

# Singapore Company Update

# Wilmar International

Bloomberg: WIL SP | Reuters: WLILSI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

21 Jan 2021

## BUY

Last Traded Price (20 Jan 2021): S\$5.34 (STI : 2,998.77)  
Price Target 12-mth: S\$6.67 (25% upside) (Prev S\$5.28)

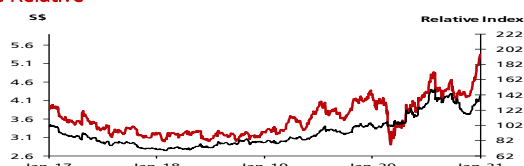
### Analyst

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### What's New

- Wilmar to benefit from the success of its well-established brand, and after a decade of investments in its distribution channels and production facilities
- Hence, we believe that Wilmar deserves higher a valuation multiple than its CPO plantation peers
- Raise FY21-22F earnings by 7% on stronger topline growth and profitability
- Lift TP to S\$6.67, maintain BUY

### Price Relative



### Forecasts and Valuation

FY Dec (US\$m)	2019A	2020F	2021F	2022F
Revenue	42,641	42,219	44,270	46,715
EBITDA	2,978	3,099	3,332	3,345
Pre-tax Profit	1,742	1,958	2,005	2,094
Net Profit	1,293	1,449	1,483	1,543
Net Pft (ex. BA gains)	1,273	1,449	1,483	1,543
Net Pft (Pre Ex.)	1,235	1,449	1,483	1,543
Net Pft Gth (Pre-ex) (%)	(5.3)	17.4	2.4	4.0
EPS (S cts)	26.9	30.1	30.8	32.0
EPS Pre Ex. (S cts)	25.6	30.1	30.8	32.0
EPS Gth Pre Ex (%)	(5)	17	2	4
Diluted EPS (S cts)	26.9	30.1	30.8	32.0
Net DPS (S cts)	12.1	13.5	13.9	14.4
BV Per Share (S cts)	348	366	383	401
PE (X)	19.9	17.7	17.3	16.7
PE Pre Ex. (X)	20.8	17.7	17.3	16.7
P/Cash Flow (X)	7.7	27.3	18.1	18.7
EV/EBITDA (X)	15.0	14.7	13.8	13.8
Net Div Yield (%)	2.3	2.5	2.6	2.7
P/Book Value (X)	1.5	1.5	1.4	1.3
Net Debt/Equity (X)	1.0	1.0	1.0	0.9
ROAE (%)	7.9	8.4	8.2	8.2
<b>Earnings Rev (%):</b>		7	7	7
<b>Consensus EPS (S cts):</b>		29.2	31.4	33.9
<b>Other Broker Recs:</b>		B: 13	S: 1	H: 1

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



### Brain Box

(Our NEW Pilot Research Platform) is available to Institutional Investors on Demand. Please contact your DBSV Institutional Sales contact for a demonstration.

## Deserves higher valuation multiples

### Investment Thesis

Wilmar set to reap the benefits after a decade of investments to deliver steady profit performance. Wilmar's strong earnings growth momentum from both its China and ex-China operations should support Wilmar's share price performance and close the valuation gap with its China subsidiary YKA. Beside its well-integrated platform, we think Wilmar should trade at higher multiples on better market liquidity than YKA.

**Strong food demand to underpin margin uptrend.** Wilmar's profitability has been expanding in the last three years and is expected to remain firm from its growing exposure to higher-margin branded grocery food segment. Wilmar is expected to continue to post sublime 2021 earnings performance, mainly driven by YKA in China.

**Riding on China's growing food industry.** Based on current trends, the COVID-19 situation in China seems to be under control as well as a recovering economy, we expect domestic consumption of oilseeds and other food products to continue benefitting Wilmar.

### Valuation:

We used sum-of-the-parts (SOTP) valuation methodology to arrive at a target price (TP) of S\$6.67, which implies 21x FY21F PE. Wilmar should trade at a higher PE multiple on emerging foot print in consumer branded products segment, which helps Wilmar to achieve better margins.

### Where we differ:

**First mover in capitalising on strong food demand.** Wilmar has consistently posted US\$300m-400m earnings per quarter supported by its strong presence in China and ex-China food and tropical oil industries.

### Key Risks to Our View:

**Worse-than-expected second wave of COVID-19 could lead to global recession.** Worse-than-expected fatality rates caused by COVID-19 may lead to a more severe impact on China's economy and affect Wilmar's operations in China.

