



1st Half 2020
Financial Results
(unaudited)

11 August 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 1st Half ended 30 June 2020”.

Scope of Briefing

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- **In response to the COVID-19 outbreak, authorities in our respective markets imposed varying but strict levels of large scale social restriction measures. This negatively impacted consumer mobility and the operations of our retail customers**
 - For our Modern Trade retail customers, these included shorter operating hours and even the temporary closure of some retail malls. The General Trade was principally affected by the temporary closure of many wholesalers and some distributors

- **At Delfi, we immediately took comprehensive measures to protect the safety of our people, which was our foremost priority**
 - This included working from home where applicable, implementation of social distancing in our operations, split teams, staggered working hours and limiting the number of production workers during the early stages
 - To an extent this also affected our production capacity

- **Our market experienced currency volatility and weakness, especially the Indonesian Rupiah which briefly weakened to a low of more than IDR16,000 to the US Dollar**
 - The Rupiah has since recovered to the 14,500 levels although this is still weaker compared to the rate at the start of the year

1H 2020 Overview

- **For 1H 2020, we achieved PATMI of US\$10.8 million vs. US\$15.4 million (down 29.6%) for the same period last year - Impacted by the unprecedented crisis caused by the COVID-19 pandemic**
 - Sales were lower Y-o-Y by 12.1% as a result of the ensuing lockdown measures imposed in our markets
 - Included in PATMI were withholding tax amounts. Excluding this, our PATMI would have been lower by 22.1%

- **Our results for 1Q were largely unaffected by COVID-19 and produced a modest Y-o-Y improvement. However, our sales in April and May were substantially lower compared to the same periods last year**
 - Certain of our product categories like our spreads and baking products recorded higher sales as a result of increased at-home consumption although unable to mitigate the overall lower sales achieved

- **Since June 2020, the control measures imposed have been progressively eased in our markets and we are seeing signs of recovery as business is starting to pick up again, albeit not yet back to the pre-COVID levels**

1H 2020 Overview (cont'd)

- **During this period, we have seen changes in consumer behaviour. E.g. the preference for shopping closer to home through physical stores and an increase in on-line purchases but not like in the West**
- **The other trend is the increase in demand for products that help to improve consumer health. We are increasing our efforts here to capture this growth opportunity**
- **Despite a lower profit, we generated strong Free Cashflow in 1H 2020 of US\$25.7 million as we strengthened our cash flow management through controlling costs, collections and capital spending**
 - Our Free Cash Flow generated was higher by US\$6.7 million compared to same period last year
 - We focused on cash collection to keep our receivables under control
- **Interim Dividend of 1.27 US cents per share declared, maintained at 2019's level. This will be payable 7 September 2020**

1H 2020 Highlights

- **1H 2020 Revenue of US\$211.4 million achieved** (▼12.1% Y-o-Y)
- **Gross Profit Margin of 36.3%** (▲30 basis points)
 - Reflects higher contributions from sales of our premium brands and our cost containment initiatives
- **EBITDA** **US\$25.6 million** ▼18.7% Y-o-Y
- **PATMI** (as reported) **US\$10.8 million** ▼29.6% Y-o-Y
- **ROE** (annualised) **9.6%** ▼3.4% pt
- **Free Cash Flow of US\$25.7 million generated**

Looking Forward

- **How the COVID-19 pandemic develops will have a significant impact on our business**
- **The environment in our markets will remain challenging but the recent easing of the control measures and the resumption of many businesses have been positive for the local economies. The regional currencies, especially the IDR against the USD, are however expected to remain volatile**
- **Since the relaxation of some of these measures, consumer traffic flow has improved and there are already signs of recovery but not yet back to pre-COVID 19 levels**
- **Given the continued volatility and uncertainty from the COVID-19 pandemic, it is too early to project what our full year results might be**
- **Going forward, we will continue to closely monitor the situation and prioritise our resources, including financial resources, on tackling further challenges brought about by the COVID-19 pandemic both within our own operations as well as within the markets we serve**
- **With our solid foundation (i.e. the strength of our leading brands, our strong innovation culture and strong distribution) coupled with our strong Balance Sheet and Cash Flow generation, we believe we are well placed to better tackle the uncertainties ahead. We believe we can overcome this economic downturn and emerge stronger post recovery**

