



Global Brands, Local Favourites

**MEWAH INTERNATIONAL INC.**

(Company Registration No.: CR-166055)

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**NEWS RELEASE :**  
**FINANCIAL RESULTS FOR THE 4<sup>TH</sup> QUARTER AND FULL YEAR ENDED 31 DECEMBER 2017**

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**MEWAH REPORTS 61.7% HIGHER PROFIT FOR FY 2017**

- **Operating margin of US\$56.1 per MT, the highest in the past seven years**
- **Balance sheet remains strong with low net debt to equity ratio of 0.65**
- **Final dividend of S\$0.0040 per share.**

**Results Highlights**

	Q4 2017	Q4 2016	Change (YOY)	Q3 2017	Change (QOQ)	FY 2017	FY 2016	Change
<b>Sales volume</b> (MT'000)	<b>901.5</b>	930.4	-3.1%	981.5	-8.2%	<b>3,690.6</b>	4,223.3	-12.6%
<b>Revenue</b> (US\$'million)	<b>722.2</b>	740.0	-2.4%	739.0	-2.3%	<b>2,926.7</b>	3,042.8	-3.8%
<b>Average selling prices</b> (US\$)	<b>801.1</b>	795.4	0.7%	752.9	6.4%	<b>793.0</b>	720.5	10.1%
<b>Operating margin</b> (US\$'million)	<b>50.6</b>	39.7	27.2%	35.5	42.5%	<b>151.0</b>	134.4	12.4%
<b>Operating margin per MT</b> (US\$)	<b>56.1</b>	42.7	31.4%	36.1	55.4%	<b>40.9</b>	31.8	28.6%
<b>Profit before tax</b> (US\$'million)	<b>21.0</b>	17.8	18.0%	17.3	21.4%	<b>58.8</b>	38.7	52.0%
<b>Net profit *</b> (US\$'million)	<b>13.1</b>	5.4	141.4%	13.4	-2.2%	<b>33.6</b>	20.8	61.7%

\* Profit after tax attributable to equity holders of the Company

Singapore, Feb 28, 2018 – Mainboard-listed Mewah International Inc. (“Mewah”, “the Group” or “the Company”), a global agri-business with refineries and processing facilities in Malaysia and Singapore, today announced financial results for its fourth quarter and full year ended 31 December 2017.

For the quarter, the Group posted net profit of US\$13.1 million, more than double last year but 2.2% lower than the previous quarter. For the full year, net profit increased 61.7 % to US\$33.6 million from US\$20.8 million last year.

The Group registered sales volume of 901,500 MT, decreased 3.1% Year-on-Year (“YOY”) and 8.2% Quarter-on-Quarter (“QOQ”). For the full year, sales volume declined 12.6% to 3,690,600 MT. Lower sales volume despite higher selling prices resulted in revenue decreasing 2.4% YOY and 2.3% QOQ to US\$722.2 million. For the full year, revenue decreased 3.8% to US\$2,926.7 million.

For the quarter, the Group achieved 27.2% higher total operating margin of US\$50.6 million on the back of impressive operating margin of US\$56.1 per MT, the highest in the past seven years, compared to US\$42.7 last year and US\$36.1 in the previous quarter. For the full year, Group's operating margin increased 12.4% to US\$151.0 million supported by improved operating margin of US\$40.9 per MT compared to US\$31.8 last year.

The Company said in the announcement, "The quarter continued with high volatility of CPO prices with a peak of 2,820 ringgit and a trough of 2,340 ringgit before closing the year at 2,400 ringgit. The decrease in market prices was largely due to higher CPO inventory in the Malaysia market, and weakening market demand towards the end of the year. However, for the Group, lower average CPO prices plus better refining and production margins translated into improved operating margins for both Bulk and Consumer Pack businesses. Overall, the full year net profit increased by 61.7% year-on-year, and it was a testimony of the Group's continual effort to leveraging its position as a major midstream and downstream player."

## Segmental Performance

### Bulk segment

	Q4 2017	Q4 2016	Change	Q3 2017	Change	FY 2017	FY 2016	Change
<b>Sales volume</b> (MT'000)	<b>647.7</b>	669.2	-3.2%	679.6	-4.7%	<b>2,596.1</b>	3,288.2	-21.0%
<b>Revenue</b> (US\$'million)	<b>501.1</b>	506.1	-1.0%	487.7	2.7%	<b>1,979.7</b>	2,290.2	-13.6%
<b>Average selling prices</b> (US\$)	<b>773.7</b>	756.3	2.3%	717.6	7.8%	<b>762.6</b>	696.5	9.5%
<b>Operating margin</b> (US\$'million)	<b>30.5</b>	25.0	22.0%	17.8	71.3%	<b>85.9</b>	102.5	-16.2%
<b>Operating margin per MT</b> (US\$)	<b>47.1</b>	37.4	25.9%	26.2	79.8%	<b>33.1</b>	31.2	6.1%

For the Bulk segment, sales volume recorded a decrease of 3.2% YOY and 4.7% QOQ to 647,700 MT for the quarter. For the full year, sales volume decreased 21.0% to 2,596,100 MT.

For the quarter, revenue decreased 1.0% to US\$501.1 million compared to last year but 2.7% higher than previous quarter. For the full year, revenue decreased 13.6% to US\$1,979.7 million.

