WILMAR INTERNATIONAL LIMITED

1Q2017 Results Highlights

May 11, 2017

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Content

1	1Q2017 Financial Performance – Key Takeaways
2	Business Outlook
3	Appendix

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1Q2017 Financial Performance – Key Takeaways

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Earnings Highlights

	1Q17 (US$m)	vs 1Q16 △
Revenue	10,570	17%
EBITDA	691	24%
Net profit	362	51%
Core profit after tax	313	40%
Earnings per share in US cents (fully diluted)	5.7	50%

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Earnings Highlights – Segment Results (PBT US$m)

	1Q17	1Q16	Δ
Tropical Oils (Plantation, Manufacturing & Merchandising)	178.6	149.3	*20%*
Oilseeds and Grains (Manufacturing & Consumer Products)	213.7	168.8	*27%*
Sugar (Milling, Merchandising, Refining & Consumer Products)	(34.5)	(18.1)	*-90%*
Others	69.5	12.1	*>100%*
Joint Ventures & Associates	41.9	12.8	*>100%*
Unallocated expenses#	(2.0)	(3.6)	*43%*
Profit Before Tax	**467.2**	**321.3**	***45%***

 # Unallocated expenses refer to expenses in relation to employees' share options

Cash Flow Highlights

US$ million	1Q17	1Q16	FY16
Operating cash flow before working capital changes	473	860	2,021
Net cash flow from operating activities	(22)	1,331	1,124
Less: Acquisitions of subsidiaries, joint ventures and associates	(10)	0	(145)
Capital expenditure	(175)	(165)	(777)
Net increase/(decrease) from bank borrowings*	1,005	(1,916)	(695)
(Increase)/decrease in other deposits and financial products with financial institutions	(43)	1,045	774
Dividends	0	0	(371)
Share buy-back	0	0	(9)
Others	16	(17)	140
Net cash flow	771	278	41
Free cash flow	(72)	1,245	592

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.

Free Cash Flow = Cashflows (used in)/generated from operations – Capital expenditure – Acquisitions/disposals of subsidiaries, joint ventures and associates.

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Gearing

US$ million	As at Mar 31, 2017	As at Dec 31, 2016
Debt/Equity (x)	0.79	0.81
- Net Debt *	11,883	11,692
- Shareholders' funds	15,038	14,435
Adjusted Debt/Equity (x)	0.33	0.35
- Liquid working capital **	6,979	6,706
- Adjusted Net Debt	4,904	4,986
Net debt/EBITDA (x) ***	5.00	5.21
Adjusted Net Debt/EBITDA (x) ***	2.06	2.23

** 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 31 Mar 17 is based on LTM performance.*

- Net debt to equity ratio improved marginally to 0.79x compared to 0.81x as at Dec 31, 2016.
- Adjusted debt to equity ratio improved marginally to 0.33x from 0.35x.

Business Outlook

- The Group has shown strong results in the first quarter, particularly from our Tropical Oils and Oilseeds and Grains segments. We expect our Flour business to continue its growth, while volume for consumer products is expected to recover from the seasonal reduction in 1Q2017. Although lower CPO prices will impact our Plantation and Palm Oil Mills operations, we believe that this will be partially offset by anticipated higher palm oil production. Recent volatility in sugar prices is expected to impact our Sugar operations.

- Overall, we are cautiously optimistic that the next quarter's performance will be satisfactory.

- The Group also wishes to announce that it is carrying out an internal restructuring of its China operations with the possibility of a separate listing. As the proposed listing is still at evaluation stage, shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the listing proposal will be carried out.

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Business Segment results:
Tropical Oils (Plantation, Manufacturing and Merchandising)

	1Q17	1Q16	Δ
Revenue (US$ million)	4,642.9	3,511.6	*32%*
➢ *Plantation*	*18.1*	*11.0*	*63%*
➢ *Manufacturing & Merchandising*	*4,624.8*	*3,500.6*	*32%*
Sales volume (‘000 MT) ➢ *Manufacturing & Merchandising*	*5,650*	*5,557*	*2%*
Profit before tax (US$ million)	178.6	149.3	*20%*

- The PBT increase was mainly attributable to better performance from both refinery and plantation businesses, with the latter benefitting from higher CPO prices.
- Plantation production yield for 1Q2017 improved by 8% to 4.6 MT per hectare, resulting in a 4% increase in the production of fresh fruit bunches to 938,771 MT.

