



DEL MONTE PACIFIC LIMITED

Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the First Quarter Ended July 2020

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AUDIT

First Quarter FY2021 results covering the period from 1 May 2020 to 31 July 2020 have neither been audited nor reviewed by the Group's auditors.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's FY2020 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2019, which the Group has adopted or is currently assessing the impact thereof:

Applicable for the first annual reporting period that begins on or after 1 May 2020 and onwards and are currently being assessed by the Group:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3, Definition of a Business
- Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material
- Amendments to IFRS 7, Financial Instruments: Disclosures and IFRS 9, Financial Instruments, Interest Rate Benchmark Reform
- Amendments to IFRS 16, COVID-19-related Rent Concessions

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.

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 announcement or its contents.

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

SIGNED UNDERTAKING FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) have been procured.

DIRECTORS' ASSURANCE

Confirmation by Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Del Monte Pacific Limited which may render these interim financial statements to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of Del Monte Pacific Limited

(Signed)
Rolando C Gapud
Executive Chairman

(Signed)
Joselito D Campos, Jr
Executive Director

23 September 2020

NOTES ON THE 1Q FY2021 DMPL RESULTS

- 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.
- FY means Fiscal Year for the purposes of this MD&A.
- 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.

FINANCIAL HIGHLIGHTS – FIRST QUARTER ENDED 31 July 2020

<i>in US\$'000 unless otherwise stated</i> *	For the three months ended 31 July		
	Fiscal Year 2021	Fiscal Year 2020	% Change
With one-off items**			
Turnover	413,058	375,858	9.9
Gross profit	94,106	91,148	3.2
Gross margin (%)	22.8	24.3	(1.5)
EBITDA	42,435	36,646	15.8
Operating profit	20,650	20,267	1.9
Operating margin (%)	5.0	5.4	(0.4)
Net profit attributable to owners of the Company	(3,249)	(38,261)	91.5
Net margin (%)	(0.8)	(10.2)	9.4
EPS (US cents)	(0.42)	(2.22)	81.1
EPS before preference dividends (US cents)	(0.17)	(1.97)	91.4
Without one-off items**			
Gross profit	94,106	91,148	3.2
EBITDA	42,435	38,730	9.6
Operating profit	20,650	22,351	(7.6)
Net profit attributable to owners of the Company	(3,249)	4,149	(178.3)
Net debt	1,240,456	1,558,705	(20.4)
Gearing*** (%)	219.6	276.1	(56.5)
Cash flow from operations	59,310	(38,803)	252.8
Capital expenditure	30,474	24,321	25.3
Inventory (days)	150	229	(79)
Receivables (days)	33	31	2
Account Payables (days)	62	54	8

nm – not meaningful

*The Company's reporting currency is US dollars. For conversion to S\$, the following exchange rates can be used: 1.41 in July 2020 and 1.36 in July 2019. For conversion to Php, these exchange rates can be used: 50.29 in July 2020 and 51.98 in July 2019.

**Please refer to the last page of this MD&A for a schedule of the one-off items

***Gearing = Net Debt / Equity

REVIEW OF OPERATING PERFORMANCE

The Group generated sales of US\$413.1 million for the first quarter of FY2021, higher by 9.9% versus the prior year quarter driven by higher sales in USA and Philippines driven by the increase in demand due to COVID-19, and higher export of packaged pineapple products across categories and brands. The growth in sales across Asia and USA when GDP across geographies contracted in the second quarter (April to June 2020) reinforces the resilience and strength of our brands and products.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI) generated US\$268.2 million or 64.9% of Group sales. DMFI's sales increased by 11.1% mainly driven by improved volume across almost all categories from the pandemic, partly offset by supply challenges on core vegetables and fruits. The principal categories experienced strong growth as consumer behaviour shifted to healthy, shelf-stable products in response to COVID-19. DMFI's market shares also grew.

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. This is of the same pineapple variety sold in Asia as fresh. It also launched Del Monte Oats To Go which is a ready-to-eat single-serve oatmeal with half a serving of fruit and 100% whole grains.

Consumers are looking for easily accessible, nutritious foods with wholesome ingredients, and plant-based protein is a perfect category to address those needs. The company introduced a new Del Monte Veggieful line of frozen vegetarian pocket pies which are delicious handheld snacks with plant-based ingredients and real cheese. Each pocket pie has one full serving of vegetables and is baked in a crust made with cauliflower. College Inn also launched Savory Infusions, a versatile cooking base that makes it easy to boost flavour in a variety of dishes and soups, and can also be used to make broth.

DMFI has launched a number of new products in recent years. New products contributed 6.0% to DMFI's total net sales in the first quarter.

After a competitive bid process, DMFI has been retained as the Preferred Vendor for the large canned fruit, pineapple and vegetable categories by Foodbuy which is owned by Compass, the largest foodservice company in the world. In addition, Bojangles' Famous Chicken 'n Biscuits, a 750-unit chain, has selected Del Monte Green Beans to be their primary vegetable side dish.

