

# Del Monte Pacific Limited

## Fourth Quarter and Full Year 2008 Results

24 February 2009



# Executive Summary

- Sales for 4Q08 & FY08 rose 16% & 32%, respectively
- Biggest driver coming from the Philippines
- Gross margin for 4Q08 and FY08 increased to 31% and 25%, respectively
- Strong operating income, up 52% in 4Q08 and 47% in FY08
- Net income before non-recurring items surged 47% in 4Q08, and 40% in FY08
- Net income after non-recurring items decreased by 18% in 4Q08, and 4% in FY08



# Non-Recurring Items

*All on after tax basis*

In US\$m	4Q 2007	4Q 2008	FY 2007	FY 2008
FX forward hedging loss		(2.0)		(4.1)
Great Lakes sale - net		0.5		2.3
Streamlining	(0.9)	0.1	(0.9)	(0.9)
Deferred tax benefit	10.3		10.3	
Tax expenditure reversal			0.9	
<b>Total</b>	9.4	<b>(1.4)</b>	10.3	<b>(2.7)</b>

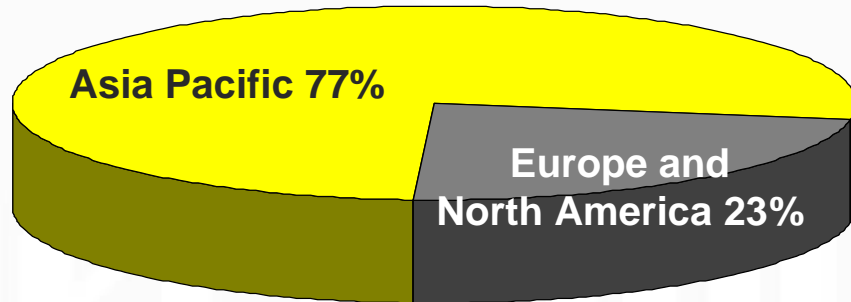


# Fourth Quarter 2008

	In US\$m	4Q 2007	4Q 2008	Chg (%)	Comments
<b>Turnover</b>		105.9	<b>122.4</b>	+15.6	Largely driven by the Philippine market. Also higher sales in Europe and North America
<b>Gross profit</b>		31.3	<b>38.0</b>	+21.4	Higher sales, more favourable prices, cost savings of US\$0.7m
<b>Operating profit</b>		18.5	<b>28.1</b>	+51.9	Strong gross profit, aided by lower operating expenses
<b>Finance expense-net</b>		(1.2)	<b>(4.7)</b>	+282.6	Includes US\$3.1m FX forward loss
<b>Share of loss</b>		(0.6)	<b>(0.3)</b>	-44.2	41.1% stake in Bharti Del Monte India
<b>Tax</b>		6.7	<b>(3.9)</b>	n/m	2007 includes one off deferred tax benefit of US\$10.3m
<b>Net Profit</b>		23.4	<b>19.2</b>	-17.8	Down mainly due to the high base in 2007 with the deferred tax benefit
<b>Net Profit before non-recurring items</b>		14.0	<b>20.6</b>	+47.0	Strong net profit before non-recurring
<b>Net Debt</b>		(19.2)	<b>(62.8)</b>	+226.3	Working capital requirements and higher capex due to new boiler project
<b>Gearing (%)</b>		8.7	<b>30.7</b>	+22.0	Higher due to the above investments

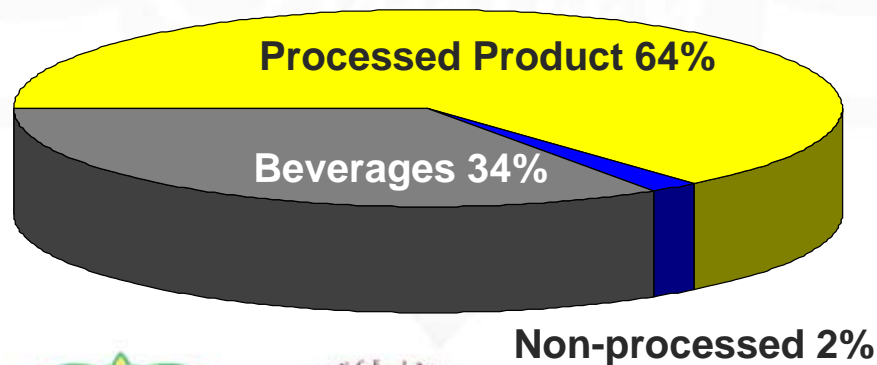
# 4Q Turnover Analysis

## By Market



Asia Pac	+12%	Higher sales in Philippines, esp. <i>Fit 'n Right</i> juice drink  Higher sales of S&W and fresh pineapples more than made up the forgone sales of Great Lakes which was disposed on 30 Sep 2008
E&NA	+31%	Better prices in North America and better volume in Europe

