

WILMAR INTERNATIONAL LIMITED

2Q2014 Results Briefing

Aug 8, 2014




wilmar

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2Q2014 Financial Performance – Key Takeaways



Earnings Highlights

	2Q14 (US\$m)	vs 2Q13 △	1H14 (US\$m)	vs 1H13 △
Revenue	10,518	1%	20,786	1%
EBITDA	389	-9%	733	-27%
Net profit	171	-22%	333	-38%
Core profit after tax	163	-34%	378	-32%
Earnings per share in US cents (fully diluted)	2.7	-21%	5.2	-37%
Dividends per share In SGD cents	2.0	-20%	2.0	-20%

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

	2Q14	2Q13	Δ	1H14	1H13	Δ
Palm & Laurics	99.8	224.5	-56%	261.8	443.3	-41%
Oilseeds & Grains	4.1	15.2	-73%	(53.3)	62.4	n.m.
Consumer Products	37.4	29.9	25%	108.4	86.4	25%
Plantations & Palm Oil Mills	107.1	52.7	>100%	217.5	124.8	74%
Sugar	(23.7)	(30.3)	22%	(77.8)	(43.9)	-77%
➤ Milling	➤ (68.1)	➤ (52.1)	➤ -31%	➤ (147.3)	➤ (107.8)	➤ -37%
➤ Merchandising & Processing	➤ 44.4	➤ 21.8	➤ >100%	➤ 69.5	➤ 63.9	➤ 9%
Others	17.4	(33.2)	n.m.	(19.3)	(46.8)	59%
Associates	(4.0)	24.9	n.m.	12.2	78.0	-84%
Unallocated income/ (expenses)	(6.2)	(1.8)	>100%	(11.9)	(5.5)	>100%
Profit Before Tax	231.8	281.9	-18%	437.6	698.8	-37%

Cash Flow Highlights

US\$m	1H14	1H13	FY13
Operating cash flow before working capital changes	492	1,019	2,449
Net cash flow from operating activities	166	917	1,614
Less:			
Investment in subsidiaries and associates	(114)	(296)	(362)
Capital expenditure	(575)	(733)	(1,376)
Net increase from bank borrowings*	750	189	1,321
(Increase)/decrease in other deposits and financial products with financial institutions	(79)	90	(36)
Dividends	(280)	(155)	(281)
Others	(110)	(323)	(171)
Net cash flow	(242)	(311)	709

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

Key Leverage Metrics

Key Financials (US\$m)	LTM 2Q2014	2013	2012	2011
EBITDA	2,159	2,432	2,406	2,789
(-) Fair value of biological assets	(9)	(9)	29	263
Adj. EBITDA	2,168	2,441	2,377	2,526
Net debt	13,388	12,446	12,209	10,530
(-) Liquid working capital	7,333	7,109	7,011	6,672
Adj. net debt	6,055	5,337	5,198	3,858
Net interest expense	12	47	208	302
Shareholders' equity	15,170	15,005	14,346	13,370

Leverage Metrics (x)	LTM 2Q2014	2013	2012	2011
Net debt / EBITDA	6.2	5.1	5.1	3.8
Adj. net debt / EBITDA	2.8	2.2	2.2	1.4
EBITDA / Interest	186.9	51.7	11.6	9.2
Adj. EBITDA / Interest	187.7	51.9	11.4	8.4
Net debt / capital	0.47	0.45	0.46	0.44
Adj. net debt / Adj. capital	0.29	0.26	0.27	0.22
Net debt / equity	0.88	0.83	0.85	0.79
Adj. net debt / equity	0.40	0.36	0.36	0.29

Liquid working capital = Inventories (excl. consumables) + Trade receivables – Current liabilities (excl. borrowings)
 Capital = Net debt + Shareholder's equity; Adj. Capital = Adj. net debt + Shareholder's equity

Business Outlook

- Lower prices due to improved global oilseed supplies, less excessive imports of beans into China and higher seasonal demand in the second half of the year should further improve crush margins in the coming months.
- Consumer Products, with its wide product portfolio, should continue to grow across all our markets.
- As we enter into the traditional peak season, Plantations & Palm Oil Mills should report better contributions.
- Increased supply of CPO will help to improve Palm & Laurics performance even though operating conditions will remain challenging.
- Barring any bad weather in the coming months, Sugar will contribute positively with the commencement of the crushing season in June.
- We expect a much better performance in 2H 2014.

