



Del Monte Pacific 4Q FY2017 Results

29 June 2017



NOURISHING FAMILIES.
ENRICHING LIVES.
EVERY DAY.





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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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- Full Year FY2017 Results
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Notes to the 4Q FY2017 Results

1. Fourth quarter is 1 February to 30 April 2017.
2. DMPL's effective stake in DMFI is 89.4%, hence the non controlling interest line (NCI) in the P&L. Net income is net of NCI.
3. DMPL Group adopted the amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants in April 2017). The change in accounting standard was applied retrospectively.





Highlights

- 4Q recurring net income improved to US\$17.2m from US\$14.7m
- Revenue grew 4% to US\$545m on higher USA and Asia sales
- Gross margin increased to 23.3% from 21.9% on cost improvements
- FY2017 recurring net income improved to US\$45.5m from US\$25.2m
- Preference Shares issue successfully completed and US\$200m loan repaid
- Final dividend of US\$0.0061 per share representing 50% of FY2017 net profit



Outlook

- The Group is expected to generate a net profit in FY2018
- Major emphasis on responding to consumer trends through:
 - Strengthening the core business -- healthier options and new products
 - Innovation -- process and packaging technology
-- agriculture and manufacturing technology
 - Digital strategy
- Improving financial performance through:
 - Procurement synergies and G&A cost optimisation





DMPL 4Q FY2017 Group Results Summary

- Sales of US\$545m +4%, on higher USA and Asia sales

Sales	% Change
US	+1.5
Philippines	-10 (in peso terms -4)
S&W	+50
FieldFresh India (equity accounted)	+18 (in rupee terms +17)

All figures below without one-off items and vs prior year quarter:

- EBITDA of US\$59.5m, down 12% from US\$67.6m
- Operating profit of US\$42.4m, down 11% from US\$47.6m
- Net profit of US\$17.2m, up 16% from US\$14.8m





One-off Expenses/(Income)

In US\$ m	4Q FY16	4Q FY17	Booked under
Closure of North Carolina plant	16.3	0.1	CGS
ERP implementation at DMFI	2.1	-	G&A expense
Sager Creek integration	2.9	-	G&A expense
Severance	1.5	2.0	G&A expense
Others (includes professional fees)	-	4.0	G&A expense
Working capital adjustment with previous owner of DMFI	(38.0)	-	Other operating income
Total expense/(income) (pre-tax basis)	(15.2)	6.0	
Write-off of Deferred Tax Asset at DMFI* (gross and net basis)	-	11.5	Tax expense
Total (net of tax and minority interest)	(8.4)	14.3	

