

DEL MONTE PACIFIC 3Q AND 9M FY2022 RESULTS

10 March 2022



Nourishing Families.
Enriching Lives.
Every Day.



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➤ Notes to the Results

- 3Q is from 1 November to 31 January 2022
- DMPL owns 87% of Del Monte Philippines, Inc. and 93.6% of Del Monte Foods, Inc. DMPL recognizes a 13% and 6.4% non-controlling interest (NCI) in these two subsidiaries, respectively. These comprise the NCI line in the P&L. Net profit is net of NCI.
- The Group adopted the amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants) in April 2017. The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense. However, for EBITDA calculation, the Group retained the old calculation using the lower depreciation.



➤ 3Q and 9M FY2022 Highlights

3Q

- 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

9M

- 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



➤ Outlook

- Strengthen our core business, expand the product portfolio, in response to consumer preference for health and wellness, and grow our branded business
- More product availability through better distribution and expanded sales channels including e-commerce
- DMPL is well-positioned in this environment given its nutritious and long shelf-life products which enable consumers to prepare healthy meals at home and build their immunity
- DMPL expects to offset the impact of higher costs. DMPL is proactively addressing inflationary impact from commodity headwinds and increased transportation costs through revenue and cost drivers including driving efficiencies and productivity across operation
- Barring unforeseen circumstances, the DMPL Group expects to generate a higher net profit in FY2022



➤ 3Q FY2022 Results Summary

- Sales of US\$659.4m, +5%

Sales	% Change
Americas	+6
Philippines	-1 (in peso terms +4)
S&W	+11
FieldFresh India (equity accounted)	-6 (in rupee terms -4)

All figures below are vs prior year quarter:

- EBITDA of US\$91.0m, down 8% from US\$99.0m, due to higher costs and trade promotion in USA
- Operating profit of US\$70.1m, down 6% from US\$74.3m
- Net profit of US\$25.9m, down 14% from US\$30.2m

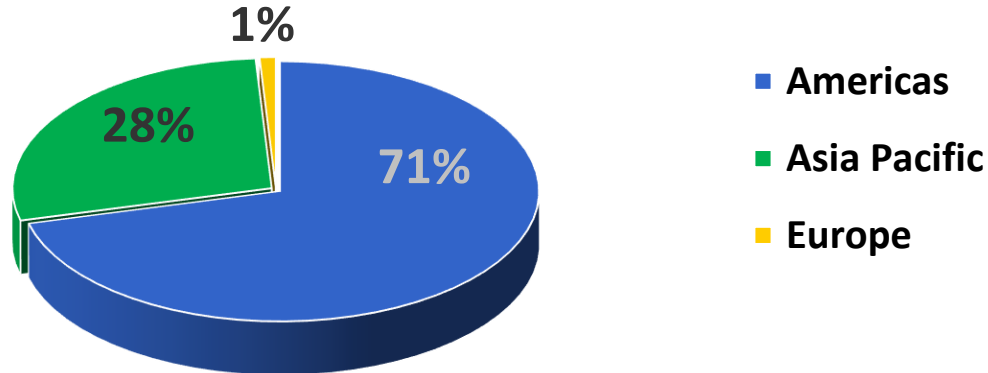


➤ 3Q FY2022 Results

In US\$m	3Q FY2021	3Q FY2022	Chg (%)	Comments
Turnover	628.4	659.4	+4.9	Higher sales in USA and fresh pineapple exports
Gross profit	168.9	163.2	-3.4	Higher costs and trade promotion in USA
<i>Gross margin (%)</i>	26.9	24.7	-2.2ppts	Same as above
EBITDA	99.0	91.0	-8.1	Lower gross profit
Net profit	30.2	25.9	-14.0	Same as above
<i>Net margin (%)</i>	4.8	3.9	-0.9ppts	Same as above
Net debt	1,325.9	1,449.9	+9.3	Due to higher working capital loans (ABL) in the US
Gearing (%)	218.8	211.0	-7.8ppts	Higher net profit for the 9M led to increased shareholder's equity
Net debt/EBITDA (x)	4.5	4.2	-0.3x	Higher trailing 12M EBITDA



