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**UPDATE ON THE GROUP'S THIRD QUARTER FOR THE FINANCIAL PERIOD ENDED  
30 SEPTEMBER 2020**

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The Board of Directors and Management of Delfi Limited (the "Company" or the "Group") would like to take this opportunity to provide a brief update on the Group's operations for our 3<sup>rd</sup> quarter this year.

This has been a turbulent year with the unprecedented crisis caused by the COVID-19 pandemic negatively impacting economies and businesses globally, including Indonesia and our other regional markets.

We had a positive start to the year in 1Q 2020 in what was essentially the pre-COVID period.

However, with the rapid spread of the COVID-19 virus, our results in 2Q 2020 were impacted by the safety measures imposed by Governments in our markets to contain the spread of the COVID-19 virus. The most significant measures were the closure of many retail malls where some of our customers are located. Additionally, our General Trade business was also impacted by the temporary closure of many wholesalers and some of our distributors.

For our part, we took comprehensive measures to protect the safety of our people, which was our foremost priority. These measures included implementation of social distancing in our operations, staggered working hours, limiting the number of production workers during the early stages and, where possible, working from home. These measures thereby affected to a certain extent our production capacity.

With the progressive easing of the various lockdown measures at the end of the 2nd quarter, our business improved. Our 3Q 2020 revenues continued to reflect this trend, higher by 25.4% compared to 2Q 2020 with Indonesia the key driver of this growth. Please refer to Table 1 below.

The improvement was mainly due to the strength of our Own Brands portfolio with high double-digit growth achieved by our Premium format category and as we relaunched our Value products in 3Q 2020. Despite the challenges during this period, we continue to innovate new products and we launched our SilverQueen *Very Berry* in the 3rd quarter.

Our Gross Profit Margin (GPM) has held up with the 9 months GPM averaging close to 36%. This reflects: (1) higher contribution from our Premium format category; and (2) our ongoing initiatives to mitigate higher costs through selected price increases and our on-going cost containment initiatives. Our spending on Advertising & Promotion expenses in 2020 will be relatively high as a significant number of the promotional activities for the year had been committed with our retail customers in the pre-COVID period which impacted our 3Q 2020 EBITDA.

As soon as we saw the virus starting to spread outside China, we also tightened our collections and cut back on our capital spending. On the back of these actions, the Group generated substantial Free Cash Flow of US\$29.5 million for the 9 months of 2020 resulting in a strong balance sheet with a cash balance of US\$60.0 million at 30 September 2020. This augurs well for us to face the uncertain challenges ahead.

## Outlook

How the COVID pandemic unfolds from here makes it hard to assess future performance. However, barring unforeseen circumstances, we believe it is possible that the momentum from 3Q will continue into the 4th quarter although given the continued volatility and uncertainty, it is too early to assess whether it will be back to the pre-COVID levels.

Recent news of vaccines having been developed is bringing some cheer but until these vaccines are available globally, we expect the macroeconomic and operating environments in our regional markets to remain challenging. Under this New Normal, we still see growth in our business albeit at a slower rate in the short term.

**Table 1**

(In US\$ Million)	Quarterly 2020				9M ended 30 September		
	1Q	2Q	3Q	3Q vs 2Q	2020	2019	Y-o-Y Change
<b>Revenue</b>	136.6	74.8	<b>93.8</b>	25.4%	<b>305.2</b>	352.7	-13.5%
- Indonesia	100.6	45.0	<b>61.1</b>	35.6%	<b>206.7</b>	253.7	-18.5%
- Regional Markets	36.0	29.8	<b>32.7</b>	9.8%	<b>98.5</b>	99.0	-0.6%
<b>Gross Profit Margin</b>	36.8%	35.3%	<b>34.3%</b>	-1.0% pt.	<b>35.7%</b>	35.6%	0.1% pt.
<b>EBITDA</b>	19.1	6.4	<b>5.3</b>	-18.4%	<b>30.8</b>	44.2	-30.2%

**Table 2**

<b>Financial Position at 30 September</b>	<b>(In US\$ Million)</b>
Cash and Cash Equivalent	<b>60.0</b>
Working Capital	<b>117.7</b>
Property, Plant and Equipment and Intangible Assets	<b>123.7</b>
Other Net Assets/(Liabilities)	<b>(40.0)</b>
Borrowings	<b>(49.7)</b>
Total Equity	<b>211.7</b>
Free Cash Flow Generated	<b>29.5</b>

By Order of the Board

Chuang Yok Hoa / Siau Kuei Lian  
Company Secretaries

18 November 2020