

PETRA FOODS

LIMITED

(Registration no. 198403096C)

3rd Quarter & 9-Month 2014 Financial Results

(unaudited)

11 November 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 3rd Quarter & 9-Month ended 30 September 2014”.

Scope of Briefing

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3Q 2014 PATMI of US\$10.5 Million Achieved

- **3Q 2014 Group PATMI of US\$10.5 million achieved culminated in 9M 2014 PATMI of US\$36.4 million vs US\$4.7 million previously**
 - 9M 2013 included operating losses of divested Cocoa Ingredients business. With the divestment completed in June 2013, results no longer include Cocoa Ingredients' results

- **In presenting the Y-o-Y performance for 3Q 2014, following key points must be highlighted for our Branded Consumer business:**
 - In 2014, sales run-up for the Lebaran festivities were in 2Q, while in 2013 the impact was in 3Q
 - ✓ Hence, timing of this major holiday (especially for our core market of Indonesia) can affect quarterly sales performance
 - The strategic initiative taken over the past year to discontinue the distribution of some less profitable Agency Brands resulting in the reported lower sales, especially in the regional markets
 - Weakness in the regional currencies (especially the Indonesian Rupiah) with foreign exchange translation into the Group's US\$ reporting currency contributing to the lower revenue and PATMI by 6.5% and 29.1% respectively Y-o-Y
 - ✓ In 3Q 2014, the Indonesian Rupiah weakened Y-o-Y against the US\$ by average of 13%

Strong Performance for 9M 2014

- **More significantly for 9M 2014, strong performance achieved (Revenue ▲12.7% Y-o-Y and PATMI ▲5.9% Y-o-Y in Local Currency Terms) driven by positive market environment in our regional markets, despite currency headwinds and higher cost inflation**
 - Although translation into the Group's US\$ reporting currency resulted in revenue and PATMI lower Y-o-Y by 1.5% and 14.0% respectively
- **The strong 9M 2014 performance driven mainly by Own Brands sales (▲13.9% in Local Currency Terms), reflecting continued success of our brand building initiatives, our significant investment in innovation and shelf space dominance**
 - Growth achieved was broad based and across our major categories, despite increased competition activities in our key market of Indonesia
- **Gross Profit Margin of 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**

Key Highlights of 3Q and 9M 2014 Results

(In US\$ Million)	3Q 2014	3Q 2013	Y-o-Y change	Local Currency Performance (Y-o-Y change)	9M 2014	9M 2013	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	118.2	126.3	▼ 6.5%	▲ 1.6%	372.7	378.4	▼ 1.5%	▲ 12.7%
Indonesia	85.1	91.6	▼ 7.1%	▲ 4.4%	269.5	277.2	▼ 2.8%	▲ 15.1%
Regional Market	33.1	34.7	▼ 4.7%	▼ 6.0%	103.2	101.2	▲ 2.1%	▲ 6.1%
Gross Profit (GP)	37.5	40.2	▼ 6.7%	▲ 2.0%	118.8	121.5	▼ 2.3%	▲ 12.6%
GP Margin	31.7%	31.8%	▼ 0.1% pt	▼ 0.1% pt	31.9%	32.1%	▼ 0.2% pt	▼ 0.2% pt
EBITDA	17.7	23.0	▼ 23.1%	▼ 12.8%	59.7	67.9	▼ 12.1%	▲ 5.9%
EBITDA Margin	15.0%	18.2%	▼ 3.2% pt	▼ 2.6% pt	16.0%	17.9%	▼ 1.9% pt	▼ 1.0% pt
PATMI	10.5	14.8	▼ 29.1%	▼ 18.7%	37.5	43.7	▼ 14.0%	▲ 5.9%
ROE (%)					17.3%	19.2% *	▼ 1.9% pt	

Note: Figure above excludes Divested Business

* Relates to FY2013 audited figures

■ 9M 2014 growth in local currency terms reflected:

- (i) The vibrant consumption in our markets for chocolate confectionery; and the success of our significant investments in innovations, brand building initiatives and our routes-to-market capabilities
- (ii) In 3Q and 9M 2014, brand building investments were increased to strengthen the brand equity of our major brands

Looking Forward

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

- **To sustain profitable growth over the longer term, we will continue to strengthen our business through:**
 - Growing our key brands in our markets, further broadening our routes-to-market and investing to build capacity and capabilities in our manufacturing assets

