

 [Print this page](#)**SECOND QUARTER 2012 RESULTS BRIEFING PRESENTATION * Financial Statement And Related Announcement**

* Asterisks denote mandatory information

Name of Announcer *	WILMAR INTERNATIONAL LIMITED
Company Registration No.	199904785Z
Announcement submitted on behalf of	WILMAR INTERNATIONAL LIMITED
Announcement is submitted with respect to *	WILMAR INTERNATIONAL LIMITED
Announcement is submitted by *	COLIN TAN TIANG SOON
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2012
Description	Please refer to attached Results Briefing Presentation.

Attachments [Wilmar_2Q12_Results_Briefing_Presentation.pdf](#)Total size = **714K**
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WILMAR INTERNATIONAL LIMITED

2Q2012 Results Briefing

Aug 15, 2012




wilmar

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2Q2012 Financial Performance

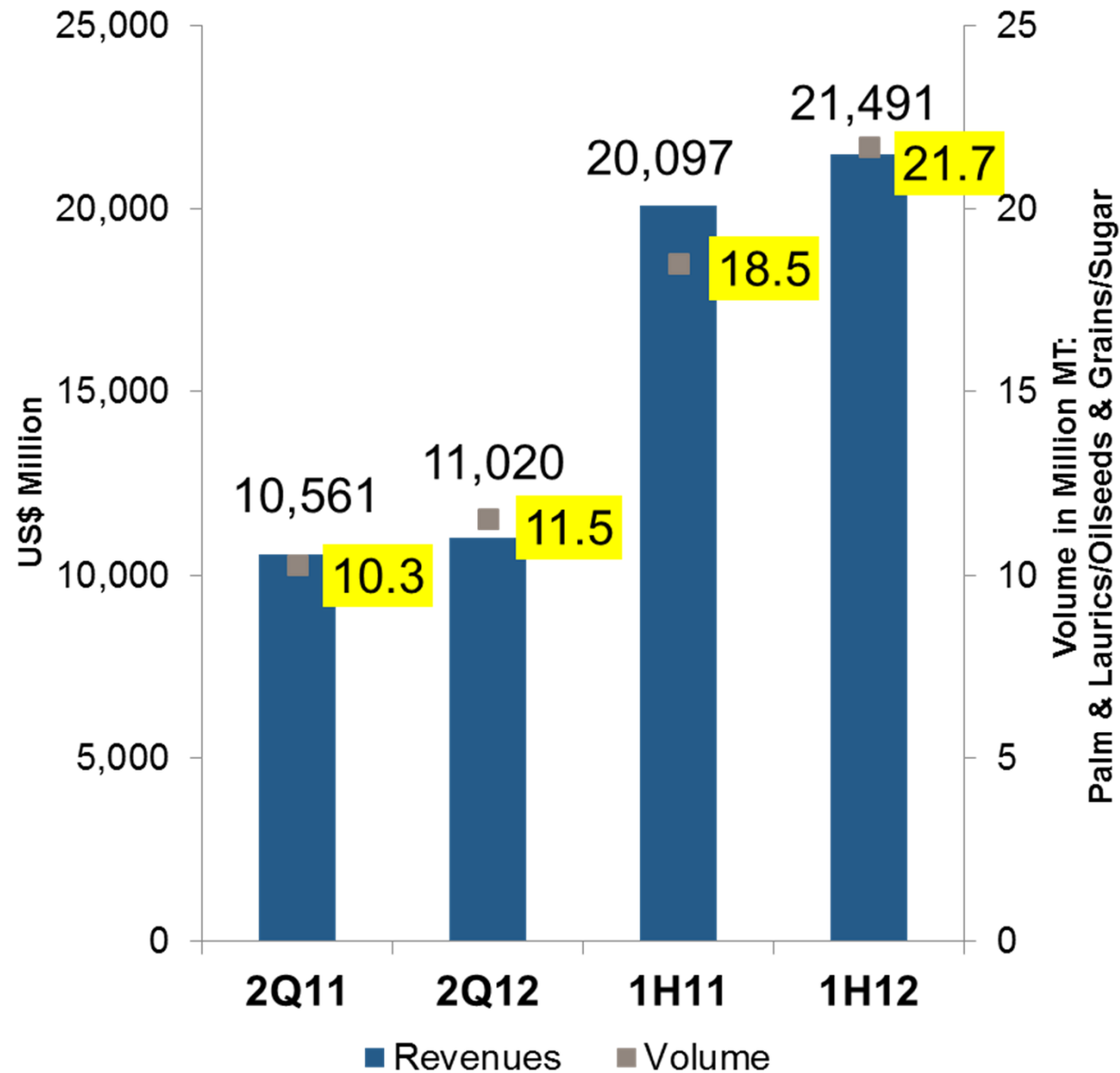


Overview of Results

	2Q12 (US\$m)	vs 2Q11 Δ
Revenue	11,020	4%
EBITDA	329	-48%
Net profit	117	-70%
Earnings per share in US cents (fully diluted)	1.8	-71%
Net profit – excl non- operating items	172	-55%

	1H12 (US\$m)	vs 1H11 Δ
Revenue	21,491	7%
EBITDA	897	-30%
Net profit	373	-52%
Earnings per share in US cents (fully diluted)	5.8	-53%
Net profit – excl non- operating items	378	-53%

