

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

DEL MONTE PACIFIC LIMITED

Securities

DEL MONTE PACIFIC LIMITED - VGG270541169 - D03

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date & Time of Broadcast

06-Sep-2019 08:11:42

Status

New

Announcement Sub Title

First Quarter Results

Announcement Reference

SG190906OTHRNU8A

Submitted By (Co./ Ind. Name)

Antonio E S Ungson

Designation

Company Secretary

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 First Quarter Ended July 2019.

(3) Del Monte Pacific 1Q FY2020 Results Presentation.

Additional Details

For Financial Period Ended

31/07/2019

Attachments

[DMPL 1QF20 PressRelease FINAL.pdf](#)

[DMPL 1Q FY2020 May-Jul MDA FINAL.pdf](#)

[DMPL 1QFY2020 presentation FINAL.pdf](#)

Total size =3748K MB



DEL MONTE PACIFIC LIMITED

6 September 2019

SGX-ST/PSE/MEDIA RELEASE: (unaudited results for the first quarter ending 31 July 2019)

Contacts:

Iggy Sison

Tel: +632 856 2888

isison@delmontepacific.com

Jennifer Luy

Tel: +65 6594 0980

jluy@delmontepacific.com

Note to Editors: High resolution photos attached

Del Monte Pacific's First Quarter FY2020 Results

Highlights

- Gross margin rose 6.5 ppts and recurring EBITDA improved by 42% to US\$38.7m due to pricing, higher fresh pineapple sales and better sales mix
- Recurring operating profit increased by US\$11.9m to US\$22.4m, or 114% over prior year quarter's US\$10.5m
- Net loss incurred due to one-off items but recurring net income of US\$4.1 million, a turnaround from the US\$3.7m net loss in the prior year quarter
- Fresh pineapple sales grew strongly by 28% while the Philippine market reversed last year's decline with sales growing by 4%

Singapore/Manila, 6 September 2019 – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited ("DMPL" or the "Group"; Bloomberg: DELM SP, DELM PM) reported today its first quarter FY2020 results ending July.

The Group reported a gross profit of US\$91.1 million, 17% higher than the prior year quarter, and much improved gross margin of 24.3%, up 6.5 percentage points mainly due to increased prices in the USA and Philippines, higher sales of fresh pineapple, divestiture of the low-margin Sager Creek vegetable business and reduced sales of low-margin private label, thus improving sales mix.

The Group reported an EBITDA of US\$36.6 million, significantly higher than the prior year quarter's EBITDA of US\$18.8 million. This quarter's EBITDA included US\$2.1 million of one-off expenses mainly related to severance and loss on partial disposal of assets of a plant in Crystal City, Texas. Without the one-off expenses related mainly to plant closures in the USA, the Group's recurring EBITDA would have

been US\$38.7 million, also better than the prior year quarter's recurring EBITDA of US\$27.3 million. Recurring operating profit was US\$22.4m, up by US\$11.9m or 114% over prior year quarter's US\$10.5m.

In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, Del Monte Philippines, Inc, declared a dividend to its parent which was taxed at 15% amounting to US\$39.6 million. Consequently, the Group reported a net loss of US\$38.3 million for the quarter versus a net income of US\$3.0 million in the prior year quarter. Excluding one-off items, the Group would have posted a recurring net income of US\$4.1 million, a turnaround from the net loss of US\$3.7 million in the prior year quarter.

The Group generated first quarter sales of US\$375.9 million, which were, however, 14% lower than the prior year quarter mainly due to lower sales in the USA partly offset by higher sales in the Philippines and S&W business in Asia.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI), contributed US\$241.4 million or 64% of Group sales. Sales declined by 22% mainly due to the divested Sager Creek business and reduced sales of low-margin non-branded business. Gross margin significantly improved by 7.4 ppts to 20.3% versus the prior year quarter's 12.9%.

Del Monte continued to diversify beyond the canned goods aisle and introduced innovative products in the growing categories of refrigerated produce and frozen to cater to demand for health and wellness, snacking and convenience.

In May, Del Monte introduced *Del Monte Fruit Crunch Parfaits* which feature layers of non-dairy coconut crème, crunchy granola with probiotics, and a full serving of fruit. For the frozen segment, DMFI launched *Del Monte Veggieful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with a full serving of vegetable. In June, DMFI started shipping *Del Monte bubble fruit*, exciting fruit cups with juicy popping boba, great for kids' snacks. DMFI also started shipping new flavours of *Del Monte Fruit & Oats - Strawberry Apple* and *Blueberry Apple*, and *Del Monte Fruit & Chia Apple Raspberry Cherry*. New products contributed 3.8% to DMFI's retail sales in the first quarter.



Reversing a decline in FY2019, sales in the Philippines domestic market grew by 2% in peso terms and 4% in US dollar terms due to peso appreciation. Retail sales grew by 4% in volume and 9% in peso sales value. Non-retail foodservice declined due to a change in a customer's procurement policy. Price increase and lower direct promotion spend saw a positive contribution of 4.8% to net sales growth, driven by a series of price adjustments across all categories mostly in 2019. In retail, sales in the General Trade segment, which accounted for about 50% of Philippines sales, grew by 4% year on year, and by 20% quarter on quarter, as the Group continued to make progress in improving its distributor business that had impacted results in the prior year. Sales in the Modern Trade segment, which accounted for about 30% of Philippines sales, increased by 7%.

Sales of the S&W branded business in Asia and the Middle East grew strongly by 19% in the first quarter mainly driven by higher sales of fresh pineapple in North Asia. Fresh sales, both branded and non-branded, improved by 28%. S&W packaged product also delivered higher volume and sales. The S&W business generated a much higher operating income, up 22% due to higher volume.

Prospects

The Group will continue to strengthen its product offerings and enter new categories, in line with market trends for health and wellness, snacking and convenience. It will grow its branded business and reduce non-strategic, non-branded business segments. The Group also continues to review its manufacturing and distribution footprint in the US to further improve operational efficiency, reduce costs and increase margins amidst expected cost headwinds including rising metal packaging prices and impact of tariffs imposed by the US.

On 20 August 2019, DMFI announced the closure and sale of facilities in four locations. Most of the production in these locations will be transferred to other facilities within the US. The company looks to fully utilise the capacity of its existing plants after the restructuring.

"The restructuring is a necessary step for us to remain competitive in a rapidly changing marketplace," said DMPL Managing Director and Chief Executive Officer Joselito D Campos, Jr. "Our asset-light strategy will lead to more efficient and lower cost operations," he added.

Certain one-off expenses are expected in FY2020 from streamlining of operations. The Group 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 FY2020 on a recurring basis.

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 fruit, vegetable and tomato, sauces, condiments, pasta, broth, juices and frozen pineapple, under various brands and also sells fresh pineapple 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 (before the announced closure and sale on 20 August 2019) in the USA and two in Mexico, while its Philippines subsidiary operates the world’s largest fully-integrated pineapple operation with its 26,000-hectare pineapple plantation in the Philippines and a factory that is about an hour’s drive away. It also operates a beverage bottling 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 First Quarter Ended July 2019

For enquiries, please contact:

Iggy Sison

Tel: +632 856 2888

isison@delmontepacific.com

Jennifer Luy

Tel: +65 6594 0980

jluy@delmontepacific.com

AUDIT

First Quarter FY2020 results covering the period from 1 May 2019 to 31 July 2019 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 FY2019 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2019, which the Group has adopted or is currently assessing the impact thereof:

Applicable 1 May 2019 which the Group has adopted:

- IFRS 16, Leases. The Group has adopted IFRS 16 effective 1 May 2019

Applicable for the first annual reporting period that begins on or after 1 May 2019 and onwards and are currently being assessed by the Group:

- IFRIC 23, Uncertainty over Income Tax Treatments Amendments to IAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to IAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to IAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalisation
- Amendments to IFRS 9, Prepayment Features with Negative Compensation
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures

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.

SIGNED UNDERTAKING FROM DIRECTORS AND EXECUTIVE OFFICERS

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

DIRECTORS’ ASSURANCE

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

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

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

(Signed)
Rolando C Gapud
Executive Chairman

(Signed)
Joselito D Campos, Jr
Executive Director

6 September 2019

NOTES ON THE 1Q FY2020 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.
4. The Group has adopted IFRS 16 from 1 May 2019. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, recognises right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Please refer to page 21 for a discussion of the impact of IFRS 16.

