

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

***First Quarter 2012  
Financial Results***  
*(unaudited)*

***10 May 2012***



# 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.

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# A Strong Start to the Year

- **Despite the challenging global macroeconomic environment, we achieved strong 1Q 2012 results - Net Profit US\$16 million (▲21% Y-o-Y) on revenue of US\$403 million**
- **Key Driver of the strong performance was our **Branded Consumer Division****
  - **A record 1Q performance achieved with previous years' growth momentum carrying through - Revenue US\$ 120 million (▲10% Y-o-Y) and EBITDA US\$18 million (▲27%)**
  - **Strong performance driven by higher Own Brands sales (▲18% Y-o-Y) and higher Gross Profit margin (▲1.4% pt to 31.7%)**
    - ✓ Higher Own Brands sales achieved on strong growth across our portfolio of core Brands and strong contributions from our successful new product launches, as part of our Brand extension strategy - In 1Q 2012, aggressive launch of 21 new products
    - ✓ In anticipation of the higher input costs in 2012, we implemented pricing adjustments for Own Brands in August 2011. Together with the discontinuation of the less profitable Agency Brands, these resulted in the higher margin achieved
- **Cocoa Ingredients - Achieved EBITDA US\$16 million (▲1% Y-o-Y) on revenue of US\$282 million**
  - **The lower Y-o-Y revenue performance of 13% reflected mainly the pass through effect of the lower bean prices and marginally lower sales volume of 68,196 mt**
  - **EBITDA yield of US\$242/mt achieved (▲3% Y-o-Y but marginally lower Q-o-Q)**

## A Strong Start to the Year (cont'd)

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- **Other key highlights of our 1Q 2012 results:**
  - (1) Group's ROE improved by 0.6% point to 21.1% - In line with our target
  - (2) Generated Free Cash Flow of US\$20 million even after US\$15 million investment in Capex
  - (3) Group's Net Debt/Equity at 31 March 2012 improved to 1.62x, compared to 1.69x at 31 December 2011

## Key Highlights of 1Q 2012 Performance

(In US\$ Million)	1Q 2012	1Q 2011	YoY change
<b>Revenue</b>	<b>403</b>	<b>433</b>	▼ 7%
<b>Cocoa Ingredients</b> Sales Volume (mt)	68,196	68,329	-
<b>Branded Consumer</b> Revenue	120	110	▲ 10 %
<b>EBITDA</b>	<b>34</b>	<b>30</b>	▲ 14%
<b>Cocoa Ingredients</b> EBITDA/mt	US\$242/mt	US\$236/mt	▲ 3%
<b>Branded Consumer</b> Gross Profit Margin	31.7%	30.3%	▲ 1.4% pt
<b>Net Profit</b>	<b>16</b>	<b>14</b>	▲ 21%
<b>ROE</b>	<b>21.1%*</b>	<b>20.5%**</b>	▲ 0.6% pt

\* Computed based on annualized 1Q 2012 figures.

\*\* Related to Full Year 2011 audited figures.

## Outlook for 2012

- **The global environment in 2012 will remain challenging with continued uncertainty over the Euro Zone debt situation, the fragile global economic environment (especially in Europe and the US), flat chocolate consumption globally and continued volatility in commodity prices**
- **Despite these uncertainties, our Branded Consumer Division's performance in 2012 is expected to strong. Essentially a continuation of 1Q 2012's growth momentum**
  - Consumption in our regional markets expected to remain vibrant supported by the strong regional economies, rising income and fast growing middle income class
  - We will continue to capitalize on the strong consumption and grow by:
    - ✓ Further extending the market reach of our products through our brand building initiatives to drive our core portfolio of brands and through new products offerings to our consumers, including extending into new product categories
    - ✓ In tandem with our Brand Development initiatives, we will also be further broadening our distribution network to continue driving the growth of our business
- **Although the Cocoa Ingredients started the year on a positive note, the industry and market is facing headwinds in the form of pricing pressure as a result of the excess supply situation. If the situation persists, the financial performance of our Cocoa Ingredients Division in 2012 is expected to be significantly lower than that achieved in 2011**

