



**DEL MONTE PACIFIC LTD.**

# Annual General Meeting

30 August 2024  
Singapore



# **DEL MONTE PHILIPPINES, INC. (DMPI)**

## **Philippines and International Markets**

# DMPI Executive Summary



***FY2024 was not a good year,  
but we know what to fix to restore solid performance in FY2025.***

- 1) **Total revenue of Php 38.7B, -5.6% vs year ago.**
  - Philippine Market flat, due to -5.6% lower sales to distributor segment (50% of business).
  - International behind -9.4%, with lower pineapple packaged exports to DMFI and some S&W markets. But Fresh exports solid +9.2%.
- 2) **Gross margin down -170 bps vs year ago.**

**Cost of goods higher by Php +1.0B, mostly from Plantation's low productivity on C74 fruit variety, plus operations inefficiencies at the cannery.**
- 3) **On the positive side, market shares in core Philippine Market and International Fresh remain healthy.**
- 4) **As a consequence of revenue and gross margin misses, operating income declined -16.4% vs year ago.**
- 5) **Our Key Priorities for FY2025**
  - Restore Plantation's productivity in C74 fruit variety over the next 2 years.
  - Fix Philippine Market distributor sales fundamentals, and re-grow sales volume.
  - Continue leveraging our growing and profitable Fresh pineapple business.
  - Reduce waste and profit leaks across the supply chain.
  - Prepare for the future with our Long Range Plan through FY2028.

# Philippines – Market Share



Leadership market shares holding or even increasing.  
Category consumption growing.

**95.1%** -1.2pts

Packaged Pineapple (#1)

Category Growth:

Past 3 mos.: +13.3%

**80.3%** +3.8pts

Canned Mixed Fruit (#1)

Category Growth:

Past 3 mos.: +17.2%

**41.0%** +1.1pts

RTD Juices ex foil pouches (#1)

Category Growth:

Past 3 mos.: +6.3%

**85.0%** +0.7pt

Tomato Sauce (#1)

Category Growth:

Past 3 mos.: +3.9%

**41.3%** -1.4pts

Spaghetti Sauce (#1)

Category Growth:

Past 3 mos.: +4.1%

**68.5%** -3.3pts

Tomato Paste (#1)

Category Growth:

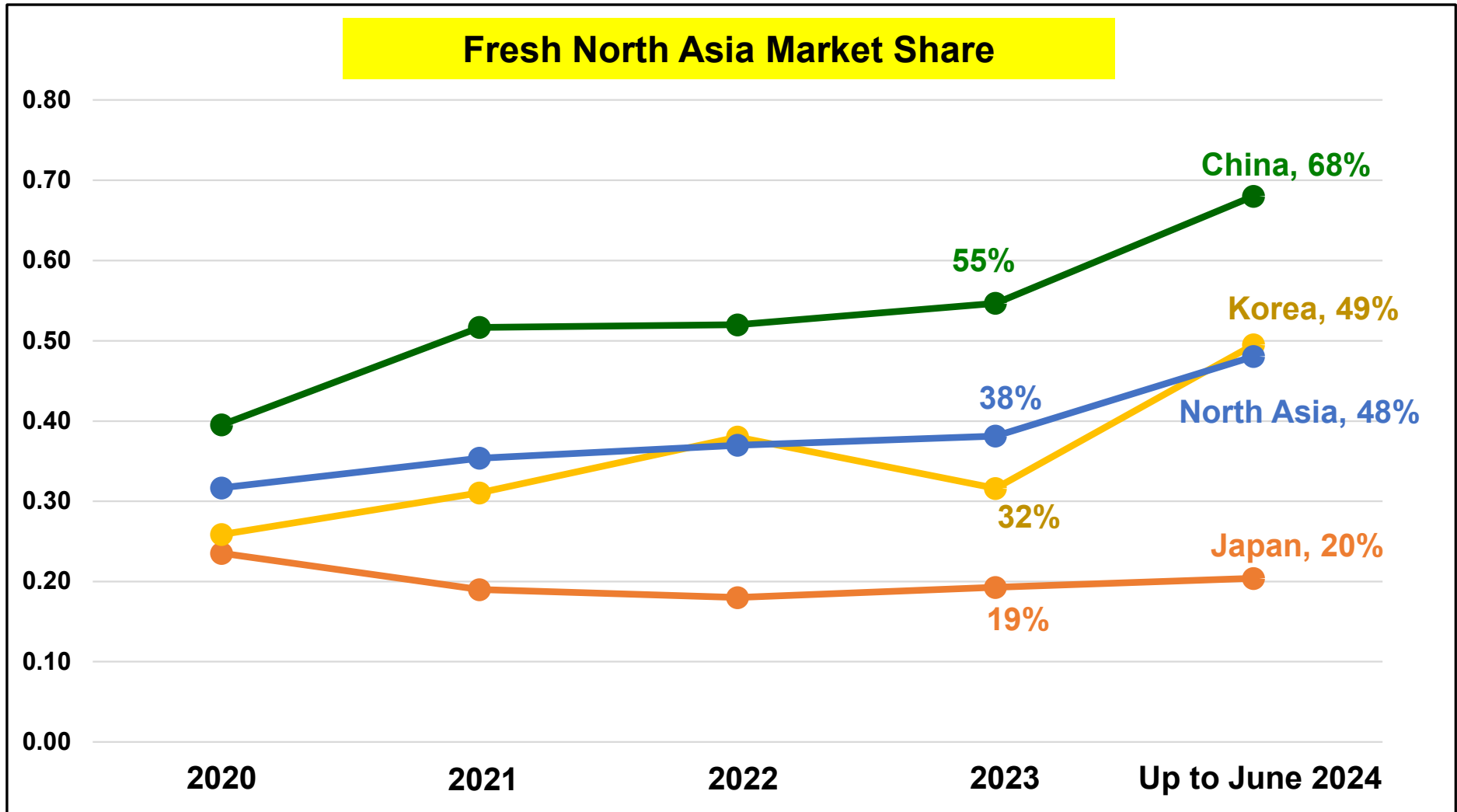
Past 3 mos.: +20.0%

Source for Volume market shares: The Nielsen Company - Retail Audit Data for the past three months to June 2024.

# International – Fresh Market Share



Market shares continue to improve.



Source: CY2021 – 2022 Import Data from Asiafruit Congress Statistical Handbook;  
CY2023 - June 2024 from Customs Data of Importing Country