FINANCIAL HIGHLIGHTS – FIRST QUARTER ENDED 31 JULY 2019

	For the three months ended 31 July		
	Fiscal Year 2020	Fiscal Year 2019	%Change
<i>in US\$'000 unless otherwise stated *</i>			
With one-off items**			
Turnover	375,858	437,229	(14.0)
Gross profit	91,148	78,026	16.8
Gross margin (%)	24.3	17.8	6.5
EBITDA	36,646	18,846	94.4
Operating profit	20,267	2,023	901.8
Operating margin (%)	5.4	0.5	4.9
Net profit attributable to owners of the Company	(38,261)	3,022	nm
Net margin (%)	(10.2)	0.7	(10.9)
EPS (US cents)	(2.22)	(0.10)	nm
EPS before preference dividends (US cents)	(1.97)	0.16	nm

	For the three months ended 31 July		
	Fiscal Year 2020	Fiscal Year 2019	% Change
<i>in US\$'000 unless otherwise stated *</i>			
Without one-off items**			
Gross profit	91,148	81,426	11.9
EBITDA	38,730	27,288	41.9
Operating profit	22,351	10,465	113.6
Net profit attributable to owners of the Company	4,149	(3,731)	211.2
Net debt	1,558,705	1,498,085	4.0
Gearing*** (%)	276.1	249.1	27.0
Cash flow from operations	(38,803)	(34,105)	(13.8)
Capital expenditure	24,321	28,337	(14.2)
Inventory (days)	229	195	34
Receivables (days)	31	29	2
Account Payables (days)	54	48	6

*The Company's reporting currency is US dollars. For conversion to S\$, the following exchange rates can be used: 1.36 in July 2019, 1.34 in July 2018. For conversion to Php, these exchange rates can be used: 51.98 in July 2019, 52.97 in July 2018.

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

***Gearing = Net Debt / Equity

REVIEW OF OPERATING PERFORMANCE

The Group achieved sales of US\$375.9 million for the first quarter of FY2020, down 14.0% versus the prior year quarter mainly due to the divestiture of the Sager Creek vegetable business in September 2017, lower sales in the USA and lower exports of processed pineapple products, partly offset by higher sales in the Philippines and S&W business in Asia.

Stripping out Sager Creek's sales, the Group sales in the first quarter would have been lower by 9.2%.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI) generated US\$241.4 million or 64.2% of Group sales. DMFI's sales decreased by 21.7% from US\$308.3 million mainly driven by the Sager Creek divestiture, and lower private label and USDA sales. Volume decline in packaged fruit was due to the impact of pricing.

DMFI has fast-tracked its innovation pipeline. In synch with trends for health, snacking and convenience, it launched innovative products in the growing categories of refrigerated produce and frozen. Del Monte continued to diversify beyond the canned goods aisle, which is a declining category. New products contributed 3.8% to DMFI's retail sales in the first quarter.

In May, Del Monte introduced an innovative product, *Del Monte Fruit Crunch Parfaits*, which feature layers of non-dairy coconut crème, crunchy granola with probiotics, and a full serving of fruit. For the frozen segment, DMFI launched *Del Monte Veggieful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with a full serving of vegetable in five bites. These items are being accepted by retailers across the US and have been launched nationwide in May.

In June, DMFI started shipping Del Monte bubble fruit, exciting fruit cups with juicy popping boba great for kids' snacks. DMFI also started shipping new flavours of *Del Monte Fruit & Oats - Strawberry Apple* and *Blueberry Apple*, and *Del Monte Fruit & Chia Apple Raspberry Cherry*.

DMFI generated higher gross profit and margin of 20.3% from 12.9% in the prior year period. Higher gross margin was in line with DMFI's strategy to increase list price in the fourth quarter of FY2019 after several years of no price increase, favourable impact of the divestiture of low-margin Sager Creek vegetable business and reduced sales of low-margin private label, partly offset by higher delivered costs. FY2019 was also impacted by increased costs to liquidate Sager Creek products.

DMFI generated a higher operating income for the quarter driven by improvement in gross profit and lower operating expenses.

DMPL ex-DMFI generated sales of US\$144.3 million (inclusive of the US\$8.4 million sales by DMPL to DMFI which were netted out during consolidation) which were 2.4% higher than US\$140.9 million sales in prior year period. Higher sales were mainly driven by higher volume of fresh pineapple and higher sales in the Philippines as the Group continued to fix the distribution transition issues in General Trade.

DMPL ex-DMFI delivered higher gross margin of 27.9% from 26.5% in the same period last year mainly from higher sales of fresh pineapple and price increases in the Philippine market in line with inflation, partly offset by lower pineapple juice concentrate (PJC) and packaged pineapple pricing for exports.

DMPL ex-DMFI generated an EBITDA of US\$25.3 million which was higher by 14.0% and a net income of US\$12.5 million, higher versus the US\$11.6 million in the same period last year driven by higher margin as explained above and gain on foreign exchange due to strengthening of the peso versus the US dollar.

Reversing a decline in FY2019, sales in the Philippines domestic market grew by 2.2% in peso terms and 4.1% in US dollar terms due to peso appreciation. Retail sales grew by 4% in volume and 9% in peso sales value. Non-retail foodservice declined due to a change in a customer's procurement policy. Price increase and lower direct promotion spend saw a positive contribution of 4.8% to net sales growth, driven by a series of price adjustments across all categories mostly in 2019. In retail, sales in the General Trade segment (about 50% of Philippines sales) grew by 4% year on year and by 20% quarter on quarter, as the Group continued to make progress in improving its distributor business that had impacted results in the prior year. Sales in the Modern Trade (about 30% of Philippines sales) increased by 7%.

Sales of the S&W branded business in Asia and the Middle East grew strongly by 19.1% in the first quarter versus the prior year period mainly driven by higher sales of fresh pineapple in North Asia. Fresh sales, both branded and non-branded, improved by 28%. S&W packaged product also delivered higher volume and sales. The S&W business generated a much higher operating income, up 22.3% mainly due to higher volume.

DMPL's share in the FieldFresh joint venture in India was lower at US\$0.2 million loss from a US\$0.1 million profit in the prior year quarter, due to lower than planned sales, higher logistics costs for the fresh business, commodity headwinds and higher overheads.

The Group's EBITDA of US\$36.6 million was significantly higher than prior year quarter's EBITDA of US\$18.8 million. This quarter's EBITDA included US\$2.1 million of one-off expenses mainly related to severance and loss on partial disposal of assets of a plant in Crystal City, Texas. Without the one-off expenses, the Group recurring EBITDA was US\$38.7 million, also higher versus prior year quarter's recurring EBITDA of US\$27.3 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.

In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, Del Monte Philippines, Inc, declared a dividend to its parent which was taxed at 15% amounting to US\$39.6 million. Consequently, the Group reported a net loss of US\$38.3 million for the quarter versus a net income of US\$3.0 million in the prior year quarter. Last year's net income had also included a one-off gain of US\$15.9 million pre-tax or US\$12.6 million post-tax from the purchase of US\$99.0 million of DMFI's second lien loan at a discount in the secondary market.

Without the one-off items, the Group reported a recurring net income of US\$4.1 million as compared to last year's recurring net loss of US\$3.7 million.

The Group gearing increased marginally to 2.7x equity as of 31 July 2019, from 2.5x in prior year quarter, primarily due to additional loans obtained to pay taxes on intercompany dividends as well as reduction of retained earnings from net loss booked in the first quarter.

The Group's cash outflow from operations in the first quarter was US\$38.8 million, slightly higher than last year's US\$34.1 million mainly on income tax payments as explained above.

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.

VARIANCE FROM PROSPECT STATEMENT

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

BUSINESS OUTLOOK

DMFI faces headwinds from the long-term structural decline of canned categories in which it competes. Del Monte is "thinking outside the can" to meet the rapidly changing world of consumer preferences and eating habits. With consumers gravitating towards fresh, healthy food and away from physical retail stores, Del Monte had to rethink its products and how to get them in front of customers.