**due to continued pre-tax losses, however, there is no cash impact*

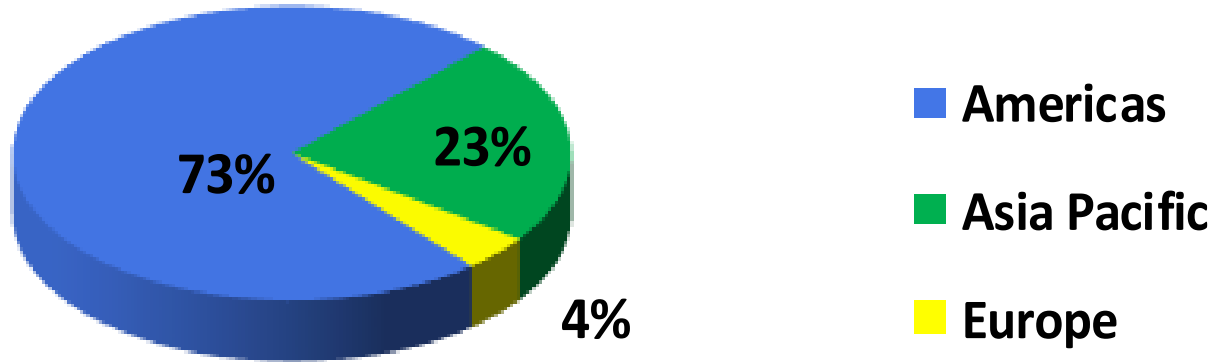


DMPL 4Q FY2017 Results – As reported

In US\$m	4Q FY 2016 (Restated)	4Q FY 2017	Chg (%)	Comments
Turnover	524.6	545.2	+3.9	Higher USA and S&W Asia sales
Gross profit	114.8	127.1	+10.7	Cost improvements at DMFI
EBITDA	82.7	53.5	-35.3	This quarter included US\$6m of one-off expenses while last year had one-off gain of US\$15m; Recurring EBITDA still down 12% due to higher selling and marketing expenses at DMFI
Operating profit	62.7	36.3	-42.1	Same as EBITDA comment; Recurring operating profit is down 11%
Net finance expense	(26.9)	(25.2)	-6.3	Lower level of borrowings
FieldFresh equity share	(0.5)	(0.4)	-20.0	Higher sales
Tax	(10.5)	(9.0)	-14.0	Higher loss at DMFI partly offset by the write-off of Deferred Tax Asset worth US\$11.5m
Net profit	23.2	2.9	-87.4	Same as operating profit comment; However, recurring net profit is up 16%
Net debt	1,796.6	1,676.4	-6.7	Payment of loans after the issuance of preference shares
Gearing (%)	476.6	289.8	-187ppts	Same as above



4Q FY2017 Turnover Analysis



Americas	+1.5%	<ul style="list-style-type: none"> ▪ Volume growth across retail and foodservice channels ▪ Sales of packaged vegetable, fruit and broth grew, driven by strong Easter merchandising events and enhanced marketing plans
Asia Pacific	+5.1%	<ul style="list-style-type: none"> ▪ Strong S&W sales in Asia and the Middle East in both fresh and packaged segments which offset decline in the Philippines
Europe	+68.8%	<ul style="list-style-type: none"> ▪ Mainly due to higher pineapple supply



DMPL Full Year FY2017 Group Results Summary

- Sales of US\$2.3bn down 0.9%, driven by lower US sales

Sales	% Change
US	-5
Philippines	+2 (in peso terms +6)
S&W	+45
FieldFresh India (equity accounted)	+14 (in rupee terms +13)

All figures below without one-off items, and vs prior year period:

- EBITDA of US\$211.8m, up 1% from US\$208.4m
- Operating profit of US\$145.5m, up 8% from US\$134.9m
- Net profit of US\$45.5m, up 80% from US\$25.2m





One-off Expenses/(Income)

In US\$ m	FY16	FY17	Booked under
Closure of North Carolina plant	16.3	3.7	CGS
ERP implementation at DMFI	13.2	-	G&A expense
Sager Creek integration	6.9	-	G&A expense
Severance	7.9	10.2	G&A expense
Others (includes professional fees)	-	4.0	G&A expense
Working capital adjustment with previous owner of DMFI	(38.0)	-	Other operating income
Retirement plan amendment	(39.4)	-	G&A expense
Total expense/(income) (pre-tax basis)	(33.1)	17.9	
Write-off of Deferred Tax Asset at DMFI* (gross and net basis)	-	11.5	Tax expense
Total (net of tax and minority interest)	(31.7)	21.1	

**due to continued pre-tax losses, however, there is no cash impact*



DMPL FY2017 Results – Group - As reported

In US\$m	FY 2016	FY 2017	Chg (%)	Comments
Turnover	2,274.1	2,252.8	-0.9	Lower DMFI sales partly offset by higher Philippines and S&W Asia sales
Gross profit	485.8	494.9	+1.9	Better sales mix in Asia and cost optimisation
EBITDA	241.3	194.0	-19.6	This year included a one-off expense of US\$17.9m while last year included a one-off net gain of US\$33.1m; Recurring EBITDA is up 1%
Operating profit	168.0	127.6	-24.0	Same as EBITDA comment; Recurring operating profit is up 8%
Net finance expense	(97.4)	(105.3)	+8.1	Conversion of floating to fixed rate and higher borrowing to fund higher working capital
FieldFresh equity share	(1.6)	(1.6)	-	Sales were up but higher costs
Tax	(8.9)	(0.6)	-93.8	Higher loss at DMFI partly offset by the write-off of Deferred Tax Asset worth US\$11.5m
Net profit	57.0	24.4	-57.2	Same as operating profit comment; However, recurring net profit is significantly up 80%
Net debt	1,796.6	1,676.4	-6.7	Payment of loans after the issuance of preference shares
Gearing (%)	476.6	289.8	-187ppts	Same as above