# DMPI FY2024 Results Highlights



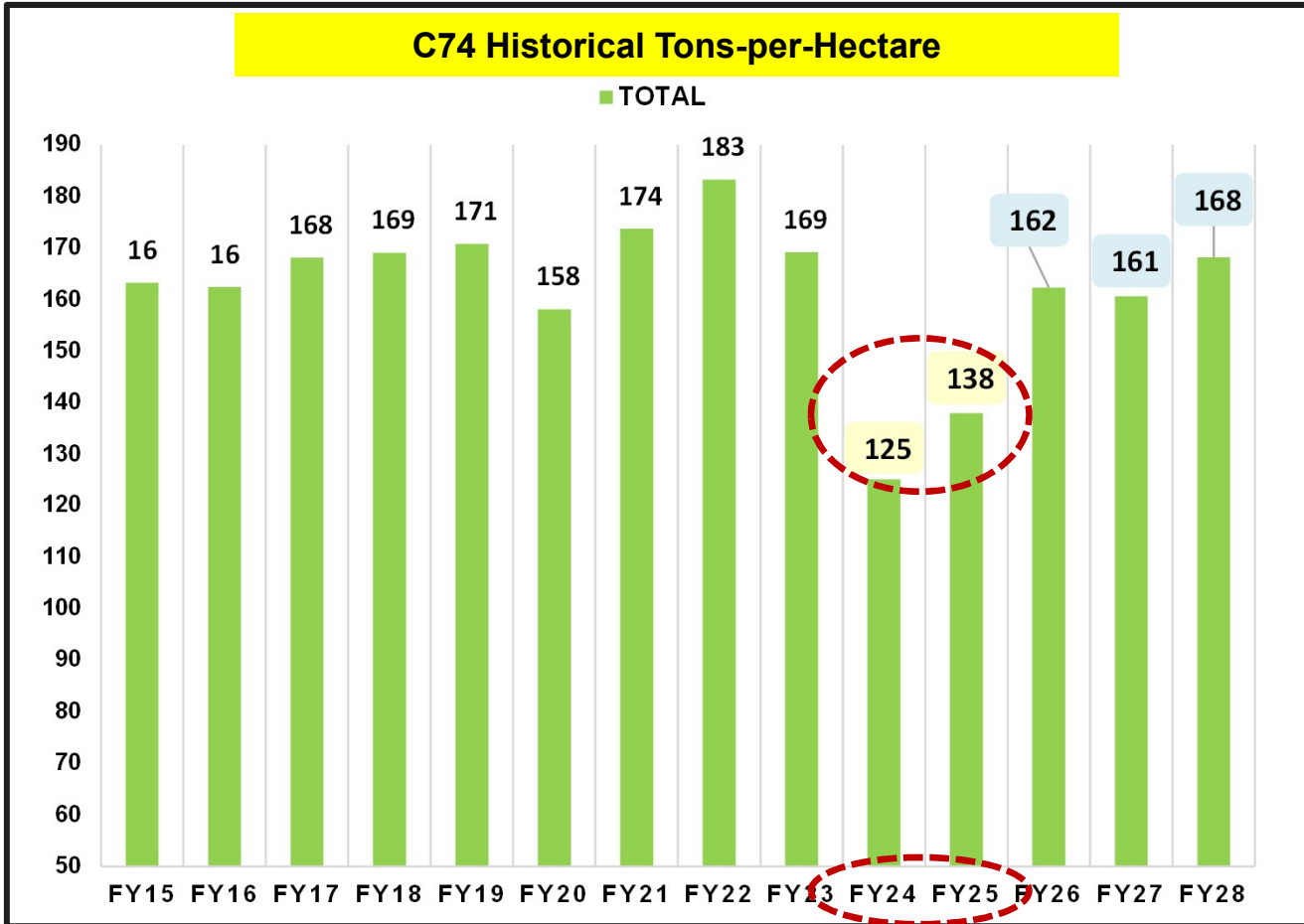
In PHP million	FY2024	FY2023	Chg (%)	Comments
<b>Sales</b>	<b>38,749</b>	41,068	-5.6%	Lower sales of packaged pineapple in the US/DMFI, and misses in Philippine Market Distributor Operations
<b>Cost of Goods</b>	<b>29,587</b>	30,652	-3.5%	Due to higher cost of C74 pineapple from lower productivity, and impact on cannery operations
<b>Gross profit</b>	<b>9,162</b>	10,416	-12.0%	Due to lower net sales and higher cost of goods
<b>Gross margin (%)</b>	<b>23.6</b>	25.4	-1.7ppts	
<b>EBITDA</b>	<b>6,130</b>	6,720	-8.8%	Same as above
<b>Net profit</b>	<b>2,605</b>	3,708	-29.7%	Due to lower sales, higher production cost and higher interest cost
<b>Net margin (%)</b>	<b>6.7</b>	9.0	-2.3ppts	

# Plantation Rehabilitation Task Force – What Went Wrong



Tons-per-hectare productivity in C74 fruit variety dropped to all-time low due to:

- Weather impact from 2022 rainfall
- Operations lapses in field management



Season	Year	Annual Rainfall (mm)	Annual Rain (days)
El Niño	2015	1723	169
La Niña	2016	2348	192
Neutral	2017	3818	250
Neutral	2018	1874	180
El Niño	2019	2004	165
Neutral	2020	2848	208
La Niña	2021	3325	244
La Niña	2022	4046*	249
El Niño	2023	2443	220
El Niño	2024 YTD May	387	33

*\*highest in 50 years*

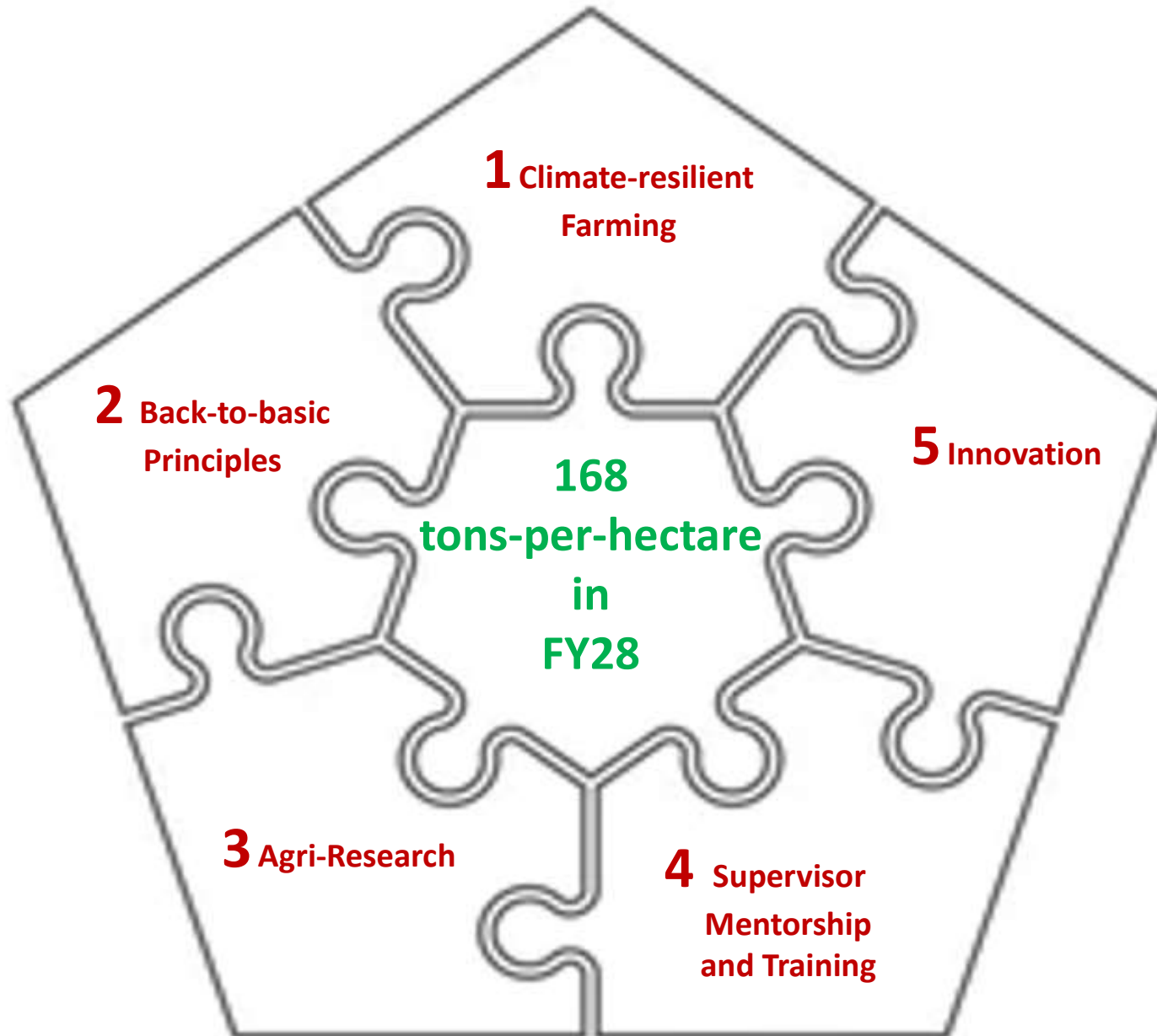
**2022 was the worst La Nina in 50 years.**