# Appendices

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# Successful Growth and Geographic Diversification of Group Revenue

Revenue  
(US\$ Million)

1,800

400

200

**US\$384 m**

Europe  
US\$56 m  
14%

The Americas  
US\$29 m  
8%

Asia  
US\$299 m  
78%

**FY 2004**

4.4 x

9.7 x

8.2 x

3.1 x

**US\$1,702 m**

Europe  
US\$542 m  
32%

The Americas  
US\$238 m  
14%

Asia  
US\$922 m  
54%

**FY 2011**

# Platform of Growth through Two Quality Earnings Streams

## Quality Earnings

### Cocoa Ingredients

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

### Branded Consumer

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

## Business Model that Mitigates Risk

- Product customization and partnerships with customers builds barriers to entry
- The key for the Cocoa Ingredients Division is to focus on adding value and building partnerships with our customers
- Strict adherence to risk management practices mitigates exposure to cocoa bean price fluctuations

## Strong Management Team

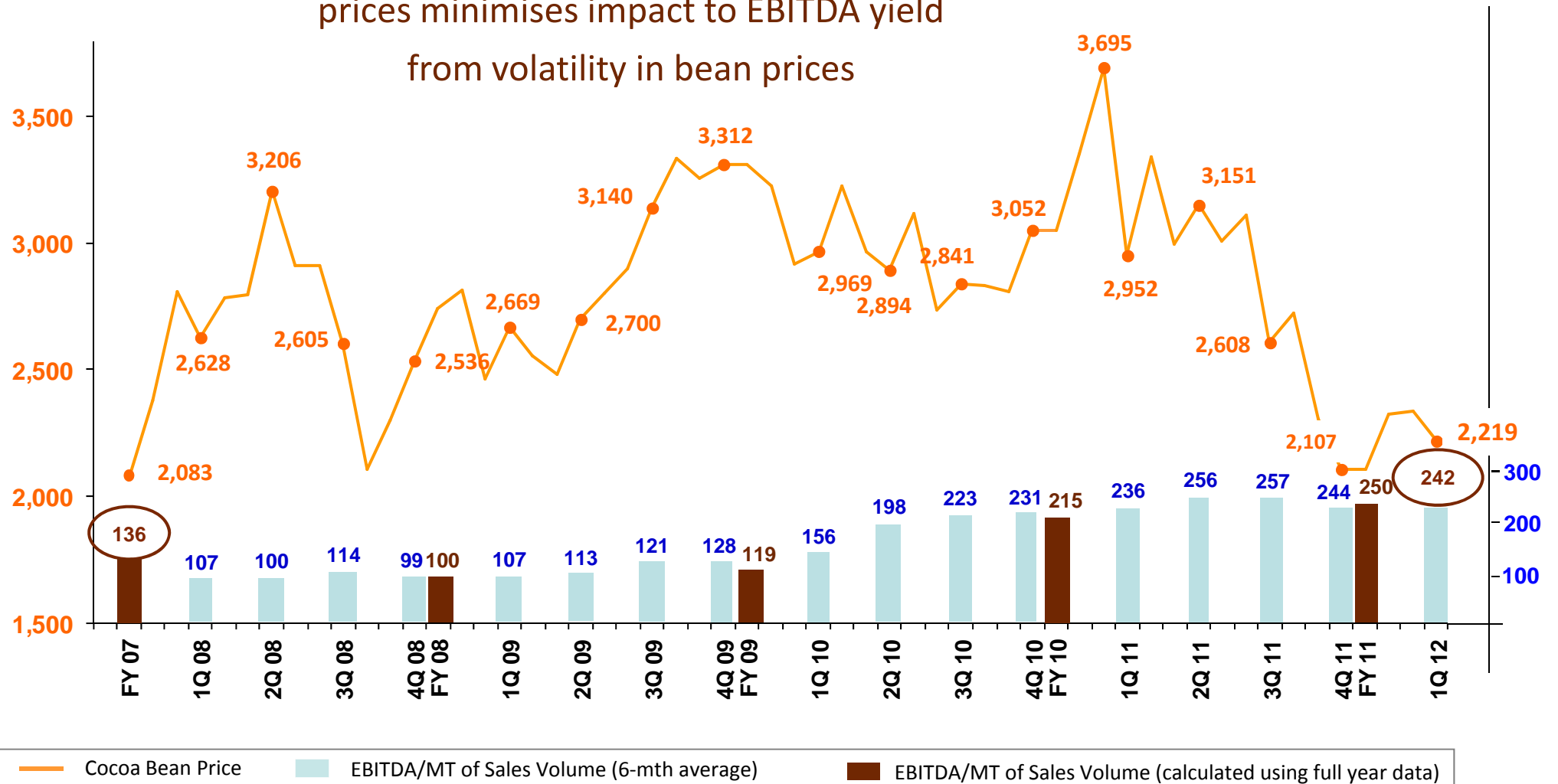
- Diverse team with international F&B and MNC experience
- Proven track record in executing growth strategy

