INITIATION

CIMB

Del Monte Pacific

DELM SP / DMPL.SI

COMPANY NOTE

Market Cap	Avg Daily Turnover	Free Float
US$776.4m	**US$0.29m**	**9.9%**
S$970.0m	S$0.36m	255.2 m shares

Current	**S$0.90**
Target	**S$1.05**
Previous Target	S$
Up/downside	**16.7%**

SHORT TERM (3 MTH)	LONG TERM
TRADING BUY	**OUTPERFORM**
TRADING SELL	NEUTRAL
	UNDERPERFORM

Notes from the Field

William Tng
T (65) 62108676
E william.tng@cimb.com

Renfred Tay
T (65) 62108692
E renfred.tay@cimb.com

Company Visit ☑ Expert Opinion ☐
Channel Check ☐ Customer Views ☐

"Our consumer business has performed solidly in line with our vision to be one of the fastest growing global branded food and beverage companies. We are steering the company towards more branded sales to deliver higher margins and more sustainable profits."

– Mr Joselito D Campos Jr, MD and CEO

Sweet 16; sweeter 15

Sweet 16 is Del Monte Pacific's (DMPL) bestselling fresh pineapple. We believe 2015 will be sweeter with adjustments to its unprofitable supply contracts, a cost-saving project and the possibility of breakeven for its Indian JV.

These should add to the solid growth of its branded Del Monte products in the Philippines and S&W products in the rest of Asia, potentially providing stock catalysts. With these, we initiate coverage with Outperform and a target price at 20x CY14 P/E, its historical 5-year average. We project core EPS growth of 13-28% for FY13-15.

Look ma, we've grown!

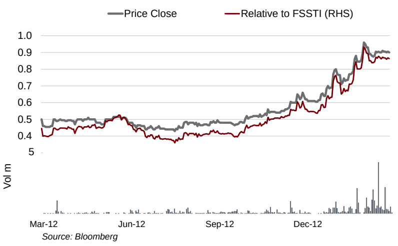
DMPL is a vertically-integrated brand owner which controls the entire pineapple production process. The emergence of Philippine-based NutriAsia as its dominant shareholder has vaulted it from a mere plantation operator (at the mercy of agricultural prices and onerous long-term contracts) to a market-leading brand owner with pricing power and the ability to diversify its products. In its anchor Philippine market, the group is slated for further expansion as it increases its retail points.

Growing brand value

The F&B industry had undergone many M&As recently. With its established brand and one of the largest pineapple plantations and processing facilities in the world, DMPL may attract such attention. We believe that other than its strong Philippine presence, there is plentiful of room for its S&W brand to grow, supported by a ballooning middle class in Asia.

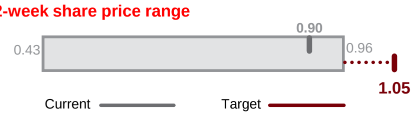
The stage is set

We also believe 2015 will be a sweeter year for DMPL as it benefits from the termination of one unfavourable processed-pineapple contract and a shift to market pricing for a fresh pineapple contract. 2015 will also be the year when some toll-packing contracts expire in the Philippines which should allow DMPL to explore ways of cutting its operating costs. Moreover, a waste-water-to-energy project could shave US$3m off its energy costs. Breakeven of its Indian JV, if it happens, would be an added bonus.



Source: Bloomberg

52-week share price range



Financial Summary

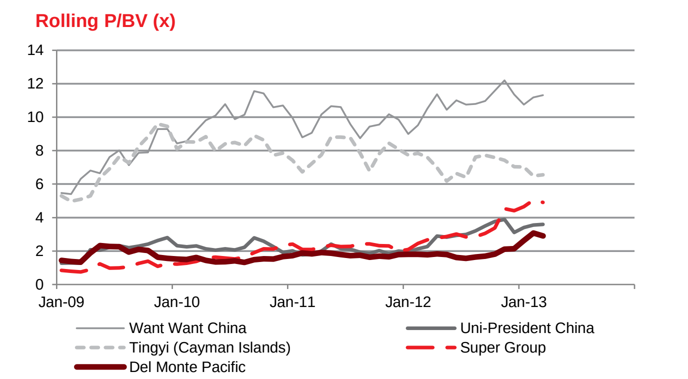
	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Revenue (US$m)	425.2	459.7	523.6	597.1	680.1
Operating EBITDA (US$m)	57.8	65.5	72.2	84.1	103.2
Net Profit (US$m)	27.44	32.09	36.34	46.16	59.28
Core EPS (US$)	0.025	0.030	0.034	0.043	0.055
Core EPS Growth	73.8%	16.9%	13.2%	27.0%	28.4%
FD Core P/E (x)	28.33	24.23	21.41	16.86	13.13
DPS (US$)	0.019	0.022	0.025	0.032	0.041
Dividend Yield	2.65%	3.10%	3.50%	4.45%	5.71%
EV/EBITDA (x)	14.98	13.63	12.46	10.99	9.16
P/FCFE (x)	36.18	33.96	19.42	28.64	20.37
Net Gearing	39.3%	46.2%	46.9%	52.9%	56.3%
P/BV (x)	3.37	3.05	2.92	2.75	2.55
Recurring ROE	12.1%	13.2%	13.9%	16.8%	20.2%
% Change In Core EPS Estimates					
CIMB/consensus EPS (x)			1.12	1.07	

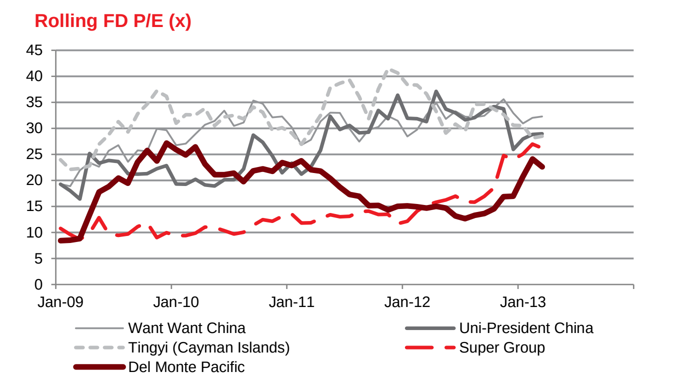
SOURCE: CIMB, COMPANY REPORTS

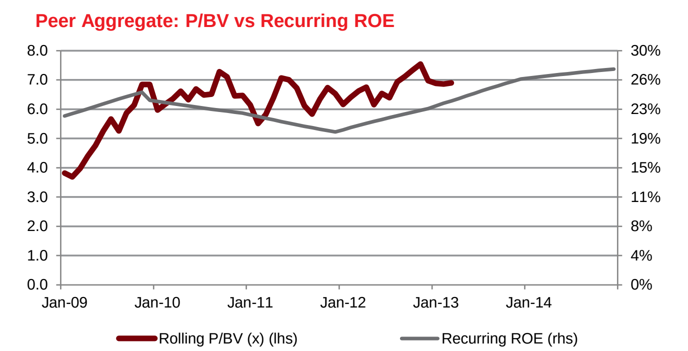
PEER COMPARISON

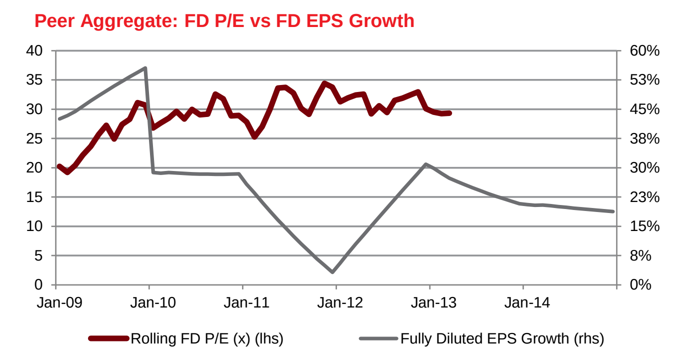
Research Coverage

	Bloomberg Code	Market	Recommendation	Mkt Cap US$m	Price	Target Price	Upside
Want Want China	151 HK	HK	OUTPERFORM	19,166	11.24	12.70	13.0%
Uni-President China	220 HK	HK	OUTPERFORM	4,440	9.57	10.80	12.9%
Tingyi (Cayman Islands)	322 HK	HK	NEUTRAL	15,069	20.90	23.00	10.0%
Super Group	SUPER SP	SG	NEUTRAL	1,656	3.71	3.70	-0.3%
Del Monte Pacific	**DELM SP**	**SG**	**OUTPERFORM**	**776**	**0.90**	**1.05**	**16.7%**









Valuation

	P/E (FD) (x)			P/BV (x)			EV/EBITDA (x)		
	Dec-12	Dec-13	Dec-14	Dec-12	Dec-13	Dec-14	Dec-12	Dec-13	Dec-14
Want Want China	34.60	26.99	22.25	11.94	9.90	8.27	23.89	18.80	15.23
Uni-President China	30.11	23.81	19.74	3.61	3.24	2.88	15.59	12.06	10.04
Tingyi (Cayman Islands)	29.65	25.70	21.08	6.82	5.93	5.09	13.62	10.59	8.70
Super Group	27.48	22.73	20.07	5.05	4.52	4.05	19.81	16.85	15.01
Del Monte Pacific	**24.23**	**21.41**	**16.86**	**3.05**	**2.92**	**2.75**	**13.63**	**12.46**	**10.99**

Growth and Returns

	Fully Diluted EPS Growth			Recurring ROE			Dividend Yield		
	Dec-12	Dec-13	Dec-14	Dec-12	Dec-13	Dec-14	Dec-12	Dec-13	Dec-14
Want Want China	32.0%	28.2%	21.3%	37.6%	40.1%	40.5%	1.95%	2.50%	3.03%
Uni-President China	145.8%	26.4%	20.7%	12.7%	14.3%	15.5%	1.24%	1.56%	1.89%
Tingyi (Cayman Islands)	21.6%	15.4%	21.9%	19.2%	24.7%	26.0%	1.69%	1.94%	2.37%
Super Group	20.1%	20.9%	13.3%	18.5%	21.0%	21.3%	1.91%	2.20%	2.49%
Del Monte Pacific	**16.9%**	**13.2%**	**27.0%**	**13.2%**	**13.9%**	**16.8%**	**3.10%**	**3.50%**	**4.45%**

SOURCE: CIMB, COMPANY REPORTS

Calculations are performed using EFA™ Monthly Interpolated Annualisation and Aggregation algorithms to December year ends

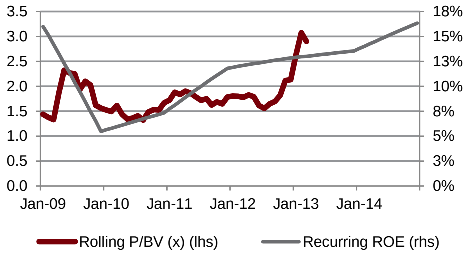
BY THE NUMBERS

Share price info

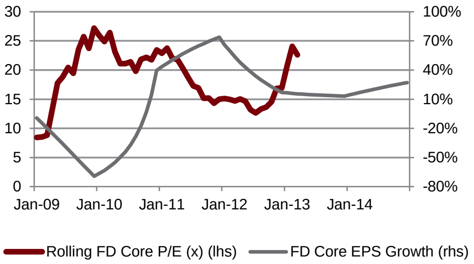
Share px perf. (%)	1M	3M	12M
Relative	0.9	37.1	71.6
Absolute	0.6	40.6	80

Major shareholders	% held
NUTRIASIA PACIFIC LTD	78.8
LEE PINEAPPLE CO PTE LTD	7.8
WEE POH CHAN PHYLLIS	1.2

P/BV vs Recurring ROE



FD Core P/E vs FD Core EPS Growth



Revenue to grow at 14% yoy, led by branded Del Monte products in the Philippines and S&W products in the rest of Asia

Profit & Loss

(US$m)	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Total Net Revenues	**425.2**	**459.7**	**523.6**	**597.1**	**680.1**
Gross Profit	**101.4**	**112.8**	**130.3**	**151.2**	**180.9**
Operating EBITDA	**57.8**	**65.5**	**72.2**	**84.1**	**103.2**
Depreciation And Amortisation	(13.5)	(15.6)	(17.8)	(19.5)	(20.9)
Operating EBIT	**44.3**	**49.9**	**54.4**	**64.6**	**82.3**
Total Financial Income/(Expense)	(1.6)	(3.1)	(3.6)	(4.0)	(4.7)
Total Pretax Income/(Loss) from Assoc.	(10.6)	(6.1)	(4.7)	(3.2)	(1.7)
Total Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**32.1**	**40.7**	**46.1**	**57.4**	**75.8**
Exceptional Items					
Pre-tax Profit	**32.1**	**40.7**	**46.1**	**57.4**	**75.8**
Taxation	(5.5)	(9.1)	(10.1)	(11.5)	(16.7)
Exceptional Income - post-tax					
Profit After Tax	**26.6**	**31.6**	**36.0**	**45.9**	**59.1**
Minority Interests	0.9	0.5	0.4	0.3	0.1
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**27.4**	**32.1**	**36.3**	**46.2**	**59.3**
Recurring Net Profit	27.4	32.1	36.3	46.2	59.3
Fully Diluted Recurring Net Profit	**27.4**	**32.1**	**36.3**	**46.2**	**59.3**

Losses from its Indian JV are expected to narrow towards breakeven eventually.

Maintenance capex lies in the range of US$15m-17m, with the rest going to expansionary capex.

Cash Flow

(US$m)	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
EBITDA	57.8	65.5	72.2	84.1	103.2
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(18.6)	(36.9)	(10.7)	(33.7)	(37.8)
(Incr)/Decr in Total Provisions	4.8	6.3	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	0.7	(1.1)	0.0	0.0	0.0
Other Operating Cashflow		(3.1)			
Net Interest (Paid)/Received	(3.6)	(3.5)	(3.6)	(4.0)	(4.7)
Tax Paid	(7.2)	(6.2)	(10.1)	(11.5)	(16.7)
Cashflow From Operations	**34.0**	**21.0**	**47.8**	**34.9**	**43.9**
Capex	(18.5)	(17.9)	(27.7)	(27.7)	(27.7)
Disposals Of FAs/subsidiaries	0.1	0.3	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(1.1)	(3.4)	(2.0)	(2.0)	0.0
Other Investing Cashflow					
Cash Flow From Investing	**(19.5)**	**(21.0)**	**(29.7)**	**(29.7)**	**(27.7)**
Debt Raised/(repaid)	7.1	22.9	22.0	22.0	22.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	(1.2)	1.6	0.0	0.0	0.0
Dividends Paid	(16.8)	(23.4)	(25.0)	(29.6)	(37.8)
Preferred Dividends					
Other Financing Cashflow	0.0	0.0	0.0	0.0	0.0
Cash Flow From Financing	**(11.0)**	**1.1**	**(3.0)**	**(7.6)**	**(15.8)**

SOURCE: CIMB, COMPANY REPORTS

BY THE NUMBERS

Net gearing is expected to climb but increasing interest coverage suggests that financial risks would remain manageable

Balance Sheet

(US$m)	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Total Cash And Equivalents	20.9	24.6	39.6	37.2	37.6
Total Debtors	82.9	102.4	105.5	120.3	137.1
Inventories	89.4	113.5	115.0	130.4	146.0
Total Other Current Assets	91.8	109.7	120.4	137.3	156.4
Total Current Assets	**285.0**	**350.1**	**380.5**	**425.2**	**477.1**
Fixed Assets	85.4	93.4	103.8	112.6	120.0
Total Investments	24.0	21.5	18.8	17.6	15.9
Intangible Assets	16.0	15.4	14.9	14.3	13.7
Total Other Non-Current Assets	13.5	15.2	15.2	15.2	15.2
Total Non-current Assets	**138.9**	**145.5**	**152.7**	**159.7**	**164.8**
Short-term Debt	105.0	125.9	145.9	165.9	185.9
Current Portion of Long-Term Debt					
Total Creditors	81.3	95.5	100.2	113.6	127.2
Other Current Liabilities	2.6	5.2	5.2	5.2	5.2
Total Current Liabilities	**188.9**	**226.5**	**251.3**	**284.7**	**318.3**
Total Long-term Debt	5.9	15.7	17.7	19.7	21.7
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Non-current Liabilities	**5.9**	**15.7**	**17.7**	**19.7**	**21.7**
Total Provisions	0.0	0.0	0.0	0.0	0.0
Total Liabilities	**194.8**	**242.2**	**269.0**	**304.4**	**340.0**
Shareholders' Equity	230.5	255.2	266.5	283.1	304.6
Minority Interests	(1.5)	(1.9)	(2.3)	(2.6)	(2.7)
Total Equity	**229.0**	**253.3**	**264.2**	**280.5**	**301.9**

Key Ratios

	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Revenue Growth	12.3%	8.1%	13.9%	14.0%	13.9%
Operating EBITDA Growth	37.8%	13.2%	10.3%	16.5%	22.7%
Operating EBITDA Margin	13.6%	14.2%	13.8%	14.1%	15.2%
Net Cash Per Share (US$)	(0.08)	(0.11)	(0.11)	(0.14)	(0.16)
BVPS (US$)	0.21	0.24	0.25	0.26	0.28
Gross Interest Cover	14.49	12.84	11.50	11.94	13.50
Effective Tax Rate	17.2%	22.3%	22.0%	20.0%	22.0%
Net Dividend Payout Ratio	75.1%	75.1%	75.0%	75.0%	75.0%
Accounts Receivables Days	69.90	73.77	72.47	69.04	69.08
Inventory Days	94.1	107.0	106.0	100.4	101.0
Accounts Payables Days	85.34	93.26	90.80	87.52	88.04
ROIC (%)	11.3%	11.8%	10.9%	12.2%	14.0%
ROCE (%)	13.8%	13.8%	13.5%	14.8%	17.1%

Key Drivers

	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (%, main prod./serv.)	5.3%	16.8%	17.3%	17.3%	17.9%
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (%,2ndary prod/serv)	27.8%	-7.8%	6.1%	5.6%	2.6%
Util. rate (%, 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (%,tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Util. rate (%, tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A	N/A

SOURCE: CIMB, COMPANY REPORTS

Sweet 16; sweeter 15

Table of Contents

Notes from the Field

"Our consumer business has performed solidly in line with our vision to be one of the fastest growing global branded food and beverage companies. We are steering the company towards more branded sales to deliver higher margins and more sustainable profits."

