

[Print this page](#)**Miscellaneous**

* Asterisks denote mandatory information

Name of Announcer *	DEL MONTE PACIFIC LIMITED
Company Registration No.	N.A.
Announcement submitted on behalf of	DEL MONTE PACIFIC LIMITED
Announcement is submitted with respect to *	DEL MONTE PACIFIC LIMITED
Announcement is submitted by *	Yvonne Choo
Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

Announcement Title *

DEL MONTE PACIFIC 2Q 2008 RESULTS PRESENTATION

Description

Please see attached.

Attachments [DMPL-PPT-2Q08.pdf](#)Total size = **165K**
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Del Monte Pacific Limited

Second Quarter and First Half 2008 Results

31 July 2008



Agenda

- **Executive Summary**
- **Analysis of 2Q & 1H 2008 Results**
- **Other Updates**
- **Growth Initiatives for 2008**
- **Outlook for 2008**
- **Dividend**



Executive Summary

- 2Q08 sales rose 35% while 1H08 sales surged 41%
- Broad-based growth in Asia Pacific, with biggest driver coming from the Philippines
- Sales of new lifestyle drink, *Fit 'n Right*, exceeded expectations
- Gross margin holding up at 23.6%
- Unfavourable impact of Peso/US\$ movement plus share of loss in affiliate affected net income
- Net income grew by 3% in 2Q, and 10% in 1H
- Declared dividend of US\$0.0080/share or 75% payout



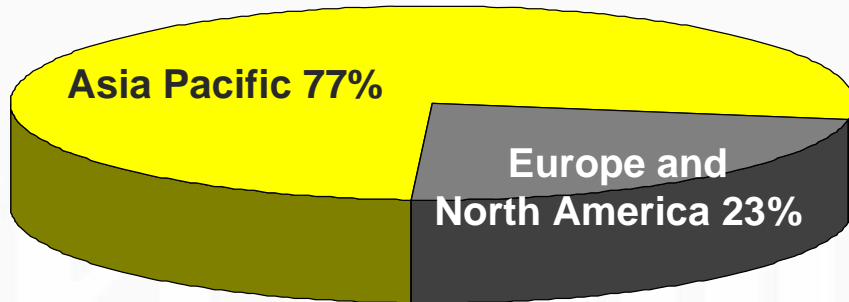
Second Quarter 2008

In US\$m	2Q 2007	2Q 2008	Chg (%)	Comments
Turnover	65.7	88.6	+34.8	Strong Philippines and other Asia Pacific markets
Gross profit	14.9	20.9	+40.5	Higher volume, improved prices, proactive cost management
Operating profit	8.1	10.3	+27.3	Better gross profit, slightly offset by higher A&P, business building costs
Finance inc/(exp) (net)	0.3	(2.4)	n/m	Includes US\$1.8m FX loss
Share of loss	-	(0.8)	n/m	40.1% stake in Bharti Del Monte India
Tax	(3.0)	(1.5)	-50.9	PEZA tax savings
Net Profit	5.4	5.6	+3.1	
Operating Cash Flow	(7.1)	5.3	n/m	Due to expanded business operations, timing of purchases and lower taxes
Net Debt	(10.4)	(54.0)	+420.2	Investment in 40.1% of BDM for US\$24m and S&W for US\$10m
Gearing (%)	5.6	27.8	+396.4	Higher due to the above investments



