

DEL MONTE PACIFIC 2Q FY2018 RESULTS

5 December 2017



NOURISHING FAMILIES.
ENRICHING LIVES.
EVERY DAY.



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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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Notes to the 2Q FY2018 Results

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



2Q Highlights

- As part of the Group's strategy to improve operational excellence, it divested its underperforming Sager Creek vegetable business and rationalised plants in the USA, incurring US\$23.6m one-off expense. This resulted in a net loss of US\$2.8m for the Group. Without this expense, the Group would have generated a net income of US\$10.2m.
- As planned, the Group also made strategic investments in trade spending and marketing to strengthen its core business in the USA, as reflected in higher volume achieved and market share growth in 3 out of 4 key product categories.
- Nice Fruit frozen pineapple plant is in operation, with trial shipments to the USA, Japan and South Korea.
- Business plans are being finalised for the joint ventures with Fresh Del Monte Produce Inc.
- DMPL Preference Shares offering for the second tranche launched.



Outlook

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



DMPL 2Q FY2018 Group Results Summary

- Sales of US\$624.7m, -1.8%

Sales	% Change
US	-1.6
Philippines	-2.9 (in peso terms +4)
S&W	-8
FieldFresh India (equity accounted)	+3.6% (in rupee terms +0.2)

All figures below without one-off items and vs prior year quarter:

- EBITDA of US\$52.2m, down 28% from US\$72.8m due to planned higher trade promotion and marketing in DMFI (incremental US\$29.7m)
- Operating profit of US\$31.0m, down 44% from US\$55.5m
- Net profit of US\$10.2m, down 51% from US\$20.8m



One-off Expenses

In US\$ m	2Q FY17	2Q FY18	Booked under
Closure of North Carolina plant	1.2	-	CGS
Closure of Sager Creek Arkansas plant	-	6.5	G&A/Misc expense
Closure of Plymouth, Indiana plant	-	14.1	G&A/Misc expense
Severance	0.3	0.4	G&A expense
Others	-	2.6	G&A expense
Total expense (pre-tax basis)	1.5	23.6	
Total expense (net of tax and minority interest)	0.9	13.1	

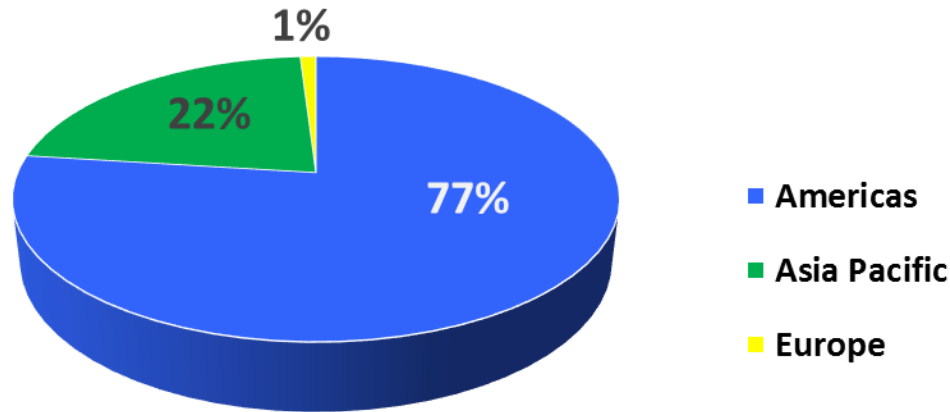


DMPL 2Q FY2018 Results – As Reported

In US\$m	2Q FY2017 (Restated)	2Q FY2018	Chg (%)	Comments
Turnover	636.0	624.7	-1.8	Mainly lower USA sales
Gross profit	146.7	128.4	-12.5	Lower sales and higher trade promotion spending
EBITDA	71.2	28.6	-59.9	Includes one-off expenses of US\$23.6m due to planned plant rationalisation and marketing investments in USA
Operating profit	54.0	7.4	-86.3	Same as EBITDA comment
Net finance expense	(25.1)	(24.2)	-3.6	Lower level of borrowings
FieldFresh equity share	(0.4)	0.01	+102.5	Improved sales and margins
Tax	(7.7)	12.0	nm	Higher loss at DMFI
Net profit	20.0	(2.8)	nm	Same as EBITDA comment
Net debt	2,085.6	1,856.5	-11.0	Payment of ~US\$200m loans after the issuance of preference shares
Gearing (%)	582.6	339.2	-243ppts	Same as above