DMPL FY2017 Results – DMPL ex DMFI

In US\$m	FY 2016	FY 2017	Chg (%)	Comments
Turnover	560.0	611.7	+9.2	Higher Philippines and S&W Asia sales
Gross profit	166.9	198.9	+19.2	Better sales mix and cost optimisation
EBITDA	88.9	112.5	+26.5	Same as above
Operating profit	70.1	92.3	+31.7	Same as above
Net finance expense	(24.8)	(23.4)	-5.6	Payment of loans after the issuance of preference shares
FieldFresh equity share	(1.6)	(1.6)	-	Sales were up but higher costs
Tax	(12.0)	(8.2)	-31.7	Due to expanded incentives
Net profit	31.8	58.9	+85.2	Higher sales, lower interest expense
Net debt	677.2	588.1	-13.2	Payment of loans after the issuance of preference shares
Gearing (%)	170	96	-74ppts	Same as above

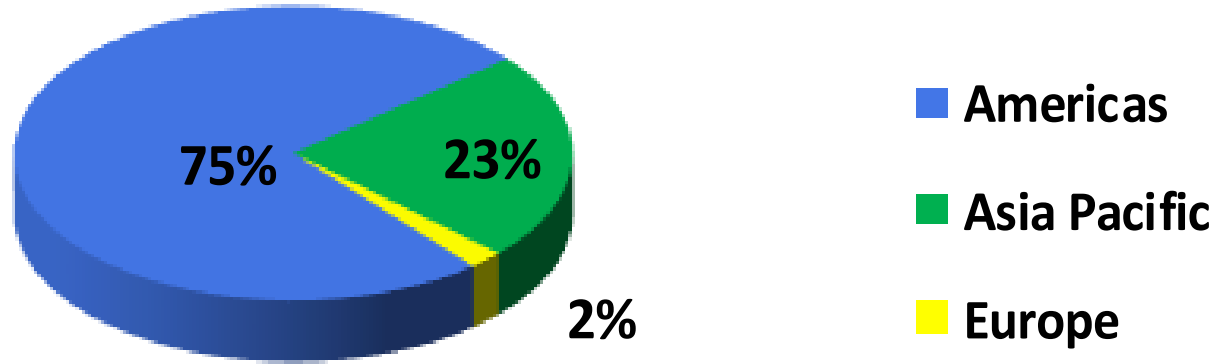


DMPL FY2017 Results – DMFI – Recurring Basis

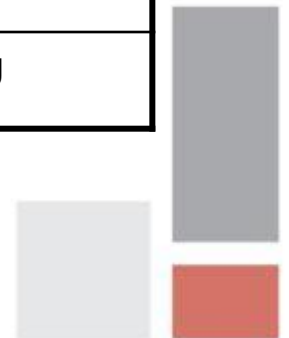
In US\$m	FY 2016	FY 2017	Chg (%)	Comments
Turnover	1,778.0	1,696.5	-4.6	Unsuccessful low-margin USDA bids, lower private label and foodservice sales
Gross profit	328.9	295.9	-10.0	Lower volume and unfavourable pricing in non-retail channel
EBITDA	122.4	93.6	-23.5	Lower sales and higher selling and marketing expenses
Operating profit	66.3	47.4	-28.6	Same as above
Net finance expense	(72.6)	(81.8)	+12.8	Conversion of floating to fixed rate and higher borrowing to fund higher working capital
Tax Credit	0.2	13.1	nm	Higher loss of DMFI
Net profit	(6.1)	(21.4)	nm	Same as EBITDA comment
Net profit (DMPL's 89% share)	(5.4)	(19.3)	nm	Same as EBITDA comment
Net debt	1,147.9	1,088.3	-5.2	Lower working capital/ABL loan and payment of current portion of 1st lien term loan
Gearing (%)	188.2	183.5	-4.7ppts	Same as above



