



DEL MONTE PACIFIC LIMITED

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Del Monte Pacific Achieves 38% Higher 2Q Net Income of US\$49.5m

- Del Monte Pacific (DMPL) Group sales grew by 7% to US\$698.9m with all key markets - USA, Philippines and International - delivering higher sales
- Market shares continued to increase in USA and Philippines on strong fundamentals and commercial execution
- Gross margin improved to 29.4% from 27.4%
- EBITDA grew by 16% to US\$124.4m while net income rose 38% to US\$49.5m

Singapore/Manila, 7 December 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 second quarter and first half FY2023 results ending October.

SECOND QUARTER FY2023

DMPL generated sales of US\$698.9 million, up 7% with better performance in key markets across the USA, Philippines and international markets.

USA

The Group’s US subsidiary, Del Monte Foods Inc. (DMFI), achieved sales of US\$506.3 million or 72% of Group turnover. DMFI’s sales increased by 6% on higher retail branded sales of canned vegetable, fruit, tomato and broth, coupled with incremental sales of US\$12.1 million contributed by newly acquired Kitchen Basics ready-to-use stock and broth business. Excluding the latter, DMFI’s sales were up 3.5%. Market shares continued to grow across canned vegetable, fruit, fruit cup snacks and tomato on the back of strong commercial execution, increased distribution of

core products, and new product expansion, all supported by superior supply chain service.

DMFI launched Take Root Organics, its new organics brand, with six tomato products. The launch of Take Root Organics provides DMFI with an exciting and competitive new brand to reach the growing consumer base that seeks high-quality and accessibly-priced organic food. The company anticipates extending the brand into other categories in the future beyond tomatoes which are grown in California's Central Valley. DMFI also launched Del Monte canned artichokes and mushrooms, as well as three new Pocket Pie Pizza – Plant-Based Pepperoni, Plant-Based Sausage & Mushroom, and 4 Cheese flavors, strengthening DMFI's plant-based heritage.

Philippines

After declining in the first quarter, Philippine market recovered strongly and generated sales of US\$107.9 million, 22% higher in peso terms and 8% higher in US dollar terms. All product categories delivered higher volume and sales especially packaged fruit, culinary and innovation. This performance was driven by the combined impact of market share improvements, advertising, improved distributor operations, superior holiday in-store merchandising and promotions, and low-cash outlay SKUs and discounted multipacks to help consumers cope with high inflation. Foodservice resurgence towards pre-pandemic level continued, with sales up 21% behind the accelerating business of quick service restaurants (QSRs). With more outlets opening, convenience stores sales jumped 48%.

New innovations especially dairy and snacking are gaining traction, now accounting for 8% of Philippine sales. As schools in the Philippines shifted to in-person classes from online, Del Monte activated its milk sampling activities in a number of schools, and also tied up with a leading book store chain to promote its dairy product.

International Markets

International markets, composed of fresh produce and packaged goods, generated higher sales of US\$84.9 million, up 13%, driven primarily by the strong performance of fresh pineapple exports. Fresh sales grew by 46% on the back of higher demand and consumer promotions in

North Asia and Middle East, coupled with improved supply availability this quarter. Fresh sales also benefitted from continued favorable consumer and trade acceptance to the naturally-ripened extra-sweet S&W Deluxe premium variant. However, erratic demand in North Asia due to high inflation and extended COVID lockdowns in China had started to impact sales towards the end of the quarter. In the U.S., a major QSR launched new summer drinks, one of which - Pineapple Passionfruit Refreshers – uses our pineapple product. Meanwhile, S&W packaged goods grew by 13% driven by higher sales of mixed fruit and juice drinks.

Group

DMPL's gross profit increased by 15% to US\$205.3 million with gross margin improving 200 basis points to 29.4% from 27.4%. DMFI performed even better with gross profit of US\$141.8 million, up 19%. DMFI's gross margin increased notably by 306 basis points to 28% from 24.9% as a result of selected price increases in line with inflation, reduced sales of low-margin products, and expense reduction initiatives.

As a result, DMPL generated a 38% stronger net income of US\$49.5 million versus prior year quarter's US\$35.8 million.

“We are excited to share our buoyant second quarter results, a commendable feat in this inflationary environment. We remained agile in seizing opportunities to generate better sales and profit, including avenues to lower our financing cost and expenses,” said Joselito Campos, Jr., DMPL's Managing Director and CEO. “Mindful that the road ahead is uncertain, we are confident in the company's strong fundamentals led by trusted brands, quality healthy products and thoughtful execution against our strategies to carry us forward. We thank our teams for delivering higher margins and a strong jump in net income amidst the impact of global geopolitical turmoil.”

FIRST HALF FY2023

DMPL grew sales by 4% to US\$1.2 billion on higher USA and international sales, and gross margin improved to 29.2% from 28.0%. EBITDA increased by 7% to US\$194.5 million; however, net income declined to US\$19.0 million from US\$54.1 million due to the one-off redemption cost of US\$50.2 million (post tax and non-controlling interest) booked in the first quarter as DMFI

refinanced its loan with a long-term credit facility that has lower interest rates. Without this one-off cost, net income would have been up 31% to US\$70.8 million.

OUTLOOK

In an environment with increased emphasis on health and wellness, the Del Monte Pacific Group is well-positioned to respond to consumer trends given its nutritious products, supported with campaigns highlighting their functional health benefits.

Our strong portfolio of branded health and wellness products, together with our entry into adjacent and new categories, will allow us to maintain our revenue and income growth over the years to come. We also expect a new growth stream from our recent acquisition of Kitchen Basics, as well as from new e-commerce infrastructure. Moreover, we are planning to increase substantially our MD2 fresh pineapple production which will support our premium exports. We will continue to drive market share improvements through strong commercial execution including channel and distribution expansion, while managing COVID-related hurdles in China.

Amidst an inflationary environment, we remain vigilant in managing our operating expenses and have embarked on a number of cost optimization initiatives, along with improving sales mix with more sales from higher margin categories. We will execute pricing in the second half of FY2023 as needed.

Barring unforeseen circumstances, the Group expects to generate a net profit in FY2023 after one-off redemption expenses incurred in the first quarter.

SUBSEQUENT EVENT

DMPL plans to redeem the US\$100 million Series A-2 Preference Shares on 15 December 2022. It has a fixed rate of 6.5% per annum with a step-up rate if not redeemed. The redemption will be financed by bank loans.

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*, *Veggiiful*, *Bubble Fruit* and *Kitchen Basics* 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, 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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