocated expenses	(0.5)	(2.6)	81%	(7.2)	(8.3)	13%
Profit Before Tax	597.8	418.8	43%	1,300.0	1,379.3	-6%

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

[^]Excluding the gains/(losses) from investment securities, profit before tax for Others segment would be US\$62.6 million for FY2016 (FY2015: US\$46.6 million).

Cash Flow Highlights

US\$ million	FY16	FY15
Operating cash flow before working capital changes	2,021	2,042
Net cash flow from operating activities	1,124	2,232
Less : Acquisitions of subsidiaries, joint ventures and associates	(145)	(511)
Capital expenditure	(777)	(865)
Net decrease from bank borrowings*	(695)	(2,111)
Decrease in other deposits and financial products with financial institutions	774	1,254
Dividends	(371)	(381)
Share buy-back	(9)	(149)
Others	140	(144)
Net cash flow	41	(675)
Free cash flow	592	1,067

* Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities and unpledged fixed deposits with maturity more than 3 months.

Gearing

US\$ million	As at Dec 31, 2016	As at Dec 31, 2015 ⁽¹⁾
Debt/Equity (x)	0.81	0.82
- Net Debt *	11,692	11,817
- Shareholders' funds	14,435	14,394
Adjusted Debt/Equity (x)	0.35	0.41
- Liquid working capital **	6,706	5,933
- Adjusted Net Debt	4,986	5,884
Net debt/EBITDA (x)	5.21	5.63
Adjusted Net Debt/EBITDA (x)	2.23	2.80

* 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)

(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 improved marginally to 0.81x compared to 0.82x as at Dec 31, 2015.
- Adjusted debt to equity ratio improved to 0.35x from 0.41x.

Business Outlook

- The strong performance in the fourth quarter enabled the Group to overcome the losses incurred in the second quarter of the year and achieve satisfactory performance for the full year.
- All segments achieved good volume and margin growth during second half of the year.
- Looking ahead, the recent lifting of restrictions in China on oilseeds and grains processing on foreign companies is expected to benefit our operations.
- Barring unforeseen circumstances, performance in 2017 is expected to be satisfactory.

Appendix



Business Segment results:

Tropical Oils (Plantation, Manufacturing and Merchandising)

	4Q16	4Q15*	Δ	FY16	FY15*	Δ
Revenue (US\$ million)	4,801.9	3,599.4	33%	16,855.2	15,607.3	8%
➤ Plantation	21.4	13.3	61%	64.1	56.5	13%
➤ Manufacturing & Merchandising	4,780.5	3,586.1	33%	16,791.1	15,550.8	8%
Sales volume ('000 MT)						
➤ Manufacturing & Merchandising	6,111	5,961	3%	23,368	23,500	-1%
Profit before tax (US\$ million)	184.3	94.8	94%	689.2	491.5	40%

* 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 4Q16 was led by the plantation business, which benefited from higher CPO prices. This coupled with the consistently robust performance from the downstream businesses throughout the year, led to the 40% increase in PBT for FY16.
- Plantation production yield improved by 3% to 6.1 MT per hectare in 4Q16 but FFB production declined 2% due to replanting. For FY16, yield declined 12% to 19.0 MT per hectare, affected by the El Nino phenomenon, resulting in a 15% decrease in FFB production to 3.8m MT.

Business Segment results:

Tropical Oils (Plantation, Manufacturing and Merchandising)

	4Q16	4Q15	Δ	FY16	FY15	Δ
Planted area (ha)	241,892	240,956	0%	241,892	240,956	0%
Mature area harvested (ha)	206,670	209,018	-1%	206,670	209,018	-1%
FFB production (MT)	1,207,485	1,235,326	-2%	3,817,969	4,481,022	-15%
FFB Yield (MT/ha)	6.1	5.9	3%	19.0	21.4	-12%
Mill Production						
➤ Crude Palm Oil (MT)	545,820	523,604	4%	1,740,298	1,995,800	-13%
➤ Palm Kernel (MT)	135,087	125,177	8%	424,913	472,968	-10%
Extraction Rate						
➤ Crude Palm Oil	20.0%	20.6%	-3%	20.0%	20.5%	-2%
➤ Palm Kernel	5.0%	4.9%	1%	4.9%	4.9%	1%
New Planting (ha)	976	973		2,164	3,146	