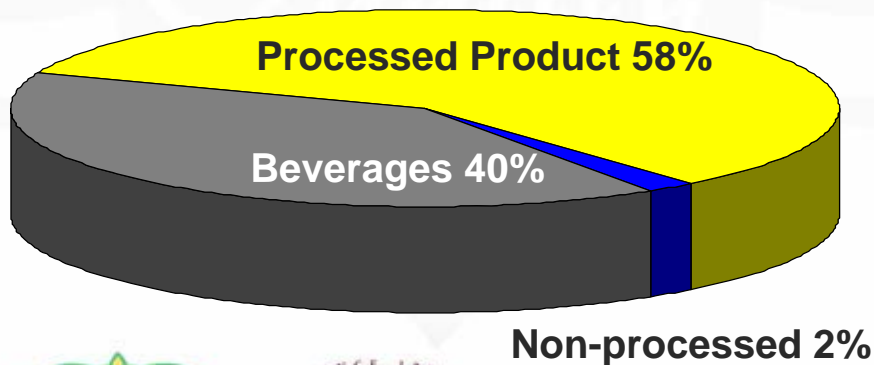
2Q Turnover Analysis

By Market



Asia Pac	+54%	<p>Higher sales in Philippines, esp. <i>Fit 'n Right</i> drink, mixed fruit and tomato-based product</p> <p>Higher concentrate sales from Great Lakes China</p> <p>Higher sales of canned tropical fruits in Asia Pacific</p>
E&NA	-4%	<p>Lower volume of processed pineapple and concentrate to Europe</p>