# Strict Hedging minimizes impact to EBITDA yield

Cocoa Bean Price  
(US\$/Metric Tonne)

Policy of strict hedging of cocoa bean prices minimises impact to EBITDA yield from volatility in bean prices

EBITDA Yield  
(US\$/Metric Tonne)



# Financial Highlights

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# Balance Sheet & Cash Flow Analysis

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# Financial Strategy

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- **In light of the challenging global financial environment, the Group has taken measures (as part of its on-going programme) to manage liquidity and credit financing risks by:**
  - (1) Generating Free Cash Flow with tighter working capital management and prudent Capex investment to support growth**
  - (2) Raising Financial Headroom for growth and contingencies**
    - Raised committed facilities to > US\$1 billion with headroom of US\$537 million (51% utilization)
  - (3) Building financial flexibility and extending debt maturity profile**
    - Term Loans, MTNs and Long Term Trade Finance currently form 46% of total debt versus 42% @ end-2011

# Balance Sheet Analysis (Figures are at period end)

(US\$ Million)	31 Mar 2012	31 Dec 2011	Highlights
Cash and Cash Equivalents	41.6	19.1	
Trade Receivables	164.1	162.5	
Inventories	509.3	477.9	<ul style="list-style-type: none"> <li>Higher level of cocoa bean inventories arising from direct sourcing initiatives.</li> </ul>
Other Assets	76.2	83.0	
Fixed Assets, Intangible Assets & Investments	317.0	304.7	<ul style="list-style-type: none"> <li>Includes Capex of US\$15 million for business expansion.</li> </ul>
<b>Total Assets</b>	<b>1,108.2</b>	<b>1,047.2</b>	
Trade Payables	131.3	136.6	
Other Liabilities	89.3	92.6	
<b>Total Borrowings</b>	<b>565.1</b>	<b>521.1</b>	
Working Capital Facilities/Trade Finance	395.8	353.7	<ul style="list-style-type: none"> <li>Includes trade finance of US\$91.3m with &gt;1 year tenor.</li> </ul>
Medium Term Note (MTN)	104.4	117.3	<ul style="list-style-type: none"> <li>Issuance of MTNs and long term trade finance, term loans to extend debt maturity profile.</li> </ul>
Term Loan	64.9	50.1	
<b>Total Equity</b>	<b>322.5</b>	<b>296.9</b>	
<b>Key Ratios</b>			
Net Debt / Equity	1.62 x	1.69 x	} Strengthened financial position on strong Net Profit growth.
Adjusted Net Debt/Equity (excl Trade Finance & MTN)	0.41 x	0.48 x	
Current Ratio	1.40	1.22	
Inventory Days	133	121	<ul style="list-style-type: none"> <li>Due to sourcing activities in key origin countries to minimize supply risk and achieve cost savings and higher quality beans.</li> </ul>
Receivable Days	37	35	
Payable Days	36	32	

Strong financial position

# Cash Flow Applications

(US\$ Million)