2Q FY2018 Turnover Analysis



Americas	-2.1%	<ul style="list-style-type: none"> ▪ Unfavourable pricing in foodservice and USDA, and higher planned trade promotion spending ▪ Volume was marginally higher driven by the strong performance of the packaged vegetable and fruit segments ahead of the holiday season
Asia Pacific	-3.4%	<ul style="list-style-type: none"> ▪ Philippines grew in local currency terms but down in US\$ terms ▪ Lower S&W fresh pineapple sales on lower supply which offset higher S&W packaged sales
Europe	+117.2%	<ul style="list-style-type: none"> ▪ Higher packaged pineapple and beverage sales



DMPL 1H FY2018 Group Results Summary

- Sales of US\$1.1 billion, -0.4% on lower USA sales

Sales	% Change
US	-2.6
Philippines	-2.3 (in peso terms +4.5)
S&W	+25
FieldFresh India (equity accounted)	+2.7 (in rupee terms -1)

All figures below without one-off items and vs prior year period:

- EBITDA of US\$85.2m, down 17% from US\$103.1m due to planned higher trade promotion and marketing in DMFI (incremental US\$27.8m)
- Operating profit of US\$46.7m, down 32% from US\$69.0m
- Net profit of US\$11.5m, down 31% from US\$16.6m



One-off Expenses

In US\$ m	1H FY17	1H FY18	Booked under
Closure of North Carolina plant	2.7	-	CGS
Closure of Sager Creek Arkansas plant	-	6.5	G&A/Misc expense
Closure of Plymouth, Indiana plant	-	14.1	G&A/Misc expense
Severance	3.7	1.3	G&A expense
Others	-	2.6	G&A expense
Total expense (pre-tax basis)	6.4	24.5	
Total expense (net of tax and minority interest)	3.7	13.6	

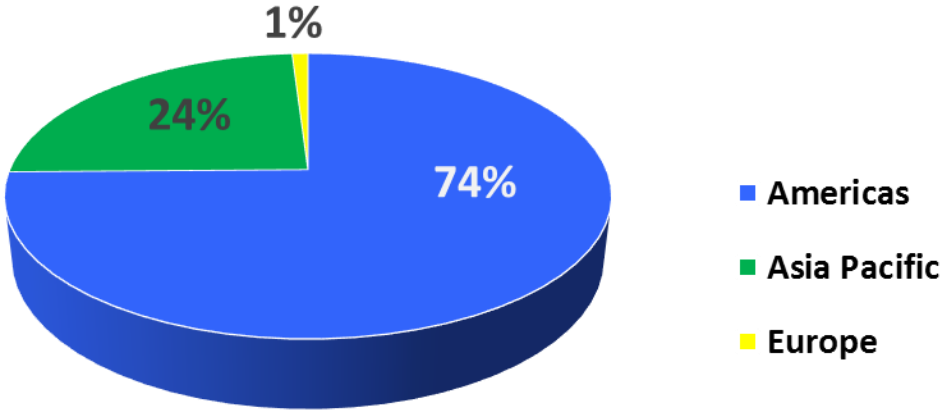


DMPL 1H FY2018 Results – As Reported

In US\$m	1H FY2017 (Restated)	1H FY2018	Chg (%)	Comments
Turnover	1,103.4	1,098.6	-0.4	Higher Asia sales offset by lower USA sales
Gross profit	242.1	226.3	-6.5	Lower sales and higher trade promotion spending
EBITDA	96.7	60.8	-37.2	Includes one-off expenses of US\$24.5m due to planned plant rationalisation and marketing investments in USA
Operating profit	62.6	22.2	-64.5	Same as EBITDA comment
Net finance expense	(51.7)	(48.5)	-6.1	Lower level of borrowings
FieldFresh equity share	(0.8)	(0.5)	-37.5	Better performance in India
Tax	1.6	20.8	nm	Higher loss at DMFI
Net profit	12.9	(2.1)	nm	Same as EBITDA comment
Net debt	2,085.6	1,856.5	-11.0	Payment of ~US\$200m loans after the issuance of preference shares
Gearing (%)	582.6	339.2	-243ppts	Same as above



