



DEL MONTE PACIFIC LIMITED

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Del Monte Pacific's First Quarter FY2021 Results

Highlights

- Group sales grew by 10% due to higher consumption of healthy, shelf-stable food at home – USA sales up 14% and Philippines sales expanded by 22%, offsetting lower Fresh sales
- EBITDA increased by 16% to US\$42.4m, and net loss was significantly reduced to US\$3.2m from US\$38.3m prior year
- Subsidiary Del Monte Philippines, Inc (DMPI) generated a net profit of US\$18.7m
- DMPI was rated Aaa, the highest credit rating assigned by the Philippine Rating Services Corporation
- Reduced Group net debt and gearing, improved operating cash flow

Singapore/Manila, 23 September 2020 – 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 FY2021 results ending July.

The Group generated first quarter sales of US\$413.1 million, higher by 10% versus prior year quarter mainly driven by increased US and Philippines sales.

Sales in the USA were up 14%. Del Monte Foods, Inc (DMFI), the Group's US subsidiary, accounting for 65% of Group revenues, delivered 11% higher sales of US\$268.2 million with improved demand across almost all categories due to the coronavirus pandemic. DMFI grew topline with its trusted, healthy, shelf-stable products. Consumers continued to prepare meals and snacks at home with DMFI's vegetable, fruit, tomato and broth products. Both retail and foodservice channels generated higher sales, with strong category momentum particularly in core centre store, although at a more moderate pace from the fourth quarter of FY2020 ending April.

In June, DMFI successfully launched the premium canned pineapple called Deluxe Gold. It is a naturally extra sweet variety with double the amount of Vitamin C. The company also introduced a new Del Monte Veggieful line of frozen vegetarian pocket pies which are delicious handheld snacks with plant-based ingredients and real cheese. DMFI saw much higher sales of new products launched in the past three years which accounted for 6% of its total net sales in the first quarter.

In the Philippines, the domestic market continued its strong momentum with another quarter of robust performance. Sales rose 22% in US dollar terms and 18% in Peso terms. Rapid growth was seen across all categories, especially flagship Del Monte brands of Spaghetti Sauce, Quick 'n Easy Meal Mixes and 100% Pineapple Juice. The relevance of these iconic Del Monte brands was magnified in a pandemic environment where consumers turned to healthy food and cooked more meals at home with the company's culinary products. Growth was sustained even as the COVID lockdown ended in May. Consumer demand was reinforced with focus and investment in both sales fundamentals as well as digital communications highlighting product quality and health benefits, such as immunity from 100% Pineapple Juice, and meal planning and preparation with Del Monte Kitchenomics.

In July, Del Monte Philippines, Inc (DMPI) entered the Dairy segment and successfully launched a new fruit yoghurt milk drink, Mr. Milk, across retail channels nationwide.

Sales of the S&W branded business in Asia and the Middle East declined in the first quarter as higher sales of shelf-stable packaged products were offset by lower sales of fresh pineapples in China. Fresh pineapples sold through the foodservice channel were impacted although there had been some improvements at the end of the first quarter. The Group expects its Fresh business to grow in the remainder of the year.

DMPI, whose core businesses are the Philippines and S&W Asia, generated much higher operating income in the first quarter, up 27% vs the same quarter last year. It delivered a net income of US\$18.7 million.

The Group's first quarter EBITDA increased by 16% to US\$42.4 million. Since there were no one-off expenses in the first quarter, net loss was significantly reduced to US\$3.2 million from US\$38.3 million in the prior year.

Given the seasonality of the business, the first quarter is historically the lowest quarter for the Group.

The Group's net debt decreased to US\$1.2 billion from US\$1.6 billion, and gearing improved to 2.2x from 2.8x equity in the prior year quarter. Cash flow from operations was US\$59.3 million from a negative US\$38.8 million last year, primarily from better working capital.

"We are encouraged by the sustained sales momentum in the first quarter which is a testament to the strength of our brands and product portfolio, offering health and nutrition to consumers. We recognise our own frontliners in the company who ensure a continuous supply of products," said Joselito D Campos, Jr, DMPL's Managing Director and CEO. "In the USA, we have successfully refinanced the loans of DMFI and infused equity to provide the company with a more solid foundation to improve its financial performance and capture market opportunities."

DMPI Bond

In August, DMPI applied for regulatory approval of its maiden bond issuance of up to PhP5 billion (US\$103 million), with an option to upsize to PhP7.5 billion (US\$155 million). The proposed offering consists of three and/or five-year maturity tranches. DMPI's credit rating for this bond is Aaa, the highest rating assigned by the Philippine Rating Services Corporation. The proceeds of the offering will be used to refinance existing loans. The company will announce updates in due course.

Prospects

To meet sustained demand for its trusted, healthy, shelf-stable products, the Group will continue to optimise its production while implementing strict safety measures against COVID-19. The strategy is to strengthen the Group's core business and expand its product portfolio in line with market trends for health and wellness, and grow its branded business, while reducing non-strategic business segments.

DMPL is well-positioned in this environment given its nutritious long shelf-life products which enable consumers to prepare more meals at home, nourish themselves and build their immunity amidst the pandemic.

DMFI is also well-placed to improve performance in FY2021 with a more efficient supply chain due to the restructuring accomplished in the last fiscal year, better sales mix and management of costs. The DMPL Group expects to return to profitability in FY2021, barring unforeseen circumstances.

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* and *Bubble Fruit* 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).

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 six plants 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 frozen fruit processing facility and a beverage bottling plant in the Philippines.

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 is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines. *To subscribe to our email alerts, please send a request to jluy@delmontepacific.com.*

Disclaimer

This announcement may contain statements regarding the business of Del Monte Pacific Limited and its subsidiaries (the “Group”) that are of a forward-looking nature and are therefore based on management’s assumptions about future developments. Such forward-looking statements are typically identified by words such as ‘believe’, ‘estimate’, ‘intend’, ‘may’, ‘expect’, and ‘project’ and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to various factors.

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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