Fresh Del Monte Produce Inc. (FDP)

Updated August 11th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$37	**5 Year CAGR Estimate:**	7.4%	**Market Cap:**	$1.73 B
Fair Value Price:	$41	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	08/13/25
% Fair Value:	90%	**5 Year Valuation Multiple Estimate:**	2.0%	**Dividend Payment Date:**	09/05/25
Dividend Yield:	3.2%	**5 Year Price Target**	$45	**Years Of Dividend Growth:**	6
Dividend Risk Score:	F	**Sector:**	Consumer Staples	**Rating:**	Hold

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 July 30th, 2025, the company announced Q2 2025 results, reporting GAAP EPS of $1.18, beating the markets' estimates by $0.23.

Gross profit rose 6% to $120.1 million, with gross margin improving 30 basis points to 10.2%. Strength in proprietary pineapple varieties, strong demand for fresh-cut fruit, and favorable currency impacts supported results, partially offset by higher production, procurement, and distribution costs, including tariff-related charges in North America. Operating income was flat year-over-year at $68.3 million, while adjusted operating income grew 7% to $68.8 million. Net income rose to $56.8 million from $53.6 million, with adjusted net income reaching $59.1 million.

CEO Mohammad Abu-Ghazaleh highlighted the company's disciplined strategy, product innovation, and market leadership in specialty pineapples as key growth drivers. The balance sheet remained strong with long-term debt reduced 29% year-over-year to $201 million, supported by robust operating cash flow of $159.2 million for the first half of 2025. The board declared a quarterly dividend of $0.30 per share, payable September 5, 2025. No shares were repurchased during the quarter, leaving $142.4 million available under the existing $150 million buyback authorization.

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	***$2.73***	***$3.01***
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, 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. However, 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 $2.73. Lastly, we have assumed an 8.0%

[1] Shares in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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dividend growth rate, which is in-line with the company's 10-year average of 8%, 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	***13.6***	***15.0***
Avg. Yld.	1.3%	1.1%	1.2%	1.1%	0.8%	1.2%	1.7%	2.2%	2.8%	3.7%	***3.2%***	***3.9%***

FDP currently trades at a forward P/E of 13.6, significantly below its long-term normalized average of 19.2. We believe the company deserves a higher P/E ratio at 15.0 once it returns to growth. 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

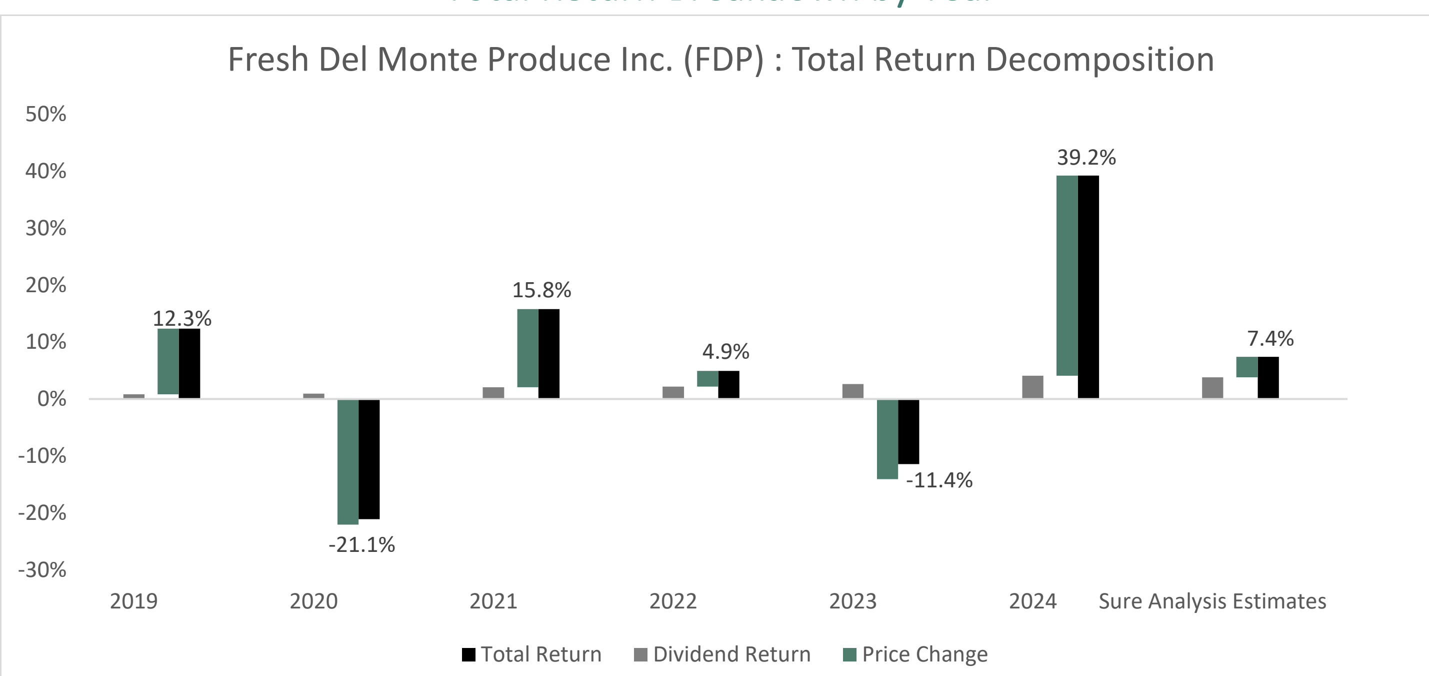
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	43%	13%	25%	-100%	18%	29%	30%	29%	-313%	34%	***44%***	***58%***

