WILMAR INTERNATIONAL LIMITED
Incorporated in the Republic of Singapore
(Company Registration No.: 199904785Z)

QUESTIONS RELATING TO THE RESOLUTIONS SUBMITTED BY SHAREHOLDERS IN ADVANCE OF THE ANNUAL GENERAL MEETING TO BE HELD ON 21 APRIL 2022 AND THE COMPANY'S RESPONSES THERETO

Company's Businesses and Operations

Q1. After taking into consideration YKA and Adani-Wilmar market capitalization, Wilmar is significantly undervalued especially the Indonesia, South Africa and Australia businesses. What's the strategy to further unlock shareholders' value by reducing this parent company discount?

The Group's strategy of long-term growth is to invest resources to develop businesses with synergies with our existing businesses, develop new and often challenging markets with huge potential and build integrated processing facilities to increase competitiveness of our products. Our ability to achieve strong results despite the current difficult business environment is a testament to the success of our strategy.

The successful listing of Yihai Kerry Arawana Holdings Co., Ltd. (YKA) in October 2020 and Adani Wilmar Limited (AWL) in February 2022 at significant market capitalisation reflects the tremendous value creation of our strategy and the significant under-valuation of our group. The Group's long-term assets, including intangible assets and investments in joint ventures and associates, have a net book value of US$23.8 billion as at 31 December 2021. We sold 10% of YKA shares and 6% of AWL shares for US$2.49 billion, a gain of US$1.0 billion on the original book value of US$10.20 billion. Based on current market capitalisation, the value of investment in these two companies alone is around US$40.88 billion. And we still have very significant and profitable operations in Indonesia, Malaysia, Vietnam and Africa.

There are several options for us to unlock shareholder value. We can list more of our operations, sell additional shares in the listed subsidiaries, buy back shares, distribute some of the listed subsidiaries to Wilmar shareholders or take the Company private. We are not actively pursuing any of these options now as we are busy with many very good projects in China, Indonesia, India and other countries. We believe even if we do not pursue any of the options, the market will eventually realise the true value of the Group.

Q2. China continues to maintain zero-Covid strategy that materially impact it's GDP growth, what's 1% reduction in GDP translates into YKA and Wilmar share price respectively?

The share price of any company is driven by multiple variables such as company, industry and market specific factors. For a global and diverse group such as Wilmar, it is difficult to predict or single out the direct impact of one variable on our share price performance.

As we operate in the essential food and agri industry, we believe that our business will be less impacted by an economic slowdown compared to other industries. In addition, the advantage of our integrated business model is that where one business area is not doing as well, this is often offset by stronger performance in other areas.

Q3. Each time Wilmar share price reaches a certain level, one substantial shareholder, ADM reduces it's holding - but above 20% - what's the value of strategic partnership with ADM for the Asia market? Where does Wilmar derive value with partnership with ADM from this shareholding which not available through commercial arrangement?

ADM only reduced their stake in Wilmar once in August 2020 through the sale of Wilmar shares, which lowered their stake by 2.6% from 24.9% to 22.3%. At the same time, ADM issued bonds that are exchangeable for Wilmar shares in August 2023. If the bonds are fully exchanged for Wilmar shares, ADM 's stake will be further reduced to 20.7%. ADM has publicly stated that the use of proceeds from this exercise would include potential bolt-on acquisitions and opportunistic return of capital and that it plans to retain at least a 20% strategic ownership stake in Wilmar. ADM's press release may be accessed via this link:

ADM - ADM Completes Previously Announced Secondary Block Trade of a Portion of Wilmar Ownership

ADM has been a long-time shareholder of Wilmar since 1993. In the early days when we were still a very small company, ADM's technical expertise especially in soy crushing helped us a lot in expanding our crushing operations in China. They also helped us in financing our working capital and provided assistance in improving the technical management of our factories to world class standards. Till today, they are still our major supplier of soybeans. We are very appreciative of ADM's assistance in the early days as without them we would not have grown so fast and so successfully in China.

Q4. Recently, Wilmar is reported to cease partnership with Raizen, given Wilmar relative materiality in sugar (lesser on ethanol), what's the future business strategy for this business segment?

Last year was a strong year for the sugar division given higher sugar prices that benefited our sugar mills and strong growth of our consumer pack brands. In 2022, the sugar division should benefit from the Indian ethanol programme and production expansion. Our Indian subsidiary, Shree Renuka Sugars, will continue its strategic move to renewable energy and to ethanol. Our ethanol production will jump by 50% in 2022 compared to 2021 and should reach 225 million litres. Our green power production will increase to reach 230 million kilowatt-hours. Our leading sugar consumer pack brand, Madhur, is growing strongly.

In Australia, our milling business had a record year thanks to higher sugar prices and Far-East premium. In 2022, we should continue to benefit from high international prices and a good cane crop. On our green energy side, we benefited from volatile local electricity prices and introduced dynamic yield boiler management to capture peak electricity prices. In 2022, we will continue to invest to expand our green power production and to innovate to capture the highly volatile electricity prices. In New Zealand, the ethanol mandate was not introduced in 2021, but there has been talk of a possible 10% blend mandate.

Our Australia, New Zealand, Indonesian refineries and our Moroccan associate, Cosumar, had a good year with strong local demand and good refining margins.

In Saudi Arabia, a refinery located in Yanbu, through which we hold an interest directly and via Cosumar, started production in July 2021 and is operating in line with technical expectations. Full production will be reached in 2022 with an expected total annual production of 700,000 metric tonnes.

Q5. Could you provide an update on the key research projects that are successfully completed by the 600 scientists and researchers? How have these research projects contributed to the bottom line of Wilmar in terms of cost savings and increase in margins (due to more premium products being produced)?

