WILMAR INTERNATIONAL LIMITED
3Q2019 Results Highlights
November 12, 2019


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## Agenda

1 3Q2019 Financial Performance - Key Takeaways

2 Business Outlook

3 Appendix

## 3Q2019 Financial Performance <br> - Key Takeaways



## Earnings Highlights

|  | 3Q19 (US\$m) | vs 3Q18 ${ }^{(1)}$ | 9M19 (US\$m) | vs 9M18(1) |
| :--- | :---: | :---: | :---: | :---: |
| Revenue | 11,164 | $-2 \%$ | 31,390 | $-6 \%$ |
| EBITDA | 908 | $0 \%$ | 2,095 | $-3 \%$ |
| Net profit | 447 | $10 \%$ | 855 | $-8 \%$ |
| Net Profit <br> - excluding discontinued operations | 389 | $-10 \%$ | 830 | $-13 \%$ |
| Core net profit | 419 | $-3 \%$ | 846 | $-13 \%$ |
| Earnings per share <br> in us cents (fully diluted) | 7.0 | $9 \%$ | 13.5 | $-8 \%$ |
| Earnings per share <br> In US cents (fully dilited) <br> - excluding discontinued operations | 6.1 | $-10 \%$ | 13.1 | $-13 \%$ |

${ }^{(1)}$ Prior period figures were restated upon adoption of SFRS (I) 15 Revenue from Contracts with Customers and in accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

## Earnings Highlights - Segment Results (PBT US\$m)

|  | 3Q19 | 3Q18 ${ }^{(1)}$ | $\Delta$ | 9M19 | $9 \mathrm{M} 18^{(1)}$ | $\Delta$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Tropical Oils <br> (Plantation, Manufacturing \& Merchandising) | 193.2 | 155.5 | 24\% | 554.3 | 412.0 | 35\% |
| Oilseeds and Grains <br> (Manufacturing \& Consumer Products) | 301.3 | 296.9 | 1\% | 451.5 | 759.7 | -41\% |
| Sugar <br> (Milling, Merchandising, Refining \& Consumer Products) | 80.1 | 73.8 | 9\% | 12.4 | (11.5) | n.m. |
| Others | (20.7) | (7.4) | $->100 \%$ | 21.9 | 2.4 | >100\% |
| Joint Ventures \& Associates | 24.7 | 66.4 | -63\% | 67.7 | 157.5 | -57\% |
| Unallocated expenses* | (0.6) | (2.5) | 76\% | (9.6) | (8.4) | -14\% |
| Profit Before Tax | 578.0 | 582.7 | -1\% | 1,098.2 | 1,311.7 | -16\% |

 ubsidiaries
\# Unallocated expenses refer to expenses in relation to the grant of share options to employees
n.m. - not meaningful

## Cash Flow Highlights

| US\$ million | 9M19 | 9M18 ${ }^{(1)}$ | FY18 |
| :---: | :---: | :---: | :---: |
| Operating cash flow before working capital changes | 1,842 | 1,198 | 1,961 |
| Net cash flow generated from operating activities | 3,615 | 1,651 | 1,501 |
| Less: Acquisitions of subsidiaries, joint ventures and associates | (59) | (404) | (417) |
| Capital expenditure | $(1,337)$ | (956) | $(1,325)$ |
| Net (decrease)/increase from bank borrowings* | $(1,189)$ | 3,880 | 3,051 |
| Increase in other deposits and financial products with financial institutions | (355) | $(3,628)$ | $(2,400)$ |
| Dividends | (462) | (495) | (495) |
| Others | 244 | 338 | 245 |
| Net cash flow | 457 | 386 | 160 |
| Free cash flow | 2,740 | 773 | 398 |

