

WILMAR INTERNATIONAL LIMITED

FY2022 Results Briefing

February 21, 2023



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FY2022 Financial Performance – Key Takeaways



Earnings Highlights

	2H2022 (US\$m)	vs 2H2021 △	FY2022 (US\$m)	vs FY2021 △
Revenue	37,265	3%	73,399	12%
EBITDA	2,384	4%	4,734	13%
Profit Before Tax	1,505	-3%	3,117	13%
Net Profit	1,238	9%	2,402	27%
Core Net Profit	1,264	14%	2,420	31%
Earnings per share in US cents (fully diluted)	19.8	10%	38.3	28%
Dividends per share in Singapore cents	11.0	5%	17.0	10%

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

	2H2022	2H2021	Δ	FY2022	FY2021	Δ
Food Products	203.0	252.6	-20%	723.5	680.9	6%
Feed and Industrial Products	1,054.2	782.2	35%	1,556.9	1,261.0	23%
Plantation and Sugar Milling	133.5	400.1	-67%	569.3	564.1	1%
Others	(2.2)	38.5	<i>n.m.</i>	0.1	47.2	-100%
Joint Ventures & Associates	120.7	80.3	50%	273.8	219.5	25%
Unallocated expenses [#]	(4.1)	(3.3)	-24%	(7.0)	(6.9)	-2%
Profit Before Tax	1,505.1	1,550.4	-3%	3,116.6	2,765.8	13%

[#] Unallocated expenses refer to expenses in relation to the grant of share options pursuant to Wilmar ESOS.

Sales Volume by Business Segment ('000 MT)

	2H2022	2H2021	Δ	FY2022	FY2021	Δ
Food Products	15,242	14,949	2%	29,067	28,265	3%
Consumer Products	4,216	4,436	-5%	8,487	8,539	-1%
Medium Pack and Bulk	11,026	10,513	5%	20,580	19,726	4%
Feed and Industrial Products	30,841	28,818	7%	55,615	54,994	1%
Tropical Oils	12,213	11,839	3%	22,161	22,808	-3%
Oilseeds and Grains	11,755	11,125	6%	21,372	20,199	6%
Sugar	6,873	5,854	17%	12,082	11,987	1%
Plantation and Sugar Milling[#]						
Sugar Milling	2,328	2,246	4%	3,239	3,300	-2%
Total	48,411	46,013	5%	87,921	86,559	2%

[#] Excludes oil palm plantation volume

Cash Flow Highlights

US\$ million	FY2022	FY2021
Operating cash flow before working capital changes	3,951	3,994
Add/(less): Changes in working capital, interest (paid)/received and income taxes paid	(1,903)	(4,039)
Acquisitions of subsidiaries, joint ventures and associates	(141)	(81)
Capital expenditure	(2,483)	(2,527)
Net increase from bank borrowings*	1,786	3,088
Share buyback	(200)	(98)
(Increase)/decrease in other deposits and financial products with financial institutions	(11)	514
Dividends	(803)	(1,050)
Others	63	203
Net cash flow	259	4

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.

Gearing

US\$ million	As at Dec 31, 2022	As at Dec 31, 2021
Debt/Equity (x)	0.94	0.87
- Net debt *	18,747	17,238
- Shareholders' funds	19,986	19,924
Adjusted debt/Equity (x)	0.30	0.27
- Liquid working capital **	12,662	11,889
- Adjusted net debt	6,085	5,349
- EBITDA	4,734	4,172
Net debt/EBITDA (x)	3.96	4.13
Adjusted net debt/EBITDA (x)	1.29	1.28

* 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, 2022, net debt to equity ratio increased to 0.94x and adjusted debt to equity ratio increased to 0.30x.

Business Outlook

- FY2022 was an exceptional year. Our team managed our operations well despite the volatility in the commodities markets and general economic slowdown during the past year. We benefitted from increased palm oil and sugar prices, good palm processing margins and higher shipping profit due to increased freight rates.
- FY2023 will be challenging as plantation profits and palm processing margins are expected to be under pressure but China should perform better due to the ending of its zero-Covid policy. We will continue to build on our strategy and work towards expanding our footprint in the food and agri-business globally, as well as strengthening the integration across the various segments of our business. Our team will do its best to meet the challenges and barring unforeseen circumstances, we are reasonably confident that FY2023 results will be satisfactory.

