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[Del Monte Pacific Fourth Quarter and Full Year 2009 Results Presentation * Financial Statement And Related Announcement](#)

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Name of Announcer *	DEL MONTE PACIFIC LIMITED
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Designation *	Company Secretary
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The details of the announcement start here ...

For the Financial Period Ended *	31-12-2009
Description	Please see attached.

Attachments

 [DMPL-4Q09-Presentation-230210.pdf](#)
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Del Monte Pacific Limited

Fourth Quarter and Full Year 2009 Results

23 February 2010



Cautionary Note on Forward-looking Statements

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.

Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, interest rate charges, commodity price fluctuations and regulatory developments. Such factors that may affect the Group’s future financial results are detailed in our listing prospectus, listed in this presentation, or in the management discussion and analysis section of the company’s reported result and filing with the SGX. The reader and/or audio listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward looking statements.



Contents

- **Executive Summary**
- **4Q 2009 Results**
- **Full Year 2009 Results**
- **Balance Sheet**
- **Business Updates**
- **Outlook**



Executive Summary

- 4Q09 returned to profitability of US\$3.9m, from a loss of US\$1.7m in 3Q09
- Exports sales were significantly down by 25%
- Philippines sales slightly lower by 2%
- Supply issues led to foregone sales of US\$14m and foregone operating profit of US\$5.7m in the Philippines
- 4Q09 net income down compared to last year's US\$19m
- Working capital improved and net gearing dropped to 18% from 31% in 4Q08
- Dividends of US\$0.0016 declared based on 75% of 2nd half net profit



Supply Constraints

- Suffered from constraints arising from supply issues
- Led to foregone sales and profit in the Philippines
- We are improving product availability through effective supply chain management

In US\$m	4Q2009	FY2009
Foregone Sales	14.1	24.1
Foregone Operating Profit	5.7	8.6



4Q 2009 Results

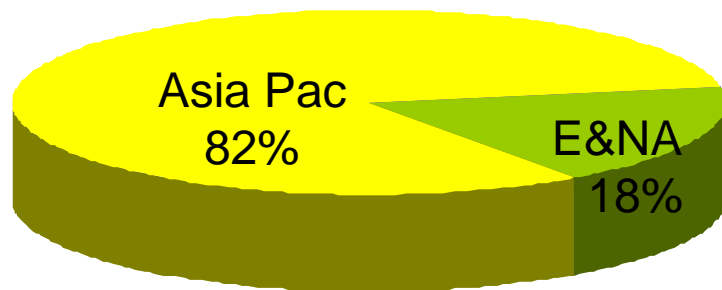


Fourth Quarter 2009

In US\$m	4Q 2008	4Q 2009	Chg (%)	Comments
Turnover	122.4	115.1	-6.0	<ul style="list-style-type: none"> ○ Lower exports and Philippine sales ○ Foregone sales in the Philippine market of US\$14.1m due to supply issues ○ Export sales down due to weak global demand
Gross profit	38.0	23.1	-39.3	Lower sales and higher costs of pineapple, tinsplate and tomato paste
Operating profit	28.1	9.8	-65.1	Higher selling & other expenses to support new products
Finance inc/(exp)	(4.7)	(1.7)	-63.2	No more forex hedging loss
Share of loss	(0.3)	(1.1)	+234.4	44.4% stake in FieldFresh India, business-building expenses
Tax	(3.9)	(3.0)	-21.4	Lower taxable income
Net Profit	19.2	3.9	-79.6	Mainly due to lower sales and higher costs
Net Debt	62.8	36.1	-42.5	Lower levels of receivable and inventory
Gearing (%)	30.7	18.3	-12.4 Ppts	Lower due to above factors

