

# WILMAR INTERNATIONAL LIMITED

## ANNUAL GENERAL MEETING

24 April 2019



  
wilmar

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# Agenda

**1** Business Update

**2** 2018 Financials

**3** Business Outlook

**4** AGM

# 1. Business Update

By Ho Kiam Kong  
Chief Financial Officer



# Vertically Integrated Across Business Segments



## Tropical Oils

Plantation

Manufacturing and Merchandising

One of the largest listed palm plantation companies in the world

Largest global processor and merchandiser of palm and lauric oils with a distribution network across more than 50 countries

Almost 100% of output is supplied to the Tropical Oils (Manufacturing and Merchandising) segment

FFB

**4.2m MT**

REVENUE  
US\$

**51.4m**

VOLUME

**24.3m MT**

REVENUE  
US\$

**17.01b**

RESULTS  
US\$

**546.1m**

## Oilseeds and Grains

Manufacturing

Consumer Products

Leading soybean crusher in China and one of the largest flour millers globally

World's largest producer of consumer pack edible oils with leading positions in many Asian and African countries

Almost 100% of edible oil is supplied to Consumer Products

VOLUME

**31.2m MT**

REVENUE  
US\$

**15.69b**

VOLUME

**6.0m MT**

REVENUE  
US\$

**6.79b**

RESULTS  
US\$

**875.0m**

## Sugar

Milling, Merchandising, Refining and Consumer Products

Largest raw sugar producer and refiner in Australia and leading sugar refiner in Indonesia

Leading consumer pack sugar manufacturer in Australia and New Zealand

VOLUME

**11.7m MT**

REVENUE  
US\$

**4.01b**

RESULTS  
US\$

**(123.0m)\***

## Others

Fertiliser

Shipping

REVENUE  
US\$

**2.30b**

RESULTS  
US\$

**19.9m**

\*includes impairment of assets & goodwill of US\$138.6m

# Continue to Invest in Our Businesses

Development	Highlights
<b>Tropical Oils</b>	<p>In Africa:</p> <ul style="list-style-type: none"><li>• Acquired the remaining 50% equity interest in Nauvu Investments Pte Ltd from Olam International Limited.</li><li>• Nauvu is invested in integrated palm oil, rubber and sugar assets in Africa, including upstream plantations, midstream processing and downstream merchandising and distribution operations.</li><li>• Working on a soap and detergent production plant in Ivory Coast.</li><li>• Building our first refinery and specialty fats plant in Morocco.</li></ul> <p>In Malaysia, acquired a 51% interest in Kuching Palm Oil Industries Sdn Bhd (previously known as Assar Refinery Sdn Bhd) in Kuching, Sarawak.</p> <p>In India, expanding capacity at the Mundra refinery, building refineries at two new sites and buying two existing refineries.</p>



# Continue to Invest in Our Businesses

Development	Highlights
<b>Oilseeds &amp; Grains</b>	<p>In China:</p> <ul style="list-style-type: none"><li>• Continuing with expansion in rice and flour milling, crushing and refining.</li><li>• Expanding into flour and rice milling in India.</li></ul>



# Continue to Invest in Our Businesses

Development	Highlights
<b>Oilseeds &amp; Grains</b>	<p>In Vietnam:</p> <ul style="list-style-type: none"><li>• First full year of operations for three new manufacturing plants – a rice mill, a grains value-added processing plant and a sauce &amp; condiment plant.</li><li>• Constructing 5<sup>th</sup> flour mill this year.</li></ul> <p>In Myanmar:</p> <ul style="list-style-type: none"><li>• Construction of our oils and grains complex in Thilawa Port progressing well. Our port commenced operations in June 2018.</li><li>• Packing plant will be completed in mid-2019</li><li>• Flour mill will be completed in 3Q2019.</li><li>• Construction of a rice mill will commence in 2Q2019.</li></ul>





