

CHAIRMAN'S MESSAGE

FY2020 IN REVIEW

I am pleased to report that the Group achieved a strong set of results for FY2020 amidst the challenges brought on by the Covid-19 pandemic situation. All core businesses recorded robust performances and this is a testament to the resilience of the business model that we have developed over the years.

The Group recorded a 18.6% jump in net profit to US\$1.53 billion in FY2020, on the back of good performance from both Food Products and Feed and Industrial Products segments. Performance of the Plantation and Sugar Milling segment also improved, due mainly to higher palm and sugar prices during the year. Overall sales volume grew 10.1% to 88.8 million MT in FY2020 (FY2019: 80.7 million MT) while revenue increased by 18.5% to US\$50.53 billion (FY2019: US\$42.64 billion).

Earnings per share rose to 24.1 US cents in FY2020, as compared to 20.4 US cents in FY2019. The Group's balance sheet remains strong, with total assets standing at US\$51.02 billion as at 31 December 2020 (FY2019: US\$47.05 billion) while shareholders' funds strengthened significantly to US\$18.88 billion (FY2019: US\$16.76 billion).

The Food Products segment reported a 18.3% increase in profit to US\$1.15 billion for FY2020 (FY2019: US\$974.5 million). Consumer products enjoyed a healthy volume growth driven by consumers' confidence in our products. As China recovers from the Covid-19 outbreak, we will continue to see a recovery in volume for our medium pack and bulk products from the hotels/restaurants/catering industry.

The Feed and Industrial Products segment recorded an increase of 26.3% in profit to US\$795.9 million for FY2020 (FY2019: US\$630.3 million) on the back of strong oilseed crushing volume and margin in the first half of the year due

to recovery of the hog sector in China. Overall volume rose by 10.9% to 58.1 million MT in FY2020 (FY2019: 52.4 million MT), driven mainly by better sales in both oilseeds and grains and sugar businesses.

The Plantation and Sugar Milling segment turned in a profit of US\$104.8 million in FY2020 from a loss of US\$41.3 million in FY2019, aided by firmer palm and sugar prices. Sugar performance improved despite a US\$20.0 million impairment of sugar milling assets in India.

Contributions from the Group's associates and joint ventures improved, mainly due to better results from our investments in Africa and Asia. Our share of results increased by 32.2% to US\$202.2 million (FY2019: US\$153.0 million).

In FY2020, we bought back about S\$190 million of Wilmar shares at an average price of S\$4.25 as we felt our shares were undervalued.

2020 HIGHLIGHTS

Despite the challenging Covid-19 pandemic situation during the year, we continued to expand our operations, especially in China, Indonesia, Vietnam and India as we see tremendous growth potential in our businesses in these countries.

China IPO

The initial public offering (IPO) of our China subsidiary, Yihai Kerry Arawana

Holdings Co., Ltd (YKA) raised about RMB13.93 billion, making it the largest in Shenzhen. YKA commenced trading on the Shenzhen Stock Exchange (SZSE) ChiNext Board on 15 October 2020 at RMB48.96 – almost double the IPO issue price of RMB25.70. Since its listing, YKA has been added to the following stock indices:

- MSCI China All Share Index on 29 October 2020;
- SZSE Component Index, ChiNext Index and SZSE 100 Index with effect from 14 December 2020; and
- MSCI Global Standard Index as at the close of 26 February 2021.

YKA was also included in the Shenzhen-Hong Kong Stock Connect with effect from 14 December 2020, thus enabling investors to trade in YKA shares through Hong Kong brokers. Market capitalisation of YKA as at 26 February 2021 was RMB485.23 billion, equivalent to approximately US\$75.12 billion.

The successful listing of YKA reflects investors' confidence in the Group's products and business model. We are very optimistic about China's economic outlook because of its efficient government and very able and industrious people and will accelerate our investment in the country.

India

We raised our interest in Shree Renuka Sugars Limited (SRSL) to 62.48% in September 2020. SRSL is the largest sugar refiner and a leading miller in



The successful listing of Yihai Kerry Arawana on the Shenzhen Stock Exchange ChiNext Board is a major milestone in Wilmar's growth journey.

