



# Growers OF Good

## DEL MONTE PACIFIC 1Q FY2021 RESULTS

23 September 2020



Nourishing Families.  
Enriching Lives.  
Every Day.

# Disclaimer

This presentation 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.

Neither the Group nor its advisers and representatives shall have any liability whatsoever for any loss arising, whether directly or indirectly, from any use or distribution of this presentation or its contents.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in Del Monte Pacific.



# Contents

- Summary
- 1Q FY2021 Results
- Gearing
- Market Updates
- Sustainability
- Outlook



# Notes to the 1Q FY2021 Results

- First quarter is from 1 May 2020 to 31 July 2020.
- On 30 April 2020, the Group recognised the sale of a 12% stake in Del Monte Philippines, Inc (DMPI) and started recognising this as non-controlling interest (NCI) on 1 May 2020. In addition, DMPL's effective stake in Del Monte Foods, Inc increased to 93.6% starting 15 May 2020 and had henceforth recognised a 6.4% NCI. These two comprise the NCI line in the P&L. Net profit/(loss) is net of NCI.
- 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.



# 1Q FY2021 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



# — Outlook

- To meet sustained demand for our trusted, healthy, shelf-stable products, we will continue to optimise our production while implementing strict safety measures against COVID-19
- Our strategy is to strengthen the core business, expand the product portfolio, in line with market trends for health and wellness, and grow our 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





# DMPL 1Q FY2021 Group Results Summary

- Sales of US\$413.1m, +10%

Sales	% Change
USA	+14
Philippines	+22 (in peso terms +18)
S&W	-19
FieldFresh India (equity accounted)	-45 (in rupee terms -40)

There are no one-off items this quarter. All figures below are vs prior year quarter, excluding one-off items:

- EBITDA of US\$42.4m, up 10% from US\$38.7m, due to the higher volume and better sales mix in USA and Philippines, getting a lift from pandemic-driven higher consumption of trusted, healthy, shelf-stable products
- Operating profit of US\$20.6m, down 8% from US\$22.4m, due to higher costs of last year's pack, logistics cost and G&A expenses in USA
- Net loss of US\$3.2m from a net profit of US\$4.1m due to the above plus higher net financial expense



# DMPL 1Q FY2021 One-Off Expense/(Income)

<i>Amounts in US\$ million</i>	For the three months	
	31 July	
	FY2021 (Unaudited)	FY2020 (Audited)
<b>DMFI one-off expenses:</b>		
Plant closures	-	1.7
Severance	-	0.4
Others	-	0.0
<b>Total (pre-tax basis)</b>	-	2.1
Tax impact	-	(0.5)
Non-controlling interest	-	(0.2)
<b>Total DMFI one-off expenses (post tax, post NCI basis)</b>	-	1.4
<b>Second Lien Loan Purchase:</b>		
Net (gain) cost due to the purchase of DMFI's second lien loan at a discount	-	0.1
Tax impact for the other one-off items	-	(0.0)
<b>Total one-off gain on second lien loan purchase (post tax basis)</b>	-	0.0
<b>Intercompany Dividends Tax:</b>		
Final tax paid on intercompany dividends	-	39.6
Deferred tax on undistributed share in profits	-	1.3
<b>Total one-off final taxes on intercompany dividends</b>	-	41.0
<b>Total (post-tax and post non-controlling interest)</b>	-	42.4





# DMPL 1Q FY2021 Results – As Reported

In US\$m	1Q FY2020	1Q FY2021	Chg (%)	Comments
<b>Turnover</b>	375.9	<b>413.1</b>	+9.9	Higher USA, Philippines and S&W packaged sales getting a lift from the pandemic
<b>Gross profit</b>	91.1	<b>94.1</b>	+3.2	Higher volume and better sales mix offset higher product costs
<b>EBITDA</b>	36.6	<b>42.4</b>	+15.8	Same as above
<b>Operating profit</b>	20.3	<b>20.6</b>	+1.9	Same as above
<b>Net finance income/ (expense)</b>	(21.3)	<b>(24.6)</b>	-15.4	Higher interest expense and lower interest income
<b>FieldFresh equity share</b>	(0.2)	<b>(0.7)</b>	nm	Lower performance as impacted by the pandemic
<b>Tax benefit/(expense)</b>	(38.7)	<b>2.6</b>	nm	Higher tax expense last year as Del Monte Philippines declared a dividend to its parent which was taxed at 15% amounting to US\$39.6m
<b>Net profit/(loss)</b>	(38.3)	<b>(3.2)</b>	+91.5	Same as above
<b>Net debt</b>	1,558.7	<b>1,240.5</b>	-20.4	Lower due to payment of DMFI loans from refinancing
<b>Gearing (%)</b>	276.1	<b>219.6</b>	-56ppts	Lower gearing, same as above

