



DEL MONTE PACIFIC

2Q FY2020 RESULTS

6 December 2019



NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY. ®



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NOTES TO THE 2Q FY2020 RESULTS

- Second quarter is 1 August to 31 October 2019.
- 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.
- 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.
- The Group has adopted IFRS 16 from 1 May 2019. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, recognises right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Please refer to page 23 of the MD&A for a discussion of the impact of IFRS 16.





2Q FY2020 HIGHLIGHTS

- Positive outcomes backed by strong sales growth in fresh pineapple in North Asia, increased sales in the Philippine market, and transformational initiatives at US subsidiary
- Gross profit, gross margin, recurring EBITDA and net profit recorded significant improvement
- Without one-off expenses, operating profit increased by 65% to US\$47.2m while net profit more than doubled to US\$15.9m
- Planned one-offs, mainly non-cash, attributed to US plant closures/sale in line with asset-light strategy, led to a net loss of US\$37.4m, with expected immediate and ongoing savings of US\$50-60m over the next 24 months
- Maintaining solid market share across legacy categories, while expanding into other new growth categories and channels





OUTLOOK

- Barring unforeseen circumstances, the DMPL Group is expected to remain profitable in FY2020 on a recurring basis (without one-offs).
- Major emphasis on responding to consumer trends through:
 - ✓ Strengthening the core business and innovating
 - Healthier options and new products (innovate outside the can)
 - Strategic investments in marketing in USA
 - ✓ Focusing on growing our branded business
 - Shifting to more branded consumer beverage in place of industrial pineapple juice concentrate
 - Introducing more value-added, less commoditised foodservice
- Improving financial performance through:
 - ✓ Four plant closures/sale in the USA within FY2020 to improve operational efficiency, reduce costs and increase margins amidst expected cost headwinds including higher metal packaging prices and impact of tariffs imposed by the US
 - ✓ Improving cash flow and strengthening the balance sheet





DMPL 2Q FY2020 GROUP RESULTS SUMMARY

- Sales of US\$558.7m, +0.4%

Sales	% Change
US	-4
Philippines	+9 (in peso terms +5)
S&W	+27
FieldFresh India (equity accounted)	+5 (in rupee terms +6)

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

- EBITDA of US\$69.5m, up 55% from US\$44.8m due to higher prices in the USA and Philippines, plus the favourable impact of the divestiture of low-margin Sager Creek vegetable business and reduced sales of low-margin businesses in the United States, thus improving sales mix
- Operating profit of US\$47.2m, up 65% from US\$28.7m
- Net profit of US\$15.9m, more than double prior year's US\$7.3m



DMPL 2Q FY2020 ONE-OFF EXPENSE/(INCOME)

In US\$ m	2Q FY19	2Q FY20	Booked under
Plant closures	(1.9)	75.5	CGS/G&A/Misc Expense
Seed operation	(1.1)	-	Other Expense
Severance	1.7	1.2	G&A Expense
Others	(0.4)	0.1	Interest income and Other expense/(income)
Total one-off expense/(income) (pre-tax basis)	(1.7)	76.8	
Deferred tax on undistributed share in profits	-	1.3	Tax
Tax impact on other one-offs	0.4	(18.7)	
Non-controlling interest	0.1	(6.1)	
Total one-offs (net of tax and NCI)	(1.1)	53.3	

