



Del Monte Pacific 2Q FY2017 Results

6 December 2016



NOURISHING FAMILIES.
ENRICHING LIVES.
EVERY DAY.





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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.

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- Market Updates
- Sustainability
- Outlook





Notes to the 2Q FY2017 Results

1. Second quarter is 1 August to 31 October.
2. DMPL's stake in DMFI is 89.4%, hence the non controlling interest line (NCI) in the P&L.
3. Net income is net of NCI.
4. DMPL changed measurement of the cost of inventory from weighted average to FIFO method in April 2016 and this new accounting policy was applied retrospectively.





2Q FY2017 Results

- Revenue was slightly lower at US\$636m on USA sales
- Net income without one-off items improved by 33% to US\$21m
- Del Monte Philippines and S&W in Asia & Middle East continued to deliver strong performance
- Deleveraging planned with Preference Shares offering – aiming for 1st quarter of CY2017



Outlook

- The Group will continue to be profitable for FY2017

Second Half Focus

- Major emphasis on responding to consumer trends through:
 - Strengthening the core business, new product development and e-commerce initiatives
 - Innovation -- process and packaging technology
-- horticulture
- Improving financial performance through:
 - Procurement synergies and G&A cost optimisation





DMPL 2Q FY2017 Group Results Summary

- Sales of US\$636m down 5%, driven by lower US sales

Sales	% Change
US	-9
Philippines	+10 (in peso terms +12)
S&W	+87
OEM Exports	-20
FieldFresh India (equity accounted)	+15 (in rupee terms +17)

All figures below without one-off items and vs prior year quarter:

- EBITDA of US\$72.9m, up 5% from US\$69.8m
- Operating profit of US\$55.7m, up 6% from US\$52.6m
- Net profit of US\$21.0m, up 33% from US\$15.8m





One-off Expenses/(Income)

In US\$ m	2Q FY16	2Q FY17	Booked under
Closure of North Carolina plant	-	1.2	CGS
ERP implementation at DMFI	2.0	-	G&A expense
Sager Creek integration	1.3	-	G&A expense
Severance	2.7	0.3	G&A expense
Retirement plan amendment	(39.4)	-	G&A expense
Total (pre-tax basis)	(33.4)	1.5	
Total (net of tax and minority interest)	(31.9)	0.9	

