

WILMAR INTERNATIONAL LIMITED

2Q2015 Results Briefing

August 6, 2015



wilmar

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2Q2015 Financial Performance – Key Takeaways



Earnings Highlights

	2Q15 (US\$m)	vs 2Q14 △	1H15 (US\$m)	vs 1H14 △
Revenue	9,285	-12%	18,696	-10%
EBITDA	438	12%	910	24%
Net profit	202	18%	443	33%
Core profit after tax	194	19%	457	21%
Earnings per share in US cents (fully diluted)	3.2	19%	6.9	33%
Dividends per share In SGD cents	2.5	25%	2.5	25%

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

	2Q15	2Q14	Δ	1H15	1H14	Δ
Tropical oils (Plantation and Manufacturing)	176.0	206.9	-15%	328.1	479.4	-32%
Oilseeds and Grains (Manufacturing and Consumer Products)	115.9	41.5	>100%	282.0	55.1	>100%
Sugar (Merchandising, Manufacturing and Consumer Products)	(37.5)	(23.7)	-58%	(105.5)	(77.8)	-36%
Others	31.9	17.4	84%	53.8	(19.3)	<i>n.m.</i>
Associates	(10.3)	(4.0)	>-100%	28.9	12.2	>100%
Unallocated expenses	(2.4)	(6.2)	61%	(3.8)	(11.9)	68%
Profit Before Tax	273.6	231.8	18%	583.5	437.6	33%

Cash Flow Highlights

US\$ million	1H15	1H14	FY14
Operating cash flow before working capital changes	1,205	492	1,844
Net cash flow from operating activities	1,656	166	1,973
Less:			
Investment in subsidiaries and associates	(461)	(114)	(220)
Capital expenditure	(482)	(575)	(1,093)
Net increase/(decrease) from bank borrowings*	523	750	(773)
(Increase)/ decrease in other deposits and financial products with financial institutions	(531)	(79)	238
Dividends	(266)	(280)	(383)
Others	(244)	(110)	(278)
Net cash flow	195	(242)	(536)
Free cash flow	849	(431)	993

**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 Jun 30, 2015	As at Dec 31, 2014
Debt/Equity (x)	0.77	0.78
- Net Debt *	11,857	12,056
- Shareholders' funds	15,381	15,495
Adjusted Debt/Equity (x)	0.39	0.37
- Liquid working capital **	5,819	6,264
- Adjusted Net Debt	6,037	5,792
Net debt/EBITDA (x) ***	5.1	5.6

* 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 Jun 15 is based on LTM performance.

- Net debt to equity ratio improved marginally to 0.77x as net debt declined in line with the lower commodity prices.
- Adjusted debt to equity ratio remained low at 0.39x.

Business Outlook

- The Group expects crushing margins in China to remain positive for the rest of the year and for Consumer Products to continue its strong performance.
- For the second half of 2015, refining margins are expected to be maintained for the Tropical Oils business with increased palm production and demand arising from lower CPO prices, though Plantation and Palm Oil Mill performances will continue to be affected by the softer CPO prices.
- Overall, we are cautiously optimistic that 2H2015 performance will be satisfactory.

Questions & Answers



Appendix



Business Segment results: Tropical Oils (Plantation and Manufacturing)

	2Q15	2Q14	Δ	1H15	1H14	Δ
Revenue (US\$ million)	3,936.6	5,355.2	-26%	7,859.0	10,212.3	-23%
➤ <i>Plantation</i>	16.2	18.6	-13%	29.9	38.0	-21%
➤ <i>Manufacturing</i>	3,920.4	5,336.7	-27%	7,829.1	10,174.2	-23%
Sales volume ('000 MT)	5,614	5,962	-6%	11,166	11,569	-3%
➤ <i>Manufacturing</i>						
Profit before tax (US\$ million)	176.0	206.9	-15%	328.1	479.4	-32%

- Revenue and PBT declined in 2Q15 and 1H15, mainly due to lower CPO prices. 1H15 results were also impacted by weaker refining margins in 1Q15
- Plantation production yield improved 6% to 5.5 MT per hectare, resulting in a 3% increase in FFB production.

