

DEL MONTE PACIFIC 4Q FY2018 RESULTS

29 June 2018



NOURISHING FAMILIES.
ENRICHING LIVES.
EVERY DAY.



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Representative examples of these factors include (without limitation) general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, service providers’ performance, production efficiencies, input costs and availability, competition, shifts in customer demands and preferences, market acceptance of new products, industry trends, and changes in government and environmental regulations. Such factors that may affect the Group’s future financial results are detailed in the Annual Report. The reader is cautioned to not unduly rely on these forward-looking statements.

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Contents

- Summary
- 4Q and FY2018 Results
- Market Updates with Del Monte Philippines
- Sustainability
- Improved Balance Sheet and Cash Flow
- Outlook
- Del Monte Foods USA Presentation (see separate file)





Notes to the 4Q FY2018 Results

1. Fourth quarter is 1 February to 30 April 2018.
2. DMPL's effective stake in DMFI is 89.4%, hence the non controlling interest line (NCI) in the P&L. Net income/(loss) is net of NCI.
3. DMPL Group adopted the amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants in April 2017). The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense. However, for EBITDA calculation, the Group retained the old calculation using the lower depreciation for comparability.
4. Figures in this presentation have been updated with audited numbers. Figures in the Press Release and MD&A are unaudited.



Full Year FY2018 Highlights

- Net loss of US\$36.5m due to one-off expenses amounting to US\$63m (pre-tax) for two plant closures in the USA as part of a planned programme to achieve operational efficiency and reduce cost in US subsidiary, Del Monte Foods Inc (DMFI), plus the write-off of deferred tax assets due to a change in US tax rates
- Excluding one-off items, DMPL would have generated a net income of US\$12m
- Continued to implement our commitment to reduce debt, lessen interest expenses and improve cash flow
- US\$300m was raised from the sale of Preference Shares to repay loans, and interest savings and one-off gain of US\$34m (pre-tax) were achieved from the purchase of US\$126m of DMFI loans at a 30% discount to par value
- The Group almost doubled its operating cash flow to US\$323m, primarily on lower inventory in the US operations
- Gearing was reduced to 2.4x equity as of 30 April 2018, from 2.9x in 2017



Outlook

- Barring unforeseen circumstances, the Group is expected to be profitable in FY2019
- Major emphasis on responding to consumer trends through:
 - Strengthening the core business and innovating
 - healthier options and new products (innovate outside the can)
 - strategic investments in trade spending and marketing in USA
 - Focusing on growing our branded business and reducing non-strategic, non-branded businesses segments
 - Shifting to more branded consumer beverage in place of industrial PJC
 - Introducing more value-added, less commoditised foodservice products and rationalising non-branded USDA business
- Improving financial performance through:
 - Review of manufacturing and distribution footprint in the USA to improve operational efficiency, further reduce costs and increase margins
 - Increasing cash flow, strengthening balance sheet, and reducing leverage and interest expense



DMPL 4Q FY2018 Group Results Summary

- Sales of US\$499.0m, -8.5%

Sales	% Change
US	-5
Philippines	+7 (in peso terms +11)
S&W	-2
FieldFresh India (equity accounted)	+1 (in rupee terms -1)

All figures below without one-off items and vs prior year quarter:

- EBITDA of US\$34.9m, down 41% from US\$59.5m due to lower US EBITDA, significantly reduced pineapple juice concentrate (PJC) prices in international markets and decreased exports of processed pineapple
- Operating profit of US\$19.1m, down 55% from US\$42.4m
- Net loss of US\$(2.1m), from net profit of US\$17.2m

One-off Expense/(Income)

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In US\$ m	4Q FY17	4Q FY18	Booked under
Closure of North Carolina plant	0.1	-	CGS
Closure of Sager Creek Arkansas plant	-	29.1	CGS/G&A/Misc expense
Closure of Plymouth, Indiana plant	-	(0.6)	G&A/Misc expense
Severance	2.0	0.8	G&A expense
Gain due to the purchase of DMFI's 2nd lien loan at a 30% discount to par value	-	(33.6)	Interest Income
Others	4.0	(0.7)	G&A expense
Total one-off expense/(income) (pre-tax basis)	6.0	(5.1)	
Write-off of deferred tax assets (non-cash)	11.5	-	
Tax impact for the other one-off items	(1.8)	1.3	
Non-controlling interest	(1.4)	(2.3)	
Total one-offs (net of tax and NCI)	14.3	(6.0)	

