



DEL MONTE PACIFIC LIMITED

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Del Monte Pacific Reports Strong Results for Second Quarter FY2021

Highlights

- Group sales grew by 12% on higher consumption of healthy, shelf-stable food at home – USA sales expanded by 13% and Philippines sales increased by 10%
- Del Monte Pacific delivered EBITDA of US\$94m and net profit of US\$22m, a turnaround from losses last year due to one-off expenses; there were no one-off items this period
- Del Monte Philippines generated a net income of US\$24m while Del Monte Foods achieved a net profit of US\$9m due to the US\$10m cost savings from the execution of asset-light strategy in the previous fiscal year plus other initiatives
- Reduced Group net debt with gearing lowered to 2.6x from 3.6x equity

Singapore/Manila, 10 December 2020 – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited (“DMPL” or the “Group”; Bloomberg: DELM SP, DELM PM) reported today its second quarter FY2021 results ending October.

The Group’s second quarter sales of US\$623.5 million were higher by 12% versus prior year quarter mainly driven by increased sales in the US and the Philippines.

Del Monte Foods, Inc (DMFI), the Group’s US subsidiary, generated 72% of Group revenues and achieved 13% higher sales of US\$446.7 million with improved demand in the branded retail segment arising from the coronavirus pandemic. Core categories of vegetable, fruit and broth delivered strong growth as consumers chose trusted, healthy and shelf-stable products. Ecommerce sales, coming off a low base, were also up significantly despite tight supply which tempered full sales potential.

In the Philippines, sales improved by 10% in US dollar terms and 4% in peso terms, demonstrating the Company's resilience during home quarantine. Retail sales grew by a strong 13% despite a weak economy and high unemployment resulting from the pandemic. However, this was offset by the foodservice business which remained soft notwithstanding improvements over the first quarter. The strong retail growth was in both modern trade and general trade, driven primarily by the beverage category - led by immunity-building Del Monte 100% Pineapple Juice - and the culinary category - driven by Del Monte Quick 'n Easy meal mixes and Del Monte ketchup. The Company continued to highlight the health benefits of its product portfolio with targeted advertising, as well as meal planning and preparation by Del Monte Kitchenomics.

Sales of S&W shelf-stable packaged pineapple products in Asia and the Middle East improved significantly by 34% over last year with robust sales of canned pineapples. Sales of fresh pineapples, the majority of which are branded S&W, grew by 7% in the second quarter versus the same period last year, a turnaround from the 28% decline in the first quarter ending July due to the impact of the pandemic lockdown in China. The Company expects its fresh business to continue growing in the remainder of the year as more consumers venture to retail outlets in North Asia.

Del Monte Philippines, Inc (DMPI), whose core businesses are the Philippines and S&W Asia, generated higher operating income in the second quarter, up 27% versus the same quarter last year. It delivered a net income of US\$23.6 million.

The Group achieved a second quarter EBITDA and net profit of US\$94.4 million and US\$21.9 million, respectively, a turnaround from losses in the prior year quarter. DMFI did not have any one-off items this quarter. Stripping out last year's one-off expenses, the second quarter results remained strong with EBITDA surging by 36% and net profit by 37% due to higher sales, favourable sales mix and overall margin improvement in both US and Asian operations. DMFI generated a net profit of US\$9.1 million this quarter, a turnaround from quarters of losses in the past. The plant closures last year, in line with the company's asset-light strategy, and other cost saving initiatives delivered incremental savings of US\$10 million in the second quarter.

The Group decreased its net debt to US\$1.5 billion from US\$1.7 billion, and reduced gearing to 2.6x from 3.6x equity in the prior year quarter due to lower loans as a result of stronger operating performance and increased shareholder's equity arising from the investment in a 12% stake in DMPI by a private equity firm last year.

“The strength of our brands and our products sought by consumers in the US and the Philippines, and improving sales in other Asian markets were at the centre of the robust performance for the quarter. In addition, we are seeing the benefits from considerable cost savings achieved through the adoption of an asset-light model in the US along with greatly improving efficiencies which we have woven into our supply chain,” said Joselito D Campos, Jr, DMPL’s Managing Director and CEO. “We are razor-focused on managing costs while our solid fundamentals as a staple food business with trusted brands, and high quality, healthy and shelf-stable products will continue to drive our growth. We recognise the contributions made by our hardworking employees who have risen to confront and deal with the many challenges posed by the pandemic to ensure our products continue to be enjoyed by our consumers.”