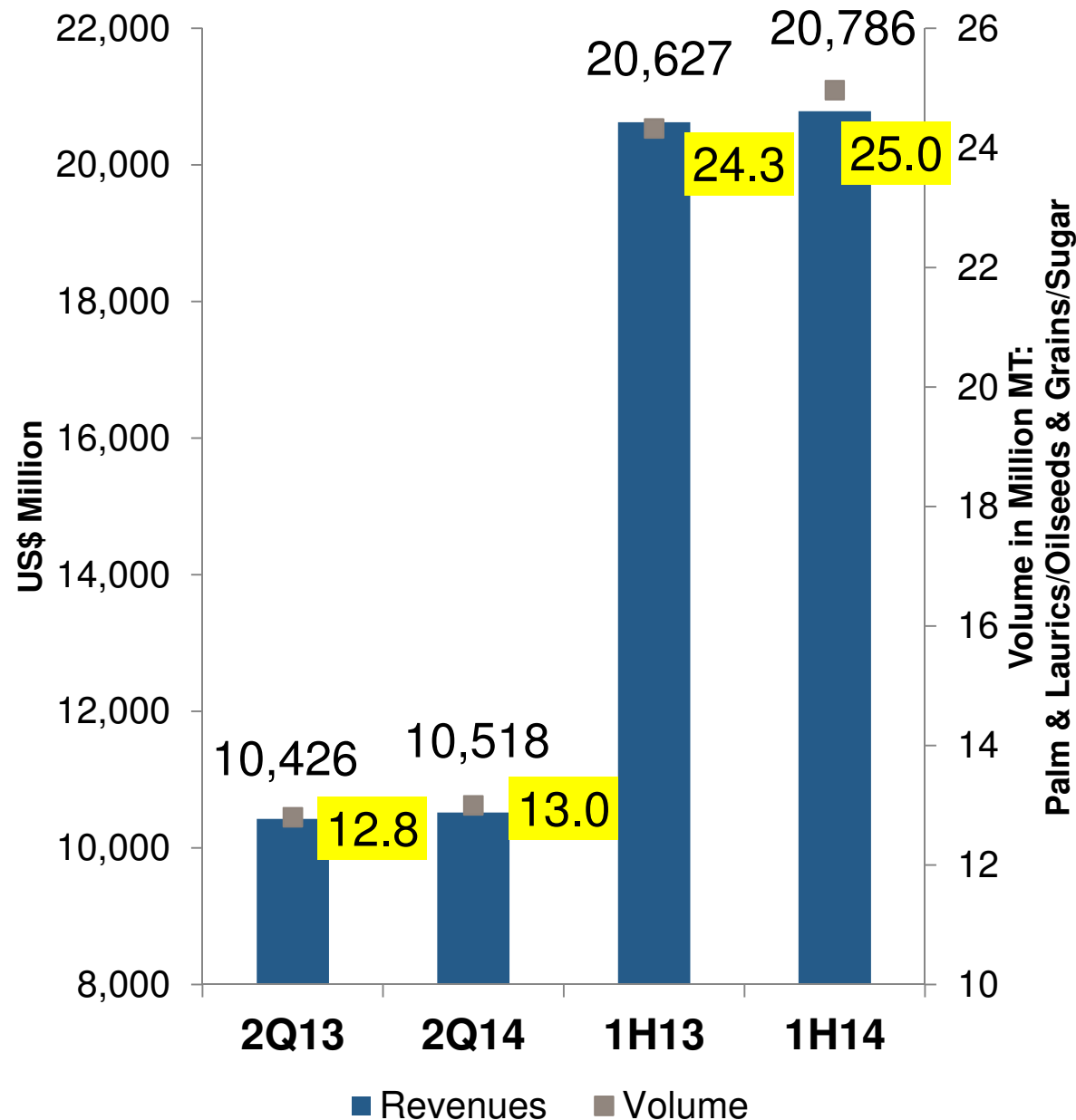
Questions & Answers



Appendix



Revenues



2Q14 Key Highlights

Revenue up 1% on higher Oilseeds & Grains volume and higher palm prices, offset by lower Sugar volume

