



L I M I T E D

Company Registration No.: 198403096C

4th Quarter & Full Year 2017 Financial Results ***(unaudited)***

26 February 2018



Important Note on Forward-Looking Statements

The presentation herein may contain forward looking statements by the management of Delfi Limited (“Delfi”) that pertain to expectations for financial performance of future periods vs past periods.

Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures as well as changes in tax regimes and regulatory developments. Such statements are not and should not be construed as management’s representation on the future performance of Delfi. Therefore, the actual performance of Delfi may differ significantly from expressions provided herein.

This Results Presentation should be read in conjunction with the full text of the “Unaudited Financial Statements and Dividend Announcement for the 4th Quarter and Full Year ended 31 December 2017”.

Scope of Briefing

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- **Over the last three years, we have undertaken strategic initiatives intended to adapt our business to the changed conditions in our core market of Indonesia. The market changes include the rapid growth of the minimarket and convenience store formats as a proportion of the total Modern Trade market; and increased competition especially from foreign competitors with noticeably higher investments in order to gain market share**

- **Amongst other changes, we have:**
 - Strengthened our management team and organization;
 - Review and trimmed our portfolio of products, eliminating underperforming products in terms of a higher benchmark for sales velocity and/or margin performance; and
 - Started to change our routes-to-market strategy

- **Our business re-organization, which started in 2016, is necessary to reposition our business for long term growth in a highly competitive environment. Given the scale of our operations in Indonesia, these changes have necessarily impacted our business, particularly impacting sales and profitability in the short term but this, we believe, is a stronger base to grow from**

FY2017 Revenue of US\$380.9 million (▼5.3% in US\$ terms : ▼3.7% in constant currency terms)

Own Brands Performance - Sales US\$236.9 million (▼6.0% in constant currency terms)

- Increased Own brands sales in Regional Markets (▲3.2%) were not sufficient to offset a decline in Indonesia of (▼7.9%) which reflected: (i) the product rationalization programme; (ii) a Government imposed transportation disruption in Indonesia in 4Q 2017 that delayed delivery of products to our retail customers and necessitated the deferment of some deliveries to January 2018; and (iii) lower sales of value formats
 - The product rationalization programme which involved the elimination of under-performing SKU's is now substantially completed
- If not for the transportation disruption, we believe 4Q 2017 Own Brands sales in Indonesia would have been higher, driven by sales of our Core Brands (like *SilverQueen*, *Delfi*, *Ceres* and *Selamat*) in 2H 2017 - Reflecting the benefits of the re-organization and restructuring initiatives

Gross Profit Margin of 34.1% (vs 34.8%)

FY2017 Gross Profit Margin essentially unchanged (▼ 0.7% pt) compared to 2016 despite 4Q 2016 Gross Profit Margin exceptionally strong at 38.4%

EBITDA US\$44.8 million ▼ 11.5% in US\$ terms (▼ 11.0% constant currency terms)

Performance reflects the lower sales achieved in FY2017

PATMI US\$22.1 million ▼ 15.5% in US\$ terms (▼ 15.3% constant currency terms)

PATMI was lower by US\$4.1 million mainly attributable to:

- i.** Impact of lower Gross Profit (sales shortfall) and exceptional charge US\$2.0 million booked in FY2016 was offset by savings in operating expenses and lower finance costs
- ii.** Offset by 1.5% increase in taxes for FY2017 which included US\$1.3 million of prior year tax and tax penalty charged to one of our Indonesian subsidiary

FY2017 Highlights (cont'd)

- **Group ROE of 10.8%** (▼ 1.0% point in US\$ terms vs FY2016)
- **Free Cash Flow of US\$14.5 million generated** (▼ 61.5% in US\$ terms)
- ❖ **Proposed Final Dividend of 0.58 US cents (or 0.76 Singapore cents) - Brings Full Year total to 1.80 US cents (2.42 Singapore cents)**

