



4th Quarter & Full Year 2019
Financial Results
(unaudited)

25 February 2020



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 2019”.

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Overview

- **FY2019 PATMI (excluding exceptional items) of US\$28.5 million driven by improved margins and strong sales growth momentum, especially for Own Brands, across all markets. The key highlights are:**
 - (i) **Higher Own Brands sales achieved (▲9.5% Y-o-Y) amidst the changes to our value product portfolio for General Trade channel in Indonesia; and higher sales of core Agency Brands**
 - Strong double-digit growth achieved in premium format category
 - (ii) **Higher margins achieved**
 - FY2019 Gross Profit Margin (▲160 basis points) and EBITDA Margin (▲60 basis points)
 - (iii) **Resulting in the continued growth in Indonesia together with the turnaround in our Regional Markets**

	4Q 2019		FY2019	
	<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>
Revenue	118.9	▲ 10.2%	471.6	▲ 10.5%
EBITDA	15.5	▲ 15.2%	59.6	▲ 16.4%
PATMI (excl exceptional items)*	7.0	▲ 28.7%	28.5	▲ 23.8%

* Exceptional items included in 4Q and FY2018 was the loss of US\$1.3 million and US\$2.1 million associated with the improper and unsubstantiated transactions uncovered in the Philippines. For FY2019, the exceptional loss of US\$0.3 million pertained to legal and professional fee incurred in respect of this matter.

FY2019 Highlights

- **4Q 2019 revenue of US\$118.9 million (▲10.2% Y-o-Y) achieved with FY2019 Revenue totaling US\$471.6 million (▲10.5% Y-o-Y)**
 - Our Own Brands sales in Indonesia (▲9.1% Y-o-Y) continued to be the driver of growth with strong performance of our premium format products, reflecting the success of our promotional programmes to capture consumer demand
 - 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 maximising shelf space presence for high visibility in the trade
 - Excluding the transitional changes in our value product portfolio, sales in Indonesia would have been higher by 18.0% in FY2019 with Group sales higher by 15.7%

- **Gross Profit Margin of 36.2% (▲160 basis pts)**
 - Improvement on higher sales of our premium brands, the elimination of unprofitable Value products and our cost containment initiatives
 - The objective of exiting certain low yielding price points in our value product portfolio is to improve the overall profitability of our Own Brands

- **EBITDA US\$59.6 million (▲16.4% Y-o-Y) - Full Year EBITDA margin of 12.6% achieved (▲60 basis pts)**
 - Strong growth driven by the turnaround in our Regional Markets

- **PATMI (as reported) US\$28.2 million ▲35.3% Y-o-Y**

FY2019 Highlights (cont'd)

- **ROE (annualised) 13.0% ▲ 2.8% pt**
- **Free Cash Flow of US\$22.1 million generated from higher profitability achieved**
- ❖ **Proposing Final Dividend of 1.08 US cents (or 1.49 Singapore cents) - Being Full Year total to 2.35 US cents (3.22 Singapore cents)**

Our 4Q and FY2019 Performance in greater detail

(In US\$ Million)	4Q 2019	4Q 2018	Y-o-Y change	Local Currency Performance (Y-o-Y change)	FY2019	FY2018	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	118.9	107.9	▲ 10.2%	▲ 5.7%	471.6	427.0	▲ 10.5%	▲ 10.8%
Indonesia	83.7	76.6	▲ 9.3%	▲ 3.5%	337.4	305.8	▲ 10.4%	▲ 10.3%
Regional Markets	35.2	31.3	▲ 12.5%	▲ 11.2%	134.2	121.2	▲ 10.7%	▲ 12.1%
Gross Profit (GP)	45.2	38.5	▲ 17.4%	▲ 12.7%	170.7	147.9	▲ 15.4%	▲ 15.6%
GP Margin	38.0%	35.7%	▲ 2.3% pt	▲ 2.3% pt	36.2%	34.6%	▲ 1.6% pt	▲ 1.6% pt
EBITDA	15.5	13.4	▲ 15.2%	▲ 8.7%	59.6	51.3	▲ 16.4%	▲ 16.4%
EBITDA Margin	13.0%	12.4%	▲ 0.6% pt	▲ 0.4% pt	12.6%	12.0%	▲ 0.6% pt	▲ 0.6% pt
PATMI (excl exceptional items)	7.0	5.4	▲ 28.7%	▲ 19.1%	28.5	23.0	▲ 23.8%	▲ 23.8%
PATMI (incl exceptional items)	7.0	4.1	▲ 68.3%	▲ 56.0%	28.2	20.9	▲ 35.3%	▲ 35.4%

