



Fresh Del Monte Produce Inc. (FDP)

Updated March 4th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	\$30	5 Year CAGR Estimate:	11.8%	Market Cap:	\$1.42 B
Fair Value Price:	\$41	5 Year Growth Estimate:	2.0%	Ex-Dividend Date:	03/10/2025
% Fair Value:	74%	5 Year Valuation Multiple Estimate:	6.2%	Dividend Payment Date:	03/28/2025
Dividend Yield:	4.0%	5 Year Price Target	\$45	Years Of Dividend Growth:	6
Dividend Risk Score:	D	Retirement Suitability Score:	C	Rating:	Buy

Overview & Current Events

Fresh Del Monte Produce Inc. (FDP) is the leading global producer, marketer, and distributor of fresh and fresh-cut fruit and vegetables. Its operations began way back in 1886. It provides fresh produce to a diversified customer base operating retail, wholesale, and food service outlets. With the competitive position acquired in the sector, backed by its vast supply chain and brand recognition, it has a considerable market share in the fresh produce industry. It offers bananas, pineapples, melons, and prepared foods. The company has geographic footprints in North America, Europe, Asia, and the Middle East.

On February 24th, 2025, the company announced Q4 2024 results, reporting GAAP EPS of \$0.26, missing the markets' estimates by \$0.11.

Fresh Del Monte Produce delivered a solid financial performance in the fourth quarter and full fiscal year 2024, with strong operational execution driving growth in its fresh and value-added products segment. Q4 net sales rose 1.0% to \$1.01 billion, up from \$1.008 billion in the prior year, fueled by higher per-unit selling prices in pineapples, avocados, and fresh-cut fruit. However, lower sales volumes and reduced pricing in the banana segment partially offset gains. Gross profit for the quarter improved to \$68.7 million from \$62.5 million, driven by robust demand for fresh produce and operational efficiencies. Adjusted operating income climbed to \$17.1 million, reflecting the company's focus on cost management despite inflationary pressures. Notably, FDP reported net income of \$20.4 million for Q4, a sharp turnaround from the \$106.4 million loss in the prior-year period, which was impacted by non-cash impairment charges. For the full fiscal year 2024, FDP reported net sales of \$4.28 billion, down slightly from \$4.32 billion in 2023, largely due to a decline in banana segment sales and unfavorable foreign exchange fluctuations. Nevertheless, gross profit improved to \$357.9 million from \$350.7 million, supported by lower ocean freight costs and higher pricing in key product categories. Operating income surged to \$196.3 million from \$58.5 million, reflecting reduced impairment charges and increased profitability. The company also made notable progress in strengthening its balance sheet, reducing long-term debt to \$244.1 million. In line with its commitment to shareholder returns, FDP increased its quarterly dividend to \$0.30 per share. With a strategic focus on expanding high-margin fresh and value-added products, Fresh Del Monte remains positioned for solid results for 2025.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.17	\$4.33	\$2.39	-\$0.45	\$1.37	\$1.03	\$1.68	\$2.06	-\$0.24	\$2.96	\$2.70	\$2.98
DPS	\$0.50	\$0.58	\$0.60	\$0.45	\$0.24	\$0.30	\$0.50	\$0.60	\$0.75	\$1.00	\$1.20	\$1.76
Shares ¹	53.2	52.0	50.6	48.6	48.4	47.7	47.7	47.9	48.0	48.0	47.5	44.8

Long-term trends in the fresh produce sector have pointed toward a stable growth in demand resulting from increased health awareness and rising preferences for fresh, natural foods. The average yearly growth rate in the past ten years was 3% to 4%. The growth is expected to even better in the years ahead, with a CAGR of around 4% to 5% from 2023 to 2030. In that regard, broad trends currently affecting the world are growing demands for plant-based diets,

¹ Shares in millions.

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technological innovation in farming practices, and rising global populations. Fresh Del Monte Produce can hook into these positive trends by using an already established position in the international markets and continued innovation in the fresh produce sector. Therefore, despite the declining performance in the last quarter, we apply a conservative growth of 2% for the next five years, slower than the industry’s average, and we have used the midpoint of analysts’ EPS estimate at \$2.70. Lastly, we have assumed an 8.0% dividend growth, slightly lower than the company’s 10-year average of nearly 11%, resulting in a dividend payment of \$1.76 in 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	33.3	12.1	21.7	-89.0	21.8	24.6	17.6	13.0	-112.1	9.2	11.1	15.0
Avg. Yld.	1.3%	1.1%	1.2%	1.1%	0.8%	1.2%	1.7%	2.2%	2.8%	3.7%	4.0%	3.9%

FDP currently trades at a forward P/E of 11.1, significantly below its long-term normalized average of 19.5. We believe the company deserves a higher P/E ratio at 15.0 once it returns to the growth track. Finally, we expect the company to be consistent with its historical dividend payout policy, resulting in a safe dividend yield of 3.9% by 2030.

