

D&L's expansion site in
Batangas, Philippines



FILIPINO



MANUFACTURING



CUSTOMIZED
SPECIALTY
PRODUCTS



B2B2C

D & L

D&L INDUSTRIES

Investor Presentation

November 2023

D&L INDUSTRIES is a Filipino company that makes customized, specialty ingredients for food and chemicals

9M23

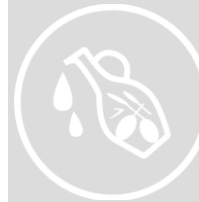
P24.8B Revenues

P1.8B Net Income



FOOD INGREDIENTS

Fats, oils and other specialty food ingredients



60%
Revenue

37%
Net Income



OLEOCHEMICALS & OTHER SPECIALTY CHEMICALS

Coco-biodiesel, oleochemicals, resins and powder coatings



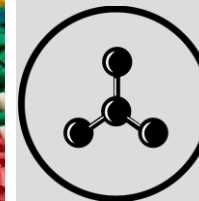
26%
Revenue

29%
Net Income



SPECIALTY PLASTICS

Pigment blends, color and additive masterbatches and engineered polymers



10%
Revenue

31%
Net Income



CONSUMER PRODUCTS ODM

Aerosol & non-aerosol products for homecare, personal care and maintenance chemicals



4%
Revenue

12%
Net Income

KEY BUSINESS STRATEGIES



**Maintain Market
Leadership**



**Innovate
Continuously**



**Capitalize on Growing
Domestic Consumer Market**

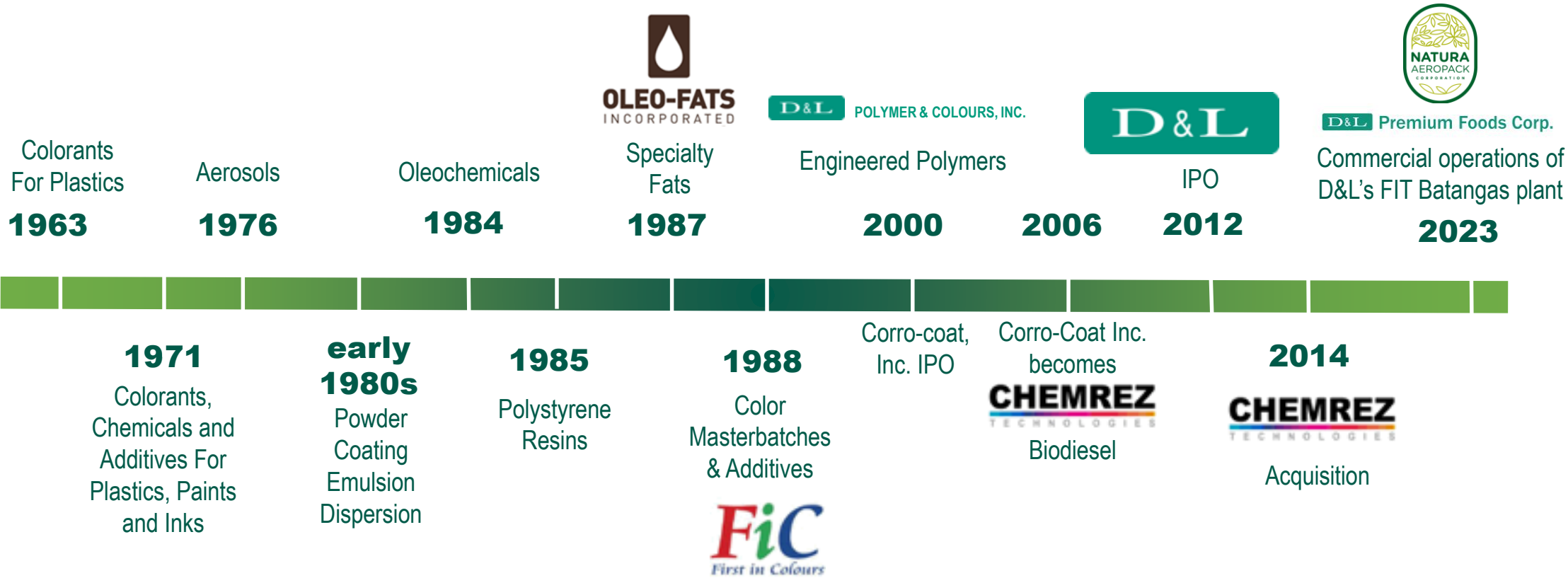


**Enhance Production and
Business Processes**



**Expand
Globally**

Our history of serving customers spans across almost 60 years



As the leading B2B2C company in the Philippines, we have longstanding customer relationships with mostly consumer companies

>70%
of sales are to
consumer companies

Length of Customer Relationships
(in Years)



Shortening
Flavored Toppings
Flavored Glazes
Icings



Frying Oils
Gravy Mixes
Breading
Dipping Sauces



Body Fragrance
Sprays
Insect Control Sprays
Spray Paints
Brake Cleaners



Flavored Coatings
Syrups & Fudges
Whipped Cream
Soft Ice Cream
Mix



Pancake Mix
Butter Compounds
Margarines
Maple Flavored
Syrups

Majority of the Board are independent directors while 3 out of 7 board members are female – highlights the importance we place on good corporate governance and gender diversity.

BOARD OF DIRECTORS*



Yin Yong L. Lao, 70 years old
Chairman & Director
 Trustee - Association of Petrochemical Manufacturers of the Philippines
 B.A. in General Studies
Ateneo de Manila University
 Years of D&L experience : 45



John L. Lao, 68 years old
Vice Chairman
 Chairman/President – Aero-Pack
 B.S. in Business Administration
University of the East
 Years of D&L experience: 44



Alvin D. Lao, 52 years old
CEO & President
 Director of Axis REIT; Former President of EO Philippine Chapter, member since 2000
 B.S. in IT (Honours) and Statistics from the *University of Western Australia*
 MBA from the *MIT Sloan School of Management*.
 Years of D&L experience: 21

INDEPENDENT DIRECTORS



Mercedita Nolleto, 82 years old
 Lawyer and CPA
 Former Senior Managing Director & Corporate Secretary of Ayala Corp.
 Chairman, BPI Investment Management; Trustee, - Ayala Foundation and BPI Foundation
 B.S. Business Administration & Bachelor of Laws from the *University of the Philippines*



Karl Kendrick Chua, 44 years old
 Former World Bank Senior Economist for the Philippines
 Former Secretary of the National Economic and Development Authority
 Former Undersecretary for Strategy, Economics, and Results at the Department of Finance
 Recipient of the 2018 Outstanding Young Men and Women of the Philippines (TOYM) Award in the field of Economic Development



Corazon S. Dela Paz-Bernardo, 82 years old
 CPA
 Former President & CEO of Social Security System
 Former Senior Partner and Chair at Joaquin Cunanan & Co (PricewaterhouseCoopers Philippines)
 First non-European President of the International Social Security Association
 B.S. Accountancy from *University of the East*
 MBA from *Cornell University*



Lydia Balatbat-Echauz, 75 years old
 Former President of Far Eastern University
 Director of Metro Pacific Investments
 A.B. in Economics and Mathematics from *St. Theresa's College*
 MBA from *Ateneo de Manila University*
 DBA from *De La Salle University*

Second generation family members with more than 20 years of experience in sales, marketing & business development compose our Senior Management team.

SENIOR MANAGEMENT



Franco Diego Lao, 44 years old
Chief Financial Officer, Treasurer, & Chief Compliance Officer
Former Group Supply Chain Director at D&L
Bachelor of Commerce major in Accounting and Marketing from the *University of Western Australia*
Years of D&L experience: 23



Dean A. Lao, Jr.
55 years old
President & CEO of Chemrez
Chairman - United Coconut Association of the Phils;
Director - ASEAN Oleochemical Manufacturing Group, President - Philippine Oleochemical Manufacturers Association & Philippine Biodiesel Association, Advanced Management Program of *Harvard Business School*
Years of D&L experience: 25

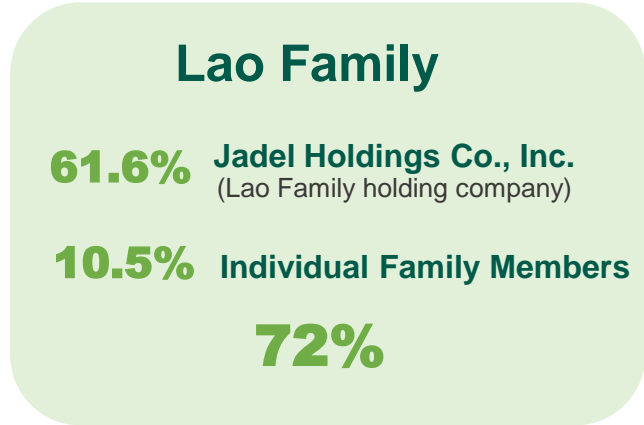


Lester A. Lao,
54 years old
President & CEO of FIC & DLPC
B. A. S. in Information Business from *Edith Cowan University*
Years of D&L experience: 32

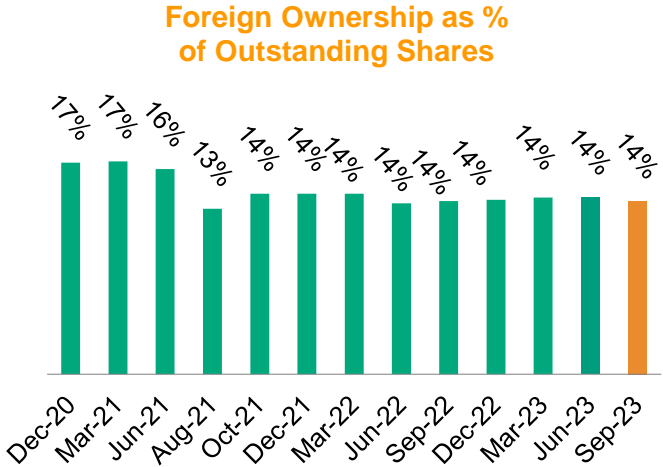


Vincent D. Lao,
50 years old
President & CEO of Oleo-Fats
Previously Assistant Trader at Shuwa Co. Ltd. In Japan ,1994-1995
B.A. in Economics and Japanese Studies from *the University of Western Australia*
Years of D&L experience: 27

D&L Ownership Structure



*(legal, MIS, accounting and finance, HR)

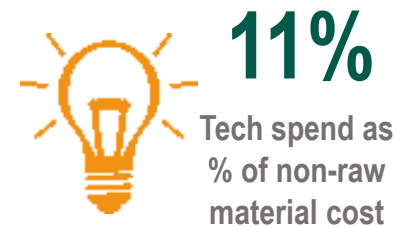
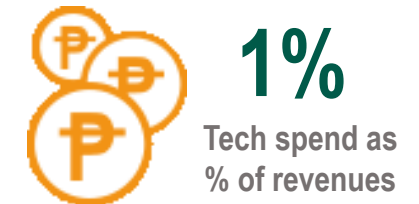
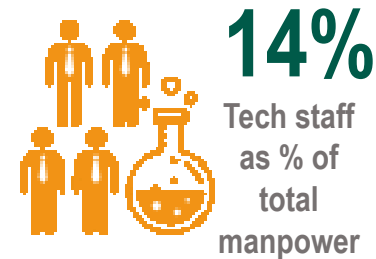


Source: Stock Transfer Service Inc.