Appendices

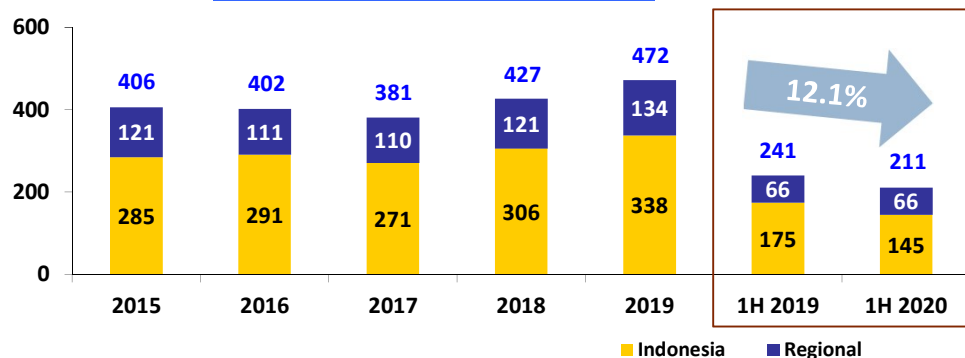
Group Financial Highlights

Our 1H 2020 Performance in greater detail

| (In US\$ Million) | 1H 2020 | 1H 2019 | Y-o-Y change | Local Currency Performance (Y-o-Y change) |
|--------------------------|--------------|--------------|--------------|---|
| Revenue | 211.4 | 240.6 | ▼ 12.1% | ▼ 10.1% |
| Indonesia | 145.6 | 175.2 | ▼ 16.9% | ▼ 14.4% |
| Regional Markets | 65.8 | 65.4 | ▲ 0.6% | ▲ 1.4% |
| Gross Profit (GP) | 76.7 | 86.6 | ▼ 11.4% | ▼ 9.4% |
| GP Margin | 36.3% | 36.0% | ▲ 0.3% pt | ▲ 0.3% pt |
| EBITDA | 25.6 | 31.4 | ▼ 18.7% | ▼ 16.1% |
| EBITDA Margin | 12.1% | 13.1% | ▼ 1.0% pt | ▼ 0.9% pt |
| PATMI | 10.8 | 15.4 | ▼ 29.6% | ▼ 26.6% |

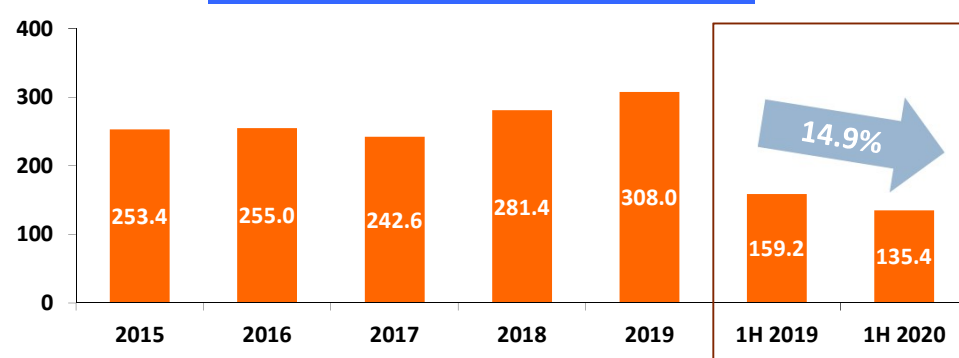
Group Financial Highlights

Group Revenue (In US\$ Million)



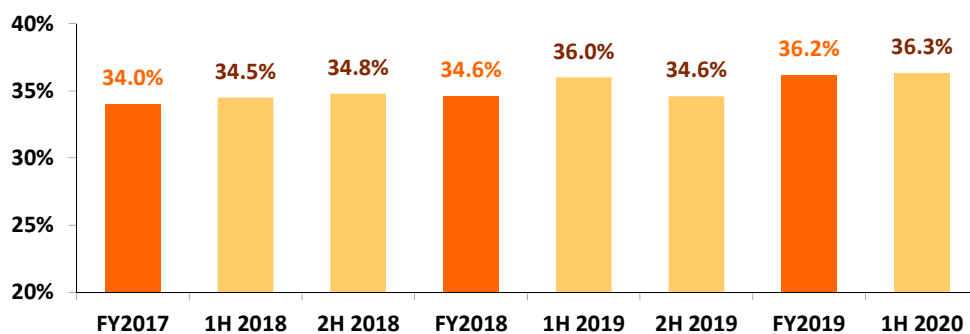
- FY2018 and FY2019 performance is driven by the benefits of our strategic initiatives implemented over the last 3 years
- Our 1H2020 performance reflects the impact of the COVID-19 pandemic