FY2017 Turnover Analysis



Americas	-4.4%	<ul style="list-style-type: none"> ▪ Unsuccessful low-margin USDA bids from 2H FY2016 plus reduced sales in private label and foodservice business lines
Asia Pacific	+10.2%	<ul style="list-style-type: none"> ▪ Higher sales for S&W in Asia, and the Philippines
Europe	+27.2%	<ul style="list-style-type: none"> ▪ Higher pineapple juice concentrate pricing





United States of America

27%

Market Share (#1)
Canned Vegetable

36%

Market Share (#1)
Canned Fruit

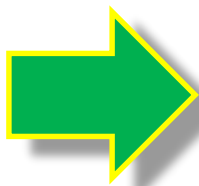
30%

Market Share (#2)
Plastic Fruit Cup

9%

Market Share (#2)
Canned Tomato

- Broadly, US center of store food categories experienced declines in 4Q. DMFI saw similar trends.
- DMFI grew share in 3 out of 4 of its measured categories.
(Canned Vegetable +0.3 pts, Canned Fruit +0.7 pts, Fruit Cups +0.4 pts)
- Implementation of DMFI's growth strategy is actively underway



To drive growth, Del Monte will invest in building its brands, bringing differentiated and innovative products to market, and expanding channels of distribution.





Del Monte Foods USA

- DMFI's 4Q sales up 1.5% to US\$401.7m
 - Higher volume in both retail and foodservice channels
 - Growth of packaged vegetable and fruit driven by strong Easter merchandising events and enhanced marketing plans
 - Increased market share in canned vegetable, canned fruit and fruit in cups despite an industry contraction
- Higher gross margin of 18.6% from 17.1%
 - Lower pricing in non-retail channel more than offset by cost improvements
- Excluding one-off expenses, DMFI contributed an EBITDA of US\$29.6m and a net loss of US\$1.5m to the Group





Del Monte Foods Strategy

Marketing: Continually differentiate our brands/products in order to drive consumer preference

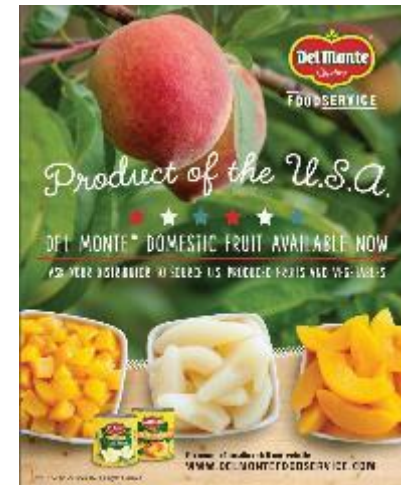
- Reinforce our points of difference (Del Monte's quality, College Inn's rich flavourful taste)
- Elevate our purity, culinary credentials and convenience (non-GMO, All Natural, sea salt)

Innovation: Address evolving consumer needs, shifts in eating behaviours, and changing demographics in order to reinvigorate our categories

- Extend into new usage occasions (in snacking and culinary)
- Attract new consumer targets (beyond Families and Boomers)

Distribution: Extend the reach of our portfolio into new parts of the grocery store, new channels, and new geographies

- Grow on-demand consumption (store perimeter, convenience channel)
- Establish a leadership position in E-commerce
- Become the Packaged Fruit and Vegetable solutions-based supplier in foodservice ("one stop shop" for fruits and vegetables)





Marketing Innovation

Del Monte Fruit Refreshers



3.5m households have tried the product

Del Monte Cups with Real Fruit Juice



All Real Fruit Juice varieties now on shelf!

