

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

**3<sup>rd</sup> Quarter & 9-Month 2013**  
**Financial Results**  
*(unaudited)*

**12 November 2013**



# 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 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 3<sup>rd</sup> Quarter and 9-Month ended 30 September 2013”.

# Scope of Briefing

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## Executive Summary

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- **Strong 3Q 2013 results culminating in a record 9-Month performance for our Branded Consumer business, despite sharp depreciation in regional currencies (mainly the Indonesian Rupiah which was weaker by an average of 7%) and higher cost inflation**
  - Net Profit US\$44 million achieved (▲10% Y-o-Y) on revenue of US\$380 million. Adjusted for translational impact, our 9M 2013 performance in local currency terms was higher with net profit growth of 19% Y-o-Y
- **The strong growth momentum reflected continued success of our brand-building investments and new product launches, as well as our success in further strengthening of sales and distribution capabilities**
- **With the robust consumption in our core markets, we expect the growth momentum in local currency terms to continue for our Branded Consumer business. To mitigate higher input costs, we took the pre-emptive step of implementing price adjustment effective October 2013**
- **Today's challenging environment is the right time for us to further strengthen our business, like strengthening our brands portfolio through innovation and increasing the penetration of our distribution network**
- **In addition, to add further value over the long term to our quality earnings, we will constantly explore possible M&A and strategic alliances to enter new markets and to build positions and capabilities in attractive categories**

# Key Highlights of Branded Consumer's 9-Month 2013

(In US\$ Million)	9M 2013	9M 2012	Y-o-Y change	Local Currency Performance (Y-o-Y change)
<b>Revenue</b>	<b>380</b>	<b>355</b>	▲ 7.1%	▲ 12.4%
<b>Indonesia</b>	<b>277</b>	<b>266</b>	▲ 4.4% *	▲ 11.6% *
<b>Regional Market</b>	<b>103</b>	<b>89</b>	▲ 15.3%	▲ 15.0%
<b>Gross Profit (GP)</b>	<b>124</b>	<b>112</b>	▲ 11.0%	▲ 16.9%
GP Margin	32.6%	31.4%	▲ 1.2% pt	▲ 1.2% pt
<b>EBITDA</b>	<b>68</b>	<b>62</b>	▲ 10.1%	▲ 18.4%
EBITDA Margin	17.9%	17.4%	▲ 0.5% pt	▲ 0.5% pt
<b>Net Profit - Branded Consumer</b>	<b>44</b>	<b>40</b>	▲ 9.7%	▲ 19.1%
<b>ROE (%)</b>	<b>19.0%</b>	<b>17.5% **</b>	▲ 1.5% pt	

*Figures may not add due to rounding*

\* If the results were adjusted for the effect of the rationalization of Agency Brands in January 2013, the 9M revenue growth for Indonesia would have been 10.1% (in US\$) and 17.6% (in local currency)

\*\* Relates to FY2012 audited figures

## ■ Strong Branded Consumer performance driven by:

- (1) Robust regional economies and the vibrant consumption environment for chocolate confectionery in our markets
- (2) Higher Own Brands sales across all segments (▲17% in local currency terms) reflecting strong volume growth for our core brands in fast growing categories (especially chocolate confectionery and biscuits/wafers), successful new product launches (29 launched in last 12 months) and wider distribution coverage
- (3) The higher Y-o-Y Own Brands margin achieved through strong volume growth (especially in the Premium segment), product mix and effective management of input costs

# Update on Cocoa Ingredients Divestment

- **Successfully completed on 30 June 2013**
  - Estimated Net Proceeds is US\$164 million and Net Estimated Gain is US\$64 million, as previously announced
  - Subject to the dispute with Barry Callebaut (“BC”) on the final closing price adjustment under the amended Share Purchase Agreement (“SPA”)
  
- **As announced on 21 October 2013, there is a Dispute as follows**
  - Barry Callebaut sought a closing price reduction of US\$98.3 million by delivering a draft completion statement on 23 September 2013
  - Company informed BC that the 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 have not been properly substantiated or justified
  
- **Shareholders will be kept updated and further announcements will be made in due course**

# Group Financial Highlights

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(Including Divested Cocoa Ingredients Division)

