



DEL MONTE PACIFIC LIMITED

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Del Monte Pacific delivers higher sales and core profits in 9M notwithstanding challenging operating environment driven by higher costs

Third Quarter FY2023

- Del Monte Pacific (DMPL) Group sales grew by 3% to US\$681m on higher USA and international sales, up by 6% and 19%, respectively
- EBITDA down by 12% to US\$80m on higher costs while net profit declined by 62% to US\$9.8m on lower operating results and increased interest expense from higher bank loans with the redemption of preference shares
- Group-wide continued to maintain leading market share positions across core products

Nine Months FY2023

- DMPL Group sales rose 4% to US\$1.8bn on higher USA and international sales
- EBITDA and net profit before one-off costs were both up 3% to US\$280m and US\$83m, respectively
- EBITDA of US subsidiary and net profit before one-off costs were higher by 12% and 57%, respectively
- Achieved savings of US\$8.8m from lower rate of bank loans versus the preference share coupon of 10% on a step-up basis if they were not redeemed

Singapore/Manila, 9 March 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 third quarter and nine months FY2023 results ending January.

THIRD QUARTER FY2023

DMPL generated sales of US\$681.2 million, up 3% with better sales in USA and international markets. Philippines sales were higher in peso terms but lower in US dollar terms.

USA

The Group's US subsidiary, Del Monte Foods Inc. (DMFI), achieved sales of US\$495.7 million or 73% of Group turnover. DMFI's sales increased by 6% on higher branded retail sales of canned vegetable, fruit and tomato, coupled with incremental sales of US\$14.3 million contributed by the recently-acquired Kitchen Basics stock and broth business. Excluding this acquisition, DMFI's sales were up 3%. DMFI continues to hold leading market share positions across its core businesses on the back of strong commercial execution, increased distribution of core products, and new product expansion, all supported by superior supply chain service.

In foodservice, Del Monte's Joyba bubble tea is now in more than 20 college campuses and its pineapple juice is being sold to Bloomin Brands' which operates Outback and Fleming's Steakhouse, among others.

Philippines

Philippine market delivered sales of US\$109.8 million, 6% higher in peso terms but 6% lower in US dollar terms due to the peso depreciation. Higher sales of beverage, culinary and innovation categories offset the decline in packaged tropical fruit. Del Monte reinforced its leadership presence during the key Christmas season with superior holiday in-store merchandising and promotions across its core categories. Compelling communication campaigns built relevance for Del Monte products in family meals and value-for-money offers amidst the high inflationary environment. Del Monte improved its market shares and maintained its number one ranking across core categories. Foodservice sales increased by 16% behind the accelerating business of quick service restaurants (QSR), while convenience store sales jumped 68%. Innovations especially dairy and snacking are gaining traction, now accounting for 7% of Philippine sales.

International Markets

International markets, composed of fresh produce and packaged goods, generated higher sales of US\$80.8 million, up 19%, driven by strong performance of packaged pineapple, mixed fruit and juice drink exports to USA and Europe. Higher volume and better pricing led to the robust sales growth of 53% for packaged products. However, sales of fresh pineapple were lower by

8%, driven by China due to reduced volume from extended lockdowns and inflation. During Chinese New Year, S&W Deluxe Premium and S&W Sweet 16 pineapples in China had special promotions in key chains such as Pagoda, Hema and Xianfeng.

The Group's Nice Fruit frozen pineapple spears and chunks healthy snack/dessert has gained traction, now sold in more QSRs in Europe and the Middle East, and recently launched in a major QSR in the Baltic region.

Group

DMPL's gross profit declined by 7% to US\$152.2 million with gross margin of 22.3%, down from 24.7% in the prior year quarter due to higher raw material, packaging, manufacturing and logistics costs coupled with unfavorable sales mix. DMPL ex-DMFI was impacted more with higher tomato paste and tinfoil cost, plus higher transportation cost, whereas DMFI had a 93-basis point decrease in gross margin to 19.9% from 20.9% but gross profit saw a slight increase of 1% to US\$98.8 million.

In April and December 2022, DMPL redeemed its US\$200 million and US\$100 million preference shares and refinanced these with bank loans at an average interest rate of 5.14% versus the preference share coupon of 10% on a step-up basis if not redeemed. This saved the company US\$2.8 million for this quarter, and potentially US\$11-13 million per year depending on bank rates.

As a result of lower gross profit and increased interest expense, DMPL reported a net profit of US\$9.8 million versus prior year quarter's US\$25.9 million. The preference share dividends were previously booked directly in the cash flow statement and not in the P&L whereas the bank loans' interest expense was booked in the P&L.

"Notwithstanding inflationary pressures, our largest business, Del Monte Foods in USA, delivered growth in sales and operating profit as it remained focused on building its brands and expanding its distribution footprint. We will continue to leverage the growth of International market led by S&W while maximizing fresh sales in China with the environment normalizing. In the Philippine

market, we will further accelerate volume and pursue our cost reduction and productivity efforts in the face of peso depreciation,” said Joselito Campos, Jr., DMPL’s Managing Director and CEO.

NINE MONTHS FY2023

DMPL grew sales by 4% to US\$1.8 billion on higher USA and international sales, and gross margin remained almost at par at 26.6% from 26.8%. Gross profit was up 3% to US\$489.2m while EBITDA was stable at US\$274.7 million.

Net income declined to US\$28.8 million from US\$80.1 million due to one-off costs of US\$53.9 million (post tax and non-controlling interest), of which US\$50.7 million was booked in the first quarter as DMFI refinanced its loan with a long-term credit facility that has lower interest rates. Without these one-off costs, core DMPL EBITDA and net income would have been higher by 3% to US\$280.2 million and US\$82.7 million, respectively.

DMFI, on the other hand, achieved higher EBITDA and net profit (before one-off costs) of US\$174.9 million and US\$55.4 million, up 12% and 57%, respectively.

OUTLOOK

The global environment remains unstable with consumers becoming more cautious with their spending and cost pressures persisting. The Group will remain vigilant in managing its operating expenses which include packaging materials optimization; power and fuel initiatives; investments in plants to improve efficiency, productivity and minimize wastage; and product bundling initiatives in distribution centers. DMFI’s most recent price increase in February in the USA will assist in offsetting the inflationary impact while offering consumers nutritious products at an affordable price.

A new growth stream is expected from DMFI’s recent acquisition of Kitchen Basics in the United States, as well as from a new e-commerce infrastructure. Moreover, the Group is planning to substantially increase its MD2 fresh pineapple production in support of exports of premium products.

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

SUSTAINABILITY

DMPL's subsidiary in the Philippines obtained the Rainforest Alliance certificate for its fresh pineapple and juicing plant, recognizing that its plantation complies with standards that require long-term environmental, social, and economic sustainability. Moreover, Del Monte Philippines has developed an Extended Producer Responsibility (EPR) Program that will be implemented beginning this year to recycle a proportion of its plastic footprint which will progressively increase each year.

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*, *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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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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