



# DEL MONTE PACIFIC

## 3Q FY2019 RESULTS

8 March 2019



NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY. ®





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- Sustainability
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## NOTES TO THE 3Q FY2019 RESULTS

- Third quarter is 1 November 2018 to 31 January 2019.
- DMPL's effective stake in DMFI is 89.4%, hence the non controlling interest line (NCI) in the P&L. Net income/(loss) is net of NCI.
- DMPL 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 for comparability.





## 3Q AND 9M FY2019 HIGHLIGHTS

- 3Q net income of US\$2.6m, reversing the loss of US\$38.4m in the prior year period, and a net income of US\$14.0m for 9M, a turnaround from the US\$40.4m loss in the prior year period
- 3Q sales of US\$529m, 6% lower than prior year quarter mainly due to lower sales in the USA, excluding the divested Sager Creek vegetable business, in line with strategy
- Gearing improved to 2.5x equity from 2.7x in the prior year period





# OUTLOOK

- Barring unforeseen circumstances, the Group is expected to be profitable in FY2019
- Major emphasis on responding to consumer trends through:
  - ✓ Strengthening the core business and innovating
    - Healthier options and new products (innovate outside the can)
    - Strategic investments in marketing in USA
  - ✓ Focusing on growing our branded business
    - Shifting to more branded consumer beverage in place of industrial pineapple juice concentrate (PJC)
    - Introducing more value-added, less commoditised foodservice products
- Improving financial performance through:
  - ✓ Review of manufacturing and distribution footprint in the USA to improve operational efficiency, further reduce costs and increase margins
  - ✓ Improving cash flow, strengthening the balance sheet, and reducing leverage and interest expense







## DMPL 3Q FY2019 GROUP RESULTS SUMMARY

- Sales of US\$528.7m, -12%

Sales	% Change
US	-15
Philippines	-10 (in peso terms -6)
S&W	+19
FieldFresh India (equity accounted)	-2 (in rupee terms +8)

All figures below without one-off items and vs prior year quarter:

- EBITDA of US\$40.6m, down 13% from US\$46.4m due to lower sales in USA, lower exports of processed pineapple, significantly reduced PJC prices and higher product costs that were partly offset by price increase in the Philippines and lower trade spend in the US
- Operating profit of US\$25.1m, down 10% from US\$28.0m
- Net profit of US\$3.0m, down 11% from net profit of US\$3.4m. The change in US tax rate to 21% from 35% had a negative impact of US\$1.8m



## DMPL 3Q FY2019 ONE-OFF EXPENSE/(INCOME)

In US\$ m	3Q FY18	3Q FY19	Booked under
Closure of Sager Creek, Arkansas plant	8.1	(0.7)	CGS
Closure of Plymouth, Indiana plant	(0.8)	0.8	G&A/Misc Expense
Severance	1.8	1.4	G&A Expense
Others	2.1	(0.8)	G&A/Interest Income
<b>Total one-off expense/(income) (pre-tax basis)</b>	<b>11.2</b>	<b>0.7</b>	
Write off of deferred tax assets (non-cash)*	39.8	-	
Tax impact	(4.3)	(0.2)	
Non-controlling interest	(4.9)	(0.1)	
<b>Total one-offs (net of tax and NCI)</b>	<b>41.8</b>	<b>0.5</b>	

\*The Group wrote off US\$39.8m of deferred tax assets at DMFI due to the change in Federal income tax rate from 35% to 21%. Other companies in the US with deferred tax assets had similar write-offs due to the reduction in income tax rates. However, this should be more than offset by the reduced tax rates in future years which will be substantial.



