WILMAR INTERNATIONAL LIMITED

2Q2018 Results Highlights

August 13, 2018

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Agenda

1	2Q2018 Financial Performance – Key Takeaways
2	Business Outlook
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2Q2018 Financial Performance – Key Takeaways

Earnings Highlights

	2Q18 (US$m)	vs 2Q17[1] △	1H18 (US$m)	vs 1H17[1] △
Revenue	10,798	2%	21,967	4%
EBITDA	700	117%	1,258	25%
Net profit	316	437%	520	30%
Core net profit	352	875%	535	63%
Earnings per share in US cents (fully diluted)	5.0	456%	8.2	30%
Dividends per share In Singapore cents	3.5	17%	3.5	17%

[1] *Prior period figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence.*

Earnings Highlights – Segment Results (PBT US$m)

	2Q18	2Q17[1]	Δ	1H18	1H17[1]	Δ
Tropical Oils (Plantation, Manufacturing & Merchandising)	154.9	58.5	*165%*	256.5	213.7	*20%*
Oilseeds and Grains (Manufacturing & Consumer Products)	290.2	60.3	*381%*	462.8	268.0	*73%*
Sugar (Milling, Merchandising, Refining & Consumer Products)	(46.2)	(106.8)	*57%*	(85.2)	(141.3)	*40%*
Others	(26.3)	28.8	*n.m.*	9.8	99.0	*-90%*
Joint Ventures & Associates	49.5	23.2	*114%*	91.1	65.2	*40%*
Unallocated expenses#	(2.4)	(1.9)	*-29%*	(6.0)	(3.9)	*-54%*
Profit Before Tax	**419.7**	**62.1**	***576%***	**729.0**	**500.7**	***46%***

[1] *Prior period figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence.*
 # Unallocated expenses refer to expenses in relation to the grant of share options to employees.
n.m. – not meaningful

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Cash Flow Highlights

US$ million	1H18	1H17[1]	FY17[1]
Operating cash flow before working capital changes	752	976	2,596
Net cash flow generated from operating activities	787	396	386
Less: Acquisitions of subsidiaries, joint ventures and associates	(395)	(35)	(132)
Capital expenditure	(653)	(383)	(938)
Net increase from bank borrowings*	3,239	1,377	4,119
Increase in other deposits and financial products with financial institutions	(2,402)	(513)	(2,848)
Dividends	(333)	(180)	(320)
Others	326	63	101
Net cash flow	569	727	368
Free cash flow	79	282	(156)

[1] *Prior period 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.

Gearing

US$ million	As at Jun 30, 2018	As at Dec 31, 2017 [1]
Debt/Equity (x)	**0.82**	**0.79**
- Net debt *	13,190	12,596
- Shareholders' funds	15,988	15,964
Adjusted debt/Equity (x)	**0.41**	**0.26**
- Liquid working capital **	6,644	8,375
- Adjusted net debt	6,546	4,221
- EBITDA ***	2,866	2,615
Net debt/EBITDA (x)	**4.60**	**4.82**
Adjusted net debt/EBITDA (x)	**2.3**	**1.6**

[1] *Prior period figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence.*

** 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).*
**** EBITDA for Jun18 is based on LTM performance.*

- Net debt to equity ratio increased to 0.82x compared to 0.79x as at Dec 31, 2017.
- Adjusted debt to equity ratio increased to 0.41x from 0.26x as at Dec 31, 2017.

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Business Outlook

- The trade tensions between the US and China improved crush margins in the short term, thus benefitting our oilseeds crushing business. However, a prolonged dispute between the two countries will have a negative impact on crush margins due to lower plant utilisation. Nevertheless, we expect our other businesses such as consumer products, rice and flour milling to perform reasonably well in the coming quarters.

- While sustained low palm oil prices will affect our plantation business, our downstream businesses will benefit from increased demand and better margins for its products. Sugar performance should also improve in the second half of the year, with the commencement of crushing season in June.

- Overall, we are cautiously optimistic that performance for the rest of the year will be satisfactory.

Appendix

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

	2Q18	2Q17(1)	Δ	1H18	1H17(1)	Δ
Revenue (US$ million)	4,270.5	4,464.6	*-4%*	8,684.2	9,107.4	*-5%*
➢ *Plantation*	*13.5*	*11.2*	*21%*	*27.4*	*29.2*	*-6%*
➢ *Manufacturing & Merchandising*	*4,257.0*	*4,453.4*	*-4%*	*8,656.8*	*9,078.2*	*-5%*
Sales volume# ('000 MT)						
➢ *Manufacturing & Merchandising*	*5,649*	*5,750*	*-2%*	*11,376*	*11,400*	*0%*
Profit before tax (US$ million)	154.9	58.5	*165%*	256.5	213.7	*20%*

(1) *Prior period figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence.*
 # Excludes plantation volume

- Segment profits increased by 165% in 2Q18 due to better performances from the midstream and downstream businesses. While higher crude oil prices benefitted the oleochemicals and biodiesel businesses, the specialty fats business also contributed positively as a result of an increase in global demand during the quarter.
- Production yield improved 11% to 5.8 MT per hectare in 2Q18 and 9% to 10.7 MT per hectare in 1H18 due to more favourable weather conditions.
- Sales volume decreased marginally by 2% in 2Q18. Lower commodity prices in the current period led overall revenue to decrease by 4% in 2Q18 and by 5% in 1H18.

