

PETRA FOODS

L I M I T E D

(Registration no. 198403096C)

1st Quarter 2014
Financial Results
(unaudited)

7 May 2014



Important Note on Forward-Looking Statements

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 1st Quarter ended 31 March 2014”.

Scope of Briefing

	<u>Page No</u>
■ An Encouraging Start to the Year	4
■ Key Highlights of 1Q 2014 Results	5
■ Looking Forward	6
■ Appendices	
➤ Group Financial Highlights (including divested Cocoa Ingredients Division)	8
➤ Balance Sheet & Cash Flow Analysis	13

An Encouraging Start to the Year

- **1Q 2014 PATMI of US\$13.5 million vs a loss of US\$14.9 million previously**
 - Loss in 1Q 2013 attributed to the operating losses of the divested Cocoa Ingredients business. With the divestment completed in June last year, the Group results no longer include the result of the divested business
- **Our Branded Consumer business started the year on a positive note - Revenue ▲ 15.7% Y-o-Y and PATMI ▲ 14.8% Y-o-Y (in Local Currency Terms)**
 - Although when translated to the Group's USD reporting currency, this resulted in revenue and PATMI marginally lower Y-o-Y by 3.3% and 1.6% respectively
- **Strong performance, despite currency headwinds, driven by positive macro environment (economic growth and vibrant consumption) in our regional markets**
- **Leveraging our strengths across the entire value chain (from product innovation, brand building, shelf space dominance and manufacturing through to routes-to-market expertise) allows us to capture the growth opportunities**
 - Own Brands sales ▲ 16.0% Y-o-Y (in Local Currency Terms) with broad based growth across all categories demonstrating our portfolio strength and our execution capabilities
- **Gross Profit Margin maintained at 32% reflects the successful implementation of timely measures to mitigate higher costs**
 - Our margin maintenance programme included pricing adjustments, product rightsizing and initiatives to increase efficiency and reduce costs in the supply chain

Key Highlights of 1Q 2014 Results

(In US\$ Million)	1Q 2014	1Q 2013	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	123	127	▼ 3.3%	▲ 15.7%
Indonesia	88	94	▼ 6.5%	▲ 16.1%
Regional Market	35	33	▲ 6.2%	▲ 14.3%
Gross Profit (GP)	39	41	▼ 3.7%	▲ 16.2%
GP Margin	31.9%	32.0%	▼ 0.1% pt	▼ 0.1% pt
EBITDA	21	22	▼ 4.7%	▲ 20.4%
EBITDA Margin	16.8%	17.1%	▼ 0.3% pt	▲ 0.7% pt
PATMI	14	14	▼ 1.6%	▲ 14.8%
ROE (%)	18.4%	19.2% *	▼ 0.8% pt	

* Relates to FY2013 audited figures

- 1Q 2014 PATMI growth of 14.8% in local currency terms reflected:
 - (i) The vibrant consumption in our markets for chocolate confectionery; and
 - (ii) The success of our significant investments in innovations, brand building initiatives and our routes-to-market capabilities

Looking Forward

- **With robust consumption in Indonesia and Philippines, we expect the growth momentum in local currency terms to continue for our business**

- **Market development is a key driver of our growth and is built around extending ourselves:**
 - (i) For our Own Brands portfolio through innovations as part of our brand extension strategy and through shelf space dominance; and
 - (ii) For our routes-to-market, further increasing the reach of our distribution network

- **To better manage strategic risk, we will continue to explore possibilities to enter new markets and to extend to new categories**

Appendices

Group Financial Highlights

(Including Divested Cocoa Ingredients Division)

Group Financial Highlights - At a glance

(In US\$ Million)	1Q 2014	1Q 2013	Y-o-Y Change	Local Currency Performance (% Chg Y-o-Y)
Revenue	122.7	126.9	▼ 3.3%	▲ 15.7%
- Indonesia	88.1	94.3	▼ 6.5%	▲ 16.1%
- Regional Market	34.6	32.6	▲ 6.2%	▲ 14.3%
EBITDA	20.7	21.7	▼ 4.7%	▲ 20.4%
PATMI of Branded Consumer	13.8	14.1	▼ 1.6%	▲ 14.8%
<u>Divested Cocoa Ingredients</u>				
Exceptional Items	(0.3)*	(29.0)	(98.9%)	(98.9%)
Group PATMI	13.5	(14.9)	NM	NM

