

# ***4<sup>th</sup> Quarter and Full Year 2013***

## ***Financial Results***

***(unaudited)***

***26 February 2014***



## Important Note on Forward-Looking Statements

---

The presentation herein may contain forward looking statements by the management of Petra Foods Limited (“Petra”) that pertain to expectations for financial performance of future periods vs past periods.

Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures as well as changes in tax regimes and regulatory developments. Such statements are not and should not be construed as management’s representation on the future performance of Petra. Therefore, the actual performance of Petra may differ significantly from expressions provided herein.

This Results Presentation should be read in conjunction with the full text of the “Unaudited Financial Statements and Dividend Announcement for the 4<sup>th</sup> Quarter and Full Year ended 31 December 2013”.

# Scope of Briefing

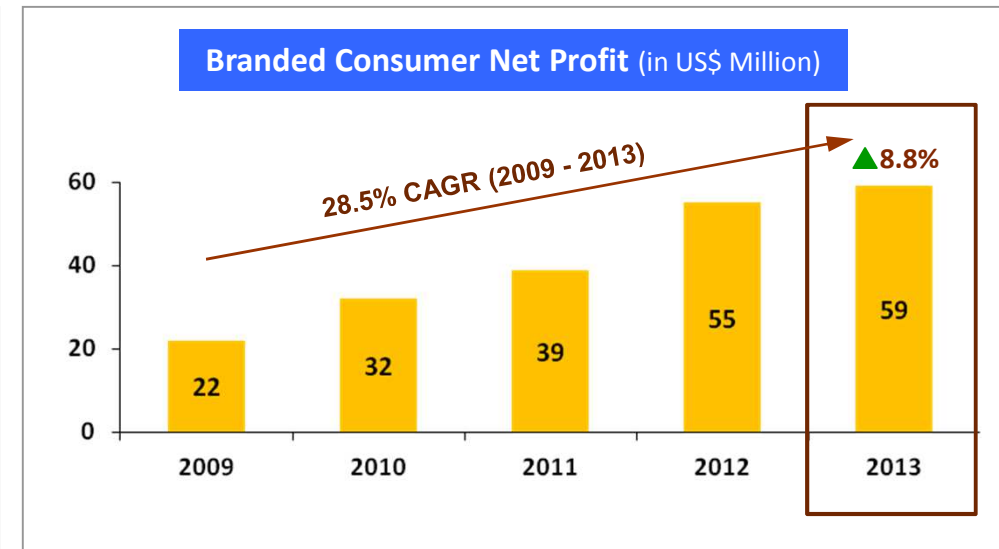
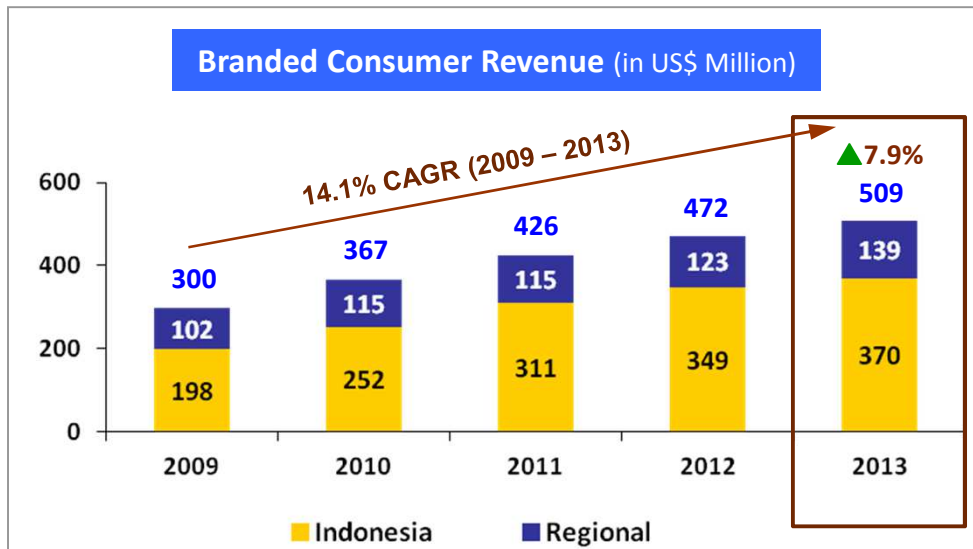
---