**Severity of impact in harvested fruit felt 2 years after ... unexpected in the 98-year history of our plantation.**

Moving forward, tons-per-hectare productivity to improve in coming years:

- Revisit organization set-up and competency development
- Reset plantation management SOP's and support systems

# Plantation Rehabilitation Task Force – Pillars to Recovery





# Plantation Rehabilitation Task Force - Correction of Lapses and New Directions



## 1 PLANTATION OPERATIONS SUPPORT

- 1) New Plantation Director, Luis Matamoros (Costa Rican) effective April 1, 2024
- 2) Strengthened decision-making via analytics, drone, AI and digitalization
- 3) Resilient Research Program to support Plantation's recovery phase
- 4) Organization revitalization, supervisors' re-training and mentorship

## 2 LAND PREPARATION TO GROWING

- 1) Revisit of suitable land acquisitions at low elevations (350-450 masl)
- 2) Concentration of Land Preparation Operations during the dry months (January to May) and skewed planting on months with better rains
- 3) Ripping, in alternate with deep plowing between cycles to reduce land preparation costs
- 4) Shift to larger seeds for C74 variety (like in Sweet 16) with stable and strategic seed nursery

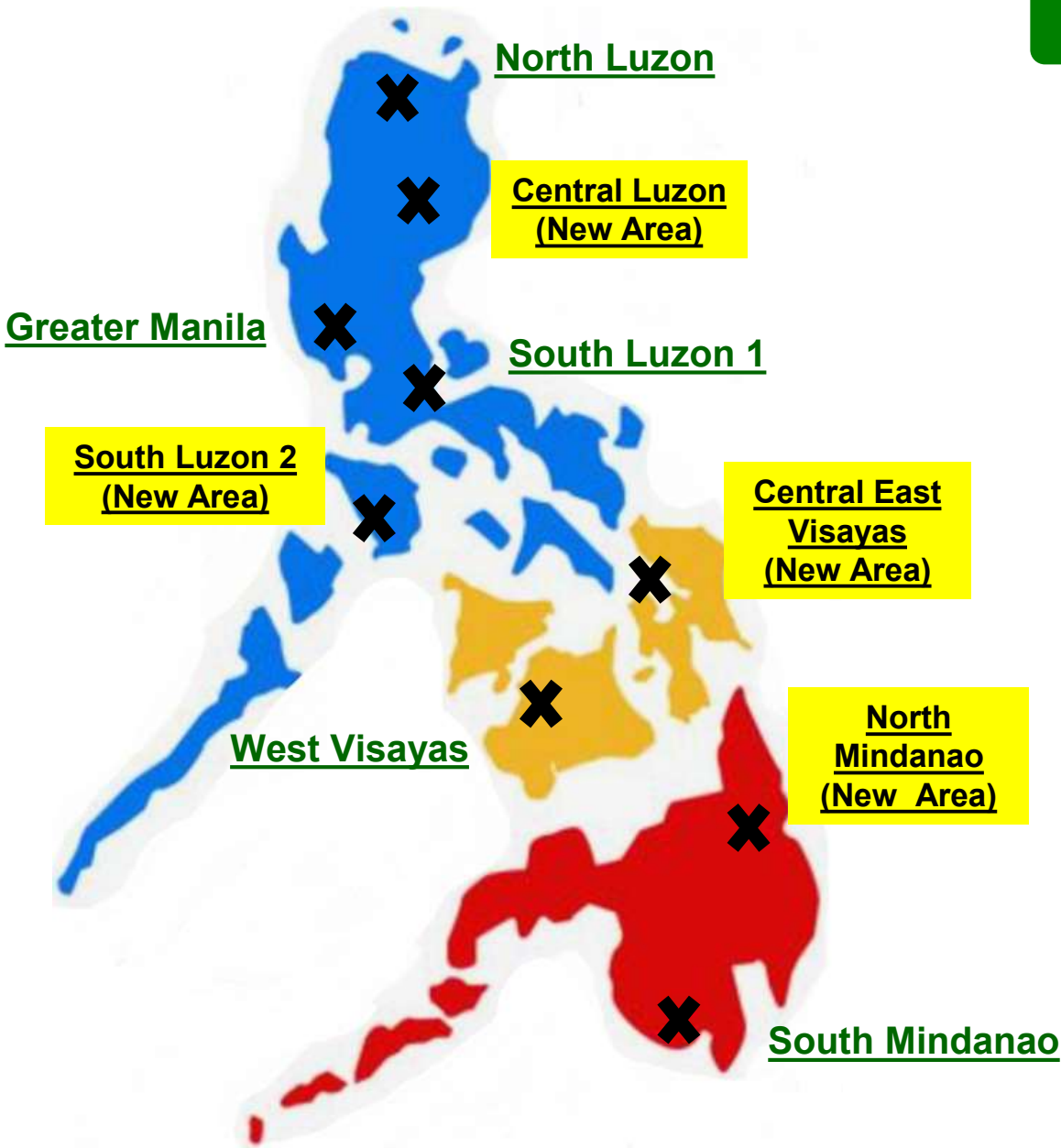
## 3 FIELD MAINTENANCE, CROP PROTECTION, NUTRITION

- 1) Weed Management
- 2) Shift of interval of spraying from 28 to 21 days for high efficiency in nutrient management and pest control
- 3) Aggressive expansion in the use of drones for spraying
- 4) Modified PPs for marginal C74 fields to reduce cost per ton of fruit
- 5) Containment of mealybugs and white grubs

## 4 HARVEST

- 1) Moderation of losses from Premature Fruits
- 2) 100% Forcing on fields with at least 20% Prematures to eliminate multiple harvesting and compress the harvest period, control harvest cost and improve fruit quality and take-out
- 3) No more plant growth extension, force only at the ideal age

# Distributors Improvement Plans



## KEY INTERVENTIONS:

- 1) Assigned a new Sales Head effective April 1, 2024.
- 2) Increased distributors from 21 to 23, all operative starting July 1, 2024. Also replaced 3 erring distributors.
- 3) Increased number of Regional Sales Managers from 5 to 9 for better area coverage.
- 4) Beefed up technology support:
  - Salesforce.com
  - Salesforce automation including mobile (Engagia)
  - Odoo ( Sales sell-out and inventory data )
  - Tableau ( Sales analytics )

# DMPI Summary

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**1 DMPI Team commits to turn around its performance this FY2025.**

**2 Fix two areas that impacted our revenue performance:**

- **Philippine Market distributor operations (50% of domestic revenue)**
- **International, packaged pineapple exports with better supply**

**3 Restore productivity and thus, lower cost in Plantation's C74 fruit variety for processed pineapple.**

**4 Continue upgrading and building organization competency:**

- **Philippine Domestic Sales operations**
- **Mindanao Plantation and Manufacturing operations**

**5 Set the path for a brighter future in delivering against our Long Range Plan.**



**DEL MONTE FOODS, INC. (DMFI)**

**USA**

# DMFI Performance Summary

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## FY2024 Results: Well Below Expectations

### *External Influences*

- Inflationary Pressures
- Weakened Consumer Demand across Most Food Categories
- Increased Competition from Private Label

### *Internal Factors*

- Plant Level Cost Control and Utilization Challenges
- Plant Operations and Supply Chain Challenges in People, Process and Systems
- Leading Indicators of Demand not effective and created Excess Inventory
- One-time Costs associated with Layoffs, Reorganization, and Refinancing costs

