



**PETRA FOODS**

LIMITED

(Registration no. 198403096C)

*Third Quarter 2005*

*Financial Results*

*(Unaudited)*



# 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 representation as to future performance of Petra. Therefore, the actual performance of Petra may differ significantly from expressions provided herein.

## Scope of Briefing

---

- Q3 2005 Results
- Financial Highlights & Indicators
- Review by Divisions
  - Cocoa Ingredients
  - Branded Consumer
- Outlook & Prospects
- Q & A

## Q3 2005 Results

## Q3 2005 Results

|                                 |  |
|---------------------------------|--|
| <p>PATMI</p>                    | <ul style="list-style-type: none"> <li>■ US\$5.9 million achieved in Q3 2005 (+27% YoY) bringing 9 months net profit to US\$17.1 million (+25% YoY).</li> <li>■ The strong results reflect the underlying strength of Petra's business model. The two core businesses provide diversity in both customer base and geography.</li> </ul>  |
| <p>Cocoa Ingredients</p>        | <ul style="list-style-type: none"> <li>■ Cocoa bean prices have declined from the US\$1500/MT to US\$1400/MT level. Notwithstanding that, EBITDA yield achieved for Q3 2005 was US\$220/MT (6-month moving average) with strong demand for our customized and higher value added products.</li> <li>■ Through our risk averse management practices, we have limited the exposure to volatility in bean prices.</li> </ul>        |
| <p>Branded Consumer</p>         | <ul style="list-style-type: none"> <li>■ Q3 2005 revenue increased by 21.4% YoY. In local currency terms, growth was +26.9% YoY.</li> <li>■ This underscores Petra's strong brand equity in our core market while at the same time reflects our growing footprint in the ASEAN region.</li> <li>■ On a YTD basis, the non-Indonesian markets now contributes 14% of total Branded Consumer revenue, vs 6% previously.</li> </ul> |
| <p>Adjusted Net Debt/Equity</p> | <ul style="list-style-type: none"> <li>■ At 0.35x (vs 0.82x at end Q3 2004).</li> </ul>  |

# Cocoa Ingredients Division - Operations Update

## Demand Growth

- Demand for Cocoa Ingredients continues to be strong which reinforces our demand-led capacity expansion strategy.
- With the new capacity in Malaysia, we were able to generate higher sales volume (+6.7% YoY) in Q3 2005.

## New Markets

- Continuing on our product development efforts with customers in new markets.
- Increasing sales to new markets such as US, Eastern Europe and the Middle East.

## Capacity Expansion

- US\$11.6 million invested YTD primarily in our Malaysian Cocoa Ingredients factory.
- Currently in process of expanding capacity in Brazil to serve both Nestle as well as significant local players.
- Expect incremental Group capacity increase of about 10-15% by end 2006.

# Branded Consumer Division - Operations Update

## Operating Environment

- Magnitude of Indonesian fuel/petrol cost increases have not dampened demand and consumption to a significant extent. Our sales growth target for FY2005 is still on track.
- Raised prices by an average of 3% (in addition to the 4% in February 2005) and re-sized certain products in September 2005 to contain cost increases.
- We continue to focus on driving volume growth while maintaining gross margin.

## Capex on New Capacity

- US\$18.3 million in total was invested in first 9 months.
- Construction of the new facilities is progressing as planned and targeted for completion by Q1 2006.
- New capacity will provide the platform to generate sustainable growth. A new TOP line was added in September to keep up with increasing demand.

## Regionalization Push











- Our regional push for consumer products is gaining momentum with sales increases in Australia and acquisition of Petra Sime Marketing (in Singapore).
- As a percentage of Branded Consumer revenue, the non-Indonesian markets now contribute 14%.
- Acquired 70% stake in Sime Darby Marketing (in Malaysia) for US\$1.3 million to further strengthen distribution network and consumer base in Malaysia.

