

# Del Monte Pacific FY2023 Results

29 August 2023



Nourishing Families.  
Enriching Lives.  
Every Day.



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# FY2023 Highlights



- DMPL generated record sales of US\$2.4bn in FY2023, up 3% from prior year on higher sales in the U.S. and international markets
- Market leadership maintained in nearly all core categories in the U.S. and Philippines, and for fresh pineapple in China
- However, higher costs amidst the inflationary environment led to lower Group gross margin of 25.1% from 26.6%, and 3% lower gross profit to US\$607m
- One-off costs of US\$79m gross or US\$55m net of tax and NCI, mainly due to the early redemption of DMFI's US\$500m Notes which had a high interest rate of 11.875%
- Including one-off costs, the Group generated:
  - EBITDA of US\$330m, down 6%
  - Net profit of US\$17m from US\$100m in the prior year
- Excluding one-off costs, the Group generated:
  - EBITDA of US\$337m, down 4%
  - Net profit of US\$72m, down 28%



# FY2023 Results – Reported Basis



In US\$m	FY2022	FY2023	Chg (%)	Comments
<b>Turnover</b>	2,342.1	<b>2,421.3</b>	+3.4	Higher sales in USA and international markets
<b>Gross profit</b>	622.7	<b>607.0</b>	-2.5	Due to higher raw material, packaging, manufacturing and logistics costs plus unfavorable sales mix. DMPL ex-DMFI also had lower productivity resulting in higher cost of growing, harvesting and processing
<b>Gross margin (%)</b>	26.6	<b>25.1</b>	-1.5ppts	Same as above
<b>EBITDA</b>	351.5	<b>329.7</b>	-6.2	Same as above
<b>Net profit</b>	100.0	<b>16.9</b>	-83.1	One-off redemption cost of US\$55m mainly due to early refinancing of DMFI loan; US\$72m of one-off cost (gross basis) booked in interest expense line
<b>Net margin (%)</b>	4.3	<b>0.7</b>	-3.6ppts	Same as above
<b>Net debt</b>	1,545.5	<b>2,253.5</b>	+45.8	Due to additional loans: <ol style="list-style-type: none"> <li>To refinance in May 2022 the redemption of US\$500m Notes in USA. New loans are at lower hedged interest rate of 8.1% (at end of July).</li> <li>To refinance in Dec 2022 the redemption of US\$100m DMPL Series A-2 preference shares with coupon of 10% if not redeemed. New loans are at lower interest rate of 6.6% (at end of July)</li> <li>Working capital loans of DMFI due to higher inventory and Kitchen Basics acquisition (US\$100m)</li> </ol>
<b>Gearing (%)</b>	312.4	<b>584.2</b>	+271.8ppts	Same as above
<b>Net debt/EBITDA (x)</b>	4.4	<b>6.7</b>	+2.3x	Same as above



# Del Monte Foods USA FY2023

- Sales of US\$1.7bn or 72% of Group sales, up 5% driven by strong branded retail sales, higher pricing, distribution gains and incremental sales from Kitchen Basics
- DMFI's expansion efforts:
  - ✓ Acquired the brand and inventory of Kitchen Basics for US\$99m
  - ✓ Strong growth in emerging channels including mass merchandizers, club stores, e-commerce and foodservice
  - ✓ Latin America generated sales of US\$50m, up 12%
  - ✓ New products sales reached US\$134m, up 50% vs the US\$89m in FY2022 led by core brand expansion and JOYBA beverage growth
  - ✓ Launched Take Root Organics, its new organics brand, which includes a variety of organic tomato products grown throughout California's Central Valley
  - ✓ Launched several new specialty vegetable items under the Del Monte brand including Artichokes, Mushrooms and Corn
- EBITDA of US\$206m, down 3.5% due to higher costs
- Net loss of US\$2.8m due to one-off financing cost. Excluding this, DMFI generated a net profit of US\$52.5m from a net profit of US\$54.3m in the prior year
- A new 4% price increase was announced in May and successfully implemented on July 31. This will allow DMFI to offset inflation and improve gross margins in 2Q-4Q of FY2024