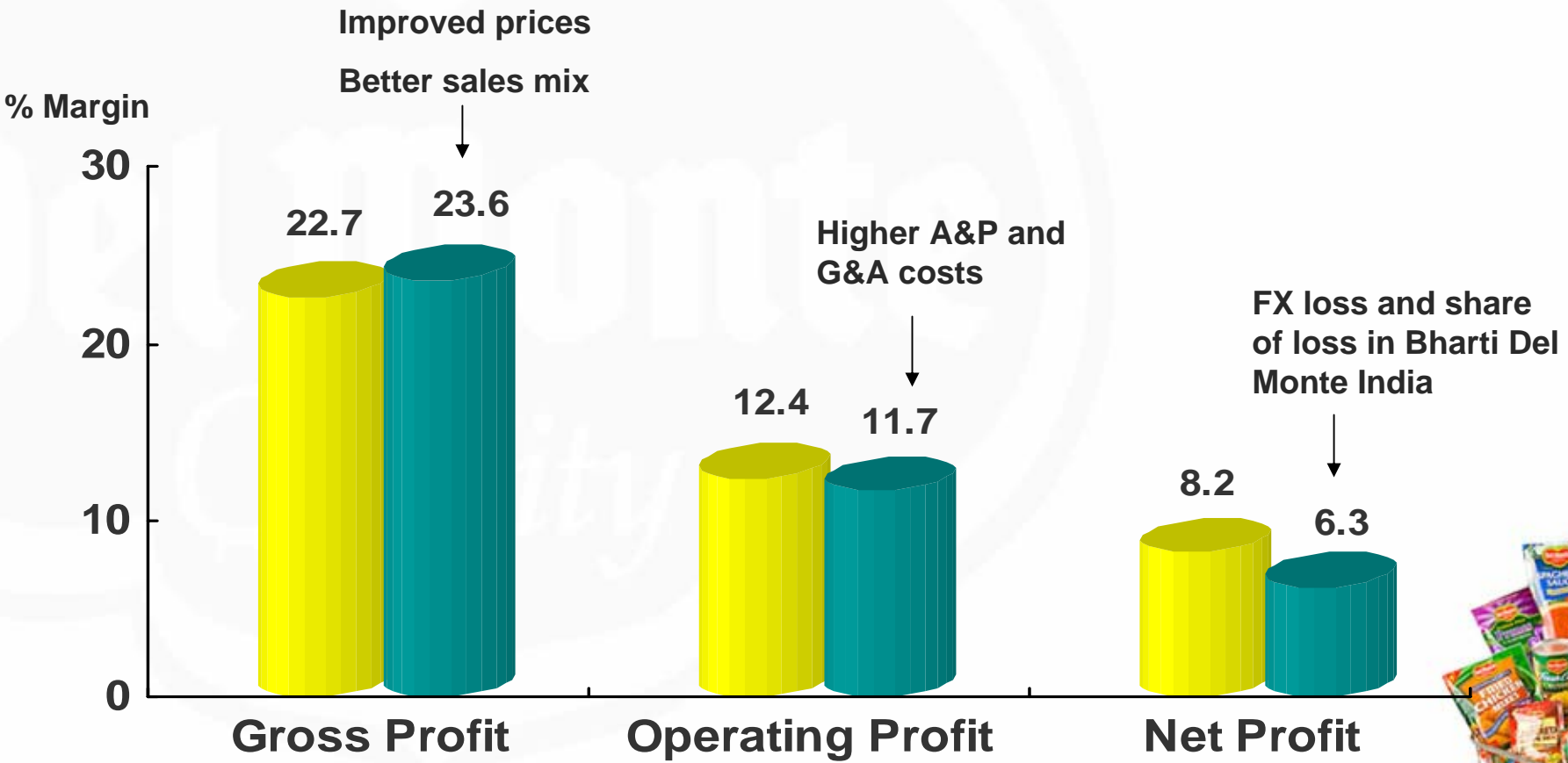
By Product



Processed	+19%	<p>Higher sales of tomato-based products and mixed fruits in Philippines, canned tropical fruits in Asia Pacific and S&W contribution</p>
Beverages	+65%	<p>Philippines higher juice sales due to <i>Fit 'n Right</i>, Great Lakes higher concentrate sales</p>
Non-processed	+94%	<p>Better volume and prices for cattle and fresh pineapples</p>

