

WILMAR INTERNATIONAL LIMITED

FY2023 Results Briefing

February 21, 2024



IMPORTANT NOTICE

Information in this presentation may contain projections and forward looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected.

This presentation does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer to purchase or subscribe for, any shares nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.

Agenda

1

FY2023 Financial Performance – Key Takeaways

2

Business Outlook

3

Appendix

FY2023 Financial Performance – Key Takeaways



Earnings Highlights

	2H2023 (US\$m)	vs 2H2022 △	FY2023 (US\$m)	vs FY2022 △
Revenue	34,617	-7%	67,155	-9%
EBITDA	2,309	-3%	3,963	-16%
Profit Before Tax	1,259	-16%	1,956	-37%
Net Profit	974	-21%	1,525	-37%
Core Net Profit	989	-22%	1,567	-35%
Earnings per share in US cents (fully diluted)	15.6	-21%	24.4	-36%
Dividends per share in Singapore cents	11.0	0%	17.0	0%

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

	2H2023	2H2022	Δ	FY2023	FY2022	Δ
Food Products	212.3	208.6	2%	294.9	730.1	-60%
Feed and Industrial Products	527.7	1,056.4	-50%	926.7	1,559.5	-41%
Plantation and Sugar Milling	437.2	133.5	>100%	500.1	569.3	-12%
Others	(25.0)	0.8	<i>n.m.</i>	(55.2)	3.6	<i>n.m.</i>
Joint Ventures & Associates	120.9	120.7	0%	319.8	273.8	17%
Unallocated expenses [#]	(14.6)	(14.9)	2%	(30.1)	(19.7)	-53%
Profit Before Tax	1,258.5	1,505.1	-16%	1,956.2	3,116.6	-37%

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

n.m. – not meaningful

Sales Volume by Business Segment ('000 MT)

	2H2023	2H2022	Δ	FY2023	FY2022	Δ
Food Products	16,103	15,242	6%	30,682	29,067	6%
Consumer Products	4,039	4,216	-4%	7,970	8,487	-6%
Medium Pack and Bulk	12,064	11,026	9%	22,712	20,580	10%
Feed and Industrial Products	33,348	30,841	8%	61,269	55,615	10%
Tropical Oils	13,318	12,213	9%	24,722	22,161	12%
Oilseeds and Grains	12,038	11,755	2%	23,249	21,372	9%
Sugar	7,992	6,873	16%	13,298	12,082	10%
Plantation and Sugar Milling[#]						
Sugar Milling	2,686	2,328	15%	3,565	3,239	10%
Total	52,137	48,411	8%	95,516	87,921	9%

