

[Print this page](#)

## MISCELLANEOUS

*\* Asterisks denote mandatory information*

Name of Announcer *	DEL MONTE PACIFIC LIMITED
Company Registration No.	N.A.
Announcement submitted on behalf of	DEL MONTE PACIFIC LIMITED
Announcement is submitted with respect to *	DEL MONTE PACIFIC LIMITED
Announcement is submitted by *	Yvonne Choo
Designation *	Company Secretary
Date & Time of Broadcast	11-Aug-2009 18:10:29
Announcement No.	00149

## &gt;&gt; ANNOUNCEMENT DETAILS

*The details of the announcement start here ...*


Announcement Title \*

DMPL Press Release on 2Q 2009 Results

Description

Please see attached.

Attachments

 [DMPL-2Q09-PressRelease.pdf](#)  
 Total size = **41K**  
 (2048K size limit recommended)

[Close Window](#)



11 August 2009

**SGX-ST/MEDIA RELEASE:** (unaudited results 3 months ended 30 June 2009)

**Contact:**

Iggy Sison  
Tel: (65) 6324 6822  
[sisonio@delmonte-phil.com](mailto:sisonio@delmonte-phil.com)

## DEL MONTE PACIFIC'S SECOND QUARTER 2009 RESULTS

- **Philippine market sales grew 11% in peso terms, but declined 2% in US dollar terms**
- **Export sales declined 14%, though at a slower rate than the 27% in the first quarter**
- **S&W brand business, including Fresh sales, posted strong growth**
- **Del Monte consumer marketing campaign launched in India**
- **Net profit declined 9%, at a much lower rate than the 32% in the first quarter**
- **Earnings expected to be at least maintained at last year's level**

**Singapore, 11 August 2009** – Singapore Exchange Mainboard-listed Del Monte Pacific Limited (Bloomberg: DELM SP, Reuters: DMPL.SI) today announced their results for the second quarter of 2009. Sales decreased by 11% to US\$78.9 million while net profit declined by 9% to US\$5.1 million, partly impacted by the peso depreciation.

Amidst a weak food and beverage retail environment, the Group's Philippine market's sales remained strong in peso terms, rising 11% driven by the continued growth of its very successful Fit 'n Right juice drink in PET bottles, culinary products and the food service sector. Launched only about two years ago, Fit 'n Right is now projected to be a US\$60 million brand this year.

The Group continued to launch new innovative products including:

- Fit 'n Right Fruit Snacks to broaden the company's snack offering and stimulate fruit consumption among the largely untapped young adult segment
- A revolutionary new fruit and vegetable drink in Tetra Pak targeted at schoolchildren, the first product catering directly to this underserved kids segment
- Quick n Easy culinary range and a new more affordable tomato sauce sachet

Food service sales continued to increase behind the Group's dominance in on-premise juice sales. Despite the annualised effect of price increases implemented in 2008, average prices in the Philippine market were the same as last year due to sales mix. The sales growth was primarily volume-driven across beverage, culinary and food service categories, with only fruits and snacks posting a decline versus the same period last year.

S&W saw a 42% increase in total sales in the second quarter amounting to US\$2.7million, including fresh pineapples. This reflects strong growth in fresh fruit and distribution of processed products such as tropical fruit into South Korea and southern China. Total fresh pineapple sales, including non-S&W branded fruit, more than doubled to US\$1.9 million from the same period last year.

Notwithstanding, total DMPL sales fell 11% or US\$9.7 million mainly due to the unfavourable currency translation of the Philippines results. The impact amounted to US\$5.5 million, given the 12% depreciation of the peso. Moreover, the sales of US\$5.2 million which was registered in the prior year second quarter from the loss-making Great Lakes in China was not reflected this quarter as it has since been sold, contributing to the fall in sales. Stripping out these two factors, Group turnover for the second quarter would have increased slightly.

As expected, export sales to Europe, North America and Asia Pacific continued to lag behind last year. Exports were down 14% amidst the weak global demand resulting in lower orders across all markets. This was, however, a much lower rate of decline than the 27% in the first quarter.

While gross margin was up versus prior year at 25%, the absolute gross profit was down on lower sales. Profit from operations declined 18% to US\$8.5 million on the lower gross profit, coupled with higher advertising expenses for the quarter due to timing of initiatives to support new products.