[^0]
## Gearing

| US\$ million | $\begin{gathered} \text { As at } \\ \text { Sep 30, } 2019 \end{gathered}$ | $\begin{gathered} \text { As at } \\ \text { Dec 31, } 2018^{(1)} \end{gathered}$ |
| :---: | :---: | :---: |
| Debt/Equity (x) | 0.73 | 0.84 |
| - Net debt * | 11,735 | 13,460 |
| - Shareholders' funds | 16,123 | 16,046 |
| Adjusted debt/Equity (x) | 0.36 | 0.34 |
| - Liquid working capital ${ }^{* *}$, \# | 5,903 | 8,034 |
| - Adjusted net debt ${ }^{\text {\# }}$ | 5,832 | 5,426 |
| - EBITDA*** | 2,872 | 2,941 |
| Net debt/EBITDA (x) | 4.09 | 4.58 |
| Adjusted net debt/EBITDA (x) ${ }^{\text {\# }}$ | 2.0 | 1.8 |

* 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 and liabilities directly associated with disposal group classified as held for sale).
*** EBITDA for Sep 19 is based on LTM performance.
\# Does not include Brazil discontinued operations.

- Net debt to equity ratio improved to $0.73 x$ as at Sep 30, 2019.
- Adjusted debt to equity ratio increased slightly to $0.36 x$ as at Sep 30, 2019.


## Business Outlook

- Despite the challenging operating environment, we performed well because of our integrated and diversified business model. Our operations in most countries also did well in 3Q2019. Barring unforeseen circumstances, we expect to do reasonably well in 4Q2019.


## Appendix



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

|  | 3Q19 | 3Q18 ${ }^{(1)}$ | $\Delta$ | 9M19 | 9M18(1) | $\Delta$ |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Revenue (US\$ million) | $3,845.6$ | $4,229.6$ | $-9 \%$ | $11,433.2$ | $12,880.3$ | $-11 \%$ |
| > Plantation | 9.5 | 13.7 | $-31 \%$ | 32.5 | 41.1 | $-21 \%$ |
| > Manufacturing \& Merchandising | $3,836.1$ | $4,215.9$ | $-9 \%$ | $11,400.7$ | $12,839.2$ | $-11 \%$ |
| Sales volume ${ }^{\text {( }}$ ('000 MT) | 6,585 | 6,257 | $5 \%$ | 18,997 | 17,633 | $8 \%$ |
| > Manufacturing \& Merchandising | 193.2 | 155.5 | $24 \%$ | 554.3 | 412.0 | $35 \%$ |
| Profit before tax (US\$ million) |  |  |  |  |  |  |

${ }^{(1)}$ Prior period figures were restated upon adoption of SFRS (I) 15 Revenue from Contracts with Customers.
\# Excludes plantation volume.

- Profit before tax increased by $24 \%$ in 3Q19, boosted by stronger performance from the manufacturing and merchandising business, including oleochemicals. This was achieved on the back of higher sales volume and improved processing margins during the quarter. The above was partially offset by lower CPO prices and production yields, reducing contributions from the plantation business.
- Production yield decreased by $5 \%$ to 5.4 MT per hectare in 3Q19 due to unfavourable weather conditions. This resulted in a decrease in total fresh fruit bunches production of $6 \%$ to $1,055,471$ MT for 3Q19 and a decrease of $7 \%$ to 2,954,185 MT for 9M19.
- Sales volume increased by 5\% in 3Q19 and 8\% in 9M19. Weaker commodity prices led overall revenue to decrease by 9\% in 3Q19 and $11 \%$ in 9M19.


## Business Segment results:

Tropical Oils (Plantation, Manufacturing and Merchandising)

|  | 3Q19 | 3Q18 | $\Delta$ | 9M19 | 9M18 | $\Delta$ |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Planted area (ha) | 230,238 | 228,443 | $1 \%$ | 230,238 | 228,443 | $1 \%$ |
| Mature area harvested (ha) | 195,229 | 194,429 | $0 \%$ | 195,229 | 194,429 | $0 \%$ |
| FFB production (MT) | $1,055,471$ | $1,117,679$ | $-6 \%$ | $2,954,185$ | $3,184,102$ | $-7 \%$ |
| FFB Yield (MT/ha) | 5.4 | 5.7 | $-5 \%$ | 15.1 | 16.4 | $-8 \%$ |
| Mill Production |  |  |  |  |  |  |
| > Crude Palm Oil (MT) | 526,679 | 574,289 | $-8 \%$ | $1,443,463$ | $1,432,738$ | $1 \%$ |
| > Palm Kernel (MT) | 130,829 | 140,254 | $-7 \%$ | 358,178 | 348,806 | $3 \%$ |
| Extraction Rate |  |  |  |  |  |  |
| > Crude Palm Oil | $19.8 \%$ | $19.7 \%$ | $1 \%$ | $19.6 \%$ | $19.8 \%$ | $-1 \%$ |
| > Palm Kernel | $4.9 \%$ | $4.8 \%$ | $2 \%$ | $4.9 \%$ | $4.8 \%$ | $2 \%$ |
| New Planting (ha) |  |  |  |  |  |  |

