

DEL MONTE PACIFIC 1Q FY2018 RESULTS

7 September 2017



NOURISHING FAMILIES.
ENRICHING LIVES.
EVERY DAY.



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- Summary
- 1Q FY2018 Results
- Market Updates
- Sustainability
- Outlook





Notes to the 1Q FY2018 Results

1. First quarter is 1 May to 31 July 2017.
2. DMPL's effective stake in DMFI is 89.4%, hence the non controlling interest line (NCI) in the P&L. Net income/(loss) is net of NCI.
3. DMPL Group adopted the amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants in April 2017). The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense. However, for EBITDA calculation, the Group retained the old calculation using the lower depreciation for comparability.



Highlights

- Sales grew on strong performance in Asia which offset lower sales in USA
- Gross margin increased to 20.7%
- Net income was US\$0.7m reversing a net loss of US\$7.0m in the same quarter last year

Outlook

- The Group will be profitable for FY2018 on a recurring basis
- Major emphasis on responding to consumer trends through:
 - Strengthening the core business -- healthier options and new products
 - Focusing on businesses that are on-trend and rationalising non-profitable ones
 - Innovating -- process and packaging technology
-- agriculture and manufacturing technology
 - Executing digital strategy
- Improving financial performance through:
 - G&A cost optimisation and multiyear restructuring for operations and supply chain



DMPL 1Q FY2018 Group Results Summary

- Sales of US\$474m, +1.4% on higher Asia sales

Sales	% Change
US	-4
Philippines	-1.5 (in peso terms +5)
S&W	+71
FieldFresh India (equity accounted)	+2 (in rupee terms -2)

- EBITDA of US\$32.2m, up 26% from US\$25.5m in prior year quarter
- Operating profit of US\$14.8m, up 72% from US\$8.6m
- Net profit of US\$0.7m, a turnaround from the net loss of US\$7.0m

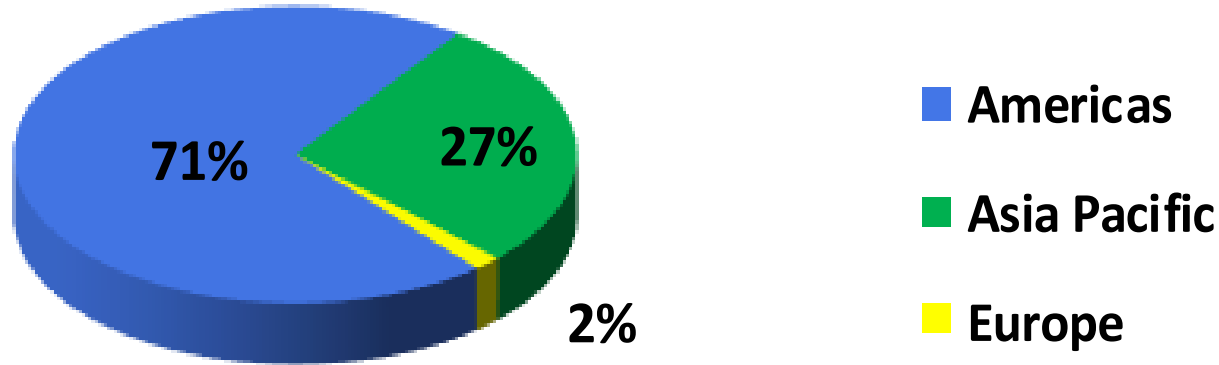


DMPL 1Q FY2018 Results – As Reported

In US\$m	1Q FY2017 (Restated)	1Q FY2018	Chg (%)	Comments
Turnover	467.4	473.8	+1.4	Higher Asia sales offset lower USA sales
Gross profit	95.4	97.9	+2.6	Higher sales
EBITDA	25.5	32.2	+26.2	Last year had one-off expenses of US\$4.9m; Recurring EBITDA still up 9% due to strong performance in Asia
Operating profit	8.6	14.8	+72.5	Same as EBITDA comment; Recurring operating profit up 16%
Net finance expense	(26.6)	(24.4)	-8.5	Lower level of borrowings
FieldFresh equity share	(0.3)	(0.5)	+50.3	Lower sales for packaged food impacted by changes in tax brought about by the introduction of GST from the beginning of July
Tax	9.2	8.9	-4.0	Higher tax benefit at DMFI offset by higher tax expense in DMPL ex-DMFI
Net profit	(7.0)	0.7	+110.5	Same as operating profit; a turnaround from prior year quarter's net loss of US\$4.2m without one-off expenses
Net debt	1,882.6	1,748.4	-7.1	Payment of US\$200m loans after the issuance of preference shares
Gearing (%)	512.6	304.2	-208ppts	Same as above