Plantation Age Profile

in hectares	Average Age of Plantation					
31 Dec 2016	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	Total
Indonesia	11,988	8,804	106,291	14,106	25,681	166,870
Malaysia	11,202	4,796	11,077	8,780	22,146	58,001
Africa	9,872	1,413	4,756	980	0	17,021
Total planted area	33,062	15,013	122,124	23,866	47,827	241,892
% of total planted area	13.6%	6.2%	50.5%	9.9%	19.8%	100.0%
Included YTD new plantings of :	2,164					
Plasma/outgrower Programme	200	628	6,022	4,470	19,964	31,284
% of planted area	0.7%	2.0%	19.2%	14.3%	63.8%	100.0%
31 Dec 2015						
Indonesia	12,102	12,787	100,207	16,107	25,546	166,749
Malaysia	9,414	4,032	14,664	9,022	21,274	58,406
Africa	8,026	990	5,788	725	272	15,801
Total planted area	29,542	17,809	120,659	25,854	47,092	240,956
% of total planted area	12.3%	7.4%	50.1%	10.7%	19.5%	100.0%
Included YTD new plantings of :	3,146					
Plasma/outgrower Programme	380	1,085	5,969	5,571	18,423	31,428
% of planted area	1.2%	3.5%	19.0%	17.7%	58.6%	100.0%

- Weighted average age of our plantations is approximately 12 years.

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

	4Q16	4Q15	Δ	FY16	FY15	Δ
Revenue (US\$ million)	4,617.4	4,186.1	10%	17,813.1	17,705.1	1%
➤ <i>Manufacturing</i>	3,046.3	2,862.6	6%	11,396.3	11,540.5	-1%
➤ <i>Consumer Products</i>	1,571.1	1,323.5	19%	6,416.8	6,164.6	4%
Sales volume ('000 MT)	7,485	7,425	1%	29,529	28,706	3%
➤ <i>Manufacturing</i>	6,117	6,265	-2%	24,040	23,642	2%
➤ <i>Consumer Products</i>	1,368	1,160	18%	5,489	5,064	8%
Profit before tax (US\$ million)	177.9	164.2	8%	251.1	689.8	-64%

- The segment recorded improved profit in 4Q16 on the back of stable crushing margins for soybeans. The lower PBT for FY16 was due to the loss of US\$343.8 million in 2Q16.
- Sales volume for the segment increased marginally in 4Q16 due to the early Chinese Spring Festival in 2017. For FY2016, sales volume increased riding on stronger demand during the first quarter of the year.

Business Segment results:

Sugar (Milling, Merchandising, Refining and Consumer Products)

	4Q16	4Q15	Δ	FY16	FY15	Δ
Revenue (US\$ million)	2,308.4	1,424.4	62%	5,861.8	4,404.4	33%
➤ <i>Milling</i>	500.4	284.6	76%	1,002.3	854.1	17%
➤ <i>Merchandising, Refining & Consumer Products</i>	1,808.0	1,139.8	59%	4,859.5	3,550.3	37%
Sales volume ('000 MT)	5,008	4,324	16%	13,544	13,118	3%
➤ <i>Milling</i>	1,596	1,071	49%	3,085	3,365	-8%
➤ <i>Merchandising, Refining & Consumer Products</i>	3,412	3,253	5%	10,459	9,753	7%
Profit before tax (US\$ million)	135.9	81.1	68%	125.3	84.3	49%
Operating Statistics:						
➤ <i>Commercial Cane Sugar (%)</i>	13.6	15.3	-11%	13.3	14.5	-8%
➤ <i>Cane Crushed (m MT)</i>	8.6	4.5	91%	16.8	15.7	7%

