

WILMAR INTERNATIONAL LIMITED

Update on IPO of Yihai Kerry Arawana Holdings

August 13, 2019



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.

Certain information in this presentation in relation to Yihai Kerry Arawana Holdings ("YKA") and the Proposed Listing of YKA is a translation of the original from the draft prospectus in Chinese available on the China Securities Regulatory Commission ("CSRC") website. There is no English version of the prospectus. In the event of a discrepancy between the information provided in this presentation and the draft prospectus, the draft prospectus in Chinese will prevail.

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.

Note: The draft prospectus (in Chinese) submitted in relation to the application for the Proposed Listing of YKA is available on the CSRC website
http://www.csrc.gov.cn/pub/zjhpublic/G00306202/201907/t20190712_359268.htm

Agenda

1

Transaction Summary

2

Overview of Yihai Kerry Arawana Holdings

3

Implications for Wilmar International

4

Appendix

Transaction Summary



Proposed Listing of Wilmar's China Operations

Issuer	Yihai Kerry Arawana Holdings Co., Ltd. (“YKA”)		
Offering Type	Initial Public Offering (“IPO”) and listing on the ChiNext of Shenzhen Stock Exchange		
Indicative Offering Size	Offering of 542,159,154 shares (10% of enlarged share capital)		
Primary / Secondary Split	100% Primary		
Use of Proceeds	To fund YKA’s future capital expenditure over the next few years		
Shareholding		Before IPO	After IPO
	Wilmar International	99.99%	89.99%
	Shanghai Broad Ocean Investment	0.01%	0.01%
	Public	-	10.00%
	Total	100.00%	100.00%
Indicative Timeline	Subject to, among other things, approval from CSRC for the Proposed Listing, relevant regulatory and other approvals being obtained and market conditions		

Transaction Rationale



With an established history in China of over 30 years, YKA is well positioned to further extend its market leadership and positioning in China's growing food sector



Allows Wilmar to accelerate its growth in China, the world's largest consumer food market



Enhances public awareness of YKA's quality products and extensive manufacturing operations



Unlocks shareholder value by crystallising the value of Wilmar's China operations

Overview of YKA



China – YKA

1 *One of the largest agribusiness and food processing companies in China with market leading positions*

2 *A portfolio of leading household brands across various product categories*



金龙鱼®

Yihai Kerry Arawana

3 *Superior manufacturing capabilities at strategic locations*

4 *Extensive distribution capabilities and network nationwide*

5 *Track record of strong financial performance*

6 *Robust R&D capabilities enhancing manufacturing processes, product quality and innovation*

One of the Largest Agribusiness and Food Processing Companies in China

China is the world's largest consumer food market



c.30m MT
edible vegetable oil produced



c.148m MT
rice produced



c.66m MT
flour produced



c.88m MT
soybean crushed

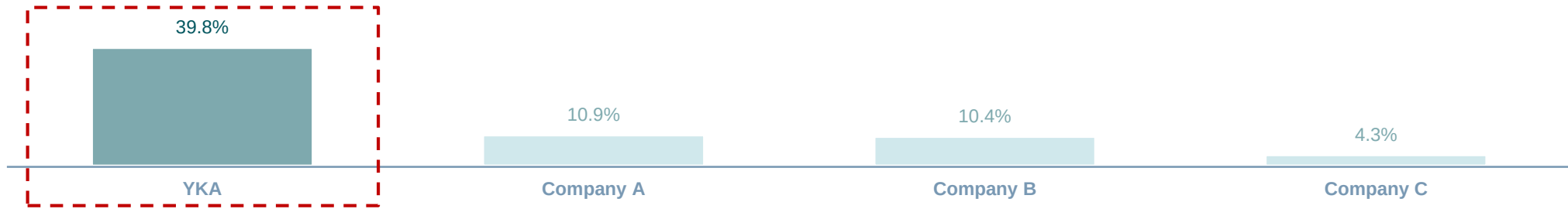
YKA has market leading positions across various food product categories

- No 1 Consumer Pack Edible Oils, Rice and Flour
- No 1 Edible Oils Refiner
- No 1 Oleochemicals Manufacturer
- No 1 Specialty Fats Manufacturer
- No 1 Food Services (bulk pack)
- No 2 Oilseeds Crusher
- No 2 Rice Miller
- No 2 Flour Miller

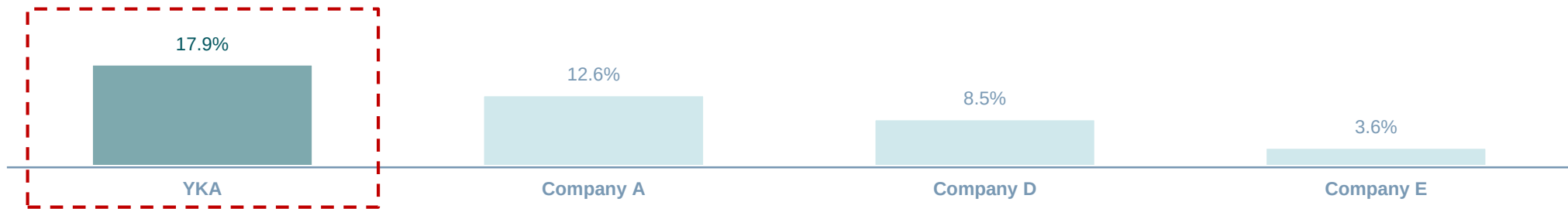
Source: National Grain and Oils Information Center, US Department of Agriculture (USDA), Company Estimates

Leading Market Positions across Key Product Categories

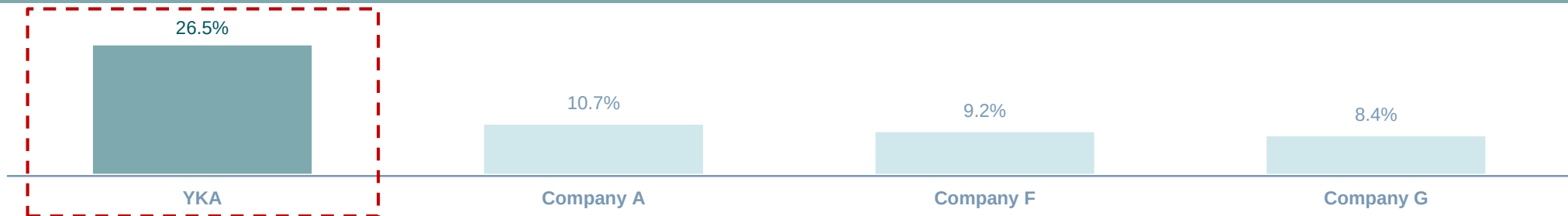
Packaged edible vegetable oil sector (2018 market share by sales volume)