1H FY2018 Turnover Analysis



Americas	-3.0%	<ul style="list-style-type: none"> ▪ Distribution losses in tomato category, unfavourable pricing in foodservice and USDA, and higher trade promotion spending
Asia Pacific	+5.0%	<ul style="list-style-type: none"> ▪ Philippines grew in local currency terms but down in US\$ terms ▪ Higher S&W fresh and packaged sales
Europe	+93.8%	<ul style="list-style-type: none"> ▪ Higher packaged pineapple and beverage sales



Preference Share Offering (2nd Tranche)

- To raise more equity and repay loans, DMPL is offering US\$80 million Series A-2 Preference Shares with an oversubscription option of up to US\$80 million
- Coupon rate of 6.5% per annum payable semi-annually
- The offer period is 28 November to 8 December 2017, with the listing set for 15 December 2017 on the Philippine Stock Exchange (PSE)
- DMPL raised US\$200 million from the first tranche offering of preference shares which were listed on the PSE on 7 April 2017. The first dividend for the first tranche was paid on 9 October 2017 at US\$0.33125 per Share (semi-annual payment)



**DMPL Preference Share Offering
(2nd Tranche) Roadshow**

Market Updates for 2Q FY2018





United States of America

27%

Market Share (#1)
Canned Vegetable

39%

Market Share (#1)
Canned Fruit

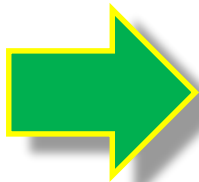
35%

Market Share (#2)
Plastic Fruit Cup

9%

Market Share (#2)
Canned Tomato

- Remains a brand leader across core categories
- Grew share in 3 out of 4 core categories in 2Q (Canned Vegetable +0.8 pts, Canned Fruit +3.3 pts, Fruit Cups +3.4 pts)
- Vegetable and Fruit results driven by increased marketing investments, compelling innovations, and strong execution against fundamentals at Retail
- Pursue Foodservice and E-Commerce opportunities



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



Del Monte Foods USA



- DMFI's 2Q sales down 1.6% to US\$485.6m
 - Unfavourable pricing in foodservice and USDA, and higher planned trade promotion spending
 - Volume was marginally higher driven by the strong performance of the packaged vegetable and fruit segments ahead of the holiday season

- DMFI contributed an EBITDA loss of US\$3.9m and a net loss of US\$22.1m to the Group
 - As part of the Group's strategy to improve operational excellence, DMFI divested its underperforming Sager Creek vegetable business (1% margin upside going forward). This involved shutting the production facility in Siloam Springs, Arkansas
 - DMFI also shut its Plymouth, Indiana tomato production facility to improve efficiency and streamline operations
 - These resulted in one-off expenses amounting to US\$23.6 million pre-tax or US\$13.1 million post-tax
 - Moreover, the additional marketing and trade spend in the USA amounted to US\$29.7 million for 2Q to strengthen the core business



Build Relevance: Continually differentiate our brands and products in order to drive consumer preference

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



Drive Innovation: Address evolving consumer needs, shifts in eating behaviours, and changing demographics

- Reach new consumer targets (Millennials)
- Extend into new usage occasions (in healthy snacking and dinner meals)
- Enter attractive adjacencies

