DEL MONTE PACIFIC LIMITED

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**SGX-ST/PSE/MEDIA RELEASE:** (unaudited results for the fourth quarter ending 30 April 2017)

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# Del Monte Pacific's fourth quarter recurring net income increased by 16% to US$17.2m

## Highlights

- **4Q recurring net income improved to US$17.2m from US$14.7m**
- **Revenue grew 4% to US$545m on higher USA and Asia sales**
- **Gross margin increased to 23.3% from 21.9% on cost improvements**
- **FY2017 recurring net income improved to US$45.5m from US$25.2m**
- **Preference Shares issue successfully completed and US$200m loan repaid**
- **Final dividend of US$0.0061 per share representing 50% of FY2017 net profit**

**Singapore/Manila, 29 June 2017 –** Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited ("DMPL" or the "Group"; Bloomberg: DELM SP, DMPL PM) reported today its fourth quarter FY2017 results ending April.

The Group achieved fourth quarter sales of US$545.2 million, 4% better than prior year period with higher sales in both the United States and Asia.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI), contributed US$401.7 million or 74% of Group sales. Sales increased by 1.5% versus the same period last year on higher volume across retail and foodservice channels. Sales of packaged vegetable and fruit grew, driven by strong Easter merchandising events and enhanced marketing plans. Growth in volume was partly offset by unfavourable pricing in USDA and foodservice. DMFI continued to increase its market share in several key categories in retail, i.e. canned vegetable, canned fruit and fruit in cups, despite an industry contraction.

Sales in the Philippine market were softer in the fourth quarter while the Group continues to maintain a healthy market share across the majority of its key categories. The Company's thrust on innovation continued with its entry into the isotonic drink segment, a new category. *Del Monte Fit 'n Right Active* is the first 2-in-1 isotonic drink with electrolytes for rehydration and L-Carnitine for fat reduction. The Group's foodservice sales continued to do well.

Sales of the S&W branded business in Asia and the Middle East continued its strong performance achieving double digit growth, driven by both the fresh and packaged segments. Sales grew significantly in North Asia as S&W expanded its fresh fruit distribution in China and raised brand awareness through in-store sampling. It also launched its key packaged products in JD.com with a view to expanding in other e-commerce channels. Sales also increased from strong sales of canned fruit to North Asia supported by wider distribution, higher shipment to Indonesia and improved juice sales to Israel.

The Group's gross margin for the fourth quarter increased to 23.3% from 21.9% in the same period last year due mainly to cost improvements at DMFI.

The Group generated an EBITDA of US$53.5 million which included US$6.0 million one-off expenses from planned restructuring initiatives. This was 35% lower than last year's EBITDA of US$82.7 million which had included a US$15.2 million one-off net gain from a favourable working capital adjustment with seller. Without these one-off items, the Group's recurring EBITDA would have been US$59.5 million, 12% lower versus prior year quarter's recurring EBITDA of US$67.6 million due to lower EBITDA at DMFI. For more information on the one-off items, please refer to the last page of the MD&A.

The Group generated a net income of US$2.9 million, lower than prior year period's net income of US$23.2 million. Without the one-off items, the Group delivered a recurring net income of US$17.2 million, higher than last year's recurring net income of US$14.8 million.

"We continue to execute our strategy based on innovation and differentiation which is supported by strong merchandising and targeted marketing. This helped to deliver higher sales and increased market share in key categories in the United States. Investments in new products and brand building will continue to be made in response to consumer demands and to secure a long term growing and profitable business. As a result, profitability in the US is likely to be impacted," said Joselito D Campos, Jr, Managing Director and CEO of DMPL.

He added, “Our business in Asia sustained its strong momentum in the fourth quarter driven by S&W’s significant growth in North Asia and higher foodservice sales in the Philippines. We entered the e-commerce channel in China through JD.com, while continuously optimising opportunities in other channels and markets. To support our expansion in Asia, we recently set up an office in Tokyo and will be opening offices in Shanghai and Seoul next.”

For the full year of FY2017, the Group generated sales of US$2.3 billion, marginally lower by 0.9% versus FY2016 on lower US sales partly offset by robust sales in Asia. Sales in the Philippines were higher for the full year driven by an expanded user base and household penetration, while S&W in Asia improved with better distribution and expansion through partnership and other initiatives.

The Group achieved a full year net income of US$24.4 million which included one-off expenses of US$21.1 million from severance, closure of the Group’s North Carolina plant and a deferred tax write-off. This was lower than the past year’s US$57.0 million which had included a net one-time gain of US$31.7 million from DMFI’s retirement plan amendment and working capital adjustment with the previous owner of DMFI.

Excluding these one-off items, the Group’s FY2017 recurring net income would have been US$45.5 million, a significant improvement from the prior year’s US$25.2 million due to the strong performance of the Asian business.

In April this year, the Company successfully completed the offering and listing of its Preference Shares in the Philippines generating approximately US$200 million in proceeds. The Company used the net proceeds to partly refinance the US$350 million loan from BDO Unibank, Inc which was extended in February 2017 for two years. The Group’s leverage ratio was reduced to 290% from 477% last year.

Under the Company’s Articles of Association and the terms of the Preference Shares, the Company may declare and pay dividends on Common Shares provided there are adequate and available funds for dividends on Preference Shares which have priority over Common Shares. Subject to the foregoing, the Board approved a final dividend of US$0.0061 per share representing 50% of FY2017 net profit.

Barring unforeseen circumstances, the Group expects to be profitable for FY2018.

The Group also recently announced a series of new joint ventures with Fresh Del Monte Produce Inc. (NYSE: FDP) that will result in expanded refrigerated offerings sold across all distribution and sales channels, and a new retail food and beverage concept modeled after an already successful Fresh Del Monte Produce business in the Middle East. These joint ventures will initially focus on the US market with the potential for expansion into other territories where the companies' businesses complement each other. The joint ventures are facilitated by the full and final settlement of all active litigation between Del Monte Pacific Limited and its subsidiary Del Monte Foods Inc on the one hand, and Fresh Del Monte Produce Inc, on the other hand, effective immediately. Please refer to the announcement on 28 June 2017, the FAQs and conference call playback posted on http://www.delmontepacific.com/investors/news-and-filings.

**Disclaimer**



**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/ DMPL 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* – majority 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 for *S&W*, it owns it globally except 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 Naturals, Orchard Select, SunFresh* and *Fruit Refreshers*.

The Group sells packaged fruits, vegetable and tomato, sauces, condiments, pasta, broth and juices, under various brands and also sells fresh pineapples under the *S&W* brand.

The Group owns approximately 95% of a holding company that owns 50% of FieldFresh Foods Private Limited in India (www.fieldfreshfoods.in). FieldFresh markets *Del Monte*-branded packaged products in the domestic market and *FieldFresh*-branded fresh produce. The Group's partner in FieldFresh India is the well-respected Bharti Enterprises, which is one of the largest conglomerates in India.

DMPL's USA subsidiary operates 12 plants in the USA, two in Mexico and one in Venezuela, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 23,000-hectare pineapple plantation in the Philippines and a factory with a port beside it.

DMPL and its subsidiaries are not affiliated with certain 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 67%-owned by NutriAsia Pacific Ltd and Bluebell Group Holdings Limited, which are beneficially-owned by the Campos family of the Philippines. The NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

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