Revenues



2Q12 Key Highlights

Revenue up 4% mainly on volume increase

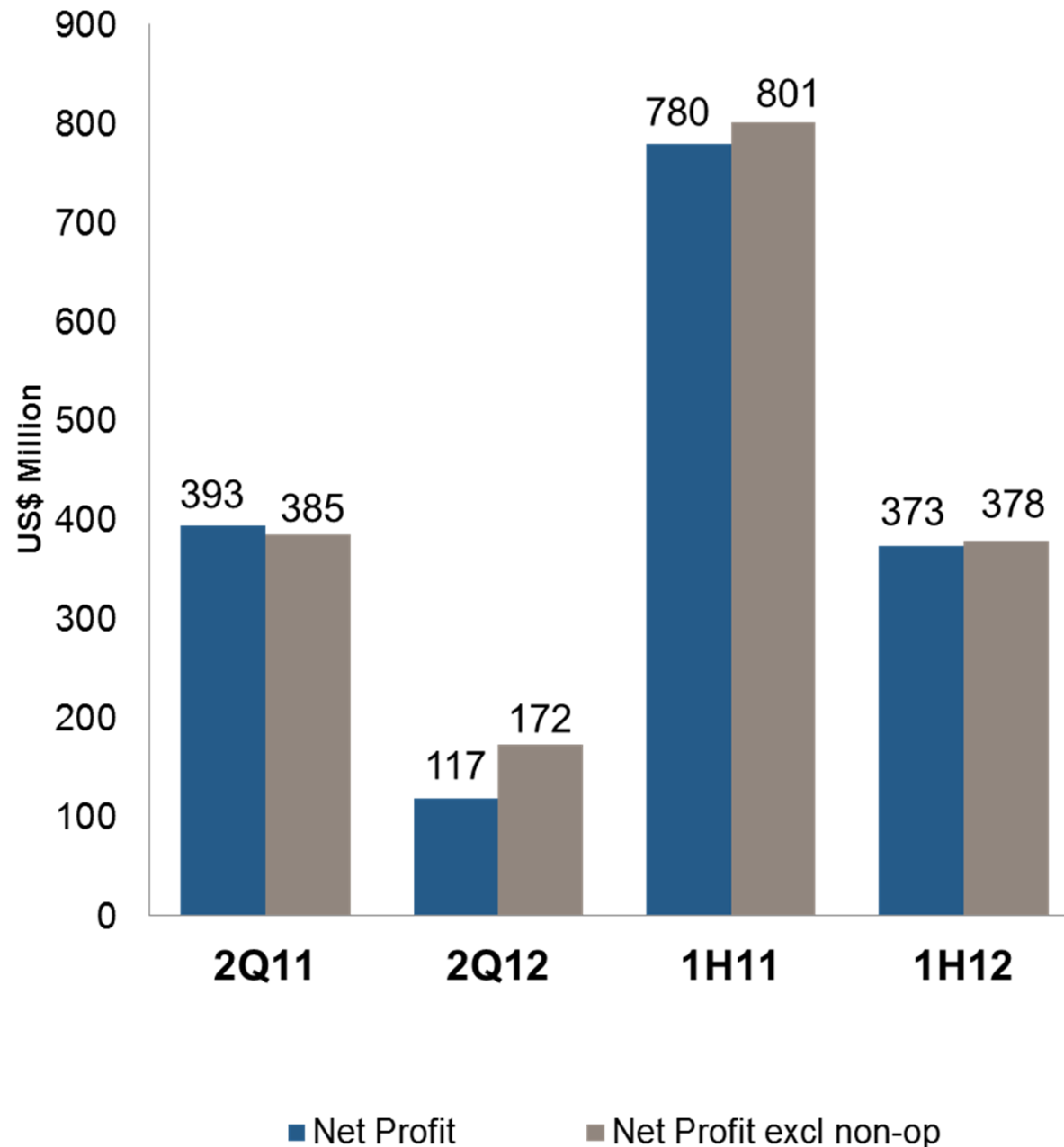
- Palm and Laurics volume up 17%

- Oilseeds and Grains volume down 1%

- Consumer Pack volume up 7%

- Sugar Merchandising and Processing volume up 87%

Net Profit



2Q12 Key Highlights

Net profit declined by 70%; excluding non-op items, declined 55%

Largely due to negative crush margins in Oilseeds & Grains

Lower prices, higher production costs and lower production yield for Plantations

Unfavourable weather and lower merchandising profits in Sugar

Business Segment Results: Profit before Tax

US\$ million	2Q12	2Q11	Δ	1H12	1H11	Δ
Merchandising & Processing	120.1	282.5	-57%	302.5	628.1	-52%
➤ <i>Palm & Laurics</i>	160.1	153.1	5%	395.0	306.6	29%
➤ <i>Oilseeds & Grains</i>	(40.0)	129.4	n.m.	(92.5)	321.5	n.m.
Consumer Products	18.0	1.0	>100%	68.2	37.8	81%
Plantations & Palm Oil Mills	79.2	145.0	-45%	178.0	226.8	-22%