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 did not repurchase any shares during the second quarter of 2025, leaving $142.4 million available under its $150 million share repurchase program.

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. Our hold rating is premised upon the 7.4% annualized total return expectation derived from the forecasted earnings-per-share growth of 2.0%, the 3.2% dividend yield, and a valuation tailwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	4,057	4,012	4,086	4,494	4,489	4,202	4,252	4,442	4,321	4,280
Gross Profit	342	461	332	286	306	251	304	340	351	358
Gross Margin	8.4%	11.5%	8.1%	6.4%	6.8%	6.0%	7.1%	7.7%	8.1%	8.4%
SG&A Exp.	184	187	173	201	202	196	193	187	187	197
Operating Profit	158	274	158	85	105	55	111	153	164	161
Op. Margin	3.9%	6.8%	3.9%	1.9%	2.3%	1.3%	2.6%	3.5%	3.8%	3.8%
Net Profit	62	225	121	(22)	67	49	80	99	(11)	142
Net Margin	1.5%	5.6%	3.0%	-0.5%	1.5%	1.2%	1.9%	2.2%	-0.3%	3.3%
Free Cash Flow	106	198	56	96	47	31	30	14	120	131
Income Tax	14	12	25	16	21	5	2	20	18	29

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,596	2,653	2,767	3,255	3,350	3,263	3,398	3,459	3,184	3,096
Cash & Equivalents	25	20	25	21	33	17	16	17	34	33
Acc. Receivable	346	349	359	378	364	359	343	374	387	393
Inventories	482	493	542	565	552	508	603	669	600	595
Goodwill & Int.	311	308	309	590	582	574	567	558	435	430
Total Liabilities	845	837	976	1,486	1,551	1,463	1,525	1,484	1,271	1,089
Accounts Payable	174	163	183	331	285	267	320	296	243	228
Long-Term Debt	254	232	358	662	587	542	529	548	408	250
Total Equity	1,708	1,792	1,767	1,692	1,719	1,728	1,802	1,905	1,896	1,990
LTD/E Ratio	0.15	0.13	0.20	0.39	0.34	0.31	0.29	0.29	0.21	0.13

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.4%	8.6%	4.5%	-0.7%	2.0%	1.5%	2.4%	2.9%	-0.3%	4.5%
Return on Equity	3.5%	12.6%	6.7%	-1.2%	3.7%	2.7%	4.4%	5.1%	-0.6%	7.3%
ROIC	3.1%	11.1%	5.8%	-1.0%	2.8%	2.1%	3.4%	4.0%	-0.5%	6.2%
Shares Out.	53.2	52.0	50.6	48.6	48.4	47.7	47.7	47.9	48.0	48.0
Revenue/Share	76.25	77.20	80.77	92.42	92.76	88.17	89.14	92.66	90.05	89.10
FCF/Share	1.99	3.81	1.10	1.98	0.97	0.64	0.63	0.29	2.51	2.72

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