# Group Financial Highlights - At a glance

(In US\$ Million)	3Q 2013	3Q 2012	Y-o-Y Change	Local Currency Performance (Y-o-Y change)	9M 2013	9M 2012	Y-o-Y Change	Local Currency Performance (Y-o-Y change)
<b>Revenue</b>	<b>126.9</b>	<b>114.9</b>	▲ 10.4%	▲ 18.6%	<b>379.9</b>	<b>354.6</b>	▲ 7.1%	▲ 12.4%
- <b>Indonesia</b>	<b>91.6</b>	<b>84.7</b>	▲ 8.1%	▲ 18.1%	<b>277.2</b>	<b>265.6</b>	▲ 4.4%	▲ 11.6%
- <b>Regional Market</b>	<b>35.3</b>	<b>30.2</b>	▲ 17.0%	▲ 20.0%	<b>102.7</b>	<b>89.0</b>	▲ 15.3%	▲ 15.0%
<b>EBITDA</b>	<b>23.0</b>	<b>22.0</b>	▲ 4.2%	▲ 14.7%	<b>67.9</b>	<b>61.7</b>	▲ 10.1%	▲ 18.4%
<b>Net Profit of Branded Consumer</b>	<b>14.8</b>	<b>14.3</b>	▲ 3.5%	▲ 15.3%	<b>43.7</b>	<b>39.8</b>	▲ 9.7%	▲ 19.1%
<u><b>Divested Cocoa Ingredients</b></u>								
<b>(Loss)/Profit (after tax after EI)</b>	-	<b>(3.9)</b>	NM	NM	<b>(39.0)</b>	<b>2.8</b>	NM	NM
<b>Group Net Profit</b>	<b>14.8</b>	<b>10.4</b>	42.4%	58.7%	<b>4.7</b>	<b>42.6</b>	(89.0%)	(80.2%)

Figures may not add due to rounding.

- For 9M 2013, the Group posted a net profit of US\$4.7 million on strong Branded Consumer's 9M 2013 profit of US\$43.7 million, notwithstanding the Cocoa Ingredients 1H 2013 loss of US\$39.0 million
- Cocoa Ingredients' 1H 2013 net loss of US\$39.0 million, representing the period up to completion, was consolidated as part of Group's 9M 2013



# Balance Sheet & Cash Flow Analysis

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# Balance Sheet Analysis (Figures are at period end)

(US\$ Million)	30 Sep 2013	31 Dec 2012	Highlights
Cash and Cash Equivalents	193.9	33.0	<ul style="list-style-type: none"> <li>▪ Included net proceeds from divestment of Cocoa Ingredients.</li> <li>▪ In line with rationalization of Agency Brands.</li> <li>▪ Included deposit paid for capital expenditure for Branded Consumer.</li> <li>▪ Reflects successful completion of divestment on 30 June 2013.</li> </ul>
Trade Receivables	74.9	67.5	
Inventories	59.5	61.4	
Other Assets	55.9	29.6	
Fixed Assets, Intangible Assets & Investments	74.4	86.9	
Cocoa Ingredients - Divested Assets	-	941.4	
<b>Total Assets</b>	<b>458.6</b>	<b>1,219.8</b>	
Trade Payables	38.7	34.1	<ul style="list-style-type: none"> <li>▪ Reflects successful completion of divestment on 30 June 2013.</li> </ul>
Other Liabilities	98.2	66.2	
Cocoa Ingredients - Divested Liabilities	-	166.4	
<b>Total Borrowings</b>	<b>37.4</b>	<b>624.9</b>	
Working Capital Facilities/Trade Finance	24.5	367.2	<ul style="list-style-type: none"> <li>▪ Net proceeds from the divestment were used to repay all Cocoa Ingredients' debt facilities.</li> <li>▪ Borrowing denominated mainly in currencies that match revenue profile so as to mitigate foreign currency debt exposure risk.</li> </ul>
Medium Term Note (MTN)	-	165.3	
Term Loan	12.9	92.4	
<b>Total Equity</b>	<b>284.3</b>	<b>328.2</b>	
<b>Key Ratio</b>			
<b>Group</b>			
Current Ratio	2.35	1.29	<ul style="list-style-type: none"> <li>▪ Stronger financial position after divestment of Cocoa Ingredients Division.</li> <li>▪ Tighter working capital management.</li> </ul>
Inventory Days	65	67	
Receivables Days	51	46	
Payable Days	39	40	
Net Debt/Equity	-1	1.79x	
ROE (Branded Consumer only)	19.0%	17.5%	

