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Name of Announcer *	DEL MONTE PACIFIC LIMITED
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Announcement is submitted with respect to *	DEL MONTE PACIFIC LIMITED
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...


Announcement Title *

Del Monte Pacific 3Q 2009 Results Presentation

Description

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Attachments

 [DMPL-3Q09-Presentation.pdf](#)
 Total size = **296K**
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Del Monte Pacific Limited

Third Quarter and Nine Months 2009 Results

11 November 2009



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.



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Executive Summary



Executive Summary

A number of factors negatively impacted 3Q results:

- **Weak demand in export markets plus a negative US\$1.1m prior period price adjustments**
- **Storm and major flooding in the Philippines had a US\$0.8m hit to bottom line**
- **Weak demand and changing consumer preference in the Philippines resulted in a shift to lower margin products**
- **Fixed cost adjustment of negative US\$4.5m due to unrealised volume**
- **Net income before non-recurring items was US\$4.6m**
- **Total non recurring items of US\$6.4m**
- **Net loss after non recurring items of US\$1.7m**



Non-Recurring Items

In US\$m	3Q 2008	3Q 2009	9M 2008	9M 2009
Net income before non-recurring items	5.1	4.6	16.0	10.0
Non-recurring items:				
Export price adjustment	1.1	(1.1)	1.8	(1.8)
Flood impact	-	(0.8)	-	(0.8)
Fixed cost adjustment	-	(4.5)	-	-
Total non-recurring items	1.1	(6.4)	1.8	(2.6)

Net income after non-recurring items	6.2	(1.7)	17.8	7.4
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Executive Summary

But there were still positive developments:

- **Philippines – new product launches (e.g. 3 new flavours for Fit ‘n Right juice drink, pineapple tidbits and sauces in pouches)**
- **S&W – strong 3Q sales with higher sales in Korea; first shipment to Vietnam**
- **Fresh – up 51% driven by the growing share of the S&W branded fresh business**
- **FieldFresh India – lower losses with better sales mix**
- **Working capital – improved by US\$35m from June level, reduced gearing to 48% from 56% in June**



3Q 2009 Results

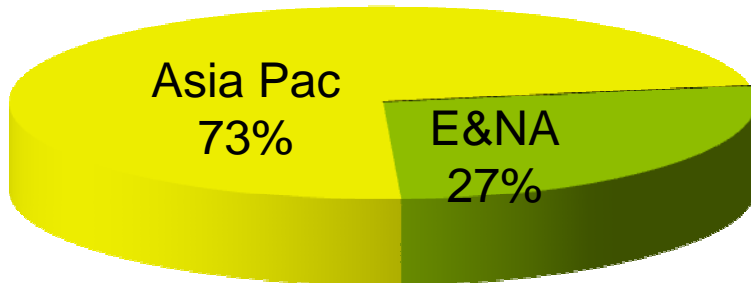


Third Quarter 2009

In US\$m	3Q 2008	3Q 2009	Chg (%)	Comments
Turnover	98.8	76.3	-22.8	<ul style="list-style-type: none"> ○ Lower Philippines and export sales ○ Currency translation impact from 5% Peso depreciation ○ Foregone sales of former China subsidiary
Gross profit	21.6	10.4	-51.6	Lower sales and US\$4.5m fixed cost adjustment offset better pricing in most markets and the favourable Peso depreciation impact on costs
Operating profit	10.9	0.4	-96.5	Higher selling & other expenses to support new products
Finance inc/(exp)	(3.4)	(1.4)	-60.1	No more forex forward hedging loss
Share of loss	(1.1)	(0.9)	-10.2	42.9% stake in FieldFresh India
Tax	(0.2)	0.2	+243.3	Lower taxable income
Net Profit	6.2	(1.7)	-127.9	Net profit before non recurring items was US\$4.6m
Net Debt	(66.8)	(92.0)	+37.7	Primarily working capital requirement
Gearing (%)	36.2	48.7	+12.5 Ppts	Higher due to above factors

