

Del Monte Pacific 1Q FY2024 Results

6 September 2023



Nourishing Families.
Enriching Lives.
Every Day.

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- 1Q FY2024 Results
- Market Updates
- Sustainability
- Outlook



Notes to the Results



- 1Q FY2024 is from 1 May to 31 July 2023
- DMPL owns 87% of Del Monte Philippines, Inc. and 93.6% of Del Monte Foods, Inc. DMPL recognizes a 13% and 6.4% non-controlling interest (NCI) in these two subsidiaries, respectively. These comprise the NCI line in the P&L. Net profit/(loss) is net of NCI.
- The 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.

1Q FY2024 Highlights



- Del Monte Pacific (DMPL) Group sales grew by 13% to US\$517m on higher USA and fresh pineapple sales, up by 18% and 23%, respectively
- The Group maintained leading market share positions across core products
- Demand increased for fresh pineapple in North Asia
- Strong consumer response in U.S. for expanded portfolio of new branded products
- Posted EBITDA of US\$51m, down by 27% on higher costs
- Lower operating income and increased interest expense resulted in a net loss of US\$13.1m; however, this is lower than the net loss of US\$30.5m in the prior year quarter



Outlook



- The global environment remains unstable
- Remain vigilant in managing our operating expenses which include:
 - ✓ packaging materials optimization;
 - ✓ power and fuel initiatives;
 - ✓ investments to improve efficiency, productivity and minimize wastage;
 - ✓ product bundling initiatives in distribution centers
- In the U.S., there will be more focused innovation while increasing penetration into a number of high growth channels
- New market development initiatives in Mexico, South America and Canada driven by resources dedicated to expanding distribution in these markets
- Planning to substantially increase production of our superior MD2 fresh pineapple to support higher exports of these highly sought after premium products
- Working capital improvements, especially inventory reduction, to generate more cash flow and strengthen the balance sheet with lower debt
- Barring unforeseen circumstances, the Group expects to generate higher net profit in FY2024 especially in the second half of the fiscal year



1Q FY2024 Results Summary



- Sales of US\$516.7m, +13%

Sales	% Change
Americas	+18
Philippines	flat (in peso terms +5)
International	-7
India (equity accounted)	-5.5 (in rupee terms +1.5)

All figures below are vs prior year quarter on recurring basis. There was no one-off item this quarter but last year had US\$71.9m gross (US\$50.2m net) due to early loan redemption:

- EBITDA of US\$51.1m, down 27% from US\$70.0m, mainly due to higher costs
- Operating profit of US\$26.4m, down 48% from US\$50.4m
- Net loss of US\$13.1m from a net profit of US\$19.6m due to lower operating results and increased interest expense from higher bank loans

1Q FY2024 Results – Reported Basis

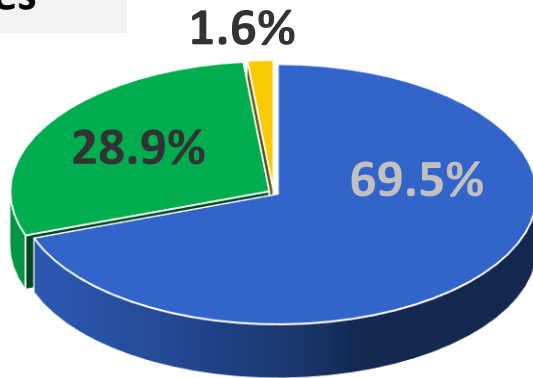


In US\$m	1Q FY2023	1Q FY2024	Chg (%)	Comments
Turnover	456.6	516.7	+13.2	Higher sales in USA and fresh pineapple
Gross profit	131.7	108.3	-17.8	Due to higher product costs
Gross margin (%)	28.9	21.0	-7.9ppts	Same as above
EBITDA	70.0	51.1	-27.0	Same as above
Net profit	(30.5)	(13.1)	+57.1	Lower operating results plus last year had one-off cost of US\$50m (net basis) mainly due to early refinancing of DMFI's 11.875% loan; US\$72m (gross basis) booked in interest expense line.
Net margin (%)	<i>nm</i>	<i>nm</i>	<i>nm</i>	Same as above
Net debt	1,730.2	2,299.7	+32.9	Due to additional loans: 1. To refinance in Dec 2022 the redemption of US\$100m DMPL Series A-2 preference shares with coupon of 10% if not redeemed. New loans are at lower interest rate of 6.8% (at end of July) 2. Working capital loans of DMFI due to higher inventory and Kitchen Basics acquisition (US\$100m)
Gearing (%)	416.5	599.8	+183.3ppts	Same as above
Net debt/EBITDA (x)	5.0	7.2	+2.2x	Same as above

