APPENDIX 1

DEL MONTE PACIFIC LIMITED ("DMPL")

Minutes of Annual General Meeting – 28 August 2019
Summary of Questions & Answers

ORDINARY RESOLUTION 1

SHAREHOLDER 1

1. In response to a shareholder's query on the negative EPS vis-à-vis the payment of US$ 0.52 cents dividends, the CFO indicated that EPS was negative after taking into account preference share dividends paid. The dividend of US$ 0.52 cents was calculated based on net profit.

2. Concerns were raised by the shareholder over the erosion of the Company's earnings in meeting its obligations to its preference shareholders and incurring interest costs of approximately US$80.0m. He sought clarification on whether dividend payments represented 50% of the Company's earnings. The CFO clarified that:

   (i) DMPL's debt levels for FY2019 had been stable and did not increase compared to prior year; and

   (ii) DMPL's debt-equity ratios did not increase and remained stable.

   The concerns of the shareholder were duly noted and Management would continue to improve DMPL's capital structure and strive to reduce debt levels further.

3. Regarding the Board's rationale in declaring the US$ 0.52 cents dividends to ordinary shareholders, the Board Chairman further clarified that:

   (i) The Board took into account that DMPL's ordinary shareholders had not received dividends for the past few years; and

   (ii) The Board had taken into account the future plans and needs of the Company before deciding on the same.

   The Board Chairman informed shareholders that Management is embarking on a plan to substantially reduce DMPL's current debt levels, details of which cannot be disclosed at this time (the "**Proposed Plan**").

4. The shareholder enquired if the Proposed Plan entailed the disposal of assets or issuance of fresh equity. It was noted that it could be a combination of both.

5. Further, the shareholder referenced the Annual Report and made the following observations with regard to operations:

   - US had made a loss of -US$60.0m
   - Profits from sales of packaged/processed fruit to Europe had decreased from US$5.7m to US$577K.
   - DMPL's profit had increased mainly due to the better results achieved in Fresh Fruit and Culinary.
   - DMPL's profit before taxation was at US$700K.

The shareholder also referenced the recent announcement made on the disposal of 2 plants and the closure of 1 plant in the US. The shareholder queried on:

(i) Why it had taken the Company so long to recognise the high-debt issue and only adopting an "asset-light" strategy now; and

(ii) Whether further down-sizing and loss-cutting actions were anticipated.

The Board Chairman responded that some of the manufacturing operations would be out-sourced, which could improve efficiency for DMFI. As to the timing of the execution of the "asset-light" strategy, it was noted that negotiations with potential buyers and the implementation of the Proposed Plan is not achieved overnight.

The DMFI CEO said that DMFI Management's Long-Range Plan ("**LRP**") would grow the business, through:

(i) Reducing the costs of supply-chain;

(ii) Focusing on its profitable branded core business; and

(iii) Expansion with new products in non-can formats and through new distribution channels.

6. In response to the shareholder's query on the remaining assets available, it was noted that DMFI currently holds 6 plants in the US and 2 plants in Mexico. DMFI would utilise more toll packers to support both innovation and its existing core business. This would help in reducing costs and improving efficiency.

7. At the request of the shareholder, the Board Chairman informed that the sales in Europe was primarily from pineapple juice concentrate ("**PJC**"). PJC being a commodity would experience movements in pricing and the performance in Europe had gone down due mainly to the lower pricing of PJC in the market.

SHAREHOLDER 2

8. Another shareholder commented that there was a lack of data and financial performance information relating to new products. In order to improve profitability, the sale of new products should be accelerated and should ideally outperform the traditional product line. The Board Chairman duly noted the same and requested that the CFO include such information in the Company's financial results announcement (MD&A) for 1Q 2020.

9. The shareholder queried on the financial impact that could be seen arising from the implementation of an "asset-light" strategy. The Board Chairman clarified that there would be non-recurring costs resulting from the sale and closure of assets but in the medium term, shareholders should see an improvement in profit margins.

10. The shareholder further requested for an estimated financial impact that would arise from the "asset-light" strategy. The Board Chairman advised that negotiations were ongoing and that the terms were not yet finalised. The Company was not yet in a position to provide a forecast on the impact arising from the implementation of the Proposed Plan.

11. The shareholder further queried on whether significant redundancy costs were expected. The Board Chairman indicated that there would be one-off expenses to be incurred arising from the closure of plants including severance of employment of some employees. Shareholders noted that Management would endeavour to dispose of its plants at a reasonable price.

SHAREHOLDER 3

12. Another shareholder queried on the disposal of Sager Creek. The CFO indicated that Sager Creek plant was acquired in 2015, it was sold in 2017 for US$55.0m and a small profit was derived from the sale.

13. In response to the shareholder's query on the target price for disposal of plants, the CFO indicated that the information for the disposal or divestiture of productions facilities would be announced in the results announcement for 2Q FY2020.

14. In response to the shareholder's query on preference shares dividends, the CFO advised that dividends paid out to preference shareholders amount to approximately US$20.0m per year. On a per share basis, dividends are equivalent to US$0.65 to US$0.66 per share, per year.