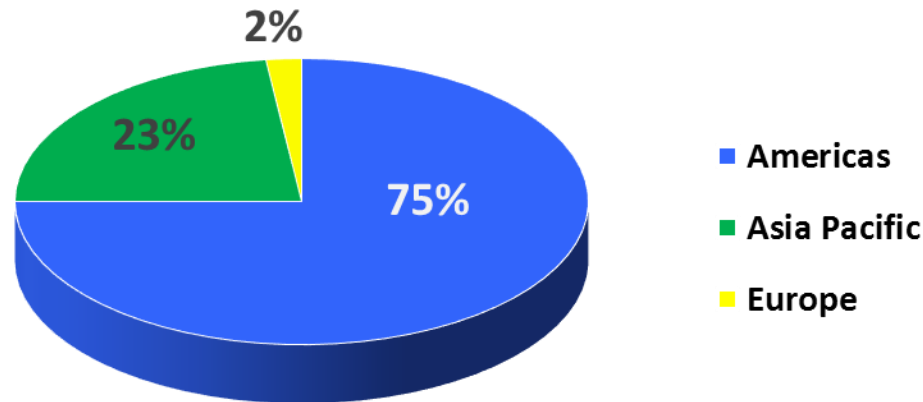


DMPL 4Q FY2018 Results – As Reported

In US\$m	4Q FY2017 (Restated)	4Q FY2018	Chg (%)	Comments
Turnover	545.2	499.0	-8.5	Higher Philippine sales offset by lower exports and USA sales
Gross profit	127.1	87.1	-31.5	Lower sales, much reduced PJC pricing, unfavourable sales mix, higher marketing spending
EBITDA	53.5	6.4	-88.1	Includes one-off expenses of US\$28.6m due to planned plant rationalisation in USA
Operating profit	36.4	(9.5)	-126.0	Same as EBITDA comment
Net finance income/(expense)	(25.2)	9.7	+138.4	Lower level of borrowings and includes one-off gain of US\$33.6m from purchase of US\$125.9m of loans in USA at a discount
FieldFresh equity share	(0.4)	0.1	+125.0	Improved Del Monte sales and margins
Tax benefit/(expense)	(9.0)	0.5	+105.2	Mainly due to DMFI's higher net operating loss
Net profit/(loss)	2.9	4.0	+36.0	Includes net one-off gain of US\$6.0m
Net debt	1,676.4	1,441.0	-14.0	Improved operating cash flow and payment of loans after the issuance of preference shares
Gearing (%)	289.8	236.9	-52.9ppts	Same as above



4Q FY2018 Turnover Analysis



Americas	-5.7%	<ul style="list-style-type: none"> Lower volume of canned vegetable and tomato, and lower pricing to USDA for processed fruit and PJC. Sager Creek vegetable business was divested in September 2017. Stripping out Sager Creek’s sales, Americas sales would have been lower by 3.8%.
Asia Pacific	-9.5%	<ul style="list-style-type: none"> Philippines sales were up 11% in peso terms on strong culinary and beverage sales, as well as major wins in the foodservice segment. Lower S&W sales due to lower packaged pineapple sales in North Asia from increased competition from cheaper-priced products from Thailand and Indonesia
Europe	-53.5%	<ul style="list-style-type: none"> Reduced sales of PJC and processed pineapple; significantly lower PJC pricing



DMPL FY2018 Group Results Summary

- Sales of US\$2.2 billion, -2.5% on lower USA and exports sales

Sales	% Change
US	-2.5
Philippines	+1.4 (in peso terms +7)
S&W	+6
FieldFresh India (equity accounted)	+5 (in rupee terms +1)

All figures below without one-off items and vs prior year:

- EBITDA of US\$165.0m, down 22% from US\$211.9m due to lower US EBITDA, and significantly reduced PJC prices and export sales
- Operating profit of US\$92.3m, down 37% from US\$145.5m
- Net profit of US\$12.0m, down 74% from US\$45.5m

One-off Expense/(Income)

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In US\$ m	FY2017	FY2018	Booked under
Closure of North Carolina plant	3.7	-	CGS
Closure of Sager Creek Arkansas plant	-	42.4	CGS/G&A/Misc expense
Closure of Plymouth, Indiana plant	-	12.7	G&A/Misc expense
Severance	10.2	4.6	G&A expense
Gain due to the purchase of DMFI's 2nd lien loan at a 30% discount to par value	-	(33.6)	Interest Income
Others	4.0	3.0	G&A expense
Total one-off expense (pre-tax basis)	17.9	29.1	
Write-off of deferred tax assets (non-cash)	11.5	39.8*	
Tax impact for the other one-off items	(6.0)	(11.7)	
Non-controlling interest	(2.3)	(8.7)	
Total one-offs (net of tax and NCI)	21.1	48.5	

*The Group wrote off US\$39.8m of deferred tax assets at DMFI due to the change in Federal income tax rate from 35% to 21%. Other companies in the US with deferred tax assets have similar write-offs due to the reduction in income tax rates. However, this should be more than offset by the reduced tax rates in future years which will be substantial.