– Mr Joselito D Campos Jr, MD and CEO

1. INVESTMENT MERITS

1.1 Buy the leader

DMPL runs a defensive business, one that sells consumer staples. It is established in the Philippines with its Del Monte brand of processed products such as canned juices, mixed fruits and culinary products. In some categories, independent data from market surveyors put Del Monte's market share past 70%. Historically, the Philippines has been its main profit centre. To price-sensitive consumers, DMPL also sells a value brand called "Today's".

1.2 Stage is set for growth

Growth in the Philippines is expected to be steady. Outside the Philippines, Del Monte's S&W products offer strong growth potential for both fresh and processed fruit and vegetable products. S&W has already penetrated the three big markets of China, Korea and Japan in Asia. As non-pineapple products are outsourced, its S&W brand is asset-light with room for margin expansion as its brand value grows and sales scale further.

1.3 A step up in 2015

The Indian market offers potential but Del Monte is up against entrenched players in this market. As such, more work would need to be done to build its brand there. This and a lack of scale had led to losses though the group has been more careful with further investments. DMPL could break even in India in 2015, at the earliest. This would be a bonus though management is understandably cautious as more investments especially in A&P would seem necessary to increase its visibility there. In our forecasts, we are pencilling in only breakeven for the Indian JV after 2015, which explains why any earlier breakeven would be a bonus.

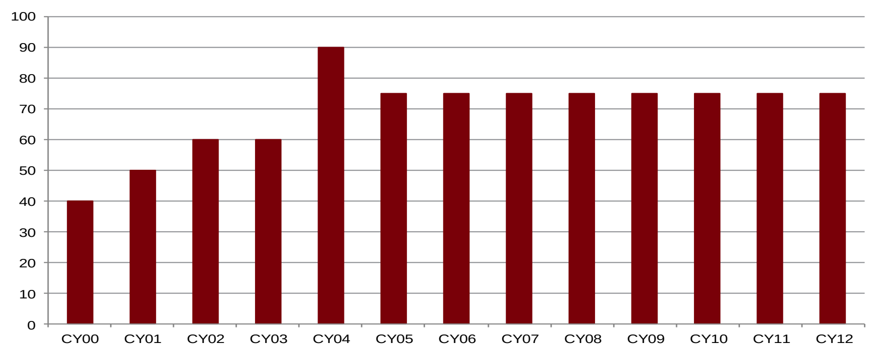
DMPL has two legacy contracts which have been a drag on its profitability. In 2015, one of these contracts will terminate, freeing DMPL to pursue customers willing to pay better prices. At the same time, its other legacy contract will revert to market pricing, providing an immediate operating-profit uplift.

A waste-water-to-energy facility will come on stream by 2015, reducing electricity costs for DMPL. We estimate savings of US$3m per annum.

1.4 Established dividend record

Del Monte has a 33% payout policy which has been exceeded since 2000. Its payouts had risen from 40% in 2000 to 75% from 2005 to 2012.

Figure 1: Payout ratios (%)

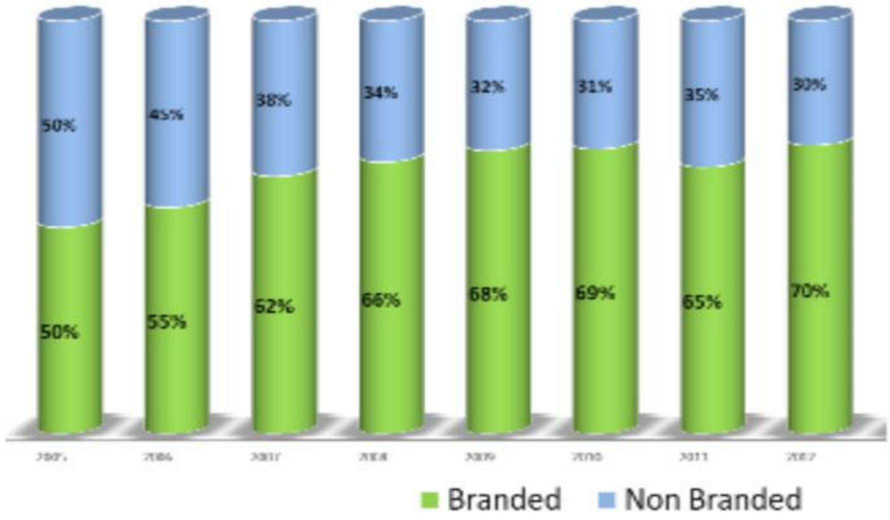


SOURCES: CIMB, COMPANY REPORTS

1.5 Continues to build its brands

Other than its established Del Monte brand in the Philippines, Indian subcontinent and Myanmar, S&W will likely be nurtured as DMPL's brand for fresh and processed fruit and vegetable products in Asia and the Middle East in the immediate future. Given that S&W also has rights to the European market, Europe could be another target, further out. We believe consumers will hear more of S&W in the coming years.

Figure 2: The focus will be on branded sales



SOURCES: COMPANY REPORTS

Del Monte is also in Myanmar via a distributor and will likely participate in this market's growth as its consumption power rises.

2. BACKGROUND

2.1 Established history

DMPL was incorporated in the BVI on 27 May 99 under the BVI Companies Act as a limited liability company. At the time of its listing, Macondray and Del Monte Royal Foods were its only shareholders. Del Monte Royal Foods (listed on the Johannesburg Stock Exchange) was subsequently acquired by Cirio Finanziaria S.p.A and delisted. Cirio itself was eventually delisted from the Italian stockmarket after it went bankrupt.

Originating in the US, Del Monte Foods (USA) set up operations in the Philippines in 1926 to diversify its pineapple-growing base as disease had affected its Hawaiian pineapple plantations. In 1991, it sold its stake in its Philippine unit to Del Monte International (Europe) and Kikkoman (Japan). Both parties divested their stakes in 1996, paving the way for DMPL's IPO in 1999.

DMPL is the leading Philippine integrated producer and branded marketer and distributor of processed food products under the Del Monte brand. It owns the Del Monte trademark for processed foods in the Philippines and has grown since its establishment in 1926, from an exporter of pineapples to a brand leader for a broad range of processed food. The Del Monte trademark is one of the most recognised brands among Philippine consumers.

DMPL is principally engaged in growing, processing, and selling canned and fresh pineapples, pineapple concentrates, tropical mixed fruits, tomato-based products, and other food products under its "Del Monte", "Today's" and "S&W" brands. It enjoys leading market shares for canned pineapple juice and drinks, canned pineapple and tropical mixed fruits, tomato sauces, spaghetti sauces and tomato ketchup in the Philippines.

DMPL also owns another premium brand, S&W, globally except in the Americas, Australia and New Zealand. As with Del Monte, S&W had originated in the US in the 1890s as a producer and marketer of processed fruit and vegetable products. In India, the group owns 46% of FieldFresh Foods Private Limited. FieldFresh markets Del Monte processed products in the domestic market and its own fresh fruits and vegetables. DMPL's partner in FieldFresh India is the well-respected Bharti Enterprises, which owns one of the largest conglomerates in India. DMPL holds exclusive rights to produce and distribute processed food and beverage products under the Del Monte brand in the Indian subcontinent.

DMPL 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.

Its wholly-owned subsidiary, DMPI, has been operating in the Philippines since 1926. The group operates one of the world's largest pineapple plantations for processed pineapples, which are located in 10 municipalities in Bukidnon, and seven towns in Misamis Oriental, Mindanao, Southern Philippines. The group's pineapple plantations cover 23,000 ha. It sources all its pineapple requirements from these plantations. The group's cannery has an annual production capacity of 700,000 tonnes. Its Philippine operation employs some 3,800 people. We reckon that 45% of these workers work on the plantations with another 48% employed at the cannery.

2.2 The Del Monte brand

The Del Monte brand has been in existence since 1892. Originating in the US, the brand has almost universal awareness in the Philippines. Del Monte products are found in all national supermarkets, large wholesalers and independent and chain grocery stores throughout the Philippines.

The group owns the Del Monte trademark for use in all processed foods in the Philippines. This trademark is important to the group as brand recognition holds the key to its success. Current registrations of this trademark in the

Philippines are effective for varying periods of time and may be renewed periodically. The group also owns the Today's trademark in the Philippines.

DMPRL, a wholly-owned subsidiary of the company, has exclusive rights in perpetuity to use or assign the use of the Del Monte trademark, free of royalties, for the production, manufacture, sale and distribution of all food and beverages in India, Pakistan, Bangladesh, Sri Lanka, Myanmar, Bhutan, Nepal and the Maldives.

Del Monte USA (through Del Monte Foods) is the owner and licensor of the Del Monte brand and trademarks in most territories of the world. Del Monte USA has granted a number of perpetual, exclusive, royalty-free licences for the use of the Del Monte name and trademarks in territories outside the US.

Fresh Del Monte Produce has the licence to use the Del Monte name and trademarks for processed food products and beverages in most of Europe, Africa and the Middle East while Kikkoman has a licence to use the name and trademarks for processed food products and non-alcoholic beverages in the Far East and Pacific Rim (excluding the Philippines, Indian subcontinent and Myanmar).

Fresh Del Monte Produce also holds the rights to use the Del Monte name for all fresh products (such as fruits and vegetables) globally.

Licensees of the name and trademark are required to observe product quality and adopt brand-protection measures to preserve the brand's premium image.

Figure 3: Del Monte trademarks around the world

Owner	Comments
Fresh Del Monte Produce	Licensee of the Del Monte brand for processed products in Europe, Middle East and Africa (through affiliate Del Monte International), and for fresh produce worldwide.
Del Monte Foods	Licenses the Del Monte trademark to various companies around the world which are independent of the Company. Del Monte Foods was listed in the USA before being acquired by a group of funds led KKR on 8 March 2011. Markets packaged food and beverages products under the Del Monte® brand in the United States and South America.
Del Monte Asia Pte Ltd (Subsuidiary of Kikkoman)	Holds the Del Monte brand licence for certain Asian and Pacific Rim countries (other than DMPL's rights in the Philippines, the Indian subcontinent and Myanmar). Includes the vast China and North-east Asia region. For processed food and beverages.
Del Monte Pacific Limited	Rights to Philippines, the Indian sub-continent and Myanmar for processed food and beverages
FieldFresh	Markets packaged food products under the Del Monte® brand in India.
Del Monte Panamerican	Rights to Central America and the Carribean for processed food and beverages
Del Monte Canada Inc	Markets processed food and beverage products under the Del Monte® brand in Canada.

SOURCES: COMPANY REPORTS

2.3 DMPL today

DMPL was thrust into the limelight in 2006, when NutriAsia Pacific (a company then jointly controlled by the F&B giant, San Miguel, and sauce specialist, NutriAsia Inc, but now solely owned by NutriAsia Inc) bought out Cirio and MCI Inc (a unit of the Lorenzo family-owned Macondary & Co) with a combined 61% stake. This led to a general offer. The latest data from the company's FY11 annual report shows NutriAsia's stake in DMPL at 79%. The NutriAsia Group is majority-owned by the Campos family of the Philippines and is the market leader in liquid condiments, specialty sauces and cooking oils in the Philippines. DMPL's other major shareholder is Lee Pineapple Company Ltd with a 7.8% stake. Lee Pineapple first appeared as a shareholder in DMPL's FY03 annual report with an estimated 3.5% stake then.

Figure 4: Shareholders

	Name	No. of shares	%
1.	NutriAsia Pacific Limited	849,429,372	78.95
2.	Lee Pineapple Company Pte Ltd	83,685,000	7.78
3.	DBS Nominees Pte Ltd	33,498,000	3.11
4.	HSBC (Singapore) Nominees Pte Ltd	24,654,690	2.29
5.	United Overseas Bank Nominees Pte Ltd	16,163,000	1.50
6.	Wee Poh Chan Phyllis	12,915,000	1.20
7.	Representations International (Hk) Ltd	7,000,000	0.65
8.	Pineapples Of Malaya Private Limited	5,360,000	0.50
9.	Citibank Nominees Singapore Pte Ltd	4,016,000	0.37
10.	DBS Vickers Securities (S) Pte Ltd	2,823,000	0.26
11.	Luis Francisco Alejandro	1,305,000	0.12
12.	Lee Mui Lee Rosalind	1,000,000	0.09
13.	Joselito Jr Dee Campos	966,600	0.09
14.	Ng Keng Kwee	721,000	0.07
15.	Richard Warren Blossom	690,000	0.06
16.	Florence Yuniwati Suryawan	609,000	0.06
17.	Go Kee Tee Ochura	592,000	0.06
18.	BNP Paribas Nominees Singapore Pte Ltd	584,000	0.05
19.	Raffles Nominees (Pte) Ltd	514,000	0.05
20.	CIMB Securities (Singapore) Pte Ltd	368,000	0.03
Total		1,046,893,662	97.29

SOURCES: COMPANY REPORTS

CIMB

2.4 Product samples

Figure 5: Processed products - retail

SOURCES: COMPANY REPORTS

Figure 6: Processed products – food services

Del Monte Pacific also produces products for the food-service sector which can be packed in customised formats, including sachets, large cans or bags and dispensers for juices, among others. Products include ketchup, sauces, processed pineapples, juices and many more.

SOURCES: COMPANY REPORTS

Figure 7: Del Monte in India

SOURCES: COMPANY REPORTS

Figure 8: FieldFresh's exports

FieldFresh Baby Corn
FieldFresh Baby Corn is hand-picked and packed on the same day to ensure freshness, every time, with the right level of maturity for that right degree of sweetness and crunch !! The cobs are harvested just when the silken tassels start appearing, ensuring that the cobs are just right and ready-to-eat. FieldFresh baby corn can be eaten raw with a spicy or a tangy dip or eaten as the classic snack - "golden fried baby corn". Used primarily in Asian and Oriental cuisine, it has now found its way to several continental salads and Indian Curries. Exports have been primarily to UK and parts of Europe.

Product Specifications
Colour – Pale Yellow
Texture – Firm & Crunchy
Length – 6 -10 centimetres
Diametre – 1-2 centimetres

FieldFresh Sweet Corn
FieldFresh Foods' expertise in sweet corn has been an outcome of nearly three years of internal research comprising multiple cultivars and agronomical practices. This provides consumers with succulent FieldFresh sweet corn round the year. Whole kernels of sweet corn preserved at their peak of freshness make a quick & easy snack or are a perfect ingredient to salads, sandwiches or key ingredients to delectable recipes.

FieldFresh sweet corn is grown in parts of Maharashtra in India, where the soil and climatic conditions are favourable round the year. The cobs are harvested when the kernels are golden yellow in colour and have reached the right degree of sweetness. Each cob is checked for kernel formation and filling, and only those cobs that meet our quality check specifications are further chosen for exports. FieldFresh sweet corn is exported as a whole and often, individual cobs are bought off-the-shelf in supermarkets of UK and Europe.

Product Specifications
Colour – Pale Yellow to Golden Yellow
Texture – Crunchy & Juicy
Length – 16 – 21 centimetres
Row Count – 16 – 18 rows
Weight – 180 – 250 grams (three leaf stage)
Brix – 16 and above

SOURCES: COMPANY REPORTS

Figure 9: S&W's products

SOURCES: COMPANY REPORTS

Figure 10: DMPL's exports

Del Monte Pacific also produces for private labels or buyers' own labels, and for industrial customers. Industrial products may be packed in aseptic bags in cartons, 55-gallon drums, 300-gallon wooden and Goodpack bins, or as per customers' specifications. Industrial products include crushed pineapples, premium pineapple concentrates, premium grade fruit syrups and many more.