➤ 3Q FY2022 Turnover Analysis



Americas	+6.3%	<ul style="list-style-type: none"> ▪ Branded retail sales grew by 2.5% offsetting reduced sales of non-core private label as planned; Foodservice sales increased significantly by 48% ▪ In Americas, branded retail accounted for 71% while foodservice and private label were 5% and 6% of total sales
Asia Pacific	+4.1%	<ul style="list-style-type: none"> ▪ Strong sales of S&W fresh pineapple due to higher volume in North Asia and Singapore, and higher prices to counter inflation
Europe	-38.1%	<ul style="list-style-type: none"> ▪ Due to timing of supply, which was evenly skewed as compared to last year

9M FY2022 Results



➤ 9M FY2022 Results Summary

- Sales of US\$1.8bn, +6%

Sales	% Change
Americas	+7
Philippines	-2 (in peso terms 0)
S&W	+16
FieldFresh India (equity accounted)	+6 (same in rupee terms)

All figures below are vs prior year nine-month period:

- EBITDA of US\$273.3m, up 16% from US\$235.8m, due to higher sales, better sales mix in USA and selective price increases to counter inflation
- Operating profit of US\$210.1m, up 29% from US\$162.7m
- Net profit of US\$80.1m, up 64% from US\$48.8m

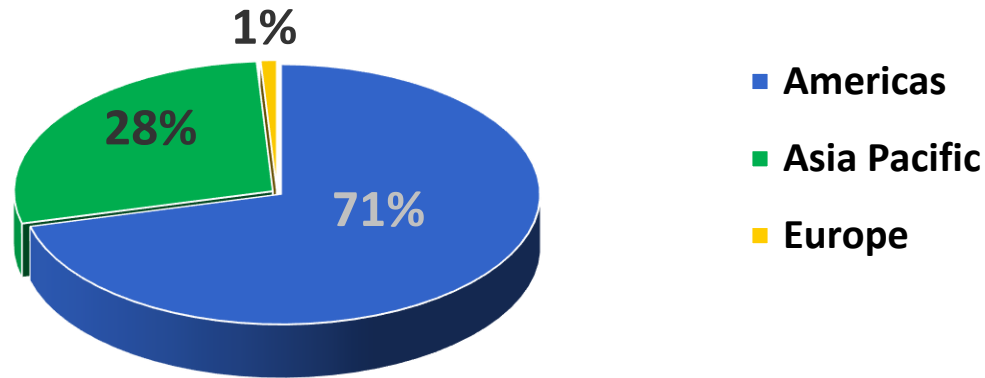


➤ 9M FY2022 Results

In US\$m	9M FY2021	9M FY2022	Chg (%)	Comments
Turnover	1,664.9	1,772.5	+6.5	Higher sales in USA, S&W fresh and packaged products
Gross profit	422.8	475.1	+12.4	Higher sales, better sales mix in USA, price increases to offset inflation and lower FY2021 pack costs in USA
<i>Gross margin (%)</i>	25.4	26.8	+1.4ppts	Same as above
EBITDA	235.8	273.3	+15.9	Same as above
Net profit	48.8	80.1	+64.2	Due to favorable operating results
<i>Net margin (%)</i>	2.9	4.5	+1.6ppts	Same as above
Net debt	1,325.9	1,449.9	+9.3	Due to higher working capital loans (ABL) in the US
Gearing (%)	218.8	211.0	-7.8ppts	Higher net profit for the 9M led to increased shareholder's equity
Net debt/EBITDA (x)	4.5	4.2	-0.3x	Higher trailing 12M EBITDA



➤ 9M FY2022 Turnover Analysis



Americas	+7.4%	<ul style="list-style-type: none"> ▪ Branded retail sales grew by 9% offsetting reduced sales of non-core private label as planned; Foodservice sales also increased significantly by 44% ▪ In Americas, branded retail accounted for 73% while foodservice and private label were 5% each of total sales
Asia Pacific	+4.1%	<ul style="list-style-type: none"> ▪ Strong sales of S&W fresh and packaged pineapple and juices
Europe	+7.9%	<ul style="list-style-type: none"> ▪ Higher packaged fruit and beverage sales