College Inn Stock



New College Inn Bold Stock Beef and Chicken



Marketing Highlights

Vegetable



- Over 1.2 billion impressions
- 28 million video views

Fruit



- New Product of the Year award in snacking category
- 356 million impressions

College Inn



- Northeast campaign generated 262 million impressions
- Tasty Video generated over 31 million views



Foodservice Highlights

Beans

NEW!
KITCHEN CRAFTED
BIG FLAVOR
BEANS THAT KIDS LOVE!

SMALL BEANS BY DESIGN FOR THE CUP SERVING
RIGHT AS A WEATHER SIDE OR AS PART OF A MEAL
DESIGNED TO FIT YOUR PANTRY - VERSATILE BEANS
TAN TOPS LET KITCHENS DISSECT BEANS - 1/2 CUP
RESERVES FEELS LIKE 1/2 CUP OF BEANS

DEL MONTE QUALITY FOODSERVICE

SPINACH PINTO BEANS
BBQ BAKED BEANS

PRODUCT OF THE U.S.A.

- Sold in high-flavour, less-sodium beans designed to meet school nutrition requirements

Fruit

DEL MONTE QUALITY FOODSERVICE

ADVANCING THE FRUIT CUP

DELICIOUS NUTRITION TO-GO!

BUY AMERICAN COMPLIANT
NO ARTIFICIAL FLAVORS OR COLORS
NO SUGAR - NO HIGH-FRUCTOSE CORN SYRUP
NUTRIENT DENSE - IDEAL FOR SCHOOLS
SMART SNACKS COMPLIANT

- Launched fruit cups meeting school requirement of a full 1/2 cup fruit (4.4 oz total) and meeting the USDA Buy-American Requirement

USDA Support

WHAT THE USDA SAYS ABOUT BUYING AMERICAN

- ★ SCHOOLS PARTICIPATING IN THE FEDERAL SCHOOL MEAL PROGRAMS MUST PURCHASE DOMESTIC COMMODITIES OR PRODUCTS WITH MORE THAN 50% SCHOOL FOOD SERVICE ACCOUNT VALUE.
- ★ PRODUCTS MUST BE COMPLETELY PRODUCE, NOT JUST INGREDIENTS.
- ★ BUYING AMERICAN PROMOTES AND SUPPORTS AMERICAN BUSINESS AND THE AMERICAN FARMER.
- ★ STATE AGENCIES MUST PROVIDE GUIDANCE TO FEDERAL AGENTS.
- ★ BUYING AMERICAN PROMOTES LOCAL BUSINESS, STIMULATES RURAL ECONOMY.

SCHOOL DISTRICT COMPLIANCE TO BUY AMERICAN REQUIREMENT TO BE MONITORED
AUGUST 1, 2018

USDA requires that schools participating in the federal school meal programs must purchase domestic commodities or products with more than 50% school food service account value. This requirement applies to all schools participating in the federal school meal programs. The requirement is not a new requirement, but it is being highlighted as a key requirement for schools. The requirement is not a new requirement, but it is being highlighted as a key requirement for schools. The requirement is not a new requirement, but it is being highlighted as a key requirement for schools.

- Supported the USDA's requirement for schools to purchase food grown in the USA



E-Commerce Activities

- Industry online grocery sales are estimated to be 2% of total grocery sales, or US\$14 billion for 2016 - growing to US\$20 billion in 2017.
- Kantar Retail projects a 31.2% 5-yr CAGR for online grocery ('16-21).
- DMFI plans to target the major e-retailers by selling directly
 - Develop strategic relationships with e-retailers
 - Improve the Del Monte online experience
 - Build internal capability to service e-commerce



amazon.com.
marketplace

Click to buy
Walmart.com

PrimePantry



Philippines

87%

Market Share (#1)
Canned Pineapple

78%

Market Share (#1)
Canned Mixed Fruit

84%

Market Share (#1)
Canned and Tetra RTD Juices

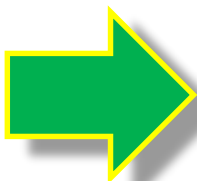
85%

Market Share (#1)
Tomato Sauce

46%

Market Share (#1)
Spaghetti Sauce

- Del Monte is the market leader across several categories
- Modern trade and convenience stores are growing fast: Del Monte is strong in modern trade, generating 30% of sales
- Expanding foodservice sales, accounting for 16% of Philippine sales
- Competitive environment with Southeast Asian peer companies targeting the Philippines to innovate, diversify and premiumise
- E-commerce and digital are growing