DMFI generated a gross profit of US\$47.3 million, lower by 3.6% versus prior year quarter of US\$49.0 million leading to lower margin of 17.6% from 20.3%. While sales rose 11.1% during the quarter, this was offset by increased promotions on fruit cup snacks and produce, higher costs of last year's pack driven by tin plate cost increase in the U.S. and unfavourable yields largely due to weather partially offset by savings from asset light strategy.

DMPL ex-DMFI generated sales of US\$152.8 million (inclusive of the US\$7.9 million sales by DMPL to DMFI which were netted out during consolidation) which were 5.9% higher than US\$144.3 million sales in prior year period. Higher sales were mainly driven by all major segments including Philippines, S&W packaged and exports of packaged pineapple products, partly offset by lower sales of fresh pineapples in China due to the pandemic's impact.

The strong sales performance in the first quarter resulted in DMPL ex-DMFI delivering higher gross margin of 30.3% from 27.9% in the same period last year. Higher volume and favourable sales mix driven by higher sales of retail channel in the Philippines, lower cost of inputs and pricing in line with inflation led to overall margin improvement, partly offset by lower sales of fresh pineapple to North Asia.

The Philippines domestic market continued to deliver a robust performance, with 18.0% sales increase in peso terms and 21.6% in US dollar terms. Growth was driven by higher volume, favourable sales mix and buoyed further by favourable forex. Faster growth was seen across all categories, especially behind flagship Del Monte brands of Spaghetti Sauce, Quick 'n Easy Meal Mixes and 100% Pineapple Juice. The relevance of these iconic Del Monte brands became magnified in a pandemic environment where consumers turned to healthy food and cooked more meals at home with the Company's culinary products. Category consumption was reinvigorated by building relevance of Tomato Sauce especially among young moms in their weekly family meals.

Strong performance in the Philippines was driven by retail channels, which surged 31.7%. On the other hand, the foodservice channel which accounted for 15% of sales pre-COVID, had shifted its focus to e-commerce and community delivery services, partially recouping declines caused by restaurant shutdowns since lockdown. Even as foodservice rebuilds with the re-opening of malls, this work will also create the foundation for a future increasingly reliant on e-commerce.

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 declined by 19.4% in the first quarter as higher sales of shelf-stable packaged products such as canned pineapples, mixed fruits, beans and corn were offset by lower sales of fresh pineapples in China. Fresh pineapples sold through the foodservice channel - restaurants, hotels and airlines – were impacted though 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.

DMPL's share in the FieldFresh joint venture in India was a US\$0.7 million loss, higher than prior year quarter share in losses of US\$0.2 million, due to lower sales from branded packaged products. The pandemic significantly impacted the foodservice category which accounted for half of total sales in India. However, retail and e-commerce sales continued to surge.

DMPL ex-DMFI generated an EBITDA of US\$31.4 million which was higher by 24.5% versus the same period last year mainly from factors discussed above. DMPL ex-DMFI generated a net profit of US\$14.2 million which was 13.8% higher versus the US\$12.5 million in the same quarter last year driven by strong operating results from the Philippine market and exports of packaged pineapples.

DMFI delivered an EBITDA of US\$10.4 million, up 10.3% versus the reported EBITDA but down 9.6% versus the recurring EBITDA in the prior year quarter due to lower gross profit as explained in the previous page, higher logistics cost and G&A expenses.

The Group's EBITDA of US\$42.4 million was significantly higher than prior year quarter's reported EBITDA of US\$36.6 million and recurring EBITDA of US\$38.7 million due to higher sales, favourable sales mix and overall margin improvement in Asian operations. There were no one-off expenses recorded during the quarter.

The Group reported a net loss of US\$3.2 million for the quarter versus prior year quarter's net loss of US\$38.3 million. Last year's net loss included one-off expenses related to withholding taxes on DMPI's payment of dividend to the parent Company amounting to US\$39.6 million.

The Group reported a recurring net loss of US\$3.2 million as compared to last year's recurring net profit of US\$4.2 million.

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

The Group's cash flow from operations in the first quarter was US\$59.3 million, higher than last year's cash outflow of US\$38.8 million mainly from lower trade receivables, increase in trade and other payables partially offset by higher inventories from inventory build for the coming peak season. Last year's cash flow also included payment of final taxes on dividends from DMPI amounting to US\$39.6 million.

As at 31 July 2020, the Group's current liabilities exceeded its current assets by US\$152.2 million. This was mainly driven by the current portion of long-term loans of DMPI and DMPL that are due within FY2021. DMFI has successfully refinanced the Secured Loans through senior secured notes amounting to US\$500 million due in 2025. DMPL and DMPI are also in the process of refinancing the current portion of long-term loans that are falling due in August 2020.

In May 2020, DMFI raised new financing of US\$1.3 billion consisting of a US\$500 million five-year bond issue, a new three-year ABL of US\$450 million, and equity of US\$379.5 million from DMPL, thereby recapitalising DMFI's balance sheet.

DMFI issued US\$500 million aggregate principal amount of 11.875% senior secured notes due 2025, with original issue discount equal to 3% of the principal amount (the Notes). The Notes were offered to qualified institutional buyers within the United States pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act), and in offshore transactions to non-U.S. persons pursuant to Regulation S under the Securities Act.