SOURCES: COMPANY REPORTS

Figure 11: DMPL's new product: children's juice (only in the Philippines)

SOURCES: COMPANY REPORTS

Figure 12: DMPL's best-selling juice

Del Monte 100% Pineapple Juice Heart Smart is the goodness of premium pineapple juice combined with the health-giving benefits of Reducol. It is 100% natural pineapple juice enhanced with the breakthrough formula of Reducol, a natural combination of plant stanols and sterols, that is clinically proven to lower Low Density Lipoprotein (LDL) or "bad" cholesterol. Reducol plant sterol blend has undergone clinical trials and has been shown to lower LDL cholesterol levels safely and naturally. Del Monte 100% Pineapple Juice Heart Smart, containing 1g of the ingredient per 240mL-serving, is the heart smart way to keep your cholesterol worries away.

SOURCES: COMPANY REPORTS

Figure 13: Innovative product: Fit 'n Right Drinks

Del Monte Fit 'n Right Drinks with L-Carnitine, DEL MONTE Fit 'n Right Juice Drink has natural L-Carnitine and B Vitamins 1, 6, and 12 to help burn fat. DEL MONTE Fit 'n Right comes in 7 flavors - Pineapple, Apple, Four Seasons, Pine Orange, Watermelon, - to quench your thirst and keep you in shape! Also available in one liter PET bottles for Watermelon, Pine Orange and Pineapple.

SOURCES: COMPANY REPORTS

2.5 How its products are distributed

Roughly 70% of DMPL's sales in the Philippines are generated from general trade with the remaining 30% from modern trade. DMPL also sells via 16 distributors. Its products are currently available in 112,000 retail points (88,000, beginning 2012). By end-2013, the number should expand to 150,000. We reckon there is room for further expansion past 150,000.

DMPL's usual credit terms for the modern trade are roughly two weeks with incentives if customers pay earlier. Its maximum credit term is one month. In export markets, credit terms are longer, typically between 45 and 60 days.

The group also imports and sells in the Philippines certain Del Monte-branded products, which it does not produce itself, from licensees of the Del Monte brand outside the Philippines. It also has contract-manufacturing arrangements with a number of contract manufacturers to produce non-pineapple Del Monte products for sale in the Philippines. All its international trading is operated by GTL Ltd, wholly owned by DMPL, which markets and sells OEM processed and fresh products internationally.

For its S&W brand, DMPL works with partners to distribute its products. There is substantial potential in China as we understand that DMPL has been kept busy by just the Guangdong province so far (for processed products) where it has two distributors. Adding in fresh products, DMPL's S&W brand is available in Shanghai, Beijing, Dalian and Qingdao. DMPL works with Shinsegae which owns the E-mart grocery chain in Korea (largest in that country). In Japan, DMPL works with distributors. In these three markets, fresh pineapples, especially the Sweet 16 variety, are bestsellers, given their golden appearance and sweet taste.

2.6 Marketing and promotions

Advertising and promotional expenses formed about 6% of sales in the Philippines in FY12 with the group engaging all media. Group-wide A&P expenses were roughly 4% of group sales.

Figure 14: Sample advertisement

SOURCES: COMPANY REPORTS

3. NOTEWORTHY DEVELOPMENTS

3.1 Vertically-integrated brand owner

In Nov 07, DMPL acquired the S&W brand for US$10m for all markets except the Americas, Australia and New Zealand. Founded in the US in 1896, S&W is an internationally-recognised brand known for its high-quality fruit and vegetable products. The acquisition opened up new products and markets to DMPL.

S&W will be positioned as the brand for DMPL's global expansion, starting with the Asia Pacific. Carried under S&W are fresh pineapples as well as processed fruits, vegetables, beans and fruit juices. In the Asia Pacific, S&W is retailed in Singapore, Malaysia, Indonesia, Cambodia, Vietnam, China, Taiwan, Hong Kong, Japan, Guam, the Middle East, Philippines, and Korea. S&W commenced full-year contributions in FY08. We estimate that its three major markets are China, Korea and Japan.

The production of all products under S&W is outsourced, except for canned pineapples, canned pineapple juice and tropical mixed fruits.

3.2 India another big market

In 2007, DMPL acquired a 40.1% stake in FieldFresh in India, a grower and marketer of fresh produce internationally, with investments amounting to US$20.852m. With the formation of its Bharti joint venture, the company is well-positioned to develop the Del Monte brand in the rapidly-growing Indian market with an expanded platform for exports. DMPL's partner in FieldFresh, the Bharti Group, is one of the largest business groups in India. It is the major shareholder of India's largest mobile telecom operator, Bharti Airtel. FieldFresh has become DMPL's platform for developing the Del Monte brand in India with DMPL assigning the brand to FieldFresh. Today, DMPL owns 46% of FieldFresh.

Del Monte products are available in 75 cities from 42,000 outlets across the country and indirectly via another 30,000 outlets. DMPL's products can be found in Best Price (a joint venture between Bharti and Walmart) stores.

FieldFresh also exports sweet and baby corn to the UK. Exports of fresh baby corn from India have more than doubled with its market share for this product strengthening to nearly 16% in the UK. In FY10, FieldFresh also succeeded in shipping its first-ever fresh sweet corn to the UK, paving the way for yet another successful export programme.

3.3 Nascent Myanmar

On 29 Jan 13, DMPL launched an exclusive range of international Del Monte products in Myanmar, including:

- Packaged fruits: pineapple slices, pineapple chunks, pineapple titbits, crushed pineapples and Fiesta fruit cocktail
- Culinary: ketchup, spaghetti sauces and pastas
- Beverages: 100% pineapple juice, crushed pineapple fruit drinks, Four Seasons fruit drinks (a medley of Pineapple, Mango, Orange and Guava), and mango nectar.

DMPL has partnered Global Sky Company Limited, based in Yangon, to distribute its products in Myanmar. By the end of 2013, the Del Monte range of products will be available in Yangon, Mandalay and other key cities.

3.4 Termination of unprofitable contracts

In FY11, DMPL's European business turned around after the termination in mid-2010 of an unprofitable supply contract. Selling prices and margins in Europe improved in FY11 as the group sold directly to this market and improved its market visibility.

In Nov 11, DMPL also issued a notice of termination to its US supplier for the delivery of processed pineapple products. We suspect this is a significant contract accounting for at least 10% of DMPL's sales (deduced from its FY11 annual report). Although margins are likely to be depressed for this contract, we believe minimum cost provisions had helped DMPL eke out slight profits all this time. The upside then is an uplift in operating margins as the group can sell at higher market prices once the contract ends in Nov 14. FY15 should benefit from the termination of this unprofitable contract. If its European termination experience is any guide, we believe DMPL will be able to secure new clients at market prices.

On top of these two contracts, DMPL has a supply contract with Del Monte Asia which we suspect is profitable and thus do not expect termination.

Its last remaining contract is for the supply of fresh pineapples to Fresh Del Monte. According to our industry checks, DMPL is likely to book better margins only in FY15-17 (the contract ends in FY17). We believe DMPL is selling its fresh pineapples at price discounts to prevailing market prices. This is corroborated by its corporate presentation materials which highlight that "fresh pineapple supply contract shifts to market pricing starting January 2015". We expect a reversion to market prices in FY15-17 which could create another opportunity for margin improvements.

4. PRODUCTION FACILITIES

The group largely leases land for its pineapple-growing operations from various sources such as the government and cooperatives on a long-term basis. The leases typically run for two to 25 years, with options for renewal upon expiry. Some of the leases contain escalation clauses but do not provide for contingent rents. Although they may be at risk of non-renewal, DMPL has not had any major issues for the many years it has been in operation.

Location is an advantage for DMPL. Its cannery is located near its plantations and close to a deep-water harbour. On top of that, its plantations can be found in a "pineapple belt" of the world where climate and soil conditions are favourable for pineapple cultivation.

Figure 15: Plant and produce

DMPL operates the world's largest pineapple operation in southern Philippines. The Group produces its pineapples in its 23,000-hectare plantation in an area ideal for growing and outside the typhoon belt.

The processing facility, situated 30 minutes away from the plantation, has an annual capacity to process about 700,000 tonnes of pineapples. The competitiveness of this operation is complemented by an on-site can-making operation and an integrated seaport.

DMPL's fully integrated operations ensure the delivery of premium quality and a very efficient supply chain from production to market.

The Group continues to implement cost-reduction and productivity-enhancement programs, and invest in new technology and equipment to maintain its leadership position in the industry.

DMPL's operations have consistently maintained a high standard of quality control and product assurance.

Certifications
British Retail Consortium Global Standard on Food
GMP (Codex Alimentarius Food Hygiene System)
HACCP (Codex Alimentarius)
Halal
ISO 9001:2008
Kosher

SGF Voluntary Control System
Voluntary Participation/Membership in Food Safety and Quality Organisations
Philippine Society for Quality
Schutzgemeinschaft der Fruchtsaft- Industrie e.V. - Sure Global Fair (SGF)

SOURCES: COMPANY REPORTS

5. MAJOR CUSTOMERS

We believe DMPL's single largest customer is Del Monte Foods with which it has a long-term supply contract which will terminate in Nov 14. We suspect this customer likely accounted for at least 10% of its FY12 sales, from its FY11 annual report.

6. COMPETITION

Several well-established companies compete in the Philippine canned pineapple, mixed fruit, fruit juice & beverage and tomato product categories. Important considerations are:

1) Several of the group's product lines compete with imports, where competition may intensify after AFTA (ASEAN Free Trade Agreement) through lower tariffs on imports.

2) The group's continuing development of its consumer branded product line under the Del Monte brand will increasingly pitch it against global consumer-product companies which are already present in the Philippines.

3) Within the product range produced by the group for the Philippine market, the bulk of its competition currently comes from domestic producers. Heightened competition from these domestic producers, global consumer-product companies with operations in the Philippines and importers and additional competition from any new importers may have adverse effects on its margins and market shares.

In the Philippines, the group's primary rivals are Dole Philippines, Inc. for pineapple products (juices, pineapple solids and mixed fruits), Hunts for tomato and spaghetti sauces and California Manufacturing Corporation for spaghetti sauces and pastas.

Other fruit beverage competitors are Coca Cola's Minute Maid and Pepsi's Tropicana. For ketchup, the group's main competitor is UFC (a local company marketing UFC Banana Catsup and Tomato Catsup privately owned by the Campos family).

The group's potential competitors in the international market for processed pineapple sales are from Thailand and Indonesia. Management believes that the exports of these countries are not comparable with those of the group in terms of quality due mainly to the extensive experience of its workforce, favourable soil and climatic conditions at its plantations and the group's superior horticultural practices.

7. OUTLOOK

7.1 Visible earnings drivers

2013-14. We believe DMPL in the Philippines is set to grow stronger. Canned juices are doing well (there were even sold-out occasions!) and should continue to grow as the company adds a new line in 2013. Capacity could double when the line is fully operational. The move away from industrial pineapple concentrates will reduce its exposure to industrial pineapple juice concentrate prices (commodity products). This ties in with its expanded capacity and better demand for juices in the Philippines. Outside the Philippines, S&W has the potential to grow as the group penetrates Asian markets further. Branded fresh pineapple sales under S&W are also growing strongly.

2015. By Nov 014, DMPL would have exited its processed pineapple supply contract with Del Monte Foods. A switch to market pricing should improve its earnings in FY15. At the same time, another contract to supply fresh pineapples to Fresh Del Monte Produce will be adopting market pricing, starting Jan 15. This could further improve earnings for DMPL. In addition, DMPL will have the opportunity to review some of its contracts with toll packers in 2014. Lastly, a waste-water-to-energy project could contribute fully in 2015, leading to substantial savings in electricity costs.

DMPL's share of losses at its 46%-owned Indian joint venture was US$5.6m in FY12. Management expects further losses in FY13-14 as this Indian operation does not have enough scale and turnover to cover operational costs. The losses, however, are expected to narrow and management is hopeful of at least breakeven by end 2015. Given its commitment to reducing its equity losses and the potential of the Indian market, we believe DMPL will remain invested in this market, though staying cautious on cost management. As such, even if breakeven is not attained by 2015, the worst would be just reduced losses, in our estimation.

7.2 Thailand a key determinant in pineapple supply

Based on statistics from the FAO, Thailand was the largest grower of pineapples in 2011. DMPL has its own fresh pineapple supply and an established brand and as such, does not suffer much when there are swings in pineapple supply from Thailand.

However, DMPL has a pineapple juice concentrate business which is commoditised. Given Thailand's large supply, over-production can severely depress pineapple juice concentrate prices, resulting in lower profitability for DMPL's export sales. Its export sales possibly fell 7.8% yoy in FY12, due in part to lower prices for pineapple juice concentrates arising from high pineapple supply from Thailand. We estimate that pineapple juice concentrates accounted for 5-8% of group sales and were loss making.

Figure 16: Pineapple-producing countries

Country	Production in 2011 ('000 metric tonnes)	% share
Thailand	2,593	12.0
Brazil	2,318	10.7
Costa Rica	2,269	10.5
Philippines	2,247	10.4
China	1,551	7.2
Indonesia	1,541	7.1
India	1,415	6.6
Others	7,648	35.4
World	**21,582**	**100.0**

SOURCES: FAOSTAT

7.3 Positive outlook for Philippine economy

2012 GDP growth for the Philippines came in at 6.6%, close to our house forecast of 6.7% but beating consensus's 6.4%. This has reinforced the BSP's determination to keep policy rates in place since Oct. Household spending came in at 6.1%, lower than our 6.8% forecast. Agriculture and industrial growth was ahead of forecasts (2.7% and 6.5% respectively vs. 2.0% and 6.0% forecasts). Its underlying growth since 3Q has not slowed down at all. As 2013 evolves, mid-term elections should provide a floor to growth. Our 2013 GDP expectation is 6.6%, with domestic consumption growth at 6.7%. We hope to upgrade our forecasts by 1H (CIMB-SB JV).

8. STRENGTHS

8.1 Pineapples = Del Monte

Del Monte is a leading international brand and a premium brand in the Philippines. The brand has been in existence since 1892 and is one of the most recognised brands of processed food products in the Philippines. The brand is also a worldwide brand, supported by a number of marketing and distribution entities in various territories. Del Monte products in the Philippines have leading market positions. The group's products typically command premium pricing over competitors', supported by the quality of the products and the projection of that quality to consumers.

DMPL's market shares in the Philippines average 60-80%. We understand that its market shares for tomato sauces, canned pineapples and mixed fruit products could be slightly under 80%. As for spaghetti sauces, its market share could be slightly less than 60%. In the ready-to-drink market (including tea), DMPL's market share is under 30%.

8.2 Secure supply

The group's pineapples are provided by its own plantations. It has its own processing and canning facility in the Philippines. Continual investment in production and processing technologies, and management's focus on improving agricultural practices and production efficiencies as well as cost-cutting have materially improved its unit costs, quality and reliability of supply. The group's economies of scale, combined with its focus on efficiency, have allowed it to keep costs low but quality high in support of the Del Monte brand.

8.3 Market leader in branded products in the Philippines

As a result of its success in the development of the Del Monte brand in the Philippines, the group's branded pineapple and many of its non-pineapple products enjoy leading market positions. Its brand and distribution strengths provide the group with a strong platform for the further consolidation as a branded fast moving consumer goods company. The group's extensive and efficient distribution network in the Philippines allows it to compete effectively with other national brands and regional and international competitors.

9. RISKS

9.1 Exchange rates

DMPL sells its products in US$ outside the Philippines. It enjoys a natural hedge as its sales and costs in the peso and the US$ roughly balance out. This leaves only translation gains when Philippine numbers are translated into US$ as the group reports its accounts in US$.

In the past, DMPL had attempted to hedge against foreign-exchange risks but met with limited success as exchange-rate movements were too volatile. Today, the group does not hedge but relies instead on optimising the natural hedge between its two currencies.

9.2 Reduced reliance on long-term contracts

The group's trading with international customers is primarily affected by movements in the worldwide consumption, demand and prices of its products. In several of its contracts, there are provisions which enable the group to limit its risks by adjusting pricing according to changes in its costs.

In the non-branded segment, we estimate that 56% of its sales in this segment (17% of group sales) in FY12 had not been secured by long-term contracts. While non-contract pricing is generally better than contract pricing, there are no long-term offtake agreements for the former and such sales may be subject to higher volume risks. Pricing may also be subject to market conditions.

Del Monte did have the security of long-term contracts previously but the flip side was unfavourable pricing. So far, DMPL has demonstrated its ability to offset revenue losses from the end of such long-term contracts. For instance, the termination of its loss-making long-term supply contract in Europe in mid-2010 had lifted its segmental operating profits in 2011.

9.3 El Nino

El Nino is a weather phenomenon whereby unusually warm surface water covers the Pacific as a result of changes in wind patterns. Rainfall follows water eastward, precipitating floods on the west coast of South America and droughts in Australia and South-East Asia. El Nino episodes in 1997-98 and 2002-03 had affected DMPL's production yields and raised its production costs, hurting DMPL's financials in FY98 and FY03. The recent El Nino in the 2000s did not result in much of an impact.

