



L I M I T E D

Company Registration No.: 198403096C

**3<sup>rd</sup> Quarter & 9-Month 2018**

***Financial Results***

***(unaudited)***

***12 November 2018***



# Important Note on Forward-Looking Statements

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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 3<sup>rd</sup> Quarter and 9-Month ended 30 September 2018”.

# Scope of Briefing

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## ■ Key drivers of the Growth:

- (i) The results of the strategic reorganization of our business implemented, pruning of lower performing SKU's and focus on higher sales velocity SKU's
- (ii) Higher Own Brands sales ▲ 19.3% and ▲ 18.1% for 3Q 2018 and 9M 2018 respectively in US\$ terms

	3Q 2018		9M 2018	
	<u>US\$ Million</u>	<u>Y-o-Y Chg (In US\$ Terms)</u>	<u>US\$ Million</u>	<u>Y-o-Y Chg (In US\$ Terms)</u>
<b>Revenue</b>	<b>102.7</b>	<b>▲ 17.0%</b>	<b>319.1</b>	<b>▲ 13.3%</b>
<b>EBITDA</b> (excl exceptional/non-recurring items)*	<b>10.4</b>	<b>▲ 11.2%</b>	<b>37.9</b>	<b>▲ 13.9%</b>
<b>PATMI</b> (excl exceptional/non-recurring items)*	<b>4.4</b>	<b>▲ 31.2%</b>	<b>17.6</b>	<b>▲ 26.1%</b>

\* Exceptional/non-recurring items - (i) the charge of US\$0.4 million incurred in 3Q 2018 and US\$0.9 million in 9M 2018 and US\$1.0 million in 9M 2017 resulting from improper transactions uncovered in the Philippines; and (ii) the gain of US\$4.4 million (net of tax) on sale of 50% stake in Ceres Meiji Indotama recognized in 2Q 2017.

For more details on the improper transactions uncovered in the Philippines, please refer to the Group's "3Q and 9-Month ended 30 September 2018 Financial Statement and Dividend Announcement".

# 3Q 2018 Highlights

- **3Q 2018 Revenue of US\$102.7 million achieved** (▲17.0% in US\$ terms), despite weakness in regional currencies
- **Higher Own Brands sales the key driver of Growth** ▲19.3% in US\$ terms
  - Own Brands growth in Indonesia of 20.2% Y-o-Y reflected: (i) the strategic reorganization of our business implemented over the past two years; (ii) increased sales of our products in the premium format category; (iii) benefits from our initiative of direct shipments to some of our retail customers, and (iv) chocolate confectionery consumption growth
  - Included US\$1.7 million of Van Houten sales in 3Q 2018, previously classified as Agency Brands
- **Gross Profit Margin of 33.9%** (vs 34.7%)
  - Despite weakness in regional currencies, our GP margin remains above 30% - Reflecting higher sales of our premium brands and our cost containment initiatives
  - In 3Q 2018, implemented right-sizing programme for selected products
- **EBITDA** **US\$10.4 million** ▲11.2% in US\$ terms
  - Performance reflects the higher sales of premium products
- **PATMI** (as reported) **US\$4.0 million**

# 9M 2018 Highlights

- **9M 2018 Revenue of US\$319.1 million** (▲13.3% in US\$ terms)
- **Own Brands Performance - Sales US\$207.8 million** (▲18.1% in US\$ terms)
  - Own Brands sales growth in Indonesia of 20.1% Y-o-Y
  - Included US\$3.9 million and US\$1.7 million of Van Houten sales in 2Q and 3Q 2018, previously classified as Agency Brands
- **Gross Profit Margin of 34.3%** (vs 33.6%) - An increase of 0.7% point Y-o-Y
  - Improvement reflected increased sales of our higher margin premium products
- **EBITDA** **US\$37.9 million** ▲13.9% in US\$ terms
  - Performance reflects the higher sales and improved GP Margin overall
- **PATMI** (as reported) **US\$16.7 million**
- **Group ROE of 11.1%** ▲0.6% point in US\$ terms vs FY2017
  - Group ROE of 11.7% (excluding exceptional/non-recurring items) ▲2.8% pt