Higher palm prices boost Palm & Laurics revenue despite lower volume

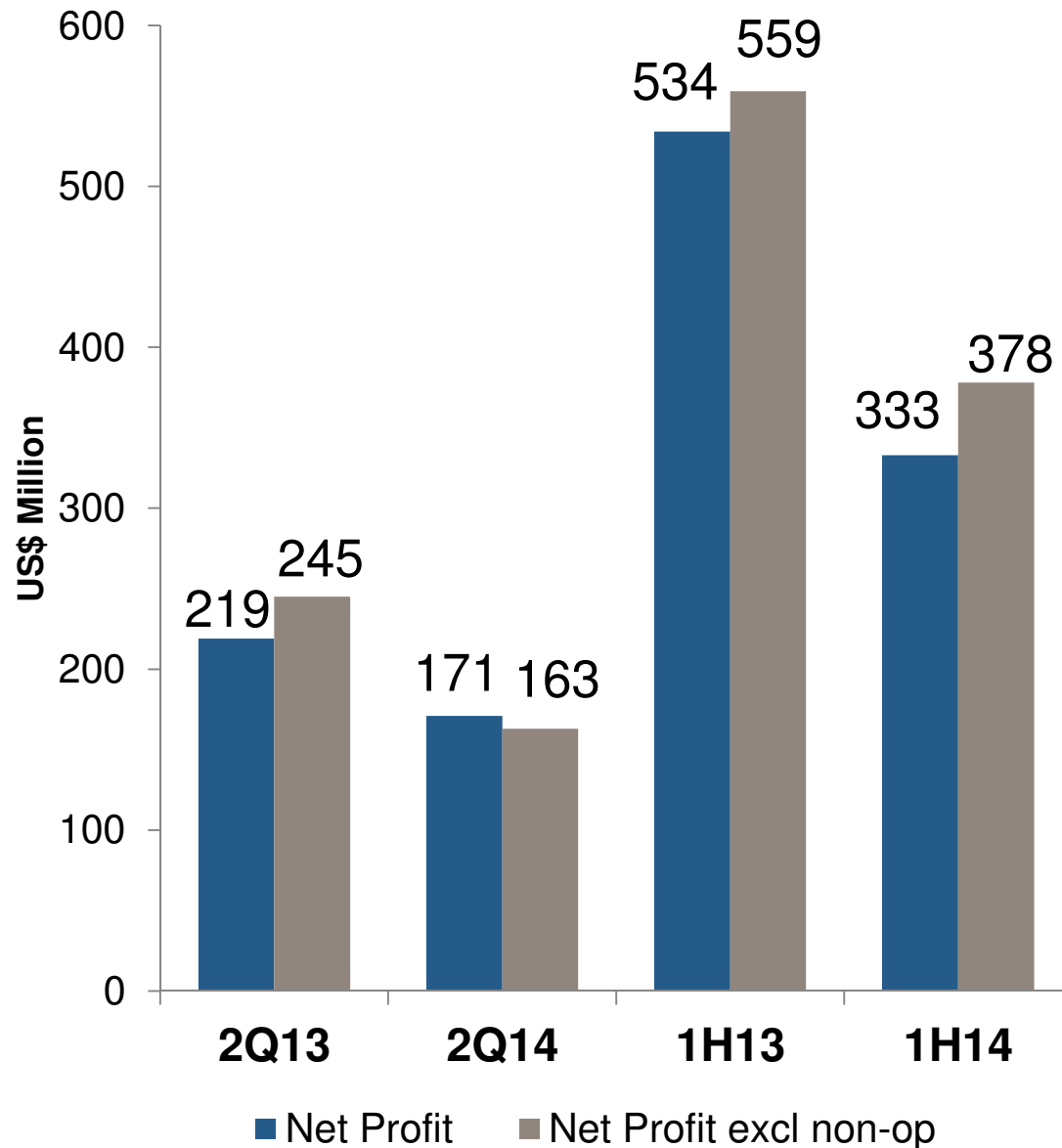
Oilseeds & Grains volume up 22% on expanded capacity and higher demand for flour and rice