Appendix



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

	2H2022	2H2021	Δ	FY2022	FY2021	Δ
Revenue (US\$ million)	15,600.7	15,862.8	-2%	31,516.4	29,508.1	7%
➤ <i>Consumer Products</i>	6,175.5	6,453.7	-4%	12,874.0	12,171.6	6%
➤ <i>Medium Pack and Bulk</i>	9,425.2	9,409.1	0%	18,642.4	17,336.5	8%
Sales volume ('000 MT)	15,242	14,949	2%	29,067	28,265	3%
➤ <i>Consumer Products</i>	4,216	4,436	-5%	8,487	8,539	-1%
➤ <i>Medium Pack and Bulk</i>	11,026	10,513	5%	20,580	19,726	4%
Profit before tax (US\$ million)	203.0	252.6	-20%	723.5	680.9	6%

- Overall volume for the segment grew by 2% to 15.2 million MT in 2H2022, driven by higher consumption of medium pack and bulk products. In particular, sales volume for rice and flour increased during the period, in line with the Group's capacity expansion in these businesses. The improvements were partially offset by a decrease in consumer products sales volume in China in 2H2022 as the widespread outbreak of Covid-19 virus in China resulted in a slowdown in sales. Coupled with higher raw material costs during the period, segment profit for 2H2022 was lower at US\$203.0 million.
- Similarly for the full year, sales volume grew by 3% to 29.1 million MT on the back of stronger medium pack and bulk products sales. Although the segment was impacted by higher raw material costs especially during the first half of the year, overall profit for FY2022 improved by 6% to US\$723.5 million mainly due to the gain on dilution of interest in Adani Wilmar Limited amounting to US\$175.6 million recognised in 1Q2022.

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

	2H2022	2H2021	Δ	FY2022	FY2021	Δ
Revenue (US\$ million)	22,885.0	21,730.4	5%	44,545.6	38,894.5	15%
➤ <i>Tropical Oils</i>	13,219.0	13,708.8	-4%	27,276.3	24,218.6	13%
➤ <i>Oilseeds and Grains</i>	6,121.8	5,184.3	18%	11,042.8	9,242.7	19%
➤ <i>Sugar</i>	3,544.2	2,837.3	25%	6,226.5	5,433.2	15%
Sales volume ('000 MT)	30,841	28,818	7%	55,615	54,994	1%
➤ <i>Tropical Oils</i>	12,213	11,839	3%	22,161	22,808	-3%
➤ <i>Oilseeds and Grains</i>	11,755	11,125	6%	21,372	20,199	6%
➤ <i>Sugar</i>	6,873	5,854	17%	12,082	11,987	1%
Profit before tax (US\$ million)	1,054.2	782.2	35%	1,556.9	1,261.0	23%

- The segment continued to perform well for the period and delivered profits of US\$1.05 billion in 2H2022. This marked a 35% improvement in profits compared to the prior period. The robust results were achieved on the back of sustained good performance from the tropical oils business as well as better margins from sugar merchandising activities. However, these were partially impacted by weaker crush margins from the oilseeds business. Overall sales volume for the period increased by 7% to 30.8 million MT, driven by improvement in sales across all businesses.
- For FY2022, overall volume for the segment increased to 55.6 million MT while revenue improved by 15% to US\$44.55 billion. Profit for the segment improved by 23% to US\$1.56 billion.

Business Segment results: Plantation and Sugar Milling

	2H2022	2H2021	Δ	FY2022	FY2021	Δ
Revenue (US\$ million)	2,559.6	2,204.8	16%	4,737.3	3,651.0	30%
➤ Oil Palm Plantation	1,712.5	1,416.5	21%	3,441.4	2,435.1	41%
➤ Sugar Milling	847.1	788.3	7%	1,295.9	1,215.9	7%
Sales volume ('000 MT)#	2,328	2,246	4%	3,239	3,300	-2%
➤ Sugar Milling						
Profit before tax (US\$ million)	133.5	400.1	-67%	569.3	564.1	1%

Excludes oil palm plantation volume

- Profit for the segment weakened to US\$133.5 million in 2H2022 as palm oil prices weakened significantly during the period but this was mitigated by higher crop production. Favourable weather conditions and a better crop profile resulted in higher fresh fruit bunches production across all the Group's plantation regions, with total production growing by 19% to 2,301,672 MT in 2H2022 while production yield for palm plantations grew by 15% to 10.9 MT per hectare in 2H2022. The segment results were further aided by higher volume of sugar sold during the period, which grew by 4% to 2.3 million MT in 2H2022.
- Together with the strong segment results in 1H2022, segment profit for the year improved to US\$569.3 million. Fresh fruit bunches production for FY2022 increased by 11% to 4,434,011 MT while production yield improved to 21.0 MT per hectare. Even though sales volume for sugar milling operations decreased by 2% to 3.2 million MT in FY2022, overall revenue for the segment increased by 30% in FY2022 to US\$4.74 billion as a result of higher sugar prices.