## Financial Highlights & Indicators



# Group Financial Highlights

## - At a glance

| In US\$'000   | Q3 2005 | Q3 2004 | Change (%)   | 9 mths 2005 | 9 mths 2004 | Change (%)   |
|---------------|---------|---------|--|-------------|-------------|--|
| Turnover      | 110,240 | 100,409 |  9.8%     | 326,812     | 284,133     |  15.0%    |
| EBITDA        | 10,552  | 10,136  |  4.1%     | 31,207      | 29,779      |  4.8%     |
| Interest Cost | (619)   | (1,753) |  64.7%    | (3,605)     | (5,215)     |  30.9%    |
| PATMI         | 5,947   | 4,676   |  27.2%  | 17,112      | 13,657      |  25.3%  |
| CAPEX         | 16,451  | 3,035   |  442.0% | 29,897      | 8,908       |  235.6% |

## 9 Months Financial Indicators

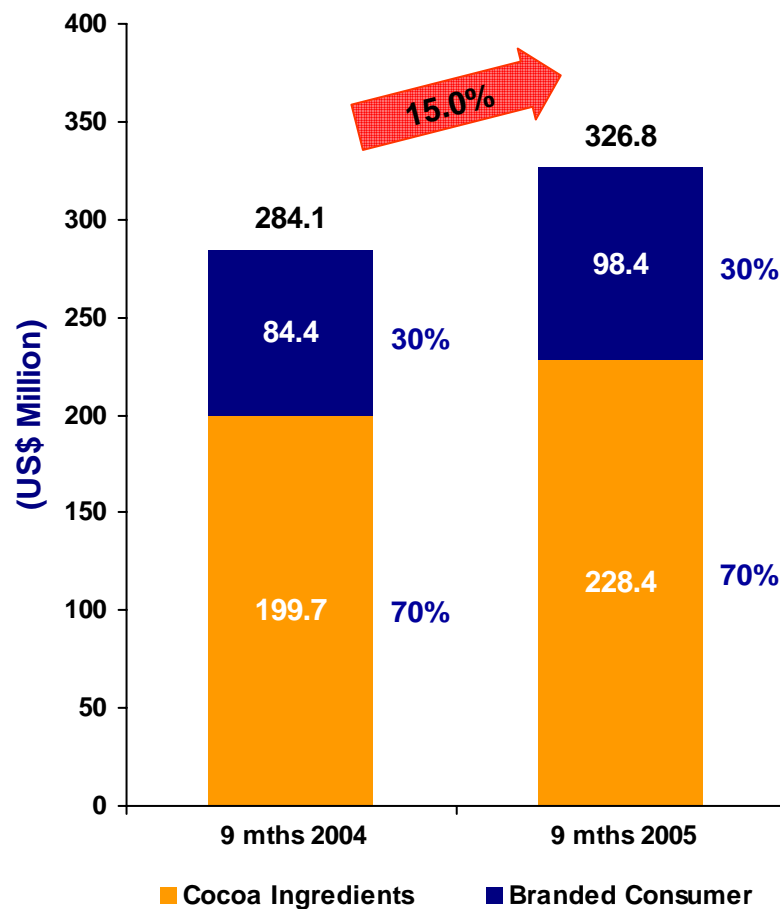
|   | 9 Months 2005 | 9 Months 2004 |
|---|---------------|---------------|
| EPS (Fully diluted) <sup>(1)</sup>      | 3.2 US cents  | 3.4 US cents  |
| ROE (Annualised) <sup>(2)</sup>         | 16.3 %        | 25.1 %        |
| Net Debt/Equity                         | 0.57 x        | 1.64 x        |
| Adjusted Net Debt/Equity <sup>(3)</sup> | 0.35 x        | 0.82 x        |

