Delfi LIMITED

Company Registration No.: 198403096C

2nd Half and Full Year 2020 Financial Results

(unaudited)

24 February 2021

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 2nd Half and Full Year ended 31 December 2020".

Scope of Briefing

Page No

2H and FY2020 Overview

- **Despite the unprecedented crisis caused by the COVID-19 pandemic, for 2H and FY2020, we achieved PATMI of US$6.7 million and US$17.5 million respectively**
  - Tax was higher due to one-off withholding tax deduction. Excluding this, our PATMI would have been US$19.6 million

- **2H Group Revenue of US$188.0 million registered only a decline of 12.1% over the same period last year, vs drop of 13.1% Y-o-Y in 1H 2020**
  - 1H 2020 had contribution from a firm 1Q 2020, essentially pre-COVID
  - Our recovery can be attributed to: Resilience of our Own Brands, complementary Agency Brands portfolio, our well established distribution network especially with the significant effort made over the past few years, as well as the commitment and support from the Delfi teams
  - Strong performance from our Premium Brands and Baking category

- **Recovery momentum in 4Q 2020 picked up, with revenue at US$104.4 million (higher by 25.0% Q-o-Q, and only lower Y-o-Y by 3.7%) - A significant improvement from the performance seen in 2Q and 3Q 2020**

2H and FY2020 Overview (cont'd)

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- **COVID-19 has shifted consumer behaviour (closer to home physical shopping, in-home consumption, on-line purchases) but also opened and accelerated new growth opportunities such as demand for products that are sustainable and healthier. We are increasing our efforts here to capture this growth opportunity**

- **During this challenging year, we pushed ahead with our new product initiatives encompassing packaging rejuvenation and launching new product lines to stay abreast with the mega trend towards healthier products thereby increasing the connection with our consumers**
  - Please refer to page 10-11 for some of our new launches

- **Despite a lower profit, we increased our Free Cash Flow in FY2020 to US$38.7 million as we strengthened our cash flow management through controlling costs, collections and capital spending**
  - Our Free Cash Flow generated was higher by US$16.6 million compared to last year
  - We focused on cash collection to keep our receivables under control

- **Final Dividend of 1.08 US cents per share proposed (maintained at 2019's level), and together with interim dividend of 1.27 US cents paid, total dividends for FY2020 will be 2.35 US cents**
  - Payable on 14 May 2021, if approved by shareholders

FY2020 Highlights

- **FY2020 Revenue of US$385.1 million achieved** (▼12.6% Y-o-Y)
- **Gross Profit Margin of 28.6%** (▼160 basis points)
  - Higher trade promotion programmes mitigated partially by cost containment initiatives
  - Certain expenditure related to trade promotion programmes offered presented as a reduction to revenue (refer to page 15 for more details)

EBITDA	**US$43.9 million**	▼26.4% Y-o-Y
PATMI (as reported)	**US$17.5 million**	▼38.1% Y-o-Y
ROE (annualised)	**7.7%**	▼5.3% pt

- **Free Cash Flow of US$38.7 million generated**

Looking Forward

- **FY2020 has been a challenging year given the unprecedented impact from the COVID-19 pandemic, but the Group was able to stay profitable and generated strong positive free cash flow. Uncertainties and challenges still persist, particularly from the uneven or slow pace of vaccination and the possible onset of new variants, but our sales recovery momentum in 4Q 2020, although still not back to pre-COVID, is encouraging**

- **To capture the growth opportunities, we will accelerate the implementation of the following strategic initiatives and areas:**

  a. **Grow in key markets via marketing, innovation and sales initiatives**

     - Rejuvenate our brands via refreshed packaging, launch new flavours and new product categories that connects with changing consumers' needs and wants. We will continue to develop an innovation pipeline towards products that caters to consumers' focus on health and wellness, such as products with higher cocoa and plant-based content to stay abreast of this mega trend

     - Increase the connection with our Gen-Z and Millennial consumers through digital communication

     - Strengthen our distribution further in the Modern Trade channel (particularly Minimarts and Modern Trade Independents) with dedicated Key Accounts teams, reorientate Regional Distributors to support this initiative and grow the General Trade channel as a second engine of growth. Leverage on data analytics to have deeper and better consumer purchasing patterns and insights, driving promotion plans and sales