### *Key Challenges*

- Time and Cost Required to Liquidate Excess High-Cost Inventory
- Liquidity Challenges due to high Inventory, Inflation, Interest Rates and Slower Sales
- Adding Talent Required to Manage Financial Oversight and Execute Cost Reduction

# DMFI FY2024 Results Highlights



In US\$ million	FY2024	FY2023	Chg (%)	Comments
<b>Sales</b>	<b>1,737</b>	1,733	+0.6%	Pricing actions in FY2023 and FY2024, incremental volume from foodservice and e-commerce, and higher broth and stock sales from College Inn and Kitchen Basics, and higher Joyba bubble tea sales
<b>Gross profit</b>	<b>245</b>	400	-38.8%	Higher variable product cost, sale of high-cost FY2023 pack inventory (with high metal, raw produce and logistics cost),
<b>Gross margin (%)</b>	<b>14.1</b>	23.1	-9.0ppts	higher waste from aged inventories and discontinued products, and higher warehousing costs from higher inventory levels
<b>EBITDA</b>	<b>23</b>	206	-88.9%	Same as above
<b>Net loss</b>	<b>(111)</b>	(3)	nm	Same as above plus one-off cost of US\$13m primarily consisting of severance cost, IPO-related cost, and professional fees



## Plans for Recovery: 3 Year Strategic Plan

**Built with Immediate Action and Oversight of Management and Board**

### ***Transforming Del Monte in a Streamlined, Asset Light and Agile Organization***

- Increasing Supply Chain Efficiency and Utilization to Lower Cost and Complexity
- Improving Financial Controls and Lowering Inventory and Working Capital Requirements
- Capitalizing on our Core Competencies in Sales, Marketing, Distribution and Sustainability
- Reinforcing our Status as the Preferred Brand for Nutritious Foods and Innovative Products

### **YEAR 1 - FY2024: *Decisive Actions to Address Industrywide Challenges***

- Addressed Liquidity Needs through Refinancing of Term Loan
- Completed Workforce Reduction and Reduced Cost across the Organization
- Executed Corporate Reorganization and Formation of Three Business Units
- Added Key Supply Chain Leaders and Implemented Plant Closures to Improve Utilization
- Safeguarded Market Share in Key Categories and Driving Topline Growth via Innovation



## Plans for Recovery: 3 Year Strategic Plan

**Built with Immediate Action and Oversight by Management and Board**

### **YEAR 2 - FY2025: *Executing Margin Improvement and Operational Efficiency***

- Enhancing Gross Margins via Pricing Strategies, Trade Efficiency, and SKU Rationalization
- Reducing Pack and Inventory Levels to Lower Operational Costs
- Reducing Exposure to Non-Branded Sales and Production
- Improving Supply Chain Planning Systems and Processes
- Addressing Underutilized and Non-Core Brand Assets

### **YEAR 3 - FY2026: *Driving Operational Improvements for Stronger Business Fundamentals***

- Growing Branded Portfolio and Margins in Line with Industry Peers
- Maintaining Healthy Core Business and Expanding into Adjacent Categories
- Implementing Agile Low-Cost Manufacturing with Reduced Working Capital Requirements
- Lowering Leverage and Returning to Seasonal Norms in ABL/Working Capital Loan Usage



# Cost Reduction and Profit Improvement Actions



**US\$7-8m**

Annual Savings

Net Workforce  
Reduction

Completed in April

**US\$9-10m**

Annual Savings

Vegetable Plant  
Consolidations

Completed in April

**US\$11-12m**

Annual Profits

FY2025 Strategic Price  
Increases

Completed in July

**US\$10-11m**

Annual Profits

FY2025 Strategic Trade  
Reduction

Executed in 2Q/3Q

**US\$6-7m**

Annual Savings

FY2025 Procurement  
&  
Value Engineering  
Savings

**US\$6-7m**

Annual Savings

FY2025 Waste and  
Sundry Sales reduction

**US\$6-7m**

Savings

FY2025 Controllable  
Cost Reduction  
& FY2025 Company-  
wide expense reduction



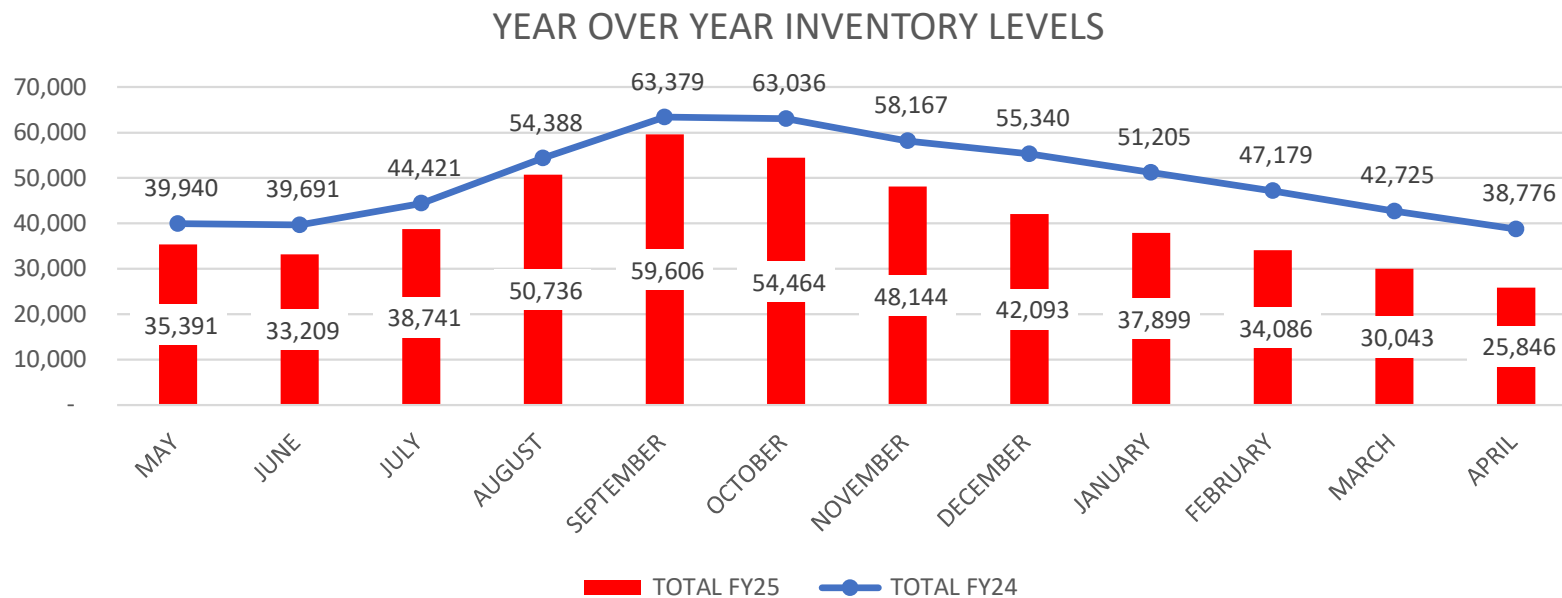
**US-\$10m**

FY2025 CAPEX  
Reduction

# Inventory Reduction Plans are Working



## Goal to Reduce US\$100m in Inventory and Free Up Working Capital in 2025



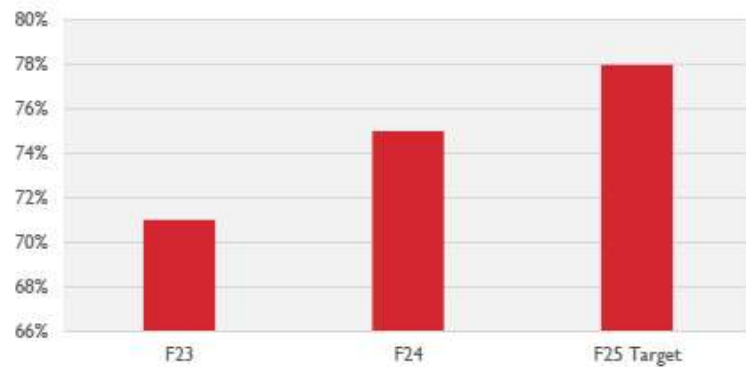
- We have Executed a Pack Reduction to Lower Inventory Levels by 33%.
- Improved Demand Planning and Inventory Management Process is Working.

