



## NEWS RELEASE

### WILMAR'S 2QFY08 EARNINGS MORE THAN TRIPLED TO US\$332 MILLION

- Higher sales volume and improved margins boost the merchandising & processing segment
- Plantations gained from higher CPO prices and increased production
- Positive effects from merger with Kuok Group's palm plantation, edible oils, grains and related businesses
- 2QFY08 net profit of US\$332 million represents an increase of 227% over 2QFY07 and 139% over proforma 2QFY07
- EPS climbs from 3.82 US cents to 5.07 US cents

### Highlights

In US\$ million	2QFY08	2QFY07	Change	1HFY08	1HFY07	Change
Revenue	7,830.1	2,988.5	162%	14,971.3	4,964.9	202%
Profit before taxation	439.2	129.0	240%	934.1	200.7	365%
Net profit	331.7	101.5	227%	674.8	151.3	346%
Earnings per share (US cents)*	5.07	3.82	33%	10.31	5.70	81%

\* fully diluted

Singapore, August 14, 2008 – Wilmar International Limited (“Wilmar” or “the Group”), Asia’s leading agribusiness group, more than tripled its net profit to US\$331.7 million for the quarter ended June 30, 2008 (“2QFY08”). Revenue for the quarter was 162% higher, at US\$7.83 billion.

Wilmar’s strong performance was achieved through increased sales volume, enhanced margins and higher prices of crude palm oil over the same period last year (“2QFY07”).

The US\$331.7 million net profit for 2QFY08 is an increase of 139% over proforma net profit of US\$138.8 million for 2QFY07. The proforma net profit includes Kuok Group's results before the merger.

Mr Kuok Khoon Hong, Chairman and CEO of Wilmar said, "Most of our business divisions delivered strong performance due to the favourable operating environment during the quarter."

Cumulatively, the Group's earnings for the half year ended June 30, 2008 ("1HFY08") increased more than four-fold to US\$674.8 million.

## **SEGMENTAL HIGHLIGHTS**

### **Merchandising and Processing – Palm & laurics**

Revenue for the quarter was up 116% while pretax profit soared 188% to US\$140.0 million, led by higher sales volume and margin expansion. Sales volume grew by 37% to 4.6 million metric tonnes ("MT") on increased demand from China, India, Europe, Russia and the Middle East as well as full contribution from Kuok Group's operation, compared to a one-month contribution in 2QFY07. The Group's margins reflected the general improvement in industry processing margins and merger synergies. Industry margins strengthened on the back of increased supply of raw materials coupled with increased demand of refined products.

For 1HFY08, the segment registered pretax profit of US\$265.7 million, up 222%.

### **Merchandising and Processing – Oilseeds & grains**

Revenue tripled to US\$2.17 billion while pretax profit surged 346% to US\$147.1 million over the same quarter last year. The significant improvement in earnings was driven by better crushing margins and growth in sales volume following a recovery in the livestock industry in China post the blue ear disease. The industry was afflicted by the blue ear disease during the first half of 2007. Sales volume for 2QFY08 increased 57% to 3.3 million MT.

Pretax profit for the segment rose by more than eight fold to US\$351.9 million in 1HFY08.

### **Consumer Products**

With the inclusion of Kuok Group's consumer products business following the merger, this segment saw a big jump in revenue to US\$1.15 billion from US\$83.9 million, and a 351% growth in sales volume to approximately 694,000 MT for 2QFY08. However, pretax profit grew at a lower rate of 129% to US\$12.2 million, attributable to higher cost of edible oils, its key raw material, while selling prices remained unchanged during the quarter.

For 1HFY08, the segment recorded a pretax profit of US\$28.2 million, an increase of 277% over last year.

In January 2008, the Chinese Government implemented temporary price intervention measures, requiring approval for upward price adjustments to selected consumer food products, including cooking oil. In April 2008, the Group received approval for a 10% price increase on its consumer pack cooking oil products, but selling prices were maintained in view of softening edible oil prices. With further softening in edible oil prices since end-June 2008, the Group has decided to lower its selling prices by approximately 12%, with effect from today.

### **Plantations and Palm Oil Mills**

This segment's robust performance was achieved through higher prices of crude palm oil and higher production volume. The Group's own fruit production grew by 74% owing to the full impact of the merger, better yield and an increase in mature hectareage. Production yield for the quarter was firmer at 5.0 MT/hectare from 4.9 MT/hectare a year ago.

Revenue more than doubled to US\$371.8 million while pretax profit climbed 239% to US\$79.6 million for the quarter. Pretax profit soared 356% to US\$164.8 million for 1HFY08.

## **Others**

Revenue from this segment, mainly from the sale of fertilisers, rose 210% to US\$248.0 million on higher sales volume and selling prices. Sales volume grew by 12% while average selling price more than doubled, resulting in significantly enhanced margins.

The segment achieved a pretax profit of US\$30.5 million for the quarter, up from US\$3.6 million last year. For 1HFY08, pretax profit was US\$61.6 million, up from US\$4.5 million in the corresponding period last year.

## **Associates**

The Group's key associates are primarily engaged in oilseeds crushing and consumer products businesses in China. Associates' contribution for the quarter almost doubled to US\$29.1 million, in line with the improved operating environment for oilseeds crushing over the same period last year.

## **Balance Sheet**

As at June 30, 2008, the Group's total assets stood at US\$19.40 billion while shareholders' funds amounted to US\$8.43 billion. Net gearing ratio inched up slightly to 0.6x from 0.5x as at December 31, 2007, due to higher working capital requirements.

## **Prospects And Future Plans**

Prices of commodities, including crude oil and palm oil, have been falling since early July 2008. Unless the price of crude oil spikes up again or the weather in the US deteriorates, palm oil prices are likely to remain subdued. This is due to ample supply from both Malaysia and Indonesia and moderating demand for palm oil from a slowing global economy.

While lower edible oil prices will affect plantation earnings, downstream businesses will benefit. In addition, the Group's businesses in China are expected to perform well. Despite some anticipated moderation, China's economic growth will still be relatively high. Therefore, the Group is optimistic that its performance for the year will be satisfactory.

“The resilience of our integrated business model will be apparent as the industry heads into a more challenging operating environment. In addition, such an environment may present new growth opportunities for the Group. We have the resources and financial strength to seize attractive new opportunities while continuing to pursue existing strategies,” added Mr Kuok.

## **About Wilmar**

Wilmar International Limited, founded in 1991 as a palm oil trading company, is today Asia's leading agribusiness group. It ranks amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Its business activities include oil palm cultivation, edible oils refining, oilseeds crushing, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grains processing and merchandising. Headquartered in Singapore, its operations are located in more than 20 countries across four continents, with a primary focus on Indonesia, Malaysia, China, India and Europe. Backed by a staff force of more than 70,000 people, over 160 processing plants and an extensive distribution network, its products are sold to more than 50 countries globally.

Over the years, it has established a resilient integrated agribusiness model that captures the entire value chain of the agricultural commodity processing business, from origination and processing to the branding, merchandising and distribution of a wide range of agricultural products. Through scale, integration and the logistical advantages of its business model, it is able to extract margins at every step of the value chain, resulting in significant operational synergies and cost efficiencies.

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Aug 14, 2008