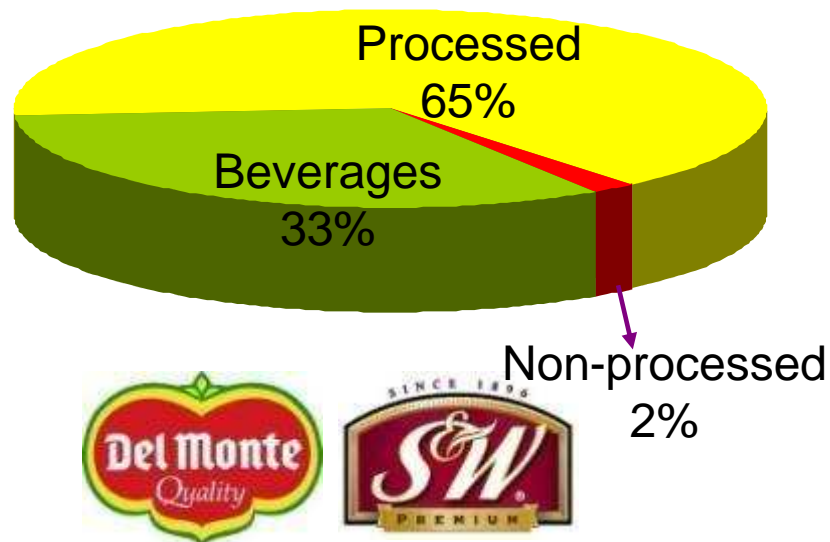
4Q Turnover Analysis

By Market



Asia Pac	-0.4%	<ul style="list-style-type: none"> Philippine sales declined 2% due to lower sales of Fit 'n Right from increased competition Lower S&W processed sales partially offset by higher sales of imported Del Monte products and of fresh pineapples
E&NA	-25%	<ul style="list-style-type: none"> Lower volume of processed fruits coupled with unfavorable pricing in Europe

By Product



Processed	-4%	<ul style="list-style-type: none"> Lower sales to export markets partially offset by strong sales of canned fruits and other processed products in the Philippines
Beverages	-9%	<ul style="list-style-type: none"> Weak sales in the Philippines partially offset by better sales of pineapple concentrate in Europe and North America
Non-processed	-17%	<ul style="list-style-type: none"> Higher sales of fresh pineapples not enough to offset lower cattle sales.