**Notes:**

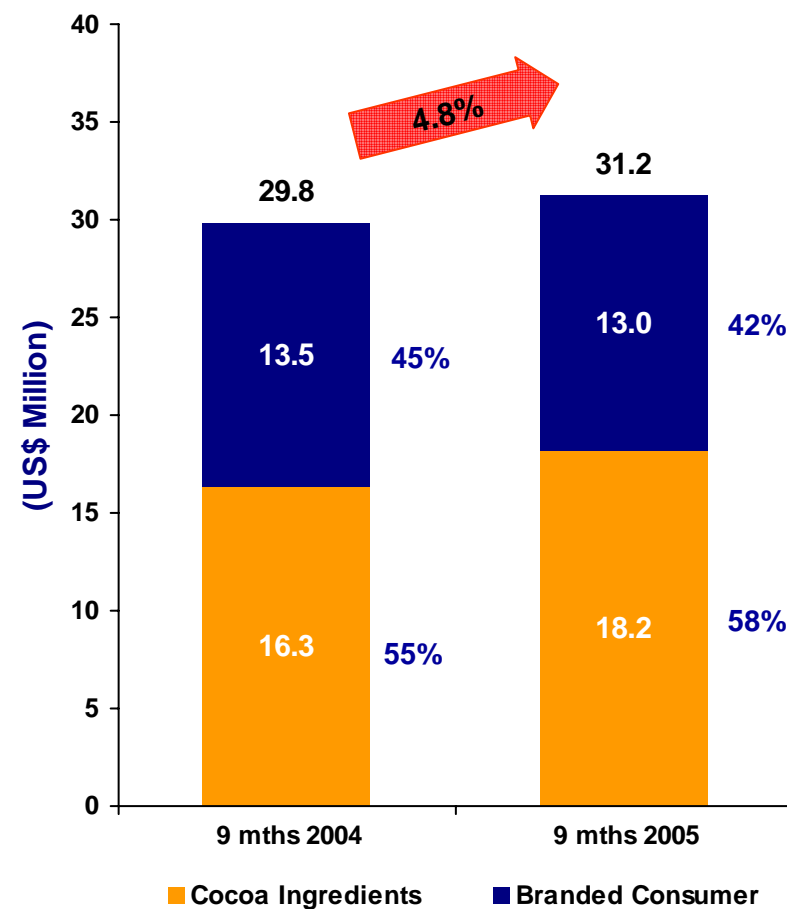
- (1) Diluted earnings per share (EPS) for 9 months 2005 is computed based on 532,277,000 shares following the IPO. Diluted EPS for 9 months 2004 is calculated based on 410,036,000 shares after adjusting the number of ordinary shares in issue assuming conversion of all the convertible bonds.
- (2) Return on Equity for 9 months 2005 and 9 months 2004 are computed based on average shareholders' equity of US\$139.8 million and US\$72.6 million respectively.
- (3) Adjusted net debt is calculated by netting trade finance from the total net debt to more accurately reflect the gearing of the Group. Trade finance principally comprises structured and collateralised finance arrangements for the purposes of financing raw material (cocoa beans).

