

WILMAR INTERNATIONAL LIMITED

FY2021 Results Briefing

February 22, 2022



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FY2021 Financial Performance – Key Takeaways



Earnings Highlights

	2H2021 (US\$m)	vs 2H2020 △	FY2021 (US\$m)	vs FY2020 △
Revenue	36,259	30%	65,794	30%
EBITDA	2,288	8%	4,172	16%
Profit Before Tax	1,550	4%	2,766	20%
Net Profit	1,139	23%	1,890	23%
Core Net Profit	1,110	30%	1,842	24%
Earnings per share in US cents (fully diluted)	18.1	24%	29.9	24%
Dividends per share in Singapore cents	10.5	17%	15.5	19%

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

	2H2021	2H2020	Δ	FY2021	FY2020	Δ
Food Products	252.6	657.4	-62%	680.9	1,152.4	-41%
Feed and Industrial Products	782.2	425.1	84%	1,261.0	795.9	58%
Plantation and Sugar Milling	400.1	187.8	>100%	564.1	104.8	>100%
Others	38.5	100.7	-62%	47.2	59.2	-20%
Joint Ventures & Associates	80.3	118.1	-32%	219.5	202.2	9%
Unallocated expenses [#]	(3.3)	(2.5)	-32%	(6.8)	(3.4)	(>100%)
Profit Before Tax	1,550.4	1,486.6	4%	2,765.9	2,311.1	20%

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

Sales Volume by Business Segment ('000 MT)

	2H2021	2H2020	Δ	FY2021	FY2020	Δ
Food Products	14,949	14,953	0%	28,265	27,217	4%
Consumer Products	4,436	4,697	-6%	8,539	9,423	-9%
Medium Pack and Bulk	10,513	10,256	3%	19,726	17,794	11%
Feed and Industrial Products	28,818	31,739	-9%	54,994	58,084	-5%
Tropical Oils	11,839	11,512	3%	22,808	22,226	3%
Oilseeds and Grains	11,125	11,889	-6%	20,199	22,071	-8%
Sugar	5,854	8,338	-30%	11,987	13,787	-13%
Plantation and Sugar Milling[#]						
Sugar Milling	2,246	2,206	2%	3,300	3,527	-6%
Total	46,013	48,898	-6%	86,559	88,828	-3%

[#] Excludes oil palm plantation volume

Cash Flow Highlights

US\$ million	FY2021	FY2020
Operating cash flow before working capital changes	3,994	3,594
Changes in working capital, interest (paid)/received and income taxes paid	(4,039)	(3,041)
Less: Acquisitions of subsidiaries, joint ventures and associates	(81)	(317)
Capital expenditure	(2,527)	(1,976)
Net increase/(decrease) from bank borrowings*	3,088	(2,072)
Decrease in other deposits and financial products with financial institutions	514	2,822
Dividends	(968)	(619)
Proceeds from dilution of interest in a subsidiary	-	2,021
Others	23	123
Net cash flow	4	535

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.

Gearing

US\$ million	As at Dec 31, 2021	As at Dec 31, 2020
Debt/Equity (x)	0.87	0.72
- Net debt *	17,238	13,605
- Shareholders' funds	19,924	18,882
Adjusted debt/Equity (x)	0.27	0.27
- Liquid working capital **	11,889	8,567
- Adjusted net debt	5,349	5,038
- EBITDA	4,172	3,609
Net debt/EBITDA (x)	4.13	3.77
Adjusted net debt/EBITDA (x)	1.28	1.40

* 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).

- Net debt to equity ratio increased to 0.87x as at Dec 31, 2021.
- Adjusted debt to equity ratio remained at 0.27x as at Dec 31, 2021.