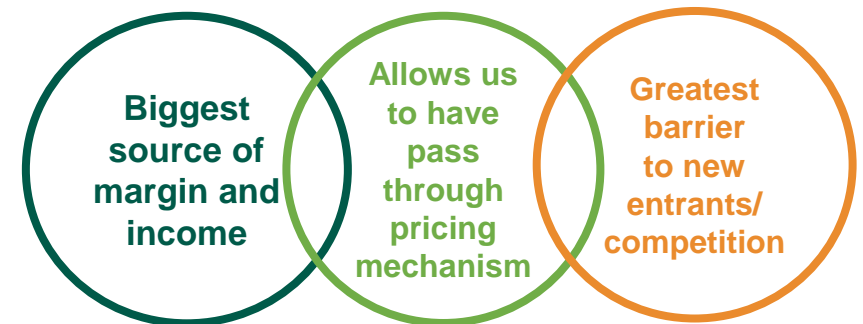
We are shaped and driven by R&D and disciplined innovation

OUR MISSION

- We are dedicated to growth. We are not complacent, timid, or satisfied with status quo
- We are committed to increase productivity and profitability, but not at the expense of ethics
- We will continuously enhance our reputation for quality and value. Our products and services must always represent good value for money and be competitive in the market place
- We will maintain our market leadership through creativity, innovation and excellence in performance tempered with experience
- We are proud of our employees. We consider them as our most valuable asset. We will maintain an atmosphere where our people can develop their abilities and potential while working together enthusiastically to achieve our goal
- We will contribute to the well-being of the communities in which we operate, and accept our responsibilities as citizens of the Philippines



We are research-oriented. We will keep abreast of the latest technology and have our fingers on the pulse of the market to identify the market needs that must be met



We have an integrated supply chain that maximizes efficiency of working capital management



FLEET OF BARGES

Direct access to fleet of 6 barges with an aggregate capacity of 10,000 metric tons to transport crude oils and raw materials to its refineries and storage tanks near the port



STORAGE CAPABILITY

Ability to store 33,000 metric tons of oil; refining facility of 300,000 metric tons per annum is strategically located near port, optimizing transportation efficiency



INTERCONNECTED GROUND TRANSPORT SYSTEM

Superior ground logistics of 42 road tankers with total capacity of over 1,064 metric tons; ensures just-in-time delivery to customer, thereby increasing supply chain efficiency

Key Benefits of Supply Chain Process

- Know-how of entire supply chain process ensures that the company can anticipate and allocate the optimal resources for transportation of its products
- Not dependent upon third-parties to provide logistics

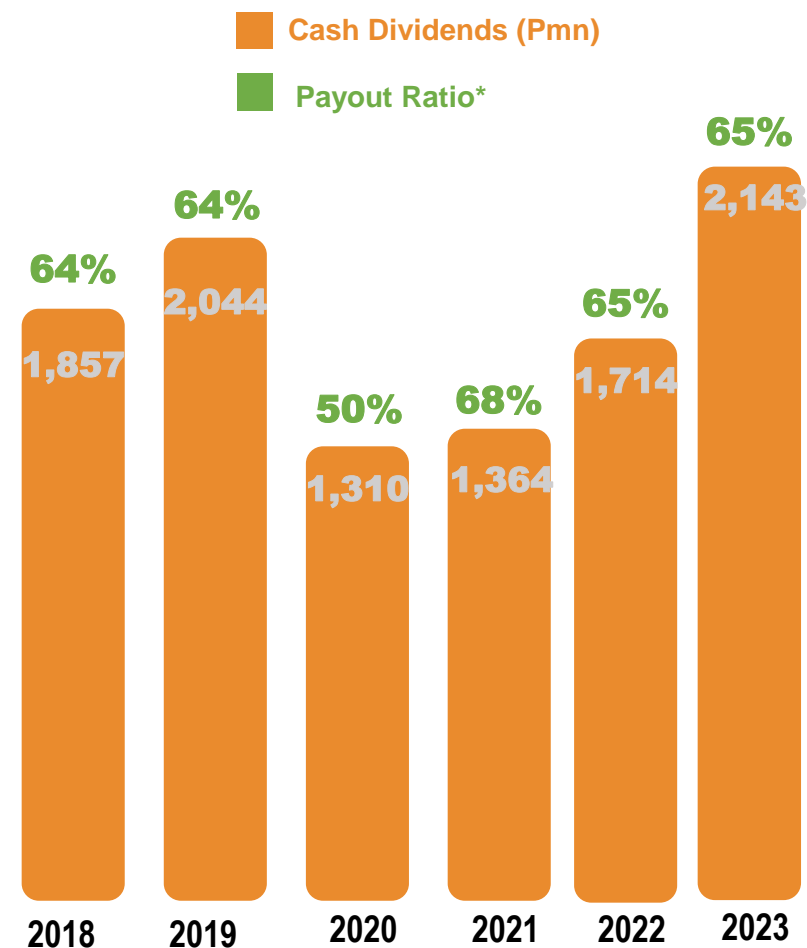
ASSET-LIGHT MODEL

Rental expenses (paid to affiliates)	Management and Shared Service Fees (MSSF)
land, facilities, warehouses, and barges	D&L provides management and shared services to its subsidiaries and affiliates, including executive management and admin support such as legal, MIS, accounting, human resource, and finance
<p>9M23: P501 mn 2% of total costs and expenses</p>	<p>MSSF from subsidiaries are eliminated in consolidation</p> <p>9M23: P80 mn 0.3% of total revenues</p>

Our dividend policy increased from a 25% to 50% payout ratio* (effective 2016)

Dividend Per Share	2018	2019	2020	2021	2022	2023
Total	P0.26	P0.286	P0.183	P0.191	P0.24	P0.30
Regular	P0.205	P0.223	P0.183	P0.141	P0.185	P0.24
Special	P0.055	P0.063	-	P0.05	P0.055	P0.06

Dividends	Cash
Ex-Date	June 15, 2023
Record Date	June 20, 2023
Payment Date	July 14, 2023



*based on previous year's recurring net income

INVESTOR RELATIONS



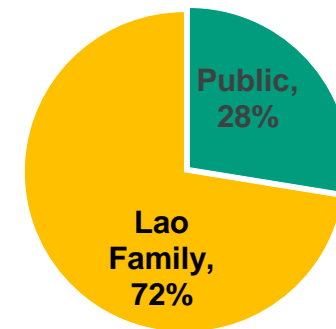
P45 bn*

Ranked 52nd among Philippines' largest companies by market cap

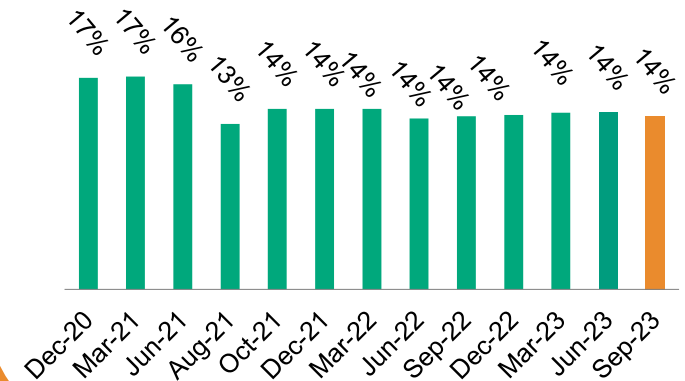
12-Month Daily Trading Average*



Ownership as of September 2023



Foreign Ownership as % of Outstanding Shares



INVESTOR RELATIONS

Return since IPO

	Price Change	Total Return
DNL PM	+195%	+286%
PCOMP Index	+2%	+17%



Price as of 11/06: P6.35
 Market Cap as of 11/06: P45bn
 USD 810 mn (USD1:P55.92)
 Outstanding Shares: 7,142,857,990

DLNDY:US
 Unsponsored ADR
 (BNY Mellon & Citi)
 1ADR = 25 Ordinary

DATE	EVENT	VENUE
June 6-7, 2023	Nomura Investment Forum Asia	Singapore (in-person)
June 8, 2023	NDR	Singapore (in-person)
October 11-12,2023	Jefferies & Regis PH Conference	Manila (in-person)

We have been awarded and recognized both locally and internationally

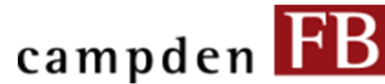
Institutional Investor

2022 – ASEAN Honored Company; Crissa Bondad as Best Investor Relations Professional in Asia ex-China, Japan, Consumer Staples Sector

2020 – ASEAN Honored Company; Alvin D. Lao as Best CEO in Phils; Crissa Bondad as 2nd Best Investor Relations Professional in the Philippines; 3rd Best IR Team, 3rd Best ESG

2019 – ASEAN Honored Company; Alvin D. Lao as Best CEO in Phils, ranked 2nd in ASEAN; Best Investor Relations Program in Phils; Crissa Bondad as 3rd Best Investor Relations Professional in the Philippines; 2nd Best ESG and Corporate Governance initiatives

2017 – Most Honored Company; Alvin D. Lao as Best CEO; 3rd Best Investor Relations Program



2017 – Top 50 Global Challengers (2nd place)



2014- Best Managed Company– Small Cap Category (Philippines) candidate

2021 – Most Outstanding Company in the Philippines (Industrial Sector)



2013 - Global Small Cap Index



2014 - Top 10 Corporate Governance and Sustainability Report



2015 - Global Equity Index Asia Pacific ex Japan All Cap & Small Cap

Finance Asia

2019 – Best Mid-Cap Company, 7th Best Investor Relations

2018 – 2nd Best Mid-Cap Company
2015 & 2016 – Best Mid-Cap Company

2015 –Alvin D. Lao as Best CFO – 2nd Place; Best Investor Relations – 9th place

2014 – 3rd Best Mid-Cap



2013- Islamic Market ASEAN Index



2023, 2016 & 2015 - Asia's 200 Best Under a Billion



2021 – Crissa Bondad, IR Rising Star

2015 – Alvin D. Lao, CFO Best IR by a senior management team Small & mid-cap – South East Asia



