DEL MONTE PACIFIC

FY2020 RESULTS FOR AGM

17 September 2020

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY. ®

CONTENTS

- Full Year FY2020 Results
- DMFI Refinancing
- DMPI Private Placement
- Dividends
- Outlook

FY2020 HIGHLIGHTS

- Group sales of US$2.1bn, up 9% on higher sales across all markets – USA (+9%), Philippines (+10%), S&W (+9%)
- EBITDA of US$142.2m, down 1% and net loss of US$81.4m due to one-off expenses from 4 plant closures/sales in USA and dividend tax
- Without one-off expenses, EBITDA would have been US$225.7m, up 45% and net profit at US$32.2m, up 104%
- Subsidiary Del Monte Philippines, Inc (DMPI) net income of US$67.7m, up 39%
- Private placement of a 12% stake in DMPI for US$120m, resulting in a valuation of US$1bn for DMPI; a net gain of US$77m was booked in retained earnings
- Special dividend of US$0.0154 per share was declared
- Subsequent event in May 2020 - Successfully refinanced Del Monte Foods and raised US$1.3bn financing

DMPL FY2020 RESULTS – AS REPORTED

In US$m	FY2019	FY2020	Chg (%)	Comments
Turnover	1,954.8	**2,128.3**	+8.9	Higher sales in USA, Philippines and S&W Asia
Gross profit	395.0	**452.2**	+14.5	Higher volume, better sales mix, higher prices
EBITDA	143.7	**142.2**	-1.0	Higher gross profit offset by one-off expenses due to 4 plant closure/sale in the US
Operating profit	80.1	**51.0**	-36.4	Same as EBITDA comment
Net finance income/ (expense)	(78.4)	**(112.8)**	+43.9	Prior year included a one-off gain of US$16.7m on purchase of second lien loan while this year included US$11.2m of accelerated costs for retiring DMFI loans
FieldFresh equity share	(0.1)	**(2.0)**	nm	Lower foodservice sales and higher costs
Tax benefit/(expense)	13.5	**(29.2)**	nm	Final tax paid on dividends
Net profit/(loss)	20.3	**(81.4)**	nm	Same as EBITDA comment
Net debt	1,457.0	**1,362.6**	-6.5	Lower due to significant improvement in cash flow from operations
Gearing (%)	242.4	**240.8**	-1.6ppts	Same as above

DMPL FY2020 ONE-OFF EXPENSE/(INCOME)

in US$ million	FY2019	FY2020	Booked Under
DMFI one-off items:			
Plant closures	6.2	**79.8**	G&A , OIE*
Seed operation	(1.1)	-	
Severance	6.1	**3.5**	G&A
Others	1.2	**0.1**	OIE
Total (pre-tax basis)	12.4	83.5	
Tax	(2.9)	**(16.5)**	
NCI	(1.0)	**(7.1)**	
Subtotal (post tax, post NCI basis)	8.5	59.9	
Deferred Financing Transactions / Interest Rate Swap			
Accelerated deferred financing fee on refinanced loans	-	**6.0**	Interest Expense
Interest rate swap settlement	-	**5.2**	Interest Expense
Tax	-	**(2.6)**	
NCI	-	**(0.9)**	
Subtotal (post tax, post NCI basis)	-	**7.7**	
2nd Lien loan purchase:			
Net gain on 2L loan buyout	(16.7)	**(1.5)**	Interest Income
Tax	3.7	**0.4**	
Subtotal (post tax, post NCI basis)	(13.0)	**(1.1)**	
Intercompany dividends tax:**			
Final tax on intercompany dividends	-	**39.6**	Tax Expense
Deferred tax on undistributed share in profits	-	**7.5**	Tax Expense
Subtotal (post tax, post NCI basis)	-	**47.1**	
Total (post-tax and post non-controlling interest)	(4.5)	**113.6**	

*Other Income/Expense

**In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, Del Monte Philippines, Inc (DMPI), declared a dividend to its parent in the first quarter of FY2020 which was taxed at 15%

SUBSEQUENT EVENT - DMFI REFINANCING

- On 15 May 2020, we completed the refinancing of DMFI and raised new financing of US$1.3bn:
    - US$500m five-year bond issue at 11.875% p.a.
    - US$450m three-year Asset-Based Loan
    - US$379.5m equity from DMPL
        - DMPL invested US$150m in new equity and
        - Converted US$229.5m of Second Lien Repurchase Loans into common equity in DMFI
- Bond investors responded positively to bond issuance given DMFI's accelerated path to topline growth and lower cost structure
- DMFI reduced total loan facilities from US$1.4bn to US$950m
- Given the bond issuance, the credit rating of DMFI was upgraded by Moody's (Caa1/Caa2/Positive) and S&P Global (CCC+/Stable), reflecting the successful refinancing and the new capital structure

PRIVATE EQUITY INVESTMENT IN DMPI

- We completed the private placement of DMPL's 12% stake in Del Monte Philippines, Inc (DMPI) for US$120m to a private equity firm
- Implied equity value of US$1bn for DMPI attests to its strong franchise and prospects
  - Highly commendable amidst a stressed and declining capital market with the PSE index down ~25% from the peak of 2019
- This resulted in a net gain of US$77m which under IFRS rules had to be booked in retained earnings, instead of recognising it as net income
- Proceeds were used for repayment of DMPL's bank loans
- This transaction is a testament to DMPI's solid standing and future prospects for growth as a food company
- Del Monte is well-positioned in this environment given our nutritious long shelf-life products which consumers are using to prepare more meals at home as well as build their immunity
- DMPI's credit rating is Aaa, the highest rating assigned by the Philippine Rating Services Corporation

DIVIDENDS

In view of the successful private placement of a 12% stake in Del Monte Philippines and the net gain of US$77m, the Board approved a special dividend of 1.54 US cents (US$0.0154) per share to Common Shareholders

	For the fiscal year ended 30 April	
	2020	**2019**
Name of dividend	Special	Final Ordinary
Type of dividend	Cash	Cash
Rate of dividend	US$0.0154 per ordinary share	US$0.0052 per ordinary share
Tax rate	Nil	Nil
Book closure date	12 August 2020	12 July 2019
Payable date	19 August 2020	19 July 2019

OUTLOOK

- To meet sustained demand for our trusted, healthy shelf-stable products, we will continue to optimise our production facilities while implementing strict safety measures
- Our strategy is to strengthen the core business, expand the product portfolio, in line with market trends for health and wellness, and grow our branded business while reducing non-strategic business segments
- Aside from the DMPL base business, DMFI is also well-positioned to improve performance in FY2021 with better sales mix and management of costs
- The DMPL Group is expected to return to profitability in FY2021, barring unforeseen circumstances
- However, due to the seasonal nature of the Group's business, the first quarter will incur a net loss while succeeding quarters are expected to be profitable