

# Del Monte Pacific Limited

## Second Quarter and First Half 2011 Results

11 August 2011



# Cautionary Note on Forward-looking Statements

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.



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# Executive Summary

## DEL MONTE PACIFIC MAINTAINS GROWTH IN 2Q 2011 SALES UP 13% WHILE OPERATING PROFIT GREW FOURFOLD

- 2Q operating profit increased fourfold to US\$9.8m from US\$2.5m
- Gross margin increased to 23.7% from 19.4% on better sales mix and lower costs
- Exports to North America, Europe and Asia Pacific saw strong performance
- S&W recorded strong sales in Korea and China
- First half sales grew 10% while operating profit jumped almost fivefold to US\$14.2m
- Dividend per share of US\$0.0046 based on 75% of first half 2011 net profit of US\$6.6m



# 2Q 2011 Results



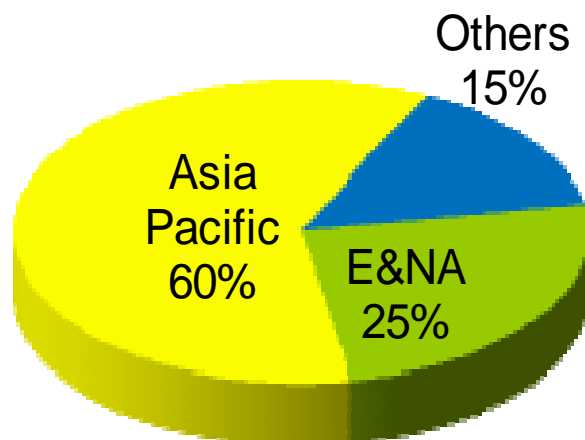
# Second Quarter 2011

In US\$m	2Q 2010	2Q 2011	Chg (%)	Comments
<b>Turnover</b>	<b>85.1</b>	<b>96.5</b>	+13.3	<ul style="list-style-type: none"> <li>○ Higher export sales</li> <li>○ Higher S&amp;W processed sales due to better pricing &amp; higher volume</li> </ul>
<b>Gross profit</b>	<b>16.5</b>	<b>22.9</b>	+38.3	Higher volume, pricing and sales mix
<b>Operating profit</b>	<b>2.5</b>	<b>9.8</b>	+292.4	Higher gross profit, lower costs, lower A&P spend
<b>Finance inc/(exp)</b>	<b>(1.4)</b>	<b>(0.6)</b>	-55.8	Lower level of long-term borrowings
<b>Share of loss</b>	<b>(2.2)</b>	<b>(2.6)</b>	+20.3	46.0% stake in FieldFresh India
<b>Tax</b>	<b>(0.2)</b>	<b>(1.5)</b>	+585.5	Higher income from taxable entity
<b>Net profit attributable to owners</b>	<b>(1.3)</b>	<b>5.1</b>	+495.2	Mainly due to higher turnover and lower costs
<b>Net debt</b>	<b>(89.6)</b>	<b>(95.1)</b>	+6.0	Higher working capital requirements
<b>Gearing (%)</b>	<b>46.5</b>	<b>43.4</b>	-3.1ppts	Lower with better profits



# 2Q Turnover Analysis

## By Market



<b>Asia Pacific</b>	<b>+1.9%</b>	<ul style="list-style-type: none"> <li>Strong export sales offset by flat Philippine sales. 2Q Philippine sales were flat as higher sales of canned fruits and juices were offset by decreased PET beverage sales. Canned 100% pineapple juices delivered strong double-digit growth.</li> </ul>
<b>E&amp;NA</b>	<b>+52.7%</b>	<ul style="list-style-type: none"> <li>Higher sales in Europe due to higher volume and pricing. Selling prices and margins in Europe also improved as the Group sold directly into Europe following the termination in 2010 of an unprofitable supply contract.</li> </ul>
<b>Others</b>	<b>+16.5%</b>	<ul style="list-style-type: none"> <li>Primarily driven by the robust growth of the S&amp;W business. S&amp;W sales of processed products were particularly strong in Korea and China. Entering the China market in 4Q 2010, the Group saw encouraging sales in 1H 2011.</li> </ul>



