



DEL MONTE PACIFIC LIMITED

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Del Monte Pacific's Second Quarter and First Half FY2024 Results

Second Quarter FY2024

- Del Monte Pacific Limited (DMPL) Group sales declined by 5% to US\$667m on lower USA and export sales
- The Group maintained leading market share positions across core products
- Posted lower gross profit of US\$136m due to higher costs
- This factor and increased interest expense led to a net loss of US\$8m from a net profit of US\$50m in the prior year quarter

First Half FY2024

- DMPL Group sales grew by 2% to US\$1.2bn on higher sales in USA in the first quarter
- Posted lower gross profit of US\$244m due to higher costs
- Resulted in a net loss of US\$22m from a net profit of US\$19m in the prior year period

Singapore/Manila, 13 December 2023 – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited (“DMPL” or the “Group”; Bloomberg: DELM SP, DELM PM) reported today its second quarter FY2024 results ending October.

For the quarter, DMPL generated sales of US\$667.1 million, down 5% due to lower sales in the USA by subsidiary Del Monte Foods, Inc. (DMFI), and lower exports of fresh and packaged pineapple by Del Monte Philippines, Inc. (DMPI). Sales in the Philippine market were flat in US dollar terms.

USA

DMFI achieved sales of US\$494.6 million or 74% 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. Branded products grew by 0.5% in the second quarter, due in part to strong performance from the Joyba and Kitchen Basics brands, as well as growth in the foodservice channel. DMFI grew its leading market share positions across its core businesses of canned fruit, vegetable and tomato with higher-margin branded retail products increasing as a proportion of overall mix.

Growth continued within the foodservice segment, highlighted by the introduction of 4-ounce branded fruit cups, developed and sold specifically for the vending machine and micro market channels. The availability of the scannable fruit cups featuring mixed fruit, diced peaches, diced pears, pineapple tidbits and mandarins, are labeled for individual sale, and a direct result of DMFI's channel expansion strategy.

Philippines

Philippine market delivered sales of US\$107.8 million, 1% lower in peso terms but flat in US dollar terms. Sales in the culinary and beverage segments experienced growth, driven by the launch of strategic campaigns. Spaghetti Sauce's birthday campaign, including the Limited Edition Birthday Collectibles, resonated well with consumers as it reinforced Del Monte's value amidst the inflationary environment. Del Monte juices launched a youth recruitment campaign aimed at redefining its brand proposition to align with today's dynamic beverage landscape. Del Monte also strengthened its market leadership in key product categories, including packaged pineapple, mixed fruit and spaghetti sauce behind programs driving occasion-based messaging, versatile recipe usage and expansion of value-for-money package formats. Foodservice and convenience store channels continued their growth momentum with sales up 15% and 13%, respectively, on new accounts, outlets and menu ideas.

International Markets

Sales in the international markets declined by 30% on reduced Fresh and Packaged product sales. Lower sales of Fresh resulted from a lower supply for the quarter as majority of fruits had

matured or ripened early and were thus harvested in the first quarter. The Group expects a strong second half supply and sales recovery. The highly profitable Deluxe variant continued to accelerate, while the Group also benefited on some pricing moves. Packaged sales decreased with lower sales to USA due to their inventory correction and unserved demand in other markets due to lower pineapple fruit supply.

S&W, the Group's premium brand for international markets, participated in large trade fairs in Hong Kong and Guangzhou to meet current and potential customers and to further expand S&W's footprint in China. In Europe, Frozen Pineapple Chunks were launched in Ireland by the Group's customer, Green Isle, as one of the latest additions to their perfect-for-lunchbox and on-the-go fruit snacks range. These are now available in all major retail stores in Ireland.

Group

DMPL's gross profit declined by 34% to US\$135.5 million with a gross margin of 20% from 29%. Declines were driven by inflationary factors and higher operating costs from higher inventory and lower pineapple supply. DMFI has proactively taken measures to offset the inflation-driven effects of margin compression, including a price increase on July 31st and a strategic shift away from the lower-margin co-packing business, contributing to a sequential increase in overall gross margin for DMFI versus the first quarter.