Safety, Quality, Competitive Advantage, & Recession Resiliency

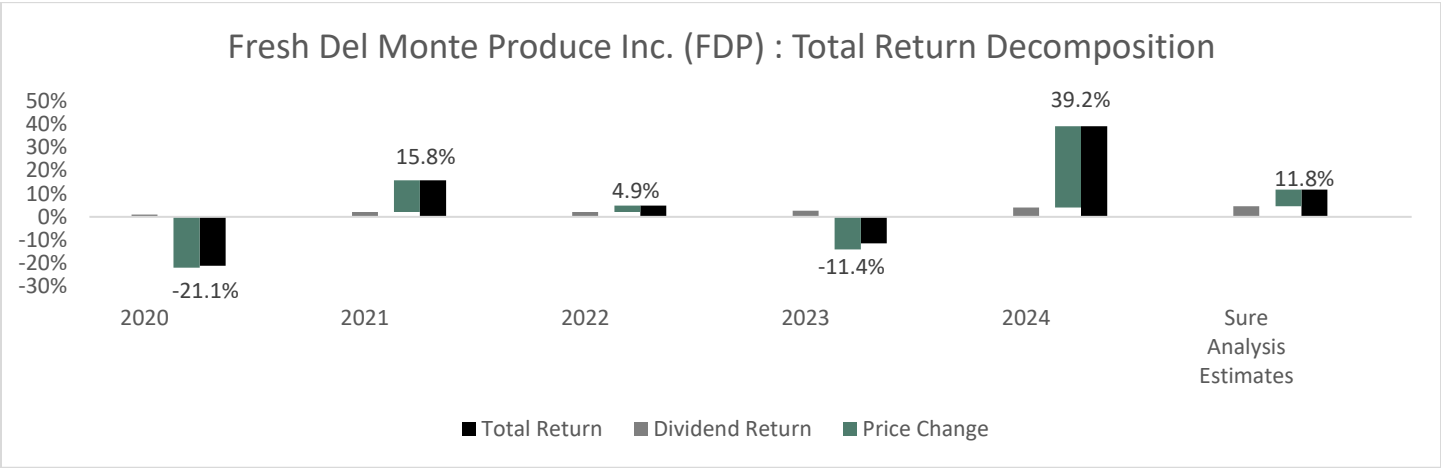
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	43%	13%	25%	-100%	18%	29%	30%	29%	-313%	34%	44%	59%

Among other things, Fresh Del Monte Produce Inc. has the following vital attributes that will support it in navigating through varying market conditions: diversified products. In times of recession, demand for essential goods remains resilient; this nature of demand will cushion FDP. It has maintained reasonable debt levels while targeting long-term sustainable growth, ensuring flexibility in its finances. Fresh Del Monte Produce reported a further reduction in long-term debt in Q4 2024, decreasing it by approximately 39% to \$244.1 million, compared to \$400.0 million at the end of Q4 2023.

Final Thoughts & Recommendation

Fresh Del Monte Produce demonstrates strong financial health with effective capital allocation and consistent debt reduction. The company's strategic initiatives, particularly in high-margin fresh and value-added segments, and its innovative product launches position it well for stable revenue streams. We upgrade FDP to buy rating premised upon the 11.8% annualized total return expectation derived from the forecasted earnings-per-share growth of 2.0%, the 4.0% dividend yield, and a valuation tailwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	3,928	4,057	4,012	4,086	4,494	4,489	4,202	4,252	4,442	4,321
Gross Profit	365	342	461	332	286	306	251	304	340	351
Gross Margin	9.3%	8.4%	11.5%	8.1%	6.4%	6.8%	6.0%	7.1%	7.7%	8.1%
SG&A Exp.	176	184	187	173	201	202	196	193	187	187
Operating Profit	189	158	274	158	85	105	55	111	153	164
Op. Margin	4.8%	3.9%	6.8%	3.9%	1.9%	2.3%	1.3%	2.6%	3.5%	3.8%
Net Profit	142	62	225	121	(22)	67	49	80	99	(11)
Net Margin	3.6%	1.5%	5.6%	3.0%	-0.5%	1.5%	1.2%	1.9%	2.2%	-0.3%
Free Cash Flow	82	106	198	56	96	47	31	30	14	120
Income Tax	14	14	12	25	16	21	5	2	20	18

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	2,675	2,596	2,653	2,767	3,255	3,350	3,263	3,398	3,459	3,184
Cash & Equivalents	34	25	20	25	21	33	17	16	17	34
Acc. Receivable	345	346	349	359	378	364	359	343	374	387
Inventories	516	482	493	542	565	552	508	603	669	600
Goodwill & Int.	379	311	308	309	590	582	574	567	558	435
Total Liabilities	887	845	837	976	1,486	1,551	1,463	1,525	1,484	1,271
Accounts Payable	167	174	163	183	331	285	267	320	296	243
Long-Term Debt	267	254	232	358	662	587	542	529	548	408
Total Equity	1,748	1,708	1,792	1,767	1,692	1,719	1,728	1,802	1,905	1,896
LTD/E Ratio	0.15	0.15	0.13	0.20	0.39	0.34	0.31	0.29	0.29	0.21

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	5.4%	2.4%	8.6%	4.5%	-0.7%	2.0%	1.5%	2.4%	2.9%	-0.3%
Return on Equity	8.0%	3.5%	12.6%	6.7%	-1.2%	3.7%	2.7%	4.4%	5.1%	-0.6%
ROIC	7.0%	3.1%	11.1%	5.8%	-1.0%	2.8%	2.1%	3.4%	4.0%	-0.5%
Shares Out.	56.3	53.2	52.0	50.6	48.6	48.4	47.7	47.7	47.9	48.0
Revenue/Share	69.70	76.25	77.20	80.77	92.42	92.76	88.17	89.14	92.66	90.05
FCF/Share	1.45	1.99	3.81	1.10	1.98	0.97	0.64	0.63	0.29	2.51

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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