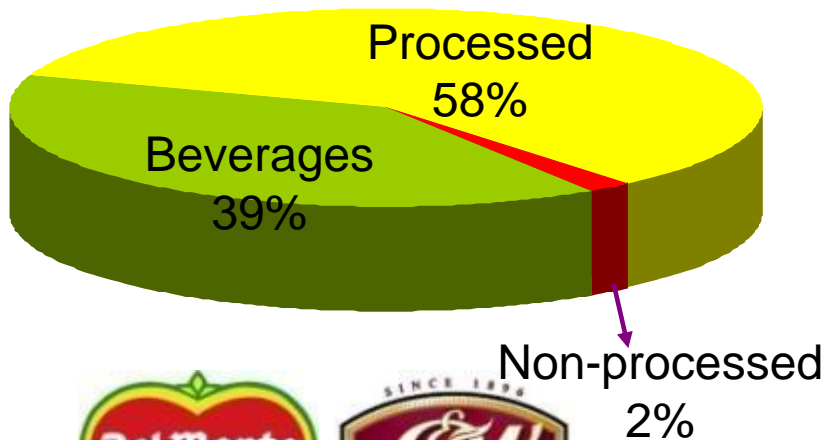
3Q Turnover Analysis

By Market



Asia Pac	-27%	<ul style="list-style-type: none"> Philippine sales declined 16% in Peso terms but down 22% in US\$ terms Sales down in other Asia Pacific markets due to weak consumption Foregone sales of former China subsidiary which was disposed in September 08
E&NA	-11%	<ul style="list-style-type: none"> Lower volume of processed fruits and concentrate

By Product



Processed	-26%	<ul style="list-style-type: none"> Weaker demand in export markets Negative impact of Peso depreciation
Beverages	-19%	<ul style="list-style-type: none"> Foregone sales of former China subsidiary plus unfavourable impact of Peso depreciation
Non-processed	-5%	<ul style="list-style-type: none"> Strong sales of fresh pineapples but lower cattle sales

