

# Delfi Limited



## 1<sup>st</sup> Half 2022 Financial Results

(unaudited)

*10 August 2022*



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## ● ● 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 2022”.

## ● ● Scope of Briefing



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## ●● 1H 2022 Overview

- **The Group's performance continued to improve as the economies in our markets continued to open, driving improved consumer sentiment resulting in strong sales growth and profitability in 1H 2022**
  - Our strong performance supports a solid Balance Sheet and Cash Flow generation, keeping us well positioned for uncertainties that might surface in the current macro-economic environment
  
- **For 1H 2022, we achieved Revenue growth of 17.0% to US\$246.3 million, surpassing 2019 revenue of US\$226.9 million signalling a recovery to pre-COVID levels, resulting in PATMI of US\$19.4 million vs. US\$12.3 million over the same period last year (Y-o-Y ▲ 57.6%), driven mainly by**
  - Increased GPM of 29.4% (Y-o-Y ▲ 40 bps), from strong sales, improved sales mix and pricing actions to help mitigate cost increases
  - Higher EBITDA of US\$26.5 million (Y-o-Y ▲ 30.5%) reflecting a higher EBITDA Margin of 14.0% vs 12.6% (Y-o-Y ▲ 140 bps)
  
- **In 1H 2022, we focused on core strategic products to drive strong growth of our premium products and on controlling costs to support higher margins**
  
- **Own Brands and Agency Brands both performed well, registering growth of 20.2% and 12.2%, respectively Y-o-Y in 1H 2022**
  - Own Brands performance driven by strong growth in both Indonesia and Philippines
  - Agency Brands growth driven primarily by Malaysia with strong performance in consumer and healthcare categories

## ● ● 1H 2022 Overview (cont'd)

- **We continued to develop new products in the “Better-for-You” category and remained focused on Gen-Z and Millennials with plans to offer more flavours and packaging designs that appeal to them**
- **Higher profit and constant focus to control costs, collections and capital spending drove Free Cash Flow generation of US\$16.9 million**
  - Despite higher sales growth, we were able to keep tight control on Trade Receivables and Inventories
- **We remain mindful of challenges in the current macro environment including heightened geo-political tensions, currency volatility, supply chain bottlenecks and expected inflationary pressures in Indonesia**
  - To cushion these challenges, we will continue to manage operating costs, collections and capital spending
- ❖ **Interim Dividend of 1.58 US cents (2.18 Singapore cents) per share declared, our highest Interim Dividend declared since 2014, the year after divesting the cocoa business. This dividend will be payable 7 September 2022**

## ● ● 1H 2022 Highlights

- **1H 2022 Revenue of US\$246.3 million achieved** (▲ 17.0% Y-o-Y)
- **Gross Profit Margin of 29.4%** (▲ 40 basis points)
  - Reflects higher net sales, lower inventory write-off, and improved sales mix, partially off-set by higher S&D
- **EBITDA** **US\$34.6 million** ▲ 30.5% Y-o-Y
- **PATMI** (as reported) **US\$19.4 million** ▲ 57.6% Y-o-Y
- **ROE** (annualised) **16.2%** ▲ 5.3% pt Y-o-Y
- **Free Cash Flow generated of US\$16.9 million**
- **Interim Dividend of 1.58 US cents (2.18 Singapore cents) declared (50% payout ratio)**

## ● ● Looking Forward



- **Markets in Southeast Asia continue to benefit from the opening up of economies since early 2022. The improving consumer sentiment from the reversal of government lockdowns, school re-openings, and widespread distribution of vaccinations across our markets, has helped drive sales growth throughout the first six months of the year in our markets compared to 2021**
- **Although we anticipate our markets across Southeast Asia to remain open and consumer sentiment to remain buoyant, we do expect a more challenging global macro-economic environment with supply chains further strained, additional geo-political uncertainty, potential for inflationary pressures in Indonesia later in the year and higher prices for raw materials and ingredients**
- **Despite the uncertainties in the current global macro-economic environment and supply chains expected in the near future, we believe that the strength of our leading brands, depth of our culture of innovation, strategic focus on our premium products and scope of our distribution network, combined with our strong Balance Sheet, tight control of costs, management of working capital and healthy Cash Flow generation, position us to tackle uncertainties that may lie ahead**



