

WILMAR INTERNATIONAL LIMITED

4Q2015 Results Briefing

February 19, 2016



wilmar

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Content

1

4Q2015 Financial Performance – Key Takeaways

2

Business Outlook

3

Appendix

4Q2015 Financial Performance – Key Takeaways



Earnings Highlights

	4Q15 (US\$m)	vs 4Q14 △	FY15 (US\$m)	vs FY14 △
Revenue	9,431	-12%	38,777	-10%
EBITDA	615	-12%	2,102	-2%
Net profit	337	-16%	1,056	-9%
Core profit after tax	350	-15%	1,166	-4%
Earnings per share in US cents (fully diluted)	5.3	-16%	16.6	-8%
Dividends per share In Singapore cents	5.5	0%	8.0	+7%

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

	4Q15	4Q14	Δ	FY15	FY14	Δ
Tropical oils (Plantation and Manufacturing)	112.4	295.5	-62%	545.6	969.2	-44%
Oilseeds and Grains (Manufacturing and Consumer Products)	164.2	117.6	40%	689.8	348.5	98%
Sugar (Merchandising, Manufacturing and Consumer Products)	80.1	53.6	49%	83.3	134.4	-38%
Others	19.8	39.4	-50%	17.4	20.0	-13%
Associates / Joint Ventures	57.3	35.8	60%	100.9	80.7	25%
Unallocated expenses	(2.6)	(0.1)	>100%	(8.3)	(15.2)	45%
Profit Before Tax	431.2	542.0	-20%	1,428.7	1,537.6	-7%

