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

Issuer & Securities

Issuer/ Manager	DEL MONTE PACIFIC LIMITED
Securities	DEL MONTE PACIFIC LIMITED - VGG270541169 - D03
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Announcement Details

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Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached the following: (1) SGX-ST / PSE / Media Release (2) Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the Second Quarter Ended 31 October 2018 (3) Del Monte Pacific 2Q FY2019 Results Presentation

Additional Details

For Financial Period Ended	31/10/2018
Attachments	01 DMPL_2QF19_PressRelease FINAL.pdf 02 DMPL 2Q FY2019 MDA FINAL.pdf 03 DMPL_2QFY2019_presentation FINAL.pdf Total size =6288K

DEL MONTE PACIFIC LIMITED

13 December 2018

SGX-ST/PSE/MEDIA RELEASE: (unaudited results for the second quarter ending 31 October 2018)

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Del Monte Pacific Posts Higher 2Q Net Income

Highlights

- DMPL generated a 2Q net income of US$8.4m reversing the loss of US$2.8m in prior year period, and a net income of US$11.4m for 1H, a turnaround from the US$2.1m loss last year
- The Group generated 2Q sales of US$556m, 6% lower than prior year quarter mainly due to lower sales in the USA, excluding the foregone sales from the divestiture of the Sager Creek vegetable business a year ago in line with strategy
- Gearing improved to 2.8x equity from 3.4x in the prior year period by raising equity

Singapore/Manila, 13 December 2018 – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited ("DMPL" or the "Group"; Bloomberg: DELM SP, DELM PM) reported today its second quarter FY2019 results ending October.

The Group generated second quarter sales of US$556.3 million, 11% lower than prior year quarter mainly due to the planned divestiture of the Sager Creek vegetable business in September 2017 and lower sales in the USA. Stripping out Sager Creek's sales, second quarter Group sales would have been lower by 6%.

DMFI contributed US$418.5 million or 75% of Group sales. DMFI sales declined by 14% mainly due to the divestiture of Sager Creek and lower retail sales including private label, in line with DMFI's strategy to deprioritise non-profitable businesses. DMFI EBITDA improved versus prior year quarter.

In synch with consumer trends for healthier options and convenience, DMFI continued to expand the new *Del Monte Fruit & Oats* snack cups, the first shelf stable oatmeal item containing real fruit. In

September, DMFI launched under its long-established brand *College Inn,* a new *Bone Broth* and *Mushroom Stock* offering. *Bone Broth* is on-trend and driven by health and wellness benefits, offering 10 grams of protein and superior taste to competition, while *Mushroom Stock* is a savoury, great tasting vegan and vegetarian alternative.

A novel and integrated master brand campaign “Growers of Good” was launched in September for Del Monte in the USA, as an advocate for doing what’s good - it grows healthier fruits and vegetables, healthier families and a healthier planet. The Group also celebrated the 100-year milestone of its Contadina brand and re-launched its range of tomato-based products with national marketing support in October.

Sales in the Philippines domestic market decreased by 3% in peso terms and by 8% in US dollar terms mainly in the general trade and mixed fruit category as the Group continues to address operational issues in that channel. Modern trade and foodservice continued to grow.

Sales of the S&W business improved by 17% in the second quarter due to strong sales of fresh pineapple in North Asia, offsetting declines in packaged pineapple. Competition from cheaper canned pineapple products from Thailand and Indonesia continued to impact S&W’s packaged business. Pasta sauces from the Philippines, sold in S&W’s Asian markets, continued to do well. S&W also started selling its *S&W Tomato Juice* to Singapore Airlines for inflight consumption. The S&W business delivered a much higher operating margin, up 9 ppts, due to better sales mix.

The Group’s Nice Fruit joint venture, utilising patented technology that allows fruits to be picked at their optimal ripeness and frozen for up to three years, while preserving its nutrients and original properties and structure, successfully launched frozen pineapple spears in 7-Eleven stores in Japan. Individually packaged and known as *Pineapple Stick*, it has received good consumer acceptance as an on-the-go healthy snack, available in the store’s chiller section. A variation, in the form of frozen pineapple chunks called *Golden Pineapple*, was also launched recently in the same chain.

The Group reported an EBITDA of US$46.3 million, versus prior year quarter’s EBITDA of US$28.6 million. Without the one-off credit of US$1.3 million from the sale of assets in the USA, the Group’s EBITDA would have been US$45.0 million versus prior year quarter’s recurring EBITDA of US$52.1 million.

The Group reported a net income of US$8.4 million, a turnaround from the US$2.8 million loss in the prior year quarter. Excluding the one-off gain of US$1.1 million post-tax, the Group would have incurred a net income of US$7.3 million versus the recurring profit of US$10.2 million in the prior year period. The change in US tax rate to 21% from 35% lowered recurring net income by US$2.3 million.

First Half

The Group generated sales of US$993.5 million, down 10% versus the same period last year mainly due to the planned divestiture of Sager Creek and lower sales in the USA. The Group reported an EBITDA of US$65.2 million, higher by 7%, and a net income of US$11.4 million, a turnaround from the US$2.1 million loss last year. Without one-off items, EBITDA would have been US$72.3 million and net income US$3.6 million, both lower than prior year period. The change in US tax rate lowered recurring net income by US$6.5 million.

Strengthening Balance Sheet

The Group's gearing improved to 2.8x equity as of 31 October 2018, from 3.4x in prior year period, primarily due to the US$100 million Preference Shares issued by DMPL in December 2017 to raise equity and reduce debt. The Group also purchased US$225 million DMFI loans from the secondary market in the fourth quarter of FY2018 and the first quarter of FY2019. This is the highest interest-bearing loan of the Group, and will save DMPL over US$10 million of interest payments in FY2019.

Prospects

The Group will continue to strengthen its core business by focusing on its innovation strategy, growing its branded business and reducing non-strategic, non-branded business segments. The Group also continues to review its manufacturing and distribution footprint in the US to improve operational efficiency, further reduce costs and increase margins. It is committed to improve cash flow, further strengthen the balance sheet, and reduce leverage and interest expense.

Barring unforeseen circumstances, the DMPL Group is expected to be profitable in FY2019.

About Del Monte Pacific Limited (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/ DELM 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) owns other trademarks such as *Fruit Naturals, Orchard Select, SunFresh* and *Fruit Refreshers,* while DMPL's Philippines subsidiary, Del Monte Philippines, Inc (www.delmontephil.com), has the trademark rights to *Del Monte*, ***Today's***, *Fiesta*, *202*, ***Fit 'n Right***, *Heart Smart, Bone Smart* and *Quick 'n Easy* 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.

DMFI has joint ventures with Fresh Del Monte Produce Inc in chilled products – juices, packaged fruit, guacamole and avocado, and *Del Monte*-branded retail food and beverage outlets.

The Group owns approximately 95% of a holding company that owns 50% of FieldFresh Foods Private Limited in India (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 and two in Mexico, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 25,000-hectare pineapple plantation in the Philippines and a factory that is about an hour's drive away. It also operates a beverage PET plant and a frozen fruit processing facility in the Philippines.

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.

To subscribe to our email alerts, please send a request to jluy@delmontepacific.com.

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.

DEL MONTE PACIFIC LIMITED

Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the Second Quarter and First Half Ended 31 October 2018

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AUDIT

Second Quarter FY2019 results covering the period from 1 August 2018 to 31 October 2018 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 FY2018 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2018, 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 - 2017 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 on the respective effective dates:

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

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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

13 December 2018

NOTES ON THE 2Q FY2019 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/(loss) is net of NCI.

2. FY means 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 2018

	For the three months ended 31 October			For the six months ended 31 October		
in US$'000 unless otherwise stated*	**Fiscal Year 2019**	**Fiscal Year 2018**	**% Change**	**Fiscal Year 2019**	**Fiscal Year 2018**	**% Change**
With one-off items**						
Turnover	**556,278**	624,708	(11.0)	**993,507**	1,098,552	(9.6)
Gross profit	**118,709**	128,380	(7.5)	**196,735**	226,264	(13.1)
Gross margin (%)	***21.3***	*20.6*	*0.7*	***19.8***	*20.6*	*(0.8)*
EBITDA	**46,311**	28,581	62.0	**65,157**	60,758	7.2
Operating profit	**29,986**	7,398	305.3	**32,009**	22,242	43.9
Operating margin (%)	***5.4***	*1.2*	*4.2*	***3.2***	*2.0*	*1.2*
Net profit attributable to owners of the Company	**8,424**	(2,820)	398.7	**11,446**	(2,080)	650.3
Net margin (%)	***1.5***	*(0.5)*	*2.0*	***1.2***	*(0.2)*	*1.4*
EPS (US cents)	**0.18**	(0.32)	156.3	**0.08**	(0.45)	117.8
Without one-off items**						
Gross profit	**122,517**	128,380	(4.6)	**203,943**	226,264	(9.9)
EBITDA	**44,998**	52,147	(13.7)	**72,286**	85,231	(15.2)
Operating profit	**28,673**	30,952	(7.4)	**39,138**	46,704	(16.2)
Net profit attributable to owners of the Company	**7,300**	10,247	(28.8)	**3,569**	11,490	(68.9)
Net debt	**1,685,012**	1,856,458	(9.2)	**1,685,012**	1,856,458	(9.2)
Gearing (Net Debt/Equity) (%)	***281.3***	*339.3*	*(58.0)*	***281.3***	*339.3*	*(58.0)*
Cash outflow from operations	**(136,460)**	(42,472)	221.3	**(173,803)**	(78,040)	122.7
Capital expenditure	**22,507**	12,829	75.4	**47,606**	35,331	34.7
Inventory (days)	**137**	153	(16)	**188**	209	(21)
Receivables (days)	**29**	27	2	**32**	31	1
Account Payables (days)	**38**	38	-	**42**	44	(2)

The Company's reporting currency is US dollars. For conversion to S$, the following exchange rates can be used: 1.35 in October 2018, 1.37 in October 2017. For conversion to Php, these exchange rates can be used: 53.40 in October 2018, 50.52 in October 2017.

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

REVIEW OF OPERATING PERFORMANCE

Second Quarter

The Group achieved sales of US$556.3 million for the second quarter of FY2019, down 11.0% versus the prior year period mainly due to the planned divestiture of the Sager Creek vegetable business in September 2017, lower sales in the USA, decreased exports of processed pineapple products and lower pineapple juice concentrate (PJC) pricing. Sales in the Philippines were slightly lower mainly driven by operational issues and distribution transition in the general trade channel.

Stripping out Sager Creek's sales, the Group sales in the second quarter would have been lower by 6.0%.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI) generated US$418.5 million or 75% of Group sales. DMFI's sales declined by 13.8% from US$485.6 million driven by the Sager Creek divestiture, lower volume across categories, most significantly branded tomatoes, and private label sales as well as the unfavourable impact of lower pricing in foodservice for PJC. The decline in sales was in line with DMFI's strategy to deprioritise non-profitable businesses, including private label in retail channel.

DMFI's commitment to innovation continues to be on track. In synch with trends for health and convenience, DMFI continued to expand its successful launch of the new *Del Monte Fruit & Oats* snack cups, the first shelf stable oatmeal item containing real fruit.

