

Singapore Company Update

Wilmar International

Bloomberg: WIL SP | Reuters: WLILSI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

10 Jul 2023

BUY

Last Traded Price (7 Jul 2023): S\$3.67 (STI : 3,139.47)
Price Target 12-mth: S\$5.30 (44% upside) (Prev S\$6.67)

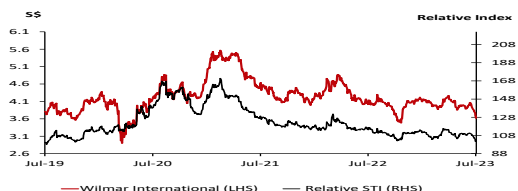
Analyst

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What's New

- Earnings could bounce back in 2H23 and 2024
- Branded consumer products and central kitchen business will be Wilmar next growth driver in China
- Refining and crushing businesses are strong pillars for Wilmar downstream expansion
- Maintain BUY with lower TP of S\$5.30

Price Relative



Forecasts and Valuation

FY Dec (US\$m)	2021A	2022A	2023F	2024F
Revenue	65,794	73,399	60,101	63,254
EBITDA	4,129	4,599	3,783	4,544
Pre-tax Profit	2,766	3,117	2,457	3,059
Net Profit	1,890	2,402	1,695	2,091
Net Pft (ex. BA gains)	1,860	2,413	1,695	2,091
Net Pft (Pre Ex.)	1,854	2,408	1,695	2,091
Net Pft Gth (Pre-ex) (%)	25.0	29.9	(29.6)	23.4
EPS (S cts)	39.8	50.5	35.6	44.0
EPS Pre Ex. (S cts)	39.0	50.7	35.6	44.0
EPS Gth Pre Ex (%)	25	30	(30)	23
Diluted EPS (S cts)	39.8	50.5	35.6	44.0
Net DPS (S cts)	15.5	16.7	14.3	17.6
BV Per Share (S cts)	419	420	448	477
PE (X)	9.2	7.3	10.3	8.3
PE Pre Ex. (X)	9.4	7.2	10.3	8.3
P/Cash Flow (X)	nm	nm	nm	7.9
EV/EBITDA (X)	9.9	9.3	11.7	9.8
Net Div Yield (%)	4.2	4.5	3.9	4.8
P/Book Value (X)	0.9	0.9	0.8	0.8
Net Debt/Equity (X)	0.9	1.0	1.0	0.9
ROAE (%)	9.7	12.0	8.2	9.5
Earnings Rev (%):			(15)	5
Consensus EPS (S cts):			29.4	32.3
Other Broker Recs:	B: 13	S: 0	H: 2	

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

Aiming for recovery in 2H23

Investment Thesis:

Wilmar journey downstream continues. We revised down our FY23F earnings by 15% to US\$1.7bn (-30% y-o-y), retreating from a record high last year. We forecast Wilmar could recover from the 1H23 low on improving palm oil refining margins and stronger performance from YKA starting 2H23. Despite the short-term earnings weakness, Wilmar's integrated food products platform has room to further to expand via its downstream division spanning consumer products to central kitchen. The downstream expansion has strong synergies with its regional upstream and midstream platform. Wilmar plans to build 20 central kitchens in China in the next 5-6 years.

Earnings to recover in 2024 since Wilmar should be able to profit from recovering edible oil markets. We forecast earnings to improve to US\$2bn (+23% y-o-y) in 2024 on further recovery of its tropical oil refining margin. We believe Wilmar be able to capitalize recovering edible oil market next year, driven by China edible oils demand recovery as well as supplies disruption from El Nino.

And the earnings expansion should lift share price We believe Wilmar's current share price, which is close to the pandemic level, doesn't value Wilmar's developing integrated food products platform especially its downstream branded products and central kitchen expansion. Meanwhile we believe any temporary earnings weakness in 2023 is already priced in.

Maintain our BUY rating with a lower TP of S\$5.30 on lower earnings projections and PE multiple assumption for ex. China earnings, which consist mostly of the tropical oil refining business. Our target price implies FY24F PE of 12x to account earnings recovery prospect in 2024. Furthermore, we also like Wilmar's journey to downstream business that set to create a more stable earnings platform ahead.