Consumer Products volume grew 6% on stronger demand for the Group's products

Sugar volume declined as rain affected the start of crushing and also due to lower merchandising activities

Plantations revenue up 30% on higher CPO prices and FFB production

Net Profit



2Q14 Key Highlights

Net profit down 22%;
core net profit down 34%

Palm & Laurics impacted by compressed refining margins due to tighter CPO supply and excess refining capacity in the industry

Oilseeds & Grains achieved positive margins

Consumer Products margins improved on lower feedstock cost

Strong contribution from Merchandising & Processing mitigated seasonal losses in Milling

Higher Plantation profit from improved yield, higher CPO prices, currency depreciation and lower fertiliser costs

Business Segment results: Palm and Laurics

	2Q14	2Q13	Δ	1H14	1H13	Δ
Revenue (US\$ million)	5,337	5,093	5%	10,174	9,636	6%
Sales volume ('000 MT)	5,962	6,194	-4%	11,569	11,725	-1%
Profit before tax (US\$ million)	99.8	224.5	-56%	261.8	443.3	-41%
Profit before tax per MT (US\$/MT)	16.7	36.2	-54%	22.6	37.8	-40%

- Despite lower sales volume, revenues in 2Q14 and 1H14 were higher due to higher palm prices.
- Segment margins contracted on the back of compressed refining margins as a result of tighter supply of CPO and excess refining capacity in the industry.

Business Segment results: Oilseeds and Grains

	2Q14	2Q13	Δ	1H14	1H13	Δ
Revenue (US\$ million)	3,440	2,999	15%	6,798	6,089	12%
Sales volume ('000 MT)	5,489	4,498	22%	10,439	9,164	14%
Profit before tax (US\$ million)	4.1	15.2	-73%	(53.3)	62.4	n.m.
Profit before tax per MT (US\$/MT)	0.7	3.4	-78%	(5.1)	6.8	n.m.

- Turned around in 2Q14 from losses in 1Q14 on the back of recovering crush margins but recorded a pretax loss for 1H14.

Business Segment results: Consumer Products

	2Q14	2Q13	Δ	1H14	1H13	Δ
Revenue (US\$ million)	1,420	1,508	-6%	3,523	3,545	-1%
Sales volume ('000 MT)	1,154	1,094	5%	2,700	2,419	12%
Profit before tax (US\$ million)	37.4	29.9	25%	108.4	86.4	25%
Profit before tax per MT (US\$/MT)	32.4	27.3	19%	40.2	35.7	12%

- Sales volume increased due to stronger demand for the Group's products.
- Revenues declined as a result of lower average selling price in China.
- Higher PBT was driven by volume growth and lower feedstock cost.