15. The shareholder expressed interest in the subscription of future preference shares offering. The Board Chairman said that the preference shares were offered in the Philippines and he understood that arrangements could be made for investors outside the Philippines to buy these shares through Philippine brokers. Ordinary shareholders could still acquire the preference shares as these are traded on the Philippine Stock Exchange.

SHAREHOLDER 4

16. In response a shareholder's query regarding trade / non-trade impairments, the CFO indicated that the impairment was mainly incurred in the Middle East from trade. The CFO also explained that non-trade impairment was in respect of "non-customer advances" or "claims covered in sales". Such non-trade impairment was not related to the sale of goods. These were related to "advances to vendors" or "other repayments that had been amortised". The CFO further clarified that advances would sometimes be accorded to growers / vendors.

17. The shareholder also queried why gross profit for the US had remained relatively the same despite the decrease in losses. The CFO explained that this was due mainly to the reduced expenditure for general and administration ("**G&A**") expenses and lower overheads, which led to an improvement in the overall operating results in the US.

18. The shareholder commended Management in having reduced its loans and successfully buying back certain loans at a discount.

19. In response to the shareholder's query on whether prospective buyers of DMFI's plants were also competitors of DMFI, the Board Chairman indicated that these would be the natural prospective buyers. He assured the shareholder that DMPL will find a balance, exercising due caution in the selection of such prospective buyers.

20. A similar sentiment on the declaration of dividend was raised by the shareholder on whether DMPL should be conserving its cash instead of giving out dividends. In response, the Board Chairman noted the concern of shareholders and represented that the dividend declared to ordinary shareholders was not a large sum and that the Board would not sacrifice the stability of the Company (in declaring dividends to shareholders) and had taken into account the future plans and needs of the Company before deciding on the same.

SHAREHOLDER 5

21. In response to a shareholder's query on whether the restructuring of the Group's strategy would result in the breach of any bank covenants, the Board Chairman indicated that the Company would not be in breach of any bank covenants. He further informed the shareholders that prior to embarking on the restructuring, formal presentations had been made by DMFI to the lenders. It was noted that the Company's lenders did not object to these restructuring plans.

22. The shareholder queried the possibility of DMFI renewing its existing asset-based loan ("**ABL**") which would be due in FY2021. The Board Chairman indicated that:

    (i) There were no issues raised by lenders in respect of the renewal of ABL;

    (ii) DMFI Management had taken the necessary actions in engaging with the lenders on the extension of loans and financing; and

    (iii) The "asset-light" strategy had been well received by the lenders.

23. On the question of whether banks were willing to lend to DMPL / DMFI on a non-recourse basis, the Board Chairman expects that similar collaterals / assets would be used in the renewal of the loans. It was noted that DMPL had been ringfenced from DMFI and there were no financial commitments or guarantees being provided by DMPL.

24. In response to the shareholder's query on the growth plans for DMFI's business despite the utilisation rate of 95%, DMFI CEO indicated that a long-term toll packing relationship had been secured and this would help DMFI. In addition, DMFI would be undertaking contract manufacturing and outsourcing, which would increase its efficiency.

25. The shareholder queried on the developments of the joint venture ("**JV**") between DMFI and Del Monte Fresh. DMFI CEO indicated that the JV had been going well and had provided DMFI with the opportunity to enter into the frozen food and produce category with new products. Other areas of development are currently being worked on and discussed between parties.

26. The shareholder queried on the outlook for the Indian market and the Company's JV with FieldFresh, the CFO indicated that the business in India had grown sales. The team in India had been performing well and continues to build the Del Monte brand. Management's expectations were that India would continue to achieve double-digit growth in sales, which should translate to an improvement in profitability in the next 2 to 3 years.

SHAREHOLDER 6

27. In response to a shareholder's query on the computation and presentation of earnings per share ("**EPS**") and whether the same should include preference shares, the CFO indicated that DMPL could include preference shares into its calculation for EPS, however, in the case of preference shares the rates would be fixed vs ordinary shares which was dependent on the Company's earnings. The CFO further clarified that EPS could be presented in 2 ways:

    (i) Present earnings per share; or

    (ii) Earnings per share after preference dividends.

    The shareholder's comments on the preferred presentation of EPS as stated in (ii) above for DMPL's future Annual Reports were duly noted by the CFO.

28. In response to the shareholder's query on the intangible assets of the Group, the CFO indicated that the intangible assets consisted mostly of trademarks. On the question relating to the value of the "Del Monte" brand, the CFO indicated that the total intangible assets were valued at US$742.0m, of which, the trademarks which have an indefinite lifespan including the "Del Monte" brand represents US$488.0m.

29. The shareholder further asked for a comparison in the value of the "Del Monte" brand vs that of Google and Amazon. The Board Chairman indicated that the value between these companies would not be comparable as Google and Amazon are tech companies, having a higher valuation as compared to DMPL. The shareholder then suggested that DMPL conduct a valuation of the "Del Monte" brand.