	<u>Page No</u>
■ Another Record Performance by Branded Consumer	4
■ Strong Foundation and Track Record of Growth	5
■ Growth through Innovation	6
■ Winning the Retail Shelf	7
■ Branded Consumer - Looking Forward	8
■ Appendices	
➤ Group Financial Highlights (including divested Cocoa Ingredients Division)	10
➤ Balance Sheet & Cash Flow Analysis	14
➤ Branded Consumer Division	17

# Another Record Performance by Branded Consumer

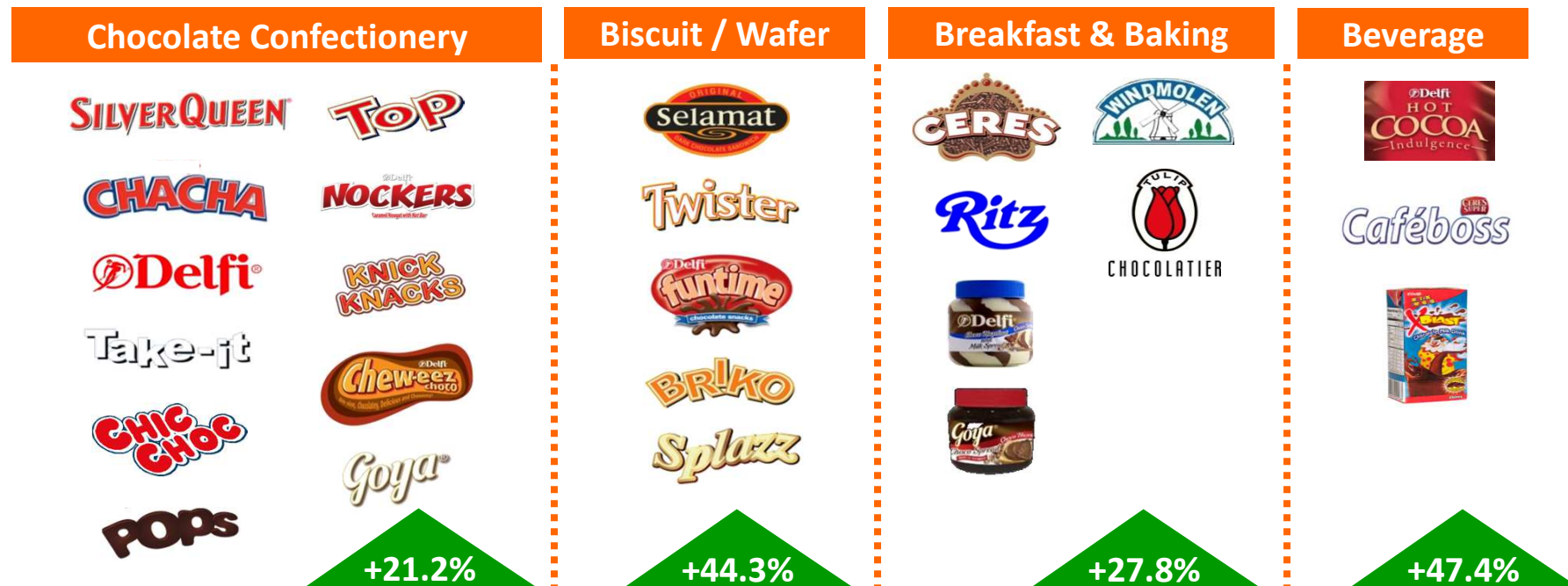
- **Very strong 4Q 2013 sales performance (▲28% Y-o-Y in Local Currency) drove a Full Year record performance for our Branded Consumer business**
  - FY2013 Net Profit US\$59.3 million (▲9% Y-o-Y) achieved on revenue of US\$508.8 million. If adjusted for the impact of FX changes, our FY2013 Net Profit grew 21% Y-o-Y. Strong performance despite sharp depreciation in regional currencies (mainly the Indonesian Rupiah which was weaker by an average of 20% and 10% in 4Q and FY2013) and higher cost inflation
  - To mitigate expected higher input costs, we took the pre-emptive steps of implementing price adjustments in October 2013 and January 2014 and a product rightsizing exercise
- **The strong growth momentum reflects continued success of our brand-building initiatives, our significant investments in innovation and our success in further strengthening our route-to-market**
- **The Group achieved FY2013 net profit of US\$20.6 million, with the strong Branded Consumer's FY2013 profit of US\$59.3 million more than offsetting the FY2013 loss from the divested Cocoa Ingredients Division**
  - Cocoa Ingredients 1H 2013 net loss of US\$38.8 million, representing the period up to completion on 30 June 2013, was consolidated as part of Group's FY2013 results
  - With the completion of the divestment, the Group's results no longer reflect the divested business except for any post completion adjustments in accordance with amended SPA
- **A Final Dividend of 1.64 US cents per share and a Special Dividend of 2.45 US cents is proposed**
  - If approved by shareholders, including the interim dividend paid of 2.36 US cents per share, shareholders would receive a total of 6.45 US cents per share for FY2013

