

NEWS RELEASE

WILMAR 1H2021 NET PROFIT INCREASES 23% TO US\$751 MILLION

- **1H2021 core net profit increased 15% to US\$732 million**
- **Record EBITDA and pre-tax profit from better performance in Feed & Industrial Products and Plantation & Sugar Milling**
- **Proposed interim tax-exempt dividend of S\$0.05 per share, the highest interim dividend since listing**

Highlights

In US\$ million	1H2021	1H2020 Restated*	Change
Revenue	29,534.4	22,657.7	30.4%
EBITDA	1,884.1	1,488.6	26.6%
Profit before tax	1,215.5	824.5	47.4%
Net profit	750.9	610.5	23.0%
Core net profit	732.2	635.5	15.2%
Earnings per share – fully diluted (US cents)	11.9	9.6	23.5%

**In accordance with SFRS(I) 3, the Group has restated prior period's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Wilmar GF Singapore Holdings Pte. Ltd. ("GF") and its subsidiaries.*

Singapore, August 11, 2021 – Wilmar International Limited ("Wilmar" or "the Group"), Asia's leading agribusiness group, reported a 23% improvement in net profit to US\$750.9 million for the six months ended June 30, 2021 ("1H2021") (1H2020: US\$610.5 million), on the back of better performance in both the Feed & Industrial Products and Plantation & Sugar Milling segments as well as higher contributions from its associates and joint ventures. Excluding gains from non-operating items, core net profit for 1H2021 improved 15% to US\$732.2 million (1H2020: US\$635.5 million).

Revenue for 1H2021 grew by 30% to US\$29.53 billion (1H2020: US\$22.66 billion) mainly due to higher commodity prices during the current period. This was also brought about by an overall increase in sales volume in 1H2021, especially from the medium pack and bulk products in the Food Products segment.

Business Segment Performance

Food Products (Consumer Products, Medium Pack and Bulk) registered a 13% decrease in pre-tax profit to US\$428.3 million in 1H2021 (1H2020: US\$495.0 million), as higher commodity prices narrowed margins in the segment. While the Group had made upward adjustments to the selling prices of consumer pack products in 1H2021, there was still a time lag between the rapid increase in raw material cost and selling price adjustment, thereby negatively impacting margins.

Overall sales volume grew by 9% in 1H2021 to 13.3 million MT (1H2020: 12.3 million MT). The growth was driven by higher demand across medium pack and bulk products, which saw volume expanding by 22% to 9.2 million MT (1H2020: 7.5 million MT). This was mainly brought about by China's recovery from the Covid-19 pandemic, leading to stronger demand by the Hotel/Restaurant/Catering (HORECA) sector and food processing industries. The Group's flour and rice businesses also continued to show strong volume growth during the current period. However, demand for consumer products was lower as more people started dining out since the second half of 2020 compared to when households stocked up on consumer products during the Covid-19 outbreak which drove the high demand in 2Q2020.

Feed and Industrial Products (Tropical Oils, Oilseed & Grains and Sugar) achieved a 29% increase in pre-tax profit to US\$478.8 million in 1H2021 (1H2020: US\$370.7 million), with a strong set of performance from tropical oils. Tropical oils downstream businesses benefitted from good refining margins and higher demand for its products during the period. However, lower soybean crushing volume and higher raw material cost impacted crushing margins for the Group. In addition, the segment was affected by weaker sugar merchandising margins during the period.

Overall volume for the segment decreased marginally by 0.6% to 26.2 million MT in 1H2021 (1H2020: 26.3 million MT) mainly due to lower oilseeds and grains sales volume from lower crushing activities, though this was partially offset by higher sales volume in both sugar and tropical oils businesses.

Plantation and Sugar Milling recorded a pre-tax profit of US\$164.0 million in 1H2021 (1H2020: US\$82.9 million loss), driven by firmer palm prices for the oil palm plantation business and capitalisation of maintenance costs in Sugar Milling. Palm plantations' good performance was further supported by higher fresh fruit bunches production in 1H2021, which increased by 9% to 2,071,579 MT (1H2020: 1,908,757 MT).

With effect from 2021, maintenance costs during the off-season for Sugar Milling are amortised over the sugar milling season, which commenced in late June 2021. Performance in Sugar Milling was further supported by higher sugar prices during the period. Sales volume for sugar milling operations declined by 20% to 1.1 million MT in 1H2021 (1H2020: 1.3 million MT)

The **Others** segment recorded a pre-tax profit of US\$8.7 million in 1H2021 (1H2020: US\$41.5 million loss), mainly from mark-to-market gains and investment income from the Group's investment portfolio. The mark-to-market gains were mainly recognised in 1Q2021 when the equity market environment was more resilient.

Joint Ventures & Associates improved by 66% to US\$139.2 million in 1H2021 (1H2020: US\$84.1 million), mainly due to better results from the Group's investments in Africa, Europe and China.

Dividend

The Board has proposed an interim tax exempt (one-tier) dividend for 1H2021 of S\$0.05 per share. The proposed dividend for 1H2021 will be payable on August 27, 2021.

Strong Balance Sheet and Cash Flows

As at June 30, 2021, total assets stood at US\$55.65 billion while shareholders' funds was US\$19.01 billion.

The Group generated strong operating cash flows before working capital changes of US\$1.81 billion for 1H2021. Nevertheless, higher commodity prices led to a cash outflow of US\$2.63 billion resulting in a US\$3.28 billion increase in net debt to US\$16.89 billion. This led net gearing ratio to increase to 0.89x in 1H2021 (FY2020: 0.72x). However, adjusted net gearing ratio increased by a smaller extent to 0.29x in 1H2021 (FY2020: 0.27x). Adjusted net debts (excluding liquid working capital), increased by US\$492.2 million to US\$5.53 billion as at 30 June 2021 (FY2020: US\$5.04 billion) mainly due to higher dividend payout of US\$784.4 million. As at 30 June 2021, the Group has US\$20.06 billion of unutilised banking facilities.

Prospects

Mr. Kuok Khoon Hong, Chairman and CEO of Wilmar said, “The Covid-19 pandemic extended into the current year and continues to bring about disruptions and market volatility in the countries where the Group operates. Results for 1H2021 have been satisfactory despite the challenging operating conditions created by both Covid-19 and increasing commodity prices.

“Our Feed & Industrial Products segment should continue to perform well on the back of positive downstream margins and sustained strong demand from the tropical oils businesses. Further, the Plantation and Sugar Milling segment is also expected to benefit from higher palm oil and sugar prices. Currently, crush margins in China have improved slightly from the depressed levels in the second quarter and we expect it to improve further in the third quarter. The strength of our diversified operations is that it enables the Group to continue to perform well as weakness in one business is often offset by good performance in other segments. Barring unforeseen circumstances, the Group’s performance for the rest of the year is expected to 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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