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## Petra Foods achieves US\$305.9 million revenue in 9M 2015

- Lower sales generated because of weaker consumer sentiments in Indonesia and the depreciation of local currencies across key markets.
- Bottomline affected by exceptional item mainly the one-time exceptional charge of US\$19.4 million resulting from the recent settlement of dispute with Barry Callebaut.

| Financial Highlights (US\$' M) | 3 months ended 30 September |             |            |  | 9 months ended 30 September |             |               |  |
|--------------------------------|-----------------------------|-------------|------------|--|-----------------------------|-------------|---------------|--|
|                                | 3Q 2015                     | 3Q 2014     | Change (%) | Change in Constant Exchange Rates (%)* | 9M 2015                     | 9M 2014     | Change (%)    | Change in Constant Exchange Rates (%)* |
| Revenue                        | 84.6                        | 118.2       | (28.4)     | (16.5)                                 | 305.9                       | 372.7       | (17.9)        | (9.3)                                  |
| EBITDA                         | 4.3                         | 17.7        | (75.8)     | (66.9)                                 | 32.0                        | 59.7        | (46.4)        | (38.9)                                 |
| <b>PATMI**</b>                 | <b>(1.2)</b>                | <b>10.5</b> | <b>NM</b>  | <b>NM</b>                              | <b>14.5</b>                 | <b>37.5</b> | <b>(61.4)</b> | <b>(54.7)</b>                          |
| Gross Profit Margin            | 28.4%                       | 31.7%       | (3.3% pt)  |  | 29.4%                       | 31.9%       | (2.5% pt)     |  |

\* For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 3Q 2014 and 9M 2014 in translating 3Q 2015 and 9M 2015 results.

\*\* Excluding exceptional item.

**SINGAPORE - 12 November 2015** - Mainboard listed chocolate confectionery company, Petra Foods Limited (“**Petra Foods**” or the “**Group**”) generated sales of US\$305.9 million for the nine months ended 30 September 2015 (“**9M 2015**”), lower Y-o-Y by 17.9%. In constant currency terms, the decline would have been 9.3% over the same period. The Group’s lower Y-o-Y sales largely reflects the slowdown in the Indonesia economy and the resulting negative impact on consumption in 3Q 2015 and 9M 2015 as well as the continued weakening of regional currencies against the US Dollar, especially the Indonesian Rupiah, which at the end of September 2015 was at its lowest level in 17 years.

On 28 August 2015, Petra Foods announced the settlement of the dispute with Barry Callebaut AG (“**Barry Callebaut**”) over the sale of its Cocoa Ingredients business to the latter on 30 June 2013 (the “**settlement**”). On the back of the settlement, a one-time exceptional charge of US\$19.4 million was recognised in addition to other costs incurred in relation to the resolution of the dispute (the “**exceptional item**”). As a result, the Group suffered a loss after tax and minority interests of US\$5.5 million in 9M 2015 as compared to US\$36.4 million in 9M 2014. Excluding the exceptional item, the Group would have achieved a PATMI of US\$14.5 million in 9M 2015 from its operations.

For the three months ended September 2015 (“**3Q 2015**”), Petra Foods generated a loss after tax and minority interests of US\$20.7 million on the back of lower Y-o-Y operating performance resulting mainly from the weak consumption in Indonesia coupled with higher tax expense and the US\$19.4 million exceptional charge. Excluding the exceptional item, the Group’s loss after tax and minority interests in 3Q 2015 would have been US\$1.2 million.

Despite the headwinds for our business, especially in Indonesia, the Group generated Free Cash Flow of US\$16.0 million for 9M 2015 through tighter working capital management and our strategy of focusing capital expenditure on the most critical and immediately income generating projects.

As at 30 September 2015, the Group’s cash balance totalled US\$122.6 million, which comprised mainly the sales proceeds received from the divestment of its Cocoa Ingredients business.

Based on 611,157,000 ordinary shares in issue and excluding exceptional item, the Group’s earnings per share (“**EPS**”) in 9M 2015 was 2.37 US cents as compared to 6.15 US cents in 9M 2014. Including exceptional item, 9M 2015 EPS was (0.90) US cents. Net asset value per share as at 30 September 2015 was 38.3 US cents compared to 48.6 US cents as at 31 December 2014.

