



***4th Quarter & Full Year 2015
Financial Results
(unaudited)***

22 February 2016



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 4th Quarter and Full Year ended 31 December 2015”.

Scope of Briefing

	<u>Page No</u>
■ FY2015 Highlights	4
■ Our 4Q 2015 Performance in greater detail	6
■ Capital Reduction Proposal	7
■ Summary of 4Q and FY2015 Results	8
■ Looking Forward	9
■ Appendices	
➤ Group Financial Highlights	12
➤ Balance Sheet & Cash Flow Analysis	17

❖ **2015 was a tumultuous year for the Group, with the results affected by several negative factors:**

- Slowdown in Indonesia's economy led to poor consumer sentiment and de-stocking by trade customers resulting in lower sales for the Group
- Weakness in Indonesian Rupiah increased costs and depressed reported results
- Need for increased A&P spending to support flagging sales
- Decline in our Gross Profit margin during the full year (despite a marked improvement in 4Q = GP margin climbed to 30.8%)
- The closure of our distribution business in Singapore
- An increase in our effective tax rate
- One-time exceptional charge of US\$20.1 million arising from the settlement of the dispute with Barry Callebaut

❖ **Despite these factors during 2015 the Group achieved:**

- PATMI of US\$15.3 million* despite the challenging operating environment in Indonesia
- Free Cash Flow of US\$18.4 million
- Annualised Group ROE of 5.7%*
- Cash balance of US\$119.5 million

* Excluding the Barry Callebaut exceptional item

- ❖ **Following the settlement of the dispute with Barry Callebaut over the closing price adjustment in respect of the sale of the Cocoa Ingredients business to Barry Callebaut in 2013, the Board has concluded that the US\$111.7 million cash reserves as at 31 December 2015 are in excess of the immediate needs of the Company. The Company is proposing to return US\$60 million to Shareholders by means of a court-sanctioned Capital Reduction**

Our 4Q 2015 Performance in greater detail

Revenue of US\$100.0 million and EBITDA of US\$5.5 million

- ❖ **Own Brands Performance - Sales US\$65.4 million (▼ 14.9% in constant currency)**
 - Sales in Indonesia remained weak, although better Own Brands growth achieved in Philippines
 - Our lower Y-o-Y performance in Indonesia reflects the macroeconomic headwinds, weak consumer sentiment and higher spending to build our core brands and focusing on where we believe the strongest growth opportunities are
 - Our sales shortfall attributable to the weak economic and consumption environment in Indonesia

- ❖ **Gross Profit Margin of 30.8% (vs 32.0% in 4Q 2014)**
 - 4Q 2015's GP Margin of 30.8% - An improvement of 2.4% points over 3Q 2015's 28.4% reflects the pricing adjustments in 3Q 2015 and our on-going cost containment initiatives
 - Y-o-Y margins were lower reflecting higher imported raw material costs on the weaker Rupiah against the USD. Over 2015, the Rupiah weakened 10.9% vs the USD
 - Lower sales volume and higher trade promotional activities also affected the GP Margin

Capital Reduction Proposal

- **The sale of our Cocoa Ingredients business to Barry Callebaut (“BC”), which was announced 12 December 2012 and completed 30 June 2013, has left our business with cash reserves that are in excess of the immediate needs of the Company**
- **After the sale completed on 30 June 2013, in late 2013 BC announced a claim of US\$103 million for an adjustment to the closing price. The Company disputed this claim and referred the matter to arbitration. However, while the dispute was ongoing, the Board was of the opinion that the bulk of the cash reserves should be retained pending the outcome of the dispute**
- **This dispute was settled on 28 August 2015 and the Company agreed to pay US\$38.8 million to BC to settle the dispute over the purchase price**
- **Now that the claim has been settled and the purchase price has been finalised, the Board has again reviewed the needs of the Company for cash and has considered the various capex and investment opportunities available to the Group. The Board has concluded that the US\$111.7 million cash reserves available to the Company are in excess of the medium term needs of the Company and are proposing to return US\$60 million to Shareholders by means of a court-sanctioned Capital Reduction**
- **This proposal was announced via SGXNet on 22 February 2016 and will require Shareholders’ approval at an Extraordinary General Meeting to be held at a date to be announced. The advisors to the Company have indicated that it may take up to 22 weeks for the process to be completed**