### At A Glance

Issued Capital (m shrs)	6,316
Mkt. Cap (S\$m/US\$m)	33,729 / 25,371
Major Shareholders (%)	
Archer-Daniels-Midland Co	22.2
Kuok Brothers Sdn Bhd	18.6
Kerry Group Ltd	5.8
Free Float (%)	48.0
3m Avg. Daily Val (US\$m)	33.6

GIC Industry : Consumer Staples / Agricultural Products



Live more, Bank less

## Wilmar International

### WHAT'S NEW

#### On the ascend

##### Excellent play on rising global food demand

The momentum on global food market is upbeat amid the lingering COVID-19 pandemic. Food security and stricter safety standards have become important aspects in the food industry in 2021, especially in China. These factors will benefit food producers with well-established supply chains and exposure to basic, staple food such as cooking oil, flour and rice, such as Wilmar International.

Firm commodity prices followed by Wilmar's high margin potential e.g. China's soy crushing margin uptrend, are likely to boost Wilmar's earnings performance in 2021. We believe the normalising hog population in China also helps the soymeal demand improvement and further recovery in crushing plants utilization rate.

Wilmar has had a decade of investing and establishing leading market shares and brands in several strategic food segments such as consumer pack vegetable oil, modern channel packaged rice. Coupled with its extensive distribution network in China, India and Indonesia, we believe Wilmar can leveraging on its presence to dive further downstream such as into the condiments segment.

##### FY21F/22F earnings raised by 7% each – well established supply chain will keep margins firm

We believe Wilmar could top our expectations in 4Q20. We have also raised Wilmar's FY21F earnings to US\$1.48bn, as we expect Wilmar to benefit from strong food demand despite higher input cost potential amid current high commodities price.

Wilmar owns 43 & 16 liquid & dry bulk vessels, which reduce its dependency on third party chartered vessel availability and pricing, while minimising logistic congestion. Hence, Wilmar should be able to maintain, if not expand, its dominance in China's food industry. It has a presence in major commodity producer countries such as Indonesia with 8 ports, as well as 7 ports in China. This also helps Wilmar to keep its operational cost in check.

Wilmar's strong performance in 2020 has helped to prove its food business model's resiliency in various commodity price and economy cycles, and we believe its earnings and

profitability performance should remain steady on firmer food demand post COVID-19.

##### Maintain BUY with higher TP of S\$6.67

We believe Wilmar's valuation can further re-rate post Yihai Kerry Arawana (YKA)'s successful listing and firm 3Q20 earnings performance as 1) Wilmar can further benefit from its supply chain investment in China and the larger Asia market 2) there is available installed capacity to meet growing food demand especially around the upcoming CNY festive season.

Wilmar's current share price does not reflect its (i) presence in commodity producing countries which will enable it to efficiently produce high value consumer branded products, (ii) well established supply chain system, and (iii) successful YKA listing with higher valuation multiple than Wilmar's.

Wilmar's valuation is still lower than a decade ago in 2009-2010 (FY09-10 PE was 23x-25x, shares peaked at S\$7.11) – back then, the share price performance was solely driven by bullish commodities price, in our view. However, even at current share price, the market is still ignoring Wilmar's improved supply chain capabilities and market share after a decade of investment in downstream production facilities, distribution channels and branded products, instead of just relying on the commodity price cycle.

Thus, Wilmar deserves to re-rate from 13x-14x PE level, or its five year average PE multiple and which prices Wilmar as a plantation stock, to higher multiple level of 23x-25x in our view. This is supported by the spin-off of YKA in China, which is currently trading at over 40x PE. YKA current market capitalization is more than double vs. Wilmar's today.

Wilmar's TP of S\$6.67 is based on sum of parts (SOP) methodology. This implies 21x FY21F PE. We have pegged 60% of Wilmar's 2021 NPAT, which we assume is YKA's contribution, at 23.8x PE, while the balance of 40% is pegged at 17x PE. We believe our valuation is conservative, considering that YKA is trading at above 40x PE, while the plantation universe is trading at 15x-20x PE.

## Wilmar International

### Company Background

Wilmar International (Wilmar) is an integrated agribusiness company. It is involved in oil palm cultivation, edible oil refining, oilseed crushing, consumer pack edible oil

processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grain processing and merchandising. Wilmar also manufactures and distributes fertilisers and owns a fleet of vessels.

### Wilmar's PE multiple is within the CPO plantation average, but Wilmar has evolved into a well integrated food producer

