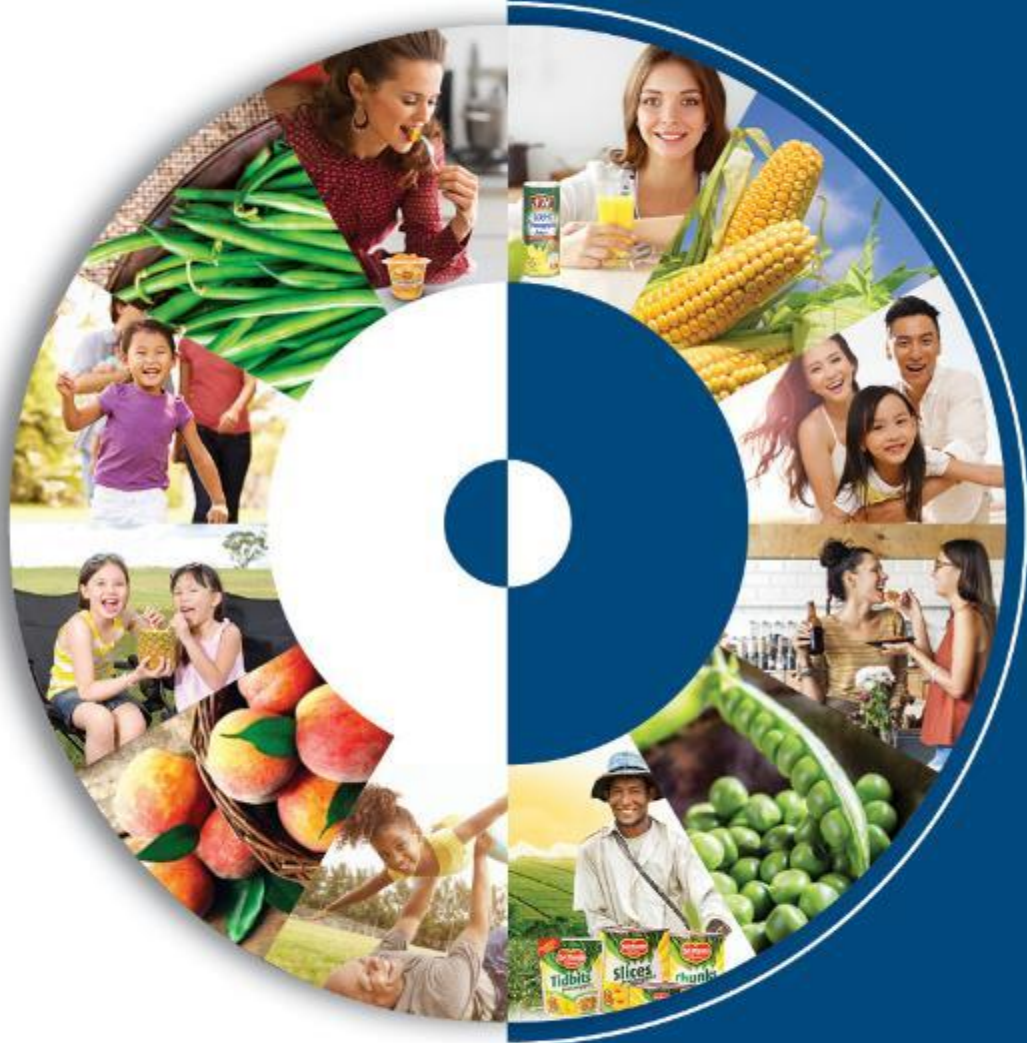


# DEL MONTE PACIFIC 3Q FY2018 RESULTS

8 March 2018



NOURISHING FAMILIES.  
ENRICHING LIVES.  
EVERY DAY.



# Disclaimer

This presentation may contain statements regarding the business of Del Monte Pacific Limited and its subsidiaries (the “Group”) that are of a forward looking nature and are therefore based on management’s assumptions about future developments. Such forward looking statements are typically identified by words such as ‘believe’, ‘estimate’, ‘intend’, ‘may’, ‘expect’, and ‘project’ and similar expressions as they relate to the Group. Forward looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to various factors.