Summary of 4Q and FY2015 Results

(In US\$ Million)	4Q 2015	4Q 2014	Y-o-Y change	Local Currency Performance (Y-o-Y change)	FY2015	FY2014	Y-o-Y change	Local Currency Performance (Y-o-Y change)
Revenue	100.0	131.2	▼ 23.8%	▼ 11.5%	405.9	504.0	▼ 19.5%	▼ 9.9%
Indonesia	73.2	95.8	▼ 23.6%	▼ 11.8%	285.0	365.3	▼ 22.0%	▼ 12.3%
Regional Market	26.8	35.4	▼ 24.3%	▼ 10.7%	120.9	138.7	▼ 12.9%	▼ 3.7%
Gross Profit (GP)	30.8	42.0	▼ 26.6%	▼ 15.2%	120.8	160.8	▼ 24.8%	▼ 16.0%
GP Margin	30.8%	32.0%	▼ 1.2% pt	▼ 1.2% pt	29.8%	31.9%	▼ 2.1% pt	▼ 2.1% pt
EBITDA	5.5	21.2	▼ 74.2%	▼ 67.0%	37.5	80.9	▼ 53.7%	▼ 46.3%
EBITDA Margin	5.5%	16.2%	▼ 10.7% pt	▼ 10.2% pt	9.2%	16.0%	▼ 6.8% pt	▼ 6.4% pt
PATMI*	0.8	12.7	(93.4%)	(87.3%)	15.3	50.3	▼ 69.5%	▼ 62.9%
ROE*					5.7%	17.1%**	▼ 11.4% pt	

* Excludes exceptional item.

** Relates to FY2014 audited figures.

- **Lower sales in regional markets reflects our strategic initiatives to discontinue some less profitable Agency Brands and cessation of Singapore distribution business**
 - Excluding the discontinued Agency Brands and Singapore distribution business, and in constant currency terms, regional markets' underlying revenue growth was 9.6% for FY2015
- **YTD Profit performance achieved despite higher cost inflation, weakness in regional currencies and higher costs for A&P and Trade Promotions**

- **Although we expect the challenging operating environment to persist in our core markets, we nevertheless remain cautiously optimistic about the prospects for 2016**
 - Our GP Margin 4Q 2015 was the highest achieved in that year
- **Our focus in 2016 is to build our organisation to drive maximum shelf space presence consistently in all retail channels; and accelerate innovation for Own Brands in order to grow sales while driving cost efficiencies through our organisation**
- **Through this combination of top line focus and stepped up productivity efforts, we expect, barring unforeseen circumstances, the Group's performance in FY2016 to be better**

- **To protect and enhance our leadership position in our markets we are:**
 - Building and focusing our organisation to drive maximum shelf space presence consistently in all retail channels for all our strategic brands and investing to grow our core brands in our markets
 - Continuing the strategic development of new products to allow us to build presence in new categories
 - Continuing to strengthen and build our distribution infrastructure
 - Managing our cash flow through tighter working capital management and focused capital expenditure

- **We are constantly screening and evaluating investment opportunities and will invest if the opportunity meets our investment criteria**
 - Take advantage of opportunities that may arise

Appendices

Group Financial Highlights

Group Financial Highlights - At a glance

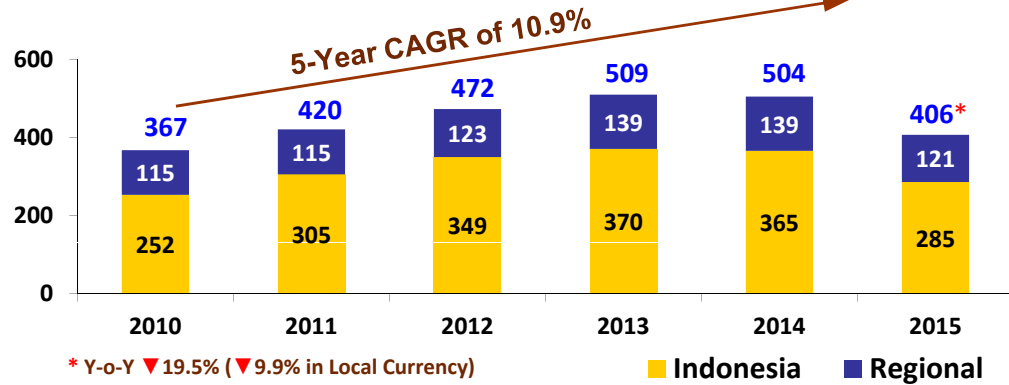
(In US\$ Million)	4Q 2015	4Q 2014	Y-o-Y Change	Local Currency Performance (Y-o-Y change)	FY2015	FY2014	Y-o-Y Change	Local Currency Performance (Y-o-Y change)
Revenue	100.0	131.2	▼ 23.8%	▼ 11.5%	405.9	504.0	▼ 19.5%	▼ 9.9%
- Indonesia	73.2	95.8	▼ 23.6%	▼ 11.8%	285.0	365.3	▼ 22.0%	▼ 12.3%
- Regional Market	26.8	35.4	▼ 24.3%	▼ 10.7%	120.9	138.7	▼ 12.9%	▼ 3.7%
EBITDA	5.5	21.2	▼ 74.2%	▼ 67.0%	37.5	80.9	▼ 53.7%	▼ 46.3%
PATMI	0.8	12.7	▼ 93.4%	▼ 87.3%	15.3	50.3	▼ 69.5%	▼ 62.9%
Exceptional Item	-	(0.4)	▼ 90.7%	▼ 90.7%	(20.0)*	(1.5)	NM	NM
Group PATMI	0.8	12.3	▼ 93.5%	▼ 87.2%	(4.7)	48.8	NM	NM
EPS (US cents)								
- Including Exceptional Item	0.13	2.02	(93.5%)		(0.77)	7.98	NM	
- Excluding Exceptional Item	0.14	2.08	(93.2%)		2.51	8.23	(69.5%)	
ROE								
- Including Exceptional Item					(1.8%)	16.6%**		
- Excluding Exceptional Item					5.7%	17.1%**		

