DEL MONTE PACIFIC LIMITED

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Del Monte Pacific Delivers Higher 1Q Net Income Before Redemption Cost

- Del Monte Pacific (DMPL) Group sales decreased by 1% to US$456.6m as higher sales in the USA and international markets led by the S&W brand were offset by lower sales in the Philippines
- US subsidiary Del Monte Foods (DMFI) redeemed its 11.875% Senior Secured Notes to secure a much lower interest rate and incurred a one-off redemption cost of US$50m
- Before this one-off cost, DMFI's net profit rose 67% to US$8m while Group net profit increased by 7% to US$19.6m
- Net of this one-off cost, DMPL incurred a net loss of US$30.5m
- Group expects to generate a net profit in FY2023 after one-off redemption cost

Singapore/Manila, 8 September 2022 – 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 FY2023 results ending July.

DMPL generated sales of US$456.6 million, slightly behind year ago by 1% as better performance in the USA and international markets was offset by lower revenues in the Philippines.

The Group's US subsidiary, Del Monte Foods Inc. (DMFI), achieved sales of US$302.4 million or 66% of Group turnover. DMFI's sales increased by 1.5% on the back of higher retail branded sales of canned vegetable, tomato, broth and Joyba bubble tea. Del Monte canned vegetable, which had the highest contribution to branded retail sales, saw a 3.5-ppt increase in market share on the back of strong commercial execution, increased distribution of core products, and new product expansion, all supported by superior supply chain support. Canned fruit and fruit cup snacks also achieved higher shares. New products launched in the past three years contributed 6.8% to DMFI's total sales in the first quarter.

International markets, led by S&W brand, delivered strong sales growth of 16% to US$85.6m. Fresh sales rose 20% driven by stronger demand particularly in North Asia and better supply. Sales also benefitted from continued favorable consumer and trade response to the naturally-ripened extra-sweet S&W Deluxe variant. Sales of packaged products grew by 12% behind robust sales of pineapple, mixed fruit and various retail and industrial juice formats. S&W packaged sales alone improved by 49%, mostly driven by North Asia.

The Philippine market generated sales of US$75.3 million, 10% lower in peso terms amidst an inflationary market and 18% lower in US dollar terms due to the peso depreciation. Beverage declined as consumers shifted preference to more indulgence drinks, with sales of multi-flavored juice drink large packs growing 12%, albeit not enough to offset the decline of 100% pineapple juice. Packaged pineapple market share increased, but volume of mixed fruits was negatively affected by lower dessert consumption which consumers deprioritized. Sales were also temporarily impacted by transition to new distributors for better reach, downline availability and more sustainable growth.

New innovations in dairy and snacking are gaining traction, now accounting for 8% of Philippine sales. Foodservice sales rose 20% with increased dining out. Convenience stores also started to fully re-open, with first quarter sales up by 39% in this channel.

DMPL's gross profit saw a slight decline of 1% to US$131.7 million but gross margin was maintained at 28.9%, a commendable feat in this inflationary environment. DMFI generated gross profit of US$78.4 million, an increase of 1%. Margins were maintained at 25.9% as a result of continued cost benefits arising from the asset light and expense reduction initiatives undertaken. Select price increases also helped offset higher costs. DMPL ex-DMFI realized a slightly lower gross margin of 30.3% from 30.8%.

In May 2022, DMFI raised US$600 million through a 7-year Term Loan B facility at Adjusted SOFR, with a floor of 0.5% plus 4.25% p.a., to primarily redeem the US$500 million Senior Secured Notes which had an interest rate of 11.875% p.a. The much lower interest rate, currently at 6.45% p.a., is expected to result in about US$20-30 million interest savings per year. The redemption of the Notes incurred a one-off cost amounting to US$71.9 million or US$50.2 million post tax and NCI which was booked in the first quarter. US$26.3 million of the redemption cost was non-cash.

As a result, DMPL incurred a net loss of US$30.5 million versus prior year quarter's net profit of US$18.3 million. Without the one-off cost, DMPL would have generated a net profit of US$19.6 million, 7% higher than a year ago, as DMFI would have generated a net profit of US$8.0 million, 67% higher on lower interest expense.

"Achieving organic profit growth amidst global turmoil and uncertainties underlines the strength of our business model and the strategies we have in place for future growth. We remain relentless in pursuing initiatives that will generate sustainable sales and profit while proactively dealing with cost inflation. Our focus is to continue to manage expenses across every sector of the Group and constantly monitor financial markets to seize opportunities to lower our financing cost while strengthening our balance sheet," said Joselito Campos, Jr., DMPL's Managing Director and CEO.

SUBSEQUENT EVENT

In August 2022, DMFI acquired the intellectual property of the Kitchen Basics brand and its extensive inventory of conventional and organic stocks and broths from McCormick & Company for US$99 million. The purchase includes US$17 million of inventory (with market value of US$25-27 million) to support the upcoming holiday season, as consumers double down on home meal preparation, health and wellness.

Kitchen Basics products are distributed nationally in the United States. The Kitchen Basics brand was founded in 1996 as the pioneer in liquid stock and remains an industry leader in the U.S.

today, with net sales of approximately US$45 million. The acquisition is consistent with DMFI's overall growth strategy as it focuses on innovation, renovation and customization of its iconic brand portfolio. Kitchen Basics complements DMFI's College Inn broth business and creates an immediate national footprint within the broth and stock category.

OUTLOOK

The Group will continue to improve and expand its offering of high-quality products, and make these more readily available to consumers through traditional and digital channels including e-commerce, and through more convenient formats. Amidst a high-cost environment, the Group remains vigilant in managing its costs and is laser-focused in its revenue-enhancement initiatives with an improved sales mix, higher new product contribution and diversified channels to expand the Group's brand footprint.

DMPL has also embarked on a number of cost optimization initiatives including distribution center consolidation and increased use of rail instead of trucks to save on fuel cost in the USA, and tin can packaging optimization in the Philippines. Barring unforeseen circumstances, the Group expects to generate a net profit in FY2023 after one-off redemption expenses.

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* – some 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 it owns *S&W* globally except for 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 *Orchard Select, Fruit Refreshers, Veggieful* and *Bubble Fruit* while DMPL's Philippine 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, stock, juices and frozen pineapple, under various brands and also sells fresh pineapples under the *S&W* brand (www.swpremiumfood.com).

DMPL's USA subsidiary operates six plants in the USA and two in Mexico, while its Philippine subsidiary operates a fully-integrated pineapple operation with its 28,000-hectare pineapple plantation in Bukidnon, a frozen fruit processing facility and a

Not From Concentrate juicing plant nearby, and a fruit processing facility that is about an hour away from the plantation. The Philippine subsidiary also operates a beverage bottling plant in Cabuyao, Laguna.

The Group owns approximately 95% of a holding company that owns 50% of Del Monte Foods Private Limited (www.delmontefoods.in) in India which markets *Del Monte*-branded packaged products in the Indian market. The Group's joint venture partner is the well-respected Bharti Enterprises, one of the largest conglomerates in India.

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

DMPL is 71%-owned by NutriAsia Pacific Ltd and Bluebell Group Holdings Limited, which are beneficially-owned by the Campos family of the Philippines. A subsidiary of the NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

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