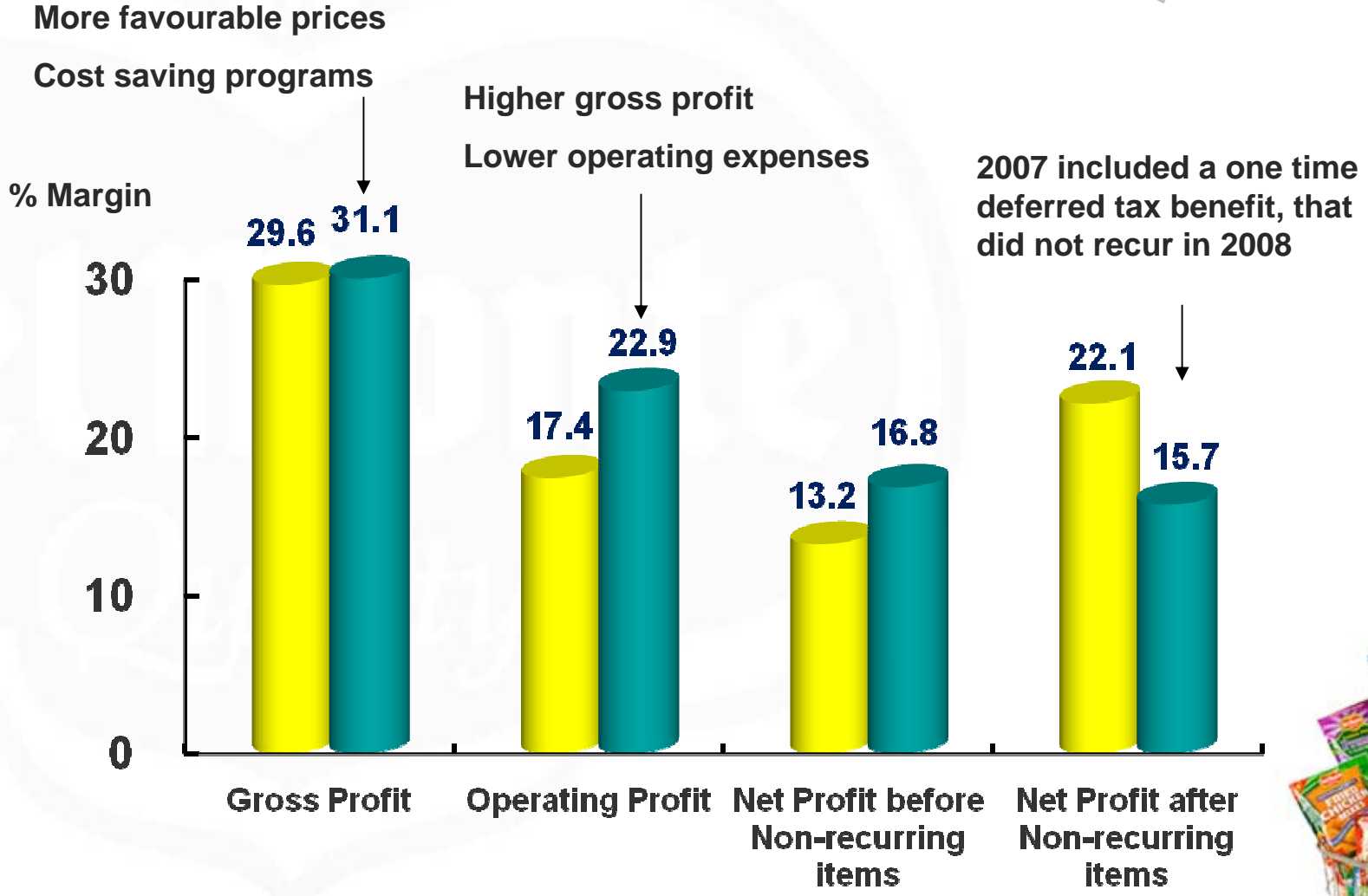
## By Product



Processed	+2%	Higher sales of processed pineapples in Europe and North America and full year contribution of S&W
Beverages	+45%	Philippines higher juice sales due to <i>Fit 'n Right</i>  Concentrates also did well
Non-processed	+272%	Higher sales of fresh pineapples



