

4th Quarter & Full Year 2014

Financial Results

(unaudited)

25 February 2015



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 4th Quarter & Full Year ended 31 December 2014”.

Scope of Briefing

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FY2014 Highlights

- **Revenue** **US\$504.0 million** ▼ 0.9% in US\$ term (▲ 10.7% constant currency terms)
- **EBITDA** **US\$80.9 million** ▼ 11.8% in US\$ terms (▲ 2.8% constant currency terms)
- **PATMI** **US\$48.8 million** US\$20.6 million in FY2013
- **Strong performance despite currency and costs headwinds**
- **Group ROE of 16.6%**
- **A Final Dividend of 1.92 US cents per share and a Special Dividend of 1.64 US cents per share are proposed**

Our 2014 Performance in greater details

- **4Q 2014 Group PATMI of US\$12.4 million achieved culminated in FY2014 PATMI of US\$48.8 million (vs US\$20.6 million previously)**
- **In presenting the Y-o-Y performance for FY2014, following key points must be highlighted**
 - FY2013 included 1H 2013 operating losses of divested Cocoa Ingredients business. With the divestment completed in June 2013, results no longer include Cocoa Ingredients' results
 - For our Branded Consumer business, weakness in regional currencies (especially the Indonesian Rupiah) with foreign exchange translation into the Group's US\$ reporting currency contributing to the lower revenue and PATMI by 0.9% and 15.2% respectively Y-o-Y - in constant currency terms, revenue growth of 10.7% and PATMI of 0.6%
 - ✓ In FY2014, the Indonesian Rupiah weakened Y-o-Y against the US\$ by average of 15%
 - 4Q and FY2013 results included foreign exchange gains of US\$3.2 million and US\$4.4 million, arising mainly from US\$ receivables in one of our Indonesia subsidiaries. FY2014, a foreign exchange loss of US\$1.3 million was recognised, mainly arising from the closing out of US Dollar-denominated commitments

Drivers of Performance

2014 Revenue of US\$504.0 million and EBITDA of US\$80.9 million

Strong Own Brands Performance

Sales US\$318.8 million

(▲ 13.2% in constant currency)

- Vibrant consumption in our markets, strong regional economies, rising incomes and fast growing middle income class
- Growth achieved across our major categories, despite increased competition in our key markets
- Continued success of our brand building initiatives, our significant investment in innovation and shelf space dominance
 - In 2014, a total of 22 new products launched

Gross Profit Margin achieved

31.9% (vs 32.0%)

- Reflects success of our timely measures (including selective price adjustments, product rightsizing and initiatives to improve efficiency in the supply chain) to mitigate higher costs

Summary of 4Q 2014 and FY2014 Results

(In US\$ Million)	4Q 2014	4Q 2013	Y-o-Y change	Local Currency Performance (Y-o-Y change)	FY2014	FY2013	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	131.2	130.4	▲ 0.6%	▲ 5.0%	504.0	508.8	▼ 0.9%	▲ 10.7%
Indonesia	95.8	92.6	▲ 3.5%	▲ 8.3%	365.3	369.8	▼ 1.2%	▲ 13.4%
Regional Market	35.4	37.8	▼ 6.3%	▼ 3.2%	138.7	139.0	▼ 0.2%	▲ 3.6%
Gross Profit (GP)	42.0	41.3	▲ 1.6%	▲ 6.2%	160.8	162.8	▼ 1.3%	▲ 11.0%
GP Margin	32.0%	31.7%	▲ 0.3% pt	▲ 0.3% pt	31.9%	32.0%	▼ 0.1% pt	▼ 0.1% pt
EBITDA	21.2	23.8	▼ 10.7%	▼ 5.9%	80.9	91.7	▼ 11.8%	▲ 2.8%
EBITDA Margin	16.2%	18.2%	▼ 2.0% pt	▼ 1.9% pt	16.0%	18.0%	▼ 2.0% pt	▼ 1.3% pt
PATMI	12.7	15.7	▼ 18.7%	▼ 14.0%	50.3	59.3	▼ 15.2%	▲ 0.6%
ROE (%)					17.1%	19.2% *	▼ 2.1% pt	

