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## MISCELLANEOUS

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## &gt;&gt; ANNOUNCEMENT DETAILS

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

Announcement Title \*

DMPL Press Release on 3Q 2009 Results

Description

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 [DMPL-3Q09-PressRelease.pdf](#)  
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## DEL MONTE PACIFIC LIMITED

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11 November 2009

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

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### DEL MONTE PACIFIC REPORTS THIRD QUARTER 2009 RESULTS

- Third quarter sales dropped by 23% to US\$76 million due to soft global demand and adverse weather conditions in the Philippines
- Net profit further impacted by US\$4.5 million fixed cost adjustment
- Growth of S&W seen in both processed and fresh
- India joint venture FieldFresh continued strong growth
- Fourth quarter expected to be profitable

**Singapore, 11 November 2009** – Singapore Exchange Mainboard-listed Del Monte Pacific Limited (Bloomberg: DELM SP, Reuters: DMPL.SI) faced an extremely challenging third quarter and posted a net loss of US\$1.7 million after deducting non-recurring items totaling US\$6.4 million. Sales for the quarter dropped by 23% to US\$76 million from US\$99 million a year ago.

In addition, there was a currency translation effect of US\$2.7 million in the Philippine market and a US\$3.9 million foregone sale of a former Chinese subsidiary disposed at the end of September 2008.

Sales to the export markets, which are almost entirely pineapple-based, fell 21% reflecting continued softness in the consumer segment of the export market in the third quarter. There has been a shift away from the higher priced, higher margin variants. Moreover, there were unfavourable prior period price adjustments in the export supply contracts amounting to US\$1.1million in the third quarter.

Tropical storm Ketsana which hit the Philippines in the last week of September unleashed the worst floods in about 40 years through a month's volume of rainfall in one day. This resulted in stalled deliveries due to inaccessible roads, with water levels reaching as high as six meters in certain areas. The negative impact on the third quarter results were as follows: sales worth US\$3.2 million, operating income of US\$1.1 million and net income of US\$0.8 million.

Canned fruits, canned juices and sauces posted significant volume declines as a result of weak consumption and some shifts in preferences. There has been a downward shift from higher margin products to lower margin ones either due to affordability (e.g. canned pineapple to tidbits in pouches, large sauce packs to smaller sizes) or changing consumer preference (e.g. canned juices to PET Fit 'n Right). The significant consumer shift to the preferred PET packaging format resulted in lower profitability as the volume growth, even exceeding the plan, was not able to compensate for the lower margins.

Sales in the Philippines declined by 16% in Peso terms, and a higher 22% in US dollar terms, due to the Peso depreciation. Stripping out the flood impact, sales in the Philippines would have decreased by 10% in Peso terms.

For the third quarter, the Company realised a net income of US\$4.6 million before non-recurring items. However, after deducting the non-recurring items, the Company incurred a net loss of US\$1.7 million in the third quarter. The Company expects to return to profitability in the fourth quarter.

Notwithstanding this, there were a number of positive developments in the third quarter validating the Company's branded strategy:

The Company launched exciting new flavours of Fit 'n Right juice drinks namely blueberry-grape, watermelon and grapefruit. The 1-liter pack was also introduced to add to the existing range of 330ml drinks. Fit 'n Right continued to grow over last year, even exceeding forecasts. Although PET has lower margins versus the canned format, this is the preferred packaging and targets a broader consumer base.

The Company also introduced pineapple tidbits in a small pouch format versus the traditional cans to stimulate pineapple consumption and to make these products more affordable. The Company continued to sell local style and small-sized sauce variants, which are revitalising culinary sales.

Sales of S&W processed products continued to expand in the third quarter, up by 66%, mainly driven by strong growth in the South Korean market. The first shipment of S&W processed fruit products from the Philippines was delivered in September to Vietnam, one of the key markets identified for expansion. The product portfolio includes processed pineapple, fruit cocktail and various juices.

The S&W organisation was also strengthened with key hires joining the core management team of S&W.

Fresh pineapple sales continued to grow significantly by 51% driven by the growing share of the S&W branded fresh business.

For the Company's Indian joint venture, the equity share of loss was slightly reduced to US\$0.9 million from US\$1.1 million in the prior year quarter. Contribution margin improved to 12% from negative margins in the prior year quarter on better sales mix, particularly in processed foods and fresh exports. The operating loss position is due to business building in the Del Monte branded processed foods segment requiring investments in marketing and organisation. FieldFresh had a successful launch of Del Monte processed products in India at the end of May.

On top of these developments, the Company significantly improved its working capital position by US\$35 million at the end of September from end June levels. As such, gearing improved to 48% as of 30 September 2009 from 56% as of 30 June 2009.

Although the fourth quarter is seasonally the strongest quarter for the Company, the impact on consumption of tropical storm Ketsana, as well as three more super typhoons after Ketsana, is expected to be felt in the fourth quarter.

Given the third quarter results of the Philippines and export markets, Management now expects full year net income to be significantly lower than last year's. Faced with a challenging operating environment, Management will optimise its sales mix across products and markets, reduce its operating costs and improve its profitability in the coming quarter. "While we have been impacted by several factors in the third quarter, we will return to profitability in the fourth quarter," said Mr. Joselito D. Campos, Jr., Managing Director and CEO of DMPL. He added: "In difficult market conditions we are encouraged by the continued progress of S&W brand in the region and the Del Monte brand in India through the joint venture FieldFresh."

- In the Philippine market, in light of some consumer shifts to lower margin products, the Company will work towards increasing margins and profitability through cost reviews, while stimulating consumption with new product launches and developing new sales channels.

- For the fresh segment, volume and productivity will be scaled up in line with higher volume targets in key Asian markets.
- For S&W, market footprint will be expanded and penetration in existing markets deepened through focused marketing campaigns.
- In India, the Del Monte branded business development is on track with new product and marketing launches.
- The Company also expects sales improvement in the export markets in 2010.

### **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 44.35% 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.

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