ASIAN DEVELOPMENT BANK

2014 & 2015 - Top 50 Best Performing Philippine-listed Companies - ASEAN Corporate Governance Scorecard

CORPORATE SOCIAL RESPONSIBILITY



LAO FOUNDATION

1%

of D&L's annual net income is committed to corporate social responsibility programs through the foundation

2022

AREAS OF FOCUS



Education



Values formation

P21M

Committed amount from D&L

164

Direct scholars in 4 communities

272

Educational Assistance scholars supported through partners

P10M

Donated to COVID-related relief efforts

Our CSR projects focus on education and values formation

PROGRAM	BENEFICIARIES
Partner Based Educational Program	College, TechVoc, High School, Elementary and Hearing Impaired students nationwide
Community Based Educational Program	Various communities and elementary schools where D&L plants are located
ELL Teachers Welfare Program	Sponsoring stipends of retired teachers of Grace Christian High School
LBL Educational Program	Scholarships for the Most In-Need Children & Dependents of D&L Employees Educational Excellence Grants for Children of D&L employees

9M23 Results

9M23 Highlights

1

D&L's Batangas plant has started commercial operations, ushering in a transformational period for the company

2

9M23 earnings at P1.8 bn, down 29% YoY, has yet to reflect new plant's potential; Excluding Batangas plant, 9M23 earnings down 11% to P2.3 bn

3

Sequential recovery continued with HMSP volumes up 11% QoQ, Commodity volumes up 23% QoQ, and earnings ex-Batangas plant up 11% QoQ in 3Q23

4

D&L has the highest confidence in its ability to service bonds maturing in 2024 and 2026 with improving cash flows and debt levels

Batangas Plant Starts Commercial Operations

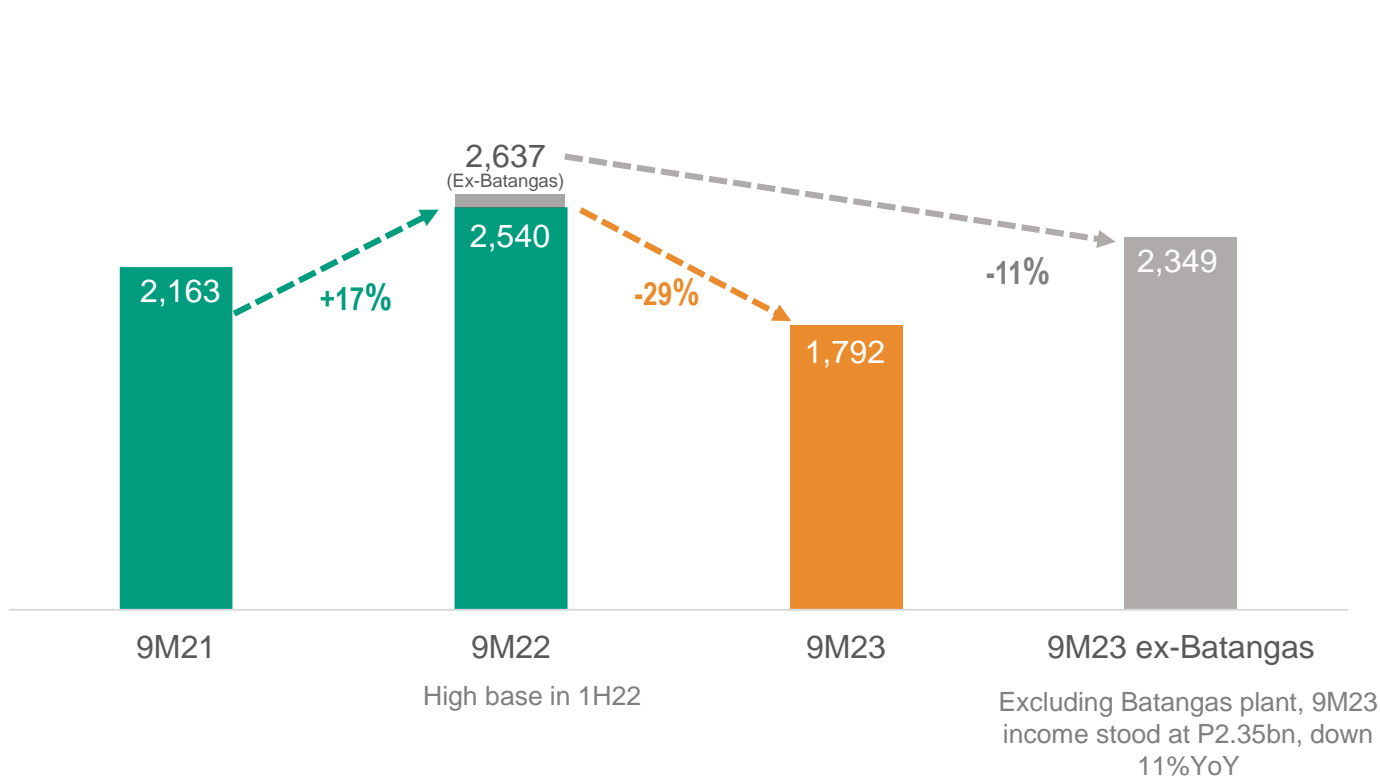


Key Figures Summary

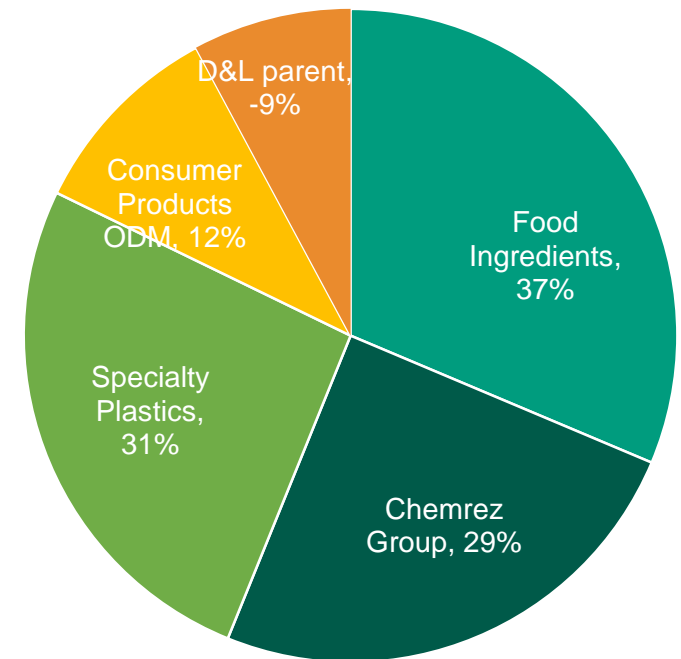
<i>(In P mn)</i>	9M23			3Q YoY			3Q QoQ		
	9M23	9M22	% change	3Q23	3Q22	% change	3Q23	2Q23	% change
Sales	24,715	33,902	-27%	8,485	11,578	-27%	8,485	7,816	9%
Gross Profit	4,304	4,417	-3%	1,439	1,494	-4%	1,439	1,472	-2%
Net Income	1,792	2,540	-29%	552	822	-33%	552	646	-14%
Net Income <i>(ex-Batangas plant)</i>	2,349	2,637	-11%	866	923	-6%	866	778	11%
EPS (in centavos)	25.1	35.6	-29%	7.7	11.5	-33%	7.7	9.0	-14%
Gross Profit Margin	17.4%	13.0%	4.4 ppts	17.0%	12.9%	4.1 ppts	17.0%	18.8%	-1.9 ppts
HMSF Contribution	62%	50%	12 ppts	61%	51%	10 ppts	61%	63%	-2 ppts
Free Cash Flows	2,485	(2,198)		457	(685)		457	1,138	
Net Gearing	55%	52%	3 ppts	55%	61%	-6 ppts	55%	52%	3 ppts

9M23 Income has yet to reflect new plant's potential

Net Income (Php mn)

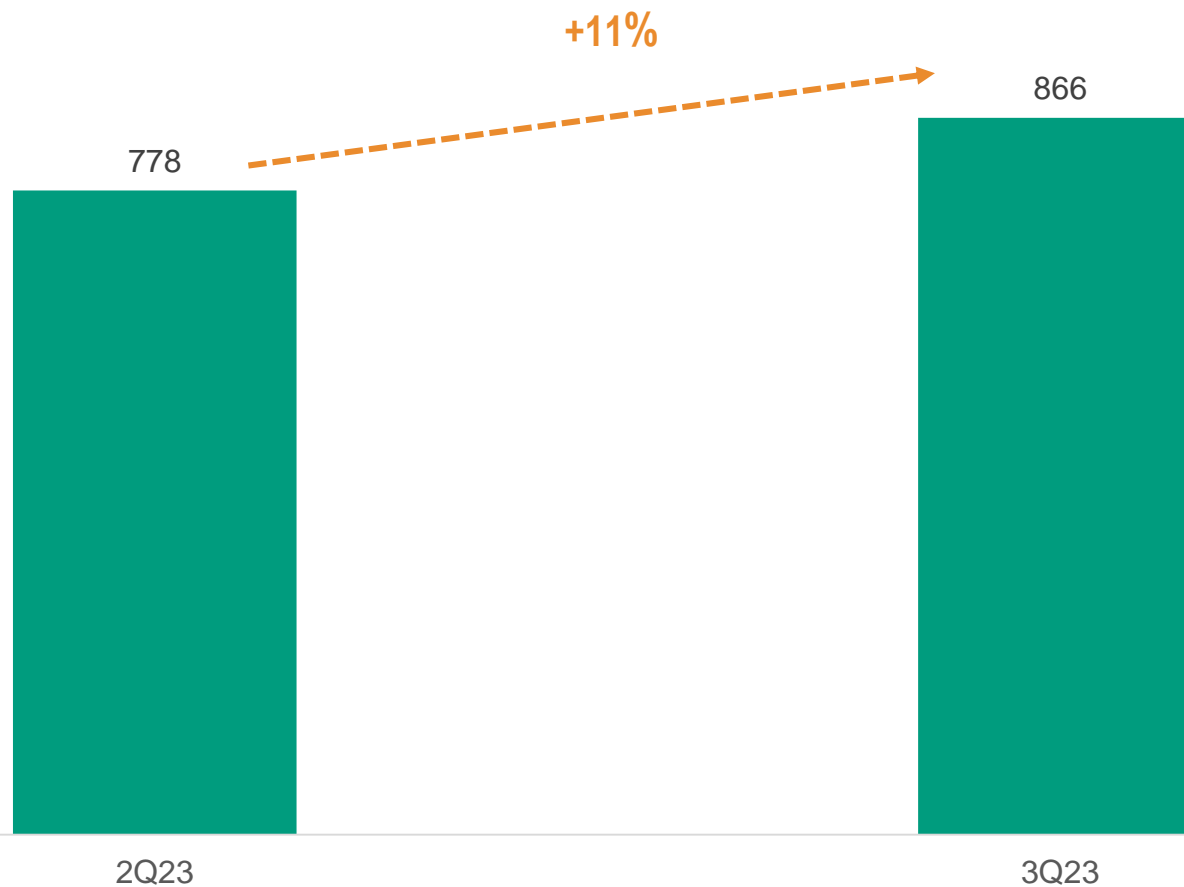


Net income breakdown



Excluding Batangas plant, sequential recovery continued with 3Q23 earnings up 11% QoQ