	Est. land bank (ha.)	20F own mat. (ha.)	20F own planted (ha.)	Share price 20-January-2021	Market cap (m)	Adjusted plantation EV (m)		Adjusted 20F EV/planted (own)	Adjusted 20F EV/mature (own)	CY PER, x		FY Div. yield, %		EPS growth (inc. BA gains), %		FY Net gearing, %		FYEV/ EBITDA, x		19-21F own FFB vol CAGR %	19-21F EPS CAGR %	12-month Rec target price	Basis		
						20F	21F			20F	21F	20F	21F	20F	21F	20F	21F								
<b>Indonesia</b>																									
Astra Agro L.	n/a	220,501	236,311	Rp	11,700	US\$ 1,601	US\$ 2,004	US\$ 8,481	US\$ 9,089	25.0	22.5	0.4	1.5	32.7	11	13	9	8.6	8.7	-2.7	117.6	H	Rp	10,400	DCF
London Sum.*	215,917	87,917	97,032	Rp	1,265	US\$ 614	US\$ 526	US\$ 5,418	US\$ 5,980	23.0	19.6	1.2	1.8	48	17	NC	NC	15.2	11.8	1.2	31.7	B	Rp	1,700	DCF
<b>Simple avg</b>					<b>US\$ 2,215</b>		<b>US\$ 6,949</b>	<b>US\$ 7,534</b>	<b>24.0</b>	<b>21.1</b>								<b>11.9</b>	<b>10.2</b>						
<b>Malaysia</b>																									
Felda Global V	355,864	285,638	338,161	RM	1.30	US\$ 1,171	US\$ 2,815	US\$ 8,324	US\$ 9,855	80.1	31.7	0.8	1.1	NM	NM	93	100	11.7	10.4	2.5	24.2		RM	1.45	DCF
Genting Plant.	150,912	119,794	151,052	RM	9.75	US\$ 2,160	US\$ 2,362	US\$ 15,639	US\$ 19,720	41.3	30.8	0.6	0.8	49	34	27	27	22.0	18.2	0.2	197.0	H	RM	9.35	SOP
IOI Corp**	220,593	158,081	178,162	RM	4.45	US\$ 6,885	US\$ 5,939	US\$ 33,336	US\$ 37,571	40.6	71.7	1.7	1.2	-28	69	27	24	23.5	19.3	-1.1	55.3	H	RM	4.35	DCF
KL Kepong	245,905	186,645	224,712	RM	23.76	US\$ 6,327	US\$ 5,353	US\$ 23,822	US\$ 28,680	29.8	37.9	1.1	1.6	38	12	20	17	16.2	14.8	3.3	5.4	B	RM	27.00	DCF
SD Plant.	647,373	494,546	599,992	RM	4.98	US\$ 8,465	US\$ 9,775	US\$ 16,292	US\$ 19,766	35.4	62.9	0.7	0.9	418	70	45	43	16.3	12.8	1.6	19.8	B	RM	5.80	SOP
TSH Res.	82,841	34,627	44,193	RM	1.08	US\$ 368	US\$ 612	US\$ 13,858	US\$ 17,686	23.4	15.8	0.7	1.1	63	48	83	74	11.5	9.6	4.5	n.a	B	RM	1.25	DCF
<b>Simple avg</b>					<b>US\$ 25,375</b>		<b>US\$ 18,545</b>	<b>US\$ 22,213</b>	<b>41.8</b>	<b>41.8</b>								<b>16.9</b>	<b>14.2</b>						
<b>Singapore</b>																									
Bumitama A.	191,561	120,689	132,643	S\$	0.56	US\$ 730	US\$ 1,199	US\$ 9,037	US\$ 9,932	12.8	12.2	4.2	4.2	6	4	60	35	9.9	8.2	5.2	5.4	B	S\$	0.66	DCF
First Resource	312,488	169,987	184,072	S\$	1.68	US\$ 1,994	US\$ 2,270	US\$ 12,333	US\$ 13,355	16.0	14.8	1.7	1.5	33	8	19	15	8.5	8.2	3.1	19.8	B	S\$	1.70	DCF
Indofood Agri*	541,224	208,695	249,267	S\$	0.30	US\$ 315	US\$ 682	US\$ 2,734	US\$ 3,266	15.6	10.8	0.0	0.0	NM	NM	45	42	8.4	7.3	1.8	40.6	H	S\$	0.33	DCF
Wilmar Intl	573,401	221,911	249,935	S\$	5.26	US\$ 24,991	US\$ 2,509	US\$ 10,040	US\$ 11,308	16.5	16.2	2.3	2.6	12	2	99	95	14.6	13.7	1.6	7.1	B	S\$	6.67	SOTP
<b>Simple avg</b>					<b>US\$ 29,893</b>		<b>US\$ 9,136</b>	<b>US\$ 9,758</b>	<b>14.0</b>	<b>10.9</b>								<b>8.3</b>	<b>7.5</b>						

\*Including rubber and other crops  
\*\*Excluding effective stake in associates land bank

