

CHAIRMAN'S MESSAGE

FY2019 IN REVIEW

I am pleased to report that the Group achieved a strong set of results in FY2019 amidst a challenging global environment.

The Group recorded a 15.0% jump in net profit to US\$1.29 billion in FY2019, led by strong performances from Tropical Oils and Consumer Products. The oilseeds crushing business, though affected by the African swine fever outbreak in China, turned in better than expected results in the second half of 2019. Overall sales volume for FY2019 climbed 3.8% but lower commodity prices resulted in a 4.2% decline in revenue to US\$42.64 billion (FY2018: US\$44.50 billion).

Earnings per share rose to 20.4 US cents in FY2019, as compared to 17.8 US cents in FY2018. The Group's balance sheet remains strong, with total assets standing at US\$47.05 billion while shareholders' funds amounted to US\$16.76 billion.

The Tropical Oils segment reported a 54.1% increase in profit to US\$841.6 million for FY2019 (FY2018: US\$546.1 million) on the back of stronger performance from the manufacturing and merchandising business. Both sales volume and processing margins improved.

The Oilseeds and Grains segment recorded a drop of 27.2% in profit to US\$636.9 million (FY2018: US\$875.0 million) as overall crush volume and margins were impacted by the African swine fever outbreak in the first half of 2019. Our Consumer Products business, which performed strongly, continued on an upwards trajectory with sales volume jumping by 6.7% in FY2019.

The Sugar segment registered a profit of US\$2.6 million for FY2019 (FY2018: US\$128.2 million loss). The better performance was due to the absence of a non-cash impairment charge of US\$138.6 million recognised in 2018 relating to the milling operations in Australia. Overall sales volume for the segment increased by 16.1% in FY2019.

2019 HIGHLIGHTS

In FY2019, we continued to expand our operations in markets with high growth potential as well as strengthen the vertical integration of our business for greater efficiency.

China

In the past year, we continued our expansion in edible oils refining, oilseed crushing, flour and rice milling, corn processing, oleochemicals, consumer products, soy sauce and vinegar manufacturing in existing and new sites. Our consumer products, oleochemicals, rice and flour businesses continued to improve their performance.

The proposed listing of our China subsidiary, Yihai Kerry Arawana Holdings Co., Ltd on the Shenzhen Stock Exchange is progressing within the standard time frame and we expect to receive approval for the listing this year, despite the possibility of a slight delay due to the 2019 novel coronavirus (COVID-19) outbreak.



Oleochemical manufacturing plant in Lianyungang, China

Africa

With a presence in 16 countries across Africa, we are the largest edible oils refiner and a leading oil palm plantation owner on the continent. In 2019, we commenced operation of a rice mill in Tanzania and an oilseed crushing plant in South Africa. New projects in the pipeline

include an integrated edible oils refinery and a spread and shortening plant in South Africa and a peanut crushing plant in Senegal.

India



Refinery in Mundra, India

Adani Wilmar Limited (AWL), our 50:50 joint venture in India, is the largest refiner and producer of consumer pack edible oils in the country. AWL has expanded into rice and rice milling, as well as enhanced its consumer product offering. It is also increasing refining and specialty fats capacities in existing and new sites.

Indonesia

In Indonesia, we continue to expand our flour and rice milling, oleochemicals, biodiesel, refining and packaging capacities in existing and new sites.

Malaysia

In 2019, we completed the purchase of two palm oil refineries in Kuantan and Kuching and started construction of a new refinery and a specialty fats plant in Port Klang. These new facilities will enhance our operations in Malaysia.

Vietnam

In Vietnam, we maintain our leadership position in our core businesses including edible oils and soybean crushing while our new businesses such as rice, grains value-added processing and sauces are growing in domestic sales volume. We are expanding our flour and rice milling capacity.

Myanmar

The edible oils packing plant and flour mill commenced operation in Thilawa in October 2019. Concurrently we have begun the construction of a rice milling complex which, when completed, will be the largest in Myanmar, and are in the process of acquiring another rice mill. We are bullish on the country and plan to build a big integrated manufacturing complex there.

Goodman Fielder

We completed the acquisition of the balance 50% interest in Goodman Fielder from First Pacific Company Limited in December 2019. We are looking into expanding our operations in Australia, New Zealand, Papua New Guinea and the Pacific Islands.

SUSTAINABILITY

Our work on sustainability continues to improve. Our No Deforestation, No Peat, No Exploitation (NDPE) policy, first launched in 2013, was updated in November 2019 to improve its effectiveness and ensure alignment with globally recognised frameworks. We also continue to develop tools to enhance our supplier monitoring and engagement.



Integrated manufacturing plant in Gresik, Indonesia

In the past year, we are heartened that our work in human and labour rights as well as the protection of children's rights has been recognised by Global Child Forum, Roundtable on Sustainable Palm Oil and the ASEAN CSR Network.

PROSPECTS

The COVID-19 outbreak has brought volatility to the commodity markets and further challenges to our operating environment, particularly in China. While we do not expect our businesses to be significantly affected overall as we are mainly in the food products industry, a prolonged outbreak may have a greater impact on our operations.

Since Wilmar's inception as a palm oil trading company in 1991, we have pursued our strategy of building a vertically integrated agribusiness that encompasses the entire value chain from crop cultivation, processing, merchandising to distribution.

Over the years, we have continued to invest in building integrated manufacturing complexes, distribution network, consumer brands, research and development in agri-related businesses in key markets to give us a competitive edge in terms of quality, cost, service and innovation. This strategy has enabled us to maintain our leadership position in the various businesses and stabilise the Group's earnings.

We are confident that our business model, our willingness to take a long-term view and the continued improvement of our management team will enable us to build a great agri and food business in future.

DIVIDENDS

The Board has recommended a final dividend of S\$0.095 per share for FY2019. Including the interim dividend of S\$0.03 per share paid in August 2019, the total dividend for FY2019 is S\$0.125 per share (FY2018: S\$0.105 per share), representing the highest cash dividend since the Group's listing on the Singapore Exchange in 2006.

BOARD RENEWAL

Mr Yeo Teng Yang retired as the Lead Independent Director on 24 April 2019 and Mr Lim Siong Guan, who joined the Wilmar Board on 1 January 2018, has taken over the role. On behalf of the Board, I wish to convey our appreciation to Mr Yeo for his dedication and contributions during his nearly 13-year tenure on the Board.

I would like to warmly welcome Mr Teo Siong Seng and Mr Soh Gim Teik who were appointed Independent Non-Executive Directors on 1 May 2019 and 1 December 2019 respectively. The Board looks forward to invaluable insights from their vast experience and deep expertise.

APPRECIATION

No success can be achieved without the support of our staff, business partners and stakeholders. On behalf of the Group, thank you and we look forward to reaching greater heights with your continued support.

Kuok Khoon Hong

Chairman & Chief Executive Officer
13 March 2020