* Comprises one-time exceptional charge of US\$19.4 million and associated costs incurred pertaining to the resolution of dispute with Barry Callebaut.

** Relates to FY2014 audited figures.

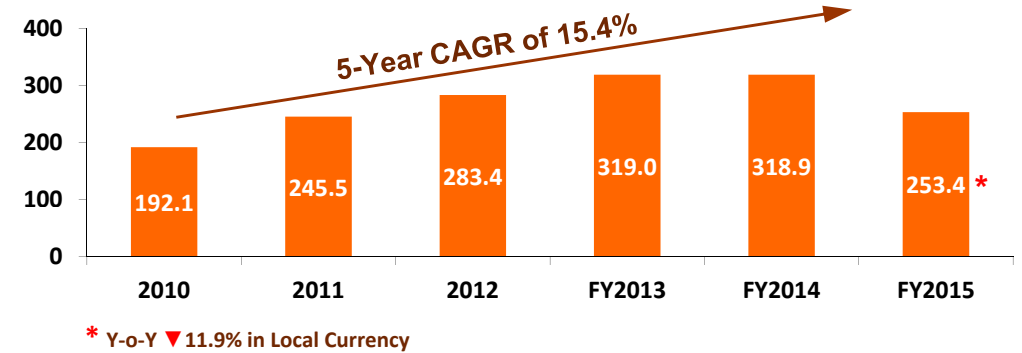
Financial Highlights (cont'd)

Group Revenue (In US\$ Million)



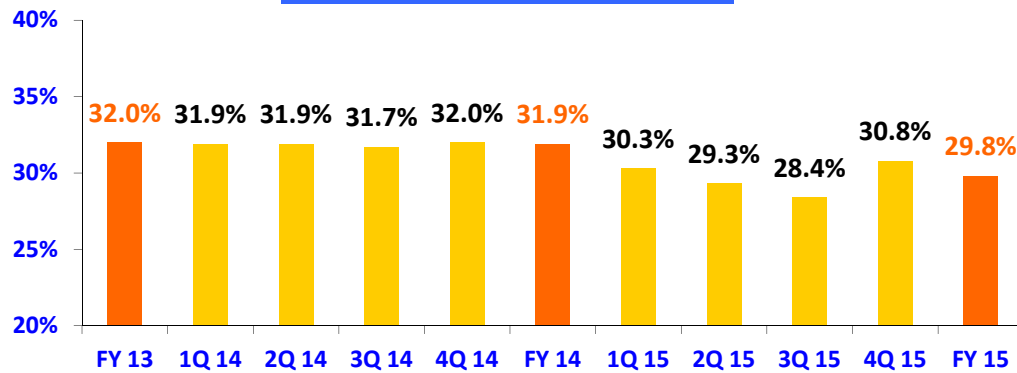
- Strong position in Indonesia complemented by a growing regional footprint

