# WILMAR INTERNATIONAL LIMITED

## 4Q2015 Results Briefing

February 19, 2016


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# Content

# 4Q2015 Financial Performance – Key Takeaways

# Earnings Highlights

| | 4Q15 (US$m) | vs 4Q14 △ | FY15 (US$m) | vs FY14 △ |
|---|---|---|---|---|
| Revenue | 9,431 | *-12%* | 38,777 | *-10%* |
| EBITDA | 615 | *-12%* | 2,102 | *-2%* |
| Net profit | 337 | *-16%* | 1,056 | *-9%* |
| Core profit after tax | 350 | *-15%* | 1,166 | *-4%* |
| Earnings per share<br>in US cents (fully diluted) | 5.3 | *-16%* | 16.6 | *-8%* |
| Dividends per share<br>In Singapore cents | 5.5 | *0%* | 8.0 | *+7%* |

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

| | 4Q15 | 4Q14 | Δ | FY15 | FY14 | Δ |
|---|---|---|---|---|---|---|
| Tropical oils (Plantation and Manufacturing) | 112.4 | 295.5 | *-62%* | 545.6 | 969.2 | *-44%* |
| Oilseeds and Grains (Manufacturing and Consumer Products) | 164.2 | 117.6 | *40%* | 689.8 | 348.5 | *98%* |
| Sugar (Merchandising, Manufacturing and Consumer Products) | 80.1 | 53.6 | *49%* | 83.3 | 134.4 | *-38%* |
| Others | 19.8 | 39.4 | *-50%* | 17.4 | 20.0 | *-13%* |
| Associates / Joint Ventures | 57.3 | 35.8 | *60%* | 100.9 | 80.7 | *25%* |
| Unallocated expenses | (2.6) | (0.1) | *>100%* | (8.3) | (15.2) | *45%* |
| **Profit Before Tax** | **431.2** | **542.0** | ***-20%*** | **1,428.7** | **1,537.6** | ***-7%*** |

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# Cash Flow Highlights

| US$ million | FY15 | FY14 |
|---|---|---|
| Operating cash flow before working capital changes | 2,042 | 1,844 |
| Net cash flow from operating activities | 2,232 | 1,973 |
| Less : Investment in subsidiaries, joint ventures and associates | (511) | (220) |
| Capital expenditure | (865) | (1,093) |
| Net decrease from bank borrowings* | (2,783) | (773) |
| Decrease in other deposits and financial products with financial institutions | 1,254 | 238 |
| Dividends | (381) | (383) |
| Share buy-back | (149) | (9) |
| Others | 528 | (269) |
| **Net cash flow** | (675) | (536) |
| **Free cash flow** | 1,067 | 993 |

