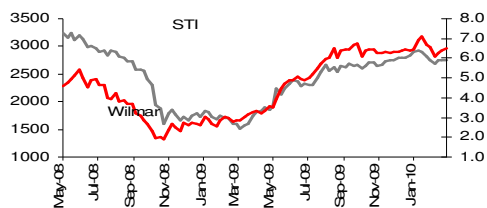


2 March 2010

Maintain

BUY

Previous Rating: BUY

Current Price: S\$6.67
Fair Value: S\$8.23


Reuters Code	WLIL.SI
ISIN Code	F34
Bloomberg Code	WIL SP
Issued Capital (m)	6,392
Mkt Cap (S\$m/US\$m)	42,634 / 30,325
Major Shareholders	
Wilmar Holdings	40.63%
Free Float (%)	13.6%
Daily Vol 3-mth ('000)	6,421
52 Wk Range	2.850 - 7.290

IUS\$ m)	FY08	FY09	FY10F	FY11F
Revenue	29145.2	23885.1	27220.4	29069.2
EBITDA	1862.6	2057.0	2313.9	2389.0
EPS (cts)	24.0	29.5	29.4	30.7
PER (x)	19.9	16.2	16.2	15.5
Price/NTA (x)	5.4	4.4	3.6	3.1

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Wilmar Int'l Ltd

Focus on China, India and Indonesia in 2010

FY09 results mostly in line. Wilmar International Limited (WIL) posted its FY09 results over the weekend. Revenue fell 18.0% to US\$23885.1m, or about 6.8% shy of our FY estimate, but no surprises here due to lower commodities prices. However, net profit jumped 22.9% to US\$1882.0m, underpinned by strong earnings posted by its Oilseeds & Grains, Consumer Products and Plantations & Palm Oil Mills divisions; and if we strip out the fair value adjustment from biological assets, core net profit of US\$1865.0m was almost spot on our US\$1859.6m forecast (this already includes the exceptional net gains of US\$167m arising from the sale of new shares in Wilmar China Limited). WIL has also declared a final dividend of S\$0.05 per share (vs. S\$0.045 last year), payable on 20 May 2010, bringing the total FY09 payout to S\$0.08 (vs. S\$0.073 in FY08).

Spending US\$1b for pan-Asia expansion. Going forward, WIL remains upbeat about the economic activities in Asia, especially in China, India and Indonesia; management intends to spend no less than US\$1b on capex to expand its operations here. While WIL did not give a detailed breakdown, we understand that increasing its plantation assets in Indonesia will be a priority (both via new planting and acquisitions); it also intends to increase its refining and crushing capacity there to cater for the higher CPO output. Over in China, WIL intends to increase its flour and rice milling business; this as it sees growing demand for high quality processed agricultural and consumer products due to rising affluence and rapid urbanization there.

Sugar plantations - new growth focus. Meanwhile, WIL is considering expansion into other related agri-businesses such as sugar plantations and mills - likely to be in Indonesia - as management sees good prospects in this area. A recent Reuters article noted that the International Sugar Organisation has increased its forecast for the global sugar deficit in 2009/2010 from a previous estimate of 7.2m tons to 9.4m tons¹. However, management says that it will be taking small steps in this new area and will continue to do feasibility studies; as such, it will not be investing a lot yet and this is more likely a 2011 story.

Maintain BUY with S\$8.23 fair value. We are keeping our FY10 estimates intact as FY09 results were mostly in line with our estimates. Maintain **BUY** with an unchanged fair value of S\$8.23 (based on 20x FY10F EPS).

¹ http://www.moneycontrol.com/news/business/analysis-white-sugar-premium-bodes-well-for-investment_443671.html

Wilmar's Key Financial Data

Wilmar Results Year Ended 31 Dec (US\$ m)	4Q08 (US\$m)	4Q09 (US\$m)	% Chg (YoY)	3Q09 (US\$m)	% Chg (QoQ)
Revenue	5,826.1	6,915.7	18.7%	6,299.0	9.8%
Gross profit	670.5	759.2	13.2%	723.0	5.0%
Gross margin	11.5%	11.0%		11.5%	
EBITDA	393.7	505.3	28.3%	466.4	8.3%
Depreciation & amortisation	-62.1	-68.8	10.7%	-63.3	8.7%
Operating profit	331.6	436.5	31.6%	403.1	8.3%
Net interest	-31.4	0.9	nm	29.3	-96.9%
Forex	0.0	0.0	nm	0.0	nm
Associates	31.1	14.0	-55.1%	17.3	-19.4%
Exceptionals	0.0	0.0	nm	167.0	nm
Pre-tax profit	331.3	451.4	36.3%	616.7	-26.8%
Tax	11.4	-52.6	-560.8%	-76.5	-31.2%
Minority interests	1.3	-22.5	-1881.4%	-5.6	304.8%
Net profit	373.6	442.0	18.3%	652.9	-32.3%
Net Margin	6.4%	6.4%		10.4%	