Market Updates for 3Q and 9M FY2022



➤ Del Monte Foods USA 3Q FY2022

- DMFI's 3Q sales were US\$468.4m or 71% of Group sales
 - ✓ Sales up 6.5% on higher branded retail sales 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 strong commercial execution, increased distribution on core products, new products including multi-packs, and superior supply chain service
 - ✓ Foodservice channel grew significantly with the re-opening of the US economy in addition to new customers and businesses generated
- New products contributed 5.8% to DMFI's total sales
- Gross margin decreased to 20.9% from 24.4% on higher costs (raw produce, metal packaging, transportation) and higher trade promotion to pre-pandemic levels
- Consequently, EBITDA declined 22% to US\$47.6m from US\$61.2m
- Net profit was lower by 51% to US\$7.7m from US\$15.8m
- New price increases were successfully implemented across our USA portfolio in 3Q



➤ Del Monte Foods USA 9M FY2022

- DMFI's 9M sales were US\$1.2bn or 70% of Group sales
 - ✓ Sales up 8% driven by continued robust increases across all major segments led by canned vegetable and fruit following improvement in supply and distribution gains
 - ✓ Branded retail and foodservice sales were up 9% and 44%, respectively, which more than offset the planned reduction of low-margin private label
- New products contributed 5.3% to DMFI's total sales
- Gross margin increased to 23.6% from 22.2% on better sales mix and price increases
- EBITDA rose 20% to US\$155.8m from US\$129.3m
- Net profit tripled to US\$35.2m from US\$10.5m
- 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 starting FY2024



USA

21.5% +4.3pts

Market Share
Canned Vegetable (#1)

21.2% +2.0pts

Market Share
Canned Fruit (#2)

25.9% +1.3pts

Market Share
Fruit Cup Snacks (#2)



5.7% +0.2pts

Market Share
Canned Tomato (#3)

6.6% -0.2pts

Market Share
Broth (#2)



- Del Monte brand performed well in its traditional canned categories as consumers continue to reach for trusted brands and as we continued to build momentum
- Contadina and College Inn shares were flat to growing, after disproportionately benefitting from competitive out of stocks during COVID-19 pantry loading last year



To drive growth long-term, Del Monte will continue to invest in bringing differentiated and innovative products to market, expanding distribution channels, and building its brands

USA 3Q Marketing Highlights



Fruit cup snacks extend 'Say Yes' campaign into Return to School



Veggieful continues to reinforce crave-worthy taste in January 'New Year New You'



Vacuum Packed Shelf talk with coupon drives awareness and trial



USA 3Q Marketing Highlights



National Choose Good Do Good Promotion



Growing Great charity tie-in with leading retailers



Shelf Tag



Paid Social



In-Store 1/4 Pallet



National Landing Page



Retailer Landing Page

PR Support for Choose Good Do Good

Spokesperson Jamie Hess, one of Instagram's favorite fitness and health coaches, promoted Choose Good Do Good



Awards



Product of the Year 2022 - Joyba & Fruit Infusions



Clean Eating 2022 Clean Choice Awards - Veggieful Riced Veggies Garlic & Herb



Graphic Design USA - Joyba winner in Brand Identity category

USA 3Q Marketing Highlights



College Inn (CI) Holiday



Kroger CI Holiday with Veg



Giant Eagle CI Holiday with Veg

Green Bean Casserole Holiday



Meijer Shelf Sign



Ahold Digital



Bjs Demo Sign



Publix Co-Op Ad



Walmart Holiday Leftovers with Veg/Contadina

USA 3Q Foodservice



NEW National Account Business



915 Units

New Secondary Supplier: Pineapple Tidbits



139 Units

New Secondary Supplier: Pineapple Tidbits



104 Units
Preferred Supplier
Status Pineapple Tidbits

BBQ Luau Pizza with
Del Monte Pineapple Tidbits



NEW Non-Commercial Business



Riced Cauliflower
987 Hospitals (Nationwide)
6 Pop-Up Concepts: 100% Vegetable. No Waste.

