

**PETRA FOODS**  
LIMITED  
(Registration no. 198403096C)

***First Quarter 2010  
Financial Results***  
***(unaudited)***

***13 May 2010***



# Important note on forward-looking statements

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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 rate 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.

## Scope of Briefing

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- Executive Summary
- Strong 1Q 2010 Revenue Growth
- Significant Growth in Margins/Profitability
- Continued Improvement in Cash Flow/Liquidity
- Outlook for 2010
- Appendices
  - Petra's Investment Highlights
  - Financial Highlights
  - Branded Consumer Division
  - Cocoa Ingredients Division

## ■ Key events in 1Q 2010

### ➤ Cocoa Ingredients Europe

- ✓ Acquired remaining 32% stake in January 2010 for €9.4 million
- ✓ With Europe now fully integrated into our Global Platform, an EBITDA/mt of US\$156/mt (▲46% YoY) was generated for the Cocoa Ingredients Division
- ✓ Since commissioning of our Hamburg plant last year, quality accreditations secured from 8 customers and over 60 new customers have been secured

### ➤ Branded Consumer

- ✓ Implemented a price increase in January 2010

## ■ 1Q 2010 Financial Highlights - A strong start to FY 2010 with both divisions performing strongly

- EBITDA            US\$23.1 million    ▲71%
- Net Profit        US\$8.3 million     ▲92%

## ■ Positive full year 2010 outlook based on strong momentum

## Strong 1Q 2010 Revenue Growth

- **Revenue Growth** - ▲20% YoY to US\$339m with continued success in growing our markets and customer base
  - Achieved both higher sales volume and unit pricing for both our businesses
  
- **Cocoa Ingredients Division** - Sales ▲16% to US\$251m
  - Volume growth of 17% YoY - Strong demand from our global customers
  
- **Branded Consumer Division** - Sales ▲37% to US\$87.2m (In local currency: ▲18%)
  - Strong sales growth driven by our aggressive marketing initiatives
  - The strong regional currencies is also making positive impact on our margins

# Significant Growth in Margins/Profitability

- **Group - 1<sup>st</sup> Quarter Net Profit growth ▲92% to US\$8.3 million**
  - Strong margin trend generated 1Q EBITDA growth ▲71.1% for the Group
  
- **Cocoa Ingredients Division - EBITDA ▲108% to US\$11.1 million**
  - Significantly higher global EBITDA yield of US\$156/MT, ▲46% YoY
    - ✓ Asia & Latin America units generated EBITDA yield above the US\$200/MT level
    - ✓ European operations now generating positive EBITDA yield
  
- **Branded Consumer - EBITDA ▲47% to US\$11.9 million**
  - Higher 1Q 2010 margin achieved vs 1Q 2009, despite increased revenue contribution from 3<sup>rd</sup> Party Brands and higher raw material cost
  - Gross profit margin improved ▲1.7% points YoY primarily driven by January 2010 price increase implemented for Own Brands

# Continued improvement in Cash Flow/Liquidity

- **Generated Free Cash Flow of US\$8 million**
  - Strong operating Cash Flow generated and lower capital expenditure incurred
  - In line with our target
  
- **Group raised US\$20 million of additional credit facilities bringing financing headroom to US\$181 million**
  - Ample headroom to deal with contingencies and further strengthened ability to ride through a sharp spike in bean prices
  - Maintained adjusted net debt/equity at 0.6x level
  
- **Debt repayment of only US\$26 million in 2010**
  - Covered by strong operating cash flow

## ■ **Positive Outlook for 2010**

- **Strong momentum in 2010 with both volume growth and margin expansion expected to continue across all our business units**
  - ✓ Our aggressive marketing, promotion and channel development initiatives, together with the stronger global economy will drive strong demand for our products from our Cocoa Ingredients and Branded Consumer customers
  
- **We expect the Group to deliver strong FY 2010 earnings growth**



Thank You

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# Appendices

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# Petra's Investment Highlights

## Quality Earnings

### Branded Consumer

- Dominant market share and strong brand equity
- Extensive distribution network
- Well positioned to capture regional chocolate consumption growth

### Cocoa Ingredients

- Strong earnings fundamentals driven by:
  - (a) Well established customer base
  - (b) Compelling outsourcing trend
  - (c) Scalability of growth model