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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# Contents

- Summary
- 3Q FY2018 Results
- 9M FY2018 Results
- Preference Shares
- DMPI IPO
- Market Updates
- Sustainability
- Outlook





## Notes to the 3Q FY2018 Results

1. Third quarter is 1 November 2017 to 31 January 2018.
2. 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.
3. 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 Highlights

- Sales and market shares in the USA grew with innovation and brand building activities, offset by a decline in DMPL Group's exports of pineapple juice concentrate.
- One-off expenses, mainly the non-cash US\$39.8m write-off of deferred tax assets in the USA due to new tax rates, led to a net loss of US\$38.4m. Without the one-off expenses, the Group would have generated a net income of US\$3.4m.
- DMPL Preference Shares second tranche offering raised US\$100m, significantly reducing gearing.
- Planned Del Monte Philippines IPO will further improve the capital structure of the Group.



## Outlook

- Barring unforeseen circumstances and excluding one-off expenses, the Group is expected to be profitable for FY2018
- Major emphasis on responding to consumer trends through:
  - Strengthening the core business
    - healthier options and new products
    - marketing and trade promotion
    - channel development
  - Focusing on businesses that are on-trend and rationalising non-profitable ones
  - Innovating -- process and packaging technology
    - agriculture and manufacturing technology
  - Executing digital strategy
- Improving financial performance through:
  - G&A cost optimisation and multiyear restructuring for operations and supply chain



## DMPL 3Q FY2018 Group Results Summary

- Sales of US\$599.8m, -0.7%

Sales	% Change
US	+0.2
Philippines	+4 (in peso terms +8)
S&W	-16
FieldFresh India (equity accounted)	+8 (in rupee terms +3)

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

- EBITDA of US\$46.4m, down 6% from US\$49.2m due to planned higher trade promotion and marketing in DMFI (incremental US\$18.7m)
- Operating profit of US\$27.9m, down 18% from US\$34.1m
- Net profit of US\$3.4m, down 71% from US\$11.6m



# One-off Items

In US\$ m	3Q FY17	3Q FY18	Booked under
Closure of North Carolina plant	0.9	-	CGS
Closure of Sager Creek Arkansas plant	-	6.8	G&A/Misc expense
Closure of Plymouth, Indiana plant	-	(0.8)	G&A/Misc expense
Severance	4.5	2.5	G&A expense
Others	-	2.7	G&A expense
<b>Total one-offs (pre-tax basis)</b>	<b>5.4</b>	<b>11.2</b>	
Write-off of deferred tax assets (non-cash)*	-	39.8	
Tax impact for the other one-off items	(2.0)	(4.3)	
Non-controlling interest	(0.4)	(4.9)	
<b>Total one-offs (net of tax and NCI)</b>	<b>3.1</b>	<b>41.8</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 have 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.