Business Segment results:

Tropical Oils (Plantation and Manufacturing)

	2Q15	2Q14	Δ	1H15	1H14	Δ
Planted area (ha)	238,600	238,588	<1%	238,600	238,588	<1%
Mature area harvested (ha)	208,478	214,203	-3%	208,478	214,203	-3%
FFB production (MT)	1,155,431	1,124,794	3%	2,115,750	2,181,965	-3%
FFB Yield (MT/ha)	5.5	5.3	6%	10.1	10.2	<1%
Mill Production						
➤ Crude Palm Oil (MT)	511,018	484,437	5%	907,543	933,235	-3%
➤ Palm Kernel (MT)	120,416	108,176	11%	213,320	208,886	2%
Extraction Rate						
➤ Crude Palm Oil	20.3%	20.4%	-1%	20.4%	20.6%	-1%
➤ Palm Kernel	4.8%	4.6%	5%	4.8%	4.6%	4%

Plantation Age Profile

30 Jun 2015 (in hectares)	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	Total
Indonesia	9,936	12,795	100,437	16,100	26,648	165,916
Malaysia	8,200	2,882	14,664	9,028	22,975	57,749
Africa	7,423	466	5,774	725	547	14,935
Total planted area	25,559	16,143	120,875	25,853	50,170	238,600
<i>% of total planted area</i>	<i>10.7%</i>	<i>6.8%</i>	<i>50.7%</i>	<i>10.8%</i>	<i>21.0%</i>	<i>100.0%</i>
Included YTD new plantings of :	1,480					
Plasma Programme	380	1,085	5,969	5,571	18,423	31,428
<i>% of planted area</i>	<i>1.2%</i>	<i>3.5%</i>	<i>19.0%</i>	<i>17.7%</i>	<i>58.6%</i>	<i>100.0%</i>
31 Dec 2014						
Indonesia	11,091	25,141	88,233	17,932	24,079	166,476
Malaysia	7,176	2,264	14,678	9,031	24,820	57,969
Africa	6,118	621	5,809	535	759	13,842
Total planted area	24,385	28,026	108,720	27,498	49,658	238,287
<i>% of total planted area</i>	<i>10.2%</i>	<i>11.8%</i>	<i>45.7%</i>	<i>11.5%</i>	<i>20.8%</i>	<i>100.0%</i>
Included YTD new plantings of :	3,089					
Plasma Programme	319	1,959	6,900	7,303	15,185	31,666
<i>% of planted area</i>	<i>1.0%</i>	<i>6.2%</i>	<i>21.8%</i>	<i>23.0%</i>	<i>48.0%</i>	<i>100.0%</i>

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

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

	2Q15	2Q14	Δ	1H15	1H14	Δ
Revenue (US\$ million)	4,206.8	4,191.7	0%	8,665.9	8,807.5	-2%
➤ <i>Manufacturing</i>	2,984.2	2,778.4	7%	5,485.7	5,332.4	3%
➤ <i>Consumer Products</i>	1,222.6	1,413.3	-13%	3,180.3	3,475.2	-8%
Sales volume ('000 MT)	6,913	6,042	14%	13,274	13,274	12%
➤ <i>Manufacturing</i>	5,911	4,900	21%	10,742	9,173	17%
➤ <i>Consumer Products</i>	1,002	1,142	-12%	2,531	2,627	-4%
Profit before tax (US\$ million)	115.9	41.5	>100%	282.0	55.1	>100%

- Strong growth in 2Q15 and 1H15 PBT was driven by improved China crush margins, higher volume crushed and continued strong performance by Consumer Products.
- Decline in Consumer Products volume in 2Q15 was mainly due to the reclassification of packed palm oil from Consumer Products to Tropical Oils segment. Without the reclassification, Consumer Products volume would have seen a 6% increase.