## Reduced Gearing

- DMPL infused US\$379.5m equity and successfully refinanced the loans of DMFI
- This provides DMFI with a solid foundation to improve its financial performance and capture market opportunities
- DMFI's credit rating was upgraded by the rating agencies
- DMPL Group's net debt decreased to US\$1.2bn from US\$1.6bn
- Gearing improved to 2.2x from 2.8x equity in the prior year quarter
- Cash flow from operations improved to US\$59.3m from negative US\$38.8m primarily from better working capital





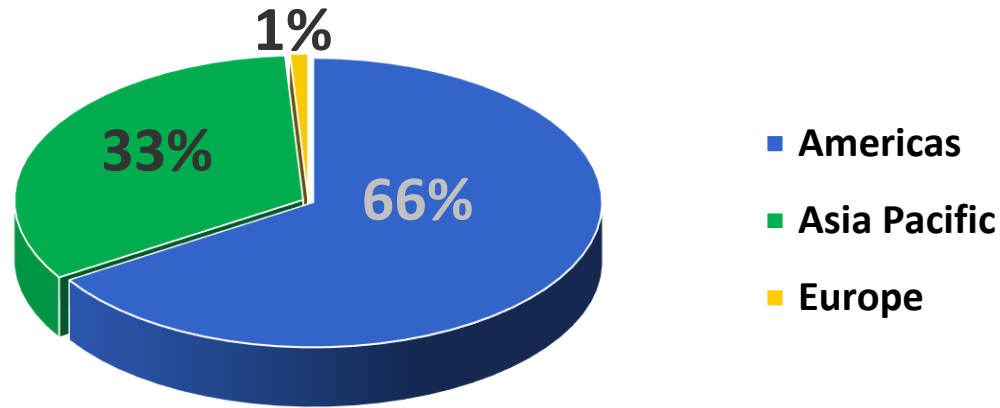
# Del Monte Philippines Bond

- In August, Del Monte Philippines applied for regulatory approval of its maiden bond issuance of up to PhP5bn (US\$103m), with an option to upsize to PhP7.5 bn (US\$155m)
- The proposed offering consists of 3 and/or 5-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





# DMPL 1Q FY2021 Turnover Analysis



Americas	+13.5%	<ul style="list-style-type: none"> <li>Higher volume due to higher demand from the pandemic shelter in place</li> <li>The principal categories experienced strong growth as consumer behaviour shifted to healthy, shelf-stable products in response to COVID-19</li> </ul>
Asia Pacific	+4.8%	<ul style="list-style-type: none"> <li>Philippines continued its strong momentum with 1Q sales growing by 18% in Peso terms</li> <li>Higher S&amp;W sales of shelf-stable packaged products were offset by lower sales of fresh pineapples in China</li> </ul>
Europe	-23.0%	<ul style="list-style-type: none"> <li>Lower beverage sales</li> </ul>



## Market Updates for 1Q FY2021



# USA

**19.4%**

**Market Share (#1)**  
Canned Vegetable

**21.7%**

**Market Share (#2)**  
Canned Fruit

**25.9%**

**Market Share (#2)**  
Fruit Cup Snacks

**7.8%**

**Market Share (#2)**  
Canned Tomato

- Strong category growth momentum, particularly in core centre store, despite some supply constraints, and at a more moderate pace from 4Q FY2020
- Consumers continuing to prepare meals at home and snacking in response to the shelter in place
- Continuing to turn to trusted brand names and healthy, shelf-stable food



**To drive growth long-term, Del Monte will continue to invest in building its brands, bringing differentiated and innovative products to market, and expanding distribution channels.**

Source for market shares: Nielsen Scantrack, Dollar share, Total xAOC, Latest 3M ending 1 August 2020  
 Share rankings associated with Branded players only and excludes Private Label in category  
 Canned tomato is a combined share for Del Monte, S&W and Contadina  
 Beginning month ending 30 May 2020, new expanded definition of Veg category which includes Southern and Unique