Sugar	(60.3)	(7.1)	>100%	(108.2)	(14.4)	>100%
➤ <i>Milling</i>	(79.1)	(49.6)	60%	(137.1)	(72.2)	90%
➤ <i>Merchandising & Processing</i>	18.9	42.4	-56%	29.0	57.8	-50%
Others	(34.6)	34.9	n.m.	57.0	79.4	-28%
Associates	30.7	47.8	-36%	52.4	102.2	-49%
Unallocated income/(expenses)	(4.0)	(40.7)	-90%	(12.3)	(94.8)	-87%
Profit Before Tax	149.1	463.3	-68%	537.6	965.1	-44%

- Others include Shipping and Fertiliser businesses and gains/losses from investment securities
- Unallocated income/expenses refer to share option expenses, fair value gains/losses on embedded derivatives of convertible bonds and accretion interest of the bonds

Business Segment results: Palm and Laurics

	2Q12	2Q11	Δ	1H12	1H11	Δ
Revenue (US\$ million)	6,008	5,798	4%	11,439	10,891	5%
Sales volume ('000 MT)	5,623	4,824	17%	10,792	9,116	18%
Profit before tax (US\$ million)	160.1	153.1	5%	395.0	306.6	29%
Profit before tax per MT (US\$/MT)	28.5	31.7	-10%	36.6	33.6	9%

