

## Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results




## Issuer &amp; Securities

<b>Issuer/ Manager</b>	DEL MONTE PACIFIC LIMITED
<b>Securities</b>	DEL MONTE PACIFIC LIMITED - VGG270541169 - D03
<b>Stapled Security</b>	No

## Announcement Details

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<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	<p>(1) SGX-ST / PSE / Media Release</p> <p>(2) Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the Second Quarter and First Half Ended October 2017</p> <p>(3) 2Q FY2018 Results Presentation</p> <p>- Please see attached.</p>

## Additional Details

<b>For Financial Period Ended</b>	31/10/2017
<b>Attachments</b>	<p><a href="#"> DMPL_2QFY2018_PressRelease_FINAL.pdf</a></p> <p><a href="#"> DMPL_2QFY2018_Aug-Oct_MDA_FINAL.pdf</a></p> <p><a href="#"> DMPL_2QFY2018_Presentation_FINAL.pdf</a></p> <p>Total size =4251K</p>

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**DEL MONTE PACIFIC LIMITED**

5 December 2017

**SGX-ST/PSE/MEDIA RELEASE:** (unaudited results for the second quarter ending 31 October 2017)

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## **Del Monte Pacific's second quarter results reflect planned plant rationalisation and brand-building investments**

### **2Q FY2018 Highlights**

- As part of the Group's strategy to improve operational excellence, it divested its underperforming Sager Creek vegetable business and rationalised plants in the USA, incurring US\$23.6m one-off expense. This resulted in a net loss of US\$2.8m for the Group. Without this expense, the Group would have generated a net income of US\$10.2m.
- As planned, the Group also made strategic investments in trade spending and marketing to strengthen its core business in the USA, as reflected in higher volume achieved and market share growth in 3 out of 4 key product categories.
- Nice Fruit frozen pineapple plant is in operation, with trial shipments to the USA, Japan and South Korea.
- Business plans are being finalised for the joint ventures with Fresh Del Monte Produce Inc.
- DMPL Preference Shares offering for the second tranche launched.

**Singapore/Manila, 5 December 2017** – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited ("DMPL" or the "Group"; Bloomberg: DELM SP, DMPL PM) reported today its second quarter FY2018 results ending October.

The Group achieved second quarter sales of US\$624.7 million, 1.8% lower than prior year period due to lower sales in the United States which were affected by unfavourable pricing in foodservice and USDA, and higher planned trade promotion spending. Retail market leadership continued to strengthen with market share growth in 3 out of 4 key product categories.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI), contributed US\$485.6 million or 78% of Group sales. DMFI's sales declined by 1.6% while volume was marginally higher driven by the strong performance of the packaged vegetable and fruit segments ahead of the holiday season. The canned fruit and plastic fruit cup categories both grew market shares by 3% during the quarter, driven by increased marketing investments, compelling innovations, and strong execution against fundamentals at retail.

As part of the Group's strategy to improve operational excellence, DMFI divested its underperforming Sager Creek vegetable business. This involved shutting the production facility in Siloam Springs, Arkansas. DMFI also shut its Plymouth, Indiana tomato production facility to improve efficiency and streamline operations. These resulted in one-off expenses amounting to US\$23.6 million pre-tax or US\$13.1 million post-tax in the second quarter.

The Group's second largest subsidiary, Del Monte Philippines, Inc (DMPI), generated sales of US\$134.0 million, up 2% versus the same quarter last year. DMPI's sales comprise Philippines sales and exports.

Sales in the Philippines, the largest market of DMPI, were up in peso terms on better sales of packaged fruit as well as the foodservice channel. The Group continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind campaigns across brands. The Group also launched the 100% Pineapple Juice in 1-Litre Tetra Pak to complete its 1-litre juice offering in the Philippines. Foodservice sales continued to grow, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts.

Sales of the S&W business in the second quarter were lower due to reduced supply of fresh pineapple. However, the packaged segment continued its double-digit growth, mainly due to higher sales of packaged pineapple and juices in North Asia.

The Group reported an EBITDA of US\$28.6 million, lower than prior year quarter's US\$71.2 million, and the Group incurred a net loss of US\$2.8 million versus prior year period's net income of US\$20.0 million. Excluding one-off expenses of US\$23.6 million pre-tax and US\$13.1 million post-tax, EBITDA would have been US\$52.2 million and net income would have been US\$10.2 million. As planned, the Group made strategic investments in trade spending and marketing to strengthen its core business in the USA, which is reflected in the higher volume achieved.

“We have taken some challenging but necessary steps in the US to realign our manufacturing footprint and strengthen our competitiveness in the long-term, amidst shifts in consumer tastes and shopping preferences,” said Joselito D Campos, Jr, Managing Director and CEO of DMPL. “We have also invested in brand-building to support our heritage brands in the United States and reinvigorate the categories we are in, while forging ahead with innovative products and entering new channels,” he added.

For the first half of FY2018, the Group generated sales of US\$1.1 billion, marginally lower versus the prior year period as higher sales in Asia were offset by lower sales in the US.

Sales of the S&W business, the fastest growing business of DMPL in Asia and the Middle East, delivered a strong double-digit growth in the first half, mainly driven by robust sales of fresh pineapple, new product launches in new packaging formats in North Asia, and expansion into Turkey, a new market for packaged products.

The Group generated a net loss of US\$2.1 million for the first half of FY2018, versus the prior period’s net income of US\$12.9 million due to the said one-off expenses for DMPL’s plant closures. Excluding these one-off expenses, the Group would have generated a net income of US\$11.5 million.

The Nice Fruit frozen pineapple plant is in operation, with trial shipments to the USA, Japan and South Korea. Business plans are being finalised for the joint ventures with Fresh Del Monte Produce Inc in prepared refrigerated fruit snacks, chilled juices, guacamole and avocado products, and retail food and beverage outlets.

Barring unforeseen circumstances, the Group is expected to be profitable for FY2018 on a recurring basis.

To raise more equity and repay loans, DMPL is offering US\$80 million Series A-2 Preference Shares with an oversubscription option of up to US\$80 million at a coupon rate of 6.5% per annum. The offer period is 28 November to 8 December 2017, with the listing set for 15 December 2017 on the Philippine Stock Exchange (PSE). DMPL raised US\$200 million from the first tranche offering of preference shares which were listed on the PSE on 7 April 2017.

## Disclaimer

This announcement may contain statements regarding the business of Del Monte Pacific Limited and its subsidiaries (the "Group") that are of a forward looking nature and are therefore based on management's assumptions about future developments. Such forward looking statements are typically identified by words such as 'believe', 'estimate', 'intend', 'may', 'expect', and 'project' and similar expressions as they relate to the Group. Forward looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to various factors.

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.

Neither the Group nor its advisers and representatives shall have any liability whatsoever for any loss arising, whether directly or indirectly, from any use or distribution of this announcement or its contents.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in Del Monte Pacific.

## About Del Monte Pacific Limited ([www.delmontepacific.com](http://www.delmontepacific.com))

Dual listed on the Mainboards of the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange, Inc, Del Monte Pacific Limited (Bloomberg: DELM SP/ DMPL PM), together with its subsidiaries (the "Group"), is a global branded food and beverage company that caters to today's consumer needs for premium quality healthy products. The Group innovates, produces, markets and distributes its products worldwide.

The Group is proud of its heritage brands - *Del Monte*, *S&W*, *Contadina* and *College Inn* – majority of which originated in the USA more than 100 years ago as premium quality packaged food products. The Group has exclusive rights to use the *Del Monte* trademarks for packaged products in the United States, South America, the Philippines, Indian subcontinent and Myanmar, while for *S&W*, it owns it globally except Australia and New Zealand. The Group owns the *Contadina* and *College Inn* trademarks in various countries.

DMPL's USA subsidiary, Del Monte Foods, Inc (DMFI) ([www.delmontefoods.com](http://www.delmontefoods.com)) owns other trademarks such as *Fruit Naturals*, *Orchard Select*, *SunFresh* and *Fruit Refreshers*, while DMPL's Philippines subsidiary, Del Monte Philippines, Inc ([www.lifegetsbetter.ph](http://www.lifegetsbetter.ph)), owns *Del Monte*, *Today's*, *Fiesta*, *202*, *Fit 'n Right*, *Heart Smart* and *Quick 'N Easy* trademarks in the Philippines.

The Group sells packaged fruits, vegetable and tomato, sauces, condiments, pasta, broth and juices, under various brands and also sells fresh pineapples under the *S&W* brand.

The Group owns approximately 95% of a holding company that owns 50% of FieldFresh Foods Private Limited in India ([www.fieldfreshfoods.in](http://www.fieldfreshfoods.in)). FieldFresh markets *Del Monte*-branded packaged products in the domestic market and *FieldFresh*-branded fresh produce. The Group's partner in FieldFresh India is the well-respected Bharti Enterprises, which is one of the largest conglomerates in India.

DMPL's USA subsidiary operates 10 plants in the USA, two in Mexico and one in Venezuela, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 23,000-hectare pineapple plantation in the Philippines and a factory with a port beside it.

Except the joint venture companies with Fresh Del Monte Produce Inc, DMPL and its subsidiaries are not affiliated with the other Del Monte companies in the world, including Fresh Del Monte Produce Inc, Del Monte Canada, Del Monte Asia Pte Ltd and these companies' affiliates.

DMPL is 67%-owned by NutriAsia Pacific Ltd and Bluebell Group Holdings Limited, which are beneficially-owned by the Campos family of the Philippines. The NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

To subscribe to our email alerts, please send a request to [jluy@delmontepacific.com](mailto:jluy@delmontepacific.com).



**DEL MONTE PACIFIC LIMITED**

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## **Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the Second Quarter and First Half Ended October 2017**

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### **AUDIT**

Second Quarter FY2018 results covering the period from 1 August 2017 to 31 October 2017 have neither been audited nor reviewed by the Group's auditors.

### **ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's FY2017 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2017, which did not have significant impact to the Group:

- Amendment to IFRS 12, Clarification of the Scope of the Standard (Part of Annual Improvements to IFRSs 2014 - 2016 Cycle)
- Amendments to IAS 7, Statement of Cash Flows, Disclosure Initiative
- Amendments to IAS 12, Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses

The Group will adopt the following new standards when they become effective.

#### **Applicable 1 May 2018**

- Amendments to IFRS 2, Share-based Payment, Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4, Insurance Contracts, Applying IFRS 9, Financial Instruments, with IFRS 4
- Amendments to IAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to IFRSs 2014 - 2016 Cycle)
- Amendments to IAS 40, Investment Property, Transfers of Investment Property
- IFRIC-22, Foreign Currency Transactions and Advance Consideration
- IFRS 9, Financial Instruments
- IFRS 15, Revenue from Contracts with Customers

#### **Applicable 1 May 2019**

- IFRS 16, Leases
- IFRIC 23, Uncertainty over Income Tax Treatments
- Amendments to IFRS 9, Prepayment Features with Negative Compensation
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures

Applicable 1 May 2021

- IFRS 17, Insurance Contracts

Deferred by IASB

- Amendments to IFRS 10 and IAS 28, Sale on Contribution of Assets between an Investor and its Associate on Joint Venture

## **DISCLAIMER**

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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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This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in Del Monte Pacific.