Business Outlook

- Over the years, our focus has always been to grow the business for the long term, devoting resources to develop businesses with synergies with our existing businesses, develop new and often difficult markets with huge potential and building integrated processing facilities which increase the competitiveness of our plants, while widening our product offerings. However, this strategy requires patience because of its long gestation in showing results. Our ability to achieve good results during the current difficult business environment is a result of the realisation of this strategy. The successful listing of our China subsidiary, Yihai Kerry Arawana Holdings Co. Ltd. in October 2020 and India joint venture, Adani Wilmar Limited in February 2022 at significant market capitalisation, reflects the tremendous value creation of this approach and the significant under-valuation of our group assets. The Group's long-term assets, including intangible assets and investments in joint ventures and associates, have a net book value of US\$23.8 billion as at 31 December 2021. However, this approach is only possible with the support of our shareholders, Board of Directors and employees with long term commitment to our Group. We will continue with this strategy and believe it will build Wilmar into a significant global food and agri business in the future.
- Looking ahead, we expect sales volume for our Food Products segment to grow as we expand our plants and into central kitchen businesses in China. Soybean crushing will be challenging with high soybean prices and poor hog farming margins in China. Palm Processing, Palm Plantation and Sugar Milling segment should perform well.
- Barring unforeseen circumstances, we expect results for FY2022 to be satisfactory.

Appendix



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

	2H2021	2H2020	Δ	FY2021	FY2020	Δ
Revenue (US\$ million)	15,862.8	13,218.8	20%	29,508.1	23,596.7	25%
➤ <i>Consumer Products</i>	6,453.7	5,864.0	10%	12,171.6	11,167.7	9%
➤ <i>Medium Pack and Bulk</i>	9,409.1	7,354.8	28%	17,336.5	12,429.0	39%
Sales volume ('000 MT)	14,949	14,953	0%	28,265	27,217	4%
➤ <i>Consumer Products</i>	4,436	4,697	-6%	8,539	9,423	-9%
➤ <i>Medium Pack and Bulk</i>	10,513	10,256	3%	19,726	17,794	11%
Profit before tax (US\$ million)	252.6	657.4	-62%	680.9	1,152.4	-41%

- This segment recorded an overall sales volume growth of 4% to 28.3 million MT in FY2021. The growth was mainly driven by medium pack and bulk sales, as the relaxation of Covid-19 restrictions in countries globally saw consumer consumption trend in FY2021 reverting to pre-Covid pattern. Compared to FY2020, more people dined out in FY2021, resulting in stronger demand from the HORECA and food processing industries. The Group also focused on its rice and flour expansion plans, leading these businesses to record strong volume growth during the year. Nevertheless, the segment was impacted by high raw material cost, resulting in lower profits of US\$680.9 million.
- Overall sales volume for 2H2021 was comparable with 2H2020 at 14.9 million MT. Medium pack and bulk products sales volume grew by 3%, while consumer products sales decreased by 6% in 2H2021. However, this lower rate of decrease in consumer pack sales volume in 2H2021 compared to 1H2021 reflected the improvement in our sales activities in the second half of the year.
- Despite the decrease in sales volume, overall revenue from consumer pack sales increased by 10% in 2H2021 as a result of upward selling price adjustments to consumer pack products, while revenue of medium pack and bulk products grew by 28%.

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

	2H2021	2H2020	Δ	FY2021	FY2020	Δ
Revenue (US\$ million)	21,730.4	16,015.0	36%	38,894.5	28,932.6	34%
➤ Tropical Oils	13,708.8	8,716.0	57%	24,218.6	16,240.4	49%
➤ Oilseeds and Grains	5,184.3	4,585.2	13%	9,242.7	8,130.7	14%
➤ Sugar	2,837.3	2,713.8	5%	5,433.2	4,561.5	19%
Sales volume ('000 MT)	28,818	31,739	-9%	54,994	58,084	-5%
➤ Tropical Oils	11,839	11,512	3%	22,808	22,226	3%
➤ Oilseeds and Grains	11,125	11,889	-6%	20,199	22,071	-8%
➤ Sugar	5,854	8,338	-30%	11,987	13,787	-13%
Profit before tax (US\$ million)	782.2	425.1	84%	1,261.0	795.9	58%

- Profit for the segment rose by 84% to US\$782.2 million in 2H2021 on the back of good refining margins and sustained demand for midstream tropical oils products, as well as steady contributions from sugar merchandising activities. However, soybean crushing margins were thin during the period as hog farming margins continued to remain weak, resulting in lower demand for soybean meals. For FY2021, segment profit increased by 58% to US\$1.26 billion.
- Overall volume for the segment decreased to 28.8 million MT in 2H2021 and to 55.0 million MT in FY2021 as a result of weaker demand for oilseeds and lower sugar merchandising activities. Revenue for the segment increased by 36% in 2H2021 and by 34% in FY2021 on the back of higher commodity prices.

