

Wilmar International (WIL SP) : BUY

Mkt. Cap: US\$14,908m | **3m Avg. Daily Val:** US\$11.1m

Last Traded Price (11 Mar 2019): S\$3.20

Price Target 12-mth: S\$3.60 (13% upside)

Analyst

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Building an Asia-Pacific consumer food empire

- Acquiring remaining 50% stake in Goodman Fielder Pty Limited
- Deal for US\$180m cash; also acquiring existing shareholder loans for US\$95m, with another US\$50m payable by Wilmar subject to performance
- Wilmar continues to build its consumer food business
- Maintain BUY, TP S\$3.60

Forecasts and Valuation

FY Dec (US\$m)	2017A	2018A	2019F	2020F
Revenue	43,574	44,498	41,548	42,235
EBITDA	2,397	2,937	2,621	2,777
Pre-tax Profit	1,563	1,574	1,498	1,565
Net Profit	1,196	1,128	1,108	1,158
Net Pft (Pre Ex.)	1,002	1,308	1,108	1,158
Net Pft Gth (Pre-ex) (%)	4.1	30.5	(15.2)	4.5
EPS (S cts)	25.4	23.9	23.5	24.6
EPS Pre Ex. (S cts)	21.2	27.7	23.5	24.6
EPS Gth Pre Ex (%)	4	31	(15)	5
Diluted EPS (S cts)	25.4	23.9	23.5	24.6
Net DPS (S cts)	9.93	9.37	9.21	9.62
BV Per Share (S cts)	339	340	350	362
PE (X)	12.6	13.4	13.6	13.0
PE Pre Ex. (X)	15.1	11.5	13.6	13.0
P/Cash Flow (X)	49.7	10.1	4.3	10.2
EV/EBITDA (X)	13.1	11.6	12.4	11.8
Net Div Yield (%)	3.1	2.9	2.9	3.0
P/Book Value (X)	0.9	0.9	0.9	0.9
Net Debt/Equity (X)	0.9	1.1	1.0	0.9
ROAE (%)	7.9	7.0	6.8	6.9

Source of all data on this page: Company, DBSVI, DBS Bank, Bloomberg Finance L.P.

Company Guide



Summary of our point of view, and highlights the relevant data points, which are actively tracked

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What's New

Acquiring remaining 50% stake in Goodman Fielder for up to U\$325m. Wilmar International (WIL) will be acquiring the remaining 50% stake in Goodman Fielder Pty Limited that it doesn't already own, from Oceanica Developments Limited, an indirect wholly-owned subsidiary of First Pacific Company Limited for a cash consideration of US\$180m. WIL will also acquire existing shareholder loans extended by Oceanica for US\$95m. Another US\$50m may be payable to Oceanica after FY2020, subject to certain earnings targets.

Wilmar's existing 50% stake acquired in 2015. The acquisition of Goodman Fielder's entire share capital for c.US\$1bn was completed in 2015. Goodman Fielder was subsequently delisted from the Australian and New Zealand Stock Exchanges. Post the acquisitions, WIL went through a major restructuring and, among other initiatives, consolidated production sites. The offer represented approx. 7.5x EV/EBITDA.

Popular consumer brands under Goodman Fielder; Wilmar continues to build a leading consumer foods business. Goodman Fielder is primarily engaged in the manufacturing, marketing and distribution of food ingredients and consumer branded food, beverages and



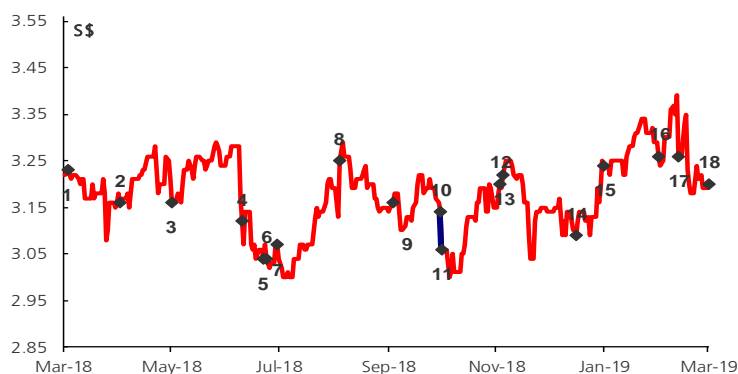
Flash Note

related products; including packaged bread and other related goods, dairy products, flour, edible oils and meal components in Australasia. It owns popular brands including Praise, Olive Grove, Meadow Fresh, Meadow Lea, Flame, Tuckers, Crest, White Wings and Pilot. WIL is of the view that under its full ownership and management, there could be significant improvements in Goodman Fielder's performance. According to First Pacific, Goodman Fielder posted revenue of US\$792m, EBITDA of US\$50m, core profit of US\$21m for 1H2018, with a total equity of US\$613m as of 30 Jun 2018.

Recommendation

Maintain BUY, TP S\$3.60. We maintain our BUY call on WIL and believe that its full ownership of Goodman Fielder will bode well for WIL as the latter continues to leverage its existing distribution networks to grow export sales of Goodman Fielder's products and build its presence within Asia. WIL has embarked on a long term strategy of building a consumer products portfolio which provides a more steady recurring income. In the long term, we expect WIL to extend the penetration of its well-established brands via its vast distribution networks in Asia's growing markets, which will provide upside potential for earnings.

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	13 Mar 18	3.23	3.65	BUY
2:	12 Apr 18	3.16	3.65	BUY
3:	11 May 18	3.16	3.65	BUY
4:	20 Jun 18	3.12	3.65	BUY
5:	02 Jul 18	3.04	3.50	BUY
6:	04 Jul 18	3.04	3.50	BUY
7:	10 Jul 18	3.07	3.50	BUY
8:	14 Aug 18	3.25	3.61	BUY
9:	13 Sep 18	3.16	3.61	BUY
10:	10 Oct 18	3.14	3.59	BUY
11:	11 Oct 18	3.06	3.59	BUY
12:	13 Nov 18	3.20	3.59	BUY
13:	15 Nov 18	3.22	3.59	BUY
14:	26 Dec 18	3.09	3.59	BUY
15:	11 Jan 19	3.24	3.59	BUY
16:	11 Feb 19	3.26	3.59	BUY
17:	22 Feb 19	3.26	3.60	BUY
18:	11 Mar 19	3.20	3.60	BUY

Source: DBSVI, DBS Bank

Analyst: William Simadiputra
Rui Wen LIM

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DBSVI, DBS Bank recommendations are based on Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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Sources for all charts and tables are DBSVI, DBS Bank unless otherwise specified.

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