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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 Full Year 2013.

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

Thank you.

Very truly yours,

KRISTINE ANN C. CATINDIG-ONG
Corporate Legal Counsel

D&L Industries Announces Full Year 2013 Results

- **Consolidated Recurring Net Income at P1.402 billion, 41%* higher year-on-year, or EPS of P0.39.**
- **Revenues down 1% at P10.766 billion but average sequential sales increase of 6% for the past four consecutive quarters as 24% growth in overall volume tonnage tempered commodity headwinds**
- **Sales Mix update: 68% Higher Margin Specialty products, 32% Low Margin Commodities. Gross Profit Margin up 3 pct points to 18.6%, Net Income Margin up 4 pct points to 13.0%**

February 27, 2013 – D&L Industries recurring net income reached P1.402 billion, or recurring earnings per share (EPS) of P0.39, for the full year 2013, 41% higher than last year. Recurring net income in the fourth quarter grew 127% year-on-year to P360 million. Profit growth was across all businesses, with all four segments reporting double-digit year-on-year growth.

Since the fourth quarter of 2012, revenues have increased 6% on average sequentially on the back of increasing volume and a shifting product mix. Hence, even with significantly weaker commodity prices in 2013 versus 2012, consolidated revenues were down by less than 1% year-on-year as overall volume tonnage grew 24%.

The transformation of the business into customized specialties from commodities is still progressing. High margin specialty products and low margin commodities accounted for 68% and 32% of the group's overall sales in 2013, respectively. This resulted in overall Gross Profit Margin increasing to 18.6% from 15.6% last year, and overall recurring Net Income Margin improving to 13.0% from 9.1%.

The strong broad-based finish of the group in 2013 is a testament to the high-growth nature of the Company's end markets - consumer staples, consumer durable goods, and consumer discretionary. This is supported by sustained margin improvement as the Company continues to create value-adding products and services for its customers.

Product Mix

	2010	2011	2012	2013
High-Margin Specialty Products	*42%*	*57%*	*66%*	*68%*
Low-Margin Commodity Products	*58%*	*43%*	*34%*	*32%*

** FY2012 net income was restated, mostly to recognize retirement expenses in accordance with the revised Philippine Accounting Standards (PAS) 19. This resulted in lower 2012 net income from P1.33bn to P1.29bn (recurring: from P1.03bn to P994mn). Further, FY2012 numbers are proforma and assume 100% ownership of Oleo-Fats, Inc., First in Colours, Inc., D&L Polymer and Colours, Inc., and Aero-Pack, Inc.*

Food Ingredients

As end markets benefit from the Philippines' solid macro conditions, Oleo-Fats saw double-digit gains in overall volume for the whole of 2013. Encouraging market conditions also supported a rebound in volume and margins of refined vegetable oils. The strong growth momentum in specialty fats and oils was another huge driver, further strengthening Oleo-Fats' position as the dominant player in customized ingredients space in the food industry.

The year saw volatility in commodity and foreign exchange markets, which Oleo-fats was able to navigate through because of its long-standing relationship and strategic partnerships with clients. As a result, the company closed 2013 net income 38% up year-on-year. Revenues were lower by 2% on lower prices of palm oil compared with the same period last year.

With demand for new product developments very strong in response to the fast-evolving consumer trends, Oleo-fats continues to expand its presence into exciting product categories to explore good growth and margin opportunities.

Specialty Plastics

Recall that 2012 had a high base due to the businesses gained from the supply chain disruption in Bangkok in late 2011. In 2013, as Bangkok recovered some of its capacity, volume started to normalize.

The short-term weakness in volume in 2013 was more than offset by margin expansion as strong focus on bringing new requirements to clients quickly and cost-effectively continues.

Overall, sales for 2013 were lower by 2% year-on-year. As a group, specialty plastics performed well. Net Income for 2013 was up 29% year-on-year.

Through leveraging on its existing relationships locally, the group eyes expanding its footprint throughout other markets. Early 2013, a partnership with Showa Denko was announced for the manufacturing of biopolymers. Shipments to Japan for farming use have begun, with Italy and the rest of Europe as the next target markets.

Oleochemicals, Resins, and Powder Coatings

Chemrez Technologies' revenues were higher by 12% year-on-year in 2013, driven by very strong results from the oleochemical business. Biodiesel volume increased 59%, while sales rose 26% year-on-year. Margins were better as well, supported by contribution from new businesses.

The Company continues to focus on research and development to grow its higher margin specialty chemicals business. In fact, good progress has been achieved in emerging product categories, in particular the non-biodiesel, specialty oleochemicals. Sales for these specialty oleochemcials, which replace petrochemical-based ingredients in personal care and home care products like shampoos and liquid soaps, were up 27% year-on-year, on the back of a 92% increase in volume. Margins have turned around from 2012 and are now in mid-teens.

Meanwhile, the other half of Chemrez's business, which mostly go to consumer durables and building materials, delivered positive revenue growth as well, with margins at mid-teens.

Aerosols

Rising income and evolving consumer preferences have been key drivers for brisk growth in consumer discretionary products like aerosol. Since Aero-Pack is the only company in the Philippines that has the one-stop shop capability for aerosol manufacturing, it has been able to take advantage of this market opportunity. Backed by strong growth in home care and personal care segments, year-on-year sales and net income grew 31% and 70%, respectively.

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.