[#] Excludes oil palm plantation and fertiliser volume

Cash Flow Highlights

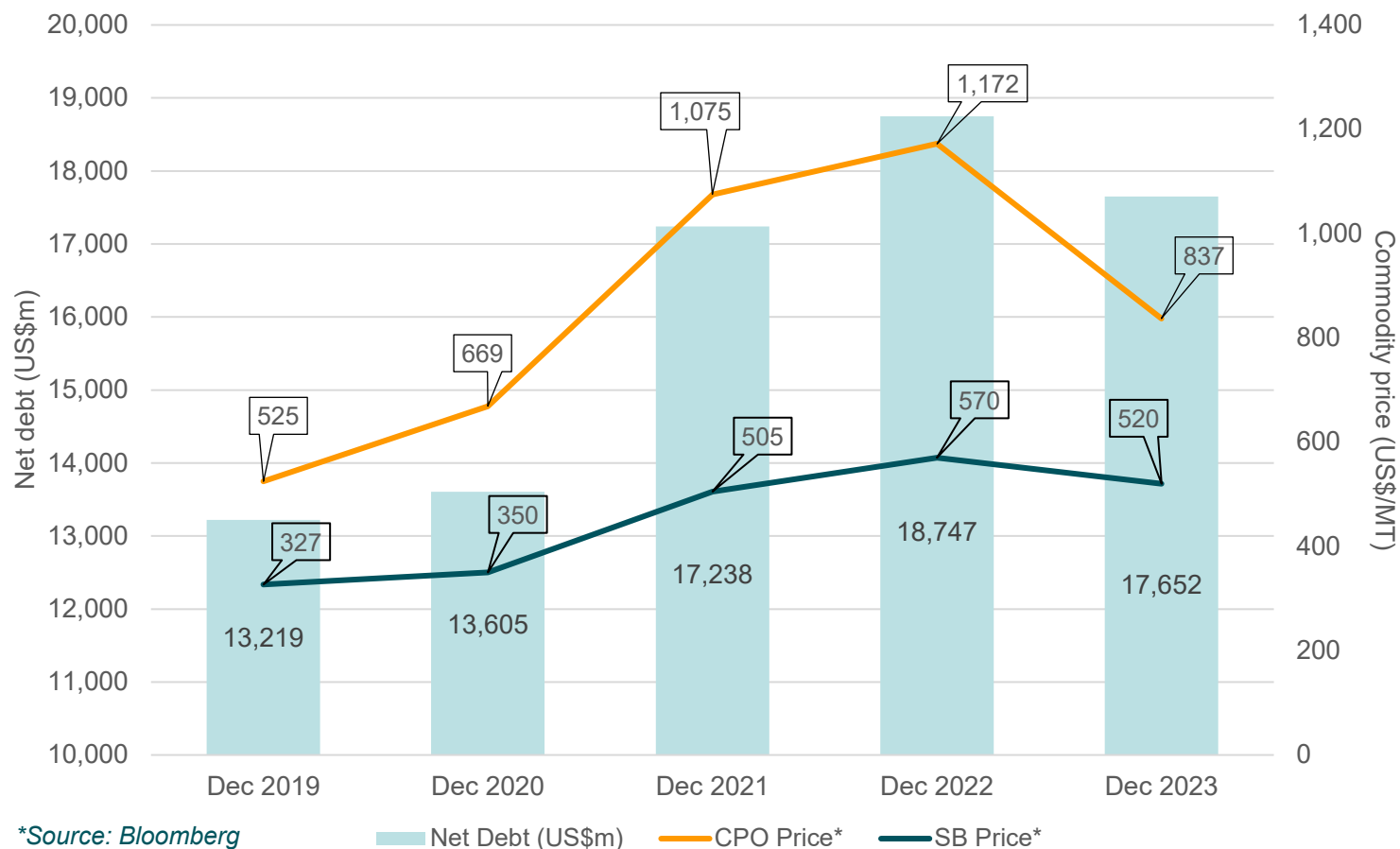
US\$ million	FY2023	FY2022
Operating cash flow before working capital changes	2,953	3,951
Add/(less): Changes in working capital, interest (paid)/received and income taxes paid	932	(1,903)
Acquisitions of subsidiaries, joint ventures and associates	(298)	(141)
Capital expenditure	(2,281)	(2,483)
Net increase from bank borrowings*	525	1,786
Share buyback	-	(200)
Increase in other deposits and financial products with financial institutions	(217)	(11)
Dividends	(848)	(803)
Others**	768	63
Net cash flow	1,534	259

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.

** Includes proceeds from sale of Cosumar S.A. of US\$583 million.

Commodity Price / Net Debt



- We expect our net finance cost to have peaked in FY2023 due to softening of commodity prices (our debts are predominately trade related) and peak in global interest rates.
- We also borrow in Renminbi for our China operations and interest rates there are expected to remain low in FY2024 due to the weak domestic economic environment.
- Financing cost is lower than most major economies' central bank policy rates.