# 9 Months Financial Highlights

Turnover by Divisions

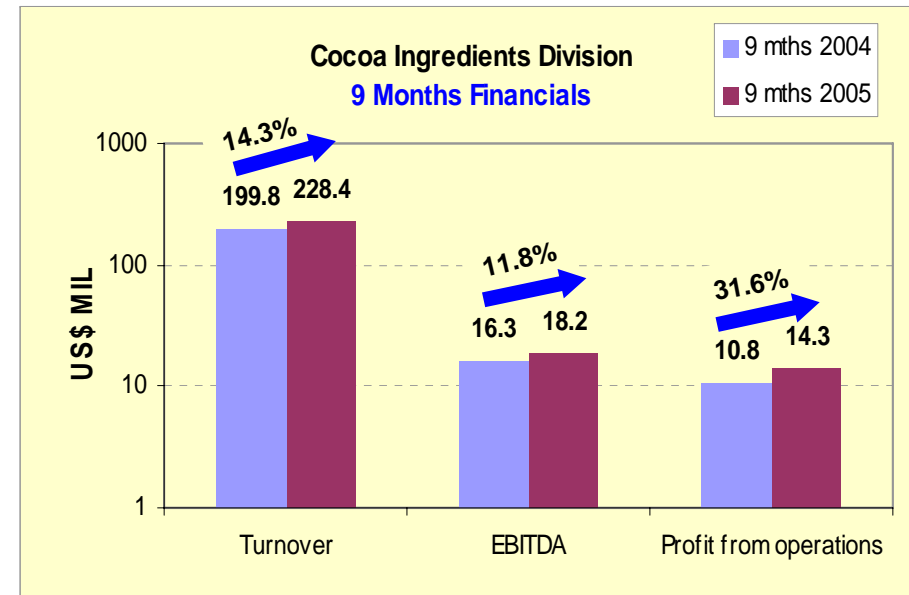
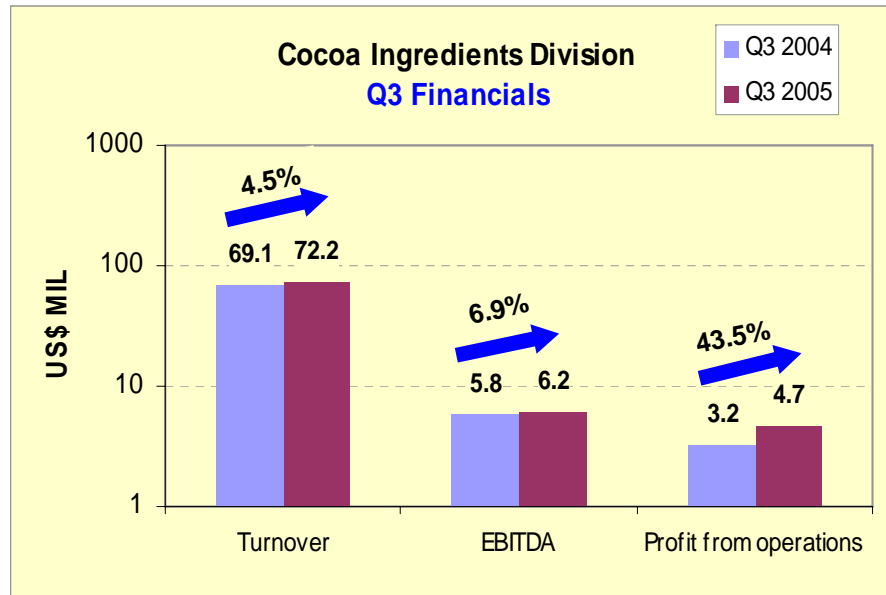


EBITDA by Divisions



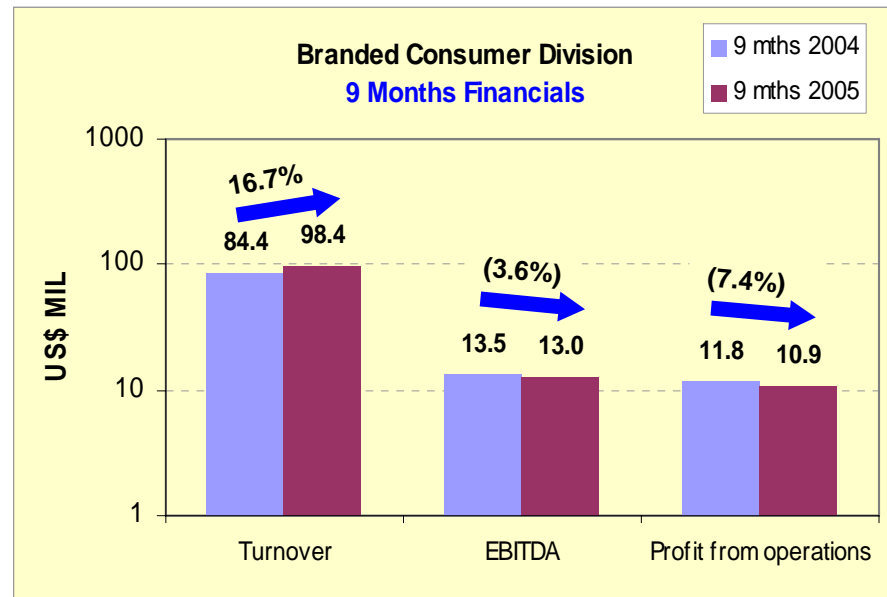
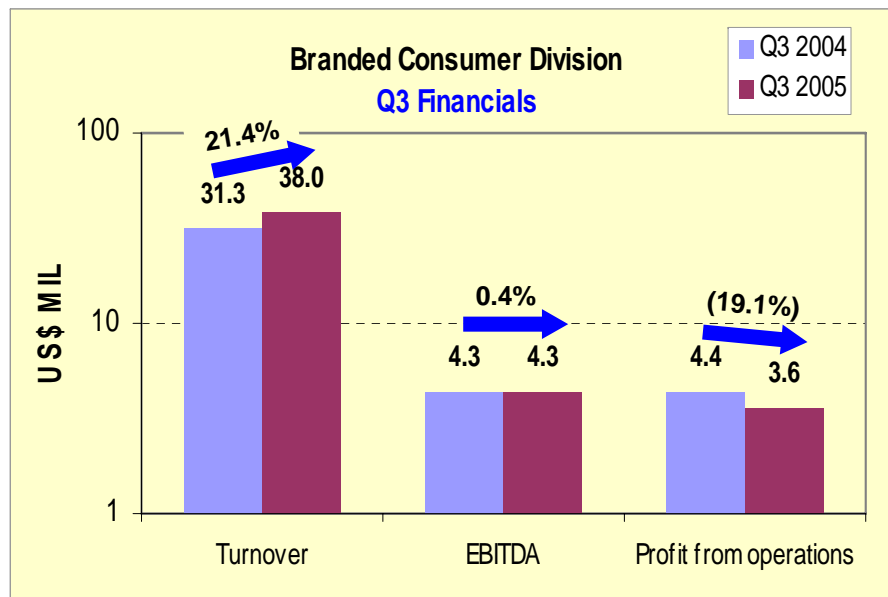
## Review by Divisions