**PERFORMANCE REVIEW BY MARKETS**

| Financial Highlights<br>(US\$' M) | 3 months ended 30 September |              |               |   | 9 months ended 30 September |              |               |   |
|-----------------------------------|-----------------------------|--------------|---------------|---|-----------------------------|--------------|---------------|---|
|                                   | 3Q<br>2015                  | 3Q<br>2014   | Change<br>(%) | Change in<br>Constant<br>Exchange<br>Rates (%)* | 9M<br>2015                  | 9M<br>2014   | Change<br>(%) | Change in<br>Constant<br>Exchange<br>Rates (%)* |
| Indonesia                         | 57.1                        | 85.1         | (32.9)        | (21.2)  | 211.8                       | 269.5        | (21.4)        | (12.4)  |
| Regional<br>Markets               | 27.5                        | 33.1         | (17.0)        | (4.4)   | 94.1                        | 103.2        | (8.9)         | (1.3)   |
| <b>Total<br/>Revenue</b>          | <b>84.6</b>                 | <b>118.2</b> | <b>(28.4)</b> | <b>(16.5)</b>                                   | <b>305.9</b>                | <b>372.7</b> | <b>(17.9)</b> | <b>(9.3)</b>                                    |

\* For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 3Q 2014 and 9M 2014 in translating 3Q 2015 and 9M 2015 results.

**Indonesia**

Consumer spending in Indonesia, where the Group has over 50% share of the chocolate confectionery market, continued to be impacted by the slowing economy, high inflation environment and persistent weakness in the local currency. This led to a 32.9% and 21.4% Y-o-Y decline in sales in 3Q 2015 and 9M 2015 respectively in the Group's US Dollar reporting currency. In local currency terms, sales declined at a slower rate of 21.2% and 12.4% Y-o-Y in 3Q 2015 and 9M 2015 respectively.

**Regional Markets (comprising Philippines, Malaysia and Singapore<sup>1</sup>)**

In 3Q 2015 and 9M 2015, the revenue from the Regional Markets was lower by 17.0% and 8.9% Y-o-Y respectively in the Group's US Dollar reporting currency. However in local currency terms and excluding the discontinued Agency Brands, a Y-o-Y growth of 15.5% and 14.6% was achieved.

In the regional markets, sales of Petra Foods' Own Brands continued to grow strongly especially in the Philippines, which achieved double digit revenue growth because of aggressive brand development, product launches and category extensions and strengthening route-to-market.

<sup>1</sup> On 10 June 2015, Petra Foods announced the cessation of its unprofitable distribution business in Singapore due to its relatively small scale. Nevertheless, the Group will continue to grow its Own Brands presence in Singapore through a distributor.

**BUSINESS OUTLOOK**

The Group expects its performance for the full year ending 31 December 2015 to be affected by several factors, including the challenging operating environment in Indonesia, persistent volatility in regional currencies and higher raw material costs. The one-time exceptional charge of US\$19.4 million recognised in 3Q2015 will also be an additional drag on the Group's full-year 2015 performance.

The Group has taken steps to ensure that the organisation is efficiently aligned to its growth plans. In addition to growing its key brands, it has also invested in strengthening its distribution infrastructure and will prudently invest in building manufacturing capacity and capabilities according to operational needs.

**Mr John Chuang**, Petra Foods' Chief Executive Office said: *"The management is taking proactive and measured steps to pursue strategies that will not only maintain the Group's performance in the short term but also to build a sustainable future for the Group. We believe our geographic and product portfolio position us well for future growth. Over the long term, we expect the consumption environment in our regional markets to be supported by the robust economies and the fast growing middle income class. To capture the growth opportunities, we are building and focusing our organization to drive maximum shelf space presence in all retail channels for all our strategic brands. In addition, we will further strengthen the Group's cash flow generation through tighter working capital management and focused capital expenditure."*

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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. 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, Malaysia and the Philippines.

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. In 2015, the Group was awarded "Best Managed Board" in the Bronze category.

The Group's Chief Executive Officer, Mr John Chuang, was also recognised for his leadership and management of Petra Foods. He was named "Best Chief Executive Officer" at the 2011 Singapore Corporate Awards, "Businessman of the Year" at the 2012 Singapore Business Awards and he was one of the recipients of the SG50 Outstanding Chinese Business Pioneers Awards in 2015.

In November 2013, Petra Foods was awarded Runner-Up in the "Most Transparent Company Award" for the food and beverage sector at the Securities Investors Association (Singapore) Investors' Choice Awards.

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