31 Mar 2012

**EBITDA** **34.5**

**Less: Changes in Operating Cash Flow**

Working Capital - Net of Trade Finance 9.9

Tax Expense paid (3.8)

Interest Expense (6.5)

**Operating Cash Flow** **34.1**

**Less: Investing activities**

Capital Expenditure - Net of Disposals (13.8)

**Free Cash Flow** **20.3**

**Financing activities**

Proceeds from Term Loan - Net of Repayments 14.5

Repayment of MTN - Net of Proceeds (7.3)

Repayment of Working Capital Facilities (4.9)

**Net Cash Movement** **22.6**

**Footnote**

Borrowings at 31 Mar 2012

565.1

Total Credit Facilities (committed)

1,101.7

Headroom

536.6

Utilization

51.3%

} Build financial headroom and flexibility

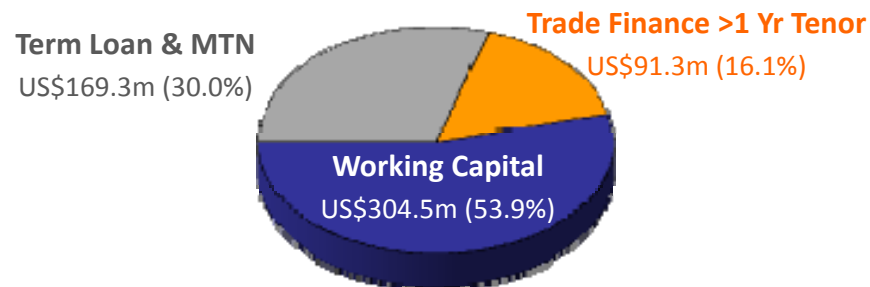
NB: In addition, we have untapped MTN umbrella facilities of US\$133 million.

**Strong operating cash flow. Ample headroom and financial flexibility**



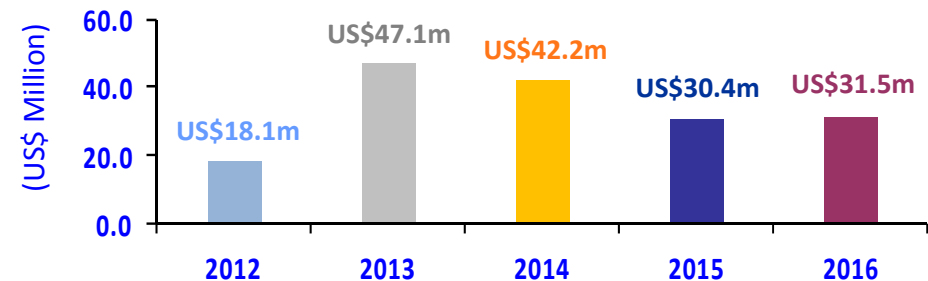
# Breakdown of Group's March 2012 Debt

## Breakdown of Debt



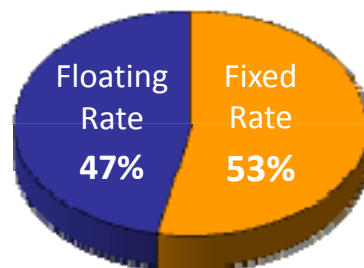
- The working capital and trade finance facilities are revolving credit facilities to finance highly liquid assets (cocoa bean inventory) for committed sales contracts

## Repayment Schedule of Term Loan & MTN



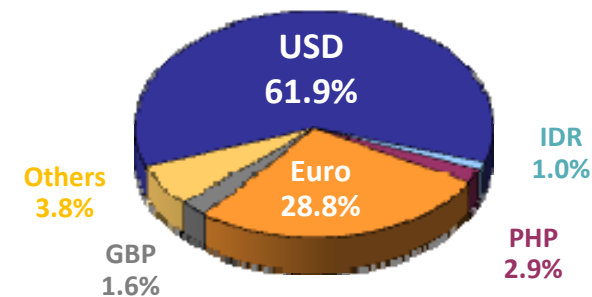
- In anticipation of debts maturing in 2012, we raised a 4-Year MTN of S\$40 million (US\$32 million) in February 2012 with maturity in 2016