# Supply Chain Improvements – FY2025

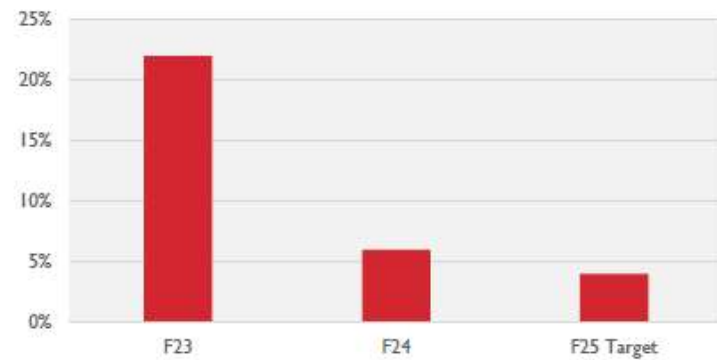


## SUPPLY CHAIN PERFORMANCE

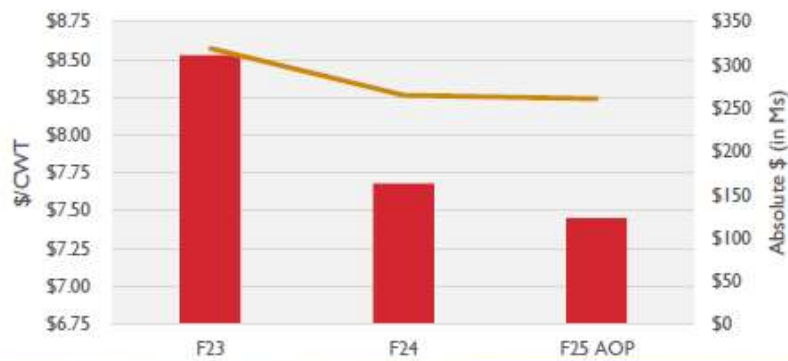
Forecast Accuracy



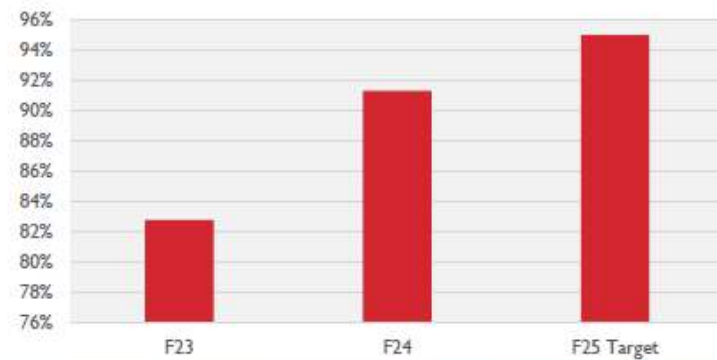
Forecast Bias



Logistics Cost



Pure Fill Rate

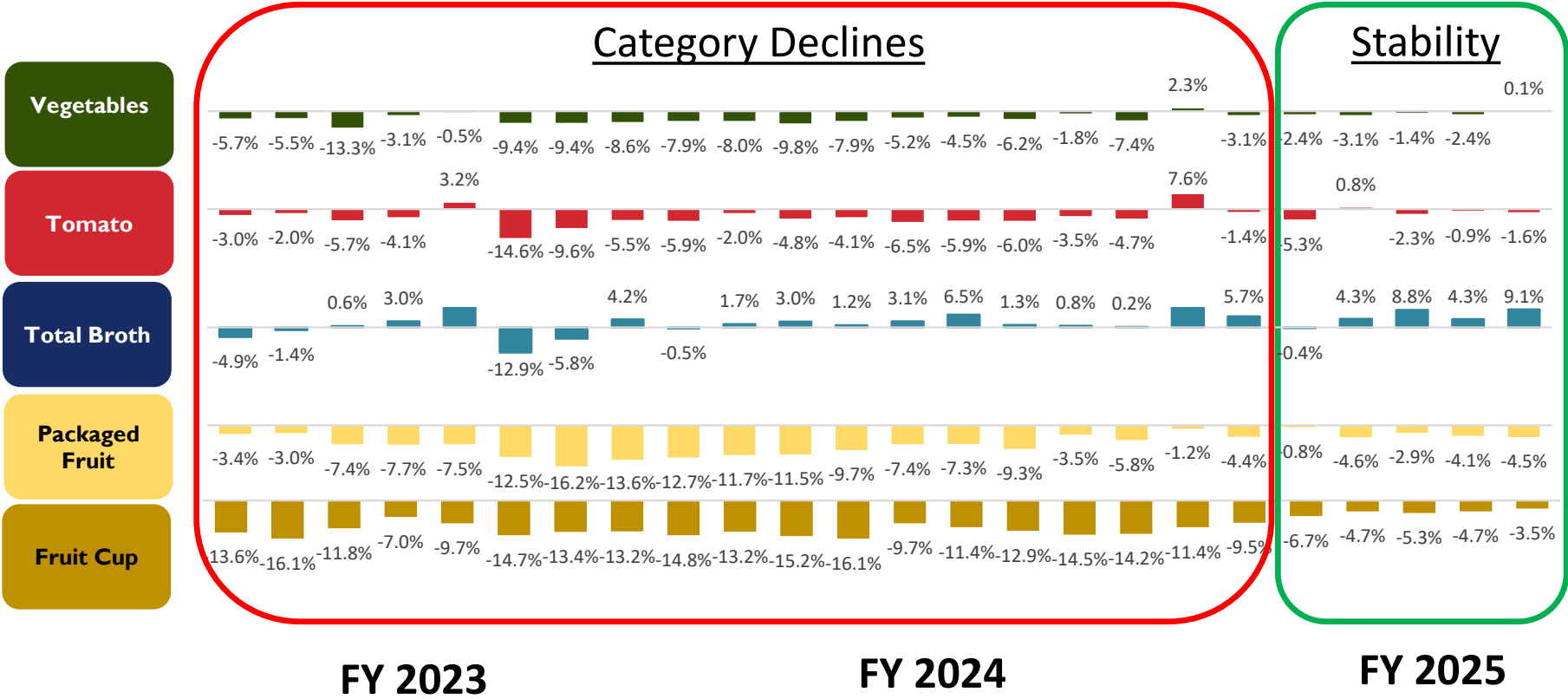


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# Category Sales Have Stabilized in FY2025



## Monthly view of Del Monte Foods U.S. Category Volume Trends



Source: Circana POS, Total US MULO+, Category and DMFI (Products), Latest monthly period ending 28 July 2024

# USA Market Shares



**Del Monte will continue to bring differentiated and innovative products to market, expand distribution channels, and build its brands**

