

# WILMAR INTERNATIONAL LIMITED

## 1H2022 Results Briefing

August 4, 2022



  
wilmar

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# 1H2022 Financial Performance – Key Takeaways



# Earnings Highlights

|   | 1H2022 (US\$m) | vs 1H2021<br>△ |
|---|----------------|----------------|
| Revenue   | 36,134         | 22%            |
| EBITDA  | 2,350          | 25%            |
| Profit Before Tax                                 | 1,611          | 33%            |
| Net Profit  | 1,165          | 55%            |
| Core Net Profit                                   | 1,155          | 58%            |
| Earnings per share<br>in US cents (fully diluted) | 18.5           | 56%            |
| Dividends per share<br>in Singapore cents         | 6.0            | 20%            |

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

|                                   | 1H2022         | 1H2021         | Δ          |
|-----------------------------------|----------------|----------------|------------|
| Food Products                     | 520.5          | 428.3          | 22%        |
| Feed and Industrial Products      | 502.7          | 478.8          | 5%         |
| Plantation and Sugar Milling      | 435.8          | 164.0          | >100%      |
| Others                            | 2.2            | 8.7            | -74%       |
| Joint Ventures & Associates       | 153.1          | 139.2          | 10%        |
| Unallocated expenses <sup>#</sup> | (2.9)          | (3.5)          | 18%        |
| <b>Profit Before Tax</b>          | <b>1,611.4</b> | <b>1,215.5</b> | <b>33%</b> |

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

## Sales Volume by Business Segment ('000 MT)

|   | 2Q2022        | 2Q2021        | Δ           | 1H2022        | 1H2021        | Δ          |
|---|---------------|---------------|-------------|---------------|---------------|------------|
| <b>Food Products</b>                            | <b>6,920</b>  | <b>6,337</b>  | <b>9%</b>   | <b>13,825</b> | <b>13,316</b> | <b>4%</b>  |
| Consumer Products                               | 1,941         | 1,618         | 20%         | 4,271         | 4,103         | 4%         |
| Medium Pack and Bulk                            | 4,979         | 4,719         | 6%          | 9,554         | 9,213         | 4%         |
| <b>Feed and Industrial Products</b>             | <b>12,900</b> | <b>14,408</b> | <b>-10%</b> | <b>24,774</b> | <b>26,176</b> | <b>-5%</b> |
| Tropical Oils                                   | 4,890         | 5,776         | -15%        | 9,948         | 10,969        | -9%        |
| Oilseeds and Grains                             | 5,519         | 4,932         | 12%         | 9,617         | 9,074         | 6%         |
| Sugar   | 2,491         | 3,700         | -33%        | 5,209         | 6,133         | -15%       |
| <b>Plantation and Sugar Milling<sup>#</sup></b> |               |               |             |               |               |            |
| Sugar Milling                                   | 532           | 617           | -14%        | 911           | 1,054         | -14%       |
| <b>Total</b>                                    | <b>20,352</b> | <b>21,362</b> | <b>-5%</b>  | <b>39,510</b> | <b>40,546</b> | <b>-3%</b> |

<sup>#</sup> Excludes oil palm plantation volume

# Cash Flow Highlights

| US\$ million   | 1H2022     | 1H2021     | FY2021   |
|--|------------|------------|----------|
| Operating cash flow before working capital changes                               | 1,517      | 1,806      | 3,994    |
| Less: Changes in working capital, interest (paid)/received and income taxes paid | (1,791)    | (3,199)    | (4,039)  |
| Acquisitions of subsidiaries, joint ventures and associates                      | (103)      | (21)       | (81)     |
| Capital expenditure  | (1,256)    | (1,105)    | (2,527)  |
| Net increase from bank borrowings*   | 2,212      | 2,540      | 3,088    |
| Share buyback  | (99)       | (55)       | (98)     |
| Decrease in other deposits and financial products with financial institutions    | 970        | 900        | 514      |
| Dividends - Interim and Final  | (482)      | (428)      | (659)    |
| Dividends - Special  | 0          | (309)      | (309)    |
| Others   | (135)      | 50         | 121      |
| <b>Net cash flow</b>   | <b>833</b> | <b>179</b> | <b>4</b> |

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.



