

***1st Quarter 2019
Financial Results
(unaudited)***

14 May 2019



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 Quarter ended 31 March 2019”.

Scope of Briefing

	<u>Page No</u>
■ Overview	4
■ 1Q 2019 Highlights	5
■ Our 1Q 2019 Performance in greater detail	6
■ Looking Forward	7
■ Appendices	
➤ Group Financial Highlights	10
➤ Balance Sheet & Cash Flow Analysis	12 & 13

- **The Group achieved PATMI (excluding exceptional items) of US\$9.3 million for 1Q 2019 on the back of strong sales growth momentum and improved margins:**
 - (i) **Higher Own Brands sales driven by our products in the premium format category**
 - ▲ 25.7% for 1Q 2019 in US\$ terms
 - (ii) **Higher margins achieved for 1Q 2019**
 - Gross Profit Margin (▲ 130 basis points) and EBITDA Margin (▲ 30 basis points)

	1Q 2019		
	<u>US\$ Million</u>	<u>Y-o-Y Chg (In US\$ Terms)</u>	<u>Y-o-Y Chg (In Local Currency Terms)</u>
Revenue	128.2	▲ 19.5%	▲ 24.6%
EBITDA	17.6	▲ 22.3%	▲ 28.9%
PATMI (excl exceptional items) *	9.3	▲ 23.1%	▲ 30.6%

* Exceptional items include the charge of US\$0.1 million (1Q 2018: Nil) professional fee incurred for the investigation of the improper and unsubstantiated transactions uncovered in the Philippines.

1Q 2019 Highlights

■ **1Q 2019 Revenue of US\$128.2 million achieved (▲19.5% Y-o-Y) driven by higher Own Brands sales (▲25.7% Y-o-Y)**

- Our Own Brands sales in Indonesia (▲27.4% Y-o-Y) the key driver of growth, reflecting: (i) increased sales of our products in the premium format category driven by the success of our promotional programmes to capture strong consumer demand for Valentine's Day; and (ii) shipment of products to our customers to capture the sales in the run up to the Muslim Lebaran festivities in early June 2019

■ **Gross Profit Margin of 35.8% (▲130 basis points)**

- Our GP margin performance reflects higher sales of our premium brands and our cost containment initiatives
- In 3Q 2018, implemented right-sizing programme for selected Own Brands products and price increases for selected Agency Brands

■ **EBITDA US\$17.6 million ▲22.3% Y-o-Y**

- 1Q EBITDA margin of 13.7% achieved (▲30 basis points)

■ **PATMI (as reported) US\$9.2 million ▲21.6% Y-o-Y**

■ **ROE (annualised) 17.5% ▲7.3% pt**

Our 1Q 2019 Performance in greater detail

(In US\$ Million)	1Q 2019	1Q 2018	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	128.2	107.3	▲ 19.5%	▲ 24.6%
Indonesia	93.6	76.2	▲ 22.9%	▲ 28.7%
Regional Market	34.6	31.1	▲ 11.1%	▲ 14.3%
Gross Profit (GP)	45.9	37.1	▲ 23.8%	▲ 29.0%
GP Margin	35.8%	34.5%	▲ 1.3% pt	▲ 1.3% pt
EBITDA	17.6	14.4	▲ 22.3%	▲ 28.9%
EBITDA Margin	13.7%	13.4%	▲ 0.3% pt	▲ 0.5% pt
PATMI (excl exceptional items)	9.3	7.6	▲ 23.1%	▲ 30.6%
PATMI (incl exceptional items)	9.2	7.6	▲ 21.6%	▲ 29.2%

