September 4, 2015

Del Monte Pacific

COMPANY NOTE

DELM SP / DMPL.SI

Market Cap	Avg Daily Turnover	Free Float
US$439.2m	US$0.15m	26.5%
S$622.1m	S$0.21m	1,944 m shares

Current	S$0.32
Target	S$0.49
Prev. Target	S$0.63
Up/Downside	53.8%

STOCK RATING: **ADD** | HOLD | REDUCE

Notes from the Field

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

Contents

Looking forward to 2016

DMPL looks set for an earnings turnaround in FY16 even after factoring in the massive interest burden. FY4/15 was loss-making as expected. In this note, we update our earnings assumptions and introduce FY18 forecasts (our last note on Del Monte was in Sep 14).

We adjust for a small new share placement and a rights issue announced in Mar 15, and update our assumptions to reflect FY15 performance. These results in a 31-34% decline in our core EPS forecasts over FY16-17. FY18 forecasts are also introduced. Our target price drops to S$0.49, based on 11.3x CY16 P/E (historical average of the -1 s.d. forward P/E of its US peers). We maintain our Add call.

Survived the transition

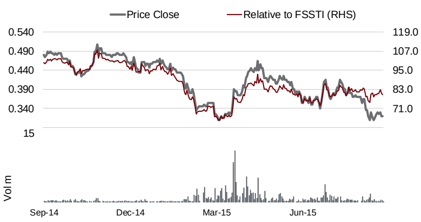
DMPL has competed the transition FY15 year when the company changed its financial year end from Dec to Apr, and took in all charges relating to the DMFI acquisition. This has resulted in a loss of US$38m. Cashflow generation was healthy though, with an operating cashflow of US$231.5m.

Gearing – all is not lost

The high net gearing (6.2x as at end-FY15) is still a concern, though our analysis shows that cashflows are able to cover the interest payments. The company has one last outstanding refinancing transaction to switch US$350m of bank debt into preference shares, which will count as equity and thus lower net gearing. We assume that this will occur in FY18. We see the eventual listing of DMFI as the way out to lower the group's net gearing to below 1.0x in the coming years.

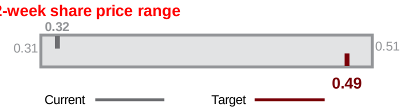
A cheap entry if all pans out

At 7.2x CY16 entry multiple, this could be a cheap purchase into a well-known brand if DMFI's performance reverts to the historical norm and new initiatives help grow market share in the US. The DMPL business, consisting of the Del Monte brand in the Philippines and S&W brand in Asia/Middle East, continues to do well.



Source: Bloomberg

52-week share price range



Financial Summary

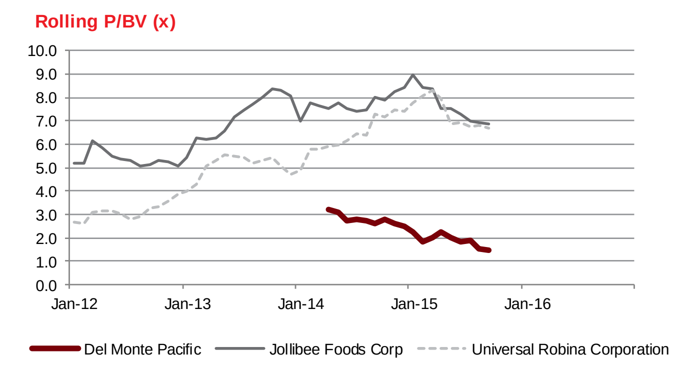
	Apr-14A	Apr-15A	Apr-16F	Apr-17F	Apr-18F
Revenue (US$m)	743	2,159	2,372	2,465	2,563
Operating EBITDA (US$m)	2.9	86.6	221.3	267.8	288.2
Net Profit (US$m)	(32.22)	(38.08)	42.91	65.51	67.65
Core EPS (US$)	(0.025)	(0.024)	0.022	0.034	0.035
Core EPS Growth	0.0%	(5.4%)	NA	52.7%	3.3%
FD Core P/E (x)	NA	NA	10.23	6.70	6.49
DPS (US$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	755.4	24.3	9.6	7.7	7.0
P/FCFE (x)	6.95	NA	3.29	2.98	NA
Net Gearing	728%	505%	417%	334%	127%
P/BV (x)	1.60	1.60	1.39	1.15	0.55
ROE		(16.7%)	14.5%	18.7%	16.3%
% Change In Core EPS Estimates			(30.6%)	(34.2%)	
CIMB/consensus EPS (x)			0.67	0.82	