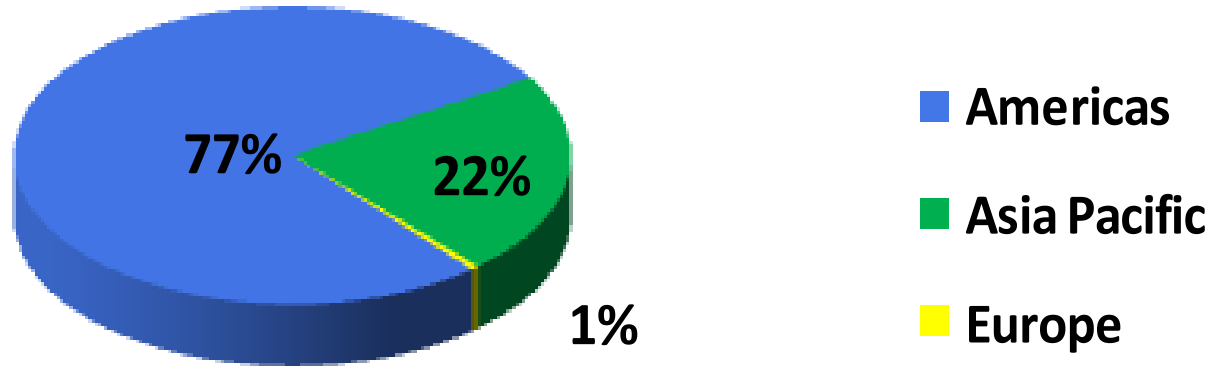


DMPL 2Q FY2017 Results – As reported

In US\$m	2Q FY 2016	2Q FY 2017	Chg (%)	Comments
Turnover	666.8	636.2	-4.6	Lower DMFI sales partly offset by higher Philippines and S&W Asia sales
Gross profit	149.4	146.9	-1.6	Lower sales; also includes US\$1.2m one-off incremental cost for a US plant closure
EBITDA	103.2	71.4	-30.8	Last year included the one-off net gain of US\$33.4m; Recurring EBITDA is up 5%
Operating profit	86.0	54.2	-37.0	Same as EBITDA comment; Recurring operating profit is up 6%
Net finance expense	(23.8)	(25.1)	+5.3	Conversion of floating to fixed rate and higher borrowing to fund higher working capital
FieldFresh equity share	(0.4)	(0.4)	-	
Tax	(9.3)	(7.7)	-17.3	Lower reported income
Net profit	47.8	20.2	-57.8	Same as EBITDA comment; Recurring net profit is up 33%
Net debt	2,023.0	2,085.6	+3.1	Higher borrowing to fund higher working capital
Gearing (%)	572.0	605.0	+33.0ppts	Same as above



2Q FY2017 Turnover Analysis



Americas	-9.3%	<ul style="list-style-type: none"> ▪ Lower inventory builds on packaged vegetable and plastic fruit cup (as major retailers continued their thrust to optimise cash) ▪ Weakness in the canned fruit industry ▪ Continued impact of unsuccessful low-margin USDA bids from 2H FY2016 plus reduced sales in private label and foodservice business lines
Asia Pacific	+20.9%	<ul style="list-style-type: none"> ▪ Sales in the Philippines and S&W in Asia were up double-digit terms
Europe	-57.8%	<ul style="list-style-type: none"> ▪ Due to pineapple supply imbalance; however, sales are expected to recover in the 2nd half





DMPL 1H FY2017 Group Results Summary

- Sales of US\$1.1bn down 4%, driven by lower US sales

Sales	% Change
US	-8
Philippines	+9 (in peso terms +13)
S&W	+45
OEM Exports	-13
FieldFresh India (equity accounted)	+13 (in rupee terms +15)

All figures below without one-off items, and vs prior year period:

- EBITDA of US\$101.5m, up 10% from US\$92.5m
- Operating profit of US\$67.4m, up 15% from US\$58.3m
- Net profit of US\$15.1m, up 121% from US\$6.9m





One-off Expenses/(Income)

In US\$ m	1H FY16	1H FY17	Booked under
Closure of North Carolina plant	-	2.7	CGS
ERP implementation at DMFI	4.0	-	G&A expense
Sager Creek integration	2.0	-	G&A expense
Severance	3.0	3.7	G&A expense
Retirement plan amendment	(39.4)	-	G&A expense
Total (pre-tax basis)	(30.4)	6.4	
Total (net of tax and minority interest)	(30.2)	3.7	

