

**FOR IMMEDIATE RELEASE**

## **Petra Foods off to a strong start; 1Q 2009 net profit up 49.3% to US\$4.3 million**

- *Earnings growth driven by strong performance from Core Businesses*

<b>Financial Highlights (US\$'000)</b>	<b>3 months ended 31 March</b>		
	<b>Jan-Mar 09</b>	<b>Jan-Mar 08</b>	<b>% Change</b>
Revenue	<b>281,775</b>	249,539	↑ 12.9
Gross profit	<b>29,414</b>	23,479	↑ 25.3
EBITDA	<b>13,470</b>	10,057	↑ 33.9
Profit before tax	<b>4,445</b>	2,274	↑ 95.5
Income tax expense	<b>(1,142)</b>	(557)	↑ 105.0
Net profit attributable to equity holders of the company	<b>4,313</b>	2,889	↑ 49.3

**SINGAPORE - 14 May 2009 - Petra Foods Limited** (“Petra Foods” or the “Group”), one of the world’s major manufacturers and suppliers of cocoa ingredients and branded consumer confectionary products, today reported a strong performance for its first quarter ended 31 March 2009 (“1Q 2009”), with net profit soaring 49.3% to US\$4.3 million while EBITDA grew 33.9% to US\$13.5 million. This was achieved despite the global economic crisis and increased volatility in foreign exchange rates.

The strong performance can be attributed to the robust sales from both its Branded Consumer and Core Cocoa Ingredients (Asia and Latin America) Divisions. In 1Q 2009, the Branded Consumer Division recorded an 8.5% Y-o-Y growth in sales, whilst that in the Cocoa Ingredients Division (Asia and Latin America) rose 35.0%.

Commenting on the Group’s 1Q 2009 performance, Mr John Chuang, Chief Executive Officer of Petra Foods said, “We are very pleased with our performance for the first quarter this year as both our business divisions exhibited strong growth, attesting to the strong fundamentals of our

operations. The Branded Consumer Division continued to witness steady growth momentum from the sales of our Own Brands and Third Party Brands products while our Core Cocoa Ingredients Division attained a significant 41% improvement in EBITDA yield as result of higher product pricing, coupled with strong consumer demand.”

Based on the weighted average number of ordinary shares in issue, earnings per share (“EPS”) for 1Q 2009 was 0.81 US cents. As at 31 March 2009, the Group’s net asset value per share stood at 34.5 US cents.

## SEGMENTAL REVIEW

### Branded Consumer Division

Financial Highlights (US\$ million)	3 months ended 31 March			
	1Q 2009	1Q 2008	% Change Year on Year	% Change Constant FX Rate*
Indonesia	43.7	43.2	1.1%	24.8%
The Regional Markets	20.3	15.8	28.8%	42.2%
<b>Branded Consumer Revenue</b>	<b>64.0</b>	<b>59.0</b>	<b>8.5%</b>	<b>29.5%</b>
Gross Profit Margin (%)	28.9%	30.9%	-2.0% pt	
<b>EBITDA</b>	<b>8.1</b>	<b>8.9</b>	<b>-8.8%</b>	<b>12.8%</b>

\* For illustrative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 1Q 2008 in translating the Branded Consumer Division’s 1Q 2009 results.

The performance in local currency terms is more representative of the strong fundamentals of the Branded Consumer Division with its sales and EBITDA growing 29.5% and 12.8% respectively, propelled by strong sales growth of its Own Brands and Third Party Brands products.

However 1Q 2009’s gross profit margin, at 28.9%, was slightly lower than the 30.9% attained in 1Q 2008 due to higher revenue contribution from Third Party Brands on the back of new large agency lines secured. Third Party Brands products, whilst making a positive profit contribution, have the effect of lowering the blended Gross Profit Margin computation.

In Indonesia, as a result of ongoing marketing initiatives and new product launches, double-digit sales growth (in local currency terms) was achieved by Own Brands from both Premium and Value confectionery product segments. The strong momentum for the sales of Premium products carried

through from last year, while the Value segment significantly improved from FY2008 due to a recovery of the purchasing power of consumers in this segment. Double digit revenue growth from Third Party Brands products in Indonesia was fuelled by the growth in existing agencies and new agencies secured.

Reflecting the success of the Division's strategy of growing the distribution of Own Brands and Third Party Brands in regional markets, contribution from the regional markets grew strongly, accounting for 31.7% of the Division's total revenue, versus 26.7% a year ago.

### Core Cocoa Ingredients Division (Asia and Latin America)

Financial Highlights (US\$ million)	3 months ended 31 March		
	1Q 2009	1Q 2008	% Change Year on Year
Revenue	144.0	106.7	35.0%
EBITDA	7.8	* 5.2	50.0%
EBITDA/mt in US\$ (6 months moving average)	189	134 *	41.0%
Sales volume (mt)	41,905	40,493	3.5%

\* Excludes the negative US\$2.0 million effect of the FRS 39 Accounting Charge

The Group's Core Cocoa Ingredients operations achieved strong profit performance with EBITDA surging 50% to US\$7.8 million, principally driven by the significant 41.0% improvement in EBITDA yield from US\$134/mt in 1Q 2008 to US\$189/mt in 1Q 2009. The higher EBITDA yield reflected higher product pricing of the Group's premium cocoa ingredients as well as its ability to pass on price increases. Sales volume grew 3.5% Y-o-Y with new markets penetrated.