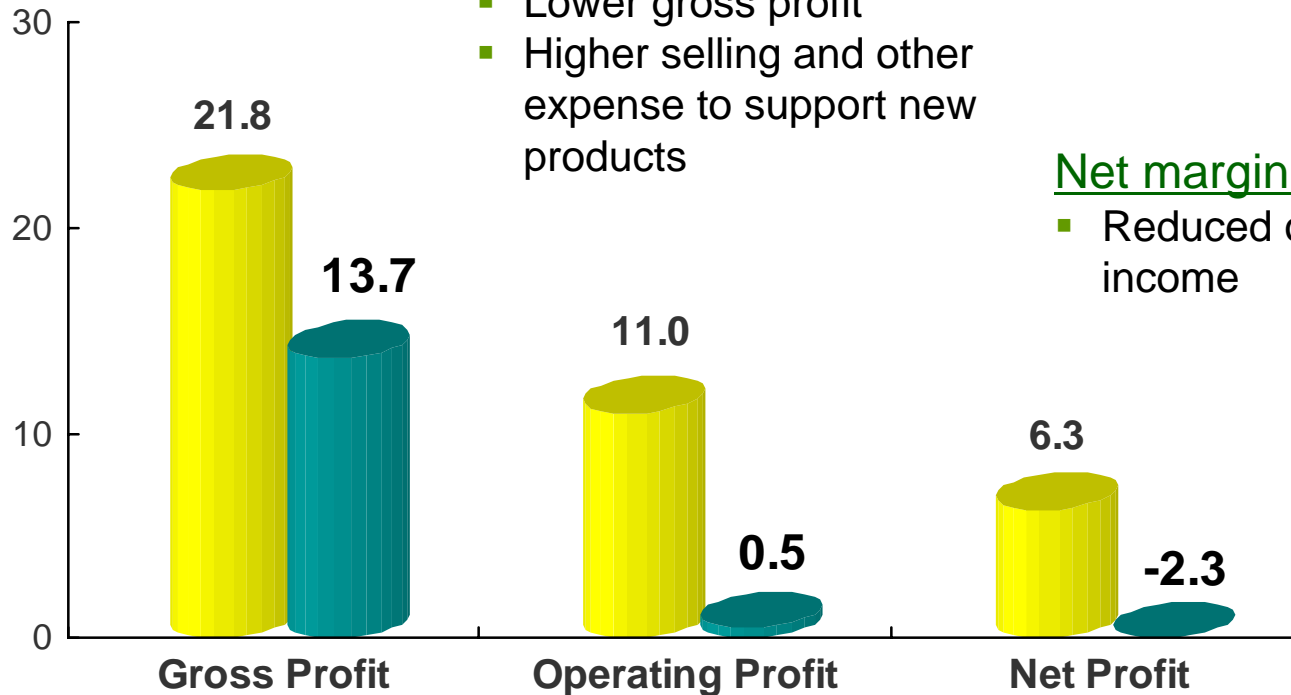


3Q Margins

Gross margin ↓

- Lower sales and higher costs
- Includes US\$4.5m cost adjustment
- Favourable impact of Peso depreciation on the Group's predominantly Peso costs

