

# WILMAR INTERNATIONAL LIMITED

## ANNUAL GENERAL MEETING

25 April 2014

BY HO KIAM KONG  
CHIEF FINANCIAL OFFICER



  
**wilmar**

We Invest • You Harvest

# IMPORTANT NOTICE

*Information in this presentation may contain projections and forward looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected.*

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# Agenda

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Business Update: What has changed since last AGM?

**2**

Financial Performance in 2013

**3**

Our Financial Profile

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Sustainability – the Foundation of Today's Business Growth

**5**

Prospects

## 1. Business Update: What has changed since last AGM?



# Continue to invest in the Business Segments

Palm & Laurics	Refinery	<ul style="list-style-type: none"> <li>Joint venture with Elevance Renewable Sciences, Inc. commenced commercial shipment of specialty chemicals from biorefinery in Indonesia</li> <li>First plant in the USA began processing palm, coconut and palm kernel oils for the California and West Coast markets</li> <li>One new plant in Ghana</li> </ul>
	Specialty Fats	<ul style="list-style-type: none"> <li>Expanded processing capacity in China, Indonesia and India</li> </ul>
	Oleochemicals	<ul style="list-style-type: none"> <li>Formed joint ventures with Kemira Oyj for the manufacture of Alkyl Ketene Dimer Wax in China (subject to regulatory approvals)</li> </ul>
	Amines	<ul style="list-style-type: none"> <li>Joint Venture with Clariant Ltd started production in Lianyungang, China</li> </ul>
	Biodiesel	<ul style="list-style-type: none"> <li>One new plant each in Indonesia and Belgium</li> </ul>
Oilseeds & Grains	Flour Milling	<ul style="list-style-type: none"> <li>Commissioned two new flour mills in China and another two are under construction in Indonesia and Vietnam</li> </ul>
Consumer Products	New Markets	<ul style="list-style-type: none"> <li>Commenced sales of edible oils in Nigeria and Myanmar</li> </ul>

# Continue to invest in the Business Segments

Plantations and Palm Oil Mills	Equity Acquisition	<ul style="list-style-type: none"> <li>Acquired 35% equity interest in Estate Management Services (Private) Limited who owns and manages over 30,000 ha of plantations in Sri Lanka</li> </ul>
	Capacity Expansion	<ul style="list-style-type: none"> <li>Added two new mills in Indonesia and one in Nigeria</li> </ul>
Sugar	New Businesses	<ul style="list-style-type: none"> <li>Entered into agreement to acquire a strategic stake in Mumbai-based Shree Renuka Sugars Limited (subject to regulatory approvals)</li> <li>Appointed Cevital Spa's exclusive agent and authorised operator for raw sugar supply to two refineries in Bejaia, Algeria</li> <li>Cosumar started first operations of refined sugar exports from Casablanca port to neighbouring countries in the Mediterranean Sea and to Europe</li> <li>Formed joint venture with Great Wall Food Stuff Industry Company Limited in Myanmar to produce and sell sugar and its by-products (subject to regulatory approvals)</li> </ul>
	Capacity Expansion	<ul style="list-style-type: none"> <li>Added 10 new and used vessels to our shipping fleet for own use</li> </ul>



# Our Brands continue to do well in the Markets we served

China: <b>Arawana</b>	<ul style="list-style-type: none"> <li>• Nutrition Innovation Award for Blended Ocean Fish Oil</li> <li>• Active Contribution to Healthy Cardiovascular Management Award for Corn Oil Phytosterols</li> </ul>
Indonesia: <b>Sania</b>	<ul style="list-style-type: none"> <li>• Superbrand</li> <li>• Indonesia Best Companies in Satisfying Retailers</li> </ul>
Vietnam: <b>Neptune</b>	<ul style="list-style-type: none"> <li>• Top 10 Competitive Brands – Renowned Brands of Vietnam</li> </ul>
India: <b>Fortune</b>	<ul style="list-style-type: none"> <li>• No. 1 Edible Oil Brand in India</li> <li>• Reader's Digest Most Trusted Brand in Gold category</li> </ul>
Bangladesh: <b>Rupchanda</b>	<ul style="list-style-type: none"> <li>• No. 1 Soyabean Oil Brand in Edible Oil category</li> <li>• 4<sup>th</sup> Best Brand (Soyabean Oil) in Overall category</li> </ul>
Russia: <b>Ryaba</b>	<ul style="list-style-type: none"> <li>• Top National Brand for Mayonnaise</li> </ul>