Source : Bloomberg Finance L.P., DBSVI, DBS Bank estimates

### YKA's net profit contribution is pegged at 23x PE multiple despite trading at above 40x PE

Ex. China NPATMI	China NPATMI	Blended PE (X)		DBS Wilmar 2021 NPATMI (US\$m)	Wilmar US\$ Market Cap (US\$m)	Wilmar S\$ Market Cap (S\$m)	Share price (S\$)
		40%	60%				
	17	13.8	15.1		22,369.67	30,199.06	4.77
	17	14.8	15.7		23,259.71	31,400.61	4.96
	17	15.8	16.3		24,149.75	32,602.17	5.15
	17	16.8	16.9		25,039.79	33,803.72	5.34
	17	17.8	17.5		25,929.83	35,005.27	5.53
	17	18.8	18.1		26,819.87	36,206.83	5.72
	17	19.8	18.7		27,709.91	37,408.38	5.91
	17	20.8	19.3		28,599.95	38,609.94	6.10
	17	21.8	19.9	1,483.4	29,489.99	39,811.49	6.29
	17	22.8	20.5		30,380.03	41,013.04	6.48
	17	23.8	21.1		31,270.07	42,214.60	6.67
	17	24.8	21.7		32,160.11	43,416.15	6.86
	17	25.8	22.3		33,050.15	44,617.71	7.05
	17	26.8	22.9		33,940.19	45,819.26	7.24
	17	27.8	23.5		34,830.23	47,020.81	7.42
	17	28.8	24.1		35,720.27	48,222.37	7.61
	17	29.8	24.7		36,610.31	49,423.92	7.80

SGD/USD 1.35

Shares Outstanding 6,333m shares

Assuming China NPATMI 60% of WIL's consolidated NPATMI

Source : Bloomberg Finance L.P., DBSVI, DBS Bank estimates

Wilmar International

Wilmar's multiple can potentially re-rate to be in line with consumer stocks on further profitability and ROE improvements

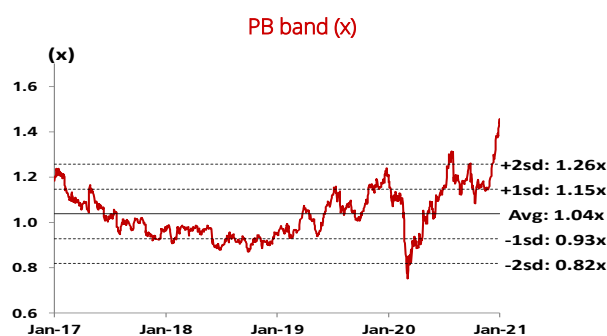
			FY20	FY21	FY22	FY20	FY21	FY22	12M Trailing	
Meat processors, agriculture crushing	COFCO Meat	1610 HK Equity	2.9	2.8	2.8	6.2	6.7	7.7	54.9	
	China Food	506 HK Equity	13.4	11.4	11.4	5.6	4.9	4.4	10.0	
Frozen seafoods	Fujian Anjoy	603345 CH Equity	79.2	59.3	59.3	50.0	38.2	30.4	17.2	
	Wilmar International Ltd*	WIL SP Equity	17.5	17.1	16.4	14.6	13.7	13.7	9.2	
	<b>DBS YKA assumption</b>		<b>24.3</b>	<b>23.8</b>	<b>22.8</b>	<b>14.9</b>	<b>15.4</b>	<b>15.3</b>		
	Yihai Kerry Arawana Holdin	300999 CH Equity	95.6	85.2	85.2	51.3	45.9	43.4	8.7	
Consumer staples/foods	Tingyi	322 HK Equity	16.1	16.0	16.0	6.1	6.1	5.8	22.6	
	Uni-President	220 HK Equity	19.7	18.7	18.7	8.6	8.3	7.8	10.8	
	Want Want	151 HK Equity	13.6	13.2	13.2	7.8	7.5	7.6	28.8	
	Three Squirrels Inc	300783 CH Equity	64.3	44.7	44.7	35.8	23.0	16.2	15.9	
	Kweichow Moutai Co Ltd	600519 CH Equity	56.2	47.2	47.2	39.0	32.6	27.3	32.6	
	Inner Mongolia Yili Industri	600887 CH equity	38.9	32.9	32.9	25.3	21.5	18.5	27.8	
	Juwei Food Co Ltd	603517 CH Equity	64.0	46.4	46.4	43.2	32.9	27.7	16.7	
	Bestore Co Ltd	603719 CH Equity	76.4	54.7	54.7	44.9	32.9	27.1	27.3	
Condiment & soy sauce producer	Foshan Haitian	603288 CH Equity	98.2	82.7	82.7	81.9	68.9	57.7	36.6	
	Kitchen Foods	Chongqing Fuling Zhacai Gr	002507 CH Equity	49.8	42.4	42.4	39.0	33.2	28.4	23.2
		Yihai International Holding	1579 HK Equity	96.0	70.0	70.0	65.3	47.7	36.8	34.3
		Jiangsu Hengshun Vinegar li	600305 CH Equity	76.2	64.0	64.0	51.9	44.1	36.1	13.5
		Jonjee Hi-Tech Industrial An	600872 CH Equity	62.0	49.8	49.8	42.4	34.6	28.6	20.6
		Foshan Haitian Flavouring	603288 CH Equity	98.2	82.7	82.7	81.9	68.9	57.7	36.6
	Sichuan Teway Food Group	603317 CH Equity	91.7	67.0	67.0	82.2	58.3	41.3	22.0	

