

Singapore

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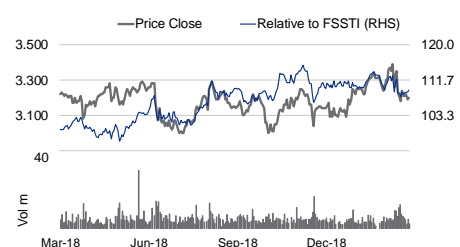
Consensus ratings*: Buy 8 Hold 9 Sell 2

Current price:	S\$3.20
Target price:	S\$3.96
Previous target:	S\$3.96
Up/downside:	23.8%
CGS-CIMB / Consensus:	12.3%
Reuters:	WLIL.SI
Bloomberg:	WIL SP
Market cap:	US\$14,892m
	S\$20,247m
Average daily turnover:	US\$10.92m
	S\$14.72m
Current shares o/s	6,403m
Free float:	29.5%

*Source: Bloomberg

Key financial forecasts

	Dec-19F	Dec-20F	Dec-21F
Net Profit (US\$m)	1,204	1,284	1,370
Core EPS (US\$)	0.19	0.20	0.21
Core EPS Growth	(7.73%)	6.62%	6.67%
FD Core P/E (x)	12.52	11.74	11.00
Recurring ROE	7.34%	7.48%	7.63%
P/BV (x)	0.90	0.86	0.82
DPS (US\$)	0.075	0.080	0.086
Dividend Yield	3.20%	3.41%	3.63%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.9	1.9	-0.6
Relative (%)	-1.4	-2.4	7.8

Major shareholders

	% held
PPB Group & Kuok group	33.4
Archer Daniels Midland	23.9
Kuok Khoo Hong	12.5

Analyst(s)
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Wilmar International

Buying out Goodman Fielder co-investor

- We are neutral on Wilmar's plans to buy the remaining 50% stake in Goodman Fielder as the deal will not materially impact near-term earnings.
- The acquisition is in line with its plan to grow its consumer products business.
- Maintain Add and SOP-based TP of S\$3.96. Listing of Wilmar China is a key potential re-rating catalyst. Downside risk is weaker-than-expected earnings.

Proposes to buy 50% stake in Goodman Fielder from First Pacific

- Wilmar has entered into a share purchase agreement to acquire the remaining 50% stake (including shareholder loans of US\$95m) in FPW Singapore Holdings (FPW), from First Pacific (142 HK) for US\$275m. The deal comes with a contingent payable of US\$25m in 2021 (if 2020 earnings target is met) and an additional US\$25m earn-out payment if the 2020 earnings threshold is exceeded. FPW owns 100% stake in Goodman Fielder (GF). The deal is expected to be completed in 4Q19 and that it will result in First Pacific (the seller) recording a non-recurring loss of about US\$280m.

Background on Goodman Fielder Group

- Goodman Fielder group (GF) is a leading regional food company across Australia, New Zealand and Asia Pacific. It manufactures, packages, distributes, markets and sells a wide range of food products including bread, milk, cheese, chicken, flour, cooking oils, spreads, baking ingredients, ice cream and snacks. The company owns brands such as Wonder White bread, Meadow Lea margarine and Praise mayonnaise.

History of Wilmar's investment in Goodman Fielder

- Wilmar invested in GF as early as 29 Feb 2012, when it bought a 10.1% direct stake in GF in the open market, reportedly for A\$115m (US\$124m). On 17 Mar 2015, First Pacific and Wilmar paid a combined A\$1.3bn (US\$934m) to acquire 100% stake in GF via FPW. The acquisition raised Wilmar's stake in GF via FPW to 50%

Latest acquisition price lower than historical costs

- We estimate it will cost Wilmar around US\$275m-325m to acquire the additional 50% stake in FPW. The acquisition is not material as it represents 1.7-2% of Wilmar's shareholders' funds. However, this is 28-49% lower than Wilmar's investment value of 50% stake in FPW of US\$543.4m in its book as at 31 Dec 2017. We gather that this could be due to the more challenging operating environment GF faces in Australia. Following the proposed deal, we estimate Wilmar's investment in FPW could be raised to c.US\$818m-868m.