%
Margin



Operating margin ↓

- Lower gross profit
- Higher selling and other expense to support new products

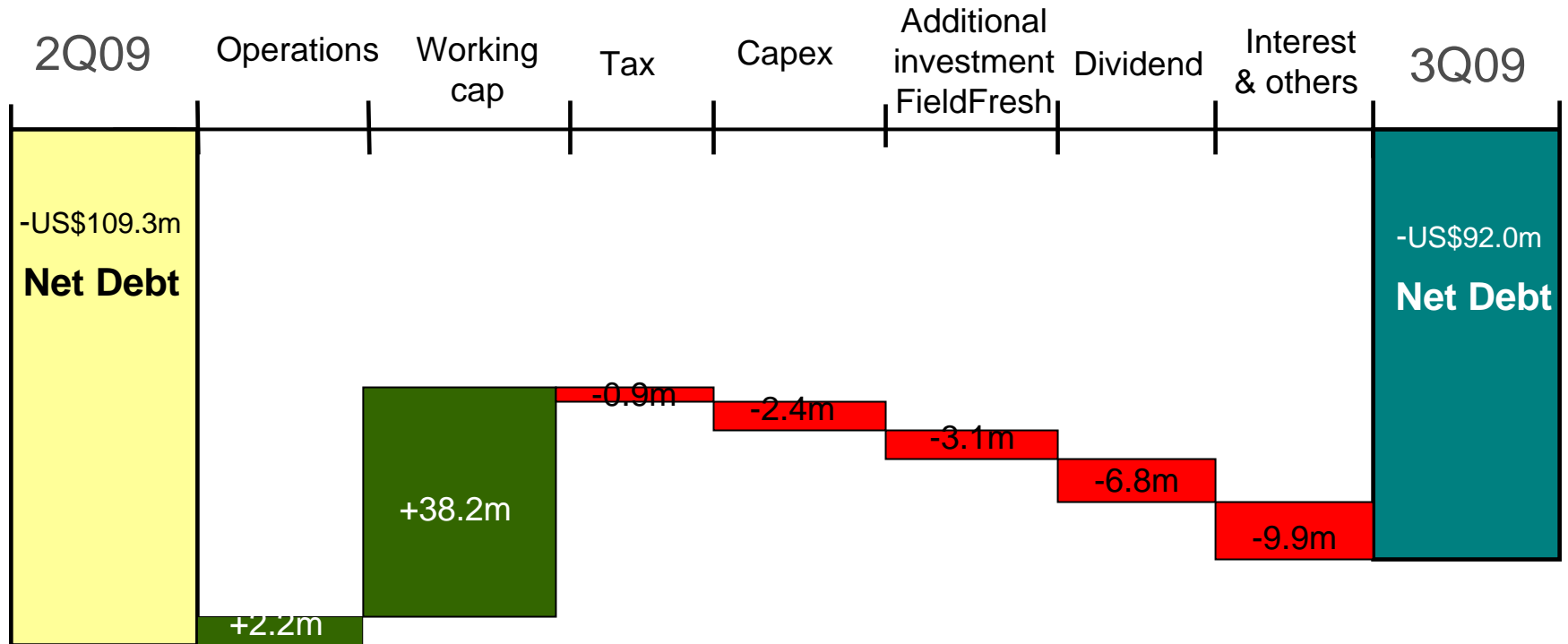
Net margin ↓

- Reduced operating income



● 3Q08 ● 3Q09

3Q Cash Flow Variance Analysis



Peso/US\$ Impact

	3Q	9M
Peso/US\$ rate in 2009	47.355	48.431
Peso/US\$ rate in 2008	45.046	43.262
Y-o-Y depreciation	5%	12%

Impact on Net Profit in US\$m	1Q 2009	2Q 2009	3Q 2009	9M 2009
Asia Pacific	(2.1)	(1.4)	(0.3)	(3.8)
Europe & North America	1.7	1.3	1.2	4.1
Net impact	(0.4)	(0.1)	0.9	0.3



Near Natural hedge

9M 2009 Results

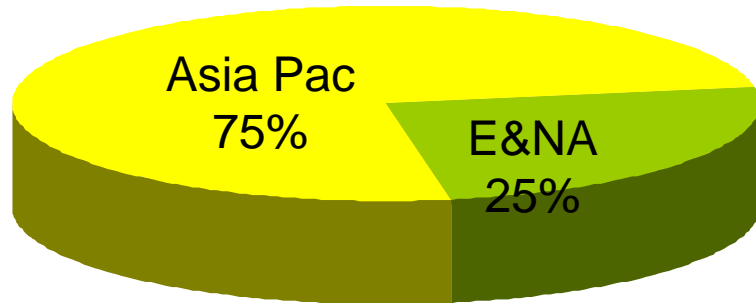


Nine Months 2009

In US\$m	9M 2008	9M 2009	Chg (%)	
Turnover	259.1	215.6	-16.8	<ul style="list-style-type: none"> ○ Lower export sales ○ Currency translation impact from 12% Peso depreciation ○ Foregone sales of China subsidiary
Gross profit	58.2	45.4	-22.0	Lower sales offset better pricing in most markets and the favourable Peso depreciation impact on costs
Operating profit	28.9	16.0	-44.7	Lower gross profit and higher other operating expenses
Finance inc/(exp)	(5.4)	(4.7)	-13.0	Higher interest expense from higher borrowings
Share of loss	(2.7)	(2.8)	+1.0	42.9% stake in FieldFresh
Tax	(3.0)	(1.2)	-61.4	Lower taxable income
Net Profit	17.8	7.4	-58.4	Net profit before non recurring items was US\$10m
Net Debt	(66.8)	(92.0)	+37.7	Primarily working capital requirement
Gearing (%)	36.2	48.7	+12.5 ppts	Higher due to above factors