# Strong Foundation and Track Record of Growth



- We are a dynamic Company with a strong foundation and track record of growth - Over 2009-2013, we grew our profitability close to 3x
- Excelling across the entire value chain (from product innovation, brand building, manufacturing through to route-to-market expertise) allows us to reach more consumers and deliver on our growth objective
- For 2013, Branded Consumer achieved another record performance and delivered ROE of 19.2% (▲1.7% pt)

# Growth through Innovation



Note: Percentage change figures represent sales growth achieved Y-o-Y in Local Currency terms

- Innovation is at the heart of Petra Foods. Our portfolio of brands and product categories is constantly evolving and extending to reach more consumers by addressing different consumer needs at different price points
- We extended our portfolio in attractive high growth spaces and will continue unlocking growth opportunities in new product categories
  - In the last 12 months, we launched a total of 36 new products - Products launched in past 3 years accounted for approximately 10.5% of Own Brands revenue in 2013
- We will continue to focus our effort on our key brands and categories in our regional market to drive profitable growth



## Winning the Retail Shelf



- Strong brands and innovation represent one part of Petra Foods' success formula. The other component is our route-to-market capabilities
- To reach different consumers, we have developed segmented supply chains across categories, portfolios, geographies and channels
- We have wide market coverage through our multi layered distribution network
  - We have our own team and a network of distributors which, in Indonesia for example, allows us to achieve 100% Modern Trade coverage and a wide coverage of the other retail formats

## Branded Consumer - Looking Forward

---

- **With robust consumption in our core markets, we expect the growth momentum in local currency terms to continue for our Branded Consumer business.**
  - To mitigate expected higher input costs, we took the pre-emptive steps of implementing price adjustments and a product resizing exercise
- **Given today's challenging environment, we believe it is opportune for us to further strengthen our business, strengthen our brands portfolio through innovations and increase the reach of our distribution network**
- **To add further value over the long term to our quality earnings, we will constantly explore possible M&A and strategic alliances to enter new markets and to build positions and capabilities in attractive categories**



# Appendices

---

# Group Financial Highlights

---

(Including Divested Cocoa Ingredients Division)

# Key Highlights of Branded Consumer's Full Year 2013

(In US\$ Million)	FY2013	FY2012	Y-o-Y change	Local Currency Performance (Y-o-Y change)
<b>Revenue</b>	<b>509</b>	<b>472</b>	▲ 7.9%	▲ 16.2%
Indonesia	370	349	▲ 6.1% *	▲ 17.0% *
Regional Market	139	123	▲ 12.8%	▲ 13.9%
<b>Gross Profit (GP)</b>	<b>163</b>	<b>146</b>	▲ 11.9%	▲ 21.1%
GP Margin	32.0%	30.9%	▲ 1.1% pt	▲ 1.1% pt
<b>EBITDA</b>	<b>92</b>	<b>85</b>	▲ 8.1%	▲ 18.4%
EBITDA Margin	18.0%	18.0%	-	-
<b>Net Profit - Branded Consumer</b>	<b>59</b>	<b>55</b>	▲ 8.8%	▲ 20.8%
<b>ROE (%)</b>	<b>19.2%</b>	<b>17.5% **</b>	▲ 1.7% pt	

*Figures may not add due to rounding*

\* If results were adjusted for the rationalization of Agency Brands in January 2013, the revenue growth for Indonesia would have been 11.4% (in US\$) and 22.8% (in local currency)

