

WILMAR INTERNATIONAL LIMITED

2Q2017 Results Highlights

August 10, 2017




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Agenda

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2Q2017 Financial Performance – Key Takeaways



Earnings Highlights

	2Q17 (US\$m)	vs 2Q16 △	1H17 (US\$m)	vs 1H16 △
Revenue	10,599	13%	21,169	15%
EBITDA	308	>100%	999	66%
Net profit	60	n.m.	422	>100%
Core net profit	37	n.m.	350	>100%
Earnings per share in US cents (fully diluted)	1.0	n.m.	6.7	>100%
Dividends per share In SGD cents	3.0	20%	3.0	20%

n.m. – not meaningful

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

	2Q17	2Q16	Δ	1H17	1H16	Δ
Tropical Oils (Plantation, Manufacturing & Merchandising)	59.5	186.3	-68%	238.1	335.7	-29%
Oilseeds and Grains (Manufacturing & Consumer Products)	61.1	(343.8)	<i>n.m.</i>	274.8	(175.0)	<i>n.m.</i>
Sugar (Milling, Merchandising, Refining & Consumer Products)	(106.8)	(78.7)	-36%	(141.3)	(96.9)	-46%
Others	28.8	20.6	39%	98.3	32.8	>100%
Joint Ventures & Associates	23.3	32.0	-27%	65.2	44.7	46%
Unallocated expenses [#]	(1.9)	(2.6)	29%	(3.9)	(6.2)	37%
Profit/(Loss) Before Tax	64.0	(186.2)	<i>n.m.</i>	531.2	135.1	>100%

[#] Unallocated expenses refer to expenses in relation to the grant of share options to employees.

n.m. – not meaningful

Cash Flow Highlights

US\$ million	1H17	1H16	FY16
Operating cash flow before working capital changes	990	651	2,021
Net cash flow generated from operating activities	410	706	1,124
Less: Acquisitions of subsidiaries, joint ventures and associates	(35)	(35)	(145)
Capital expenditure	(383)	(391)	(777)
Net increase/(decrease) from bank borrowings*	1,377	(1,589)	(695)
(Increase)/decrease in other deposits and financial products with financial institutions	(513)	1,572	774
Dividends	(180)	(254)	(371)
Share buy-back	-	-	(9)
Others	51	34	140
Net cash flow	727	43	41
Free cash flow	282	446	592

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.

Free Cash Flow = Cashflows (used in)/generated from operations – Capital expenditure – Acquisitions/disposals of subsidiaries, joint ventures and associates.

Gearing

US\$ million	As at Jun 30, 2017	As at Dec 31, 2016
Debt/Equity (x)	0.79	0.81
- Net Debt *	11,830	11,692
- Shareholders' funds	15,060	14,435
Adjusted Debt/Equity (x)	0.31	0.35
- Liquid working capital **	7,199	6,706
- Adjusted Net Debt	4,631	4,986
- EBITDA ***	2,643	2,244
Net debt/EBITDA (x) ***	4.48	5.21
Adjusted net debt/EBITDA (x) ***	1.8	2.2

* 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 17 is based on LTM performance.

- Net debt to equity ratio decreased to 0.79x compared to 0.81x as at Dec 31, 2016.
- Adjusted debt to equity ratio decreased to 0.31x from 0.35x.

Business Outlook

- We expect Tropical Oils to perform better in 2H2017 on the back of improvements in production yields and better margins from downstream operations. Oilseeds crush margins are expected to remain positive for the rest of the year and Consumer Products will improve as it enters its seasonal peak period. However, Sugar will continue to be affected by the volatility in sugar prices.
- While the Group may face short term challenges, we remain very optimistic about the tremendous growth prospects of our various businesses and will continue with our expansion plans, especially in China, India and Indonesia.