# Appendices





# Group Financial Highlights

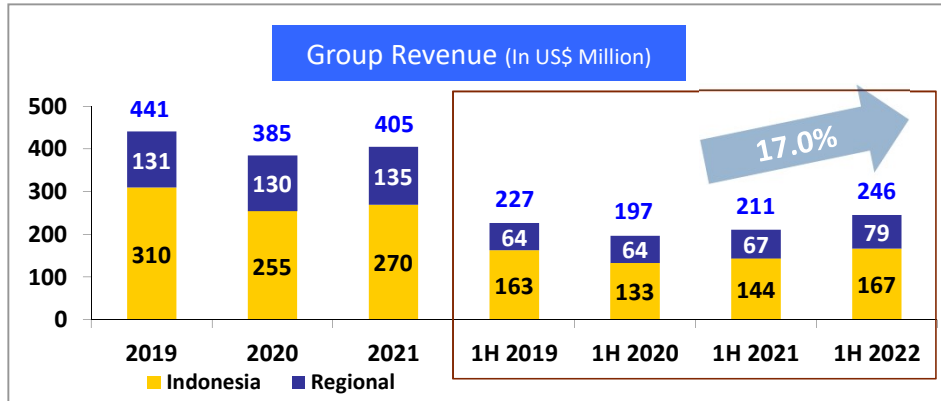
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## ●● 1H 2022 Performance (in detail)

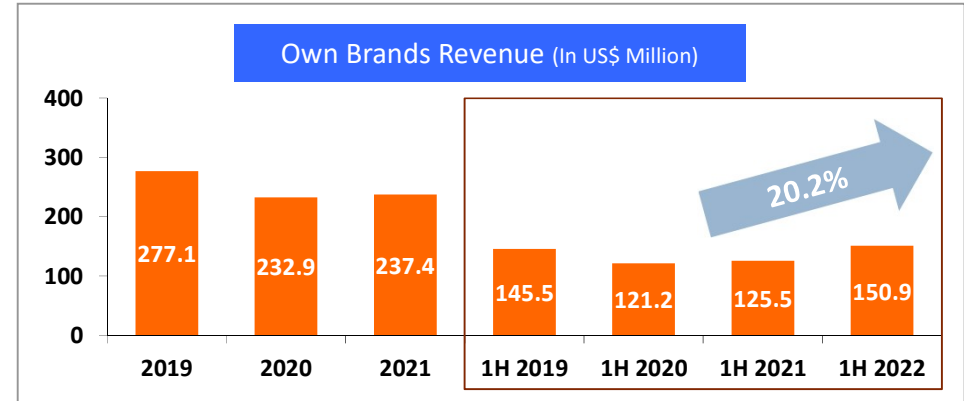


(In US\$ Million)	1H 2022	1H 2021	Y-o-Y Change	Local Currency Performance (Y-o-Y change)
<b>Revenue</b>	<b>246.3</b>	<b>210.5</b>	<b>▲ 17.0%</b>	<b>▲ 19.3%</b>
Indonesia	167.2	144.0	▲ 16.1%	▲ 16.9%
Regional Markets	79.1	66.5	▲ 18.9%	▲ 24.6%
<b>Gross Profit (GP)</b>	<b>72.5</b>	<b>61.0</b>	<b>▲ 18.8%</b>	<b>▲ 21.2%</b>
GP Margin	29.4%	29.0%	▲ 0.4% pt	▲ 0.4% pt
<b>EBITDA</b>	<b>34.6</b>	<b>26.5</b>	<b>▲ 30.5%</b>	<b>▲ 32.2%</b>
EBITDA Margin	14.0%	12.6%	▲ 1.4% pt	▲ 1.4% pt
<b>PATMI</b>	<b>19.4</b>	<b>12.3</b>	<b>▲ 57.6%</b>	<b>▲ 59.5%</b>