#### Update on the Cocoa Ingredients Unit in Europe

In 1Q 2009, the Hamburg cocoa ingredients processing facility underwent the final phase of the investment program which started back in 2007 when the Europe operations were first acquired. Undertaken to significantly raise the capabilities and scale of the operations in the Hamburg facility, Petra Foods will have a world class state of the art facility of significant scale capable of producing high quality products upon completion.

“Still at its pre-operating stage in 1Q 2009, our Europe operations incurred a net loss of US\$2.1 million in the quarter as Hamburg’s capabilities were limited to producing generic grade cocoa ingredients and semi-finished products which generated negative EBITDA yields. In addition, pre-commissioning overheads were at their highest in preparation for the plant’s commissioning. We are happy to announce that the state-of-the-art plant was successfully commissioned in April 2009 and is now in full commercial production.” added Mr Chuang.

### **Balance Sheet and Financial Position**

As at 31 March 2009, total shareholders’ equity stood at US\$183.7 million. Total assets grew by US\$30.3 million of which, US\$12.2 million was from capital expenditure and US\$9.4 million was used for the completion of the Europe investment program.

The Group’s borrowings stood at US\$327.9 million. Net debt to equity ratio improved to 1.48 times compared to 1.50 times as of 31 December 2008. Adjusted net debt to equity (excluding Trade Finance and MTN) decreased from 0.66 times to 0.55 times for the similar period under review.

The Group’s prudent risk management strategy resulted in the following being achieved in 1Q 2009:

1. Reduced the Group’s adjusted net debt/equity level to 0.55x from 0.66x in FY 2008;
2. Lowered Q-on-Q net borrowings of US\$6 million by improving working capital;
3. Secured separate committed credit lines for Europe’s expansion;
4. Reduced reliance on short term borrowings to fund working capital requirements - The percentage of short term borrowing to total borrowings is currently at 44% which is a significant reduction from 79% two years ago; and
5. Re-balanced debt portfolio to reduce exposure to credit refinancing risk with only US\$48 million due for repayment over the next two years.

Part of the Group’s risk management strategy is to have adequate financing headroom for contingencies. As at 31 March 2009, Petra Foods had financing headroom of US\$194 million or 37% of available credit lines.

**Business Outlook**

“With the global economic recession and credit crunch persisting, we see the business environment remaining challenging. However, we are optimistic of the Group’s outlook with strong momentum of our Core Businesses to continue and with lower losses expected in 2009 for our Europe operations.

“During this challenging environment, our objective is to produce positive Free Cash Flow for the Group by significantly limiting capital expenditure to only the most critical and those projects that can generate income immediately. We are also managing our working capital tightly, and maintaining a tight control on operating costs,” added Mr Chuang.

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## **ABOUT PETRA FOODS LIMITED**

Listed on the SGX-ST since 5 November 2004, Petra Food Limited and its subsidiaries (“the Group”) is one of the world’s major manufacturers and suppliers for premium cocoa ingredients, namely cocoa powder, cocoa butter and cocoa liquor. The Group also manufactures and/or distributes branded consumer products, primarily chocolate confectionery products, for which it is the market leader in Indonesia.

The Group has two business divisions, **Cocoa Ingredients** and **Branded Consumer**.

### ***Cocoa Ingredients Division***

The Group manufactures and sells cocoa ingredients, under the “Delfi” brand, to over 30 countries worldwide. Its major customers are international food and beverage companies such as Nestlé, Cadbury, the Mars Group, Arnott’s, A.B. Foods, Barry Callebaut and the Meiji Group.

### ***Branded Consumer Division***

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 include 10 master brands and 20 key sub brands and manufactures over 300 stock keeping units. 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 well-known portfolio of third party brands in Indonesia, Singapore and Malaysia.

Headquartered in Singapore, Petra Foods has seven cocoa processing facilities (located in Indonesia, Malaysia, the Philippines, Thailand, Brazil, Mexico and Germany), one cocoa butter facility (located in France), two chocolate confectionery production facilities (located in Indonesia and the Philippines) and a total staff strength of over 4,000.

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 20<sup>th</sup> Singapore Business Awards on 30 March 2005 and was named one of “Singapore’s 15 Most Valuable Brands” in November 2005 by IE Singapore.

The Group is also a 2-time winner at the Singapore Corporate Awards, bagging a Silver award for its inaugural annual report in the “Best Annual Report/Newly Listed Company” category in 2006. More recently in April 2009, Petra Foods clinched a Gold award in the “Best Annual Report/Companies with \$300 million to less than \$1 billion in market capitalisation” category.

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