Net Income (P mn)



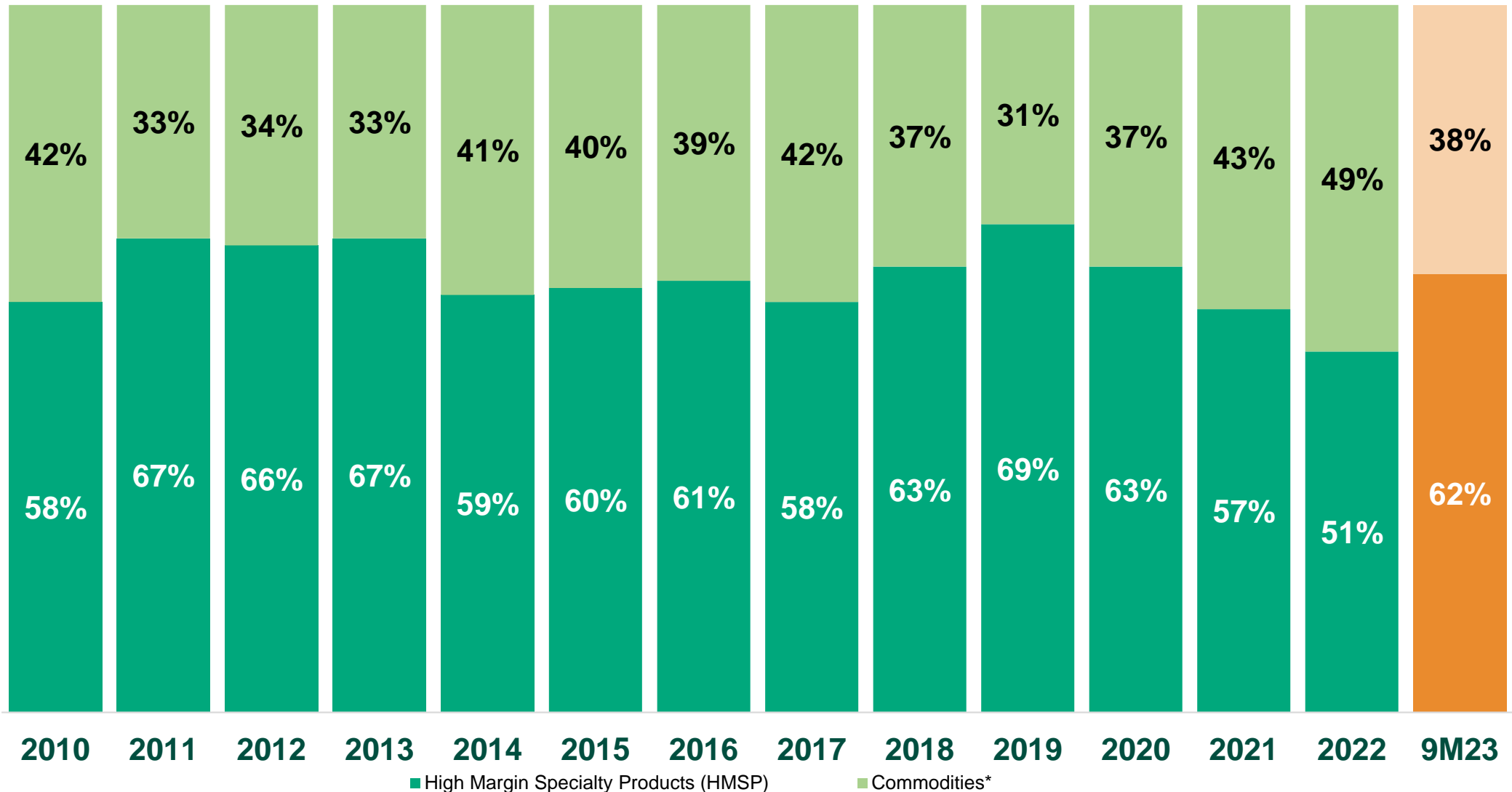
Condensed Income Statement

(In P mn)	9M23			3Q YoY			3Q QoQ		
	9M23	9M22	%change	3Q23	3Q22	% change	3Q23	2Q23	% change
Sales	24,715	33,902	-27%	8,485	11,578	-27%	8,485	7,816	9%
COGS & Cost of Service	(20,411)	(29,485)	-31%	(7,046)	(10,084)	-30%	(7,046)	(6,344)	11%
Gross Profit	4,304	4,417	-3%	1,439	1,494	-4%	1,439	1,472	-2%
Operating expenses	(1,528)	(1,394)	10%	(461)	(542)	-15%	(461)	(561)	-18%
Other operating income	55	283	-81%	19	181	-89%	19	38	-50%
Interest expense	(388)	(142)	173%	(192)	(72)	165%	(192)	(99)	93%
Profit before tax	2,443	3,164	-23%	806	1,060	-24%	806	850	-5%
Income tax	(651)	(624)	4%	(253)	(238)	6%	(253)	(204)	24%
Net Income	1,792	2,540	-29%	552	822	-33%	552	646	-14%
<i>Net Income (ex-Batangas plant)</i>	2,349	2,637	-11%	866	923	-6%	866	778	11%
Gross Profit Margin	17.4%	13.0%	4.4	17.0%	12.9%	4.1	17.0%	18.8%	(1.9)
Net Profit Margin	7.3%	7.5%	(0.2)	6.5%	7.1%	(0.6)	6.5%	8.3%	(1.8)
EPS* (in cents)	25.1	35.6	-29%	7.7	11.5	-33%	7.7	9.0	

Sales mix back to pre-pandemic level

REVENUES

% share to total group revenues



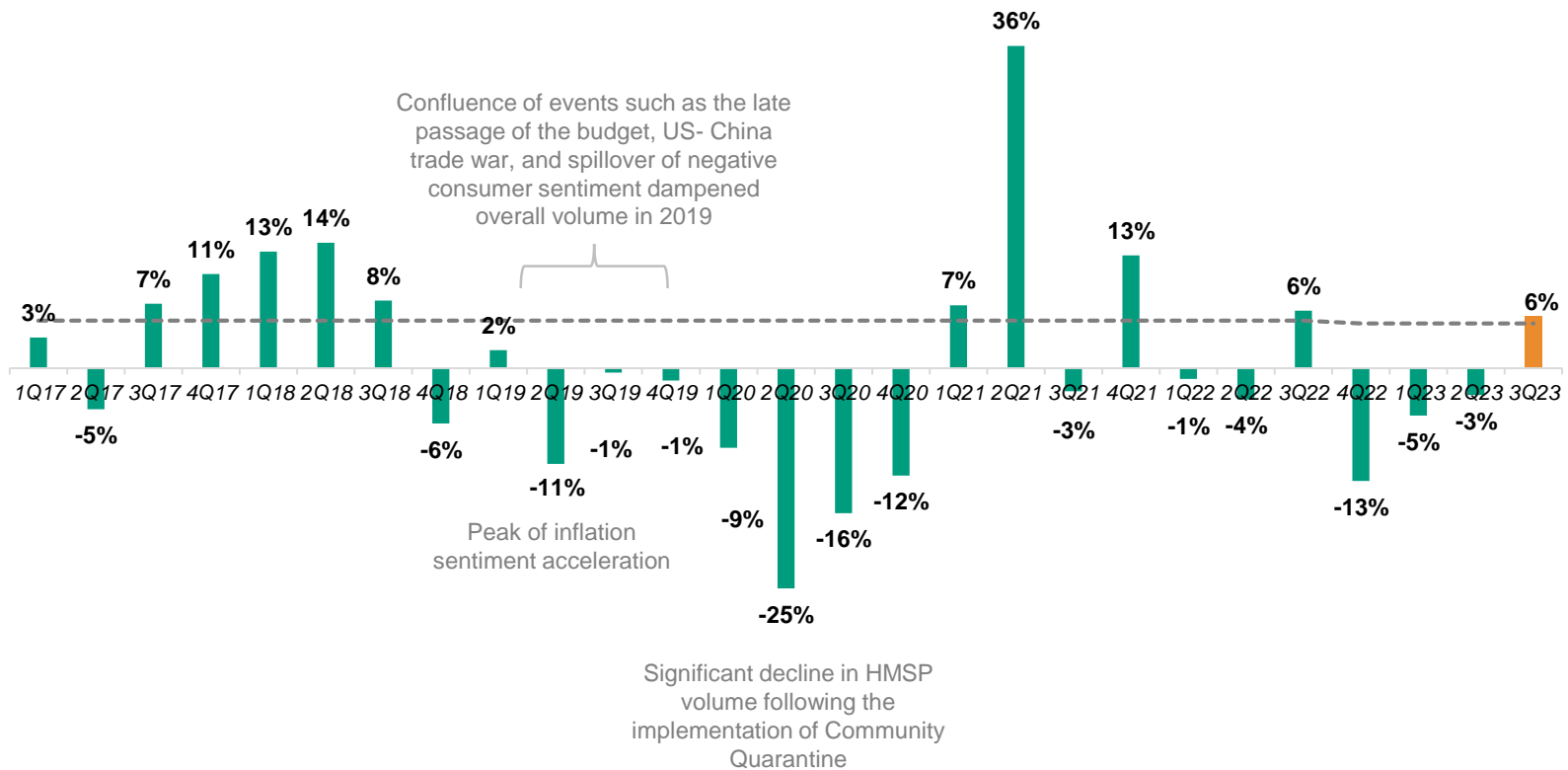
*Commodities = Refined Vegetable Oils & Biodiesel

HMSP Volume Growth (YoY)

