

WILMAR INTERNATIONAL LIMITED

1Q2016 Results Highlights

May 10, 2016



wilmar

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1Q2016 Financial Performance – Key Takeaways



Earnings Highlights

	1Q16 (US\$m)	vs 1Q15* △
Revenue	9,003	-4%
EBITDA	559	18%
Net profit	239	3%
Core profit after tax	222	-12%
Earnings per share in US cents (fully diluted)	3.8	6%

* Prior period figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

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

	1Q16	1Q15*	Δ
Tropical oils (Plantation, Manufacturing and Merchandising)	149.3	138.9	8%
Oilseeds and Grains (Manufacturing and Consumer Products)	168.8	166.1	2%
Sugar (Milling, Merchandising, Refining and Consumer Products)	(18.1)	(68.0)	73%
Others	12.1	21.9	-45%
Associates / Joint Ventures	12.8	39.2	-67%
Unallocated expenses	(3.6)	(1.4)	>100%
Profit Before Tax	321.3	296.7	8%

* Prior period figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

Cash Flow Highlights

US\$ million	1Q16	1Q15	FY15
Operating cash flow before working capital changes	860	516	2,042
Net cash flow from operating activities	1,331	1,869	2,232
Less : Investment in subsidiaries, joint ventures and associates	-	(457)	(511)
Capital expenditure	(165)	(267)	(865)
Net decrease from bank borrowings*	(1,591)	(654)	(2,783)
Decrease in other deposits and financial products with financial institutions	1,045	46	1,254
Dividends	-	-	(381)
Share buy-back	-	-	(149)
Others	(342)	(323)	528
Net cash flow	278	214	(675)
Free cash flow	1,245	1,186	1,067

* Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities.

Key Leverage Metrics

Key Financials (US\$ million)	1Q2016 LTM	2015 ⁽¹⁾	2014 ⁽¹⁾
EBITDA	2,183	2,097	2,148
(-) FV of biological assets	(16)	(16)	(8)
Adj EBITDA	2,198	2,112	2,156
Net Debt	10,541	11,817	12,056
(-) liquid working capital	5,179	5,932	6,264
Adj net debt	5,362	5,884	5,792
Shareholder funds	14,739	14,420	14,788

Key Financials (US\$ million)	1Q2016 LTM	2015 ⁽¹⁾	2014 ⁽¹⁾
Net debt/ EBITDA	4.8	5.6	5.6
Adj net debt/ EBITDA	2.5	2.8	2.7
Net debt/ equity	0.72	0.82	0.82
Adj net debt/ equity	0.36	0.41	0.39

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

⁽¹⁾ Based on restated numbers upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

Accounting for Biological Assets

Amendments to FRS 41, Agriculture: Bearer Plants, effective for annual periods beginning on or after 1 January 2016 requires retrospective adjustment to the fair value of biological assets.

Impact to the balance sheet as at 31 December 2015 are as follows:

US\$ million	Previously Reported	Adjustment	Restated
Bearer Plants	1,795	(1,053)	742
Biological Assets (FFB)	-	65	65
Deferred Tax Liabilities	(599)	235	(364)
Total Equity (including non-controlling interests)	16,079	(752)	15,327

Business Outlook

- We expect the recent improvements in CPO prices to benefit our Plantation business. However, this will be partially offset by lower margins in our downstream businesses due to higher feedstock costs.
- Consumer Products will continue to achieve healthy growth although crush margins are expected to come under pressure as a result of excessive soybean arrivals into China in the coming months and amidst volatile markets.
- Recent volatility in sugar prices will also have an effect on our Sugar operations.
- Operating conditions in the second quarter are expected to be challenging.

Appendix



Business Segment results:

Tropical Oils (Plantation, Manufacturing and Merchandising)

	1Q16	1Q15	Δ
Revenue (US\$ million)	3,511.6	3,922.5	-10%
➤ <i>Plantation</i>	11.1	13.7	-19%
➤ <i>Manufacturing and Merchandising</i>	3,500.6	3,908.8	-10%
Sales volume ('000 MT)	5,557	5,552	0%
➤ <i>Manufacturing and Merchandising</i>			
Profit before tax (US\$ million)	149.3	138.9	8%

- The improvement in PBT in 1Q2016 was due to better performance from the Group's downstream operations, which benefitted from lower commodity prices. Volumes remained comparable at 5.6 million MT on steady demand from downstream businesses.
- Revenue declined on lower CPO prices.
- As part of a restructuring exercise in Europe, the Group has also made a one-off impairment for property, plant and equipment of US\$11.0 million during the quarter.
- Production yield in 1Q2016, affected by the El Nino effect, was down by 5% to 4.3 MT per hectare, resulting in a 6% decrease in total fresh fruit bunches production to 902,035 MT.