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

	2Q18	2Q17	Δ	1H18	1H17	Δ
Planted area (ha)	229,002	240,730	*-5%*	229,002	240,730	*-5%*
Mature area harvested (ha)	192,417	208,129	*-8%*	192,417	208,129	*-8%*
FFB production (MT)	1,081,425	1,031,475	*5%*	2,066,423	1,970,246	*5%*
FFB Yield (MT/ha)	5.8	5.2	*11%*	10.7	9.8	*9%*
Mill Production						
➢ Crude Palm Oil (MT)	456,402	409,267	*12%*	858,449	802,963	*7%*
➢ Palm Kernel (MT)	111,735	94,424	*18%*	208,552	191,485	*9%*
Extraction Rate						
➢ Crude Palm Oil	19.8%	20.2%	*-2%*	19.9%	20.1%	*-1%*
➢ Palm Kernel	4.8%	4.7%	*4%*	4.8%	4.8%	*1%*

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Plantation Age Profile

in hectares	Average Age of Plantation					
30 Jun 2018	**0 - 3 yrs**	**4 - 6 yrs**	**7 - 14 yrs**	**15 - 18 yrs**	**>18 yrs**	**Total**
Indonesia	9,743	12,066	89,880	11,890	29,793	153,372
Malaysia	15,104	5,905	9,757	8,550	17,261	56,577
Africa	5,655	9,244	1,913	1,706	535	19,053
Total planted area	**30,502**	**27,215**	**101,550**	**22,146**	**47,589**	**229,002**
% of total planted area	*13.3%*	*11.9%*	*44.3%*	*9.7%*	*20.8%*	*100.0%*
Included YTD new plantings of :	3,114					
Plasma/outgrower Programme	48	142	9,067	3,130	23,054	35,441
% of planted area	*0.1%*	*0.4%*	*25.6%*	*8.9%*	*65.0%*	*100.0%*
31 Dec 2017						
Indonesia	11,844	11,181	102,044	11,743	26,618	163,430
Malaysia	12,841	7,669	9,472	8,911	19,098	57,991
Africa	9,721	2,753	4,806	980	254	18,514
Total planted area	**34,406**	**21,603**	**116,322**	**21,634**	**45,970**	**239,935**
% of total planted area	*14.3%*	*9.0%*	*48.5%*	*9.0%*	*19.2%*	*100.0%*
Included YTD new plantings of :	1,819					
Plasma/outgrower Programme	208	349	9,687	2,998	21,530	34,772
% of planted area	*0.6%*	*1.0%*	*27.9%*	*8.6%*	*61.9%*	*100.0%*

- Weighted average age of our plantations is approximately 12 years.

Business Segment results:
Oilseeds and Grains (Manufacturing and Consumer Products)

	2Q18	2Q17[1]	Δ	1H18	1H17[1]	Δ
Revenue (US$ million)	5,303.6	4,344.6	*22%*	10,975.1	8,809.0	*25%*
➢ *Manufacturing*	*3,944.3*	*3,142.7*	*26%*	*7,627.5*	*5,931.0*	*29%*
➢ *Consumer Products*	*1,359.3*	*1,201.9*	*13%*	*3,347.6*	*2,878.0*	*16%*
Sales volume ('000 MT)	8,732	7,821	*12%*	17,588	14,939	*18%*
➢ *Manufacturing*	*7,538*	*6,702*	*12%*	*14,779*	*12,398*	*19%*
➢ *Consumer Products*	*1,194*	*1,119*	*7%*	*2,809*	*2,541*	*11%*
Profit before tax (US$ million)	290.2	60.3	*381%*	*462.8*	*268.0*	*73%*

[1] *Prior period figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence*

- Segment profits registered a more than fourfold increase to US$290.2 million in 2Q18, benefiting from higher volume and good crush margins and a good performance from the Consumer Products business. For 1H18, profit for the segment increased by 73% to US$462.8 million.
- Overall sales volume increased 12% to 8.7 million in 2Q18 and grew 18% to 17.6 million MT in 1H18.