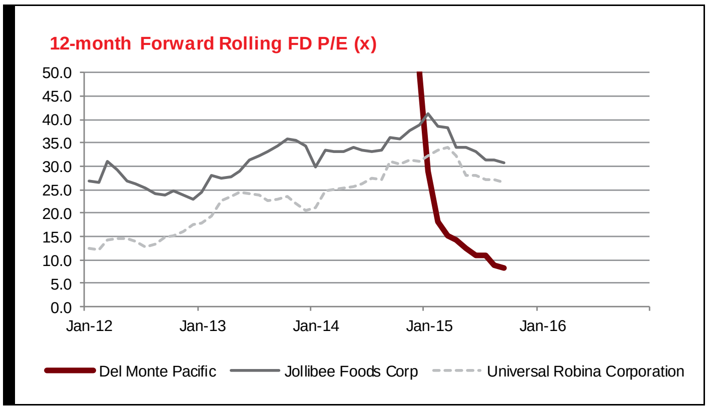
SOURCE: CIMB, COMPANY REPORTS

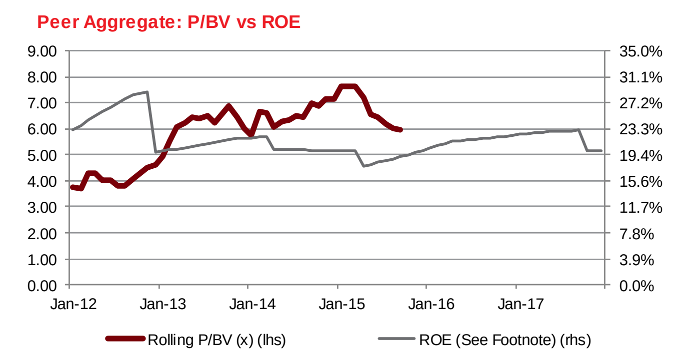
PEER COMPARISON

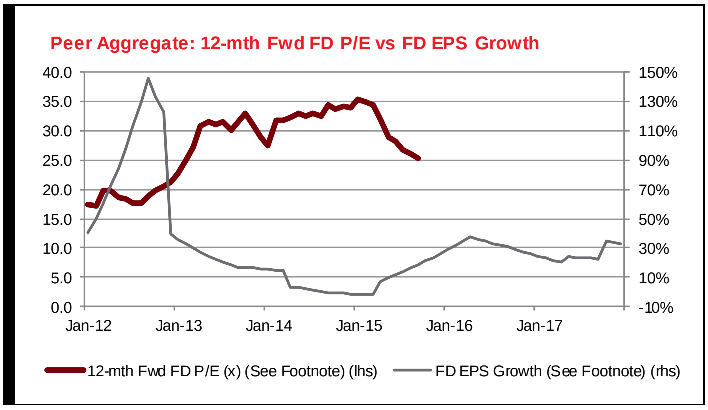
Research Coverage

	Bloomberg Code	Market	Recommendation	Mkt Cap US$m	Price	Target Price	Upside
Del Monte Pacific	**DELM SP**	**SG**	**ADD**	**439**	**0.32**	**0.49**	**53.8%**
Jollibee Foods Corp	JFC PM	PH	HOLD	4,366	191.0	188.0	-1.6%
Universal Robina Corporation	URC PM	PH	ADD	8,952	192.0	210.0	9.4%









Valuation

	FD P/E (x) (See Footnote)			P/BV (x)			EV/EBITDA (x)		
	Dec-15	Dec-16	Dec-17	Dec-15	Dec-16	Dec-17	Dec-15	Dec-16	Dec-17
Del Monte Pacific	**32.04**	**7.55**	**6.56**	**1.45**	**1.22**	**0.66**	**12.36**	**8.22**	**7.19**
Jollibee Foods Corp	34.49	29.81	25.62	6.69	5.79	5.22	18.60	16.65	14.47
Universal Robina Corporation	30.32	25.34	NA	6.47	5.80	NA	18.20	15.55	NA

Growth and Returns

	FD EPS Growth (See Footnote)			ROE (See Footnote)			Dividend Yield		
	Dec-15	Dec-16	Dec-17	Dec-15	Dec-16	Dec-17	Dec-15	Dec-16	Dec-17
Del Monte Pacific	**NA**	**324.3%**	**15.1%**	**5.9%**	**17.5%**	**17.0%**	**0.00%**	**0.00%**	**0.00%**
Jollibee Foods Corp	9.9%	15.7%	16.4%	20.5%	20.8%	21.4%	1.95%	2.03%	2.18%
Universal Robina Corporation	14.8%	19.6%	-100.0%	22.6%	24.1%		1.65%	1.97%	0.00%

SOURCE: CIMB, COMPANY REPORTS

Calculations are performed using EFA™ Monthly Interpolated Annualisation and Aggregation algorithms to December year ends.
NPAT/EPS values for calculations and valuations are based on recurring and normalised values for GAAP and IFRS accounting standard companies respectively.