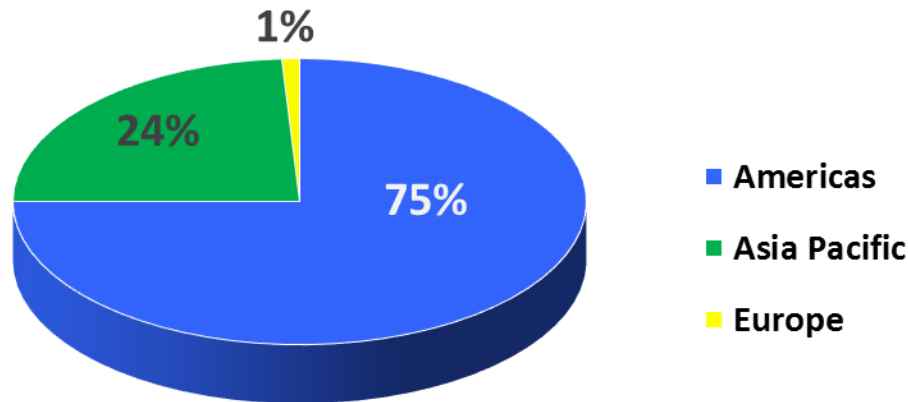


DMPL FY2018 Results – As Reported

In US\$m	FY2017 (Restated)	FY2018	Chg (%)	Comments
Turnover	2,252.8	2,197.3	-2.5	Higher Asia sales offset by lower USA and exports sales
Gross profit	494.9	432.5	-12.6	Lower sales, much reduced PJC pricing, unfavourable sales mix, higher marketing spending
EBITDA	194.0	102.3	-47.3	Includes one-off expenses of US\$62.8m due to planned plant rationalisation in USA
Operating profit	127.6	29.5	-76.9	Same as EBITDA comment
Net finance expense	(105.3)	(64.2)	-39.0	Lower level of borrowings and includes one-off gain of US\$33.6m from purchase of US\$125.9m of loans in USA at a discount
FieldFresh equity share	(1.6)	(0.3)	-118.8	Improved Del Monte sales and margins
Tax	(0.6)	(14.8)	nm	Write off of non-cash deferred tax assets of US\$39.8m at DMFI, partially offset by DMFI's higher net operating loss
Net profit/(loss)	24.4	(36.5)	nm	Includes net one-off loss of US\$48.5m
Net debt	1,676.4	1,441.0	-14.0	Improved operating cash flow and payment of loans after the issuance of preference shares
Gearing (%)	289.8	236.9	-52.9ppts	Same as above



FY2018 Turnover Analysis



Americas	-2.7%	<ul style="list-style-type: none"> Lower canned tomato sales, and unfavourable pricing in foodservice and USDA
Asia Pacific	Flat	<ul style="list-style-type: none"> In the Philippines, all major categories of packaged fruit, beverage and culinary delivered higher sales. The foodservice channel continued to expand growing by 15% Lower S&W packaged pineapple sales in North Asia due to increased competition from cheaper-priced products from Thailand and Indonesia
Europe	-22.1%	<ul style="list-style-type: none"> Lower PJC pricing

Market Updates for 4Q FY2018





Del Monte Foods Organisation



- Gregory Longstreet was appointed DMFI's CEO effective 5 September 2017, responsible for DMFI's strategy, business and overall organisation
- He has outlined a four-point growth strategy for the brand:
 - building relevance through product differentiation
 - driving innovation to address shifting consumer habits
 - expanding distribution into key growth areas -- perimeter of store and foodservice
 - and optimising the supply chain to make it more efficient and agile



- Greg appointed Bibie Wu as Chief Marketing Officer effective 28 February 2018. To facilitate more synergies with the Innovation team in bringing DMFI's products to market, R&D is now part of the overall Marketing organisation under the CMO, an important step to drive innovation and support the investment in future products
- Appointed Brian Pitzele effective 5 February 2018 as VP to lead and strengthen Foodservice
- Under new leadership, the company has become more market-driven, innovative and aligned with consumer preferences