Despite lower gross profit due to lower sales, DMFI generated higher gross margin of 17.8% from 16.5% in the prior year period. Higher gross margin was in line with DMFI's strategy to lower trade spend plus the favourable impact of the divestiture of low margin Sager Creek business, partly offset by higher delivered costs. DMFI generated a higher operating income for the quarter driven by the improvement in gross margin and lower operating expenses.

DMPL ex-DMFI generated sales of US$147.9 million (inclusive of the US$10.0 million sales by DMPL to DMFI which were netted out during consolidation). Sales were lower mainly due to decreased exports of processed pineapple products, and significantly lower PJC pricing as a result of the oversupply situation in Thailand, the main exporter of PJC. The Group has been shifting to more branded consumer beverage given the volatile nature of this industrial and commodity PJC. In the Philippines, lower sales were driven by lower volume in retail mainly the packaged fruit category, unfavourable mix and depreciation of peso.

DMPL ex-DMFI delivered lower gross margin of 28.6% from 30.3% in the prior year quarter mainly driven by lower PJC and packaged pineapple pricing for exports, unfavourable sales mix, higher product costs due to commodity headwinds and devaluation of peso. These were partly offset by price increases in the Philippine market in line with inflation. DMPL ex-DMFI generated an EBITDA of US$24.7 million which was lower by 18.7% and a net income of US$11.7 million, lower versus the US$17.1 million in the same period last year driven by lower margin as explained above partially offset by lower operating expenses.

The Philippine market sales were down in both peso and US dollar terms by 2.6% and 7.8%, respectively, mainly in the general trade and mixed fruits category as the Group continued to address operational issues in the general trade. Price increases were implemented across several categories to offset the impact of sugar tax and mitigate inflation.

Foodservice sales in the Philippines remained strong, 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 branded business in Asia and the Middle East grew by 16.6% in the second quarter versus the prior year period mainly driven by higher sales of S&W fresh pineapple. S&W packaged products continued to decline mostly in North Asia and Turkey. Lower canned pineapple sales in North Asia were due to intense competition from cheaper products from Thailand and Indonesia. Due to the oversupply situation in Thailand, their exporters cut their canned pineapple prices significantly. Turkey, on the other hand, was impacted by political instability and currency devaluation. To diversify its business, the Group had introduced tomato and pasta sauces from the Philippines into S&W's Asian markets in FY2018. The S&W business delivered a much higher operating margin, up 9 ppts, due to better sales mix.

DMPL's share in the Field Fresh joint venture in India was almost flat compared to the same period last year.

The Group's EBITDA of US$46.3 million was higher than prior year quarter's EBITDA of US$28.6 million. This quarter's EBITDA included a US$1.3 million one-off credit from sale of assets written down from the closures of several facilities in the US. In the same period last year, these plant closures and Sager Creek divestiture, which were part of the Group's strategy to improve operational excellence and streamline operations, largely resulted in one-off expenses amounting to US$23.6 million pre-tax. Without the one-off adjustments, the Group recurring EBITDA was US$45.0 million. It was lower versus prior year quarter's recurring EBITDA of US$52.1 million due to the factors mentioned above. Please refer to the last page of this MD&A for a schedule of the one-off items.

The Group reported a net income of US$8.4 million for the quarter, a turnaround from the net loss of US$2.8 million in the prior year quarter. This quarter's net income included US$1.1 million of one-off gain (net of tax), while prior year period's included US$13.1 million of one-off expenses. Without the one-off adjustments, the Group generated a recurring net income of US$7.3 million, lower than last year's recurring net income of US$10.2 million. The change in tax rate in the US from 35% to 21% lowered the recurring net income by US$2.3 million.

The Group's cash outflow from operations in the second quarter was US$136.5 million, higher than last year's US$42.5 million mainly on higher inventories and lower payables.

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 FY2019, the Group generated sales of US$1.0 billion, down 9.6% versus prior year period. DMFI generated US$0.7 billion or 73.2% of Group sales, lower by 11.6% largely driven by the planned divestiture of the Sager Creek vegetable business in September 2017, lower volume of retail branded products due to promotion reduction and distribution losses. There was also a decline in non-branded products which was in line with DMFI's strategy to deprioritise non-profitable businesses, including private label in retail, partially offsetting decrease in retail trade spend.

The Company's thrust on innovation continued. Following the success of *Del Monte Fruit Refreshers* and *Del Monte Fruit & Chia*, *Del Monte Fruit & Oats* was launched in the USA in June. *Del Monte Fruit & Oats* combines healthy fruit and wholesome oats in a cup, is delicious, filling as well as convenient for breakfast and snack. Feedback from the trade has been encouraging. The Group also entered new product categories for foodservice with shipments of *Riced Cauliflower* and other vegetables with broadly positive industry reception.

Continued investments in consumer advertising and insights are paying dividends as DMFI's market share in canned vegetable and canned fruit continues to grow.

DMFI's gross margin for the first half of FY2019 marginally declined to 15.7% from 15.8% in the same period last year impacted by lower volume and higher costs. Higher costs were driven by prior year pack's lower production and weather-related issues, and higher packaging, raw product and logistics costs due to inflation, partly offset by lower trade spend.

As part of the Group's strategy to improve operational excellence and streamline operations, DMFI divested its underperforming Sager Creek vegetable business and also shut its Plymouth, Indiana tomato production facility in FY2018. These resulted in incremental one-off expenses amounting to US$7.1 million pre-tax in the first half of FY2019, mostly for Sager Creek. Please refer to the last page of this MD&A for a schedule of the one-off items.

Excluding the one-off items, DMFI contributed an EBITDA of US$24.2 million and a net loss of US$30.4 million to the Group.

The Philippine market sales were down 1.6% and 6.7% in peso and US terms, respectively. Decline was mainly in the general trade and mixed fruit categories as a result of operational issues and distributor transition. Decline in sales was further driven by unfavourable sales mix in the Philippines and higher direct promotion spending. These were partly offset by price increase implemented across several categories in line with inflation.

The S&W branded sales in Asia and the Middle East were marginally lower versus last year driven by lower sales of the packaged segment mostly in North Asia and Turkey. S&W fresh grew significantly by 12.6% due to higher sales volume.

The Group's Nice Fruit joint venture successfully launched frozen pineapple spears in 7-Eleven Japan last June. Individually packaged and known as *Pineapple Stick*, it is positioned as an on-the-go healthy snack placed in the store's chiller section, and has received good consumer response. The JV followed this with the launch of frozen pineapple chunks called *Golden Pineapple* in the same convenience store chain in November.

DMPL ex-DMFI posted lower gross profit and margin of 27.6% from 31.0% in the prior year period due to unfavourable impact of lower, cyclical PJC pricing, unfavourable sales mix and higher product costs. These were partly offset by price increases in the Philippine market in line with inflation. DMPL ex-DMFI generated an EBITDA of US$46.9 million which was lower by 19.1% and a net income of US$22.5 million, lower versus the US$32.3 million in the same period last year driven by lower margin as explained above partially offset by lower operating expenses.

DMPL's share in the Field Fresh joint venture in India was favourable at US$0.2 million profit, a significant improvement from the US$0.5 million loss in the prior year period due to higher sales and margins.

The Group's gross profit was lower than prior year due to lower exports of processed pineapple products, lower sales of branded products in the US, unfavourable impact of lower, cyclical PJC pricing, unfavourable sales mix in the Philippines, incremental costs to liquidate residual Sager Creek inventory, and higher product costs both in the Asian operations and in the US. These were partly offset by the price increase in the Philippines in line with inflation, and lower trade spend in the US.

Despite lower gross profit, the Group posted higher operating profit than prior year period due to lower marketing and administrative expenses in the US. The one-off expenses related to the sale of the Sager Creek vegetable business and closure of two plants in the USA amounted to US$7.1 million pre-tax or US$4.9 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 Group reported a net income of US$11.4 million for the first half of FY2019, favourable compared to the prior year period's net loss of US$2.1 million. This period's one-off adjustments from DMFI's continued restructuring initiatives and sale of Sager Creek were more than offset by the one-off gain worth US$16.2 million pre-tax or US$12.8 million post-tax from the additional purchase of US$99.0 million of DMFI's second lien loan at a discount in the secondary market. Total loans bought back including the one from FY2018 amounted to US$225 million out of the total US$260 million.

Without the one-off items, the Group reported a recurring net income of US$3.6 million as compared to last year's recurring net income of US$11.5 million. The change in tax rate in the US from 35% to 21% lowered the recurring net income by US$6.5 million.

The Group posted an EBITDA of US$66.5 million of which DMFI accounted for US$17.0 million. Excluding one-off expenses, the Group's EBITDA would have been US$73.6 million, 13.6% lower versus the recurring EBITDA of US$85.2 million in the prior year period.

The Group reduced its gearing to 2.8x equity as of 31 October 2018, from 3.4x in prior year period, primarily due to the US$100 million Preference Shares issued by DMPL in December 2017 to raise equity and the purchase of DMFI loans at a discount in the fourth quarter of FY2018 and in the first quarter of FY2019.

The Group's cash outflow from operations in the first half was US$173.8 million, higher versus last year's cash outflow of US$78.0 million driven by higher receivables and settlement of payables.

VARIANCE FROM PROSPECT STATEMENT

The Group expects to generate a net profit for the balance of the year. It is on track to achieving a net profit for the full year 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 invest 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 chilled juices, guacamole and avocado products, and retail food and beverage outlets, while business plans are being executed for prepared refrigerated fruit snacks.

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 key markets.

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 FY2019.

REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

AMERICAS

For the second quarter ended 31 October

In US$'000	Turnover			Gross Profit			Operating Profit/(Loss)		
	FY2019	**FY2018**	**% Chg**	**FY2019**	**FY2018**	**% Chg**	**FY2019**	**FY2018**	**% Chg**
Packaged fruit	**183,785**	179,401	2.4	**26,944**	27,935	(3.5)	**(1,764)**	(4,146)	(57.5)
Packaged vegetable	**158,787**	219,075	(27.5)	**33,612**	39,404	(14.7)	**7,239**	398	1,718.8
Beverage	**4,226**	4,270	(1.0)	**19**	1,069	(98.2)	**(1,215)**	(387)	214.0
Culinary	**69,875**	78,565	(11.1)	**16,533**	15,599	6.0	**5,596**	(11,081)	150.5
Others	**1,061**	602	76.2	**280**	128	118.8	**(53)**	(616)	(91.4)
Total	**417,734**	481,913	(13.3)	**77,388**	84,135	(8.0)	**9,803**	(15,832)	161.9

For the six months ended 31 October

In US$'000	Turnover			Gross Profit			Operating Profit/(Loss)		
	FY2019	**FY2018**	**% Chg**	**FY2019**	**FY2018**	**% Chg**	**FY2019**	**FY2018**	**% Chg**
Packaged fruit	**311,914**	309,596	0.7	**47,913**	51,788	(7.5)	**(4,075)**	(4,526)	(10.0)
Packaged vegetable	**288,878**	367,912	(21.5)	**48,741**	62,405	(21.9)	**(1,726)**	(2,676)	(35.5)
Beverage	**9,186**	10,463	(12.2)	**423**	2,135	(80.2)	**(1,939)**	(863)	124.7
Culinary	**112,033**	128,749	(13.0)	**22,108**	20,726	6.7	**3,422**	(14,492)	123.6
Others	**2,022**	938	115.6	**518**	200	159.0	**55**	36	52.8
Total	**724,033**	817,658	(11.5)	**119,703**	137,254	(12.8)	**(4,263)**	(22,521)	(81.1)

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 13.3% to US$417.7 million driven by the planned divestiture of the Sager Creek vegetable business in September 2017, lower volume of retail branded products as a result of price increase, promotion reduction and distribution losses. There was also a decline in sales of non-branded products which was in line with DMFI's strategy to deprioritise non-profitable businesses, including private label. These were partly offset by the decrease in retail trade spend. Stripping out Sager Creek's sales, sales in the Americas would have been down by 6.8%.