Neutral on this development; maintain Add

- We are neutral on this development as it is unlikely to significantly impact Wilmar's earnings in the near term. According to Wilmar's annual reports, FPW posted US\$21.9m/US\$37.1m/ (US\$10.8m) net earnings in FY15/16/17. We gather that FPW's losses in FY17 were due to restructuring costs. We estimate that the proposal will have minimal or less than 1% impact on our earnings forecasts for Wilmar, but could raise its net gearing position as it will need to consolidate FPW's debts. We are positive on the investment in the longer term as it will help Wilmar expand its consumer products division.

Figure 1: Goodman Fielder's consumer products brands


Goodman Fielder is Australasia's leading food company with a portfolio of well-known consumer brands.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Sector comparison - Agribusiness

Company	BB Ticker	Recom.	Price	Target	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recur. ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
			(local curr)	(local curr)		CY2019F	CY2020F		CY2019F	CY2020F	CY2019F	CY2020F	CY2019F	CY2020F	CY2019F	CY2020F
IOI Corporation	IOI MK	Reduce	RM4.51	RM4.02	6,734	29.7	26.4	-1.9%	2.90	2.78	9.6%	9.8%	17.0	16.2	2.1%	2.0%
Kuala Lumpur Kepong	KLK MK	Hold	RM24.78	RM24.54	6,453	38.9	34.9	-4.5%	2.55	2.50	6.6%	7.2%	19.6	18.0	2.1%	2.4%
FGV Holdings Bhd	FGV MK	Hold	RM1.12	RM1.10	999	48.2	43.1	-3.3%	0.90	0.88	1.9%	2.1%	10.9	10.9	0.0%	0.0%
Genting Plantations	GENP MK	Add	RM10.44	RM11.55	2,063	35.8	27.8	-1.3%	1.94	1.88	5.5%	6.9%	17.0	14.8	1.7%	1.9%
Hap Seng Plantations	HAPL MK	Hold	RM1.80	RM1.96	352	23.3	22.6	-20.4%	0.86	0.85	3.7%	3.8%	8.3	8.2	2.8%	2.8%
Ta Ann	TAH MK	Hold	RM2.42	RM2.49	261	13.8	12.3	-10.7%	0.76	0.74	5.6%	6.1%	7.1	6.8	4.1%	4.1%
Malaysia Average						22.8	20.0	-2.7%	1.3	1.3	3.5%	3.9%	10.5	9.6	1.1%	1.3%
Wilmar International	WIL SP	Add	SGD3.20	SGD3.96	14,892	12.5	11.7	7.8%	0.90	0.86	7.3%	7.5%	11.5	11.9	3.2%	3.4%
Golden Agri-Resource	GGR SP	Reduce	SGD0.27	SGD0.23	2,529	34.6	27.5	-2.4%	0.60	0.59	1.8%	2.3%	8.9	8.5	0.9%	1.1%
First Resources Ltd	FR SP	Add	SGD1.69	SGD2.12	1,969	13.3	11.9	7.1%	1.90	1.71	15.1%	15.2%	7.4	6.5	2.3%	2.5%
Singapore Average						15.5	13.8	6.4%	0.96	0.91	7.4%	7.6%	10.8	10.9	2.8%	3.0%
Sector average						19.1	16.9	1.9%	1.1	1.1	5.4%	5.7%	10.6	10.2	2.0%	2.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