\*\* Relates to FY2012 audited figures

## ■ Strong Branded Consumer performance driven by:

- (1) Robust regional economies and the vibrant consumption environment for chocolate confectionery in our markets
- (2) Higher Own Brands sales across all segments (▲23% in local currency terms) with strong volume growth for our core brands in fast growing categories (especially chocolate confectionery and biscuits/wafers), successful new product launches (36 launched in last 12 months) and wider distribution coverage
- (3) The higher Gross Profit margin attributable to strong volume growth (especially in Premium segment), product mix and effective management of input costs for Own Brands, and higher Agency Brands margin as a result of the discontinuation of the Agency Brands

## Group Financial Highlights - At a glance

(In US\$ Million)	4Q 2013	4Q 2012	Y-o-Y Change	Local Currency Performance (Y-o-Y change)	FY2013	FY2012	Y-o-Y Change	Local Currency Performance (Y-o-Y change)
<b>Revenue</b>	<b>130.4</b>	<b>117.8</b>	▲ 10.7%	▲ 27.8%	<b>508.8</b>	<b>471.6</b>	▲ 7.9%	▲ 16.2%
- <b>Indonesia</b>	<b>92.6</b>	<b>82.9</b>	▲ 11.7%	▲ 34.4%	<b>369.8</b>	<b>348.4</b>	▲ 6.1%	▲ 17.0%
- <b>Regional Market</b>	<b>37.8</b>	<b>34.9</b>	▲ 8.3%	▲ 12.2%	<b>139.0</b>	<b>123.2</b>	▲ 12.8%	▲ 13.9%
<b>EBITDA</b>	<b>23.8</b>	<b>23.1</b>	▲ 3.0%	▲ 19.5%	<b>91.7</b>	<b>84.8</b>	▲ 8.1%	▲ 18.4%
<b>Net Profit of Branded Consumer</b>	<b>15.7</b>	<b>14.7</b>	▲ 6.3%	▲ 23.6%	<b>59.3</b>	<b>54.5</b>	▲ 8.8%	▲ 20.8%
<b><u>Divested Cocoa Ingredients</u></b>								
(Loss)/Profit (after tax after EI)	0.2	(31.4)	NM	NM	(38.8)	(28.6)	35.4%	35.4%
<b>Group Net Profit</b>	<b>15.9</b>	<b>(16.7)</b>	NM	NM	<b>20.6</b>	<b>25.9</b>	(20.6%)	4.6%

Figures may not add due to rounding.

- A record performance for Branded Consumer business - Very strong Q4 sales performance (▲28% Y-o-Y in Local Currency) brought FY2013 sales to over US\$500 million

# Update on Cocoa Ingredients Divestment

## ■ **Successfully completed on 30 June 2013**

- Estimated Net Proceeds is US\$164.5 million and Net Estimated Gain is US\$63.5 million, as previously announced
- However, it is still subject to the dispute with Barry Callebaut (“BC”) on the final post completion adjustment and other claims under the amended Share Purchase Agreement (“SPA”)

## ■ **As announced on 21 October 2013, there is a Dispute**

- Barry Callebaut sought a closing price reduction of US\$98.3 million (amount claimed subsequently increased to US\$103.0 million) by delivering a purported draft completion statement on 23 September 2013
- The Company informed BC that the purported draft completion statement is not in compliance with the SPA and considers that the price adjustment does not have a proper and valid basis and/or has not been properly substantiated or justified

## ■ **As announced on 17 December 2013, the Company filed a Notice of Arbitration on 16 December 2013 with the Singapore International Arbitration Centre to resolve the dispute**

## ■ **On 27 January 2014, Barry Callebaut filed a defense and counterclaim in which they added two new claims amounting to US\$4.7 million**

