



***1<sup>st</sup> Quarter 2015***  
***Financial Results***  
***(unaudited)***

***6 May 2015***



# 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 1<sup>st</sup> Quarter ended 31 March 2015”.

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# 1Q 2015 Highlights

- **Revenue**      **US\$106.2 million**    ▼13.5% in US\$ term ( ▼9.3% constant currency terms)
- **EBITDA**      **US\$13.8 million**    ▼33.4% in US\$ terms ( ▼29.6% constant currency terms)
- **PATMI**      **US\$7.7 million**      ▼42.8% in US\$ terms ( ▼39.1% constant currency terms)
- **Group ROE of 10.4%**

# Our 1Q 2015 Performance in greater details

**1Q 2015 Revenue of US\$106.2 million and PATMI of US\$7.7 million**

## Own Brands Performance

**Sales US\$67.2 million**

(▼ 10.0% in constant currency)

- Strong performance achieved in the Philippines although performance in Indonesia was weaker
- Our lower Y-o-Y performance in Indonesia reflects the recent slowdown in the Indonesian economy and the weakening of consumer sentiment
- In this poor economic environment, consumer off-take was lower than expected in 1Q 2015. This resulted in our trade customers reacting by reducing their inventory levels which negatively impacted our sales
  - Although based on shelf space data, consumer demand for our major brands still remained positive

## Gross Profit Margin

**30.3%** (vs 31.9%)

- Lower Y-o-Y but still above our target of 30%
- The lower margin was due to higher raw material costs as a result of the weaker Rupiah

# Summary of 1Q 2015 Results

(In US\$ Million)	1Q 2015	1Q 2014	Y-o-Y change	Local Currency Performance (Y-o-Y change)
<b>Revenue</b>	<b>106.2</b>	<b>122.7</b>	▼ 13.5%	▼ 9.3%
<b>Indonesia</b>	<b>73.5</b>	<b>88.1</b>	▼ 16.6%	▼ 12.3%
<b>Regional Market</b>	<b>32.7</b>	<b>34.6</b>	▼ 5.5%	▼ 1.7%
<b>Gross Profit (GP)</b>	<b>32.2</b>	<b>39.1</b>	▼ 17.7%	▼ 13.8%
GP Margin	30.3%	31.9%	▼ 1.6% pt	▼ 1.6% pt
<b>EBITDA</b>	<b>13.8</b>	<b>20.7</b>	▼ 33.4%	▼ 29.6%
EBITDA Margin	13.0%	16.8%	▼ 3.8% pt	▼ 3.7% pt
<b>PATMI</b>	<b>7.7</b>	<b>13.5</b>	▼ 42.8%	▼ 39.1%
<b>ROE (%)</b>	<b>10.4%</b>	<b>17.1%*</b>	▼ 6.7% pt	

\* Relates to FY2014 audited figures and excludes Exceptional items

- **Lower sales in regional markets reflects our strategic initiatives to discontinue some less profitable Agency Brands**
  - Excluding the discontinued Agency Brands and in constant currency terms, regional markets' underlying revenue growth was 11.3% for 1Q 2015
- **Profit performance achieved despite higher cost inflation, weakness in regional currencies**

- **For FY2015, we expect the Group's performance to be affected by the challenging operating environment in Indonesia, the volatility in regional currencies and raw materials costs**
  
- **To sustain profitable growth over the longer term, we will continue to strengthen our business through:**
  - **Aligning our organisation and our growth plans**
  - **Growing our key brands in our markets and further broadening our routes-to-market**
  - **Further investing to build capacity and capabilities, increasing our productivity, and improve our efficiency in our manufacturing and distribution infrastructure**
  
- **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

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# Group Financial Highlights

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# Group Financial Highlights - At a glance

