

# WILMAR INTERNATIONAL LIMITED

## 1H2024 Results Briefing

August 13, 2024



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# Agenda

**1**

1H2024 Financial Performance – Key Takeaways

**2**

Business Outlook

**3**

Appendix

# 1H2024 Financial Performance – Key Takeaways



# Earnings Highlights

	1H2024 (US\$m)	vs 1H2023 △
Revenue	30,935	-5%
EBITDA	1,789	8%
Profit Before Tax	742	6%
Net Profit	580	5%
Core Net Profit	606	5%
Earnings per share in US cents (fully diluted)	9.3	6%
Dividends per share in Singapore cents	6.0	0%

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

	1H2024	1H2023	Δ
Food Products	146.3	82.7	77%
Feed and Industrial Products	534.0	399.0	34%
Plantation and Sugar Milling	53.9	62.9	-14%
Others	(59.0)	(30.2)	-95%
Joint Ventures & Associates	83.2	198.9	-58%
Unallocated expenses <sup>#</sup>	(16.2)	(15.6)	-4%
<b>Profit Before Tax</b>	<b>742.2</b>	<b>697.7</b>	<b>6%</b>

*# Unallocated expenses refer to expenses in relation to the grant of share options to employees.*

## Sales Volume by Business Segment ('000 MT)

	2Q2024	2Q2023	Δ	1H2024	1H2023	Δ
<b>Food Products</b>	<b>7,449</b>	<b>7,394</b>	<b>1%</b>	<b>15,636</b>	<b>14,579</b>	<b>7%</b>
Consumer Products	1,660	1,640	1%	4,089	3,931	4%
Medium Pack and Bulk	5,789	5,754	1%	11,547	10,648	8%
<b>Feed and Industrial Products</b>	<b>15,610</b>	<b>14,238</b>	<b>10%</b>	<b>30,247</b>	<b>27,921</b>	<b>8%</b>
Tropical Oils	6,063	5,499	10%	12,015	11,404	5%
Oilseeds and Grains	6,375	6,172	3%	11,730	11,211	5%
Sugar	3,172	2,567	24%	6,502	5,306	23%
<b>Plantation and Sugar Milling<sup>#</sup></b>						
Sugar Milling	360	428	-16%	759	879	-14%
<b>Total</b>	<b>23,419</b>	<b>22,060</b>	<b>6%</b>	<b>46,642</b>	<b>43,379</b>	<b>8%</b>

<sup>#</sup> Excludes oil palm plantation and fertiliser volume

# Cash Flow Highlights

US\$ million	1H2024	1H2023	FY2023
Operating cash flow before working capital changes	1,421	1,139	2,953
Add/(less): Changes in working capital, interest (paid)/received and income taxes paid	369	2,052	932
Acquisition of subsidiaries, joint ventures and associates	(40)	(142)	(298)
Capital expenditure	(846)	(1,161)	(2,281)
Net (decrease)/increase from bank borrowings*	(2,731)	(460)	525
Decrease/(increase) in other deposits and financial products with financial institutions	1,199	265	(217)
Dividends	(563)	(543)	(848)
Others**	90	70	768
<b>Net cash flow</b>	<b>(1,101)</b>	<b>1,220</b>	<b>1,534</b>

*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.

\*\* FY2023 - Includes proceeds from sale of Cosumar S.A. of US\$583 million.



# Gearing

US\$ million	As at Jun 30, 2024	As at Dec 31, 2023
<b>Debt/Equity (x)</b>	<b>0.87</b>	<b>0.88</b>
- Net debt *	17,218	17,652
- Shareholders' funds	19,768	20,173
<b>Adjusted debt/Equity (x)</b>	<b>0.37</b>	<b>0.37</b>
- Liquid working capital **	9,951	10,174
- Adjusted net debt	7,267	7,478
- EBITDA ***	4,098	3,963
<b>Net debt/EBITDA (x)</b>	<b>4.20</b>	<b>4.45</b>
<b>Adjusted net debt/EBITDA (x)</b>	<b>1.77</b>	<b>1.89</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 Jun 2024 is based on LTM performance.

- As at Jun 30, 2024, net debt to equity ratio decreased to 0.87x and adjusted debt to equity ratio remained the same at 0.37x.

# Business Outlook

- The Group achieved a satisfactory set of results despite the challenging operating environment across most of our businesses during 1H2024. Refining margins for tropical oils are expected to remain challenging whilst demand and margin for soybean meal products are expected to improve with lower soybean prices. Nevertheless, strong operating cashflow, coupled with reduced capital expenditure in the first half of the year, has allowed the Group to maintain its interim dividend payout.
- Overall, we are cautiously optimistic that performance for the rest of the year will be satisfactory.

