

Wilmar International Limited
For the period ended 31 March 2020
Executive Summary

Key highlights for Wilmar Group results in 1Q2020:

	1Q2020	1Q2019	
	US\$'000	US\$'000	Change
Revenue	10,920,742	10,444,457	4.6%
EBITDA	707,483	645,420	9.6%
Net Profit	224,283	256,992	-12.7%
Core Net Profit	306,543	250,319	22.5%
Sales statistics ('000MT)			
Food Products			
- Consumer Products	2,855	2,118	34.8%
- Medium Pack and Bulk	3,315	4,144	-20.0%
	6,170	6,262	-1.5%
Feed and Industrial Products			
- Tropical Oils	5,237	5,812	-9.9%
- Oilseeds and Grains	4,280	3,649	17.3%
- Sugar	2,082	2,146	-3.0%
	11,599	11,607	-0.1%
Cash flow from operating activities	1,944,222	1,693,965	14.8%
	31 Mar 2020	31 Dec 2019	
Net Debt	11,793,379	13,218,677	-10.8%
Shareholders' Funds	16,520,501	16,762,509	-1.4%

Performance for 1Q2020

The Group's core net profit improved by 22.5% from US\$250.3 million in 1Q2019 to US\$306.5 million in 1Q2020 on the back of strong performances from consumer products, especially in China, and tropical oils downstream operations. This was partially offset by lower demand from the Hotel/Restaurant/Catering (HORECA) businesses which was negatively impacted by lockdowns in all our major markets. Net profit was lower at US\$224.3 million in 1Q2020 (1Q2019: US\$257.0 million) as weak equity markets resulted in mark-to-market losses on the Group's investment securities.

Being a producer of essential products for both food and non-food categories, the Group's operations were not significantly impacted by the various stages of lockdowns globally. Demand for the Group's consumer products grew amidst the COVID-19 pandemic as household consumption increased due to the implementation of movement restriction measures globally. Sales volume for consumer products grew by 34.8% to 2.9 million MT in 1Q2020, mainly from increased demand for the Group's consumer staples such as rice, flour and cooking oil. However, the Group saw a 20.0% reduction in demand on its medium pack and bulk products, which are mainly for HORECA and food processing industries, as less people dined out.

The recovery from the African Swine Fever outbreak in China led to an overall improvement in both crush margins and volume for the quarter. Total sales volume for oilseeds and grains improved by 17.3% to 4.3 million MT in 1Q2020. However, tropical oils sales volume was lower in 1Q2020 due to the slowdown in certain destination markets.

Shareholders' funds have reduced marginally by 1.4% to US\$16.52 billion mainly due to balance sheet translation losses with the appreciation of the US Dollar during 1Q2020.

The Group has donated more than US\$5.3 million worth of cash and necessities in countries where we have operations to aid their fight against COVID-19 during these challenging times. In addition, masks, sanitisers and testing kits were distributed to overseas operations for our employees' protection.

Cashflow

In line with the robust core performance, EBITDA for the Group improved by 9.6% from US\$645.4 million in 1Q2019 to US\$707.5 million in 1Q2020. The Group generated strong positive cashflow of US\$1.94 billion from operating activities on the back of better operating profit and lower working capital requirements as commodity prices declined during the quarter. Consequently, net debt also reduced by US\$1.43 billion to US\$11.79 billion as at 31 March 2020. As at 31 March 2020, the Group has unutilised banking facilities amounting to US\$22.55 billion.

Outlook

The Group's consumer products business is expected to continue its strong growth in the second quarter due to the quality and range of our products. With the easing of lockdown measures globally, we expect the demand from the HORECA businesses will start to recover in 2Q2020. Feed demand should improve with the recovery of economic activities and increase in pig production in China. While the Palm plantation division will be affected by lower palm oil prices, downstream operations are expected to continue doing well. Our Sugar refining operations should perform well in the coming quarters due to the improvement in the premium for white sugar, whereas Sugar milling will be impacted by the lower sugar prices.

Despite the challenging operating environment due to COVID-19, if China's economy recovers as expected, we are cautiously optimistic that our second quarter operations will not be significantly impacted.

Our China listing is still on track and we expect the listing to be approved in the second half of the year. We would like to emphasize that as work on the proposed listing is still in progress, shareholders are advised to exercise caution in trading their shares in the Company. There is no certainty or assurance as at the date of this announcement that the listing proposal will be carried out.

Change in Segment Reporting

With effect from 1Q2020, the Group adopted a new segment classification for reporting its segment revenue and results. The change in segments better reflects the Group's core businesses and strategy. Previously, the Group has segmented its business based on different agricultural commodities, mainly Tropical Oils, Oilseeds and Grains, Sugar and Others. Going forward, the four reporting segments will be based on the types of products, namely Food Products, Feed and Industrial Products, Plantation and Others.

- **Food Products**
This segment comprises the processing, branding and distribution of a wide range of edible food products, which includes vegetable oil produced from palm and oilseeds, sugar, flour, rice, noodles, specialty fats, snacks, bakery and dairy products. These food products are sold in either consumer and medium packaging or in bulk depending on customer requirements.
- **Feed and Industrial Products**
This segment comprises the processing, merchandising and distribution of products, which includes animal feeds, non-edible palm and lauric products, agricultural commodities, oleochemicals, gas oil and biodiesel.
- **Plantation and Sugar Milling**
This segment comprises oil palm plantation and sugar milling activities, which includes the cultivation and milling of palm oil and sugarcane.
- **Others**
This segment includes the manufacturing and distribution of fertiliser products, logistics & jetty port services, and investment activities.

Beginning with the quarter ended 31 March 2020, our financial statements will reflect the new reporting segments with prior periods adjusted accordingly. This reclassification will have no impact on the consolidated revenue, operating income or profit for the Group.

May 11, 2020