

General Announcement::Media Release - Fiscal Year 2018 Financial Results of Del Monte Philippines, Inc.

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**FISCAL YEAR 2018 FINANCIAL RESULTS OF DEL MONTE PACIFIC LIMITED'S
PHILIPPINE SUBSIDIARY, DEL MONTE PHILIPPINES, INC.**

The attached Press Release pertains to the fiscal year 2018 results of Del Monte Philippines, Inc. (DMPI), Del Monte Pacific Limited's second largest and most profitable subsidiary.

This Press Release only relates to DMPI's financial results and does not reflect the financial position of the Del Monte Pacific Group.

BY ORDER OF THE BOARD

Antonio E S Ungson
Company Secretary

19 June 2018



19 June 2018

MEDIA RELEASE: (unaudited results for the full year ending 30 April 2018)

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Del Monte Philippines posts net profit of P2.6 billion on sales of P27.6 billion

Del Monte Philippines, Inc. (“DMPI” or the “Company”), the second largest and most profitable subsidiary of Del Monte Pacific Ltd., generated sales of P27.6 billion in the financial year ending April 2018 (“FY2018”). About two-thirds of DMPI’s sales are in the core Philippine market, and the balance in exports which gives the Company a natural hedge against the US dollar. Sales in the Philippines expanded by 6.7% to P16.9 billion, offsetting the marginal 1.9% decline in export sales to P10.6 billion, resulting in a 3.4% growth in total DMPI sales.

DMPI has been in operation in the Philippines for over 90 years and is the market leader in the canned pineapple and mixed fruit, canned and Tetra ready-to-drink juices, tomato sauce and spaghetti sauce categories, under its iconic Del Monte brand. The Company is one of the largest food and beverage companies in the Philippines, which has one of the fastest growing economies with consumption driving over 70% of its economy.

In the past three years since DMPI generated sales of P22 billion in FY2015, sales have grown by P5.6 billion to P27.6 billion at a compounded annual growth rate of 7.9%, higher than GDP growth. The Company expanded sales in the Philippines across all categories led by culinary, followed by beverages and packaged fruits, as well as all channels led by foodservice, followed by modern trade and general trade.

DMPI exports under the S&W brand and private label. During the same period, exports grew albeit at a lower rate as it changed its sales mix to focus on growing its branded business, from less than half to nearly two-thirds of total sales. The Company expanded its sales under S&W fresh and processed pineapple at a compounded annual growth rate of 28% to P3.7 billion in Asia and Middle East markets,

while it reduced its private label and commodity business during this period. S&W fresh sales rose more than ten-fold in the past 10 years.

Philippine market sales in FY2018 were higher by 6.7% at P16.9 billion as foodservice sales grew by a robust 15% to P3 billion, riding on the rapid expansion of quick service restaurants and convenience stores as well as the Company's growth of its juice dispensers, meal partnerships and customized products. In retail, the packaged fruit and culinary categories also grew strongly by 7.9% and 7.7%, respectively. DMPI continued to invest in driving inclusion of Del Monte products in consumers' weekly menu through its marketing campaigns.

DMPI's innovation thrust was led by the launch of *Del Monte 100% Pineapple Juice* in Tetra Pak, the Company's fastest growing beverage segment in FY2018. This product offers more convenience to consumers with its resealable cartons in four healthy variants (vitamin *ACE* for immunity, *Fiber-Enriched* for daily detoxification, *Heartsmart* for cholesterol management and *Bonesmart* for calcium enhancement). The Company also made its initial foray into the juice with particulates market with the introduction of *Del Monte Juice & Chews* in bottles, a delicious snack-in-a-drink combining nata and pineapple bits, and entered the isotonic drinks market with *Del Monte Fit 'n Right Active*, a refreshing sports drink with electrolytes and L-carnitine for rehydration and weight management.