## Business Model that Mitigates Risk

- Product customization and partnerships with customers build barriers to entry
- The key for Cocoa Ingredients division is to focus on Value Add and build partnerships with its customers
- Strict adherence to risk management practices mitigates exposure to cocoa bean price fluctuations

## Strong Management Team

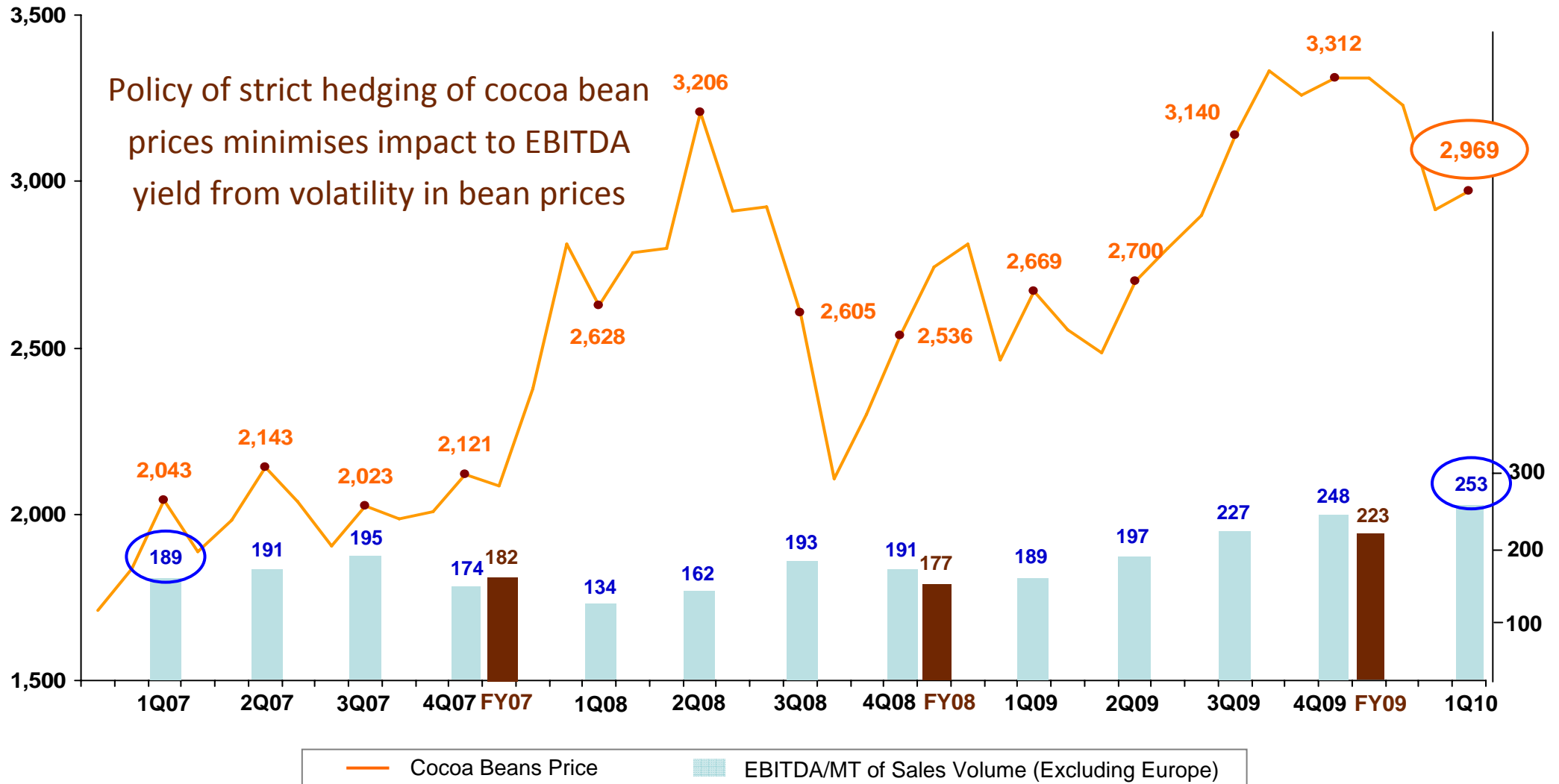
- Diverse team with international F&B and MNC experience
- Proven track record in executing growth strategy

