



# Q3 2023 Earnings Call Presentation

November 1, 2023



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Chairman & CEO



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SVP, CFO



# FORWARD-LOOKING STATEMENTS

*This presentation and the related earnings call contain certain forward-looking statements regarding the intent, beliefs or current expectations of the Company. These statements include statements that are preceded by, followed by or include the words "believes", "expects", "anticipates", "may" or similar expressions with respect to various matters. Specifically, this presentation and the earnings call contain forward-looking statements regarding the Company's plans and expectations for future performance, including the Company's (a) commitment to asset optimization, strategic partnerships and product innovations and the impact on the Company's results of operations, as well as its ability to improve efficiencies and lower debt; (b) anticipated demand for the Company's core products; (c) ability to launch a new pineapple variety; (d) leveraging technologies to improve grower and supply-related efficiencies; (e) continued focus on innovation and value-added products; (f) strategies and goals for industry innovation, including becoming a technology-driven, sustainable company; (g) changes to, or launches of, new product lines, partnerships or programs and the ability to expand into other markets; (h) impact of inflation and foreign exchange rates on the Company's results; (i) expectations regarding the performance and demand of the Company's inland logistics solution. It is important to note that these forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The Company's actual plans and performance may differ materially from those in the forward-looking statements as a result of various factors, including (i) macroeconomic factors, including inflation, interest rates and foreign exchange rates; (ii) the Company's ability to leverage technologies to introducing new products and enhance process, including its ability to successfully bring the new pineapple variety to market, (iii) trends and other factors affecting consumer preferences, including whether consumers are receptive to the ideas and innovations made by the Company, (iv) the ability of the new rebranding of the Company's inland logistics solution to drive financial growth s, (v) ability to identify opportunities to leverage our experience in smart farming, sustainability and marketing to enhance shareholder value and (v) other factors outside the Company's control that impact its and other growers' crop quality and yields. In addition, these forward-looking statements and the information in this presentation and the earnings call are qualified in their entirety by cautionary statements and risk factor disclosures contained in the Company's Securities and Exchange Commission filings, including the Company's most recently filed Annual Report on Form 10-K. All forward-looking statements in this presentation are based on information available to us on the date hereof, and we assume no obligation to update such statements.*





## **AGENDA**

- **Business Update**
- **Q3 & Nine Months Financial Results**
- **Q&A**

# BUSINESS UPDATE

- Delivered strong nine-month results despite macroeconomic challenges and escalating weather events in the third quarter, demonstrating our ability to run a profitable, global enterprise in the face of large-scale challenges
- Nine months 2023 financial highlights:
  - Adjusted gross margin improved 140 bps versus prior-year period
  - Adjusted EBITDA increased 14% to \$201 million versus prior-year period
  - Adjusted diluted EPS increased 23% to \$1.87 versus prior-year period
- Third quarter 2023 financial highlights:
  - Banana segment gross margins improved 250 bps versus prior-year period
  - Avocados increased in sales volume, selling price and gross profit versus prior-year period



# BUSINESS UPDATE

- “Lunchables with Fresh Fruit” continues to test in the market
- Unveiled two salad kits with global restaurant chain, PF Chang’s
- Tricont, our inland logistics solution, underwent a rebrand this year
- Joined Upcycled Food Associations which helps companies find ways to maximize use of their food waste
- Launched Annual 2022 Sustainability Report
  - Reduced scope 1 and scope 2 emissions by 26%; 94% of goal achieved
  - Reduced food loss and organic waste by 41%; 82% of goal achieved
  - Donated approximately 53,000 MT of food to organizations that help those in need



A background image featuring several slices of fresh pineapple on a wooden cutting board. The slices are arranged in a fan-like pattern, showing the characteristic diamond-shaped segments of the fruit. In the bottom right corner, there are green, stylized leaves of a pineapple plant. The overall color palette is warm, dominated by the yellow and orange tones of the pineapple and wood, with a vibrant green accent from the leaves and the text box.