## Plantation Age Profile

| in hectares | Average Age of Plantation |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 30 Sep 2019 | 0-3 yrs | 4-6 yrs | 7-14 yrs | 15-18 yrs | >18 yrs | Total |
| Indonesia | 12,144 | 11,823 | 86,573 | 15,451 | 25,220 | 151,211 |
| Malaysia | 13,618 | 11,314 | 9,729 | 8,652 | 15,387 | 58,700 |
| Africa | 5,647 | 8,616 | 4,306 | 1,033 | 725 | 20,327 |
| Total planted area | 31,409 | 31,753 | 100,608 | 25,136 | 41,332 | 230,238 |
| \% of total planted area | 13.6\% | 13.8\% | 43.7\% | 10.9\% | 18.0\% | 100.0\% |
| Included YTD new plantings of | 1,833 |  |  |  |  |  |
| Plasma/outgrower Programme | 60 | 64 | 9,010 | 3,228 | 23,464 | 35,826 |
| \% of planted area | 0.2\% | 0.2\% | 25.1\% | 9.0\% | 65.5\% | 100.0\% |
| 31 Dec 2018 |  |  |  |  |  |  |
| Indonesia | 14,548 | 12,026 | 89,425 | 11,883 | 25,047 | 152,929 |
| Malaysia | 15,033 | 9,421 | 9,737 | 8,488 | 15,485 | 58,164 |
| Africa | 5,885 | 9,280 | 1,913 | 1,704 | 534 | 19,316 |
| Total planted area | 35,466 | 30,727 | 101,075 | 22,075 | 41,066 | 230,409 |
| \% of total planted area | 15.4\% | 13.3\% | 43.9\% | 9.6\% | 17.8\% | 100.0\% |
| Included YTD new plantings of | 3,562 |  |  |  |  |  |
| Plasma/outgrower Programme | 48 | 142 | 9,425 | 3,130 | 23,054 | 35,799 |
| \% of planted area | 0.1\% | 0.4\% | 26.3\% | 8.8\% | 64.4\% | 100.0\% |

- Weighted average age of our plantations is approximately 11 years.


## Business Segment results: <br> Oilseeds and Grains (Manufacturing and Consumer Products)

|  | 3Q19 | 3Q18(1) | $\Delta$ | 9M19 | 9M18(1) | $\Delta$ |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Revenue (US\$ million) | $5,733.3$ | $5,974.4$ | $-4 \%$ | $15,964.4$ | $16,931.5$ | $-6 \%$ |
| > Manufacturing | $3,790.6$ | $4,151.0$ | $-9 \%$ | $10,698.7$ | $11,778.5$ | $-9 \%$ |
| > Consumer Products | $1,942.7$ | $1,823.4$ | $7 \%$ | $5,265.7$ | $5,153.0$ | $2 \%$ |
| Sales volume ('000 MT) | 10,033 | 10,155 | $-1 \%$ | 27,428 | 27,743 | $-1 \%$ |
| > Manufacturing | 8,260 | 8,515 | $-3 \%$ | 22,629 | 23,294 | $-3 \%$ |
| > Consumer Products | 1,773 | 1,640 | $8 \%$ | 4,799 | 4,449 | $8 \%$ |
| Profit before tax (US\$ million) | 301.3 | 296.9 | $1 \%$ | 451.5 | 759.7 | $-41 \%$ |

${ }^{(1)}$ Prior period figures were restated upon adoption of SFRS (I) 15 Revenue from Contracts with Customers

- Segment profits increased marginally by $1 \%$ to US\$301.3 million in 3Q19 mainly due to good performances by both Manufacturing and Consumer Products. Compared to 1 H 19 , crush margins and volume also continued to improve.
- The Group continued to post volume growth in Consumer Products business, but in Manufacturing, sales volume was dragged down by the effects of African swine fever. Overall sales volume decreased marginally by 1\% in 3Q19 and 9M19.