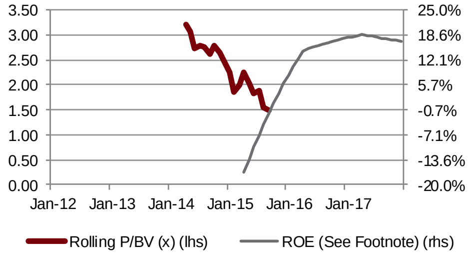
BY THE NUMBERS

Share price info

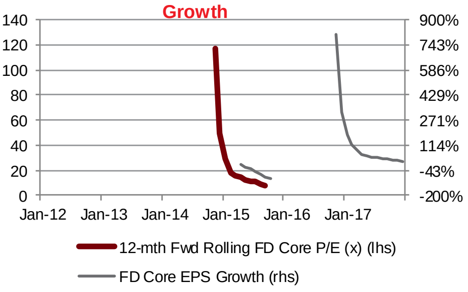
Share px perf. (%)	1M	3M	12M
Relative	-4.5	-3.7	-19.4
Absolute	-13.5	-16.9	-32.6

Major shareholders	% held
NutriAsia Pacific Ltd	59.4
Bluebell Group Holdings	7.6
Lee Pineapple Co	5.5

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit recovery as acquisitions related one-off expenses come to an end

Profit & Loss

(US$m)	Apr-14A	Apr-15A	Apr-16F	Apr-17F	Apr-18F
Total Net Revenues	**743**	**2,159**	**2,372**	**2,465**	**2,563**
Gross Profit	**150**	**449**	**580**	**636**	**663**
Operating EBITDA	**3**	**87**	**221**	**268**	**288**
Depreciation And Amortisation	(29)	(59)	(65)	(70)	(72)
Operating EBIT	**(26)**	**28**	**156**	**198**	**216**
Financial Income/(Expense)	(22)	(99)	(84)	(88)	(78)
Pretax Income/(Loss) from Assoc.	(5)	(2)	(2)	(2)	(2)
Non-Operating Income/(Expense)	(8)	17	3	(3)	5
Profit Before Tax (pre-EI)	**(60)**	**(58)**	**73**	**104**	**142**
Exceptional Items	0	0	0	0	0
Pre-tax Profit	**(60)**	**(58)**	**73**	**104**	**142**
Taxation	23	14	(20)	(29)	(40)
Exceptional Income - post-tax	0	0	0	0	0
Profit After Tax	**(37)**	**(43)**	**52**	**75**	**102**
Minority Interests	5	5	(9)	(10)	(10)
Preferred Dividends	0	0	0	0	(25)
FX Gain/(Loss) - post tax	0	0	0	0	0
Other Adjustments - post-tax	0	0	0	0	0
Net Profit	**(32)**	**(38)**	**43**	**66**	**68**
Recurring Net Profit	(32)	(38)	43	66	68
Fully Diluted Recurring Net Profit	**(32)**	**(38)**	**43**	**66**	**68**

Capex to normalise to US$65m range

Cash Flow

(US$m)	Apr-14A	Apr-15A	Apr-16F	Apr-17F	Apr-18F
EBITDA	3	87	221	268	288
Cash Flow from Invt. & Assoc.	0	2	2	2	2
Change In Working Capital	132				
(Incr)/Decr in Total Provisions	0				
Other Non-Cash (Income)/Expense	0				
Other Operating Cashflow	(29)	155	(2)	(18)	(21)
Net Interest (Paid)/Received	0	0	0	0	0
Tax Paid	0	(12)	(12)	(29)	(40)
Cashflow From Operations	**105**	**232**	**209**	**223**	**230**
Capex	(37)	(75)	(65)	(65)	(65)
Disposals Of FAs/subsidiaries	0	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	(1,711)	(79)	(0)	(0)	(0)
Cash Flow From Investing	**(1,749)**	**(154)**	**(65)**	**(65)**	**(65)**
Debt Raised/(repaid)	1,686	(134)	(10)	(10)	(360)
Proceeds From Issue Of Shares	0	152	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	0	0	0	0	0
Preferred Dividends	0	0	0	0	(25)
Other Financing Cashflow	(19)	(88)	(85)	(89)	272
Cash Flow From Financing	**1,667**	**(71)**	**(95)**	**(99)**	**(113)**
Total Cash Generated	24	7	49	59	52
Free Cashflow To Equity	**42**	**(57)**	**134**	**147**	**(195)**
Free Cashflow To Firm	**(1,643)**	**78**	**144**	**157**	**165**

SOURCE: CIMB RESEARCH, COMPANY

BY THE NUMBERS

Debt levels to remain high

Balance Sheet

(US$m)	Apr-14A	Apr-15A	Apr-16F	Apr-17F	Apr-18F
Total Cash And Equivalents	28	36	98	157	210
Total Debtors	216	232	390	405	421
Inventories	814	764	611	624	649
Total Other Current Assets	118	127	134	140	147
Total Current Assets	**1,177**	**1,160**	**1,232**	**1,327**	**1,427**
Fixed Assets	501	578	586	589	589
Total Investments	21	23	20	18	16
Intangible Assets	748	760	752	745	737
Total Other Non-Current Assets	81	119	119	119	119
Total Non-current Assets	**1,351**	**1,480**	**1,477**	**1,470**	**1,461**
Short-term Debt	920	446	446	446	446
Current Portion of Long-Term Debt	0	0	0	0	0
Total Creditors	258	377	390	405	421
Other Current Liabilities	13	15	23	23	23
Total Current Liabilities	**1,191**	**837**	**858**	**874**	**890**
Total Long-term Debt	934	1,273	1,263	1,253	893
Hybrid Debt - Debt Component	0	0	0	0	0
Total Other Non-Current Liabilities	152	196	203	209	216
Total Non-current Liabilities	**1,087**	**1,469**	**1,465**	**1,462**	**1,109**
Total Provisions	0	0	0	0	0
Total Liabilities	**2,277**	**2,306**	**2,324**	**2,336**	**1,999**
Shareholders' Equity	183	274	317	382	800
Minority Interests	68	60	69	79	89
Total Equity	**251**	**333**	**386**	**461**	**889**