## **SIGNED UNDERTAKING FROM DIRECTORS AND EXECUTIVE OFFICERS**

The Company confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) have been procured.

## **DIRECTORS’ ASSURANCE**

Confirmation by Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Del Monte Pacific Limited which may render these interim financial statements to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of Del Monte Pacific Limited

(Signed)  
Rolando C Gapud  
Executive Chairman

(Signed)  
Joselito D Campos, Jr  
Executive Director

6 December 2017

## NOTES ON THE 2Q FY2018 DMPL RESULTS

1. DMPL's effective stake in DMFI is 89.4%, hence the non controlling interest line (NCI) in the P&L. Net income is net of NCI.
2. FY would mean Fiscal Year for the purposes of this MD&A.
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.

## FINANCIAL HIGHLIGHTS – SECOND QUARTER AND FIRST HALF ENDED 31 OCTOBER 2017

in US\$'000 unless otherwise stated*	For the three months ended 31 October			For the six months ended 31 October		
	Fiscal Year 2018	Fiscal Year 2017 (Restated)	% Change	Fiscal Year 2018	Fiscal Year 2017 (Restated)	% Change
Turnover	<b>624,708</b>	635,989	(1.8)	<b>1,098,552</b>	1,103,364	(0.4)
Gross profit	<b>128,380</b>	146,685	(12.5)	<b>226,264</b>	242,121	(6.5)
Gross margin (%)	<b>20.6</b>	23.1	(2.5)	<b>20.6</b>	21.9	(1.3)
Operating profit**	<b>7,398</b>	53,981	(86.3)	<b>22,242</b>	62,587	(64.5)
Operating margin (%)	<b>1.2</b>	8.5	(7.3)	<b>2.0</b>	5.7	(3.7)
Net profit attributable to owners of the Company - with one-off items**	<b>(2,820)</b>	19,969	(114.1)	<b>(2,079)</b>	12,924	(116.1)
Net margin (%)	<b>(0.5)</b>	3.1	(3.6)	<b>(0.2)</b>	1.2	(1.4)
EPS (US cents)	<b>(0.32)</b>	1.03	(131.1)	<b>(0.45)</b>	0.67	(167.2)
Net profit attributable to owners of the Company – without one-off items**	<b>10,237</b>	20,822	(50.8)	<b>11,485</b>	16,601	(30.8)
Net debt	<b>1,856,458</b>	2,085,636	(11.0)	<b>1,856,458</b>	2,085,636	(11.0)
Gearing*** (%)	<b>339.2</b>	582.6	(243.4)	<b>339.2</b>	582.6	(243.4)
EBITDA**	<b>28,586</b>	71,227	(59.9)	<b>60,758</b>	96,728	(37.2)
Cash flow/(outflow) from operations	<b>(72,041)</b>	(136,519)	(47.2)	<b>(107,591)</b>	(159,996)	(32.8)
Capital expenditure	<b>12,829</b>	29,805	(57.0)	<b>35,331</b>	65,954	(46.4)
Inventory (days)	<b>153</b>	154	(1)	<b>209</b>	209	–
Receivables (days)	<b>27</b>	25	2	<b>31</b>	31	–
Account Payables (days)	<b>38</b>	46	(8)	<b>44</b>	46	(2)

\*The Company's reporting currency is US dollars. For conversion to S\$, the following exchange rates can be used: 1.36 in October 2017, 1.37 in October 2016. For conversion to PhP, these exchange rates can be used: 50.52 in October 2017, 45.84 in October 2016.

\*\*Please refer to the last page of this MD&A for a schedule of the one-off items

\*\*\*Gearing = Net Debt / Equity



## REVIEW OF OPERATING PERFORMANCE

### Second Quarter

The Group achieved sales of US\$624.7 million for the second quarter of FY2018, down 1.8% versus the prior year period mainly driven by lower sales in the USA.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI) contributed US\$485.6 million or 77.7% of Group sales. DMFI's sales declined by 1.6% mainly due to unfavourable pricing in foodservice and USDA, and higher trade promotion spending. Overall, volume was marginally higher driven by strong performance of the packaged vegetable and fruit categories ahead of the holiday season which was partly offset by distribution losses in packaged tomatoes. Investments in consumer advertising and insights are paying dividends as DMFI's market share in canned fruit grew by 800 basis points to 42% in Walmart. DMFI increased its market share during the quarter in a number of key categories in retail, ie canned vegetable, canned fruit and fruit in cups driven by increased trade and consumer investment.

As part of the Group's strategy to improve operational excellence, DMFI divested its underperforming Sager Creek vegetable business. This involved shutting the production facility in Siloam Springs, Arkansas. DMFI also shut its Plymouth, Indiana tomato production facility to improve efficiency and streamline operations. These resulted in one-off expenses amounting to US\$23.6 million pre-tax or US\$13.1 million post-tax in the second quarter. Please refer to the last page of this MD&A for a schedule of the one-off expenses.

The Group's gross profit and operating profit were lower than prior year period due to lower sales mainly on DMFI, higher trade promotions, and unfavourable pricing in foodservice and USDA. The incremental cost from the sale of Sager Creek vegetable business, closure of the two plants mentioned above and other one-off expenses largely impacted the operating margin. Excluding the one-off expenses, DMFI contributed an EBITDA of US\$19.7 million and a net loss of US\$9.1 million to the Group.

Sales of DMPL ex-DMFI were almost flat as compared to the same period last year. DMPL ex-DMFI generated sales of US\$154.5 million (inclusive of the US\$15.3 million sales by DMPL to DMFI which were netted out during consolidation).

It delivered lower gross margin of 29.9% from 32.0% in the prior year quarter driven by lower pineapple juice concentrate pricing and unfavourable sales mix. DMPL ex-DMFI generated an EBITDA of US\$30.3 million which was higher by 13.9% and a net income of US\$17.1 million, significantly higher versus the US\$12.3 million in the same period last year driven by optimisation of selling and G&A costs.

The Philippine market sales were up 4.0% in peso terms but down 2.9% in US dollar terms due to peso depreciation. Sales growth was driven by expanded penetration and increased consumption of its packaged pineapple fruit following improvement in supply. The company's thrust on innovation continued with the launch of 100% Pineapple Juice in Tetra Pak, offering more convenience to the consumers. Foodservice sales in the Philippines also continued to grow, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts.

Sales of the S&W packaged business continued its good performance with sales up 12% in the second quarter mainly due to strong sales of canned juices and tropical fruit to North Asia. However, S&W fresh business sales declined due to lower supply.

DMPL's share in the FieldFresh joint venture in India was favourable at US\$0.01 million income from a US\$0.4 million loss in the prior year period due to improvement in sales and margin.

The Group's EBITDA of US\$28.6 million was lower than prior year quarter's EBITDA of US\$71.2 million. This quarter's EBITDA included the US\$23.6 million of one-off expenses mentioned above. Without the one-off expenses, the Group recurring EBITDA of US\$52.2 million was lower versus last year's recurring EBITDA of US\$72.8 million reflecting planned increased investment in consumer and trade spending to reinvigorate the business in the USA in line with Group's Long range plan. The additional marketing and trade spend in the USA amounted to US\$29.7 million.

The Group incurred a net loss of US\$2.8 million for the quarter, as compared to a net income of US\$20.0 million in the prior year quarter. This quarter's net loss included US\$13.1 million of one-off expenses (net of tax), while prior year period's included only US\$0.9 million of one-off expenses. Without the one-off expenses, the Group reported a recurring net income of US\$10.2 million, lower than last year's recurring net income of US\$20.8 million reflecting the planned higher investment in consumer and trade spending mentioned above.

The Group's cash outflow from operations in the second quarter was US\$72.1 million, driven by inventory build-up in preparation for the seasonally stronger second semester. Despite this, cash outflow was lower versus last year's US\$136.5 million driven by better working capital management with higher payables and lower inventory.

Past the production peak in October, cash flows are expected to improve in the seasonally stronger second semester with peak sales around Thanksgiving and Christmas, as well as Easter in the last quarter ending April.

### **First Half**

For the first half of FY2018, the Group generated sales of US\$1.1 billion, down 0.4% versus prior year period. DMFI generated US\$0.8 billion or 74.8% of Group sales, lower by 2.6% largely driven by distribution losses in the tomato category, unfavourable pricing in foodservice and USDA, and higher trade promotion spending. The key retail segments of canned vegetable, canned fruit, and plastic fruit cup all grew sales in the first half despite some category declines. DMFI increased its market share during the first half in a number of key categories in retail, i.e. canned vegetable, canned fruit and fruit in cups driven by increased trade and consumer investment.

The Group's gross profit and operating profit were lower than prior year period due to higher trade promotions and unfavourable pricing in USDA, foodservice and pineapple juice concentrate. The one-off expenses related to the sale of Sager Creek vegetable business and closure of two plants in the USA amounted to US\$24.5 million pre-tax or US\$13.6 million post-tax in the first half. Please refer to the last page of this MD&A for a schedule of the one-off expenses.

The Philippine market sales were up 4.5% in peso terms but down 2.3% in US dollar terms due to peso depreciation. Sales growth was driven by expanded penetration and increased consumption of its packaged pineapple fruit following improvement in supply, coupled with higher sales of culinary products. The Group continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind 360-degree campaigns across brands. Foodservice sales in the Philippines also continued to expand, riding on the rapid expansion of quick service restaurants and convenience stores.

The S&W branded sales in Asia and the Middle East grew 25% versus last year on higher sales from both the fresh and packaged segments, as well as expansion into Turkey, a new market for packaged products.

DMFI's gross margin for the full year declined to 15.8% from 17.9% in the same period last year mainly driven by higher trade spend and unfavourable USDA and foodservice pricing.

DMPL ex-DMFI's gross profit grew to US\$92.9 million but its gross margin decreased to 30.8% from 32.1% due to unfavourable sales mix and lower pineapple concentrate pricing.

DMPL's share of loss in the FieldFresh joint venture in India at US\$0.5 million was lower versus the US\$0.8 million in the prior year, as FieldFresh continued to invest behind the business to grow the Del Monte packaged business in India.

DMPL's net income without DMFI was US\$32.3 million, significantly up versus prior year period's US\$23.4 million mainly from lower operating expenses and increased sales.

The DMPL Group generated a net loss of US\$2.1 million for the first half FY2018, unfavourable versus prior year period's net income of US\$12.9 million due to the one-off expenses of US\$13.6 million mentioned above.

Excluding the one-off expenses, the Group's net income would have been US\$11.5 million, lower versus the recurring net income last year of US\$16.6 million mainly driven by increased investment in trade and consumer spending to reinvigorate the business in the USA in line with Group's Long range plan. The additional marketing and trade spend in the USA amounted to US\$27.8 million.

The Group posted an EBITDA of US\$60.8 million of which DMFI accounted for US\$0.9 million of negative EBITDA. Excluding one-off expenses, the Group's EBITDA would have been US\$85.2 million, 2.6% higher versus the recurring EBITDA of US\$103.1 million in the prior year period.

The Group's cash outflow from operations in the first half was US\$107.6 million, better versus last year's cash outflow of US\$160.0 million driven by better working capital management particularly in inventory.