# USA – Market Shares for 1Q FY2024

**22.6% +1.2pts**

Canned Vegetable (#1)

**24.5% +3.8pts**

Canned Fruit (#1)

**29.9% +5.3pts**

Fruit Cup Snacks (#2)

**6.3% +0.6pt**

Canned Tomato (#3)

**7.5% -0.7pt**

Broth (#2)

Source for market shares: Nielsen RMS / Scantrack DMFI Custom DBs, Eq Vol share, Total xAOC, Latest 3M ending 29 July 2023

- Del Monte maintained its leading share performance across its core categories
- Category dynamics continued to shift as consumers purchase patterns change year over year in response to economic uncertainty, higher average prices, and changes to industry supply
- Despite this, Del Monte largely held or grew share across most of its center store categories

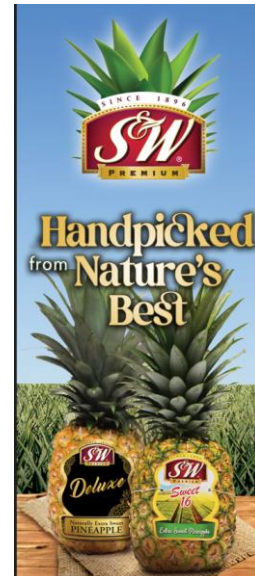


To drive growth long-term, Del Monte will continue to invest in bringing differentiated and innovative products to market, expanding distribution channels, and building its brands



# DMPL ex-DMFI FY2023

- Sales of US\$765m, up 2% on International sales of US\$330m, +12%; Philippine sales of US\$362m +7% in peso terms but down 4% in USD terms.
  - ✓ Peso sales rose driven by the combined impact of compelling communication campaigns, low-cash outlay SKUs and multipacks value offers to help consumers cope with high inflation, and improved distributor operations.
  - ✓ Sales of new products in the Philippines, led by Dairy, increased by 53% vs prior year.
  - ✓ Foodservice sales in the Philippines grew by 18% while convenience store sales improved by 39% with the opening of more outlets.
  - ✓ Fresh exports sales increased due to stronger demand in North Asia, better pricing and improved supply. The Company's new S&W Deluxe premium fresh pineapple in China, Japan and South Korea continued to gain momentum.
  - ✓ The Group is the largest fresh pineapple exporter to China with a 53% share and one of the three biggest exporters to Japan, South Korea and the Middle East.
- EBITDA of US\$118m, lower by 21%, and net profit of US\$44m, lower by 47% versus the US\$82m last year due to higher costs and interest expense.



# Philippines – Foodservice and Convenience

## Opening of Foodservice Institutions accelerated growth in FY2023

- Volume up 14% vs prior year. Volume now at 95% of pre-pandemic.
- Sales up 18% vs prior year. Now at 104% of pre-pandemic.
- 9,917 foodservice outlets now open at 92% of pre-pandemic; Key Accounts at 96% and General Trade at 89%.

### NEW National Account Business



Quick n Easy  
Pizza Sauce 1kg



Ketchup 12oz  
bottle & sachet



Pineapple Juice



Pineapple Juice  
& Juice Drinks



Ketchup (sachets, 320g, 3kg), Pineapple Tidbits



Value packs &  
Mixed Fruits



- Volume up 16% vs prior year. Volume now at 77% of pre-pandemic.
- Sales up 39% vs prior year. Now at 81% of pre-pandemic.
- 3,995 convenience stores now open at 120% of pre-pandemic.