Key Risks

Weaker than expected margin trend in 3Q23 and onwards. If Wilmar fails to capitalize on the recent low commodity prices, input cost may remain under pressure for food products and may cap share price performance.

At A Glance

Issued Capital (m shrs)	6,243
Mkt. Cap (S\$m/US\$m)	22,910 / 17,011
Major Shareholders (%)	
Archer-Daniels-Midland Co.	22.5
Kuok Brothers Sdn Bhd	18.8
Kerry Group Ltd	5.9
Free Float (%)	35.9
3m Avg. Daily Val (US\$m)	15.2
GIC Industry : Consumer Staples / Agricultural Products	

Wilmar International

WHAT'S NEW

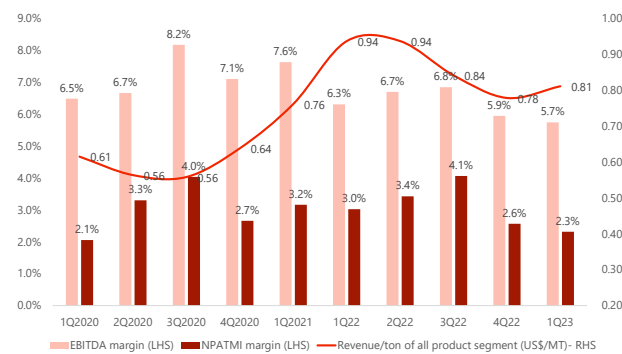
Earnings set to recover in 2H23 and 2024

We revised down our FY23 earnings forecast by 15% to US\$1.7bn (-29.6% y-o-y) to account for weaker than expected earnings in 1H23 mainly on low palm oil refining profit and slower than expected recovery in China's economy. Earnings have retreated from its 2022 peak on the absence of unusually high commodity prices at its mid-stream and upstream divisions mainly tropical oil.

We account soft 1H23 earnings performance as we reckon Wilmar's tropical oil refining margins may remain weak, plus the slower than expected economic recovery in China may hinder major q-o-q earnings performance expansion from food products as well as soybean crushing margin division. After posted relatively weak earnings in 1Q23, we think the situation didn't improve immediately in 2Q23 as we see the palm oil refining profit margin didn't improve meaningfully yet.

Our 2023 earnings forecast implies better earnings performance in 2H23. We estimate Wilmar will post around US\$500m earnings per quarter, benefitting from a combination of (i) recovering palm oil refining margin, and (ii) stronger China operation mainly on improving soy crushing margin on stronger soymeal demand, as well as improving profitability at its food products division.

Wilmar's selling price per ton of products (RHS, US\$/MT) and profitability trend (LHS %)

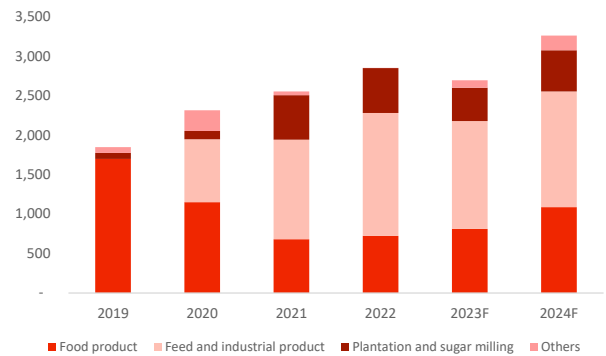


Source: Company, DBSVI

Earnings set to improve in 2024 on better overall margins and sales volume trend. We forecast revenue of US\$63bn (+5% y-o-y) and net profit of US\$2bn (+23.4%) in 2024 on recovering profitability trend, led by better palm oil refining margin. We believe Wilmar will be able to capitalize the improving edible oils market in 2024 on better demand from China, as well as limited supplies expansion due to El Nino.

On pretax profit (PBT) trend, we forecast food products will gradually recover in 2024 on margin recovery and sales volume growth, but the largest profit driver will be the palm oil refining margin recovery from refined tropical oil products on improving palm oil derivative products pricing, as well as normalizing price differential between Indonesia and Malaysia CPO price. Meanwhile we also believe the JVs will do well in 2024, led by Adani Wilmar steady performance outlook.