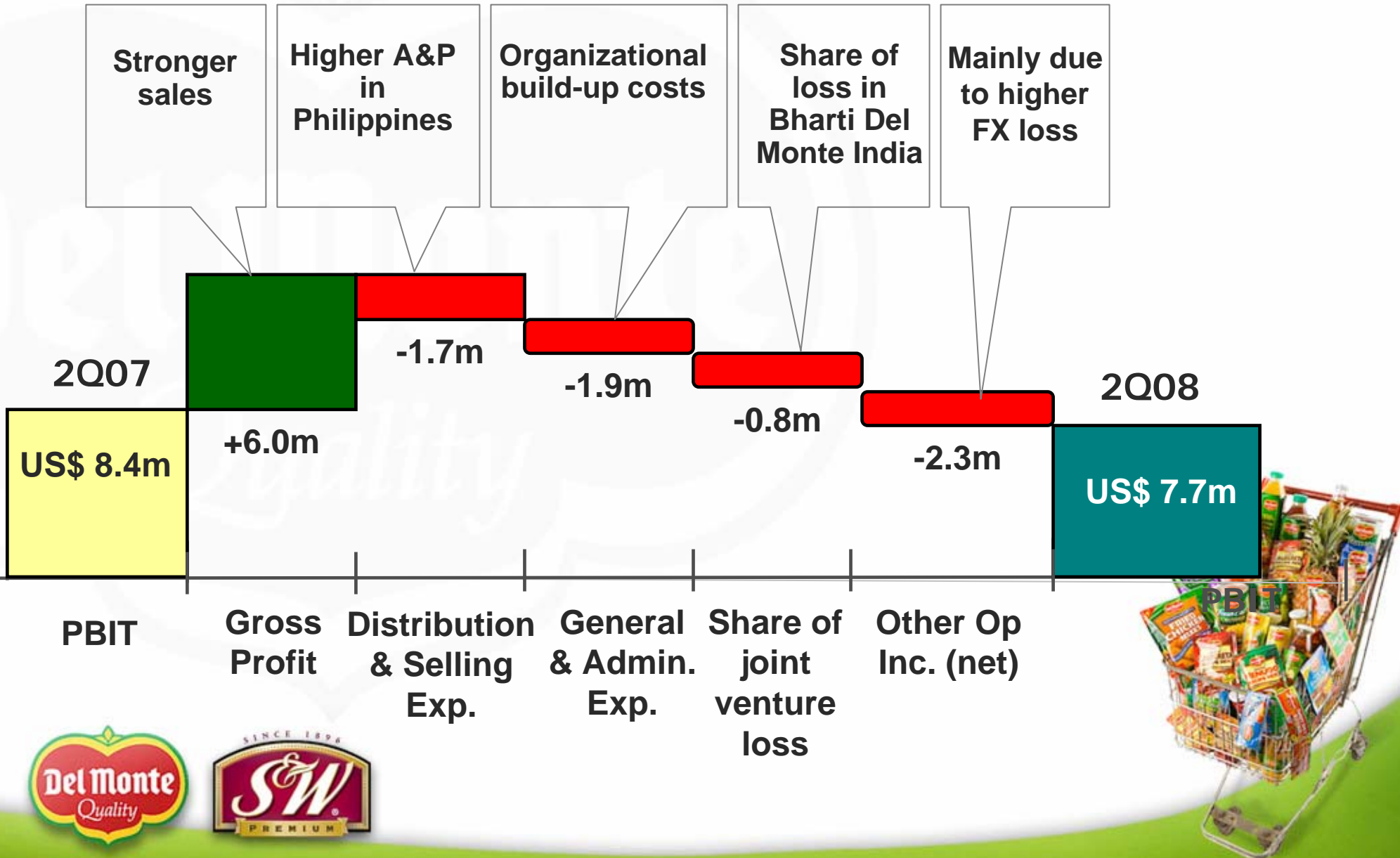


2Q Margins

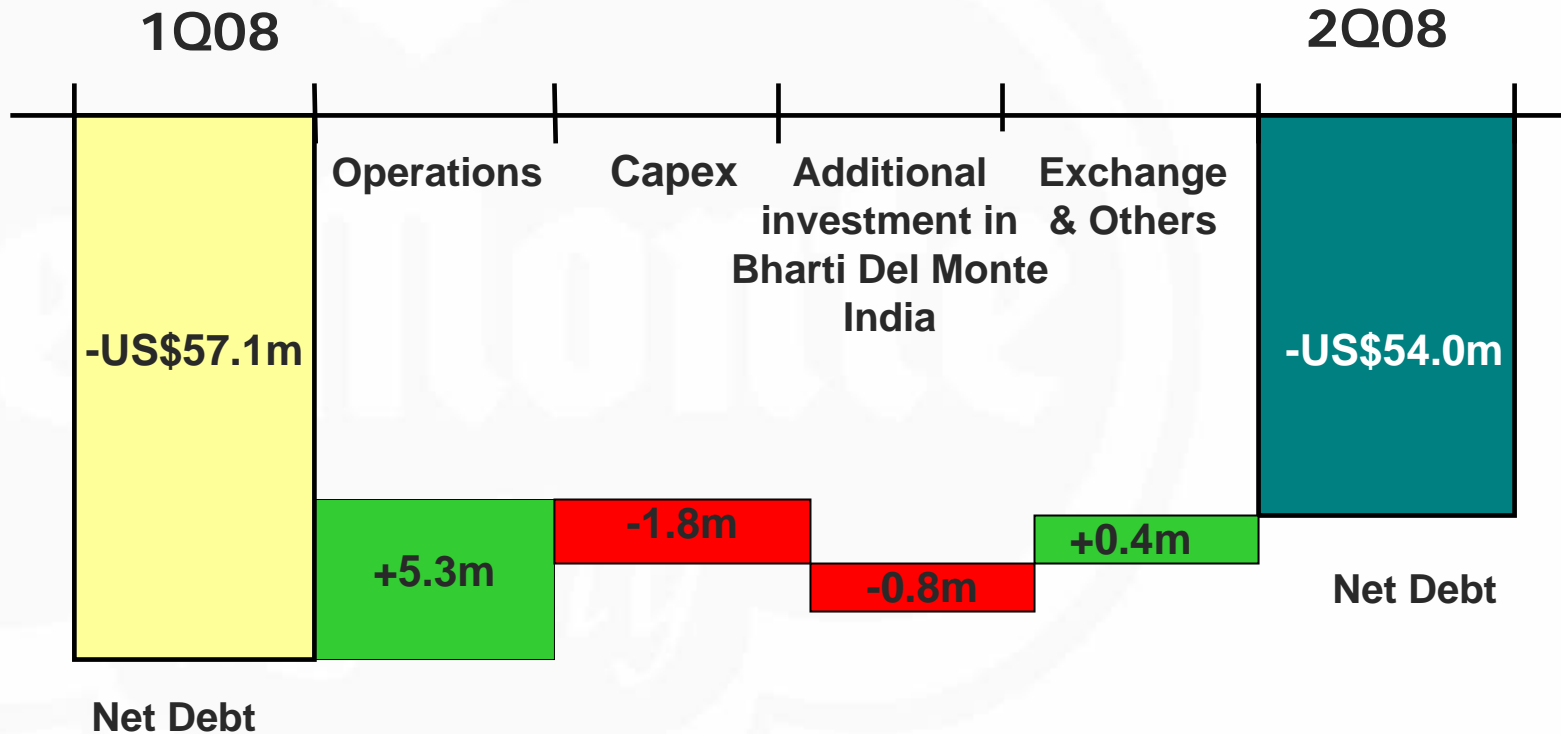


● 2Q07 ● 2Q08

2Q PBIT Variance Analysis



2Q Cash Flow Variance Analysis



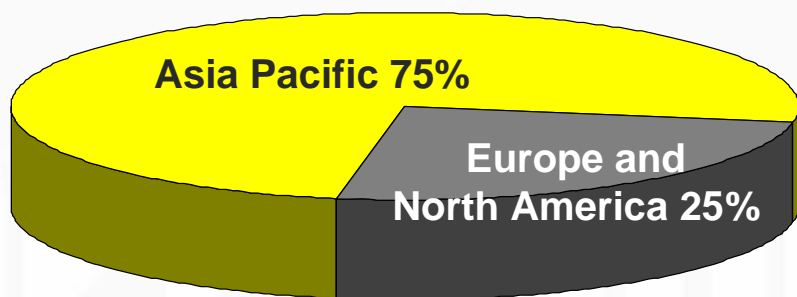
First Half 2008

In US\$m	1H 2007	1H 2008	Chg (%)	Comments
Turnover	113.6	160.3	+41.1	Strong Philippines, other Asia Pacific and North American markets
Gross profit	26.4	36.6	+38.7	Higher volume, improved prices, proactive cost management
Operating profit	14.5	18.0	+24.3	Better gross profit, slightly offset by higher A&P, business building costs