Gearing

US\$ million	As at Dec 31, 2023	As at Dec 31, 2022
Debt/Equity (x)	0.88	0.94
- Net debt *	17,652	18,747
- Shareholders' funds	20,173	19,986
Adjusted debt/Equity (x)	0.37	0.30
- Liquid working capital **	10,174	12,662
- Adjusted net debt	7,478	6,085
- EBITDA	3,963	4,734
Net debt/EBITDA (x)	4.45	3.96
Adjusted net debt/EBITDA (x)	1.89	1.29

* 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).

- As at Dec 31, 2023, net debt to equity ratio decreased to 0.88x and adjusted debt to equity ratio increased to 0.37x.

Business Outlook

- Following an exceptional year in FY2022, we recorded a satisfactory set of results in FY2023 despite headwinds faced across various businesses during the year. We expect the tough operating conditions to continue into FY2024. Tropical oils margins are expected to remain depressed, sugar milling margins will be affected by lower sugar prices and operating conditions in China are expected to remain challenging.
- We are confident that our integrated and diversified business model will continue to help us weather through the coming year. In 2024, we will continue to focus on improving efficiencies of our operations, reducing capital expenditure and extracting benefits from our past expansion especially those that started operations in the last few years.

Appendix



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

	2H2023	2H2022	Δ	FY2023	FY2022	Δ
Revenue (US\$ million)	14,158.3	15,600.7	-9%	28,326.4	31,516.4	-10%
➤ <i>Consumer Products</i>	5,287.6	6,175.5	-14%	11,057.2	12,874.0	-14%
➤ <i>Medium Pack and Bulk</i>	8,870.7	9,425.2	-6%	17,269.2	18,642.4	-7%
Sales volume ('000 MT)	16,103	15,242	6%	30,682	29,067	6%
➤ <i>Consumer Products</i>	4,039	4,216	-4%	7,970	8,487	-6%
➤ <i>Medium Pack and Bulk</i>	12,064	11,026	9%	22,712	20,580	10%
Profit before tax (US\$ million)	212.3	208.6	2%	294.9	730.1	-60%

- Profit for Food Products segment increased marginally by 2% to US\$212.3 million in 2H2023 while overall sales volume grew by 6% to 16.1 million MT, with stronger sales volume recorded for its medium pack and bulk products. The Group's volume growth was mainly driven by higher volume of flour and rice sales, in line with the Group's expanded flour and rice capacities.
- For FY2023, profit for the segment was at US\$294.9 million, dragged down by weak performance in 1H2023. The Group suffered from weaker margins as a result of high feedstock cost for the flour business during the first half of the year. This was further impacted by the absence of a gain on dilution of interest in the Group's Indian associate, Adani Wilmar Limited, which had been recognised in the previous year (US\$175.6 million). Overall sales volume grew by 6% to 30.7 million MT in FY2023.

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

	2H2023	2H2022	Δ	FY2023	FY2022	Δ
Revenue (US\$ million)	21,959.7	22,885.0	-4%	41,369.2	44,545.6	-7%
➤ Tropical Oils	11,414.8	13,219.0	-14%	22,430.1	27,276.3	-18%
➤ Oilseeds and Grains	5,542.2	6,121.8	-9%	10,946.1	11,042.8	-1%
➤ Sugar	5,002.7	3,544.2	41%	7,993.0	6,226.5	28%
Sales volume ('000 MT)	33,348	30,841	8%	61,269	55,615	10%
➤ Tropical Oils	13,318	12,213	9%	24,722	22,161	12%
➤ Oilseeds and Grains	12,038	11,755	2%	23,249	21,372	9%
➤ Sugar	7,992	6,873	16%	13,298	12,082	10%
Profit before tax (US\$ million)	527.7	1,056.4	-50%	926.7	1,559.5	-41%

- The segment posted lower profit of US\$527.7 million in 2H2023 mainly as tropical oils business experienced weaker margins for its mid and downstream operations. However, this was offset by better performance from the oilseeds and sugar businesses during the period. Oilseeds division recorded higher crushing margins in 2H2023. The sugar division also achieved better performance during the period on the back of higher merchandising activities. The Group continued to grow its volume during the period and recorded higher volume of sales across all its main businesses, with overall sales volume increasing by 8% to 33.3 million MT.
- Overall sales volume for the segment increased by 10% to 61.3 million MT in FY2023 even though profit for the year was lower at US\$926.7 million.