Own Brands Revenue (In US\$ Million)



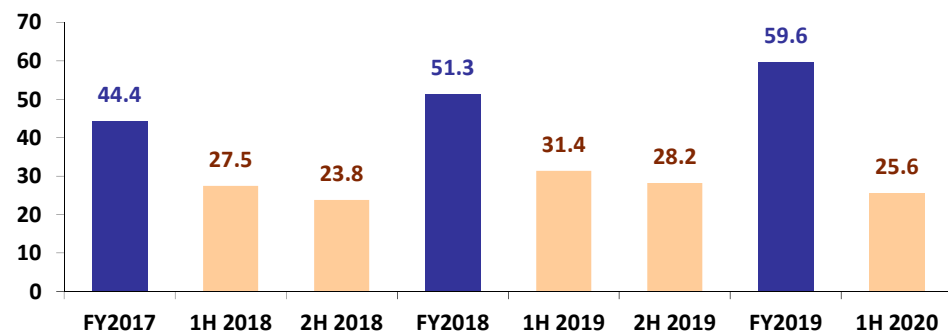
- FY2018 revenue surpassed the peak of 2014 (constant rate basis) with our leading brands in growth categories. We have a strong innovation culture and efficient route-to-market structure
- Our 1H 2020 performance reflects the impact of the COVID-19 pandemic

Gross Profit Margin Trends



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

EBITDA (In US\$ Million)



- Profit performance reflects continued investment in brand building and route-to-market capabilities to capture long term growth

Balance Sheet & Cash Flow Analysis

Balance Sheet Analysis (Figures are at period end)

| (In US\$ Million) | 30 Jun 2020 | 31 Dec 2019 | Comments |
|---|--------------|--------------|--|
| Cash and Cash Equivalents | 68.7 | 57.6 | <ul style="list-style-type: none"> Higher cash generated mainly from reduced working capital. |
| Trade Receivables | 74.6 | 89.8 | <ul style="list-style-type: none"> Lower trade receivables due to reduction in sales as a result of market lockdowns from the pandemic in 2Q. |
| Inventories | 75.2 | 87.4 | <ul style="list-style-type: none"> Reduced inventory from COVID-19 and post festivities. |
| Other Assets | 27.5 | 26.1 | |
| Fixed Assets, Intangible Assets & Investments | 132.2 | 141.4 | <ul style="list-style-type: none"> Capex program has been deferred in light of the pandemic, reduction mainly due to depreciation. |
| Total Assets | 378.2 | 402.3 | |
| Trade Payables | 32.0 | 37.2 | <ul style="list-style-type: none"> In line with lower inventories. |
| Other Liabilities | 68.4 | 79.2 | |
| Total Borrowings | 53.4 | 58.3 | <ul style="list-style-type: none"> Reduction due to repayment of borrowings. |
| Working Capital Facilities/Trade Finance | 14.9 | 14.3 | |
| Term Loan | 38.5 | 44.0 | |
| Total Equity | 224.4 | 227.6 | |
| Key Ratios | | | |
| Current Ratio | 1.73 | 1.61 | |
| Return on Equity | 9.6% | 13.0% * | |
| Inventory Days | 110 | 99 | } The higher ratios, during this period, can be attributed to the slowdown as a result of the COVID-19 pandemic |
| Receivables Days | 71 | 63 | |
| Payable Days | 47 | 44 | |

* Relates to FY2019 audited figures.

Cash Flow Applications

- ❖ **We tightened our cash flow management through watching closely our costs, collections and capital spending**

| (In US\$ Million) | 30 Jun 2020 |
|--|-------------|
| EBITDA | 25.6 |
| Changes in Operating Cash Flow | |
| Decrease in Working Capital | 10.8 |
| Tax Expense Paid | (10.2) |
| Interest Income Received | 0.5 |
| Operating Cash Flow | 26.7 |
| Capital Expenditure | (1.0) |
| Free Cash Flow | 25.7 |
| Other Investing Activities | (1.0) |
| Financing Activities: | |
| Repayment of Borrowings, Net of Proceeds | (4.5) |
| Repayment of Working Capital Financing | (0.7) |
| Interest Expense Paid | (1.8) |
| Dividend Payment | (6.6) |
| Net Cash Movement | 11.1 |

Thank You