DMFI also entered into a new US\$450 million asset-based loan facility due 2023 (the ABL Facility). Simultaneous with the Notes and the ABL Facility, DMPL invested US\$150 million in new preference equity in DMPL Foods Limited, the holding company of DMFI, and converted US\$229.5 million of Second Lien Repurchase Loans into common equity in DMFI.

DMPI recently 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.

VARIANCE FROM PROSPECT STATEMENT

The Group expects to generate a net profit for the balance of the year and a net profit for the full year which is in line with earlier guidance.

BUSINESS OUTLOOK

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

The Group will continue to strengthen its product offerings and enter new categories. It will continue to focus on business segments which are on-trend, pursue innovation to address growing consumer needs for more convenient, healthy and flavourful solutions, as well as build its distribution base in emerging channels.

While DMFI's Asset-Light Strategy has been a complex undertaking, it has been a critical step in repositioning DMFI for the future. Execution of this strategy and other cost saving initiatives should improve the Group's EBITDA margin by an estimated 225–275 basis points (US\$50 to 60 million) over the next 24 months starting November 2019. In the first quarter of FY2021, the Group recognised cost savings of US\$5 to 6 million which favourably impacted profitability. DMFI is expected to achieve 95% capacity utilisation for vegetable in the current pack season this year, up from 50%.

A portion of these improved cost savings will be reinvested in the growth and expansion of DMFI's iconic brands. DMFI is capitalising on growing consumer desire for convenient, healthy and tasty plant-based foods. It is expanding its brands beyond center store grocery into higher growth categories such as frozen, produce and deli.

The restructuring is a necessary step for DMFI to remain competitive in a rapidly changing marketplace. This asset-light strategy will lead to more efficient and lower cost operations. DMFI is well-positioned for better results in FY2021 with better sales mix and management of costs.

The Group will continue to expand its existing branded business in Asia, through the Del Monte brand in the Philippines, where it is a dominant market leader. S&W, both packaged and fresh, will continue to gain more traction as it leverages its distribution expansion in Asia and the Middle East.

The Nice Fruit frozen pineapple plant is in operation, with shipments to the USA, Japan, China and South Korea. We expect to make Nice Fruit frozen pineapple available across more markets.

The Group has been exploring e-commerce opportunities for its range of products across markets.

The DMPL Group expects to return to profitability in FY2021, barring unforeseen circumstances.

REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

AMERICAS

For the three months ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2021	FY2020	% Chg	FY2021	FY2020	% Chg	FY2021	FY2020	% Chg
Packaged vegetable	97,501	87,423	11.5	24,824	21,836	13.7	7,164	5,758	24.4
Packaged fruit	121,066	107,299	12.8	14,323	21,799	(34.3)	(9,076)	(124)	nm
Beverage	3,847	2,772	38.8	282	681	(58.6)	(476)	(232)	(105.2)
Culinary	49,648	42,464	16.9	10,517	7,396	42.2	28	(805)	103.5
Others	463	235	97.0	(794)	(303)	(162.0)	(2,242)	(2,225)	nm
Total	272,525	240,193	13.5	49,152	51,409	(4.4)	(4,602)	2,372	(294.0)

Reported under the Americas segment are sales and profit on sales in USA, Canada and Mexico. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales in the Americas are distributed across the United States, in all channels serving retail markets, as well as to the US military, certain export markets, the foodservice industry and other food processors.

Sales in the Americas increased by 13.5% to US\$272.5 million mainly driven by higher volume across almost all categories primarily from increase in demand due to the pandemic. The principal categories experienced strong growth as consumer behaviour shifted to healthy, shelf-stable products in response to COVID-19.

Despite higher sales, gross profit decreased this quarter driven by supply challenges on core vegetables and fruits, partially offset by savings from asset light strategies, resulting in an operating loss for the quarter of US\$4.6 million which is lower versus prior quarter period.

ASIA PACIFIC

For the three months ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2021	FY2020	% Chg	FY2021	FY2020	% Chg	FY2021	FY2020	% Chg
Packaged vegetable	477	449	6.2	147	94	56.4	122	87	40.2
Packaged fruit	24,942	22,388	11.4	7,171	5,782	24.0	4,583	3,433	33.5
Beverage	41,045	32,328	27.0	14,489	9,360	54.8	10,596	5,595	89.4
Culinary	33,871	26,200	29.3	14,230	10,109	40.8	10,847	6,843	58.5
Others	35,535	48,245	(26.3)	8,114	15,436	(47.4)	(1,419)	3,649	(138.9)
Total	135,870	129,610	4.8	44,151	40,781	8.3	24,729	19,607	26.1

Reported under this segment are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded packaged products, including Del Monte traded goods; S&W products in Asia and the Middle East both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded Fresh and packaged goods.

Asia Pacific's sales in the first quarter increased by 4.8% to US\$135.9 million from US\$129.6 million mainly due to increase in all major segments including Philippines, S&W packaged and exports of packaged pineapple products, partly offset by lower sales of fresh pineapples in China due to the pandemic.

Sales in the Philippines domestic market were up in both peso and US dollar terms by 18.0% and 21.6%, respectively, mainly due to higher volume, favourable sales mix, and buoyed further by favourable forex.