Meaningful pick up in HMSP volumes in 3Q

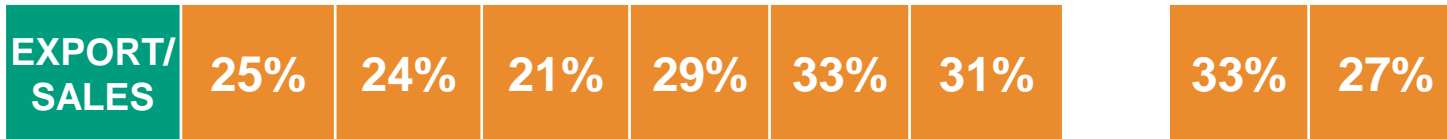
HMSP volume growth (YoY)

Average quarterly YoY growth = 5%

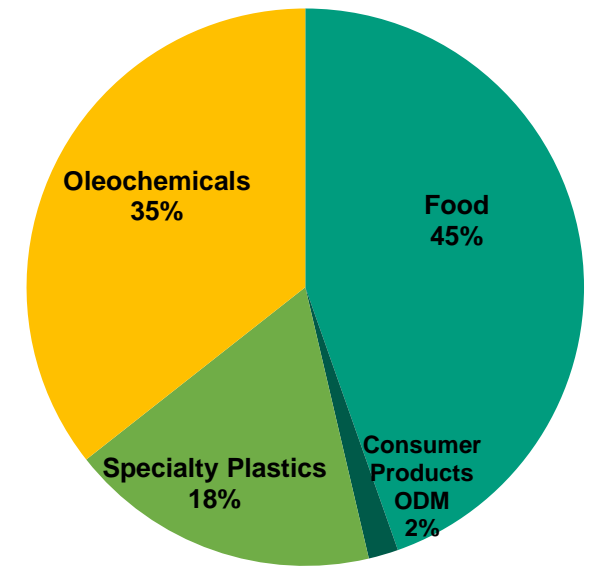
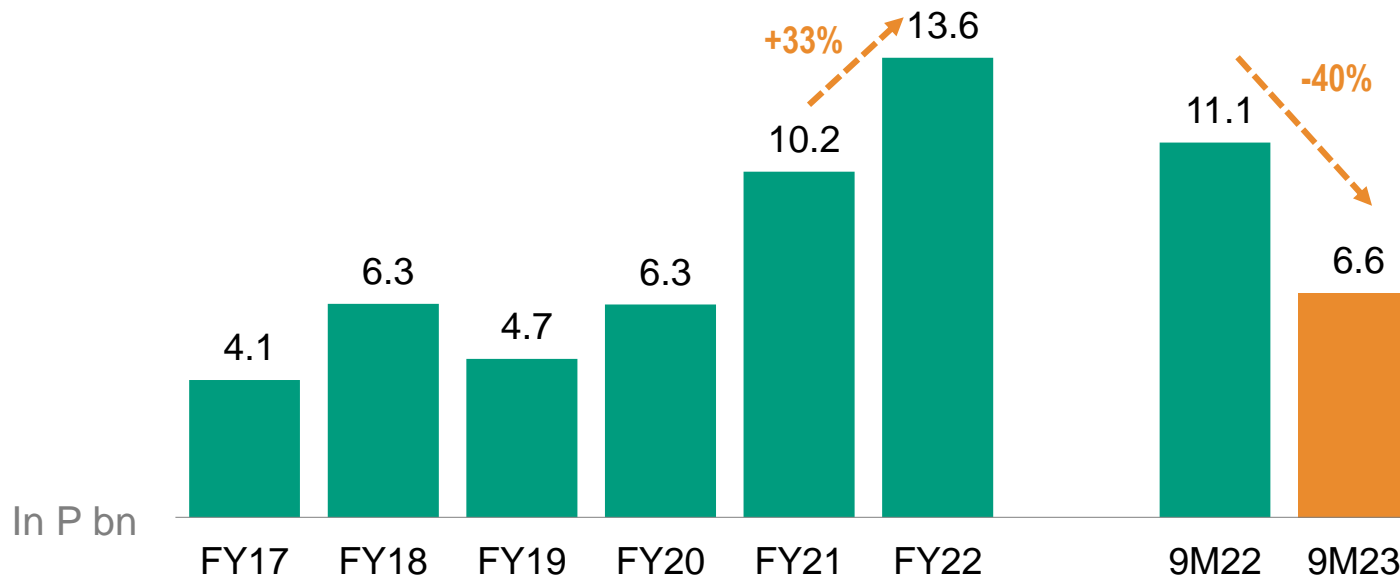


Exports sales

High volume orders from earlier periods coupled with the lingering effects of high inflation resulted in lower export sales



Breakdown of exports



Condensed Statement of Cash Flows

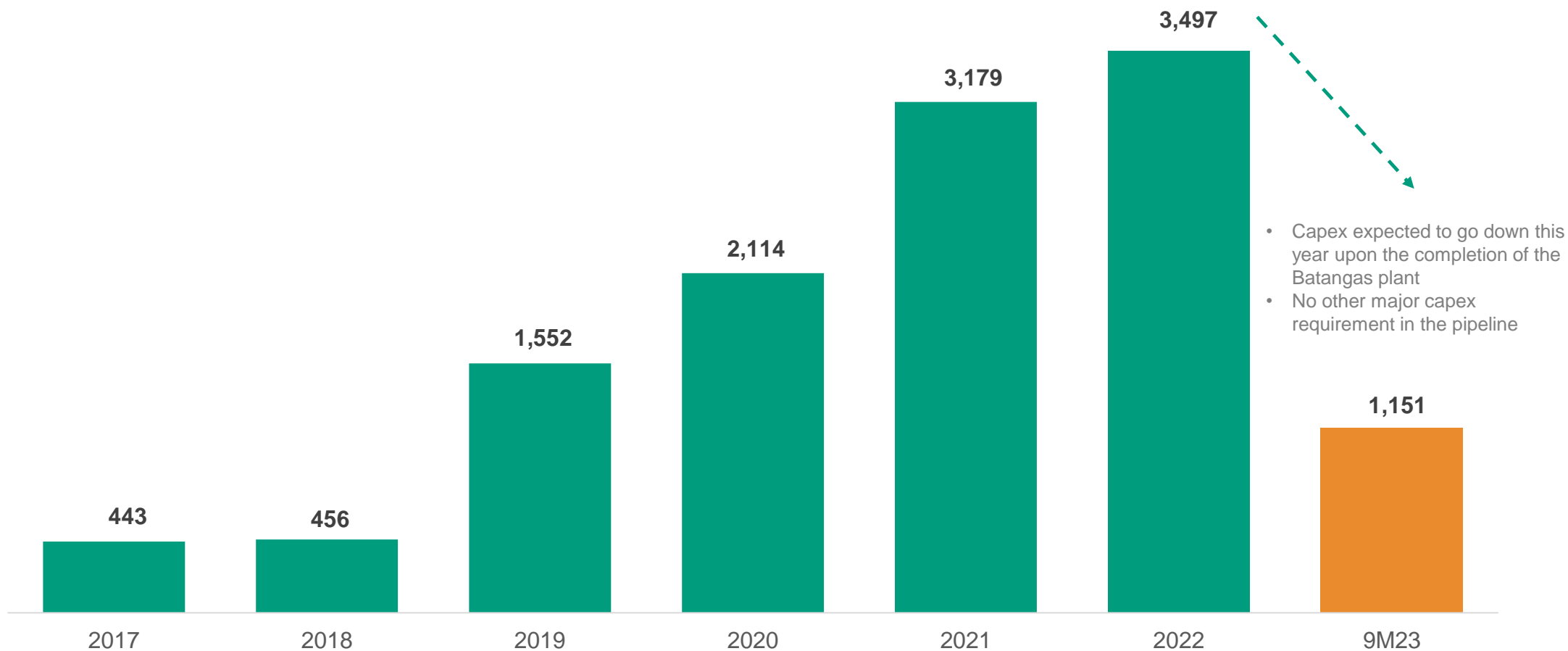
FCF turned positive

In PMN	9M23	FY22
EBITDA	3,578	5,139
Interest Received	9	169
Paid taxes	(433)	(807)
Non cash items	(27)	(46)
Change in working capital	484	(2,711)
Net Operating Cash Flow	3,610	1,734
Capex	(1,125)	(3,707)
Free Cash Flow	2,485	(1,724)

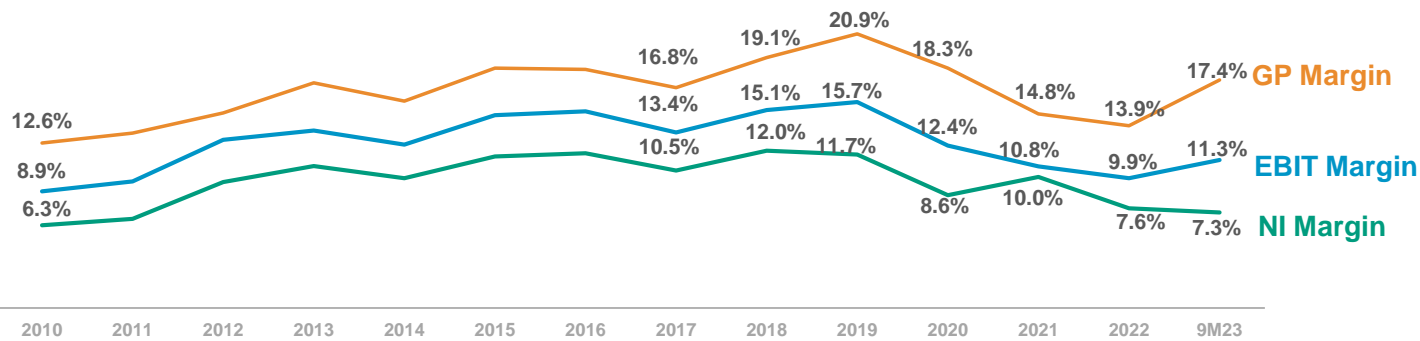
FCF turned positive with commodity prices and CAPEX on the downtrend

