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**Contact:**

Jennifer Luy

Tel: (65) 6594 0980

[jluy@delmontepacific.com](mailto:jluy@delmontepacific.com)

## **DEL MONTE PACIFIC FIRST QUARTER HIGHER SALES DRIVEN BY BRANDED BUSINESS**

- **1Q sales up 17% to US\$87m driven by branded business which grew at a higher rate of 27%**
- **Operating profit for branded segment increased by 58%**
- **Strong consumer preference for Del Monte branded products in the Philippines and S&W for fresh in Asia**
- **Net profit grew 2% to US\$4.5m, impacted by weak demand in non-branded business**
- **Branded business contribution to Group sales increased to 68%**

**Singapore, 30 April 2013** – Singapore Exchange Mainboard-listed Del Monte Pacific Limited (Bloomberg: DELM SP, Reuters: DMPL.SI) announced today higher first quarter 2013 sales of US\$87.4 million and net profit of US\$4.5 million, up 17% and 2%, respectively from prior year.

The branded business of DMPL in Asia, comprising of Del Monte in the Philippines and the Indian subcontinent as well as S&W in Asia and the Middle East, continued its strong performance with first quarter sales growth of 27%, while operating profit for this segment soared 58% to US\$8.7 million. The branded business contribution to Group sales increased to 68% from 63% in the first quarter of last year.

Sales of processed fruit, culinary and canned beverage segments in the Philippines continued their strong momentum growing by 34% as a result of a buoyant domestic economy which drove demand. Aggressive advertising, supported by traditional media and digital platform, and strong in-store execution also contributed to strong sales growth in the Philippines.

The S&W branded fresh business expanded by 20% driven by robust sales in Japan, Middle East and Singapore. Inroads have also been made into the Japanese wholesale and retail markets.

Moreover, brand building with sampling activities are being executed in key markets of Korea, Japan and China.

The S&W processed segment had lower sales in the first quarter due to delays in product listings by Middle East distributors as well as competition in the canned beverage and fruit categories. We are working with the distributors to address this and expect better performance in the coming quarters. We will also be launching new products in key markets.

“Our branded consumer business continues to perform solidly in line with our vision to be one of the fastest growing global branded food and beverage companies,” said Mr. Joselito D. Campos, Jr., Managing Director and CEO of DMPL. “However, the non-branded business remains challenging due to the supply and demand imbalance in the pineapple export markets, especially Europe. We plan to shift our revenue mix over a period of time towards more branded sales to deliver higher margins and more sustainable profits.”

With the expansion of the branded business, the Group’s turnover of unbranded industrial and private label sales, declined to 32% of Group sales in the first quarter of this year from 37% in the prior year period. This includes sales to other non-affiliated Del Monte companies under long term supply agreements.

The Group’s non-branded business was affected by weak demand in the export markets, in particular, the canned fruit volume. Moreover, significantly lower pineapple concentrate prices at US\$1,275 per ton from over US\$1,600 per ton in the same period last year due to excess pineapple supply from Thailand, largely contributed to the US\$0.7 million of operating loss for the non-branded business, from an operating profit of US\$3.1 million in the prior year quarter. The Group also incurred increased logistics cost of US\$2.2 million primarily due to higher warehousing cost.

The Group’s operating profit dropped by 7% to US\$8.0 million as a result of the significant decline in the non-branded segment as well as the doubling of advertising and promotion expense (A&P) to US\$4.2 million from US\$2.0 million. As part of the initiatives of management, the Group changed its timing of A&P spending to the beginning of the year to start the brand building early on, instead of the second half of the year. On a full year basis, the Group expects to increase A&P spending versus last year although at a lower rate than in the first quarter.

The Group recognised a lower share of loss of US\$1.1 million for its Indian FieldFresh joint venture, better than prior year's loss of US\$1.7 million due to higher sales, improved product mix and reduced overhead.

Barring unforeseen circumstances, the Group expects to improve earnings in 2013 driven by the branded business with higher revenue from better volume and sales mix in the Philippines and S&W markets. The Group is actively addressing the weak export markets and low pineapple concentrate juice prices by cutting back on tonnage, shifting volume to stronger markets and growing sales of more value-added products. In addition, the Group continues to implement operational efficiencies, procurement savings and active cost management to help mitigate the weak export situation.

Mr. Campos added, "The Group is expanding its branded business by deepening penetration in existing markets through improved trade coverage and advertising, entry into new markets, and shifting to higher-margin branded products. A key initiative is to shift the industrial pineapple concentrate business into branded ready-to-drink beverage by increasing our production capacity in the second half of this year."

On 27 February 2013, the Board declared a bonus issue on the basis of two (2) bonus shares for every ten (10) existing ordinary shares in the capital of the Company in order to increase liquidity of the shares in the market and to reward shareholders for their continuing support. The bonus shares were already credited to shareholders' account on 19 April 2013 and started trading on the same day. Details are contained in a separate announcement dated 18 April 2013 "Change in Capital: Bonus Issue".

The Group also announced on 24 April 2013 that it is seeking a secondary listing on the Philippine Stock Exchange (PSE) subject to, among others, the approval of the PSE and relevant authorities. Please refer to the announcement "Proposed Secondary Listing on the Philippine Stock Exchange" for more details.

#### **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.

Neither the Group nor its advisers and representatives shall have any liability whatsoever for any loss arising, whether directly or indirectly, from any use or distribution of this announcement or its contents.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in Del Monte Pacific.

### **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 caters to today's consumer needs for premium quality, healthy food and beverage products. It innovates, produces, markets and distributes its products worldwide.

The Group owns the Del Monte brand for processed products in the Philippines where 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.

Del Monte Pacific also owns another premium brand, S&W, globally except the Americas, Australia and New Zealand. As with Del Monte, S&W originated in the USA in the 1890s as a producer and marketer of premium quality processed fruit and vegetable products.

The Group owns approximately 93% of a holding company that owns 50% of FieldFresh Foods Private Limited in India ([www.fieldfreshfoods.in](http://www.fieldfreshfoods.in)). FieldFresh markets Del Monte-branded processed products in the domestic market and FieldFresh-branded fresh produce. Del Monte Pacific's partner in FieldFresh India is the well-respected Bharti Enterprises, which owns one of the largest conglomerates in India.

Del Monte Pacific holds the exclusive rights to produce and distribute processed food and beverage products under the Del Monte brand in the Indian subcontinent and Myanmar.

With a 23,000-hectare pineapple plantation in the Philippines, 700,000-ton processing capacity and a port beside the Cannery, Del Monte Pacific's subsidiary, Del Monte Philippines, operates the world's largest fully-integrated pineapple operation. It is proud of its long heritage of 87 years of pineapple growing and processing. It has long-term supply agreements with some of the 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, including Del Monte Foods Co (USA), Fresh Del Monte Produce Inc, Del Monte Canada, Del Monte Asia Pte Ltd and these companies' affiliates.

Del Monte Pacific is 79%-owned by NutriAsia Pacific Ltd (NPL). NPL is owned by the NutriAsia Group of Companies which is 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.

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