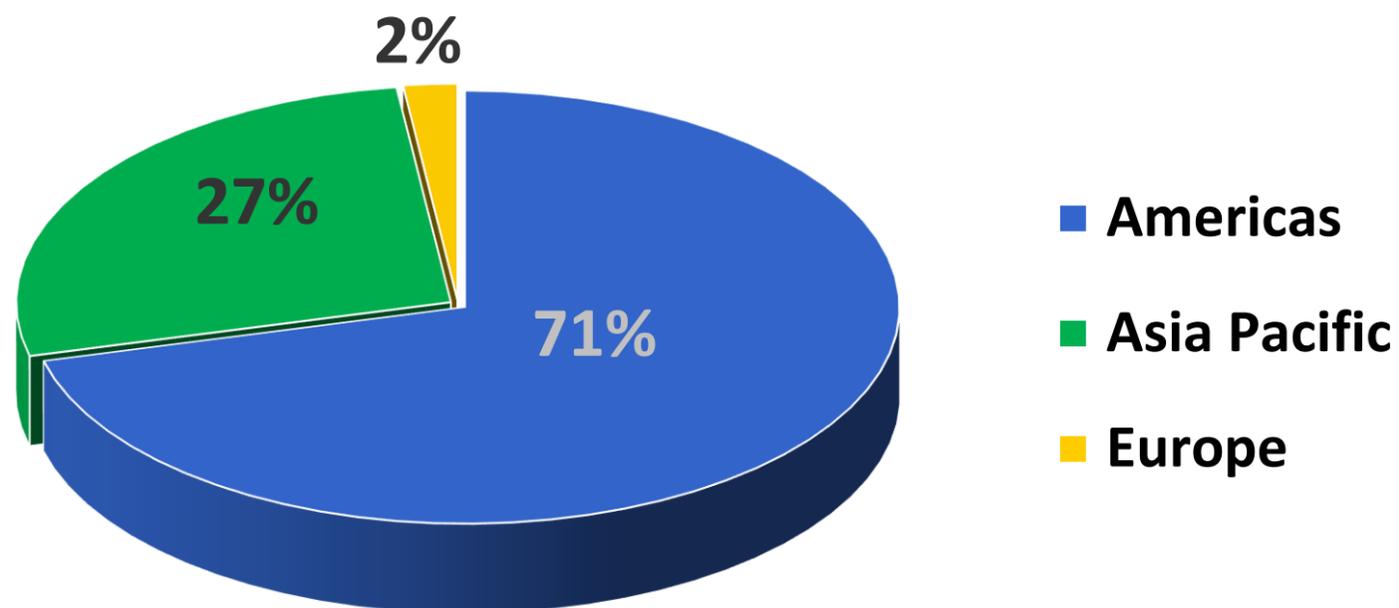


DMPL 2Q FY2020 RESULTS – AS REPORTED

In US\$m	2Q FY2019	2Q FY2020	Chg (%)	Comments
Turnover	556.3	558.7	+0.4	Higher Philippines and S&W Asia offset by lower US sales
Gross profit	118.7	134.1	+13.0	Price increase in the US and Philippines, divested Sager and reduced sales of low margin businesses, thus improving sales mix
EBITDA	46.2	(7.3)	-115.7	One-off expenses due to 4 plant closures/sale in the US
Operating profit	30.0	(29.6)	-198.6	Same as EBITDA comment
Net finance income/ (expense)	(23.3)	(27.2)	-16.7	Higher level of borrowings
FieldFresh equity share	0.0	(0.5)	nm	Higher supply and logistics cost from fresh business and key commodities
Tax benefit	1.1	14.0	nm	Higher tax loss carryforward due to one-off expenses
Net profit/(loss)	8.4	(37.4)	nm	Same as EBITDA comment
Net debt	1,685.0	1,738.6	+3.2	Slightly higher due to payment of dividend tax in 1Q as well as for general use purposes
Gearing (%)	281.2	363.0	+81.7ppts	Same as above



DMPL 2Q FY2020 TURNOVER ANALYSIS



Americas	-4.4%	<ul style="list-style-type: none"> ▪ In line with strategy, divested the low-margin Sager business. Stripping it out, sales would have been down 2.5% ▪ Lower sales of low-margin non-branded businesses ▪ Timing of holiday shipments resulting from a later Thanksgiving
Asia Pacific	+14.2%	<ul style="list-style-type: none"> ▪ Philippines sales increased across Modern Trade (+9%) and General Trade (+6%), as all categories delivered growth behind consumption-building activities, as well as improvements in distributor business that had constrained growth in prior year ▪ Higher S&W sales due to strong sales of fresh pineapple, mainly in North Asia
Europe	+32.7%	<ul style="list-style-type: none"> ▪ Higher packaged fruit and beverage sales



DMPL 1H FY2020 GROUP RESULTS SUMMARY

- Sales of US\$934.6m, -5.9%

Sales	% Change
US	-12
Philippines	+7 (in peso terms +4)
S&W	+23
FieldFresh India (equity accounted)	+4 (in rupee terms +7)

