



Global Brands, Local Favourites

## MEWAH INTERNATIONAL INC.

(Company Registration No.: CR-166055)

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### NEWS RELEASE : FINANCIAL RESULTS FOR THE 3<sup>RD</sup> QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

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#### MEWAH DELIVERS IMPRESSIVE Q3 EARNINGS

- *Net profit of US\$10.5 million for the quarter*
- *Record sales volume of 3.3 million MT for the nine months period*
- *Impressive performance by Bulk segment supported by high sales volume and improved margins*
- *Balance sheet remains strong with low net debt to equity ratio of 0.33*

#### Results Highlights

	Q3 2016	Q3 2015	Change (YOY)	Q2 2016	Change (QOQ)	9M 2016	9M 2015	Change
<b>Sales volume</b> (MT'000)	<b>1,075.5</b>	1,139.5	-5.6%	1,123.2	-4.2%	<b>3,292.9</b>	3,036.5	8.4%
<b>Revenue</b> (US\$'million)	<b>757.0</b>	749.9	0.9%	834.4	-9.3%	<b>2,302.8</b>	2,134.4	7.9%
<b>Average selling prices</b> (US\$)	<b>703.9</b>	658.1	7.0%	742.8	-5.2%	<b>699.3</b>	702.9	-0.5%
<b>Operating margin</b> (US\$'million)	<b>39.4</b>	21.7	81.5%	30.1	30.9%	<b>94.6</b>	69.6	36.0%
<b>Operating margin per MT</b> (US\$)	<b>36.6</b>	19.0	92.6%	26.8	36.6%	<b>28.7</b>	22.9	25.3%
<b>Profit before tax</b> (US\$'million)	<b>14.4</b>	2.1	577.3%	2.5	476.0%	<b>20.9</b>	6.4	227.2%
<b>Net profit *</b> (US\$'million)	<b>10.5</b>	1.3	689.9%	1.9	452.6%	<b>15.4</b>	4.7	228.9%

\* Profit after tax attributable to equity holders of the Company

Singapore, Nov 11, 2016 – Mainboard-listed Mewah International Inc. (“Mewah”, “the Group” or “the Company”), an integrated agri-business group that is one of the largest palm oil processors in the world by capacity, today announced financial results for its third quarter and nine months ended 30 September 2016.

The Group posted net profit of US\$10.5 million for the quarter (Q3 2016), its highest quarterly profit since Q4 2011.

The Group achieved another quarter of good sales volume of 1,075,500 metric tonne (“MT”). Though the same was 5.6% lower than the all-time-high quarterly sales volume for the corresponding period last year, record sales volume of 3,292,900 MT for nine months was 8.4% higher than last year.

Revenue increased marginally to US\$757.0 million on the back of 7.0% higher average selling prices compared to last year. Compared to last quarter, revenue decreased 9.3% due to 4.2% lower sales volume and 5.2% lower average selling prices. For the nine months, revenue increased 7.9% to US\$2,302.8 million supported by 8.4% higher sales volume.

Total operating margin increased to US\$39.4 million, 81.5% and 30.9% higher than last year and last quarter due to improved operating margin of US\$36.6 per MT for the quarter compared to US\$19.0 last year and US\$26.8 last quarter. For the nine months, operating margin increased 36.0% to US\$94.6 million supported by higher sales volume and higher OM of US\$28.7 per MT compared to US\$22.9 last year.

The Company said in the announcement, “Low inventory levels at Indonesia and Malaysia, where palm oil originates, coupled with improved production outlook resulted in premiums in prices for spot and nearby months’ deliveries.”

“With its strategic positioning in the supply chain, large scale integrated refineries in Malaysia and with customer base in over 100 countries, the Group was in good position to meet the demand coming from Bulk segment customers as the inventories were low and the prices were moving up. However, for Consumer Pack segment, the Group continued to face headwinds due to sluggish economy of the destination markets and financial challenges for relatively smaller customers for the segment,” the Company added.

Mr. Rajesh Chopra, Group CFO commented, “We are really encouraged by the robust performance for the year so far with strong sales volumes and improved margins in the otherwise tough operating conditions. Our competitive position in the industry, operational and financial flexibility supported by strong balance sheet have helped us to navigate through the tough times. We continue to make efforts to consolidate our position in the palm oil industry, provide specialized applications and customer solutions, expand range of customer products and broaden our distribution network to build a strong platform for future growth.”

## Segmental Performance

### Bulk segment

	Q3 2016	Q3 2015	Change	Q2 2016	Change	9M 2016	9M 2015	Change
<b>Sales volume</b> (MT'000)	<b>869.5</b>	863.9	0.6%	888.3	-2.1%	<b>2,619.0</b>	2,302.0	13.8%
<b>Revenue</b> (US\$'million)	<b>596.0</b>	538.0	10.8%	644.7	-7.6%	<b>1,784.0</b>	1,538.1	16.0%
<b>Average selling prices</b> (US\$)	<b>685.5</b>	622.8	10.1%	725.8	-5.6%	<b>681.2</b>	668.2	1.9%
<b>Operating margin</b> (US\$'million)	<b>35.3</b>	9.5	271.6%	25.9	36.3%	<b>77.5</b>	34.4	125.3%
<b>Operating margin per MT</b> (US\$)	<b>40.6</b>	11.0	269.1%	29.2	39.0%	<b>29.6</b>	14.9	98.7%

For the quarter, sales volume for Bulk segment increased marginally to 869,500 MT compared to last year but was 2.1% lower than last quarter. For the nine months, record sales volume of 2,619,000 MT was 13.8% higher than the corresponding period last year.