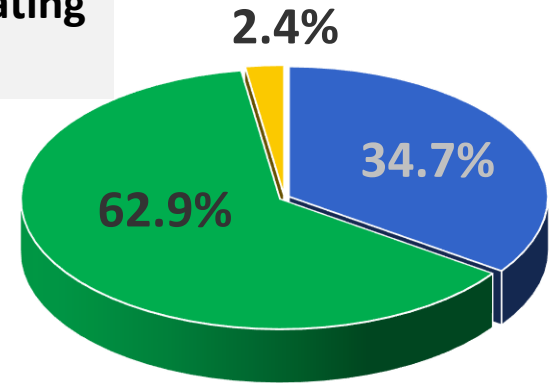
1Q FY2024 Turnover and Operating Profit Analysis



Sales



Operating Profit



- Americas
- Asia Pacific
- Europe

	Sales growth	Comments
Americas	+18.3%	<ul style="list-style-type: none"> ▪ Driven by higher branded retail sales which grew by 19% across key categories of canned vegetable, fruit, tomato, broth/stock and JOYBA bubble tea. Branded retail accounted for 78% of DMFI's sales
Asia Pacific	+2.5%	<ul style="list-style-type: none"> ▪ Strong fresh pineapple sales, up 23% ▪ Philippines up 5% in peso terms but flat in USD terms ▪ Lower exports of packaged pineapple
Europe	+11.4%	<ul style="list-style-type: none"> ▪ Higher sales of packaged pineapple



Higher Loans in 1Q FY2024

Debt level increased by US\$568m from July 2022 to July 2023 due to:

	US\$ m
Series A-2 Preference Shares Redemption	100
Acquisition of Kitchen Basics	101
Increase in Working Capital (mainly DMFI's Inventory)	368

With heightened emphasis on prudent financial management, we are embarking on a strong debt reduction program:

1. Through internally generated cash:

- ✓ Reduce high inventory levels from FY2023 by reducing the pack in the U.S.
- ✓ Expects to improve operating performance in FY2024 which should improve margins vs. 2H FY2023

2. Considering the issuance of appropriate equity instruments in order to increase capital

We expect debt level in FY2024 to go down to US\$2.1bn and expect to bring down net DER to below 3x in mid-term



Market Updates



Del Monte Foods USA 1Q FY2024



- Sales of US\$356.4m or 69% of Group sales; volume grew by 5% while sales improved by 18% driven by pricing actions and strong growth and development of our branded product portfolio in both traditional and emerging channels
- Retail branded volume rose 7.8% on strong demand for core vegetables and fruit business
- Foodservice channel delivered 8.5% growth as we continued to develop new customers and outlets for our foodservice portfolio of products
- Kitchen Basics contributed US\$5.4m of sales. Excluding Kitchen Basics, DMFI sales were up 16%
- Innovation continued to help fuel the company's growth led by the success of its new JOYBA Bubble Tea brand which was recently named by the Refrigerated and Frozen Food Awards as one of the Best New Retail Products for 2023
- Del Monte's new Gut Love and Boost Me Fruit Cup Snacks were also recognized as Snack Products of the Year by the 2023 Mindful Awards
- New products contributed 8.7% to DMFI's total sales in 1Q
- EBITDA of US\$25.4m and a net loss of US\$9.3m due to record inflation from last year, but this quarter's net loss is lower than last year's net loss of US\$42.2m which included a one-off refinancing cost
- A new 4% price increase went into effect on July 31st and, combined with a number of cost savings initiatives, will restore margins in the subsequent quarters



USA Market Shares



22.6% +1.2pts

Canned Vegetable (#1)

24.5% +3.8pts

Canned Fruit (#1)

