

COMPANY RESULTS

Wilmar International (WIL SP)

1Q25: Results In Line; Recovery Seen At China Operations

Wilmar's 1Q25 results are deemed in line with expectations. Core earnings improved 4% yoy with operating performance largely tracking management's recent guidance, including recovering profit contributions by its China subsidiary. Management will host its post-1Q25 analyst briefing on 30 April. Maintain BUY on Wilmar with an unchanged target price of S\$3.45.

1Q25 RESULTS

Year to 31 Dec (US\$m)	1Q25	qoq % chg	yoy % chg	Remarks
Total Revenue	36,444		0.3	
Total PBT	1,003		(10.8)	
Food Products	355.8		70.2	Includes US\$100m pre-tax gain from Luhua share swap exercise
Feed and Industrial Products	295.4		(10.5)	
Plantations & Sugar Milling	215.3		(20.0)	
Net Profit	590.0		(23.3)	
Core Net Profit	581.0		(10.4)	Excluding non-operating gains from investment securities recognised in 1Q25
PBT Margin (%)	2.8		(0.3)	
Food Products	2.3		0.7	
Feed and Industrial Products	1.3		(0.2)	
Plantations & Sugar Milling	10.5		(1.2)	
Core Net Profit Margin (%)	1.6		(0.2)	

Source: Wilmar International, UOB Kay Hian

RESULTS

- Results in line.** Wilmar International (Willmar) reported 1Q25 core net profit of US\$343m (+4% yoy, -2% qoq), which is deemed in line with expectations, accounting for 23%/24% of our and consensus full-year forecasts respectively.
- 1Q25 earnings lower qoq but higher yoy.** Sequentially, 1Q25 core earnings dipped 2% qoq on lower sales volume which typically peaks in 4Q. On a yoy basis, core earnings increased 4% given better contributions by its food products and plantations & sugar milling segments, albeit this being partly offset by the feed and industrial products segment's weaker performance. In addition, the group also recognised a higher share of JV/associate profits attributed to its China, India and Southeast Asia investments.
- Operating cash flow also rose 16% yoy to US\$2.1b in tandem with 1Q25's higher earnings alongside lower working capital requirements. Net gearing position subsequently improved to 0.83x vs 0.94x as at end-24. Some other key highlights are:
 - Food products:** Overall sales volume increased 2.5% yoy, with both consumer products and medium pack & bulk sales volume growing by 3.3% and 2.2% yoy respectively in 1Q25.

KEY FINANCIALS

Year to 31 Dec (US\$m)	2023	2024	2025F	2026F	2027F
Net turnover	67,155	67,379	79,002	84,994	90,867
EBITDA	3,361	3,529	3,920	4,276	4,387
Operating profit	2,144	2,231	2,607	2,921	2,993
Net profit (rep./act.)	1,525	1,170	1,517	1,728	1,870
Net profit (adj.)	1,567	1,188	1,517	1,728	1,870
EPS (US\$ cent)	24.5	18.3	23.7	27.0	29.2
PE (x)	9.4	12.6	9.7	8.5	7.9
P/B (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x)	11.7	11.1	10.0	9.2	9.0
Dividend yield (%)	5.1	4.8	4.7	5.3	5.8
Net margin (%)	2.3	1.7	1.9	2.0	2.1
Net debt/(cash) to equity (%)	111.8	106.9	109.5	96.9	84.4
Interest cover (x)	4.5	4.4	5.0	5.1	6.0
ROE (%)	7.6	5.8	7.5	8.4	8.8
Consensus net profit	-	-	1,454	1,617	1,724
UOBKH/Consensus (x)	-	-	1.04	1.06	1.08

Source: Wilmar International, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$3.02
Target Price	S\$3.45
Upside	+14.2%

COMPANY DESCRIPTION

Wilmar's business encompassing the entire value chain of the agricultural commodity business, from origination, processing, merchandising to manufacturing of a wide range of branded consumer products.

