

FOR IMMEDIATE RELEASE

Delfi achieves double-digit growth in FY2018 led by strong Own Brands sales

- Total revenue expands 12.0% Y-o-Y to US\$427.0 million in FY2018 generating EBITDA and PATMI of US\$51.3 million and US\$20.9 million respectively.
- Proposes final dividend of 1.10 Singapore cents per share, which together with the interim dividend of 1.47 Singapore cents per share, brings total dividend to 2.57 Singapore cents per share for FY2018.

Financial Highlights (US\$ Million)	3 months ended 31 Dec			12 months ended 31 Dec		
	4Q 2018	4Q 2017	Change (%)	FY2018	FY2017	Change (%)
Indonesia	76.6	70.4	8.8	305.8	271.0	12.8
Regional Markets	31.3	29.4	6.4	121.2	110.3	9.9
Total Revenue	107.9	99.8	8.1	427.0	381.3	12.0
Gross Profit Margin	35.7%	35.1%	0.6% pt	34.6%	34.0%	0.6% pt
EBITDA	13.4	11.1	20.3	51.3	44.4	15.5
PATMI (excl exceptional & non-recurring items)¹	5.4	3.4	60.0	23.0	17.3	32.7
PATMI (incl exceptional & non-recurring items)	4.1	2.4	70.4	20.9	19.7	6.0

SINGAPORE - 27 February 2019 - SGX Mainboard-listed chocolate confectionery company, Delfi Limited (“Delfi”, the “Company” or together with its subsidiaries, the “Group”), today announced full-year earnings of US\$20.9 million on the back of US\$427.0 million in sales for the 12 months ended 31 December 2018 (“FY2018”), representing Y-o-Y growth of 6.0% and 12.0% respectively. Excluding the exceptional & non-recurring items, PATMI growth of 32.7% was achieved.

On a quarterly basis, revenue for the three months ended 31 December 2018 (“**4Q 2018**”) was 8.1% higher Y-o-Y at US\$107.9 million, which generated EBITDA of US\$13.4 million and PATMI of US\$4.1 million respectively.

The growth achieved by the Group can be attributed to higher revenue sales and margins achieved. The Group’s sales was driven mainly by our Own Brands portfolio in Indonesia, especially growth in the premium format category. Sales of Own Brands products in FY2018 increased 17.5% Y-o-Y in Indonesia with strong performance from our brands like *SilverQueen*, *Cha Cha*, *Delfi Premium* and *Selamat*. The improved service levels to our retail customers as a result of the reorganization to our supply chain was also a key growth driver.

Excluding the exceptional & non-recurring items, the Group’s PATMI in 4Q 2018 and FY2018 would have been US\$5.4 million and US\$23.0 million respectively.

Mr John Chuang, Delfi’s Chief Executive Officer, said: *“We are pleased with the Group’s performance for 2018 with growth achieved despite currency headwinds. The benefits of the strategic restructuring of our organization, product portfolio, supply chain and routes-to-market implemented are yielding the desired results.”*

“As we look to the future, absent any severe change in economic growth or severe devaluation of regional currencies, we believe the outlook for the consumption of chocolate confectionery to be positive, especially in our core markets of Indonesia and the Philippines. In order to capture the growth opportunities, we will continue to invest in our Core Brands and focus on leveraging our core strengths so as to drive further growth in our business and profitability.”

Delfi’s cash and cash equivalents stood at US\$54.7 million as at 31 December 2018, which is adequate to support the Group’s foreseeable near term business and investment needs. Based on 611,157,000 ordinary shares in issue, the Group’s earnings per share (including exceptional & non-recurring items) in FY2018 was 3.41 US cents as compared to 3.22 US cents in FY2017. Net asset value per share as at 31 December 2018 was 33.7 US cents compared to 33.4 US cents as at 31 December 2017.

INDONESIA

The Group's business in Indonesia continued to benefit from the growth initiatives implemented, which included focusing on higher velocity and higher margin performance products as well as the reorganization of our supply chain and routes-to-market. Premium category brands, including *SilverQueen*, *Delfi Premium*, *Selemat*, *Ceres* and *Cha Cha*, led the growth together with Van Houten, which also contributed higher sales since being reclassified under Own Brands from Agency Brands in 2Q 2018 following the Group's acquisition of the brand.

Driven by the sustained strong performance of Own Brands sales in Indonesia, the Group's 4Q 2018 revenue from this key market rose 8.8% Y-o-Y to US\$76.6 million, which lifted FY2018 revenue 12.8% higher to US\$305.8 million.

REGIONAL MARKETS

In the Regional Markets, revenue rose 9.9% Y-o-Y in FY2018 driven mainly by higher sales in Malaysia while growth in the Philippines reflected the successful outcome of the Group's "Goya - *Taste of World Class, Everyday*" marketing campaign. However, this was partially offset by the negative impact of the discontinuation of one major Agency Brand each in Malaysia and the Philippines.

DIVIDEND

To share the fruits of a good year, Delfi has proposed a final dividend payout of 1.10 Singapore cents per share, which together with the interim dividend of 1.47 Singapore cents per share, brings the total dividend for the year to 2.57 Singapore cents per share. This represents a dividend payout ratio of 50% for FY2018.