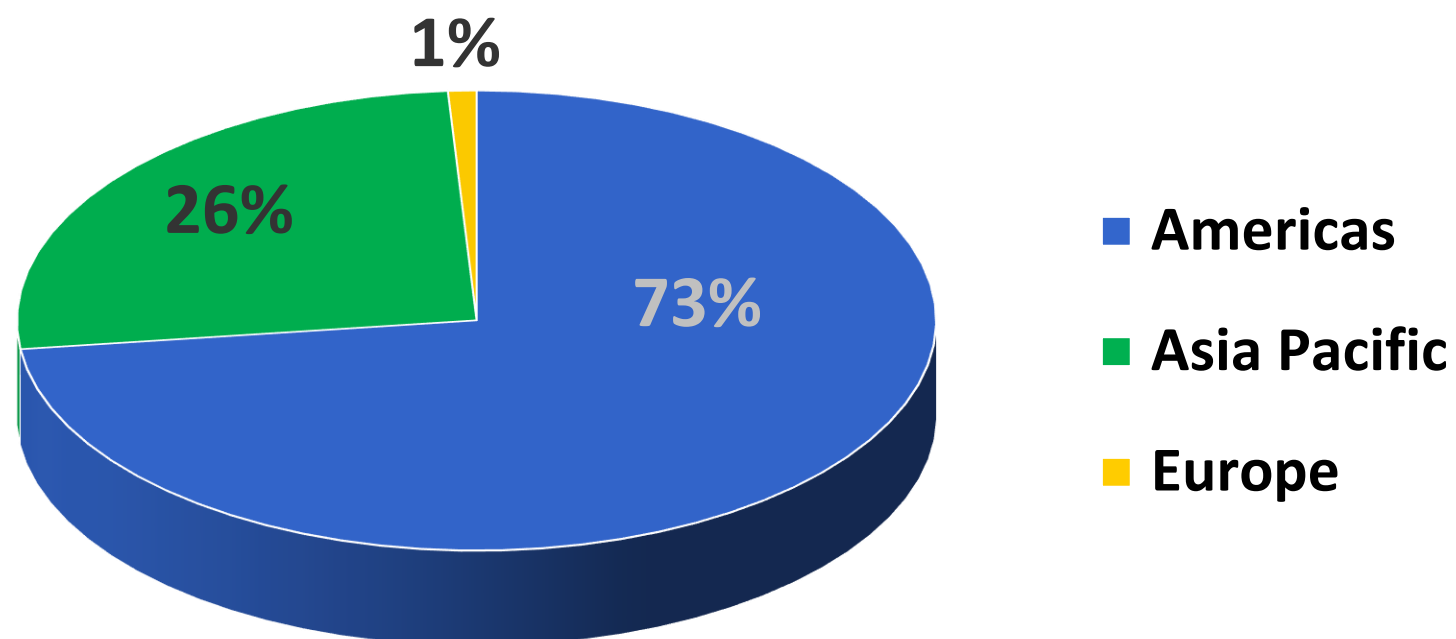


# DMPL 3Q FY2019 RESULTS – AS REPORTED

In US\$m	3Q FY2018	3Q FY2019	Chg (%)	Comments
<b>Turnover</b>	599.8	<b>528.7</b>	-11.8	Mainly due to the divested Sager business and lower USA sales. Excluding Sager, sales down 6%
<b>Gross profit</b>	119.1	<b>116.6</b>	-2.1	Lower sales, significantly reduced PJC prices and higher product costs that were partly offset by price increase in the Philippines and lower trade spend in the US
<b>EBITDA</b>	35.2	<b>39.7</b>	+13.0	Lower one-off expenses of US\$0.7m versus US\$11.2m in the prior year period
<b>Operating profit</b>	16.7	<b>24.2</b>	+44.9	Same as EBITDA comment
<b>Net finance expense</b>	(25.3)	<b>(25.6)</b>	+1.0	Higher net forex loss
<b>FieldFresh equity share</b>	0.1	<b>0.01</b>	nm	Commodity headwinds and devaluation of the Indian rupee
<b>Tax benefit/(expense)</b>	(36.1)	<b>2.1</b>	+105.8	Due to write-off of non-cash deferred tax assets in DMFI last year
<b>Net profit/(loss)</b>	(38.4)	<b>2.6</b>	+106.7	Last year included a write off of US\$39.8m for DTA
<b>Net debt</b>	1,605.1	<b>1,531.4</b>	-4.6	Lower DMFI inventory, US\$100m Preference Share issuance and purchase of DMFI's loans in 4Q FY18 and 1Q FY19
<b>Gearing (%)</b>	266.9	<b>251.4</b>	-15.5ppts	Same as above



# DMPL 3Q FY2019 TURNOVER ANALYSIS



Americas	-14.7%	<ul style="list-style-type: none"> <li>▪ In line with strategy, divested the Sager business and reduced private label sales in retail channel</li> <li>▪ Lower volume across categories as well as unfavourable impact of lower pricing in foodservice for PJC</li> </ul>
Asia Pacific	-1.2%	<ul style="list-style-type: none"> <li>▪ Philippines sales were lower mainly in the general trade and mixed fruit category as it addresses operational issues in that channel. Foodservice continued to grow</li> <li>▪ Higher S&amp;W sales due to strong sales of fresh pineapple, which offset lower packaged sales</li> </ul>
Europe	-34.6%	<ul style="list-style-type: none"> <li>▪ Lower canned pineapple and PJC pricing</li> </ul>





## DMPL 9M FY2019 GROUP RESULTS SUMMARY

- Sales of US\$1.5bn, -10%

Sales	% Change
US	-13
Philippines	-8 (in peso terms -3)
S&W	+5
FieldFresh India (equity accounted)	+2 (in rupee terms +10)

All figures below without one-off items and vs prior year period:

- EBITDA of US\$112.8m, down 14% from US\$131.4m due to lower sales in USA, lower exports of processed pineapple, significantly reduced PJC prices and higher product costs that were partly offset by price increase in the Philippines and lower trade spend in the US
- Operating profit of US\$64.2m, down 14% from US\$74.7m
- Net profit of US\$6.6m, down 56% from net profit of US\$14.9m. The change in US tax rate to 21% from 35% had a negative impact of US\$6.6m



## DMPL 9M FY2019 ONE-OFF EXPENSE/(INCOME)

In US\$ m	9M FY18	9M FY19	Booked under
Closure of Sager Creek, Arkansas plant	14.6	6.6	CGS
Closure of Plymouth, Indiana plant	13.3	(0.1)	G&A/Misc Income
Seed operations	-	(1.1)	Misc Income
Severance	3.1	3.2	G&A Expense
Gain due to the purchase of DMFI's 2nd lien loan at a discount to par value	-	(16.3)	Interest Income
Others	4.7	(0.7)	G&A
<b>Total one-off expense/(income) (pre-tax basis)</b>	<b>35.7</b>	<b>(8.4)</b>	
Write off of deferred tax assets (non-cash)*	39.8	-	
Tax impact	(13.6)	1.6	
Non-controlling interest	(6.5)	(0.6)	
<b>Total one-offs (net of tax and NCI)</b>	<b>55.4</b>	<b>(7.4)</b>	

\*The Group wrote off US\$39.8m of deferred tax assets at DMFI due to the change in Federal income tax rate from 35% to 21%. Other companies in the US with deferred tax assets had similar write-offs due to the reduction in income tax rates. However, this should be more than offset by the reduced tax rates in future years which will be substantial.