Launched in FY2017, *Del Monte Creamy and Cheesy Spaghetti Sauce* continued to achieve strong double-digit sales in FY2018 as the only spaghetti sauce with added cream and cheese in the market, while Contadina, launched in the same year, also continued to post healthy double-digit growth and is now the market leader in imported pasta sauces in the Philippines.

Innovation anchored on health and wellness contributed to about 20% of the growth of the Company in the past 10 years with sales increasing more than three-fold to P16.9 billion. The most successful innovations have been *Fit 'n Right* drinks, *Pineapple Tidbits* in pouches, *Pineapple Juice Heartsmart* and *Juice Drinks* in Tetra Pak.

Export sales of DMPI in FY2018 were driven by its S&W business, the fastest growing business of the Company in Asia and the Middle East, led by robust sales of fresh pineapple. Exports also included product launches in new packaging formats in North Asia, including 100% pineapple juice in Tetra Pak and pineapples in innovative Clear Can both under S&W, as well as tomato sauces in pouches under Contadina. Total export sales, however, were slightly down by 1.9% to P10.6 billion, due to lower sales

of processed pineapple products to private label caused by excess supply from Thailand and Indonesia. DMPI operates a fully-integrated 25,000-hectare pineapple plantation in Bukidnon, one of the largest in the world.

In the past three years since DMPI generated a net income of P1.1 billion in FY2015, its earnings have significantly increased by P1.5 billion to P2.6 billion at a compounded annual growth rate of 31%. The Company achieved this through improvement in gross profit from higher sales volume, margin increase from the Philippine market, higher mix of fresh pineapple sales under S&W, aided by the weak peso versus the US dollar, revaluation of biological assets, improving operational efficiency and cost management.

In FY2018, DMPI's operating income grew by 2% to P3.3 billion, but net income declined slightly to P2.6 billion due to higher interest expense by P0.1 billion. With better collection of its receivables, which already started towards the end of FY2018 and continued into the start of FY2019, the Company is well positioned to lower its borrowings and interest expense this coming year. While DMPI's net debt to equity ratio is only 0.7x, the Company will reduce its gearing, strengthen its balance sheet further and improve its bottomline.

Del Monte Philippines is projecting higher net income in the financial year ending April 2019. The Philippine market with its key Del Monte brand is expected to continue to deliver higher profits. Meanwhile, exports profitability is expected to improve from better sales mix with higher fresh pineapple sales under S&W, and increased export margins from pricing, cost management and operational efficiencies.

Del Monte has grown with the Philippine economy with the trust and loyalty of millions of Filipino consumers. As the economy continues to grow, and DMPI innovates with new healthy products, and expands into new channels and international markets, the Company is well positioned to grow further.

Disclaimer

This announcement relates only to DMPI's financial results and does not reflect the financial position of the Del Monte Pacific Group.

About Del Monte Philippines, Inc. (www.delmontephil.com)

Del Monte Philippines, Inc. (DMPI) is a leading producer, distributor and marketer of premium quality, healthy food and beverage products. It has been in operation in the Philippines for over 90 years and is the market leader in the canned pineapple and mixed fruit, canned and Tetra ready-to-drink juices, tomato sauce and spaghetti sauce categories. DMPI has the rights to the Del Monte trademark for the Philippines for processed products. It also sells products under the well-known S&W, Contadina and Today's brands. Two-thirds of DMPI's sales are in the Philippines and the balance for exports. DMPI operates a fully-integrated pineapple operation with its 25,000-hectare pineapple plantation in Bukidnon, Philippines, and a factory that is about an hour's drive away from the plantation. It also operates a frozen fruit processing facility in Bukidnon and a beverage PET plant in Cabuyao, Laguna. DMPI's consumer website is www.lifegetsbetter.ph.

Disclaimer

This announcement may contain statements regarding the business of Del Monte Philippines, Inc. (the "Company") 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 Company. 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 Company's future financial results are detailed in its financial statements. The reader is cautioned to not unduly rely on these forward-looking statements.

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