

FOR IMMEDIATE RELEASE

Delfi Limited profits up 83.5%; gross profit margin hits record 34.8%

- Earnings in 4Q 2016 surge as gross profit margin reaches all time high of 38.4% during the quarter.
- Earnings driven by strong Own Brands sales; pricing and portion adjustments; and ongoing cost containment initiatives.
- Propose final dividend of 1.35 Singapore cents per share, which together with the interim dividend of 1.83 Singapore cents per share, equates to a total dividend of 3.18 Singapore cents per share for FY2016.

Financial Highlights (US\$ Million)	3 months ended 31 December				Year ended 31 December			
	4Q 2016	4Q 2015	Change (%)	Change in Constant Exchange Rates (%)*	FY2016	FY2015	Change (%)	Change in Constant Exchange Rates (%)*
Revenue	105.6	100.0	5.6	1.2	402.1	405.9	(0.9)	0.6
EBITDA	12.5	5.5	128.6	111.4	50.6	37.5	35.0	35.7
Gross Profit Margin	38.4%	30.8%	7.6% pts		34.8%	29.8%	5.0% pts	
PATMI (excluding Exceptional Items)	5.7	0.8	577	499	28.2	15.3	83	84
PATMI (including Exceptional Items)	3.7	0.8	357	275	26.2	(4.7)	NM	NM

* For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 4Q 2015 and FY2015 in translating 4Q 2016 and FY2016 results.

SINGAPORE - 22 February 2017 Mainboard listed chocolate confectionery company, Delfi Limited (“**Delfi**” or the “**Group**”) today announced a set of satisfactory results for the 12 months ended 31 December 2016 (“**FY2016**”) with PATMI leaping to US\$26.2 million on the back of US\$402.1 million in revenue.

In FY2016, the main growth driver was Own Brands sales in Indonesia, while the significant improvement in earnings as compared to the previous corresponding 12 months in 2015 (“FY2015”) was mainly due to the strong gross margin performance achieved combined with the absence of the one-time exceptional charge of US\$19.4 million from the settlement of the dispute with Barry Callebaut in August 2015 although the Group booked an exceptional charge of US\$2.0 million in 4Q against certain claims notified by Barry Callebaut.

On a quarterly basis, the Group’s revenue for the three months ended 31 December 2016 (“4Q 2016”) increased 5.6% Year-on-Year (“Y-o-Y”) to US\$105.6 million with PATMI surging to US\$3.7 million, compared to sales of US\$100.0 million and PATMI of US\$0.8 million achieved in the corresponding three months in 2015 (“4Q 2015”).

In order to better illustrate the Group’s fundamental underlying revenue performance, if the results were adjusted (i) for the translational impact by using 4Q 2015 and FY2015’s exchange rates; and (ii) to exclude the cessation of the Singapore business (which was discontinued in 2015), the underlying 4Q 2016 and FY2016 revenue performance would have been up 6.9% (instead of the reported growth of 5.6%) for 4Q 2016 and up 5.5% (instead of the reported decline of 0.9%) for FY2016.

Significantly, the growth in the Group’s 4Q 2016 and FY2016 Y-o-Y PATMI was mainly driven by higher sales of the Group’s Own Brands products and by higher margins at the gross profit and EBITDA levels. The Gross Profit Margin of 38.4% achieved in 4Q 2016 is an all-time high for Delfi and culminated in the gross profit margin of 34.8% for FY2016, which is also a record for the Group.

Mr John Chuang, Delfi’s Chief Executive Officer, said: *“I am pleased that the steps we had taken to further strengthen our business has paid off with Own Brands sales having grown in FY2016 and increased by 3.6% year-on-year despite the macroeconomic uncertainties.”*

Based on 611,157,000 ordinary shares in issue, the Group’s earnings per share for FY2016 was 4.28 US cents, compared to the loss per share of 0.77 US cents in FY2015. Net asset value per share as at 31 December 2016 was 32.9 US cents compared to 39.6 US cents as at 31 December 2015, which reflects the capital reduction of approximately US\$60.0 million completed in June 2016.

During the period under review, the Group generated strong free cash flow of US\$37.7 million through the higher profitability achieved, combined with tighter working capital management and lower capital expenditure. In addition, the Group has a positive cash balance of US\$67.7 million as at 31 December 2016 to support its near term business and investment needs.

DIVIDEND

To share the fruits of a good year with the shareholders, the Group has proposed a final dividend payout of 1.35 Singapore cents per share, which together with the interim dividend of 1.83 Singapore cents per share, brings the total dividend for the year to 3.18 Singapore cents per share. This represents a dividend payout ratio of 50% for FY2016.

PERFORMANCE REVIEW BY MARKETS

Financial Highlights (US\$ Million)	3 months ended 31 December				12 months ended 31 December			
	4Q 2016	4Q 2015	Change (%)	Change in Constant Exchange Rates (%)*	FY 2016	FY 2015	Change (%)	Change in Constant Exchange Rates (%)*
Indonesia	76.4	73.2	4.5	(1.8)	290.9	285.0	2.1	2.2
Regional Markets	29.2	26.8	8.6	9.5	111.2	120.9	(8.0)	(3.1)
Total Revenue	105.6	100.0	5.6	1.2	402.1	405.9	(0.9)	0.6

** For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 4Q 2015 and FY2015 in translating 4Q 2016 and FY2016 results.*

Indonesia

The 4Q 2016 and FY2016 sales generated by Delfi's business in Indonesia rose Y-o-Y by 4.5% and 2.1% respectively in the Group's USD reporting currency (in local currency terms 4Q 2016 was 1.8% lower and FY2016 was 2.2% higher). The improvement is mainly attributed to higher sales of premium Own Brands products as trade customers replenished their supply chain to cater to increased consumer spending during the year.

As the leading player in the chocolate confectionery market in Indonesia, the Group continued to supply the market with chocolate confectionery products that span across multiple price points and many product categories that cater to all demographic segments.

Regional Markets (comprising Philippines, Malaysia and Singapore)

Revenues from the Group's Regional Markets increased 8.6% in 4Q 2016 but because of the cessation of the Singapore business in August 2015 declined 8.0% for FY2016. However in local currency terms and excluding the cessation of the Singapore distribution business, revenue would have risen 17.5% and 6.6% for 4Q 2016 and FY2016 respectively.

BUSINESS OUTLOOK

The Group expects the present economic and currency volatility in its core markets to weigh down consumer spending. It intends to keep its focus on working closely with its trade partners and customers to deliver sustainable growth by ensuring that its brands are always available, properly displayed and at the appropriate price points.

Besides driving sales growth through targeted and disciplined investment in its key brands and manufacturing capabilities, as well as the need for continuous innovation to develop products that appeal to consumers, the Group remains conscious of the need for stepping up cost efficiencies and productivity as well.

Mr Chuang said: *"Our performance in FY2016 reflects the success of our market growth strategies. We believe the steps we had taken will continue to bear fruit in the current financial year and barring unforeseen circumstances, we are optimistic that FY2017 will be an even better year for us."*

To add further value over the longer term to its quality earnings, Delfi is seeking suitable opportunities to enter new markets and extend into new categories.

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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 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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