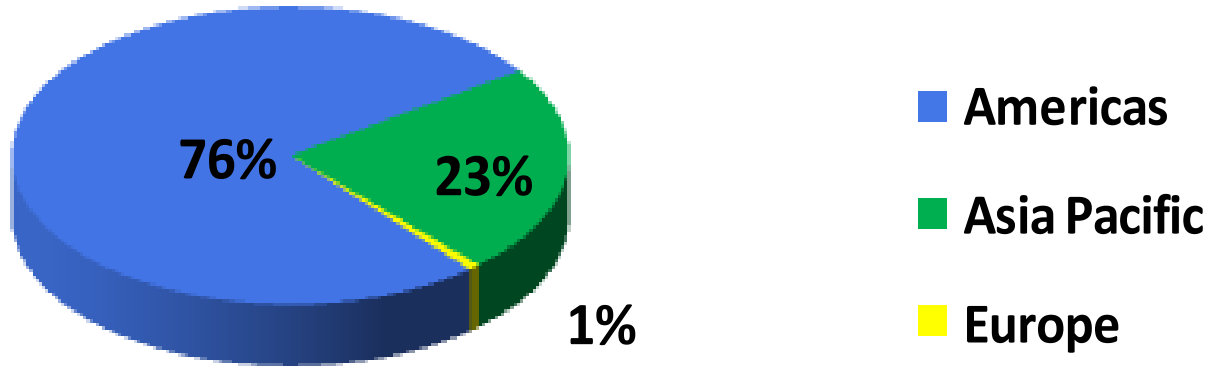


DMPL 1H FY2017 Results – As reported

In US\$m	1H FY 2016	1H FY 2017	Chg (%)	Comments
Turnover	1,145.5	1,101.7	-3.8	Lower DMFI sales partly offset by higher Philippines and S&W Asia sales
Gross profit	251.8	240.5	-4.5	Lower sales; also includes US\$2.7m one-off cost for a US plant closure
EBITDA	122.9	95.1	-22.6	Last year included the one-off net gain of US\$30.4m; Recurring EBITDA is up 10%
Operating profit	88.7	61.0	-31.3	Same as EBITDA comment; Recurring operating profit is up 15%
Net finance expense	(45.5)	(51.7)	+13.7	Conversion of floating to fixed rate and higher borrowing to fund higher working capital
FieldFresh equity share	(0.8)	(0.7)	-12.5	Strong growth of the Del Monte packaged business in India
Tax	(1.8)	1.7	+193.8	Loss at DMFI led to tax credit
Net profit	37.1	11.4	-69.1	Same as EBITDA comment; Recurring net profit more than doubled
Net debt	2,023.0	2,085.6	+3.1	Higher borrowing to fund higher working capital
Gearing (%)	572.0	605.0	+33.0ppts	Same as above



1H FY2017 Turnover Analysis



Americas	-8.0%	<ul style="list-style-type: none"> Continued impact of unsuccessful low-margin USDA bids from 2H FY2016 plus reduced sales in private label and foodservice business lines
Asia Pacific	+16.5%	<ul style="list-style-type: none"> Sales in the Philippines and S&W in Asia were up double-digit terms
Europe	-41.9%	<ul style="list-style-type: none"> Due to pineapple supply imbalance; however, sales are expected to recover in the 2nd half





United States of America

26%

Market Share (#1)

Packaged Core Vegetable

35%

Market Share (#1)

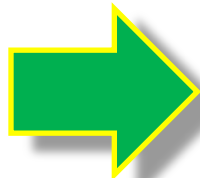
Packaged Core Fruit

10%

Market Share (#2)

Packaged Cut Tomato

- Slowly declining canned category: Win through innovation, differentiation and product attributes
- DMFI had higher market share in packaged vegetables and broth by 2.1% and 0.5%, respectively, amidst retail industry contraction in 2Q FY17
- Trend towards fresh/natural/organic: DMFI will leverage the Del Monte brand heritage associated with high quality products, health and wellness, and product innovation



To drive growth, continue to strengthen the core business and develop new products

Source for market shares: Nielsen Scantrack dollar share, Total US Grocery + Walmart, 3M ending 29 October 2016





Del Monte Foods USA

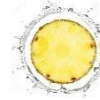
- DMFI's 2Q sales down 9% to US\$493.3m
 - Lower inventory builds on packaged vegetable ahead of the holiday season, and on plastic fruit cup coming out of Back-to-School (as major retailers continued their thrust to optimise cash)
 - Weakness in the canned fruit industry
 - Continued impact of unsuccessful low-margin US Department of Agriculture bids from 2H FY2016 plus reduced sales in private label and foodservice business lines (latter impacted by supply-related issues following closure of the North Carolina plant)
- Lower gross margin of 19.7% from 20.1%
 - Unfavourable sales mix in addition to lower pricing in USDA, private labels and export
 - Included US\$1.2m of incremental cost from the closure of the North Carolina plant
- Excluding one-off expenses, DMFI contributed an EBITDA of US\$46.1m and a net profit of US\$8.5m to the Group





Del Monte Foods New Product

A modern twist on the Fruit Cup...



Pineapple in Passionfruit Fruit Water



Mandarin Orange in Coconut Water



Grapefruit & Oranges in Pomegranate Fruit Water



Grapefruit in Pink Guava Fruit Water

Brings a number of firsts to the category...

✓ new, on trend, and **UNIQUE FLAVOURS** to the category

✓ a product **DEVELOPED FOR ADULT PALATES**

✓ a **LARGER CUP SIZE** to satiate adults



Fruit Refreshers Launch - Fully integrated Marketing Plan



Key Tactics: Print, Targeted Digital, PR Campaign & Celebrity Spokesperson; Couponing to drive trial and repeat