29.9% +5.3pts

Fruit Cup Snacks (#2)



6.3% +0.6pt

Canned Tomato (#3)

7.5% -0.7pt

Broth (#2)



Source for market shares: Nielsen RMS / Scantrack DMFI Custom DBs, Eq Vol share, Total xAOC, Latest 3M ending 29 July 2023

- Category dynamics continued to shift as consumers purchase patterns change year over year in response to economic uncertainty, higher average prices and changes to industry supply
- Despite this, Del Monte grew its market leading shares across most categories, with notable increases in Canned Fruit and Fruit Cup Snacks

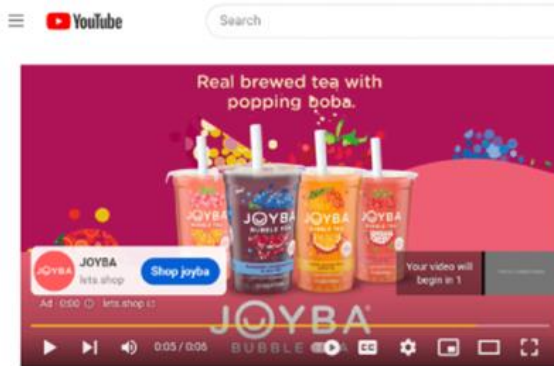


To drive growth long-term, Del Monte will continue to invest in bringing differentiated and innovative products to market, expanding distribution channels, and building its brands

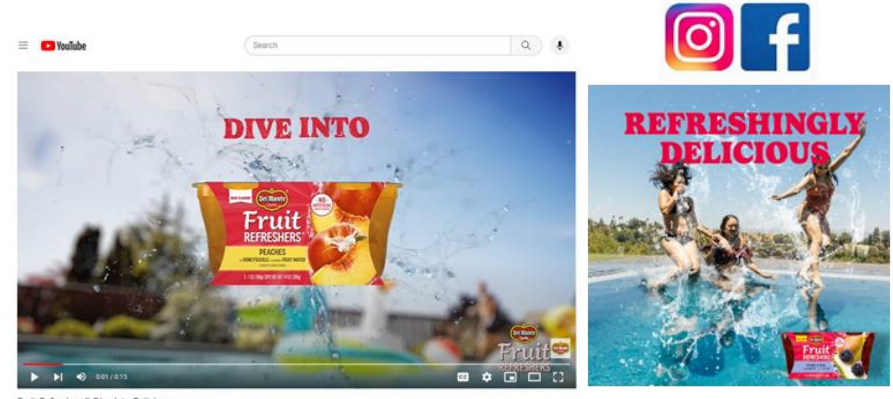
USA 1Q – Marketing Highlights



JOYBA Summer Campaign



Re-Launch of Fruit Refreshers line



Fruit Refreshers® Dive Into Delicious



Earned Media coverage

USA 1Q – Marketing Highlights



Back-to School at Retail – Fruit Cup Snacks and Chobani Partnership

Chobani. Del Monte

Back-to-school snacks made easy

Look for low prices!

Lunchbox goals

Buy Now

Chobani. Del Monte

Available at Public

Make lunchtime wholesome

Get fam's faves from Del Monte & Chobani for school days.

Chobani. Del Monte

Packed for success

Shop now

Walmart

Amazon BTS

Say YES to delicious and nutritious snacks on the go.

You'll say **MG YES!**

Choose Good

amazon fresh Shop now

Say YES to delicious and nutritious snacks on the go.

Choose Good

Delicious fruit on the go

Fruits for snacking, smoothies and baking

Easy vegetable side dishes

Tomato pantry staples

USA 1Q – PR Highlights



EatingWell

Tomato Puree vs. Tomato Sauce:
What's the Difference?