Appendix



Business Segment results:

Tropical Oils (Plantation, Manufacturing and Merchandising)

	2Q17	2Q16	Δ	1H17	1H16	Δ
Revenue (US\$ million)	4,464.6	4,162.7	7%	9,107.4	7,674.2	19%
➤ <i>Plantation</i>	11.2	13.1	-14%	29.2	24.1	21%
➤ <i>Manufacturing & Merchandising</i>	4,453.4	4,149.6	7%	9,078.2	7,650.1	19%
Sales volume [#] ('000 MT)						
➤ <i>Manufacturing & Merchandising</i>	5,750	5,781	-1%	11,400	11,338	1%
Profit before tax (US\$ million)	59.5	186.3	-68%	238.1	335.7	-29%

[#] Excludes plantation volume

- Lower profit in 2Q17 mainly due to the challenging operating conditions faced by the merchandising and processing businesses.
- Despite improvements in production volume in the Plantation business, profit before tax decreased by 68% in 2Q17.
- Production yield improved 32% to 5.2 MT per hectare in 2Q17 and 19% to 9.8 MT per hectare in 1H17 as the effects of El Nino eased.

Business Segment results:

Tropical Oils (Plantation, Manufacturing and Merchandising)

	2Q17	2Q16	Δ	1H17	1H16	Δ
Planted area (ha)	240,730	239,775	0%	240,730	239,775	0%
Mature area harvested (ha)	208,129	208,037	0%	208,129	208,037	0%
FFB production (MT)	1,031,475	783,538	32%	1,970,246	1,685,572	17%
FFB Yield (MT/ha)	5.2	3.9	32%	9.8	8.2	19%
Mill Production						
➤ Crude Palm Oil (MT)	409,267	356,802	15%	802,963	732,782	10%
➤ Palm Kernel (MT)	94,424	86,240	9%	191,485	175,190	9%
Extraction Rate						
➤ Crude Palm Oil	20.2%	19.8%	2%	20.1%	20.3%	-1%
➤ Palm Kernel	4.7%	4.8%	-3%	4.8%	4.9%	-1%

Plantation Age Profile

in hectares	Average Age of Plantation					
30 Jun 2017	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	Total
Indonesia	8,548	11,236	105,182	12,238	29,166	166,370
Malaysia	12,016	4,683	9,546	8,978	21,744	56,967
Africa	8,576	2,742	4,841	980	254	17,393
Total planted area	29,140	18,661	119,569	22,196	51,164	240,730
<i>% of total planted area</i>	<i>12.1%</i>	<i>7.8%</i>	<i>49.6%</i>	<i>9.2%</i>	<i>21.3%</i>	<i>100.0%</i>
Included YTD new plantings of :	470					
Plasma/outgrower Programme	160	328	5,965	2,846	21,937	31,236
<i>% of planted area</i>	<i>0.5%</i>	<i>1.1%</i>	<i>19.1%</i>	<i>9.1%</i>	<i>70.2%</i>	<i>100.0%</i>
31 Dec 2016						
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
<i>% of total planted area</i>	<i>13.6%</i>	<i>6.2%</i>	<i>50.5%</i>	<i>9.9%</i>	<i>19.8%</i>	<i>100.0%</i>
Included YTD new plantings of :	2,164					
Plasma/outgrower Programme	200	628	6,022	4,470	19,964	31,284
<i>% of planted area</i>	<i>0.7%</i>	<i>2.0%</i>	<i>19.2%</i>	<i>14.3%</i>	<i>63.8%</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)

	2Q17	2Q16	Δ	1H17	1H16	Δ
Revenue (US\$ million)	4,344.6	3,959.4	10%	8,809.0	8,456.2	4%
➤ <i>Manufacturing</i>	3,142.7	2,801.5	12%	5,931.0	5,237.5	13%
➤ <i>Consumer Products</i>	1,201.9	1,157.9	4%	2,878.0	3,218.7	-11%
Sales volume ('000 MT)	7,821	6,957	12%	14,939	14,142	6%
➤ <i>Manufacturing</i>	6,702	5,943	13%	12,398	11,405	9%
➤ <i>Consumer Products</i>	1,119	1,014	10%	2,541	2,737	-7%
Profit/(loss) before tax (US\$ million)	61.1	(343.8)	<i>n.m.</i>	274.8	(175.0)	<i>n.m.</i>

- The segment recovered from its one-off losses in 2Q16 and recorded a profit before tax of US\$61.1 million in 2Q17 on the back of higher crush volume and positive crush margins.
- Overall sales volume increased by 12% in 2Q17 to 7.8 million MT and increased by 6% in 1H17 to 14.9 million MT.