# Corporate awards in 2013/2014

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>World's Most Admired Company 2014 (ranked 2<sup>nd</sup> in Food Production Industry)</li> <li>Fortune Global 500 in 2013 (ranked 224<sup>th</sup>)</li> <li>Global 500 Brands (ranked 459<sup>th</sup> globally, 3<sup>rd</sup> in Singapore)</li> <li>Forbes Global 2000 (ranked 313<sup>rd</sup>)</li> <li>Best Company for Leadership (Asia)</li> <li>Most Transparent Company Award – Winner in Food &amp; Beverages category</li> <li>Asia's Outstanding Company on Corporate Governance</li> <li>Best in Sector for Consumer Goods &amp; Services (including Retail)</li> <li>Singapore International 100 Overseas Sales/Turnover Excellence Award (First place ranking) 2011 - 2013</li> <li>The Global Chinese Business 1000 Awards – The Largest Chinese Companies by Revenues</li> </ul> | <p>Fortune Magazine</p><br><p>BrandFinance®</p> <p>Forbes Magazine</p> <p>AIAIR Awards</p> <p>Securities Investors Association (Singapore)</p> <p>9<sup>th</sup> Corporate Governance Asia Recognition Award 2013</p> <p>IR Magazine South-East Asia Awards</p><br><p>DP Info with Ernst &amp; Young as Co-Producer, supported by ACRA, IE Singapore, SPRING, IDA and Singapore Business Federation</p> <p>Yazhou Zhoukan magazine</p> |
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## 2. Financial Performance in 2013

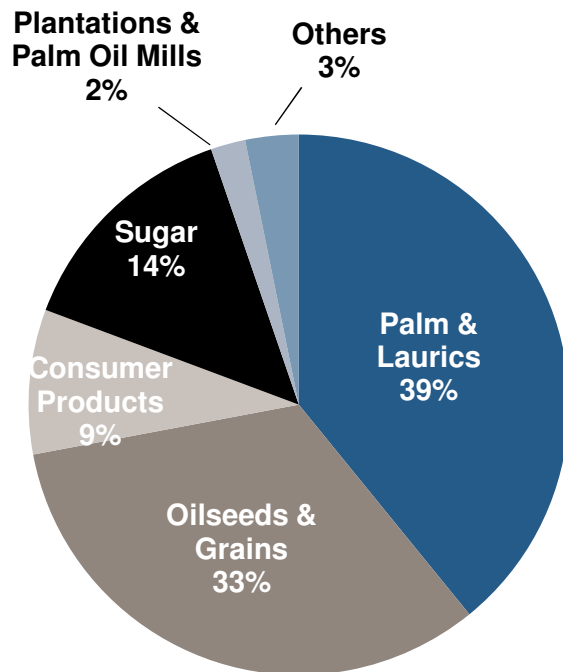


## 2013 Results at a Glance

Net Profit	US\$ 1.32 billion		5.1%
Total Revenue	US\$ 44.09 billion		3.0%
EBITDA	US\$ 2.41 billion		1.1%
Earnings per share	20.6 US cents		5.1%
Total Assets	US\$ 46.63 billion		11.2%
Shareholders' Funds	US\$ 15.00 billion		4.6%
Dividends	S\$ 0.08 per share		60.0%

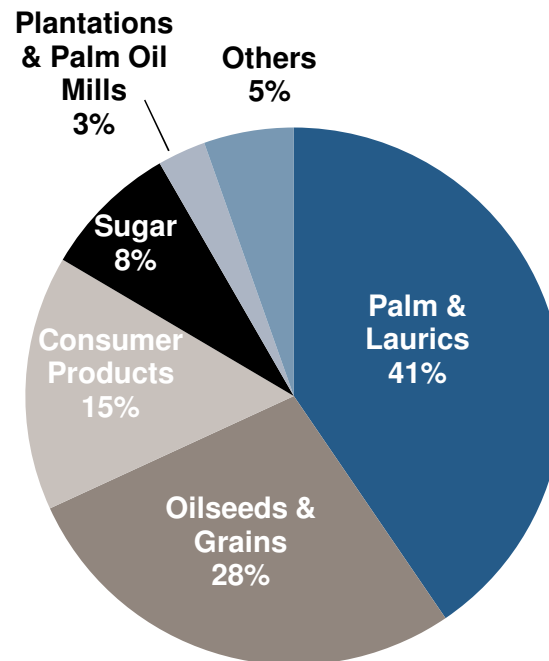
# Balanced Operations in 5 Key Business Segments