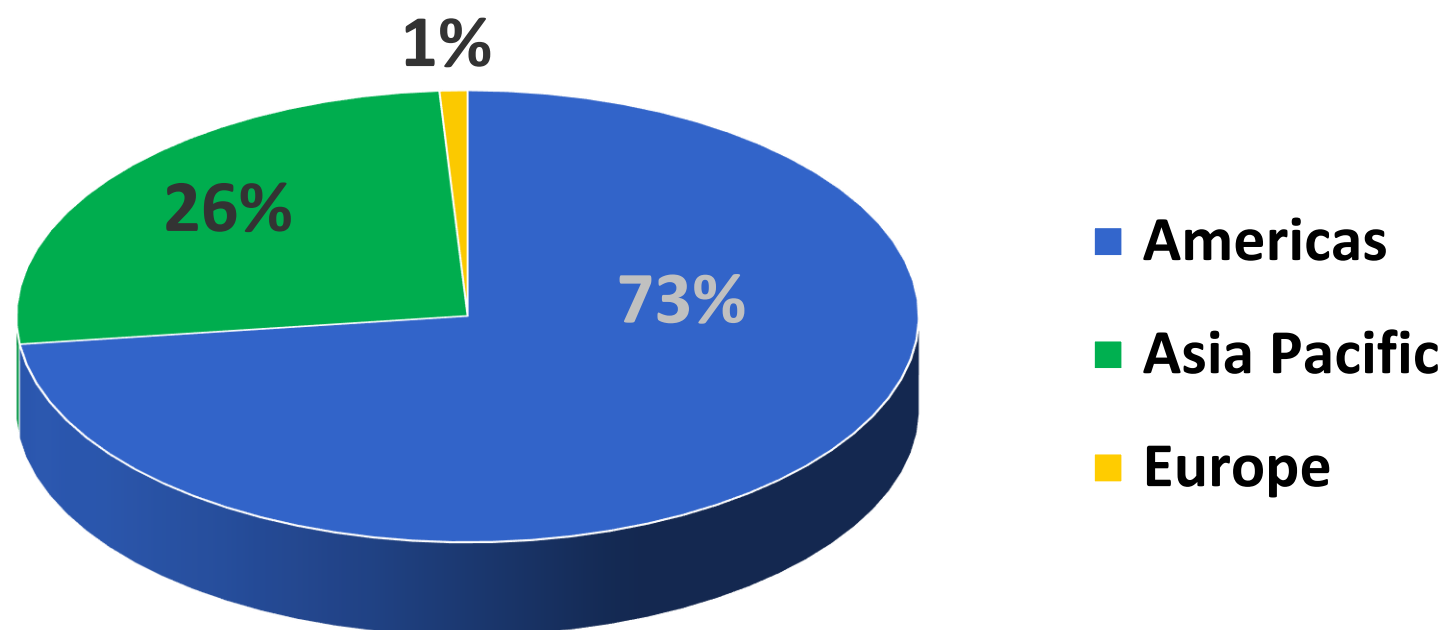


# DMPL 9M FY2019 RESULTS – AS REPORTED

In US\$m	9M FY2018	9M FY2019	Chg (%)	Comments
<b>Turnover</b>	1,698.3	<b>1,522.2</b>	-10.4	Mainly due to lower USA sales and the divested Sager business. Excluding Sager, sales down 6%
<b>Gross profit</b>	345.4	<b>313.4</b>	-9.3	Lower sales, significantly reduced PJC prices and higher product costs that were partly offset by price increase in the Philippines and lower trade spend in the US
<b>EBITDA</b>	95.7	<b>104.9</b>	+9.6	Lower one-off expenses; higher S&W fresh pineapple EBITDA
<b>Operating profit</b>	39.0	<b>56.2</b>	+44.3	Same as EBITDA comment
<b>Net finance expense</b>	(73.9)	<b>(54.1)</b>	-26.8	Lower level of borrowings due to lower DMFI inventory and purchase of DMFI loans
<b>FieldFresh equity share</b>	(0.4)	<b>0.2</b>	+141.0	Improved Del Monte packaged product sales
<b>Tax benefit/(expense)</b>	(15.3)	<b>6.1</b>	+139.6	Due to write-off of non-cash deferred tax assets in DMFI last year
<b>Net profit/(loss)</b>	(40.4)	<b>14.0</b>	+134.7	Last year included a write off of US\$39.8m for DTA
<b>Net debt</b>	1,605.1	<b>1,531.4</b>	-4.6	Lower DMFI inventory, US\$100m Preference Share issuance and purchase of DMFI's loans in 4Q FY18 and 1Q FY19
<b>Gearing (%)</b>	266.9	<b>251.4</b>	-15.5ppts	Same as above



# 9M FY2019 TURNOVER ANALYSIS



Americas	-12.6%	<ul style="list-style-type: none"> <li>▪ In line with strategy, divested Sager vegetable business and reduced private label sales in retail channel</li> <li>▪ Lower volume of retail branded products due to promotion reduction and distribution losses</li> </ul>
Asia Pacific	-3.6%	<ul style="list-style-type: none"> <li>▪ Philippines sales were lower mainly in the general trade and mixed fruit category as it addresses operational issues and distribution transition in that channel. Modern trade and foodservice continued to grow</li> <li>▪ Higher S&amp;W sales due to strong sales of fresh pineapple, which offset lower packaged sales</li> </ul>
Europe	-6.7%	<ul style="list-style-type: none"> <li>▪ Lower canned pineapple and PJC pricing</li> </ul>





# Market Updates for 3Q FY2019



# DEL MONTE FOODS GROWTH STRATEGY



## A CLEAR AND FOCUSED PATH FORWARD...

### Building Relevance

Differentiating our brands and products to drive customer and consumer preference

- Investing to communicate our points of difference
- Improving our taste, health, and wellness across portfolio
- Pursuing new more contemporary packaging solutions

### Driving Innovation

Addressing consumer needs, shifts in eating behaviors, and evolving demographics

- Reaching new younger consumer targets
- Extending plant based into new usage: Healthy snacking, morning & dinner meals
- Entering attractive adjacencies for Del Monte and Contadina

