



## DEL MONTE PACIFIC LIMITED

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### DEL MONTE PACIFIC'S FIRST QUARTER 2009 RESULTS

- **Strong Philippine market sales insufficient to offset lower export sales**
- **S&W and fresh fruit sales up, while Bharti Del Monte India reduces its losses**
- **Gross and operating margins both improved**
- **Operating income and net profit before non-recurring items down 3% and 19%**
- **Balance of year expected to return to growth**

**Singapore, 27 April 2009** – Singapore Exchange Mainboard-listed Del Monte Pacific Limited (Bloomberg: DELM SP, Reuters: DMPL.SI) today announced lower results for the first quarter of 2009. Sales decreased by 16% to US\$60.4 million while operating income before non-recurring items declined by 3% to US\$7.5 million.

Fundamentals remain solid with the key Philippine market's sales rising by 22% in Peso terms versus the same period last year. This was driven by higher beverage revenue, annualised effect of price increases implemented in 2008, and lower marketing and sales spending compared to the prior year quarter. Del Monte Philippines also launched a fruit and vegetable drink in Tetrapak format for children, its first product targeted at kids. Store coverage in the Philippines increased to 89,932 stores as of March 2009, up from 68,795 as of March 2008.

S&W contributed US\$1.4 million in processed product sales in the first quarter of 2009, more than double the previous year. Sales were higher in existing markets of Singapore, Hong Kong and Japan. S&W also started selling canned tropical fruit and juice range to South Korea's retail market and canned tropical fruit in South China's food service channel. Fresh pineapple sales were also higher by 51%, albeit from a modest prior year base.

However, total sales fell 16% mainly due to lower export sales by US\$7.1 million, the negative currency translation of the Philippines' results amounting to US\$6.8 million, and the absence of US\$6.4 million of sales from Great Lakes, which was divested in September 2008. Stripping out the last two factors, Group turnover for the first quarter of 2009 would have increased slightly by 3%.

As expected, export sales to Europe, USA and to Asia Pacific declined 27% amidst weakening global demand, with the biggest decline coming from the USA due to lower orders and deferred shipments.

Profit from operations declined 3% before non-recurring items and 7% after non-recurring expenses compared to the 16% drop in sales. The lower level of decline in operating profit was driven by: a) the favourable impact of the Peso depreciation on Peso cost translation; b) margin management through cost efficiencies and improved prices; c) lower distribution and selling expenses; and d) a positive variance of US\$0.5 million operating loss from Great Lakes. Group operating margin slightly increased to 11.8% from 10.7% in the prior year quarter.

Interest income decreased to US\$0.2 million from US\$0.5 million, while interest expense rose to US\$1.3 million from US\$0.8 million as a result of lower cash levels and higher borrowings due to high working capital levels. Slowdown in global demand led to higher inventory levels. Management will reduce inventory days for key materials such as tinplate and tomato paste, through freezing orders and selling excess inventory to free up cash. Management is also actively managing the Group's receivable and payable credit terms to improve working capital for the remainder of the year.

The Group booked a non-recurring foreign exchange loss from the forward contract amounting to US\$0.6 million and streamlining cost of US\$0.2 million after tax. This forward contract matured in January 2009 and there will be no more losses in relation to this as the Group relies on its natural hedge going forward.

For the quarter, the Group recognised a share of loss in Bharti Del Monte India of US\$0.76 million, which is slightly lower than the US\$0.83 million share of loss recognised in the same period last year. Losses were lower as a result of better sales mix for the fresh produce segment for export under the FieldFresh brand and contribution from the processed category in India under the Del Monte brand. While Bharti Del Monte India will expand its beverage and culinary products across more cities, marketing expenses will increase in support of business development.

Due to the high interest charges, hedging loss and streamlining cost, Group net income fell 32% to US\$4.1m from US\$6.0 million. Without the non-recurring items worth US\$0.8 million, net income would have declined by 19%.

Commenting on the Group's operating performance in the first quarter of 2009, Mr Joselito D Campos, Jr, CEO and Managing Director of Del Monte Pacific said, "We remain focused on executing our strategies and plans. We will maximise the potential of our growing brands and markets through product, marketing and sales-driven growth in the Philippines, and market and product portfolio expansion for S&W, Fresh Pineapple and Bharti Del Monte India to grow our branded business. We will optimise our exports sales mix, while aggressively reducing non-value adding costs, increasing productivity to protect our margins and intensifying our efforts to manage our working capital more efficiently."

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

Listed on the Mainboard of the Singapore Exchange, Del Monte Pacific Limited (Bloomberg: DELM SP/ Reuters: DMPL.SI) is a group of companies that cater to today's consumer needs for premium quality, healthy food and beverage products. It innovates, produces, markets and distributes its products worldwide.

In the Philippines where the Group owns the Del Monte brand, it enjoys leading market shares for canned pineapple juice and juice drinks, canned pineapple and tropical mixed fruits, tomato sauce, spaghetti sauce and tomato ketchup, and also markets products under its second-tier brand, Today's.

Del Monte Pacific also holds the exclusive rights to produce and distribute food and beverage products under the Del Monte brand in the Indian sub-continent.

The Group also owns 41.1% of Bharti Del Monte India Private Limited ([www.bhartidelmonte.in](http://www.bhartidelmonte.in)). Bharti Del Monte India markets Del Monte-branded processed products in the domestic market and Fieldfresh-branded fresh fruits and vegetables globally and locally. Del Monte Pacific's partners in Bharti Del Monte India are the well-respected Bharti Enterprises and EL Rothschild Limited.

Del Monte Pacific owns the S&W brand ([www.swfinefoods.com](http://www.swfinefoods.com)) for all markets except the Americas, Australia and New Zealand. The S&W brand originated in the USA in 1896 as a producer and marketer of premium quality processed fruit and vegetable product.

With its 20,000-hectare contiguous pineapple plantation in the Philippines, 700,000-ton processing capacity and a port beside the Cannery, Del Monte Pacific operates the world's largest fully-integrated pineapple operation. It is proud of its long heritage of more than 80 years of pineapple growing and processing. It has long-term supply agreements with other Del Monte trademark owners and licensees around the world.

Del Monte Pacific and its subsidiaries are not affiliated with other Del Monte companies in the world, namely, Del Monte Foods Co. (USA), Fresh Del Monte Produce Inc. (USA), Del Monte Asia Pte. Ltd. and these companies' parent or subsidiaries.

Del Monte Pacific is 78.5%-owned by NutriAsia Pacific Ltd (NPL). NPL is owned by the NutriAsia Group of Companies which is in turn majority-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. Its flagship brands, led by UFC, have more than 80% market share in the local ketchup and hot chili sauce categories. To subscribe to our email alerts, please send a request to [jluy@delmontepacific.com](mailto:jluy@delmontepacific.com)