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

- EBITDA of US\$108.2m, up 50% from US\$72.1m due to higher prices in the USA and Philippines, plus the favourable impact of the divestiture of low-margin Sager Creek vegetable business and reduced sales of low-margin businesses in the United States, thus improving sales mix
- Operating profit of US\$69.6m, up 78% from US\$39.1m
- Net profit of US\$20.1m, significantly higher than prior year's US\$3.6m



DMPL 1H FY2020 ONE-OFF EXPENSE/(INCOME)

In US\$ m	1H FY19	1H FY20	Booked under
Plant closures	6.4	77.2	CGS/G&A/Misc Expense
Seed operation	(1.1)	-	Other Expense
Severance	1.8	1.6	G&A Expense
Others	-	0.2	Interest income and Other exp/(income)
Gain due to the purchase of DMFI's 2nd lien loan at a discount to par value	(16.2)	-	Interest Income
Total one-off expense/(income) (pre-tax basis)	(9.1)	79.0	
Final tax on intercompany dividends*	-	39.6	Tax
Deferred tax on undistributed share in profits	-	2.7	Tax
Tax impact on other one-offs	1.7	(19.2)	
Non-controlling interest	(0.6)	(6.3)	
Total one-offs (net of tax and NCI)	(8.0)	95.8	

*In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, Del Monte Philippines, Inc (DMPI), declared a dividend to its parent which was taxed at 15%