# Performance by Divisions - Cocoa Ingredients



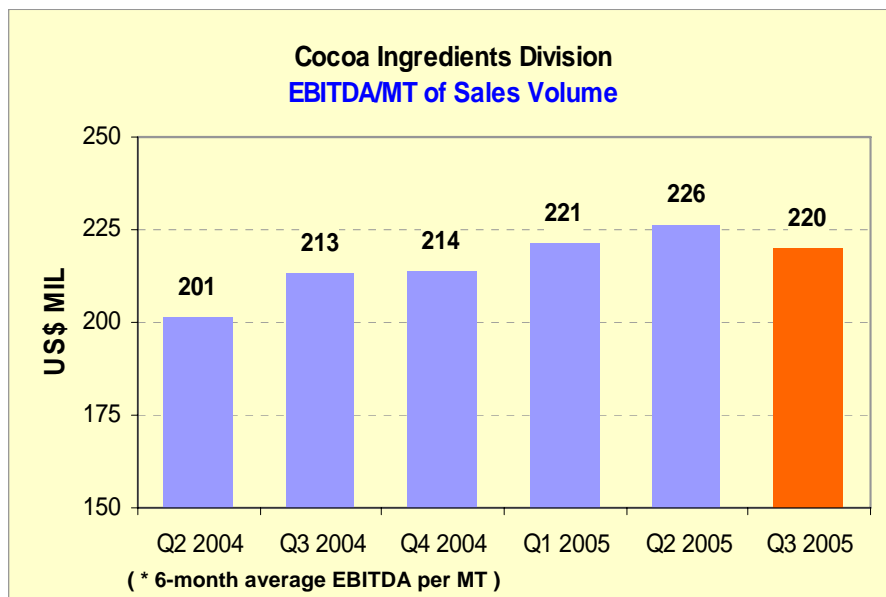
- Q3 2005 revenue is supported by higher sales volume (+6.7% YoY) with the expanded capacity in Malaysia.
- More significantly, for the 9 months 2005 the premium spread of Petra's Cocoa Ingredients products and higher economies of scale achieved generated a higher EBITDA yield of US\$220/MT, compared to US\$213/MT in the corresponding period in 2004.
- The combination of higher sales volume and EBITDA/MT achieved drove EBITDA growth of 6.9% YoY for Q3 2005 and 11.8% YoY for 9 months 2005.
- Profit from operation growth for 9 months 2005 was aided by lower goodwill amortization of US\$1.1 million.