United States of America

29%

Market Share (#1)
Canned Vegetable

37%

Market Share (#1)
Canned Fruit

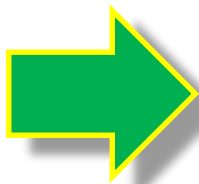
33%

Market Share (#2)
Plastic Fruit Cup

9%

Market Share (#2)
Canned Tomato

- A brand leader across core categories
- Grew share in 3 out of 4 core categories in 4Q (Canned Vegetable +2.2 pts, Canned Fruit +1.8 pts, Fruit Cups +2.7 pts)
- Vegetable and Fruit results driven by compelling innovations, strong execution against fundamentals at retail, and sustained marketing investment to support our brands



To drive growth in market, Del Monte will continue to invest in building its brands, bringing differentiated and innovative products to market, and expanding distribution channels.



Del Monte Foods USA

DMFI's 4Q sales down 5.3% to US\$380.6m

- Lower volume of canned vegetable, canned tomato and Sager Creek products
- Lower pricing in foodservice and USDA for processed fruit and PJC
- Stripping out Sager Creek which was divested in September 2017, DMFI's sales would have been lower by 3.2%

New Product Launches

- The *Del Monte Fruit & Chia* cups launched in 2Q are performing well. These are adult fruit cup snacks which combine fruit and chia seeds
- DMFI followed this launch in 3Q with the introduction of grab-and-go fruit cup snacks which are single-serve cups with 'sporks', for convenient snacking on the go
- Another variant *Del Monte Fruit & Oats* was launched in early FY2019
- These new products were launched to address consumer trends of healthy living, snacking and convenience
- Plans to introduce more value-added, less commoditised foodservice products, rationalise our non-branded USDA business, and innovate outside of the can





4Q Marketing Highlights

Building consumer engagement through digital content

Vegetable



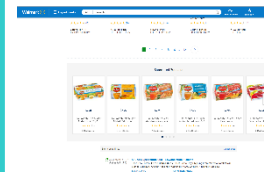
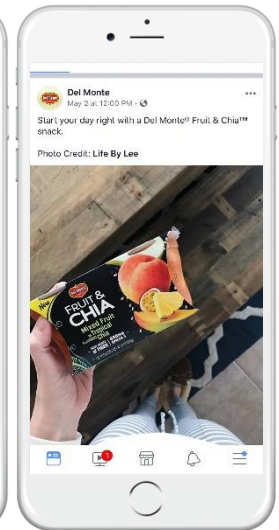
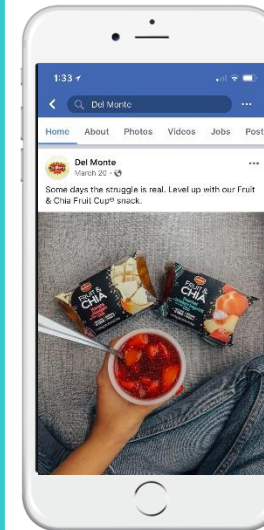
- Partner with Business Insider to educate consumers about our farming and production process
- Influencer campaign that delivered over 12m impressions through high-quality and more trendy food content

College Inn



- Deliver timely, relevant inspiration to consumers on Facebook & Pinterest
- Combined relevant messaging with coupon offer via weather targeting

Fruit



- Partnered with influencers to drive drive awareness and trial of *Fruit & Chia* during new year and return to school
- Reached shoppers on retailer properties via search and partnership programmes



4Q Foodservice Highlights

Frozen Riced Veggies



- Introduced new line of *Riced Cauliflower* and other vegetables for shipment starting late June 2018
- Del Monte is the first national player in this rapidly-growing new category

Nice Fruit Frozen Pineapple



- Trained nationwide broker sales team on Philippine frozen pineapple products
- Intensified sales efforts across all foodservice customers

Premium Fruit Cups



- Introduced grab-and-go singles for foodservice and vending operators
- Trained nationwide broker sales team, and identified target customers for summer sales



Del Monte Philippines (DMPI)

- DMPI is the Group's 2nd largest subsidiary
- Comprises of 2/3 Philippines sales and 1/3 exports (gives natural hedge vs US\$)
- FY2018 sales of US\$540.5m (P27.6bn), up 3% in peso terms
 - Sales in the Philippines grew by 7% to P16.9bn, offsetting the marginal 2% decline in export sales to P10.6bn
- In FY2018, DMPI's net income declined slightly to US\$50.4m (P2.6bn) due to higher interest expense by P0.1bn
- With better collection of its receivables, which already started towards the end of FY2018 and continued into the start of FY2019, DMPI is well positioned to lower its borrowings and interest expense this coming year