**Q3**2023

**FINANCIAL RESULTS**

# Q3 & YTD 2023 FINANCIAL RESULTS

## NET SALES

Q3: \$1.0B vs. \$1.1B PY  
YTD: \$3.3B vs. \$3.4B PY

- Q3: driven by lower sales volume in the fresh and value-added product segment and a decrease in sales in the other products and services segment due to softened global demand for our third-party ocean freight business

## GROSS PROFIT

Q3: \$74M vs. \$88M PY  
YTD: \$288M vs. \$259M PY

- Q3: lower sales volume across most products, a stronger Costa Rican colon and Mexican peso, and the Greece inventory write-off, partially offset by lower distribution and ocean freight costs

## ADJ. GROSS PROFIT\*

Q3: \$83M vs. \$88M PY  
YTD: \$298M vs. \$259M PY

## ADJ. FDP NET INCOME\*

Q3: \$17M vs. \$26M PY  
YTD: \$90M vs. \$73M PY

## ADJ. DILUTED EPS\*

Q3: \$0.35 vs. \$0.54 PY  
YTD: \$1.87 vs. \$1.52 PY

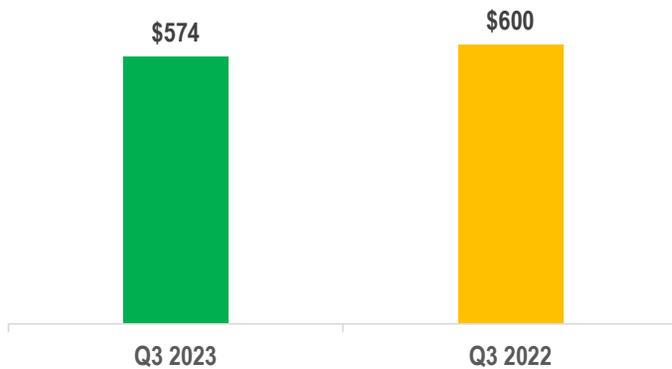
## ADJ. EBITDA\*

Q3: \$50M vs. \$58M PY  
YTD: \$201M vs. \$176M PY

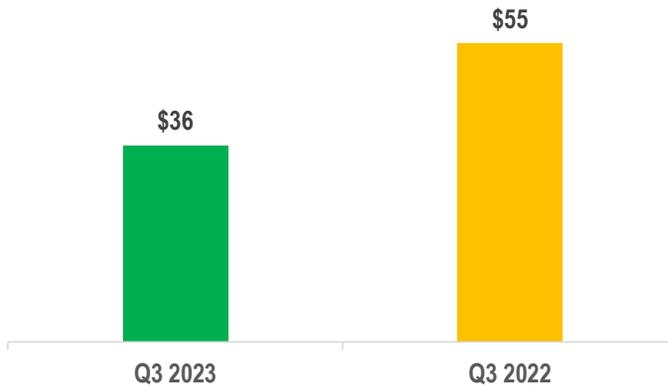
\*Non-GAAP financial measure. Reconciliations and other information required by Regulation G can be found in the Appendix section of the presentation.

# FRESH AND VALUE-ADDED PRODUCTS

## NET SALES



## GROSS PROFIT



## COMMENTARY

### Net sales

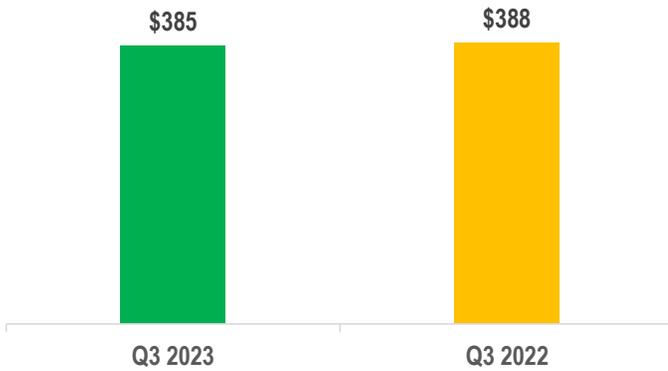
- Lower sales volume of non-tropical fruit, pineapple, fresh-cut fruit, fresh-cut vegetables and prepared foods
- Partially offset by higher per unit selling prices of non-tropical fruit, fresh-cut fruit and pineapple product categories combined with higher sales volume and selling price of avocados