Packaged rice sector (2018 market share by sales volume)



Packaged flour sector (2018 market share by sales volume)



Source: Nielsen research

A Portfolio of Leading Household Brands across Various Product Categories

Food Products (Consumer Products & HORECA)

Oleochemicals

Feed Ingredients

	Food Products (Consumer Products & HORECA)	Oleochemicals	Feed Ingredients
Premium	    		
Mid-end	  		
Mass	   		

Superior Manufacturing Capabilities at Strategic Locations

 **> 300¹**
manufacturing plants

 **62¹**
manufacturing locations

 **24¹**
provinces, autonomous regions
and municipalities across China



¹ As of 31 Mar 2019

Integrated Manufacturing Complex in Taizhou

Advantages of integrated manufacturing complexes:

- Enjoys economies of scale with lower manufacturing and logistics costs
- Ability to improve cost efficiencies, through shared utilities (such as boilers, effluent treatment, offices and storage tanks) and manpower synergies



¹ For illustrative purpose only; [shaded blue] denotes facilities to be built up / under construction

Extensive Distribution Capabilities and Network Nationwide

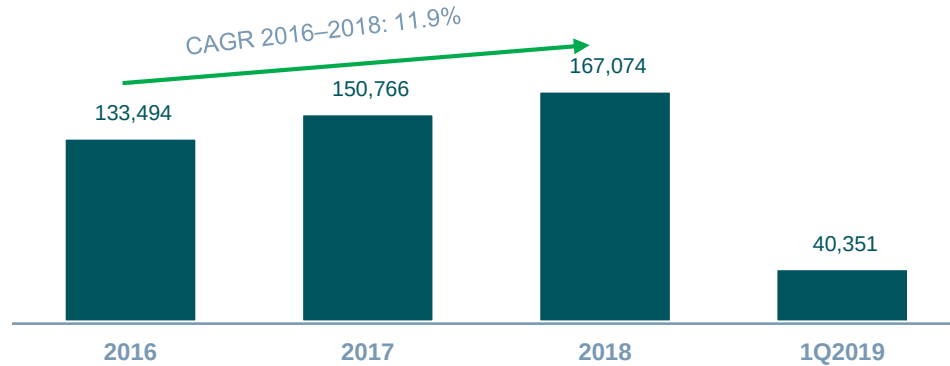
Extensive nationwide sales and distribution network covering whole of China

Consumer products
31 branches
> 3,400 staff
> 300 sales offices
> 1,080,000 POS

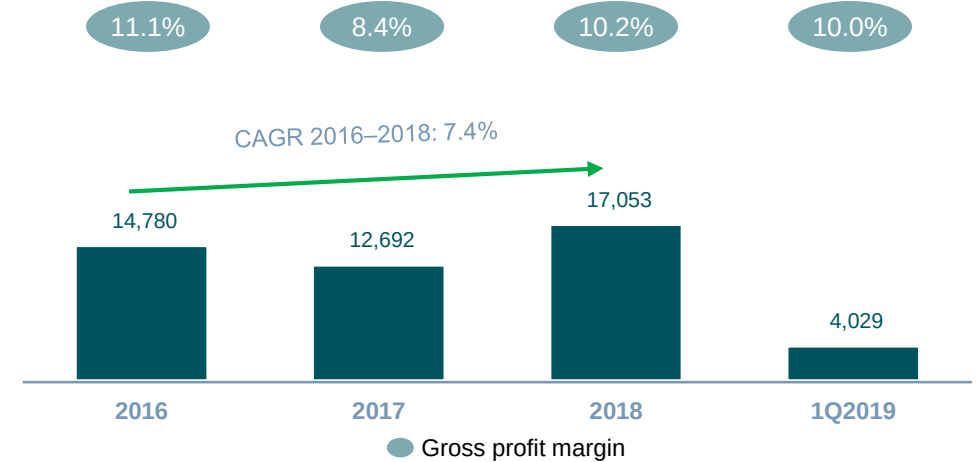


Strong Track Record of Profitable Growth...

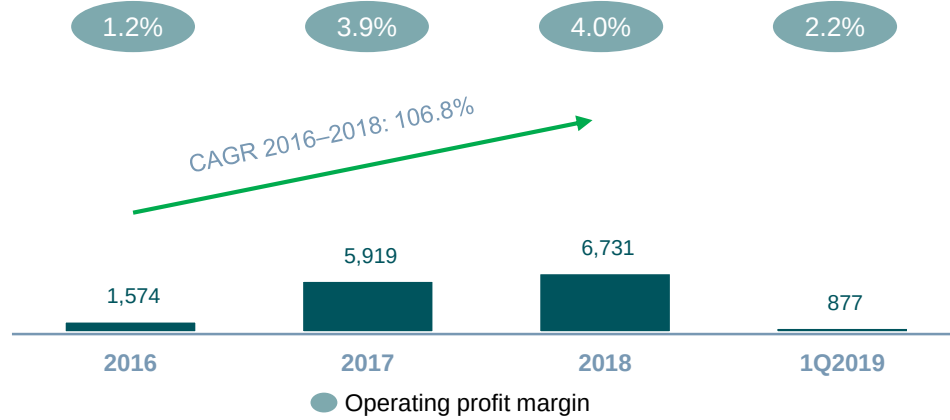
Overall topline sales (RMB mm)