❖ Sales growth in Regional Markets on higher Own Brands and Agency Brands sales

Looking Forward

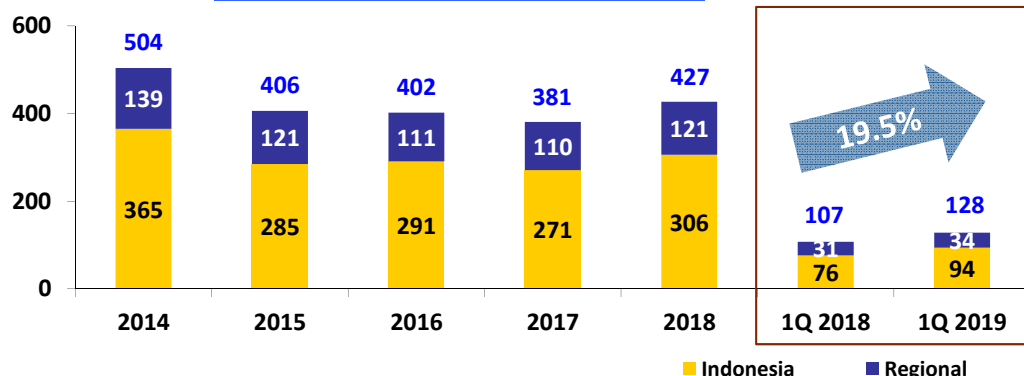
- Today in our two priority markets of Indonesia and the Philippines, we are experiencing steady growth in the consumption of chocolate confectionery supported by economic growth
- While the current operating environment remains challenging, we are confident that we have the solid foundations, right strategy and plans in order to deliver our growth objectives
- Through our continued focus on top line expansion by further growing our core premium brands, extending into the snacking category and strengthening our value segment; and stepped up productivity efforts, we expect, barring unforeseen circumstances, to continue the growth momentum achieved in 1Q 2019 and perform better in FY2019 as compared to FY2018
- 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 in both of these priority markets supported by economic growth. We will continue to focus on our core strengths and invest in our Core Brands and priority markets to drive sustainable growth in our business over the long term

Appendices

Group Financial Highlights

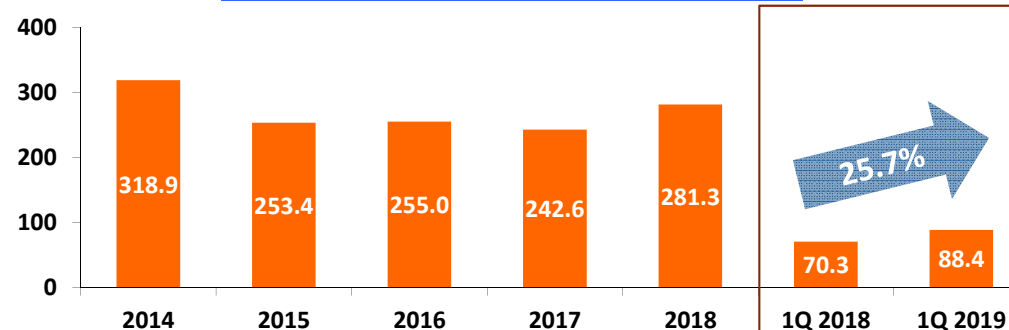
Group Financial Highlights

Group Revenue (In US\$ Million) #



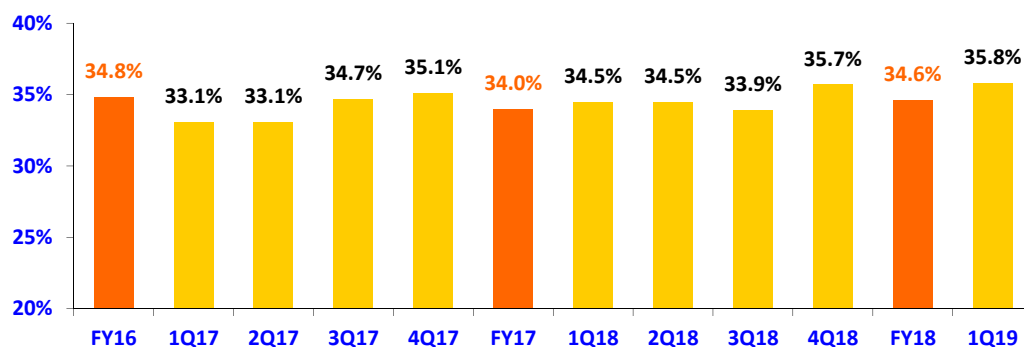
- FY2018 and 1Q 2019 performance driven by the continuing benefits of our strategic initiatives implemented over the last 3 years
- In addition, 1Q 2019 Y-o-Y growth achieved reflected the successful promotional programmes implemented to capture strong consumer demand for Valentine's Day in Indonesia