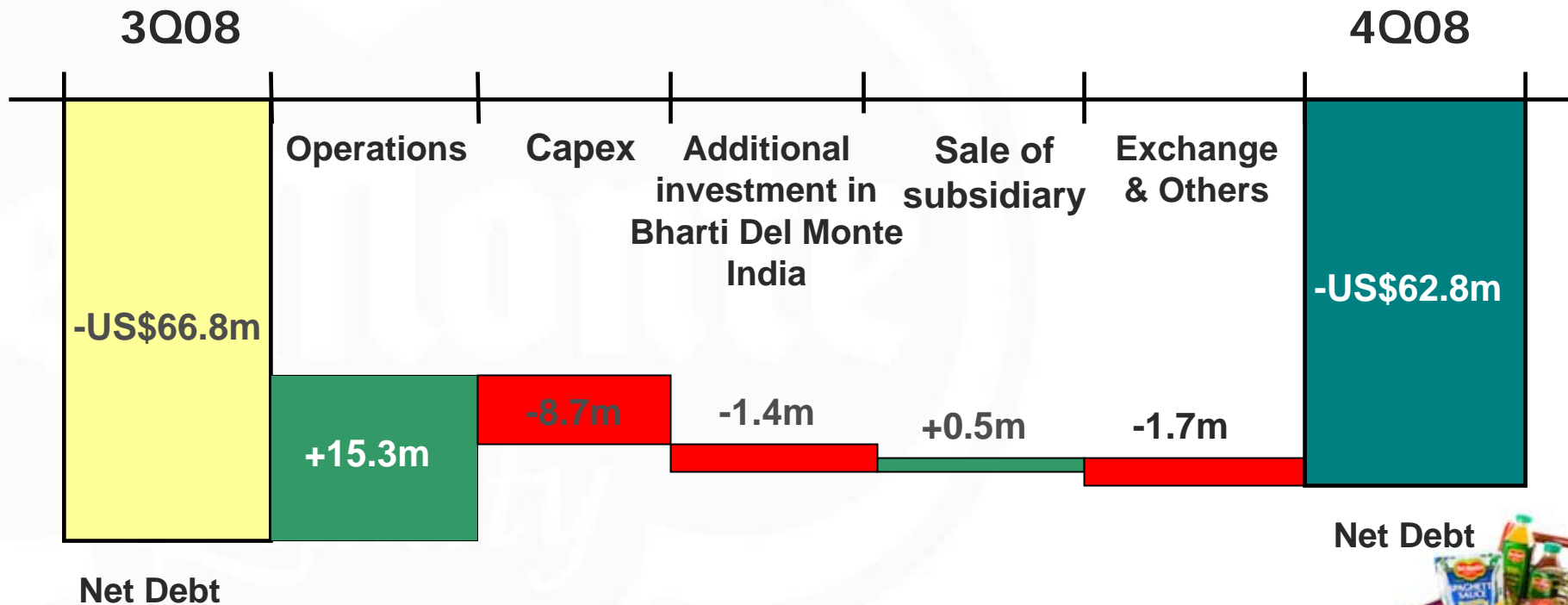
# 4Q Margins



● 4Q07    ● 4Q08



# 4Q Cash Flow Variance Analysis



# Full Year 2008

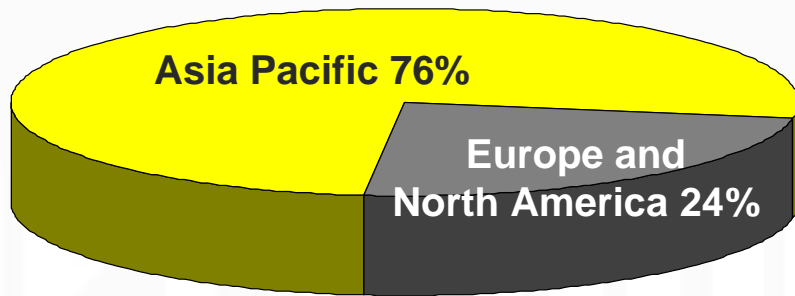
In US\$m	FY 2007	<b>FY 2008</b>	Chg (%)	Comments
<b>Turnover</b>	289.4	<b>381.5</b>	+31.8	Broad-based growth in all major markets
<b>Gross profit</b>	71.6	<b>96.2</b>	+34.4	More favourable prices, cost savings of US\$1.7m
<b>Operating profit</b>	38.6	<b>56.9</b>	+47.4	Higher gross profit, despite higher expenses
<b>Finance inc/(exp) (net)</b>	(0.9)	<b>(10.0)</b>	n/m	Includes US\$6.3m FX forward loss plus higher net interest expense of US\$2.2m
<b>Share of loss</b>	(0.6)	<b>(3.1)</b>	n/m	Only 3 months' share of BDM's loss in 2007 as it was acquired in Sep 07