Finance inc/(exp) (net)	0.5	(1.9)	n/m	Includes US\$0.9m FX loss plus lower interest income of US\$0.7m
Share of loss	-	(1.7)	n/m	40.1% stake in Bharti Del Monte India
Tax	(4.5)	(2.8)	-37.0	PEZA tax savings
Net Profit	10.5	11.6	+10.1	
Capex	2.9	2.9	+0.3	No major capex in 1H08



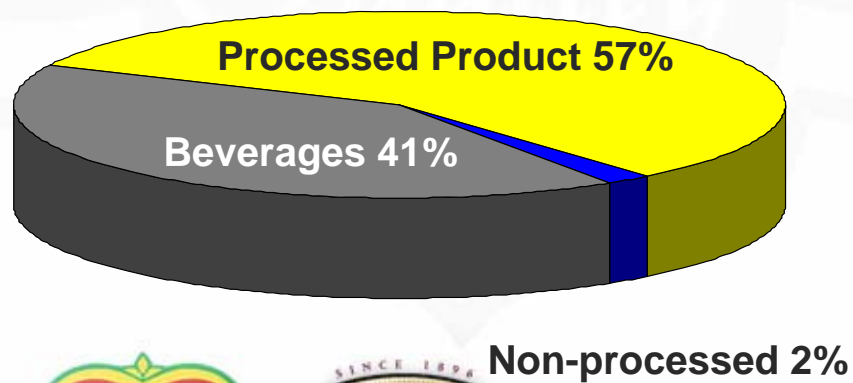
1H Turnover Analysis

By Market



Asia Pac	+51%	Higher sales in Philippines, esp. <i>Fit 'n Right</i> drinks, mixed fruit and tomato-based product Higher concentrate sales in Great Lakes China Higher sales of canned tropical fruits in Asia Pacific
E&NA	+19%	Gains in market share and distribution coverage by major customer in USA