Business Segment results: Plantation and Sugar Milling

	2H2023	2H2022	Δ	FY2023	FY2022	Δ
Revenue (US\$ million)	2,090.7	2,559.6	-18%	3,980.6	4,737.3	-16%
➤ Oil Palm Plantation	1,061.4	1,712.5	-38%	2,482.7	3,441.4	-28%
➤ Sugar Milling	1,029.3	847.1	22%	1,497.9	1,295.9	16%
Sales volume ('000 MT)#	2,686	2,328	15%	3,565	3,239	10%
➤ Sugar Milling						
Profit before tax (US\$ million)	437.2	133.5	>100%	500.1	569.3	-12%

Excludes oil palm plantation and fertiliser volume

- Profit for the segment tripled to US\$437.2 million in 2H2023 mainly as the Group recognised a gain on disposal of its Moroccan associate, Cosumar S.A., during the period, amounting to US\$231.0 million. In addition, firm sugar prices and higher volume of sales during the period further supported the steady performance of the sugar milling business, with sales volume growing by 15% to 2.7 million MT in 2H2023. The palm plantation business also performed favourably despite lower palm oil prices as fresh fruit bunches production increased by 3% to 2,370,703 MT in 2H2023 while production yield for palm plantation improved by 3% to 11.2 MT per hectare in 2H2023.
- For the full year, segment profit decreased by 12% to US\$500.1 million, mainly due to lower profit from the palm plantation business as a result of lower palm oil prices during the year. Fresh fruit bunches production for FY2023 only increased marginally to 4,450,452 MT while production yield remained comparable at 21.0 MT per hectare. However, this was offset by improvements in the segment results in 2H2023.

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

	2H2023	2H2022	Δ	FY2023	FY2022	Δ
Planted area (ha)	230,135	231,697	-1%	230,135	231,697	-1%
Mature area harvested (ha)	211,862	211,136	0%	211,862	211,136	0%
FFB production (MT)	2,370,703	2,301,672	3%	4,450,452	4,434,011	0%
FFB Yield (MT/ha)	11.2	10.9	3%	21.0	21.0	0%
Mill Production						
➤ Crude Palm Oil (MT)	937,541	1,000,641	-6%	1,748,267	1,869,260	-6%
➤ Palm Kernel (MT)	217,644	236,055	-8%	404,539	443,816	-9%
Extraction Rate						
➤ Crude Palm Oil	19.5%	19.2%	2%	19.9%	19.5%	2%
➤ Palm Kernel	4.5%	4.5%	0%	4.5%	4.6%	-2%
New Planting (ha)	75	-	<i>n.m.</i>	99	-	<i>n.m.</i>
Replanting (ha)	4,144	2,856	45%	5,594	5,543	1%

Plantation Age Profile

in hectares	Average Age of Plantation					Total
	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	
31 Dec 2023						
Indonesia	10,136	13,410	31,730	69,554	26,074	150,904
Malaysia	6,192	18,514	17,716	5,817	10,655	58,894
Africa	-	6,564	12,014	1,033	726	20,337
Total planted area	16,328	38,488	61,460	76,404	37,455	230,135
<i>% of total planted area</i>	<i>7.1%</i>	<i>16.7%</i>	<i>26.7%</i>	<i>33.2%</i>	<i>16.3%</i>	<i>100.0%</i>
Included YTD new plantings of :	99					
Plasma/outgrower Programme	4,108	3,885	1,469	7,811	19,369	36,642
31 Dec 2022						
Indonesia	10,691	14,030	38,832	65,001	22,967	151,521
Malaysia	7,066	15,140	17,723	5,818	14,046	59,793
Africa	211	7,517	10,897	1,033	725	20,383
Total planted area	17,968	36,687	67,452	71,852	37,738	231,697
<i>% of total planted area</i>	<i>7.8%</i>	<i>15.8%</i>	<i>29.1%</i>	<i>31.0%</i>	<i>16.3%</i>	<i>100.0%</i>
Included YTD new plantings of :	-					
Plasma/outgrower Programme	6,830	602	2,564	7,126	19,268	36,390