### Gross profit

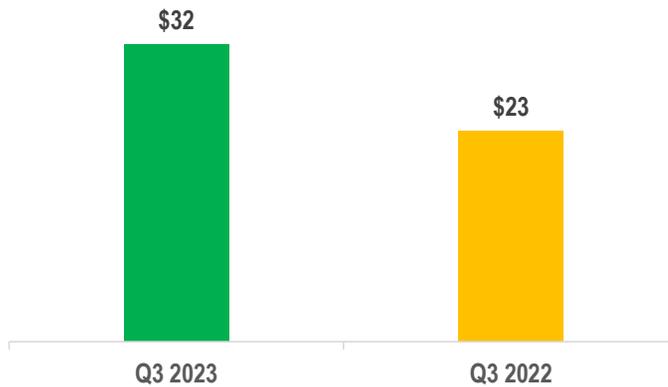
- Higher production and procurement costs of most products, partially due to a stronger Costa Rican colon and Mexican peso along with, lower net sales volume
- Partially offset by higher selling prices and lower ocean freight

# BANANA

## NET SALES



## GROSS PROFIT



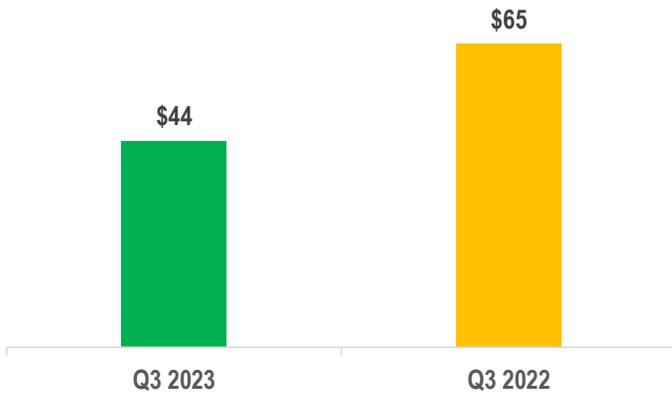
## COMMENTARY

- **Net sales** decreased primarily a result of lower selling prices and sales volume in North America mostly offset by higher sales volume and per unit selling prices in Europe
- **Gross profit** increased 41% due to lower distribution, ocean freight, and product costs partially offset by a stronger Costa Rican colon
- Gross margin increased to 8.3% compared with 5.8% in the prior-year period

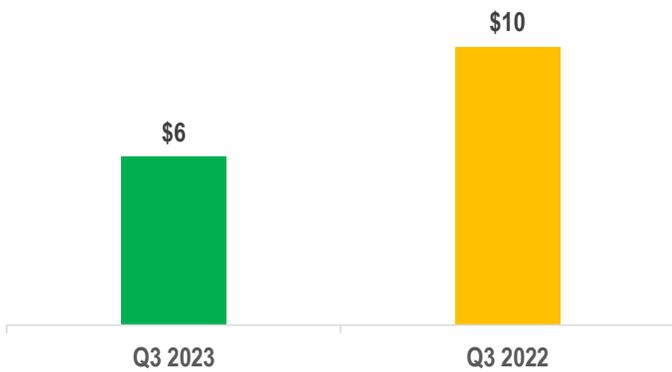


# OTHER PRODUCTS & SERVICES

## NET SALES



## GROSS PROFIT



## COMMENTARY

- Lower **net sales** of third-party freight services due to softened global demand
- Lower **gross profit** due to lower net sales of third-party freight services



A young girl with blonde hair, wearing a light-colored straw hat and a white floral-patterned top, is lying on a red and white checkered picnic blanket. She is holding two large slices of watermelon up to her face, partially obscuring it. To her right is a wicker picnic basket filled with fresh fruit, including red apples, a bunch of dark purple grapes, a peach, and a banana. The background is a bright, sunlit grassy field with a soft bokeh effect. The overall mood is cheerful and summery.