EUROPE

For the three months ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2021	FY2020	% Chg	FY2021	FY2020	% Chg	FY2021	FY2020	% Chg
Packaged fruit	3,739	3,789	(1.3)	665	(396)	267.9	441	(842)	152.4
Beverage	879	2,266	(61.2)	115	(646)	117.8	66	(870)	107.6
Culinary	45	-	nm	23	-	nm	16	-	nm
Total	4,663	6,055	(23.0)	803	(1,042)	177.1	523	(1,712)	130.5

Included in this segment are sales of unbranded products in Europe.

For the first quarter, Europe's sales decreased by 23.0% to US\$4.7 million from US\$6.1 million. Gross profit, however, increased by 177.1%, and Europe generated an operating income of US\$0.5 million from a loss last year, driven by better prices for pineapple juice.

REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

% of Turnover	For the three months ended 31 July		
	FY2021	FY2020	Explanatory Notes
Cost of Goods Sold	77.2	75.7	Mainly on higher conversion costs in DMFI
Distribution and Selling Expenses	9.1	10.4	Mainly driven by DMFI from lower spending on advertising and selling/marketing overhead
G&A Expenses	8.5	8.0	Higher administrative expenses in DMFI driven by higher personnel cost
Other Operating Expenses (Income)	0.2	0.4	Higher miscellaneous losses last year driven by plant closures

REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

In US\$'000	For the three months ended 31 July			
	FY2021	FY2020	%	Explanatory Notes
Depreciation and amortization	(35,505)	(35,082)	(1.2)	nm
Reversal/ (Provision) of asset impairment	15	16	(6.3)	Lower assets for impairment this quarter
Reversal/ (Provision) for inventory obsolescence	141	(586)	124.1	Lower provision for inventory obsolescence mainly from higher sales
Reversal/ (Provision) for doubtful debts	151	(55)	375	Due to reversal of allowance for nontrade accounts
Net gain/(loss) on disposal of fixed assets	(51)	(1,588)	96.8	Higher losses last year due to plant closures
Foreign exchange gain/(loss)- net	2,265	3,463	(34.6)	Lower realized forex gain on trade accounts
Interest income	165	259	(36.3)	Driven by DMFI mainly on lower interest income from interest bearing notes receivables.
Interest expense	(27,008)	(25,020)	(7.9)	Driven by interest on newly issued Senior Secured Notes
Share in net loss of JV	(701)	(383)	(83.0)	Higher losses in FieldFresh
Taxation Benefit (Expense)	2,609	(38,717)	106.7	High tax expense last year, driven by payment of final taxes on dividends from subsidiaries

REVIEW OF GROUP ASSETS AND LIABILITIES

Balance Sheet	31 July 2020 (Unaudited)	31 July 2019 (Unaudited)	30 April 2020 (Audited)	FY21 vs FY20 Variance %	Explanatory Notes
In US\$'000					
ASSETS					
Property, plant and equipment - net	518,086	573,003	507,497	2.1	Due to additions to bearer plants
Right-of-use assets	157,928	256,233	166,085	(4.9)	Mainly due to amortization
Investment in joint ventures	22,154	23,829	22,855	(3.1)	Due to share in losses during the period
Intangible assets and goodwill	699,684	706,335	701,347	(0.2)	nm
Other noncurrent assets	30,261	29,391	34,937	(13.4)	Mainly on lower advance rentals and advances to growers
Deferred tax assets - net	152,456	113,937	144,974	5.2	Higher tax loss carry forward from DMFI
Pension assets	6,308	8,042	6,675	(5.5)	No actual funding due to over payment of fund in prior years.
Biological assets	62,593	55,261	63,278	(1.1)	nm
Inventories	582,843	782,549	482,463	20.8	Due to inventory builds for the coming peak season
Trade and other receivables	158,499	140,548	323,065	(50.9)	Mainly on collection of US\$120M receivable from sale of shares
Prepaid expenses and other current assets	41,309	56,829	67,712	(39.0)	Reclassification of prepaid consultancy fees to deferred financing costs following completion of DMFI refinancing
Cash and cash equivalents	31,822	27,198	33,465	(4.9)	Mainly on payment of bank loans
Noncurrent assets held for sale	-	4,750	-	nm	nm
EQUITY					
Share capital	49,449	49,449	49,449	0.0	nm
Share premium	478,339	478,339	478,339	0.0	nm
Retained earnings	56,337	63,457	60,763	(7.3)	Net loss during the period and dividend pay-out
Reserves	(69,990)	(67,275)	(77,474)	9.7	Driven by translation reserve and remeasurement gain on retirement plans
Non-controlling interest	50,768	40,626	54,820	(7.4)	Share in the profit during the year from DMPI partly offset by share in losses from DMFI
LIABILITIES					
Loans and borrowings	1,272,278	1,585,903	1,396,029	(8.9)	DMFI refinancing decreased total loans and borrowings
Lease liabilities	153,105	224,294	158,525	(3.4)	Due to lease payments
Derivative liabilities	2,565	-	2,565	0.0	nm
Other noncurrent liabilities	20,344	22,442	20,815	(2.3)	nm
Employee benefits	107,374	98,024	105,345	1.9	nm
Environmental remediation liabilities	9,587	705	9,587	0.0	nm
Deferred tax liabilities - net	7,713	8,463	12,447	(38.0)	Reversal of deferred final tax on dividends declared by subsidiaries
Trade and other current liabilities	318,573	267,626	276,893	15.1	Mainly on increases in purchases of materials to support finished goods production
Current tax liabilities	7,501	5,852	6,250	20.0	Increase in average tax rate of DMPI