Wilmar's PBT trend and breakdown (US\$m)

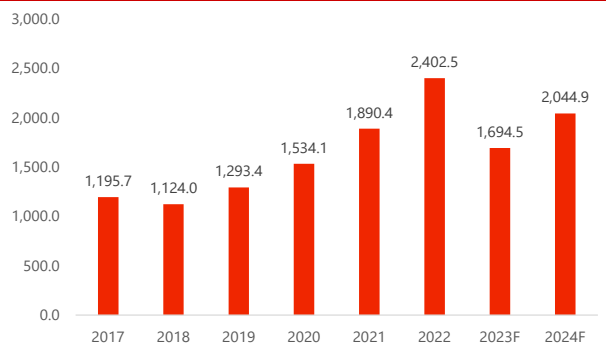


Source: Company, DBSVI

We believe Wilmar will enjoy its continuous expansion in downstream food chain in form on more stable and predictable earnings, plus higher margin, and ROE. We believe YKA's earnings performance will recover on easing cost pressure. YKA had previously raised prices to reflect the higher input cost however, the 2022 commodities super cycle eclipsed the selling price expansion hence it hindered YKA's immediate profit margin recovery.

Furthermore, Wilmar leads the market for edible oils, oilseeds and grains crushers and its rice and flour operations will provide a strong foundation for its downstream business expansion to food products, and central kitchen business via synergies to its existing operations such as logistics fleets.

Earnings will retreat from the 2022 record high but still decent vs. historical level (US\$m)



Source: Company, DBSVI

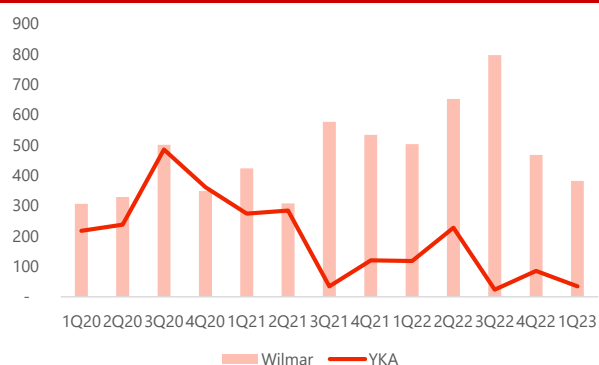
YKA's profitability has been hurt by cost escalation as seen in its quarterly gross profit margin trend. Easing commodity prices from last year's high will provide room for margin improvement in upcoming quarters, albeit YKA had still booked weak 1Q23 core net profit (excluding hedging related gains).

YKA's earnings contribution to overall Wilmar's consolidated earnings has been decreasing since its listing due to rising material costs. However, a further drop in YKA earnings due to worse than expected circumstances will have a minimal impact

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on Wilmar's overall earnings from 2Q23 onward, since right now it only accounted 9% of Wilmar's total core net profit in 1Q23.

Quarterly core earnings trend - Wilmar vs. YKA (US\$m)



Source: Company, DBSVI

Central kitchen business could be a game changer in the long run

We believe the central kitchen business is a game changer. The central kitchen business offers ready-to-eat meals by launching series meal products spanning from student meals, nutritional meal, and functional foods.

Wilmar will leverage on its advantage of a wide range of oil and grains products and its existing logistics network. This will generate higher revenue on improving sales volume and margins since the central kitchen segment will be able to leverage on Wilmar's existing logistics and its solid grains and oilseeds businesses.

Wilmar will add 20 central kitchens in China in the next 5-6 years with capex of US\$60m-US\$100m. Since we see central kitchen is a high turnover business, we estimate each central kitchen could generate up to US\$50m in turnover and up to US\$10m - \$15m in profit in a full year of operations as ingredients can be sourced internally while leveraging on Wilmar's existing logistics network. It is estimated that the central kitchens could contribute up to US\$300m of earnings by 2027 if the synergies with its existing operations materialized. More importantly, it will add significant value to its non-branded, bulk food division mainly on the increasing brand awareness on Wilmar's consumer product lines in China, in our view which will generate more sales.

Maintain BUY with lower TP of S\$5.30

We maintain our BUY rating with PE multiple based TP of S\$5.30. We reiterate our believe that Wilmar's ongoing transformation to an integrated food product player is under-appreciated at this point. While the downstream platform is far from mature and Wilmar earnings is still volatile following the edible oil price dynamic due to its exposure to refining business however, we think the investment set to put Wilmar apart from its peers both from in food processing and consumer product spaces with integrated business model and Wilmar's scale will create a more stable platform that will be ready to cope with external volatility in the future.