DMFI's commitment to innovation continues to be on track. In synch with trends for health and convenience, DMFI continued to expand its successful launch of the new *Del Monte Fruit & Oats* snack cups, the first shelf stable oatmeal item containing real fruit.

Continued investments in consumer advertising and insights are paying dividends as DMFI's market share in canned vegetables and fruit continue to grow.

Gross profit was lower than prior year impacted by higher pack costs and procurement costs, partly offset by lower trade spend.

Americas reported a higher operating income for the quarter of US$9.8 million versus prior year quarter's operating loss of US$15.8 million due to lower trade and marketing spend, partly offset by higher cost of goods sold.

ASIA PACIFIC

For the second quarter ended 31 October

In US$'000	Turnover			Gross Profit			Operating Profit		
	FY2019	FY2018	% Chg	FY2019	FY2018	% Chg	FY2019	FY2018	% Chg
Packaged fruit	**32,348**	39,903	(18.9)	**9,321**	12,875	(27.6)	**5,411**	8,523	(36.5)
Packaged vegetable	**272**	372	(26.9)	**72**	114	(36.8)	**75**	82	(8.5)
Beverage	**26,954**	28,806	(6.4)	**5,467**	7,137	(23.4)	**(670)**	970	(169.1)
Culinary	**36,901**	37,647	(2.0)	**13,813**	14,944	(7.6)	**7,295**	8,842	(17.5)
Fresh fruit and others	**35,957**	28,670	25.4	**12,113**	7,613	59.1	**8,182**	4,010	104.0
Total	**132,432**	135,398	(2.2)	**40,786**	42,683	(4.4)	**20,293**	22,427	(9.5)

For the six months ended 31 October

In US$'000	Turnover			Gross Profit			Operating Profit		
	FY2019	FY2018	% Chg	FY2019	FY2018	% Chg	FY2019	FY2018	% Chg
Packaged fruit	**53,642**	68,967	(22.2)	**15,115**	21,219	(28.8)	**8,024**	12,644	(36.5)
Packaged vegetable	**881**	696	26.6	**243**	218	11.5	**191**	157	21.7
Beverage	**58,199**	60,987	(4.6)	**13,310**	17,647	(24.6)	**1,207**	4,741	(74.5)
Culinary	**61,717**	63,573	(2.9)	**23,601**	25,492	(7.4)	**13,051**	14,476	(9.8)
Fresh fruit and others	**78,569**	71,466	9.9	**25,082**	20,260	23.8	**15,616**	10,373	50.5
Total	**253,008**	265,689	(4.8)	**77,351**	84,836	(8.8)	**38,089**	42,391	(10.1)

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 decreased by 2.2% to US$132.4 million from US$135.4 million mainly due to decreased exports of processed pineapple products and unfavourable sales mix in the Philippines. The sales of Del Monte packaged fruit declined in the Philippines, and S&W packaged sales in North Asia and Middle East were also impacted.

Sales in the Philippines domestic market were down in both peso and US dollar terms by 2.6% and 7.8%, respectively, mainly in the general trade and mixed fruit categories as a result of operational and transition issues. Price increases were implemented across several categories to offset the impact of sugar tax and mitigate inflation.

EUROPE

For the second quarter ended 31 October

In US$'000	Turnover			Gross Profit			Operating Profit/(Loss)		
	FY2019	FY2018	% Chg	FY2019	FY2018	% Chg	FY2019	FY2018	% Chg
Packaged fruit	**4,230**	4,972	(14.9)	**1,010**	1,768	(42.9)	**684**	1,317	(48.1)
Beverage	**1,882**	2,425	(22.4)	**(475)**	(206)	130.6	**(794)**	(514)	54.5
Total	**6,112**	7,397	(17.4)	**535**	1,562	(65.7)	**(110)**	803	(113.7)

For the six months ended 31 October

In US$'000	Turnover			Gross Profit			Operating Profit/(Loss)		
	FY2019	FY2018	% Chg	FY2019	FY2018	% Chg	FY2019	FY2018	% Chg
Packaged fruit	**10,524**	11,245	(6.4)	**2,262**	4,493	(49.7)	**1,355**	3,240	(58.2)
Beverage	**5,942**	3,960	50.1	**(2,581)**	(319)	709.1	**(3,172)**	(868)	265.4
Total	**16,466**	15,205	8.3	**(319)**	4,174	(107.6)	**(1,817)**	2,372	(176.6)

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

For the second quarter, Europe's sales were down by 17.4% to US$6.1 million from US$7.4 million mainly on lower volume of beverage and unfavourable pricing for canned pineapples. Gross profit and operating profit decreased by 65.7% and 113.7%, respectively, driven by lower price and volume.

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		
	FY2019	FY2018	**Comments**	**FY2019**	FY2018	**Comments**
Cost of Goods Sold	**78.7**	79.4	Lower trade spend and favourable mix in DMFI	**80.2**	79.4	Driven by lower sales of DMPL ex-DMFI
Distribution and Selling Expenses	**9.8**	10.1	Lower advertising expense and distribution costs	**9.7**	9.9	Same as 2Q
G&A Expenses	**6.4**	7.8	Lower personnel costs, professional fees, and contracted services	**7.2**	8.0	Same as 2Q
Other Operating Income	**(0.2)**	1.5	Higher miscellaneous income from sale of assets written down from the closures of several facilities in the US	**(0.3)**	0.7	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			
	FY2019	FY2018	**%**	**Comments**	**FY2019**	FY2018	**%**	**Comments**
Depreciation and amortisation	**(33,362)**	(34,687)	(3.8)	Mainly due to lower asset base due to plant disposal	**(65,186)**	(72,270)	(9.8)	Same as 2Q
Provision of asset impairment	**(1,283)**	(21,891)	(94.1)	Impairment loss mainly on Sager Creek assets	**(1,259)**	(21,892)	(94.2)	Same as 2Q
Reversal/(provision) for inventory obsolescence	**(511)**	131	(490.1)	Higher provision for processed pineapple and Contadina products	**(351)**	(588)	(40.3)	Due to reversal of provision for PJC
Reversal/(Provision) for doubtful debts	**(49)**	18	(372.2)	Higher provision for non-trade receivables	**(61)**	223	(127.4)	Same as 2Q
Net gain/(loss) on disposal of fixed assets	**4,992**	12,264	(59.3)	Mainly on disposal of assets due to DMFI plant closures	**3,105**	12,152	(74.4)	Same as 2Q
Foreign exchange gain- net	**(306)**	1,869	(116.4)	Lower favourable impact of peso depreciation for the quarter	**1,457**	3,452	(57.8)	Same as 2Q
Interest income	**1,711**	115	n.m.	Mainly on gain on purchase of DMFI's 2nd lien loans	**17,821**	241	n.m.	Same as 2Q
Interest expense	**(24,714)**	(26,141)	(5.5)	Lower level of borrowings due to purchase of 2nd lien loans of DMFI refinanced through loans with lower interest rates	**(47,740)**	(52,223)	(8.6)	Same as 2Q
Share of loss of JV, (attributable to the owners of the Company)	**(380)**	(630)	(39.7)	Lower operating expenses of Nice Fruit	**(470)**	(1,123)	(58.1)	Turnaround in FieldFresh results due to higher sales
Tax benefit	**1,098**	11,956	(90.8)	Due to lower DMFI loss position	**3,949**	20,828	(81.0)	Same as 2Q

REVIEW OF GROUP ASSETS AND LIABILITIES

Extract of Accounts with Significant Variances	**31 October 2018**	**31 October 2017**	**30 April 2018**	**Comments**
in US$'000				
Joint venture	**24,885**	**25,598**	25,195	Due to share in the net loss of Nice Fruit
Deferred tax assets	**87,825**	**114,986**	79,829	Due to higher future tax benefits from loss carryforwards of DMFI
Other assets	**45,693**	**43,107**	41,223	Due to receivable from sale of plant assets, higher land development costs and higher advances to growers
Biological assets	**45,595**	**43,736**	43,592	Favourable fair value adjustment in biological assets
Inventories	**904,367**	**1,102,004**	760,981	Higher inventory level of DMFI
Trade and other receivables	**240,564**	**264,212**	161,627	Due to timing of collection
Prepaid and other current assets	**28,800**	**50,236**	30,782	Lower prepaid rent
Cash and cash equivalents	**33,863**	**23,030**	24,246	Mainly on higher borrowings
Financial liabilities – non-current	**942,439**	**1,264,987**	983,603	Due to additional purchase of DMFI 2nd lien term loans
Other non-current liabilities	**30,043**	**40,552**	35,195	Lower derivatives and workers compensation
Employee benefits– non-current	**71,688**	**88,662**	76,905	Due to lower employee retirement plan of DMFI
Financial liabilities – current	**776,436**	**614,501**	481,620	Due to working capital requirements
Trade and other payables	**258,420**	**378,613**	276,618	Due to lower trade payables of DMFI
Current tax liabilities	**496**	**2,531**	2,008	Due to timing of tax payment

SHARE CAPITAL

Total shares outstanding were at 1,973,960,024 (common shares 1,943,960,024 and preference shares 30,000,000) as of 31 October 2018; (31 October 2017: common shares 1,943,214,106). Share capital is at US$49.5 million as of 31 October 2018 (31 October 2017: US$39.5 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 2015	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 2018 (31 October 2017: 1,721,720). There was no sale, disposal and cancellation of treasury shares during the period and as at 31 October 2018.

The Company does not have any subsidiary holdings as at 31 October 2018.

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. In December 2017, the Company raised and listed another US$100 million of Preference Shares (10 million Series A-2 shares).

The Company used the net proceeds to substantially refinance the US$350 million BDO Unibank, Inc loan due in February 2019.

BORROWINGS AND NET DEBT

Liquidity in US$'000	As at 31 October 2018	As at 31 October 2017	As at 30 April 2018
Gross borrowings	**(1,718,875)**	(1,879,488)	(1,465,223)
Current	**(776,436)**	(614,501)	(481,620)
Secured	**(277,489)**	(256,130)	(10,416)
Unsecured	**(498,947)**	(358,371)	(471,204)
Non-current	**(942,439)**	(1,264,987)	(983,603)
Secured	**(702,715)**	(923,927)	(796,019)
Unsecured	**(239,724)**	(341,060)	(187,584)
Less: Cash and bank balances	**33,863**	23,030	24,246
Net debt	**(1,685,012)**	(1,856,458)	(1,440,977)

The Group's net debt (cash and bank balances less borrowings) amounted to US$1.7 billion as at 31 October 2018, lower than last year due to payment of borrowings, including the extinguishment of DMFI's second lien loans amounting to US$225.0 million purchased from the secondary market at a discount.