# 2Q 2011 Margins

Gross margin ↑

- Higher export sales; better pricing
- Better sales mix
- Lower costs

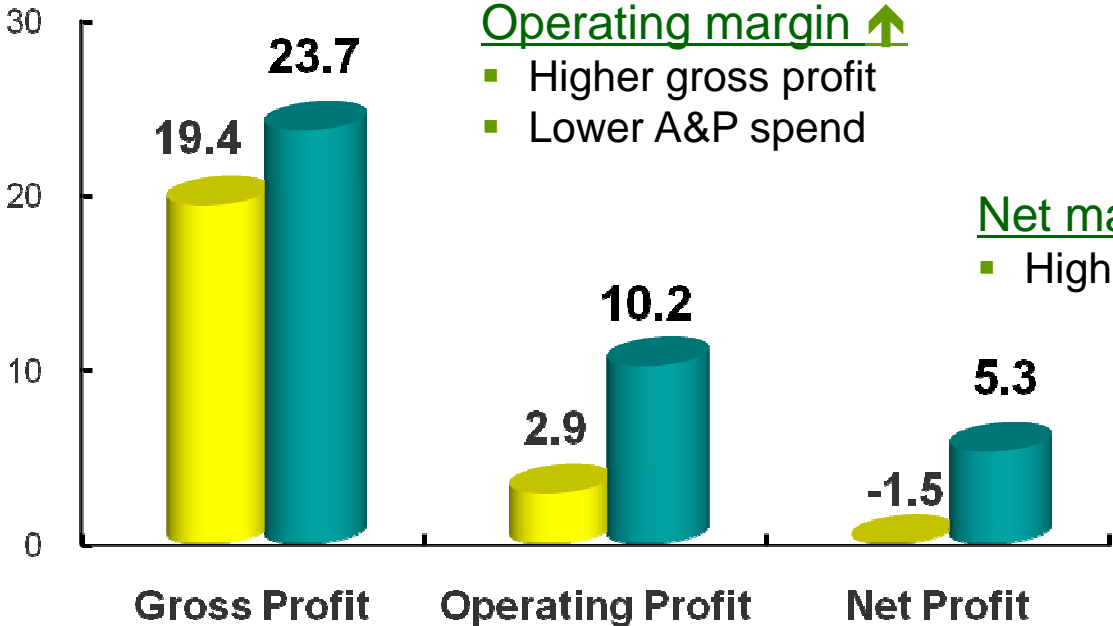
%  
Margin

Operating margin ↑

- Higher gross profit
- Lower A&P spend

Net margin ↑

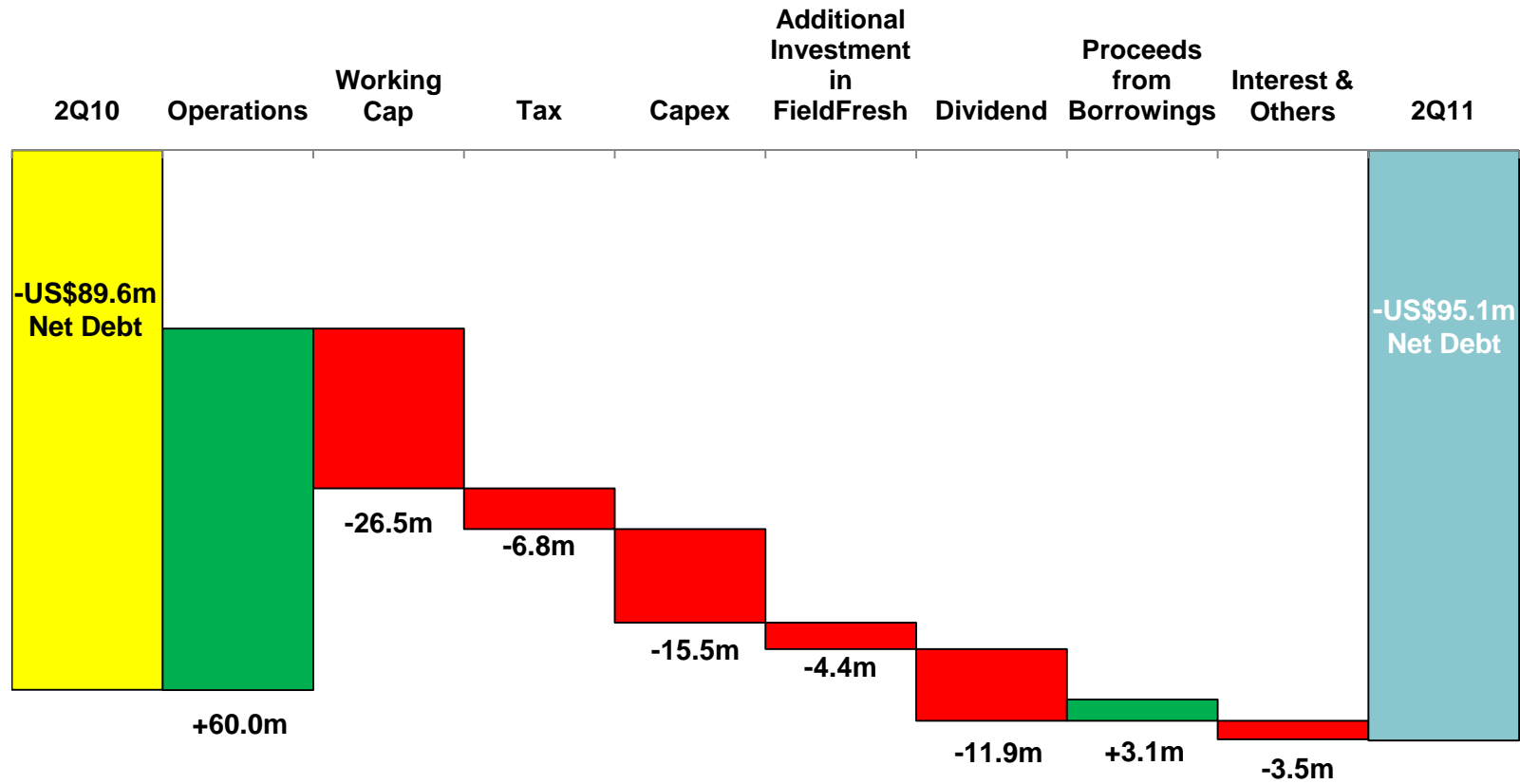
- Higher operating profit



● 2Q10    ● 2Q11



# 2Q 2011 Cash Flow Variance Analysis



# 1H 2011 Results



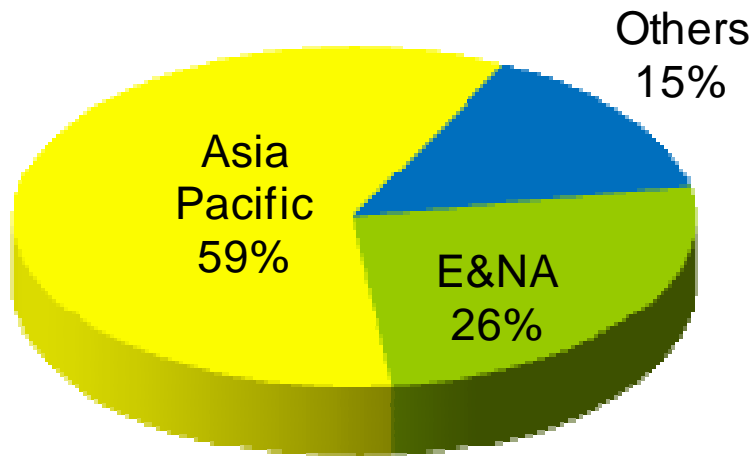
# First Half 2011

In US\$m	1H 2010	1H 2011	Chg (%)	Comments
<b>Turnover</b>	151.0	<b>165.8</b>	+9.8	<ul style="list-style-type: none"> <li>○ Higher export sales</li> <li>○ Higher S&amp;W processed sales due to better pricing &amp; higher volume</li> </ul>
<b>Gross profit</b>	27.4	<b>38.1</b>	+39.0	Higher volume, pricing and sales mix
<b>Operating profit</b>	3.3	<b>14.2</b>	+331.6	Higher gross profit, lower costs, lower A&P spend
<b>Finance inc/(exp)</b>	(2.3)	<b>(1.3)</b>	-46.1	Lower level of long-term borrowings
<b>Share of loss</b>	(3.1)	<b>(4.9)</b>	+56.5	46.0% stake in FieldFresh India
<b>Tax</b>	(0.02)	<b>(1.5)</b>	n/m	Higher income from taxable entity
<b>Net profit attributable to owners</b>	(2.2)	<b>6.6</b>	+404.4	Mainly due to higher turnover and lower costs
<b>Net debt</b>	(89.6)	<b>(95.1)</b>	+6.0	Higher working capital requirements
<b>Gearing (%)</b>	46.5	<b>43.4</b>	-3.1ppts	Lower with better profits