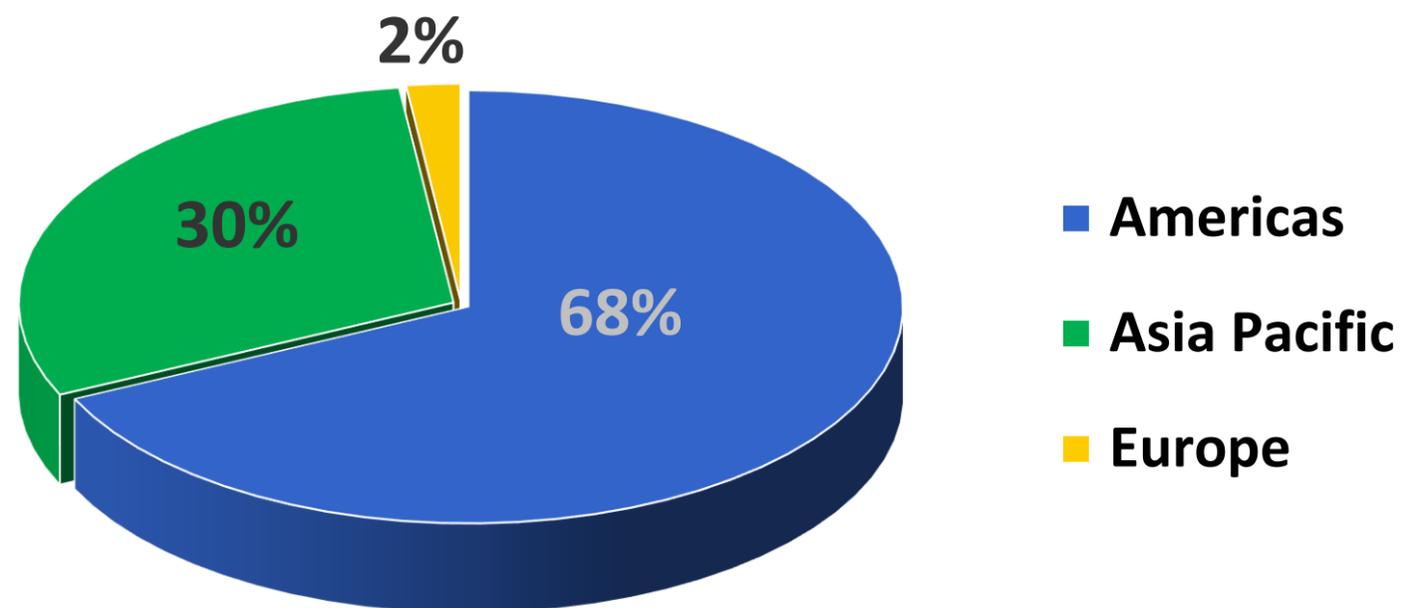


DMPL 1H FY2020 RESULTS – AS REPORTED

In US\$m	1H FY2019	1H FY2020	Chg (%)	Comments
Turnover	993.5	934.6	-5.9	Higher Philippines and S&W Asia offset by lower US sales
Gross profit	196.7	225.3	+14.5	Price increase in the US and Philippines, divested Sager and reduced sales of low margin businesses, thus improving sales mix
EBITDA	65.0	29.4	-54.9	One-off expenses due to 4 plant closures/sale in the US
Operating profit	32.0	(9.3)	nm	Same as EBITDA comment
Net finance income/ (expense)	(28.5)	(48.5)	-70.2	Higher level of borrowings; prior year included a one-off gain of US\$16m on purchase of second lien loan
FieldFresh equity share	0.2	(0.8)	nm	Commodity headwinds and higher overheads
Tax benefit/(expense)	3.9	(24.7)	nm	Final taxes paid on dividends
Net profit/(loss)	11.4	(75.6)	nm	Same as EBITDA comment
Net debt	1,685.0	1,738.6	+3.2	Slightly higher due to payment of dividend tax in 1Q as well as for general use purposes
Gearing (%)	281.2	363.0	+81.7ppts	Same as above



DMPL 1H FY2020 TURNOVER ANALYSIS



Americas	-11.7%	<ul style="list-style-type: none"> ▪ In line with strategy, divested the low-margin Sager business ▪ Lower sales of low-margin non-branded businesses ▪ Lower packaged fruit volume due to higher pricing
Asia Pacific	+11.0%	<ul style="list-style-type: none"> ▪ Philippines sales increased across Modern Trade (+8%) and General Trade (+5%), as all categories delivered growth behind consumption-building activities, as well as improvements in distributor business that had constrained growth in prior year ▪ Higher S&W sales due to strong sales of fresh pineapple, mainly in North Asia
Europe	-14.0%	<ul style="list-style-type: none"> ▪ Lower packaged fruit and beverage sales



Market Updates for 2Q FY2020



USA

29%

Market Share (#1)
Canned Vegetable

25%

Market Share (#1)
Canned Fruit

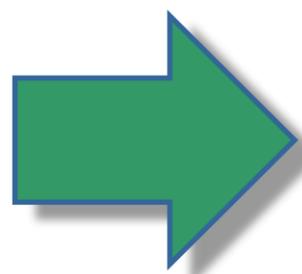
27%

Market Share (#2)
Fruit Cup Snacks

8%

Market Share (#2)
Canned Tomato

- Maintaining solid share across legacy categories, while expanding into perimeter and frozen categories
- Innovation capitalising on growing consumer desire for convenient, healthy and tasty plant-based foods
- Business fundamentals remain on solid ground with strong shelving, new innovation and sustained marketing investments
- Continued to expand presence in new and underdeveloped channels (foodservice, e-commerce, convenience and club)



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.

Source for market shares: Nielsen Scantrack dollar share, Total xAOC, 3M ending 26 October 2019

Canned market shares are for branded only, ex-private labels; Canned tomato is a combined share for Del Monte, S&W and Contadina



DEL MONTE FOODS USA 2Q RESULTS

DMFI's 2Q sales down 5% to US\$396.2m

- Divested low-margin Sager Creek vegetable business
- Reduced sales of low-margin non-branded business
- Timing of holiday shipments resulting from a later Thanksgiving
- Lower packaged fruit volume as a result of price increase

DMFI gross margin improved by 340 basis points to 21.2% from 17.8% in prior year quarter due to better pricing and sales mix



New Products

- Del Monte continued to diversify beyond the canned goods aisle, a declining category
- Introduced innovative plant-based products catering to demand for health and wellness, snacking and convenience
 - Launched *Del Monte Veggieful Bowls* nationwide in the US in October
 - Ready-to-eat *Veggieful Bowls* feature one serving of vegetables with quinoa blended with whole grains and flavourful sauce
- Introduced *College Inn Culinary Stock* with fine artisanal ingredients such as free-range chicken and grass-fed beef, and *College Inn Simple Starter*, convenient for one pot meals



