



Fresh Del Monte Produce Inc.

Del Monte  
*Quality*



2001 First Quarter Report

## Letter to Shareholders

To Our Shareholders:

I am pleased to report that Fresh Del Monte Produce delivered the best across-the-board first quarter results in our history. Our pineapple, melon and deciduous fruit product lines performed at particularly high levels, demonstrating the power and wisdom of our diversification strategy.

Our banana segment also improved quarter-over-quarter. Though supply still exceeds demand, the market has shown new vitality. In addition, we have entered the last phase of a two-year European banana debate. The outcome should position us to benefit from firmer prices and a more stable and predictable European banana market.

Our fresh-cut fruit and vegetable business continues to grow, with sales tripling from a year ago. We have achieved maximum capacity in existing operating facilities, and we're expanding and renovating select facilities to stay ahead of demand. We are automating our facilities to boost profitability, and we are implementing programs to improve cost savings and efficiencies.

We recently introduced our premium Hawaiian pineapple, Del Monte Hawaii Gold®, in 11 western states and Canada. The new pineapple has gained strong consumer acceptance and has increased the prospect of our Hawaiian operation becoming a greater contributor to our future profitability.

Our distribution centers also performed well during the quarter, exceeding our targets. We are already expanding our one-year-old Los Angeles ripening facility, and we are planning to construct a new state-of-the-art distribution center in Seoul, Korea by year end.

We also continued to penetrate new markets during the first quarter, sourcing a full year-round supply of citrus and other fruit from Spain. Spain's ready availability of fruit has positioned Europe as an important year-round market. We also

continued to invest in our operations in Argentina and Brazil, beginning to construct sophisticated new distribution and ripening facilities to serve these markets.

I am pleased to note that three of our facilities' quality management services systems are in the final qualification stages for ISO-9000 certification, highlighting our unwavering commitment to operations excellence.

I am satisfied with our progress during the first quarter, and I am optimistic about our future. The exceptional performance of our diversified product line, combined with a recent rise in banana prices, are signs that our business may be turning around. We have improved our sales and marketing techniques in our deciduous product line. Our fresh-cut and distribution businesses are performing well. And we're reaching more and more customers in new markets and new regions around the world. All of these achievements indicate that our future is brighter than it has been in several years.

I am proud that Fresh Del Monte has been adding value, assets and growth opportunities to the business every day and every quarter since 1997. I firmly believe that investors will soon realize just how powerful a company we have become, and just how solidly we are positioned. In the meantime, we will continue to contain our costs, improve our efficiencies and operate to the best of our capabilities.

Sincerely,



Mohammad Abu-Ghazaleh  
Chairman and Chief Executive Officer  
May 2001

**Consolidated Statements of Income—Unaudited**

Quarter ended (U.S. dollars in millions, except per share data)	March 30, 2001	March 31, 2000
Net sales	\$534.3	\$536.1
Cost of products sold	450.3	464.8
Gross profit	84.0	71.3
Selling, general and administrative expenses	22.9	20.8
Amortization of goodwill	0.9	0.9
Operating income	60.2	49.6
Interest expense	11.2	10.2
Interest income	0.4	0.8
Other income (loss), net	(2.9)	(0.6)
Income before provision for income taxes	46.5	39.6
Provision for income taxes	5.4	1.1
Net income	\$ 41.1	\$ 38.5
Basic and diluted per share income	\$ 0.76	\$ 0.72
Weighted average number of ordinary shares outstanding:		
Basic	53,763,600	53,763,600
Diluted	53,763,600	53,766,731

**Consolidated Statements of Cash Flows—Unaudited**

Quarter ended (U.S. dollars in millions)	March 30, 2001	March 31, 2000
<b>Operating activities:</b>		
Net income	\$ 41.1	\$ 38.5
Adjustments to reconcile net income to cash provided by operating activities:		
Goodwill amortization	0.9	0.9
Depreciation and amortization other than goodwill	13.8	12.8
Deferred credit vessel leases	—	(1.4)
Equity in earnings of unconsolidated companies, net of dividends	(1.2)	(1.9)
Deferred income taxes	(0.2)	(1.0)
Other, net	2.3	2.4
Changes in operating assets and liabilities:		
Receivables and advances to growers	(41.2)	(48.2)
Inventories	(10.5)	(29.6)
Accounts payable and accrued expenses	35.7	35.2
Prepaid expenses and other current assets	(3.5)	—
Other noncurrent assets and liabilities	2.9	(1.6)
<b>Net cash provided by operating activities</b>	<b>40.1</b>	<b>6.1</b>
<b>Investing activities:</b>		
Capital expenditures	(22.0)	(17.9)
Capital expenditures due to Hurricane Mitch, net of insurance proceeds	—	(1.1)
Other investing activities, net	0.8	0.8
<b>Net cash used in investing activities</b>	<b>(21.2)</b>	<b>(18.2)</b>