In India, the Group recognised a share of loss of US\$1.0 million in its FieldFresh joint venture company with the Bharti Group. This was slightly higher than the US\$0.8 million share of loss recognised in the same period last year. Product contribution margins significantly improved on much better sales mix with the contribution of the Del Monte-branded processed foods business and the rationalised product range in fresh exports under the FieldFresh brand. The higher loss, however, was due to brand building investments through higher marketing and organizational expenses to support the expansion of the company's fruit drinks, packaged fruits, ketchup & sauces and Italian range products across more cities. In May, FieldFresh successfully launched the Del Monte brand in India through the "Get a taste of a

legend” campaign geared towards building on the heritage of the Del Monte brand, which is now available in 12 major cities.

Slowdown in global demand led to higher inventory levels. This resulted in higher borrowings and interest expense. Management is actively working to reduce inventory days for key materials such as tinplate and tomato paste to improve working capital for the remainder of the year.

Net profit decreased in the second quarter at a lower rate of 9% to US\$5.1 million, compared with the first quarter decline of 32%. Among others, the first quarter reflected a one-time foreign exchange hedging loss which was not the case in the second quarter. For the first six months ended June, net income was US\$9.1 million, 21% behind last year largely due to the weak first quarter performance.

Commenting on the Group’s operating performance in the second quarter of 2009, Mr Joselito D Campos, Jr, CEO and Managing Director of Del Monte Pacific said, “In the second quarter, we have begun to bridge the earnings gap versus our performance last year. The third quarter will be pivotal for the Group as we remain focused on executing our strategies and plans. We will maximise the potential of our growing brands and markets through product, marketing and sales-driven growth in the Philippines, and market and product portfolio expansion for S&W, Fresh Pineapple and FieldFresh in India to grow our branded business. We will optimise our exports sales mix, while aggressively reducing non-value adding costs, increasing productivity to protect our margins and intensifying our efforts to manage our working capital more efficiently. Barring any unforeseen circumstances, the Group’s earnings are expected to be at least maintained at last year’s level.”

The Board has declared an interim dividend of US\$0.0063 per share which is equivalent to 75% of the Group’s first half 2009 net profit.

### **About Del Monte Pacific Limited ([www.delmontepacific.com](http://www.delmontepacific.com))**

Listed on the Mainboard of the Singapore Exchange, Del Monte Pacific Limited (Bloomberg: DELM SP/ Reuters: DMPL.SI) is a group of companies that cater to today’s consumer needs for premium quality, healthy food and beverage products. It innovates, produces, markets and distributes its products worldwide.

In the Philippines where the Group owns the Del Monte brand, it enjoys leading market shares for canned pineapple juice and juice drinks, canned pineapple and tropical mixed fruits, tomato sauce, spaghetti sauce and tomato ketchup, and also markets products under its second-tier brand, Today’s.

Del Monte Pacific also holds the exclusive rights to produce and distribute food and beverage products under the Del Monte brand in the Indian sub-continent.

The Group also owns 41.6% of FieldFresh Foods Private Limited ([www.fieldfresh.in](http://www.fieldfresh.in)). FieldFresh markets Del Monte-branded processed products in the domestic market and Fieldfresh-branded fresh fruits and vegetables globally and locally. Del Monte Pacific's partners in FieldFresh are the well-respected Bharti Enterprises and EL Rothschild Limited.

Del Monte Pacific owns the S&W brand ([www.swfinefoods.com](http://www.swfinefoods.com)) for all markets except the Americas, Australia and New Zealand. The S&W brand originated in the USA in 1896 as a producer and marketer of premium quality processed fruit and vegetable product.

With its 20,000-hectare contiguous pineapple plantation in the Philippines, 700,000-ton processing capacity and a port beside the Cannery, Del Monte Pacific operates the world's largest fully-integrated pineapple operation. It is proud of its long heritage of more than 80 years of pineapple growing and processing. It has long-term supply agreements with other Del Monte trademark owners and licensees around the world.

Del Monte Pacific and its subsidiaries are not affiliated with other Del Monte companies in the world, namely, Del Monte Foods Co. (USA), Fresh Del Monte Produce Inc. (USA), Del Monte Asia Pte. Ltd. and these companies' parent or subsidiaries.

Del Monte Pacific is 78.5%-owned by NutriAsia Pacific Ltd (NPL). NPL is owned by the NutriAsia Group of Companies which is in turn majority-owned by the Campos family of the Philippines. The NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines. Its flagship brands, led by UFC, have more than 80% market share in the local ketchup and hot chili sauce categories. To subscribe to our email alerts, please send a request to [jluy@delmontepacific.com](mailto:jluy@delmontepacific.com)