



DEL MONTE PACIFIC LIMITED

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Del Monte Pacific Delivers Net Profit of US\$18 Million in the First Quarter

1Q FY2022 Highlights

- DMPL Group sustained its strong performance from full year FY2021 with net profit of US\$18.3m in the first quarter, a marked turnaround from the US\$3.2m loss in the prior year's same quarter
- EBITDA rose 77% to US\$75.0m
- US subsidiary Del Monte Foods increased its EBITDA to US\$37.5m from US\$10.4m in prior year's same quarter and delivered a net profit of US\$4.8m from a loss of US\$14.3m, sustaining its path to higher profitability coming off its FY2021 turnaround
- Del Monte Philippines grew its EBITDA by 19% to US\$39.9m and net profit by 37% to US\$25.6m
- Group notably reduced its debt/EBITDA to 3.8x from 5.4x last year
- DMPI and Vinamilk established a joint venture to enter the growing dairy sector in the Philippines

Singapore/Manila, 9 September 2021 – Singapore Mainboard and Philippine Stock Exchange dual listed Del Monte Pacific Limited (“DMPL” or the “Group”; Bloomberg: DELM SP, DELM PM) reported today its first quarter FY2022 results ending July.

DMPL achieved another strong quarter of profitability with an EBITDA of US\$75.0 million, a 77% increase from US\$42.4 million. Net profit reached US\$18.3 million, reversing the US\$3.2 million loss in the prior year's same quarter. The Group significantly improved its margins by 600 basis points to 28.9% from better sales of higher-margin branded products in the USA and lower costs.

The Group generated sales of US\$462.1 million, up 12% versus prior year period on higher sales in the USA and international markets.

The Group's US subsidiary, Del Monte Foods Inc. (DMFI), generated sales of US\$298.1 million or about 65% of Group sales. DMFI's first quarter sales increased by 11% on strong branded retail and foodservice which grew by a combined 17%, while sales of low-margin private label were reduced as planned. Improvement in supply and distribution gains led to higher volume across major categories primarily canned vegetables and fruits.

DMFI's innovation pipeline continued to offer exciting products to consumers. In the Snacking area, it recently launched Del Monte Fruit Infusions and Joyba Bubble Tea. Fruit Infusions are energizing fruit cup snacks infused with antioxidants and other healthy functional ingredients. Joyba Bubble Tea is a new brand targeting Millennials and Gen Z with a line of boba shop-inspired beverages made with real brewed tea infused with vibrant fruit flavors and "popping" boba. In the Meals area, DMFI continued its Frozen Foods expansion with the launch of Del Monte Veggieful Riced Veggies, a line of flavorful vegetables replacing the higher calorie and carbohydrate regular rice. New products launched in the past three years contributed 4.8% to DMFI's total sales in the first quarter.

The Group's second largest and most profitable subsidiary, Del Monte Philippines, Inc. (DMPI), achieved higher sales of US\$176.0 million, up 20% versus the prior year period led by international market sales, boosting net profit by 37% to US\$25.6 million and EBITDA by 19% to US\$39.9 million. DMPI benefited from the reduced corporate tax rate of 25% with the passage of the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) in March 2021. More than half of DMPI's sales are in the Philippines, with the balance in the international market.

DMPI's sales in the international market rose 40% to US\$67.8 million on robust sales of Packaged Fruit and Beverages including premium packaged pineapple (Del Monte Deluxe Gold) in the USA, and S&W packaged products in Asia. The Premium Fresh Fruit segment, mostly branded S&W MD2 pineapple, continued its recovery from the first quarter last year which was impacted by the pandemic in China. It achieved strong sales in the current quarter on the back of expanded distribution coverage with 747 new stores for the company's top three distributors in China. 3,000 Goodme and 1,000 ChaBaiDao fruit tea shops also used S&W pineapple in their offerings. S&W fresh cut pineapple was also the best-selling among fresh cut pineapple products on South Korea's largest e-commerce platform, Coupang.

Sales in the Philippines reached US\$92.1 million, 2% higher in US dollar terms but 2% lower in peso terms, as strong growth behind the Convenience Cooking and Dessert segment was offset by a slowdown in the Healthy Beverages and Snacks category. Beverage came off an exceptional quarter in the previous year. However, compared to the first quarter two years ago, sales in the Philippines grew by 16% in peso terms. Growth was delivered by continued promotions of Del Monte products in everyday meal recipes for pineapples and tomato sauce, as well as new simple desserts with mixed fruits. Spaghetti sauce continues to grow behind its campaign “Iba ang Sarap Del Monte” (Del Monte’s Distinct Taste), and focus behind its special Carbonara sauce now available in a larger family-sized pack. The company introduced three new Asian flavors - Green Curry, Red Curry and Teriyaki Marinade – in Del Monte Quick ‘n Easy meal mixes, bringing international flavors into consumers’ homes. New products launched in the last financial year, Mr. Milk, a fruit- and yogurt-flavored milk drink, and Potato Crisp Biscuits, also provided incremental revenue in the first quarter.