A business model with two quality earnings streams

# Strict Hedging minimises impact to EBITDA yield

(US\$/Metric Tonne)

(US\$/Metric Tonne)



# Financial Highlights

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# Balance Sheet & Cash Flow Analysis

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## Balance Sheet & Cash Flow Analysis

- **Total assets ▲ US\$43 million comprised mainly:**
  - US\$46 million increase in inventories due to higher volume of cocoa inventories and sharply higher bean prices
  - Receivables reduced by US\$5 million
  - Capital expenditure of US\$3 million of which US\$1.5 million was for Europe
  
- **Mainly funded by:**
  - 1Q 2010 EBITDA generation of US\$23 million
  - Bank borrowings and trade finance of US\$50 million
  
- **Funding of inventories/receivables for enlarged Group led to:**
  - Increase in net debt/equity ratio from 2.02x to 2.35x
  - More significantly, adjusted<sup>1</sup> net debt/equity ratio decreased from 0.70x to 0.62x

<sup>1</sup> Exclude trade finance and MTN for financing of cocoa beans

## Balance Sheet Analysis (Figures are at period end)

(US\$ Million)	31 Mar 10	31 Dec 09	Highlights
Cash and Cash Equivalents	18.2	18.3	
Trade Receivables	128.7	134.0	
Inventories	401.0	354.8	<ul style="list-style-type: none"> <li>Higher cocoa inventories affected by surge in bean prices and timing of contracted sales.</li> </ul>
Other Assets	70.6	59.9	
Fixed Assets, Intangible Assets & Investments	285.7	294.5	<ul style="list-style-type: none"> <li>Decrease due to translational impact of Euro assets.</li> </ul>
<b>Total Assets</b>	<b>904.2</b>	<b>861.5</b>	<ul style="list-style-type: none"> <li>Increase in line with enlarged Group business.</li> </ul>
Trade Payables	111.9	115.0	
Other Liabilities	69.1	64.1	
<b>Total Borrowings</b>	<b>512.8</b>	<b>462.3</b>	
Working Capital Facilities	312.9	251.8	<ul style="list-style-type: none"> <li>Increase in Trade Finance to fund higher inventories.</li> </ul>
Medium Term Note (MTN)	83.6	83.6	
Term Loan	116.3	126.9	
<b>Total Equity</b>	<b>210.4</b>	<b>220.1</b>	
<b>Key Ratios</b>			
Net Debt / Equity	2.35 x	2.02 x	<ul style="list-style-type: none"> <li>Increase in trade finance for higher inventories.</li> </ul>
Adjusted Net Debt/Equity (excl Trade Finance & MTN)	0.62 x	0.70 x	
Current Ratio	1.26	1.19	
Inventory Days	116	95	<ul style="list-style-type: none"> <li>Higher cocoa inventories and effect of higher bean prices.</li> </ul>
Receivable Days	35	33	<ul style="list-style-type: none"> <li>New 3<sup>rd</sup> Party Agencies; trading term for Europe's cocoa business.</li> </ul>
Payable Days	34	28	<ul style="list-style-type: none"> <li>In line with higher inventories days.</li> </ul>

Strong financial position with adequate credit headroom



# Cash Flow Applications

(US\$ Million)	1Q 2010
<b>EBITDA</b>	<b>23.1</b>
<b>Less: Changes in Operating Cash Flow</b>	
Working Capital - Net of Trade Finance/Working Capital	11.0
Tax Expense paid	(4.2)
Interest Expense	(5.9)
<b>Operating Cash Flow</b>	<b>24.0</b>
<b>Less: Investing activities</b>	
Acquisition of Minority Interest	(13.2)
Capital Expenditure - Net of Disposal	(2.8)
<b>Free Cash Flow</b>	<b>8.0</b>
<b>Financing activities</b>	
Borrowings - Net of Repayment	(8.1)
<b>Increase in Cash</b>	<b>(0.1)</b>

## Footnote

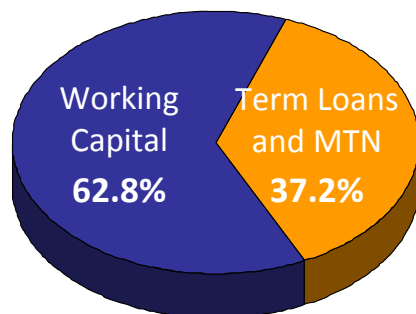
Borrowings at 31 Mar 2010	512.8
Total Credit Facilities (committed)	693.9
Headroom	181.1
Utilization	73.9%

NB: In addition, we have untapped MTN umbrella facilities of US\$133 million.