## Business Segment results:

## Sugar (Milling, Merchandising, Refining and Consumer Products)

|  | 3Q19 | 3Q18 |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
|  | ${ }^{(1)}$ | $\Delta$ | 9M19 | 9M18 | (1) | $\Delta$ |
| Revenue (US\$ million) | $1,381.4$ | 970.9 | $42 \%$ | $3,337.4$ | $2,803.0$ | $19 \%$ |
| > Milling | 273.0 | 219.6 | $24 \%$ | 572.5 | 333.3 | $72 \%$ |
| > Merchandising, Refining \& Consumer Products | $1,108.4$ | 751.3 | $48 \%$ | $2,764.9$ | $2,469.7$ | $12 \%$ |
| Sales volume ('000 MT) | 3,990 | 3,041 | $31 \%$ | 9,514 | 8,027 | $19 \%$ |
| > Milling | 723 | 637 | $14 \%$ | 1,486 | 896 | $66 \%$ |
| > Merchandising, Refining \& Consumer Products | 3,267 | 2,404 | $36 \%$ | 8,028 | 7,131 | $13 \%$ |
| Profit/(loss) before tax (US\$ million) | 80.1 | 73.8 | $9 \%$ | 12.4 | $(11.5)$ | $n . m$. |
| Operating Statistics: |  |  |  |  |  |  |
| > Commercial Cane Sugar (\%) | 14.2 | 14.7 | $-3 \%$ | 14.2 | 14.5 | $-2 \%$ |
| > Cane Crushed (m MT) | 8.8 | 9.6 | $-8 \%$ | 10.1 | 11.3 | $-11 \%$ |

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n.m. - not meaningful

- The segment recorded an increase in profit before tax of $9 \%$ in the current quarter. The higher profits were driven by stronger performance from the sugar refineries. This was partially offset by weaker contribution from the milling operations as a result of lower sugar prices in the current period.
- Sales volume for the milling business increased by $14 \%$ in 3Q19 due to higher contributions from the Australian milling operations. Higher sales activities in the merchandising and processing business in 3Q19 led overall sales volume for the segment to increase by $31 \%$ in 3Q19. Correspondingly, revenue increased by $42 \%$ in 3Q19. For 9M19, overall sales volume increased by $19 \%$, resulting in higher revenue of US\$3.3 billion.


## Non-Operating Items and Discontinued Operations

| US\$ million | 3Q19 | 3Q18 | 9M19 | 9M18 |
| :---: | :---: | :---: | :---: | :---: |
| Foreign exchange (loss)/gain in respect of intercompany loans to subsidiaries | (0.6) | (3.7) | 0.7 | (7.4) |
| Net fair value (loss)/gain on investment securities at fair value through profit or loss | (30.3) | 2.8 | (16.0) | (60.3) |
| Gain on disposal of investment securities at fair value through profit or loss | 2.5 | - | 2.5 | 7.2 |
| Investment income from investment securities | 17.7 | 15.1 | 35.4 | 77.0 |
| Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition | (7.2) | (8.3) | (24.8) | (22.9) |
| Total non-operating items (excluding discontinued operations) | (17.9) | 5.9 | (2.2) | (6.4) |
| Impairment loss on investment in an associate | (12.0) | - | (12.0) | - |
|  | (29.9) | 5.9 | (14.2) | (6.4) |
| Gain/(loss) from discontinued operations | 99.1 | (47.1) | 43.5 | (47.1) |
| Total | 69.2 | (41.2) | 29.3 | (53.5) |
| Net profit (including discontinued operations) | 447.1 | 405.9 | 855.0 | 925.6 |
| Core net profit | 419.2 | 433.2 | 846.4 | 968.5 |