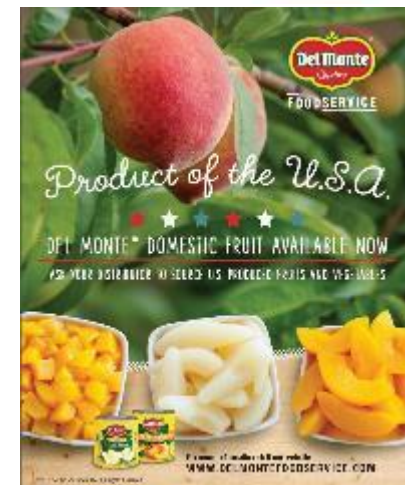


Expand Distribution: Extend our reach into growing channels and aisles of the grocery store

- Establish leadership position in growing Foodservice and E-commerce
- Expand presence in store perimeter

Improve Efficiency: Increase focus and optimise cost base to support strategy and fuel investment in growth initiatives

- Realign our manufacturing and supply chain footprint
- Drive efficiencies in our sourcing model





Marketing Highlights

Vegetable



- Enhanced Digital Partnerships with premier Food Networks
- Inspiring usage and reaching younger consumer target

College Inn



- New Campaign Launch September 2017 “Delicious in the Details”
- Highlights quality ingredients that give College Inn its rich flavour

Websites



- Website Redesigns launched for both Del Monte & College Inn in October
- New engaging content and enhanced capabilities



Innovation Highlights

Fruit & Chia



- Trial to date of 2.0MM+ households
- Successful attracting new, younger shoppers
- Highly incremental to category

College Inn

Organic Broth

Chicken
Beef



Concentrated Broth

Chicken
Less Sodium Chicken



- Strong acceptance across top East Coast retailers
- Distribution ramping up well in preparation for “soup season”



Foodservice & E-Commerce Highlights

Foodservice: Snacking



- Secured supply commitments with large US school districts
- Ready to expand further in FY19 via commodity processing

Foodservice: College Inn



- Completed transition of Foodservice selling/distribution from Kraft-Heinz to Del Monte Foodservice

E-Commerce



- Finalised preparation to sell direct to Amazon Fresh
- Enhanced e-commerce marketing



Del Monte Philippines (DMPI)

- DMPI is the Group's 2nd largest subsidiary
- Comprises of Philippines sales and exports
- 2Q sales of US\$134.0 million, up 2% versus the same quarter last year

Del Monte Tomato Sauce Christmas Promo Pack



Del Monte 100% Pineapple Juices now in 1-litre Tetra Pak carton



Philippines

86%

Market Share (#1)
Canned Pineapple

78%

Market Share (#1)
Canned Mixed Fruit

83%

Market Share (#1)
Canned and Tetra RTD Juices

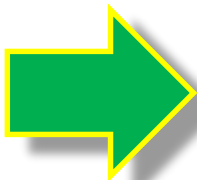
86%

Market Share (#1)
Tomato Sauce

45%

Market Share (#1)
Spaghetti Sauce

- Del Monte is the market leader across several categories
- Modern trade and convenience stores are growing fast: Del Monte is strong in modern trade, generating 28% of sales
- Expanding foodservice sales, accounting for 18% of Philippine sales
- Competitive environment with Southeast Asian peer companies targeting the Philippines to innovate, diversify and premiumise
- E-commerce and digital are growing



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

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



Philippines

- Philippines is the largest market of subsidiary Del Monte Philippines, Inc (DMPI)
- Sales were up 4.0% in peso terms but down 2.9% in US dollar terms due to peso depreciation
- Better sales of packaged fruit as well as the foodservice channel
- Continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind 360-degree campaigns across brands
- Launched the 100% Pineapple Juice in 1-litre Tetra Pak to complete its 1-litre juice offering in the Philippines
- Foodservice sales continued to grow, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts





Philippine Market Updates

DEL MONTE TOMATO SAUCE

Continuous investments on frequency-build, latched on the habit of recipe twists and experimentation



National TVC Airing on Free TV



Recipe Tutorial Video on YouTube



DM Tomato Sauce 3 + 1 Bundle (Pantry-Loading)



Facebook Link to Recipe Ads



KETCHUP

Highly targeted awareness and trial-build for newly launched premium Del Monte Extra Rich Ketchup targeting young foodies

Digital Activation



Facebook and YouTube ads

Consumer & Trade Initiatives



Merchandising



Sampling Activities



Visibility Programme



DEL MONTE QUICK 'N EASY

Recruitment of new users into the Del Monte franchise through active promotion of QnE's expanded range of variants or meals solutions for time-poor women

GO BEYOND FRIED DAYS
IN AS Quick 'n Easy AS 1-2-3!