**Adequate headroom and liquidity**

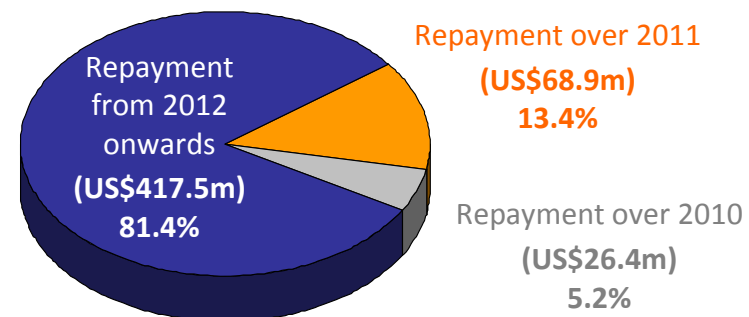
# Profile of Group Loan Portfolio

## Breakdown of Debt Facilities



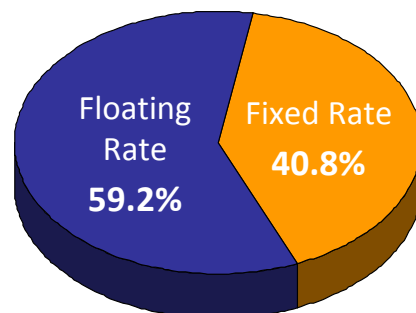
- The working capital facilities are revolving credit facilities to finance highly liquid assets (cocoa bean inventory)
- Furthermore, the beans inventory are for committed sales contracts to credit worthy counterparties

## Loan Repayment Schedule



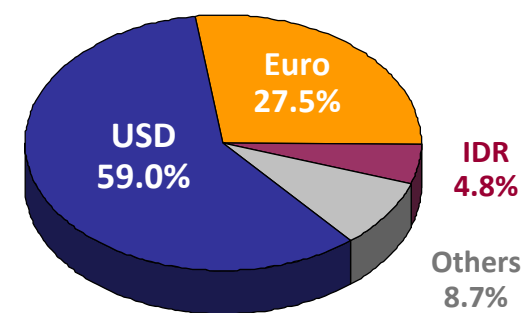
- For 2010 portion, this can be funded through our strong internal cash flow
- Repayment schedules are back ended and evenly spread

## Floating & Fixed Rate Components of Loan



- Effective interest rate for Group - < 5.0% pa
- Lock-in fixed interest rate when window of opportunity arises

## Breakdown of Loans in Respective Currencies



- The currency profile of the Group's debt matches the revenue profile
- The objective of this financing strategy is to mitigate foreign currency debt exposure risk

# Group 1<sup>st</sup> Qtr Financial Highlights - At a glance

In US\$ Million	1Q 2010	1Q 2009	Change (%)	
Sales	338.7	281.4	↑ 20.4%	
Branded Consumer	87.2	63.6		37.1%
Cocoa Ingredients	251.5	217.8		15.5%
EBITDA	23.1	13.5	↑ 71.1%	
Branded Consumer	11.9	8.1		46.7%
Cocoa Ingredients	11.1	5.3		108.3%
Finance Cost	(5.8)	(4.2)	↑ 37.4%	
Profit Before Tax	10.6	4.4	↑ 137.8%	
Profit After Tax & MI	8.3	4.3	↑ 92.0%	
Capex	2.9	12.2	(75.8%)	

Figures may not add due to rounding.

