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**SGX-ST/PSE/MEDIA RELEASE:** (unaudited results for the third quarter ending 31 January 2017)

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**Del Monte Pacific's third quarter recurring net income increased more than fivefold to US\$11.6m**

**3Q FY2017 Highlights**

- Net income without one-off items improved significantly to US\$11.6m from US\$2.1m
- Revenue was slightly higher at US\$604m as higher Asia sales offset lower USA sales
- Gross margin increased to 20.8% from 19.8% on improved operational efficiency and lower commodity costs
- Del Monte Philippines and S&W in Asia and Middle East continued to deliver strong performance
- Deleveraging planned with Preference Shares offering in the Philippines

**Singapore/Manila, 10 March 2017** – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited (“DMPL” or the “Group”; Bloomberg: DELM SP, DMPL PM) reported today its third quarter FY2017 results ending January.

The Group achieved third quarter sales of US\$604.0 million, slightly higher than prior year period as strong sales in Asia offset lower sales in the United States.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI), contributed US\$450.6 million or 75% of Group sales. Sales declined by 3% versus the same period last year driven by the continued weakness in the canned fruit industry, lower sales of regional brands in the packaged vegetable category across retail and foodservice due to supply-related issues, and lower sales of private label. However, amidst industry contraction, DMFI increased its market share in two of the four major categories in retail, i.e. packaged vegetable and broth, which was further supported by the growth of the branded business among major retail customers.

The Philippine market's sales grew as the Group drove to optimise growth and consumption opportunities during the Christmas peak consumption occasions, positioning Del Monte as the single mega-brand that completes every Filipino family's traditional Christmas meal celebrations - complementing above-the-line advertising with strategic Christmas packs meant for gifting across all channels. Expanded juice dispenser coverage and strategic meal pairing tie-ups in major convenience stores and fast food chains also helped drive foodservice growth.

Sales of the S&W branded business in Asia and the Middle East sustained its strong momentum, growing double digit driven by both the fresh and packaged segments. Sales grew significantly in North Asia as S&W expanded its fresh fruit distribution in China and raised brand awareness through in-store sampling. In the packaged segment, sales increased from strong sales of canned fruit to North Asia supported by improved supply, higher shipment into Indonesia and improved juice sales to Israel.

The Group's gross margin for the third quarter increased to 20.8% from 19.8% in the same period last year partly due to higher productivity in the cannery and lower commodity costs particularly packaging.

The Group generated an EBITDA of US\$43.5 million, 28% higher than last year's EBITDA of US\$34.1 million. This quarter's EBITDA included US\$5.4 million of one-off expenses from severance and closure of the North Carolina plant, while prior year period's EBITDA included one-off expenses of US\$12.4 million related to the Sager Creek acquisition, SAP implementation and restructuring. Without these one-off expenses, the Group's recurring EBITDA would have been US\$49.0 million, 5% higher versus prior year quarter's recurring EBITDA of US\$46.5 million.

The Group achieved a net income of US\$8.5 million, a turnaround from the net loss of US\$4.8 million in the third quarter last year. Without the one-off items, the Group delivered a recurring net income of US\$11.6 million, more than five times higher than last year's recurring net income of US\$2.1 million.

"Our significantly higher profit was driven by strong sales in the Philippines and S&W Asian markets as well as operational efficiency improvements resulting in cost reduction. We continue to build on the consumption driven growth in Asia as our team optimises opportunities in both the retail and foodservice sectors," said Joselito D Campos, Jr, Managing Director and Group CEO of DMPL. "Meanwhile, our US business continues to be impacted by shifting consumer preferences, and our performance in the foodservice and private label sectors. We are implementing a strategy based on

innovation and differentiation in existing categories, while seizing opportunities in other categories and channels to address consumer demands,” he added.

DMFI increasingly offers differentiated value propositions through meaningful product improvements including the use of natural sea salt and the transition to BPA-free internal can coatings and non-GMO.

Its new product, Del Monte Fruit Refreshers, the first ever Fruit Cup® snack made just for adults, has been named Product of the Year for 2017. Product of the Year is the world's largest consumer-voted award for product innovation where winners are backed by the votes of 40,000 consumers in a national representative survey conducted by research firm Kantar TNS, a global leader in consumer research. With unexpected flavours, exciting combinations and refreshing fruit waters at 100 calories or less, Del Monte Fruit Refreshers has taken home the top honours in the Healthy Snacks category.

