OPERATIONS REVIEW

A GLOBAL INTEGRATED AGRIBUSINESS

Wilmar's strategy is built on a resilient business model that spans the entire agricultural commodity value chain, from origination and processing to merchandising and manufacturing a wide range of branded consumer products. Over the years, we have made significant investments in creating an integrated agri and food business, which provides us with economies of scale, operational efficiencies and geographical diversity, making us one of the most efficient producers in the industry. Additionally, we own a fleet of liquid and dry bulk carriers to support our shipping needs. As of 31 December 2024, the Group owned and controlled tankers and dry bulk vessels with a total tonnage of about 2.8 million MT.

Our business operations are further bolstered by our research and development (R&D) activities, which aim to improve manufacturing processes, ensure product quality and consistency and develop new innovative products. Our R&D teams collaborate across borders and with external organisations to share knowledge and resources, enhancing our collective R&D efforts.

One of our key assets is our people. We believe we have some of the best people in the industry, who have been with us for many years and have played a crucial role in building our Group. Our business partners are another valuable asset who have contributed to the Group's success in many countries.

COMPANY DEVELOPMENTS

In FY2024, with the completion of many of our key projects, we continued to reduce our capital expenditure and concentrate on improving the efficiency of our operations.

Our sixth food park and central kitchen in Shenyang, China, commenced partial operations in June 2024. We continued to focus on fine-tuning the operations of our existing food parks to optimise their performance and efficiency. There are currently four food parks under construction.

Through our associate Adani Wilmar Limited (AWL) in India, we acquired a 67% stake in Omkar Chemicals Industries Private Limited to expand further downstream in the specialty chemicals sector. This strategic move will enhance AWL's capabilities in producing specialty chemicals for various industries, including home and personal care, food additives, agrochemicals, and lubricants and petrochemicals.

The integrated manufacturing complex in Gohana, Haryana, India, comprising the processing of wheat flour, rice, mustard oil, rice bran oil and cottonseed oil, was commissioned in January 2025. This complex will enable us to supply quality products at competitive costs.

In Pakistan, we increased our investment in Unity Foods Limited (UFL), a Pakistan-listed edible oils and fats producer, from 29% to 42% through a public offer.

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, ready-to-eat meals, central kitchen products, specialty fats, snacks, bakery, eggs, poultry and dairy 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 and a leading producer of consumer pack flour and rice in the world, with leading positions in China, Indonesia, India, Vietnam, Sri Lanka and several African countries. We also have growing sales of noodles and condiments. 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

In 2024, the Food Products business and industry saw slower growth and recovery. During the year, as market competition intensified, there was downward pressure on pricing and profit margin. However, the situation improved as raw material prices eased.

Increasingly, consumers in more countries such as China and India are demanding higher quality, safer, tastier, and more nutritious products, as well as traceability of the supply chain. E-commerce and quick commerce are also reshaping how essentials are purchased.

Our Performance

In FY2024, pre-tax profit for the Food Products segment improved 70% to US$502.1 million mainly as a result of the Group recognising a pre-tax gain from the share swap exercise of our China associates and joint venture, Luhua, in the second half of 2024. This was further aided by stronger sales volume across most of our product categories, which led to an 8% increase in overall sales volume to 33.0 million MT in FY2024. However, these improvements were partially offset by losses incurred by the Group's new ventures in the segment. Although these new ventures are not profitable yet, we believe they will strengthen the long-term potential of the Food Products segment.

Consumers in China now prioritise healthy and high-quality foods, such as sugar-free, low-sugar, low-fat, and organic options.

Sales Volume			
MT'000	FY2024	FY2023	Δ
Consumer Products	8,332	7,970	5%
Medium Pack and Bulk	24,668	22,712	9%
Total Food Products	**33,000**	**30,682**	**8%**

Outlook & Strategy

We will continue to expand our distribution networks as well as leverage our existing network to introduce new products. In line with trends observed in 2024, the demand for food products is expected to recover gradually as consumer sentiment in key markets, such as China, is expected to continue improving in 2025. We also expect to continue increasing our market share for the segment in the coming year, as we build on our reputation as a producer of quality and healthy food.