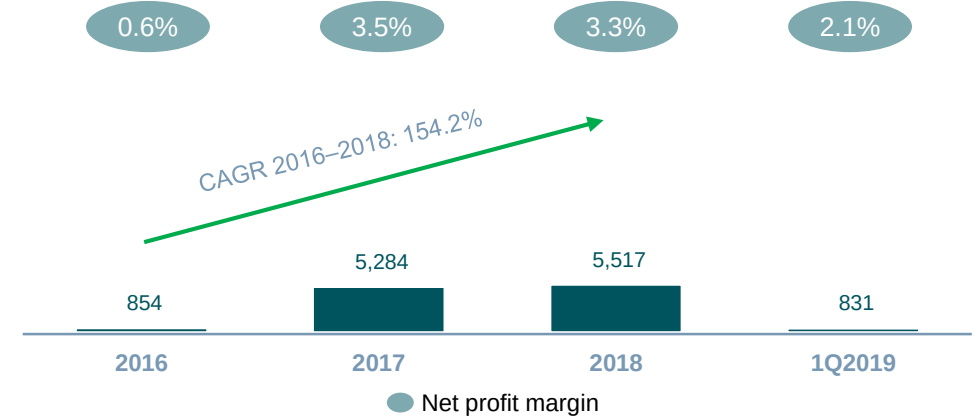
Overall gross profit (RMB mm)



Overall operating profit¹ (RMB mm)



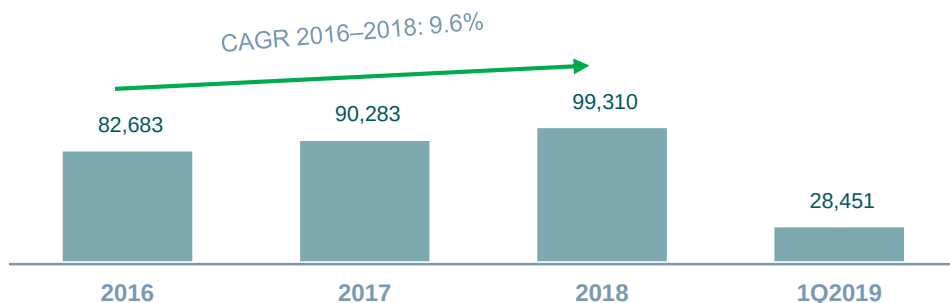
Overall net profit after tax (RMB mm)



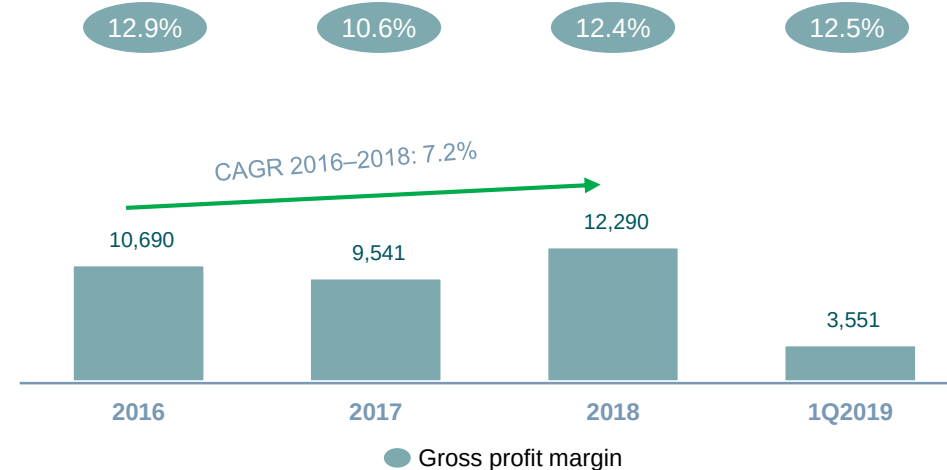
¹ After interest expense

...Driven by Strong Performance in All Core Segments

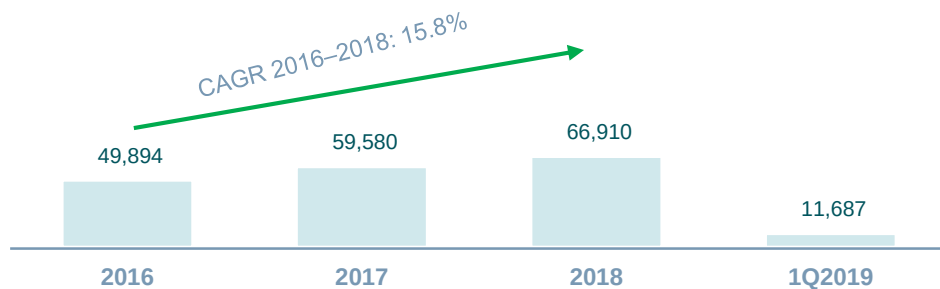
Food Products (Consumer Products & HORECA) topline sales (RMB mm)



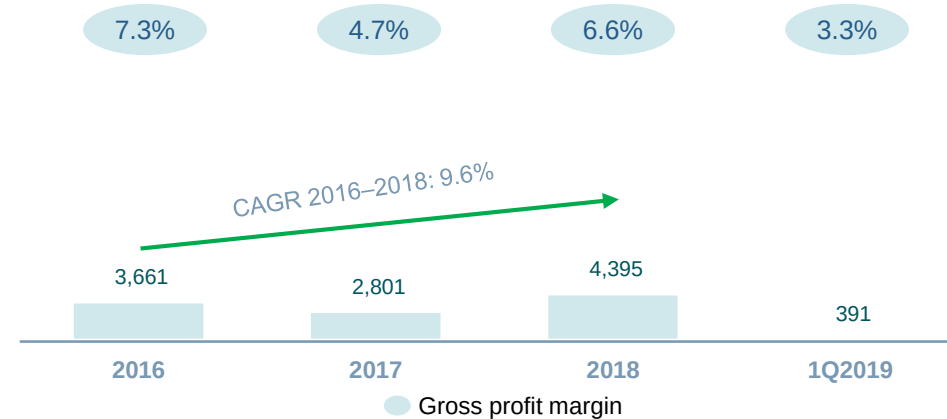
Food Products (Consumer Products & HORECA) gross profit (RMB mm)



Feed Ingredients and Oleochemicals topline sales (RMB mm)



Feed Ingredients and Oleochemicals gross profits (RMB mm)