- **To add further value over the longer term to our quality earnings, we will continue to explore opportunities 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)	3Q 2014	3Q 2013	Y-o-Y Change	Local Currency Performance (Y-o-Y change)	9M 2014	9M 2013	Y-o-Y Change	Local Currency Performance (Y-o-Y change)
Revenue	118.2	126.3	▼ 6.5%	▲ 1.6%	372.7	378.4	▼ 1.5%	▲ 12.7%
- Indonesia	85.1	91.6	▼ 7.1%	▲ 4.4%	269.5	277.2	▼ 2.8%	▲ 15.1%
- Regional Market	33.1	34.7	▼ 4.7%	▼ 6.0%	103.2	101.2	▲ 2.1%	▲ 6.1%
EBITDA	17.7	23.0	▼ 23.1%	▼ 12.8%	59.7	67.9	▼ 12.1%	▲ 5.9%
PATMI of Branded Consumer	10.5	14.8	▼ 29.1%	▼ 18.7%	37.5	43.7	▼ 14.0%	▲ 5.9%
<u>Divested Cocoa Ingredients</u>								
Exceptional Items	-	-	NM	NM	(1.1) *	(39.0)	(97.1%)	(97.1%)
Group PATMI	10.5	14.8	(29.1%)	(18.7%)	36.4	4.7	676.5%	861.6%

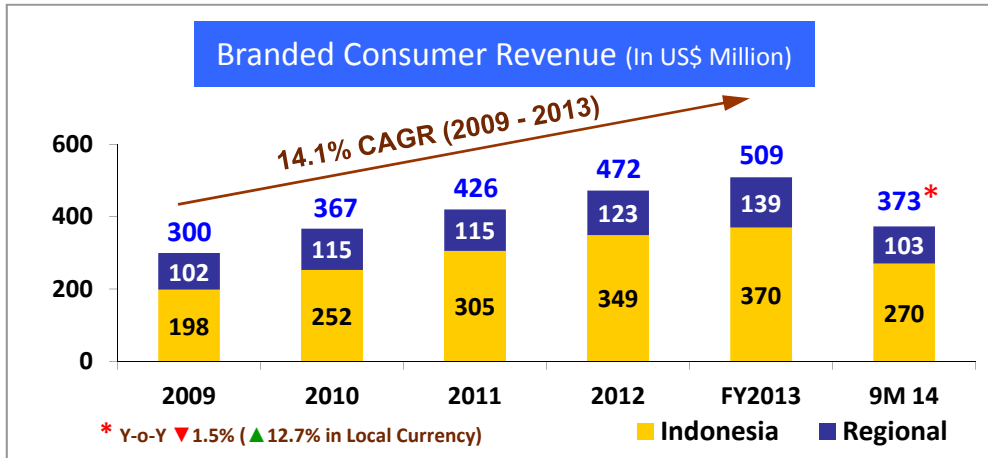
* For 9M 2014, these related to costs incurred pertaining to the dispute with Barry Callebaut

Branded Consumer - Financial Highlights

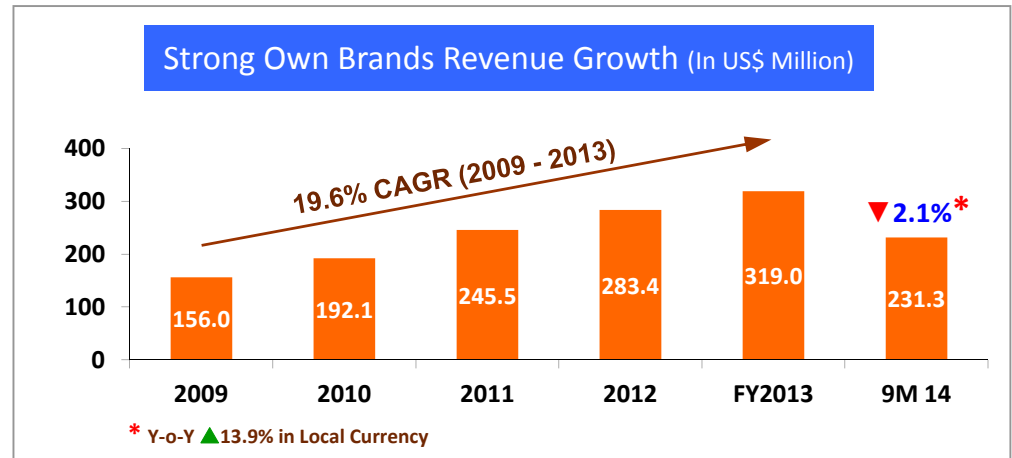
(in US\$ Million)	3Q 2014	3Q 2013	Y-o-Y change	9M 2014	9M 2013	Y-o-Y change
Sales	118.2	126.3	(6.5%)	372.7	378.4	(1.5%)
EBITDA	17.7	23.0	(23.1%)	59.7	67.9	(12.1%)
PATMI	10.5	14.8	(29.1%)	37.5	43.7	(14.0%)
EPS (US cents)	1.72	2.43	(29.1%)	6.15	7.15	(14.0%)
ROE (%)				17.3%	19.2%*	(1.9% pt)