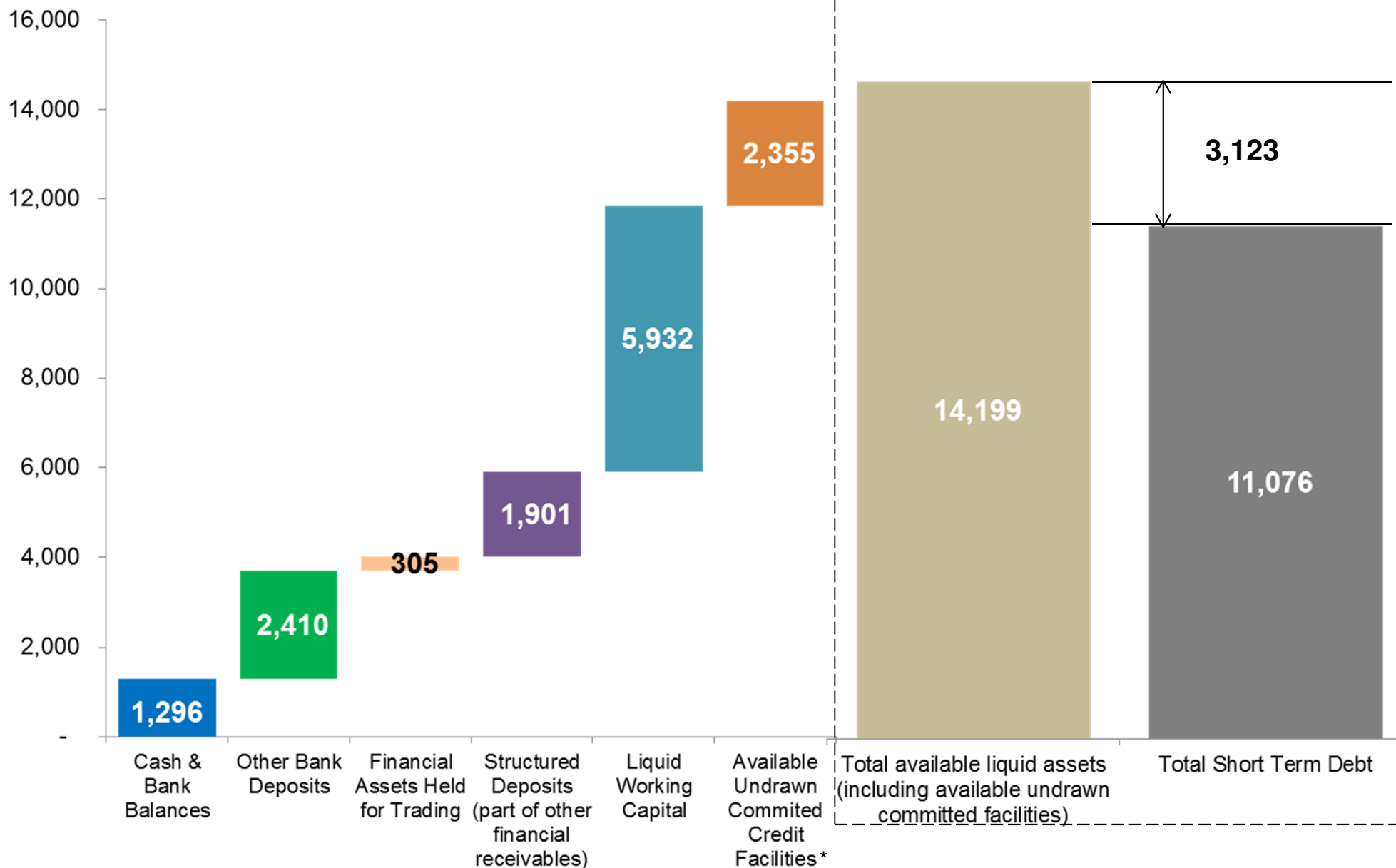
Cash Flow Highlights

US\$ million	FY15	FY14
Operating cash flow before working capital changes	2,042	1,844
Net cash flow from operating activities	2,232	1,973
Less : Investment in subsidiaries, joint ventures and associates	(511)	(220)
Capital expenditure	(865)	(1,093)
Net decrease from bank borrowings*	(2,783)	(773)
Decrease in other deposits and financial products with financial institutions	1,254	238
Dividends	(381)	(383)
Share buy-back	(149)	(9)
Others	528	(269)
Net cash flow	(675)	(536)
Free cash flow	1,067	993

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

Liquidity and Short-Term Debt

US\$ million



Liquid Working Capital = Inventories (excl. consumables) + Trade Receivables – Current liabilities (excl. borrowings)

* Out of total unused credit facilities of US\$17.92 billion

Key Leverage Metrics

Key Financials (US\$ million)	2015	2014	2013	2012
EBITDA	2,102	2,148	2,432	2,406
(-) FV of biological assets	(10)	(8)	(9)	29
Adj EBITDA	2,112	2,156	2,441	2,377
Net Debt	11,817	12,056	12,446	12,209
(-) liquid working capital	5,932	6,264	7,109	7,011
Adj net debt	5,884	5,792	5,337	5,198
Shareholder equity	15,127	15,495	15,005	14,346

Key Financials (US\$ million)	2015	2014	2013	2012
Net debt/ EBITDA	5.6	5.6	5.1	5.1
Adj net debt/ EBITDA	2.8	2.7	2.2	2.2
Net debt/ equity	0.78	0.78	0.83	0.85
Adj net debt/ equity	0.39	0.37	0.36	0.36

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

Finance Income/Expenses & FX Hedging Costs

US\$' million	4Q15	4Q14	Δ	FY15	FY14	Δ
Interest income	95.5	137.1	-30%	470.5	600.5	-22%
Interest expenses	(97.3)	(120.4)	19%	(444.2)	(523.1)	15%
Non operating items - Interest expense	(5.7)	(6.5)	12%	(22.7)	(27.8)	18%
Net interest (expenses)/income	(7.5)	10.3	n.m	3.7	49.6	-93%

Net Debt (average)	11,473.2	11,797.7	-3%	11,523.4	12,430.3	-7%
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Effective interest rates	0.26%	-0.35%	n.m	-0.03%	-0.40%	-92%
Hedging costs - CNY	1.65%	1.31%	26%	1.77%	0.35%	>100%
All-in (including hedging costs) interest rates	1.91%	0.96%	99%	1.74%	-0.04%	n.m

Average borrowing rate (including MTM hedging costs)	3.06%	2.38%	29%	3.14%	2.36%	33%
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Accounting for Biological Assets

Biological Assets	US\$ '000
Book value as at Dec 31, 2015	1,794,595
Adjustment due to amendments to FRS 41	(986,826)
Revised value of Biological Assets	807,769
Total Impact on Equity – Dec 31, 2015	(751,694)
Net Debt Ratio (Proforma)	0.82x
Additional depreciation for 2015	(47,720)

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.

Business Outlook

- The Group performed satisfactorily for the full year, in spite of the challenging environment, particularly for palm oil.
- Healthy growth was achieved in various key business segments such as oilseeds, flour, rice, consumer products, specialty fats and sugar.
- In an environment where macro factors are expected to remain challenging, we believe our resilient business model and vertical integration, supported by our healthy balance sheet, will allow us to continue to do reasonably well.