### Expanding Distribution

Extend our reach into growing sales channels and new grocery store aisles

- Expanding Center of Store Leadership
- Establishing long-term growth plans in Latin America, Foodservice, Convenience, Deli, and Produce.
- Ramping up DM Fresh Joint Venture activity

### Optimizing Organization

Building org model and cost structure which enables agility and fuels growth

- Rationalizing non-strategic businesses and focusing on brand
- Realigning our manufacturing and supply chain footprint
- Driving efficiencies in global sourcing and procurement





# USA

**31%**

**Market Share (#1)**  
Canned Vegetable

**38%**

**Market Share (#1)**  
Canned Fruit

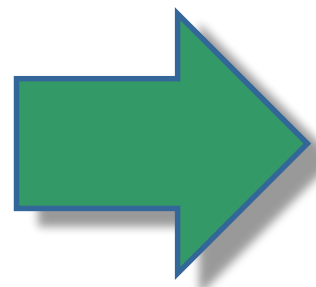
**31%**

**Market Share (#2)**  
Fruit Cup Snacks

**8%**

**Market Share (#2)**  
Canned Tomato

- Maintained share leadership across core categories
- Innovation continues to drive growth behind new Fruit & Oats and Bone Broth products
- Business fundamentals remain on solid ground with strong shelving, new innovation, and sustained marketing investments
- Continued to develop foodservice and e-commerce channels
  - ✓ Double-digit e-commerce sales growth driven by retailers' expansion of their click & collect / in-store pick-up platforms, ramp up in Amazon sales, marketing investment across strategic accounts and DMFI's adult fruit cup innovation



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



## From macro-trends => behavioural shifts => innovation



**Rooted in these macro-trends are 3 key behavioural shifts, that are indicators of both risk and opportunity:**

How We Eat => **Snacking**

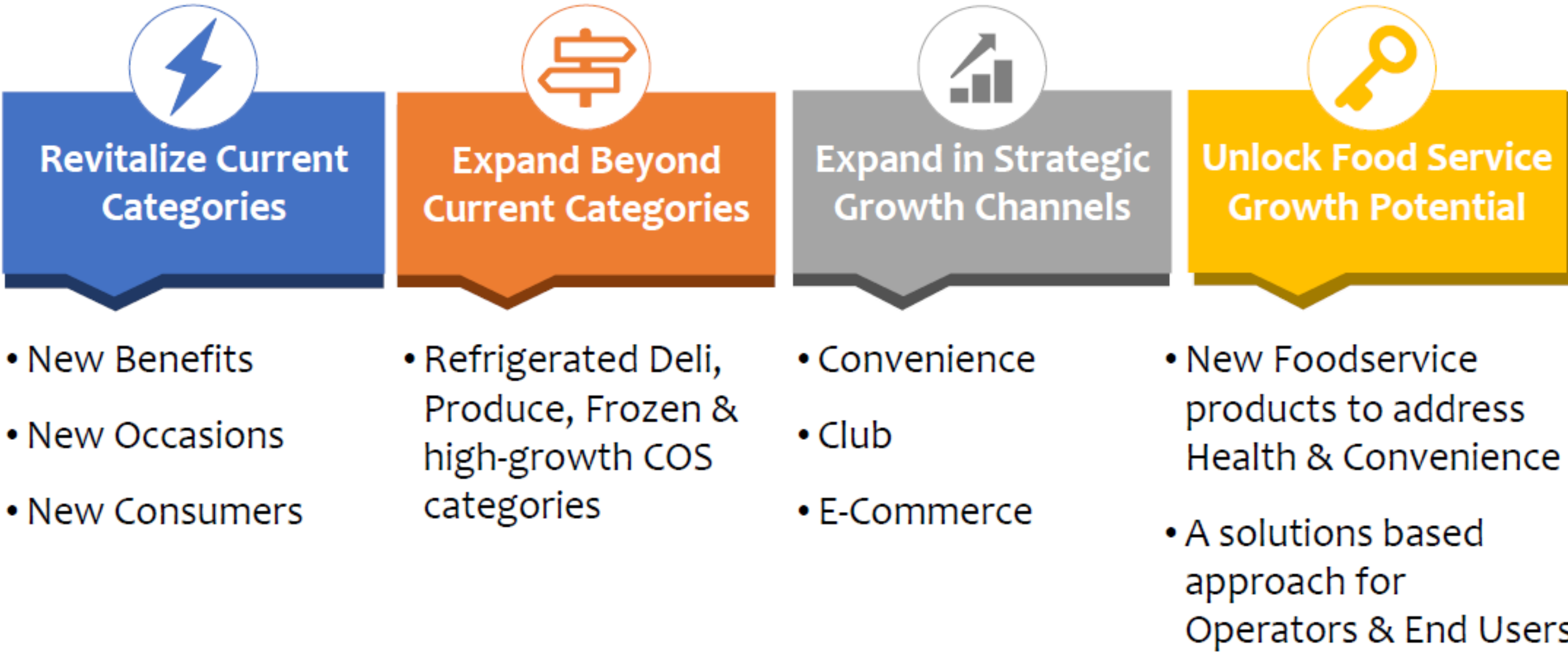
Quality of Food => **Fresh, Healthy, Plant-forward Eating**

Quality of Food & Premiumisation => **Transparency and Sustainability**



# DEL MONTE FOODS NEW INNOVATION GOAL

## BECOME LEADER IN PLANT BASED INNOVATION







# DEL MONTE FOODS USA

DMFI's 3Q sales down 15% to US\$386.2m

- Stripping out the Sager Creek business which was divested in September 2017, DMFI sales were down 6%
- Lower volume across categories most significantly branded tomatoes, fruits and private label sales; Lower pricing in foodservice for PJC
- Majority of the decline in sales was in line with DMFI's strategy
- Del Monte Fruit & Oats won Product of the Year for the Breakfast Category

