



By Carl Collen

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Challenging quarter for Del Monte



Third quarter result hit by "one of the industry's worst oversupply of bananas in several years"

The group's result was affected by banana oversupply

Fresh Del Monte Produce has reported on a tough third quarter of the year, with a slight rise in net sales failing to prevent an overall year-on-year fall in group income.

The fresh produce giant saw net sales come in at US\$952.7m, compared with US\$950.2m in the third quarter of 2016. The increase was the result of higher net sales in the company's other fresh produce business segment, partially offset by lower net sales in its prepared food and banana business segments.

However, net income attributable to Fresh Del Monte was US\$11.5m, down from US\$35.2m in the third quarter of 2016.

"While we faced a number of challenges during the third quarter, we remained firmly focused on our diversification strategy as the catalyst to further strengthen our competitive advantage," said Mohammad Abu-Ghazaleh, Del Monte chairman and CEO. "During the quarter we saw strong sales growth in the other fresh produce business segment, supported by our value-added fresh-cut and avocado product lines.

"We also increased our penetration within new distribution channels, bringing Del Monte-branded products closer to the end consumer," he continued. "However, the quarter was marked by one of the industry's worst oversupply of bananas in several years."

Banana sales dropped from

US\$424.4m in the third quarter last year to US\$409.2m, with gross profit for the sector tumbling to US\$5.7m from US\$39.6m in 2016.

Sales of avocados and fresh-cut grew 35 per cent and 18 per cent respectively for Del Monte, but fell for gold pineapples (-3 per cent) and non-tropicals (-15 per cent).

"Looking forward, we are confident we have in place the strategies and capabilities to further enhance our competitive strength to deliver growth and shareholder value over the long-term," Abu-Ghazaleh concluded.