As announced on 16 August 2021, DMPI has forged a strategic alliance with Vietnam Dairy Products JSC (Vinamilk), a leading regional dairy company. DMPI and Vinamilk entered into a joint venture (JV) to expand further into the dairy sector in the Philippines, synergizing Vinamilk’s strength in dairy manufacturing and technology with Del Monte’s strength in marketing and distribution in the Philippines. The JV will import products from Vietnam, and market them under a co-branded label through DMPI, leveraging the trust and affinity built for the Del Monte brand among Filipino consumers, as well as DMPI’s extensive distribution network and long-standing relationships with leading retailers and distributors throughout the country. The JV presents a growth opportunity for both partners as Vinamilk enters a new market and Del Monte expands into a new category with products consumed in Filipino households on a daily basis.

DMFI in the US expanded its gross margin by 820 basis points to 25.9% from 17.7% on favorable sales mix from improved sales of higher-margin retail branded products and lower costs. DMFI increased its EBITDA significantly to US\$37.5 million from US\$10.4 million and generated a net profit of US\$4.8 million, reversing the loss of US\$14.3 million in the prior year quarter, sustaining its path to higher profitability coming off its FY2021 turnaround.

The DMPL Group gross margin significantly expanded to 28.9% from 22.8% due to the aforementioned factors.

The Group saw a marked improvement in its net debt/EBITDA to 3.8x from 5.4x last year and reduced its gearing to 2.06x from 2.19x equity in the prior year.

“Del Monte Foods’ turnaround last year has set it on a path to higher profitability as our team executes against our strategy of increasing higher-margin branded sales and reducing non-core sales. Our fresh pineapple exports to Asian markets have also recovered and delivered growth through expansion in offline and online channels. These crucial initiatives are reflected in the strong results for the first quarter and we are confident of sustained execution going forward,” said Joselito Campos, Jr., DMPL’s Managing Director and CEO. “We will continue to grow revenues through an innovative product portfolio, more product availability from better distribution and expanded sales channels including e-commerce. In an environment with increased emphasis on health and wellness, DMPL is well-positioned to respond to consumer needs, given our nutritious, long shelf-life products which enable consumers to prepare meals at home and build their immunity,” added Mr. Campos.

The Group, with its extensive portfolio of brands, including the iconic Del Monte, S&W, Contadina and College Inn, is well-placed to grow in line with consumer demands for value and premium products and its vision of “Nourishing Families. Enriching Lives. Every Day.”

Del Monte’s strong brand equity and loyal following allows it to capitalize on growth opportunities through expansion into adjacent categories. The Group will continue to improve and expand its offering of trusted, high-quality products, while making these more readily available to consumers through traditional and digital channels, and through more convenient packaging formats. In the international market, it is positioned to unlock market opportunities in China while further penetrating underserved markets.

DMPL is well-positioned to build on the momentum achieved in FY2021 and expects to offset the impact of commodity and transportation headwinds. Barring unforeseen circumstances, the Group expects to generate higher net profit in FY2022.

During the COVID-19 pandemic, the Group has partnered with over 400 non-government organizations and local government units to provide food to marginalized communities and frontliners in around 60 medical facilities.

About Del Monte Pacific Limited (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/ DELM 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* – some 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 it owns *S&W* globally except for 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.delmontefoods.com), owns other trademarks such as *Orchard Select*, *Fruit Refreshers*, *Veggieful* and *Bubble Fruit* while DMPL’s Philippine subsidiary, Del Monte Philippines, Inc (www.delmontephil.com), has the trademark rights to *Del Monte*, *Today’s*, *Fiesta*, *202*, *Fit ‘n Right*, *Heart Smart*, *Bone Smart* and *Quick ‘n Easy* in the Philippines.

The Group sells packaged fruit, vegetable and tomato, sauces, condiments, pasta, broth, stock, juices and frozen pineapple, under various brands and also sells fresh pineapples under the *S&W* brand (www.swpremiumfood.com).

The Group owns approximately 95% of a holding company that owns 50% of FieldFresh Foods Private Limited in India (www.fieldfreshfoods.in). FieldFresh markets *Del Monte*-branded packaged products in the Indian 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 six plants in the USA and two in Mexico, while its Philippine subsidiary operates a fully-integrated pineapple operation with its 26,000-hectare pineapple plantation in Bukidnon, a frozen fruit processing facility and a Not From Concentrate juicing plant nearby, and a fruit processing facility that is about an hour away from the plantation. The Philippine subsidiary also operates a beverage bottling plant in Cabuyao, Laguna.

DMPL and its subsidiaries are not affiliated with the 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 71%-owned by NutriAsia Pacific Ltd and Bluebell Group Holdings Limited, which are beneficially-owned by the Campos family of the Philippines. A subsidiary of the NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

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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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