# Performance by Divisions - Branded Consumer

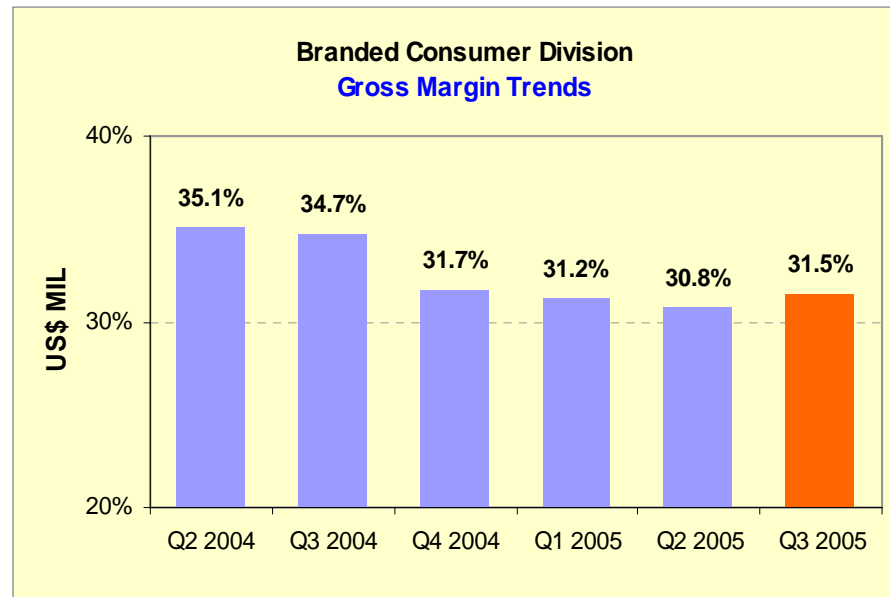


- Q3 2005 revenue increased by 21.4% YoY. Growth in local currency terms was 26.9%.
- Q3 2005 EBITDA of US\$4.3m is 6.6% higher QoQ driven by higher gross margins of 31.5%.
- On a 9-month basis, revenue grew by 16.7% YoY. In local currency terms, growth was 24.9%.
- During the first 9 months, the Indonesian Rupiah weakened by 7.9% YoY. This has resulted in higher raw material costs. Fuel costs rose significantly as the local subsidy was reduced. Despite these, EBITDA of US\$13m was achieved reflecting the underlying strength of the Branded Consumer business.
- Profit from operations would have been US\$4.2 million for Q3 2005 and US\$12.8 million for 9 months 2005 excluding the start-up losses in Malaysian JV. Remedial action has already been initiated with a view to bringing the Malaysian operation to break even by next year.

# Key Performance Indicators



- EBITDA/MT (6-month average) in Q3 2005 at the US\$220/MT level given higher economies of scale and continued strong demand for higher valued customised products.
- The marginal QoQ decline in EBITDA/MT is due to product mix arising from the additional capacity.



- The recovery in Q3 2005 gross margin to 31.5% attributable to price hikes implemented, product resizing and continued cost reduction efforts.
- The average gross margin for the 9 months YTD achieved of 31.2% reflects our ability to defray cost increases through 2 price adjustments.

## Outlook & Prospects



## Outlook for FY2005

|                                  |   |
|----------------------------------|---|
| Cocoa Ingredients                | <ul style="list-style-type: none"><li>In light of continuing strong demand, EBITDA/MT is likely to remain around the US\$220/MT level for the full year 2005.</li></ul>   |
| Branded Consumer                 | <ul style="list-style-type: none"><li>Remain optimistic on business outlook as festive season will continue to drive Q4 2005 sales growth.</li><li>Expect to maintain gross profit margin above 30% level.</li></ul>                    |
| Investing For Sustainable Growth | <ul style="list-style-type: none"><li>Growth in both our divisions is demand driven.</li><li>Strategic expansion program necessary to provide platform for sustainable growth and new product capabilities in both divisions.</li></ul> |
| Dividends                        | <ul style="list-style-type: none"><li>Targeting a full year (FY2005) dividend payout of 40%.</li></ul>  |

## Questions and Answers