Drive Demand



fit KAT Experience

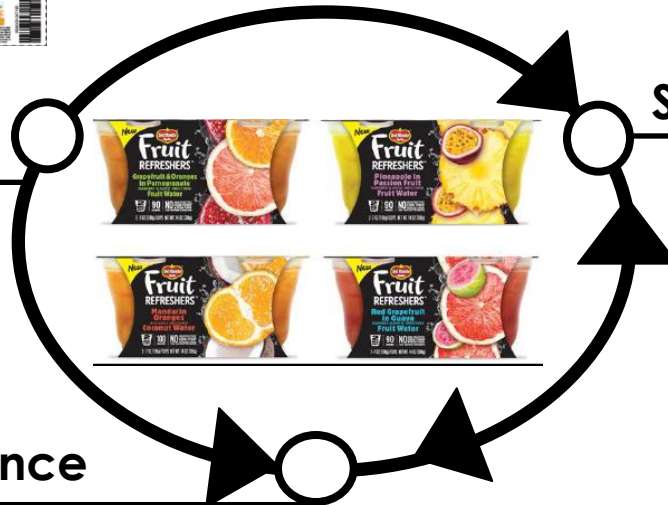
BY KATRINA BOWDEN



Key Tactics: Influencer outreach, social posts and content



#TimeToRefresh



Shopping & Selection

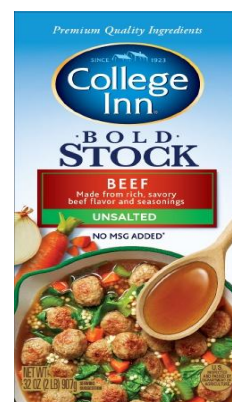
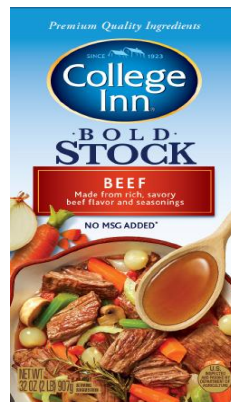
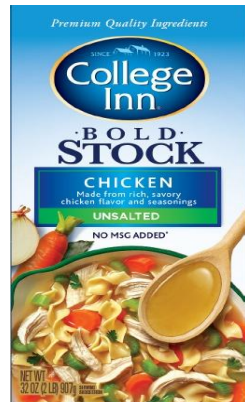
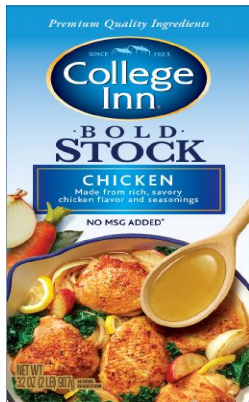
Key Tactics: Targeted Mobile Ads & Offers, Display, Sampling, Shelf Signage





Newly Reformulated College Inn Stock & Packaging!

- Improved Formula – Simple Ingredients
- Upsized to 32oz packaging
 - ✓ 80% more product
 - ✓ 35% price value/oz
- New package design for consistent brand architecture
- Will be supported with FSI print ads and shelf signage





Philippines

86%

Market Share (#1)
Canned Pineapple

75%

Market Share (#1)
Canned Mixed Fruit

83%

Market Share (#1)
Canned and Tetra RTD Juices

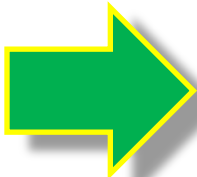
84%

Market Share (#1)
Tomato Sauce

51%

Market Share (#1)
Spaghetti Sauce

- Del Monte is the market leader across several categories
- Modern trade and convenience stores are growing fast: Del Monte is strong in modern trade, generating 30% of sales
- Expanding foodservice sales, accounting for 15% of Philippine sales
- Increasingly competitive environment with Southeast Asian peer companies targeting the Philippines to innovate, diversify and premiumise
- E-commerce and digital are growing



To drive growth, continue to build new categories, channels and markets to ensure future competitiveness and growth