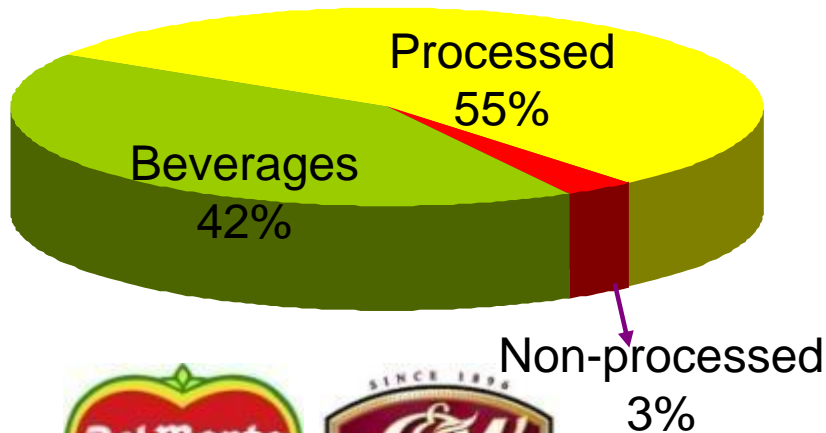
9M Turnover Analysis

By Market



Asia Pac	-17%	<ul style="list-style-type: none"> Lower sales due to lower consumer demand in export markets Philippine sales up 2% in Peso terms but down 8% in US\$ terms Foregone sales of US\$15.6m from the former Chinese subsidiary
E&NA	-15%	<ul style="list-style-type: none"> Lower volume of processed fruits and concentrate

By Product



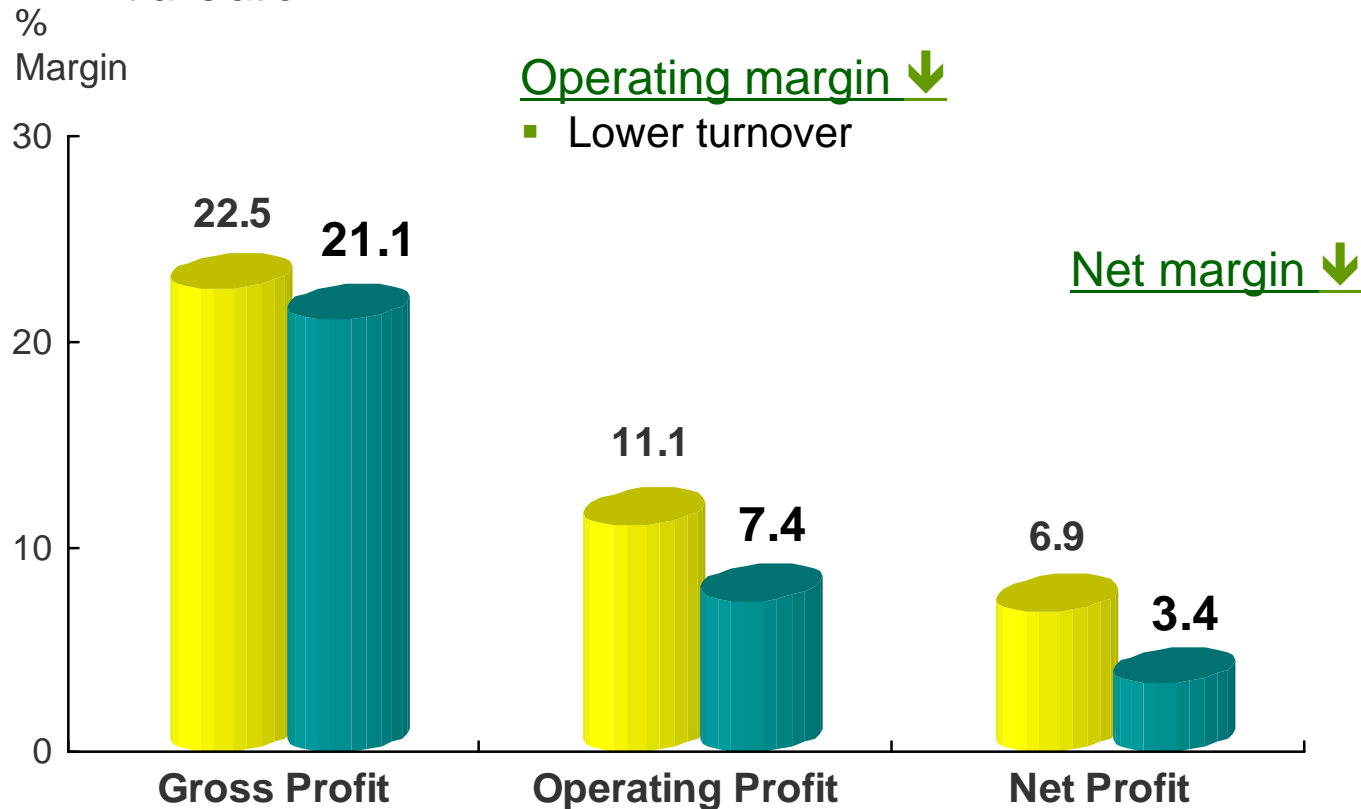
Processed	-22%	<ul style="list-style-type: none"> Weaker demand in export markets Negative impact of Peso depreciation
Beverages	-12%	<ul style="list-style-type: none"> Foregone sales of former Chinese subsidiary of US\$1.3m Negative impact of peso depreciation
Non-processed	+20%	<ul style="list-style-type: none"> Higher volume and prices of fresh pineapples