1Q FY2018 Turnover Analysis



Americas	-4.1%	<ul style="list-style-type: none"> ▪ Reduced sales in private label and regional brands in foodservice as a result of competitive pricing ▪ Sales of USDA fruit and pineapple concentrate were also impacted by lower pricing
Asia Pacific	+15.5%	<ul style="list-style-type: none"> ▪ Strong S&W sales in Asia and the Middle East ▪ Philippines grew in local currency terms
Europe	+75.9%	<ul style="list-style-type: none"> ▪ Higher packaged pineapple and beverage sales



United States of America

26%

Market Share (#1)
Canned Vegetable

36%

Market Share (#1)
Canned Fruit

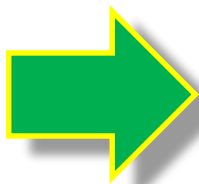
31%

Market Share (#2)
Plastic Fruit Cup

9%

Market Share (#2)
Canned Tomato

- DMFI grew share in 3 out of 4 of its measured categories (Canned Vegetable +0.6 pts, Canned Fruit +2.1 pts, Fruit Cups +2.1 pts)
- Expanded the Adult Fruit Cup Snacking Segment with the launch of *Del Monte Fruit & Chia*
- Launched *College Inn Organic* and *Concentrated Broth*



To drive growth, Del Monte will invest in building its brands, bringing differentiated and innovative products to market, and expanding channels of distribution.



Del Monte Foods USA



- DMFI's 1Q sales down 4% to US\$336.5m
 - Reduced sales in private label and regional brands in foodservice as a result of competitive pricing
 - Sales of USDA fruit and pineapple concentrate were also impacted by lower pricing
 - However, key retail segments of canned vegetable, canned fruit, and plastic fruit cup all grew sales and market shares
- Lower gross margin of 14.8% from 15.5%
 - Lower USDA and pineapple juice concentrate pricing, and unfavourable sales mix partly offset by lower costs
- DMFI contributed an EBITDA of US\$3.0m and a net loss of US\$16.0m to the Group



Del Monte Foods USA's Seasonality

- DMFI's sales have seasonality, with 1Q as the weakest quarter
 - 1Q : 19-21% of FY (Back to school)
 - 2Q : 28-30% of FY (Pipelining for Thanksgiving)
 - 3Q : 26-28% of FY (Christmas)
 - 4Q : 22-24% of FY (Easter)
- Lower sales also reflect on profit performance where DMFI historically incurs a loss in 1Q



Del Monte Foods Strategy

Marketing: Continually differentiate our brands/products in order to drive consumer preference

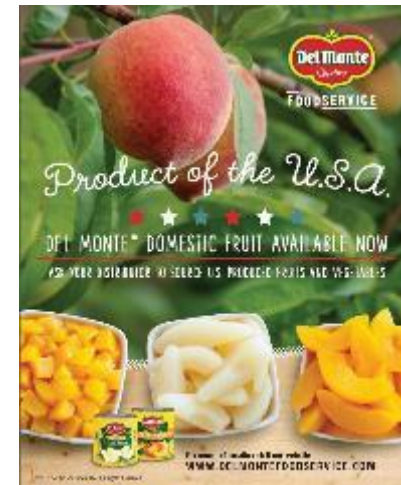
- Reinforce our points of difference (Del Monte's quality, College Inn's rich flavourful taste)
- Elevate our purity, culinary credentials and convenience (non-GMO, All Natural, sea salt)

Innovation: Address evolving consumer needs, shifts in eating behaviours, and changing demographics in order to reinvigorate our categories

- Extend into new usage occasions (in snacking and culinary)
- Attract new consumer targets (beyond Families and Boomers)

Distribution: Extend the reach of our portfolio into new parts of the grocery store, new channels, and new geographies

- Grow on-demand consumption (store perimeter, convenience channel)
- Establish a leadership position in E-commerce
- Become the Packaged Fruit and Vegetable solutions-based supplier in foodservice ("one stop shop" for fruits and vegetables)