1 COOK MEAT
2 ADD VEGETABLES
3 POUR & SIMMER

Life Gets Better with... For recipes, visit www.lifegetsbetter.ph



Merchandising



'Easy as 1-2-3' Sampling



BBQ 80mL Sachet Introduction

Fit 'n Right Launches New 'Block Sugar' Campaign



PACKAGING

Transitioned to **new Sexy bottle** starting July 2017.



- ✓ Calorie Call Out
- ✓ Block Sugar Tag

TV AIRING

10-Month **National TV airing** starting Aug.



Regional airing in key cities.



DIGITAL AIRING

Yearlong digital **education campaign**.



FNR **blocks hidden sugar** from food & drinks.



SAMPLING

Promote meal-pairing via **healthy meal delivery** partnerships.



TRADE

Yearlong **merch** to communicate Block Sugar.



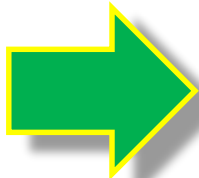
Promote frequency via **bundle packs**.





Asia and the Middle East

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



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





S&W Asia and the Middle East

- Sales of the S&W business were 8% lower
- Reduced supply of fresh pineapple
- But packaged segment continued its double-digit growth
 - Mainly due to higher sales of packaged pineapple and juices in North Asia
 - Launched products in new packaging formats:
 - 100% Pineapple Juice in 1-litre Tetra Pak in China
 - Revolutionary Klear Can for pineapple slices and chunks in China and Korea. Klear Cans are see-through plastic containers with metal lids, which allow consumers to see the fruits inside
 - Contadina brand of pasta sauces in stand-up-pouch aluminium packaging in China



Klear Cans launched in China and Korea



Launch of 100% Pineapple Juice in 1-litre Tetra Pak in China

Launch of Pineapple Juice and Klear Cans (China)



Launch of Juices in 4S pack, and accompanied by a series of sampling activities
Klear Cans are also launched and the visibility has been reinforced by displaying alongside the Pineapple Juices

Sampling Activations of Contadina Sauces (China)



Launch of Contadina Pasta Sauce
The launch was supported by in-store sampling activities

Foodservice Distribution of Pineapple Juice (Singapore)



Hotels

Introduced 100% pineapple juice into the mini bars of Marina Bay Sands by conducting launch trial in about 200 rooms



Schools/ Institutions

100% Pineapple Juice can be found at a few international schools as well as Anglo-Chinese School (Independent)



QSR (Jollibee) Redemption programme via stamps collection by purchasing Chickenjoy Value Meal with S&W Pineapple Juice



Del Monte Pastabilities: World Pasta Month on Digital

- Leverage World Pasta month on digital to strengthen our connection with Pasta consumers in India
- Highlight the versatility of pasta by showcasing infinite recipe options that cut through various meal occasions and moods



