



**DEL MONTE PACIFIC LIMITED**

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**SGX-ST/PSE/MEDIA RELEASE:** (unaudited results for the first quarter ended 31 July 2023)

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**Del Monte Pacific increased sales and market shares  
and generated strong growth for fresh and branded products  
but inflationary pressures affected the bottom line in 1Q FY2024**

- Del Monte Pacific (DMPL) Group sales grew by 13% to US\$517m on higher USA and fresh pineapple sales, up by 18% and 23%, respectively
- The Group maintained leading market share positions across core products
- Demand increased for fresh pineapple in North Asia
- Strong consumer response in U.S. for expanded portfolio of new branded products
- Posted EBITDA of US\$51m, down by 27% on higher costs
- Lower operating income and increased interest expense resulted in a net loss of US\$13.1m; however, this is lower than the net loss of US\$30.5m in the prior year quarter

Singapore/Manila, 6 September 2023 – 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 FY2024 results ending July.

DMPL generated sales of US\$516.7 million, up 13% with better sales in USA and fresh pineapple exports. Philippines sales were higher in peso terms but flat in US dollar terms with the strengthening of the latter.

**USA**

The Group’s U.S. subsidiary, Del Monte Foods Inc. (DMFI), achieved sales of US\$356.4 million or 69% of Group turnover. DMFI’s volume grew by 5% while sales improved by 18% driven by pricing actions and strong growth and development of the company’s branded product portfolio in

both traditional and emerging channels.

DMFI grew its leading market share positions across its core businesses of packaged vegetables, fruits, tomatoes and fruit cup snacks, with notable increases across its packaged fruit portfolio. Innovation continued to help fuel the company's growth led by the success of its new JOYBA Bubble Tea brand which was recently named by the Refrigerated and Frozen Food Awards as one of the Best New Retail Products for 2023. In addition, Del Monte's new Gut Love and Boost Me Fruit Cup Snacks were recognized as Snack Products of the Year by the 2023 Mindful Awards.

### **Philippines**

Philippine market delivered sales of US\$75.9 million, 5% higher in peso terms but flat in U.S. dollar terms due to the peso depreciation. Sales of packaged fruit, beverage and culinary were higher, supported by compelling communication campaigns including Saucy Weekends campaign promoting tomato sauce, and value-for-money offers amidst the inflationary environment. Del Monte improved its market leadership shares in all its five core categories of packaged pineapple, mixed fruit, beverage, tomato and spaghetti sauces, with notable increases in fruits behind consumption-building efforts. Foodservice and convenience store channels continued their strong performance with sales up 25% and 16%, respectively, on new accounts, outlets and menu ideas.

### **International Markets**

Fresh sales saw strong expansion, up 23%, driven by increased sales of premium higher-margin S&W Deluxe fresh pineapples as well as better pricing. S&W, along with its major distributor partner, held the first ever S&W Pineapple Festival in China covering more than 300 retail stores and 9 wholesale markets to communicate S&W's strong commitment to the Chinese market and showcase its innovative products. S&W Deluxe fresh pineapple was also launched for the first time in select retail outlets in Metro Manila. S&W Frozen Pineapple Stick for consumption as a popsicle was recently launched in 7-Eleven Taiwan. It is now available in 3,400 stores.

## **Group**

DMPL's gross profit declined by 18% to US\$108.3 million with a gross margin of 21%. Declines were driven by inflationary factors which had increased the Group's product costs. DMFI implemented a price increase on July 31<sup>st</sup> and carried out a number of cost savings initiatives to restore margins, whose impact will be felt in subsequent quarters.

In April and December 2022, DMPL redeemed its US\$200 million and US\$100 million preference shares, respectively, which had been part of its equity until redemption, with bank loans at an average interest rate of 6.8% versus the preference share coupon of 10% on a step-up basis if not redeemed. While this saved the company US\$2.6 million for the first quarter, the refinancing resulted in a higher gearing for the Group.

As a result of lower gross profit and increased interest expense, DMPL reported a net loss of US\$13.1 million versus prior year quarter's net loss of US\$30.5 million. Last year's net loss had included DMFI's one-off refinancing cost of US\$71.9 million gross or US\$50.2 million net of tax and non-controlling interest.

"Our margins were under pressure with inflation while interest rates rose, affecting the Group's bottom line," said Joselito Campos, Jr., DMPL's Managing Director and CEO. "We are determined to bring margins up in the second half of our fiscal year through a combination of price adjustment and cost reduction, including minimizing waste further by continuously improving processes, and leveraging technology to enhance efficiency and lower expenses. Reducing leverage and interest expense is a key imperative and we are exploring all options to strengthen our capital structure."

## **OUTLOOK**

The global environment remains unstable and the Group remains vigilant in managing its operating expenses which include packaging materials optimization; power and fuel initiatives; investments to improve efficiency, productivity and minimize wastage, and product bundling initiatives in distribution centers.

In the U.S., there will be increased penetration into channels such as club, e-commerce, dollar, convenience, natural and foodservice, while accelerating innovation and its contribution to spur sales growth. New market development initiatives in Mexico, South America and Canada driven by resources dedicated to expanding distribution of DMFI's branded portfolio in those markets including Kitchen Basics are expected to contribute to sales growth. The price increase implemented in the USA on July 31 will also allow DMFI to offset inflation and improve gross margins in the second to fourth quarters of FY2024.

The Group is also planning to substantially increase production of its superior MD2 fresh pineapple to support higher exports of these highly sought after premium products.

With its heightened emphasis on prudent financial management, the Group is embarking on a strong debt reduction program. First, it will optimally use internally generated cash for debt repayment. To achieve this, the Group is addressing the carryover high inventory levels from FY2023 by reducing the pack in the U.S. It also aims to improve operating performance in FY2024 which should improve margins vs. the second half of FY2023 and generate positive free cash flow. Secondly, DMPL is considering the issuance of appropriate equity instruments in order to increase its capital.

Barring unforeseen circumstances, the Group expects to generate a higher net profit in FY2024 especially in the second half of the fiscal year.

## **SUSTAINABILITY**

DMPL's subsidiary, Del Monte Philippines, has developed an Extended Producer Responsibility Program which is being implemented in collaboration with a waste management company to recycle plastic waste. Moreover, following the independent certification of its pineapple operations' negative carbon footprint last year, DMPI is now measuring a broader scope 3, including toll packers, top suppliers, and logistics providers.

## About Del Monte Pacific Limited ([www.delmontepacific.com](http://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* – most 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](http://www.delmontefoods.com)), owns other trademarks such as *Fruit Refreshers*, *Veggieful*, *Bubble Fruit*, *JOYBA*, *Kitchen Basics* and *Take Root Organics* while DMPL’s Philippine subsidiary, Del Monte Philippines, Inc. ([www.delmontephil.com](http://www.delmontephil.com)), owns exclusive rights to trademarks such as *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](http://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 96% of a holding company that owns 50% of Del Monte Foods Private Limited ([www.delmontefoods.in](http://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, NutriAsia Inc., is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

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## Disclaimer

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Representative examples of these factors include (without limitation) general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, service providers’ performance, production efficiencies, input costs and availability, competition, shifts in customer demands and preferences, market acceptance of new products, industry trends, and changes in government and environmental regulations. Such factors that may affect the Group’s future financial results are detailed in the Annual Report. The reader is cautioned to not unduly rely on these forward-looking statements.

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