DMFI EBITDA improved versus the prior year quarter

## Upcoming New Products

- Consumers can expect further innovation from the brand as Del Monte continues to diversify beyond the canned goods aisle
- 4 innovative products in adjacent categories – the refrigerated produce and frozen sections
  - *Del Monte Citrus Bowls*, grapefruit and citrus salad in 100% juice with longer shelf life than fresh cut fruit; launched in February in the refrigerated produce section
  - *Del Monte Fruit Crunch Parfaits* feature layers of non-dairy coconut crème, crunchy granola, and a full serving of fruit; to begin shipping in end-April
  - For the frozen segment, *Del Monte Veggieful Bites* and
  - *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with a full serving of vegetable in five bites. These items are being accepted by retailers across the US and will begin shipping in end-April





# USA - INNOVATION

## Fruit & Oats

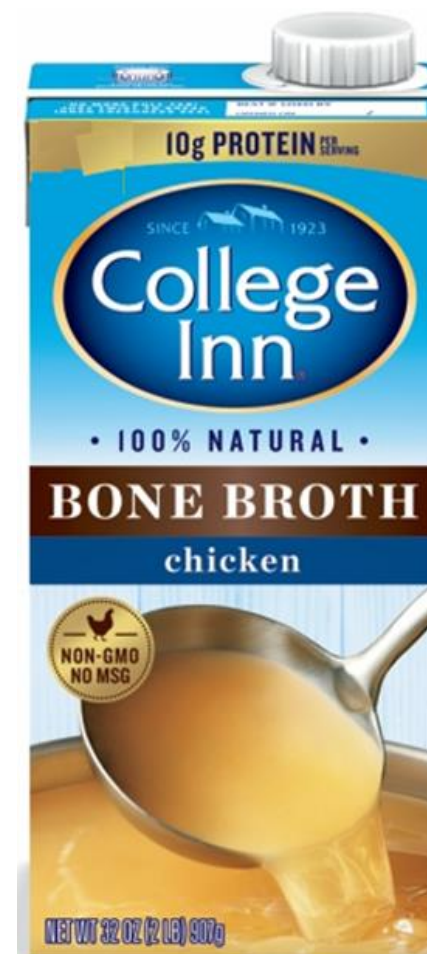


- Del Monte Fruit & Oats Best New *Product of the Year* for Breakfast Category!

## Woman's Day Newsletter



## College Inn Bone Broth



- College Inn is off to a strong start:
- Now **5%** share of the Bone Broth segment, **passing Swanson**
  - **Strongest Bone Broth velocities in the category**, surpassing Pacific the current leader.





# USA - RETAIL MARKETING HIGHLIGHTS

## Del Monte Growers of Good



TV/OLV



FSI/In-store Shelf Sign

- Continuance of Growers of Good Master brand Campaign TV, Digital & Social
- Holiday Green Bean Casserole Partnership across top customers supported with display

## 100% Juice Fruit Cup® Snacks

Print



FSI



Social



Digital



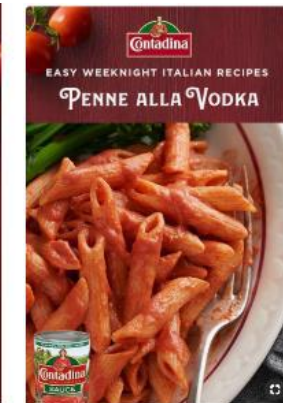
- Launch of Fruit Cup 100% juice with support across Print, Digital, FSI, Social
- Fruit & Oats with marketing support across Print, Social, FSI, Shopper & Digital

## Contadina

Print



Pinterest



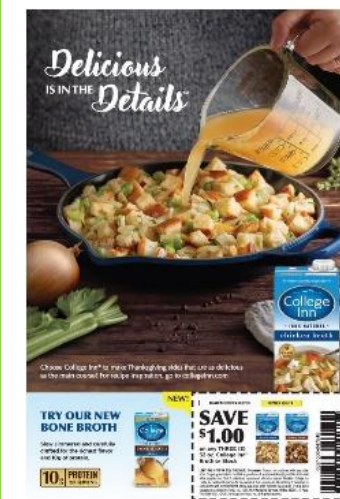
Digital



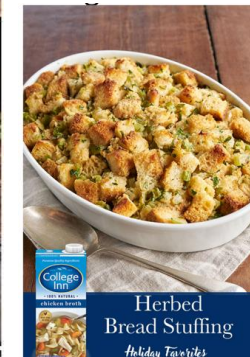
- Relaunch, new campaign
- Print, Digital, Social, In-store

## College Inn

FSI



Pinterest



Digital



- Holiday FSI, Digital, TV, Pinterest, Pallet Displays





# USA – FOODSERVICE HIGHLIGHTS

## Vending Channel Realignment



- Vending channel sales have now been realigned for management by our Foodservice Regional Sales Managers. This channel was previously managed in conjunction with our Food Ingredient sales.
- Vending business has evolved beyond actual vending machines, into self-service and micro-mart alternatives. This realignment will extend the reach of our Sales team into this undertapped channel.

## Segmentation Focus



- Foodservice Sales teams are focusing efforts and Broker attention on key channels where we have strongest opportunity to succeed: College and University (C&U), Healthcare, and Lodging channels.
- Del Monte product benefits (branded quality, healthy ingredients, labour solutions) resonate most with the needs of these channels, and these operators are drawn to our new innovation items.