Other than El Nino, typhoons are regular in the Philippines. Though its Mindanao plantations are not subject to frequent typhoons, typhoons 'Sendong' in late 2011 and 'Pablo' in December 2012 did stop work temporarily for DMPL, with no serious damage to its facilities.

9.4 Country risks

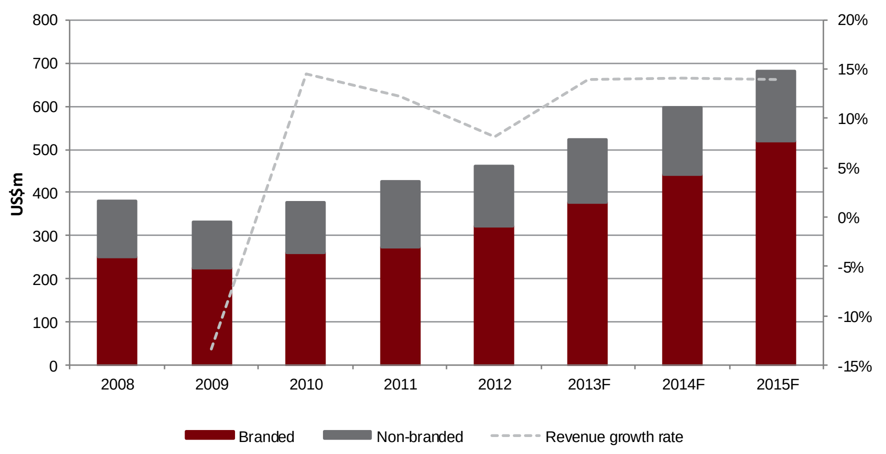
In the Asia Pacific, its major market is the Philippines. At the same time, its pineapple plantations are located in the Philippines. This exposes DMPL to political and economic risks in the country. However, the group had survived changes in the political environment in the Philippines as well as a Mindanao crisis in 2000 when there was conflict between separatists and the Philippine government. Unfortunately in Feb this year, a group of members from the New People's Army, a leftist militant group, entered Camp Phillips, a residential enclave of its employees in Bukidnon. The group apparently tried to rob a petrol station outside the camp but retreated into the camp when confronted by the Philippine National Police. DMPL suffered slight equipment loss and one casualty (of a security guard). All residents of the camp were unharmed and its plantation and cannery operations were not disrupted. DMPL generally has strong measures in place to ensure the safety of its employees and assets.

10. FINANCIALS

10.1 Revenue growth of 14%

Revenue bottomed out in 2009 and resumed growth from 2010. We expect DMPL's topline to continue expanding by about 14% a year over FY13-15. Much of this growth should be led by its branded sales, from Del Monte and Today's branded products in the Philippines and S&W products (including fresh produce and processed products) in Asia (excluding the Philippines, Indian sub-continent and Myanmar).

Figure 17: Revenue by segment

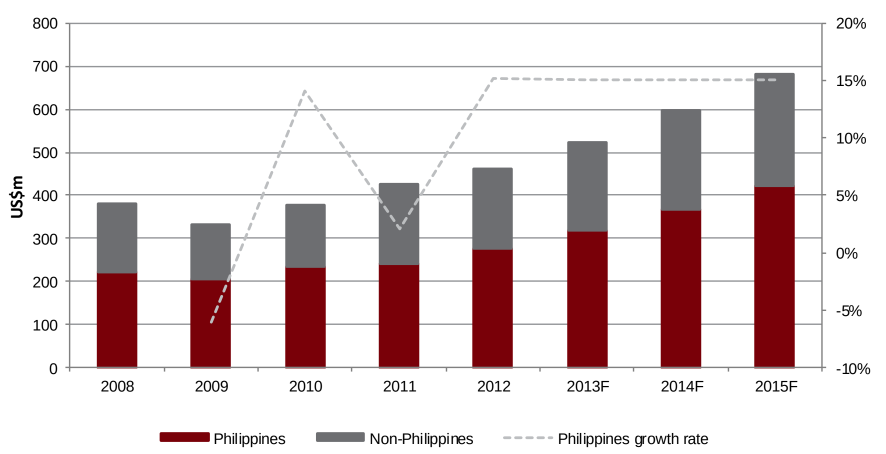


SOURCES: CIMB, COMPANY REPORTS

10.2 Branded products to be the propeller

Branded sales growth should continue from the sale of Del Monte and Today's products in Philippines and S&W products in the rest of Asia. Philippine sales are expected to expand further as Del Monte continues to expand its distribution network. Del Monte products were selling in 88k retail stores at the start of 2012, jumping to 112k by the end of 2012. For this year, management expects the figure to reach 150k. We believe the Philippines is big enough to support more than 150,000 outlets for DMPL.

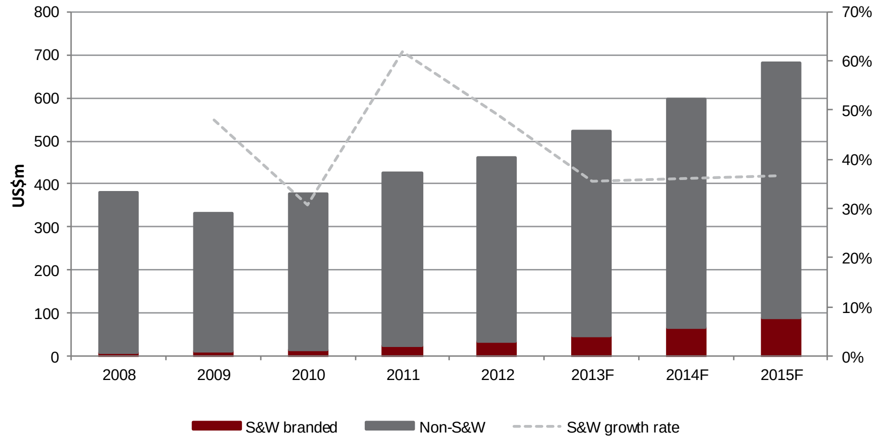
Figure 18: Philippines as a % of sales



SOURCES: CIMB, COMPANY REPORTS

From its low sales base, S&W branded growth had charged ahead at 31-62% per year between 2008 and 2012. As its sales base remains low and with inroads made in Korea, Japan and China, we expect such high growth rates to be sustainable. For FY13-15, we expect sales from S&W to grow at 36%. We understand that management's long-term sales target for S&W is US$200m, similar to the rate for Kikkoman's sale of Del Monte branded products in the same regions. Based on our projections, S&W sales should hit US$89m by 2015, leaving still-ample headroom for further growth.

Figure 19: S&W as a % of sales



SOURCES: CIMB, COMPANY REPORTS

10.3 Non-branded to grow more moderately

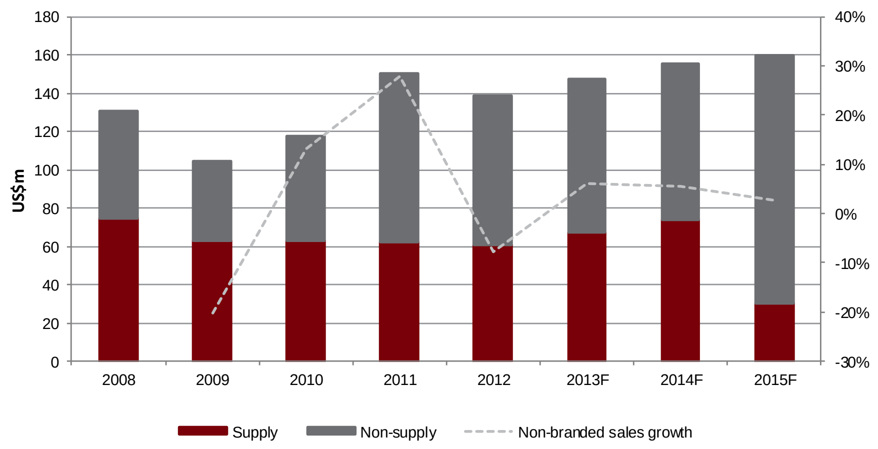
Non-branded sales come from the export of processed fruits, pineapple juice concentrates and fresh pineapples. This segment can be broken down into legacy supply contracts (supply) and sales to private labels (non-supply) in Asia, Europe and North America.

Following the termination of its unprofitable supply contract to Del Monte Europe in mid-2010, non-supply sales in 2011 had spiked as DMPL transferred some sales meant for Del Monte Europe to private labels at market prices.

At present, its legacy contracts include supplying pineapple products to Del Monte Asia, Del Monte USA and Fresh Del Monte Produce. With its supply contract to Del Monte USA expiring in Nov 14, we have modelled sales of about US$48m for transfer to its non-supply business in 2015, mirroring its European experience earlier.

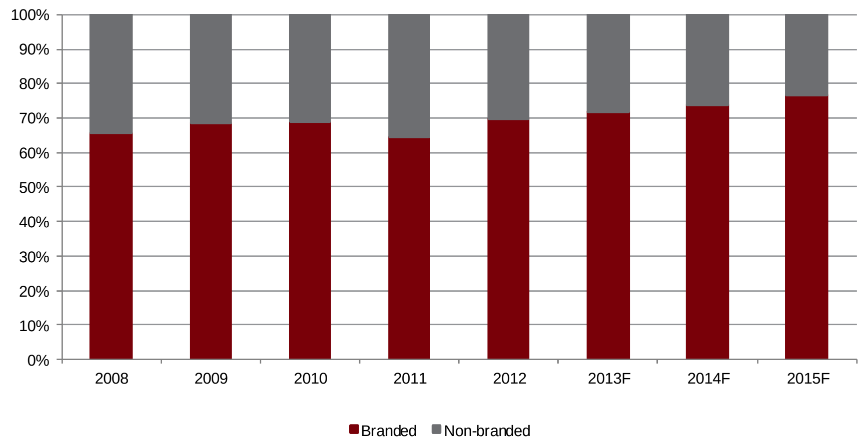
Sales to Del Monte Asia and Fresh Del Monte Produce should remain in place. However, as sales to Fresh Del Monte Produce will be pegged to market prices from FY15 onwards, we have factored in 60% higher revenue from this particular customer.

Figure 20: Moderate non-branded sales growth



SOURCES: CIMB, COMPANY REPORTS

Figure 21: Branded vs. non-branded

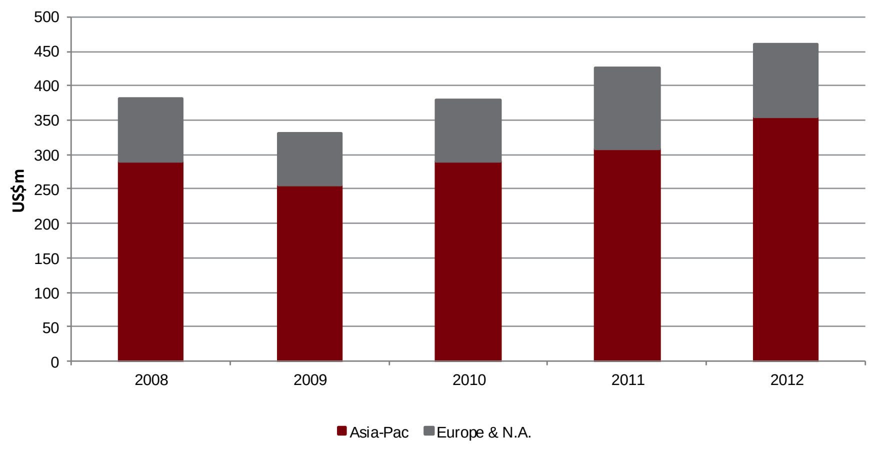


SOURCES: CIMB, COMPANY REPORTS

10.4 Revenue by region

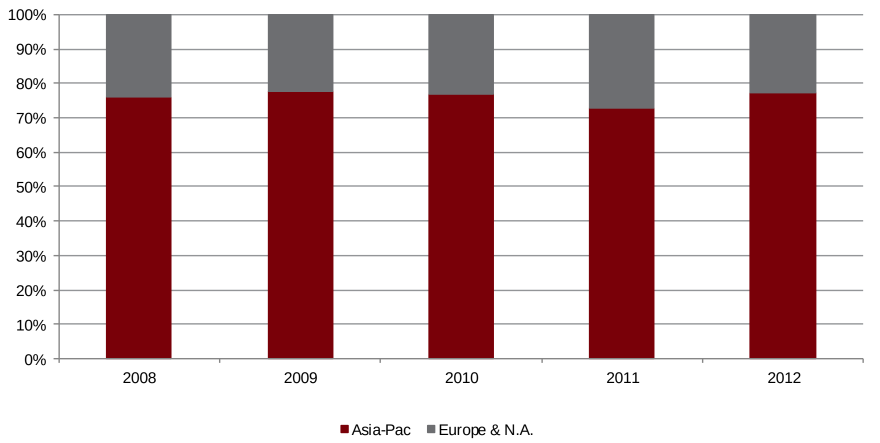
Historically, 70-80% of DMPL's revenue comes from Asia with the rest from Europe and the US. All branded products are sold in Asia, while 80% of DMPL's non-branded supply contracts are for the US and 20% for Asia. DMPL breaks down its non-branded, non-supply contracts into Asia-Pac and Europe and North America in its quarterly reports.

Figure 22: Revenue by region



SOURCES: CIMB, COMPANY REPORTS

Figure 23: Asia-Pac vs. Europe & North America



SOURCES: CIMB, COMPANY REPORTS

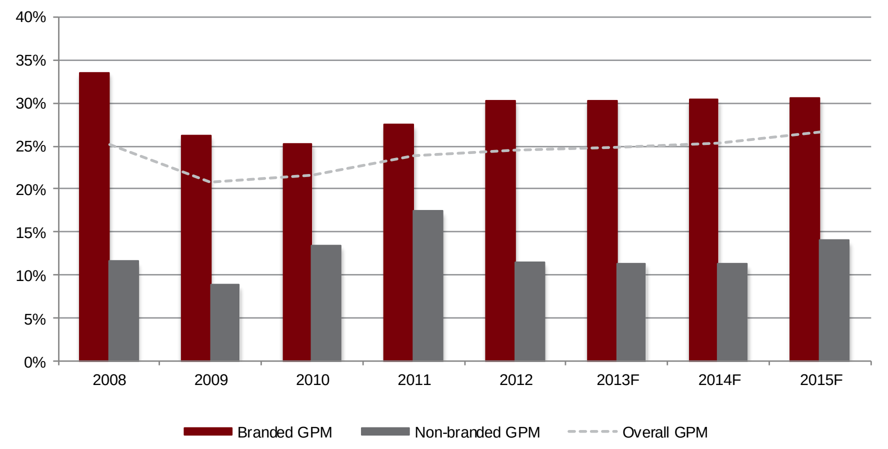
10.5 Cost structure

The advantages of vertical integration are evident in DMPL's cost structure. The single largest component in its cost of goods sold is pineapples (we estimate at 20%). This is likely followed by packaging costs, with tin plates and easy-open ends likely to be the two biggest components. DMPL does not hedge against tin-plate prices. The third main component of cost of goods sold should be labour, which is abundant in the Philippines. Wages are benchmarked to inflation. Other elements of cost of goods sold are depreciation, utility costs and fertiliser costs.

10.6 Blended gross margins expected to creep up

We expect DMPL's gross margins to creep up with the biggest boost to take place in 2015, from its non-branded segment when unprofitable supply contracts are dropped or goods re-sold at market prices.

Figure 24: Blended gross margins expected to creep up

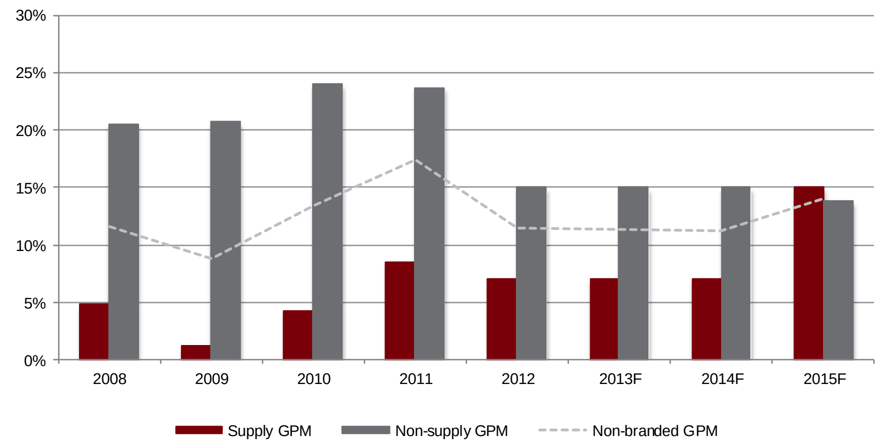


SOURCES: CIMB, COMPANY REPORTS

With the termination of an unprofitable supply contract to Del Monte US in Nov 14, we expect sales to be re-channelled to private-label customers (non-supply) at market prices, which should yield the same gross margins as the rest of its non-supply sales.

