



DEL MONTE PACIFIC LIMITED

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Del Monte Pacific Sustains Strong Results with Net Profit of US\$30 Million for Third Quarter FY2021

3Q Highlights

- DMPL grew sales by 13% on higher consumption of healthy, shelf-stable food at home – Philippines sales expanded by 20% and USA sales rose 12%
- Achieved improved gross margin of 26.9% from 20.4% on better sales mix, lower trade spending and lower costs
- Group delivered EBITDA of US\$99m, 74% higher versus prior year, and net profit of US\$30m, a 4-fold increase over last year
- DMPL's USA subsidiary, Del Monte Foods, achieved an EBITDA of US\$61m, more than double the prior year's US\$26m, and delivered a net profit from a loss last year
- Group reduced net debt, significantly lowering gearing to 2.2x from 3.3x equity

Singapore/Manila, 10 March 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 third quarter FY2021 results ending January.

DMPL's third quarter sales of US\$628.4 million were higher by 13% versus prior year quarter driven by increased sales in the US, Philippines and international markets.

Del Monte Foods, Inc (DMFI), the Group's US subsidiary, generated 70% of Group revenues and achieved 12% higher sales of US\$440.0 million, mainly driven by robust sales growth of 26% in the branded retail segment amidst the coronavirus pandemic. Core categories of vegetable and fruit delivered substantial growth as consumers chose trusted, healthy and shelf-stable products for their meal

preparation at home. E-commerce sales saw significant increase continuing the strong growth momentum.

In the USA, DMFI won a “Product of the Year” award for innovation. Del Monte Deluxe Gold Pineapple, a premium canned pineapple produced by Del Monte Philippines, Inc (DMPI), and Del Monte Veggiesful Pocket Pies won the award in the Fruit and Convenience Meal categories, respectively.

The core businesses of DMPI are the Philippines and S&W Asia. In the third quarter, DMPI expanded sales in the Philippines by 20% despite the weakened economy and high unemployment. Both retail channels of modern trade and general trade delivered robust performance with sales growth of 27%, offsetting declines in foodservice. DMPI also expanded its presence in e-commerce, investing in both digital capability and partnerships with leading online platforms Lazada and Shopee. This resulted in significant growth in e-commerce sales during the lockdown period which continued even post-lockdown, albeit from a low base.

The strong revenue growth was driven by packaged fruit and culinary products behind consumer campaigns promoting regular cooking with Del Monte pineapples and tomato sauces, as consumers continued to prepare meals at home. Season-relevant recipes were highlighted vis-à-vis meal planning in Del Monte Kitchenomics, the Company’s successful long-running recipe program.

DMPI introduced limited edition Christmas products such as Del Monte Deluxe Gold and Fiesta Fruit Cocktail in smaller, festive clear cans that are perfect for smaller in-home celebrations during the pandemic. DMPI continues to highlight its product portfolio’s health benefits with targeted advertising, particularly behind its beverage brands. The company also launched the Tomato Sauté (Tomato Ginisa) pack in January, a low-unit price offer for the popular Del Monte Tomato Sauce, in an effort to extend its use to everyday dishes.

International sales of processed products increased by 23%, while fresh pineapple exports grew by 11% in the third quarter versus the same period last year. The Group expects its fresh business to continue growing in the fourth quarter as more consumers venture to retail outlets in North Asia coupled with increased e-commerce sales. The Group’s branded pineapples are ranked number 1 in the imported pineapple category of China’s JD.com and Pinduoduo.com.

Del Monte Foods, Inc achieved a much higher gross margin of 24.4% from 15.8% on favourable sales mix from improved sales of higher-margin retail branded products, lower trade spending and lower costs, some of which were brought about by the plant closures in the last financial year, in line with the company's asset-light strategy. DMFI improved its EBITDA substantially to US\$61.2 million from US\$26.0 million, and generated a net profit, reversing the loss in the prior year.

The DMPL Group gross margin saw a significant improvement to 26.9% from 20.4% due to factors mentioned above. The Group achieved a third quarter EBITDA of US\$99.0 million and net profit of US\$30.2 million, considerably higher than prior year by 74% and 353%, respectively.

The Group decreased its net debt to US\$1.3 billion from US\$1.6 billion, and notably reduced its gearing to 2.2x from 3.3x equity in the prior year quarter.

“Our US business has turned around with two consecutive quarters of earnings. Consumers continue to place their trust in our brands and products which promise high quality and nutrition. We are also reaping the benefits from considerable cost savings achieved through the execution of an asset-light model in the US along with greatly improving efficiencies we have implemented in our supply chain,” said Joselito D Campos, Jr, DMPL's Managing Director and CEO.

Nine Months

For the nine months of FY2021, DMPL generated sales of US\$1.7 billion, 12% better versus prior year period with DMFI delivering 12% higher sales of US\$1.2 billion accounting for 69% of Group sales. The Philippines also increased sales by 17%.

The Group achieved close to a 3-fold increase in EBITDA to US\$235.8 million from US\$86.3 million and generated a net profit of US\$48.8 million, significantly reversing a net loss of US\$69.0 million in the prior year. DMFI's asset-light strategy and other cost saving initiatives yielded about US\$34-35 million savings in the first nine months of this year, on track to recouping within two years the one-off expenses incurred from the plant closures last year.

During the COVID-19 pandemic, the Group partnered with over 300 non-government organisations and local government units to provide food to marginalised communities and frontliners in over 50 medical facilities.

Prospects

Commenting on the Group's prospects, Mr Campos said, "DMPL returned to profitability in FY2021 and is well-positioned in this environment given its nutritious, long shelf-life products which enable consumers to prepare meals at home and build their immunity amidst the pandemic." As consumers prioritise health and wellness, the Company is well-placed to grow with this trend in line with its vision of "Nourishing Families. Enriching Lives. Every Day."

Del Monte's strong brand equity and loyal following allows it to capitalise on numerous growth opportunities through expansion into adjacent categories. The Group will continue to improve and expand its offering of trusted, high-quality products, while making these more readily available to consumers through traditional and digital channels, and through more convenient packaging formats.

In the international market, it is positioned to unlock market opportunities in China while further penetrating underserved markets.

The DMPL Group expects to generate a net profit for the balance of the year and a net profit for the full year.

DMPI IPO

Del Monte Pacific Limited continues to explore an Initial Public Offering (IPO) option for Del Monte Philippines, Inc, subject to market conditions. An announcement would be made in due course, as appropriate.

DMPI marks its 95th year of operations this year in the Philippines. The company is the market leader in attractive categories of packaged pineapple and mixed fruit, canned and carton ready-to-drink juices, tomato sauce and spaghetti sauce categories. In Campaign Asia Pacific's Top 100 brands in the Philippines in 2020, Del Monte ranked number 12, alongside multinational companies such as Samsung, Apple and Google. It is the number 3 food and beverage brand in the country, behind only Nestle and Coca-Cola. DMPI is also the top 3 exporter of fresh pineapple to North Asia.

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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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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