# Appendix



## Business Segment results: Food Products (Consumer Products, Medium Pack and Bulk)

	1H2024	1H2023	Δ
Revenue (US\$ million)	13,660.2	14,168.2	-4%
➤ <i>Consumer Products</i>	5,250.1	5,769.7	-9%
➤ <i>Medium Pack and Bulk</i>	8,410.1	8,398.5	0%
Sales volume ('000 MT)	15,636	14,579	7%
➤ <i>Consumer Products</i>	4,089	3,931	4%
➤ <i>Medium Pack and Bulk</i>	11,547	10,648	8%
Profit before tax (US\$ million)	146.3	82.7	77%

- Overall sales volume for the segment grew by 7% to 15.6 million MT for the period, backed by volume growth across all sub-segments. Nevertheless, as commodity prices declined, overall revenue for the segment decreased by 4% to US\$13.66 billion.
- Stronger sales volume and decline in commodity prices led to lower raw material cost for Food Products, resulting in a 77% improvement in profit before tax to US\$146.3 million in 1H2024.

## Business Segment results: Feed and Industrial Products (Tropical Oils, Oilseeds and Grains and Sugar)

	1H2024	1H2023	Δ
Revenue (US\$ million)	18,987.7	19,409.5	-2%
➤ Tropical Oils	10,580.4	11,015.3	-4%
➤ Oilseeds and Grains	4,620.2	5,403.9	-15%
➤ Sugar	3,787.1	2,990.3	27%
Sales volume ('000 MT)	30,247	27,921	8%
➤ Tropical Oils	12,015	11,404	5%
➤ Oilseeds and Grains	11,730	11,211	5%
➤ Sugar	6,502	5,306	23%
Profit before tax (US\$ million)	534.0	399.0	34%

- Higher volume of sales was achieved across all sub-segments with overall sales volume increasing by 8% to 30.2 million MT in 1H2024. Despite the volume growth, overall revenue for the segment was lower by 2% to US\$18.99 billion, in line with lower commodity prices during the period.
- For 1H2024, the segment reported a 34% increase in profit before tax to US\$534.0 million, mainly driven by increase in sales volume and improvement in crushing margins in 2Q2024. Profit contributions from both tropical oils and shipping businesses remained comparable against the corresponding period in prior year.

# Business Segment results: Plantation and Sugar Milling

	1H2024	1H2023	Δ
Revenue (US\$ million)	1,317.4	1,889.9	-30%
➤ Oil Palm Plantation	946.2	1,421.3	-33%
➤ Sugar Milling	371.2	468.6	-21%
Sales volume ('000 MT)#	759	879	-14%
➤ Sugar Milling			
Profit before tax (US\$ million)	53.9	62.9	-14%

# Excludes oil palm plantation and fertiliser volume

- Profit for the segment declined 14% to US\$53.9 million for the period, with weaker performance in sugar milling business. Performance for sugar milling was impacted by the temporary change in ethanol production policy in India. The palm plantation business performed better on the back of lower plantation cost and despite poorer weather conditions, which resulted in a lower fresh fruit bunch production of 1,947,213 MT in 1H2024.
- Consequently, revenue for the oil palm plantation and sugar milling business decreased by 30% to US\$1.32 billion in 1H2024.

## Business Segment results: Plantation and Sugar Milling (Oil Palm Plantation Statistics)

	1H2024	1H2023	Δ	FY2023
Planted area (ha)	230,239	229,697	0%	230,135
Mature area harvested (ha)	211,211	210,100	1%	211,862
FFB production (MT)	1,947,213	2,079,749	-6%	4,450,452
FFB Yield (MT/ha)	9.2	9.9	-7%	21.0
<b>Mill Production</b>				
➤ Crude Palm Oil (MT)	729,900	810,726	-10%	1,748,267
➤ Palm Kernel (MT)	168,622	186,895	-10%	404,539
<b>Extraction Rate</b>				
➤ Crude Palm Oil	19.4%	19.7%	-2%	19.9%
➤ Palm Kernel	4.4%	4.4%	0%	4.5%
<b>New Planting (ha)</b>	188	24	>100%	99
<b>Replanting (ha)</b>	2,814	1,450	94%	5,594