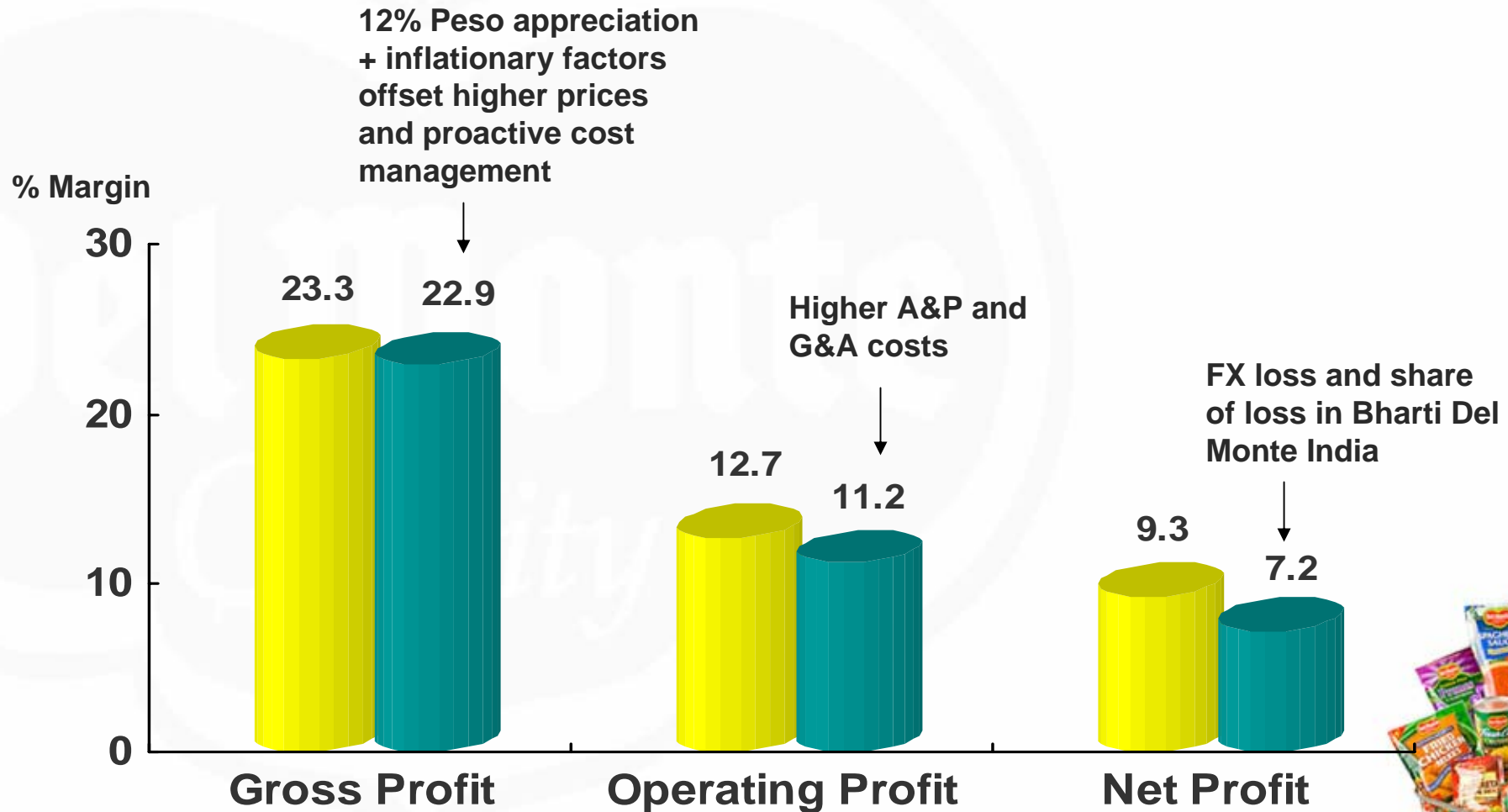
By Product



Processed	+26%	Higher in all categories, plus contribution of S&W
Beverages	+69%	Philippines higher juice sales due to <i>Fit 'n Right</i> ; Great Lakes more than doubled its beverage sales
Non-processed	+31%	Higher fresh pineapples sales