DIVIDENDS

In October 2018, the Company paid dividends to holders of the following:

- The Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US$ 0.33125 per Series A-1 Preference Share for the six-month period from 8 April 2018 to 8 October 2018 (the “Series A-1 Dividend”); and
- The Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$ 0.20403 per Series A-2 Preference Share for the six-month period from 8 April 2018 to 8 October 2018 (the “Series A-2 Dividend”).

The cash dividends were paid on 8 October 2018, the dividend payment date.

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)**	
	FY2019	FY2018	**FY2019**	FY2018
NutriAsia, Inc	**–**	–	**502**	741
DMPI Retirement Fund	**–**	–	**1,031**	872
NutriAsia, Inc Retirement Fund	**–**	–	**351**	270
Aggregate Value	**–**	–	**1,884**	1,883

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENT

Amounts in US$'000	**For the three months ended 31 October**			**For the six months ended 31 October**		
	FY2019 (Unaudited)	FY2018 (Unaudited)	**%**	**FY2019 (Unaudited)**	FY2018 (Unaudited)	**%**
Turnover	**556,278**	624,709	(11.0)	**993,507**	1,098,552	(9.6)
Cost of sales	**(437,569)**	(496,328)	(11.8)	**(796,772)**	(872,288)	(8.7)
Gross profit	**118,709**	128,380	(7.5)	**196,735**	226,264	(13.1)
Distribution and selling expenses	**(54,314)**	(63,263)	(14.1)	**(96,862)**	(108,810)	(11.0)
General and administration expenses	**(35,430)**	(48,541)	(27.0)	**(71,074)**	(87,589)	(18.9)
Other operating income/(loss)	**1,021**	(9,178)	111.1	**3,210**	(7,623)	(142.1)
Profit from operations	**29,986**	7,398	305.3	**32,009**	22,242	43.9
Financial income*	**1,862**	2,321	(19.8)	**19,772**	4,076	385.1
Financial expense*	**(25,171)**	(26,478)	(4.9)	**(48,234)**	(52,606)	(8.3)
Net finance expense	**(23,309)**	(24,157)	(3.5)	**(28,462)**	(48,530)	(41.4)
Share in net loss of joint venture, net of tax	**(379)**	(629)	39.7	**(461)**	(1,148)	59.8
Profit /(loss) before taxation	**6,298**	(17,388)	(136.2)	**3,086**	(27,436)	(111.2)
Taxation	**1,098**	11,956	(90.8)	**3,949**	20,828	(81.0)
Profit/(loss) after taxation	**7,396**	(5,432)	(236.2)	**7,035**	(6,608)	(206.5)
Profit(loss) attributable to:						
Owners of the Company	**8,424**	(2,820)	(398.7)	**11,446**	(2,080)	(650.3)
Non-controlling interest**	**(1,028)**	(2,612)	(60.6)	**(4,412)**	(4,528)	(2.6)
Profit/(loss) for the period	**7,396**	(5,432)	(236.2)	**7,034**	(6,608)	(206.4)
Notes:						
Depreciation and amortization	**(33,362)**	(34,687)	(3.8)	**(65,186)**	(72,270)	(9.8)
Provision of asset impairment	**(1,283)**	(21,891)	(94.1)	**(1,259)**	(21,892)	(94.2)
(Provision)/reversal for inventory	**(511)**	131	(490.1)	**(351)**	(588)	(40.3)
Provision for doubtful debts	**(49)**	18	(372.2)	**(61)**	223	(127.4)
Loss on disposal of fixed assets	**4,992**	12,264	(59.3)	**3,105**	12,152	(74.4)
***Financial income comprise:**						
Interest income	**1,711**	115	n.m.	**17,821**	241	n.m.
Foreign exchange gain	**151**	2,206	(93.2)	**1,951**	3,835	(49.1)
	1,862	2,321	(19.8)	**19,772**	4,076	385.1
***Financial expense comprise:**						
Interest expense	**(24,714)**	(26,141)	(5.5)	**(47,740)**	(52,223)	(8.6)
Foreign exchange loss	**(457)**	(337)	35.6	**(494)**	(383)	29.0
	(25,171)	(26,478)	(4.9)	**(48,234)**	(52,606)	(8.3)

n.m. – not meaningful

Earnings per ordinary share in US cents	**For the three months ended 31 October**		**For the six months ended 31 October**	
	FY2019	FY2018	**FY2019**	FY2018
Earnings per ordinary share based on net profit attributable to shareholders:				
(i) Based on weighted average no. of ordinary shares	**0.18**	(0.32)	**0.08**	(0.45)
(ii) On a fully diluted basis	**0.18**	(0.32)	**0.08**	(0.45)

[**]Includes (US$4,420m) for DMFI and US$8m for FieldFresh in the first half ended FY2019 and (US$4,503m) for DMFI and (US$25m) for FieldFresh in the first half ended of FY2018.

***Includes (US$1,028m) for DMFI and US$1m for FieldFresh in the second quarter of FY2019 and (US$2,612m) for DMFI and US$1m for FieldFresh in the second quarter of FY2018.*

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

Amounts in US$'000	**For the six months ended 31 Oct**		
	FY2019	**FY2018**	**%**
Loss for the period	**7,035**	(6,608)	(206.5)
Other comprehensive income/(loss) (after reclassification adjustment):			
Items that will or may be reclassified subsequently to profit or loss			
Exchange differences on translating of foreign operations	**(12,272)**	(13,006)	(5.6)
Effective portion of changes in fair value of cash flow hedges	**2,214**	4,338	(49.0)
Income tax benefit on cash flow hedge	**(542)**	(795)	(31.8)
	(10,600)	(9,463)	12.0
Items that will not be classified to profit or loss			
Remeasurement of retirement benefit	**3,423**	4,752	(28.0)
Income tax benefit (expense) on retirement benefit	**718**	(1,772)	(140.5)
	4,141	2,980	39.0
Other comprehensive loss for the period	**(6,459)**	(6,483)	(0.4)
Total comprehensive loss for the period	**576**	(13,091)	(104.4)
Attributable to:			
Owners of the Company	**4,433**	(9,252)	(147.9)
Non-controlling interests	**(3,857)**	(3,839)	0.5
Total comprehensive loss for the period	**576**	(13,091)	(104.2)

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 2018 (Unaudited)	**31 Oct 2017** (Unaudited)	**30 April 2018** (Audited)	**31 Oct 2018 (Unaudited)**	**31 Oct 2017** (Unaudited)	**30 April 2018** (Audited)
Non-Current Assets						
Property, plant and equipment	**588,401**	593,417	610,889	–	–	–
Subsidiaries	–	–	–	**716,475**	781,195	707,644
Joint ventures	**24,885**	25,598	25,195	**1,167**	2,235	1,636
Intangible assets and goodwill	**711,322**	717,985	714,651	–	–	–
Other noncurrent assets	**45,693**	43,107	41,223	–	–	–
Deferred tax assets – net	**87,825**	114,986	79,829	**12**	8	9
Employee benefits	**10,842**	5,163	10,607	–		–
Biological assets	**1,621**	1,446	1,629	–	–	–
Due from a related party	–	–	–	**175,049**	–	88,880
	1,470,589	1,501,702	1,484,023	**892,703**	783,438	798,169
Current Assets						
Inventories	**904,367**	1,102,004	760,981	–	–	–
Biological assets	**43,974**	42,290	41,963	–	–	–
Trade and other receivables	**240,564**	264,212	161,627	**173,472**	108,953	180,948
Prepaid and other current assets	**28,800**	50,236	30,782	**229**	206	212
Cash and cash equivalents	**33,863**	23,030	24,246	**432**	468	2,709
	1,251,568	1,481,772	1,019,599	**174,133**	109,627	183,869
Noncurrent assets held for sale	**679**	–	5,504	–	–	–
	1,252,247	1,481,772	1,025,103	**174,133**	109,627	183,869
Total Assets	**2,722,836**	2,983,474	2,509,126	**1,066,836**	893,065	982,038
Equity attributable to equity holders of the Company						
Share capital	**49,449**	39,449	49,449	**49,449**	39,449	49,449
Retained earnings	**97,077**	138,583	95,505	**97,077**	138,583	95,505
Reserves	**407,522**	311,410	414,241	**407,885**	311,479	414,380
Equity attributable to owners of the Company	**554,048**	489,442	559,195	**554,411**	489,511	559,334
Non-controlling interest	**45,081**	57,638	49,065	–	–	–
Total Equity	**599,129**	547,080	608,260	**554,411**	489,511	559,334
Non-Current Liabilities						
Loans and borrowings	**942,439**	1,264,987	983,603	**183,684**	283,010	129,594
Other non-current liabilities	**30,043**	40,552	35,195	–	–	–
Employee benefits	**71,688**	88,662	76,905	–	–	3
Environmental remediation liabilities	**159**	4,336	144	–	–	–
Deferred tax liabilities	**10,099**	2,921	7,128	–	–	–
	1,054,428	1,401,458	1,102,975	**183,684**	283,010	129,597

To be continued

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

Amounts in US$'000	**Group**			**Company**		
	31 Oct 2018 (Unaudited)	**31 Oct 2017** (Unaudited)	**30 April 2018** (Audited)	**31 Oct 2018 (Unaudited)**	**31 Oct 2017** (Unaudited)	**30 April 2018** (Audited)
Current Liabilities						
Trade and other payables	**258,420**	378,613	276,618	**104,834**	**70,616**	87,073
Loans and borrowings	**776,436**	614,501	481,620	**223,902**	**49,970**	206,034
Current tax liabilities	**496**	2,531	2,008	**–**	**(31)**	–
Employee benefits	**33,927**	39,291	37,645	**5**	**(11)**	–
	1,069,279	1,034,936	797,891	**328,741**	**120,544**	293,107
Total Liabilities	**2,123,707**	2,436,394	1,900,866	**512,425**	**403,554**	422,704
Total Equity and Liabilities	**2,722,836**	2,983,474	2,509,126	**1,066,836**	**893,065**	982,038
NAV per ordinary share (US cents)	**30.35**	28.16	30.81	**28.09**	**24.92**	28.34

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	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**
Group												
Fiscal Year 2019												
At 1 May 2018, as previously stated	49,449	478,323	(91,515)	10,885	18,225	(2,764)	1,373	95,505	(286)	559,195	49,065	608,260
Total comprehensive income for the period												
Profit/(Loss) for the period	–	–	–	–	–	–	–	11,447	–	11,447	(4,412)	7,035
Other comprehensive income												
Currency translation differences recognised directly in equity	–	–	(12,315)	–	–	–	–	–	–	(12,315)	43	(12,272)
Remeasurement of retirement plan	–	–	–	–	3,806	–	–	–	–	3,806	335	4,141
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	1,495	–	–	–	1,495	177	1,672
Total other comprehensive income/(loss)	–	–	(12,315)	–	3,806	1,495	–	–	–	(7,014)	555	(6,459)
Total comprehensive loss for the period	–	–	(12,315)	–	3,806	1,495	–	11,447	–	4,433	(3,857)	576
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Transaction costs related to the issuance of preference share	–	16	–	–	–	–	–	–	–	16	–	16
Payment of dividends	–	–	–	–	–	–	–	(9,875)	–	(9,875)	–	(9,875)
Value of employee services received for issue of share options	–	–	–	–	–	–	278	–	–	278	(126)	152
Total contributions by and distributions to owners	–	16	–	–	–	–	278	(9,875)	–	(9,581)	(126)	(9,707)
At 31 October 2018	**49,449**	**478,339**	**(103,830)**	**10,885**	**22,031**	**(1,269)**	**1,651**	**97,077**	**(286)**	**554,047**	**45,082**	**599,129**