# Group 1st Qtr Financial Highlights (cont'd)

	1Q 2010	1Q 2009	Change (%)
<b>EPS</b>	1.56 US cents	0.81 US cents	92.0%
	As at 31 Mar 2010	FY 2009 Audited Figures	
Net Debt/Equity	2.35 x	2.02 x	
Adjusted Net Debt/Equity (excluding Trade Finance and MTN)	0.62 x	0.70 x	

# Branded Consumer Division

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## Branded Consumer - 1Q 2010 Results

(in US\$ Million)	1Q 2010	1Q 2009	YoY change
Revenue	87.2	63.6	+ 37.1%
- Indonesia	60.8	43.3	+ 40.3%
- Regional Market	26.4	20.3	+ 30.3%
Gross Profit Margin	30.2%	28.5%	+ 1.7% pt
EBITDA	11.9	8.1	+ 46.7%

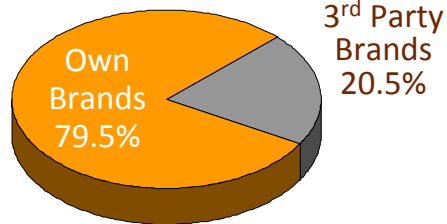
### Key Comments

- Revenue growth driven by growth in Own Brands and 3<sup>rd</sup> Party Brands
- Gross Profit Margin higher by 1.7% point - Driven by price increase implemented in January 2010 and higher volume for our key Own Brands

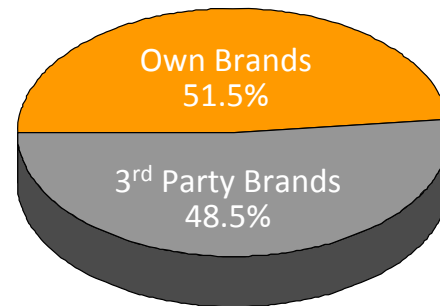
# Branded Consumer - Financial Highlights

## Own Brands vs 3<sup>rd</sup> Party Brands

**FY 2004**



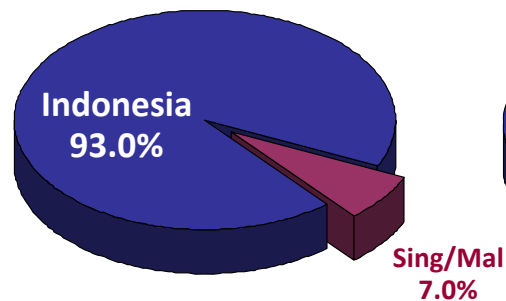
**1Q 2010**



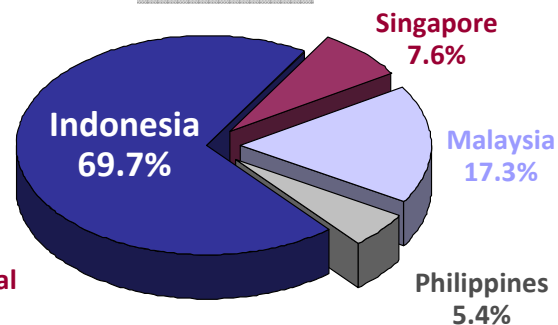
- In addition to driving strong Own Brands sales, we have built a successful 3<sup>rd</sup> Party Brands distribution business
  - Increasing overall returns for the business
  - Increasing our scale and selling power with the Modern Trade