- ❖ Sales growth in Regional Markets supported by higher Agency and Own Brands Sales
- ❖ Agency Brands sales driven by snacking & confectionery and healthcare categories

Looking Forward

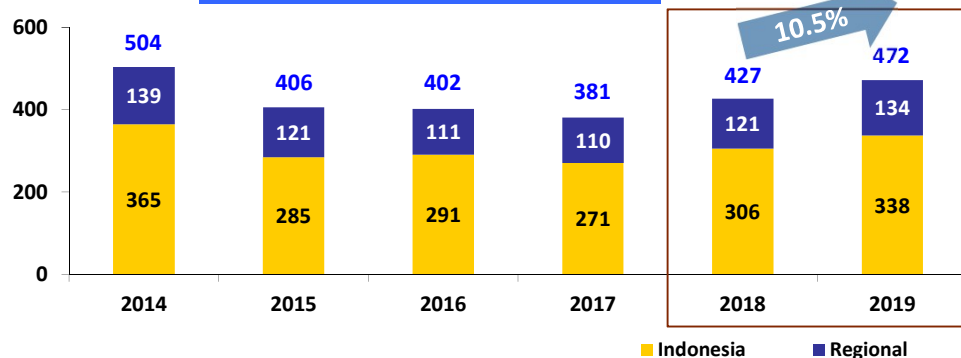
- **Currently, there is no disruption to our operations in the respective markets from the novel coronavirus outbreak. We are taking all precautions to safeguard the safety and well-being of our people, and have already activated some of our business continuity plans and are alert to do more should the need arise**
- **For our markets, it is difficult, at this moment, to assess the full impact of the coronavirus outbreak on consumer or market sentiments. There is a general sense of nervousness and if the situation should deteriorate, the level of growth in FY2020 that we were anticipating is likely to moderate**
- **Meanwhile, we continue to: (i) work with our trade customers to ensure that our brands are always available and properly displayed, and (ii) focus our brand building initiative on our core products to grow our business**
- **Nonetheless over the long term, the outlook for chocolate confectionery consumption is expected to be positive in both priority markets of Indonesia and the Philippines supported by economic growth**
- **Our focus will continue to be on top line expansion by further growing our core Premium brands, extending into the snacking category and strengthening our Value product portfolio in the Traditional Trade channel supported by stepped up productivity efforts**

Appendices

Group Financial Highlights

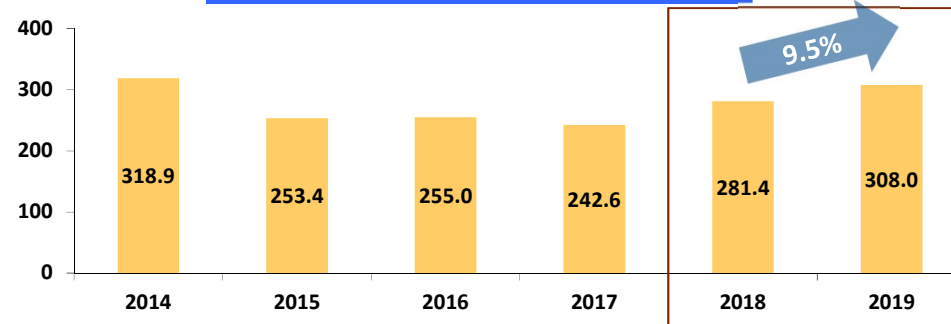
Group Financial Highlights

Group Revenue (In US\$ Million)



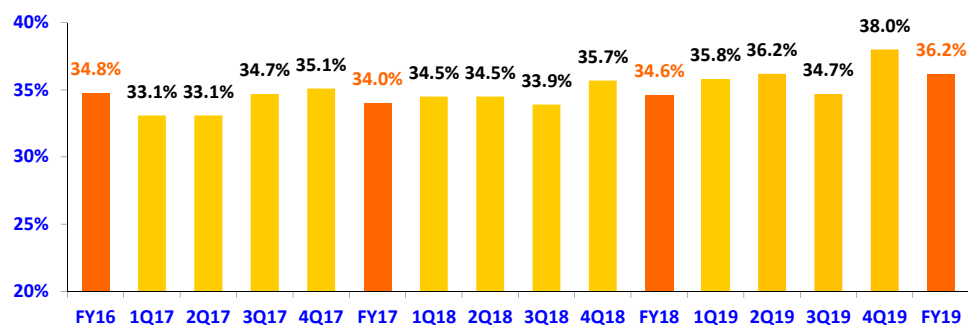
- FY2018 and FY2019 performance driven by the continuing benefits of our strategic initiatives implemented over the last 3 years
- FY2019 Y-o-Y growth achieved reflected the successful promotional programmes implemented