Our 4Q and FY2017 Performance in greater detail

(In US\$ Million)	4Q 2017	4Q 2016	Y-o-Y change	Local Currency Performance (Y-o-Y change)	FY2017	FY2016	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	99.7	105.6	▼ 5.6%	▼ 3.8%	380.9	402.1	▼ 5.3%	▼ 3.7%
Indonesia	70.2	76.4	▼ 8.1%	▼ 6.0%	270.4	290.9	▼ 7.1%	▼ 6.9%
Regional Markets	29.5	29.2	▲ 1.1%	▲ 1.9%	110.5	111.2	▼ 0.6%	▲ 4.5%
Gross Profit (GP)	35.5	40.6	▼ 12.6%	▼ 11.0%	130.0	139.7	▼ 7.0%	▼ 5.5%
GP Margin	35.6%	38.4%	▼ 2.8% pt	▼ 2.8% pt	34.1%	34.8%	▼ 0.7% pt	▼ 0.7% pt
EBITDA	11.6	12.5	▼ 6.9%	▼ 4.5%	44.8	50.6	▼ 11.5%	▼ 11.0%
EBITDA Margin	11.7%	11.9%	▼ 0.2% pt	▼ 0.1% pt	11.8%	12.6%	▼ 0.8% pt	▼ 1.0% pt
PATMI (excl exceptional/non-recurring items) *	3.9	5.7	▼ 31.5%	▼ 29.1%	17.7	26.2	▼ 32.3%	▼ 33.1%
PATMI (incl exceptional/non-recurring items) *	3.9	3.7	▲ 6.1%	▲ 9.8%	22.1	26.2	▼ 15.5%	▼ 15.3%

* Exceptional and non-recurring items (after tax) were: (1) US\$4.4 million gain on sale of CMI; (2) GFI's interest income of US\$1.9 million; and (3) exceptional charge of US\$2.0 million

- **The strategic reorganization of our organization structure; product rationalization; and a revision of our routes-to-market strategy together with our geographic and product portfolio positions us well for the future. Our product rationalization programme is now largely completed, while other initiatives are being progressively implemented with completion expected in 2018**

- **In 2018, the Group's focus is to continuously work closely with our trade customers and partners to grow our business by ensuring that our brands are always available, properly displayed and at the right price points. Through this combination of top line focus and stepped up productivity efforts, we expect, the Group's operations to provide long term stability and profitability**

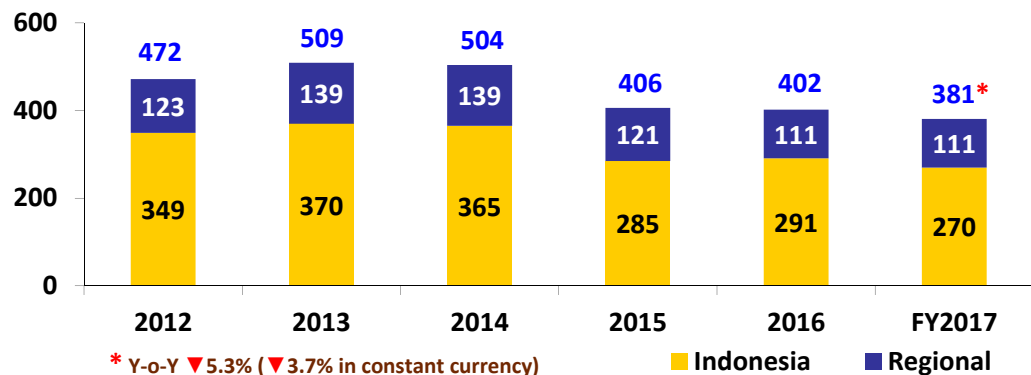
- **To drive growth for the business, we will work to:**
 1. Grow our key brands in our markets through innovation and continuous reinvention to create excitement at the shelf space; whilst focusing on the core brands and products that can deliver growth in sales and margins;
 2. Extend market reach by having better channel segmentation for both the Modern Trade and Traditional Trade formats in order to widen our distribution coverage to capture the growth opportunities; and
 3. Prudently invest to build capacity and capabilities where there are clear expansion opportunities into new and attractive categories