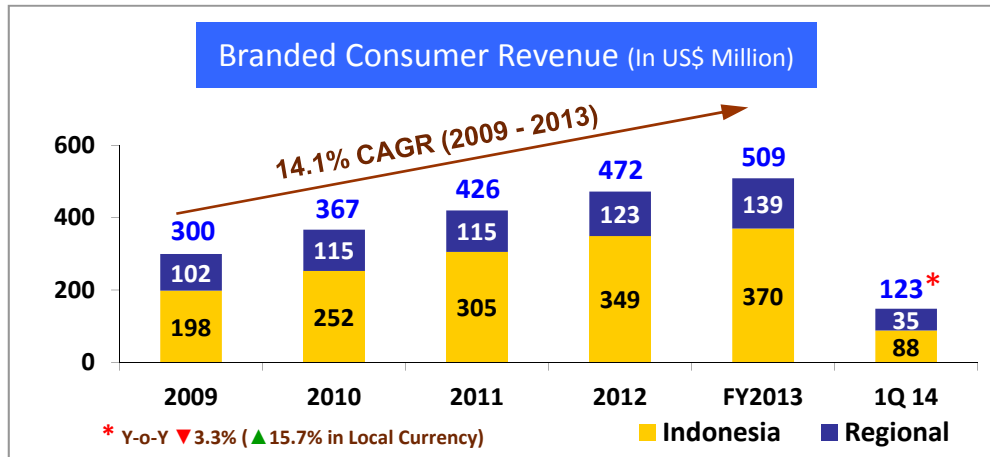
* For 1Q 2014, these related to costs incurred pertaining to the dispute with Barry Callebaut

Branded Consumer - Financial Highlights

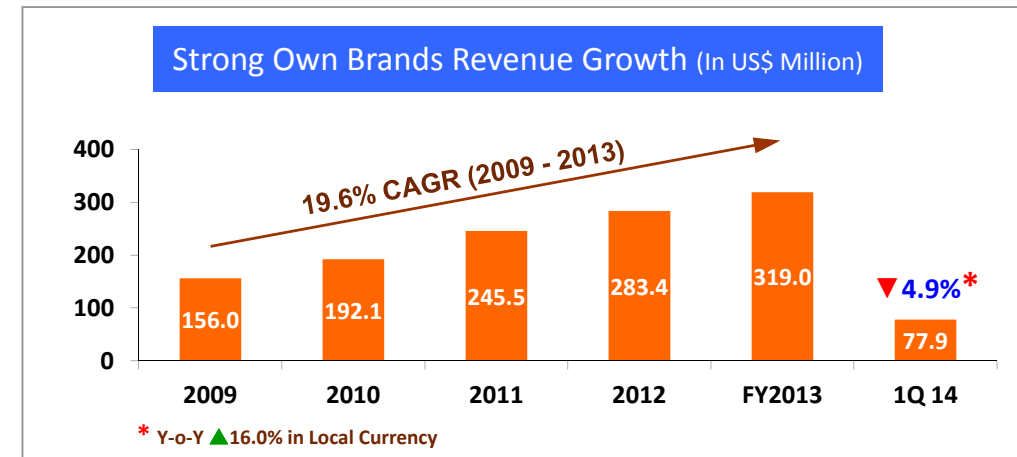
(In US\$ Million)	1Q 2014	1Q 2013	Y-o-Y change	In Constant Exchange Rates % chg Y-o-Y
Sales	122.7	126.9	(3.3%)	15.7%
EBITDA	20.7	21.7	(4.7%)	20.4%
PATMI	13.8	14.1	(1.6%)	14.8%
EPS (US cents)	2.27	2.31	(1.6%)	
ROE (%)	18.4%	19.2%*	(0.8% pt)	

* Relates to FY2013 audited figures

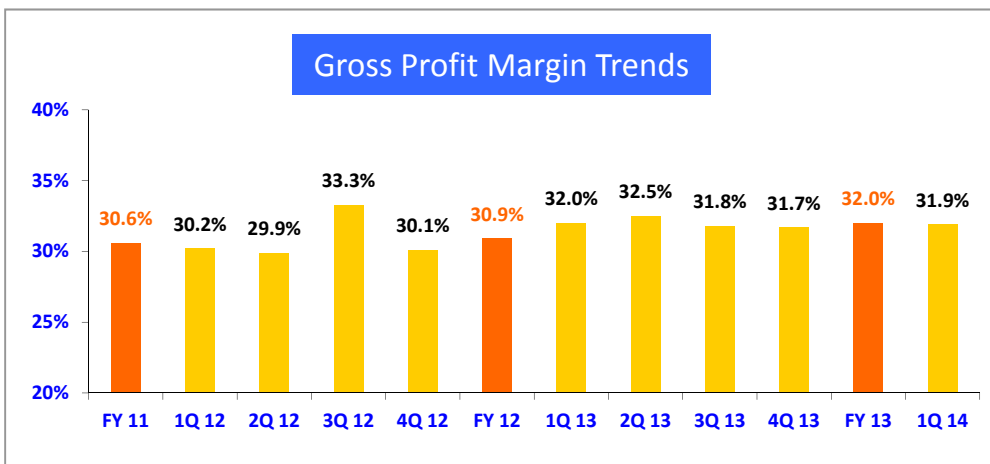
Branded Consumer - Financial Highlights (cont'd)



