

FOR IMMEDIATE RELEASE

## Delfi Limited reports sales of US\$281.2 million and earnings of US\$18.2 million in 9M 2017

Financial Highlights (US\$ Million)	3 months ended 30 September			9 months ended 30 September		
	3Q 2017	3Q 2016	Change (%)	9M 2017	9M 2016	Change (%)
Revenue	87.9	86.6	1.5	281.2	296.5	(5.1)
EBITDA <sup>+</sup>	9.3	9.4	(1.0)	33.1	38.1	(13.0)
Gross Profit Margin	34.7%	35.5%	(0.8% pt)	33.6%	33.4%	0.2% pt
<b>PATMI (excluding non-recurring items)</b>	<b>3.3</b>	<b>4.0</b>	<b>(17.1)</b>	<b>13.9</b>	<b>20.6</b>	<b>(32.6)</b>
<b>PATMI (including non-recurring items)</b>	<b>3.3</b>	<b>5.9</b>	<b>(44.1)</b>	<b>18.2</b>	<b>22.5</b>	<b>(19.0)</b>

<sup>+</sup> Exclude the pre-tax gain of US\$4.6 million on sale of 50% stake in associated company PT Ceres Meiji Indotama in Indonesia and one-time payment of US\$0.57 million to wind down the PACTS programme.

**SINGAPORE - 13 November 2017** - Mainboard listed chocolate confectionery company, Delfi Limited (“**Delfi**” or the “**Group**”) reported US\$87.9 million in sales while earnings came in at US\$3.3 million for the three months ended 30 September 2017 (“**3Q 2017**”). After two previous consecutive quarters of revenue decline, Delfi in 3Q 2017 achieved Year-on-Year (“**Y-o-Y**”) growth of 1.5% in the Group’s USD reporting currency (or 4.4% in constant currency terms). The growth, despite a highly competitive environment, was driven mainly by its Own Brands sales in Indonesia reflecting the benefits of our on-going initiatives to re-organize our product portfolio, organization structure and routes-to-market.

This growth was driven by growth of the major Core Brands in our portfolio as we refocused our trade promotions onto our core products while ensuring that our products continue to maintain significant shelf space presence.

The Group's gross profit margin in 3Q 2017 fell 0.8 percentage point Y-o-Y to 34.7% but is 1.6 percentage points higher than that achieved in the first six months of 2017. The higher sequential margin can be attributed to the Group's stronger sales of higher margined products and on-going cost containment initiatives.

For the nine months ended 30 September 2017 ("**9M 2017**"), Delfi's revenue and PATMI declined 5.1% and 19.0% Y-o-Y to US\$281.2 million and US\$18.2 million respectively. This is a result of weaker performance in the first half of the financial year as well as payment of US\$0.57 million to wind down the Processors Alliance for Cocoa Traceability and Sustainability ("**PACTS**") programme, which the Group is a member of.

Based on 611,157,000 ordinary shares in issue, the Group's earnings per share for 9M 2017 was 2.98 US cents as compared to 3.68 US cents in 9M 2016. Net asset value per share as at 30 September 2017 was 33.8 US cents compared to 32.9 US cents as at 31 December 2016.

As of 30 September 2017, Delfi continues to maintain a healthy cash balance of US\$62.7 million after two dividend payments in 2017 totalling US\$13.3 million.

#### **PERFORMANCE REVIEW BY MARKETS**

<b>Financial Highlights (US\$ Million)</b>	<b>3 months ended 30 September</b>			<b>9 months ended 30 September</b>		
	<b>2017</b>	<b>2016</b>	<b>Change (%)</b>	<b>2017</b>	<b>2016</b>	<b>Change (%)</b>
Indonesia	62.1	60.3	2.9	200.1	214.5	(6.7)
Regional Markets	25.8	26.3	(1.6)	81.1	82.0	(1.1)
<b>Total Revenue</b>	<b>87.9</b>	<b>86.6</b>	<b>1.5</b>	<b>281.2</b>	<b>296.5</b>	<b>(5.1)</b>

#### **Indonesia**

The Group's revenue growth achieved in its primary market of Indonesia was led mainly by Own Brands sales, which rose close to 6.0% during the quarter in local currency terms. Our major Core Brands (especially those in the premium segment like our flagship SilverQueen products, Selamat, Cha Cha and Ceres) achieved double digit growth.

On a year-to-date basis, the Group's weaker performance in 9M 2017 was attributed to its ongoing product rationalization exercise and the weak consumer sentiment in 1H 2017.

Our product rationalization programme started end-2015/early 2016, and was progressively implemented through our portfolio and is now substantially completed. Product rationalization is an on-going initiative that we undertake to eliminate lower contributing or non performing SKU's in order to focus on our core brands and products and drive forward higher margined products.

However at this time the initiative has affected a significant portion of our portfolio both in Indonesia and the Philippines, and there is an impact on sales and profitability in the short term but this, we believe, is a stronger base to grow from.

#### **Regional Markets (comprising Philippines and Malaysia)**

Revenues from the Regional Markets slipped 1.6% Y-o-Y in 3Q 2017 and 1.1% in 9M 2017. However in local currency terms, revenue would have increased 5.0% and 5.4% for 3Q 2017 and 9M 2017 respectively.

#### ***BUSINESS OUTLOOK***

Despite the highly competitive environment, we will continue to work closely with trade partners and customers to grow our brands by ensuring that our brands are always available, properly displayed and at the right price points.

**Mr John Chuang, Delfi's Chief Executive Office**, said: "We believe the re-organization, which started last year, of our product portfolio, organization structure and routes-to-market together with our geographic and product portfolio positions us well for the future."

He further added: "Besides driving sales growth, we remain conscious of stepping up cost efficiencies and productivity as well as continuous innovation to develop products that appeal to our consumers to add further value over the longer term to our quality earnings."

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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 recognised 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 capitalisation” 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 capitalisation” category. In 2015, the Group bagged a Bronze award for “Best Managed Board” under the “companies with S\$1 billion and above in market capitalisation” category.

Delfi Limited’s Chief Executive Officer, Mr John Chuang, was also recognised 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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