

PETRA FOODS
LIMITED
(Registration no. 198403096C)

2nd Quarter & 1st Half 2014
Financial Results
(unaudited)

13 August 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 2nd Quarter & Half Year ended 30 June 2014”.

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Strong Performance for 1H 2014

- **2Q 2014 PATMI of US\$12.4 million achieved culminated in 1H 2014 PATMI of US\$25.9 million vs US\$10.1 million loss previously**
 - 1H 2013 loss due to operating losses of divested Cocoa Ingredients business. With the divestment completed in June 2013, results no longer include results of Cocoa Ingredients
- **For 1H 2014, achieved strong growth and performance driven by positive market environment on our regional markets, despite currency headwinds**
 - 1H 2014 revenue ▲ 18.3% Y-o-Y and PATMI ▲ 18.5% Y-o-Y (in Local Currency Terms). Although translation into the Group's USD reporting currency resulted in revenue and PATMI marginally higher by 1.0% and lower by 6.2% respectively
 - 1H 2014 growth achieved despite competitive activities in our key market of Indonesia
- **The strong 1H 2014 performance driven mainly by Own Brands' sales (▲ 19.1% in Local Currency Terms) reflecting our strengths in innovation, brand building, shelf space dominance and manufacturing through to routes-to-market expertise**
- **Gross Profit Margin at 31.9% reflects success of our timely measures (including selective pricing adjustments, product rightsizing and initiatives to improve efficiency in the supply chain) to mitigate higher costs**
- **Proposed an Interim Dividend of 2.21 US Cents per share (▼ 6.4% Y-o-Y)**

Key Highlights of 2Q and 1H 2014 Results

(In US\$ Million)	2Q 2014	2Q 2013	Y-o-Y change	Local Currency Performance (Y-o-Y change)	1H 2014	1H 2013	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	131.8	125.2	▲ 5.3%	▲ 20.9%	254.6	252.1	▲ 1.0%	▲ 18.3%
Indonesia	96.3	91.4	▲ 5.4%	▲ 24.8%	184.5	185.7	▼ 0.7%	▲ 20.4%
Regional Market	35.5	33.8	▲ 5.1%	▲ 10.6%	70.1	66.4	▲ 5.6%	▲ 12.4%
Gross Profit (GP)	42.1	40.7	▲ 3.6%	▲ 19.6%	81.2	81.3	▼ 0.1%	▲ 17.9%
GP Margin	31.9%	32.5%	▼ 0.6% pt	▼ 0.6% pt	31.9%	32.3%	▼ 0.4% pt	▼ 0.4% pt
EBITDA	21.3	23.2	▼ 8.2%	▲ 10.8%	42.0	44.9	▼ 6.5%	▲ 15.5%
EBITDA Margin	16.2%	18.6%	▼ 2.4% pt	▼ 1.6% pt	16.5%	17.8%	▼ 1.3% pt	▼ 0.4% pt
PATMI	13.2	14.8	▼ 10.6%	▲ 10.4%	27.0	28.9	▼ 6.2%	▲ 18.5%
ROE (%)					18.5%	19.2% *	▼ 0.7% pt	

Note: Figure above excludes Divested Business.

* Relates to FY2013 audited figures

■ 1H 2014 PATMI growth of 18.5% 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. In 2Q 2014, brand building investments into our major brands were increased to position the business for continued success

Looking Forward

- **With robust consumption in Indonesia and the 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)	2Q 2014	2Q 2013	Y-o-Y Change	Local Currency Performance (Y-o-Y change)	1H 2014	1H 2013	Y-o-Y Change	Local Currency Performance (Y-o-Y change)
Revenue	131.8	125.2	▲ 5.3%	▲ 20.9%	254.6	252.1	▲ 1.0%	▲ 18.3%
- Indonesia	96.3	91.4	▲ 5.4%	▲ 24.8%	184.5	185.7	▼ 0.7%	▲ 20.4%
- Regional Market	35.5	33.8	▲ 5.1%	▲ 10.6%	70.1	66.4	▲ 5.6%	▲ 12.4%
EBITDA	21.3	23.2	▼ 8.2%	▲ 10.8%	42.0	44.9	▼ 6.5%	▲ 15.5%
PATMI of Branded Consumer	13.2	14.8	▼ 10.6%	▲ 10.4%	27.0	28.9	▼ 6.2%	▲ 18.5%
<u>Divested Cocoa Ingredients</u>								
Exceptional Items	(0.8) *	(10.0)	(91.8%)	(91.8%)	(1.1) *	(39.0)	(97.1%)	(97.1%)
Group PATMI	12.4	4.8	160.1%	225.2%	25.9	(10.1)	NM	NM