### NEW Product Placements



Fit 'n Right Classic

Mango  
Drink

IQ Smart  
Milk

Yogurt  
Drink





# Philippines – Market Shares

**96.4% +2.0pts**

Packaged Pineapple (#1)

**77.3% +3.8pts**

Canned Mixed Fruit (#1)

**39.3% +1.5pts**

RTD Juices ex foil pouches (#1)

**85.4% +0.8pt**

Tomato Sauce (#1)

**42.6% +0.3pt**

Spaghetti Sauce (#1)

**13.0% -6.0pts**

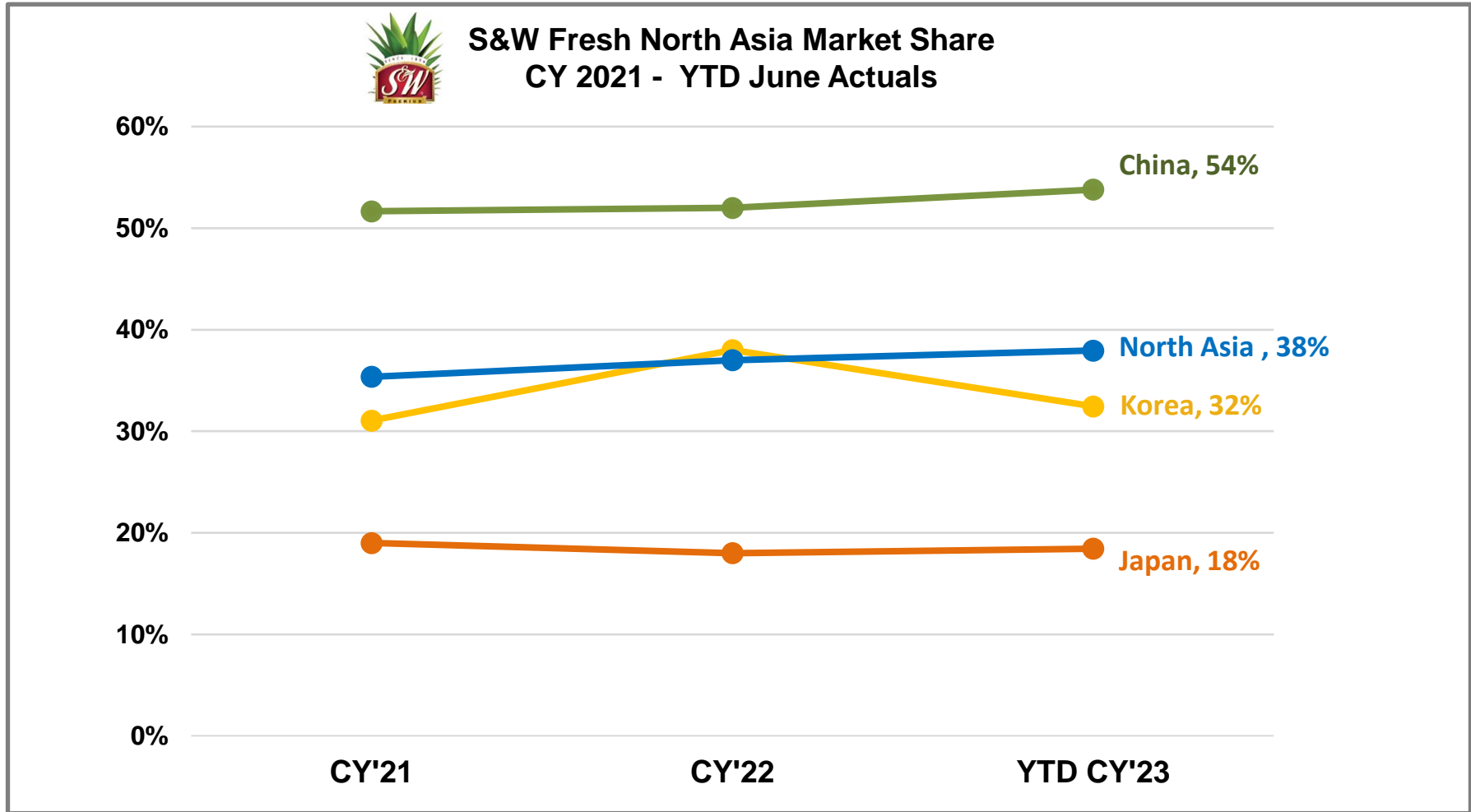
Drinkable Yogurt, DM Vinamilk + Mr. Milk (#2)