Own Brands Revenue (In US\$ Million)



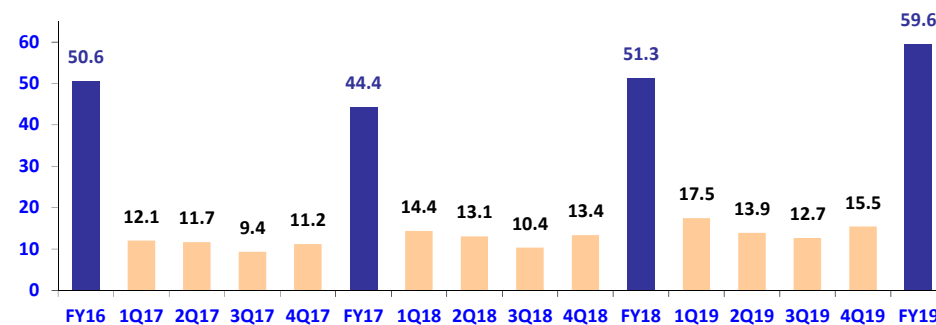
- FY2018 revenue surpassed the peak of 2014 (constant rate basis) with our leading brands in growth categories. We have a strong innovation culture and efficient routes-to-market structure
- FY2019 growth Y-o-Y driven by higher Own Brands sales in Indonesia (▲9.1%)

Gross Profit Margin Trends



- We achieved GP margin >34% over the last 3 years, reflecting higher sales of Own Brands premium products and cost containment initiatives

EBITDA (In US\$ Million)



- Profit performance reflects continued investments in brand building and routes-to-market capabilities to capture long term growth
- Performance for FY2019 reflects higher sales and GP margin achieved

As reported

Balance Sheet & Cash Flow Analysis

Balance Sheet Analysis (Figures are at period end)

(In US\$ Million)	31 Dec 2019	31 Dec 2018	Comments
Cash and Cash Equivalents	57.6	54.7	
Trade Receivables	89.8	72.5	▪ Higher sales to Modern Trade customers.
Inventories	87.4	76.2	▪ Higher inventories in Indonesia for the run-up to the Valentine's Day and Lebaran festivities in 2020.
Other Assets	26.1	22.3	
Fixed Assets, Intangible Assets & Investments	141.4	135.4	▪ Included US\$3.8 million right-of-use assets (net of depreciation) on adoption of SFRS(I) 16 - Leases on 1 January 2019.
Total Assets	402.3	361.1	
Trade Payables	37.2	34.6	▪ In line with higher inventories.
Other Liabilities	79.2	61.3	
Total Borrowings	58.3	59.0	
Working Capital Facilities/Trade Finance	14.3	30.3	
Term Loan	44.0	28.4	
Lease Liabilities	-	0.3	
Total Equity	227.6	206.2	
Key Ratios			
Current Ratio	1.61	1.55	
Return on Equity			
- Exclude exceptional items *	13.1%	11.2% **	
- Include exceptional items *	13.0%	10.2% **	
Inventory Days	99	92	
Receivables Days	63	57	
Payable Days	44	43	

* Exceptional items include the charge of US\$0.3 million and US\$2.1 million for FY2019 and FY2018 respectively from the improper and unsubstantiated transactions uncovered in the Philippines.

** Relates to FY2018 audited figures.

Cash Flow Applications

❖ Free Cash Flow of US\$22.1 million on higher profitability achieved

(In US\$ Million)	31 Dec 2019
EBITDA	59.6
Changes in Operating Cash Flow	
Increase in Working Capital	(10.6)
Tax Expense Paid	(18.2)
Interest Income received	1.3
Operating Cash Flow	32.1
Capital Expenditure	(10.0)
Free Cash Flow	22.1
Other Investing Activities	(0.4)
Financing Activities:	
Proceeds from Borrowings, Net of Repayment	11.5
Repayment of Working Capital Financing	(14.1)
Interest Expense paid	(3.7)
Dividend Payment	(12.6)
Net Cash Movement	2.8

Thank You