4Q Margins

Gross margin

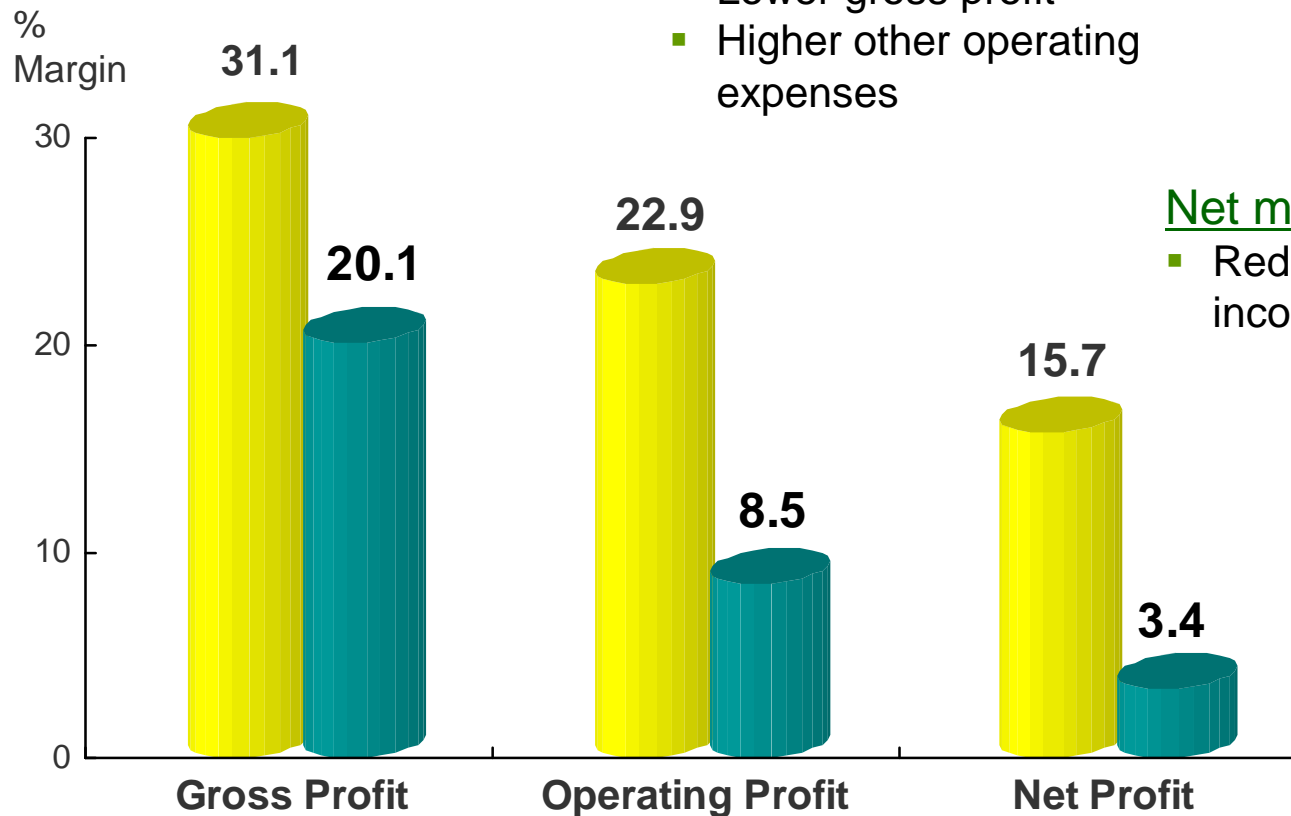
- Lower sales and higher costs

Operating margin

- Lower gross profit
- Higher other operating expenses

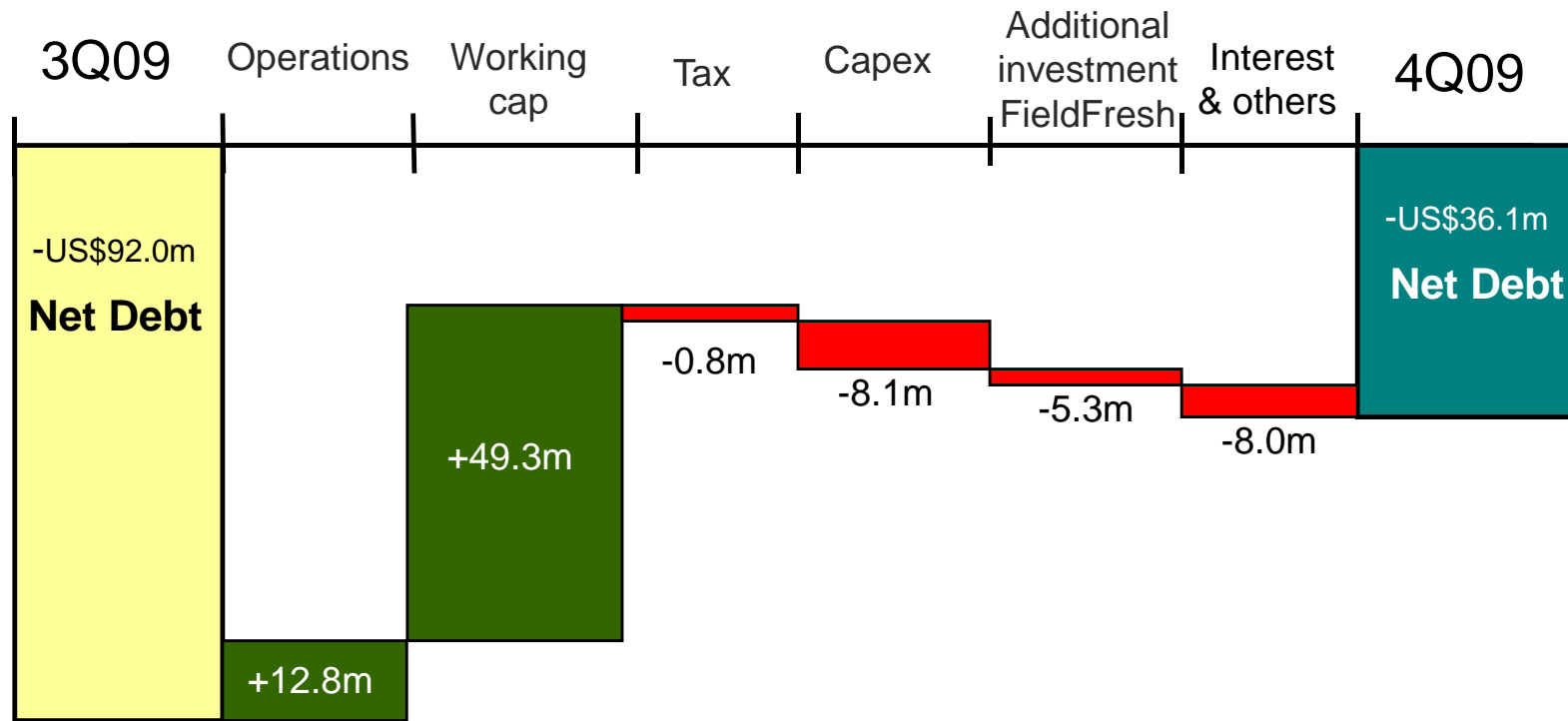
Net margin

- Reduced operating income



● 4Q08 ● 4Q09

4Q Cash Flow Variance Analysis



Full Year 2009 Results

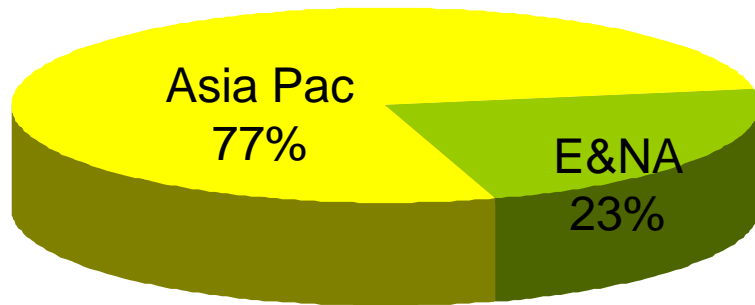


Full Year 2009

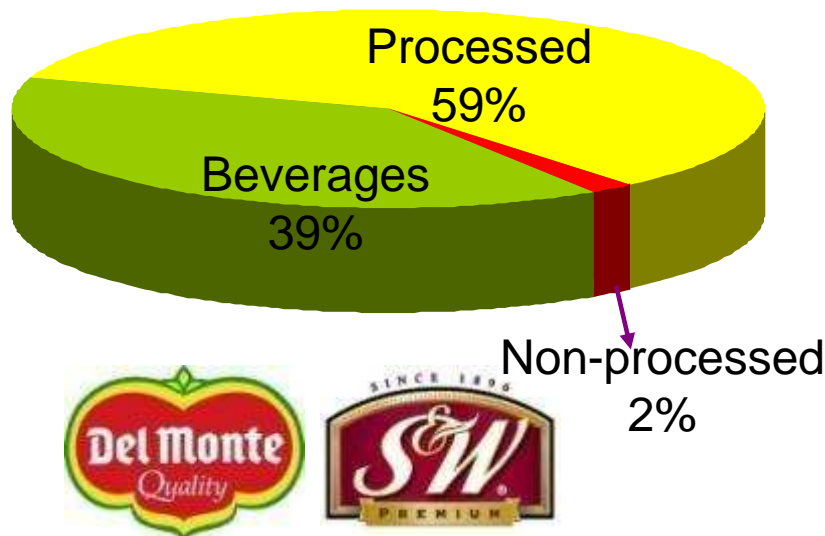
In US\$m	FY 2008	FY 2009	Chg (%)	
Turnover	381.5	330.7	-13.3	<ul style="list-style-type: none"> ○ Lower Philippines and export sales ○ Foregone sales in the Philippines of US\$24.1m due to supply issues and US\$9.2m due to currency translation ○ Export sales down due to weak global demand ○ Absent sales of disposed Chinese subsidiary of US\$15.6m
Gross profit	96.2	68.5	-28.8	Due to higher costs and change in sales mix partially offset by better pricing in the export markets and favourable impact of the peso depreciation on cost translation
Operating profit	56.9	25.8	-54.7	Lower gross profit and higher other operating expenses
Finance inc/(exp)	(10.0)	(6.4)	-36.3	No more forex hedging loss
Share of loss	(3.1)	(3.9)	+26.7	44.4% stake in FieldFresh, business-building expenses
Tax	(6.8)	(4.2)	-38.8	Lower taxable income
Net Profit	37.0	11.3	-69.4	Mainly due to lower sales and higher costs

