



DEL MONTE PACIFIC LIMITED

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**Del Monte Pacific continues strong performance in 2Q,
resulting in a three-fold increase of 1H net profit to US\$54.1m**

2Q FY2022 Highlights

- DMPL Group continued its strong performance with a net profit of US\$35.8m in the second quarter, up 64% from US\$21.9m in the same period last year
- US subsidiary Del Monte Foods increased its EBITDA by 23% to US\$70.8m and its net profit by 151% to US\$22.7m, continuing its path to higher profitability following its FY2021 turnaround
- Del Monte Philippines grew its EBITDA by 5% to US\$40.6m and net profit by 10% to US\$26.0m
- The Group notably reduced its debt/EBITDA to 4.3x from 5.8x last year

1H FY2022

- DMPL grew sales by 7% to US\$1.1bn, EBITDA increased by 33% to US\$182.3m and net profit tripled to US\$54.1m compared to the same period last year

Singapore/Manila, 15 December 2021 – 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 FY2022 results ending October.

DMPL delivered another strong quarter of profitability with an EBITDA of US\$107.4 million, a 14% increase from US\$94.4 million. Net profit achieved a 64% increase to US\$35.8 million from US\$21.9 million in the same quarter last year. The Group continued to improve its gross margin by 180 basis points to 27.4% mainly from better sales mix with increased sales of higher-margin retail branded products in the USA.

The Group generated sales of US\$651.0 million, up 4% versus prior year period from improved sales in the USA and international markets.

The Group's US subsidiary, Del Monte Foods Inc. (DMFI), generated sales of US\$477.5 million or 73% of Group sales. DMFI's second quarter sales increased by 7% on strong branded retail growth of 11%, while sales of low-margin private label were reduced as planned. The robust performance of branded retail resulted from supply and distribution gains, strong underlying momentum on core vegetable businesses and shipments in preparation for the Thanksgiving holiday promotional activity. Del Monte canned vegetable, which had the highest contribution to branded retail sales, reached a five-year high of 24% market share in November.

New products launched in the past three years contributed 5.3% to DMFI's total sales. DMFI continues to expand distribution and build trial on previously launched items including Joyba Bubble Tea beverages, Del Monte frozen Veggieful Pocket Pies and frozen Veggieful Riced Vegetables, Del Monte refrigerated Fruit Infusions Snack Cups and Del Monte Deluxe Gold Pineapple.

The Group's second largest and most profitable subsidiary, Del Monte Philippines, Inc. (DMPI), achieved higher sales of US\$186.1 million in the second quarter, up 3% versus the prior year period led by international market sales. More than half of DMPI's sales are in the Philippines, with the balance in the international market.

DMPI achieved a 5% EBITDA increase to US\$40.6 million and a 10% net profit increase to US\$26.0 million. DMPI had benefited from the reduced corporate tax rate of 25% with the passing of the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) in March 2021.

DMPI's sales in the international market rose 18% to US\$69.7 million on robust sales of packaged fruit and beverages in the USA and Europe, and S&W packaged pineapple and mixed fruit in North Asia. In the premium fresh fruit segment, higher sales of S&W-branded MD2 pineapple were offset by lower sales of non-S&W branded pineapple due to reduced supply resulting from timing of harvest. For the first half, total fresh sales grew by 5% with the S&W-branded pineapple up by a stronger 15%. S&W pineapples sold in China benefitted from expanded distribution coverage with 1,500 new stores from the Company's top three distributors in China. The Company expects improvement in the second half as it continues to expand into Tier 2-3 cities in China with the sustained strong support of its distributors.

Sales in the Philippines of US\$100.2 million were 6% lower in US dollar terms and 2% lower in peso terms, comparable with the high base of the prior year brought about by the pandemic. The Company continues to support key brands to drive regular consumption behind health (e.g. 100% Pineapple Juice for immunity) and culinary enjoyment (e.g. Everyday Sauce Special with Del Monte Tomato Sauce), as well as transitioning foundational improvements in its distribution network. New products contributed 9% to total Philippine market sales in the second quarter.

DMPI's strategic joint venture with Vietnam Dairy Products JSC (Vinamilk), a leading regional dairy company, launched new products and generated incremental revenue. These include Del Monte-Vinamilk Fresh Milk, Del Monte-Vinamilk IQ Smart Flavored Milk, Del Monte-Vinamilk YoGurt Drink and Del Monte-Vinamilk Tea Bliss Milk Tea. The JV presents a growth opportunity as Del Monte expands into a new category with products consumed in Filipino households on a daily basis.

DMFI in the US expanded its gross margin by 210 basis points to 24.9% from 22.8% on favorable sales mix from improved sales of higher-margin retail branded products, higher prices and lower FY2021 pack cost. DMFI increased its EBITDA by 23% to US\$70.8 million from US\$22.7 million and its net profit by 151% to US\$22.7 million from US\$9.1 million in the prior year quarter, continuing its path to higher profitability following its turnaround in FY2021.

Group gross margin expanded by 180 basis points to 27.4% from 25.6%.

The Group saw a marked improvement in its net debt/EBITDA to 4.3x from 5.8x last year and gearing to 2.3x from 2.6x equity in the prior year.

"DMPL stayed on its course to deliver a very strong financial performance for the quarter and achieved record results for the first half. We look forward to sustaining the momentum into the second half of the year with an improved sales mix, higher new product contribution and diversified channels to expand our brand footprint. And to help us mitigate headwinds from higher costs, our teams continue to execute against our strategy of maximizing operational efficiencies while increasing higher-margin branded sales and reducing non-core sales," said Joselito Campos, Jr., DMPL's Managing Director and CEO.

In the first half of FY2022, DMPL grew sales by 7% to US\$1.1 billion on higher USA and international sales. EBITDA increased by 33% to US\$182.3 million, while net profit almost tripled to US\$54.1 million

from US\$18.6 million. DMPL increased its margins significantly by 350 basis points to 28% for the same reasons as in the second quarter.

In an environment with increased and continued emphasis on health and wellness, DMPL is well-positioned to respond to consumer needs, given its nutritious, long shelf-life products which enable consumers to prepare meals at home and build their immunity.

Del Monte's strong brand equity and loyal following allow it to capitalize on growth opportunities through expansion into adjacent categories. The Group will continue to enhance and expand its offering of trusted, high-quality products and make these more readily available to consumers through traditional and digital channels, and through more convenient packaging formats. In the international market, the Group is positioned to unlock market opportunities in China and further penetrate underserved markets.

DMPL is well-positioned to build on the momentum achieved in FY2021 and expects to offset the impact of commodity and transportation headwinds. Barring unforeseen circumstances, the Group expects to generate higher net profit in FY2022.

In December, DMPL had successfully issued new 3-year unrated Senior Notes amounting to US\$90 million. This transaction marks DMPL's inaugural issuance in the international debt capital markets, establishing a new source of funding. The coupon rate is 3.75% per annum.

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 Del Monte Foods Private Limited in India which markets *Del Monte*-branded packaged products in the Indian market. The Group's joint venture partner is the well-respected Bharti Enterprises, one of the largest conglomerates in India.

DMPL's USA subsidiary operates six plants in the USA and two in Mexico, while its Philippine subsidiary operates a fully-integrated pineapple operation with its 26,000-hectare pineapple plantation in Bukidnon, a frozen fruit processing facility and a Not From Concentrate juicing plant nearby, and a fruit processing facility that is about an hour away from the plantation. The Philippine subsidiary also operates a beverage bottling plant in Cabuyao, Laguna.

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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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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