



## NEWS RELEASE

### WILMAR POSTS 23% INCREASE IN EARNINGS TO US\$315 MILLION FOR 1Q2013

- Net profit excluding non-operating items up 53%
- Volume growth across all key business segments
- Recovery in Oilseeds & Grains
- Strong performance from Sugar Merchandising & Processing and Consumer Products
- Palm & Laurics margin remained healthy
- Lower Plantations & Palm Oil Mills contribution from weaker CPO prices

### Highlights

In US\$ million	1Q2013	1Q2012	Change
Revenue	10,200.5	10,470.9	-2.6%
Profit before taxation	416.8	388.5	7.3%
Net profit	315.4	255.9	23.3%
Net profit excluding non-operating items	313.7	205.6	52.5%
Earnings per share (US cents)*	4.9	4.0	22.5%

\* fully diluted

Singapore, May 8, 2013 – Wilmar International Limited (“Wilmar” or “the Group”), Asia’s leading agribusiness group, posted a 23% increase in net profit to US\$315.4 million for the quarter ended March 31, 2013 (“1Q2013”). Excluding non-operating items, the Group’s net profit registered robust growth of 53% to US\$313.7 million in 1Q2013 (1Q2012: US\$205.6 million). In 1Q2012, non-operating items benefited from higher gains from investment securities.

The improvement in net profit was largely due to a sharp recovery in Oilseeds & Grains during the quarter. Consumer Products benefited from volume growth, while Sugar reported lower milling losses in the off harvesting season and enjoyed higher merchandising profit and stronger refinery margins. Associates also performed better

during the quarter. Palm & Laurics continued to show a strong performance although margins were lower than in 1Q2012. Plantations & Palm Oil Mills continued to be affected by lower crude palm oil (CPO) prices.

Despite strong volume growth across all business segments, revenue was down 3% to US\$10.20 billion for the quarter, due to significantly lower selling prices for palm and sugar products.

## **Business Segment Performance**

**Merchandising & Processing** – During the quarter, Palm & Laurics recorded a 7% increase in sales volume to 5.5 million metric tonnes (“MT”) as demand was boosted by lower prices for palm products. The Group continued to benefit from the revised Indonesian export duty structure and the robust contribution from downstream value-added products. However, margins in Indonesia were lower than in 1Q2012, when the full benefit of the revised Indonesian export duty structure was first realised, while margins in Malaysia continued to improve. This resulted in a 7% decrease in pretax profit to US\$218.7 million. Oilseeds & Grains registered an increase of 6% in sales volume to 4.7 million MT due to increased demand for the Group’s products. The Group recorded a strong pretax profit of US\$47.2 million, a sharp reversal from the losses in 1Q2012. The better performance was due to improved margins in soybean crushing and flour milling. The positive crush margins during the quarter were a result of lower cost of imported soybeans and higher local product prices, due to late arrival of soybeans in China.

**Consumer Products** recorded a 10% increase in sales volume to 1.3 million MT on the back of stronger demand for edible oils, flour and rice. Reflecting the higher sales volume and a slight increase in overall margins, pretax profit increased 12% to US\$56.5 million.

**Plantations & Palm Oil Mills** saw a 27% decline in pretax profit to US\$72.1 million due mainly due to lower average selling price of CPO. This was partially offset by a drop in unit production cost from lower fertiliser prices. Production yield was down marginally by 1% to 4.4 MT per hectare as a result of low crop trend in Sumatra and Kalimantan while Sabah had a higher yield from better crop trend. Despite the lower production

yield, the Group's own production of fresh fruit bunches increased by 4% to 986,841 MT for 1Q2013 from increased mature hectarage.

**Sugar** comprises the Milling and Merchandising & Processing businesses. In 1Q2013, Sugar reported a reduced pretax loss of US\$13.6 million compared to a pretax loss of US\$47.9 million in 1Q2012. Excluding non-operating items, the pretax loss was US\$9.5 million (1Q2012: US\$47.6 million pretax loss).

The sugar milling season in Australia typically commences in June and it is normal for the Milling division to incur losses due to plant maintenances carried out in the first two quarters of the year. Milling reported a pretax loss of US\$55.7 million compared to a pretax loss of US\$58.0 million in 1Q2012. Excluding non-operating items, pretax loss decreased 11% to US\$53.3 million (1Q2012: US\$59.9 million pretax loss). The smaller loss was mainly due to higher unrealized gain in derivatives from lower sugar prices and improved margins in ethanol.

Merchandising & Processing reported a more than four-fold jump in pretax profit to US\$42.1 million. Excluding non-operating items, pretax profit was US\$43.8 million (1Q2012: US\$12.3 million). This was mainly attributed to volume growth, higher profit from merchandising activities and stronger margins in the Group's Indonesian refineries which benefited from lower unit production cost.

The **Others** segment recorded a pretax loss of US\$13.6 million in 1Q2013 as a result of weaker fertiliser performance from declining price trend and a drop in net gain from investment securities. In addition, head office operating expenses were higher due to the absence of intercompany interest income. This was partially offset by higher shipping profits achieved through higher freight rates for edible oils.

**Associates** achieved a significant 146% increase to US\$53.2 million mainly due to higher contributions by the Group's associates in China as well as improved performance of associates in India.

## **Strong Balance Sheet**

As at March 31, 2013, total assets stood at US\$43.31 billion while shareholders' funds grew to US\$14.70 billion. Net gearing ratio of 0.80x was slightly lower than the 0.85x as at December 31, 2012.

## **Prospects**

Mr. Kuok Khoon Hong, Chairman and CEO, said, "With our resilient integrated business model and new businesses developed in the last few years, we are reasonably confident that we will overcome the difficult environment expected for the rest of the year.

Whilst palm oil price is likely to remain low, affecting Plantation's profitability, the declining price trend is expected to benefit our downstream value-added businesses. In addition, we expect stronger contributions from our new businesses. In China, the bird flu will affect meal consumption in the short term but is not expected to have a long term effect. We remain optimistic about the long term prospects of China."

## **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, oilseeds crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemicals, biodiesel and fertilisers manufacturing and grains processing. At the core of Wilmar's strategy is a resilient integrated agribusiness model that encompasses the entire value chain of the agricultural commodity processing business, from origination and processing to branding, merchandising and distribution of a wide range of agricultural products. It has over 450 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries. The Group is backed by a multinational workforce of about 93,000 people.

Wilmar's portfolio of high quality processed agricultural products is the preferred choice of the food manufacturing industry, as well as the industrial and consumer food businesses. Its consumer-packed products occupy a leading share in its targeted 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 remains a firm advocate of sustainable growth and is committed to its role as a responsible corporate citizen.

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