Our first food park in Hangzhou, China commenced operations in April 2022.

OPERATIONS REVIEW

FEED & INDUSTRIAL PRODUCTS

This segment comprises the processing, merchandising and distribution of animal feeds, non-edible palm and lauric products, oleochemicals and biodiesel.

We operate crushing plants in China, India, Vietnam, Malaysia, Indonesia, Philippines, Pakistan, Zimbabwe, Zambia, Nigeria, Ghana, Ivory Coast, Uganda and South Africa. We are one of the world's largest oilseeds crushers and we crush a wide range of oilseeds including soybeans, rapeseed, groundnut, sunflower seed, sesame seed and cotton seed. We are also one of the world's largest copra and palm kernels crushers as well as the world's largest producer of palm biodiesel and oleochemicals, offering a wide range of products from basic oleochemicals, derivatives to biofuels.

We also operate an integrated sugar business with milling, refining, ethanol production and merchandising. We are one of the world's largest sugar traders with offices in Singapore, Dubai, Geneva, Sao-Paulo, and Mexico, and trade about 16 million MT of raw and white sugar globally on an annual basis.

Oilseeds & Grains - Crushing

The year began with high global soybean stocks from the previous harvest, which led to falling prices. In 1Q2024, favorable weather conditions in South America contributed to expectations of a strong harvest, coupled with weak export demand from major importers like China, soybean prices continued to face downward pressure. By May 2024, prices recovered on downward revision of soybean production estimates due to lower-than-expected soy yields, which were affected by adverse climate conditions in some regions in Brazil.

However, soybean prices saw a sharp decline towards the second half of 2024 as soybean plantings in the United States of America (US) improved on favourable weather and crop developments, with the market anticipating a record 2024/25 US production. This also led to an increase in sales of US soybeans.

In August 2024, prices rebounded due to poor weather conditions in South America at the beginning of the planting season but retreated subsequently on better rainfall and planting progress in Brazil. Soybean prices remained range-bound for the rest of the year, ending the year at about 29% lower compared to the start of the year.

The demand for soybean meal in China grew marginally, bolstered by the decline in raw material prices.

Tropical Oils

Crude palm oil (CPO) prices started the year at RM3,605 and moved upward in the first quarter of 2024 due to seasonally low supply. In April 2024, prices declined due to unexpectedly high palm oil production and reduced export and domestic demand in Malaysia, which led to an inventory build-up. CPO prices remained rangebound for most of the second and third quarter of 2024.

The weaker-than-expected production in Indonesia towards the end of third quarter of 2024 saw CPO prices rally, resulting in palm oil trading at a premium to soybean oil. Prices hit a peak in November 2024 as Indonesia confirmed their plans to implement its B40 palm oil biodiesel mandate in January 2025, and the European Parliament approved a one-year delay of the implementation of the Regulation on Deforestation-free Products (EUDR). CPO prices retreated towards the end of 2024 on concerns over the implementation of B40 due to higher subsidy cost for biodiesel, and closed at RM4,861, up 35% from the beginning of the year.

Sugar

The year began with a bearish sugar price trend, driven by the expectation of bumper crops in centre-south Brazil, India, Thailand and the European Union (EU). As such, the market traded downwards, with sugar prices falling below 18 US cents per pound from the high of 24 US cents per pound at the start of the year. However, this downward trend was halted by adverse weather events that negatively impacted crops. Brazil experienced a historic drought, reducing its sugar production by a few million MT. Thailand also faced a prolonged drought, while Australia encountered excessive rainfall, which affected sugar content. The white premium declined due to aggressive exports from the EU and Ukraine. Nevertheless, the regional physical premium in our operating areas remained strong enough to offset this decline.

Our Performance

The Feed and Industrial Products segment posted a lower pre-tax profit of US$829.5 million in FY2024 on weaker performance from sugar merchandising activities in the second half of the year and continued challenging operating conditions for the tropical oils business. The oilseeds business enjoyed a higher crushing volume, especially in the second half of the year, due to lower raw material prices, which supported meal demand. Overall sales volume for the segment increased 12% to 68.7 million MT in FY2024.