With sales to Fresh Del Monte Produce reverting to market prices in 2015 too, and sales to Del Monte Asia already pegged at market prices, gross margins for supply should shoot back up to non-supply levels and converge with overall non-branded gross margins.

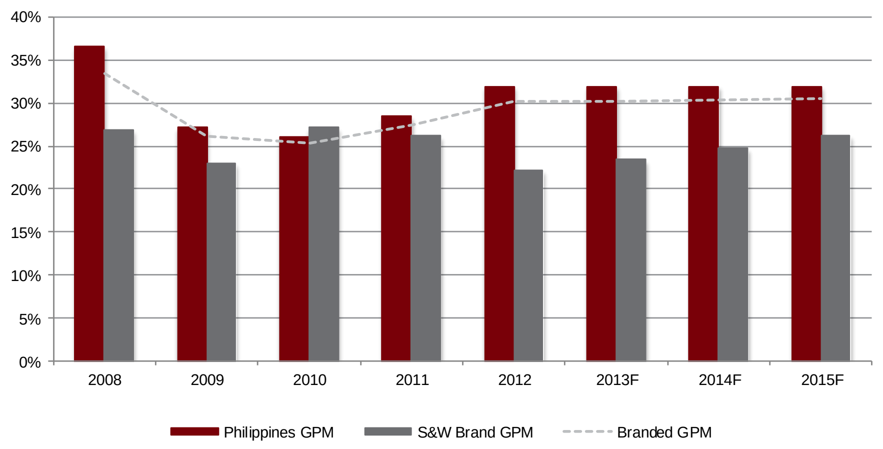
Figure 25: Cessation of unprofitable contracts to boost non-branded margins



SOURCES: CIMB, COMPANY REPORTS

Gross margins for the branded segment should remain constant. DMPL says it intends to maintain its leading position in the Philippines and will thus not be raising or cutting the prices of its products. Hence, we are expecting Philippine gross margins to stay constant. Although we expect margins from S&W to improve through stronger sales and a bigger scale, the impact should still be minimal on overall blended gross margins.

Figure 26: Gross margins for branded segment to remain stable

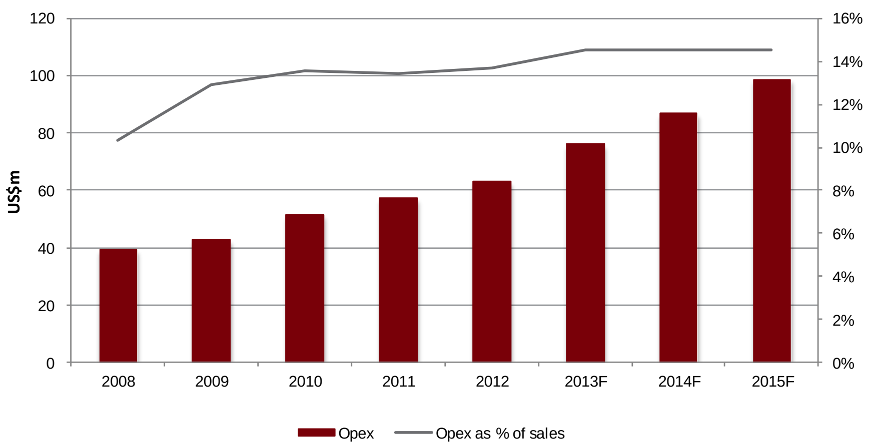


SOURCES: CIMB, COMPANY REPORTS

10.7 Operating expenses

Opex as a percentage of revenue has been rising over the years, but stabilised at below 14% in 2012. To be conservative, we have estimated 14.5% for FY13-15.

Figure 27: Operating expenses

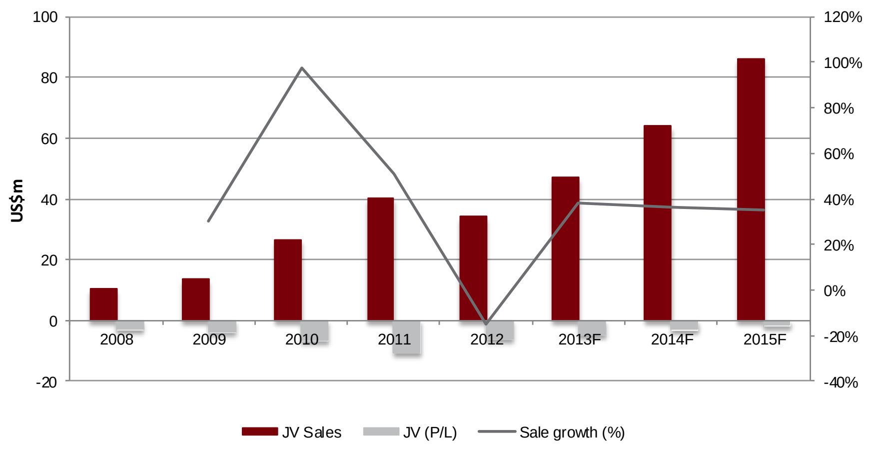


SOURCES: CIMB, COMPANY REPORTS

10.8 Losses from Indian JV to narrow

Losses from its FieldFresh JV with the Bharti Group in India fell to US$6.1m in FY12 from US$10.6m in FY11 and US$6.6m in FY10. Management aims to narrow such losses and aims for breakeven in FY15. For this to happen, we understand that sales would need to top US$80m. This is because the resources pumped into India were intended to support a much larger sales base than current levels. Sales growth in India has been robust (with the exception of FY12) and should remain so with greater advertising and promotions aimed at expanding its market share. We forecast breakeven for the JV after FY15 (probably in FY16). The key thing to watch is narrowing losses.

Figure 28: Losses from Indian JV to narrow

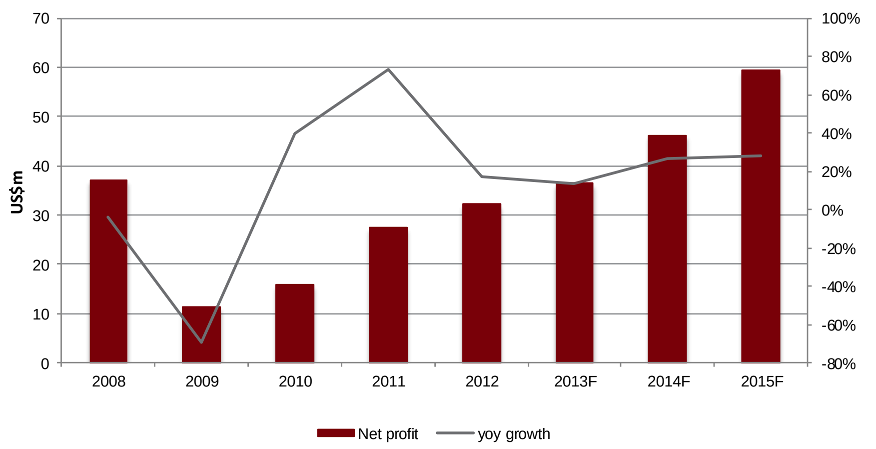


SOURCES: CIMB, COMPANY REPORTS

10.9 Earnings growth of 13-28% expected

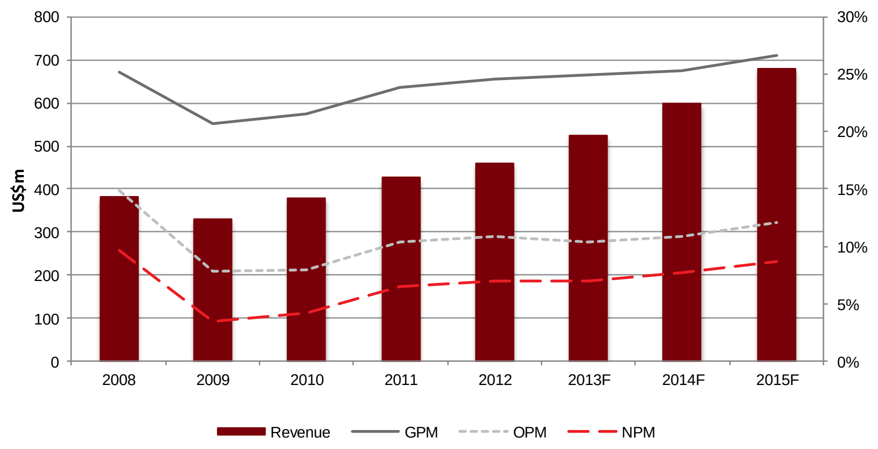
The above should culminate in earnings growth from FY13 onwards, particularly in FY15-16. Baseline growth should come from organic growth in the Philippines and its S&W brand with additional boosters from the cessation of unprofitable supply contracts, market selling prices and the turnaround of its Indian JV.

Figure 29: High-quality earnings growth of 13-28% expected, from both sales and margin expansion



SOURCES: CIMB, COMPANY REPORTS

Figure 30: Expansion in both sales and margins

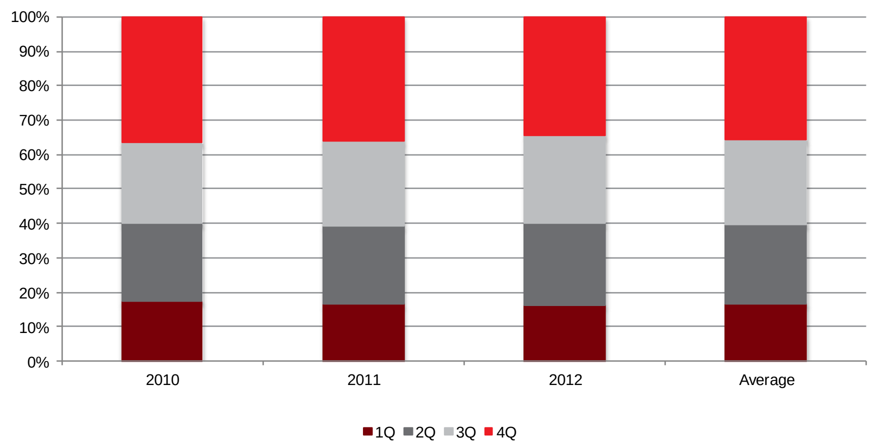


SOURCES: CIMB, COMPANY REPORTS

10.10 Stable seasonality

DMPL's 1Q is usually its weakest quarter at about 17% of full-year sales and 4Q its strongest, at 36% with the strongest demand for its processed products during year-end festivities and stronger demand for tropical fruits in winter months. Having consistent seasonality means more predictable quarterly results which increases our ability to track its progress.

Figure 31: Stable seasonality

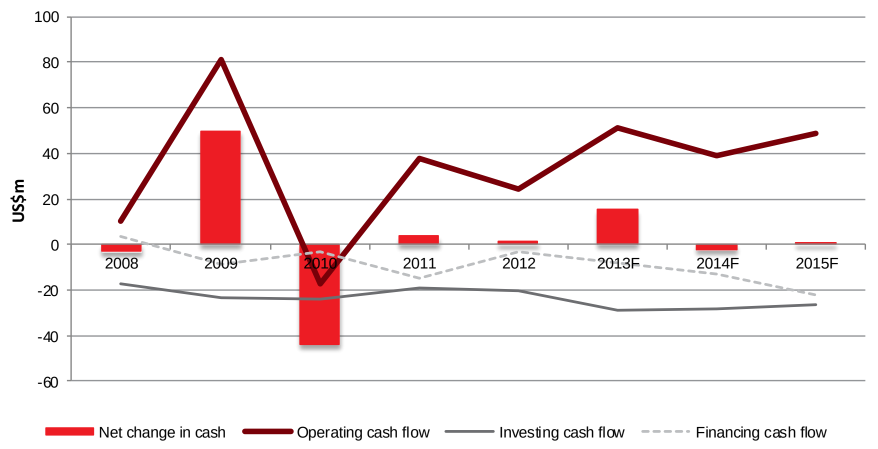


SOURCES: CIMB, COMPANY REPORTS

10.11 Strong operating cash flows, but more cash needed to fund expansion

Apart from 2010, cash flows from operations had been positive. We believe the blip in 2010 came from a turnaround in its operations which necessitated more cash for working capital. We expect positive operating cash flows going forward.

Figure 32: Strong operating cash flows, but more cash needed to fund expansion



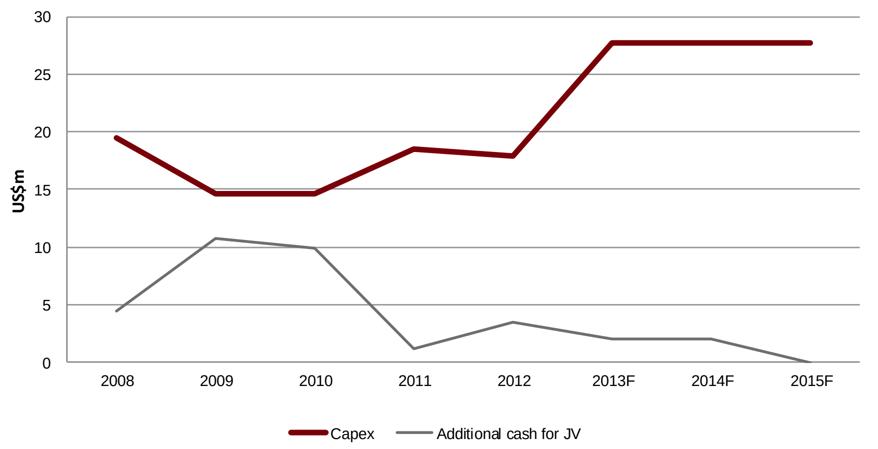
SOURCES: CIMB, COMPANY REPORTS

10.12 Capex and additional investments in Indian JV

The bulk of cash spent in investing is for capex and additional funding for its JV in India. Annual maintenance capex should be US$15m-17m, says management. Additional amounts will be spent on capacity expansion or cost-improvement projects. Capex guidance for FY13 is US$25m-30m, higher than the usual US$15m-17m. Additional funds will be allocated for cannery expansion for its beverages and a project to convert waste water from its processing plant into energy. Capacity for its juice operation should double from 6m cases of canned beverages per year to 12m. Its waste-water-to-energy project is estimated to save about US$3m in energy costs per year when completed.

DMPL has also been pumping cash into its loss-making JV in India. However, we understand that this trend will decline as sales in India pick up. We estimate that DMPL will continue to fund its Indian JV until 2014 and stop when operating breakeven is achieved.

Figure 33: Capex assumed at US$28m for FY13-15



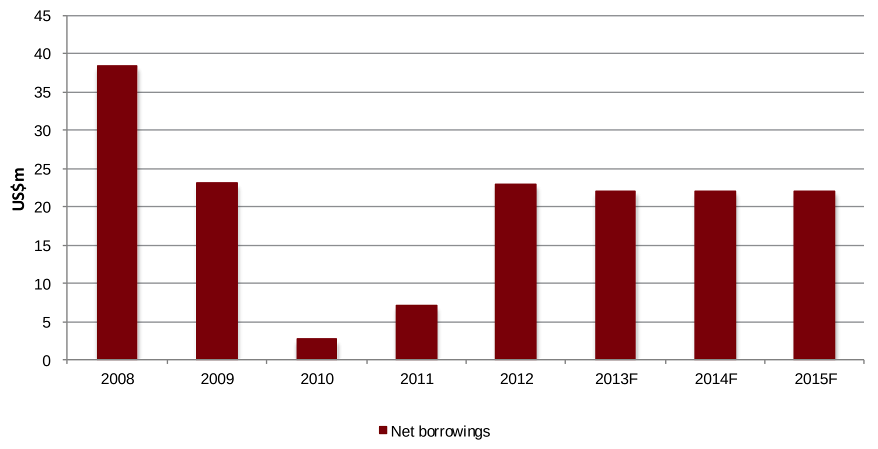
SOURCES: CIMB, COMPANY REPORTS

10.13 More borrowings expected

DMPL is determined to scale up its operations for its S&W brand in Asia and Del Monte in India (through its JV) and the Philippines. Furthermore, we have assumed that it will continue to pay out 75% as dividends. As such, we believe

DMPL may have to take on more debt and have assumed net borrowings of about US$22m for FY12-15.