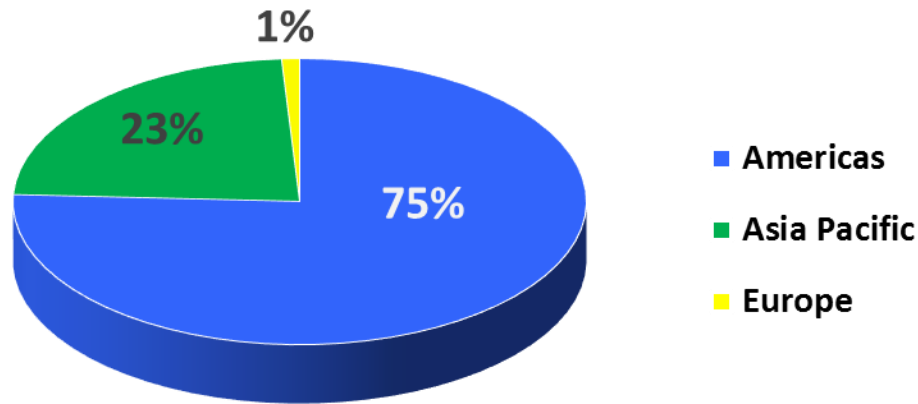


# DMPL 3Q FY2018 Results – As Reported

In US\$m	3Q FY2017 (Restated)	3Q FY2018	Chg (%)	Comments
Turnover	604.2	<b>599.8</b>	-0.7	Higher USA sales offset by lower PJC exports
Gross profit	125.7	<b>119.1</b>	-5.2	Lower sales and higher trade promotion spending
EBITDA	43.8	<b>34.9</b>	-20.1	Includes one-off expenses of US\$11.2m (due to planned plant rationalisation) and marketing investments in USA
Operating profit	28.7	<b>16.7</b>	-41.7	Same as EBITDA comment
Net finance expense	(28.4)	<b>(25.3)</b>	-10.6	Lower level of borrowings
FieldFresh equity share	(0.5)	<b>0.1</b>	+120.0	Improved sales and margins
Tax	6.9	<b>(36.1)</b>	nm	Wrote off non-cash US\$39.8 million of deferred tax assets (DTA) at DMFI due to the change in Federal income tax rate from 35% to 21%
Net profit/(loss)	8.5	<b>(38.4)</b>	nm	DTA write-off plus other one-offs in EBITDA comment
Net debt	1,956.2	<b>1,605.1</b>	-17.9	Payment of ~US\$300m loans after the issuance of preference shares
Gearing (%)	528.4	<b>266.9</b>	-262ppts	Same as above



# 3Q FY2018 Turnover Analysis



Americas	+0.4%	<ul style="list-style-type: none"> <li>Higher volume of packaged fruit and broth, and increased retail sales partially offset by higher trade promotion and distribution losses in packaged tomatoes</li> </ul>
Asia Pacific	-0.6%	<ul style="list-style-type: none"> <li>Philippines sales were up driven by expanded penetration and increased consumption of its beverage and culinary products into the peak season of Christmas</li> <li>Lower S&amp;W sales due to lower packaged pineapple sales in North Asia from increased competition from cheaper-priced products from Thailand</li> </ul>
Europe	-39.0%	<ul style="list-style-type: none"> <li>Reduced sales of pineapple juice concentrate and processed pineapple</li> </ul>



## DMPL 9M FY2018 Group Results Summary

- Sales of US\$1.7 billion, -0.5% on lower USA sales

Sales	% Change
US	-1.6
Philippines	+0.1 (in peso terms +6)
S&W	+9
FieldFresh India (equity accounted)	+5 (in rupee terms +0.3)

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

- EBITDA of US\$131.6m, down 14% from US\$152.3m due to planned higher trade promotion and marketing in DMFI (incremental US\$42.1m)
- Operating profit of US\$74.7m, down 28% from US\$103.1m
- Net profit of US\$14.9m, down 47% from US\$28.3m



# One-off Items

In US\$ m	9M FY17	9M FY18	Booked under
Closure of North Carolina plant	3.6	-	CGS
Closure of Sager Creek Arkansas plant	-	13.3	G&A/Misc expense
Closure of Plymouth, Indiana plant	-	13.3	G&A/Misc expense
Severance	8.2	3.8	G&A expense
Others	-	5.3	G&A expense
<b>Total one-offs (pre-tax basis)</b>	<b>11.8</b>	<b>35.7</b>	
Write-off of deferred tax assets (non-cash)*	-	39.8	
Tax impact for the other one-off items	(4.2)	(13.6)	
Non-controlling interest	(0.8)	(6.5)	
<b>Total one-offs (net of tax and NCI)</b>	<b>6.8</b>	<b>55.4</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 have 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.