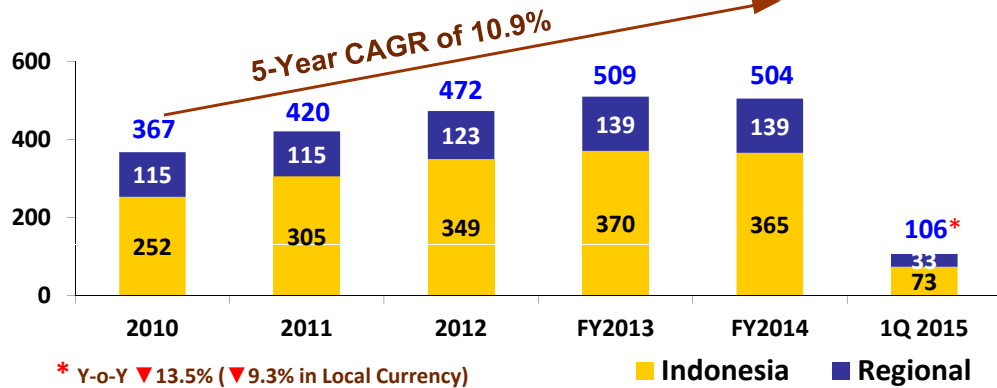
(In US\$ Million)	1Q 2015	1Q 2014	Y-o-Y Change	Local Currency Performance (Y-o-Y Change)
<b>Revenue</b>	<b>106.2</b>	<b>122.7</b>	<b>▼ 13.5%</b>	<b>▼ 9.3%</b>
- <b>Indonesia</b>	<b>73.5</b>	<b>88.1</b>	<b>▼ 16.6%</b>	<b>▼ 12.3%</b>
- <b>Regional Market</b>	<b>32.7</b>	<b>34.6</b>	<b>▼ 5.5%</b>	<b>▼ 1.7%</b>
<b>EBITDA</b>	<b>13.8</b>	<b>20.7</b>	<b>▼ 33.4%</b>	<b>▼ 29.6%</b>
<b>PATMI</b>	<b>7.8</b>	<b>13.8</b>	<b>▼ 43.5%</b>	<b>▼ 39.9%</b>
<b>Exceptional Items</b>	<b>(0.1)*</b>	<b>(0.3)*</b>	<b>(70.3%)</b>	<b>(70.3%)</b>
<b>Group PATMI</b>	<b>7.7</b>	<b>13.5</b>	<b>(42.8%)</b>	<b>(39.1%)</b>
<b>EPS (US cents)</b>	<b>1.27</b>	<b>2.22</b>	<b>(42.8%)</b>	
<b>ROE (%)</b>	<b>10.4%</b>	<b>17.1%**</b>	<b>(6.7% pt)</b>	

\* These related to costs incurred pertaining to the dispute with Barry Callebaut

\*\* Relates to FY2014 audited figures and excludes Exceptional items

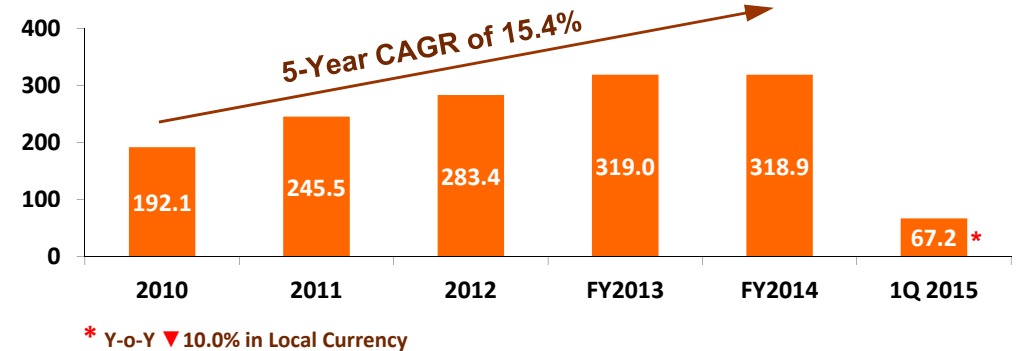
# Financial Highlights (cont'd)

Group Revenue (In US\$ Million)



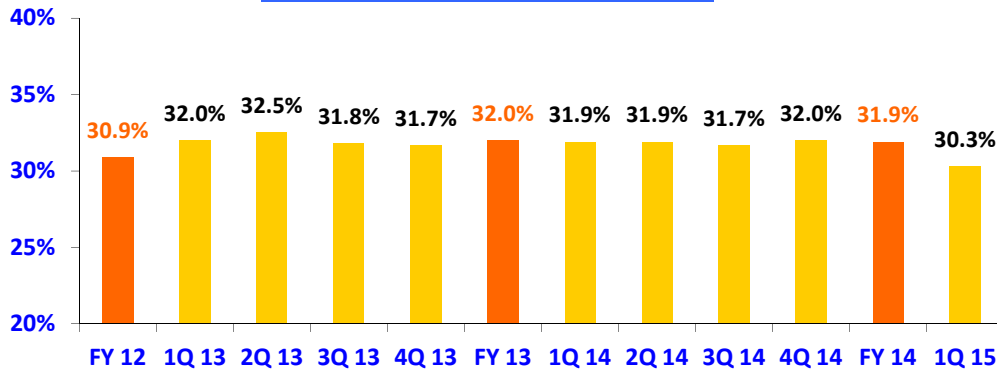
- Strong position in Indonesia complemented by a growing regional footprint

Strong Own Brands Revenue Growth (In US\$ Million)