Revenue of US\$596.0 million for the quarter was 10.8% higher than last year but 7.6% lower than last quarter mainly due to movement in the prices. For the nine months, revenue increased 16.0% to US\$1,784.0 million on the back of 13.8% higher sales volume.

The segment recorded impressive operating margin of US\$35.3 million for the quarter compared to US\$9.5 million last year and \$25.9 million last quarter with improved operating margin of US\$40.6 per MT compared to US\$11.0 and US\$29.2 respectively. For the nine months, total operating margin more than doubled to US\$77.5 million supported by 13.8% higher sales volume and higher operating margin per MT of US\$29.6 compared to US\$14.9 last year.

The segment contributed 80.8% of total sales volume, 78.7% of total revenue and 89.6% of total operating margin of the Group for the quarter. For the nine months, the segment contributed 79.5% of total sales volume, 77.5% of total revenue and 81.9% of total operating margin of the Group.

### Consumer Pack segment

	Q3 2016	Q3 2015	Change	Q2 2016	Change	9M 2016	9M 2015	Change
<b>Sales volume</b> (MT'000)	<b>206.0</b>	275.6	-25.3%	234.9	-12.3%	<b>673.9</b>	734.5	-8.3%
<b>Revenue</b> (US\$million)	<b>161.0</b>	211.9	-24.0%	189.7	-15.1%	<b>518.8</b>	596.3	-13.0%
<b>Average selling prices</b> (US\$)	<b>781.6</b>	768.9	1.7%	807.6	-3.2%	<b>769.8</b>	811.8	-5.2%
<b>Operating margin</b> (US\$million)	<b>4.1</b>	12.2	-66.4%	4.2	-2.4%	<b>17.1</b>	35.2	-51.4%
<b>Operating margin per MT</b> (US\$)	<b>19.9</b>	44.3	-55.1%	17.9	11.2%	<b>25.4</b>	47.9	-47.0%

For the quarter, the Group registered sales volume of 206,000 MT for Consumer Pack segment, down 25.3% and 12.3% on YOY and QOQ respectively. For the nine months, sales volumes declined 8.3% to 673,900 MT.

Revenue declined 24.0% and 15.1% to US\$161.0 million for the quarter on YOY and QOQ respectively. For the nine months, revenue decreased 13.0% to US\$518.8 million.

The Company said in the announcement, "The Group has taken a cautious stance on receivables from customers in certain destination markets where customers have difficulty in sourcing foreign currencies. This has placed some dent on the operating margin for Consumer Pack segment."

Due to low operating margin of US\$19.9 for the quarter, the segment's total operating margin declined to US\$4.1 million from \$12.2 million and US\$4.2 million for the last year and last quarter respectively. For the nine months, 8.3% lower sales volume and lower operating margin of US\$25.4 per MT compared to US\$47.9 resulted in total operating margin decreasing by 51.4% to US\$17.1 million.

The segment contributed 19.2% of total sales volume, 21.3% of total revenue and 10.4% of total operating margin of the Group for the quarter. For the nine months, the segment contributed 20.5% of total sales volume, 22.5% of total revenue and 18.1% of total operating margin of the Group.

## **Balance Sheet**

The Group's balance sheet remained strong with debt to equity ratio of 0.45 or net debt to equity ratio of 0.33.

The Group continued to maintain operational efficiency and sustained a short cycle time of 39 days compared to 68 days last year (inventories days add trade receivables days less trade payables days).

## **Future Outlook**

The Company noted in its results announcement, "With improved production outlook and palm oil prices still at a discount to other competing oils, prices are expected to be supported at the current levels. Ultimately, with higher production setting in, premiums in prices for spot and nearby deliveries are expected to come down. The Group remains competitively positioned in the palm oil industry with its large scale strategically located integrated refineries, well established global brands and large customer base."

## **About Mewah International Inc.**

Mewah International Inc. (“Mewah” or the “Group”) is an integrated agri-business focused on edible oils and fats. One of the largest palm oil processors in the world by capacity, Mewah produces a wide range of refined and fractionated vegetable oils and fats principally from palm oil. It also produces oils and fats from lauric oils, such as palm kernel oil and coconut oil; and from soft oils, such as soybean oil, canola oil, sunflower seed oil and corn oil. Featuring integrated operations throughout the edible oils and fats value chain, from sourcing and processing of raw materials to packing, branding, merchandising, shipping and distribution of the products, Mewah’s products are sold to customers in more than 100 countries, duly supported by its wide range of brands including long established and well recognized Oki and Moi brands.

The Group’s business consists of two business segments namely the Bulk segment and Consumer Pack segment. The Bulk segment produces and sells vegetable-based edible oil and fat products, in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items. The Consumer Pack segment produces vegetable-based edible oil and fat products, in the form of consumer packs and sells under Group’s own brands and under the brands of third parties, primarily to importers and distributors at destination markets. The specialty fats and confectionary oils are sold primarily to distributors, and factories involved in the production of confectionery, bakery products and other food items. Besides edible oil and fat products, the Group also sells rice and dairy products in consumer pack form under its own brands.

Mewah Group has been in operation since the 1950s. Today, Mewah has grown to be one of the largest edible oils and fats businesses with a current total refining capacity of 10,000 MT a day or 3.5 million MT annually. Mewah currently has four refineries and processing plants, two packing plants, a biodiesel plant and a dairy manufacturing facility in Malaysia and one packing plant in Singapore.

Mewah was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on November 24, 2010.

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