



Global Brands, Local Favourites

MEWAH INTERNATIONAL INC.

(Company Registration No.: CR-166055)

NEWS RELEASE : FINANCIAL RESULTS FOR THE 2ND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

MEWAH REPORTS US\$1.9 MILLION PROFIT FOR THE QUARTER

- *Sales volume up 16.3% and 16.9% for Q2 and H1*
- *Despite challenging industry conditions, Group's margins remain resilient.*
- *Balance sheet remains strong with low net debt to equity ratio of 0.46.*
- *Proposed interim dividend of 0.30 Singapore cent per share.*

Results Highlights

	Q2 2016	Q2 2015	Change (YOY)	Q1 2016	Change (QOQ)	H1 2016	H1 2015	Change
Sales volume (MT'000)	1,123.2	965.4	16.3%	1,094.1	2.7%	2,217.3	1,897.0	16.9%
Revenue (US\$'million)	834.4	692.8	20.4%	711.4	17.3%	1,545.8	1,384.5	11.6%
Average selling prices (US\$)	742.8	717.6	3.5%	650.2	14.2%	697.1	729.8	-4.5%
Operating margin (US\$'million)	30.1	23.7	27.1%	25.2	19.4%	55.3	47.9	15.4%
Operating margin per MT (US\$)	26.8	24.5	9.4%	23.1	16.0%	24.9	25.3	-1.6%
Profit before tax (US\$'million)	2.5	1.4	77.3%	3.9	-35.9%	6.5	4.3	52.1%
Net profit * (US\$'million)	1.9	1.1	74.5%	2.9	-34.5%	4.8	3.3	44.5%

* Profit after tax attributable to equity holders of the Company

Singapore, Aug 12, 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 second quarter and half year ended 30 June 2016.

The Group reported a net profit of US\$1.9 million for the quarter compared to US\$1.1 million for the quarter (Q2 2016), 74.5% higher than corresponding quarter last year (Q2 2015) and 34.5% lower than previous quarter (Q1 2016).

During the quarter, the Group made a provision of US\$2.9 million (net of tax) for legal claims arising from a trade dispute. Excluding the provision, net profit was US\$4.8 million for the quarter and US\$7.7 million for the half year compared to US\$1.1 million and US\$3.3 million for the corresponding periods last year.

Supported by record high quarterly sales volume for the Bulk segment, the Group achieved sales volume of 1,123,200 metric tonne ("MT"), up 16.3% on Year-over-Year ("YOY") and up 2.7% on Quarter-on-Quarter ("QOQ"). For the half year, the sales volume increased 16.9% to 2,217,300 MT from 1,897,000 MT a year earlier.

Strong volumes growth coupled with higher average selling prices resulted in revenue increasing by 20.4% and 17.3% to US\$834.4 million on YOY and QOQ respectively. For the half year, revenue increased 11.6% to US\$1,545.8 million.

Despite challenging industry conditions, Group's margins remain resilient. The operating margin improved to US\$26.8 per MT from US\$24.5 last year and US\$23.1 previous quarter. On the back of strong growth in volumes and improved operating margin per MT, total operating margin increased to US\$30.1 million, 27.1% and 19.4% higher than last year and previous quarter respectively. For the half year, total operating margin increased 15.4% to US\$55.3 million.

The Company said in the announcement, "Crude Palm Oil ("CPO") prices, after surging 20% due to El-Nino concerns to 2,700 ringgit during the first quarter, remained range bound between 2,600 and 2,700 ringgit for most of the second quarter. However towards the end to quarter as the El-Nino concerns subsided and production outlook improved, the prices corrected sharply to close the quarter 11% lower at 2,400 ringgit levels. In US Dollar terms, prices dropped 13% for the quarter to US\$600."

The Company added, "The Group continued to have strong demand from destination markets for the Bulk segment and industrial buyers as they were keen to replenish stocks in view of concerns on availability of palm oil. However, for the Consumer Pack Segment, as the end market prices adjust slower than for the Bulk Segment, Group faced some resistance from its customers in view of high prices during the quarter."