We used FY23/FY24 blended earnings to capture earnings recovery trend between the years and applied different multiples to earnings from China and non-China operations. We pegged the non-China operations at 12x PE multiple to reflect that Wilmar's earnings are still dependent on its palm oil integrated business despite Wilmar expanding to refining and branded cooking oil.

Meanwhile we pegged China operations earnings at 16.5x PE multiple, a discount to consumer branded products peers multiple in China, and even to Indonesia's Indofood CBP PE multiple of 21x. We believe Wilmar's exposure to crushing and refining margin volatility and the impact on its earnings drove us to peg a lower multiple despite its continuous investment to expand further downstream to food products and central kitchen business to create a more stable earnings generator platform in the Group.

Wilmar valuation summary

	2023F	Blended	2024F
China NPATMI (US\$m)	508	568	627
ex. China NPATMI (US\$m)	1,186	1,325	1,463
Total (US\$m)	1,695	1,892	2,090
		PE (X)	
China's operation	16.5	16.5	16.5
ex. China operation	12.0	12.0	12.0
		Equity value (US\$m)	
China's operation	8,388	9,367	10,347
ex. China operation	14,234	15,896	17,558
Total	22,622	25,264	27,905
Target price (S\$/sh)	4.82	5.34	5.95

Source: DBSVI estimate

Our target price implies FY24F PE of 12x, which is undemanding in our view considering its largely in line with Wilmar's upstream palm oil plantation peers, meanwhile in reality Wilmar is among the largest FMCG companies in India under AWL. Beyond its leading position as an edible oil refiner, AWL leads in branded cooking oil in India namely Fortune. India's exposure is hidden under its JV structure, a lesser-known presence vs. Wilmar in China via its Arawana brand and Indonesia with its Sania product line.

What moves Wilmar share price?

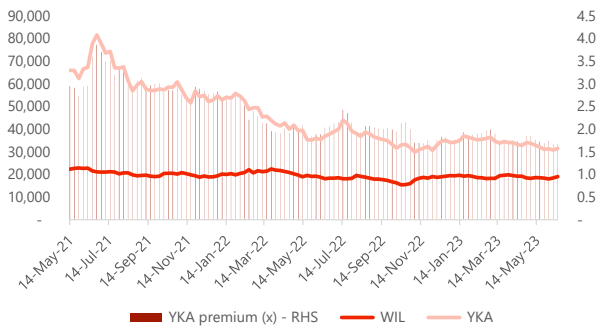
Downside risk is minimal at this point since share price has been trading sideways since 3Q22 despite Wilmar consistently delivers profit. We think the earnings shift to midstream and upstream amid rising commodity prices was one of the reasons why the multiple had de-rated back to plantation PE multiple territory post YKA listing.

YKA market capitalization is 1.5x now larger than Wilmar which means that Wilmar is a cheaper proxy to YKA. We think investors should look beyond YKA's short term earnings performance

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since Wilmar is building a stronger integrated platform to expand its exposure to consumer downstream products and it will reward Wilmar upstream and midstream division, too, since YKA journey to become a leading food player require logistics and ingredient procurement, that Wilmar has strong business presence right now.

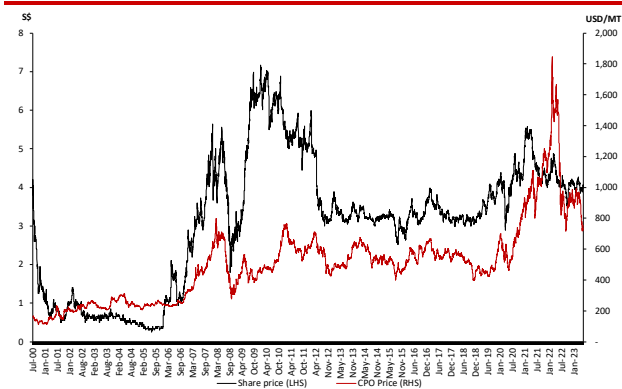
YKA market capitalization premium to Wilmar since listing (US\$m)



Source: Bloomberg Finance L.P., DBSVI

Wilmar's share price has been moving in tandem with CPO prices for so many years due to general perception that Wilmar is a giant palm oil companies and the division saved its overall earnings performance in 2021-2022. While Wilmar is no longer a pure palm oil plantation companies anymore, we believe improving palm oil price will provide a positive catalyst to its share price since higher palm oil price will benefit Wilmar on better performance from the plantation and tropical oil refining division.