FY Turnover Analysis

By Market



By Product

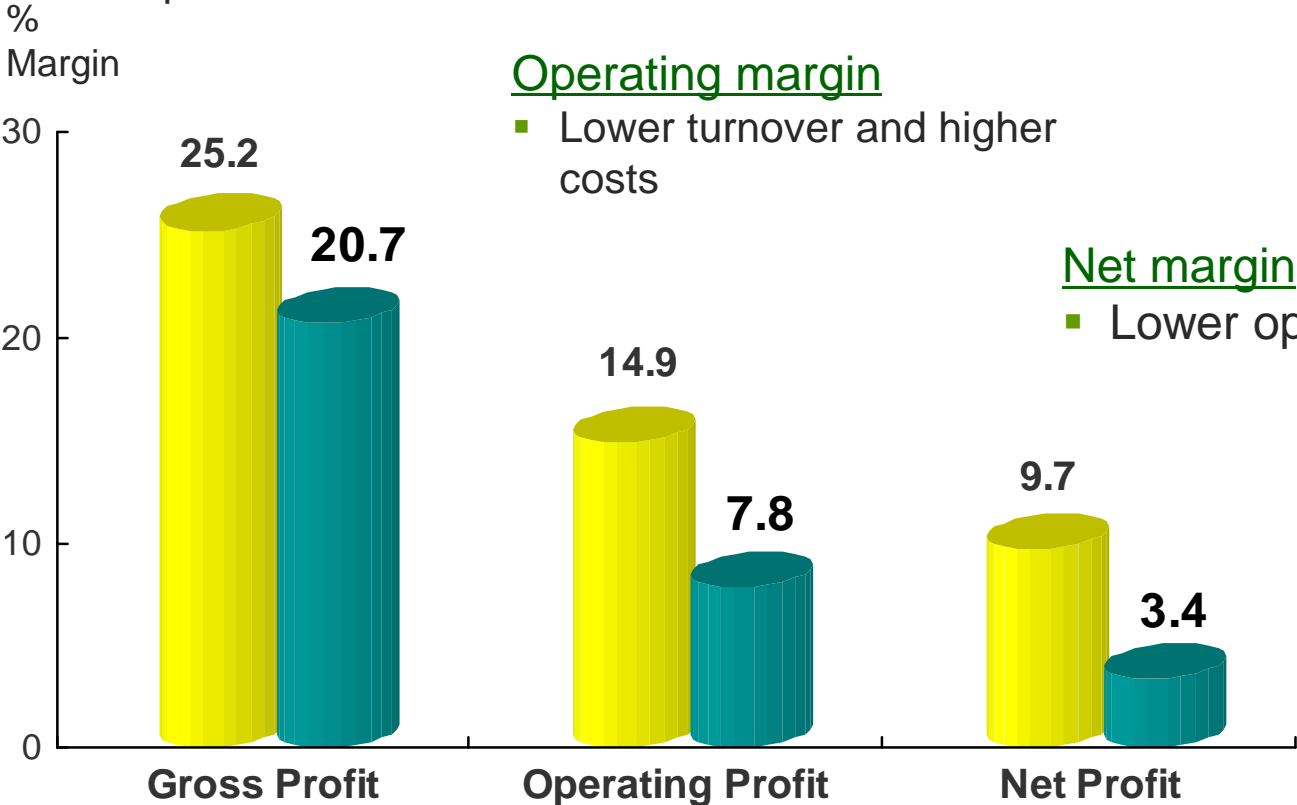


Asia Pac	-12%	<ul style="list-style-type: none"> • Lower sales due to lower consumer demand in export markets • Philippine sales down by 6% which included the unfavourable impact from the 5% weak Peso against the US Dollar translation • Foregone sales of US\$15.6m from the former Chinese subsidiary
E&NA	-18%	<ul style="list-style-type: none"> • Lower volume of processed fruits and concentrate
Processed	-16%	<ul style="list-style-type: none"> • Weak demand in export markets, with the exception of S&W
Beverages	-11%	<ul style="list-style-type: none"> • Foregone sales of former Chinese subsidiary partly offset by higher sales of pineapple juice concentrate in E&NA
Non-processed	+7%	<ul style="list-style-type: none"> • Better prices for fresh pineapples offset by lower cattle sales

FY Margins

Gross margin

- Higher costs and change in sales mix, partially offset by better pricing in export market and favourable impact of Peso depreciation on cost translation



Operating margin

- Lower turnover and higher costs

Net margin

- Lower operating profit



● FY08 ● FY09

Balance Sheet



Working Capital Management

Successfully reduced working capital by US\$50m from September 2009 level.