**FY2013 Tonnage**



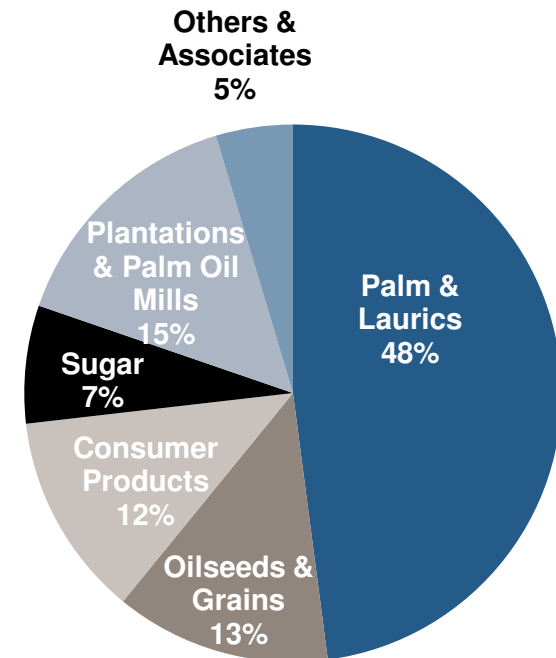
**2013A Tonnage: 62.6 million MT**

**FY2013 Revenue<sup>(1)</sup>**



**2013A Revenue: US\$44.1 billion**

**FY2013 PBT<sup>(2)</sup>**



**2013A PBT: US\$1.8 billion**

(1) Pie chart includes inter-segment sales.

(2) Pie chart excludes unallocated income / (expenses).

# Key Segment Results

US\$ Millions unless otherwise stated		2013	2012	2011
Plantations and Palm Oil Mills	Volume (M MT)	1.8	1.9	1.8
	Revenue	1,432	1,728	1,843
	PBT (excluding Revaluation of Biological Assets)	278.3	382.0	471.1
Palm and Laurics	Volume (M MT)	24.5	23.1	20.3
	Revenue	19,926	22,748	22,917
	PBT	855.7	771.1	585.9
Oilseeds and Grains	Volume (M MT)	20.6	19.6	19.9
	Revenue	13,632	12,936	12,670
	PBT	231.7	14.1	422.9
Consumer Products	Volume (M MT)	5.4	4.6	4.4
	Revenue	7,555	7,096	6,769
	PBT	219.4	157.2	85.3
Sugar (Milling, Merchandising and Processing)	Volume (M MT)	8.8	6.5	5.1
	Revenue	4,031	3,642	3,209
	PBT	126.6	99.8	141.2