Concept: Kazan



Concept: All Caps



Riced Cauliflower
Secured Preferred
Status



USA Innovation Platforms



Innovation Platforms Inspired by Consumer Trends

Closest to Fresh

Plant-Based Goodness

Culinary Meal Helpers

Purposeful Snacking

Everyday Value

FY22



Vac Pack Vegetables



Frozen Riced Veggie



San Marzano Tomatoes



Bone Beef Reduced Sodium



Wellness Infusions



Joyba™ Bubble Fruit Tea



Del Monte Classics

FY23



Vac Pack LX



Exceptional Veg



Pocket Pies LX



Veg Pasta



Organic Tomato



Veg Stock



Fruit Infusions LX



Joyba™ Expansion



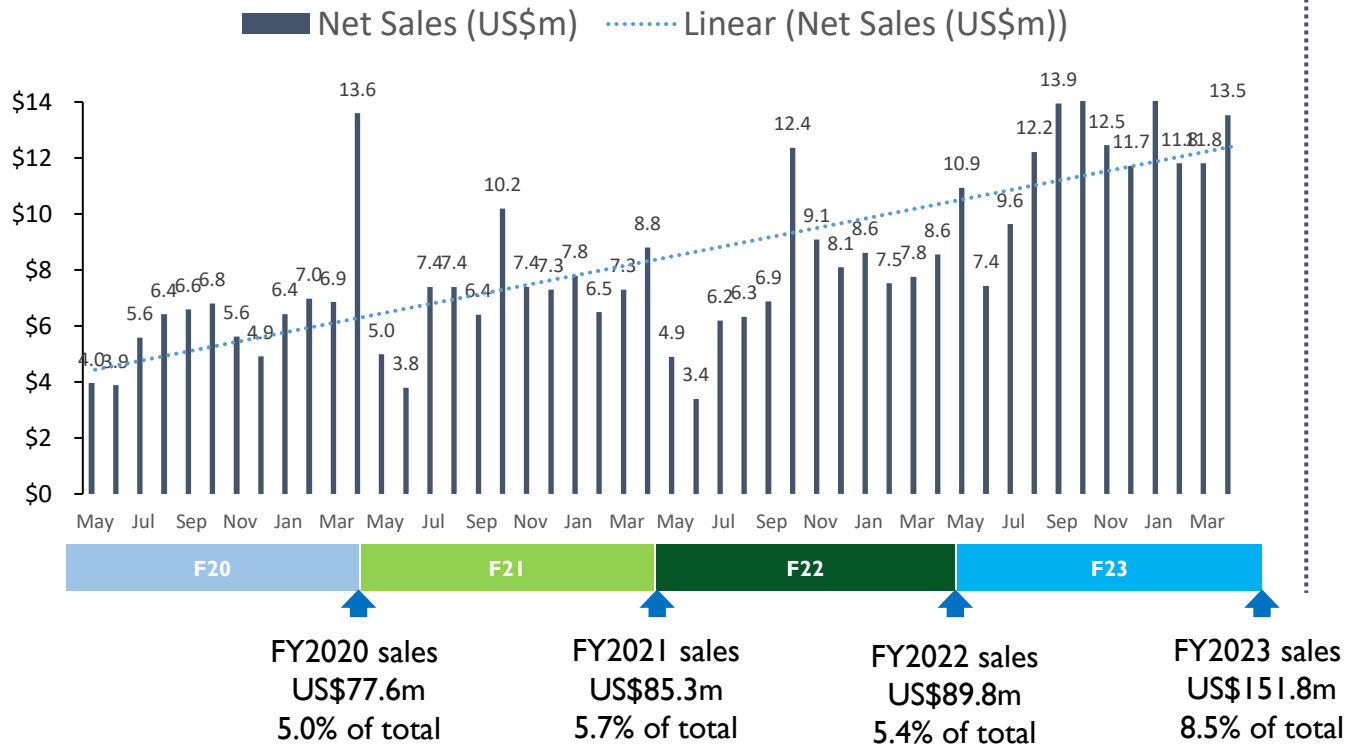
Multi-Packs



Classics LX



USA 3-Year Trailing Innovation Growth Outlook



- Items launched in the last 3 years are on trajectory to reach 8.5% of DMFI's total sales in FY2023
- Continued growth in new item sales in all formats; center store, refrigerated, and frozen

Note: All new items launched on a rolling 3-year fiscal basis; sales reflect sales before New Items Funding (NIF)

