

# Delfi Limited



## 1<sup>st</sup> Half 2021 Financial Results

(unaudited)

*10 August 2021*



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IN CHANGING TIMES



## ● ● Important Note on Forward-Looking Statements



The presentation herein may contain certain 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 “Condensed Financial Statements and Dividend Announcement for the 1<sup>st</sup> Half ended 30 June 2021”.



## ● ● Scope of Briefing



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## ● ● 1H 2021 Overview

- In a number of markets, especially Indonesia, Malaysia and the Philippines, there has been a marked increase in the prevalence of COVID-19 since the start of the year linked to the more infectious Delta-variant
  - Evolution of COVID-19 pandemic continues to create uncertainties across our markets
- For 1H 2021, we achieved PATMI of US\$12.3 million vs. US\$10.8 million (▲ 13.7%) over the same period last year
  - Sales were higher Y-o-Y by 6.8%
  - Recall that sales in 2Q 2020 were impacted by the large scale lockdowns initiated due to the onset of COVID-19 pandemic
- In 1H 2021, we focused on capturing the recovery for our products
- Own Brands and Agency Brands both performed well, registering growth of 3.6% and 11.9% Y-o-Y in 1H 2021
  - Own Brands performance driven by higher contribution from Indonesia
  - Agency Brands growth was on the back of solid performance in the snacking, breakfast and healthcare categories

## ●● 1H 2021 Overview (cont'd)

- We continue to work with our retail customers to capture the trend of consumers shopping closer to home
- Continue to focus on ensuring our brands and products remain relevant to our consumers, especially the Gen-Z and Millennials by leveraging on digital marketing. We have refreshed our core packaging and introduced healthier products like *SilverQueen Very Berry Yoghurt*
- Along with a higher profit and continued control of costs, collections and capital spending, we generated a strong Free Cash Flow of US\$48.0 million
  - Our Free Cash Flow generated was higher by US\$22.3 million compared to same period last year
  - Bulk of Cash Flow has been used to significantly reduce our total borrowings
- ❖ Interim Dividend of 1.27 US cents (1.71 Singapore cents) per share declared, the same as 1H 2020 in US dollar terms. This will be payable 7 September 2021

## ●● 1H 2021 Highlights

- **1H 2021 Revenue of US\$210.5 million achieved** (▲ 6.8% Y-o-Y)
- **Gross Profit Margin of 29.0%** (▼ 120 basis points)
  - Reflects impact of sales mix, higher input costs and inventory write-off
- **EBITDA** **US\$26.5 million** ▲ 3.6% Y-o-Y
- **PATMI** (as reported) **US\$12.3 million** ▲ 13.7% Y-o-Y
- **ROE** (annualised) **10.9%** ▲ 3.2% pt
- **Free Cash Flow of US\$48.0 million generated**
- **Interim Dividend of 1.27 US cents (1.71 Singapore cents) declared (63.1% payout ratio)**

## ● ● Looking Forward

- **The COVID-19 is still impacting the world and our key markets. With the recent spread of the more infectious Delta-variant, uncertainties and challenges still persist. The rising infection rates globally and the re-imposition of restrictions has prompted the Asian Development Bank to revise down their growth forecasts for Southeast Asia recently to 4.0%, from 4.4%, in 2021**
- **We therefore expect the macroeconomic and operating environment in our regional markets to remain challenging through the rest of 2021 and beyond. The return to normality will be determined by the effectiveness of the measures to combat the virus' spread coupled with the speed of vaccine rollout but set against the threat of new variants**
- **Despite this uncertain operating environment, we believe the Group's strong foundation (the strength of our leading brands, our strong innovation culture and strong distribution) coupled with our strong Balance Sheet and Cash Flow generation, means we are well placed to tackle the uncertainties ahead and can quickly seize opportunities in an upturn**