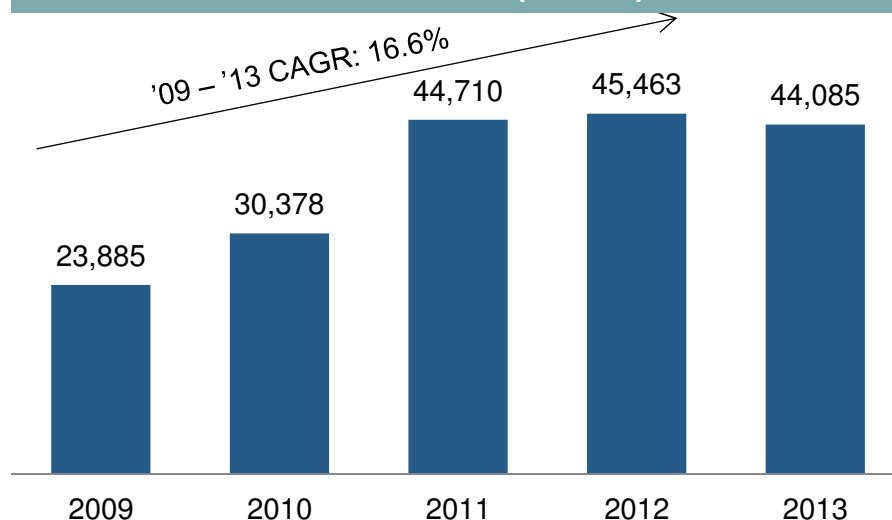
### 3. Our Financial Profile



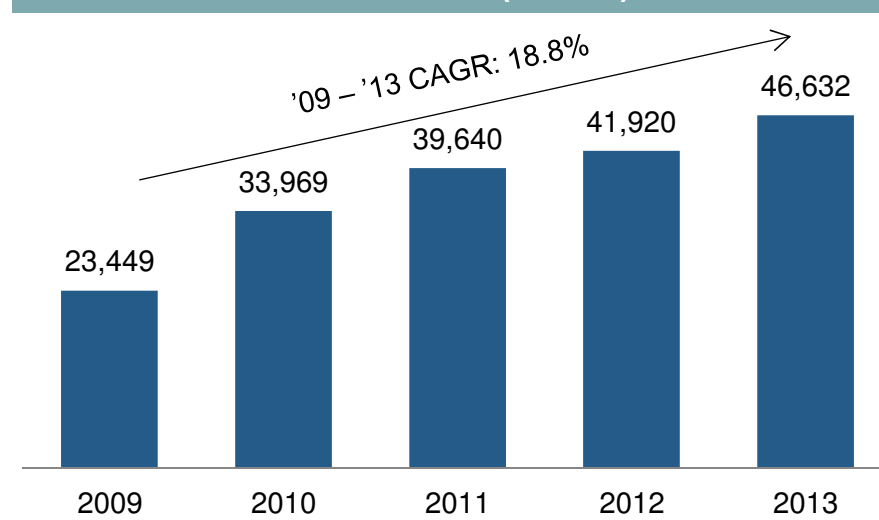
# Robust Financial and Liquidity Profile

Leading size and scale of operation supported by well-managed leverage ratios

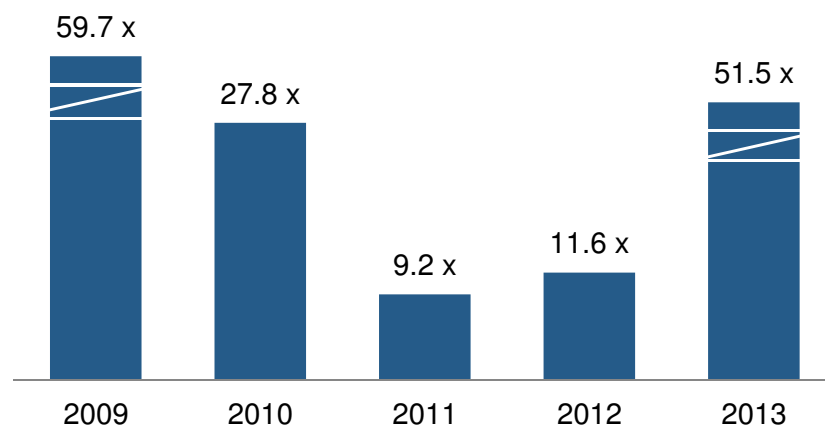
Total Revenue (US\$ m)



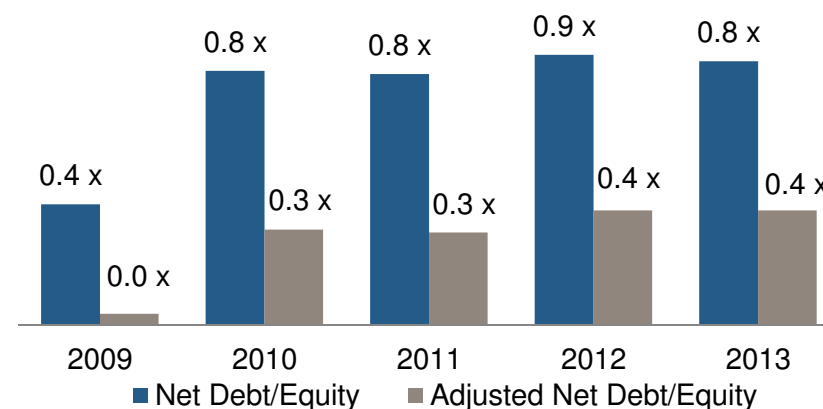
Total Assets (US\$ m)



EBITDA / Net Interest Expense



Net Debt / Equity<sup>1</sup>



<sup>1</sup>Net Debt = Total Debt less Cash (including Structured Deposits and fixed deposits pledged with financial institutions for bank facilities)