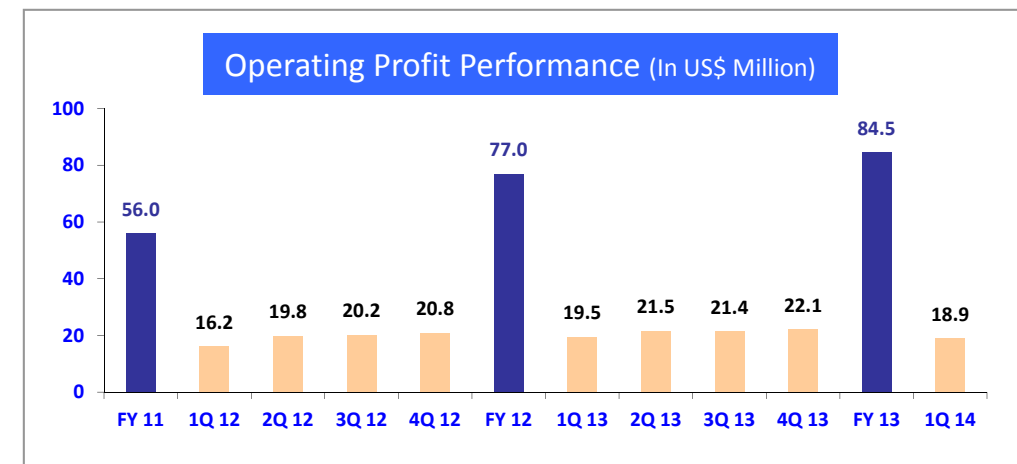
- Strong position in Indonesia complemented by a growing regional footprint



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



- Despite higher cost inflation, 1Q 2014 margin achieved reflected the benefit of the recent pricing adjustments and ongoing disciplined cost reduction initiatives



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

Update on Cocoa Ingredients Divestment

- **As previously announced, divestment completed on 30 June 2013**
 - Estimated Net Proceeds is US\$164.5 million received and Net Estimated Gain is US\$63.5 million
 - However, it is still subject to the dispute with Barry Callebaut (“BC”) on the final post completion adjustment and other claims under the amended Share Purchase Agreement (“SPA”)

- **As announced on 21 October 2013, there is a Dispute**
 - Barry Callebaut initially sought a closing price reduction of US\$98.3 million by delivering a purported draft completion statement on 23 September 2013
 - The Company informed BC that the purported 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 has not been properly substantiated or justified

- **As announced on 17 December 2013, the Company filed a Notice of Arbitration on 16 December 2013 with the Singapore International Arbitration Centre to resolve the dispute**

- **On 27 January 2014, Barry Callebaut filed a defense and counterclaim in which they added two new claims amounting to US\$4.7 million, bringing the total amount claimed to US\$103 million. The total claims are being challenged by Petra Foods**

- **Shareholders will be kept updated and further announcements will be made in due course**

Balance Sheet & Cash Flow Analysis

Balance Sheet Analysis (Figures are at period end)

(In US\$ Million)	31 Mar 2014	31 Dec 2013	Comments
Cash and Cash Equivalents	198.4	196.7	▪ Includes net proceeds from divestment of Cocoa Ingredients.
Trade Receivables	79.5	76.7	▪ Higher regional sales which has different trading terms.
Inventories	67.1	65.5	▪ Supports expanded capacity and reflects higher raw material prices.
Other Assets	46.8	37.6	▪ Includes US\$7.2 million deposits paid for Capex (2013: US\$2.2 million).
Fixed Assets, Intangible Assets & Investments	99.6	89.4	
Total Assets	491.4	465.9	
Trade Payables	34.5	42.2	
Other Liabilities	94.6	93.9	
Total Borrowings	49.2	39.4	
Working Capital Facilities/Trade Finance	31.5	26.5	(1) Borrowings denominated mainly in currencies that match revenue profile so as to mitigate foreign currency translation risk. (2) Extend tenor of borrowings to match asset requirement.
Term Loan	11.5	11.5	
Lease Liabilities	6.2	1.4	
Total Equity	313.1	290.4	
Key Ratios			
Group			
Current Ratio	2.40	2.31	▪ Maintain stronger financial position.
Branded Consumer Division			
Inventory Days	72	67	
Receivables Days	57	51	
Payable Days	42	40	
Return on Equity	18.4%	19.2%	

Cash Flow Applications

(In US\$ Million)	1Q 2014
EBITDA	20.7
Less: Changes in Operating Cash Flow	
Increase in Working Capital	(12.0)
Tax Expense paid	(4.5)
Interest Expense paid	(0.6)
Operating Cash Flow	3.6
Investing Activities	
Deposits for Capex	(5.7)
Capex, Patents & Trademarks, Net of Proceeds *	(0.6)
Divestment Expense	(0.3)
Interest Income received	0.4
Free Cash Flow	(2.6)
Financing Activities	
Repayment of Term Loan	(1.0)
Proceeds from Working Capital financing	5.3
Net Cash Movement	1.7

* The amount excludes additions of property, plant and equipment of US\$5.6 million that were financed by finance leases.

Thank You