# Del Monte Foods USA 1Q Results

DMFI's 1Q sales improved by 11% to US\$268.2m due to the pandemic

- Consumers staying at home, preparing meals and snacking with DMFI's vegetable, fruit, tomato and broth products
- Trusted, healthy and shelf-stable products
- Both retail and foodservice channels generated higher sales
- Higher sales of new products launched in the past 3 years which accounted for 6% of DMFI's total net sales in 1Q

New products launched:

- Veggieful Pocket Pies – frozen vegetarian snacks that are delicious and handheld with plant-based ingredients and real cheese
- Deluxe Gold - premium pineapple now in a can. This is of the same pineapple variety sold in Asia as fresh for its naturally extra sweet taste
- College Inn Savory Infusions - a versatile cooking base that makes it easy to boost flavour in a variety of dishes and soups
- Del Monte Oats To Go - ready-to-eat single-serve oatmeal



Reported EBITDA US\$10.4m, up 10.3%



# 1Q Innovation

## Del Monte® Pine DELUXE GOLD



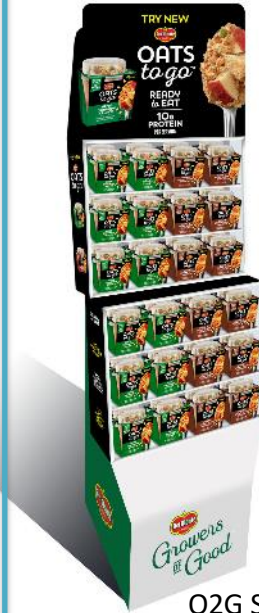
Holiday Shopper Creative

**Launched June 2020**

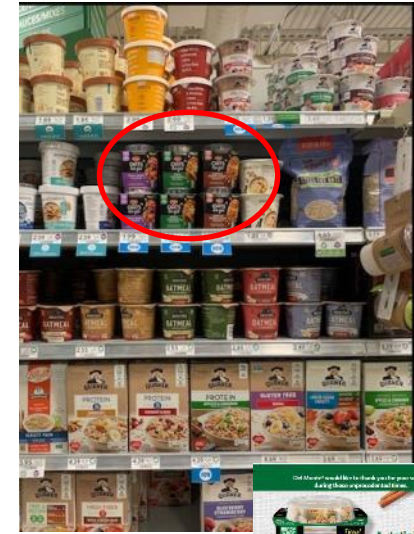
**Each can includes:**

- ✓ Naturally extra sweet pineapple
- ✓ 1 full serving of fruit
- ✓ 2X the Vitamin C
- ✓ Non-GMO and No BPA

## Del Monte® Oats To Go



O2G Shipper



Coupon

**Launched June 2020**

**Each cup includes:**

- ✓ Ready-to-eat single serve oatmeal
- ✓ 10g of protein
- ✓ 1/2 serving of fruit
- ✓ No artificial flavours or preservatives
- ✓ 100% whole grains





# 1Q PR Highlights

- **Nearly 1bn impressions** - In 1Q, Del Monte Brands and Corporate secured 358 media placements garnering over 976m impressions
- **Adapting to COVID reality with online content** – We developed a parent portal on our Del Monte website with our GrowingGreat non-profit partner, to give parents online access to lessons about the science of healthy eating.
- Consumers are showing us the love – Blueberry Fruit Crunch Parfait earned ‘Best New Product Awards’ from Convenience Store News; Canned Diced Mangos in Light Syrup selected by Parents Magazine as a ‘pantry item they couldn’t live without’
- **Industry Recognition** – Del Monte R&D Team recognised as Food Processing Magazine’s R&D Team of the Year





# USA Foodservice

## Sustained Fruit Cup Demand



- As K-12 Schools finalised their plans for the new school year, demand for Del Monte Fruit Cups remained elevated. IQ sales were up strongly vs. prior year quarter
- The reformulation of these Fruit Cups to 100% Juice continues to be popular with schools

## Bojangles' Chicken Chooses Del Monte



- Bojangles' Famous Chicken 'n Biscuits, a 750-unit chain, has selected Del Monte Green Beans to be their primary vegetable side dish

## 3-Year Contract Renewal with Foodbuy



**Foodbuy**

- After a competitive bid process, Del Monte has been retained as the “Preferred Vendor” for the #10 Fruit, Pineapple and Vegetable categories. The 4 oz Fruit Cups were also awarded Preferred status
- Foodbuy is owned by Compass, the largest foodservice company in the world