Business Segment results: Plantations & Palm Oil Mills

	2Q14	2Q13	Δ	1H14	1H13	Δ
Revenue (US\$ million)	410.7	315.0	30%	792.0	663.9	19%
Profit before tax (US\$ million)	107.1	52.7	>100%	217.5	124.8	74%
Planted area (ha)	238,588	253,374	-6%	238,588	253,374	-6%
Mature area harvested (ha)	214,203	225,165	-5%	214,203	225,165	-5%
FFB production (MT)	1,124,794	924,256	22%	2,181,965	1,911,097	14%
FFB Yield (MT/ha)	5.3	4.1	28%	10.2	8.5	20%

Mill Production

➤ Crude Palm Oil (MT)	484,437	395,428	23%	933,235	833,255	12%
➤ Palm Kernel (MT)	108,176	89,121	21%	208,886	192,407	9%

Extraction Rate

➤ Crude Palm Oil	20.4%	20.3%	1%	20.6%	20.4%	1%
➤ Palm Kernel	4.6%	4.6%	0%	4.6%	4.7%	-2%

- Higher PBT in 2Q14 and 1H14 was due to improved production yield and higher palm prices, as well as depreciation in regional currencies and lower fertiliser costs.
- Yield improvement was a result of better crop trend in Indonesia and Malaysia.

Plantation Age Profile

30 Jun 2014	0 to 3 yrs	4-6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	Total
Indonesia	7,917	25,913	90,257	18,823	24,707	167,617
Malaysia	5,130	1,715	14,718	9,031	26,559	57,153
Africa	4,496	850	6,878	302	1,292	13,818
Total planted area	17,543	28,478	111,853	28,156	52,558	238,588
<i>% of total planted area</i>	<i>7.4%</i>	<i>11.9%</i>	<i>46.9%</i>	<i>11.8%</i>	<i>22.0%</i>	<i>100.0%</i>
Included YTD new plantings of :	1,185					
Plasma Programme	253	1,706	6,816	17,303	15,185	41,263
<i>% of planted area</i>	<i>0.6%</i>	<i>4.1%</i>	<i>16.5%</i>	<i>42.0%</i>	<i>36.8%</i>	<i>100.0%</i>
31 Dec 2013						
Indonesia	8,643	39,463	81,179	17,822	22,877	169,984
Malaysia	4,622	2,096	16,582	11,890	23,436	58,626
Africa	3,082	346	6,971	302	1,737	12,438
Total planted area	16,347	41,905	104,732	30,014	48,050	241,048
<i>% of total planted area</i>	<i>6.8%</i>	<i>17.4%</i>	<i>43.4%</i>	<i>12.5%</i>	<i>19.9%</i>	<i>100.0%</i>
Included FY12 new plantings of :	2,770					
Plasma Programme	492	1,714	12,360	13,526	12,945	41,037
<i>% of planted area</i>	<i>1.2%</i>	<i>4.2%</i>	<i>30.1%</i>	<i>33.0%</i>	<i>31.5%</i>	<i>100.0%</i>

- Weighted average age of our plantations is approximately 12.5 years

Business segment results: Sugar Milling

	2Q14	2Q13	Δ	1H14	1H13	Δ
Revenue (US\$ million)	71	177	-60%	92	232	-60%
Sales volume ('000 MT)	173	436	-60%	223	533	-58%
Profit before tax (US\$ million)	(68.1)	(52.1)	-31%	(147.3)	(107.8)	-37%

- Milling season normally commences in June in Australia. Customary for the Milling division to engage in plant maintenance prior to the start of the season. Expect to incur losses in the first two quarters of the year.
- The higher losses in 2Q14 and 1H14 were due to lower volume crushed at the start of the season as a result of rain disrupting crushing in June 2014, compared to uninterrupted crushing in June 2013.

Business segment results: Sugar Merchandising and Processing

	2Q14	2Q13	Δ	1H14	1H13	Δ
Revenue (US\$ million)	708	887	-20%	1,369	1,601	-14%
Sales volume ('000 MT)	1,375	1,691	-19%	2,735	2,901	-6%
Profit before tax (US\$ million)	44.4	21.8	>100%	69.5	63.9	9%

- Higher PBT in 2Q14 and 1H14 due to higher contributions from the merchandising business and improved performance by the Group's refineries in Australia and New Zealand.
- Lower merchandising and processing activities resulted in lower sales volume.