Wilmar's share price historically correlates with CPO price

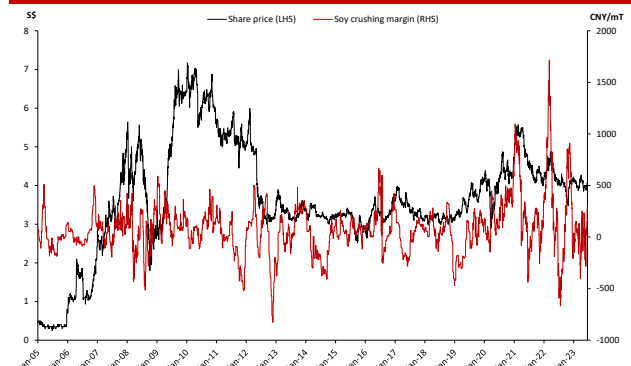


Source: Bloomberg Finance L.P., DBSVI

Meanwhile, we think Wilmar share price also will improve from recovering oilseeds and grains crushing businesses. Wilmar share price relationship with China crushing margin trend has never been straight forward as historically Wilmar could outperform the industry due to its capability in sourcing soybean from various countries such as the US, Argentine and Brazil which enable Wilmar to lower its input cost and stay profitable even during the weak soymeal demand environment.

Wilmar is also exposed to weaker than expected soymeal demand in China currently, which is impacting the whole soybean crushing industry. However, given its strong presence in branded cooking oil division, Wilmar also still can capitalize on the steady edible oils demand via soybean oil availability, and its refined tropical oil division which set to recover ahead. During these challenging times, we reckon it will cut crushing appetite from competitors thus, help the crushing margin to recover ahead before it severely impacts Wilmar's earnings performance.

On the other hand, Wilmar share price historically didn't correlate to China soy crushing margin trend



Source: Bloomberg Finance L.P., DBSVI

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.

Consumer products peer comparison table

			PE		EV/EBITDA		ROE
			FY23	FY24	FY23	FY24	12M Trailing
Meat processors, agriculture crushing							
Meat processors, agriculture crushing	COFCO Meat	1610 HK Equity	5.3	3.6	6.5	5.5	19.0
	China Food	506 HK Equity	9.3	8.3	3.8	3.5	11.7
Frozen seafoods	Fujian Anjoy	603345 CH Equity	32.6	26.0	19.8	15.7	15.7
	Simple average		15.7	12.6	10.0	8.2	15.4
Wilmar International Ltd*			9.9	7.5	10.7	10.5	11.9
Yihai Kerry Arawana Holdings Co Ltd			37.2	25.9	19.1	15.6	3.2
Adani Wilmar Ltd			52.7	40.1	24.2	20.1	7.4
			33.3	24.5	18.0	15.4	7.5
Consumer staples/foods							
Consumer staples/foods	Tingyi	322 HK Equity	52.9	40.3	24.3	20.1	19.7
	Uni-President	220 HK Equity	17.3	14.2	8.1	7.2	10.9
	Want Want	151 HK Equity	16.3	14.8	7.6	7.0	28.3
	Three Squirrels Inc	300783 CH Equity	15.0	13.3	9.3	8.5	18.4
	Kweichow Moutai Co Ltd	600519 CH Equity	29.6	24.1	21.3	16.9	31.1
	Inner Mongolia Yili Industrial Group Co Ltd	600887 CH equity	29.7	25.4	20.7	17.7	29.0
	Juewei Food Co Ltd	603517 CH Equity	16.7	14.3	12.0	10.4	22.4
	Bestore Co Ltd	603719 CH Equity	28.1	21.0	17.5	13.7	18.2
	Simple average		25.7	20.9	15.1	12.7	22.2
Condiment & kitchen foods							
Condiment & soysauce producer	Foshan Haitian	603288 CH Equity	41.7	35.1	31.2	27.0	22.8
Kitchen Foods	Chongqing Fuling Zhacai Group Co Ltd	002507 CH Equity	22.4	19.9	14.9	13.4	12.3
	Yihai International Holding Ltd	1579 HK Equity	19.3	16.5	10.7	9.3	18.3
	Jiangsu Hengshun Vinegar Industry Co Ltd	600305 CH Equity	55.3	41.0	35.2	28.3	5.9
	Jonjee Hi-Tech Industrial And Commercial Holding Co Ltd	600872 CH Equity	41.7	35.3	30.4	25.8	(16.8)
	Sichuan Teway Food Group Co Ltd	603317 CH Equity	37.4	28.7	25.3	19.8	9.4
Simple average		35.2	28.3	23.3	19.3	5.8	