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

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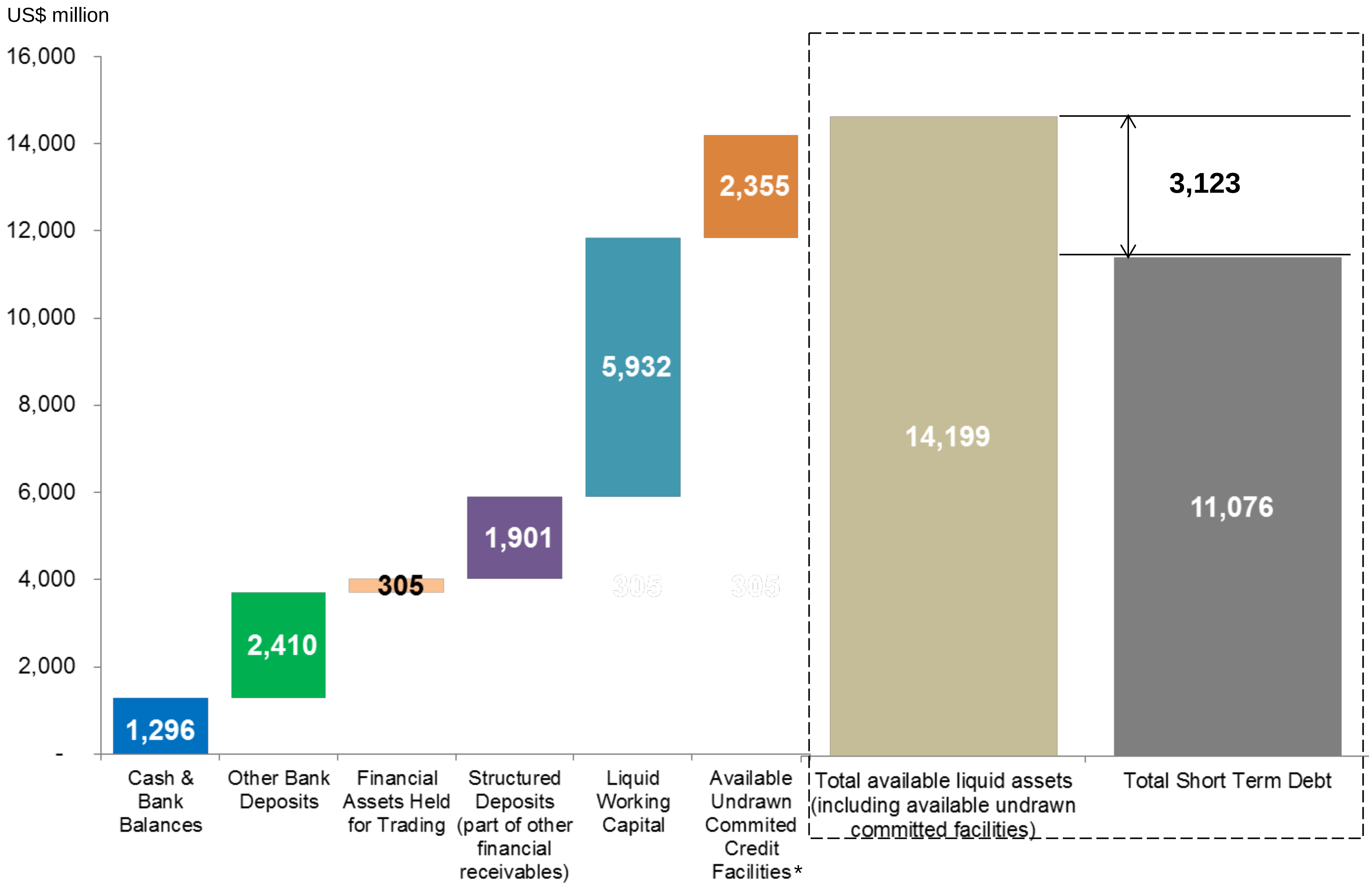
# Liquidity and Short-Term Debt




*Liquid Working Capital = Inventories (excl. consumables) + Trade Receivables – Current liabilities (excl. borrowings)*

** Out of total unused credit facilities of US$17.92 billion*

# Key Leverage Metrics

| Key Financials (US$ million) | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| EBITDA | 2,102 | 2,148 | 2,432 | 2,406 |
| (-) FV of biological assets | (10) | (8) | (9) | 29 |
| Adj EBITDA | 2,112 | 2,156 | 2,441 | 2,377 |
| Net Debt | 11,817 | 12,056 | 12,446 | 12,209 |
| (-) liquid working capital | 5,932 | 6,264 | 7,109 | 7,011 |
| Adj net debt | 5,884 | 5,792 | 5,337 | 5,198 |
| Shareholder equity | 15,127 | 15,495 | 15,005 | 14,346 |

| Key Financials (US$ million) | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Net debt/ EBITDA | 5.6 | 5.6 | 5.1 | 5.1 |
| Adj net debt/ EBITDA | 2.8 | 2.7 | 2.2 | 2.2 |
| Net debt/ equity | 0.78 | 0.78 | 0.83 | 0.85 |
| Adj net debt/ equity | 0.39 | 0.37 | 0.36 | 0.36 |

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

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# Finance Income/Expenses & FX Hedging Costs

| US$' million | 4Q15 | 4Q14 | Δ | FY15 | FY14 | Δ |
|---|---|---|---|---|---|---|
| Interest income | 95.5 | 137.1 | -30% | 470.5 | 600.5 | -22% |
| Interest expenses | (97.3) | (120.4) | 19% | (444.2) | (523.1) | 15% |
| Non operating items - Interest expense | (5.7) | (6.5) | 12% | (22.7) | (27.8) | 18% |
| **Net interest (expenses)/income** | **(7.5)** | **10.3** | **n.m** | **3.7** | **49.6** | **-93%** |
| | | | | | | |
| **Net Debt (average)** | **11,473.2** | **11,797.7** | **-3%** | **11,523.4** | **12,430.3** | **-7%** |
| | | | | | | |
| Effective interest rates | 0.26% | -0.35% | n.m | -0.03% | -0.40% | -92% |
| Hedging costs - CNY | 1.65% | 1.31% | 26% | 1.77% | 0.35% | >100% |
| **All-in (including hedging costs) interest rates** | **1.91%** | **0.96%** | **99%** | **1.74%** | **-0.04%** | **n.m** |
| | | | | | | |
| **Average borrowing rate (including MTM hedging costs)** | **3.06%** | **2.38%** | **29%** | **3.14%** | **2.36%** | **33%** |