Figure 34: More borrowings expected

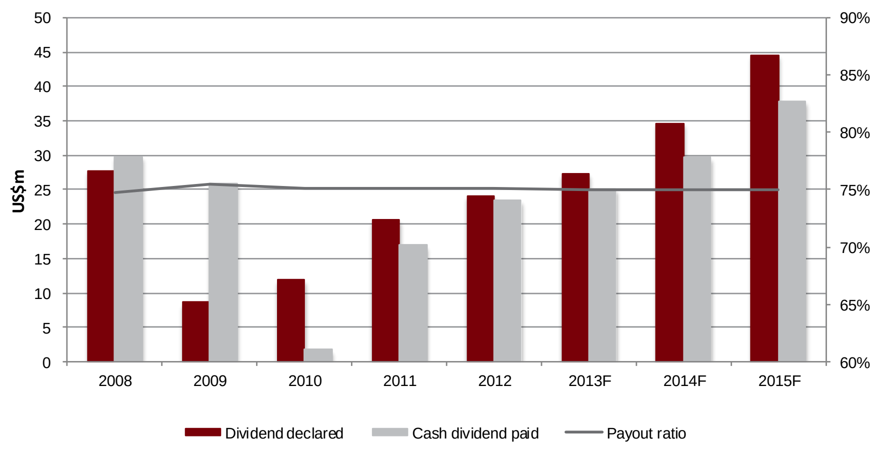


SOURCES: CIMB, COMPANY REPORTS

10.14 Dividends

DMPL has been paying out 75% of its net profits for the most part of its listing history and we believe it is inclined to continue with this. Hence, we have assumed 75% payouts for FY13-15. That said, we have reasons to believe that such payouts may not be sustainable as DMPL continues to grow. In order for DMPL to sustain 75% payouts, management would have to take on more debt to fund its expansion. Until further developments unfold, we are keeping our payout and net-borrowing assumptions.

Figure 35: Dividends

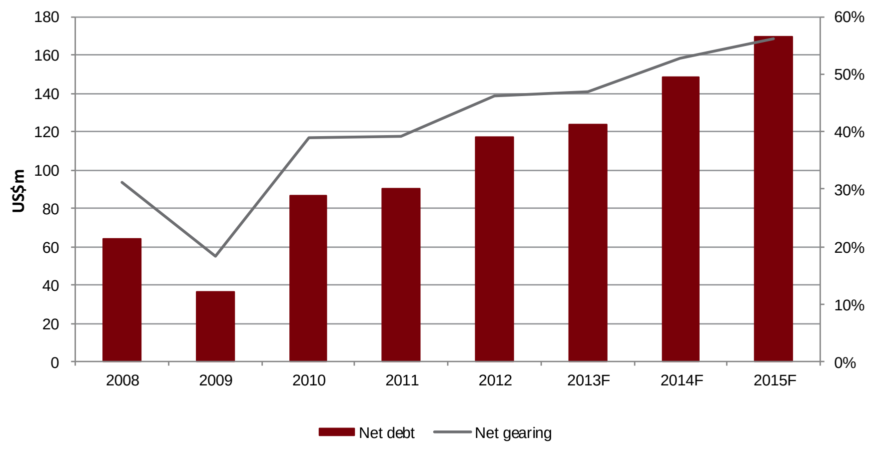


SOURCES: CIMB, COMPANY REPORTS

10.15 Higher borrowings do not mean higher financial risks

Since 2007, DMPL has been in net debt, with its net debt increasing yoy ever since. We expect further rises. Net gearing should climb as a result, to an estimated 56% by end-FY15.

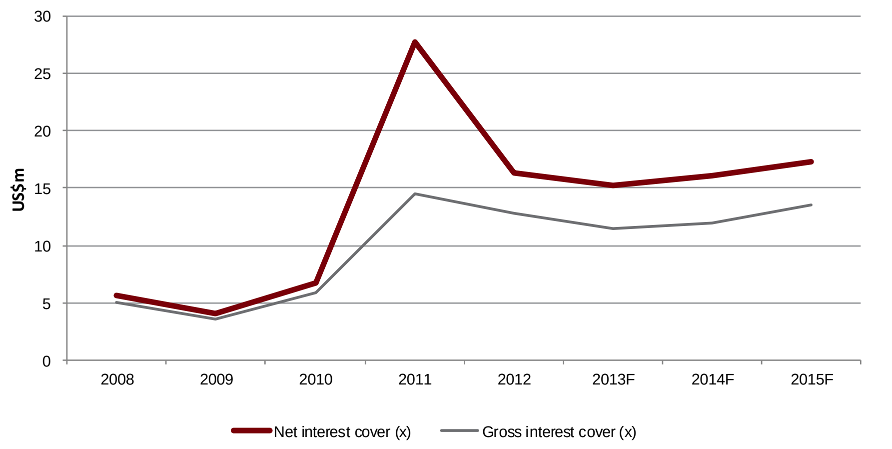
Figure 36: Higher borrowings does not mean higher financial risk



SOURCES: CIMB, COMPANY REPORTS

While financial risk increases as borrowing increases, management believes that it makes sense to keep on borrowing, given still-low borrowing costs in the Philippines. The uptrend in DMPL's interest coverage in recent years supports this view. For FY13-15, we have assumed borrowing costs of about 3%, similar to FY11-12 levels.

Figure 37: Interest coverage has been climbing

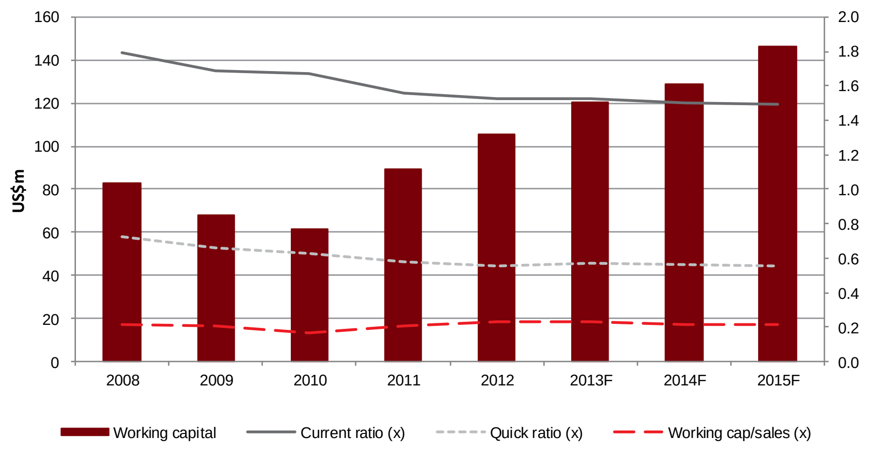


SOURCES: CIMB, COMPANY REPORTS

10.16 Internal liquidity remains stable

Since the turnaround of its business in 2010, working-capital needs have been increasing, in keeping with its growing sales. With the exception of 2010, its working capital to sales ratio has remained constant, at slightly above 0.2x.

Figure 38: Internal liquidity remains stable

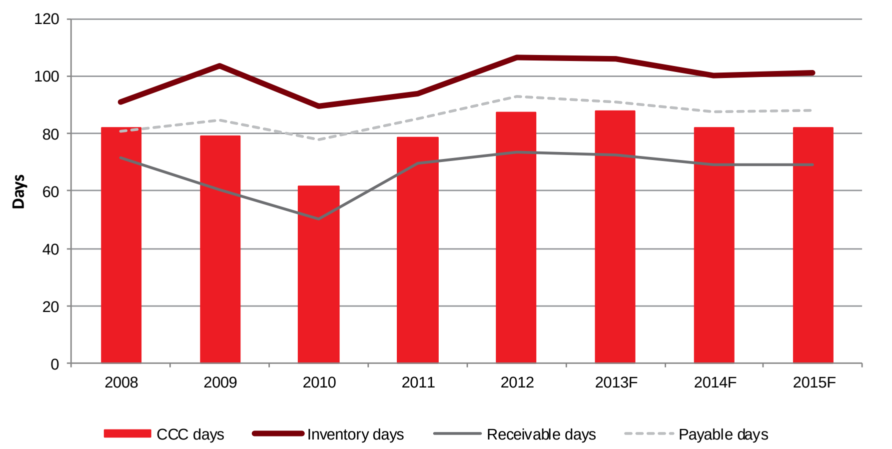


SOURCES: CIMB, COMPANY REPORTS

10.17 Cash conversion cycle

Its cash conversion cycle seemed to have lengthened in the past three years. Yet, based on our discussions with DMPL, trade payment and receivable terms have not changed and are expected to remain stable. We believe the distortions in its payable and receivable days reflect the inclusion of “other” items in its balance sheet. 2012’s cash conversion cycle rose above the usual average of 80 days because of higher pineapple juice concentrate inventories from the pineapple oversupply we discussed earlier.

Figure 39: Cash conversion cycle distorted by other receivables

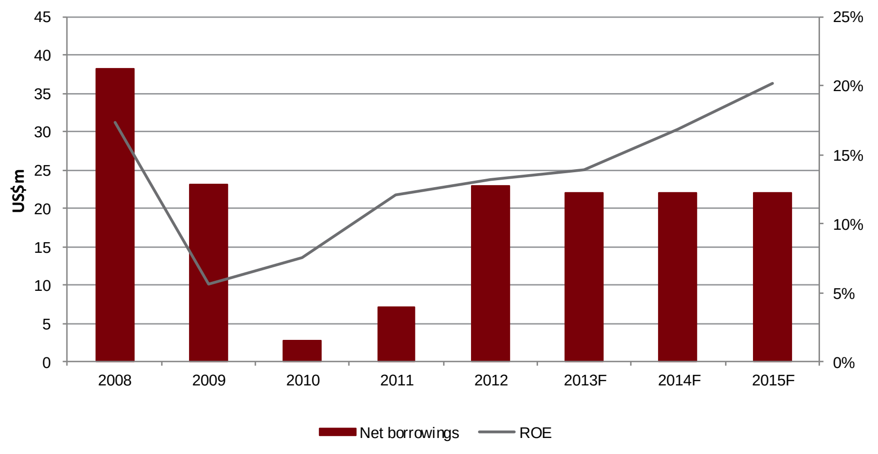


SOURCES: CIMB, COMPANY REPORTS

10.18 ROE expansion expected

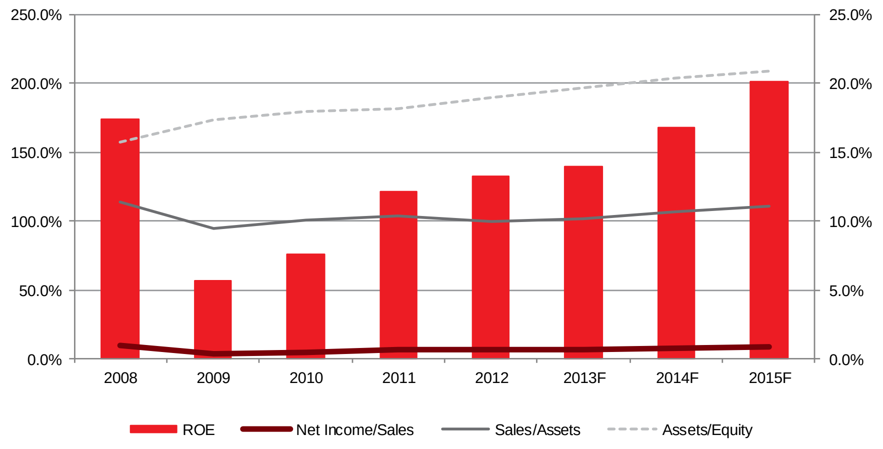
As borrowings increase, ROE has improved and should continue to do so as we have assumed more borrowings. From our DuPont decomposition, the increase in its future ROEs should come not only from a higher asset/equity ratio (increase in borrowings) but also from margin expansion and higher asset turns.

Figure 40: ROE expansion expected



SOURCES: CIMB, COMPANY REPORTS

Figure 41: DuPont decomposition



SOURCES: CIMB, COMPANY REPORTS

10.19 FY12 results ›

FY12 was a record year for DMPL with sales of US$459.7m, up 8% yoy while net profit grew 17% yoy to US$32.1m. Its branded business in Asia, comprising 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 sales growth of 17%, while operating profit soared 55%. Its branded business accounted for 70% of group sales in 2012, up from 65% in 2011.

Philippines. Sales in the Philippines grew 14% yoy, led by major product categories: beverages, culinary and processed fruits. Beverages grew on the back of robust demand for juices. Moreover, sales growth in the Philippines was spurred by advertising support and stronger in-store execution.

S&W. S&W branded sales expanded 53% yoy to US$35.2m. 4Q12 sales were more robust, up 70% to US$11.3m. Improved sales of S&W branded processed products were stimulated by distribution expansion in China, Korea and Indonesia and contributions from the Middle East, a new market. Higher sales of S&W fresh fruits were the result of increased sales in Korea and the Middle East, as well as strong contributions from its new Japanese market.

Non-branded. With the expansion of its branded business, the group's turnover from unbranded industrial and private-label sales now accounted for

30% of its sales, down from 35% in 2011. This figure 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 export markets and much lower pineapple concentrate prices from excess pineapple supply from Thailand. This led to an export-sales decline of 11% in 2012, and a steeper operating-profit drop of 65%. 4Q12 export sales decreased 17% yoy, generating a loss as the price of pineapple concentrates continued to fall.

FieldFresh. 4Q12 FieldFresh sales were higher for both fresh exports and processed foods under the Del Monte brand. As a result, the group recognised an equity loss of US$1.0m, lower than 4Q11's US$2.2m loss on a better sales mix, reduced overheads and tighter management of expenses. Full-year equity losses narrowed to US$5.6m from FY11's US$9.7m.

Returns to shareholders. A final dividend of 1.51 US cts (US$0.0151) a share was declared, representing a 75% payout. Its board also declared a bonus issue of two bonus shares for every 10 ordinary shares, subject to regulatory approvals.

11. WHAT ARE WE ASSUMING?

11.1 Revenue growth

Revenue is expected to increase by about 14% each year in FY13-15. For the Philippines, we have assumed growth of about 15% for FY13-15 and 36-37% for S&W. For non-branded, we estimate 10% growth for supply contracts for FY13-14 but a 59% fall in FY15 is expected following the termination of its supply contract with Del Monte Foods. At the same time, we expect part of the volume to go to private labels at higher prices. Hence, our 80% yoy growth assumption for non-supply contracts to Europe and North America.

Figure 42: Yoy % changes in revenue

	2013F	2014F	2015F
Total revenue	**13.9%**	**14.0%**	**13.9%**
Branded	**17.3%**	**17.3%**	**17.9%**
Philippines	15.0%	15.0%	15.0%
S&W brand	35.6%	36.2%	36.8%
Others	15.4%	0.0%	0.0%
Non Branded	**6.1%**	**5.6%**	**2.6%**
Supply	10.0%	10.0%	-59.0%
Non Supply	3.0%	2.0%	58.2%
Asia-Pac	3.0%	2.0%	2.0%
Europe & NA	3.0%	2.0%	80.0%

SOURCES: CIMB

11.2 Gross margins

Blended gross margins are expected to fall in the range of 25-26% for FY13-15. We expect margins for the Philippines to remain constant, but S&W's should rise with an expansion in sales of both fresh produce and processed products. Non-branded margins should rise and converge towards 15% in FY15 with the termination of unprofitable contracts.

Figure 43: Gross margin assumptions

	2013F	2014F	2015F
Blended Gross Margin	**24.9%**	**25.3%**	**26.6%**
Branded	**30.2%**	**30.3%**	**30.5%**
Philippines	31.9%	31.9%	31.9%
S&W brand	23.3%	24.7%	26.2%
Others	6.8%	6.8%	6.8%
Non Branded	**11.4%**	**11.2%**	**14.0%**
Supply	7.1%	7.1%	15.0%
Non Supply	15.0%	15.0%	13.8%
Asia-Pac	23.6%	23.6%	23.6%
Europe & NA	11.6%	11.6%	11.6%

SOURCES: CIMB

12. CAPITAL HISTORY

DMPL was listed in Singapore in 1999. At that time, DMPL offered 142.9m new shares and roughly the same amount of vendor shares. The offer price was S$1.071 for the public tranche and US$0.63 for the placement and reserved tranches. Since its listing (a good 13 years), it has never asked shareholders to cough up money to fund its operations or acquisitions.

DMPL had a history of share buybacks before 2008. Since then, there had been no more share buybacks, until Mar this year when the company bought back some shares to satisfy its Executive Stock Option Plan and Restricted Share Plan requirements. Its last reported balance of treasury shares was nearly 4.0m or 0.37% of its issued capital excluding treasury shares. Given poor trading liquidity, DMPL has been returning excess cash to shareholders through dividends.

After its acquisition by NutriAsia, the latter has been keen to improve trading liquidity. In Jul 07, NutriAsia placed out 50m shares or about 4.6% of DMPL's then issued capital to institutional investors and reduced its stake from 84.5% to 79.9%.

In Aug 12, the group proposed a bonus issue with the objective of improving its trading liquidity: two bonus shares for every 10 existing shares. However, due to listing-rule changes (daily weighted average share price adjusted for a bonus issue must be not less than S$0.50), the group was unable to proceed with its proposal.

Now that its shares have been re-rated, DMPL has once again proposed two bonus shares for 10 existing shares. This reaffirms its commitment to improving its trading liquidity as well as rewarding loyal shareholders.

