



Global Brands, Local Favourites

## MEWAH INTERNATIONAL INC.

(Company Registration No.: CR-166055)

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### NEWS RELEASE : FINANCIAL RESULTS FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2015

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#### MEWAH REPORTS US\$2.2 MILLION PROFIT FOR Q1

- *Group achieved improved sales volume and higher operating margin.*
- *Higher net profit of US\$2.4 million for the quarter compared to US\$1.0 million last year*
- *Balance sheet remained strong with low net debt to equity ratio of 0.32.*

#### Results Highlights

|                                            | Q1 2015      | Q1 2014 | Change<br>(YOY) | Q4 2014 | Change<br>(QOQ) |
|--------------------------------------------|--------------|---------|-----------------|---------|-----------------|
| <b>Sales volume</b><br>(MT'000)            | <b>931.6</b> | 915.5   | 1.8%            | 1,066.6 | -12.7%          |
| <b>Revenue</b><br>(US\$'million)           | <b>692.6</b> | 814.4   | -15.0%          | 828.6   | -16.4%          |
| <b>Operating margin</b><br>(US\$'million)  | <b>24.3</b>  | 23.1    | 5.1%            | 32.0    | -24.1%          |
| <b>Operating margin per MT</b><br>(US\$)   | <b>26.0</b>  | 25.2    | 3.2%            | 30.0    | -13.3%          |
| <b>Profit before tax</b><br>(US\$'million) | <b>2.8</b>   | 1.2     | 138.0%          | 10.0    | -72.0%          |
| <b>Net profit *</b><br>(US\$'million)      | <b>2.2</b>   | 1.0     | 125.8%          | 8.7     | -74.7%          |

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

Singapore, May 14, 2015 – 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 first quarter ended 31 March 2015.

The Group reported net profit of US\$2.2 million for the first quarter, more than double of US\$1.0 million for the corresponding quarter last year (Q1 2014).

The Group’s sales volume increased marginally by 1.8% to 931,600 metric tonne (“MT”), but due to lower average selling prices, revenue decreased by 15.0% to US\$692.6 million.

Improved operating margin of US\$26.0 per MT compared to US\$25.2 last year helped total operating margin to increase by 5.1% to US\$24.3 million.

The Company mentioned in its results announcement, “Crude Palm Oil (“CPO”) prices remained low in the range of 2,150 and 2,350 ringgit during the quarter after touching a low of 1,900 ringgit in August 2014. At low prices, the buyers at destinations, replenished their inventories. After strong export demand in the fourth quarter of last year, the demand weakened during the first quarter of the year, particularly for the Consumer Pack segment.”

## Segmental Performance

### Bulk segment

|                                       | Q1 2015      | Q1 2014 | Change | Q4 2014 | Change |
|---------------------------------------|--------------|---------|--------|---------|--------|
| <b>Sales volume</b> (MT'000)          | <b>725.4</b> | 664.3   | 9.2%   | 723.0   | 0.3%   |
| <b>Revenue</b> (US\$million)          | <b>512.3</b> | 571.5   | -10.4% | 523.6   | -2.2%  |
| <b>Average selling prices</b> (US\$)  | <b>706.2</b> | 860.3   | -17.9% | 724.2   | -2.5%  |
| <b>Operating margin</b> (US\$million) | <b>14.4</b>  | 10.4    | 38.5%  | 16.7    | -13.8% |
| <b>Operating margin per MT</b> (US\$) | <b>19.9</b>  | 15.7    | 26.8%  | 23.1    | -13.9% |

Sales volume for Bulk segment increased by 9.2% to 725,400 MT but 17.9% drop in average selling prices resulted in revenue decreasing by 10.4% to US\$512.3 million.

The Group achieved improved operating margin of US\$19.9 per MT compared to US\$15.7 last year. 9.2% higher sales volume and 26.8% higher operating margin per MT helped the Group to achieve total operating margin of US\$14.4 million, 38.5% higher than last year.

The segment contributed 77.9% of total sales volume, 74.0% of total revenue and 59.3% of total operating margin of the Group for the quarter.

### Consumer Pack segment

|                                       | Q1 2015      | Q1 2014 | Change | Q4 2014 | Change |
|---------------------------------------|--------------|---------|--------|---------|--------|
| <b>Sales volume</b> (MT'000)          | <b>206.2</b> | 251.2   | -17.9% | 343.6   | -40.0% |
| <b>Revenue</b> (US\$million)          | <b>180.3</b> | 242.9   | -25.8% | 305.0   | -40.9% |
| <b>Average selling prices</b> (US\$)  | <b>874.4</b> | 967.0   | -9.6%  | 887.7   | -1.5%  |
| <b>Operating margin</b> (US\$million) | <b>9.9</b>   | 12.7    | -22.0% | 15.3    | -35.3% |
| <b>Operating margin per MT</b> (US\$) | <b>48.0</b>  | 50.6    | -5.1%  | 44.5    | 7.9%   |

For Consumer Pack segment, the Group reported sales volume of 206,200 MT for the quarter, 17.9% lower than last year. Revenue of US\$180.3 million was 25.8% lower than last year.

The Group continued to achieve resilient margins for its Consumer Pack segment. The Group reported healthy operating margin of US\$48.0 per MT and total operating margin of US\$9.9 million for the quarter.

The segment contributed 22.1% of total sales volume, 26.0% of total revenue and 40.7% of total operating margin of the Group for the quarter.

## **Balance Sheet**

The Group's balance sheet remained strong with debt to equity ratio of 0.43 or net debt to equity ratio of 0.32.

The Group continued to maintain operational efficiency and sustained a short cycle time of 48 days. (inventories days add trade receivables days less trade payables days)

## **Future Outlook**

The Company noted in its results announcement, "By the end of March, weakening ringgit has pushed effective dollar prices for CPO to 5-year low of US\$580 and inventories have started building up again in Indonesia and Malaysia. As we enter the seasonally rising curve of production, output is expected to outpace the demand and therefore continue pressure on the palm oil prices. While recent rebound in energy prices and increasing prices for Soyaoil should provide some support to palm oil prices, near term outlook for palm oil remain bearish. Excess refining capacities and tough operating conditions are expected to keep pressure on the margins for the Group. The Group will continue to tread cautiously and focus on operational efficiencies during this prolonged consolidation phase for the Industry."

## **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. The Group has recently added rice and dairy products in its portfolio, to be sold 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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