**Note:**

1 Net debt to equity ratio is not applicable as the Group is in a net cash position post divestment.

# Cash Flow Applications

For the period ended 30 Sep 2013 (In US\$ Million)	Branded Consumer	(Divested) Cocoa Ingredients	Group
<b>EBITDA</b>	<b>67.9</b>	<b>(104.0)</b>	<b>(36.1)</b>
<b>Less: Changes in Operating Cash Flow</b>			
(Increase)/decrease in Working Capital	(39.9)	57.9	18.0
Tax Expense (paid)/received	(15.7)	4.8	(10.9)
Interest Expense paid	(1.2)	(14.1)	(15.3)
<b>Operating Cash Flow</b>	<b>11.1</b>	<b>(55.4)</b>	<b>(44.3)</b>
<b>Investing Activities</b>			
Deposits for Capex	(14.0)	-	(14.0)
Capex & Investment	(7.4)	(3.6)	(11.0)
Proceeds from Divestment	-	650.1	650.1
Interest Income received	-	0.7	0.7
<b>Free Cash Flow</b>	<b>(10.3)</b>	<b>591.8</b>	<b>581.5</b>
<b>Financing Activities</b>			
Repayment of Term Loan and MTN	(1.0)	(239.2)	(240.2)
Proceeds/(Repayment) from Trade Finance and Working Capital financing	4.8	(165.3)	(160.5)
Dividend paid	(25.6)	-	(25.6)
<b>Net Cash Movement</b>	<b>(32.1)</b>	<b>187.3</b>	<b>155.2</b>

# Branded Consumer Division

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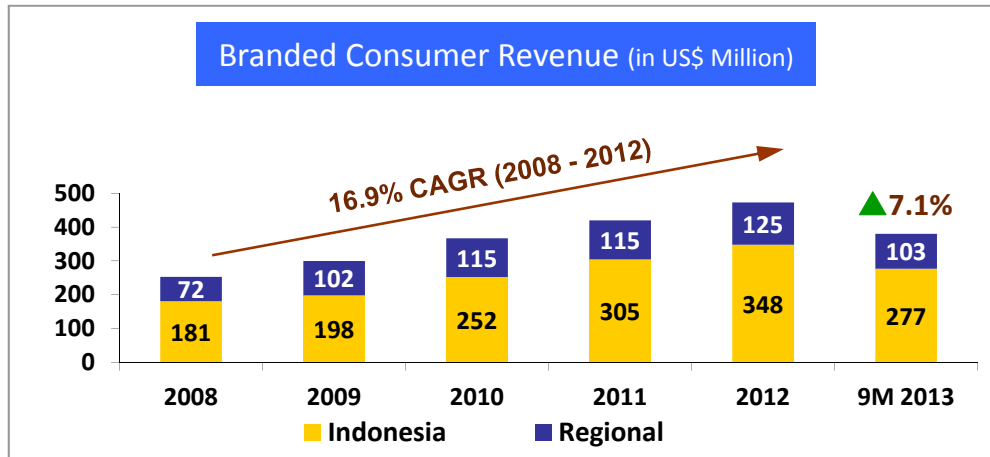
# Branded Consumer - Financial Highlights

(in US\$ Million)	3Q 2013	3Q 2012	Y-o-Y change	9M 2013	9M 2012	Y-o-Y change
Sales	126.9	114.9	+ 10.4%	379.9	354.6	+ 7.1%
EBITDA	23.0	22.0	+ 4.2%	67.9	61.7	+ 10.1%
Net Profit	14.8	14.3	+ 3.5%	43.7	39.8	+ 9.7%
EPS (US cents)	2.43	2.34	+ 3.5%	7.15	6.52	+ 9.7%
ROE (%)				19.0%	17.5%*	1.5% pt