## **VARIANCE FROM PROSPECT STATEMENT**

The Group expects to generate a net profit for the balance of the year on a recurring basis. It is on track to achieving a net profit for the full year on a recurring basis which is in line with earlier guidance.

## **BUSINESS OUTLOOK**

DMFI faces headwinds due to shifts in consumer demographics, shifts in the way American consumers are eating and shopping, as well as shifts in consumer preferences. It will continue to build on its Del Monte brand heritage and will realign its business with those consumer trends over time. Its plan focuses on business segments which are on-trend and will rationalise non-profitable businesses, in particular the non-branded segment. It will continue to optimise its cost structure and investing in a multiyear restructuring project for its operations and supply chain footprint to more efficiently support its commercial strategy.

With the four new joint ventures with Fresh Del Monte Produce Inc, DMFI has the potential to greatly extend the reach of the Del Monte brand to the growing store perimeter while allowing both companies to optimise economies of scale. Business plans are being finalised for the joint ventures in prepared refrigerated fruit snacks, chilled juices, guacamole and avocado products, and retail food and beverage outlets.

The Group will continue to expand its existing branded business in Asia, through the Del Monte brand in the Philippines, where it is a dominant market leader. S&W, both packaged and fresh, will continue to gain more traction as it leverages its distribution expansion in Asia and the Middle East, while the Group's joint venture in India will continue to generate higher sales and maintain its positive EBITDA.

The Nice Fruit frozen pineapple plant is in operation, with trial shipments to the USA, Japan and South Korea.

The Group will be exploring e-commerce opportunities for its range of products across markets.

Barring unforeseen circumstances, the Group is expected to be profitable for FY2018 on a recurring basis.

## REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

### AMERICAS

#### For the second quarter ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2018	FY2017	% Chg	FY2018	FY2017	% Chg	FY2018	FY2017	% Chg
Packaged fruit	179,401	180,649	(0.7)	27,935	34,195	(18.3)	398	10,421	(97.7)
Packaged vegetable	219,075	221,801	(1.2)	39,404	45,584	(13.6)	(4,146)	17,274	(139.8)
Beverage	4,270	5,958	(28.3)	1,069	1,440	(25.8)	(387)	831	(146.6)
Culinary	78,565	83,594	(6.0)	15,599	17,933	(13.0)	(11,081)	5,655	(296.0)
Others	602	400	50.5	128	189	(32.3)	(616)	1,390	(144.3)
Total	481,913	492,402	(2.1)	84,135	99,341	(15.3)	(15,832)	35,571	(144.5)

#### For the first half ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2018	FY2017	% Chg	FY2018	FY2017	% Chg	FY2018	FY2017	% Chg
Packaged fruit	309,596	309,665	(0.0)	51,788	55,437	(6.6)	(2,676)	7,858	(119.5)
Packaged vegetable	367,912	376,982	(2.4)	62,405	70,500	(11.5)	(4,526)	13,714	(157.6)
Beverage	10,463	15,873	(34.1)	2,135	4,126	(48.3)	(863)	1,530	(156.4)
Culinary	128,749	139,547	(7.7)	20,726	25,444	(18.5)	(14,492)	1,368	(1,159.4)
Others	938	497	88.7	200	110	81.8	36	1,783	(98.0)
Total	817,658	842,564	(3.0)	137,254	155,617	(11.8)	(22,521)	26,253	(185.8)

Reported under the Americas segment are sales and profit on sales in USA, Canada and Mexico. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales in the Americas are distributed across the United States, in all channels serving retail markets, as well as to the US military, certain export markets, the foodservice industry and other food processors.

Sales in the Americas declined by 2.1% to US\$481.9 million mainly due to unfavourable pricing in foodservice and USDA and higher trade promotion spending. Overall, volume was marginally higher driven by the strong performance of the packaged vegetable and fruit categories ahead of the holiday season which was partly offset by distribution losses in packaged tomatoes. Investments in consumer advertising and insights are paying dividends as DMFI's market share in canned fruit grew by 800 basis points to 42% in Walmart. DMFI increased its market share during the quarter in a number of key categories in retail, i.e. canned vegetable, canned fruit and fruit in cups driven with increased trade and consumer investment.

Gross profit was lower than prior year period due to lower sales, higher trade promotions and higher product costs.

Americas reported an operating loss for the quarter of US\$15.8 million versus prior year quarter's operating income of US\$35.6 million due to the sale of its underperforming Sager Creek vegetable business, closure of two plants and other one-off expenses which impacted operating margin. The total one-off expenses amounted to US\$23.6 million pre-tax for the second quarter.

## ASIA PACIFIC

### For the second quarter ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2018	FY2017 (Restated)	% Chg	FY2018	FY2017 (Restated)	% Chg	FY2018	FY2017 (Restated)	% Chg
Packaged fruit	39,903	32,867	21.4	12,875	10,012	28.6	8,523	5,265	61.9
Packaged vegetable	372	450	(17.3)	114	177	(35.6)	82	112	(26.8)
Beverage	28,806	32,862	(12.3)	7,137	9,954	(28.3)	970	3,211	(69.8)
Culinary	37,647	40,951	(8.1)	14,944	16,816	(11.1)	8,842	5,421	63.1
Others	28,670	33,052	(13.3)	7,613	9,130	(16.6)	4,010	3,622	10.7
Total	135,398	140,182	(3.4)	42,683	46,089	(7.4)	22,427	17,631	27.2

### For the first half ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2018	FY2017 (Restated)	% Chg	FY2018	FY2017 (Restated)	% Chg	FY2018	FY2017 (Restated)	% Chg
Packaged fruit	68,967	59,458	16.0	21,219	17,535	21.0	12,644	8,527	48.3
Packaged vegetable	696	959	(27.4)	218	325	(32.9)	157	213	(26.3)
Beverage	60,987	67,386	(9.5)	17,647	22,192	(20.5)	4,741	8,354	(43.2)
Culinary	63,573	67,232	(5.4)	25,492	27,561	(7.5)	14,476	10,955	32.1
Others	71,466	57,921	23.4	20,260	16,058	26.2	10,373	6,511	59.3
Total	265,689	252,956	5.0	84,836	83,671	1.4	42,391	34,560	22.7

Reported under this segment are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded packaged products, including Del Monte traded goods; S&W products in Asia and the Middle East both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded Fresh and packaged goods.

Asia Pacific's sales in the second quarter declined by 3.4% to US\$135.4 million from US\$140.2 million on lower packaged fruit, culinary sales and others.

The Philippine market sales were up 4.0% in peso terms but down 2.9% in US dollar terms due to peso depreciation. Sales growth was driven by expanded penetration and increased consumption of its packaged pineapple fruit following improvement in supply. The Group continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind 360-degree campaigns across brands. Foodservice sales in the Philippines also continued to expand, riding on the rapid expansion of quick service restaurants and convenience stores.

Operating profit in the second quarter rose 27.2% to US\$22.4 million due to lower spending on direct promotions, advertising, and operating expenses.

## EUROPE

### For the second quarter ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2018	FY2017	% Chg	FY2018	FY2017	% Chg	FY2018	FY2017	% Chg
Packaged fruit	4,972	2,881	72.6	1,768	1,131	56.3	1,317	741	77.7
Packaged vegetable	-	-	-	-	-	-	-	-	-
Beverage	2,425	525	361.9	(206)	125	(264.8)	(514)	39	(1,417.9)
Culinary	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	7,397	3,406	117.2	1,562	1,256	24.4	803	780	2.9

### For the first half ended 31 October

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2018	FY2017	% Chg	FY2018	FY2017	% Chg	FY2018	FY2017	% Chg
Packaged fruit	11,245	6,391	76.0	4,493	2,335	92.4	3,240	1,462	121.6
Packaged vegetable	-	-	-	-	-	-	-	-	-
Beverage	3,960	1,453	172.5	(319)	498	(164.1)	(868)	313	(377.3)
Culinary	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	15,205	7,844	93.8	4,174	2,833	47.3	2,372	1,775	33.6

Included in this segment are sales of unbranded products in Europe.

For the second quarter, Europe's sales improved by 117.2% to US\$7.4 million from US\$3.4 million mainly on higher volume of pineapple juice concentrate and canned pineapple.

## REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

% of Turnover	For the three months ended 31 October			For the six months ended 31 October		
	FY2018	FY2017	Comments	FY2018	FY2017	Comments
Cost of Goods Sold	45.2	44.3	Higher production and transportation costs	79.4	78.1	Same as 2Q
Distribution and Selling Expenses	5.8	4.9	Mainly due to timing of spending	9.9	9.0	Same as 2Q
G&A Expenses	4.4	3.6	Higher G&A cost due to plant closures	8.0	7.3	Same as 2Q
Other Operating Income	0.8	(0.1)	Higher miscellaneous expenses due to the sale of Sager Creek business and plant closures	0.7	(0.1)	Same as 2Q

## REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

in US\$'000	For the three months ended 31 October				For the six months ended 31 October			
	FY2018	FY2017 (Restated)	%	Comments	FY2018	FY2017 (Restated)	%	Comments
Depreciation and amortisation	(34,911)	(32,099)	8.8	Mainly due to higher depreciation from higher asset base	(72,494)	(65,578)	10.5	Same as 2Q
Provision of asset impairment	(21,891)	–	n.m.	Mainly on the impairment loss for Sager Creek PPE	(21,891)	–	n.m.	Same as 2Q
(Provision)/reversal for inventory obsolescence	131	6,036	(97.8)	Due to timing of the provision	(588)	(904)	(35.0)	Same as 2Q
Reversal/(Provision) for doubtful debts	18	(125)	(114.4)	Due to timing of the provision	223	(174)	(228.2)	Same as 2Q
Net gain/(loss) on disposal of fixed assets	3,488	540	545.9	Mainly on sale of Sager	3,375	(203)	n.m.	Same as 2Q
Foreign exchange gain-net	1,870	3,746	(50.1)	Lower favourable impact of peso depreciation for the quarter	3,453	3,839	(10.1)	Same as 2Q
Interest income	115	124	(7.3)	Lower interest income from operating assets	241	251	(4.0)	Same as 2Q
Interest expense	(26,142)	(28,926)	(9.6)	Lower level of borrowings	(52,224)	(55,775)	(6.4)	Same as 2Q
Share of loss/(income) of JV, (attributable to the owners of the Company)	(390)	512	(176.0)	Higher Nice fruit expenses	(1,123)	(341)	229.3	Same as 2Q
Taxation	11,956	(7,664)	(256.0)	Due to higher DMFI loss position	20,828	1,573	n.m.	Same as 2Q

## REVIEW OF GROUP ASSETS AND LIABILITIES

Extract of Accounts with Significant Variances	31 October 2017	31 October 2016 (Restated)	30 April 2017	Comments
<b>in US\$'000</b>				
Joint venture	25,598	24,915	22,820	Driven by additional capital call for Nice Fruit joint venture
Deferred tax assets	114,986	104,127	100,899	Due to higher loss
Other assets	43,108	28,072	25,941	Due to receivable from sale of Sager Creek vegetable business
Biological assets	43,736	41,118	125,462	Mainly due to higher field mix
Inventories	1,102,004	1,158,585	845,233	Mainly due to reduced inventory driven by plant closure
Trade and other receivables	264,214	245,201	175,532	Due to timing of collection
Prepaid and other current assets	50,236	30,857	35,597	Due to increase in DMPI's downpayments for capex
Cash and cash equivalents	23,030	23,488	47,203	Mainly on decreased borrowings
Financial liabilities – non-current	1,264,987	1,115,417	1,116,422	Reclassification of loans from current to non-current
Other non-current liabilities	40,552	57,157	62,586	Lower derivatives and workers compensation
Employee benefits– non-current	88,662	99,482	97,118	Due to higher employee retirement plan
Financial liabilities – current	614,501	993,707	727,360	Due to working capital requirements
Trade and other payables	334,702	388,185	281,043	Due to lower trade and accrued expenses
Current tax liabilities	2,531	4,250	3,827	Due to timing of tax payment

## SHARE CAPITAL

Total shares outstanding were at 1,963,960,024 (common shares 1,943,960,024 and preference shares 20,000,000) as of 31 October 2017; (31 October 2016: 1,943,214,106). Share capital is at US\$39.5 million as of 31 October 2017 (31 October 2016: US\$19.5 million). Market price options and share awards were granted pursuant to the Company's Executive Stock Option Plan and Restricted Share Plan as set out in the table below.