Note: Figure above excludes Divested Business/Exceptional Items

* Relates to FY2013 audited figures

- Own Brands sales growth (4Q 2014 ▲ 11.1% and FY2014 ▲ 13.2% in constant currency terms) reflect continued success of our brand building initiatives and the breadth and depth of our routes-to-market
- Lower sales in regional markets reflects our strategic initiatives to discontinue some less profitable Agency Brands
 - Excluding the discontinued Agency Brands and in constant currency terms, regional markets' underlying revenue growth was 15.1% for 4Q 2014 and 17.0% for FY2014
- Profit performance achieved despite higher cost inflation, weakness in regional currencies and full absorption of HQ expenses (previously allocated between our two businesses)

- **With robust consumption especially in Indonesia and the Philippines, we expect the growth momentum in local currency terms to continue for our business**
- **To sustain profitable growth over the longer term, we will continue to strengthen our business through:**
 - Aligning our organisation and our growth plans
 - Growing our key brands in our markets and further broadening our routes-to-market
 - Further investing to build capacity and capabilities, increasing our productivity, and improve our efficiency in our manufacturing and distribution infrastructure
- **To add further value over the longer term to our quality earnings, we will continue to explore opportunities to enter new markets and to extend to new categories**

Appendices

Group Financial Highlights

(Including Divested Cocoa Ingredients Division)

Group Financial Highlights - At a glance

(In US\$ Million)	4Q 2014	4Q 2013	Y-o-Y Change	Local Currency Performance (Y-o-Y change)	FY2014	FY2013	Y-o-Y Change	Local Currency Performance (Y-o-Y change)
Revenue	131.2	130.4	▲ 0.6%	▲ 5.0%	504.0	508.8	▼ 0.9%	▲ 10.7%
- Indonesia	95.8	92.6	▲ 3.5%	▲ 8.3%	365.3	369.8	▼ 1.2%	▲ 13.4%
- Regional Market	35.4	37.8	▼ 6.3%	▼ 3.2%	138.7	139.0	▼ 0.2%	▲ 3.6%
EBITDA	21.2	23.8	▼ 10.7%	▼ 5.9%	80.9	91.7	▼ 11.8%	▲ 2.8%
PATMI	12.7	15.7	▼ 18.7%	▼ 14.0%	50.3	59.3	▼ 15.2%	▲ 0.6%
<u>Divested Cocoa Ingredients</u>								
Exceptional Items	(0.4) *	0.2	NM	NM	(1.5) *	(38.8)	(96.1%)	(96.1%)
Group PATMI	12.3	15.9	(22.3%)	(17.6%)	48.8	20.6	136.9%	182.6%

* For 4Q and FY2014, these related to costs incurred pertaining to the dispute with Barry Callebaut

Branded Consumer - Financial Highlights

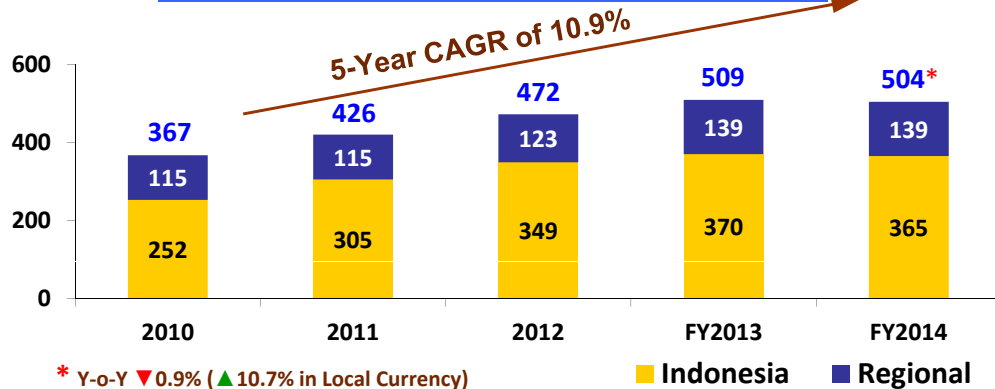
(in US\$ Million)	4Q 2014	4Q 2013	Y-o-Y change	FY2014	FY2013	Y-o-Y change
Sales	131.2	130.4	0.6%	504.0	508.8	(0.9%)
EBITDA	21.2	23.8	(10.7%)	80.9	91.7	(11.8%)
PATMI	12.7	15.7	(18.7%)	50.3	59.3	(15.2%)
EPS (US cents)	2.08	2.56	(18.7%)	8.23	9.71	(15.2%)
ROE (%)				17.1%	19.2%*	(2.1% pt)

