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By Carl Collen

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## "Unprecedented turbulence" hits Del Monte

Group reports on lower net sales across all business segments and drop in net income for second quarter



**T**he global Covid-19 pandemic took its toll on Del Monte Fresh Produce in the second quarter of 2020, with group sales and net income both falling on a year-on-year basis.

Net sales for the three-month period were US\$1.09bn, down from US\$1.24bn in the second quarter of 2019, a fall attributed to lower net sales in all of Del Monte's business segments.

The company said that the Covid-19 pandemic impacted net sales during the second quarter by an estimated US\$132m, in its fresh and value-added products and banana segments, as compared to its original expectations prior to the outbreak.

Gross profit during the quarter slid to US\$78.7m from US\$97.6m last year as the fresh and value-added segments suffered, while it was also hit by incremental costs, mainly related to other product-related charges of US\$10.6m.

This was primarily the result of reduced demand in the foodservice business and shifting demand at retail as a result of government imposed mandatory restrictions and social distancing initiatives, and volatile supply and demand conditions, as well as higher ocean freight costs, partially offset by lower production and procurement costs.

Net income attributable to Fresh Del Monte Produce was US\$17.9m, dropping from the US\$38.1m recorded in the second quarter of 2019.

"As a result of significant global disruptions, including lockdowns, closures and quarantines due to the Covid-19 pandemic, Fresh Del Monte Produce went through an unprecedented, turbulent period during the quarter," said Mohammad Abu-Ghazaleh, chairman and chief executive officer. "Even with these challenges and the nature of our perishable business, we remained focused on protecting the

health and safety of our global team members, and we maintained our business continuity.

"Our liquidity and ability to generate positive cash-flows remained strong during the quarter," he added. "Our transformation is expected to continue in the quarters ahead as we look to improve our asset utilisation around the globe, create efficiencies in our operations and position our company to deliver stronger long-term performance."

Del Monte's fresh and value-added segment saw sales decrease to US\$636.2m, compared with US\$764.3m in the second quarter of 2019, while banana sales fell to US\$429.6m, compared with US\$440m last year.

<http://www.fruitnet.com/americafruit/article/1474/parts-of-san-diego-quarantined-as-psyllid-count-mounts>

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