New Del Monte Fruit & Chia

- A Category 1st Combining Luscious Chunks of Fruit with Wholesome Chia
- Started Shipments May 2017



4 EXCITING FLAVOURS



Peaches in Strawberry Dragon Fruit flavoured Chia



Mixed Fruit in Tropical flavoured Chia



Mangoes in Pineapple flavoured Chia



Pears in Blackberry flavoured Chia



New College Inn Organic and Concentrated Broth

College Inn Liquid Broth Concentrates

College Inn Organic Broth

The easiest way to have flavourful broth on hand, anytime, for any use

The rich flavour of College Inn now available in Organic



Started Shipments July 2017

Started Shipments July 2017

Flavours
Chicken
Less Sodium Chicken

Flavours
Organic Chicken
Organic Beef



Marketing Highlights

Vegetable



Extended reach and loyalty on Vegetables
Added 1Q Media for the first time since 2009

Fruit - Back to School



Back to school programmes kicked off in July
Featuring Fruit Cups and the new Fruit & Chia items



Foodservice Highlights

Pineapple

100% Philippine PINEAPPLE
[NOW AVAILABLE]

WHAT MAKES DEL MONTE PINEAPPLE SO TASTY?
the right amount of
RAINFALL, ELEVATION, VOLCANIC SOIL,
and PROXIMITY TO THE EQUATOR
as well as
OUR OWN VERTICALLY INTEGRATED
PLANTATION & CANNERY

Del Monte Quality
FOODSERVICE

PINEAPPLE CHUNKS IN HEAVY SYRUP • CHARGÉ CRISPED PINEAPPLE IN JUICE
SLICED PINEAPPLE IN JUICE • PINEAPPLE TARTS IN JUICE • PINEAPPLE CHUNKS IN JUICE

- Supporting re-launch with marketing activities including ads, third-party calling former customers, and direct mail

Fruit Cups

NEW FRUIT CUP SNACKS
BUY AMERICAN COMPLIANT - MEETS 1/2 CUP EQUIVALENT

August 2, 2017

SNA SmartBrief
from the School Nutrition Association

Buy One Case
GET ONE FREE
[NEW FRUIT CUPS]

PLEASE FILL IN THE FOLLOWING TO RECEIVE YOUR REBATE

AVERAGE NUMBER OF MEALS SERVED PER DAY (PLEASE CHECK ONE)

<input type="checkbox"/> under 100 meals	<input type="checkbox"/> 300 - 400 meals	<input type="checkbox"/> 1,000 - 1,500 meals
<input type="checkbox"/> 100 - 200 meals	<input type="checkbox"/> 400 - 500 meals	<input type="checkbox"/> 1,500 - 4,000 meals
<input type="checkbox"/> 200 - 300 meals	<input type="checkbox"/> 500 - 600 meals	<input type="checkbox"/> 4,000 meals or more

Test - don't send
NAME OF ESTABLISHMENT
Test - don't send
STREET ADDRESS
Test
CITY AIR STATE ZIP
Test
YOUR NAME TITLE
479-645-9340 byron.shefchik@delmonte.com
BUSINESS PHONE YOUR EMAIL ADDRESS FOR ADDITIONAL OFFERS
Test AR
DISTRIBUTION CITY / STATE

PRODUCT NAME	RECODE	UNCS	PRICE INDEX	REF. NO.
DISED FRUITS IN EXTRA LIGHT STRIP	20W511	FRUITCUPS-2		
MIXED FRUIT IN EXTRA LIGHT STRIP	20W510			
DISED FRUITS IN EXTRA LIGHT STRIP	20W520			

MAIL REBATE COUPON & PROOF OF PURCHASE TO:
DEL MONTE FOODSERVICE REBATE
PO BOX 1005
PINEAPPLE, WA 98108
CMT170001

TO RECEIVE YOUR REBATE:
- Fill out rebate and also be sure to provide a copy of the invoice.
- Complete and attach to the rebate form.
- Provide a copy of the invoice to the rebate form.
- Provide a copy of the invoice to the rebate form.
- Provide a copy of the invoice to the rebate form.