Revenue growth to revert to single digits given the matured US market

Key Ratios

	Apr-14A	Apr-15A	Apr-16F	Apr-17F	Apr-18F
Revenue Growth	0%	190%	10%	4%	4%
Operating EBITDA Growth	0%	2894%	155%	21%	8%
Operating EBITDA Margin	0.4%	4.0%	9.3%	10.9%	11.2%
Net Cash Per Share (US$)	(1.41)	(0.87)	(0.83)	(0.79)	(0.58)
BVPS (US$)	0.14	0.14	0.16	0.20	0.41
Gross Interest Cover	(1.15)	0.28	1.84	2.22	2.76
Effective Tax Rate	0.0%	0.0%	28.0%	28.0%	28.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	106.0	37.9	48.0	58.9	58.8
Inventory Days	500.8	168.4	140.4	123.2	122.2
Accounts Payables Days	158.5	67.7	78.3	79.3	79.4
ROIC (%)	(1.18%)	1.25%	7.14%	9.08%	9.85%
ROCE (%)	N/A	1.35%	7.57%	9.33%	9.89%
Return On Average Assets	N/A	2.17%	5.11%	5.93%	6.32%

Asia to grow faster than the US

Key Drivers

	Apr-14A	Apr-15A	Apr-16F	Apr-17F	Apr-18F
ASP (% chg, main prod./serv.)	N/A	380.6%	10.0%	2.5%	2.5%
Unit sales grth (%, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Util. rate (%, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	17.6%	10.0%	10.0%	10.0%
Unit sales grth (%,2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
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 RESEARCH, COMPANY

Looking forward to 2016

WHAT HAS CHANGED

Loss-making FY15 has passed

DMPL reported a full-year loss of US$38m for FY15, the first full-year of reporting post its acquisition of US-based Del Monte Foods Inc (DMFI). During the transition in FY15, the bottomline was impacted by the following one-off expenses:

1) Inventory step-up of US$24.6m necessitated by purchase accounting standards that required a restatement to fair market values of the assets which formed part of the acquisition. This had a corresponding impact on DMFI's costs, primarily due to an upward revaluation of inventory which corresponded to a higher cost of goods sold.
2) Bridge loans interest expense of US$25.3m.
3) Write-off of Venezuela operations of US$4.1m due to the decision to exit this business given the unstable economic conditions and currency weakness there.
4) ERP software implementation cost of US$9.1m.

"Without the acquisition and non-recurring expenses, we look forward to a sustained momentum and a return to profitability for the group in fiscal year 2016

Joselito D Campos, Jr
CEO DMPL

1Q16 loss narrowed

1Q16 sales grew 6% yoy to US$473m. DMFI generated US$373.5m in sales or 79% of the group total. DMFI's sales inclusive of its recently acquired Sager Creek Vegetable Company's vegetable business ("Sager Creek") improved by 10%. Without Sager Creek, DMFI's sales grew by 2%. DMFI's sales were constrained by the tight supply for green beans, and certain fruit and tomato products primarily as a result of higher than anticipated positive consumer response from the corrective marketing actions implemented earlier on such as reverting to the classic Del Monte label in October 2014.

DMPL ex-DMFI sales were impacted by reduced pineapple supply as a result of the El Niño weather pattern which led to decreased exports of packaged pineapple both under the S&W brand and non-branded business. DMPL's base business generated sales of US$109.9m, a 9% yoy decline.

On a group basis, DMPL achieved an operating profit of US$0.2m, a turnaround from the US$12.1m operating loss last year burdened by non-recurring and acquisition-related expenses. Net loss in 1Q16 was US$12m versus US$22m in 1Q15.

The first quarter is seasonally slow and is the period when DMFI builds inventory for the seasonally strong 2Q (due to US holidays).

Rights issue done

As part of its previously communicated debt reduction plan, the group completed a rights issue in March 2015, resulting in the issuance of 641.9m new shares. The rights proceeds were used to repay about US$150m in short-term bank loans obtained for the purchase of DMFI.

End of acquisition-related non-recurring expenses

FY15 was a year of transition, integration, and strengthening the core business post the DMFI acquisition. The foundation to execute its growth plans in the coming years has now been laid. Going forward, M&A related costs will no longer be a valid reason if operational performance does not hold up. Hefty interest expense to finance the acquisition will have to be addressed over the years.