Del Monte Philippines 3Q and 9M FY2022

- DMPL's 2nd largest and most profitable subsidiary, Del Monte Philippines, achieved sales of US\$197.1m for 3Q, flat in USD terms but +5% in peso, and US\$559.2m for 9M, +7% in USD terms and +9% in peso
- ✓ Sales in the Philippines recovered after two quarters of decline coming off a very strong FY2021. 3Q sales of US\$117.3m, flat in USD terms but +4% in peso, driven by packaged fruit and beverage.
 - Beverage +7% behind consumer upsizing to better value multi-serve carton packs
 - Packaged pineapple & mixed fruit leadership shares increased by 3.6ppts and 1.5ppts, respectively
 - New products like dairy and biscuits contributed 4.7% to total sales in the Philippines
 - Foodservice sales rose 11% in 3Q and 32% in 9M on healthy and higher margins
 - Meanwhile, Del Monte-Vinamilk products registered high repurchase/retention rates post-consumer trial, and has resumed full marketing and selling activities after the Omicron lockdown
 - Recently hired new sales operations heads for modern trade, general trade and E-commerce with extensive FMCG experience, to strengthen sales and commercial capabilities
 - E-commerce continues to grow in offtake and recognized in E-Commerce Asia Awards
- ✓ Higher sales of fresh pineapple exports particularly to North Asia.
- For 3Q, achieved EBITDA of US\$44.9m, up 6%, and net profit of US\$30.0m, up 4%
- For 9M, achieved EBITDA of US\$125.4m, up 10%, and net profit of US\$81.5m, up 15%

➤ Philippines

92.3% +3.6pts

Market Share

Packaged Pineapple (#1)

77.2% +1.5pts

Market Share

Canned Mixed Fruit (#1)

45.6% -3.8pts

Market Share

RTD Juices ex foil pouches (#1)

86.4% -0.9pts

Market Share

Tomato Sauce (#1)

38.2% -0.7pt

Market Share

Spaghetti Sauce (#1)

- Del Monte continues to enjoy strong market share leadership across all its major categories, with higher shares in Packaged Pineapple and Canned Mixed Fruit behind consumption-building efforts. However, RTD juices lost share due to broadened distribution of Minute Maid. Tomato and Spaghetti Sauce shares were impacted by price brands.

To sustain growth: Continue to strengthen the competitive position of our brands, and drive core category growth in key channels and segments. Regain shares in categories where we lost.

Source for market shares: The Nielsen Company - Retail Audit Data for 12M to December 2021; Canned mixed fruit is a combined share for Del Monte and Today's brands; Spaghetti sauce is a combined share for Del Monte, Today's and Contadina brands



➤ Philippines Fruits

Being an integral part of the Filipino Noche Buena (Christmas Eve meal)

- **NEW Fiesta Fruit Cocktail campaign** shows that nothing lights up one's Christmas table more than Fruit Salad. Encouraging families to not skip on preparing their fruit salad, despite the many varied circumstances, this holiday season.



- **Packaged Pineapple Pinabonggang Pasko (Spruced up Christmas)** Educating moms to make their Christmas ham and salad more special by simply topping with Del Monte Pineapple



Philippines Beverage

Continuously reinforcing the core strengths of each brand, even while improving pandemic relevance during COVID-19:

Del Monte 100% Pineapple Juice:

PJ Tetra 20 Kada Baso (P20/glass) campaign was aired to accelerate Tetra business, which has been continuously growing, by highlighting value for money

Fiber-Enriched TVC material was re-aired with sustained digital presence

Heart Smart continued to communicate cholesterol management

Aired the new **Fit 'n Right** Control (CTRL) 15s and Detox 15s in multimedia touchpoints to reach the majority of target consumers



Del Monte Juice Drink:

New thematic campaign highlighting Juice Drink's delicious variety of flavors

New Tetra 1L promo packs were launched to boost value for money during the Christmas season

Leveraging on the strength and traction of Shopee and Lazada, Del Monte produced an omnibus digital material to promote its beverage brands



➤ Philippines Culinary

Ensured **Del Monte Spaghetti Sauce** was present on the table of every Filipino family during Christmas. Featured Pamasko (Christmas) Packs that helped stimulate in-store purchase and could also be given as a gift to their loved ones due to its celebratory design



Drove awareness of **Del Monte Ketchup** in affordable resealable pouches by highlighting its 5 delicious flavors