# 1H Turnover Analysis

## By Market



Asia Pac	0.0%	<ul style="list-style-type: none"> <li>Strong export sales offset by weak performance of PET beverages in Philippines</li> </ul>
E&NA	+37.1%	<ul style="list-style-type: none"> <li>Higher sales in Europe due to higher volume and pricing. Selling prices and margins in Europe also improved as the Group sold directly into Europe following the termination in 2010 of an unprofitable supply contract.</li> </ul>
Others	+14.5%	<ul style="list-style-type: none"> <li>Primarily driven by the robust growth of the S&amp;W business. S&amp;W sales of processed products were particularly strong in Korea and China. Entering the China market in 4Q 2010, the Group saw encouraging sales in 1H 2011.</li> </ul>



# 1H Margins

Gross margin ↑

- Higher export sales; better pricing
- Better sales mix
- Lower costs

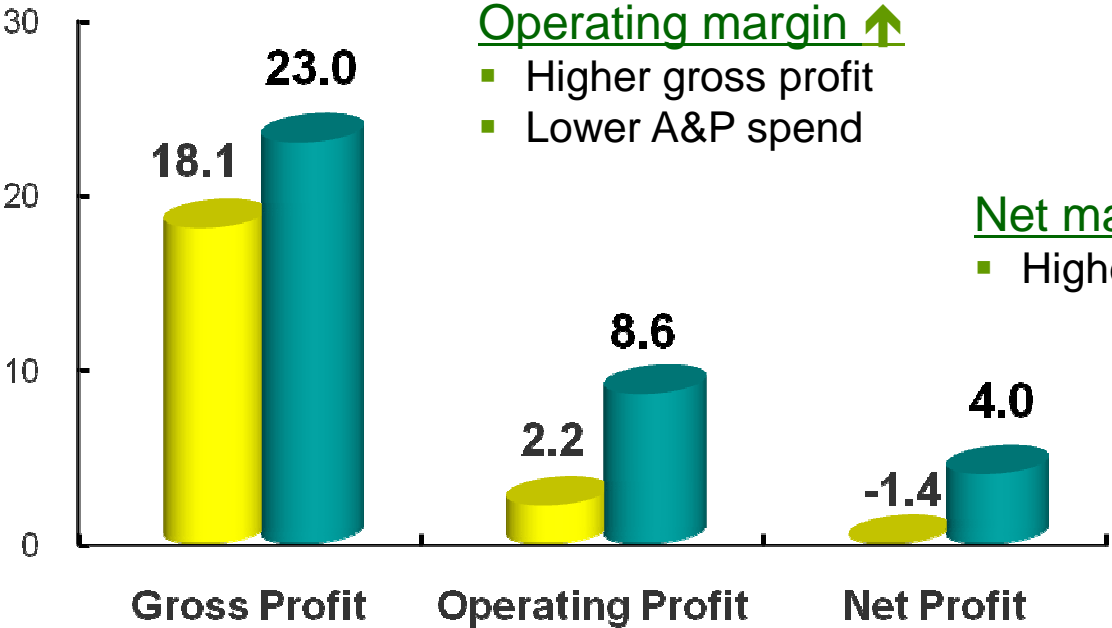
%  
Margin

Operating margin ↑

- Higher gross profit
- Lower A&P spend

Net margin ↑

- Higher operating profit



● 1H10    ● 1H11

# Credit Standing

- **Loan utilisation:** only 36% of bank credit lines
- **Loan Mix: 51% Peso and 49% US\$ to optimise natural hedge**  
**80% Short term and 20% Long term**

## Gearing and Coverage Ratios

Net debt equity ratio = 43%

Interest cover = 10.1x



# Dividend

Dividend	Book Closure Date	Payment Date	Dividend/ Share	Payout Ratio
Interim	29 Aug 2011	7 Sept 2011	US\$0.0046 (tax not applicable)	75 % of 1H 2011 net profit

*No dividends were declared in the same period last year due to the net loss position in 1H 2010*



# Operation Updates

Improvement in pineapple and cannery operations

	2Q 2011 (YoY chg)	1H 2011 (YoY chg)
Yield	+2%	+2%
Supply	-4% (due to timing)	+7%
Cost per ton	-1%	-4%
Cannery recovery	+11%	+7%





# Outlook

- The overall international business now contributes significantly to Group profitability and the Group is working towards making all of its international markets to be meaningful profit drivers in the future.
- The branded business in the Philippines saw some good results and the Group expects the business to perform better in the 2H on the back of revenue-building and cost management initiatives.
- Barring unforeseen circumstances, the Group expects to deliver improved earnings in 2011, particularly in 2H. The Group expects stronger performance with higher sales and improved margins on the back of higher pineapple production, better productivity and efficiencies, and active cost management.