Business Segment results:
Sugar (Milling, Merchandising, Refining and Consumer Products)

	2Q18	2Q17	Δ	1H18	1H17	Δ
Revenue (US$ million)	1,023.3	1,599.9	*-36%*	1,858.8	2,836.4	*-34%*
➢ *Milling*	*95.0*	*33.0*	*188%*	*140.5*	*75.9*	*85%*
➢ *Merchandising, Refining & Consumer Products*	*928.3*	*1,566.9*	*-41%*	*1,718.3*	*2,760.5*	*-38%*
Sales volume ('000 MT)	2,800	3,137	*-11%*	4,987	5,625	*-11%*
➢ *Milling*	*131*	*25*	*424%*	*260*	*228*	*14%*
➢ *Merchandising, Refining & Consumer Products*	*2,669*	*3,112*	*-14%*	*4,727*	*5,397*	*-12%*
Loss before tax (US$ million)	(46.2)	(106.8)	*57%*	(85.2)	(141.3)	*40%*

- The segment reported a smaller pretax loss of US$46.2 million in 2Q18 due to improved performance by the Group's merchandising and processing operations.
- Sales volume for Sugar (Milling) increased in 2Q18 due to the new Australian sugar marketing programme introduced in 2017, where certain proportion of sugar produced in 2017 were sold in the current quarter. However, lower sales activities in the merchandising and processing businesses saw overall sales volume for the segment decrease in 2Q18 and 1H18.

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Non-Operating Items

US$ million	2Q18	2Q17[1]	1H18	1H17[1]
Profit before tax – reported	**419.7**	**62.1**	**729.0**	**500.7**
Foreign exchange loss in respect of intercompany loans to subsidiaries	(3.5)	(1.3)	(3.7)	(0.1)
Net (loss)/gain from investment securities – HFT	(33.9)	27.9	(48.7)	85.6
Dividend income from investment securities – AFS	11.3	3.2	54.6	4.2
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(7.8)	(5.7)	(14.5)	(12.3)
Non-operating items (loss)/gain (pre-tax impact)	(33.9)	24.1	(12.3)	77.4
Profit before tax - excl non-operating items	**453.6**	**38.0**	**741.3**	**423.3**
Net profit – reported	316.4	59.0	519.7	400.9
Non-operating items (loss)/gain (post-tax impact)	(35.4)	22.9	(15.6)	71.8
Core net profit	**351.8**	**36.1**	**535.3**	**329.1**

[1] *Prior period figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence.*

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Cash Flow

US$ million	1H18	1H17(1)	FY17(1)
Operating cash flow before working capital changes	752	976	2,596
Net cash flow from operating activities	787	396	386
Less : Acquisitions of subsidiaries, joint ventures and associates	(395)	(35)	(132)
Capital expenditure	(653)	(383)	(938)
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Increase in other deposits and financial products with financial institutions	(2,402)	(513)	(2,848)
Dividends	(333)	(180)	(320)
Others	326	63	101
Net cash flow	569	727	368
Free cash flow	79	282	(156)
Turnover days**			
- Inventories	72	67	67
- Trade Receivables	34	35	33
- Trade Payables	10	12	12

(1) *Prior period 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.*
*** Turnover days exclude the impact of the acquisition of Shree Renuka Sugars Limited.*
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.

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

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Cash Flow – Cont.

- Inventories decreased from December 2017 by 3.4% to US$7.9 billion as at 30 June 2018, due to lower stockholding of consumer products in China which resulted from the post Chinese Spring Festival seasonal impact. Nevertheless, average turnover days increased to 72 days for 1H18 due to lower stockholdings in 1H17.

- Trade receivables decreased by US$229.1 million to US$3.9 billion in 1H18. Average turnover days remained comparable at 34 days in 1H18.

- Trade payables increased by US$407.1 million to US$1.5 billion in 1H18 mainly as a result of the acquisition of our new subsidiary, Shree Renuka Sugars Limited. Excluding the impact of this acquisition, average turnover days improved to 10 days in 1H18.

Funding and Liquidity

US$ million	As at Jun 30, 2018 Available	Utilised	Balance
Credit facilities :			
Committed	9,845	8,148	1,697
Trade finance	25,092	15,134	9,958
Short term	755	153	602
Total credit facilities	**35,692**	**23,435**	**12,257**

- 65% of utilised facilities were trade financing lines as at June 30, 2018.
- 66% of total facilities were utilised as at June 30, 2018.

Key Indicators

	As at Jun 30, 2018(1)	As at Dec 31, 2017
Return on Average Equity*,#	8.2%	7.9%
Return on Average Capital Employed*,#	5.3%	5.1%
Return on Invested Capital*,#	5.5%	5.3%
in US cents		
EPS (fully diluted)	8.2	18.9
NTA per share	181.6	183.0
NAV per share	252.7	252.4
in Singapore cents		
Dividends (interim & final)	3.5**	10.0

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

** Jun 18 returns based on LTM performances*
*** Only interim dividends*

 # Formulas :
Return on Average Equity = Net profit ÷ Average equity
Return on Average Capital Employed = EBIT x (1 – tax rate) ÷ (Average equity +Average minority interest + Average net debt)
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)

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