Date of Grant	Options	Share Awards	Recipient(s)
7 March 2008	1,550,000	1,725,000	Key Executives
20 May 2008	–	1,611,000	CEO
12 May 2009	–	3,749,000	Key Executives
29 April 2011	–	2,643,000	CEO
21 November 2011	–	67,700	Non-Executive Director
30 April 2013	150,000	486,880	Key Executives
22 August 2013	–	688,000	Executive/Non-Executive Directors
1 July 2016	75,765	57,918	Executive/Non-Executive Directors

The number of shares outstanding includes 975,802 shares held by the Company as treasury shares as at 31 October 2017 (31 October 2016: 1,721,720). There was no sale, disposal and cancellation of treasury shares during the period and as at 31 October 2017.

The company does not have any subsidiary holdings as at 31 July 2017.

In April 2017, the Company successfully completed the offering and listing of 20 million Series A-1 Preference Shares at an offer price of US\$10 per share in the Philippines generating US\$200 million in proceeds. The Company used the net proceeds to partly refinance the US\$350 million BDO Unibank, Inc loan which was extended in February 2017 for two years.

To raise more equity and repay loans, DMPL is offering US\$80 million Series A-2 Preference Shares with an oversubscription option of up to US\$80 million at a coupon rate of 6.5% per annum. The offer period is 28 November to 8 December 2017, with the listing set for 15 December 2017 on the Philippine Stock Exchange.

## BORROWINGS AND NET DEBT

	As at 30 October		As at 30 April
Liquidity in US\$'000	2017	2016	2017
Gross borrowings	(1,879,488)	(2,109,124)	(1,713,966)
Current	(614,501)	(993,707)	(449,698)
Secured	(256,130)	(357,480)	(169,114)
Unsecured	(358,371)	(636,227)	(280,584)
Non-current	(1,264,987)	(1,115,417)	(1,264,268)
Secured	(923,927)	(924,203)	(922,294)
Unsecured	(341,060)	(191,214)	(341,974)
Less: Cash and bank balances	23,030	23,488	37,571
Net debt	(1,856,458)	(2,085,636)	(1,676,395)

The Group's net debt (cash and bank balances less borrowings) amounted to US\$1.9 billion as at 31 October 2017, lower than last year due to payment of borrowings.

Past the production peak in October, cash flows are expected to further improve in the seasonally stronger second semester with peak sales around Thanksgiving and Christmas, as well as Easter in the last quarter ending April. This will allow the Group to deleverage in the second semester.



## DIVIDENDS

In September 2017, the Company declared dividends to holders of Series A-1 Preference Shares, calculated on the basis of 180 days from (and including) 7 April 2017 to (but excluding) 7 October 2017 (being the relevant dividend period) at the coupon rate of 6.625% per annum, or equivalent to US\$0.33125 per Series A-1 Preference Share. The cash dividends were paid on 9 October 2017 as 7 October 2017, the dividend payment date, fell on a Saturday.

Except for the above, no other dividends have been declared for this quarter and for the corresponding prior year quarter.

## INTERESTED PERSON TRANSACTIONS

The aggregate value of IPT conducted pursuant to shareholders' mandate obtained in accordance with Chapter 9 of the Singapore Exchange's Listing Manual was as follows:

In US\$'000  For the second quarter of the fiscal year	Aggregate value of all IPTs (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	FY2018	FY2017	FY2018	FY2017
NutriAsia, Inc	–	–	741	767
DMPI Retirement Fund	–	–	872	919
NutriAsia, Inc Retirement Fund	–	–	270	280
<b>Aggregate Value</b>	–	–	<b>1,883</b>	<b>1,966</b>

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**

Amounts in US\$'000	For the three months ended			For the six months ended		
	31 October			31 October		
	FY2018	FY2017	%	FY2018	FY2017	%
	(Unaudited)	(Unaudited) (Restated)		(Unaudited)	(Unaudited) (Restated)	
Turnover	624,708	635,989	(1.8)	1,098,552	1,103,364	(0.4)
Cost of sales	(496,328)	(489,304)	1.4	(872,288)	(861,243)	1.3
<b>Gross profit</b>	<b>128,380</b>	<b>146,685</b>	<b>(12.5)</b>	<b>226,264</b>	<b>242,121</b>	<b>(6.5)</b>
Distribution and selling expenses	(63,263)	(54,378)	16.3	(108,810)	(99,684)	9.2
General and administration expenses	(48,541)	(39,254)	23.7	(87,589)	(81,016)	8.1
Other operating income/(loss)	(9,178)	928	1,089.0	(7,623)	1,166	(753.8)
<b>Profit from operations</b>	<b>7,398</b>	<b>53,981</b>	<b>(86.3)</b>	<b>22,242</b>	<b>62,587</b>	<b>(64.5)</b>
Financial income*	2,321	4,151	(44.1)	4,076	4,885	(16.6)
Financial expense*	(26,478)	(29,207)	(9.3)	(52,606)	(56,570)	(7.0)
<b>Net finance expense</b>	<b>(24,157)</b>	<b>(25,056)</b>	<b>(3.6)</b>	<b>(48,530)</b>	<b>(51,685)</b>	<b>(6.1)</b>
Share in net loss of joint venture, net of tax	(629)	(416)	(51.2)	(1,148)	(776)	(47.9)
<b>Profit/(loss) before taxation</b>	<b>(17,388)</b>	<b>28,509</b>	<b>(161.0)</b>	<b>(27,436)</b>	<b>10,126</b>	<b>(370.9)</b>
Taxation	11,956	(7,664)	(256.0)	20,828	1,573	1,224.1
<b>Profit/(loss) after taxation</b>	<b>(5,432)</b>	<b>20,845</b>	<b>(126.1)</b>	<b>(6,608)</b>	<b>11,699</b>	<b>(156.5)</b>
<b>Profit(loss) attributable to:</b>						
Owners of the Company	(2,820)	19,969	(114.1)	(2,079)	12,924	(116.1)
Non-controlling interest**	(2,612)	876	(398.2)	(4,529)	(1,225)	269.7
<b>Profit/(loss) for the period</b>	<b>(5,432)</b>	<b>20,845</b>	<b>(126.1)</b>	<b>(6,608)</b>	<b>11,699</b>	<b>(156.5)</b>
<b>Notes:</b>						
Depreciation and amortization	(34,911)	(32,099)	8.8	(72,494)	(65,578)	10.5
Provision of asset impairment	(21,891)	-	n.m.	(21,893)	-	n.m.
(Provision)/reversal for inventory	131	6,036	(97.8)	(588)	(904)	(35.0)
Provision for doubtful debts	18	(125)	(114.4)	223	(174)	(228.2)
Loss on disposal of fixed assets	3,488	540	545.9	3,375	(203)	n.m.
<b>*Financial income comprise:</b>						
Interest income	115	124	(7.3)	241	251	(4.0)
Foreign exchange gain	2,206	4,027	(45.2)	3,835	4,634	(17.2)
	2,321	4,151	(44.1)	4,076	4,885	(16.6)
<b>*Financial expense comprise:</b>						
Interest expense	(26,142)	(28,926)	(9.6)	(52,224)	(55,775)	(6.4)
Foreign exchange loss	(336)	(281)	19.6	(382)	(795)	(51.9)
	(26,478)	(29,207)	(9.3)	(52,606)	(56,570)	(7.0)

n.m. – not meaningful

Earnings per ordinary share in US cents	For the three months ended		For the six months ended	
	31 October		31 October	
	FY2018	FY2017	FY2018	FY2017
Earnings per ordinary share based on net profit attributable to shareholders:				
(i) Based on weighted average no. of ordinary shares	(0.32)	1.03	(0.45)	0.67
(ii) On a fully diluted basis	(0.32)	1.03	(0.45)	0.66

\*\*Includes (US\$4,503m) for DMFI and (US\$25m) for FieldFresh in the first half ended FY2018 and (US\$1,183m) for DMFI and (US\$42m) for FieldFresh in the first half ended of FY2017.

Includes (US\$2,612m) for DMFI and US\$1m for FieldFresh in the second quarter of FY2018 and US\$899m for DMFI and (US\$23m) for FieldFresh in the second quarter of FY2017.

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in US\$'000

	For the six months ended 31 October		
	FY2018 (Unaudited)	FY2017 (Restated)	%
<b>Profit /(Loss) for the period</b>	<b>(6,608)</b>	<b>11,699</b>	<b>(156.5)</b>
<b>Other comprehensive income (after reclassification adjustment):</b>			
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating of foreign operations	(13,006)	(9,769)	33.1
Effective portion of changes in fair value of cash flow hedges	4,338	2,367	83.3
Income tax benefit (expense) on cash flow hedge	(795)	(914)	(13.0)
	<b>(9,463)</b>	<b>(8,315)</b>	<b>13.8</b>
<i>Items that will not be classified to profit or loss</i>			
Remeasurement of retirement benefit	4,752	4,086	16.3
Income tax benefit on retirement benefit	(1,772)	(1,162)	52.5
	<b>2,980</b>	<b>2,924</b>	<b>1.9</b>
<b>Other comprehensive loss for the period</b>	<b>(6,483)</b>	<b>(5,391)</b>	<b>20.3</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(13,091)</b>	<b>6,310</b>	<b>(307.5)</b>
<b>Attributable to:</b>			
Owners of the Company	(9,252)	7,074	(230.8)
Non-controlling interests	(3,839)	(764)	402.6
<b>Total comprehensive income /(loss)for the period</b>	<b>(13,091)</b>	<b>6,310</b>	<b>(307.5)</b>

