Delfi LIMITED
Company Registration No.: 198403096C

FOR IMMEDIATE RELEASE

Strong Own Brands sales lift Delfi Limited's performance in 3Q 2018

- *3Q 2018 PATMI growth of 19.2% reported despite weakness in regional currencies*

Financial Highlights (US$ Million)	3 months ended 30 Sep			9 months ended 30 Sep		
	3Q 2018	3Q 2017	Change (%)	9M 2018	9M 2017	Change (%)
Indonesia	**72.4**	62.3	16.3	**229.2**	200.6	14.2
Regional Markets	**30.3**	25.5	18.7	**89.9**	80.9	11.2
Revenue	**102.7**	**87.8**	**17.0**	**319.1**	**281.5**	**13.3**
Gross Profit Margin	**33.9%**	34.7%	(0.8) pt	**34.3%**	33.6%	0.7 pt
EBITDA (excl exceptional/non-recurring items)[1]	**10.4**	9.4	11.2	**37.9**	33.2	13.9
EBITDA (incl exceptional/non-recurring items)	**10.0**	8.8	13.7	**37.0**	36.3	2.0
PATMI (excl exceptional/non-recurring items)[1]	**4.4**	3.4	31.2	**17.6**	13.9	26.1
PATMI (incl exceptional/non-recurring items)	**4.0**	3.4	19.2	**16.7**	17.3	(3.1)

SINGAPORE - **12 November 2018** - Lifted by the sales performance of its Own Brands across its key markets, revenue of SGX Mainboard-listed chocolate confectionery company, Delfi Limited ("**Delfi**", the "**Company**" or together with its subsidiaries, the "**Group**"), increased 17.0% Y-o-Y to US$102.7 million for the quarter ended 30 September 2018 ("**3Q 2018**"). This strong top-line growth generated EBITDA and PATMI, excluding exceptional/non-recurring items, of US$10.4 million and US$4.0 million respectively representing Y-o-Y growth of 11.2% and 19.2%.

[1] *The exceptional/non-recurring items pertains to the charge of US$0.4 million incurred in 3Q 2018 and US$0.9 million in 9M 2018 and US$1.0 million in 2Q 2017 as a result of the improper transactions uncovered in the Philippines; and in 2Q 2017 the pre-tax gain of US$4.6 million on sale of Ceres Meiji Indotama ("**CMI**") recognized. The impact of the improper transactions is judged not to have had a material impact on the Group's reported results. For more details, please refer to page 4.*

On a year-to-date basis, revenue for the nine months ended 30 September 2018 ("**9M 2018**") was 13.3% higher Y-o-Y at US$319.1 million, which generated EBITDA and PATMI of US$37.9 million and US$16.7 million respectively.

Excluding the exceptional/non-recurring items, the Group's PATMI for 9M 2018 would have been US$17.6 million, representing a Y-o-Y growth of 26.1%.

The Group's positive performance reflected its focus on strengthening its Own Brands portfolio especially in the premium category as well as the success of its ongoing strategy to build up its distribution network and routes-to-market capabilities. As a result, the Group was able to achieve higher Own Brands sales (an increase of 19.3% and 18.1% for 3Q and 9M 2018 respectively); and capture the growing consumption of chocolate confectionery in its priority markets of Indonesia and the Philippines.

The Group's underlying profit growth reflected the higher revenue achieved and for 9M 2018, the improvement in Gross Profit margin in 1H 2018. For 3Q 2018, Gross Profit margin was lower Y-o-Y by 0.8% point on the back of higher raw material costs as a result of the currency headwinds faced. To mitigate the impact of higher input costs, we implemented a product resizing programme for some of our products in 3Q 2018.

Mr John Chuang, Delfi's Chief Executive Officer, said: "*The positive fundamentals in our priority markets of Indonesia and the Philippines continue to drive growth of chocolate confectionery. These strong fundamentals coupled with the actions we have taken over the last two years have contributed to our growth in the nine month period of 2018, despite the currency headwinds faced.*"

Delfi's cash and cash equivalents stood at US$51.3 million as at 30 September 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 (excluding exceptional/non-recurring items) in 9M 2018 was 2.88 US cents as compared to 2.28 US cents in 9M 2017. Net asset value per share as at 30 September 2018 was 32.3 US cents compared to 33.7 US cents as at 31 December 2017.

Indonesia

Driven by the performance of Own Brands sales, Indonesia's 3Q 2018 revenue grew 16.3% Y-o-Y to US$72.4 million, which lifted 9M 2018 revenue 14.2% higher to US$229.2 million.

Own Brands sales achieved growth in excess of 20% with premium segment brands including SilverQueen, Delfi Premium, Selamat, Ceres and Cha Cha leading the growth. The Van Houten brand also contributed to the higher sales since being reclassified under Own Brands in 2Q 2018 following the Group's acquisition of the brand.

Regional Markets

In the regional markets, revenue rose 18.7% Y-o-Y in 3Q 2018 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.

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.

In 2018, 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. It will continue to focus on brand building initiatives and trade promotions on its core products while maintaining significant shelf space presence for its products. In addition to growing sales revenue, the Group will also continue to drive cost efficiencies throughout the organization and especially its supply chain. To mitigate the impact of higher input costs as a result of the continued weakness in regional currencies, we will continue our product resizing programme whilst launching higher margin products. In addition, we will assess implementing price increases where appropriate.

Meanwhile, Delfi will continue to look out for suitable and synergistic opportunities to enter new markets and extend to new product categories.

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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 several 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. The Group has assigned a team from head office to take over the leadership of the finance function in DMI. With assistance from the internal auditors and professional accounting firm, the Group is undertaking a thorough review of the financials, the structure, the system and procedures of DMI's finance function.

The forensic investigation into these activities resulted in the identification of improper transactions between 2013 and 2018 amounting to 165 million Philippine Peso (equivalent to US$3.0 million at 30 September 2018 exchange rate). As a result, the Group recognized an exceptional charge of US$0.5 million in 2Q and 1H 2018. The Group's 1H 2017 income statement has also been restated to record an exceptional charge of US$1.0 million for the improper transactions found in year 2017. From a Balance Sheet perspective, the Group's retained earnings as at 31 December 2017 and 1 January 2017 were restated by US$3.0 million and U$1.9 million respectively with corresponding adjustments to other current assets of US$1.0 million; other payables US$1.8 million and foreign currency translation reserve of US$0.2 million.

For 3Q 2018, US$0.4 million of professional fees incurred for the investigation carried out was recognized.

While the Group considers this matter to be very serious indeed, the impact of these improper transactions does not significantly affect the Group's reported results. The Company has engaged Philippines law firms, Angara Abello Concepcion Regala & Cruz and Poblador, Bautista & Reyes, to pursue legal action and all remedies available. The matter is now in the hands of the lawyers.

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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.

***Issued by August Consulting on behalf of* Delfi Limited**

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