## Floating & Fixed Rate Components of Loan



- Effective interest rate for 1Q 2012 < 5.0% pa
- Lock-in fixed interest rate on opportunistic basis

## 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 Financial Highlights - At a glance

In US\$ Million	1Q 2012	1Q 2011	YoY Change
Sales	402.6	433.1	(7.0%)
Cocoa Ingredients	282.2	323.2	(12.7%)
Branded Consumer	120.4	109.9	9.5%
EBITDA	34.5	30.4	13.5%
Cocoa Ingredients	16.4	16.2	1.4%
Branded Consumer	18.1	14.2	27.3%
Finance Cost	(6.5)	(6.9)	(6.0%)
Profit Before Tax	21.9	17.8	22.7%
Profit After Tax & MI	16.3	13.6	20.5%
Capex	15.2	4.1	269.7%

*Figures may not add due to rounding.*

# Group Full Year Financial Highlights (cont'd)

	1Q 2012	1Q 2011	Change (%)
<b>EPS</b>	2.67 US cents	2.22 US cents	20.5%
	As at 31 Mar 2012	31 Dec 2011 Audited Figures	
Net Debt/Equity	1.62 x	1.69 x	
Adjusted Net Debt/Equity (excluding Trade Finance and MTN)	0.41 x	0.48 x	

# Branded Consumer Division

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## Branded Consumer - Financial Highlights

(in US\$ Million)	1Q 2012	1Q 2011	YoY change
Revenue	120.4	109.9	+ 9.5%
- Indonesia	91.6	77.2	+ 18.6%
- Regional Market	28.8	32.7	(11.9%)
Gross Profit Margin	31.7%	30.3%	+ 1.4% pt
EBITDA	18.1	14.2	+ 27.3%

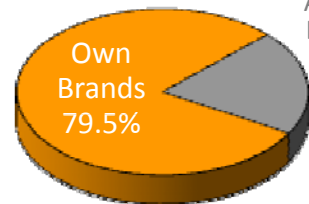
### Key Comments

- 1Q 2012's Revenue growth driven mainly by higher Own Brands sales (▲18% Y-o-Y) with growth across Premium and Value segments
- Regional markets, on a comparable basis, grew by 23% Y-o-Y
  - The lower revenue growth reported reflects the discontinuation of some less profitable Agency Brands in 2Q 2011

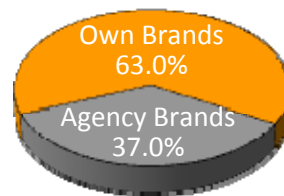
# Branded Consumer - Financial Highlights

## Revenue - Own Brands vs Agency Brands

FY 2004



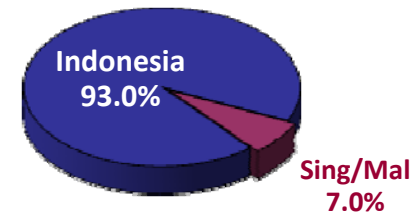
1Q 2012



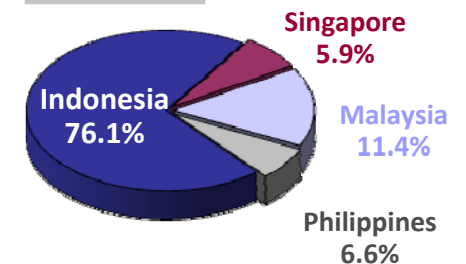
- In addition to driving strong Own Brands sales, we have built a successful Agency Brands distribution business