nm – not meaningful

Please refer to page 3 for the Notes

**DEL MOTE PACIFIC LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**

Amounts in US\$'000	Group			Company		
	31 Oct 2017 (Unaudited)	31 Oct 2016 (Restated)	30 April 2017 (Audited)	31 Oct 2017 (Unaudited)	31 Oct 2016 (Restated)	30 April 2017 (Audited)
<b>Non-Current Assets</b>						
Property, plant and equipment – net	593,417	657,331	657,185	–	–	–
Subsidiaries	–	–	–	781,195	786,394	831,888
Joint ventures	25,598	24,915	25,797	2,235	2,551	1,924
Intangible assets and goodwill	717,985	745,699	741,026	–	–	–
Other noncurrent assets	43,108	28,072	27,112	–	–	–
Deferred tax assets – net	114,986	104,127	92,786	8	3	2
Employee benefits	5,163	–	5,517	–	–	–
Biological assets	1,446	1,397	1,420	–	–	–
	<b>1,501,703</b>	<b>1,561,541</b>	<b>1,550,843</b>	<b>783,438</b>	<b>788,948</b>	<b>833,814</b>
<b>Current Assets</b>						
Inventories	1,102,004	1,158,585	916,892	–	–	–
Biological assets	42,290	39,721	44,347	–	–	–
Trade and other receivables	264,214	245,201	164,447	108,953	129,837	119,703
Prepaid and other current assets	50,236	30,857	43,046	206	228	328
Cash and cash equivalents	23,030	23,488	37,571	468	380	6,767
	<b>1,481,774</b>	<b>1,497,852</b>	<b>1,206,303</b>	<b>109,627</b>	<b>130,445</b>	<b>126,798</b>
Noncurrent assets held for sale	–	1,050	–	–	–	–
	<b>1,481,774</b>	<b>1,498,902</b>	<b>1,206,303</b>	<b>109,627</b>	<b>130,445</b>	<b>126,798</b>
<b>Total Assets</b>	<b>2,983,477</b>	<b>3,060,443</b>	<b>2,757,146</b>	<b>893,065</b>	<b>919,393</b>	<b>960,612</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	39,449	19,449	39,449	39,449	19,449	39,449
Retained earnings	138,583	147,729	159,169	138,583	147,729	159,169
Reserves	311,410	129,613	318,460	311,479	129,751	318,599
Equity attributable to owners of the Company	489,442	296,791	517,078	489,511	296,929	517,217
Non-controlling interest	57,638	61,206	61,477	–	–	–
<b>Total Equity</b>	<b>547,080</b>	<b>357,997</b>	<b>578,555</b>	<b>489,511</b>	<b>296,929</b>	<b>517,217</b>
<b>Non-Current Liabilities</b>						
Loans and borrowings	1,264,987	1,115,417	1,264,268	283,010	129,324	281,854
Other noncurrent liabilities	40,552	57,157	44,018	–	–	–
Employee benefits	88,662	99,482	87,599	–	–	–
Environmental remediation liabilities	4,336	4,507	6,198	–	–	–
Deferred tax liabilities	2,921	2,885	3,913	–	–	–
	<b>1,401,458</b>	<b>1,279,448</b>	<b>1,405,996</b>	<b>283,010</b>	<b>129,324</b>	<b>281,854</b>

To be continued

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

Amounts in US\$'000	Group			Company		
	31 Oct 2017 (Unaudited)	31 Oct 2016 (Restated)	30 April 2017 (Audited)	31 Oct 2017 (Unaudited)	31 Oct 2016 (Restated)	30 April 2017 (Audited)
<b>Current Liabilities</b>						
Trade and other payables	378,638	388,185	299,545	70,616	93,985	118,471
Loans and borrowings	614,501	993,707	449,698	49,970	399,155	43,070
Current tax liabilities	2,531	4,250	1,187	(31)	–	–
Employee benefits	39,269	36,856	22,165	(11)	–	–
	<b>1,034,939</b>	1,422,998	772,595	<b>120,544</b>	493,140	161,541
<b>Total Liabilities</b>	<b>2,436,397</b>	2,702,446	2,178,591	<b>403,554</b>	622,464	443,395
<b>Total Equity and Liabilities</b>	<b>2,982,513</b>	3,060,443	2,757,146	<b>893,065</b>	919,393	960,612
NAV per ordinary share (US cents)	<b>27.86</b>	18.43	29.77	<b>24.92</b>	15.28	26.62

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Share premiu m	Translatio n reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Share Option reserve	Revenue reserve	Reserve for own shares	Totals	Non- controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>												
<b>Fiscal Year 2017</b>												
At 1 May 2016, restated	19,449	214,843	(59,813)	8,002	(10,833)	(17,502)	1,031	160,631	(802)	315,006	61,971	376,977
<b>Total comprehensive income for the period</b>												
Profit for the period	–	–	–	–	–	–	–	12,926	–	12,926	(1,225)	11,701
<b>Other comprehensive income</b>												
Currency translation differences recognised directly in equity	–	–	(9,767)	–	–	–	–	–	–	(9,767)	(1)	(9,768)
Remeasurement of retirement plan	–	–	–	–	2,615	–	–	–	–	2,615	309	2,924
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	1,300	–	–	–	1,300	153	1,453
<b>Total other comprehensive income</b>	–	–	(9,767)	–	2,615	1,300	–	–	–	(5,852)	461	(5,391)
<b>Total comprehensive (loss)/income for the period</b>	–	–	(9,767)	–	2,615	1,300	–	12,926	–	7,074	(764)	6,310
<b>Transactions with owners recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Value of employee services received for issue of share options	–	–	–	–	–	–	538	–	–	538	–	538
Payment of dividends	–	–	–	–	–	–	–	(25,828)	–	(25,828)	–	(25,828)
<b>Total contributions by and distributions to owners</b>	–	–	–	–	–	–	538	(25,828)	–	(25,290)	–	(25,290)
<b>At 31 October 2016</b>	<b>19,449</b>	<b>214,843</b>	<b>(69,580)</b>	<b>8,002</b>	<b>(8,218)</b>	<b>(16,202)</b>	<b>1,569</b>	<b>147,729</b>	<b>(802)</b>	<b>296,790</b>	<b>61,207</b>	<b>357,997</b>

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Share Option reserve	Revenue reserve	Reserve for own shares	Totals	Non- controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>												
<b>Fiscal Year 2018</b>												
At 1 May 2017	39,449	390,320	(78,087)	10,885	1,808	(7,443)	1,779	159,169	(802)	517,078	61,477	578,555
<b>Total comprehensive income for the period</b>												
Loss for the period	–	–	–	–	–	–	–	(2,079)	–	(2,079)	(4,529)	(6,608)
<b>Other comprehensive income</b>												
Currency translation differences recognised directly in equity	–	–	(13,007)	–	–	–	–	–	–	(13,007)	1	(13,006)
Remeasurement of retirement plan	–	–	–	–	2,665	–	–	–	–	2,665	315	2,980
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	3,169	–	–	–	3,169	374	3,543
<b>Total other comprehensive income</b>	–	–	(13,007)	–	2,665	3,169	–	–	–	(7,173)	690	(6,483)
<b>Total comprehensive (loss)/income for the period</b>	–	–	(13,007)	–	2,665	3,169	–	(2,079)	–	(9,252)	(3,839)	(13,091)
<b>Transactions with owners recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Value of employee services received for issue of share options	–	–	–	–	–	–	141	–	–	141	–	141
Transaction cost from issue of preference shares	–	(88)	–	–	–	–	–	–	–	(88)	–	(88)
Release of share awards	–	(50)	–	–	–	–	(466)	–	516	–	–	–
Payment of Dividends	–	–	–	–	–	–	–	(18,507)	–	(18,507)	–	(18,507)
<b>Total contributions by and distributions to owners</b>	–	(138)	–	–	–	–	(325)	(18,507)	516	(18,384)	–	(18,384)
<b>At 31 October 2017</b>	<b>39,449</b>	<b>390,182</b>	<b>(91,094)</b>	<b>10,885</b>	<b>4,473</b>	<b>(4,274)</b>	<b>1,454</b>	<b>138,583</b>	<b>(286)</b>	<b>489,442</b>	<b>57,638</b>	<b>547,080</b>

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

Company	Share Capital US\$'000	Share Premium US\$'000	Translation Reserve US\$'000	Revaluation reserve US\$'000	Remeasure- ment retirement plan US\$'000	Share option reserve US\$'000	Hedging Reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total Equity US\$'000
<b>Fiscal Year 2017</b>										
<b>At 1 May 2016, as restated</b>	19,449	214,982	(59,813)	8,002	(10,833)	1,031	(17,502)	(802)	160,631	315,145
<b>Total comprehensive income for the period</b>										
Profit for the period	–	–	–	–	–	–	–	–	12,926	12,926
<b>Other comprehensive income</b>										
Currency translation differences recognised directly in equity	–	–	(9,767)	–	–	–	–	–	–	(9,767)
Remeasurement of retirement plan	–	–	–	–	2,615	–	–	–	–	2,615
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	1,300	–	–	1,300
<b>Total other comprehensive income</b>	–	–	(9,767)	–	2,615	–	1,300	–	–	(5,852)
<b>Total comprehensive (loss)/income for the period</b>	–	–	(9,767)	–	2,615	–	1,300	–	12,926	7,074
<b>Transactions with owners, recorded directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Transaction costs related to the issuance of share capital	–	–	–	–	–	–	–	–	–	–
Value of employee services received for issue of share options	–	–	–	–	–	538	–	–	–	538
Payment of dividends	–	–	–	–	–	–	–	–	(25,828)	(25,828)
<b>Total contributions by and distributions to owners</b>	–	–	–	–	–	538	–	–	(25,828)	(25,290)
<b>At 31 October 2016</b>	<b>19,449</b>	<b>214,982</b>	<b>(69,580)</b>	<b>8,002</b>	<b>(8,218)</b>	<b>1,569</b>	<b>(16,202)</b>	<b>(802)</b>	<b>147,729</b>	<b>296,929</b>



**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

Company	Share capital US\$'000	Share premium US\$'000	Translation Reserve US\$'000	Revaluation Reserve US\$'000	Remeasure- ment retirement plan US\$'000	Share Option Reserve US\$'000	Hedging Reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total Equity US\$'000
<b>Fiscal Year 2018</b>										
At 1 May 2017	39,449	390,459	(78,087)	10,885	1,808	1,779	(7,443)	(802)	159,169	517,217
<b>Total comprehensive loss for the period</b>										
Loss for the period	–	–	–	–	–	–	–	–	(2,079)	(2,079)
<b>Other comprehensive income</b>										
Currency translation differences recognised directly in equity	–	–	(13,007)	–	–	–	–	–	–	(13,007)
Remeasurement of retirement plan	–	–	–	–	2,665	–	–	–	–	2,665
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	3,169	–	–	3,169
<b>Total other comprehensive income</b>	–	–	(13,007)	–	2,665	–	3,169	–	–	(7,173)
<b>Total comprehensive loss for the period</b>	–	–	(13,007)	–	2,665	–	3,169	–	(2,079)	(9,252)
<b>Transactions with owners, recorded directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Value of employee services received for issue of share options	–	–	–	–	–	141	–	–	–	141
Transaction cost from issue of preference shares	–	(88)	–	–	–	–	–	–	–	(88)
Release of share awards granted	–	(50)	–	–	–	(466)	–	516	–	–
Payment of dividends	–	–	–	–	–	–	–	–	(18,507)	(18,507)
<b>Total contributions by and distributions to owners</b>	–	(138)	–	–	–	(325)	–	516	(18,507)	(18,454)
<b>At 31 October 2017</b>	<b>39,449</b>	<b>390,321</b>	<b>(91,094)</b>	<b>10,885</b>	<b>4,473</b>	<b>1,454</b>	<b>(4,274)</b>	<b>(286)</b>	<b>138,583</b>	<b>489,511</b>