<b>Tax</b>	1.5	<b>(6.8)</b>	n/m	2007 includes one off deferred tax benefit of US\$10.3m
<b>Net Profit</b>	38.6	<b>37.0</b>	-4.2	Down mainly due to high base 2007 with one off US\$10.3m benefit
<b>Net Profit before non-recurring items</b>	28.4	<b>39.8</b>	+40.1	Strong net profit before non-recurring items





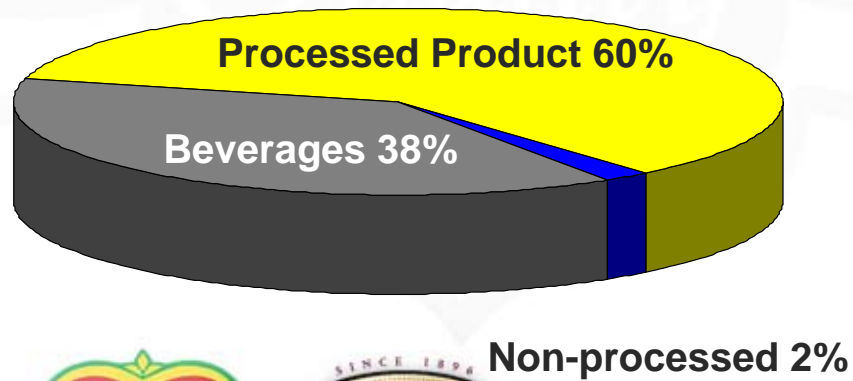
# FY Turnover Analysis

## By Market

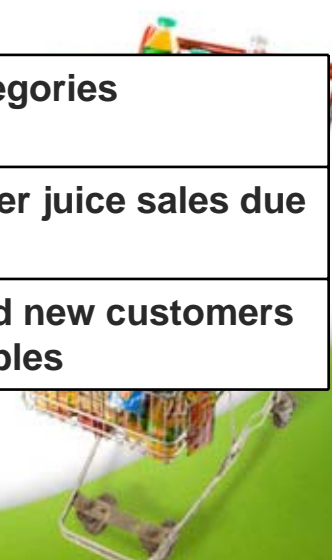


Asia Pac	+36%	Higher sales in Philippines, esp. <i>Fit 'n Right</i> drink Full year contribution of S&W Higher fresh pineapple sales
E&NA	+20%	Gains in market share and distribution coverage as well as better prices and volume by major customer in USA

