

U.S.-based multinational Fresh Del Monte Produce (NYSE: FDP) saw its income plunge in the third quarter, with low banana prices squeezing margins and net sales only remaining stable thanks to strong growth in the other fresh produce segment.

In its financial results announced today, the company said net income for the quarter was US\$11.5 million, which is less than a third of the US\$35.2 million figure recorded in the same period last year.

"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," chief executive officer Mohammad Abu-Ghazaleh said in the announcement.

"We also increased our penetration within new distribution channels, bringing Del Monte® branded products closer to the end consumer.

"However, the quarter was marked by one of the industry's worst oversupply of bananas in several years."

Net banana sales were actually only down 3.6% year-on-year at US\$409.2 million, but with volume up 6% and worldwide pricing down 9%, gross profit in the category was just US\$5.7 million compared to US\$39.6 million in the third quarter of 2016.

Net sales in other fresh produce were up 7.9% at US\$468 million, while gross profit was down 28% at US\$44.4 million.

"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," Abu-Ghazaleh said.

"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."

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