## Geographic Revenue Breakdown

**FY 2004**

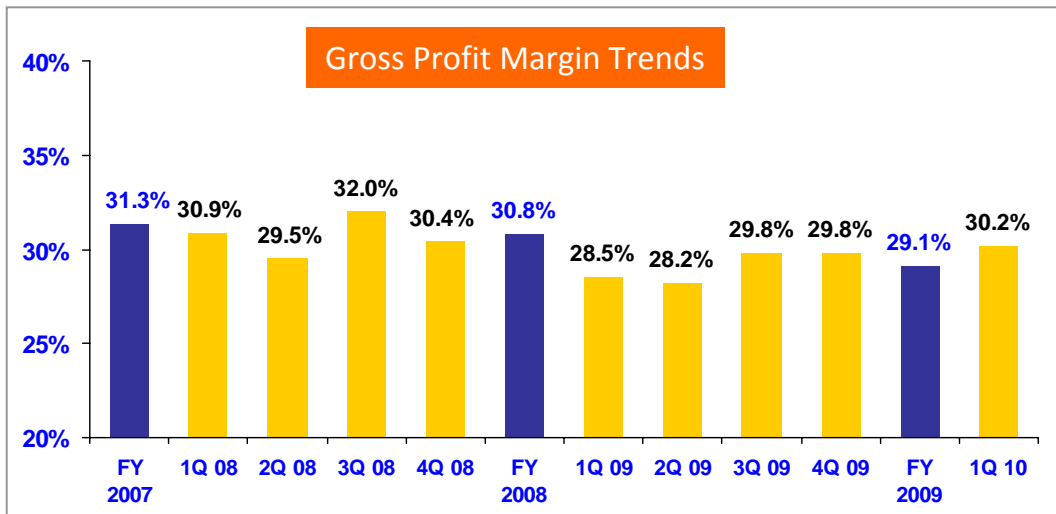


**1Q 2010**

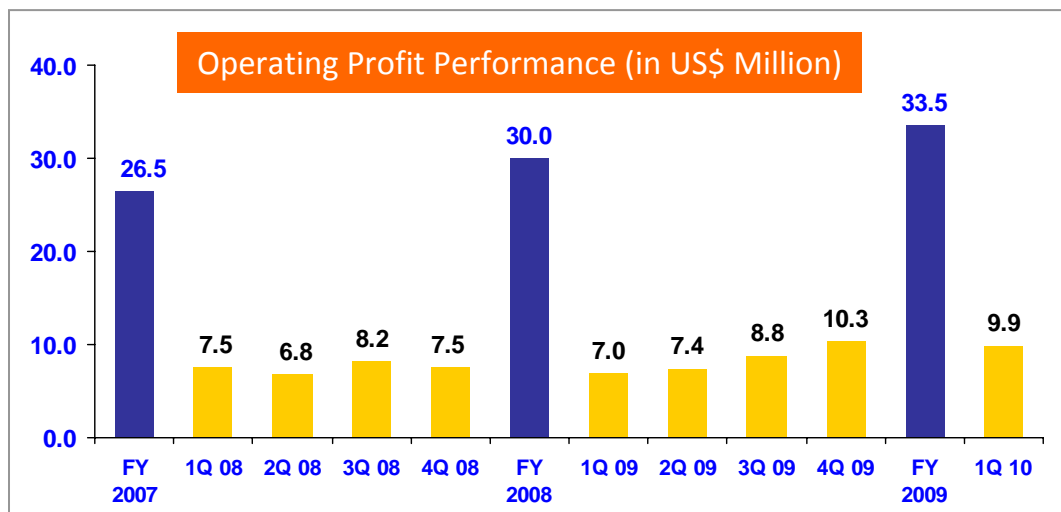


- Successfully developed the regional business complementing strong growth in Indonesia

# Branded Consumer - Financial Highlights



- Despite increased 3<sup>rd</sup> Party Brands revenue contribution, the higher gross profit margin in 1Q 2010 (both Y-o-Y and Q-on-Q) was driven by the strong performance of our Own Brands



- For 1Q 2010, higher operating profit generated YoY driven by the higher revenue and the higher margins achieved