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

Amounts in US\$'000	For the three months ended		For the six months ended	
	31 October		31 October	
	FY2018	FY2017	FY2018	FY2017
	(Unaudited)	(Restated, Unaudited)	(Unaudited)	(Restated, Unaudited)
<b>Cash flows from operating activities</b>				
Profit for the period	(5,432)	20,845	(6,608)	11,699
Adjustments for:				
Depreciation of property, plant and equipment	32,574	29,189	67,820	60,904
Amortisation of intangible assets	2,337	2,910	4,674	4,674
Impairment loss on property, plant and equipment	21,891	–	21,891	–
Gain/(loss) on disposal of property, plant and equipment	(3,488)	(540)	(3,375)	203
Equity-settled share-based payment transactions	106	221	211	537
Share of loss of joint venture, net of tax	630	416	1,148	776
Finance income	(2,321)	(3,375)	(4,076)	(4,109)
Finance expense	26,478	28,431	52,606	55,794
Tax expense (benefit) – net	(11,840)	7,839	(20,828)	(1,574)
Net loss on derivative financial instrument	(454)	(941)	651	1,400
Operating profit before working capital changes	60,481	84,995	114,116	130,304
Changes in:				
Other assets	(7,488)	(9,088)	(45,053)	1,649
Inventories	(103,220)	(140,296)	(189,566)	(305,836)
Biological assets	(33,609)	(510)	(15,630)	(977)
Trade and other receivables	(101,955)	(97,504)	(97,358)	(83,092)
Prepaid and other current assets	12,438	3,042	11,565	993
Trade and other payables	93,413	19,196	107,506	89,524
Employee Benefit	3,801	3,671	7,814	7,464
Operating cash flow	(72,738)	(136,494)	(108,289)	(159,971)
Income taxes paid	(985)	(25)	(985)	(25)
<b>Net cash flows from operating activities</b>	<b>(72,041)</b>	<b>(136,519)</b>	<b>(107,591)</b>	<b>(159,996)</b>
<b>Cash flows from investing activities</b>				
Interest received	102	11,682	234	11,808
Proceeds from disposal of property, plant and equipment	17,055	1,426	17,095	1,483
Purchase of property, plant and equipment	(12,829)	(29,805)	(35,331)	(65,954)
Additional investment in joint venture	(949)	(1,511)	(949)	(2,870)
<b>Net cash flows used in investing activities</b>	<b>3,379</b>	<b>(18,208)</b>	<b>(18,951)</b>	<b>(55,533)</b>

To be continued

Amounts in US\$'000	For the three months ended 31 October		For the six months ended 31 October	
	FY2018	FY2017	FY2018	FY2017
	(Unaudited)	(Restated, Unaudited)	(Unaudited)	(Restated, Unaudited)
<b>Cash flows from financing activities</b>				
Interest paid	(25,197)	(25,189)	(48,360)	(47,826)
Proceeds of borrowings	147,754	525,379	521,167	611,368
Repayment of borrowings	(32,583)	(316,175)	(352,009)	(344,300)
Dividends paid	(18,507)	(25,828)	(18,507)	(25,828)
Transactions costs related to rights issue	–	–	(89)	(1)
Acquisition of treasury shares	–	(63)	–	(63)
<b>Net cash flows from financing activities</b>	<b>71,467</b>	<b>158,187</b>	<b>102,202</b>	<b>193,413</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,805</b>	<b>3,460</b>	<b>(24,340)</b>	<b>(22,116)</b>
<b>Cash and cash equivalents at 1 May</b>	<b>19,486</b>	<b>20,494</b>	<b>37,571</b>	<b>47,203</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>739</b>	<b>(466)</b>	<b>9,799</b>	<b>(1,599)</b>
<b>Cash and cash equivalents at 31 October</b>	<b>23,030</b>	<b>23,488</b>	<b>23,030</b>	<b>23,488</b>

**One-off expenses/(income)**

	For the three months ended 31 October			For the six months ended 31 October		
	FY2018 (Unaudited)	FY2017 (Unaudited)	% Change	FY2018 (Unaudited)	FY2017 (Unaudited)	% Change
<b>in US\$ million</b>						
Closure of North Carolina plant	–	1.2	nm	–	2.7	nm
Closure of Sager Creek Arkansas plant	6.5	–	nm	6.5	–	nm
Closure of Plymouth, Indiana plant	14.1	–	nm	14.1	–	nm
Severance	0.4	0.3	46.0	1.3	3.7	(64.4)
Others	2.6	–	nm	2.6	–	nm
<b>Total (pre-tax basis)</b>	<b>23.6</b>	<b>1.5</b>	<b>nm</b>	<b>24.5</b>	<b>6.4</b>	<b>282.2</b>
<b>Total (post-tax and post non-controlling interest)</b>	<b>13.1</b>	<b>0.9</b>	<b>nm</b>	<b>13.6</b>	<b>3.7</b>	<b>269.1</b>

# DEL MONTE PACIFIC 2Q FY2018 RESULTS

5 December 2017



NOURISHING FAMILIES.  
ENRICHING LIVES.  
EVERY DAY.



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This presentation may contain statements regarding the business of Del Monte Pacific Limited and its subsidiaries (the “Group”) that are of a forward looking nature and are therefore based on management’s assumptions about future developments. Such forward looking statements are typically identified by words such as ‘believe’, ‘estimate’, ‘intend’, ‘may’, ‘expect’, and ‘project’ and similar expressions as they relate to the Group. Forward looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to various factors.

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
- 2Q FY2018 Results
- 1H FY2018 Results
- Preference Shares
- Market Updates
- Awards
- Sustainability
- Outlook







## Notes to the 2Q FY2018 Results

1. Second quarter is 1 August to 31 October 2017.
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.



## 2Q Highlights

- As part of the Group's strategy to improve operational excellence, it divested its underperforming Sager Creek vegetable business and rationalised plants in the USA, incurring US\$23.6m one-off expense. This resulted in a net loss of US\$2.8m for the Group. Without this expense, the Group would have generated a net income of US\$10.2m.
- As planned, the Group also made strategic investments in trade spending and marketing to strengthen its core business in the USA, as reflected in higher volume achieved and market share growth in 3 out of 4 key product categories.
- Nice Fruit frozen pineapple plant is in operation, with trial shipments to the USA, Japan and South Korea.
- Business plans are being finalised for the joint ventures with Fresh Del Monte Produce Inc.
- DMPL Preference Shares offering for the second tranche launched.





## Outlook

- The Group is expected to be profitable for FY2018 on a recurring basis
- Major emphasis on responding to consumer trends through:
  - Strengthening the core business
    - healthier options and new products
    - marketing and trade promotion
    - channel development
  - Focusing on businesses that are on-trend and rationalising non-profitable ones
  - Innovating -- process and packaging technology
    - agriculture and manufacturing technology
  - Executing digital strategy
- Improving financial performance through:
  - G&A cost optimisation and multiyear restructuring for operations and supply chain



## DMPL 2Q FY2018 Group Results Summary

- Sales of US\$624.7m, -1.8%

Sales	% Change
US	-1.6
Philippines	-2.9 (in peso terms +4)
S&W	-8
FieldFresh India (equity accounted)	+3.6% (in rupee terms +0.2)

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

- EBITDA of US\$52.2m, down 28% from US\$72.8m due to planned higher trade promotion and marketing in DMFI (incremental US\$29.7m)
- Operating profit of US\$31.0m, down 44% from US\$55.5m
- Net profit of US\$10.2m, down 51% from US\$20.8m



# One-off Expenses

In US\$ m	2Q FY17	2Q FY18	Booked under
Closure of North Carolina plant	1.2	-	CGS
Closure of Sager Creek Arkansas plant	-	6.5	G&A/Misc expense
Closure of Plymouth, Indiana plant	-	14.1	G&A/Misc expense
Severance	0.3	0.4	G&A expense
Others	-	2.6	G&A expense
<b>Total expense (pre-tax basis)</b>	<b>1.5</b>	<b>23.6</b>	
<b>Total expense (net of tax and minority interest)</b>	<b>0.9</b>	<b>13.1</b>	

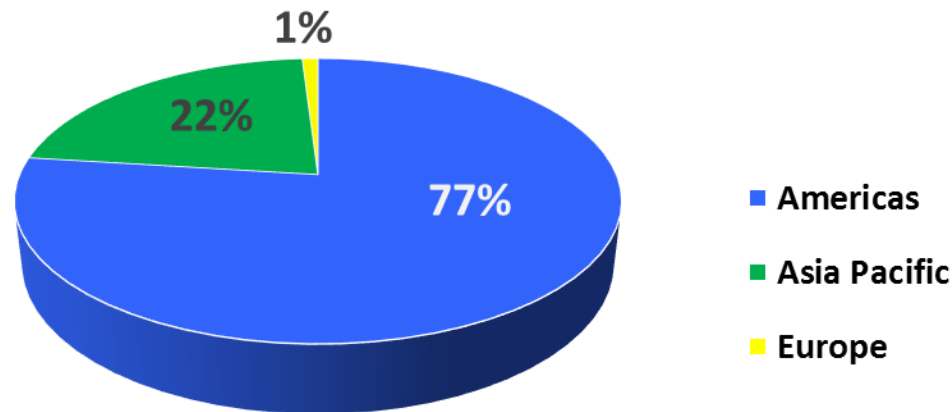


# DMPL 2Q FY2018 Results – As Reported

In US\$m	2Q FY2017 (Restated)	2Q FY2018	Chg (%)	Comments
Turnover	636.0	<b>624.7</b>	-1.8	Mainly lower USA sales
Gross profit	146.7	<b>128.4</b>	-12.5	Lower sales and higher trade promotion spending
EBITDA	71.2	<b>28.6</b>	-59.9	Includes one-off expenses of US\$23.6m due to planned plant rationalisation and marketing investments in USA
Operating profit	54.0	<b>7.4</b>	-86.3	Same as EBITDA comment
Net finance expense	(25.1)	<b>(24.2)</b>	-3.6	Lower level of borrowings
FieldFresh equity share	(0.4)	<b>0.01</b>	+102.5	Improved sales and margins
Tax	(7.7)	<b>12.0</b>	nm	Higher loss at DMFI
Net profit	20.0	<b>(2.8)</b>	nm	Same as EBITDA comment
Net debt	2,085.6	<b>1,856.5</b>	-11.0	Payment of ~US\$200m loans after the issuance of preference shares
Gearing (%)	582.6	<b>339.2</b>	-243ppts	Same as above