Adjusted Net Debt = Net Debt less Liquid Working Capital

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



# Strong Liquidity Profile and Access to Liquidity

US\$ m

**Total Utilised  
and Unutilised  
Credit Facilities:**

11,339

17,356

24,618

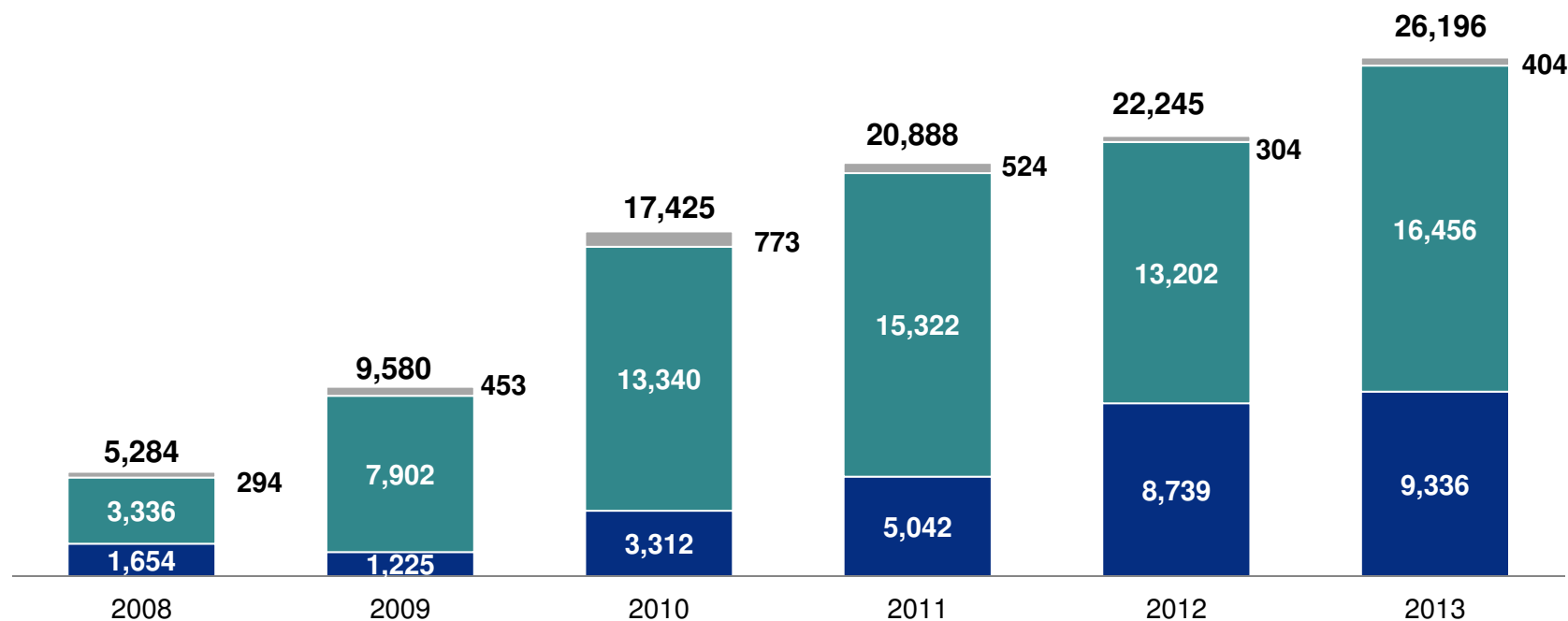
31,044

35,770

41,785



**Utilised Credit  
Facilities:**



■ Committed Credit Facilities

■ Trade Finance Credit Facilities

■ Short Term Credit Facilities

**Cash & Cash  
Equivalents:**

1,104

827

400

1,280

1,528

2,237







Source: Company filings

#### 4. Sustainability – the Foundation of Today's Business Growth by Jeremy Goon, Head of CSR



# Issues Associated with Palm Oil

-  Deforestation and illegal logging
  - Loss of high conservation value (HCV) areas and high carbon stock (HCS) forests
-  Burning for land-clearing
-  Peat-land development that exacerbates climate change
-  Human Rights Abuse
  - displacement of local indigenous groups, child labour etc