Wilmar's research and develop (R&D) activities support our business operations by improving manufacturing processes, ensuring the consistency and enhancing the quality of existing products as well as developing new innovative products.

We have provided an update of our key R&D projects in pages 42 and 43 of the 2021 Annual Report. This report can be accessed via the following link:

https://www.wilmar-international.com/annualreport2021/05-4-4-res-dev.html

No leading global food and agri company can hope to retain its leading position without strong R&D. Our R&D efforts have played an important role to improve our manufacturing processes, making it more environmentally friendly and efficient, such as the use of micro-organisms and enzymes as biocatalysts to replace traditional chemical processes. As R&D is a long-term project, its full benefits will be realised only in the future.

Q6. As a concerned shareholder, I need to know if your business operation in Ukraine is disrupted by the current war there & how bad has it affected your operation & production? What is your plan moving forward if war escalated? Your reply is appreciated. Tq. *(Question received via IR mailbox)**

Wilmar's joint venture in Ukraine, Delta Wilmar, has suspended operations of one of its plants. The other plant is partially running. Our top priority is the safety of our employees and we will continue to monitor the situation very closely. Delta Wilmar's contribution to the Group's profit is not significant hence we do not expect a material impact on the Group's overall business.

Q7. What much does the company intends to invest into The Central Kitchen initiative in China? Will this increase your downstream business into more food categories? With higher commodity and input costs, will your consumer facing businesses in China face challenges in passing on the cost to consumers given the sensitive social impact of such moves? Will margins continue to be under pressure in this segment? For the plantation business, it will benefit from high CPO prices but the refining side will have to contend with higher raw material cost. Could you share how much net positive impact you get from higher CPO prices with both upstream and midstream businesses? Wilmar's consumer business in China earns much lower profit margins than its food manufacturing peers in China. Is this because of the bulky, essential food business that you operate in? What are your strategies to improve margins in the mid-term? Can the company work on reducing its moderately high gearing?*

<u>Central Kitchen</u>

Our Central Kitchen Food Park is the new major initiative of the Group. Located within or close to our existing integrated manufacturing complexes, the project will enable us to integrate the processing of agri commodities with the manufacturing, marketing and distribution of food products and enable us to produce quality food products which are safer, more nutritious, cheaper and environmentally more friendly. Our central kitchen in Hangzhou commenced operations earlier this month and so far has met our expectations. It started to provide meals to the quarantined in Shanghai and Hangzhou and will be supplying meals for the upcoming Asian Games in Hangzhou. There are four other central kitchens under construction in Chongqing, Langfang, Xi'an and Zhoukou, with more in the pipeline. Depending on the performance of these early projects, we intend to invest in up to 100 central kitchens in China costing a few billion dollars over the next decade.

<u>Consumer Products</u>

There will usually be a time lag for price increases for our consumer products. We have been adjusting our selling prices but not to the full degree of the raw material cost increases.

As we are the leading brand in the essential food market, we need to be sensitive and try to keep prices as stable as possible. So, while our consumer product margins may be negatively impacted when commodity prices are rising, we also stand to benefit when the situation reverses. There are currently no pricing restrictions or need for regulatory approval to raise prices in China. Over time we expect margins to be satisfactory.

The profit margins for our Food Products business includes profit from our medium pack and bulk businesses, which tend to have lower margins than our consumer products business. Hence, when compared to companies that are selling only to the end consumers, our margins may appear lower.

We expect sales volume for our Food Products business to grow as we expand our plants and grow our central kitchen business in China.

Impact of higher CPO prices on upstream and midstream businesses

While higher crude palm oil (CPO) prices will directly benefit our upstream plantations business, the impact on our midstream refining business will depend on various factors such as how well we manage the procurement of CPO, our ability to pass on higher costs to customers and availability of substitute oils. It is therefore difficult to precisely quantify the net impact. Nonetheless, we expect the benefit of higher CPO prices to more than offset the negative impact on our downstream operations.

Gearing

We continue to maintain an efficient capital structure that supports our business operations and maximises returns to shareholders while preserving the strength of our balance sheet. Higher working capital requirements led net loans and borrowings (net of cash, bank deposits and other deposits with financial institutions) to increase to US$17.24 billion. This resulted in a higher net debt to equity ratio of 0.87x as at 31 December 2021 (31 December 2020: 0.72x). Given the nature of our business, the level of financing for our working capital requirements fluctuates in accordance with prices of agricultural commodities and business volume, and a significant proportion of our borrowings are used for such working capital financing. Our working capital comprise very liquid or near cash assets like inventories and trade receivables. Inventories are primarily agricultural commodities with a ready market, while trade receivables have short turnover period and are substantially supported by documentary credits. Taking the above into consideration, our adjusted net debt (excluding liquid working capital) to equity ratio which better reflects our Group's debt position, remains healthy and stable at 0.27x as at 31 December 2021 (31 December 2020: 0.27x).

Resolution 2 – To declare a final dividend of S$0.105 per ordinary share

Q8. Can company consider to increase the dividend in the future for shareholders to have a better yield given that the share price of the company is always sideway.*

The Company has been steadily increasing dividends since FY2016 and paid out a special dividend of 6.5 Singapore cents for FY2020.

In considering the level of dividend payments, the Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans, as well as the Group's working capital requirements and general financial condition.

S$	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Dividend	0.065	0.10	0.105	0.125	0.13	0.155
Special Dividend					0.065	

**These questions were received after the Company's stipulated cut-off time for the submission of questions, however, as there was sufficient response time, the Company is including its response to these questions in this announcement.*

Issued by
WILMAR INTERNATIONAL LIMITED
14 April 2022