Robust R&D Capabilities Enhancing Manufacturing Processes and Product Quality, as well as Supporting Product Innovation

- ✓ Circular economy of rice/ soybean / corn/ wheat
- ✓ Value-added by-products such as in rice processing, rice bran oil, rice husk ash



- ✓ Focus on product innovation and ensure highest standards of food quality and safety

- Oils and fats
- Wheat flour, noodles
- Rice
- Condiments
- Oleochemicals



Entire production chain



~ 300

Researchers in China

> 70%

Holds master's and doctoral degrees

Food quality and safety

Health foods

- ✓ Understand the impact of different food ingredients and foods on human health
- ✓ Address major public health issues through identifying food ingredients and food components
- ✓ Collaboration with Chinese nutrition society



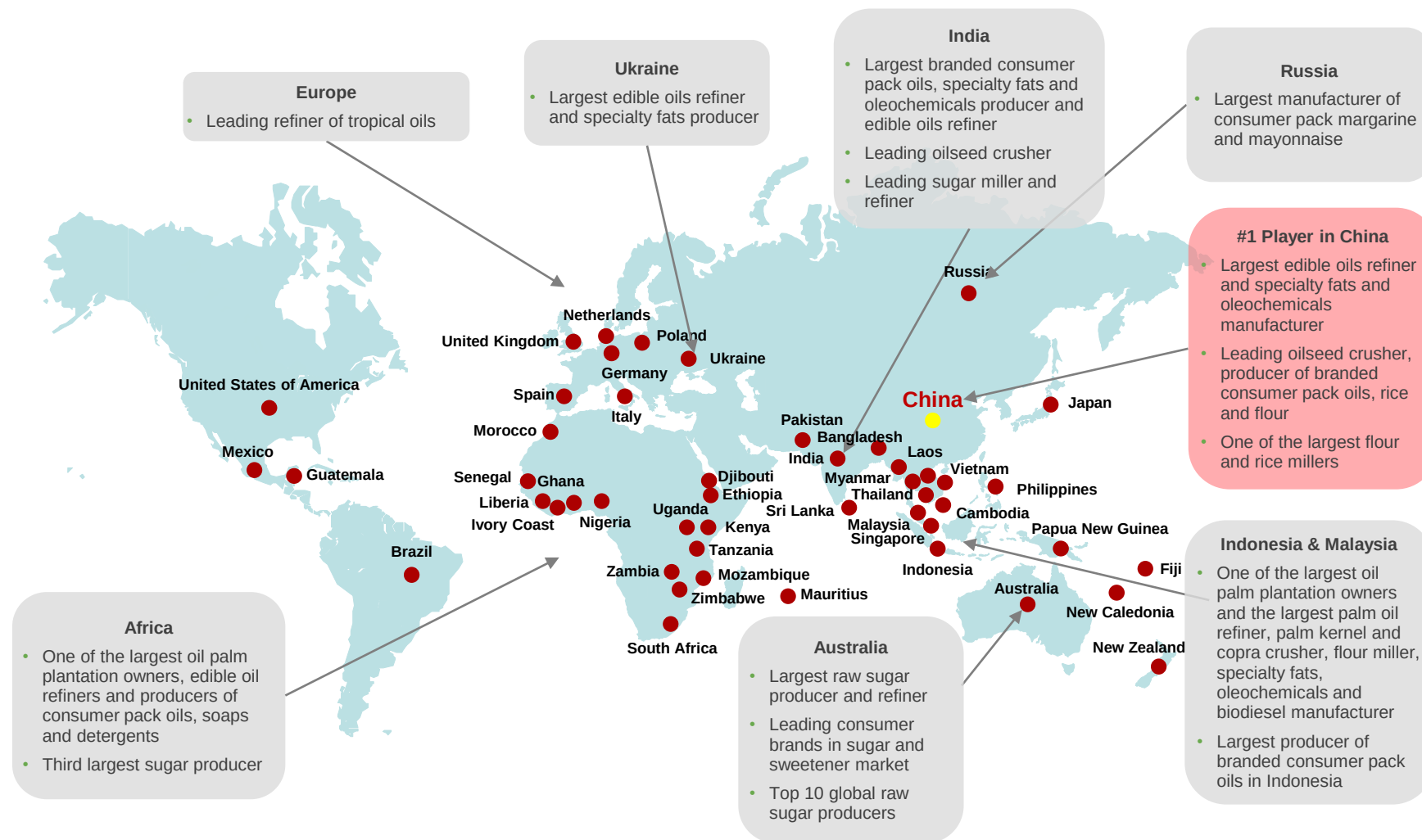
Multi-pronged Growth Strategy

Product	• Produce top quality, safe and nutritious products at competitive costs • Expand and improve product portfolio through R&D to meet changing consumer demand
Manufacturing	• Expand existing and build new integrated manufacturing complexes at strategic locations
Brand	• Leverage on strength of multi-brand strategy targeting wide range of consumers by offering premium, mid-end and mass market brands across product lines • Sharing brands across different product categories
Marketing & Distribution	• Leverage on established nationwide distribution platform with sales to key customers and distributors • Build efficient marketing and distribution network with a wide range of complementary products
Quality Control	• Adhere to strict product quality and risk control across the entire value chain, from upstream raw material procurement to downstream product distribution
R&D	• Establish a world-class R&D center • Introduce new technology/ manufacturing methods to achieve high standard of quality control and operating efficiencies in food production

Wilmar excluding YKA



Wilmar's Global Presence



- Wilmar's global operations + 90%¹ stake in YKA
- Tropical Oils business (Plantation, Manufacturing and Merchandising)
- Sugar business (Milling, Merchandising, Refining and Consumer Products)
- Significant operations in Indonesia, Malaysia, India, Vietnam and several African countries.

