



DEL MONTE PACIFIC LIMITED

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Del Monte Pacific Achieves Higher Sales and Net Profit for the Nine-Month Period with Net Profit of US\$80.1m up 64%

Third Quarter

- DMPL grew sales by 5% to US\$659.4m on higher sales in USA and fresh pineapple exports
- Higher commodity and transportation costs impacted profitability

Nine Months

- DMPL increased sales by 6% to US\$1.8bn on higher sales in USA, S&W fresh and packaged products
- US subsidiary Del Monte Foods' net profit tripled to US\$35.2m while Del Monte Philippines' rose 15% to US\$81.5m
- Group net profit of US\$80.1m was higher by 64%
- Improved debt/EBITDA stood at 4.2x versus 4.5x last year
- DMFI achieved a credit rating upgrade to "B2" from Moody's and an upgrade to Positive Outlook from S&P

Singapore/Manila, 10 March 2022 – 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 and nine months FY2022 results ending January.

Third Quarter

DMPL generated sales of US\$659.4 million, up 5% from higher sales in the USA and fresh pineapple exports.

The Group's US subsidiary, Del Monte Foods Inc. (DMFI), achieved sales of US\$468.4 million or 71% of Group sales. DMFI's sales increased by 6% on higher branded retail primarily canned vegetable and fruit which more than offset the planned reduction of low-margin private label. Del Monte canned vegetable, which had the highest contribution to branded retail sales, saw a 4-ppt increase in market share on the back of strong commercial execution, increased distribution on core products, new products including multi-packs, and superior supply chain service. Canned fruit and fruit cup snacks also registered a higher share.

DMFI won the "Product of the Year" award for the fourth straight year for its newest innovations: *Del Monte Fruit Infusions* in the fruit snack category and *Joyba Bubble Tea* in the coffee and tea category.

The Group's second largest and most profitable subsidiary, Del Monte Philippines, Inc. (DMPI), achieved sales of US\$197.1 million, up 5% in peso terms but flat in US dollar terms on higher exports of S&W branded fresh pineapple to North Asia. More than half of DMPI's sales are in the Philippines, with the balance in the international market.

Sales in the Philippines recovered after two quarters of decline coming off a very strong FY2021. Sales grew by 4% in peso terms to US\$117.3 million driven by good performance of both core categories, packaged fruit and beverage, and new products. Beverage increased by 7% behind consumer upsizing to better value multi-serve carton packs. The Company also intensified its Christmas campaigns to promote holiday get-together consumption. Foodservice sales rose 11% on healthy and higher margins.

Strong sales of the premium fresh pineapple segment benefitted from expanded distribution coverage in China from existing distributors, plus new distributors which have supported the continued expansion into Tier 2-3 cities. The Company also launched the extra sweet S&W Deluxe Premium in China, Japan and South Korea with favorable market feedback. The Company will continue with its business expansion programs in Japan, South Korea and the Middle East.

DMPL's gross profit decreased by 3% to US\$163.2 million and gross margin declined to 24.7% from 26.9% as a result of inflationary pressures. Similar to its peers, DMFI experienced cost inflation for raw produce, metal packaging and transportation leading to lower margins, offsetting higher margins in DMPL ex-DMFI. Moreover, trade promotion increased to pre-pandemic levels. Consequently, DMPL's net profit declined by 14% to US\$25.9 million from US\$30.2 million.

Nine Months

DMPL's gross profit rose 12% to US\$475.0 million on 6% higher sales of US\$1.8 billion. Gross margin increased by 140 basis points to 26.8% from 25.4% on favorable sales mix from improved sales of higher-margin retail branded products and selective price increases made to counter inflation. Net profit grew strongly by 64% to US\$80.1 million for the same reasons cited above. DMFI's net profit tripled to US\$35.2 million while DMPI's increased by 15% to US\$81.5 million.

DMPL saw an improvement in its net debt/EBITDA to 4.2x from 4.5x and gearing to 2.1x from 2.2x equity. DMFI achieved a credit rating upgrade to "B2" from "B3" from Moody's and an upgrade to Positive Outlook from S&P. This reflects DMFI's strengthening operating performance following prior year's recapitalization and major operational restructuring which has improved liquidity and leverage. DMFI has syndicated a new US\$600m Term Loan which it intends to close on May 16 when its Senior Notes become callable. This new loan has a materially lower interest rate that will recover the one-time cost of redemption of the Senior Notes and result in net savings.

"Cost headwinds in the third quarter were quite significant impacting margins and profits," said Joselito Campos, Jr., DMPL's Managing Director and CEO. "Our strong results for the first nine months allowed us to be substantially ahead of last year. While the road ahead has many challenges, we remain relentless in our revenue-enhancement and razor-focused on cost-saving initiatives."

Amidst a high-cost environment, the Group remains vigilant in managing its costs. DMFI has embarked on a number of cost optimization initiatives including distribution center consolidation and increased use of rail instead of trucks to save on fuel cost. Barring unforeseen circumstances, the Group expects to generate higher net profit in FY2022.

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 Del Monte Foods Private Limited (www.delmontefoods.in) in India which markets *Del Monte*-branded packaged products in the Indian market. The Group's joint venture partner is the well-respected Bharti Enterprises, 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.

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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.

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