DEL MONTE PACIFIC LIMITED

UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement 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
Group												
Fiscal Year 2018												
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
Total comprehensive income for the period												
Loss for the period	–	–	–	–	–	–	–	(2,079)	–	(2,079)	(4,529)	(6,608)
Other comprehensive income												
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
Total other comprehensive income	–	–	(13,007)	–	2,665	3,169	–	–	–	(7,173)	690	(6,483)
Total comprehensive (loss)/income for the period	–	–	(13,007)	–	2,665	3,169	–	(2,079)	–	(9,252)	(3,839)	(13,091)
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
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)
Total contributions by and distributions to owners	–	(138)	–	–	–	–	(325)	(18,507)	516	(18,384)	–	(18,384)
At 31 October 2017	**39,449**	**390,182**	**(91,094)**	**10,885**	**4,473**	**(4,274)**	**1,454**	**138,583**	**(286)**	**489,442**	**57,638**	**547,080**

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**
Fiscal Year 2019										
At 1 May 2018	49,449	478,462	(91,515)	10,885	18,225	1,373	(2,764)	(286)	95,505	559,334
Total comprehensive income for the period										
Profit for the period	–	–	–	–	–	–	–	–	11,447	11,447
Other comprehensive income										
Currency translation differences recognised directly in equity	–	–	(12,309)	–	–	–	–	–	–	(12,309)
Remeasurement of retirement plan	–	–	–	–	4,304	–	–	–	–	4,304
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	1,495	–	–	1,495
Total other comprehensive income	–	–	(12,309)	–	4,304	–	1,495	–	–	(6,510)
Total comprehensive loss for the period	–	–	(12,309)	–	4,304	–	1,495	–	11,447	4,937
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Refund of transaction costs related to the issuance of share capital	–	15	–	–	–	–	–	–	–	15
Dividends	–	–	–	–	–	–	–	–	(9,875)	(9,875)
Total contributions by and distributions to owners	–	15	–	–	–	–	–	–	(9,875)	(9,860)
At 31 Oct 2018	**49,449**	**478,477**	**(103,824)**	**10,885**	**22,529**	**1,373**	**(1,269)**	**(286)**	**97,077**	**554,411**

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

Company	**Share capital**	**Share premium**	**Translation Reserve**	**Revaluation Reserve**	**Remeasure -ment retirement plan**	**Share Option Reserve**	**Hedging Reserve**	**Reserve for own shares**	**Retained earnings**	**Total Equity**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Fiscal Year 2018										
At 1 May 2017	39,449	390,459	(78,087)	10,885	1,808	1,779	(7,443)	(802)	159,169	517,217
Total comprehensive loss for the period										
Loss for the period	–	–	–	–	–	–	–	–	(2,079)	(2,079)
Other comprehensive income										
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
Total other comprehensive income	–	–	(13,007)	–	2,665	–	3,169	–	–	(7,173)
Total comprehensive loss for the period	–	–	(13,007)	–	2,665	–	3,169	–	(2,079)	(9,252)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
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)
Total contributions by and distributions to owners	–	(138)	–	–	–	(325)	–	516	(18,507)	(18,454)
At 31 October 2017	**39,449**	**390,321**	**(91,094)**	**10,885**	**4,473**	**1,454**	**(4,274)**	**(286)**	**138,583**	**489,511**

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in US$'000	**For the three months ended 31 October**		**For the six months ended 31 October**	
	FY2019 (Unaudited)	FY2018 (Unaudited)	**FY2019 (Unaudited)**	FY2018 (Unaudited)
Cash flows from operating activities				
Profit for the period	**7,396**	(5,432)	**7,035**	(6,608)
Adjustments for:				
Depreciation of property, plant and equipment	**31,699**	32,574	**61,857**	67,820
Amortisation of intangible assets	**1,663**	2,113	**3,329**	4,450
Impairment loss on property, plant and equipment	**1,283**	21,891	**1,259**	21,892
Gain/(loss) on disposal of property, plant and equipment	**(4,992)**	(12,264)	**(3,105)**	(12,152)
Equity-settled share-based payment transactions	**(277)**	106	**-**	211
Share of loss of joint venture, net of tax	**379**	629	**461**	1,148
Finance income	**(1,582)**	(2,321)	**(19,772)**	(4,076)
Finance expense	**24,892**	26,478	**48,234**	52,606
Tax expense (benefit) – net	**(1,098)**	(11,956)	**(3,949)**	(20,828)
Net loss on derivative financial instrument	**(353)**	(454)	**(9,613)**	651
Operating profit before working capital changes	**59,010**	51,364	**85,736**	105,114
Changes in:				
Other assets	**9,016**	56,065	**5,503**	18,501
Inventories	**(110,111)**	(98,138)	**(143,583)**	(189,566)
Biological assets	**(5,933)**	(33,609)	**(11,758)**	(15,631)
Trade and other receivables	**(65,153)**	(101,776)	**(66,063)**	(97,358)
Prepaid and other current assets	**7,417**	12,439	**2,472**	11,565
Trade and other payables	**(32,706)**	68,345	**(51,745)**	82,484
Employee Benefit	**3,768**	3,823	**7,403**	7,836
Operating cash flow	**(134,692)**	(41,487)	**(172,035)**	(77,055)
Income taxes paid	**(1,768)**	(985)	**(1,768)**	(985)
Net cash flows from operating activities	**(136,460)**	(42,472)	**(173,803)**	(78,040)
Cash flows from investing activities				
Interest received	**107**	102	**245**	234
Proceeds from disposal of property, plant and equipment	**6,908**	(12,498)	**9,245**	(12,457)
Purchase of property, plant and equipment	**(22,507)**	(12,829)	**(47,606)**	(35,331)
Additional investment in joint venture	**–**	(949)	**–**	(949)
Net cash flows used in investing activities	**(15,492)**	(26,174)	**(38,116)**	(48,503)
Cash flows from financing activities				
Interest paid	**(19,899)**	(25,197)	**(41,688)**	(48,360)
Proceeds of borrowings	**285,388**	147,754	**567,799**	521,167
Repayment of borrowings	**(103,999)**	(32,583)	**(305,010)**	(352,009)
Dividends paid	**(9,875)**	(18,507)	**(9,875)**	(18,507)
Refund of transactions costs related to rights issue	**–**	(18)	**16**	(89)
Net cash flows from financing activities	**151,615**	71,449	**211,242**	102,202
Net increase/(decrease) in cash and cash equivalents	**(337)**	2,803	**(677)**	(24,341)
Cash and cash equivalents at 1 May	**33,295**	19,486	**24,246**	37,571
Effect of exchange rate fluctuations on cash held	**905**	741	**10,294**	9,800
Cash and cash equivalents at 31 October	**33,863**	23,030	**33,863**	23,030

<u>One-off expenses/(income)</u>

in US$ million	For the three months ended 31 October			For the six months ended 31 October		
	FY2019 (Unaudited)	FY2018 (Unaudited)	% Change	**FY2019 (Unaudited)**	FY2018 (Unaudited)	% Change
DMFI one-off expenses:						
Closure of Sager Creek Arkansas plant	**(0.2)**	6.5	(102.6)	**7.2**	6.5	11.5
Closure of Plymouth, Indiana plant	**(1.7)**	14.1	(112.1)	**(0.8)**	14.1	(105.9)
Seed operations	**(1.1)**	–	nm	**(1.1)**	–	nm
Severance	**1.7**	0.4	303.2	**1.8**	1.3	38.1
Others	**(0.4)**	2.6	(113.8)	**–**	2.6	nm
Total (pre-tax basis)	**(1.7)**	23.6	(107.1)	**7.1**	24.5	(70.9)
Tax impact	**0.4**	(9.0)	(104.9)	**(1.7)**	(9.3)	(82.1)
Non-controlling interest	**0.1**	(1.5)	(106.7)	**(0.6)**	(1.6)	(64.0)
Total DMFI one-off expenses (post-tax, post NCI basis)	**(1.1)**	13.1	(108.6)	**4.9**	13.6	(64.0)
Second Lien Loan purchase:						
Gain due to the purchase of DMFI's second lien loan at a discount	**–**	**–**	**–**	**(16.2)**	–	nm
Tax impact	**–**	**–**	**–**	**3.4**	–	nm
Total one-off gain on Second Lien loan purchase (post-tax basis)	**–**	**–**	**–**	**(12.8)**	–	nm
Total (post-tax and post non-controlling interest)	**(1.1)**	13.1	(108.6)	**(7.9)**	13.6	(158.0)

nm. – not meaningful

DEL MONTE PACIFIC

2Q FY2019 RESULTS

13 December 2018

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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NOTES TO THE 2Q FY2019 RESULTS

- Second quarter is 1 August to 31 October 2018.
- 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.
- 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 AND 1H FY2019 HIGHLIGHTS

- 2Q net income of US$8.4m reversing the loss of US$2.8m in prior year period, and a net income of US$11.4m for 1H, a turnaround from the US$2.1m loss last year
- 2Q sales of US$556m, 6% lower than prior year quarter mainly due to lower sales in the USA, excluding the foregone sales from the divestiture of the Sager Creek vegetable business a year ago in line with strategy
- Gearing improved to 2.8x equity from 3.4x in the prior year period by raising equity

OUTLOOK

- Barring unforeseen circumstances, the Group is expected to be profitable in FY2019
- Major emphasis on responding to consumer trends through:
  - ✓ Strengthening the core business and innovating
    - -- Healthier options and new products (innovate outside the can)
    - -- Strategic investments in marketing in USA
  - ✓ Focusing on growing our branded business and reducing non-strategic, non-branded businesses segments
    - -- Shifting to more branded consumer beverage in place of industrial pineapple juice concentrate (PJC)
    - -- Introducing more value-added, less commoditised foodservice products and rationalising non-branded USDA business

- Improving financial performance through:
  - ✓ Review of manufacturing and distribution footprint in the USA to improve operational efficiency, further reduce costs and increase margins
  - ✓ Improving cash flow, strengthening the balance sheet, and reducing leverage and interest expense

DMPL 2Q FY2019 GROUP RESULTS SUMMARY

- Sales of US$556.3m, -11%

Sales	% Change
US	-14
Philippines	-8 (in peso terms -3)
S&W	+17
FieldFresh India (equity accounted)	+6 (in rupee terms +10)

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

- EBITDA of US$45.0m, down 14% from US$52.1m due to lower sales in USA, lower exports of processed pineapple, significantly reduced PJC prices and higher product costs that were partly offset by price increase in the Philippines and lower trade spend in the US
- Operating profit of US$28.7m, down 7% from US$31.0m
- Net profit of US$7.3m, down 29% from net profit of US$10.2m. The change in US tax rate to 21% from 35% had a negative impact of US$2.3m