# Continue to Invest in Our Businesses

Development	Highlights
Oilseeds & Grains	<ul style="list-style-type: none"><li data-bbox="620 261 1180 297">• Building a rice mill in Tanzania</li><li data-bbox="620 372 1818 539">• Agreed to acquire the balance 50% shareholding interest of FPW Singapore Holdings Pte Ltd (Goodman Fielder) for US\$275 million (US\$180 million cash consideration + US\$95 million shareholder loans).</li><li data-bbox="620 568 1818 646">• Contingent payments of up to US\$50 million if certain earnings targets are met by Goodman Fielder.</li><li data-bbox="620 672 1205 708">• Subject to regulatory approvals.</li></ul>



# Continue to Invest in Our Businesses

Development	Highlights
<b>Sugar</b>	<ul style="list-style-type: none"><li>• Increased our stake in Shree Renuka Sugars Limited (SRSL), from approximately 27% to 58%.</li><li>• Acquired Bunge's global book of open sale and purchase contracts for raw and white sugar.</li></ul>



# Corporate awards in 2018

<ul style="list-style-type: none"> <li>World's Most Admired Company in Food Production Industry (ranked 2<sup>nd</sup> in 2018)</li> </ul>	Fortune Magazine
<ul style="list-style-type: none"> <li>Fortune Global 500 (ranked 248<sup>th</sup>)</li> </ul>	Fortune Magazine
<ul style="list-style-type: none"> <li>Forbes Global 2000 (ranked 456<sup>th</sup>)</li> </ul>	Forbes Magazine
<ul style="list-style-type: none"> <li>Top 100 Singapore Brands (ranked 5<sup>th</sup>)</li> </ul>	BrandFinance®
<ul style="list-style-type: none"> <li>Ranked 30<sup>th</sup> out of 589 companies on the Singapore Governance and Transparency Index</li> </ul>	The Business Times and the Centre for Governance, Institutions and Organisations
<ul style="list-style-type: none"> <li>Ranked 1<sup>st</sup> by Overseas Sales Turnover on Singapore International 100</li> </ul>	DP Information Group with Ernst & Young as Co-Producer, supported by ACRA, IE Singapore, SPRING, IDA and Singapore Business Federation



# Recognised for its Leading Brands and Quality Products

<p>China: <b>Arawana</b></p>	<ul style="list-style-type: none"> <li>• Top 100 Megabrands by Euromonitor (ranked 24<sup>th</sup>)</li> <li>• 中国粮油领军品牌 by 粮油市场报社</li> <li>• 2018第九届中国油博会金奖 by 中国粮油学会油脂分会、中国粮油学会食品分会</li> </ul>
<p>Indonesia: <b>Sania</b></p>	<ul style="list-style-type: none"> <li>• Superbrand (Cooking Oil Category) by Superbrands Indonesia</li> <li>• Top Brand Award (Cooking Oil Category) by Frontier Consulting Group and Majalah Marketing</li> <li>• WOW Brand Award (Cooking Oil Category) by MarkPlus</li> </ul>
<p>India: <b>Fortune</b></p>	<ul style="list-style-type: none"> <li>• Superbrand by Superbrands India</li> <li>• Reader's Digest Trusted Brand Award by Reader's Digest</li> </ul>
<p>Bangladesh: <b>Rupchanda Soybean Oil</b></p>	<ul style="list-style-type: none"> <li>• Top in Edible Oil Category in Best Brand Award by Bangladesh Brand Forum in collaboration with Nielsen Bangladesh</li> <li>• Superbrand by Superbrands Bangladesh</li> </ul>
<p>Vietnam: <b>Simply Rice Bran Oil</b></p>	<ul style="list-style-type: none"> <li>• Vietnam Top 20 Golden Product by Vietnam Intellectual Property Association (VIPA) in cooperation with Vietnam Intellectual Property Research Institute</li> </ul>
<p>Ivory Coast: <b>Dinor Refined Palm Oil</b></p>	<ul style="list-style-type: none"> <li>• Product of the Year by The Label of African Consumers</li> </ul>
<p>Uganda: <b>White Star Bar</b></p>	<ul style="list-style-type: none"> <li>• Best Soap by People's Choice Quality Awards</li> </ul>