Take Root Organics was featured as product expert



JOYBA partners with Lady Gaga's Born This Way Foundation

1

San Francisco Business Times released their 2023 "Largest Food and Beverage Manufacturers in the Greater Bay Area" list, and Del Monte Foods remains at #1

— AMERICA'S —
TEST KITCHEN



College Inn Bone Broth tested #1 against competitors

New Retail Products: 2023 Best New Retail Products Contest Winners



Joyba Bubble Tea Blueberry Pomegranate

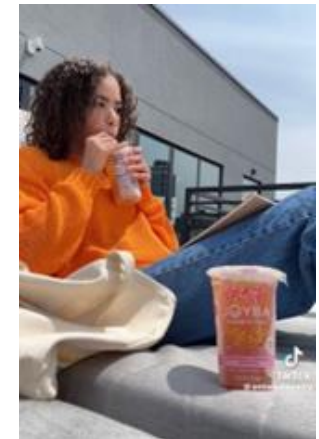


mashed

Recent Survey Shows The Nostalgic Demand For Adult-Centered Fruit Cups



Gut Love and Boost Me Fruit Cup Snacks with Infusions were recognized as the Overall Snack Product of the Year by the 2023 Mindful Awards



Antonia Gentry of Netflix hit show Ginny & Georgia partners with JOYBA

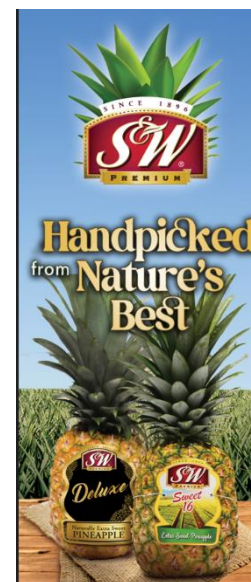
New Business Growth Driving Pineapple Category's Attributes through Distributor Conversions



DMPL ex-DMFI 1Q FY2024



- Sales of US\$167m, down 4% as strong exports of fresh pineapples were not enough to offset lower exports of processed products.
 - ✓ Philippine sales of US\$76m, +5% in peso terms but flat in US dollar terms due to the peso depreciation. Sales of packaged fruit, beverage and culinary were up supported by compelling communication campaigns and value-for-money offers amidst the inflationary environment.
 - ✓ Foodservice and convenience store continued their strong performance with sales up 25% and 16%, respectively, on new accounts, outlets and menu ideas.
 - ✓ International market sales of US\$80m, down 7% due to decline in exports of packaged pineapple.
 - ✓ Exports of fresh pineapple were robust, up 23%, on increased sales of premium higher-margin S&W Deluxe fresh pineapples as well as better pricing.
 - ✓ The Group is the largest fresh pineapple exporter to China with a 53% share and one of the three biggest exporters to Japan, South Korea and the Middle East.
- EBITDA of US\$26m, lower by 22%, and net profit of US\$4.4m, lower by 74% mainly due to higher costs and higher interest expense.



Philippines – Market Shares



96.4% +2.0pts

Packaged Pineapple (#1)

77.3% +3.8pts

Canned Mixed Fruit (#1)

39.3% +1.5pts

RTD Juices ex foil pouches (#1)

85.4% +0.8pt

Tomato Sauce (#1)

42.6% +0.3pt

Spaghetti Sauce (#1)

13.0% -6.0pts

Drinkable Yogurt, DM Vinamilk + Mr. Milk (#2)

Source for Volume market shares: The Nielsen Company - Retail Audit Data as for 3M to June 2023

Overall, Del Monte retained market leadership across core categories.

- Del Monte continues to enjoy strong market share leadership across its major categories, with notable increases in **Packaged Pineapple and Mixed Fruits** behind consumption-building efforts.
- **RTD Juice** share grew behind Juice Drinks, Canned Pineapple Juice and the re-entry of Fit 'n Right classic line.
- **Tomato Sauce** and **Spaghetti Sauce** slightly increased share. Saucy Weekends campaign for Tomato Sauce helped.
- In drinkable yogurt category, **Mr. Milk** was affected by our multiple price increases and competitive activities. Volume and share recovery plans ongoing.