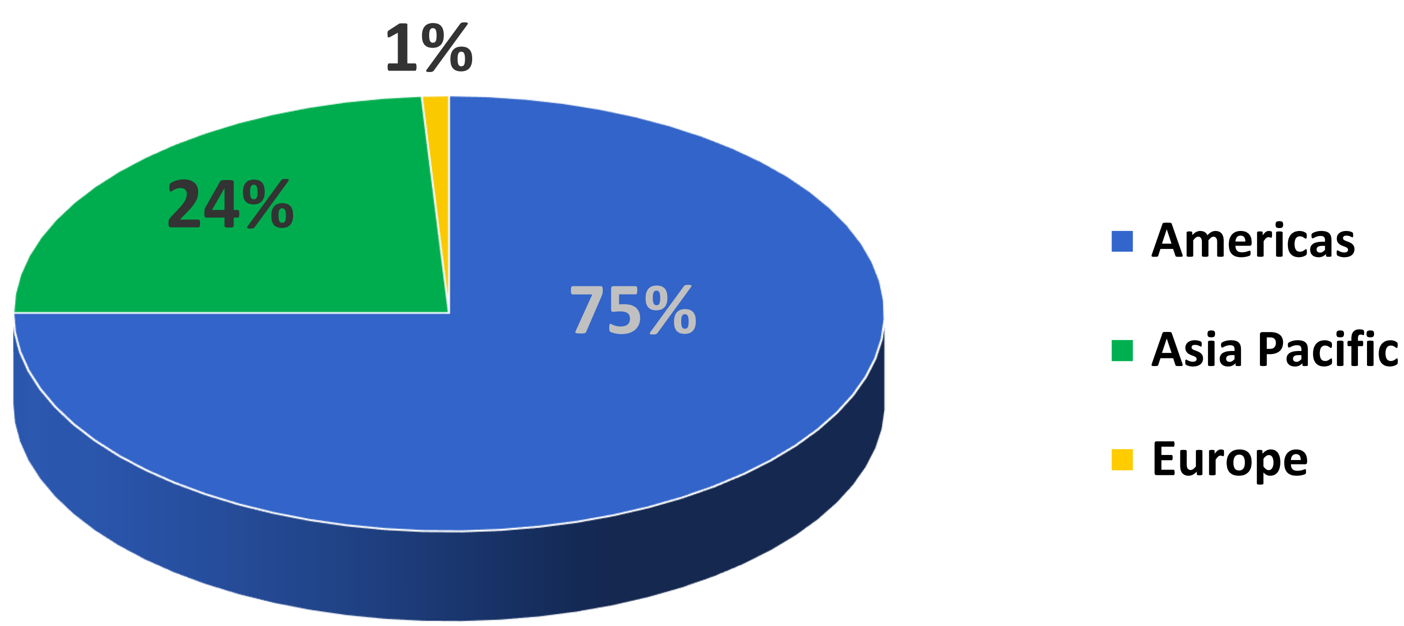
DMPL 2Q FY2019 ONE-OFF EXPENSE/(INCOME)

In US$ m	2Q FY18	2Q FY19	Booked under
Closure of Sager Creek Arkansas plant	6.5	(0.2)	Sales/CGS
Closure of Plymouth, Indiana plant	14.1	(1.7)	G&A/Misc Income
Seed operations	-	(1.1)	Misc Income
Severance	0.4	1.7	G&A Expense
Others	2.6	(0.4)	Interest Income
Total one-off expense/(income) (pre-tax basis)	**23.6**	**(1.7)**	
Tax impact	(9.0)	0.4	
Non-controlling interest	(1.5)	0.1	
Total one-offs (net of tax and NCI)	**13.1**	**(1.1)**	

DMPL 2Q FY2019 RESULTS – AS REPORTED

In US$m	2Q FY2018	2Q FY2019	Chg (%)	Comments
Turnover	624.7	**556.3**	-11.0	Mainly due to the planned divestiture of the Sager veg business and lower USA sales. Excluding Sager, sales down 6%
Gross profit	128.4	**118.7**	-7.5	Lower sales, significantly reduced PJC prices and higher product costs that were partly offset by price increase in the Philippines and lower trade spend in the US
EBITDA	28.6	**46.3**	+62.0	Same as above plus last year included one-off expenses of US$23.6m from planned plant closures in USA
Operating profit	7.4	**30.0**	+305.3	Same as EBITDA comment
Net finance expense	(24.2)	**(23.3)**	-3.5	Lower level of borrowings
FieldFresh equity share	0.01	**0.01**	+19.0	Improved Del Monte sales
Tax benefit	12.0	**1.1**	-90.8	Due to DMFI's lower net operating loss
Net profit	(2.8)	**8.4**	+398.7	Same as EBITDA comment, plus reduction in USA tax rate to 21% from 35% had a negative impact of US$2m
Net debt	1,856.5	**1,685.0**	-9.2	Payment of loans after the issuance of Preference Shares in 2017 and purchase of DMFI's loans in 4Q and 1Q
Gearing (%)	339.3	**281.3**	-58.0ppts	Same as above

DMPL 2Q FY2019 TURNOVER ANALYSIS



Americas	-13.3%	▪ In line with DMFI's strategy to deprioritise non-profitable businesses, divested the Sager vegetable business and reduced private label sales in retail channel ▪ Lower volume across categories, most significantly branded tomatoes as well as unfavourable impact of lower pricing in foodservice for PJC
Asia Pacific	-2.2%	▪ Philippines sales were lower mainly in the general trade and mixed fruit category as it addresses operational issues in that channel. Modern trade and foodservice continued to grow ▪ Higher S&W sales due to strong sales of fresh pineapple, which offset lower packaged sales
Europe	-17.4%	▪ Lower canned pineapple and PJC pricing

DMPL 1H FY2019 GROUP RESULTS SUMMARY

- Sales of US$993.5m, -10%

Sales	% Change
US	-12
Philippines	-7 (in peso terms -2)
S&W	-1
FieldFresh India (equity accounted)	+7 (in rupee terms +11)

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

- EBITDA of US$72.3m, down 15% from US$85.2m due to lower sales in USA, lower exports of processed pineapple, significantly reduced PJC prices and higher product costs that were partly offset by price increase in the Philippines and lower trade spend in the US
- Operating profit of US$39.1m, down 16% from US$46.7m
- Net profit of US$3.6m, down 69% from net profit of US$11.5m. The change in US tax rate to 21% from 35% had a negative impact of US$6.5m

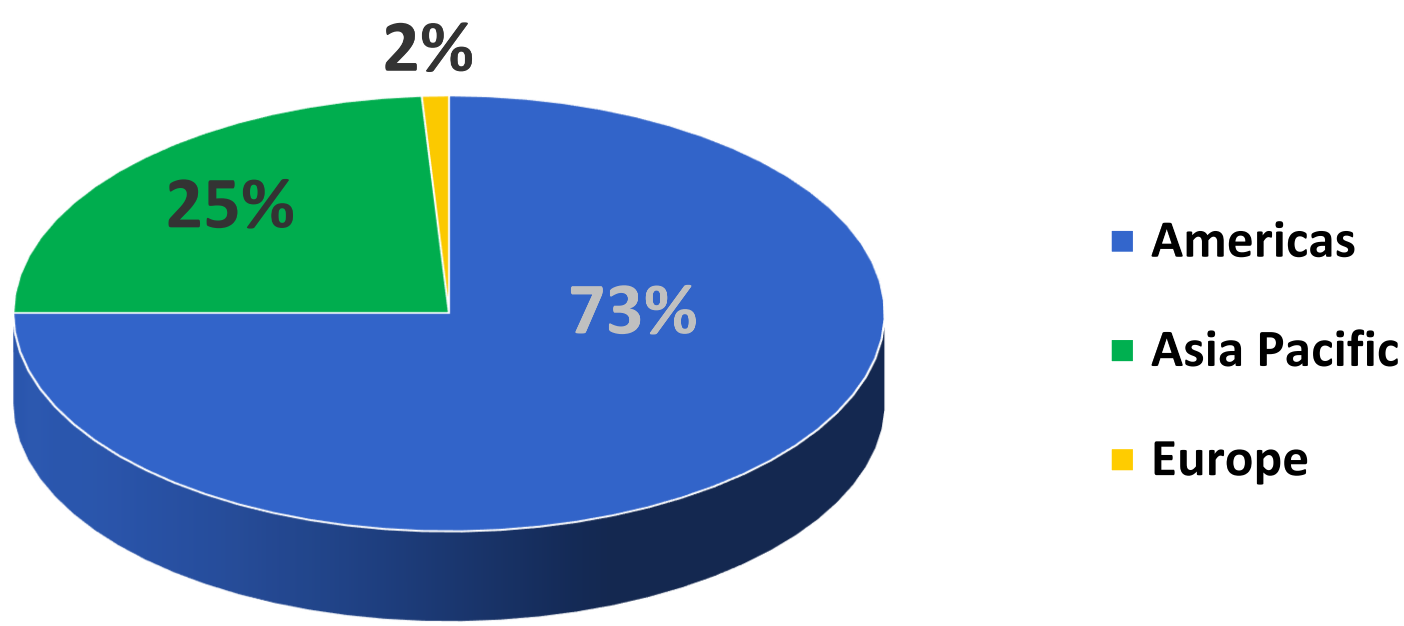
DMPL 1H FY2019 ONE-OFF EXPENSE/(INCOME)

In US$ m	1H FY18	1H FY19	Booked under
Closure of Sager Creek Arkansas plant	6.5	7.2	Sales/CGS
Closure of Plymouth, Indiana plant	14.1	(0.8)	G&A/Misc Income
Seed operations	-	(1.1)	Misc Income
Severance	1.3	1.8	G&A Expense
Gain due to the purchase of DMFI's 2nd lien loan at a discount to par value	-	(16.2)	Interest Income
Others	2.6	-	Operating Expense
Total one-off expense/(income) (pre-tax basis)	**24.5**	**(9.1)**	
Tax impact	(9.3)	1.8	
Non-controlling interest	(1.6)	(0.6)	
Total one-offs (net of tax and NCI)	**13.6**	**(7.9)**	

DMPL 1H FY2019 RESULTS – AS REPORTED

In US$m	1H FY2018	1H FY2019	Chg (%)	Comments
Turnover	1,098.6	**993.5**	-9.6	Mainly due to lower USA sales and the divestiture of the Sager veg business. Excluding Sager, sales down 6%
Gross profit	226.3	**196.7**	-13.1	Lower sales, significantly reduced PJC prices and higher product costs that were partly offset by price increase in the Philippines and lower trade spend in the US
EBITDA	60.8	**65.2**	+7.2	Higher fresh pineapple and DMFI EBITDA
Operating profit	22.2	**32.0**	+43.9	Same as EBITDA comment
Net finance expense	(48.5)	**(28.5)**	-41.4	Lower level of borrowings
FieldFresh equity share	(0.5)	**0.2**	+131.0	Improved Del Monte sales
Tax benefit	20.8	**3.9**	-81.0	Due to DMFI's lower net operating loss
Net profit	(2.1)	**11.4**	+650.3	Includes US$13m gain on buyback of DMFI loan at a discount, offset by the reduction in USA tax rate to 21% from 35% which had a negative impact of US$5m
Net debt	1,856.5	**1,685.0**	-9.2	Payment of loans after the issuance of Preference Shares in 2017 and purchase of DMFI's loans
Gearing (%)	339.3	**281.3**	-58.0ppts	Same as above

