

# WILMAR INTERNATIONAL LIMITED

## 3Q2015 Results Highlights

November 11, 2015



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# 3Q2015 Financial Performance – Key Takeaways



# Earnings Highlights

	3Q15 (US\$m)	vs 3Q14 △	9M15 (US\$m)	vs 9M14 △
Revenue	10,649	-8%	29,345	-9%
EBITDA	577	-19%	1,487	3%
Net profit	276	-35%	719	-5%
Core profit after tax	359	-16%	816	1%
Earnings per share in US cents (fully diluted)	4.3	-35%	11.3	-4%

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

	3Q15	3Q14	Δ	9M15	9M14	Δ
Tropical oils (Plantation and Manufacturing)	105.1	194.4	-46%	433.2	673.8	-36%
Oilseeds and Grains (Manufacturing and Consumer Products)	243.6	175.7	39%	525.6	230.8	>100%
Sugar (Merchandising, Manufacturing and Consumer Products)	108.7	158.5	-31%	3.2	80.8	-96%
Others	(56.2)	(0.2)	>100%	(2.4)	(19.5)	88%
Associates	14.7	32.7	-55%	43.6	44.9	-3%
Unallocated expenses	(1.9)	(3.2)	41%	(5.7)	(15.1)	63%
<b>Profit Before Tax</b>	<b>414.1</b>	<b>558.0</b>	<b>-26%</b>	<b>997.5</b>	<b>995.6</b>	<b>0%</b>