USA - INNOVATION

Del Monte Veggiesful Veggie Bowls



Pinterest



FB/Instagram

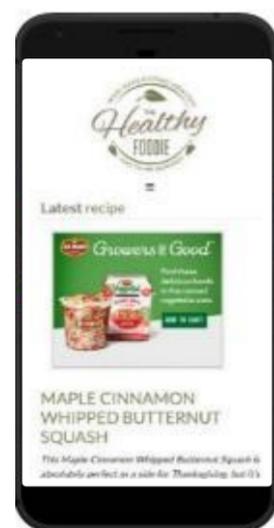


Retail Search

Start Ship: August

Each bowl delivers:

- ✓ 1 full serving of vegetables
- ✓ Non GMO
- ✓ Good source of fibre
- ✓ No artificial flavours or preservatives
- ✓ Ready-to-eat in microwavable container



Targeted Programmatic

Contadina Pizzettas Mobile Tour



The Pizzettas Mobile Tour covering 12 cities!



Branded Food Truck



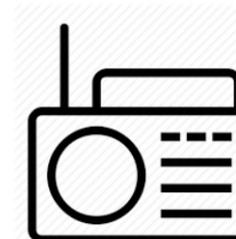
Sampling



Photo Booth



Promotion



Radio



Local PR / Influencer



USA - INNOVATION

College Inn Culinary Stock



Social Media



Consumer Promotion

College Inn Simple Starter



Digital Display



Social Media



Consumer Promotion



Start Ship: July

Each container:

- ✓ Perfectly balanced herbs, natural flavours and seasonings
- ✓ “Pour, add, cook” convenience for one pot meals
- ✓ Versatile for use in slow cookers, pressure cookers and stove-top

Start Ship: July

Each glass jar:

- ✓ Finest artisanal ingredients, free-range chicken and grass-fed beef
- ✓ Is kettle cooked in small batches
- ✓ Always 100% natural



USA – BACK TO SCHOOL

Fruit Cup Snacks Promotions and Performance

- Higher volume with better pricing, quality, and duration
- New product *Del Monte Bubble Fruit* helps bring new news and traction to this category





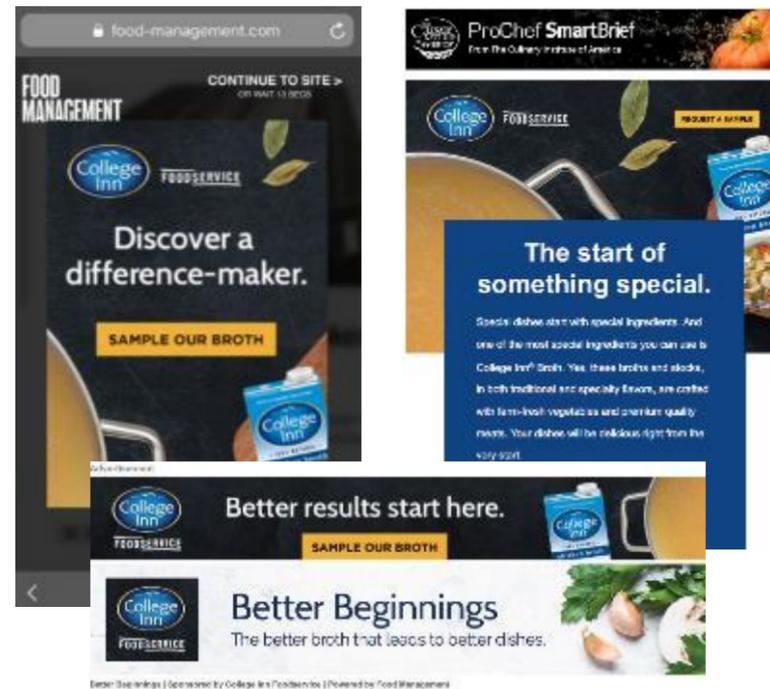
USA - FOODSERVICE

Pouch Pineapple win at Barro's Pizza



- Barro's Pizza, a 43-unit family owned pizza chain in Arizona has selected *Del Monte Pouch Pineapple Tidbits* for their menu. This placement displaced a key competitor, based on the operator's focus on quality and consistent supply of pineapple from the Philippines.

College Inn Digital Promotions



- New digital campaigns have been launched to Foodservice operators, focusing on the unbeatable quality of *College Inn Broths*.
- Operators are driven to a web page that invites them to request a sample. Sales and Broker team members are following up directly with qualified leads.