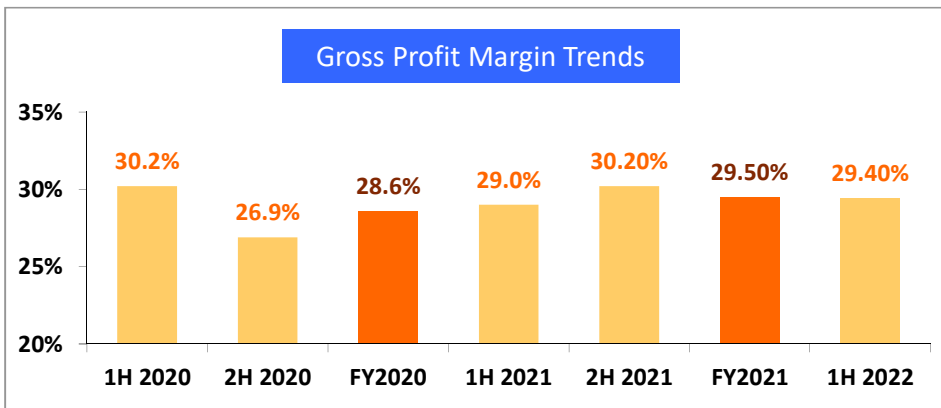
# ●● Group Financial Highlights



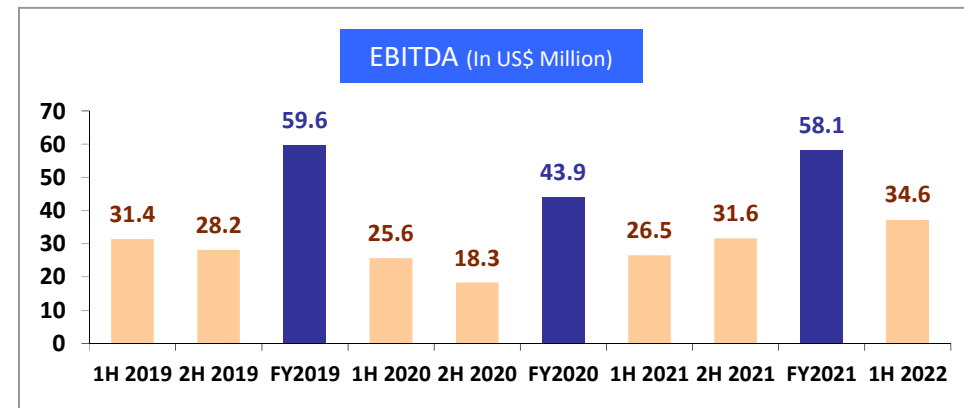
- FY 2021 performance was better compared to 2020, when government lockdowns were more strict
- 1H 2022 revenues surpassed 1H 2019 figure marking a full rebound from essentially comparable pre-COVID levels



- Own Brands performance improved in 1H 2022 vs 1H 2021, driven by strong double-digit contribution from Indonesia
- Own Brands revenue in 1H 2022 show a full rebound in Indonesia from pre-COVID level in 1H 2019



- Gross margin improved in 1H 2022 compared to prior year period from higher contribution of Premium brands in sales mix
- Gross margin in 1H 2022 was lower vs 2H 2021 due mainly to higher trade promotions to support Valentines Day and pre-Lebaran period in 1Q 2022



- 1H 2022 EBITDA up by 30.5% Y-o-Y on strong sales growth, higher Gross Margin and tight control of operating and administrative costs

# Balance Sheet & Cash Flow Analysis

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



(In US\$ Million)	30 Jun 2022	31 Dec 2021	Comments
Cash and Cash Equivalents	94.6	86.2	<ul style="list-style-type: none"> <li>Additional cash generated mainly from higher sales and increased profitability</li> </ul>
Trade Receivables	69.7	69.0	<ul style="list-style-type: none"> <li>Tight control on trade receivables even as sales have increased</li> </ul>
Inventories	67.6	64.8	<ul style="list-style-type: none"> <li>Slight increase of inventories to ensure ability to supply customers</li> </ul>
Other Assets	29.8	25.5	
Fixed Assets, Intangible Assets & Investments	109.0	118.4	<ul style="list-style-type: none"> <li>Conservative capital expenditure continued as we assess timing to increase capacity to meet expected stronger demand</li> </ul>
<b>Total Assets</b>	<b>370.7</b>	<b>363.9</b>	
Trade Payables	40.4	38.0	<ul style="list-style-type: none"> <li>Slight increase to support growing inventories</li> </ul>
Other Liabilities	76.7	76.5	
<b>Total Borrowings</b>	<b>13.2</b>	<b>10.1</b>	<ul style="list-style-type: none"> <li>Slightly higher due to more trade finance to support inventories</li> </ul>
Working Capital Facilities/Trade Finance	10.8	6.1	
Term Loan	2.4	4.0	
<b>Total Equity</b>	<b>240.4</b>	<b>239.3</b>	
<b>Key Ratios</b>			
Current Ratio	2.18	2.15	
Return on Equity	16.2%	12.6% *	
Inventory Days	70	91	<ul style="list-style-type: none"> <li>The improvement is attributed to consistent control of collections and inventory management, as well as higher sales</li> </ul>
Receivables Days	51	68	
Payable Days	41	43	

\* Relates to FY2021 audited figures.

## ● ● Cash Flow Applications



- ❖ We maintained tight control of cash flow management through strong cost controls, focused collections management and disciplined capital spending

(In US\$ Million)	30 Jun 2022
<b>EBITDA</b>	<b>34.6</b>
Changes in Operating Cash Flow	
Increase in Working Capital	(7.0)
Tax Expense Paid	(10.2)
Interest Income Received	0.5
<b>Operating Cash Flow</b>	<b>17.9</b>
Capital Expenditure	(1.0)
<b>Free Cash Flow</b>	<b>16.9</b>
Other Investing Activities	(0.3)
Financing Activities:	
Repayment of Borrowings, Net of Proceeds	(0.1)
Proceeds from Working Capital Financing	1.7
Interest Expense Paid	(0.3)
Dividend Payment	(9.5)
<b>Net Cash Movement</b>	<b>8.4</b>

**Thank You**