Capex

Capex (P mn)*

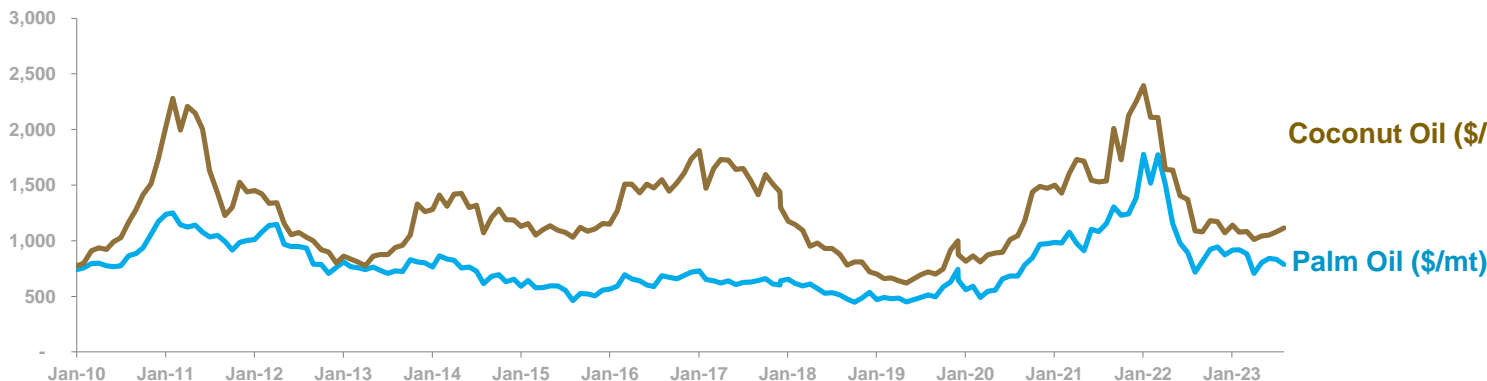


Pass-through pricing mechanism as natural hedge against volatility in forex and commodity prices

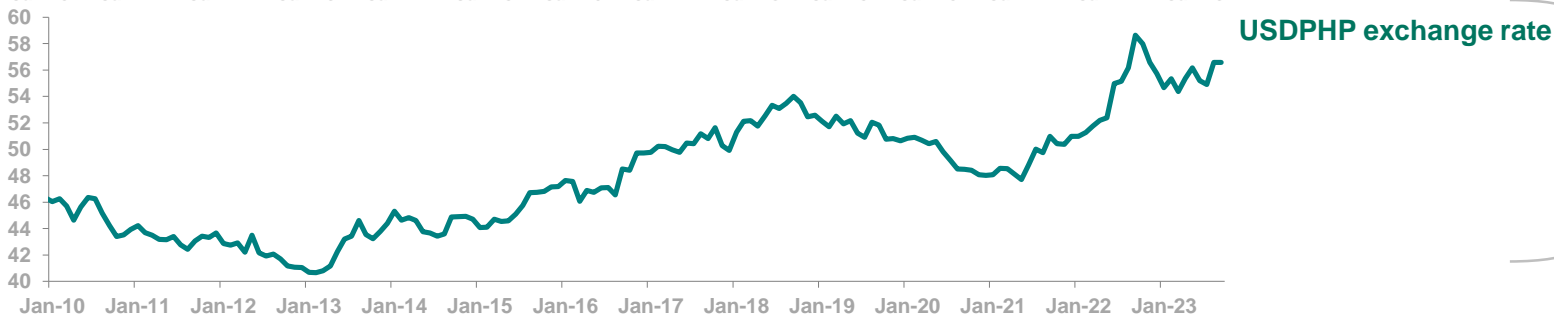


Rapid increase in raw material prices resulted in a temporary margin contraction

We expect margins to continue to improve over time as we further invest in R&D



Average 9M23 Prices
Coconut Oil -40% y-o-y
Palm Oil -35% y-o-y

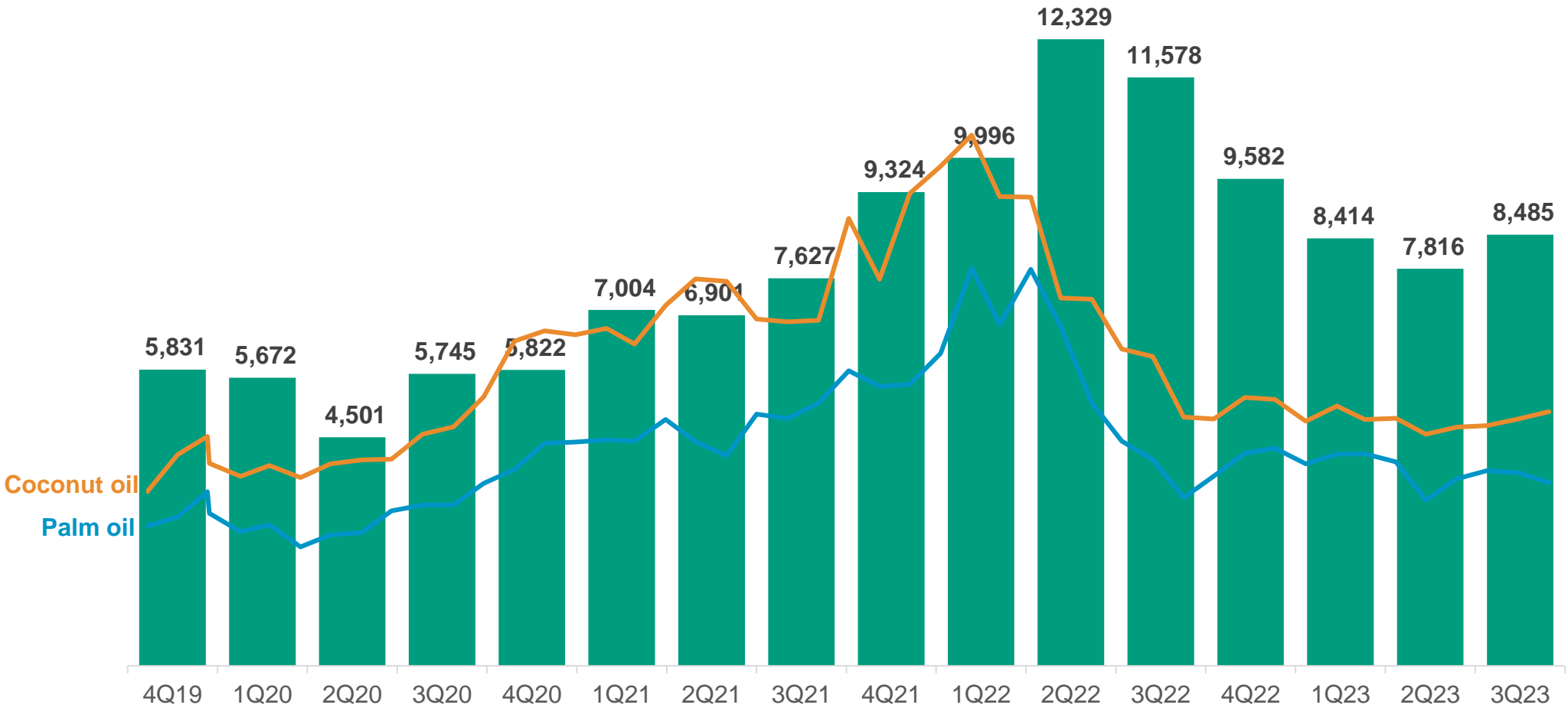


Average PhP:US\$
9M23: P55.46
9M22: P53.72



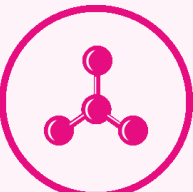


Quarterly revenues reflecting movements in commodity prices

Evidencing the company's ability to pass on raw material prices

Sales (P mn)



9M23 Group Results

	 Food Ingredients	 Oleochemicals & Other Specialty Chemicals	 Specialty Plastics	 Consumer Products ODM	 D&L Industries - Consolidated
% change in Revenues	(32%)	(28%)	(1%)	+34%	(27%)
% change in Net Income*	+1%	(53%)	(5%)	+34%	(29%)

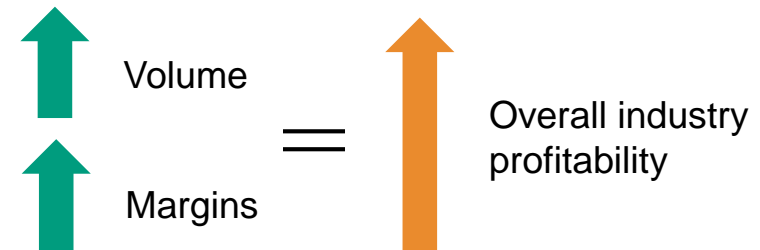
With the high fuel prices, government plans to increase mandated biodiesel blend to 3% (B3) from 2% (B2) currently

Biofuels industry short overview

- 2006 – Biofuels law was passed with the intention of a **5% biodiesel blend (B5)**
- 2007 – implementation of **1% blend (B1)**
- 2009 – implementation of **2% blend (B2)**
- *After 14 years*
- 2023 – blend remains at **B2**

as a result, overall industry utilization is only between 35-40%

Impact of a higher biodiesel blend to the industry

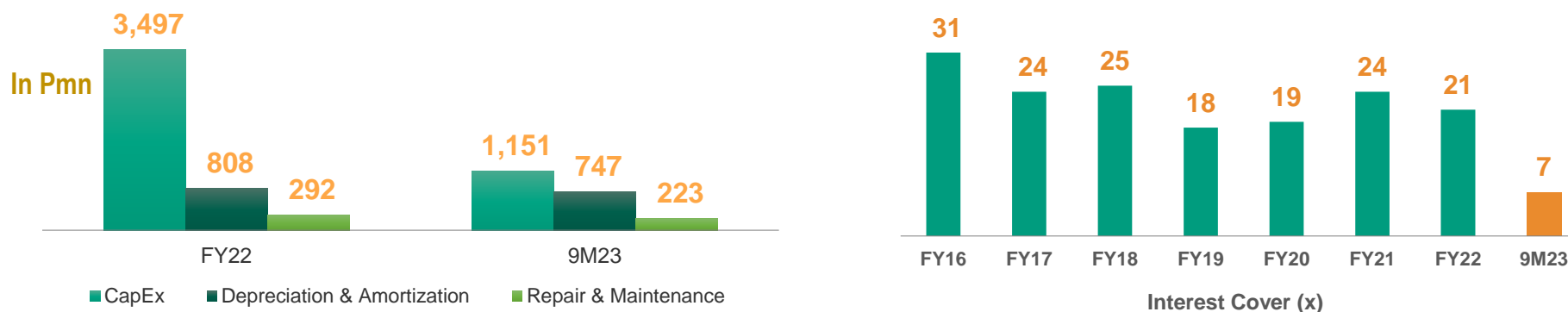


Other benefits:

- Lower pollution
- Import substitution
- Value adding of coconut oil
- Mileage improvement