STOCK DATA

GICS sector	Consumer Staples
Bloomberg ticker:	WIL SP
Shares issued (m):	6,242.7
Market cap (S\$m):	19,339.2
Market cap (US\$m):	14,565.8
3-mth avg daily t'over (US\$m):	9.7

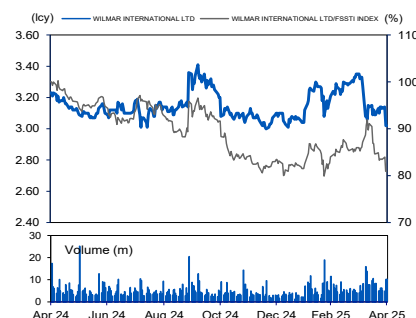
Price Performance (%)

52-week high/low	S\$3.55/S\$2.99
1mth	3.5
3mth	4.2
6mth	(0.9)
1yr	3.5
YTD	3.5

Major Shareholders

	%
Archer Daniels Midland	22.3
Kuok Brothers	18.8
Kuok Khoo Hong	12.8
FY24 NAV/Share (US\$)	3.14
FY24 Net Debt/Share (US\$)	3.36

PRICE CHART



Source: Bloomberg

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b) **Plantations & sugar milling:** The segment's stronger 1Q25 performance was mainly attributed to higher selling prices of palm oil vs 1Q24.

c) **Feed and industrial products:** Overall sales volume declined 2.8% yoy, despite sales volumes of both oilseeds & grains and tropical oils rising by 3.9% and 13.8% yoy respectively. This is mainly due to a sharp drop in sugar merchandising sales volume (-41.5% yoy). Crushing margins saw an improvement during the quarter, whereas operating conditions for tropical oils business remained difficult.

- **YKA results snapshot.** Yihai Kerry Arawana (YKA) is Wilmar's subsidiary and historically contributed 60-70% of Wilmar's net profit. In 1Q25, YKA's net profit rose 11% yoy to Rmb981m on the back of revenue growth of 3% yoy. Sequentially, despite revenue dipping by 7% qoq, YKA's core profit nonetheless improved by 17% qoq vs 4Q24.

STOCK IMPACT

- **Indonesia palm oil bribery probe still unresolved.** Although Wilmar was acquitted last month by an Indonesian court of misconduct in obtaining export permits in 2022, Indonesia's authorities have subsequently arrested the judges involved in the acquittal on allegations of having taken bribes to influence the court verdict while filing a cassation against the discharge verdict; an employee of Wilmar has also been detained and named as one of the suspects in the case. Hence, while the group has maintained no wrongdoing in this matter, the allegations may continue to pose a near-term overhang on its share price in our view while the investigations continue.

• Management outlook guidance:

- The outlook for the rest of the year is expected to remain uncertain with increased volatility stemming from the US' recent tariff introduction.
- Wilmar nonetheless expects 2025 results to remain satisfactory given its diversified and resilient integrated business model.

EARNINGS REVISION/RISK

- **Maintain earnings forecasts.** We make no changes to our existing earnings estimates. Management is set to host its post-1Q25 analyst briefing on 30 April.

VALUATION/RECOMMENDATION

- **Maintain BUY with an unchanged target price of S\$3.45.** Our valuation is based on 2025F EPS and uses SOTP valuation by pegging PEs of 17x, 11x and 11x for the food products, feeds & industrial products and plantations & sugar mills segments respectively.

SHARE PRICE CATALYST

- **Greater recovery in China.** As YKA is still the largest profit contributor to Wilmar, a surprise recovery would be positive to earnings and market sentiment towards Wilmar's performance.
- **New strategic investors in AWL** may provide new distribution channels, capabilities or complementary businesses to help access new markets or solidify AWL's position in the Indian market.