SHARE CAPITAL

Total shares outstanding were at 1,973,960,024 (common shares 1,943,960,024 and preference shares 30,000,000) as of 31 July 2020 and 2019. Share capital is at US\$49.5 million as of 31 July 2020 and 2019. Market price options and share awards were granted pursuant to the Company's Executive Stock Option Plan and Restricted Share Plan as set out in the table below.

Date of Grant	Options	Share Awards	Recipient(s)
7 March 2008	1,550,000	1,725,000	Key Executives
20 May 2008	–	1,611,000	CEO
12 May 2009	–	3,749,000	Key Executives
29 April 2011	–	2,643,000	CEO
21 November 2011	–	67,700	Non-Executive Director
30 April 2013	150,000	486,880	Key Executives
22 August 2013	–	688,000	Executive/Non-Executive Directors
1 July 2015	75,765	57,918	Executive/Non-Executive Directors

The number of shares outstanding includes 975,802 shares held by the Company as treasury shares as at 31 July 2020 and 2019. There was no sale, disposal and cancellation of treasury shares during the quarter and as at 31 July 2020.

In April 2019, the parent Company converted its advances to wholly owned subsidiaries Del Monte Pacific Resources Limited (DMPRL) and DMPL India, Pte Ltd (DMPLI) in the amounts of US\$167.6 million and US\$70.1 million, respectively into additional paid in capital. The conversion was approved by the Board of directors on 30 April 2019.

In April 2017, the Company successfully completed the offering and listing of 20 million Series A-1 Preference Shares at an offer price of US\$10 per share in the Philippines generating US\$200 million in proceeds. In December 2017, the Company raised and listed another US\$100 million of Preference Shares (10 million Series A-2 shares).

The Company used the net proceeds to substantially refinance the US\$350 million BDO Unibank, Inc loan due in February 2019.

BORROWINGS AND NET DEBT

Liquidity in US\$'000	31 July 2020	31 July 2019	31 April 2020
Gross borrowings	(1,272,278)	(1,585,903)	(1,396,029)
Current	(643,765)	(598,444)	(1,298,292)
Secured	(224,016)	(146,378)	(825,140)
Unsecured	(419,749)	(452,066)	(473,152)
Non-current	(628,513)	(987,459)	(97,737)
Secured	(553,513)	(876,218)	(22,737)
Unsecured	(75,000)	(111,241)	(75,000.00)
Less: Cash and bank balances	31,822	27,198	33,465
Net debt	(1,240,456)	(1,558,705)	(1,362,564)

The Group's net debt (cash and bank balances less borrowings) amounted to US\$1.2 billion as at 31 July 2020, lower than last year due to payment of DMFI loans from refinancing initiatives.

DIVIDENDS

No dividends were declared for this quarter and the prior year quarter. The Group does not declare dividends based on first quarter, third quarter or nine months results. The last dividend declaration was in August 2020, based on FY2020 results, and paid on 19 August 2020.

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPT conducted pursuant to shareholders' mandate obtained in accordance with Chapter 9 of the Singapore Exchange's Listing Manual was as follows:

In US\$'000	Aggregate value of all IPTs (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	FY2021	FY2020	FY2021	FY2020
For the three months ended 31 July				
NutriAsia, Inc	-	-	71	154
DMPI Retirement Fund	-	-	415	468
NutriAsia, Inc Retirement Fund	-	-	146	144
Aggregate Value	-	-	632	766

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENT

<i>Amounts in US\$'000</i>	For the three months ended 31 July		
	FY2021 (Unaudited)	FY2020 (Unaudited)	%
Turnover	413,058	375,858	9.9
Cost of sales	<u>(318,952)</u>	<u>(284,710)</u>	(12.0)
Gross profit	94,106	91,148	3.2
Distribution and selling expenses	(37,642)	(39,068)	3.7
General and administration expenses	(35,057)	(30,212)	(16.0)
Other operating income/(loss)	(757)	(1,601)	52.7
Profit from operations	20,650	20,267	1.9
Financial income*	2,513	3,937	(36.2)
Financial expense*	(27,091)	(25,235)	(7.4)
Share in net loss of joint venture	(701)	(383)	(83.0)
Profit/(loss) before taxation	(4,629)	(1,414)	(227.4)
Taxation	2,609	(38,717)	106.7
Profit/(loss) after taxation	<u>(2,020)</u>	<u>(40,131)</u>	95.0
Profit(loss) attributable to:			
Owners of the Company	(3,249)	(38,261)	91.5
Non-controlling interest**	1,229	(1,870)	165.7
Profit/(loss) for the period	<u>(2,020)</u>	<u>(40,131)</u>	95.0
Notes:			
Depreciation and amortisation	(35,505)	(35,082)	(1.2)
Reversal (Provision) of asset impairment	15	16	(6.3)
Reversal of (provision for) inventory obsolescence	141	(586)	124.1
Provision for doubtful debts	151	(55)	374.5
Gain (loss) on disposal of fixed assets	(51)	(1,588)	96.8
*Financial income comprise:			
Interest income	165	259	(36.3)
Foreign exchange gain	2,348	3,678	(36.2)
	<u>2,513</u>	<u>3,937</u>	(36.2)
*Financial expense comprise:			
Interest expense	(27,008)	(25,020)	(7.9)
Foreign exchange loss	(83)	(215)	61.4
	<u>(27,091)</u>	<u>(25,235)</u>	(7.4)