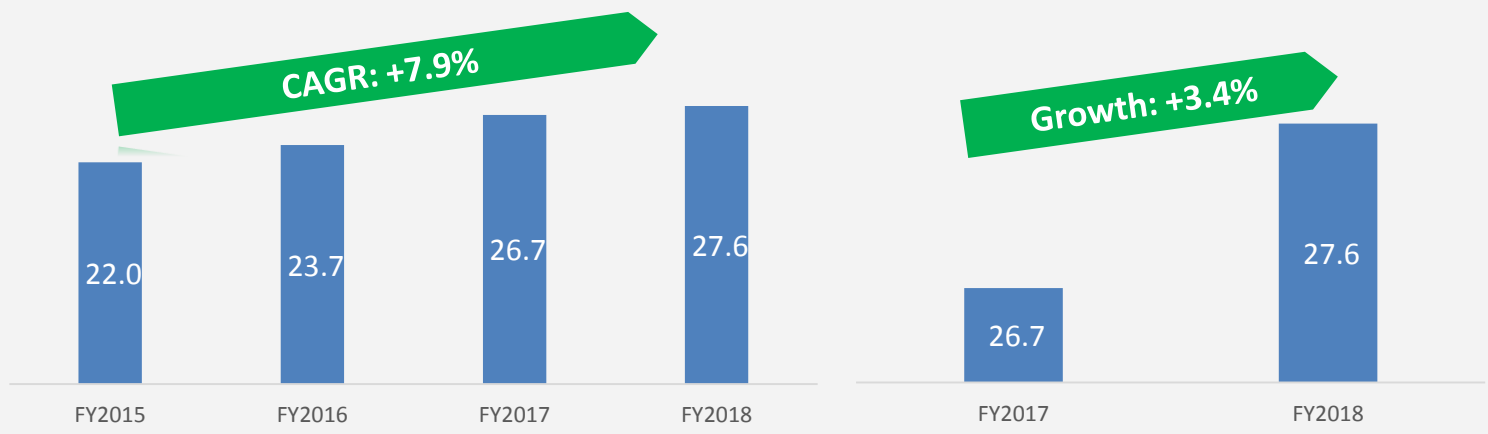
DMPI – Historical Sales Growth

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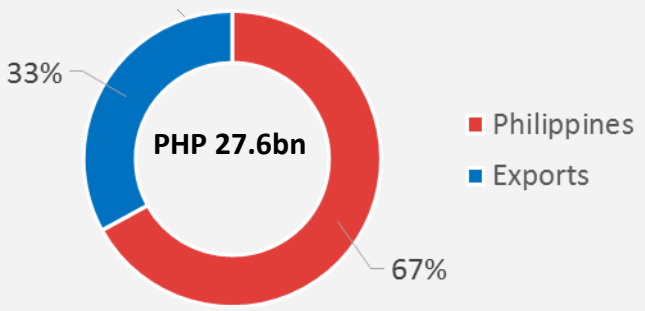


in BN PHP

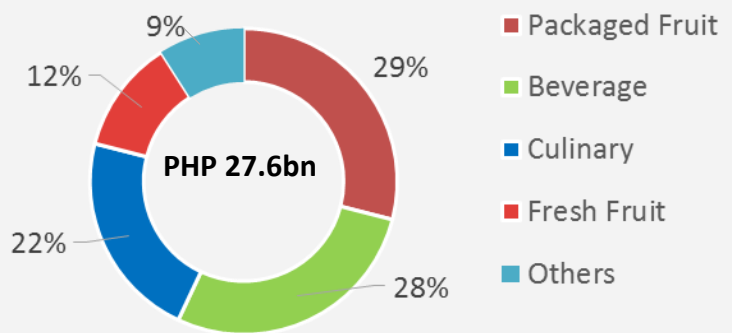
Revenue (Financial Year Ended 30 April)



FY2018 Revenue (by Geography)



FY2018 Revenue (by Product Segment)