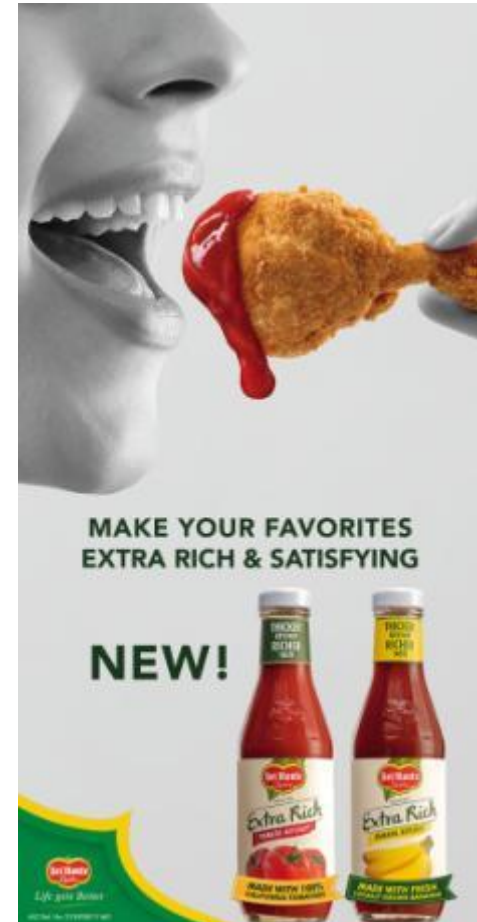


Source for market shares: Nielsen Retail Index as of YTD Fiscal Year October 2016



Del Monte Philippines

- Philippines sales achieved double-digit growth in 2Q
- Expanded penetration and increased consumption across categories in retail
- Expanded in the rapidly growing foodservice channel as the Group optimised opportunities
- Strengthened its culinary portfolio:
 - Launch of the Contadina brand with Nigella Lawson, best-selling cookbook author, food enthusiast and TV host as brand ambassador
 - Reintroduced Del Monte Extra-Rich Tomato Ketchup and Del Monte Extra-Rich Banana Ketchup. Both launches are meant to tap into the growing trend for premiumisation, following improvements in the Filipinos' purchasing power.





Contadina launched in the Philippines



Launched own micro site & Facebook page



featured recipes







Del Monte Philippines Beverage

- Del Monte Heart Smart is an innovative 100% juice that aids in cholesterol reduction
- Endorsed by the Philippine Association of Thoracic and Cardiovascular Surgeons
- Aired new TV ad in September



1 OUT OF **2**
ADULT FILIPINOS
have
BORDERLINE TO HIGH
CHOLESTEROL.
A MESSAGE OF CONCERN FROM



Food Nutrition and Research Institute





Del Monte Philippines Beverage (cont'd)

- Initial sale of Del Monte Fizzy Juice Drinks in October 2016
- Available in 7-Eleven convenience stores
- Availability in other major convenience stores and select modern trade accounts expected by January 2017
- Launch will expand Del Monte beverage footprint into new consumer segments and new consumption occasions





Asia and Middle East

- Consumers moving towards less processed and more natural food: S&W expanding sales of S&W Sweet 16 fresh pineapple
- E-commerce and digital are growing with North Asia having the largest share of e-commerce pie: S&W is actively exploring this channel



To drive growth, realise S&W's full potential in fresh pineapple and other products, channels, and build S&W's brand equity in key markets



S&W Asia and the Middle East

- S&W branded business sales in Asia and the Middle East were up double-digit terms in 2Q
- Driven by both the fresh and packaged segments
- In fresh fruit, expanded distribution in China and raised brand awareness through in-store sampling
- In the packaged segment, strong sales of canned fruit to North Asia, higher shipment into Indonesia and improved sales to a foodservice partner in the Philippines



THAILAND: In-store sampling of S&W Apple Cider Vinegar



SINGAPORE: A cross-promotion merchandising of S&W fresh pineapple and canned juices





S&W Asia – cont'd



HONG KONG - S&W participated in Asia Fruit Congress



JAPAN - S&W Fresh Cut Pineapple co-branded with the largest fresh cut producer in Japan; Selling in Inageya supermarket chain





S&W Asia – cont'd



CHINA – Billboard template

KOREA and TAIWAN – Promotion materials





FieldFresh India

- DMPL's share of loss in the FieldFresh joint venture in India for 2Q maintained at US\$0.4m
- Del Monte packaged business was up with strong growth from key accounts and foodservice segments led by improved volume in ketchup, packaged fruit, mayonnaise and olive oil
- Higher sales and production efficiencies resulted in FieldFresh continuing to generate a positive EBITDA for the quarter



**Festive gift packs of
Del Monte juice drinks**

Del Monte Quality

Del Monte Quality

CHEESY RICE BOWL
~ MADE PEPPY FOR ~

POST BREAKUP BLUES OR ENDLESS ROMANTIC CONVERSATIONS

with

DEL MONTE MAYO

WORKS EVERY TIME!