To drive growth, continue to build new categories, channels and markets to ensure future competitiveness and growth



Source for market shares: Nielsen Retail Index as of 3 months to April 2017



Del Monte Philippines

- Sales in the Philippines down 4% in peso terms
- Foodservice continued to grow
- Maintained a healthy market share across the majority of its key categories
- Entered the isotonic segment, a new category – with the launch of *Del Monte Fit 'n Right Active*
 - The first 2-in-1 Isotonic drink with Electrolytes for rehydration and L-Carnitine for fat reduction
 - New endorser featuring Coach Jim Saret
Number 1 Fitness Trainer in the Philippines
Celebrity Trainer in Biggest Loser Philippines
Host of Metabeats Nutrition Show
Also Works as: Nutrition coach, Sports Science professor in UP, columnist and board member of Men's Health





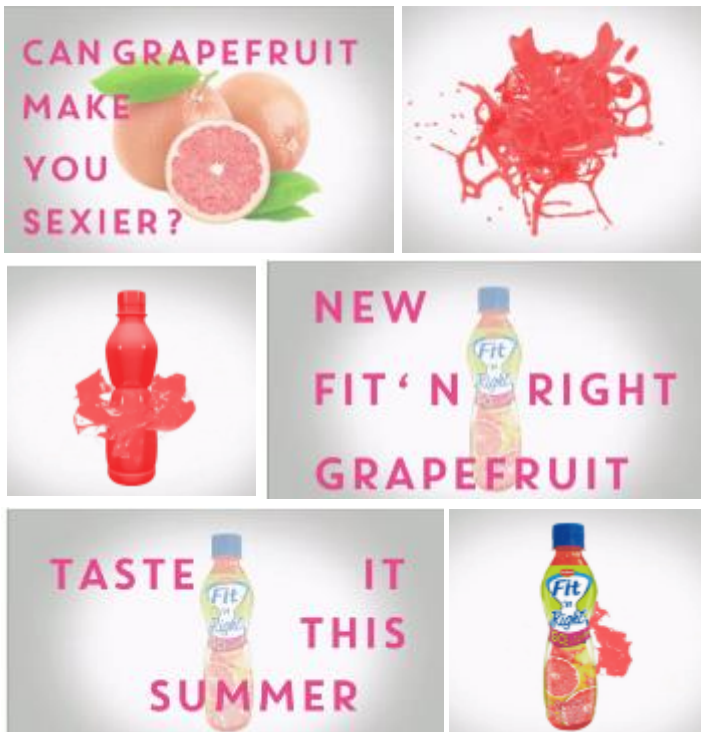
Del Monte Fit 'n Right Active Campaigns

- New campaign to drive awareness and trial!
- Fit 'n Right Active already gaining interest from the fitness community in Instagram



Fit 'n Right Summer Flavours

- Launched 2 Summer Flavours for Fit 'n Right
 - Grapefruit
 - Blueberry Grape
- Started shipments in January 2017





Expanded Availability for Del Monte Fizzy Juice Drink!

Del Monte Fizzy Juice Drink, your carbonated drink made healthy!

First launched in October 2016 in 7-Eleven

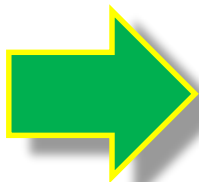
Now available in 7-Eleven, MiniStop, FamilyMart, small convenience stores and restaurants!