Looking Forward (cont'd)

b. Manufacturing optimization and continued operations with safety protocols, and to adopt a conservative stance on essential capex spending; and

c. Financial discipline to maintain a strong cash flow and healthy balance sheet

- Barring unforeseen circumstances, we are cautiously optimistic that our performance will be better than 2020

Brand Rejuvenation & Innovation

Brand Core Pack Rejuvenation - ***SilverQueen***

- **Core Packaging Rejuvenation**
- **Refreshing of packaging with clearer communication of product to increase the connection with consumers, especially Gen-Z and Millennials**

Old Design

New Classic Bars

Old Design

New Chunky Bars

Old Design

New SilverQueen Bites

Brand Rejuvenation & Innovation - ***SilverQueen***

- **Launch of new formulation and product lines, relevant with the current mega trend towards healthier ingredients catering to young (Gen-Z) audience**

- **Use of premium and healthier ingredients**

Appendices

Group Financial Highlights

Our 2H and FY2020 Performance in greater detail

(In US$ Million)	2H 2020	2H 2019	Y-o-Y change	Local Currency Performance (Y-o-Y change)	FY2020	FY2019	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	**188.0**	**213.8**	▼12.1%	▼10.8%	**385.1**	**440.7**	▼12.6%	▼11.0%
Indonesia	**121.9**	**146.7**	▼16.9%	▼14.4%	**255.2**	**309.7**	▼17.6%	▼15.1%
Regional Markets	**66.1**	**67.1**	▼1.5%	▼2.9%	**129.9**	**131.0**	▼0.8%	▼1.2%
Gross Profit (GP)	**50.6**	**63.7**	▼20.6%	▼19.8%	**110.1**	**133.1**	▼17.3%	▼15.9%
GP Margin*	26.9%	29.8%	▼2.9% pt	▼2.9% pt	28.6%	30.2%	▼1.6% pt	▼1.6% pt
EBITDA	**18.3**	**28.2**	▼35.0%	▼33.1%	**43.9**	**59.6**	▼26.4%	▼24.1%
EBITDA Margin	9.7%	13.2%	▼3.5% pt	▼3.3% pt	11.4%	13.5%	▼2.1% pt	▼2.0 pt
PATMI	**6.7**	**12.8**	▼48.2%	▼45.6%	**17.5**	**28.2**	▼38.1%	▼35.2%

* See page 15 for further details.

Revenue Reclassification

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- For FY2020, following a detailed year-end review of trade promotion programmes offered, it was concluded that certain Selling and Distribution costs should be presented as a reduction to Revenue. Accordingly, the Revenue line item has been reclassified retrospectively as follows:

Revenue	1H 2020	1H 2019	2H 2019
	US$'000	US$'000	US$'000
Before reclassification	211.4	240.6	231.1
Reclassification	(14.3)	(13.7)	(17.2)
After reclassification	**197.1**	**226.9**	**213.8**

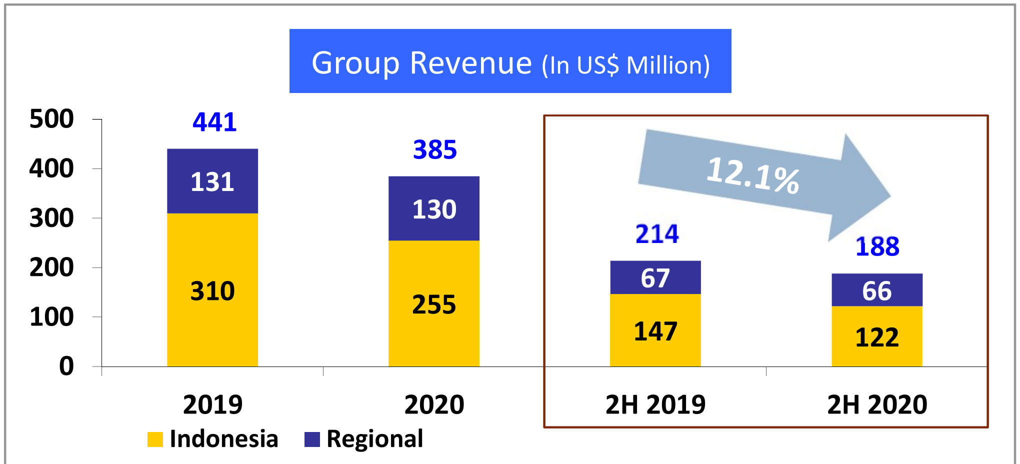
- In addition, certain distribution related expenses amounting to US$6.6 million for the financial year ended 31 December 2019 have been reclassified from Selling and Distribution costs to Cost of Goods Sold to reflect more appropriately the costs to fulfil the sale of goods.