DMPI P&L FY2015-2018

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- Sales of US\$540.5m (P27.6bn) and net income of US\$50.4m (P2.6bn) in FY2018
- Strong 3-year CAGR of 31% for net income

in PHP billion	Del Monte Philippines, Inc				% Chg	CAGR
	FY2015	FY2016	FY2017	FY2018	FY18 vs FY17	FY15 vs FY18
Net sales	22.0	23.7	26.7	27.6	3%	7.9%
<i>Sales growth (%)</i>	<i>0.0</i>	<i>7.8</i>	<i>12.8</i>	<i>3.2</i>		
Gross profit	5.2	5.3	6.5	6.6	1%	8.2%
<i>Gross margin (%)</i>	<i>23.6</i>	<i>22.5</i>	<i>24.5</i>	<i>23.9</i>	<i>-0.6 pp</i>	
Operating income	1.7	2.5	3.2	3.3	2%	23.9%
<i>Operating margin (%)</i>	<i>7.8</i>	<i>10.6</i>	<i>12.0</i>	<i>11.8</i>	<i>-0.2 pp</i>	
Net Income before Tax	1.6	2.2	3.2	3.1	-3%	25.4%
<i>Net Inc Before Tax (%)</i>	<i>7.1</i>	<i>9.3</i>	<i>11.8</i>	<i>11.2</i>	<i>-0.7 pp</i>	
Net income	1.1	1.8	2.7	2.6	-6%	31.0%
<i>Net margin (%)</i>	<i>5.2</i>	<i>7.5</i>	<i>10.0</i>	<i>9.3</i>	<i>-0.7 pp</i>	



Philippines

87%

Market Share (#1)
Canned Pineapple

72%

Market Share (#1)
Canned Mixed Fruit

83%

Market Share (#1)
Canned and Tetra RTD Juices

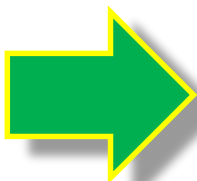
84%

Market Share (#1)
Tomato Sauce

42%

Market Share (#1)
Spaghetti Sauce

- Del Monte is the market leader across several categories
- Modern trade and convenience stores are growing fast: Del Monte is strong in modern trade, generating 30% of sales
- Expanding foodservice sales, accounting for 18% of Philippine sales
- Competitive environment with Southeast Asian peer companies targeting the Philippines to innovate, diversify and premiumise
- E-commerce and digital are growing



To drive growth, continue to build new categories, channels and markets to ensure future competitiveness and growth

Source for market shares: Nielsen Retail Index as of 3 months to April 2018



Philippines



**Del Monte Juice & Chews,
the new fun snack-in-a-drink**



**Del Monte 100% Pineapple Juice now
available in Cebu Pacific's domestic flights**

- Philippines is the largest market of subsidiary Del Monte Philippines, Inc
- 4Q sales were up 11% in peso terms but up 7% in US dollar terms due to peso depreciation
- Strong culinary and beverage sales
- Initial foray into the 'juice with particulates' market with the introduction of *Del Monte Juice & Chews*, an innovative snack-in-a-drink combining nata and pineapple with fruit juice blends, a drink popular amongst teens
- Foodservice was the fastest growing channel
 - Supplies Jollibee, the largest local fast food chain, with their pineapple juice requirements nationwide
 - Supplies Pizza Hut with all their pineapple tidbits requirements
 - Supplies Cebu Pacific with 100% Pineapple Juice for all their domestic flights

Philippine Market Updates – Beverage

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Beverage optimised opportunities behind continuous builds on base business and innovation

- Del Monte 100% Pineapple Juice advertising
- New Tetra Format
- New Seasonal Variants
- Event Activations



Philippine Market Updates – Culinary

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- Upgraded label designs
- Recipes at back



- Sustained A&P support
 - ✓ Tomato Sauce
 - ✓ Quick 'n Easy Spaghetti Sauce



- Recipe education through Del Monte Kitchenomics
 - ✓ 3m on Facebook
 - ✓ 49K on YouTube
 - ✓ Highest rating branded content / cooking show



Want healthy comfort food? Subukan ang aring version of a Pinoy favorite – ang Laing Kitchenomica. #Kitchenomica pa norms ito with Del Monte Filipino Style Tomato Sauce para extra sauce-sarap for you and your family. Get the recipe here: <https://bit.ly/2LmKtM>
Ingredients... See More



Simula na ng paglalaman at bagay sa panahon ang Spices Spaghetti recipe na ito. Make this for your family and savor the creaminess of this comfort food, thanks to Del Monte Carbonara Sauce. Get the recipe here: <https://bit.ly/2JhWtLJ>
Ingredients... See More



Start with this recipe that uses only 8 ingredients and is cooked in less than 30 minutes – ang Grilled Chicken Curry. No hassle ito sa preparation at kulang-kulang mo agad ang laming flavor, thanks to Del Monte Quick 'N ...
See More



