**DEL MONTE PACIFIC LIMITED**

23 June 2021

**SGX-ST/PSE/MEDIA RELEASE:** (unaudited results for the fourth quarter and full year ending 30 April 2021)

**Contacts:**

| | |
|---|---|
| Iggy Sison | Jennifer Luy |
| Tel: +632 8856 2888 | Tel: +65 6594 0980 |
| isison@delmontepacific.com | jluy@delmontepacific.com |


# Del Monte Pacific Delivers Net Profit of US$63 Million in FY2021

## FY2021 Highlights

- Del Monte Pacific's net profit of US$63m was a significant turnaround from the US$81m loss in the prior year; EBITDA more than doubled to US$309m
- EBITDA of US subsidiary Del Monte Foods surged to US$170.5m from US$33m in prior year and delivered a net profit of US$15m from a loss of US$100m last year due to asset-light strategy which has generated significant savings
- DMPL improved its gross margin to 25.7% from 21.2% on better sales mix, lower trade spending and lower costs
- Group reduced net debt, lowering gearing to 2.0x from 2.4x equity, while Moody's and Standard & Poor upgraded Del Monte Foods' credit ratings last April
- Final dividend declared representing 37% of FY2021 net profit

Singapore/Manila, 23 June 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 fourth quarter and full year FY2021 results ending April.

DMPL achieved a very commendable performance and delivered strong profitability with full year EBITDA more than doubling to US$309.0 million from US$142.2 million. Net profit soared to US$63.3 million, reversing the US$81.4 million loss in the prior year. The Group improved its sales mix and margins from lower sales of low-margin segments, lower trade promotions, costs and interest expense.

The Group's US subsidiary, Del Monte Foods Inc's (DMFI) asset-light strategy and other cost saving initiatives yielded about US$40 million savings in FY2021, on track to recouping the one-off expenses incurred in plant closures in the prior year.

The Group generated sales of US$2.2 billion, up 2% versus prior year on higher sales in the Philippines and international markets, offsetting the planned withdrawal from non-core segments in the US.

DMFI generated US$1.5 billion or about 70% of Group sales. In the US, branded retail sales grew by 2.5% and e-commerce sales significantly increased, continuing the strong growth momentum. DMFI's total sales were, however, lower by 3% due to its strategic planned exit from the non-branded retail segment.

DMFI continued to innovate and expand its product portfolio. In June last year, DMFI successfully launched the premium canned pineapple 'Deluxe Gold' produced by Del Monte Philippines. Deluxe Gold is a naturally extra sweet pineapple variety with double the amount of vitamin C. DMFI also introduced a new Del Monte Veggieful line of frozen vegetarian pocket pies which are delicious handheld snacks with plant-based ingredients. These two new products won a "Product of the Year" award for innovation this year. New products launched in the past three years contributed 6% to DMFI's total sales in FY2021.

The Group's second largest subsidiary, Del Monte Philippines, Inc (DMPI), achieved its best ever sales of US$705.8 million, up 14% versus the prior year, and generated a record net profit of US$94.5 million, up 40%. Close to two-thirds of DMPI's sales are in the Philippines, with the balance in the international market.

Sales in the Philippines in FY2021 rose 16% to US$392.9 million, as strong retail sales more than offset the decline in food service sales. The company's spaghetti sauce, pasta, ketchup and packaged fruit products performed well as a result of an increase in home cooking, anchored on quality and nutrition, and communications targeting specific use recipes and occasions. Beverage sales likewise improved, with Del Monte's equity associated with healthy and immunity-boosting products.

DMPI also initiated entry into the fast-growing ready-to-drink milk and biscuits categories with the launch of Del Monte Mr. Milk, a fruit- and yoghurt-flavored milk drink, and Del Monte Potato Crisp Biscuits. This generated incremental revenue for the company, while expanding the brand footprint into daily snacking as a new consumption occasion. Leveraging the Del Monte brand and its nationwide distribution reach, DMPI's new products have achieved strong annual sales levels in a short time frame.