The Group will continue to strengthen its product offerings and enter new categories, in line with market trends for health and wellness, snacking and convenience. It will continue to focus on business segments which are on-trend, pursue innovation to address growing consumer needs for more convenient, healthy and flavourful solutions, as well as build its distribution base in the growing store perimeter and emerging channels. At the same time, it will rationalise non-profitable businesses, in particular the low-margin, non-branded segment.

Over time, the product portfolio in the USA will no longer be mostly canned but will have increasingly meaningful contribution from non-can formats such as cups, cartons and pouches. New categories of frozen and snacking will be further developed. In FY2020, innovation will be out of the can. It will no longer focus solely on retail centre-of-store, but also on retail perimeter, convenience stores, foodservice and e-commerce.

The Group will continue to review its manufacturing and distribution footprint in the US to further improve operational efficiency, reduce costs and increase margins amidst expected cost headwinds including rising metal packaging prices and impact of tariffs imposed by the US. Certain one-off expenses are expected in 2Q of FY2020 from streamlining of operations.

On 20 August 2019, DMFI announced the closure and sale of facilities in four locations. The facilities include those in Sleepy Eye, Minnesota and Mendota, Illinois, which will cease production at the end of the current peak season. The company will also divest from its facilities in Cambria, Wisconsin and from its manufacturing assets in Crystal City, Texas. Most of the production in these locations will be transferred to other facilities within the US. The company looks to fully utilise the capacity of its existing plants after the restructuring.

"The restructuring is a necessary step for us to remain competitive in a rapidly changing marketplace," said DMPL Managing Director and Chief Executive Officer Joselito D Campos, Jr. "Our asset-light strategy will lead to more efficient and lower cost operations," he added. The facilities are part of Del Monte Foods' 10 plants in the US. It also has two plants in Mexico.

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 branded Del Monte sales and maintain its positive EBITDA.

The Nice Fruit frozen pineapple plant is in operation, with shipments to the USA, Japan, China and South Korea. We expect Nice Fruit frozen pineapple to be a growth engine for us across all major geographies particularly US and China.

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 FY2020 on a recurring basis (without one-off items).

REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

AMERICAS

For the three months ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	87,423	130,091	(32.8)	21,836	15,129	44.3	5,758	(8,965)	164.2
Packaged fruit	107,299	128,129	(16.3)	21,799	20,969	4.0	(124)	(2,311)	94.6
Beverage	2,772	4,960	(44.1)	681	404	68.6	(232)	(724)	68.0
Culinary	42,464	42,158	0.7	7,396	5,575	32.7	(805)	(2,174)	63.0
Others	235	961	(75.5)	(303)	238	(227.3)	(2,225)	108	nm
Total	240,193	306,299	(21.6)	51,409	42,315	21.5	2,372	(14,066)	116.9

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 21.6% to US\$240.2 million driven by the Sager Creek divestiture and lower sales from private label and USDA. The decline in sales was in line with DMFI's strategy to deprioritise non-profitable businesses, including private label. Stripping out Sager Creek's sales, Americas sales would have been lower by 15.1%.

DMFI has fast-tracked its innovation pipeline. In synch with trends for health, snacking and convenience, it launched innovative products in the growing refrigerated produce and frozen categories. Del Monte continues to diversify beyond the canned goods aisle which is a declining category. Please refer to page 4 for more details.

Gross profit was higher this quarter as a result of price increase and the divestiture of low-margin Sager Creek business. Also, last year's gross profit was impacted by incremental one-off expenses of US\$8.4 million from the sale of Sager Creek residual inventory and closure of Plymouth plant. Please refer to the last page of this MD&A for a schedule of the one-off expenses.

Americas reported a higher operating income for the quarter of US\$2.4 million versus prior year quarter's operating loss of US\$14.1 million due to factors mentioned above as well as lower brokerage cost and variable selling expenses.

DMFI's first quarter is seasonally its weakest quarter accounting for only 19-21% of full year sales. As such, the first quarter is generally the least profitable quarter for DMFI.

ASIA PACIFIC

For the three months ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	449	609	(26.3)	94	171	(45.0)	87	116	(25.0)
Packaged fruit	22,388	21,294	5.1	5,782	5,794	(0.2)	3,433	2,613	31.4
Beverage	32,328	31,245	3.5	9,360	7,843	19.3	5,595	1,877	198.1
Culinary	26,200	24,816	5.6	10,109	9,788	3.3	6,843	5,756	18.9
Others	48,245	42,612	13.2	15,436	12,969	19.0	3,649	7,434	(50.9)
Total	129,610	120,576	7.5	40,781	36,565	11.5	19,607	17,796	10.2

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 fourth quarter increased by 7.5% to US\$129.6 million from US\$120.6 million mainly due to increase in exports of fresh pineapples as well as increase in sales from the Philippine market as the Group continued to fix the distribution transition issues in General Trade.

Sales in the Philippines domestic market were up in both peso and US dollar terms by 2.2% and 4.1%, respectively, mainly due to peso appreciation, price increases and lower direct promotion spending.

EUROPE

For the three months ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	-	-	-	-	-	-	-	-	-
Packaged fruit	3,789	6,294	(39.8)	(396)	1,252	(131.6)	(842)	671	(225.5)
Beverage	2,266	4,060	(44.2)	(646)	(2,106)	69.3	(870)	(2,378)	63.4
Culinary	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	6,055	10,354	(41.5)	(1,042)	(854)	(22.0)	(1,712)	(1,707)	(0.3)

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

For the first quarter, Europe's sales declined by 41.5% to US\$6.1 million from US\$10.4 million mainly on lower sales from all categories. Gross profit and operating profit decreased by 22.0% and 0.30%, respectively, driven by significantly lower PJC pricing.

REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

% of Turnover	For the three months ended 31 July		
	FY2020	FY2019	Explanatory Notes
Cost of Goods Sold	75.7	82.2	Due to lower delivered cost per unit primarily from divestiture of low margin businesses as well as lower overall variable cost and fixed manufacturing cost versus last year
Distribution and Selling Expenses	10.4	9.7	Mainly due to higher freight cost from increased line haul rates as well as higher warehousing cost
G&A Expenses	8.0	8.2	Mainly due to lower personnel and medical costs
Other Operating Expenses (Income)	0.4	(0.5)	Mainly due to loss on properties disposed of from plant closures

REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

In US\$'000	For the three months ended 31 July			
	FY2020	FY2019	%	Explanatory Notes
Depreciation and amortisation	(35,082)	(31,824)	(10.2)	Mainly from adoption of new standards (IFRS 16)
Reversal/ (Provision) of asset impairment	16	25	(36.0)	This is mainly from write off of closed fields for replanting which was lower this quarter
Reversal/ (Provision) for inventory obsolescence	(586)	159	(468.6)	Due to unrealised demand resulting to higher obsolescence for the quarter
Provision for doubtful debts	(55)	(12)	(358)	Higher debt reversal last quarter which offset provision for debts
Net gain/(loss) on disposal of fixed assets	(1,588)	(1,886)	15.8	Driven by lower losses on assets sold in relation to plant closures
Foreign exchange gain/(loss)- net	3,463	1,763	96.4	Mainly from appreciation of the Philippine peso
Interest income	259	16,110	(98.4)	Recognised gain on second lien loan buyout last year, none this year
Interest expense	(25,020)	(23,026)	(8.7)	Mainly from additional loans obtained during the quarter
Share in net loss of JV	(383)	(83)	(361.4)	Due to higher losses of JV companies during the quarter
Taxation	(38,717)	2,851	(1,458.0)	Payment of final taxes on intercompany dividends