BUSINESS OUTLOOK

Over the longer term, the Group remains confident that the consumption environment in its key markets will continue to be supported by robust economies and the fast growing middle income classes. To position our business for long term growth, we will focus our spending on building our brands and focus on where the strongest growth opportunities are. Innovation for Own Brands remains a key priority for us and our objective is to reach many more consumers by developing products that will address different consumer needs at different price points.

We will continue investing in our routes-to-market capabilities to develop a distribution network that can quickly respond to the constantly evolving retail landscape both in Indonesia and our Regional Markets to ensure that our Own Brands portfolio continues to maintain a significant shelf space presence. In 2019, the Group's focus will continue to be working closely with trade customers and partners to grow its business by ensuring that its brands are readily available, properly displayed and at the right price points to drive sales.

In addition to growing sales revenue, the Group will also continue to drive cost efficiencies throughout the organization and especially its supply chain. Meanwhile, Delfi will continue to look out for suitable and synergistic opportunities to enter new markets and extend to new product categories.

ALLEGED IMPROPER TRANSACTIONS UNCOVERED IN THE PHILIPPINES

In June 2018, the Group discovered improper transactions in one of its wholly owned subsidiaries, Delfi Marketing, Inc. (“**DMI**”) in the Philippines. Immediately on becoming aware of these transactions apparently carried out by certain employees, DMI subjected these employees to administrative disciplinary proceedings, and imposed sanctions, including dismissal. The Group also carried out an internal investigation assisted by Ernst & Young Advisory Pte Ltd and assigned a team from head office to take over the leadership of DMI’s finance function. With assistance from Delfi’s internal auditors and a professional accounting firm, the Group completed a thorough review of DMI’s financials in 4Q 2018 and is in the process of restructuring DMI’s finance function and tightening its systems control and operating procedures.

The forensic investigation into these activities resulted in the identification of improper transactions between 2013 and 2018 amounting to Philippine Peso 165.0 million (equivalent to US\$3.1 million). In addition, a thorough review of DMI’s financials identified unsubstantiated transactions over this same period totaling Philippine Peso 107.0 million (equivalent to US\$2.1 million). The improper and unsubstantiated transactions identified totaled US\$5.2 million (FY2018: US\$1.5 million; FY2017: US\$2.0 million; and from FY2013-2016: US\$1.6 million).

For the period under review, the Group recognized an exceptional charge for the improper and unsubstantiated transactions pertaining to 2018 of US\$1.3 million and US\$2.1 million in 4Q and FY2018 respectively. Included in the exceptional charge are professional fees incurred for the investigation and financial review carried out amounting to US\$0.2 million and US\$0.6 million for 4Q and FY2018 respectively. The Group’s 4Q and FY2017 income statement have also been restated to record an exceptional charge of US\$1.0 million and US\$2.0 million respectively for the improper and unsubstantiated transactions uncovered pertaining to the year 2017.

From a Balance Sheet perspective, the Group’s retained earnings as at 31 December 2017 and 1 January 2017 were adjusted accordingly.

For the improper transactions, the Company engaged law firms, Angara Abello Concepcion Regala & Cruz and Poblador, Bautista & Reyes in the Philippines, to pursue legal action and all remedies available. The matter is now in the hands of the lawyers. For the unsubstantiated

transactions, the Company will carry out further investigations, assisted by an independent forensics & disputes advisory firm.

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ABOUT DELFI LIMITED

Headquartered in Singapore and listed on the SGX-ST since 5 November 2004, Delfi Limited and its subsidiaries (the "Group") manufactures and/or distributes branded consumer products that are sold in over 17 countries including Indonesia, Singapore, Malaysia, Hong Kong, Australia, Thailand, the Philippines and China.

Formerly called Petra Foods Limited until an official name change that took effect on 9 May 2016, Delfi has an established portfolio of chocolate confectionery brands which are household names in Indonesia. Its flagship brands in Indonesia include "SilverQueen" and "Ceres" that were introduced in the 1950s and "Delfi" in the 1980s. In addition, the Group also distributes a portfolio of well-known agency brands in Indonesia, Malaysia and the Philippines.

The Group was awarded the top spot in the annual Singapore Enterprise 50 Award in 2003 and was recognized as the "Best Newly Listed Singapore Company in 2004" in AsiaMoney's Best Managed Companies Poll 2004. It was named the "Enterprise of the Year 2004" by the 20th Singapore Business Awards on 30 March 2005 and was named one of "Singapore's 15 Most Valuable Brands" in November 2005 by IE Singapore.

Over the years, Delfi Limited has clinched awards in various categories at the annual Singapore Corporate Awards. The Group won a Silver award for its inaugural annual report in the "Best Annual Report/Newly Listed Company" category in 2006. In April 2009, it clinched a Gold award in the "Best Annual Report/Companies with \$300 million to less than \$1 billion in market capitalization" category. In May 2010, it bagged two Silver awards for "Best Managed Board" and "Best Investor Relations" under the "companies with \$300 million to less than \$1 billion in market capitalization" category. In 2015, the Group begged a Bronze award for "Best Managed Board" under the "companies with S\$1 billion and above in market capitalization" category.

Delfi Limited's Chief Executive Officer, Mr John Chuang, was also recognized for his leadership and management of the Group. He was named "Best Chief Executive Officer" at the 2011 Singapore Corporate Awards, "Businessman of the Year" at the 2012 Singapore Business Awards and he was one of the recipients of the SG50 Outstanding Chinese Business Pioneers Awards in 2015.

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