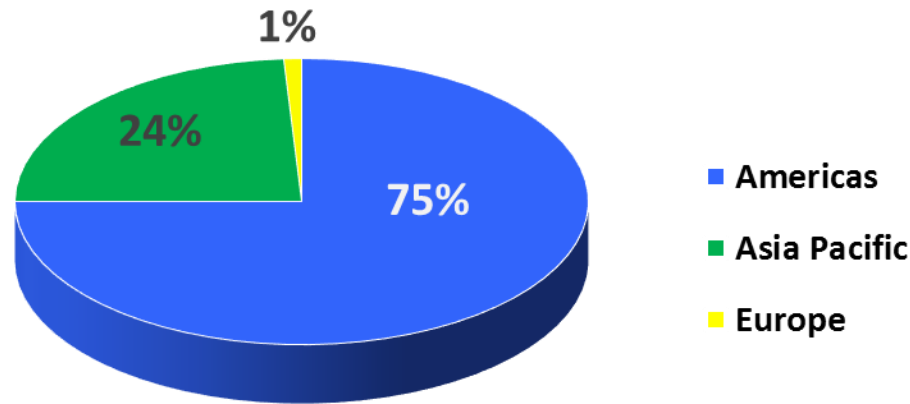
# DMPL 9M FY2018 Results – As Reported

In US\$m	9M FY2017 (Restated)	9M FY2018	Chg (%)	Comments
Turnover	1,707.6	<b>1,698.3</b>	-0.5	Higher Asia sales offset by lower USA sales
Gross profit	367.8	<b>345.4</b>	-6.1	Lower sales and higher trade promotion spending
EBITDA	140.5	<b>95.7</b>	-31.9	Includes one-off expenses of US\$35.7m (due to planned plant rationalisation) and marketing investments in USA
Operating profit	91.3	<b>39.0</b>	-57.3	Same as EBITDA comment
Net finance expense	(80.0)	<b>(73.9)</b>	-7.7	Lower level of borrowings
FieldFresh equity share	(1.2)	<b>(0.4)</b>	-66.7	Improved sales and margins
Tax	8.5	<b>(15.3)</b>	nm	Wrote off non-cash US\$39.8 million of deferred tax assets (DTA) at DMFI due to the change in Federal income tax rate from 35% to 21%
Net profit/(loss)	21.5	<b>(40.4)</b>	nm	DTA write-off plus other one-offs in EBITDA comment
Net debt	1,956.2	<b>1,605.1</b>	-17.9	Payment of ~US\$300m loans after the issuance of preference shares
Gearing (%)	528.4	<b>266.9</b>	-262ppts	Same as above





# 9M FY2018 Turnover Analysis



Americas	-1.8%	<ul style="list-style-type: none"> <li>▪ Distribution losses in the packaged tomato category, unfavourable pricing in foodservice and USDA, and higher trade promotion spending</li> </ul>
Asia Pacific	+3.0%	<ul style="list-style-type: none"> <li>▪ Philippines expanded penetration and increased consumption of its packaged pineapple product following improvement in supply, coupled with higher sales of culinary products</li> <li>▪ Higher S&amp;W fresh pineapple sales</li> </ul>
Europe	+10.1%	<ul style="list-style-type: none"> <li>▪ Higher packaged pineapple sales</li> </ul>



# Preference Share Offering (2<sup>nd</sup> Tranche)

- DMPL raised US\$100m from the offer of Series A-2 Preference Shares in December 2017
- Coupon rate of 6.5% per annum payable semi-annually
- Listed on 15 December 2017 on the Philippine Stock Exchange (PSE)
- DMPL raised US\$200 million from the first tranche offering of Preference Shares which were listed on the PSE on 7 April 2017. The first dividend for the first tranche was paid on 9 October 2017 at US\$0.33125 per Share (semi-annual payment)
- Total proceeds of ~US\$300m from the two tranches substantially paid down a loan bringing DMPL's gearing to 2.7x from 5.3x



**DMPL Preference Share Offering  
(2<sup>nd</sup> Tranche) Roadshow**



# Del Monte Philippines IPO

- DMPL plans to sell its 20% stake in its wholly-owned subsidiary, DMPI, through an IPO on the PSE
- Up to US\$320m of proceeds subject to book building and market conditions
- Consumer companies on the PSE are trading at an average 29x PE
- To further improve the Group's gearing



DMPI Institutional Investor Presentation

# Market Updates for 3Q FY2018





# Del Monte Foods Organisation



- Gregory Longstreet was appointed DMFI's CEO effective 5 September 2017, responsible for DMFI's strategy, business and overall organisation
- He has outlined a four-point growth strategy for the brand:
  - building relevance through product differentiation
  - driving innovation to address shifting consumer habits
  - expanding distribution into key growth areas -- perimeter of store and foodservice
  - and optimising the supply chain to make it more efficient and agile



- Greg appointed Bibie Wu as Chief Marketing Officer effective 28 February 2018. To facilitate more synergies with the Innovation team in bringing DMFI's products to market, R&D is now part of the overall Marketing organisation under the CMO, an important step to drive innovation and support the investment in future products
- Appointed Brian Pitzele effective 5 February 2018 as VP to lead and strengthen Foodservice
- Under new leadership, the company has become more market-driven, innovative and aligned with consumer preferences