Philippines – Culinary and Fruit



**Tomato Sauce -
Saucy Weekends Campaign
TV + Digital & Value bundles**



**Spaghetti Sauce -
Birthday Campaign Digital
& Limited Edition Plates Promo**



**Pineapple Tidbits - Stand Up
Pouch Acceleration Program**



Quick 'N Easy Meal Savers



Philippines – Beverage



Fiber Enriched 100% Pineapple Juice – Nightly Fiber Habit Campaign Digital + 26 July event with publishers & foodie influencers

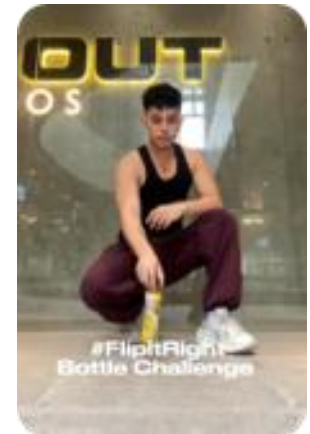
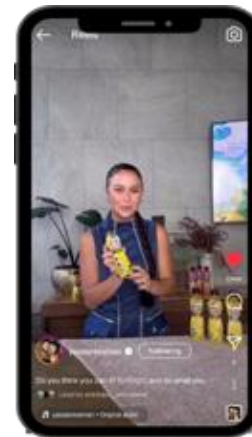
Cleanse every night with Del Monte Pineapple Juice Fiber Enriched and indulge foodie habits freely



Del Monte Philippines is a night foodie who indulges in the best of Pinoy foodies and cleanses with the help of our Fiber Enriched Pineapple Juice.

RELATED

Fit 'n Right – FlipItRight Online Challenge with Yassi, in-store bundle pack, sampling



Philippines – Innovation



Mr. Milk Nationwide Price Rollback In-store & Digital Campaign



New Mr. Milk Orange Flavor Tie Up with Gardenia Bread for Morning Snack



Del Monte Potato Crisp National Launch of Singles Packs



Del Monte Potato Crisp Snacking Activation in Gaming/Toy Conventions



Philippines – Innovation



Innovation accounts for 5% of total Philippine Sales

Combined addressable market of these products is US\$3.5bn



Del Monte Vinamilk Range

Flavor Range:

*IQ Smart Chocolate, Vanilla, Strawberry;
Yogurt Drink Strawberry, Mixed Fruit*



Potato Crisp

Flavor Range:

*Original, Spicy,
Cheese, BBQ, 20g*



Mr. Milk

Flavor Range: *Plain, Apple, Strawberry, Mango, Orange*

Philippines – Foodservice and Convenience



Foodservice Industry on the path to recovery despite inflationary pressures

- Sales +25% vs prior year due to higher volume and pricing. This is 108% vs pre-pandemic.
- 411 new accounts.
- Became part of the ingredient in 32 dishes of customers.
- 10,370 outlets now open at 96% of pre-pandemic; Key Accounts at 103% and General Trade at 91%.



Piña Colada

Groove to the tropical beat.

A fresh and bright blend of thirst quenching tropical blend of coconut water, pineapple juice and pineapple sherbet. An excellent source of Vitamin C and essential electrolytes.



Aloha Pineapple® (Off-the-Menu)

It's a luau for your mouth!

Dream of relaxing on black sand beaches beneath waving palm trees and cooling off with this blend of strawberries, bananas, and pineapple sherbet. Gigantic sunbrella and tiki bar not included.



Mega Mango™ (Off-the-Menu)

Whoa, that's one big mango.

Case upon our towering monolith to the mango. We offer up strawberries, exotic juices and of course piles of mangos in order to appease our mighty lord of the fruits. It is good, and he is pleased.

2FIVE8 Convenience Store
 Jun 18
 Indulge in creamy dreams with our Soft Serve Ice Cream! Get it with fruits, oreo, or brownie toppings 🍪🍌
 #2FIVE8ConvenienceStore #IceCream



Additional 7-Eleven stores (52) fueled growth

- Revenue +16% vs prior year due to higher volume. This is 77% vs pre-pandemic.
- 4,065 outlets now open at 123% of pre-pandemic.



