



FOOD PRODUCTS

This segment comprises the processing, branding and distribution of a wide range of edible food products including vegetable oils, sugar, flour, rice, noodles, specialty fats, snacks, bakery and dairy products, ready-to-eat meals and central kitchen products. These food products are sold in either consumer and medium packaging or in bulk.

We are the largest producer of consumer pack edible oils in the world, with leading positions in China, Indonesia, India, Vietnam, Sri Lanka and several African countries. We also have growing sales of rice, flour, noodles and condiments under a diverse brand portfolio. Our range of high-quality essential food products has enabled us to build extensive sales and distribution networks in many countries. Our consumer brands are well-established and renowned for their quality, having won numerous product awards (<https://www.wilmar-international.com/about-us/awards>) in their respective markets.

Market Trends

After three years of muted demand and lagged recovery from the Covid-19 pandemic in China, demand from the HORECA segment recovered steadily in 2023. Although demand for consumer products in China also improved during the year, we experienced weaker demand for food products in other markets. The impact of higher raw material prices continued to be felt in the first half of 2023, but subsequently eased off and led to an improvement in profitability trends in the second half of the year.

Looking beyond the year, we believe that the Online-to-Offline (O2O) sales model as well as our self-operated flagship stores, specialty stores and private e-commerce channels will gain traction as buying behaviours of consumers continue to evolve. We will also continue to strengthen our e-commerce sales channel.

Our Performance

For FY2023, pre-tax profit for the Food Products segment declined to US\$294.9 million (FY2022: US\$730.1 million), due to weaker margins as a result of high feedstock costs for the flour business during the first half of the year. This was further impacted by the absence of a gain on dilution of interest in AWL of US\$175.6 million, which was recognised in FY2022.

However, overall sales volume grew by 6% to 30.7 million MT in FY2023, with stronger volume recorded for medium pack and bulk products, in particular, for flour and rice products, which were in line with our expanded capacities.

Outlook & Strategy

We will focus on expanding our distribution channels and utilising our prominent brands, along with our R&D strengths, to develop a wider array of products including condiments and ready-to-eat meals. Additionally, we are working on producing lower cost and higher quality products to meet the changing preferences and behaviors of consumers.

Similar to the trend seen in 2023, demand for food products is expected to recover slightly as consumer sentiment and spending in countries such as China should continue to improve into 2024.

In India, we anticipate the fast-moving consumer goods sector to expand at a healthy rate due to rising disposable income as well as growth in the rural market, youth population and usage of e-commerce platforms. Our strategy in India is similar to China as we scale up our distribution network and develop our HORECA and exports channels.



Yihai Kerry Arawana's products listed on Chinese e-commerce platforms.