# United States of America

**31%**

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

**37%**

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

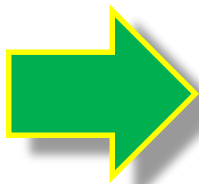
**33%**

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

**9%**

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

- Remains a brand leader across core categories
- Grew share in 3 out of 4 core categories in 3Q (Canned Vegetable +1.5 pts, Canned Fruit +0.7 pts, Fruit Cups +3.9 pts)
- Vegetable and Fruit results driven by increased marketing investments, compelling innovations, and strong execution against fundamentals at retail



**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.**



# Del Monte Foods USA

DMFI's 3Q sales up 0.2% to US\$451.5m

- Higher volume of packaged fruit and broth
- The Del Monte Fruit & Chia cups launched in 2Q are performing well. These are adult fruit cups which combine fruit and chia seeds
- DMFI followed this launch in 3Q with the introduction of Grab and Go fruit cups which are single-serve cups with 'sporks', for convenient snacking on the go
- These new products ride on current consumer trends of healthy living, snacking and convenience
- DMFI's market shares in canned vegetable and fruit, plastic fruit cup and broth categories increased during the quarter, driven by increased marketing investments, compelling innovations, and strong execution against fundamentals at retail





## Del Monte Foods USA



In 3Q, DMFI contributed an EBITDA of US\$4.0m and a net loss of US\$54.8m to the Group

- As part of the Group's strategy to improve operational excellence, DMFI divested its underperforming Sager Creek vegetable business last 2Q. This involved shutting the production facility in Siloam Springs, Arkansas
- DMFI also shut its Plymouth, Indiana tomato production facility in 3Q to streamline operations and improve efficiency
- These resulted in additional one-off expenses in 3Q amounting to US\$11.2m pre-tax or US\$6.2m post-tax
- Wrote off non-cash US\$39.8m of deferred tax assets due to the change in Federal income tax rate from 35% to 21%. However, this should be more than offset by the reduced tax rates in future years which will be substantial
- Moreover, the additional marketing and trade spend in the USA amounted to US\$18.7m for 3Q to strengthen the core business. This is reflected in the higher volume achieved



## Build Relevance: Continually differentiate our brands and products in order to drive consumer preference

- Reinforce our points of difference (Del Monte's quality, College Inn's rich flavourful taste)
- Elevate our taste, health and convenience credentials (non-GMO, All Natural, sea salt)
- Exploit pockets of growth



## Drive Innovation: Address evolving consumer needs, shifts in eating behaviours, and changing demographics

- Reach new consumer targets (Millennials)
- Extend into new usage occasions (in healthy snacking and dinner meals)
- Enter attractive adjacencies

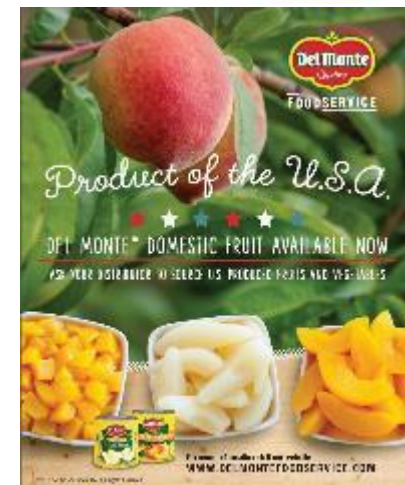


## Expand Distribution: Extend our reach into growing channels and aisles of the grocery store

- Establish leadership position in growing Foodservice and E-commerce
- Expand presence in store perimeter

## Improve Efficiency: Increase focus and optimise cost base to support strategy and fuel investment in growth initiatives

- Realign our manufacturing and supply chain footprint
- Drive efficiencies in our sourcing model





# Innovation Highlights

## Introducing New Grab and Go Fruit Cups



- Unlocking the On-the-Go usage occasion with nearly 50% of US Food Consumption in Snacking
- Portable Grab and Go Fruit Cups with spork in the lid
  - 4 amazing flavours:
    - Grapefruit & Orange in Pomegranate Water
    - Mandarin Orange in Coconut Water
    - Peaches in Strawberry Dragon Fruit Chia
    - Pears in Blackberry Chia





# Marketing Highlights

## Vegetable



[ANIMATION] Banner begins with hands picking green beans. Copy fades in and out of the frame.



[ANIMATION] Copy fades in and out of frame as green beans start to fly by.



[ANIMATION] Background image moves left to reveal green bean casserole.