## Corporate and Shareholder Information:

For further information, please send your written request for a copy of the Company's Form 6-K to Christine Cannella, Director of Investor Relations, at Fresh Del Monte Produce Inc., U.S. Executive Offices, c/o Del Monte Fresh Produce Company, 800 Douglas Road, North Tower, 12th Floor, Coral Gables, FL 33134 or by visiting the Company's Web site at [www.freshdelmonte.com](http://www.freshdelmonte.com).

*This quarterly report may discuss future performance of the Company. Comments about expectations, plans and prospects constitute forward-looking statements for purposes of the Safe Harbor provisions of the Private Securities Litigation Reform Act. Actual results may differ materially from those contemplated in any forward-looking statements, and the Company undertakes no obligation to update any such statements. Key Information-Risk Factors are identified in the Company's December 29, 2000 Form 20-F on file at the Securities and Exchange Commission.*

**Consolidated Statements of Cash Flows—Unaudited***(continued)*

Quarter ended (U.S. dollars in millions)	March 30, 2001	March 31, 2000
<b>Financing activities:</b>		
Proceeds from long-term debt	\$ 73.7	\$ 75.2
Payments on long-term debt	(87.8)	(70.4)
Proceeds from short-term borrowings	1.4	1.1
Payments on short-term borrowings	(0.4)	(0.5)
Other, net	(2.7)	(1.1)
<b>Net cash (used in) provided by financing activities</b>	<b>(15.8)</b>	<b>4.3</b>
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.9)
Cash and cash equivalents:		
Net change	3.2	(8.7)
Beginning balance	10.6	31.2
Ending balance	\$ 13.8	\$ 22.5
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 11.3	\$ 8.9
Cash paid for income taxes	\$ 0.4	\$ 1.2
<b>Supplemental noncash activities:</b>		
Capital lease obligation for new assets	\$ —	\$ 12.8

**Consolidated Balance Sheets**

(U.S. dollars in millions, except per-share data)	March 30, 2001	December 29, 2000
	<b>Unaudited</b>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 13.8	\$ 10.6
Trade accounts receivable, net of allowance of \$13.8 and \$12.5, respectively	178.7	142.7
Advances to growers and other receivables, net of allowance of \$5.3 and \$4.9, respectively	68.6	56.3
Inventories	198.8	188.8
Prepaid expenses and other current assets	10.0	6.5
Total current assets	469.9	404.9
Investments in unconsolidated companies	52.4	51.7
Property, plant and equipment, net	642.0	635.6
Other noncurrent assets	43.2	47.9
Goodwill, net of accumulated amortization of \$10.2 and \$9.3, respectively	80.5	81.5
Total assets	\$1,288.0	\$1,221.6
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Notes payable to banks	\$ 1.4	\$ 0.4
Accounts payable and accrued expenses	219.7	187.1
Current portion of long-term debt and capital lease obligations	56.3	51.1
Income taxes payable	13.9	9.4
Total current liabilities	291.3	248.0
Long-term debt	398.1	416.6
Capital lease obligations	16.3	17.4
Retirement benefits	53.7	53.2
Other noncurrent liabilities	9.5	9.6
Deferred income taxes	8.2	8.5
Total liabilities	777.1	753.3
Minority interest	11.3	11.1
Commitments and contingencies		
Shareholders' equity:		
Preferred shares, \$0.01 par value; 50,000,000 shares authorized; none issued or outstanding	—	—
Ordinary shares, \$0.01 par value; 200,000,000 shares authorized; 53,763,600 shares issued and outstanding	0.5	0.5
Paid-in capital	327.1	327.1
Retained earnings	181.3	140.2
Accumulated other comprehensive loss	(9.3)	(10.6)
Total shareholders' equity	499.6	457.2
Total liabilities and shareholders' equity	\$1,288.0	\$1,221.6



Fresh Del Monte Produce Inc.  
U.S. Executive Offices  
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