Business Segment results:

Tropical Oils (Plantation, Manufacturing and Merchandising)

	1Q16	1Q15	Δ
Planted area (ha)	240,408	238,773	1%
Mature area harvested (ha)	211,468	211,786	0%
FFB production (MT)	902,035	960,319	-6%
FFB Yield (MT/ha)	4.3	4.5	-5%
Mill Production			
➤ Crude Palm Oil (MT)	375,980	396,525	-5%
➤ Palm Kernel (MT)	88,951	92,904	-4%
Extraction Rate			
➤ Crude Palm Oil	20.8%	20.6%	1%
➤ Palm Kernel	4.9%	4.8%	2%
New Plantings (ha)	143	176	-19%

Business Segment results:

Oilseeds and Grains (Manufacturing and Consumer Products)

	1Q16	1Q15	Δ
Revenue (US\$ million)	4,496.8	4,459.1	1%
➤ <i>Manufacturing</i>	2,436.0	2,501.4	-3%
➤ <i>Consumer Products</i>	2,060.8	1,957.7	5%
Sales volume ('000 MT)	7,185	6,360	13%
➤ <i>Manufacturing</i>	5,462	4,831	13%
➤ <i>Consumer Products</i>	1,723	1,529	13%
Profit before tax (US\$ million)	168.8	166.1	2%

- PBT increased on the back of volume and margin growth in Consumer Products business and continued improvements from Rice and Flour operations.
- This was partially offset by lower crush margins due to the excessive arrival of soybeans, despite an increase in crushed volume.
- Sales volume for the segment increased by 0.8 million MT to 7.2 million MT in 1Q2016.

Business Segment results:

Sugar (Milling, Merchandising, Refining and Consumer Products)

	1Q16	1Q15	Δ
Revenue (US\$ million)	770.5	743.3	4%
➤ <i>Milling</i>	29.3	20.8	41%
➤ <i>Merchandising, Refining & Consumer Products</i>	741.2	722.5	3%
Sales volume ('000 MT)	1,955	1,809	8%
➤ <i>Milling</i>	88	62	42%
➤ <i>Merchandising, Refining & Consumer Products</i>	1,867	1,747	7%
Profit before tax (US\$ million)	(18.2)	(68.0)	73%

- Sales volume for the sugar division increased 8% to 2.0 million MT leading to a 4% revenue growth to US\$770.5 million.
- Losses in the Sugar segment were mainly due to seasonal plant maintenance in the first half of the year for the Australia Milling business.
- Stronger performances from the Group's merchandising business, coupled with higher sales volume by our Indonesia refineries mitigated the losses, resulting in significantly lower losses for 1Q2016.

Non-Operating Items

In US\$ million	1Q16	1Q15*
Profit before tax - reported	321.3	296.6
Foreign exchange gain/(loss) arising from intercompany loans to subsidiaries	5.1	(21.2)
Net gain from investment securities – HFT	18.1	1.2
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(5.5)	(5.8)
Others	2.2	0.2
Non-operating items gain/(loss) (pre-tax impact)	19.9	(25.6)
Profit before tax - excl non-operating items	301.4	322.2
Net profit - reported	239.4	232.0
Non-operating items gain/(loss) (post-tax impact)	17.0	(22.1)
Net profit - excl non-operating items items	222.4	254.1

* Based on restated numbers upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

Cash Flow

US\$ million	1Q16	1Q15	FY15
Operating cash flow before working capital changes	860	516	2,042
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Decrease in other deposits and financial products with financial institutions	1,045	46	1,254
Dividends	-	-	(381)
Share buy-back	-	-	(149)
Others	(342)	(323)	528
Net cash flow	278	214	(675)
Free cash flow	1,245	1,186	1,067
Turnover days			
- Inventories	70	67	65
- Trade Receivables	35	36	34
- Trade Payables	13	16	14

* Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities.

- Inventories reduced due to lower stockholding of products in China after the festive season and seasonal reduction in stockholding for Oilseeds and Grains segment. Compared to 1Q2015, average inventory turnover days increased to 70 days in 1Q2016 mainly due to the high volume of soybeans arrivals in China.
- Trade receivables decreased due to reduction in receivables from timing of sales. Average turnover days reduced marginally to 35 days in 1Q2016.
- Trade payables decreased marginally. Average turnover days reduced to 13 days in 1Q2016 from timing of purchases.

Funding and Liquidity

US\$ million	As at Mar 31, 2016		
	Available	Utilised	Balance
Credit facilities :			
Committed	10,967	8,054	2,913
Trade finance	22,149	6,950	15,199
Short term	1,010	279	731
Total credit facilities	34,126	15,283	18,843
Available facilities			18,843

- 45% of utilised facilities were trade financing lines, backed by inventories and receivables
- 45% of total facilities were utilised at Mar 31, 2016

Key Indicators

	3 months ended Mar 31, 2016	Year ended Dec 31, 2015⁽¹⁾
Return on Average Equity* #	7.0%	7.0%
Return on Average Capital Employed** #	4.3%	3.9%
Return on Invested Capital*** #	4.9%	4.6%
in US cents		
EPS (fully diluted)	3.8	16.0
NTA per share	163.9	159.0
NAV per share	233.2	228.2

(1) Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

Mar 31, 2016 returns based on LTM performances

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

*** Return on Average Capital Employed = EBIT × (1 – tax rate) ÷ (Average equity + Average minority interest + Average net debt)*

**** Return on Invested Capital = Net Operating Profit After Tax ÷ (Average long term assets excl intangibles + Average net working capital excl cash and borrowings)*