Wilmar's Key Financial Data

EARNINGS FORECAST					BALANCE SHEET				
Year Ended 31 Dec (US\$m)	FY08	FY09	FY10F	FY11F	As of 31 Dec (US\$m)	FY08	FY09	FY10F	FY11F
Revenue	29,145.2	23,885.1	27,220.4	29,069.2	Cash	2,893.1	5,134.9	5,566.7	6,450.2
EBITDA	1,862.6	2,057.0	2,313.9	2,389.0	Other Current Assets	5,400.2	7,735.7	7,522.4	7,910.6
Depreciation & amortisation	-207.9	-252.3	-354.0	-354.2	Fixed Assets	3,252.2	3,919.3	4,565.3	4,211.1
Operating Profit	1,654.7	1,821.7	1,959.9	2,034.8	Other long term assets	6,323.4	6,658.9	6,658.9	6,658.9
Net interest	-254.0	-43.4	-16.4	13.2	Total Assets	17,868.9	23,448.8	24,313.1	25,230.8
Associates	111.2	46.2	70.0	70.0	Current Liabilities less Debt	2,245.7	1,994.8	2,198.1	2,272.1
Exceptionals	0.0	0.0	0.0	0.0	Debt	5,283.6	9,579.7	8,682.0	7,871.1
Pre-tax profit	1,789.3	2,294.4	2,313.5	2,418.0	Other Long Term Liabilities	364.3	462.6	480.7	501.1
Tax	-232.2	-324.1	-347.0	-362.7	Shareholders Equity	9,606.5	10,931.1	12,383.7	13,925.8
Net Profit	1,531.0	1,882.0	1,878.3	1,963.3	Total Equity and Liabilities	17,868.9	23,448.8	24,313.1	25,230.8
CASH FLOW					KEY RATES & RATIOS				
Year Ended 31 Dec (US\$m)	FY08	FY09	FY10F	FY11F		FY08	FY09	FY10F	FY11F
Profit Before Tax	2,088.7	2,136.7	2,683.9	2,759.0	EPS (S cents)	24.0	29.5	29.4	30.7
Working Capital Changes	1,629.9	-2,404.1	482.3	-314.3	Fully Diluted EPS (S cents)	23.4	28.7	28.7	30.0
Net Cash from Operations	3,230.9	-520.4	3,131.8	2,437.5	PER (x)	19.9	16.2	16.2	15.5
Capex	-1,012.2	-973.9	-1,000.0	-1,000.0	Price/NTA (x)	5.4	4.4	3.6	3.1
Investing Cash flow	-1,296.0	-1,282.4	-1,000.0	-1,000.0	EV/EBITDA (x)	17.6	17.0	14.5	13.3
Change in Equity	0.0	273.6	0.0	0.0	Dividend Yield (%)	1.1	1.2	1.4	1.4
Net Debt Change	245.8	4,024.7	-897.7	-810.9	ROIC (%)	10.3	9.2	8.9	9.0
Financing Cash Flow	-1,345.9	1,161.2	-1,255.3	-1,236.8	ROE (%)	15.9	17.2	15.2	14.1
Net Cash flow	588.9	-641.6	876.5	200.8	Net Gearing (%)	24.9	40.7	25.2	10.2
Ending Cash Balance	2,893.1	5,134.9	5,566.7	6,450.2	PE to Growth (x)	0.2	0.7	-82.6	3.4

Source: Company data, OIR estimates

SHAREHOLDING DECLARATION:

The analyst/analysts who wrote this report holds NIL shares in the above security.

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- However, OIR's fundamental views and ratings (Buy, Hold, Sell) are medium-term calls within a 12-month investment horizon. OIR's Buy = More than 10% upside from the current price; Hold = Trade within +/- 10% from the current price; Sell = More than 10% downside from the current price.

- For companies with less than S\$150m market capitalization, OIR's Buy = More than 30% upside from the current price; Hold = Trade within +/- 30% from the current price; Sell = More than 30% downside from the current price.

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