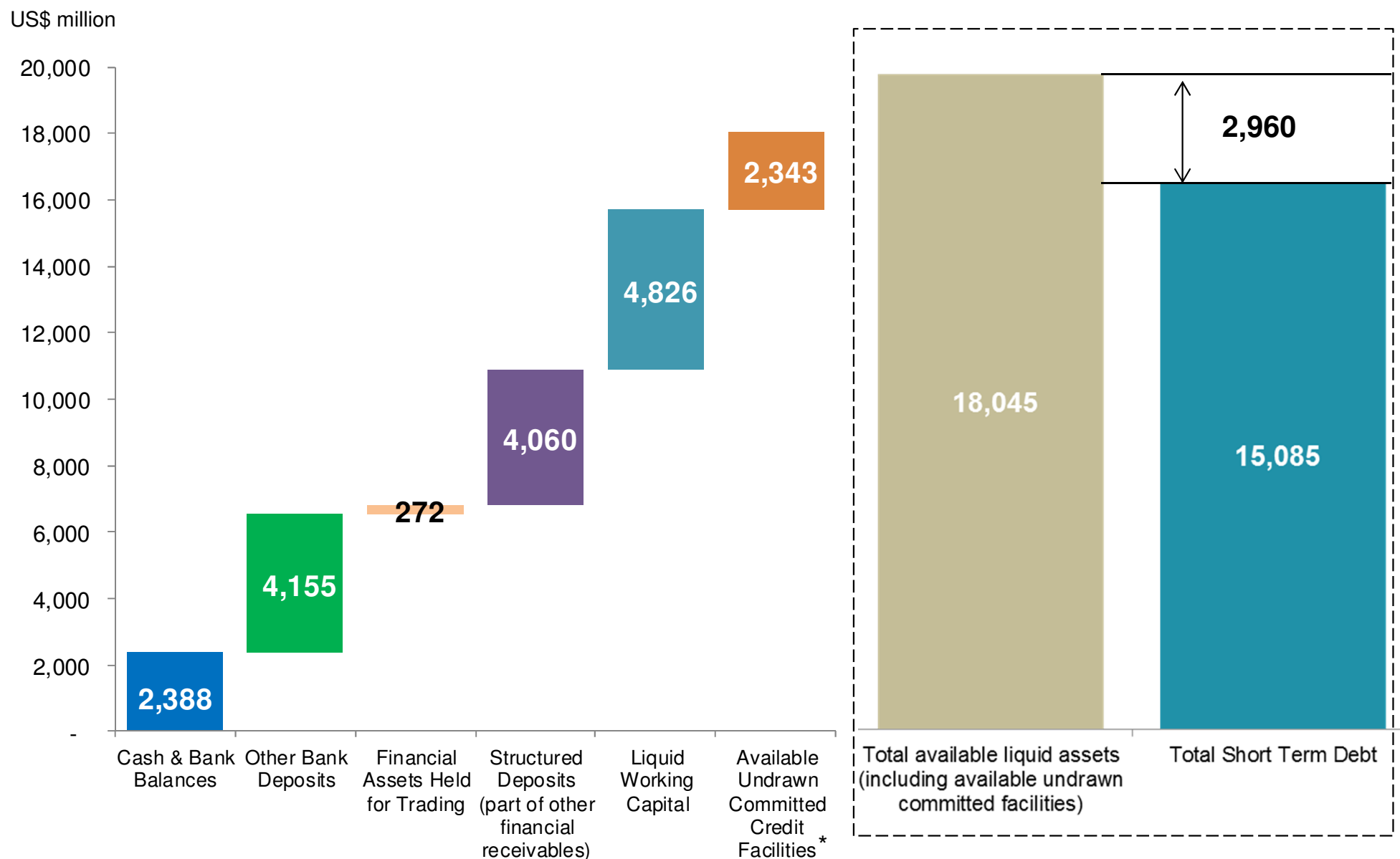
# Cash Flow Highlights

<b>US\$ million</b>	<b>9M15</b>	<b>9M14</b>	<b>FY14</b>
Operating cash flow before working capital changes	1,499	1,180	1,844
<b>Net cash flow from operating activities</b>	<b>2,889</b>	<b>2,386</b>	<b>1,973</b>
Less : Investment in subsidiaries and associates	(489)	(205)	(220)
Capital expenditure	(659)	(809)	(1,093)
Net increase/(decrease) from bank borrowings*	387	(290)	(773)
(Increase)/decrease in other deposits and financial products with financial institutions	(938)	(714)	238
Dividends	(381)	(383)	(383)
Share buy-back	(137)	-	(9)
Others	(116)	(152)	(269)
<b>Net cash flow</b>	<b>556</b>	<b>(167)</b>	<b>(536)</b>
<b>Free cash flow</b>	<b>1,911</b>	<b>1,609</b>	<b>993</b>

\* Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities.



# Liquidity and Short-Term Debt



*Liquid Working Capital = Inventories (excl. consumables) + Trade Receivables – Current liabilities (excl. borrowings)*

*\* Out of total unused credit facilities of US\$16.33 billion.*



# Gearing

US\$ million	Sep 30, 2015	Dec 31, 2014
Debt/Equity (x)	0.74	0.78
- Net Debt *	10,994	12,056
- Shareholders' funds	14,849	15,495
Adjusted Debt/Equity (x)	<b>0.42</b>	<b>0.37</b>
- Liquid working capital **	4,826	6,264
- Adjusted Net Debt	6,168	5,792
Net debt/EBITDA (x) ***	<b>5.02</b>	<b>5.61</b>

\* 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 30 Sep 15 is based on LTM performance.

- Net debt to equity ratio improved to 0.74x as net debt declined in line with lower commodity prices.
- Adjusted debt to equity ratio increased but remained low at 0.42x.

# Business Outlook

- The Group expects performance of Oilseeds and Grains segment to remain satisfactory.
- Refining and downstream product margins for Tropical Oils businesses should also improve with the biodiesel mandate in Indonesia. The recent increase in CPO prices will improve Plantation margins.
- The Group's Sugar milling segment will gain from the recent surge in sugar prices on the back of anticipated sugar deficit in this coming year.
- Overall, we remain optimistic that performance for the remaining year will be satisfactory.

# Appendix



## Business Segment results:

### Tropical Oils (Plantation and Manufacturing)

	3Q15	3Q14	Δ	9M15	9M14	Δ
Revenue (US\$ million)	4,148.9	5,329.0	-22%	12,007.9	15,541.3	-23%
➤ <i>Plantation</i>	13.4	17.3	-23%	43.2	55.4	-22%
➤ <i>Manufacturing</i>	4,135.5	5,311.7	-22%	11,964.7	15,485.9	-23%
Sales volume ('000 MT)	6,373	6,500	-2%	17,539	18,069	-3%
➤ <i>Manufacturing</i>						
Profit before tax (US\$ million)	105.1	194.4	-46%	433.2	673.8	-36%

- Revenue declined in 3Q2015 and 9M2015 due to the decrease in sales volume and lower CPO prices.
- PBT decreased in 3Q2015 and 9M2015, mainly due to lower CPO prices but this was partially offset by stronger production yields. Lower refining margins and crude oil prices, which affected the oleo-chemical and biodiesel businesses, impacted the performance of the Group.
- Production yield in 3Q2015 improved 9% to 5.4 MT per hectare resulting in an increase in total fresh fruit bunches production to 1.1 million MT.