1H FY2019 TURNOVER ANALYSIS



Americas	-11.5%	▪ In line with DMFI's strategy to deprioritise non-profitable businesses, divested Sager vegetable business and reduced private label sales in retail channel ▪ Lower volume across categories, most significantly branded tomatoes as well as unfavourable impact of lower pricing in foodservice for PJC
Asia Pacific	-4.8%	▪ Philippines sales were lower mainly in the general trade and mixed fruit category as it addresses operational issues and distribution transition in that channel. Modern trade and foodservice continued to grow ▪ Higher S&W sales due to strong sales of fresh pineapple, which offset lower packaged sales
Europe	+8.3%	▪ Higher PJC sales

Market Updates for 2Q FY2019

DEL MONTE FOODS STRATEGY

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, 100% Juice)
- 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

USA

29%	38%	32%	8%
Market Share (#1) Canned Vegetable	**Market Share (#1)** Canned Fruit	**Market Share (#2)** Fruit Cup Snacks	**Market Share (#2)** Canned Tomato

- A brand leader across core categories
- Grew share in 2 out of 4 core categories in 2Q (Canned Vegetable +1.5 pts, Canned Fruit +0.1 pt)
- Results driven by strong execution against fundamentals at retail, innovation, and sustained marketing investment to support our brands
- Continued to pursue in new channels (foodservice and e-commerce)

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 27 October 2018
Canned market shares are for branded only, ex-private labels; Canned tomato is a combined share for Del Monte, S&W and Contadina

DEL MONTE FOODS USA

DMFI's 2Q sales down 14% to US$418.5m

- Stripping out the Sager Creek vegetable business which was divested in September 2017, DMFI sales were down 7%
- Lower volume across categories most significantly branded tomatoes, private label sales
- Lower pricing in foodservice for PJC
- The decline in sales was in line with DMFI's strategy to deprioritise non-profitable businesses including Sager and private label in retail. DMFI EBITDA improved versus prior year quarter

New Product Launches

- V*egetable & Bean Blends* with four varieties: *Mexican, Country, California* and *Classic Styles* - offering 3-4 grams of protein and is a great tasting source of fibre
- *College Inn Bone Broth* - on-trend and driven by health and wellness benefits, offering 10 grams of protein and superior taste to competition
- *College Inn Mushroom Stock* - a savoury, great tasting vegan and vegetarian alternative
- Continued to expand DMFI's new *Del Monte Fruit & Oats* snack cups, the first shelf stable oatmeal item containing real fruit

USA - INNOVATION

Vegetable & Beans

- Launched 4 item line in September 2018 – offering 3-4 grams protein and great tasting source of fibre
- Supporting launch with Digital, Social, Consumer Promotions, and Search efforts

College Inn Bone Broth & Mushroom Stock

- Launched 3 new items in September 2018
- *Bone Broth* is ontrend driven by health and wellness benefits
- *College Inn Bone Broth* offers 10 grams of protein and superior taste to competition
- *College Inn Mushroom Stock* is a savoury, great tasting vegan/vegetarian alternative
- Supporting *Bone Broth* launch with Digital, Social, Consumer Promotions, and Search efforts.

USA - RETAIL MARKETING HIGHLIGHTS

Del Monte Growers of Good Launch

TV/OLV

Digital Ad

- New, Integrated Master Brand Campaign "Growers of Good" launched in September as an advocate for doing what's good – Del Monte grows healthier F&V, healthier families and a healthier planet
- TV, Digital, Social, Shopper and PR

Fruit & Oats Launch

Digital

Social

Shopper

Print

OLV

- National launch of *Fruit & Oats* with marketing support across Print, Social, FSI, Shopper & Digital

Contadina Campaign

Print

Pinterest Pin

Digital

100th Anniversary Event

- Re-launch of Contadina brand with national marketing support
- PR / media event celebrating Contadina's 100th Anniversary

USA - INDUSTRY EVENTS

PMA

- Del Monte participated for the first time in many years at the Perimeter Merchandising Association (PMA) trade show, October 18-20 in Orlando, FL
- Showcased the *Fruit Naturals* line up, the new 20oz *Grapefruit* and *Citrus Salad bowls* and the 4 new *Fruit Crunch Parfait* items

NACS

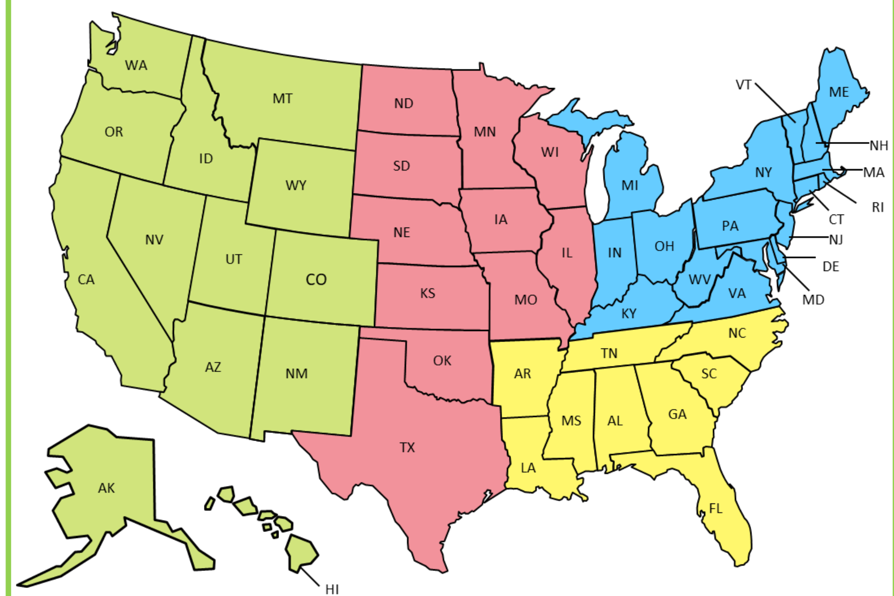
- The National Association for Convenience Stores (NACS) took place in Las Vegas on October 8-10
- Del Monte Foods presented and sampled 6 *Adult Fruit Cup* items and previewed 4 new *Fruit Crunch Parfait* items
- Over 500 people visited and sampled our items and we successfully collected over 200 new customer leads

USA – FOODSERVICE HIGHLIGHTS

Innovation

- Distribution is ramping up for new *Harvest Selects Riced Veggies*. Items are now listed at all major distributors, and are in stock at several locations nationwide.
- Sunset Foods is a commissary that prepares meals for sale in Grocery delis. They are now purchasing our *Riced Veggies* for use in their meals. Selection was based on Del Monte's higher quality and consistency vs. the fresh products in the market.

Foundational Efforts



- Sales Territories have been realigned to better serve our customer base and align with our Broker's efforts. As Regional Sales Manager roles are filled, they are being positioned in key metropolitan areas, to better penetrate and saturate new business opportunities.
- New National Account Manager roles will focus on key prospective customers for our value-added products.

Industry Leadership

- Introduced new pre-booking programme to encourage alignment with key customers on pricing and volumes in advance of grower contract negotiations. This enables more effective crop and pack planning, and offers predictable supply and pricing to our customers.
- Initial reviews of this programme with key customers have been well received. Several major foodservice accounts have booked for next year's pack.

PHILIPPINES

86%
Market Share (#1)
Packaged Pineapple

71%
Market Share (#1)
Canned Mixed Fruit

81%
Market Share (#1)
Canned and Carton Juices

82%
Market Share (#1)
Tomato Sauce

40%
Market Share (#1)
Spaghetti Sauce

- Del Monte is the market leader across several categories
- Modern trade and foodservice are growing: Del Monte is strong in modern trade, generating about 30% of sales, while foodservice accounts for about 20% of Philippine sales
- E-commerce and digital are growing

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

Source for market shares: Nielsen Retail Index as of 3 months to October 2018; Canned mixed fruit is a combined share for Del Monte and Today's brands; Spaghetti sauce is a combined share for Del Monte, Today's and Contadina brands

PHILIPPINES

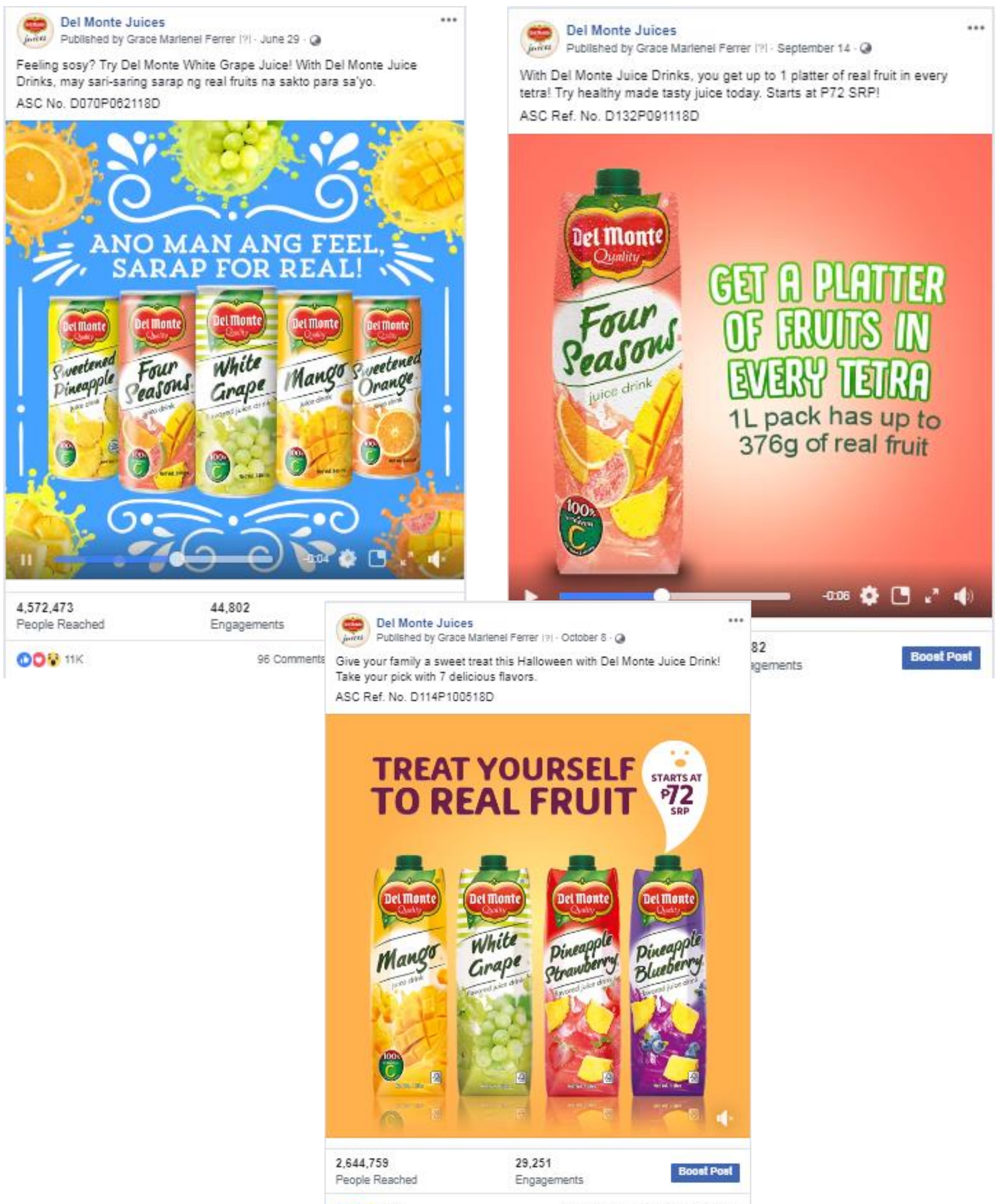
- 2Q sales were down 3% in peso terms but down 8% in US dollar terms due to peso depreciation
- Down mainly in the general trade and mixed fruits category as we continue to address operational issues in that channel
- Modern trade and foodservice continued to grow
- Price increases were implemented across several categories to offset the impact of sugar tax and mitigate inflation

PHILIPPINE MARKET – 100% JUICE CAMPAIGN

Del Monte launches its latest “100% Fruitection” campaign to help create excitement for the flagship beverage brand. It will continue to air in both TV and digital platforms throughout the year.