Balance Sheet remains robust

In Pmn	As of end Sep-23	As of end Dec-22	In P mn	As of end Sep-23	As of end Dec-22
Cash	2,975	3,250	Book Value	20,300	20,651
Current Assets	22,856	22,036	BVPS ¹ (in P)	2.84	2.89
Total Assets	41,355	40,760	Debt-to-equity (Borrowings/Equity)	0.70x	0.75x
Borrowings	14,172	15,478	Return on Equity	11.8%	16.1%
Total Liabilities	21,054	20,109	Return on Invested Capital ²	11.6%	12.8%

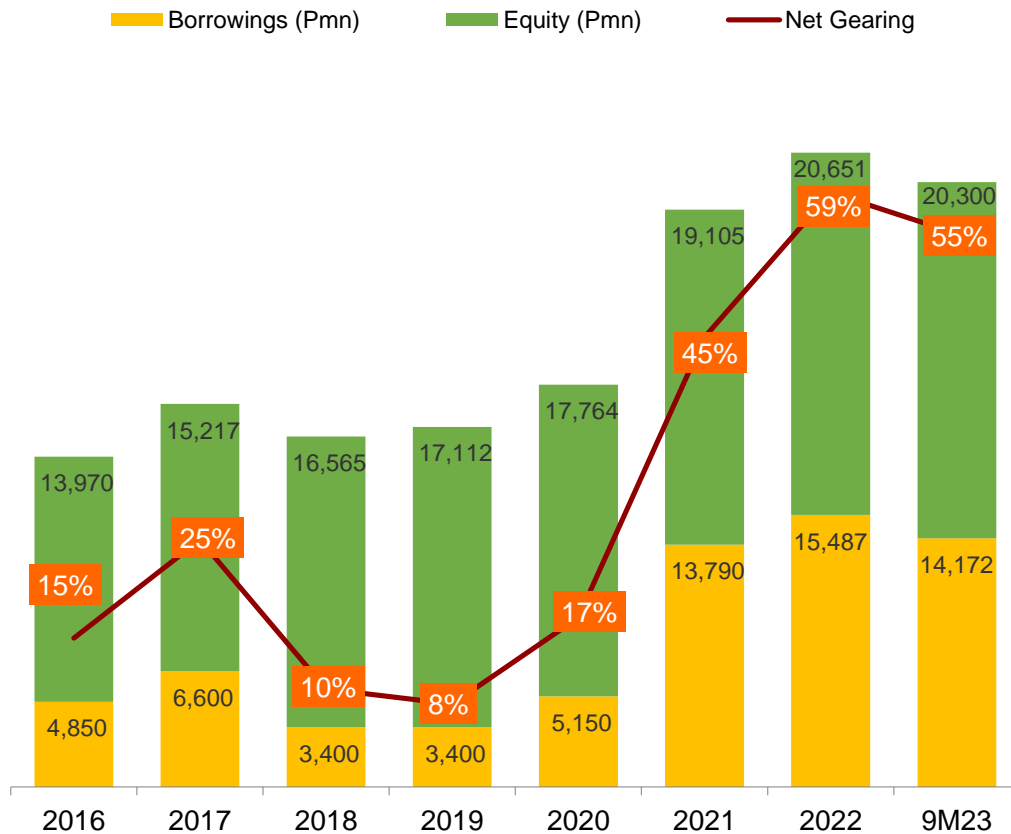


¹number of outstanding shares: 7,142,857,990

²Return on Invested Capital = Pre tax income / Invested Capital
Invested Capital = Total Assets – Cash – Non-interest bearing liabilities

Capital Structure

Balance sheet in a solid position to withstand external pressure

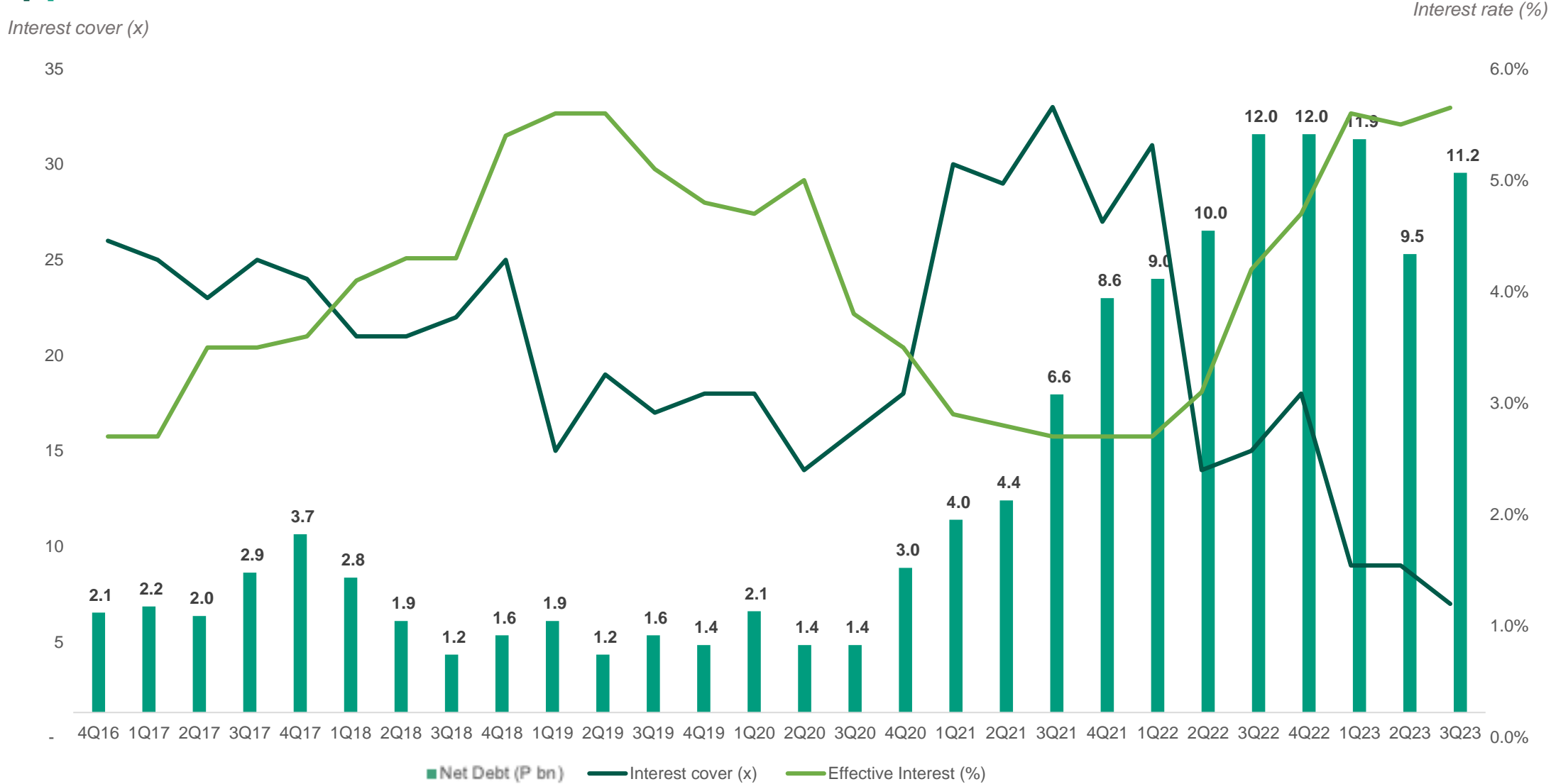


7x interest cover

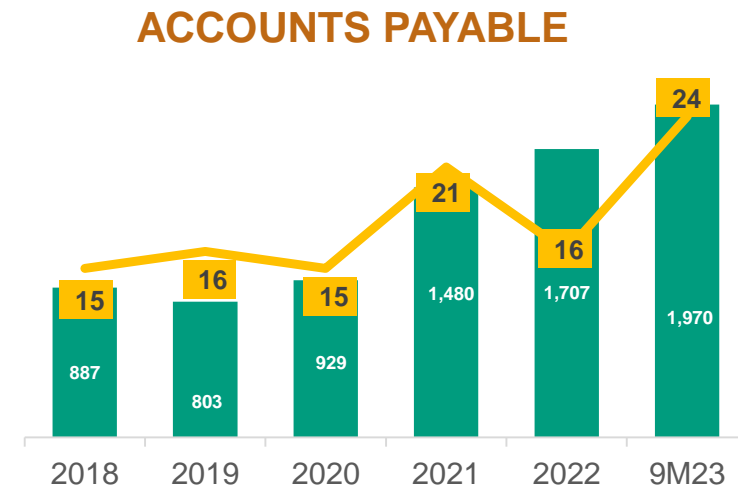
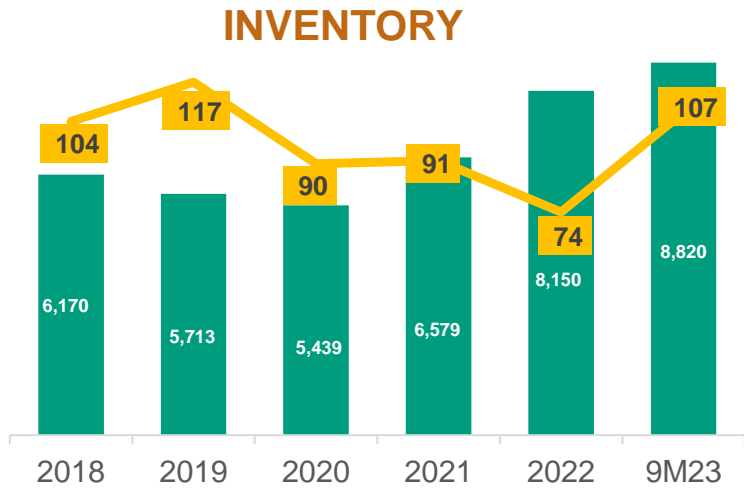
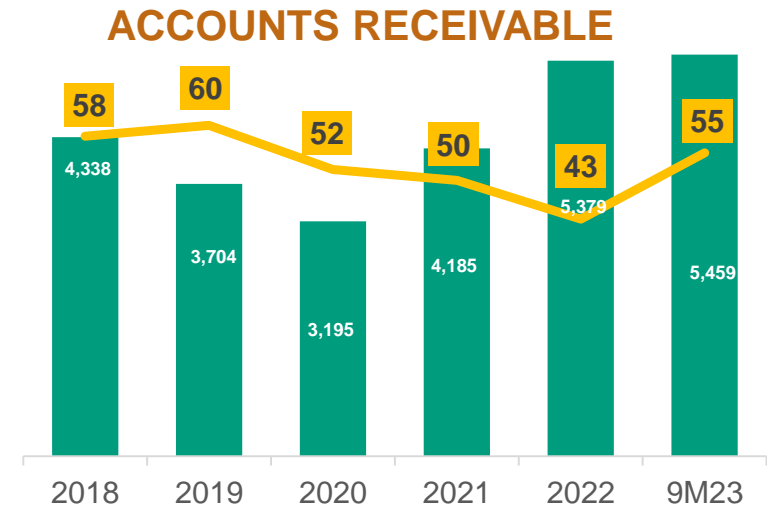
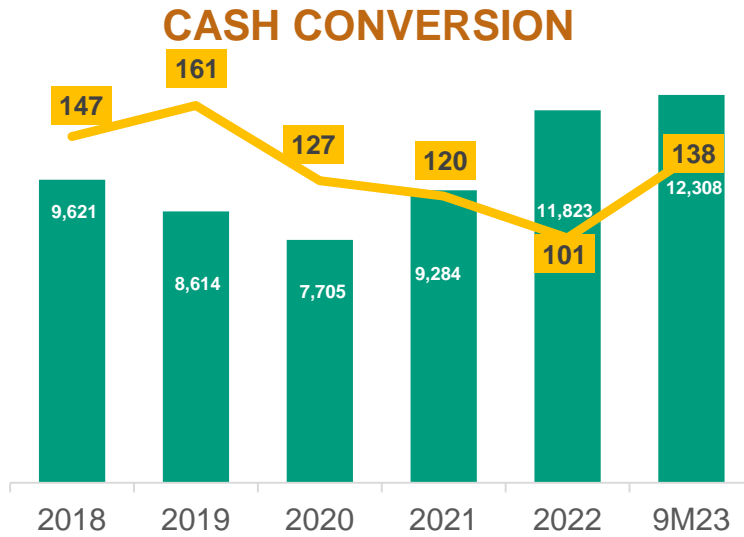
P11.2 Billion net debt