# Integrated Policy that Addresses Challenges:

## “No Deforestation, No Peat & No Exploitation” Policy – 5 Dec 2013

<b>NO DEFORESTATION</b>	<ul style="list-style-type: none"><li>• No development of High Carbon Stock (HCS) forests</li><li>• No development of High Conservation Value (HCV) Areas</li><li>• No burning (Zero Burn Policy)</li></ul>
<b>NO PEAT</b>	<ul style="list-style-type: none"><li>• No development on peat regardless of depth</li><li>• Best Management Practices for existing plantations on peat</li></ul>
<b>NO EXPLOITATION of PEOPLE &amp; LOCAL COMMUNITIES</b>	<ul style="list-style-type: none"><li>• Respect &amp; support the Universal Declaration of Human Rights</li><li>• Respect land tenure rights</li><li>• Obtain Free, Prior &amp; Informed Consent (FPIC) from indigenous communities prior to land development</li><li>• Resolve all disputes through open, transparent and consultative process</li><li>• Fair compensation</li><li>• Facilitate the inclusion of smallholders into the supply chain</li></ul>

# Commitment

 Core to the integrated policy is a commitment to map out a traceable supply chain

- Traceability to source - e.g. from refinery to mills and their supply bases (plantations)

 Scope

- Own operations + all 3<sup>rd</sup>-party suppliers from whom we purchase or with whom we have a trading relationship

 Timeline

- Expect suppliers to be fully compliant with all provisions of this policy by 31 December 2015

# Wilmar's Approach to Sustainability



## International Standards

- Roundtable on Sustainable Palm Oil (RSPO)
- International Sustainable and Carbon Certification (ISCC)
- United Nations Global Compact (UNGC)

## Partnerships


- The Forest Trust (TFT)
- Borneo Orangutan Survival Foundation (BOSF)
- Borneo Child Aid Society (Humana)
- Sabah Forestry Department

## Policies

- Do not develop on peat land
- Respect & preserve High Carbon Stock (HCS) forests & High Conservation Value (HCV) areas
- Adopt Free Prior & Informed Consent (FPIC) approach
- Zero Burn



# RSPO Certification



> 70% of plantations certified;  
Equivalent to about 700,000 tonnes of  
Certified Sustainable Palm Oil per year

Aims to complete certification audit for all of  
Wilmar's operations by 2016;  
> 1 million tonnes

**RSPO**

Roundtable on Sustainable Palm Oil

# Transparency & Accountability - REPORTING



- **Sustainability Report (SR)**
  - details our environmental and social targets, achievements and challenges
  - SR 2013 to be released in July 2014
- **Regular Updates on Integrated Policy Implementation**
  - to provide quarterly update that will highlight on progress made; first report will be published in early April
  - to develop transparency dashboard that will feature key sustainability performance indicators which interested stakeholders can access to

# Open Support from Investors



WHY CHOOSE GREEN CENTURY ▼

OUR FUNDS ▼

OPEN AN

**STATEMENT: Investors representing more than \$250 billion in assets under management support new steps towards sustainability by Wilmar,<sup>1</sup> world's biggest palm oil trader**

January 30, 2014

When investors speak, companies listen. In response to an initiative by investors from across the globe calling for the development of transparent, traceable, deforestation-free palm oil supply chains, Wilmar - the world's biggest palm oil trader - has adopted a groundbreaking new forest conservation policy. This "No Deforestation, No Peat, No Exploitation" policy comes at a critical time when forests and biodiversity around the world are disappearing at an unprecedented rate,<sup>2</sup> and represents major progress in the reduction of the social and environmental risks associated with commodity production.

Companies like Wilmar that reduce environmental risks may enjoy competitive advantages. The production of palm oil and other major agricultural commodities can be associated with significant negative impacts on the environment and communities, including deforestation, increased greenhouse gas emissions, wildlife extinction, and displacement of local communities. Given the impacts and controversies associated with the palm oil industry, incorporating strong environmental and social risk assessments into the due diligence process can help investors make responsible investment decisions that support sustainable and durable business models.

If fully implemented, Wilmar's new policy may reduce risks for its investors and sets a new standard for sustainable agricultural commodity production that protects forests, peat, and




**Source:** <http://greencentury.com/wilmar-statement-with-signatories/>

## 5. Prospects





# Prospects

-  The Group has emerged from 2013 a stronger, better company, characterised by stable and diversified earnings, increased contribution from higher margin products, maturing new businesses like oleochemicals, flour, rice and sugar, and better growth in key emerging markets, especially in Africa and Indochina.
-  Our Oilseeds & Grains segment had a good year but the Crushing industry remains difficult and is still faced with excess capacity and excessive bean imports by financial traders. Our consumer and other businesses continue to grow and gain in strength, and we are optimistic about our long term prospects in China.
-  We will continue to utilise our strong cash flows from operations to capture growth opportunities in emerging markets, increase market share in key areas of operations and make synergistic and accretive strategic investments.