Source : Bloomberg Finance L.P., DBSVI, DBS Bank estimates

Historical PE and PB band – Wilmar has been trading at around 14x-15x PE in 2018-2020, similar to valuation of plantation stocks

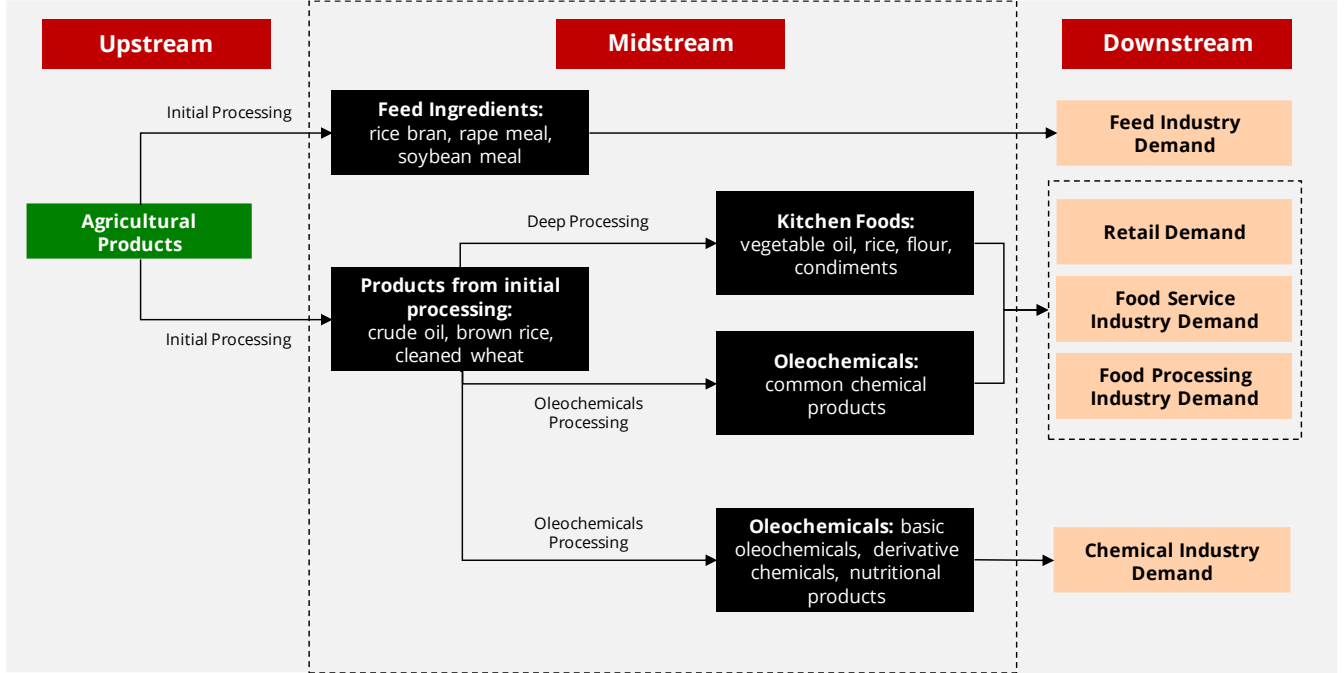


Source: Bloomberg Finance L.P., DBSVI, DBS Bank estimates



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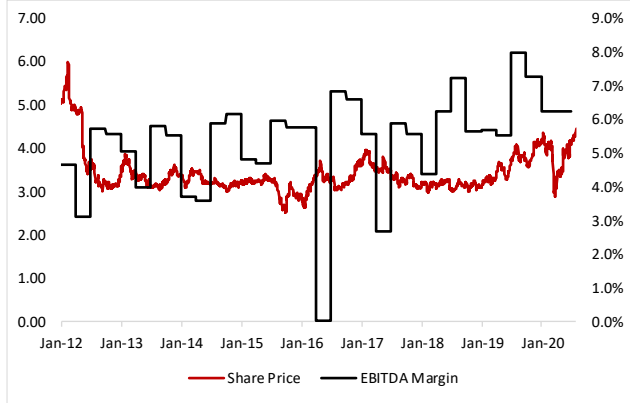
Integrated platform to efficiently capture strong demand from lucrative food industry