## 2. 2018 Financials



## 2018 Results at a Glance

vs 2017

<b>Total Revenue</b>	US\$ 44.50 billion	2.1%
<b>EBITDA</b>	US\$ 2.94 billion	12.5%
<b>Net Profit</b>	US\$ 1.13 billion	-5.7%
<b>Net Profit – excl discontinued operations</b>	US\$1.15 billion	-3.5%
<b>Core Net Profit</b>	US\$ 1.30 billion	27.4%
<b>Earnings per share</b>	US\$ 0.178	-5.8%
<b>Dividends per share</b>	S\$ 0.105	5.0%
<b>Net Debt/Equity</b>	0.84x	0.79x
<b>Net Cash Flow Generated from Operating Activities</b>	US\$ 1.50 billion	US\$ 303 million

# Key Segment Results

US\$ Million unless otherwise stated		2018	2017 <sup>(1)</sup>
Tropical Oils (Plantation, Manufacturing and Merchandising)	Volume (M MT) <sup>(2)</sup>	24.3	23.2
	Revenue	17,058.7	18,067.2
	PBT	546.1	397.5
Oilseeds and Grains (Manufacturing and Consumer Products)	Volume (M MT)	37.2	33.3
	Revenue	22,477.4	19,806.4
	PBT	875.0	727.2
Sugar (Milling, Merchandising, Refining and Consumer Products) <sup>(3)</sup>	Volume (M MT)	11.7	11.0
	Revenue	4,014.5	4,782.3
	PBT	(123.0)	(24.6)
Others	Revenue	2,296.7	2,120.3
	PBT	19.9	243.3
Share of results of Associates & Joint Ventures	PBT	310.3	228.3
Unallocated Expenses	PBT	(10.9)	(9.2)
	<b>Total PBT</b>	<b>1,617.4</b>	<b>1,562.5</b>

(1) Prior year figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence

(2) Excludes plantation volume

(3) Sugar Milling volume for FY17 was restated upon adoption of SFRS (I) 15 Revenue from Contracts with Customers

# Cash Flow Highlights

<b>US\$ million</b>	<b>FY18</b>	<b>FY17<sup>(1)</sup></b>
Cash flows generated from operations	2,106	785
<b>Net cash flow generated from operating activities</b>	<b>1,501</b>	<b>303</b>
Less: Acquisitions of subsidiaries, joint ventures and associates	(417)	(132)
Capital expenditure	(1,325)	(938)
Net increase from bank borrowings*	3,051	4,119
Increase in other deposits and financial products with financial institutions	(2,400)	(2,848)
Dividends	(495)	(320)
Others	245	184
<b>Net cash flow</b>	<b>160</b>	<b>368</b>
<b>Free cash flow</b>	<b>398</b>	<b>(239)</b>

<sup>(1)</sup> Prior year figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence.