The group reported total operating margin to US\$30.5 million, up 22.0% YOY and 71.3% QOQ on the back of higher operating margin of US\$47.1 per MT compared to US\$37.4 last year and US\$26.2 in the previous quarter. For the full year, the group reported 16.2% decrease in total operating margin to US\$85.9 million which resulted from 21.0% lower sales volume despite higher operating margin of US\$33.1 per MT compared to US\$31.2 last year.

The segment contributed 71.8% of total sales volume, 69.4% of total revenue and 60.3% of total operating margin of the Group for the quarter. For the full year, the segment contributed 70.3% of total sales volume, 67.6% of total revenue and 56.9% of total operating margin of the Group.

## Consumer Pack segment

	Q4 2017	Q4 2016	Change	Q3 2017	Change	FY 2017	FY 2016	Change
<b>Sales volume</b> (MT'000)	<b>253.8</b>	261.2	-2.8%	301.9	-15.9%	<b>1,094.5</b>	935.1	17.0%
<b>Revenue</b> (US\$million)	<b>221.1</b>	233.9	-5.5%	251.3	-12.0%	<b>946.9</b>	752.6	25.8%
<b>Average selling prices</b> (US\$)	<b>871.2</b>	895.5	-2.7%	832.4	4.7%	<b>865.1</b>	804.8	7.5%
<b>Operating margin</b> (US\$million)	<b>20.1</b>	14.7	36.7%	17.7	13.6%	<b>65.1</b>	31.9	104.1%
<b>Operating margin per MT</b> (US\$)	<b>79.2</b>	56.3	40.7%	58.6	35.2%	<b>59.5</b>	34.1	74.5%

The Consumer Pack segment reported sales volume of 253,800 MT, decreased 2.8% YOY and 15.9% QOQ. For the full year, sales volume increased 17.0% to 1,094,500 MT.

For the quarter, revenue decreased 5.5% YOY and 12.0% QOQ to US\$221.1 million. For the full year, revenue rose 25.8% to US\$946.9 million on the back of 17.0% higher sales volume and 7.5% higher average selling prices.

The segment achieved improved total operating margin of US\$20.1 million, up 36.7% YOY and 13.6% QOQ on the back of impressive operating margin of US\$79.2 per MT compared to US\$56.3 last year and US\$58.6 previous quarter. For the full year, total operating margin more than doubled to US\$65.1 million.

The segment contributed 28.2% of total sales volume, 30.6% of total revenue and 39.7% of total operating margin of the Group for the quarter. For the full year, the segment contributed 29.7% of total sales volume, 32.4% of total revenue and 43.1% of total operating margin of the Group.

## Balance Sheet

The Group's balance sheet remained strong with debt to equity ratio of 0.78 or net debt to equity ratio of 0.65.

The Group had a cycle time (inventories days add trade receivables days less trade payables days) of 60 days compared to 44 days last year as the Group carried higher inventories.

## Dividend

In order to show appreciation for the support of the shareholders, the Board of Directors has proposed a final exempt dividend of S\$0.0040 per ordinary share, which along with interim dividend of S\$0.0130, making total dividend of S\$0.0170 per ordinary share for the full year.

## Future Outlook

The Company noted in its results announcement, "Market remains challenging in the immediate term due to the overhanging supplies in the market and therefore increasing downward pressure on CPO prices. In addition to this, the industry is struggling with long standing labor shortage and rising operating costs. These factors will continue to accentuate the bearish sentiment in the overall market. The impact of the recent EU resolution to ban Palm-related biodiesel by January 2021 has limited impact on the Group as its major markets are Middle East, Africa, Asia and Australia. The Group remains confident of its future since it is competitively positioned in the attractive part of the supply chain of the industry."

## **About Mewah International Inc.**

Mewah International Inc. (“Mewah” or the “Group”) is global agri-business with refineries and processing facilities in Malaysia and Singapore. One of the largest palm oil processors in the world by capacity, Mewah produces a wide range of refined and fractionated vegetable oils and fats principally from palm oil. It also produces oils and fats from lauric oils, such as palm kernel oil and coconut oil; and from soft oils, such as soybean oil, canola oil, sunflower seed oil and corn oil. Featuring integrated operations throughout the edible oils and fats value chain, from sourcing and processing of raw materials to packing, branding, merchandising, shipping and distribution of the products, Mewah’s products are sold to customers in more than 100 countries, duly supported by its wide range of brands including long established and well recognized Oki and Moi brands.

The Group’s business consists of two business segments namely the Bulk segment and Consumer Pack segment. The Bulk segment produces and sells vegetable-based edible oil and fat products, in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items. The Consumer Pack segment produces vegetable-based edible oil and fat products, in the form of consumer packs and sells under Group’s own brands and under the brands of third parties, primarily to importers and distributors at destination markets. The specialty fats and confectionary oils are sold primarily to distributors, and factories involved in the production of confectionery, bakery products and other food items. Besides edible oil and fat products, the Group also sells rice and dairy products in consumer pack form under its own brands.

Mewah Group has been in operation since the 1950s. Today, Mewah has grown to be one of the largest edible oils and fats businesses with a current total refining capacity of 10,000 MT a day or 3.5 million MT annually. Mewah currently has four refineries and processing plants, two packing plants, a biodiesel plant and a dairy manufacturing facility in Malaysia and one packing plant in Singapore.

Mewah was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on November 24, 2010.

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