Sales Volume

MT'000	FY2024	FY2023	Δ
Tropical Oils	25,585	24,722	3%
Oilseeds and Grains	27,453	23,249	18%
Sugar	15,662	13,298	18%
Total Feed & Industrial Products	**68,700**	**61,269**	**12%**

Outlook & Strategy

We expect the supply of soybeans from South America to be higher in 2025, hence, raw material costs are anticipated to be lower, which should help support demand.

For tropical oils, we anticipate that global demand will be subdued given palm oil's sustained premium over soybean oil going into 2025. However, Indonesian domestic demand should still be supported by the government's B40 biodiesel mandate.

The sugar market will be highly dependent on the centre-south Brazil crop, as other exporting markets will have limited availability.

Given the evolving geopolitical landscape, we will closely monitor developments such as regulatory changes and trade policies related to the commodities that we handle to ensure we can adapt our strategies accordingly.

Integrated manufacturing complex in Jingzhou, China.

OPERATIONS REVIEW

PLANTATION & SUGAR MILLING

This segment comprises oil palm plantation and sugar milling activities, which include the cultivation and milling of palm oil and sugarcane, as well as the production of compound fertilisers.

As at 31 December 2024, our total planted area for oil palm stands at 230,951 hectares (ha). Through joint ventures, we own plantations in Uganda and West Africa totalling approximately 60,000 ha. Wilmar also directly manages 36,030 ha under smallholder schemes in Indonesia and Africa, and another 175,737 ha under smallholder schemes through associates in Africa.

In recent years, we stepped up our re-planting programme and thus maintaining the average age of our plantations at a relatively young 13 years. This will support the medium to long-term growth of our plantation operations. Around 56% of the plantations are at the prime production age of seven to 18 years and 22% are at age six years and below.

We operate sugar cane and sugar beet mills in Australia, India, Myanmar and China. We are Australia's largest raw sugar producer accounting for more than half of Australia's raw sugar. Each year we crush about 15 million MT of sugarcane to make around two million MT of raw sugar. About 80% of the raw sugar we produce is shipped to overseas markets.

We own 62% of Shree Renuka Sugars Limited (SRSL), the leading sugar company in India. SRSL has a cane crushing capacity of 9.2 million MT per annum and ethanol distillery capacity of 1,250 kilolitres per day. In Myanmar, we have a total sugar production capacity of 1.4 million MT and a bioethanol plant. In China, we process sugar beet in Inner Mongolia.

Our Performance

In FY2024, the Plantation and Sugar Milling segment's pre-tax profit decreased 46% to US$269.1 million mainly due to the absence of the US$231.0 million gain recognised on disposal of our Moroccan associate, Cosumar, in FY2023. Furthermore, the sugar milling business was impacted by the temporary change in ethanol production policy in India in the first half of 2024, as well as lower sugar prices and sales volume during the year.

This was cushioned by better performance from the palm plantation business which benefitted from higher palm oil prices in second half of the year. In oil palm plantations, poorer weather conditions resulted in a lower production yield of 19.5 MT per hectare for FY2024, which resulted in an 8% decline in fresh fruit bunches (FFB) production to 4.1 million MT.

Sales Volume

MT'000	FY2024	FY2023	Δ
Sugar Milling	3,090	3,565	-13%

FFB Production

MT	FY2024	FY2023	Δ
Oil Palm Plantation	4,109,244	4,450,452	-8%

Outlook & Strategy

Oil palm production for the industry is projected to increase slightly in 2025, particularly in Indonesia, as the impact of El Niño subsides. In the long term, we anticipate oil palm production will level off as new plantings decline due to stricter sustainability standards and limited suitable land. However, we will continue to explore ways to enhance FFB yields without expanding our land area.

For sugar milling, we should see some impact on the sugarcane crop in Australia, affected by the recent floods.