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

	2H2022	2H2021	Δ	FY2022	FY2021	Δ
Planted area (ha)	231,697	230,480	1%	231,697	230,480	1%
Mature area harvested (ha)	211,136	204,277	3%	211,136	204,277	3%
FFB production (MT)	2,301,672	1,933,504	19%	4,434,011	4,005,083	11%
FFB Yield (MT/ha)	10.9	9.5	15%	21.0	19.6	7%
Mill Production						
➤ Crude Palm Oil (MT)	1,000,641	891,247	12%	1,869,260	1,741,803	7%
➤ Palm Kernel (MT)	236,055	214,819	10%	443,816	419,047	6%
Extraction Rate						
➤ Crude Palm Oil	19.2%	19.2%	0%	19.5%	19.5%	0%
➤ Palm Kernel	4.5%	4.6%	-2%	4.6%	4.6%	0%
New Planting (ha)	0	170	-100%	0	315	-100%

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 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 :	0					
Plasma/outgrower Programme	6,830	602	2,564	7,126	19,268	36,390
31 Dec 2021						
Indonesia	9,693	15,099	47,692	57,386	22,054	151,924
Malaysia	9,597	15,084	13,733	6,987	12,786	58,187
Africa	3,136	7,545	7,930	1,033	725	20,369
Total planted area	22,426	37,728	69,355	65,406	35,565	230,480
<i>% of total planted area</i>	<i>9.7%</i>	<i>16.4%</i>	<i>30.1%</i>	<i>28.4%</i>	<i>15.4%</i>	<i>100.0%</i>
Included YTD new plantings of :	315					
Plasma/outgrower Programme	6,470	48	3,232	8,053	17,879	35,682

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

Non-Operating Items

US\$ million	2H2022	2H2021	FY2022	FY2021
Foreign exchange (loss)/gain in respect of intercompany loans to subsidiaries	(11.1)	0.1	(16.1)	(3.8)
Net fair value (loss)/gain on investment securities at fair value through profit or loss	(13.4)	(6.5)	(15.9)	3.0
Gain on disposal of investment securities at fair value through profit or loss	0.6	1.4	1.2	1.1
Investment income from investment securities	15.7	21.8	39.2	40.8
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(11.2)	(3.0)	(15.2)	(6.3)
Increase in fair value of investment properties	0.9	2.1	0.9	2.1
Total non-operating items	(18.5)	15.9	(5.9)	36.9
Net (loss)/gain arising from changes in fair value of biological assets	(14.2)	21.3	(14.2)	21.3
Total	(32.7)	37.2	(20.1)	58.2
Net profit	1,237.5	1,139.5	2,402.5	1,890.4
Core net profit	1,264.3	1,110.2	2,419.7	1,842.4

Cash Flow

US\$ million	FY2022	FY2021
Operating cash flow before working capital changes	3,951	3,994
Add/(less): Changes in working capital, interest (paid)/received and income taxes paid	(1,903)	(4,039)
Acquisitions of subsidiaries, joint ventures and associates	(141)	(81)
Capital expenditure	(2,483)	(2,527)
Net increase from bank borrowings*	1,786	3,088
Share buyback	(200)	(98)
(Increase)/decrease in other deposits and financial products with financial institutions	(11)	514
Dividends	(803)	(1,050)
Others	63	203
Net cash flow	259	4
Turnover days		
- Inventories	69	69
- Trade Receivables	30	28
- Trade Payables	13	12

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.

Cash Flow – Cont.

- Inventories increased by 13% to US\$13.23 billion as at 31 December 2022 whilst average inventory turnover days remained comparable at 69 days in FY2022 (FY2021: 69 days). The higher inventory balance was due to timing of purchases and increase in prices of most commodities compared to December 2021.
- While overall sales of the Group increased during the year, trade receivables decreased by 4% to US\$6.55 billion in FY2022, indicating improvements in collection of receipts. Nevertheless, average turnover days for the year was higher at 30 days (FY2021: 28 days) due to slower repayment from customers in the earlier part of the year which has since improved.
- As at 31 December 2022, trade payables increased by US\$342.9 million to US\$2.35 billion mainly due to timing of purchases. Average turnover days was 13 days in FY2022 (FY2021: 12 days).

Funding and Liquidity

US\$ million	As at Dec 31, 2022		
	Available	Utilised	Balance
Credit facilities :			
Committed	10,814	8,609	2,205
Trade finance	44,885	21,384	23,501
Short term	1,469	436	1,033
Total credit facilities	57,168	30,429	26,739
Available facilities			26,739
Available cash not pledged			2,847
Total liquidity			29,586

- 70% of utilised facilities were trade financing lines as at December 31, 2022.
- 53% of total facilities were utilised as at December 31, 2022.

Key Indicators

	As at Dec 31, 2022	As at Dec 31, 2021
Return on Average Equity [#]	12.0%	9.7%
Return on Invested Capital [#]	6.9%	5.8%
in US cents		
EPS (fully diluted)	38.3	29.9
NTA per share	233.6	230.8
NAV per share	320.2	316.5
in Singapore cents		
Dividends (interim & final)	17.0	15.5

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)