Philippine Market Updates – Fruits

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- Del Monte Pineapple for cooking

- ✓ Visual Appeal
- ✓ Nutrition
- ✓ Taste



Philippine Market Updates – Foodservice

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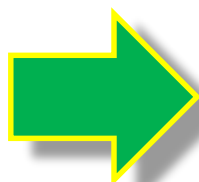


- Meal pairing for Del Monte Dispenser Juices in major QSRs
- Del Monte Pineapple as key ingredient





- Consumers moving towards less processed and more natural food: S&W expanding sales of S&W Sweet 16 fresh pineapple
- E-commerce and digital are growing with North Asia having the largest share of E-commerce pie: S&W is actively exploring this channel



To drive growth, realise S&W's full potential in fresh pineapple and other products, channels, and build S&W's brand equity in key markets



S&W Asia and the Middle East

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- Sales of the S&W business were 2% lower
- Lower packaged pineapple sales in North Asia due to increased competition from cheaper-priced products from Thailand and Indonesia
- Introduced tomato and pasta sauces from the Philippines and juice drinks in new aluminum cans into certain markets in the Middle East; S&W's fresh pineapple segment generated higher sales
- Delivered double-digit growth in operating profit and a 4.5% increase in operating margin due to better pricing and lower costs



Facebook ad of the new S&W Fruit & Chia cups



S&W's booth in Food & Hotel Asia 2018 in Singapore drew international and local business enquirers

S&W in Turkey and Pakistan

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TURKEY - Branding and promotion of S&W pineapple Juices through exciting vehicle branding



TURKEY - Active sampling activities in Izmir



PAKISTAN - Massive brand presence of S&W tropical products in Sundry/Provision chain



- FieldFresh broke even in 4Q on higher Del Monte product sales and better margins
- DMPL's share of profit in 4Q was US\$0.1 million, a turnaround from the share of loss of US\$0.4 million in the prior year period
- For the full year, sales of Del Monte products rose 5% in Rupee terms
- New products include Sandwich Spread 450g and Pizza Pasta sauce 400g in a stand up spout pack, Pasta in 200g pack and Juices in Tetra



Launch of Juices in Tetra - 150,000+ cups sampled across key Walmart stores in North India, resulting in a market share as high as 5% in some stores

LIVE SAMPLING @ THE BRAND KIOSK



SULA FEST 2018 @ NASIK EXPERIENTIAL MARKETING ACTIVATION FOR OLIVES FEB 2018

- Del Monte joined the Sula Fest '18 as an Associate Sponsor
- Apart from media presence across OOH, magazines and digital platforms, we did an extensive on-ground activation
- The main intent of the kiosk was to promote the brand in terms of getting visibility, as well as sample recipes made from our olives range
- Trained chefs and promoters were at the task from 12 noon to 8 in the evening, sampling close to 3,000 people each day, for 2 days of the fest



Savour the Vibrancy of
Indian Food & Hospitality Industry

AAHAR

THE INTERNATIONAL FOOD & HOSPITALITY FAIR

MARCH 13 17 2018

Pragati Maidan, New Delhi



Del Monte stall



Del Monte stall

Aahar is the biggest foodservice exhibition in India, where Del Monte has regularly been a key participant. This year's edition saw more than 200,000 visitors across various pavilions



Goodies being sampled



Del Monte stall



Lots of consumer and business interactions



- DMPI published a series of articles to showcase Del Monte's rich history and sustainability initiatives:
 - Renewable energy
 - Del Monte Foundation's community programmes
 - Plantation drone and GPS application
 - Three generations of employees
- DMFI was recognised by Walmart for Project Gigaton, a program for suppliers to help reduce greenhouse gas emissions in the supply chain
- DMFI is finalising the Crop Trak data of vegetable growers that monitor tonnage, acreage, pesticide and fertilizer application, and good farming practices for the growers' dashboard

DEL MONTE POWERS UP WITH RENEWABLE ENERGY

AN IDEAL MODEL OF SUSTAINABILITY • NURTURING NATURE

ENVIRONMENT Minimizes and cleans wastewater discharge	ECONOMIC Reduces cost of power and electricity	COMMUNITY Sustains community livelihood	GOVERNANCE Complies with environmental laws

DEL MONTE SUSTAINS COMMUNITIES, NOURISHES FAMILIES, ENRICHES LIVES

Del Monte Philippines, Inc. (DMPI) gives back to the community, a company tradition since the first acreage was planted in Bukidnon over 90 years ago in the 1920s. DMPI's impact is felt in the life of communities around its farm and facilities, while its business supports the livelihood of at least 20,000 residents – from fruit growers, farmers to harvest and maintenance crews – other residents greatly benefit from Del Monte. As a responsible corporate citizen DMPI uplifts the quality of life of communities.

