

A lack of equipment, shipping space and containers resulted in Fresh Del Monte Produce losing the opportunity to ship around 1000 containers this year said the company's CEO Mohammad Abu-Ghazaleh during the quarterly call with investors.

"We believe that we lost about a thousand containers of sales during the first few months of this year, especially in the first quarter, by not having enough equipment and shipping space, as well as containers. And mainly to the European, Asian, and the Middle Eastern markets,"

Increased cost of sales, with ocean and land shipping included, were one of the items called out by the executive as being responsible for a reduction in profit during the first quarter of 2022.

Net income for the three months ended April 1 was \$25.8 million, down from \$42.7 million in the same quarter last year, while gross profit dropped to \$89.8 million from \$105 million.

The shipping crisis looks different depending on the business segment. In one of its primary categories, bananas, the company offered commercial shipping to third parties, and that same lack of shipping alternatives helped improve Fresh Del Monte's overall financial performance for the quarter.

This example is one of several where Del Monte is utilizing its brand and size to create more value and revenue.

"Our kind of objective is to go and add value to our products and optimize our assets, and leverage everything that we have in terms of transportation, in terms of asset utilization, as well as working with partners off leveraging our brand, and our ability to distribute," Abu-Ghazaleh said.

Instead the lost shipments came from other segments, such as its melon or deciduous fruit business out of Chile. For bananas, the company said that the impact of the war in Ukraine has been extremely detrimental to the situation of the Ecuadorian banana growers, and will likely result in structural changes to the industry.

"Aside from other inputs, the paper, the cartons, there is not a single component that has not gotten up by 50% to 300%. And ultimately we will see substantial -- in my opinion, I might be wrong, but I believe that we will see some really structural changes in the Ecuadorian supply chain from -- in terms of bananas," the CEO said on the call.