- The milling business delivered an outstanding set of results, helped by the season extension which led to higher volume of canes crushed, as well as an increase in sugar prices.
- The results included a US\$33.5 million impairment charge on the refinery assets in Australia. Excluding this impairment charge, PBT for FY16 improved by 88% to US\$158.8m.
- Higher merchandising and milling activities resulted in an increase in sales volume in 4Q16. Overall sales volume improved in FY16.

Non-Operating Items

US\$ million	4Q16	4Q15*	FY16	FY15*
Profit before tax – reported	597.8	418.8	1,300.0	1,379.3
Foreign exchange loss in respect of intercompany loans to subsidiaries	(2.5)	(10.1)	(4.8)	(43.1)
Net (loss)/gain from investment securities – HFT	(15.3)	16.9	28.2	(33.3)
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(6.4)	(5.7)	(23.4)	(22.7)
Others	5.5	0.4	9.8	4.1
Non-operating items (loss)/gain (pre-tax impact)	(18.7)	1.5	9.8	(95.0)
Net loss from biological assets	(16.0)	(15.6)	(16.0)	(15.6)
Profit before tax - excl non-operating items and fair value of biological assets	632.5	432.9	1,306.2	1,489.9
Net profit – reported	560.8	330.2	972.2	1,022.9
Non-operating items loss and fair value of biological assets (post-tax impact)	(28.7)	(16.4)	(4.4)	(113.5)
Core net profit	589.5	346.6	976.6	1,136.4

* 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	FY16	FY15
Operating cash flow before working capital changes	2,021	2,042
Net cash flow from operating activities	1,124	2,232
Less : Acquisitions of subsidiaries, joint ventures and associates	(145)	(511)
Capital expenditure	(777)	(865)
Net decrease from bank borrowings*	(695)	(2,111)
Decrease in other deposits and financial products with financial institutions	774	1,254
Dividends	(371)	(381)
Share buy-back	(9)	(149)
Others	140	(144)
Net cash flow	41	(675)
Free cash flow	592	1,067
Turnover days		
- Inventories	64	65
- Trade Receivables	33	34
- Trade Payables	13	14

Note:

** Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities and unpledged fixed deposits with maturity more than 3 months.*

Cash Flow

- Inventories increased 11.2% to US\$7.0 billion on higher commodity prices during the year. Average inventory turnover days remained comparable at 64 days for FY16.
- Trade receivables increased by US\$334.3 million to US\$4.1 billion in FY16, mainly due to timing of sales which were realised mostly in the latter part of the quarter as compared to similar period in prior year. Average turnover days remained comparable at 33 days in FY16.
- Trade payables increased by US\$273.4 million to US\$1.5 billion in FY16 due to increased purchases in 4Q16. Nevertheless, the average turnover days reduced to 13 days in FY16 due to timing of purchases.

Funding and Liquidity

US\$ million	As at Dec 31, 2016		
	Available	Utilised	Balance
Credit facilities :			
Committed	10,413	7,254	3,159
Trade finance	21,397	9,468	11,929
Short term	1,020	298	722
Total credit facilities	32,830	17,020	15,810

- 56% of utilised facilities were trade financing lines, backed by inventories and receivables.
- 52% of total facilities were utilised as at December 31, 2016.

Key Indicators

	As at Dec 31, 2016	As at Dec 31, 2015*
Return on Average Equity	6.7%	7.0%
Return on Average Capital Employed	4.5%	3.9%
Return on Invested Capital	4.6%	4.0%
in US cents		
EPS (fully diluted)	15.4	16.1
NTA per share	159.4	158.6
NAV per share	228.5	227.8
in Singapore cents		
Dividends (interim & final)	6.5	8.0

* Based on restated numbers upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

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)