# Plantation Age Profile

in hectares	Average Age of Plantation					Total
	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	
<b>30 Jun 2024</b>						
Indonesia	8,855	9,864	31,095	58,824	42,090	150,728
Malaysia	6,318	14,226	22,566	3,377	12,687	59,174
Africa	-	5,709	12,004	658	1,966	20,337
<b>Total planted area</b>	<b>15,173</b>	<b>29,799</b>	<b>65,665</b>	<b>62,859</b>	<b>56,743</b>	<b>230,239</b>
<i>% of total planted area</i>	6.6%	12.9%	28.5%	27.3%	24.7%	100.0%
Included YTD new plantings of :	188					
Plasma/outgrower Programme	2,308	6,236	754	5,194	21,511	36,003
<b>31 Dec 2023</b>						
Indonesia	10,136	13,410	31,730	69,554	26,074	150,904
Malaysia	6,192	18,514	17,716	5,817	10,655	58,894
Africa	-	6,564	12,014	1,033	726	20,337
<b>Total planted area</b>	<b>16,328</b>	<b>38,488</b>	<b>61,460</b>	<b>76,404</b>	<b>37,455</b>	<b>230,135</b>
<i>% of total planted area</i>	7.1%	16.7%	26.7%	33.2%	16.3%	100.0%
Included YTD new plantings of :	99					
Plasma/outgrower Programme	4,108	3,885	1,469	7,811	19,369	36,642

- Weighted average age of our plantations is approximately 14 years.



## Non-Operating Items

US\$ million	1H2024	1H2023	FY2023
Foreign exchange loss in respect of intercompany loans to subsidiaries	(18.4)	(12.4)	(19.3)
Net fair value loss on investment securities at fair value through profit or loss	(10.4)	(17.3)	(33.7)
Gain on disposal of investment securities at fair value through profit or loss	3.3	2.1	5.0
Investment income from investment securities	12.9	14.6	49.1
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(17.6)	(16.0)	(33.7)
Increase in fair value of investment properties	-	-	0.1
Impairment loss on goodwill	-	-	(5.3)
<b>Total non-operating items</b>	<b>(30.2)</b>	<b>(29.0)</b>	<b>(37.8)</b>
Net loss arising from changes in fair value of biological assets	-	-	(2.8)
<b>Total</b>	<b>(30.2)</b>	<b>(29.0)</b>	<b>(40.6)</b>
<b>Net profit</b>	<b>579.6</b>	<b>550.9</b>	<b>1,524.8</b>
<b>Core net profit</b>	<b>606.3</b>	<b>577.2</b>	<b>1,566.5</b>

# Cash Flow

US\$ million	1H2024	1H2023	FY2023
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Decrease/(increase) in other deposits and financial products with financial institutions	1,199	265	(217)
Dividends	(563)	(543)	(848)
Others**	90	70	768
<b>Net cash flow</b>	<b>(1,101)</b>	<b>1,220</b>	<b>1,534</b>
Turnover days			
- Inventories	68	71	67
- Trade Receivables	31	30	29
- Trade Payables	14	13	13

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.  
 \*\* FY2023 - Includes proceeds from sale of Cosumar S.A. of US\$583 million.

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.

## Cash Flow – Cont.

- Inventories decreased by 10% to US\$10.58 billion as of 30 June 2024, mainly due to lower prices for most commodities and better inventory turnover during the period. Average turnover days improved to 68 days for the period (1H2023: 71 days).
- Trade receivables decreased by 12% to US\$5.63 billion as of 30 June 2024, in line with the lower sales revenue during the period. Average turnover days remained comparable at 31 days for the period (1H2023: 30 days).
- Trade payables decreased by 14% to US\$2.50 billion as of 30 June 2024, mainly due to timing of purchases. Average turnover days remained comparable at 14 days for the period (1H2023: 13 days).

# Funding and Liquidity

US\$ million	As at Jun 30, 2024		Balance
	Available	Utilised	
Credit facilities :			
Committed	11,380	8,683	2,697
Trade finance	50,033	17,706	32,327
Short term	1,542	426	1,116
<b>Total credit facilities</b>	<b>62,955</b>	<b>26,815</b>	<b>36,140</b>
<b>Available facilities</b>			<b>36,140</b>
<b>Available cash not pledged</b>			<b>3,280</b>
<b>Total liquidity</b>			<b>39,420</b>

- 66% of utilised facilities were trade financing lines as at June 30, 2024.
- 43% of total facilities were utilised as at June 30, 2024.

# Key Indicators

	<b>As at Jun 30, 2024</b>	<b>As at Dec 31, 2023</b>
Return on Average Equity <sup>#,*</sup>	7.8%	7.6%
Return on Invested Capital <sup>#,*</sup>	6.1%	5.6%
in US cents		
EPS (fully diluted)	9.3	24.4
NTA per share	233.2	238.5
NAV per share	316.7	323.1
in Singapore cents		
Dividends (interim & final)	6.0 <sup>**</sup>	17.0

*# Formulas :*

*Return on Average Equity = Net profit ÷ Average equity*

*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)*

*\* Jun 2024 returns based on LTM performance*

*\*\* Only interim dividends*