Own Brands Revenue (In US\$ Million) #



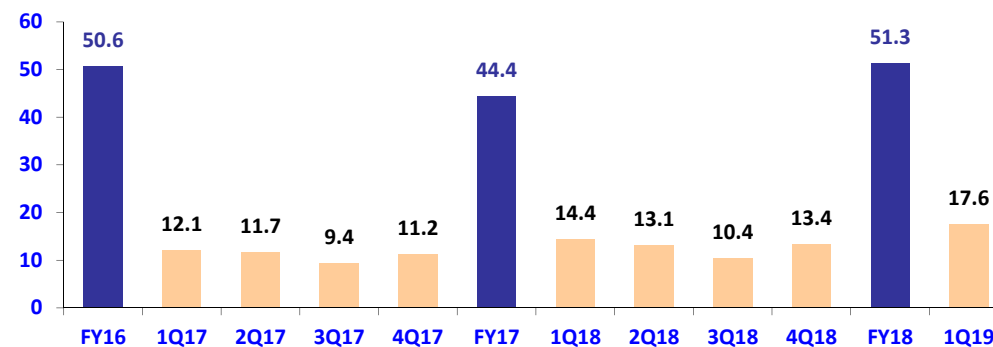
- FY2018 revenue surpassed the peak of 2014 (constant rate basis) with our leading brands in growth categories. We have a strong innovation culture and efficient routes-to-market structure
- 1Q 2019 growth Y-o-Y driven by higher Own Brands sales in Indonesia (▲27.4%)

Gross Profit Margin Trends #



- For 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 investments in brand building and routes-to-market capabilities to capture long term growth
- Performance for 1Q 2019 reflects higher sales and improvement in GP margin achieved

As reported

Balance Sheet & Cash Flow Analysis

Balance Sheet Analysis (Figures are at period end)

(In US\$ Million)	31 Mar 2019	31 Dec 2018	Comments
Cash and Cash Equivalents	49.4	54.7	▪ Fund trade receivables and repay borrowings.
Trade Receivables	95.0	72.5	▪ Higher festive sales to Modern Trade customers for the run up to the Lebaran festivities.
Inventories	70.5	76.2	▪ Lower inventories in Indonesia post deliveries for Lebaran festivities in 2019.
Other Assets	24.4	22.3	
Fixed Assets, Intangible Assets & Investments	137.5	135.4	▪ Included US\$2.0 million right-of-use assets on adoption of SFRS(I) 16 - Leases on 1 January 2019.
Total Assets	376.8	361.1	
Trade Payables	29.6	34.6	▪ In line with lower inventories.
Other Liabilities	73.9	61.3	
Total Borrowings	55.7	59.0	
Working Capital Facilities/Trade Finance	24.9	30.3	
Term Loan	30.8	28.4	
Lease Liabilities	-	0.3	
Total Equity	217.6	206.2	
Key Ratios			
Current Ratio	1.61	1.55	
Return on Equity			
- Exclude exceptional items *	17.7%	11.2% **	
- Include exceptional items *	17.5%	10.2% **	
Inventory Days	81	92	
Receivables Days	60	57	
Payable Days	36	43	

* Exceptional items include the charge of US\$0.1 million and US\$2.1 million for 1Q 2019 and FY2018 respectively from the improper and unsubstantiated transactions uncovered in the Philippines.

** Relates to FY2018 audited figures.

❖ Generated EBITDA to fund higher working capital

(In US\$ Million)	1Q 2019
EBITDA	17.6
Changes in Operating Cash Flow	
Increase in Working Capital	(13.6)
Tax Expense Paid	(3.7)
Interest Expense Paid	(1.0)
Operating Cash Flow	(0.7)
Interest Income received	0.4
Capex, Intangible Assets, Net of Proceeds	(1.4)
Free Cash Flow	(1.7)
Repayment of Borrowings, Net of Proceeds	(0.4)
Repayment of Working Capital Financing	(3.2)
Net Cash Movement	(5.3)

Thank You

