Delfi

LIMITED

Company Registration No.: 198403096C

FOR IMMEDIATE RELEASE

Delfi posts 35.3% surge in full-year PATMI as sales hit 5-year high

- *Revenue grows 10.5% Y-o-Y to US$471.6 million in FY2019 generating EBITDA and PATMI of US$59.6 million and US$28.2 million respectively.*
- *Continued growth in Indonesia with the turnaround in Regional Markets the key growth drivers.*
- *Proposes final dividend of 1.49 Singapore cents bringing full-year dividend to 3.22 Singapore cents.*

Financial Highlights (US$ Million)	3 months ended 31 Dec			12 months ended 31 Dec		
	4Q 2019	4Q 2018	Change (%)	FY2019	FY2018	Change (%)
Indonesia	**83.7**	76.6	9.3	**337.4**	305.8	10.4
Regional Markets	**35.2**	31.3	12.5	**134.2**	121.2	10.7
Total Revenue	**118.9**	**107.9**	**10.2**	**471.6**	**427.0**	**10.5**
Gross Profit Margin	**38.0%**	35.7%	2.3% pt	**36.2%**	34.6%	1.6% pt
EBITDA	**15.5**	13.4	15.2	**59.6**	51.3	16.4
PATMI (excl exceptional items)*	**7.0**	5.4	28.7	**28.5**	23.0	23.8
PATMI (incl exceptional items)	**7.0**	4.1	68.3	**28.2**	20.9	35.3

* *As disclosed in 2Q 2018, the Group discovered improper and unsubstantiated transactions in one of its wholly owned subsidiaries, Delfi Marketing, Inc. in the Philippines. Included in 2018 was the loss associated with the improper transactions. For FY2019, exceptional losses pertained to legal and professional fees incurred in respect of this matter.*

SINGAPORE - **25 February 2020** - SGX Mainboard-listed chocolate confectionery company, Delfi Limited ("**Delfi**", the "**Company**" or together with its subsidiaries, the "**Group**"), today announced full-year earnings of US$28.2 million on the back of US$471.6 million in sales for the 12 months ended 31 December 2019 ("**FY2019**"), representing Y-o-Y growth of 35.3% and 10.5% respectively. This is the Group's best sales performance in five years with Own Brands sales leading the growth, generating a full year EBITDA of US$59.6 million (Y-o-Y growth of 16.4%).

Building on the strong momentum from previous quarters, revenue for the three months ended 31 December 2019 ("**4Q 2019**") was 10.2% higher Y-o-Y at US$118.9 million, which generated EBITDA of US$15.5 million and PATMI of US$7.0 million respectively.

Our Own Brands sales continued to be our business' major contributor, forming more than 60% of the Group's revenues. For 4Q and FY2019, the Group's Own Brands sales increased 5.5% and 9.5% respectively - led by our premium segment products. Our 4Q 2019 sales also reflected deliveries to our retail customers intended to capture the run-up in sales for Valentine's Day festivities in February 2020. This is to ensure we have adequate stocks in the market for our ongoing promotions while maximizing shelf space presence for high visibility in the trade.

Gross profit margin rose 2.3 percentage points to 38.0% and 1.6 percentage points to 36.2% in 4Q 2019 and FY2019, respectively. Margin improvements for both periods were largely due to increased sales of Delfi's higher-margin premium products in Indonesia as the Group continued to improve the profitability of its Own Brands portfolio by eliminating less profitable products in the lower-priced value format category.

The strong growth at the EBITDA level for FY2019 was driven by continued growth in our business in Indonesia together with the turnaround from our Regional Markets, compared to a loss in the previous periods.

Mr John Chuang, Delfi's Chief Executive Officer, said: "*We are pleased to have ended the year with strong double-digit revenue and profit growth despite an operating environment fraught with macroeconomic uncertainties. Overall, our 2019 performance reflects the strength of our expanded portfolio of exciting brands, the acceleration in product innovation to meet evolving consumer needs, and the solid execution of our strategy and financial roadmap to capture the growth in chocolate confectionery categories in our markets.*"

He further added, "*In line with the Group's strong performance, the Board of Directors has proposed a final dividend payout of 1.49 Singapore cents per share, payable on 15 May 2020. Together with the interim dividend of 1.73 Singapore cents per share, this brings the total* *dividend for 2019 to 3.22 Singapore cents per share representing a payout of 50.0% of net profit in FY2019.*"

Delfi's cash and cash equivalents stood at US$57.6 million as at 31 December 2019, which puts the Group in good position to support foreseeable near-term business and investment needs.