Appendices

Group Financial Highlights

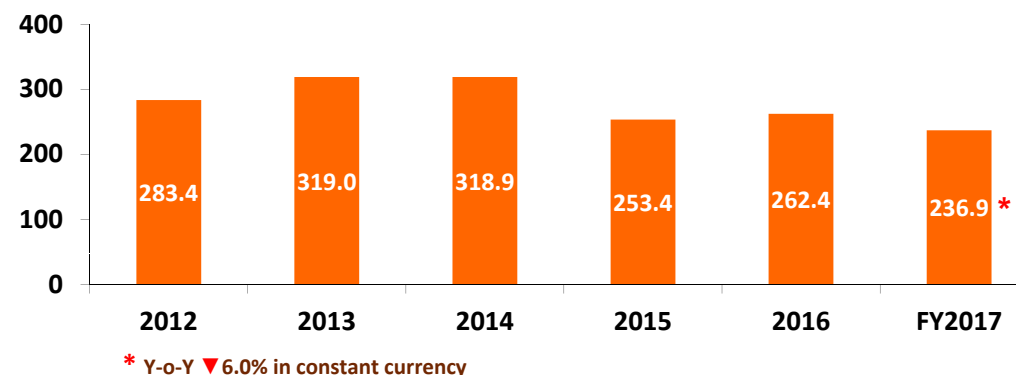
Group Financial Highlights (cont'd)

Group Revenue (In US\$ Million)



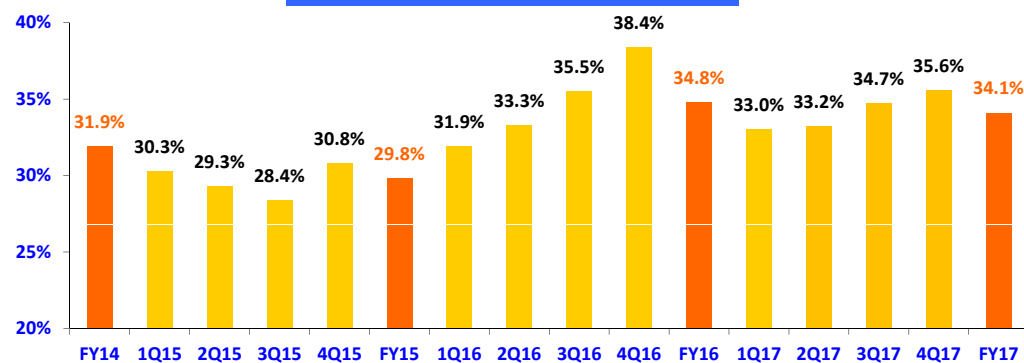
- Strong position in Indonesia complemented by a growing regional footprint
- In constant currency, CAGR of 4.0% per annum achieved over the 2012-2016 period

Own Brands Revenue (In US\$ Million)



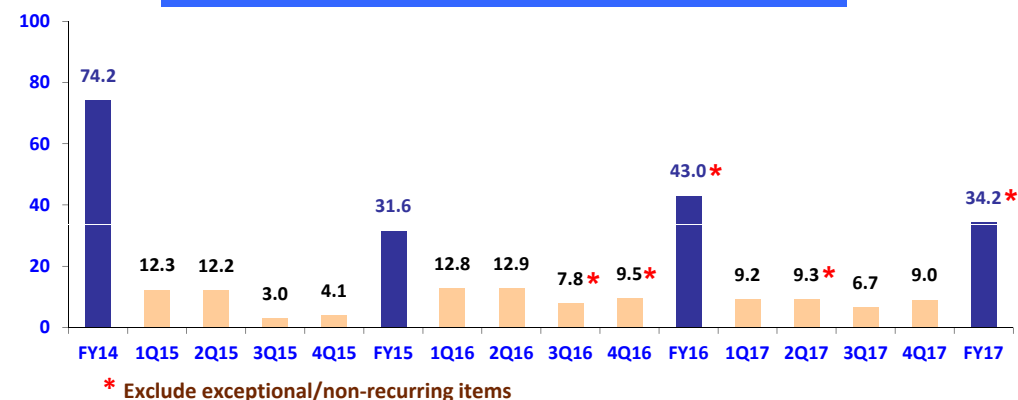
- Our leading brands are in growth categories. We have a strong innovation culture and efficient routes-to-market structure
- In constant currency, CAGR of 6.2% per annum achieved over 2012-2016 period