( Source for Volume market shares: The Nielsen Company - Retail Audit Data as for 3M to June 2023 )

**Overall, Del Monte retained market leadership across core categories.**

- Del Monte continues to enjoy strong market share leadership across its major categories, with notable increases in **Packaged Pineapple and Mixed Fruits** behind consumption-building efforts.
- **RTD Juice** share grew behind Juice Drinks, Canned Pineapple Juice and the re-entry of Fit 'm Right classic line.
- **Tomato Sauce** and **Spaghetti Sauce** maintained share.
- In drinkable yogurt category, **Mr. Milk** was affected by our multiple price increases and competitive activities. Volume and share recovery plans ongoing.

# Fresh – Market Shares





# Higher Loans in FY2023

**Debt level increased by US\$706m from April 2022 to April 2023 due to:**

	US\$ m
Additional loans from refinancing of DMFI's High Yield Notes	47.6
Preference Shares Redemption	100.0*
New Term Loan costs	13.4
Acquisition of Kitchen Basics	101.0
Increase in DMFI's Inventory	390.8

*\*The US\$200m Series A1 Preference Shares were already refinanced and captured in FY2022 debt level*

## **We are embarking on a strong debt reduction program:**

1. Through internally generated cash:

- ✓ Reduce high inventory levels from FY2023 by reducing the pack in the U.S.
- ✓ Expects to improve operating performance in FY2024 which should improve margins vs. 2H FY2023

2. Considering the issuance of appropriate equity instruments in order to increase capital

We expect debt level in FY2024 to go down to US\$2.1bn and expect to bring down net DER to below 3x in mid-term



# Dividend

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

	For the fiscal year ended 30 April	
	2022	2023
Name of dividend	Final Ordinary	Final Ordinary
Type of dividend	Cash	Cash
Rate of dividend	US\$0.0170 per ordinary share	US\$0.0013 per ordinary share
Tax rate	Nil	Nil
Payment date	27 July 2022	25 July 2023



# Outlook

- The global environment remains unstable with certain cost pressures and consumers becoming more cautious with their spending
- Remain vigilant in managing our 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 more focused innovation while increasing penetration in a number of high growth channels
- International sales growth is expected in Mexico, South America and Canada driven by the new resources dedicated to expanding distribution in these markets
- Planning to substantially increase our MD2 fresh pineapple production to support higher exports of these premium products
- Working capital improvements, especially inventory reduction, to generate more cash flow and strengthen the balance sheet with lower debt
- Barring unforeseen circumstances, the Group expects to generate higher net profit in FY2024
- The Group expects 1Q FY2024 to be adversely impacted by higher costs associated with prior year inventory and interest expense



