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NEWS RELEASE

WILMAR 1H2020 NET PROFIT INCREASES 50% TO US$611 MILLION

- **1H2020 core net profit increased 49% to US$636 million**
- **Improved contribution across all core segments as strong performance in 1Q2020 continued into 2Q2020**
- **EBITDA up 25% to US$1.49 billion, generating cash flow of US$2.07 billion from operations**
- **Higher proposed interim tax-exempt dividend of S$0.04 per share**

Highlights

In US$ million	1H2020	1H2019	*Change*
Revenue	22,657.7	20,226.5	*12.0%*
EBITDA	1,488.6	1,187.1	*25.4%*
Net profit	610.9	407.9	*49.8%*
Net profit from continuing operations	610.9	440.3	*38.7%*
Core net profit	635.9	427.1	*48.9%*
Earnings per share – fully diluted (US cents)	9.6	6.4	*50.0%*
Earnings per share – from continuing operations - (US cents)	9.6	7.0	*37.1%*

Singapore, August 11, 2020 – Wilmar International Limited (“Wilmar” or “the Group”), Asia’s leading agribusiness group, reported a 50% improvement in net profit to US$610.9 million for the six months ended June 30, 2020 (“1H2020”) (1H2019: US$407.9 million), on the back of improved contributions across all core segments. Excluding losses from non-operating items, core net profit for 1H2020 improved 49% to US$635.9 million (1H2019: US$427.1 million).

Revenue increased 12% to US$22.66 billion in 1H2020 (1H2019: US$20.23 billion), driven by improved demand across all core segments. As a result of the COVID-19 pandemic, Consumer Products sales increased significantly because people ate more often at home and also bought higher quality products. This and the consolidation of Goodman Fielders' results in the current period, contributed to the higher revenue recognised in 1H2020.

Business Segment Performance

Food Products (Consumer Products, Medium Pack and Bulk) registered a 21% increase in pre-tax profit to US$495.1 million in 1H2020 (1H2019: US$408.3 million), driven by strong demand for consumer products during the period. This improvement was partially offset by lower sales in the medium pack and bulk businesses, as demand from the hotels/restaurants/catering (HORECA) industry was weak in the first quarter of 2020 ("1Q2020") due to lockdowns in the major markets where the Group operates.

For 1H2020, consumer products sales improved by 29% to 4.7 million metric tonnes ("MT") (1H2019: 3.7 million MT) while medium pack and bulk sales decreased by 7% to 7.5 million MT (1H2019: 8.1 million MT).

Feed and Industrial Products (Tropical Oils, Oilseed & Grains and Sugar) achieved a 105% increase in pre-tax profit to US$370.8 million in 1H2020 (1H2019: US$181.0 million), on the back of a strong recovery in Oilseeds & Grains, as demand in China recovered from the African swine fever outbreak that occurred in the previous year. This resulted in strong crush margins and volume during the period. In addition, higher sugar merchandising activities in 1H2020 further improved the performance of the segment. The improved performance was partially affected by lower performance of the Tropical Oils business.

Overall volume for the segment increased by 10% to 26.3 million MT in 1H2020 (1H2019: 24.1 million MT), mainly driven by improved sales in both Oilseeds & Grains and Sugar businesses.

Plantation and Sugar Milling recorded a lower pre-tax loss of US$82.9 million in 1H2020 (1H2019: US$103.5 million loss), mainly aided by better performance from the palm oil plantation business, on the back of stronger palm oil prices compared to 1H2019. While total mature hectarage increased in the current period, production yield decreased marginally by 1% to 9.8 MT per hectare in 1H2020 (1H2019: 9.9 MT per hectare) as a result of a younger palm oil plantation age profile due to the Group's replanting activities in recent years. Total fresh fruit bunches production for 1H2020 increased marginally by 0.5% to 1,908,757 MT (1H2019: 1,898,714 MT).