# Our 3Q and 9M 2018 Performance in greater detail

(In US\$ Million)	3Q 2018	3Q 2017	Y-o-Y change	Local Currency Performance (Y-o-Y change)	9M 2018	9M 2017	Y-o-Y change	Local Currency Performance (Y-o-Y change)
<b>Revenue</b>	<b>102.7</b>	<b>87.8</b>	▲ 17.0%	▲ 24.1%	<b>319.1</b>	<b>281.5</b>	▲ 13.3%	▲ 15.9%
<b>Indonesia</b>	<b>72.4</b>	<b>62.3</b>	▲ 16.3%	▲ 27.0%	<b>229.2</b>	<b>200.6</b>	▲ 14.2%	▲ 19.6%
<b>Regional Market</b>	<b>30.3</b>	<b>25.5</b>	▲ 18.7%	▲ 17.0%	<b>89.9</b>	<b>80.9</b>	▲ 11.2%	▲ 6.8%
<b>Gross Profit (GP)</b>	<b>34.8</b>	<b>30.5</b>	▲ 14.1%	▲ 21.4%	<b>109.5</b>	<b>94.6</b>	▲ 15.7%	▲ 18.6%
GP Margin	33.9%	34.7%	▼ 0.8% pt	▼ 0.8% pt	34.3%	33.6%	▲ 0.7% pt	▲ 0.7% pt
<b>EBITDA</b> (excl exceptional/non-recurring items)	<b>10.4</b>	<b>9.4</b>	▲ 11.2%	▲ 23.4%	<b>37.9</b>	<b>33.2</b>	▲ 13.9%	▲ 19.3%
EBITDA Margin	10.2%	10.7%	▼ 0.5% pt	▼ 0.1% pt	11.9%	11.8%	▲ 0.1% pt	▲ 0.3% pt
<b>EBITDA</b> (incl exceptional/non-recurring items)	<b>10.0</b>	<b>8.8</b>	▲ 13.7%	▲ 26.5%	<b>37.0</b>	<b>36.3</b>	▲ 2.0%	▲ 6.9%
<b>PATMI</b> (excl exceptional/non-recurring items)	<b>4.4</b>	<b>3.4</b>	▲ 31.2%	▲ 50.6%	<b>17.6</b>	<b>13.9</b>	▲ 26.1%	▲ 33.3%
<b>PATMI</b> (incl exceptional/non-recurring items)	<b>4.0</b>	<b>3.4</b>	▲ 19.2%	▲ 38.0%	<b>16.7</b>	<b>17.3</b>	▼ 3.1%	▲ 2.5%

- ❖ Sales growth in Regional Markets on higher Agency Brands sales with satisfactory Own Brands performance despite product rationalization in the Philippines

# Looking Forward

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- **Today in our two priority markets of Indonesia and the Philippines, we are experiencing strong fundamentals, with steady growth in the consumption of chocolate confectionery supported by economic growth. These positive fundamentals together with the actions we have taken during the last two years have contributed to the growth in our Own Brands sales in 9M 2018**
- **To mitigate the impact of higher input costs as a result of the continued weakness in regional currencies, we will continue our product resizing programme whilst launching higher margined products. In addition, we will assess implementing price increases where appropriate**
- **As we look to the future, absent any severe change in economic growth or severe devaluation of regional currencies, we believe the outlook for the consumption of chocolate confectionery to be positive in both of these core markets and we will continue to focus on consolidating our core strengths, containing our costs and investing in our Core Brands and key markets to drive further growth in our business and profitability**



