

Fresh Del Monte Produce has reported an increase in net sales in the second financial quarter, but gross profit and net income took a hit amid "one of the most volatile and uncertain macroeconomic environments in recent history".

Net sales rose by from \$1.1 billion to \$1.2 billion, while gross profit fell from \$110 million to \$80.7 million, and net income dropped from \$47.2 million to \$21.2 million.

"We delivered strong net sales during the second quarter, marking the fifth consecutive quarter of net sales growth compared with the prior-year periods — demonstrating the resilience of our iconic brand. Our net sales increased by \$70 million, resulting from necessary pricing actions — generating growth across most product categories," said Mohammad Abu-Ghazaleh, Chairman and Chief Executive Officer.

"We continue to operate in one of the most volatile and uncertain macroeconomic environments in recent history. As a result, the cost of product sold increased by \$100 million, driven by broad-based inflationary, supply chain, and logistical headwinds.

"Despite these headwinds, we generated positive earnings — all while maintaining our debt balance in line with last year, generating strong cash flow from operations and continuing our dividend payout."

He added that he is confident in the Fresh Del Monte Produce team's dedication to drive profitable sales.

"We plan to do that by focusing on our sustainable growth strategy and delivering against its key elements — organic expansion, product innovation, investments in technology, best-in-class customer relationships and sustainability," he said.

Net sales benefited from inflation-justified price increases, the company said. Partially offsetting the increase was the negative impact of fluctuations in exchange rates, primarily versus the Japanese yen and euro compared with the prior-year period.

The negative impact of fluctuations in exchange rates was partially mitigated by Del Monte's foreign currency hedges.

Despite higher net sales, gross profit continued to be negatively impacted by multilayered cost pressures compared with the prior-year period.

Higher costs across the board including costs of packaging materials, fertilizers, ocean and inland freight, fuel and labor, offset the company's higher net sales.

Operating income for the second quarter of 2022 was \$34.3 million compared with \$59.3 million in the prior-year period. The decrease in operating income was primarily due to lower gross profit, partially offset by lower administrative and advertising expenses.