¹ Assuming an IPO with 10% offering size

Key Highlights of Indonesia & Malaysia Operations*



1 >240 manufacturing plants in
>25 states/provinces

2 No. 1 Palm Oil Refiner

3 No. 1 Palm Kernel & Copra
Crusher

4 One of the Top Oil Palm
Plantation Companies

5 No. 1 Palm Biodiesel

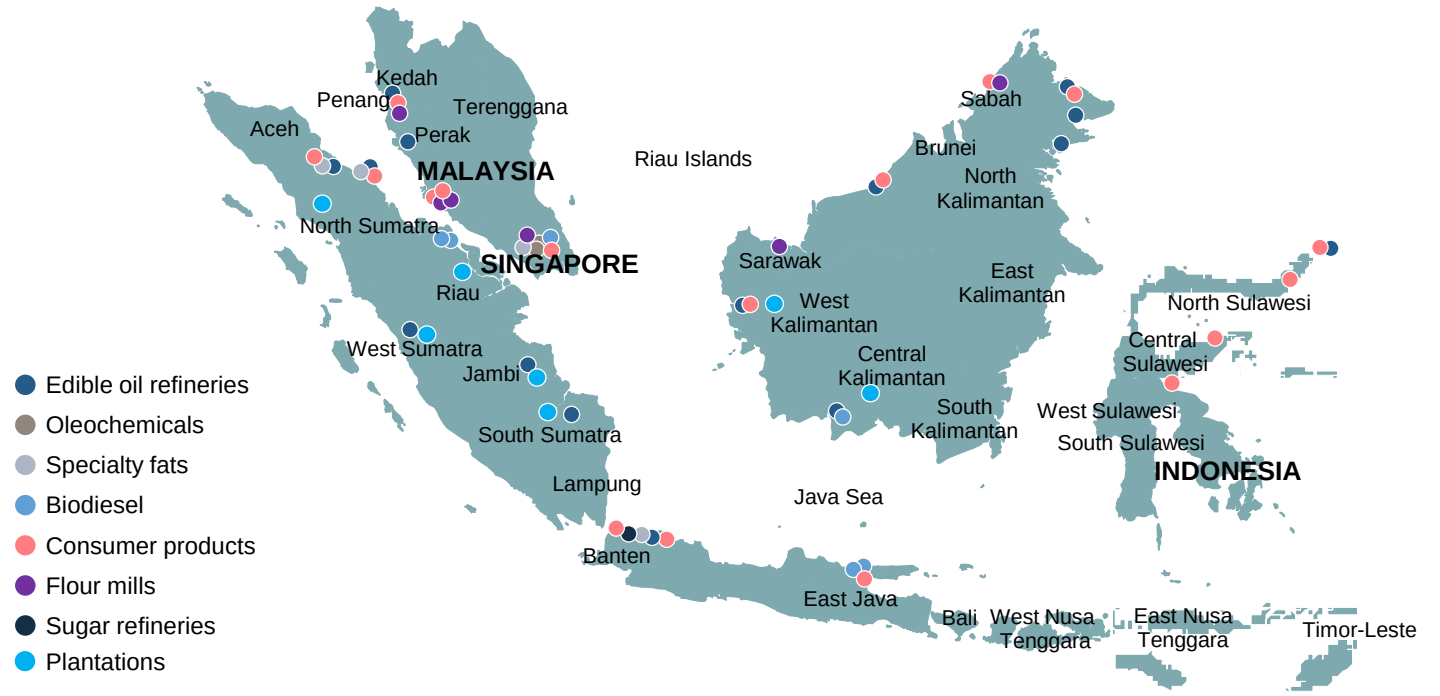
6 No. 1 Oleochemicals
Manufacturer

7 No. 1 Specialty Fats
Manufacturer

8 No. 1 Flour Miller in Malaysia

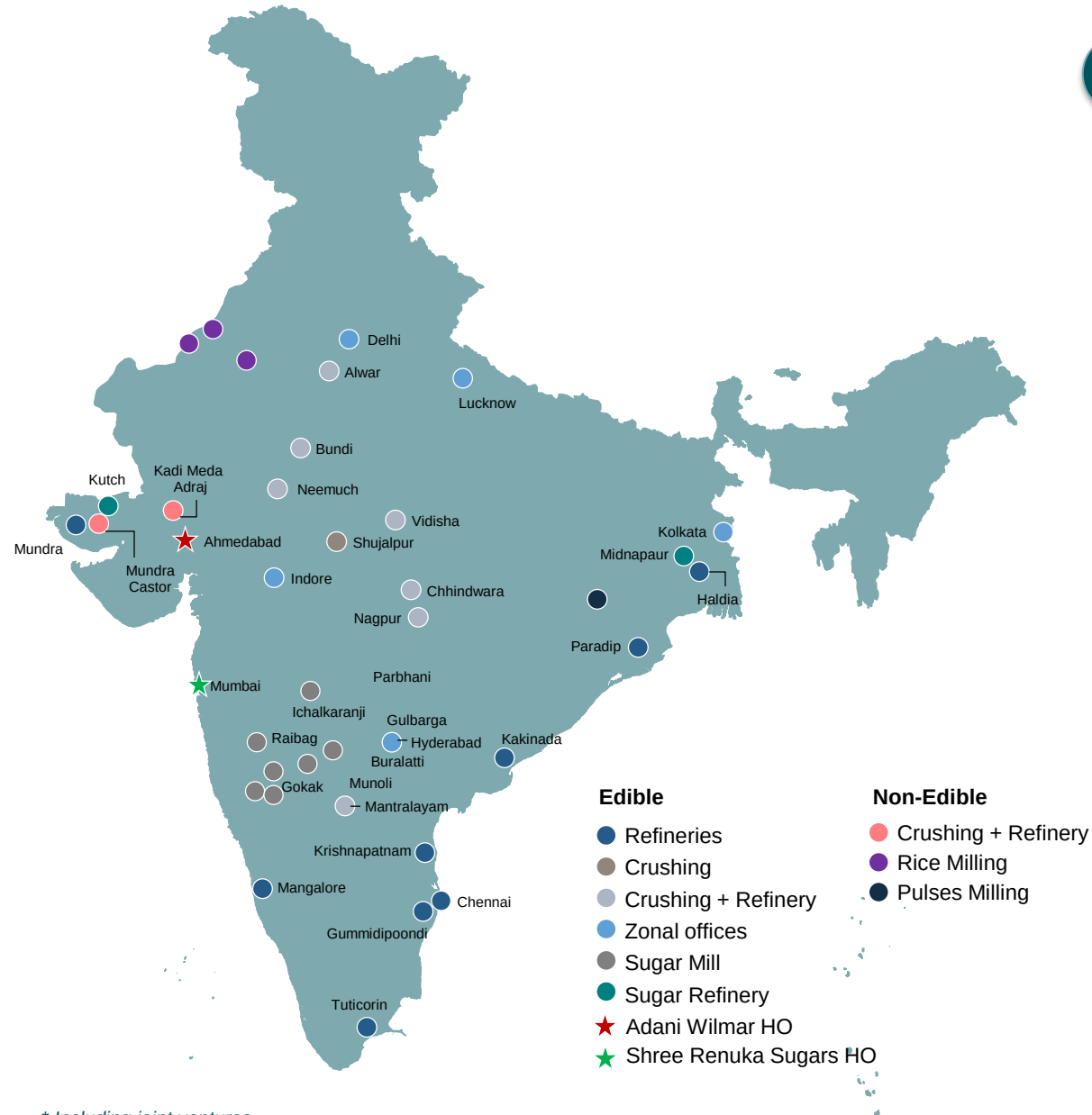
9 No. 2 Flour Miller
in Indonesia

10 Leading Fertiliser Manufacturer
in Indonesia



* Including joint ventures and associates

Key Highlights of India Operations*



* Including joint ventures

1

No. 1 Edible Oil Refiner

2

No. 1 Consumer Pack Edible Oils

3

No. 1 Oleochemicals Manufacturer

4

No. 1 Specialty Fats Manufacturer

5

No. 1 Sugar Refiner

6

No. 2 Oilseeds Crusher

7

>100 manufacturing plants

Key Highlights of Vietnam Operations*



Strategically located in both North and South Vietnam