Asia and Middle East

- Consumers moving towards less processed and more natural food: S&W expanding sales of S&W Sweet 16 fresh pineapple
- E-commerce and digital are growing with North Asia having the largest share of e-commerce pie: S&W is actively exploring this channel



To drive growth, realise S&W's full potential in fresh pineapple and other products, channels, and build S&W's brand equity in key markets



S&W fresh cut packs in Japan/Korea/Singapore



S&W Asia and the Middle East

- S&W branded business sales in Asia and the Middle East were up double-digit terms in 4Q
- Driven by both the fresh and packaged segments
- Expanded fresh fruit distribution in China and raised brand awareness through in-store sampling; launched key packaged products in JD.com
- Strong sales of canned fruit to North Asia supported by wider distribution, higher shipment into Indonesia and improved juice sales to Israel



SINGAPORE: S&W Pineapple Slice for McDonald Singapore's Signature Promotional Burger, Crispy Buttermilk Chicken recipe

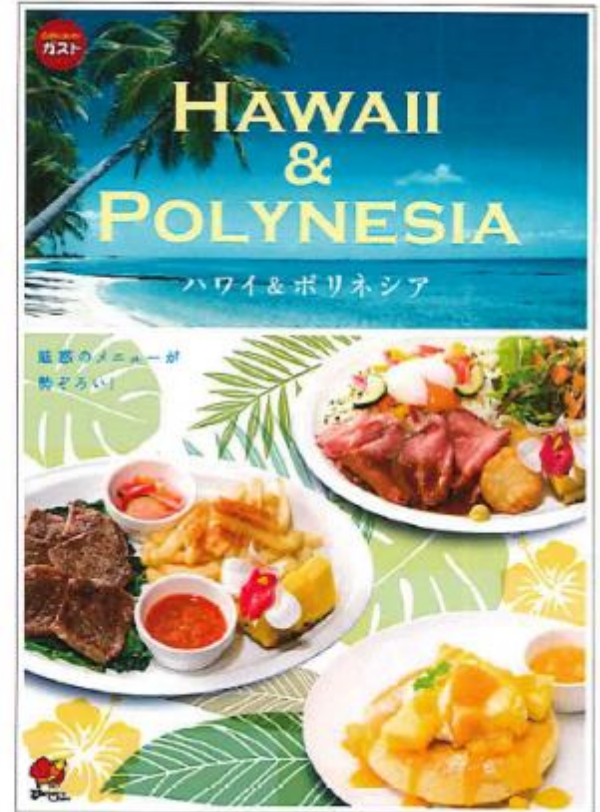


CHINA: Sampling activities of S&W fresh pineapple

PHILIPPINES: Sampling activities of S&W Calamansi juice in BPO areas



JAPAN: S&W Fiesta pineapples sold exclusively in Skylark Group's restaurant chain "GUSTO" covering about 2,000 stores for its summer campaign





ISRAEL: Bus ad of S&W juices



INDONESIA: Participation in trade show 'Food Hotel Indonesia' in April 2017



Facebook posting

INDONESIA: S&W Vinegar and S&W Corn sampling during the trade show



E-Commerce Activities

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.



China (JD.com and 1688.com)

JD.COM 京东



1688 采购批发

代理产品: 食品饮料 食品饮料

代理品牌: 食品饮料



Japan (Amazon JP, Rakuten and Kakaku)



Size: 1 x 20 x 17 cm
4.5 out of 5 stars (14 reviews)

S&W kidney beans 432 g



価格.com

価格.com

価格.com

価格.com



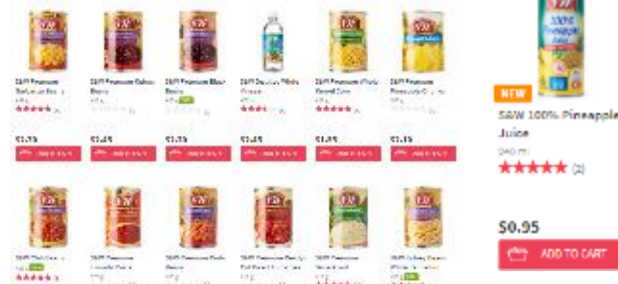
価格.com

Singapore (Fairprice Online and Redmart)

FairPrice Online



redmart



Korea (SSG.com)

SSG.COM



smartmall
[एस앤एस] S&W 프리미엄 피칸애플 슬라이스 836g
3,480원
836g (14개)



smartmall
[एस앤एस] S&W 프리미엄 피칸애플 후크즈 리치 850g
3,480원
850g (14개)

FieldFresh India

- DMPL's share of loss in the FieldFresh joint venture in India for 4Q lower at US\$0.4m from US\$0.5m
- Sales were up 17% in rupee terms

Tiffin Recipes Digital Campaign

Provide moms with meal solutions in the form of easy tiffin recipes – *'Made with Del Monte'* - for their kids, at a time when schools re-open after exams to showcase our vast range of offerings

Use online influencers to create and share simple yet innovative recipes and start conversations around #MadeWithDelMonte on social media.

