

NEWS RELEASE

WILMAR REPORTS RECORD NET PROFIT OF US\$1.16 BILLION FOR 1H2022

- 2Q2022 core net profit more than doubled to US\$652.1 million
- Improved performance across all key businesses
- Generated US\$222.0 million cash inflow from operating activities in 2Q2022
- Proposed interim tax-exempt dividend of S\$0.06 per share, the highest interim dividend since listing

Highlights

In US\$ million	1H2022	1H2021	Change
Revenue	36,133.8	29,534.4	22.3%
EBITDA	2,349.8	1,884.1	24.7%
Profit before tax	1,611.4	1,215.5	32.6%
Net profit	1,165.0	750.9	55.1%
Core net profit	1,155.4	732.2	57.8%
Earnings per share – fully diluted (US cents)	18.5	11.9	55.8%

Singapore, August 4, 2022 – Wilmar International Limited (“Wilmar” or “the Group”), Asia’s leading agribusiness group, reported a record US\$1.16 billion net profit for the six months ended June 30, 2022 (“1H2022”) (1H2021: US\$750.9 million), on the back of improved performance across all key business segments as well as higher contributions from its associates and joint ventures. Excluding gains from non-operating items, core net profit for the three months ended June 30, 2022 (“2Q2022”) more than doubled to

US\$652.1 million (2Q2021: US\$308.5 million), resulting in a 58% increase in 1H2022 core net profit of US\$1.16 billion (1H2021: US\$732.2 million).

Revenue for 1H2022 grew by 22% to US\$36.13 billion (1H2021: US\$29.53 billion) in line with higher commodity prices during the period. This was further supported by improvement in sales volume of Food Products and Feed and Industrial Products (specifically Oilseeds and Grains) in 1H2022.

Business Segment Performance

Food Products (Consumer Products, Medium Pack and Bulk) reported a 22% increase in pre-tax profit to US\$520.5 million in 1H2022 (1H2021: US\$428.3 million). This was mainly due to the gains on dilution of interest in Adani Wilmar Limited amounting to US\$175.6 million. In 2Q2022, the Group made further upward price adjustments to its consumer products to mitigate the impact of continuous increases in commodity prices but they were insufficient to offset the higher raw material costs during the period.

Overall sales volume for the segment grew by 4% to 13.8 million MT (1H2021: 13.3 million MT), backed by volume growth in consumer, medium and bulk products. Demand for consumer products was higher in the current period, especially in China, due to the resurgence of Covid-19 and re-imposition of lockdowns in more parts of China in 2Q2022. The Group's flour and rice businesses continued to expand during the period, further contributing to the volume growth of the segment. Together with higher commodity prices during the period, overall revenue for the segment increased by 17% to US\$15.92 billion in 1H2022 (1H2021: US\$13.65 billion).

Feed and Industrial Products (Tropical Oils, Oilseed & Grains and Sugar) achieved a 5% increase in pre-tax profit to US\$502.7 million in 1H2022 (1H2021: US\$478.8 million), with the recovery of crushing margins and higher volume of soybeans crushed during the period, as well as prudent procurement of feedstock. Nevertheless, overall profit was partially impacted by weaker sugar merchandising activities in 1H2022. Results of the tropical oils business for 1H2022 was also satisfactory, given the challenging operating conditions amidst frequent changes in palm oil related government policies during the period.

Overall sales volume for the segment decreased by 5% to 24.8 million MT in 1H2022 (1H2021: 26.2 million MT) mainly due to lower sales volume of tropical oils and sugar during the period.

Plantation and Sugar Milling pre-tax profit more than doubled to US\$435.8 million in 1H2022 (1H2021: US\$164.0 million), driven by higher palm prices and better performance by the sugar milling operations in India. In addition, fresh fruit bunches production increased by 3% to 2,132,339 MT (1H2021: 2,071,579 MT) for the oil palm plantation business. The improvement in production was mainly from Indonesia, due to better weather conditions and crop profile.

The **Others** segment recorded a pre-tax profit of US\$2.3 million in 1H2022 (1H2021: US\$8.7 million), mainly from investment income from the Group's investment portfolio.

Joint Ventures & Associates improved by 10% to US\$153.1 million in 1H2022 (1H2021: US\$139.2 million), mainly due to better contributions from the Group's investments in Europe and Southeast Asia.

Dividend

The Board has proposed an interim tax exempt (one-tier) dividend for 1H2022 of S\$0.06 per share. The proposed dividend for 1H2022 will be payable on August 24, 2022.

Strong Balance Sheet and Cash Flows

As at June 30, 2022, total assets stood at US\$61.66 billion while shareholders' funds was US\$19.81 billion.

For 1H2022, the Group generated strong operating cash flows before working capital changes of US\$1.52 billion. With a more gradual increase in commodity prices during the quarter, the Group generated cash inflow from operating activities of US\$222.0 million in 2Q2022. Together with higher cash outflow from operating activities in 1Q2022 when commodity prices soared, net cash flow used in operating activities for 1H2022 was lower at US\$274.1 million (1H2021: US\$1.39 billion).

The higher commodity prices led net debt to increase to US\$2.32 billion to US\$19.56 billion as of June 30, 2022, resulting in higher net gearing ratio of 0.99x in 1H2022 (FY2021: 0.87x). Adjusted net gearing ratio was 0.36x. Capital expenditure for the period (including advances paid) was higher at US\$1.26 billion (1H2021: US\$1.10 billion). Including dividend distribution of US\$482.4 million, share buyback of US\$99.0 million and US\$103.2 million used for acquisition of subsidiaries, joint ventures and associates, the Group had a cash inflow of US\$833.1 million at the end of the reporting period. As at 30 June 2022, the Group has US\$23.58 billion of unutilised banking facilities.

Prospects

Mr. Kuok Khoon Hong, Chairman and CEO of Wilmar said, “Our integrated and diversified business model as well as our cautious approach to risk management when agri-commodities were at or near historical highs enabled the Group to deliver record results for 1H2022 in the face of highly volatile commodity markets which were reacting to factors such as severe weather conditions, geopolitical conflicts, high inflationary pressures and protective policies introduced by regional governments.

“We are fortunate to be in the agri-processing business as the demand for food products is less impacted by slowing economies as compared to other industries. The recent corrections in commodity prices will hopefully restore some of the demand destroyed by high prices and improve margins in the downstream business. At the same time, whilst palm oil prices have fallen from their peak in 2Q2022, they remain higher than the pre-Covid period, thus mitigating the effects on oil palm plantation performance.

“We believe our business model will continue to help us achieve long term sustainable growth. Barring unforeseen circumstances, we are optimistic that performance for the rest of the year will be satisfactory.”

About Wilmar

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange.

At the core of Wilmar's strategy is an integrated agribusiness model that encompasses the entire value chain of the agricultural commodity business, from cultivation and milling of palm oil and sugarcane, to processing, branding and distribution of a wide range of edible food products in consumer, medium and bulk packaging, animal feeds and industrial agri-products such as oleochemicals and biodiesel. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries and regions. Through scale, integration and the logistical advantages of its business model, Wilmar is able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies.

Supported by a multinational workforce of about 100,000 people, Wilmar embraces sustainability in its global operations, supply chain and communities.

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