DEL MONTE PACIFIC LIMITED

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Del Monte Pacific delivers higher sales, commands leading market share, but inflationary costs affect full year profit

Fourth Quarter FY2023

- Del Monte Pacific (DMPL) Group sales grew by 3% to US$585m on higher USA and fresh pineapple sales, up by 4% and 5%, respectively
- Posted EBITDA of US$55m, down by 30% on higher costs amidst inflationary environment
- Lower operating income and increased interest expense from redemption of Preference Shares with bank loans resulted in a net loss of US$11.9m
- The Group continued to maintain leading market share positions across core products

Full Year FY2023

- DMPL Group sales rose 3% to US$2.4bn on higher USA and international sales
- Delivered EBITDA of US$330m, lower by 6% on higher costs, and US$72m net profit before one-off financing costs, down by 28%

Singapore/Manila, 19 June 2023 – 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 FY2023 results ending April.

FOURTH QUARTER FY2023

DMPL generated sales of US$584.6 million, up 3% with better sales in USA and fresh pineapple exports. Philippines sales were higher in peso terms but flat in US dollar terms with the strengthening of the latter.

USA

The Group's US subsidiary, Del Monte Foods Inc. (DMFI), achieved sales of US$428.7 million or

73% of Group turnover. DMFI's sales increased by 4% on pricing actions taken to address inflation, distribution gains of Joyba bubble tea and higher sales of specialty vegetables and multipacks. In addition, the recently acquired Kitchen Basics stock and broth business contributed US$8.7 million of sales. DMFI continues its leading market share positions across its core businesses on the back of strong commercial execution, increased distribution of core products, and new product expansion, all supported by a superior supply chain service.

In foodservice, Del Monte continues to succeed in growing its branded pineapple and pineapple juice business with sales up 24% in the quarter. Del Monte's new foodservice peach salsa with morita chiles is receiving positive feedback and has gained new distribution in the healthcare sector.

Philippines

Philippine market delivered sales of US$68.5 million, 7% higher in peso terms but flat in US dollar terms due to the peso depreciation. Sales of packaged fruit, culinary and new products were higher behind compelling communication campaigns and value-for-money offers amidst the inflationary environment. Del Monte improved its market shares in fruits and beverage and maintained its number one ranking across core categories. Modern trade and foodservice sales increased by 10% and 18%, respectively. Innovations especially in dairy and snacking are gaining traction, now accounting for 8% of Philippine sales.

International Markets

International markets generated higher sales of US$92.0 million, up 1%, driven by increased sales of premium S&W Deluxe fresh pineapples, while sales of packaged products were flat. S&W had been actively promoting its products in various food fairs in Asia.

The Group's Nice Fruit frozen pineapple spears and chunks healthy snack/dessert has gained traction, now sold in more Quick Service Restaurants (QSR) in Europe, Canada and the Middle East, and recently launched in a major QSR in the Baltic region.

Group

DMPL's gross profit declined by 20% to US$117.8 million with a gross margin of 20.2%, down from 25.9% in the prior year quarter due to higher raw material, packaging, manufacturing and logistics costs coupled with unfavorable sales mix.

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In April and December 2022, DMPL redeemed its US$200 million and US$100 million preference shares, which were part of its equity, with bank loans at an average interest rate of 5.5% versus the preference share coupon of 10% on a step-up basis if not redeemed. While this saved the company US$3.0 million for this quarter, and US$10.3 million for the year, the refinancing resulted in higher gearing.

As a result of lower gross profit and increased interest expense, DMPL reported a net loss of US$11.9 million versus prior year quarter's net profit of US$20.0 million. Preference Shares were accounted for as equity and their dividends were previously booked directly against retained earnings and not in the P&L whereas bank loans' interest expense, amounting to US$4.3 million in the fourth quarter and US$14.4 million for the full year, was booked in the P&L.

FULL YEAR FY2023

DMPL grew sales by 3% to US$2.4 billion on higher USA and international sales. However, gross profit and EBITDA were down by 2.5% and 6.2% to US$607.0m and US$329.7 million, respectively, on higher costs. Gross margin slightly declined to 25.1% from 26.6%.

DMFI generated US$1.73 billion of sales or about 72% of Group sales, higher by 5% driven by sustained growth across almost all categories, attributed to pricing adjustments to mitigate inflation, distribution gains for vegetable club and Joyba bubble tea, increased sales of fruit cups, as well as incremental sales of US$35.1 million from Kitchen Basics. DMFI generated a gross profit of US$400.3 million, slightly higher versus last year's US$396.1 million as the company succeeded in offsetting record levels of inflation.

Philippine market sales were up 7% in peso terms, but down 4% in US dollar terms, on higher culinary, beverage and new product sales, while the international business delivered 11.5% higher sales on increased fresh and packaged product sales.

Net income declined to US$16.9 million from US$100.0 million due to one-off costs of US$55.2 million (post tax and non-controlling interest), of which US$50.2 million was booked in the first quarter as DMFI refinanced its loan with a long-term credit facility that has lower interest rates. Without these one-off costs, DMPL EBITDA and net income would have been US$337.2 million and US$72.2 million, lower by 4% and 28%, respectively.

"The Group's increase in sales and leading market share across core products is an impressive achievement amid a highly challenging inflationary environment. As with most food companies, our margins were under pressure and impacted the Group's profitability," said Joselito Campos, Jr., DMPL's Managing Director and CEO. "We are focused on widening our distribution and expanding our reach into other market segments. We are also paying extra attention to managing costs, minimizing waste by continuously improving processes, and leveraging technology to enhance efficiency and lower expenses. A major priority is to reduce leverage, strengthen our capital structure and bring down interest expense in the coming year."

OUTLOOK

The global environment remains unstable with certain cost pressures and consumers becoming more cautious with their spending. The Group will remain vigilant in managing its operating expenses which include packaging materials optimization; power and fuel initiatives; investments to improve efficiency, productivity and minimize wastage, and product bundling initiatives in distribution centers.

In the US, there will be increased penetration in channels such as club, e-commerce, dollar, convenience, natural and foodservice, while accelerating innovation and its contribution. International sales growth is expected in Mexico, South America, and Canada driven by the new resources dedicated to expanding distribution of DMFI's branded portfolio in those markets including Kitchen Basics. A 6% price increase was implemented in May and will be reflected in DMFI's planned gross margin recovery from FY2024 second quarter onwards.

The Group is also planning to substantially increase its MD2 fresh pineapple production to support higher exports of these premium products.

DMPL will focus on working capital improvements in FY2024, especially inventory reduction, to generate more cash flow and strengthen the balance sheet.

Barring unforeseen circumstances, the Group expects to generate a higher net profit in FY2024.

DIVIDEND

The Board approved a final dividend of 0.13 US cent (US$0.0013) per share representing 15% of FY2023 net profit.

SUSTAINABILITY

DMPL's subsidiary Del Monte Philippines has developed an Extended Producer Responsibility Program that will be implemented beginning this calendar year in collaboration with a waste management company to recycle plastic waste. Moreover, following the certification of its pineapple operations' negative carbon footprint last year, DMPI is now measuring a broader scope 3, including toll packers, top suppliers, and logistics providers.

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 *Fruit Refreshers, Veggieful, Bubble Fruit, Joyba, Kitchen Basics* and *Take Root Organics* while DMPL's Philippine subsidiary, Del Monte Philippines, Inc (www.delmontephil.com), owns exclusive rights to trademarks such as *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).

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 28,000-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.

The Group owns approximately 96% 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 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, NutriAsia Inc., is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

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