# Gearing

| US\$ million                            | As at<br>Jun 30, 2022 | As at<br>Dec 31, 2021 |
|---|-----------------------|-----------------------|
| <b>Debt/Equity (x)</b>                  | <b>0.99</b>           | <b>0.87</b>           |
| - Net debt *                            | 19,561                | 17,238                |
| - Shareholders' funds                   | 19,805                | 19,924                |
| <b>Adjusted debt/Equity (x)</b>         | <b>0.36</b>           | <b>0.27</b>           |
| - Liquid working capital **             | 12,510                | 11,889                |
| - Adjusted net debt                     | 7,051                 | 5,349                 |
| - EBITDA ***                            | 4,638                 | 4,172                 |
| <b>Net debt/EBITDA *** (x)</b>          | <b>4.22</b>           | <b>4.13</b>           |
| <b>Adjusted net debt/EBITDA *** (x)</b> | <b>1.52</b>           | <b>1.28</b>           |

\* 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 Jun 2022 is based on LTM performance.

- As at Jun 30, 2022, net debt to equity ratio increased to 0.99x and adjusted debt to equity ratio increased to 0.36x.

# Business Outlook

- 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.

# Appendix



## Business Segment results: Food Products (Consumer Products, Medium Pack and Bulk)

|                                  | 1H2022   | 1H2021   | Δ   |
|----------------------------------|----------|----------|-----|
| Revenue (US\$ million)           | 15,915.5 | 13,645.4 | 17% |
| ➤ <i>Consumer Products</i>       | 6,698.4  | 5,718.0  | 17% |
| ➤ <i>Medium Pack and Bulk</i>    | 9,217.1  | 7,927.4  | 16% |
| Sales volume ('000 MT)           | 13,825   | 13,316   | 4%  |
| ➤ <i>Consumer Products</i>       | 4,271    | 4,103    | 4%  |
| ➤ <i>Medium Pack and Bulk</i>    | 9,554    | 9,213    | 4%  |
| Profit before tax (US\$ million) | 520.5    | 428.3    | 22% |

- The segment reported favourable results for the period, with profit before tax increasing by 22% to US\$520.5 million in 1H2022. This was mainly due to the gain 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, 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 reimposition 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.

## Business Segment results: Feed and Industrial Products (Tropical Oils, Oilseeds and Grains and Sugar)

|                                  | 1H2022   | 1H2021   | Δ    |
|----------------------------------|----------|----------|------|
| Revenue (US\$ million)           | 21,660.7 | 17,164.1 | 26%  |
| ➤ Tropical Oils                  | 14,057.3 | 10,509.8 | 34%  |
| ➤ Oilseeds and Grains            | 4,921.1  | 4,058.4  | 21%  |
| ➤ Sugar                          | 2,682.3  | 2,595.9  | 3%   |
| Sales volume ('000 MT)           | 24,774   | 26,176   | -5%  |
| ➤ Tropical Oils                  | 9,948    | 10,969   | -9%  |
| ➤ Oilseeds and Grains            | 9,617    | 9,074    | 6%   |
| ➤ Sugar                          | 5,209    | 6,133    | -15% |
| Profit before tax (US\$ million) | 502.7    | 478.8    | 5%   |

- The segment reported a 5% improvement in profit before tax to US\$502.7 million in 1H2022, with the recovery of crushing margins and higher volume of soybean 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 revenue for the segment increased by 26% to US\$21.66 billion for the period as a result of higher commodity prices in 1H2022. However, overall sales volume for the segment decreased by 5% to 24.8 million MT in 1H2022 mainly due to lower sales volume of tropical oils and sugar during the period.

## Business Segment results: Plantation and Sugar Milling

|                                  | 1H2022  | 1H2021  | Δ     |
|----------------------------------|---------|---------|-------|
| Revenue (US\$ million)           | 2,177.7 | 1,446.2 | 51%   |
| ➤ Oil Palm Plantation            | 1,728.9 | 1,018.6 | 70%   |
| ➤ Sugar Milling                  | 448.8   | 427.6   | 5%    |
| Sales volume ('000 MT)#          | 911     | 1,054   | -14%  |
| ➤ Sugar Milling                  |         |         |       |
| Profit before tax (US\$ million) | 435.8   | 164.0   | >100% |

# Excludes oil palm plantation volume

- Profit for the segment more than doubled during the period to US\$435.8 million, driven by higher palm oil 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 in 1H2022, further improving performance for the oil palm plantation business. The improvement in production was mainly from Indonesia, due to better weather conditions and crop profile.
- Revenue for the oil palm plantation business increased by 70% to US\$1.73 billion in 1H2022 on the back of firm palm oil prices. Strong sugar prices during the period also led sugar revenue to increase by 5% to US\$448.8 million during the period even though sugar sales volume was lower at 0.9 million MT.

