DEL MONTE PACIFIC LIMITED

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Del Monte Pacific's 3Q sales and market shares grew in US but profit impacted by new tax rates

3Q FY2018 Highlights

- Sales and market shares in the USA grew with innovation and brand building activities, offset by a decline in DMPL Group's exports of pineapple juice concentrate.
- One-off expenses, mainly the US$39.8m write-off of deferred tax assets in the USA due to new tax rates, led to a net loss of US$38.4m. Without the one-off expenses, the Group would have generated a net income of US$3.4m.
- DMPL Preference Shares second tranche offering raised US$100m, significantly reducing gearing.
- Planned Del Monte Philippines IPO will further improve the capital structure of the Group.

Singapore/Manila, 8 March 2018 – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited ("DMPL" or the "Group"; Bloomberg: DELM SP, DMPL PM) reported today its third quarter FY2018 results ending January.

The Group achieved third quarter sales of US$599.8 million, 0.7% lower than prior year period. Higher sales in the United States and Philippines were offset mainly by lower, cyclical pineapple juice concentrate prices and decreased exports of processed pineapple.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI), contributed US$451.5 million or 75% of Group sales. DMFI's sales grew a marginal 0.2% driven by higher volume of packaged fruit and broth. The *Del Monte Fruit & Chia* cups launched in the second quarter are performing well. These are adult fruit cups which combine fruit and chia seeds. DMFI followed this in the third quarter with the introduction of *Grab and Go Fruit Cups* which are single-serve cups with ‘sporks’, for convenient snacking on the go. These new products ride on current consumer trends of healthy living, snacking and convenience.

DMFI’s market shares in canned vegetable and fruit, plastic fruit cup and broth categories increased during the quarter, driven by increased marketing investments, compelling innovations, and strong execution against fundamentals at retail.

Following the second quarter divestment of the underperforming Sager Creek vegetable business, DMFI booked an additional one-off expense of US$6.8 million in the third quarter. On a non-cash basis, DMFI also wrote off US$39.8 million of deferred tax assets due to the change in US Federal income tax rate from 35% to 21%. Other companies in the US with deferred tax assets have similar write-offs due to the reduction in income tax rates. However, this should be more than offset by the reduced tax rates in future years which will be substantial. The total one-off expenses for the third quarter amounted to US$41.8 million post-tax.

Sales in the Philippines were up in peso terms driven by expanded penetration and increased consumption of its beverage and culinary products into the peak season of Christmas. The Group’s thrust on innovation continues with the launch of *100% Pineapple Juice* in Tetra Pak, offering more convenience to the consumers. The Group also made an initial foray into the ‘juice with particulates’ market with the introduction of *Del Monte Juice & Chews*, a snack-in-a-drink combining chewy bits of nata and pineapple with fruit juice blends. This is becoming increasingly more popular amongst teens. Foodservice sales in the Philippines remained strong, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts.

Sales of the S&W business declined in the third quarter mainly due to lower packaged pineapple sales in North Asia. There was increased competition from cheaper-priced products from Thailand impacting the Group’s business most notably in China.

DMPL’s share in the FieldFresh joint venture in India for the third quarter was favourable at US$0.1 million profit from a US$0.5 million loss in the prior year period due to improvement in sales and margin.

The Group reported an EBITDA of US$35.2 million, versus prior year quarter's EBITDA of US$43.8 million. With the one-off expenses of US$11.2 million pre-tax and US$41.8 million post-tax, the Group incurred a net loss of US$38.4 million versus prior year period's net income of US$8.5 million. Excluding these one-off expenses, EBITDA would have been US$46.4 million and net income would have been US$3.4 million. As planned, the Group made strategic investments in trade spending and marketing to strengthen its core business in the USA, which is reflected in the higher volume achieved.

"Our innovation and marketing initiatives, to build relevance through product differentiation, address consumer trends and expand distribution in key growth areas, especially in the United States are beginning to pay off," said Joselito D Campos, Jr, Managing Director and CEO of DMPL. "We also are focused on reducing our debt and on streamlining operations to become more competitive. Such measures are geared to work in tandem with revenue-enhancing initiatives to ensure a profitable and sustainable business in the long run," he added.

For the first nine months of FY2018, the Group generated sales of US$1.7 billion, marginally lower versus the prior year period as higher sales in Asia were offset by lower sales in the US.

The Group's second largest subsidiary, Del Monte Philippines, Inc (DMPI), generated sales of US$420 million, up 8% in peso terms and 2% in US dollar terms versus the same period last year. DMPI's sales comprise Philippines sales and exports (under the S&W brand and private label).

The Philippine market sales for the first nine months were higher as the Group continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind 360-degree campaigns across brands. Foodservice sales in the Philippines also continued to expand, riding on the rapid expansion of quick service restaurants and convenience stores.

Sales of the S&W business, the fastest growing business of DMPI in Asia and the Middle East, grew in the nine-month period, mainly driven by robust sales of fresh pineapple, new product launches in new packaging formats in North Asia, and expansion into Turkey, a new market for packaged products.

The Group generated a net loss of US$40.4 million for the first nine months of FY2018, versus the prior period's net income of US$21.5 million due to the one-off expenses for DMFI's plant closures and the write-off of deferred tax assets. Excluding these one-off expenses, the Group would have generated a net income of US$14.9 million.

Barring unforeseen circumstances and excluding one-off expenses, the Group is expected to be profitable for FY2018.

The Company completed the offering and listing of its second tranche of Preference Shares in the Philippines in December 2017 generating approximately US$100 million in proceeds. This followed the US$200 million raised from the first tranche in April 2017. The Company used the proceeds to pay down a loan due in February 2019. This equity raising has significantly improved the Group's gearing to 2.7x from 5.3x in the prior year quarter.

DMPL has also announced earlier the planned IPO of its wholly-owned subsidiary, Del Monte Philippines, Inc on the Philippine Stock Exchange, by offering to the public 20% of its stake in DMPI. The proceeds of up to US$320 million, subject to book building and market conditions, will be used primarily for debt repayment and general corporate purposes. This will result in a further reduction of the leverage of the DMPL Group.

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.

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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.

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/ DMPL 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* – majority 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 for *S&W*, it owns it globally except 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 *Fruit Naturals, Orchard Select, SunFresh* and *Fruit Refreshers*, while DMPL's Philippines subsidiary, Del Monte Philippines, Inc (www.lifegetsbetter.ph), owns *Del Monte, Today's, Fiesta, 202, Fit 'n Right, Heart Smart, Bone Smart* and *Quick 'N Easy* trademarks in the Philippines.

The Group sells packaged fruits, vegetable and tomato, sauces, condiments, pasta, broth and juices, under various brands and also sells fresh pineapples under the *S&W* brand.

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 10 plants in the USA, two in Mexico and one in Venezuela, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 25,000-hectare pineapple plantation in the Philippines and a factory with a port beside it.

Except the joint venture companies with Fresh Del Monte Produce Inc, 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 67%-owned by NutriAsia Pacific Ltd and Bluebell Group Holdings Limited, which are beneficially-owned by the Campos family of the Philippines. The NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

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