## 2Q FY2018 Turnover Analysis



Americas	-2.1%	<ul style="list-style-type: none"> <li>Unfavourable pricing in foodservice and USDA, and higher planned trade promotion spending</li> <li>Volume was marginally higher driven by the strong performance of the packaged vegetable and fruit segments ahead of the holiday season</li> </ul>
Asia Pacific	-3.4%	<ul style="list-style-type: none"> <li>Philippines grew in local currency terms but down in US\$ terms</li> <li>Lower S&amp;W fresh pineapple sales on lower supply which offset higher S&amp;W packaged sales</li> </ul>
Europe	+117.2%	<ul style="list-style-type: none"> <li>Higher packaged pineapple and beverage sales</li> </ul>



# DMPL 1H FY2018 Group Results Summary

- Sales of US\$1.1 billion, -0.4% on lower USA sales

Sales	% Change
US	-2.6
Philippines	-2.3 (in peso terms +4.5)
S&W	+25
FieldFresh India (equity accounted)	+2.7 (in rupee terms -1)

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

- EBITDA of US\$85.2m, down 17% from US\$103.1m due to planned higher trade promotion and marketing in DMFI (incremental US\$27.8m)
- Operating profit of US\$46.7m, down 32% from US\$69.0m
- Net profit of US\$11.5m, down 31% from US\$16.6m



# One-off Expenses

In US\$ m	1H FY17	1H FY18	Booked under
Closure of North Carolina plant	2.7	-	CGS
Closure of Sager Creek Arkansas plant	-	6.5	G&A/Misc expense
Closure of Plymouth, Indiana plant	-	14.1	G&A/Misc expense
Severance	3.7	1.3	G&A expense
Others	-	2.6	G&A expense
<b>Total expense (pre-tax basis)</b>	<b>6.4</b>	<b>24.5</b>	
<b>Total expense (net of tax and minority interest)</b>	<b>3.7</b>	<b>13.6</b>	



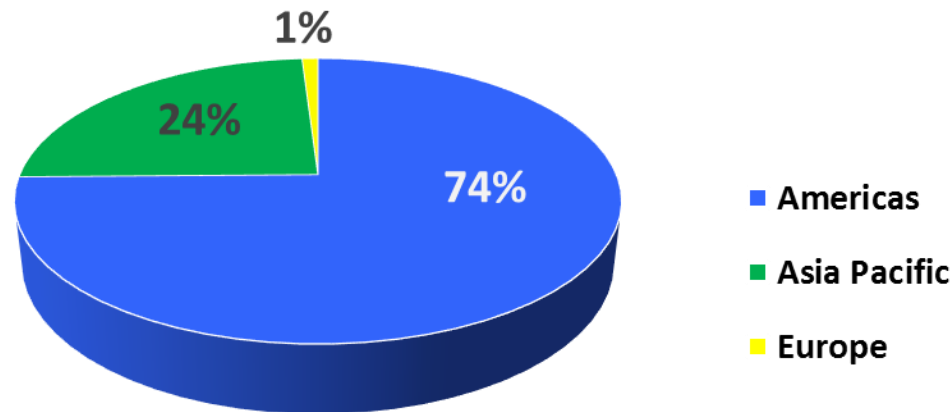
# DMPL 1H FY2018 Results – As Reported

In US\$m	1H FY2017 (Restated)	1H FY2018	Chg (%)	Comments
Turnover	1,103.4	<b>1,098.6</b>	-0.4	Higher Asia sales offset by lower USA sales
Gross profit	242.1	<b>226.3</b>	-6.5	Lower sales and higher trade promotion spending
EBITDA	96.7	<b>60.8</b>	-37.2	Includes one-off expenses of US\$24.5m due to planned plant rationalisation and marketing investments in USA
Operating profit	62.6	<b>22.2</b>	-64.5	Same as EBITDA comment
Net finance expense	(51.7)	<b>(48.5)</b>	-6.1	Lower level of borrowings
FieldFresh equity share	(0.8)	<b>(0.5)</b>	-37.5	Better performance in India
Tax	1.6	<b>20.8</b>	nm	Higher loss at DMFI
Net profit	12.9	<b>(2.1)</b>	nm	Same as EBITDA comment
Net debt	2,085.6	<b>1,856.5</b>	-11.0	Payment of ~US\$200m loans after the issuance of preference shares
Gearing (%)	582.6	<b>339.2</b>	-243ppts	Same as above





# 1H FY2018 Turnover Analysis



Americas	-3.0%	<ul style="list-style-type: none"> <li>▪ Distribution losses in tomato category, unfavourable pricing in foodservice and USDA, and higher trade promotion spending</li> </ul>
Asia Pacific	+5.0%	<ul style="list-style-type: none"> <li>▪ Philippines grew in local currency terms but down in US\$ terms</li> <li>▪ Higher S&amp;W fresh and packaged sales</li> </ul>
Europe	+93.8%	<ul style="list-style-type: none"> <li>▪ Higher packaged pineapple and beverage sales</li> </ul>



# Preference Share Offering (2<sup>nd</sup> Tranche)

- To raise more equity and repay loans, DMPL is offering US\$80 million Series A-2 Preference Shares with an oversubscription option of up to US\$80 million
- Coupon rate of 6.5% per annum payable semi-annually
- The offer period is 28 November to 8 December 2017, with the listing set for 15 December 2017 on the Philippine Stock Exchange (PSE)
- DMPL raised US\$200 million from the first tranche offering of preference shares which were listed on the PSE on 7 April 2017. The first dividend for the first tranche was paid on 9 October 2017 at US\$0.33125 per Share (semi-annual payment)



**DMPL Preference Share Offering  
(2<sup>nd</sup> Tranche) Roadshow**

## Market Updates for 2Q FY2018





# United States of America

## 27%

**Market Share (#1)**  
Canned Vegetable

## 39%

**Market Share (#1)**  
Canned Fruit

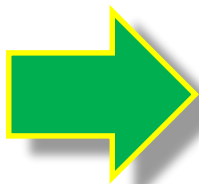
## 35%

**Market Share (#2)**  
Plastic Fruit Cup

## 9%

**Market Share (#2)**  
Canned Tomato

- Remains a brand leader across core categories
- Grew share in 3 out of 4 core categories in 2Q (Canned Vegetable +0.8 pts, Canned Fruit +3.3 pts, Fruit Cups +3.4 pts)
- Vegetable and Fruit results driven by increased marketing investments, compelling innovations, and strong execution against fundamentals at Retail
- Pursue Foodservice and E-Commerce opportunities



**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.**

Source for market shares: Nielsen Scantrack dollar share, Total US Grocery + Walmart, 3M ending 28 October 2017

Canned market shares are for branded only, ex-private labels; Canned tomato is a combined share for Del Monte, S&W and Contadina 17



## Del Monte Foods USA



- DMFI's 2Q sales down 1.6% to US\$485.6m
  - Unfavourable pricing in foodservice and USDA, and higher planned trade promotion spending
  - Volume was marginally higher driven by the strong performance of the packaged vegetable and fruit segments ahead of the holiday season
- DMFI contributed an EBITDA loss of US\$3.9m and a net loss of US\$22.1m to the Group
  - As part of the Group's strategy to improve operational excellence, DMFI divested its underperforming Sager Creek vegetable business (1% margin upside going forward). This involved shutting the production facility in Siloam Springs, Arkansas
  - DMFI also shut its Plymouth, Indiana tomato production facility to improve efficiency and streamline operations
  - These resulted in one-off expenses amounting to US\$23.6 million pre-tax or US\$13.1 million post-tax
  - Moreover, the additional marketing and trade spend in the USA amounted to US\$29.7 million for 2Q to strengthen the core business





## **Build Relevance:** Continually differentiate our brands and products in order to drive consumer preference

- Reinforce our points of difference (Del Monte's quality, College Inn's rich flavourful taste)
- Elevate our taste, health and convenience credentials (non-GMO, All Natural, sea salt)
- Exploit pockets of growth

## **Drive Innovation:** Address evolving consumer needs, shifts in eating behaviours, and changing demographics

- Reach new consumer targets (Millennials)
- Extend into new usage occasions (in healthy snacking and dinner meals)
- Enter attractive adjacencies

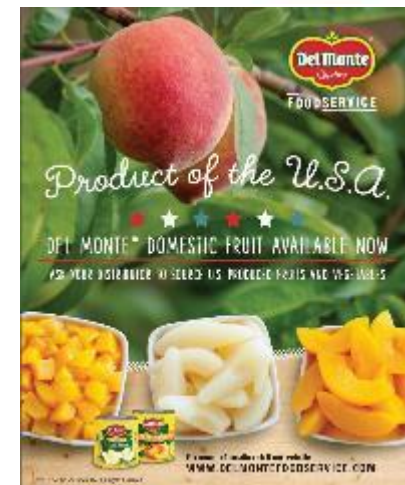


## **Expand Distribution:** Extend our reach into growing channels and aisles of the grocery store

- Establish leadership position in growing Foodservice and E-commerce
- Expand presence in store perimeter

## **Improve Efficiency:** Increase focus and optimise cost base to support strategy and fuel investment in growth initiatives

- Realign our manufacturing and supply chain footprint
- Drive efficiencies in our sourcing model





# Marketing Highlights

## Vegetable



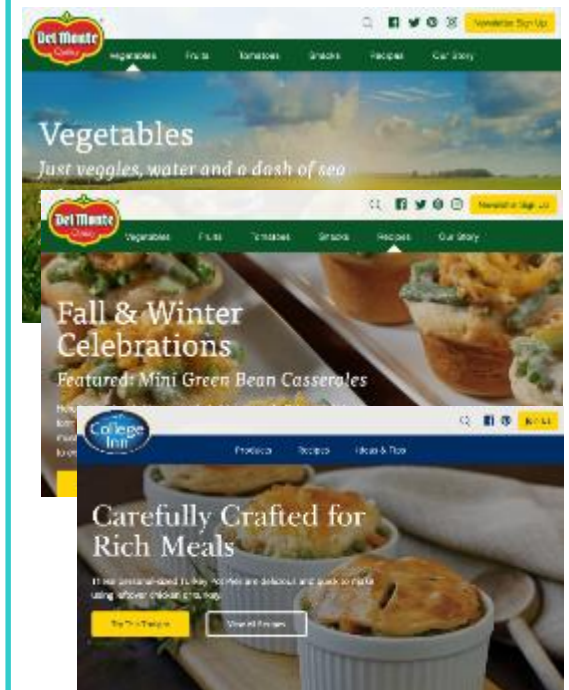
- Enhanced Digital Partnerships with premier Food Networks
- Inspiring usage and reaching younger consumer target

## College Inn



- New Campaign Launch September 2017 "Delicious in the Details"
- Highlights quality ingredients that give College Inn its rich flavour

## Websites



- Website Redesigns launched for both Del Monte & College Inn in October
- New engaging content and enhanced capabilities



# Innovation Highlights

## Fruit & Chia



- Trial to date of 2.0MM+ households
- Successful attracting new, younger shoppers
- Highly incremental to category

## College Inn

### Organic Broth

Chicken  
Beef



### Concentrated Broth

Chicken  
Less Sodium Chicken



- Strong acceptance across top East Coast retailers
- Distribution ramping up well in preparation for “soup season”





# Foodservice & E-Commerce Highlights

## Foodservice: Snacking



- Secured supply commitments with large US school districts
- Ready to expand further in FY19 via commodity processing