[ANIMATION] Christmas lights appear around the dish when the words appear in frame.



[ANIMATION] The Del Monte can of green beans enters frame from the right as the headline fades into frame. CTA button and logo pop in from the bottom and replace recipe name.



Alternate CTA.

Target  
Get ready for Thanksgiving festivities. Shop your favorites, now available at Target.



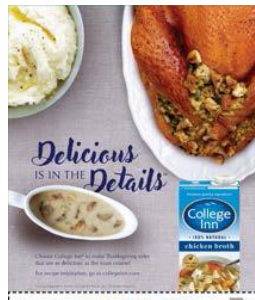
All You Need For a Feast

Shop now



- Holiday campaign featuring green bean casserole across top 10 customers
- Ongoing media across TV, Online Video, Facebook, Pinterest and Search

## College Inn



- Ongoing Campaign "Delicious in the Details"
- Holiday, ongoing media across TV, Print, Digital, and New item Free Standing Inserts (FSI)

## Fruit



- Ongoing campaign with trial-generating tactics
- Ongoing media across Print, Social Platforms, Digital, and January FSI



# Foodservice Highlights

## Non-Commercial National Accounts



- Completed 3-year contract with Compass/Foodbuy which forces national distribution through Sysco
- Del Monte branded items will now be available to operators across the country
  - 10 Canned Fruit items
  - 5 Canned Vegetable items
  - Additional SKUs in limited distribution

## College Inn

<p>College Inn® Organic Beef Broth</p> <p><a href="#">More Info</a></p>	<p>College Inn® Less Sodium Garden Vegetable Broth</p> <p><a href="#">More Info</a></p>	<p>College Inn® Less Sodium Chicken Broth Concentrate</p> <p><a href="#">More Info</a></p>
<p>College Inn® Beef Broth</p> <p><a href="#">More Info</a></p>	<p>College Inn® Chicken Broth</p> <p><a href="#">More Info</a></p>	<p>College Inn® Less Sodium Beef Broth</p> <p><a href="#">More Info</a></p>

- Expanding the portfolio by making successful retail items available to Foodservice customers

## Buy America Campaign



- Launched [www.delmontefoodservice-k12.com](http://www.delmontefoodservice-k12.com)
- Supporting with email campaign to school foodservice directors





# Del Monte Philippines (DMPI)

- DMPI is the Group's 2<sup>nd</sup> largest subsidiary
- Comprises of Philippines sales and exports
- 3Q sales of US\$144.2m, down 3% in peso terms due to lower exports of the industrial pineapple juice concentrate
- 9M sales of US\$411.7m, up 7.5% in peso terms



Del Monte 100% Pineapple Juices now in 1-litre Tetra Pak carton



# Philippines

**85%**

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

**75%**

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

**83%**

**Market Share (#1)**  
Canned and Tetra RTD Juices

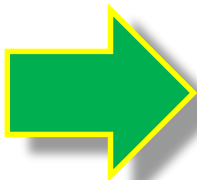
**85%**

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

**41%**

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

- Del Monte is the market leader across several categories
- Modern trade and convenience stores are growing fast: Del Monte is strong in modern trade, generating 31% of sales
- Expanding foodservice sales, accounting for 17% of Philippine sales
- Competitive environment with Southeast Asian peer companies targeting the Philippines to innovate, diversify and premiumise
- 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 2017



## Philippines

- Philippines is the largest market of subsidiary Del Monte Philippines, Inc (DMPI)
- 3Q sales were up 8% in peso terms but up 4% in US dollar terms due to peso depreciation
- Expanded penetration and increased consumption of beverage and culinary products into peak Christmas season
- Initial foray into the 'juice with particulates' market with the introduction of Del Monte Juice & Chews in December 2017, an innovative snack-in-a-drink combining chewy bits of nata and pineapple with fruit juice blends. This is becoming increasingly popular amongst teens
- Foodservice sales remained strong, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts



**Del Monte Juice & Chews, the new fun snack-in-a-drink is now available in 7-Eleven**





# Philippine Market Updates – Juice & Chews

Achieved high share of shelf

Merchandising such as outdoor banners, chiller stickers, chiller highlight and glorifiers were installed in January 2018