Non-Operating Items

In US\$ million	2Q14	2Q13	1H14	1H13
Foreign exchange gain/(loss) arising from intercompany loans to subsidiaries	2.6	3.8	(28.8)	4.1
Net gain/(loss) from investment securities - HFT	11.0	(20.8)	(10.9)	(11.3)
Net gain/(loss) from investment securities - AFS	0.1	0.1	0.1	(5.6)
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(7.3)	(6.8)	(14.3)	(13.8)
Sugar - accounting profit from reversal of derivatives mark-to-market losses in pre-acquisition hedging reserves	0.3	2.5	1.0	6.0
Total (pretax impact)	6.7	(21.2)	(52.9)	(20.6)
Total (post tax impact)	7.6	(26.9)	(45.1)	(25.2)
Profit before tax - reported	231.8	281.9	437.6	698.8
Profit before tax - excl non-operating items	225.1	303.1	490.5	719.4
Net profit - reported	170.7	218.5	332.5	533.9
Net profit - excl non-operating items	163.1	245.4	377.6	559.1

Cashflow

US\$ million	1H14	1H13	FY13
Operating cashflow before working capital changes	492	1,019	2,449
Net cashflow from operating activities	166	917	1,614
Less : Investment in subsidiaries and associates	(114)	(296)	(362)
Capital expenditure	(575)	(733)	(1,376)
Net increase from bank borrowings	750	189	1,321
(Increase)/decrease in other deposits and financial products with financial institutions	(79)	90	(36)
Dividends	(280)	(155)	(281)
Others	(110)	(323)	(171)
Net cashflow	(242)	(311)	709
Turnover days			
- Inventory	66	65	61
- Trade Receivables	34	33	32
- Trade Payables	12	12	12

- Inventories decreased due lower stockholding of products in China after the festive season and seasonal decrease in stockholding of flour, partially offset by higher palm prices and the purchasing season for some oilseeds and grains products in China.
- Trade receivables declined due to the lower seasonal sales against the December festive season.
- Trade payables turnover days remained stable at 12 days.

Gearing

US\$ million	As at Jun 30, 2014	As at Dec 31, 2013
Debt/Equity (x)	0.88	0.83
- Net Debt *	13,388	12,446
- Shareholders' funds	15,170	15,005
Adjusted Debt/Equity (x)	0.40	0.36
- Liquid working capital **	7,333	7,109
- Adjusted Net Debt	6,055	5,338
Interest coverage (x) #	n.m.	36.4
Net debt/EBITDA (X) ***	6.2	5.1

* 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 Jun 14 is based on LTM performance.

Interest coverage for the period = LTM EBIT (excluding share of results of associates) / LTM Net interest expense

Net interest expense = Interest expense – Interest income (include interest income from other deposits with financial institutions)

- Net debt to equity ratio increased to 0.88X due to higher net loans and borrowings.
- Adjusted debt to equity ratio remains low at 0.40X

Funding and Liquidity

US\$ million	As at June 30, 2014		Balance
	Available	Utilised	
Credit facilities :			
Committed	10,930	10,327	603
Trade finance	26,666	13,432	13,234
Short term	1,133	547	586
Total credit facilities	38,729	24,306	14,423
Cash & cash equivalents			1,995
Total liquidity			16,418

- 55% of utilised facilities were trade financing lines, backed by inventories and receivables
- 63% of total facilities were utilised at June 30, 2014
- US\$16.42b total liquidity available at June 30, 2014

Key Indicators

	6 months ended June 30, 2014	Year ended December 31, 2013
Return on Average Equity	7.4%*	9.0%
Return on Average Capital Employed	4.1%*	5.0%
Return on Invested Capital	4.5%*	5.5%
in US cents		
EPS (fully diluted)	5.2	20.6
NTA per share	167.7	165.4
NAV per share	237.1	234.5
in Singapore cents		
Dividends (interim & final)	2.0	8.0

* Jun 30, 2014 returns based on LTM performance