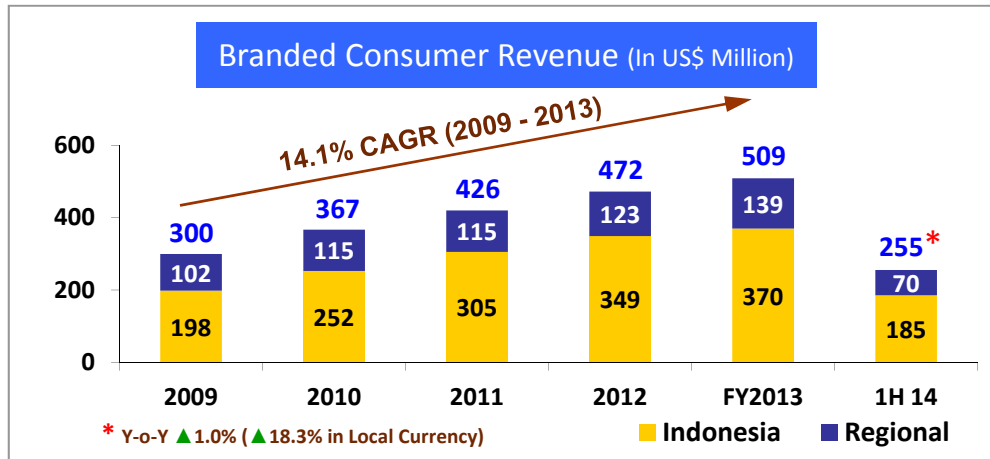
* For 2Q and 1H 2014, these related to costs incurred pertaining to the dispute with Barry Callebaut

Branded Consumer - Financial Highlights

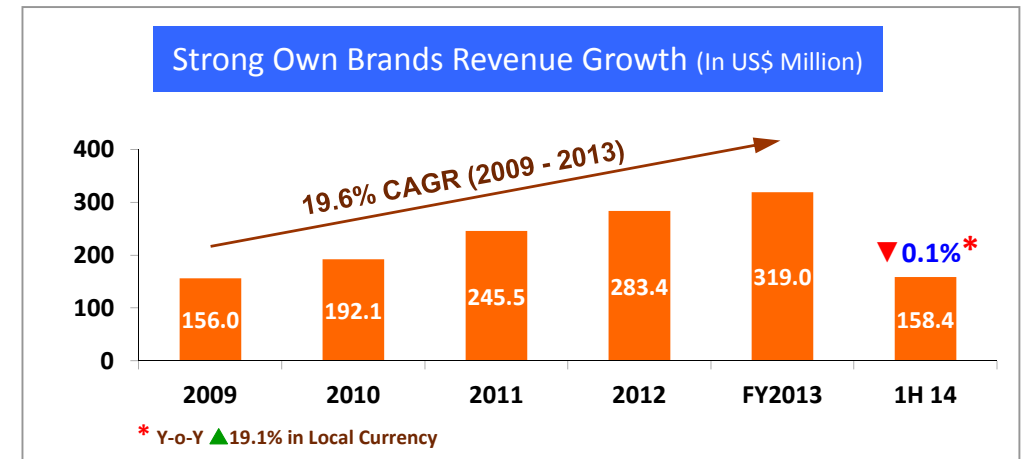
(in US\$ Million)	2Q 2014	2Q 2013	Y-o-Y change	1H 2014	1H 2013	Y-o-Y change
Sales	131.8	125.2	+ 5.3%	254.6	252.1	+ 1.0%
EBITDA	21.3	23.2	(8.2%)	42.0	44.9	(6.5%)
PATMI	13.2	14.8	(10.6%)	27.0	28.9	(6.2%)
EPS (US cents)	2.16	2.41	(10.6%)	4.43	4.72	(6.2%)
ROE (%)				18.5%	19.2%*	(0.7% pt)

* Relates to FY2013 audited figures

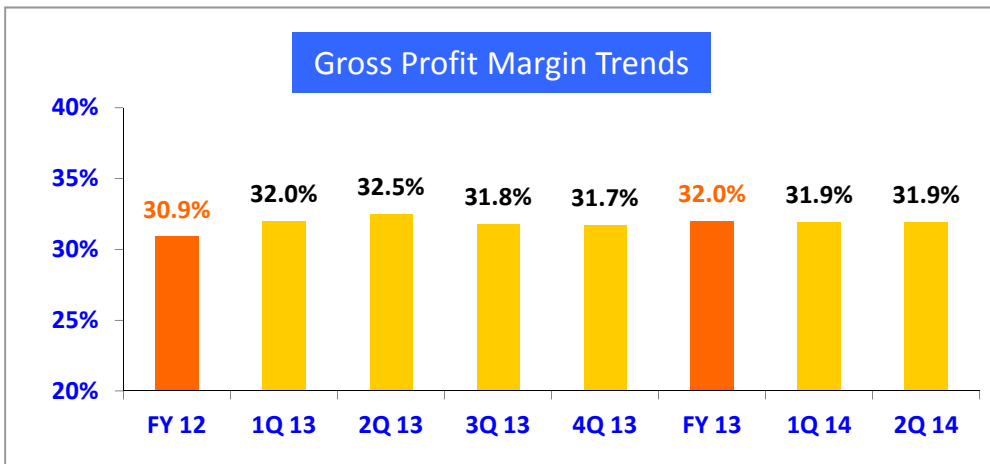
Branded Consumer - Financial Highlights (cont'd)