nm – not meaningful

Earnings per ordinary share in US cents	For the three months ended 31 July	
	FY2021	FY2020
Earnings per ordinary share based on net profit attributable to shareholders:		
(i) Based on weighted average no. of ordinary shares	(0.42)	(2.22)
(ii) On a fully diluted basis	(0.42)	(2.22)

** Includes (US\$989) for DMFI, US\$2,252 for DMPI and (US\$34) for FieldFresh in the first quarter ended 31 July of FY2020 and (US\$1,857) for DMFI and (US\$13) for FieldFresh in the first quarter ended 31 July of FY2020.

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in US\$'000</i>	For the three months ended 31 July		
	FY2021 (Unaudited)	FY2020 (Unaudited)	%
Profit /(Loss) for the period	(2,020)	(40,131)	95.0
Other comprehensive income (after reclassification adjustment):			
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating of foreign operations	4,152	1,613	157.4
Effective portion of changes in fair value of cash flow hedges	1,855	(1,355)	236.9
Income tax expense on cash flow hedge	(455)	332	(237.1)
	5,552	590	841.0
<i>Items that will not be classified to profit or loss</i>			
Remeasurement of retirement benefit	3,673	(6,565)	155.9
Income tax expense on retirement benefit	(894)	3,917	(122.8)
	2,779	(2,648)	204.9
Other comprehensive loss for the period	8,331	(2,058)	504.8
Total comprehensive income/(loss) for the period	6,311	(42,189)	115.0
Attributable to:			
Owners of the Company	4,235	(39,709)	110.7
Non-controlling interests	2,076	(2,480)	183.7
Total comprehensive income /(loss)for the period	6,311	(42,189)	115.0

nm – not meaningful

Please refer to page 3 for the Notes

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION

<i>Amounts in US\$'000</i>	Group			Company		
	31 July 2020 (Unaudited)	31 July 2019 (Unaudited)	30 Apr 2020 (Audited)	31 July 2020 (Unaudited)	31 July 2019 (Unaudited)	30 Apr 2020 (Audited)
Non-Current Assets						
Property, plant and equipment - net	518,086	573,003	507,497	-	-	-
Right-of-use assets	157,928	256,233	166,085	-	-	-
Investment in subsidiaries	-	-	-	969,574	630,182	620,027
Investment in joint ventures	22,154	23,829	22,855	-	635	-
Intangible assets and goodwill	699,684	706,335	701,347	-	-	-
Other noncurrent assets	30,261	29,391	34,937	-	-	-
Deferred tax assets - net	152,456	113,937	144,974	44	33	40
Pension assets	6,308	8,042	6,675	-	-	-
Biological assets	2,282	1,795	2,118	-	-	-
Amount due from related company	-	-	-	-	208,312	228,683
	1,589,159	1,712,565	1,586,488	969,618	839,162	848,750
Current Assets						
Inventories	582,843	782,549	482,463	-	-	-
Biological assets	60,311	53,466	61,160	-	-	-
Trade and other receivables	158,499	140,548	323,065	96,776	100,656	95,131
Prepaid expenses and other current assets	41,309	56,829	67,712	128	187	180
Cash and cash equivalents	31,822	27,198	33,465	2,087	1,231	766
	874,784	1,060,590	967,865	98,991	102,074	96,077
Noncurrent assets held for sale	-	4,750	-	-	-	-
	874,784	1,065,340	967,865	98,991	102,074	96,077
Total Assets	2,463,943	2,777,905	2,554,353	1,068,609	941,236	944,827
Equity attributable to equity holders of the Company						
Share capital	49,449	49,449	49,449	49,449	49,449	49,449
Share premium	478,339	478,339	478,339	478,478	478,478	478,478
Retained earnings	56,337	63,457	60,763	56,337	63,457	60,763
Reserves	(69,990)	(67,275)	(77,474)	(69,990)	(67,275)	(77,474)
Equity attributable to owners of the Company	514,135	523,970	511,077	514,274	524,109	511,216
Non-controlling interest	50,768	40,626	54,820	-	-	-
Total Equity	564,903	564,596	565,897	514,274	524,109	511,216
Non-Current Liabilities						
Loans and borrowings	628,513	987,459	97,737	173,233	241,060	75,000
Lease liabilities	123,352	188,483	127,696	-	-	-
Other noncurrent liabilities	20,344	22,442	20,815	-	-	-
Employee benefits	80,028	70,359	82,398	216	167	221
Derivative Liabilities	2,565	-	2,565	-	-	-
Environmental remediation liabilities	9,587	705	9,587	-	-	-
Deferred tax liabilities - net	7,713	8,463	12,447	-	-	-
	872,102	1,277,911	353,245	173,449	241,227	75,221
Current Liabilities						
Trade and other current liabilities	318,573	267,626	276,893	183,246	40,830	67,108
Loans and borrowings	643,765	598,444	1,298,292	197,640	135,070	291,282
Lease liabilities	29,753	35,811	30,829	-	-	-
Current tax liabilities	7,501	5,852	6,250	-	-	-
Employee benefits	27,346	27,665	22,947	-	-	-
	1,026,938	935,398	1,635,211	380,886	175,900	358,390
Total Liabilities	1,899,040	2,213,309	1,988,456	554,335	417,127	433,611
Total Equity and Liabilities	2,463,943	2,777,905	2,554,353	1,068,609	941,236	944,827
NAV per ordinary share (US cents)	24.90	27.50	10.86	11.02	25.42	10.87
NTAV per ordinary share (US cents)	(24.98)	(8.83)	(25.22)	11.02	25.42	10.87