> 20 manufacturing plants in 10 locations

>20 manufacturing plants in
10 locations

No. 1 Soybean Crusher

No. 1 Rice Bran Crusher

No. 1 Edible Oils Refiner

No. 1 Consumer Pack Edible Oils

No. 1 Specialty Fats Manufacturer

No. 2 Flour Miller
(No. 1 Consumer Pack Flour)

- Refinery
- Fractionation
- Neutralization
- De-waxing
- Consumer Pack Oil
- Specialty Fats
- Flour Mill & Consumer Pack
- Rice Bran Extraction
- Oilseed Crushing
- Sauces Plant
- Grains Value Added Plant
- Rice Mill



* Including joint ventures and associates

Key Highlights of Africa Operations*

01

16 countries with manufacturing and distribution capabilities

02

No.1 Edible Oils Refiner

03

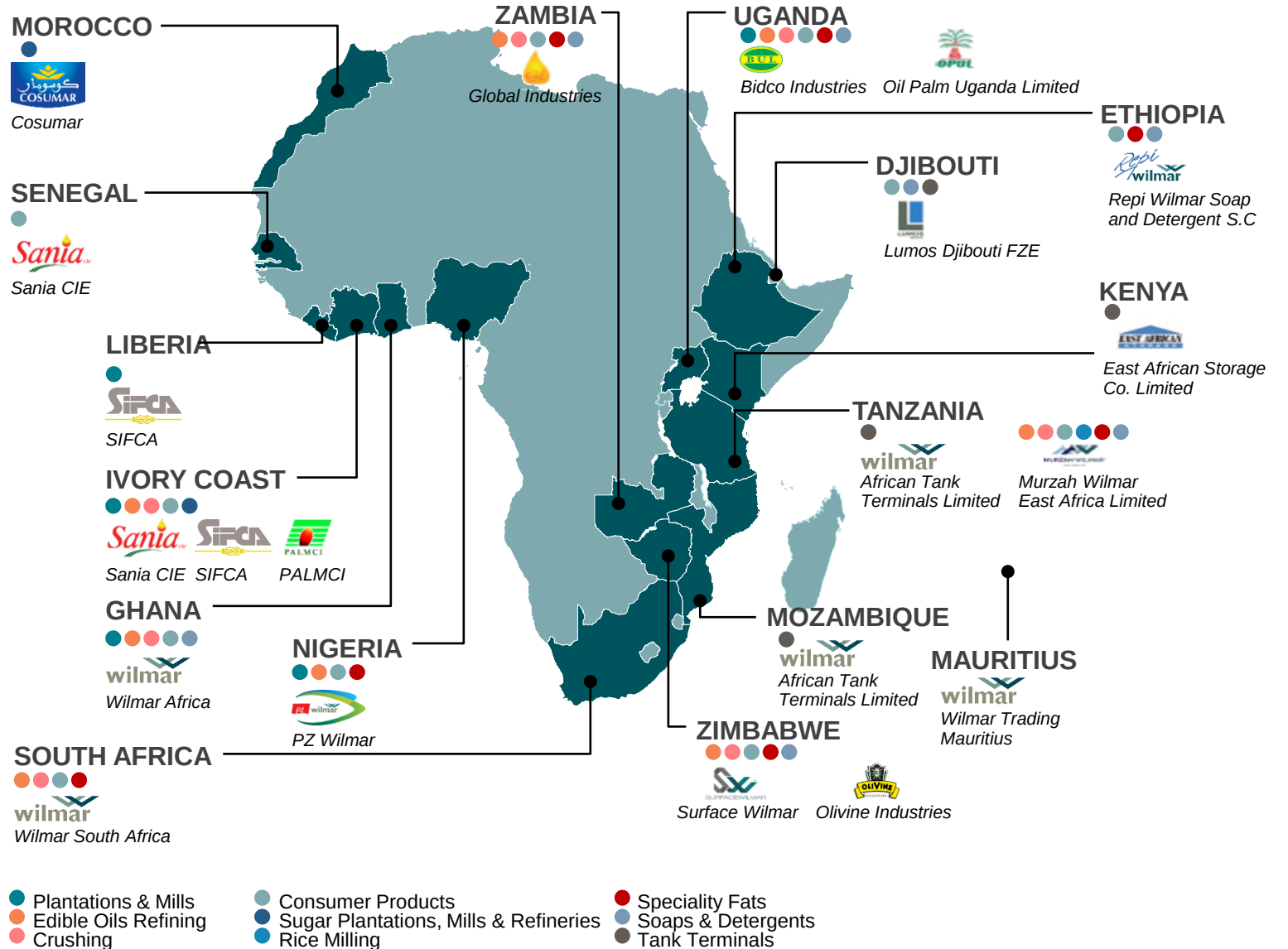
No.1 Soap Manufacturer

04

Leading Oil Palm Plantation Owner

05

Other activities: Oilseeds crushing, rice milling, sugar refining



* Including joint ventures and associates

Appendix



A Comprehensive Suite of Products to Retail, Catering Service and Food Industrial Clients