# Appendices

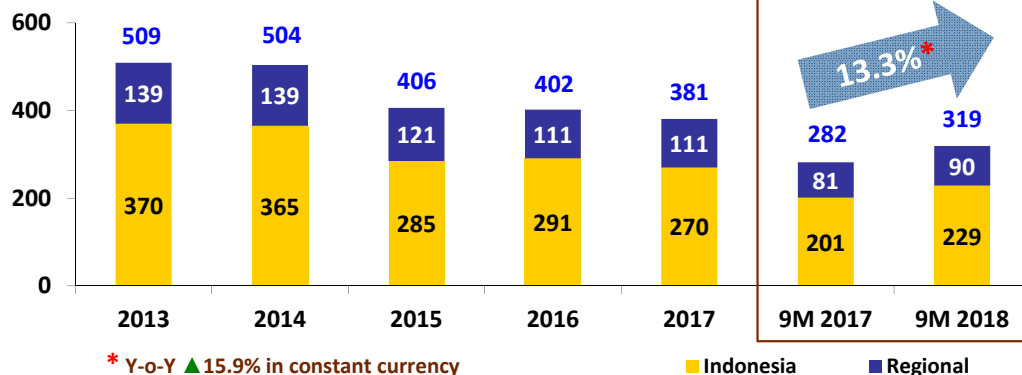
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# Group Financial Highlights

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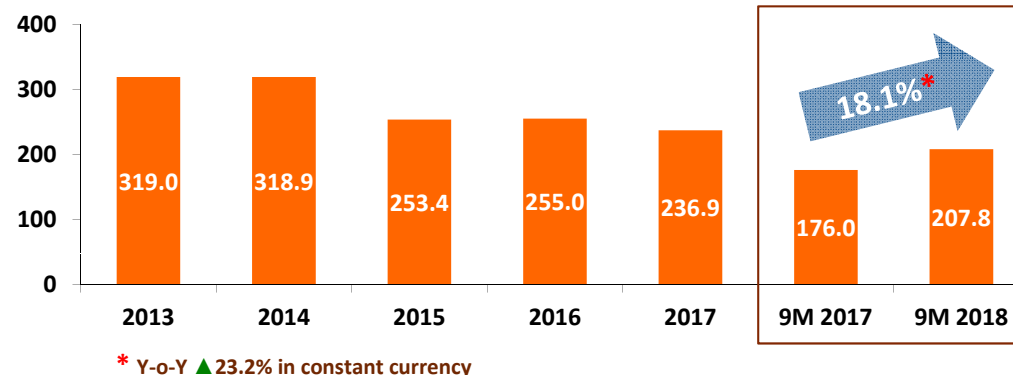
# Group Financial Highlights

### Group Revenue (In US\$ Million) #



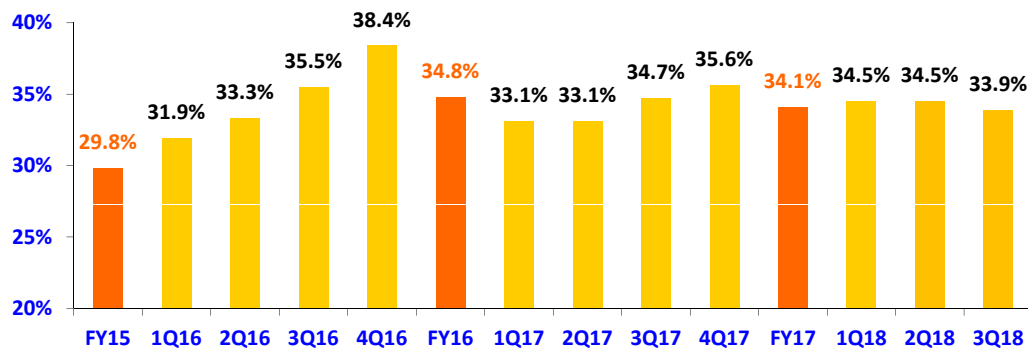
- Strong position in Indonesia complemented by a growing regional footprint
- FY2016 and 2017 reflected the rationalization of underperforming products from our Own Brands portfolio