Gross Profit Margin Trends



- 4Q 2017 margin reflected higher sales of premium products for Own Brands; pricing adjustments and cost containment initiatives

Operating Profit Performance (In US\$ Million)



- Profit performance reflects continued investments in brand building and routes-to-market capabilities to capture long term growth
- Lower 4Q 2017 and FY2017 performance Y-o-Y reflect the weaker sales performance

Balance Sheet & Cash Flow Analysis

Balance Sheet Analysis (Figures are at period end)

(In US\$ Million)	31 Dec 2017	31 Dec 2016	Comments
Cash and Cash Equivalents	67.4	67.7	<ul style="list-style-type: none"> Dividend payment of US\$13.3 million and investment in Joint Ventures of US\$3.9 million funded by US\$8.2 million of net proceeds from sale of CMI.
Trade Receivables	61.7	61.7	
Inventories	65.1	54.7	<ul style="list-style-type: none"> Deferment of festive deliveries to January 2018 and more stock carried for servicing of Modern Trade customers.
Other Assets	21.4	23.4	
Fixed Assets, Intangible Assets & Investments	135.5	134.8	<ul style="list-style-type: none"> Capital expenditure of US\$11.8 million and US\$3.9 million investment in Joint Ventures offset by disposal of CMI of US\$2.8 million.
Total Assets	351.1	342.3	
Trade Payables	30.6	34.7	<ul style="list-style-type: none"> Higher accrual of A&P expenses incurred in the Modern Trade segment.
Other Liabilities	58.7	52.5	
Total Borrowings	52.2	53.8	
Working Capital Facilities/Trade Finance	27.4	28.4	
Term Loan	24.3	24.1	
Lease Liabilities	0.5	1.3	
Total Equity	209.6	201.3	
Key Ratios			
Current Ratio	1.72	1.71	
Return on Equity			
- Include Exceptional/Non-Recurring Items	10.8%	11.8% *	
- Exclude Exceptional/Non-Recurring Items	8.6% **	12.6% *	
Inventory Days	87	79	<ul style="list-style-type: none"> More stock carried to improve service level to Modern Trade customers Increased proportion of Modern Trade sales.
Receivables Days	59	54	
Payable Days	47	42	

* Relates to FY2016 audited figures.

** Exclude US\$4.4 million gain, net of tax on disposal of CMI.

Cash Flow Applications

❖ Generated operating cash flow to fund Capex and repay Borrowing

(In US\$ Million)	31 Dec 2017
EBITDA	44.8
Changes in Operating Cash Flow	
Increase in Working Capital	(11.3)
Tax Expense Paid/Net of Refund	(9.0)
Interest Expense Paid	(3.0)
Operating Cash Flow	21.5
Proceeds from Disposal of Associated Company, Net of Transaction Cost Paid	8.2
Interest Income Received	0.9
Investment in Joint Ventures	(3.9)
Share of Joint Venture Loss	(0.7)
Capex, Patents & Trademarks, Net of Proceeds	(11.5)
Free Cash Flow	14.5
Repayment of Borrowings, Net of Proceeds	3.9
Repayment of Working Capital Financing	(5.5)
Dividend Payment	(13.3)
Net Cash Movement	(0.4)

Thank You
