



Industries, Inc.

65 Industria St., Bagumbayan
Quezon City, Metro Manila
1110 Philippines

P.O. Box 446, Greenhills
Metro Manila
1502 Philippines

Tel.: (632) 635 0680
Fax: (632) 635 0703
(632) 635 0696

E-mail : info@dnl.com.ph
Website : www.dnl.com.ph

August 12, 2013

PHILIPPINES STOCK EXCHANGE

Disclosure Department
3rd Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention : **Ms. Janet A. Encarnacion**
Department Head

Gentlemen:

We are submitting herewith the Company's Press Statement in connection with the results of operation of the Corporation for the First Half 2013.

This report is made in compliance with the Revised Disclosure Rules.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Kristine Ann C. Catindig-Ong'.

KRISTINE ANN C. CATINDIG-ONG
Corporate Legal Counsel

D&L Industries Announces First Half 2013 Results

- Consolidated net income hit P655 million, 16% higher year-on-year, or EPS of P0.18. 1H2013 net income already 64% of FY2012 recurring net income.
- Volume growth in key businesses, including Specialty Fats & Oils. Sustained margin gains supported by improving sales mix. Gross Profit Margin up 3.7 pct points to 18.7%, Net Income Margin up 3.8 pct points to 13.3%
- Sales Mix: 66% Higher Margin Specialty products, 34% Low Margin Commodities. Commodity prices still weak, consolidated revenues down 17% year-on-year to P4.9 billion

August 12, 2013 – D&L Industries net income reached P655 million, or earnings per share (EPS) of P0.18, for the first half of 2013, 16% higher than the same period last year.

High margin specialty products (HMSP) accounted for 66% of the group's overall sales, while low margin commodities accounted for 34%. Revenues were 17% lower at P4.9 billion, reflecting lower commodity prices, in particular palm oil, that we passed on to customers.

We are progressing further towards expanding our high-margin specialty businesses. As a result, Gross Profit Margin grew from 15.0% last year to 18.7%, while Net Income Margin rose from 9.5% to 13.3%.

Overall, the Company remains in line with expectations this year.

Product Mix

	2011	2012	1H2012	1H2013
High-Margin Specialty Products	57%	66%	57%	66%
Low-Margin Commodity Products	43%	34%	43%	34%

Food Ingredients

In line with our strategic priorities, we saw double-digit volume growth in the high margin specialty fats and oils. Food service is another strong market, both in volume and margins. In general, the food ingredients business, through Oleo-Fats, Inc. (OFI), delivered good growth in margins and volume, consistent with the underlying domestic consumer trends.

Exports, now 4% of Oleo-Fats' total sales, also continued to strengthen during the period backed by robust volume growth and higher margins. Sales overseas surged 66% year-on-year.

Revenues were lower by 17% at P3.5 billion as we continued to face headwinds of weak palm oil prices. OFI closed the first six months of the year with a net income of P263 million, 23% higher than P213 million in 1H2012. Going forward, Oleo-Fats will continue to dedicate its resources more on growing its specialty products and less its commodity products (i.e refined vegetable oil).

Plastics

We saw quarterly volume improvement in our plastics business, but with the exceptional growth experienced in the same period last year due to businesses gained from the 2011 tsunami in Japan and flooding in Thailand, volume in 1H2013 came in lower year-on-year. As a result, sales were down 10% to P1.2 billion in 1H2013.

We continue to focus strategically on selling higher value customized specialty products to our customers. Hence, First in Colours (FIC) and D&L Polymers and Colours (DLPC) delivered healthy earnings growth of 9% year-on-year at P240 million.

This year the Philippine Economic Zone Authority (PEZA) upgraded DLPC to Pioneering Status from Non-Pioneering Status. This, plus a one year bonus from meeting PEZA's minimum net foreign exchange earnings (NFEE) requirement, extended DLPC's Income Tax Holiday entitlement by three more years to 2016.

Moving ahead, we believe domestic economic growth will continue to drive the company's success. However, we are cognizant of the enormous market potential overseas, including the automotive industry and biopolymers. Given the dominant market positions of FIC and DLPC, we believe we are poised to capture these growth opportunities.

Oleochemicals, Resins, and Powder Coatings

Chemrez Technologies grew revenues by 11% year-on-year to P2.1 billion in the first half of the year. This was driven mainly by biodiesel, a third of Chemrez's total revenues, which increased sales by 33% as volume grew by two and half times. Margins for biodiesel were steady though overall 1H2013 margins across product lines were slightly below those achieved in 1H2012. Net income for 1H2013 reached P143 million, 13% lower from same period last year, and 55% of the full year net income in 2012.

Last July, the National Biofuels Board (NBB) recommended increasing the mandated biodiesel blend from 2% to 5% under the Biofuels Act of 2006. The implementation is set for public consultations and once approved, it will more than double the demand for biodiesel. This will be a major growth catalyst for Chemrez as it has the largest biodiesel capacity in the market.

Aerosols

Aero-Pack, Inc. (API) sustained impressive topline and bottomline growth. In particular, there were solid volume gains in the home care and personal care businesses, which were supported by incremental margin improvements. Sales were up 21% to P198 million and net income increased 26% year-on-year to P33 million.

D&L Industries is a Filipino company engaged in product customization and specialization for the food, plastics, and aerosol industries. The company's principal business activities include manufacturing of customized food ingredients, specialty raw materials for plastics, and oleochemicals for personal and home care use. Established in 1963, D&L has the largest market share in each of the industries it serves, as well as longstanding customer relationships with the Philippines' leading consumer and chemical companies. It was listed on the Philippine Stock Exchange in December 2012. For more information please visit www.dnl.com.ph