Source: Bloomberg Finance L.P., DBSVI estimates

Upstream plantation peers

	Est. total land bank (ha.)	FY22 own mat. (ha.)	FY22 own planted (ha.)	Share price 10-July-2023	Market cap (m)	Adjusted plantation EV		Adjusted 22F EV/planted (own)	Adjusted 22F EV/mature (own)	CY PER, x 23F 24F	FY Div. yield, % 23F 24F	EPS growth (inc. BA gains), % 23F 24F		FY Net gearing, % 23F 24F		FY EV/ EBITDA, x 23F 24F		21-23F own FFB vol CAGR %	21-24F EPS CAGR %	Rec	12-month target price	Basis	
						US\$	US\$					23F	24F	23F	24F	23F	24F	23F	24F				23F
Indonesia																							
Astra Agro L.	242,335	193,319	214,815	Rp 7,750	US\$ 985	US\$ 1,364	US\$ 6,349	US\$ 7,055	12.9	20.0	4.8	3.2	-33.1	-35.4	11	0	4.6	4.9	-5.7	(27.6)	H	Rp 7,500	DCF
London Sum.*	99,547	84,704	91,255	Rp 1,055	US\$ 475	US\$ 398	US\$ 4,360	US\$ 4,697	12.2	9.1	5.8	3.3	-43.1	34.7	NC	NC	2.8	3.3	4.2	(7.1)	B	Rp 1,500	DCF
Simple avg					US\$ 1,223		US\$ 5,355	US\$ 5,876	12.6	14.5							3.7	4.1					
Singapore																							
Burmitama A.	187,628	125,462	132,099	S\$ 0.56	US\$ 721	US\$ 1,187	US\$ 8,987	US\$ 9,463	6.4	5.0	6.1	6.1	-43.3	27.8	17	0	3.0	3.6	3.8	6.0	B	S\$ 0.90	DCF
First Resources	211,409	160,095	175,563	S\$ 1.50	US\$ 1,746	US\$ 2,032	US\$ 11,577	US\$ 12,695	12.2	9.5	3.3	2.1	-55.6	28.8	0	3	3.3	6.1	5.1	4.9	B	S\$ 2.50	DCF
Wilmar Int'l	269,335	218,409	238,970	S\$ 3.67	US\$ 17,011	US\$ 1,679	US\$ 7,025	US\$ 7,686	10.3	8.3	3.9	4.8	-29.5	23.4	100	100	9.3	11.7	0.6	3.4	B	S\$ 5.30	SOTP
Simple avg					US\$ 6,493		US\$ 9,196	US\$ 9,948	9.6	7.6							5.2	7.1					

* Including rubber and other crops

** Excluding effective stake in associates land bank

Source: Bloomberg Finance L.P., DBSVI estimates

Wilmar International

Market priced Wilmar as an upstream palm oil companies at S\$3.6/share level

Ex. China NPATMI PE (X)	China NPATMI PE (X)	Blended PE (X)	DBS Wilmar 2023/2024 avg NPATMI (US\$m)	Share price (S\$)
	70%	30%		
	12	5.0		3.99
	12	7.5		4.30
	12	8.5		4.42
	12	9.5		4.54
	12	10.5		4.66
	12	11.5		4.78
	12	12.5		4.90
	12	13.5		5.02
	12	14.5		5.14
	12	15.5	1,892.0	5.26
	12	16.5		5.34
	12	17.5		5.51
	12	18.5		5.63
	12	19.5		5.75
	12	20.5		5.87
	12	21.5		5.99
	12	22.5		6.11