YKA 2024 RESULTS

(RMB m)	2023	2024	yoy % chg
Revenue	251.5	238.9	(5.0)
Net profit	2.85	2.5	(12.1)

Source: YKA

SOTP VALUATION

	PE(X)	S\$/Share
Food Ingredient	17	1.19
Feed & Oils & Fats	11	1.48
Plantations & Sugar Milling	11	0.45
Associates & JV	8	0.33
Total		3.45

Source: UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Net turnover	67,379.1	79,001.6	84,993.7	90,866.8
EBITDA	3,528.6	3,919.6	4,275.8	4,387.3
Deprec. & amort.	1,297.5	1,312.8	1,354.5	1,394.1
EBIT	2,231.0	2,606.8	2,921.3	2,993.2
Total other non-operating income	101.5	0.0	0.0	0.0
Associate contributions	219.9	237.5	256.5	277.0
Net interest income/(expense)	(807.3)	(785.0)	(832.2)	(730.6)
Pre-tax profit	1,745.1	2,059.3	2,345.6	2,539.5
Tax	(516.6)	(428.3)	(487.9)	(528.2)
Minorities	(58.7)	(114.2)	(130.0)	(140.8)
Net profit	1,169.8	1,516.8	1,727.7	1,870.5
Net profit (adj.)	1,169.8	1,516.8	1,727.7	1,870.5

CASH FLOW

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Operating	1,371.8	3,662.8	3,716.3	3,862.0
Pre-tax profit	1,745.1	2,059.3	2,345.6	2,539.5
Tax	(436.4)	(428.3)	(487.9)	(528.2)
Deprec. & amort.	1,254.1	1,312.8	1,354.5	1,394.1
Working capital changes	(1,351.9)	1,406.5	1,360.5	1,333.5
Other operating cashflows	160.9	(687.5)	(856.5)	(877.0)
Investing	(1,047.7)	(1,324.5)	(1,324.5)	(1,324.5)
Capex (maintenance)	(1,206.6)	(1,483.5)	(1,483.5)	(1,483.5)
Investments	29.5	29.5	29.5	29.5
Proceeds from sale of assets	129.4	129.4	129.4	129.4
Others	(83)	(807)	(807)	(807)
Financing	667.2	113.2	(1,791.6)	(114.0)
Dividend payments	(803.2)	(847.6)	(866.0)	(477.8)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	620.9	128.0	(2,820.1)	350.0
Others/interest paid	1,780	(2,925)	817	827
Net cash inflow (outflow)	991.3	2,451.5	600.2	2,423.5
Beginning cash & cash equivalent	4,380.8	3,042.7	5,396.4	7,587.2
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	5,372.1	5,494.2	5,996.6	10,010.7

BALANCE SHEET

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Fixed assets	15,619.5	16,121.9	16,609.2	17,054.6
Other LT assets	10,741.0	10,499.2	10,252.0	10,018.4
Cash/ST investment	7,120.0	6,396.4	8,587.2	10,878.7
Other current assets	26,091.7	26,904.7	25,688.5	24,453.1
Total assets	59,572.2	59,922.2	61,136.9	62,404.8
ST debt	21,722.7	21,722.7	21,722.7	21,722.7
Other current liabilities	7,839.1	7,314.6	7,614.2	7,907.9
LT debt	6,627.4	6,977.4	7,177.4	7,377.4
Other LT liabilities	991.3	888.0	888.0	888.0
Shareholders' equity	19,860.7	20,374.4	20,959.4	21,592.9
Minority interest	2,530.9	2,645.1	2,775.1	2,915.9
Total liabilities & equity	59,572.2	59,922.2	61,136.9	62,404.8

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	5.2	5.0	5.0	4.8
Pre-tax margin	2.6	2.6	2.8	2.8
Net margin	1.7	1.9	2.0	2.1
ROA	1.9	2.5	2.9	3.0
ROE	5.8	7.5	8.4	8.8
Growth				
Turnover	0.3	17.2	7.6	6.9
EBITDA	5.0	11.1	9.1	2.6
Pre-tax profit	(10.8)	18.0	13.9	8.3
Net profit	(23.3)	29.7	13.9	8.3
Net profit (adj.)	(25.3)	29.7	13.9	8.3
EPS	(25.3)	29.7	13.9	8.3
Leverage				
Debt to total capital	55.9	55.5	54.9	54.3
Debt to equity	142.7	140.9	137.9	134.8
Net debt/(cash) to equity	106.9	109.5	96.9	84.4
Interest cover (x)	4.4	5.0	5.1	6.0

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