30. The shareholder enquired on the Group's needs and whether additional financing was required to repay the loans due within the next 12 months. The CFO indicated that a majority of the loans would be rolled over to the next year.

31. In response to various questions raised by the shareholder on DMFI's status of restructuring efforts, the DMFI CEO said that:

    (i) The restructuring was currently in the execution stage and approximately 70% complete. This had been previously announced to shareholders;

    (ii) non-recurring expenses would include severance-related costs;

    (iii) Management expects that it would take DMFI approximately 2 to 3 years to achieve profitability; and

    (iv) With the implementation of the "asset-light" strategy, Management estimates that it would take at least 4 years for the restructuring efforts to pay back.

32. In response to the shareholder's query on whether it was prudent to recognise the benefits of the losses in the US in DMPL's FY2019 Audited Financial Statements, the CFO indicated that it was prudent and based on the current plan to turn around and become profitable in the next 2 to 3 years.

33. The shareholder asked that DMFI be ranked in terms of its market share and competitiveness in the US. DMFI CEO replied that DMFI, as a canner of vegetables, fruits and tomatoes has leading market share. It is also differentiated by its brand equity, loyalty, quality and the rich history shared with the consumers in the US. In addition, DMFI's products have been on the retail shelves for a long time enabling it to maintain its leadership position in the US. He also shared that the ongoing consolidation of businesses in the market had in turn benefited DMFI in terms of branding. Following discussion, the shareholder again requested that the Board Chairman consider carrying out a brand valuation for "Del Monte".

34. The shareholder also raised queries in relation to liabilities, the meeting noted the following clarifications from the CFO and the Board Chairman:

    (i) DMFI had accounted for all liabilities related to pensions in the US;

    (ii) Annual actuarial valuation had been carried out for all pension liabilities; and

    (iii) Nature of losses in relation to pension liabilities was not significant nor substantial.

    The shareholder indicated that for point (iii) it should be clarified in the Annual Report whether or not such losses were significant, and where it is immaterial it should be left out of the financials.

35. In response to the shareholder's query with regards to environmental liabilities, the Board Chairman assured the shareholder that the Group had passed all environmental tests and the Group does not engage in the practice of burning at its plantations.

36. In response to the shareholder's query with regards to the reason on why the raw materials and packaging supplies was stated at net realisable value and what the difference in value was compared to cost, the CFO indicated that there was no difference between the net realisable values and that the same should have been indicated as "at cost". Also, the Group had made appropriate provision for obsolescence and damages while valuing the inventory at cost.

ORDINARY RESOLUTION 6

37. The shareholder noted considerable unquantifiable assumptions and estimations made to the valuation of the goodwill, intangible assets and deferred tax assets and queried if DMPL had been repressive in assuming and adopting such assumptions. He also enquired on the basis of the inputs in determining such assumptions. The Board Chairman indicated that the Auditors, Ernst & Young LLP ("**EY**") had applied the IFRS rules and the Company does not have any objections to EY's methodologies.

38. In response to the shareholder's request to rate the level of assumptions and estimations made by EY out of a score of 5, the Board Chairman rated the same at 2.5.

39. The shareholder sought clarification and comments from EY with regard to the assumptions and estimations made. The clarifications as provided by EY were noted:

    (i) <u>Valuation of Biological Assets:</u>
    These were in relation to the fair value of the pineapples where key assumptions include selling prices and gross margin of the pineapples. Certain assumptions were used in arriving at the gross margin, however, the selling prices of the pineapples were based on factual figures and not highly judgemental. Moreover, EY would still be required to go through such assumptions to arrive at whether the estimations made were considered reasonable.

    (ii) <u>Valuation of Goodwill and Intangible Assets:</u>
    The assumptions involved for the above were mainly based on discount rates, market multiples applied and cashflow. Market multiples were based on multiples used for comparable companies (similar in business and size of DMPL) and the assumptions were set out in the Auditors' Report. The determination of whether these estimates made were reasonable would be dependent on the cash flow and the LRP of the Company.

    (iii) <u>Valuation of Deferred Tax:</u>
    The above were assessed and determined by EY based on the Company's cash flows, offsetting of liabilities and timing differences, it was noted that these items were not considered as judgemental.

    EY reiterated that based on the work done, the above assumptions made were reasonable.

40. In response to the shareholder's query on the research and development ("**R&D**") expenses of US$11.5m, the Board Chairman clarified that there are 2 active R&D teams based in both the Philippines and the US. DMFI CEO further clarified that the R&D teams in the US had been in place for over 50 years and had been conducting research on:

    (i) Packaging development;

    (ii) Packaging technology to extend shelf life;

    (iii) Taste and convenience to product formulation;

    (iv) Product improvement;

    (v) Product development to innovation; and

    (vi) Food safety measures.

41. The shareholder queried if the decrease in wages and salaries of US$345.0m to US$229.m was due to the Company achieving efficiencies. The CFO represented that it was due mainly to:

    (i) The optimisation of headcounts and benefits plans; and

    (ii) The reduction in severance cost over the years.

    In addition, there was no bonus accrued for FY2019 due to the tepid financial results of the Group.