S&W Fresh - China



- **S&W and its major distributor partner Goodfarmer held the first ever S&W Pineapple Festival in China.** The festival aims to communicate S&W's strong commitment to the Chinese market, showcase innovative products such as S&W Deluxe Pineapple and further strengthen its strategic partnership with Goodfarmer
- The festival ran for one month in more than 300 retail stores and 9 wholesale markets across China



S&W Pineapple Festival launch in Shanghai Huizhan Wholesale Market



S&W Pineapple Festival launch in Beijing Xinfadi Wholesale Market



S&W Pineapple Festival launch in Hebei Gaobeidian, the biggest wholesale market in North China



In-store displays and sampling activities during the festival

S&W Fresh - Philippines



S&W Deluxe Fresh Pineapple was launched for the first time in the Philippines last July. It is now available in 5 stores under the Robinsons Group, starting with 1 Shopwise and 4 The Marketplace outlets in Metro Manila. 5 more stores under Robinsons will be added in 2Q FY2024.

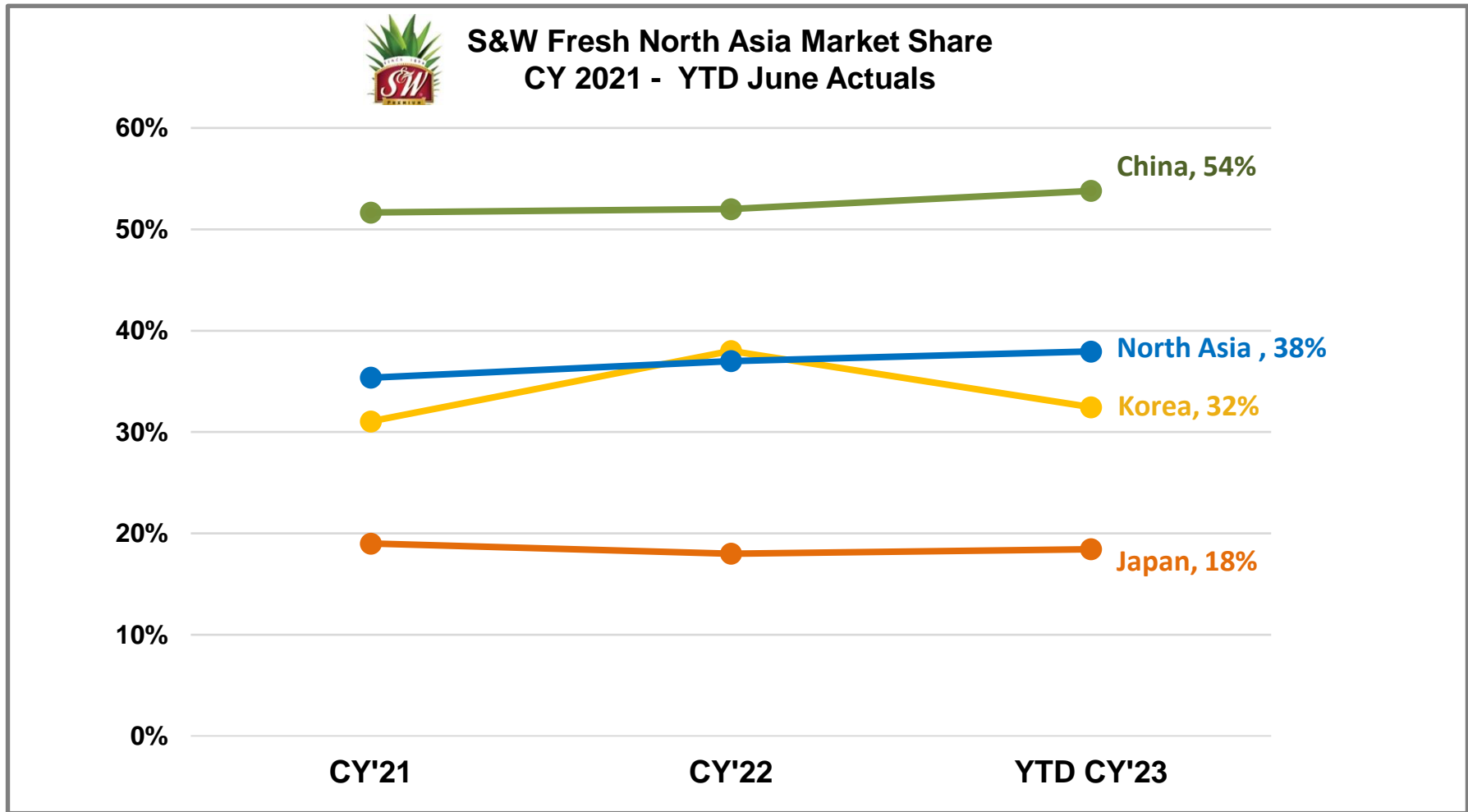


S&W Deluxe Pineapple was first launched in Shopwise Gateway during its store opening on 27 July



S&W participated in the Asian Festival held in Shangri-La mall to introduce and sample S&W Deluxe Fresh Pineapple

S&W Fresh – Market Shares



S&W Frozen



S&W Pineapple Stick is now in Taiwan!