- PBT for 2Q12 grew at a lower rate than volume growth due to lower selling prices achieved in downstream products particularly oleochemicals and biodiesel.
- Overall, PBT improved for 1H12 due to stronger volumes and margins

Business Segment results: Oilseeds and Grains

	2Q12	2Q11	Δ	1H12	1H11	Δ
Revenue (US\$ million)	3,086	3,009	3%	5,776	5,336	8%
Sales volume ('000 MT)	4,588	4,620	-1%	8,996	8,130	11%
Profit before tax (US\$ million)	(40.0)	129.4	n.m.	(92.5)	321.5	n.m.
Profit before tax per MT (US\$/MT)	(8.7)	28.0	n.m.	(10.3)	39.5	n.m.

- 2Q12 volumes for flour and rice recorded significant growth but offset by lower sales volume in soybeans due to the difficult operating environment
- Crush margin during 2Q12 was extremely poor and this was exacerbated by losses from the depreciation of Renminbi against US dollar, resulting in a pretax loss
- Losses in the Oilseeds and Grains segment are reduced sequentially as compared to 1Q12
- Overall demand for the Group's products remain strong, leading to a healthy growth in volume for 1H12

Business Segment results: Consumer Products

	2Q12	2Q11	Δ	1H12	1H11	Δ
Revenue (US\$ million)	1,380	1,278	8%	3,271	3,007	9%
Sales volume ('000 MT)	897	837	7%	2,103	1,959	7%
Profit before tax (US\$ million)	18.0	1.0	>100%	68.2	37.8	81%
Profit before tax per MT (US\$/MT)	20.0	1.2	>100%	32.4	19.3	68%

- Sales volume in 2Q12 and 1H12 was driven by demand growth for edible oils, flour and rice
- Margins improved following the price increases in August 2011 and late March 2012 (groundnut and rapeseed oils only) in China while price restriction was in effect in 1H11

Business Segment results: Plantations & Palm Oil Mills

	2Q12	2Q11	Δ	1H12	1H11	Δ
Revenue (US\$ million)	416.1	524.5	-21%	849.8	921.3	-8%
Profit before tax (US\$ million)	79.2	145.0	-45%	178.0	226.8	-22%
Planted area (ha)	248,245	248,326	< 1%	248,245	248,326	< 1%
Mature area harvested (ha)	212,056	198,333	7%	212,056	198,333	7%
FFB production (MT)	938,397	1,026,047	-9%	1,884,156	1,870,116	1%
FFB Yield (MT/ha)	4.4	5.2	-15%	8.9	9.4	-6%
Mill Production						
➤ Crude Palm Oil (MT)	416,465	462,550	-10%	823,151	822,748	< 1%
➤ Palm Kernel (MT)	96,457	105,754	-9%	193,226	188,299	3%
Extraction Rate						
➤ Crude Palm Oil	20.4%	20.8%	-2%	20.6%	20.6%	0%
➤ Palm Kernel	4.7%	4.8%	-1%	4.8%	4.7%	2%

- PBT declined in 2Q12 from lower realised market prices by the Group's own plantations, higher unit production costs and a drop in production yield
- PBT declined in 1H12 due largely to higher production cost and lower palm kernel prices which reflected the drop in market prices, while CPO price was quite flat
- Lower FFB production yield in 2Q12 and 1H12 resulted from low crop trend in Sabah and Sarawak and also the after-effects of dry weather in mid-2010 in Sabah and Sumatra and mid-2011 in Kalimantan and Sumatra