- The above reclassifications have no impact on EBITDA or Net Profit; Balance Sheets of the Group or of the Company, and the Consolidated Cash Flows for both financial years ended 31 December 2020 and 31 December 2019

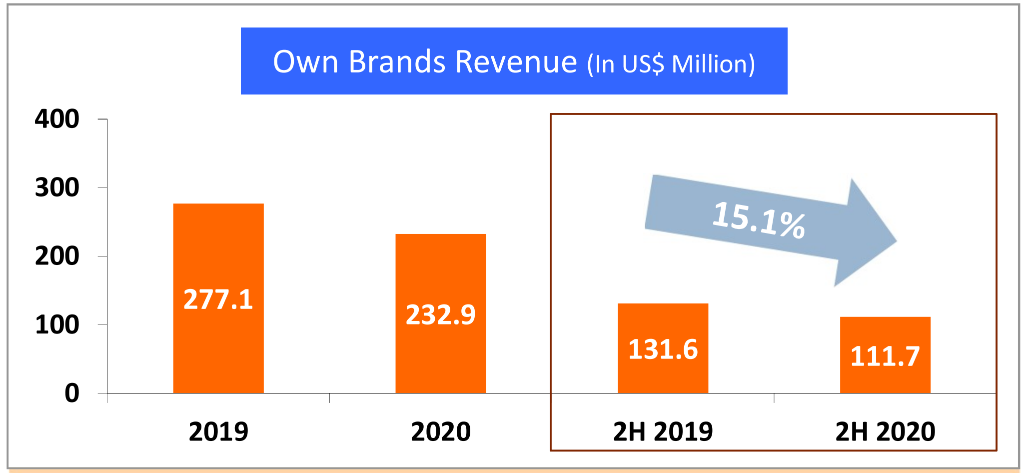
- The growth of quarterly revenue recorded (after reclassification) since the major 2Q 2020 pandemic disruption as below:

Revenue (US$ Million)	1Q 2020	2Q 2020	3Q 2020	4Q 2020
Indonesia	91.6	41.6	51.7	70.2
Regional Markets	35.0	28.9	31.9	34.2
Total	**126.6**	**70.5**	**83.6**	**104.4**