## ■ **Shareholders will be kept updated and further announcements will be made in due course**



## Balance Sheet & Cash Flow Analysis

---

# Balance Sheet Analysis (Figures are at period end)

(US\$ Million)	31 Dec 2013	31 Dec 2012	Comments
Cash and Cash Equivalents	196.7	33.0	■ Includes net proceeds from divestment of Cocoa Ingredients.
Trade Receivables	76.7	67.5	
Inventories	65.5	61.4	■ Includes US\$19.9 million loan due from a divested Brazilian subsidiary (offset by US\$7.34 million tax refund to an Indonesian subsidiary).
Other Assets	37.3	29.6	
Fixed Assets, Intangible Assets & Investments	89.4	86.9	■ Reflects successful completion of divestment on 30 June 2013.
Cocoa Ingredients - Divested Assets	-	941.4	
<b>Total Assets</b>	<b>465.6</b>	<b>1,219.8</b>	
Trade Payables	42.2	34.1	■ Includes US\$20.1 million due to a divested Malaysian subsidiary.
Other Liabilities	93.6	67.6	
Cocoa Ingredients - Divested Liabilities	-	166.4	■ Reflects successful completion of divestment on 30 June 2013.
<b>Total Borrowings</b>	<b>39.4</b>	<b>624.9</b>	
Working Capital Facilities/Trade Finance	26.5	367.2	} ■ Net proceeds from the divestment were used to repay all Cocoa Ingredients' debt facilities. ■ Borrowings denominated mainly in currencies that match revenue profile so as to mitigate foreign currency translation risk.
Medium Term Note (MTN)	-	165.3	
Term Loan	12.9	92.4	
<b>Total Equity</b>	<b>290.4</b>	<b>326.8</b>	
<b>Key Ratios</b>			
<b>Group</b>			
Current Ratio	2.31	1.29	} ■ Stronger financial position after divestment of Cocoa Ingredients Division.
Net Debt/Equity	- 1	1.81x	
<b>Branded Consumer Division</b>			
Inventory Days	67	67	
Receivables Days	51	47	
Payable Days	40	40	
Return on Equity	19.2%	17.5%	

**Note:**

**1** The Group is in a net cash position post the divestment of the Cocoa Ingredients Division.

# Cash Flow Applications

For the period ended 31 Dec 2013 (In US\$ Million)	Branded Consumer	(Divested) Cocoa Ingredients	Group
<b>EBITDA</b>	<b>91.7</b>	<b>(104.0)</b>	<b>(12.3)</b>
<b>Less: Changes in Operating Cash Flow</b>			
(Increase)/decrease in Working Capital	(40.2)	61.9	21.7
Tax Expense (paid)/received	(23.3)	4.8	(18.5)
Interest Expense paid	(1.7)	(18.1)	(19.8)
<b>Operating Cash Flow</b>	<b>26.5</b>	<b>(55.4)</b>	<b>(28.9)</b>
<b>Investing Activities</b>			
Capex, Patents & Trademarks, Net of Proceeds	(31.5)	(3.6)	(35.1)
Proceeds from Divestment	-	645.1	645.1
Interest Income received	-	1.2	1.2
<b>Free Cash Flow</b>	<b>(5.0)</b>	<b>587.3</b>	<b>582.3</b>
<b>Financing Activities</b>			
Repayment of Term Loan and MTN	(0.7)	(239.1)	(239.8)
Proceeds/(Repayment) from Trade Finance and Working Capital financing	6.8	(165.7)	(158.9)
<b>Net Cash Movement</b>	<b>1.1</b>	<b>182.5</b>	<b>183.6</b>
Dividends paid			(25.6)
<b>Net Cash Movement after Dividends</b>			<b>158.0</b>

## Branded Consumer Division

---

## Branded Consumer - Financial Highlights

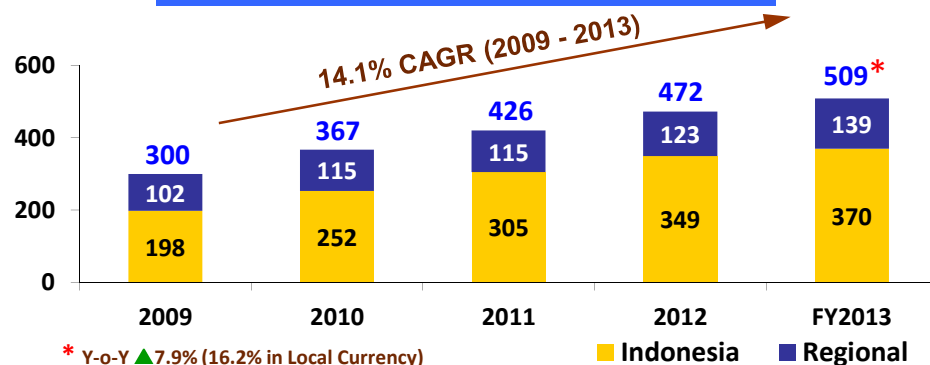
(in US\$ Million)	4Q 2013	4Q 2012	Y-o-Y change	FY2013	FY2012	Y-o-Y change
Sales	130.4	117.8	+ 10.7%	508.8	471.6	+ 7.9%
EBITDA	23.8	23.1	+ 3.0%	91.7	84.8	+ 8.1%
Net Profit	15.6	14.7	+ 6.1%	59.3	54.5	+ 8.8%
EPS (US cents)	2.56	2.41	+ 6.2%	9.71	8.93	+ 8.7%
ROE (%)				19.2%	17.5%	1.7% pt