Some of the key changes/initiatives achieved in FY15 were:

1) Progress in developing strategically compelling growth initiatives across both retail and non-retail channels, including the acquisition of Sager Creek which is expected to provide significant operating synergies and a platform to accelerate growth in the food service and new vegetable segments.
2) Reverting to competitive pricing levels. US consumers are generally receptive to Del Monte products if the brand premium over private label is in the 35-40% range. DMFI suffered previously when the then owners widened the price premium to 70%. At the same time, such products generally move better when priced under a dollar and the current management team has reverted the pricing strategy to below a dollar.
3) Reintroducing the well-recognised classic Del Monte label to achieve instant consumer recognition.
4) Reinstating trade support levels which work better than television advertising.
5) DMFI's back-office functions were outsourced to a global service provider in the Philippines in February 2015. This should help improve the group's operating margin from FY16 onwards.

OUTLOOK

Profitable FY16 even with interest expenses factored in

Management is guiding for a turnaround in FY16 even with the interest burden factored in. Operationally, DMFI, the Philippines (the key market for the Del Monte brand) and the S&W brand did well in FY15.

On a proforma same period basis, DMFI sales grew 5% yoy in FY15. The pre-acquisition business continued to do well with the Del Monte branded sales in the Philippines growing 19% yoy, while the S&W brand in Asia and the Middle East grew 17% yoy. Operating profit for FY15 was US$44.2m but interest expense for the full year was US$99.9m and the group benefited from a tax credit of US$14.4m. Cashflow from operations in FY15 was US$231.5m and free cashflow (after capex, Sager Creek acquisition and additional investment in associates) was US$77.1m.

Watch gearing

As a recap, the acquisition cost of DMFI announced in 2013 was US$1.675bn. As at end-Apr 15, total debt on DMPL's balance sheet was US$1.7bn. The three largest debt components relating to the DMFI acquisition is detailed in Figure 1 below. Net gearing on equity base was 6.2x as at end-Apr 15. Note that DMPL has US$760m of intangible assets (including goodwill arising from its DMFI acquisition) on its balance sheet and is therefore in a negative net tangible asset situation. The interest coverage situation as at end-Apr 15 is shown in Figure 2.

Figure 1: DMFI acquisition-related debt

(US$ m)	Amount	Terms	Tenure	Comments
At DMFI level				
LBO loan - 1st lien	~700	3 mths LIBOR + 3.25%	7 years, due ~ 2021	Swapped into fixed rates from Feb 16, we estimate a graduated range of 5-6%
LBO loan - 2nd lien	~260	3 mths LIBOR + 7.25%	7 years, due ~ 2021	Swapped into fixed rates from Feb 16, we estimate a graduated range of 9-10%
At DMPL level				
BDO bank loan	350	4% fixed rate	Due Feb 2017	Company intends to refinance this with preference shares that will be classified as equity so that net gearing can be reduced. Current quotes from banker is 6.5-7.0% preference rate.

SOURCES: CIMB, COMPANY REPORTS

Figure 2: Key cashflow metrics

(US$ m)	FY15A
Operating cash flow	231.5
Capex only PPE	(75.2)
Free cash flow	156.3
Accounting interest expense	(94.7)
Cash interest expenses	(88.2)
Normalised EBITDA per DMPL calculation	156.1
Observations	
Normalised EBITDA and free cash flow are still sufficient to cover accounting and cash interest costs.	

SOURCES: CIMB, COMPANY REPORTS

Based on our interest expense assumptions and free cashflow projections, DMPL should be able to meet its debt obligations in the absence of any further one-off cash outlays.

Figure 3: Interest expense assumptions (all data in US$ terms)

	FY16	FY17	FY18*
DMFI acq related int cost	77.6	81.7	71.2
DMFI & DMPL working capital related int cost	7.2	7.2	7.2
Total interest cost	84.8	88.9	78.4
Preference dividends*	-	-	24.5

** assume that 350m loan from BDO will be refinanced via preference shares in FY18*

SOURCES: CIMB, COMPANY REPORTS

Figure 4: Interest expense coverage

(US$ m)	FY16F	FY17F	FY18F
Free cash flow	151	165	172
Assumed interest expenses	85	89	78
Assumed preferred dividends	0	0	25
Total outflow	85	89	103
Free cash flow/Total outflow (x)	1.78	1.85	1.67

SOURCES: CIMB, COMPANY REPORTS

Is a US listing the way out?

Even with our assumption of the refinancing of the US$350m debt from BDO Bank via preference shares that will be classified as equity, our net gearing forecast in FY18 is still a high 1.21x.

The largest debt component in the acquisition of DMFI relates to the US$960m debt taken on by DMFI. We believe that an eventual US listing of DMFI is likely to be a possible way to repay these debts when they come due. Given that the debts are only due around 2021, DMFI has time to strengthen its market share, improve cost efficiency as well as introduce new products and target previously untouched customer segments.

