



**DEL MONTE PACIFIC LIMITED**

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**SGX-ST/PSE/MEDIA RELEASE:** (unaudited results for the fourth quarter ended 30 April 2024)

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## **Del Monte Pacific's Fourth Quarter and Full Year FY2024 Results**

### Fourth Quarter FY2024

- Del Monte Pacific Limited (DMPL) Group sales grew by 2% to US\$597m on strong Fresh exports offsetting declines in USA
- The Group maintained its leading market share position across all core products
- Inventory-related waste, variable product, warehousing and distribution costs in U.S. subsidiary Del Monte Foods, Inc. (DMFI) led to lower gross profit of US\$62m
- Along with increased interest expense and one-off expenses, the Group incurred a net loss of US\$77m from a net loss of US\$12m in the prior year quarter

### Full Year FY2024

- DMPL Group sales were maintained at US\$2.4bn on stable turnover in USA and the Philippines
- Gross profit was lower at US\$422m for the same reasons as in 4Q
- A net loss of US\$127m was recorded vs a net profit of US\$17m in the prior year period

Singapore/Manila, 28 June 2024 – 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 FY2024 results ending April.

### **FOURTH QUARTER FY2024**

For the quarter, DMPL generated sales of US\$597.3 million, up 2% on robust S&W fresh and packaged pineapple sales in Asia which offset lower sales in USA by subsidiary Del Monte Foods, Inc. (DMFI).

## **USA**

DMFI achieved sales of US\$420.0 million or 70% of Group turnover. DMFI's sales decreased by 2% mainly driven by the strategic shift away from lower-margin co-pack products that it packs for other manufacturers, as well as lower packaged fruit sales on declining category trends. This offset the strong growth of Joyba bubble tea, Kitchen Basics and College Inn broth and stock, increased foodservice and USDA sales, and price increases.

## **Philippines**

Philippine market delivered sales of US\$68.8 million, 3% higher in peso terms and flat in US dollar terms. Packaged fruit and beverage generated higher sales on the back of new campaigns, value bundles and re-airing of TV ads. The Group launched its latest innovation, Del Monte Fruity Zing, a competitively-priced juice, uniquely positioned as an on-the-go dual flavor refreshment for the Gen Z's which have received positive online feedback.

## **International Markets**

Sales in the international markets grew by 9% driven by the Fresh segment's strong growth of 33%. Improved sales of Fresh were led by higher volume to South Korea and China, favorable mix due to increased volume of the higher-margin S&W Deluxe pineapple as well as better pricing. S&W is riding on the fruit tea trend in China having introduced its pineapples in fruit tea chains Cha Bai Dao, Goodme and Heytea. However, packaged sales declined with lower sales in USA due to DMFI's inventory correction process, offsetting higher sales of packaged pineapple in South Korea.

## **Group**

DMPL's gross profit declined by 48% to US\$61.8 million as gross margin dropped to 10% from 20%. The decline was attributed to DMFI's inventory-related waste, variable product, warehousing and distribution costs. DMFI has continued to proactively offset the inflation-driven effects of margin compression through a price increase on July 31st and a strategic shift away from the lower-margin co-packing business. As a result of lower gross profit and increased interest expense, DMPL reported a net loss of US\$76.7 million versus prior year quarter's net

loss of US\$11.9 million. The fourth quarter results also included US\$11.7 million of one-off expenses at DMFI for severance pay and higher professional fees.

## **FULL YEAR FY2024**

DMPL sales were maintained at US\$2.4 billion on stable USA and Philippines sales. Del Monte in the U.S. and Philippines have each maintained its leading market position in its key categories. However, DMPL's gross profit declined by 30% to US\$422.2 million on higher costs as discussed above. EBITDA decreased by 60% to US\$133.2 million and the Group generated a net loss of US\$127.3 million on lower operating results and US\$13.3 million of one-off expenses.

## **OUTLOOK**

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.
- 2) A task force has been formed to restore gross margins both in the U.S. and rest of DMPL from the second half of FY2025 as the Group will still be carrying over high inflationary costs from FY2024 in the first half, particularly in the U.S. Measures will include:
  - Continue with plans in the U.S. to reduce inventory
  - Reduce waste and inventory write offs across the Group
  - Reduce warehousing and distribution costs in the U.S.
  - Consolidate manufacturing footprint in the U.S.
  - Improve planning through digitization and clear organization accountability
  - Restore productivity for processed pineapple C74 variety in the next 12 to 24 months
- 3) Rightsize workforce and reduce fixed costs.
- 4) Further invest in the growth of Fresh business in North Asia and other export markets.

The Group will pursue all these initiatives in FY2025 but the results will only be fully reflected in FY2026. The Group expects to incur a net loss in FY2025 although at a reduced amount.

Against this backdrop, DMPL's Managing Director and CEO Joselito Campos Jr. said, "We are extremely disappointed with our performance in the fourth quarter mainly brought about by

inventory issues in the U.S. We will be relentless in improving our operating and financial performance across all businesses, particularly in the U.S.”

### **About Del Monte Pacific Limited ([www.delmontepacific.com](http://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 consumer needs for premium quality, healthy products. The Group innovates, produces, markets and distributes its products worldwide.

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](http://www.swpremiumfood.com)).

The Group owns heritage brands - *Del Monte*, *S&W*, *Contadina* and *College Inn* – all 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](http://www.delmontefoods.com)), owns other trademarks such as *Bubble Fruit*, *Joyba*, *Kitchen Basics* and *Take Root Organics* while DMPL’s Philippine subsidiary, Del Monte Philippines, Inc. ([www.delmontephil.com](http://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.

DMPL’s USA subsidiary operates four 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](http://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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### **Disclaimer**

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Representative examples of these factors include (without limitation) general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, service providers’ performance, production efficiencies, input costs and availability, competition, shifts in customer demands and preferences, market acceptance of new products, industry trends, and changes in government and environmental regulations. Such factors that may affect the Group’s future financial results are detailed in the Annual Report. The reader is cautioned to not unduly rely on these forward-looking statements.

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