For the first nine months of FY2017, the Group generated sales of US\$1.7 billion, down 2% versus prior year period on lower US sales partly offset by robust sales in Asia. The Group achieved a net income of US\$19.9 million, lower than prior year period's US\$32.3 million as the current year included one-off expenses of US\$6.8 million, as mentioned earlier, while last year included a net one-time gain of US\$23.3 million mainly from DMFI's retirement plan amendment.

Excluding the one-off items, the Group's recurring net income would have been US\$26.7 million in the first nine months of FY2017, a significant improvement from last year's US\$9.0 million.

As announced on 13 February 2017, the Company has extended its US\$350 million Facility Agreement with BDO Unibank, Inc for two years effective 10 February 2017 on the same terms and conditions. The Company intends to refinance the BDO loan through the issuance of preference shares. The proposed issue will be up to US\$360 million (with an initial tranche of up to US\$250 million and the balance issuable within three years) that will result in a further improvement of the Group's leverage ratios.

All regulatory approvals have been secured for the first tranche of the preference shares offering. The Philippine Stock Exchange (PSE) and the eligible brokers have completed the upgrading of their systems for dollar denominated transactions. The Company will release the detailed timetable of the preference shares offering in due course.

Barring unforeseen circumstances, the Group is expected to generate a higher profit in FY2017 than prior year on a recurring basis (without one-off items).

#### **Disclaimer**

This announcement may contain statements regarding the business of Del Monte Pacific Limited and its subsidiaries (the "Group") that are of a forward looking nature and are therefore based on management's assumptions about future developments. Such forward looking statements are typically identified by words such as 'believe', 'estimate', 'intend', 'may', 'expect', and 'project' and similar expressions as they relate to the Group. Forward looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to various factors.

Representative examples of these factors include (without limitation) general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, service providers' performance, production efficiencies, input costs and availability, competition, shifts in customer demands and preferences, market acceptance of new products, industry trends, and changes in government and environmental regulations. Such factors that may affect the Group's future financial results are detailed in the Annual Report. The reader is cautioned to not unduly rely on these forward-looking statements.

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

#### **About Del Monte Pacific Limited ([www.delmontepacific.com](http://www.delmontepacific.com))**

Dual listed on the Mainboards of the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange, Inc, Del Monte Pacific Limited (Bloomberg: DELM SP/ DMPL PM), together with its subsidiaries (the "Group"), is a global branded food and beverage company that caters to today's consumer needs for premium quality healthy products. The Group innovates, produces, markets and distributes its products worldwide.

The Group is proud of its heritage brands - *Del Monte*, *S&W*, *Contadina* and *College Inn* – majority of which originated in the USA more than 100 years ago as premium quality packaged food products. The Group has exclusive rights to use the *Del Monte* trademarks for packaged products in the United States, South America, the Philippines, Indian subcontinent and Myanmar, while for *S&W*, it owns it globally except Australia and New Zealand. The Group owns the *Contadina* and *College Inn* trademarks in various countries.

DMPL's USA subsidiary, Del Monte Foods, Inc (DMFI) ([www.delmonte.com](http://www.delmonte.com)) owns other trademarks such as *Fruit Naturals*, *Orchard Select*, *SunFresh* and *Fruit Refreshers*.

The Group sells packaged fruits, vegetable and tomato, sauces, condiments, pasta, broth and juices, under various brands and also sells fresh pineapples under the *S&W* brand.

The Group owns approximately 94% of a holding company that owns 50% of FieldFresh Foods Private Limited in India ([www.fieldfreshfoods.in](http://www.fieldfreshfoods.in)). FieldFresh markets *Del Monte*-branded packaged products in the domestic market and *FieldFresh*-branded fresh produce. The Group's partner in FieldFresh India is the well-respected Bharti Enterprises, which is one of the largest conglomerates in India.

DMPL's USA subsidiary operates 12 plants in the USA, two in Mexico and one in Venezuela, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 23,000-hectare pineapple plantation in the Philippines and a factory with a port beside it. The Group is proud of its long heritage of 130 years.

DMPL and its subsidiaries are not affiliated with certain other Del Monte companies in the world, including Fresh Del Monte Produce Inc, Del Monte Canada, Del Monte Asia Pte Ltd and these companies' affiliates.

DMPL is 67%-owned by NutriAsia Pacific Ltd and Bluebell Group Holdings Limited, which are beneficially-owned by the Campos family of the Philippines. The NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

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