## Aramark C&U



- New placement of Adult Fruit Cup Singles with Aramark's college and university division will provide 12 facings of our products in grab-and-go coolers.
- Initial shipment will place all six of our single-serve products into approximately 500 convenience locations in college and university locations across the US.
- Provides expansion pathway for innovation within grab-and-go



# PHILIPPINES

**84%**

**Market Share (#1)**  
Packaged Pineapple

**67%**

**Market Share (#1)**  
Canned Mixed Fruit

**83%**

**Market Share (#1)**  
Canned and Carton Juices

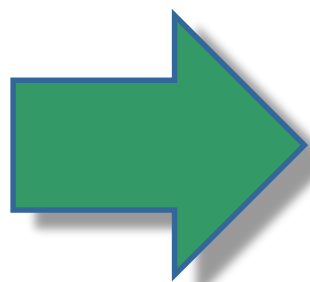
**83%**

**Market Share (#1)**  
Tomato Sauce

**38%**

**Market Share (#1)**  
Spaghetti Sauce

- Del Monte is the market leader across several categories
- Modern trade and foodservice are growing: Del Monte is strong in modern trade, generating about 30% of sales, while foodservice accounts for about 20% of Philippine sales
- E-commerce and digital are growing



**To drive growth, continue to build new categories, channels and markets to ensure future competitiveness and growth**

*Source for market shares: Nielsen Retail Index as of 3 months to December 2018; 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

- 3Q sales were down 6% in peso terms but down 10% in US dollar terms due to peso depreciation
- Down mainly in the general trade and mixed fruits category as we continue to address operational issues in that channel
- Foodservice continued to grow



## How are we strengthening the General Trade?

- 1 Develop the distributor core processes (policies, ways of working) and implement a clear-cut expectations on Service Level Agreement to instill excellence in execution
- 2 Develop a scalable business model framework to have effective coverage while managing cost-to-serve and track performance
- 3 Assess current distributors' performance and apply a rigid selection process for new partners
- 4 Transform to high performing team through mentoring, standard cadence, clear measures of productivity and recognition scheme to improve collaboration





# PHILIPPINE MARKET – FRUITS, CULINARY & BEVERAGE

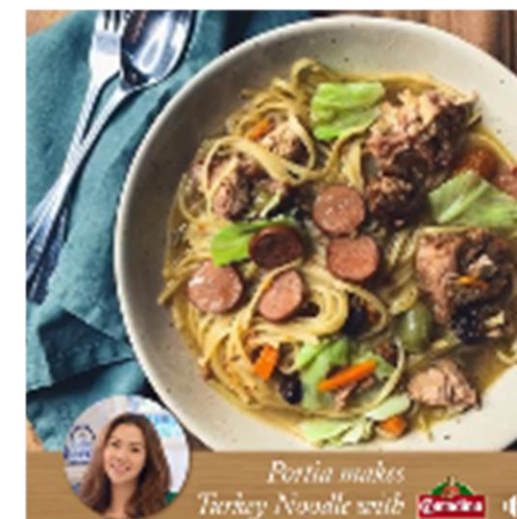
- ✓ Online recipe for Fruits during the holiday season



- ✓ SpagSarap Squad sampling activation of the 5 delicious spaghetti sauce variants in malls



- ✓ Contadina's active collaboration with culinary schools & online culinary experts



- ✓ Peak season gifting & Christmas recipe push



- ✓ Continuous TVC airing to drive consumption for Del Monte core brands – 100% Pineapple Juice, Fit 'n Right and Juice Drinks



- ✓ Sustained aggressive digital Ads







# PHILIPPINE MARKET – QUICK-SERVICE RESTAURANTS

- ✓ Optimise growth opportunities behind dispenser juice expansion and meal tie-ups with major QSR chains



- ✓ Expand portfolio range via menu ideations with strategic QSR clients



## Grow & Expand

## Menu-Inclusion Mapping

Jollibee Group  
McDonald's  
Bonchon  
Kenny Rogers



MOST CONSUMED IN QSRs	FRIES	CHICKEN	BURGER	PASTA	PIZZA
WHAT WE HAVE NOW	Ketchup		Pineapple Slice	Pasta, Pasta Sauce	Tidbits, Pizza/Tom Sauce
OPPORTUNITIES	Fries Dips Flavouring	Gravy Breading Nuggets Sauces	Mayonnaise/ Dressings	Customised Sauces	Hotsauce Customised Sauces

Strong double-digit growth





# PHILIPPINE MARKET – CONVENIENCE STORES

7-Eleven  
Family Mart  
Lawson  
Others



Strong  
double-digit  
growth

✓ Drive aggressive growth in convenience stores (CVS) by increasing market share and share-of-wallet with high-impact activations in 5 consumption zones

Awareness/  
Consumption Builders  
“Increase transaction size”

Frequency/  
Incidence Builders  
“Make them buy more”

Traffic Building Programmes  
“Get the people into the store”

MEALS ZONE	CHILLED ZONE	GRAB 'n GO ZONE	TOP UP ZONE	IMPULSE ZONE/ SEASONAL TREATS
<p><b>Combo Meals / Upsize</b></p> <p><b>Menu Activation</b></p> <p><b>Merchandising</b></p>	<p><b>Space-Grab Program</b></p> <p><b>Cross-merch in food chiller</b></p>	<p><b>Fast Solution Center</b> Tie-up with snacks players</p> <p><b>Counter-top chiller</b></p>	<p><b>Multi-serve rack</b> Capture take home occasion</p> <p><b>Quick refill cooking packs</b> Side by side with multi-serve packs to capture take home occasion</p>	<p><b>Limited Time Offers</b> For excitement &amp; News</p> <p><b>Condiments Activation</b></p>





# PHILIPPINE MARKET – CONVENIENCE STORES

- ✓ Drive dispenser juice and condiments sachet expansion to grab opportunities from CVS as emerging channel for ready-to-eat (RTE) meals amongst young, urban professionals