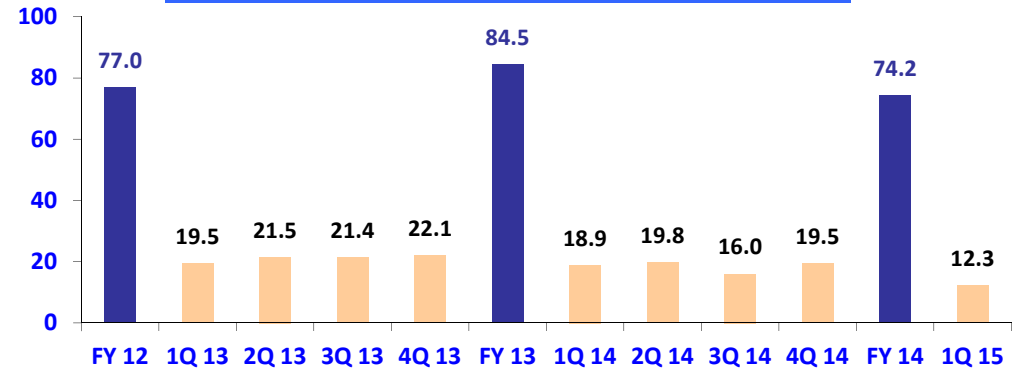
- Strong growth driven by our market-leading brands in fast growing categories; our strong innovation culture and efficient routes-to-market

Gross Profit Margin Trends



- Despite higher cost inflation, 1Q 2015 margin achieved is above target of 30%

Operating Profit Performance (In US\$ Million)



- 1Q 2015 performance reflected the weaker sales, high cost inflation and weakness in regional currencies

# 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**

# Notification of Tax Claims

- Pursuant to the SPA on 30 June 2013, the Company and Barry Callebaut (“BC”) entered into a Tax Deed of Covenant (“Tax Deed”)
- Under the Tax Deed, BC is required to notify the Company of any claim for taxations which would give rise to a liability after completion of the sale of the Cocoa Ingredients business to BC
- BC notified the Company of 3 tax claims totaling Brazilian Real 34.5 million (equivalent to US\$12.8 million) made by the Brazilian Tax Authorities against Delfi Cacau Brazil Ltda, which BC purchased as part of the sale of the Cocoa Ingredients business (please refer to paragraph 8 on page 17 of SGX Announcement)
- While reserving its rights in relation to the notifications, the Company has requested BC to defend these claims. The management believes that there are grounds to resist these claims and, therefore, no provision has been made

# Balance Sheet & Cash Flow Analysis

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# Balance Sheet Analysis (Figures are at period end)

(In US\$ Million)	31 Mar 2015	31 Dec 2014	Comments
Cash and Cash Equivalents	177.0	172.0	<ul style="list-style-type: none"> <li>Includes net proceeds from divestment of Cocoa Ingredients business.</li> </ul>
Trade Receivables	68.1	82.1	<ul style="list-style-type: none"> <li>Higher collection increased cash balance and lowered working capital.</li> </ul>
Inventories	71.5	72.7	
Other Assets	22.7	24.5	
Fixed Assets, Intangible Assets & Investments	118.6	119.2	<ul style="list-style-type: none"> <li>Capital expenditure of US\$7.0 million to further build capacity and capabilities.</li> </ul>
<b>Total Assets</b>	<b>457.9</b>	<b>470.5</b>	
Trade Payables	30.2	31.9	
Other Liabilities	63.6	67.3	
<b>Total Borrowings</b>	<b>66.4</b>	<b>74.0</b>	<ul style="list-style-type: none"> <li>In line with lower working capital.</li> </ul>
Working Capital Facilities/Trade Finance	32.0	33.2	
Term Loan	27.6	32.6	
Lease Liabilities	6.8	8.2	
<b>Total Equity</b>	<b>297.7</b>	<b>297.3</b>	
<b>Key Ratios</b>			
<b>Group</b>			
Current Ratio	2.42	2.32	
<b>Branded Consumer Division</b>			
Inventory Days	89	74	<ul style="list-style-type: none"> <li>Reflected higher value of finished goods and raw materials carried to meet demand.</li> </ul>
Receivables Days	64	57	<ul style="list-style-type: none"> <li>Higher proportion of Regional market sales which have longer trading terms.</li> </ul>
Payable Days	38	39	
Return on Equity	10.4%	17.1%	

# Cash Flow Applications

(In US\$ Million)	31 Mar 2015
<b>EBITDA</b>	<b>13.8</b>
<b>Changes in Operating Cash Flow</b>	
Decrease in Working Capital	8.7
Tax Expense paid	(3.2)
Interest Expense paid	(1.0)
<b>Operating Cash Flow</b>	<b>18.3</b>
<b>Investing Activities</b>	
Capex, Patents & Trademarks, Net of Proceeds	(7.0)
Interest Income received	0.6
<b>Free Cash Flow</b>	<b>11.9</b>
<b>Financing Activities</b>	
Repayment of Term Loans	(7.8)
Proceeds from Working Capital Financing	1.0
<b>Net Cash Movement</b>	<b>5.1</b>



Thank You

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