Plantation Age Profile

30 June 2012	0 to 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	Total
Indonesia	12,601	67,290	60,226	19,909	25,449	185,475
Malaysia	2,896	3,048	18,137	15,496	18,515	58,092
Africa	729	743	1,749	3	1,454	4,678
Total planted area	16,226	71,081	80,112	35,408	45,418	248,245
% of total planted area	6.5%	28.6%	32.3%	14.3%	18.3%	100.0%
Included YTD new plantings of :	586					
Plasma Programme	762	2,860	15,665	11,321	10,673	41,281
% of planted area	1.8%	6.9%	38.0%	27.4%	25.9%	100.0%
31 Dec 2011						
Indonesia	26,886	74,627	42,293	16,402	23,261	183,469
Malaysia	2,679	5,608	18,167	17,304	15,176	58,934
Africa	893	579	1,749	3	1,454	4,678
Total planted area	30,458	80,814	62,209	33,709	39,891	247,081
% of total planted area	12.3%	32.7%	25.2%	13.6%	16.2%	100.0%
Included FY11 new plantings of :	2,650					
Plasma Programme	1,060	2,087	16,843	8,382	9,649	38,021
% of planted area	2.8%	5.5%	44.3%	22.0%	25.4%	100.0%

- Weighted average age of our plantations is approximately 11 years

Plantation Land Bank

- Total land bank of approximately 331,000 ha in Indonesia, Malaysia and Africa
- Continue to actively look for land in Indonesia and Africa
- Land bank holding in Indonesia is affected by:
 - Differences between mapping basis in the respective master plans under relevant local governments and the Central National Land Board (Badan Pertanahan Nasional), resulting in delayed approvals for land permits. As a prudent measure, the affected hectarage has been excluded from our land bank
 - Certain land parcels which were recognised to be inconsistent with the Roundtable of Sustainable Palm Oil's definition of agricultural land suitable for palm oil plantation (e.g. plantation converted from previously forest land)

Business segment results: Sugar Milling

	2Q12	2Q11	Δ	1H12	1H11	Δ
Revenue (US\$ million)	112	184	-39%	163	226	-28%
Sales volume ('000 MT)	257	264	-3%	342	344	-1%
Profit before tax (US\$ million)	(79.1)	(49.6)	60%	(137.1)	(72.2)	90%
<i>Excluding non-operating items*:</i>						
Profit before tax from operations (US\$ million)	(71.9)	(68.9)	4%	(131.8)	(123.2)	7%
Profit before tax per MT (US\$/MT)	(279.6)	(261.0)	7%	(385.5)	(357.9)	8%

- Milling season in Australia normally commences in May/June. Customary to engage in maintenance prior to the start of the milling season. Losses are expected in the first half of the year
- Pretax losses increased as wet weather in Australia delayed the crushing season and resulted in lower sugar production
- Higher maintenance costs were also incurred from the acquisition of Proserpine late 2011 as well as additional maintenance performed during wet weather stops

Business segment results: Sugar Merchandising and Processing

	2Q12	2Q11	Δ	1H12	1H11	Δ
Revenue (US\$ million)	728	469	55%	1,135	795	43%
Sales volume ('000 MT)	1,039	557	87%	1,534	916	68%
Profit before tax (US\$ million)	18.9	42.4	-56%	29.0	57.8	-50%
<i>Excluding non-operating items*:</i>						
Profit before tax from operations (US\$ million)	21.7	33.2	-35%	34.0	47.0	-28%
Profit before tax per MT (US\$/MT)	20.9	59.7	-65%	22.2	51.3	-57%

- Sales volume growth in 2Q12 and 1H12 was from increased merchandising activities and the acquisition of PT Duta Sugar International which was completed in 3Q11
- PBT decline was due to lower merchandising profit

Non-Operating Items

In US\$ million	2Q12	2Q11	1H12	1H11
Foreign exchange gain arising from intercompany loans to subsidiaries	(19.7)	42.2	(13.7)	40.3
Net gain/(loss) from investment securities	(26.5)	(3.7)	19.2	(3.9)
Changes in the fair value of derivatives embedded in convertible bonds	-	(32.3)	(0.3)	(74.4)
Interest expense directly attributable to the funding of the Sucrogen acquisition	(7.6)	(11.7)	(15.5)	(19.7)
Sugar - accounting profit from reversal of derivatives mark-to-market losses in pre-acquisition hedging reserves	(0.4)	12.4	6.8	42.5
Total (pretax impact)	(54.2)	6.9	(3.5)	(15.3)
Total (post tax impact)	(55.2)	8.6	(5.0)	(21.3)
Profit before tax - reported	149.1	463.3	537.6	965.1
Profit before tax - excl non-operating items	203.3	456.4	541.2	980.4
Net profit - reported	117.1	393.1	373.0	779.8
Net profit - excl non-operating items	172.3	384.5	378.0	801.1