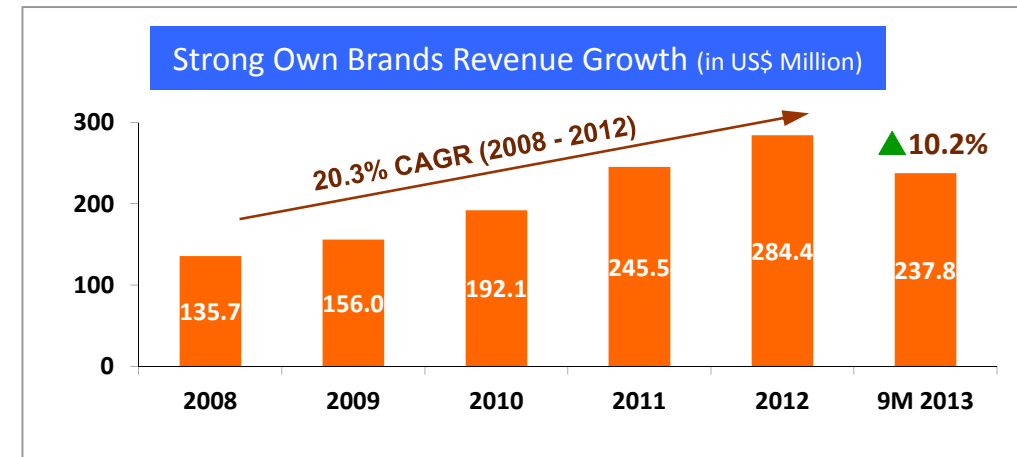
\* Relates to FY2012 audited figures

Figures may not add due to rounding.

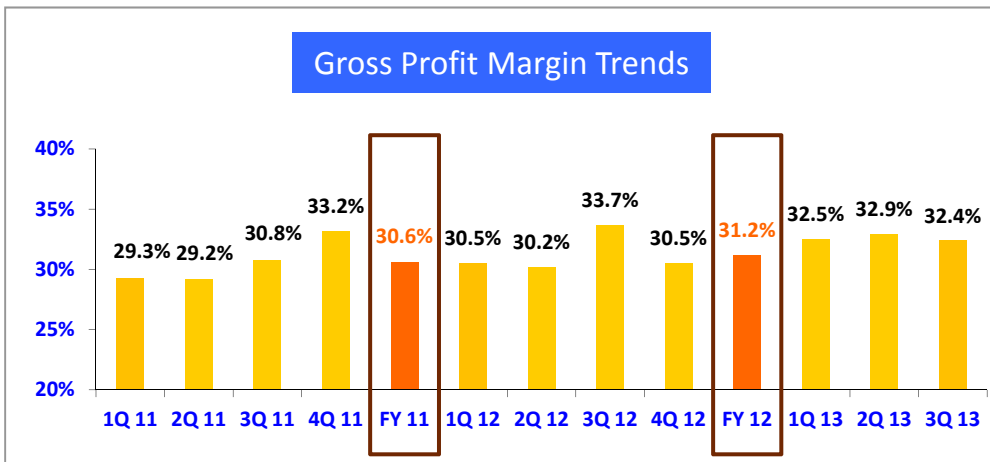
## Branded Consumer - Financial Highlights (cont'd)



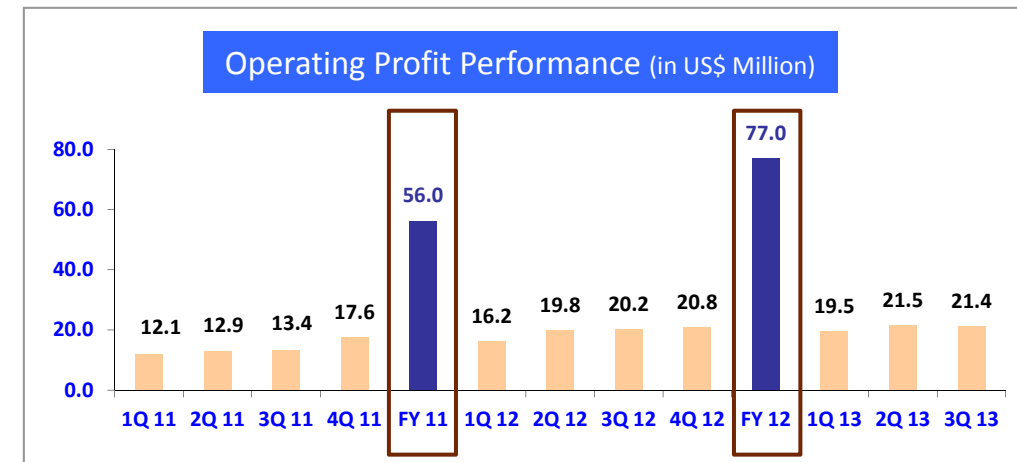
- Strong position in Indonesia complemented by a growing regional footprint



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



- Despite higher cost inflation, maintained 3Q 2013 GP Margin above the targeted 32% level with Own Brands registering sequential improvement although Agency Brands margins were lower Q-o-Q



- The strong operating profit generated is driven primarily by strong performance of Own Brands and successful new product launches

Thank You

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