13. VALUATION AND RECOMMENDATION

13.1 Initiate with 20x CY14 P/E target

Trading at 17x CY14 P/E, we believe there is more upside for DMPL, even after its impressive run-up recently which most likely was driven by the interest in consumer stocks and strong performance of stocks in the Philippines in general. Our target price of S$1.05 is pegged at 20x CY14 P/E, its historical 5-year average. This target price is cross-checked against our DCF valuation and the average multiple of its peers. Our 20x target is also at the low end of recent takeover valuations for its industry peers. As DMPL has set in place various initiatives to improve its profitability, we believe it has a strong chance of breaking a new profit record in FY15. Based on our FY15 forecasts and with the same P/E multiple, DMPL could be worth S$1.36/share by then.

13.2 Mean reversion ›

DMPL has been listed in Singapore since 1999. In the past five years, it had been trading at an average forward P/E of 19.7x. As its earnings outlook has never been better, we believe there is a strong likelihood that its valuations would at least revert to the mean.

13.3 What industry players have been willing to pay ›

In 2006, NutriAsia launched a general offer for DMPL at US$0.3862 (then S$0.644) in cash per share. This implied a P/E of 16.8x and P/BV of 2.784x. The offer P/E was slightly higher than DMPL's valuation at the time of its listing in 1999 (16.36x).

In recent years, Singapore's F&B companies have repeatedly merged and split, or been bought and sold. These included privatisation offers and takeovers. Warren Buffett recently made headlines by tying up with a consortium to acquire Heinz in the US.

Figure 44: Some F&B transactions

Company	When	Type of transaction
Want Want	2007	Chairman Tsai Eng Meng proposed to take full control of the company and delist it from the Singapore Exchange. Offer price was US$2.35 per share, valuing Want Want at US$3bn.
Hsu Fu Chi	2011	Acquired by Nestle.
Cerebos	2012	Major shareholder proposed to delist Cerebos. Offer price was S$6.60.
FNN	2012	Thai Beverage bought a substantial stake from OCBC/Great Eastern at S$$8.88 per share.
APB	2012	Heineken made an offer to acquire APB at S$50.00 initially.
Heinz	2013	Consortium of Warren Buffett's Berkshire Hathaway and 3G Capital made an offer for Heinz at US$72.50 per share.

SOURCES: CIMB, COMPANY REPORTS

Figure 45: Corporate transactions involving branded consumer names

	Latest historical full year				
Company	EV/EBITDA (x)	P/E (x)	P/BV (x)	ROE (%)	Year
Want Want	16.4	23.5	4.0	18.5	2007
Cerebos	10.6	61.3	5.1	22.9	2012
FNN	11.8	20.1	1.8	9.0	2012
APB	19.4	42.5	10.1	23.7	2012
Hsu Fu Chi	16.2	27.8	5.9	21.1	2011
Heinz	14.9	25.4	8.4	31.5	2013
Average	14.9	33.5	6.7*	21.1	
Minimum	10.6	20.1	4.0*	9.0	
Maximum	19.4	61.3	10.1*	31.5	

** excludes FNN*

SOURCES: CIMB, COMPANY REPORTS

13.4 Comparative multiples

Outside Singapore, CY14 P/Es for its Hong Kong, Philippine, US and Japanese peers average 20x, in line with our target. The 23x average for its peers trading in the Philippines, which we believe are even better proxies for DMPL, is even higher (DMPL's margins and ROIC are comparable with or surpass those of its Philippine peers). In addition, sauce maker, Kikkoman Corp, which owns Del Monte Asia (for territories not covered by DMPL) trades at higher valuations.

DMPL does not fare any worse operationally than these peers. HK-listed F&B stocks book higher gross margins than DMPL but the latter's gross margins compare favourably with its Philippine peers'. DMPL's operating profits are also in line with listed Philippine F&B players. ROIC also compares favourably.

Figure 46: Peer Comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	Core P/E (x) CY2013	Core P/E (x) CY2014	3-year EPS CAGR (%)	P/BV (x) CY2013	Recurring ROE (%) CY2013	Dividend Yield (%) CY2013
Del Monte Pacific	**DELM SP**	**OUTPERFORM**	**0.90**	**1.05**	**776**	**21.4**	**16.9**	**22.7%**	**2.92**	**13.9%**	**3.5%**
Super Group	SUPER SP	Neutral	3.71	3.70	1,656	22.7	20.1	18.1%	4.52	21.2%	2.2%
Chiquita Brands	CQB US	NR	6.98	NA	323	10.5	6.8	na	na	na	na
HJ Heinz	HNZ US	NR	72.54	NA	23,260	20.1	18.9	-25.6%	6.73	37.7%	2.9%
Kraft Foods Group	KRFT US	NR	50.74	NA	30,066	18.2	16.3	na	5.46	34.6%	4.0%
Fresh Del Monte Produce	FDP US	NR	27.37	NA	1,580	12.2	10.3	na	na	na	na
Dole Food	DOLE US	NR	10.67	NA	952	13.0	9.9	na	na	2.2%	0.0%
China Huiyuan Juice Group	1886 HK	NR	3.36	NA	640	26.3	36.1	na	0.77	1.8%	0.7%
Tingyi (Cayman Islands)	322 HK	Neutral	20.90	23.00	15,069	25.7	21.1	na	5.93	24.7%	1.9%
Uni-President China	220 HK	Outperform	9.57	10.80	4,440	23.8	19.7	na	3.24	14.3%	1.6%
Want Want China	151 HK	Outperform	11.24	12.70	19,166	27.0	22.3	22.3%	9.90	40.1%	2.5%
Universal Robina	URC PM	NR	102.3	NA	5,489	25.6	22.3	0.3%	4.35	17.6%	2.0%
Jollibee Foods	JFC PM	NR	124.3	NA	3,198	30.5	26.2	21.4%	5.34	19.0%	1.1%
San Miguel	SMC PM	NR	115.0	NA	6,728	12.9	20.0	na	0.78	12.0%	3.2%
TIPCO Foods	TIPCO TB	NR	6.85	NA	111	na	na	na	na	na	na
Kikkoman Corp	2801 JP	NR	1,523	NA	3,324	25.6	22.6	-29.9%	1.70	6.7%	1.1%
Simple average (ex Del Monte Pacific)						**21.0**	**19.5**	**1.1%**	**4.43**	**19.3%**	**1.9%**
Simple average						**21.0**	**19.3**	**4.2%**	**4.30**	**18.9%**	**2.1%**

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

Figure 47: Peer description

Company	Ticker	Description
Del Monte	**DELM SP**	**Del Monte Pacific Limited, through its subsidiaries, grows, processes, and sells canned and fresh pineapples, pineapple concentrate, tomato-based products, and other fruit products and beverage juices.**
Chiquita Brands Int'l	CQB US	Chiquita Brands International, Inc. markets, produces, and distributes fresh bananas and other fresh produce. The Company also distributes and markets fresh-cut fruit and other branded fruit products.
HJ Heinz Co	HNZ US	H.J. Heinz Company manufactures and markets processed food products throughout the world. The Company's principal products include ketchup, condiments and sauces, frozen food, soups, beans and pasta meals, infant nutrition and other processed food products.
Kraft Foods Inc	KRFT US	Kraft Foods Group, Inc. is a food company. The Company is focused on consumer packaged food and beverages for North American Grocery stores. Kraft Foods offers a wide range of branded beverages, cheese, grocery products and convenient meals.
Fresh Del Monte	FDP US	Fresh Del Monte Produce Inc. produces and markets bananas, pineapples, deciduous fruit, melons, and other fresh produce and non-produce items. The Company grows, distributes, transports, and markets its products worldwide.
Dole Foods USA	DOLE US	Dole Food Company, Inc. produces, markets, and distributes fresh fruit and vegetables. The Company's product categories, including bananas, packaged salads and packaged fruit. Dole supplies provide wholesale, retail and institutional customers around the world.
China Huiyuan	1886 HK	China Huiyuan Juice Group Limited produces a wide range of beverages. The Company produces beverages that include fruit juice, vegetable juice, mixed fruit and vegetable juices, and other beverages.
Tingyi (Cayman) Islands	322 HK	Tingyi (Cayman Islands) Holding Corporation, through its subsidiaries, manufactures and sells instant noodles, baked goods, and beverages in China.
Uni-President China	220 HK	Uni-President China Holdings Ltd. processes food. The Company's products include fruit drinks and instant noodles.
Universal Robina	URC PM	Universal Robina Corporation manufactures, markets, and distributes branded consumer foods. The Company's products include hogs and poultry farming, animal feeds, corn products, and animal health products.
Jolibee	JFC PM	Jollibee Foods Corporation owns, franchises and manages a network of fast food restaurants under the trade name Jollibee. The Company was incorporated in 1978.
San Miguel	SMC PM	San Miguel Corporation operates food, beverage, packaging, power, fuel and oil, infrastructure and telecommunications businesses. The Company produces beverages, poultry, animal feed, meat, flour, dairy products, and glass and plastic packaging; generates electricity; refines and markets petroleum products; builds infrastructure; and provides telecommunications services.
Tipco Foods Thailand	TIPCO TB	TIPCO Foods PCL produces and bottles fruit juices and other beverages. The Company produces orange, mixed fruit and vegetable juices; spring water; and mineral water.
Kikoman Corp	2801 JP	KIKKOMAN CORPORATION produces and markets soy sauce, alcoholic beverages, and other food products. The Company has marketing rights for Del Monte brand products outside of the United States. Kikkoman also operates restaurants in Japan and other countries.

SOURCES: BLOOMBERG

Figure 48: Sales, margin and ROIC comparison

Company	Sales (US$ m)	GPM (%)	OPM (%)	ROIC (%)
Chiquita Brands International	3,078.0	10.9	(0.1)	na
HJ Heinz Co	11,649.1	34.3	12.5	14.6
Kraft Foods Group Inc	18,655.0	31.6	15.7	na
Fresh Del Monte Produce Inc	3,421.2	10.0	4.8	7.7
Dole Food Co Inc	4,246.7	10.9	3.5	na
	Average	**19.5**	**7.3**	**11.2**
China Huiyuan Juice Group Ltd	614.9	26.9	0.2	0.2
Want Want China Holdings Ltd	3,358.7	39.5	21.5	20.9
Tingyi Cayman Islands Holding	7,866.6	26.5	7.4	13.9
Uni-President China Holdings L	2,721.5	29.2	1.3	5.0
	Average	**30.6**	**7.6**	**10.0**
Universal Robina Corp	1,749.3	25.9	11.0	11.7
Jollibee Foods Corp	1,745.5	17.9	6.3	13.4
San Miguel Corp	13,163.0	19.3	10.5	4.6
	Average	**23.4**	**8.8**	**9.9**
TIPCO Foods PCL	182.6	32.1	4.5	3.9
Kikkoman Corp	2,946.1	40.4	6.3	4.3
Del Monte Pacific Ltd	459.7	24.5	10.7	11.1

SOURCES: BLOOMBERG

13.5 DCF valuation implies 19.9x CY14 P/E

We also use 3-stage DCF valuation to cross-check our target price. With the Philippines' risk-free rate at 3.52% (10-year government bonds), its market risk premium is about 8% with an assumed beta of 1 and cost of equity of 11.5%. Discounting projected free cash flows to equity at 11.5% and with a second-stage growth rate of 5.2% and terminal growth rate of 0%, we derive an intrinsic value of S$1.05. This implies 19.9x P/E, coinciding with our price target.

Figure 49: Sensitivity analysis of DCF valuation

		Terminal Growth Rate				
		-1.0%	-0.5%	0.0%	0.5%	1.0%
Cost of Equity	10.5%	1.12	1.14	1.17	1.19	1.22
	11.0%	1.07	1.09	1.11	1.13	1.15
	11.5%	1.02	1.03	1.05	1.07	1.09
	12.0%	0.97	0.99	1.00	1.02	1.04
	12.5%	0.93	0.94	0.96	0.97	0.99

SOURCES: CIMB, COMPANY REPORTS

14. APPENDIX A: PINEAPPLE INDUSTRY

Figure 50: Pineapple cultivation

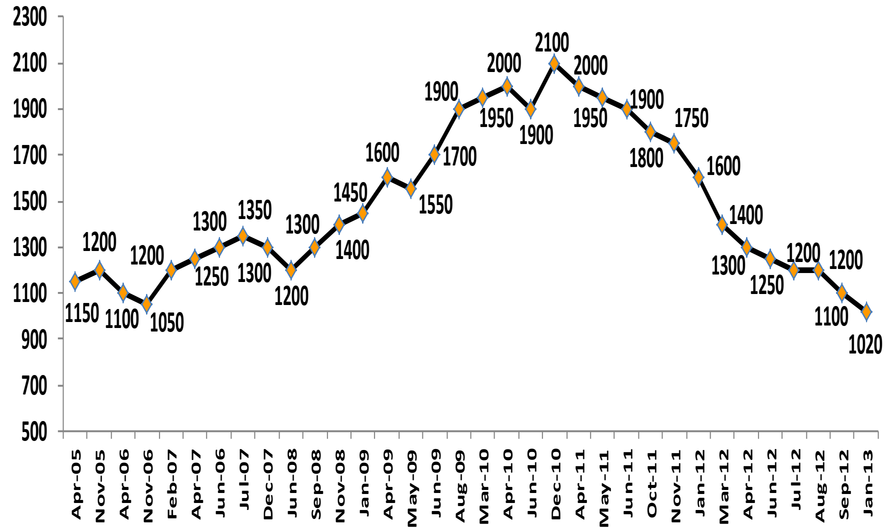
Scientifically known as *Ananas comosus Merr.*, pineapples contain water, carbohydrates, substantial amounts of Vitamin C and potassium and other nutrients.

The commonly grown pineapples are (i) the Smooth Cayenne (or Hawaiian), which is the heaviest, most popular and the best for canning, (ii) the Queen (or African Queen or Formosa), which is the sweetest, (iii) the Red Spanish (or the Native Philippine Red), which is considered of medium quality and is grown for its fibre, and (iv) the Cabezona, which is the largest, measuring approximately 8 to 12 inches long when fully matured. Other varieties include the Buitenzorg or Java, Sugar, Loaf and Abakka. The pineapples produced by the Group are of the Smooth Cayenne variety.

Pineapple thrives over a wide range of soil and climatic conditions but the plant grows best at elevations of 150 to 240 metres above sea level, with a temperature of 24 to 30 degrees centigrade that should be relatively uniform throughout the year. Rainfall should be between 100 to 150 centimetres per annum and evenly distributed during the growing period for maximum yield. Soil should be well drained.

SOURCES: COMPANY REPORTS

Figure 51: Pineapple juice concentrate prices (US$/tonne)



SOURCES: FOODNEWS

15. APPENDIX B: BOARD OF DIRECTORS

Figure 52: Board of directors

Mr Rolando C Gapud Chairman and Non-Executive Director Appointed on 20 January 2006 and last elected on 29 April 2011	Mr Rolando C Gapud has over 35 years of experience in banking, finance and general management, having worked as CEO of several Philippine companies, notably Security Bank and Trust Company, Oriental Petroleum and Minerals Corp and Greenfield Development Corp. He was also the COO of the joint venture operations of Bankers Trust and American Express in the Philippines. He has served in the Boards of various major Philippine companies, including the Development Bank of the Philippines, the development finance arm of the Philippine Government. Mr Gapud is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Master of Science in Industrial Management degree from the Massachusetts Institute of Technology. He is a member of the Asian Executive Board of the Sloan School in MIT.
Mr Joselito D Campos, Jr Executive Director Appointed on 20 January 2006 and last elected on 28 April 2006	Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Chairman of Ayala-Greenfield Development Corp, two major Philippine property developers. He is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Honorary Consul in the Philippines for the Republic of Seychelles. He is Chairman of the Metropolitan Museum of Manila and is a Trustee of the Asia Society in the Philippines, the Philippines-China Business Council, the Philippine Center for Entrepreneurship and the World Wildlife Fund-Philippines. He is also a Director of the Philippine Eagle Society. Mr Campos holds an MBA from Cornell University.
Mr Edgardo M Cruz, Jr Executive Director Appointed on 2 May 2006 and last elected on 27 April 2009	Mr Edgardo M Cruz, Jr is a Certified Public Accountant. He is a member of the Board and Corporate Secretary of the NutriAsia Group of Companies. He is a member of the Board and Chief Financial Officer of Bonifacio Land Corporation. He is a member of the Board of Fort Bonifacio Development Corporation and its subsidiaries. He is also a member of the Board of Trustees of The Mind Museum and the Del Monte Foundation. He is the Chairman of the Board of Bonifacio Gas Corporation. Mr Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University.
Mr Patrick L Go Independent Director Appointed on 19 April 2001 and last elected on 28 April 2010	Mr Patrick L Go is CEO of Paramount Life & General Insurance Corporation. Mr Go has over 20 years of experience in corporate finance and private equity having worked for Credit Suisse First Boston, Bank of America Asia Ltd and Bankers Trust Company. He holds a Bachelor's degree in Economics from the Wharton School, University of Pennsylvania, and an MBA from the Darden School, University of Virginia.

