

FOR IMMEDIATE RELEASE

## Petra Foods' Branded Consumer business achieves HY2013 net profit of US\$28.9 million

- Strong Own Brands sales and higher profit margins continued to boost the performance of the Branded Consumer Division
- The Group successfully completed the divestment of its Cocoa Ingredients business on 30 June 2013

Financial Highlights (US\$ million)	3 months ended 30 June			6 months ended 30 June		
	2Q2013	2Q2012	Change (%)	HY2013	HY2012	Change (%)
<b>BRANDED CONSUMER BUSINESS</b>						
Revenue	125.6	121.4	↑3.5	253.0	239.7	↑5.6
EBITDA	23.2	21.6	↑7.8	44.9	39.6	↑13.4
Net Profit	14.8	13.7	↑7.4	28.9	25.5	↑13.2
<b>COCOA INGREDIENTS BUSINESS</b> (successfully divested on 30 June 2013)						
Net (loss)/profit from divested Cocoa Ingredients <sup>(*)</sup>	(10.0)	2.1	NM	(39.0)	6.7	NM
Group Net Profit	4.8	15.9	↓70.1	(10.1)	32.2	NM

<sup>(\*)</sup> On 30 June 2013, Petra Foods successfully completed the divestment of its entire Cocoa Ingredients Division to Barry Callebaut. The financial results of the Cocoa Ingredients Division was consolidated as part of the Group's results in 2Q2013 and HY2013 as "discontinued operations".

**SINGAPORE - 14 August 2013** - Petra Foods Limited ("**Petra Foods**" or the "**Group**") today announced that its Branded Consumer business achieved a double digit growth of 13.2% in its half year ("**HY2013**") net profit to US\$28.9 million on revenue of US\$253.0 million. In constant exchange rate terms, the HY2013 net profit growth would have been 21.1%.

Essentially, it was another record performance reflecting the continued success of Petra Foods' brand building investment and new product launches over the past few years as well as the strength of its sales and distribution capabilities. The strong performance was achieved despite volatility in the regional currencies (especially an Indonesian Rupiah that was weaker by 6% Y-o-Y) and higher costs inflation.

Although the divestment of its Cocoa Ingredients business to Barry Callebaut AG was successfully completed on 30 June 2013, the Group is still required to consolidate the HY2013 financial results of the divested business. For HY2013, the performance of the divested Cocoa Ingredients business was impacted by the significant headwinds affecting cocoa ingredients suppliers globally.

Hence, despite the strong performance of the Branded Consumer business, after accounting for the divested Cocoa Ingredients' losses, the Group's overall performance was a net loss of US\$10.1 million in HY2013.

Based on the weighted average number of 611,157,000 ordinary shares in issue, the Group's net asset value per share as at 30 June 2013 was 49.9 US cents.

## SEGMENTAL REVIEW

### Branded Consumer Division

Financial Highlights (US\$ million)	3 months ended 30 June			6 months ended 30 June		
	2Q2013	2Q2012	Change (%)	HY2013	HY2012	Change (%)
Indonesia	91.4	91.3	▲0.1	185.6	180.8	▲2.7
Regional Markets	34.2	30.1	▲13.9	67.4	58.9	▲14.4
<b>Total Branded Consumer Revenue</b>	<b>125.6</b>	<b>121.4</b>	<b>▲3.5</b>	<b>253.0</b>	<b>239.7</b>	<b>▲5.6</b>
Gross Profit Margin (%)	32.9	30.2	▲2.7% pt	32.7	30.4	▲2.3% pt
EBITDA	23.2	21.6	▲7.8	44.9	39.6	▲13.4

With a vibrant regional consumption environment and continuing investments in brand development, an expanded distribution network, as well as 29 new product launches in the last 12 months, the Division achieved a 7.4% year-on-year ("Y-o-Y") growth in net profit to US\$14.8 million for 2Q2013, while HY2013 net profit grew 13.2% Y-o-Y to US\$28.9 million.

As a result of higher sales volume of Own Brands products, and higher proportion of premium products in its sales mix and the effective management of input costs, the Division enjoyed higher gross profit margins, which rose 2.7% points to 32.9% in 2Q2013 and 2.3% points to 32.7% in HY2013 despite the volatility in regional currencies, in particular the

weaker Indonesia Rupiah. The other contributing factor was the discontinuation of less profitable Agency Brands.

The Division's Own Brands products achieved strong double digit revenue growth in Indonesia in HY2013 in constant currency terms. This was a broad based volume growth across categories, which reflected the increased market penetration and the success of the Group's continually widening product portfolio and distribution coverage in the market.

Similarly, the Group's regional markets of the Philippines, Malaysia and Singapore, achieved impressive double digit revenue growth in HY2013 as a result of aggressive new product launches supported by higher levels of investment in brand development programmes and wider distribution coverage.