REVIEW OF GROUP ASSETS AND LIABILITIES

Balance Sheet	31 July 2019	30 April 2019	1Q Variance %	Explanatory Notes
In US\$'000				
ASSETS				
Property, plant and equipment - net	573,003	582,033	(1.6)	<i>nm</i>
Right-of-use assets	256,233	-	<i>nm</i>	Change in accounting policy (IFRS 16)
Investment in joint ventures	23,829	24,212	(1.6)	<i>nm</i>
Intangible assets and goodwill	706,335	707,997	(0.2)	<i>nm</i>
Other noncurrent assets	29,391	39,096	(24.8)	Reposition of deferred rent as part of Right of Use Asset due to IFRS 16 change
Deferred tax assets - net	113,937	106,321	7.2	<i>nm</i>
Pension assets	8,042	8,240	(2.4)	<i>nm</i>
Biological assets	1,795	1,682	6.7	<i>nm</i>
Inventories	782,549	664,922	17.7	Inventories starting to build up due to pack season in the US in preparation for the peak in 2Q
Biological assets	53,466	52,320	2.2	<i>nm</i>
Trade and other receivables	140,548	149,054	(5.7)	<i>nm</i>
Prepaid expenses and other current assets	56,829	36,716	54.8	Mainly from higher prepaid trade deals, parts and supplies from DMFI as well as short-term warehouse rentals from DMFI
Cash and cash equivalents	27,198	21,636	25.7	Increase in borrowings during the quarter
Noncurrent assets held for sale	4,750	4,465	6.4	<i>nm</i>
EQUITY				
Share capital	49,449	49,449	-	<i>nm</i>
Share premium	478,339	478,339	-	<i>nm</i>
Retained earnings	63,457	96,074	(33.9)	First quarter loss and dividend payment
Reserves	(67,275)	(65,827)	2.2	<i>nm</i>
Non-controlling interest	40,626	43,106	(5.8)	Share in DMFI losses
LIABILITIES				
Loans and borrowings	1,585,903	1,478,655	7.3	<i>nm</i>
Lease liabilities	224,294	-	<i>nm</i>	Change in accounting policy (IFRS 16)
Other noncurrent liabilities	22,442	30,015	(25.2)	Lease liabilities are presented separately due to adoption of IFRS 16
Employee benefits	98,024	91,421	7.2	<i>nm</i>
Environmental remediation liabilities	705	697	1.1	<i>nm</i>
Deferred tax liabilities - net	8,463	6,404	32.2	Mainly from deferred tax set up for undistributed 1Q earnings
Trade and other current liabilities	267,626	188,669	41.8	Mainly due to increase in trade payables and overdrafts to build up inventories in time for the pack season
Current tax liabilities	5,852	1,692	245.9	This is mainly from timing difference, unpaid taxes for FY2019

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 July 2019 and 2018. Share capital is at US\$49.5 million as of 31 July 2019 and 2018. 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 July 2019 and 2018. There was no sale, disposal and cancellation of treasury shares during the quarter and as at 31 July 2019.

In April 2019, the parent Company converted its advances to wholly owned subsidiaries Del Monte Pacific Resources Limited (DMPRL) and DMPL India, Pte Ltd (DMPLI) in the amounts of US\$167.6 million and US\$70.1 million, respectively into additional paid in capital. The conversion was approved by the Board of directors on 30 April 2019.

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	31 July 2019	31 July 2018	30 April 2019
Gross borrowings	(1,585,903)	(1,531,381)	(1,478,655)
Current	(598,444)	(644,212)	(492,740)
Secured	(146,378)	(149,558)	(138,870)
Unsecured	(452,066)	(494,654)	(353,870)
Non-current	(987,459)	(887,169)	(985,915)
Secured	(876,218)	(887,169)	(874,674)
Unsecured	(111,241)	0	(111,241)
Less: Cash and bank balances	27,198	33,296	21,636
Net debt	(1,558,705)	(1,498,085)	(1,457,019)

The Group's net debt (cash and bank balances less borrowings) amounted to US\$1.6 billion as at 31 July 2019, higher than last year due to additional borrowings made during the quarter for payment of dividend taxes as well as for general use purposes.

DIVIDENDS

No dividends were declared for this quarter and the prior year quarter. The Group does not declare dividends based on first quarter, third quarter or nine months results. The last dividend declaration was in June 2019, based on FY2019 results, and paid on 19 July 2019.

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	Aggregate value of all IPTs (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	FY2020	FY2019	FY2020	FY2019
For the first quarter of the fiscal year				
NutriAsia, Inc	-	-	169	272
DMPI Retirement Fund	-	-	468	396
NutriAsia, Inc Retirement Fund	-	-	246	167
Aggregate Value	-	-	883	835

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENT

Amounts in US\$'000	For the three months ended		
	31 July		
	FY2020	FY2019	%
	(Unaudited)	(Unaudited)	
Turnover	375,858	437,229	(14.0)
Cost of sales	(284,710)	(359,203)	20.7
Gross profit	91,148	78,026	16.8
Distribution and selling expenses	(39,068)	(42,548)	8.2
General and administration expenses	(30,212)	(35,644)	15.2
Other operating income/(loss)	(1,601)	2,189	(173.1)
Profit from operations	20,267	2,023	901.8
Financial income*	3,937	17,910	(78.0)
Financial expense*	(25,235)	(23,063)	(9.4)
Share in net loss of joint venture	(383)	(83)	(361.4)
Profit/(loss) before taxation	(1,414)	(3,213)	56.0
Taxation	(38,717)	2,851	nm
Profit/(loss) after taxation	(40,131)	(362)	nm
Profit(loss) attributable to:			
Owners of the Company	(38,261)	3,022	nm
Non-controlling interest**	(1,870)	(3,384)	44.7
Profit/(loss) for the period	(40,131)	(362)	nm
Notes:			
Depreciation and amortisation	(35,082)	(31,824)	(10.2)
Reversal (Provision) of asset impairment	16	25	nm
Reversal of (provision for) inventory obsolescence	(586)	159	(468.6)
Provision for doubtful debts	(55)	(12)	(358.3)
Gain (loss) on disposal of fixed assets	(1,588)	(1,886)	15.8
*Financial income comprise:			
Interest income	259	16,110	(98.4)
Foreign exchange gain	3,678	1,800	104.3
	3,937	17,910	(78.0)
*Financial expense comprise:			
Interest expense	(25,020)	(23,026)	(8.7)
Foreign exchange loss	(215)	(37)	(481.1)
	(25,235)	(23,063)	(9.4)

nm – not meaningful

Earnings per ordinary share in US cents	For the three months ended	
	31 July	
	FY2020	FY2019
Earnings per ordinary share based on net profit attributable to shareholders:		
(i) Based on weighted average no. of ordinary shares	(2.22)	(0.10)
(ii) On a fully diluted basis	(2.22)	(0.10)

**Includes (US\$1,857) for DMFI and (US\$13) for FieldFresh in the first quarter ended 31 July of FY2020 and (US\$3,390) for DMFI and US\$7 for FieldFresh in the first quarter of FY2019.

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

Amounts in US\$'000	For the three months ended 30 July		
	FY2020 (Unaudited)	FY2019 (Unaudited)	%
Profit /(Loss) for the period	(40,131)	(362)	(10,985.9)
Other comprehensive income (after reclassification adjustment):			
Items that will or may be reclassified subsequently to profit or loss			
Exchange differences on translating of foreign operations	1,613	(10,258)	115.7
Effective portion of changes in fair value of cash flow hedges	(1,355)	1,249	(208.5)
Income tax expense on cash flow hedge	332	(306)	208.5
	<u>590</u>	<u>(9,315)</u>	106.3
Items that will not be classified to profit or loss			
Remeasurement of retirement benefit	(6,565)	2,989	(319.6)
Income tax expense on retirement benefit	3,917	(516)	859.1
	<u>(2,648)</u>	<u>2,473</u>	(207.1)
Other comprehensive loss for the period	(2,058)	(6,842)	69.9
Total comprehensive income/(loss) for the period	(42,189)	(7,204)	(485.6)
Attributable to:			
Owners of the Company	(39,709)	(4,068)	(876.1)
Non-controlling interests	(2,480)	(3,136)	20.9
Total comprehensive income /(loss)for the period	(42,189)	(7,204)	(485.6)