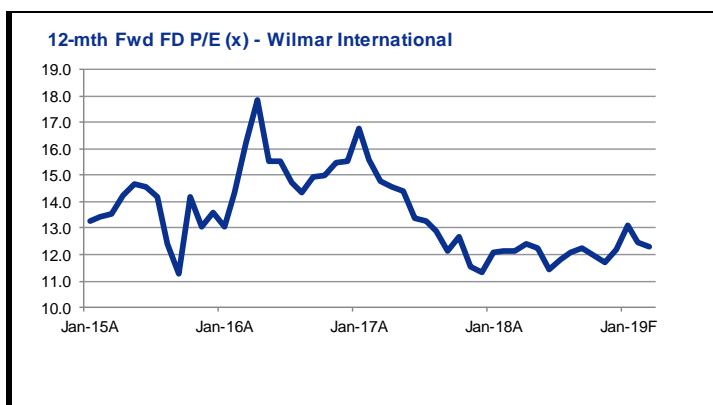
BY THE NUMBERS

Profit & Loss				
(US\$m)	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	44,498	47,944	50,944	54,183
Gross Profit	4,395	4,735	5,031	5,351
Operating EBITDA	2,446	2,605	2,661	2,867
Depreciation And Amortisation	(830)	(855)	(881)	(907)
Operating EBIT	1,616	1,750	1,780	1,960
Financial Income/(Expense)	(352)	(339)	(271)	(345)
Pretax Income/(Loss) from Assoc.	310	264	277	291
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	1,574	1,676	1,786	1,906
Exceptional Items	0	0	0	0
Pre-tax Profit	1,574	1,676	1,786	1,906
Taxation	(350)	(369)	(393)	(419)
Exceptional Income - post-tax				
Profit After Tax	1,224	1,307	1,393	1,486
Minority Interests	(96)	(103)	(110)	(117)
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0
Other Adjustments - post-tax	0	0	0	0
Net Profit	1,128	1,204	1,284	1,370
Recurring Net Profit	1,305	1,204	1,284	1,370
Fully Diluted Recurring Net Profit	1,305	1,204	1,284	1,370

Balance Sheet				
(US\$m)	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	3,696	5,206	3,550	3,677
Total Debtors	11,867	10,217	11,832	12,860
Inventories	7,911	8,524	9,057	9,633
Total Other Current Assets	1,992	1,992	1,992	1,992
Total Current Assets	25,466	25,939	26,432	28,163
Fixed Assets	9,310	9,455	9,574	8,667
Total Investments	4,551	4,815	5,092	5,382
Intangible Assets	4,495	4,495	4,495	4,495
Total Other Non-Current Assets	1,858	1,858	1,858	1,858
Total Non-current Assets	20,214	20,623	21,019	20,403
Short-term Debt	17,821	17,821	17,821	17,821
Current Portion of Long-Term Debt	0	0	0	0
Total Creditors	2,934	2,991	3,000	3,177
Other Current Liabilities	873	873	873	873
Total Current Liabilities	21,629	21,686	21,695	21,871
Total Long-term Debt	5,523	5,523	5,523	5,523
Hybrid Debt - Debt Component	0	0	0	0
Total Other Non-Current Liabilities	1,422	1,422	1,422	1,422
Total Non-current Liabilities	6,945	6,945	6,945	6,945
Total Provisions	339	339	339	339
Total Liabilities	28,913	28,970	28,979	29,156
Shareholders' Equity	16,049	16,771	17,542	18,363
Minority Interests	718	820	930	1,047
Total Equity	16,767	17,592	18,472	19,410

Cash Flow				
(US\$m)	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	2,446	2,605	2,661	2,867
Cash Flow from Inv. & Assoc.	0	0	0	0
Change In Working Capital	(1,752)	1,094	(2,140)	(1,427)
(Incr)/Decr in Total Provisions	0	0	0	0
Other Non-Cash (Income)/Expense	0	0	0	0
Other Operating Cashflow	0	0	0	0
Net Interest (Paid)/Received	(352)	(339)	(271)	(345)
Tax Paid	(350)	(369)	(393)	(419)
Cash Flow From Operations	(8)	2,992	(143)	675
Capex	(1,000)	(1,000)	(1,000)	(1,000)
Disposals Of FAs/subsidiaries	23	0	0	0
Acq. Of Subsidiaries/investments	23	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(954)	(1,000)	(1,000)	(1,000)
Debt Raised/(repaid)	0	0	0	0
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(485)	(482)	(514)	(548)
Preferred Dividends	0	0	0	0
Other Financing Cashflow	0	0	0	0
Cash Flow From Financing	(485)	(482)	(514)	(548)
Total Cash Generated	(1,447)	1,511	(1,656)	(873)
Free Cashflow To Equity	(962)	1,992	(1,143)	(325)
Free Cashflow To Firm	(143)	2,483	(653)	165

