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By Carl Collen

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Del Monte reveals US$100m asset sale

As part of its third quarter results announcement, group says it has decided to sell "non-strategic and under-utilised assets"

Fresh Del Monte has said that it will offload some US$100m of what it has described as "non-strategic and under-utilised assets" over the next 12-18 months, following a comprehensive business review.

The news came as part of the fresh produce group's third quarter results announcement, which showed a year-on-year drop in sales and net income.

"During the quarter, as part of our recently announced optimisation programme, we underwent a comprehensive review of all aspects of our business," explained chairman and chief executive Mohammad Abu-Ghazaleh. "We made the decision to sell non-strategic and under-utilised assets for a total anticipated cash amount of approximately US$100m, which we expect to achieve over the next 12 to 18 months.

"These assets consist primarily of under-utilised facilities and land across multiple regions," he noted. "In the meantime, we remain aggressively focused on optimising our current cost structure, improving our profitability, and prioritising our capital investments."

Net sales for the three-month period ended 25 September were US$989.7m, down from the US$1.07bn recorded in the third quarter of 2019.

The decrease in net sales of US$80.5m was attributed to lower net sales in all of the company's business segments, while the Covid-19 pandemic was said to have impacted net sales by an estimated US$73m in the fresh and value-added products and banana business segments.

The estimated impact in net sales was primarily hurt to volatile supply and demand conditions resulting from the pandemic, as well as reduced demand in the foodservice business and shifting demand at retail as a result of continued government imposed mandatory restrictions and social distancing initiatives associated with the pandemic, Del Monte noted.

Net income attributable to Fresh Del Monte Produce for the quarter was US$17.4m compared with US$18.1m last year, and for the January-September period it fell from US$92.3m in 2019 to US$48.3m.

"We were especially pleased to see an improvement in our fresh and value-added products business segment, through rapid adjustments to all aspects of our business, from farm to customer to meet the challenges caused by the pandemic disruption, particularly to adapt to the restaurant and foodservice markets during the third quarter," Abu-Ghazaleh continued.

"Swift implementation of working capital measures led to improved cash flow and our ability to reduce our debt," he added. "As a result we will double our dividends in the fourth quarter of 2020.

"We also continued to take every precaution to ensure the health and safety of our team members and their families allowing us to maintain the necessary workforce to continue to

provide uninterrupted healthy, safe, and convenient products to our customers."

In the group's Fresh and Value-Added Products segment, net sales for the third quarter of 2020 decreased to US$600.6m from US$652.9m, primarily due to lower net sales in the fresh-cut vegetables, avocado, fresh-cut fruit, vegetable and prepared food product lines, partially offset by higher sales in the pineapple and non-tropical fruit product lines.

The Banana segment sawnet sales decrease to US$361.8m from US$385m in the third quarter of 2019, mainly the result of lower net sales in North America, Europe and the Middle East, partially offset by higher net sales in Asia.

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