- ✓ Expand portfolio range via RTE recipe ideations with CVS commissaries



## Grow & Expand Menu-Inclusion Mapping

	 RICE MEALS	 SIOPAO	 HOTDOG	 COMMISSARIES
MOST CONSUMED IN CVS				
WHAT WE HAVE NOW	BBQ Marinade, Tomato Sauce		Ketchup	
OPPORTUNITIES	Single Use condiments (vinegar)	Siopao Sauce	Dressing Mustard	Other relevant institutional packs





# PHILIPPINE MARKET – FY2019 RECOGNITIONS

- ✓ One of only 3 food & beverage companies in the Campaigns Asia Top 20 Brands in the Philippines

1	2	3	4	5
SAMSUNG	Apple	Nestlé	SONY	LG
6	7	8	9	10
Google	Panasonic	NIKE	Computer	Dove
11	12	13	14	15
LAZADA	STARBUCKS	Coca-Cola	Canon	adidas
16	17	18	19	20
Del Monte	BDO	BPI	Grob	UBER

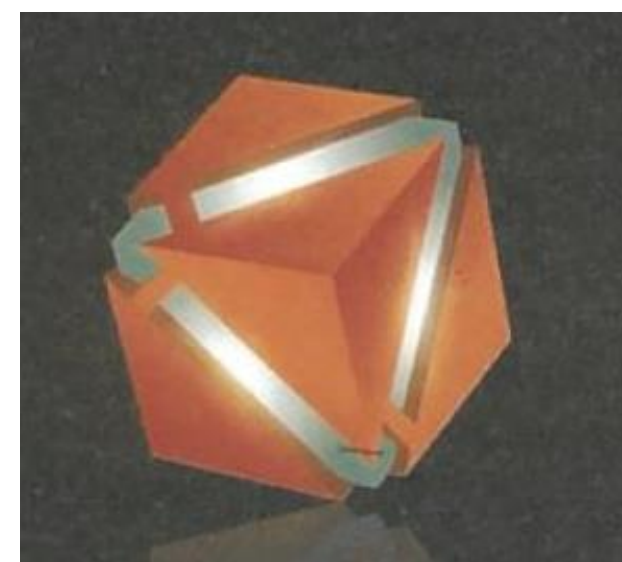
- ✓ Won Gold in the Philstar Packaging Excellence Awards for Clear Can Packaging Innovation
- ✓ In contention for Asia Star Awards

- ✓ PANAta Awards for Excellence in Marketing Innovation (Silver), Excellence in Brand Positioning (Bronze)



**Prix d'Excellence**

A limited number of award recipients will be further categorized under the Prix d'Excellence category; which is the highest achievement under the International Innovation Awards. Direct submission for the Prix d'Excellence is not possible, as the honorees are selected among recipients of the International Innovation Awards. In years where no submission is deemed to have achieved the level of Prix d'Excellence, no such award category shall be awarded.



The InnoCube™ is a symbol of continuous innovation. Measuring a perfect 10x10 (cm), the six "I"s connected edge to edge portray the snowballing effect of an innovation to another innovation: enhancing and taking it one step forward, hence making the impossible, possible!

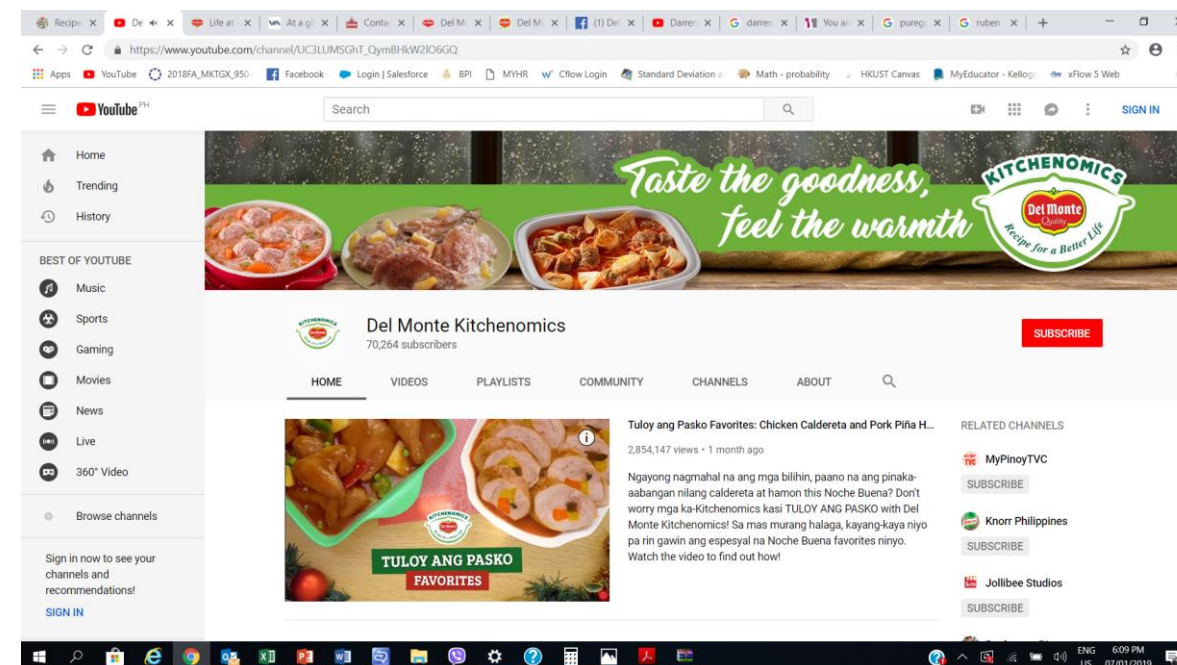






# PHILIPPINE MARKET – DEL MONTE KITCHENOMICS

3+ million strong community on Facebook, one recipe per day post



Recipe videos housed on YouTube;  
 Recipe database in consumer site:  
[www.lifegetsbetter.ph](http://www.lifegetsbetter.ph)

One of the highest, branded cooking segments on TV in one of the country's biggest networks.