WWW.DELMONTEFOODSERVICE.COM

- Supporting the K-12 (Kindergarten-Grade 12) fruit cup launch with advertising and rebate offer

National Trade Shows



- Excellent representation at shows for Colleges/ Universities and K-12



Del Monte Foods CEO



- Mr Gregory Longstreet is DMFI's CEO effective 5 September 2017
- Responsible for DMFI's strategy, business and overall organisation
- Over 25 years of work experience in the food industry, having held critical commercial roles in sales, marketing and general management, including as President and CEO
- While at Dole Foods Company, Greg was the Director of Marketing and New Product Development of the Packaged division and, at one point, had leadership roles in the Fresh Vegetable division where he led the strategic expansion of Dole Fresh Vegetable foodservice business
- In his recent role as President and CEO of CytoSport (of the Hormel Foods Group), Greg's work included innovative brand and product expansion within the beverage, bar and powder segments of the sports nutrition category



Del Monte Philippines (DMPI)

- DMPI is the Group's 2nd largest subsidiary
- Comprises of sales in the Philippines and exports
- 1Q sales of US\$131.4 million, up 14% versus the same quarter last year



Run Sponsorship



Fitness Events



Philippines

87%

Market Share (#1)
Canned Pineapple

77%

Market Share (#1)
Canned Mixed Fruit

84%

Market Share (#1)
Canned and Tetra RTD Juices

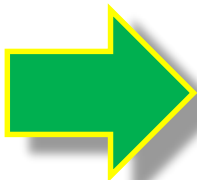
86%

Market Share (#1)
Tomato Sauce

48%

Market Share (#1)
Spaghetti Sauce

- Del Monte is the market leader across several categories
- Modern trade and convenience stores are growing fast: Del Monte is strong in modern trade, generating 26% of sales
- Expanding foodservice sales, accounting for 19% of Philippine sales
- Competitive environment with Southeast Asian peer companies targeting the Philippines to innovate, diversify and premiumise
- E-commerce and digital are growing



To drive growth, continue to build new categories, channels and markets to ensure future competitiveness and growth

Source for market shares: Nielsen Retail Index as of 3 months to July 2017



Philippines

- Philippines is the largest market of subsidiary Del Monte Philippines, Inc (DMPI)
- Sales were up 5.1% in peso terms but down 1.5% in US dollar terms due to peso depreciation
- Sales growth was driven by expanded penetration and increased consumption of packaged pineapple fruit following improvement in supply, coupled with higher sales of culinary products
- Continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind 360-degree campaigns across brands
- Foodservice sales continued to expand, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts



Philippine Market Updates

Continue to invest in consumption building and drive inclusion of Del Monte products in the weekly menu behind 360-degree campaigns across brands

Encourage new twists on classic tomato recipes



Empower working moms to go beyond fried dishes



Level-up even simple recipes with Del Monte





Philippine Market Updates (cont'd)

Continue to drive user base expansion and more frequent consumption amongst young adults behind relevant functional benefits

Highlight Fiber-Enriched variant benefit for daily detoxification



Strengthen Fit 'n Right equity for weight management with the only isotonic drink that rehydrates and reduces fat





Philippine Market Updates (cont'd)

*Ride on rapid expansion of QSRs and convenience stores
with meal partnerships and menu creation with major accounts*





Asia and the Middle East

- Consumers moving towards less processed and more natural food: S&W expanding sales of S&W Sweet 16 fresh pineapple
- E-commerce and digital are growing with North Asia having the largest share of E-commerce pie: S&W is actively exploring this channel



To drive growth, realise S&W's full potential in fresh pineapple and other products, channels, and build S&W's brand equity in key markets



S&W Asia and the Middle East

- S&W branded business, the fastest growing market of subsidiary DMPI in Asia and the Middle East, was up strongly by 71% in 1Q
- Mainly due to strong sales of fresh pineapple on the back of improved supply
- Expansion into Turkey, a new market for packaged products.



TURKEY – Juices and Canned Fruit launch with optimal product exposure via outdoor banners of a soccer event



S&W Listing on Amazon Prime Now Singapore



Amazon Prime Now search results for 's&w':

- S&W Orchard Fruit Cocktail in Syrup, 825g: ~~S\$4.40~~ S\$3.90
- S&W Whole Peeled Tomatoes, 411g: S\$2.10
- S&W Crushed Tomatoes, 794g: S\$3.05
- S&W Garbanzo Beans, 439g: ~~S\$2.80~~ S\$2.15
- S&W Apple Cider Vinegar, 946ml: S\$6.30

Amazon Prime Now search results for 's&w':