USD/SGD 1.35

Shares Outstanding 6,333m shares

Assuming China NPATMI 30% of WIL's consolidated NPATMI

Source: Bloomberg Finance L.P., DBSVI estimates

Historical PE and PB band



Source: Bloomberg Finance L.P., DBSVI estimates



Source: Bloomberg Finance L.P., DBSVI estimates

Wilmar International

Key Assumptions

FY Dec	2020A	2021A	2022A	2023F	2024F
CPO price bench. (US\$/MT)	651	1,085	1,125	1,125	976
Oilseeds & grains pretax (US\$/MT)	31.3	36.9	52.0	34.4	42.5
Tropical oils pretax (US\$/MT)	27.6	30.8	47.6	20.4	24.9
Sugar pretax (US\$/MT)	0.83	2.13	3.51	4.45	4.74
Oil palm planted area (Ha)	254,935	259,935	264,935	269,935	274,935

Segmental Breakdown

FY Dec	2020A	2021A	2022A	2023F	2024F
Revenues (US\$ m)					
Food products	23,597	29,508	31,516	23,273	24,668
Feed & Industrial Products	28,933	38,895	44,546	36,515	38,125
Palm Oil Plantation & Sugar Milling	2,154	3,651	4,737	2,351	2,603
Others	781	298	995	1,043	1,094
Total	50,527	65,794	73,399	60,101	63,254
Pretax (US\$ m)					
Food products	1,152	681	724	814	1,090
Feed & Industrial Products	796	1,261	1,557	1,365	1,469
Palm Oil Plantation & Sugar Milling	105	564	569	421	523
Others	261	47	0	95	186
Total	2,311	2,766	3,117	2,457	3,058
Pretax Margins (%)					
Food products	4.9	2.3	2.3	3.5	4.4
Feed & Industrial Products	2.8	3.2	3.5	3.7	3.9
Palm Oil Plantation & Sugar Milling	4.9	15.5	12.0	17.9	20.1
Others	33.5	15.8	0.0	9.1	17.0
Total	4.6	4.2	4.2	4.1	4.8

Source: Company, DBSVI

Wilmar International
Income Statement (US\$ m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Revenue	50,527	65,794	73,399	60,101	63,254
Cost of Goods Sold	(44,929)	(58,602)	(65,923)	(53,482)	(55,820)
Gross Profit	5,598	7,191	7,476	6,619	7,434
Other Opng (Exp)/Inc	(3,309)	(4,429)	(4,179)	(4,060)	(4,274)
Operating Profit	2,289	2,763	3,297	2,559	3,160
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	202	219	274	130	227
Net Interest (Exp)/Inc	(231)	(253)	(448)	(232)	(329)
Exceptional Gain/(Loss)	52	37	(6)	0	0
Pre-tax Profit	2,311	2,766	3,117	2,457	3,058
Tax	(620)	(700)	(547)	(520)	(647)
Minority Interest	(157)	(176)	(167)	(243)	(320)
Preference Dividend	0	0	0	0	0
Net Profit	1,534	1,890	2,402	1,695	2,091
Net Profit before Except.	1,483	1,854	2,408	1,695	2,091
Net Pft (ex. BA gains)	1,530	1,860	2,413	1,695	2,091
EBITDA	3,549	4,129	4,599	3,783	4,544
Growth					
Revenue Gth (%)	18.5	30.2	11.6	(18.1)	5.2
EBITDA Gth (%)	19.1	16.3	11.4	(17.8)	20.1
Opg Profit Gth (%)	17.5	20.7	19.3	(22.4)	23.5
Net Profit Gth (%)	18.6	23.2	27.1	(29.5)	23.4
Margins & Ratio					
Gross Margins (%)	11.1	10.9	10.2	11.0	11.8
Opg Profit Margin (%)	4.5	4.2	4.5	4.3	5.0
Net Profit Margin (%)	3.0	2.9	3.3	2.8	3.3
ROAE (%)	8.6	9.7	12.0	8.2	9.5
ROA (%)	3.1	3.4	4.0	2.8	3.4
ROCE (%)	3.8	4.2	5.1	3.7	4.4
Div Payout Ratio (%)	60.1	39.0	33.0	40.0	40.0
Net Interest Cover (x)	9.9	10.9	7.4	11.0	9.6