nm – not meaningful

Please refer to page 3 for the Notes

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

Amounts in US\$'000	Group			Company		
	31 July 2019 (Unaudited)	31 July 2018 (Unaudited)	30 April 2019 (Audited)	31 July 2019 (Unaudited)	31 July 2018 (Unaudited)	30 April 2019 (Audited)
Non-Current Assets						
Property, plant and equipment - net	573,003	597,855	582,033	-	-	-
Right-of-use assets	256,233	-	-	-	-	-
Investment in subsidiaries	-	-	-	630,182	705,799	830,855
Investment in joint ventures	23,829	25,112	24,212	635	1,407	766
Intangible assets and goodwill	706,335	712,985	707,997	-	-	-
Other noncurrent assets	29,391	41,761	39,096	-	-	-
Deferred tax assets - net	113,937	85,222	106,321	33	6	27
Pension assets	8,042	10,682	8,240	-	-	-
Biological assets	1,795	1,582	1,682	-	-	-
Amount due from related company	-	-	-	208,312	177,140	202,471
	1,712,565	1,475,199	1,469,581	839,162	884,352	1,034,119
Current Assets						
Inventories	782,549	795,228	664,922	-	-	-
Biological assets	53,466	43,424	52,320	-	-	-
Trade and other receivables	140,548	168,124	149,054	100,656	168,250	3,187
Prepaid expenses and other current assets	56,829	36,074	36,716	187	146	192
Cash and cash equivalents	27,198	33,296	21,636	1,231	906	886
	1,060,590	1,076,146	924,648	102,074	169,302	4,265
Noncurrent assets held for sale	4,750	3,958	4,465	-	-	-
	1,065,340	1,080,104	929,113	102,074	169,302	4,265
Total Assets	2,777,905	2,555,303	2,398,694	941,236	1,053,654	1,038,384
Equity attributable to equity holders of the Company						
Share capital	49,449	49,449	49,449	49,449	49,449	49,449
Share premium	478,339	478,339	478,339	478,478	478,478	478,478
Retained earnings	63,457	98,527	96,074	63,457	98,527	96,074
Reserves	(67,275)	(71,084)	(65,827)	(67,275)	(72,128)	(65,827)
Equity attributable to owners of the Company	523,970	555,231	558,035	524,109	554,326	558,174
Non-controlling interest	40,626	46,117	43,106	-	-	-
Total Equity	564,596	601,348	601,141	524,109	554,326	558,174
Non-Current Liabilities						
Loans and borrowings	987,459	887,169	985,915	241,060	129,639	241,015
Lease liabilities	188,483	-	-	-	-	-
Other noncurrent liabilities	22,442	33,262	30,015	-	-	148
Employee benefits	70,359	71,741	63,781	167	-	-
Environmental remediation liabilities	705	152	697	-	-	-
Deferred tax liabilities - net	8,463	8,539	6,404	-	-	-
	1,277,911	1,000,863	1,086,812	241,227	129,639	241,163
Current Liabilities						
Trade and other current liabilities	267,626	267,215	188,669	40,830	141,319	103,977
Loans and borrowings	598,444	644,212	492,740	135,070	228,368	135,070
Lease liabilities	35,811	-	-	-	-	-
Current tax liabilities	5,852	2,729	1,692	-	-	-
Employee benefits	27,665	38,936	27,640	-	2	-
	935,398	953,092	710,741	175,900	369,689	239,047
Total Liabilities	2,213,309	1,953,955	1,797,553	417,127	499,328	480,210
Total Equity and Liabilities	2,777,905	2,555,303	2,398,694	941,236	1,053,654	1,038,384
NAV per ordinary share (US cents)	27.50	29.39	29.38	25.42	26.97	27.17
NTAV per ordinary share (US cents)	(8.83)	(7.29)	(7.04)	25.42	26.97	27.17

DEL MONTE PACIFIC LIMITED

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

Amounts in US\$'000	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non- controlling interest	Total equity
Group												
Fiscal Year 2020												
At 1 May 2019	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,035	43,106	601,141
Change in accounting policy	-	-	-	-	-	-	-	-	15,756	15,756	-	15,756
At 1 May 2019, as restated	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	111,830	573,791	43,106	616,897
Total comprehensive income for the period												
Loss for the year	-	-	-	-	-	-	-	-	(38,261)	(38,261)	(1,870)	(40,131)
Other comprehensive income												
Currency translation differences recognised directly in equity	-	-	1,611	-	-	-	-	-	-	1,611	2	1,613
Remeasurement of retirement plan, net of tax	-	-	-	-	(2,144)	-	-	-	-	(2,144)	(504)	(2,648)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(915)	-	-	-	(915)	(108)	(1,023)
Total other comprehensive income	-	-	1,611	-	(2,144)	(915)	-	-	-	(1,448)	(610)	(2,058)
Total comprehensive (loss)/income for the period	-	-	1,611	-	(2,144)	(915)	-	-	(38,261)	(39,709)	(2,480)	(42,189)
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Value of employee services received for issue of share options	-	-	-	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Release of share awards	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	(10,112)	(10,112)	-	(10,112)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(10,112)	(10,112)	-	(10,112)
At 31 July 2019	49,449	478,339	(91,764)	10,885	15,504	(3,367)	1,753	(286)	63,457	523,970	40,626	564,596

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

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non-controlling interest	Total equity
Group												
Fiscal Year 2019												
At 1 May 2018	49,449	478,323	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,195	49,065	608,260
Total comprehensive income for the period												
Loss for the year	-	-	-	-	-	-	-	-	3,022	3,022	(3,384)	(362)
Other comprehensive income												
Currency translation differences recognised directly in equity	-	-	(10,238)	-	-	-	-	-	-	(10,238)	(20)	(10,258)
Remeasurement of retirement plan, net of tax	-	-	-	-	2,305	-	-	-	-	2,305	168	2,473
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	843	-	-	-	843	100	943
Total other comprehensive income	-	-	(10,238)	-	2,305	843	-	-	-	(7,090)	248	(6,842)
Total comprehensive (loss)/income for the period	-	-	(10,238)	-	2,305	843	-	-	3,022	(4,068)	(3,136)	(7,204)
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Value of employee services received for issue of share options	-	-	-	-	-	-	88	-	-	88	188	276
Share options exercised	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	16	-	-	-	-	-	-	-	16	-	16
Release of share awards	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	16	-	-	-	-	88	-	-	104	188	292
At 31 July 2018	49,449	478,339	(101,753)	10,885	20,530	(1,921)	1,461	(286)	98,527	555,231	46,117	601,348

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

<i>Amounts in US\$'000</i>					Remeasure- ment of					
	Share capital	Share premium	Translation reserve	Revaluation reserve	retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Total equity
Company										
Fiscal Year 2020										
At 1 May 2019	49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,174
Change in accounting policy	-	-	-	-	-	-	-	-	15,756	15,756
At 1 May 2019, as restated	49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	111,830	573,930
Total comprehensive income for the period										
Loss for the year	-	-	-	-	-	-	-	-	(38,261)	(38,261)
Other comprehensive income										
Currency translation differences recognised directly in equity	-	-	1,611	-	-	-	-	-	-	1,611
Remeasurement of retirement plan, net of tax	-	-	-	-	(2,144)	-	-	-	-	(2,144)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(915)	-	-	-	(915)
Total other comprehensive income	-	-	1,611	-	(2,144)	(915)	-	-	-	(1,448)
Total comprehensive (loss)/income for the period	-	-	1,611	-	(2,144)	(915)	-	-	(38,261)	(39,709)
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Value of employee services received for issue of share options	-	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	-	-	-	-	-	-	-	-	-
Release of share awards	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	(10,112)	(10,112)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(10,112)	(10,112)
At 31 July 2019	49,449	478,478	(91,764)	10,885	15,504	(3,367)	1,753	(286)	63,457	524,109

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

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Total equity
Company										
Fiscal Year 2019										
At 1 May 2018	49,449	478,462	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,334
Total comprehensive income for the period										
Loss for the year	-	-	-	-	-	-	-	-	3,022	3,022
Other comprehensive income										
Currency translation differences recognised directly in equity	-	-	(10,346)	-	-	-	-	-	-	(10,346)
Remeasurement of retirement plan, net of tax	-	-	-	-	1,369	-	-	-	-	1,369
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	843	-	-	-	843
Total other comprehensive income	-	-	(10,346)	-	1,369	843	-	-	-	(8,134)
Total comprehensive (loss)/income for the period	-	-	(10,346)	-	1,369	843	-	-	3,022	(5,112)
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Value of employee services received for issue of share options	-	-	-	-	-	-	88	-	-	88
Share options exercised	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	16	-	-	-	-	-	-	-	16
Release of share awards	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	16	-	-	-	-	88	-	-	104
At 31 July 2018	49,449	478,478	(101,861)	10,885	19,594	(1,921)	1,461	(286)	98,527	554,326