As a result of lower gross profit and increased interest expense, DMPL reported a net loss of US\$8.5 million versus prior year quarter's net profit of US\$49.5 million.

"We faced a tough quarter as lower pineapple supply, higher costs and consumer spending trends impacted our margins and operating performance. In addition, higher interest charges also affected the Group's bottom line," said Joselito Campos, Jr., DMPL's Managing Director and CEO. "We expect that consumer spending will continue to be curbed by persistently higher living costs, mainly driven by high energy prices and rising borrowing costs. To address challenging market conditions, we will focus on effectively managing our inventory over the next 9 to 12 months. Additionally, we will explore opportunities to enhance our capital structure, reduce leverage, and minimize interest expenses."

FIRST HALF FY2024

DMPL grew sales by 2% to US\$1.2 billion on higher USA sales; however, gross profit declined by 28% to US\$243.8 million on higher costs. EBITDA decreased by 41% to US\$115.0 million and the Group generated a net loss of US\$21.6 million from a net profit of US\$19.0 million on lower operating results.

OUTLOOK

The Group recognizes the ongoing uncertainty in the global environment and is committed to effectively managing its operating expenses. To achieve this, the Group is implementing various strategies, such as optimizing packaging materials, implementing power and fuel initiatives, making investments to enhance efficiency, productivity, and wastage minimization, and introducing product bundling initiatives in distribution centers. By actively pursuing these measures, the Group aims to streamline operations, reduce costs, and ensure sustainable growth in an ever-changing market.

The Group is expecting to deliver higher branded revenue growth in FY2024.

In the US, DMFI is dedicated to expanding its market share through a comprehensive strategy that encompasses several key aspects. This includes a focus on accelerating innovation, recapturing margins, and capitalizing on growth opportunities in under-penetrated channels. As DMFI's branded portfolio continues to strengthen its position as a market leader across various categories, the Group anticipates that its Joyba and Kitchen Basics brands will make important contributions to both sales and margins.

Furthermore, in response to the growing demand for premium products, particularly the superior MD2 fresh pineapple, plans have been developed to substantially increase production. This initiative will support the rising export demand for these highly sought-after products and further strengthen the Group's reputation as a provider of exceptional quality.

The Group is addressing the high carryover inventory levels from FY2023 by reducing the pack in the US over the next 9 to 12 months and will include lowering the FY2024 pack across all major

segments. Groupwide gross margin will benefit in FY2025 from the inventory reduction plan (with lower waste of aging items, lower trade spend to liquidate stocks and lower warehousing costs) while DMPL ex-DMFI benefits in the second half of FY2024 from the restoration of productivity in its processed pineapple operations.

In light of the persistent gloomy global economic outlook, the Group anticipates that FY2024, notwithstanding the higher branded sales growth, will be a year during which the company focuses on reducing inventory and further lowering operating costs. DMPL has taken the decision to revise its earlier guidance. It now expects to incur a loss in this financial year.

Against this backdrop, DMPL's Managing Director and CEO said, "By acknowledging the current economic conditions and adjusting expectations accordingly, the Group aims to navigate through these challenges and position itself for future growth. This proactive approach will allow DMPL to adapt to the evolving market dynamics and ensure the long-term success of our business."

SUSTAINABILITY

DMPL's subsidiary, Del Monte Philippines, has developed an Extended Producer Responsibility Program (EPR) which is being implemented in collaboration with waste management companies to recycle 20% of its plastic waste this year, 40% next year, progressively increasing yearly up to 80% from 2028 onwards per the EPR Law. By implementing this program, the Group is taking steps to minimize its environmental impact through responsible waste management and recycling practices, contributing to a more sustainable future.

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/ DELM 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* – most 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), owns other trademarks such as *Fruit Refreshers*, *Veggieful*, *Bubble Fruit*, *JOYBA*, *Kitchen Basics* and *Take Root Organics* while DMPL's Philippine subsidiary, Del

Monte Philippines, Inc. (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.

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).

DMPL's USA subsidiary operates six 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) 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

This announcement 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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