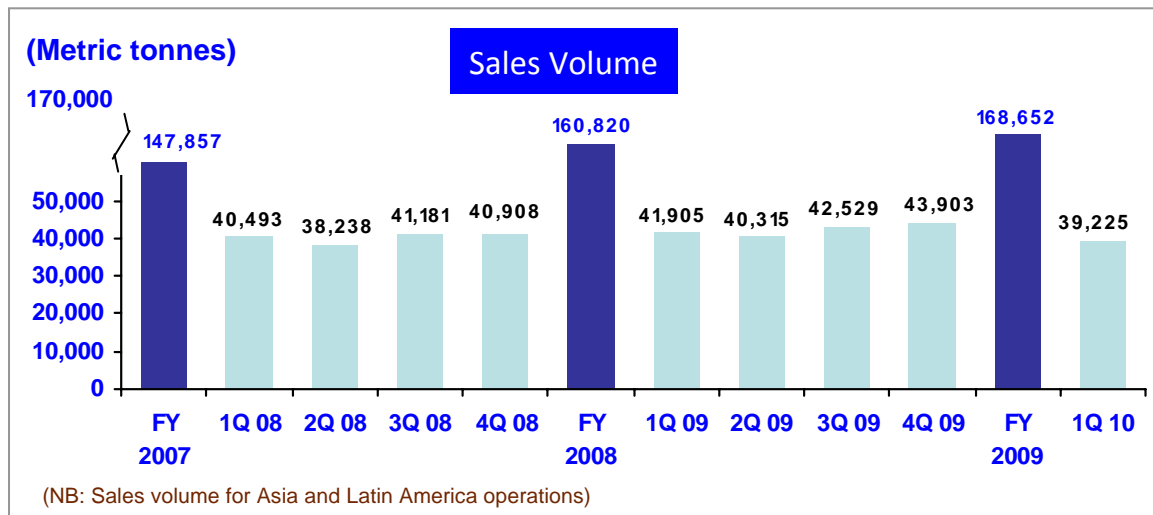
# Cocoa Ingredients Division

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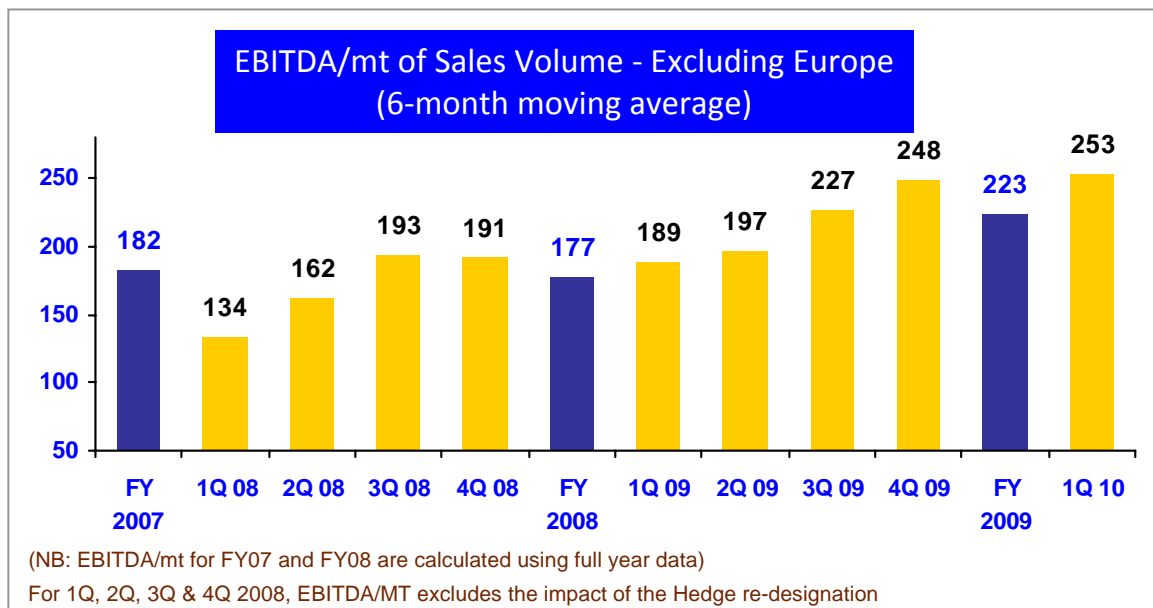
# Cocoa Ingredients - 1Q 2010 Financial Results

(in US\$ Million)	1Q 2010		1Q 2009		YoY Change	
	Division	Asia & LA	Division	Asia & LA	Division	Asia & LA
Revenue	251.5	153.1	217.8	144.0	+ 15.5%	+ 6.3%
EBITDA	11.1	10.0	5.3	7.7	+ 108.3%	+ 28.9%
EBITDA/MT (6-month moving average) in US\$	156	253	107	189	+ 45.8%	+ 33.9%
Sales Volume (MT)	61,941	39,225	52,770	41,905	+ 17.4%	- 6.4%

# Cocoa Ingredients (excluding Europe) - Financial Highlights



- Strong demand from global customers
- For Asia & Latin America, 1Q 2010 sales volume was lower by 6.4% YoY owing to lower shipment of generic grade products



- The higher 1Q 2010 EBITDA yield achieved reflected higher product pricing for our customised cocoa ingredients and delivery of higher proportion of customised cocoa ingredients