

## Petra Foods posts 13.6% rise in 1H Net Profit to US\$32.2 million

- Strong double digit growth achieved by Branded Consumer Division
- Declared higher interim dividend of 2.63 Singapore cents per share which will be paid out on 3 September 2012

Financial Highlights (US\$ Million)	2Q ended 30 June			6 months ended 30 June		
	Apr-Jun 2012	Apr-Jun 2011	Change (%)	Jan-Jun 2012	Jan-Jun 2011	Change (%)
Revenue	377.9	432.3	↓12.6	780.5	865.4	↓9.8
Gross Profit	59.1	61.1	↓3.3	123.2	120.2	↑2.5
EBITDA	33.8	32.8	↑3.1	68.3	63.2	↑8.1
Profit before tax	20.5	19.3	↑6.2	42.4	37.2	↑14.1
Net profit attributable to shareholders	15.9	14.8	↑7.2	32.2	28.4	↑13.6

**SINGAPORE - 8 August 2012 - Petra Foods Limited** (“Petra Foods” or the “Group”), one of the world’s major manufacturers and suppliers of cocoa ingredients and branded consumer confectionary products, today reported a 7.2% increase in net profit attributable to shareholders to US\$15.9 million for the second quarter ended 30 June 2012 (“2Q 2012”) leading to a 1H 2012 net profit of US\$32.2 million (a 13.6% increase Y-o-Y).

Through our Twin Engines of Growth, the 1H 2012 results represent a record performance with the Branded Consumer Division delivering an exceptional performance.

Based on the weighted average number of ordinary shares in issue, earnings per share for 2Q 2012 rose to 2.60 US cents while net asset value per share as at 30 June 2012 was 52.7 US cents.

## **DIVIDEND**

The directors have declared an interim cash dividend of 2.63 Singapore cents (2.11 US cents) per share which is 17.9% higher than the 2.23 Singapore cents (1.86 US cents) paid out a year ago. This interim dividend will be paid out on 3 September 2012.

## **SEGMENTAL REVIEW**

### **Branded Consumer Division**

<b>Financial Highlights (US\$ Million)</b>	<b>2Q ended 30 June</b>			<b>6 months ended 30 June</b>		
	<b>2Q 2012</b>	<b>2Q 2011</b>	<b>% Change Y-o-Y</b>	<b>1H 2012</b>	<b>1H 2011</b>	<b>% Change Y-o-Y</b>
Indonesia	94.3	79.2	↑19.0	185.9	156.4	↑18.8
The Regional Markets	30.0	29.0	↑3.6	58.9	61.7	↓4.6
<b>Total Branded Consumer Revenue</b>	<b>124.3</b>	<b>108.2</b>	<b>↑14.9</b>	<b>244.7</b>	<b>218.2</b>	<b>↑12.2</b>
Gross Profit Margin (%)	31.9	30.2	↑1.7% pt	31.8	30.2	↑1.6% pt
<b>EBITDA</b>	<b>21.6</b>	<b>14.9</b>	<b>↑44.7</b>	<b>39.6</b>	<b>29.1</b>	<b>↑36.2</b>

The Branded Consumer Division, with a 14.9% jump in 2Q 2012 revenue to US\$124.3 million, achieved yet another record quarter culminating in a 1H 2012 revenue of US\$244.7 million. This was led by higher sales in Own Brands which grew 22.2%, boosted by vibrant consumption in its key Indonesia and Philippines markets. This can be attributed to the Division's successful brand development programmes, strong gains from the more than 40 new products launched in the last 12 months and increased market penetration of its Own Brands.

Indonesia alone contributed a 19.0% jump in Branded Consumer sales to US\$94.3 million while the Regional Markets - comprising the Philippines, Malaysia and Singapore - saw a 3.6% rise to US\$30.0 million. The seemingly muted performance of the Regional Markets segment was due to the rationalisation of its Agency Brands business in May 2011, which saw the discontinuation of some less profitable Agency Brands in Singapore and Malaysia. If

these discontinued brands are excluded from the comparison, the Regional Markets' sales growth would have been 28.1% in 2Q 2012.

In addition to higher revenue, the record performance achieved was a result of higher margin achieved. The pricing adjustments of the Own Brands and higher proportion of premium products in its sales mix, helped to improve the Division's gross profit margin which rose 1.7% percentage point year-on-year.

### Cocoa Ingredients Division

Financial Highlights (US\$ Million)	2Q ended 30 June			6 months ended 30 June		
	2Q 2012	2Q 2011	% Change Y-o-Y	1H 2012	1H 2011	% Change Y-o-Y
Revenue	253.5	324.0	↓21.8	535.8	647.2	↓17.2
EBITDA	12.3	17.9	↓31.4	28.7	34.1	↓15.9
EBITDA/mt (6 months moving average) in US\$	226	256	↓11.7	226	256	↓11.7
Sales volume (mt)	58,744	65,135	↓9.8	126,940	133,464	↓4.9

Although the Cocoa Ingredients Division started the year on a positive note, the industry and market is facing significant headwinds in the form of pricing pressure as a result of global excess capacity compared to global demand.