## Foodservice: College Inn



- Completed transition of Foodservice selling/distribution from Kraft-Heinz to Del Monte Foodservice

## E-Commerce



- Finalised preparation to sell direct to Amazon Fresh
- Enhanced e-commerce marketing



# Del Monte Philippines (DMPI)

- DMPI is the Group's 2<sup>nd</sup> largest subsidiary
- Comprises of Philippines sales and exports
- 2Q sales of US\$134.0 million, up 2% versus the same quarter last year

Del Monte Tomato Sauce  
Christmas Promo Pack



Del Monte 100%  
Pineapple Juices now  
in 1-litre Tetra Pak  
carton



# Philippines

**86%**

**Market Share (#1)**  
Canned Pineapple

**78%**

**Market Share (#1)**  
Canned Mixed Fruit

**83%**

**Market Share (#1)**  
Canned and Tetra RTD Juices

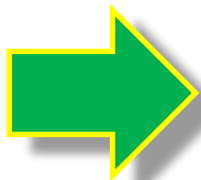
**86%**

**Market Share (#1)**  
Tomato Sauce

**45%**

**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 28% 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**





## Philippines

- Philippines is the largest market of subsidiary Del Monte Philippines, Inc (DMPI)
- Sales were up 4.0% in peso terms but down 2.9% in US dollar terms due to peso depreciation
- Better sales of packaged fruit as well as the foodservice channel
- Continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind 360-degree campaigns across brands
- Launched the 100% Pineapple Juice in 1-litre Tetra Pak to complete its 1-litre juice offering in the Philippines
- Foodservice sales continued to grow, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts





# Philippine Market Updates

## DEL MONTE TOMATO SAUCE

*Continuous investments on frequency-build, latched on the habit of recipe twists and experimentation*



National TVC Airing on Free TV



Recipe Tutorial Video on YouTube



DM Tomato Sauce 3 + 1 Bundle  
(Pantry-Loading)



Facebook Link to  
Recipe Ads





## KETCHUP

*Highly targeted awareness and trial-build for newly launched premium Del Monte Extra Rich Ketchup targeting young foodies*

## Digital Activation



Facebook and  
YouTube ads

## Consumer & Trade Initiatives



Merchandising



Sampling Activities



Visibility Programme

## DEL MONTE QUICK 'N EASY

*Recruitment of new users into the Del Monte franchise through active promotion of QnE's expanded range of variants or meals solutions for time-poor women*



Merchandising



'Easy as 1-2-3' Sampling



BBQ 80mL Sachet Introduction



# Fit 'n Right Launches New 'Block Sugar' Campaign



## PACKAGING

Transitioned to **new Sexy bottle** starting July 2017.



- ✓ Calorie Call Out
- ✓ Block Sugar Tag

## TV AIRING

10-Month **National TV airing** starting Aug.



**Regional airing** in key cities.



## DIGITAL AIRING

Yearlong digital **education campaign**.



**FNR blocks hidden sugar** from food & drinks.



## SAMPLING

Promote meal-pairing via **healthy meal delivery** partnerships.



## TRADE

Yearlong **merch** to communicate Block Sugar.



Promote frequency via **bundle packs**.







# Asia and the Middle East

- 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

- Sales of the S&W business were 8% lower
- Reduced supply of fresh pineapple
- But packaged segment continued its double-digit growth
  - Mainly due to higher sales of packaged pineapple and juices in North Asia
  - Launched products in new packaging formats:
    - 100% Pineapple Juice in 1-litre Tetra Pak in China
    - Revolutionary Klear Can for pineapple slices and chunks in China and Korea. Klear Cans are see-through plastic containers with metal lids, which allow consumers to see the fruits inside
    - Contadina brand of pasta sauces in stand-up-pouch aluminium packaging in China



**Klear Cans launched in China and Korea**



**Launch of 100% Pineapple Juice in 1-litre Tetra Pak in China**



# Launch of Pineapple Juice and Klear Cans (China)



Launch of Juices in 4S pack, and accompanied by a series of sampling activities  
Klear Cans are also launched and the visibility has been reinforced by displaying alongside the Pineapple Juices



# Sampling Activations of Contadina Sauces (China)



**Launch of Contadina Pasta Sauce**  
The launch was supported by in-store sampling activities



# Foodservice Distribution of Pineapple Juice (Singapore)



## Hotels

Introduced 100% pineapple juice into the mini bars of Marina Bay Sands by conducting launch trial in about 200 rooms

## Bars/ Restaurants

100% Pine Juice served on its own or concocted with alcoholic drinks at Little Island Brewing Company

## Schools/ Institutions

100% Pineapple Juice can be found at a few international schools as well as Anglo-Chinese School (Independent)



QSR (Jollibee) Redemption programme via stamps collection by purchasing Chickenjoy Value Meal with S&W Pineapple Juice



# FieldFresh India

- FieldFresh broke even on improved sales and margins
- DMPL's share of profit was US\$0.01 million, a turnaround from the share of loss of US\$0.4 million in the prior year period



**Tapping the consumer gifting opportunity during Diwali via Del Monte gift packs**

**6 gifting options – 4 with fruit drink can combinations, 1 with new launch Tetra Pak 1-litre fruit drinks, and 1 healthy snacking option of Dried Fruits**





# Del Monte Pastabilities: World Pasta Month on Digital

- Leverage World Pasta month on digital to strengthen our connection with Pasta consumers in India
- Highlight the versatility of pasta by showcasing infinite recipe options that cut through various meal occasions and moods



A content meal



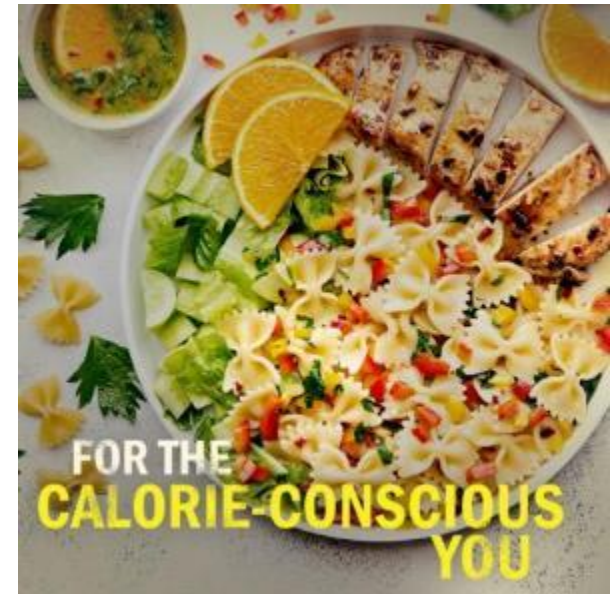
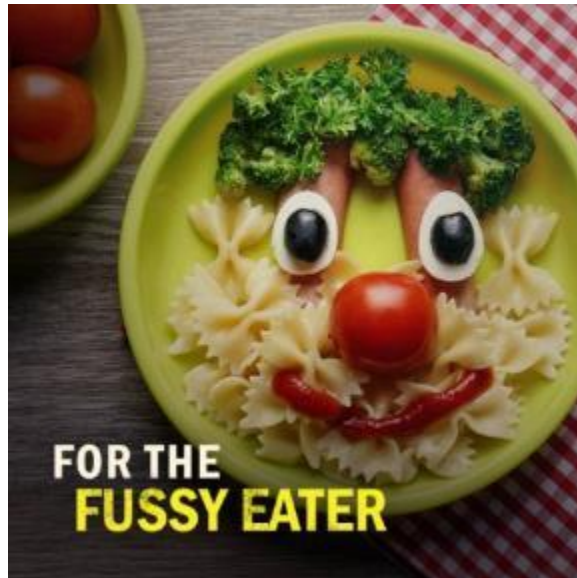
A delicious affair



A happy gala



# Del Monte Pastabilities: World Pasta Month on Digital





# Awards

- Won the best IR website from EQS-Investor Relations Professionals Association (Singapore) amongst 700 Singapore-listed companies evaluated in October 2017
- Won the Transparency Award from Securities Investors Association (Singapore) in September 2017
- Ranked #16 or Top 3% amongst 606 Singapore-listed companies evaluated in the Governance and Transparency Index in August 2017



RANK 2017	COMPANY NAME	BASE SGTI 2017 SCORE	ADJUSTMENTS FOR BONUSES/ PENALTIES	OVERALL SGTI 2017 SCORE	OVERALL SGTI 2016 SCORE	RANK 2016
1	SINGAPORE TELECOMMUNICATIONS	92	32	124	124	1
2	CAPITALAND	91	27	118	115	4
3	DBS GROUP HLDGS	89	28	117	121	2
3	SINGAPORE EXCHANGE	92	25	117	117	3
5	KEPPEL CORP	90	23	113	113	5
6	SEMBCORP INDUSTRIES	86	24	110	107	6
7	TUAN SING HLDGS	85	24	109	102	7
8	CITY DEVELOPMENTS	80	25	105	99	10
9	GLOBAL LOGISTIC PROPERTIES	87	17	104	98	11
9	OVERSEA-CHINESE BANKING CORP	84	20	104	101	9
11	SATS	84	16	100	86	26
11	UNITED OVERSEAS BANK	88	12	100	93	14
13	GREAT EASTERN HLDGS	83	16	99	93	14
13	SINGAPORE PRESS HLDGS	84	15	99	98	11
15	OLAM INTERNATIONAL	82	16	98	82	36
16	DEL MONTE PACIFIC	79	16	95	83	32

**DMPL ranked #16 in the Singapore Governance and Transparency Index**



# Sustainability

- Del Monte in the US was cited by Feeding America as Leadership Partner for its support in providing meals to people in need
- Del Monte donated various food products for disasters victims in Florida, Texas, California and Mexico
- In the Philippines, Del Monte Foundation completed and turned over a furnished Day Care Centre which benefits about 40 preschool children in a local community
- The Group is updating its sustainability strategy and goal setting following identification of sustainability priorities through an independent materiality assessment process





## 2Q Highlights

- As part of the Group's strategy to improve operational excellence, it divested its underperforming Sager Creek vegetable business and rationalised plants in the USA, incurring US\$23.6m one-off expense. This resulted in a net loss of US\$2.8m for the Group. Without this expense, the Group would have generated a net income of US\$10.2m.
- As planned, the Group also made strategic investments in trade spending and marketing to strengthen its core business in the USA, as reflected in higher volume achieved and market share growth in 3 out of 4 key product categories.
- Nice Fruit frozen pineapple plant is in operation, with trial shipments to the USA, Japan and South Korea.
- Business plans are being finalised for the joint ventures with Fresh Del Monte Produce Inc.
- DMPL Preference Shares offering for the second tranche launched.



## Outlook

- The Group is expected to be profitable for FY2018 on a recurring basis
- Major emphasis on responding to consumer trends through:
  - Strengthening the core business
    - healthier options and new products
    - marketing and trade promotion
    - channel development
  - Focusing on businesses that are on-trend and rationalising non-profitable ones
  - Innovating -- process and packaging technology
    - agriculture and manufacturing technology
  - Executing digital strategy
- Improving financial performance through:
  - G&A cost optimisation and multiyear restructuring for operations and supply chain