Source : Bloomberg Finance L.P., DBSVI, DBS Bank estimates

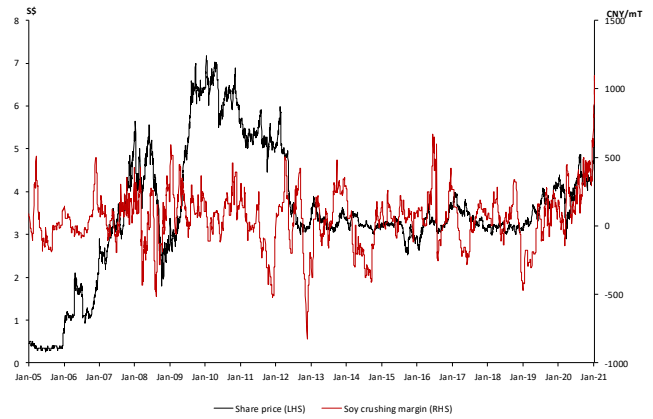
Wilmar International

**EBITDA margin improvement to support share price performance**



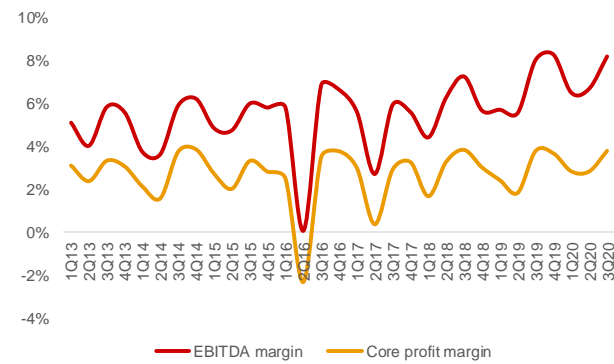
Source: Company, DBS Bank

**Improving crushing margin in China bodes well for food processors like Wilmar**



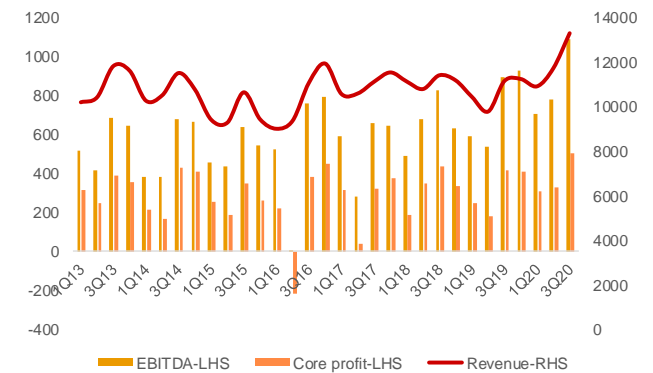
Source: Company, DBS Bank

**Consistent margin expansion since 2Q16 low**



Source: Company, DBS Bank

**Earnings performance to support valuation re-rating to consumer stock territory for Wilmar**



Source: Company, DBS Bank

## Wilmar International

## Key Assumptions

FY Dec	2018A	2019A	2020F	2021F	2022F
CPO price (RM/MT)	2,340	2,090	2,450	2,540	2,560
Oilseeds & grains pretax	23.9	17.5	31.3	33.9	36.0
Tropical oils pretax	21.9	24.1	27.6	25.6	22.0
Sugar pretax (US\$/MT)	(10.48)	0.34	0.94	1.07	2.80
Oil palm planted area	244,935	249,935	254,935	259,935	264,935

## Segmental Breakdown

FY Dec	2018A	2019A	2020F	2021F	2022F
<b>Revenues (US\$ m)</b>					
Tropical oils	16,766	15,350	17,157	17,658	17,809
Oilseeds & grains	23,035	18,386	21,213	22,300	24,086
Sugar	3,585	4,033	4,240	4,731	5,266
Others	2,297	2,155	2,260	2,371	2,487
Elimination	(1,185)	2,716	(2,652)	(2,789)	(2,932)
<b>Total</b>	<b>44,498</b>	<b>42,641</b>	<b>42,219</b>	<b>44,270</b>	<b>46,715</b>
<b>Pretax (US\$ m)</b>					
Tropical oils	547	597	678	627	538
Oilseeds & grains	875	528	1,016	1,120	1,290
Sugar	(123)	4	12	14	40
Others	20	14	15	13	14
Unallocated costs	250	599	237	229	212
<b>Total</b>	<b>1,569</b>	<b>1,742</b>	<b>1,958</b>	<b>2,005</b>	<b>2,094</b>
<b>Pretax Margins (%)</b>					
Tropical oils	3.3	3.9	4.0	3.6	3.0
Oilseeds & grains	3.8	2.9	4.8	5.0	5.4
Sugar	(3.4)	0.1	0.3	0.3	0.8
Others	0.9	0.6	0.6	0.6	0.6
<b>Total</b>	<b>3.5</b>	<b>4.1</b>	<b>4.6</b>	<b>4.5</b>	<b>4.5</b>