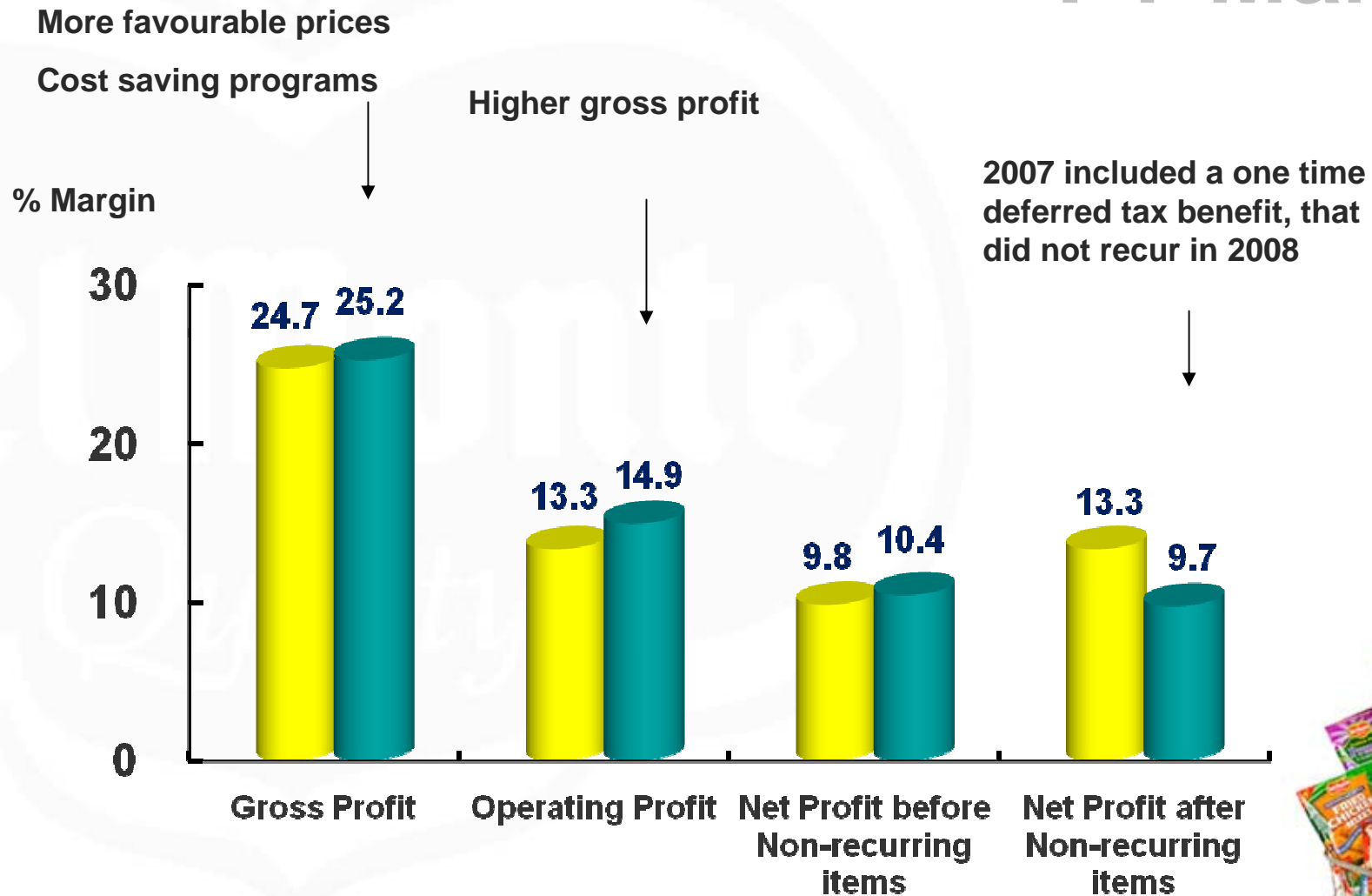
## By Product



Processed	+18%	Higher in all categories
Beverages	+57%	Philippines higher juice sales due to <i>Fit 'n Right</i>
Non-processed	+118%	Better prices and new customers for fresh pineapples