Cashflow

US\$ million	1H12	1H11	FY11
Operating cashflow before working capital changes	831	1,159	2,530
Net cashflow from operating activities	(300)	(486)	1,948
Less : Investment in subsidiaries and associates	(216)	(182)	(356)
Capital expenditure	(887)	(663)	(1,554)
Net proceeds from bank borrowings	2,755	1,942	3,029
Other deposits with financial institutions	(1,047)	326	(1,732)
Dividends	(161)	(120)	(280)
Others	(318)	(95)	(177)
Net cashflow	(174)	722	879
Turnover days			
- Inventory	70	70	64
- Trade Receivables	29	29	28
- Trade Payables	12	12	12

- Inventories were up 5% due to increased prices and stockholdings of oilseeds and grains. Due to seasonality of sales, turnover days increased to 70 days in 1H12 from FY11
- Trade receivables turnover days increased to 29 days as there remained some receivables during the Sugar off-milling season when sales are low
- Trade payables turnover days remained stable at 12 days

Gearing

US\$ million	As at June 30, 2012	As at December 31, 2011
Debt/Equity (x)	0.93	0.79
- Net Debt *	12,492	10,530
- Shareholders' funds	13,387	13,370
Adjusted Debt/Equity (x)	0.38	0.29
- Liquid working capital **	7,357	6,687
- Adjusted Net Debt	5,135	3,843
Interest coverage (x) #	5.7	9.2

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

(Dec 2011 net debt and gearing have been re-stated to reflect revised net debt definition which also nets off “other deposits with financial institutions”)

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

Interest coverage = EBIT (excl. share of results of associates) / Net interest expense

Net interest expense = Interest expense – Interest income (include interest income from other deposits with financial institutions)

Interest coverage ratio is calculated for the 6 months ended 30 June 12 and year ended 31 Dec 11

- Net debt to equity ratio increased to 0.93X but adjusted debt to equity ratio remains low at 0.38X
- Interest coverage ratio decreased to 5.7X due to lower earnings and higher finance costs

Funding and Liquidity

US\$ million	As at June 30, 2012		Balance
	Available	Utilised	
Credit facilities :			
Committed	7,525	7,110	415
Trade finance	23,982	12,114	11,868
Short term	647	312	335
Total credit facilities	32,154	19,536	12,618
Cash & cash equivalents			1,106
Total liquidity			13,724

- 62% of utilised facilities were trade financing lines, backed by inventories and receivables
- 61% of total facilities were utilised at June 30, 2012
- US\$13.7b total liquidity available at June 30, 2012

Key Indicators

	6 months ended June 30, 2012	6 months ended June 30, 2011	Year ended December 31, 2011
Return on Average Equity	5.6%*	12.7% *	12.7%
Return on Average Capital Employed	3.6%*	7.6% *	7.5%
Return on Average Assets	2.1%*	4.5% *	4.6%
in US cents			
EPS (fully diluted)	5.8	12.2	25.0
NTA per share	139.8	129.1	140.0
NAV per share	209.1	198.8	208.9
in Singapore cents			
Dividends (interim & final)	2.0	3.0	6.1

** June 30, 2011/2012 returns have been annualised*

Business Outlook

- Sound business model, long term prospects remain intact
- Well-positioned to capture the growth in demand for agricultural commodities, especially in Asia and emerging markets like Africa
- In the near term, the operating environment remains challenging, particularly in China, due to excess capacity in oilseeds crushing

Questions & Answers

