

For fresh fruit and vegetable marketing and distribution in Asia



By Mike Knowles

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Fresh Del Monte cuts cloth accordingly



Fresh-cut vegetables represent a growth category for the group

The company has reorganised its produce operations to deal with rising costs and lower demand for bananas

Fresh Del Monte Produce says it has seen stronger demand in fresh-cut and value-added lines and is therefore placing more emphasis on a newly consolidated fresh produce operation as it bids to cope with higher costs, lower banana sales and an unfavourable shift in dollar exchange rates in Europe and Asia.

Publishing its financial results for the first quarter of 2019, the group reported a modest year-on-year increase in net sales to US\$1.15bn (from US\$1.11bn) for the three-month period, apparently buoyed by the success of its fresh-cut vegetables business Mann Packing but also dampened by a decrease in banana demand and those currency trends.

Its gross profit for the quarter fell 12.4 per cent year-on-year to US\$93.3m, meanwhile, a downturn it blamed on "lower profitability" in its banana business as volumes returned to normal.

Operating income for the first quarter of 2019 was US\$41.3m, compared with US\$56.5m in the first quarter of 2018.

Adjusted operating income was US\$40.8m, down from US\$58.2m; net income attributable to Fresh Del Monte Produce was US\$36.1m, down from US\$41.5m; and adjusted net income was US\$23.2m, down from US\$43.2m.

Following a recent evaluation, Fresh Del Monte has realigned its operating segments and reassigned resources accordingly to reflect the structures now employed by its management and senior management teams.

While its banana business remains a separate entity, the company's other fresh produce and prepared food segments have been combined into one segment, called fresh and value-added products.

Those items include pineapples, melons, non-tropical fruit – including grapes, apples, citrus, blueberries, strawberries, pears, peaches, plums, nectarines, cherries and kiwifruit, plus other fruit and vegetables, avocados, fresh-cut fruit and vegetables, prepared fruit and vegetables, juices, other beverages, prepared meals and snacks.

Elsewhere, it also operates a segment called 'other products and services' that includes poultry and meat products, plastic products and third-party freight services.

"The performance-improving initiatives we put in place in 2018 to rationalise our non-tropical, tomato and melon operations delivered margin improvements during the first quarter of 2019," commented Mohammad Abu-Ghazaleh, chairman and chief executive officer.

"The unfavourable weather and logistical challenges of 2018 have not had an impact and we appear to be tracking towards a normal performance for these two factors for the first half of 2019.

"However, we still face headwinds with higher costs in our fresh and value-added business segment. We continue to focus on all areas of our operations to ensure that we have the right cost structure to support our diverse product line and our vertically integrated platform, and to expand our market reach through new

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