No. of days	3Q 2009	4Q 2009	Chg	Comment
Inventory	119	79	(40)	<ul style="list-style-type: none"> Actively managed inventory levels for various inputs; stricter implementation of inventory policies
Receivable	41	15	(26)	<ul style="list-style-type: none"> Discounting of receivables
Payable	43	42	(1)	<ul style="list-style-type: none"> Will continue to manage payment terms



Credit Standing

As of 31 December 2009

- **Loan utilisation:** only 53% of bank credit lines
- Commercial bank lending grew at a faster pace of 10% in December compared to 6.6% in November
- **Loan Mix: 58% Peso and 42% US\$ to optimise natural hedge**
81% Short term and 19% Long term

Gearing and Coverage Ratios

Net debt equity ratio = 18%

Interest cover = 4.4x

Debt cover = 1.2x



Business Updates



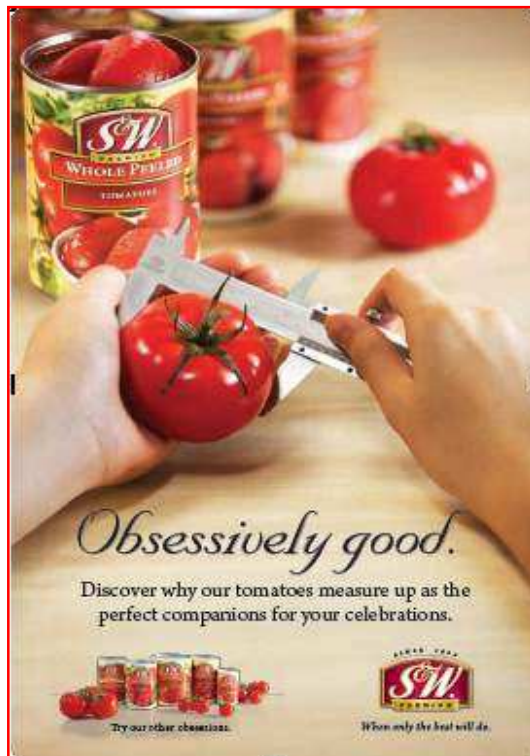
Philippines

- 4Q sales slightly down by 2%
- All major product categories were up except for beverage
- Del Monte Fit 'n Right juice drink in PET suffered from competition
- Supply issues led to foregone sales worth US\$14 million and operating profit of US\$5.7 million in 4Q
- Continued to launch new innovative products including:
 - Del Monte 100% Pineapple Juice Heartsmart with Reducol™ to lower bad cholesterol
 - Del Monte Sandosenang Sarap All in One Seasoning, the Philippines' first and only all-in-one seasoning that's complete in both taste and health (no added MSG and preservatives)



S&W in Asia

Sales in US\$m	4Q 2008	4Q 2009	% Change	Comments
S&W Processed	1.9	1.6	-17%	Higher sales in 3Q ahead of 4Q festive season; trade promo spend did not push thru in 4Q
S&W Fresh	0.6	1.2	106%	Significantly higher sales to Middle East and China
S&W Brand	2.5	2.8	11%	
	FY 2008	FY 2009	% Change	
S&W Processed	6.1	7.9	31%	Sales of processed pineapple products to Korea + 1st shipments to Vietnam
S&W Fresh	1.2	3.0	143%	Full year impact of sales to Middle East and China; improved sales to Singapore under the S&W fresh campaign
S&W Brand	7.3	11.0	50%	



- Continued with the 'Obsessively Good' marketing campaign in Singapore focusing on the tomato range:
 - Advertising in local newspaper and magazine
 - Outdoor bus stop panel advertising
 - Grocery sampling
- For Vietnam, started distribution in Modern Trade and selected General Trade outlets
- S&W incurred operating losses due to business building efforts which include promotion spending to support the business, listing fees and marketing research expenses.

FieldFresh in India

- 4Q sales more than tripled to almost US\$5 million while contribution profit more than doubled
- 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
- However, the net loss increased largely due to business-building investments in the Del Monte brand as well as in strengthening of manpower in the Processed foods business for future growth
- Exports of fresh baby corn continue to do well with over 200 MT of exports in 4Q, helping us maintain a 10%+ market share of the UK retail market during the festive season
- FieldFresh-branded apples, sourced from the orchards of Kashmir in northern India are now available in leading modern retail stores. Backed by an intervention in the cold chain, FieldFresh has done over 1200 MT of apple storage in controlled atmosphere & cold storage in this season.