Business Segment results:

Sugar (Milling, Merchandising, Refining and Consumer Products)

	2Q17	2Q16	Δ	1H17	1H16	Δ
Revenue (US\$ million)	1,599.9	1,038.0	54%	2,836.4	1,808.5	57%
➤ <i>Milling</i>	33.0	58.9	-44%	75.9	88.2	-14%
➤ <i>Merchandising, Refining & Consumer Products</i>	1,566.9	979.1	60%	2,760.5	1,720.3	60%
Sales volume ('000 MT)	3,137	2,484	26%	5,625	4,439	27%
➤ <i>Milling</i>	25	188	-87%	228	276	-17%
➤ <i>Merchandising, Refining & Consumer Products</i>	3,112	2,296	36%	5,397	4,163	30%
(Loss) before tax (US\$ million)	(106.8)	(78.7)	-36%	(141.3)	(96.9)	-46%

- Losses in 2Q17 and 1H17 due to seasonal losses from plant maintenance activities by the Milling business in the first half of the year, and weaker performance in the merchandising and refining businesses.
- Sales volume growth supported by higher merchandising activities in 2Q17 and 1H17.

Cash Flow

US\$ million	1H17	1H16	FY16
Operating cash flow before working capital changes	990	651	2,021
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Less : Acquisitions of subsidiaries, joint ventures and associates	(35)	(35)	(145)
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Dividends	(180)	(254)	(371)
Share buy-back	-	-	(9)
Others	51	34	140
Net cash flow	727	43	41
Free cash flow	282	446	592
Turnover days			
- Inventories	67	68	64
- Trade Receivables	35	35	33
- Trade Payables	12	13	13

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.

Turnover days are calculated by averaging the monthly turnover days to better reflect the true turnover period in view of the seasonality of the Group's business. Monthly turnover days are computed using revenue and cost of sales for the month.

Free Cash Flow = Cashflows (used in)/generated from operations – Capital expenditure – Acquisitions/disposals of subsidiaries, joint ventures and associates.

Cash Flow – Cont.

- In 1H17, inventories declined 1% to US\$6.9b due to lower stockholding of consumer products in China after the festive season. Average turnover days remained comparable at 67 days for 1H17.
- Trade receivables decreased marginally to US\$4.0b in 1H17. Average turnover days remained comparable at 35 days for 1H17.
- Trade payables decreased to US\$1.2b mainly due to seasonal impact by the Sugar segment. Average turnover days remained comparable at 12 days.

Funding and Liquidity

US\$ million	As at Jun 30, 2017		Balance
	Available	Utilised	
Credit facilities :			
Committed	9,462	7,012	2,450
Trade finance	21,951	10,234	11,717
Short term	862	202	660
Total credit facilities	32,275	17,448	14,827

- 59% of utilised facilities were trade financing lines, backed by inventories and receivables.
- 54% of total facilities were utilised as at June 30, 2017.

Key Indicators

	As at Jun 30, 2017	As at Dec 31, 2016
Return on Average Equity* #	9.3%	6.7%
Return on Average Capital Employed* #	6.2%	4.5%
Return on Invested Capital* #	6.6%	4.6%
in US cents		
EPS (fully diluted)	6.7	15.4
NTA per share	168.9	159.4
NAV per share	238.2	228.5
in Singapore cents		
Dividends (interim & final)	3.0**	6.5

* Jun 17 returns based on LTM performances

** Only interim dividends

Formulas :

Return on Average Equity = Net profit ÷ Average equity

Return on Average Capital Employed = $EBIT \times (1 - \text{tax rate}) \div (\text{Average equity} + \text{Average minority interest} + \text{Average net debt})$

Return on Invested Capital = $(\text{Earnings before interest} - \text{Fair value of biological assets}) \div (\text{Average long term assets excl Intangibles \& DTA} + \text{Average net working capital excl cash and borrowings})$