Getting Social with Riced Cauliflower



- Del Monte Harvest Selects Riced Veggies* are a big hit with Chopt Creative Salad Company, a 75-unit chain focused on healthy and delicious items.
- Chopt added the Riced Cauliflower as an upcharge option in many of its bowls, and they are promoting the new additions frequently via social media.



FY2020 ASSET-LIGHT STRATEGY

- On 1 November 2019, DMFI successfully sold and transitioned Cambria, Wisconsin operations and related employees to Seneca Foods Corporation
- Also entered into an agreement to sell production facilities in Sleepy Eye, Minnesota and Mendota, Illinois and expects the closure and sale of these facilities to be completed during 4Q FY2020
- Sold equipment at Crystal City, Texas facility and is considering additional proposals to sell the balance of the Crystal City assets
- Production at rationalised facilities is being transitioned to other DMFI production facilities in the US as well as to strategic co-packers
- These divestitures will enable DMFI to significantly improve capacity utilisation at the remaining plants in the production network
- Cost saving initiatives should improve DMFI's EBITDA margin by an estimated 325-375 basis points (US\$50-60m) over the next 24 months





PHILIPPINES

86% +3.6pts

Market Share (#1)

Packaged Pineapple

73% +2.3pts

Market Share (#1)

Canned Mixed Fruit

85% +0.5pts

Market Share (#1)

Canned and Carton Juices

83% +1.3pts

Market Share (#1)

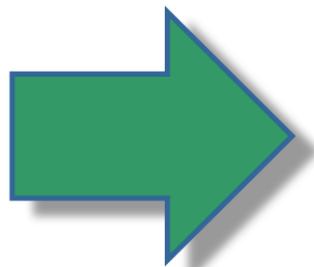
Tomato Sauce

40% -0.1pts

Market Share (#1)

Spaghetti Sauce

- Del Monte is market leader, gaining share, and helping to drive category growth in the key categories above. The only exception is Spaghetti, where share is flat (-0.1)
- General Trade and Modern trade are growing: General Trade accounts for about 50% of Philippine sales while Modern trade accounts for about 30%
- E-commerce is an emerging channel, increasingly extending to grocery items.



To sustain growth and competitiveness: Continue to drive core category consumption in key channels and markets, and penetrate new categories

Source for market shares: Nielsen Retail Index as of 3 months to October 2019; Canned mixed fruit is a combined share for Del Monte and Today's brands; Spaghetti sauce is a combined share for Del Monte, Today's and Contadina brands



PHILIPPINES

- In 2Q, the Philippines domestic market reversed its FY2019 decline, with sales growing by 5% in peso terms and 9% in US dollar terms
- Retail sales grew by 2% in volume and 7% in peso sales value. Non-retail foodservice declined as focus was shifted to more profitable parts of the business
- Sales in the General Trade (~50% of Philippines sales) grew by 6% as the Group continued to make progress in improving its distributor business that had impacted results in the prior year
- Sales in the Modern Trade (~30% of Philippines sales) increased by 9%
- Positive market share improvements across Beverages, Fruits and Culinary



Del Monte Tomato Sauce “Sauce-special” integrated campaign to push relevance in everyday meals