## Cash Flow

| US\$ million | 9M19 | 9M18 ${ }^{(1)}$ | FY18 |
| :---: | :---: | :---: | :---: |
| Operating cash flow before working capital changes | 1,842 | 1,198 | 1,961 |
| Net cash flow generated from operating activities | 3,615 | 1,651 | 1,501 |
| Less: Acquisitions of subsidiaries, joint ventures and associates | (59) | (404) | (417) |
| Capital expenditure | $(1,337)$ | (956) | $(1,325)$ |
| Net (decrease)/increase from bank borrowings* | $(1,189)$ | 3,880 | 3,051 |
| Increase in other deposits and financial products with financial institutions | (355) | $(3,628)$ | $(2,400)$ |
| Dividends | (462) | (495) | (495) |
| Others | 244 | 338 | 245 |
| Net cash flow | 457 | 386 | 160 |
|  |  |  |  |
| Free cash flow | 2,740 | 773 | 398 |
| Turnover days |  |  |  |
| - Inventories | 72 | 72 | 73 |
| - Trade Receivables | 35 | 33 | 34 |
| - Trade Payables | 14 | 12 | 13 |

[^1]
## Cash Flow - Cont.

- Inventories decreased from December 2018 by $22 \%$ to US $\$ 6.2$ billion as at 30 September 2019, mainly due to lower stockholding in China which resulted from the post Chinese Spring Festival seasonal impact. Average turnover remained comparable at 72 days in 9M19.
- Trade receivables decreased by US\$512.9 million to US\$3.8 billion in 9M19. Average turnover days increased to 35 days in 9M19. Despite the higher turnover days during the period, the Group continues to maintain a healthy profile of its aging balance.
- Trade payables decreased by US $\$ 116.9$ million to US $\$ 1.3$ billion in 9M19 mainly due to timing differences. Average turnover days increased to 14 days in 9M19.


## Funding and Liquidity

|  | As at Sep 30, 2019 |  |  |
| :--- | :---: | ---: | ---: |
| US\$ million | Available | Utilised | Balance |
| Credit facilities : |  |  |  |
| Committed | 9,484 | 7,125 | 2,359 |
| Trade finance | 30,863 | 15,067 | 15,796 |
| Short term | 993 | 272 | 721 |
| Total credit facilities | $\mathbf{4 1 , 3 4 0}$ | $\mathbf{2 2 , 4 6 4}$ | $\mathbf{1 8 , 8 7 6}$ |

- $67 \%$ of utilised facilities were trade financing lines as at September 30, 2019.
- $54 \%$ of total facilities were utilised as at September 30, 2019.


## Key Indicators

|  | As at Sep 30, 2019 | As at Dec 31, $2018{ }^{(1)}$ |
| :---: | :---: | :---: |
| Return on Average Equity\#,* | 6.6\% | 7.0\% |
| Return on Average Capital Employed ${ }^{\#, *}$ | 4.9\% | 5.0\% |
| Return on Invested Capital \#,* | 4.5\% | 4.8\% |
| in US cents |  |  |
| EPS (fully diluted) | 13.5 | 17.8 |
| EPS (fully diluted) <br> - excluding discontinued operations | 13.1 | 18.2 |
| NTA per share | 183.3 | 182.7 |
| NAV per share | 254.5 | 253.6 |

\# Formulas:
Return on Average Equity $=$ Net profit $\div$ Average equity
Return on Average Capital Employed $=E B I T \times(1-$ tax rate $) \div$ (Average equity + Average minority interest + Average net debt)
Return on Invested Capital $=($ Earnings before interest - Fair value of biological assets) $\div$ (Average long term assets excl Intangibles \& DTA + Average net working capital excl cash and borrowings)

* Sep19 returns based on LTM performance.
(1) Prior year figures were restated in accordance with SFRS(I) 3 subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries.


[^0]:    ${ }^{(1)}$ Prior period figures were restated in accordance with SFRS(I) 3 subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries.

    ## 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.

[^1]:     subsidiaries
    Note :
     months.
     revenue and cost of sales for the month.

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