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

Non-Operating Items

US\$ million	2H2023	2H2022	FY2023	FY2022
Foreign exchange loss in respect of intercompany loans to subsidiaries	(7.0)	(11.1)	(19.3)	(16.1)
Net fair value loss on investment securities at fair value through profit or loss	(16.5)	(13.4)	(33.7)	(15.9)
Gain on disposal of investment securities at fair value through profit or loss	3.0	0.6	5.0	1.2
Investment income from investment securities	34.4	15.7	49.1	39.2
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(17.6)	(11.2)	(33.7)	(15.2)
Increase in fair value of investment properties	0.1	0.9	0.1	0.9
Impairment loss on goodwill	(5.3)	-	(5.3)	-
Total non-operating items	(8.9)	(18.5)	(37.8)	(5.9)
Net loss arising from changes in fair value of biological assets	(2.8)	(14.2)	(2.8)	(14.2)
Total	(11.7)	(32.7)	(40.6)	(20.1)
Net profit	973.9	1,237.5	1,524.8	2,402.5
Core net profit	989.3	1,264.3	1,566.5	2,419.7

Cash Flow

US\$ million	FY2023	FY2022
Operating cash flow before working capital changes	2,953	3,951
Add/(less): Changes in working capital, interest (paid)/received and income taxes paid	932	(1,903)
Acquisitions of subsidiaries, joint ventures and associates	(298)	(141)
Capital expenditure	(2,281)	(2,483)
Net increase from bank borrowings*	525	1,786
Share buyback	-	(200)
Increase in other deposits and financial products with financial institutions	(217)	(11)
Dividends	(848)	(803)
Others**	768	63
Net cash flow	1,534	259
Turnover days		
- Inventories	67	69
- Trade Receivables	29	30
- Trade Payables	13	13

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.

** Includes proceeds from sale of Cosumar S.A. of US\$583 million.

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 decreased by 11% to US\$11.80 billion as at 31 December 2023 mainly as a result of lower commodity prices and inventory turnover during the current year. Average turnover days decreased to 67 days in FY2023 (FY2022: 69 days).
- Trade receivables decreased by 3% to US\$6.38 billion as of 31 December 2023, in line with the lower sales revenue during the period. Average turnover days improved marginally to 29 days (FY2022: 30 days).
- Trade payables increased by US\$542.3 million to US\$2.89 billion as of 31 December 2023 mainly due to timing of purchases. Average turnover days remained comparable at 13 days for the year (FY2022: 13 days).

Funding and Liquidity

US\$ million	As at Dec 31, 2023		Balance
	Available	Utilised	
Credit facilities :			
Committed	11,418	8,583	2,835
Trade finance	48,620	21,831	26,789
Short term	1,411	287	1,124
Total credit facilities	61,449	30,701	30,748
Available facilities			30,748
Available cash not pledged			4,381
Total liquidity			35,129

- 71% of utilised facilities were trade financing lines as at December 31, 2023.
- 50% of total facilities were utilised as at December 31, 2023.

Key Indicators

	As at Dec 31, 2023	As at Dec 31, 2022
Return on Average Equity [#]	7.6%	12.0%
Return on Invested Capital [#]	5.6%	7.3%
in US cents		
EPS (fully diluted)	24.4	38.3
NTA per share	238.5	233.6
NAV per share	323.1	320.2
in Singapore cents		
Dividends (interim & final)	17.0	17.0

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)