Key Ratios				
	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	2.12%	7.74%	6.26%	6.36%
Operating EBITDA Growth	3.6%	6.5%	2.1%	7.8%
Operating EBITDA Margin	5.50%	5.43%	5.22%	5.29%
Net Cash Per Share (US\$)	(3.07)	(2.83)	(3.09)	(3.07)
BVPS (US\$)	2.51	2.62	2.74	2.87
Gross Interest Cover	1.97	3.57	3.63	4.00
Effective Tax Rate	22.2%	22.0%	22.0%	22.0%
Net Dividend Payout Ratio	43.0%	40.0%	40.0%	40.0%
Accounts Receivables Days	34.66	34.23	34.29	34.21
Inventory Days	73.43	69.42	70.08	69.85
Accounts Payables Days	11.54	12.42	11.98	11.93
ROIC (%)	5.29%	5.21%	5.45%	5.61%
ROCE (%)	5.37%	4.65%	4.79%	4.94%
Return On Average Assets	3.64%	3.57%	3.54%	3.82%



Key Drivers				
	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Planted Estates (ha)	230,409	230,409	230,409	230,409
Mature Estates (ha)	194,943	194,943	194,943	194,943
FFB Yield (tonnes/ha)	21.0	21.0	21.0	21.0
FFB Output Growth (%)	6.8%	5.0%	5.0%	5.0%
CPO Price (US\$/tonne)	598	651	651	651

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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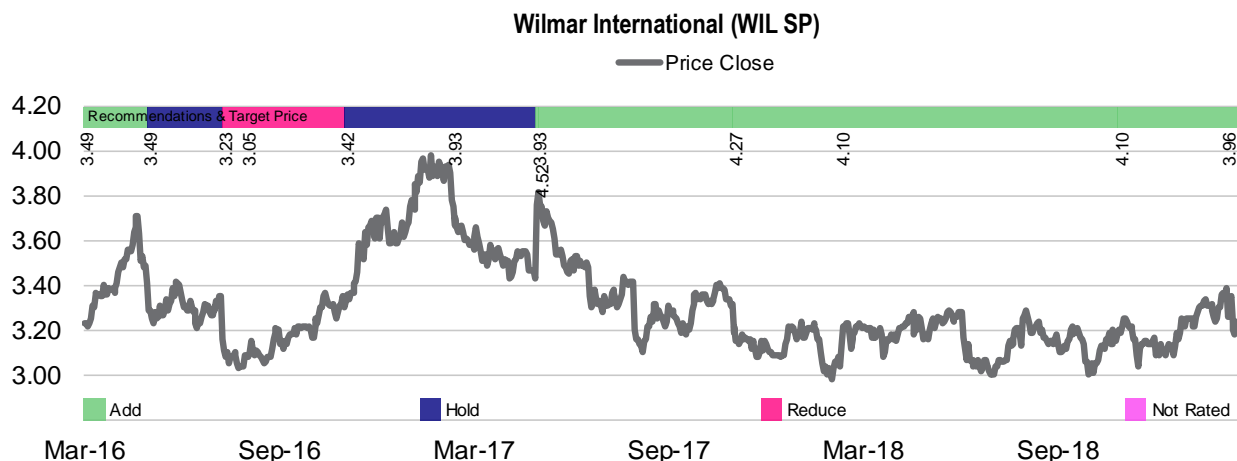
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2018		
758 companies under coverage for quarter ended on 31 December 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.2%	4.2%
Hold	25.1%	2.1%
Reduce	13.7%	0.4%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD*** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WORK** – Good, n/a.

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- Companies certified by CAC

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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