Appendix



Business Segment results: Tropical Oils (Plantation and Manufacturing)

	4Q15	4Q14	Δ	FY15	FY14	Δ
Revenue (US\$ million)	3,599.4	4,798.0	-25%	15,607.3	20,339.2	-23%
➤ <i>Plantation</i>	13.3	15.6	-15%	56.5	71.0	-20%
➤ <i>Manufacturing</i>	3,586.1	4,782.4	-25%	15,550.8	20,268.3	-23%
Sales volume ('000 MT)						
➤ <i>Manufacturing</i>	5,961	6,538	-9%	23,500	24,607	-4%
Profit before tax (US\$ million)	112.4	295.5	-62%	545.6	969.2	-44%

- Revenue declined in 4Q2015 and in FY2015 due to the decrease in refining sales volume and lower CPO prices.
- Production yield improved 14.7% to 5.9 MT per hectare in 4Q2015, resulting in an increase in total fresh fruit bunches production to 1.2 million MT. The FY2015 improved yield was partially offset by poorer weather conditions in 1Q2015, resulting in a marginal increase in total fresh food bunches production to 4.5 million MT in FY2015.
- Plantation results were impacted by lower CPO prices in 4Q2015 despite improved production yield. In addition, a challenging macro environment with weak demand and compressed margins resulted in lower profits for the downstream operations. The award of the Biodiesel Quota in November 2015 improved the biodiesel operations, but the associated benefits will be more fully experienced over the course of 2016.

Business Segment results:

Tropical Oils (Plantation and Manufacturing)

	4Q15	4Q14	Δ	FY15	FY14	Δ
Planted area (ha)	240,956	238,287	1%	240,956	238,287	1%
Mature area harvested (ha)	209,018	210,063	0%	209,018	210,063	0%
FFB production (MT)	1,235,326	1,082,495	14%	4,481,022	4,323,960	4%
FFB Yield (MT/ha)	5.9	5.2	15%	21.4	20.6	4%
Mill Production						
➤ Crude Palm Oil (MT)	523,604	472,143	11%	1,995,800	1,909,355	5%
➤ Palm Kernel (MT)	125,177	108,907	15%	472,968	437,776	8%
Extraction Rate						
➤ Crude Palm Oil	20.6%	20.9%	-1%	20.5%	20.6%	-1%
➤ Palm Kernel	4.9%	4.8%	2%	4.9%	4.7%	3%

Plantation Age Profile

in hectares	Average Age of Plantation					Total
	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	
30 Dec 2015						
Indonesia	12,102	12,787	100,207	16,107	25,546	166,749
Malaysia	9,414	4,032	14,664	9,022	21,274	58,406
Africa	8,026	990	5,788	725	272	15,801
Total planted area	29,542	17,809	120,659	25,854	47,092	240,956
<i>% of total planted area</i>	<i>12.3%</i>	<i>7.4%</i>	<i>50.1%</i>	<i>10.7%</i>	<i>19.5%</i>	<i>100.0%</i>
Included YTD new plantings of :	3,146					
Plasma Programme	380	1,085	5,969	5,571	18,423	31,428
<i>% of planted area</i>	<i>1.2%</i>	<i>3.5%</i>	<i>19.0%</i>	<i>17.7%</i>	<i>58.6%</i>	<i>100.0%</i>
31 Dec 2014						
Indonesia	11,091	25,141	88,233	17,932	24,079	166,476
Malaysia	7,176	2,264	14,678	9,031	24,820	57,969
Africa	6,118	621	5,809	535	759	13,842
Total planted area	24,385	28,026	108,720	27,498	49,658	238,287
<i>% of total planted area</i>	<i>10.2%</i>	<i>11.8%</i>	<i>45.7%</i>	<i>11.5%</i>	<i>20.8%</i>	<i>100.0%</i>
Included YTD new plantings of :	3,089					
Plasma Programme	319	1,959	6,900	7,303	15,185	31,666
<i>% of planted area</i>	<i>1.0%</i>	<i>6.2%</i>	<i>21.8%</i>	<i>23.0%</i>	<i>48.0%</i>	<i>100.0%</i>

- Weighted average age of our plantations is approximately 12 years.

Business Segment results:

Oilseeds and Grains (Manufacturing and Consumer Products)

	4Q15	4Q14	Δ	FY15	FY14	Δ
Revenue (US\$ million)	4,186.1	4,574.9	-8%	17,705.1	17,986.4	-2%
➤ <i>Manufacturing</i>	2,862.6	3,051.5	-6%	11,540.5	11,233.6	3%
➤ <i>Consumer Products</i>	1,323.5	1,523.5	-13%	6,164.6	6,752.9	-9%
Sales volume ('000 MT)	7,425	6,887	8%	28,706	25,081	14%
➤ <i>Manufacturing</i>	6,265	5,579	12%	23,642	19,785	19%
➤ <i>Consumer Products</i>	1,160	1,308	-11%	5,064	5,296	-4%
Profit before tax (US\$ million)	164.2	117.6	40%	689.8	348.5	98%

- Record volume of soybean crushed, stable crushing margins and higher volume from Consumer Products businesses contributed to the strong PBT growth in 4Q2015 and FY2015.
- Sales volume for the Oilseeds and Grains segment increased to 7.4 million MT in 4Q2015 and 28.7 million MT for FY2015. Sales volume for Consumer Products was 1.2 million MT for 4Q2015 and 5.1 million MT for FY2015 mainly due to the reclassification of packed palm oil from Consumer Products to Tropical Oils segment. Without this reclassification, Consumer Products' volume would have recorded an increase of 5.6% for 4Q2015 and 12.5% for FY2015.