**25.2% +0.7pt**

**Canned Vegetable (#1)**  
Category Growth: -2.5%

**18.2% -1.2pt**

**Canned Fruit (#2)**  
Category Growth: -3.5%

**24.2% -1.6pt**

**Fruit Cup Snacks (#2)**  
Category Growth: -9.9%

**9.4% +0.1pt**

**Broth & Stock (#2)**  
Category Growth: +4.8%

**5.9% -0.2pt**

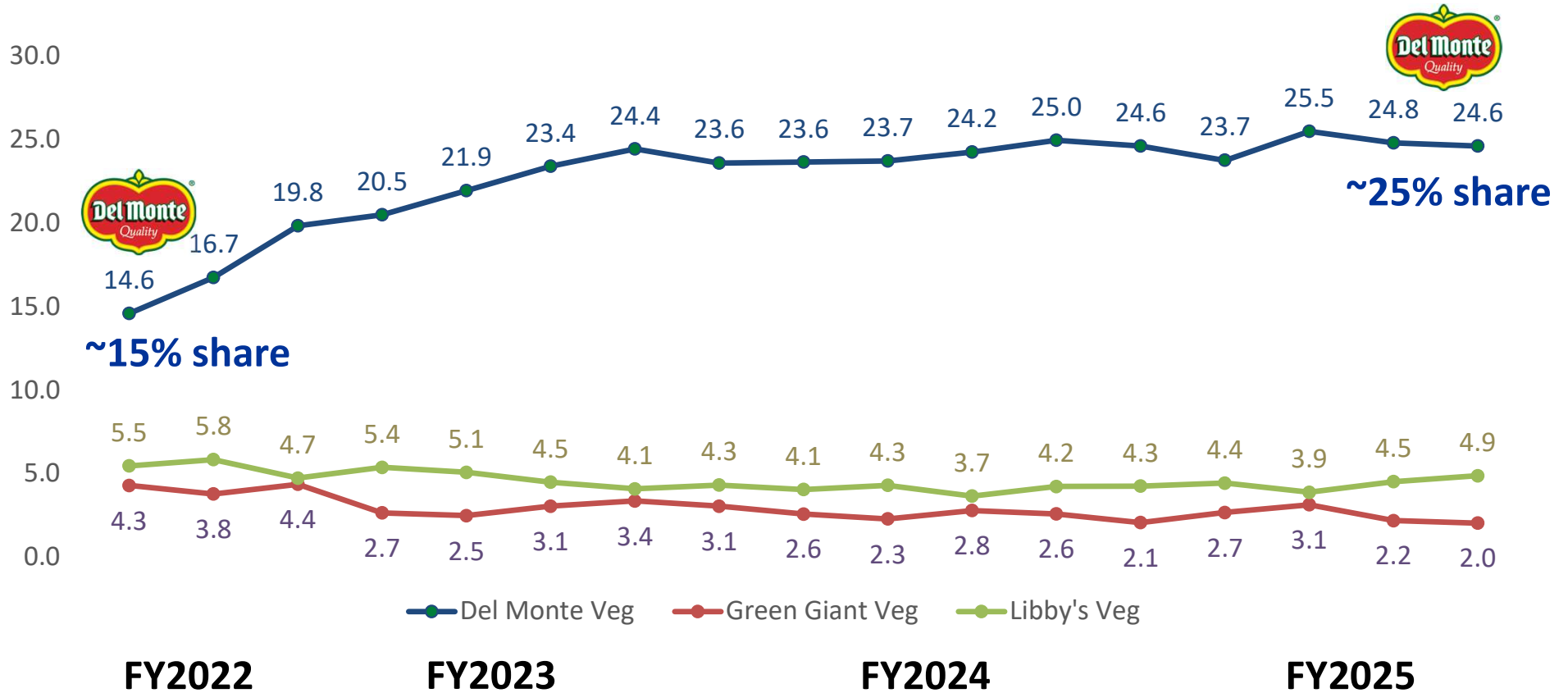
**Canned Tomato (#3)**  
Category Growth: -0.6%

- Category dynamics continued to shift as consumers change the way they eat and shop in response to economic uncertainty, higher average prices and changes to industry supply
- Despite this, Del Monte expanded its leading market share in Canned Vegetables, and continues to be a top branded manufacturer in all categories

# Del Monte Vegetable Momentum Continues



## Branded Vegetables Quarterly EQ Share Trends 2021 – 2024



- Del Monte continues to increase market share in our flagship business Canned Vegetables through distribution gains, channel expansion, new flavors, and successful promotion

Source: Circana POS Total MULO+ , Quarterly through May/June/July 28<sup>th</sup>, 2024

# New Product Platforms Driving Growth



## New Item Platforms Inspired by Consumer Trends



**Global Cuisine  
& Bold Flavors**



Global / Spicy Flavors



Botanicals



Fire-Roasted



Refrigerated  
Smoothie



Unique "Charcuterie" Varieties



Bubble Fruit Gel



**Health &  
Wellness**



High Protein  
Bone Broth  
Protein



Petite and Tender  
Vegetables



Sippables  
Protein, Red  
Sodium



Tomato Reduced  
Sodium



Fruit Refreshers  
BFY Snacking



Reduced Sugar



**Everyday  
Value**



Value Packs/Value  
Pricing



# Growing Number of Stores and Channels Selling Del Monte Products Each Year



**2020**

**64,857**

# of Stores Selling



Expanded Costco Partnership

**2021**

**82,464**

# of Stores Selling



Started a partnership with Dollar General and Fresh Thyme

**2022**

**93,416**

# of Stores Selling



Doubled Amazon business, started partnership with Dollar Tree and UNFI natural

Leaned in with Instacart through search feature and grew 34% in dollars

**2023**

**93,891**

# of Stores Selling



Sam's business is 2x larger vs 2020

Source: Circana Custom Model, Total US MULO+, Legacy DMFI: Vegetables, Fruit, Broth, Tomato, CY 2020-2024 not all grocers listed for visual, BW shipment data 2019-2023, Instacart User Interface



# **DMFI Summary Key Areas of Focus FY25-FY26**



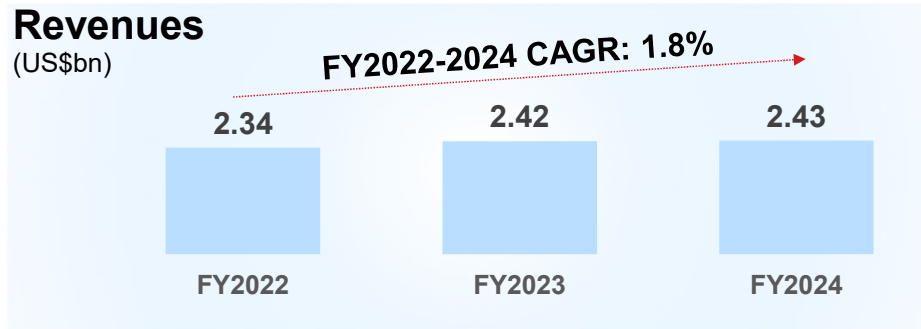
**Our efforts will drive improved EBITDA and lower leverage in FY2025 and lead to significant improvements in FY2026 business performance**

- 1 Lowering Inventory Levels and Reducing Debt and Leverage**
- 2 Executing Pricing and Trade Reduction Actions to Improve Gross Margins**
- 3 Growing EBITDA via Company-wide Cost Reduction and Savings initiatives**
- 4 Executing Asset Light Initiatives to lower COGS and Conversion Cost**
- 5 Generating Sales Growth led by Innovation and Channel Development**