**SELECTED**  
**FINANCIAL**  
**DATA**

# Q3 2023 SELECTED FINANCIAL RESULTS

## SG&A

**\$48M vs. \$47M PY**

## Interest Expense

**\$6M vs. \$6M PY**

## Net Cash Provided by Operating Activities

**\$180M vs. \$106M PY**

## Long-Term Debt

**\$401M vs. \$401M Q2 2023**

## Other Expense, Net

**\$7M vs. \$9M PY**

## Income Tax Provision

**\$4M vs. \$3M PY**

## Adj. Leverage Ratio\*

**1.34x vs. 1.42x Q2 2023**

## Capital Spending

**\$41M vs. \$36M PY**

\*Non-GAAP financial measure. Reconciliations and other information required by Regulation G can be found in the Appendix section of the presentation.

# Q&A





**APPENDIX**  
**NON-GAAP RECONCILIATIONS**

**FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES**  
**RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES**  
**Third Quarter 2023**



The Company's results are determined in accordance with U.S. generally accepted accounting principles (GAAP). Certain information presented reflects adjustments to GAAP measures such as amounts related to asset impairment and other charges (credits), net, gain on disposal of property, plant and equipment, net and subsidiary, and other product-related charges. These adjustments result in non-GAAP financial measures and are referred to as Adjusted gross profit, Adjusted gross margin, Adjusted operating income, Adjusted FDP net income, and Adjusted diluted EPS. Management believes these adjustments provide a more comparable analysis of the underlying operating performance of the business.

The measurements we share as part of our earnings call also include non-GAAP measures such as EBITDA, Adjusted EBITDA, EBITDA margin, Adjusted EBITDA margin, and Trailing Twelve Month Leverage Ratio. EBITDA is defined as net income attributable to Fresh Del Monte Produce Inc. excluding interest expense, net, provision for income taxes, depreciation and amortization, and share-based compensation expense. Adjusted EBITDA represents EBITDA with additional adjustments for non-recurring items. EBITDA margin represents EBITDA as a percentage of net sales, and Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of net sales.

Adjusted gross profit, Adjusted operating income, Adjusted FDP net income, and Adjusted EBITDA provide the Company with an understanding of the results from the primary operations of its business. The Company uses these metrics because management believes they provide more comparable measures to evaluate period-over-period operating performance since they exclude special items that are not indicative of the Company's core business or operations. These measures may be useful to an investor in evaluating the underlying operating performance of the Company's business because these measures:

1. Are used by investors to measure a company's comparable operating performance;
2. Are financial measurements that are used by lenders and other parties to evaluate creditworthiness; and
3. Are used by the Company's management for various purposes, including as measures of performance of its operating entities, as a basis of strategic planning and forecasting, and in certain cases as a basis for incentive compensation.

Because all companies do not use identical calculations, the Company's presentation of these non-GAAP financial measures may not be comparable to similarly titled measures used by other companies. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are provided in the financial tables herein.

# FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



## Fresh Del Monte Produce Inc. and Subsidiaries Non-GAAP Reconciliation (U.S. dollars in millions, except per-share amounts) - (Unaudited)

	Quarter ended							
	September 29, 2023				September 30, 2022			
	Gross profit	Operating income	Net income attributable to Fresh Del Monte Produce Inc.	Diluted EPS	Gross profit	Operating income	Net income attributable to Fresh Del Monte Produce Inc.	Diluted EPS
As reported	\$ 74.4	\$ 25.4	\$ 8.4	\$ 0.17	\$ 88.0	\$ 51.0	\$ 33.3	\$ 0.69
Adjustments:								
Other product-related charges <sup>(1)</sup>	8.4	8.4	8.4	0.17	—	—	—	—
Asset impairment and other charges (credits), net <sup>(2)</sup>	—	2.5	2.5	0.05	—	(9.8)	(9.8)	(0.20)
(Gain) on disposal of property, plant and equipment, net and subsidiary <sup>(3)</sup>	—	(2.0)	(2.0)	(0.04)	—	—	—	—
Tax effects of all adjustments <sup>(5)</sup>	—	—	(0.1)	—	—	—	2.4	0.05
As adjusted	<u>\$ 82.8</u>	<u>\$ 34.3</u>	<u>\$ 17.2</u>	<u>\$ 0.35</u>	<u>\$ 88.0</u>	<u>\$ 41.2</u>	<u>\$ 25.9</u>	<u>\$ 0.54</u>

# FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



## Fresh Del Monte Produce Inc. and Subsidiaries Non-GAAP Reconciliation (U.S. dollars in millions, except per-share amounts) - (Unaudited)

	Nine months ended							
	September 29, 2023				September 30, 2022			
	Gross profit	Operating income	Net income attributable to Fresh Del Monte Produce Inc.	Diluted EPS	Gross profit	Operating income	Net income attributable to Fresh Del Monte Produce Inc.	Diluted EPS
As reported	\$ 288.2	\$ 171.9	\$ 95.1	\$ 1.97	\$ 258.5	\$ 125.1	\$ 80.3	\$ 1.68
Adjustments:								
Other product-related charges <sup>(1)</sup>	10.2	10.2	10.2	0.21	—	—	—	—
Asset impairment and other charges (credits), net <sup>(2)</sup>	—	9.5	9.5	0.20	—	(8.1)	(8.1)	(0.17)
(Gain) on disposal of property, plant and equipment, net and subsidiary <sup>(3)</sup>	—	(38.3)	(38.3)	(0.79)	—	(2.0)	(2.0)	(0.04)
Other adjustments <sup>(4)</sup>	—	—	7.6	0.16	—	—	—	—
Tax effects of all adjustments <sup>(5)</sup>	—	—	5.9	0.12	—	—	2.6	0.05
As adjusted	<u>\$ 298.4</u>	<u>\$ 153.3</u>	<u>\$ 90.0</u>	<u>\$ 1.87</u>	<u>\$ 258.5</u>	<u>\$ 115.0</u>	<u>\$ 72.8</u>	<u>\$ 1.52</u>

# FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



## Fresh Del Monte Produce Inc. and Subsidiaries Segment Gross Profit Non-GAAP Reconciliation (U.S. dollars in millions) - (Unaudited)

	Quarter ended					
	September 29, 2023			September 30, 2022		
	Fresh and value-added products	Banana	Other products and services	Fresh and value-added products	Banana	Other products and services
Gross profit (as reported)	\$ 36.2	\$ 31.9	\$ 6.3	\$ 55.1	\$ 22.6	\$ 10.3
Adjustments:						
Other product-related charges <sup>(1)</sup>	8.4	—	—	—	—	—
Adjusted Gross profit	<u>\$ 44.6</u>	<u>\$ 31.9</u>	<u>\$ 6.3</u>	<u>\$ 55.1</u>	<u>\$ 22.6</u>	<u>\$ 10.3</u>
Net Sales	\$ 574.0	\$ 384.7	\$ 44.4	\$ 599.8	\$ 388.4	\$ 65.3
Gross margin <sup>(a)</sup>	6.3 %	8.3 %	14.2 %	9.2 %	5.8 %	15.7 %
Adjusted Gross margin <sup>(b)</sup>	7.8 %	8.3 %	14.2 %	9.2 %	5.8 %	15.7 %

(a) Calculated as Gross profit as a percentage of net sales.

(b) Calculated as Adjusted Gross profit as a percentage of net sales.

## FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



### Fresh Del Monte Produce Inc. and Subsidiaries Segment Gross Profit Non-GAAP Reconciliation (U.S. dollars in millions) - (Unaudited)

	Nine months ended					
	September 29, 2023			September 30, 2022		
	Fresh and value-added products	Banana	Other products and services	Fresh and value-added products	Banana	Other products and services
Gross profit (as reported)	\$ 145.3	\$ 125.7	\$ 17.2	\$ 148.9	\$ 82.6	\$ 27.0
Adjustments:						
Other product-related charges <sup>(1)</sup>	10.1	0.1	—	—	—	—
Adjusted Gross profit	<u>\$ 155.4</u>	<u>\$ 125.8</u>	<u>\$ 17.2</u>	<u>\$ 148.9</u>	<u>\$ 82.6</u>	<u>\$ 27.0</u>
Net Sales	\$ 1,895.0	\$ 1,258.6	\$ 158.5	\$ 2,004.9	\$ 1,216.1	\$ 181.4
Gross margin <sup>(a)</sup>	7.7 %	10.0 %	10.9 %	7.4 %	6.8 %	14.9 %
Adjusted Gross margin <sup>(b)</sup>	8.2 %	10.0 %	10.9 %	7.4 %	6.8 %	14.9 %

(a) Calculated as Gross profit as a percentage of net sales.