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in US\$'000	For the three months ended	
	31 July	
	FY2020	FY2019
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit (loss) for the period	(40,131)	(362)
Adjustments for:		
Depreciation of property, plant and equipment	33,419	30,158
Amortisation of intangible assets	1,663	1,666
Impairment loss on property, plant and equipment	(16)	(25)
Gain/(loss) on disposal of property, plant and equipment	1,588	1,886
Equity-settled share-based payment transactions	-	276
Share in net loss of joint venture	383	83
Finance income	(3,937)	(17,910)
Finance expense	25,235	23,063
Tax expense - current	43,313	(4,532)
Tax credit - deferred	(4,596)	1,681
Net loss (gain) on derivative financial instrument	421	(9,261)
Operating profit before working capital changes	57,342	26,723
Changes in:		
Other assets	(14,370)	(3,513)
Inventories	(113,458)	(33,469)
Biological assets	50	(2,586)
Trade and other receivables	28,244	(910)
Prepaid and other current assets	(18,680)	(4,946)
Trade and other payables	58,021	(19,040)
Employee Benefit	3,819	3,636
Operating cash flow	968	(34,105)
Income taxes paid	(39,771)	-
Net cash flows from operating activities	(38,803)	(34,105)
Cash flows from investing activities		
Interest received	153	138
Proceeds from disposal of property, plant and equipment	301	2,337
Purchase of property, plant and equipment	(24,321)	(28,337)
Net cash flows used in investing activities	(23,867)	(25,862)
Cash flows from financing activities		
Interest paid	(21,268)	(21,788)
Proceeds of borrowings	118,242	282,411
Repayment of borrowings	(18,898)	(201,011)
Dividends paid	(10,112)	-
Transactions costs related to issuance of preference shares	-	16
Net cash flows from financing activities	67,964	59,628
Net decrease in cash and cash equivalents	5,294	(339)
Cash and cash equivalents at 1 May	21,636	24,249
Effect of exchange rate fluctuations on cash held in foreign currency	268	9,386
Cash and cash equivalents at 30 April	27,198	33,296

IMPACT OF CHANGE IN ACCOUNTING POLICY

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as at 1 May 2019 (see Statement of Changes in Stockholder's Equity). Accordingly, the comparative information presented for fiscal year 2019 has not been restated. In relation to those leases under IFRS 16, the Group recognized depreciation and interest costs, instead of operating lease expense.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risk and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases, except for some short-term and low-value assets.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 May 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application (the Group applied this approach for leases under DMPI); or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (the Group applied this approach for leases under DMFI).

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 May 2019 were determined at the carrying amount of lease asset and lease liability under IAS 17 immediately before that date. The Group has no finance leases under IAS 17.

Right-of-use assets and lease liabilities are presented separately in the consolidated statement of financial position.

The impact of adoption of IFRS 16 as at 1 May 2019 is as follows:

Consolidated Statement of Financial Position

<i>Amounts in US\$'000</i>	1 May 2019
ASSETS	
Prepaid expenses and other current assets ¹	(1,829)
Right-of-use assets-net	266,554
Deferred tax assets	(303)
Other noncurrent assets ¹	(23,896)
	240,526
LIABILITIES AND EQUITY	
Lease liability - current portion	30,173
Lease liability - noncurrent portion	200,817
Other noncurrent liabilities ¹	(6,220)
Total Liabilities	224,770
Retained earnings	15,756
Total Equity	15,756
	240,526

¹ The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied (DMPI). Other right-of use assets were measured at the amount equal to the lease liability (DMFI). The

right-of-use assets were adjusted by the amount of any prepaid rent expense (previously classified under "Prepaid expenses and other current assets"), deferred rent (previously classified under "Other noncurrent assets"), and accrued rent expense (previously classified under "Other noncurrent liabilities") relating to the lease recognised in the balance sheet as at 30 April 2019 resulting to the respective reduction amounting to US\$ 1.8 million, US\$ 23.9 million, and US\$ 6.2 million, respectively, as at 1 May 2019.

ONE-OFF EXPENSES/(INCOME)

Amounts in US\$'000	For the three months ended 31 July		
	FY2020 (Unaudited)	FY2019 (Unaudited)	%
DMFI one-off expenses:			
Closure of Sager Creek Arkansas plant	-	7.4	nm
Partial disposal of Crystal City, Texas assets	1.7	-	nm
Closure of Plymouth plant	-	0.9	nm
Severance	0.4	0.2	(100.0)
Total (pre-tax basis)	2.1	8.5	75.3
Tax impact	(0.5)	(2.0)	(75.0)
Non-controlling interest	(0.2)	(0.7)	(71.4)
Total DMFI one-off expenses (post tax, post NCI basis)	1.4	5.8	75.9
Second Lien Loan Purchase:			
Gain due to the purchase of DMFI's second lien loan at a discount	0.1	(15.9)	(100.6)
Tax impact for the other one-off items	-	3.3	nm
Total one-off gain on second lien loan purchase (post tax basis)	0.1	(12.6)	(100.8)
Intercompany Dividends Tax:			
Final tax paid on intercompany dividends	39.6	-	nm
Deferred tax on undistributed share in profits	1.3	-	nm
Total one-off final taxes on intercompany dividends	40.9	-	nm
Total (post-tax and post non-controlling interest)	42.4	(6.8)	nm



DEL MONTE PACIFIC

1Q FY2020 RESULTS

6 September 2019



NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY. ®



DISCLAIMER

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.

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 presentation or its contents.

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





CONTENTS

- Summary
- 1Q FY2020 Results
- Market Updates
- National Scientist
- Sustainability
- Outlook



NOTES TO THE 1Q FY2020 RESULTS

- First quarter is 1 May to 31 July 2019.
- 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.
- The Group has adopted IFRS 16 from 1 May 2019. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, recognises right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Please refer to page 21 of the MD&A for a discussion of the impact of IFRS 16.





1Q FY2020 HIGHLIGHTS

- Gross margin rose 6.5 pts and recurring EBITDA improved by 42% to US\$38.7m due to pricing, higher fresh pineapple sales and better sales mix
- Recurring operating profit increased by US\$11.9m to US\$22.4m, or 114% over prior year quarter's US\$10.5m
- Net loss incurred due to one-off items but recurring net income of US\$4.1 million, a turnaround from the US\$3.7m net loss in the prior year quarter
- Fresh pineapple sales grew strongly by 28% while the Philippine market reversed last year's decline with sales growing by 4%





OUTLOOK

- Barring unforeseen circumstances, the Group is expected to be profitable in FY2020 on a recurring basis (without one-offs). Certain one-off expenses are expected from streamlining of operations
- 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
 - Shifting to more branded consumer beverage in place of industrial pineapple juice concentrate
 - Introducing more value-added, less commoditised foodservice products
- Improving financial performance through:
 - ✓ Review of manufacturing and distribution footprint in the USA to further improve operational efficiency, reduce costs and increase margins amidst expected cost headwinds including rising metal packaging prices and impact of tariffs imposed by the US
 - ✓ Improving cash flow, strengthening the balance sheet, and reducing leverage and interest expense





DMPL 1Q FY2020 GROUP RESULTS SUMMARY

- Sales of US\$375.9m, -14%

Sales	% Change
US	-22
Philippines	+4 (in peso terms +2)
S&W	+19
FieldFresh India (equity accounted)	+8 (in rupee terms +11)

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

- EBITDA of US\$38.7m, up 42% from US\$27.3m due to higher prices in the USA and Philippines, plus the favourable impact of the divestiture of low-margin Sager Creek vegetable business and reduced low-margin private label sales, thus improving sales mix
- Operating profit of US\$22.4m, up 114% from US\$10.5m
- Net profit of US\$4.1m, a turnaround from the US\$3.7m net loss



DMPL 1Q FY2020 ONE-OFF EXPENSE/(INCOME)