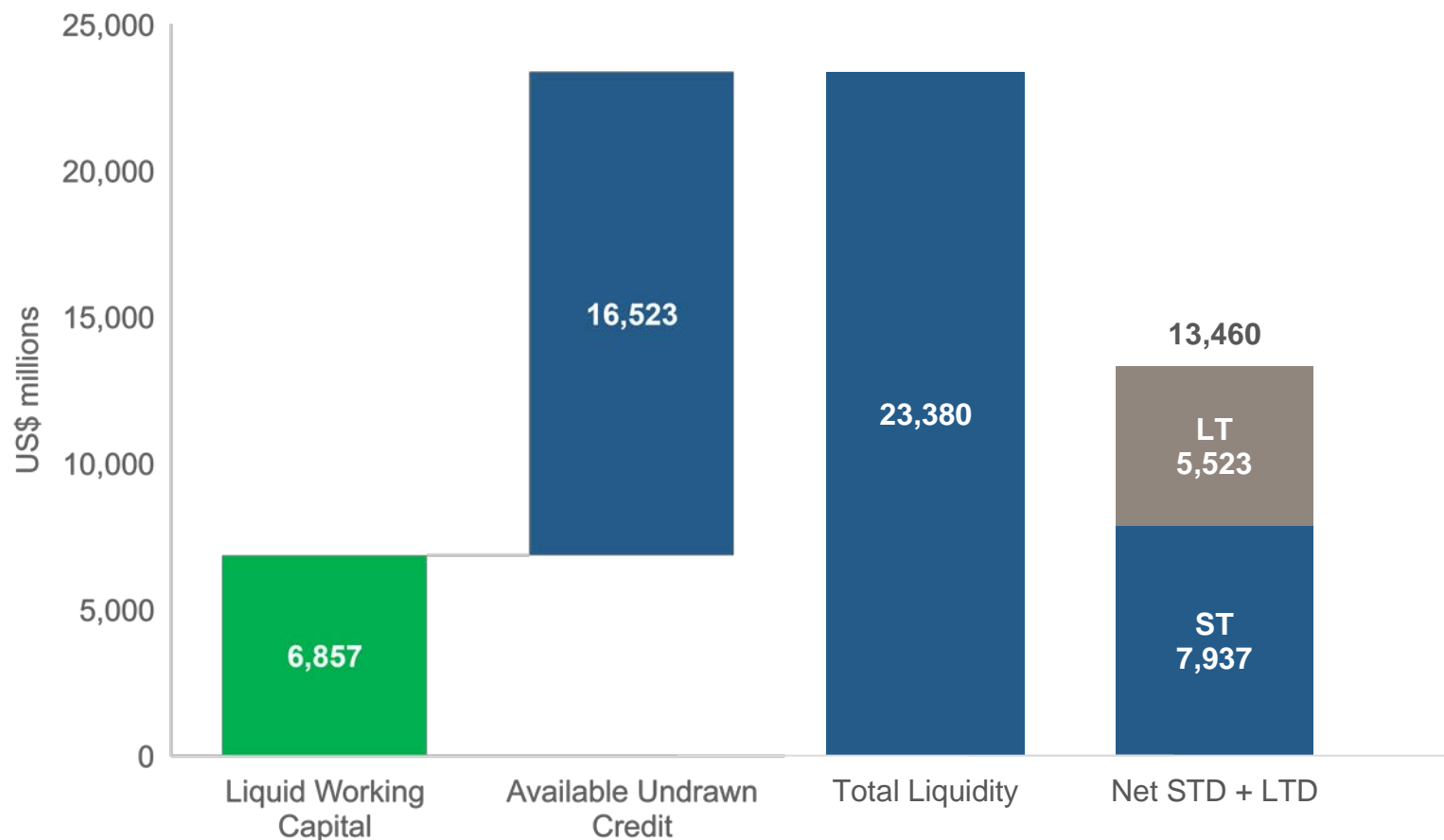
Note :

\* 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.

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



# Strong Liquidity Profile Relative to Ongoing Repayment Obligations



- **Liquid working capital reflects the short-term nature of Wilmar's cash conversion cycle (primarily inventory excl. consumables)**
- **Available undrawn credit includes credit lines from reputable financial institutions with longstanding relationships with Wilmar**

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

*Net STD + LTD = ST borrowings – Other deposits with financial institutions – Cash and bank balances + LT borrowings*

### 3. Business Outlook



# Business Outlook

- The Group performed well in 2018 even though we were affected by low palm oil and sugar prices in our upstream operations and volatile soybeans market created by the US/China trade tensions. The Group's success in its strategy to develop more stable downstream processing and branded consumer products enabled us to achieve growth and maintain profit in this challenging operating environment.
- With the recent recovery of crude palm oil prices and satisfactory margins in downstream processing, Tropical Oils should continue to do well in 2019.
- Crush margins for 1Q2019 will be adversely impacted by the sharp decline in meal demand from the outbreak of African swine fever in China and the sharp drop in Brazilian soybean basis, but this is expected to improve in 2Q2019.
- We also expect our other businesses to perform favourably in the coming year. Looking ahead, we are reasonably optimistic that performance for FY2019 will be satisfactory.
- The Group has recently converted its China holding company into a joint-stock company, with a view to a possible separate listing in China. We would like to emphasize that as work on the proposed listing is still in progress, shareholders are advised to exercise caution in trading their shares in the Company. There is no certainty or assurance as at the date of this announcement that the listing proposal will be carried out.

## 4. AGM