PHILIPPINE MARKET – JUICE DRINK CAMPAIGN

Del Monte Juice Drink launched its "Sari-saring sarap ng real fruit" digital campaign to highlight the brand's extensive range of flavours made with real fruit, with the goal of generating further trial and increased consumption for the brand. Building on this strong association to "real fruit taste", *Del Monte Juice Drink* also promoted its platter of fruit proposition to strengthen its value for money attribute.



PHILIPPINE MARKET – PINEAPPLE CAMPAIGN

Pina-level up TVC campaign for balance of the year

To further grow usage for SUPs in Luzon and VisMin, we are airing 2 new TVCs featuring everyday Pina-level up recipes.

Mondays "Adobo" TVC
National Airing
Jun-Nov '18, Feb-Mar '19

Pitch Perfect "Giniling" TVC
GMA and Luzon Airing
Oct-Nov '18
Feb-Apr '19

Sinta "Fish" TVC
Visayas and Mindanao Airing
Oct-Nov '18
Feb-Apr '19

PHILIPPINE MARKET – HEALTH TIE-UP

Del Monte Fit 'n Right Active **collaboration with fitness trainers**

Gathering of over 170 of the countries leading Fitness Trainers from different fields.
They learned basics concepts of Heart, CPR, Injury Prevention, Hydration, and Fat Loss.

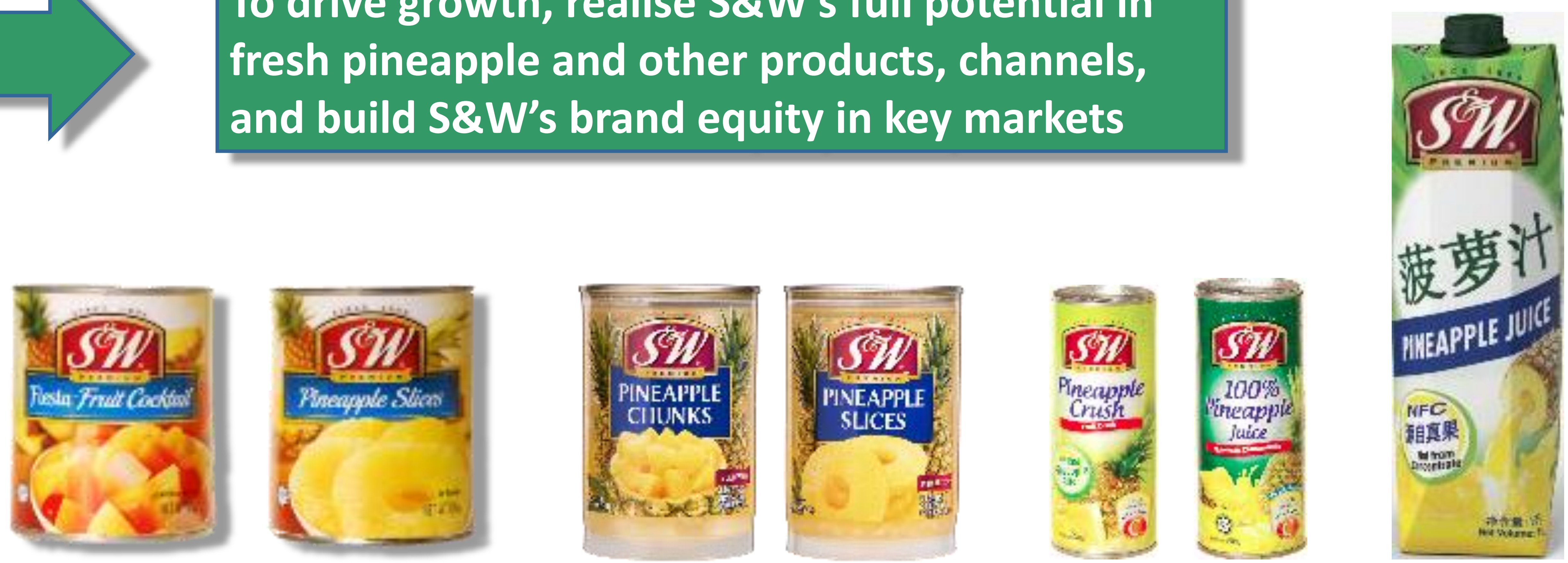
NATIONAL FITNESS LEADERS FITNESS SCIENCE SERIES

FIT FIL NATIONAL FITNESS MOVEMENT

S&W 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 improved by 17% in 2Q due to strong sales of fresh pineapple in North Asia
- Offset decline in packaged pineapple due to competition from cheaper canned pineapple products from Thailand and Indonesia
- Pasta sauces from the Philippines, sold in S&W's Asian markets, continued to do well.
- Started selling *S&W Tomato Juice* to Singapore Airlines for inflight consumption
- S&W business delivered a much higher operating margin, up 9 ppts, due to better sales mix
- Nice Fruit JV, utilising patented technology that allows fruits to be picked at their optimal ripeness and frozen for up to 3 years, while preserving its nutrients and original properties, successfully launched frozen pineapple spears in 7-Eleven stores in Japan. Individually packaged and known as *Pineapple Stick*, it has received good consumer acceptance as an on-the-go healthy snack, available in the store's chiller section
- A variation, in the form of frozen pineapple chunks called *Golden Pineapple*, was also launched recently in the same chain

S&W SINGAPORE

New Jollibee store at Jurong East MRT Station. S&W supplies *100% Pineapple Juice* in dispenser in all the 6 outlets of Jollibee Singapore.

Collaboration with Health Promotion Board for the “Go Lo-Cal” activations executed at select hawker centres islandwide. Sponsorship of *100% Pineapple Juice* (i.e. Healthier-Choice endorsed) for their “Spin & Win” prizes.

OTHERS

Launched *College Inn Chicken Broth* from USA in Park N Shop Hong Kong on October 5

New *S&W Tomato Juice* in Alu can being served on Singapore Airlines flights

FIELDFRESH INDIA

- FieldFresh sales were up 10% in 2Q due to higher Del Monte packaged sales
- Launched new variants to our Dried Fruit range
- DMPL's share of profit was US$0.01 million, up 19% versus the prior year quarter

INDIA – NEW PRODUCT INTRODUCTIONS

<u>This quarter saw the addition of 3 new variants to our Dried Fruit range</u>

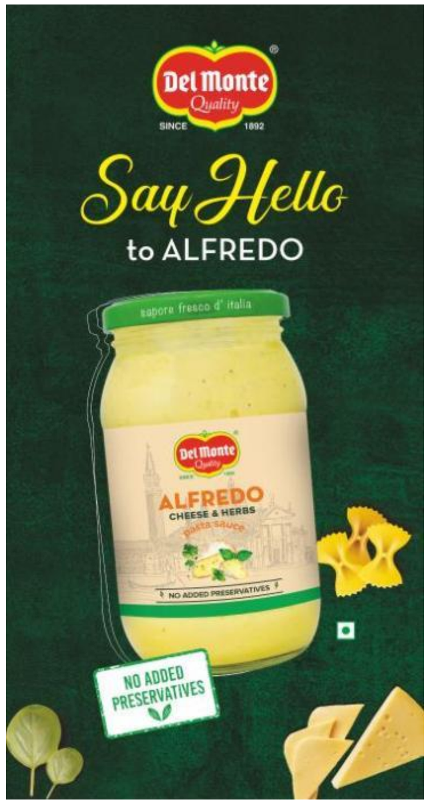
1. *Nutty Cruiser Trail Mix* (50g & 250g): A delicious and healthy blend of almonds, cashews, dried cranberries and black raisins. A low salt, roasted nuts snacking option that is a rich source of protein and fibre.
2. *Dried Cherries & Cherry Berry Mix* (130g): both low salt, low fat snacking options

<u>October saw the relaunch of our Gourmet pasta sauces</u>

1. Range revamped to include two tomato-based sauces – *Napoletana* & *Puttanesca* – and one vegetarian *Alfredo* sauce with real cheese (a first for the Indian market)
2. In line with our desire to move to cleaner products and labels, these sauces contain no added preservatives

INDIA – OTHERS

Pasta Sauce launch - Banners



Standees/Window branding

2018 range of *Del Monte Fruit Drink* gift packs

Festive gifting around the festival of Diwali presents a tactical business and brand exposure opportunity for us every year

1. This year we offered consumers a range of 6 gift pack SKUs across our *Fruit Drinks* can and carton 1-litre offerings; covering a price range of INR 199 to 375
2. Our offerings were very well received in traditional trade, growing 33% year on year

SUSTAINABILITY

- Published DMPL's first Sustainability Report for FY2018 in October based on SGX guidelines and Global Reporting Initiative reporting framework
  - ✓ Uploaded on DMPL's website
  - ✓ Created and uploaded a 2-1/2 minute video of the Sustainability Report

- DMFI launched the "Growers of Good Agriculture Transparency" on DMFI's website

- DMFI finalised its Carbon Disclosure Project report; awaiting the company's rating for 2018

- DMPI Plantation is one of four recipients, amongst all GlobalGAP-certified companies worldwide, of the "Good Agricultural Practices (G.A.P.) Award 2018" by the GlobalGAP organisation

CDP
DRIVING SUSTAINABLE ECONOMIES

GLOBALG.A.P.
G.A.P. AWARDS 2018
Sponsored by CropLife

IMPROVED BALANCE SHEET AND CASH FLOW

- Committed to improve cash flow, reduce debt and interest expense

- Raised US$300m from two Preference Share tranches in April and December 2017 to repay loans

- In 4Q and 1Q, DMPL purchased US$225m out of the total US$260m second lien loans of DMFI at a discount in the secondary market. This is the highest interest-bearing loan of the Group at 9.75% p.a., and will save DMPL >US$10m of interest payments in FY2019

- Reduced gearing to 2.8x equity as of 31 October 2018, from 3.4x in the prior year quarter

OUTLOOK

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