International sales of S&W processed products rose 33% while other processed products, half of which were branded Del Monte, grew by 24% with the increase in at-home consumption due to the pandemic.

Sales in the fresh segment grew by 6%. Coming from a weak first half, fresh sales recovered in the second half of the year, growing by 31% as logistics and retail restrictions in China and other North Asian markets eased, allowing the company to meet growing demand for premium fresh pineapples as key markets re-opened.

DMFI in the US expanded its gross margin by 500 basis points to 22.6% from 17.6% on favourable sales mix from improved sales of higher-margin retail branded products, lower trade spending and costs, including savings generated by plant closures in the prior year in line with the company's asset-light strategy. DMFI increased its EBITDA significantly to US$170.5 million from US$33.2 million and generated a net profit of US$15.1 million, reversing the loss of US$100.4 million in the prior year. With DMFI's vastly improved performance, Moody's and Standard & Poor's had raised DMFI's credit ratings in April this year.

The DMPL Group gross margin expanded to 25.7% from 21.2% due to aforementioned factors.

The Group decreased its net debt to US$1.3 billion from US$1.4 billion, and reduced its gearing to 2.0x from 2.4x equity in the prior year.

"Our team has worked exceptionally hard to bring the Company to this strengthened base with lighter assets and a more competitive cost structure, while meeting consumers' needs for high-quality nutritious products especially during this pandemic. Our US business has turned around and we look forward to sustaining profitability in the coming years for the Group as we continue to grow revenues through an innovative product portfolio, more product availability through better distribution and expanded sales channels including e-commerce," said Joselito Campos, Jr, DMPL's Managing Director and CEO.

During the COVID-19 pandemic, the Group partnered with over 400 non-government organisations and local government units to provide food to marginalised communities and frontliners in over 50 medical facilities.

**Fourth Quarter FY2021**

The Group delivered sales of US$497.8 million in the fourth quarter of FY2021, lower than US$638.4 million in the prior year quarter due to lower sales in the USA in comparison with an extremely high base of peak pantry loading in March-April 2020. Sales in the Philippines and international markets were higher in the fourth quarter of FY2021.

Despite lower Group sales, DMPL's gross profit grew 17% and gross margin significantly expanded by 900 basis points to 26.8% from 17.8% for the same reasons cited for the full year results. EBITDA soared by 31% to US$73.1 million while net profit surged to US$14.5 million, reversing a net loss of US$12.4 million in the prior year period. Please refer to the accompanying MD&A for more discussion on the fourth quarter results.

**Prospects**

Commenting on the Group's prospects, Mr Campos said, "In an environment with increased emphasis on health and wellness, DMPL is well-positioned to respond to consumer trends, given our nutritious, long shelf-life products which enable consumers to prepare meals at home and build their immunity amidst the pandemic." The Group, with its powerful portfolio of brands, including iconic Del Monte, S&W, Contadina and College Inn, is well-placed to grow in line with consumer demands for value and premium products and its vision of "Nourishing Families. Enriching Lives. Every Day."

Del Monte's strong brand equity and loyal following allows it to capitalise on 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.

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.

**Dividends**

The Board approved a final dividend of US$0.012 per share representing 37% of FY2021 net profit.

**DMPI IPO**

As announced earlier, DMPL's subsidiary, Del Monte Philippines, Inc, had submitted a registration statement to the Philippine Securities and Exchange Commission relating to a proposed initial public offering of its Common Shares (the "Offer"). The timing of the Offer will depend on, among other things, market conditions, the circumstances surrounding the Offer, and regulatory approvals.

## 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 Indian 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 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.

*To subscribe to our email alerts, please send a request to jluy@delmontepacific.com.*

## 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.

Neither the Group nor its advisers and representatives shall have any liability whatsoever for any loss arising, whether directly or indirectly, from any use or distribution of this announcement or its contents. 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.