## Geographic Revenue Breakdown

FY 2004

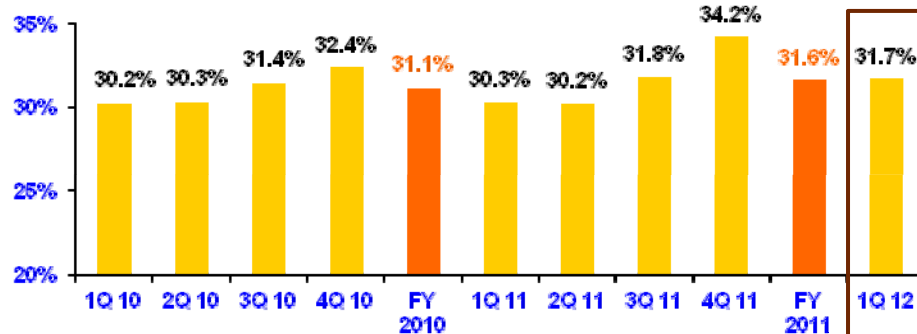


1Q 2012



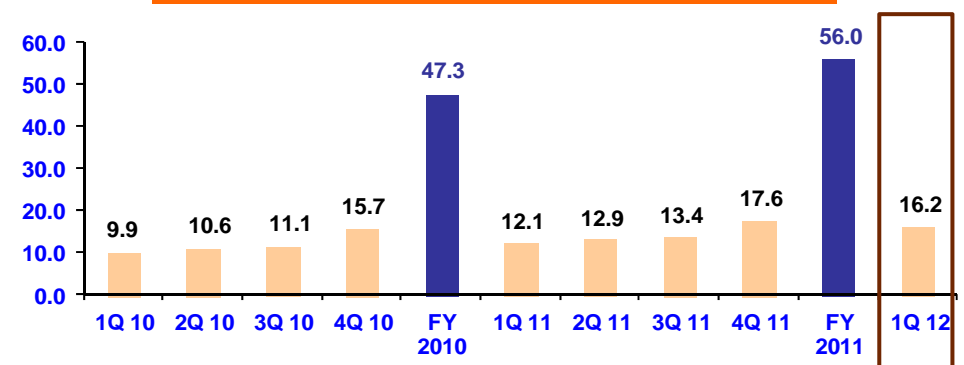
- Successfully developed the regional business complementing strong growth in Indonesia

## Gross Profit Margin Trends



- The higher 1Q 2012 margin reflected the benefits of a pricing adjustment for Own Brands in August 2011 and the discontinuation of less profitable Agency Brands

## Operating Profit Performance (in US\$ Million)



- The strong operating profit generated is driven primarily by strong performance of Own Brands

# Cocoa Ingredients Division

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# Cocoa Ingredients - Financial Highlights

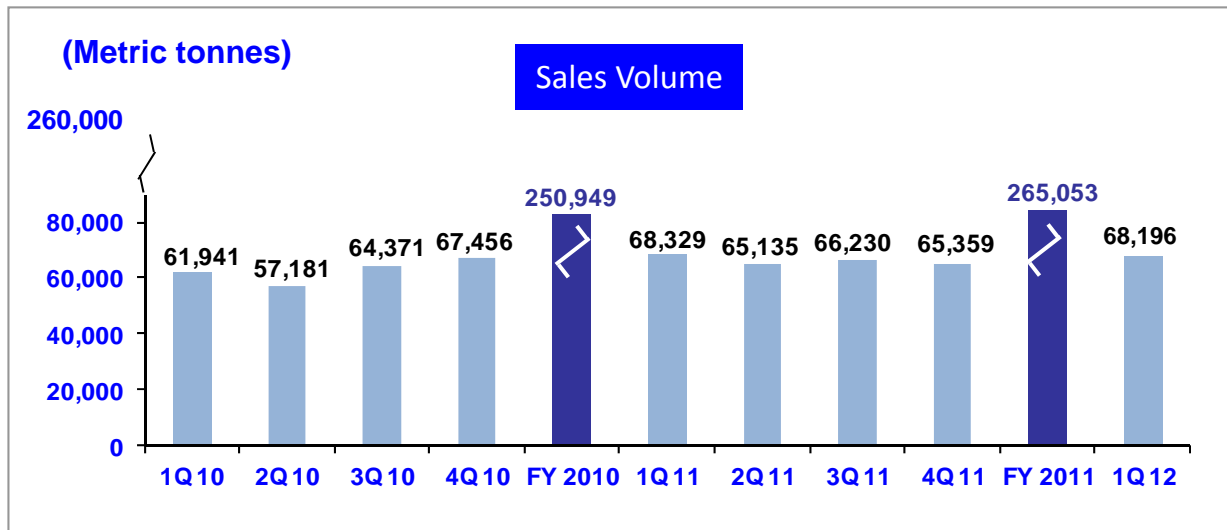
(in US\$ Million)	1Q 2012	1Q 2011	YoY Change
Revenue	282.2	323.2	(12.7%)
EBITDA	16.4	16.2	+ 1.4%
EBITDA/MT (6-month moving average) in US\$	242	236	+ 2.5%
Sales Volume (MT)	68,196	68,329	(0.2%)