(b) Calculated as Adjusted Gross profit as a percentage of net sales.

# FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



## Fresh Del Monte Produce Inc. and Subsidiaries Reconciliation of EBITDA and Adjusted EBITDA (U.S. dollars in millions) - (Unaudited)

	Quarter ended		Nine months ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Net income attributable to Fresh Del Monte Produce Inc.	\$ 8.4	\$ 33.3	\$ 95.1	\$ 80.3
Interest expense, net	5.4	6.0	19.4	17.1
Income tax provision	4.1	3.3	24.9	13.9
Depreciation & amortization	21.2	22.9	64.9	70.2
Share-based compensation expense	2.4	2.1	7.6	4.9
<b>EBITDA</b>	<b>\$ 41.5</b>	<b>\$ 67.6</b>	<b>\$ 211.9</b>	<b>\$ 186.4</b>
Adjustments:				
Other product-related charges <sup>(1)</sup>	8.4	—	10.2	—
Asset impairment and other charges (credits), net <sup>(2)</sup>	2.5	(9.8)	9.5	(8.1)
(Gain) on disposal of property, plant and equipment, net and subsidiary <sup>(3)</sup>	(2.0)	—	(38.3)	(2.0)
Other adjustments <sup>(4)</sup>	—	—	7.6	—
<b>Adjusted EBITDA</b>	<b>\$ 50.4</b>	<b>\$ 57.8</b>	<b>\$ 200.9</b>	<b>\$ 176.3</b>
<b>Net sales</b>	<b>\$ 1,003.1</b>	<b>\$ 1,053.5</b>	<b>\$ 3,312.1</b>	<b>\$ 3,402.4</b>
Net income margin <sup>(a)</sup>	0.8 %	3.2 %	2.9 %	2.4 %
<i>(a) Calculated as Net income attributable to Fresh Del Monte Produce Inc. as a percentage of net sales.</i>				
EBITDA margin <sup>(b)</sup>	4.1 %	6.4 %	6.4 %	5.5 %
<i>(b) Calculated as EBITDA as a percentage of net sales.</i>				
Adjusted EBITDA margin <sup>(c)</sup>	5.0 %	5.5 %	6.1 %	5.2 %
<i>(c) Calculated as Adjusted EBITDA as a percentage of net sales.</i>				

# FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

## RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



### Trailing Twelve Months Leverage Ratio Q3 2023 (U.S. dollars in millions) - Unaudited

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Trailing Twelve Months September 29, 2023
Net income attributable to Fresh Del Monte Produce Inc.	\$ 18.3	\$ 39.0	\$ 47.7	\$ 8.4	\$ 113.4
Interest expense, net	6.6	7.9	6.1	5.4	26.0
Income tax provision	6.1	9.5	11.3	4.1	31.0
Depreciation & amortization	22.3	22.1	21.6	21.2	87.2
Share-based compensation expense	2.0	2.3	2.9	2.4	9.6
EBITDA	\$ 55.3	\$ 80.8	\$ 89.6	\$ 41.5	\$ 267.2
Adjustments:					
Other product-related charges <sup>(1)</sup>	\$ -	\$ 1.8	\$ -	\$ 8.4	\$ 10.2
Asset impairment and other charges (credits), net <sup>(2)</sup>	3.3	2.4	4.6	2.5	12.8
(Gain) on disposal of property, plant and equipment, net and subsidiary <sup>(3)</sup>	(0.3)	(27.5)	(8.8)	(2.0)	(38.6)
Other adjustments <sup>(4)</sup>	0.2	7.6	-	-	7.8
Adjusted EBITDA	\$ 58.5	\$ 65.1	\$ 85.4	\$ 50.4	\$ 259.4
Long-term debt and finance leases					\$ 407.2
Add: Current maturities of debt and finance leases					1.4
Add: Current portion of letters of credit					16.4
Less: Cash and cash equivalents					(77.9)
Net Debt					\$ 347.1
Leverage ratio <sup>(a)</sup>					1.30x
<i>(a) Calculated as net debt divided by EBITDA.</i>					
Adjusted leverage ratio <sup>(b)</sup>					1.34x
<i>(b) Calculated as net debt divided by Adjusted EBITDA.</i>					

## FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



- (1) Other product-related charges for the quarter ended September 29, 2023, primarily consisted of an inventory write-off and clean-up costs of \$8.4 million due to severe flooding caused by heavy rainstorms in Greece that impacted a seasonal production facility. For the nine months ended September 29, 2023, other product-related charges also included inventory write-offs of \$1.8 million, which were primarily related to the sale of two distribution centers in Saudi Arabia.
- (2) For the quarter ended September 29, 2023, asset impairment and other charges (credits), net primarily consisted of impairment charges related to low-yielding banana farms in the Philippines of \$3.7 million, property, plant and equipment damage of \$0.9 million due to severe flooding caused by heavy rainstorms in Greece, and impairment of right-of-use asset in South America of \$0.7 million, partially offset by insurance reimbursement and other credits of \$2.8 million in connection with a cybersecurity incident, which occurred during early 2023. Asset impairment and other charges (credits), net for the nine months ended September 29, 2023, also included impairment charges due to low productivity grape vines in South America, idle land in Central America, and expenses incurred in connection with a cybersecurity incident which occurred during early 2023. The cybersecurity incident temporarily impacted certain of the Company's operational and information technology systems and resulted in incremental costs primarily related to the engagement of specialized legal counsel and other incident response advisors. The Company's critical operational data and business systems were promptly recovered and accordingly, the incident did not have a material impact on the Company's financial results for the nine months ended September 29, 2023, and is not expected to have a material impact on future quarters. For the quarter ended September 30, 2022, asset impairment and other charges (credits), net primarily consisted of a \$(9.9) million adjustment to the Company's environmental liability related to Kunia Well Site (refer to the Form 10-Q for the quarter ended September 30, 2022 for further information on this matter). For the nine months ended September 30, 2022, asset impairment and other charges (credits), net also included severance expense in connection with (i) the departure of the Company's former President and Chief Operating Officer and (ii) the planned exit from a European facility.
- (3) Gain on disposal of property, plant and equipment, net and subsidiary for the quarter ended September 29, 2023, primarily consisted of a gain of \$2.4 million related to the sale of a carrier vessel, partially offset by the loss of \$0.4 million related to disposals of a farm in the Philippines and a plantation in Costa Rica. For the nine months ended September 29, 2023, gain on disposal of property, plant and equipment, net and subsidiary also included a \$20.5 million gain on the sale of two distribution centers and related assets in Saudi Arabia, a \$7.0 million gain on the sale of an idle facility in North America, a \$3.8 million gain on the sale of the Company's plastics business subsidiary in South America and gains on the sales of land assets in South and Central America. For the nine months ended September 30, 2022, gain on disposal of property, plant and equipment, net and subsidiary primarily related to a \$1.4 million gain on the sale of vacant land in Mexico.
- (4) Other adjustments for the nine months ended September 29, 2023, primarily related to the portions of the gain on disposal of property, plant and equipment, net and other product-related charges which were attributable to a minority interest partner, reflected in net income (loss) attributable to redeemable and noncontrolling interests.
- (5) Tax effects are calculated in accordance with ASC 740, Income Taxes, using the same methodology as the GAAP provision of income taxes. Income tax effects of non-GAAP adjustments are calculated based on the applicable statutory tax rate for each jurisdiction in which such adjustments were incurred, except for those items which are non-taxable for which the tax provision was calculated at 0%. Certain non-GAAP adjustments were subject to valuation allowances and therefore were calculated at 0%.