First Half

For the first half of FY2021, the Group generated sales of US\$1.0 billion, better by 11% versus prior year period with DMFI delivering 12% higher sales of US\$714.9 million or 69% of Group sales. The Philippines also generated increased sales of 15% and 10% in US dollar and peso terms, respectively.

DMFI supplied much needed shelf-stable products for meal kit distribution to government food-relief organisations across USA. This generated incremental sales of over 250,000 cases year-to-date. This program is expected to continue as the pandemic spreads and people remain out of work. DMFI expects to generate additional sales from this program in the coming quarters.

The Group’s EBITDA quadrupled to US\$136.8 million from US\$29.4 million while net profit was US\$18.6 million reversing a net loss of US\$75.6 million. There were no one-off items in the first half of this year. Moreover, the execution of DMFI’s asset-light strategy and other cost saving initiatives generated about US\$15-16 million savings in the first half of this year.

DMPI Bond

In October 2020, DMPI successfully raised Php6.47 billion (US\$134 million) worth of fixed-rate bonds. The issuance, which consisted of three-year bonds at 3.484% pa interest rate and five-year bonds at 3.7563% pa, was oversubscribed. DMPI’s credit rating for this bond is Aaa, the highest rating assigned by the Philippine Rating Services Corporation. The proceeds of the offering were used to refinance existing loans with lower cost funding and longer maturities.

Prospects

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

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

DMFI is also well-placed to improve performance in the US in FY2021 with a more efficient supply chain accomplished from the restructuring in the last financial year, better sales mix and management of costs.

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

About Del Monte Pacific Limited (www.delmontepacific.com)

Dual listed on the Mainboards of the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange, Inc, Del Monte Pacific Limited (Bloomberg: DELM SP/ DELM PM), together with its subsidiaries (the “Group”), is a global branded food and beverage company that caters to today’s consumer needs for premium quality, healthy products. The Group innovates, produces, markets and distributes its products worldwide.

The Group is proud of its heritage brands - *Del Monte*, *S&W*, *Contadina* and *College Inn* – some of which originated in the USA more than 100 years ago as premium quality packaged food products. The Group has exclusive rights to use the *Del Monte* trademarks for packaged products in the United States, South America, the Philippines, Indian subcontinent and Myanmar, while it owns *S&W* globally except for Australia and New Zealand. The Group owns the *Contadina* and *College Inn* trademarks in various countries.

DMPL’s USA subsidiary, Del Monte Foods, Inc (DMFI) (www.delmontefoods.com), owns other trademarks such as *Orchard Select*, *Fruit Refreshers*, *Veggieful* and *Bubble Fruit* while DMPL’s Philippine subsidiary, Del Monte Philippines, Inc (www.delmontephil.com), has the trademark rights to *Del Monte*, *Today’s*, *Fiesta*, *202*, *Fit ‘n Right*, *Heart Smart*, *Bone Smart* and *Quick ‘n Easy* in the Philippines.

The Group sells packaged fruit, vegetable and tomato, sauces, condiments, pasta, broth, stock, juices and frozen pineapple, under various brands and also sells fresh pineapples under the *S&W* brand (www.swpremiumfood.com).

The Group owns approximately 95% of a holding company that owns 50% of FieldFresh Foods Private Limited in India (www.fieldfreshfoods.in). FieldFresh markets *Del Monte*-branded packaged products in the domestic market and *FieldFresh*-branded fresh produce. The Group’s partner in FieldFresh India is the well-respected Bharti Enterprises, which is one of the largest conglomerates in India.

DMPL’s USA subsidiary operates six plants in the USA and two in Mexico, while its Philippines subsidiary operates the world’s largest fully-integrated pineapple operation with its 26,000-hectare pineapple plantation in the Philippines and a factory that is about an hour’s drive away. It also operates a frozen fruit processing facility and a beverage bottling plant in the Philippines.

DMPL and its subsidiaries are not affiliated with the other Del Monte companies in the world, including Fresh Del Monte Produce Inc, Del Monte Canada, Del Monte Asia Pte Ltd and these companies’ affiliates.

DMPL is 71%-owned by NutriAsia Pacific Ltd and Bluebell Group Holdings Limited, which are beneficially-owned by the Campos family of the Philippines. A subsidiary of the NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

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