# Appendices





# Group Financial Highlights

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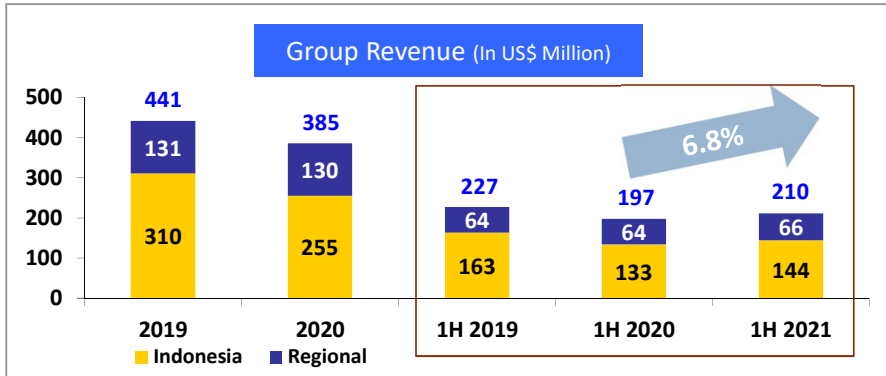
## ●● 1H 2021 Performance (in details)



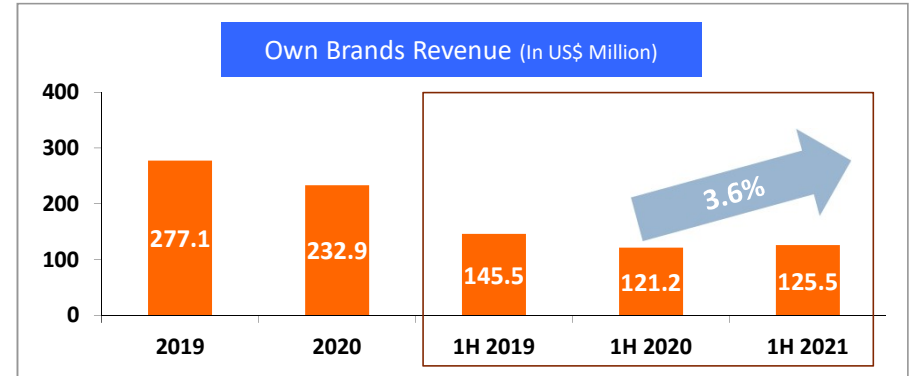
(In US\$ Million)	1H 2021	1H 2020	Y-o-Y Change	Local Currency Performance (Y-o-Y change)
<b>Revenue</b>	<b>210.5</b>	<b>197.1</b>	<b>▲ 6.8%</b>	<b>▲ 3.6%</b>
Indonesia	144.0	133.2	▲ 8.1%	▲ 5.3%
Regional Markets	66.5	63.9	▲ 4.1%	▲ 0.1%
<b>Gross Profit (GP)</b>	<b>61.0</b>	<b>59.5</b>	<b>▲ 2.5%</b>	<b>▼ 0.7%</b>
GP Margin	29.0%	30.2%	▼ 1.2% pt	▼ 1.2% pt
<b>EBITDA</b>	<b>26.5</b>	<b>25.6</b>	<b>▲ 3.6%</b>	<b>▲ 0.1%</b>
EBITDA Margin	12.6%	13.0%	▼ 0.4% pt	▼ 0.4% pt
<b>PATMI</b>	<b>12.3</b>	<b>10.8</b>	<b>▲ 13.7%</b>	<b>▲ 8.9%</b>