Performance for Sugar Milling was weaker during the period, mainly due to lower sugar prices in early 1H2020. While sugar prices started to recover towards the end of the period, the prices were still lower compared to 1H2019. In addition, the Group recognised a US$20.0 million impairment of property, plant and equipment on the sugar milling assets in India in 1H2020.

Sales volume for sugar milling operations increased by 29% to 1.3 million MT in 1H2020 (1H2019: 1.0 million MT)

The **Others** segment recorded a pre-tax loss of US$41.2 million in 1H2020 (1H2019: US$0.5 million profit), mainly from mark-to-market losses from the Group's investment portfolio. Investment income and mark-to-market gains from the Group's investment portfolio totalling US$67.7 million in 2Q2020 reduced the investment income and mark-to-market losses of US$79.7 million in 1Q2020.

Joint Ventures & Associates doubled their contributions to US$84.1 million in 1H2020 (1H2019: US$42.8 million), as a result of stronger performance from the Group's investments in China, India and Africa.

Dividend

The Board has proposed an interim tax exempt (one-tier) dividend for 1H2020 of S$0.04 per share. The proposed dividend for 1H2020 will be payable on August 27, 2020.

Strong Balance Sheet and Cash Flows

As at June 30, 2020, total assets stood at US$47.32 billion while shareholders' funds was US$16.48 billion.

Net debt decreased by US$608.9 million to US$12.61 billion on the back of strong operating cash flows and lower working capital requirements. Correspondingly, net gearing ratio improved to 0.77x (FY2019: 0.79x). In 1H2020, the Group generated US$2.07 billion in net cash flow from operating activities, resulting in free cash flow of US$1.36 billion.

Prospects

Mr. Kuok Khoon Hong, Chairman and CEO of Wilmar said, "The COVID-19 pandemic has severely impacted the global economy and brought about significant disruptions and market volatility in the countries where the Group operates, with lockdowns introduced by governments in many countries to prevent the spread of the virus. We have been fortunate that our operations have not been significantly impacted as the Group's business is predominantly in the production and distribution of essential food products. Further, China, the country where the Group has the largest operations, has recovered from this pandemic earlier than most countries. We are also aided by having many integrated manufacturing complexes in our major markets which helped to ensure continuous supply of our products during the lockdowns.

"The Group has produced a resilient set of results for 1H2020 amidst the COVID-19 pandemic. Both our Food Products and Feed and Industrial Products segments did well in 1H2020, on the back of strong recovery in 2Q2020, and are expected to continue to perform well for the rest of the year. The recent increase in palm prices will also contribute favourably to our Plantations business. We are cautiously optimistic that our second half performance will be satisfactory.

"Our Chinese subsidiary, Yihai Kerry Arawana Holdings Co., Ltd, has obtained listing clearance from the Shenzhen Stock Exchange ("SZSE") ChiNext Board Listing Committee (the "Committee") and has submitted the updated prospectus to the China Securities Regulatory Commission ("CSRC") for final registration approval for listing on SZSE ChiNext Board. We would like to emphasize that although listing clearance from the Committee has been obtained, there is no certainty or assurance as at the date of this announcement that the listing proposal will be carried out as it is still subject to CSRC approval and market conditions. Shareholders are advised to exercise caution in trading their shares in the Company.”

Change in Segment Reporting

With effect from January 2020, 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 Sugar Milling 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 in FY2020, 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.

About Wilmar

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Wilmar's business activities include oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, manufacturing of consumer products, specialty fats, oleochemicals, biodiesel and fertilisers as well as rice and flour milling. At the core of Wilmar's strategy is an integrated agribusiness model that encompasses the entire value chain of the agricultural commodity business, from cultivation, processing, merchandising to manufacturing of a wide range of branded agricultural products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries and regions. The Group has a multinational workforce of about 90,000 people.

Wilmar's portfolio of high quality processed agricultural products is the preferred choice of consumers and the food manufacturing industry. Its consumer-packed products have a leading share in many Asian and African markets. Through scale, integration and the logistical advantages of its business model, Wilmar is able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies. Wilmar is a firm advocate of sustainable growth and is committed to its role as a responsible corporate citizen.

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