# Business Segment results:

## Tropical Oils (Plantation and Manufacturing)

	3Q15	3Q14	Δ	9M15	9M14	Δ
Planted area (ha)	238,385	239,317	0%	238,385	239,317	0%
Mature area harvested (ha)	209,608	214,689	-2%	209,608	214,689	-2%
FFB production (MT)	1,129,946	1,059,500	7%	3,245,696	3,241,465	0%
FFB Yield (MT/ha)	5.4	4.9	9%	15.5	15.1	3%
<b>Mill Production</b>						
➤ Crude Palm Oil (MT)	564,653	503,977	12%	1,472,196	1,437,212	2%
➤ Palm Kernel (MT)	134,471	119,984	12%	347,791	328,869	6%
<b>Extraction Rate</b>						
➤ Crude Palm Oil	20.5%	20.4%	0%	20.5%	20.6%	0%
➤ Palm Kernel	4.9%	4.9%	0%	4.8%	4.7%	3%

# Plantation Age Profile

30 Sep 2015 (in hectares)	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	Total
Indonesia	10,624	12,787	100,207	16,107	25,729	165,454
Malaysia	8,287	4,032	14,664	9,026	21,540	57,549
Africa	7,470	990	5,788	725	409	15,382
<b>Total planted area</b>	<b>26,381</b>	<b>17,809</b>	<b>120,659</b>	<b>25,858</b>	<b>47,678</b>	<b>238,385</b>
<i>% of total planted area</i>	<i>11.1%</i>	<i>7.5%</i>	<i>50.6%</i>	<i>10.8%</i>	<i>20.0%</i>	<i>100.0%</i>
Included YTD new plantings of :	2,173					
Plasma Programme	380	1,085	5,969	5,571	18,423	31,428
<i>% of planted area</i>	<i>1.2%</i>	<i>3.5%</i>	<i>19.0%</i>	<i>17.7%</i>	<i>58.6%</i>	<i>100.0%</i>
31 Dec 2014						
Indonesia	11,091	25,141	88,233	17,932	24,079	166,476
Malaysia	7,176	2,264	14,678	9,031	24,820	57,969
Africa	6,118	621	5,809	535	759	13,842
<b>Total planted area</b>	<b>24,385</b>	<b>28,026</b>	<b>108,720</b>	<b>27,498</b>	<b>49,658</b>	<b>238,287</b>
<i>% of total planted area</i>	<i>10.2%</i>	<i>11.8%</i>	<i>45.7%</i>	<i>11.5%</i>	<i>20.8%</i>	<i>100.0%</i>
Included YTD new plantings of :	3,089					
Plasma Programme	319	1,959	6,900	7,303	15,185	31,666
<i>% of planted area</i>	<i>1.0%</i>	<i>6.2%</i>	<i>21.8%</i>	<i>23.0%</i>	<i>48.0%</i>	<i>100.0%</i>

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

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

	3Q15	3Q14	Δ	9M15	9M14	Δ
Revenue (US\$ million)	4,853.0	4,604.0	5%	13,519.0	13,411.5	1%
➤ <i>Manufacturing</i>	3,192.2	2,849.8	12%	8,677.9	8,182.1	6%
➤ <i>Consumer Products</i>	1,660.8	1,754.2	-5%	4,841.1	5,229.4	-7%
Sales volume ('000 MT)	8,008	6,394	25%	21,281	18,194	17%
➤ <i>Manufacturing</i>	6,635	5,033	32%	17,377	14,206	22%
➤ <i>Consumer Products</i>	1,373	1,361	1%	3,904	3,988	-2%
Profit before tax (US\$ million)	243.6	175.7	39%	525.6	230.8	>100%

- Strong PBT growth driven by higher volume and better margins for soybean crushing and Consumer Products businesses.
- Sales volume for Consumer Products was at 1.4 million MT (3Q2014: 1.4 million MT) for 3Q2015 and 3.9 million MT for 9M2015 (9M2014: 4.0 million MT) mainly due to the reclassification of packed palm oil from Consumer Products to Tropical Oils segment. Without this reclassification, Consumer Products' volume would have recorded a significant increase of 17.6% for 3Q2015 and 14.7% for 9M2015.



# Business Segment results:

## Sugar (Merchandising, Manufacturing and Consumer Products)

	3Q15	3Q14	Δ	9M15	9M14	Δ
Revenue (US\$ million)	1,382.2	1,397.7	-1%	2,979.9	2,858.4	4%
➤ <i>Milling</i>	470.1	545.3	-14%	569.5	637.3	-11%
➤ <i>Merchandising &amp; Processing</i>	912.1	852.4	7%	2,410.5	2,221.1	9%
Sales volume ('000 MT)	4,688	3,505	34%	8,794	6,463	36%
➤ <i>Milling</i>	1,940	1,624	20%	2,294	1,847	24%
➤ <i>Merchandising &amp; Processing</i>	2,748	1,881	46%	6,500	4,616	41%
Profit before tax (US\$ million)	108.7	158.5	-31%	3.2	80.8	-96%
<b>Operating statistics:</b>						
Commercial cane sugar (%)	14.3	14.2	1%	14.1	14.1	0%
Cane crushed (million MT)	10.0	8.9	12%	11.2	9.8	14%

- Revenue for 3Q2015 and 9M2015 was affected by the weakened Australian currency and sugar prices.
- Sales volume for the segment increased on higher merchandising and milling activities.
- Lower PBT was mainly due to lower translated profits from Australia operations and weaker performances from the Group's merchandising and manufacturing business. Notwithstanding stronger operating performances from the higher volume of sugar in this quarter, the sugar-milling business was dragged down by the 22% depreciation of the Australian currency.