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non-controlling interest	Total equity
Group												
Fiscal Year 2021												
At 1 May 2020	49,449	478,339	(87,997)	13,731	(2,873)	(1,802)	1,753	(286)	60,763	511,077	54,820	565,897
Impact of IFRS 16	-	-	-	-	-	-	-	-	(1,019)	(1,019)	-	(1,019)
At 1 May 2020, as restated	49,449	478,339	(87,997)	13,731	(2,873)	(1,802)	1,753	(286)	59,744	510,058	54,820	564,878
Total comprehensive income for the period												
Loss for the year	-	-	-	-	-	-	-	-	(3,249)	(3,249)	1,229	(2,020)
Other comprehensive income												
Currency translation differences recognised directly in equity	-	-	3,570	-	-	-	-	-	-	3,570	582	4,152
Gain on property revaluation, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of retirement plan, net of tax	-	-	-	-	2,603	-	-	-	-	2,603	176	2,779
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	1,311	-	-	-	1,311	89	1,400
Total other comprehensive income	-	-	3,570	-	2,603	1,311	-	-	-	7,484	847	8,331
Total comprehensive (loss)/income for the period	-	-	3,570	-	2,603	1,311	-	-	(3,249)	4,235	2,076	6,311
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Sale of shares of a subsidiary	-	-	-	-	-	-	-	-	(158)	(158)	-	(158)
Payment of Dividends	-	-	-	-	-	-	-	-	-	-	(6,128)	(6,128)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(158)	(158)	(6,128)	(6,286)
At 31 July 2020	49,449	478,339	(84,427)	13,731	(270)	(491)	1,753	(286)	56,337	514,135	50,768	564,903

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non-controlling interest	Total equity
Group												
Fiscal Year 2020												
At 1 May 2019	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,035	43,106	601,141
Impact of IFRS 16	-	-	-	-	-	-	-	-	15,756	15,756	-	15,756
At 1 May 2019, as restated	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	111,830	573,791	43,106	616,897
Total comprehensive income for the period												
Loss for the year	-	-	-	-	-	-	-	-	(38,261)	(38,261)	(1,870)	(40,131)
Other comprehensive income												
Currency translation differences recognised directly in equity	-	-	1,611	-	-	-	-	-	-	1,611	2	1,613
Remeasurement of retirement plan, net of tax	-	-	-	-	(2,144)	-	-	-	-	(2,144)	(504)	(2,648)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(915)	-	-	-	(915)	(108)	(1,023)
Total other comprehensive income	-	-	1,611	-	(2,144)	(915)	-	-	-	(1,448)	(610)	(2,058)
Total comprehensive (loss)/income for the period	-	-	1,611	-	(2,144)	(915)	-	-	(38,261)	(39,709)	(2,480)	(42,189)
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Value of employee services received for issue of share options	-	-	-	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Release of share awards	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	(10,112)	(10,112)	-	(10,112)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(10,112)	(10,112)	-	(10,112)
At 31 July 2019	49,449	478,339	(91,764)	10,885	15,504	(3,367)	1,753	(286)	63,457	523,970	40,626	564,596

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Total equity
Company										
Fiscal Year 2021										
At 1 May 2020	49,449	478,478	(87,997)	13,731	(2,873)	(1,802)	1,753	(286)	60,763	511,216
Impact of IFRS 16	-	-	-	-	-	-	-	-	(1,019)	(1,019)
At 1 May 2020, as restated	49,449	478,478	(87,997)	13,731	(2,873)	(1,802)	1,753	(286)	59,744	510,197
Total comprehensive income for the period										
Loss for the year	-	-	-	-	-	-	-	-	(3,249)	(3,249)
Other comprehensive income										
Currency translation differences recognised directly in equity	-	-	3,570	-	-	-	-	-	-	3,570
Remeasurement of retirement plan, net of tax	-	-	-	-	2,603	-	-	-	-	2,603
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	1,311	-	-	-	1,311
Total other comprehensive income	-	-	3,570	-	2,603	1,311	-	-	-	7,484
Total comprehensive (loss)/income for the period	-	-	3,570	-	2,603	1,311	-	-	(3,249)	4,235
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Sale of shares of a subsidiary	-	-	-	-	-	-	-	-	(158)	(158)
Payment of Dividends	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(158)	(158)
At 31 July 2020	49,449	478,478	(84,427)	13,731	(270)	(491)	1,753	(286)	56,337	514,274