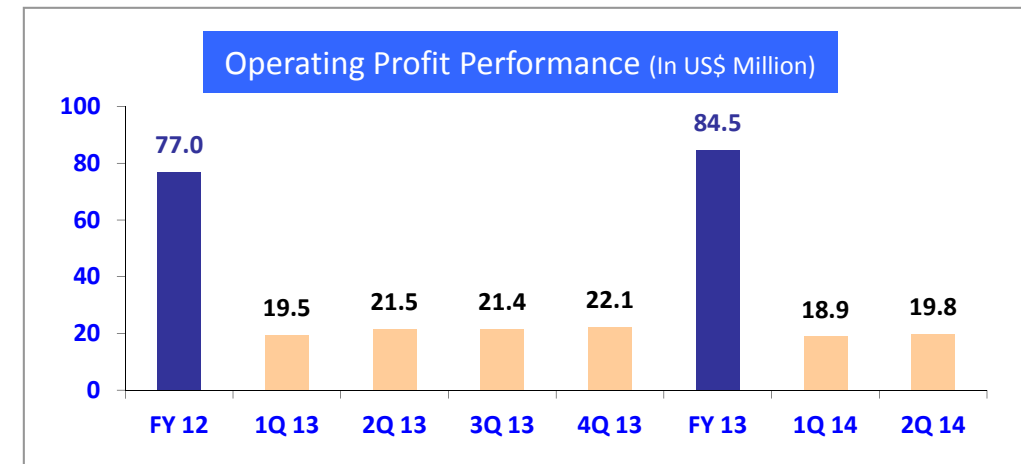
- Strong position in Indonesia complemented by a growing regional footprint



- 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 and 2Q 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

- **As announced on 21 October 2013, there is a Dispute**
 - BC 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, BC 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)	30 Jun 2014	31 Dec 2013	Comments
Cash and Cash Equivalents	181.5	196.7	<ul style="list-style-type: none"> ▪ Includes net proceeds from divestment of Cocoa Ingredients after payment of final and special dividends pertaining to FY2013. ▪ Higher seasonal sales in Indonesia and regional sales which has different trading terms. ▪ Supports expanded capacity and reflects higher raw material prices. ▪ Received US\$19.9 million loan from a divested Brazilian subsidiary. ▪ Capital expenditure of US\$19.2 million to further build capacity and capabilities.
Trade Receivables	92.6	76.7	
Inventories	72.1	65.5	
Other Assets	18.2	37.6	
Fixed Assets, Intangible Assets & Investments	106.5	89.4	
Total Assets	470.9	465.9	
Trade Payables	43.9	42.2	<ul style="list-style-type: none"> ▪ Repaid US\$20.1 million due to a divested Malaysian subsidiary.
Other Liabilities	72.0	93.9	
Total Borrowings	60.0	39.4	
Working Capital Facilities/Trade Finance	40.4	26.5	<ul style="list-style-type: none"> (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	13.3	11.5	
Lease Liabilities	6.3	1.4	
Total Equity	295.0	290.4	
Key Ratios			
Group			
Current Ratio	2.25	2.31	
Branded Consumer Division			
Inventory Days	72	67	
Receivables Days	60	51	
Payable Days	45	40	
Return on Equity	18.5%	19.2%	

Cash Flow Applications

(In US\$ Million)	30 Jun 2014
EBITDA	42.0
Less: Changes in Operating Cash Flow	
Increase in Working Capital	(19.5)
Tax Expense paid	(12.3)
Interest Expense paid	(1.3)
Operating Cash Flow	8.9
Investing Activities	
Capex, Patents & Trademarks, Net of Proceeds *	(12.3)
Divestment Expense	(1.1)
Interest Income received	0.8
Free Cash Flow	(3.7)
Financing Activities	
Proceeds of Term Loans & Net of Repayment	0.8
Proceeds from Working Capital financing	12.7
Payment of Final & Special Dividend	(25.0)
Net Cash Movement	(15.2)

* The amount excludes additions of property, plant and equipment of US\$6.8 million that were financed by finance leases.

Thank You