# Philippines

**89% +3.8pts**  
Market Share (#1)  
Packaged Pineapple

**76.3% +3.4pts**  
Market Share (#1)  
Canned Mixed Fruit

**48.3% +5.1pts**  
Market Share (#1)  
RTD Juices ex-SUP\*

**88.8% +6.8pts**  
Market Share (#1)  
Tomato Sauce

**40% -1.5pts**  
Market Share (#1)  
Spaghetti Sauce

- Del Monte continues to enjoy strong market share leadership across all its major categories. Despite the pandemic, share was even strengthened with the exception of Spaghetti Sauce, due to intense competition fuelled by affordable brands that rely heavily on price promotions.
- In this pandemic, consumers have become even more concerned with health, and also increased the incidence of home cooking for both meals and snacks. Del Monte has been sought as a trusted, healthy, high quality brand with good shelf life for pantry stocking.
- Del Monte also established a stronger presence in the faster-growing channel of e-commerce.

**To sustain growth: Continue to drive core category growth in key channels and segments, and strengthen the competitive position of our brands**

\*SUP is Stand Up Pouch or what is locally referred to as "doy pack"

Source for market shares: The Nielsen Company - Retail Audit Data for May-June 2020; Canned mixed fruit is a combined share for Del Monte and Today's brands; Spaghetti sauce is a combined share for Del Monte, Today's and Contadina brands



# Philippines

- In 1Q, the Philippines domestic market sustained its strong momentum with sales +22% in US dollar terms and 18% in Peso terms
- Retail sales surged 32%, more than offsetting foodservice declines. E-commerce advancing rapidly with support of key online retailers
- Faster growth across all categories, especially flagship Del Monte brands of Spaghetti Sauce, Quick 'n Easy Meal Mixes and 100% Pineapple Juice
- Solid fundamentals of 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 entered the Dairy segment and successfully launched a new fruit yoghurt milk drink, Mr. Milk, across retail channels nationwide



Newly launched Mr Milk fruit yoghurt drink



100% Pineapple Juice: "Help avoid sickness"



**HAVE A SAUCE-SPECIAL WEEKEND!**

**FOLLOW OUR OFFICIAL STORES ON**

**MIX 'N MATCH MEAL PLAN**  
 Explore endless dish combinations!

BREAKFAST	LUNCH	DINNER
FRUITY FRENCH TOAST	LUMPIANG SHAMSHAI	BEEF AND SITAW IN TOMATO BROTH WITH SAUCE
BINYO BEE TAPA WITH PINEAPPLE	PINE CHICKEN TINOLA WITH PINEAPPLE	CUBED PORK BURGER WITH PINEAPPLE
SALAD WITH PINEAPPLE DRESSING	BEEF MECHADO WITH PINEAPPLE	CHICKEN TANGLEAD WITH PINEAPPLE
PANCAKE BALLS WITH PINEAPPLE	TOSIG AND TOSIADO WITH PINEAPPLE	CHICKEN KAPE KAPE WITH PINEAPPLE
CHEESE AND PINEAPPLE BREAD WITH PINEAPPLE	ADOBO SA GATA DAELLA WITH PINEAPPLE	FOUR CHEESE SPAGHETTI WITH PINEAPPLE
ITALIAN OMELETTE WITH PINEAPPLE	SINIGANG SA PINYA WITH PINEAPPLE	CREAMY BOLOGNESE WITH PINEAPPLE
TOSIGANG MANOK WITH PINEAPPLE	BUFFALO MEATBALLS WITH PINEAPPLE	FIVE SPICE PORK CHOP WITH PINEAPPLE

**CREATE YOUR OWN MEAL PLAN AT**  
[lifegetsbetter.ph](http://lifegetsbetter.ph)



# Philippines - Fruits

Core communications focused on increasing consumption:



- Level up core Filipino recipes by simply adding pineapple
- Improved accessibility behind lower-priced Stand-Up-Pouches

Communications designed to be even more relevant in a pandemic environment:



Mixed Fruits: in-home, small scale celebrations “Stay-Lebrations”

Canned Pineapple: health and immunity to level up dishes





# Philippines - Beverage

Communications strengthened core strengths of the brand, even while improving to be more relevant during the pandemic:

100% Pineapple Juice: Immunity and protection against disease-causing viruses



Del Monte Juice Drink: health with 1 can/glass = 1 serving of fruit and 100% Vitamin C