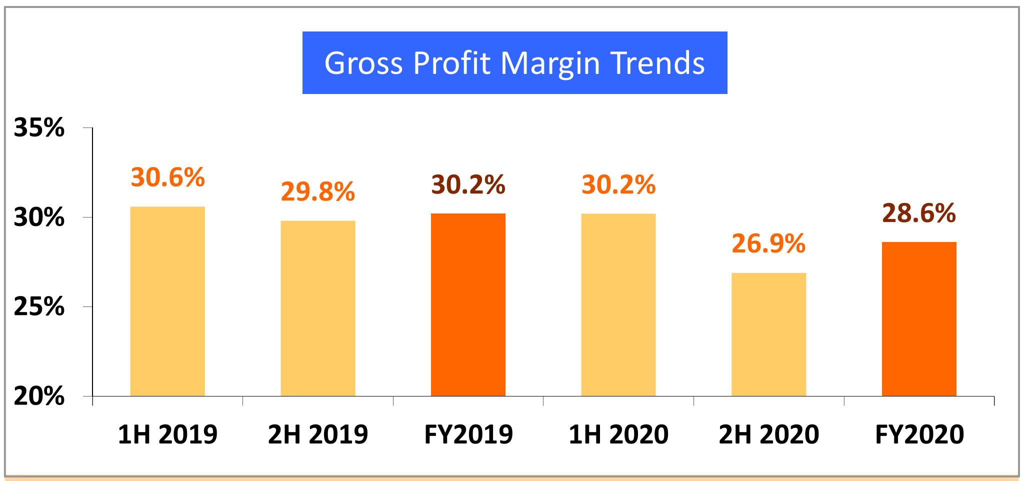
Group Financial Highlights



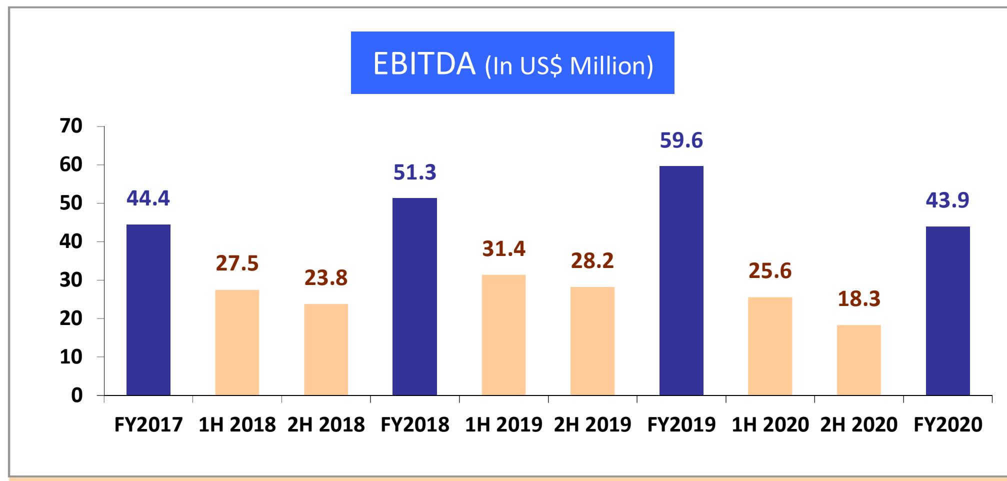
- FY2020 performance is impacted by onset of COVID-19 impacting sales from 2Q 2020 onwards, after a firm start to the year
- 2H 2020 is showing improvement from 1H 2020, with 4Q 2020 up by 25% Q-o-Q



- FY2020 performance impacted by lockdowns in 2Q 2020 in Indonesia, while Regional Markets less impacted due to varying degrees of restriction
- 4Q 2020 performance is up 47% Q-o-Q



- Certain trade promotion related expenses were reclassified from cost to reduction in revenue for FY2020, while FY2019 is correspondingly reclassified to provide basis for comparison
- Gross margin impacted by lower sales volume, product mix and higher proportion of Agency Brands



- FY2020 EBITDA a result of lower sales and operating deleverage
- 4Q 2020 showing sequential improvement, along with improvement in sales performance

Balance Sheet & Cash Flow Analysis

Balance Sheet Analysis (Figures are at period end)

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(In US$ Million)	31 Dec 2020	31 Dec 2019	Comments
Cash and Cash Equivalents	65.5	57.6	▪ Higher cash generated mainly from reduced working capital.
Trade Receivables	81.7	89.8	▪ Lower trade receivables due to reduction in sales as a result of market lockdowns from the pandemic in 2Q.
Inventories	76.8	87.4	▪ Reduced inventory from COVID-19 and post festivities.
Other Assets	27.9	26.1	
Fixed Assets, Intangible Assets & Investments	130.5	141.4	▪ Capex program has been deferred in light of the pandemic, reduction mainly due to depreciation.
Total Assets	**382.4**	**402.3**	
Trade Payables	29.9	37.2	▪ In line with lower inventories.
Other Liabilities	78.1	79.2	
Total Borrowings	**48.7**	**58.3**	▪ Reduction due to repayment of borrowings.
Working Capital Facilities/Trade Finance	12.2	14.3	
Term Loan	36.5	44.0	
Total Equity	**225.7**	**227.6**	
Key Ratios			
Current Ratio	1.75	1.61	
Return on Equity	7.7%	13.0% *	
Inventory Days	109	97	The higher ratios, during this period, can be attributed to the slowdown as a result of the COVID-19 pandemic
Receivables Days	81	67	
Payable Days	44	43	

* 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)	31 Dec 2020
EBITDA	**43.9**
Changes in Operating Cash Flow	
Decrease in Working Capital	13.3
Tax Expense Paid	(15.4)
Interest Income Received	0.6
Operating Cash Flow	**42.4**
Capital Expenditure	(3.7)
Free Cash Flow	**38.7**
Other Investing Activities	(1.1)
Financing Activities:	
Repayment of Borrowings, Net of Proceeds	(10.5)
Repayment of Working Capital Financing	(1.4)
Interest Expense Paid	(3.2)
Dividend Payment	(14.5)
Net Cash Movement	**8.0**

Thank You