Segmental Performance

Bulk segment

	Q2 2016	Q2 2015	Change	Q1 2016	Change	H1 2016	H1 2015	Change
Sales volume (MT'000)	888.3	712.7	24.6%	861.2	3.1%	1,749.5	1,438.1	21.7%
Revenue (US\$million)	644.7	487.9	32.1%	543.4	18.6%	1,188.1	1,000.2	18.8%
Average selling prices (US\$)	725.8	684.6	6.0%	631.0	15.0%	679.1	695.5	-2.4%
Operating margin (US\$million)	25.9	10.4	149.0%	16.3	58.9%	42.2	24.8	70.2%
Operating margin per MT (US\$)	29.2	14.6	100.0%	18.9	54.5%	24.1	17.2	40.1%

For the quarter, the Group achieved all-time high quarterly sales volume of 888,300 MT for Bulk segment, up 24.6% and 3.1% on YOY and QOQ respectively. For the half year, the sales volume increased 21.7% to 1,749,500 MT from 1,438,100 MT a year earlier.

Revenue rose 32.1% to US\$644.7 million on YOY supported by 24.6% growth in sales volume and 6.0% higher average selling prices. On QOQ, revenue was 18.6% higher on the back of 3.1% higher sales volume and 15.0% higher average selling prices. For the half year, 21.7% higher sales volume helped the revenue to increase by 18.8% to US\$1,188.1 million, despite lower average selling prices.

Total operating margin more than doubled to US\$25.9 million from US\$10.4 million last year on YOY and grew 58.9% on QOQ on the back of strong sales volumes and higher operating margin of US\$29.2 per MT compared to US\$14.6 last year. For the half year, total operating margin increased 70.2% to US\$42.2 million supported by 21.7% higher sales volume and higher operating margin of US\$24.1 compared to US\$17.2 last year.

The segment contributed 79.1% of total sales volume, 77.3% of total revenue and 86.0% of total operating margin of the Group for the quarter. For the half year, the segment contributed 78.9% of total sales volume, 76.9% of total revenue and 76.3% of total operating margin of the Group.

Consumer Pack segment

	Q2 2016	Q2 2015	Change	Q1 2016	Change	H1 2016	H1 2015	Change
Sales volume (MT'000)	234.9	252.7	-7.0%	232.9	0.9%	467.8	458.9	1.9%
Revenue (US\$million)	189.7	204.9	-7.4%	168.0	12.9%	357.7	384.3	-6.9%
Average selling prices (US\$)	807.6	810.8	-0.4%	721.3	12.0%	764.6	837.4	-8.7%
Operating margin (US\$million)	4.2	13.3	-68.4%	8.9	-52.8%	13.1	23.1	-43.3%
Operating margin per MT (US\$)	17.9	52.6	-66.0%	38.2	-53.1%	28.0	50.3	-44.3%

For the quarter, the Group registered sales volume of 234,900 MT for Consumer Pack segment, down 7.0% on YOY but 0.9% higher on QOQ. For the half year, sales volumes increased 1.9% to 467,800 MT from 458,900 MT last year.

Revenue declined 7.4% to US\$189.7 million due to 7.0% lower sales volume and 0.4% lower average selling prices on YOY. On QOQ, revenue increased 12.9% on account of 12.0% higher average selling prices and 0.9% higher sales volume. For the half year, revenue decreased 6.9% to US\$357.7 million due to 1.9% higher sales volume but 8.7% lower average selling prices .

Lower operating margin of US\$17.9 per MT compared US\$52.6 last year and US\$38.2 previous quarter resulted in total operating margin decreasing to US\$4.2 million for the quarter. For the half year, lower operating margin of US\$28.0 per MT resulting in total operating margin decreasing to US\$13.1 million.

The segment contributed 20.9% of total sales volume, 22.7% of total revenue and 14.0% of total operating margin of the Group for the quarter. For the half year, the segment contributed 21.1% of total sales volume, 23.1% of total revenue and 23.7% of total operating margin of the Group.

Balance Sheet

The Group's balance sheet remained strong with debt to equity ratio of 0.58 or net debt to equity ratio of 0.46.

The Group had a cycle time (inventories days add trade receivables days less trade payables days) of 43 days compared to 68 days last year.

Dividend

To show appreciation for the support of the shareholders, the Board of Directors has proposed an interim exempt dividend of 0.30 Singapore cent per ordinary share for the second quarter.

Future Outlook

The Company noted in its results announcement, "As the high production season sets, the inventory levels are expected to increase. High inventory levels of palm oil coupled with low prices of competing oils is expected to keep CPO prices low but stable in the near term. The Group expects to remain competitively positioned in the palm oil value chain with its large scale strategically located integrated refineries, well established global brands and robust 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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