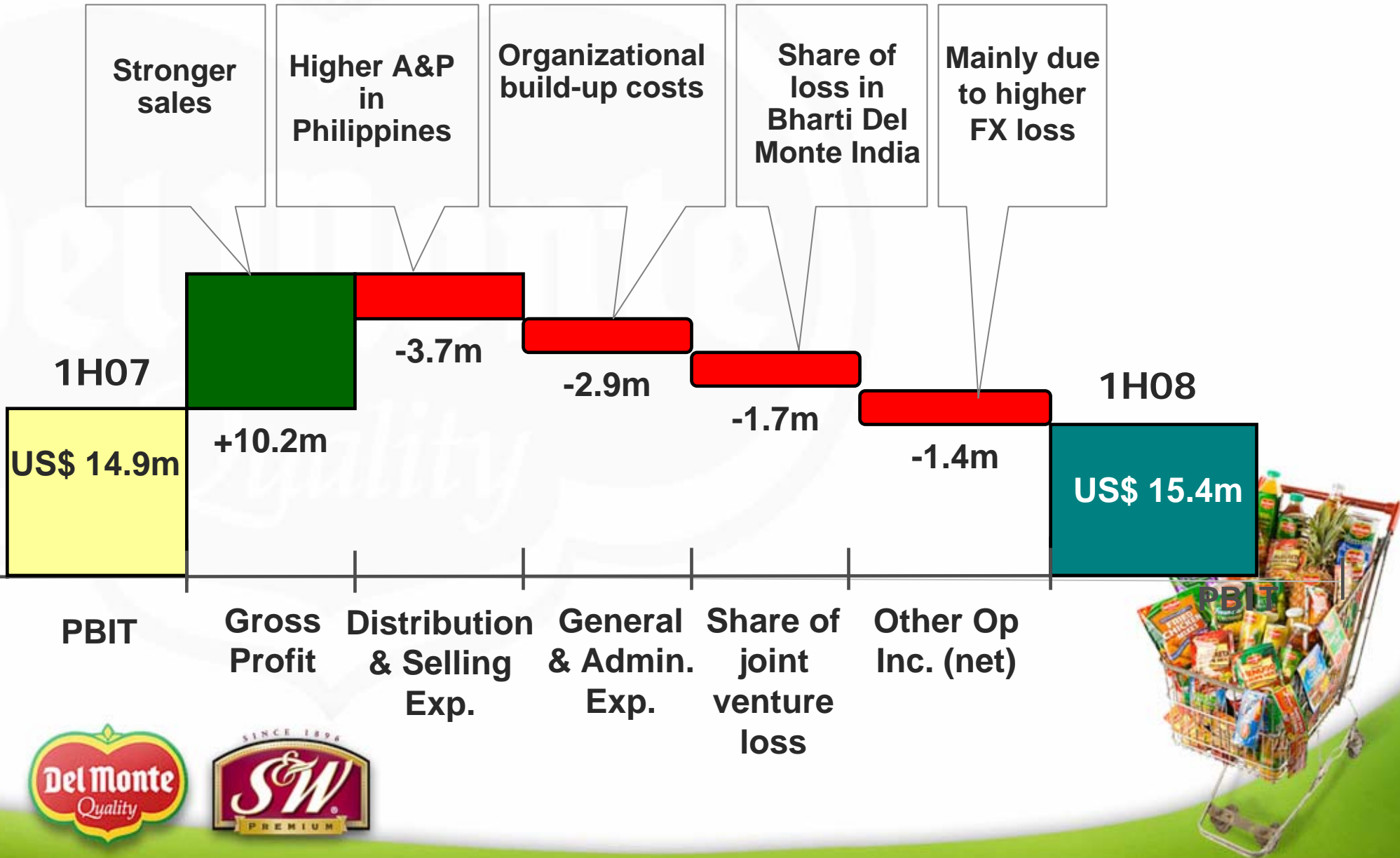
1H Margins



● 1H07 ● 1H08



1H PBIT Variance Analysis



Peso/US\$ Impact

The Peso appreciated by 10% against the US\$ for 2Q08 vs 2Q07, but depreciated by 5% for 2Q08 vs 1Q08