# PHILIPPINE MARKET – INFLATION BUSTERS!

Continue to drive consumption in high-inflationary competitive landscape via:

- ✓ Relevant value messaging meant to sustain relevance
- ✓ Supported by discounted multi-packs in-trade that drive pantry-loading and system-usage

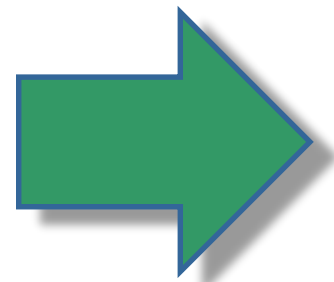






# S&W ASIA

- Consumers moving towards less processed and more natural food: S&W expanding sales of S&W Sweet 16 fresh pineapple
- E-commerce and digital are growing with North Asia having the largest share of E-commerce pie: S&W is actively developing this channel



To drive growth, realise S&W's full potential in fresh pineapple and other products, channels, and build S&W's brand equity in key markets





# S&W ASIA

- Sales of the S&W business improved by 19% in 3Q due to strong sales of fresh pineapple in North Asia
- Offset decline in packaged products
- S&W business delivered a much higher operating margin, up 6 ppts, due to better sales mix

## S&W Pineapple Juice in carton now available on Tmall.com of Alibaba



## Creation of S&W's WeChat account to engage with consumers/followers in China







# S&W SINGAPORE

Chinese New Year promotion of S&W 100% Pineapple Juice in 4S Pack (ad feature in Cheers CNY catalogue). Single can format is also available for sale in the chillers.







# S&W PARTNERSHIPS

## China



Co-branding with China's No. 1 Fresh player; Our fresh pineapples are Top 2 in China



## Japan

Co-branding with *Farmind*, Japan's leading Fresh player



## France



## South Korea

Partnered with CJ Freshway, South Korea's biggest foodservice player and Wonil, largest Fresh Cut player



Co-branding with  France's leading fruit processor. These Clear Cans won a Product Innovation Award in LSA, France's most widely read retail distribution magazine. Our processed pineapples are Top 3 in France





# NICE FRUIT

- Individually-wrapped frozen “Pineapple Stick” sold about 4 million pieces from June 2018 to February 2019 in 7-Eleven Japan outlets
- Average sales record of about 300,000 pieces per week for the first 3 weeks from launching
- Launched frozen “Golden Pineapple” chunks pack







# NICE FRUIT



- Selling soon in:
  - St. Mamet, France
  - Migros, Switzerland
  - Other markets in Europe
  - Saudi Arabia
  - Qatar
  - China
  - Hong Kong
  - Singapore

Fairprice Singapore



Europe and Middle East



China and Hong Kong







## FIELDFRESH INDIA

- FieldFresh sales were up 8% in 3Q due to higher Del Monte packaged product sales
- DMPL's share of profit was US\$0.01m, lower than prior year quarter's US\$0.1m due to commodity headwinds and devaluation of the Indian rupee

**With the onset of winter, the emphasis this quarter was on extensive, cross category, consumer sampling drive in our top 3 cities – Delhi, Mumbai, Bangalore**



# 6

Categories sampled: Olives, Olive Oil, Pasta, Emulsion and Dried Fruits

# 500+

Outlets Covered both General Trade and Modern Trade

# 250,000

People reached





# INDIA – SAMPLING IN OUR HEAD OFFICE

## Gourmet Sauces – Launch Activity



## Trail mix sampling







# SUSTAINABILITY

- Del Monte Pacific's maiden Sustainability Report, published in Oct 2018, was shortlisted by the Asia Sustainability Reporting Awards as "Asia's Best First Time Sustainability Report" amongst eight companies listed in Singapore, Malaysia, Indonesia and India
- Published DMFI's 2018 Sustainability Report
- DMFI joined the Sustainable Packaging Coalition
- DMFI uses HOW2RECYCLE labels
- DMPI implemented a Power Efficiency Programme, including renewable energy
- DMPI Research developed a new design for the water treatment that saves water usage and improve mould control







## IMPROVED BALANCE SHEET AND CASH FLOW

- Committed to improve cash flow, reduce debt and interest expense
- Raised US\$300m from two Preference Share tranches in April and December 2017 to repay loans
- In 4Q FY2018 and 1Q FY2019, DMPL purchased US\$225m out of the total US\$260m second lien loans of DMFI at a discount in the secondary market. This is the highest interest-bearing loan of the Group at 10.15% p.a., and will save DMPL >US\$10m of interest payments in FY2019
- Reduced gearing to 2.5x equity as of 31 January 2019, from 2.7x in the prior year quarter





# OUTLOOK

- Barring unforeseen circumstances, the Group is expected to be profitable in FY2019
- Major emphasis on responding to consumer trends through:
  - ✓ Strengthening the core business and innovating
    - Healthier options and new products (innovate outside the can)
    - Strategic investments in marketing in USA
  - ✓ Focusing on growing our branded business
    - Shifting to more branded consumer beverage in place of industrial pineapple juice concentrate
    - Introducing more value-added, less commoditised foodservice products
- Improving financial performance through:
  - ✓ Review of manufacturing and distribution footprint in the USA to improve operational efficiency, further reduce costs and increase margins
  - ✓ Improving cash flow, strengthening the balance sheet, and reducing leverage and interest expense

