DEL MONTE PACIFIC LIMITED

29 June 2018

SGX-ST/PSE/MEDIA RELEASE: (unaudited results for the fourth quarter ending 30 April 2018)

Contacts:

Iggy Sison
Tel: +632 856 2888
isison@delmontepacific.com

Jennifer Luy
Tel: +65 6594 0980
jluy@delmontepacific.com

Del Monte Pacific Financial Results Announcement for FY2018 ended 30 April 2018

FY2018 Highlights

- Del Monte Pacific Limited (DMPL or Group) posted a net loss of US$28m due to one-off expenses amounting to US$74m for two plant closures in the USA as part of a planned programme to achieve operational efficiency and reduce cost in its US subsidiary, Del Monte Foods Inc (DMFI), plus the write-off of deferred tax assets due to a change in US tax rates
- Excluding one-off items, the Group would have generated a net income of US$12m in FY2018
- The Group continued to implement its commitment to reduce debt, lessen interest expenses and improve cash flow
- US$300m was raised from the sale of Preference Shares to repay loans, and interest savings and one-off gain of US$34m were achieved from the purchase of US$125m of DMFI loans at a discount
- The Group doubled its operating cash flow to US$358m in FY2018, primarily on lower inventory in its US operations
- Gearing was reduced to 2.3x equity as of 30 April 2018, from 2.9x in 2017

Singapore/Manila, 29 June 2018 – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited ("DMPL" or the "Group"; Bloomberg: DELM SP, DELM PM) reported today its fourth quarter and full year FY2018 results ending April.

Fourth Quarter Results

The Group generated fourth quarter sales of US$499.0 million, 8.5% lower than prior year period. While sales were higher in the Philippines, these were offset mainly by lower, cyclical pineapple juice concentrate (PJC) prices in international markets, decreased exports of processed pineapple, and lower sales in the USA. The Group has been shifting to more branded consumer beverage given the volatile nature of industrial and commodity PJC.

DMFI contributed US$380.6 million or 76% of Group sales. DMFI sales ex-Sager Creek declined by 3.2% due to lower volume of canned vegetable and tomato products, as well as lower pricing in foodservice and USDA. It plans to introduce more value-added, less commoditised foodservice products, rationalise its non-branded USDA business, and innovate outside of the can.

The Group is on track with its strategy of innovation. The *Del Monte Fruit & Chia* cups launched in the second quarter are performing well. These are adult fruit cup snacks which combine fruit and chia seeds. DMFI followed this in the third quarter with the introduction of grab-and-go fruit cup snacks which are single-serve cups with 'sporks', for convenient snacking on the go. Another variant *Del Monte Fruit & Oats* was launched in early FY2019. These new products were launched to address consumer trends of healthy living, snacking and convenience.

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

DMFI divested its underperforming Sager Creek vegetable business in September 2017 as part of its strategy to improve operational efficiency and profitability. DMFI booked an additional one-off expense of US$28.6 million in the fourth quarter as part of its balance sheet cleanup primarily through inventory write-off.

Sales in the Philippines grew by 11% in peso terms in the fourth quarter on strong culinary and beverage sales, as well as foodservice gains. DMPI made its initial foray into the 'juice with particulates' market with the introduction of *Del Monte Juice & Chews*, a snack-in-a-drink combining nata and pineapple with fruit juice blends, a drink popular amongst teens. Foodservice in the Philippines was the fastest growing channel. DMPI supplies Jollibee, the largest local fast food chain, with their pineapple juice requirements nationwide, and supplies Pizza Hut with all their pineapple tidbits requirements. Moreover, Del Monte Philippines' 100% Pineapple Juice is available in all of Cebu Pacific's domestic flights.

Sales of the S&W business marginally declined in the fourth quarter mainly due to lower packaged pineapple sales in North Asia. There was increased competition from cheaper-priced products from Thailand and Indonesia impacting the Group's business. The Group introduced its tomato and pasta sauces from the Philippines and juice drinks in new aluminum cans into certain markets in the Middle East. S&W's fresh pineapple segment generated higher sales. The S&W business delivered double-digit growth in operating profit and a 4.5% increase in operating margin due to better pricing and lower costs.