Food Products (Consumer Products & HORECA)				Feed Ingredients / Oleochemicals
Edible oils	Rice	Flour	Noodles	
• Blended oil • Soybean oil • Corn oil • Peanut oil • Sunflower seed oil • Rapeseed oil • Rice bran oil • Olive oil • Flax seed oil	• Domestically produced rice • Imported rice (Thailand)	• Low-gluten wheat flour • Multi-purpose wheat flour • Special-purpose wheat flour (dumplings, etc)	• Wheat noodles • Buckwheat noodles • Egg noodles • Pasta • Whole-grain noodles	• Soybean meal • Rapeseed meal • Soy protein concentrate • Lipid-based chemicals
				
Condiments	Soybean	Products to Food Industrial Clients		
• Sesame oil • Pepper oil products	• Soybean powder • Instant tofu mix	• Specialty fats • Tallow	• Food ingredients • Flour	
				

YKA's Summary Financials – Income Statement

RMB million	1Q 2019	YE 31 Dec 2018	YE 31 Dec 2017	YE 31 Dec 2016
Revenue	40,351	167,074	150,766	133,494
Operating Profit ¹	877	6,731	5,919	1,574
Net Profit	831	5,517	5,284	854
Net Profit Attributable to Minority Shareholders	(35)	389	283	342
Net Profit Attributable to Owners of the Company	866	5,128	5,001	511
Non-recurring Net Profit Attributable to Owners of the Company	295	913	4,265	392
Recurring Net Profit Attributable to Owners of the Company	571	4,215	736	119

¹ After interest expense

Note: The non-recurring profits adjustment was prepared in accordance with Corporate Information Disclosure and Registration Rules No. 9 of the Public Offering of Securities

YKA's Summary Financials – Balance Sheet

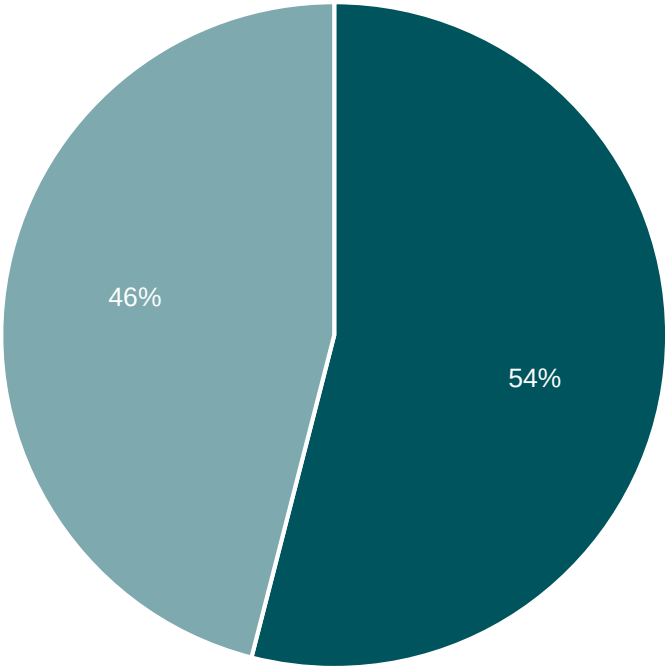
RMB million	31 Mar 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Current Assets	119,771	123,394	93,050	77,109
Non-current Assets	49,993	46,026	43,405	42,495
Total Assets	169,764	169,421	136,455	119,604
Current Liabilities	101,120	103,624	78,282	69,150
Non-current Liabilities	4,670	3,059	1,100	4,054
Total Liabilities	105,790	106,683	79,382	73,204
Total Equity	63,974	62,738	57,073	46,400
Equity Attributable to Owners of the Company	60,167	59,216	53,944	43,522

YKA's Summary Financials – Cash Flow Statement

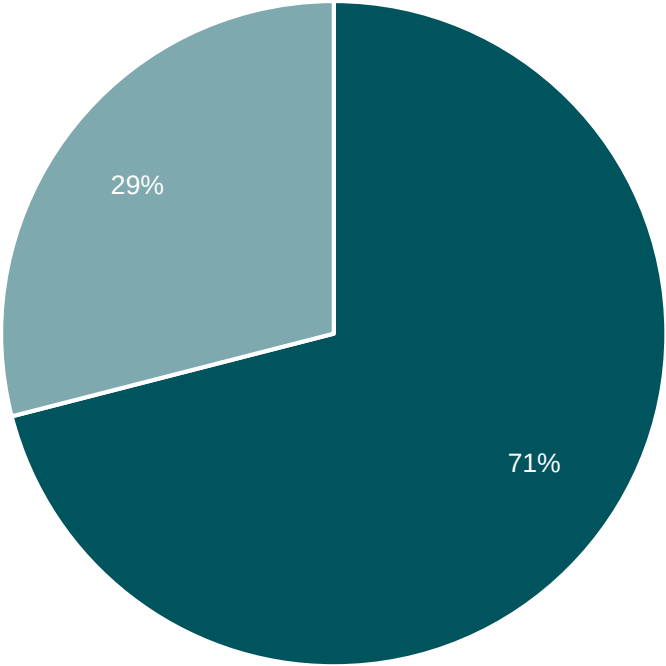
RMB million	1Q 2019	YE 31 Dec 2018	YE 31 Dec 2017	YE 31 Dec 2016
Net Cash Flow from Operating Activities	7,383	2,255	564	1,653
Net Cash Flow from Investing Activities	(12,249)	(50)	(9,492)	(7,136)
Net Cash Flow from Financing Activities	3,655	9,743	16,938	6,910
Impact of FX Rate Changes	(38)	56	(71)	74
Net Change in Cash and Cash Equivalents	(1,249)	12,003	7,938	1,501