~5.65% p.a. average cost of debt*

Net debt, effective interest rate, and interest cover



Working Capital Cycle



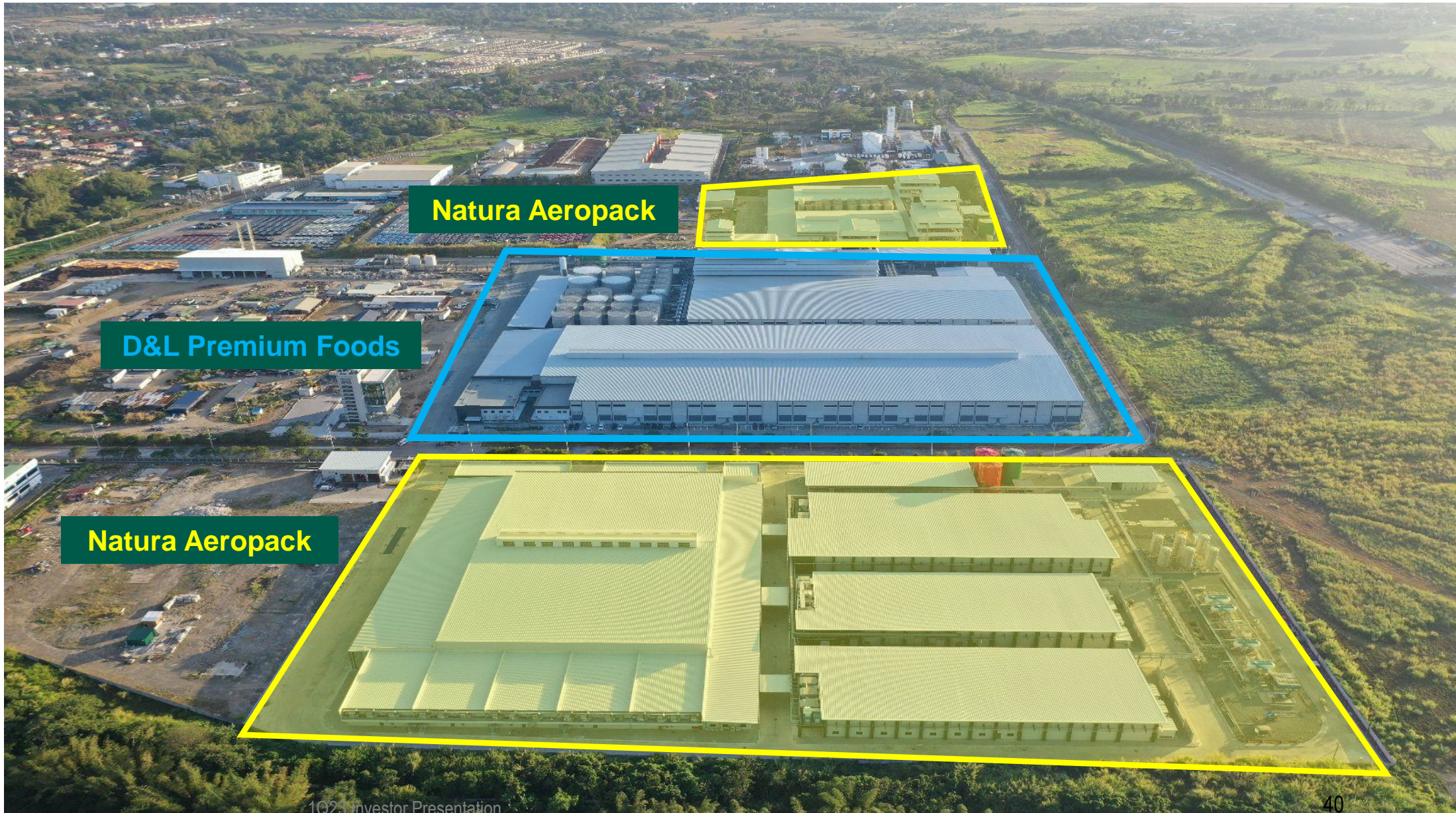
Average balance (P mn)
 Cycle (in days)

Appendix

Foundation of future growth

High value, high margin products:
Expansion in export zones & “Pack at source” initiative

Status of FIT Expansion

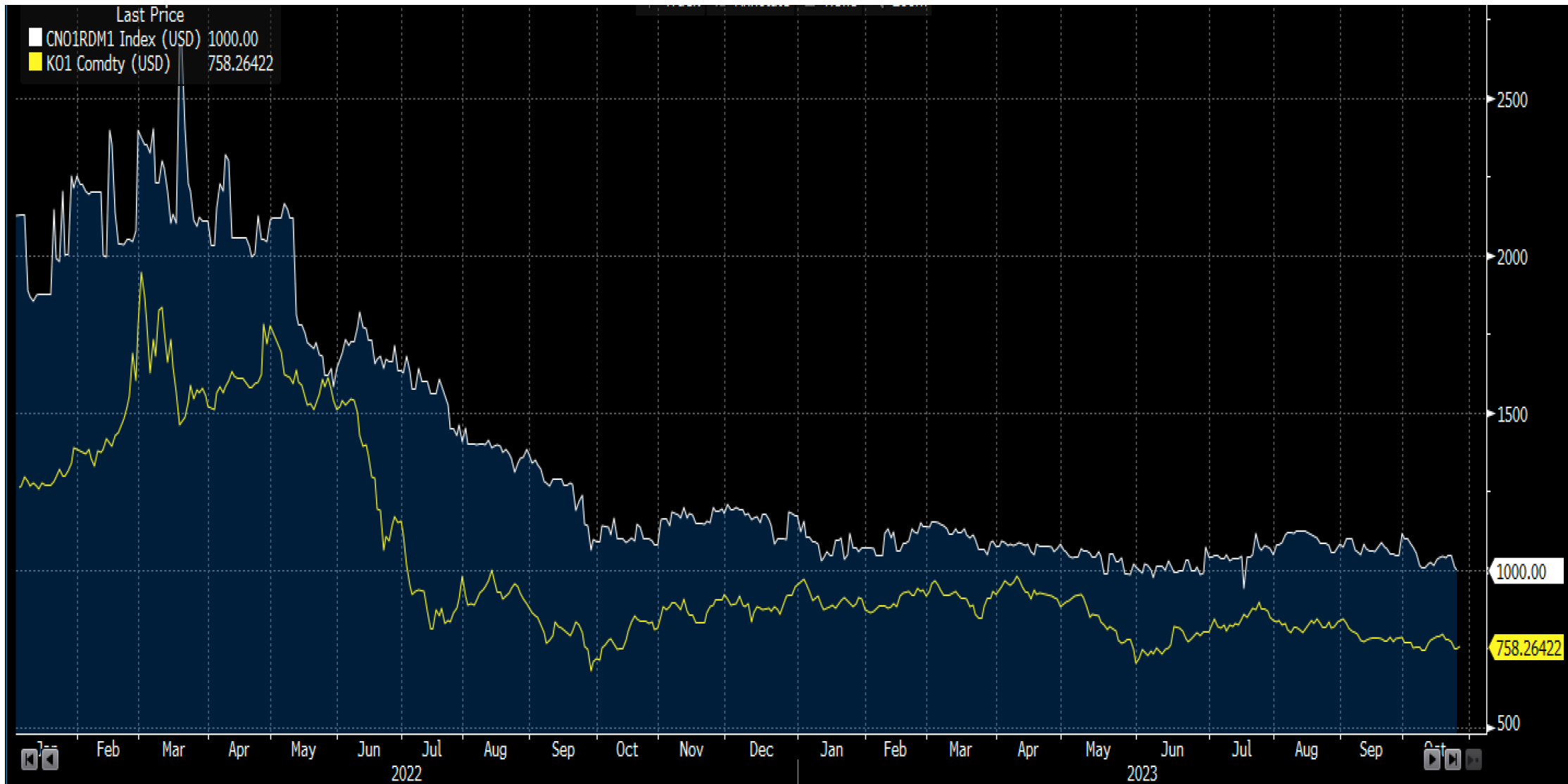


Natura Aeropack

D&L Premium Foods

Natura Aeropack

CNO & CPO 1-yr Price Chart



CNO & CPO 2-yr Price Chart





MAIDEN BOND OFFERING

***Awarded Best New Bond (Philippines) by the Asset Magazine**

Offer Size

Base offer: **P3bn** (Series A)

Oversubscription option: **P2bn** (Series B)

Interest Rate

2.7885% p.a.

3.5962% p.a.

Tenor

3 years

5 years

Spread over BVAL

+50 bps

+60 bps

Bond Rating **PRS Aaa with Stable Outlook**

Use of Proceeds **Financing of Batangas expansion & repayment of bridge loans**

Other Terms & Conditions

- Date of listing: September 14, 2021
- Issue price at 100% of face value
- Interest payment: payable quarterly in arrears
- Covenants
 - D/E of not more than 2.5x
 - Current ratio of not less than 1.0x

3yr and 5yr BVAL rates