We note that DMFI continues to have its own board of directors and key employees of DMFI (such as CEO Nils Lommerin) have been incentivised with stocks options in DMFI. These options are tied to EBITDA targets for DMFI for FY16-20.

Risks

Low commodities prices. On the raw material cost front, with commodities in the doldrums now, the cost of packaging such as tin, aluminium and plastics will be benign for DMPL.

Weather. In the US, California has been experiencing a bad drought for four years already. Peach harvest (Del Monte has a strong market share in canned peaches) has been somewhat impacted by the lack of water. This could lead to higher peach prices and lower available peach supply. DMFI would have to address challenges such as alternative souring for peaches and whether the associated costs will reduce profit margins for this product line. Over in the Philippines, pineapple output will be affected by the El Niño weather. DMPL's pineapple estate is solely in the Philippines.

In its 1Q16 results, DMPL highlighted fresh pineapple output was reduced by the El Niño weather pattern. The El Niño weather pattern is not expected to abate in the second half of the fiscal year and will continue to impact the Group's pineapple supply. DMPL has embarked on mitigating measures in the field such as continuous enforcement of land preparation activities and reinforcing root health, among others. Other non-agriculture related measures include proactive cost management across all other areas to make up for higher pineapple costs resulting from El Niño.

Earthquake. California does experience earthquakes. Based on Wikipedia comments, the last significant earthquake in California occurred in August 2014.

VALUATION AND RECOMMENDATION

Conservative attempt at valuing earnings

Going forward, US peers will be the more relevant comparisons as the sale/profit mix skews in favour of the US. Our valuation basis is 11.3x P/E multiple (which is the average of the -1 s.d. of the historical average forward P/E of US peers) on CY16 EPS forecast. Maintain Add with a target price of S$0.49.

Figure 5: US peers' historical forward valuations

Company	Bloomberg Ticker	Market Cap (US$ m)	Historical ave fwd P/E (x)	Historical ave fwd -1SD P/E
Campbell Soup Co	CPB US	15,849	15.9	12.9
ConAgra Foods Inc	CAG US	18,890	15.6	10.2
General Mills Inc	GIS US	35,284	15.7	11.7
Seneca Foods Co	SENEA US	301	18.2	10.4
		Simple average	**16.4**	**11.3**

SOURCES: CIMB, COMPANY REPORTS

New accounting rules. Starting 1 Jan 2016, Singapore-listed plantation companies are required to adopt the revised accounting requirements for biological assets. The amendments to IAS 16 (or FRS 16, Property, Plant and Equipment) and IAS 41 (or FRS 41, Agriculture) require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16. Companies will have to choose between the cost model (before maturity) and cost or revaluation model (after maturity) for subsequent measurement of their estates. The amendments apply retrospectively to annual periods beginning on or after 1 Jan 2016, with earlier application permitted.

DMPL is working out the impact from the implementation of the revised accounting standard. The likely effect is asset reclassification and higher depreciation charges.

Figure 6: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	Core P/E (x) CY2015	Core P/E (x) CY2016	3-year EPS CAGR (%)	P/BV (x) CY2015	Recurring ROE (%) CY2015	Dividend Yield (%) CY2015
Del Monte Pacific	**DELM SP**	**ADD**	**0.32**	**0.49**	**439**	**32.0**	**7.6**	**na**	**1.45**	**4.7%**	**0.0%**
Campbell Soup Co	CPB US	NR	48.53	NA	15,070	22.0	18.2	4.3%	9.42	44.5%	2.7%
ConAgra Foods Inc	CAG US	NR	41.72	NA	18,012	na	18.1	na	3.69	9.3%	2.4%
Fresh Del Monte Produce Inc	FDP US	NR	39.44	NA	2,069	na	na	na	na	na	na
General Mills Inc	GIS US	NR	57.61	NA	34,493	28.5	18.4	11.6%	5.98	24.9%	3.0%
China Huiyuan Juice Group Ltd	1886 HK	NR	2.49	NA	814	na	na	na	0.52	-3.4%	na
Tingyi Cayman Islands Holding	322 HK	Hold	10.98	14.60	7,939	18.5	15.9	13.6%	2.43	13.6%	2.7%
Uni-President China Holdings L	220 HK	Add	6.84	8.50	3,812	30.2	25.8	81.9%	2.09	7.2%	0.8%
Universal Robina Corp	URC PM	Add	190.0	210.0	8,868	30.3	25.3	na	6.47	22.7%	1.6%
Jollibee Foods Corp	JFC PM	Hold	191.4	188.0	4,380	34.5	29.8	12.3%	6.69	20.8%	1.9%
San Miguel Corp	SMC PM	NR	50.20	NA	2,555	na	na	na	na	na	na
TIPCO Foods PCL	TIPCO TB	NR	13.40	NA	180	na	na	na	na	na	na
Kikkoman Corp	2801 JP	NR	3,515	NA	6,185	44.9	31.5	19.1%	2.83	7.9%	0.8%
Simple average						**30.1**	**21.2**	**24.5%**	**4.16**	**17.1%**	**1.8%**