DMPL's share in the FieldFresh joint venture in India for the fourth quarter was favourable at US$0.1 million profit, from a US$0.4 million loss in the prior year period due to higher Del Monte product sales and better margins.

The Group reported an EBITDA of US$6.4 million, versus prior year quarter's EBITDA of US$53.5 million. Without the one-off expenses of US$28.6 million cited earlier, the Group's EBITDA would have been US$34.9 million.

The Group reported a net income of US$12.3 million, significantly higher than US$2.9 million in the prior year quarter as a result of the one-off gain from the purchase of DMFI loans at a discount in the secondary market. Excluding one-off items of US$14.3 million, the Group would have incurred a net loss of US$2.1 million versus a profit of US$17.2 million last year due to lower export sales, significantly reduced PJC prices, and strategic investments in trade spending and marketing to strengthen its core business in the US.

Full Year Results

For the full year of FY2018, the Group generated sales of US$2.2 billion, 2.5% lower versus the prior year as higher sales in Asia were offset by lower sales in the US.

The Group will continue to focus on growing its branded business and reduce its non-strategic, non-branded business segments. In line with this strategy, since September 2017 the Group strengthened its leadership team in the US with the appointment of a new CEO, Chief Marketing Officer, Heads of Operations and Foodservice.

The Group's second largest subsidiary, Del Monte Philippines Inc (DMPI), generated sales of US$540.5 million (P27.6 billion) and net income of US$50.4 million (P2.6 billion). About two-thirds of DMPI's sales comprise Philippines sales, and the balance in exports under the S&W brand and private label.

Sales in the Philippines expanded by 6.7% in peso terms as DMPI continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind marketing campaigns. All major categories of packaged fruit, beverage and culinary delivered higher sales. The thrust on innovation was led by the launch of *Del Monte 100% Pineapple Juice* in Tetra Pak, the fastest growing beverage segment in the Philippines in FY2018. In addition, foodservice sales grew by a robust 15%, riding on the rapid expansion of quick service restaurants and convenience stores, as well as Del Monte Philippines' growth of its juice dispensers, meal partnerships and customised products.

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

DMPL Group generated a net loss of US$28.2 million in FY2018, versus the prior year's net income of US$24.4 million, due to the one-off expenses incurred in DMFI's two plant closures, and the write-off of deferred tax assets due to a change in US tax rates. Excluding these one-off expenses of US$73.8 million, the Group would have generated a net income of US$12.0 million in FY2018.

Strengthening Balance Sheet

The Group continued to strengthen its balance sheet, and reduce leverage and interest expense in FY2018. It raised about US$300 million from two Preference Share tranches in April and December 2017, which were applied to debt repayment.

Moreover, DMPL purchased US$124.9 million out of the total US$260 million second lien loans of DMFI at a discount in the secondary market. This loan purchase resulted in a one-off gain of US$33.6

million. This is the highest interest-bearing loan of the Group, and will save DMPL US$8-10 million of interest payments in FY2019.

At the end of the financial year, the Group reduced its gearing to 2.3x equity as of 30 April 2018, from 2.9x in 2017.

As part of the Group's deleveraging plan subject to market conditions, DMPL plans to sell approximately 20% of its stake in wholly-owned subsidiary, Del Monte Philippines, through a public offering on the Philippine Stock Exchange. The IPO was deferred in June due to volatile market conditions. The Company will announce when it relaunches this as the equity markets improve.

The Group significantly improved its operating cash flow to US$357.5 million in FY2018 from US$187.1 million in FY2017 primarily by reducing its inventory in the USA.

DMFI successfully extended the maturity of its working capital Asset Backed Loan (ABL) facility, from February 2019 to November 2020 for a total amount of US$442.5 million.

Prospects

With the divestiture of Sager Creek and closure of plants in USA, this will lead to improvement in margins starting FY2019 as well as stronger cash flow through lower inventories. The Group continues to review its manufacturing and distribution footprint in the US to improve operational efficiency and further reduce costs.

The increased investment in market and trade promotion spend will strengthen its core business in the US.

Barring unforeseen circumstances, the DMPL Group is expected to be profitable in FY2019.

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* – 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.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 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 and two in Mexico, 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 that is about an hour's drive away. It also operates a beverage PET plant and a frozen fruit processing facility in the Philippines.

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.

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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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