## Income Statement (US\$ m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Revenue	44,498	42,641	42,219	44,270	46,715
Cost of Goods Sold	(40,107)	(38,154)	(37,890)	(39,642)	(41,949)
<b>Gross Profit</b>	<b>4,390</b>	<b>4,486</b>	<b>4,329</b>	<b>4,628</b>	<b>4,766</b>
Other Opg (Exp)/Inc	(2,600)	(2,539)	(2,366)	(2,481)	(2,619)
<b>Operating Profit</b>	<b>1,790</b>	<b>1,947</b>	<b>1,962</b>	<b>2,147</b>	<b>2,147</b>
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & IV Inc	310	153	274	274	249
Net Interest (Exp)/Inc	(352)	(417)	(278)	(416)	(302)
Exceptional Gain/(Loss)	(180)	59	0	0	0
<b>Pre-tax Profit</b>	<b>1,569</b>	<b>1,742</b>	<b>1,958</b>	<b>2,005</b>	<b>2,094</b>
Tax	(350)	(372)	(414)	(424)	(443)
Minority Interest	(95)	(77)	(95)	(97)	(108)
Preference Dividend	0	0	0	0	0
<b>Net Profit</b>	<b>1,124</b>	<b>1,293</b>	<b>1,449</b>	<b>1,483</b>	<b>1,543</b>
Net Profit before Except.	1,304	1,235	1,449	1,483	1,543
Net Pft (ex. BA gains)	1,145	1,273	1,449	1,483	1,543
EBITDA	2,933	2,978	3,099	3,332	3,345
<b>Growth</b>					
Revenue Gth (%)	2.1	(4.2)	(1.0)	4.9	5.5
EBITDA Gth (%)	22.4	1.6	4.1	7.5	0.4
Opg Profit Gth (%)	28.5	8.8	0.8	9.4	0.0
Net Profit Gth (%)	(6.0)	15.1	12.0	2.4	4.0
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	9.9	10.5	10.3	10.5	10.2
Opg Profit Margin (%)	4.0	4.6	4.6	4.9	4.6
Net Profit Margin (%)	2.5	3.0	3.4	3.4	3.3
ROAE (%)	7.0	7.9	8.4	8.2	8.2
ROA (%)	2.6	2.8	3.2	3.3	3.2
ROCE (%)	3.6	3.7	3.7	4.0	3.9
Div Payout Ratio (%)	43.5	45.0	45.0	45.0	45.0
Net Interest Cover (x)	5.1	4.7	7.1	5.2	7.1

Source: Company, DBSVI, DBS Bank

## Wilmar International

## Quarterly Income Statement (US\$ m)

FY Dec	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019
Revenue	11,190	10,444	9,782	11,164	11,250
Cost of Goods Sold	(10,127)	(9,433)	(8,872)	(9,852)	(9,997)
<b>Gross Profit</b>	<b>1,063</b>	<b>1,011</b>	<b>910</b>	<b>1,312</b>	<b>1,253</b>
Other Oper. (Exp)/Inc	(676)	(620)	(610)	(635)	(674)
<b>Operating Profit</b>	<b>387</b>	<b>391</b>	<b>300</b>	<b>677</b>	<b>579</b>
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	153	21	22	25	85
Net Interest (Exp)/Inc	(110)	(108)	(121)	(106)	(82)
Exceptional Gain/(Loss)	(130)	1	(40)	81	17
<b>Pre-tax Profit</b>	<b>301</b>	<b>305</b>	<b>160</b>	<b>677</b>	<b>600</b>
Tax	(67)	(42)	(20)	(168)	(141)
Minority Interest	(39)	(5)	(12)	(32)	(39)
<b>Net Profit</b>	<b>195</b>	<b>257</b>	<b>128</b>	<b>477</b>	<b>420</b>
Net profit bef Except.	324	256	168	396	403
EBITDA	784	614	563	919	906

## Growth

Revenue Gth (%)	(2.0)	(6.7)	(6.3)	14.1	0.8
EBITDA Gth (%)	(12.1)	(21.7)	(8.4)	63.2	(1.3)
Opg Profit Gth (%)	(38.0)	1.0	(23.4)	125.8	(14.4)
Net Profit Gth (%)	(51.9)	32.1	(50.3)	273.3	(11.8)

## Margins

Gross Margins (%)	9.5	9.7	9.3	11.8	11.1
Opg Profit Margins (%)	3.5	3.7	3.1	6.1	5.2
Net Profit Margins (%)	1.7	2.5	1.3	4.3	3.7