# Del Monte Juice Drinks continued to excite consumers with seasonal flavours in single serve cans!



Shipments for its 1L Tetra (2<sup>ND</sup> wave) and 202 Can SKUs (1<sup>ST</sup> wave) commenced in January 2018



Made even more exciting via engaging digital shorts and supported in the trade via sampling in supermarkets



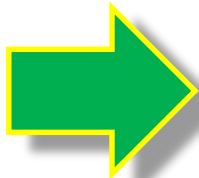
Sampling





# Asia and the Middle East

- 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 exploring 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 and the Middle East

- Sales of the S&W business were 16% lower
- Lower packaged pineapple sales in North Asia
- Increased competition from cheaper-priced products from Thailand impacting the Group's business most notably in China
- Launched S&W Fruit & Chia cups in 3 variants in NTUC Fairprice Singapore



Facebook Christmas ad



Facebook ad of the new S&W Fruit & Chia cups





# Launch of S&W Fruit & Chia Cups (Singapore)



**Real fruits**  
packed with the goodness of CHIA!

*New*

**S&W**  
**FRUIT & CHIA**  
Peaches - Strawberry Dragon Fruit  
800mg of FIBER - 800mg of CHIA  
NO ARTIFICIAL FLAVORS

*A cup of delicious goodness contains:*

- A whole serving of real fruit
- 100% daily value of Vitamin C
- 800mg of omega-3 fatty acids
- 4 - 5g of dietary fiber
- No artificial flavors and sweeteners

**S&W**  
**FRUIT & CHIA**

NOV 15 NOW 15% OFF



Exclusively available at FairPrice. FairPrice

**Launch of Fruit & Chia at NTUC Fairprice - New product launch at the leading retailer of Singapore. Supported by a series of outdoor and in-store roving sampling activations as well as introductory price.**



# Products in Metro and Foodservice (Turkey)



Advertised promotions and sampling of canned fruits and juices at the Metro Chain in Turkey

Canned juices on sale at chiller sections of foodservice restaurants







# FieldFresh India

- FieldFresh broke even in 3Q on improved sales and margins
- DMPL's share of profit was US\$0.1 million, a turnaround from the share of loss of US\$0.5 million in the prior year period

## Tomato Ketchup Re-branding

**Del Monte is a key player in the tomato-based sauces space, with a 5% share in supermarkets (No.3 national brand in supermarkets); New look introduced to better reflect category codes and brand values**



Old pack



New pack



New look range





# New Product Launches

- Sandwich Spread 450g and Pizza Pasta sauce 400g in a stand up spout pack
  - Building on the success of the spout format on Mayo 900g and 500g
  - Growth in Pasta/Pizza sauce category after 4 months of launch of the spout
  
- Domestic pasta 200g at a per unit price of Rs.49
  - Act as a trial generator and recruitment pack
  - Riding on domestic pasta category’s high growth



# Del Monte @ World Food India

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.



- **World Food India**, a first of its kind event meant to highlight the potential of the Indian food processing industry, was organised by the ministry of food processing of India (MOFPI) from the 3<sup>rd</sup> to 5<sup>th</sup> November 2017 at the India Gate lawns in New Delhi.
- FieldFresh Foods Pvt. Ltd, was a key participant in the event and showcased the Del Monte range of products in India as well as products of DMPI, Del Monte USA and S&W. FieldFresh also used the opportunity to officially announce its tie up with KIKKOMAN to manufacture and market KIKKOMAN products in India with the aim of establishing a strong presence in the Oriental condiments space.
- The event was also graced by the presence of FieldFresh's board members, Mr. Rakesh Bharti Mittal, Mr. Rolando C. Gapud & Mr. Luis Alejandro who visited the Del Monte stall and interacted with the India team.



**FieldFresh Foods Board members at the dinner hosted by the minister for Food Processing Industries, Smt. Harsimrat Kaur Badal**



**FieldFresh Foods Board members at the stall**



# Sustainability

- Improving Operational Excellence and Sustainability is one of the five strategic pillars of the Group
- Del Monte Philippines and the Cannery Employees Union signed a Memorandum of Agreement covering wage increases and improved benefits
- The JY Campos Centre where Manila office is located won the Don Emilio Abello Energy Efficiency Outstanding Award for achieving energy savings
- The Del Monte Foundation continues its community service programs through its Medical-Dental Missions, Technical Skills Training and Home Care Education







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- Improving financial performance through:
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