Business Segment results: Plantation and Sugar Milling

	2H2021	2H2020	Δ	FY2021	FY2020	Δ
Revenue (US\$ million)	2,204.8	1,213.2	82%	3,561.0	2,154.4	65%
➤ Oil Palm Plantation	1,416.5	653.3	>100%	2,435.1	1,137.9	>100%
➤ Sugar Milling	788.3	559.9	41%	1,125.9	1,016.5	20%
Sales volume ('000 MT)#	2,246	2,206	2%	3,300	3,527	-6%
➤ Sugar Milling						
Profit before tax (US\$ million)	400.1	187.8	>100%	564.1	104.8	>100%

Excludes oil palm plantation volume

- The segment's profit more than doubled during the period to US\$400.1 million in 2H2021 on the back of firmer oil palm and sugar prices. Unfavourable weather conditions impacted oil palm production during the current period, with production yield for palm plantations decreasing to 9.5 MT per hectare in 2H2021. This led to an overall decrease in fresh fruit bunches production to 1,933,504 MT in 2H2021. Together with the strong segment results in 1H2021 and absence of impairment of sugar milling assets in India, segment profit for the year increased by more than five times to US\$564.1 million.
- Sales volume for sugar milling operations increased by 2% to 2.2 million MT in 2H2021 whereas full year sales volume affected by weaker demand in 1H2021 decreased by 6% to 3.3 million MT in FY2021. Backed by higher sugar prices, revenue increased by 41% in 2H2021 and by 20% in FY2021.

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

	2H2021	2H2020	Δ	FY2021	FY2020	Δ
Planted area (ha)	230,480	232,053	-1%	230,480	232,053	-1%
Mature area harvested (ha)	204,277	197,304	4%	204,277	197,304	4%
FFB production (MT)	1,933,504	2,121,508	-9%	4,005,083	4,030,264	-1%
FFB Yield (MT/ha)	9.5	10.8	-12%	19.6	20.4	-4%
Mill Production						
➤ Crude Palm Oil (MT)	891,247	911,178	-2%	1,741,803	1,716,131	1%
➤ Palm Kernel (MT)	214,819	220,369	-3%	419,047	413,089	1%
Extraction Rate						
➤ Crude Palm Oil	19.2%	19.4%	-1%	19.5%	19.9%	-2%
➤ Palm Kernel	4.6%	4.7%	-2%	4.6%	4.7%	-2%
New Planting (ha)	170	122	39%	315	354	-11%

Plantation Age Profile

in hectares	Average Age of Plantation					Total
	0 - 3 yrs	4 - 6 yrs	7 - 14 yrs	15 - 18 yrs	>18 yrs	
31 Dec 2021						
Indonesia	9,693	15,099	47,692	57,386	22,054	151,924
Malaysia	9,597	15,084	13,733	6,987	12,786	58,187
Africa	3,136	7,545	7,930	1,033	725	20,369
Total planted area	22,426	37,728	69,355	65,406	35,565	230,480
<i>% of total planted area</i>	<i>9.7%</i>	<i>16.4%</i>	<i>30.1%</i>	<i>28.4%</i>	<i>15.4%</i>	<i>100.0%</i>
Included YTD new plantings of :	315					
Plasma/outgrower Programme	6,470	48	3,232	8,053	17,879	35,682
31 Dec 2020						
Indonesia	13,405	11,799	72,222	32,167	22,378	151,971
Malaysia	13,949	12,898	11,146	8,348	13,359	59,700
Africa	5,735	7,805	5,084	1,033	725	20,382
Total planted area	33,089	32,502	88,452	41,548	36,462	232,053
<i>% of total planted area</i>	<i>14.3%</i>	<i>14.0%</i>	<i>38.1%</i>	<i>17.9%</i>	<i>15.7%</i>	<i>100.0%</i>
Included YTD new plantings of :	354					
Plasma/outgrower Programme	3,540	73	5,902	6,000	19,761	35,276