One Spaghetti – endless delicious pastabilities



A content meal



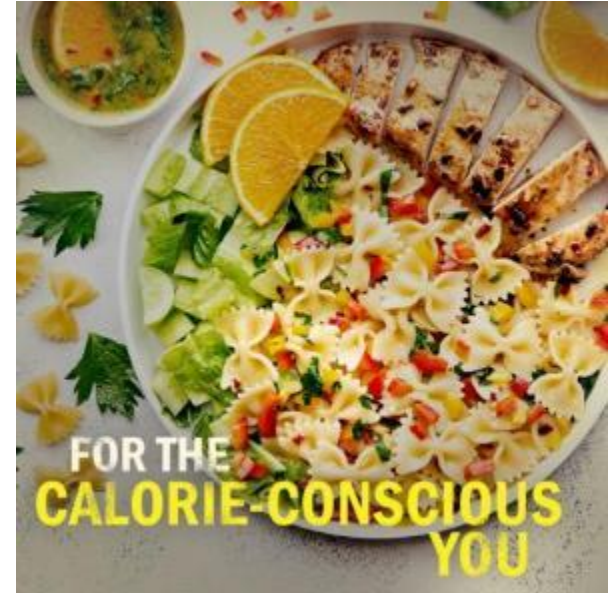
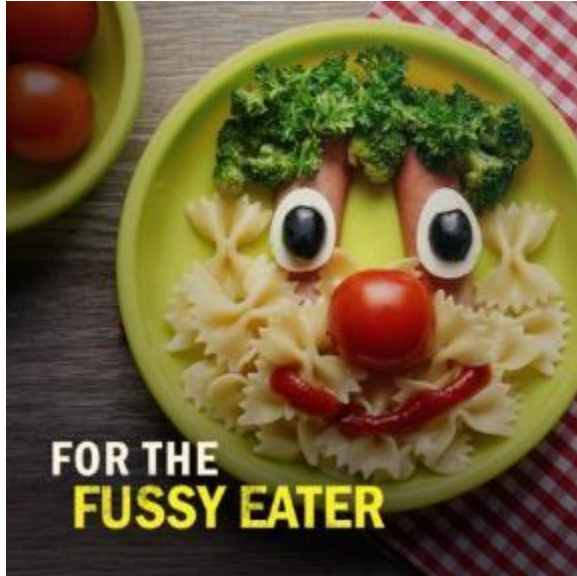
A delicious affair



A happy gala



Del Monte Pastabilities: World Pasta Month on Digital





Awards

- Won the best IR website from EQS-Investor Relations Professionals Association (Singapore) amongst 700 Singapore-listed companies evaluated in October 2017
- Won the Transparency Award from Securities Investors Association (Singapore) in September 2017
- Ranked #16 or Top 3% amongst 606 Singapore-listed companies evaluated in the Governance and Transparency Index in August 2017



RANK 2017	COMPANY NAME	BASE SGTI 2017 SCORE	ADJUSTMENTS FOR BONUSES/PENALTIES	OVERALL SGTI 2017 SCORE	OVERALL SGTI 2016 SCORE	RANK 2016
1	SINGAPORE TELECOMMUNICATIONS	92	32	124	124	1
2	CAPITALAND	91	27	118	115	4
3	DBS GROUP HLDGS	89	28	117	121	2
3	SINGAPORE EXCHANGE	92	25	117	117	3
5	KEPPEL CORP	90	23	113	113	5
6	SEMBCORP INDUSTRIES	86	24	110	107	6
7	TUAN SING HLDGS	85	24	109	102	7
8	CITY DEVELOPMENTS	80	25	105	99	10
9	GLOBAL LOGISTIC PROPERTIES	87	17	104	98	11
9	OVERSEA-CHINESE BANKING CORP	84	20	104	101	9
11	SATS	84	16	100	86	26
11	UNITED OVERSEAS BANK	88	12	100	93	14
13	GREAT EASTERN HLDGS	83	16	99	93	14
13	SINGAPORE PRESS HLDGS	84	15	99	98	11
15	OLAM INTERNATIONAL	82	16	98	82	36
16	DEL MONTE PACIFIC	79	16	95	83	32

DMPL ranked #16 in the Singapore Governance and Transparency Index



Sustainability

- Del Monte in the US was cited by Feeding America as Leadership Partner for its support in providing meals to people in need
- Del Monte donated various food products for disasters victims in Florida, Texas, California and Mexico
- In the Philippines, Del Monte Foundation completed and turned over a furnished Day Care Centre which benefits about 40 preschool children in a local community
- The Group is updating its sustainability strategy and goal setting following identification of sustainability priorities through an independent materiality assessment process





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