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# Accounting for Biological Assets

| **Biological Assets** | **US$ '000** |
|---|---|
| Book value as at Dec 31, 2015 | 1,794,595 |
| Adjustment due to amendments to FRS 41 | (986,826) |
| **Revised value of Biological Assets** | **807,769** |
| | |
| **Total Impact on Equity – Dec 31, 2015** | **(751,694)** |
| | |
| **Net Debt Ratio (Proforma)** | **0.82x** |
| | |
| **Additional depreciation for 2015** | **(47,720)** |

*Amendments to FRS 41, Agriculture: Bearer Plants, effective for annual periods beginning on or after 1 January 2016 requires retrospective adjustment to the fair value of biological assets.*

# Business Outlook

- The Group performed satisfactorily for the full year, in spite of the challenging environment, particularly for palm oil.
- Healthy growth was achieved in various key business segments such as oilseeds, flour, rice, consumer products, specialty fats and sugar.
- In an environment where macro factors are expected to remain challenging, we believe our resilient business model and vertical integration, supported by our healthy balance sheet, will allow us to continue to do reasonably well.

# Appendix

# Business Segment results: Tropical Oils (Plantation and Manufacturing)

| | 4Q15 | 4Q14 | Δ | FY15 | FY14 | Δ |
|---|---|---|---|---|---|---|
| Revenue (US$ million) | 3,599.4 | 4,798.0 | *-25%* | 15,607.3 | 20,339.2 | *-23%* |
| ➢ *Plantation* | *13.3* | *15.6* | *-15%* | *56.5* | *71.0* | *-20%* |
| ➢ *Manufacturing* | *3,586.1* | *4,782.4* | *-25%* | *15,550.8* | *20,268.3* | *-23%* |
| Sales volume ('000 MT)<br>➢ *Manufacturing* | *5,961* | *6,538* | *-9%* | *23,500* | *24,607* | *-4%* |
| Profit before tax (US$ million) | 112.4 | 295.5 | *-62%* | 545.6 | 969.2 | *-44%* |

- Revenue declined in 4Q2015 and in FY2015 due to the decrease in refining sales volume and lower CPO prices.
- Production yield improved 14.7% to 5.9 MT per hectare in 4Q2015, resulting in an increase in total fresh fruit bunches production to 1.2 million MT. The FY2015 improved yield was partially offset by poorer weather conditions in 1Q2015, resulting in a marginal increase in total fresh food bunches production to 4.5 million MT in FY2015.
- Plantation results were impacted by lower CPO prices in 4Q2015 despite improved production yield. In addition, a challenging macro environment with weak demand and compressed margins resulted in lower profits for the downstream operations. The award of the Biodiesel Quota in November 2015 improved the biodiesel operations, but the associated benefits will be more fully experienced over the course of 2016.

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# Business Segment results:
# Tropical Oils (Plantation and Manufacturing)

| | 4Q15 | 4Q14 | Δ | FY15 | FY14 | Δ |
|---|---|---|---|---|---|---|
| Planted area (ha) | 240,956 | 238,287 | *1%* | 240,956 | 238,287 | *1%* |
| Mature area harvested (ha) | 209,018 | 210,063 | *0%* | 209,018 | 210,063 | *0%* |
| FFB production (MT) | 1,235,326 | 1,082,495 | *14%* | 4,481,022 | 4,323,960 | *4%* |
| FFB Yield (MT/ha) | 5.9 | 5.2 | *15%* | 21.4 | 20.6 | *4%* |
| **Mill Production** | | | | | | |
| ➢ Crude Palm Oil (MT) | 523,604 | 472,143 | *11%* | 1,995,800 | 1,909,355 | *5%* |
| ➢ Palm Kernel (MT) | 125,177 | 108,907 | *15%* | 472,968 | 437,776 | *8%* |
| **Extraction Rate** | | | | | | |
| ➢ Crude Palm Oil | 20.6% | 20.9% | *-1%* | 20.5% | 20.6% | *-1%* |
| ➢ Palm Kernel | 4.9% | 4.8% | *2%* | 4.9% | 4.7% | *3%* |

