

FOR IMMEDIATE RELEASE

## Petra Foods' Branded Consumer business achieves 9M 2013 net profit of US\$43.7 million (▲9.7%)

- Performance driven by strong Own Brands sales
- Expects 2013 to be another year of growth for the Branded Consumer business, barring unforeseen circumstances

Financial Highlights (US\$ million)	3 months ended 30 Sep			9 months ended 30 Sep		
	3Q 2013	3Q 2012	Change (%)	9M 2013	9M 2012	Change (%)
<b>BRANDED CONSUMER BUSINESS</b>						
Revenue	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
<b>COCOA INGREDIENTS BUSINESS</b> (successfully divested on 30 June 2013)						
Net (loss)/profit from divested Cocoa Ingredients <sup>(*)</sup>	-	(3.9)	NM	(39.0)	2.8	NM
Group Net Profit	14.8	10.4	▲42.4	4.7	42.6	▼89.0

<sup>(\*)</sup> On 30 June 2013, Petra Foods successfully completed the divestment of its entire Cocoa Ingredients Division to Barry Callebaut AG. The financial results of the Cocoa Ingredients Division are no longer consolidated as part of the Group's 3Q 2013 results. However, the 1H 2013 financial results of the Division have still been consolidated as part of the Group's 9M 2013 results as "discontinued operations".

**SINGAPORE - 12 November 2013** - Petra Foods Limited ("Petra Foods" or the "Group") today announced that following strong growth in 3Q 2013, its Branded Consumer business achieved net profit growth of 9.7% to US\$43.7 million for the nine months ended 30 September 2013 ("9M 2013") as compared to the corresponding period last year ("9M 2012"). This was achieved on the back of revenue growth of 7.1% to US\$379.9 million.

Adjusted for the translational impact, the net profit growth achieved in local currency terms was higher at 15.3% for 3Q 2013 and 19.1% for 9M 2013.

The performance of the Branded Consumer business was driven by a dynamic regional consumption environment, as well as strong Own Brand Sales, which reflected the success of the Group's significant investments in innovation, brand-building initiatives, new product launches (29 in the last 12 months) and enhanced sales and distribution capabilities. This

has enabled Petra Foods to achieve a strong set of results despite volatility in the regional currencies and higher cost 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 half year ended 30 June 2013 (“**HY2013**”) financial results of the divested business as part of its 9M 2013 performance. In HY2013, the divested Cocoa Ingredients business was impacted by 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 net profit was significantly lower at US\$4.7 million as compared to a year ago.

Based on the weighted average number of 611,157,000 ordinary shares in issue, the Group’s earnings per share in 3Q 2013 was 2.43 US cents compared to 1.70 US cents in 3Q 2012. Net asset value per share as at 30 September 2013 was 46.5 US cents.

## **SEGMENTAL REVIEW**

### **Branded Consumer Division**

<b>Financial Highlights (US\$ million)</b>	<b>3 months ended 30 Sep</b>			<b>9 months ended 30 Sep</b>		
	<b>3Q 2013</b>	<b>3Q 2012</b>	<b>Change (%)</b>	<b>9M 2013</b>	<b>9M 2012</b>	<b>Change (%)</b>
Indonesia	91.6	84.7	▲8.1	277.2	265.6	▲4.4
Regional Markets	35.3	30.2	▲17.0	102.7	89.0	▲15.3
<b>Total Branded Consumer Revenue</b>	<b>126.9</b>	<b>114.9</b>	<b>▲10.4</b>	<b>379.9</b>	<b>354.6</b>	<b>▲7.1</b>
Gross Profit Margin (%)	32.4	33.7	▼1.3% pt	32.6	31.4	▲1.2% pt
EBITDA	23.0	22.0	▲4.2	67.9	61.7	▲10.1

Driven by strong volume and product mix gains, Petra Food’s Own Brands sales grew 15.0% to US\$78.4 million and 10.2% to US\$237.8 million in 3Q 2013 and 9M 2013 respectively (24.6% and 16.7% in local currency terms). The Agency Brands also recorded revenue gains of 3.8% to US\$48.5 million and 2.3% to US\$142.2 million over the same respective periods.

Across the different markets, Indonesia continued to be the main revenue generator, contributing 73.0% of the Branded Consumer Division's revenue, with the remaining 27.0% generated by regional markets including the Philippines, Malaysia and Singapore.

Reflecting the success of the Group's market penetration efforts and widening portfolio in Indonesia, sales of Own Brands registered the strongest growth especially in the Premium Segment, which achieved double digit revenue increases resulting from the healthy performance of the Group's flagship *SilverQueen, Top, Cha Cha, Delfi and Selamat* brands and the popularity of products in the core categories of chocolate confectionery and biscuits/wafer.

Similarly in the Philippines, strong double digit revenue growth was recorded, especially in its flagship brand for the market - *Goya*, which has undergone aggressive new product launches as part of the Group's brand extension strategy as well as its investments in brand development programmes and network expansion.

Mr John Chuang, Petra Food's Chief Executive Officer, said: "We are very pleased with the strong performance of our Branded Consumer business despite challenges such as rising cost inflation and the volatility in regional currencies. This speaks volumes about the strength of the business and the success of our strategies to grow both our top and bottom lines."

"Moving forward, we will continue to be watchful of cost inflation, which is expected to remain high. As a pre-emptive move, the Group has in October 2013 implemented pricing adjustments for a wide range of products in our Own Brands portfolio to mitigate this situation."

### **Cocoa Ingredients Division**

Following the successful completion of the divestment of Petra Foods' Cocoa Ingredients Division on 30 June 2013, net proceeds (after allowing for repayment of net borrowings pertaining to the Business that were not transferred with the Sales Assets and the Sale Shares) is estimated at US\$164.5 million, subject to the dispute with Barry Callebaut on the final closing price adjustment under the amended Share Purchase Agreement.

The Group had on 21 October 2013 announced a dispute concerning the post-completion adjustments, of which shareholders will be updated and further announcements made in due course.

***BUSINESS PROSPECTS***

With the strategic divestment of the Cocoa Ingredients business now complete, Petra Foods will focus on its high-growth Branded Consumer business in the fast growing regional markets.

The Group has implemented a strategic framework to tap on opportunities in its key consumer markets in South East Asia, which is expected to remain vibrant with robust regional economic growth that has resulted in an expanding middle-income class and increasing demand for quality chocolate products.

Firstly, the Group plans to further stimulate consumer demand by growing its current portfolio of products (especially in the Premium segment) through new product launches and category expansion. Next, in tandem with its Brand Development initiatives, the Group will continue to broaden its distribution network to increase market penetration. Thirdly, the Group will exercise prudence in investing in its manufacturing and distribution capabilities to capture growth opportunities over the longer term. Finally, the Group will explore possible mergers and acquisitions as well as strategic alliances to expand its regional footprint and to build positions in attractive categories that will add value to its business.

Backed by sound strategies and a strong track record, Petra Foods believes that its Branded Consumer business is poised to continue in the growth momentum it has shown this year. Barring unforeseen circumstances, the performance of its Branded Consumer Division in local currency is expected to remain strong although the weaker regional currencies in 2013 will have a translational impact when translated into the Group's US Dollar reporting currency.

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## **ABOUT PETRA FOODS LIMITED**

Headquartered in Singapore and listed on the SGX-ST since 5 November 2004, Petra Foods Limited and its subsidiaries (“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 portfolio of well-known Agency brands in Indonesia, Singapore and Malaysia.

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.

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

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