Market Review

In its key market of **Indonesia**, the Group achieved revenue growth of 10.4% Y-o-Y to US$337.4 million in FY2019. This was driven by the growing chocolate confectionary market and the success of its promotional programmes. Sales of the Group's premium brands, namely *SilverQueen*, *Delfi Premium*, *Van Houten* and *Selamat*, grew in excess of 20%. Excluding the impact of the pruned value products portfolio, revenue growth in Indonesia would have been 18.0%.

Sales of the Group's Agency Brands increased by 14.4% Y-o-Y in FY2019 due to strong demand for core Agency Brands in the snacking & confectionery, grocery and breakfast categories as well as price increases for selected Agency Brands to mitigate the impact of the weaker Indonesian Rupiah in 3Q 2018. The snacking & confectionary category accounted for more than 70% of revenue generated from Agency Brands sales in Indonesia.

For the Group's **Regional Markets**, revenue expanded 10.7% Y-o-Y to US$134.2 million mainly due to higher sales in Malaysia as well as sales of *Van Houten* products, which contributed US$5.4 million in full-year revenue. In the Philippines, sales of *Goya* Bars, *Goya Mini Tubes, Goya Choco Spread* and *Delfi Premium* products continued to deliver double-digit revenue growth.

BUSINESS OUTLOOK

There is currently no disruption to our operations in the respective markets as a result of the novel coronavirus outbreak. Nevertheless, we are taking all precautions to safeguard the safety and well-being of our people, and have already activated some of our business continuity plans and are alert to do more should the need arise.

For our different markets, it is difficult at this moment, to assess the full impact of the coronavirus outbreak on consumer or market sentiments although there is a general sense of nervousness. However, if the situation should escalate further and continue for a prolonged period, the level of growth in FY2020 that we were anticipating is likely to be moderated. Meanwhile, we are continuing to work with our trade customers to ensure that our brands are always available and properly displayed, and focus our brand building initiatives on our core products to grow our business.

Over the long term, the Group believes the consumption environment in its markets will continue to be supported by robust economies and the growing middle income classes. To capture the growth opportunities and drive the long term business growth, the Group will continue to work on growing its key brands with a focus on core brands and quality, premium products; extending market reach by improving channel segmentation for both the Modern Trade and General Trade retail formats; prudently investing to build capacity and capabilities where there are clear expansion opportunities into new and attractive categories; and increase productivity and efficiency targets within existing production and distribution infrastructure.

To add further value over the longer term to our quality earnings, the Group remains open to explore suitable opportunities to enter new markets and to extend to new product categories.

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ABOUT DELFI LIMITED

Headquartered in Singapore and listed on the SGX-ST since 5 November 2004, Delfi Limited and its subsidiaries (the "Group") manufactures and/or distributes branded consumer products that are sold in over 17 countries including Indonesia, Singapore, Malaysia, Hong Kong, Australia, Thailand, the Philippines and China.

Formerly called Petra Foods Limited until an official name change that took effect on 9 May 2016, Delfi has an established portfolio of chocolate confectionery brands which are household names in Indonesia. Its flagship brands in Indonesia include "SilverQueen" and "Ceres" that were introduced in the 1950s and "Delfi" in the 1980s. In addition, the Group also distributes a portfolio of well-known agency brands in Indonesia, Malaysia and the Philippines.

The Group was awarded the top spot in the annual Singapore Enterprise 50 Award in 2003 and was recognized as the "Best Newly Listed Singapore Company in 2004" in AsiaMoney's Best Managed Companies Poll 2004. It was named the "Enterprise of the Year 2004" by the 20th Singapore Business Awards on 30 March 2005 and was named one of "Singapore's 15 Most Valuable Brands" in November 2005 by IE Singapore.

Over the years, Delfi Limited has clinched awards in various categories at the annual Singapore Corporate Awards. The Group won a Silver award for its inaugural annual report in the "Best Annual Report/Newly Listed Company" category in 2006. In April 2009, it clinched a Gold award in the "Best Annual Report/Companies with $300 million to less than $1 billion in market capitalization" category. In May 2010, it bagged two Silver awards for "Best Managed Board" and "Best Investor Relations" under the "companies with $300 million to less than $1 billion in market capitalization" category. In 2015, the Group begged a Bronze award for "Best Managed Board" under the "companies with S$1 billion and above in market capitalization" category.

Delfi Limited's Chief Executive Officer, Mr John Chuang, was also recognized for his leadership and management of the Group. He was named "Best Chief Executive Officer" at the 2011 Singapore Corporate Awards, "Businessman of the Year" at the 2012 Singapore Business Awards and he was one of the recipients of the SG50 Outstanding Chinese Business Pioneers Awards in 2015.

***Issued by August Consulting on behalf of* Delfi Limited**

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