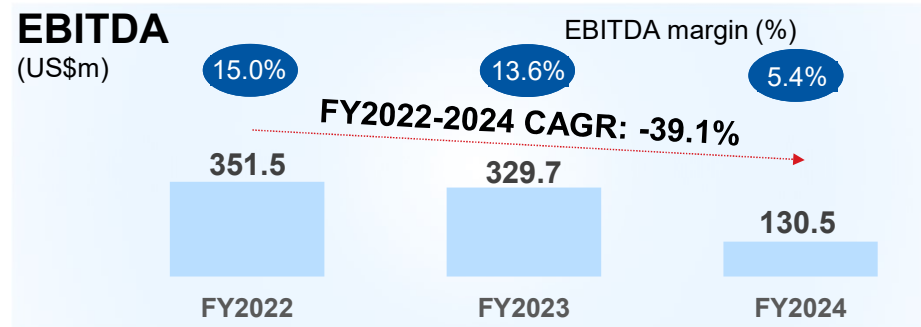


# DEL MONTE PACIFIC LTD (DMPL) GROUP

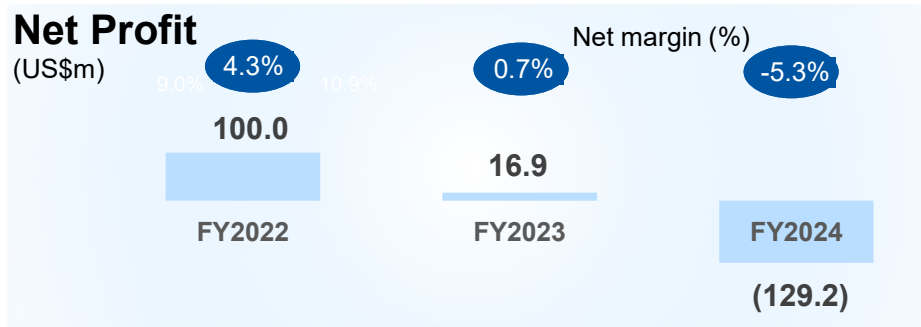
# DMPL Group FY2024 Highlights



DMPL Group sales were maintained at US\$2.4bn on stable turnover in USA and the Philippines



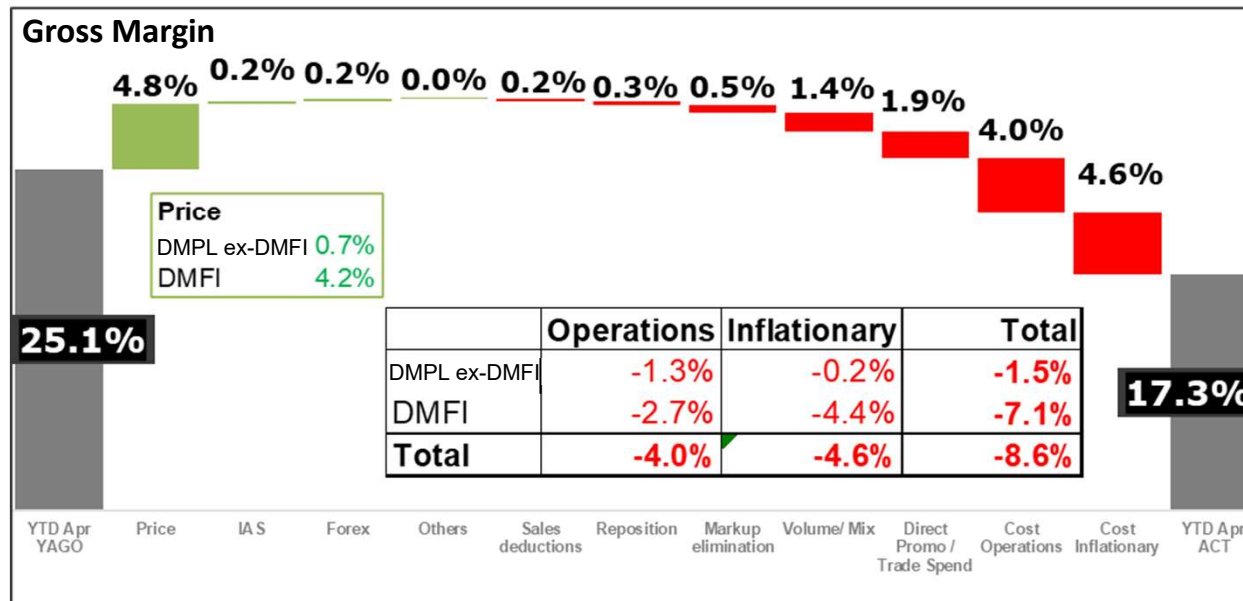
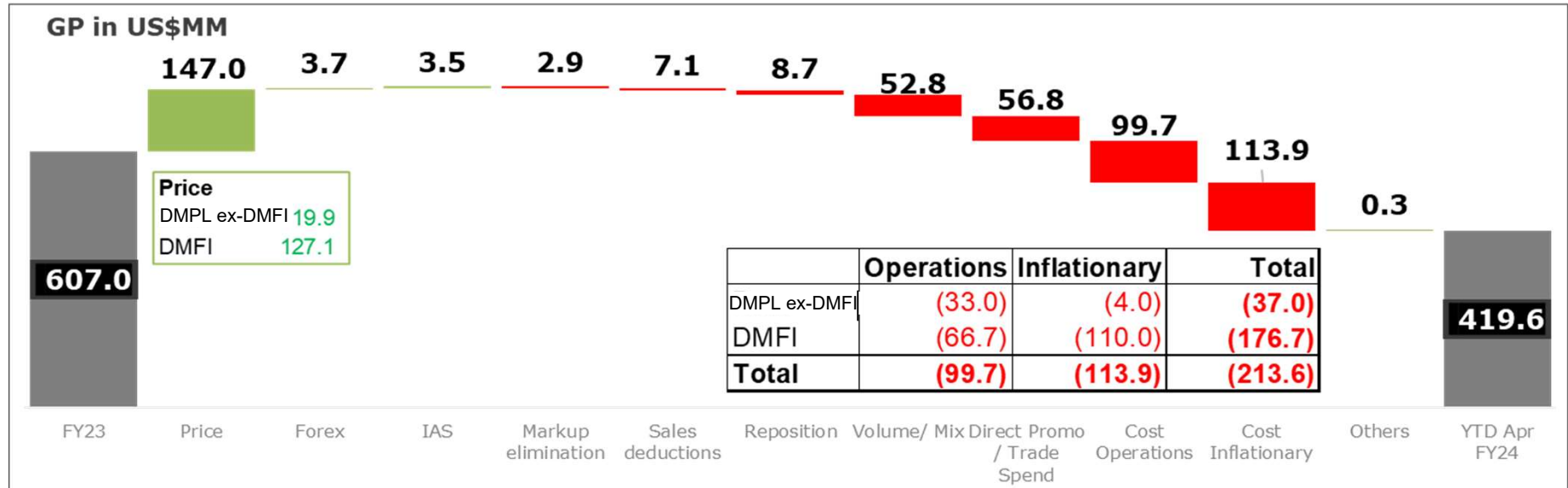
Market leadership maintained in nearly all core categories in the U.S. and Philippines, and for fresh pineapple in China



Higher inflationary and operational costs from higher inventory in the U.S. and lower pineapple supply and productivity in the Philippines led to a lower Group gross margin of 17% from 25%, and gross profit of US\$420m, lower by 31%

Along with increased interest expense and one-off expenses of US\$13m, the Group incurred a net loss of US\$129m from a net profit of US\$17m last year

# DMPL Gross Profit and Margin Bridge



## Operations

<b>Base</b>	<b>(33.0)</b>
Lower MTH	(22.9)
Obsolescence	(1.3)
Cannery - others	(0.2)
Reprocessing cost	(2.3)
Plantation - others	(1.9)
Fresh - others	(7.5)
Cannery claims	(0.8)
Warehousing	3.9
<b>DMFI</b>	<b>(66.7)</b>
Damage & Write Off	(35.6)
Warehousing	(13.9)
Fxd Mfg Variances	(8.4)
Fixed Distribution	(4.0)