## Key Comments

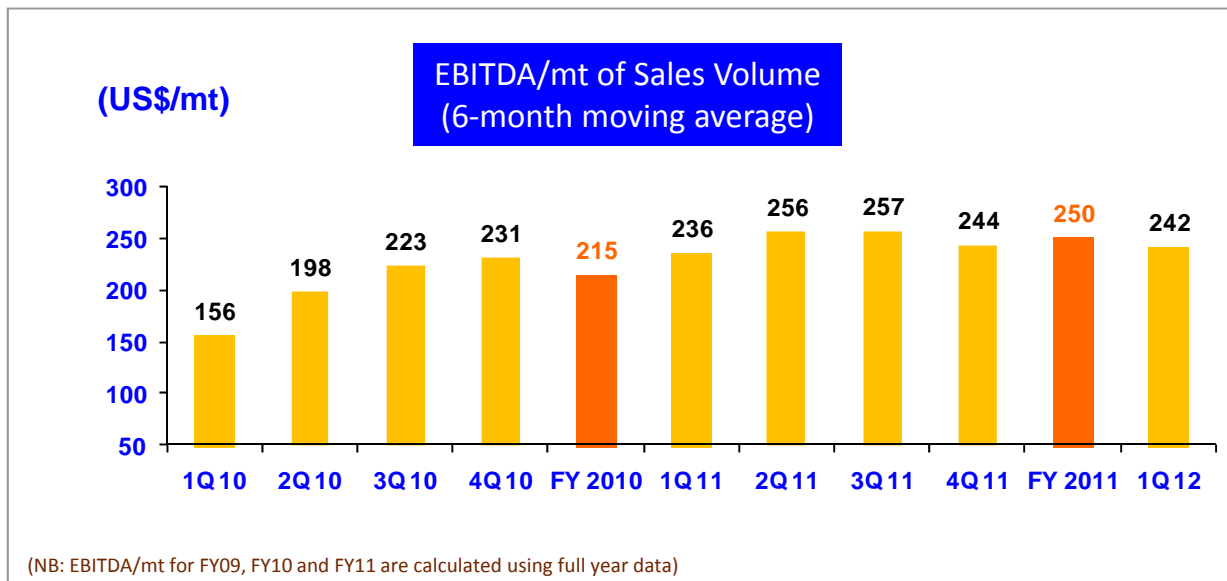
- The lower revenue in 1Q 2012 is due to the pass through effect of lower cocoa bean prices



# Cocoa Ingredients - Financial Highlights



- 1Q 2012 volume lower marginally Y-o-Y because in 1Q 2011 an exceptionally high volume of cocoa products were shipped relative to other quarters in FY2011



- The higher 1Q 2012 EBITDA yield achieved Y-o-Y reflecting strong demand for higher margined cocoa products

## Our Direct Sourcing Initiatives

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- **To further strengthen our global supply chain, we will look to further increase our direct sourcing initiatives in key origin locations including carrying inventories in the source countries**
  
- **Through our SEEDS programme, we currently have direct sourcing projects in Ivory Coast, Indonesia and Brazil; and will look to further expand coverage**
  
- **Our objectives through increased direct sourcing initiatives are:**
  - To minimize supply risk;
  - Drive cost benefits from the supply chain; and
  - Secure supply of higher quality beans

Thank You

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