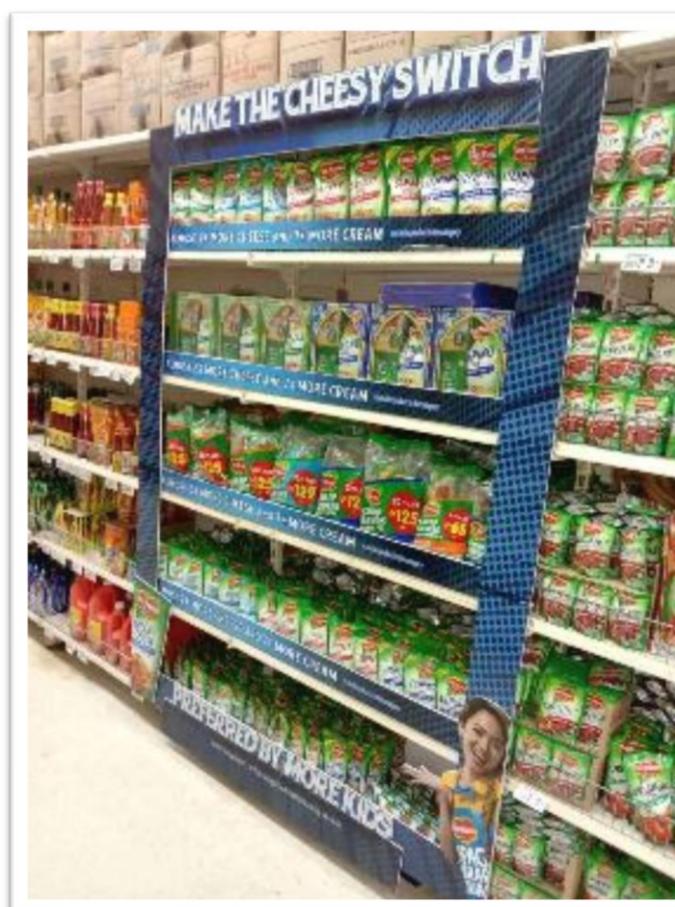
PHILIPPINES - CULINARY



Launch of *Del Monte* Condiments in Stand-Up-Pouches to recruit new users for the category



Del Monte Quick 'n Easy 'Mommadiskarte' Weekly Menu Youtube Campaign



Aggressive in-store display and advertising for *Del Monte Creamy & Cheesy* in the growing cheesy sauce segment



PHILIPPINES - BEVERAGE



Re-air of the 100% Fruitection TVC campaign highlighting *Del Monte 100% Pineapple Juice's* value



Broaden relevance of *Del Monte Fit 'n Right Juice* from just weight loss to holistic fitness



New *Del Monte Pineapple Juice Heart Smart* campaign



PHILIPPINES - FRUITS



Consumption-drive of packaged pineapple, by levelling up core Filipino recipes by simply adding pineapple



Expand accessibility with the launch of lower-priced Stand-Up Pouches

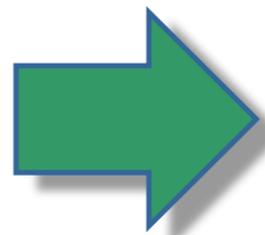


Christmas season behind *Del Monte Fiesta Fruit Cocktail*



S&W ASIA

- 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 developing this channel



To drive growth, realise S&W's full potential in fresh pineapple, frozen and other products, channels, and build S&W's brand equity in key markets





S&W ASIA

- Sales of the S&W branded business in Asia and the Middle East grew strongly by 27% in 2Q
- Mainly driven by higher sales of fresh pineapple in North Asia
- S&W packaged product also delivered higher volume and sales
- Continues to supply sliced pineapple to McDonald's and Burger King in China for their burgers



McDonald's burger in China with
S&W Pineapple Slices



Participation in China
International Import
Expo in Shanghai



S&W IN SINGAPORE



In-store display promotions at NTUC Finest stores

Cross-promotion in newspaper of S&W Fruit & Chia and S&W Sweet 16 Fresh Pineapples



FIELDFRESH INDIA

- FieldFresh sales were up 6% in Rupee terms in 2Q due to higher *Del Monte* packaged product sales and *FieldFresh*-branded fresh sales
- DMPL's share of loss in 2Q was US\$0.5m, versus prior year quarter's breakeven due to commodity headwinds and higher overheads



1st TV campaign in 8 years on Del Monte Italian range

- The platform focuses on the origin of our Italian ingredients as well as the 'people' who make them
- It seeks to highlight the effort and care that goes into making each of the ingredients so that our consumers in India can enjoy great Italian experiences at home



SUSTAINABILITY

- Del Monte Foods (DMFI) is working with Walmart on Project Gigaton which aims to avoid 1 billion metric tons (a gigaton) of GHG from the global value chain by 2030
- DMFI has partnered with:
 - ✓ Kellogg's and Hormel Foods to help fight hunger through an online food drive in Amazon.com for Feeding America
 - ✓ GrowingGreat™ to bring hands-on nutrition education to elementary and middle school children
- Del Monte Philippines (DMPI) launched the share-a-chair project that is converting the company's plastic waste into school chairs
- Conducted four Occupational Health and Safety workshop for office employees
- Participated in Sustainability conferences with leading companies in the Philippines and Southeast Asia to promote Sustainable Development Goals





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