Source: Company, DBSVI

Wilmar International

Balance Sheet (US\$ m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Net Fixed Assets	12,774	14,192	14,184	11,981	12,019
Invts in Associates & JVs	3,350	3,507	3,547	3,677	3,904
Other LT Assets	6,972	9,204	10,038	10,385	10,611
Cash & ST Invts	8,020	8,495	7,744	5,874	7,219
Inventory	9,436	11,739	13,230	11,124	11,610
Debtors	9,826	11,017	11,084	16,489	17,355
Other Current Assets	641	564	575	564	564
Total Assets	51,020	58,718	60,402	60,095	63,282
ST Debt	17,146	22,292	23,435	22,928	24,131
Creditor	4,462	5,246	5,534	4,166	4,349
Other Current Liab	1,225	855	975	946	1,001
LT Debt	6,004	6,823	6,994	6,994	6,994
Other LT Liabilities	800	900	865	908	953
Shareholder's Equity	18,882	19,924	19,986	21,295	22,676
Minority Interests	2,501	2,678	2,614	2,857	3,177
Put Equity Reserve	N/A	N/A	N/A	N/A	N/A
Total Cap. & Liab.	51,020	58,718	60,402	60,095	63,282
Non-Cash Wkg. Capital	14,216	17,218	18,380	23,065	24,179
Net Cash/(Debt)	(15,130)	(20,619)	(22,685)	(24,048)	(23,907)
Debtors Turn (avg days)	77.1	57.8	55.0	83.7	97.6
Creditors Turn (avg days)	35.8	30.8	30.3	33.8	28.4
Inventory Turn (avg days)	72.4	67.3	70.2	84.8	75.9
Asset Turnover (x)	1.0	1.2	1.2	1.0	1.0
Current Ratio (x)	1.2	1.1	1.1	1.2	1.2
Quick Ratio (x)	0.8	0.7	0.6	0.8	0.8
Net Debt/Equity (X)	0.7	0.9	1.0	1.0	0.9
Net Debt/Equity ex MI (X)	0.8	1.0	1.1	1.1	1.1
Capex to Debt (%)	8.5	8.7	4.3	4.2	3.9
Z-Score (X)	2.0	2.0	2.0	2.0	2.0

Source: Company, DBSVI

Wilmar International

Cash Flow Statement (US\$ m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Pre-Tax Profit	2,311	2,766	3,117	2,457	3,058
Dep. & Amort.	1,058	1,147	1,028	1,094	1,156
Tax Paid	(407)	(687)	(547)	(520)	(647)
Assoc. & JV Inc/(loss)	(202)	(219)	(274)	(130)	(227)
Chg in Wkg.Cap.	(2,443)	(3,100)	(2,601)	(4,667)	(1,169)
Other Operating CF	235	49	(99)	1,251	41
Net Operating CF	553	(45)	(644)	(515)	2,211
Capital Exp.(net)	(1,976)	(2,527)	(1,301)	(1,248)	(1,217)
Other Invt.(net)	0	0	0	0	0
Invt in Assoc. & JV	(44)	0	0	0	0
Div from Assoc & JV	44	0	0	0	0
Other Investing CF	169	171	(636)	(278)	(295)
Net Investing CF	(1,807)	(2,356)	(1,937)	(1,526)	(1,511)
Div Paid	(619)	(968)	(749)	(769)	(710)
Chg in Gross Debt	685	6,339	2,778	(506)	1,203
Capital Issues	0	0	0	0	0
Other Financing CF	3,070	(2,556)	(34)	43	45
Net Financing CF	3,136	2,814	1,996	(1,232)	538
Currency Adjustments	0	0	0	0	0
Chg in Cash	1,882	413	(585)	(3,273)	1,238
Opg CFPS (S cts)	46.8	47.7	30.6	64.8	52.8
Free CFPS (S cts)	(22.2)	(40.2)	(30.4)	(27.5)	15.5

Source: Company, DBS Bank

Target Price & Ratings 12-mth 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:	11 Jan 23	4.12	6.67	BUY

Source: DBSVI

Analyst: William Simadiputra

DBSVI 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: 10 Jul 2023 06:16:50 (SGT)

Dissemination Date: 10 Jul 2023 09:15:14 (SGT)

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