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Total equity
Company										
Fiscal Year 2020										
At 1 May 2019	49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,174
Change in accounting policy	-	-	-	-	-	-	-	-	15,756	15,756
At 1 May 2019, as restated	49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	111,830	573,930
Total comprehensive income for the period										
Loss for the year	-	-	-	-	-	-	-	-	(38,261)	(38,261)
Other comprehensive income										
Currency translation differences recognised directly in equity	-	-	1,611	-	-	-	-	-	-	1,611
Remeasurement of retirement plan, net of tax	-	-	-	-	(2,144)	-	-	-	-	(2,144)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(915)	-	-	-	(915)
Total other comprehensive income	-	-	1,611	-	(2,144)	(915)	-	-	-	(1,448)
Total comprehensive (loss)/income for the period	-	-	1,611	-	(2,144)	(915)	-	-	(38,261)	(39,709)
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Value of employee services received for issue of share options	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	(10,112)	(10,112)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(10,112)	(10,112)
At 31 July 2019	49,449	478,478	(91,764)	10,885	15,504	(3,367)	1,753	(286)	63,457	524,109

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in US\$'000</i>	For the three months ended	
	31 July	
	FY2021	FY2020
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit (loss) for the period	(2,020)	(40,131)
Adjustments for:		
Depreciation of property, plant and equipment	25,473	31,050
Amortisation of right-of-use assets	8,369	2,369
Amortisation of intangible assets	1,663	1,663
Impairment loss on property, plant and equipment	(15)	(16)
Gain/(loss) on disposal of property, plant and equipment	51	1,588
Equity-settled share-based payment transactions	-	-
Share in net loss of joint venture	701	383
Finance income	(2,513)	(3,937)
Finance expense	27,091	25,235
Tax expense - current	12,494	43,313
Tax credit - deferred	(15,103)	(4,596)
Net loss (gain) on derivative financial instrument	377	421
Operating profit before working capital changes	<u>56,568</u>	<u>57,342</u>
Changes in:		
Other assets	1,542	(14,370)
Inventories	(94,622)	(113,458)
Biological assets	2,398	50
Trade and other receivables	47,247	28,244
Prepaid and other current assets	544	(18,680)
Trade and other payables	46,062	58,021
Employee Benefit	6,416	3,819
Operating cash flow	<u>66,155</u>	968
Income taxes paid	(6,845)	(39,771)
Net cash flows from operating activities	<u>59,310</u>	<u>(38,803)</u>
Cash flows from investing activities		
Interest received	119	153
Proceeds from disposal of property, plant and equipment	444	301
Purchase of property, plant and equipment	(30,474)	(24,321)
Proceeds from sale of shares of subsidiary, net of transaction costs	105,774	-
Net cash flows used in investing activities	<u>75,863</u>	<u>(23,867)</u>
Cash flows from financing activities		
Interest paid	(15,284)	(21,268)
Proceeds of borrowings	1,471,712	118,242
Repayment of borrowings	(1,563,975)	(18,898)
Payments of lease liability	(7,652)	-
Dividends paid	(6,128)	(10,112)
Payments of debt related costs	(16,391)	-
Net cash flows from financing activities	<u>(137,718)</u>	<u>67,964</u>
Net decrease in cash and cash equivalents	(2,545)	5,294
Cash and cash equivalents, beginning	33,465	21,636
Effect of exchange rate fluctuations on cash held in foreign currency	902	268
Cash and cash equivalents at end of period	<u>31,822</u>	<u>27,198</u>

ONE-OFF EXPENSES/(INCOME)

<i>Amounts in US\$ million</i>	For the three months ended		
	31 July		
	FY2021 (Unaudited)	FY2020 (Audited)	%
DMFI one-off expenses:			
Plant closures	-	1.7	nm
Severance	-	0.4	100.0
Others	-	0.0	100.0
Total (pre-tax basis)	-	2.1	100.0
Tax impact	-	(0.5)	(100.0)
Non-controlling interest	-	(0.2)	(100.0)
Total DMFI one-off expenses (post tax, post NCI basis)	-	1.4	100.0
Second Lien Loan Purchase:			
Net (gain) cost due to the purchase of DMFI's second lien loan at a discount	-	0.1	nm
Tax impact for the other one-off items	-	(0.0)	nm
Total one-off gain on second lien loan purchase (post tax basis)	-	0.0	nm
Intercompany Dividends Tax:			
Final tax paid on intercompany dividends	-	39.6	nm
Deferred tax on undistributed share in profits	-	1.3	nm
Total one-off final taxes on intercompany dividends	-	41.0	nm
Total (post-tax and post non-controlling interest)	-	42.4	nm