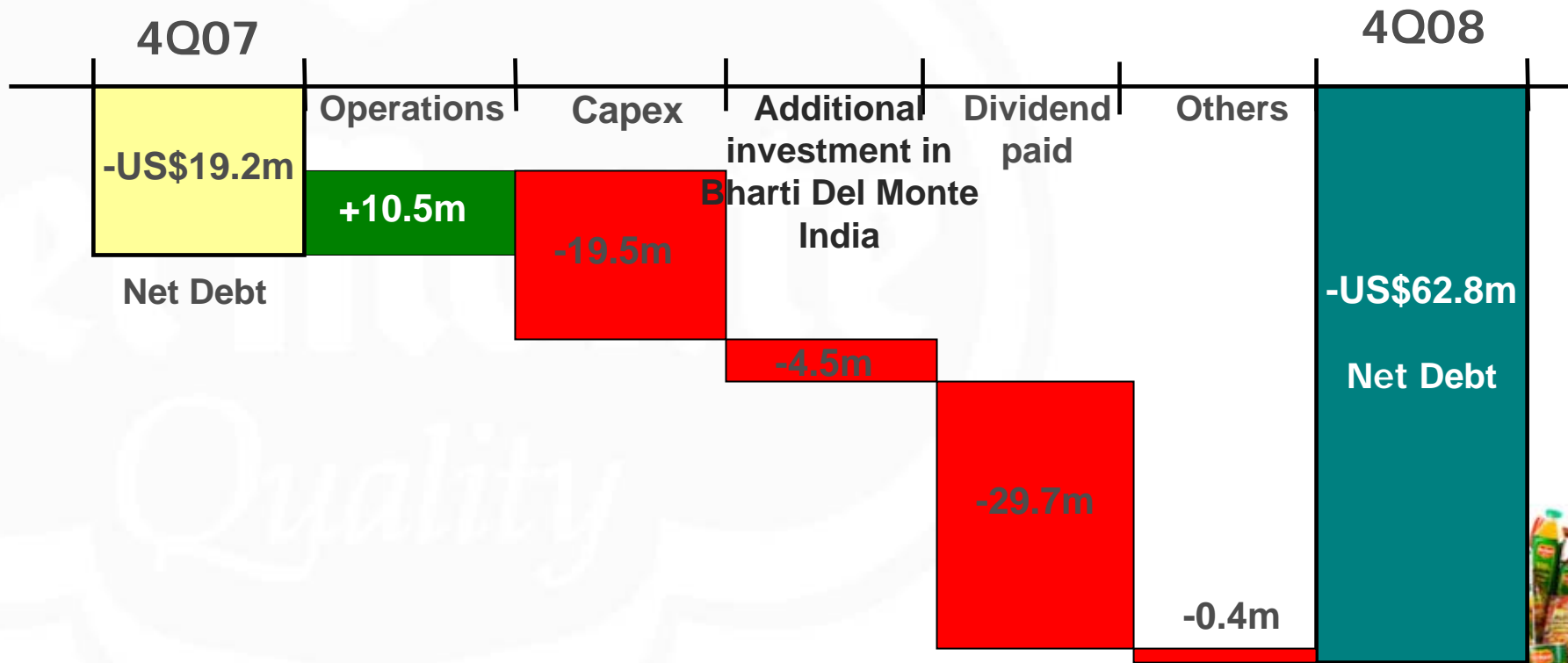
# FY Margins



● FY07

● FY08

# FY Cash Flow Variance Analysis



**Contributed sales of US\$7.4m in 2008 which includes branded fresh pineapples, a new business in 2008**

**Higher sales in existing markets of Singapore, HK and Japan**

**Expanded into Korea and Philippines**

**Delayed launch in Vietnam, and will only commence in 2009**

**For 2009, we will continue our expansion of existing markets while penetrating new markets such as Vietnam**



# Bharti Del Monte India (BDM)

**Sales doubled to US\$10.3m in 2008**

**Started sales of Del Monte processed products (canned fruits, juices) in India, imported from Philippines with initial focus on the food service sector (ie Coffee Day, Yo Dimsum)**

**On Fresh exports, streamlined product line and identified corn as growth driver, achieved 5% market share of UK market for baby corn**

**Slightly lower net loss position for 2008 vs 2007**

**DMPL 41% share of loss at US\$3.1m in 2008, with significantly lower losses in 4Q08 vs prior year quarter due to the launch of Del Monte processed business in food service and better fresh export margins**

**Strategy : 3 business streams**

- 1. Fresh export – focus on baby corn and sweet corn**
- 2. Fresh domestic – expansion into modern trade**
- 3. Processed domestic – start with food service then expand to retail**





# Credit Standing

**Only utilized 35% of bank credit lines**

**Philippine banks' lending increased more than 20% in 2008**

**Banks continue to approach DMPL given its creditworthiness**

**Majority of loans are short term due to better rates, but reviewing this**

**Loan mix : 80% Peso, 20% US\$ to optimize natural hedge**





# Dividend

Dividend	Book Closure Date	Payment Date	Dividend/ Share	Payout Ratio
Final	12 March 2009	26 March 2009	US\$ 0.0176	75% of 2H08 profit

## Vs Last Year

Final	14 March 2008	27 March 2008	US\$ 0.0195	75% of 2H07 profit
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# Outlook

**Challenging 2009 with weaker demand expected in Europe and North America**

**- Weak demand for the more expensive fruits in glass jars and cups**

**Expects demand to be flat in key markets, Philippines and India**

**- With contingency action plans in case demand weakens**

**Continued expansion in Asia Pacific with S&W**

**Proactive productivity enhancements and cost management**

**Earnings are expected to be maintained in 2009**



# Strategy

- ✓ Transform DMPL into one of the fastest growing global branded food and beverage companies
- ✓ Replicate Philippine success in India with Bharti Del Monte and in Asian markets with S&W
- ✓ While growing the base business



Del Monte

Quality

**Thank You**