Business Segment results:

Sugar (Merchandising, Manufacturing and Consumer Products)

	2Q15	2Q14	Δ	1H15	1H14	Δ
Revenue (US\$ million)	854.4	778.8	10%	1,597.7	1,460.7	9%
➤ Milling	78.6	70.8	11%	99.4	92.0	8%
➤ Merchandising & Processing	775.8	708.0	10%	1,498.3	1,368.7	9%
Sales volume ('000 MT)	2,297	1,548	48%	4,106	2,958	39%
➤ Milling	292	173	68%	354	223	59%
➤ Merchandising & Processing	2,005	1,375	46%	3,752	2,735	37%
Profit before tax (US\$ million)	(37.5)	(23.7)	-58%	(105.5)	(77.8)	-36%
Operating statistics:						
Commercial cane sugar (%)	12.9	12.9	0%	12.9	12.9	0%
Cane crushed (million MT)	1.3	0.9	44%	1.3	0.9	44%

- Revenue growth due to increased sales volume from higher merchandising activities.
- Sugar recorded a loss before tax due to weaker performances from the Group's merchandising and manufacturing business and seasonal losses in the Milling segment which are typically incurred as a result of plant maintenance in the first half of the year.

Non-Operating Items

In US\$ million	2Q15	2Q14	1H15	1H14
Profit before tax - reported	273.6	231.8	583.5	437.6
Foreign exchange gain/(loss) arising from intercompany loans to subsidiaries	2.1	2.6	(19.1)	(28.8)
Net gain/(loss) from investment securities – HFT	10.3	11.0	11.6	(10.8)
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(5.5)	(7.2)	(11.4)	(14.4)
Others	1.2	0.2	1.4	1.1
Non-operating items gain /(loss) (pre-tax impact)	8.1	6.7	(17.5)	(52.9)
Profit before tax - excl non-operating items gain	265.5	225.1	601.0	490.5
Net profit - reported	201.8	170.7	443.0	332.5
Non-operating items gain/(loss) (post-tax impact)	8.2	7.6	(13.9)	(45.1)
Net profit - excl non-operating items gains	193.6	163.1	457.0	377.6

Cash Flow

US\$ million	1H15	1H14	FY14
Operating cash flow before working capital changes	1,205	492	1,844
Net cash flow from operating activities	1,656	166	1,973
Less : Investment in subsidiaries and associates	(461)	(114)	(220)
Capital expenditure	(482)	(575)	(1,093)
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(Increase)/decrease in other deposits and financial products with financial institutions	(531)	(79)	238
Dividends	(266)	(280)	(383)
Others	(244)	(110)	(278)
Net cash flow	195	(242)	(536)
Free cash flow	849	(431)	993
Turnover days			
- Inventories	66	66	63
- Trade Receivables	35	34	33
- Trade Payables	15	12	12

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

- Inventories dropped 5% reflecting lower stockholding of products in China after the festive season. Inventory turnover days remained at 66 days.
- Trade receivables declined 7% from lower seasonal sales against the December festive season. Trade receivables turnover days remained comparable at 35 days.
- Trade payables decreased due to the seasonal effect of the non-crushing season for Wilmar Sugar Australia. Average turnover days increased to 15 days in 1Q2015 as a result of the timing effect of purchases.

Funding and Liquidity

US\$ million	As at Jun 30, 2015		
	Available	Utilised	Balance
Credit facilities :			
Committed	11,301	8,595	2,706
Trade finance	26,228	13,509	12,719
Short term	1,021	375	646
Total credit facilities	38,550	22,479	16,071
Cash & cash equivalents			1,896
Total liquidity			17,968

- 60% of utilised facilities were trade financing lines, backed by inventories and receivables
- 58% of total facilities were utilised at June 30, 2015
- US\$18.0 billion total liquidity available at June 30, 2015

Key Indicators

	3 months ended Jun 30, 2015	Year ended Dec 31, 2014
Return on Average Equity* #	8.2%	7.6%
Return on Average Capital Employed** #	4.6%	4.1%
Return on Invested Capital*** #	4.9%	4.7%
in US cents		
EPS (fully diluted)	6.9	18.1
NTA per share	172.0	173.5
NAV per share	240.5	242.3
in Singapore cents		
Dividends (interim & final)	2.5	7.5

* Return on Average Equity = Net profit ÷ Average equity

** Return on Average Capital Employed = EBIT x (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)

Jun 30, 2015 returns based on LTM performances