New Product launches in India

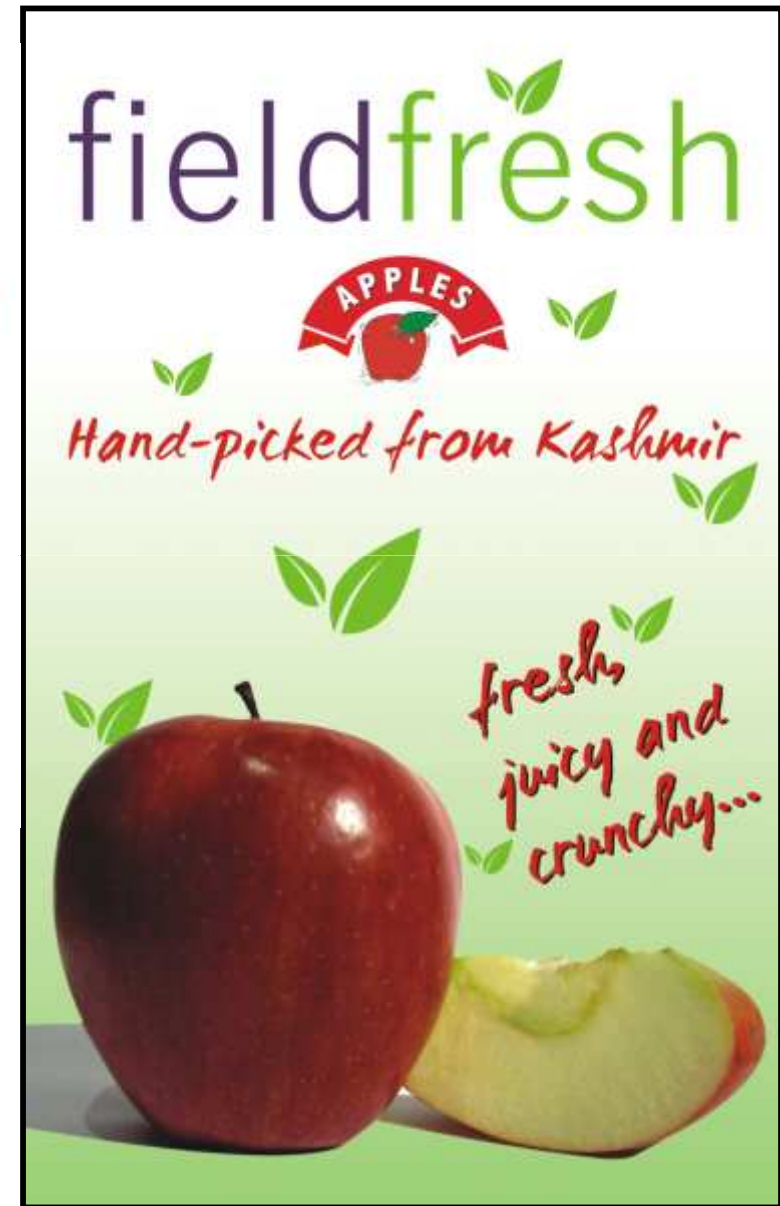
- Del Monte brand is now available across 20 cities and has added more products and SKUs into its fold
- Launched the 1 kg Tomato ketchup in glass bottle which has been well received in the market
- Targeted at both housewives and the HORECA segments
- Also available in 540 gm squeezy and 10 gm sachets



Launch of FieldFresh apples



- Sourced from the Kashmir orchards
- Available in 2 different consumer packs (20 kg & 2 kg)



Outlook



Outlook

- Expects improved profits this year as compared to previous year
- But 1H 2010 may be lower than 1H 2009 as action plans will not have immediate results
- To improve product availability through effective supply chain management, including investments in processes and systems
- In the Philippines, sales and profitability are expected to improve on the back of new value added product launches, product cost savings (via product formula and packaging optimization, lower tollpacking and logistics costs) and aggressive fixed cost management
- For S&W, business development will be intensified in new markets such as Vietnam, while growing existing markets.
- At FieldFresh, business-building efforts are on track. FieldFresh's Del Monte-branded business is now in 25 key cities and this expansion will be further supported by the new plant (operational in 2H2010). FieldFresh is also the top Indian exporter of fresh baby corn.

Thank You