Encouraged households to continue their Christmas traditions, including cooking favorite holiday dishes with **Del Monte Tomato Sauce**

Quick 'n Easy – Promoted in e-commerce sites by engaging audience through contests with holiday giveaways and special Christmas packages



➤ Philippines Mr. Milk and Biscuits

Mr. Milk continues to grow profitably across all trade segments



Expanded **Fruity Munchsters** presence via increased distribution and visibility programs in key channels, supermarkets and sari-sari (mom and pop) stores



Created awareness on **Del Monte Potato Crisps** among young adults through engaging and relevant digital executions



➤ Philippines Foodservice

Regaining vitality as economy opens

- 3Q sales grew by 11% vs prior year quarter and ahead of plan by 13%. 3Q gross margin remained healthy vs prior year.
- 9M sales grew strongly by 32% vs prior year and +18% ahead of plan. Sales are now at 72% of pre-pandemic level. Gross margin increased by 4 pts vs prior year, while operating profit rose 85% due to improved sales and margin.
- 14,730 outlets now open at 75% of pre-pandemic; Key Accounts at 100% and General Trade at 58%.

Customer Insight

- Expect to return to pre-pandemic volume going into FY2024. FY2023 a critical recovery year.



NEW National Account Business



New Secondary Supplier:
Ketchup Sachet



New Primary Supplier:
Ketchup Sachet



New Primary Supplier:
Pineapple Juice

NEW Corporate & Local Government Partnerships



- 6 FMCG program bundling tie-ups
- 16 cities/municipalities served nationwide



➤ S&W Market Overview

- Our high quality, premium MD2 fresh pineapple makes us the largest fresh pineapple exporter to China, with 53% volume share
- One of the 3 biggest fresh pineapple exporters to Japan, South Korea and the Middle East
- E-commerce and digital are growing with North Asia having the largest share of e-commerce pie. S&W is in most of the portals in China and South Korea



To drive growth, build S&W brand equity and realize S&W's full potential in fresh pineapple, frozen and other products through broad channels of distribution



Pinduoduo



➤ S&W 3Q and 9M FY2022

- 3Q sales of S&W branded business grew by 11% on higher sales of fresh pineapple
- 9M sales of S&W branded business grew strongly by 16% on higher fresh pineapple, canned pineapple and juice sales
- S&W pineapples sold in China benefitted from expanded distribution coverage from existing distributors, plus new distributors which have supported the continued expansion into Tier 2-3 cities
- Launched the extra sweet S&W Deluxe Premium in China, Japan and South Korea with favorable market feedback
- Will continue with fresh business expansion programs in Japan, South Korea and the Middle East



Del Monte at Karachi Eat Festival 2022

➤ Sustainability

Agricultural Practices



Updated Integrated Pest Management manual for pineapple operations in line with the **Rainforest Alliance** application

Responsible Sourcing



Issued Supplier Code of Conduct that sets out the requirements for suppliers, **to strive for responsible sourcing** in the supply chain

Transport Efficiency



Used double-decker trucks on 23% of third party delivery transport to save on fuel and reduce carbon emissions

COVID-19 Response



Del Monte Foundation **donated products to over 1,000 organizations** for marginalized communities and frontline workers



➤ Sustainability

Diverting Waste



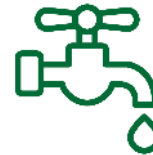
- **25+m pounds of food diverted from landfills** due to upcycling and food donations
- **1st canned vegetable product to be Upcycled Certified**

Reducing Emissions



- **Measuring scope 3 greenhouse gas emissions**
- **Expanding solar energy**
 - Hanford, CA solar system generated 3.3m KW hours of electricity in 2021

Conserving Water



- **New steam peeler in Hanford, CA** saved 35+m gallons of water in 2021
- **New water recycling system in Yakima, WA** reducing usage by 1,000 gallons per day

Innovating Packaging



- **Setting aggressive goals:**
 - By 2030: convert plastic packaging to 100% recyclable, reusable or compostable
- **Developing a compostable fruit cup** using bioplastics



➤ Outlook

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- More product availability through better distribution and expanded sales channels including e-commerce
- DMPL is well-positioned in this environment given its nutritious and long shelf-life products which enable consumers to prepare healthy meals at home and build their immunity
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