As a result of this, the Division achieved 2Q 2012 EBITDA of US\$12.3 million (lower Y-o-Y by 31.4%) on EBITDA yield of US\$226/mt and sales volume of 58,744 mt.

***BUSINESS PROSPECTS***

At the macro level, the environment in 2012 is wrought with challenges such as the Euro zone debt situation, as well as the fragile global economy particularly in Europe and the United States. With these challenges in play, global chocolate consumption in developed markets is expected to be weak while contrastingly, the consumption trend in developing markets such as Indonesia and the Philippines continues to be vibrant and robust - boosted by their strong economies and fast growing middle-income populations. With such strong drivers, the Group's Branded Consumer Division is expected to continue with the strong momentum of growth.

Mr John Chuang, Petra Food's Chief Executive Officer, said: "We will continue to ride on the strong consumption demand in regional markets by extending the market reach of our products and launch new products and categories. At the same time, we will expand our distribution network to power our growth in these regional markets."

"Although our Cocoa Ingredients Division achieved a good performance in the first half of the year despite strong headwinds, its financial performance in FY2012 is expected to be significantly lower than the previous year. However, we have built a robust business model with two complementary core businesses and are well-prepared to face the challenges ahead," Mr Chuang added.

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**ABOUT PETRA FOODS LIMITED**

Listed on the SGX-ST since 5 November 2004, Petra Food Limited and its subsidiaries (“the Group”) is one of the world’s major manufacturers and suppliers for premium cocoa ingredients, namely cocoa powder, cocoa butter and cocoa liquor. The Group also manufactures and/or distributes branded consumer products, primarily chocolate confectionery products, for which it is the market leader in Indonesia.

The Group has two business divisions, **Cocoa Ingredients** and **Branded Consumer**.

**Cocoa Ingredients Division**

The Group manufactures and sells cocoa ingredients, under the “Delfi” brand, to over 30 countries worldwide. Its major customers are international food and beverage companies such as Nestlé, Cadbury, the Mars Group, Arnott’s, A.B. Foods, Barry Callebaut and the Meiji Group.

**Branded Consumer Division**

The Group manufactures and/or distributes branded consumer products that are sold in over 17 countries including Indonesia, Singapore, Malaysia, Hong Kong, Australia, Thailand, the Philippines and China. Petra Foods has an established portfolio of chocolate confectionery brands which are household names in Indonesia include 10 master brands and 20 key sub brands and manufactures over 300 stock keeping units. Its flagship brands in Indonesia include “SilverQueen” and “Ceres” that were introduced in the 1950s and “Delfi” in the 1980s. In addition, the Group also distributes a well-known portfolio of 3<sup>rd</sup> Party brands in Indonesia, Singapore and Malaysia.

Headquartered in Singapore, Petra Foods has seven cocoa processing facilities (located in Indonesia, Malaysia, the Philippines, Thailand, Brazil, Mexico and Germany), one cocoa butter facility (located in France), two chocolate confectionery production facilities (located in Indonesia and the Philippines) and a total staff strength of close to 6,000.

Petra Foods was awarded the top spot in the annual Singapore Enterprise 50 Award in 2003. In addition, it was recognised as the “Best Newly Listed Singapore Company in 2004” in AsiaMoney’s Best Managed Companies Poll 2004. Petra Foods was named the “Enterprise of the Year 2004” by the 20<sup>th</sup> Singapore Business Awards on 30 March 2005 and was named one of “Singapore’s 15 Most Valuable Brands” in November 2005 by IE Singapore.

Over the years, Petra Foods has clinched awards in various categories at the annual Singapore Corporate Awards. The Group won a Silver award for its inaugural annual report in the “Best Annual Report/Newly Listed Company” category in 2006. In April 2009, it clinched a Gold award in the “Best Annual Report/ Companies with \$300 million to less than \$1 billion in market capitalisation” category. In May 2010, it bagged two Silver awards for “Best Managed Board” and “Best Investor Relations” under the “companies with \$300 million to less than \$1 billion in market capitalisation” category.

Most recently, the Group’s Chief Executive Officer, Mr John Chuang, was recognised for his leadership and management of Petra Foods. He was named “Best Chief Executive Officer at the 2011 Singapore Corporate Awards and “Businessman of the Year” at the 2012 Singapore Business Awards.

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**Issued on behalf of Petra Foods Limited by August Consulting**

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