YKA's Contribution to Wilmar

Contributes to >50% of Wilmar's net asset value and net profits



2018A NAV:
US\$ 16.0bn



2018A Net profit:
US\$ 1.1bn

- YKA
- Wilmar excl. YKA

Reconciliation from Net Profit Attributable to Owners of the Company to Recurring Net Profit Attributable to Owners of the Company

RMB million	1Q 2019	YE 31 Dec 2018	YE 31 Dec 2017	YE 31 Dec 2016
<u>Non-recurring</u>				
(I) Profit or loss relating to non-current assets, including provision for impairment	(6)	(62)	(58)	(59)
(II) Government grant through profit or loss, excluding grants directly associated with operating activities or in accordance with government policies and etc.	49	251	175	237
(III) Profit or loss from entities accounted under pooling of interest prior to the completion of restructuring	-	6	1,620	3,087
(IV) Fair value changes through profit or loss of trading financial assets and liabilities and investment income from disposal of trading financial assets and liabilities and available-for-sale financial assets, excluding instruments accounted for under hedge accounting	199	699	2,449	(3,519)
(V) Profit or loss from entrusted loans	13	88	167	210
(VI) Any other non-operating revenues and expenses	3	13	(9)	(8)
(VII) Other non-recurring profit or loss	-	-	-	-
Income from disposal of subsidiaries	-	8	-	27
Income from disposal of joint ventures and associates	21	(2)	4	-
Investment income from other deposits placed with financial institutions	-	50	173	165
Sub-total (non-recurring)	279	1,052	4,521	140
(VIII) Income tax effect	12	(109)	(257)	265
(IX) Effect of minority interest profit or loss	4	(30)	1	(13)
Non-recurring Net Profit Attributable to Owners of the Company	295	913	4,265	392
Net Profit Attributable to Owners of the Company	866	5,128	5,001	511
Recurring Net Profit Attributable to Owners of the Company	571	4,215	736	119

Note: The non-recurring profits adjustment was prepared in accordance with Corporate Information Disclosure and Registration Rules No. 9 of the Public Offering of Securities

YKA's Key Operational Statistics

RMB million, unless otherwise stated		1Q2019	2018	2017	2016	'16-18 CAGR
Food Products (Consumer Products & HORECA)	Sales volume (10,000 ton)	496	1,740	1,512	1,410	11.1%
	ASP (RMB/ton)	5,734	5,707	5,973	5,863	
	Revenue	28,451	99,310	90,283	82,683	9.6%
	COGS	24,900	87,019	80,742	71,993	9.9%
	Gross Profit	3,551	12,290	9,541	10,690	7.2%
Feed Ingredients and Oleochemicals	Sales volume (10,000 ton)	434	2,310	2,129	1,804	13.2%
	ASP (RMB/ton)	2,691	2,897	2,799	2,766	
	Revenue	11,687	66,910	59,580	49,894	15.8%
	COGS	11,296	62,515	56,779	46,233	16.3%
	Gross Profit	391	4,395	2,801	3,661	9.6%

Shenzhen Stock Exchange

Overview of ChiNext

- The ChiNext market was launched in Shenzhen Stock Exchange on 23 October, 2009
- It is commonly viewed as “China’s Nasdaq” where there are numerous innovative growth-oriented firms listed (including large, mid, and small cap stocks)
- ChiNext has grown significantly over the last 10 years, and today represents over 750 listings with a total market cap of over RMB 5tn, representing nearly a quarter of Shenzhen Stock Exchange
- Both FTSE and MSCI have included select ChiNext companies in their relevant indices this year, including and not limited to
 - FTSE Global Equity Index Series
 - FTSE China A Innovative Enterprises Indexes
 - MSCI China A Large Cap Index

Key statistics of ChiNext Market ¹

Total no. of listed companies	768
Total Market Cap (RMB bn)	5,173
Average Market Cap (RMB mm)	6,736
Average P/E	40.4x

Overview of Shenzhen Connect

- Under Shenzhen Connect, Hong Kong and overseas investors are able to trade selective stocks listed on the SZSE market
- These include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalization of not less than RMB 6 billion, and all the SZSE-listed A shares which have corresponding H shares listed on SEHK, except the following:
 - (a) SZSE-listed shares which are not traded in RMB; and
 - (b) SZSE-listed shares which are under risk alert
- At the initial stage of Shenzhen Connect, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under Northbound trading are limited to institutional professional investors²

Comparison of Shenzhen, Shanghai and Hong Kong Stock Exchanges ³

ADTV⁴	Shenzhen Stock Exchange (RMB bn)	Shanghai Stock Exchange (RMB bn)	Hong Kong Stock Exchange (HKD bn)
3 Month	250	220	84

¹ As of Aug 2, 2019 market close; ² Subject to resolution of related regulatory issues, other investors may subsequently be allowed to trade such shares; ³ As of Aug 2, 2019 market close; Shenzhen Stock Exchange data comprises of Main Board, SME and ChiNext data; Shanghai Stock Exchange data comprises of Shanghai A Share and Shanghai Tech Board data; Shanghai Tech Board started trading on Jul 22, 2019; Hong Kong Stock Exchange data comprises of Main Board and GEM data; ⁴ Refers to average daily trading value
Source: Shenzhen Stock Exchange, HKEX Stock Connect Information Booklet & FAQ, Bloomberg

Key Classification Differences Between China GAAP and SFRS(I)

	China GAAP	IFRS
Income Statement		
Classification of gains/losses arising from derivative financial instruments		
- Accounted under hedge accounting - Not accounted under hedge accounting	Against the underlying hedging risks Classified below COGS	Against the underlying hedging risks Classified as part of COGS
Classification of NRV provision	Classified below COGS	Classified as part of COGS
Classification of sales related tax	Classified below COGS	Classified as part of COGS
Balance Sheet		
Classification of other deposits with financial institutions	Other than deposits which are pledged for bank borrowing, these are classified under cash and bank balances	Classified as financial receivables
Cash Flow Statement		
Cash flow arising from other deposits with financial institutions	Classified as cash flow from investing activities for deposits that are not pledged for bank borrowings	Classified as cash flow from financing activities