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# Plantation Age Profile

| in hectares | Average Age of Plantation | | | | | |
|---|---|---|---|---|---|---|
| **30 Dec 2015** | **0 - 3 yrs** | **4 - 6 yrs** | **7 - 14 yrs** | **15 - 18 yrs** | **>18 yrs** | **Total** |
| 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 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%* |
| **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** |
| *% of total planted area* | *10.2%* | *11.8%* | *45.7%* | *11.5%* | *20.8%* | *100.0%* |
| Included YTD new plantings of : | 3,089 | | | | | |
| Plasma Programme | 319 | 1,959 | 6,900 | 7,303 | 15,185 | 31,666 |
| *% of planted area* | *1.0%* | *6.2%* | *21.8%* | *23.0%* | *48.0%* | *100.0%* |

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

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

| | 4Q15 | 4Q14 | ∆ | FY15 | FY14 | ∆ |
|---|---|---|---|---|---|---|
| Revenue (US$ million) | 4,186.1 | 4,574.9 | *-8%* | 17,705.1 | 17,986.4 | *-2%* |
| ➢ *Manufacturing* | *2,862.6* | *3,051.5* | *-6%* | *11,540.5* | *11,233.6* | *3%* |
| ➢ *Consumer Products* | *1,323.5* | *1,523.5* | *-13%* | *6,164.6* | *6,752.9* | *-9%* |
| Sales volume ('000 MT) | 7,425 | 6,887 | *8%* | 28,706 | 25,081 | *14%* |
| ➢ *Manufacturing* | *6,265* | *5,579* | *12%* | *23,642* | *19,785* | *19%* |
| ➢ *Consumer Products* | *1,160* | *1,308* | *-11%* | *5,064* | *5,296* | *-4%* |
| Profit before tax (US$ million) | 164.2 | 117.6 | *40%* | *689.8* | *348.5* | *98%* |

- Record volume of soybean crushed, stable crushing margins and higher volume from Consumer Products businesses contributed to the strong PBT growth in 4Q2015 and FY2015.
- Sales volume for the Oilseeds and Grains segment increased to 7.4 million MT in 4Q2015 and 28.7 million MT for FY2015. Sales volume for Consumer Products was 1.2 million MT for 4Q2015 and 5.1 million MT for FY2015 mainly due to the reclassification of packed palm oil from Consumer Products to Tropical Oils segment. Without this reclassification, Consumer Products' volume would have recorded an increase of 5.6% for 4Q2015 and 12.5% for FY2015.

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# Business Segment results:
# Sugar (Merchandising, Manufacturing and Consumer Products)

| | 4Q15 | 4Q14 | Δ | FY15 | FY14 | Δ |
|---|---|---|---|---|---|---|
| Revenue (US$ million) | 1,424.4 | 1,201.9 | *19%* | 4,404.4 | 4,060.4 | *8%* |
| ➢ *Milling* | *284.6* | *300.7* | *-5%* | *854.1* | *938.0* | *-9%* |
| ➢ *Merchandising & Processing* | *1,139.8* | *901.2* | *26%* | *3,550.3* | *3,122.4* | *14%* |
| Sales volume ('000 MT) | 4,324 | 3,251 | *33%* | 13,118 | 9,714 | *35%* |
| ➢ *Milling* | *1,071* | *1,242* | *-14%* | *3,365* | *3,089* | *9%* |
| ➢ *Merchandising & Processing* | *3,253* | *2,009* | *62%* | *9,753* | *6,625* | *47%* |
| Profit before tax (US$ million) | 80.1 | 53.6 | *49%* | 83.3 | 134.4 | *-38%* |
| **Operating statistics:** | | | | | | |
| Commercial cane sugar (%) | 15.3 | 15.0 | *2%* | 14.5 | 14.4 | *1%* |
| Cane crushed (million MT) | 4.5 | 5.4 | *-17%* | 15.7 | 15.3 | *3%* |

- Sales volume increased in 4Q2015 and FY2015 from higher merchandising and milling activities.
- For 4Q2015, the Group's milling segment recorded a strong set of results on higher sugar price. The good milling results and higher sales volume from the merchandising and manufacturing business, contributed to the increase in 4Q2015 PBT to US$80.1 million.
- For FY2015, the lower PBT of US$83.3 million for the segment was mainly due to weaker performances from the merchandising and manufacturing business and lower translated profits from the Group's Australian operations as a result of the weakening Australian Dollar.