	1Q	2Q	1H
Peso/US\$ rate in 2008	40.675	42.788	41.995
Peso/US\$ rate in 2007	48.806	47.295	47.909
YoY appreciation	17%	10%	12%
QoQ depreciation (2Q08 vs 1Q08)		-5%	



Peso/US\$ Impact

YoY, Peso **appreciated**

Favourable to Asia Pacific as Philippine Peso sales translated using strong Peso/US\$ rate generate higher sales in US\$ terms

2Q +US\$ 0.7m

1H +US\$ 2.2m

Unfavourable to E&NA as predominantly Peso costs translated using strong Peso/US\$ rate generate higher costs in US\$ terms

2Q -US\$ 1.1m

1H -US\$ 3.3m

Combined **Unfavourable** impact

2Q -US\$ 0.4m

1H -US\$ 1.1m

Captured in general lines (sales, costs, opex)

QoQ, Peso **depreciated**

Unfavourable to matured forward contracts

2Q -US\$ 1.0m

1H -US\$ 1.1m

Unfavourable (in 2Q) to translation of balance sheet items

2Q -US\$ 0.8m

1H +US\$ 0.2m

Combined **Unfavourable** impact

2Q -US\$ 1.8m

1H -US\$ 0.9m

Captured in financial expense line

Total **Unfavourable** impact

2Q -US\$ 2.2m

1H -US\$ 2.0m

Contributed sales of US\$1.9m in 2Q08, and US\$2.5m in 1H08

2008: Year of Laying the Foundation

- Building S&W organization
- Took direct control over sourcing
- Implemented web-based front end
- Broadening distribution in Asia
- Introducing tropical fruit range
- Started sales of S&W Sweet 16 pineapples



Bharti Del Monte India (BDM)

Sales were higher in 2Q and 1H of U\$3.6m and US\$6.1m with better prices

However, with business building costs, posted losses

DMPL 40% share of loss at US\$0.8m in 2Q, and US\$1.7m in 1H

2008: Refocusing Fresh while preparing Consumer Launch

- Narrowing fresh export focus to Corn (baby and sweet)
- Cut overhead related to fresh trading
- Expanding fresh domestic sales to emerging modern trade
- Starting major move into food service
- Preparing for retail launch of Del Monte brand



Cost Management

DMPL remains vigilant

- **Conserve input materials and energy**
- **Source alternative low cost suppliers**
- **Process outsourcing**
- **Reformulate product where necessary and possible**
- **Migrate packaging from cans to pouches and PET**
- **Optimise pricing as appropriate in line with market conditions**
- **Roll out products that offer superior value proposition (i.e. *Fit 'n Right*) to generate and retain consumer support**



Contingent Liabilities

- Fresh Del Monte lawsuit
- Endosulfan incident



Growth Drivers for 2008

Philippines

Full year impact of PET juices

Full year impact of new food service business

Sale of fresh pineapple

Full year impact of increased store coverage

Price increases

Full year impact of PEZA tax savings

International Markets

Sale of S&W-branded fresh pineapple to Singapore, Korea, etc

S&W business expansion

Higher volume of fruit in plastic cups

Outlook for 2008

Barring any unforeseen circumstances, Management expects the Group's 2008 results to outperform those achieved in 2007



Dividend

Dividend	Book Closure Date	Payment Date	Dividend/ Share	Payout Ratio
Interim	15 Aug 2008	28 Aug 2008	US\$ 0.0080	75% of 1H08 profit

Vs Last Year

Interim	22 Aug 2007	5 Sept 2007	US\$ 0.0073	75% of 1H07 profit
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