Business Segment results:

Sugar (Merchandising, Manufacturing and Consumer Products)

	4Q15	4Q14	Δ	FY15	FY14	Δ
Revenue (US\$ million)	1,424.4	1,201.9	19%	4,404.4	4,060.4	8%
➤ <i>Milling</i>	284.6	300.7	-5%	854.1	938.0	-9%
➤ <i>Merchandising & Processing</i>	1,139.8	901.2	26%	3,550.3	3,122.4	14%
Sales volume ('000 MT)	4,324	3,251	-33%	13,118	9,714	35%
➤ <i>Milling</i>	1,071	1,242	-14%	3,365	3,089	9%
➤ <i>Merchandising & Processing</i>	3,253	2,009	62%	9,753	6,625	47%
Profit before tax (US\$ million)	80.1	53.6	49%	83.3	134.4	-38%
Operating statistics:						
Commercial cane sugar (%)	15.3	15.0	2%	14.5	14.4	1%
Cane crushed (million MT)	4.5	5.4	-17%	15.7	15.3	3%

- Sales volume increased in 4Q2015 and FY2015 from higher merchandising and milling activities.
- For 4Q2015, the Group's milling segment recorded a strong set of results on higher sugar price. The good milling results and higher sales volume from the merchandising and manufacturing business, contributed to the increase in 4Q2015 PBT to US\$80.1 million.
- For FY2015, the lower PBT of US\$83.3 million for the segment was mainly due to weaker performances from the merchandising and manufacturing business and lower translated profits from the Group's Australian operations as a result of the weakening Australian Dollar.

Non-Operating Items

In US\$ million	4Q15	4Q14	FY15	FY14
Profit before tax - reported	431.2	542.0	1,428.7	1,537.6
Foreign exchange loss arising from intercompany loans to subsidiaries	(10.1)	(16.6)	(43.1)	(43.1)
Net gain/(loss) from investment securities – HFT	16.9	14.9	(33.3)	2.7
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(5.7)	(6.4)	(22.7)	(27.8)
Others	0.5	1.4	4.2	3.3
Non-operating items gain/(loss) (pre-tax impact)	1.6	(6.7)	(94.9)	(64.9)
Net loss from biological assets	(10.2)	(8.0)	(10.2)	(8.0)
Profit before tax - excl non-operating items	439.8	556.7	1,533.8	1,610.5
Net profit - reported	337.2	401.2	1,056.1	1,156.2
Non-operating items loss (post-tax impact)	(13.2)	(11.3)	(110.3)	(63.7)
Net profit - excl non-operating items gains	350.4	412.5	1,166.4	1,219.9

Cash Flow

US\$ million	FY15	FY14
Operating cash flow before working capital changes	2,042	1,844
Net cash flow from operating activities	2,232	1,973
Less : Investment in subsidiaries, joint ventures and associates	(511)	(220)
Capital expenditure	(865)	(1,093)
Net decrease from bank borrowings*	(2,783)	(773)
Decrease in other deposits and financial products with financial institutions	1,254	238
Dividends	(381)	(383)
Share buy-back	(149)	(9)
Others	528	(269)
Net cash flow	(675)	(536)
Free cash flow	1,067	993
Turnover days		
- Inventories	65	63
- Trade Receivables	34	33
- Trade Payables	14	12

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

- Inventories decreased on lower commodities prices. This was partially offset by higher stockholding in China for the consumer products division in preparation for the earlier Chinese Festive season in FY2016. Average inventory turnover days increased to 65 days in FY2015.
- Trade receivables declined due to reduction in receivables from timing of sales and lower prices. Average turnover days remained comparable at 34 days in FY2015.
- Trade payables decreased but the average turnover days increased to 14 days in FY2015 mainly due to the timing effect of purchases.

Funding and Liquidity

US\$ million	As at Dec 31, 2015		Balance
	Available	Utilised	
Credit facilities :			
Committed	10,654	8,299	2,355
Trade finance	23,501	8,571	14,930
Short term	1,191	553	638
Total credit facilities	35,346	17,423	17,923
Available facilities			17,923

- 49% of utilised facilities were trade financing lines, backed by inventories and receivables
- 49% of total facilities were utilised at Dec 31, 2015

Key Indicators

	As at Dec 31, 2015	As at Dec 31, 2014
Return on Average Equity*	6.9%	7.6%
Return on Average Capital Employed**	3.9%	4.1%
Return on Invested Capital***	4.6%	4.7%
in US cents		
EPS (fully diluted)	16.6	18.1
NTA per share	170.2	173.5
NAV per share	239.3	242.3
in Singapore cents		
Dividends (interim & final)	8.0	7.5

* 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)