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

Non-Operating Items

US\$ million	2H2021	2H2020	FY2021	FY2020
Foreign exchange gain/(loss) in respect of intercompany loans to subsidiaries	0.1	(0.5)	(3.8)	(4.9)
Net fair value (loss)/gain on investment securities at fair value through profit or loss	(6.5)	27.7	3.0	(44.5)
Gain/(loss) on disposal of investment securities at fair value through profit or loss	1.4	(0.9)	1.1	2.3
Investment income from investment securities	21.8	52.2	40.8	110.5
Interest expense directly attributable to the funding of the Wilmar Sugar Australia acquisition	(3.0)	(3.4)	(6.3)	(9.1)
Increase/(decrease) in fair value of investment properties	2.1	(2.8)	2.1	(2.8)
Total non-operating items	15.9	72.3	36.9	51.5
Net gain arising from changes in fair value of biological assets	21.3	6.1	21.3	6.1
Total	37.2	78.4	58.2	57.6
Net profit	1,139.5	923.6	1,890.4	1,534.1
Core net profit	1,110.2	850.8	1,842.4	1,486.3

Cash Flow

US\$ million	FY2021	FY2020
Operating cash flow before working capital changes	3,994	3,594
Changes in working capital, interest (paid)/received and income taxes paid	(4,039)	(3,041)
Less: Acquisitions of subsidiaries, joint ventures and associates	(81)	(317)
Capital expenditure	(2,527)	(1,976)
Net increase/(decrease) from bank borrowings*	3,088	(2,072)
Decrease in other deposits and financial products with financial institutions	514	2,822
Dividends	(968)	(619)
Proceeds from dilution of interest in a subsidiary	-	2,021
Others	23	123
Net cash flow	4	535
Turnover days		
- Inventories	69	63
- Trade Receivables	32	32
- Trade Payables	12	14

Note :

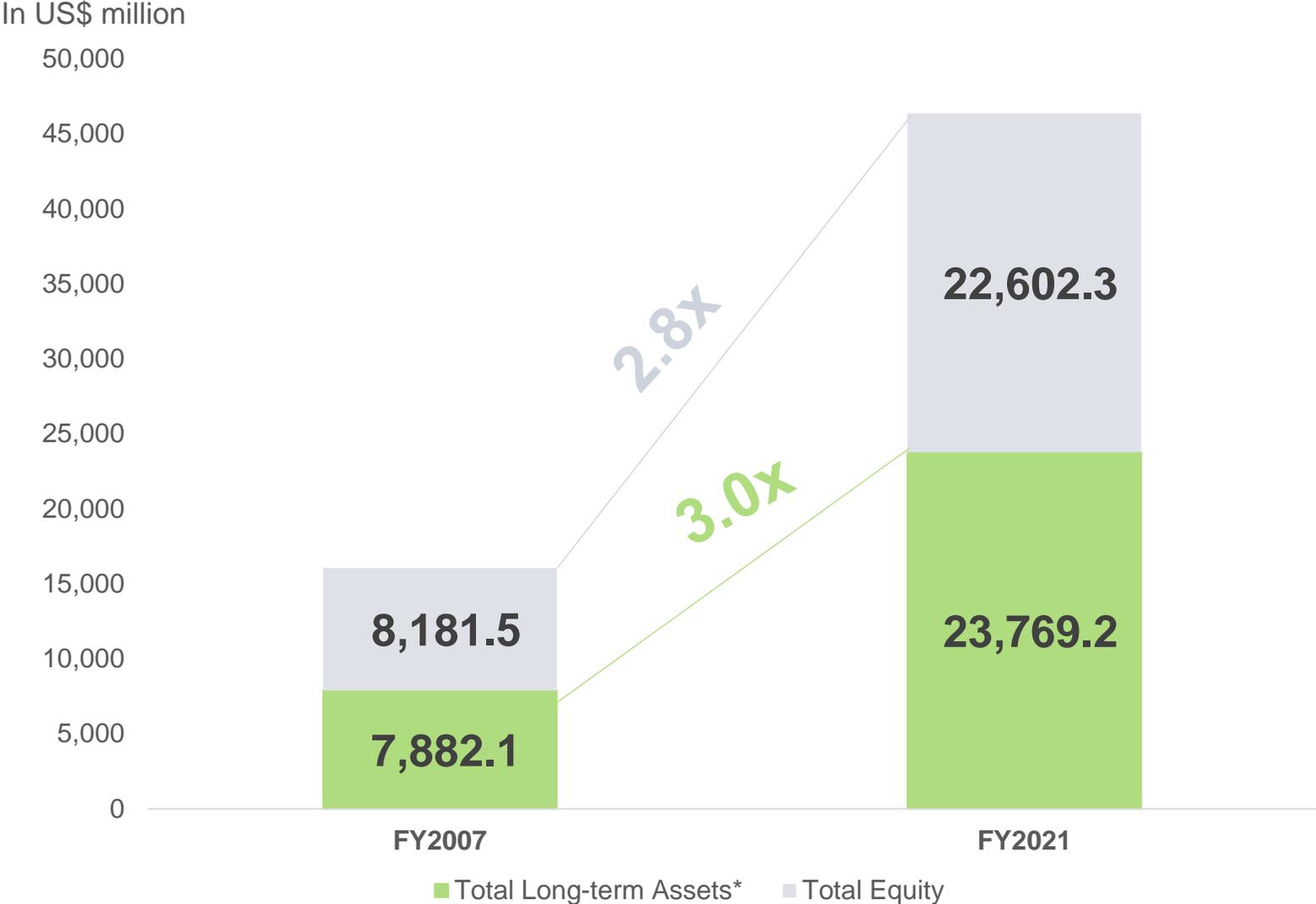
* Net bank borrowings include proceeds/repayments of loans and borrowings net of fixed deposits pledged with financial institutions for bank facilities and unpledged fixed deposits with maturity more than 3 months.