From comforting you after a breakup to pepping up your romance, whatever life throws at you, Del Monte Mayo does work every time. Don't believe us? Just try any of our delicious and creamy variants.

• EGGLESS MAYO • EGG MAYO • MINT MAYO • TANDOORI MAYO • CHEESY GARLIC MAYO • TARTARE DIP • CHEESY DIP • SANDWICH SPREAD



FieldFresh India

VEGGIE WRAP
- MADE DIVINE FOR -

EARLY MORNING FLIGHTS OR MID-NIGHT CRAVINGS

with **DEL MONTE MAYO WORKS EVERY TIME!**

From taking care of fussy kids or unannounced guests, satisfying your midnight cravings or rustling up something for those early morning flights, whatever life throws at you, Del Monte Mayo does work every time. Don't believe us? Just try any of our delicious and creamy variants.

• EGGLESS MAYO • EGG MAYO • MINT MAYO • TANDOORI MAYO • CHEESY GARLIC MAYO
• TARTARE DIP • CHEESY DIP • SANDWICH SPREAD

KULCHA PANINI
- MADE SCRUMPTIOUS FOR -

WHEN HE REMEMBERS THE ANNIVERSARY OR WHEN HE FORGETS THE BIRTHDAY

with **DEL MONTE MAYO WORKS EVERY TIME!**

From relishing his undivided attention to feeling mad at his forgetfulness, whatever life throws at you, Del Monte Mayo does work every time. Don't believe us? Just try any of our delicious and creamy variants.

• EGGLESS MAYO • EGG MAYO • MINT MAYO • TANDOORI MAYO • CHEESY GARLIC MAYO
• TARTARE DIP • CHEESY DIP • SANDWICH SPREAD

ALOO TIKKI BURGER
- MADE LIP-SMACKING FOR -

SCHOOL TIFFIN TANTRUMS OR SPECIAL BIRTHDAY PARTIES

with **DEL MONTE MAYO WORKS EVERY TIME!**

From taking care of fussy kids or unannounced guests, satisfying your midnight cravings or rustling up something for those early morning flights, whatever life throws at you, Del Monte Mayo does work every time. Don't believe us? Just try any of our delicious and creamy variants.

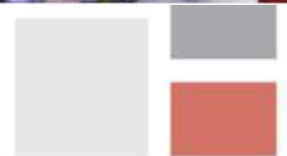
• EGGLESS MAYO • EGG MAYO • MINT MAYO • TANDOORI MAYO • CHEESY GARLIC MAYO
• TARTARE DIP • CHEESY DIP • SANDWICH SPREAD

Campaign on Del Monte Mayo: Works Every Time - highlights the versatile nature of our range, positions it as a quick fix solution to practically any food-related situation



Sustainability

- Del Monte in the USA improved its rating in the Carbon Disclosure Project survey to “B”
- Feeding America’s Annual Report for 2016 cited Del Monte as one of its Leadership Partners in providing food for Americans in need
- Del Monte Foundation in the Philippines turned over 10,000 seedlings to the Xavier Science Foundation to reforest Mount Kalatungan, the watershed in Bukidnon in Southern Philippines
- Del Monte in the Philippines continued its Corporate Social Responsibility program in the City of Taguig, Metro Manila, through its home-cooking demonstration and feeding program





Debt Outlook

Planned issuance of perpetual preference shares

- US\$ perpetual preference shares
- To be listed on the Philippine Stock Exchange (PSE)
- To be launched in early 2017 subject to market conditions
 - ✓ Received approvals from the Philippine SEC and Bangko Sentral ng Pilipinas (Central Bank)
 - ✓ The SEC recently approved the PSE's Dollar Denominated Securities rules
 - ✓ As this is the first US\$-denominated preference shares to be issued and listed on the PSE, its trading platform is being enhanced for dollar denominated transactions
 - ✓ DMPL is awaiting the approval of its listing application from the PSE
- Up to US\$360m (with an initial tranche of up to US\$250 million and the balance issuable within three years)
- Will result in a further improvement in leverage ratios





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