



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 2018

MEWAH REPORTS US\$0.6 MILLION PROFIT FOR Q2 2018

- **Sales volume increased 7.3% for the quarter**
- **Lower operating margin**
- **Balance sheet remains strong with low net debt to equity ratio of 0.64**
- **Proposed interim dividend of 0.22 Singapore cent per share.**

Results Highlights

	H1 2018	H1 2017	Change	Q2 2018	Q2 2017	Change (YOY)	Q1 2018	Change (QOQ)
Sales volume (MT'000)	2,109.5	1,807.6	16.7%	993.4	926.0	7.3%	1,116.1	-11.0%
Revenue (US\$ million)	1,579.3	1,465.5	7.8%	742.4	737.6	0.7%	836.9	-11.3%
Average selling prices (US\$)	748.7	810.7	-7.6%	747.3	796.5	-6.2%	749.8	-0.3%
Operating margin (US\$ million)	58.9	65.0	-9.4%	22.2	38.4	-42.2%	36.7	-39.5%
Operating margin per MT (US\$)	27.9	35.9	-22.3%	22.3	41.5	-46.3%	32.9	-32.2%
Net profit * (US\$ million)	5.4	7.1	-23.3%	0.6	3.1	-81.4%	4.8	-87.5%

* Profit after tax attributable to equity holders of the Company

Singapore, August 10, 2018 – Mainboard-listed Mewah International Inc. (“Mewah”, “the Group” or “the Company”), a global agri-business with refineries and processing facilities in Malaysia and Singapore, today announced financial results for its second quarter and half year ended 30 June 2018.

For the half year, the Group's sales volume increased 16.7% to 2,109,500 MT. For the quarter, the sales volume was 993,400 MT, an increase of 7.3% Year-on-Year ("YOY") but a decrease of 11.0% Quarter-on-Quarter ("QOQ").

For the half year, revenue increased 7.8% to US\$1,579.3 million. For the quarter, revenue was up 0.7% to US\$742.4 million YOY but down 11.3% YOY.

For the half year, lower OM of US\$27.9 per MT compared to US\$35.9 resulting in the Group's operating margin decreasing to US\$58.9 million. For the quarter, the Group's operating margin decreased to US\$22.3 per MT from US\$41.5 last year and US\$32.9 last quarter, resulting in total operating margin declining to US\$22.2 million.

For the half year, the Group posted net profit of US\$5.4 million compared to US\$7.1 million last year. For the quarter, the Group posted net profit of US\$0.6 million compared to net profit of US\$3.1 million last year and US\$4.8 million last quarter.

The Company said in the announcement, "Q2 performance seasonally tends to the weakest quarter with no exception this year. Following the strong performance in Q1, the group had a weaker performance in Q2. However, sales volumes increased due to a strong demand for bulk products in the destination markets. Margins were lower due to oversupply in the markets. Despite these conditions, Group managed to produce a net profit of US\$0.6 million."

Segmental Performance

Bulk segment

	H1 2018	H1 2017	Change	Q2 2018	Q2 2017	Change	Q1 2018	Change
Sales volume (MT'000)	1,570.3	1,268.8	23.8%	731.2	647.5	12.9%	839.1	-12.9%
Revenue (US\$'million)	1,108.6	990.9	11.9%	503.8	490.7	2.7%	604.8	-16.7%
Average selling prices (US\$)	706.0	781.0	-9.6%	689.0	757.8	-9.1%	720.8	-4.4%
Operating margin (US\$'million)	36.4	37.7	-3.4%	14.1	23.0	-38.7%	22.3	-36.8%
Operating margin per MT (US\$)	23.2	29.7	-21.9%	19.3	35.5	-45.6%	26.6	-27.4%

For the half year, sales volume increased 23.8% to 1,570,300 MT. For the quarter, the Group registered sales volume of 731,200 MT, up 12.9% YOY but down 12.9% QOQ.

For the half year, revenue increased 11.9% to US\$1,108.6 million. Revenue was up 2.7% on YOY to US\$503.8 million, but down 16.7% QOQ.

For the half year, lower operating margin of US\$23.2 per MT compared to US\$29.7 despite 23.8% higher sales volume resulted in operating margin declining to US\$36.4 million. For the quarter, lower operating margin of US\$19.3 per MT compared to US\$35.5 last year and US\$26.6 last quarter resulted in total operating margin declining to US\$14.1 million.

The segment contributed 73.6% of total sales volume, 67.9% of total revenue and 63.5% of total operating margin of the Group for the quarter. For the half year, the segment's contributions were 74.4%, 70.2% and 61.8% respectively.

Consumer Pack segment

	H1 2018	H1 2017	Change	Q2 2018	Q2 2017	Change	Q1 2018	Change
Sales volume (MT'000)	539.2	538.8	0.1%	262.2	278.5	-5.9%	277.0	-5.3%
Revenue (US\$'million)	470.7	474.6	-0.8%	238.6	246.9	-3.4%	232.1	2.8%
Average selling prices (US\$)	873.0	880.8	-0.9%	910.0	886.5	2.7%	837.9	8.6%
Operating margin (US\$'million)	22.5	27.3	-17.6%	8.1	15.4	-47.4%	14.4	-43.8%
Operating margin per MT (US\$)	41.7	50.7	-17.8%	30.9	55.3	-44.1%	52.0	-40.6%

For the half year, sales volume increased marginally to 539,200 MT. For the quarter, the Group registered sales volume of 262,200 MT, decrease of 5.9% YOY and 5.3% QOQ.

For the half year, revenue decreased marginally to US\$470.7 million. For the quarter, revenue was 3.4% lower on YOY at US\$238.6 million, but 2.8% higher on QOQ.

For the half year, lower operating margin of US\$41.7 per MT compared to US\$50.7 resulted in operating margin declining to US\$22.5 million. For the quarter, lower operating margin of US\$30.9 per MT compared to US\$55.3 last year and US\$52.0 last quarter resulted in total operating margin declining to US\$8.1 million.

The segment contributed 26.4% of total sales volume, 32.1% of total revenue and 36.5% of total operating margin of the Group for the quarter. For the half year, the segment's contributions were 25.6%, 29.8% and 38.2% respectively.

Balance Sheet

The Group's balance sheet remained strong with debt to equity ratio of 0.76 or net debt to equity ratio of 0.64.

The Group continued to maintain operational efficiency and sustained a short cycle time of 51 days (inventories days add trade receivables days less trade payables days).

Dividend

To show appreciation for the support of the shareholders, the Board of Directors has proposed an interim exempt dividend of 0.22 Singapore cent per ordinary share for the second quarter.

Future Outlook

The Company noted in its results announcement, “The outlook for the palm oil prices remains challenging due to excess supply from both Indonesia and Malaysia. Palm oil price dropped to RM2,140 in July 2018 from RM2,600, a year ago, which was its weakest level since September 2015. With the investments which the Group has made in the past several years, the Group remains optimistic that we will be able to find demand for our existing products and be able to withstand lower demand conditions. The Group will also continue to make investments in our existing business so as to be able to be more resilient in combating the cycles inherent in the business.”

About Mewah International Inc.

Mewah International Inc. (“Mewah” or the “Group”) is global agri-business with refineries and processing facilities in Malaysia and Singapore. 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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