* Relates to FY2013 audited figures

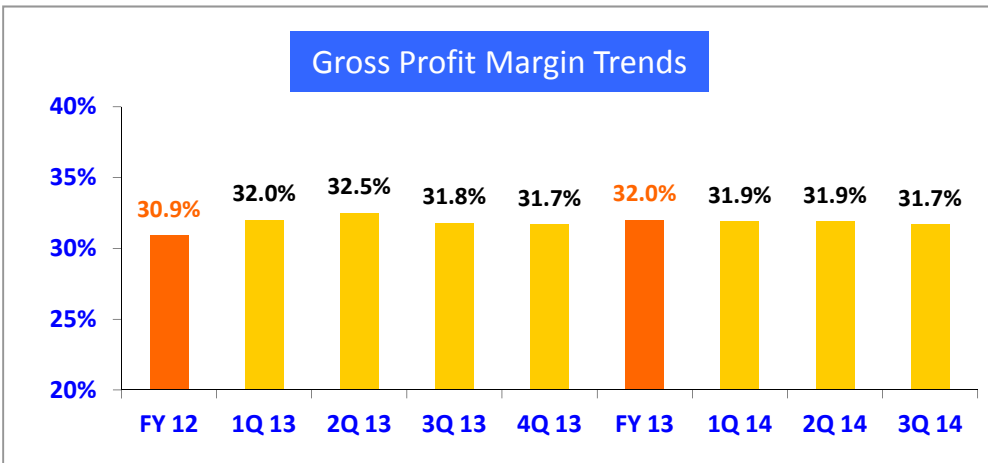
Branded Consumer - Financial Highlights (cont'd)



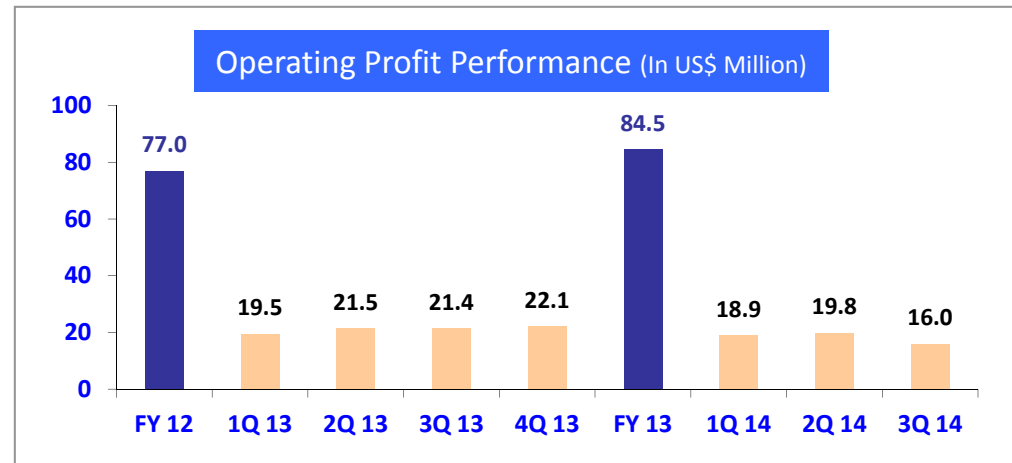
■ Strong position in Indonesia complemented by a growing regional footprint



■ 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, 3Q 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 Sep 2014	31 Dec 2013	Comments
Cash and Cash Equivalents	168.5	196.7	<ul style="list-style-type: none"> Includes net proceeds from divestment of Cocoa Ingredients and after payment of total dividends of US\$38.4 million. Supports expanded capacity and reflects higher raw material prices. Received US\$19.9 million loan from a divested Brazilian subsidiary. Capital expenditure of US\$31.0 million to further build capacity and capabilities.
Trade Receivables	73.6	76.7	
Inventories	69.7	65.5	
Other Assets	20.4	37.6	
Fixed Assets, Intangible Assets & Investments	113.7	89.4	
Total Assets	445.9	465.9	
Trade Payables	33.4	42.2	<ul style="list-style-type: none"> Repaid US\$20.1 million due to a divested Malaysian subsidiary.
Other Liabilities	68.6	93.9	
Total Borrowings	55.4	39.4	
Working Capital Facilities/Trade Finance	24.9	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	24.1	11.5	
Lease Liabilities	6.4	1.4	
Total Equity	288.5	290.4	
Key Ratios			
Group			
Current Ratio	2.43	2.31	
Branded Consumer Division			
Inventory Days	73	67	
Receivables Days	55	51	
Payable Days	41	40	
Return on Equity	17.3%	19.2%	

Cash Flow Applications

(In US\$ Million)	30 Sep 2014
EBITDA	59.7
Less: Changes in Operating Cash Flow	
Increase in Working Capital	(15.1)
Tax Expense paid	(17.4)
Interest Expense paid	(2.3)
Operating Cash Flow	24.9
Investing Activities	
Capex, Patents & Trademarks, Net of Proceeds *	(22.9)
Divestment Expense	(1.1)
Interest Income received	1.2
Free Cash Flow	2.1
Financing Activities	
Proceeds of Term Loans & Net of Repayment	11.8
Proceeds from Working Capital financing	(3.7)
Dividend paid	(38.4)
Net Cash Movement	(28.2)

* The amount excludes additions of property, plant and equipment of US\$8.0 million that were financed by finance leases.

Thank You