### Cocoa Ingredients Division

Financial Highlights (US\$ million)	3 months ended 30 June			6 months ended 30 June		
	2Q2013	2Q2012	Change (%)	HY2013	HY2012	Change (%)
(Loss)/Profit after tax before exceptional item	(89.4)	2.1	NM	(116.2)	6.7	NM
Exceptional item (net of tax)	79.4	-	NM	77.2	-	NM
Net (Loss)/Profit	(10.0)	2.1	NM	(39.0)	6.7	NM

With the completion of the divestment on 30<sup>th</sup> June 2013, the Group realised an exceptional gain of US\$77.2 million. However, owing to the operating loss of US\$116.2 million of the Cocoa Ingredients Division due to the significant headwinds affecting cocoa ingredients suppliers worldwide, including negative pressures such as margin compression, the divested business incurred a Net Loss of US\$39.0 million for the HY2013. In HY2013, the Division's operating losses included inventory write-off and write-downs to net realisable value totalling US\$72.5 million.

With the successful completion of the Divestment on 30 June 2013, the divested Cocoa Ingredients business will no longer impact of the Group's results after 2Q2013.

The Net Proceeds after allowing for repayment of net borrowings pertaining to the Cocoa Ingredients business is estimated at US\$164.5 million. This is subject to final post completion adjustment in accordance with the Share Purchase Agreement.

In terms of possible use of Net Proceeds, the Company is considering reinvesting in its Branded Consumer business as well as, if circumstances warrant, consider distribution to shareholders. Shareholders will be kept updated and further announcements will be made in due course.

### ***BUSINESS PROSPECTS***

Following the divestment of the Cocoa Ingredients business, Petra Foods' financial position will no longer be impacted by continuing negative pressures affecting the global cocoa ingredients industry. The Group's financial position has improved significantly with the receipt of net sales proceeds from the disposal of the business and retirement of the cocoa related borrowings on 1 July 2013. Furthermore, with strong positive free cash flow generated by the Branded Consumer business, the Group's financial position is expected to strengthen further in the second half of 2013.

Mr John Chuang, Petra Food's Chief Executive Officer, said: "With the successful divestment of the Cocoa Ingredients business and the strong performance of our Branded Consumer business, we are in an ideal position to seize growth opportunities in the fast growing regional consumer markets."

"Despite volatility in the regional currencies and input costs, we expect another year of growth for our Branded Consumer Division in 2013. The region's vibrant economies and fast growing middle income classes are trends that work in our favour and we will continue to capitalize on them as we continue our strategic focus to drive growth and profitability in our key consumer markets."

Moving forward with its Branded Consumer business, Petra Foods will further stimulate demand by growing its portfolio of products especially in the Premium segment through the launch of new products and expansion into new product categories. The Group will continue to broaden its distribution network to drive continued growth in its business and invest

prudently in manufacturing and distribution capabilities to capture growth opportunities in the long term.

***DIVIDEND***

The directors have declared an interim cash dividend of 2.36 US cents (2.98 Singapore cents) per share which is a 13.0% Y-o-Y increase. This interim dividend will be paid out on 9 September 2013.

Together with the final dividend of 1.86 US cents (2.29 Singapore cents) paid on 10 May 2013, the total cash distributions received by shareholders this year will amount to 4.22 US cents or 5.27 Singapore cents per share in 2013.

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This Press Release should be read in conjunction with the full text of the “Unaudited Financial Statements and Dividend Announcement for the 2<sup>nd</sup> Quarter and 1<sup>st</sup> Half Year ended 30 June 2013”.

## **ABOUT PETRA FOODS LIMITED**

Headquartered in Singapore and listed on the Mainboard of the SGX-ST since November 2004, Petra Foods Limited ("Petra Foods") markets and distributes its Own Brands of chocolate confectionery products in its core markets of Indonesia, Philippines, Singapore and Malaysia. In addition, our chocolate confectionery products are sold in over 10 other countries including Thailand, Brunei, India, South Korea and Vietnam.

The Group has an established portfolio of chocolate confectionery brand names in Indonesia including "SilverQueen" and "Ceres" which were introduced in the 1950's and "Delfi" in the 1980's. In the Philippines, its flagship brands are "Goya" and "KnickKnacks". With the Group's longstanding presence and legacy in these markets, our chocolates have delighted many generations of Indonesians and Filipinos, who grew up eating them.

In addition to a well established portfolio of chocolate confectionery brands and an extensive sales and distribution network in its core markets, the Group's confectionery business is supported by two manufacturing facilities, one in Indonesia and the other, in the Philippines. The Group also distributes a well known portfolio of Agency Brands.

*Note: On 30 June 2013, Petra Foods successfully completed the divestment of its entire Cocoa Ingredients Division to Barry Callebaut.*

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 20th 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***

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