COMMUNITY SERVICE	MEDICAL & DENTAL MISSIONS	EDUCATIONAL SESSIONS	TECHNICAL SKILLS TRAINING	SCHOOL CHAIR DONATIONS	SCHOLARSHIPS
30,000	2,200	2,000	1,100	680	340
PATIENTS SERVED BY THE FOUNDATION'S MOBILE CLINIC	PATIENTS BENEFITED FROM MEDICAL AND DENTAL MISSIONS	RESIDENTS ATTENDED COMMUNITY EDUCATIONAL SESSIONS	INDIVIDUALS ATTENDED VARIOUS TECHNICAL SKILLS TRAINING	CLASSROOM CHAIRS DONATED TO PUBLIC SCHOOLS	YOUTHS RECEIVED SCHOLARSHIPS TO VARIOUS SCHOOLS

*Data covers a period of one year.

DEL MONTE FLIES DRONES TO MAP ITS PLANTATION

The pioneers of Del Monte Philippines, Inc. (DMPI) started farming in Bukidnon in 1926 and laid the foundation of the company's sustainable and safe. Over 90 years of plantation operations are a testament to Del Monte's sustainable farming across generations.

It takes 18 months to grow a pineapple before it is harvested. DMPI's agricultural practices improve yield through ecologically friendly land preparation, efficient water and fertilizer use, advanced growing and harvesting. Company practices Pro-tuber measures to mitigate the risk of El Niño or La Niña. Del Monte's pineapple plantation is certified with Global GAP (Good Agricultural Practices), PGAP and ISO 9001, offering top-tier food class plantation management system. The certification further assures that DMPI conforms to international standards in food safety, workers' health and safety, environmental protection, and conservation of wildlife.

THREE GENERATIONS OF MY FAMILY WORKED IN DEL MONTE FOR 97 YEARS

Ann Glida S. Pozon

Del Monte Philippines, Inc. (DMPI) started operating in the Philippines in 1926 and I am proud to say that three generations of my family worked in the company for 97 years!

My father, Heronoro Sotario, joined Del Monte in 1926. As the plantation land preparation head, he was in charge of preparing the fields for pineapple production, and building and maintaining new roads in the plantation. I still remember his story. When the Second World War was rampant, his crew buried the tractors and land preparation equipment in the fields. After the war, they dug them up, tied by wires to Manila to buy parts for their repair.

My father joined the company in 1930.

Improved Balance Sheet and Cash Flow

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.



- Committed to reduce debt, lessen interest expenses and improve cash flow
- Raised US\$300m from two Preference Share tranches in April and December 2017 to repay loans
- DMPL purchased US\$126m out of the total US\$260m second lien loans of DMFI at a 30% discount in the secondary market. This is the highest interest-bearing loan of the Group at 9.75% p.a., and will save DMPL US\$8-10m of interest payments in FY2019
- Gearing was reduced to 2.4x equity as of 30 April 2018, from 2.9x in 2017
- DMFI successfully extended the maturity of its working capital facility, from February 2019 to November 2020 for a total amount of US\$442.5m
- DMPL plans to sell ~20% of its stake in Del Monte Philippines, through a public offering on the Philippine Stock Exchange. The IPO was deferred in June due to volatile market conditions. We will announce when we relaunch this as the equity markets improve
- The Group almost doubled its operating cash flow to US\$323m in FY2018, primarily on lower inventory in the US operations



Outlook

- Barring unforeseen circumstances, the Group is expected to be profitable in FY2019
- Major emphasis on responding to consumer trends through:
 - Strengthening the core business and innovating
 - healthier options and new products (innovate outside the can)
 - strategic investments in trade spending and marketing in USA
 - Focusing on growing our branded business and reducing non-strategic, non-branded businesses segments
 - Shifting to more branded consumer beverage in place of industrial PJC
 - Introducing more value-added, less commoditised foodservice products and rationalising non-branded USDA business
- Improving financial performance through:
 - Review of manufacturing and distribution footprint in the USA to improve operational efficiency, further reduce costs and increase margins
 - Increasing cash flow, strengthening balance sheet, and reducing leverage and interest expense