In US\$ m	1Q FY19	1Q FY20	Booked under
Partial disposal of Crystal City, Texas assets	-	1.7	Misc Expense
Closure of Sager Creek, Arkansas plant	7.4	-	CGS
Closure of Plymouth, Indiana plant	0.9	-	G&A/Misc Expense
Severance	0.2	0.4	G&A Expense
Gain due to the purchase of DMFI's 2nd lien loan at a discount to par value	(15.9)	0.1	Interest Income
Total one-off expense/(income) (pre-tax basis)	(7.4)	2.2	
Final tax on intercompany dividends*	-	39.6	Tax
Deferred tax on undistributed share in profits	-	1.3	Tax
Tax impact on other one-offs	1.3	(0.5)	
Non-controlling interest	(0.7)	(0.2)	
Total one-offs (net of tax and NCI)	(6.8)	42.4	

*In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, Del Monte Philippines, Inc (DMPI), declared a dividend to its parent which was taxed at 15%

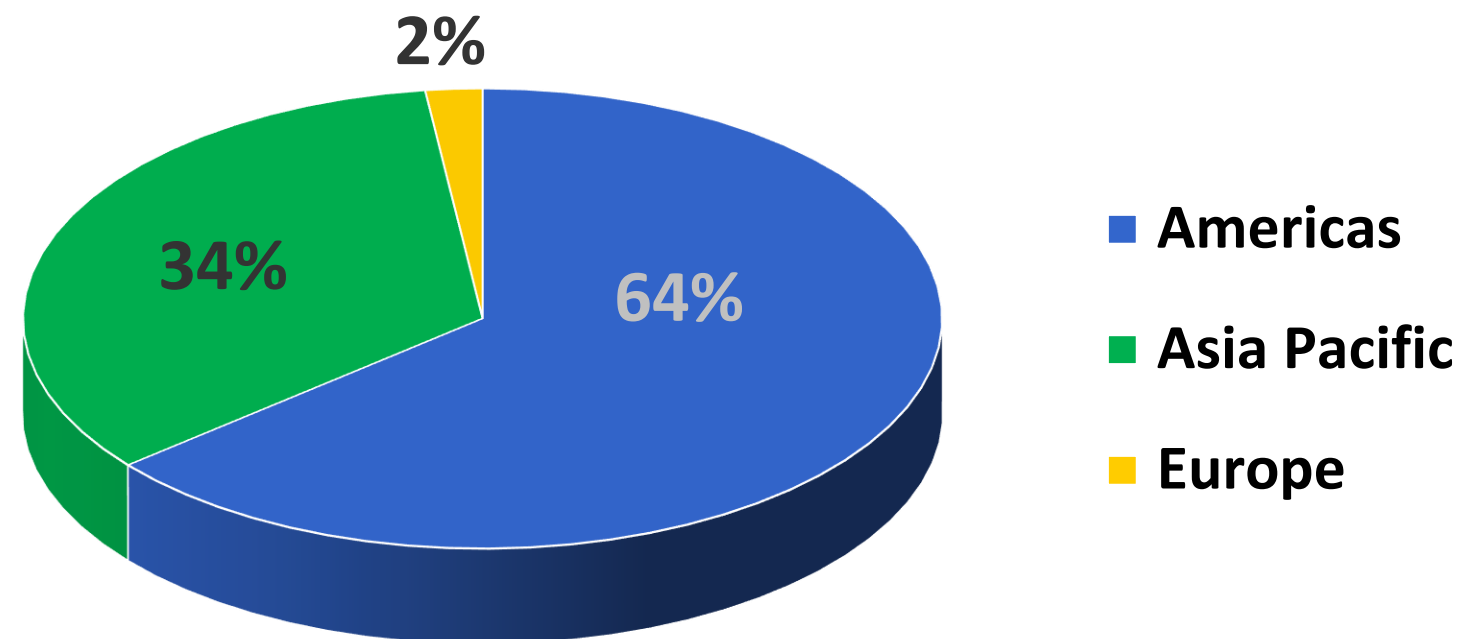


DMPL 1Q FY2020 RESULTS – AS REPORTED

In US\$m	1Q FY2019	1Q FY2020	Chg (%)	Comments
Turnover	437.2	375.9	-14.0	Mainly due to the divested Sager business and lower USA sales partly offset by higher Philippines and S&W Asia
Gross profit	78.0	91.1	+16.8	Price increase in the US and Philippines, divested Sager and reduced private label sales, both of which were low-margin thus improving sales mix
EBITDA	18.8	36.6	+94.4	Last year included an US\$8.5m one-off expenses from the closure of plants in the US
Operating profit	2.0	20.3	+901.8	Same as EBITDA comment
Net finance income/ (expense)	(5.2)	(21.3)	-313.3	Last year included a one-off gain of US\$15.9m from purchase of US\$99.1m of loans in USA at a discount
FieldFresh equity share	0.1	(0.2)	-174.0	Commodity headwinds and higher overheads
Tax benefit/(expense)	2.9	(38.7)	nm	In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, DMPI, declared a dividend to its parent which was taxed at 15% amounting to US\$39.6m
Net profit/(loss)	3.0	(38.3)	nm	Same as above
Net debt	1,498.1	1,558.7	+4.0	Slightly higher due to payment of dividend tax as well as for general use purposes
Gearing (%)	249.1	276.1	+27.0ppts	Same as above



DMPL 1Q FY2020 TURNOVER ANALYSIS



Americas	-21.6%	<ul style="list-style-type: none"> ▪ In line with strategy, divested the low-margin Sager business. Stripping it out, sales would have been down 15% ▪ Lower sales of low-margin private label and USDA
Asia Pacific	+7.5%	<ul style="list-style-type: none"> ▪ Higher Philippines sales on higher General Trade sales, up by 4%, as the Group continued to make progress in improving its distributor business that had impacted results in the prior year. Modern Trade also grew by 7% ▪ Higher S&W sales due to strong sales of fresh pineapple and packaged product
Europe	-41.5%	<ul style="list-style-type: none"> ▪ Lower packaged fruit and beverage sales



Market Updates for 1Q FY2020



USA

27%

Market Share (#1)
Canned Vegetable

25%

Market Share (#1)
Canned Fruit

27%

Market Share (#2)
Fruit Cup Snacks

8%

Market Share (#2)
Canned Tomato

- Maintaining solid share across legacy categories, while expanding into frozen category
- Innovation continues to expand the business into new uses, spaces and occasions
- Business fundamentals remain on solid ground with strong shelving, new innovation and sustained marketing investments
- Continued to pursue 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 xAOC, 3M ending 27 July 2019

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 1Q RESULTS

DMFI's 1Q sales down 22% to US\$241.4m

- Stripping out the Sager Creek business which was divested in September 2017, DMFI sales would have been down 15%
- Reduced sales of low-margin non-branded business
- Lower branded volume as a result of price increase

DMFI gross margin improved by 7.4 pts to 20.3% from 12.9% in prior year quarter



New Products

- Del Monte continued to diversify beyond the canned goods aisle, a declining category
- New innovative products in the growing categories of refrigerated produce and frozen to cater to demand for health and wellness, snacking and convenience
 - *Del Monte Fruit Crunch Parfaits* feature layers of non-dairy coconut crème, crunchy granola with probiotics, and a full serving of fruit
 - For the frozen segment, *Del Monte Veggieful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with a full serving of vegetable in five bites
 - In June, started shipping *Del Monte bubble fruit*, exciting fruit cups with juicy popping boba great for kids' snacks. Del Monte also started shipping new flavours of *Del Monte Fruit & Oats* - *Strawberry Apple* and *Blueberry Apple*, and *Del Monte Fruit & Chia Apple Raspberry Cherry*.