Note: Figure above excludes Divested Business/Exceptional Items

* Relates to FY2013 audited figures

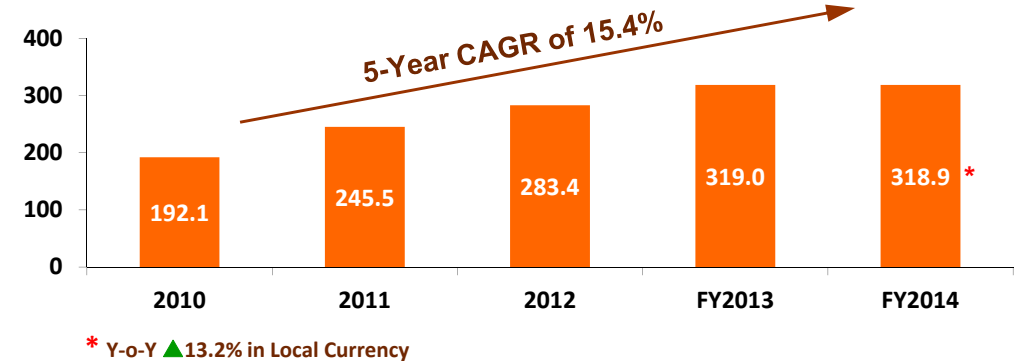
Branded Consumer - Financial Highlights (cont'd)

Branded Consumer Revenue (In US\$ Million)



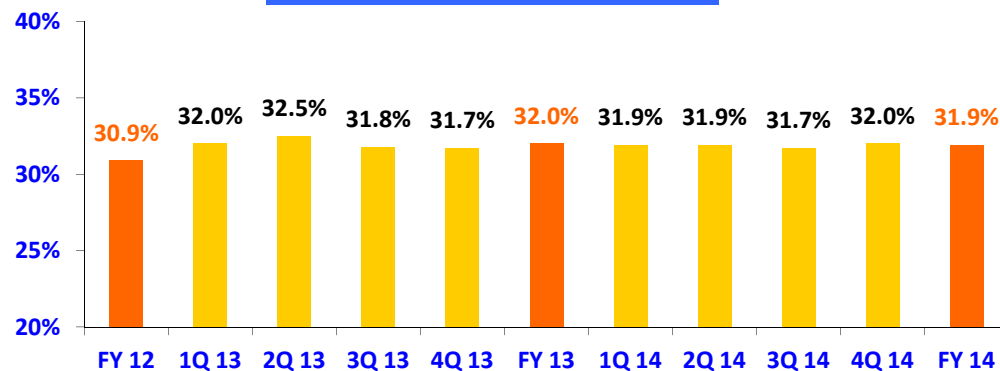
- Strong position in Indonesia complemented by a growing regional footprint

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



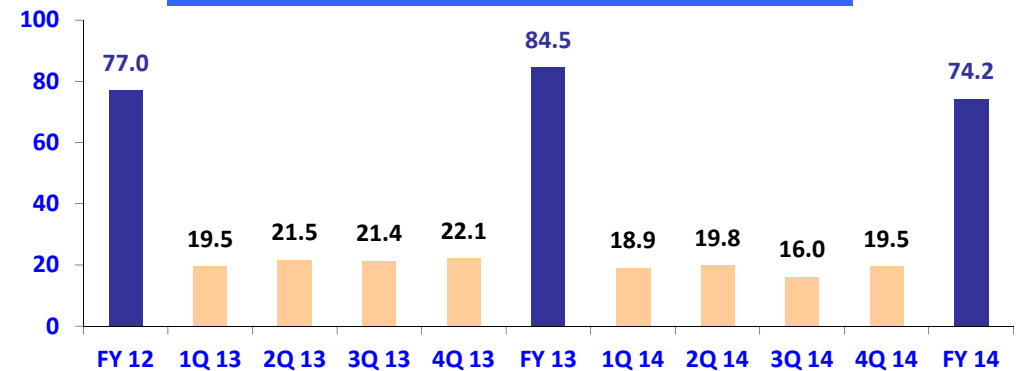
- Strong growth driven by our market-leading brands in fast growing categories; our strong innovation culture and efficient routes-to-market