SOURCES: COMPANY REPORTS

Figure 53: Board of directors (continued)

Dr Emil Quinto Javier Independent Director Appointed on 30 April 2007 and last elected on 28 April 2010	Dr Emil Quinto Javier is a Filipino agronomist widely recognised in the international community for his academic leadership and profound understanding of developing country agriculture. He is currently the President of the Philippine National Academy of Science. He had served as Philippine Minister of Science and President of the University of the Philippines. He was the first and only developing country scientist to Chair the Technical Advisory Committee of the prestigious Consultative Group for International Agricultural Research (CGIAR). He was Chairman of the Board of the International Rice Research Institute (IRRI); Chair and Acting Director of the Southeast Asia Center for Graduate Study and Research in Agriculture (SEARCA); and Director General of the Asian Vegetable Research and Development Center (Taiwan). He holds doctorate and masteral degrees in plant breeding and agronomy from Cornell University and the University of Illinois. He completed his bachelor's degree in agriculture at the University of the Philippines at Los Baños.
Mr Benedict Kwek Gim Song Independent Director Appointed on 30 April 2007 and last elected on 29 April 2011	Mr Benedict Kwek Gim Song is the Chairman of PST Management Pte Ltd which is the manager and trustee of Pacific Shipping Trust, listed on the Singapore Exchange. He also serves on the Board of NTUC ChoiceHomes. Mr Kwek, with over 30 years of banking experience, was the President and CEO of Keppel TatLee Bank. He has held various key positions at Citibank in the Philippines, Hong Kong, New York and Singapore. He holds a Bachelor of Social Science (Economics) degree from the then University of Singapore and attended a management development programme at Columbia University in the United States.
Mr Godfrey E Scotchbrook Independent Director Appointed on 28 December 2000 and last elected on 27 April 2009	Mr Godfrey E Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with 40 years experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being Regional Director of Burson-Marsteller, one of the world's leading public relations companies and an executive director of the then publicly listed Shui On Group. A proponent of good corporate governance, he is an Independent Director of Boustead Singapore Ltd and Hong Kong-listed Convenience Retail Asia and Pacific Access, the Asian affiliate of the Koç Group. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations.

SOURCES: COMPANY REPORTS

16. APPENDIX C: SENIOR MANAGEMENT

Figure 54: Senior management

Mr Joselito D Campos, Jr Managing Director and Chief Executive Officer	Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Chairman of Ayala-Greenfield Development Corp, two major Philippine property developers. He is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Honorary Consul in the Philippines for the Republic of Seychelles. He is Chairman of the Metropolitan Museum of Manila and is a Trustee of the Asia Society in the Philippines, the Philippines-China Business Council, the Philippine Center for Entrepreneurship and the World Wildlife Fund-Philippines. He is also a Director of the Philippine Eagle Society. Mr Campos holds an MBA from Cornell University.
Mr Luis F Alejandro Chief Operating Officer	Mr Luis F Alejandro has over 25 years of experience in consumer product operations and management. He started his career with Procter & Gamble where he spent 15 years in Brand Management before joining Kraft Foods Philippines Inc as President and General Manager. Later, he joined Southeast Asia Food Inc and Heinz UFC Philippines, Inc, two leading consumer packaged condiment companies of the NutriAsia Group, as President and Chief Operating Officer. He was most recently President and Chief Operating Officer of ABS-CBN Broadcasting Corporation, a leading media conglomerate in the Philippines. Mr Alejandro holds a Bachelor's degree in Economics from the Ateneo de Manila University and an MBA from the Asian Institute of Management.
Mr Richard W Blossom Senior Vice President	Mr Richard W Blossom is President of GTL Limited, DMPL's principal export arm, and is Managing Director of the Company's Singapore-based subsidiary, DMPL Management Services Pte Ltd. He has over 30 years experience in general management, marketing, sales, distribution and logistics of fast moving consumer goods, having served as President of Pepsi Cola Asia Pacific, PepsiCo Foods Asia Pacific, Revlon Asia Pacific, and CEO of Dohler Asia and EAC Consumer Products. Mr Blossom obtained his MBA in Marketing from New York University's Stern School of Business.
Ms Tan Chooi Khim General Manager, S&W Fine Foods International Ltd	Ms Tan Chooi Khim has more than 20 years experience in the fast moving consumer goods industry spanning areas of general management, brand management, marketing and Technical. She started her career at Unilever where she spent more than 12 years growing a number of brands in various categories. With her achievements in brand management at Unilever Malaysia, she was expatriated to Unilever Japan and China. Ms Tan then joined Sara Lee Malaysia as Marketing Director before moving to becoming General Manager of Sara Lee Thailand and most recently, President of Sara Lee Malaysia, Singapore and Vietnam. Ms Tan holds a Master of Science in Chemistry from Purdue University, Indiana USA and a Bachelor of Science in Chemistry from Cumberland College, Kentucky USA.

SOURCES: COMPANY REPORTS

Figure 55: Senior management (continued)

Mr Ignacio C O Sison Chief Financial Officer	Mr Ignacio C O Sison has more than 20 years of finance experience spanning treasury, corporate and financial planning, and controllership. He was previously Vice President, Corporate Controller, and Vice President, Treasury and Corporate Development, of Del Monte Philippines, Inc, and Finance Director of the Company's subsidiary in Singapore. Before joining the Company in 1999, he was CFO of Macondray and Company, Inc. He also worked for SGV & Co, the largest audit firm in the Philippines, and Pepsi-Cola Products Philippines, Inc. Mr Sison holds a MS in Agricultural Economics from Oxford University. He also has a MA degree, Major in Economics, from the International University of Japan; a BA in Economics, magna cum laude, from the University of the Philippines; and an International Baccalaureate at the Lester B Pearson United World College of the Pacific in Canada.
Ms Ma Bella B Javier Chief Scientific Officer	Ms Ma Bella B Javier has almost 30 years experience in R&D from leading FMCGs in the food industry. She spent 20 years at Kraft Foods, with her last assignment as the Director for Asia Pacific Beverage Technology and Southeast Asia Development. In her present role, she heads the Consumer Product and Packaging Development and the Quality Assurance functions for the Group. She is driving the Technology Development roadmap for the company, including Plantation Research programmes that impact consumer product development. Ms Javier is a Licensed Chemist with a bachelor's degree in Chemistry from the University of the Philippines (UP). She also sits as a Board Member of the UP Chemistry Alumni Foundation, and the Philippine Chamber of Food Manufacturers, Inc.
Mr Raul C Leonen Chief Manufacturing Officer	Mr Raul C Leonen has 30 years experience in the Group's Philippine Cannery operation, which is the single largest integrated pineapple Cannery facility in the world. He has worked in all departments covering the entire pineapple processing operation. Prior to his assumption of Group Head Cannery Operation, he managed the entire can manufacturing process. To complement and augment his knowledge and experience in pineapple processing, he also spent four years in the Company's Plantation operation giving him a complete understanding of the pineapple cycle. He started his professional career as a manufacturing management trainee in Procter & Gamble Philippines and worked in detergent manufacturing for four years. Mr Leonen has a BS degree in Chemical Engineering from Adamson University.
Mr Antonio E S Ungson Chief Legal Counsel and Chief Compliance Officer	Mr Antonio E S Ungson is Chief Legal Counsel and Chief Compliance Officer of DMPL. He is also Head of the Legal Department of Del Monte Philippines, Inc since March 2007. Prior to joining the Group in 2006, Mr Antonio E S Ungson was a Senior Associate in SyCip Salazar Hernandez & Gatmaitan in Manila, where he served various clients for eight years in assignments consisting mainly of corporate and transactional work including mergers and acquisitions, securities and government infrastructure projects. He also performed litigation work and company secretarial services. Mr Ungson was a lecturer on Obligations and Contracts and Business Law at the Ateneo de Manila University Loyola School of Management. He obtained his Bachelor of Laws from the University of the Philippines College of Law and completed his undergraduate degree in Economics, cum laude and with a Departmental award at the Ateneo de Manila University.

SOURCES: COMPANY REPORTS

17. APPENDIX D: FIELDFRESH FOODS' FINANCIALS

Figure 56: Financials for FieldFresh Foods

Name of company	:	FieldFresh Foods Private Limited *
Principal activities	:	Production and sale of fresh and processed fruits and vegetables food products
Country of incorporation/business	:	India
Effective equity held by the Group	:	46% (2010: 46%)

* Audited by Deloitte Haskins & Sells, Gurgaon, India.

The summarised financial information of the joint venture, not adjusted for the percentage ownership held by the Group, is as follows:

	2011 US$'000	2010 US$'000
Assets and liabilities		
Non-current assets	29,302	36,568
Current assets	12,694	20,330
Total assets	41,996	56,898
Current liabilities	7,326	16,759
Non-current liabilities	26,538	11,407
Total liabilities	33,864	28,166
Net assets	8,132	28,732
Results		
Revenue	37,959	26,513
Expenses	(59,137)	(39,770)
Loss after taxation	(21,178)	(13,257)

SOURCES: COMPANY REPORTS

DISCLAIMER

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB.

Unless otherwise specified, this report is based upon sources which CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CIMB or its affiliates to any person to buy or sell any investments.

CIMB, its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CIMB, its affiliates and its related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CIMB or its affiliates may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. CIMB prohibits the analyst(s) who prepared this research report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CIMB entity as listed in the table below. The term "CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, CIMB Group Holdings Berhad ("**CIMBGH**") and its affiliates, subsidiaries and related companies.

Country	CIMB Entity	Regulated by
Australia	CIMB Securities (Australia) Limited	Australian Securities & Investments Commission
Hong Kong	CIMB Securities Limited	Securities and Futures Commission Hong Kong
Indonesia	PT CIMB Securities Indonesia	Badan Pengawas Pasar Modal & Lembaga Keuangan (Bapepam)
India	CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Malaysia	CIMB Investment Bank Berhad	Securities Commission Malaysia
Singapore	CIMB Research Pte. Ltd.	Monetary Authority of Singapore
South Korea	CIMB Securities Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

(i) As of March 14, 2013 CIMB has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) Super Group

(ii) As of March 14, 2013, the analyst(s) who prepared this report, has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CIMB may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CIMB is under no obligation to update this report in the event of a material change to the information contained in this report. This report does not purport to contain all the information that a prospective investor may require. CIMB or any of its affiliates does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CIMB nor any of its affiliates nor its related persons shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CIMB and its affiliates' clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments thereof.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CIMB Securities (Australia) Limited ("CSAL") (ABN 84 002 768 701, AFS Licence number 240 530). CSAL is a Market Participant of ASX Ltd, a Clearing Participant of ASX Clear Pty Ltd, a Settlement Participant of ASX Settlement Pty Ltd, and, a participant of Chi X Australia Pty Ltd. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth)) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. This research has been prepared without taking into account the objectives, financial situation or needs of the individual recipient.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Hong Kong: This report is issued and distributed in Hong Kong by CIMB Securities Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CIMB Securities Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected.

CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CHK. Unless permitted to do so by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities covered in this report, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

India: This report is issued and distributed in India by CIMB Securities (India) Private Limited ("CIMB India") which is registered with SEBI as a stock-broker under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and in accordance with the provisions of Regulation 4 (g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CIMB India is not required to seek registration with SEBI as an Investment Adviser.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CIMB India or its affiliates.

Indonesia: This report is issued and distributed by PT CIMB Securities Indonesia ("CIMBI"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBI has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBI. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBI. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesia residents except in compliance with applicable Indonesian capital market laws and regulations.

Malaysia: This report is issued and distributed by CIMB Investment Bank Berhad ("CIMB"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMB has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMB. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB.

New Zealand: In New Zealand, this report is for distribution only to persons whose principal business is the investment of money or who, in the course of, and for the purposes of their business, habitually invest money pursuant to Section 3(2)(a)(ii) of the Securities Act 1978.

Singapore: This report is issued and distributed by CIMB Research Pte Ltd ("CIMBR"). Recipients of this report are to contact CIMBR in Singapore in respect of any matters arising from, or in connection with, this report. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBR has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only. If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CIMBR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBR..

As of March 14, 2013, CIMBR does not have a proprietary position in the recommended securities in this report.

South Korea: This report is issued and distributed in South Korea by CIMB Securities Limited, Korea Branch ("CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea.

The views and opinions in this research report are our own as of the date hereof and are subject to change, and this report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial investment instruments and it is not intended as a solicitation for the purchase of any financial investment instrument.

This publication is strictly confidential and is for private circulation only, and no part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB Korea.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Taiwan: This research report is not an offer or marketing of foreign securities in Taiwan. The securities as referred to in this research report have not been and will not be registered with the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold within the Republic of China through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

Thailand: This report is issued and distributed by CIMB Securities (Thailand) Company Limited (CIMBS). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBS has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBS. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBS.

Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

Score Range	90 – 100	80 – 89	70 – 79	Below 70 or No Survey Result
Description	Excellent	Very Good	Good	N/A

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and Europe: In the United Kingdom and European Economic Area, this report is being disseminated by CIMB Securities (UK) Limited ("CIMB UK"). CIMB UK is authorised and regulated by the Financial Services Authority and its registered office is at 27 Knightsbridge, London, SW1X 7YB. This report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are persons that are eligible counterparties and professional clients of CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (c) are persons falling within Article 49 (2) (a) to (d) ("high net worth companies, unincorporated associations etc") of the Order; (d) are outside the United Kingdom; or (e) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with any investments to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Only where this report is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent "investment research" under the applicable rules of the Financial Services Authority in the UK. Consequently, any such non-independent report will not have been prepared in accordance with legal requirements designed to promote the independence of investment research and will not subject to any prohibition on dealing ahead of the dissemination of investment research.

United States: This research report is distributed in the United States of America by CIMB Securities (USA) Inc, a U.S.-registered broker-dealer and a related company of CIMB Research Pte Ltd, CIMB Investment Bank Berhad, PT CIMB Securities Indonesia, CIMB Securities (Thailand) Co. Ltd, CIMB Securities Limited, and is distributed solely to persons who qualify as "U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CIMB Securities (USA) Inc.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Spitzer Chart for stock being researched (2 year data)

Distribution of stock ratings and investment banking clients for quarter ended on 28 February 2013 959 companies under coverage		
	Rating Distribution (%)	Investment Banking clients (%)
Outperform/Buy/Trading Buy	51.7%	8.6%
Neutral	35.0%	4.3%
Underperform/Sell/Trading Sell	13.3%	7.1%

Recommendation Framework #1 *

Stock

OUTPERFORM: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.

NEUTRAL: The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.

UNDERPERFORM: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.

TRADING BUY: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.

TRADING SELL: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

Sector

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

** This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Korea Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.*

CIMB Research Pte Ltd (Co. Reg. No. 198701620M)

Recommendation Framework #2 **

Stock	Sector
OUTPERFORM: Expected positive total returns of 10% or more over the next 12 months.	**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 12 months.
NEUTRAL: Expected total returns of between -10% and +10% over the next 12 months.	**NEUTRAL:** The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +10% (or better) or -10% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +10% to -10%; both over the next 12 months.
UNDERPERFORM: Expected negative total returns of 10% or more over the next 12 months.	**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 12 months.
TRADING BUY: Expected positive total returns of 10% or more over the next 3 months.	**TRADING BUY:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 3 months.
TRADING SELL: Expected negative total returns of 10% or more over the next 3 months.	**TRADING SELL:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 3 months.

*** This framework only applies to stocks listed on the Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.*

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2011.

AAV – not available, **ADVANC** - Excellent, **AMATA** - Very Good, **AOT** - Excellent, **AP** - Very Good, **BANPU** - Excellent , **BAY** - Excellent , **BBL** - Excellent, **BCH** - Good, **BEC** - Very Good, **BECL** - Very Good, **BGH** - not available, **BH** - Very Good, **BIGC** - Very Good, **BTS** - Very Good, **CCET** - Good, **CK** - Very Good, **CPALL** - Very Good, **CPF** - Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DTAC** - Very Good, **GLOBAL** - not available, **GLOW** - Very Good, **GRAMMY** – Excellent, **HANA** - Very Good, **HEMRAJ** - Excellent, **HMPRO** - Very Good, **INTUCH** – Very Good, **ITD** - Good, **IVL** - Very Good, **JAS** – Very Good, **KAMART** – not available, **KBANK** - Excellent, **KK** – Excellent, **KTB** - Excellent, **LH** - Very Good, **LPN** - Excellent, **MAJOR** - Very Good, **MCOT** - Excellent, **MINT** - Very Good, **PS** - Excellent, **PSL** - Excellent, **PTT** - Excellent, **PTTGC** - not available, **PTTEP** - Excellent, **QH** - Excellent, **RATCH** - Excellent, **ROBINS** - Excellent, **RS** – Excellent, **SC** – Excellent, **SCB** - Excellent, **SCC** - Excellent, **SCCC** - Very Good, **SIRI** - Very Good, **SPALI** - Very Good, **STA** - Very Good, **STEC** - Very Good, **TCAP** - Very Good, **THAI** - Very Good, **THCOM** – Very Good, **TICON** – Good, **TISCO** - Excellent, **TMB** - Excellent, **TOP** - Excellent, **TRUE** - Very Good, **TUF** - Very Good, **WORK** – Good.