USA - INNOVATION

Del Monte Crunch Parfait



Shelf talk



Retailer Social Post



Demo



Digital / Mobile

Each cup includes:

- ✓ 1 full serving of fruit
- ✓ 2 billion probiotics for digestive health
- ✓ No artificial flavours or preservatives
- ✓ Non-dairy

Del Monte Bubble Fruit



FSI



Digital Display



OLV



TV Endcard



Social – Pinterest, Snapchat

Each cup includes:

- ✓ Real fruit and Boba
- ✓ No artificial flavours or artificial sweeteners

Start Ship: June 2019

USA - INNOVATION

Del Monte Veggieful Bites



Shelf talk



Regional FSI



Freezer door cling



Demo



Each 5-bite serving contains:

- ✓ Veggies made crave-worthy
- ✓ 1 serving of vegetables
- ✓ Baked in a crust made with cauliflower
- ✓ No artificial flavours or preservatives

Contadina Pizzettas



Freezer door cling



Shelf talk



Demo



Regional FSI



Each 5-bite serving contains:

- ✓ Rich Italian flavour
- ✓ Baked crust made with cauliflower
- ✓ 1 serving of vegetables
- ✓ No artificial flavours or preservatives



USA - FOODSERVICE

Fruit & Chia in the Air



- Spirit Airlines, a leisure airline in the US, has added *Del Monte Fruit & Chia* to their menu offerings. *Pears with Blackberry Chia* will soon be available for purchase on all flights

Sodexo Partnership



- A new partnership has been entered into with Sodexo USA, adding over 100 *Del Monte* items to the products they offer their clients
- Sodexo USA provides facilities management and food services to schools, universities, hospitals, senior living communities, venues and other vital industries

Strong Start for *Fruit Crunch Parfaits*



- Initial orders for *Fruit Crunch Parfaits* have been strong for foodservice customers, including Vistar and “broad line” distributors
- Following significant interest at recent Trade Shows, several distributors have placed repeat orders, indicating ongoing business opportunities



FY2020 ASSET-LIGHT STRATEGY

On 20 August 2019, DMPL announced DMFI's divestiture of the following production facilities as part of its asset-light strategy:

- 2 closures: Sleepy Eye, Minnesota, and Mendota, Illinois
Production will cease at the end of the current pack season
- 1 closure/partial asset sale: Crystal City, Texas, manufacturing assets
- 1 sale: Cambria, Wisconsin, to be sold as an operating facility after completion of pack
- Production at these locations will be primarily transitioned to other Del Monte facilities in USA
- Financial impact is expected to be reported in 2Q results





PHILIPPINES

86%

Market Share (#1)
Packaged Pineapple

73%

Market Share (#1)
Canned Mixed Fruit

84%

Market Share (#1)
Canned and Carton Juices

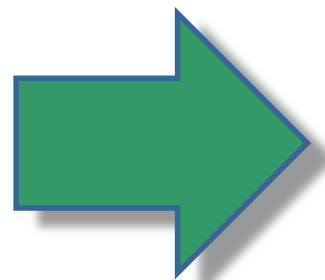
82%

Market Share (#1)
Tomato Sauce

41%

Market Share (#1)
Spaghetti Sauce

- Del Monte is the market leader across several categories
- General Trade and Modern trade are growing: General Trade accounts for about 50% of Philippine sales while Modern trade accounts for about 30%
- 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 June 2019; 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

- Reversing a decline in FY2019, 1Q sales in the Philippines grew by 2% in peso terms and 4% in US dollar terms
- Retail sales grew by 4% in volume and 9% in peso sales value. Non-retail foodservice declined due to a change in a customer's procurement policy
- Price increase and lower direct promotion spend saw a positive contribution of 4.8% to net sales growth, driven by a series of price adjustments across all categories mostly in 2019
- Sales in the General Trade (~50% of Philippines sales) grew by 4% year on year, and by 20% quarter on quarter, as the Group continued to make progress in improving its distributor business that had impacted results in the prior year
- Sales in the Modern Trade (~30% of Philippines sales) increased by 7%



Re-air of the 100% Fruitection TVC campaign highlighting carton value



Seasonal flavour *Mango Peach* in 1-litre carton



PHILIPPINES - FRUITS

Sustain growth momentum in Visayas and Mindanao region in FY2020



Aired starting
June 2019

TV in Visayas and Mindanao



Aired starting
July 2019

TV Nationwide

Translation: Meals made happier



PHILIPPINE MARKET – CULINARY

- ✓ Launch of the new 30-minute Gourmet Made Easy campaign featuring 3 dishes from *Contadina*



- ✓ Launch of *Quick n' Easy*'s new Mommadiskarte Campaign via TVC and relaunch of its Facebook page with almost 500k fans





PHILIPPINE MARKET – CULINARY

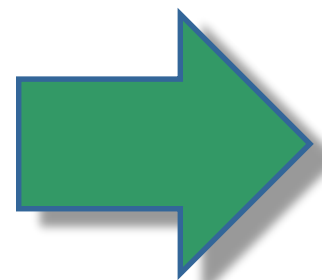
- ✓ *Del Monte Spaghetti Sauce* advertising behind 'Flavours'
- ✓ *Del Monte Tomato Sauce* Weekly consumption packs with recipe suggestions





S&W ASIA

- 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 developing this channel



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





S&W ASIA

- Sales of the S&W branded business in Asia and the Middle East grew strongly by 19% in 1Q
- Mainly driven by higher sales of fresh pineapple in North Asia
- Fresh sales, both branded and non-branded, improved by 28%
- S&W packaged product also delivered higher volume and sales
- The S&W business generated a much higher operating income, up 22% due to higher volume
- Recently launched Frozen *Pineapple Stick* in Family Mart and other convenience stores in China through Xianfeng and Eachtake



Frozen S&W Pineapple Stick sold in China

Continuous brand promotion in NTUC Fairprice Singapore, with S&W Fruit & Chia as the focal range





FIELDFRESH INDIA

- FieldFresh sales were up 11% in Rupee terms in 1Q due to higher *Del Monte* packaged product sales and *FieldFresh*-branded fresh sales
- DMPL's share of loss in 1Q was US\$0.2m, versus prior year quarter's share of profit of US\$0.1m, due to commodity headwinds and higher overheads



Kashmir Ramadan promotion

- Kashmir is a key territory for our *Fruit Drinks* business, contributing more than 50% to traditional trade
- In order to give sales a push during the holy period of Ramadan, we held an exclusive contest in Kashmir
- Buy 1 *Del Monte Fruit Drinks* Tray (pack of 24) and win exciting prizes
- Recorded 108% revenue growth in May-June 2019 over same period last year in Kashmir



NATIONAL SCIENTIST



- In August 2019, DMPL's Independent Director Dr Emil Q Javier has been declared a National Scientist by the President of the Philippines
- The Order of the National Scientist is the highest honour given by the President of the Philippines to a Filipino man or woman of science who has made significant contributions in one of the different fields of science and technology
- Since 1978, the President of the Philippines has conferred the rank and title of National Scientist on only 35 Filipinos, 14 of whom are still living
- Dr Javier is an agronomist with a broad understanding of developing country agriculture
- He was the first and only developing country scientist to chair the Technical Advisory Committee of the prestigious Consultative Group for International Agricultural Research (CGIAR), a global consortium led by the World Bank and the Food and Agriculture Organization of the United Nations



SUSTAINABILITY

- Published DMPL's FY2019 Sustainability Report* which includes:
 - ✓ DMPL's contribution to the 17 UN Sustainable Development Goals (SDGs)
 - ✓ New section on Stakeholder Inclusiveness
- Del Monte Foundation participated in the Zero Extreme Poverty 2030 Movement which aims to uplift Filipino families from poverty
- Del Monte Foods was recognised with a Role Model Award by Produce for Better Health Foundation for the 8th time as part of the Foundation's Fruits & Veggies-More Matters® Programme
- DMPL employees underwent training in Basic Occupational Safety and Health of the Department of Labour and Employment



*<https://www.delmontepacific.com/sustainability/sustainability-report>



OUTLOOK

- Barring unforeseen circumstances, the Group is expected to be profitable in FY2020 on a recurring basis (without one-offs). Certain one-off expenses are expected from streamlining of operations
- 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
 - Shifting to more branded consumer beverage in place of industrial pineapple juice concentrate
 - Introducing more value-added, less commoditised foodservice products
- Improving financial performance through:
 - ✓ Review of manufacturing and distribution footprint in the USA to further improve operational efficiency, reduce costs and increase margins amidst expected cost headwinds including rising metal packaging prices and impact of tariffs imposed by the US
 - ✓ Improving cash flow, strengthening the balance sheet, and reducing leverage and interest expense