### Own Brands Revenue (In US\$ Million) #



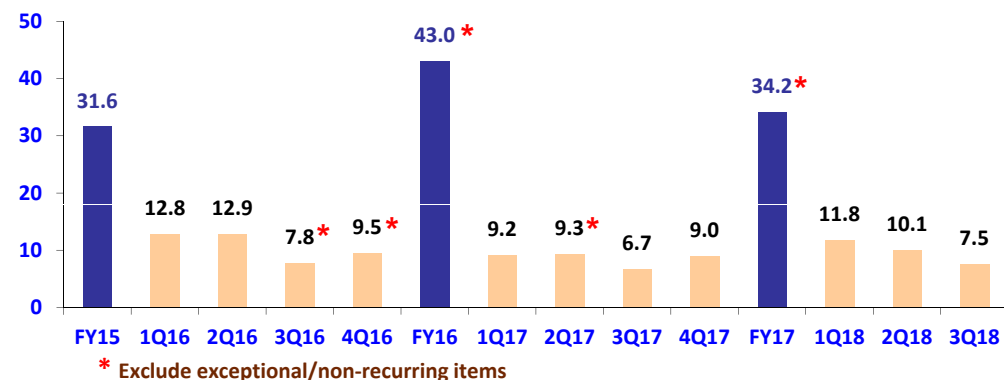
- Our leading brands are in growth categories. We have a strong innovation culture and efficient routes-to-market structure
- 9M 2018 growth Y-o-Y driven by higher Own Brands sales in Indonesia

### Gross Profit Margin Trends #



- 2016, 2017 and 1H 2018 margin are the highest we have achieved over the last 5 years
- Reflecting higher sales of Own Brands premium products 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
- Performance for 9M 2018 reflects higher sales and improvement in GP margin

# Balance Sheet & Cash Flow Analysis

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# Balance Sheet Analysis (Figures are at period end)

(In US\$ Million)	30 Sep 2018	31 Dec 2017	Comments
Cash and Cash Equivalents	51.3	67.4	<ul style="list-style-type: none"> <li>Acquired Van Houten licence of US\$13.0 million and dividend payment of US\$10.1 million.</li> <li>Higher sales to Modern Trade customers.</li> </ul>
Trade Receivables	75.7	59.8	
Inventories	60.8	65.1	
Other Assets	27.6	25.6	
Fixed Assets, Intangible Assets & Investments	133.3	135.5	<ul style="list-style-type: none"> <li>Addition of Van Houten and US\$5.0 million capital expenditure offset by foreign currency translation loss.</li> </ul>
<b>Total Assets</b>	<b>348.7</b>	<b>353.4</b>	
Trade Payables	30.2	30.6	
Other Liabilities	72.1	64.7	
<b>Total Borrowings</b>	<b>48.7</b>	<b>52.2</b>	<ul style="list-style-type: none"> <li>Reduced borrowings with operating cash flow generated.</li> </ul>
Working Capital Facilities/Trade Finance	23.7	27.4	
Term Loan	24.6	24.3	
Lease Liabilities	0.4	0.5	
<b>Total Equity</b>	<b>197.7</b>	<b>205.9</b>	
<b>Key Ratios</b>			
Current Ratio	1.53	1.66	
<b>Return on Equity</b>			
- Exclude exceptional/non-recurring items *	11.7%	8.9% **	
- Include exceptional/non-recurring items	11.1%	10.5% **	
Inventory Days	82	87	
Receivables Days	58	58	
Payable Days	40	47	

\* Exceptional and non-recurring items (after tax) were: (1) US\$0.9 million in 9M 2018 and US\$1.0 million in 9M 2017 as a result of improper transactions uncovered in the Philippines; and (2) US\$4.4 million gain on sale of CMI.

\*\* Relates to restatement of FY2017 audited figures.

# Cash Flow Applications

- ❖ **Generated operating cash flow to fund higher working capital, Capex and repay borrowing**
- ❖ **Reflected acquisition of Van Houten licence rights**

(In US\$ Million)	9M 2018
<b>EBITDA</b>	<b>37.9</b>
<b>Changes in Operating Cash Flow</b>	
Increase in Working Capital	(12.4)
Tax Expense Paid	(10.9)
Interest Expense Paid	(2.2)
<b>Operating Cash Flow</b>	<b>12.4</b>
Capex, Intangible Assets, Net of Proceeds	(4.8)
<b>Free Cash Flow</b>	<b>(7.6)</b>
Interest Income received	0.9
Repayment of Borrowings, Net of Proceeds	(1.5)
Dividend Payment	(10.1)
<b>Net Cash Movement before Investments</b>	<b>(3.1)</b>
Acquisition of the Perpetual and Exclusive Rights to Van Houten	(13.0)
<b>Net Cash Movement after Investments</b>	<b>(16.1)</b>

Thank You

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