DEL MONTE PACIFIC LIMITED

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SGX-ST/PSE/MEDIA RELEASE: (unaudited results for the first quarter ending 31 July 2019)

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Note to Editors: High resolution photos attached

Del Monte Pacific's First Quarter FY2020 Results

Highlights

- Gross margin rose 6.5 ppts and recurring EBITDA improved by 42% to US$38.7m due to pricing, higher fresh pineapple sales and better sales mix
- Recurring operating profit increased by US$11.9m to US$22.4m, or 114% over prior year quarter's US$10.5m
- Net loss incurred due to one-off items but recurring net income of US$4.1 million, a turnaround from the US$3.7m net loss in the prior year quarter
- Fresh pineapple sales grew strongly by 28% while the Philippine market reversed last year's decline with sales growing by 4%

Singapore/Manila, 6 September 2019 – 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 FY2020 results ending July.

The Group reported a gross profit of US$91.1 million, 17% higher than the prior year quarter, and much improved gross margin of 24.3%, up 6.5 percentage points mainly due to increased prices in the USA and Philippines, higher sales of fresh pineapple, divestiture of the low-margin Sager Creek vegetable business and reduced sales of low-margin private label, thus improving sales mix.

The Group reported an EBITDA of US$36.6 million, significantly higher than the prior year quarter's EBITDA of US$18.8 million. This quarter's EBITDA included US$2.1 million of one-off expenses mainly related to severance and loss on partial disposal of assets of a plant in Crystal City, Texas. Without the one-off expenses related mainly to plant closures in the USA, the Group's recurring EBITDA would have been US$38.7 million, also better than the prior year quarter's recurring EBITDA of US$27.3 million. Recurring operating profit was US$22.4m, up by US$11.9m or 114% over prior year quarter's US$10.5m.

In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, Del Monte Philippines, Inc, declared a dividend to its parent which was taxed at 15% amounting to US$39.6 million. Consequently, the Group reported a net loss of US$38.3 million for the quarter versus a net income of US$3.0 million in the prior year quarter. Excluding one-off items, the Group would have posted a recurring net income of US$4.1 million, a turnaround from the net loss of US$3.7 million in the prior year quarter.

The Group generated first quarter sales of US$375.9 million, which were, however, 14% lower than the prior year quarter mainly due to lower sales in the USA partly offset by higher sales in the Philippines and S&W business in Asia.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI), contributed US$241.4 million or 64% of Group sales. Sales declined by 22% mainly due to the divested Sager Creek business and reduced sales of low-margin non-branded business. Gross margin significantly improved by 7.4 ppts to 20.3% versus the prior year quarter's 12.9%.

Del Monte continued to diversify beyond the canned goods aisle and introduced innovative products in the growing categories of refrigerated produce and frozen to cater to demand for health and wellness, snacking and convenience.

In May, Del Monte introduced *Del Monte Fruit Crunch Parfaits* which feature layers of non-dairy coconut crème, crunchy granola with probiotics, and a full serving of fruit. For the frozen segment, DMFI launched *Del Monte Veggieful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with a full serving of vegetable. In June, DMFI started shipping *Del Monte bubble fruit*, exciting fruit cups with juicy popping boba, great for kids' snacks. DMFI also started shipping new flavours of *Del Monte Fruit & Oats - Strawberry Apple* and *Blueberry Apple*, and *Del Monte Fruit & Chia Apple Raspberry Cherry*. New products contributed 3.8% to DMFI's retail sales in the first quarter.

Reversing a decline in FY2019, sales in the Philippines domestic market grew by 2% in peso terms and 4% in US dollar terms due to peso appreciation. Retail sales grew by 4% in volume and 9% in peso sales value. Non-retail foodservice declined due to a change in a customer's procurement policy. Price increase and lower direct promotion spend saw a positive contribution of 4.8% to net sales growth, driven by a series of price adjustments across all categories mostly in 2019. In retail, sales in the General Trade segment, which accounted for about 50% of Philippines sales, grew by 4% year on year, and by 20% quarter on quarter, as the Group continued to make progress in improving its distributor business that had impacted results in the prior year. Sales in the Modern Trade segment, which accounted for about 30% of Philippines sales, increased by 7%.

Sales of the S&W branded business in Asia and the Middle East grew strongly by 19% in the first quarter mainly driven by higher sales of fresh pineapple in North Asia. Fresh sales, both branded and non-branded, improved by 28%. S&W packaged product also delivered higher volume and sales. The S&W business generated a much higher operating income, up 22% due to higher volume.

Prospects

The Group will continue to strengthen its product offerings and enter new categories, in line with market trends for health and wellness, snacking and convenience. It will grow its branded business and reduce non-strategic, non-branded business segments. The Group also continues to review its manufacturing and distribution footprint in the US to further improve operational efficiency, reduce costs and increase margins amidst expected cost headwinds including rising metal packaging prices and impact of tariffs imposed by the US.

On 20 August 2019, DMFI announced the closure and sale of facilities in four locations. Most of the production in these locations will be transferred to other facilities within the US. The company looks to fully utilise the capacity of its existing plants after the restructuring.

"The restructuring is a necessary step for us to remain competitive in a rapidly changing marketplace," said DMPL Managing Director and Chief Executive Officer Joselito D Campos, Jr. "Our asset-light strategy will lead to more efficient and lower cost operations," he added.

Certain one-off expenses are expected in FY2020 from streamlining of operations. The Group is committed to improve cash flow, further strengthen the balance sheet, and reduce leverage and interest expense. Barring unforeseen circumstances, the DMPL Group is expected to be profitable in FY2020 on a recurring basis.

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* – majority 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 for *S&W*, it owns it globally except 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 *Fruit Naturals, Orchard Select, SunFresh* and *Fruit Refreshers,* while DMPL's Philippines 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, juices and frozen pineapple, under various brands and also sells fresh pineapple under the *S&W* brand.

DMFI has joint ventures with Fresh Del Monte Produce Inc in chilled products – juices, packaged fruit, guacamole and avocado, and *Del Monte*-branded retail food and beverage outlets.

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

DMPL's USA subsidiary operates 10 plants (before the announced closure and sale on 20 August 2019) in the USA and two in Mexico, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 26,000-hectare pineapple plantation in the Philippines and a factory that is about an hour's drive away. It also operates a beverage bottling plant and a frozen fruit processing facility in the Philippines.

Except the joint venture companies with Fresh Del Monte Produce Inc, 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.

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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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