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

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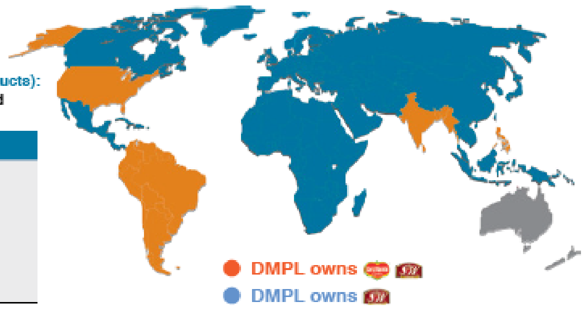
APPENDIX

Figure 7: Plants and global presence

Del Monte (packaged products):
USA, South America, Philippines, Indian subcontinent and Myanmar

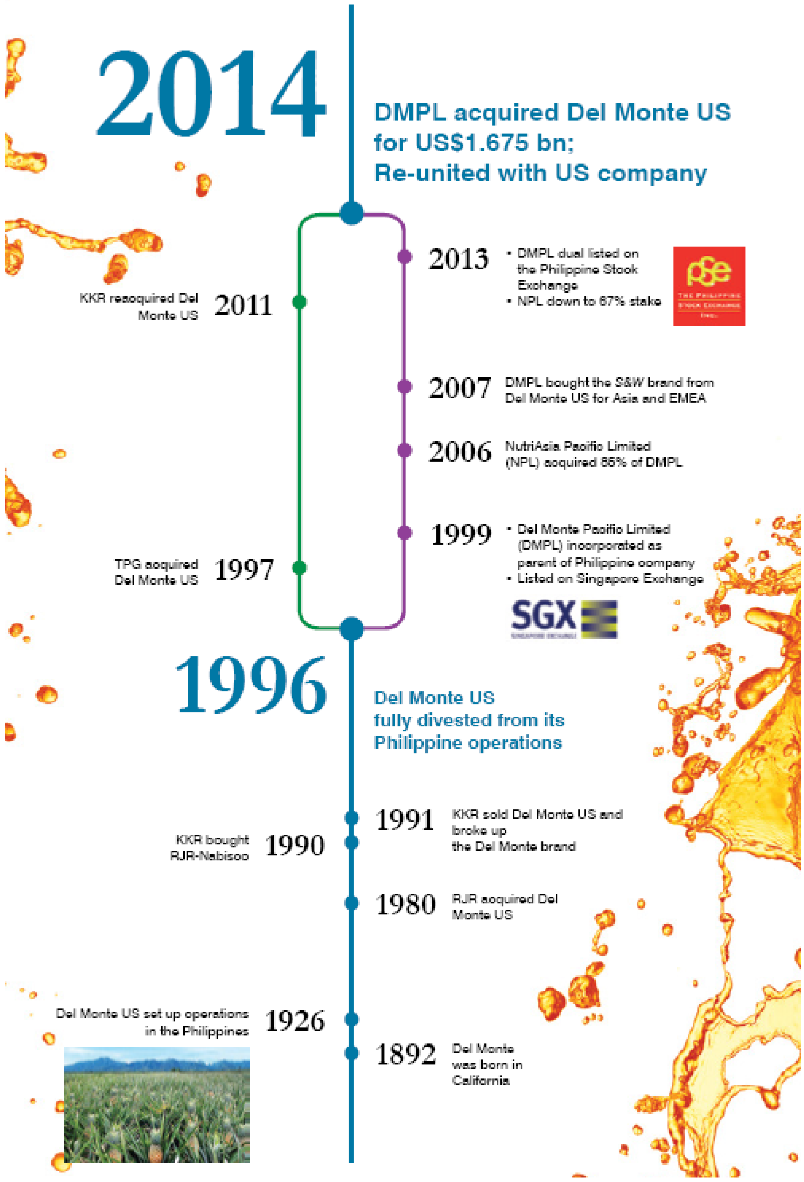
S&W (for both packaged and fresh products):
Globally except Australia and New Zealand