Del Monte Juices  
 Jan 21 '20  
 We all need a boost of Vitamin C each day! So have a Del Monte Juice Drink! Every can contains 100% Vitamin C and is equal to 1 serving of fruit (portions of fruit). Oppa eating mag-fruit! #itsallupfruitful  
 0048P0K2020S



Del Monte Fit 'n Right: promoting fitness with exercise at home, in collaboration with known studios





# Philippines - Culinary

## Maximising the opportunities from increased home-cooking incidence:

Del Monte Quick 'n Easy: Quarantine Home Cooking Maximisation (Online)



Del Monte Spaghetti and Pasta: Home Celebration Digital Promotion



Del Monte Tomato Sauce: 'Everyday Sauce Special' Campaign (TV/Online)



Del Monte Ketchup Range: Go Crazy with your Favorites!





# S&W

- COVID-19 started in China which is S&W's largest market in Asia. The pandemic affected the Fresh market in China most significantly.
- It also affected the foodservice channel especially in South Korea for processed products.
- E-commerce and digital are growing with North Asia having the largest share of E-commerce pie. S&W is in most of the portals in China and South Korea.

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



Hema



Dingdong



Pinduoduo

本来生活  
benlai.com

coupang





# S&W

- Sales of the S&W branded business in Asia and the Middle East declined in 1Q
  - Higher sales of healthy, shelf-stable packaged products such as canned pineapples, mixed fruits, beans and corn
  - But offset by lower sales of fresh pineapples in China. Fresh pineapples sold through the foodservice channel - restaurants, hotels and airlines - were impacted although there had been some improvements at the end of the first quarter
  - We expect the fresh pineapple business to grow in the remainder of the year



S&W 100% Pineapple Juice for immunity building

Refreshing design of triple pack gift box developed for Eachtake China





# S&W



Popeye Singapore promoted our S&W Frozen Pineapple Stick with their Ghost Pepper menu



Promotion of S&W Sweet 16 Fresh pineapple by Goodfarmer in China



**Whole Pine Pineapple**  
 ★★★★★ 625 Reviews

**9,780 won** (1,811 won per 100g) 로켓프레시 | Rocket Wow only

👉 Earn up to KRW 489

**Free shipping** (when purchasing rocket fresh products over KRW 15,000)  
**Tomorrow (Wed) 9/16 7:00 AM** Guaranteed arrival (When ordering before 12pm / Seoul and Gyeonggi standards)

Weight × Quantity: 540g × 2 packs

👉 Cash accumulation benefits | Earn up to 489 KRW

Earn 1% when paying co-op money  
 [Rocket Wow + Coupei Account Transfer] 2% earned upon payment

S&W's 540g Whole Pineapple from distributor Wonil is gaining popularity in South Korea's top e-commerce market, Coupang.



# FieldFresh

- DMPL's share of loss in 1Q was US\$0.7m, versus prior year quarter's US\$0.2m due to lower sales of branded packaged products mainly from COVID-19 impact
- Foodservice accounted for about 50% of sales pre-pandemic in India; therefore, the pandemic has a more unfavourable impact in India than on DMPL's other markets



- In May, we launched 2 new juices in the Health & Wellness range – Del Monte ACE and Del Monte Heart Smart – from the Philippines
- High relevance given that
  - India is the capital of cardiovascular diseases and cholesterol is one of the biggest problems
  - “Immunity” is a top of mind concern stemming from the COVID-19 pandemic
- Launched on Amazon exclusively for a month, followed by extension to offline trade across top stores



# Sustainability

- Del Monte Foundation continued donating food and beverage to private and local government organisations to support healthcare workers and other frontliners, and indigent communities in the Philippines during the pandemic
- Published our FY2020 Sustainability Report which includes new sections on our Pandemic Response, Human Rights, Plastic Solutions and Reforestation
- Del Monte Foods (DMFI) established a Diversity Leadership Council to provide leadership in building a more diverse and inclusive company
- DMFI partnered with the American Red Cross, Feeding America and Convoy of Hope to provide aid to the victims of Hurricane Laura and the California wildfires



# — Outlook

- To meet sustained demand for our trusted, healthy, shelf-stable products, we will continue to optimise our production while implementing strict safety measures against COVID-19
- Our strategy is to strengthen the core business, expand the product portfolio, in line with market trends for health and wellness, and grow our 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