## Business Segment results: Plantation and Sugar Milling (Oil Palm Plantation Statistics)

|                            | 1H2022    | 1H2021    | Δ           | FY2021    |
|----------------------------|-----------|-----------|-------------|-----------|
| Planted area (ha)          | 231,423   | 232,217   | -0.3%       | 230,480   |
| Mature area harvested (ha) | 207,683   | 199,709   | 4%          | 204,277   |
| FFB production (MT)        | 2,132,339 | 2,071,579 | 3%          | 4,005,083 |
| FFB Yield (MT/ha)          | 10.3      | 10.4      | -1%         | 19.6      |
| <b>Mill Production</b>     |           |           |             |           |
| ➤ Crude Palm Oil (MT)      | 868,620   | 850,556   | 2%          | 1,741,803 |
| ➤ Palm Kernel (MT)         | 207,761   | 204,228   | 2%          | 419,047   |
| <b>Extraction Rate</b>     |           |           |             |           |
| ➤ Crude Palm Oil           | 19.5%     | 19.6%     | -1%         | 19.5%     |
| ➤ Palm Kernel              | 4.6%      | 4.6%      | 0%          | 4.6%      |
| <b>New Planting (ha)</b>   | 0         | 145       | <i>n.m.</i> | 315       |

# Plantation Age Profile

| in hectares                     | Average Age of Plantation |               |               |               |               | Total          |
|---------------------------------|---------------------------|---------------|---------------|---------------|---------------|----------------|
|                                 | 0 - 3 yrs                 | 4 - 6 yrs     | 7 - 14 yrs    | 15 - 18 yrs   | >18 yrs       |                |
| <b>30 Jun 2022</b>              |                           |               |               |               |               |                |
| Indonesia                       | 8,366                     | 13,909        | 38,847        | 65,142        | 25,353        | 151,617        |
| Malaysia                        | 10,952                    | 10,729        | 17,731        | 5,814         | 14,211        | 59,437         |
| Africa                          | 211                       | 7,517         | 10,883        | 1,033         | 725           | 20,369         |
| <b>Total planted area</b>       | <b>19,529</b>             | <b>32,155</b> | <b>67,461</b> | <b>71,989</b> | <b>40,289</b> | <b>231,423</b> |
| <i>% of total planted area</i>  | <i>8.4%</i>               | <i>13.9%</i>  | <i>29.2%</i>  | <i>31.1%</i>  | <i>17.4%</i>  | <i>100.0%</i>  |
| Included YTD new plantings of : | 0                         |               |               |               |               |                |
| Plasma/outgrower Programme      | 6,725                     | 602           | 2,561         | 7,132         | 19,268        | 36,288         |
| <b>31 Dec 2021</b>              |                           |               |               |               |               |                |
| Indonesia                       | 9,693                     | 15,099        | 47,692        | 57,386        | 22,054        | 151,924        |
| Malaysia                        | 9,597                     | 15,084        | 13,733        | 6,987         | 12,786        | 58,187         |
| Africa                          | 3,136                     | 7,545         | 7,930         | 1,033         | 725           | 20,369         |
| <b>Total planted area</b>       | <b>22,426</b>             | <b>37,728</b> | <b>69,355</b> | <b>65,406</b> | <b>35,565</b> | <b>230,480</b> |
| <i>% of total planted area</i>  | <i>9.7%</i>               | <i>16.4%</i>  | <i>30.1%</i>  | <i>28.4%</i>  | <i>15.4%</i>  | <i>100.0%</i>  |
| Included YTD new plantings of : | 315                       |               |               |               |               |                |
| Plasma/outgrower Programme      | 6,470                     | 48            | 3,232         | 8,053         | 17,879        | 35,682         |

- Weighted average age of our plantations is approximately 13 years.