S&W Pineapple Stick for consumption as a popsicle was launched in 7-Eleven Taiwan in June 2023. The product is now available in 3,400 stores.



7-ELEVEN 全鄉全店 全天服務

指定冰品

任2件79折、4件75折 (以五折六入計算)

7.10-7.16 限時7天

持八大信用卡 & icash Pay 購買全店指定商品

結帳金額 滿888元 再立新 100元

國泰世華/中樺/玉山/台新/富邦 聯邦/永豐/新光 icash Pay

每業者限3萬額。贈送交易使用信用卡或icash Pay全額支付(可累積)。 儲備理財 信用至上

OPENPOINT 會員限定 結帳金額滿888元

再加贈 免費送兌換券 任選1件

御膳米 109元/斤 五月在野歡樂神 衛生紙 90元/包 統一麵 90元/包

限2023/8/31前兌換。單筆交易限贈任選1件。實際兌換商品以門市庫存為準。

本活動不得與其他優惠併用。7-ELEVEN線上購物中心/預購/代收活動/多包裝商品等不参加此活動。商品數量以各門市實際數量為準。詳細活動辦法依本公司公告為主。凡參與本活動，即視同承認及接受本活動注意事項及相關規定，本公司保有隨時修正、暫停或終止本活動之權利，若有未盡事宜，悉依本公司之相關公告辦理；本公司保留最終解釋及決定權利。

International Innovation



Innovation now accounts for 19% of Total International Sales

Total sales potential of these products is US\$100m

NICE TECH Frozen Snacks



US
Del Monte
Foods



Canada
McDonald's



Europe
Lamex/KFC
McDonald's



Middle East
McDonald's
Dubai, Qatar,
KSA



Saudi
Arabia
Aroma
Frio



Japan
7-Eleven
Chunks



Japan
7-11
Sticks



China
Family Mart,
Parkinson's,
Jialejia,
Zhongbai



Hong Kong
U-Select
Vango,
Park N Shop
Wellcome



Taiwan
7-11
Sticks



Singapore
Popeyes

Not From Concentrate Juice

As ingredient in industrial & convenience store juices



IQF Pineapple Chunks

Japan, China, USA

As ingredient for industrial, coffee and tea shops, convenience stores



Deluxe Line



Del Monte India



- B2C business (half of overall business) grew sales by 7%, ahead of industry growth driven by Ecommerce which rose 16%, while General Trade increased by 6% and Modern Trade by 3%
- B2B Foodservice business sales grew by 6%
- Despite high inflation, there was strong improvement in contribution margin (+214 bps vs prior year) driven by programs in supply chain and revenue side of the business
- New factory to be commissioned in North India in September 2023 which will drive future growth with enhanced supply
- Investment in brand building and enhancing General Trade distribution will also be critical pillars of driving future growth



Digital and print campaigns to drive awareness and trial



New plant in North India

Sustainability



Water Conservation



DMPI utilizes drones to **reduce water usage by 90%** versus the current boom spray practice, reach less accessible areas of the plantation, and ensure occupational health and safety

Renewable Energy



In FY2023, **19%** of Bugo manufacturing facility's electricity was generated by its **renewable waste-to-energy facility**

Installation of **solar power** in two locations are underway, expected to generate energy in 2024

Waste Management



Diverted **post-consumer plastic packaging waste** in the first month of DMPI's Extended Producer Responsibility program which is ongoing. Such plastic waste was recycled into tables and chairs

Sustainability Report



DMPL published its **FY2023 Sustainability Report** which includes early adoption of GRI 13 Sector Standards on Agriculture, updated contribution to the UN SDGs, and the 27 ESG metrics of the SGX

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