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.

- Higher inventory stockholding and commodity prices during the year led inventories to increase by 24% to US\$11.74 billion as at 31 December 2021. Average inventory turnover days also increased to 69 days in FY2021. Inventory turnover days was much lower in the previous year due to the Covid-19 pandemic and lockdown situation in China in early 2020 which caused more households to stock up on food products, resulting in inventories being sold at a much faster pace.
- In line with the increase in sales revenue generated by the Group, trade receivables increased by US\$1.56 billion to US\$6.83 billion in FY2021. Average turnover days for FY2021 stayed healthy and comparable at 32 days.
- Trade payables increased by US\$395.6 million to US\$2.01 billion in FY2021 mainly due to the increase in commodity prices. Average turnover days was lower at 12 days in FY2021.

Asset Growth Supported by Equity



*includes property, plant and equipment, intangibles, investment in associates/joint ventures, bearer plants, biological assets

CAPEX – Funded Internally

US\$ million	FY2021	FY2020	FY2019	FY2018	FY2017
EBITDA	4,172	3,609	3,024	2,937	2,615
Less: net tax paid	(687)	(407)	(247)	(388)	(286)
Less: net interest paid	(266)	(213)	(450)	(253)	(223)
Less: dividend (ordinary)	(741)	(699)	(555)	(532)	(351)
Less: special dividend	(309)	-	-	-	-
Less: share buy back	(98)	(141)	-	-	-
Add: funds from IPO used to purchase Capex	414	621	-	-	-
	2,485	2,770	1,772	1,764	1,755
Less: CAPEX spent	(2,527)	(1,976)	(1,813)	(1,325)	(938)
(Deficit)/surplus funds	(42)	794	(41)	439	817

- Healthy returns to shareholders via dividends / share buyback each year.
- Adequate internally generated funds used for capital expenditure.

Funding and Liquidity

US\$ million	31 Dec 2021	31 Dec 2020
Liquid working capital	11,889	8,567
Cash & bank balances (current)	6,342	5,928
Structured deposits	3,197	3,616
	21,428	18,111
Total short-term borrowings	22,292	17,146

US\$ million	As at Dec 31, 2021		
	Available	Utilised	Balance
Credit facilities :			
Committed	10,503	8,400	2,103
Trade finance	43,103	20,157	22,946
Short term	1,350	557	793
Total credit facilities	54,956	29,114	25,842

- 69% of utilised facilities were trade financing lines as at December 31, 2021.
- 53% of total facilities were utilised as at December 31, 2021.
- In July 2021, Wilmar raised US\$1,500 million through a syndicated loan facility comprising a 5-year revolving credit facility of US\$1,200 million and a 5-year term loan of US\$300 million. The facility was upsized from US\$840 million to US\$1,500 million due to strong interest from lenders.

Key Indicators

	As at Dec 31, 2021	As at Dec 31, 2020
Return on Average Equity [#]	9.7%	8.6%
Return on Invested Capital [#]	5.8%	5.4%
in US cents		
EPS (fully diluted)	29.9	24.1
– including discontinued operations		
NTA per share	230.8	212.7
NAV per share	316.5	298.9
in Singapore cents		
Dividends (interim & final)	15.5	13.0
Dividends (special)	-	6.5

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)