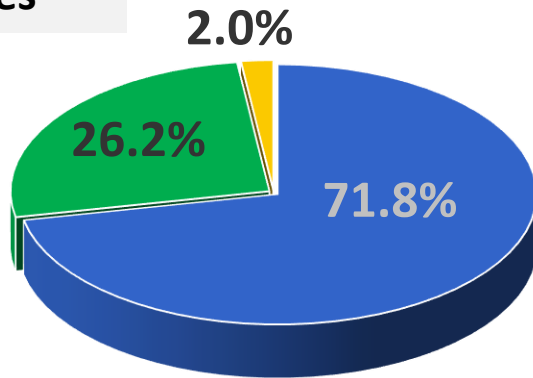
# Appendix



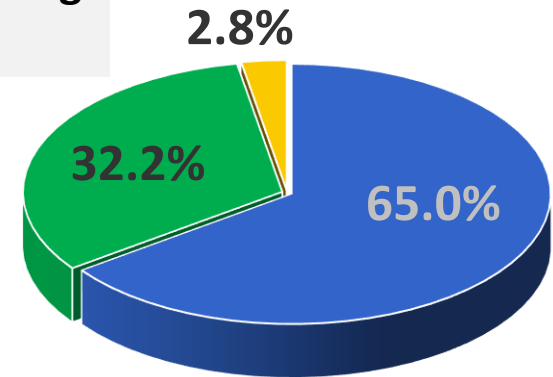


# FY2023 Turnover and Operating Profit Analysis

## Sales



## Operating Profit



- Americas
- Asia Pacific
- Europe

	Sales growth	Comments
Americas	+4.4%	<ul style="list-style-type: none"> <li>▪ Higher branded retail sales which grew by 8%. Branded retail accounted for 75% of DMFI's sales</li> <li>▪ Incremental sales of US\$35m from Kitchen Basics ready-to-use stock and broth business</li> <li>▪ Excluding the latter, Americas sales were up 3%</li> </ul>
Asia Pacific	-0.9%	<ul style="list-style-type: none"> <li>▪ Higher international markets sales offset by lower Philippines sales in USD terms</li> </ul>
Europe	+35.3%	<ul style="list-style-type: none"> <li>▪ Higher sales of packaged fruit, beverage and culinary</li> </ul>

# USA – Addressing Key Trends

**Reinventing Core Categories**

**Key Trend We are Addressing**

**Rise in Morning Snacking**

**Del Monte Approach**

**Bring consumers into the category with high value / on-trend options**

**Successful New Products**



**Expand into Premium Price Tiers**

**Filling White Space Between Private Label & High-Priced Organics**

**Give consumers organic options at more accessible price points from brands they know and trust**



**Addressing Consumer Needs with Speed**

**Consumers Seeking Value Through Multipacks**

**Nimble supply chain able to deliver multipacks across core products ahead of competitors**



**New products sales reached US\$134m or 7.6% of DMFI's sales**





# USA – Channel Diversification

...With a Massive Opportunity to Increase Distribution in Previously Underpenetrated Channels



<sup>1</sup>Calendar Year 2022

# Philippines – Innovation

Innovation now accounts for 6.5% of total Philippine Sales

Combined addressable market of these products is US\$3.5bn



## Del Monte Vinamilk Range

Flavor Range: *Fresh Milk;*  
*IQ Smart Chocolate, Vanilla, Strawberry;*  
*Yogurt Drink Strawberry, Mixed Fruit*



## Potato Crisp

Flavor Range: *Original, Spicy;*  
*New in FY2023: Cheese, BBQ, 20g*



## Mr. Milk

Flavor Range: *Plain, Apple, Strawberry, Mango;*  
*New in FY2023: Launched Orange in 2Q*



# International – Innovation

## Innovation now accounts for 13% of Total International Sales

Total sales potential of these products is US\$100m

### NICE FRUIT Frozen Snacks



Japan  
7-11  
Sticks



Middle East  
McDonald's  
Dubai, Qatar, KSA



Japan  
7-Eleven  
Chunks



Europe  
Lamex/KFC  
McDonald's



CANADA  
McDonald's  
Canada



US  
Del Monte  
Foods



Saudi Arabia  
Aroma  
Frio



Singapore  
Popeyes



China  
Family Mart,  
Parkinson's,  
Jialejia,  
Zhongbai



Hongkong  
U-Select  
Vango,  
Park N Shop  
Wellcome

### Not-from-Concentrate Juice

As ingredient in industrial & convenience store juices



### IQF Pineapple Chunks

Japan, China, USA

As ingredient for industrial, coffee and tea shops, convenience stores



### Deluxe Line





# Leverage

As of 30 April 2023			
Total Debt	US\$ 2.27bn	DMFI	US\$ 1.17bn
		DMPL ex-DMFI	US\$ 1.10bn
Loan mix by currency	86%* US\$	14%	Peso
Loan mix by tenor	56% short term	44%	long term
Loan mix by rate	87% floating	13%	fixed
Average interest rate for FY2023	Group 6.61%	DMFI	8.41%
		DMPL ex-DMFI	4.84%
Interest rate end July 2023	Group 7.79%	DMFI	8.98%
		DMPL ex-DMFI	6.53%

\*86% = 51% DMFI, 25% DMPL parent, 10% DMPI (DMPI's functional currency is Peso)