*Figures may not add due to rounding.*



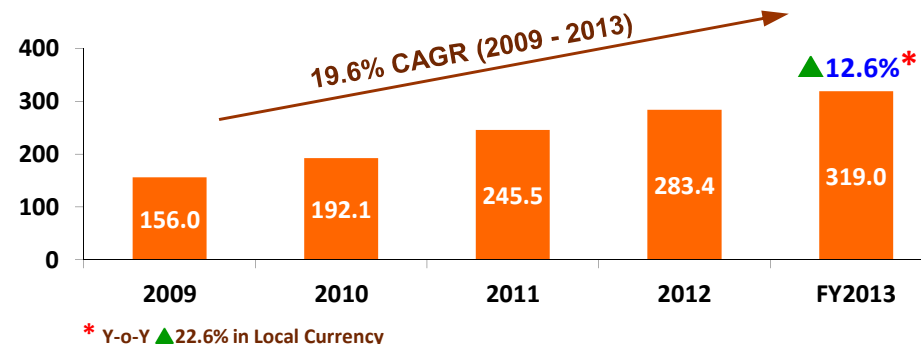
# Branded Consumer - Financial Highlights (cont'd)

Branded Consumer Revenue (in US\$ Million)



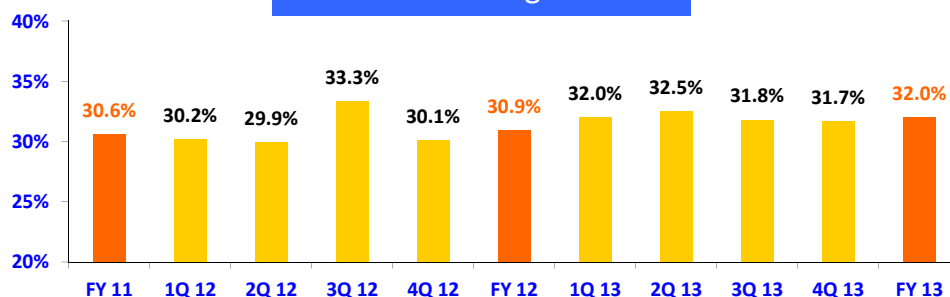
- Strong position in Indonesia complemented by a growing regional footprint

Strong Own Brands Revenue Growth (in US\$ Million)



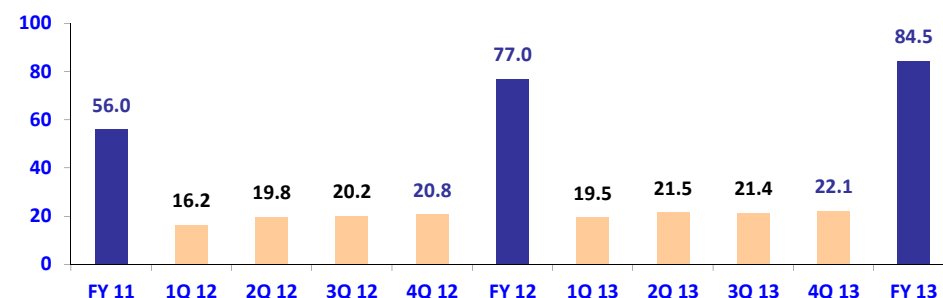
- Strong growth driven by our market leading brands in fast growing categories; our strong innovation culture and efficient routes-to-market

Gross Profit Margin Trends



- Despite higher cost inflation, FY2013 margin achieved reflected higher sales volume, higher proportion of Premium products in sales mix and the benefit of the pricing adjustment in October 2013
- Agency Brands higher Y-o-Y with discontinuation of the less profitable Agency Brands in Indonesia in 1Q 2013

Operating Profit Performance (in US\$ Million)



- The strong operating profit generated is driven primarily by strong performance of Own Brands and successful new product launches

Thank You

---