# DMPL Balance Sheet



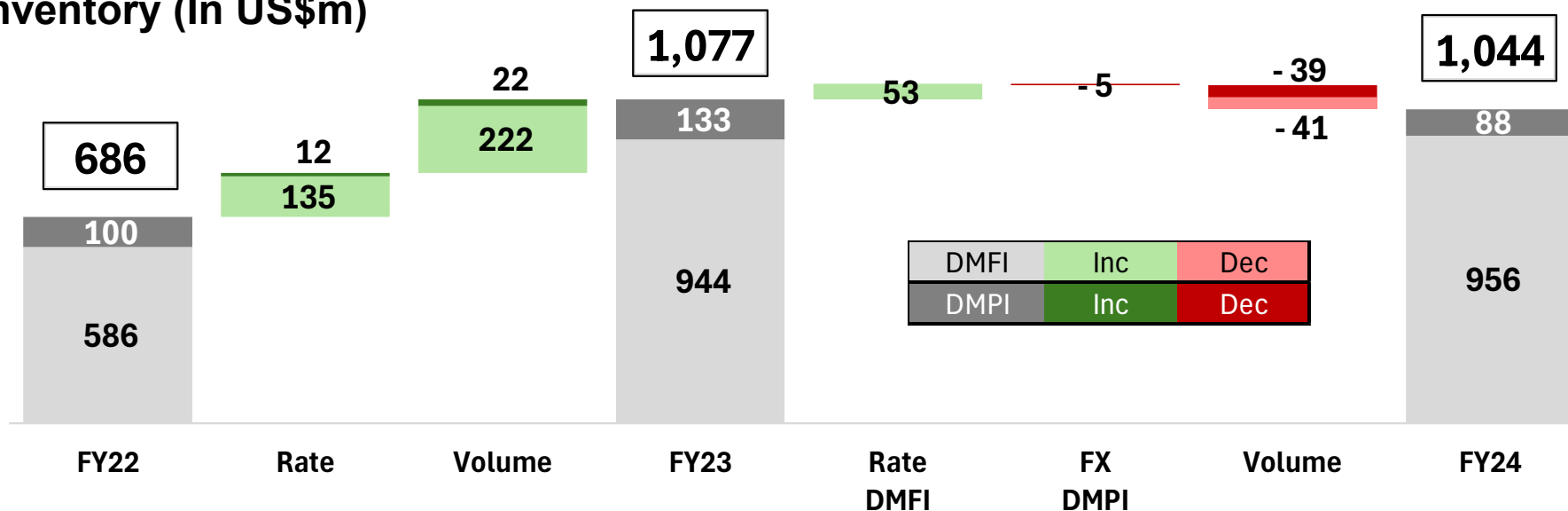
<i>Amounts in US\$'000</i>	Group		Index
	April 2024 (Audited)	April 2023 (Audited)	
Trade and other receivables	218,154	231,036	94
Inventories	1,043,843	1,076,772	97
Fixed assets	761,612	759,557	100
Intangible assets and goodwill	746,807	753,841	99
Deferred tax assets	146,705	118,060	124
Other assets	195,767	200,403	98
<b>Total Assets</b>	<b>3,112,888</b>	<b>3,139,669</b>	<b>99</b>
Loans and borrowings - total	2,296,043	2,273,353	101
Trade and other current liabilities	426,617	358,604	119
Other noncurrent liabilities	137,077	121,954	112
<b>Total liabilities</b>	<b>2,859,737</b>	<b>2,753,911</b>	<b>104</b>
<b>Total equity</b>	<b>253,151</b>	<b>385,758</b>	<b>66</b>
<b>Total liabilities and equity</b>	<b>3,112,888</b>	<b>3,139,669</b>	<b>99</b>
<b>Financial ratios</b>			
Net Debt* to Equity Ratio	9.0	5.8	
Debt-to-Equity Ratio (Total Liabilities)	11.3	7.1	
Current Ratio	1.0	1.2	
Net Debt*/EBITDA (excluding Bearer Dep)	9.2	5.1	
Net Debt*/EBITDA (including Bearer Dep)	17.5	6.8	

*\*Net debt is total loans and borrowings less cash and cash equivalents*

# DMPL Inventory



## Inventory (In US\$m)



### FY2023 vs FY2022

In FY2023, inventories increased by 57% to US\$391m, driven by higher production costs and increased volume in DMFI:

#### Cost Inflation in FY2023:

- Raw produce prices
- Cans, plastic cups, cartons and films prices
- Importation and co-pack costs
- Labor and overhead plant cost
- Transfer freight costs (higher fuel cost)
- Higher warehousing costs from high inventory level

### FY2024 vs FY2023

In FY2024, inventories decreased by 3% to US\$33m driven by lower volume and better working capital management.

There was a deliberate reduction of DMFI's high inventory level, and de-stocking of DMPI's inventories.

This was partly offset by increased cost from:

- Higher raw material cost for tomato
- Higher deferred logistics costs

# DMPL Cash Flow



Amounts in US\$'000	Group		Index
	April 2024 (Audited)	April 2023 (Audited)	
<b>EBITDA</b>	<b>130,521</b>	329,674	40
<b>Other Adjustments:</b>			
Depreciation of Bearer Plants	<b>118,677</b>	113,571	104
Others	<b>12,613</b>	6,851	184
Working Capital Changes	<b>107,487</b>	(452,859)	<i>nm</i>
<b>Operating cash flow</b>	<b>369,298</b>	(2,763)	<i>nm</i>
Acquisitions of property, plant and equipment	<b>(187,606)</b>	(237,922)	79
Acquisition of intangible assets	-	(71,761)	<i>nm</i>
Others	<b>6,120</b>	369	<i>nm</i>
<b>Investing cash flow</b>	<b>(181,486)</b>	(309,314)	59
Net borrowings, including debt related costs	<b>36,960</b>	694,084	5
Redemption of preference share capital	-	(100,000)	<i>nm</i>
Finance costs paid, including refinancing costs in FY23	<b>(190,705)</b>	(188,536)	101
Dividends	<b>(4,826)</b>	(48,887)	10
Payments of lease liabilities and others	<b>(38,318)</b>	(42,686)	90
<b>Investing cash flow</b>	<b>(196,889)</b>	313,975	206
<b>Net Cash Flows</b>	<b>(9,077)</b>	1,898	(478)

➤ **Huge improvement in operating cash flow in FY2024, despite generating lower EBITDA, driven by better working capital management:**

- Deliberate reduction of DMFI's high inventory level, and de-stocking DMPI's inventories

# DMPL Outlook

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In FY2025, the Group's main priorities will be as follows:

- 1) Plans are underway for the selective sale of assets and injection of equity through strategic partnerships. The Group intends to utilize the proceeds from these transactions to lower leverage.
- 2) A task force has been formed to restore gross margins both in the U.S. and rest of DMPL from 2H FY2025 as the Group will still be carrying over high inflationary costs from FY2024 in the 1H FY2025, particularly in the U.S. Measures will include:
  - Continuation of plans in the U.S. to reduce inventory
  - Reduction of waste and inventory write offs across the Group
  - Reduction of warehousing and distribution costs in the U.S.
  - Consolidation of manufacturing footprint in the U.S.
  - Improved planning through digitization and clear organization accountability
  - Restoration of productivity for processed pineapple variety in the next 12-24 months
  - Rightsizing workforce and reduction of fixed costs
- 3) Continued focused growth for innovation
- 4) Further investment in the growth of the Fresh business in North Asia and other export markets

The Group is pursuing all these initiatives in FY2025 but the results will only be fully reflected in FY2026. Under current conditions, the Group expects to incur a net loss in FY2025 although at a reduced amount.

1Q FY2025 is expected to be a loss due to DMFI.