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



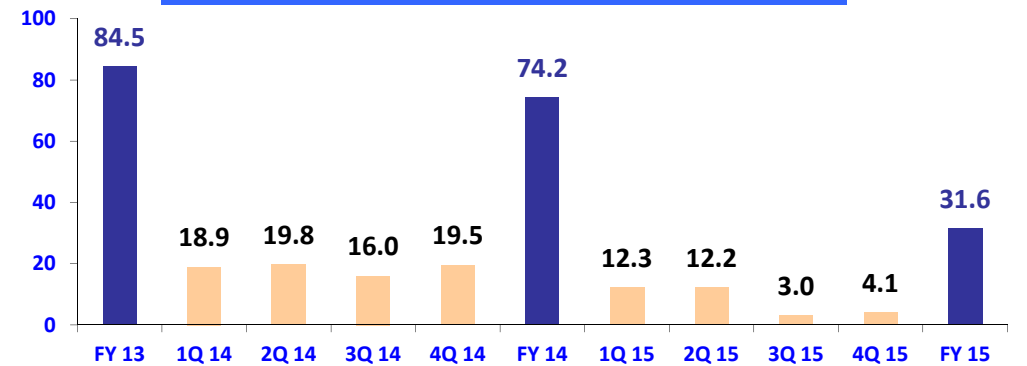
- Strong growth driven by our market-leading brands in fast growing categories; our strong innovation culture and efficient route-to-market

Gross Profit Margin Trends



- FY2015 margin reflected higher raw material costs and higher costs for Trade Promotions

Operating Profit Performance (In US\$ Million)



- Lower 4Q and FY2015 Y-o-Y performance reflected the weaker sales, higher input costs and weakness in regional currencies

Dispute with Barry Callebaut successfully settled

- On 28 August 2015, the Company announced that it had entered into a Settlement Agreement with Barry Callebaut with regards to the dispute and resulting arbitration (as previously announced) with Barry Callebaut
- The dispute pertained to the sale of the Company's Cocoa Ingredients business to Barry Callebaut which was completed on 30 June 2013 and for which Barry Callebaut had subsequently sought a price adjustment of US\$103.0 million
- Under the settlement, the Company and Barry Callebaut agreed, among other things, to fully and finally settle the dispute and discontinue the arbitration, without any admission of liability by the Company or Barry Callebaut
- As part of the settlement, the Parties mutually agreed that Petra Foods will pay a sum of US\$38.0 million plus interest of US\$0.8 million as an adjustment to the closing price and in consideration of full and final settlement of all claims
- After taking into account this settlement, the Company's overall pre-tax gain on the sale of the Cocoa Ingredients business previously reported as US\$67.6 million now amounts to US\$46.1 million

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 totalling Brazilian Real 34.5 million (which at end-2015 exchange rate is equivalent to US\$8.9 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 page 21 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

Balance Sheet & Cash Flow Analysis

Balance Sheet Analysis (Figures are at period end)

(In US\$ Million)	31 Dec 2015	31 Dec 2014	Comments
Cash and Cash Equivalents	119.5	172.0	<ul style="list-style-type: none"> Comprised net proceeds from divestment of Cocoa Ingredients business after dividend payments totaling US\$34.2 million dividend and final settlement with Barry Callebaut of US\$38.8 million. Lower working capital in line with lower sales.
Trade Receivables	56.3	82.1	
Inventories	59.6	72.7	
Other Assets	27.8	24.5	
Fixed Assets, Intangible Assets & Investments	124.4	119.2	<ul style="list-style-type: none"> Capital expenditure of US\$24.4 million to further build capacity and capabilities.
Total Assets	387.6	470.5	
Trade Payables	25.9	31.9	
Other Liabilities	44.8	67.3	
Total Borrowings	74.7	74.0	
Working Capital Facilities/Trade Finance	24.8	33.2	<ul style="list-style-type: none"> Higher Rupiah denominated long term loan and working capital facilities in order to extend the Group's debt maturity profile and minimize FX risk through matching borrowings with functional currency revenue.
Term Loan	45.9	32.6	
Lease Liabilities	4.0	8.2	
Total Equity	242.2	297.3	
Key Ratios			
Current Ratio	2.23	2.32	
Return on Equity			
- Including Exceptional Item	(1.8%)	16.6%	
- Excluding Exceptional Item	5.7%	17.1%	
Inventory Days	85	74	<ul style="list-style-type: none"> Reflected slowdown in Indonesia market and higher value of finished goods and raw materials carried to meet demand. Higher proportion of Regional market sales which have longer trading terms.
Receivables Days	62	57	
Payable Days	37	39	

Cash Flow Applications

(In US\$ Million)	31 Dec 2015
EBITDA	37.5
Changes in Operating Cash Flow	
Decrease in Working Capital	25.1
Tax Expense paid	(19.7)
Interest Expense paid	(4.2)
Operating Cash Flow	38.7
Capex, Patents & Trademarks, Net of Proceeds	(22.3)
Interest Income received	2.0
Free Cash Flow	18.4
Final Settlement with Barry Callebaut	(38.8)
Proceeds (Net of Repayment) of Borrowings	5.9
Repayment of Working Capital Financing	(3.7)
Final, Interim and Special Dividends paid	(34.2)
Net Cash Movement	(52.4)

Thank You