- S&W Orchard Fruit Cocktail in Syrup, 420g: S\$2.75
- S&W Pineapple Chunks, 567g: S\$2.10
- S&W Sliced Beets, 425g: S\$2.10
- S&W Whole Cranberry Sauce, 397g: S\$3.30
- S&W Cream Style Corn, 418g: S\$1.55

Amazon Prime Now search results for 's&w':

- S&W 100% Gravenstein Applesauce, 709g: S\$5.30
- S&W Stuffed Manzanilla Olives, 142g: S\$3.60
- S&W Dark Pitted Bulk Cherries: S\$5.50
- S&W Corned Beef, 340g: ~~S\$6.00~~ S\$4.25
- S&W Extra Firm Peach Halves in Syrup, 420g: S\$3.00

- ✓ Via S&W distributor HL Yong
- ✓ Listed items: S&W Pineapple Chunks, Pineapple Slices, Apple Cider Vinegar, Organic Apple Cider Vinegar, Orchard Fruit Cocktail, Sliced Beets, Whole Cranberry Sauce, Cream Style Corn, Blueberries, Garbanzo Beans, Pinto Beans, Chili Beans, Butter Beans, Applesauce, Stuffed Manzanilla Olives, Dark Pitted Cherries, Peaches, Sauerkraut, Pear Halves, Mandarin Oranges, Crushed Tomatoes, Stewed Tomatoes, Olives, etc



SINGAPORE/MALAYSIA - Launch of Organic Apple Cider Vinegar with in-store samplings to gain awareness, encourage trials and drive purchases

MALAYSIA - Introduction of Pineapple Juices via night markets at areas such as Connaught and Setia Alam so as to target both the Chinese and Malay community





CHINA - S&W Pineapple Juices launch at retail channels eg Lawson, and accompanied by in-store displays as well as sampling activations to drive awareness and sales



PAKISTAN – Retail distribution



FieldFresh India

- DMPL's share of loss in the FieldFresh joint venture in India for 1Q higher at US\$0.5m from US\$0.3m
- Sales were down 2% in rupee terms due to lower sales for packaged food impacted by changes in tax brought about by the introduction of GST from the beginning of July



Trained chefs preparing recipes using Del Monte Italian range products and promoters engaging customers



Olive Oil



Pasta



Pasta Sauces



Olives



Del Monte Olives as Snacks



Our trained chefs and promoters prepare and serve olives-based recipes to the guests in popular resto-bars. They interact with the guests and promote the brand (also supported by a tent-card placed on each table at the restaurant).



**RELISH
A FLAVORFUL
DELIGHT.**



Please ask for your
FREE Del Monte **Olives** appetizer.



Easy-to-prepare olives recipe by our expert in-house chefs.

Grab a pack of Del Monte olives from your nearest retailer to make it at home!

 Share your appetizing experience tagging @DelMonteIndia | ***Best Entry of the Night** wins exciting prizes!
*Conditions Apply



Digital Campaigns in India – Summer Escapades

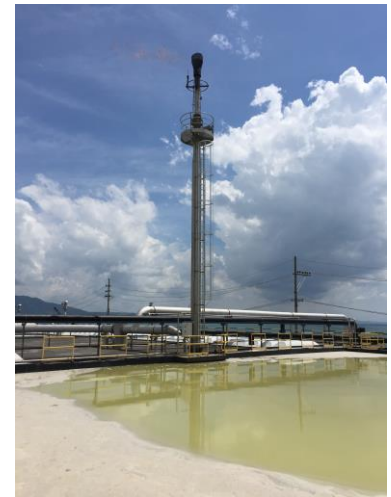
- Drive usage of Del Monte Dried and Canned fruit range by giving consumers easy and indulging ways to use our products during summer
- 15 unique video recipes were created showcasing Del Monte as core ingredient
- Content shared across all social media platforms





Sustainability

- Del Monte in the US has identified water, wastewater, electricity, natural gas, emissions and waste as the company's top key environmental performance indicators regularly tracked by its owned production and distribution facilities
- The waste-to-energy project undertaken by Global Water Engineering (GWE) for Del Monte Philippines Inc, has won the Best Water and Wastewater Solutions Provider honour at the Asian Manufacturing Awards given last 27 July 2017
- Del Monte Foundation continues to expand its activities in Education, Community Health and Wellness, Livelihood Projects and Youth Development





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