CHAIRMAN'S MESSAGE

FY2018 IN REVIEW

I am pleased to report that the Group performed well in FY2018 despite declining commodity prices and volatility in the soybeans market arising from the US-China trade tensions.

The Group recorded a 27.4% jump in core net profit to US$1.30 billion in FY2018, with earnings per share of 17.8 US cents. Revenue increased 2.1% to US$44.50 billion. The Group's balance sheet remains strong, with total assets standing at US$45.68 billion while shareholders' funds amounted to US$16.05 billion.

The Tropical Oils segment saw a better performance in the manufacturing and merchandising businesses which led to an increase in profit by 37.4% to US$546.1 million. Demand for biodiesel and downstream products was consistent and strong. While lower palm oil prices impacted the plantation businesses, they benefited the downstream businesses in the form of lower feedstock costs.

The Oilseeds and Grains segment recorded an improvement of 20.3% in profit to US$875.0 million on the back of a stronger performance from the Consumer Products businesses as well as better crushing margins and volume. This was the highest profit ever achieved by the segment. Overall sales volume for the segment increased by 12%.

The Sugar segment registered a loss of US$123.0 million, mainly due to a non-cash impairment charge of US$138.6 million relating to the milling operations in Australia. Despite consistent positive cash flow generated from the Australian milling business, the decline in sugar prices in the past year led the Group to take a prudent stance and impair the goodwill and property, plant and equipment of the milling operations. The Sugar results were further impacted by losses from the Group's newly acquired subsidiary, Shree Renuka Sugars Limited, whose crushing activities only commenced in late October 2018. These losses were partially mitigated by stronger performance of the merchandising business during the year.

> "THE GROUP'S SUCCESS IN OUR STRATEGY TO DEVELOP MORE STABLE DOWNSTREAM PROCESSING AND BRANDED CONSUMER PRODUCTS HAS ENABLED US TO ACHIEVE GROWTH AND MAINTAIN PROFITABILITY IN 2018 AMID A CHALLENGING OPERATING ENVIRONMENT."

Excluding the impairment charge, the Sugar segment would have recorded a pre-tax profit of US$15.6 million as compared to US$6.0 million in FY2017.

2018 HIGHLIGHTS

The Group's success in our strategy to develop more stable downstream processing and branded consumer products has enabled us to achieve growth and maintain profitability in 2018 amid a challenging operating environment.

China

In the past year, we expanded our capacity in crushing, flour milling as well as the manufacturing of consumer products including edible oil, flour and dry noodles. Our Consumer Products businesses continue to enjoy a healthy demand from the shift in consumer preference to high quality food products. We are continuing with our expansion in rice and flour milling, crushing and refining in China.

In May 2017, we announced our intention to list the Group's operations in China. In connection with the proposed listing, we recently converted the China holding company into a joint-stock company. We will continue to work on the proposed listing.

Africa

We remain optimistic about the potential of food business in Africa. We are building our first refinery and specialty fats plant in Morocco. We are working on a soap and detergent production plant in Ivory Coast and building a rice mill in Tanzania.

In March 2018, we acquired the remaining 50% equity interest in Nauvu Investments Pte Ltd from Olam International Limited. Nauvu is invested in integrated palm oil, rubber and sugar assets in Africa, including upstream plantations, midstream processing and downstream merchandising and distribution operations. Nauvu holds a strategic stake in SIFCA Group, one of Africa's largest agro industrial groups.

India

India is the world's largest sugar consumer. Since 2014, we have been a strategic industrial partner of Shree Renuka Sugars Limited (SRSL), the leading sugar company in India. In March 2018, we increased our investment in SRSL as part of a comprehensive debt restructuring exercise, bringing our shareholding up from 27% to 39%. This triggered an open offer which resulted in SRSL becoming a 58% indirectly owned subsidiary of the Company when the transaction was completed at the end of June 2018. With SRSL's debt reduced after the debt restructuring exercise, we are confident of improving the performance of SRSL by developing its local core production and distribution businesses as well as capturing international export opportunities with its two refineries located in Kandla and Haldia.

Our 50:50 joint venture in India, Adani Wilmar Limited (AWL), is expanding its refinery capacity at the Mudra refinery, building refineries at two new sites and buying two existing refineries. It is also expanding into rice and flour milling business.

Indonesia
In Indonesia, we will be expanding our downstream capacities in existing and new businesses. We are also building a new manufacturing complex in West Java with refinery, flour mills, bio-diesel and other plants.

Malaysia
In January 2019, through our direct wholly-owned subsidiary PGEO Group Sdn Bhd, we acquired a 51% interest in Assar Refinery Sdn Bhd in Kuching, Sarawak.

PGEO Group also acquired a 70% interest in Greenfarm Food Industries Sdn Bhd based in Johor. The principal activities of Greenfarm Food are manufacturing and trading of plant-based food.

Vietnam
In Vietnam, 2018 was the first full year of operations for three new manufacturing plants – a rice mill, a grains value-added processing plant and a sauce and condiment plant. New products from these plants include egg noodles, macaroni, chilli sauce and bouillon granules, which complement our current offering of oils, fats and flour. We are constructing our fifth flour mill this year.

Myanmar
Construction of our oils and grains complex in Thilawa Port is progressing well with our port having commenced operations in June 2018. The packing plant will be completed in mid 2019 and the flour mill will be completed in 3Q 2019. A rice mill will commence construction in 2Q 2019.

PROSPECT
Despite the challenges in the industries we are in and uncertain global economic outlook, we believe our integrated agri business model in Asia and Africa will continue to do well.

DIVIDENDS
The Board has recommended a final dividend of S$0.07 per share for FY2018. Including the interim dividend of S$0.035 per share paid in August 2018, the total dividend for FY2018 is S$0.105 per share (FY2017: S$0.10 per share), representing a dividend payout of about 43%.

BOARD CHANGES
Mr Martua Sitorus, co-founder and Non-Independent Non-Executive Director of Wilmar, resigned from the Board on 15 July 2018. Mr Sitorus made invaluable contributions to the Group's success and the Board is extremely sorry to lose his services.

On 28 December 2018, Mr Raymond Guy Young, was appointed Non-Independent Non-Executive Director. He was previously Alternate Director to Mr Juan Ricardo Luciano, who stepped down to assume the Alternate Director position.

On 21 February 2019, Ms Teo La-Mei was appointed Executive Director. Having been the Group's Legal Counsel and Company Secretary since 2009, she will enhance the core competency of the Board while making a positive contribution to Wilmar.

On behalf of the Board, I wish to express our gratitude to Mr Sitorus for his contributions to the Group and extend a warm welcome to Ms Teo.

APPRECIATION
The support of our stakeholders is the cornerstone of our achievements. To our shareholders, customers and business partners, thank you for your support. We will continue to seek value creation for our stakeholders and persevere in building a sustainable global business. Last but certainly not least, our dedicated employees is our most important assets and I would like to express my appreciation and gratitude for their loyalty and hard work.

Kuok Khoon Hong
Chairman & Chief Executive Officer
15 March 2019

Our Consumer Products business in China continues to enjoy a healthy demand from the shift in consumer preference to high quality food products.