## Non-Operating Items

| US\$ million  | 1H2022         | 1H2021       | FY2021         |
|---|----------------|--------------|----------------|
| Foreign exchange loss in respect of intercompany loans to subsidiaries                          | (5.0)          | (4.0)        | (3.8)          |
| Net fair value (loss)/gain on investment securities at fair value through profit or loss        | (2.5)          | 9.6          | 3.0            |
| Gain/(loss) on disposal of investment securities at fair value through profit or loss           | 0.7            | (0.4)        | 1.1            |
| Investment income from investment securities  | 23.5           | 18.9         | 40.8           |
| Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition | (4.1)          | (3.1)        | (6.3)          |
| Increase in fair value of investment properties   | -              | -            | 2.1            |
| Net gain arising from changes in fair value of biological assets                                | -              | -            | 21.3           |
| <b>Total</b>  | <b>12.6</b>    | <b>21.0</b>  | <b>58.2</b>    |
| <b>Net profit</b>   | <b>1,165.0</b> | <b>750.9</b> | <b>1,890.4</b> |
| <b>Core net profit</b>  | <b>1,155.4</b> | <b>732.2</b> | <b>1,842.4</b> |

# Cash Flow

| US\$ million   | 1H2022     | 1H2021     | FY2021   |
|--|------------|------------|----------|
| Operating cash flow before working capital changes                               | 1,517      | 1,806      | 3,994    |
| Less: Changes in working capital, interest (paid)/received and income taxes paid | (1,791)    | (3,199)    | (4,039)  |
| Acquisitions of subsidiaries, joint ventures and associates                      | (103)      | (21)       | (81)     |
| Capital expenditure  | (1,256)    | (1,105)    | (2,527)  |
| Net increase from bank borrowings*   | 2,212      | 2,540      | 3,088    |
| Share buyback  | (99)       | (55)       | (98)     |
| Decrease in other deposits and financial products with financial institutions    | 970        | 900        | 514      |
| Dividends - Interim and Final  | (482)      | (428)      | (659)    |
| Dividends - Special  | 0          | (309)      | (309)    |
| Others   | (135)      | 50         | 121      |
| <b>Net cash flow</b>   | <b>833</b> | <b>179</b> | <b>4</b> |
| Turnover days  |            |            |          |
| - Inventories  | 70         | 75         | 69       |
| - Trade Receivables  | 32         | 29         | 28       |
| - Trade Payables   | 13         | 14         | 12       |

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.

## Cash Flow – Cont.

- Inventories increased by 5% to US\$12.27 billion as at 30 June 2022 largely due to higher commodity prices during the period. Average turnover days improved to 70 days for the period (1H2021: 75 days).
- Trade receivables increased marginally to US\$6.86 billion in 1H2022. However, average turnover days was higher at 32 days (1H2021: 29 days) due to slower repayment from customers in the earlier part of the period. Trade receivables aging remained healthy.
- Trade payables increased by US\$206.8 million to US\$2.22 billion in 1H2022 mainly due to timing of purchases. Average turnover days decreased to 13 days in 1H2022 (1H2021: 14 days).

# Funding and Liquidity

| US\$ million                      | As at Jun 30, 2022 |               | Balance       |
|-----------------------------------|--------------------|---------------|---------------|
|                                   | Available          | Utilised      |               |
| Credit facilities :               |                    |               |               |
| Committed                         | 10,688             | 9,321         | 1,367         |
| Trade finance                     | 43,574             | 22,211        | 21,363        |
| Short term                        | 1,650              | 799           | 851           |
| <b>Total credit facilities</b>    | <b>55,912</b>      | <b>32,331</b> | <b>23,581</b> |
| <b>Available facilities</b>       |                    |               | <b>23,581</b> |
| <b>Available cash not pledged</b> |                    |               | <b>3,421</b>  |
| <b>Total liquidity</b>            |                    |               | <b>27,002</b> |

- 69% of utilised facilities were trade financing lines as at June 30, 2022.
- 58% of total facilities were utilised as at June 30, 2022.

## Key Indicators

|   | As at<br>Jun 30, 2022 | As at<br>Dec 31, 2021 |
|---|-----------------------|-----------------------|
| Return on Average Equity <sup>#,*</sup>   | 11.6%                 | 9.7%                  |
| Return on Invested Capital <sup>#,*</sup> | 6.5%                  | 5.8%                  |
| in US cents                               |                       |                       |
| EPS (fully diluted)                       | 18.5                  | 29.9                  |
| NTA per share                             | 229.8                 | 230.8                 |
| NAV per share                             | 315.9                 | 316.5                 |
| in Singapore cents                        |                       |                       |
| Dividends (interim & final)               | 6.0 <sup>**</sup>     | 15.5                  |

*# Formulas :*

*Return on Average Equity = Net profit ÷ Average equity*

*Return on Invested Capital = (Earnings before interest – Fair value of biological assets) ÷ (Average long term assets excl Intangibles & DTA + Average net working capital excl cash and borrowings)*

*\* Jun 22 returns based on LTM performance*

*\*\* Only interim dividends*