9M Margins

Gross margin ↓

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



● 9M08 ● 9M09

Balance Sheet



Working Capital Management

Successfully reduced working capital by US\$35m from June 2009 level.

Expects another significant improvement by year-end

No. of days	2Q 2009	3Q 2009	Chg	Comment
Inventory	139	119	(20)	<ul style="list-style-type: none"> Actively managed inventory levels for various inputs; stricter implementation of inventory policies
Receivable	63	56	(7)	<ul style="list-style-type: none"> Factoring of receivables
Payable	70	69	(1)	<ul style="list-style-type: none"> Will continue to manage payment terms



Credit Standing

- **Loan utilisation:** only 45% of bank credit lines
- Commercial bank lending steadily growing; latest data showing a 6.1% growth y-o-y (Sept)
- **Loan Mix: 60% Peso and 40% US\$ to optimise natural hedge**
77% Short term and 23% Long term

Gearing and Coverage Ratios

Net debt equity ratio = 49%

Interest cover = 9.1x

Debt cover = 1.7x



Business Updates



Philippines

- 3Q sales declined by 16% in Peso terms
- US\$3.2m sales impact by typhoon Ketsana
- Weak economic environment
- Downward shift to lower-priced lower-margin products
- Del Monte Fit 'n Right juice drink in PET still posted significant volume increase
- Continued to launch new innovative products including:
 - Fit 'n Right new flavours: Blueberry-grape, Watermelon and Grapefruit
 - Pineapple tidbits and sauces in pouch



S&W in Asia

- **Sales up 60%**, reflecting higher sales of processed pineapple and tropical products to Korea and the improved sales to Singapore for processed vegetables, tomatoes and beans
- **First shipment to Vietnam** of Philippine produced products (canned pineapple, mixed fruits and juices) started in September
- Continued with the 'Obsessively Good' marketing campaign in Singapore focusing on the beans range:
 - Advertising in local newspaper and magazine
 - Outdoor bus stop panel advertising
 - S&W-bean packed lunches in the CBD
 - Grocery sampling
 - Mailers covering 60k households
- Strengthened the team with **key hires** completing the senior management line-up



FieldFresh in India

- **3Q sales grew by 26% YoY** on stronger performance from Processed Foods under the Del Monte brand and Fresh businesses under the FieldFresh brand
- **Product contribution margin improved significantly** to 12% from negative last year due to better sales mix
- Exports of fresh baby corn crossed the 330 MT mark in the last two quarters as compared to 265 MT in the whole of last year, attaining a 10% market share of the UK retail market for baby corn
- Besides becoming preferred partners to some of the leading restaurant chains like Café Coffee Day & Domino's etc, Del Monte products are available in low cost airlines like Jet Lite, IndiGo etc
- Further, the Del Monte range is now available across over 1,000 Modern trade and 13,000 General trade outlets.
- DMPL's 42.9% share of loss was US\$0.9 million, slightly lower than the US\$1.1m in 3Q08



Outlook



Outlook and Action Plans

- 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
- The Company will return to profitability in the fourth quarter



Outlook and Action Plans

Action plans:

- 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.



Thank You