Production Facilities	
USA	13
Mexico	2
Venezuela	1
Philippines	1
India	1



SOURCES: COMPANY REPORTS

Figure 8: Corporate history



SOURCES: COMPANY REPORTS

Figure 9: Products available in the US

SOURCES: COMPANY REPORTS

Figure 10: Products available in the Philippines

SOURCES: COMPANY REPORTS

Figure 11: Products available in Asia

SOURCES: COMPANY REPORTS

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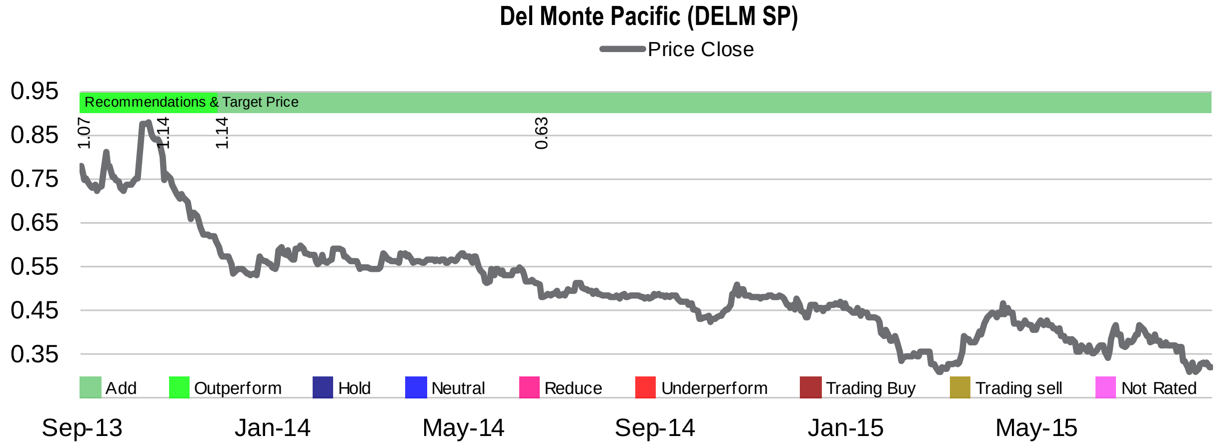
Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2014.
AAV – Very Good, **ADVANC** – Very Good, **AEONTS** – not available, **AMATA** - Good, **ANAN** – Very Good, **AOT** – Very Good, **AP** - Good, **ASK** – Very Good, **ASP** – Very Good, **BANPU** – Very Good , **BAY** – Very Good , **BBL** – Very Good, **BCH** – not available, **BCP** - Excellent, **BEAUTY** – Good, **BEC** - Good, **BECL** – Very Good, **BGH** - not available, **BH** - Good, **BIGC** - Very Good, **BJC** – Good, **BLA** – Very Good, **BMCL** - Very Good, **BTS** - Excellent, **CCET** – Good, **CENTEL** – Very Good, **CHG** – not available, **CK** – Very Good, **CPALL** – not available, **CPF** – Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DEMCO** – Good, **DTAC** – Very Good, **EA** - Good, **ECL** – not available, **EGCO** - Excellent, **GFPT** - Very Good, **GLOBAL** - Good, **GLOW** - Good, **GRAMMY** - Excellent, **HANA** - Excellent, **HEMRAJ** – Very Good, **HMPRO** - Very Good, **ICHI** - not available, **INTUCH** - Excellent, **ITD** – Good, **IVL** - Excellent, **JAS** – not available, **JUBILE** – not available, **KAMART** – not available, **KBANK** - Excellent, **KCE** - Very Good, **KGI** – Good, **KKP** – Excellent, **KTB** - Excellent, **KTC** – Good, **LH** - Very Good, **LPN** – Very Good, **M** - not available, **MAJOR** - Good, **MAKRO** – Good, **MBKET** – Good, **MC** – Very Good, **MCOT** – Very Good, **MEGA –** Good, **MINT** - Excellent, **OFM** – Very Good, **OISHI** – Good, **PS** – Very Good, **PSL** - Excellent, **PTT** - Excellent, **PTTEP** - Excellent, **PTTGC** - Excellent, **QH** – Very Good, **RATCH** – Very Good, **ROBINS** – Very Good, **RS** – Very Good, **SAMART** - Excellent, **SAPPE** - not available, **SAT** – Excellent, **SAWAD** – not available, **SC** – Excellent, **SCB** - Excellent, **SCBLIF** – Good, **SCC** – Very Good, **SCCC** - Good, **SIM** - Excellent, **SIRI** - Good, **SPALI** - Excellent, **STA** – Very Good, **STEC** - Good, **SVI** – Very Good, **TASCO** – Good, **TCAP** – Very Good, **THAI** – Very Good, **THANI** – Very Good, **THCOM** – Very Good, **THRE** – not available, **THREL** – Good, **TICON** – Good, **TISCO** - Excellent, **TK** – Very Good, **TMB** - Excellent, **TOP** - Excellent, **TRUE** – Very Good, **TTW** – Very Good, **TUF** - Good, **VGI** – Very Good, **WORK** – not available.

CIMB Recommendation Framework

Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

**Prior to December 2013 CIMB recommendation framework for stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange were based on a stock's total return relative to the relevant benchmarks total return. Outperform: expected to exceed by 5% or more over the next 12 months. Neutral: expected to be within +/-5% over the next 12 months. Underperform: expected to be below by 5% or more over the next 12 months. Trading Buy: expected to exceed by 3% or more over the next 3 months. Trading Sell: expected to be below by 3% or more over the next 3 months. For stocks listed on Korea Exchange, Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Outperform: Expected positive total returns of 10% or more over the next 12 months. Neutral: Expected total returns of between -10% and +10% over the next 12 months. Underperform: Expected negative total returns of 10% or more over the next 12 months. Trading Buy: Expected positive total returns of 10% or more over the next 3 months. Trading Sell: Expected negative total returns of 10% or more over the next 3 months.*