Gross Profit Margin Trends



- Despite higher cost inflation, 4Q & FY2014 margin achieved reflected the benefit of the recent pricing adjustments and ongoing disciplined cost reduction initiatives

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
- FY2014 performance reflected weakness in regional currencies, higher cost inflation and full absorption of HQ expenses

Update on Cocoa Ingredients Divestment

- **As previously announced, divestment completed on 30 June 2013**
 - Estimated Net Proceeds is US\$164.5 million received and Net Estimated Gain is US\$63.5 million
 - 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
- **As announced on 21 October 2013, there is a Dispute**
 - BC initially sought a closing price reduction of US\$98.3 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, BC filed a defense and counterclaim in which they added two new claims amounting to US\$4.7 million, bringing the total amount claimed to US\$103 million. The total claims are being challenged by Petra Foods**
- **Shareholders will be kept updated and further announcements will be made in due course**

Notification of Tax Claims

- Pursuant to the SPA on 30 June 2013, the Company and Barry Callebaut (“BC”) entered into a Tax Deed of Covenant (“Tax Deed”)
- Under the Tax Deed, BC is required to notify the Company of any claim for taxations which would give rise to a liability after completion of the sale of the Cocoa Ingredients business to BC
- BC notified the Company of 3 tax claims totaling Brazilian Real 34.5 million (equivalent to US\$12.8 million) made by the Brazilian Tax Authorities against Delfi Cacau Brazil Ltda, which BC purchased as part of the sale of the Cocoa Ingredients business (please refer to Para 1(a)(i) Note 4 (Page 6) of SGX Announcement)
- While reserving its rights in relation to the notifications, the Company has requested BC to defend these claims. There are grounds to resist these claims and, therefore, no provision has been made

Balance Sheet & Cash Flow Analysis

Balance Sheet Analysis (Figures are at period end)

(In US\$ Million)	31 Dec 2014	31 Dec 2013	Comments
Cash and Cash Equivalents	172.0	196.7	■ Includes net proceeds from divestment of Cocoa Ingredients and after payment of total dividends of US\$38.4 million.
Trade Receivables	82.1	76.7	
Inventories	72.7	65.5	■ To support expanded capacity and reflects higher raw material prices.
Other Assets	24.5	37.6	
Fixed Assets, Intangible Assets & Investments	119.2	89.4	■ Received US\$19.9 million loan from a divested Brazilian subsidiary.
Total Assets	470.5	465.9	
Trade Payables	31.9	42.2	■ Capital expenditure of US\$40.2 million to further build capacity and capabilities.
Other Liabilities	67.3	93.9	
Total Borrowings	74.0	39.4	■ Repaid US\$20.1 million due to a divested Malaysian subsidiary.
Working Capital Facilities/Trade Finance	33.2	26.5	
Term Loan	32.6	11.5	■ Extend tenure of borrowings to match asset requirement.
Lease Liabilities	8.2	1.4	
Total Equity	297.3	290.4	
Key Ratios			
<u>Group</u>			
Current Ratio	2.32	2.31	
<u>Branded Consumer Division</u>			
Inventory Days	74	67	■ Reflected higher value of finished goods and raw materials carried to meet demand.
Receivables Days	57	51	
Payable Days	39	40	
Return on Equity	17.1%	19.2%	

Cash Flow Applications

(In US\$ Million)	31 Dec 2014
EBITDA	80.9
<u>Less:</u> Changes in Operating Cash Flow	
Increase in Working Capital	(34.5)
Tax Expense paid	(24.2)
Interest Expense paid	(3.1)
Operating Cash Flow	19.1
Investing Activities	
Capex, Patents & Trademarks, Net of Proceeds *	(29.0)
Divestment Expense	(1.5)
Interest Income received	1.6
Free Cash Flow	(9.8)
Financing Activities	
Proceeds of Term Loans (Net of Repayment)	19.6
Proceeds from Working Capital Financing	3.8
Dividend paid	(38.4)
Net Cash Movement	(24.8)

* The amount excludes additions of property, plant and equipment of US\$11.2 million that were financed by finance leases.

Thank You