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# Non-Operating Items

| In US$ million | 4Q15 | 4Q14 | FY15 | FY14 |
|---|---|---|---|---|
| **Profit before tax - reported** | **431.2** | **542.0** | **1,428.7** | **1,537.6** |
| Foreign exchange loss arising from intercompany loans to subsidiaries | (10.1) | (16.6) | (43.1) | (43.1) |
| Net gain/(loss) from investment securities – HFT | 16.9 | 14.9 | (33.3) | 2.7 |
| Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition | (5.7) | (6.4) | (22.7) | (27.8) |
| Others | 0.5 | 1.4 | 4.2 | 3.3 |
| Non-operating items gain/(loss) (pre-tax impact) | 1.6 | (6.7) | (94.9) | (64.9) |
| Net loss from biological assets | (10.2) | (8.0) | (10.2) | (8.0) |
| **Profit before tax - excl non-operating items** | **439.8** | **556.7** | **1,533.8** | **1,610.5** |
| **Net profit - reported** | **337.2** | **401.2** | **1,056.1** | **1,156.2** |
| Non-operating items loss (post-tax impact) | (13.2) | (11.3) | (110.3) | (63.7) |
| **Net profit - excl non-operating items gains** | **350.4** | **412.5** | **1,166.4** | **1,219.9** |

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# Cash Flow

| US$ million | FY15 | FY14 |
|---|---|---|
| Operating cash flow before working capital changes | 2,042 | 1,844 |
| Net cash flow from operating activities | 2,232 | 1,973 |
| Less : Investment in subsidiaries, joint ventures and associates | (511) | (220) |
| Capital expenditure | (865) | (1,093) |
| Net decrease from bank borrowings* | (2,783) | (773) |
| Decrease in other deposits and financial products with financial institutions | 1,254 | 238 |
| Dividends | (381) | (383) |
| Share buy-back | (149) | (9) |
| Others | 528 | (269) |
| **Net cash flow** | **(675)** | **(536)** |
| **Free cash flow** | **1,067** | **993** |
| Turnover days | | |
| - Inventories | 65 | 63 |
| - Trade Receivables | 34 | 33 |
| - Trade Payables | 14 | 12 |

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

- Inventories decreased on lower commodities prices. This was partially offset by higher stockholding in China for the consumer products division in preparation for the earlier Chinese Festive season in FY2016. Average inventory turnover days increased to 65 days in FY2015.

- Trade receivables declined due to reduction in receivables from timing of sales and lower prices. Average turnover days remained comparable at 34 days in FY2015.

- Trade payables decreased but the average turnover days increased to 14 days in FY2015 mainly due to the timing effect of purchases.

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# Funding and Liquidity

| US$ million | As at Dec 31, 2015 Available | Utilised | Balance |
|---|---|---|---|
| Credit facilities : | | | |
| Committed | 10,654 | 8,299 | 2,355 |
| Trade finance | 23,501 | 8,571 | 14,930 |
| Short term | 1,191 | 553 | 638 |
| **Total credit facilities** | **35,346** | **17,423** | **17,923** |
| **Available facilities** | | | **17,923** |

- 49% of utilised facilities were trade financing lines, backed by inventories and receivables
- 49% of total facilities were utilised at Dec 31, 2015

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# Key Indicators

| | As at Dec 31, 2015 | As at Dec 31, 2014 |
|---|---|---|
| Return on Average Equity* | 6.9% | 7.6% |
| Return on Average Capital Employed** | 3.9% | 4.1% |
| Return on Invested Capital*** | 4.6% | 4.7% |
| in US cents | | |
| EPS (fully diluted) | 16.6 | 18.1 |
| NTA per share | 170.2 | 173.5 |
| NAV per share | 239.3 | 242.3 |
| in Singapore cents | | |
| Dividends (interim & final) | 8.0 | 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)*