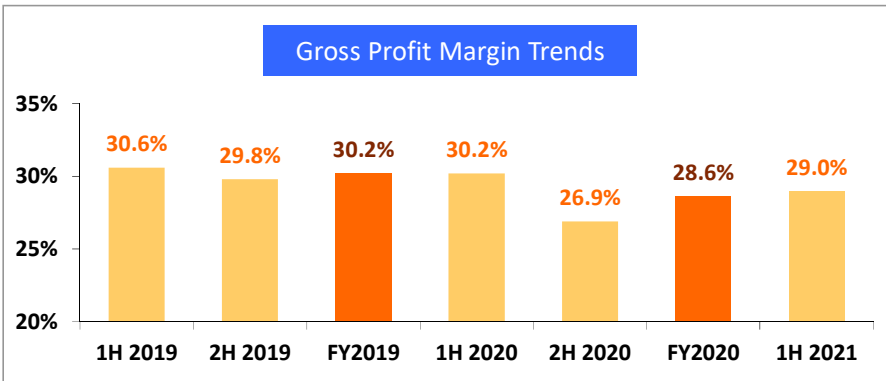
# ●● Group Financial Highlights



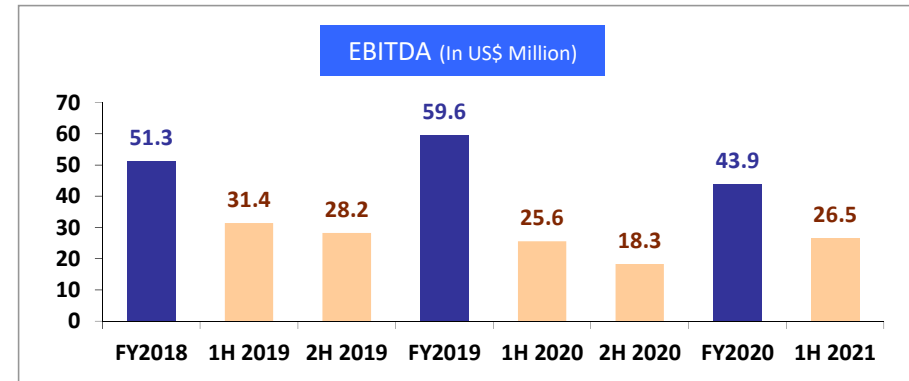
- FY2020 performance was impacted by onset of COVID-19 affecting sales from 2Q 2020 onwards, after a firm start to the year in 2020
- 1H 2021 continue to show improvement seen since 3Q 2020; 2Q 2021 up by 28% Y-o-Y



- Own Brands performance driven by contribution from Indonesia with 2Q 2021



- Gross margin down by 1.2% points Y-o-Y on sales mix, higher input costs and inventory write-offs
- 2.1% points H-o-H improvement from 2H 2020



- 1H 2021 EBITDA up by 3.6% on higher sales and slower rate of increase in Administrative expenses vis-à-vis revenue, negated partially by lower GPM

# **Balance Sheet & Cash Flow Analysis**

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## ● ● Balance Sheet Analysis (Figures are at period end)



(In US\$ Million)	30 Jun 2021	31 Dec 2020	Comments
Cash and Cash Equivalents	74.8	65.5	■ Higher cash generated mainly from reduced working capital.
Trade Receivables	66.4	81.7	■ Lower trade receivables due to efficient collections
Inventories	58.7	76.8	■ Reduced inventory mainly on tighter control in Indonesia
Other Assets	32.3	27.9	
Fixed Assets, Intangible Assets & Investments	121.6	130.5	■ Conservative capital expenditure in light of uncertain outlook, focusing on essential projects
<b>Total Assets</b>	<b>353.8</b>	<b>382.4</b>	
Trade Payables	28.0	29.9	■ In line with lower inventories
Other Liabilities	83.1	78.1	
<b>Total Borrowings</b>	<b>16.1</b>	<b>48.7</b>	■ Reduction due to repayment of borrowings.
Working Capital Facilities/Trade Finance	4.7	12.2	
Term Loan	11.4	36.5	
<b>Total Equity</b>	<b>226.6</b>	<b>225.7</b>	
<b>Key Ratios</b>			
Current Ratio	2.07	1.75	
Return on Equity	10.9%	7.7% *	
Inventory Days	83	109	} The improvement is attributed to tighter control of collections and inventory management, as well as higher sales
Receivables Days	64	81	
Payable Days	35	44	

\* Relates to FY2020 audited figures.

## ●● Cash Flow Applications



- ❖ We maintain our tight control of cash flow management through watching costs, collections and capital spending

(In US\$ Million)	30 Jun 2021
<b>EBITDA</b>	<b>26.5</b>
Changes in Operating Cash Flow	
Decrease in Working Capital	28.7
Tax Expense Paid	(6.2)
Interest Income Received	0.1
<b>Operating Cash Flow</b>	<b>49.1</b>
Capital Expenditure	(1.1)
<b>Free Cash Flow</b>	<b>48.0</b>
Other Investing Activities	2.2
Financing Activities:	
Repayment of Borrowings, Net of Proceeds	(33.1)
Repayment of Working Capital Financing	(0.4)
Interest Expense Paid	(0.8)
Dividend Payment	(6.6)
<b>Net Cash Movement</b>	<b>9.3</b>

Thank You