# Non-Operating Items

In US\$ million	3Q15	3Q14	9M15	9M14
<b>Profit before tax - reported</b>	<b>414.1</b>	<b>558.0</b>	<b>997.5</b>	<b>995.6</b>
Foreign exchange (loss)/gain arising from intercompany loans to subsidiaries	(13.9)	2.3	(33.0)	(26.5)
Net losses from investment securities – HFT	(61.8)	(1.4)	(50.2)	(12.2)
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(5.6)	(6.9)	(17.0)	(21.3)
Others	2.4	0.8	3.8	1.9
Non-operating items loss (pre-tax impact)	(78.9)	(5.2)	(96.4)	(58.1)
<b>Profit before tax - excl non-operating items</b>	<b>493.0</b>	<b>563.2</b>	<b>1,093.9</b>	<b>1,053.7</b>
<b>Net profit - reported</b>	<b>275.9</b>	<b>422.4</b>	<b>718.9</b>	<b>755.0</b>
Non-operating items loss (post-tax impact)	(83.1)	(7.3)	(97.1)	(52.4)
<b>Net profit - excl non-operating items gains</b>	<b>359.0</b>	<b>429.7</b>	<b>816.0</b>	<b>807.4</b>

# Cash Flow

<b>US\$ million</b>	<b>9M15</b>	<b>9M14</b>	<b>FY14</b>
Operating cash flow before working capital changes	1,499	1,180	1,844
Net cash flow from operating activities	2,889	2,386	1,973
Less : Investment in subsidiaries and associates	(489)	(205)	(220)
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Others	(116)	(152)	(269)
<b>Net cash flow</b>	<b>556</b>	<b>(167)</b>	<b>(536)</b>
<b>Free cash flow</b>	<b>1,911</b>	<b>1,609</b>	<b>993</b>
Turnover days			
- Inventories	64	63	63
- Trade Receivables	34	33	33
- Trade Payables	15	12	12

\* Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities.

- Inventories decreased reflecting both lower commodities prices and seasonal trend, particularly in China. Average inventory turnover days remained consistent at 64 days in 9M2015.
- Trade receivables declined due to the reduction in receivables from lower seasonal sales against the December festive season and the timing of sales. Average turnover days remained comparable at 34 days in 9M2015.
- Trade payables decreased but the average turnover days increased to 15 days in 9M2015, mainly due to the timing effect of purchases.

# Funding and Liquidity

US\$ million	As at Sep 30, 2015		Balance
	Available	Utilised	
Credit facilities :			
Committed	10,964	8,622	2,343
Trade finance	25,944	12,562	13,382
Short term	1,022	414	608
<b>Total credit facilities</b>	<b>37,930</b>	<b>21,597</b>	<b>16,333</b>
<b>Available facilities</b>			<b>16,333</b>

- 58% of utilised facilities were trade financing lines, backed by inventories and receivables
- 57% of total facilities were utilised at Sep 30, 2015

# Key Indicators

	As at Sep 30, 2015	As at Dec 31, 2014
Return on Average Equity* #	7.4%	7.6%
Return on Average Capital Employed** #	4.2%	4.1%
Return on Invested Capital*** #	4.7%	4.7%
in US cents		
EPS (fully diluted)	11.3	18.1
NTA per share	166.0	173.5
NAV per share	235.0	242.3
in Singapore cents		
Dividends (interim & final)	2.5	7.5

\* 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 = Net Operating Profit After Tax ÷ (Average long term assets excl intangibles + Average net working capital excl cash and borrowings)

# Sep 30, 2015 returns based on LTM performances

# New Segments - Comparative Figures for 2014

	9M15	9M14	4Q14	FY14
<b>Volume ('000 MT)</b>				
Tropical Oils (Manufacturing)	17,539	18,069	6,538	24,607
Oilseed & Grains (Manufacturing)	17,377	14,206	5,579	19,785
Oilseeds & Grains (Consumer Products)	3,904	3,988	1,308	5,296
<b>Revenue (US\$ '000)</b>				
Tropical Oils (Plantation)	43,218	55,376	15,587	70,963
Tropical Oils (Manufacturing)	11,964,656	15,485,879	4,782,370	20,268,250
Oilseed & Grains (Manufacturing)	8,677,872	8,182,121	3,051,466	11,233,587
Oilseeds & Grains (Consumer Products)	4,841,123	5,229,386	1,523,469	6,752,855
<b>PBT (US\$ '000)</b>				
Tropical Oils	433,191	673,760	295,452	969,212
Oilseeds & Grains	525,614	230,821	117,634	348,455