## Balance Sheet (US\$ m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Net Fixed Assets	9,345	9,851	9,908	9,841	9,693
Invts in Associates & JVs	3,715	3,103	3,377	3,651	3,900
Other LT Assets	6,362	8,520	8,716	8,863	9,014
Cash & ST Invts	5,163	5,745	2,848	3,455	4,191
Inventory	7,911	7,961	7,881	8,246	8,725
Debtors	11,868	11,530	11,583	12,146	12,817
Other Current Assets	1,348	339	339	339	339
<b>Total Assets</b>	<b>45,713</b>	<b>47,049</b>	<b>44,652</b>	<b>46,540</b>	<b>48,680</b>
ST Debt	17,821	18,288	16,106	16,889	17,822
Creditor	3,356	4,140	2,952	3,088	3,268
Other Current Liab	1,664	567	551	556	564
LT Debt	5,523	5,419	5,419	5,419	5,419
Other LT Liabilities	574	758	796	836	877
Shareholder's Equity	16,046	16,763	17,619	18,446	19,316
Minority Interests	729	1,114	1,209	1,306	1,414
Put Equity Reserve	N/A	N/A	N/A	N/A	N/A
<b>Total Cap. &amp; Liab.</b>	<b>45,713</b>	<b>47,049</b>	<b>44,652</b>	<b>46,540</b>	<b>48,680</b>
Non-Cash Wkg. Capital	16,108	15,122	16,300	17,087	18,049
Net Cash/(Debt)	(18,182)	(17,963)	(18,678)	(18,853)	(19,050)
Debtors Turn (avg days)	87.5	100.1	99.9	97.8	97.5
Creditors Turn (avg days)	29.0	36.7	35.0	28.5	28.3
Inventory Turn (avg days)	75.0	77.7	78.1	76.0	75.5
Asset Turnover (x)	1.0	0.9	0.9	1.0	1.0
Current Ratio (x)	1.2	1.1	1.2	1.2	1.2
Quick Ratio (x)	0.7	0.8	0.7	0.8	0.8
Net Debt/Equity (X)	1.1	1.0	1.0	1.0	0.9
Net Debt/Equity ex MI (X)	1.1	1.1	1.1	1.0	1.0
Capex to Debt (%)	5.7	7.6	4.8	4.1	3.7
Z-Score (X)	2.0	1.9	2.0	2.0	2.0

Source: Company, DBSVI, DBS Bank



## Wilmar International

## Cash Flow Statement (US\$ m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Pre-Tax Profit	1,569	1,742	1,958	2,005	2,094
Dep. & Amort.	832	878	863	911	948
Tax Paid	(387)	(247)	(414)	(424)	(443)
Assoc. & JV Inc/(loss)	(310)	(153)	(274)	(274)	(249)
Chg in Wkg.Cap.	149	1,098	(1,162)	(791)	(971)
Other Operating CF	(352)	19	(28)	(9)	(5)
<b>Net Operating CF</b>	<b>1,501</b>	<b>3,338</b>	<b>943</b>	<b>1,418</b>	<b>1,374</b>
Capital Exp.(net)	(1,325)	(1,813)	(1,039)	(910)	(861)
Other Invt.(net)	0	0	0	0	0
Invt in Assoc. & JV	0	0	0	0	0
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	(44)	126	(144)	(157)	(171)
<b>Net Investing CF</b>	<b>(1,370)</b>	<b>(1,687)</b>	<b>(1,182)</b>	<b>(1,067)</b>	<b>(1,032)</b>
Div Paid	(495)	(462)	(599)	(656)	(674)
Chg in Gross Debt	819	794	(2,182)	783	933
Capital Issues	3	31	0	0	0
Other Financing CF	(46)	(1,338)	38	40	42
<b>Net Financing CF</b>	<b>281</b>	<b>(975)</b>	<b>(2,743)</b>	<b>167</b>	<b>300</b>
Currency Adjustments	0	0	0	0	0
Chg in Cash	412	676	(2,982)	518	642
Opg CFPS (S cts)	21.1	35.0	32.9	34.5	36.6
Free CFPS (S cts)	2.7	23.8	(1.5)	7.9	8.0

Source: Company, DBS Bank

## Target Price &amp; Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	21 Feb 20	4.11	4.60	BUY
2:	27 Mar 20	3.22	4.00	BUY
3:	12 May 20	3.82	4.00	BUY
4:	01 Jul 20	4.10	4.60	BUY
5:	12 Aug 20	4.79	5.28	BUY
6:	02 Nov 20	4.25	5.28	BUY

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

Source: DBSVI, DBS Bank

Analyst: William Simadiputra

Woon Bing Yong

DBSVI, DBS Bank recommendations are based on an 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 share price catalysts within this time frame)

\*Share price appreciation + dividends

Completed Date: 21 Jan 2021 07:25:59 (SGT)

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