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Business Segment results:
Tropical Oils (Plantation, Manufacturing and Merchandising)

	1Q17	1Q16	Δ
Planted area (ha)	241,197	240,408	*0%*
Mature area harvested (ha)	210,928	211,468	*0%*
FFB production (MT)	938,771	902,035	*4%*
FFB Yield (MT/ha)	4.6	4.3	*8%*
Mill Production			
➢ Crude Palm Oil (MT)	393,696	375,980	*5%*
➢ Palm Kernel (MT)	97,061	88,951	*9%*
Extraction Rate			
➢ Crude Palm Oil	20.0%	20.8%	*-4%*
➢ Palm Kernel	4.9%	4.9%	*0%*
New Planting (ha)	20	143	

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Business Segment results: Oilseeds and Grains (Manufacturing and Consumer Products)

	1Q17	1Q16	∆
Revenue (US$ million)	4,464.5	4,496.8	*-1%*
➢ *Manufacturing*	*2,788.3*	*2,436.0*	*14%*
➢ *Consumer Products*	*1,676.2*	*2,060.8*	*-19%*
Sales volume ('000 MT)	7,118	7,185	*-1%*
➢ *Manufacturing*	*5,696*	*5,462*	*4%*
➢ *Consumer Products*	*1,422*	*1,723*	*-17%*
Profit before tax (US$ million)	213.7	168.8	*27%*

- The segment continued its positive performance from 2H2016 and recorded another quarter of solid performance in 1Q2017. The strong segment profits were achieved on the back of higher soybean volume crushed and stable crushing margins. This was partially offset by weaker seasonal sales volume from the Consumer Products businesses, which had been affected by the early Chinese Spring Festival in 2017.

Business Segment results:
Sugar (Milling, Merchandising, Refining and Consumer Products)

	1Q17	1Q16	Δ
Revenue (US$ million)	1,236.5	770.5	*60%*
➢ *Milling*	*42.9*	*29.3*	*47%*
➢ *Merchandising, Refining & Consumer Products*	*1,193.6*	*741.2*	*61%*
Sales volume ('000 MT)	2,488	1,955	*27%*
➢ *Milling*	*203*	*88*	*>100%*
➢ *Merchandising, Refining & Consumer Products*	*2,285*	*1,867*	*22%*
Profit before tax (US$ million)	(34.5)	(18.1)	*-90%*

- The segment loss was mainly due to seasonal maintenance in the first half of the year by the Australian Milling business and weaker performances from both our Merchandising and Refining businesses.
- Higher Merchandising activities during the quarter resulted in the increase in sales volume. This, in addition with the higher sugar prices, resulted in the increase in revenue during the quarter.

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Cash Flow

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Less : Acquisitions of subsidiaries, joint ventures and associates	(10)	0	(145)
Capital expenditure	(175)	(165)	(777)
Net increase/(decrease) from bank borrowings*	1,005	(1,916)	(695)
(Increase)/decrease in other deposits and financial products with financial institutions	(43)	1,045	774
Dividends	0	0	(371)
Share buy-back	0	0	(9)
Others	16	(17)	140
Net cash flow	771	278	41
Free cash flow	(72)	1,245	592
Turnover days			
- Inventories	70	70	64
- Trade Receivables	35	35	33
- Trade Payables	13	13	13

Note :

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Cash Flow

- Inventories decreased 1.1% to US$6.9 billion as at 31 March 2017 due to lower stockholding of consumer products in China after the festive season. Average turnover days remained comparable at 70 days in 1Q2017.

- Trade receivables decreased by US$312.8 million to US$3.8 billion in 1Q2017 mainly due to reduction in receivables as a result of sales timing. Average turnover days remained comparable at 35 days in 1Q2017.

- Trade payables decreased by US$216.7 million to US$1.3 billion in 1Q2017 mainly due to seasonal impact by the Sugar segment. Average turnover days remained comparable at 13 days in 1Q2017.

Funding and Liquidity

US$ million	As at Mar 31, 2017 Available	Utilised	Balance
Credit facilities :			
Committed	9,935	7,261	2,674
Trade finance	21,318	9,887	11,431
Short term	897	282	615
Total credit facilities	**32,150**	**17,430**	**14,720**

- 57% of utilised facilities were trade financing lines, backed by inventories and receivables.
- 54% of total facilities were utilised as at March 31, 2017.

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Key Indicators

	As at Mar 31, 2017	As at Dec 31, 2016
Return on Average Equity*	7.4%	6.7%
Return on Average Capital Employed*	4.8%	4.5%
Return on Invested Capital*	5.1%	4.6%
in US cents		
EPS (fully diluted)	5.7	15.4
NTA per share	168.7	159.4
NAV per share	237.9	228.5

** Mar 17 returns based on LTM performances*

Formulas :
Return on Average Equity = Net profit ÷ Average equity
Return on Average Capital Employed = EBIT x (1 – tax rate) ÷ (Average equity +Average minority interest + Average net debt)
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)

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