Amplify the campaign by use of food blog platforms like *Archana's Kitchen*



Del Monte Chifferi Rigati with Cheese & Peas



Del Monte Spaghetti with Tomato & Basil Sauce



Italian Range Packaging Revamp

The objective of the revamp was to de-clutter and have the packaging convey more **premium** and **authenticity** in line with both the brand and category





Subsequent Event – JV with Fresh Del Monte

- New joint ventures between DMPL and Fresh Del Monte Produce, Inc (FDP)
- Results in expanded refrigerated offerings
- New retail F&B concept modeled after an already successful FDP business in the Middle East
- Focus on the US market initially
- Collaborating on product innovations including chilled juices, prepared refrigerated fruit snacks, guacamole and avocado products
- Expertise sharing and economies of scale in product development, operations, sourcing, supply chain, marketing and distribution
- Full and final settlement of all active litigation between the two companies



DMPL's Executive Chairman Rolando Gapud and FDP's Chairman and CEO Mohammad Abu-Ghazaleh





Preference Share Offering

- Successfully completed the offering and listing of ~US\$200m Preference Shares in the Philippines in April; coupon rate of 6.625%
- The first Dollar-Denominated securities to be listed on the Philippine Stock Exchange
- Net proceeds used to partly refinance the US\$350 million BDO Unibank, Inc loan which was extended in February 2017 for two years
- Group leverage reduced to 290% from 477% last year
- Balance US\$150m issuable within 3 years

BUSINESS

Del Monte Pacific lists the first dollar denominated shares in the Philippines

The company seeks to raise funds in order to refinance a \$350 million bridge loan from BDO Unibank Inc

By Rappler.com

Published Fri, Apr 7, 2017 7:24 PM



MANILA, Philippines – Listed under the stock symbol 'DMPA1,' **Del Monte Pacific Limited (DMPL)**, a global giant in the food and beverage industry, debuted the first Dollar Denominated Securities in the Philippines.

Dollar denominated securities are securities listed, traded, and settled in US dollars.

"The goal of seeing additional funds raised through DDS has come into fruition. This warm reception to the maiden DDS offering speaks highly of the confidence that the investors have in the market in general, and the company and its leadership in particular," said Jose T. Pardo, Chairman of the Philippine Stock Exchange.





Dividend for Common Shareholders

Under the Company's Articles of Association and the terms of the Preference Shares, the Company may declare and pay dividends on Common Shares provided there are adequate and available funds for dividends on Preference Shares which have priority over Common Shares.

Subject to the foregoing, the Board approved a final dividend of US\$0.0061 per share representing 50% of FY2017 net profit.

	FY2016	FY2017
Dividend for common shareholders	US\$0.0133 per share	US\$0.0061 per share
Payout Rate	50% of FY2016 net profit	50% of FY2017 net profit
Record Date	26 August 2016	To be confirmed
Payment Date	8 September 2016	To be confirmed

Sustainability

- Del Monte Pacific Limited completed its independent assessment of the Group's sustainability priorities
- Del Monte Foundation embarked on its community relations projects such as medical and dental missions, vocational course training and scholarships
- Del Monte in the Philippines undertook infrastructure projects – water systems in communities, classrooms in primary schools and a day care center -- tagged as “Project 9” to commemorate 9 decades of successful business operations in the country
- Del Monte Foods Inc Markesan Green Team volunteered for their annual Adopt-a-Highway environmental project during Earth day in the US





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- Improving financial performance through:
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