India, which is the second largest sugar producer in the world. SRSL's prospects have improved because of higher sugar prices and greater encouragement of the ethanol industry by the Indian government.

Our 50:50 joint venture, Adani Wilmar Limited (AWL), is the largest edible oils refiner and consumer pack producer in India. It has expanded into rice and flour milling in recent years and is accelerating its expansion in these sectors as they are complementary businesses to edible oils and have good growth potential. AWL aims to be a major player in the agri and food business in India.

Indonesia

We have been expanding our flour and rice milling capacities in Indonesia as they are complementary to our existing business. Our palm oil refining and biodiesel businesses will benefit from the Indonesian government's continued support of the biodiesel programme.

Malaysia

Our new refinery in Port Klang and expansion of the OPO (Oleic-Palmitic-Oleic) plant in Pasir Gudang will be completed this year.

Vietnam

The Vietnamese economy continued to grow in 2020 despite the pandemic and its near-term outlook looks bright. To maintain our leadership position in our core businesses, we are expanding capacities of our edible oils refining, flour milling, grains value-added processing and soybean crushing operations.

Myanmar

In 2020, we acquired one rice mill in Kyaiklat. We are also building a rice mill in our Thilawa manufacturing complex which, when completed, will be the largest in Myanmar.

SUSTAINABILITY

We remain committed to a sustainable and responsible approach to how our agricultural and food products are manufactured, distributed and consumed.

Guided by our No Deforestation, No Peat, No Exploitation (NDPE) policy, first launched in 2013 and updated in 2019, we strive to protect our environment, prioritise people and human rights, and fulfil our responsibility to consumers and the marketplace. The NDPE policy extends to our entire supply chain and accordingly, we have in 2020 expanded our reporting scope and coverage beyond the Oil Palm Plantation and Sugar Milling segments to include all our major business segments.

We are honoured that our efforts are acknowledged by our inclusion in the Dow Jones Sustainability Asia Pacific Index on 16 November 2020. Wilmar was also assessed to be among the top three companies globally by the Sustainability Policy Transparency Toolkit developed by the Zoological Society of London. At the same time, the Group was ranked number one for the agriculture sector in the 2020 Corporate Human Rights benchmark.

Amid the Covid-19 pandemic, we stepped up efforts to safeguard the health, safety and well-being of our employees and communities. Apart from implementing safe management measures at the workplace, we did our part to support local governments and communities. We modified some of our factories to manufacture hand sanitisers and disinfectants according to World Health Organisation guidelines for distribution to staff and local communities. We also donated essential food items, masks, face shields, gloves and medical equipment. In 2020, we donated a record amount of US\$35.3 million to charitable purposes due to a greater need for help in the many countries in which we operate.

PROSPECTS

The Group's strategy of building an integrated agri and food business has proven its effectiveness in achieving long-term sustainable growth, despite fluctuations from time to time.

We are continuing to build more plants in existing and new complexes in new locations and to develop new high growth and complementary businesses like central kitchen, soy sauce, vinegar and yeast. This will widen our range of food products and improve our distribution network.

We see good prospects in all our business segments and the economic prospects of the major countries we operate in. We believe we will be able to build a very strong agri and food company.

DIVIDENDS

The Board has recommended a final dividend of S\$0.09 per share and a special dividend of S\$0.065 per share for FY2020 to commemorate the successful listing of YKA on the SZSE ChiNext Board. Including the interim dividend of S\$0.04 per share paid in August 2020, the total dividend for FY2020 is S\$0.195 per share (FY2019: S\$0.125 per share), representing the highest cash dividend since the Group's listing on the Singapore Exchange in 2006.

APPRECIATION

Wilmar has grown from strength to strength since our inception in 1991. On behalf of the Group, I would like to express our gratitude to our customers, business partners and staff for their loyalty, hard work and dedication, and to our shareholders and directors for their trust, patience and guidance. We are confident that with your continued support, we will achieve even greater success in future.

Kuok Khoon Hong

Chairman & Chief Executive Officer
10 March 2021